



**REPORT**  
**OF THE**  
**PUBLIC ACCOUNTS COMMITTEE**  
**ON THE**  
**ACCOUNTS OF THE FEDERATION**  
**FOR THE YEAR**  
**1998-1999**

**National Assembly Secretariat,  
Islamabad**



**REPORT  
OF THE  
PUBLIC ACCOUNTS COMMITTEE  
ON THE  
ACCOUNTS OF THE FEDERATION  
FOR THE YEAR  
1998-1999**

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NATIONAL ASSEMBLY SECRETARIAT  
ISLAMABAD

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## PREFACE

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Under Article 171 of the Constitution of Islamic Republic of Pakistan, 1973 read with Rules 177 and 203 of the Rules of Procedure and Conduct of Business in the National Assembly 2007, the Annual Report of the Auditor General relating to the Accounts of the Federation for the year 1998-99, 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.

2. As a result of repeated disruption in the political process, the timely examination of the Annual Audit Reports could not be realized. The consecutive PACs played their due role in clearing the huge backlog. The current PAC(14<sup>th</sup>) also inherited eight years Audit Reports. In order to clear this legacy, a well-defined strategy was prepared whereby three Sub-Committees and a Sub-Committee on Monitoring & Implementation were constituted and assigned various Audit Years for examination. The Sub-Committee-I was assigned the Audit year 1998-99 who under the able leadership of Ms Shahida Akhtar Ali, MNA, with overwhelming support of the Members, cooperation of Audit and Ministries/Department concerned were successful in compilation of this report.

3. It is cordially professed that this exercise could hardly be made a reality without the continuous guidance of Syed Khursheed Ahmed Shah, Chairman PAC, who acted as a beacon of light for the whole Committee. I must also acknowledge the role of all PAC Members, who shared their wisdom in accomplishment of this objective.

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

5. I am confident that the suggestions and recommendations of the Committee would encourage and assist the Government in smartening up the system and procedure for the efficient financial management.

Sd/-  
**ABDUL JABBAR ALI**  
Secretary  
National Assembly Secretariat

Islamabad, the 29<sup>th</sup> March, 2016

## COMPOSITION OF PUBLIC ACCOUNTS COMMITTEE

---

1	<b>Syed Khursheed Ahmed Shah, MNA</b>	<b>Chairman</b>
2	Raja Muhammad Javed Ikhlas, MNA	Member
3	Malik Iqbal Mehdi Khan, MNA	Member
4	Dr. Darshan, MNA	Member
5	Mr. Muhammad Pervaiz Malik, MNA	Member
6	Shaikh Rohale Asghar, MNA	Member
7	Mr. Muhammad Junaid Anwar Chaudhary, 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	Minister for Finance, Revenue, Economic Affairs, Statistics and Privatization	Ex-Officio Member

## EXECUTIVE SUMMARY

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It gives me an immense pleasure to present the Report of Public Accounts Committee on the Audit Report for the year 1998-99 before this august House. The Report of Auditor General of Pakistan for the year 1998-99 was handed over to the then ad-hoc PAC on 27<sup>th</sup> March, 2001 for examination.

2. The 14<sup>th</sup> Public Accounts Committee inherited a backlog of eight years Audit Reports containing more than 18000 Paras & Grants. In order to streamline the working of the PAC and formulate the strategy for clearance of backlog, the Committee held a meeting wherein various Audit Years were assigned to four Sub-Committees. The audit year 1998-99 was assigned to Sub-Committee-I headed firstly by Mr.Shafqat Mehmood MNA and then by Ms Shahida Akhtar Ali, MNA.

The Public Accounts Committee in its meeting held on 28.01.2016 examined the Report compiled by the Sub-Committee-I and was accordingly adopted by the Committee unanimously. It is worth mentioning that the Report has been finalized in less than two years period despite the fact that the PAC and its Sub-Committees remained dysfunctional for quite some time due to the non-appearance of the then Auditor General and his team. The Committee held 54 marathon sessions wherein 3642 Paras and 168 Grants were examined. It is worth mentioning that 2053 paras and 165 grants have been settled either on the basis of clarification given by the PAO or the implementation of the recommendations made in the DAC, whereas, for the remaining Paras and Grants various directives have been issued to be implemented by the respective departments/agencies.

3. Recoveries on the Directives of the Committee is an ongoing process, however, the present PAC has not only taken strict action but always extended its support to the efforts of the Audit Department in recovering huge misappropriated amounts of the public money. Accordingly, the Audit's Department has verified recovery to the tune of Rs. 1398.48 million during the said period by this Sub Committee. However total recoveries by the current PAC till January, 2016 was approximately Rs. 119 Billion.

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. To ensure transparency in the process of accountability, proceedings of the PAC and its Sub-Committees remained open throughout to the media. I must acknowledge the role of print and electronic media in making public the important issues discussed in the Committees' proceedings. The Committee took suo moto notices on various irregularities/financial embezzlements highlighted by the media which inter alia includes the case of then Auditor General of Pakistan, who later on was removed from his constitutional post.

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

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

8. I cordially thank Mr. Shafqat Mahmood the then Convener of Sub-Committee-I and Ms. Shahida Akhtar Ali, MNA Convener of the present Sub-Committee-I of PAC along-with Hon Members, Raja Muhammad Javed Ikhlas, Mr. Abdul Rashid Godil and Mian Abdul Mannan for making their successful efforts to complete the task of Audit Report for the year 1998-99.

9. I owe 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.

10. My special thanks to the Auditor General of Pakistan, Rana Assad Amin, the Deputy Auditor General (FAO), Mr. Jamal Abdul Nasir Usmani and all the Director Generals of Audit and their teams who worked hard in accomplishment of this task.

11. 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.

12. I also sincerely acknowledge the hard work and efforts of the National Assembly Secretariat/PAC Wing including Mr. Abdul Jabbar Ali, Secretary, Mr. Sharifullah Khan Wazir, Additional Secretary, Syed Fayyaz Hussain Shah, Joint Secretary, Mr. Anwarul Islam Haqqie, Section Officer, and my personal staff who worked with great enthusiasm 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.

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

14. The Committee recommends that:-

- 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.
- Excess budget statement for the year 1998-99 may be regularized in accordance with the provisions of the Constitution.
- Media representatives and Officers/Officials of the PAC Secretariat who worked with me should be awarded with appreciation certificates for their outstanding performance.

**Sd/-**

**SYED KHURSHEED AHMED SHAH**

Chairman

Public Accounts Committee

**Sd/-**

**ABDUL JABBAR ALI**

Secretary

National Assembly Secretariat

Islamabad, the 5<sup>th</sup> May, 2016

## RECOVERY STATEMENT FOR THE YEAR 1998-99

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<b>S.#</b>	<b>MINISTRY/DIVISION/DEPTT.</b>	<b>RECOVERY EFFECTED</b>
1	Aviation Division	37.31
2	Capital Administration & Development Division	0.11
3	M/o Communication	0.38
4	M/o Defence	5.22
5	Establishment Division	0.03
6	Federal Board of Revenue (FBR)	60.42
7	Finance Division	0.82
8	M/o Foreign Affairs	0.79
9	Higher Education commission	0.15
10	M/o Housing & Works	8.25
11	M/o Industries & Production	45.48
12	M/o Information & Broadcasting	1.36
13	M/o KA & GB	12.93
14	M/o Law & Justice	1.43
15	M/o National Food Security & Research	580.51
16	M/o Petroleum & Natural Resources	639.16
17	M/o Railways	1.16
18	M/o Water & Power	2.98
<b>Total:</b>		<b>1398.48</b>

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**DETAILS OF EXCESS EXPENDITURE  
FOR THE YEAR 1998-99**

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## EXCESS BUDGET STATEMENT FOR THE YEAR 1998-1999

S.#	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	
1	Cabinet Division 28-07-2011	2 – Cabinet Division (OTC)	522,672,000	196,838,000	719,510,000	733,258,870	13,748,870	Committee Regularized the grant
		3 – Emergency Relief and Repatriation (OTC)	21,728,000	618,925,000	640,653,000	1,140,457,413	499,804,413	Committee Regularized the grant
2	Mo Communications 26-07-2011	17–Other expenditures of Communication Division (OTC)	957,596,000	---	957,596,000	986,275,673	28,679,673	Committee Regularized the grant
	19-08-2015	18–Pakistan Post Office Department (OTC)	2,490,000,000	2,000	2,490,002,000	2,490,009,640	7,640	Committee Regularized the grant
	20-02-2015	146–Capital outlay on Communication Works	500,000,000	---	500,000,000	541,887,234	41,887,234	Committee Regularized the grant
3	Finance Division 19-07-2011	33–Finance Division (OTC)	152,617,000	7,754,000	160,371,000	163,397,751	3,026,751	Committee Regularized the grant
		36–National Savings (OTC)	215,672,000	396,000	216,068,000	231,981,973	15,913,973	Committee Regularized the grant

		38–Grants-in-Aid and Miscellaneous Adjustment between the Federal and Provincial Governments (OTC)	393,800,000	745,039,000	1,138,839,000	1,624,214,105	485,375,105	Committee Regularized the grant
		123–Development Expenditure of Finance Division (OTC)	2,297,843,000	28,000,000	2,325,843,000	3,262,004,394	936,161,394	Committee Regularized the grant
		--- Audit (Charged)	767,755,000	12,520,000	780,275,000	808,035,116	27,760,116	Committee Regularized the grant
		--- Servicing of Domestic Debt (Charged)	164,521,068,000	---	164,521,068,000	175,273,158,041	10,752,090,041	Committee Regularized the grant
4	M/o Housing & Works 06-05-2015	58–Civil Works (OTC)	547,284,000	18,740,000	566,024,000	589,420,150	23,396,150	Settled on the recommendation of DAC
		59–State Offices	925,373,000	10,206,000	935,579,000	945,402,532	9,823,532	Settled on the recommendation of DAC
5	M/o Information, Broadcasting and National Heritage	67–Information Services Abroad	87,405,000	27,453,000	114,858,000	137,665,118	22,807,118	Committee Regularized the grant
6	Interior Division 27-04-2015	69–Interior Division	49,821,000	---	49,821,000	50,963,584	1,142,584	Settled on the recommendation of DAC

		70–Islamabad	456,951,000	8,366,000	465,317,000	466,617,611	1,300,611	Settled on the recommendation of DAC
		72–Civil Armed Forces	2,915,302,000	44,021,000	2,959,323,000	2,969,757,722	10,434,722	Settled on the recommendation of DAC
		76–Other Expenditure of Interior Division	204,016,000	108,001,000	312,017,000	324,534,410	12,517,410	Settled on the recommendation of DAC
7	FATA Secretariat 28-07-2011	81–Federally Administrated Tribal Areas	2,049,989,000	5,224,000	2,055,213,000	2,098,499,571	43,286,571	Committee Regularized the grant
8	M/o States and Frontier Regions	153–Capital Outlay on Development of Tribal Areas (OTC)	124,580,000	---	124,580,000	155,763,000	31,183,000	Committee Regularized the grant
9	M/o Kashmir Affairs and Gilgit Baltistan 09-07-2014	83–Other Expenditure of Kashmir and Northern Areas & States and Frontier Regions Division (OTC)	2,762,147,000	---	2,762,147,000	2,792,014,513	29,867,513	Settled by Committee
10	M/o Law , Justice & Human Rights 04-01-2016	89–Other Expenditure of Law , Justice & Human Rights Division (OTC)	194,893,000	1,223,000	196,116,000	215,175,070	19,059,070	Committee Regularized the grant
11	M/o Railways 27-05-2015	99–Pakistan Railways (Charged)	2,088,067,000	---	2,088,067,000	3,944,736,745	1,856,669,745	Committee Regularized the grant
		99–Pakistan Railways (Other than Charged)	11,921,397,000	---	11,921,397,000	12,555,106,809	633,709,809	Committee Regularized the grant

		155–Capital Outlay on Pakistan Railways (OTC)	2,123,740,000	---	2,123,740,000	3,449,926,123	1,326,186,123	Committee Regularized the grant
12	Economic Affairs Division 04-08-2011	124–Development Expenditure of Economic Affairs Division (OTC)	95,500,000	---	95,500,000	99,241,000	3,741,000	Committee Regularized the grant
		---Foreign Loans Repayments (Charged)	68,900,198,000	3,045,540,000	71,945,738,000	77,431,547,102	5,485,809,102	Committee Regularized the grant
13	Narcotics Control Division 27-04-2015	131–Development Expenditure of Narcotics Control Division (OTC)	189,976,000	11,973,000	201,949,000	271,265,218	69,316,218	Settled on the recommendation of DAC
14	M/o Overseas Pakistanis & Human Resource Development	134–Development Expenditure of Labour, Manpower & Overseas Pakistanis Division (OTC)	46,400,000	---	46,400,000	104,293,448	57,893,448	Committee Regularized the grant
15	M/o Water & Power 20-05-2014	157–Capital Outlay on Irrigation and Electricity (OTC)	146,000,000	---	146,000,000	185,417,707	39,417,707	Settled by Committee
16	Prime Minister's Inspection Commission 18-5-2015	11–Prime Minister's Inspection Commission	12,736,000	1,680,000	14,416,000	14,447,043	31,043	Settled on the recommendation of DAC

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# REPORTS

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## **AVIATION DIVISION**

### **OVERVIEW**

Annual Audit Report for the year 1998-99 pertaining to Aviation Division was examined by Public Accounts Committee (PAC) on 23<sup>rd</sup> December 2015.

- 74 Paras were presented by the Audit Department which were examined by the Committee. Out of which 60 Paras were settled whereas appropriate directions were accordingly issued for the remaining Paras.
- In few Paras the PAO was directed to hold inquires, fix responsibility and initiate disciplinary actions.

### **ACTIONABLE POINTS**

Actionable points arising from the discussion of meeting of the Public Accounts Committee held on 23<sup>rd</sup> December, 2015 pertaining to Aviation Division, in the Parliament House, Islamabad for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99.

#### **AUDIT BRIEF AVIATION DIVISION (CIVIL AVIATION AUTHORITY) AUDIT REPORT FOR THE YEAR 1998-99**

1. i) **PARA NO 1 PAGE NO 09(AR-1998-99)**  
**LOSS OF RS. 0.677 MILLION.**
- ii) **PARA NO 4 PAGE 11(AR-1998-99)**  
**OVER PAYMENT OF RS. 0.268 MILLION.**
- iii) **PARA NO 5 PAGE 12(AR-1998-99)**  
**OVER PAYMENT OF RS. 0.198 MILLION.**
- iv) **PARA NO 6 PAGE 13 (AR-1998-99)**  
**OVER PAYMENT OF RS. 0.172 MILLION.**
- v) **PARA NO 7 PAGE 14(AR-1998-99)**  
**OVER PAYMENT OF RS. 0.127 MILLION.**
- vi) **PARA NO 8 PAGE 14(AR-1998-99)**  
**OVER PAYMENT OF RS. 0.126 MILLION.**
- vii) **PARA NO 9 PAGE 15(AR-1998-99)**  
**OVER PAYMENT OF RS. 0.068 MILLION.**

- viii) PARA NO 10 PAGE 16(AR-1998-99)  
OVER PAYMENT OF RS. 0.426 MILLION.
- ix) PARA NO 11 PAGE 17(AR-1998-99)  
OVER PAYMENT OF RS. 0.380 MILLION.
- x) PARA NO 15 PAGE 20(AR-1998-99)  
UN-RELIABLE PAYMENT OF RS.3.965 MILLION.
- xi) PARA NO 16 PAGE 21(AR-1998-99)  
UNDUE FAVOUR TO CONTRACTOR DUE TO DELETION OF  
TRANSPORT AND ACCOMMODATION CLAUSE RS. 1.221 MILLION.
- xii) PARA NO 17 PAGE 22(AR-1998-99)  
LOSS OF RS. 0.587 MILLION.
- xiii) PARA NO 18 PAGE 22(AR-1998-99)  
LOSS OF RS. 0.477 MILLION.
- xiv) PARA NO 19 PAGE 23(AR-1998-99)  
LOSS OF RS. 0.282 MILLION.
- xv) PARA NO 20 PAGE 24(AR-1998-99)  
LOSS OF RS. 0.275 MILLION.
- xvi) PARA NO 21 PAGE 25(AR-1998-99)  
NON-RECOVERY OF CONVEYANCE ALLOWANCE WORTH RS. 0.128  
MILLION.
- xvii) PARA NO 22 PAGE 25(AR-1998-99)  
LOSS OF RS. 0.095 MILLION.
- xviii) PARA NO 24 PAGE 27(AR-1998-99)  
NON-RECOVERY/ADJUSTMENT OF ADVANCES AMOUNTING TO RS.  
45.986 MILLION.
- xix) PARA NO 26 PAGE 28(AR-1998-99)  
NON-RECOVERY OF EMBARKATION CHARGES AMOUNTING TO RS.  
11.154 MILLION.
- xx) PARA NO 30 PAGE 31 (AR-1998-99)  
NON-IMPOSITION OF PENALTY FOR DELAY IN COMPLETION OF  
WORKS RS. 2.738 MILLION.
- xxi) PARA NO 32 PAGE 33 (AR-1998-99)  
NON-RECOVERY OF OUTSTANDING ADVANCES OF RS. 2.174  
MILLION.

- xxii) PARA NO 33 PAGE 33 (AR-1998-99)  
NON-RECOVERY OF EMBARKATION FEE, GOVT. TAX AN AVIATION  
SECURITY FEE AMOUNTING TO RS. 1.736 MILLION.
- xxiii) PARA NO 34 PAGE 33 (AR-1998-99)  
LOSS OF RS. 1.652 MILLION.
- xxiv) PARA NO 35 PAGE 34 (AR-1998-99)  
LESS RECOVERY WORTH RS. 1.360 MILLION.
- xxv) PARA NO 36 PAGE 35 (AR-1998-99)  
NON-RECOVERY OF RS. 1.224 ON ACCOUNT OF HIRE CHARGES OF  
MACHINERY.
- xxvi) PARA NO 37 PAGE 35 (AR-1998-99)  
NON-RECOVERY/ADJUSTMENT OF MOBILIZATION ADVANCE  
WORTH RS. 1.777 MILLION.
- xxvii) PARA NO 38 PAGE 36 (AR-1998-99)  
NON-RECOVERY OF OUTSTANDING ADVANCE OF RS. 1.000  
MILLION.
- xxviii) PARA NO 39 PAGE 37 (AR-1998-99)  
NON-RECOVERY/ADJUSTMENT OF ADVANCES AMOUNTING TO RS.  
0.804 MILLION.
- xxix) PARA NO 40 PAGE 38 (AR-1998-99)  
NON-RECOVERY OF RS. 0.605 MILLION.
- xxx) PARA NO 41 PAGE 38 (AR-1998-99)  
NON-RECOVERY OF LICENCE FEE RS. 0.364 MILLION.
- xxxi) PARA NO 42 PAGE 39 (AR-1998-99)  
NON-RECOVERY OF WATER CHARGES RS. 0.316 MILLION.
- xxxii) PARA NO 43 PAGE 39-40 (AR-1998-99)  
NON-RECOVERY OF ADVANCES RS. 0.313 MILLION.
- xxxiii) PARA-NO. 44-PAGE-40 (AR-1998-99)  
LESS RECOVERY OF ELECTRIC CHARGES RS. 0.183 MILLION.
- xxxiv) PARA NO 46 PAGE 42 (AR-1998-99)  
IRREGULAR PAYMENT OF RS. 1.026 MILLION.

#### PAC DIRECTIVE

The Committee settled the above mentioned thirty four (34) paras.

2.
  - i) **PARA NO 12 PAGE 18 AR 1998-1999**  
**UN-AUTHORIZED PAYMENT OF RS. 22.436 MILLION.**
  - ii) **PARA NO 13 PAGE 19 AR 1998-1999**  
**UN-AUTHORIZED PAYMENT OF RS. 7.180 MILLION.**
  - iii) **PARA NO 14 PAGE 19 AR 1998-1999**  
**UN-AUTHORIZED PAYMENT OF RS. 5,037 MILLION.**

#### **PAC DIRECTIVE**

The Committee on the recommendation of Audit, settled the above mentioned three (3) paras subject to verification of record by the Audit.

3.
  - i) **PARA NO 23 PAGE 26 AR 1998-1999**  
**NON-RECOVERY OF RS. 49.688 MILLION.**
  - ii) **PARA NO 25 PAGE 27 AR 1998-1999**  
**NON-RECOVERY OF RS. 39.769 MILLION.**
  - iii) **PARA NO 27 PAGE 29 AR 1998-1999**  
**NON-RECOVERY OF RS. 3.451 MILLION.**

#### **PAC DIRECTIVE**

The Committee pended the above mentioned three (3) paras till the time full recovery is affected.

4. **PARA NO 2 PAGE 09 AR 1998-1999**  
**OVER PAYMENT OF RS.16.634 MILLION**

The Audit pointed out that the Zonal Manager (Sindh) Karachi paid escalation on cement, steel and POL to a contractor in violation of clause-70 of the contractual provision. Violation of the agreement clause resulted in overpayment of Rs.16.634 million.

The PAO informed the Committee that the expenditure was genuine which has been approved by the Board of Directors.

#### **PAC DIRECTIVE**

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

5. i) **PARA NO 3 PAGE 11 AR 1998-1999**  
**OVER PAYMENT OF RS.0.552 MILLION**

The Audit pointed out that the Zonal Manager (NWFP) Peshawar paid for leveling course as extra item in addition to one as per agreement. The leveling of surface was included in BOQ item. Hence, there was no need to pay the extra item.

The PAO informed the Committee that the. Director works, HQ CAA along-with ZM (NWFP) visited Chitral Runway in July, 1996 and advised to provide 1 inch thick mixer as extra item to avoid closure of Flight Operation during winter season. As such, this item of work was carried out through contractor as extra item for which the approval was accorded by HQ CAA.

ii) **PARA NO 28 PAGE 29 AR 1998-1999**  
**NON-RECOVERY OF US\$ 10,875**

The Audit pointed out that an Officer of CAA proceeded to Paris for training. Neither prior approval was obtained from the Ministry of Defence nor tour regularized by the Authority.

The PAO informed the Committee that the case was referred to M/o Defence which was returned with the remarks that CAA Board is competent to regularize expenditure. The Board of CAA regularized the expenditure.

**PAC DIRECTIVE**

The Committee settled the above two paras .

**COURT CASES**

6. i) **PARA NO 29 PAGE 30 AR 1998-1999**  
**NON-RECOVERY OF RISK & COST CHARGES WORTH RS. 2.817**  
**MILLION.**

ii) **PARA NO 31 PAGE 32 AR 1998-1999**  
**NON-RECOVERY OF MOBILIZATION ADVANCE WORTH RS. 2.394**  
**MILLION.**

iii) **PARA NO 45 PAGE 41 AR 1998-1999**  
**NON-FORFEITURE OF SECURITY DEPOSIT OF RS. 1.331 MILLION.**

**PAC DIRECTIVE**

The Committee pended the above three (3) paras till decision of court and directed the PAO to pursue the cases in court of law vigorously.

**AUDIT REPORT PUBLIC SECTOR ENTERPRISES VOLUME –X(S) FOR THE YEAR 1998-99**

7. **PARA NO 42 PAGE 43 (ARPSE-1998-1999-Vol-X-S)**  
**EXPECTED LOSS OF RS.99,915 MILLION DUE TO NON-RECOVERY FROM NON-IATA AIRLINES.**

The Audit pointed out that the PIA had to recover Rs. 116.325 million as on June, 30, 1997 from Non-IATA Airlines, where balances were outstanding since 1988. The chances of recovery of the amount involved were remote and PIA was likely to suffer the loss of the entire amount.

The PAO informed the Committee that the amount is in process of write off under the rules and policy of PIA. After write off action record will be provided to Audit for verification.

**PAC DIRECTIVE**

The Committee settled the para subject to write off action by the competent authority and verification by Audit.

8. i) **PARA NO 43 PAGE 43 (ARPSE-1998-1999-VOL-X-S)**  
**HUGE CREDIT SALES OF RS. 36,769 MILLION OLD OUTSTANDING BALANCE OF RS. 15.569 MILLION PENDING RECOVERY.**

The PAO informed the Committee an amount of Rs. 36.769 million have been recovered & verified, however, rest of Rs. 0.613 million which stuck up with only Ministry of Religious Affairs.

ii) **PARA NO 53 PAGE 49 (ARPSE-1998-1999-VOL-X-S)**  
**LOSS OF RS. 1.134 MILLION DUE TO NON-RECOVERY OF FINES.**

The PAO informed the Committee that total outstanding amount of fine was Rs. 13,45,950 against "05" travelling agents. The management of PIAC has recovered Rs. 540,000 from 02 travel agents. An amount of Rs. 438,940 was written off pertaining to 02 travelling agents by the competent authority.

**PAC DIRECTIVE**

The Committee settled the above two (02) paras subject to get write off amount by competent authority and verification of record by the Audit.

9. **PARA NO 72 PAGE 63 (ARPSE-1998-1999-VOL-X-S)**  
**EXPECTED LOSS OF RS. 20.511 MILION DUE TO GRANT OF HUGE ADVANCES.**

The Audit pointed out that Skyrooms (Pvt) Ltd., granted advances to its employees during different periods which amounted to Rs. 20.511 million as at June 30, 1999. The advance was declared non-recoverable and was subject to adjustment against the future settlement. The irregularity was pointed out to the management in Dec 15, 1998, and again to the Ministry/Management in Sept 1999 but no reply furnished despite issuance of reminder.

The PAO informed the Committee that orders of Board of Directors on the subject and adjustment accounts will be shown to audit for its satisfaction.

**PAC DIRECTIVE**

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

10. i) **PARA NO 44 PAGE 44 (ARPSE-1998-99 VOL-X-S)**  
**EXPECTED LOSS OF RS. 13.348 MILLION DUE TO NON-RECOVERY FROM VARIOUS PARTIES..**
- ii) **PARA NO 45 PAGE 44 (ARPSE-1998-99 VOL-X-S)**  
**EXPECTED LOSS OF RS. 6.387 MILLION DUE TO DEFAULT BY PAX AGENTS.**
- iii) **PARA NO 46 PAGE 45 (ARPSE-1998-99 VOL-X-S)**  
**LOSS OF RS. 5.336 MILLION DUE TO DISHONOURRED CHEQUES OF TRAVEL AGENTS.**
- iv) **PARA NO 47 PAGE 45 (ARPSE-1998-99 VOL-X-S)**  
**BLOCKADE OF RS. 4.141 MILLION AND HEAVY LOSS OF INTEREST ON ACCOUNT OF DISHONORED CHEQUES.**
- v) **PARA NO 48 PAGE 46 (ARPSE-1998-99 VOL-X-S)**  
**LOSS OF D.M. 171,778 (PAK. RS. 4.164 MILLION) DUE TO DEFAULT PAX AGENT IN GERMANY.**
- vi) **PARA NO 49 PAGE 46 (ARPSE-1998-99 VOL-X-S)**  
**LOSS OF RS. 3.272 MILLION DUE TO NON-RECOVERY FROM PAKISTAN HOCKEY FEDERATION.**
- vii) **PARA NO 50 PAGE 47 (ARPSE-1998-99 VOL-X-S)**  
**LOSS OF RS. 2.580 MILLION DUE TO PAYMENT OF DENIED BOARDING CHARGES.**

- viii) PARA NO 51 PAGE 48 (ARPSE-1998-99 VOL-X-S)  
UN-INSURED LOSSES OF RS. 1.618 MILLION ON ACCOUNT OF SETTLEMENT OF PAX BAGGAGE CLAIMS.
- ix) PARA NO 52 PAGE 48 (ARPSE-1998-99 VOL-X-S)  
LOSS OF RS. 1.232 MILLION DUE TO PREMATURE TERMINATION OF AGREEMENT FOR OPERATING EXECUTIVE DINING HALLS.
- x) PARA NO 54 PAGE 49 (ARPSE-1998-99 VOL-X-S)  
LOSS OF RS. 0.775 MILLION DUE TO UNJUSTIFIED INCREASE IN SUBSIDY AND PAYMENT OF COMPENSATION.
- xi) PARA NO 55 PAGE 50 (ARPSE-1998-99 VOL-X-S)  
EXPECTED LOSS OF RS. 0.449 MILLION DUE TO NON-RECOVERY OF DUES.
- xii) PARA NO 56 PAGE 51 (ARPSE-1998-99 VOL-X-S)  
NON-RECOVERY OF “No Show” CHARGES AMOUNTING TO RS. 0.308 MILLION FROM THE AGENTS.
- xiii) PARA NO 57 PAGE 51 (ARPSE-1998-99 VOL-X-S)  
LOSS OF RS. 0.178 MILLION DUE TO NON-RECOVERY OF LOST BLANK REVENUE DOCUMENTS.
- xiv) PARA NO 58-59 PAGE 53 (ARPSE-1998-99 VOL-X-S)  
MINHAL INCORPORATED.
- xv) PARA NO 60-61 PAGE 54 (ARPSE-1998-99 VOL-X-S)  
PIA INVESTMENT LIMITED.
- xvi) PARA NO 62-63 PAGE 54 (ARPSE-1998-99 VOL-X-S)  
PIA INVESTMENT LIMITED.
- xvii) PARA NO 64 PAGE 56 (ARPSE-1998-99 VOL-X-S)  
LOSS OF RS 0.264 MILLION DUE TO NON-OBTAINING FINANCIAL SAFEGUARD FROM THE CLIENT
- xviii) PARA NO 65 PAGE 57 (ARPSE-1998-99 VOL-X-S)  
MIDWAY HOUSE (PVT) LIMITED.
- xi x) PARA NO 66 PAGE 58 (ARPSE-1998-99 VOL-X-S)  
LOSS OF RS 15.418 MILLION DUE TO CLOSURE OF THIRD PARTY BUSINESS.

- xx) **PARA NO 67 PAGE 58 (ARPSE-1998-99 VOL-X-S)**  
**EXPECTED LOSS OF RS. 3.034 MILLION DUE TO NON-DISPOSAL OF**  
**OBSOLETE VEHICLES.**
- xxi) **PARA NO 68 PAGE 60 (ARPSE-1998-99 VOL-X-S))**  
**PIA HOTELS LIMITED.**
- xxii) **PARA NO 69 PAGE 60 (ARPSE-1998-99 VOL-X-S)**  
**PIA HOTELS LIMITED.**
- xxiii) **PARA NO 70 PAGE 61 (ARPSE-1998-99 VOL-X-S)**  
**PIA SHAVER POULTRY BREEDING FARMS (PVT) LTD.**
- xxiv) **PARA NO 71 PAGE 62 (ARPSE-1998-99 VOL-X-S)**  
**SKY ROOMS (PVT) LIMITED.**

**PAC DIRECTIVE**

The Committee settled the above twenty four (24) paras.

## **CABINET DIVISION**

### **OVERVIEW**

Annual Audit Report for the year 1998-99 pertaining to CABINET DIVISION was examined by Public Accounts Committee (PAC) on 28<sup>th</sup> July, 2011, 8<sup>th</sup> July, 2014, 6<sup>th</sup> August, 2015 and 23<sup>rd</sup> December, 2015. Meeting held on 4<sup>th</sup> January, 2016 was only for the Devolved M/o Population Welfare.

- 71 Paras and 11 Grants were presented by the Audit Department which were examined by the Committee. Out of which 132 Paras and 11 Grants were settled whereas appropriate directions were accordingly issued for the remaining Paras.
- In few Paras the PAO was directed to hold inquires, fix responsibility and initiate disciplinary actions.
- The Committee referred 9 Paras to NAB.

### **ACTIONABLE POINTS**

Appropriation Accounts / Audit Reports / Special Audit Reports for the years 1998-99 pertaining to the Cabinet Division were taken up for examination by Special Committee of the PAC in the meeting held on July 28<sup>th</sup>, 2011, in Committee Room No.2 Parliament House, Islamabad. Decisions taken are summarized below:

#### **APPROPRIATION ACCOUNTS CIVIL VOL-I 1998-99**

1. **GRANT NO. 1-CABINET**  
**SAVING OF RS. 8,073.893**

AGPR pointed out that the grant closed with a saving of Rs. 8,073.893 (34.01% of the grant). An amount of Rs. 7,108,000 (29.95%) was surrendered leaving net saving of Rs. 965, 893 (4.07%).

The PAO explained that due to less expenditure than anticipated for May and June, 1999. The funds were retained for expected Medical bills of Federal Ministers/MOS which were not claimed during the last month of financial year, due to less traveling undertaken by the Federal Minister/MOS during May and June of the financial years.

#### **PAC DIRECTIVE**

The Committee observed that there should be a system in place to ensure that there should be no saving and if so, it should be surrendered in time. The Committee settled the grant.

2. **GRANT NO. 2-CABINET DIVISION**  
**EXCESS OF RS. 13,748,870**

AGPR pointed out that the grant closed with an excess of Rs. 13,748,870 (1.91% percent of the grant). A supplementary appropriation of Rs. 16,254, 000 was sanctioned but not included in supplementary schedule of authorized expenditure. An amount of Rs. 71,267,891 (9.91) was surrendered leaving net excess to Rs. 85,016,761 (11.82%).

The PAO explained that the savings is nominal which was, due to less expenditure on overtime, medical charges & leave salaries than anticipated.

**PAC DIRECTIVE**

The Committee noted that excess expenditure had been incurred which indicated faulty estimation of actual requirement. The Committee regularized the grant with the direction that action should be taken by the Ministry to strengthen its internal financial budgetary and monitoring systems; so as to ensure accurate estimates of expenditure and full utilization of funds without excess / saving in future.

3. **GRANT NO. 3-EMERGENCY RELIEF AND REPATRIATION**  
**EXCESS OF RS. 499,804,413**

AGPR pointed out that the grant closed with an excess of Rs. 499,804,413 (78.01 percent of the grant). An amount of Rs. 2,115,550 (0.33) was surrendered leaving net excess to Rs. 501, 919, 963 (78.34%). A supplementary appropriation of Rs. 500,000,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO explained that the excess mainly relates to mandatory payment of pay and allowances of the officers and staff of 6th Aviation Squadron which was unavoidable.

**PAC DIRECTIVE**

The Committee again noted that excess expenditure had been incurred which indicated faulty estimation of actual requirement. Committee regularized the grant.

4. **GRANT NO. 4-LAND REFORMS**  
**SAVING OF RS. 1,902,599**

AGPR pointed out that the grant closed with an saving of Rs. 1,902,599 (15.22 %of the grant). An amount of Rs. 1,679,666 (13.14) was surrendered leaving net saving to Rs. 222,933 (1.78%).

The PAO explained that an officer could not draw pay and allowances due to transfer from Peshawar to Quetta and non-acceptance of utility bills.

**PAC DIRECTIVE**

The Committee observed that there should be a system in place to ensure that there is no saving and if so, the entire saving should be surrendered in time. The Committee settled the Grant.

5. **GRANT NO. 5-OTHER EXPENDITURE OF CABINET DIVISION**  
**SAVING OF RS. 116,565,364**

AGPR pointed out that the grant closed with a saving of Rs. 116,565,364 (13.02 % of the grant). An amount of Rs. 62,750,858 (7.01) was surrendered leaving net saving to Rs. 53,814,506 (6.01%).

The PAO informed the Committee that due to vacant post of officers which were expected from surplus pool of Establishment Division could not joining BOI. Funds were kept for unforeseen expenditure which could not be utilized, non holding of EURO seminar in Islamabad and Investment Conference in Japan, Korea, Malaysia and Australia by BOI because of unavoidable circumstances.

**PAC DIRECTIVE**

The Committee observed that the entire saving should be surrendered in time. The Committee settled the Grant.

6 **GRANT NO. 13-STATIONARY & PRINTING**  
**SAVING OF RS. 9,506,517**

AGPR pointed out that the grant closed with a saving of Rs. 9,506,517 (20.40 % of the grant). An amount of Rs. 6,639,726 (14.25%) was surrendered leaving net saving to Rs. 2,866,791 (6.15%).

The PAO informed the Committee that the due to non-materialization of 03 indents by the department of supplies upto 30-6-1999, for which funds amounting to Rs. 2,865,924 were earmarked and could not be utilized.

**PAC DIRECTIVE**

The Committee observed that the entire saving should be surrendered in time. The Committee settled the Grant.

7. **GRANT NO. 112-CAPITAL OUTLAY ON LAND REFORMS**  
**SAVING OF RS. 450,000**

AGPR pointed out that the grant closed with a saving of Rs. 450,000 which worked out to 90% of the final grant. An amount of Rs. 500,000 (100) was surrendered converting the grant to be closed with an excess of Rs. 50,000 (10%).

The PAO informed the Committee that the excess was due to the reason that a sealed authority of Rs 50,000 was issued in favour of Chief Land Commissioner Punjab. Accordingly, this appeared as expenditure. However, whole budgetary provision was surrendered on due date. Simultaneously, FLC, Islamabad deposited 50,000 in Government Treasury on 29-6-1999. Since, the same has not reduced from expenditure incurred, it resulted in as excess.

**PAC DIRECTIVE**

The Committee noted that excess expenditure had been incurred again in this grant which indicated faulty estimation of actual requirement. The Committee regularized the grant with the direction that action should be taken by the Ministry to strengthen its internal financial budgetary and monitoring systems; so as to ensure accurate estimates of expenditure and full utilization of funds without excess / saving in future.

8. **GRANT NO. 115-DEVELOPMENT EXPENDITURE OF CABINET DIVISION**  
**SAVING OF RS. 43,570,000**

The grant closed with a saving of Rs. 43,570,000 (48.55 percent of the grant).

The PAO informed the Committee that the Rs. 12.4 million were retained as rupee cover against the expected grant to be received from Asian Development Bank for the project "Public Administration Restructuring and Reforms". Since the same was not received upto the end of financial year, it resulted in lapse of Rs 12.4 million.

**PAC DIRECTIVE**

The Committee observed that even non-release of funds has to be surrendered in time. The Committee settled the Grant.

9. **GRANT NO. 143-CAPITAL OUTLAY ON WORKS OF CABINET DIVISION**  
**SAVING/ EXCESS: NIL**

The budgetary provision was utilized in full.

**PAC DIRECTIVE**

The Committee regularized the grant as the Budgetary Provision had been fully utilized.

## **AUDIT REPORT PUBLIC SECTOR ENTERPRISES FOR THE YEAR 1998-99**

### **PRINTING CORPORATION OF PAKISTAN**

10. **PARA 41 (PAGE 20-ARPSE-1998-99)**  
**LOSS OF RS. 1.918 MILLION DUE TO IMPROPER PRINTING OF TELEPHONE DIRECTORIES**

Audit pointed out that the Printing Corporation of Pakistan (PCP) Lahore received and ordered in February, 1991 for printing of 250,000 Telephone Directories from Central Telecommunication Corporation (PTC). The delivery period as per agreement was 90 days. As a order, each Directory was to be printed on one thousand pages but PCP printed the Directory on 1104 pages. PTCL imposed a penalty of Rs 1.918 Million on account of late delivery of Directories and also deducted an amount of Rs.5.083 million due to difference in cost of paper.

The PAO informed the Committee that the DAC directed the PCP in its meeting held in October 1999 to take-up the matter with Central Telecommunication Region authorities at Lahore for recovery of unjustified deduction of Rs 1.918 million on account of penalty due to late delivery of CTR, 1991 issue printed by PCP Press, Lahore. The settlement of unjustified deduction of Rs 1.1918 million due to late delivery has been ascertained/identified and taken up with PTCL Headquarters, Islamabad fresh as evident from enclosed correspondence. It is hoped that this dispute will be settled shortly.

As regards the deduction of Rs. 5.083 million due to difference in cost of paper, the actual difference agreed between Printing Corporation of Pakistan and Central Telecommunication Region was Rs. 1.506 million as evident from copy of minutes of the meeting held on 12-06-1993 to 14-06-1993 with Central Telecommunication Region. Out of which an amount of Rs. 1.355 million was got refunded from PTCL vide RV No. 4722 dated 01-11-1993 Lahore Press. The record was got verified from Commercial Audit Wah Cantt on 30-10-2001.

### **PAC DIRECTIVE**

The Committee recommended the Para for pursuance at DAC level and directed the PAO to put up a report on this Para within two months.

## **AUDIT REPORT (CDA) FOR THE YEAR 1998-99**

11. **PARA 2 (PAGE 14-AR-1998-99)**  
**LOSS OF RS 1.600 MILLION**

Audit pointed out that in W&S Division No. VI (Bulk Water Production), CDA a Water Tanker valuing Rs. 1.600 million was stolen. Improper arrangement of safeguard of public property resulted in loss of Rs. 1.600 million.

The PAO informed the Committee that the FIR No. 69939 was immediately registered with the Police regarding the theft and the CIA Police still investigating the case so far the whereabouts of the tanker are not known. Case is being pursued with the Police for early recovery of the tanker. Audit will be informed about the out come on finalization of the matter.

### **PAC DIRECTIVE**

The Committee expressed displeasure over the inordinate delay in departmental inquiry and directed the Chairman, CDA to submit a report to the Committee within 15 days.

12. **PARA 6 (PAGE 16-AR-1998-99)**  
**OVER PAYMENT OF RS. 2.090 MILLION**

Audit pointed out that Road Division No. V. CDA made payment for earth excavated/brought from outside sources to a contractor although sufficient earth was available at site and its disposal/utilization was also not shown in record. Payment for extra quantity of earth brought from outside resulted in overpayment of Rs. 2.090 million.

The PAO informed the Committee that the work "Improvement of Roads", shoulders and walk ways for VIP Car Parking and development of academy plot in H-11" was awarded to M/S Arshad & Co. with the date of start as 18-04-1994. Time allowed for completion was 10 days only on single tender basis, with the approval of competent authority. It is further added that there was no provision of borrow pits item in the agreement.

Subsequently, additional work under Clause 12 of the contract was awarded on the same rates terms and conditions and specifications. The borrow pits items for which quantity of 911, 930 cft (two No extra items bearing No. 4/1 and 10/2) was approved by the Competent Authority. Due to enhancement of scope of work the quantities were increased and the revised estimate was sanctioned technically and revised Administrative approval and Expenditure Sanction was also accorded by the competent authority.

As regards quantity of 826,096 cft the same was increased due to enhancement of scope of work for which approval of the competent authority was accorded. As the work was of emergent nature and it was desired to be completed urgently, hence, no favour has been made with the Contractor.

### **PAC DIRECTIVE**

The Committee directed the Chairman, CDA to effect recovery from the account of an other job which is being done by the same Contractor and submit a report to the Committee within one month.

13. **PARA 17 (PAGE 23 & 24-AR-1998-99)**  
**OVER PAYMENT OF RS. 25.024 MILLION**

Audit pointed out that Road Division No. 1, CDA, got executed an item of blasting of rocks but neither the suitable/serviceable material was obtained nor the rates of the item reduced by half, as per Pak PWD specification. Non-reduction of the rate as per PWD specification resulted in overpayment of Rs. 25.024 million.

The PAO informed the Committee that it is clarified that item No. SP(a) and item No. SP (b) was provided in the BOQ for excavation of hard rock by controlled blasting, but during excavation of the work the Contractor carried out the work by blasting, chiseling, hammering, etc. and the material obtained as a result of excavation was filled in an adjacent depressions free of cost. In this way the authority only paid the cost of excavation and the deep areas were filled free of cost and in this way the Government saved about Rs. 40,00 million by avoiding bringing of earth from outside source. It cannot be denied that had the rock material not been filled in depressions, the Government would have to pay more than Rs. 40.00 million for bringing the filled material. Moreover, this observation is in duplication of AP 98/273, which has already been explained.

It is further added that the rates provide in BOQ agreement are binding on both the parties and may subsequent reduction in the rates was not admissible. In this connection it is submitted that the AP has hastily been converted into DP without listening our viewpoint and verification of the record. It is therefore, requested that we may be provided a chance to produce all the relevant record in support of our contention on a suitable date. The BAO, Islamabad may very kindly be directed to reconsidered the audit observation in light of the above noted facts.

**PAC DIRECTIVE**

The Committee directed the Chairman, CDA to conduct an inquiry and associate a representative of Audit in the inquiry in order to establish the amount of recovery and report to the Committee within one month.

14. **PARA 72 (PAGE 63-AR-1998-99)**  
**NON-RECOVERY OF RS. 242.070 MILLION**

Audit pointed out that in Estate Management Directorate, CDA price of plots premium, CVT and Advance Tax were outstanding against various allottees.

The PAO informed the Committee that since the taxes are to be deposited directly in the Govt. Treasury by the proposed allottee, the amount of Rs. 6.631(M) may be deleted from the drat Para, as the CDA issued the allotment letter after providing the original paid challans. From the above, position it is clear that only a sum of Rs. 7.081 (M) is outstanding against the allottee for which the

Show Cause Notices were already issued. The amount of Rs. 50.199 (M) is not possible to recover from the allottees being the Courts Cases.

### **PAC DIRECTIVE**

The Committee settled the Para subject to verification of Audit and so far the court case is concerned, directed to submit details of the case to the Committee within one month.

15. **PARA 78 (PAGE 67-AR-1998-99)**  
**NON-RECOVERY OF RS. 1.625 MILLION**

Audit pointed out that in Road Division No. V, CDA certain Contractors executed only the items of earth work during 1994-95 and 1996 and left the balance works unattended/ incomplete.

The PAO informed the Committee that the accounts of both the firms are being finalized and the recovery as pointed out by audit will be effect from their final bills. The Contractors did not execute the work on the plea that prices of the materials had increased. They demanded escalation for which no provision existed in the agreement. As such the work done shall be accounted for after execution of the balance work. In Compliance of DAC directive the Inquiry Report was produced to Audit on 19-07-2011 according to the Inquiry Report, following position is emerged:-

- i) The Inquiry Committee constituted on 26-03-2004 and order by Chairman CDA on 01-01-2005. The Committee in the Summary of its recommendation (a) proposed disciplinary action and financial penalty against eight officers of Rs. 7.292 million beside major penalties against six officers and minor penalty against one officer.
- ii) The Committee also settled (recommendations from b-j) comprehensive inquiry and disciplinary action against the officials of different Directorates/Wings of CDA.
- iii) The authority has not intimated the action taken regarding the financial recovery and administrative action on the recommendation of the Inquiry Committee.
- iv) Recovery of risk and cost amount from the defaulting Contractor as per latest reply given by the department was also not intimated.
- v) PAC may like to issue suitable directives to the department to expedite the recovery and punitive action against the responsible

## **PAC DIRECTIVE**

The Committee directed the Chairman CDA to submit a report to the Committee as to what action has been taken on the inquiry report. The Committee also directed the PAO to conduct another inquiry in order to establish as to who had delayed action on the "Inquiry Report" of 2005 and no action has been taken either on the directives of the DAC held in 2006 . The Committee further directed the PAO to associate a representative of Audit in the inquiry. Both the Reports should be submitted to the Committee within one month.

16. i) **AUDIT PARA # 14-PAGE-22-AR-1998-99**  
**UN-DUE PAYMENT OF RS. 130,886**
- ii) **AUDIT PARA # 15-PAGE-22-AR-1998-99**  
**OVER PAYMENT OF RS. 79,410**
- iii) **AUDIT PARA # 32-PAGE-34-AR-1998-99**  
**NON-IMPOSITION OF PENALTY RS 3,673 MILLION**
- iv) **AUDIT PARA # 53-PAGE-50-AR-1998-99**  
**LOSS OF RS 2,233,000**
- v) **AUDIT PARA # 60-PAGE-54-AR-1998-99**  
**IRREGULAR PAYMENT OF RS 1.448 MILLION**
- vi) **AUDIT PARA # 63-PAGE-56-AR-1998-99**  
**NON-RECOVERY OF RS. 338,896**
- vii) **AUDIT PARA # 64-PAGE-57-AR-1998-99**  
**NON-RECOVERY OF SECURED ADVANCE RS 16.569 MILLION**
- viii) **AUDIT PARA # 65-PAGE-58-AR-1998-99**  
**NON-RECOVERY OF RS. 963,472**
- ix) **AUDIT PARA # 67-PAGE-55&60-AR-1998-99**  
**LOSS OF RS 761,650**
- x) **AUDIT PARA # 69-PAGE-61-AR-1998-99**  
**NON-RECOVERY OF RS. 477,765**
- xi) **AUDIT PARA # 73-PAGE-63-AR-1998-99**  
**NON-RECOVERY OF RS. 2,715,700**

## **PAC DIRECTIVE**

The Committee recommended the above mentioned paras for pursuance at DAC level.

17. i) AUDIT PARA # 1-PAGE-13-AR-1998-99  
LOSS OF RS.116.424 DUE TO THEFT OF TRANSFORMER
- ii) AUDIT PARA # 3-PAGE-14-AR-1998-99  
LOSS OF RS.99,996
- iii) AUDIT PARA # 4-PAGE-15-AR-1998-99  
LOSS OF RS. 323,376
- iv) AUDIT PARA # 5-PAGE-16-AR-1998-99  
LOSS OF RS. 89,558
- v) AUDIT PARA # 7-PAGE-17-AR-1998-99  
OVER PAYMENT OF RS.286,134
- vi) AUDIT PARA # 8-PAGE-18-AR-1998-99  
OVERPAYMENT OF RS. 200,349
- vii) AUDIT PARA # 9-PAGE-18-AR-1998-99  
EXCESS PAYMENT OF RS. 587,939
- viii) AUDIT PARA # 10-PAGE-19-AR-1998-99  
NON-RECOVERY OF RS.359,398
- ix) AUDIT PARA # 11-PAGE-19-AR-1998-99  
EXCESS PAYMENT OF RS,396,041
- x) AUDIT PARA # 12-PAGE-20-AR-1998-99  
EXCESS PAYMENT OF RS. 757,606
- xi) AUDIT PARA # 13-PAGE-21-AR-1998-99  
OVERPAYMENT OF RS. 568,796
- xii) AUDIT PARA # 16-PAGE-23-AR-1998-99  
OVER PAYMENT OF RS. 165,856
- xiii) AUDIT PARA # 18-PAGE-24-AR-1998-99  
EXCESS PAYMENT OF RS. 2,329,882
- xiv) AUDIT PARA # 19-PAGE-25-AR-1998-99  
OVER PAYMENT OF RS 111,234
- xv) AUDIT PARA # 20-PAGE-25-AR-1998-99  
EXCESS PAYMENT OF RS. 107,195
- xvi) AUDIT PARA # 21-PAGE-26-AR-1998-99  
OVER PAYMENT OF RS. 548,093

- xvii) **AUDIT PARA # 22-PAGE-27-AR-1998-99  
OVERPAYMENT OF RS 198,862**
- xviii) **AUDIT PARA # 23-PAGE-27-AR-1998-99  
OVER PAYMENT OF RS. 326,774**
- xi x) **AUDIT PARA # 24-PAGE-28-AR-1998-99  
LOSS OF RS 323,123 DUE TO NEGLIGENCE**
- xx) **AUDIT PARA # 25-PAGE-29-AR-1998-99  
LOSS OF RS 1,275,242**
- xxi) **AUDIT PARA # 26-PAGE-30-AR-1998-99  
LOSS OF RS 5,000 MILLION**
- xxii) **AUDIT PARA # 27-PAGE-30-AR-1998-99  
EXTRA EXPENDITURE OF RS 0.343 MILLION**
- xxiii) **AUDIT PARA # 28-PAGE-31-AR-1998-99  
IN-FRUCTUOUS EXPENDITURE OF RS 2,257 MILLION**
- xxiv) **AUDIT PARA # 29-PAGE-32-AR-1998-99  
LOSS OF RS 1,568,975**
- xxv) **AUDIT PARA # 30-PAGE-33-AR-1998-99  
UNJUSTIFIED PAYMENT OF RS 1,799,097**
- xxvi) **AUDIT PARA # 31-PAGE-33-AR-1998-99  
IRREGULAR PAYMENT OF RS 3,185,223**
- xxvii) **AUDIT PARA # 33-PAGE-35-AR-1998-99  
IRREGULAR PAYMENT OF RS 586,623**
- xxviii) **AUDIT PARA # 34-PAGE-35&36-AR-1998-99  
LOSS OF RS. 966,555**
- xxix) **AUDIT PARA # 35-PAGE-36-AR-1998-99  
LOSS OF RS. 344,666**
- xxx) **AUDIT PARA # 36-PAGE-37-AR-1998-99  
IRREGULAR EXPENDITURE OF RS 235,000**
- xxxix) **AUDIT PARA # 37-PAGE-38-AR-1998-99  
IRREGULAR EXTRA PAYMENT OF RS 163,887**

- xxxii) AUDIT PARA # 38-PAGE-38-AR-1998-99  
UNDUE PAYMENT OF RS 264,352
- xxxiii) AUDIT PARA # 39-PAGE-38-AR-1998-99  
UNDUE FINANCIAL AID TO CONTRACTOR RS. 15.000 MILLION
- xxxiv) AUDIT PARA # 40-PAGE-40-AR-1998-99  
IRREGULAR ENHANCEMENT OF SCOPE OF WORK RS 328,438
- xxxv) AUDIT PARA # 41-PAGE-40-AR-1998-99  
NON RECOVERY OF EXTRA EXPENDITURE RS 20.138 MILLION
- xxxvi) AUDIT PARA # 42-PAGE-41-AR-1998-99  
IRREGULAR PAYMENT OF RS 32.734 MILLION
- xxxvii) AUDIT PARA # 43-PAGE-43-AR-1998-99  
UNDUE FINANCIAL AID OF RS 15.000 MILLION
- xxxviii) AUDIT PARA # 44-PAGE-43-AR-1998-99  
EXCESS EXPENDITURE OF RS 30.283 MILLION
- xxxix) AUDIT PARA # 45-PAGE-44-AR-1998-99  
UNDUE PAYMENT OF RS 5.236 MILLION
- xl) AUDIT PARA # 46-PAGE-44&45-AR-1998-99  
UNDUE FINANCIAL BURDEN OF RS.3,292 MILLION
- xli) AUDIT PARA # 47-PAGE-45-AR-1998-99  
UNDUE PAYMENT OF RS 0.2689 MILLION
- xlii) AUDIT PARA # 48-PAGE-46-AR-1998-99  
EXTRA PAYMENT OF RS 0.643 MILLION
- xliii) AUDIT PARA # 49-PAGE-47-AR-1998-99  
IRREGULAR PAYMENT OF RS. 62.697 MILLION
- xliv) AUDIT PARA # 50-PAGE-47-AR-1998-99  
IRREGULAR PAYMENT OF RS 43.700 MILLION
- xlvi) AUDIT PARA # 51-PAGE-48-AR-1998-99  
LOSS OF RS 490,074
- xlvi) AUDIT PARA # 52-PAGE-49-AR-1998-99  
LOSS OF RS 490,095

- xlvi) **AUDIT PARA # 54-PAGE-50&51-AR-1998-99**  
**LOSS OF RS 538,600**
- xlvi) **AUDIT PARA # 55-PAGE-51-AR-1998-99**  
**EXCESS PAYMENT OF RS 1,153,064**
- xlix) **AUDIT PARA # 56-PAGE-52-AR-1998-99**  
**LOSS OF RS 909,820**
- l) **AUDIT PARA # 57-PAGE-52&53-AR-1998-99**  
**IN-FRUCTUOUS EXPENDITURE OF RS 86,940**
- li) **AUDIT PARA # 58-PAGE-53-AR-1998-99**  
**LOSS OF RS 699,029**
- lii) **AUDIT PARA # 59-PAGE-54-AR-1998-99**  
**IRREGULAR AWARD OF WORK RS 1,558,808**
- liii) **AUDIT PARA # 61-PAGE-55-AR-1998-99**  
**NON-RECOVERY OF RS. 382,359**
- liv) **AUDIT PARA # 62-PAGE-56-AR-1998-99**  
**NON-RECOVERY OF RS. 536,375**
- lv) **AUDIT PARA # 66-PAGE-59-AR-1998-99**  
**NON-RECOVERY OF RS. 370,261,193**
- lvi) **AUDIT PARA # 68-PAGE-60-AR-1998-99**  
**NON-RECOVERY OF RS. 384,120**
- lvii) **AUDIT PARA # 70-PAGE-61&62-AR-1998-99**  
**NON-RECOVERY OF RS. 644,896**
- lviii) **AUDIT PARA # 71-PAGE-62-AR-1998-99**  
**NON-RECOVERY OF RS. 98,400**
- lix) **AUDIT PARA # 74-PAGE-64-AR-1998-99**  
**LOSS DUE TO NON-RECOVERY OF RS. 2.169 MILLION**
- lx) **AUDIT PARA # 75-PAGE-64-AR-1998-99**  
**NON-RECOVERY OF RS. 0.949 MILLION**
- lxi) **AUDIT PARA # 76-PAGE-65-AR-1998-99**  
**LOSS OF RS 1.430 MILLION**

lxii) **AUDIT PARA # 77-PAGE-66-AR-1998-99**  
**NON-PRODUCTION/FURNISHING OF RECORD/INFORMATION**

lxiii) **AUDIT PARA # 79-PAGE-67&68-AR-1998-99**  
**WASTEFUL EXPENDITURE OF RS. 91.938**

**PAC DIRECTIVE**

The Committee settled the above sixty three (63) paras .

18. **CONSTRUCTION OF PRIME MINISTER'S SECRETARIAT BUILDING AT ISLAMABAD FOR THE YEAR 1998-99**

The PAO informed the Committee that the 3rd revised PC-I for construction of Prime Minister's Secretariat Building, Islamabad has already been approved by the ECNEC. As such the paras of the report stands regularized. Audit, however, was of the opinion that fulfillment of the following three conditions is required.

- i) Obtain opinion of Law, justice and Human Rights Division regarding the appointment of the original Contractor for the project despite the change in location, increase in scope and cost without inviting fresh tenders.
- ii) Expedite its in-house enquiry to determine procedural lapse regarding extra works and deviations made by CDA without formalizing the alleged orders/ directions from the Prime Minister. Responsibility be fixed on the officials who violated the procedures.
- iii) Refer the case of improper act of commission on the part of concerned Engineers/ Architects of M/s NESPAK (Consultants) and M/s Drapers (Interior Decorators) to the Pakistan Engineering Council for taking necessary action, as well as issue letters of displeasure to these agencies.

**PAC DIRECTIVE**

The Committee referred the Special Audit Report to DAC for fulfillment of three conditions as a requirement of the 3rd revised PC-1 and directed to submit a report to the Committee within one month.

**PERFORMANCE AUDIT REPORT ON THE ACCOUNTS OF SHEIKH ZAYAD HOSPITAL, LAHORE FOR THE YEAR 1998-99**

**SHEIKH ZAYAD HOSPITAL, LAHORE (CABINET DIVISION PAR 1998)**

19. **PARA NO. 2.1.3 CONSULTANTS / PARA-MEDICS SHARE OF FEE**

The Audit pointed out that the hospital was paying irregular share of fee to the Consultants, Pathologists/ Radiologists and Para-medic Staff out of its private

patient's income. The share of fee was being paid without approval of the BOG and Ministry of Finance. Hence expenditure was made without justification. Total income of Rs. 176.886 million was received from private wards and payments of Rs. 60.950 million were made to the Consultants/Pathologists, Radiologists and Para-midics as share of fee during the period 1993-98 which worked out to 34%.

Approval of the BOG was not shown to audit despite repeated requests. Only office orders regarding distribution of consultants/ paramedics share of fee signed by the Administrator were provided. The Administrators/ Chairman as per Government and Hospital Rules were not competent enough to allow the same. This irregular practice was in vogue ever since the inception of the hospital in 1986.

The above state of affairs indicates that unauthorized expenditure is being incurred and the concerned authorities exercised the financial powers which were not delegated to them.

The PAO informed the Committee that the share from income of private patient's is being paid to the Consultants after getting approval from BOG in its first meeting. Distribution of Consultants share is in practice since the commissioning of the hospital to 60% share goes to Consultants, 10% to staff and 30% to hospital out of Consultant fee as decided by the BOG in its second meeting held on 7-6-1987.

### **PAC DIRECTIVE**

The Committee directed the PAO to make a reference to the Finance Division for regularization and in case it is not regularized by the Finance Division the Para would be brought back to the PAC for reconsideration. The Committee also directed the Representative of the Finance Division to get opinion on the issue whether the unanimous decision of the Board of Directors has to be referred to the Finance Division for approval despite the fact that the Finance Division is duly represented by the Secretary Finance / Representative. The latest opinion of the Finance Division should be brought before the PAC after consultation with the Auditor General for consideration.

20. i) **PARA NO. 2.3-PAR-1998-99**  
**PROCUREMENTS**  
ii. **PARA NO. 2.3.1-PAR-1998-99**  
**MEDICAL EQUIPMENT**  
iii. **PARA NO. 2.6-PAR-1998-99**  
**REPAIR/ MAINTENANCE OF MEDICAL EQUIPMENT**

### **PAC DIRECTIVE**

The Committee settled the above three (3) paras subject to verification of record by Audit.

- 21. i) **AUDIT PARA # 1.1**  
**INTRODUCTION**
- ii) **AUDIT PARA # 1.2**  
**OBJECTIVES**
- iii) **AUDIT PARA # 1.3**  
**ORGANIZATION SET UP**
- iv) **AUDIT PARA # 1.4**  
**DIVISIONS/DEPARTMENTS**
- v) **AUDIT PARA # 1.5**  
**SCOPE OF AUDIT**
- vi) **AUDIT PARA # 1.6**  
**FINANCING**
- vii) **AUDIT PARA # 1.7**  
**ISSUES OF POTENTIAL SIGNIFICANCE (IPS)**
- viii) **AUDIT PARA # 2.1**  
**FINANCIAL MANAGEMENT**
- ix) **AUDIT PARA # 2.1.1**  
**FINANCE ANALYSIS**
- x) **AUDIT PARA # 2.1.2**  
**ACCOUNTING PROCEDURE**
- xi) **AUDIT PARA # 2.4**  
**SUPPORTING MEDICAL SERVICES**
- xii) **AUDIT PARA # 2.4.1**  
**BIO CHEMISTRY**
- xiii) **AUDIT PARA # 2.4.2**  
**HISTOPATHOLOGY**
- xiv) **AUDIT PARA # 2.4.3**  
**MICROBIOLOGY**
- xv) **AUDIT PARA # 2.4.4**  
**HAEMATOLOGY**

- xvi) **AUDIT PARA # 2.4.5**  
**BLOOD BANK**
- xvii) **AUDIT PARA # 2.4.6**  
**DEPARTMENT OF RADIOLOGY**
- xviii) **AUDIT PARA # 2.7**  
**RECORD MANAGEMENT**
- xix) **AUDIT PARA # 2.8**  
**HEALTH COVERAGE**
- xx) **AUDIT PARA # 2.9**  
**DOCTORS, NURESS AND PATIENTS RATIO**
- xxi) **AUDIT PARA # 2.10**  
**OVERALL ASSESSMENT**
- xxii) **AUDIT PARA # 3**  
**MANAGEMENT VIEW POINT**
- xxiii) **AUDIT PARA # 4**  
**RECOMMENDATIONS**

#### **PAC DIRECTIVE**

The Committee settled the above twenty three (23) paras .

#### **AUDIT REPORT ON TELECOMMUNICATIONS SECTOR FOR THE YEAR 1998-99**

#### **PAKISTAN TELECOMMUNICATION AUTHORITY**

- 22. i. **PARA NO. 2.4 (PAGE NO.68)-1998-99**
- ii. **PARA NO. 2.10 (PAGE NO.80) -1998-99**
- iii. **PARA NO. 2.13 (PAGE NO.82-83) -1998-99**

#### **PAC DIRECTIVE**

The Committee endorsed the recommendation of the DAC and settled the above three (3) paras subject to verification of record by Audit within 15 days.

23. i) AUDIT PARA # 2.1-PAGE-67-AR-1998-99  
INTRODUCTION AND ACCOUNTS
- ii) AUDIT PARA # 2.2-PAGE-67-AR-1998-99  
INTRODUCTION AND ACCOUNTS
- iii) AUDIT PARA # 2.3-PAGE-67-AR-1998-99  
INTRODUCTION AND ACCOUNTS
- iv) AUDIT PARA # 2.6-PAGE-80-AR-1998-99  
COMMENTS ON ACCOUNTS
- v) AUDIT PARA # 2.7-PAGE-80-AR-1998-99  
COMMENTS ON ACCOUNTS
- vi) AUDIT PARA # 2.8-PAGE-80-AR-1998-99  
COMMENTS ON ACCOUNTS
- vii) AUDIT PARA # 2.9-PAGE-80-AR-1998-99  
COMMENTS ON ACCOUNTS
- viii) AUDIT PARA # 2.12-PAGE-81&82-AR-1998-99  
IRREGULAR RE-APPROPRIATION OF FUNDS AFTER EXPIRY OF  
FINANCIAL YEAR RS. 9.252 MILLION FREQUENCY ALLOCATION  
BOARD
- ix) AUDIT PARA # 3.1-PAGE-84-AR-1998-99  
INTRODUCTION AND ACCOUNTS
- x) AUDIT PARA # 3.2-PAGE-84-AR-1998-99  
INTRODUCTION AND ACCOUNTS
- xi) AUDIT PARA # 3.3-PAGE-84&85-AR-1998-99  
IRREGULAR EXPENDITURE ON ACCOUNT OF HIRING OF OFFICE  
BUILDING RS 2.630 MILLION
- xii) AUDIT PARA # 3.4-PAGE-85-AR-1998-99  
EXCESS PAYMENT ON ACCOUNT OF RENT OF OFFICE BUILDING  
RS.0.402 MILLION
- xiii) AUDIT PARA # 3.5-PAGE-86-AR-1998-99  
LOSS DUE TO PAYMENT OF RENT OF OFFICE BUILDING ON  
HIGHER RATES RS. 0.178 MILLION

#### PAC DIRECTIVE

The Committee settled the above thirteen (13) paras .

**ADUIT REPORT PUBLIC SECTOR ENTERPRISES VOLUME-X(S)  
FOR THE YEAR 1998-99**

**DEPUTY CONTROLLER, STATIONARY AND FORMS, KARACHI**

24. i) **AUDIT PARA # 7-PAGE-15-ARPSE-VOL.X-S-1998-99**  
ii) **AUDIT PARA # 8-PAGE-15-ARPSE-VOL.X-S-1998-99**

**FEDERAL PUBLICATION BRANCH, KARACHI**

- iii) **AUDIT PARA # 9-PAGE-16-ARPSE-VOL.X-S-1998-99**  
iv) **AUDIT PARA # 10-PAGE-16-ARPSE-VOL.X-S-1998-99**

**PAC DIRECTIVE**

The Committee settled the above four (4) paras .

**ACTIONABLE POINTS**

Actionable points arising from discussion of the meeting of the Public Accounts Committee held on 8<sup>th</sup> July, 2014, for examination of Appropriation Accounts/Audit Reports/Special Audit Reports of Cabinet Division for the yeas1998-99 are as below:-

**AUDIT REPORT FOR THE YEAR 1998-99 CAPITAL DEVELOPMENT  
AUTHORITY**

25. **PARA 1 PAGE 6-7 SAR 1998-99  
NON-DUDUCTION O FDIFFERENT COST OF CARRIAGE FOR RS. 2.485  
MILLION.**

**PAC DIRECTIVE**

The Committee settled the para subject to verification of documents by Audit under intimation to PAC.

26. i) **PARA 2 PAGE 7-8 SAR 1998-99  
EXCESS PAYMENT OF RS. 17.330 MILLION DUE TO UN-  
AUTHORIZED INCREASE IN QUALITY.**  
ii) **PARA 3 PAGE 6-7 SAR 1998-99  
OVERPAYMENT TO THE CONTRACTOR RS. 0.139 MILLION.**

### **PAC DIRECTIVE**

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

- 27.. **PARA 4 PAGE 8-9 SAR 1998-99**  
**EXCESS PAYMENT OF RS. 0.945 MILLION DUE TO UNAUTHORIZED INCREASE IN QUALITY.**

### **PAC DIRECTIVE**

The Committee referred the Para to pursuance at DAC level and report to PAC.

- 28.. i) **PARA 5 PAGE 9-10 SAR 1998-99**  
**OVER PAYMENT OF RS. 0.997 MILLION.**
- ii) **PARA 6 PAGE 10-11 SAR 1998-99**  
**EXCESS PAYMENT OF RS. 2.596 MILLION.**

### **PAC DIRECTIVE**

The Committee settled the above mentioned two(2) Paras on the recommendation of Audit.

29. i) **PARA 7 PAGE 11-12 SAR 1998-99**  
**EXCESS PAYMENT OF RS. 17.778 MILLION IN A WORK AWARDED WITH OUT TENDERS.**
- ii) **PARA 8 PAGE 12-13 SAR 1998-99**  
**OVER PAYMENT OF RS. 1.096 MILLION.**
- ii) **PARA 9 PAGE 13-14 SAR 1998-99**  
**EXCESS PAYMENT OF RS. 2.287 MILLION.**
- iv) **PARA 10 PAGE 14-15 SAR 1998-99**  
**OVERPAYMENT TO THE CONTRACTOR RS. 0.657 MILLION.**

### **PAC DIRECTIVE**

The Committee pended the four Paras due to their subjudice nature and directed NAB to expedite the court cases on the basis of the direction of PAC. PAC must be updated through letter by the PAO and NAB. The Committee also clubbed together Paras No. 07, 08, 09, 10, 15, 16, 23, 25, 29 due to similar nature.

30. i) **PARA 11 PAGE 15 SAR 1998-99**  
**EXCESS PAYMENT OF RS. 0.858 MILLION.**
- ii) **PARA 12 PAGE 16-17 SAR 1998-99**  
**OVERPAYMENT OF RS. 4.531 MILLION.**
- iii) **PARA 13 PAGE 17 SAR 1998-99**  
**OVER PAYMENT OF RS. 0.132 MILLION.**
- iv) **PARA 14 PAGE 18 SAR 1998-99**  
**LOSS OF RS. 20.778 MILLION DUE TO WASTAGE OF TREATED WATER**

**PAC DIRECTIVE**

The Committee settled the above four Paras(4) on the recommendation of Audit.

31. i) **PARA 15 PAGE 18-19 SAR 1998-99**  
**LIKELY LOSS OF RS. 3.600 MILLION.**
- ii) **PARA 16 PAGE 19-20 SAR 1998-99**  
**UNDUE PAYMENT OF RS. 1.555 MILLION.**

**PAC DIRECTIVE**

The Committee settled the above two (2) Paras on the recommendation of Audit.

32. i) **PARA 17 PAGE 20-21 SAR 1998-99**  
**NON- VALIDATION OF PERFORMANCE BOND.**
- ii) **PARA 18 PAGE 21-23 SAR 1998-99**  
**LOSS OF RS. 19.816 MILLION.**
- iii) **PARA 19 PAGE 23-24 SAR 1998-99**  
**SUB-STANDARD WORK OF RS. 1.628 MILLION.**

**PAC DIRECTIVE**

The Committee recommended the above three Paras to pursuance at DAC level.

33. i) **PARA 20 PAGE 24-25 SAR 1998-99**  
**UN-NECESSARY ISSUE OF METERIAL LEADING TO LOSS OF RS.**  
**0.266 MILLION.**
- ii) **PARA 21 PAGE 25-26 SAR 1998-99**  
**IRREGULAR PAYMENT OF RS. 83.510 MILLION.**

**PAC DIRECTIVE**

The Committee settled the above two Paras on the recommendation of Audit.

- 34.. **PARA 22 PAGE 26-27 SAR 1998-99**  
**UN JUSTIFIED PAYMENT OF RS. 2.063 MILLION.**

**PAC DIRECTIVE**

The Committee referred the Para to pursuance at DAC level and report to PAC.

35. **PARA 23 PAGE 27 SAR 1998-99**  
**LOSS OF RS. 9522 MILLION DUE TO AWARD OF WORK AT HIGHTER RATES**

36. **PARA 24 PAGE 28 SAR 1998-99**  
**LOSS OF RS. 1.272 MILLION.**

**PAC DIRECTIVE**

The Committee settled the above Paras on the recommendation of Audit.

37. **PARA 25 PAGE 28-29 SAR 1998-99**  
**LOSS OF RS. 19.816 MILLION.**

38. **PARA 26 PAGE 29-30 SAR 1998-99**  
**LOSS OF RS. 0.791 MILLION.**

**PARA 28 PAGE 31-32 SAR 1998-99**  
**NON RECOVERY OF PENALTY RS. 17.038 MILLION.**

**PAC DIRECTIVE**

The Committee settled the three Paras on the recommendation of Audit.

39. **PARA 29 PAGE 32 SAR 1998-99**  
**DELAY IN COMPLETION OF WORK/NON-RECOVERY OF RS. 6.243 MILLION**

40. i) **PARA 30 PAGE 33 SAR 1998-99**  
**NON-IMPOSITION OF PENALTY WORTH RS. 8.571 MILLION.**

ii) **PARA 31 PAGE 33-34 SAR 1998-99**  
**NON- IMPOSITION OF PENALTY WORTH RS. 2.623 MILLION.**

**PAC DIRECTIVE**

The Committee settled the three Paras on the recommendation of Audit.

41. **PARA 32 PAGE 34 SAR 1998-99**  
**NON PRODUCTION OF RECORD**

**PAC DIRECTIVE**

The Committee pended the Para and directed the PAO to fix the responsibility and produce the relevant record to Audit.

42. **PARA 33 PAGE 35 SAR 1998-99**  
**OVER PAYMENT OF RS. 0.629 MILLION**

**PAC DIRECTIVE**

The Committee settled the two Paras on the recommendation of Audit.

43. **PARA 34 PAGE 36 SAR 1998-99**  
**EXCESS PAYMENT OF RS. 2.833 MILLION**

**PAC DIRECTIVE**

The Committee referred the Para to pursuance at DAC level and report to PAC.

. 44. **PARA 35 PAGE 36-38 SAR 1998-99**  
**LIKELY LOSS/WASTAGE EXPENDITURE OF RS. 54.712 MILLION**

**PAC DIRECTIVE**

The Committee settled the Para subject to fix the responsibilities and to effect recovery by PAO under intimation to Audit and PAC.

45. **PARA 36 PAGE 38-39 SAR 1998-99**  
**SUB-STANDARD WORK**

**PAC DIRECTIVE**

The Committee referred the Para to pursuance at DAC level and report to PAC.

## **ACTIONABLE POINTS**

Actionable points arising from the discussion of meeting of the Public Accounts Committee held on 6th August, 2015 pertaining to Cabinet Division, in the Parliament House, Islamabad for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the year 1998-99.

### **AUDIT REPORT PUBLIC SECTOR ENTERPRISES - 1998-99.**

#### **PRINTING CORPORATION OF PAKISTAN (PVT) LIMITED.**

46. **PARA NO. 41- PAGE NO. 20-ARPSE- 1998-99.**  
**LOSS OF RS. 1.918 MILLION DUE TO IMPROPER PRINTING OF TELEPHONE DIRECTORIES.**

The Audit pointed out that the Printing Corporation of Pakistan (PCP) Lahore received an order in February, 1991 for printing of 250,000 Telephone Directories from Central Telecommunication Corporation (CTC). The delivery period as per agreement was 90 days. As an order each Directory was to be printed on one thousand pages but PCP printed the Directory on 1104 pages. PTCL imposed a penalty of Rs.1.918 million on account of late delivery of directories and also deducted an amount of Rs. 5.083 million due to difference in cost of paper.

The PAO informed that full amount of Rs. 1.918 million has been adjusted out of the dues of PTCL with the approval of PCP's Board of Directors.

#### **PAC DIRECTIVE**

The Committee settled the para .

### **AUDIT REPORT TELECOMMUNICATION SECTOR**

#### **PAKISTAN TELECOMMUNICATION AUTHORITY (PTA)**

47. i) **PARA NO. 2.4- PAGE NO. 68-AR- 1998-99.**  
**NON APPROVAL OF ACCOUNTING PROCEDURE IN CONSULTATION WITH AUDITOR GENERAL OF PAKISTAN.**

The Audit pointed out according to section 14 Chapter-II of Telecommunication Re-organization Act, 1996 the account of the PTA shall be maintained in such form and manner as the Federal Government may determine in consultation with the Auditor-General of Pakistan. This requirement of the Act has not been complied with and accounting procedure has not been approved by the Government of Pakistan so far.

The PAO informed that Accounting Procedure of PTA has already been approved by the Auditor General of Pakistan in 2006. However, the regulations of Pension, Gratuity, Group Insurance and GPF are in process and will be presented in the next meeting of the PTA.

ii) **PARA NO. 2.10- PAGE NO. 80-AR- 1998-99.**  
**NON APPROVAL OF ACCOUNTING PROCEDURE.**

The Audit pointed out according to section 14 of the Act, "The accounts of the Authority shall be maintained in such form and manner as the Federal Government may determine in consultation with the Auditor-General of Pakistan". The Accountant procedure was vetted by the Auditor General of Pakistan but the same was not got approved from the Federal Government (Finance Division) by PTA so far.

The PAO informed that Accounting Procedure of PTA has already been approved by the Auditor General of Pakistan in 2006. However, the regulations of Pension, Gratuity, Group Insurance and GPF are in process and will be presented in the next meeting of Authority.

iii) **PARA NO. 2.13- PAGE NO. 82-83-AR- 1998-99.**  
**IRREGULAR EXPENDITURE ON ACCOUNT OF PURCHASE OF DURABLE GOODS RS. 2.812 MILLION.**

The Audit pointed out an expenditure of Rs. 2,811,650 was incurred by the PTA Headquarter on account of purchase of durable goods during 1998-99. The expenditure was irregular due to the following reasons:-

- i) The purchases were made on quotation basis instead of open tenders in violation of the rules.
- ii) The purchases were not made through local purchase committee setup by the Authority.

The PAO informed that the irregularity pointed out by the Audit was examined by an inquiry Committee and the concerned Officer has been penalized by withholding two increments and expenditure has been regularized by competent authority.

**PAC DIRECTIVE**

The Committee settled the above mentioned three (03) paras subject to regularization by Finance Division.

**PRINTED UNDER DEVOLVED M/O ENVIRONMENT, LOCAL GOVT. & RURAL DEVELOPMENT**

48. **PARA NO. 1.2- PAGE NO. 7 AUDIT REPORT 1998-99.**  
**NON RENDERING OF ACCOUNTS OF ADVANCE DRAWN FROM AGPR AND MIS-APPROPRIATION THERE OF RS.1.970 MILLION.**

The Audit pointed out that the National Centre of Rural Development (NCRD), Islamabad withdrew an advance of Rs. 1,970,100 from AGPR against Ministry sanctions dated 24.05.1978 for action Plan. According to cashbook, Rs. 1,442,695 were shown paid upto 27.06.1998 leaving an unspent advance of Rs. 527,405. But neither relevant vouchers of Rs. 1,442,695 were produced to Audit as required under Para 17 of General Financial Rules (GFR) Volume-I nor balance unspent amount Rs. 527,405 was surrendered to Government which tendered the entire advance of Rs. 1,970,100 as misappropriated.

The PAO informed that the subject matter relates to the National Centre for Rural Development (NCRD), as the contents of the audit para shows itself that the advance of 1.970 million was drawn by the NCRD from AGPR, Islamabad. The NCRD has been devolved as an entity to the Establishment Division vide Cabinet Division notification No.4-17/2010-Min.1 dated 2nd December, 2010. The NCRD is still under the administrative control of the Establishment Division. Therefore, Audit para relating to NCRD may be discussed when the accounts of Establishment Division are discussed by the PAC.

**PAC DIRECTIVE**

The Committee pended the para and directed the PAO to hold Joint enquiry by Additional Secretary of Establishment Division and Cabinet Division in one month and submit report to the Committee.

- 49) **PARA 3.1- PAGE- 9- AUDIT REPORT 1998-99**  
**IRREGULAR/UNTHORIZED PURCHASE OF MACHINERY AND EQUIPMENT, FURNITURE AND FIXTURE WITHOUT THE APPROVAL OF FINANCE DIVISION- RS. 2.06 MILLION.**

The Audit pointed out that in the National College of Arts, Lahore under the administrative control of Ministry of Education, an expenditure amounting to Rs.2,059,624 was incurred on the purchase of machinery/equipment and furniture/fixture during 1996-97 and 97-98 without the prior approval of Finance Division.

The PAO informed that the irregularity will be regularized from the Finance Division and will be intimated to the Audit.

**PAC DIRECTIVE**

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

## **ACTIONABLE POINTS**

Actionable points arising from the discussion of meeting of the Public Accounts Committee held on 23rd December, 2015 pertaining to Cabinet Division, in the Parliament House, Islamabad for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99.

### **AUDIT REPORT FOR THE YEAR 1998-99 (CABINET DIVISION)**

50. **PARA NO. 1.2- PAGE NO. 7 AUDIT REPORT 1998-99.  
NON RENDERING OF ACCOUNTS OF ADVANCE DRAWN FROM AGPR AND  
MIS-APPROPRIATION THEREOF RS.1.970 MILLION.**

The Audit pointed out that the National Centre of Rural Development (NCRD), Islamabad withdrew an advance of Rs. 1,970,100 from AGPR against Ministry sanctions dated 24.05.1978 for action Plan. According to cashbook, Rs. 1,442,695 were shown paid upto 27.06.1998 leaving an unspent advance of Rs. 527,405. But neither relevant vouchers of Rs. 1,442,695 were produced to Audit as required under Para 17 of General Financial Rules (GFR) Volume-I nor balance unspent amount Rs. 527,405 was surrendered to Government which tendered the entire advance of Rs. 1,970,100 as misappropriated.

The PAO informed that Mr. Muhammad Tariq Janjua, Project Director has been retired 8 years ago and the record is not traceable.

The representative of Audit settled for write off the amount from competent forum.

### **PAC DIRECTIVE**

The Committee on the recommendation of Audit, settled the para subject to get write off amount from relevant forum and verification of record from Audit.

51. **PARA 3.1- PAGE- 9- AUDIT REPORT 1998-99  
IRREGULAR/UNAUTHORIZED PURCHASE OF MACHINERY AND  
EQUIPMENT, FURNITURE AND FIXTURE WITHOUT THE APPROVAL OF  
FINANCE DIVISION- RS. 2.06 MILLION.**

The Audit pointed out that in the National College of Arts, Lahore under the administrative control of Ministry of Education, an expenditure amounting to Rs.2,059,624 was incurred on the purchase of machinery/equipment and furniture/fixture during 1996-97 and 97-98 without the prior approval of Finance Division.

The PAO informed that the expenditure has been regularized by Finance Division on 02-09-2015.

### **PAC DIRECTIVE**

The Committee settled the above para .

**AUDIT REPORT PUBLIC SECTOR ENTERPRISES FOR THE YEAR 1998-99**  
**PAKISTAN TOURISM DEVELOPMENT CORPORATION**

52. **PARA NO. 55- PAGE NO. 35 (ARPSE 1998-99).**  
**LOSS OF RS. 822,734 ON ACCOUNT OF NON RECOVERY OF LICENSE FEE**  
**FROM M/S HAMSAFAR RENT A CAR.**

The audit pointed out that the management of PTDC Flashmen's Hotel, Rawalpindi signed an agreement with M/s Hamasafar Rent a Car in 1991. As per agreement a license fee amounting to Rs. 156,000 per annum was to be paid by the party to M/s Flashman's Hotel for availing the facilities of establishing an office in the premises of Hotel and carrying out the activities of rent a car. Party was not regular in payment of their dues which accumulated to Rs. 822,734 as on 31-5-1997.

The PAO informed that an amount of Rs. 210,000 has been recovered, rest of the amount will be recovered shortly.

**PAC DIRECTIVE**

The Committee pended the para till full recovery of amount.

53. **COURT CASE**  
**PARA NO. 56- PAGE NO. 35 (ARPSE 1998-99).**  
**EXPECTED LOSS OF RS. 423,000 DUE TO NON RECOVERY FROM**  
**LICENSEE OF PTDC MOTEL AT KHUZDAR.**

The PAO informed the Committee that the expenditure for pursuing the case in the court of law is much higher than the recovery of amount of Rs. 423,000. If committee considered the amount may be written off from competent forum.

**PAC DIRECTIVE**

The Committee settled the para subject to get write off by PTDC Board and verification of record by Audit.

## **ACTIONABLE POINTS**

Actionable points arising from the discussion of meeting of the Public Accounts Committee held on 4th January, 2016, pertaining to M/o Population Welfare, in the Parliament House, Islamabad for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99.

### **MINISTRY OF POPULATION WELFARE**

#### **APPROPRIATION ACCOUNTS (CIVIL) VOL-1 FOR THE YEAR 1998-99**

54. i) **GRANT NO.97 POPULATION WELFARE DIVISION**
- TOTAL GRANT RS. 33,583,000/-**  
**NET SAVING RS. 3,734,081/-**
- ii). **GRANT NO.138 DEVELOPMENT EXPENDITURE OF POPULATION WELFARE DIVISION.**
- TOTAL GRANT RS. 2,000,000,000/-**  
**SAVING RS. 334,621,645/-**

#### **PAC DIRECTIVE**

The Committee referred the above two (02) grants to PAC-Implementation Cell as the Ministry has been devolved and no representation from Cabinet Division was present in the meeting.

# **MINISTRY OF CAPITAL ADMINISTRATION AND DEVELOPMENT** **DIVISION**

## **OVERVIEW**

Annual Audit Report for the year 1998-99 pertaining to Ministry of Capital Administration and Development Division was examined by Public Accounts Committee(PAC) on 27th April, 2015 and 16th October 2015.

- 94 Paras and 3 Grants were presented by the Audit Department which were examined by the Committee. Out of which 22 Paras and 3 Grants were settled whereas appropriate directions were accordingly issued for the remaining Paras.
- In few Paras the PAO was directed to hold inquires, fix responsibility and initiate disciplinary actions.

## **ACTIONABLE POINTS**

Actionable points arising from discussion of the meeting of Public Accounts Committee, held on 27th April, 2015 for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99 of Ministry of Capital Administration & Development Division (Audit Paras printed under devolved Ministry of Education) as below:-

## **AUDIT REPORT 1998-99**

### **DIRECTOR GENERAL AUDIT (FEDERAL GOVERNMENT) ISLAMABAD**

1. **PARA 1.2, PAGE 9-10 -AR 1998-99**  
**MISAPPROPRIATION ON ACCOUNTS OF PURCHASE AND MAINTENANCE**  
**OF VEHICLE FOR SECRETARY MINISTRY OF EDUCATION- RS. 0.164**  
**MILLION**

Audit pointed out that Islamabad Model College for Boys F-8/4, Islamabad and Islamabad College for Boys, G-6/3, Islamabad paid Rs. 70,000 out of the second shift funds on 21.12.1994 to the Accountant of IMCB F-7/3 and Rs. 70,000 out of student funds to Mr. M. Ismail, AEA, Ministry of Education on 12.01.1995 as contribution for the purchase of a car for the Secretary Ministry of Education, Islamabad against Ministry of Education letter No. F-10-1-1/84-MS dated 23.10.1994. Thereafter Rs. 7,000 and Rs. 16,652 were also provided to Ministry for POL without written request of Ministry which is against staff car rules of 1980. Audit pointed out that the Ministry failed to implement the PAC directive dated 14.3.2007.

PAO stated that the record has been transferred to devolved cells and not traceable from there. However, the notice was issued to Mr. Muhammad Ismail,

former AEA on his available address. Mr. Ismail have been retired and no action can be taken against him as he has retired many years ago.

### **PAC DIRECTIVE**

The Committee settled the Para with the direction to avoid such practices in future.

#### **2 PARA 2.4, PAGE 12-13 -AR 1998-99**

### **NON-ADJUSTMENT OF ADVANCE PAYMENT TO PAK-PWD FOR CONSTRUCTION OF COLLEGE BUILDING- RS. 1.819 MILLION**

Audit pointed out that Federal College of Education H-9, Islamabad made advance payment of Rs. 950,000 on 30.06.1997 and Rs. 869,000 on 29.06.1998 to Pak. PWD for construction of College Building. But till now, neither adjustment account has been obtained from PWD nor completion certificate of college building be confirmed in contravention of para-402 of CPWA Code under which adjustments of PW Advances should have been obtained from Pak. PWD at the end of each month.

PAO stated that the building has been completed and he is ready to provide the completion certificate as he himself visited the building. However, on the indication of Audit, PAO promised to provide the completion certificate issued by Pak-PWD along with the statements of the accounts.

### **PAC DIRECTIVE**

The Committee settled the Para subject to provision of completion certificate issued by Pak-PWD, verification by Audit under intimation to PAC.

#### **3. PARA 3.3, PAGE 16 -AR 1998-99**

### **UN-AUTHORIZED UTILIZATION OF TUTION FEE- RS. 3.512 MILLION**

Audit pointed out that Islamabad Model College for Boys I-10/1 Islamabad collected Rs. 3,511,600 from the students on account of admission and tuition fee during the period from 1995-96 to 1998-99 and utilized the same for the payment of salaries of temporary employees, purchase of furniture and other miscellaneous Item in violation of Para-36 of Education Code and FTR-7. The expenditure incurred by utilization of tuition fee and admission fee of Middle, Secondary and Second shift classes is held, irregular by the Audit.

PAO stated that the record has been transferred to devolved cells and not traceable from there. However, the notice was issued to Mr. Muhammad Ismail, former AEA on his available address. Mr. Ismail have been retired and no action can be taken against him as he has retired many years ago.

### **PAC DIRECTIVE**

The Committee pended the Para and directed the PAO to inquire the matters through inquiry committee of the Ministry within one (01) month and report therein be submitted to the Audit under intimation to PAC.

4. **PARA 3.4, PAGE 17-AR 1998-99**  
**IRREGULAR EXPENDITURE BY UTILIZING THE FUNDS OF PERVIOUS YEARS- RS. 2.035 MILLION**

### **PAC DIRECTIVE**

The Committee settled the Para on the recommendation of DAC.

5. **PARA 3.6, PAGE 18 -AR 1998-99**  
**UN-NECESSARY EXPENDITURE ON PURCHASE OF COMPUTERS, PRINTERS AND ACS- RS. 1.181 MILLION**

Audit pointed out that Federal Government College for Women F-7/2, Islamabad purchased computers, printers, ACs, Stabilizers and Computer stationery etc. during October, 1993 amounting to Rs.1,181,380. However, no computer classes were being held in the college at that time. Also no teaching staff for computers was available. Audit held the entire expenditure of Rs. 1,181,380 as unnecessary blocked of public money and also a violation of Rule-145 of GFR Vol-I.

PAO stated that all efforts have been made to utilize the amount within the scope but failed due to many reasons like non-approval of posts by Establishment Division and other allied matters. On the indication of Audit, PAO informed that the matter can be reinvestigated through an inquiry committee as per Directive of PAC dated 14-03-2007

### **PAC DIRECTIVE**

The Committee pended the Para and directed the PAO to inquire the matters through inquiry committee of the Ministry within one (01) month and report therein be submitted to the Audit under intimation to PAC.

6. i). **PARA 5.2, PAGE 25-26 -AR 1998-99**  
**IRREGULAR REALIZATION OF DEVELOPMENT FUND FROM STUDENTS- RS. 2.706 MILLION**

Audit pointed out that The Federal College of Education, Islamabad kept charging Rs. 100 per month from each student as development fund since 1994-95 to December, 1998 and realized Rs. 2, 706,600 which is lying in current account No. 534-5, National Bank of Pakistan. For the development purposes, government funds are allocated in the Budget as

and when deemed necessary. Realization of development funds from students are not covered under, any rule. The Ministry ordered the stoppage of this practice with effect from 31.10.1996 but the college authorities continued this practice upto December, 1998. In addition, no utilization of this fund could be reported to audit so far.

PAO stated that IDC was constituted under the direction of Direction of PAC dated 14-03-2007 but it was evident through available record that only one meeting of said IDC was held. The other record are not traceable. He further stated that Para 5.2, 5.3, 5.6, and 5.7 are of similar nature and required to be clubbed. Audit also endorsed the stance of PAO.

ii) **PARA 5.3, PAGE 26 -AR 1998-99**  
**NON-DEPOSIT OF TUITION FEE AND ADMISSION FEE- RS. 1.881**  
**MILLION**

Audit pointed out that Islamabad Model College for Boys I-8/3, realized an amount of Rs. 1, 880, 559 on account of tuition fee and admission fee during 1996-98. This amount should have been deposited in government treasury as per provision of Para-7 of FTR, but is being utilized against departmental expenses. Audit holds the utilization of tuition fee and admission fee, as unauthorized and irregular.

**PAC DIRECTIVE**

The Committee pended the above two Paras and directed the PAO to constitute new IDC under the same terms of reference as indicated in the directive of PAC dated 14-03-2007 and report therein be submitted to Audit under intimation to PAC.

7. **PARA 5.5, PAGE 27-28 -AR 1998-99**  
**IRREGULAR/ UN ECONOMICAL EXPENDITURE ON REPAIR OF COLLEGE**  
**BUILDING- RS. 1.385 MILLION NON-DEDUCTION OF INCOME TAX- RS.**  
**0.069 MILLION**

Audit pointed out that Islamabad Model College for Boys F-8/4, Islamabad incurred Rs. 1,384,774 (Rs. 370,375 from government funds and Rs. 678, 148 from student fund and Rs. 336,251 from self finance of evening shift) on repair/maintenance of college building during 1994-98. The expenditure is held as irregular and uneconomical due to following observation:

- i) Open tender were not invited in violation of Para-144 GFR Vol-I to have competitive rates and the repair orders were splitted up which was against Para-146 GFR Vol-I. the works were awarded to the person of choice.

- ii) The repair was made without involving PWD in violation of Finance Division O.M. NO. F-3(14) R-12/88 dated 05.04.1998 (Rule 5.58 DDO Hand Book).
- iii) Rs. 370,375 were met from Head-559 and not from relevant head in violation of Para-12 GFR Vol-I.
- iv) Income Tax Rs 69,239 @ 5% was also not deducted.
- v) Standard and design of the work had not been certified by the competent authority.
- vi) Students fund amounting to Rs. 678,148 were utilized for repair purpose whereas it was meant for the welfare of students.

PAO stated that the relevant already been provided to Audit. However, the Committee can be constituted to review the education code under the concurrence of Finance Division.

### **PAC DIRECTIVE**

The Committee settled the Para on the recommendation of DAC subject to verification of record by Audit under intimation to PAC.

8. i. **PARA 5.6, PAGE 28 -AR 1998-99**  
**LOSS DUE TO NON-REMITTANCE OF GOVERNMENT RECEIPTS TO PUBLIC EXCHEQUER- RS. 1.363 MILLION**

Audit pointed out that In Islamabad Model College for Girls G-10/2, government receipt such as tuition fee and fine etc. amounting to Rs. 1,362,688 were realized from the students during the period from May, 1998 to January, 1999. However, these could not be remitted into public exchequer, contrary to Para-26 of GFR Vol-I and hence loss sustained by public exchequer.

ii. **PARA 5.7, PAGE 29 -AR 1998-99**  
**IRREGULAR DRAWAL OF CONTINGENT ADVANCES OUT OF STUDENT FUND- RS. 1.144 MILLION**

Audit pointed out that Islamabad College for Boys G-6/3 made various contingent advances amounting to Rs. 1,144,345 from the student fund for various purposes during 1993-97 for which budget allocation was already available. Federal Directorate of Education does not allow the utilization of student funds for contingent expenditure etc. hence, drawal of advances, for contingent purpose, out of student fund, is held as irregular and unjustified.

PAO stated that IDC was constituted under the direction of Direction of PAC dated 14-03-2007 but it was evident through available record that only one meeting of said IDC was held. The other record are not traceable. He further stated that Para 5.2, 5.3, 5.6, and 5.7 are of similar nature and required to be clubbed. Audit also endorsed the stance of PAO.

### **PAC DIRECTIVE**

The Committee pended the Para and directed the PAO to constitute new IDC under the same terms of reference as indicated in the directive of PAC dated 14-03-2007 and report therein be submitted to Audit under intimation to PAC.

9.
  - i. **PARA 5.12, PAGE 31-32 -AR 1998-99**  
**RECOVERY ON ACCOUNT OF HOUSE RENT- RS. 0.097 MILLION**
  - ii. **PARA 5.13, PAGE 32 -AR 1998-99**  
**RECOVERY ON ACCOUNT OF ADVANCE RENT- RS. 0.087 MILLION**
  - iii. **PARA 5.14, PAGE 32-33 –AR 1998-99**  
**RECOVERY ON ACCOUNT OF DRAWAL OF CAR MAINTANCE**  
**ALLOWLANCE WITHOUT MAINTAINING VEHICLES- RS. 0.075**  
**MILLION**
  - iv. **PARA 5.15, PAGE 33 –AR 1998-99**  
**UNAUTHORIZED PAYMENT ON ACCOUNT OF SALARY- RS. 0.075**  
**MILLION**
  - v. **PARA 3.7, PAGE 16 -AR 1998-99**  
**RECOVERY OF INTEREST EARNED ON THE IRREGULAR**  
**RETENTION OF GOVERNMENT FUNDS IN SAVINGS ACCOUNTS**

### **PAC DIRECTIVE**

The Committee settled the above mentioned five (05) Paras on the recommendation of DAC.

## **ACTIONABLE POINTS**

Actionable points arising from the discussion of meeting of the Public Accounts Committee held on 16th October, 2015 pertaining to Capital Administration & Development Division (CA&DD), in the Parliament House, Islamabad under the Convenership of Ms. Shahida Akhtar Ali, MNA for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99.

### **CAPITAL ADMINISTRATION AND DEVELOPMENT DIVISION**

10. i) **GRANT NO.106- WOMEN DEVELOPMENT, SOCIAL WELFARE AND SPECIAL EDUCATION DIVISION.**  
Saving amount Rs. 31,640,255/-
- ii) **GRANT NO. 107- OTHER EXPENDITURE OF WOMEN DEVELOPMENT, SOCIAL WELFARE AND SPECIAL EDUCATION DIVISION.**  
Saving amount: Rs. 45,000/-
- iii) **GRANT NO.141- DEVELOPMENT EXPENDITURE OF WOMEN DEVELOPMENT, SOCIAL WELFARE AND SPECIAL EDUCATION DIVISION.**  
Saving amount: RS. 29,454,946/-

### **PAC DIRECTIVE**

The Committee settled the above three (03) grants .

### **AUDIT PARAS PRINTED UNDER DEVOLVED MINISTRY OF EDUCATION FOR THE YEAR 1998-99**

11. **PARA NO. 2.4 PAGE NO. 12-13 AUDIT REPORT 1998-99. NON-ADJUSTMENT OF ADVANCE PAYMENT TO PAK. PWD FOR CONSTRUCTION OF COLLEGE BUILDING – RS. 1.819 MILLION.**

The Audit pointed out that the Federal College of Education, H-9, Islamabad made advance payments of Rs. 950,000 on 30.06.1997 and Rs. 869,000 on 29.06.1998 to Pak. PWD for construction of College Building. But till now, neither adjustment account has been obtained from PWD nor could confirm completion of college building.

The PAO informed that building had been completed, completion certificate from Directorate General Audit Works (Federal) will be obtained and produce to the Audit for verification.

### **PAC DIRECTIVE**

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

12. i) PARA NO. 3.3 PAGE NO. 16- AUDIT REPORT 1998-99.  
UN-AUTHORIZED UTILIZATION OF TUITION FEE – RS. 3.512 MILLION
- ii) PARA NO. 3.6 -PAGE NO. 18- AUDIT REPORT 1998-99.  
UN-NECESSARY EXPENDITURE ON PURCHASE OF COMPUTERS, PRINTERS AND ACS - RS. 1.181 MILLION
- iii) PARA NO. 5.2 -PAGE NO. 25-26- AUDIT REPORT 1998-99.  
IRREGULAR REALIZATION OF DEVELOPMENT FUND FROM STUDENTS RS. 2.706 MILLION
- iv) PARA NO. 5.3 -PAGE NO. 26- AUDIT REPORT 1998-99.  
NON-DEPOSIT OF TUITION FEE AND ADMISSION FEE – RS. 1.881 MILLION
- v) PARA NO. 5.5 -PAGE NO. 27-28- AUDIT REPORT 1998-99.  
IRREGULAR / UN-ECONOMICAL EXPENDITURE ON REPAIR OF COLLEGE BUILDING – RS. 1.385 MILLION (NON-DEDUCTION OF INCOME TAX – RS. 0.069 MILLION)
- vi) PARA NO. 5.6 -PAGE NO. 27-28- AUDIT REPORT 1998-99.  
LOSS DUE TO NON-REMITTANCE OF GOVERNMENT RECEIPT TO PUBLIC EXCHEQUER – RS. 1.363 MILLION
- vii) PARA NO. 5.7 -PAGE NO. 29- AUDIT REPORT 1998-99.  
IRREGULAR DRAWAL OF CONTINGENT ADVANCES OUT OF STUDENT FUND – RS. 1.144 MILLION

#### PAC DIRECTIVE

The Committee settled the above seven (7) paras and also directed that in such type of cases approval from the Finance Division be obtained in future

MINISTRY OF CA&DD ( PRINTED UNDER UNIVERSITY GRANTS COMMISSION, FEDERAL DIRECTORATE OF EDUCATION AND FEDERAL GOVT. UNIVERSITIES.)

13. i) PARA NO. 3.6 -PAGE NO. 16- AUDIT REPORT 1998-99.  
WASTEFUL EXPENDITURE – RS. 4.770 MILLION.  
  
MINISTRY OF CA&DD (DAWOOD COLLEGE OF ENGINEERING AND TECHNOLOGY KARCHI.
- ii) PARA NO. 1.1 -PAGE NO. 4- SAR- 81-1998-99.  
LOSS DUE TO THEFT FO A GOVT. EVEHICLE– RS. 0.743 MILLION.

- iii) PARA NO. 2.1 -PAGE NO. 5- SAR-81-1998-99.  
IRREGULAR APPOINTMENT OF OFFICERS / STAFF IN EXCESS OF THE SACTIONED STRENGTH RESULTING UNAUTHORIZED EXPENDITURE RS. 25.405 MILLION.
  - iv) PARA NO. 2.3 -PAGE NO. 7-8- SAR-81- 1998-99.  
IRREGULAR APPOINTMENT/PROMOTION O FAN ASSISTANT PROFESSOR AND UNAUTHORIZED REMUNERATIN- RS. 25.405 MILLION.
  - v) PARA NO. 2.4 -PAGE NO. 8- SAR- 81-1998-99.  
IRREGULAR RETENTION AND EXPENDITURE INCURRED FROM DEPARTMENTAL RECEIPTS - RS.0.540 MILLION.
  - vi) PARA NO. 2.5 -PAGE NO. 9- SAR-81- 1998-99.  
IRREGULAR PAYMENT IN SHAPE OF HONORARIUM RS.0.622 MILLION.
  - vii) PARA NO. 2.6 -PAGE NO. 10- SAR- 81-1998-99.  
IRREGULAR PAYMENT ON PURCHASE OF MACHINERY, EQUIPMENT AND FURNITURE AND FIXTURE DUREING BAN PERIOD- RS.0.622 MILLION.
  - viii) PARA NO. 2.7 -PAGE NO. 11- SAR-81- 1998-99.  
IRREGULAR EXPENDITURE ON REPARI WORK OF AUDITORUIM AND CONSTRUCTION OF FOOTPATH RS.0.141 MILLION.
  - ix) PARA NO. 3.2 -PAGE NO. 13- SAR-81-1998-99.  
IRREGULAR ADMISSIONS ON DONATION BASIS, MIS-UTILIZATION AND LOSS- RS.1.650 MILLION.
  - x) PARA NO. 4.1 -PAGE NO. 14-15- SAR-81- 1998-99.  
RECOVERY DUE TO MISUSE OF GOVERNMENT VEHICLES. RS.1.534 MILLION.
  - xi) PARA NO. 4.2 -PAGE NO. 16- SAR-81- 1998-99.  
NON-ADJUSTMENT OF ADVANCES -RS.0.562 MILLION.
- MINISTRY OF CA&DD (EDUCATIONAL INSTITUTIONS LOCATED AT LAHORE.
- xii) PARA NO. 2.1 -PAGE NO. 06- 1998-99.  
IRREGULAR/UNAUTHORIZED GRANT OF MOVE-OVER FROM B-18 TO B-19 TO B-20 TO DR. M.I LOAN AND RECOVERY THEREOF - RS.0.174 MILLION.

- xiii) PARA NO. 2.2 -PAGE NO. 07- 1998-99.  
IRREGULAR/UNAUTHORIZED GRANT OF PROVISIONAL SCALES TO THE TECHNICAL STAFF RECOVERY THEREOF RS.0.287 MILLION.
- xiv) PARA NO. 3.1 -PAGE NO. 09- 1998-99.  
IRREGULAR/UNAUTHORIZED PURCHASE OF MACHINERY, EQUIPMENT AND FURNITURE AND FIXTURE WITHOUT THE APPROVAL OF FINANCE DIVISION RS.2.067 MILLION.
- xv) PARA NO. 4.4 -PAGE NO. 15- 1998-99.  
IRREGULAR/UNAUTHORIZED RETENTION OF DEVELOPMENT GRANT WITHOUT ANY OBJECTS DIVISION - RS. 1.576 MILLION.
- xvi) PARA NO. 4.9 -PAGE NO. 16- 1998-99.  
IRREGULAR/UNAUTHORIZED WITHDRAWAL AND EXPENDITURE OUT OF RECEIPT ACCOUNT - RS. 1.642 MILLION.
- xvii) PARA NO. 4.10 -PAGE NO. 17- 1998-99.  
WITHDRAWAL FROM GOVERNMENT ACCOUNT BUT NOT ENTERED IN CASH BOOK - RS. 1.192 MILLION.
- xviii) PARA NO. 4.12 -PAGE NO. 18-19- 1998-99.  
IRREGULAR / UNAUTHORIZED ADVANCE PAYMENT - RS. 0.154 MILLION.
- xi x) PARA NO. 5.1 -PAGE NO. 20- 1998-99.  
IRREGULAR / EXPENDITURE FROM NON-RECURRING GRANTS TOWARDS RECURRING EXPENDITURE - RS. 3.150 MILLION.
- xx) PARA NO. 1.2 -PAGE NO. 06-07- 1998-99.  
IRREGULAR PAYMENT OF MEDICAL ALLOWANCE - RS. 3.229 MILLION.
- xxi) PARA NO. 1.4 -PAGE NO. 07-08- 1998-99.  
IRREGULAR PAYMENT OF MEDICAL ALLOWANCE - RS. 0.110 MILLION.
- xxii) PARA NO. 1.5 -PAGE NO. 09- 1998-99.  
UNJUSTIFIED PAYMENT ON PAY AND ALLOWANCES AFTER EXPIRY OF CONTRACT PERIOD - RS. 0.098 MILLION.
- xxiii) PARA NO. 2.1 -PAGE NO. 10- 1998-99.  
EXCESS PAYMENT TO GOVERNMENT OF SINDH ON ACCOUNT OF PURCHASE OF LAND AT GHARO, SINDH- RS. 1.222 MILLION.

- xxiv) PARA NO. 3.2 -PAGE NO. 12-13- 1998-99.  
IRREGULAR PURCHASE OF KHYBER CAR - RS. 0.297 MILLION.
- xxv) PARA NO. 3.3 -PAGE NO. 13- 1998-99.  
UNECONOMICAL EXPENDITURE ON PRINTING CHARGES - RS.  
1.399 MILLION.
- xxvi) PARA NO. 3.5 -PAGE NO. 14- 1998-99.  
INVESTMENT WITHOUT OBTAINING APPROVAL OF THE FINANCE  
DIVISION RS. 1.000 MILLION.
- xxvii) PARA NO. 3.6 -PAGE NO. 15- 1998-99.  
UTILIZATION OF LAPSED AMOUNT IN THE SUBSEQUENT YEARS  
RS. 2.927 MILLION.
- xxviii) PARA NO. 5.1 -PAGE NO. 19- 1998-99.  
RECOVERY FROM EX-PRINCIPAL MR. A.R. SHEIKH - RS. 0.174  
MILLION.

Ministry did not own above twenty eight ( 28) paras

#### PAC DIRECTIVE

The Committee recommended the above mentioned twenty eight (28) paras for pursuance at DAC level in presence of Audit and Devolution Cell of the Cabinet Division and submit the report to Audit/PAC within two weeks.

#### MINISTRY OF CAPITAL ADMINISTRATION AND DEVELOPMENT (DEVOLVED MINISTRY OF HEALTH)

- 14. i) PARA NO. 1.1 -PAGE NO. 9-10- AUDIT REPORT 1998-99.  
LOSS ON ACCOUNT OF ESCALATION CHARGES ON  
CONSTRUCTION OF QPGMC (PIMS) RS. 7.332 MILLION.
- ii) PARA NO. 1.2 -PAGE NO. 10-11- AUDIT REPORT 1998-99.  
SUSPECTED MISAPPROPRIATION FOR IRREGULAR CLAIM OF DIET  
FOR LABOUR ROOM T FGSH AND M.C.H CENTRE, G-6/1-4,  
ISLAMABD RS. 1.291 MILLION.
- iii) PARA NO. 4.13 -PAGE NO. 35-36- AUDIT REPORT 1998-99.  
UN-AUTHORIZED EXPENDITURE ON ACCOUNT OF OTHER  
EXPENDITURE- RS. 0.553 MILLION.
- iv) PARA NO. 4.15 -PAGE NO. 37-38- AUDIT REPORT 1998-99.  
UN-AUTHORIZED EXPENDITURE INCURRED ON CELLULAR  
TELEPHONE - RS. 0.342 MILLION.

- v) PARA NO. 4.18 -PAGE NO. 39-40- AUDIT REPORT 1998-99.  
UN-AUTHORIZED / IRREGULAR EXPENDITURE ON ACCOUNT OF  
HONORARIUM - RS. 0.120 MILLION.
- vi) PARA NO. 6.16 -PAGE NO. 70-71- AUDIT REPORT 1998-99.  
RECOVERY ON ACCOUNT OF LONG OUTSTANDING SUI GAS  
CHARGES FROM CANTEEN CONTRACTOR - RS. 0.107 MILLION.

**PAC DIRECTIVE**

The Committee recommended the above mentioned six (06) paras for pursuance at DAC level.

- 15. i) PARA NO. 1.4 -PAGE NO. 12-13- AUDIT REPORT 1998-99.  
LOSS DUE TO THEFT OF A VEHICLE IN PIMS - RS. 0.365 MILLION.
- ii) PARA NO. 1.5 -PAGE NO. 13- AUDIT REPORT 1998-99.  
EMBEZZLEMENT DRAWN ON BOGUS HOTEL BILLS - RS. 0.130  
MILLION.
- iii) PARA NO. 1.6 -PAGE NO. 14- AUDIT REPORT 1998-99.  
LOSS ON PURCHASE OF DOMO COMPUTER SYSTEM – US\$. 0.413  
MILLION.
- iv) PARA NO. 2.2 -PAGE NO. 16-17- AUDIT REPORT 1998-99.  
OVERPAYMENT TO A NUMBER OF OFFICERS DUE TO ADVANCE.
- v) PARA NO. 3.3 -PAGE NO. 21-22- AUDIT REPORT 1998-99.  
SUPPLY OF SUB-STANDARD MEDICINES - RS. 0.430 MILLION.
- vi) PARA NO. 4.1-PAGE NO. 25- AUDIT REPORT 1998-99.  
AUDITED ADJUSTMENT ACCOUNTS AGAINST THE RELEASES TO  
PAK PWD - RS. 42.276 MILLION.
- vii) PARA NO.4.3 PAGE NO 26-28  
SUSPECTED EXPENDITURE ON PURCHASE OF MEDICAL GASES  
RS.3.879 MLLION
- viii) PARA NO. 4.9-PAGE NO. 12-13- AUDIT REPORT 1998-99.  
UNAUTHORIZED EXPENDITURE INCURRED ON SALARIES OF  
CONTRACT EMPLOYEES APPOINTED WITHOUT ANY POST- RS.  
1.226 MILLION.

- ix) PARA NO. 4.14-PAGE NO. 36-37- AUDIT REPORT 1998-99.  
IRREGULAR EXPENDITURE ON PURCHASE OF ORTHOPEDIC  
INSTRUMENTS BY EXTENDING UNDUE FAVOUR TO SUPPLIER RS.  
0.421 MILLION.
- x) PARA NO. 4.16-PAGE NO. 38-39- AUDIT REPORT 1998-99.  
IRREGULAR / UNECONOMICAL EXPENDITURE ON PURCHASE OF  
MEDICINES - RS. 0.297 MILLION.
- xi) PARA NO. 4.17-PAGE NO. 39- AUDIT REPORT 1998-99.  
IRREGULAR PURCHASE OF 2ND HAND SUZUKI CAR - RS. 0.184  
MILLION
- xii) PARA NO 5.3 PAGE 47 UNAUTHOIZED EXPENDITURE WITHOUT  
ALLOCATION RS 13.710 MILLION

#### PAC DIRECTIVE

The Committee settled the above mentioned twelve (12) paras subject to verification of record by Audit

- 16. i) PARA NO. 2.3 -PAGE NO. 17- AUDIT REPORT 1998-99.  
OVERPAYMENT DUE TO UNAUTHORIZED GRANT OF ADVANCE  
INCREMENTS ON HIGHER QUALIFICATION - RS. 0.557 MILLION.
- ii) PARA NO. 3.2 -PAGE NO. 20-21- AUDIT REPORT 1998-99.  
NON-COMPLETION OF TWO DEVELOPMENT SCHEMES - RS. 9.336  
MILLION.
- iii) PARA NO. 3.4 -PAGE NO. 22-23- AUDIT REPORT 1998-99.  
NON-COMPLETION OF DIAGNOSTIC NUCLEAR CARDIAC IMAGING  
UNIT - RS. 30.000 MILLION.
- iv) PARA NO. 4.2-PAGE NO. 25-26- AUDIT REPORT 1998-99.  
NON-SURRENDERING OF UNSPENT BALANCE - RS. 26.271 MILLION  
UNAUTHORIZED UTILIZATION IN NEXT FINANCIAL YEARS – RS.  
14.925 MILLION.
- v) PARA NO. 4.5-PAGE NO. 29- AUDIT REPORT 1998-99.  
IRREGULR PAYMENT AS UNIFORM AND MESS ALLOWANCE-  
RS. 1.501 MILLION.
- vi) PARA NO. 4.8-PAGE NO. 32- AUDIT REPORT 1998-99.  
UNAUTHORIZED RETENTION OF CASH IN BANK OUT OF RECEIPT  
MONEY RS. 1.350 MILLION.

- vii) PARA NO. 4.10-PAGE NO. 33-34- AUDIT REPORT 1998-99.  
UNAUTHORIZED EXPENDITURE ON ACCOUNT OF HIRING OF  
RESIDENTIAL ACCOMMODATION - RS. 1.190 MILLION.
- viii) PARA NO. 4.19-PAGE NO. 40-41- AUDIT REPORT 1998-99.  
NON-MAINTENANCE OF CASH BOOK FOR THE DEVELOPMENT  
EXPENDITURE OF FOUR PROJECTS.
- ix) PARA NO. 4.20-PAGE NO. 41- AUDIT REPORT 1998-99.  
NON-COMPLIANCE OF PREVIOUS AUDIT REPORTS
- x) PARA NO. 4.21-PAGE NO.-42- AUDIT REPORT 1998-99.  
INTERNAL CHECK AGAINST IRREGULARITIES, WASTE AND  
FRAUD, NOT CONDUCTED.
- xi) PARA NO. 6.4-PAGE NO. 61-62- AUDIT REPORT 1998-99.  
NON RECOVERY OF RENT AND UTILITY CHARGES FROM CANTEEN  
CONTRACTOR RS. 1.404 MILLION.
- xii) PARA NO. 6.14-PAGE NO. 69-70- AUDIT REPORT 1998-99.  
RECOVERY DUE TO OVER CLAIMING OF FOOD FOR PATIENTS BY  
THE MCH CENTER- RS. 0.228 MILLION.
- xiii) PARA NO. 6.17-PAGE NO. 71-72- AUDIT REPORT 1998-99.  
RECOVERY OF MISAPPROPRIATED AMOUNT FOR THE PURCHASE  
OF PAINT - RS. 0.101 MILLION.

#### PAC DIRECTIVE

The Committee settled the above mentioned thirteen (13) paras on the recommendation of the Audit.

- 17. i) PARA NO. 3.1 -PAGE NO. 19- AUDIT REPORT 1998-99.  
DELAY IN THE CONSTRUCTION OF MATERNITY BLOCK AGAINST  
THE RELEASE TO PAK PWD RS. 18.000 MILLION.
- ii) PARA NO. 4.4-PAGE NO. 28-29- AUDIT REPORT 1998-99.  
UNAUTHORIZED / IRREGULAR EXPENDITURE ON PURCHASE OF  
SPARE PARTS- RS. 1.745 MILLION.
- iii) PARA NO. 4.7-PAGE NO. 31- AUDIT REPORT 1998-99.  
NON-SURRENDER OF UNSPENT BALANCE AND UTILIZATION OF  
THE SAME IN THE NEXT FINANCIAL YEAR- RS. 1.355 MILLION.
- iv) PARA NO. 4.11-PAGE NO. 34-35- AUDIT REPORT 1998-99.  
NON-SURRENDER OF UNSPENT BALANCE AND UTILIZATION OF  
THE SAME IN THE NEXT FINANCIAL YEAR - RS. 0.995 MILLION.

- v) **PARA NO. 6.5-PAGE NO. 62-63- AUDIT REPORT 1998-99.  
RECOVERY FROM CONTRACTOR DUE TO EXCESS RATES THAN  
THE PREVAILING MARKET RATES - RS. 1.227 MILLION.**
- vi) **PARA NO. 6.8-PAGE NO. 65- AUDIT REPORT 1998-99.  
RECOVERY OF RENT AS UNDUE FINANCIAL FAVOUR EXTENDED  
TO THE CONTRACTOR OF SIX SALE CENTERS- RS. 0.576 MILLION.**
- vii) **PARA NO. 7.1-PAGE NO. 74- AUDIT REPORT 1998-99.  
RECOVERY OF UNDUE FINANCIAL BENEFIT EXTENDED TO  
SUPPLIERS BY SUPPLY OF SUBSTANDARD MEAT TO THE  
PATIENTS- RS. 3.700 MILLION.**

#### **PAC DIRECTIVE**

The Committee settled the above mentioned seven (07) paras on the recommendation by DAC.

18. **PARA NO. 2.1 PAGE NO. 15-16- 1998-99.  
OVERPAYMENT DUE TO INCORRECT APPLICATION O F ESCALATION ON  
SUBSTITUTE ITEMS AND SECURED ADVANCES- RS. 3.971 MILLION.**

The Audit pointed out that the PIMS management made an agreement on 12.11.1990 with M/s Sind Construction Co., for the construction of Quaid-e-Azam Post Graduate Medical Centre. As per clause 65 of the contract all disputes including escalation charges were to be settled after the completion of entire project. The payment of escalation at the same rates/percentage as for other works was unjustified.

The PAO informed that the Arbitrator passed the award in the favour of PIMS and management is pursuing the case in the Court for recovery.

#### **PAC DIRECTIVE**

The Committee directed the PAO to pursue the case in the court of Law and for recovery vigorously.

19. **PARA NO. 4.6 PAGE NO. 30-31 AUDIT REPORT 1998-99.  
IRREGULAR/UN ECONOMICAL EXPENDITURE ON EXECUTION OF CIVIL  
WORKS BY EXTENDING UNDUE FAVOUR TO CONTRACTOR RS 1.445  
MILLION**

The Audit pointed out that PIMS authorities tendered for execution of civil works, 3 firms were short listed but contract awarded to highest bidder.

The PAO informed that the inquiry has been ordered to fix the responsibility, disciplinary action will be initiated against the responsible for unauthorized expenditure after receiving the inquiry report.

**PAC DIRECTIVE**

The Committee pended the above para till finalization of inquiry report.

20. **PARA NO. 4.22- PAGE NO. 43- AUDIT REPORT 1998-99.**  
**NON SURRENDER OF PROJECT VEHICLES AND UNAUTHORIZED MAINTENANCE OF 28 VEHICLES EXCESS THAN REQUIREMENT**

The Audit pointed out that PIMS management was maintaining 28 vehicles of project in excess of actual requirement which were required to be surrendered to Cabinet Division.

The PAO informed that the concerned authorities will be approached for the regularization of purchases vehicles.

**PAC DIRECTIVE**

The Committee settled the above para subject to regularization from Cabinet Division.

21. **PARA NO. 4.23 PAGE NO. 43-44 AUDIT REPORT 1998-99**  
**IRREGULAR UP GRADATION OF POSTS IN PIMS**

The Audit pointed out that PIMS upgraded different post and also allowed promotions against these posts without submission case to Prime Minister for approval and relaxation of Presidential Order of frozen up-gradation.

The PAO informed that action was taken when PIMS converted into attached department from autonomous body, relevant documents i.e. composition of Board of Governors and Ordinance will be provided to Audit for verification.

**PAC DIRECTIVE**

The Committee settled the above para subject to provide composition/decision of Board of Governors and Ordinance to Audit for verification

22. **PARA NO. 5.1 PAGE NO. 45-46 AUDIT REPORT 1998-99**  
**WASTEFUL EXPENDITURE ON CONSTRUCTION OF QAUID E AZAM POSTGRADUATE MEDICAL CENTRE ISLAMABAD RS 34.263 MILLION**

Audit pointed out that total contractual cost for the construction of QPGMC at PIMS was Rs.72.456 million, management paid Rs.34.269 Million to contractor

for construction work, due to defective planning and mismanagement project could not be completed, public funds were wasted.

The PAO informed that a detail inquiry will be conducted in the matter to fix the responsibility of loss.

**PAC DIRECTIVE**

The Committee pended the above para and directed the PAO to conduct inquiry but Committee will inspect the constructed work of PIMS and also visit Polyclinic in presence of representatives of M/o Finance, M/o Planning and Development, D.G. PWD and D.G. Audit Works at the earliest.

23. **PARA NO.5.2 PAGE NO. 46-1998-99.**  
**EXCESS EXPENDITURE ON LOCAL PURCHASE RS.17.300 MILLION**

The Audit pointed out that Federal Government Services Hospital incurred Rs 17,300,225 over and above the prescribed ceiling in 1997-99, medicines should have been purchased in bulk than buying locally, excess expenditure should be regularized.

The PAO informed that excess expenditure will be regularized and record will be presented to Audit.

**PAC DIRECTIVE**

The Committee settled the above para subject to regularization by Finance Division and record verification by Audit.

## **MINISTRY OF CLIMATE CHANGE**

### **OVERVIEW**

Annual Audit Report for the year 1998-99 pertaining to CLIMATE CHANGE was examined by Public Accounts Committee (PAC) on 16<sup>th</sup> January 2014 and 4th January 2016.

- Paras and 6 Grants were presented by the Audit Department which were examined by the Committee. Out of which 1 Para and 2 Grants were settled whereas appropriate directions were accordingly issued for the remaining Paras and Grants.
- In few Paras the PAO was directed to hold inquires, fix responsibility and initiate disciplinary actions.

### **ACTIONABLE POINTS**

Actionable Points arising from the discussions of the PAC meeting held on 16<sup>th</sup> January, 2014, on the Appropriation Accounts & Audit Report 1998-99, pertaining to Ministry of Environment, Local Government And Rural Development now under Climate Change Division are as under:-

#### **APPROPRIATION ACCOUNTS (CIVIL) VOLUME-1 1998-99**

1. **GRANT NO.30-ENVIRONMENT, LOCAL GOVERNMENT AND RURAL DEVELOPMENT DIVISION (SAVING OF RS. 20,464,369)**

AGPR pointed that the grant closed with a saving of Rs.20,464,369 which works out to 20.21 percent of the total grant. An amount of Rs. 13,139,348 (12.97%) was surrendered leaving net saving of Rs. 7,325,021 (7.23%).

Secretary, Climate Change Division explained to the Committee that this grant pertains to devolved Ministry of Environment Local Government and Rural Development. Due to fire incidents on 15th January, 2002 and 3rd July, 2007 in Shahid-e-Millat Secretariat, Islamabad, the record of Ministry of Environment was burnt on fire. Therefore, the Ministry is not in a position to explain the reasons for saving.

#### **PAC DIRECTIVE**

The PAC pended the grant with the direction to PAO to hold an enquiry and report to PAC/Audit within 15 days.

2. i) **GRANT NO.31-FOREST (SAVING OF RS. 3,004,319)**

- ii) **GRANT NO.32-ZOOLOGICAL SURVEY DEPARTMENT  
(SAVING OF RS. 1,36,324)**

**PAC DIRECTIVE**

On presentation, the PAC settled the above two grants.

3. **GRANT NO.122-DEVELOPMENT EXPENDITURE OF ENVIRONMENT, LOCAL GOVERNMENT AND RURAL DEVELOPMENT DIVISION (SAVING OF RS. 2,032,038,605)**

AGPR pointed that the grant closed with a saving of Rs. 2,032,038,605 which works out to 34.30 percent of the total grant. An amount of Rs. 2,278,580,875 (138.46%) was surrendered leaving net excess of Rs. 246,542,270 (4.16%).

Secretary, Climate Change Division explained to the Committee that this grant pertains to devolved Ministry of Environment Local Government and Rural Development. Due to fire incidents on 15th January, 2002 and 3rd July, 2007 in Shahid-e-Millat Secretariat, Islamabad the record of Ministry of Environment was burnt on fire. Therefore, the Ministry is not in a position to explain the reason for saving/excess etc.

**PAC DIRECTIVE**

The PAC pended the grant with the direction to PAO to hold an enquiry and submit a detailed report to PAC/Audit within 15 days.

**AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF CLIMATE CHANGE (DEVELOPED MINISTRY OF ENVIRONMENT, LOCAL GOVERNMENT AND RURAL DEVELOPMENT) FOR THE YEAR 1998-99**

4. i) **PARA 2.2, PAGE 9-AR-1998-99  
IRREGULAR/ UNAUTHORIZED PAYMENT ON ACCOUNT OF  
DISCRETIONARY GRANT - RS. 0.757 MILLION**
- ii) **PARA 5.3, PAGE 18-AR-1998-99  
NON-OBTAINING OF AUDIT CERTIFICATE AND ADJUSTMENT  
ACCOUNTS FROM PAK PWD - RS. 7.345 MILLION**

**PAC DIRECTIVE**

On presentation, the PAC settled the above 2 paras subject to verification of record by the Audit.

**AUDIT REPORT PUBLIC SECTOR ENTERPRISES ON THE ACCOUNTS OF  
MINISTRY OF CLIMATE CHANGE FOR THE YEAR 1998-99**

5. **PARA 102, PAGE 85-ARPSE-1998-99**

Audit pointed out that Pakistan Environmental Planning and Architectural Consultants (Pvt) Limited earned profit of Rs. 0.700 million in 1994-95, Rs.0.795 million in 1995-96, Rs. 0.419 million in 1996-97 and sustained losses of Rs. 4.221 million in 1997-98 and Rs. 11.413 million in 1998-99 as compared with the years 1997-98.

**PAC DIRECTIVE**

The Committee settled the para.

6. **PARA 103, PAGE 86-ARPSE-1998-99**

Audit pointed out that administrative expenses of Rs. 9.186 million and cost of professional services of Rs. 14.268 million included payment of bonus Rs.70,017 and Rs.540,104 to employees. The payment of Bonus needs to be justified when the organization has suffered heavy loss.

The PAO explained to the Committee that CBA are allowed under law & at times management are compelled to exceed to their certain demands in the interest of staff and company business It is agreed that the company was in loss during the period under reference but bonus was given to the staff as an incentive for improvement in the business and subsequently company earned profit in the following years.

**PAC DIRECTIVE**

The Committee directed the PAO to ensure recovery from the salary/pension of employees to whom the bonus was paid and submit a report within 3 months to PAC/Audit.

7. **PARA 104, PAGE 86-ARPSC-1998-99**

Audit pointed out that Professional fee receivable and retention money stood at Rs. 14.878 million and Rs. 0.213 million on 30-6-1999. Steps need be taken for early realization of the Professional Fee.

The PAO explained to the Committee that there are ample chances of bad debts due to various interpretations of the contract documents and the provision is kept for bad debts under accounting procedures. However, after exhausting full efforts and under direction of BOD Committee including of Seniors Representative from the Ministry examined the amounts outstanding against various Government

agencies during 1991-2005 and its recommendation. BOD write off the above amounts, the balance amounts have been reconciled & being perused for early recovery on availability of fund with authorities concerned.

### **PAC DIRECTIVE**

The Committee directed the PAO to ensure deductions at source through Federal Adjuster and submit a report to PAC/Audit within 3 months.

### **ACTIONABLE POINTS**

Actionable points arising from the discussion of meeting of the Public Accounts Committee held on 4th January, 2016, pertaining to M/o Environment Local Government and Rural Development (Climate Change Division), in the Parliament House, Islamabad for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99.

### **M/O ENVIRONMENT LOCAL GOVERNMENT AND RURAL DEVELOPMENT (CLIMATE CHANGE DIVISION)**

#### **APPROPRIATION ACCOUNTS (CIVIL) VOL-1 FOR THE YEAR 1998-99**

8. **GRANT NO.30- ENVIRONMENT LOCAL GOVERNMENT AND RURAL DEVELOPMENT DIVISION**

Total Grant Rs. 72,250,000/- Net saving amount Rs 20,464,369/- The AGPR informed the Committee that the grant closed with a saving of Rs. 20,464,369 which works out to 20.21 percent of the total grant. An amount of Rs. 13,139,348 (12.97%) was surrendered leaving net saving of Rs. 7,325,021 (7.23%).

The PAO informed the Committee that due to twice fire incidents on 15th January, 2002 in Shahid-e-Millat Secretariat, Islamabad and again fire incident took place on 3rd July, 2007 in CDA Block No. IV near Lal Masjid all record of the Ministry of Environment was burnt on fire. Therefore, the Ministry is not in a position to explain the reason for saving/ excess etc.

9. **GRANT NO.122- ENVIRONMENT LOCAL GOVERNMENT AND RURAL DEVELOPMENT DIVISION**

Total Grant Rs. 5,923,348,000/- Saving amount: Rs. 2,032,038,605/- The AGPR informed the Committee that the grant closed with a saving of Rs.2,032,038,605 which works out to 34.30 percent of the total grant. An amount of Rs. 2,278,580,875 (38.46%) was surrendered resulting into an excess of Rs. 246,542,270 (4.16%).

The PAO informed the Committee that the department explained that due to twice fire incidents on 15th January, 2002 in Shahid-e-Millat Secretariat, Islamabad and again fire incident took place on 3rd July, 2007, in CDA Block No. IV near Lal Masjid. All record of the Ministry of Environment was burnt on fire therefore, the Ministry is not in a position to explain the reason for saving/excess etc.

**PAC DIRECTIVE**

The Committee settled the above two (02) grants subject to verification of record in one week.

## **MINISTRY OF COMMERCE**

### **OVERVIEW**

Annual Audit Report for the year 1998-99 pertaining to Ministry of Commerce was examined by Public Accounts Committee (PAC) on 18<sup>th</sup> July, 2011, 18<sup>th</sup> May, 2015 and 17<sup>th</sup> November 2015.

- 28 Paras were presented by the Audit Department which were examined by the Committee. Out of which 8 Paras were settled whereas appropriate directions were accordingly issued for the remaining Paras.
- In few Paras the PAO was directed to hold inquires, fix responsibility and initiate disciplinary actions.

### **ACTIONABLE POINTS**

Audit Reports / Special Audit Reports for the years 1998-99 pertaining to the Ministry of Commerce were taken up for examination by Special Committee of the PAC in the meeting held on July 18<sup>th</sup> , 2011, in Committee Room No.2 Parliament House, Islamabad. Decisions taken are summarized below:

#### **AUDIT REPORT ON THE ACCOUNT OF MINISTRY OF FOREIGN AFFAIRS FOR THE YEAR 1998-99**

##### **1. PARA-1.2 (PAGE 31-A.R-1998-99) OVERPAYMENT OF DA WITHOUT HOTEL RECEIPTS RS. 0.243 MILLION**

Audit pointed out that the officers/officials of the missions drew DA at full rate. As per rule at S1.No 11.13 of the book "Financial Management at Missions Abroad Vol-II,1996". "if no hotel receipt is produced in final TA bill, only 50% DA is admissible" . In the under mentioned cases, the officials were paid DA without production of hotel receipt in the final TA bills. The missions have accepted the audit findings

The PAO informed the Committee that the amount objected at S.No. 1,2,3,4,5 & 7 settled vide endorsement of DAC's decision (19-12-2007. As for amount of US\$ 163.24 against Shaukt M. Tahir, Commercial Counselor. The same is to be recovered.

#### **PAC DIRECTIVE**

The Committee directed the PAO to recover the balance amount and settled the Para subject to verification of recovery by Audit.

2. **PARA-2 (PAGE 33- A.R-1998-99  
TELEPHONE CHARGES RS. 0.163**

Audit pointed out that the the Mission paid an amount of US\$ 3,145 in excess of prescribed ceiling on account of telephone charges for office and residence of the officers during the period of audit. The Mission had accepted findings. (Para 17 of Audit Report Los Angles)

The PAO informed the Committee that the in Compliance of PAC directives letter has been written to Mission concerned vide letter date 7.7.2011 to examine the case, and views/comments in the matter may please be furnished within 24 hours positively. Reply is still awaited from Mission concerned.

**PAC DIRECTIVE**

The Committee endorsed the recommendation of the DAC after regularization from the Cabinet Division and in case it is turned down then by effecting recovery of the entire amount subject to verification by Audit.

**ACTIONABLE POINTS**

Actionable points arising from discussion of the meeting of Public Accounts Committee, held on 18<sup>th</sup> May, 2015 for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99 of Ministry of Commerce as below:-

**AUDIT REPORT 1998-99  
DIRECTOR GENERAL AUDIT (FEDERAL GOVERNMENT) ISLAMABAD**

1. i **PARA 1.2, PAGE 31 -AR 1998-99  
OVERPAYMENT OF DA WITHOUT HOTEL RECEIPTS -RS.0.243  
MILLION**

Audit pointed out that Officer /Official of the Missions drew DA as full rate. As per rules at Sl. no 11.13 of the Book Financial Management at Missions abroad Vol-II, 1996 "if no Hotel Receipt is produced in final TA bill, 50% DA is admissible".

PAO stated that out of seven, the recoveries in six cases, have been made. However the recovery in the balance one case, is still pending inspite of correspondence with the officer concerned. The said officer is advised to deposit the amount within two weeks, otherwise the action will be taken against him. Further, PAO also stated that upcoming Para 2 is also of similar nature carrying the issue of excess telephone charges.

PAO briefed the Committee that the case for regularization of telephone charges was sent to Cabinet Division and hopefully the issue will be resolved and copy of Cabinet decision will be provided to Audit.

ii. **PARA 2, PAGE 33 -AR 1998-99**  
**TELEPHONE CHARGES- RS 0.163 MILLION**

**PAC DIRECTIVE**

The Committee settled the above mentioned two (02) Paras subject to verification by Audit within two (02) weeks under intimation to PAC.

**SPECIAL AUDIT REPORT (SAR-60) DIRECTOR GENERAL COMMERCIAL**  
**AUDIT & EVALUATION, KARACHI**

**NATIONAL INSURANCE CORPORATION, OFFICE BUILDING COMPLEX,**  
**ISLAMABAD**

2. **PARA 4.1, PAGE 03- SAR-60-NIC-AR 1998-99**  
**NON-PREPARATION OF PROJECT APPRAISAL/FEASIBILITY REPORT**

**PAC DIRECTIVE**

The Committee settled the Para on the recommendation of DAC.

3. i. **PARA 4.4, PAGE 05- SAR-60-NIC-AR 1998-99**  
**LOSS OF RS. 1.904 MILLION DUE TO AWARD OF CONTRACT BY**  
**IGNORING THE LOWEST BIDDER**

Audit pointed out that the management of NIC invited tenders for pre-qualification of the contractors for installation of heat, ventilation and air conditioning system at the project in March, 1994. Resultantly, 16 firms submitted the documents out of which 6 firms were declared pre-qualified by the consultants of the project. Audit further stated that the contract was awarded to M/s Zeenat Brothers Limited by the then Chairman. The Audit pointed that the said firm was not pre-qualified. Further, Audit also stated that Para 4.6, 4.7, 4.8, 4.10 are of similar nature and are clubbed with the instant Para.

PAO stated that he was posted in the Ministry a year back. The matter was firstly taken in PAC in April 2005 and inquiry was conducted and resultantly the action was taken against the officer of NICL who are serving the organization. However, the then Chairman has died and no action can be taken against him as per law.

- ii. PARA 4.6, PAGE 07- SAR-60-NIC-AR 1998-99  
OVER PAYMENT TO RS 7.644 MILLION DUE TO NON-ADJUSTMENT  
OF ADVANCES DISBURSED TO (HVAC) CONTRACTOR
- iii. PARA 4.7, PAGE 08- SAR-60-NIC-AR 1998-99  
DEFAULT BY H.V.A.C CONTRACTOR AND NON-RECOVERY OF  
AMOUNT DUE TO IMPROPER GUARANTEES
- iv. PARA 4.8, PAGE 08- SAR-60-NIC-AR 1998-99  
LOSS OF RS 1.224 MILLION ON ACCOUNT OF DEMURRAGE  
CHARGES PAID TO K.P.T DUE TO DELAYED CLEARANCE OF  
EQUIPMENT
- v. PARA 4.10, PAGE 09- SAR-60-NIC-AR 1998-99  
NON-RECOVERY OF LIQUIDATED DAMAGES AMOUNTING TO RS  
27.262 MILLION DUE TO DELAY IN COMPLETION

**PAC DIRECTIVE**

The Committee pended the above mentioned five (05) Paras with the direction to PAO to inquire the matter in detail, fix responsibility and report therein be submitted to PAC under intimation to Audit within one (01) month.

- 4. PARA 4.11 PAGE 10- SAR-60-NIC-AR 1998-99  
PROVIDING EXEMPTION TO CONTRACTORS FROM TESTING/  
PERFORMANCE OF THE EQUIPMENTS/FITTINGS DUE TO INADEQUATE  
PURSUANCE/ FOLLOW UP OF OBTAINING UTILITY SERVICES

**PAC DIRECTIVE**

The Committee settled the Para on the recommendation of DAC.

**DIRECTOR GENERAL COMMERCIAL AUDIT & EVALUATION, KARACHI  
AUDIT REPORT PUBLIC SECTOR ENTERPRISES FOR YEAR 1998-99  
(VOLUME-X-S)**

**COTTON EXPORT CORPORATION OF PAKISTAN**

- 5. PARA 13, PAGE 20- ARPSE 1998-99-VOL-X-S  
UNJUSTIFIED EXPENDITURE OF RS 92,107 INCURRED ON MOBILE PHONE

**PAC DIRECTIVE**

The Committee settled the Para on the recommendation of DAC.

## **STATE LIFE INSURANCE CORPORATION**

### 6. i. **PARA 29, PAGE 29- ARPSE 1998-99-VOL-X-S**

Audit pointed out that an amount of Rs 15.028 million was receivable from tenants by the Corporation as on December 31, 1998. The Corporation has filed cases for ejection of tenants for recovery of rent.

PAO stated that portion of amount have been recovered and efforts have been made to recover the balance amount. The documents pertaining to recovery will be submitted to the Audit for verification, however, where the recovery is not possible, the amount will be written off in the next BoD meeting.

### ii. **PARA 30, PAGE 30- ARPSE 1998-99-VOL-X-S** **LOSS OF RS 84 MILLION DUE TO TERMINATION OF CONTRACT**

Audit pointed out that State life Insurance Corporation decided to construct a 26 story State Life building at Karachi in 1994. M/s. PEPAC prepared the feasibility report, drawing etc.. and were paid Rs 29 million for the same. In April 1996, State Life made an agreement with M/s. China National Complete plant for construction of the building and work started on the project . in June, 1996 the construction work was however stopped. It was stated that verbal instructions were received from Ministry of Commerce to stop the work and seek approval of the Government for undertaking the project. Later on, the contractor terminated the contract and lodged claim of Rs 173.843 million for the suspension of work. The claim was scrutinized by M/s PEPAC and after negotiations, the contractors agreed for full and final settlement of his claim for Rs 55 million, which was paid by State Life. Thus due to abandonment of the project, State Life sustained a loss of Rs 84 million.

PAO stated that the project was started after the approval of BoD of SLIC. However, on the verbal direction of PM Secretariat, the project was stopped. The amount in question was paid to the contractor as mobilization charges. PAO further informed that at later stage, written direction was also received from PM Secretariat to stop the project.

## **PAC DIRECTIVE**

The Committee settled the above mentioned two (02) Paras subject to verification of record of recovery and written off, the amount involved by the BoD of SLIC under intimation to PAC.

7. **PARA 31, PAGE 31- ARPSE 1998-99-VOL-X-S**  
**LOSS OF RS 0.258 MILLION DUE TO EMBEZZLEMENT**

**PAC DIRECTIVE**

The Committee settled the Para on the recommendation of DAC.

8. **PARA 46, PAGE 25- ARPSE 1998-99-VOL-X-S**  
**LOSS OF RS 511,576 DUE TO FRAUDULENT ENCASHMENT OF CHEQUES**  
**WITH EXCESSIVE AMOUNT**

Audit pointed out that In State Life Insurance Corporation, Zonal Office Faisalabad Zone, 24 cheques prepared for refund of excessive premium of policy holders were encashed fraudulently from ABL Gole Cloth Market Branch and ABL Bhawana Bazar Branch Faisalabad for much excessive amounts, by tampering the original amounts for which these cheques were prepared. The total amount of all the 24 comes to Rs 511,576. The management had served a legal notice on November, 17, 1997 to ABL, Branch, Faisalabad for arranging credit of Rs 511.576 as the fraud was committed due to gross negligence of and in connivance with bank officials.

PAO stated that the instant case is subjudice in the court of law against ABL and SLIC pursuing the case vigorously.

**PAC DIRECTIVE**

The Committee pended the Para due to its subjudice nature and directed the PAO to pursue the case and update Audit and PAC.

9. **PARA 48, PAGE 26- ARPSE 1998-99-VOL-X-S**  
**ILLEGAL PAYMENT OF RS 6.649 MILLION TO AREA MANAGERS DUE TO**  
**SHOWING FICTITIOUS BUSINESS**

**PAC DIRECTIVE**

The Committee settled the Para on the recommendation of DAC.

10. **PARA 49, PAGE 27- ARPSE 1998-99-VOL-X-S**  
**IRREGULAR EXPENDITURE OF RS 1.720 MILLION DUE TO**  
**PROCUREMENT OF NEW PAJERO JEEP 2477 CC FOR ZONAL HEAD AND**  
**SELLING THE EXISTING PAJERO JEEP AT NOMINAL PRICE TO EX-ZONAL**  
**HEAD**

Audit pointed out that in State Life Insurance Corporation, (Zonal Office), Rawalpindi a 2477-CC Mitsubishi Pajero Jeep (Japan assembled) was purchased for Zonal Head on December 31, 1995 at a total cost of Rs 1. 720

million. The existing Pajero Jeep, which was purchased in 1993 at a total cost of Rs 590,000 and was in excellent condition, was sold to Mr. K.H. AFzal Shah Ex-Zonal Head at a written down value of Rs 119,000 without assessing the market value. Actually there existed no justification for purchase of new Pajero Jeep incurring a lavish expenditure of Rs. 1.720 million while a Pajero Jeep Model 1993 was already available with the State Life Insurance corporation which was sold at throw away price.

### **PAC DIRECTIVE**

The Committee pended the Para with the direction to PAO to inquire the matter, fix responsibility after the evaluation the price of the vehicle in question and report therein be submitted to Audit and PAC within one (01) Month.

### **ACTIONABLE POINTS**

Actionable points arising from the discussion of meeting of the Public Accounts Committee pertaining to Ministry of Commerce held on 17<sup>th</sup> November, 2015 in the Parliament House, Islamabad for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99.

### **AUDIT REPORT PUBLIC SECTOR ENTERPRISES THE YEAR 1998-99 (VOLUME X-S)**

#### **STATE LIFE INSURANCE CORPORATION**

11. **PARA NO. 29 PAGE NO. 29**

The Audit pointed out that Rs 15.028 million was receivable from tenant by the Corporation, Corporation filed a case, Corporation may informed the latest position of recovery.

The PAO informed that the major portion has been recovered remaining amount of Rs. 6.51 million is recoverable, which is difficult, for such a meager amount legal action is not financially viable.

### **PAC DIRECTIVE**

The Committee settled the above para .

12. **PARA NO. 30 PAGE NO.30-ARPSE-1998-99-Vol-X-S**  
**LOSS OF RS. 84 MILLION DUE TO TERMINATION OF CONTRAT.**

The Audit pointed out that State Life Insurance Corporation decided to construct 26 storeyed building, M/s PEPAC were paid Rs. 29 Million for feasibility and drawing work. After termination of contract M/s PEPAC claimed Rs. 173.843

million but State Life settled and paid Rs 55 million so as State Life sustained a loss of 84 million

The PAO informed that initially the project was in the competence of State Life but stopped on the direction of Federal Government.

### **PAC DIRECTIVE**

The Committee settled the above para .

### **COURT CASE**

13. **PARA NO. 46-PAGE NO. 25-ARPSE-1998-99-Vol-X-N  
LOSS OF RS. 511.576 DUE TO FRAUDULENT ENCASHMENT OF CHEQUES  
WITH EXCESSIVE AMOUNT.**

### **PAC DIRECTIVE**

The Committee pended the above para till the decision of court and also directed the PAO to pursue the case in court of Law vigorously.

14. **PARA NO. 49-PAGE NO. 27-ARPSE-1998-99-Vol-X-N  
IRREGULAR EXPENDITURE OF RS. 1.720 MILLION DUE TO  
PROCUREMENT OF NEW PAJERO JEEP 2477 CC FOR ZONAL HEAD AND  
SELLING THE EXISTING PAJERO JEEP AT A NOMINAL PRICE TO EX-  
ZONAL HEAD**

The Audit pointed out that State Life Insurance Corporation, (Zonal Office), Rawalpindi purchased Mitsubishi Pajero Jeep (Japan assembled) for Zonal Head at a total cost of Rs. 1.720 million in 1995. The existing Pajero Jeep, which was purchased in 1993 at a total cost of Rs. 590,000 and was in excellent condition, was sold to Mr. K.H. Afzal Shah Ex-Zonal Head at a written down value of Rs. 119,000 without assess in the market value. There was no justification to purchase a new Pajero for Zonal Head in 1995, while there was ban on procurement by the Government.

The PAO informed that inquiry Committee is working on the matter, inquiry report will be submitted to the Audit/PAC.

### **PAC DIRECTIVE**

The Committee directed the PAO to take action in light of inquiry report of the inquiry Committee and same be submitted to Audit/PAC.

**MINISTRY OF COMMERCE (DIRECTOR GENERAL AUDIT FOREIGN & INTERNATIONAL)**

15. **PARA NO. 1.2 PAGE NO.31 (AR 1998-99)**  
**OVERPAYMENT OF DA WITHOUT HOTEL RECEIPTS – Rs.0.243 MILLION**

The Audit pointed out as per rule, if no hotel receipt is produced in final TA bill, only 50% DA is admissible but the officer / official of the missions drew DA at full rate.

The PAO informed that only the amount of US\$ 163.24 (RS.17000) against Mr. Usman Hussain, Commercial Council is recoverable, who has been retired from service. AGPR has also been requested for recovery of equivalent Rupees of US\$ 163.24/-.

**PAC DIRECTIVE**

The Committee settled the above para subject to write off action from competent forum.

16. **PARA NO. 2 PAGE NO.33 (AR 1998-99)**  
**TELEPHONE CHARGES - Rs.0.163 MILLION.**

**PAC DIRECTIVE**

The Committee settled the above para on the recommendation of DAC.

**SPECIAL AUDIT REPORT (SAR-60) NATIONAL INSURANCE CORPORATION**

17. **PARA NO. 4.4 PAGE NO.05 (SAR-60-NIC 1998-99)**  
**LOSS OF RS 1.904 MILLION DUE TO AWARD OF CONTRACT BY IGNORING THE LOWEST BIDDER**

Audit pointed out that the management of NIC invited tenders for pre-qualification of the contractors for installation of heat, ventilation and air conditioning system at the project in March, 1994. Resultantly, 6 firms were declared pre-qualified by the consultants of the project but contract awarded to the second lowest bidder M/s Zeenat Brothers Ltd instead of lowest bidder.

PAO informed that inquiry committee held responsible the project consultant M/s Arshad Shahid Abdullah for favoring the second lowest bidder. The management of NICL has approached Pakistan Engineering Council and PPR Authority for black listing of the consultant.

### **PAC DIRECTIVE**

The Committee directed the PAO to provide the inquiry report to Pakistan Engineering Council and PPRA Authority for placement of the Consultant M/s Arshad Shahid Abdullah on the list of blacklist, and the copy of the same be provided to Audit and PAC.

18. (i) **PARA NO. 4.6 PAGE NO.07 (SAR-60-NIC 1998-99)**  
**OVERPAYMENT OF RS. 7.644 MILLION DUE TO NON-ADJUSTMENT**  
**OF ADVANCES DISBURSED TO (HVAC) CONTRACTOR**
- (ii) **PARA NO. 4.7 PAGE NO.08 (SAR-60-NIC 1998-99)**  
**DEFAULT BY H.V.A.C CONTRACTOR AND NON-RECOVERY OF**  
**AMOUNT DUE TO IMPROPER GUARANTEES**
- (iii) **PARA NO. 4.8 PAGE NO.08 (SAR-60-NIC 1998-99)**  
**LOSS OF RS. 1.224 MILLION ON ACCOUNT OF DEMURRAGE**  
**CHARGES PAID TO K.P.T DUE TO DELAYED CLEARANCE OF**  
**EQUIPMENT.**

### **PAC DIRECTIVE**

The Committee referred the above three (03) Paras to FIA for inquiry.

## **MINISTRY OF COMMUNICATIONS**

### **OVERVIEW**

Annual Audit Report for the year 1998-99 pertaining to Ministry of Communication was examined by Public Accounts Committee (PAC) on 26<sup>th</sup> July 2011, 20<sup>th</sup> February 2015 and 19<sup>th</sup> August 2015.

- 398 Paras and 7 Grants were presented by the Audit Department which were examined by the Committee. Out of which 216 Paras and 7 Grants were settled whereas appropriate directions were accordingly issued for the remaining Paras.
- In few Paras the PAO was directed to hold inquires, fix responsibility and initiate disciplinary actions.
- The Committee referred 15 Paras to NAB.

### **ACTIONABLE POINTS**

Appropriation Accounts / Audit Reports for the years 1998-99 pertaining to the Ministry of Communication were taken up for examination by Special Committee of the PAC in the meeting held on July 26, 2011, in Committee Room No.2 Parliament House, Islamabad. Decisions taken are summarized below:

#### **APPROPRIATION ACCOUNTS CIVIL VOL-1998-99**

##### **1. GRANT NO. 16-COMMUNICATIONS DIVISION. SAVING OF RS. 8,792,836**

Audit pointed out that an amount of Rs 5,920,959/- (3.87%) was surrendered leaving net saving of Rs. 2,871,877 (1.87%). A supplementary grant of Rs. 41,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO explained that saving occurred mainly due to the reason that the seminars could not held in certain cities due to some administrative problems.

#### **PAC DIRECTIVE**

The Committee directed the PAO to look into the reasons for non-surrender of the entire savings. The Committee observed that even the non-released portion of the grant is required to be surrendered. The Committee regularized the grant subject to satisfaction of Audit.

2. i) GRANT NO. 17-OTHER EXPENDITURE OF COMMUNICATIONS DIVISION EXCESS OF RS. 28,679,673
- ii) GRANT NO. 117-DEVELOPMENT EXPENDITURE OF COMMUNICATIONS DIVISION SAVING OF RS. 292,793,346
- iii) GRANT NO. 145-CAPITAL OUTLAY ON COMMUNICATIONS DIVISION SAVING OF RS. 26,358,142
- iv) GRANT NO. 146- CAPITAL OUTLAY ON COMMUNICATIONS WORKS EXCESS OF RS. 41,887,234

### PAC DIRECTIVE

The Committee recommended the above four grants back to DAC for reconsideration and directed to report back to the Committee after one month.

### AUDIT REPORT FOR THE YEAR 1998-99, M/O COMMUNICATION (NATIONAL HIGHWAY AUTHORITY)

3. i) PARA 34 (PAGE 29-ARDS 1998-99) OVERPAYMENT OF RS. 9, 194, 460
- i) PARA 38 (PAGE 23-ARDS 1998-99) OVERPAYMENT OF RS. 2, 652,680
- ii) PARA 39 (PAGE 32-ARDS 1998-99) OVERPAYMENT OF RS. 1, 328,800
- iii) PARA 43 (PAGE 45-ARDS 1998-99) OVERPAYMENT OF RS. 8, 487,556
- iv) PARA 44 (PAGE 36-ARDS 1998-99) OVERPAYMENT OF RS. 1, 357, 089
- v) PARA 45 (PAGE 36-ARDS 1998-99) OVERPAYMENT OF RS. 1, 895, 053
- vi) PARA 75 (PAGE 55-ARDS 1998-99)
- vii) PARA 86 (PAGE 63-AR-1998-99) IRREGULAR EXPENDITURE OF RS. 699.1 MILLION
- viii) PARA 89 (PAGE 65-ARDS 1998-99) LOSS OF RS.2,432,563

- ix) **PARA 96 (PAGE 69-ARDS 1998-99)**  
**LOSS OF RS. 46,179,653**
- x) **PARA 104 (PAGE 74-ARDS 1998-99)**  
**LOSS OF RS 1,074, 639**
- xi) **PARA 130 (PAGE 91-ARDS 1998-99)**
- xii) **PARA 165 (PAGE 144-ARDS 1998-99)**
- xiii) **ANNOUNCEMENT OF AWARD WORTH RS. 278, 868, 447 WITHOUT FULFILLING CODAL FORMALITIES**
- xiv) **PARA 167 (PAGE 115-ARDS 1998-99)**  
**FRAUDULENT PAYMENT OF RS. 6, 354, 773**
- xv) **PARA 168 (PAGE 116-ARDS 1998-99)**  
**FICTITIOUS PAYMENT OF RS. 18, 336, 717**

#### **PAC DIRECTIVE**

At the request of DG Audit (Works) the above sixteen (16) Paras were clubbed together being similar in nature. The Committee directed the PAO to refer the case to NAB and pursue it vigorously in order to effect recovery as soon as possible. The Committee also directed to approach the Chief Secretary Punjab in order to resolve this issue. Report should be submitted to the Committee within one month.

#### 4. **PARA 79 (PAGE 586-ARDS 1998-99)** **DOUBLE PAYMENT OF RS. 735,000/-**

Audit pointed out that Land Acquisition Collector, Lahore By-pass made payment on account of compensation of land twice for the same area to two land owners by preparing fudged documents of khathoni/mukhtar nama / nutations, etc. Non-observance of codal formalities resulted in double payment of Rs. 735,000/0 to the land owner.

The PAO explained that the record has been checked. It is correct that a sum of Rs. 735,000/- was paid on 07-11-1996 vide voucher No. 30/4 to Niamat Ali S/o Rehmat Ali, Attorney for Imtiaz Ahmed S/o Rai Khuda Bakhsh and others, the owners.

#### **PAC DIRECTIVE**

The Committee directed the PAO for active pursuance of the case in the Court of Law.

**AUDIT REPORT M/O COMMUNICATION (NHA) 1998-99**

- 5. i) **PARA 32 (PAGE 28-ARDS 1998-99)**
- ii) **PARA 36 (PAGE 31-ARDS 1998-99)**
- iii) **PARA 49(PAGE 39-ARDS 1998-99)**
- iv) **PARA 68(PAGE 50-ARDS 1998-99)**
- v) **PARA 69(PAGE 51-ARDS 1998-99)**
- vi) **PARA 74(PAGE 54-ARDS 1998-99)**
- vii) **PARA 97(PAGE 70-ARDS 1998-99)**
- viii) **PARA 103(PAGE 74-ARDS 1998-99)**
- ix) **PARA 105(PAGE 75-ARDS 1998-99)**
- x) **PARA 106(PAGE 77-ARDS 1998-99)**
- xi) **PARA 107(PAGE 77-ARDS 1998-99)**
- xii) **PARA 111(PAGE 79-ARDS 1998-99)**
- xiii) **PARA 120(PAGE 85-ARDS 1998-99)**
- xiv) **PARA 145(PAGE 101-ARDS 1998-99)**
- xv) **PARA 171(PAGE 117-ARDS 1998-99)**
- xvi) **PARA 174(PAGE 119-ARDS 1998-99)**
- xvii) **PARA 177(PAGE 1-ARDS 1998-99)**

**PAC DIRECTIVE**

The Committee endorsed the recommendation of DAC for pursuance at DAC level.

- 6. i) **PARA 42(PAGE 34-ARDS 1998-99)**
- ii) **PARA 114(PAGE 81-ARDS 1998-99)**
- iii) **PARA 125(PAGE 88-ARDS 1998-99)**

**PAC DIRECTIVE**

The Committee endorsed the recommendation of the DAC

- 7. i) **PARA 1 (PAGE 7-ARDS 1998-99)**
- ii) **PARA 2 (PAGE 8-ARDS 1998-99)**
- iii) **PARA 3 (PAGE 8-ARDS 1998-99)**
- iv) **PARA 4 (PAGE 9-ARDS 1998-99)**
- v) **PARA 5 (PAGE 9-ARDS 1998-99)**
- vi) **PARA 6 (PAGE 10-ARDS 1998-99)**
- vii) **PARA 7 (PAGE 11-ARDS 1998-99)**
- viii) **PARA 8 (PAGE 11-ARDS 1998-99)**
- ix) **PARA 9 (PAGE 12-ARDS 1998-99)**
- x) **PARA 10 (PAGE 13-ARDS 1998-99)**
- xi) **PARA 11 (PAGE 14-ARDS 1998-99)**
- xii) **PARA 12 (PAGE 14-ARDS 1998-99)**

xiii)	<u>PARA 13 (PAGE 15-ARDS 1998-99)</u>
xiv)	<u>PARA 14 (PAGE 16-ARDS 1998-99)</u>
xv)	<u>PARA 15 (PAGE 17-ARDS 1998-99)</u>
xvi)	<u>PARA 16 (PAGE 17-ARDS 1998-99)</u>
xvii)	<u>PARA 17 (PAGE 18-ARDS 1998-99)</u>
xviii)	<u>PARA 18 (PAGE 19-ARDS 1998-99)</u>
xix)	<u>PARA 19 (PAGE 19-ARDS 1998-99)</u>
xx)	<u>PARA 20 (PAGE 20-ARDS 1998-99)</u>
xxi)	<u>PARA 21 (PAGE 20-ARDS 1998-99)</u>
xxii)	<u>PARA 22 (PAGE 21-ARDS 1998-99)</u>
xxiii)	<u>PARA 23 (PAGE 22-ARDS 1998-99)</u>
xxiv)	<u>PARA 24 (PAGE 23-ARDS 1998-99)</u>
xxv)	<u>PARA 25 (PAGE 23-ARDS 1998-99)</u>
xxvi)	<u>PARA 26 (PAGE 24-ARDS 1998-99)</u>
xxvii)	<u>PARA 27 (PAGE 25-ARDS 1998-99)</u>
xxviii)	<u>PARA 28 (PAGE 25-ARDS 1998-99)</u>
xxix)	<u>PARA 29 (PAGE 26-ARDS 1998-99)</u>
xxx)	<u>PARA 30 (PAGE 27-ARDS 1998-99)</u>
xxxi)	<u>PARA 31 (PAGE 27-ARDS 1998-99)</u>
xxxii)	<u>PARA 33(PAGE 29-ARDS 1998-99)</u>
xxxiii)	<u>PARA 35 (PAGE 30-ARDS 1998-99)</u>
xxxiv)	<u>PARA 37(PAGE 31-ARDS 1998-99)</u>
xxxv)	<u>PARA 40(PAGE 33-ARDS 1998-99)</u>
xxxvi)	<u>PARA 41(PAGE 34-ARDS 1998-99)</u>
xxxvii)	<u>PARA 46(PAGE 37-ARDS 1998-99)</u>
xxxviii)	<u>PARA 47(PAGE 37-ARDS 1998-99)</u>
xxxix)	<u>PARA 48(PAGE 38-ARDS 1998-99)</u>
xl)	<u>PARA 50(PAGE 39-ARDS 1998-99)</u>
xli)	<u>PARA 51(PAGE 40-ARDS 1998-99)</u>
xlii)	<u>PARA 52(PAGE 40-ARDS 1998-99)</u>
xliii)	<u>PARA 53(PAGE 41-ARDS 1998-99)</u>
xliv)	<u>PARA 54(PAGE 41-ARDS 1998-99)</u>
xlv)	<u>PARA 55(PAGE 42-ARDS 1998-99)</u>
xlvi)	<u>PARA 56(PAGE 43-ARDS 1998-99)</u>
xlvii)	<u>PARA 57(PAGE 43-ARDS 1998-99)</u>
xlviii)	<u>PARA 58(PAGE 42-ARDS 1998-99)</u>
xlix)	<u>PARA 59(PAGE 45-ARDS 1998-99)</u>
l)	<u>PARA 60(PAGE 45-ARDS 1998-99)</u>
li)	<u>PARA 61(PAGE 46-ARDS 1998-99)</u>
lii)	<u>PARA 62(PAGE 47-ARDS 1998-99)</u>
liii)	<u>PARA 63(PAGE 47-ARDS 1998-99)</u>
liv)	<u>PARA 64(PAGE 48-ARDS 1998-99)</u>
lv)	<u>PARA 65(PAGE 48-ARDS 1998-99)</u>
lvi)	<u>PARA 66(PAGE 49-ARDS 1998-99)</u>
lvii)	<u>PARA 67(PAGE 50-ARDS 1998-99)</u>
lviii)	<u>PARA 70(PAGE 52-ARDS 1998-99)</u>

- lix) **PARA 71(PAGE 52-ARDS 1998-99)**
- lx) **PARA 72(PAGE 53-ARDS 1998-99)**
- lxi) **PARA 73(PAGE 54-ARDS 1998-99)**
- lxii) **PARA 76(PAGE 55-ARDS 1998-99)**
- lxiii) **PARA 77(PAGE 56-ARDS 1998-99)**
- lxiv) **PARA 78(PAGE 57-ARDS 1998-99)**
- lxv) **PARA 80(PAGE 58-ARDS 1998-99)**
- lxvi) **PARA 81(PAGE 59-ARDS 1998-99)**
- lxvii) **PARA 82(PAGE 59-ARDS 1998-99)**
- lxviii) **PARA 83(PAGE 60-ARDS 1998-99)**
- lxix) **PARA 84(PAGE 61-ARDS 1998-99)**
- lxx) **PARA 85(PAGE 62-ARDS 1998-99)**
- lxxi) **PARA 87(PAGE 64-ARDS 1998-99)**
- lxxii) **PARA 88(PAGE 64-ARDS 1998-99)**
- lxxiii) **PARA 90(PAGE 66-ARDS 1998-99)**
- lxxiv) **PARA 91(PAGE 66-ARDS 1998-99)**
- lxxv) **PARA 92(PAGE 67-ARDS 1998-99)**
- lxxvi) **PARA 93(PAGE 67-ARDS 1998-99)**
- lxxvii) **PARA 94(PAGE 68-ARDS 1998-99)**
- lxxviii) **PARA 95(PAGE 69-ARDS 1998-99)**
- lxxix) **PARA 98(PAGE 71-ARDS 1998-99)**
- lxxx) **PARA 99(PAGE 71-ARDS 1998-99)**
- lxxxii) **PARA 100(PAGE 72-ARDS 1998-99)**
- lxxxiii) **PARA 101(PAGE 72-ARDS 1998-99)**
- lxxxiv) **PARA 102(PAGE 73-ARDS 1998-99)**
- lxxxv) **PARA 108(PAGE 77-ARDS 1998-99)**
- lxxxvi) **PARA 110(PAGE 79-ARDS 1998-99)**
- lxxxvii) **PARA 112(PAGE 80-ARDS 1998-99)**
- lxxxviii) **PARA 113(PAGE 80-ARDS 1998-99)**
- lxxxix) **PARA 115(PAGE 82-ARDS 1998-99)**
- lxxxix) **PARA 116(PAGE 82-ARDS 1998-99)**
- xc) **PARA 117(PAGE 83-ARDS 1998-99)**
- xcii) **PARA 118(PAGE 84-ARDS 1998-99)**
- xciii) **PARA 119(PAGE 84-ARDS 1998-99)**
- xciv) **PARA 121(PAGE 86-ARDS 1998-99)**
- xcv) **PARA 122(PAGE 86-ARDS 1998-99)**
- xcvi) **PARA 123(PAGE 87-ARDS 1998-99)**
- xcvii) **PARA 124(PAGE 88-ARDS 1998-99)**
- xcviii) **PARA 126(PAGE 89-ARDS 1998-99)**
- xcix) **PARA 127(PAGE 89-ARDS 1998-99)**
- c) **PARA 128(PAGE 90-ARDS 1998-99)**
- ci) **PARA 129(PAGE 91-ARDS 1998-99)**
- cii) **PARA 131(PAGE 92-ARDS 1998-99)**
- cii) **PARA 132(PAGE 93-ARDS 1998-99)**

- ciii) **PARA 133(PAGE 93-ARDS 1998-99)**
- civ) **PARA 134(PAGE 94-ARDS 1998-99)**
- cv) **PARA 135(PAGE 95-ARDS 1998-99)**
- cvi) **PARA 136(PAGE 95-ARDS 1998-99)**
- cvii) **PARA 137(PAGE 96-ARDS 1998-99)**
- cviii) **PARA 138(PAGE 97-ARDS 1998-99)**
- cix) **PARA 139(PAGE 97-ARDS 1998-99)**
- cx) **PARA 140(PAGE 98-ARDS 1998-99)**
- cxii) **PARA 141(PAGE 99-ARDS 1998-99)**
- cxiii) **PARA 142(PAGE 99-ARDS 1998-99)**
- cxiv) **PARA 143(PAGE 100-ARDS 1998-99)**
- cxv) **PARA 144(PAGE 101-ARDS 1998-99)**
- cxvi) **PARA 146(PAGE 101-ARDS 1998-99)**
- cxvii) **PARA 147(PAGE 102-ARDS 1998-99)**
- cxviii) **PARA 148(PAGE 103-ARDS 1998-99)**
- cxix) **PARA 149(PAGE 104-ARDS 1998-99)**
- cxx) **PARA 150(PAGE 104-ARDS 1998-99)**
- cxxi) **PARA 151(PAGE 105-ARDS 1998-99)**
- cxxii) **PARA 152(PAGE 106-ARDS 1998-99)**
- cxxiii) **PARA 153(PAGE 106-ARDS 1998-99)**
- cxxiv) **PARA 154(PAGE 107-ARDS 1998-99)**
- cxxv) **PARA 155(PAGE 108-ARDS 1998-99)**
- cxxvi) **PARA 156(PAGE 108-ARDS 1998-99)**
- cxxvii) **PARA 157(PAGE 109-ARDS 1998-99)**
- cxxviii) **PARA 158(PAGE 109-ARDS 1998-99)**
- cxxix) **PARA 159(PAGE 110-ARDS 1998-99)**
- cxxx) **PARA 160(PAGE 110-ARDS 1998-99)**
- cxxxii) **PARA 161(PAGE 111-ARDS 1998-99)**
- cxxxiii) **PARA 162(PAGE 112-ARDS 1998-99)**
- cxxxiv) **PARA 163(PAGE 112-ARDS 1998-99)**
- cxxxv) **PARA 164(PAGE 113-ARDS 1998-99)**
- cxxxvi) **PARA 166(PAGE 114-ARDS 1998-99)**
- cxxxvii) **PARA 169(PAGE 116-ARDS 1998-99)**
- cxxxviii) **PARA 170(PAGE 117-ARDS 1998-99)**
- cxxxix) **PARA 172(PAGE 118-ARDS 1998-99)**
- cxxxix) **PARA 173(PAGE 119-ARDS 1998-99)**
- cxl) **PARA 175(PAGE 120-ARDS 1998-99)**
- cxl) **PARA 176(PAGE 120-ARDS 1998-99)**

**PAC DIRECTIVE**

The Committee endorsed the recommendation of DAC for settlement of the above paras

## **ACTIONABLE POINTS**

Actionable points arising from discussion of the meeting of Public Accounts Committee, held on 20<sup>th</sup> February, 2015 for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99 of Ministry of Communication as below:-

### **APPROPRIATION ACCOUNTS CIVIL VOL-1998-99**

8. **GRANT NO.17**  
**OTHER EXPENDITURE OF COMMUNICATIONS DIVISION**

Excess RS. 28,679,673/- (2.99%)

#### **PAC DIRECTIVE**

The Committee settled the grant with the direction to strengthen the internal financial system of the Ministry and also to be careful in future.

9. i) **GRANT NO.117**  
**DEVELOPMENT EXPENDITURE OF COMMUNICATIONS DIVISION**  
Saving RS. 292,793,346 (94.14%)
- ii) **GRANT NO.145**  
**CAPITAL OUTLAY ON COMMUNICATIONS DIVISION**  
Saving RS. 26,358,142 (65.89%)
- iii) **GRANT NO.146**  
**CAPITAL OUTLAY ON COMMUNICATIONS WORKS**  
Excess RS. 41,887, 234 (8.37%)

#### **PAC DIRECTIVE**

The Committee settled the above three grants with the direction to strengthen the internal financial system of the Ministry and also to be careful in future.

### **AUDIT REPORT FOR THE YEAR 1998-99 (FY 1998-99)** **(NATIONAL HIGHWAYS AUTHORITY)**

#### **DIRECTORATE GENERAL AUDIT WORKS (FEDERAL), ISLAMABAD**

10. i) **PARA NO 34**  
**OVERPAYMENT OF Rs.9.194 MILLION**
- ii) **PARA 38**  
**OVERPAYMENT OF Rs.2.653 MILLION**

- iii) **PARA 39**  
**OVERPAYMENT OF Rs.1.329 MILLION**
- iv) **PARA 43**  
**OVERPAYMENT OF Rs.8.487 MILLION**
- v) **PARA 44**  
**OVERPAYMENT OF Rs.1.357 MILLION**
- vi) **PARA 45**  
**OVERPAYMENT OF Rs.1.895 MILLION**
- vii) **PARA 75**  
**OVERPAYMENT OF Rs.200,000**
- viii) **PARA 86**  
**IRREGULAR EXPENDITURE OF Rs.699.81 MILLION**
- ix) **PARA 89**  
**LOSS OF Rs.2.432 MILLION**
- x) **PARA 96**  
**LOSS OF Rs.46.179 MILLION**
- xi) **PARA 104**  
**LOSS OF Rs.1.075 MILLION**
- xii) **PARA 130**  
**LOSS OF Rs.2.999 MILLION**
- xiii) **PARA 165**  
**ANNOUNCEMENT OF AWARD WITHOUT FULFILLING CODAL**  
**FORMALITIES Rs.278.868 MILLION**
- xiv) **PARA 167**  
**FRAUDULENT PAYMENT OF Rs.6.355 MILLION**
- xv) **PARA 168**  
**FICTITIOUS PAYMENT OF RS. 18.337 MILLION**

#### **PAC DIRECTIVE**

The above mentioned 15 Paras were referred to NAB under PAC directive dated 26<sup>th</sup> July, 2011 but the department failed to comply with the said directive, however, the committee was informed that the said Paras were referred to NAB after DAC recently. It was also evolved that Para No. 130 at Sr. No. xii. have no

issue in referring it to NAB, so Committee settled the Para on the recommendation of audit. The Committee showed displeasure on the said laxity of the Ministry and directed the NAB to expedite matter and report to PAC at the earliest.

10. **PARA 32**  
**OVERPAYMENT OF Rs.15.818 MILLION**

**PAC DIRECTIVE**

The Committee settled the Para subject to verification of record by Audit under intimation to PAC.

11. i) **PARA 36**  
**OVERPAYMENT OF Rs.5.246 MILLION**
- ii) **PARA 49**  
**OVERPAYMENT OF Rs.14.332 MILLION**
- iii. **PARA 68**  
**OVERPAYMENT OF Rs.149,885**

**PAC DIRECTIVE**

The Committee settled the above 3 (three) Paras subject to verification of record by Audit under intimation to PAC.

12. i) **PARA 69**  
**OVERPAYMENT OF Rs.402,893**
- ii) **PARA 74**  
**OVERPAYMENT OF Rs.573,866**

**PAC DIRECTIVE**

The Committee settled the above 2 (two) Paras on the recommendation of Audit.

13. **PARA 79**  
**DOUBLE PAYMENT OF Rs.735,000**

**PAC DIRECTIVE**

The Committee pended the Para for the next meeting with the direction to PAO to pursue the case vigorously under intimation to PAC and audit.

14. i) **PARA 97**  
**LOSS OF Rs.2.835 MILLION AND £ 2.292 MILLION**
- ii. **PARA 103**  
**LOSS OF Rs.505,722**
- iii. **PARA 105**  
**LOSS OF Rs.2.745 MILLION**
- iv. **PARA 106**  
**LOSS OF Rs.1.125 MILLION**
- v. **PARA 107**  
**NON-RECOVERY OF Rs.802,441**
- vi. **PARA 111**  
**IRREGULAR PAYMENT OF Rs.9.515 MILLION**
- vii. **PARA 120**  
**NON ADJUSTMENT OF ADVANCES WORTH Rs.16.786 MILLION**

**PAC DIRECTIVE**

The Committee settled the above seven Paras on the recommendation of Audit.

15. **PARA 145**  
**NON-RECOVERY OF Rs.303,379**

**PAC DIRECTIVE**

The Committee settled the Para subject to verification of balance recovery by the Audit under intimation to PAC.

16. **PARA 171**  
**NON RECONCILIATION OF CASH BALANCES Rs.677.80 MILLION WITH THE TREASURY**

**PAC DIRECTIVE**

The Committee settled the Para subject to verification of record by Audit and withdrawal of remaining amount from treasury under intimation to PAC.

17. **PARA 174**  
**UNJUSTIFIED AWARD OF WORK COSTING Rs.1,646.478 MILLION**

**PAC DIRECTIVE**

The Committee settled the Para on the recommendation of Audit.

18. **PARA 177**  
**NON-TRANSFER OF LAND WORTH Rs 599.474 MILLION**

**PAC DIRECTIVE**

The Committee settled the Para subject to verification of mutation by Audit under intimation to PAC.

**AUIDT REPORT PAKISTAN POST OFFICE DEPARTMENT 1998-99**  
**DIRECTOR GENERAL AUDIT PT&T, LAHORE**

19. i) **PARA NO. 1.1, PAGE NO. 34, AR-1998-99 (PPO)**  
**BUDGET GRANT AND EXPENDITURE**
- ii) **PARA NO. 1.2, PAGE NO. 38, AR-1998-99 (PPO)**  
**GRANT OF 147-CAPITAL OUTLAY**
- iii) **PARA NO. 1.3, PAGE NO. 38, AR-1998-99 (PPO)**  
**BUDGET GRANT AND EXPENDITURE**
- iv) **PARA NO. 1.4, PAGE NO. 39, AR-1998-99 (PPO)**  
**NON RECONCILIATION OF CASH TRANSACTIONS**
- v) **PARA NO. 1.5, PAGE NO. 39, AR-1998-99 (PPO)**  
**CONTRIBUTION TO THE RENEWAL RESERVE FUNDS**
- vi) **PARA NO. 2.1, PAGE NO. 40, AR-1998-99 (PPO)**  
**REVIEW OF FINANCIAL RESULTS**
- vii) **PARA NO. 2.2, PAGE NO. 40, AR-1998-99 (PPO)**  
**BALANCE OF RENEWAL RESERVE FUND**

**PAC DIRECTIVE**

The Committee pended the above seven Paras for the next meeting. During the discussion, PAO briefed the Committee with the request that the facts may be placed on record that the performance of Pakistan Post is far better than the other fully equipped financial institutions in the country and it can be ascertained that the loss is less than 0.001% from 1947 to 2015.

20. **PARA NO. 2.3, PAGE NO. 41, AR-1998-99 (PPO)**  
**INFLATED REVENUE**

**PAC DIRECTIVE**

The Committee settled the Para with the direction to PAO to be careful in future.

21. **PARA NO. 2.4, PAGE NO. 41, AR-1998-99 (PPO)**  
**MILITARY PENSION**

**PAC DIRECTIVE**

The Committee settled the Para subject to verification of record by Audit under intimation to PAC.

22. **PARA NO. 2.5, PAGE NO. 41, AR-1998-99 (PPO)**  
**AUDIT COMMENTS**

**PAC DIRECTIVE**

The Committee settled the Para on the recommendation of Audit.

23. **PARA NO. 2.6, PAGE NO. 42, AR-1998-99 (PPO)**  
**OVERSTATEMENT OF EXPENDITURE**

**PAC DIRECTIVE**

The Committee settled the Para subject to verification of record by Audit under intimation to PAC.

24. **PARA NO. 3.1, PAGE NO. 43, AR-1998-99 (PPO)**  
**LOSSES AND DEFALCATIONS**

**PAC DIRECTIVE**

The Committee settled the Para on the recommendation of Audit.

25. **PARA NO. 4.1, PAGE NO. 45, AR-1998-99 (PPO)**  
**LOSS OF REVENUE DUE TO DAMAGE OF POSTAL STAMPS AND**  
**SALEABLE POSTAL STATIONERY RS. 136.33 MILLION**

**PAC DIRECTIVE**

The Committee pended the Para and referred to DAC with the direction to PAO to fix the responsibility on the responsible person(s) under intimation to PAC.

26. **PARA NO. 4.2, PAGE NO. 46, AR-1998-99 (PPO)**  
**FRAUD, LOSS AND MIS-APPROPRIATION OF PUBLIC MONEY RS. 29.433**  
**MILLION**

**PAC DIRECTIVE**

The Committee settled the Para subject to verification of record by Audit under intimation to PAC.

27. **PARA NO. 4.3, PAGE NO. 46, AR-1998-99 (PPO)**  
**MINIMUM LOSS OF RS. 14.385 MILLION IN THE SALE OF ARMS LICENSES STAMPS**

**PAC DIRECTIVE**

The Committee referred the Para to DAC with the direction to constitute an inquiry committee headed by the Additional Secretary/Joint Secretary of the Ministry and inquiry report be submitted to PAC within 3 (three) weeks.

28. **PARA NO. 4.4, PAGE NO. 47, AR-1998-99 (PPO)**  
**INCORRECT REDUCTION IN THE RATE OF DISCOUNT RECEIVED ON THE BILLS OF TRANSACTION OF OVERSEAS MAIL CAUSING LOSS OF ABOUT RS. 12 MILLION**

**PAC DIRECTIVE**

The Committee settled the Para subject to verification of record by audit under intimation to PAC.

29. **PARA NO. 4.5, PAGE NO. 48, AR-1998-99 (PPO)**  
**LOSS OF REVENUE RS. 10.234 MILLION BECAUSE OF NON-DEDUCTION OF INCOME TAX**  
**PAC DIRECTIVE**

The Committee referred the Para to DAC with the direction to look into the issue within 3 (three) weeks.

30. **PARA NO. 4.6, PAGE NO. 49, AR-1998-99 (PPO)**  
**FRAUD, LOSS AND MIS-APPROPRIATION OF PUBLIC MONEY RS. 5.022 MILLION**

**PAC DIRECTIVE**

The Committee settled the Para subject to verification of record by Audit under intimation to PAC.

31. **PARA NO. 4.7, PAGE NO. 49, AR-1998-99 (PPO)**  
**MIS-APPROPRIATION OF GOVERNMENT MONEY LOSS OF RS 0.847 MILLION**

**PAC DIRECTIVE**

The Committee settled the Para subject to verification of record by Audit under intimation to PAC.

32. **PARA NO. 4.8, PAGE NO. 50, AR-1998-99 (PPO)**  
**LOSS DUE TO AWARD OF WORK AT HIGHER RATES OF RS. 0.658**  
**MILLION**

**PAC DIRECTIVE**

The Committee settled the Para on the recommendation of Audit.

33. i. **PARA NO. 4.9, PAGE NO. 50, AR-1998-99 (PPO)**  
**LOSS OF RS. 0.399 MILLION DUE TO NON RETURN OF GREEN**  
**CANVAS BAGS**
- ii. **PARA NO. 4.10, PAGE NO. 51-AR-1998-99 (PPO)**  
**LOSS DUE TO NON RECOVERY OF PENALTY RS. 0.353 MILLION**  
**FROM SUPPLIER**
- iii. **PARA NO. 4.11, PAGE NO. 51, AR-1998-99 (PPO)**  
**MIS-APPROPRIATION OF PUBLIC MONEY RS. 0.061 MILLION**

**PAC DIRECTIVE**

The Committee settled the above three Paras subject to verification of record by Audit under intimation to PAC.

34. **PARA NO. 5.1, PAGE NO. 53, AR-1998-99 (PPO)**  
**IRREGULAR EXPENDITURE INCURRED ON PRINTING OF SECURITY**  
**ITEMS VALUING RS. 18.82 MILLION**

**PAC DIRECTIVE**

The Committee settled the Para on the recommendation of Audit.

35. i. **PARA NO. 5.2, PAGE NO. 54, AR-1998-99 (PPO)**  
**IRREGULAR EXPENDITURE OF PRINTING RS. 2.983 MILLION, NON-**  
**DEDUCTION OF INCOME TAX AND DOUBTFUL PAYMENT OF RS.**  
**9,400**
- ii. **PARA NO. 5.3, 5.4 & 5.5, PAGE NO. 54,55 & 56, AR-1998-99 (PPO)**  
**IRREGULAR EXPENDITURE INCURRED ON THE APPOINTMENT OF**  
**STAFF ON AD-HOC BASIS RS. 29.915 MILLION**
- iii. **PARA NO. 5.6, PAGE NO. 56, AR-1998-99 (PPO)**  
**IRREGULAR EXPENDITURE AGAINST EXPIRED TEMPORARY**  
**POSTS RS. 15.38 MILLION**

**PAC DIRECTIVE**

The Committee settled the above three Paras subject to verification of record by Audit under intimation to PAC.

36. **PARA NO. 5.7, PAGE NO. 57, AR-1998-99 (PPO)**  
**IRREGULAR AND DOUBTFUL, PURCHASE OF LIVERIES & CLOTH**  
**VALUING RS. 14.305 MILLION**

**PAC DIRECTIVE**

The Committee referred the Para to DAC to inquire the matter within 2 (two) months under intimation to PAC.

37. **PARA NO. 5.8, PAGE NO. 58, AR-1998-99 (PPO)**  
**IRREGULAR CASH PAYMENT INSTEAD OF SUPPLY OF LIVERIES AND**  
**UNIFORMS RS. 6.259 MILLION**

**PAC DIRECTIVE**

The Committee settled the Para on the recommendation of Audit.

38. **PARA NO. 5.9**  
**IRREGULAR PAYMENT OF RS. 7.929 MILLION TO MAIL CONTRACTORS**  
**AND NON-DEDUCTION OF INCOME TAX RS. 80,089.**

**PAC DIRECTIVE**

The Committee settled the Para subject to verification of record by Audit under intimation to PAC.

39. **PARA NO. 5.10, PAGE NO. 59, AR-1998-99 (PPO)**  
**IRREGULAR/UN-AUTHORIZED BLOCKADDE OF CAPITAL VALUING RS.**  
**6.877 MILLION**

**PAC DIRECTIVE**

The Committee settled the Para on the recommendation of Audit.

40. **PARA NO. 5.11, PAGE NO. 60, AR-1998-99 (PPO)**  
**IRREGULAR EXPENDITURE OF RS. 4.012 MILLION WITHOUT CALLING**  
**OPEN TENDERS.**

**PAC DIRECTIVE**

The Committee referred the Para to DAC with the direction to PAO to constitute an inquiry committee headed by the Additional Secretary/JS of the Ministry and the report be submitted to PAC within 2 (two) months.

41. **PARA NO. 5.12, PAGE NO. 60, AR-1998-99 (PPO)**  
**UNDUE FAVOUR TO THE MAIL MOTOR CONTRACTOR AND LOSS OF RS. 1.722 MILLION**

**PAC DIRECTIVE**

The Committee settled the Para on the recommendation of Audit.

42. i. **PARA NO. 5.13, PAGE NO. 61, AR-1998-99 (PPO)**  
**IRREGULAR UTILIZATION OF FUNDS OF RS. 3.141 MILLION OF BUDGET ALLOTMENT 1997-98 DURING THE YEAR 1998-99**
- ii. **PARA NO. 5.14 & 5.15, PAGE NO. 61, 62 & 63-AR-1998-99 (PPO)**  
**IRREGULAR AND UNAUTHORIZED PURCHASE OF MEDICINES RS 5.565 MILLION AND LOSS OF RS. 0.45 ON ACCOUNT OF TRADE DISCOUNT**
- iii. **PARA NO. 5.16, 5.17 & 5.18, PAGE NO. 63 & 64-AR-1998-99 (PPO)**  
**IRREGULAR DRAWAL OF CASH ON PAPER CHITS RS. 0.555 MILLION**

**PAC DIRECTIVE**

The Committee settled the above three Paras on the recommendation of Audit.

43. **PARA NO. 5.19, PAGE NO. 64-AR-1998-99 (PPO)**  
**IRREGULAR /UNAUTHORIZED PAYMENT OF RS. 0.190 MILLION TO A TERMINATED OFFICIAL**

**PAC DIRECTIVE**

The Committee referred the Para to DAC with the direction to PAO to constitute an inquiry committee headed by the Additional Secretary/JS of the Ministry and the report be submitted to PAC within 2 (two) month.

44. i. **PARA NO. 5.20, PAGE NO. 65-AR-1998-99 (PPO)**  
**IRREGULAR EXPENDITURE ON FOREIGN TRAINING RS. 0.147 MILLION**
- ii. **PARA NO. 6.1,6.2,6.3,6.4,6.5,6.6 &6.9, PAGE NO. 66,67,68 & 70, AR-1998-99 (PPO) UNAUTHORIZED EXPENDITURE ON ENGAGEMENT OF CONTINGENT PAID STAFF RS. 24.526 MILLION**
- iii. **PARA NO. 6.7, PAGE NO.69, AR-1998-99 (PPO)**  
**UNAUTHORIZED EXPENDITURE ON BUILDING WORKS RS. 1.026 MILLION**

- iv. **PARA NO. 6.8, PAGE NO.69, AR-1998-99 (PPO)**  
**UNAUTHORIZED AND IRREGULAR EXPENDITURE OF RS. 0.289**  
**MILLION ON REPAIR OF VEHICLES**
- v. **PARA NO. 6.10, PAGE NO.70, AR-1998-99 (PPO)**  
**UNAUTHORIZED RETENTION OF POSTAGE STAMPS AND CASH IN**  
**EXCESS OF AUTHORIZED LIMITS**

**PAC DIRECTIVE**

The Committee settled the above 5 (five) Paras on the recommendation of Audit.

- 45. i. **PARA NO. 7.1, PAGE NO.72, AR-1998-99 (PPO)**  
**OUTSTANDING DUES OF SERVICE CHARGES AND PRINTING**  
**AGAINST PROVINCIAL GOVERNMENT RS. 165.762 MILLION**
- ii. **PARA NO. 7.2, PAGE NO.72, AR-1998-99 (PPO)**  
**NON RECOVERY OF OUTSTANDING DUES FROM PTCL OF RS.**  
**122.327 MILLION**
- iii. **PARA NO. 7.3, PAGE NO.72, AR-1998-99 (PPO)**  
**RECOVERABLE AMOUNT OF RS. 22.105 MILLION FROM PTCL**
- iv. **PARA NO. 7.4, 7.5, 7.6 & 7.7, PAGE NO.73, AR-1998-99 (PPO)**  
**OUTSTANDING EMERGENT ADVANCES RS. 3.098 MILLION**
- v. **PARA NO. 7.8, PAGE NO.75, AR-1998-99 (PPO)**  
**OVERPAYMENT TO MAIL CONTRACTOR RS. 0.312 MILLION AND**  
**NON-DEDUCTION OF INCOME TAX OF RS. 0.07 MILLION**
- vi. **PARA NO. 7.9, PAGE NO.76, AR-1998-99 (PPO)**  
**NON-DEDUCTION OF INCOME TAX RS. 0.216 MILLION**

**PAC DIRECTIVE**

The Committee settled the above 6 (six) Paras subject to verification of record by Audit under intimation to PAC.

- 46. i. **PARA NO. 7.10, PAGE NO.76, AR-1998-99 (PPO)**  
**NON RECOVERY OF WEALTH TAX RS. 0.080 MILLION**
- ii. **PARA NO. 8.1, PAGE NO.78, AR-1998-99 (PPO)**  
**MISCLASSIFIED EXPENDITURE OF RS. 1.384 MILLION CAUSED**  
**UNDER-STATEMENT OF ASSETS.**

- iii. PARA NO. 8.2, PAGE NO.78, AR-1998-99 (PPO)  
MISCLASSIFIED AND AUTHORIZED EXPENDITURE OF RS. 0.231  
MILLION
- iv. PARA NO. 9.1, PAGE NO.80, AR-1998-99 (PPO)  
NON-ACCOUNTAL OF OUTSTANDIG LIABILITIES OF RS. 49.280  
MILLION IN THE ANNUAL ACCOUNTS OF THE DEPARTMENT AND  
ACCRUAL OF INTEREST CHARGES RS. 33,005 THEREON.

**PAC DIRECTIVE**

The Committee settled the above 4 (four) Paras on the recommendation of Audit.

- 47. i. PARA NO. 9.2, PAGE NO.81, AR-1998-99 (PPO)  
UNACKNOWLEDGED REMITTANCES RS. 42.013 MILLION
- ii. PARA NO. 9.3, PAGE NO.81, AR-1998-99 (PPO)  
UN-RELIABLE SAVING BANK ACCOUNTS SHOWING MINUS  
BALANCES IN PROFIT STATEMENT RS. 35.265 MILLION

**PAC DIRECTIVE**

The Committee settled the above 2 (two) Paras subject to verification of record by Audit under intimation to PAC.

- 48. PARA NO. 9.4, PAGE NO.82, AR-1998-99 (PPO)  
EXTRAVAGANT EXPENDITURE OF RS. 13.104 MILLION

**PAC DIRECTIVE**

The Committee settled the Para on the recommendation of Audit.

- 49. i. PARA NO. 9.5, PAGE NO.82, AR-1998-99 (PPO)  
UNDERSTATEMENT OF ASSETS RS. 3.997 MILLION
- ii. PARA NO. 9.6, PAGE NO.83, AR-1998-99 (PPO)  
UNJUSTIFIED GRANT OF EXTRA DUTY ALLOWANCE RS. 1.986  
MILLION
- iii. PARA NO. 9.7, PAGE NO.83, AR-1998-99 (PPO)  
UNJUSTIFIED DRAWAL OF ADVANCES FOR ANTIRABIC  
TREATMENT RS. 0.750 MILLION
- iv. PARA NO. 9.8, PAGE NO.84, AR-1998-99 (PPO)  
BLOCKING UP GOVERNMENT CAPITAL DUE TO NON OPERATIVE  
OF DATE MARKER MACHINES RS. 0.265 MILLION

- v. **PARA NO. 9.9, PAGE NO.84, AR-1998-99 (PPO)**  
**NON ACCOUNTAL OF MEDICINES RS. 0.163 MILLION**

**PAC DIRECTIVE**

The Committee settled the above 5 (five) Paras on the recommendation of Audit.

**ACTIONABLE POINTS**

Actionable points arising from the discussion of meeting of the Public Accounts Committee held on 19<sup>th</sup> August, 2015, pertaining to M/o Communications, in the Parliament House, Islamabad for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99.

**APPROPRIATION ACCOUNTS (CIVIL) VOL-1 - 1998-99**  
**POSTAL SERVICE WING (PAKISTAN POST OFFICE)**

50. **GRANT NO.18-PAKISTAN POST OFFICE DEPARTMENT**  
**EXCESS OF RS. 7.640/- (0.0003%) OF THE TOTAL GRANT.**

**PAC DIRECTIVE**

The Committee regularized the grant.

51. **GRANT NO.147 CAPITAL OUTLAY OF PAK. POST DEPARTMENT**  
**SAVING OF RS. 5,000,000/-**

The AGPR pointed out that the grant was closed with a saving of Rs. 5000000 which comes out to 50% of the Total Grant.

The PAO informed that the gross capital outlay during the year was Rs. 10.000 Million, while Rs. 5.000 Million released by Finance Division.

**PAC DIRECTIVE**

The Committee settled the Grant.

**SPECIAL AUDIT REPORT SERIES 72 ON THE REMITTANCES BETWEEN**  
**GENERAL/HEAD POST OFFICES 1998-99.**

52. i). **PARA 2.1.2 PAGE 11 SAR-72 (1998-99) PPO IRREGULAR CHARGE OF**  
**EXPENDITURE IN THE SUBSEQUENT YEARS THROUGH**  
**REMITTANCES RS. 38,606,053 AND RS 1,532,931.**

- ii) PARA 2.1.3 PAGE 12 SAR-72 (1998-99) PPO  
NON POSTING OF REMITTANCES MADE (DEBIT) REMITTANCES  
RECEIVED  
(CREDIT) IN THE REMITTANCES CHECK REGISTERS, DUE TO NON  
RECEIPT OF SCHEDULES RS 2,242,704,181 AND RS 7,183,474,752
- iii) PARA 2.1.4 PAGE 13 SAR-72 (1998-99) PPO  
NON POSTING OF AMOUNTS OF REMITTANCES MADE AND  
RECEIVED IN THE "REMITTANCES CHECK REGISTERS" DESPITE  
AVAILABILITY OF SCHEDULES RS 16,127,424 AND RS 745,117,747
- iv). PARA 2.1.5 PAGE 13 & 14 SAR-72 (1998-99) PPO  
NON CLEARANCE OF DEBITS AND CREDITS LYING OUTSTANDING  
UNDER THE HEAD REMITTANCES AT THE CLOSE OF FINANCIAL  
YEAR 1997-98 RS 3,607,204,411 AND RS 244,646,359
- v) PARA 2.3 (2.3.1) PAGE 22 SAR-72 (1998-99) PPO  
LOSS DUE TO NON DEDUCTION OF INCOME TAX FROM THE  
PAYMENTS MADE TO PPF THROUGH REMITTANCES RS 236,092
- vi). PARA 2.5.2 PAGE 24 & 25 SAR-72 (1998-99) PPO  
NON BOOKING OF "REMITTANCES MADE" IN THE CENTRAL  
ACCOUNTS RS 11,032,420
- vii). PARA 2.5.4 PAGE 26 SAR-72 (1998-99) PPO  
REMITTANCES TAKEN IN MINUS FIGURES WITHOUT SUPPORTING  
DOCUMENTS
- viii). PARA 2.5.5 PAGE 27 SAR-72 (1998-99) PPO  
NON WRITING BACK OF REMITTANCES IN RESPECT OF  
DISHONORED CHEQUES RS 1,410,421.
- ix). PARA 2.5.6 PAGE 27 & 28 SAR-72 (1998-99) PPO  
NON ACCOUNTAL OF REMITTANCES MADE AND RECEIVED IN THE  
SCHEDULES RS. 814,815 AND RS.2,175,612.
- x). PARA 2.5.8 PAGE 29- SAR-72 (1998-99) PPO  
POSTING OF FICTITIOUS FIGURES OF REMITTANCES MERELY TO  
TALLY THE FIGURES WITH THOSE OF DETAIL BOOKS RS.477,090.
- xi). PARA 2.5.9 PAGE 29- SAR-72 (1998-99) PPO  
EXCESS CREDIT TO THE HEAD O FACCONT REMITTANCES  
RS.646,851.
- xii). PARA 2.5.11- PAGE 30- SAR-72 (1998-99) PPO  
EXCESS CREDIT OF RS. 40.650 TO THE HEAD "REMITTANCES".

- xiii). PARA 2.5.12- PAGE 30 & 31- SAR-72 (1998-99) PPO  
VARIATION IN FIGURES OF REMITTANCES RS. 21.318.
- xi v). PARA 2.6.1- PAGE 31 & 33- SAR-72 (1998-99) PPO  
IMPROPER / INACCURATE MAINTENANCE O FREMITTANCES  
CHECK REGISTERS.
- xv). PARA 2.7.1- PAGE 33 & 34- SAR-72 (1998-99) PPO  
NON PRODUCTION/ AVAILABILITY OF SCHEDULES OF “  
REMITTANCES MADE” RS. 164,096,328
- xvi). PARA 2.7.2- PAGE 34- SAR-72 (1998-99) PPO  
NON PRODUCTION OF BOOKS OF COUNTER FOILS OF  
REMITTANCE ADVICES FOR RS. 19,333,061.
- xvii). PARA 2.10.1- PAGE 37- SAR-72 (1998-99) PPO  
VARIATION IN THE FIGURES OF REMITTANCES MADE AND  
RECEIVED IN TWO SETS OF RECORD RS. 391,126,466 AND RS.  
3,757,927,731.
- xviii). PARA 1.4- PAGE 39- SAR-72 (1998-99) PPO  
NON RECONCILATIONOF CASH TRANSACTIONS
- xi x). PARA 1.5- PAGE 39- SAR-72 (1998-99) PPO  
CONTRIBUTION TO THE RENEWAL RESERVE FUNDS.

### PAC DIRECTIVE

The Committee settled the above mentioned nineteen (19) Paras subject to verification of record by Audit.

- 53. i. PARA 2.1.1.- PAGE 9 (1998-99) PPO  
NON-ACKNOWLEDGEMENT OF REMITTANCES MADE AND  
RECEIVED RS. 67,144,736 AND RS. 47,671,881
- ii) PARA 2.1.6.- PAGE 14 –SAR -72 (1998-99) PPO  
REMITTANCES TREATED AS ACKNOWLEDGED WITHOUT  
SIGNATURES OF THE RESPONDING OFFICERS.
- iii) PARA 2.1.7.- PAGE 14-SAR-72 (1998-99) PPO  
REMITTANCES TREATED AS ACKNOWLEDGED WITHOUT  
SIGNATURES OF THE RESPONDING OFFICERS.
- iv) PARA 2.1.8.- PAGE 15-SAR-72 (1998-99) PPO  
NON ENTRY OF CHEQUES IN THE REGISTERS OF CHEQUES  
DESPITE ACKNOWALEDGEMENTS OF REMITTANCES THEREOF  
RS. 4,744,223

- v. PARA 2.1.9.- PAGE 16-SAR-72 (1998-99) PPO  
WRONG PREPARATION OF DOUBLE REMITTANCE ADVICES FOR  
RS. 0.212 MILLION
- vi. PARA 2.1.10.- PAGE 16 &17-SAR-72 (1998-99) PPO  
REMITTANCES MADE AND ACKNOWLEDGED BUY ONE AND THE  
SAME OFFICE FOR RS. 121,105
- vii. PARA 2.1.11.- PAGE 17-SAR-72 (1998-99) PPO  
UNJUSTIFIED REMITTANCE OF RS. 245,175 ON ACCOUNT OF PAY  
PHONE CARDS.
- viii. PARA 2.2.1.- PAGE 17 & 19-SAR-72 (1998-99) PPO  
UNJUSTIFIED REMITTANCE MADE AND RECEIVED ON ACCOUNT  
OF PAYMENTS OF PAY, T.A D.A ADVANCE, PENSION, GPF, Q.  
LOANS AND ADVANCES ETC. RS.4,242,121 AND RS. 20,905,833
- ix. PARA 2.2.2.- PAGE 19 & 20-SAR-72 (1998-99) PPO  
UNAUTHORIZED REMITTANCES MADE AND RECEIVED ON  
ACCOUNT OF PAYMENTS TO CONTRACTORS RS. 16,570,850 AND  
RS. 71,108,337
- x. PARA 2.2.3.- PAGE 21 & 22-SAR-72 (1998-99) PPO  
UNAUTHORIZED REMITTANCES MADE AND RECEIVED ON  
ACCOUNT OF TRANSFER OF CASH AND STAMPS RS. 1,018,754,516  
AND RS. 463,187,190
- xi. PARA 2.4.(2.4.1)- PAGE 23- SAR-72 (1998-99) PPO  
DOUBTFUL REMITTANCE OR RS. 1,500,000
- xii. PARA 2.5.(2.5.1)- PAGE 23 & 24- SAR-72 (1998-99) PPO  
WRONGFUL ACCOUNTAL OF REMITTANCES MADE AND RECEIVED  
IN THE SCHEDULES WITHOUT SUPPORTING ADVICES RS. 10,943,395  
& Rs. 286,286,667,097
- xiii) PARA 2.5.3- PAGE 25 & 26- SAR-72 (1998-99) PPO  
VARIATION IN THE FIGURES OF "REMITTANCES MADE AND  
RECEIVED" BETWEEN THOSE TAKEN IN THE CASH  
ACCOUNTS/CASH BOOKS AND IN THE SCHEDULE RS. 1,856,003  
AND RS. 5,526,915
- xiv. PARA 2.5.7- PAGE 28 & 29- SAR-72 (1998-99) PPO  
SHORT ACKNOWLEDGEMENT OF REMITTANCES MADE FOR RS.  
321,692.

- xv. PARA 2.5.10- PAGE 30- SAR-72 (1998-99) PPO  
WRONG / EXCESS CREDIT OF RS. 4,217 TO THE HEAD  
REMITTANCES.
- xvi. PARA 2.6.2- PAGE 33- SAR-72 (1998-99) PPO  
IMPROPER MAINTENANCE OF SCHEDULE OF REMITTANCES.
- xvii. PARA 2.8(2.8.1)- PAGE 34 & 35)- SAR-72 (1998-99) PPO  
NON MAINTENANCE OF REGISTERS OF LIABILITIES AND  
CHEQUES.
- xviii. PARA 2.8(2.8.1)- PAGE 34 & 35)- SAR-72 (1998-99) PPO  
NON MAINTENANCE OF REGISTERS OF LIABILITIES AND  
CHEQUES.
- xix. PARA 2.9.1- PAGE 35 & 36)- SAR-72 (1998-99) PPO  
UNSAFE AND RISKY TRANSFER OF CASH AND STAMPS BY HAND  
THROUGH FEMITTANCES RS,5,690,780
- xx. PARA 2.9.2- PAGE 36- SAR-72 (1998-99) PPO  
REMITTANCES OF RS. 14,172,030 MADE WITHOUT JUSTIFICATION  
AND PURPOSE OF PAYMENTS.
- xxi. PARA 2.9.3- PAGE 36- SAR-72 (1998-99) PPO  
UNDUE FAVOUR TO POST OFFICE FOUNDATION BY MAKING  
PAYMENTS TO THEM ON THE LAST DAY OF FIINANCIAL YEAR  
1996-97 RS. 648,667
- xxii. PARA 2.10.2- PAGE 38- SAR-72 (1998-99) PPO  
VARIATION IN THE "REMITTANCES MADE" BETWEEN THE  
FIGURES OF THE SCHEULES AND THOSE OF THE REMITTANCES  
CHECK REGISTERS RS. 1,132,754
- xxiii. PARA 2.10.2- PAGE 38- SAR-72 (1998-99) PPO  
VARIATION IN THE "REMITTANCES MADE" BETWEEN THE  
FIGURES OF THE SCHEULES AND THOSE OF THE REMITTANCES  
CHECK REGISTERS RS. 1,132,754
- xxiv. PARA 1.3- PAGE 38- (1998-99) PPO  
INTEREST ON CAPITAL QUTLAY
- xxv. PARA 2.1- PAGE 40- (1998-99) PPO  
REVIEW OF FINANCIAL RESUTS

xxvi. **PARA 2.2- PAGE 40- (1998-99) PPO**  
**BALANCE OF RENEWAL RESERVE FUND**

**PAC DIRECTIVE**

The Committee settled the above twenty six (26) Audit Paras on the recommendation of DAC.

**SPECIAL AUDIT REPORT ON WORKING OF DISPENSARIES.**

54. **PARA 7.2 PAGE – 26 SPECIAL AUDIT REPORT -75 (1998-99) PPO**  
**DISPENSARIES UNDER POSTMASTER GENERAL, LAHORE**

Audit pointed out that the Postmaster General; Lahore published a tender notice in October, 1998 for submission of rates for the bulk supply of medicines during 1998.99 in the dispensaries under his jurisdiction. The bids received from 36 tenders were compiled in the form of a comparative statement in the records of the dispensary at Lahore GPO. No further action i.e. minutes containing the recommendations of the Tender Committee and approval of the Postmaster General to acceptance or otherwise of these bids was available on record.

The PAO informed the medicines were purchased after due tender process. It is assured that the purchase /sanction was done after due formalities beside entry in stock register.

**PAC DIRECTIVE**

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

55. i) **PARA 1- PAGE – 10 SAR-75 (1998-99) PPO**  
**NON-AVAILABILITY OF AUTHORITY FOR ESTABLISHMENT OF**  
**DISPENSARIES.**
- ii) **PARA 2.1- PAGE –11 SAR-75 (1998-99) PPO**  
**SANCTITY OF BUDGET NOT RESPECTED.**
- iii) **PARA 2.2- PAGE –12 SAR-75 (1998-99) PPO**  
**SAVING IN BUDGET UTILIZED IN MAKING ADVANCE PARYMENTS**  
**WITHOUT SUPPLY.**
- iv) **PARA 2.3- PAGE –13 SAR-75 (1998-99) PPO**  
**EXPENDITURE NOT TRANSPARENT IN BUDGET.**

- v) PARA 3.1- PAGE –14 SAR-75 (1998-99) PPO  
ABSENCE OF CENTARLLY EVOLVED PROCEDURAL GUIDW LINES.
- vi) PARA 3.2- PAGE –14 SAR-75 (1998-99) PPO  
NON-IMPLEMENTATION OF PROCEDUREES FRAMED BY THE  
POSTMASTERS GENERAL.
- vii) PARA- 4.- PAGE –16 SAR-75 (1998-99) PPO  
ALLOCATION OF FUNDS
- viii) PARA-5.1- PAGE –17 SAR-75 (1998-99) PPO  
SUSPECTED MIS-APPROPRIATION
- ix) PARA-5.2- PAGE –18 SAR-75 (1998-99) PPO  
PAYMENT MADE WITHOUT SUPPLY OF MEDICENES.
- x) PARA-5.3- PAGE –19 SAR-75 (1998-99) PPO  
OVERPAYMENTS MADE
- xi) PARA-5.4- PAGE –19 SAR-75 (1998-99) PPO  
UN-SYSTEMATIC PURCHASES
- xii) PARA-5.5- PAGE –21 & 23-SAR-75 (1998-99) PPO  
DISPENSARIES TURNED INTO DRUG SHOPS.
- xiii) PARA-5.6- PAGE –23-SAR-75 (1998-99) PPO  
WASTAGE OF FUNDS.
- xiv) PARA-5.7- PAGE –23-SAR-75 (1998-99) PPO  
UNAUTHORIZED PAYMENTS.
- xv) PARA-6.1- PAGE–24-SAR-75 (1998-99) PPO  
HEAVY USERS OF MEDICENES.
- xvi) PARA-7.1- PAGE–25-SAR-75 (1998-99) PPO  
TENDERING PROCESS ISLAMABAD DISPENSARY.
- xvii) PARA-7.3- PAGE–27 & 29-SAR-75 (1998-99) PPO  
DISPENSARIES UNDER POSTMASTER GENERAL, RAWALPINDI.
- xviii) PARA-7.4- PAGE–27 & 29-SAR-75 (1998-99) PPO  
DISPENSARIES UNDER POSTMASTER GENERAL, PESHAWAR.
- xi x) PARA-7.5- PAGE–30-SAR-75 (1998-99) PPO  
STREAM LINING THE DRAFT TENDER NOTICE.

- xx) **PARA-8- PAGE-31-SAR-75 (1998-99) PPO  
INTERNAL CONTROLS.**
- xxi) **PARA-9- PAGE-31 & 32-SAR-75 (1998-99) PPO  
INVENTORY CONTROLS.**
- xxii) **PARA-10.1- PAGE-33 & 34-SAR-75 (1998-99) PPO  
OVERWEIGHTING AND CUTTING IN THE FIGURES OF QUANTITIES  
OF MEDIINES WRITTEN BY DOCTORS.**
- xxiii) **PARA-10.2- PAGE-34-SAR-75 (1998-99) PPO  
FAILURE IN DECISION MAKING.**

**PAC DIRECTIVE.**

The Committee settled the above twenty three (23) paras on the recommendation of DAC.

## **COUNCIL OF ISLAMIC IDEOLOGY**

### **OVERVIEW**

Annual Audit Report for the year 1998-99 pertaining to Council of Islamic Ideology was examined by Public Accounts Committee (PAC) on 28<sup>th</sup> July 2011.

- 1 Grant was presented by the Audit Department which was examined by the Committee and settled the same.

### **ACTIONABLE POINTS**

Appropriation Accounts for the years 1998-99 pertaining to the Council of Islamic Ideology were taken up for examination by Special Committee of the PAC in the meeting held on July 28, 2011, in Committee Room No.2 Parliament House, Islamabad. Decisions taken are summarized below:

#### **APPROPRIATION ACCOUNTS (CIVIL) - VOL-1 1998-99**

1. **GRANT NO. 101 COUNCIL OF ISLAMIC IDEOLOGY**  
**SAVING RS. 1,321,376/-**

A.G.P.R. pointed out that the grant closed with a saving of Rs. 1,321,376/- (10.66 %) of the total grant). An amount of Rs. 1,094,236/- was surrendered leaving net saving of Rs. 227,140/-.

The PAO informed the Committee that the minor saving in the grant was due to non/late receipt of claims and non completion of codal formalities under the heads Medical, Overtime, Repair of Transport & Machinery, POL, TA, Electricity and Miscellaneous expenses.

#### **PAC DIRECTIVE**

The Committee settled the Grant with the observation that full amount should have been surrendered.

## **MINISTRY OF CULTURE**

### **OVERVIEW**

Annual Audit Report for the year 1998-99 pertaining to Ministry of Culture was examined by Public Accounts Committee (PAC) on 8<sup>th</sup> July 2014.

- 3 Paras and 1 Grant were presented by the Audit Department which were examined by the Committee and settled the same.

### **ACTIONABLE POINTS**

Actionable points arising from discussion of the meeting of Public Accounts Committee, held on 8<sup>th</sup> July, 2014 for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99 of Ministry of Culture as below:-

#### **APPROPRIATION ACCOUNTS CIVIL VOL-1 1998-99**

1. **GRANT NO. 118 DEVELOPMENT EXPENDITURE OF CULTURE, SPORTS, TOURISM AND YOUTH AFFAIRS DIVISION**

Saving of Rs. 40,668,623/-

#### **PAC DIRECTIVE**

The Committee settled the above mentioned grant on the recommendation of the Audit.

#### **AUDIT REPORT FOR THE YEAR 1998-99** **NATIONAL FILM DEVELOPMENT CORPORATION**

2. i) **PARA 50, ARPSE 1998-99**  
ii) **PARA 51, ARPSE 1998-99**  
iii) **PARA 52, ARPSE 1998-99**

#### **PAC DIRECTIVE**

The Committee settled the above mentioned three (03) Paras on the recommendation of the Audit.

## **ECONOMIC AFFAIRS DIVISION**

### **OVERVIEW**

Annual Audit Report for the year 1998-99 pertaining to Economic Affairs Division was examined by Public Accounts Committee (PAC) on 4<sup>th</sup> August 2011.

- 6 Grants were presented by the Audit Department which were examined by the Committee and settled the same.

### **ACTIONABLE POINTS**

Appropriation Accounts / Audit Reports / Special Audit Reports for the years 1998-99 pertaining to the Economic Affairs Division were taken up for examination by Special Committee of the PAC in the meeting held on August 4<sup>th</sup> 2011, in Committee Room No.2 Parliament House, Islamabad. Decisions taken are summarized below:

#### **APPROPRIATION ACCOUNTS (CIVIL) VOL-1-1998-99**

##### **1. GRANT NO.45-ECONOMIC AFFAIRS DIVISION**

SAVING (-) RS. 61,353,042/- SURRENDER 18,658,000/- NET SAVING RS. 42,695,042/-

AGPR pointed out that the grant closed with a saving of Rs. 61,353,042 which worked out to 17.42% of the total grant. An amount of Rs. 18,658,000 (5.30%) was surrendered leaving net saving of Rs. 42,695,042 (12.13%).

The PAO explained that savings are mainly due to the reasons that 4 sanctions totaling of Rs. 40,866,200 for payment of Pakistan's Contribution to Colombo Plan Bureau. Contributions towards statistical Economic and Social Research and Training Centre, Contributions to Asian Development Bank (ADB), Contribution towards Global Environment Trust Fund were issued.

#### **PAC DIRECTIVE**

The Committee regularized the grant with the observation that the entire saving should have been surrendered by the codal date.

##### **2. GRANT NO.124-DEVELOPMENT EXPENDITURE OF ECONOMIC AFFAIRS**

DIVISION EXCESS (+) RS. 3,741,000/- SURRENDER 1,746,000/- EXCESS RS. 5,487,000/-

AGPR pointed out that the grant closed with an excess of Rs. 3,741,000 which worked out to 3.91% of the total grant. An amount of Rs. 1,746,000 (1.83%) was surrendered increasing net excess to Rs. 5,487,000 (5.75%).

The PAO explained that the excess mainly pertained to Foreign Component. The budget estimate was Rs.4,500,000 but ADB head office, Manila made a payment equivalent to Rs.16,412,000 directly to the consultant. EAD has no control over this expenditure and detail of the expenditure were not know to EAD in time. PAC may consider the saving in the light of explanation provided by the department.

### **PAC DIRECTIVE**

The Committee noted that excess expenditure had been incurred which indicated faulty estimation of actual requirement. The committee regularized the grant with the direction that action should be taken by the Ministry to strengthen its internal financial budgetary and monitoring systems; so as to ensure accurate estimates of expenditure and full utilization of funds without excess / saving in future.

### 3. **GRANT NO.150 –EXTERNAL DEVELOPMENT LOANS AND ADVANCES BY THE FEDERAL GOVERNMENT SAVING (-) RS. 6,175,486,494/- CHARGED) SAVING RS. 14,781,047,438 (OTC)**

AGPR pointed out that the grant closed with a saving of Rs. 6,175,486,494 which worked out to 51.08% of the total appropriation.

### **OTHER THAN CHARGED**

AGPR pointed out that the grant closed with an saving of Rs. 14,781,047,438 which worked out to 40.76% of the total grant. An amount of Rs. 120,000,000 (0.33) was surrendered leaving net saving to Rs. 14,661,047,438 (40.44%).

### **PAC DIRECTIVE**

The Committee regularized the grant with the observation that saving occurred which was not surrendered in time. The Committee directed that every effort should be made to accurately estimate foreign aid as this had an extremely important bearing on the economy of the country. The Committee further observed that despite the fact that project implementing agencies would be answerable for the expenditures the coordinating role of EAD should remain. The Committee directed the PAO to submit a summary of this new procedures agreed with the Provinces and the implementing agencies in order to incorporate it in the report of PAC.

### 4. **SERVICING OF FOREIGN DEBT (SFD) SAVING (-) RS. 4,178,464,303/-**

### **CHARGED**

AGPR pointed out that the grant closed with a saving of Rs. 4,178,464,303 which worked out to 9.90% of the total appropriation. An amount of Rs. 3,416,200,000 (8.10) was surrendered increasing net excess to Rs. 762,264,303 (1.81%).

The PAO explained that the estimation of Debt-Servicing is a lengthy and cumbersome process. It involves certain factors which can not be forecast accurately when Budget/Revised Estimates are prepared. Such factors include exchange rate fluctuations of various currencies viz-a-viz Pak.Rupee, change in disbursement status of loans and variable rate of interest. Calculation of interest is made on the expected disbursements, but in actual the disbursements differ to the estimates and calculations of interest accordingly differ. The PAC may consider the saving in the light of explanation provided by the department.

### **PAC DIRECTIVE**

The Committee directed the Finance Division to allow the EAD to surrender payment of debt servicing and repayment of loans by 30th June instead of 15th May and in case the Finance Division has any objection it should be brought to the notice of the Committee for reconsideration.

5. **FOREIGN LOANS REPAYMENT (FLR)**  
**EXCESS (+) RS. 5,485,809,102/-**

#### CHARGED

AGPR pointed out that the appropriation closed with an excess of Rs 5,485,809,102 which worked out 7.62% of the total appropriation. A supplementary appropriation of Rs.918,000,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO explained that the excess of Rs.3,253,564 (M) was due to the payment due to June, 98 having been made by the State Bank of Pakistan in July,98. And Rs.396,245 (M) was due to the factor of exchange rate fluctuations.

### **PAC DIRECTIVE**

The Committee regularized the grant.

6. **RE-PAYMENT OF SHORT TERM FOREIGN CREDITS (RSTFC)**  
**SAVING (-) RS. 12,879,121,000/-**

#### CHARGED

The appropriation closed with an saving of Rs. 12, 879,121, 000 which worked out to 22.04% of the total appropriation. An amount of Rs. 4,087,566,000 (7.00%) was surrendered leaving net excess to Rs. 8,791,555,000 (15.05%).

The PAO explained the estimation of repayment of short term loans is a cumbersome process. It involves certain factors which cannot be forecast accurately when budget/revised estimates are prepared. Such factors include exchange rate fluctuations of various currencies viz-a-viz Pak.Rupee, changes in disbursement status of loans with corresponding impact on repayment. Thus,

variation to some extent cannot be eliminated. Sometime the loan amount is cancelled due to which the Principal & Interest amount both vary and do not conform to the amounts put in revised estimates/budget estimates.

**PAC DIRECTIVE**

The Committee regularized the grant.

## **ELECTION COMMISSION OF PAKISTAN (ECP)**

### **OVERVIEW**

Annual Audit Report for the year 1998-99 pertaining to Election Commission of Pakistan (ECP) was examined by Public Accounts Committee (PAC) on 31<sup>st</sup> December, 2013.

- 1 Grant was presented by the Audit Department which was examined by the Committee and settled the same.

### **ACTIONABLE POINTS**

Actionable points arising from discussion of the meeting of Public Accounts Committee held on 31<sup>st</sup> December, 2013, regarding Appropriation Accounts for the year 1998-99, Election Commission of Pakistan are as below:-

#### **APPROPRIATION ACCOUNTS (CIVIL VOL-1, 1998-99)**

1. **ELECTION COMMISSION OF PAKISTAN (PAGE 367 A.A)**  
**SAVINGS OF Rs. 25,456,002/-**

AGPR pointed out that the grant closed with a saving of Rs. 25,456,002 which works out to be 18.96 % of the total grant. An amount of Rs.24,588,194 (18.31%) was surrendered leaving net saving of Rs. 867,808 (0.64%).

The PAO replied that the savings was due to the reason that an amount of Rs.867,808/- was retained for unforeseen/un-expected expenditure regarding the conduct of Bye-Elections which could not be surrendered.

#### **PAC DIRECTIVE**

After the explanation given by the PAO, the PAC settled the grant.

## **ESTABLISHMENT DIVISION**

### **OVERVIEW**

Annual Audit Report for the year 1998-99 pertaining to Establishment Division was examined by Public Accounts Committee (PAC) on 1<sup>st</sup> January 2014, 16<sup>th</sup> January 2014 and 17<sup>th</sup> April 2014.

- 54 Paras and 3 Grants were presented by the Audit Department which were examined by the Committee. Out of which 13 Paras and 3 Grants were settled whereas appropriate directions were accordingly issued for the remaining Paras.
- In few Paras the PAO was directed to hold inquires, fix responsibility and initiate disciplinary actions.

### **ACTIONABLE POINTS**

Actionable Points arising from the discussions of the PAC meeting held on 1<sup>st</sup> January, 2014, on the Appropriation Accounts & Audit Report 1998-99, pertaining to Establishment Division are as under:-

#### **APPROPRIATION ACCOUNTS (CIVIL) VOLUME-1 1998-99**

1. i) **GRANT NO.7-FEDERAL PUBLIC SERVICE COMMISSION**  
**(SAVING OF RS. 2,971,149)**
- ii) **GRANT NO.9-OTHER EXPENDITURE OF ESTABLISHMENT DIVISION**  
**(SAVING OF RS. 9,740,426)**
- iii) **GRANT NO.116-DEVELOPMENT EXPENDITURE OF**  
**ESTABLISHMENT DIVISION (SAVING OF RS. 1,794,820)**

#### **PAC DIRECTIVE**

After explanation given by the PAO, the PAC settled the above 3 grants.

#### **AUDIT REPORT ON THE ACCOUNTS OF ESTABLISHMENT DIVISION FOR THE YEAR 1998-99**

2. **PARA 1.1, PAGE 7-AR-1998-99**  
**NON RECONCILIATION OF RECEIPTS RS. 11.66 MILLION**

Audit pointed out that in Federal Public Service Commission (FPSC) under Establishment Division an amount of Rs 11.66 million was deposited in NBP/ State Bank of Pakistan on account of Examination and other fees collected during the period 1994-95 to 1997-98. In terms of Rule 77(v) of FTR the

departmental figures of receipt and payments should have been reconciled with the cash book positing. Contrary to this provision the management failed to compare the departmental receipt with the banks as well as the entries made in the cash book.

The PAO informed the Committee that administratively it is not possible because FPSC has no sub-offices at District Divisional level and reconciliation is only possible at FTO at about 100 Districts. In case the reconciliation of receipts with FTO is started by an officer along with one staff member at about 100 Districts even taking three days at a District including journey time they will always be out of Headquarter and then work of removal of treasury receipts maintenance of record at FPSC Headquarter will suffer.

### **PAC DIRECTIVE**

After explanation given by the Secretary Federal Public Service Commission, the PAC clubbed the para with Special Audit Report regarding "Non Reconciliation of Non Tax Receipts of Federal Public Service Commission (FPSC)' 2010-11. The same will be discussed with said Report.

3. i) **PARA 1.2, PAGE 7-AR-1998-99**  
**UNAUTHORIZED PAYMENT ON ACCOUNTS OF FRESH RECRUITMENT DURING BAN RS. 1.181 MILLION**

Audit pointed out that In NIPA, Lahore under the administrative control of Establishment Division fresh recruitment of 40 officials was made during the period from 1995-96 to 1998-99. When ban was imposed by the Ministry of Finance vide F.9(8) Exp.I/97 dated 11.07.1997. An amount of Rs 1,181,077 was paid on account of salaries, which was irregular and unauthorized.

- ii) **PARA 1.8, PAGE 11-AR-1998-99**  
**IRREGULAR EXPENDITURE OF ON ACCOUNT OF CONTINGENT PAID STAFF RS. 0.342 MILLION**

Audit pointed out that in the office of Directors NIPA and Pakistan Academy for Rural Development Peshawar contingent paid staff was required against Finance Division's instructions contained in letter No.F-8(1) Exp-iv/96 dated 28.07.1996. An amount of Rs 342,396 was expended on this account.

The PAO informed the Committee that the case was referred to the Finance Division for regularization. However, the Finance Division responded that the irregularity once printed in the Audit Report could not be regularized unless the same was discussed by the PAC and any specific direction given by the PAC.

### **PAC DIRECTIVE**

The PAC directed the PAO to refer the both paras to Ministry of Law, Justice & Human Rights to make suggestions to review the Act/powers of the Board of Governors (BOG) and report to PAC within 15 days.

4. **PARA 2.1, PAGE 13-AR-1998-99**

**LOSS DUE TO NON-DEDUCTION OF HOUSE RENT @5% OF PAY RS. 0.194 MILLION**

Audit pointed out that Board of Trustees Federal Employees Benevolent Fund and Group Insurance (FEB and GFI), hired residential accommodation for its employees but 5% house rent charges were not deducted from their salaries in violation of FR 45. Thus Government sustained a loss of Rs 193,554 during the period June, 1993 to December, 1998.

The PAO informed the Committee that the competent authority had decided not to deduct 5% of pay from the employees as they were made responsible for carrying out minor repairs from their own pockets.

### **PAC DIRECTIVE**

The PAC settled the para subject to verification of record/statement of amount recovered.

5. **PARA 2.2, PAGE 13-AR-1998-99**

**RECOVERY ON ACCOUNT OF EXCESS CONSUMPTION OF PETROL RS. 0.108 MILLION**

Audit pointed out that In Federal Public Service Commission (FPSC) during 1993-96 4536 liters of petrol was consumed by two officers in excess of the ceiling prescribed for official vehicles under Cabinet Division notification dated 18.10.1993.

The PAO informed the Committee that the department has recovered Rs. 27,896 from Mr. S. R. Poonegar, Ex-Member Federal Service Public Commission and deposited into Government Treasury Mr. Ghulam Rabbani A. Agro, Ex-Member Federal Public Services Commission has been expired in January, 2010.

### **PAC DIRECTIVE**

The Committee in view of death of Mr. Ghulam Rabbani A. Agro Ex-Member, settled the para.

6. **PARA 2.3, PAGE 14-AR-1998-99**  
**RECOVERY ON ACCOUNT OF GRANT OF ADVANCE INCREMENT - RS.**  
**0.651MILLION**

Audit pointed out that the Board of Trustees (FEB) and GIF 2 to 6 advance increments were allowed to Board employees on the basis of good performance and efficiency in deviation of Finance Division O.M No. 3(24) R-14/81 dated 29.05.1989. Due to this unauthorized grant of advance increments the Government has to incur an additional expenditure of Rs. 650,863 on the salaries of these employees. This payment is irregular in view of the above mentioned instructions issued by Finance Division.

The PAO explained before the Committee that Rs. 51686 has been recovered and some employees from whom the amount was due have been expired.

**PAC DIRECTIVE**

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

7. i) **PARA 1.3, PAGE 8-AR-1998-99**  
**IRREGULAR AND UNAUTHORIZED PURCHASE OF VEHICLES**  
**RS.2.987 MILLION**
- ii) **PARA 1.4, PAGE 8-AR-1998-99**  
**UNAUTHORIZED EXPENDITURE ON PURCHASE OF VEHICLES**  
**DURING BAN RS. 0.681 MILLION**
- iii) **PARA 1.5, PAGE 7-AR 1998-99**  
**UNAUTHORIZED RETENTION OF GOVERNMENT RECEIPT**  
**AMOUNTING TO RS 0.497 MILLION**
- iv) **PARA 1.6, PAGE 10-AR-1998-99**  
**NON ADJUSTMENT OF PAYMENT MADE TO ALLAMA IQBAL OPEN**  
**UNIVERSITY ON ACCOUNT OF DAFTARI URDU PROJECT RS. 0.450**  
**MILLION**
- v) **PARA 1.7, PAGE 10-AR-1998-99**  
**UNAUTHORIZED UTILIZATION OF RECEIPTS RS. 0.386 MILLION**
- vi) **PARA 1.9, PAGE 11-AR-1998-99**  
**EXCESS EXPENDITURE OVER AND ABOVE THE BUDGET GRANT**  
**RS. 0.223 MILLION**
- vii) **PARA 1.10, PAGE 12-AR-1998-99**  
**UNAUTHORIZED EXPENDITURE ON ACCOUNT OF HONORARIA RS.**  
**0.074 MILLION**

- viii) **PARA 2.4, PAGE 14-AR-1998-99**  
**RECOVERY ON ACCOUNT OF HOUSE RENT ALLOWANCE - RS.**  
**0.062 MILLION**

**PAC DIRECTIVE**

On presentation, the PAC settled the above paras subject to implementation of DAC recommendations.

**ACTIONABLE POINTS**

Actionable Points arising from the discussions of the PAC meeting held on 16<sup>th</sup> January, 2014, on Audit Report 1998-99, pertaining to devolved Ministry of Environment, Local Government and Rural Development (National Centre of Rural Development) now under Establishment Division are as under:-

**AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF ESTABLISHMENT DIVISION (DEVOLVED MINISTRY OF ENVIRONMENT, LOCAL GOVERNMENT AND RURAL DEVELOPMENT) (NATIONAL CENTRE OF RURAL DEVELOPMENT) FOR THE YEAR 1998-99**

8. **PARA 1.1, PAGE 7-AR-1998-99**  
**MISAPPROPRIATION ON TRAINING COURSES OUT OF DONATED GRANTS AND NON PRODUCTION OF RECORD - RS. 2.914 MILLION**

Audit pointed out that the National Centre of Rural Development (NCRD), Islamabad incurred an expenditure of Rs. 2,913,916 on purchase of furniture, stationery and on payment of honorarium. etc. during 1995-98. The relevant record i.e. vouchers and stock registers were not produced to Audit as required under paras 17 of General Financial Rules (GFR) Volume-I in the absence of which, it was not confirmed whether purchases were made after meeting codal formalities and that items were taken on stock or not. It rendered whole expenditure of Rs. 2,913,916 as misappropriated.

**PAC DIRECTIVE**

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

9. **PARA 1.2, PAGE 7-AR-1998-99**  
**NON RENDERING OF ACCOUNTS OF ADVANCE DRAWN FROM AGPR ON 01.06.1978 MISAPPROPRIATION THEREOF - RS. 1.970 MILLION**

Audit pointed out that the National Centre of Rural Development (NCRD), Islamabad withdrew an advance of Rs. 1,970,100 from AGPR against Ministry sanctions dated 24.05.1998 for Action Plan. According to cashbook Rs.1,442,695 were shown paid up to 27.06.1978 leaving an unspent advance of Rs. 527,405.

But neither relevant vouchers of Rs. 1,44,695 were produced to Audit as required under Para 17 of General Financial Rules (GFR) Volume-I nor balance unspent amount Rs. 527,405 surrendered to Government which tendered the entire advance of Rs. 1,970,100 as misappropriated.

The PAO informed the Committee that the para did not concern the NCRD. The project was implemented by the RD Wing of the Ministry which operated now under the Cabinet Division.

### **PAC DIRECTIVE**

The Committee pended the para to place again before PAC as and when the accounts of Cabinet Division are discussed by PAC.

#### 10. **PARA 2.1, PAGE 9-AR-1998-99**

##### **WASTAGE ON THE ESTABLISHMENT OF RESEARCH LABORATORY AND DESIGN CENTRE - RS. 0.258 MILLION**

Audit pointed out that the National Centre of Rural Development (NCRD), Islamabad got approved two projects "Establishment of Research and Development Centre" and "Establishment of Design Centre" on 09.04.1982 with a cost of Rs. 3,872,000 and Rs. 3,515,400 and these were to be completed in 60 months and 72 months, respectively. But the management could not implement the project and these were shelved on 30.06.1986 without achieving any targets. Rs. 240,396 and Rs. 17150 were spent on irrelevant purposes such as purchase of vehicle, stationery, furniture and salary of Naib Qasid.

The PAO explained to the Committee that the objectives as laid down in the PC-I document could not be achieved. It was primarily because of non availability of the skilled and technical staff required to implement project. Although, efforts were made through difference quarters. It was in view of these reasons that it was finally decided to wind-up the project w.e.f 30.06.1986.

### **PAC DIRECTIVE**

The Committee settled the para and directed to PAO to issue show cause notice to all concerned under intimation to PAC/Audit.

#### 11. **PARA 4.2, PAGE 15-AR-1998-99**

##### **RECOVERY ON ACCOUNT OF UNAUTHORIZED USE OF GOVERNMENT VEHICLES - RS. 0.059 MILLION**

Audit pointed out that in National Centre of Rural Development (NCRD), Islamabad two vehicles remained under unauthorized use of non entitled officers during 1986-87 and 1994-95 in contravention of Para 6 Staff Car Rules 1980. The vehicles at the disposal of the unauthorized officers covered a distance of

15,992 and 15,316 Kilometers and were treated as private journeys, the cost of which was recoverable @ Rs.1.80 per K.M and Rs.2 per K.M as per clause 6 of Staff Car Rules 1980. The total amount of recovery came to Rs. 59,417.

The PAO informed the Committee that the relevant record is not available in the Establishment Division.

### **PAC DIRECTIVE**

The Committee pended the para and directed to PAO to produce the record within a week and report to PAC/Audit.

12. i) **PARA 3.5, PAGE 14-AR-1998-99**  
**IRREGULAR EXPENDITURE ON ENTERTAINMENT- RS. 0.092 MILLION**
- ii) **PARA 3.6, PAGE 14-AR-1998-99**  
**IRREGULAR APPROPRIATION OF DEVELOPMENT FUNDS TO NON DEVELOPMENT SIDE - RS. 0.051 MILLION**

The DAC in its meeting held on 16-08-2004 settled the above 2 paras on the basis of verification of record by Audit

- iii) **PARA 4.1, PAGE 15-AR-1998-99**  
**RECOVERY ON ACCOUNT OF IRREGULAR/UNAUTHORIZED PAYMENT OF INSTRUCTIONAL ALLOWANCE - RS. 1.125 MILLION**

The DAC in its meeting held on 16-08-2004 settled the para on the basis of explanation given in the PC-I regarding objectives/charter of NCRD.

- iv) **PARA 5.2, PAGE 17-AR-1998-99**  
**DOUBTFUL PAYMENTS - RS. 0.173 MILLION**

The DAC in its meeting held on 16-08-2004 settled the para after inspection of the record about payment of telephone bills and acknowledgement of PT&T Department

### **PAC DIRECTIVE**

The Committee settled the above 4 paras subject to implementation of DAC's recommendations.

## **ACTIONABLE POINTS**

Actionable points arising from discussion of the meeting of the Public Accounts Committee held on 17<sup>th</sup> April 2014, for examination of Appropriation Accounts/Audit Reports/Special Audit Reports of Establishment Division and National School of Public Policy for the years 1998-99 are as below:-

### **AUDIT REPORT FOR THE YEAR 1998-99**

13. **PARA 2.1, PAGE 13- AR 1998-99**  
**LOSS DUE TO NON-DEDUCTION OF HOUSE RENT @5% OF PAY-Rs.0.194 MILLION**

#### **PAC DIRECTIVE**

The Committee settled the Para subject to verification of recovery by the audit under intimation to PAC and Audit.

14. **PARA 2.3, PAGE 14- AR 1998-99**  
**RECOVERY OF ACCOUNT OF GRANT OF ADVANCE INCREMENTS-RS.0.651 MILLION**

#### **PAC DIRECTIVE**

The Committee settled the Para subject to the concurrence of Ministry of Law, Justice and Human Rights under intimation to PAC and Audit.

15. i. **PARA 1.2, PAGE 7- AR 1998-99**  
**UNAUTHORIZED PAYMENTS ON ACCOUNTS OF FRESH RECRUITMENT DURING BAN RS.1.81 MILLION**
- ii. **PARA 1.8, PAGE 11- AR 1998-99**  
**IRREGULAR EXPENDITURE OF ON ACCOUNT OF CONTINGENT PAID STAFF- RS.0.342 MILLION**

#### **PAC DIRECTIVE**

The Committee pended the above mentioned 02 Paras till next meeting and PAO is directed to regularize it under the relevant rules.

### **PAKISTAN ADMINISTRATIVE STAFF COLLEGE, LAHORE** **AUDIT REPORT 1998-99(FY 1993-99)**

16. **PARA 1.1, PAGE 4- SAR NO.79**  
**EMBEZZLEMENT RS. 5.015 MILLION**

### **PAC DIRECTIVE**

The Committee settled the Para subject to write off the amount by Finance Division/ Board of Governors under intimation to PAC Secretariat and Audit.

17. i. **PARA 2.1, PAGE 6- SAR NO.79**  
IRREGULAR EXPENDITURE INCURRED ON CIVIL WORKS-RS.12.289 MILLION
- ii. **PARA 2.4, PAGE 10- SAR NO.79**  
IRREGULAR EXPENDITURE ON PURCHASE OF DURABLE GOODS RS.3.25 MILLION

### **PAC DIRECTIVE**

The Committee settled the Paras subject to framing/ approval of the rules from its Board of Governors under intimation to PAC Secretariat and Audit. Further Committee also directed the Audit to provide a list of such organization whose BoG did not frame the rules/regulations as per provision in their act.

18. **PARA 2.7, PAGE 12- SAR NO.79**  
IRREGULAR/UNAUTHORIZED EXPENDITURE ON APPOINTMENT OF STAFF OF DAILY WAGES- RS.0.642 MILLION

### **PAC DIRECTIVE**

The Committee pended the Para and Ministry of Law, Justice and Human Rights is directed to issue the advice to the department within 1 month under intimation to PAC and Audit.

19. **PARA 3.1, PAGE 14- SAR NO.79**  
RECOVERY FROM EX-PRINCIPAL ON ACCOUNT OF RENT OF COLLEGE RESIDENCE- RS. 0.477 MILLION

### **PAC DIRECTIVE**

The Committee pended the Para for next meeting. The Committee directed AGPR to peruse the case for vacation of the stay order and the department is also directed to become the party in the court case under intimation to PAC and Audit.

20. **PARA 3.2, PAGE 14- SAR NO.79**  
NON-RECOVERY OF HOUSE RENT CHARGES FROM THE RESIDENTS OF PAKISTAN ADMINISTRATIVE STAFF COLLEGE (PASC) COLONY- RS. 0.385 MILLION

### **PAC DIRECTIVE**

The Committee pended the Para and Ministry of Law, Justice and Human Rights is directed to issue the advice to the department within 1 month under intimation to PAC and Audit.

21. **PARA 4.1, PAGE 15- SAR NO.79**  
**NON-PRODUCTION OF RECORD OF PURCHASES- RS.1.320 MILLION**

### **PAC DIRECTIVE**

The Committee pended the Para for next meeting. The committee also directed the department to carry out the departmental inquiry in the matters.

### **CIVIL SERVICES ACADEMY, LAHORE**

**AUDIT REPORT 1998-99 (FY 1994-99)**

22. i. **PARA 1.1, PAGE 15- SAR NO.85**  
**SUSPECTED MISAPPROPRIATION RS.4.023 MILLION**
- ii. **PARA 1.2, PAGE 6- SAR NO.85**  
**SUSPECTED MISAPPROPRIATION ON ACCOUNTS OF UNSUPPORTED EXPENDITURE/ NON-PRODUCTION OF RECORD RS.1.959 MILLION**
- iii. **PARA 1.3, PAGE 7- SAR NO.85**  
**EMBEZZLEMENT OF GOVERNMENT FUNDS – RS. 1.474 MILLION**
- iv. **PARA 1.5, PAGE 9- SAR NO.85**  
**EMBEZZLEMENT –RS. 0.675 MILLION**
- v. **PARA 1.7, PAGE 10- SAR NO.85**  
**FRAUDULENT WITHDRAWAL ON ACCOUNT OF PAYMENT OF PENSION BY THE CASHIER OF THE ACADEMY- RS. 0.588 MILLION**
- vi. **PARA 1.8, PAGE 11- SAR NO.85**  
**SUSPECTED MISAPPROPRIATION RS. 0.490 MILLION**
- vii **PARA 1.9, PAGE 11- SAR NO.85**  
**MISAPPROPRIATION OUT OF GENERAL PROVIDENT FUND ACCOUNT –RS. 0.364**
- viii **PARA 1.10, PAGE 12- SAR NO.85**  
**SUSPECTED MISAPPROPRIATION- RS. 0.298 MILLION**

- ix. **PARA 1.11, PAGE 13- SAR NO.85**  
SUSPECTED MISAPPROPRIATION ON ACCOUNT OF SALARY- RS. 0.279
- x. **PARA 1.12, PAGE 13- SAR NO.85**  
MISAPPROPRIATION ON ACCOUNT OF RE-COUPMENT OF SALARY FROM ASSIGNMENT ACCOUNT- RS. 0.233 MILLION
- xi. **PARA 1.13, PAGE 14- SAR NO.85**  
MISAPPROPRIATION BY THE WAY OF EXCESS WITHDRAWAL FROM ASSIGNMENT ACCOUNT RS.0.172 MILLION
- xii. **PARA 1.14, PAGE 14- SAR NO.85**  
LOSS DUE TO FRAUDULENT WITHDRAWAL FROM ASSIGNMENT ACCOUNT BY WAY OF DOUBLE WITHDRAWAL-RS.0.153 MILLION
- xiii. **PARA 1.15, PAGE 15- SAR NO.85**  
FRAUDULENT WITHDRAWAL BY THE WAY OF DOUBLE WITHDRAWAL FROM DEVELOPMENT ACCOUNT NO. 6505-8 AS WELL AS ASSIGNMENT ACCOUNT- RS. 0.130 MILLION
- xiv. **PARA 1.16, PAGE 16- SAR NO.85**  
FRAUDULENT DOUBLE WITHDRAWAL ON ACCOUNT OF PURCHASE OF CROCKERY- RS. 0.101 MILLION
- xv. **PARA 1.18, PAGE 18- SAR NO.85**  
LOSS BY THE WAY OF FRAUDULENT DOUBLE WITHDRAWAL ON ACCOUNT OF WIRING CHARGES- RS.0.076 MILLION
- xvi. **PARA 1.20, PAGE - SAR NO.85**  
MISAPPROPRIATION FRAUDULENTLY FROM ASSIGNMENT AND DEVELOPMENT ACCOUNTS- RS. 0.028 MILLION
- xvii. **PARA 2.4, PAGE 23 - SAR NO.85**  
IRREGULAR / UNAUTHORIZED / UNSUPPORTED EXPENDITURE OF RS.3.364

### **PAC DIRECTIVE**

The Committee clubbed the above mentioned 17 paras and pended for next meeting. The Committee also directed the department to carry out the detailed departmental inquiry in all respect and PAC Secretariat be informed about the progress in the matter.

23. **PARA 2.3, PAGE 22- SAR NO.85**  
**IRREGULAR AND UNAUTHORIZED EXPENDITURE INCURRED ON LOANS AND ADVANCES WITHOUT BUDGET PROVISION- RS. 3.646 MILLION.**

**PAC DIRECTIVE**

The Committee pended the para till next meeting. Ministry of Law, justice and Human Rights is also directed to define the difference between the rules and regulations as there is nothing about rules in the act of the department and matter be resolved in the light of the legal opinion within 1 month.

24. **PARA 2.9, PAGE 23 - SAR NO.85**  
**UN-AUTHORIZED AND IRREGULAR WITHDRAWAL OF ALLOWANCES AND RENTAL CEILING AMOUNTING BY EX-DIRECTOR (F&A, RECOVERY THEREOF- RS.0.319 MILLION)**

**PAC DIRECTIVE**

The Committee settled the para subject to verification of recovery by the Audit under intimation to PAC.

25. **PARA 5.1, PAGE 35 - SAR NO.85**  
**DOUBTFUL/UNSUPPORTED EXPENDITURE INCURRED FROM ASSIGNMENT ACCOUNT- 3,991 MILLION**

**PAC DIRECTIVE**

The Committee clubbed the Para with the paras mentioned above at Serial no.10 and pended for next meeting. The Committee also directed the department to carry out the detailed departmental inquiry in all respect and on regular basis the progress in the matter be intimated to PAC.

26. **PARA 6.2, PAGE 37 – SAR NO.85**  
**FINANCIAL INDISCIPLINE DUE TO NON-FRAMING/ OBSERVANCE OF RULES AND LACK OF INTERNAL CONTROLS.**

**PAC DIRECTIVE**

The Committee pended the Para till next meeting. Ministry of Law, Justice and Human Rights is also directed to define the difference between the rules and regulations as there is nothing about rules in the act of the department.

## **FATA SECRETARIAT**

### **OVERVIEW**

Annual Audit Report for the year 1998-99 pertaining to FATA Secretariat was examined by Public Accounts Committee (PAC) on 28<sup>th</sup> July 2011, 18<sup>th</sup> August 2015.

- 10 Paras and 3 Grants were presented by the Audit Department which were examined by the Committee. Out of which 3 Grants were settled whereas appropriate directions were accordingly issued for the Paras.
- In few Paras the PAO was directed to hold inquires, fix responsibility and initiate disciplinary actions.

### **ACTIONABLE POINTS**

Appropriation Accounts / Audit Reports / Special Audit Reports for the years 1998-99, pertaining to the Fata Secretariat were taken up for examination by Special Committee of the PAC in the meeting held on July 28<sup>th</sup>, 2011, in Committee Room No.2 Parliament House, Islamabad. Decisions taken are summarized below:

#### **APPROPRIATION ACCOUNTS (CIVIL) VOL-1 1998-99**

##### **1. GRANT NO.81 FEDERALLY ADMINISTERED TRIBAL AREAS EXCESS (+) RS. 43,286,571/-**

AGPR pointed out that the grant closed with an excess of Rs.43, 286,571 (2.10% of the total grant). An amount of Rs.17,168,200 (0.84%) was surrendered increasing net excess to Rs.60,454,771 (2.85%).

The PAO informed the Committee that the excess was mainly due to actual requirement, posting of officers getting higher pay, grant of non practicing allowance to the doctors, grant of ad-hoc relief of Rs.300 P.M to the ministerial staff, etc.

#### **PAC DIRECTIVE**

The Committee regularized the grant with the observation that full amount should have been surrendered in time.

##### **2. GRANT NO.133 DEVELOPMENT EXPENDITURE OF FEDERALLY ADMINISTERED TRIBAL AREAS SAVING (-) RS. 27,369,778/-**

AGPR pointed out that the grant closed with a saving of Rs.27, 369,778 (2.96% of the total grant). An amount of Rs. 48,200,000/- (5.22%) was surrendered resulting in to an excess of Rs. 20,830,222/- (2.26%).

The PAO informed the Committee that the saving mainly pertained to various SAP/Non SAP Schemes and also due to late release of funds, hence funds could not be utilized.

### **PAC DIRECTIVE**

The Committee regularized the grant with the observation that full amount should have been surrendered in this grant as well.

### 3. **GRANT NO.153 CAPITAL OUTLAY ON DEVELOPMENT OF TRIBAL AREAS EXCESS (+) RS. 31,183,000/-**

AGPR pointed out that the grant closed with an excess of Rs. 31,183,000/- (25.03% of the total grant). An amount of Rs.6,800,000/- (5.46%) was surrendered increasing net excess to Rs.37,983,000/- (30.49%).

The PAO informed the Committee that the actual expenditure includes an amount of Rs 49.300.000 pertained to the year 1996-97 which was accounted for the year 1998-99 by AGPR which was not reported by the department in the year 1996-97. After excluding the previous year adjustment of foreign aid of Rs 49.300.000, there is a saving of Rs 11.317.000. The department explained that against the allocation of Rs. 27,000,000 for adjustment of foreign aid, a sum of Rs 15.688,000 of foreign aid was disbursed to FATA Development Corporation.

### **PAC DIRECTIVE**

The Committee regularized the grant with the observation that full amount should have been surrendered in time.

### **AUDIT REPORT PUBLIC SECTOR ENTERPRISES FOR THE YEAR 1998-99**

#### **AGRICULTURE ENGINEERING WORKSHOP TRIBAL AREAS**

### 4. **PARA -281 PAGE NO-210 ARPSE-1998-99** **LOSS OF REVENUE INCOME OF RS.1.140 MILLION DUE TO ABNORMAL DELAY IN REPAIR OF BULLDOZER**

Audit pointed out that in the Agriculture Engineering Workshop Tribal Area, Mmiran Shah, Dozer No.KD-155 was shifted to workshop for repair on April 17, 1993 at meter reading of 6,942 hours. Despite lapse of period of about 5 year the dozer could not be repaired by the workshop and was parked for indefinite period. The abnormal delay in repair work of the dozer resulted in a loss of revenue income of Rs.1.140 million (i.e.1500- hours per years x 5 years x Rs.152

per hour) to the Department. It appears that either the workshop management was not serious in repair of the dozer or the dozer was in irreparable condition.

The PAO informed the Committee that the bulldozer has been idling in W/shop for major defects in engine transmission system and track system. Since required funds were not allocated by the Finance Division for procurement of the required parts, therefore the dozer could not be repaired and put to operation.

It is very strange and surprising, that on one hand the accounts of the organization are looked into, on commercial point of view and on the other, funds required for repair and maintenance are not allocated and also the condemned machinery is not replaced. As such it is not possible at all for the organization to function on commercial basis. In fact it is social welfare organization, meant to provide Agri. Machinery to the small farmers in the far remote areas for leveling and reclamation of culturable waste land.

### **PAC DIRECTIVE**

The Committee endorsed recommendation of the DAC and settled the Para subject to verification of record by Audit.

### **FATA DEVELOPMENT CORPORATION PESHAWAR**

#### **5. PARA -289 PAGE NO-213 ARPSE-1998-99**

- I. NON RECOVERY OF HIRE CHARGES OF MACHINERY AMOUNTING TO RS.0.815 MILLION FROM JOINT VENTURE**
- II. NON TAKING POSSESSION OF MACHINERY WORTH RS.352,157**

Audit pointed out that in the FATA Development Corporation's Mineral Directorate, Peshawar a Joint venture agreement was executed with M/s. Gandhara Minerals, Peshawar on October 16,1991 for the development of mining activities relating to the exploitation of soapstone in Kurram Agency. As per Clause-7 of the contract, equipment worth Rs.352,157 was handed over to the party on rental basis to be fixed from time to time according to the prevailing market rates. The party however, failed to fulfill the terms and conditions of the joint venture agreement as a result of which the agreement was cancelled on Sept, 24 1995. The Mineral Directorate of the Corporation neither took possession of machinery/ equipment nor recovered the hire charges of Rs.814,921 for the period from December,1999 to June,1997 Although a period of more than four years has elapsed since the cancellation of agreement, but the Management did not take any interest in recovery of hire charges/ machinery. The corporation is likely to sustain loss on this account.

The PAO informed the Committee that the audit para indicates hire charges of Rs 8.14.921. This is not rescinded on 24.9.1995. By this time, the amount of the

hire charges against the firm was Rs 4,18,921 and not Rs 8,14,921. The outstanding amount of hire charges was recovered from the firm on 24-22-1995 by forfeiting their bank guarantee amounting to Rs. 5,000,000. The amount of the bank guarantee is more than the hire charges. It is, therefore, incorrect to say that the hire charges have not been recovered. As regards recovery of the machinery, the Corporation requested the Political Agent Kurram Agency on 22-11-1995 for help in taking possession of the same. The firm produced a stay order dated 14-12-1995 from the court of the Civil Judge, Peshawar, In presence of the stay order, neither the FATA DC nor the Agency Administration were in a position to take possession of the machinery. However, the Corporation used the firm in the Court of the Senior Civil Judge, Peshwar during March 1997. The next date for hearing in the case is 9-7-2001. As soon as the Court takes any decision, action will be taken accordingly.

### **PAC DIRECTIVE**

The Committee observed that copies of relevant record which has been recovered should be provided to Audit. The Para was settled subject to verification of record by Audit. Report shall be submitted to the Committee within one month.

#### **6. PARA -290 PAGE NO-214 ARPSE-1998-99**

#### **WASTEFUL EXPENDITURE OF RS.9.214 MILLION DUE TO NON CONVERSION OF 16 TEST-WELLS IN MUHAMMAD AGENCY**

Audit pointed out that the Management of FATA DC under took a scheme of underground water investigation for development of land in Muhammad Agency in 1987 by drilling 16 testwells within a period of three years at an estimated cost of Rs.7.99 million. The job was completed in 1991-92 an out of 16 test wells. 15 test well proved successful with an expenditure of Rs.9.214 million upto 6/92. A period of more than six years has since elapsed, but the successful testwells could not be converted into proper tubewlls, with little chances of implementation of the scheme in future. Thus the expenditure of Rs.9.214 million incurred on the scheme proved wasteful due to negligence of the management.

The PAO informed the Committee that the under a scheme namely "Groundwater Investigation for Development of Lands in Mohmand Agency" 16 Test Wells were drilled at a cost of Rs 9.21 million during 1987-1995 while drilling of the scheme was in progress and out of 16 test-wells, 11 wells were ready for conversion. To expedite conversion of these test wells, PC-I test wells processed and approved on 05.05.1991 by the competent authority with the condition that R&M expenditure will be borne by the beneficiaries. The above condition was imposed as on May 1990. Home Secretary, Government of NWFP issued an order that the government will no longer accept the recurring charges for the maintenance charges of the tube wells and that responsibilities may be transferred to the beneficiaries. PA Mohmand Agency was requested on 02-10-

1990, 06-01-1990, 24-12-1990, 27-12-1990, 14-11-1991 and 28-06-1995 for obtaining undertaking from the beneficiaries. It was finally decided to energize these test wells with Diesel Generators and provision for the same was made in the Revised PC-I which has been revised accordingly and reflected in the next years ADP i.e. in 2001-2002.

### **PAC DIRECTIVE**

The Committee settled the para subject to verification of report regarding test-wells by Audit.

7. **PARA -291 PAGE NO-214 ARPSE-1998-99**

**MIS-APPROPRIATION OF RS.4.704 MILLION DUE TO FICTITIOUS/FRAUDULENT DISPOSAL OF STORES AND T&P**

Audit pointed out that in the FATA D.C. Bara River Canal Division, various valuable stores and T&P worth million of rupees were auctioned by the XEN on October 10,1996 through hand collected quotations and without approval of the higher authorities. The survey report prepared by the Divisional Management contained certain new items like Copper Sheets (3800 KG) Copper Wire (11640 KG),Steel Farms (2633 KG) Iron and G-I wire etc were shown with extremely low value. The total stores including above valuable items were sold to a local contractor for Rs.41,814 only.

The Chairman FATA Development Corporation also conducted an enquiry which revealed that a loss of Rs.4.704 million was sustained by the government in only 9 items out of 203 items, which were sold for a nominal amount of Rs.257,790 as against the approximate market value of Rs.4.730 million. The remaining un-serviceable items were sold for Rs.9,035 the book value of which was not ascertained due to non availability of un-serviceable register. On the basis of enquiry report, the ADD, Director (Works) was appointed as authorized officer on January 6, 1997 but the case was kept in a cold storage by the concerned without any valid justification.

The PAO informed the Committee that the para is based on some misunderstanding. The actual value of the items according to survey report is Rs 37,890. To know the facts an enquiry was conducted by FATADC and Addl. Director (Works) was appointed as Authorized Officer and the actual loss according to Enquiry Officer (Addl. Director Works) is Rs 2,6,930 and not Rs. 4.704 million as worked out by the Authorised Officer. Disciplinary action due to regularities in procedure against the defaulters has taken in the shape of stoppage of 2 increments of the Xen, SDO and Sub-engineer/Store Keeper concerned and recovery of loss Rs 2,46,930/-. The recovery of actual loss as worked out by the authorized officer, to the tune of Rs 2,46,930 has also been initiated and a sum of Rs 75,600 has been recovered from them.

### **PAC DIRECTIVE**

The Committee referred the Para for reconsideration in the DAC and directed the Audit to verify the recovered amount and submit a report to the Committee within one month.

8. **PARA -292 PAGE NO-216 ARPSE-1998-99**

1. FATA CIGARETTE FACTORY BARA.
2. KURRAM FRUIT PRODUCTS
3. MAINTENANCE DIVISION.
4. MIR ALI LOOMS UNIT.
5. MOHAMMAD GLASS FACTORY.
6. MULLAGORI MARBLE FACTORY
7. OIL EXPELLING AND REFINING UNIT.
8. SOUTH WAZIRISTAN FOOTWEAR, AND LEATHER GOODS INDUSTRIES
9. SOUTH WAZIRISTAN TANNERIS
10. TOCHI VALLY MATCH FACTORY
11. TOCHI WOLLEN MILLS

### **PAC DIRECTIVE**

The Committee settled the Para subject to verification of liquidation report by Audit.

9. **PERFORMANCE AUDIT REPORT ON THE ACCOUNTS OF AGENCY HEADQUARTER HOSPITAL AT KHAR, BAJAUR AGENCY FOR THE YEAR 1998-99**

### **PAC DIRECTIVE**

The Committee settled the report .

## **ACTIONABLE POINTS**

Actionable points arising from the discussion of meeting of the Public Accounts Committee held on 18<sup>th</sup> August, 2015 pertaining to FATA Secretariat, in the Parliament House, Islamabad for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99.

### **AUDIT REPORT PUBLIC SECTOR ENTERPRISES FOR YEAR 1998-99.**

#### **AGRICULTURE ENGINEERING WORKSHOP TRIBAL AREAS**

10. **PARA NO. 281 PAGE NO. 3 AUDIT REPORT 1998-99.**

**LOSS OF REVENUE INCOME DUE TO ABNORMAL DELAY IN REPAIR OF BULLDOZER – RS. 1.140 MILLION**

The Audit pointed out that in the Agriculture Engineering Workshop Tribal Area, Miran Shah, Dozer No. KD-155 was shifted to workshop for repair on April 17, 1993 at meter reading of 6.942 hours. Despite lapse of period of about 5 years the dozer could not be repaired by the workshop Management and was parked for indefinite period. The abnormal delay in repair work of the dozer resulted in a loss of revenue income of Rs. 1.140 million.

The PAO informed the bulldozer has been idle in W/Shop for major defects in engine transmission system and track system. Since required funds were not allocated by the Finance Division for procurement of the required parts, therefore, the dozer could not be repaired and put to operation.

#### **PAC DIRECTIVE**

The Committee referred the above para to be pursued at DAC level as settled in the DAC meeting.

### **FATA DEVELOPMENT CORPORATION PESHAWAR**

11. **PARA NO. 290 PAGE**

**WASTEFUL EXPENDITURE DUE TO NON CONVERSION OF 16 TEST WELLS IN MUHAMAND AGENCY RS.9.214 MILLION.**

The Audit pointed out that the Management of FATA DC undertook a scheme of underground water investigation for development of land in Muhammad Agency in 1987 by drilling 16 wells within a period of three years at an estimated cost of Rs. 7.991 million. The Job was completed in 1991-92 and out of 16 test wells, 15 test well proved successful with an expenditure of Rs.9.214 million up to June, 2015 Thus the expenditure of Rs. 9.214 million incurred on the scheme proved wasteful due to negligence of the management.

The PAO informed under a scheme namely "Ground water Investigation for Development of Lands in Mohamand Agency" 16 Test wells were drilled at cost of Rs.9.21 million during 1987-1995 while drilling of the scheme was in progress and out of 16 test wells, 11 wells were ready for conversion. To expedite conversion of these test wells, PC-1 for 11 test wells was processed and approved on 5.5.1991 by the competent authority with the condition that P&M expenditure will be borne by the beneficiaries. The above condition was imposed as on 5/1990.

**PAC DIRECTIVE**

The Committee referred the above para to be pursued at DAC level as settled in the DAC meeting.

12. **PARA NO. 292**  
**NON-SUBMISSION OF ANNUAL ACCOUNTS OF FATA DC UNITS.**

Audit briefed the Committee that PAC in its meeting on 28-07-2011 settled the para subject to verification of liquidation report by Audit. But no DAC convened and no report provided despite making number of request. The PAO requested to defer the para, will submit a report to Audit and PAC .

**PAC DIRECTIVE**

The Committee referred the above para to be pursued at DAC level and provide record to Audit.

13. **PARA NO.289**

- I. NON RECOVERY OF HIRE CHARGES OF MACHINERY FROM JOINT VENTURE RS.0.815 MILLION
- II. NON TAKING POSSESSION OF MACHINERY WORTH RS.352.157 MILLION

Audit pointed out that Mineral Directorate Peshawar and M/s Gandhara Minerals Peshawar executed a joint venture agreement in Oct,1991 for the development of mining activities which was cancelled in Sept,1995. The Mineral Directorate neither took possession of machinery/equipment nor recovered the hire charges of Rs 814921.

PAO informed that hire charges of Rs 814921 is incorrect, actual amount is Rs 418921 which has been recovered from the bank guarantee of Rs 500000, Corporation has requested the Political Agent Kurram Agency for taking possession of machinery.

**PAC DIRECTIVE**

The Committee settled the para subject to verification of record by Audit and submit a report to Committee.

14. **PARA NO.291**  
**MIS-APPROPRIATION DUE TO FICTITIOUS/FRAUDULENT DISPOSAL OF STORES AND T&P RS 4.704 MILLION.**

Audit pointed out in the FATA D.C. Bara River Canal Division, various valuable stores and T&P worth million of rupees were auctioned by XEN on 10 Oct,1996 through hand collected quotations and without approval of higher authorities. The total stores were sold to a local contractor for Rs 41,814 only. Chairman FATA Development Corporation conducted an enquiry which revealed a loss of Rs 4.704 Million to government.

PAO informed that actual loss was Rs 246930 revealed in an enquiry conducted by DC FATA and Addl Director (Works). Recovery has been initiated and Rs,75,600 has been recovered while disciplinary action against the defaulters has been taken in shape of stoppage of increment of XEN, SDO, Sub Engineer and Store Keeper.

**PAC DIRECTIVE**

The Committee settled the para subject to verification of record by Audit and submit a report to Committee.

## **FEDERAL BOARD OF REVENUE (FBR)**

### **OVERVIEW**

Annual Audit Report for the year 1998-99 pertaining to Federal Board of Revenue (FBR) was examined by Public Accounts Committee (PAC) on 26<sup>th</sup> July 2011, 18<sup>th</sup> & 19<sup>th</sup> March 2015, 14<sup>th</sup> October 2015 and 4<sup>th</sup> January, 2016.

- 293 Paras and 6 Grants were presented by the Audit Department which were examined by the Committee. Out of which 206 Paras and 1 Grant were settled whereas appropriate directions were accordingly issued for the remaining Paras and Grants.
- In few Paras the PAO was directed to hold inquires, fix responsibility and initiate disciplinary actions.

### **ACTIONABLE POINTS**

Appropriation Accounts / Audit Reports / Special Audit Reports for the years 1998-99 pertaining to the Federal Board of Revenue were taken up for examination by Special Committee of the PAC in the meetings held on 26<sup>th</sup> July, 2011, in Committee Room No.2 Parliament House, Islamabad. Decisions taken are summarized below:

The Committee was informed by Audit that DAC meetings pertaining to Audit Paras of FBR had been held but not represented by the department at appropriate level which is the Chairman and consequently the status of all paras discussed in the DAC held in 2004 remains the same.

The Committee expressed its displeasure for not holding DAC meeting which could have been convened even one week before the present scheduled meeting of PAC-II. The Committee further observed that all other Ministries have managed to hold DAC meetings even at a short notice of one week prior to appearing before the PAC and it was really disappointing and a sad state of affairs that an important organization such as FBR should come up with the excuse that DAC has not been held hence some Paras should be deferred. The Committee directed the Senior Member FBR to convey displeasure of the Committee to the Chairman FBR.

The Senior Member FBR extended his apologies for not convening a DAC meeting prior to the meeting of the Special Committee.

### **APPROPRIATION ACCOUNTS OF CIVIL VOL-I 1998-99**

1. i. **GRANT NO. 40-CENTRAL BOARD OF REVENUE  
SAVING OF RS. 254,227,018**

AGPR pointed out that the grant closed with a saving of Rs. 254,227,018 which works out to 40.69% of the total grant. An amount of Rs.

365,788,670 (47.78%) was surrendered leaving net excess of Rs. 102,561,652 (16.42%). A supplementary grant of Rs. 122,002,000/- was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO explained that reasons of saving as under:-

- i) Vacant posts
- ii) Adhoc Policy Board approved certain expenditure from lump provision on 14-04-1999 for development project of field formations. FBR did not surrendered these approved funds and also could not be utilized these funds due to non fulfillment of codal formalities.
- iii) Due to strict policy grant of rewards. Only 33% employees of the settled list were paid rewards. Hence saving occurred.

ii. **GRANT NO. 41-SEA CUSTOMS**  
**SAVING OF RS. 24,305,614**

AGPR pointed out that the grant closed with a saving of Rs.24,305,614 which works out to 9.02% of the total grant. An amount of Rs.6,914,058 (2.55%) was surrendered leaving net saving of Rs. 17,391,556 (6.83%). A supplementary grant of Rs.1,090,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO informed the Committee that the excess booking of expenditure of Rs 892.010, due to vacant of posts, non receipt of claims from concerned quarter, non receipt of electricity & Telephone bills from the some department of Sea Customs.

iii. **GRANT NO. 42-LAND CUSTOMS AND CENTRAL EXCISE**  
**SAVING OF RS. 87,564,973**

AGPR pointed out that the grant closed with a saving of Rs. 87,564,973 which works out to 11.79% of the total grant. An amount of Rs. 73,771,995 (9.93%) was surrendered leaving net saving of Rs. 13, 792,978 (1.85%). A supplementary grant of Rs. 122,000,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO informed the Committee that the non accountal of surrender order of Rs. 653,600. The department explained the reason of saving. Due to vacant of posts, utility, telephone and electricity bills were not received in time.

iv. **GRANT NO. 43-SALES TAXES**  
**SAVING OF RS. 1, 274, 990**

AGPR pointed out that the grant closed with a saving of Rs. 1, 274, 990 which works out to 0.46% of the total grant. An amount of Rs. 59,365,000 (17.80%) was surrendered resulting into net excess of Rs. 58, 090,010

(10.30%). A supplementary grant of Rs. 60,880,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO informed the Committee that the saving was mainly due to vacant posts, non receipt of utility bills non finalization of some cases of rent of office building.

v. **GRANT NO. 44-TAXES ON INCOME AND CORPORATION TAX  
SAVING OF RS. 264, 181, 782**

AGPR pointed out that the grant closed with a saving of Rs. 264, 181, 782 which works out to 21.88% of the total grant. An amount of Rs. 99,165,607 (8.21%) was surrendered leaving net saving of Rs. 165, 016,175 (13.66%).

The PAO informed the Committee that the non accountal of surrender order of Rs. 3, 000, 000 which was issued after codal date i.e. 15-05-1999.

**PAC DIRECTIVE**

While commenting on the above grants which are identical in nature the Committee observed that there should be a system in place to ensure that only those supplementary grants are obtained which are absolutely necessary and saving should not accrue and if so, it should be surrendered in time. The Committee further observed that the FBR should set an example for other ministries to follow. The Committee regularized the above five grants subject to verification by AGPR.

2. **GRANT NO. 40-A-REVENUE DIVISION  
SAVING OF RS. 689,000**

AGPR pointed that the grant closed with a saving of Rs. 689,000 which works out to 100 %of the total grant. Te entire saving was surrendered in time.

**PAC DIRECTIVE**

The Committee regularized the grant.

**AUDIT REPORTS REVENUE RECEIPTS (INDIRECT TAXES & EXPENDITURE  
AUDIT) AND AUDIT REPORTS REVENUE RECEIPTS (DIRECT TAXES)**

On presentation of Audit Reports on Direct Taxes and (Indirect Taxes & Expenditure Audit ) for the years 1998-99, 2002-03 & 2003-04 to the Committee Audit reported that in 64% case no reply had been received from the FBR and the amount Admitted but not recovered was more than Rs.4.2 billion so these reports may be remanded to the DAC for re-consideration.

## **PAC DIRECTIVE**

“The Committee observed the situation as highly unsatisfactory and desired that the Chairman should have been here to note all these figures. The Committee directed Senior Member FBR to hold meaningful DAC meeting at an appropriate level and report back on these three Reports to the Committee within one month”.

## **ACTIONABLE POINTS**

Actionable points arising from discussion of the meeting of Committee of Public Accounts Committee, held on 18<sup>th</sup> & 19<sup>th</sup> March, 2015 for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99 of Revenue Division (FBR) as below:-

## **REVENUE RECEIPTS (DIRECT TAXES) (INLAND REVENUE) 1998-99**

3. i) **PARA 1.1 PAGE 15, AR 1998-99**  
**UNDER ASSESSMENT ON ACCOUNT OF INADMISSIBLE EXPENSE**  
**RS 222.302 MILLION**

Audit pointed out that during test check, it was noticed that in 44 cases such expenses were claimed /allowed in disregard of the statutory provisions. This caused loss of Rs 222.302 million.

PAO informed the committee that the department has made some percentage of recoveries but for the rest, the efforts are being made in the light of the policy of the State Bank of the Pakistan. The PAO is also requested that the said brief containing most of the similar Para and requested to pend these for six months. During the discussion the audit pointed out that the Para No. 8.1, at page 65 of audit brief. Due to the controversial opinion of Audit and FBR, the Committee constitutes an IDC on the said Para.

- ii) **PARA 1.2 PAGE 15, AR 1998-99**  
**NON REALIZATION OF INCOME TAX RECOVERABLE AS FINAL**  
**DISCHARGE OF TAX LIABILITY – RS 174.727 MILLION**

Audit stated that during test audit, it was noticed that in 27 cases, the aforesaid tax was neither paid nor demanded by the assessing officers. This violation of statutory provision led to loss of revenue of Rs. 174.727 million.

- iii) **PARA 1.3 PAGE 16, AR 1998-99**  
**EVASION OF INCOME TAX DUE TO CONCEALMENT OF INCOME RS**  
**145.730 MILLION**

Audit observed 28 cases, where assesses had concealed their income to evade tax. This warranted assessment of such income, as well as imposition of penalty which was not done by the assessing officers and deprived the government of revenue of Rs. 145.730 million.

- iv) **PARA 1.4 PAGE 17, AR 1998-99**  
**UNDER ASSESSMENT OF INCOME TAX DUE TO NON ADDITION OF UNPAID TRADING LIABILITIES, ETC. RS 44.956 MILLION**

Audit pointed out that during test check, it was noticed that in 04 cases, the department did not tax such trading liability as assessee's business income. This resulted in revenue loss of Rs. 44.956 million.

- v) **PARA 1.5 PAGE 18, AR 1998-99**  
**UNDER ASSESSMENT OF TAX DUE TO INCORRECT COMPUTATION OF INCOME RS 23.822 MILLION**

Audit pointed out that during test audit, it was noticed that in 41 cases, taxable income was wrongly computed by the department. As a result, government was put to loss of revenue amounting to Rs.23.822 million.

- vi) **PARA 1.6 PAGE 18, AR 1998-99**  
**UNDER ASSESSMENT OF TAX DUE TO GRANT OF ALLOWANCE OF HEAD OFFICE EXPENDITURERS 19.004 MILLION**

Audit pointed out that non-resident company being assessed in Circle-II Company Zone-I, Karachi, claimed head office expenditure incurred by the assesses company outside Pakistan during assessments years 1993-94 to 1997-98 without indicating total world turn over. The assessing authorities allowed 25 percent of the said expenditure in revised assessment. Since such expense is admissible in proportion to the turnover of the assesses company at Pakistan to the total world turnover. Audit holds that in the absence of the total world turnover and actual head office expenditure, the allowance of expense which led to short-assessment of tax revenue of Rs 19.004 million was not in order.

- vii) **PARA 1.7 PAGE 19, AR 1998-99**  
**UNDER ASSESSMENT OF TAX DUE TO INCORRECT FINALIZATION OF ASSESSMENT U/S 62 INSTEAD OF SECTION 80 C RS 16.384 MILLION**

Audit pointed out that during test check, it was noticed that in 04 cases income derived from contracts, supplies and commercial imports etc. was assessed by the department under section 62 instead of treating the deductions of withholding tax as final discharge of tax liability under

section 80C of the Income Tax Ordinance, 1979. This violation of statutory provision led to loss of revenue of Rs.16.384 million.

viii) **PARA 1.8 PAGE 19, AR 1998-99**  
**UNDER ASSESSMENT OF TAX DUE TO NON TAXATION OF BONUS SHARES RS.15.989 MILLION**

Audit pointed out that during test audit, it was noticed that the tax was not charged on bonus shares as per above clause in one case which resulted in loss of Rs. 15.989 million.

ix) **PARA 1.9 PAGE 19, AR 1998-99**  
**UNDER ASSESSMENT OF INCOME TAX ON EXPORT SALES RS 9.442MILLION**

Audit pointed out that during test Audit, it was noticed that in 14 cases, income tax on export sales was short levied by the department. This deprived the government of revenue of Rs. 9.442 million.

x) **PARA 1.11 PAGE 22, AR 1998-99**  
**NON ASSESSMENT OF OTHER INCOME RS 24.387 MILLION**

Audit pointed out that during test Audit, it was noticed that in negation to the above provisions of law, income earned from other sources was not taxed in the case of 06 assesses. This deprived the government of revenue for Rs 24.387 million.

xi) **PARA 1.12 PAGE 23, AR 1998-99**  
**UNDER ASSESSMENT OF TAX DUE TO SHORT DECLARATION OF PROFIT ON SALE OF FIXED ASSETS RS 6.083 MILLION**

Audit pointed out that during test audit, it was noticed that in 03 cases income tax on gain from disposal of fixed assets was short levied by the department. This deprived the government of revenue of Rs 6.083 million.

xii) **PARA 1.13 PAGE 24, AR 1998-99**  
**UNDER ASSESSMENT OF TAX DUE TO ALLOCATION OFDISPROPORTIONATE EXPENSES RS.72.213 MILLION**

Audit pointed out that during test audit, it was noticed that in 16 cases, the assessments were not made in accordance with the instructions contained in this circular. This resulted in short levy of tax of Rs.72.213 million.

xiii) **PARA 1.14 PAGE 24, AR 1998-99**  
**NON TAXATION OF COMPENSATION RS 0.989 MILLION**

Audit pointed out that during test audit, it was observed that compensation of Rs 0.989 million allowed in 04 cases but it was not taxed by the department.

xiv) **PARA 1.15 PAGE 25, AR 1998-99**  
**UNDER ASSESSMENT OF INCOME DUE TO NON RECTIFICATION OF ERROR OR INCORRECT RECTIFICATION RS 5.224 MILLION**

Audit pointed out that during test audit, it was noticed that in 10 cases, certain mistakes were made while rectifying the assessments by the assessing officers. This deprived the Government of revenue of Rs 5.224 million.

xv) **PARA 1.16 PAGE 26, AR 1998-99**  
**UNDER ASSESSMENT OF INCOME TAX ON GAIN FROM SALE OF SHARES OF PRIVATE LIMITED COMPANY RS.3.279 MILLION**

Audit pointed out that during test audit, it was observed that an assessee sold shares of a private limited company held by it but the gain so received was not taxed by the department. This caused loss of Rs.3.279 million.

xvi) **PARA 1.17 PAGE 26, AR 1998-99**  
**DOUBLE CREDIT AGAINST SINGLE DEPOSIT RS 1.000 MILLION**

Audit pointed out that during test audit it was observed that in a case credit to the extent of rupees one million was allowed in excess in the assessment year 1996-97 and the refund so created was adjusted against demand of tax of assessment year 1994-95.

xvii) **PARA 1.18 PAGE 28, AR 1998-99**  
**UNDER-ASSESSMENT OF TAX RS 1.968 MILLION**

Audit pointed out that during test check, it was noticed that the department did not levy such minimum tax on total turnover in 18 cases. This resulted in loss of revenue of Rs. 1.968 million.

xviii) **PARA 1.19 PAGE 28, AR 1998-99**  
**LOSS ON ACCOUNT OF COMPENSATION FOR DELAYED REFUNDS RS 0.566 MILLION**

Audit observed that in a case due to non-issuance of refunds in time, government had to pay compensation of Rs.0.566 million.

- xi x) **PARA 1.21 PAGE 29, AR 1998-99**  
**UNDER ASSESSMENT OF INCOME TAX DUE TO EXCESSIVE PERQUISITE RS 0.193 MILLION**

Audit pointed out that during test audit, it was noticed that in a case the statutory provision was not followed which caused loss of Rs. 0.193 million.

- xx) **PARA 2.1 PAGE 39, AR 1998-99**  
**SHORT-ASSESSMENT OF INCOME TAX DUE TO GRANT OF INADMISSIBLE EXEMPTION TO INCOME FROM F.E.B.C. – RS.13.307 MILLION**

Audit pointed out that during test audit, it was noticed that in a case, the assessing authority allowed inadmissible exemption from the tax in respect of income on account of encashment which resulted in loss of Rs.13.307 million.

- xxi) **PARA 2.2 PAGE 40, AR 1998-99**  
**INADMISSIBLE EXEMPTION TO INTEREST ON WAPDA BONDS – RS. 0.681 MILLION**

Audit pointed out that during test audit, it was noticed that in a case, the assessing officer allowed the exemption in disregard of the provisions of law, which resulted loss of Rs. 0.681 million.

- xxii) **PARA 3.1 PAGE 41, AR 1998-99**  
**NON RECOVERY OF WITHHOLDING TAX RS 543.605 MILLION**

Audit pointed out that during test check, it was noticed that in 111 cases, the legal action was not taken against such persons by the assessing officers. This deprived the government of revenue amounting to Rs. 543.605 million.

- xxiii) **PARA 4.1 PAGE 45, AR 1998-99**  
**SHORT CREATION OF DEMANDS DUE TO EXCESSIVE GRANT OF DEPRECIATION ALLOWANCE RS 110.092 MILLION**

Audit detected 14 cases, in which tax liability of Rs.110.092 million was short determined due to excessive grant of depreciation allowance.

- xxiv) **PARA 4.2 PAGE 46, AR 1998-99**  
**SHORT ASSESSMENT OF INCOME TAX DUE TO GRANT OF EXCESSIVE ALLOWANCE ON DONATION RS 1.017MILLION**

Audit pointed out that during test audit, it was observed that in 04 cases, the expenses on account of donations to the unapproved institutions or

excessive relief on donation was allowed by the assessing officers, resulting in loss of revenue of Rs 1.017 million.

xxv) **PARA 5.3 PAGE 51, AR 1998-99**  
**NON-CHARGING OF ADDITIONAL TAX FOR FAILURE TO DEDUCT AND PAY TAX RS 10.970 MILLION**

Audit pointed out that during test check, it was noticed that in 16 cases, additional tax amounting to Rs 10.970 million was found chargeable under section 86.

xxvi) **PARA 5.4 PAGE 51, AR 1998-99**  
**NON-CHARGING OF ADDITIONAL TAX FOR FAILURE TO PAY ADVANCE TAX RS.103.381 MILLION**

Audit pointed out that during test check, Audit observed in 278 cases, that the statutory provisions were not followed by the department which caused loss of Rs 103.381 million.

xxvii) **PARA 5.5 PAGE 52, AR 1998-99**  
**NON-CHARGING OF ADDITIONAL TAX FOR NON-PAYMENT OF TAX DUE WITH THE RETURN RS.16.677 MILLION**

Audit pointed out that during test check, it was noticed that in 201 cases, the additional tax of Rs.16.677 million was not charged.

xxviii) **PARA 5.6 PAGE 53, AR-1998-99**  
**NON-CHARGING OF ADDITIONAL TAX FOR THE LATE PAYMENT OF ASSESSED TAX OR PENALTY RS 81.013 MILLION**

Audit pointed out that during test check of selected cases, it was noticed that in 233 cases, additional tax of Rs 81.013 million was not charged.

xxix) **PARA 6.1 PAGE 65, AR 1998-99**  
**SHORT-ASSESSMENT OF INCOME TAX DUE TO APPLICATION OF INCORRECT RATES RS.197.659 MILLION**

Audit pointed out that during test check of selected cases, it was noticed that incorrect tax rates were applied in 44 cases by the assessing officers which resulted in loss of Rs. 197.659 million.

xxx) **PARA 6.2 PAGE 65, AR 1998-99**  
**APPLICATION OF INCORRECT TAX RATE ON DIVIDEND INCOMERS 85.345 MILLION**

Audit pointed out that during test check, it was noticed that in 02 cases, dividend income was either not taxed or taxed at lower rates. This deprived the government of revenue of Rs. 85.345 million.

xxxi) **PARA 6.3 PAGE 65, AR 1998-99**  
**UNDER-ASSESSMENT DUE TO APPLICATION OF SPECIFIC RATES**  
**INSTEAD OF NORMAL RATES OF TAX RS 6.377 MILLION**

Audit pointed out that under section 80(b) of the Income Tax ordinance 1979, dividend income, interest income and amount received on encashment of Foreign Exchange, bearer certificate is chargeable to tax at rates specified in the first schedule. The tax so deducted is deemed to be the final discharge of tax liability in the cases of individual, un-registered firm and association of persons.

The provision of law was, however, not applicable in case of companies. Contrary to this, income on account of encashment of FEBC and interest earned by four companies was assessed to tax at specific rates treating it as final discharge of the tax liability instead of at normal rates. This caused under assessment of tax revenue of Rs 6.377 million.

xxxii) **PARA 6.5 PAGE 68, AR 1998-99**  
**NON/UNDER ASSESSMENT OF TAX ON TURNOVER RS 2.679**  
**MILLION**

Audit pointed out that during test check it was noticed that the department did not levy minimum tax on total turnover in 10 cases. This resulted in loss of revenue of Rs. 2.679 million.

xxxiii) **Para 6.6 PAGE 69, AR 1998-99**  
**SHORT-ASSESSMENT OF TAX DUE TO APPLICATION OF**  
**INCORRECT RATE RS 0.538 MILLION**

Audit pointed out that during test check, of selected cases, it was noticed that incorrect tax rates were applied in 02 cases by the assessing officers, which resulted in loss of Rs.0.538 million.

xxxiv) **PARA 7.1 PAGE 74, AR 1998-99**  
**NON-IMPOSITION OF PENALTY IN RESPECT OF CONCEALMENT**  
**CASES RS.2.024 MILLION**

Audit detected 05 cases, where assesses had either concealed their income to evade tax or furnished inaccurate particulars of their income. This warranted assessment of the evaded tax, as well as imposition of penalty under section 111 of the Income Tax Ordinance 1979. The needful was not done by the assessing officers, which deprived the government of revenue of Rs 2.024 million.

xxxv) **PARA 7.2 PAGE 74, AR 1998-99**  
**NON IMPOSITION OF PENALTY FOR DEFAULT OF VARIOUS TYPES**  
**RS- 6.939 MILLION**

Audit pointed out that during test check, it was noticed that the department did not levy such penalty in 49 cases. This resulted in loss of revenue of Rs. 6.939 million.

#### **PAC DIRECTIVE**

The Committee settled the above mentioned thirty five (35) Paras to the extent of amount where recoveries have been verified by audit and rest of the portion of the said Paras referred to DAC with the direction to PAO to hold the DAC meeting in the last week of July, 2015 and report therein be sent to PAC and Audit upto 31st August, 2015.

4. **PARA 8.1 PAGE 77, AR 1998-99**  
**NEED FOR RE-OPENING OF ASSESSMENT PREVIOUSLY FINALIZED**  
**UNDER DIRECTION OF CBR RS.1,559.346 MILLION**

Audit pointed out that the Circle Officer of Circle-07, Company Zone-I, Karachi (Now LTU Karachi), however, did not determine the bad debt claimed contrary to the provision of the law, whether the bad debts claimed by four assesses were actually irrecoverable or not but allowed them as expense. This led to short assessment of revenue of Rs. 1,559.346 million.

The PAO requested the committee to constitute a technical committee of the representative of different Ministries for examination of the issue in detail.

#### **PAC DIRECTIVE**

The Committee constituted the IDC on the Para under the Chairmanship of Additional Secretary Finance, nominated by Finance Division. The other members of the committee would be Additional Secretary/Joint Secretary of Ministry of Law, Senior member (FBR) Revenue Division, representative of SBP at least BPS-20 officer, representative of AGP office and concerned DG Audit to probe into the matter and report therein be submitted to PAC within one month on the instant Para and also on other similar Paras.

5. i) **PARA 8.3 PAGE 78, AR 1998-99**  
**DELAY IN SERVICE OF DEMAND NOTICES - RS 0.372 MILLION**

Audit pointed out that in case of delay in payment of the demand, additional tax is liable. If the demand notice is served late, the government is not only deprived of timely receipt of tax but also additional tax which could be levied in case of delay in payment by the assesses. It was observed that in many cases, demand notices were abnormally delayed. This resulted in delay of recovery of Rs.0.372 million and non-payment of additional tax chargeable thereon.

ii) **PARA 8.4 PAGE 79, AR 1998-99**  
**SUPPRESSION OF TAX REMAINING UNPAID RS.8.132 MILLION**

Audit pointed out that a test audit revealed that tax remaining unpaid was not carried forwarded in 63 cases, resulting in suppression of revenue of Rs. 8.132 million.

iii) **PARA 8.5 PAGE 80, AR 1998-99**  
**IRREGULAR ISSUANCE OF REFUNDS RS 2.733 MILLION**

Audit pointed out that during test audit, it was observed that refunds were irregularly issued in 03 cases. This resulted in irregular issuance of refund amounting to Rs. 2.733 million.

iv) **PARA 8.6 PAGE 81, AR 1998-99**  
**DISCREPANCIES IN CARRIED FORWARD LOSSES**

Audit pointed out that during test audit, it was observed in ten cases, that incorrect losses were assessed by the assessing authorities and set off carried forward against the income of succeeding assessment years wrongly, which resulted in excess assessment of losses of Rs.19.366 million.

v) **PARA 9.1 PAGE 89, AR 1998-99**  
**SHORT-ASSESSMENT OF WEALTH TAX DUE TO INCORRECT VALUATION OF SHARES RS 9.571 MILLION**

Audit pointed out that during test check, it was observed that in 24 cases, the statutory provisions were not followed causing loss of Rs 9.571 million.

vi) **PARA 9.2 PAGE 90, AR 1998-99**  
**NON-ASSESSMENT OF WEALTH TAX IN RESPECT OF NON-FILERS OF WEALTH TAX RETURNSRS 4.321 MILLION**

Audit pointed out that a scrutiny of assessment records revealed that 07 assesses did not comply with the statutory provisions. This resulted in loss of Rs. 4.321 million.

vii) **PARA 9.3 PAGE 92, AR 1998-99**  
**NON-ASSESSMENT OF ADDITIONAL WEALTH TAX RS.6.751 MILLION**

Audit pointed out that during test check, it was noticed that in 299 cases, additional wealth tax was not levied resulting in loss of Rs 6.751 million.

viii) **PARA 9.4 PAGE 92, AR 1998-99**  
**SHORT-ASSESSMENT OF WEALTH TAX DUE TO UNDER-VALUATION**  
**OF LAND AND BUILDINGS RS 4.835 MILLION**

Audit pointed out that during test check, it was noticed that in 32 cases, wealth tax was short assessed due to under evaluation of lands and buildings amounting to Rs. 4.835 million.

ix) **PARA 9.5 PAGE 92, AR 1998-99**  
**SHORT-ASSESSMENT OF WEALTH TAX DUE TO INCORRECT**  
**COMPUTATION RS.1.969 MILLION**

Audit pointed out that during test check, it was noticed that wealth tax liability was not computed correctly in 36 cases. This resulted in short assessment of wealth tax of Rs. 1.969 million.

x) **PARA 9.6 PAGE 94, AR 1998-99**  
**SHORT-ASSESSMENT OF WEALTH TAX DUE TO INADMISSIBLE**  
**EXEMPTIONS RS.1.994 MILLION**

Audit pointed out that assessing officer of Circle-05, Company IV Karachi allowed exemption from the tax to six assesses contrary to rules, who created assets with foreign remittance and not brought into Pakistan through normal banking channels as per certificates of the banks. This deprived the government of wealth tax of Rs. 1.994 million during the assessment year 1997-98.

xi) **PARA 9.7 PAGE 95, AR 1998-99**  
**SHORT-ASSESSMENT OF WEALTH TAX DUE TO NON-INCLUSION**  
**OF ADVANCE RENT IN NET WEALTH RS.0.216 MILLION**

Audit pointed out that during test audit, it was noticed that in a case, the advance rent received was not included in net wealth of the assesses. This resulted in loss of Rs 0.216 million.

xii) **PARA 9.8 PAGE 96, AR 1998-99**  
**CONCEALMENT OF WEALTH RS. 0.209 MILLION**

Audit pointed out that a scrutiny of wealth tax returns of four out of the total eleven directors of a company being assessed in Circle-02, Zone-B, Peshawar revealed that they did not declare value of bonus shares during the assessment year 1995-96. This led to evasion of government revenue of Rs.0.209 million in the four cases.

xiii) **PARA 9.9 PAGE 96, AR 1998-99**  
**SHORT CREATION OF WEALTH TAX DEMAND AMOUNTING TO RS**  
**2.236 MILLION**

Audit pointed out that during the course of test audit, it was noticed that in 04 cases, assessing officers wrongly allowed deduction of liabilities from net wealth while framing assessment of wealth tax which resulted in under assessment of wealth tax of Rs. 2.236 million.

xiv) **PARA 9.10 PAGE 97, AR 1998-99**  
**NON-REALIZATION OF SURCHARGE ON WEALTH TAX RS 0.109**  
**MILLION**

Audit pointed out that during the course of test audit, it was noticed that ten percent surcharge on wealth tax chargeable under the above provision of law was not realized in 03 cases which deprived the government revenue of Rs. 0.109 million.

xv) **PARA 9.11 PAGE 98, AR 1998-99**  
**DEDUCTION OF DOUBLE EXEMPTION FROM WEALTH TAX RS 0.100**  
**MILLION**

Audit pointed out that during the course of test audit, it was noticed that in negation to the statutory provisions, both exemption were allowed by the assessing officer in 03 cases resulting in loss of Rs. 0.100 million.

xvi) **PARA 9.12 PAGE 99, AR 1998-99**  
**LOSS OF RS 1.177 MILLION DUE TO NON LEVY OF PENALTY FOR**  
**DELAY IN FILING OF RETURNS**

Audit pointed out that during test audit, it was noticed that the statutory provision was not followed by the assessing officers in four cases. This resulted in loss of Rs. 1.177 million.

xvii) **PARA 9.13 PAGE 100, AR 1998-99**  
**SHORT CARRYING FORWARD OF ARREARS OF WEALTH TAX RS**  
**1.999 MILLION**

Audit pointed out that during test audit, it was noticed that current wealth tax demand of an assesses Rs.1.999 million was not carried over to Arrear DCR.

xviii) **PARA 10.1 PAGE 107, AR 1998-99**  
**NON LEVY OF WORKER'S WELFARE FUND RS 79.979 MILLION**

Audit pointed out that during test check, it was noticed that 43 taxpayers defaulted in making payment of WWF and the assessing officers did not

take notice of this default. It deprived the Government of revenue of Rs 79.979 million.

xi x) **PARA 11.1 PAGE 115, AR 1998-99**  
**NON-COLLECTION OF CAPITAL VALUE TAX RS 57.314 MILLION**

Audit pointed out that Wealth Tax Department of the Punjab and NWFP responsible for the monitoring of collection and administration of the Capital Value Tax, failed to take notice of this non-collection. This deprived the government of revenue amounting to Rs. 57.314 million.

xx) **PARA 11.2 PAGE 115, AR 1998-99**  
**SHORT REALIZATION OF CAPITAL VALUE TAX DUE TO UNDER VALUATION RS 2.045 MILLION**

Audit pointed out that during the course of audit it was noticed that some collecting agencies, the tax was collected on the value of properties lower than those prescribed by the District Collectors. This led to short realization of capital value tax of Rs. 2.045 million.

xxi) **PARA 11.3 PAGE 117, AR 1998-99**  
**UN-AUTHORIZED DEDUCTION OF COLLECTION CHARGES FROM FEDERAL RECEIPTS RS.0.263 MILLION**

Audit pointed out that contrarily, the Government of NWFP vide their notification dated 16th march, 1998 ordered to deduct collection charges @ 5 percent on all Federal Taxes being collected by its field offices. In compliance the Motor Registering Authority, Haripur deducted an amount of Rs.0.263 million from the collections of the Federal Government.

xxii) **PARA 12.1 PAGE 117, AR 1998-99**  
**NON-ASSESSMENT OF CORPORATE ASSET TAX- RS 60.563 MILLION**

Audit pointed out that during the course of test audit, it was noticed that CAT either not paid by 21 companies nor demanded by the assessing officers. This default further attracted levy of additional tax @ 24% per annum. Resultantly the government was deprived of revenue of Rs 60.563 million.

xxiii) **CHAPTER-13**  
**CASE STUDY ON FACTITIOUS COMPLETION OF BUDGETARY TARGETS**

Audit pointed out that study was intended to ascertain the level of accuracy of reported collection towards achievement of budgetary targets

and performance of tax collectors. Due to resource constraints, the study was confined to selected circles of corporate region, Karachi, It embraced a test check of around 5% of assessment record of the circles.

Audit obtained details of collection for the month of June, 1998 from the Data Processing Centre of Income Tax Department at Karachi. From this large list, only cases involving heavy amounts were picked up for examination. Connected assessment record was examined which also involved scrutiny of cash books of all the concerned circles.

### **Findings of Study**

The study concluded that tax collectors adopted the following unwarranted measures which are not admissible under the law, rules/procedures with a view to showing achievement of budgetary targets:-

- a) Revenue not belonging to Income Tax Department was accounted As Income Tax Receipts;
- b) Credits of tax paid at source by the assesses were withheld;
- c) Refunds due to the assesses were not released/issued; and
- d) Fictitious demands were raised and got deposited.

xxiv)

### **CHAPTER-14**

#### **CASE STUDY ON MISREPORTING OF TAX COLLECTION**

Audit pointed out that during the monitor income tax collection, the CBR has prescribed a performance report which is initiated at the level of assessing officers and Consolidated at Range, Zone and Regional level each month. These reports help in determining budgeting trends, future plans, strategic planning for economic development etc.

Ever since the audit of income tax receipts was taken up in the year 1987-88, Audit observed that there is a tendency of misreporting of collection figures at different levels. It was simply done to complete the budgetary targets. The instances of this nature were brought to the notice of tax management through reports of the Auditor General for the years 1987-88 to 1997-98.

During the year under report, a study was conducted to review whether the tax management had been able to check the tendency of misreporting of figures of revenue or not.

### **Findings of Study**

The study concluded as under:-

- i) Misreporting to figures of Income Tax Collection by tax collectors to the CBR was established beyond any shadow of doubt.

- ii) Unwarranted distribution of deductions at source was done to meet the budgetary targets.
- iii) Tax collectors twisted the figures of revenue on the plea of un identifiable challans through the challans in a good number of cases were identifiable.
- iv) Credit of un-related challans were afforded.
- v) Figures of collection were reported in excess.
- vi) Figures of monthly performance Reports were not found tallying with those of daily collection Registers.

### **PAC DIRECTIVE**

The Committee settled the above mentioned (22) twenty two Paras and (02) two special study (Chapter 13 & 14) to the extent of amount where recoveries have been verified by audit and rest of the portion of the said Paras referred to DAC with the direction to PAO to hold the DAC meeting in the last week of July, 2015 and report therein be sent to PAC and Audit upto 31st August, 2015.

- 6. i) **PARA 1.10**  
**UNDER ASSESSMENT OF TAX DUE TO DOUBLE DEDUCTION OF EXCISE DUTY AND SALES TAX FROM GROSS PROFIT RS. 29.065 MILLION**
- ii) **PARA 1.20**  
**NON ASSESSMENT OF RECEIPTS FROM ADVANCE CONTRACTS RS.0.228 MILLION**
- iii) **PARA 6.4**  
**UNLAWFUL ASSESSMENT ON TURNOVER BASIS RS.0.889 MILLION**
- iv) **PARA 8.2**  
**FINALIZATION OF ASSESSMENTS WITHOUT FULFILLING TERMS OF AGREEMENT RS.2.914 MILLION**

### **PAC DIRECTIVE**

The Committee settled the above mentioned (04) four Paras on the recommendation of DAC.

### **AUDIT REPORT 1998-99, INDIRECT TAXES (SALES TAX, FEDERAL EXCISE DUTY & EXPENDITURE)**

- 7. i) **PARA 1.3, PAGE 17-AR-1998-99**  
**BLOCKADE OF REVENUE DUE TO NON ADJUDICATION OF CONTRAVENTION CASES – RS 588.725 MILLION**

Audit pointed out that contravention cases, framed by field formations of FBR for evasion or non/short payment of taxes, infringement of tax laws, rules etc. are normally required to be adjudicated by departmental officers who enjoy quasi-judicial powers for the purpose within a period of six months of their framing. Upon repeated directives of the public Accounts Committee (PAC), FBR issued instructions to its subordinate organizations time and again to complete adjudication process within stipulated period of six month, which in any case should not exceed one year. Audit observed that these instructions were generally not adhered to.. Just by way of an example, it is quoted that ninety three cases involving possible revenue of Rs 588.7 million were found awaiting adjudication with only two departmental officers of the Collectorates of Central Excise, Lahore, for a period ranging from one to over seven years. The countryside blockade of revenue of this account would be a many times multiple of this amount.

PAO stated as per previous decision, the para may be pended for six (06) months and referred to DAC.

ii) **PARA 1.4, PAGE 18-AR-1998-99**  
**NON-RECOVERY OF GOVERNMENT DUES IN ADJUDICATED CASES**  
**- RS. 393.652 MILLION**

Audit pointed out that the recovery of government dues on account of sales tax, additional tax and penalty recoverable from sales tax units as a result of adjudication of contravention cases is generally not made promptly despite the fact that sales tax officers have adequate powers to do so. Audit observed that government revenue of Rs. 393.652 million was found blocked in 83 cases.

iii) **PARA 1.7, PAGE 23-24-AR-1998-99**  
**BLOCKADE OF GOVERNMENT REVENUE DUE TO OVER STORAGE**  
**OF EXCISABLE GOODS — RS 3.961 MILLION**

Audit pointed out that according to rule 47 of the Central Excise Rules 1944, non-duty paid goods shall be stored in store room of a manufacturer for a period of not more than six months or for extended period duly permitted by the Collector. Contrary to above provisions of law, huge quantity of cement was lying stored in the store rooms of two manufacturers for a period of more than six month but no legal proceeding had been initiated against them to realize central excise duty of Rs 3.961million involved (approximately).

iv) **PARA 2.2, PAGE 28-AR 1998-99**  
**EXCESS REFUND OF SALES TAX – RS. 18.5 MILLION**

Audit pointed out that according to press release of FBR, the Collectorates of Sales Tax, Gujranwala detected irregular refund of sales tax Worth Rs

18.5 million allowed to eight exporters during 1997-98. The news item also revealed that the registered persons involved were exporters only but had claimed input tax by mis-declaring themselves as exporters-cum-manufacturers. In seven cases department reported recovery Rs 12.458 million and verified by the Audit. Further recovery was promised by the department. Nothing further was heard from the department.

v) **PARA 2.4, PAGE 29-AR 1998-99**  
**FRAUDULENT GRANT OF REFUND OF SALES TAX – RS. 3.9 MILLION**

Audit pointed out that according to news refund of Rs 3.9 million was sanctioned by the Sales Tax Collectorates, Multan to three firms which did not exist. FIA arrested the officials of department involving in fraud. Particulars of case were not communicated to Audit by the department.

vi) **PARA 2.7, PAGE-30-AR 1998-99**  
**EVASION OF CENTRAL EXCISE DUTY – RS 130 MILLION**

Audit pointed out that according to the daily “News” dated 18th June 1998, the Central Excise and Intelligence Department arrested a Director and the Manager of M/s Pak Land Cement for evading excise duty of Rs.130 million. This was the result of a raid conducted on information that the cement unit was involved in massive evasion of central excise duty by removing clinker of cement illegally from the factory. During raid the clinker lying in factory yard was physically measured/weighted and it was found to be 69,592 metric tons short of the quantity of 72,387 metric tons appearing in the record of Central Excise. Further on weighing/measuring the OPC cement, it was revealed that the available cement was 1500 metric tons in excess of Central Excise record.

The Collector of Central Excise, Karachi was approached in June 1998 to know the details of the case and the outcome. Nothing was heard despite reminders in January and March 1999.

vii) **PARA 2.8, PAGE 30-AR-1998-99**  
**MASSIVE EVASION OF SALES TAX BY MILD STEEL PRODUCERS –**

Audit pointed out that according to the daily “Dawn” dated 30th May, 1998, the Federal Government allowed blatant evasion of sales tax of Rs 8 billion by mild steel producers (MSPs). The steel melting foundries & re-rolling units were informed through CBR letter dated 25th October, 1997 that for the assessment year 1996-97. According to which they had to pay sales tax under fixed formula which was the amount of fixed tax payable in 1995-96 plus 20%. The MSPs influenced the Federal Government to get the orders passed by the CBR (in May 1999), that the payment of sales

tax should not be made with retrospective effect but from the date of issue of CBR's letter mentioned above. The authorization to pay sales tax not with retrospective effect was a facility to the MSPs to pay sales tax for 1996-97 assessment year and the period between July 01 to October 25, 1997 at the rate of 1995-96 deprived the national exchequer of an amount of Rs 5 billion. Sales tax evasion of another about Rs 3 billion was caused due to opposition of the MSPs to produce electricity consumption bills for assessment of their actual production. The CBR was approached in June 1998 but nothing was informed despite repeated requests.

viii) **PARA 4.1, PAGE 61-AR 1998-99**  
**SHORT/ NON REALIZATION OF CENTRAL EXCISE DUTY - RS. 475.689 MILLION**

Audit pointed out that certain units did not pay central excise duty or paid less than that was due from them. The omission resulted in short/non-realization of government dues of Rs 475.689 million. The irregularities were pointed out by Audit during May to November 1998. These were brought to the notice of Federal Board of Revenue during March to August 1999. In one case, the concerned Collector was directed by CBR to make compliance and recover the dues. The progress in all the cases was, however, still awaited.

ix) **PARA 4.4, PAGE 65-AR-1998-99**  
**NON-REALIZATION OF CENTRAL EXCISE DUTY ON EXCISABLE SERVICES/ SUPPLIES – RS 2.869 MILLION**

Audit pointed out that certain services/ supplies liable to central excise duty under the law were not subjected to duty by the concerned authorities under FBR. The omission resulted in non-realization of government revenue of Rs 3.000 million.

x) **PARA 4.5, PAGE 66, AR-1998-99**  
**SHORT-REALIZATION OF CENTRAL EXCISE DUTY / ADDITIONAL DUTY– RS 2.596 MILLION**

Audit pointed out that under the law, every insurance company is required to submit a copy of its Annual Report to the respective Collector of Central Excise and to pay the short-payment found out as a result of audit within fifteen days of the receipt of the Audit Report. Contrary to this, an insurance company neither submitted the Audit Reports for the years 1996 and 1997 nor deposited the differential amount of C.E. duty of Rs 1.822 million and additional duty of Rs 0.773 million as a result of default. Such amount neither demanded nor realized by the Superintendent, Central excise Services, City Circle, Lahore.

xi) **PARA 4.6 (A), PAGE 67-AR-1999-99**  
**SHORT REALIZATION OF CENTRAL EXCISE DUTY ON SUPPLIES**  
**MADE OR SERVICE RENDERED FREE OR ON CONCESSIONAL**  
**RATES - RS. 1.504 MILLION**

Audit pointed out that according to law, if any service, facility or utility which is subject to central excise duty is provided free of charge or at a concessional rate, the duty is leviable and collectable on the amount which would have been charged for such service, facility or utility had it not been rendered or provided free of charge or at a concessional rate. Similarly in case of clearance of goods, supplied on the basis of retail price, if more than one price is so fixed for such brand or variety, the highest of such price shall be taken for the purpose of levy of duty. Cement was liable to central excise duty @ 40 per cent of the retail price. A manufacturer cleared cement during 1997-98 against a contract and paid central excise duty on the basis of contractual price instead of the retail price. This resulted in short-realization of central excise duty of Rs 1.504 million plus additional duty leviable thereon which was not recovered by the Superintendent, Central Excise, Karachi.

xii) **PARA 4.6 (C), PAGE 68-AR 1998-99**  
**SHORT REALIZATION OF CENTRAL EXCISE DUTY ON SUPPLIES**  
**MADE OR SERVICE RENDERED FREE OR ON CONCESSIONAL**  
**RATES - RS 0.337 MILLION**

Audit pointed out that according to law, if any service, facility or utility which is subject to central excise duty is provided free of charge or at a concessional rate, the duty is leviable and collectable on the amount which would have been charged for such service, facility or utility had it not been rendered or provided free of charge or at a concessional rate. Similarly in case of clearance of goods, supplied on the basis of retail price, if more than one price is so fixed for such brand or variety, the highest of such price shall be taken for the purpose of levy of duty.

An airline providing air traveling facility either did not pay central excise duty on services provided free of cost to its officers/ staff etc. or paid it on discounted/reduced value against the provisions of law. This resulted in non/short-realization of central excise duty of Rs 0.337 million

besides additional duty and penalty during 22" December 1997 to 13lh March 1998 by the Superintendent. Central Excise, Landhi Circle, Karachi.

xiii) **PARA 4.7, PAGE 69-AR 1998-99**  
**NON-REALIZATION OF CENTRAL EXCISE DUTY AND ADDITIONAL**  
**DUTY FROM AN INSURANCE COMPANY– RS 2.230 MILLION**

Audit pointed out that law requires that central excise duty leviable on premium received by an insurance company on insurance of goods during

a month shall be deposited into public exchequer by tenth day of the following second month. An insurance company within the jurisdiction of Superintendent Central Excise, City Circle, Lahore collected central excise duty of Rs 2,032,611 from its client during January, 1998 to December, 1998 but did not deposit it with the government. The default also attracted additional duty of Rs 197,195 raising the recoverable to Rs 2,229,806.

xiv) **PARA 4.8 (A), PAGE 69 &70 -AR 1998-99**  
**SHORT-REALIZATION OF CENTRAL EXCISE DUTY ETC DUE TO APPLICATION OF INCORRECT RATE– RS 1.575 MILLION**

Audit pointed out that a hotel within the jurisdiction of Superintendent Central Excise; City Circle, Lahore paid excise duty on ancillary services like telephone, facsimile, telegraph and laundry etc @5% instead of 12.5% as leviable under the law. This resulted in short realization of Central excise duty including addition duty @2% amounting to Rs 1,575,269.

xv) **PARA 4.8(B), PAGE 70-AR 1998-99**  
**SHORT REALIZATION OF CENTRAL DUTY ETC DUE TO APPLICATION OF INCORRECT RATES-RS 0.398 MILLION**

Audit pointed out that according to government notification dated 13th June 1996, the services for parties relating to matrimonial ceremonies and functions were chargeable to central excise duty @20 per cent. A hotel under the jurisdiction of Superintendent, Central Excise Circle, Quetta provided such services during 1996-97 but paid duty @ 12.5 per cent instead of @ 20 per cent. This resulted in short- realization of central excise duty of Rs0. 398 million plus additional duty leviable under law.

xvi) **PARA 4.9, PAGE 71, AR 1998-99**  
**SHORT-REALIZATION OF CENTRAL EXCISE DUTY ON HOTEL ANCILLARY SERVICES OF RS 1.634 MILLION ALONG WITH ADDITIONAL DUTY AND PENALTIES.**

Audit pointed out that ancillary services like telephone, facsimile, telegraph and laundry etc were liable to central excise duty at the rate applicable to the respective hotels and restaurants. In violation of the above, three hotels paid central excise duty in respect of such services on handling charges only instead of on total charges. This resulted in short realization of Rs 1.634 million during 1996-97 and 1997-98.

xvii) **PARA 4.10, PAGE 72, AR 1998-99**  
**NON REALIZATION OF ADDITIONAL DUTY-RS 0.445 MILLION**

Audit pointed out that additional duty of Rs 0.445 million leviable under the law for late payment of central excise duty was either not demanded or

realized short from certain persons by Superintendent Central Excise. Malir Circle, Karachi, during the period 1996-97 and January to August, 1998. The irregularity was pointed out by Audit in February and November 1998. It was brought to the notice of CBR in September 1998 and August 1999. In one case the department informed that a contravention case had been made against the defaulters. Nothing was reported in respect of the other case.

xviii) **PARA 5.1 (B), PAGE 76, AR 1998-99**  
**NON-REALIZATION OF SALES TAX-RS. 57.624 MILLION**

Audit pointed out that certain companies / units working under different sales tax authorities made taxable supplies to their customers but did not pay sales tax leviable thereon under law. The omission led to non-realization of sales tax, further attracting additional tax / penalties etc of Rs 57.624 million.

xix) **PARA 5.1 (D) ,PAGE 77, AR 1998-99**  
**NON-REALIZATION OF SALES TAX - RS. 8.015 MILLION**

Audit pointed out that certain spinning/textile units i.e. the buyers of cotton lint under the jurisdiction of the Superintendent Sales Tax Circle Sahiwal failed to pay by due date the leviable sales tax on the invoices issued by the ginners. This led to non-realization of sales tax and additional tax leviable under Section 34 of the Sales Tax Act 1990, both of Rs 8.014 Million during June 1998 to August 1998.

xx) **PARA 5.2 (a) ,PAGE 80-81, AR 1998-99**  
**NON-DEPOSIT INTO GOVERNMENT TREASURY OF SALES TAX CHARGED FROM CUSTOMERS-RS. 472.348 MILLION**

Audit pointed out that certain registered persons collected / charged sales tax from their customers on supplies made to them but in violation of law the same was not deposited into government treasury. The default attracted levy of additional tax / penalties etc. Thus government dues aggregating Rs 488.594 million remained un-realized.

Under the law cotton ginners were required to remit to the designated branches of the National Bank of Pakistan the sales tax payment drafts received from spinning and expelling units. Certain cotton ginners falling under different sales tax authorities supplied cotton lint/seed to various registered spinning/expelling units but did not deposit the amount of sales tax charged/collected from the customers on their supplies during 1997-98. It resulted in non-realization of Rs 472.348 million on account of sales tax plus additional tax leviable under the law.

xxi) **PARA 5.3 (b) PAGE 84, AR 1998-99**  
**NON-REALIZATION OF SALES TAX AND ADDITIONAL TAX DUE TO**  
**IRREGULAR ADJUSTMENT OF INPUT TAX RS. 22.689 MILLION**

Audit pointed out that according to law, a registered person was not entitled to reclaim or deduct input tax paid on goods which were not direct constituents and integral part of the taxable goods produced or manufactured. Contrary to the above provision of law, certain manufacturers falling within the Collectorates of Sales Tax, Lahore, Peshawar, Multan and Karachi claimed/ adjusted input tax credits on their purchases of spares and lubricants, etc. which were not direct constituents or integral part of the goods manufactured. The irregularity led to non-realization of sales tax of Rs.18.657 million during the years 1996-97 and 1997-98 which further attracted additional tax of Rs 4.032 million aggregating Rs 22.689 million.

xxii) **PARA 5.3 (d) PAGE 86, AR 1998-99**  
**NON-REALIZATION OF SALES TAX AND ADDITIONAL TAX DUE TO**  
**IRREGULAR ADJUSTMENT OF INPUT TAX RS. 8.719 MILLION**

Audit pointed out that under the law, a registered person is entitled to reclaim or deduct input tax only if the input tax paid goods are used or are to be used in the manufacture of goods that are subject to sales tax. Contrary to this, the Collectorates of Sales tax at Hyderabad, and Karachi entertained adjustments made by certain units in respect of input tax paid on goods which were used in manufacture of goods exempt from sales tax. This led to non-realization of government dues of Rs 8.719 million.

xxiii) **PARA 5.3 (h) PAGE 91, AR 1998-99**  
**NON-REALIZATION OF SALES TAX AND ADDITIONAL TAX DUE TO**  
**IRREGULAR ADJUSTMENT OF INPUT TAX RS.1.555 MILLION**

Audit pointed out that according to law, a registered person is entitled to deduct input tax (paid for the purpose of taxable supplies made or to be made by him) from the output tax. Contrary to this, a registered person claimed/adjusted input tax during 1996-97 on "Returnable Bottles of 5 Gallons" which were not meant for sale. This deprived the government of revenue of Rs 1.555 million which was not demanded and recovered by the Superintendent, Sales Tax, East, Karachi.

xxiv) **PARA 5.5, PAGE 93-94, AR 1998-99**  
**NON-REALIZATION OF SALES TAX ON BAGASSE, RS. 72.287**  
**MILLION**

Audit pointed out that prior to the announcement of budget 1997-98 effective from 1st July, 1997, bagasses produced in the sugar mills was

liable to sales tax even if consumed in house as fuel. This however, exempted from tax from the above date. Certain sugar Mills falling under the jurisdictions of different tax authorities produced certain quantities of bagasse and used the same as fuel but did not pay sales leviable. This irregularity resulted into non-realization of sales tax including additional tax amounting to Rs 72.287 million.

xxv) **PARA 5.6 (a) PAGE 94,AR 1998-99**  
**NON/SHORT REALIZATION OF ADDITIONAL TAX AND PENALTY**  
**DELAYED PAYMENT OF SALES TAX RS. 38.727 MILLION**

Audit pointed out that according to law, sales tax for a month is required to be paid by the prescribed/stipulated date. The default of paying tax after the due date is liable to additional tax and surcharge. Contrary to this, though certain manufacturers had paid the sales tax late, yet the additional tax leviable thereon was either not paid by them or the same was paid short due to miscalculation or misapprehension. The concerned sales tax authorities also did not take notice of it. The omission thus deprived the government of aggregate revenue of Rs. 38.727 million.

xxvi) **PARA 5.7, PAGE 97-98- AR 1998-99**  
**NON- REALIZATION OF SALES AFTER THE EXPIRY OF EXEMPTION**  
**PERIOD RS. 19.189 MILLION**

Audit pointed out that goods produced or manufactured by some industrial set up during a specified period in certain areas were exempt from payment of sales tax for a period of five years from the date the industry was set up. On expiry of this exemption period each manufacturer was required to pay sales tax leviable under the law.. Contrary to this provision, certain manufacturers falling under the jurisdiction of Assistant Collector Sales Tax, Haripur & Nowshara failed to pay the tax and maintained prescribed record. This caused non-realization of sales tax of Rs 19.189 million and also attracts additional tax.

xxvii) **PARA 5.9 (a),PAGE 99, AR 1998-99**  
**NON/SHORT REALIZATION OF ADDITIONAL TAX AND PENALTY FOR**  
**DELAYED PAYMENT OF SALES TAX-RS. 10.574 MILLION**

Audit pointed out that certain registered persons supplied (i) Melamine Formaldehyde (PCT heading 3909.20) (ii) Urea Formaldehyde Molding compound (PCT heading 3909.1010) (iii) Urea Formaldehyde (PCT heading 3909); and (iv) Polystyrene (PCT 3903) during July 1996 to

March 1997 and paid sales tax @ 18 per cent instead of correct rate of 23 per cent ad-valorem. The application of incorrect rate of tax caused short-assessment of sales tax of Rs 3.473 million which was not demanded and

recovered by the concerned sales tax authorities. The default further attracted additional tax of Rs 7.101 million raising the recoverable to Rs 10.574 million.

xxviii) **PARA 5.10-PAGE 102 &103-AR 1998-99**  
**NON/ REALIZATION OF SALES TAX FROM OWNERS OF BRICKS**  
**KILNS -RS. 10.311 MILLION**

Fixed amount of sales tax leviable on bricks was either not paid or paid short by various owners of brick kilns falling under the jurisdiction of different tax authorities. This caused non-realization of sales tax Rs 10.311 million plus additional tax leviable under tax law.

xxix) **PARA 5.14(a),PAGE 106-AR 1998-99**  
**SHORT REALIZATION OF SALES TAX CAUED BY UNDER-VALUATION**  
**OF TAXABLE GOODS.RS. 2.231 MILLION**

Audit pointed out that supply of electricity goods were liable sales tax @ 12% of their retail price and price include all charges and taxes except sales tax at which article should be sold to end user. A registered person supplied bulbs and tubes during 1997-98 but sales tax paid at whole sale cash price instead of retail price. This caused short realization of sales tax Rs 2.231 plus additional tax. Sales Tax Circle, Samnabad Circle, Lahore failed to recover the tax on the basis of retail price.

xxx) **PARA 5.15, PAGE 108, AR 1998-99**  
**NON REALIZATION OF SALES TAX AND ADDITIONAL TAX, RS. 3.356**  
**MILLION**

Audit pointed out that certain registered persons/firms supplied plastic, iron & steel and other scraps falling under PCT headings 39.15, 73.10 and 85.06 respectively but failed to maintain sales tax record and pay leviable sales tax of Rs 2.940 million during 1996 and 1997. The default further attracted levy of additional tax of Rs 0.416 million (calculated upto 30th September 1998), raising the total recoverable amount to Rs 3.356 million which was neither demanded nor recovered by the Superintendent Sales Tax, Division-II, West, Karachi.

xxxi) **PARA 7.1,PAGE 113, AR 1998-99**  
**NON PRODUCTION OF RECORD**

Audit pointed out that in terms of para 16 of the Pakistan (Audit & Accounts) Order, 1973. The Auditor-General has the authority to require any books or other documents relating to transactions to which his duties in respect of audit extend. Auditable documents/ records were not produced by departmental authorities for audit despite repeated directives

of the PAC to FBR to ensure production of auditable documents/ records to Audit and to take disciplinary action against the defaulters.

xxxii) **PARA 9.7(c), PAGE 139, AR 1998-99**

**PRACTICE OF ALLOWING ADJUSTMENT/REFUNDS IN NEGATION TO ENACTED PROVISION- RS. 1.018 MILLION**

Audit pointed out that the rate of sales tax was changed and reduced from 18 percent to 12.5 percent with effect from 28th March, 1997 through Finance Supplementary Act, 1997. Two units located at Karachi claimed/adjusted input tax on the purchases made in April, June and July 1997 @ 18 percent instead of the action admissible input tax @ 12.5 percent on the plea that input tax was over paid. The excess paid amount of tax could be claimed as refund under section 66 of the Sales Tax Act, 1990 but could not be deducted from the output tax under section 7 (1) of the Act ibid. This led to irregular adjustment of overpaid input tax of Rs 1.018 million.

xxxiii) **PARA 9.8 (a), PAGE 139-140, AR 1998-99**

**INADMISSIBLE REFUND OF INPUT TAX WITHOUT SUPPORTING SALES TAX INVOICES / BILLS OF ENTRY RS. 122.178 MILLION**

Audit pointed out that according to sec 7 of Sales Tax Act, 1990, a registered person is not entitled to deduct input tax from output tax unless he holds a tax invoice or bill of entry. Refund of input tax of Rs 122.178 million was allowed to M/s Mehmood Textile Mills, Muzaffargarh in July, 1998 without any supporting tax invoices. Prior to this, cotton lint valuing Rs 768.234 million involving sales tax Rs 115.235 million was shifted to spinning section of mills during 1996-97 but without payment of tax involved.

xxxiv) **PARA 9.8 (b), PAGE 139, AR 1998-99**

**INADMISSIBLE REFUND OF INPUT TAX WITHOUT SUPPORTING SALES TAX INVOICES / BILLS OF ENTRY RS. 223.409 MILLION**

Audit pointed out that according to law (section 7)(2) of the Sales Tax Act, 1990 a registered person is not entitled to deduct input tax from output tax unless he holds a tax invoice or a bill of entry. Contrary to this refund/adjustment of input tax of Rs 223.409 million was claimed and allowed to four registered persons falling in the Collectorates of Sales Tax (East), Karachi although the claims were not supported by purchase invoices.

xxxv) **PARA 9.8 (c), PAGE 140, AR 1998-99**

**INADMISSIBLE REFUND OF INPUT TAX WITHOUT SUPPORTING SALES TAX INVOICES / BILLS OF ENTRY RS. 6.326 MILLION**

Audit pointed out that according to sec 7 of Sales Tax Act, 1990, a registered person is not entitled to deduct input tax from output tax unless he holds a tax invoice or bill of entry. Contrary to this, an amount of Rs 6.325 million on account of refund/ adjustment of input tax was claimed by and allowed to M/s Potential Engineering Ltd. During the period January, 1995 to March,1998 without relevant input tax invoices.

xxxvi) **PARA 9.9, PAGE 141, AR 1998-99**

**INADMISSIBLE ADJUSTMENT / REFUND OF INPUT TAX ON SPARE PARTS ETC- RS. 18.773 MILLION**

Audit pointed out that according to Section 8(1) of the Sales Tax Act, 1990. a registered person is not entitled to re-claim or deduct input tax paid on the goods used or to be used for any purpose other than for taxable supplies made or to be made by him.

In contravention of the provisions of the law registered persons of textile and steel sectors claimed and adjusted input tax (against the payable output tax) on account of purchase of such items as were not actually used in making the taxable supplies i.e. paints, varnish, electric cables, greases and lubricants, cement, chemicals. MS bars. etc. These items were actually used for the maintenance/repair of plant and machinery and building premises which are the permanent assets of the concerns and their cost was not attributed/included in the taxable value of the taxable supplies. This caused inadmissible adjustment/refund of input tax of Rs 5.278 million and additional tax of Rs 10.397 million of Rs 15.675 million during the period July 1996 to May 1999 by the Collectorates of Sales Tax. Karachi.

Similarly, the Collectorates of Sales tax. Hub allowed refund of input tax of Rs 2.213 million during the period June 1998 to August 1999 on account of purchase of spare parts, electrical goods, etc which was entirely unlawful and inadmissible under SRO 578(1)/98 dated 12th June 1998 effective from 1st July 1998 read-with Section 10 of the Sales Tax Act, 1990. The default further warranted levy of additional tax Rs. 0.885 million raising to recoverable to Rs 3.098 million.

xxxvii) **PARA 9.10,PAGE 142, AR 1998-99**

**INADMISSIBLE ADJUSTMENT / REFUND OF INPUT TAX AGAINST REPLACEMENT INVOICES RS. 6.423 MILLION**

Audit pointed out that under the law, adjustment of input tax was not admissible on the basis of replacement invoices from July 1997. Contrary to this adjustment of input tax of Rs 2.276 million was sanctioned by the Collectorates Sales Tax Lahore, on the basis of replacement invoices. Similarly adjustment of input tax of Rs 1.420 million allowed to a unit

falling in the jurisdiction of the Collectorates of Sales Tax (East), Karachi on the basis of replacement invoices issued in July and September 1997. This inadmissible adjustment further attracted levy of additional tax of Rs 2.657 million and penalty of Rs 0.071 million raising the recoverable to Rs 4.147 million in this case.

xxxviii) **PARA 9.11, PAGE 143, AR 1998-99**

**FRAUDULENT REFUND OF INPUT TAX THROUGH FICTITIOUS INVOICES-RS. 3.155 MILLION**

Audit pointed out that refund of input tax of Rs 3.155 million was sanctioned / paid to certain registered persons by the Collectorates of Sales Tax, Lahore. Scrutiny by Audit revealed that the tax invoices on the basis of which refund had been sanctioned were fictitious as neither such invoices were issued by the suppliers nor was any such supply found entered on the supply registers / records of the supplier.

xxxix) **PARA 9.13, PAGE 144, AR 1998-99**

**EXCESS REFUND OF INPUT TAX DUE TO ITS NON APPOINTMENT-RS. 2.223 MILLION**

Audit pointed out that under Section 8(2) of the Sales tax Act. 1990, if a registered person deals in taxable and non-taxable supplies, he can reclaim only such portion of the input tax as is attributable to taxable supplies.

Two units falling in the jurisdiction of Collectorates of Sales Tax, Quetta at Hub (Baluchistan) made exempt as well as taxable supplies and claimed/availed refund of the entire input tax without, however its apportionment quite against the law. This resulted in excess refund of Rs 2.233 million which further attracted levy of additional tax under the law.

xl) **PARA 9.14,PAGE 144, AR 1998-99**

**EXCESS ADJUSTMENT OF INPUT TAX-RS. 1.811 MILLION**

Audit pointed out that two units falling in the jurisdiction of the Collectorates of Sales Tax, Rawalpindi and Quetta (Hub) claimed and adjusted, input tax of Rs 6.601 million in September, 1996 and January, 1999. Whereas the actual input tax was Rs 4.790 million. This resulted in excess adjustment of input tax of Rs 1.811 million.

xli) **PARA 10.7,PAGE 154, AR 1998-99**

**SHORT/REALIZATION OF CENTRAL EXCISE DUTY ON LEASED CIRCUITS/MICROWAVE SYSTEM**

Audit pointed out that NTC billed Rs 343.637 million as charges for circuits leased to Defence, government agencies and other organizations, for the

period from January 1996 to January 1999. Out of this amount Rs 112.590 million were collected by PTCL and balance Rs 231.048 million were to be collected by NTC on which central excise duty of Rs 46.209 million was paid @25% of the charges.

The rate of 25% of duty was effective only for the period from 1st July, 1997 to 30th June, 1999. For the other periods, there were other effective rates. The record was not provided to the Audit, due to this actual duty could not be ascertained.

### **EXPENDITURE AUDIT**

xlii) **PARA 5.1- AR 1998-99**  
**NON-PRODUCTION OF RECORD-RS.2666.2075 MILLIONS**

Audit pointed out that in Federal Board of Revenue, a payment of Rs. 2666.2075 millions was made to M/S SGS and M/S Cotecna S.A Switzerland during 1995-96 on account of physical inspection of all consignments to be imported to the territory prior to shipment to determine that the goods presented correspond to the description communicated to the suppliers by the importers. Following deficiencies were observed:-

- i. relevant record showing job carried out by the firms concerned was not available in the CBR contrary to Para-17 of GFR Vol-I,
- ii. all payment were found without supporting invoices/vouchers due to which quantum of work could not be ascertained.
- iii. income tax amount to Rs.133.310 million on payment of Rs. 2666.2075 millions not be deducted from the firms concerned against the Income Tax Law.

In view of above facts Audit held the said expenditure as irregular, regularization of the expenditure of Rs. 2666.2075 millions by the competent authority was desired besides recovery of Income Tax of Rs. 133.330 millions from the firms concerned.

### **PAC DIRECTIVE**

The Committee settled the above mentioned (42) forty two paras to the extent of amount where recoveries have been verified by audit and rest of the portion of the said paras referred to DAC with the direction to PAO to hold the DAC meeting in the last week of July, 2015 and report there in be sent to PAC and Audit up to 31st August, 2015.

**SPECIAL AUDIT REPORT ON TAX REVENUE RECEIPTS-1998-99**  
**(IN LAND REVENUE)**

8. i) **PARA NO. 3.1, SAR 1998-99**  
**UNLAWFUL REFUND OF CENTRAL EXCISE DUTY RS. 44.048**  
**MILLION**

Audit stated that According to government notification dated 10th May, 1994 sugar produced in a factory in excess of the average production of that factory for the preceding three years, was subject to the concessionary rate of central excise duty of Rs.1.08 per kg, instead of the normal rate of Rs.2.15 per kg. The Collectorates of Central Excise and Sales Tax, Hyderabad allowed refund of Central Excise duty of Rs.44.048 million to two sugar mills on account of duty paid at the normal rate of Rs.2.15 per kg on production of crushing season 1993-94 on the plea that it was in excess of their respective average production of last three years. This refund was sanctioned by incorrect application of the aforesaid notification and was not in accordance with the law on the following grounds.

1. The Mills operated during 1990-91 only for a few days (Ansari Sugar Mills for 16 days and Matiari Sugar Mills for 41 days) and that too on trial basis. As the Mills did not work for the full crushing season but for a trial period only, the production for this year could not be used as a basis for computing average production of the last three years;
2. Central Excise duty is an indirect tax, the incidence of which is on the end customers. The manufacturer was not entitled to claim any refund whatsoever of the duty already collected.

PAO requested that the upcoming Paras may also be referred to DAC and pended for six months.

ii) **PARA 3.2 PAGE 11, SAR 1998-99**  
**NON-REALIZATION OF CENTRAL EXCISE DUTY ON SERVICES**  
**RENDERED BY LEASING COMPANIES– RS 17.526 MILLION**

Audit pointed out that all services provided or rendered by leasing companies were liable to pay central excise duty @ 1/12th of one per cent of the amount of each financial lease or operating lease outstanding on the last working day of each calendar month. The duty was required to be paid by 25th of the following month. The Superintendent, Central Excise, Rawalpindi, however, failed to realize central excise duty of Rs 17,526,011 from M/s Askari Leasing Limited, Rawalpindi during the year 1996-97.

iii) **PARA 4.1 PAGE 13, SAR 1998-99**  
**EVASION OF SALES TAX – RS. 4.457 MILLION**

Audit pointed out that a unit falling in the jurisdiction of the Superintendent, Sales Tax, Samanabad Circle, Lahore Supplied envious (assorted) to the Printing Corporation of Pakistan, Islamabad in January, 1997 but did not pay sales tax of Rs. 3,096,316 collected thereon nor was the prescribed record thereof maintained as the same could not be produced to audit on requisition (audit based its observation on the adjustment claimed by the printing corporation of Pakistan, Islamabad). The unit also did not file any return during July, 1996 to March, 1998 except for the tax period February, 1997 through which it deposited sales tax of Rs. 3,200 under the fixed tax scheme. The concerned sales tax authorities not only failed to detect the evasion but also to take action under law for non-filing of sales tax returns.

iv) **PARA 4.3 PAGE 15, SAR 1998-99**  
**NON-REALIZATION OF SALES TAX AND ADDITIONAL TAX FROM THE MANUFACTURERS/SUPPLIERS OF POULTRY FEEDS-RS.9.477 MILLION**

Audit pointed out that a manufacturer/supplier is entitled to make deduction of input tax (sales tax on raw materials) paid in a tax period against output tax (sales tax on finished goods) provided that raw materials are used or to be used in taxable supplied. The poultry feed was subject to sales tax. Five manufacturers /suppliers of poultry feeds adjusted input tax paid by the on raw materials purchased by them. After they had adjusted input tax on their purchases against output tax pending their consumption in taxable supplies, sales tax on poultry feeds was withdrawn w.e.f. 12th June, 1997. This change warranted that input tax adjusted by them on raw materials in stock 11th June, 1997 which had not yet been used, should be demanded back as these were no more meant for taxable supplies. The Superintendent, Sales Tax, Circle-I, Rawalpindi/Islamabad having jurisdiction, however, failed to demand the tax. This resulted in non-realization of sales tax of Rs. 9,477,286 (including additional tax calculated for 1st three month's delay) during the year 1996-97.

v) **PARA 6.2 PAGE 20, SAR 1998-99**  
**NON-LEVY OF ADDITIONAL TAX – RS.30.047 MILLION**

Audit pointed out that a company (NTN 13-10-5308188), being assessed in Circle-10, Companies Zone-II, Karachi did not pay advance tax in full in four quarterly installments for assessment year 1996-97 due from it under the law on the basis of tax levied in the latest assessment completed before 15-9-1995 (i.e. assessment year 1994-95). The default attracted

levy of additional tax amounting to Rs.30.047 million u/s 87 of Income Tax Ordinance, 1979 but the same was not levied by the assessing officer.

vi) **PARA 6.4 PAGE 22, SAR 1998-99**  
**SUPPRESSION OF CLOSING STOCK LEADING TO SHORT ASSESSMENT OF REVENUE – RS.4.378 MILLION**

Audit pointed out that a private limited company (NTN 08-35-0251942) being assessed in Circle-06, Hyderabad Zone, Hyderabad under stated the value of closing stock of 'carpet yarn' worked out on the basis of details of production, consumption and sales. As a result of the goods sold was inflated which in turn depicted less income. The suppressed closing stock of Rs.14.800 million was required to be added as concealment of income but this was not done by the department. This caused short assessment of income tax of Rs.4.378 million.

vii) **PARA 6.5 PAGE 23, SAR 1998-99**  
**INADMISSIBLE ADJUSTMENT OF LOSSES OF TAX HOLIDAY PERIOD RS.12.265 MILLION**

Audit pointed out that a private limited company (NTN 30-05-1718219) being assessed in Range-V, Companies Zone-III, Lahore enjoyed tax exemption for 5 years from 1-1-1984 to 31-12-1988. There was an unabsorbed depreciation loss of Rs.54.603 million during this period which was assessed as not to be carried forward for subsequent adjustment against the income of post-tax holiday period in the light of CBR's orders /circular dated 8-11-1988. The assessment for the assessment years 1990-91 and 1991-92 were finalized on 30-6-1994 at net income of Rs.8.327 million and Rs.9.903 million charging tax of Rs.4.580 million and Rs.5.446 million respectively wherein the adjustment of the aforesaid loss was not allowed. Subsequently however, the assessments of both the years 1990-91 and 1991-92 were rectified whereby the loss of the tax holiday period of Rs.54.603 million was adjusted against the taxable income of the post-tax holiday period under special relaxation allowed by the CBR vide letter dated 28-1-1992. This deprived the government of revenue of Rs.12.265 million.

viii) **PARA 6.6 PAGE 24, SAR 1998-99**  
**UNDER ASSESSMENT OF REVENUE DUE TO UNLAWFUL ADJUSTMENT – RS.7.478 MILLION**

Audit pointed out that a limited company (NTN 22-09-0786752) being assessed in Circle-09, Companies Zone-II, Lahore credited an amount of Rs.15.106 million under the head 'Prior years' adjustment in its profit and loss appropriation account for the assessment year 1991-92. Under

section 25(a) of Income Tax Ordinance, 1979 the amount so received was liable to be added as deemed income from business or profession of the current year instead of taking it to the Appropriation Accounts. While finalizing the assessment, the same was omitted to be assessed as deemed income under the law. This resulted in under assessment of revenue of Rs.7.478 million.

PAO requested that the upcoming Paras may also be referred the DAC and pending for six months.

ix) **PARA 6.7 PAGE 25, SAR 1998-99**  
**SHORT REALIZATION OF GOVERNMENT REVENUE DUE TO UNDER ASSESSMENT OF PROFIT FROM SALE OF FIXED ASSETS – RS.1.747 MILLION**

Audit pointed out that a public limited company (NTN 22-09-0186750) being assessed in Circle-09, Companies Zone-II, Lahore declared profit of Rs.9.050 million from sale of fixed assets in the return for the assessment year 1995-96 filed on 15-1-1995. Later on a revised return was filed on 23-8-1995 wherein the profit from the sale of fixed assets was shown as Rs.4.776 million and was assessed accordingly. The actual taxable profit from disposal of fixed assets as worked out by audit from the details available on the assessment record was Rs.9.256 million instead of Rs.4.776 million assessed by the department. Thus, the under assessment of the profit deprived the government of revenue of Rs.1.747 million.

x) **PARA 6.9 PAGE 26, SAR 1998-99**  
**UNDER ASSESSMENT OF INCOME TAX ON INTEREST INCOME – RS.1.194 MILLION**

Audit pointed out that a private limited company (NTN 13-07-3300634) being assessed in Circle-07, Companies Zone-II, Karachi received interest on PLS deposit which was taxable at rate(s) normally applicable to the private company. The same was however, taxed @ 10% (u/s 80B of the Income Tax Ordinance 1979) which was applicable to the company. This caused short assessment of tax of Rs.1.193 million during the assessment years 1993-94 to 1996-97.

**PAC DIRECTIVE**

The Committee settled the above mentioned ten (10) paras to the extent of amount where recoveries have been verified by audit and rest of the portion of the said paras referred to DAC with the direction to PAO to hold the DAC meeting in the last week of July, 2015 and report there in be sent to PAC and Audit upto 31st August, 2015.

9.
  - i) **PARA 4.2 PAGE 14, SAR 1998-99**  
INADMISSIBLE REFUND OF INPUT TAX PAID ON PLANT AND MACHINERY – RS.16.050 MILLION.
  - ii) **PARA 4.4 PAGE 16, SAR 1998-99**  
**INADMISSIBLE ADJUSTMENT OF INPUT TAX RS. 2.906 MILLION**
  - iii) **PARA 4.5 PAGE 17, SPECIAL AR 1998**  
NON-REALIZATION OF SALES TAX AND ADDITIONAL TAX ON FRUIT PULP-RS. 2.205 MILLION
  - iv) **PARA 6.1 PAGE 20, SAR 1998-99**  
UNDER ASSESSMENT OF INCOME TAX DUE TO GRANT OF INADMISSIBLE EXEMPTION – RS.323.719 MILLION
  - v) **PARA 6.3 PAGE 21, SAR 1998-99**  
SHORT ASSESSMENT OF GOVERNMENT DUES DUE TO NON-ADDITION OF EXCHANGE LOSS ON TRADING LIABILITIES – RS.17.878 MILLION
  - vi) **PARA 6.8 PAGE 26, SAR 1998-99**  
SHORT ASSESSMENT OF TAX REVENUE DUE TO INCORRECT ACCOUNTING TREATMENT OF COST OF PACKING MATERIAL – RS.1.419 MILLION
  - vii) **PARA 7.1 PAGE 28, SAR 1998-99**  
SHORT ASSESSMENT OF WEALTH TAX DUE TO UNDER VALUATION OF SHARES – RS.2.708 MILLION

#### **PAC DIRECTIVE**

The Committee settled the above mentioned (07) seven paras on the recommendation of DAC.

#### **AUDIT REPORT CUSTOMS & PETROLEUM DIRECT TAXES-1998-99**

10.
  - i) **PARA 1.2 PAGE 16, AR 1998-99**  
BLOCKADE/LOSS OF REVENUE DUE TO DISCRIMINATION IN USE OF EXECUTIVE POWERS- RS 681.418 MILLION

Audit pointed out that exemption from levy of customs dues on import of raw material for seamless pipes was withdrawn by the Federal Government on 20th February 1997, but on the same day CBR granted specific exemption to a unit of Karachi. A rival unit of Lahore challenged this discrimination in use of powers in the Lahore High Court which granted interim relief to the petitioners allowing provisional release of

goods subject to furnishing of indemnity bond covering government taxes. Due to this a unit availed exemption from customs dues of millions of rupees while the other rival unit sought interim relief from the High Court and government revenue of Rs 681.4 million remained blocked in a single case.

The PAO requested to committee that the upcoming paras may also be referred to DAC and pended for six months.

ii) **PARA 1.5 PAGE 19, AR 1998-99**  
**BLOCKADE OF GOVERNMENT REVENUE DUE TO OVER-STORAGE**  
**OF WAREHOUSE GOODS – RS.83.2 MILLION**

Audit pointed out that according to section 98 of the Customs Act, 1969 warehouse goods other than consumer goods may remain in the warehouse for a specified period. This period is extendable by the competent authority on sufficient cause shown by the owner of the goods subject to the condition that he pays in advance surcharge on the duty and taxes involved at two per cent per month for the extended period. Failure to do so calls for action for recovery of leviable taxes. Contrary to this warehouse goods are generally neither got cleared on payment of leviable taxes within the prescribed period, nor any extension of warehousing period is sought by the owners but no action to recover the taxes involved is taken by the departmental authorities which results in blockade of government revenue of Rs83.2 million.

iii) **PARA 1.6 (b) PAGE 20, AR 1998-99, (PDP NO. 1568-CD/K)**  
**NON IMPLEMENTATION OF CONSTITUTIONAL PROVISIONS**  
**LEADING TO NON-REALIZATION OF GOVERNMENT DUE RS 7.108**  
**MILLION**

Audit pointed out that under SRO dated 4th October 1995, plant and machinery as is not manufactured locally, used for setting up new units and expansion, balancing modernization and replacement of existing units the letter of credit of which were opened prior to 30th June 1995, and were intended to be cleared under SRO dated 14th May 1992, is exempt from customs duty and sales tax in excess of 25 per cent of the duty and taxes leviable thereon, and under SRO dated 29th October 1995, the goods were also liable to regulatory duty @ 10 per cent advalorem. The Collectorates (Appraisement), Custom House, Karachi, released three consignments to importer under the provisions of SRO dated 14th May 1992. This resulted in loss of the government revenue amounting to Rs 7,108,268.

iv) **PARA 3.7 PAGE 45, AR 1998-99**  
**NON-REALIZATION OF 2 PER CENT SURCHARGE ON DELAYED CLEARANCE OF WAREHOUSED GOODS-RS 3.553 MILLION**

Audit pointed out that under the law, warehoused goods may remain in the warehouse for a specified period which is one month for consumer goods and three months for other goods. Extension beyond this period can be allowed on sufficient cause being shown by the owner of warehoused goods, subject to his paying in advance surcharge on the duty and taxes involved @ 2 per cent per month for the extended period. In violation of this provision, certain authorities under CBR failed to assess and realize the said surcharge on delayed clearance of warehoused goods. The omission caused non-realization of government dues aggregating Rs 3,552.710.

v) **PARA 3.9 (a) PAGE 48, AR 1998-99**  
**NON-REALIZATION OF ADDITIONAL CUSTOMS DUTY AS WAREHOUSING SURCHARGE - RS 3.018 MILLION**

Audit pointed out that certain importers under the jurisdiction of Assistant Collector Customs (BWH), Dry Port, Mughalpura, Lahore, Faisalabad and Peshawar got cleared their imported goods from bonded warehouses after the expiry of 1st quarter, but the additional customs duty as - warehousing surcharge @ 2 per cent advalorem was not realized from them. The irregularity thus resulted in non-realization of government dues of Rs 3,605,841 during April 1993 to December 1997. The irregularity was pointed out by Audit during September 1994, November 1994 to March 1995 and May 1998 and reported to CBR during January 1995, March to June 1995 and July 1998. In response the department reported recovery of Rs 587,835, while the balance amount of Rs 3,018,006 was still recoverable.

vi) **PARA 3.11(b) PAGE 51 &52, AR 1998-99**  
**SHORT REALIZATION OF SALES TAX DUE TO APPLICATION OF LOWER RATE ON IMPORT- RS 0.517MILLION**

Audit pointed out that according to SRO dated 2.5.1995 Air conditioners /refrigerators and TVs imported under the Afghan transit Trade Agreement 1995 if cleared for home consumption in Pakistan were chargeable to Sales Tax @ 12.5% and Fixed Sales Tax @ 2% of the landed cost was also leviable vide notification dated 22.7.1992 .The above goods were charged at lower rate of tax @ 11.25% and 1.5% sales tax and Fixed sales tax respectively by the Collectorates of Customs (Appraisement) Karachi, resulting short recovery of Rs.517,437.

vii) **PARA 1.4 PAGE 18, AR 1998-99**  
**NON-RECOVERY OF GOVERNMENT DUES IN ADJUDICATED CASES**  
**RS 3.852 MILLION**

Audit pointed out that the recovery of government dues on account of sales tax, additional tax and penalty recoverable from Assistant Collector Customs, BWH, Dry port Mughalpura, Lahore as a result of adjudication of contravention case is generally not made promptly despite the fact that sales tax officers have adequate powers to do so. Audit observed that government revenue of Rs.3,852,024 is still pending was found blocked in 02 cases.

**SUBJECT STUDY REPORT ON PERFORMANCE OF RECOVERY**  
**CELL OF CUSTOMS HOUSE KARACHI**

viii) **PARA 11.4 PAGE 162, AR 1998-99**  
**INSUFFICIENT ACTION FOR RECOVERY OF ARREARS OF CUSTOMS**  
**DUES RS. 2,138.324 MILLION**

Audit pointed out that during the period July, 1997 to November, 1999, a total of 275 cases involving arrears of Rs. 2,516.077 million were registered in the Recovery Cell. The Cell could recovery only a sum of Rs. 377.753 million.

ix) **PARA 11.5 PAGE 163, AR 1998-99**  
**BLOCKADE OF GOVERNMENT REVENUE – RS. 952.7 MILLION**

Audit pointed out that an amount of Rs. 430,206,148 was recoverable from various organizations in 20 cases. The department did not take effective steps for realization of the same. In seven out of total 20 cases which involved arrears of Rs. 221,000,18 even notices for recovery as required under Rule 7 of the Customs Recovery Rules, 1992 were not found issued. Regarding remaining 13 cases, only first notice was issued with no follow-up action.

x) **PARA 11.6 PAGE 163, AR 1998-99**  
**NON-RECOVERY OF GOVERNMENT DUES FROM THE REGISTERED**  
**PERSONS – RS. 384,303,201**

Audit pointed out that customs dues of Rs. 384,303,201 were outstanding in 89 cases against registered persons who were running their industries and business. The outstanding government dues could be recovered by adjustment from their refund claims or imposing embargo or attachment of their industry as provided in the rules but no such action was taken. The department failed even to issue recovery notices in 14 cases involving government dues of Rs. 181,122,743.

xi) **PARA 11.7 PAGE 164, AR 1998-99**  
**NON-RECOVERY OF GOVERNMENT DUES FROM THE COMMERCIAL IMPORTERS – RS. 313,057,938**

Audit pointed out that the study revealed that government dues of Rs. 313,057,938 remained un-recovered from 166 commercial importers. It was observed that insufficient action was taken to recovery the arrears in-as-much as no notice was issued in 51 cases involving revenue of Rs. 140,459,030 while the remaining cases were not pursued for recovery for years.

xii) **PARA 11.8 PAGE 164, AR 1998-99,**  
**NON RECOVERY OF ASSESSED GOVERNMENT REVENUE – RS 11,346,119(SSR RECOVERY CELL CUSTOM HOUSE KARACHI)**

Audit pointed out that collectorates of Customs (Preventive) Karachi working under Federal Board of Revenue Islamabad failed to recover assessed customs dues of Rs.11, 346,119 in 19 cases from an importer even after expiry of a period of more than four years.

**STUDY REPORT ON CONTAINER FREIGHT SECTION**

xiii) **PARA 12.5 PAGE 169, AR 1998-99**  
**INSUFFICIENT MONITORING CONTROL OF CUSTOMS OVER TRANSSHIPMENT**

Audit pointed out that according to the procedure of transshipment a carrier is required to submit a certificate within twenty days from the Assistant Collector of Customs of the port/station of destination regarding safe receipt of the imported containers. The study revealed that there was no control of customs to monitor whether the importer containers dispatched upcountry had reached the port/station of destination. Audit selected transport permits of two months i.e. January 1998 and June 1999 for examination and found that certified copies of transport permits, duly receipted by customs authorities of port of destination had not been received in as many as 103 cases valuing Rs. 2.234 million involving government revenue of Rs. 1,656.606 million despite the lapse of a period ranging from five to twenty two months. The possibility of pilferage of imported goods evading government dues cannot be ruled out. Besides,

22 transshipment permits involving customs dues of Rs. 12,064,445/- received back in acknowledgements of imported goods having been received at upcountry customs ports were found unsigned, making the receipt of the dispatched goods doubtful.

xiv) **PARA 12.6 (a) PAGE 170, AR 1998-99**  
**NEED TO DEVELOP A SYSTEM TO MONITOR CLEARANCE OF**  
**IMPORT GENERAL MANIFEST**

Audit pointed out that under the law, if any goods are not entered and cleared for home consumption or warehoused or transshipped within one month of the date of unloading thereof at a customs-station or within such extended period as the appropriate officer may allow, such goods, after due notice given to the owner, are required to be sold under orders of the appropriate officer. Contrary to this, it was observed during test check that 173 imported containers were not cleared till the date of discussion of the study report (i.e. 16th November, 1999) with the Collector of Customs (Appraisalment), Karachi although the stipulated period of one month had expired long before. This in turn warranted action towards sale of the imported goods after due notice to the importer which was also not initiated. The inaction led to blockage of government revenue of millions of rupees.

xv) **PARA 12.7 PAGE 171, AR 1998-99**  
**NON-RECEIPT OF IMPORTED GOODS AT THOKAR NIAZ BAIG**  
**LAHORE.RS. 28,178,331/-**

Audit pointed out that the study transpired that the Collector of Customs, Lahore intimated to Customs Karachi vide his letter bearing C.N. V-/Cus/CES/AIB /01/97/317 dated 13th February 1998 that case properties of certain transshipment permits issued from Custom House, Karachi were not received at Container Freight Section Lahore. The list was examined by Audit with reference to acknowledgement received from the Container Freight station Lahore. It revealed that sixteen (16) containers/ consignments involving government dues of Rs. 28,178,331 has not been received there till the discussion of the study report (i.e.16th November 1999) with the Collector of Customs. In the absence of Proper receipt of goods at the destination, possibility of the goods having been stolen evading the government dues cannot be ruled out.

**SPECIAL AUDIT REPORT ON TAX REVENUE RECEIPTS 1998**

xvi) **PARA 2.1 PAGE 3, SPECIAL AR 1998**  
**NON-REALIZATION OF CUSTOMS DUES IN RESPECT OF**  
**WAREHOUSED GOODS-RS 473.094 MILLION**

Audit pointed out that imported goods may remain warehoused without payment of livable customs dues for a certain period. In case the goods are not cleared on payment of the customs dues within the specified period or within the extended period permissible under the law, the appropriate officer of customs is required to demand and recover the

customs dues. In case of failure to pay the dues chargeable, the officer is required to make good the dues either through enforcement of the bond executed at the time of warehousing of the goods or through sale of goods after given fifteen days detention notice to the importers. Notwithstanding these provisions, the Assistant collector (BWH), Customs Port, Moghalpura, Lahore did not initiate any action whatsoever on expiry of the prescribed period of three months of warehousing to recover customs dues on imported goods warehoused years before even as back as 1992. This resulted in blockade of government revenue of Rs 473,094,487 (calculated at the time of warehousing of imported goods) plus warehousing surcharge to be calculated to the date of clearance of the goods.

xvii) **PARA 2.3 PAGE 5, SPECIAL AR 1998**  
**NON-REALIZATION OF PROVINCIAL STAMP DUTY ON CLEARANCE OF IMPORTED PETROLEUM PRODUCTS- RS 21.652 MILLION**

Audit pointed out that the Government of the Punjab levied stamp duty on imported goods at the rate of fifty paise for every one hundred rupees or part thereof of the value of imported goods from July, 1997. This duty was collectable by customs authorities along with customs dues. The Assistant Collector, Customs Port, Multan, however, failed to realize the stamp duty on clearances of imported petroleum products from PARCO bonded tanks during July to August, 1997. This deprived the government of a revenue of Rs.21,651,664.

xviii) **PARA 2.6 PAGE 7, SPECIAL AR 1998**  
**EVASION OF CUSTOMS DUTY DUE TO INCORRECT APPLICATION OF EXEMPTION NOTIFICATION – RS 8.758 MILLION**

Audit pointed out that according to government notification dated 14th June, 1995, Vegetable Seeds were exempt from customs duty. The Assistant Collector, Customs Port, Moghalpura, Lahore erroneously applied this notification to Corn Seeds (PCT heading 1005.1000) imported by M/s Cargil Pakistan Seeds (Pvt.) Ltd. This caused evasion of customs dues of Rs.7,606, 771 in March, 1996.

The same firm imported hybrid Sunflower Seeds (PCT heading 1206.0000) which were charged to customs duty at the concessionary rate of 10 per cent ad valorem instead of the correct rate of 25 per cent ad valorem on the strength of another government notification dated 14th June, 1995 although that notification did not cover that import. This resulted in further evasion of customs dues of Rs 1,150,884 in two cases during January to April, 1996.

The Collector of Customs (Appraisalment), Lahore has since upheld audit observations in similar three cases (two of the former category and one of the latter category) during adjudication proceedings of November/December, 1997. The cases under reference were, however, awaiting adjudication by customs authorities. The need for early adjudication is emphasized besides initiating action against customs staff with whose connivance or negligence the evasion took place.

### **PAC DIRECTIVE**

The Committee settled the above mentioned eighteen(18) paras to the extent of amount where recoveries have been verified by audit and rest of the portion of the said Paras referred to DAC with the direction PAO to hold the DAC meeting in the last week of July, 2015 and report there in be sent to PAC and Audit upto 31st August, 2015.

11. i) **PARA 1.6 (a) PAGE 20, AR 1998-99**  
**NON IMPLEMENTATION OF CONSTITUTIONAL PROVISIONS LEADING TO NON REALIZATION OF GOVERNMENT DUES RS 17,511,606**
- ii) **PARA-1.6 (c) PAGE 22, AR 1998-99**  
**NON-IMPLEMENTATION OF CONSTITUTIONAL PROVISIONS LEADING TO NON REALIZATION OF GOVERNMENT DUES – RS 7.605 MILLION**
- iii) **PARA 1.9 PAGE 25, AR 1998-99**  
**NON SECURING OF GOVERNMENT REVENUE THROUGH BANK GUARANTEES IN CONTRAVENTION OF CENTRAL BOARD OF REVENUE ORDER)**
- iv) **PARA-2.3 PAGE 28, AR 1998-99**  
**EVASION OF RS. 25 MILLION IN BONDED WAREHOUSE OF CRESCENT GREENWOOD**
- v) **PARA 2.5 PAGE 29, AR 1998-99**  
**NON-ENCASHMENT OF BANK GUARANTEE RS.4,000 MILLION**
- vi) **PARA 2.6 PAGE 29, AR 1998-99**  
**THEFT OF 11 WIRELESS SETS FROM STATE WAREHOUSE QUETTA**
- vii) **PARA 2.9 PAGE 31, AR 1998-99**  
**EVASION OF CUSTOM DUTY AND TAXES RS 227 MILLION**
- viii) **PARA 2.10 PAGE 32, AR 1998-99**  
**TAX EVASION OF RS.82 MILLION**

- ix) **PARA 3.1 (a) PAGE 33, AR 1998-99**  
NON/SHORT REALIZATION OF CUSTOMS DUES DUE TO NON LEVY OF REGULATORY DUTY RS. 72.545 MILLION
- x) **PARA-3.1 (B) PAGE 34, AR 1998-99**  
NON/SHORT REALIZATION OF CUSTOMS DUES DUE TO NON LEVY OF REGULATORY DUTY – RS.0.107 MILLION.
- xi) **PARA-3.1 (c) PAGE 34, AR 1998-99**  
NON/SHORT REALIZATION OF CUSTOMS DUES DUE TO NON LEVY OF REGULATORY DUTY – RS. 0.107 MILLION
- xii) **PARA 3.1 (d) PAGE 35, AR 1998-99**  
NON/SHORT REALIZATION OF CUSTOMS DUES DUE TO NON LEVY OF REGULATORY DUTY RS.0.098 MILLION.
- xiii) **PARA-3.2 PAGE 36, AR 1998-99**  
SHORT-REALIZATION OF CUSTOMS DUES DUE TO UNDER-VALUATION AND APPLICATION OF INCORRECT RATE OF DUTY - RS 10.648 MILLION
- xiv) **PARA 3.3 (a) PAGE 37, AR 1998-99**  
NON/SHORT REALIZATION OF SALES TAX AND CENTRAL EXCISE DUTY ON IMPORTS – RS.9. 888 MILLION
- xv) **PARA 3.3 (b) PAGE 37, AR 1998-99**  
NON/SHORT REALIZATION OF SALES TAX AND CENTRAL EXCISE DUTY ON IMPORTS – RS. 0.260 MILLION
- xvi) **PARA 3.3 (c) PAGE 38, AR 1998-99**  
NON/SHORT REALIZATION OF SALES TAX AND CENTRAL EXCISE DUTY ON IMPORTS – RS. 206,893
- xvii) **PARA 3.3 (d) PAGE 38, AR 1998-99**  
NON/SHORT-REALIZATION OF SALES TAX AND CENTRAL EXCISE DUTY ONIMPORTS- RS 0.074 MILLION
- xviii) **PARA 3.4 PAGE-39, AR 1998-99**  
NON-REALIZATION OF GOVERNMENT DUES IN RESPECT OF WAREHOUSED GOODS BURNT IN FIRE - RS 8.939 MILLION
- xi x) **PARA 3.5 (a) PAGE 40, AR 1998-99**  
NON-REALIZATION OF SALES TAX DUE TO GRANT OF INADMISSIBLE EXEMPTION – RS 2.345 MILLION

- xx) **PARA 3.5 (b) PAGE 41 AR 1998-99**  
NON-REALIZATION OF SALES TAX DUE TO GRANT OF INADMISSIBLE EXEMPTION – RS 1.998 MILLION
- xxi) **PARA 3.5 (c) PAGE 41, AR 1998-99**  
NON-REALIZATION OF SALES TAX DUE TO GRANT OF INADMISSIBLE EXEMPTION –RS 1.162 MILLION
- xxii) **PARA 3.5 (d) PAGE 42, AR 1998-99**  
NON-REALIZATION OF SALES TAX DUE TO GRANT OF INADMISSIBLE EXEMPTION – RS 0.320 MILLION
- xxiii) **PARA 3.6 (a) PAGE 42, AR 1998-99**  
SHORT-REALIZATION OF CUSTOMS DUES DUE TO MISCLASSIFICATION OF IMPORTED GOODS - RS 2.132 MILLIONM
- xxiv) **PARA 3.6 (b) PAGE 43, AR 1998-99**  
SHORT-REALIZATION OF CUSTOMS DUES DUE TO MISCLASSIFICATION OF IMPORTED GOODS - RS 1.818 MILLION
- xxv) **PARA 3.6 (c) PAGE 44, AR 1998-99**  
SHORT-REALIZATION OF CUSTOMS DUES DUE TO MISCLASSIFICATION OF IMPORTED GOODS - RS 0.955 MILLION
- xxvi) **PARA 3.6 (d) PAGE 44, AR 1998-99**  
SHORT-REALIZATION OF CUSTOMS DUES DUE TO MISCLASSIFICATION OF IMPORTED GOODS - RS 0.192 MILLION
- xxvii) **PARA 3.8 (a) PAGE 46, AR 1998-99**  
SHORT REALIZATION OF GOVERNMENT REVENUE DUE TO GRANT OF INADMISSIBLE CONCESSION RS. 2.576 MILLION
- xxviii) **PARA 3.8 (b) PAGE 47, AR 1998-99**  
SHORT REALIZATION OF GOVERNMENT REVENUE DUE TO GRANT OF INADMISSIBLE CONCESSION RS. 0.733 MILLION
- xxix) **PARA 3.9 (b) PAGE 49, AR 1998-99**  
NON-REALIZATION OF ADDITIONAL CUSTOMS DUTY AS WAREHOUSING SURCHARGE - RS 0.99 MILLION
- xxx) **PARA 3.10 PAGE 50, AR 1998-99**  
MIS-CREDITING OF SALE PROCEEDS OF CONFISCATED VEHICLES RS.2.674 MILLION
- xxxi) **PARA 3.11 (a) PAGE 51, AR 1998-99**  
SHORT-REALIZATION OF SALES TAX DUE TO APPLICATION OF INCORRECT/ LOWER RATES OF TAX ON IMPORTS - RS 0.767 MILLION.

- xxxii) **PARA 3.11 (c) PAGE 52, AR 1998-99**  
SHORT-REALIZATION OF SALES TAX DUE TO APPLICATION OF INCORRECT/ LOWER RATES OF TAX ON IMPORTS - RS 0.342MILLION
  
- xxxiii) **PARA 3.11 (d) PAGE 53, AR 1998-99**  
SHORT-REALIZATION OF SALES TAX DUE TO APPLICATION OF INCORRECT/ LOWER RATES OF TAX ON IMPORTS - RS 0.131 MILLION
  
- xxxiv) **PARA 3.12 PAGE 53, AR 1998-99**  
NON RECOVERY OF PENALTY RS. 1.358 MILLION
  
- xxxv) **PARA 3.13 PAGE 39, AR 1998-99**  
NON-REALIZATION OF CENTRAL EXCISE DUTY ON CERTAIN IMPORTED ITEMS-RS 1.039 MILLION
  
- xxxvi) **PARA 3.14 (a) PAGE 55, AR 1998-99 (PDP NO. 1688 CD/K**  
NON REALIZATION OF WITHHOLDING TAX ON IMPORTS RS 0.558 MILLION
  
- xxxvii) **PARA 3.14 (b) PAGE 55, AR 1998-99 (PDP No. 1681 CD/K**  
NON REALIZATION OF WITHHOLDING TAX ON IMPORTS RS 0.398 MILLION
  
- xxxviii) **PARA 3.15 PAGE 56, AR 1998-99**  
NON-REALIZATION OF CENTRAL EXCISE LICENCE FEE FROM CUSTOMS AGENTS - RS 0.945 MILLION.
  
- xxxix) **PARA 3.16 PAGE 57, AR 1998-99**  
IRREGULAR GRANT/EXCESS PAYMENT OF CUSTOMS REBATE ON EXPORT OF SUGAR - RS. 0.619 MILLION.
  
- xl) **PARA 3.17 PAGE 57, AR 1998-99 (PDP No. 1853 & 1780 CD/K**  
NON REALIZATION OF 3 PER CENT FIXED SALES TAX FROM COMMERCIAL IMPORTERS 0.5 MILLION
  
- xli) **PARA 3.18 PAGE 58, AR 1998-99**  
SHORT-REALIZATION OF CUSTOMS DUES DUE TO UNDER-VALUATION OF IMPORTED GOODS - RS 0.430 MILLION
  
- lii) **PARA 3.19 PAGE 59, AR 1998-99**  
SHORT-ASSESSMENT OF GOVERNMENT DUES ON IMPORTED GOODS DUE TO APPLICATION OF INCORRECT RATE OF EXCHANGE-RS 0.124 MILLION

- xliv) **PARA 3.20 PAGE 60, AR 1998-99**  
SHORT-REALIZATION OF SALES TAX DUE TO NON-INCLUSION OF CENTRAL EXCISE DUTY IN THE DUTY PAID VALUE FOR CALCULATION OF TAX-RS 0.102 MILLION
- xliv) **PARA 12.6 (b) PAGE 170, AR 1998-99**  
NEED TO DEVELOP A SYSTEM TO MONITOR CLEARANCE OF IMPORT GENERAL MANIFEST
- xliv) **PARA 12.8 PAGE 172, AR 1998-99**  
LOSS OF GOVERNMENT DUES DUE TO FIRE AT PORT TRUST RS.1,787,100/-
- xlvi) **PARA 12.9 PAGE 172-173, AR 1998-99**  
PROCEDURAL LAPSES IN TRANSSHIPMENT OF GOODS TO CUSTOMS PORT
- xlvi) **PARA 2.2 AR-PAGE 4, SPECIAL AR 1998**  
NON-REALIZATION OF ADDITIONAL CUSTOMS DUTY (SURCHARGE) - RS 27.977 MILLION
- xlvi) **PARA 2.4 PAGE 05, SPECIAL AUDIT REPORT ON TRR, 1998**  
SHORT ASSESSMENT OF CUSTOMS DUES DUE TO APPLICATION OF INCORRECT OF RATE OF CUSTOMS DUES-RS19.499 MILLION
- xlvi) **PARA 2.5 PAGE 06 SPECIAL AUDIT REPORT ON TRR, 1998**  
SHORT ASSESSMENT OF CUSTOMS DUES DUE TO UNDER-VALUATION OF MOTOR VEHICLES AND AIR-CONDITIONERS-RS13.077 MILLION
- l) **PARA 2.7 PAGE 8 SPECIAL AR 1998**  
SHORT-ASSESSMENT OF GOVERNMENT REVENUE DUE TO APPLICATION OF INCORRECT RATE OF SALES TAX – RS 3.153 MILLION
- li) **PARA 2.8 PAGE 9 SPECIAL AR 1998**  
NON-ASSESSMENT OF SALES TAX ON THE IMPORT OF COPRA- RS 2.243 MILLION

**PAC DIRECTIVE**

The Committee settled the above mentioned fifty one (51) paras on the recommendation of DAC.

## **ACTIONABLE POINTS**

Actionable points arising from the discussion of meeting of the Public Accounts Committee held on 14<sup>th</sup> October, 2015 pertaining to Federal Board of Revenue, in the Parliament House, Islamabad under the Convenership of Ms. Shahida Akhtar Ali, MNA for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99.

### **AUDIT REPORT- 1998-99 FBR**

12. i) **PARA-1.2 PAGE-16 (AR 1998-99).**  
BLOCKADE/LOSS OF REVENUE DUE TO DISCRIMINATION IN USE OF EXECUTIVE POWERS RS681.418 MILLION
- ii) **PARA-1.4 PAGE-18 (A R 1998-99)**  
NON-RECOVERY OF GOVERNMENT DUES IN ADJUDICATED CASES RS 3.852 MILLION
- iii) **PARA-1.5 PAGE-19 (A R 1998-99)**  
BLOCKADE OF GOVERNMENT REVENUE DUE TO OVER-STORAGE OF WAREHOUSE GOODS –RS.83.2 MILLION
- iv) **PARA-3.7 PAGE-45 (AR 1998-99)**  
NON-REALIZATION OF 2 PER CENT SURCHARGE ON DELAYED CLEARANCE OF WAREHOUSED GOODS-RS 3.553 MILLION
- v) **PARA-3.9 (A) PAGE-48 (AR 1998-99)**  
NON-REALIZATION OF ADDITIONAL CUSTOMS DUTY AS WAREHOUSING SURCHARGE – RS 3.018 MILLION
- vi) **PARA 3.11(B) PAGE –51-52 (A R 1998-99)**  
SHORT REALIZATION OF SALES TAX DUE TO APPLICATION OF LOWER RATE ON IMPORT- RS 0.517MILLION
- vii) **PARA 11.5 PAGE 163 (A R 1998-99)**  
BLOCKAGE OF GOVERNMENT REVENUE – RS 430.206 MILLION
- viii) **PARA 11.6 PAGE 163 (A R 1998-99)**  
NON-RECOVERY OF GOVERNMENT DUES FROM THE REGISTERED PERSONS – RS. 384.303 MILLION
- ix) **PARA 11.7 PAGE 164 (A R 1998-99)**  
NON-RECOVERY OF GOVERNMENT DUES FROM THE COMMERCIAL IMPORTERS – RS. 313.058 MILLION

- x) **PARA 2.1 PAGE 3 (SAR 1998)**  
NON-REALIZATION OF CUSTOMS DUES IN RESPECT OF WAREHOUSED GOODS-RS 473.094 MILLION
- xi) **PARA 2.3 PAGE 5 (SAR 1998)**  
NON-REALIZATION OF PROVINCIAL STAMP DUTY ON CLEARANCE OF IMPORTED PETROLEUM PRODUCTS- RS 21.652 MILLION
- xii) **PARA 2.6 PAGE 7 (SAR 1998)**  
EVASION OF CUSTOMS DUTY DUE TO INCORRECT APPLICATION OF EXEMPTION NOTIFICATION – RS 8.758 MILLION

### **PAC DIRECTIVE**

The Committee settled the above twelve (12) paras subject to recovery and verification of record by Audit.

- 13. i) **PARA 1.6 (B) PAGE 20 (AUDIT REPORT 1998-99)**  
NON IMPLEMENTATION OF CONSTITUTIONAL PROVISIONS LEADING TO NON-REALIZATION OF GOVERNMENT DUE RS 7.108 MILLION
- ii) **PARA 11.4 PAGE 162 (AUDIT REPORT 1998-99)**  
SUBJECT STUDY REPORT ON PERFORMANCE OF RECOVERY CELL OF CUSTOMS HOUSE KARACHI  
INSUFFICIENT ACTION FOR RECOVERY OF ARREARS OF CUSTOMS DUES RS. 2,138.324 MILLION
- iii) **PARA 11.8 PAGE 164 (A R1998-99)**  
NON RECOVERY OF ASSESSED GOVERNMENT REVENUE – RS 11.346 MILLION
- iv) **PARA 12.5 PAGE 169 (AUDIT REPORT 1998-99)**  
STUDY REPORT ON CONTAINER FREIGHT SECTION INSUFFICIENT MONITORING CONTROL OF CUSTOMS OVER TRANSSHIPMENT
- v) **PARA 12.6 (A) PAGE 170 (AUDIT REPORT 1998-99)**  
(SUBJECT STUDY REPORT CONTAINER FREIGHT SECTION) NEED TO DEVELOP A SYSTEM TO MONITOR CLEARANCE OF IMPORT GENERAL MANIFEST
- vi) **PARA 12.7 PAGE 171 (AUDIT REPORT 1998-99)**  
NON-RECEIPT OF IMPORTED GOODS AT THOKAR NIAZ BAIG LAHORE. RS. 28.178 MILLION

## **PAC DIRECTIVE**

The Committee settled the above six (06) paras on the recommendation of DAC.

### **AUDIT REPORT- 1998-99 FBR (DIRECT TAXES)**

14. i) **PARA-1.1 PAGE-15 (AR 1998-99).**  
**UNDER ASSESSMENT ON ACCOUNT OF INADMISSIBLE EXPENSE**  
**RS. 681.418 MILLION**
- ii) **PARA-1.3 PAGE-16(AR-1998-99).**  
**EVASION OF INCOME TAX DUE TO CONCEALMENT OF INCOME RS.**  
**145.730 MILLION**
- iii) **PARA-2.1 PAGE-39 (AR-1998-99).**  
**SHORT-ASSESSMENT OF INCOME TAX DUE TO GRANT OF**  
**INADMISSIBLE EXEMPTION TO INCOME FROM F.E.B.C- RS. 13.307**  
**MILLION.**
- iv) **PARA-3.1 PAGE-41 (AR-1998-99).**  
**NON RECOVERY OF WITHHOLDING TAX - RS. 543.605 MILLION**
- v) **PARA-4.1 PAGE-45 (AR-1998-99).**  
**SHORT CREATION OF DEMANDS DUE TO EXCESSIVE GRANT OF**  
**DEPRECIATION ALLOWANCE - RS. 110.092 MILLION**
- vi) **PARA-6.1 PAGE-65 (AR-1998-99).**  
**SHORT ASSESSMENT OF INCOME TAX DUE TO APPLICATION OF**  
**INCORRECT RATES - RS. 197.659 MILLION**
- vii) **PARA-8.1 PAGE-77 (AR-1998-99).**  
**NEED FOR RE-OPENING OF ASSESSMENT PREVIOUSLY FINALIZED**  
**UNDER DIRECTION OF CBR - RS. 1,559,346 MILLION**

## **PAC DIRECTIVE**

The Committee settled the above seven (07) paras subject to verification of record by the Audit.

15. i) **PARA-1.17 PAGE-26 (AR 1998-99).**  
**DOUBLE CREDIT AGAINST SINGLE DEPOSIT - RS. 1.000 MILLION.**
- ii) **PARA-1.21 PAGE-29 (AR 1998-99).**  
**UNDER ASSESSMENT OF INCOME TAX DUE TO EXCESSIVE**  
**PERQUISITE - RS. 0.193 MILLION.**

- iii) **PARA-2.2 PAGE-40 (AR 1998-99).**  
INADMISSIBLE EXEMPTION TO INTEREST ON WAPDA BONDS - RS. 0.681 MILLION.
- iv) **PARA-9.10 PAGE-97 (AR 1998-99).**  
NON-REALIZATION OF SURCHARGE ON WEALTH TAX - RS. 0.109 MILLION.

**PAC DIRECTIVE**

The Committee settled the above four (04) paras on the recommendation by DAC.

- 16. i) **PARA-1.2 PAGE-15 (AR 1998-99).**  
NON REALIZATION OF INCOME TAX RECOVERABLE AS FINAL DISCHARGE OF TAX LIABILITY - RS. 174.727 MILLION.
- ii) **PARA-1.4 PAGE-17 (AR 1998-99).**  
UNDER ASSESSMENT OF INCOME TAX DUE TO NON ADDITION OF UNPAID TRADING LIABILITIES ETC - RS. 44.956 MILLION.
- iii) **PARA-1.5 PAGE-18 (AR 1998-99).**  
UNDER ASSESSMENT OF TAX DUE TO INCORRECT COMPUTATION OF INCOME - RS. 23.822 MILLION.
- iv) **PARA-1.6 PAGE-18 (AR 1998-99).**  
UNDER ASSESSMENT OF TAX DUE TO GRANT OF ALLOWANCE OF HEAD OFFICE EXPENDITURE - RS. 19.004 MILLION.
- v) **PARA-1.7 PAGE-19 (AR 1998-99).**  
UNDER ASSESSMENT OF TAX DUE TO INCORRECT FINALIZATION OF ASSESSMENT U/S 62 INSTEAD OF SECTION 80-C - RS. 16.384 MILLION.
- vi) **PARA-1.8 PAGE-19 (AR 1998-99).**  
UNDER ASSESSMENT OF TAX DUE TO NON TAXATION OF BONUS SHARES RS. 15.989 MILLION.
- vii) **PARA-1.9 PAGE-19 (AR 1998-99).**  
UNDER ASSESSMENT OF INCOME TAX ON EXPORT SALES - RS. 9.442 MILLION.
- viii) **PARA-1.11 PAGE-22 (AR 1998-99).**  
NON ASSESSMENT OF OTHER INCOME - RS. 24.387 MILLION.

- ix) **PARA-1.12 PAGE-23 (AR 1998-99).**  
UNDER ASSESSMENT OF TAX DUE TO SHORT DECLARATION OF PROFIT ON SALE OF FIXED ASSETS - RS. 6.083 MILLION.
- x) **PARA-1.13 PAGE-24 (AR 1998-99).**  
UNDER ASSESSMENT OF TAX DUE TO ALLOCATION OF DISPROPORTIONATE EXPENSES - RS. 72.213 MILLION.
- xi) **PARA-1.14 PAGE-24 (AR 1998-99).**  
NON TAXATION OF COMPENSATION - RS. 0.989 MILLION.
- xii) **PARA-1.15 PAGE-2 (AR 1998-99).**  
UNDER ASSESSMENT OF INCOME DUE TO NON RECTIFICATION OF ERROR OR INCORRECT RECTIFICATION - RS. 5.224 MILLION.
- xiii) **PARA-1.16 PAGE-26 (AR 1998-99).**  
UNDER ASSESSMENT OF INCOME TAX ON GAIN FROM SALE OF SHARES OF PRIVATE LIMITED COMPANY - RS. 3.279 MILLION.
- xiv) **PARA-1.18 PAGE-28 (AR 1998-99).**  
UNDER ASSESSMENT OF TAX - RS. 1.968 MILLION.
- xv) **PARA-1.19 PAGE-28 (AR 1998-99).**  
LOSS ON ACCOUNT OF COMPENSATION FOR DELAYED REFUNDS - RS. 0.566 MILLION.
- xvi) **PARA-4.2 PAGE-46 (AR 1998-99).**  
SHORT ASSESSMENT OF INCOME TAX DUE TO GRANT OF EXCESSIVE ALLOWANCE ON DONATION - RS. 1.017 MILLION.
- xvii) **PARA-5.3 PAGE-51 (AR 1998-99).**  
NON-CHARGING OF ADDITIONAL TAX FOR FAILURE TO DEDUCT AND PAY TAX - RS. 10.970 MILLION.
- xviii) **PARA-5.4 PAGE-51 (AR 1998-99).**  
NON-CHARGING OF ADDITIONAL TAX FOR FAILURE TO PAY ADVANCE TAX - RS. 103.381 MILLION.
- xi x) **PARA-5.5 PAGE-52 (AR 1998-99).**  
NON-CHARGING OF ADDITIONAL TAX FOR NON-PAYMENT OF TAX DUE WITH THE RETURN - RS. 16.677 MILLION.
- xx) **PARA-5.6 PAGE-53 (AR 1998-99).**  
NON-CHARGING OF ADDITIONAL TAX FOR THE LATE PAYMENT OF ASSESSED TAX OR PENALTY - RS. 81.013 MILLION.

- xxi) **PARA-6.2 PAGE-65 (AR 1998-99).**  
APPLICATION OF INCORRECT TAX RATE ON DIVIDEND INCOME - RS. 85.345 MILLION.
- xxii) **PARA-6.3 PAGE-65 (AR 1998-99).**  
UNDER ASSESSMENT DUE TO APPLICATION OF SPECIFIC RATES INSTEAD OF NORMAL RATES OF TAX - RS. 6.377 MILLION.
- xxiii) **PARA-6.5 PAGE-68 (AR 1998-99).**  
NON/UNDER ASSESSMENT OF TAX ON TURNOVER - RS. 2.679 MILLION.
- xxiv) **PARA-6.6 PAGE-69 (AR 1998-99).**  
SHORT-ASSESSMENT OF TAX DUE TO APPLICATION OF INCORRECT RATE - RS. 0.538 MILLION.
- xxv) **PARA-7.1 PAGE-74 (AR 1998-99).**  
NON-IMPOSITION OF PENALTY IN RESPECT OF CONCEALMENT CASES - RS. 2.024 MILLION.
- xxvi) **PARA-7.2 PAGE-74 (AR 1998-99).**  
NON-IMPOSITION OF PENALTY FOR DEFAULT OF VARIOUS TYPES - RS. 6.939 MILLION.
- xxvii) **PARA-8.3 PAGE-78 (AR 1998-99).**  
DELAY IN SERVICE OF DEMAND NOTICES - RS. 0.372 MILLION.
- xxviii) **PARA-8.4 PAGE-79 (AR 1998-99).**  
SUPPRESSION OF TAX REMAINING UNPAID - RS. 0.372 MILLION.
- xxix) **PARA-8.5 PAGE-80 (AR 1998-99).**  
IRREGULAR ISSUANCE OF REFUNDS - RS. 2.733 MILLION.
- xxx) **PARA-8.6 PAGE-81 (AR 1998-99).**  
DISCREPANCIES IN CARRIED FORWARD LOSSES.
- xxxi) **PARA-9.1 PAGE-89 (AR 1998-99).**  
SHORT ASSESSMENT OF WEALTH TAX DUE TO INCORRECT VALUATION OF SHARES - RS. 9.571 MILLION.
- xxxii) **PARA-9.2 PAGE-90 (AR 1998-99).**  
NON-ASSESSMENT OF WEALTH TAX IN RESPECT OF NON-FILERS OF WEALTH TAX RETURNS - RS. 4.321 MILLION.

- xxxiii) **PARA-9.3 PAGE-92 (AR 1998-99).**  
NON-ASSESSMENT OF ADDITIONAL WEALTH TAX - RS. 6.751 MILLION.
- xxxiv) **PARA-9.4 PAGE-92 (AR 1998-99).**  
SHORT--ASSESSMENT OF WEALTH TAX DUE TO UNDER-VALUATION OF LAND AND BUILDINGS - RS. 4.835 MILLION.
- xxxv) **PARA-9.5 PAGE-92 (AR 1998-99).**  
SHORT-ASSESSMENT OF WEALTH TAX DUE TO INCORRECT COMPUTATION - RS. 1.969 MILLION.
- xxxvi) **PARA-9.6 PAGE-94 (AR 1998-99).**  
SHORT-ASSESSMENT OF WEALTH TAX DUE TO INADMISSIBLE EXEMPTIONS - RS. 1.994 MILLION.
- xxxvii) **PARA-9.7 PAGE-95 (AR 1998-99).**  
SHORT-ASSESSMENT OF WEALTH TAX DUE TO NON-INCLUSION OF ADVANCE RENT IN NET WEALTH - RS. 0.216 MILLION.
- xxxviii) **PARA-9.8 PAGE-96 (AR 1998-99).**  
CONCEALMENT OF WEALTH - RS. 0.209 MILLION.
- xxxix) **PARA-9.9 PAGE-96 (AR 1998-99).**  
SHORT CREATION OF WEALTH TAX DEMAND AMOUNTING TO - RS. 2.236 MILLION.
- xl) **PARA-9.11 PAGE-98 (AR 1998-99).**  
DEDUCTION OF DOUBLE EXEMPTION FROM WEALTH TAX - RS. 0.100 MILLION.
- xli) **PARA-9.12 PAGE-99 (AR 1998-99).**  
LOSS OF RS. 1.177 MILLION DUE TO NON LEVY OF PENALTY FOR DELAY IN FILING OF RETURNS
- xlii) **PARA-9.13 PAGE-100 (AR 1998-99).**  
SHORT CARRYING FORWARD OF ARREARS OF WEALTH TAX - RS. 1.999 MILLION.
- xliii) **PARA-10.1 PAGE-107 (AR 1998-99).**  
NON LEVY OF WORKER'S WELFARE FUND - RS. 79.979 MILLION.
- xliv) **PARA-11.1 PAGE-115 (AR 1998-99).**  
NON COLLECTION OF CAPITAL VALUE TAX - RS. 57.314 MILLION.

- xliv) **PARA-11.2 PAGE-115 (AR 1998-99).**  
SHORT REALIZATION OF CAPITAL VALUE TAX DUE TO UNDER VALUATION - RS. 2.045 MILLION.
- xlvi) **PARA-11.3 PAGE-117 (AR 1998-99).**  
UN-AUTHORIZED DEDUCTION OF COLLECTION CHARGES FROM FEDERAL RECEIPTS - RS. 0.263 MILLION.
- xlvii) **PARA-12.1 PAGE-117 (AR 1998-99).**  
NON-ASSESSMENT OF CORPORATE ASSET TAX - RS. 60.563 MILLION.
- xlviii) **CHAPTER-13 PAGE-114 (AR 1998-99).**  
CASE STUDY ON FACTITIOUS COMPLETION OF BUDGETARY TARGETS.
- xlix) **CHAPTER-14 PAGE-116 (AR 1998-99).**  
CASE STUDY ON MISREPORTING OF TAX COLLECTION.

### **PAC DIRECTIVE**

The Committee referred the above forty nine (49) paras for pursuance at DAC level and report to PAC.

### **REVENUE DIVISION** **(FEDERAL BOARD OF REVENUE)**

### **SPECIAL AUDIT REPORT ON TEX REVENUE RECEIPTS 1998**

17. **PARA-3.1 PAGE-10 (SAR ON TRR 1998).**  
**UNLAWFUL REFUND OF CENTRAL EXCISE DUTY RS 44.048 MILLION**

The Audit pointed out the Collectorate of Central Excise and Sales Tax, Hyderabad allowed refund of Central Excise duty of Rs. 44.048 million to two sugar mills, which was not in accordance with the law.

PAO informed that the appellate Tribunal decided the case in favour of sugar mills, the department had filed appeal before the Honorable High Court of Sindh, Karachi which is still pending.

### **PAC DIRECTIVE**

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

18. **PARA-4.1 PAGE-13 (SAR 1998).**  
**EVASION OF SALES TAX- RS. 4.457 MILLION**

The Audit pointed out that the evasion was detected by Audit in March, 1998 asking the department to recover the government revenue of Rs. 1,360,400 plus penalties livable under the law.

The PAO informed the Committee that an amount of Rs. 1.3 million has been recovered which will be verified from Audit within one month.

**PAC DIRECTIVE**

The Committee settled the para subject to verification of the recovered amount by Audit and also directed the PAO to pursue the recovery of remaining amount with the report to Audit/ PAC.

19. **PARA-6.4 PAGE-22 (SAR 1998).**  
**SUPPRESSION OF CLOSING STOCK LEADING TO SHORT ASSESSMENT OF REVENUE – RS. 4.378 MILLION**

The Audit pointed out the suppressed closing stock of Rs. 14.800 million was required to be added as concealment of income but this was not done by the department. This caused short assessment of income tax of Rs. 4.378 million.

The PAO informed that the department is re-examining the case and will provide the relevant document to Audit for verification.

**PAC DIRECTIVE**

The Committee pended the para with the direction to PAO to provide the relevant documents/record to Audit for verification.

20. **PARA-6.7 PAGE-25 (SAR 1998).**  
**SHORT REALIZATION OF GOVERNMENT REVENUE DUE TO UNDER ASSESSMENT OF PROFIT FROM SALE OF FIXED ASSETS– RS. 1.747 MILLION**

The Audit pointed out a public company, Lahore declared profit of Rs. 9.050 million from sale of fixed assets. Audit worked out that the profit was 9.256 million. Thus the under assessment of the profit deprived the government of revenue of Rs. 1.747 million.

The PAO informed that the relevant document will be provided to audit for verification.

**PAC DIRECTIVE**

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

21. **PARA-6.9 PAGE-26 (SAR 1998).**

**UNDER ASSESSMENT OF INCOME TAX ON INTEREST INCOME– RS. 1.194 MILLION**

The Audit pointed out a private limited company, Karachi received interest on PLS deposit which was taxable at rate(s) normally applicable to the private company. The same was however, taxed @ 10% which caused short assessment of tax of Rs. 1.194 million during the assessment years 1993-94 to 1996-97.

The PAO informed that the relevant documents will be provided to audit for verification.

**PAC DIRECTIVE**

The Committee pended the para till next meeting with the direction to PAO to provide the relevant documents/record to Audit for verification.

22. (i) **PARA-3.2 PAGE-11 (SAR 1998).**

**NON-REALIZATION OF CENTRAL EXCISE DUTY ON SERVICES RENDERED BY LEASING COMPANIES—RS17.526 MILLION**

(ii) **PARA-4.3 PAGE-15 (SAR 1998).**

**NON-REALIZATION OF SALES TAX AND ADDITIONAL TAX FROM THE MANUFACTURERS/SUPPLIERS OF POULTRY FEEDS-RS9.477 MILLION**

**PAC DIRECTIVE**

The Committee referred the above two (02) paras for pursuing at DAC level.

23. (i) **PARA-6.2 PAGE-20 (SAR 1998).**

**NON-LEVY OF ADDITIONAL TAX RS 30.047 MILLION**

(ii) **PARA-6.5 PAGE-23 (SAR 1998).**

**INADMISSIBLE ADJUSTMENT OF LOSSES OF TAX HOLIDAY PERIOD RS. 12.265 MILLION**

(iii) **PARA-6.6 PAGE-24 (SAR 1998).**

**UNDER ASSESSMENT OF REVENUE DUE TO UNLAWFUL ADJUSTMENT- RS.7.478 MILLION**

**PAC DIRECTIVE**

The Committee settled the above three (03) paras on the recommendation of DAC.

24. **The Committee referred the Audit report 1998-99 (Indirect Taxes) FBR for pursuing at DAC level.**

### **ACTIONABLE POINTS**

Actionable points arising from the discussion of meeting of the Public Accounts Committee held on 4<sup>th</sup> January, 2016, pertaining to Federal Board of Revenue (FBR), in the Parliament House, Islamabad for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99.

### **FEDERAL BOARD OF REVENUE**

#### **AUDIT REPORT FOR THE YEAR 1998-99**

25. **PARA NO 1.2 PAGE NO. 16 (AR-1998-99) (PROPOSED DRAFT PARA 6809) BLOCKADE/LOSS OF REVENUE DUE TO DISCRIMINATION IN USE OF EXECUTIVE POWERS- RS. 681.418 MILLION.**

The Audit pointed out that exemption from Levy of Custom dues was withdrawn by Federal Government on 20<sup>th</sup> February, 1997, but on the same day CBR granted specific exemption to a unit of Karachi. Due to this a unit availed exemption from customs dues of millions of rupees while the other rival unit sought interim relief from the High Court and government revenue of Rs. 681.4 million remained blocked in a single case.

The PAO informed the Committee that in the light of PAC direction dated 14.10.2015, the concerned has been directed for recovery of the amount.

#### **PAC DIRECTIVE**

The Committee directed the PAO to recover the amount within two weeks with a report to Audit/PAC.

26. **PARA NO 1.4 PAGE NO. 18(AR-1998-99) (PROPOSED DRAFT PARA 6693) NON-RECOVERY OF GOVERNMENT DUES IN ADJUDICATED CASES RS. 3.852 MILLION.**

The Audit pointed out that the recovery of government dues on account of sales tax, additional tax and penalty recoverable from Assistant Collector Customs, BWH, Dry port Mughalpura, Lahore as a result of adjudication of contravention case is generally not made promptly despite the fact that sales tax officers have adequate powers to do so. Audit observed that government revenue of Rs. 3,852,024 is still pending was found blocked in 02 cases.

The PAO informed the Committee that the department is pursuing the subjudice case of Rs. 1.926 million and other case involving Rs. 1.885 million.

### **PAC DIRECTIVE**

The Committee settled the above para to the extent of amount recovered subject to verification of record by the Audit.

27. **PARA NO 1.5 PAGE NO. 19(AR-1998-99)**  
**(PROPOSED DRAFT PARA 6709-CUS, 1682-1738 & 1731- CD/K) BLOCKADE OF GOVERNMENT REVENUE DUE TO OVER-STORAGE OF WAREHOUSE GOODS RS. 83.206 MILLION.**

The Audit pointed out that the Blockade of government revenue due to over-storage of warehouse goods Rs. 83.206 million but no action taken to recover the taxes involved is taken by the department authorities which results in blockade of government revenue of Rs. 83.206 million.

The PAO informed the Committee that department is trying to expedite the recovery of Government dues where applicable. The record will be presented to Audit for verification.

### **PAC DIRECTIVE**

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

28. **PARA NO 3.7 PAGE NO. 45(AR-1998-99)**  
**(PROPOSED DRAFT PARAS NO. 4451, 6246-6554-CUS & 1640-CD/K) NON-REALIZATION OF 2 PER CENT SURCHARGE ON DELAYED CLEARANCE OF WAREHOUSED GOODS-RS. 3,553 MILLION.**

The Audit pointed out that non-realization of 2 per cent surcharge on delayed clearance of warehoused goods million per month for the extended period. In violation of this provision, certain authorities under CBR failed to assess and realize the said surcharge on delayed clearance of warehoused goods. The omission caused non-realization of government dues aggregating Rs.3,552.710.

The PAO informed the Committee that the department is making efforts in locating the property of defaulters for the recovery of amount and will submit a progress report to Audit.

### **PAC DIRECTIVE**

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

**STUDY REPORT ON PERFORMANCE, EVALUATION OF RECOVERY CELL OF CUSTOMS HOUSE KARACHI**

29. i) **PARA NO 11.5 PAGE NO. 163 (SSR RECOVERY CELL CUSTOM HOUSE KARACHI-98-99) BLOCKAGE OF GOVERNMENT REVENUE – RS. 430.206 MILLION.**
- ii) **Para No 11.6 Page No. 163 (SSR Recovery Cell Custom House Karachi-98-99) NON-RECOVERY OF GOVERNMENT DUES FROM THE REGISTERED PERSONS – RS. 384.303 MILLION.**
- iii) **PARA NO 11.7 PAGE NO. 164 (SSR RECOVERY CELL CUSTOM HOUSE KARACHI-98-99) NON-RECOVERY OF GOVERNMENT DUES FROM THE COMMERCIAL IMPORTERS – RS. 313.058 MILLION.**
- iv) **PARA NO 2.1 PAGE NO. 3 SAR 1998 (PROPOSED DRAFT PARA 6470) NON-REALIZATION OF CUSTOMS DUES IN RESPECT OF WAREHOUSED GOODS- RS. 473.094 MILLION.**

**PAC DIRECTIVE**

The Committee settled the above mentioned four (04) paras subject to recovery and verification of record by the Audit within two months.

**COURT CASE**

30. **PARA NO 2.3 PAGE NO. 3 SAR 1998 (PROPOSED DRAFT PARA 6350) NON-REALIZATION OF PROVINCIAL STAMP DUTY ON CLEARANCE OF IMPORTED PETROLEUM PRODUCTS - RS. 21.652 MILLION.**

The Audit pointed out that the non-realization of Provincial Stamp duty on clearance of imported Petroleum Products - Rs. 21.652 million. This duty was collectable by customs authorities along with customs dues. The Assistant Collector, Customs Port, Multan, however, failed to realize the stamp duty on clearances of imported petroleum products from PARCO bonded tanks during July to August, 1997. The deprived the government revenue of Rs. 21,651,664.

The PAO informed the Committee that the matter is subjudice.

**PAC DIRECTIVE**

The Committee pended the above para till the decision of court and directed the PAO to pursue the case in court of Law vigorously.

31. i) **PARA NO 3.9 (A) PAGE NO. 48(AR-1998-99)**  
PROPOSED DRAFT PARAS 4242,4262,4322,4495,4449,4458 &6699-  
CUSTOMS.NON-REALIZATION OF ADDITIONAL CUSTOMS DUTY AS  
WAREHOUSING SURCHARGE-RS. 3.018 MILLION.
- ii) **PARA NO 3.11 (B) PAGE 50 (AR-1998-99)**  
PROPOSED DRAFT PARA 1798-CD/K SHORT REALIZATION OF  
SALES TAX DUE TO APPLICATION OF INCORRECT LOWER RATE OF  
TAX ON IMPORT RS. 0.517 MILLION.
- iii) **PARA NO 2.6 PAGE 7(SAR-1998)**  
PROPOSED DRAFT PARA 6494 & 6495 EVASION OF CUSTOMS DUTY  
DUE TO INCORRECT APPLICATION OF EXEMPTION NOTIFICATION –  
RS. 8.758 MILLION.
- iv) **Para No 5.1 Page 18 (SAR-1998)**  
PROPOSED DRAFT PARA 6352.SHORT-REALIZATION O  
FDEVELOPMENT SURCHARGE ON CLEARANCE OF IMPORTED  
PETOLEUM PRODUCTS- RS. 9.644 MILLION.

**PAC DIRECTIVE**

The Committee settled the above mentioned four (04) paras on the recommendation of DAC.

## **MINISTRY OF FINANCE**

### **OVERVIEW**

Annual Audit Report for the year 1998-99 pertaining to Ministry of Finance was examined by Public Accounts Committee (PAC) on 19<sup>th</sup> July 2011, 18<sup>th</sup> & 19<sup>th</sup> March 2015, 14<sup>th</sup> October 2015 and 4<sup>th</sup> January 2016.

- 132 Paras and 18 Grants were presented by the Audit Department which were examined by the Committee. Out of which 13 Paras and 18 Grants were settled whereas appropriate directions were accordingly issued for the remaining Paras.
- In few Paras the PAO was directed to hold inquires, fix responsibility and initiate disciplinary actions.

### **ACTIONABLE POINTS**

Appropriation Accounts / Audit Reports / Special Audit Reports for the years 1998-99 pertaining to the Ministry of Finance were taken up for examination by Special Committee of the PAC in the meeting held on July,19, 2011, in Committee Room No.2 Parliament House, Islamabad. Decisions taken are summarized below:

#### **APPROPRIATION ACCOUNTS (CIVIL) VOL-1 1998-99**

##### **1. GRANT NO. 33 –FINANCE DIVISION EXCESS RS. 3,026,751/-**

The AGPR pointed out that the grant closed with an Excess of Rs.3,026,751/- which worked out to 1.88% of the total grant. An amount of Rs.5,609,500/- (3.49%) was surrendered increasing net excess of Rs. 8,636,251/- (5.38%). A supplementary grant of Rs.8,868,000/- was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO explained that the saving excess was due to:-

- i. Economic Minister; Tokyo, Japan had started to draw his salary/allowances after three months of the Financial year
- ii. Economic Minister, Washington, and Tokyo, which was under the heads POL, Telephone & Trank Calls and Utilities due to fluctuations of foreign exchange rates.
- iii. The amount could not utilized by the Economic Minister Tokyo, Japan because the post of Minister (Technical) E.O. Pakistan was abolished.

#### **PAC DIRECTIVE**

The Committee regularized the grant with the observation that efforts should be made to surrender the whole amount in time.

2. **GRANT NO. 35 – SUPERANNUATION ALLOWANCE AND PENSION**  
**SAVING (-) RS. 163,784,192/-**  
**CHARGED**

The AGPR pointed out that in the charged portion the Appropriation closed with a saving of Rs.163,784,192/- which worked out to 53.80% of the total appropriation. An amount of Rs.125,476,000/- (41.22%) was surrendered leaving net saving of Rs.38,308,192/- (12.58%).

**OTHER THAN CHARGED**  
**SAVING (-) RS. 1,316,345,055/-**

The AGPR pointed out that in other than charged portion the grant closed with a saving of Rs.1,316,345,055/- which worked out to 26.04% of the total grant. An amount of Rs.1,463,502,000/- (28.96%) was surrendered resulting into excess of Rs.147,156,945 (2.91%).

The PAO explained that saving under “Charged” and Other than Charges” section of the grant was mainly due to fluctuating nature of this demand. Exact estimation was not possible as the number of pensioners and amount drawn keep varying.

**PAC DIRECTIVE**

The Committee observed that estimation of pensions cannot be off by 53% and the entire amount was also not surrendered. In other than charged portion the Committee observed that if savings accumulate they must be surrendered in time which was not done in this case and shows poor financial management. With these remarks the Committee settled the grant.

3. **GRANT NO. 37 – OTHER EXPENDITURE OF FINANCE DIVISION**  
**SAVING (-) RS. 316,650,827/-**

The AGPR pointed out that the grant closed with a saving of Rs.316, 650,827/- which worked out to 16.70% of the total grant. An amount of Rs.453,604,475/- (23.92%) was surrendered resulting into an excess of Rs.136,953,648/- (7.22%). A supplementary grant of Rs.42,477,000/- was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO explained that expenditure of Rs 13,576,000/- pertained to Grant # 39 was booked under this Grant. After taking the effect of said expenditure net excess reduced to Rs.80,900,648/- (4.17%).

Excess of Rs.33,644,000/- excess was related to head “Loss by Exchange on Remittance Abroad”. The expenditure was received after close of financial year from various missions/embassies through State Bank of Pakistan.

Excess of Rs.50,733,000/- excess was related to Re imbursement of TT Charges incurred by State Bank of Pakistan. The expenditure was unavoidable and was not intimated by SBP till the close financial year.

Saving of Rs.2,064,000/- saving related to Privatization Commission under the head Establishment Charges due to reason that posts having remained vacant during the year.

Saving of Rs.1,413,000/- saving related to Ex-CLA and its Company Registration Offices under the head Establishment Charges due to reason that posts having remained vacant during the year.

### **PAC DIRECTIVE**

The Committee regularized the grant with the observation that better financial management was lacking even in cases of technical surrenders.

4. i) **GRANT NO. 38 – GRANTS AID AND MISCELLANEOUS ADJUSTMENTS BETWEEN THE FEDERAL AND PROVINCIAL GOVERNMENT CHARGED**

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

### **OTHER THAN CHARGED EXCESS RS. 485,375,105/-**

The grant closed with an excess of Rs. 485,375,105/- which works out to 42.62 percent of the total grant. An amount of Rs. 56,828,192/- (4.99%) was surrendered increasing net excess to Rs. 542,203,297/- (47.61%). A supplementary grant of Rs. 542,203,000/- was sanctioned but not included in supplementary schedule of authorized expenditure.

- ii) **GRANT NO. 39 –SUBSIDIES AND MISCELLANEOUS EXPENDITURE SAVING (-) RS. 99,679,528,502/-**

The AGPR pointed out that the grant closed with a saving of Rs. 99,679,528,502 which works out to 83.65 percent of the total grant. An amount of Rs. 99,535,102,000 (83.53%) was surrendered leaving net saving of Rs. 144,426,502 (0.12%). A supplementary grant of Rs. 40,745,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO explained that the expenditure of Rs.13, 575,000/- pertain to this demand wrongly booked under Demand No.37.

Saving of Rs.156,000/- million was kept for payment to ADBP on account of reimbursement of Govt. Bonds. A Committee under the Chairmanship of Chief Cost Accounts Officer was constituted for examining total claims of ADBP. Since the committee could not finalized the claims of ADBP well in time therefore, amount could not be utilized.

Excess of Rs.13,575/- million is related to payment of Subsidies to industrial units at Gadoon Amazai. In order to eliminate poppy cultivation, Govt. decided in 1987 to establish an industrial estate at Gadoon Amazai. It was an incentive to new industrialists. As a policy the nationalized Banks/DFIs used to provide financial assistance for fixed industrial investment and debited to Govt. account through State Bank of Pakistan. The expenditure was directly debited by the State Bank of Pakistan as per claims lodged by the Banks/DFIs. It was not possible to foresee the excess as the expenditure details were received after close of financial year.

Saving of Rs.59,599/- million due to financial constraints the amount could not be released to Pakistan Railways.

Excess of Rs.30,417/- million pertain to Pakistan Contingent deployed with UN Peacekeeping Forces. Excess due to late receipt of debit from MAG at the fag end of financial year.

### **PAC DIRECTIVE**

The Committee settled the above two grants.

#### 5. **GRANT NO. 113 – FEDERAL MISCELLANEOUS INVESTMENT** **SAVING (-) RS. 1,355,018,409/-**

The AGPR pointed out that the grant closed with a saving of Rs.1, 355,018,409 which worked out to 27.94% of the total grant. An amount of Rs.1,297,017,000 (26.75%) was surrendered leaving net saving of Rs.58,001,409 (1.20%).

The PAO explained that:

- Saving of Rs.15.100 million due to financial constraints and 2nd release to PEPCO was not allowed/released.
- Saving of Rs.4.877 million pertain to conversation of KESC loan into Equity.
- Saving of Rs.38.024 million pertained to fourth General Capital increase of Asian Development Bank (ADB). Release for payment (Special sealed Authority) to ADB could not be issued on the last day of financial year as the same was not entertained by SBP.

### **PAC DIRECTIVE**

The Committee expressed its displeasure over this financial irregularity where either the entire saving had not been surrendered or surrendered more than the saving and observed that if the M/o Finance sets such examples what message would be conveyed to other departments and said that this has not to be taken lightly. The Committee regularized the grant.

#### 6. **GRANT NO. 114 – OTHER LOANS AND ADVANCES BY THE FEDERAL GOVERNMENT SAVING (-) RS. 104,600,331/-**

The AGPR pointed out that the grant closed with a saving of Rs.104, 600,331 which worked out to 2.82% of the total grant. An amount of Rs.1,527,484,184 (41.32%) was surrendered resulting into an excess of Rs.1,422,883,853 (38.49%). A supplementary grant of Rs.1,554,000,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO explained that saving pertain to loans and advances for Govt. servants. The saving was due to non drawl of advances by the Govt. servants allocated to them and loans and advances to friendly countries. Saving was due to the reason that the borrower countries utilized less than the budgeted amount.

### **PAC DIRECTIVE**

The Committee regularized the above grant.

#### 7. **GRANT NO. 123 – DEVELOPMENT EXPENDITURE OF FINANCE DIVISION EXCESS RS. 936,161,394/-**

The AGPR pointed out that the grant closed with an excess of Rs.936, 161,394 which worked out to 40.25% of the total grant. An amount of Rs.194,000,000 (8.34%) was surrendered increasing net excess to Rs.1,130,161,394 (48.60%). The PAO explained that excess was due to increase in the disbursement of Foreign Aid directly to the implementing agency.

### **PAC DIRECTIVE**

The Committee observed that when there is excess of 936 million in the grant and the Division surrendered and made the excess more which reflects bad financial management. On the assurance of the PAO that this would not be witnessed in the next financial years as necessary steps have been taken since 2008 for improvement of the system. The Committee regularized the grant.

8. **GRANT NO. 148 – CAPITAL OUTLAY ON FEDERAL INVESTMENT  
SAVING (-) RS. 16,471,000/-**

The AGPR pointed out that the grant closed with a saving of Rs.16, 471,000 which worked out to 55% of the total grant.

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

**PAC DIRECTIVE**

The Committee settled the above grant.

9. **GRANT NO. 149 DEVELOPMENT LOANS AND ADVANCES BY THE  
FEDERAL GOVERNMENT SAVING (-) RS. 3,200,000,000/-  
CHARGED**

The AGPR pointed out that in charged portion the appropriation closed with a saving of Rs.3,200,000,000 which worked out to 21.26% of the total appropriation.

**OTHER THAN CHARGED  
SAVING (-) RS.1, 335,279,585)**

The AGPR pointed out that other than charged portion the grant closed with a saving of Rs.1,335,279,585 which worked out to 5.03% of the total grant. An amount of Rs.1,693,332,000 (6.39%) was surrendered resulting into an excess of Rs.358,052,415 (1.35%). A supplementary grant of Rs.514,070,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO explained that:

- i. Saving of Rs.3,200.000 million under the "Charged Section" related to SAP and Non SAP Loans. The revised estimates 1998-99 of SAP and Non SAP Loans to Provinces were finalized after 15th May, 199, thus surrender Order for the saving could not be issued.
- ii. Saving of Rs.37,336 million due to imposing of cut on NHAs PSDP.
- iii. Saving of Rs.424.446 million under WAPDA (Water Wing) occurred due to non clearance of ways & means by budget wing.
- iv. Excess of Rs.307.765 million due to excess booking against AJ&K Government.

**PAC DIRECTIVE**

The Committee regularized the above grant.

10. i) **SERVICING OF DEMESTIC DEBT**  
**EXCESS RS. 10,752,090,041/-**
- ii) **REPAYMENT OF DOMESTIC DEBT**  
**SAVING RS. 44,797,816,915/-**
- iii) **AUDIT**  
**EXCESS RS. 27,760,116/-**
- iv) **DEMAND NO. 34-PAKISTAN MINT (IF/PAK.MINT)**
- xv) **DEMAND NO. 36- NATIONAL SAVINGS**  
**Excess Rs.15,913,973**

**PAC DIRECTIVE**

The Committee regularized the above grants with the observation that every effort should be made to surrender all savings before the prescribed date.

**AUDIT REPORT PUBLIC SECTOR ENTERPRISES FOR THE YEAR 1998-99**

**AGRICULTURE DEVELOPMENT BANK**

11. **PARA-68 (PAGE 50-A.R-1998-99)**

The Audit pointed out that the other assets as on 30-06-1999 include income tax refundable and other taxes (recoverable) amounting to Rs.9.549 & Rs.298,505 million. The need for early recovery of the recoverable amount is stressed upon the management.

The PAO explained that the Attorney General has decided the case in favour of the Bank and the response of FBR is still awaited in the case.

**PAC DIRECTIVE**

The Committee suggested the PAO to convey observation of the Committee to FBR of the matter on priority basis and directed to effect recovery of the balance amount from them. The Committee settled the Para subject to verification by Audit. A report has to be submitted to the Committee with in one month.

12. **PARA-70 (PAGE 51- A.R-1998-99)**  
**NON RECOVERY OF LOAN AMOUNTING TO RS. 0.978 MILLION FROM**  
**CHRONIC DEFAULTERS**

The Audit pointed out that the Agricultural Development Bank of Pakistan granted loan to four loanees who did not repay even a single installment since 1988-89. No action has so far been taken by the management either to recover the loan or to fix responsibility thereof. It is apprehended that due to non pursuance of recovery of Rs. 0.0978 million from chronic defaulters the chances of recovery of loan have become remote.

The PAO explained that out of 8 loan cases, 7 cases have since been closed. An amount of Rs.2.128 million has been recovered whereas as amount of Rs.0.436 million is outstanding in remaining one loan case.

### **PAC DIRECTIVE**

The Committee settled the para subject to recovery of the balance amount and verification by Audit within one month.

13. **PARA-72 (PAGE 52- A.R-1998-99**  
**NON RECOVERY OF REVOLVING WORKING CAPITAL LOAN AMOUNTING**  
**TO RS. 33.641 MILLION FROM M/S ITTEFAQ FOUNDARIES LIMITED**

The Audit pointed out that the Agricultural Development Bank of Pakistan (HQ) Islamabad sanctioned/renewed working capital loan of Rs.32.500 million to M/s. Ittefaq Foundries Limited Lahore vide project appraisal and Finance Department letter dated 24th July, 1993. The working capital loan was repayable on or before 7th July 1994 alongwith mark up. The party was intimated by the Manager ADBP Model Branch Lahore vide letter dated 3rd August, 1993 that the ADBP (HQ) had allowed renewal of working capital limited of Rs.32.500 million for further on year i.e. from 1-7-1993 to 30-6-94. The accrued mark up for the period July 1993 to June 1994 amounting to Rs.3.525 million was repaid. The loan was renewed for another one year i.e. July 1994 to June, 1995 without formal request for renewal and submission of complete legal documentation. In the absence of the legal documents the further renewal of the working capital loan of Rs.32.800 million was irregular and is tantamount to undue favour to the party, As per recovery statement not a single penny was repaid by the party after 19-06-1994. The outstanding loan alongwith mark accrued thereon stood at Rs.33.641 million as on 31st August, 1995 as per books of the Bank.

The PAO explained that in December, 2010, the Lahore High Court ordered for re-auction of assets with reserve price of Rs.5.000 billion. Last date of hearing was 18-4-2011, and next date of hearing is in office.

### **PAC DIRECTIVE**

The Committee directed to get the decision of the court as early as possible. The Committee directed to put up a report within one month.

14. **PARA-73 (PAGE 53- A.R-1998-99)**

**LOSS OF RS 10.626 MILLION DUE TO NON RECOVERY FROM M/S FALAK SHAIR ENTERPRISES (PVT) MULTAN**

The Audit pointed out that the in ADBP Multan Branch an amount of Rs.5.176 million sanctioned on 17-2-88 to M/s. Falak Shair Enterprises (Pvt) Multan to set up a Dairy Farm. The project became sick due to mis-management. Subsequently the firm became defaulter and the case was referred to the collector Multan Division for recovery as land revenue. The Management Director of the firm was arrested and sent to Jail. However, a sum of Rs.0.272 million could only be recovered and outstanding balance rose to Rs.10.626 million as on 30-06-98. The chances of its recovery have become remote as the project has been closed. Some Assets like Tractors and Wagons which were registered in the Joint name of ADBP and the firm in question have been sold out by the sponsors, but he did not adjust the sale proceeds towards his loan account. The complaint in this regard was not registered with police. The branch is likely to sustain a loss of Rs.10.626 million on this account.

The PAO explained that an amount of Rs.0.272 million has been recovered from the borrower by auctioning the Jeep of the company. The bank has tried to auction the project on dates 27-10-1999, 5-1-2000 and 9-9-2000 but no bidders participated in the auction. Notice for auction of assets forwarded to Legal Advisor on 16-4-2007. After receipt of Legal Advisor notice for auction will be advertise in newspaper.

**PAC DIRECTIVE**

The Committee directed to get the decision of the court and pursue the matter vigorously. The Committee directed to put up a report within one month.

15. **PARA-74 (PAGE 54- A.R-1998-99)**

**LOSS OF RS. 5.691 MILLION DUE TO IRREGULAR REMISSION OF INTEREST TO THE LOANEES WHO MIS-UTILIZED THE LOAN**

The Audit pointed out that in Agriculture Development Bank of Pakistan, Model Branch, Lahore, a fixed loan of Rs.3.00 million and working capital loan of Rs.4.00 million were sanctioned by ADBP (head Office) Islamabad on 19-04-1998 to M/s. Rich Grfen Seed Industries, Lahore for the establishment of Seed processing plant. The fixed project loan of Rs.2.992 million was disbursed in May 1993 to the party. Economic viability of the project and Financial position of loanee was not properly assessed with the result that the amount was misutilized by the loanee and the project was closed without operation.

The PAO explained that an amount of Rs7.125 million has been recovered by Bank against the disbursed amount of Rs.6.834 million. For remaining recovery,

the bank has filed an appeal in Supreme Court of Pakistan, in September, 2010, against the orders of the Lahore High Court dated 3-8-2010 of account under SBP Package, 1997. Case has not yet been fixed for hearing.

### **GENERAL DIRECTIVE ABOUT COURT CASES**

The Committee directed to pursue all the Court /NAB / FIA cases vigorously and seek assistance of the concerned Advocate General for early hearing, discuss those 120 cases in the DAC and send a monthly progress report on the recommendations of the DAC. These would then be put up in the next meeting before the Committee for consideration and decision.

16. i. **PARA-73-S (PAGE 54- A.R-1998-99  
NON RECOVERY AMOUNTING TO RS. 5.047 MILLION FROM  
DEFAULTERS**
- ii. **PARA-74-S (PAGE 54- A.R-1998-99  
NON RECOVERY OF RS. 3.259 MILLION FROM 25 DEFAULTERS**
- iii. **PARA-84 (PAGE 62- A.R-1998-99  
NON RECOVERY OF LOAN AMOUNTING TO RS.2.750 MILLION**  
  
**SMALL BUSINESS FINANCE CORPORATION**
- iv. **PARA-85 (PAGE 62- A.R-1998-99  
NON RECOVERY OF OVERDUE LOAN AMOUNTING TO RS. 1.388  
MILLION**
- v. **PARA-86 (PAGE 62- A.R-1998-99  
NON RECOVERY OF RS.7.483 MILLION FROM THE DIFFERENT  
LOANEES**

### **PAC DIRECTIVE**

The Committee referred the above cases for pursuance at DAC level.

### **FEDERAL BANK FOR COOPERATIVE**

17. **PARA-78 (PAGE 57- ARPSE-1998-99)  
FEDERAL BANK FOR COOPERATIVES**

The Audit pointed out that other assets include unauthorized withdrawals amounting to Rs.9.5 million made by the staff members of Regional Office, Karachi during previous year. The matter is still under investigation on registration of the case with FIA. Further progress of the case needs to be intimated.

The PAO explained that the NAB is representing the case through the public prosecutor in the court. The office is also maintaining close liaison with the concerned NAB authorities. In order to ensure effective persuasion the services of an officer of Sindh Provincial Cooperative Bank were acquired. He has been equipped/provided necessary details on all cases and given a specific format to submit progress report on each of the cases on hearing to hearing basis. The Court ordered to issue Notice to all the witnesses and Investigation Officer for attending the court.

### **PAC DIRECTIVE**

The Committee observed that the department did not follow up the case with NAB properly. The Para was pended for the next meeting with the direction to call representative of NAB in the DAC along with full record and ask him to appear before the PAC in the next meeting.

### **SPECIAL AUDIT REPORT # 53 ON LOAN RECORD OF AGRICULTURAL DEVELOPMENT OF PAKISTAN (APRIL-1999)**

### **PAC DIRECTIVE**

The Committee referred the Special Audit Report for pursuance at DAC level.

### **AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOLUME-X(S) FOR THE YEAR 1998-99**

### **HOUSE BUILDING FINANCE CORPORATION**

18. **PARA-89 (PAGE 28-ARPSE-1998-99)**

### **NON RECOVERY OF OUTSTANDING LOAN AMOUNTING TO RS 2.621 MILLION FROM THE INFLUENTIAL LOANEES.**

Audit pointed out that in HBFC Multan a loan of Rs. 1,200,000 was granted to five influential persons of Makhdoom Rashid Twon in June 1991. Resultantly the Corporation filed civil suit against these loanees in the court and obtained decree against to recover the loan by auction of their properties. The management made arrangements for incomplete constructed houses on April 25, 1996 and October 25, 1997, but no party took interest to purchase these low valued houses.

The PAO explained that in order to realize the dues of the Corporation, the HBFC went into the Court of Law. The Court allowed decrease in favour of the corporation and the houses were put to auction more than thrice, but due to having low market value oh the assigned properties, the auction proceedings could not be materialized, as the required amount of bid did not receive to Corporation.

### **PAC DIRECTIVE**

The Committee directed the PAO to follow up the case and intimate to the Committee and Audit about the progress of recovery.

19. **INDUSTRIAL DEVELOPMENT BANK OF PAKISTAN)**

**PARA-82 (PAGE 72-ARPSE-1998-99)**

Non recovery of principal amount and other charges amounting to Rs 97.134 million together with loss of interest and penal interest Rs 241.066 million

Audit pointed out that IDBP failed to recover the principal amount of Rs. 97.134 million from the displaced businessmen and industrialists of erstwhile East Pakistan despite lapse of over 25 years upto Dec. 1999. The bank also lost over Rs. 241 million towards interest. Financial restructuring and assistance was extended to the loanees time and again. Despite such reliefs, the outstanding including over dues on this account had increased to Rs. 338.200 million as on December 31, 1993. The irregularity was reported to the management/ Ministry on October 8, 1989. They stated inter alia vide their reply of November 1989 that the matter was under consideration of the Government for their final decision. The Management however intimated in Feb. 2000 that Rs. 7.097 million had been recovered as of Oct 31, 1999. Thus the management failed to recover principal amount and other charges amounting to Rs. 97.097 million together with loss of interest and penal interest, Rs. 241.066.

The PAO explained that Government of Pakistan offered a restructuring package in September 1995 to all EPDP borrowers. Accordingly 101 borrowers were required to pay only principal and other nominal charges in 6 half yearly installments by waiving entire interest and penal interest. The settlement scheme was initially valid upto 31-12-1998 and extended till 31-12-2003.

It is worth mentioning that whereabouts of few of EPDP borrowers were traced through personal efforts and letter were delivered to them/ their legal heirs. Bank issued package letters to all the existing EPDP borrowers mentioning therein liability for full and final settlement.

**PAC DIRECTIVE**

The Committee directed the PAO to boost up efforts for recovery of the amount and make a reference to the Finance Division for regularization.

## **INDUSTRIAL DEVELOPMENT BANK OF PAKISTAN**

### 20. **PARA-83 (PAGE 73-ARPSE-1998-99 VOL-X(S))**

#### **PAC DIRECTIVE**

The Committee directed the PAO to hold a DAC meeting on this para justifying the write off and send a report to the Committee within one month.

### 21. **PARA-84 (PAGE 74-ARPSE-1998-99)** **MIS-UTILIZATION OF LOAN AMOUNTING TO RS 14.011 MILLION**

Audit pointed out that IDBP sanctioned loan of Rs. 11.496 million to M/s Hasan Industries (Pvt) Ltd Peshawar for expansion in their unit during the period from July 1985 to July 1987. The borrowers failed to pay the installments of loan due from July 1988. The bank ultimately filed a suit against them in the court of Law in July 1990 for recovery of Rs. 14.011 million.

The PAO explained that the Suit filed in Honourable Banking Court-II, Peshawar, has been decreed in favour of the Bank for the suit amount of Rs. 37.154 million on 16-01-2010. Execution proceedings were immediately started, however, borrowers obtained stay order from Hon'able Peshawar High Court, Peshawar on 22-03-2010 against auction proceedings ordered by Judge Banking Court. The case was fixed for arguments on 20-04-2011 when partial arguments held and the case was adjourned till next hearing, date of which has not yet been fixed by the court.

#### **PAC DIRECTIVE**

The Committee directed the PAO to hold a DAC meeting on this Para justifying the write off and send a report to the Committee within one month.

## **INVESTMENT CORPORATION OF PAKISTAN**

### 22. **PARA-88 (PAGE 77-ARPSE-1998-99)**

Audit pointed out that Loans and investment in redeemable capital (gross) stood at Rs 1169.508 million at the ends of June, 1998 as against Rs. 1324.510 million in the previous year. The provision of Rs. 595.139 million made against aforesaid amount for doubtful cases required elucidation. The details regarding major cases of doubtful nature may be provided to audit.

The PAO explained that the out of 15 cases have been settled and entire payment has been received.

#### **PAC DIRECTIVE**

The Committee directed the PAO to boost up efforts for recovery and put up a report to the Committee on the present position of recovered and recoverable amounts. Report should be submitted to the Committee within one month.

23. **PARA-89 (PAGE 77-ARPSE-1998-99)**

Audit pointed out that the corporation has written off loans amounting to Rs. 11.997 million and provided financial relief to various companies to the extent of Rs. 72.347 million. The nature of relief so extended needs to be explained. The corporation has also extended another financial relief linked with satisfactory future repayment which amount to Rs. 17.716 million. Necessary justification for the same may be furnished to audit.

The PAO explained that out of write off/financial relief of Rs. 102.060 million write off/financial relief of Rs. 23.054 million was provided for liquidation cases to which we had no option. The remaining relief was provided in course of settlement of loans under SBP recovery incentive Scheme. In most of such case we have already received the settlement amount in remaining cases, we are receiving the agreed installment as per schedule. Therefore, write off financial relief over under SBP. Recovery of Incentive Scheme has been beneficial to ICP in terms of recovery of sizable amount in previously Stuck-up cases.

**PAC DIRECTIVE**

The Committee directed the PAO to follow up the case and submit a report to the Committee

**PAKISTAN SECURITY PRINTING CORPORATION (PVT) LIMITED**

24. **PARA-96 (PAGE 82-ARPSE-1998-99)**

**NON UTILIZATION OF DIESEL GENERATORS RESULTING IN BLOCKADE OF CAPITAL OF RS 7.805 MILLION**

Audit pointed out that Pakistan Security Printing Corporation imported 4 Emergency Diesel Generators valuing Rs. 7.805 million through Siemens Pakistan in 1983. The sets were installed after five year delay in 1988 but could not even then be commissioned and tested.

The PAO explained that the subject generators were purchased in 1983, alongwith other machines and equipments as the part of total package (plant & machines) approved by ECNEC. The building was completed in 1988 and the generators were installed. Due to seepage in the building caused serious threat to electrical installation. This seepage problem was overcome in 1994. After satisfying with the conditions the subject generators were switched on and have since been used as standby arrangement to keep banknote printing machinery operative during power break down.

**PAC DIRECTIVE**

The Committee directed the department to carry out an inquiry through a senior officer to ascertain the circumstances in which these generators were not used, why action had not been taken so far and fix responsibility. Report in this regard should be submitted to the Committee within one month.

**SPECIAL AUDIT REPORT # 59 ON CONSTRUCTION OF BUILDING  
ENGINEERING DEPARTMENT OF STATE BANK OF PAKISTAN**

25. i. **PARA-4 (PAGE-3-SAR-60)**  
LOSS OF RS 81.067 MILLION DUE TO UNNECESSARY  
CONSTRUCTION OF FLATS
- ii. **PARA-5.1 (PAGE-4-SAR-60)**  
EXTRA EXPENDITURE OF RS 44.609 MILLION DUE TO  
CANCELLATION OF CONTRACT FOR CONSTRUCTION OF OFFICE  
BUILDING AT MULTAN
- iii. **PARA-5.2 (PAGE-5-SAR-60)**  
LOSS OF RS 21.408 MILLION DUE TO INSTALLATION OF AIR  
CONDITIONING PLANT OF 310 TONS AT THE PRICE OF 604 TONS  
CHILLING CAPACITY
- iv. **PARA-5.3 (PAGE-5-SAR-60)**  
EXTRA EXPENDITURE OF RS 4.50 MILLION DUE TO FAULTY  
PLANNING
- v. **PARA-6.1 (PAGE-6-SAR-60)**  
EXTRA EXPENDITURE OF RS 43.983 MILLION AND NON  
COMPLETION OF OFFICE BUILDING AT HYDERABAD

**PAC DIRECTIVE**

On the request of Audit the Committee clubbed the above five Audit Paras and directed the PAO to carry out an inquiry through DAC in light of Audit objections and fix responsibility for the unnecessary construction of these flats. Report in this regard should be submitted to the Committee within one month.

## **ACTIONABLE POINTS**

Actionable points arising from discussion of the meeting of Public Accounts Committee, held on 18<sup>th</sup> & 19<sup>th</sup> March, 2015 for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99 of Finance Division below:-

### **DIRECTOR GENERAL COMMERCIAL AUDIT & EVALUATION, KARACHI**

#### **HOUSE BUILDING FINANCE CORPORATION**

26. **PARA 89, PAGE 66 (ARPSE-1998-99-VOL-X(N)**  
**NON-RECOVERY OF OUTSTANDING LOAN AMOUNTING TO RS 2.621 MILLION FROM THE INFLUENTIAL LOANEES**

Audit pointed out that in HBFC Multan a loan of Rs 1,200,000 was granted to five influential persons of Makhdoom Rashid Town in June 1991. The loanees did not give any response to repay any installment of loan. Resultantly the Corporation filed civil suit against these loanees in the court and obtained decree against them to recover the loan by auction of their properties. The management made arrangements for auction of incomplete constructed houses on April 25, 1996 and October 25, 1997, but no party took interest to purchase these low valued houses.

PAO informed the committee that basically, there were 05 plots and the legal process for the auction has already been completed but no one came to purchase these plots on the date of auction. However, efforts are made to resolve the matter soon.

#### **PAC DIRECTIVE**

The Committee pended the para for verification of record by Audit and directed to the PAO to resolve the matter in DAC within one (01) month under intimation to PAC.

### **INDUSTRIAL DEVELOPMENT BANK OF PAKISTAN**

27. **PARA 82, PAGE 72 (ARPSE-1998-99-VOL-X(N)**  
**NON-RECOVERY OF PRINCIPAL AMOUNT AND OTHER CHARGES AMOUNTING TO RS 97.134 MILLION TOGETHER WITH LOSS OF INTEREST AND PENAL INTEREST RS 241.066 MILLION**

Audit pointed out that IDBP failed to recover the principal amount of Rs 97.134 million from the displaced businessmen and industrialists of erstwhile East Pakistan despite lapse of over 25 years upto Dec. 1999. The bank also lost over Rs 241 million towards interest.

The Government of Pakistan introduced a scheme in 1973 for the grant of financial assistance by way of loans to East Pakistan Displaced Businessmen and Industrialists for their rehabilitation in West Pakistan. Accordingly, Industrial Development Bank of Pakistan granted Rehabilitation Loan amounting to Rs.159.110 million to East Pakistan Displaced persons (EPDP), Out of which a meagre amount of Rs. 40.361 million was recovered/adjusted. No action was taken by the management as required under IDBP Ordinance to recover the outstanding loan on the pretext that the borrowers had been facing various problems in operating their projects economically. Financial restructuring and assistance was extended to the loanees time and again. Despite such reliefs, the outstanding including over dues on this account had increased to Rs 338.200 million as on December 31,1993.

PAO stated that the matter was already under consideration and the rehabilitation package approved by the Federal Government and being implemented by the Bank. However, efforts are made to recover the balance amount.

### **PAC DIRECTIVE**

The Committee pended the Para subject to verification of already recovered amount by Audit and directed the PAO to recover the balance amount within one month under intimation to Audit and PAC.

28. **PARA 83, PAGE 73 (ARPSE-1998-99-VOL-X(S))**  
**LIKELY LOSS OF RS45.628 MILLION DUE TO IMPROPER EVALUATION AND NON-EXECUTION OF DECRETAL AMOUNT**

Audit pointed out that Industrial Development Bank of Pakistan sanctioned loan amounting to Rs 41.463 million to M/s. Zakia Dairies Ltd., Islamabad during the period from 1985 to 1990 for setting up a milk plant. Despite grant of additional loan, rescheduling and rephrasing, the project could not be implemented and over dues accumulated to Rs.45.628 million on March 31, 1993. The loanee paid nothing but demanded further loan and as a result the total over dues accumulated to Rs71.078 million by May 31, 1999. The chances of commissioning of the project and recovery of bank dues are remote. As per inspection report of regional office, Islamabad value of the assets was estimated to Rs 46.323 million against the liabilities amounting to Rs69.532 million.

PAO stated that the project could not operate profitable due to general slump in packaged milk industries at that time. Every sort of efforts have been made to effect recovery. In this regard legal action was initiated in district court under section 39 of IDBP Ordinance which was decreed in 1997. The case was also processed under SBP scheme of 1997, which did not yield desire results. Consequently, the case was transferred to CIRC in 2002. Now the measure have been taken to avoid such lapses in future.

### **PAC DIRECTIVE**

The Committee settled the para on the recommendation of Audit.

29. **PARA 84, PAGE 74 (ARPSE-1998-99-VOL-X(S))**  
**MIS-UTILISATION OF LOAN AMOUNTING TO RS.14.011 MILLION**

Audit pointed out that IDBP sanctioned loan of Rs.11.496 million to M/s. Hasan Industries (Pvt) Ltd Peshawar for expansion in their unit during the period from July 1985 to July 1987. The borrowers failed to pay the installments of loan due from July 1988. The bank ultimately filed a suit against them in the court of Law in July 1990 for recovery of Rs.14.011 million. Besides some irregularities committed in the grant of loan the management appointed consultant in 1990 (after filing the suit) to rehabilitate the project, which had closed in 1988. It provided an opportunity to the borrowers to get a stay order from the court. Again borrowers were allowed the rescheduling of loan in 1998. They however could not meet the conditions of rescheduling till June 1999. As intimated by them in September 1999 and February 2000 to Audit, the bank with drew the package and instructed Peshawar office to reactivate the case in the court of law. The details of the case clearly indicate undue favour extended to the borrowers right from the beginning. The bank has not therefore been able to recover any amount from the borrowers in the last twelve years.

PAO informed the committee that borrowers were pursued vigorously for outstanding liabilities of the bank. Recovery suit was filed. Borrower were givens package under SBP policy to resolve the matter out of court but borrower failed. The banking court decided the court in the favour of court as expert. However the efforts are made to recover the amount soon.

### **PAC DIRECTIVE**

The Committee settled the Para subject to verification of recovery by Audit within two (2) months under intimation to PAC.

## **INVESTMENT CORPORATION OF PAKISTAN**

### **30. PARA 88, PAGE 78 (ARPSE-1998-99-VOL-X(S) AP 1998-99**

Audit pointed out that loans and investment in redeemable capital (gross) stood at Rs 1169.508 million at the ends of June, 1998 as against Rs 1324.510 million in the previous year. The provision of Rs 595.139 million made against aforesaid amount for doubtful cases requires elucidation. The details regarding major cases of doubtful nature may be provided to Audit.

PAO stated that out of 15 cases, 06 cases have been settled and entire payment have been received which will be verified by the audit. However, legal efforts are made to recover the amount in the other 09 cases which are sub-judice.

#### **PAC DIRECTIVE**

The Committee pended the Para subject to verification of recovery already made by the department. The committee also directed the PAO to pursue the other cases vigorously and recover the amount under intimation to Audit and PAC.

### **31. PARA 89, PAGE 77 (ARPSE-1998-99-VOL-X(S)-AP 1998-99**

The Audit pointed out that the corporation has written off loans amounting to Rs 11.997 million and provided financial relief to various companies to the extent of Rs 72.347 million. The nature of relief so extended needs to be explained. The corporation has also extended another financial relief linked with satisfactory future repayment which amounts to Rs 17.716 million. Necessary justification for the same may be furnished to audit. It is worth mentioning that corporation's short term borrowing and payment of mark up on this account to financial institutions has increased from Rs 416.089 million and Rs 60.631 million in 1996-97 to Rs 494.784 million and Rs 79.931 million respectively in 1997-98. Furthermore, the Corporation owes short term loans of Rs 524.184 million to State Bank of Pakistan and is paying financial charges of approximately Rs 53 million annually. Thus in the circumstances mentioned above heavy financial relief provided to the defaulting companies needs to be justified.

PAO stated that out of write off/ financial relief of Rs. 102.060 million, write off/financial relief of Rs. 23.054 million was provided for liquidation cases to which we had no option. The remaining relief was provided in course of settlement of loans under SBP recovery Incentive Scheme. In most of such case we have already received the settlement amount. In remaining cases, we are receiving the agreed installment as per schedule. Therefore, write-off financial relief over under SBP. Recovery of Incentive Scheme has been beneficial to ICP in terms of recovery of sizable amount in previously Stuck-up cases.

### **PAC DIRECTIVE**

The Committee settled the Para subject to verification of record of loans which were written off by the department under intimation to Audit and PAC.

### **PAKISTAN SECURITY PRINTING CORPORATION (PVT) LIMITED**

32. **PARA 96, PAGE 82 (ARPSE-1998-99-VOL-X(S))**  
**NON-UTILIZATION OF DIESEL GENERATORS RESULTING IN BLOCKADE**  
**OF CAPITAL OF RS7.805 MILLION**

### **PAC DIRECTIVE**

The Committee settled the para on the recommendation of DAC.

### **STATE BANK OF PAKISTAN**

33. i. **PARA 4, PAGE 3 (SAR-60-SBP)**  
**LOSS OF RS 81.067 MILLION DUE TO UNNECESSARY**  
**CONSTRUCTION OF FLATS**

The Audit pointed out that the State Bank of Pakistan awarded a contract for construction of 256 flats on 86 Kanals in Clerical Staff Colony. Ichra, Lahore (spread over 125 Kanals) to M/s. Nawab Brothers (Pvt) Limited at a tendered cost of Rs 62.597 million in 1987.

According to the contract, the date of commencement of work was April 2, 1988 and that of completion was April 1, 1990. The project which started in time was, however, completed in May 1997 i.e., after a delay of more than seven years. Furthermore, on completion, the construction cost of the project stood at Rs 106.947 million, registering a cost overrun of Rs 44.350 million. It was also observed that the flats were never occupied by the staff of the Bank.

PAO explained that the subject flats were constructed by spending 124 million, whereas these were sold in 129 million after their evaluation from the NESPAK. So there is no loss to the National Exchequer. However, the PAO accepted that there is a delay in final decision making, but audit was not ready to accept the view point of PAO. The PAO further elaborated that the upcoming Para No. 5.1, 5.2, 5.3, 6.1 & 6.2 in the audit brief are of similar nature.

ii. **PARA 5.1, PAGE 4 (SAR-60-SBP)**

**EXTRA EXPENDITURE OF RS 44.609 MILLION DUE TO CANCELLATION OF CONTRACT FOR CONSTRUCTION OF OFFICE BUILDING AT MULTAN**

The Audit pointed out that the SBP invited tenders for construction of office building at Multan in April, 1988. M/s. Nawab Brothers Limited were declared successful and acceptance letter was issued to them in June, 1988 for completion of Civil Works of the project at a cost of Rs 60.924 million. The agreement was executed on 13-11-1988. Consultant appointed as on Jan 23, 1989, work order issued on 28-01-1989 and the date of commencement of work was fixed as 05-02-1989. The contractor lodged claim for the alleged suspension of work for eight months caused due to lack of timely decision on the part of management.

The consultants were asked to review the performance of the contractor and they reported that only 21.62% work was achieved as on 30-04-1991 as against the stipulated 89.37% quantum of work in the contract. The value of the work done by the contractor was arrived at as Rs 12.241 million leaving a balance work valuing Rs 48.287 million. The contractor lodged claim of Rs 6.267 million and sought for escalation @18.5% on the balance cost of work i.e. Rs 46.683 million. The total of claim and escalation was worked out to Rs 15.231 million. Had the request of the contractor been acceded to the project cost would have increased to Rs 76.155 million.

The management however paid off Rs 12.241 million to contractor M/s. Nawab Brothers Limited and re-tendered the balance work on 23-09-1993. The tenders were opened on 07-12-1993. M/s. U.C.L. stood the lowest bidder with the tendered cost of Rs.113,059,150. The completion period of 30 months commencing from 02-05-1994 was agreed. The work was required to be completed by 01-11-1996. The actual date of completion of building was 30-11-1997, after delay of 13 months. The actual cost as per final bill stood at Rs 108.523 million. Thus the management spent Rs 44.609 million extra due to non-acceptance of the claim of the first contractor.

iii. **PARA 5.2, PAGE 4 (SAR-60-SBP)**

**LOSS OF RS 21.408 MILLION DUE TO INSTALLATION OF AIR CONDITIONING PLANT OF 310 TONS AT THE PRICE OF 604 TONS CHILLING CAPACITY**

The Audit pointed out that the M/s. Progressive Consultant, Project Manager/Supervisors for the construction work of the Bank's new office building at Multan, appointed an air-conditioning consultancy firm for designing an air conditioning plant, after opening of tenders on Sept 14, 1995.

The design prepared by the firm was found to be over-designed by the Director Engineering. It was stated to have been designed for 604 tons of chilling capacity air-conditioning plant by the air-conditioning consultant. The tendered cost of design prepared and submitted by M/s Progressive was Rs 46.862 million. The Consultants were, repeatedly advised to sort out the problem but they did not respond. The matter was then placed before the Committee in its 124th meeting held on Dec 12, 1995. The Committee decided to pay off M/s. Air-conditioning Consultant (Pvt) Ltd. appoint M/s. CEMA as consultants and re-invite tenders on the basis of new design prepared by M/s. CEMA. The capacity of the plant designed by M/s. CEMA was 310 tons only. It was estimated that a saving of Rs 22 million would be achieved. However, after re-tendering the contract for the re-designed plant was awarded for Rs 40.708 million. Hence, savings of only Rs 6.155 million were realized and that too, were reduced to Rs.3.775 million due to payment of Rs 2.4 million made to the previous Consultants. The reasons communicated to the Committee for the drastic reduction in anticipated savings were time factor, re-invitation of tenders on revised tendered documents, general price increase, de-valuation of rupee and imposition of Regulatory Duty etc. The Committee accorded approval in its 127th meeting held on 01-08-96. The Bank thus suffered a net loss of Rs.21.400 million.

iv. **PARA 5.3, PAGE 5 (SAR-60-SBP)**  
**EXTRA EXPENDITURE OF RS 4.50 MILLION DUE TO FAULTY PLANNING**

The Audit pointed out that the SBP awarded the contract for electrical work of its new office building at Multan to M/s. Consumer Electric Corporation, Karachi at a total cost of Rs 14.912 million in June, 1990.

According to the terms of contract, the work was to commence from Dec 10, 1990 and completed by June 10, 1992. However, the electrical work could not be completed in time due to delayed start of civil work resulting from dispute between partners of consulting firms, re-tendering of civil work and appointment of new civil contractor.

On re-start of the work, the contractor claimed Rs 3.837 million on account of escalation in their rates under various heads. The Committee of the Directors of the Central Board in its meeting held in December 1994, approved claims of Rs 2.153 million. Pertaining to increases in labor and material costs. Similarly, the Committee in its meeting of Feb 26, 1998 allowed claims of Rs 0.223 million on account of revalidation charges for guarantees insurance bond, Watch & Ward sales tax, ex-change rate variation etc. As per 10th escalation bill dated July 10, 1998Rs 4.50 million were paid to the contractor, which was an extra expenditure borne by the Bank.

v. **PARA 6.1, PAGE 6 (SAR-60-SBP)**  
**EXTRA EXPENDITURE OF RS 43.983 MILLION AND NON-**  
**COMPLETION OF OFFICE BUILDING AT HYDERABAD**

The Audit pointed out that the SBP decided to construct a new office building at Hyderabad in early eighties. The work was awarded to civil works contractor M/s. Raja Hafizullah & Co. after completion of requirements. The contractor started work w.e.f 18-12-1982 under the supervision of M/s. Ahad Associates Consultants for a contractual project cost of Rs 33.261 million. The work was to be completed by December, 1984. The contractor performed the work worth Rs 23.800 million. The balance 28.44% left over work was valued at Rs 9.461 million. The contractor requested the management to enhance the contracted project cost by 10% keeping in view the high rising cost of material and labor which was turned down and he was asked to complete the job within the agreed project cost. The contractor failed to achieve the target and the work was finally stopped from October, 1988. The management after cancellation of the contract re-tendered the balance work during 1993. The tender was re-invited on 14-06-1993 and opened on 10-08-1993. The work was awarded to M/s. Amir Ahmad & Co. at the tendered rate of Rs 56.784 million. The contractor started the balance work in the month of February, 1994. The agreed time for completion of balance work was 18 months from the date of commencement. The project was accordingly required to be completed by 18-09-1995. The record, however, shows that the building has not yet been completed as the final bill is still awaited from the contractor, and the possession has not been handed over by the contractor. The completion certificate by the consultant has not been issued as yet. Besides the time over run, the management has already incurred extra capital expenditure of Rs 43.983 million on the project so far.

vi. **PARA 6.2, PAGE 6 (SAR-60-SBP)**  
**EXTRA EXPENDITURE OF RS 4.042 MILLION DUE TO DELAY IN**  
**COMPLETION OF ELECTRICAL WORK**

The Audit pointed out that the SBP awarded contract for electrification work of its new office building at Hyderabad to M/s. International Industries (Pvt) Ltd on March 4, 1983. The dates of commencement and completion of work were January 1, 1984 and June 30, 1985 respectively..

Audit observed that till December 31, 1998 an expenditure of Rs 9.997 was incurred and more than 10% of work still remained pending. Therefore, an extra expenditure of Rs 4.042 million had been incurred over and above the tendered cost and the work was not yet complete even after a lapse of well over a decade.

**PAC DIRECTIVE**

The Committee pended the above six (6) Paras with the direction to refer these to Board of Director of the State Bank to look into the matter in detail within one (01) month and report therein be updated to Audit under intimation to PAC.

**DIRECTOR GENERAL COMMERCIAL AUDIT& EVALUATION , LAHORE**  
**AGRICULTURE DEVELOPMENT BANK OF PAKISTAN**

34. **PARA 68, PAGE50-ARPSE-1998-99**

The Audit pointed out that the other assets as on 30-6-1999 include income tax refundable and other taxes (recoverable) amounting to Rs. 9.549 & 298,505 million. The need for early recovery of the recoverable amount is stressed upon the management.

PAO explained that efforts have already been made to settle the matters and promised to expedite for its early settlement.

**PAC DIRECTIVE**

The Committee pended the para with the direction to settle the matter in DAC within one (01) month under intimation to PAC.

35. **PARA 70, PAGE-51-ARPSE-1998-99**

**NON RECOVERY OF LOAN AMOUNTING TO RS.0.978 MILLION FROM CHRONIC DEFAULTERS.**

The Audit pointed out that the Agriculture Development Bank of Pakistan granted loan to four loanees who did not repay a singly installment since 1988-89. No action has so far been taken by the management either to recover the loan or to fix responsibly thereof. It is apprehended that due to non pursuance of the recovery of Rs. 0.978 million from chronic defaulters the chances of recovery of loans have become remote.

PAO explained out of 8 loan cases 07 cases have since been closed and only one (01) case outstanding. Efforts have already been made to recovery the balance amount.

**PAC DIRECTIVE**

The Committee settled the para subject to verification of record within one month under intimation to PAC.

36. i) **PARA 72, PAGE 52-ARPSE-1998-99**

**NON RECOVERY OF REVOLVING WORKING CAPITAL LOAN AMOUNTING TO RS.33.641 MILLION FROM M/s ITTEFAQ FOUNDRIES LIMITED**

- ii) **PARA 73, PAGE53-ARPSE-1998-99**  
**LOSS OF RS.10.626 MILLION DUE TO NON RECOVERY FROM M/S FALAK SHAIR ENTERPRISES (Pvt) MULTAN**
- iii) **PARA 74, PAGE54-ARPSE-1998-99**  
**LOSS OF RS.5.691 MILLION DUE TO IRREGULAR REMISSION OF INTEREST TO THE LOANEES WHO MIS-UTILIZED THE LOAN**

### **PAC DIRECTIVE**

The Committee settled the above mentioned (03) three paras on the recommendation of DAC.

37. i) **PARA 73-S, PAGE54-ARPSE-1998-99**  
**NON RECOVERY AMOUNTING TO RS. 5.047 MILLION FROM DEFAULTERS**

The Audit pointed out that in Agriculture Development Bank of Pakistan. Thatta an amount of Rs. 85.047 million was outstanding against defaulters, shown in the village wise defaulter list as on Jan 7, 1997. The shows poor performance of the management. No effective steps were found to have been taken for its recovery. The chances of recovery are remote.

PAO stated that amount have been recovered in a loan case, whereas the 07 cases are decided in the favour of bank by the banking court. The PAO assure the committee to expedite these cases for early recovery.

- ii) **PARA 74-S, PAGE54-ARPSE-1998-99**  
**NON RECOVERY OF RS. 3.259 MILLION FROM 25 DEFAULTERS**

The Audit pointed out that in Agriculture Development Bank of Pakistan, Kotri a huge amount of Rs. 3,259,464/- was outstanding against 25 defaulters as on June, 30-1997. All 25 loanees were not paying installments regularly as a result of which the principle amount and interest thereon accumulated to Rs. 3,259,464/- No proper action was found to have been taken against the defaulters for its recovery. As the loanees failed to repay loan regularly, the chances of recovery have become remote.

The management intimated the latest recovery position from defaulters in their reply dated Feb, 12, 2000 according to which Rs. 2.165 million were still outstanding as on June, 30,1999. The reply was not satisfactory as the pace of recovery was very slow and the management did not intimate the action taken against the defaulters.

PAO stated that only 0.949 million is outstanding in these cases and the efforts are being made to recover the said amount soon

iii) **PARA 75-S, PAGE54-ARPSE-1998-99**  
**NON RECOVERY OF RS.3.001 MILLION FROM A PARTY**

The Audit pointed out that in Agriculture Development Bank of Pakistan, Thatta branch a heavy amount of Rs. 3,001 was outstanding against 12 loanees all of them belonging to one family. The loans were sanctioned and disbursed to the family from 1984 to 1991.

None the defaulters, with the exception to two, has paid even a single installment of the loan since disbursement. As a result the principle and interest accumulates to Rs. 3,001,151 upto June, 1997 No effective action was found to have been taken against the defaulters for recovery of outstanding amount so far. Hence the chances of recovery of the loan are remote.

**PAC DIRECTIVE**

The Committee settled the above mentioned three (03) Paras subject to verification of record by Audit under intimation to PAC within one (01) month.

**FEDERAL BANK FOR COOPERATIVES**

38. **PARA 78, PAGE57-ARPSE-1998-99**

Audit pointed out that other assets include unauthorized withdrawals amounting to Rs. 9.5 million made by the staff members of Regional Office, Karachi during previous years. The matter is still under investigation on registration of the case with FIA. Further progress of the case needs to be intimated.

PAO explained that NAB is representing the case through the public prosecutor in the court. Whereas NAB representative stated that the case was referred to them in 2004 but it was referred back to FIA in 2008.

**PAC DIRECTIVE**

The Committee pended the Para with the direction to pursue the case in the court of law. Further, PAO is also directed to help the investigation agency (NAB) for the provision of record to them and progress therein be updated to Audit and PAC at the earliest.

## **SMALL BUSINESS COORPORATION**

39. i) **PARA 84, PAGE 62-ARPSE-1998-99**  
**NON RECOVERY OF LOAN AMOUNTING TO RS. 2.750 MILLION**

The Audit pointed out that Small Business Finance Corporation Multan Zone disbursed an amount of Rs. 2750,000 to 12 loanees under NESE/SEP Scheme in 1993-94. All the loanees failed to pay any installment and amount due to from the defaulting loanees rose to Rs. 4.130 million on 30-06-96. The Staff of branch deputed for recovery of the loan, reported that no person of such name was residing in the area and no business was in exercise for which the loan was sanctioned. The amount of the loan as such is doubtful.

PAO explained that efforts have already been made for recovery, however, PAO promised to look into the matter personally.

- ii) **PARA 85, PAGE 62-ARPSE-1998-99**  
**NON RECOVERY OF OVERDUE LOAN AMOUNTING TO RS.1.388 MILLION**

The Audit pointed out that in Small Business Finance Corporation, Peshawar loan amounting to Rs. 850,000 were disbursed during the period ranging from March, 4, 1992 to December, 16, 1993 under loan case No. 9366, 9333, 9399 and 9211/5. The laon cases were to be closed up to the period ranging from January, 11, 1997 to February, 16, 1998. An amount of Rs. 83,295.00 only has been recovered from the parties concerned upt December, 15, 1993 but no further recovery has been effected till to date. The outstanding dues against the defaulters have accumulated to Rs. 13,87,522 as on June, 1998.

- iii) **PARA 86, PAGE 62-ARPSE-1998-99**  
**NON RECOVERY OF RS. 7.483 MILLION FROM DIFFERENT LOANEEES**

The Audit pointed out that in SBFC Chakwal certain loans were disbursed to the different persons for setting up their business under the various schemes of SBFC but loanes repaid nothing and went into default. However, no action has been taken against the defaulters as yet.

### **PAC DIRECTIVE**

The Committee pended the above mentioned three (03) Paras with the direction to expedite the cases in consultation with M/o Law and Justice and progress therein be intimated to PAC and Audit within one (01) month.

**SPECIAL AUDIT REPORT ON LAND RECORD OF AGRICULTURAL DEVELOPMENT BANK 1998-99**

40. i. **PARA 1, PAGE 03, SAR 1998-99**  
**NON-RECOVERY OF RS. 2,290.623 MILLION FROM THE SPONSORS OF MILK PLANT PROJECTS**

Audit pointed out that 17 milk processing plants were financed by the ADBP since start of project loaning till 1995. Financial assistance to the extent of Rs. 611.370 million was disbursed to the parties out of which only Rs. 17.752 million could be recovered leaving a balance of Rs. 2290.623 million as on 30-06-1998.

The loan were either mis-utilized or where the plants were installed the projects proved to be commercial non-viable. Repayment behavior of the laonees has been very poor. The Bank is likely to sustain heavy losses because the plant and machinery of the closed units will deteriorate with the passage of time.

PAO informed the committee that out of 17 cases, 6 cases have been closed. However, efforts are made to resolve the issues at the earliest. PAO, also informed the committee that upcoming Paras are of similar in nature and requested to settle them subject to verification of record except the Para 07,page 31 SAR 1998-99 regarding "PROVISION FOR DOUBTFUL LOANS Rs 22828.947" which are settled by DAC.

- ii. **PARA 2 , PAGE 04, SAR 1998-99**  
**UNDUE FAVOURITISM IN GRANT OF LOANS TO VARIOUS LOANEEES AMOUNTING TO RS. 721.575 MILLION**

Audit Pointed out that in Twelve Project loan cases, undue favoritism was extended to the borrowers to the extent of Rs. 721.575 million. These cases are discussed in succeeding sub-paragraphs.

PAO explained that loan cases have already been settled/closed by effecting the recovery of amount of disbursed loan. PAO further elaborated that the upcoming Paras are also of the same nature.

- iii. **PARA 2.I, PAGE 04, SAR 1998-99**  
**UNDUE FAVOURITISM TO M/S MIAN MUHAMMAD SUGAR MILLS AND NON RECOVERY OF RS. 474.800 MILLION AS ON 30-06-1998**

- iv. **PARA 2.II, PAGE 05, SAR 1998-99**  
**UNDUE FAVOURITISM EXTENDED TO THE LOANEE BY GRANTING PROJECT LOAN IN VIOLATION OF SANCTION LETTER RESULTING INTO MISUTILIZATION AND DOUBTFUL RECOVERY OF RS. 12.821 MILLION**

- v. **PARA 2.III , PAGE 06, SAR 1998-99**  
UNDUE FAVOURITISM EXTENDED IN GRANT OF LOAN AND DOUBTFUL RECOVERY OF RS. 11.888 MILLION FROM M/S FAKIR STUD FARM
- vi. **PARA 2.IV , PAGE 06, SAR 1998-99**  
UNDUE FAVOURITISM TO M/S SUTLAJ RICE MILLS BY GRANT OF EXCESSIVE FINANCIAL ASSISTANCE AMOUNTING TO RS. 67.025 MILLION RESULTING INTO NON-RECOVERY OF RS. 104.769 MILLION.
- vii. **PARA 2.V , PAGE 07, SAR 1998-99**  
UNDUE FAVOURITISM TO M/S GHAFCO INDUSTRIES AND NON-RECOVERY OF RS. 18.672 MILLION
- viii. **PARA 2.VI , PAGE 07, SAR 1998-99**  
UNDUE FAVOURITISM TO M/S MULTI AGRO EXTRACTION LIMITED LAHORE RESULTING INTO NON-RECOVERY OF RS. 13.711 MILLION
- ix. **PARA 2.VII, PAGE 08, SAR 1998-99**  
UNDUE FAVOURITISM TO THE LOANEE AND DOUBTFUL RECOVERY OF LOAN AMOUNTING TO RS. 11.032 MILLION
- x. **PARA 2.VIII, PAGE 09, SAR 1998-99**  
UNDUE FAVOURITISM TO M/S ABDUL SATTAR BALOCH AND CO. KARACHI RESULTING INTO NON-RECOVERY OF RS. 12.999 MILLION
- xi. **PARA 2.IX, PAGE 09, SAR 1998-99**  
UNDUE FAVOURITISM TO PUNJNAD POLYPROPYLENE INDUSTRIES(PVT) RESULTING INTO NON-RECOVERY OF RS. 46.194 MILLION
- xii. **PARA 2.X, PAGE 10, SAR 1998-99**  
UNDUE FAVOURITISM IN DISBURSEMENT OF LOAN AND DOUBTFUL RECOVERY OF RS. 6.145 MILLION FROM M/S BARLAS FOOD PROCESSING, LIMITED

- xiii. **PARA 2.XI, PAGE 11, SAR 1998-99**  
UNDUE FAVOURITISM TO M/S PANAZAI FRUIT AND VEGETABLE PROCESSING PLANT HARNAI BY GRANT OF LOAN RESULTING INTO DOUBTFUL RECOVERY OF RS. 5.257 MILLION
- xiv. **PARA 2.XI, PAGE 11, SAR 1998-99**  
UNDUE FAVOURITISM TO M/S MUHAMMAD SULEMAN AND MUHAMMAD LUQMAN RESULTING INTO NON-RECOVERY OF RS. 3.287 MILLION
- xv. **PARA 3, PAGE 12, SAR 1998-99**  
NON-RECOVERY OF RS. 3,218.857 MILLION FROM DEFAULTING PROJECT LOANEES.
- xvi. **PARA 3.I, PAGE 12, SAR 1998-99**  
NON-RECOVERY OF RS. 211.572 MILLION FROM M/S PAK GREEN FERTILIZER KARACHI
- xvii. **PARA 3.II, PAGE 13, SAR 1998-99**  
NON-RECOVERY OF RS. 92.181 MILLION FROM M/S ASIA COMPAK SAHIWAL
- xviii. **PARA 3.III, PAGE 13, SAR 1998-99**  
NON-RECOVERY OF RS. 9.607 MILLION FROM M/S AL-HANIF COTTON GINNERIES LIMITED MULTAN
- xix. **PARA 3.IV, PAGE 14, SAR 1998-99**  
NON-RECOVERY OF RS. 7.180 MILLION FROM A DEFAULTER LOANEE.
- xx. **PARA 3.V, PAGE 14, SAR 1998-99**  
NON PAYMENT OF RS. 8.258 MILLION OBTAINED FROM ADBP BY M/S SHAHZD SPICES PROCESSING MILLS
- xxi. **PARA 3.VI, PAGE 15, SAR 1998-99**  
NON RECOVERY OF RS. 6.313 MILLION FROM M/S IMRAN AGRO PROJECTS DEPALPUR DISTRICT OKARA
- xxii. **PARA 3.VII, PAGE 15, SAR 1998-99**  
EXPECTED LOSS OF RS. 273.304 MILLION DUE TO NON RECOVERY OF PROJECT LOAN FROM M/S S.S OIL MILLS.
- xxiii. **PARA 3.VIII, PAGE 15, SAR 1998-99**  
EXPECTED LOSS OF RS. 24.116 MILLIONS DUE TO NON RECOVERY OF LOAN FROM M/S DAIRY AND FOOD PRODUCTS LAHORE.

- xxiv. **PARA 3.IX, PAGE 16, SAR 1998-99**  
EXPECTED LOSS OF RS. 7.955 MILLION DUE TO NON RECOVERY OF OUTSTANDING BANK DUES FROM THE SPONSOR OF M/S LEATHER PAK INDUSTRIES SIALKOT
- xxv. **PARA 3.X, PAGE 16, SAR 1998-99**  
EXPECTED LOSS OF RS. 9.281 MILLION DUE TO NON RECOVERY OF BANK DUES FROM THE DEFAULTING LOANEE.
- xxvi. **PARA 3.XI, PAGE 17, SAR 1998-99**  
ANTICIPATED LOSS OF RS. 6.731 MILLION DUE TO NON-RECOVERY OF LOAN FROM M/s ALI COTTON GINNING PRESSING AND OIL MILLS
- xxvii. **PARA 3.XII, PAGE 17, SAR 1998-99**  
EXPECTED LOSS OF RS. 7.252 MILLION DUE TO NON RECOVERY
- xxviii. **PARA NO. 3.XIII-PAGE 18, SAR 1998-99**  
EXPECTED LOSS OF RS.1.261 MILLION DUE TO NON-RECOVERY OF LOAN FROM LOANEE
- xxix. **PARA 3.XIV, PAGE 18, SAR 1998-99**  
NON RECOVERY OF RS. 7.953 MILLION
- xxx. **PARA 3.XV, PAGE 18, SAR 1998-99**  
DOUBTFUL RECOVERY OF RS. 11.564 MILLION FROM M/S AKRAM ENTERPRISES (PVT) LIMITED
- xxxi. **PARA 3.XVI, PAGE 19, SAR 1998-99**  
DOUBTFUL RECOVERY OF RS. 63.110 MILLION FROM M/S FIBER INDUSTRIES
- xxxii. **PARA 3.XVII, PAGE 19, SAR 1998-99**  
DOUBTFUL RECOVERY OF RS. 9.179 MILLION FROM M/S SHERAZ PAPER MILLS
- xxxiii. **PARA 3.XVIII, PAGE 19, SAR 1998-99**  
DOUBTFUL RECOVERY OF RS. 7.955 MILLION
- xxxiv. **PARA 3.XIX, PAGE 20, SAR 1998-99**  
DOUBTFUL RECOVERY OF RS. 5.417 MILLION FROM M/S BOOTA POULTRY FARM SHEIKHUPURA
- xxxv. **PARA 3.XX, PAGE 20, SAR 1998-99**  
DOUBTFUL RECOVERY OF RS. 1.702 MILLION FROM GHAUSIA MILLS

- xxxvi. **PARA 3.XXI, PAGE 20, SAR 1998-99**  
DEFAULT IN REPAYMENT OF BANK DUES AMOUNTING TO RS. 2446.966 MILLION
- xxxvii. **PARA 4, PAGE 21, SAR 1998-99**  
MISUTILIZATION OF LOAN BY THE BORROWERS RS. 432.672 MILLION
- xxxviii. **PARA 4.I, PAGE 21, SAR 1998-99**  
NON-RECOVERY OF MISUTILIZED LOAN OF RS. 5.884 MILLION FROM M/S MIAN KHAN DAIRY FARM.
- xxxix. **PARA 4.II, PAGE 21, SAR 1998-99**  
NON-RECOVERY OF MISUTILIZED LOAN OF RS. 2.903 MILLION FROM M/S B.C. DAIRIES
- xl. **PARA 4.III, PAGE 22, SAR 1998-99**  
MISUTILIZATION OF LOAN AMOUNTING TO RS. 129.509 MILLION RESULTING INTO NON RECOVERY OF RS. 305.516 MILLION FROM M/S MULTAN EDIBLE OIL EXTRACTION INDUSTRIES LIMIEDT.
- xli. **PARA 4.IV, PAGE 22, SAR 1998-99**  
MISUTILIZATION OF LOAN AND NON RECOVERY OF RS. 74.830 MILLION FROM M/S QAYOOM SEA FOOD PRIVATE LIMITED, KARACHI.
- xlii. **PARA 4.V, PAGE 22, SAR 1998-99**  
MISUTILIZATION OF LOAN AMOUNTING TO RS. 5.167 MILLION RESULTING INTO NON RECOVERY OF RS. 10.626 MILLION FROM M/S FALAK ENTERPRISES (PVT) LIMITED MULTAN
- xliii. **PARA 4.VI, PAGE 23, SAR 1998-99**  
MISUTILIZATION OF LOAN AMOUNTING TO RS. 2.900 MILLION BY M/S SARMAST TRADERS (PVT) LIMITED AND NON RECOVERY OF RS. 5.886 MILLION
- xliv. **PARA 4.VII, PAGE 23, SAR 1998-99**  
MISUTILIZATION OF LOAN AND DOUBTFUL RECOVERY OF RS. 6.281 MILLION FROM A LOANEE.
- xlv. **PARA 4.VIII, PAGE 23, SAR 1998-99**  
MISUTILIZATION OF LOAN AMOUNTING TO RS. 3.595 MILLION BY M/S RANCHERS DAIRY FARM THATTA RESULTING INTO NON-RECOVERY OF RS. 9.103 MILLION

- xlvi. **PARA 4.IX, PAGE 24, SAR 1998-99**  
MISUTILIZATION OF LOAN RESULTING INTO DOUBTFUL RECOVERY OF RS. 6.531 MILLION FROM A LOANEE.
- xlvii. **PARA 4.X, PAGE 24, SAR 1998-99**  
MISUTILIZATION OF LOAN AND NON RECOVERY OF RS. 5.112 MILLION FROM M/S BALUCH SEA FARM.
- xlviii. **PARA 5, PAGE 25, SAR 1998-99**  
UNJUSTIFIED REMISSION OF INTEREST RS. 64.927 MILLION
- xlix. **PARA 5.I, PAGE 25, SAR 1998-99**  
UNDUE FAVOURITISM TO M/S TRANSWORLD SERVICES BY REVERSAL OF INTEREST AMOUNTING TO RS. 2330551/- AND GRANT OF INCENTIVE OF RS. 3079920/-
- I. **PARA 5.II, PAGE 26, SAR 1998-99**  
UNDUE FAVOURITISM EXTENDED TO M/S HILAL FARMS KARACHI BY REMISSION OF INTEREST CHARGES AMOUNTING TO RS. 1284,995.
- li. **PARA 5.III, PAGE 27, SAR 1998-99**  
UNDUE FAVOURITISM EXTENDED TO M/S MIAN POULTRY FARM BY REMISSION OF INTEREST AMOUNTING TO RS. 2517843/-
- lii. **PARA 5.IV, PAGE 27, SAR 1998-99**  
UNDUE FAVOURITISM EXTENDED TO M/S CHANDI RICE MILLS BY REMISSION OF INTEREST AMOUNTING TO RS. 3683616/-
- liii. **PARA 5.V, PAGE 28, SAR 1998-99**  
UNDUE FAVOURITISM EXTENDED TO M/S SUNRISE POULTRY KARACHI BY GRANT OF REMISSION AMOUNTING TO RS. 1.736 MILLION
- liv. **PARA 5.VI, PAGE 29, SAR 1998-99**  
LOSS OF RS. 4.770 MILLION DUE TO NON-RECOVERY OF DECRETAL AMOUNT FROM M/S LEA GOLD LEATHER (PRIVATE) LIMITED SIALKOT.
- lv. **PARA 5.VII, PAGE 29, SAR 1998-99**  
LOSS DUE TO REMISSION OF INTEREST RS. 2.089 MILLION BY EXTENDING UNDUE FAVOUR TO THE CHAIRMAN ADBP

- lvi. **PARA 5.VIII, PAGE 30, SAR-53/1998-99**  
**LOSS OF RS. 955704/- DUE TO IRREGULAR REMISSION OF INTEREST TO THE PARTY WHO MISUTILIZED THE LOAN.**
- lvii. **PARA 5.IX, PAGE 30, SAR-53/1998-99**  
**IRREGULAR DISBURSEMENT OF PROJECT LOAN AND REMISSION OF INTEREST CHARGES AMMOUNTING TO Rs.1.362,4257- TO M/S PAK AGRO.**
- lviii. **PARA 5.X, PAGE 31, SAR-53/1998-99**  
**REMISSION OF INTEREST OF Rs 44.197 MILLION.**
- lix. **PARA 06, PAGE 31, SAR-53/1998-99**  
**LOSS OF RS. 23.254 MILLION ON ACCOUNT OF NON RECOVERY OF BANK DUES FROM M/S AGROPOUL (PVT) LIMITED.**

### **PAC DIRECTIVE**

The Committee settled the above mentioned fifty nine (59) Paras subject to verification of record within one (01) month under intimation to PAC.

41. **PARA 07, PAGE 31, SAR-53/1998-99**  
**PROVISION FOR DOUBTFUL LOANS RS. 22828.947 MILLION.**

### **PAC DIRECTIVE**

The Committee settled the Para on the recommendation of DAC.

### **ACTIONABLE POINTS**

Actionable points arising from the discussion of meeting of the Public Accounts Committee held on 17<sup>th</sup> November, 2015 pertaining to Ministry of Finance, in the Parliament House, Islamabad for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99.

### **AUDIT REPORT PUBLIC SECTOR ENTERPRISES FOR THE YEAR 1998-99**

#### **AGRICULTURAL DEVELOPMENT BANK OF PAKISTAN**

42. **PARA-68 PAGE-50 ARPSE-1998-99**

The Audit pointed out that other assets as on 30-6-1999 include income tax refundable and other taxes (recoverable) amounting to Rs. 9.549 & Rs. 298,505 million. The need for early recovery of the recoverable amount is stressed upon the management.

The PAO informed the Committee that the matter is under consideration with FBR which is being pursued and outcome will be intimated to Audit.

**PAC DIRECTIVE**

The Committee directed the PAO to pursue the case and submit report to Committee/Audit within two weeks.

43. **PARA-73-S PAGE-54 ARPSE-1998-99**  
**NON-RECOVERY AMOUNTING TO RS. 5.047 MILLION FROM DEFAULTERS.**

The Audit pointed out that in Agricultural Development Bank of Pakistan. Thatta an amount of Rs.05.047 million was outstanding against defaulters, shown in the village wise defaulters list as on Jan 7, 1997. No effective steps were found to have been taken for its recovery.

The PAO informed the Committee that an amount of Rs. 22.598 million has been recovered and verified by audit leaving a balance of Rs. 11.491 million in six outstanding cases.

**PAC DIRECTIVE**

The Committee directed to PAO to recover the balance amount within two weeks and intimate the progress to Audit for verification.

**FEDERAL BANK FOR COOPERATIVES.**

44. **PARA-78 PAGE-57 ARPSE-1998-99**

The audit pointed out that the other assets include unauthorized withdrawals amounting to Rs. 9.5 million made by the staff members of Regional Office, Karachi during previous years. The matter is still under investigation on registration of the case with FIA. Further progress of the case needs to be intimated.

The PAO informed that it is the case in NAB.

The representative of NAB informed that the concerned inquiry officers / team of the NAB was deputed out station for arrest of culprits in another case and were not available at Islamabad. The inquiry report will be submitted by the concerned inquiry officer to DAC at the earliest.

**PAC DIRECTIVE**

The Committee pended the para till the decision of NAB and showed displeasure on the absence of FIA representative.

### **SMALL BUSINESS FINANCE CORPORATION**

45. (i) **PARA-84 PAGE-62 ARPSE-1998-99**  
**NON RECOVERY OF LOAN AMOUNTING TO RS. 2.750 MILLION**
- (ii) **PARA-85 PAGE-62 ARPSE-1998-99**  
**NON RECOVERY OF OVERDUE LOAN AMOUNTING TO RS. 1.388 MILLION.**
- (iii) **PARA-86 PAGE-62 ARPSE-1998-99**  
**NON RECOVERY OF RS. 7.483 MILLION FROM THE DIFFERENT LOANEES.**

### **PAC DIRECTIVE**

The Committee settled the above three (03) paras subject to recovery and verification of record by Audit.

### **AGRICULTURAL DEVELOPMENT BANK OF PAKISTAN**

46. (i) **PARA-70 PAGE-51 ARPSE-1998-99**  
**NON RECOVERY OF LOAN AMOUNTING TO RS 0.978 MILLION FROM CHRONIC DEFAULTERS.**
- (ii) **PARA-74-S PAGE-54 ARPSE-1998-99**  
**NON-RECOVERY OF RS. 3.259 MILLION FROM 25 DEFAULTERS.**
- (iii) **PARA-75-S PAGE-54 ARPSE-1998-99**  
**NON-RECOVERY OF RS. 3.001 MILLION FROM A PARTY.**

### **PAC DIRECTIVE**

The Committee settled the above three (03) paras for pursuance at DAC level.

### **SPECIAL AUDIT REPORT 53** **ON LAND RECORD OF AGRICULTURAL DEVELOPMENT BANK 1998-99** **AGRICULTURAL DEVELOPMENT BANK OF PAKISTAN**

47. **PARA-01, PAGE-03 FOR THE YEAR 1999**  
**NON-RECOVERY OF RS. 2,290.623 MILLION FROM THE SPONSORS OF MILK PLANT PROJECTS.**

The Audit pointed out that 17 Milk processing plants were financed by the ADBP since start of project loaning till 1995. Financial assistance to the extent of Rs.611.370 million was disbursed to the parties out of which Rs.17.752 million only could be recovered leaving a balance of Rs.2290.623 million as on

30.06.1998 The Bank is likely to sustain heavy losses because the plant and machinery of the closed units will deteriorate with the passage of time.

The PAO informed that there are 17 cases pointed out in the para, out of which 11 cases has been settled / closed under SBP policy, CIRC policy or on the direction of BoD and remaining 6 outstanding cases are pending in the court of law.

### **PAC DIRECTIVE**

The Committee settled the para subject to recovery and verification of record by Audit and directed to PAO to speed up the process of recovery of remaining amount.

48. (i) **PARA-02, PAGE-04 FOR THE YEAR 1999**  
**UNDUE FAVOURITISM IN GRANT OF LOANS TO VARIOUS LOANEES AMOUNTING TO RS.721.575 MILLION.**
- (ii) **PARA-03, PAGE-12 FOR THE YEAR 1999**  
**NON-RECOVERY OF RS.3,218.857 MILLION FROM DEFAULTING PROJECT LOANEES.**
- (iii) **PARA-04, PAGE-21 FOR THE YEAR 1999**  
**MIS-UTILIZATION OF LOAN BY THE BORROWERS RS.432.672 MILLION.**

### **PAC DIRECTIVE**

The Committee pended the above three (3) paras till the decision of Court with direction to PAO to pursue the cases in the court of Law vigorously.

49. (i) **PARA-05, PAGE-25 FOR THE YEAR 1999**  
**UNJUSTIFIED REMISSION OF INTEREST RS.64.927 MILLION**
- (ii) **PARA-06, PAGE-31 FOR THE YEAR 1999**  
**LOSS OF RS.23.254 MILLION ON ACCOUNT OF NON-RECOVERY OF BANK DUES FROM M/S AGROPOUL (PVT) LIMITED.**

### **PAC DIRECTIVE**

The Committee settled the above two (02) paras on the recommendation of DAC.

**AUDIT REPORT PUBLIC SECTOR ENTERPRISES VOLUME –X(S) FOR THE YEAR 1998-99**

**HOUSE BUILDING FINANCE CORPORATION.**

50. **PARA NO. 89, PAGE NO. 66 (ARPSE-1998-99-VOL-X(N))**  
**NON-RECOVERY OF OUTSTANDING LOAN AMOUNTING TO RS 2.621 MILLION FROM THE INFLUENTIAL LOANEES**

The Audit pointed out in HBFC Multan granted a loan of Rs. 1,2000,000 to five influential persons of Makhdoom Rashid Town in 1991. The loaners did not give any response to repay any installment of loan. Resultantly the Corporation filed civil suit against these loanees in the court and obtained decree against them to recover the loan by auction to their properties. The management made arrangements for auction of incomplete constructed houses on April, 25, 1996 and October 25, 1997, but no party took interest to purchase these low valued houses.

The PAO informed the Committee that the assigned properties were again placed for auction on 20.04.2015 but nobody participated in the auction proceedings, despite best efforts, no progress for recovery of outstanding loan could be achieved.

**PAC DIRECTIVE**

The Committee pended the above para till next meeting and directed the PAO to ensure the recovery through DCO and to report the Audit/PAC.

**INDUSTRIAL DEVELOPMENT BANK OF PAKISTAN**

51. **PARA NO. 82 PAGE NO. 72 (ARPSE-1998-99-VOL-X(S))**

Non recovery of principal amount and other charges amounting to Rs. 97.134 million together with loss of interest and penal interest Rs. 241.066 million.

The Audit pointed out that IDBP failed to recover the principal amount of Rs. 97.134 Million from the displaced businessmen and industrialists of erstwhile East Pakistan despite lapse of over 25 years up-to December,1999. The bank also lost over Rs. 241 Million towards interest.

The PAO informed the Committee that a total recovery of Rs. 5.587 million from six borrowers, has been affected thus reducing the total number of outstanding cases from sixty three to fifty seven and also reducing the recoverable principal amount from Rs.47.748 million to Rs.42.161 million.

### **PAC DIRECTIVE**

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

52. (i) **PARA NO. 84 PAGE NO. 74(ARPSE-1998-99-VOL-X(S)**  
**MIS-UTILIZATION OF LOAN AMOUNTING TO RS. 14.011 MILLION**  
**INVESTMENT CORPORATION OF PAKISTAN**
- (ii) **PARA NO. 89 PAGE NO. 77 (ARPSE-1998-99-VOL-X(N)**

### **PAC DIRECTIVE**

The Committee referred the above two (02) paras for pursuance at DAC level.

### **COURT CASE**

53. **PARA NO. 88 PAGE NO. 77 (ARPSE-1998-99-VOL-X(S)**  
**PAC DIRECTIVE**

The Committee pended the above para till the decision of court with direction to the PAO to pursue the case in court of Law vigorously.

### **SPECIAL AUDIT REPORT (SAR-59)** **ON CONSTRUCTION OF BUILDING ENGINEERING DEPARTMENT OF**

### **STATE BANK OF PAKISTAN**

54. (i) **PARA NO. 04, PAGE NO. 03 (SAR-60-SBP)**  
**LOSS OF RS. 81.067 MILLION DUE TO UNNECESSARY**  
**CONSTRUCTION OF FLATS**
- (ii) **PARA NO.5.1 PAGE NO. 04 (SAR-60-SBP)**  
**EXTRA EXPENDITURE OF RS. 44.609 MILLION DUE TO**  
**CANCELLATION OF CONTRACT FOR CONSTRUCTION OF OFFICE**  
**BUILDING AT MULTAN**
- (iii) **PARA NO.5.2 PAGE NO. 05 (SAR-60-SBP)**  
**LOSS OF RS. 21.408 MILLION DUE TO INSTALLATION OF AIR**  
**CONDITIONING PLANT OF 310 TONS AT THE PRICE OF 604 TONS**  
**CHILLING CAPACITY**
- (iv) **PARA NO.5.3 PAGE NO. 05 (SAR-60-SBP)**  
**EXTRA EXPENDITURE OF RS. 4.50 MILLION DUE TO FAULTY**  
**PLANNING**

- (v) **PARA NO.6.1 PAGE NO. 06 (SAR-60-SBP)**  
EXTRA EXPENDITURE OF RS. 43.983 MILLION AND NON-COMPLETION OF OFFICE BUILDING AT HYDERABAD
  
- (vi) **PARA NO.6.2 PAGE NO. 06 (SAR-60-SBP)**  
EXTRA EXPENDITURE OF RS. 4.042 MILLION DUE TO DELAY IN COMPLETION OF ELECTRICAL WORK

**PAC DIRECTIVE**

The Committee settled the above six (06) paras on the recommendation of DAC.

## **MINISTRY OF FOREIGN AFFAIRS**

### **OVERVIEW**

Annual Audit Report for the year 1998-99 pertaining to Ministry of Foreign Affairs was examined by Public Accounts Committee (PAC) on 10<sup>th</sup> August 2011, 15<sup>th</sup> April 2014, 16<sup>th</sup> April 2014, 19<sup>th</sup> May 2014 and 14<sup>th</sup> September 2015.

- 194 Paras and 6 Grants were presented by the Audit Department which were examined by the Committee. Out of which 31 Paras and 6 Grants were settled whereas appropriate directions were accordingly issued for the remaining Paras.
- In few Paras the PAO was directed to hold inquires, fix responsibility and initiate disciplinary actions.

### **ACTIONABLE POINTS**

Appropriation Accounts /Audit Reports/ Special Audit Reports for the years 1998-99 pertaining to the M/o Foreign Affairs were taken up for examination by Special Committee of the PAC in the meeting held on 10<sup>th</sup> August 2011, in Committee Room No.2, Parliament House, Islamabad. Decisions taken are summarized below:

#### **APPROPRIATION ACCOUNTS OF M/O FOREIGN AFFAIRS 1998-99**

1. i) **GRANT NO. 51 FOREIGN AFFAIRS DAVISION (HEAD QUARTERS)  
SAVING OF RS. 27,427,884**

AGPR pointed out that there was overall saving of Rs. 27,427,884/- against final grant of Rs. 244,039,641/- which comes to 11.24% of the grant. The savings occurred due to the strict economy measures as well to meet exigencies and unforeseen expenditure.

The PAO has stated that the savings was due to the following reason:-

The savings under this Demand was due to the strict economy measures adopted by the Government/Ministry for the year 1998-99.

- ii) The savings under this Demand was due to the strict economy measures adopted by the Government/Ministry for the year 1998-99.

#### **PAC DIRECTIVE**

The Committee regularized the grant.

2. **GRANT NO. 52 FOREIGN AFFAIRS DIVISION (MISSION ABROAD)**  
**SAVING OF RS. 56,530,640**

AGPR pointed out that there was overall saving of Rs. 56,530,640/- against final grant of Rs. 2,592,892,000/- which comes to 2.18% of the grant. The saving related to more than 100 Mission abroad and 2.18% is accumulative amount. It often becomes difficult to foresee the expenditure under various heads. The Mission keeps a small amount for exigencies and that amount if unspent result into saving. The accumulative effect under the demand is only 2.18% .

The PAO explained that the saving was due to the following reasons:-

- i) Vacant posts of officers/staff because of pending pre-departure formalities and other domestic reasons, vacant posts of officers and staff in Pak-Mission Abroad. The ban on sumptuary allowance for two months i.e. May & June 98 also led to the savings under this head. AGPR pointed out that there was overall saving of
- ii) The ban imposed by the Finance Division to purchase new vehicles during 1998-99. Ministry's instructions issued from time to time to Pak-Mission abroad to observe maximum economy in the purchase of Machinery & Equipment
- iii) Staff Cars were old and as a result, a heavy expenditure was incurred on account of their repairs. Moreover, un-avoidable expenditure incurred on the repair of old typewriters/computers/air conditioners and photocopying machines also resulted in excess.
- iv) Un-avoidable expenditure on TA/DA and transportation charges. In view of promoting the economic diplomacy, the visits of the Ambassadors in their countries of accreditation to attend Trade Fairs and Pak Community functions.
- v) The increase in per unit call charges, line rent and availing of fax facility as a means of fast communication as well as less budgetary provision under the head also led the expenditure in excess.
- vi) The variation in rate of exchange resulted into the less budgetary provision in terms of Pak. Rs. which automatically led the expenditure in excess.
- vii) The main cause of savings under this head was the result of the instructions of the Ministry to avoid heavy expenditure on celebration of 23<sup>rd</sup> March, functions by the Pak-Missions Abroad.

**PAC DIRECTIVE**

The Committee regularized the grant with the direction that in future the entire saving should be surrendered in time.

3. **GRANT NO. 53 FOREIGN AFFAIRS DIVISION (MISSION ABROAD)**  
**SAVING OF RS. 143,017,160**

AGPR pointed out that there was overall saving of Rs. 143,017,160/- against final grant of Rs. 705,920,000/- which comes to 20.26% of the grant the saving under this demand consisting 20.26% as it was difficult to foresee any leadership level visits abroad.

The PAO explained that The saving in Charged Portion was due to less visits paid by the President than expected/foreseen at the time of budget formulation.

Whereas the reason of savings in Other Than Charged portion is as under:-

- i) Due to less expenditure incurred on Pak. Delegation abroad
- ii) Due to the fact that less envoy conferences held in Pakistan and abroad than expected. Less services hired/rendered by the other department.
- iii) Due to less expenditure during the year. Saving of Rs. 1.382 million under the head 67000-Entertainment and Gifts was due to less visits of Foreign dignitaries, therefore, less expenditure incurred on their entertainment and presentation of gifts to them.0
- iv) Due to non payment to various Pakistani's share to UN and other International Organizations because of non receipt of demands. Saving of Rs. 1.102 million under the head 92000-Delegation Abroad was due to less visit of Prime Minister than expected at the time of budget formulation.

**PAC DIRECTIVE**

The Committee regularized the grant with the observation that there had been a substantial saving which should have been surrendered in time.

**AUDIT REPORT ON THE ACCOUNTS OF M/O FOREIGN AFFAIRS AND PAKISTAN MISSIONS ABROAD FOR THE YEAR 1998-99**

4. i. **PARA-1.1 (PAGE-1AR)**  
**IRREGULAR WITHDRAWAL OF TUITION FEE/EDUCATION GRANTS**  
**RS. 1.297 MILLION**

Audit pointed out that according to the Finance Division O.M.No.6(1)R-II/83, dated 26-06-1985 reimbursement of education subsidy was to be made against the actual receipt of the institution concerned. In a Pakistan Mission at Madrid US\$24,992 was drawn by an official from the government account as tuition fees on production of forged documents/receipts of the institution during 1991-95. On an enquiry ordered by the Head of Mission of School authorities, where the children

of the official were studying, intimated that no such receipt were issued by them. The irregularity was admitted that no receipts were issued by them. The irregularity was admitted by the Ministry and disciplinary action was assured.

ii. **(PARA-3 AIR MOFA HQ 1995-96)**

**PAC DIRECTIVES-27,28-02-2006**

The Committee directed the PAO the amount should be recovered from the ex-official of the Ministry under Land Revenue Act.

The PAO explained that an amount of Rs. 48,438/- had been recovered from the official upto September 2001. The official was dismissed from service w.e.f. 01-10-2001

The following benefits which would have been payable to official if he had not been dismissed from Government Service.

1.	Pay & Allowances	Rs. 1,927,425/-
2.	Commutation	Rs. 470,330/-

Total:- Rs. 2,397,755/-

3. Pension @ 5883/- P.M.

The official has been deprived of the above benefits due to dismissal from service. However, recovery is being pursued under Land Revenue Act. DAC may kindly settle the para subject to recovery.

**PAC DIRECTIVE**

The Committee observed that action on this Audit Para should have been taken by the Ministry much earlier without waiting for the audit to raise an audit objection. Action taken by the PAO in the matter has to be reported to the Committee within one month.

5. i. **PARA-2.1.1 (PAGE-3AR)**  
**OVERPAYMENT OF TA/DA RS. 490,566**

Audit pointed out that in 14 cases a sum of Rs. 490,566/- was held recoverable from various officers/officials to whom the payment of TA/DA were made over and above their entitlement. The Ministry admitted the irregularity and assured to effect recoveries from the individuals. (Para-17, 18, 35, 57, 60, 62, 74, 83, 87, 77, 91, 97, 103, 121 of AIR MOFA (HQ) 1995-96). Recoveries as pointed out in Paras be effected from all concerned.

The PAO explained that (Paras 17, 18, 62, 74, 83, 87, 97, 103, 121 (HQ) 1995-96) were examined in the DAC on 06-08-2011 which settled in the paras . Further, the PAO explained as mentioned:-

ii. **PARA-35 (HQ) 1995-96**

**PAC DIRECTIVE**

The Committee settled the para subject to recovery/adjustment from remaining officer.

6. **PARA-57 (HQ) 1995-96**

**PAC DIRECTIVE**

The Committee endorsed the recommendation of para in respect of 04 officials. Remaining 06 cases are settled subject to verification of recovery.

7. i. **PARA-60 (HQ) 1995-96**

ii. **PARA-77 (HQ) 1995-96**

iii. **PARA-91 (HQ) 1995-96**

**PAC DIRECTIVE**

The Committee settled the above paras subject to recovery

8. **PARA-2.1.2 (PAGE-3AR)**  
**OVERPAYMENT OF TA/DA RS. 3,073,480/-**

Audit pointed out that in 24 cases pertaining to Ministry (HQ) and Mission abroad a sum of Rs. 3,073,480/- was paid on account of TA/DA in excess of entitlement. The concerned Missions have accepted audit findings.

The PAO informed the Committee that concerned has been directed to recover excess amount on account of TA/DA.

**PAC DIRECTIVE**

The committee settled the above para subject to recover the excess amount.

9. **PARA 14 & 16 (BONN) 1994-94**

**PAC DIRECTIVE**

The Committee settled the para subject to recovery, further informed that Paras-9 (Harare)& Para-15(Harare, 1994-98, Para-11(b) (Kabul) 1989-98 & Para-12, 26, 56 (HQ) 1995-96 the committee settled on recommendation of the DAC.

10. **PARA-5(CG MONTREAL) 1995-98**

**PAC DIRECTIVE**

The Committee endorsed recommendation of DAC to transfer of para to Ministry of Commerce.

11. i. **PARA-15 & 17 (KABUL) 1989-98**  
ii. **PARA-23 (NAIROBI) 1993-98**  
iii. **PARA-21(HQ) 1995-96**  
iv. **PARA-7 (PT-11)(BONN) 1994-98**  
v. **PARA -5, 6, 7 (HQ) 1997-98**  
vi. **PARA-12 & 16 (KABUL) 1989-98**

**PAC DIRECTIVE**

The Committee endorsed the recommendations of DAC for settlement of above paras subject to recovery.

12. **PARA-3 (YANGON) 1995-98**

**PAC DIRECTIVE**

The Committee endorsed the recommendations of DAC for settlement subject to recovery of remaining amount from three officers/officials.

**PARA-2 (KATHMANDU)**

**PAC DIRECTIVE**

The Committee recommended the above para subject to regularization from the competent forum.

13. **PARA-52 &54 (OTTAWA) 1995-98, PARA-75 (HQ) 1997-98**

**PAC DIRECTIVE**

The Committee directed to make full recovery and a report be submitted to the Committee within one month.

14. i. **PARA NO.2.2-PAGE 4 AR**  
**PAYMENT OF DA WITHOUT PRODUCTION OF HOTEL RECEIPTS**  
**RS.1.739 MILLION**
- ii. **PARA NO.2.3.1-PAGE 6 AR**  
**OVERPAYMENT OF FOREIGN ALLOWANCE US\$ 18.346**
- iii. **PARA NO.2.3.2-PAGE 6 AR**  
**OVERPAYMENT OF EXCHANGE COMPENSATORY ALLOWANCE US\$**  
**6.980**
- iv. **PARA NO.2.3.3-PAGE 6 AR**  
**OVERPAYMENT OF PAY AND ALLOWANCES RS.139,971**
- v. **PARA NO.2.3.4-PAGE 6 AR**  
**IRREGULAR PAYMENT OF CHARGE ALLOWANCE US\$ 23.592**
- vi. **PARA NO.2.4.1.1-PAGE 7 AR**  
**IRREGULAR GRANT OF AIR PASSAGE RS.1.821 MILLION.**
- vii. **PARA NO.2.4.1.2-PAGE 7 AR**  
**RECOVERY ON ACCOUNT OF TA/DA RS.357119**
- viii. **PARA NO.2.4.2-PAGE 7 AR**  
**HOME LEAVE PASSAGE ON AVAILING ENCASHMENT OF LEAVE**  
**RS.265,000**
- ix. **PARA NO.2.4.2.3-PAGE 8 AR**  
**PREMATURE PASSAGE TO COOK RS.65,000**
- x. **PARA NO.2.5-PAGE 8 AR**  
**OVERPAYMENT ON ACCOUNT OF TRANSPORTATION OF**  
**PERSONAL EFFECTS RS.939,000**
- xi. **PARA NO.2.6-PAGE 9 AR**  
**OVERPAYMENT OF TUITION/EDUCATION GRANT RS.192.000**
- xii. **PARA NO.3.2-PAGE 10 AR**  
**EXTRA BUDGETARY FINANCING AND CONSEQUENTIAL PAYMENT**  
**OF INTEREST OF RS.41.814 MILLIONS**
- xiii. **PARA NO.3.3-PAGE 11 AR**  
**LOSS FOR PAYMENT OF RS.23.910 MILLION AS MARK UP DUE TO**  
**DELAY IN PAYMENT**

- xiv. **PARA NO.4.2.1-PAGE 12 AR**  
**IRREGULAR EXPENDITURE ON PURCHASE OF DURABLE GOODS, MACHINERY AND EQUIPMENT AND VEHICLES RS.17.521 MILLION**
- xv. **PARA NO. 4.2.2.2-PAGE 13 AR**  
**IRREGULAR PURCHASE OF MACHINERY AND EQUIPMENT RS.4.925 MILLION**
- xvi. **PARA NO.4.2.2.3-PAGE 13 AR**  
**IRREGULAR PURCHASE OF MACHINERY EQUIPMENT, FURNITURE AND FIXTURE RS.11.273 MILLION**
- xvii. **PARA NO.4.4-PAGE 14 AR**  
**DISBURSEMENT OF MONEY THROUGH OPEN CHEQUES RS.7.53 MILLION**
- xviii. **PARA NO.4.5.1-PAGE 14 AR**  
**TELEPHONE PURCHASE OF GIFTS RS.8.713 MILLION**
- xix. **PARA NO.4.6.1-PAGE 15 AR**  
**PURCHASE OF BOOKS RS.951,000**
- xx. **PARA NO.4.6.2-PAGE 15 AR**  
**PURCHASE OF BOOKS RS.1.3 MILLION**
- xxi. **PARA NO.4.7.2-PAGE 16 AR**  
**IRREGULAR HIRING OF VEHICLES FOR CONFERENCES RS.1.657 MILLION**
- xxii. **PARA NO.4.8-PAGE 16 AR**  
**IRREGULAR APPOINTMENTS**
- xxiii. **PARA NO.4.10-PAGE 17 AR**  
**IRREGULAR EXPENDITURE OF RS.888,000**
- xxiv. **PARA NO.4.11-PAGE 18 AR**  
**ADJUSTMENT OF ARREARS OF TIME BARRED CASES RS.346,000**
- xxv. **PARA NO.5.2-PAGE 19 AR**  
**MAINTENANCE CHARGES 5.630 MILLION**
- xxvi. **PARA NO.6.1.1-PAGE 20 AR**  
**ADVANCES NOT ADJUSTED RS.224,166 MILLION**

- xxvii. **PARA NO.6.1.3-PAGE 20 AR**  
UNSPENT BALANCES OF TA/AD AND OTHER ADVANCES RS.4.210 MILLION
- xxviii. **PARA NO.6.2-PAGE 21 AR**  
INADMISSIBLE TA/DA TO DELEGATES RS.1.144 MILLION
- xxix. **PARA NO.6.3.2-PAGE 22 AR**  
EXPENDITURE ON INADMISSIBLE DENTAL TREATMENT RS.2.083 MILLION
- xxx. **PARA NO.6.3.3-PAGE 22 AR**  
MEDICAL FACILITY TO LOCAL BASED STAFF RS.77,000
- xxxi. **PARA NO.6.5-PAGE 23 AR**  
NON-REFUND OF UNUTILIZED PORTION OF AIR TICKETS RS.1.429 MILLION
- xxxii. **PARA NO.6.6.1-PAGE 23 AR**  
NON-PAYMENT OF SHARE OF UTILITY CHARGES.RS.371,000
- xxxiii. **PARA NO.6.6.2-PAGE 24 AR**  
UTILITY CHARGES AGAINST HOTEL BILLS RS.252,000.
- xxxiv. **PARA NO.6.7-PAGE 24 AR**  
EXPENDITURE OF PROCURMENT OF CELLULAR PHONES RS.598,000
- xxxv. **PARA NO.6.8-PAGE 25 AR**  
EXEMPTION OF TAXES FOR MISSION RS.273,000
- xxxvi. **PARA NO.6.9-PAGE 25 AR**  
DAILY ALLOWANCE CLAIMED ON PRIVATE TOUR DAILY ALLOWANCE CLAIMED ON PRIVATE TOUR RS.184,000

**PAC DIRECTIVE**

The Committee clubbed the above Paras and directed the PAO to report to the Committee after making full recovery within one month.

- 15. i. **PARA NO. 1.3-PAGE-2-AR**  
UNAUTHORIZED WITHDRAWAL OF DISCRETIONARY GRANT OF RS 186.000
- ii. **PARA NO. 2.3.5-PAGE-6-AR**  
NON RECOVERY OF RS.198.000

- iii. **PARA NO. 2.7-PAGE-9-AR**  
UNAUTHORIZED USE OF STAFF CAR OF RS. 202.000
- iv. **PARA NO. 4.1-PAGE-12-AR**  
IRREGULAR PURCHASES THROUGH LEASES RS 10.96 MILLION
- v. **PARA NO. 4.2.2.1-PAGE-13-AR**  
IRREGULAR EXPENDITURE ON PURCHASE OF CLOTHS RS 4.000 MILLION
- vi. **PARA NO. 4.5.2-PAGE-15-AR**  
RECOVERY OF TELEPHONE CHARGES RS 159,286
- vii. **PARA NO. 4.7.1-PAGE-16-AR**  
UNAUTHORIZED HIRING OF CAR RS 71,000
- viii. **PARA NO. 4.7.2-PAGE-16-AR**  
IRREGULAR HIRING OF VEHICLES FOR CONFERENCES RS 1.657 MILLION
- ix. **PARA NO. 6.3.1-PAGE-21-AR**  
EXPENDITURE ON SURGERY COSMETIC IN NATURE RS 161,000
- x. **PARA NO. 6.3.4-PAGE-22-AR**  
MEDICAL TREATMENT OF LEGAL ADVISOR RS 12.00
- xi. **PARA NO. 6.12-PAGE-26-AR**  
SHORT DEDUCTION OF INCOME TAX RS 430.000
- xii. **PARA NO. 6.13-PAGE-78-AR**  
NON CONTRIBUTION OF GP FUND AND BEN. FUND RS 50,000.

**PAC DIRECTIVE**

The Committee settled the above twelve (12) paras on the recommendation of DAC.

**SPECIAL AUDIT REPORT ON EXTRA ORDINARY OIC SUMMIT FOR THE YEAR 1998-99**

- 16. i. **PARA NO.1-PAGE 4 SAR**  
IRREGULAR PAYMENT OF RS.10.512 MILLION
- ii. **PARA NO.2-PAGE 6 SAR**  
OVERPAYMENT OF RS.4.23 MILLION ON HIRING OF TRANSPORT
- iii. **PARA NO.3.2-PAGE 8 SAR**  
UNJUSTIFIED PURCHASES OF CROCKERY RS.6.04 MILLION

- iv. **PARA NO.3.3.2-PAGE 9 SAR**  
**UNJUSTIFIED PURCHASE OF SPARE PARTS OF PHOTOCOPIERS**  
**RS.947,980**
- v. **PARA NO.3.3.3-PAGE 9 SAR**  
**UNJUSTIFIED PURCHASE OF STATIONARY ITEMS RS.644.858**
- vi. **PARA NO.4.2-PAGE 10 SAR**  
**EXCESS PAYMENT OF VEHICLES HIRING CHARGES RS.42,000**
- vii. **PARA NO.4.3-PAGE 10 SAR**  
**UNAUTHORIZED PAYMENT OF RS.69,187**
- viii. **PARA NO.4.5-PAGE 10 SAR**  
**NON RECOVERY OF 231,604**
- ix. **PARA NO.4.7-PAGE 11 SAR**  
**NON RECOVERY OF INCOME TAX RS.96.625**
- x. **PARA NO.5.1-PAGE 12 SAR**  
**NON ADJUSTMENT OF ADVANCES OF RS.21.957 MILLION**
- xi. **PARA NO.5.2-PAGE 13 SAR**  
**NON-ACCOUNTAL OF RS.8.812 MILLION**

**PAC DIRECTIVE**

The Committee clubbed the above Paras and directed the PAO to report to the Committee after making full recovery within one month.

- 17. i. **PARA NO.3.1-PAGE-8-AR**  
**UNJUSTIFIED PURCHASE OF COMPUTERS RS 5.2 MILLION**
- ii. **PARA NO.3.3.1-PAGE-9-AR**  
**UNJUSTIFIED PURCHASE OF STATIONERY ITEMS RS 984.906**
- iii. **PARA NO.4.1-PAGE-10-AR**  
**UNJUSTIFIED PAYMENT OF RS. 140,000**
- iv. **PARA NO.4.4-PAGE-10-AR**  
**EXCESS PAYMENT OF RS 94,185**
- v. **PARA NO.4.6-PAGE-11-AR**  
**UNAUTHORIZED PAYMENT OF RS 40,725**

- vi. **PARA NO.4.8-PAGE-11-AR**  
**NON RECOVERY OF RS 140,000**
- vii. **PARA NO.4.9-PAGE-11-AR**  
**UNAUTHORIZED PAYMENT OF RS 116,659**

**PAC DIRECTIVE**

The Committee settled the above (07) paras on the recommendation of DAC.

**ACTIONABLE POINTS**

Actionable points arising from discussion of the meeting of the Committee of the Public Accounts Committee held on 15<sup>th</sup> and 16<sup>th</sup> April 2014, for examination of Appropriation Accounts/Audit Reports/Special Audit Reports of Ministry of Foreign Affairs for the years 1998-99 are as below:-

**AUDIT REPORT FOR THE YEAR 1998-99 (FY 1998-99)**

- 18. **PARA 1.1, PAGE 1- AR 1998-99**  
**IRREGULAR WITHDRAWAL OF TUITION FEE/EDUCATION GRANTS**  
**RS.1.297 MILLION.**

**PAC DIRECTIVE**

The Committee directed to recover the amount under Land revenue Act in consultation with Audit and also directed the department to dig out the role of the then officers being the supervisor.

- 19.
  - i. **PARA 2.1.1, PAGE 3- AR 1998-99**  
**OVERPAYMENT OF TA/DA RS. 490,566**
  - ii. **PARA 2.1.2, PAGE 3- AR 1998-99**  
**OVERPAYMENT OF TA/DA RA. 3,073,480**
  - iii. **PARA 2.2, PAGE 4- AR 1998-99**  
**D.A. WITHOUT PRODUCTION OF HOTEL RECEIPTS RS.1.739**  
**MILLION.**
  - iv. **PARA 2.3.1, PAGE 6- AR 1998-99**  
**OVERPAYMENT OF FOREIGN ALLOWANCE US\$ 18,346(RS. 1.101**  
**MILLION**

- v. **PARA 2.3.2, PAGE 6- AR 1998-99**  
**OVERPAYMENT OF EXCHANGE COMPENSATORY ALLOWANCE**  
**US\$ 6,980.(RS. 418,800)**
- vi. **PARA 2.3.3, PAGE 6- AR 1998-99**  
**OVERPAYMENT OF PAY AND ALLOWANCES RS. 139,971**
- vii. **PARA 2.3.4, PAGE 6- AR 1998-99**  
**IRREGULAR PAYMENT OF CHARGE ALLOWANCE US\$ 23,592**
- viii. **PARA 2.4.1.1, PAGE 6- AR 1998-99**  
**IRREGULAR GRANT OF AIR PASSAGE RS.1.821 MILLION**
- ix. **PARA 2.4.1.2, PAGE 7- AR 1998-99**  
**RECOVERY ON ACCOUNT OF TA/DA RS. 357,119**
- x. **PARA 2.4.2, PAGE 7- AR 1998-99**  
**HOME LEAVE PASSAGE ON AVAILING ENCASHMENT OF LEAVE**  
**RS.265,000**

**PAC DIRECTIVE**

The Committee directed to recover the subject amount within one month under intimation to PAC and Audit.

- 20. **PARA 2.4.2.3, PAGE 8- AR 1998-99**  
**PREMATURE PASSAGE TO COOK RS. 65,000**

**PAC DIRECTIVE**

The Committee settled the Para subject to write off the amount by Finance Division as the official is passed away.

- 21. i. **PARA 2.5, PAGE 8- AR 1998-99**  
**OVERPAYMENT ON ACCOUNT OF TRANSPORTATION OF**  
**PERSONAL EFFECTS RS. 939,000**
- ii. **PARA 2.6, PAGE 9- AR 1998-99**  
**OVERPAYMENT OF TUITION/EDUCATION GRANT RS. 192,000**

**PAC DIRECTIVE**

The Committee directed to PAO to recover the subject amount within one month under intimation to PAC and Audit.

22. **PARA 3.2, PAGE 10- AR 1998-99**  
**EXTRA BUDGETARY FINANCING AND CONSEQUENTIAL PAYMENT OF**  
**INTEREST OF RS. 41.814 MILLIONS.**

**PAC DIRECTIVE**

The Committee directed the PAO to constitute an internal departmental Committee under the Convenorship of Ministry of Foreign Affairs, 01 member from Internal Audit and 01 from the external Audit to carry out a detailed inquiry in the matters and also provide the list of similar cases before the committee during the next meeting.

23. **PARA 3.3, PAGE 11- AR 1998-99**  
**LOSS FOR PAYMENT OF RS.23.910 MILLION AS MARK UP DUE TO DELAY**  
**IN PAYMENT**

**PAC DIRECTIVE**

The Committee settled the para.

24. i. **PARA 4.2.1, PAGE 12- AR 1998-99**  
**IRREGULAR EXPENDITURE ON PURCHASE OF DURABLE GOODS,**  
**MACHINERY AND EQUIPMENT AND VEHICLES RS.17.521 MILLION**
- ii. **PARA 4.2.2.2, PAGE 13- AR 1998-99**  
**IRREGULAR PURCHASE OF MACHINERY AND EQUIPMENT RS.**  
**4.925 MILLION**
- iii. **PARA 4.2.2.3, PAGE 13- AR 1998-99**  
**IRREGULAR PURCHASE OF MACHINERY EQUIPMENT, FURNITURE**  
**AND FIXTURE RS.11.273 MILLION**
- iv. **PARA 4. 3, PAGE 14- AR 1998-99**  
**DISBURSEMENT OF MONEY THROUGH OPEN CHEQUES RS.7.53**  
**MILLION.**

**PAC DIRECTIVE**

The Committee settled the above four (04) Paras subject to their regularization from Ministry of Finance under intimation to PAC and Audit.

25. **PARA 4.4, PAGE 14- AR 1998-99**  
**IRREGULAR PURCHASE OF GIFTS RS.8.713 MILLION**

**PAC DIRECTIVE**

The Committee pended the Para for next meeting and meanwhile PAO is directed to carry out detailed study of the issue. The committee also directed the department to contact the Finance Division for the regularization of amount involved under intimation to PAC and Audit.

26. **PARA 4.5.1, PAGE 14- AR 1998-99**  
**TELEPHONE CHARGES IN EXCESS OF CEILING RS. 4.599 MILLION**

**PAC DIRECTIVE**

The Committee directed to recover the amount within one month under intimation to PAC and Audit. Further, to the extent of Kabul charges, the committee condoned the amount Rs126,567/- and for remaining, the committee directed to submit the report within 1 month.

27. i. **PARA 4.6.1, PAGE 15- AR 1998-99**  
**PURCHASE OF BOOKS RS. 951,000**
- ii. **PARA 4.6.2, PAGE 15- AR 1998-99**  
**PURCHASE OF BOOKS RS.1.3 MILLION**

**PAC DIRECTIVE**

The Committee directed the PAO to carry out the detailed inquiry within one month under intimation to PAC and Audit.

28. **PARA 4.8, PAGE 16- AR 1998-99**  
**IRREGULAR APPOINTMENTS**

**PAC DIRECTIVE**

The Committee settled the contents of the Para at (a) regarding an appointment of a local assistant by creating temporary post during the ban imposed by the Finance Division on creation of post, (b) regarding an appointment of a Radio Officer without the approval of Prime Minister,(c) regarding appointment of a Cipher Assistant during the ban imposed by the Finance Division..

29. **PARA 4.9, PAGE 17- AR 1998-99**  
**EXPENDITURE INCURRED IN VIOLATION OF SANCTION RS.1.0 MILLION**

**PAC DIRECTIVE**

The Committee directed the PAO for regularization of subject amount from Finance Division within one month under intimation to PAC and Audit.

30. **PARA 4.10, PAGE 17- AR 1998-99**  
**IRREGULAR EXPENDITURE OF RS.888,000**

**PAC DIRECTIVE**

The Committee settled the contents of the Para at serial No. 2-6 subject to the regularization from Finance Division where as department is directed to carry out a detailed inquiry in serial No.1 regarding Honoraria paid without sanction of Finance Division within one month under intimation to PAC Secretariat and Audit.

31. **PARA 4.11 PAGE 18- AR 1998-99**  
**ADJUSTMENT OF ARREARS OF TIME BARRED CASES RS.346,000**

**PAC DIRECTIVE**

The Committee pended the Para for next meeting.

- 32.. **PARA 5.2 PAGE 19- AR 1998-99**  
**MAINTENANCE CHARGES 5.630 MILLION**

**PAC DIRECTIVE**

The Committee directed the PAO for regularization of the subject amount from the Finance Division under intimation to PAC and Audit.

33. **PARA 6.1.1 PAGE 20- AR 1998-99**  
**ADVANCES NOT ADJUSTED RS. 224.166 MILLION**

**PAC DIRECTIVE**

The Committee pended the Para till next meeting and directed the PAO to examine the matter within one month under intimation to PAC and Audit.

34. **PARA 6.1.3 PAGE 20- AR 1998-99**  
**UNSPENT BALANCES OF TA/DA AND OTHER ADVANCES RS.4.210 MILLION**

**PAC DIRECTIVE**

The Committee directed the PAO to recover the amount within one month under intimation to PAC and Audit.

35. **PARA 6.2 PAGE 21- AR 1998-99**  
**INADMISSIBLE TA/DA TO DELEGATES RS. 1.144 MILLION**

**PAC DIRECTIVE**

The Committee pended the para till next meeting and directed the PAO to examine the issue in DAC within one month under intimation to PAC and Audit.

36. **PARA 6.3.2 PAGE 22- AR 1998-99**  
**EXPENDITURE ON INADMISSIBLE DENTAL TREATMENT RS.2.083 MILLION**

**PAC DIRECTIVE**

The Committee directed the PAO to recover the subject amount within one month under intimation to PAC and Audit.

37. **PARA 6.3.3 PAGE 22- AR 1998-99**  
**MEDICAL FACILITY TO LOCAL BASED STAFF RS.77,000**

**PAC DIRECTIVE**

The Committee settled the para subject to write off the subject amount by Finance Division within one month under intimation to PAC and Audit.

38. **PARA 6.4 PAGE 22- AR 1998-99**  
**OVERPAYMENT OF TRAINING FEE TO VARIOUS TRAINING INSTITUTES**  
**RS.1.526 MILLION**

**PAC DIRECTIVE**

The Committee directed the PAO to recover the subject amount within one month under intimation to PAC and Audit.

39. i. **PARA 6.5 PAGE 23- AR 1998-99**  
**NON-REFUND OF UNUTILIZED PORTION OF AIR TICKETS**  
**RS. 1.429 MILLION**

ii. **PARA 6.6.1 PAGE 23- AR 1998-99**  
**NON-PAYMENT OF SHARE OF UTILITY CHARGES. RS.371,000**

iii. **PARA 6.6.2 PAGE 24- AR 1998-99**  
**UTILITY CHARGES AGAINST HOTEL BILLS RS.252,000**

iv. **PARA 6.7 PAGE 24- AR 1998-99**  
**EXPENDITURE ON PROCUREMENT OF CELLULAR PHONES**  
**RS.598,000**

**PAC DIRECTIVE**

The Committee directed the Audit to verify the recovery within one month and submit its report in the next meeting.

40. **PARA 6.8 PAGE 25- AR 1998-99**  
**EXEMPTION OF TAXES FOR MISSION RS.273,000**

**PAC DIRECTIVE**

The Committee settled the para subject to its regularization from Finance Division under intimation to PAC and Audit.

41. **PARA 6.9 PAGE 25- AR 1998-99**  
**DAILY ALLOWANCE CLAIMED ON PRIVATE TOUR RS.184,000**

**PAC DIRECTIVE**

The Committee settled the para subject to recovery within one month and its verification by Audit under intimation to PAC and Audit.

42. **PARA 6.10 PAGE 25- AR 1998-99**  
**NON-RECOVERY OF HOUSE RENT ALLOWANCE RS. 443,000**

**PAC DIRECTIVE**

The Committee directed the PAO to recover the subject amount within one month under intimation to PAC and Audit.

43. **PARA 6.11 PAGE 26- AR 1998-99**  
**INTEREST ON ADVANCES RS. 283,000**

**PAC DIRECTIVE**

The Committee settled the para subject to recovery within one month and its verification by Audit under intimation to PAC and Audit.

44. **PARA 7 PAGE 27- AR 1998-99**  
**UNWRITTEN OFF LOSS OF RS. 475.104 MILLION**

**PAC DIRECTIVE**

The Committee settled the para subject to write off the amount by Finance Division within one month under intimation to PAC and Audit.

45. i. **PARA 1, PAGE 4- AR 1998-99**  
**IRREGULAR PAYMENT OF RS.10.512 MILLION**
- ii. **PARA 2, PAGE 6- AR 1998-99**  
**OVER PAYMENT OF RS.4.23 MILLION ON HIRING OF TRANSPORT**
- iii. **PARA 3.2, PAGE 8- AR 1998-99**  
**UNJUSTIFIED PURCHASED OF CROCKERY RS.6.04 MILLION**
- iv. **PARA 3.3.2, PAGE 9- AR 1998-99**  
**UNJUSTIFIED PURCHASE OF SPARE PARTS OF PHOTOCOPIERS**
- v. **PARA 3.3.3, PAGE 9- AR 1998-99**  
**UNJUSTIFIED PURCHASE OF STATIONARY ITEMS RS.644,858**
- vi. **PARA 4.2, PAGE 10- AR 1998-99**  
**EXCESS PAYMENT OF VEHICLES HIRING CHARGES RS.42,000**
- vii. **PARA 4.3, PAGE 10- AR 1998-99**  
**UNAUTHORIZED PAYMENTS OF RS.69,187**
- viii. **PARA 4.5, PAGE 10- AR 1998-99**  
**NON RECOVERY OF RS. 231,604**
- ix. **PARA 4.7, PAGE 11- AR 1998-99**  
**NON RECOVERY OF INCOM TAX RS. 96,625**
- x. **PARA 5.1, PAGE 12- AR 1998-99**  
**NON ADJUSTMENT OF ADVANCES OF RS.21,957 MILLION**
- xi. **PARA 5.2, PAGE 13- AR 1998-99**  
**NON ACCOUNTAL OF RS.88.812 MILLION**

#### **PAC DIRECTIVE**

The Committee directed the PAO to resolve the issue in DAC and submit a report in next meeting.

## **ACTIONABLE POINTS**

Actionable points arising from discussion of the meeting of the Committee of the Public Accounts Committee held on 19<sup>th</sup> May, 2014, for examination of Appropriation Accounts/Audit Reports/Special Audit Reports of Ministry of Foreign Affairs for the years 1998-99 are as below;-

### **AUDIT REPORT FOR THE YERR (FY 1998-99)**

46. **PARA – 3.2 PAGE 10AR 1998-99**  
**EXTRA BUDGTARY FINANCING AND CONSEQUENTIAL PAYMENT OF INTEREST OF RS. 41.814 MILLIONS.**

#### **PAC DIRECTIVE**

The Committee settled the para after reconciliation of figure of the subject amount by the Audit with the department under intimation to PAC.

47. **PARA-4.4 PAGE 14AR**  
**IRREGULAR PURCHASE OF Gifts Rs.8.713 million.**

#### **PAC DIRECTIVE**

The Committee settled the para subject to verification of stock register under intimation to PAC. The Committee also directed the department that in future a transparent policy must be adopted.

48. **PARA – 4.5.1 PAGE 14 AR**  
**TELEPHONE CHARGES IN EXCESS OF CEILING RS. 4.599 MILLION.**

#### **PAC DIRECTIVE**

The Committee settled the para subject to recovery under intimation to PAC and Audit

49. **PARA – 4.6.1 PAGE AR**  
**PURCHASE OF BOOKS RS. 951000**

#### **PAC DIRECTIVE**

The Committee settled the para subject to verification of sanction issued by the Finance Division under intimation to PAC. The committee further directed the PAO that it should be reconcile at the level of DAC.

50. **PARA – 4.6.2 PAGE 15 AR**  
**PURCHASE OF BOOKS RS. 1.3 MILLION**

**PAC DIRECTIVE**

The Committee settled the para subject to verification of the books/record and from the accession register of Library under intimation to PAC.

51. **PARA 4.10 PAGE 17 AR**  
**IRREGULAR EXPENDITURE OF RS. 888,000.**

**PAC DIRECTIVE**

The Committee settled the contents of the para at serial No. 1 regarding on honoraria paid without sanction of the Finance Division within one month under intimation to PAC and Audit where as the committee already settled the contents of the para at serial No. 2-6 subject to the regularization of Finance Division under intimation to the PAC during the Committee 15-16 April, 2014.

52. **PARA-4.11 PAGE 18 AR**  
**ADJUSTMENT OF ARREARS OF TIME BARRED CASES RS. 346000**

**PAC DIRECTIVE**

The Committee settled the para subject to regularization of amount from the Finance Division under intimation to PAC and Audit.

53. **PARA- 6.1.1 PAGE 20 AR**  
**ADVANCES NOT ADJUSTED RS. 224.166 MILLION.**

**PAC DIRECTIVE**

The Committee pended the para till next meeting, meanwhile the PAO was directed to make efforts for the settlements of institutional advances and personal advances through DAC.

54. **PARA-6.2 PAGE 21 AR**  
**INADMISSIBLE T/DA TO DELEGATES RS. 1.144 MILLION.**

**PAC DIRECTIVE**

The Committee settled the para with the direction to PAO to approach the Finance Division for writing off the subject amount.

55. **PARA – 6.5 PAGE 23 AR**  
**NON-REFUND OF UNUTILIZED PORTION OF AIR TICKETS**  
**RS. 1.429 MILLION.**

**PAC DIRECTIVE**

The Committee settled the para subject to recovery under land revenue Act and also the same be verified by the Audit under intimation to PAC.

56. **PARA 6.6.1 PAGE 23 AR**  
**NON PAYMENT OF SHARE OF UTILITY CHAREGS. RS. 371000**

**PAC DIRECTIVE**

The Committee settled the para subject to recovery after the verification of Audit under intimation to PAC. The Committee also directed the PAO to recover the amount form the pay and pension of the individuals.

57. **PARA – 6.6.2 PAGE 24 AR**  
**UTILITY CHARGES AGAINST HOTEL BILLS RS. 252000.**

**PAC DIRECTIVE**

The Committee settled the para subject to recover the amount and its verification by the Audit under intimation to PAC.

58. **PARA – 6.7 PAGE 24 AR**  
**EXPENDITURE PROCUREMENT OF CELLULAR PHONES RS. 598000**

**PAC DIRECTIVE**

The Committee settled the para subject to approval from the cabinet Division regarding the use of cellular/mobile phones by the different mission under intimation to PAC and Audit.

**SPECIAL AUDIT REPORT ON EXTRA ORDINARY ON OIC SUMMIT (1998-99)**

59. **PARA-1 PAGE 4 AR**  
**IRREGULAR PAYMENT OF RS. 10.512 MILLIONS**

**PAC DIRECTIVE**

The Committee settled the Para.

60. **PARA-2 PAGE 6 AR**  
**OVERPAYMENT OF RS.4.23 MILLION ON HIRING OF TRANSPORT.**

**PAC DIRECTIVE**

The Committee settled the Para subject to verification of record by the Audit under intimation to PAC.

61. **PARA-3.2 PAGE 8 AR**  
**UNJUSTIFIED PURCHASES OF CROCKERY RS.6.04 MILLION.**

**PAC DIRECTIVE**

The Committee settled the Para subject to verification of the record by the Audit under intimation to PAC.

62. **PARA-3.3.2 PAGE 9 AR**  
**UNJUSTIFIED PURCHASE OF SPARE PARTS OF PHOTOCOPIERS**  
**RS. 947,980.**

**PAC DIRECTIVE**

The Committee settled the Para subject to provision of certificate regarding the spare parts used in the photocopier during OIC Summit by the PAO to the Audit under intimation to PAC.

63. **PARA-3.3.3 PAGE 9 AR**  
**UNJUSTIFIED PURCHASE OF STATIONARY ITEMS RS. 644,858.**

**PAC DIRECTIVE**

The Committee settled the Para.

64. **PARA-4.2 PAGE 10 AR**  
**EXCESS PAYMENT OF VEHICLES HIRING CHARGES RS.42,000.**

**PAC DIRECTIVE**

The Committee settled the Para, however, the Committee directed the PAO to circulate the instructions to all concerned to adhere the financial discipline strictly.

65. **PARA-4.3 PAGE 10 AR**  
**UNAUTHORIZED PAYMENT OF RS. 69,187.**

**PAC DIRECTIVE**

The Committee settled the Para.

66. **PARA-4.5 PAGE 10 AR**  
**NON RECOVERY OF RS. 231,604.**

**PAC DIRECTIVE**

The Committee settled the Para subject to verification of remaining recovery by the Audit under intimation to PAC.

67. **PARA-4.7 PAGE 11 AR**  
**NON-RECOVERY OF INCOME TAX RS. 96,625**

**PAC DIRECTIVE**

The Committee settled the Para subject to verification of recovery by the Audit under intimation to PAC.

68. **PARA-5.1 PAGE 12 AR**  
**NON ADJUSTMENT OF ADVANCES OF RS. 21.957 MILLION.**

**PAC DIRECTIVE**

The Committee settled the Para on the recommendation of the Audit as the advances of Rs21.957 Millions have been adjusted.

69. **PARA-5.2 PAGE 13 AR**  
**NON ACCOUNTAL OF RS. 8.812 MILLION.**

**PAC DIRECTIVE**

The Committee pended the Para till next meeting and meanwhile Pak PWD was directed to furnish the detailed accounts of the expenditure incurred on the maintenance of minister's residence within one month to Ministry.

## **ACTIONABLE POINTS**

Actionable points arising from the discussion of meeting of the Public Accounts Committee held on 14<sup>th</sup> September, 2015 pertaining to M/o Foreign Affairs, in the Parliament House, Islamabad for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99.

### **APPROPRIATION ACCOUNTS (CIVIL) VOL-V- 1998-99** **AUDIT BRIEF FOR MINISTRY OF FOREIGN AFFAIRS**

70. i) **GRANT NO. 51 FOREIGN AFFAIRS DIVISION (HEAD QUARTERS).  
SAVING AMOUNT: RS. 30,098,243**
- ii) **GRANT NO. 52 FOREIGN AFFAIRS DIVISION (MISSIONS ABROAD).  
SAVING AMOUNT: RS. 56,530,640**
- iii) **GRANT NO. 53 OTHER EXPENDITURE OF FOREIGN AFFAIR DIV  
SAVING AMOUNT: RS. 7,149,896**

### **PAC DIRECTIVE**

The Committee settled the above three (03) grants .

### **SPECIAL AUDIT REPORT ON EXTRA ORDINARY OIC SUMMIT**

71. i) **PARA 2- PAGE- 6 AR 1998-99  
OVERPAYMENT OF RS, 4.23 MILLION ON HIRING OF TRANSPORT.**
- ii) **PARA 3.3.2- PAGE -09 AR -1998-99  
UNJUSTIFIED PURCHASED OF SPARE PARTS OF PHOTCOPIERS  
OF RS, 947.980 .**
- iii) **PARA 4.2- PAGE- 10 AR 1998-99  
EXCESS PAYMENT OF VEHICLES HIRING CHARGES RS. 42,000**
- iv) **PARA 4.5 PAGE- 10 AR 1998-99  
NON-RECOVERY OF RS. 231.604**

### **PAC DIRECTIVE**

The Committee settled the above four (04) paras on recommendation of the DAC.

72. **PARA 3.2 PAGE 8 AR, 1998-99  
UNJUSTIFIED PURCHASE OF CROCKERY RS 6.04 MILLION**

The Audit pointed out that Ministry purchased crockery set amounting to Rs 6.04 Million for use during summit but unable to justify.

The PAO informed that crockery sets which used in summit were delivered to various Pakistan Mission abroad, President and Prime Minister Houses and Provincial Houses, some are missing.

**PAC DIRECTIVE**

The Committee settled the above para .

73. **PARA 5.2 PAGE 13 AR, 1998-99**  
**NON ACCOUNTAL OF RS 8.812 MILLION**

The Audit pointed out PWD was paid Rs.8.812 Million for maintenance of the residence of Minister to be accommodated the delegations. Expenditure voucher by PWD is required to justify the expenditure.

The PAO informed that the voucher by PWD will be provided for verification.

**PAC DIRECTIVE**

The Committee settled the above para subject to provision of expenditure statement with detailed vouchers by PWD for verification to the Audit.

74. **PARA 4.7 PAGE 11 AR, 1998-99**  
**NON RECOVERY OF INCOME TAX RS 96,625**

**PAC DIRECTIVE**

The Committee referred the above para for pursuance at DAC level.

**AUDIT REPORT MINISTRY OF FOREIGN AFFAIRS AND PAKISTAN**  
**MISSION ABROAD FOR THE YEAR 1998-99**

75. i) **PARA 2.1.1 PAGE 3 AR 1998-99**  
**OVERPAYMENT OF TA/DA RS, 0.491 MILLION.**
- ii) **PARA 2.1.2 PAGE 3 AR 1998-99**  
**OVERPAYMENT OF TA/DA RS, 3,073 MILLION.**
- iii) **PARA 2.2 PAGE 4 AR 1998-99**  
**D.A WITHOUT PRODUCTION OF HOTEL RECEIPTS**  
**RS, 1.739 MILLION.**
- iv) **PARA 2.3.3 PAGE 6 AR 1998-99**  
**OVERPAYMENT OF PAY AND ALLOWANCES RS, 0.140 MILLION.**
- v) **PARA 2.4.1.1 PAGE 7 AR 1998-99**  
**IRREGUAR GRANT OF AIR PASSAGE RS, 1.821 MILLION.**

- vi) PARA 2.4.1.2 PAGE 7 AR 1998-99  
RECOVERY ON ACCOUNT O FTA/DA RS, 0.357.MILLION.
- vii) PARA 2.4.2.1 PAGE 7 AR 1998-99  
HOME LEAVE PASSAGE ON AVAILING ENCASHMENT O FLEAVE  
RS, 0.265, MILLION.
- viii) PARA 2.4.2.3 PAGE 8 AR 1998-99  
PREMATURE PASSAGE TO COOK RS,0.065 MILLION.
- ix) PARA 2.5 PAGE 8 AR 1998-99  
OVERPAYMENT ON ACCOUNT OF TRANSPORTATION OF  
PERSONAL EFFECTS RS. 0.939 MILLION.
- x) PARA 2.6 PAGE 9 AR 1998-99  
OVERPAYMENT OF TUITION/EDUCATION GRANT RS, 0.192.  
MILLION.
- xi) PARA 4.2.2.2. PAGE 13 AR 1998-99  
IRREGULAR PURCHASE OF MACHINERY AND EQUIPMENT RS,  
4.925 MILLION.
- xii) PARA 4.2.2.3- PAGE 13 AR 1998-99  
IRREGULAR PURCHASE OF MACHINERY EQUIPMENT, FURNITURE  
AND FIXTURE RS, 11.273 MILLION.
- xiii) PARA 4.5.1 PAGE 14 AR 1998-99  
TELEPHONE CHARGES IN EXCESS OF CEILING RS, 4,599 MILLION.
- xiv) PARA 4.11 PAGE 18 AR 1998-99  
ADJUSTMENT OF ARREARS OF TIME BARRED CASES  
RS,0.346,MILLION.
- xv) PARA 5.2 PAGE 19 AR 1998-99  
MAINTENANCE CHARGES RS, 5.630 MILLION.
- xvi) PARA 6.1.1 PAGE 20 AR 1998-99  
ADVANCE NOT ADJUSTED RS, 224,166 MILLION.
- xvii) PARA 6.1.3 PAGE 20 AR 1998-99  
UNSPENT BALANCES OF TA/DA AND OTHER ADVANCES RS, 4,210  
MILLION.
- xviii) PARA 6.2- PAGE 21 AR 1998-99  
INADMISSIBLE TA/DA TO DELEGATES RS, 1.144 MILLION.

- xi x) PARA 6.3.2- PAGE 22 AR 1998-99  
EXPENDITURE ON INADMISSIBLE DENTAL TREATMENT  
RS, 2,083 MILLION.
- xx) PARA 6.3.3-PAGE 22 AR 1998-99  
MEDICAL FACILITY TO LOCAL BASED STAFF RS, 0.077, MILLION.
- xxi) PARA 6.4- PAGE 22 AR 1998-99  
OVERPAYMENT OF TRAINING FEE TO VARIOUS TRAINING  
INSTITUTES RS, 1,526 MILLION.
- xxii) PARA 6.6.1- PAGE 23 AR 1998-99  
NON-PAYMENT OF SHARE OF UTILITY CHARGES  
RS, 0.371 MILLION.
- xxiii) PARA 6.6.2-PAGE 24 1998-99  
UTILITY CHARGES AGAINST HOTEL BILLS RS, 0.252 MILLION.
- xxiv) PARA 6.7- PAGE 24 AR 1998-99  
EXPENDITURE ON PROCUREMENT OF CELLULAR PHONES  
RS, 0.598 MILLION.
- xxv) PARA 6.8-PAGE 25 AR 1998-99  
EXEMPTION OF TAXES FOR MISSION RS, 0.273 MILLION.
- xxvi) PARA 6.10 PAGE 25 AR 1998-99  
NON-RECOVERY OF HOUSE RENT ALLOWANCE RS, 0.443 MILLION.
- xxvii) PARA 6.11- PAGE 26 AR 1998-99  
INTERST ON ADVANCES RS, 0.283 MILLION.

#### PAC DIRECTIVE

The Committee recommended the above twenty seven (27) paras for pursuance at DAC level.

**AUDIT REPORT ON THE ACCOUNTS OF M/O FOREIGN AFFAIRS AND PAKISTAN MISSIONS ABROAD FOR THE YEAR 1998-99.**

76. **PARA NO. 1.1-PAGE-1 AR 1998-99**  
**IRREGULAR WITHDRAWAL OF TUITION FEE /EDUCATION GRANTS**  
**RS. 1.297 MILLION.**

The Audit pointed out according to the Finance Division O.M. No. 6 (1)R-II/83, dated 26.6.1985 reimbursement of education subsidy was to be made against the actual receipt of the institution concerned. In a Pakistan Mission at Madrid US\$ 24,992 was drawn by an official from government account as tuition fees on production of forged documents/receipts of the institution during 1991-95. On the enquiry ordered by the Head of Mission the School authorities, where the children of the official were studying, intimated that no such issued by them. The irregularity was admitted by the Ministry and disciplinary action was assured.

The PAO informed that Mr. Rafiq-ur-Rehman Sanjarani, Stenographer has been dismissed from service. Due to his dismissal the official has been deprived of the financial benefits. The Ministry tried to contact Mr. Sanjarani, but still no result came out.

**PAC DIRECTIVE**

The Committee directed the PAO to trace Mr. Sanjarani and recover the amount from him through FIA.

77. **PARA NO. 2.3.1-PAGE 6 AR.**  
**OVERPAYMENT OF FOREIGN ALLOWANCE US\$ 18,346**  
**(RS. 1.101 MILLION)**

The Audit pointed out that the Ministry of Foreign Affairs revised rates of Foreign Allowance on 10.04.1994 but the Mission paid Foreign Allowance to 20 officers/official at old rates. An overpayment of US\$ 18,346.15 on this account stands recoverable. The Mission has accepted the irregularity.

The PAO assured that the amount will be recovered from the concerned officials.

**PAC DIRECTIVE**

The Committee settled the above para subject to recovery verified by the Audit.

78. **PARA NO. 2.3.2-PAGE 6 AR.**  
**OVERPAYMENT OF EXCHANGE COMPENSATORY ALLOWANCE US\$ 6,980**  
**(RS. 418,800).**

The Audit pointed out that the Ministry of Foreign Affairs issued orders for merger of ECA into Foreign Allowance with effect from 10.04.1994 but the Mission carried on drawing ECA in violation of rules. An overpayment of US\$ 6, 979,97. on this account stands recoverable from the 10 officers/officials. The Mission has accepted the irregularity.

The PAO informed that the concerned officials belong to M/o Commerce therefore the above para may be transferred to relevant Ministry/concerned department for effective recovery.

**PAC DIRECTIVE**

The Committee settled the above para subject to recovery from concerned department.

79. **PARA NO. 2.3.4-PAGE 6 AR.**  
**IRREGULAR PAYMENT OF CHARGE ALLOWANCE US \$ 23,592.**

The Audit pointed out 20% additional Foreign allowance (chare allowance) is admissible only to an officer who acts as chare d' affairs during temporary absence of the Ambassador. In Kabul the post of Ambassador was abolished since July, 1982 but the officer drew charge allowance.

The PAO informed that the post which of Ambassador was never abolished but held in abeyance due to peculiar situation was prevalent during those years. The officer drew the charge allowance as Charge d' Affairs which is admissible under the rules because he has performed duties as Ambassador in addition to his own responsibilities. No information was available with the Mission since the entire record of the Mission was burnt by mob attacks during 1995, 2001 & 2003. Mr. S. Fida Yunus remained Cd' A in one of the most difficult times of the country's history.

**PAC DIRECTIVE**

The Committee settled the above para in view of special circumstances with the direction not to repeat such mistakes in future.

80. **PARA NO. 3.2-PAGE 10 AR 1998-99.**  
**EXTRA BUDGETARY FINANCING AND CONSEQUENTIAL PAYMENT OF INTEREST OF RS. 41.814 MILLIONS.**

The Audit pointed out that the Pakistan Missions are required to keep their expenditure within the budget grant and finance it only out of imprest account. They are not authorized to borrow money from the banks of the country to which they are accredited.

These Mission paid Rs. 41,814,692/- as interest on their overdrafts, which was a loss to the government Mission. Further Committee on 19th May, 2014 settled to settle after the reconciliation of figure of the subject amount by the audit, but no action taken on the direction of PAC.

**PAC DIRECTIVE**

The Committee settled the above para after the reconciliation of figure verified by the Audit in one month under intimation to the PAC.

81. **PARA NO. 4.4-PAGE 14 AR 1998-99.**  
**IRREGULR PURCHASE OF GIFTS RS. 8.713 MILLION.**

The Audit pointed out that the Ministry incurred an expenditure of Rs. 8.713 million on purchase of gifts for foreign dignitaries, to be presented by the Prime Minister or the President. Purchases exceeding the limit of Rs. 100,000/- were made without calling quotation/tenders in violation of Finance Division's instruction.

The PAO informed the Protocol Division of the Ministry purchase gifts on the demand from PM & President House for presentation to Foreign delegates and do not purchase for stock purpose. It is ensured that record for distribution of gifts had been maintained. However, the ensured that record is almost 18 years old and will be traced out for the audit verification.

**PAC DIRECTIVE**

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

82. **PARA NO. 4.6.1-PAGE 15 AR 1998-99.**  
**PURCHASE OF BOOKS RS. 951,000 MILLION.**

The Audit pointed out that the Ministry purchased books during 1995-96 amounting to Rs. 951,000 and debited the expenditure to the head Sumptuary Allowance Lump Provision. The stated head is meant for entertainment of

foreign dignitaries. Funds out of sumptuary allowance could only be re-appropriated with the approval of the Finance Division.

The PAO informed that the books were purchased with the approval of the Finance Division.

**PAC DIRECTIVE**

The Committee settled the above para subject to regularization of the expenditure by the Finance Division.

83. **PARA NO. 4.6.2-PAGE 15 AR 1998-99.**  
**PURCHASE OF BOOKS RS. 1.3 MILLION.**

The Audit pointed out that the Ministry purchased book amounting to Rs. 1.3 million in the closing month of financial year 1995-96. The purchases were split up to avoid the approval of the higher authority; Tenders were not called to obtain competitive rates. The above action of the Ministry indicated that these purchases were made to avoid lapse of funds.

The PAO informed that an inquiry in the matter was conducted, the then Assistant Librarian has been held responsible for irregularities in purchase of books. His Pension/Commutation has been withheld for necessary recovery.

**PAC DIRECTIVE**

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

84. **PARA 6.5 PAGE 23 AR 1998-99**  
**NON-REFUND OF UNUTILIZED PORTION OF AIR TICKETS**  
**RS.1.429 MILLION.**

The Audit pointed out that the Ministry of Foreign Affairs selects various participants from different African countries on Government expenses for training in Pakistan, few participants showed their inability to attend the program and they returned the tickets back to the Ministry. On scrutiny of record it revealed that an amount of Rs.1,429,606 have not yet been refunded back to the ministry on this account. In response to the observation, the Ministry stated that concerned agencies are being directed to deposit the unutilized amount into the Government Account.

The PAO informed Recovery from M/S Travel Times has been made from his bill and on request of Audit. The CAO has been requested to confirm the recovery. Remaining two travel agents M/S Travel Wide & Waljis Travels are being pursued for recovery.

**PAC DIRECTIVE**

The Committee directed the PAO to involve FIA in recovery of the amount from the Travel agents.

85. **PARA -7 PAGE 27 AR 1998-99**  
**UNWRITTEN OFF LOSS OF RS. 475.105 MILLION.**

The Audit pointed that the Embassy of Pakistan Kabul was attacked twice during 1994 & 1995 by the local people. This caused a loss of Rs. 475.104 million to the Government of Pakistan. The loss should have been recovered from the Afghan Government or got written off with the concurrence of Finance Division.

The PAO informed that no record is available with the Ministry/Mission since the same was burnt during the mob attacks on the Embassy in 1995, 2001 & 2003. The matter has been referred to the Finance Division for condonation of the loss. The case to write off the loss is under process.

**PAC DIRECTIVE**

The Committee directed the PAO to get the loss write off from the Finance Division.

86. i) **PARA NO. 4.2.1-PAGE 12-AR- 1998-99**  
**IRREGULAR EXPENDITURE ON PURCHASE OF DURABLE GOODS, MACHINERY AND EQUIPMENT AND VEHICLES RS. 17.521 MILLION.**
- ii) **PARA NO. 4.3-PAGE 14-AR- 1998-99**  
**DISBURSEMENT OF MONEY THROUGH OPEN CHEQUES RS. 7.53 MILLION.**
- iii) **PARA NO. 4.9-PAGE 17-AR- 1998-99**  
**EXPENDITURE INCURRED IN VIOLATION OF SANCTION RS. 1.0 MILLION.**
- iv) **PARA NO. 4.10-PAGE 17-AR- 1998-99**  
**IRREGUAR EXPENDITURE OF RS.0. 888 MILLION.**
- v) **PARA NO. 6.9-PAGE 25-AR- 1998-99**  
**DAILY ALLOWANCES CLAIMED ON PRIVATE TOUR RS.0.184. MILLION.**

**PAC DIRECTIVE**

The Committee settled the above five (05) paras on the recommendation of the DAC.

## **HIGHER EDUCATION COMMISSION (HEC)**

### **OVERVIEW**

Annual Audit Report for the year 1998-99 pertaining to Higher Education Commission (HEC) was examined by Public Accounts Committee (PAC) on 27<sup>th</sup> April, 2015.

- 5 Paras were presented by the Audit Department which were examined by the Committee and settled the same.

### **ACTIONABLE POINTS**

Actionable points arising from discussion of the meeting of Public Accounts Committee, held on 27<sup>th</sup> April, 2015 for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99 of Higher Education Commission (Audit Paras printed under devolved Ministry of Education) as below:-

#### **AUDIT REPORT 1998-99 DIRECTOR GENERAL AUDIT (FEDERAL GOVERNMENT) ISLAMABAD**

#### **HIGHER EDUCATION COMMISSION**

1. i. **PARA 2.1, PAGE 09-10 –AR 1998-99  
SUSPECTED EXPENDITURE ON WORK” CONSTRUCTION OF ROAD  
WITH RESIDENCES AT CHALLA BANDI”- Rs. 1.689 MILLION**
- ii. **PARA 2.2, PAGE 10-11 –AR 1998-99  
IRREGULAR WITHDRAWAL OF LOAN FROM HABIB BANK LIMITED  
MUZAFFARABAD- Rs. 30.331 MILLION LOSS OF ACCOUNT OF  
INTEREST PAID ON LOAN FROM BANK- Rs. 0.778 MILLION**
- iii. **PARA 3.4, PAGE 14-15 –AR 1998-99  
UNJUSTIFIED PAYMENT OF 10th RUNNING BILL TO A  
CONTRACTOR- Rs. 0.185 MILLION**
- iv. **PARA 3.5, PAGE 15-16 –AR 1998-99  
RECOVERY ON ACCOUNT OF RENT AND UTILITY CHARGES FROM  
CONTRACTOR OF GENERAL STORE- Rs 0.143 MILLION**
- v. **PARA 4.1, PAGE 19 – AR 1998-99  
NON-PRODUCTION OF RECORD REGARDING INCOME FROM  
RESOURCES- Rs. 66.854 MILLION**

#### **PAC DIRECTIVE**

The Committee settled the above mentioned five (05) Paras on the recommendation of DAC.

## **MINISTRY OF HOUSING & WORKS**

### **OVERVIEW**

Annual Audit Report for the year 1998-99 pertaining to Ministry of Housing & Works was examined by Public Accounts Committee (PAC) on 6<sup>th</sup> May 2015.

- 181 Paras and 2 Grants were presented by the Audit Department which were examined by the Committee. Out of which 94 Paras and 2 Grants were settled whereas appropriate directions were accordingly issued for the remaining Paras.
- In few Paras the PAO was directed to hold inquires, fix responsibility and initiate disciplinary actions.

### **ACTIONABLE POINTS**

Actionable points arising from discussion of the meeting of Public Accounts Committee, held on 6<sup>th</sup> May, 2015 for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99 of Ministry of Housing & Works as below:-

#### **APPROPRIATION ACCOUNTS CIVIL VOL-I 1998-99**

1. i. **GRANT NO. 57- HOUSING & WORKS DIVISION**  
**SAVING OF RS 2,502,814**
- ii. **GRANT 59- ESTATE OFFICES**  
**EXCESS OF RS. 98,23,532/-**

#### **PAC DIRECTIVE**

The Committee settled the above mentioned two (02) Grants on the recommendation of DAC.

#### **DIRECTOR GENERAL COMMERCIAL AUDIT & EVALUATION, LAHORE**

##### **NATIONAL CONSTRUCTION LIMITED**

2. **PARA 101 , PAGE 82, ARPSE 1998-99**

Audit pointed out that the company has claims aggregating to Rs. 286.08 Million due from clients against completed and suspended projects which are awaiting realization nature of disputes and reasons for non-recovery need to be explained.

PAO stated that it contained mostly claims not bills. Further on the question of Audit regarding Rs. 16.904 Millions which were shown realizable, PAO stated that he will look into the matters personally. As regard an amount of Rs. 70.715

Millions which are under litigation, the efforts will be made to pursue the cases in the court of law vigorously and requested to Pend the Para and refer to DAC.

### **PAC DIRECTIVE**

The Committee pended the Para and referred to DAC with the direction to resolve the matter at the earliest under intimation to PAC.

3. i. **PARA 96, PAGE 81, ARPSE 1998-99**
- ii. **PARA 97 , PAGE 81, ARPSE 1998-99**
- iii. **PARA 98 , PAGE 82, ARPSE 1998-99**
- iv. **PARA 99 , PAGE 82, ARPSE 1998-99**
- v. **PARA 100 , PAGE 82, ARPSE 1998-99**

### **PAC DIRECTIVE**

The Committee settled the above mentioned Five (05) Paras on the recommendation of DAC.

### **DIRECTOR GENERAL AUDIT WORKS (FEDERAL), ISLAMABAD**

4. i) **PARA 38 , PAGE 36-37, AR 1998-99**  
**OVERPAYMENT DUE TO IRREGULAR ENHANCEMENT OF RENT OF RS.0.105 MILLION**

Audit pointed out that estate Office, Rawalpindi enhanced the rent of a hired house with retrospective effect instead of actual date of entitlement.

The irregular enhancement of rent resulted in overpayment of Rs.105,020/-. Further Audit also inform that the Para no. 78, 81, 136, 138, 144, 145, 147, 148, and 150 are of similar nature regarding the over payment and are clubbed together.

PAO stated that during the incident of Lal Masjid, the record have been burnt out and the Estate Office unable to trace out the record so far. However, efforts are still in progress to complete the record from the record of other allied departments.

- ii) **PARA 78 , PAGE 63-64, AR 1998-99**  
**LOSS DUE TO IRREGULAR ENHANCEMENT OF RENT RS. 1.029 MILLION**

Audit pointed out that Housing and Works Ministry/Division hired an Office accommodation at a rent of Rs.5 per Sft. This was enhanced to Rs.7.50 per sft with retrospective effect prior to the expiry of lease period in relaxation of rules as a special case. Irregular enhancement of rent resulted in loss of Rs.1,028,700.

iii) **PARA 81, PAGE 65-66, AR 1998-99**  
**UNAUTHORIZED PAYMENT OF RS.0.683 MILLION**

Audit pointed out Housing and Works Division hired a commercial building for use as Office Accommodation. The rent of the building was enhanced from Rs.94,865/- Per month to Rs.142,297.50 per month in contravention of the prevalent rules. Irregular enhancement of rent caused a loss of Rs.683,028/- to Government.

iv) **PARA 136, PAGE 102-103, AR 1998-99**  
**LOSS OF RS.0.265 MILLION DUE TO NON-DEDUCTION OF INCOME TAX**

Audit pointed out Estate Office Lahore failed to deduct income tax from the payments made to the owners of the hired houses as provided under the section 50(7) B of Income Tax Ordinance 1979.

v) **PARA 138, PAGE 104, AR 1998-99**  
**LOSS OF RS.0.208 MILLION DUE TO NON-RECOVERY OF INCOME TAX**

Audit pointed out The Estate Office Islamabad did not deduct the income tax from the payments of various owners of building as provided under Rule 50(7-b) of Income Tax Ordinance 1979. Non deduction of due income tax resulted in loss of revenue amounting to Rs.207,809

vi) **PARA 144, PAGE 107-108, AR 1998-99**  
**LOSS OF RS.0.108 MILLION**

Audit pointed out In Estate Office Islamabad hired certain houses beyond the ceiling of allottees. The allottees were responsible for payment of difference of rent, but formation failed to recover amount of difference. Non recovery of the difference of rental ceiling from allottees resulted in loss of Rs.107,956.

vii) **PARA 145, PAGE 108, AR 1998-99**  
**LOSS OF RS.0.103 MILLION DUE TO NON-DEDUCTION OF INCOME TAX**

Audit pointed out Estate Office Islamabad failed to deduct income tax from payments made to various owners of hired houses as provided under Section 50(7-b) of Income Tax Ordinance 1979. Non deduction of income tax resulted in loss of Rs.102,537.

viii) **PARA 147, PAGE 109, AR 1998-99**  
**LESS RECOVERY OF INCOME TAX WORTH RS.0.098 MILLION**

Audit pointed out Estate office Islamabad deducted income tax @ 5% instead of 7-1/2% as required vide letter No.C.No.1-167(1)ITP/96 dated 16/07/1996 from payments made to the owner. Non deduction of income tax at revised rate resulted in less recovery of Rs.98,144.

ix) **PARA 148, PAGE 110, AR 1998-99**  
**LOSS OF RS.0.088 MILLION DUE TO NON-RECOVERY OF RENT**

Audit pointed out in Estate Office, Rawalpindi, certain officers/officials, who were allotted hired houses, were retired, terminated from service or assumed the charge in non-entitled department. The owners were paid rent even after their retirement/termination/transfer to non-entitled offices. Continuation of payment of rent even after retirement/termination/transfer of certain officers/officials resulted in loss of Rs.88,375.

x) **PARA 150, PAGE 111, AR 1998-99**  
**NON RECOVERY OF INCOME OF INCOME TAX WORTH RS.0.077 MILLION**

Audit pointed out Estate Office, Islamabad failed to deduct Income Tax amounting to Rs.76,610/- from the payment to owners of the hired houses as provided under Section 50(7-b) of Income Tax Ordinance 1979. Non deduction of income tax resulted in loss of Rs.76,610/- to Government.

**PAC DIRECTIVE**

The Committee settled the above mentioned ten (10) Paras subject to verification of record within one (01) month under intimation to Audit and PAC.

5. i) **PARA 57, PAGE 49- AR 1998-99**  
**LOSS OF RS.14.210 MILLION**

Audit pointed out in Central Electrical & Mechanical Division, Islamabad reading of sub-gas meters installed at certain colonies differed from reading of gas meter installed for main supply. Payments of gas charges to SNGPL were made for larger units at higher rates whereas the recovery was effected on lesser rates and for less quantity. Due to difference in reading of gas meters and applying lesser rates the government was put to a loss of Rs.14,210,200.

PAO stated that the Wafaqi Mohtasib has ordered that the gas distribution system and installation should have been handed over to SNGPL and gas consumption charges paid by the allottees individually on the basis of meter reading, consequently payment to Rs. 2,873,700/- was made to SNGPL in June 1999 for laying of pipe line for quarter wise gas supply but no further action by the department (SNGPL) has been shown in black & white. The matter was still being pursued with SNGPL for implementation of order of Wafaqi Mohtasib.

PAO further briefed that DAC settled that the write-off case in this regard be moved to Finance Division to settle the issue which the Ministry has already moved to the Finance Division and correspondence still in progress.

ii) **PARA 137, PAGE 103- AR 1998-99**  
**NON RECOVERY OF RS.0.257 MILLION**

Audit pointed out that central E/M Division-II, Islamabad failed to recover Sui-Gas charges from the allottees of government accommodation. Non-recovery of Sui-gas charges resulted into loss of Rs.256,700.

**PAC DIRECTIVE**

The Committee settled the above mentioned two (02) Paras subject to write off the amount from the Finance Division under intimation to Audit and PAC.

6. **PARA 65 , PAGE 55-56 - AR 1998-99**  
**MISS APPROPRIATION OF PUBLIC MONEY WORTH RS.7.000 MILLION**

Audit pointed out that project Civil Division-II, Islamabad received a grant of Rs.7,000,000/- from the Director People's Works Program, (Ministry of Local Government Lahore). Further another grant of Rs.7,000,000/- was received for same project. The Divisional Officer deposited the second grant into PLA-I (the divisional offices functional head), instead of refunding to the concerned department. Improper handling of the Government money resulted in misappropriation of Rs.7,000,000.

PAO stated that basically it was the People Works Program and the amount in question was spent on the salary of the work charged employees and the other liabilities. He further stated that, the issue of the work charged employees have already been taken up with Finance Division for the creation of post but the case is still pending there. On question, PAO briefed that Pak.PWD has about 7000 work charge employees recruited by the then Xen- of the different divisions upto 2008 and their appointments were not made by adopting the proper procedures.

**PAC DIRECTIVE**

The Committee pended the Para subject to verification of the record. The Committee also directed the PAO to inquire the matter through a inquiry committee and fix responsibility under intimation to PAC and Audit within two (02) weeks.

7. i) **PARA 70 , PAGE 58 - AR 1998-99**  
**IRREGULAR EXPENDITURE OF RS. 2.797 MILLION**

Audit pointed out that Pak PWD's Divisions incurred expenditure on POL and charged to different heads instead of its proper head of Accounts. Charging of expenditure to the irrelevant head resulted in misclassification of expenditure of Rs.2,796,700/-. Audit also informed that the Para 97 is also clubbed with the instant Para due to similar nature.

PAO stated that 2% of contingency funds were approved by the Federal Development Committee to spent on POL, copy of the approval of FDC can be provided to the Audit.

ii) **PARA 97, PAGE 76- AR 1998-99**  
**IRREGULAR EXPENDITURE OF RS.0.110 MILLION**

Audit pointed out that Central E/M Division-I of Pak PWD Islamabad utilized development funds for running and maintenance of vehicles.

Utilization of development funds for repair and maintenance of vehicles resulted in irregular expenditure of Rs.110,180/-

**PAC DIRECTIVE**

The Committee settled the above mentioned two (02) Paras subject to verification of record under intimation to PAC.

8. i) **PARA 99, PAGE 103- AR 1998-99**  
**RECURRING LOSS OF RS.25.107 MILLION**

Audit pointed out that in Central Civil Division No.III, Islamabad recruited a large number of work charge staff un-necessarily beyond actual requirement. Violations of rules resulted in irregular expenditure and recurring loss of Rs.25,107,396/- audit also stated that Para 100 to 108, 155, 156, 158, 163, 164 and 175 are of similar nature and clubbed together with the instant Para.

PAO stated that the amount in question was spent on the salary of the work charged employees and on the other liabilities. He further stated that, the issue of the work charge employees has already been taken-up with Finance Division for the creation of posts, as they are enjoying all facilities of regular employees i.e pension, medical facilities etc. On question, PAO briefed that Pak.PWD has about 7000 work charged employees recruited by the then X-en of the different divisions upto 2008 and their appointments were not made in accordance of proper procedures. Further

Pak-PWD received about 71 million annually for maintenance which spent on the salary of said employees.

PAO proposed that the complete list of employees will be submitted to PAC for onward submission to Cabinet Division with appropriate direction. Further requested to give sufficient time to scrutinize the record in this context.

ii) **PARA 100, PAGE 78-79- AR 1998-99**  
**RECURRING LOSS OF RS.9.347 MILLION**

Audit pointed out that project E/M.Division, Islamabad incurred heavy expenditure on the payment of salaries of work charge staff regularly and unnecessarily.

Due to unnecessary recruitment/retention of staff government was put to a loss of Rs.9,347,328/-per annum.

iii) **PARA 101, PAGE 79- AR 1998-99**  
**RECURRING LOSS ON WORK CHARGE STAFF OF RS.9.166 MILLION**

Audit pointed out that in Central Civil Division No.IV, Islamabad recruited a large number of work charge staff un-necessarily beyond actual requirement. Recruitment/retention beyond requirement resulted in irregular expenditure and recurring loss of Rs.9,165,700/-

iv) **PARA 102, PAGE 80- AR 1998-99**  
**RECURRING LOSS ON WORK CHARGE STAFF OF RS.5.729 MILLION**

Audit pointed out that in Project Civil Division No.II, Islamabad paid an amount on account of pay and allowances of work charge staff after completion of the works. Retention of work-charged staff after completion of works resulted in a loss of Rs.5,729,100/-

v) **PARA 103, PAGE 80-81 -AR 1998-99**  
**UN-JUSTIFIED EXPENDITURE ON WORK CHARGE STAFF OF RS.4.828 MILLION**

Audit pointed out that Central Electrical & Mechanical Division No.II, Lahore incurred a heavy expenditure for payment to idle work charge staff. Due to unjustified expenditure Government suffered a loss of Rs.4,827,870.

vi) **PARA 104, PAGE 80-81 -AR 1998-99**  
**UN-JUSTIFIED PAYMENT ON WORK CHARGE STAFF OF**  
**RS.4.411 MILLION**

Audit pointed out that in Central Electrical & Mechanical Division No.II, Islamabad work-charged staff employed for specific works on completion of these works to the repair/maintenance works which was irregular and unjustified. Violation of rules resulted in loss of Rs.4,411,200 to the Government.

vii) **PARA 105, PAGE 82 -AR 1998-99**  
**RECURRING LOSS ON WORK CHARGE STAFF OF RS.3.794 MILLION**

Audit pointed out that in Central Electrical & Mechanical Division No.I, Islamabad incurred an expenditure on pay and allowances of work charge staff during 1997-98 without actual requirement. Un-necessary recruitment and retention of work charge staff resulted in recurring loss of Rs.3,793,600/- to the public exchequer.

viii) **PARA 106, PAGE 83 -AR 1998-99**  
**LOSS ON WORK CHARGE STAFF OF RS.3.433 MILLION**

Audit pointed out that Project Civil Division No.I, Islamabad incurred an expenditure of Rs.3,433,140/- on pay and allowances of work charge staff recruited beyond requirement. Excess recruitment of work charge staff resulted in loss of Rs.3,433,140/-

ix) **PARA 107, PAGE 83-84 -AR 1998-99**  
**UN-JUSTIFIED PAYMENT ON WORK CHARGE STAFF OF**  
**RS.3.340 MILLION**

Audit pointed out that Central Civil Division No.II, Peshawar made a payment to work charge staff employed on different enquiry offices, for maintenance of buildings in the presence of regular staff. Un-necessary employment of work charged staff resulted in unjustified payment of Rs.3,340,000/-

x) **PARA 108, PAGE 84 -AR 1998-99**  
**UN-JUSTIFIED EXPENDITURE ON WORK CHARGE STAFF OF**  
**RS.2.813 MILLION**

Audit pointed out that Central Electrical & Mechanical Division No.II, Lahore incurred heavy expenditure on work charge staff during 1997-98. The surplus staff was required to be laid off. Non-observance of financial propriety resulted in unjustified expenditure of Rs.2,812,800/-

xi) **PARA 155, PAGE 114-115- AR 1998-99**  
**EXCESSIVE EXPENDITURE OF RS. 4.760 MILLION**

Audit pointed out that PCD-I Karachi incurred an expenditure on work-charge established in excess of limits, fixed by the government. Violation of rules resulted in to irregular expenditure of Rs.4,760,400/-.

xii) **PARA 156, PAGE 115-116- AR 1998-99**  
**EXCESS EXPENDITURE OF RS.4.482 MILLION**

Audit pointed out that CCD-1 Karachi incurred expenditure in excess of allocation and administrative approval. Excess expenditure resulted in irregular expenditure of Rs.4,482,100.

xiii) **PARA 158, PAGE 116-117- AR 1998-99**  
**EXCESS EXPENDITURE OF RS.1.657 MILLION**

Audit pointed out that Central E/M Division Peshawar incurred expenditure in excess of budget allocation. Violation of rules resulted in excess expenditure of Rs.1,657,000.

xiv) **PARA 163, PAGE 120- AR 1998-99**  
**EXCESS EXPENDITURE ON WORK CHARGE STAFF OF RS.1.094 MILLION**

Audit pointed out that CCD-III Peshawar incurred expenditure in excess of allocation under the head repair of buildings. Violation of financial rules resulted in irregular expenditure of Rs.1,093,700/- over allocation.

xv) **PARA 164, PAGE 121- AR 1998-99**  
**EXCESS EXPENDITURE ON WORK CHARGE STAFF OF RS.0.765 MILLION**

Audit pointed out that the Central Electrical & Mechanical Division, Islamabad incurred an expenditure on work charge staff in excess of limits prescribed by the Government. Violation of rules resulted in to irregular expenditure of Rs.765,100.

xvi) **PARA 175, PAGE 128-129- AR 1998-99**  
**EXCESS EXPENDITURE OF RS.0.052 MILLION**

Audit pointed out that C. E/M Division-II, Lahore incurred expenditure from in excess over budget allocation. Violation of rules resulted in irregular expenditure of Rs.52,000.

**PAC DIRECTIVE**

The Committee pended the above mentioned sixteen (16) Paras and directed the PAO to take-up the case of work charged employees with Cabinet Division within one (01) month after preparing the complete list under intimation to PAC.

9. i) **PARA 126, PAGE 96-97- AR 1998-99**  
**NON RECOVERY OF RENT OF RS.4.859 MILLION**

Audit pointed out that Federal Lodges I & II Karachi failed to recover a large amount of rent from various occupants of the Federal Lodge.

Due to non-recovery of rent the government was put to a loss of Rs.4,858,700/- Audit also informed that Para 130 is also clubbed with instant Para due to similar nature.

PAO stated that the list of defaulters has already been furnished to National Assembly, Senate Secretariat and the department concerned repeatedly but it was not avail. PAO also informed that the said list was published in the newspaper at the time of general election and the recovery was made from those who were contesting the election but the rest of the recovery is not still cleared.

ii) **PARA 130, PAGE 96-99- AR 1998-99**  
**NON RECOVER OF RENT WORTH RS.1.317 MILLION**

Audit pointed out in CCD-I Quetta heavy amount of room rent charges of Federal Lodges was lying recoverable from various allottees/occupants since long.

Non recovery of rent amounting to Rs.1,317,100/- resulted in a heavy loss to the Government .

**PAC DIRECTIVE**

The Committee pended the above mentioned two (02) paras and directed the PAO to prepare the list of defaulters and sent it to the concerned department for recovery within one (01) month under intimation to Audit and PAC.

10. i. **PARA 03, PAGE 11-12- AR 1998-99**  
**MISAPPROPRIATION OF RS.1.178 MILLION**

ii. **PARA 07, PAGE 15- AR 1998-99**  
**MISAPPROPRIATION OF MATERIAL WORTH RS.0.701 MILLION**

iii. **PARA 18 E.O, PAGE 23- AR 1998-99**  
**OVER PAYMENT OF RS.1.584 MILLION**

iv. **PARA 28, PAGE 29-30- AR 1998-99**  
**OVERPAYMENT OF RS. 0.170 MILLION**

v. **PARA 31, PAGE 31-32- AR 1998-99**  
**OVERPAYMENT OF RS.0. 142 MILLION**

- vi. PARA 43, PAGE 40- AR 1998-99  
OVERPAYMENT OF RS.0.088 MILLION
- vii. PARA 44, PAGE 40-41- AR 1998-99  
OVERPAYMENT OF RS.0.088 MILLION
- viii. PARA 51, PAGE 45- AR 1998-99  
OVERPAYMENT OF RS.0.069 MILLION
- ix. PARA 53, PAGE 46-47- AR 1998-99  
OVERPAYMENT OF RS.0.063 MILLION
- x. PARA 58 E.O, PAGE 50- AR 1998-99  
LOSS OF RS.0.604 MILLION
- xi. PARA 59 E.O, PAGE 50-51- AR 1998-99  
NON RECOVERY OF RS.0.597 MILLION DUE TO UNAUTHORIZED  
RETENTION OF DOUBLE GOVERNMENT ACCOMMODATION.
- xii. PARA 61 E.O, PAGE 52- AR 1998-99  
LOSS OF RS.0.300 MILLION
- xiii. PARA 66, PAGE 55-56- AR 1998-99  
NON REMITTANCE OF RS.4.286 MILLION
- xiv. PARA 67 E.O, PAGE 56- AR 1998-99  
LOSS OF RS.4.028 MILLION
- xv. PARA 72, PAGE 59- AR 1998-99  
IRREGULAR EXPENDITURE OF RS.2.566 MILLION
- xvi. PARA 74 E.O, PAGE 60-61- AR 1998-99  
LOSS DUE TO NON-RECOVERY OF STANDARD RENT AMOUNTING  
TO RS.2.229 MILLION
- xvii. PARA 75 , PAGE 61- AR 1998-99  
IRREGULAR PAYMENT OF RS. 2.177 MILLION
- xviii. PARA 76 E.O , PAGE 62- AR 1998-99  
LOSS DUE TO NON-CHARGING OF STANDARD RENT AMOUNTING  
TO RS.2.068 MILLION
- xix. PARA 79 , PAGE 64- AR 1998-99  
EXCESS EXPENDITURE OF RS. 0.861 MILLION

- xx. PARA 82 , PAGE 66-67- AR 1998-99  
IRREGULAR PAYMENT OF RS.0.636 MILLION
- xxi. PARA 84 E.O, PAGE 66-67- AR 1998-99  
NON-CHARGING OF STANDARD RENT WORTH RS.0.597 MILLION
- xxii. PARA 87, PAGE 70- AR 1998-99  
NON-FORFEITURE OF EARNEST MONEY RS. 0.337 MILLION
- xxiii. PARA 91 E.O, PAGE 72-73- AR 1998-99  
LOSS DUE TO UNAUTHORIZED OCCUPATION WORTH  
RS.0.261 MILLION
- xxiv. PARA 93 E.O, PAGE 74- AR 1998-99  
LOSS DUE TO IRREGULAR ALLOTMENT OF HOUSE  
RS.0.167 MILLION
- xxv. PARA 94 E.O, PAGE 74-75- AR 1998-99  
NON-CHARGING OF STANDARD RENT RS.0.129 MILLION
- xxvi. PARA 96 E.O, PAGE 75-76- AR 1998-99  
LOSS OF RS.0.118 MILLION DUE TO UNAUTHORIZED OCCUPATION  
OF HOUSE
- xxvii. PARA 109 E.O, PAGE 85- AR 1998-99  
LOSS DUE TO HIRING EXCESS AREAS WORTH RS.2.416 MILLION
- xxviii. PARA 111 E.O, PAGE 86-87- AR 1998-99  
EXCESS PAYMENT DUE TO HIRING EXCESS AREA WORTH  
RS.1.033 MILLION
- xxix. PARA 113, PAGE 87-88- AR 1998-99  
UNAUTHORIZED EXPENDITURE OF RS.0.715 MILLION
- xxx. PARA 114 E.O, PAGE 88- AR 1998-99  
LOSS OF RS.0.594 MILLION

- xxxi. PARA 115 E.O, PAGE 89- AR 1998-99  
LOSS DUE TO HIRING OF EXCESS AREA WORTH RS.0.449 MILLION
- xxxii. PARA 118, PAGE 91- AR 1998-99  
IN-FRUCTUOUS EXPENDITURE RS.0.237 MILLION
- xxxiii. PARA 121 E.O, PAGE 93- AR 1998-99  
LOSS OF RS.0.150 MILLION
- xxxiv. PARA 123, PAGE 94-95- AR 1998-99  
LESS RECOVERY OF INCOME TAX WORTH RS.0.085 MILLION
- xxxv. PARA 127, PAGE 97- AR 1998-99  
NON RECOVERY OF COST OF MATERIAL WORTH  
RS. 2.188 MILLION
- xxxvi. PARA 131 E.O, PAGE 99-100- AR 1998-99  
LOSS OF RS.1.246 MILLION
- xxxvii. PARA 132 E.O, PAGE 100- AR 1998-99  
NON RECOVERY OF RS.1.120 MILLION
- xxxviii. PARA 133 E.O, PAGE 101- AR 1998-99  
LOSS OF RS.0.712 MILLION DUE TO NON-RECOVERY OF  
STANDARD RENT.
- xxxix. PARA 134 E.O, PAGE 101-102- AR 1998-99  
LOSS OF RS.0.627 MILLION
- xl. PARA 135 E.O, PAGE 102- AR 1998-99  
NON RECOVERY OF RS.0.396 MILLION
- xli. PARA 139 E.O, PAGE 104-105- AR 1998-99  
LOSS OF RS.0.106 MILLION DUE TO NON-RECOVERY OF  
DIFFERENCE OF RENT
- xlii. PARA 141 E.O, PAGE 105-106- AR 1998-99  
LOSS OF RS.0.130 MILLION
- xliii. PARA 142 E.O, PAGE 106- AR 1998-99  
LOSS OF RS.0.129 MILLION
- xliv. PARA 146, PAGE 108-109- AR 1998-99  
SHORT RECOVERY OF RS.0.100 MILLION

- xliv. PARA 149, PAGE 110-111- AR 1998-99  
NON-RECOVERY OF OUTSTANDING DUES WORTH  
RS.0.085 MILLION
- xlvi. PARA 151, PAGE 112- AR 1998-99  
LOSS OF RS.0.064 MILLION
- xlvii. PARA 152, PAGE 112-113- AR 1998-99  
NON-RECOVERY OF RS.0.063 MILLION
- xlviii. PARA 153, PAGE 113- AR 1998-99  
NON-RECOVERY OF HIRE CHARGES
- xlix. PARA 154, PAGE 114- AR 1998-99  
EXCESS PAYMENT OF RS.7.094 MILLION
- I. PARA 157, PAGE 116- AR 1998-99  
IRREGULAR ACCEPTANCE OF TENDER WORTH RS.2.937 MILLION
- li. PARA 169, PAGE 124-125- AR 1998-99  
UNJUSTIFIED EXPENDITURE OF RS.0.304 MILLION
- lii. PARA 171, PAGE 126- AR 1998-99  
IRREGULAR EXPENDITURE OF RS.0.271 MILLION
- liii. PARA 173, PAGE 127- AR 1998-99  
EXPENDITURE OF RS.0.058 MILLION

#### PAC DIRECTIVE

The Committee settled the above mentioned fifty three (53) paras subject to verification of record under intimation to PAC.

- 11. i. PARA 1, PAK.PWD, PAGE 11- AR 1998-99  
MISAPPROPRIATION OF RS. 3.369 MILLION
- ii. PARA 2, PAK.PWD, PAGE 12- AR 1998-99  
NON-ACCOUNTAL OF RS.1.531 MILLION
- iii. PARA 4, PAK.PWD, PAGE 13- AR 1998-99  
NON- ACCOUNTAL OF MATERIAL WORTH RS. 1.025 MILLION
- iv. PARA 5, PAK.PWD, PAGE 14- AR 1998-99  
IRREGULAR EXPENDITURE OF RS.0.844 MILLION

- v. PARA 6, PAK.PWD, PAGE 14-15- AR 1998-99  
MISAPPROPRIATION OF MATERIAL WORTH RS. 0.843 MILLION
- vi. PARA 8 PAK.PWD, PAGE 16- AR 1998-99  
MISAPPROPRIATION OF MATERIAL WORTH RS.0.622 MILLION
- vii. PARA 9 PAK.PWD, PAGE 16-17- AR 1998-99  
MISAPPROPRIATION OF RS. 0.472 MILLION
- viii. PARA 10 PAK.PWD, PAGE 17- AR 1998-99  
MISAPPROPRIATION OF RS.0.449 MILLION
- ix. PARA 11 PAK.PWD PAGE 18- AR 1998-99  
NON ACCOUNTAL OF MATERIAL OF RS. 0.340 MILLION
- x. PARA 12 PAK.PWD, PAGE 18-19- AR 1998-99  
MISAPPROPRIATION OF RS.0.220 MILLION
- xi. PARA 13 PAK.PWD, PAGE 19 - AR 1998-99  
NON ACCOUNTAL OF RS.0.185 MILLION
- xii. PARA 14 P.PWD, PAGE 20 - AR 1998-99  
NON ACCOUNTAL OF MATERIAL WORTH RS.0.078 MILLION
- xiii. PARA 15 PAK.PWD, PAGE 20-21- AR 1998-99  
MISAPPROPRIATION OF DISMANTLED MATERIAL AMOUNTING TO  
RS.0.055 MILLION
- xiv. PARA 16 PAK.PWD, PAGE 21-22- AR 1998-99  
LOSS TO GOVERNMENT WORTH RS.0.422 MILLION
- xv. PARA 17 PAK.PWD, PAGE 22 - AR 1998-99  
OVERPAYMENT OF RS. 5.775 MILLION
- xvi. PARA 19 PAK.PWD, PAGE 23-24 - AR 1998-99  
OVERPAYMENT OF RS. 0.605 MILLION
- xvii. PARA 20 PAK.PWD, PAGE 24 - AR 1998-99  
OVERPAYMENT OF RS.0. 560 MILLION
- xviii. PARA 21 PAK.PWD, PAGE 25 - AR 1998-99  
OVERPAYMENT OF RS. 0.319 MILLION
- xix. PARA 22 PAK.PWD, PAGE 25-26 - AR 1998-99  
OVERPAYMENT OF RS.0.295 MILLION

- xx. **PARA PAK.PWD, PAGE 26 - AR 1998-99  
OVERPAYMENT OF RS.0. 293 MILLION**
- xxi. **PARA 24 PAK.PWD PAGE 27 - AR 1998-99  
OVERPAYMENT OF RS.0.283 MILLION**
- xxii. **PARA 25 PAK.PWD, PAGE 27-28 - AR 1998-99  
OVERPAYMENT OF RS.0.238 MILLION**
- xxiii. **PARA 26 PAK.PWD, PAGE 28-29 - AR 1998-99  
OVERPAYMENT OF RS.0181 MILLION**
- xxiv. **PARA 27 PAK.PWD PAGE 29 - AR 1998-99  
OVERPAYMENT OF RS.0.L70 MILLION**
- xxv. **PARA 29 PAK.PWD, PAGE 30-31 - AR 1998-99  
OVERPAYMENT OF RS. 0.169 MILLION**
- xxvi. **PARA 30 PAK.PWD, PAGE 31 - AR 1998-99  
OVERPAYMENT OF RS.0. 153 MILLION**
- xxvii. **PARA 32 PAK.PWD, PAGE 32 - AR 1998-99  
OVERPAYMENT OF RS.0.135 MILLION**
- xxviii. **PARA 33 PAK.PWD, PAGE 33 - AR 1998-99  
OVERPAYMENT OF RS. 0.130 MILLION**
- xxix. **PARA 34 PAK.PWD, PAGE 34 - AR 1998-99  
OVERPAYMENT OF RS.0.124 MILLION**
- xxx. **PARA 35 PAK.PWD, PAGE 35 - AR 1998-99  
UNAUTHENTICATED PAYMENT OF RS.0.109 MILLION**
- xxxi. **PARA 36 PAK.PWD, PAGE 35-36 - AR 1998-99  
OVERPAYMENT OF RS.0.108 MILLION**
- xxxii. **PARA 37 PAK.PWD, PAGE 36 - AR 1998-99  
OVERPAYMENT OF RS.0.106 MILLION**
- xxxiii. **PARA 39 PAK.PWD, PAGE 37 - AR 1998-99  
OVERPAYMENT OF RS.0.101 MILLION**
- xxxiv. **PARA 40 PAK.PWD, PAGE 38 - AR 1998-99  
OVER PAYMENT OF RS.0.094 MILLION**

- xxxv. PARA 41 PAK.PWD, PAGE 38-39 - AR 1998-99  
OVERPAYMENT OF RS.0.090 MILLION
- xxxvi. PARA 42 PAK.PWD, PAGE 39 - AR 1998-99  
OVERPAYMENT OF RS.0.098 MILLION
- xxxvii. PARA 45 PAK.PWD, PAGE 41-42 - AR 1998-99  
OVERPAYMENT OF RS.0.085 MILLION
- xxxviii. PARA 46 PAK.PWD, PAGE 42 - AR 1998-99  
OVERPAYMENT OF RS.0.083 MILLION
- xxxix. PARA 47 PAK.PWD, PAGE 42-43 - AR 1998-99  
OVER-PAYMENT OF RS.0.074 MILLION
- xl. PARA 48 PAK.PWD, PAGE 43 - AR 1998-99  
OVERPAYMENT OF RS.0.074 MILLION
- xli. PARA 49 PAK.PWD, PAGE 44 - AR 1998-99  
UNDUE PAYMENT OF RS.0.071 MILLION
- xlii. PARA 50 PAK.PWD, PAGE 44-45 - AR 1998-99  
OVERPAYMENT OF RS. 0.069 MILLION
- xliii. PARA 52 PAK.PWD, PAGE 46 - AR 1998-99  
OVERPAYMENT OF RS.0.066 MILLION
- xliv. PARA 54 PAK.PWD, PAGE 47 - AR 1998-99  
OVERPAYMENT OF RS. 0.061 MILLION
- xlv. PARA 55 PAK.PWD, PAGE 48 - AR 1998-99  
OVERPAYMENT OF RS.0.060 MILLION
- xlvi. PARA 56 PAK.PWD, PAGE 48-49 - AR 1998-99  
OVERPAYMENT OF RS.0.041 MILLION
- xlvii. PARA 60 PAK.PWD, PAGE 51 - AR 1998-99  
LOSS OF RS. 0.538 MILLION
- xlviii. PARA 62 PAK.PWD, PAGE 52-53 - AR 1998-99  
IRREGULAR AWARD OF WORK AMOUNTING TO  
RS.17.528 MILLION
- xlix. PARA 63 PAK.PWD, PAGE 53 - AR 1998-99  
IRREGULAR AWARD OF WORK AMOUNTING TO  
RS.14.776 MILLION

- I. PARA 64 PAK.PWD PAGE 54 - AR 1998-99  
IRREGULAR PAYMENT OF RS.9.034 MILLION
- li. PARA 68 PAK.PWD, PAGE 56-57 - AR 1998-99  
IRREGULAR PAYMENT OF RS. 3.784 MILLION
- lii. PARA 69 PAK.PWD, PAGE 57 - AR 1998-99  
NON DEBITING THE COST OF MATERIAL VALUE  
RS.3.491 MILLION
- liii. PARA 71 PAK.PWD, PAGE 58-59 - AR 1998-99  
NON-FINALIZATION OF ACCOUNT WORTH RS.2.591 MILLION
- liv. PARA 73 PAK.PWD, PAGE 60 - AR 1998-99  
SPLITTING OF WORK INTO WORK ORDER WORTH  
RS. 2.517 MILLION
- lv. PARA 77 PAK.PWD, PAGE 62-63 - AR 1998-99  
IRREGULAR EXPENDITURE OF RS. 1.472 MILLION
- lvi. PARA 80 PAK.PWD, PAGE 65 - AR 1998-99  
EXECUTION OF SUBSTANDARD WORK RS.0.772 MILLION
- lvii. PARA 83 PAK.PWD, PAGE 67 - AR 1998-99  
EXCESSIVE PAYMENT OF RS.0.623 MILLION
- lviii. PARA 85 PAK.PWD, PAGE 68-69 - AR 1998-99  
IRREGULAR RETENTION OF INCOME TAX AMOUNTING TO  
RS.0.485 MILLION
- lix. PARA 86 PAK.PWD, PAGE 69 - AR 1998-99  
NON-REMITTANCE OF GOVERNMENT RECEIPT AMOUNTING TO  
RS.0. 473 MILLION
- lx. PARA 88 E.O, PAGE 70-71 - AR 1998-99  
EXCESS PAYMENT OF RS.0.329 MILLION
- lxi. PARA 89 PAK.PWD, PAGE 71 - AR 1998-99  
UNAUTHORIZED PAYMENT OF RS.0.303 MILLION
- lxii. PARA 90 E.O, PAGE 72 - AR 1998-99  
LOSS DUE TO VIOLATION OF RULE RS.0.285 MILLION
- lxiii. PARA PAK.PWD, PAGE 73 - AR 1998-99  
IRREGULAR EXPENDITURE OF RS.0.239 MILLION

- lxiv. PARA 95 PAK.PWD, PAGE 75 - AR 1998-99  
LOSS OF RS.0.125 MILLION
- lxv. PARA 98 PAK.PWD, PAGE 77 - AR 1998-99  
LESS RECOVERY OF INCOME TAX RS.0.084 MILLION
- lxvi. PARA 110 PAK.PWD, PAGE 85-86 - AR 1998-99  
UN-JUSTIFIED EXPENDITURE RS.1.190 MILLION
- lxvii. PARA 112 PAK.PWD, PAGE 87 - AR 1998-99  
LESS RECOVERY OF MATERIAL RS.L.000 MILLION
- lxviii. PARA 116 PAK.PWD, PAGE 89-90 - AR 1998-99  
LOSS OF RS.0.287 MILLION
- lxix. PARA 117 PAK.PWD, PAGE 90-91 - AR 1998-99  
LOSS OF RS.0.265 MILLION
- lxx. PARA 119 E.O, PAGE 92 - AR 1998-99  
EXCESS PAYMENT OF RS.0.231 MILLION
- lxxi. PARA 120 PAK.PWD, PAGE 92-93 - AR 1998-99  
LOSS OF RS.0.210 MILLION
- lxxii. PARA 122 PAK.PWD, PAGE 94 - AR 1998-99  
LOSS OF RS.0.122 MILLION
- lxxiii. PARA 124 PAK.PWD, PAGE 95 - AR 1998-99  
LOSS OF RS.0.072 MILLION
- lxxiv. PARA 125 PAK.PWD, PAGE 96 - AR 1998-99  
RECURRING LOSS IN LACS
- lxxv. PARA 128 PAK.PWD, PAGE 98 - AR 1998-99  
LESS RECOVERY OF MATERIAL WORTH RS.1.737 MILLION
- lxxvi. PARA 129 PAK.PWD, PAGE 98-99 - AR 1998-99  
LOSS OF RS.L.668 MILLION
- lxxvii. PARA 140 P.PWD, PAGE 105 - AR 1998-99  
LOSS OF RS.0.140 MILLION
- lxxviii. PARA 143 PAK.PWD PAGE 107 - AR 1998-99  
UNAUTHORIZED ALLOTMENT OF ROOM CAUSING LOSS WORTH  
RS.0.126 MILLION

- lxxix. PARA 159 PAK.PWD, PAGE 117-118 - AR 1998-99  
LOSS OF RS.1.632 MILLION
- lxxx. PARA 160 PAK.PWD, PAGE 118 - AR 1998-99  
LOSS OF RS.L.361 MILLION
- lxxxi. PARA 161 PAK.PWD, PAGE 119 - AR 1998-99  
UNAUTHORIZED PAYMENT OF RS.1.313 MILLION
- lxxxii. PARA 162 PAK.PWD, PAGE119-120 - AR 1998-99  
LOSS OF RS.1.283 MILLION
- lxxxiii. PARA 165 PAK.PWD, PAGE 121-122 - AR 1998-99  
WASTEFUL EXPENDITURE OF RS.0.751 MILLION
- lxxxiv. PARA 166 PAK.PWD, PAGE 122-123 - AR 1998-99  
DOUBLE PAYMENT OF RS.0.495 MILLION
- lxxxv. PARA 167 PAK.PWD, PAGE 123 - AR 1998-99  
EXCESS PAYMENT OF RS.0.356 MILLION
- lxxxvi. PARA 168 PAK.PWD, PAGE 124 - AR 1998-99  
NON-REMITTANCE OF SECURITY DEPOSIT WORTH  
RS.0.313 MILLION
- lxxxvii. PARA 170 PAK.PWD, PAGE 125-126 - AR 1998-99  
EXCESS PAYMENT OF RS.0.278 MILLION
- lxxxviii. PARA 172 PAK.PWD, PAGE 126-127 - AR 1998-99  
EXCESS PAYMENT OF RS.0.182 MILLION
- lxxxix. PARA 174 PAK.PWD, PAGE 128 - AR 1998-99  
IRREGULAR EXPENDITURE OF RS.0.055 MILLION

#### PAC DIRECTIVE

The Committee settled the above mentioned eighty nine (89) paras on the recommendation of DAC.

## **MINISTRY OF INDUSTRIES AND PRODUCTION**

### **OVERVIEW**

Annual Audit Report for the year 1998-99 pertaining to Ministry of Industries and Production was examined by Public Accounts Committee (PAC) on 17<sup>th</sup> February 2014, 18<sup>th</sup> February 2014, 2<sup>nd</sup> September 2015 and 17<sup>th</sup> November, 2015.

- 429 Paras and 5 Grants were presented by the Audit Department which were examined by the Committee. Out of which 135 Paras and 5 Grants were settled whereas appropriate directions were accordingly issued for the remaining Paras.
- In few Paras the PAO was directed to hold inquires, fix responsibility and initiate disciplinary actions.
- The Committee referred 11 Paras to NAB.

### **ACTIONABLE POINTS**

Actionable points arising from the discussion of the PAC meeting held on 17<sup>th</sup> and 18<sup>th</sup> February, 2014 on Appropriations Accounts/Audit Report 1998-99, pertaining to the Ministry of Industries and Production are as under:

#### **APROPRIATION ACCOUNTS CIVIL 1998-99 (Vol-I)** **INDUSTRIES AND PRODUCTION DIVISION**

1. **GRANT No. 61 INDUSTRIES & PRODUCTION DIVISION**  
**SAVING OF Rs. 6,381,986/-**

The grant closed with a saving of Rs 6,381,986 which works out to 11.53 percent of the total grant. An amount of Rs. 7,765,000 (14.03%) was surrendered resulting into net excess of Rs. 1,383,014 (2.50%). A supplementary grant of Rs. 2,479,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

#### **PAC DIRECTIVE**

The Committee settled the above grant.

2. **GRANT No. 62 DEPARTMENT OF INVESTMENT, PROMOTION AND SUPPLIES**

#### **SAVING OF Rs. 2,288,078/-**

The grant closed with a saving of Rs. 2,288,078 which works out to 10.38 percent of the total grant. An amount of Rs. 1,910,000 (8.66%) was surrendered leaving net saving of Rs. 378,078 (1.71%).

#### **PAC DIRECTIVE**

The Committee settled the above grant .

3. **GRANT No.63: OTHER EXPENDITURES OF INDUSTRIES & PRODUCTION DIVISION.**

**SAVING OF Rs. 2,490,543/-**

The grant closed with a saving of Rs. 2,490,543/- which works out to 1.50 percent of the total grant. An amount of Rs. 2,460,000 (1.48%) was surrendered leaving net saving of Rs. 30,543 (0.02%).

**PAC DIRECTIVE**

The Committee settled the above grant .

4. **GRANT No. 110: CAPITAL OUTLAY ON MISCELLINEOUS STORES. SAVING OF RS.677,994/-**

The grant closed with a saving of Rs. 677,994 which works out to 32.37 percent of the total grant. An amount of Rs: 425,000 (20.29%) was surrendered leaving net saving of Rs: 252,994 (12.08%)

**PAC DIRECTIVE**

The Committee settled the above grant .

5. **GRANT No. 152: CAPITAL OUTLAY ON INDUSTRIAL DEVELOPMENT. SAVING OF RS. 186,850,000/-**

The grant closed with a saving of Rs: 186,850,000/-which works out to 32.95 percent of the total grant. The entire saving was surrendered in time.

**PAC DIRECTIVE**

The Ministry explained that the 32.95% saving was due to an amount that was not released by the Ministry of Finance. On explanation the PAC settled the grant.

**AUDIT REPORT PUBLIC SECTOR ENTERPRISES VOLUME-X-(S)(N) FOR THE YEAR 1998-99**

**M/O INDUSTRIES, PRODUCTION AND SPECIAL INITIATIVES**

**PAKISTAN AUTOMOBILE CORPORATION LIMITED**

6.
  - i. **PARA-136 (ARPSE-1998-99-VOL-X (S)PAGE-116**  
**Rs. 333.3 MILLION RECOVERABLE FROM TRANS MOBILE LTD**  
**PAKISTAN MOTOR CAR COMPANY (PVT) LIMITED**
  - ii. **PARA-137 (ARPSE -1998-99-VOL-X (S) PAGE-117**  
**DECREASE OF Rs. 9.863 MILLION IN THE NET PROFIT DUE TO**  
**CHANGE IN ACCOUNTING POLICY.**
  - iii. **PARA-138(ARPSE -1998-99-VOL-X (S) PAGE-117**  
**A PROVISION OF Rs. 48.18 MILLION FOR PERMANENT DIMINUTION**  
**IN THE VALUE OF INVESTMENTS IN ASSOCIATED COMPANIES**

**PAC DIRECTIVE**

The PAC pended the above three paras and directed NAB to pursue the cases. The progress report thereof may be sent to the Committee within three weeks.

**REPUBLIC MOTOR (PVT) LIMITED**

7. **PARA-141(ARPSE -1998-99-VOL-X (S) PAGE-118**  
**TRANSFER OF LIABILITY OF RS. 94.000 MILLION BY PACO IN 1992**

Audit pointed out that due to transfer of liability of Rs 94.000 million by PACO in 1992, the capital has converted into negative equity of Rs.30.982 million. The aforesaid events created doubt with regard to treatment of the company as a going concern.

The Departmental Representative replied that the company's property at Karachi had already been privatized and the property at Lahore was in process in the Privatization Commission. The representative further told that 65% shares are possessed by the Government whereas the rest of 35% were with the private Sector.

**PAC DIRECTIVE**

The Committee directed the PAO to resolve the issues in consultation with the departments concerned and a progress report thereof may be sent to the PAC within one month.

**AUDIT REPORT FOR PUBLIC SECTOR ENTERPRISES FOR THE YEAR 1998-99 M/O INDUSTRIES**

**UTILITY STORES CORPORATION OF PAKISTAN (PVT) LIMITED**

8. **PARA - 172 PAGE NO 138 ARPSE 1998-99**  
**SUM OF RS.6.394 MILLION PAYABLE TO M/S. UNITED FISHERIES (PVT) LTD**

A sum of Rs.6.394 million has been shown as payable to M/s. United Fisheries (Pvt) Ltd, Karachi on account of rental charges for the period April, 1996 to January 1998 in respect of two cold storages hired by the Corporation without any agreement.

Departmental Representative informed that the case against Mr. Sadiq Ali Khan was in process in the court of law. It was also informed that the case for alleged embezzlement has been sent to the NAB on 10th September, 2001 which was still pending. To a question it was informed that despite the fact that the accused has been dismissed from service even then he was paid the arrears in pay and other allowances.

**PAC DIRECTIVE**

The Committee expressed deep concerned over the alleged negligence on the part of the concerned departments and directed the PAO to examine the case in consultation with NAB and USC and a detailed report may be furnished to the Committee within three weeks.

9. **PARA - 175 PAGE - 139 ARPSE 1998-99**

Audit pointed out that Advances, deposits, pre-payments and other receivables stood at Rs.248.866 million on 30-6-1999 compared to the previous year figure of Rs.1, 373,768 million.

The PAO replied that the amount has been recovered.

**PAC DIRECTIVE**

The Committee settled the above para .

## **NATIONAL FERTILIZER MARKETING LIMITED**

10. **PARA - 225 PAGE NO 173 ARPSE 1998-99**  
**EXCESS PAYMENT OF FREIGHT RS.2.001 MILLION DUE TO INCORRECT**  
**DISTANCE FROM FACTORY TO STORAGE POINTS.**

Audit pointed out that National Fertilizer Marketing Limited transported Fertilizer, through carriage contractors, from Pak Arab Fertilizer Limited Multan to its storage points at Haripur and Risalpur during the year 1996-97 and 1997-98. Instead of carrying the fertilizers through shortest possible motorable route longer route was adopted causing extra freight for 65 Kilometers in respect of Risalpur and 59 Kilometers for Haripur. As a result of incorrect distance the company paid excess freight of Rs.2.001 million during the years 1996-97 and 1997-98.

The Ministry was of the view that the case was almost 16 years old and the routes were at that times might have been closed may be due to construction or other reasons and alternative routes could have been adopted in that case.

### **PAC DIRECTIVE**

The Committee pended the para and directed the PAO to submit a report within one month.

## **AUDIT REPORT FOR PUBLIC SECTOR ENTERPRISES FOR THE YEAR** **1998-99 M/O PRODUCTION**

### **GHEE CORPORATION OF PAKISTAN**

11. i. **PARA - 179 PAGE NO 142 ARPSE 1998-99**  
**RS. 601.294 MILLION DUE FROM PRIVATIZED UNITS.**
- ii. **PARA - 181 PAGE NO 143 ARPSE 1998-99**  
**NON RECOVERY OF LONG OUTSTANDING DUES FROM THE**  
**PRIVATIZED GHEE UNITS AMOUNTING TO RS. 918.885 MILLION.**

### **PAC DIRECTIVE**

On the Presentation of the above two paras regarding the Ghee Corporation of Pakistan amounting to Rs. 601.294 Million and Rs. 918.885 Million, the Committee directed:

- i) The Privatization Commission to report to the Committee by fixing responsibility who involved in the alleged embezzlement.
- ii) The Ministry was also directed to furnish a comprehensive report on these cases indicating as to why the units were handed over to the buyers without obtaining bank guarantees.

A report on the above two directions of the Committee to be submitted in two weeks.

## **MORAFCO INDUSTRIES LIMITED**

### 12. **PARA - 188 PAGE NO 149 ARPSE 1998-99**

Audit pointed out that stores, spares and loose tools stood at Rs.3.031 million, including packing material for Rs.1.362 million, which is deteriorating with the passage of time.

The Departmental Representative replied that the above said items could not be disposed of because it was decided in 1997 to privatize the stores; however, the said decision could not be implemented till date.

### **PAC DIRECTIVE**

The Committee directed the PAO to dispose of the perishable items and a report thereof may be sent to the Committee within two months.

## **STATE ENGINEERING CORPORATION (PVT) LIMITED**

### 13. **PARA - 257 PAGE NO 190 ARPSE 1998-99**

The corporation earned profit of Rs.93.247 million in the year. 1993-94 then sustained losses of Rs.181.006, Rs.462.219, Rs.107.170 and Rs.167.913 million during 1994-95 to 1997-98 and Rs.98.895 million in 1998-99.

### **PAC DIRECTIVE**

The Committee directed that the Para to be clubbed with the latest Auditor General's Report 2013-2014 and the Para will be discussed on its presentation to the PAC. However the Committee also directed the PAO that Appointment in the State Engineering Corporation be made on purely merit basis.

### 14. **PARA - 258 PAGE NO 190 ARPSE 1998-99**

Audit pointed out that other receivables stood at Rs.43.815 million on June 30, 1999 as compared to Rs.41.794 million as on June 30, 1998.

The Ministry informed that the para has been settled in the DAC meeting held on 23rd July, 2011.

### **PAC DIRECTIVE**

The Committee settled the above para .

## **HEAVY ELECTRICAL COMPLEX (PVT) LIMITED**

### 15. **PARA - 262 PAGE NO 192 ARPSE 1998-99**

Audit pointed out that Trade receivables increased to Rs.65.414 million at the close of the year 1998-99 from Rs.49.697 million at the close of year 1997-98 reflecting increase of 31.63.

#### **PAC DIRECTIVE**

The Committee settled the para subject to write off the amount by BOD and subsequent verification of the record by Audit.

### 16. **PARA - 265 PAGE NO 195 ARPSE 1998-99**

Audit pointed out that the value of tools amounting to Rs.6.683 million as on June 30, 1999 has been arrived at after making provision for obsolete and slow moving items worth Rs.6.797 million.

Ministry informed that the above said items have been used in-house.

#### **PAC DIRECTIVE**

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

## **HEAVY MECHANICAL COMPLEX (Pvt) LIMITED**

### 17. i. **PARA - 267 PAGE NO 195 ARPSE 1998-99** **INCREASE IN TRADE DEBTORS BY 96.99%**

### ii. **PARA - 268 PAGE NO 195 ARPSE 1998-99** **DOUBTFUL RECEIVABLE AMOUNTING TO RS. 23.410 MILLION**

#### **PAC DIRECTIVE**

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

### 18. **PARAS SETTLED**

The D.G Audit presented 137 paras with DAC Recommendation to settle the paras pertaining to the following Departments/Organizations

1. Export Processing Zone Authority
2. Pakistan Institute of Management
3. Federal Chemical and Ceramics Corporation
4. Rave Rayon Limited
5. Pakistan Automobile Corporation Ltd.

6. Republic Motors (Pvt.) Ltd.
7. Sindh Engineering Ltd.
8. PIDC
9. PIDC Printing Press
10. Larkana Sugar Mills
11. Shadadkt Textile Mills
12. Specialized Refractory Project, Abbottabad
13. Dir Forest Industries Complex
14. Bela Engineers Ltd
15. Harnai Woolen Mills
16. PIDC Medical Centre Karachi
17. PIDC Talpur Textils Mills
18. Pakistan Steel Mills
19. PS Fabricating Company
20. Nokkundi Iron Ore Project
21. SCCP
22. Associate Cement Rohri
23. Javdan Cement Limited
24. Industrial & Cement Engineers
25. Mustehkam Cement Limited
26. Thatta Cement Company
27. National Cement Industries Ltd
28. PIDC Specialized Refractory
29. Pakistan Saudi Fertilizer Ltd
30. Utility Stores Corporation of Pakistan (Pvt) Limited
31. National Fertilizer Corporation of Pakistan (Pvt) Limited
32. N.F.C. Institute of Engineering and Technological Training (Pvt) Limited     Multan
33. Hazara Phosphate Fertilizers (Pvt) Limited
34. Lyallpur Chemical and Fertilizer Limited Jaranwala
35. N.F.C. Institute of Engineering and Fertilizer Research (Pvt) Limited  
Faisalabad
36. National Fertilizer Marketing Limited
37. Pak American Fertilizers Limited
38. Pak Arab Fertilizers (Pvt) Ltd
39. Ghee Corporation of Pakistan
40. Sargroh Vegetable Ghee and General Mills
41. A & B Industrial Gases Limited
42. Morafco Industries Limited
43. Universal Oil And Vegetable Ghee Mills Limited
44. Kohinoor Oil Mills Limited
45. Expert Advisory Cell
46. State Engineering Corporation (Pvt) Limited
47. Heavy Electrical Complex (Pvt) Limited
48. Heavy Mechanical Complex (Pvt) Limited
49. Spinning Machinery Company (Pvt) Limited

### **PAC DIRECTIVE**

The Committee directed the Auditor General and the Ministry to re-examine the paras settled again in the DAC. The Committee will discuss the subject paras again in its next meeting.

## **ACTIONABLE POINTS**

Actionable points arising from the discussion of meeting of the Committee of the Public Accounts Committee held on 2<sup>nd</sup> September, 2015 pertaining to M/o Industries & Production, in the Parliament House, Islamabad for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99.

### **APPROPRIATION ACCOUNTS (CIVIL) VOL-1- 1998-99 AUDIT PARAS OF M/O INDUSTRIES & PRODUCTION (DEFUNCT DEPARTMENT OF SUPPLIES)**

19. i) **PARA NO. 2.3 PAGE NO. 13 AUDIT REPORT 1998-99.  
LOSS DUE TO IGNORANCE OF LOWEST OFFER –RS.0.192 MILLION**
- ii) **PARA NO. 2.4 PAGE NO. 13 AUDIT REPORT 1998-99  
LOSS DUE TO NON-DEDUCTION OF DEPARTMENTAL  
CHARGES –RS. 0.526**
- iii) **PARA NO. 2.11 PAGE NO. 16 AUDIT REPORT 1998-99  
UN-ECONOMICAL PURCHASE OF MEDICINE – RS. 1.397 MILLION**
- iv) **PARA NO. 2.17 PAGE NO. 19 AUDIT REPORT 1998-99  
LOSS ON ACCOUNT OF INTEREST DUE TO DELAY IN RECOVERY  
OF SECURITY DEPOSIT –RS. 0.042 MILLION.**

#### **PAC DIRECTIVE**

The Committee settled the above four (04) paras on the recommendation of DAC.

### **GHEE CORPORATION OF PAKISTAN(GCP)**

20. **PARA NO. 180 PAGE NO. 142 ARPSE 1998-99  
GHEE CORPORATION OF PAKISTAN(GCP.**

Audit pointed out that the Accounts have not yet been approved by the Board of Directors, Needful may be got done now and resultant changes if any intimated to audit for further action/comments.

The PAO informed the audited accounts for the year ended 30-06-1998 have been got approved from the Board of directors and may be verified.

#### **PAC DIRECTIVE**

The Committee settled the above para on the recommendation of DAC.

## **HEAVY MECHANICAL COMPLEX (PVT). LIMITED**

### **21. PARA NO. 265 PAGE NO. 195 ARPSE 1998-99**

Audit pointed out that the value of tools amounting to Rs. 6.683 million as of June, 30,1999 had been arrived at after making provision for obsolete and slow moving items worth Rs. 6.797 million. Need to dispose off obsolete tools is stressed upon.

The PAO informed the Physical verification of obsolete and slow moving items was made by the consultants. Individual items were identified and their future use was determined in consultation with technical people. The slow moving/obsolete inventory has been separately stacked and properly tagged for disposal/possible use of certain items within the Company.

#### **PAC DIRECTIVE**

The Committee settled the above para on the recommendation of DAC.

### **22. PARA NO. 267 PAGE NO. 195 ARPSE 1998-99**

Audit pointed out that trade debtors of the company increased from Rs. 113.328 million as on June, 30, 1998 to Rs. 222,909 million as on June, 30.1999 registering an increase of 96.699%. The amount has been arrived at after making provision for doubtful debts of Rs. 27.563 million. Strenuous efforts need be made to recover the trade debts so as to save the company from losses on account of bad debts.

The PAO informed the Management explained that all recoverable amounts have been recovered except 1.631 million.

#### **PAC DIRECTIVE**

The Committee settled the above para on the recommendation of DAC.

### **23. PARA NO. 268 PAGE NO. 195 ARPSE 1998-99**

Audit pointed out that the Advance, deposits, prepayments, and other receivable at the close of the year 1998-99 amounting to Rs. 185.603 million have been arrived at after making provision for doubtful receivable amounting to Rs. 23.410 million. Efforts are required to be made to recover these receivables early.

The PAO informed that the only amount of Rs. 13.597 million is outstanding relating to 1998-99. Out of this, major amount of Rs. 8.895 million is receivable from Custom Deptt. And amount of Rs.2.762 million relates to court cases. Efforts are being made to recover the outstanding amounts.

#### **PAC DIRECTIVE**

The Committee settled the above para on the recommendation of DAC

**AUDIT PARAS OF M/O INDUSTRIES & PRODUCTIONS**

**(DEFUNCT DEPARTMENT OF SUPPLIES)**

24. i) **PARA NO. 1.1 PAGE NO. 11 AR 1998-99.**  
**LOSS DUE TO TEMPERING OF GOVERNMENT RECORDS AND UN-**  
**AUTHORIZED REFUND OF SALE PROCEEDS OF DEPCAR TO THE**  
**AUCTIONEER RS.0.088 MILLION.**
- ii) **PARA NO. 2.1 PAGE NO. 12 AR 1998-99.**  
**LOSS DUE TO PURCHASE OF "JUTE BAGS" AT HIGHER RATE**  
**RS.17.670 MILLION.**
- iii) **PARA NO. 2.2 PAGE NO. 12 AR 1998-99.**  
**LOSS DUE TO PURCHASE OF SUB-STANDARD SHIRTS AT HIGHER**  
**RATE RS.1.281 MILLION.**
- iv) **PARA NO. 2.5 PAGE NO. 14 AR 1998-99.**  
**LOSS DUE TO NON-DEPOSIT OF ADVANCE TAX AUCTIONEER**  
**RS.0.084 MILLION.**
- v) **PARA NO. 2.6 PAGE NO. 14 AR 1998-99.**  
**LOSS DUE TO FAILURE BY AUCTIONEER TO DEPOST INCOME TAX**  
**RS.0.086 MILLION.**
- vi) **PARA NO. 2.7 PAGE NO. 14 AR 1998-99.**  
**LOSS DUE TO NON-DISPOSAL OF VEHICLE RS.0.315 MILLION.**
- vii) **PARA NO. 2.8 PAGE NO. 15 AR 1998-99.**  
**IRREGULAR PAYMENT OF FREIGHT CHARGES WITHOUT INVITING**  
**COMPETITIVE BIDS-U\$\$0.301 MILLION.**
- viii) **PARA NO. 2.9 PAGE NO. 15 AR 1998-99.**  
**IRREGULAR PURCHASE OF SUB-STANDARD SHALWAR KAMEEZ**  
**RS.10.767 MILLION.**
- ix) **PARA NO. 2.10 PAGE NO. 16 AR 1998-99.**  
**LOSS DUE TO SUPPLY OF INFERIOR / SUBSTANDARD**  
**LUBRICANTS OILS RS.3.311 MILLION.**
- x) **PARA NO. 2.12 PAGE NO. 16 AR 1998-99.**  
**LOSS DUE TO DEFECTIVE INSPECTION OF STORES**  
**RS.0.408 MILLION.**

- xi) PARA NO. 2.13 PAGE NO. 17 AR 1998-99.  
LOSS DUE TO REJECTION OF 1ST LOWEST OFFER WITHOUT LABORATORY TEST RS.0.048 MILLION.
- xii) PARA NO. 2.14 PAGE NO. 17 AR 1998-99.  
NON-UTILIZATION OF GOVERNEMENT MONEY IN VIOLATION OF RUES RS.12.880 MILLION.
- xiii) PARA NO. 2.15 PAGE NO. 18 AR 1998-99.  
LOSS DUE TO AWARD OF CONTRACTS AT HIGHER RATES RS.7.085 MILLION.
- xiv) PARA NO. 2.16 PAGE NO. 18 AR 1998-99.  
UN-JUSTIFIED PLACEMENT OF CONTRACT RS.0.720 MILLION.
- xv) PARA NO. 4.1.1 PAGE NO. 17 AR 1998-99.  
QUOTATIONS WERE NOT CALLED FOR THROUGH OPEN TENDERS
- xvi) PARA NO. 4.1.2 PAGE NO. 18 AR 1998-99.  
PURCHASES WERE MADE ON ISNGLE QUOTATION BASIS
- xvii) PARA NO. 4.1.3 PAGE NO. 19 AR 1998-99.  
SECURITY DEPOSITS OF Rs. 5.644 MILLION WERE NOT OBTAINED FROM CONTRACTORS.
- xviii) PARA NO. 4.1.4 PAGE NO. 21 AR 1998-99.  
LOWEST BIDDERS WERE IGNORED WITHOUT RECORDING REASONS.
- xi x) PARA NO. 4.1.5 PAGE NO. 22 AR 1998-99.  
DIRECT PURCHASE WERE MADE WITHOUT OBTAINING CLEARANCE OF WAYS AND MEANS FROM FINANCE.
- xx) PARA NO. 4.1.6 PAGE NO. 23 AR 1998-99.  
EARNEST MONEY WAS NOT OBTAINED IN PURCHASES.
- xxi) PARA NO. 4.1.7 PAGE NO. 24 AR 1998-99.  
GOVERNMENT DEPARTMENTS MADE DIRECT PURCHASES VALUING RS. 6.145 MILLION WITHOUT HAVING BUDGET PROVISION
- xxii) PARA NO. 4.1.8 PAGE NO. 25 AR 1998-99.  
PURCHASES OF VEHICLES VALUING RS. 6.510 MILLION WERE MADE ON PROPRIETARY BASIS, BUT PROPRIETARY CERTIFICATES FROM CABINET DIVISION WERE NOT OBTAINED.

- xxiii) PARA NO. 4.1.9 PAGE NO. 25 AR 1998-99.  
ADVANCE PAYMENT OF RS. 2.282 MILLION MADE TO THE SUPPLIERS BEFORE DELIVERY OF STORES.
- xxiv) PARA NO. 4.1.10 PAGE NO. 25 AR 1998-99.  
INDENTORS DID NOT APPLY FRO N.O.C. BUT SUPPLIES DEPARTMENT ITSELF ISSUED PERMISSION.
- xxv) PARA NO. 4.1.11 PAGE NO. 26 AR 1998-99.  
FOREIGN PURCHASES MADE BYTHE INDENTORS BY OPENING LETTER OF CREDIT.
- xxvi) PARA NO. 4.1.12 PAGE NO. 26 AR 1998-99.  
CONTRACT FOR VEHICLES AMOUNTING TO RS. 12.600 MILLION WAS PLACED BEFORE PUBLISHING AND OPENING OF TENDEER.
- xxvii) PARA NO. 4.1.13 PAGE NO. 26 AR 1998-99.  
PURCHASE/CONTRACT FILES NOT AVAILABLE IN D.G. SUPPLIES FOR AUDIT.
- xxviii) PARA NO. 4.1.14 PAGE NO. 27 AR 1998-99.  
INSPECTION OF STORES NOT DONE BY CONTROLLER OF INSPECTION OF DEPARTMENT OF SUPPLIES.
- xxix) PARA NO. 4.1.15 PAGE NO. 27 AR 1998-99.  
CASES WHERE STORES WERE RECEIVED BEYOND DELIVERY PERIOD, BUT LIQUIDATED DAMAGES WERE NOT RECOVERED / DEDUCTED FROM SUPPLIERS.
- xxx) PARA NO. 4.1.17 PAGE NO. 31 AR 1998-99.  
PURCHASE OF VACCINE FOR RS. 1,179,250.00 BY AIRPORT HEALTH OFFICER, KARACHI AIRPORT.PARA NO. 257 PAGE NO. 190 ARPSE 1998-99.
- xxxii) PARA NO. 171 ARPSE 1998-99.
- xxxiii) PARA NO.173 ARPSE 1998-99
- xxxiv) PARA NO. 174 ARPSE 1998-99
- xxxv) PARA NO.176 ARPSE 1998-99
- xxxvi) PARA NO.177 ARPSE 1998-99
- xxxvii) PARA NO. 178 ARPSE 1998-99.
- xxxviii) PARA NO. 183 ARPSE 1998-99.
- xxxix) PARA NO. 184 ARPSE 1998-99.
- xl) PARA NO. 185 ARPSE 1998-99.
- xli) PARA NO. 186 ARPSE 1998-99.
- xlii) PARA NO. 187 ARPSE 1998-99.

- xlii) PARA NO. 189 ARPSE 1998-99.
- xliii) PARA NO. 190 ARPSE 1998-99.
- xliv) PARA NO. 191 ARPSE 1998-99.
- xlv) PARA NO. 192 ARPSE 1998-99.
- xlvi) PARA NO. 193 ARPSE 1998-99.
- xlvii) PARA NO. 194 ARPSE 1998-99.
- xlviii) PARA NO. 195 ARPSE 1998-99.
- xlix) PARA NO. 196 ARPSE 1998-99.
- l) PARA NO. 197 ARPSE 1998-99.
- li) PARA NO. 198 ARPSE 1998-99.
- lii) PARA NO. 199 ARPSE 1998-99.
- liii) PARA NO. 203 ARPSE 1998-99.
- liv) PARA NO. 204 ARPSE 1998-99.
- lv) PARA NO. 205 ARPSE 1998-99.
- lvi) PARA NO. 207 ARPSE 1998-99.
- lvii) PARA NO. 208 ARPSE 1998-99.
- lviii) PARA NO. 209 ARPSE 1998-99.
- lix) PARA NO. 210 ARPSE 1998-99.
- lx) PARA NO. 211 ARPSE 1998-99.
- lxi) PARA NO. 212 ARPSE 1998-99.
- lxii) PARA NO. 213 ARPSE 1998-99.
- lxiii) PARA NO. 214 ARPSE 1998-99.
- lxiv) PARA NO. 215 ARPSE 1998-99.
- lxv) PARA NO. 216 ARPSE 1998-99.
- lxvi) PARA NO. 217 ARPSE 1998-99.
- lxvii) PARA NO. 218 ARPSE 1998-99.
- lxviii) PARA NO. 219 ARPSE 1998-99.
- lxix) PARA NO. 220 ARPSE 1998-99.
- lxx) PARA NO. 221 ARPSE 1998-99.
- lxxi) PARA NO. 222 ARPSE 1998-99.
- lxxii) PARA NO. 223 ARPSE 1998-99.
- lxxiii) PARA NO. 224 ARPSE 1998-99.
- lxxiv) PARA NO. 226 ARPSE 1998-99.
- lxxv) PARA NO. 227 ARPSE 1998-99.
- lxxvi) PARA NO. 228 ARPSE 1998-99.
- lxxvii) PARA NO. 229 ARPSE 1998-99.
- lxxviii) PARA NO. 230 ARPSE 1998-99.
- lxxix) PARA NO. 231 ARPSE 1998-99.
- lxxx) PARA NO. 232 ARPSE 1998-99.
- lxxxi) PARA NO. 233 ARPSE 1998-99.
- lxxxii) PARA NO. 234 ARPSE 1998-99.
- lxxxiii) PARA NO. 235 ARPSE 1998-99.
- lxxxiv) PARA NO. 236 ARPSE 1998-99.
- lxxxv) PARA NO. 237 ARPSE 1998-99.
- lxxxvi) PARA NO. 259 ARPSE 1998-99.
- lxxxvii) PARA NO. 260 ARPSE 1998-99.

- lxxxviii) PARA NO. 261 ARPSE 1998-99.
- lxxxix) PARA NO. 263 ARPSE 1998-99.
- xc) PARA NO. 264 ARPSE 1998-99.
- xci) PARA NO. 266 ARPSE 1998-99.
- xcii) PARA NO. 269 ARPSE 1998-99.
- xciii) PARA NO. 270 ARPSE 1998-99.
- xciv) PARA NO. 271 ARPSE 1998-99.
- xcv) PARA NO. 272 ARPSE 1998-99.
- xcvi) PARA NO. 273 ARPSE 1998-99.
- xcvii) PARA NO. 274 ARPSE 1998-99.
- xcviii) PARA NO. 275 ARPSE 1998-99.
- xcix) PARA NO. 276 ARPSE 1998-99.
- c) PARA NO. 277 ARPSE 1998-99.
- ci) PARA NO. 278 ARPSE 1998-99.

### **PAC DIRECTIVE**

The Committee referred the above one hundred three (103) paras for pursuance at DAC level with direction to PAO to report to the Committee within 3 weeks.

### **UTILITY STORES CORPORATION OF PAKISTAN (PVT) LIMITED (USC)**

#### **(COURT CASE)**

25. **PARA NO. 172 PAGE NO. 138 ARPSE 1998-99.**

Audit pointed out a sum of Rs. 6.394 million has been shown as payable to M/s United Fisheries (Pvt) Ltd. Karachi on account of rental charges for the period April, 1996 to January 1998 in respect of two cold storages hired by the Corporation without any agreement. The reasons for hiring storages without any formal agreement need to be explained.

The PAO informed the formal rent agreement with M/s United Fisheries could not be finally executed due to dis-agreement on rental rate. The party was insisting for rent at Rs. 2.70 per kg per month whereas USC has been trying to reduce the rental rate to Rs.1.70 per kg per month. Payment of Rs. 6.394 million was withheld by USC. The party has filed a suit for recovery in High Court Karachi and the case is in trial stage.

### **PAC DIRECTIVE**

The Committee directed the PAO to peruse the case in court of Law vigorously and submit report to the Committee in three weeks.

## COURT CASE

### GHEE CORPORATION OF PAKISTAN (GCP)

26. i) PARA NO. 179- PAGE-142-  
ii) PARA 181- PAGE 143 ARPSE 1998-99.  
NON RECOVERY OF LONG OUTSTNDIGN DUES FROM THE  
PRIVATIZED GHEE UNITS AMOUNTIGN TO RS. 918.885 MILLION.

Audit pointed out that twelve ghee units of Ghee Corporation of Pakistan (GCP) were privatized /sold out to various parties, but Rs. 818.885 million outstanding against these units could not be recovered.

#### PAC DIRECTIVE

The Committee clubbed the above two paras with the direction to invite the Privatization Commission in next meeting and directed the PAO to conduct inquiry to fix responsibility and peruse the case in court vigorously.

### MORAFCO INDUSTRIES LTD.

27. PARA NO. 188 PAGE 149 ARPSE 1998-99.

Audit pointed out that the stores, spares and loose tools stood at Rs.3.031 million, including packing material for Rs. 1.362 million, which is deteriorating with the passage of time. Early disposal of these stores is stressed upon the management.

#### PAC DIRECTIVE

The Committee pended the para and desired to invite the Privatization Commission in next meeting.

### NATIONAL FERTILIZER MARKETING LIMITED (NFML).

28. PARA NO. 225 PAGE 173 ARPSE 1998-99.  
EXCESS PAYMENT OF FREIGHT – RS. 2.001 MILLION

Audit pointed out that the National Fertilizer Marketing Limited transported fertilizer, through carriage contractors, from Pak Arab fertilizer Limited Multan to its storage points at Haripur and Risalpur during the year 1996-97. Instead of carrying the fertilizers through shortest possible motorable route longer route was adopted causing extra freight for 65 Kilometers in respect of Risalpur and 59 Kilometers for Haripur. The distances were finally corrected by the management at the time of award of fresh carriage contract w.e.f. 1.11.1997. As a result of incorrect distance the company paid excess freight of Rs.2.001 million during the years 1996-97 and 1997-98.

#### PAC DIRECTIVE

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

### **HEAVY ELECTRICAL COMPLEX (PVT) (HEC)**

29. **PARA NO. 262 PAGE 192 ARPSE 1998-99.**

Audit pointed out that the Trade receivables increased to Rs. 65.414 million at the close of the year 1998-99 from Rs. 49.697 million at the close of year 1997-98 reflecting increase of 31.63%. Efforts are required to be made to deep the trade receivables to minimum possible limit.

### **PAC DIRECTIVE**

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

### **PAKISTAN AUTOMOBILE CORPORATION LTD (NAB CASE).**

30. i) **PARA NO. 136 PAGE 116 ARPSE –VOL-X (S) 1998-99.**

Audit pointed out that an amount of Rs. 333.3 million is recoverable from Trans Mobile Ltd. And associated company, which has already been closed in 1998 against which a case has been filed in the Court of Law. The amount is doubtful of recovery and therefore audit would suggest to make a provision for the same in the accounts.

ii) **PARA NO. 137 PAGE 117 ARPSE –VOL-X (S) 1998-99.**

Audit pointed out that the Company has changed its accounting policy in the year under review with regard to charging of interest on loans from the subsidiaries and associated companies. The change has caused a decrease of Rs. 9.863 million in the net profit of the company for the year under review. While the change in policy needs to be justified.

iv) **PARA NO. 138 PAGE 117 ARPSE –VOL-X (S) 1998-99.**

Audit pointed out that the provision of Rs. 48.18 million for permanent diminution in the value of investments in associated companies has been made in the accounts under review. As such, long-term investments have been written off to the extent of the provision. Audit is of the opinion that before making such an adjustment, the management should have (i) held proper inquiry to determine responsibility for such imprudent investment; (ii) fix responsibility for the same and (iii) sought specific approval for writing off the amount.

### **PAC DIRECTIVE**

The Committee clubbed the three (03) para directed the NAB to inform about the latest status of NAB case in the next meeting.

**REPUBLIC MOTOR (PVT) LIMITED.**

31. **PARA NO. 141 PAGE 118 ARPSE –VOL-X (S) 1998-99.**

Audit pointed out the external Auditors have pointed out in their report that due to transfer of liability of Rs. 94.000 million by PACO in 1992, the capital has converted into negative equity of Rs. 30.982 million. The aforesaid events have created doubt with regard to treatment of the company viable.

The PAO informed due to transfer of liability of Rs.94.00 million the net worth of the company was converted into negative at Rs. 60.869 million as on 30th June, 1992. The net worth of the Company as on 30th June, 2005 was turned into positive t Rs.45.358 million.

**PAC DIRECTIVE**

The Committee pended the para and directed to invite the Privatization Commission in next meeting to inform the latest position of the case.

**ACTIONABLE POINTS**

Actionable points arising from the discussion of meeting of the Public Accounts Committee held on 17<sup>th</sup> November, 2015 pertaining to M/o Industries & Production, in the Parliament House, Islamabad for examination of Appropriation Accounts/Audit Reports/ Special Audit Reports for the years 1998-99.

**AUDIT REPO0RT PUBLIC SECTOR ENTERPRISES 1998-99 M/O INDUSTRY OF PRODUCTION**

**UTILITY STORES CORPORATION OF PAKISTAN (PVT) LIMITED**

32. **PARA NO 172 PAGE #138 (ARPSE 1998-99) (NAB CASE)**

**PAC DIRECTIVE**

The Committee pended the above para till the decision of the NAB.

## COURT CASES

### GHEE CORPORATION OF PAKISTAN

33. (i) PARA NO 179 & 181 PAGE #143 (ARPSE 1998-99)  
NON RECOVERY OF LONG OUTSTANDING DUES FROM THE  
PRIVATIZED GHEE UNITS AMOUNTING TO RS. 918.885 MILLION
- HEAVY MECHANICAL COMPLEX (PVT) LIMITED
- (ii) PARA NO 267 PAGE NO 195 (ARPSE 1998-99)  
(iii) PARA NO 268 PAGE NO 195 (ARPSE 1998-99)

### PAC DIRECTIVE

The Committee directed the PAO to pursue the above cases in the Court of Law vigorously.

### NATIONAL FERTILIZER CORPORATION OF PAKISTAN (PVT) LIMITED

34. PARA NO 203 (ARPSE 1998-99)

Audit pointed out that the corporation is a holding company and manages the affairs of Fertilizers producing companies including research in fertilizers and imparting training facilities to the personnel to be employed in fertilizers factories. Its main source of income consists of receipt of dividend and managing agency commission from its subsidiary companies and earning profit from the financial institutions by keeping surplus funds with them. The corporation earned profit of Rs.833.259 million in 1994-95 Rs.1239.308 million in 1995-96, Rs.908.104 million in 1996-97 Rs.1592.806 million in 1997-98 and Rs.2047.012 million in 1998-99.

The PAO informed that NFC has no significant role/activities as its producing units have since been privatized.

### PAC DIRECTIVE

The Committee settled the above para .

### A & B INDUSTRIAL GASES LIMITED

35. i. PARA NO 185, PAGE 143( ARPSE 1998-99)
- ii. PARA NO. 186 PAGE 143( ARPSE 1998-99)  
MORAFCO INDUSTRIES LIMITED

- iii. PARA NO 187, PAGE 143 (ARPSE 1998-99)
- iv. PARA NO 188, PAGE 149 (ARPSE 1998-99)  
UNIVERSAL OIL AND VEGETABLE GHEE MILLS LIMITED
- v. PARA NO 189 (ARPSE 1998-99)
- vi. PARA NO 190 (ARPSE 1998-99)
- vii. PARA NO 191 (ARPSE 1998-99)

NATIONAL FERTILIZER MARKETING LIMITED

- viii. PARA NO 223 (ARPSE 1998-99)
- ix. PARA NO 226 (ARPSE 1998-99)  
WASTEFUL EXPENDITURE OF RS.0.432 MILLION ON THE  
AFFORESTATION PROJECT.

HEAVY MECHANICAL COMPLEX (PVT) LIMITED

- x. PARA NO. 261 (ARPSE 1998-99)
- xi. PARA NO. 263 (ARPSE 1998-99)
- xii. PARA NO. 262 PAGE NO 192 (ARPSE 1998-99)

SPINNING MACHINERY COMPANY (PVT) LIMITED

- xiii. PARA NO 277 (ARPSE 1998-99)  
SUSPECTED LOSS OF RS. 3.214 MILLION DUE TO NON-  
ACCEPTANCE OF MANUFACTURED SPARE PARTS
- xiv. PARA NO 278 (ARPSE 1998-99)  
LOSS OF RS. 1.178 MILLION DUE TO PURCHASE OF HAND PUMPS  
OF SAME SPECIFICATION AT HIGHER RATES.

PAC DIRECTIVE

The Committee referred the above fourteen (14) paras for pursuance at DAC level.

UTILITY STORES CORPORATION OF PAKISTAN (PVT) LIMITED

- 36. i. PARA NO 171 ARPSE 1998-99
- ii. PARA NO 173 ARPSE 1998-99
- iii. PARA No 174 ARPSE 1998-99
- iv. PARA NO 176 ARPSE 1998-99
- v. PARA No 177 ARPSE 1998-99

**GHEE CORPORATION OF PAKISTAN**

- vi. **PARA NO 178 ARPSE 1998-99**
- vii. **PARA NO 180, PAGE 142 ARPSE 1998-99**

**SARGROH VEGETABLE GHEE AND GENERAL MILLS**

- viii. **PARA NO 182, PAGE 143 ARPSE 1998-99**
- ix. **PARA NO. 183, PAGE NO. 143 ARPSE 1998-99**
- x. **PARA NO 184, PAGE 143 ARPSE 1998-99**

**KOHINOOR OIL MILLS LIMITED**

- xi. **PARA NO 192 ARPSE 1998-99**
- xii. **PARA No 193 ARPSE 1998-99**
- xiii. **PARA No 194 ARPSE 1998-99**
- xiv. **PARA NO 195 ARPSE 1998-99**
- xv. **PARA No 196 ARPSE 1998-99**

**EXPERT ADVISORY CELL**

- xvi. **PARA NO 197 ARPSE 1998-99**
- xvii. **PARA NO 198 ARPSE 1998-99**
- xviii. **PARA NO 199 ARPSE 1998-99**  
**NATIONAL FERTILIZER CORPORATION OF PAKISTAN (PVT)**  
**LIMITED**
- xix. **PARA NO 204 ARPSE 1998-99**
- xx. **PARA NO 205 ARPSE 1998-99**

**N.F.C. INSTITUTE OF ENGINEERING AND TECHNOLOGICAL  
TRAINING (PVT) LIMITED MULTAN**

- xxi. **PARA NO 206 ARPSE 1998-99**
- xxii. **PARA NO 207 ARPSE 1998-99**
- xxiii. **PARA NO 208 ARPSE 1998-99**

**HAZARA PHOSPHATE FERTILIZERS (PVT) LIMITED**

- xxiv. **PARA NO 209 ARPSE 1998-99**
- xxv. **PARA NO 210 ARPSE 1998-99**
- xxvi. **PARA NO 211 ARPSE 1998-99**

**LYALLPUR CHEMICAL AND FERTILIZER LIMITED JARANWALA**

- xxvii. **PARA NO 212 ARPSE 1998-99**
- xxviii. **PARA NO 213 ARPSE 1998-99**
- xxix. **PARA NO 214 ARPSE 1998-99**
- xxx. **PARA NO 215 ARPSE 1998-99**
- xxxi. **PARA NO 216 ARPSE 1998-99**
- xxxii. **PARA NO 217 ARPSE 1998-99**

**N.F.C. INSTITUTE OF ENGINEERING AND FERTILIZER RESEARCH  
(PVT) LIMITED FAISALABAD**

- xxxiii. **PARA NO 218 ARPSE 1998-99**
- xxxiv. **PARA NO 219 ARPSE 1998-99**
- xxxv. **PARA NO 220 ARPSE 1998-99**

**NATIONAL FERTILIZER MARKETING LIMITED**

- xxxvi. **PARA NO 221 ARPSE 1998-99**
- xxxvii. **PARA NO 222 ARPSE 1998-99**
- xxxviii. **PARA NO 224 ARPSE 1998-99**

**OVERPAYMENT OF FREIGHT RS.2.252 MILLION ON THE SALE OF  
FERTILIZER TO NFML DEALERS UNDER OWN CARRIER SCHEME.**

- xxxix. **PARA NO 225, PAGE NO 173 ARPSE 1998-99**  
**EXCESS PAYMENT OF FREIGHT RS.2.001 MILLION DUE TO**  
**INCORRECT DISTANCE FROM FACTORY TO STORAGE POINTS.**
- xl. **PARA NO 227 ARPSE 1998-99**  
**WASTEFUL EXPENDITURE OF RS.1.011 MILLION DUE TO HIRING OF**  
**STORAGE CAPACITY IN EXCESS OF REQUIREMENT.**

**PAK AMERICAN FERTILIZERS LIMITED**

- xli. **PARA NO 228 ARPSE 1998-99**
- xlii. **PARA NO 229 ARPSE 1998-99**
- xliii. **PARA NO 230 ARPSE 1998-99**
- xliv. **PARA NO 231 ARPSE 1998-99**
- xlv. **PARA NO 232 ARPSE 1998-99**

### **PAK ARAB FERTILIZERS (PVT) LTD**

- xlvi. **PARA NO 233 ARPSE 1998-99**
- xlvii. **PARA NO 234 ARPSE 1998-99**
- xlviii. **PARA NO 235 ARPSE 1998-99**
- xlix. **PARA NO 236 ARPSE 1998-99**

- I. **PARA NO 237 ARPSE 1998-99**  
**EXPECTED LOSS OF RS. 0.659 MILLION DUE TO SHORT RECEIPT**  
**AND RECEIPT OF DEFECTIVE SPARE PARTS.**

### **STATE ENGINEERING CORPORATION (PVT) LIMITED**

- li. **PARA NO 259 ARPSE 1998-99**
- lii. **PARA NO 260 ARPSE 1998-99**

### **HEAVY MECHANICAL COMPLEX (PVT) LIMITED**

- liii. **PARA NO 264 ARPSE 1998-99**
- liv. **PARA NO 265 PAGE NO 195 ARPSE 1998-99**
- lv. **PARA NO 266 ARPSE 1998-99**

### **PAKISTAN ENGINEERING COMPANY LIMITED**

- lvi. **PARA NO 269 PAGE NO 195 ARPSE 1998-99**
- lvii. **PARA NO 270 PAGE NO 197 ARPSE 1998-99**

### **SPINNING MACHINERY COMPANY (PVT) LIMITED**

- lviii. **PARA NO 271 ARPSE 1998-99**
- lix. **PARA NO 272 ARPSE 1998-99**
- lx. **PARA NO 273 ARPSE 1998-99**
- lxi. **PARA NO 274 ARPSE 1998-99**
- lxii. **PARA NO 275 ARPSE 1998-99**
- lxiii. **PARA NO 276 ARPSE 1998-99**

### **PAC DIRECTIVE**

The Committee settled the above sixty three (63) paras on the recommendation of DAC.

**AUDIT REPORT PUBLIC SECTOR ENTERPRISES VOLUME-X(S)(N) FOR THE YEAR 1998-99**

**MINISTRY OF INDUSTRIES & PRODUCTION**

**NAB CASES**

**PAKISTAN AUTOMOBILE CORPORATION LIMITED**

37. (i). **PARA NO. 136 PAGE 116, APRSE-1998-99-VOL-X (S)**  
**PAKISTAN MOTOR CAR COMPANY (PVT) LIMITED**  
(ii). **PARA NO. 137 PAGE-117, APRSE-1998-99-VOL-X (S)**  
(iii). **PARA NO. 138 PAGE-117, APRSE-1998-99-VOL-X (S)**

**PAC DIRECTIVE**

The Committee pended the above three (03) paras till the decision of the NAB.

**REPUBLIC MOTOR (PVT) LIMITED**

38. **PARA NO. 141 PAGE-118, APRSE-1998-99-VOL-X (S)**

The Audit pointed out that due to transfer of liability of Rs. 94.000 million by PACO in 1992, the capital has converted into negative equity of Rs. 30.982 million. The aforesaid events have created doubt with regard to treatment of the company as a going concern. Conscious efforts are required to make the company viable.

The PAO informed the Committee that company's property at Karachi has already been privatized and the property at Lahore is in process of Privatization Commission. We are pursuing the case with Privatization Commission for its early disposal of assets.

**PAC DIRECTIVE**

The Committee directed the PAO to pursue the case with Privatization Commission and outcome be communicated to Audit and PAC.

**PAKISTAN MACHINE TOOL FACTORY**

39. **PARA NO. 161 PAGE-130, APRSE-1998-99-VOL-X (S)**

The Audit pointed out that the financial and operational results of the factory for the year 1998-99 was compared to previous year 1997-98. The Factory earned a net profit (before tax) Rs. 48.422 million during the year 1998-99 as against 4.893

million during the previous year 1997-98 due to sharp increase in sales. The increasing trend of sales is encouraging which should be maintained.

**PAC DIRECTIVE**

The Committee settled the above para on the recommendation of DAC.

**FEDERAL CHEMICAL AND CERAMICS CORPORATION (PVT) LIMITED**

40. i. **PARA NO. 130 PAGE-113 APRSE-1998-99-VOL-X (S)**  
ii. **PARA NO. 131 PAGE-114 APRSE-1998-99-VOL-X (S)**  
iii. **PARA NO. 132 PAGE-114 APRSE-1998-99-VOL-X (S)**

**PAC DIRECTIVE**

The Committee referred the above three (03) paras for pursuance at DAC level.

**AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOLUME-X-S) FOR THE YEAR 1998-99**

**M/O INDUSTRIES, PRODUCTION AND SPECIAL INTIATIVES**

41. i. **PARA NO. 6 (XXII) PAGE-09 APRSE-1998-99-VOL-X (S)**  
ii. **PARA (XXV) PAGE-09 APRSE-1998-99-VOL-X (S)**

**PAKISTAN INSTITUTE OF MANAGEMENT**

- iii. **PARA NO. 126 PAGE-111 APRSE-1998-99-VOL-X (S)**  
iv. **PARA NO. 127 PAGE-111 APRSE-1998-99-VOL-X (S)**  
v. **PARA NO. 128 PAGE-112 APRSE-1998-99-VOL-X (S)**  
vi. **PARA NO. 129 PAGE-112 APRSE-1998-99-VOL-X (S)**

**RAVE RAYON LIMITED**

- vii. **PARA NO. 200 PAGE-156 APRSE-1998-99-VOL-X (N)**  
viii. **PARA NO. 201 PAGE-157 APRSE-1998-99-VOL-X (N)**  
vix. **PAK.PWD PARA NO. 202 PAGE-156 APRSE-1998-99-VOL-X (N)**

**PAKISTAN AUTOMOBILE CORPORATION LIMITED**

- x. **PARA NO. 134 PAGE-116 APRSE-1998-99-VOL-X (S)**  
xi. **PARA NO. 135 PAGE-116 APRSE-1998-99-VOL-X (S)**

**PAKISTAN MOTOR CAR COMPANY (PVT) LIMITED**

- xii **PAK.PWD PARA NO. 139 PAGE-117 APRSE-1998-99-VOL-X (s)**  
xiii **PARA NO. 140 PAGE-118 APRSE-1998-99-VOL-X (s)**

**SIND ENGINEERING (PVT) LIMITED**

- xiv **PAK.PWD PARA NO. 142 PAGE-119 APRSE-1998-99-VOL-X (s)**  
xv. **PARA NO. 143 PAGE-119 APRSE-1998-99-VOL-X (s)**

**PAKISTAN INDUSTRIAL DEVELOPMENT CORPORATION**

- xvi. **PARA NO. 144 PAGE-120 APRSE-1998-99-VOL-X (s)**

**PIDC PRINTING PRESS (PVT) LIMITED**

- xvii. **PARA NO. 6 (XXVII) PAGE-09 APRSE-1998-99-VOL-X (s)**  
xviii. **PARA NO. 6 (XXVIII)**  
xix. **PARA NO. 6 (XXIX)**

**SPECIALIZED REFACTORY PROJECT, ABBOTTABAD**

- xx. **PARA NO. 238 PAGE-181 APRSE-1998-99-VOL-X (N)**  
xxi. **PARA NO. 239 PAGE-182 APRSE-1998-99-VOL-X (N)**  
xxii. **PARA NO. 240 PAGE-182 APRSE-1998-99-VOL-X (N)**  
xxiii. **PARA NO. 241 PAGE-182 APRSE-1998-99-VOL-X (N)**  
xxiv. **PARA NO. 242 PAGE-182 APRSE-1998-99-VOL-X (N)**

**DIR FOREST INDUSTRIES COMPLEX (PVT) LIMITED**

- xxv. **PARA NO. 243 PAGE-183 APRSE-1998-99-VOL-X (N)**  
xxvi. **PARA NO. 244 PAGE-184 APRSE-1998-99-VOL-X (N)**  
xxvii. **PARA NO. 245 PAGE-184 APRSE-1998-99-VOL-X (N)**  
xxviii. **PARA NO. 246 PAGE-184 APRSE-1998-99-VOL-X (N)**

**BELA ENGINEERING LIMITED**

- xxix. **PARA NO. 145 PAGE-121 APRSE-1998-99-VOL-X (s)**

**HARNAI WOOLEN MILLS LIMITED**

- xxx. **PARA NO. 146 PAGE-122 APRSE-1998-99-VOL-X (s)**  
xxx. **PARA NO. 147 PAGE-122 APRSE-1998-99-VOL-X (s)**

**PIDC MEDICAL CENTER KARACHI**

- xxxii. **PARA NO. 148 PAGE-123 APRSE-1998-99-VOL-X (s)**
- xxxiii. **PARA NO. 149 PAGE-123 APRSE-1998-99-VOL-X (s)**
- xxxiv. **PARA NO. 150 PAGE-124 APRSE-1998-99-VOL-X (s)**
- xxxv. **PARA NO. 151 PAGE-124 APRSE-1998-99-VOL-X (s)**

**PAKISTAN STEEL MILLS CORPORATION LIMITED**

- xxxvi **PARA NO. 6 (XXX) PAGE-09 APRSE-1998-99-VOL-X (s)**
- xxxvii **PARA NO. 6 (XXXI)**
- xxxviii **PARA NO. 6 (XXXII)**

**STATE CEMENT CORPORATION OF PAKISTAN (PVT) LIMITED**

- xxxix. **PARA NO. 247 PAGE-185 APRSE-1998-99-VOL-X (N)**
- xl. **PARA NO. 248 PAGE-186 APRSE-1998-99-VOL-X (N)**
- xli. **PARA NO. 249 PAGE-186 APRSE-1998-99-VOL-X (N)**
- xl. **PARA NO. 250 PAGE-186 APRSE-1998-99-VOL-X (N)**
- xl. **PARA NO. 251 PAGE-186 APRSE-1998-99-VOL-X (N)**
- xl. **PARA NO. 252 PAGE-186 APRSE-1998-99-VOL-X (N)**

**ASSOCIATED CEMENT ROHRI**

- xl. **PARA NO. 152 PAGE-125 APRSE-1998-99-VOL-X (s)**
- xlvi. **PARA NO. 153 PAGE-125 APRSE-1998-99-VOL-X (s)**
- xl. **PARA NO. 154 PAGE-126 APRSE-1998-99-VOL-X (s)**
- xl. **PARA NO. 155 PAGE-126 APRSE-1998-99-VOL-X (s)**

**JAVEDAN CEMENT LIMITED**

- xl. **PARA NO. 156 PAGE-127 APRSE-1998-99-VOL-X (s)**
- l. **PARA NO. 157 PAGE-128 APRSE-1998-99-VOL-X (s)**
- li. **PARA NO. 158 PAGE-128 APRSE-1998-99-VOL-X (s)**

**INDUSTRIAL AND CEMENT ENGINEERS (PVT) LIMITED**

- lii. **PARA NO. 253 PAGE-187 APRSE-1998-99-VOL-X (N)**

**MUSTEHKAM CEMENT LIMITED**

- lii. **PARA NO. 254 PAGE-188 APRSE-1998-99-VOL-X (N)**
- liv. **PARA NO. 255 PAGE-189 APRSE-1998-99-VOL-X (N)**
- lv. **PARA NO. 256 PAGE-188 APRSE-1998-99-VOL-X (N)**

**THATTA CEMENT COMPANY LIMITED**

- lvi. **PARA NO. 159 PAGE-129 APRSE-1998-99-VOL-X (S)**
- lvii. **PARA NO. 160 PAGE-129 APRSE-1998-99-VOL-X (S)**

**PAKISTAN MACHINE TOOL FACTORY**

- lviii. **PARA NO. 162 PAGE-130 APRSE-1998-99-VOL-X (S)**

**ENAR PETROTECH SERVICES**

- lix. **PARA NO. 163 PAGE-131 APRSE-1998-99-VOL-X (S)**

**NATIONAL CEMENT INDUSTRIES (PVT) LIMITED**

- lx. **PARA NO. 6(XXXIII) PAGE-09 APRSE-1998-99-VOL-X (S)**

**PAC DIRECTIVE**

The Committee settled the above sixty (60) paras on the recommendation of DAC.

## **MINISTRY OF INFORMATION BROADCASTING AND NATIONAL HERITAGE**

### **OVERVIEW**

Annual Audit Report for the year 1998-99 pertaining to Ministry of Information Broadcasting and National Heritage was examined by Public Accounts Committee (PAC) Committee on 18<sup>th</sup> July 2011, 31<sup>st</sup> December 2013, 15<sup>th</sup> January 2014 and 18<sup>th</sup> May 2015.

- 99 Paras and 3 Grants were presented by the Audit Department which were examined by the Committee. Out of which 89 Paras and 2 Grants were settled whereas appropriate directions were accordingly issued for the remaining Paras and Grant.
- In few Paras the PAO was directed to hold inquires, fix responsibility and initiate disciplinary actions.
- The Committee referred 1 Paras to NAB.

### **ACTIONABLE POINT**

Audit Report for the year 1998-99, pertaining to the M/o Information & Broadcasting were taken up for examination by Special Committee of the PAC in the meeting held on July 18<sup>th</sup>, 2011, in Committee Room No.2 Parliament House, Islamabad. Decisions taken are summarized below:

### **AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF FOREIGN AFFAIRS AND PAKISTAN MISSIONS ABROAD**

#### **AUDIT REPORT FOR THE YEAR 1998-99**

#### **1. PARA-1.1 (PAGE 35-AR 1998-99) OVERPAYMENT OF PERSONAL EFFECTS RS. 0.144 MILLION**

Audit pointed out that as per para 10.43 of book titled "Financial Management at Mission Abroad Vol-II", Government servant on their transfer from/to Pakistan to/from Missions abroad and on inter-Mission transfer will, at their option, be paid transportation grant equal to 70% of crating and transportation charges of their unaccompanied personal effects according to their existing entitlement without rendering adjustment thereof". In following cases the 70% transportation charges were paid in excess of the ceiling. The Mission have accepted the audit findings.

The PAO informed the Committee that the official has already deposited an amount of US\$ 1,327.40 in the Missions official accounts (US\$1.205 on account of 70% transportation charges and US \$ 122.40 of account of transit DA). Moreover, his TA/DA adjustment bill has already been settled by the office of the CAO, Ministry of Foreign Affairs.

#### **PAC DIRECTIVE**

The Committee directed the PAO to proceed according to the directives of the PAC of 2006 and follow the rules in dealing with the case. The Para was settled subject to verification by Audit.

2. **PARA-2.1 (PAGE 36-AR 1998-99)**  
**INADMISSIBLE DENTAL TREATMENT RS. 0.156 MILLION**

Audit pointed out that (a) it is observed that Mission had been paying dental treatment charges to various officers. This payment was made for inadmissible item of dental treatment. Hence, an amount of US# 2305 was paid on this account stands recoverable. (b) reimbursement of C# 1090.81 was made to Press Attache (Mr. Khalil Sarwar) for inadmissible dental treatment. Recovery is to be effect.

The PAO informed the Committee that a) the compliance will be carried out after the formal decision by the PAC. b) the proof of recovery from the salary of Mr. Khalid Sarwar.

**PAC DIRECTIVE**

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

3. **PARA-2.2 (PAGE 36-AR 1998-99)**  
**EXCESS PAYMENT OF TA/DA RS. 0.022 MILLION**

Audit pointed out that an amount of C\$643.64 stood recoverable from Press Attache on account unauthorized payment of TA/DA. Recovery be effected from him. Mission's response is awaited.

The PAO informed the Committee that Mr. Khalid Sarwar, Press Attache was directed to deposit C\$ 643.64 in the Govt. treasury and was informed that in case he fails to do so the payment will be deducted from his salary. He had submitted a petition to the Secretary to waive off the outstanding dues. The office of the CAO was requested to provide their comments/views, whether the amount can be waived off under the rules vide this Ministry's letter dated 3-12-2004. The office of the CAO has now informed the recovery will be made from the officer concerned. The recovery will be made accordingly.

**PAC DIRECTIVE**

The Committee settled the Para subject to verification of recovery by Audit.

## **ACTIONABLE POINTS**

Actionable points arising from discussion of the meeting of Public Accounts Committee held on 31<sup>st</sup> December, 2013 and 15<sup>th</sup> January 2014, for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the year 1998-99 of Ministry of Information Broadcasting & National Heritage are as below:-

### **AUDIT REPORT FOR THE YEAR 1998-99 (FY 1997-98)**

4. **PARA 1.4, PAGE 7-8-AR-1998-99**  
**IRREGULAR PAYMENT OF MEDICAL ALLOWANCE-Rs.0.110 MILLION**

Audit informed that the Urdu Dictionary Board, Karachi incurred an expenditure of Rs. 109,792 on Medical Allowance on higher rates without obtaining necessary approval of Ministry of Finance as required under Finance Division O.M No.F.1(38) IMP-11/88 dated 11.07.1988. The Matter was reported to the department from time to time since 1997.

The PAO explained that the case was being taken up with the Finance Division for regularization of expenditure incurred by the Board during the year 1998-99.

### **PAC DIRECTIVE**

The Committee settled the Para with the direction to avoid this practice in future.

5. i) **PARA 1.5, PAGE 8-9- AR-1998-99- Vol-10**  
**UNJUSTIFIED PAYMENT ON PAY AND ALLOWANCES AFTER**  
**EXPIRY OF CONTRACT PERIOD –RS 0.098 MILION**
- ii). **PARA 3.5, PAGE 14- AR-1998-99- Vol-10**  
**INVESTMENT WITHOUT OBTAINING APPROVAL OF THE FINANCE**  
**DIVISION -RS 1.000 MILION**
- iii) **PARA 3.6, PAGE 15- AR-1998-99- Vol-10**  
**UTILIZATION OF LAPSED AMOUNT IN THE SUBSEQUENT YEARS –**  
**RS 2.927 MILION**

### **PAC DIRECTIVE**

The PAC settled the above mentioned 03 Paras.

## **SPECIAL AUDIT REPORT ON PAKISTAN TELEVISION CORPORATION**

6.
  - i. **PARA 1.1, PAGE 5- PER-1999  
PROFITABILITY**
  - ii. **PARA 1.1.1, PAGE 5- PER-1999  
TERMINAL BENEFITS**
  - iii. **PARA 1.1.2, PAGE 6- PER-1999  
EXCESS PAYMENT OF Rs.2.360 MILION TOWARDS CONTRIBUTORY  
PROVIDENT FUND CONTRIBUTION**
  - iv. **PARA 1.1.3,PAGE 7- PER-1999  
DOUBLE BENEFIT OF CPF/GRATUITY**
  - v. **PARA 1.2, PAGE 8- PER-1999  
STAFF ACCOMDATION**
  - vi. **PARA 1.3(a),PAGE 8- PER-1999  
BONUS/HONRARIUM**
  - vii. **PARA 1.3(b),PAGE 8- PER-1999  
OVERTIME**
  - viii. **PARA 1.3(c),PAGE 8- PER-1999  
LIBERAL MEDICAL ATTENDANT**
  - ix. **PARA 1.3(d),PAGE 9- PER-1999  
LICENSE FEE**
  - x. **PARA 1.3(e),PAGE 9- PER-1999  
ADVERTISEMENT-INCREASE COMMERCIAL TIME FOR SELL BY  
PTVC**
  - xi. **PARA 1.4(a),PAGE 9- PER-1999  
ADVANCE INCOME TAX**
  - xii. **PARA 1.4(b), PAGE 9- PER-1999  
RECIEVABLES AGGREGATING Rs.206.6 MILLION**
  - xiii. **PARA 2.1.1, PAGE 10- PER-1999  
PTV DUES OF Rs.14.491 MILLION AWAITING RECOVERY**
  - xiv. **PARA 2.1.2,PAGE 10- PER-1999  
NON REALIZATION OF PTV DUES AMOUNTING TO Rs. 3.75 MILLION  
DISPUTED BY M/s COMBINE**

- xv. PARA 2.1.4, PAGE 13- PER-1999  
LIQUIDATED DAMAGES AMOUNTING TO Rs.0.963 MILLION
- xvi. PARA 2.1.5, PAGE 14- PER-1999  
UNJUSTIFIED PURCHASE OF TV/VCR SETS AMOUNTING TO  
Rs.0.839 MILLION
- xvii. PARA 2.1.6,PAGE 14- PER-1999  
SHORT RECEIPT OF CAMERA TUBES VALUING Rs.0.433 MILLION
- xviii. PARA 2.1.7, PAGE 15- PER-1999  
UN-ADJUSTED ADVANCE OF Rs. 0.200 MILLION
- xix. PARA-2.1.8,PAGE-15- PER-1999  
IRRECOVERABLE LOAN/ADVANCE AGGREGATING Rs.64,501
- xx. PARA 2.1.9, PAGE 16- PER-1999  
UN-VOUCHED HOTEL CHARGES AMOUNTING TO Rs.46,644
- xxi. PARA 2.1.10, PAGE 17- PER-1999  
HOTEL CHARGES OF Rs.28,485 PAID IN EXCESS
- xxii. PARA 2.2.1, PAGE 18- PER-1999  
IRREGULAR EXPENDITURE OF RS 2.172 MILLION ON DEPLOYMENT  
OF CONTRACT/DAILY WAGERS
- xxiii. PARA 2.2.2,PAGE 18- PER-1999  
IRREGULAR PAYMENT OF CASH AWARD AMOUNTING TO Rs. 0.267  
MILLION
- xxiv. PARA 2.2.3, PAGE 19- PER-1999  
IRREGULAR PURCHASE OF CAPITAL GOODS WORH Rs.0.177  
MILLION
- xxv. PARA 2.3.1, PAGE 20- PER-1999  
SHORTAGE OF ITEMS OF FURNITURE & FIXTURE VALUING TO  
Rs.0.297 MILLION
- xxvi. PARA 2.3.2, PAGE 20- PER-1999  
LOSS OF Rs.0.114 MILLION

#### **PAC DIRECTIVE**

The Committee settled the above mentioned twenty six (26) Paras except with Para No,xiii subject to recovery within 3 months and submit its detailed report to the Committee.

7. **PARA 1.1.4, PAGE 7- PER-1999**  
**IRREGULAR CONTRIBUTION TOWARDS EOB Rs.200.588 MILLION**

The PTVC management irregularly made contributions to the tune of Rs.67.892 million towards Employees Old Age Benefits Fund during the period from 1987-88 to 1997-98, in addition to the contributory provident fund and staff gratuity schemes. Capital value of contributions made by PTVC to EOBI during the said period amounting to Rs.200.588 million. In case the contributions made from the very inception of PTVC were reviewed, their capitalized value would have outweighed the accumulated losses of Rs. 408.30 million as on June 30,1998.

The Audit told that PAC may direct the management to intimate compliance regarding its directives.

The PAO informed that Ministry of Finance has already been requested for further action on the said Para and the Ministry will hopefully give its opinion within 3 days.

**PAC DIRECTIVE**

The Committee directed the PAO to seek opinion from the Ministry of Law, Justice and Human Rights and submit report within one week.

8. **PARA 2.1.3, PAGE 11- PER-1999**  
**OVERPAYMENT TO EXECUTIVES/OFFICERS AMOUNTING TO Rs.2.978 MILLION**

**PAC DIRECTIVE**

The Committee directed the management in its meeting held on 15<sup>th</sup> January, 2014, to obtain the legal opinion from the Law Ministry and inform the Committee in the next meeting.

**SPECIAL AUDIT REPORT ON PAKISTAN BROADCASTING CORPORATION (PBC)**

9. i. **PARA-1.2,PAGE-5 PER-1999**  
**LOSS OF US\$ 42564.85 DUE TO MIS-MANAGEMENT**
- ii. **PARA 1.3, PAGE 6- PER-1999**  
**WASTAGE OF PUBLIC FUNDS TO THE TUNE OF Rs.425,000**

- iii. PARA 2, PAGE 7- PER-1999  
LOSS DUE TO FREQUENT THEFT CASES Rs.1.086 MILLION
- iv. PARA 3,PAGE 7- PER-1999  
FAKE PAYMENT OF TA,DA AND HOTEL CHARGES ABROAD  
Rs.322,000
- v. PARA 4, PAGE 8- PER-1999  
LOSS OF Rs.73,000 DUE TO NON-DEDUCTION OF 5% RECOVERY  
OF RENT
- vi. PARA 5.1, PAGE 8- PER-1999  
PURCHASE OF FURNITURE AND FIXTURE Rs.1.089 MILLION
- vii. PARA 5.2, PAGE 9- PER-1999  
PURCHASE OF CAPITAL ITEMS VALUING Rs. 55,000
- viii. PARA 6, PAGE 9- PER-1999  
LOSS OF Rs.30,000 DUE TO NON-REALIZATION OF LIQUIDATED  
DAMAGES
- ix. PARA 7, PAGE 10- PER-1999  
LOSS OF Rs.6.158 MILLION DUE TO AWARD OF ESCALATION TO  
THE CONTRACTOR
- x. PARA 9.1, PAGE 11- PER-1999  
UNDUE FINANCIAL BURDEN OF Rs.258,000 ON THE FINANCES OF  
PBC MANAGEMENT
- xi. PARA 9.2, PAGE 12- PER-1999  
AVOIDABLE EXPENDITURE OF Rs. 392,544 INCURRED ON HIRING  
OF PRIVATE TAXI FOR FETCH & DROP FACILITY TO SHIFT STAFF
- xii. PARA 10.1, PAGE 12- PER-1999  
UN ADJUSTED ADVANCES AGGREGATING TO Rs.9.048 MILLION
- xiii. PARA 10.2, PAGE 13- PER-1999  
ABNORMAL DELAY IN COMPLETION OF DEVELOPMENT PROJECTS  
INVOLVING Rs. 300.4729 MILLION
- xiv. PARA 10.3, PAGE 13- PER-1999  
UN-NECESSARY INVENTORY BUILD-UP VALUING Rs37.346 MILLION
- xv. PARA 11, PAGE 14- PER-1999  
UN-ADJUSTED ADVANCES AMOUNTING TO Rs.193,000

- xvi. **PARA 12, PAGE 14- PER-1999**  
**IRREGULAR EXPENDITURE OF Rs.1.824 MILLION INCURED ON**  
**HIRING OF PRIVATE TRANSPORT**
- xvii. **PARA 13, PAGE 15- PER-1999**  
**LIBERALIZED RE-IMBURSMENT OF MEDICAL CHARGES Rs.848,000**
- xviii. **PARA 14, PAGE 15- PER-1999**  
**NON-DISPOSAL OF UN-SERVICEABLE STORES WORTH Rs.275,869**
- xix. **PARA 15, PAGE 16- PER-1999**  
**UN AUTHORISED EXPENDITURES OF Rs.10,338 INCURRED ON**  
**HIRING OF PRIVATE TAXI**
- xx. **PARA 16, PAGE 16- PER-1999**  
**IRREGULAR EXPENDITURE INCURRED WITHOUT BUDGET**  
**ALLOTMENT Rs.3.545 MILLION**
- xxi. **PARA 1.2(B), PAGE 18- PER-1999**
- xxii. **PARA 1.3(B), PAGE 18 - PER-1999**  
**CONTINGENT LIABILITIES**
- xxiii. **PARA 1.4(B), PAGE 19- PER-1999**  
**LIQUIDITY**
- xxiv. **PARA 2(B), PAGE 19- PER-1999**  
**SOURCE OF INCOME**

#### **PAC DIRECTIVE**

The Committee settled the above mentioned Paras.

10. **PARA 1.1, PAGE-5- PER-1999**  
**LOSS TO THE TUNE OF US\$ 30,000**

The audit pointed out that the Tournament Director of 1999 World cup, London, asked PBC as to how much financial offer would they like to make for getting broadcast rights of the cricket world cup. This particular letter remained unattended with the PBC management for 42 days. This delay gave the tournament director an excuse to negotiate for broadcast rights fee with NVs Sports International. Lahore and ultimately sold the Broadcast rights, to the said firm. In turn PBC negotiated with M/s Sports International to re-sell the Broadcast rights to PBC. Resultantly PBC bought the Broadcast rights by paying an extra amount of US\$30,000 equal to Rs.1.545 million.

The PAO informed the Committee that an inquiry was conducted to probe into the matter and as a result of findings of inquiry, ex-head of training overseas Liaisons Mr. Rahid Ali was charge sheeted and plenty of "Censure" was imposed to him. In addition the service of the Marketing Consultant Mr. Hassan Jalil (Management Grade III) was terminated.

**PAC DIRECTIVE**

The Committee directed the PAO to refer the Para to the NAB for investigation and submit its report to the PAC Wing within 2 months.

11. **PARA 8, PAGE 10- PER-1999**  
**LOSS OF Rs.355,000 DUE TO NON-REALIZATION OF PBC DUES.**

The audit informed that a sum of Rs. 355,000 was due from a firm to PBC on account of coverage charges of Sahara Cup Cricket Tournament 1998-99. The Payment had not so far been arranged by the firm despite repeated requests of PBC.

The PAO informed the Committee that matter was sub-Judice in the Court of Law and the next date of hearing is fixed for 9-1-2014.

**PAC DIRECTIVE**

The Committee directed the department to pursue the case in Court of Law and inform the updates to the PAC Wing/Audit.

12. **PARA 1.1(B), PAGE 17-PER-1999**  
**EQUITY COMPOSITION**

The Audit informed that Equity composition has not been fixed with the approval of the Controller of Capital Issues. Since take over from Radio Pakistan in 1972, government has paid cash development loan aggregating to Rs.1151.207 million to meet the expenditure. According to the terms and conditions laid down in the sanctions issued by government for payment of loans the same would be recoverable in 20 years along with a grace period of 5 years for recovery of principal amount. The interest would be chargeable at the prevailing rate for the respective year. PBC did not repay the loan on plea that the funds provided were grant in aid and no development loans. The matter is under consideration with the government for which a decision is still awaited. Government equity is net of accumulated losses of Rs.349.463 million as on 30.06.1998. The Audit informed that said amount is a loan and recoverable.

**PAC DIRECTIVE**

The Committee directed the PAO that the issue may be taken up with Ministry of Finance for its reconciliation, whenever the department is able to pay then the amount shall be recovered from department.

**PERFORMANCE EVALUATION REPORT ON ASSOCIATED PRESS OF PAKISTAN (APP)**

13. i. **PARA 3.1, PAGE 11 PER-153  
SUMMARIZED BALACE SHEETS**
- ii. **PARA 3.1.1, PAGE 11 PER-153  
CHANGE OVER OF COMMUNICATION SYSTEM**
- iii. **PARA 3.1.2, PAGE 12 PER-153  
PHOTO TRANSMISSION SYSTEM**
- iv. **PARA 3.1.3, PAGE 12 PER-153  
MONITERING SYSTEM**
- v. **PARA 3.1.4, PAGE 12 PER-153  
UTILIZATION OF EMPLOYEE'S FUNDS**
- vi. **PARA 3.1.5, PAGE 13 PER-153  
SUBSCRIPTION RECOVERABLES**
- vii. **PARA 3.2, PAGE 14 PER-153  
SUMMARIZED INCOME EXPENDITURE ACCOUNT**
- viii. **PARA 3.2.1, PAGE 14 PER-153  
COST OF ESTABLISHMENT**
- ix. **PARA 3.2.2, PAGE 15 PER-153  
CONTRIBUTION TO PF**
- x. **PARA 4.1, PAGE 16 PER-153  
CONSTRUCTION OF APP HEADQUARTERS BUILDING**
- xi. **PARA 4.2, PAGE 16 PER-153  
MODERIZATION**
- xii. **PARA 4.2.1, PAGE 16 PER-153  
EXPANSION PROGRAMME**
- xiii. **PARA 4.2.2, PAGE 17 PER-153  
OBJECTIVES AND ACHIEVMENTS**
- xiv. **PARA 4.3, PAGE 17 PER-153  
PHOTO SERVICE**

- xv. **PARA 4.4, PAGE 17 PER-153**  
**VISUAL SATELLITE COMMUNICATION SYSTEM**
- xvi. **PARA 4.4.2, PAGE 17 PER-153**
- xvii. **PARA 4.4.3, PAGE 18 PER-153**
- xviii. **PARA 4.5, PAGE 18 PER-153**  
**MONITORING**
- xix. **PARA 4.5.1, PAGE 18 PER-153**  
**MONITORING UNIT OF OFFICE BUILDING**
- xx. **PARA 4.5.2, PAGE 19 PER-153**  
**INSTALLATION OF SATELLITE SYSTEM AT REST HOUSE**
- xxi. **PARA 4.6, PAGE 20 PER-153**  
**RECOMMENDATION**
- xxii. **PARA 5.1, PAGE 21 PER 153**  
**APP NETWORK**
- xxiii. **PARA 5.2, PAGE 21 PER-153**  
**APP CONTRIBUTION TOWARDS COLLECTION OF INFORMATION**
- xxiv. **PARA 5.3, PAGE 22 PER-153**  
**NEWS ITEMS RELEASED AND PUBLISHED**
- xxv. **PARA 5.3.1, PAGE 23 PER-153**  
**URDU NEWS SERVICE**
- xxvi. **PARA 5.3.2, PAGE 24 PER-153**  
**COMMERCIAL SERVICE**
- xxvii. **PARA 5.3.3, PAGE 24 PER-153**  
**SUPPORTS SERVICE**
- xxviii. **PARA 5.4, PAGE 24 PER-153**  
**RECOMMENDATIONS**
- xxix. **PARA 6.1, PAGE 25 PER-153**  
**ORGANIZATION**
- xxx. **PARA 6.2, PAGE 25 PER-153**  
**SERVICE RULES**

- xxxi. **PARA 6.3, PAGE 25 PER-153  
PERSONAL STRENGTHH**
- xxxii. **PARA 6.4, PAGE 26 PER-153  
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- xxxiii. **PARA 6.5, PAGE 26 PER-153  
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- xxxiv. **PARA 6.6, PAGE 26 PER-153  
EMPLOYEE'S FUND**
- xxxv. **PARA 6.7, PAGE 26 PER-153  
MIS**
- xxxvi. **PARA 7.1, PAGE 28 PER-153  
FUTURE PLANS**
- xxxvii. **PARA 7.2, PAGE 28 PER-153  
PROSPECTS**

#### **PAC DIRECTIVE**

The Committee settled the above mentioned Paras.

#### **ACTIONABLE POINTS**

Actionable points arising from discussion of the meeting of Public Accounts Committee held on 15<sup>th</sup> January, 2014, regarding Appropriation Accounts for the year 1998-99, Information, Broadcasting and National Heritage (Ministry of Culture, Sports, Tourism and Youth Affairs) are as below:-

#### **APPROPRIATION ACCOUNTS (CIVIL VOL-I) 1998-99**

- 14. i) **GRANT/DEMAND NO. 19 (Page 111-114)  
SAVING OF Rs. 4,393,522**
- ii) **GRANT/DEMAND NO. 20 OTHER EXPENDITURES (PAGE 116)  
SAVINGS OF Rs. 6,697,628**

#### **PAC DIRECTIVE**

The Committee settled the above mentioned 02 grants.

15. **GRANT/DEMAND NO. 118 DEVELOPMENT EXPENDITURE (PAGE 117)**  
**SAVINGS OF RS. 40,668,623**

AGPR pointed out that a grant was closed with a saving of Rs.40,668,623 which works out to 18.26% of the total grant. An amount of Rs.39,792,000 (17.86%) was surrendered leaving net saving of Rs.876,623 (0.39%).

The PAO informed the Committee on the expenditure on renovation of Lahore Fort, Jehangir Tomb and Shalimar Garden, Lahore. He told that the information about Youth Development Center Quetta is not available with him however, he will present the report soon.

**PAC DIRECTIVE**

The Committee directed the Ministry to put up a complete break-up on the huge surrender and furnish a comprehensive report on the issue of Youth Development Centre Quetta and stationary items in the next meeting of the Committee.

16. **FM-101 RADIO STATION MARKETING AGREEMENT**

In the PAC meeting on 1st January 2014, the Committee took notice of the reported financial mismanagement on FM-101 Radio Station's marketing including an agreement concluded by PBC administration against the rules and regulations of the PBC.

The Committee directed the Principal Accounting Officer (PAO) to submit a report on the subject matter within two weeks for further perusal.

The PAO submitted the subject report in PAC meeting on 15.01.2014.

**PAC DIRECTIVE**

The Committee concluded that report is not satisfactory and directed Auditor-General to examine the report and submit its finding within 15 days to the PAC.

17. **HAJJ COVERAGE-2013**

Ms. Samina Pervaiz, Director General, Pakistan Broadcasting Corporation (PBC) in 15th January, 2014 meeting tendered apology before Committee for going to Hajj without approval of competent authority and informed of depositing total expenditure incurred on Hajj. The reference was PAC letter to Ministry of Information and Broadcasting on how many officials from all affiliated organization of the Ministry proceeded on Hajj coverage duty from 2011-2013.

**PAC DIRECTIVE**

The Committee accepted the apology from Ms. Samina Pervaiz, Director General, Pakistan Broadcasting Corporation (PBC). However, PAC conveyed its displeasure on unlawful act on her part, performing Hajj against prescribed rules.

## **ACTIONABLE POINTS**

Actionable points arising from discussion of the meeting of Committee of Public Accounts Committee, held on 18th May, 2015 for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99 of Ministry of Information Broadcasting & National Heritage as below:-

### **SPECIAL AUDIT REPORT 1998-99 DIRECTOR GENERAL COMMERCIAL AUDIT & EVALUATION, LAHORE**

#### **PAKISTAN TELEVISION CORPORATION**

18. **PARA 1.1.4, PAGE 07 – PER 1999-SAR 55**  
**IRREGULAR CONTRIBUTION TOWARDS EOBI RS 200.588 MILLION**

Audit pointed out that management of PTVC made contributions to the tune of Rs.67.892 million towards Employees Old Age Benefits Fund irregularly during the period from 1987-88 to 1997-98, in addition to the contributory provided fund and staff gratuity schemes. Capita value of contributions made by the PTVC to EOBI during the said period amount to Rs 200.588 million. In case the contributions made from the very inception of PTVC were reviewed, their capitalized value would have out weighed the accumulated loss of Rs. 408.30 million as in June 30, 1988.

PAO stated that the case was referred to Ministry of Law, Justice and Human Rights in the light of PAC Directive. The said Division declared that the payment made to EOBI is quite regular. However, no government employees entitled to draw double pension i.e one from EOBI and other from PTVC.

#### **PAC DIRECTIVE**

The Committee pended the Para with the direction to PAO to resolve the issue in the light of legal opinion required to be sought from Ministry of Law, Justice & Human Right within two (02) weeks under intimation to Audit and PAC.

19. **PARA 2.1.1, PAGE 10 – PER 1999-SAR 55**  
**PTV DUES OF RS. 14.491 MILLION RECOVERY**

Audit pointed out that the recovery of the outstanding debt was a weak area with PTVC management. As for example, PTVC provided technical services to foreign organizations. The recovery of Rs 32.55 million on account of such services was awaited.

PAO stated that the amount recovered have been verified by Audit. As regard the balance recovery of amount Rs 14.491 million, Rs 12.794 have been recovered and efforts are made to recover the remaining.

### **PAC DIRECTIVE**

The Committee settled the Para subject to verification of record of recovery by Audit within one (01) month under intimation to PAC.

20. **PARA 2.1.3, PAGE 11 – PER 1999-SAR 55**  
**OVER PAYMENT TO EXECUTIVES/ OFFICERS AMOUNTING TO RS 2.978**  
**MILLION**

### **PAC DIRECTIVE**

The Committee settled the Para on the recommendation of DAC.

### **PAKISTAN BROADCASTING CORPORATION**

21. **PARA 1.1, PAGE 5 – PER 1999-SAR 56**  
**LOSS TO THE TUNE OF US\$ 30,000**

Audit pointed out that on November 12, 1998 Tournament, 1999 world cup, London, especially asked PBC as to how much financial offer would they like to make for getting broadcast right of the world cup cricket. This particular letter remained un-attended with the PBC management for 42 days. This delay gave the Tournament Director an excuse to negotiate for broadcast right free with NVs Sports International. Lahore and ultimately sold to broadcast rights, to the said firm. In turn PBC negotiated with M/s Sports International to re-sell the broadcast right to PBC. Resultantly PBC bought the broadcast rights by paying an extra amount of US\$ 30,000 equal to Pak Rs 1.545 million.

PAO stated that the said case was referred to NAB for recovery. Where the NAB representative briefed the Committee that the proceeding against the accused has already been initiated and the status of the case will be updated in next month.

### **PAC DIRECTIVE**

The Committee pended the Para till the completion of NAB proceedings against the accused and till recovery under intimation to Audit and PAC within one (01) month.

22. **PARA 8, PAGE 10 – PER 1999-SAR 56**  
**LOSS OF RS. 355,000 DUE TO NON-REALIZATION OF PBC DUES**

Audit pointed out that a sum of Rs 355,000 was due from a firm to PBC on account of coverage charges of Sahara Cup Cricket Tournament 1998-99. The Payment had not so far been arranged by the firm despite repeated requests of PBC.

PAO stated that the case is subjudice and department is pursuing it.

**PAC DIRECTIVE**

The Committee pended the Para due to its subjudice nature and directed the PAO to pursue the case and update Audit and PAC.

23. **PARA 1.1 (B), PAGE 17 – PER 1999-SAR 56**

**PAC DIRECTIVE**

The Committee settled the Para on the recommendation of Finance Division and also the endorsement of Audit.

**ASSOCIATED PRESS OF PAKISTAN CORPORATION**

24. **PARA 107, PAGE 90-ARPSE 98-99**  
**IRREGULAR EXPENDITURE OF RS. 8.85 MILLION THROUGH VSAT ACSYS**  
**SERVICES CONTRACT VALUING RS 82.60 MILLION**

Audit pointed out that associated press of Pakistan entered into a an agreement with M/s ACYS (Pvt) Limited on February1, 1996 for “VSAT ACSYS SERVICES”. Wherein the contractor was to install, commission, maintain certain equipment and to provide certain services for seven years at Rs 11,800,000/- per annum. As per secheduled-4 of the agreement the installation of equipment was required to be completed within 8 weeks of the receipt of Advance by the Contractor. The management paid Rs 59,00,000 on February 3,1996 and Rs 2,950,000 on August 5,1996 as Advance aggregating Rs 8,850,000. The contractor could not install the equipment even after lapse of a period of one year. Despite the fact that the agreement had financial implication of over Rs 82.60 million, the approval of Finance Division was not obtained.

PAO stated that the case is subjudice.

**PAC DIRECTIVE**

The Committee pended the Para with the direction to PAO to file an appeal in the court of law and pursue it vigorously under intimation to Audit and PAC within one (01) month.

**DIRECTORATE GENERAL AUDIT (FEDERAL GOVERNMENT), ISLAMABAD**

25. i. **PARA 1.1 – AR 1998-99**  
**OVER PAYMENT OF PERSONAL EFFECTS- RS 0.144 MILLION**
- ii. **PARA 2.1 – AR 1998-99**  
**IN-ADMISSIBLE DENTAL TREATMENT- RS 0.156 MILLION**
- iii. **PARA 2.2, PAGE 22- AR 1998-99**  
**PAYMENT OF TA/DA- RS 0.022 MILLION**

PAO stated that the amount involved in the Pars in question will be recovered otherwise, the letter of conduction /written off will be provided to Audit.

**PAC DIRECTIVE**

The Committee settled the above mentioned three (03) Paras subject to verification of record by Audit under intimation to PAC within one (01) month.

## **MINISTRY OF INTERIOR**

### **OVERVIEW**

Annual Audit Report for the year 1998-99 pertaining to Ministry of Interior was examined by Public Accounts Committee (PAC) on 27<sup>th</sup> April 2015.

- 11 Grants were presented by the Audit Department which were examined by the Committee and settled the same.

### **ACTIONABLE POINTS**

Actionable points arising from discussion of the meeting of Public Accounts Committee, held on 27<sup>th</sup> April, 2015 for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99 of Ministry of Interior as below:-

#### **APPROPRIATION ACCOUNTS CIVIL VOL-I 1998-99**

1. i. **GRANT NO. 69- INTERIOR DIVISION**  
**EXCESS OF RS. 1,142,584/-**
- ii. **GRANT NO. 70- ISLAMABAD**  
**EXCESS RS. 1,300,611**
- iii. **GRANT NO. 71- PASSPORT ORGANIZATION**  
**SAVING OF RS. 3,178,929/-**
- iv. **GRANT NO. 72- CIVIL ARMED FORCES**  
**EXCESS OF RS 10,434,722/-**
- v. **GRANT NO. 73- PAKISTAN COAST GUARDS**  
**SAVING OF RS. 5,504,010/-**
- vi. **GRANT NO. 74- PAKISTAN RANGERS**  
**SAVING OF RS 75,686,956/-**
- vii. **GRANT NO. 75- REGISTRATION ORGANIZATION**  
**SAVING OF RS 22,159,035/-**
- viii. **GRANT NO. 76- OTHER EXPENDITURE OF INTERIOR DIVISION**  
**EXCESS OF RS 12,517,410/-**
- ix. **GRANT NO. 80- FRONTIER CONSTABULARY**  
**SAVING OF RS 55,720,457/-**

x. **GRANT NO. 130- DEVELOPMENT EXPENDITURE OF INTERIOR DIVISION**

**SAVING OF RS 14,086,546/-**

xi. **GRANT NO. 144- CAPITAL OUTLAY ON NEW FEDERAL CAPITAL SAVING OF RS 681,999,943**

**PAC DIRECTIVE**

The Committee settled the above mentioned eleven (11) Grants on the recommendation of DAC with the direction to be careful in future and strengthen the internal financial system.

## **MINISTRY OF INTER-PROVINCIAL COORDINATION (IPC)**

### **OVERVIEW**

Annual Audit Report for the year 1998-99 pertaining to Ministry of Inter-Provincial Coordination was examined by Public Accounts Committee (PAC) on 8<sup>th</sup> July 2014.

- 9 Paras were presented by the Audit Department which were examined by the Committee. Out of which 6 Paras were settled whereas appropriate directions were accordingly issued for the remaining Paras.

### **ACTIONABLE POINTS**

Actionable points arising from discussion of the meeting of Committee of Public Accounts Committee, held on 8<sup>th</sup> July, 2014 for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99 of Ministry of Inter Provincial Coordination as below:-

#### **AUDIT REPORT FOR THE YEAR 1998-99**

1. i) **PARA 53, PAGE 33, ARPSE 1998-99  
NON-SUBMISSION OF ACCOUNTS**
- ii) **PARA 54, PAGE 33, ARPSE 1998-99  
EXPECTED LOSS OF RS. 25.000 MILLION DUE TO MISHANDLED  
LAND CASE.**

#### **PAC DIRECTIVE**

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

2. **PARA 55, PAGE 35, ARPSE 1998-99  
LOSS OF RS. 822,734 ON ACCOUNT OF NON RECOVERY OF LICENSE FEE  
FROM M/S HAMSAHAR RENT A CAR.**

#### **PAC DIRECTIVE**

The Committee settled the para subject to verification of recovered amount by Audit and the balance recovery within three month under intimation to PAC.

3. **PARA 56, PAGE 35, ARPSE 1998-99  
EXPECTED LOSS OF RS. 423,000 DUE TO NON RECOVERY FROM  
LICENSEE OF PTDC MOTEL AT KHUZDAR**

#### **PAC DIRECTIVE**

The Committee settled the para subject to effect the recovery under land revenue Act and verification by Audit under intimation to PAC.

4. i) **PARA 57, PAGE 35, ARPSE 1998-99  
RETENTION O FPTDC VEHICLE BY THE JOINT SECRETARY  
MINISTRY OF TOURISM AND IRREGULAR EXPENDITURE OF  
RS. 278.537 ON REPAIR AND MAINTENANCE OF VEHICLE.**
- ii) **PARA 58, PAGE 38, ARPSE 1998-99  
NON-SUBMISSION OF ACCOUNTS.**
- iii) **PTDC ASSOCIATED HOTELS OF PAKISTAN LIMITED.**
- iv) **PTDC MOTELS NORTH (PVT) LIMITED.**
- v) **PTDC MOTELS SOUTH (PVT) LIMITED.**
- vi) **PTDC PAKISTAN TOURS (PVT) LIMITED.**
- vii) **PARA 59, ARPSE 1998-99  
MALAM JABBA RESORT LIMITEED**
- viii) **PARA 60, ARPSE 1998-99  
MALAM JABBA RESORT LIMITEED**

**PAC DIRECTIVE**

The Committee settled the above mentioned eight (08) Paras on the recommendation of Audit.

5. **PARA 61, PAGE 39, ARPSE 1998-99  
MALAM JABBA RESORT LIMITEED**

**PAC DIRECTIVE**

The Committee settled the para subject to write off the amount by the Finance through legal provision under intimation to Audit and PAC.

## **MINISTRY OF INFORMATION TECHNOLOGY & TELECOMMUNICATIONS**

### **OVERVIEW**

Annual Audit Report for the year 1998-99 pertaining to Ministry of Information Technology & Telecommunications was examined by Public Accounts Committee (PAC) on 15<sup>th</sup> July 2015 and 17<sup>th</sup> November 2015.

- 29 Paras were presented by the Audit Department which were examined by the Committee. Out of which 23 Paras were settled whereas appropriate directions were accordingly issued for the remaining Paras.
- In few Paras the PAO was directed to hold inquires, fix responsibility and initiate disciplinary actions.

### **ACTIONABLE POINTS**

Actionable points arising from the discussion of meeting of the Public Accounts Committee held on 15<sup>th</sup> July, 2015 in the Parliament House, Islamabad for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99 of Ministry of Information Technology & Telecommunications.

### **NATIONAL TELECOMMUNICATION CORPORATION(NTC)**

1. (i) **PARA NO.1.9(I) PAGE 60  
COMMENTS ON ACCOUNTS**
- (ii) **PARA NO.1.9(II) PAGE 60  
COMMENTS ON ACCOUNTS**
- (iii) **PARA NO.1.9(III) PAGE 60  
COMMENTS ON ACCOUNTS**
- (iv) **PARA NO.1.9(IV) PAGE 60  
COMMENTS ON ACCOUNTS**
- (v) **PARA NO.1.9(V) PAGE 60  
COMMENTS ON ACCOUNTS**
- (vi) **PARA NO.1.9(VI) PAGE 60  
COMMENTS ON ACCOUNTS**
- (vii) **PARA NO.1.9(VII) PAGE 61  
COMMENTS ON ACCOUNTS**

- (viii) PARA NO.1.9(VIII) PAGE 61  
COMMENTS ON ACCOUNTS
- (ix) PARA NO.1.9(IX ) PAGE 61  
COMMENTS ON ACCOUNTS
- (x) PARA NO.1.9(X ) PAGE 61  
COMMENTS ON ACCOUNTS
- (xi) PARA NO.1.9(XI ) PAGE 61  
COMMENTS ON ACCOUNTS
- (xii) PARA NO.1.9(XII ) PAGE 61  
COMMENTS ON ACCOUNTS
- (xiii) PARA NO.1.9(XIII ) PAGE 61  
COMMENTS ON ACCOUNTS
- (xiv) PARA NO. 1.11 PAGE NO. 62-63  
HEAVY LOSS OF REVENUE SUSTAINED BY NTC DUE TO NON-  
RELAIZATION OF LINE RENT OF PAB EXCHANGE –  
RS. 19.598 MILLION.
- (xv) PARA NO. 1.13 PAGE NO. 63-64  
IRREGULAR EXPENDITURE ON THE PRUCHASE OF EXCHANGE  
EQUIPMENT RS. 5.649 MILLION.
- (xvi) PARA NO. 1.16 PAGE NO. 65  
NON-RECOVERY OF COST OF CONTRIBUTION WORKS  
RS. 0.509 MILLION.
- (xvii) PARA NO. 1.18 PAGE NO. 66  
IRREGULAR EXPENDITURE ON THE REPAIR OF VEHICLE  
RS. 0.111 MILLION.

#### PAC DIRECTIVE

The Committee settled the above mentioned seventeen (17) Paras on the recommendation of DAC.

## **NATIONAL TELECOMMUNICATION CORPORATION (NTC)**

2. **PARA NO. 1.10 PAGE NO. 62**  
**HEAVY OUTSTANDING DUES OF RENT OF LEASED LONG DISTANCE**  
**MICROWAVE CIRCUITS AGAINST PAKISTAN TELEVISION CORPORATION**  
**(PVT) RS. 22.96 MILLION.**

Audit pointed out that the NTC dues amounting to Rs. 24,955,395 on account of rent of leased microwave circuits were outstanding against Pakistan Television Corporation (PTV) at the close of financial year 1997-98. Thus depriving the corporation of the benefit of availing its cash resources and hence depicts poor financial management.

The PAO informed the PAC that outstanding amount of Rs. 24.955 million against Pakistan Television Corporation on account of rent of leased long distance Microwave Circuits has been recovered.

### **PAC DIRECTIVE**

The Committee settled the above mentioned para for early recovery of NTC dues and directed the PAO to contact/correspondence to FBR for Tax refund.

3. **PARA NO. 1.12 PAGE NO. 63**  
**HEAVY LOSS OF REVENUE ON ACCOUNT OF NON-RECOVERY OF**  
**ARREAR OF RENT OF LEASED MICROWAVE CIRCUITS RS. 4.69 MILLION.**

Audit pointed out that the Financial Audit of NTC for the year 1998-99, it was noticed that Baluchistan Govt. hired microwave circuits but no rent of these hired circuits for the period from 1.1.1996 to 30.06.1997 which works out to Rs.4,693,650 was paid despite lapse of a period of four years. This was a loss to NTC.

The Bills for recovery were raised against the client, but meanwhile the PTCL being the ex-owner of the circuits raised the bills and collected the amount. However, NTC would collect this amount from PTCL. The outstanding arrears of Rs. 4,693,650 an amount of Rs. 61,800 was collected by PTCL and remaining amount of Rs.4,075,563 was not admitted by the client (Baluchistan Government).

The PAO informed the PAC that inter-company claims with PTCL reconciliations including all un-reconciled matters were resolved during 2001 and 2002.

### **PAC DIRECTIVE**

The Committee referred the para for pursuance at DAC level.

4. **PARA NO. 1.14 PAGE NO. 64**  
**UNAUTHORIZED EXPENDITURE ON THE MANAGEMENT OF THE**  
**CONTINGENT PAID STAFF/DAILY WAGES RS1.075 MILLION**

Audit pointed out that the Director NTC Quetta in violation of directives of Finance Division for ban on appointment of contingent paid staff incurred an expenditure of Rs 1.075 Million on engagement of contingent paid staff. The PAO informed the Committee that the contingent paid Staff daily wages were converted on contract basis and regularized in the year 1999-2000.

**PAC DIRECTIVE**

The Committee settled the para subject to verification of record by Audit within 30 days.

5. **PARA NO. 1.15 PAGE NO. 64-65**  
**NON REALIZATION OF THE COST OF CONTRIBUTION WORKS**  
**RS 0.657 MILLION**

Audit pointed out that three formation of NTC, Islamabad executed five Contribution Works during 1997-1998 for providing telecom facilities. Rs 657632/- was recoverable from parties concerned.

The PAO informed the PAC that the remaining amount Rs 64,372 is recoverable.

**PAC DIRECTIVE**

The Committee settled the para subject to verification of record of recovered amount by Audit within 30 days.

6. **PARA NO. 1.17 PAGE- 65-66**  
**LOSS SUSTAINED BY NTC ON ACCOUNT OF NON RECOVERY OF OTHER**  
**TELEPHONE CHARGES FROM SUBSCRIBERS RS 0.204 MILLION**

Audit pointed out that a formation of National Telecomm Corporation carried out works shifting restoration of telephone connections and issuing telephone subscribers during the months of November and December, 1998 but recovery of Rs.204,663 as required under the rules from the subscribers, was not made. This resulted into a loss to the corporation.

The PAO informed the PAC that record of advice notes is not traceable being 16 years old but for the satisfaction of Audit, yearly billing and recovery from the year 1996 to 2015 has been recovered could be shown to Audit.

**PAC DIRECTIVE**

The Committee directed the PAO to get write off amount from the competent authority with report to Audit /PAC.

## **SPECIAL COMMUNICATION ORGANIZATION (SCO)**

7. (i) **PARA NO.4.1 PAGE 87**  
**INTRODUCTORY**
- (ii) **PARA NO. 4.2 PAGE NO. 87**  
**IRREGULAR EXPENDITURE ON THE PURCHASE OF STATIONERY**  
**RS 1.014 MILLION**

### **PAC DIRECTIVE**

The Committee settled the above mentioned two (2) Paras on the recommendation of DAC.

### **ACTIONABLE POINTS**

Actionable points arising from the discussion of meeting of the Public Accounts Committee pertaining to Ministry of Information Technology and Telecommunications held on 17<sup>th</sup> November, 2015 in the Parliament House, Islamabad for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99.

### **AUDIT REPORT TELECOMMUNICATION SECTOR, 1998-99**

#### **NATIONAL TELECOMMUNICATION CORPORATION (NTC)**

8. **PARA NO. 1.14 PAGE NO. 64 AUDIT REPORT 1998-99.**  
**UNAUTHORIZED EXPENDITURE ON THE ENGAGEMENT OF THE**  
**CONTINGENT PAID STAFF/DAILY WAGES RS 1.075 MILLION.**

The Audit pointed out that Ministry of Finance imposed ban on appointment of contingent paid staff without prior approval, but Director NTC Quetta appointed contingent paid staff and incurred Rs 1.075 Million in violation the order of Finance Division.

PAO informed that the matter is in process of ex-post facto approval by the Finance Division.

### **PAC DIRECTIVE**

The Committee settled the above para subject to verification of record by Audit within fifteen days.

9. **PARA NO. 1.15 PAGE NO. 64-65 AUDIT REPORT 1998-99.**  
**NON REALIZATION OF THE COST OF CONTRIBUTION WORKS RS 0.657**  
**MILLION.**

The Audit pointed out that three formations of National Telecommunication Corporations Islamabad executed five Contribution Works during 1997-98 for providing telecom facilities as deposit works. As per details of booked expenditure a total of Rs. 657,632 was recoverable from the parties concerned.

PAO informed that the major amount has been recovered only Rs 64,372 is recoverable.

**PAC DIRECTIVE**

The Committee settled the above para .

10. (i) **PARA NO.1.10 (AR-1998-99)**  
(ii) **PARA NO. 1.12 (AR-1998-99)**  
(iii) **PARA NO. 1.17 (AR-1998-99)**

The Audit informed the Committee that the above three (03) paras (amounting of Rs. 27.854) has been settled by the DAC.

**PAC DIRECTIVE**

The Committee settled the above three (03) paras on the recommendation of the DAC as read out by the Audit.

## **M/O KASHMIR AFFAIRS AND GILGIT BALTISTAN**

### **OVERVIEW**

Annual Audit Report for the year 1998-99 pertaining to Ministry of Kashmir Affairs and Gilgit Baltistan was examined by Public Accounts Committee (PAC) on 9<sup>th</sup> July 2014.

- 74 Paras and 4 Grants were presented by the Audit Department which were examined by the Committee. Out of which 59 Paras and 4 Grants were settled whereas appropriate directions were accordingly issued for the remaining Paras.
- In few Paras the PAO was directed to hold inquires, fix responsibility and initiate disciplinary actions.

### **ACTIONABLE POINTS**

Actionable points arising from discussion of meeting of the Public Accounts Committee held on 9<sup>th</sup> July 2014, for examination of Appropriation Accounts/Audit Reports/Special Audit Reports of Ministry of Kashmir Affairs & Gilgit Baltistan for the years 1998-99 are as below:-

#### **APPROPRIATION ACCOUNTS CIVIL VOL-I 1998-99**

1. i. **GRANT NO.83**  
**OTHER EXPENDITURE OF KASHMIR AFFAIRS & NORTHERN AREAS**  
**DIVISION**  
  
Excess of Rs. 29,867,513/- (1.08%)
- ii. **GRANT NO.85**  
**NORTHERN AREAS**  
  
Saving of Rs. 41,190,284/- (4.94%)
- iii. **GRANT NO.111**  
**CAPITAL OUTLAY ON PURCHASES BY KASHMIR AFFAIRS &**  
**N<DRTHERN DIVISION**  
  
Saving of Rs. 62,639,930/- (13.24%)

#### **PAC DIRECTIVE**

The Committee settled the above mentioned 03 three Grants.

2. **GRANT NO.132**  
**DEVELOPMENT EXPENDITURE OF KASHMIR AFFAIRS & NORTHERN**  
**DIVISION**

Saving of Rs. 256,207,903/- (27.43%)

**PAC DIRECTIVE**

The Committee condoned and settled the above grant.

**PERFORMANCE AUDIT REPORT FOR THE YEAR 1998-99**

3. **PARA 4.1.1**  
**PROCUREMENT PROCEDURE**

**PAC DIRECTIVE**

The Committee settled the Para subject to verification of record by Audit under intimation to PAC.

4. **PARA 4.1.2**  
**MISAPPORORATION OF CIVIL SUPPLY COMMODITIES RS. 1.655**

**PAC DIRECTIVE**

The Committee pended the Para with the direction to PAO to expedite the court case, effect the recovery and updated the Audit/PAC within three months.

5. i) **PARA 4.1.3**  
**IRREGULAR ADVANCE PAYMENT TO NORTHERN AREAS**  
**TRANSPORT CORPORATION (NATCO), GILGIT RS. 13.465 MILLION**

ii) **PARA 4.2.1**  
**STORE ACCOMMODATION**

iii) **PARA 4.2.2**  
**SHORTAGE DUE TO MISAPPROPRIATION**

iv) **PARA 4.2.3**  
**GODOWN SHORTAGES.**

v) **PARA 4.2.4**  
**WRITE OFF OF LOSSES.**

vi) **PARA 4.2.5**  
**DEPOSIT OF SALE PROCEEDS.**

- vii) **PARA 4.2.6**  
**SECURITY**
- viii) **SALE PROCEDURE**
- ix) **PARA 4.3.1**  
**SUB-SIDY**
- x) **PARA 4.3.2**  
**RUNNIGN ACCOUNT OF STATE TRADING SCHME**

**PAC DIRECTIVE**

The Committee settled the above mentioned ten (10) Paras subject to verification by the Audit under intimation to PAC.

**AUDIT REPORT FOR THE YEAR 1998-1999 PUBLIC SECTOR ENTERPRISES**

**NORTHERN AREAS TRANSPORT CORPORATION (PVT) LIMITED.**

- 6. i) **PARA 125 PAGE 101, ARPSE 1998-99**
- ii) **PARA 126 PAGE 102, ARPSE 1998-99**
- iii) **PARA 127 PAGE 102, ARPSE 1998-99**
- iv) **PARA 128 PAGE 102, ARPSE 1998-99**

**PAC DIRECTIVE**

The Committee settled the above mentioned four (04) Paras on the recommendation of the Audit.

**AUDIT REPORT FOR THE YEAR 1998-1999 GILGIT-BALTISTAN PUBLIC WORKS DEPARTMENT**

- 7. i) **PARA 1 A.R 1998-99**  
**NON-CONSUMPTION OF THE DISMANTLED MATERIAL WORTH RS. 1,443,136.**
- ii) **PARA 2 A.R 1998-99**  
**LOSS TO GOVERNMENT RS. 1,189,264**
- iii) **PARA 3 A.R 1998-99**  
**MISAPPROPRIATION OF R.C.C. PIPE R. 100,300**

- iv) **PARA 4 A.R 1998-99**
- v) **PARA 5 A.R 1998-99**  
**OVER PAYMENT OF RS. 8,905.**
- vi) **PARA 6 A.R 1998-99**  
**OVER PAYMENT OF RS. 2,916,814.**
- vii) **PARA 7 A.R 1998-99**  
**OVER PAYMENT OF RS. 2,824,514**
- viii) **PARA 8 A.R 1998-99**  
**OVER PAYMENT OF RS. 2,177,430**
- ix) **PARA 9 A.R 1998-99**  
**OVERPAYMETN OF RS. 1,496,552 DUE TO NON-RECOVERY OF**  
**MINUS BILL.**
- x) **PARA 10 A.R 1998-99**  
**OVER PAYMENT OF RS. 1,371,614**
- xi) **PARA 11 A.R 1998-99**  
**OVER PAYMENT OF RS. 727,217**
- xii) **PARA 12 A.R 1998-99**  
**OVER PAYMENT OF RS. 645,310**
- xiii) **PARA 13 A.R 1998-99**  
**OVER PAYMENT OF RS. 621,058**
- xiv) **PARA 14 A.R 1998-99**  
**OVER PAYMENT OF RS. 559,670**
- xv) **PARA 15 A.R 1998-99**  
**OVER PAYMENT OF RS. 462,538**
- xvi) **PARA 16 A.R 1998-99**  
**OVER PAYMENT OF RS. 385,660**
- xvii) **PARA 17 A.R 1998-99**  
**OVER PAYMENT OF RS. 326,893 DUE TO NON-RECOVERY OF**  
**MINUS OF MINUS BILL**
- xviii) **PARA 18 A.R 1998-99**  
**OVER PAYMENT OF RS. 269,471**

- xi x) **PARA 19 A.R 1998-99**  
**OVER PAYMENT OF RS. 197,881**
- xx) **PARA 20 A.R 1998-99**  
**OVER PAYMENT OF RS. 190,800**
- xxi) **PARA 21 A.R 1998-99**  
**OVER PAYMENT OF RS. 177,607**
- xxii) **PARA 22 A.R 1998-99**  
**OVER PAYMENT OF RS. 150,681**
- xxiii) **PARA 23 A.R 1998-99**  
**OVER PAYMENT OF RS. 136,492**
- xxi v) **PARA 24 A.R 1998-99**  
**OVER PAYMENT OF RS. 131,400**
- xxv) **PARA 25 A.R 1998-99**  
**OVER PAYMENT OF RS. 74,305**
- xxvi) **PARA 26 A.R 1998-99**  
**OVER PAYMENT OF RS. 59144**
- xxvii) **PARA 27 A.R 1998-99**  
**OVER PAYMENT OF RS. 53,050 DUE TO NON-RECOVERY OF MINUS BILL**
- xxviii) **PARA 28 A.R 1998-99**  
**OVER PAYMENT OF RS.384,868**
- xxix) **PARA 29 A.R 1998-99**  
**OVER PAYMENT OF RS. 350,967**
- xxx) **PARA 30 A.R 1998-99**  
**OVER PAYMENT OF RS. 244,142**
- xxxi) **PARA 31 A.R 1998-99**  
**OVER PAYMENT OF RS. 111,471**
- xxxii) **PARA 32 A.R 1998-99**  
**OVER PAYMENT OF RS. 52,985**
- xxxiii) **PARA 33 A.R 1998-99**  
**OVER PAYMENT OF RS. 10,948,388**

xxxiv) **PARA 34 A.R 1998-99**  
**OVER PAYMENT OF RS. 10,625,208**

**PAC DIRECTIVE**

The Committee settled the above mentioned thirty four Paras on the recommendation of the Audit.

8. **PARA 35 A.R 1998-99**  
**LOSS TO GOVERNMENT FOR RS. 10,501,624**

**PAC DIRECTIVE**

The Committee settled the Para subject to verification of PC-I and technical sanction by Audit under intimation to PAC

9. i) **PARA 36 A.R 1998-99**  
**LOSS TO GOVERNMENT FOR RS. 9,676,533**

ii) **PARA 37 A.R 1998-99**  
**IRREGULAR PAYMENT OF RS. 3,943,880**

iii) **PARA 38 A.R 1998-99**  
**UNAUTHORIZED PAYMENT OF RS. 3,645,600**

iv) **PARA 39 A.R 1998-99**  
**LOSS TO GOVERNMENT OF RS. 2,077,000**

v) **PARA 40 A.R 1998-99**  
**LOSS OF RS. 1,509,611.**

vi) **PARA 41 A.R 1998-99**  
**LOSS OF RS. 562,000 TO THE GOVERNMENT**

vii) **PARA 42 A.R 1998-99**  
**NON FORFEITURE OF SECURITY DEPOSIT AMOUNTING TO RS. 92,119**

**PAC DIRECTIVE**

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

10. **PARA 43 A.R 1998-99**  
**NON-RECOVERY OF HIRE CHARGES OF RS. 6,164,106**

**PAC DIRECTIVE**

The Committee pended the Para subject to recovery within three months and verification by Audit under intimation to PAC.

11. i) PARA 44 A.R 1998-99  
LISS RECOVEY OF COST OF BITUMEN OF RS. 2,369,855LOSS TO  
GOVERNMENT FOR RS. 9,676,533
- ii) PARA 45 A.R 1998-99  
NON-RECOVERY OF RS. 2,127,244

**PAC DIRECTIVE**

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

12. PARA 46 A.R 1998-99  
NON-RECOVERY OF RS. 1,600,887

**PAC DIRECTIVE**

The Committee settled the Para subject to write off the amount from Finance under intimation to Audit and PAC.

13. i) PARA 47 A.R 1998-99  
NON-RECOVERY OF RS. 1,373, 901
- ii) PARA 48 A.R 1998-99  
NON-RECOVERY OF RS. 1,036,793
- iii) PARA 49 A.R 1998-99  
NON-RECOVERY OF RS. 851,206
- iv) PARA 50 A.R 1998-99  
NON-RECOVERY OF COST OF MATERIAL RS. 274,590
- v) PARA 51 A.R 1998-99  
NON-RECOVERY OF COST OF STROE OF RS. 130,723
- vi) PARA 52 A.R 1998-99  
RECOVERABLE AMOUNT OF RS. 118,087 ON ACCOUNT OF NON-  
CONSUMPTION OF SECURED ADVANCE.
- vii) PARA 53 A.R 1998-99  
NON-RECOVERY OF RS. 60,203
- viii) PARA 54 A.R 1998-99  
RECOVERABLE COST OF STORE MATERIAL RS. 58,320

**PAC DIRECTIVE**

The Committee settled the above mentioned eight (08) paras on the recommendation of the Audit.

14. **PARA 55 A.R 1998-99**  
**UNDUE FINANCIAL AID OF RS. 51,421,060**

**PAC DIRECTIVE**

The Committee pended the Para ana directed the PAO to fix responsibility after inquiry within 30 days and also peruse the case properly in the court under intimation to Audit/PAC.

15. i) **PARA 56 A.R 1998-99**  
**LOSS TO GOVERNMENT WORTH RS. 36,601,240**
- ii) **PARA 57 A.R 1998-99**  
**NON-ADJUSTMENT OF RS. 6,191,110**

**PAC DIRECTIVE**

The Committee settled the above mentioned Paras on the recommendation of the Audit.

16. **PARA 58 A.R 1998-99**  
**LOSS TO GOVERNMENT OF RS. 5,014,948**

**PAC DIRECTIVE**

The Committee settled the Para subject to verification of recovery by Audit under intimation to PAC.

17. i) **PARA 59 A.R 1998-99**  
**UNDUE FINANCIAL AID TO CONTRACTOR WORTH RS. 1,290,386**
- ii) **PARA 60 A.R 1998-99**  
**UN-NECESSARY UTILIZATION OF BUDGET GRANT RS. 484,848**

**PAC DIRECTIVE**

The Committee settled the above mentioned Paras on the recommendation of the Audit.

## **M/O LAW, JUSTICE AND HUMAN RIGHTS**

### **OVERVIEW**

Annual Audit Report for the year 1998-99 pertaining to Ministry of Law, Justice and Human Rights was examined by Public Accounts Committee (PAC) on 4<sup>th</sup> January 2016.

- 3 Grants Paras were presented by the Audit Department which were examined by the Committee. Out of which 2 Grants were settled whereas appropriate directions was accordingly issued for the remaining Grant.

### **ACTIONABLE POINTS**

Actionable points arising from the discussion of meeting of the Public Accounts Committee held on 4<sup>th</sup> January, 2016, pertaining to M/o Law, Justice & Human Rights, in the Parliament House, Islamabad for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99.

#### **APPROPRIATION ACCOUNTS (CIVIL) VOL-1 FOR THE YEAR 1998-99**

1. i) **GRANT NO.88- LAW, JUSTICE AND HUMAN RIGHTS DIVISION**

Total grant Rs. 79,893,000/-  
Saving Rs.17,136.153/-

ii) **GRANT NO.135- LAW, JUSTICE AND HUMAN RIGHTS DIVISION**

Total Grant of Rs. 10,000,000/-  
Saving of Rs. 10,000,000/-

#### **PAC DIRECTIVE**

The Committee settled the above two (02) grants .

2. **GRANT NO.89- LAW, JUSTICE AND HUMAN RIGHTS DIVISION**

Total Grant Rs. 196,116,000/-  
Excess of Rs. 19,059,070/-

The AGPR informed the Committee that the grant closed with an excess of Rs. 19,059,070/- which works out to 9.72 percent of the total grant. An amount of Rs. 25,041,871 (12.77%) was surrendered increasing net excess to Rs. 44,100,941 (22.48%). A supplementary grant of Rs. 47,822,000 was sanctioned but not included in the supplementary schedule of authorized expenditure.

The PAO informed the Committee that the amount excess was mainly due to certain vacant posts of officers and staff.

#### **PAC DIRECTIVE**

The Committee settled the above grant.

## **NARCOTICS CONTROL DIVISION**

### **OVERVIEW**

Annual Audit Report for the year 1998-99 pertaining to Narcotics Control Division was examined by Public Accounts Committee (PAC) on 26<sup>th</sup> March 2014 and 27<sup>th</sup> April 2015.

- 1 Para and 2 Grants were presented by the Audit Department which were examined by the Committee. Out of which 1 Para and 2 Grants were settled.

### **ACTIONABLE POINTS**

Actionable points arising from discussion of the meeting of Public Accounts Committee, held on 26<sup>th</sup> March, 2014 for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1999-2000 of Narcotics Control Division as below:-

#### **AUDIT REPORT FOR THE YEAR 1999-2000 (FY 1999-2000)**

1. **PARA 2.7, PAGE 13-AR-1999-2000**  
**RECOVERY OF RS. 0.351 MILLION FROM EX-DIRECTOR DAPRC ON**  
**ACCOUNT OF OVER PAYMENT OF ALLOWANCE.**

#### **PAC DIRECTIVE**

The Committee settled the para on the recommendation of the Audit.

### **ACTIONABLE POINTS**

Actionable points arising from discussion of the meeting of Public Accounts Committee, held on 27<sup>th</sup> April, 2015 for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99 of Narcotics Control Division as below:-

2. **APPROPRIATION ACCOUNTS CIVIL VOL-I 1998-99**
  - i. **GRANT NO. 77- NARCOTICS CONTROL DIVISION**  
Saving Of Rs 25,227,997/-
  - ii. **GRANT 131- DEVELOPMENT EXPENDITURE OF NARCOTICS**  
**CONTROL DIVISION**  
Excess Of Rs 69,316,218/-

#### **PAC DIRECTIVE**

The Committee settled the above mentioned two (02) Grants on the recommendation of DAC with the direction to be careful in future.

## **NATIONAL ASSEMBLY SECRETARIAT**

### **OVERVIEW**

Annual Audit Report for the year 1998-99 pertaining to National Assembly Secretariat was examined by Public Accounts Committee (PAC) on 27<sup>th</sup> May 2015.

- 1 Grant was presented by the Audit Department which was examined by the Committee and settled the same.

### **ACTIONABLE POINTS**

Actionable points arising from the discussion of meeting of the Public Accounts Committee held on 27<sup>th</sup> May, 2015 pertaining to National Assembly Secretariat in the Parliament House, Islamabad for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99.

#### 1. **GRANT NO.91- NATIONAL ASSEMBLY CHARGED EXPENDITURE**

Saving amount: Rs. 73,857,347

#### **OTHER THAN CHARGED EXPENDITURE**

Saving amount: Rs. 74,911,953

The AGPR informed in "Charged Section" the appropriation closed with a saving of Rs. 73,857,347 which works out to 40.42 percent of the total appropriation. An amount of Rs. 73,735,000 (40.35%) was surrendered leaving net saving of Rs. 122,347 (0.06%).

In "Other than Charged Section" the grant closed with a saving of Rs. 74,911,953 which works out to 40.01 percent of the total grant. An amount of Rs. 73,933,000 (39.49%) was surrendered leaving net saving of Rs. 978,953 (0.52%)

#### **PAC DIRECTIVE**

The Committee settled the above grant .

## **MINISTRY OF NATIONAL FOOD SECURITY AND RESEARCH**

### **OVERVIEW**

Annual Audit Report for the year 1998-99 pertaining to Ministry of National Food Security and Research was examined by Public Accounts Committee (PAC) on 15<sup>th</sup> October 2015 and 1<sup>st</sup> January 2016.

- 69 Paras and 6 Grants were presented by the Audit Department which were examined by the Committee. Out of which 43 Paras and 6 Grants were settled whereas appropriate directions were accordingly issued for the remaining Paras.
- In few Paras the PAO was directed to hold inquires, fix responsibility and initiate disciplinary actions.

### **ACTIONABLE POINTS**

Actionable points arising from the discussion of meeting of the Public Accounts Committee held on 15<sup>th</sup> October, 2015 pertaining to M/o National Food Security and Research, in the Parliament House, Islamabad for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99.

### **APPROPRIATION ACCOUNTS (CIVIL) VOL-1 - 1998-99**

1. i) **GRANT NO.47- Food, Agriculture and Livestock Division.**  
**SAVING AMOUNT: RS. 112,118,814/-**
- ii) **GRANT NO.48- AGRICULTURE RESEARCH.**  
**SAVING AMOUNT: RS. 51,704,119/-**
- iii) **GRANT NO.50- OTHER EXPENDITURE OF FOOD, AGRICULTURE AND LIVESTOCK DIVISION. SAVING AMOUNT: RS. 26,136,421/-**
- iv) **GRANT NO.109- CAPITAL OUTLAY ON PURCHASE OF FERTILIZER.**  
**SAVING AMOUNT: RS. 5,094,464,689/-**
- v) **GRANT NO.126-DEVELOPMENT EXPENDITURE OF FOOD, AGRICULTURE AND LIVESTOCK DIVISION. SAVING AMOUNT: RS. 151,682,258/-**
- vi) **GRANT NO.127-DEVELOPMENT EXPENDITURE OF AGRICULTURE RESEARCH. SAVING AMOUNT: RS. 20,816,800/-**

### **PAC DIRECTIVE**

The Committee settled the above six (06) grants .

**AUDIT REPORT PUBLIC SECTOR ENTERPRISES FOR THE YEAR 1998-99**

**PAKISTAN AGRICULTURAL STORAGE AND SERVICES CORPORATION LIMITED**

2. (i) **PARA-91 PAGE 71, (AR-1998-99)**  
(ii) **PARA-92 PAGE 72, (AR-1998-99)**  
(iii) **PARA-93 PAGE 72, (AR-1998-99)**  
(iv) **PARA-94 PAGE 73, (AR-1998-99)**

**IRREGULAR EXPENDITURE OF RS. 276,560/- INCURRED ON PASSCO VEHICLES GIVEN TO MINISTER AND SECRETARY MINFA**

**PAC DIRECTIVE**

The Committee settled the above four (04) paras on the recommendation of DAC

Note: The Committee deferred the following Audit Reports to be discussed in next meeting.

3. **AUDIT REPORTS ON**

- (i) **FERTILIZER PROCUREMENT BY FERTILIZER IMPORTS DEPARTMENTS, LAHORE.**
- (ii) **HANDLING OF WHEAT AND PORT OPERATIONAL EXPENDITURE.**
- (iii) **AUDIT PARAS RELATING TO DIRECTORATE GENERAL AUDIT (FOREIGN & INTERNATIONAL)**
- (iv) **PAKISTAN OIL SEED DEVELOPMENT BOARD (PODB).**
- (v) **UTILIZATION OF CASH CREDIT ACCOMMODATION DIRECTORATE OF ACCOUNTS (FOOD).**
- (vi) **PURCHASE OF FERTILIZER BY FERTILIZER IMPORT DEPARTMENT, LAHORE.**
- (vii) **PERFORMANCE AUDIT REPORT 1998-99.**
- (viii) **PERFORMANCE AUDIT REPORT FISHERIES TRAINING CENTER (FTC).**

## **ACTIONABLE POINTS**

Actionable points arising from the discussion of meeting of the Public Accounts Committee held on 1<sup>st</sup> January, 2016, pertaining to M/o National Food Security & Research, in the Parliament House, Islamabad for examination of Appropriation Accounts / Audit Reports / Special Audit Reports for the years 1998-99.

### **AUDIT REPORT FOR THE YEAR 1998-99**

4. **PARA NO 4.1 PAGE 52 AR 1998-99**  
**LOSS DUE TO NON-RECOVERY OF RISK AND COST FROM DEFAULTING FIRM – RS. 1.195 MILLION.**

The Audit pointed that the D.G Food Karachi placed a running contract for disposal of "Iron Hoops & Bailing covers" @ Rs. 11,000 per m/ton for a period of one year i.e. from July 1997 to June, 1998 and Security Deposit of Rs. 50,000. In re-tendering three contracts were awarded to three different firms for 247.510 m/ton at the lower rates ranging from Rs. 3,300 to Rs. 7,452 against previous higher rate of Rs. 11,000 per m/ton whereas the risk and cost amounting to Rs. 1,195,280 was not recovered from the defaulting firm which was a loss to government and undue favour to contractor.

The PAO informed the Committee that the M/O Food Agriculture and Livestock was devolved, old record is not traceable the amount 1.195 million is very meager, if Committee consider we may take action of write off of amount from Finance Division.

The Audit also settled the view of PAO for write off of amount.

### **PAC DIRECTIVE**

The Committee settled the above para subject to write off action from Finance Division on the recommendation of Audit.

5. i) **PARA NO 1.1 PAGE 49 AR 1998-99**  
**LOSS DUE TO EXCESS PAYMENT OF DESTUFFING CHARGES**  
**– RS. 0.103 MILLION.**
- ii) **PARA NO 2.1 PAGE 50 AR 1998-99**  
**LOSS DUE TO DELAYED LODGING OF CLAIM BY VIRTUE OF LATE**  
**SUBMISSION OF CWC'S – RS. 4.119 MILLION.**
- iii) **PARA NO 2.2 PAGE 50 AR 1998-99**  
**LOSS DUE TO REPLACEMENT OF CLEARING / HANDLING**  
**CONTRACT AT HIGHER RATE– RS. 0.253 MILLION.**

- iv) PARA NO 3.1 PAGE 51 AR 1998-99  
IRREGULAR AND UNAUTHORIZED RE-APPROPRIATION FROM  
INCIDENTAL CHARGES – RS. 0.194 MILLION.
- v) PARA NO 4.2 PAGE 52 AR 1998-99  
LOSS DUE TO NON-RECOVERY OF COST OF GUNNY BAGS DUE TO  
UN-AUTHORIZED SALE – RS. 0.319 MILLION.
- vi) PARA NO 4.3 PAGE 53 AR 1998-99  
EXCESS AND UN-AUTHORIZED EXPENDITURE ON TELEPHONE–  
RS. 0.041 MILLION.
- vii) PARA NO 4.4 PAGE 53 AR 1998-99  
LOSS DUE TO CONTRADICTORY CLAUSES IN CHARTER PARTY  
AGREEMENT AND PROCUREMENT CONTRACT US\$ 0.009 MILLION.

#### PAC DIRECTIVE

The Committee settled the above mentioned seven (07) paras on the recommendation of DAC.

#### FERTILIZER PROCUREMENT BY FERTILIZER IMPORTS DEPARTMENT, LAHORE DEVOLVED MINISTRY OF FOOD, AGRICULTURE AND LIVESTOCK

- 6. i) PARA NO 1.1 PAGE 31 AR 1998-99  
LOSS DUE TO NON-IMPOSITION OF L/D ON DELAY IN  
REPLACEMENT OF DEFECTIVE FERTILIZER US\$– 2.888 MILLION.
- ii) PARA NO 1.2.PAGE 31 AR 1998-99  
LOSS DUE TO PURCHASE OF ENHANCED QUANTITY OF  
FERTILIZER AT HIGHER RATES – US\$. 0.157 MILLION.
- iii) PARA NO 1.3 PAGE 32 AR 1998-99  
LOSS DUE TO DEFECTIVE CLAUSES REGARDING DELIVERY DATE–  
US\$. 0.061 MILLION.
- iv) PARA NO 2.1 PAGE 33 AR 1998-99  
NON-RECOVERY OF COST OF FERTILIZER SUPPLIED TO M/S NFML  
ON CREDIT – RS. 587.955 MILLION.

#### PAC DIRECTIVE

The Committee settled the above mentioned four (04) paras on the recommendation of DAC.

**AUDIT PARAS PERTAINING TO DEVOLVED MINISTRY OF FOOD AND AGRICULTURE PRINTED IN AUDIT REPORT RELATING TO DIRECTORATE GENERAL AUDIT (FOREIGN AND INTERNATIONAL)**

7. **PARA NO 1.2 PAGE 34 AR 1998-99**  
**IRREGULAR EXPENDITURE ON STAFF CAR – RS. 0.510 MILLION.**

The Audit pointed that the Agriculture section of the Mission had purchased a car amounting to Rs. 510,127 in June, 1994. Ministry of Agriculture provided the fund of Rs. 470,000 for the purpose. The car was purchased in excess of sanctioned amount. Moreover, the government had imposed a ban on the purchase of car during 1993-94. Mission has approached the Ministry for regularization.

The PAO informed the Committee that the case will be sent to Finance Division for regularization of expenditure.

**PAC DIRECTIVE**

The Committee settled the above mentioned para subject to regularization by the Finance Division.

**PAKISTAN OIL SEED DEVELOPMENT BOARD (PODB) DEVOLVED MINISTRY OF FOOD AND AGRICULTURE AND LIVESTOCK**

8. i) **PARA NO 1.1 PAGE NO 4-5 (SAR No.81 998-99)**  
**LOSS ON ACCOUNT OF UNJUSTIFIED ILL-PLANNED IMPORT OF SOYBEAN MEAL FROM USA –RS. 368.676 MILLION.**
- ii) **PARA NO 1.2 PAGE 5-6 (SAR NO.81 998-99)**  
**LOSS DUE TO ILL-PLANNING / MISMANAGEMENT ON IMPORT / DISPOSAL OF SOYBEAN SEED – RS. 63.636 MILLION**
- iii) **PARA NO 1.3 PAGE 6-7 (SAR NO.81 998-99)**  
**LOSS DUE TO SHORTAGE OF 263 METRIC TONS OF SOYBEAN MEAL AND 3,877 GUNNY BAGS – RS. 3.608 MILLION.**
- iv) **PARA NO 1.4 PAGE 6-7 (SAR NO.81 998-99)**  
**LOSS DUE TO UNJUSTIFIED PURCHASE OF IMPORTED AND INDIGENOUS HYBRID AND CANOLA SEED -RS. 3.001 MILLION.**
- v) **PARA NO 3.3 PAGE 21 (SAR NO.81 998-99)**  
**WASTEFUL EXPENDITURE / BLOCKADE OF MONEY ON ACCOUTN OF PRUCHASE OF 18,693 SURPLUS GUNNY BAGS - RS. 0.747 MILLION.**

- vi) PARA NO 4.3 PAGE 24-26 (SAR NO.81 998-99)  
IRREGULAR APPOINTMENT AND UNJUSTIFIED PAYMENT OF TA / DA TO ACCOUNTANT (B-11) – RS. 0.103 MILLION
- vii) PARA NO 5.1 PAGE 26-27 (SAR NO.81 998-99)  
INFRACTUOUS EXPENDITURE ON IMPORT AND CULTIVATION OF OILSEED UNDER SALICORNIA DEVELOPMENT PILOT PROJECT (SDPP) - RS. 11.841 MILLION.
- viii) PARA NO 5.2 PAGE 27-28 (SAR NO.81 998-99)  
UNJUSTIFIED EXCESSIVE EXPENDITURE ON TA /DA DUREING 1997-98 AND 1998-99 – RS. 2.120 MILLION
- ix) PARA NO 5.3 PAGE 28-29 (SAR NO.81 998-99)  
INFRACTUOUS EXPENDITURE ON ACCOUNT OF REPEATED TRANSPORTATION OF THE SAME COMMODITY - RS.0.078 MILLION.

#### PAC DIRECTIVE

The Committee settled the above mentioned nine (09) paras subject to verification of record by the Audit.

- 9. i) PARA NO 2.1 PAGE NO 8-10 (SAR NO.81 998-99)  
IRREGULAR UN-AUTHORIZED SANCTION OF EXPENDITURE WITHOUT FINANCIAL POWERS AND UN-AUTHORIZED OPENING OF THREE COMMERCIAL BANK ACCOUNTS –RS. 32,873 MILLION.
- ii) PARA NO 2.2 PAGE NO 10-11 (SAR NO.81 998-99)  
UN-ADJUSTED ADVANCES MADE TO VARIOUS AGENCIES UNDER SOYBEAN MEAL PROGRAMME PL-480- RS. 28.156 MILLION.
- iii) PARA NO 2.3 PAGE 11-13 (SAR NO.81 998-99)  
IRREGULAR / UNAUTHORIZED WITHDRAWAL FROM CESS FUND TO IMPORT 100 METRIC TONS SUNFLOWER HYBRID SEED AND WASTEFUL EXPENDITURE THEREOF - RS. 19.039 MILLION.
- iv) PARA NO 2.4 PAGE 13-14 (SAR NO.81 998-99)  
UNJUSTIFIED EXCESSIVE EXPENDITURE ACCOUNT OF PoL AND MAINTENANCE OF VEHICLE - RS. 3.526 MILLION.
- v) PARA NO 2.7 PAGE 16-18 (SAR NO.81 998-99)  
IRREGULAR / UNAUTHORIZED EXPENDITURE ON ACCOUNT OF UTILIZATION OF PO DB VEHICLES BY A FEDERAL MINISTER, PROTOCOL OFFICER OF CONTROLLING MINISTRY AND OTHER OFFICIALS OF PO DB - RS. 0.185 MILLION.

- vi) **PARA NO 3.1 PAGE 18-20 (SAR NO.81 998-99)**  
**IRREGULAR GRANT OF LOANS TO VARIOUS FIRMS - RS. 254.811**  
**MILLION NON-RECOVERY OF BALANCES – RS. 259.142 MILLION.**
- vii) **PARA NO 3.2 PAGE 20-21 (SAR NO.81 998-99)**  
**UNJUSTIFIED / UNAUTHORIZED EXPENDITURE ON ACCOUNT OF**  
**POL / REPAIRS OF VEHICLES AND MAINTENANCE OF 23 VEHICLES**  
**BY PROJECT DIRECTOR TARNAB - RS. 2.296 MILLION.**
- viii) **PARA NO 2.5 PAGE 14-15 (SAR No.81 998-99)**  
**IRREGULAR AND UN-JUSTIFIED EXCESSIVE EXPENDITURE ON**  
**ACCOUNT OF HIRING OF DAILY PAID LABOURS - RS. 2.196**  
**MILLION.**
- ix) **PARA NO 2.6 PAGE 16 (SAR NO.81 998-99)**  
**IRREGULAR TRANSFER FROM CESS FUND ACCOUNT TO CASH**  
**CREDIT ACCOUNT NO. 5758-43 HBL - RS. 2.000 MILLION.**

**PAC DIRECTIVE**

The Committee referred the above mentioned nine (09) paras to KPK government on the recommendation of DAC.

- 10. i) **PARA NO 4.1 PAGE NO 22-23 (SAR No.81 998-99)**  
**RECOVERY ON ACCOUNT OF IRREGULAR DRAWL OF TWO**  
**FINANCIAL BENEFITS SIMULTANEOUSLY - RS. 0.175 MILLION.**
- ii) **PARA NO 4.2 PAGE 23-24 (SAR No.81 998-99)**  
**RECOVERY ON ACCOUNT OF IRREGULAR DRAWL OF RESEARCH**  
**ALLOWANCE - RS. 0.149 MILLION.**

**PAC DIRECTIVE**

The Committee referred the above mentioned two (02) paras for pursuing at DAC level.

**DIRECTORATE GENERAL FOOD, KARACHI DEVOLVED MINISTRY OF**  
**FOOD AND AGRICULTURE AND LIVESTOCK**

- 11. i) **PARA NO 4.1 PAGE NO.3-4 (PERFORMANCE AUDIT REPORT**  
**1998-99) TENDER SYSTEM AND PRACTICES.**
- ii) **PARA NO 4.2 PAGE 4-6 (PERFORMANCE AUDIT REPORT 1998-99)**  
**LOSS OF RS. 0.256 MILLION.**

- iii) **PARA NO 4.3 PAGE 6-7 (PERFORMANCE AUDIT REPORT 1998-99)  
UN- AUTHORIZED DISPATCHES OF 4.169 MILLION MT IMPORTED  
WHEAT TO VARIOUS AGENCIES / PROVINCES.**
- iv) **PARA NO 4.4 PAGE 7 (PERFORMANCE AUDIT REPORT 1998-99)  
DEFECTIVE AND IMPROPER PHYSICAL VERIFICATION OF  
GOVERNMENT STOCKS.**

**PAC DIRECTIVE**

The Committee settled the above mentioned four (04) paras on the recommendation of DAC.

**UTILIZATION OF CASH CREDIT ACCOMMODATION DIRECTORATE OF  
ACCOUNTS (FOOD) DEVOLVED MINISTRY OF FOOD AND AGRICULTURE  
AND LIVESTOCK.**

- 12. i) **PARA NO 5.1 PAGE NO. 4-5 (PERFORMANCE AUDIT REPORT  
1998-99) EXCESS BORROWINGS OVER “ LIMITS”.**
- ii) **PARA NO 5.2 PAGE 5-6 (PERFORMANCE AUDIT REPORT 1998-99)  
LATE RECOVERY.**
- iii) **PARA NO 5.3 PAGE 6-7 (PERFORMANCE AUDIT REPORT 1998-99)  
DELAY IN PAYMENTS.**
- iv) **PARA NO 5.4 PAGE 7 (PERFORMANCE AUDIT REPORT 1998-99)  
INADEQUATE RECOVERY OF MARKUP**
- v) **PARA NO 5.5 PAGE 8 (PERFORMANCE AUDIT REPORT 1998-99)  
INCORRECT ADJUSTMENT OF MARKUP.**
- vi) **PARA NO 5.6 PAGE 8-9 (PERFORMANCE AUDIT REPORT 1998-99)  
IN-APPROPRIATE RECOVERY OF INCIDENTAL CHARGES**

**PAC DIRECTIVE**

The Committee settled the above mentioned six (06) paras on the recommendation of DAC.

**PURCHASE OF FERTILIZER BY FERTILIZER IMPORTS DEPARTMENT,  
LAHORE DEVOLVED MINISTRY OF FOOD AND AGRICULTURE AND  
LIVESTOCK**

13. i) **PARA NO 2 (A) PAGE NO. 4 (PERFORMANCE AUDIT REPORT 1998-99.**  
ii) **PARA NO 2 (B) PAGE 4-5 (PERFORMANCE AUDIT REPORT 1998-99.**  
iii) **PARA NO 2 (C) PAGE 5-6 (PERFORMANCE AUDIT REPORT 1998-99.**  
iv) **PARA NO 2 (D) PAGE 6-7 (PERFORMANCE AUDIT REPORT 1998-99.**

**PAC DIRECTIVE**

The Committee settled the above mentioned four (04) paras on the recommendation of DAC.

**FISHERIES TRAINING CENTER (FTC) DEVOLVED MINISTRY OF FOOD AND  
AGRICULTURE AND LIVESTOCK.**

14. i) **PARA NO 2.1 PAGE NO. 4-5 (PERFORMANCE AUDIT REPORT 1998-99)  
FINANCIAL MANAGEMENT**
- ii) **PARA NO 2.2.1 PAGE 5-6 (PERFORMANCE AUDIT REPORT 1998-99)  
FISHERIES TRAINING CENTER BUILDING.**
- iii) **PARA NO 2.2.2 PAGE 7 (PERFORMANCE AUDIT REPORT 1998-99)  
UTILITIES.**
- iv) **PARA NO 2.2.3 PAGE 7-8 (PERFORMANCE AUDIT REPORT 1998-99)  
SECURITY**
- v) **PARA NO 2.3 PAGE 8 (PERFORMANCE AUDIT REPORT 1998-99)  
FOREIGN NAVAL CONSULTANT.**
- vi) **PARA NO 2.4.1 PAGE 8-11 (PERFORMANCE AUDIT REPORT 1998-99)  
TRAINING VESSELS.**
- vii) **PARA NO 2.4.2 PAGE 11 (PERFORMANCE AUDIT REPORT 1998-99)  
TRAINING MATERIALS.**
- viii) **PARA NO 2.4.3 PAGE 11-12 (PERFORMANCE AUDIT REPORT 1998-99)  
VEHICLE**
- ix) **PARA NO 2.5.1 PAGE 12-13 (PERFORMANCE AUDIT REPORT 1998-99)  
HIRING OF MASTER FISHERMAN.**
- x) **PARA NO 2.5.2 PAGE 13 (PERFORMANCE AUDIT REPORT 1998-99)  
VESSELS STAFF ON CONTRACT.**

- xi) **PARA NO 2.6.1 PAGE 13-15 (PERFORMANCE AUDIT REPORT 1998-99)  
LONG TERM COURSES.**
- xii) **PARA NO 2.6.2 PAGE 15-16 (PERFORMANCE AUDIT REPORT 1998-99)  
SHORT TERM COURSES .**
- xiii) **PARA NO 2.6.3 PAGE 16 (PERFORMANCE AUDIT REPORT 1998-99)  
ENGINEERS / SKIPPERS.**
- xiv) **PARA NO 2.7 PAGE 16-17 (PERFORMANCE AUDIT REPORT 1998-99)  
EXPORTS OF FISH AND ITS PRODUCTS.**
- xv) **PARA NO 2.8 PAGE 17-18 (PERFORMANCE AUDIT REPORT 1998-99)  
TIME OVER-RUN.**
- xvi) **PARA NO 2.9 PAGE 18-19 (PERFORMANCE AUDIT REPORT 1998-99)  
ECONOMIC CONDITION OF FISHERMAN.**
- xvii) **PARA NO 2.10 PAGE 19 (PERFORMANCE AUDIT REPORT 1998-99)  
PUBLICITY.**
- xviii) **PARA NO 2.11 PAGE 19-20 (PERFORMANCE AUDIT REPORT 1998-99)  
OVERALL ASSESSMENT.**

#### **PAC DIRECTIVE**

The Committee settled the above mentioned eighteen (18) paras on the recommendation of DAC.

## **MINISTRY OF NATIONAL HEALTH SERVICES, REGULATIONS AND COORDINATION**

### **OVERVIEW**

Annual Audit Report for the year 1998-99 pertaining to Ministry of National health Services, Regulations and Coordination was examined by Public Accounts Committee (PAC) on 3<sup>rd</sup> September 2015.

- 41 Paras and 4 Grants were presented by the Audit Department which were examined by the Committee. Out of which 6 Paras and 4 Grants were settled whereas appropriate directions were accordingly issued for the remaining Paras.
- In few Paras the PAO was directed to hold inquires, fix responsibility and initiate disciplinary actions.

### **ACTIONABLE POINTS**

Actionable points arising from the discussion of meeting of the Public Accounts Committee held on 3<sup>rd</sup> September, 2015 pertaining to M/o National Health Services Regulation & Coordination, in the Parliament House, Islamabad for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99.

### **APPROPRIATION ACCOUNTS (CIVIL) VOL-1- 1998-99**

#### **AUDIT PARAS OF MINISTRY OF NATIONAL HEALTH SERVICES, REGULATIONS & COORDINATION**

1. i) **GRANT NO.54- HEALTH DIVISION.**  
**SAVING AMOUNT: RS. 13,199,990/-**
- ii) **GRANT NO.55- MEDICAL SERVICES.**  
**SAVING AMOUNT: RS. 47,784,337/-**
- iii) **GRANT NO.56- PUBLIC HEALTH.**  
**SAVING AMOUNT: RS. 4,672,216/-**
- iv) **GRANT NO.128-DEVELOPMENT EXPENDITURE OF HEALTH  
DIVISION. SAVING AMOUNT: RS. 328,778,601/-**

### **PAC DIRECTIVE**

The Committee settled the above four (04) Grants .

**DIRECTORATE GENERAL AUDIT (FG) ISLAMABAD (DEVOLVED M/O HEALTH).**

2. i) **PARA-1.1 PAGE 07-08 AR 1998-99 DEVOLVED MINISTRY OF HEALTH MIS-APPROPRIATION OF 108.159 METRIC TONS (MT) OF EDIBLE OIL-RS. 6.490 MILLION**
- ii) **PARA-3.1 PAGE 13 AR 1998-99 LOSS DUE TO MIS-HANDLING OF EDIBLE OIL –RS.0.489 MILLION**

The Audit clubbed the para No.1.1 and 3.1 above and pointed out World food Programme (WFP) donated 13,825 metric ton edible oil for free distribution 8.8.451 metric ton oil was misappropriated and 19.618 metric ton was received less from Ministry of food Agriculture.

The PAO informed that the Assistant Director, World Food Program (WFP) named Dr. Liaquat Ali Bhutto, an employee of Provincial Health Department, Sindh was assigned this duty by the Sindh Government as he was dealing with the consumable / edible oil to support pregnant women of 13 districts of Sindh in exchange of TT vaccination drive. The above matters pertain to Sindh Government.

**PAC DIRECTIVE**

The Committee pended the above two paras, directed to PAO to take up the matter with concerned department, conduct inquiry, fix the responsibility and submit the report to the PAC in one month.

3. i) **PARA-4.6 PAGE 18 AR 1998-99 NON- ADJUSTMENT OF ADVANCES - RS.2.740 MILLION, US\$ MILLION, UK 0.180 MILLION.**
- ii) **PARA-5.1 PAGE- 23 AR 1998-99 UNAUTHORIZED RETENTION OF UNSPENT BALANCES BY EMBASSIES- UK 0.061 MILLION AND US\$ 0.041 MILLION.**

The Audit clubbed the para No.4.6 and 5.1 above and pointed out M/o Health paid Rs. 2.734 million for purchase of air ticket US\$ 281716 and UK Pond 180311 to different embassies as advance of treatment of people but not adjusted.

The PAO informed that the matter has been taken up with the M/o Foreign Affairs for provision of adjustment of accounts or the amount may be refunded.

**PAC DIRECTIVE**

The Committee pended the above two paras for 30 days and directed the PAO to resolve the matter with Ministry of Foreign Affairs.

4. i) PARA-2.3-PAGE 12-13-AR 1998-99  
IRREGULAR EXPENDITURE INCURRED ON HIRING OF HOUSES  
FOR THE EMPLOYEES OF THE COUNCIL WITHOUT THE APPROVAL  
OF COMPETENT AUTHORITY -RS. 4.848 MILLION
- ii) PARA-3.2-PAGE 14 AR 1998-99  
LOSS DUE TO PAYMENT OF DEMURRAGE CHARGES  
RS. 0.352 MILLION.
- iii) PARA-3.3- PAGE 17-AR 1998-99  
IRREGULAR /UNAUTHORIZED UP GRADATION OF POSTS IN  
GAZETTED (BPS-17 TO BPS-18) AS WELL AS NON-GAZETTED (BPS-  
05 TO 7 AND -09) CADRES WITHOUT THE APPROVAL OF FINANCE /  
ESTABLISHMENT DIVISION INVOLVING IRREGULAR PAYMENTS OF  
HUGE AMOUNTS.
- iv) PARA-4.4- PAGE 21-AR 1998-99  
RECOVERY FROM AN OFFICER IRREGULARLY PAID AS ORDERELY  
ALLOWANCE IN ADDITION TO UTILIZING SERVICES OF AN  
ORDERALY RS. 0.078 MILLION
- v) PARA-4.8 PAGE 19-20 -AR 1998-99  
IRREGULAR PAYMENTON THE ACCOUNT OF PURCHASE AND  
INSTALLATION OF AIR CONDITIONERS - RS. 1.934 MILLION
- vi) PARA-4.11-PAGE 21-22- AR 1998-99  
RECOVERY DUE TO UNAUTHORIZED RETENTION AND USE OF  
VEHICLE - RS. 0.450 MILLION.

#### PAC DIRECTIVE

The Committee settled the above six (6) paras on the recommendation of the DAC.

5. i) PARA-1.2 PAGE 07-08 AR 1998-99  
IRREGULAR/UNAUTHORIZED PAYMENT OF SECURED ADVANCE  
TO CONTRACTOR IN VIOLATION OF THE CONTRCT -  
RS. 1.548 MILLION
- ii) PARA-1.3-PAGE 09 AR 1998-99  
COST OVERRUN DUE TO REDUCTION IN COVERED AREA WHILE  
CONSTRUCTING PMRC OFFICE BUILDING -RS. 4.248 MILLION

- iii) PARA-2.5 PAGE 14 AR 1998-99  
NON-DEDUCTION OF RETENTION MONEY FROM THE RUNNING  
PAYMENTS OF CONTRACTOR AGAINST A PAYMENT OF - RS.  
10.060,255 MILLION FOR THE CONSTRUCTION OF BUILDING –  
RS.0.503 MILLION.
- iv) PARA-4.1 PAGE 19 AR 1998-99  
RECOVERY FROM A CONTRACTOR FOR NOT BUILDING ENGINEER  
SITE OFFICE WITH PMRC BUILDING ON VIOLATION OF THE  
CLAUSE OF AGREEMENT RS. 0,650 MILLION
- v) PARA-4.2 PAGE 19 AR 1998-99  
RECOVERY ON ACCOUNT OF LONG OUTSTANDING/UNADJUSTED  
ADVANCES ON DIFFERENT ACCOUNT LYING UNADJUSTED- RS.  
0.329 MILLION
- vi) PARA-4.11- PAGE 26-AR 1998-99  
RECOVERY FROM A FROM A CONTRACTOR ON ACCOUNT OF  
LIQUIDATED DAMAGTES FOR NOT COMPLETING THE  
CONSTRUCTION OF PMRC BUILDING WITHIN STIPULATED TIME –  
RS.0.761 MILLION.

#### PAC DIRECTIVE

The Committee settled the above six (6) paras subject to verification of record by the Audit.

- 6. PARA-2.4 PAGE 13 AR 1998-99  
PERFORMANCE GUARANTEE NOT OBTAINED FROM A CONTRACTOR IN  
VIOLATION OF THE AGREEMENT WHICH AMOUNTED TO EXTENDING AN  
UNDUE FLAVOR TO A CONTRACTOR - RS. 0.854 MILLION

The Audit pointed out a contractor was awarded the work of the construction of the office building o an organization at Islamabad. Performance guarantee was necessary to safeguard the interest of organization. The contractor delayed the work which caused the over cost.

The PAO informed that inquiry will be held to fix responsibility.

#### PAC DIRECTIVE

The Committee directed the PAO to conduct an inquiry and fix the responsibility.

7. **PARA 1.2 PAGE 07-08 AR 1998-99**  
**PILFERAGE OF 25,493 LITRE PETROL – Rs.0.765 MILLION**

The Audit pointed out M/o Health purchased 96000 liter petrol during 1995-99 but utilized 70,507 liter. No record is available about 25,493 liter petrol utilization.

The PAO informed that the record of devolved M/o Health will be checked whether any inquiry was conducted if not then will be conducted.

**PAC DIRECTIVE**

The Committee directed the PAO to conduct an inquiry within 15 days and intimate to the Audit/PAC.

8. **PARA-2.1-PAGE 09 AR 1998-99**  
**IRREGULAR EXPENDITURE ON PURCHASE OF DIFFERENT STORE ITEMS**  
**RS. 30.295 MILLION**

The Audit pointed out the National Institute of Health (N.I.H) made a payment of Rs. 30,294,987 against the purchase of different store's items. These items were not received by any responsible officer certifying their quality/quantity before taking these on charge in the stock register in violation of rule 379 of federal Treasury Rules (FTR).

The PAO informed that the Ministry should check the record to see that why the inquires remained lingered on for such a long time as finally in August, 2010 responsibility was fixed and the person held responsible was already died. The occurrence of events from initiating the inquires till their finalization may be reported to the Audit.

**PAC DIRECTIVE**

The Committee showed displeasure why inquiry was lingered on and directed the PAO to inform the Audit about inquiry.

9. **PARA-4.1-PAGE 15 AR 1998-99**  
**NON RECONCILIATION OF DEPOSITS REGARDING LICENSING,**  
**ADVERTISING, REGISTRATION AND IMPORT & EXPORT FEE-**  
**RS. 54.755 MILLION.**

The Audit pointed out as per record of Drug Section of devolved Ministry of Health sums aggregating to Rs. 54,755,400 were deposited into Govt. account through treasury challan during the fiscal year 1995-96 to 1998-99 on account of registration, advertising, import and export and licensing fee. The amounts have not been reconciled with treasury by the management which was violation to the provision of Rule 77 (v) of FTR.

The PAO informed that the copies of Finance Accounts for the financial years 1995-96 to 1998-99 may be provided to the Audit to verify that the figures of receipts of audit para are not less than the figures reported in the Finance Accounts.

**PAC DIRECTIVE**

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

10. **PARA-5.2-PAGE 23-24- AR 1998-99**  
**UNAUTHORIIZED PAYMENT ON ACCOUNT OF NON-PRACTICING ALLOWANCE RS. 0.643 MILLION**

The Audit pointed out on the Scrutiny of Pay Rolls it revealed that all the doctors working in Health Division had been drawing non-practicing allowance from the date of joining which was not admissible under above mentioned rule. The total payment as worked out for seven doctors of B-19 and above and 17 doctors of B-17 & 18 @ Rs. 700 p.m. and Rs. 500 p.m. respectively for the period of audit comes to Rs. 643,208 and needs recovery.

The PAO informed that recovery will be made from the concerned and deposited into the Government treasury.

**PAC DIRECTIVE**

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

11. **PARA-5.3-PAGE 23-24- AR 1998-99**  
**IRREGULAR AND UNAUTHORIZED EXPENDITURE ON ACCOUNT OF EXCESS RESIDENTIAL TELEPHONES OF MINISTERS - RS. 0.546 MILLION.**

The Audit pointed out that the Ministry of Health paid a sum of Rs. 546,251 to PTCL for two residential telephones of Health Minister at Multan and Islamabad the bill had been paid regularly out of Government funds. Due to the above mentioned claim he was entitled to avail the facility of one phone and this amount so paid for bills of his residential bills of Multan is unauthorized.

The PAO informed that the amount will be recovered from the ex-Federal Minister for Health.

**PAC DIRECTIVE**

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

12. **PARA-5.4-PAGE 25- AR 1998-99**  
**IRREGULAR PAYMENT OF COMPUTER ALLOWANCE AND RECOVERY ON**  
**ACCOUNT THEREOF OF RS.0.208 MILLION.**

The Audit pointed out some officers of NIH were drawing Computer Allowance without fulfilling the requisite conditions laid down in Finance Division O.M. dated 01.07.1986 according to which computer personal in BPS-17 and above are allowed computer Allowance subject to the condition that they possess the minimum educational qualification of Master Degree in Computer Sciences from a recognized University.

The PAO informed that the department has recovered an amount of Rs. 179,750 and remaining amount of Rs. 28,500 will be recovered from Mr. Muhammad Sadiq, ex-employee.

**PAC DIRECTIVE**

The Committee settled the above para subject to recovery verified by the Audit.

13. **PARA-5.5-PAGE- 26 AR 1998-99**  
**NON-DEPOSIT OF RS. 0.180 MILLION (ONE THIRD OF CONSULTANCY**  
**CHARGES) BY AN OFFICER OF MINISTRY OF HEALTH, LOSS DUE TO ILL-**  
**PLANNING – Rs..0.360 MILLION.**

The Audit pointed out Dr. Riaz Ahmad Malik, Assistant Director General Health (B-18) remained employed in Health Care Development Project (1200-Pak) with effect from June, 1996 and received total amount of Rs. 540,000 i.e. @ Rs. 45,000 p.m. during the period mentioned above as consultancy charges/salary. As per provision of Supplementary Rule-12 the officer was required to deposit into Govt. account one third of the amount received. This share had neither been demanded by the Ministry nor had the officer himself deposited the same into government account.

The PAO informed that recovery will be made from the concerned persons and will be deposited into the government treasury.

**PAC DIRECTIVE**

The Committee settled the above para subject to recovery verified by the Audit.

14. **PARA-5.6-PAGE- 26-27 AR 1998-99**  
**RECOVERY ON ACCOUNT OF OVER PAYMENT OF SALARY AND NON-RECOVERY OF COMPULSORY DUES– Rs.0.172 MILLION.**

The Audit pointed out that Mr. Mubashar Riaz Sheikh, Dy. Director General Health was transferred/posted on deputation to WHO/EMRO Egypt w.e.f. 21-05-1998. The scrutiny of the Pay rolls revealed that the payment of his salary continued to be credited in his bank A/c No. SB. 10836, HBL. A block Pak Secretariat which was not admissible.

The PAO informed that recovery will be made from Dr. Mubashar Riaz Sheikh and deposited into Government Treasury.

**PAC DIRECTIVE**

The Committee settled the above para subject to recovery verified by the Audit.

15. **PARA-6.1-PAGE- 29 AR 1998-99**  
**NON-PRODUCTION OF UTILIZATION RECORD REGARDING DISCRETIONARY GRANT– Rs. 1.200 MILLION.**

The Audit pointed out that the Ministry of Health did not produce the relevant record relating to the utilization of discretionary grants of the Health Minister for the period 1997-98 in spite of repeated requisitions made to the management. The amount placed at the disposal of Ministers was Rs. 0.60 million for each year. This action of the management was serious violation to the provision 17 of AGPR.

The PAO informed that the Ministry provided copy of the register/cash book showing the disbursement of the amount in support of the which Audit has desired that the disbursements were made in cash therefore cash acknowledgments may be provided for verification.

**PAC DIRECTIVE**

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

16. **PARA-6.2-PAGE- 29-30 AR 1998-99**  
**NON-PRODUCTION OF RECORD OF 15,000 BOTTLES AND SUSPECTED MIS-APPROPRIATION– Rs.0.315 MILLION.**

The Audit pointed out the local office of NIH purchased 15,000 used injection glass bottles of 500 ml (imported) with rubber cork and aluminum seal for Rs.

315,000 from the contractor. The utilization of the aforesaid purchase were not produced in violation of para 17 of the GFR.

The PAO informed that the rubber stoppers and aluminum seals have been consumed and no misappropriation has occurred. The relevant record is available for verification by the Audit. The audit authority has been requested to verify the record vide letter No. F.3 (2)/1998-99/FD dated 31.08.2010 and 02.04.2011.

### **PAC DIRECTIVE**

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

### **PAKISTAN MEDICAL RESEARCH COUNCIL (PMRC)(DEVOLVED MINISTRY OF HEALTH)**

17. **PARA-1.1-PAGE- 7-8- AR 1998-99**  
**WASTEFUL / UNPRODUCTIVE EXPNDITURE INCURRED ON EXPENSES**  
**OTHER THAN RESEARCH WORK DURING FIVE YEARS**  
**Rs.165.956 MILLION.**

The Audit pointed out that the main function of the PMRC was to arrange research work relating to medical field, but a large unproductive expenditure is being incurred every year on payment of salary, and other related expenses.

The PAO informed that PMRC has its own laboratories and equipment utilized for the research activities. The main manpower of PMRC consists of technical personnel who are involved in research work and major portion of budget is spent on salaries of technical personnel.

### **PAC DIRECTIVE**

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

18. **PARA-1.4-PAGE 09-10 AR 1998-99**  
**IRREGULAR EXPENDITURE INCURRED ON PAYMENT OF SALARY OF THE**  
**CONTINGENT EMPLOYEES RECRUITED IN VIOLATION OF GOVERNMENT**  
**ORDERS -RS. 2.350 MILLION**

The Audit pointed out the council in violation of the Government rule/order engaged contingent paid employees on their strength involving an expenditure of Rs.2,349,990 during the period 1994-95 to 1998-99 incurred on payment of salary of these employees.

The PAO informed that responsibility will be fixed and thereafter the irregularity will be got regularize from the Finance Division.

**PAC DIRECTIVE**

The Committee settled the above para subject to regularization of irregularity from the Finance Division.

19. **PARA-2.1-PAGE 11-AR 1998-99**  
**LOSS CAUSED TO THE ORGANIZATION BY AWARDING SUPPLY ORDER TO HIGHEST BIDDER WITHOUT OBSERVING LAID DOWN PROCEDURE - RS. 0.284 MILLION**

The Audit pointed out the purchase of computers was to be made by inviting open tenders, but in violation of the instruction no open bids were invited and the organization was deprived of the benefit of competitive market rates. Further the lowest rates of a firm for a branded computer of Rs. 72,600 which would have cost Rs. 435,600 for six computers were ignored without assigning any reason. The work order was awarded to a firm with higher rates involving a total payment of Rs. 720,000 for six computers which resulted in excess payment of Rs. 284,400.

The PAO informed that the tenders submitted by the firms were scrutinized by the purchase committee on the basis of the terms and conditions laid down in the tender document. As per comparative statement M/s Saigol Computers fulfilled the requirements of the tender therefore the purchase committee settled to purchase the computer from M/s Saigol computers.

**PAC DIRECTIVE**

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

20. **PARA-2.2-PAGE 11-12 AR 1998-99**  
**LOSS CAUSED TO THE GOVERNMENT DUE TO THEFT OF A VEHICLE NO. IDF- 6017-RS. 0.630 MILLION**

The Audit pointed out that a Toyota Hiace No. IDF-6017 purchased in 1993 at a cost of Rs. 630,000 was stolen from the premises of Army Medical College, Rawalpindi on 10.02.1997 where it was parked after office hours. The office of the PMRC is located at Islamabad and there was no justification in parking the vehicle of the organization at Rawalpindi in AMC.

The PAO informed that all efforts were made by the police department to recover the vehicle however; having no success in recovering the vehicle the FIR was discharged by the police on 05.05.2001. The case is being submitted to competent authority to the write of the loss.

**PAC DIRECTIVE**

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

21. **PARA-3.1-PAGE 15-12 AR 1998-99**  
**IRREGULAR DRAWAL AS ADVANCE FOR PLACING THE AMOUNT IN A**  
**BANK ACCOUNT FOR AN UNSPECIFIED PROJECT AT THE END OF**  
**FINANCIAL YEAR RS. 0.200 MILLION**

The Audit pointed out an officer intimated the Executive Director PMRC that a separate account has been opened as per decision in a meeting held on 04.06.1996 , but it is not clear what kind of project was being initiated and who approved this project. A mount of Rs. 200,000 was drawn through a cheque No.21009349 dated 20.06.1995 for deposit into bank account at Lahore. The amount was drawn at the close of financial year in violation of Para-96 of GFR Vol-I and para -7 without the approval of the competent authority just to avoid lapse of the mount. Moreover, there is nothing on record to show for what purpose this amount was spent at Lahore.

The PAO informed that the seed money was intact and additional funds generated on their own had been further deposited in bank. This practice continues till date. The DAC directed the department to provide revised reply alongwith supporting bank statements for examination by the Audit.

**PAC DIRECTIVE**

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

22. **PARA-3.2-PAGE 15-17 AR 1998-99**  
**LACK OF INTERNAL CONTROLS RESULTING IN FINANCIAL/**  
**ADMINISTRATIVE IN DISCIPLINE IN THE COUNCIL.**

The Audit pointed out it was felt that financial affairs of the council were not up to the mark because of loose internal controls as s organization required a lot of improvement in bringing financial discipline and also on administrative side.

The PAO informed that the responsibility will be fixed for the laxities pointed out by the Audit and matter will be referred to Finance Division as the issues of financial nature were involved.

**PAC DIRECTIVE**

The Committee settled the above para with the direction to fix the responsibility and also to refer the matter to the Finance Division.

23. **PARA-3.4-PAGE-18- AR 1998-99**  
**IRREGULAR / UNAUTHORIZED DRAWAL FROM ASSIGNMENT ACCOUNT**  
**AND PLACED IN HABIB BANK WITHOUT THE APPROVAL OF FINANCE**  
**DIVISION RS. 175.226 MILLION.**

The Audit pointed out Finance Division allowed the PMRC to operate an assignment account in National Bank of Pakistan main branch, Islamabad, for placing funds released by the Government. The organization was supposed to make payment from this account through cheques issued by the Federal Treasury but they irregularly, unauthorized drew Rs. 175,226,001 from assignment account during the period 1994-95 to 1998-99 and placed the same in HBL in account No. 816-96 and also No. 817-77. The action of the Department was in violation of Rule.

The PAO informed that the bank statement and bank closure certificate alongwith other record will be provided to the Audit for verification.

**PAC DIRECTIVE**

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

24. **PARA-4.3-PAGE-20-21- AR 1998-99**  
**RECOVERY ON ACCOUNT OF IRREGULAR/UNAUTHORIZED FEE SHARE**  
**FROM DEVELOPMENT FUNDS RS. 0.555 MILLION.**

The Audit pointed out the Chairperson and other employees of the Council drew an amount of Rs. 554,695 as 20% fee from this amount as her share for which no order were shown. Audit opines that this share should have been accounted as a receipt of the organization and not paid to the employees who were working on this project during their normal duty hours.

The PAO informed that the recovery will be made and deposited into the Government treasury.

**PAC DIRECTIVE**

The Committee settled the above para subject to recovery verified by the Audit.

25. **PARA-4.5-PAGE-20-21- AR 1998-99**  
**RECOVERY OF INTEREST FROM PMRC ACCRUED ON THE AMOUNT OF**  
**RS. 24,175,799 IRREGULARLY RETAINED IN BANK ACCOUNT IN HBL AT**  
**THE CLOSE OF FINANCIAL YEAR RS. 4.352 MILLION.**

The Audit pointed out the organization to avoid lapse of the balances the authoritative of the council drew amounts in lumpsum from assignment account

and placed these amounts in an account unauthorized opened in HBL. The total amount of interest earned to comes to Rs. 4,351,643.

The PAO informed that the bank statement and bank closure certificate along-with other record will be provided to the Audit for verification.

**PAC DIRECTIVE**

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

26. **PARA-4.6-PAGE-22-23- AR 1998-99**  
**RECOVERY RELEASED FROM UNAUTHORIZED/IRREGULAR DISPOSAL OF**  
**VEHICLES NOT DEPOSITED INTO GOVERNMENT ACCOUNT – RS. 0.900**  
**MILLION.**

The Audit pointed out that the authorities of the organization disposed off four vehicles through open auction in June, 1997 with involving the disposal wing of the Ministry of Industries are per standing instructions of the Government that all such vehicles should be =auctioned through the disposal wing. This makes the disposal of vehicles doubtful. Further Rs.900,000 released from the disposal of the vehicles were not deposited into Government account on the plea that these were receipts of the council.

The PAO informed that the amount pointed out by the Audit has been utilized in purchase of the new vehicles for the replacement of the auctioned vehicles.

**PAC DIRECTIVE**

The Committee pended the para for 30 days and directed the PAO to conduct an inquiry, fix the responsibility for unauthorizedly disposing off the vehicle and for not depositing the amount into the government Treasury.

27. **PARA-4.7-PAGE-23-24- AR 1998-99**  
**RECOVERY PERTAINING TO RECOVERY OF LONG TERM ADVANCES**  
**FROM THE EMPLOYEES BEING LACED IN COUNCILS ACCOUNT INSTEAD**  
**OF DEPOSITING IT INTO GOVERNMENT ACCOUNT –RS.0.413 MILLION.**

The Audit pointed out that the employees of the council like other Government and autonomous departments are paid long term advances viz HBA, motor car advance, motor cycle advances from the funds released by the Government. These advances are recoverable in monthly installment. The authorities of the council were supposed to deposit such recovered amount into government account as funds for these advances were provided by the Government. Contrary to this such recovered amounts were irregularly being placed into a bank account of the council and this arrangement still exists.

The PAO informed that the department will develop a system for retention of recoveries with the approval of the Finance Division.

**PAC DIRECTIVE**

The Committee settled the above para subject to verification of record and approval of recoveries system by the Finance Division.

28. **PARA-4.8-PAGE-24-25- AR 1998-99**  
**RECOVERY FROM THE EMPLOYEES ON ACCOUNT OF**  
**IRREGULAR/UNAUTHORIZED REFUND OF TOTAL AMOUNT DEDUCTED**  
**AS 5% AS HOUSING RENT –RS.1.017 MILLION.**

The Audit pointed out that the council in violation of the rules refunded the deducted amount of Rs. 1,017,419 to the occupants of hired houses and irregularly / unauthorized refunded should be recovered from the concerned for deposit into government account.

The PAO informed that non-availability of repair and maintenance facilities to PMRC employees was brought to the attention of the PMRC Board of Governors who approved the payment of repair and maintenance costs to the employees on the basis of actual expenditure.

**PAC DIRECTIVE**

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

29. **PARA-4.9-PAGE-24-25- AR 1998-99**  
**RECOVERY FROM THE COUNCIL RECEIVED FROM INCOME GENERATING**  
**PROJECTS WHICH WAS TO BE DEPOSITED INTO GOVERNMENT**  
**ACCOUNT –RS.4.382 MILLION.**

The Audit pointed out that the books of the organization show a total receipt of Rs. 4,382,234 during the period 22.10.1996 to 08.04.1999 which was to be deposited into Government account, but was irregularly and unauthorizedly retained by the council in violation of para 7 (1) of F.T.R.

The PAO informed that the department was established through resolution and no rules have yet been framed. Therefore, the government rules on the subject could not be implemented by the department, however, reference will be made to the Finance Division.

**PAC DIRECTIVE**

The Committee settled the above para subject to approval of rules by the Finance Division.

30. **PARA-4.10-PAGE-26- AR 1998-99**  
**RECOVERY IRREGULARLY PAID TO AN OFFICER ON ACCOUNT OF**  
**ARREARS OF INCREMENT FOR THE PERIOD HE AVAILED LEAVE**  
**WITHOUT PAY –RS. 0.046 MILLION.**

The Audit pointed out the PMRC irregularly restored two increments of the officer resulting in irregular payment of Rs. 45,753 on account of arrears of increments of both the years. Payment of Rs. 45,753 is held as inadmissible which should be recovered.

The PAO informed that Dr. Mussart Ismail, Medical Officer, PMRC, NHRC, Sheikh Zayed Hospital, Lahore was granted 02 years leave on half average pay / EOL w.e.f. 30.04.1989 to 01.02.1991. Dr. Mussarat Ismail joined her duty on 02.02.1991, thus the two increments were granted to her because her leave on half average pay.

**PAC DIRECTIVE**

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

## **PAKISTAN ATOMIC ENERGY COMMISSION (PAEC)**

### **OVERVIEW**

Annual Audit Report for the year 1998-99 pertaining to Pakistan Atomic Energy Commission (PAEC) was examined by Public Accounts Committee (PAC) on 18<sup>th</sup> May 2015.

- 2 Grant were presented by the Audit Department which were examined by the Committee and settled the same

### **ACTIONABLE POINTS**

Actionable points arising from discussion of the meeting of Public Accounts Committee, held on 18<sup>th</sup> May, 2015 for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99 of Atomic Energy Commission as below:-

#### **APPROPRIATION ACCOUNTS CIVIL VOL-I 1998-99**

1. i) **GRANT NO. 12, ATOMIC ENERGY COMMISSION  
NO EXCESS NO SAVING**
- ii). **GRANT NO. 142, CAPITAL OUTLAY ON DEVELOPMENT OF ATOMIC  
ENERGY SAVINGS OF RS 89,000,000**

#### **PAC DIRECTIVE**

The Committee settled the above mentioned two (02) Grants on the recommendation of DAC.

## **MINISTRY OF PARLIAMENTARY AFFAIRS**

### **OVERVIEW**

Annual Audit Report for the year 1998-99 pertaining to Ministry of Parliamentary Affairs was examined by Public Accounts Committee (PAC) on 4<sup>th</sup> January 2016.

- 1 Grant was presented by the Audit Department which was examined by the Committee and settled the same.

### **ACTIONABLE POINTS**

Actionable points arising from the discussion of meeting of the Public Accounts Committee held on 4<sup>th</sup> January, 2016, pertaining to M/o Parliamentary Affairs, in the Parliament House, Islamabad under the Convenership of Ms. Shahida Akhtar Ali, MNA for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99.

### **APPROPRIATION ACCOUNTS (CIVIL) VOL-1 FOR THE YEAR 1998-99**

#### **1. GRANT NO.90- PARLIAMENTARY AFFAIRS DIVISION**

Total Grant Rs. 22,806,000/-

Net Saving Rs. 237,683/-

### **PAC DIRECTIVE**

The Committee settled the above Grant .

## **MINISTRY OF PETROLEUM AND NATURAL RESOURCES**

### **OVERVIEW**

Annual Audit Report for the year 1998-99 pertaining to Ministry of Petroleum and Natural Resources was examined by Public Accounts Committee (PAC) on 16<sup>th</sup> January, 2014, 14<sup>th</sup> September 2015, 1<sup>st</sup> December 2015 and 4<sup>th</sup> January, 2016.

- 94 Paras and 6 Grants were presented by the Audit Department which were examined by the Committee. Out of which 53 Paras and 6 Grants were settled whereas appropriate directions were accordingly issued for the remaining Paras.
- In few Paras the PAO was directed to hold inquires, fix responsibility and initiate disciplinary actions.

### **ACTIONABLE POINTS**

Actionable Points arising from the discussion of the PAC meeting held on 16<sup>th</sup> January, 2014, on Appropriations Accounts / Audit Report 1998-99, pertaining to the Ministry of Petroleum and Natural Resources are as under:-

#### **APPROPRIATION ACCOUNTS 1998-99**

##### **1. GRANT NO 93 (PETROLEUM AND NATURAL RESOURCES DIVISION)**

#### **Saving of Rs. 37,82,153/-**

The grant closed with a saving of Rs. 3,782,153 which works out to 9.57 percent of the total grant. An amount of Rs. 4,134,000 (10.46%) was surrendered resulting into excess of Rs. 351,847 (0.89%). A supplementary grant of Rs. 364174 was sanctioned but not included in supplementary schedule of authorized expenditure.

#### **PAC DIRECTIVE**

The Committee regularized the grant.

##### **1. GRANT NO 95: OTHER EXPENDITURES(PETROLEUM AND NATURAL RESOURCES DIVISION)**

#### **Saving of Rs. 7,907,167/-**

The grant closed with a saving of Rs. 7,907,167 which works out to 16.38 percent of the total grant. An amount of Rs. 7,907,000 (16.38%) was surrendered resulting into net saving of Rs. 167.

#### **PAC DIRECTIVE**

The Committee settled the grant.

3. **GRANT NO 136 : DEVELOPMENT EXPENDITURES (PETROLEUM AND NATURAL RESOURCES DIVISION)**

The budget provision was utilized in full.

**PAC DIRECTIVE**

The Committee settled the grant.

4. **GRANT NO 154 : CAPITAL OUTLAY(PETROLEUM AND NATURAL RESOURCES DIVISION)**

**SAVING OF RS. 210,659,887**

The grant closed with a saving of Rs. 210,659,887 which works out to 11.96 percent of the total grant.

The PAO explained that an authority amounting to Rs. 208,000,000 was issued by AGPR to State Bank of Pakistan for payment of Installments of German and French loan but SBP did not honor the authority.

**PAC DIRECTIVE**

The Committee settled the Grant.

**APPROPRIATION ACCOUNTS 1998-99**

**GEOLOGICAL SURVEY OF PAKISTAN**

5. **GRANT NO 94 : CURRENT EXPENDITURE EXCESS OF RS. 3,395,687**

The grant closed with a saving/excess of Rs. 3,766,313 which works out to 4.54 percent of the total grant. An amount of Rs. 7,162,000 was surrendered leaving excess of Rs. 3,395,687 which is 4.09 % of the total grant.

**PAC DIRECTIVE**

The Committee settled the Grant.

6. **GRANT NO 154 : NET SAVING OF Rs. 2,067**

The grant closed with a saving of Rs. 412,067 which works out to 1.25 percent of the total grant. An amount of Rs. 410,000 was surrendered leaving net saving of Rs. 2,067 which is (0.006 %) of the total grant.

**PAC DIRECTIVE**

The Committee settled the Grant.

**AUDIT REPORT PUBLIC SECTOR ENTERPRISES VOLUME -X (S) FOR THE YEAR 1998-99**

**NATIONAL REFINERY LIMITED**

7. i) **PARA-101 (ARPSE-1998-99-VOL-X-S) PAGE-93**
- ii. **WORKING RESULT OF THE REFINERY FOR THE YEAR 1998-99**
- iii. **PARA-102 (ARPSE-1998-99-VOL-X-S) PAGE-94**
- iv. **PARA-103 (ARPSE-1998-99-VOL-X-S) PAGE-94**

**PAC DIRECTIVE**

The Committee settled the above three (03) paras.

**PAKISTAN STATE OIL COMPANY LIMITED**

8. i. **PARA-104 (ARPSE-1998-99-VOL-X-S) PAGE-95**  
**WORKING RESULT OF THE PAKISTAN STATE OIL FOR THE YEAR 1998-99**
- ii. **PARA-105 (ARPSE-1998-99-VOL-X-S) PAGE-95**
- iii. **PARA-106 (ARPSE-1998-99-VOL-X-S) PAGE-96**

**PAC DIRECTIVE**

The Committee settled the above three (03) paras.

9. **PARA-107 (ARPSE-1998-99-VOL-X-S) PAGE-98**

**BLOCKADE OF FUNDS OF RS3.667 MILLION BY EXTENDING UNDUE FAVOUR TO A PRIVATE PARTY**

Audit pointed out that PSO signed an agreement with M/s Gilani Traders to obtain plot No.44 measuring 19800 sq. meter, in Kemari Oil installation area, Karachi on sub lease for 25 years on annual rent of Rs 3.6 Million. An advance of Rs 3 million was paid to M/s Gilani Traders the same month. Audit is of the view that funds were blocked by paying advance rent to M/s Gilani Traders for the plot which was not in their possession

The PAO replied that after a period of 5 years, KPT allotted 2 plots bearing # 50 & 57 measuring 18409 sq. Meters to M/s. Gillani (Private Limited for a period of 25 years for the purpose of oil/Chemical Storage Tanks in lieu of previous allotted Plot # 44. In accordance with the KPT Lease Agreement, construction of

storage facilities was to be undertaken after obtaining permissions from various departments. But the passage of time, the requirement scenario for development of chemical storage was changed due to the reason of free import policy.

**PAC DIRECTIVE**

The Committee referred the case to the NAB and asked the officials to submit the report within the period of three months.

**SUI SOUTHERN GAS COMPANY LIMITED**

10. i. **PARA-108 (ARPSE-1998-99-VOL-X-S) PAGE-98  
WORKING RESULT OF THE SUI SOUTHERN GAS COMPANY FOR  
THE YEAR 1998-99**
- ii. **PARA-109 (ARPSE-1998-99-VOL-X-S) PAGE-99  
CAPITAL WORK IS PROGRESS AND STOCK HELD FOR CAPITAL  
PROJECTS STOOD AT RS 2881.233 MILLION (1997-98 RS 3231.064  
MILLION)**

**PAC DIRECTIVE**

The Committee settled the above two (02) paras.

**SAINDAK METALS LIMITED**

11. **PARA-110 (ARPSE-1998-99-VOL-X-S)**

**PAC DIRECTIVE**

The PAC settled the para.

**UNION TEXAS PAKISTAN**

12. i. **PARA-111 (ARPSE-1998-99-VOL-X-S) PAGE-101**
- ii. **PARA-112 (ARPSE-1998-99-VOL-X-S) PAGE-101**

**PAC DIRECTIVE**

The Committee settled the above two (02) paras.

**AUDIT REPORT FOR PUBLIC SECTOR ENTERPRISES FOR THE YEAR 1998-99**

**PIRKOH GAS COMPANY(PRIVATE) LIMITED**

13. **PARA-135 PAGE-112 ARPSE-1998-99**

**PAC DIRECTIVE**

The Committee settled the para.

14. **PARA-136 PAGE-113 ARPSE-1998-99**

Audit pointed out that the trade debtors are on high side and need to be minimized.

**PAC DIRECTIVE**

The Committee referred the para to the Ministry of Finance and instructed to deduct at source from payments to KESC.

15. i. **PARA-137 PAGE-113 ARPSE-1998-99**  
ii. **PARA-138 PAGE-113 ARPSE-1998-99**  
iii. **PARA-139 PAGE-113 ARPSE-1998-99**  
iv. **PARA-140 PAGE-113 ARPSE-1998-99**

**OIL AND GAS DEVELOPMENT COMPANY LIMITED**

- v. **PARA-142 PAGE-115 ARPSE-1998-99.**

**PAC DIRECTIVE**

The Committee settled the above mentioned five (05) paras.

16. **PARA-143 PAGE-116 ARPSE-1998-99**

Audit pointed out that Stores and spares inventories were valued at Rs.7032.939 million as on June 30, 1999. An amount of Rs.675.160 million for obsolete and slow moving items has been provided in the Accounts.

**PAC DIRECTIVE**

The Committee directed the PAO to sell the remaining obsolete stores and spares in 2 months' time and furnish the details/documents for verification to audit. The Committee further instructed M/o Finance to issue guidelines prohibiting excess purchasing and maintaining of the Stores and Spares Inventories.

17. **PARA-144 PAGE-116 ARPSE-1998-99**

Audit pointed out that trade debt as on June 30, 1999 amounted to Rs.9481.885 million. Efforts are required to be made to recover these debts early.

**PAC DIRECTIVE**

The Committee settled the para subject to recovery and directed the PAO to pursue the case in the Court of Law rigorously and report to the Committee.

18. **PARA-145 PAGE-116 ARPSE-1998-99**

Audit pointed out that the Loans, advances, deposits, prepayments and other receivables as on June 30, 1999 increased to Rs.2621.350 million as against Rs.2030.765 million at the close of the previous year registering an increase of 22.53%.

**PAC DIRECTIVE**

The Committee pended the para to be discussed in the Next Meeting.

19. i. **PARA-146 PAGE-116 ARPSE-1998-99**  
ii. **PARA-147 PAGE-116 ARPSE-1998-99**  
iii. **PARA-148 PAGE-116 ARPSE-1998-99**  
iv. **PARA-149 PAGE-116 ARPSE-1998-99**  
v. **PARA-150 PAGE-117 ARPSE-1998-99**  
**EXPECTED LOSS OF RS. 14.239 MILLION DUE TO NON RECEIPT OF STORE ITEMS SINCE LONG.**

**PAC DIRECTIVE**

The Committee settled the above five (05) paras.

**SUI NORTHERN GAS PIPELINES LIMITED**

20. **PARA-151 PAGE-118 ARPSE-1998-99**

**PAC DIRECTIVE**

The Committee settled the above para.

21. **PARA-152 PAGE-119 ARPSE-1998-99**

Audit pointed out that Trade debts amounting to Rs. 5207.580 million were recoverable on 30<sup>th</sup> June, 1999. These debts included doubtful debts of Rs. 1050.409 million. In order to avoid loss due to these doubtful debts, the factors rendering these debts doubtful need be investigated and recovery effected at the earliest.

**PAC DIRECTIVE**

The Committee settled the para subject to recovery within 3 months' time and report to the Committee/Audit.

22. i. **PARA-153 PAGE-119 ARPSE-1998-99**

ii. **PARA-154 PAGE-119 ARPSE-1998-99**

iii. **PARA-155 PAGE-120 ARPSE-1998-99**

**INFRACTUOUS EXPENDITURE OF RS.59.380 MILLION ON RECRUITMENT OF MANAGEMENT TRAINEES UNDER POLITICAL PRESSURE**

**PAC DIRECTIVE**

The Committee settled the above three (03) paras.

23. **PARA-156 PAGE-121 ARPSE-1998-99**

**PILFERAGE OF GAS BY INDUSTRIAL UNITS RS. 95.183 MILLION.**

In Sui Northern Gas Pipeline, Limited 9 Industrial Units (Non consumers ) were involved in pilferage of gas at large scale and an amount of Rs. 95.183 million was appearing in the accounts of the company as on 30-6-1998 as recoverable from these non-consumers. The company however did not initiate any proceeding against the parties involved in pilferage of gas.

The PAO replied that the Company's Management with full support of the Provincial and District Administration has been able to detect gas pilferage to the tune of Rs.95.183 Million. The cases of gas pilferers were referred to Army Monitoring Cell. These cases were reviewed on the advice of the Incharge-Army Monitoring Cell and were revised to realistic limits. Despite the reduction in the charges, these arrears however, were not paid by the pilferers. The amount in question has since been written off under the approval of Board of Directors.

**PAC DIRECTIVE**

The Committee directed the PAO to recover the balance amount from all the Pilferers and report to be submitted to audit within 15 days.

24. **PARA-157 PAGE-121 ARPSE-1998-99**  
**EXPECTED LOSS OF RS. 17.447 MILLION DUE TO NON-RECOVERY OF**  
**GAS CHARGES FROM DEFAULTING CONSUMER.**

Audit pointed that M/s.Kaghan Bricks Work Limited did not pay the monthly gas bills S.G.N.PL continued uninterrupted supply of gas for 20 months without initiating any action for recovery. The gas was finally disconnected on 28-9-1996 and outstanding dues against the defaulting consumer accumulated to Rs. 17.447 million up to the date of disconnection. As neither any security is held by SNGPL nor appropriate steps have been taken recovery from the defaulting company dues is doubtful. The matter was reported to Ministry/management on 15-10-1999 and 17-11-1999 but no reply was furnished.

The PAO replied that as a result of concerted efforts made the company has already recovered an amount of Rs. 13.951 million and recovery of balance is being pursued. We are pursuing with OPF (Parent company of KBWL).

**PAC DIRECTIVE**

The Committee settled the para subject to verification of recovery from OPF and report to the Committee within three (03) months.

25. **PARA-158 PAGE-122 ARPSE-1998-99**  
**LOSS OF RS. 23.208 MILLION ON NEW STORES AND SPARES DECLARED**  
**SCRAP BY THE MANAGEMENT.**

The audit pointed out that The management of Sui Northern Gas Pipe Lines Limited (SNGPL) purchased stores and spares worth millions of rupees in the past, out of which stores and spares worth Rs. 23.208 million lying un consumed since purchase. This showed that stores in question were purchased without any requirement a result of which company's funds amounting to Rs. 23.208 million remained blocked. The company is likely to sustain heavy losses through auction of the New Stores as scrap.

**PAC DIRECTIVE**

The Committee settled the para subject to verification of record and report to the Committee and Audit within two months.

26. i. **PARA-159 PAGE-122 ARPSE-1998-99**  
**LOSS OF RS. 3.570 MILLION ON ACCOUNT OF LESS BILLING TO**  
**M/S. CHAUDHRY SUGAR MILLS, GOJRA.**
- ii. **PARA-160 PAGE-123 ARPSE-1998-99**  
**LOSS OF RS. 2.473 MILLION DUE TO UN-NECESSARY PURCHASE**  
**OF STORES.**

### **PAC DIRECTIVE**

The Committee settled the above two (02) paras.

### **PAKISTAN MINERAL DEVELOPMENT CORPORATION**

27. i. **PARA-161 & 162 PAGE-125 ARPSE-1998-99  
NON RECOVERY OF RS. 84,170 FROM THE JOINT SECRETARY  
MINISTRY OF PETROLEUM AND N.R.**
- ii. **PARA-164 PAGE-126 ARPSE-1998-99  
NON RECOVERY OF CUSTOM DUTY AND OCTROI CHARGES  
AMOUNTING TO RS.0.790 MILLION**
- iii. **PARA-165 PAGE-127 ARPSE-1998-99  
LOSS OF RS. 965,684 DUE TO SUPPLY OF BLASTING  
POWDER/SAFETY FUSE TO MINERS AT SUBSIDIZED RATES.**

### **PAC DIRECTIVE**

The Committee settled the three (3) paras.

28. i) **PARA 113: AUDIT COMMENTS**
- ii) **PARA 114: AUDIT COMMENTS**
- iii) **PARA 115: AUDIT COMMENTS**
- iv) **PARA 116: AUDIT COMMENTS**
- v) **PARA 117: AUDIT COMMENTS**
- vi) **PARA 118: AUDIT COMMENTS**
- vii) **PARA 119: AUDIT COMMENTS**
- viii) **PARA 120: AUDIT COMMENTS**
- ix) **PARA 121: AUDIT COMMENTS**
- x) **PARA 122: AUDIT COMMENTS**

### **PAC DIRECTIVE**

The Committee settled the above ten (10) paras.

**AUDIT REPORT 1998-99**

**MINISTRY OF PETROLEUM AND NATURAL RESOURCES**

29. **PARA 1.1 AR 1998-99 PAGE 15**  
**UNLAWFUL GAS DEVELOPMENT SURCHARGE LIABILITY AGAINST**  
**GOVERNMENT RS 4,404.309 MILLION**

Audit pointed out that In the case of a gas company gas tariff in respect of all categories of consumers, except for commercial sector and CNG stations, was such that the fixed sale price was less than the prescribed price. In the situation no gas development surcharge was payable by the company but, on the contrary, the company in its books of account held that gas development surcharge/differential margin of Rs 4,404.309 million was recoverable from the government upto 31st March, 1999. Audit held the view that as the shortfall in fixed sale price from the prescribed price was not a liability of the government and as such dues were never recoverable from the government.

**PAC DIRECTIVE:**

The Committee directed the PAO to discuss the matter in detail with the Law and Justice Division and report back to the Committee in one month time.

30. **PARA 6.1 AR 1998-99 PAGE 111**  
**NON-REALIZATION OF GAS DEVELOPMENT SURCHARGE ON GAS SOLD**  
**TO WAPDA-RS 1,925.670 MILLION**

Audit pointed out that Gas development surcharge of Rs 1,925.670 million leviable under the law was not realized from M/s Mari Gas Company (Pvt) Ltd. in respect of gas sold to WAPDA during the years 1995-96 to 1997-98.

**PAC DIRECTIVE:**

The Committee settled the Para subject to recovery and report to the Committee and Audit in two months.

31. **PARA 6.2 AR 1998-99 PAGE 111**  
**SHORT-REALIZATION OF DEVELOPMENT SURCHARGE-RS 42.877**  
**MILLION**

The rate of development surcharge on solvent oil was enhanced from Rs 0.45 to Rs 1.54 per litre with effect from 16th May 1993 but a manufacturer continued to pay the surcharge at the pre-enhanced rate. The concerned authority under the Central Board of Revenue also failed to take notice of it. This resulted in short-realization of development surcharge of Rs 42,876,989 during the years 1993-94 to 1997-98.

**PAC DIRECTIVE:**

The Committee settled the Para subject to recovery and report to the Committee and Audit in two months.

32. **PARA 8.4 & 8.5 AR 1998-99 PAGE 119 & 120**  
**DOUBLE ACCOUNTAL OF SINGLE CREDIT ON ACCOUNT OF**  
**DEVELOPMENT SURCHARGE BY PSO - RS 15.500 MILLION**

Audit pointed out that as a result of double or excess adjustment of challans at both the stations Gujrat (Muzaffargarh) and ShershahDepot, an amount of Rs 15.500 million was not realized.

The PAO replied that Rs.6 million was recorded twice not the alleged Rs. 11 million; in case of para 8.4 and PSO deposited Rs 6 million. PSO further deposited Rs 4.5 million in case of para 8.5 and total deposited amount comes to Rs 10.500 million.

**PAC DIRECTIVE**

The Committee directed the PAO to conduct an inquiry on the matter with the help of Audit department and report to the Committee within two months.

33. **PARA 8.6 AR 1998-99 PAGE 120**  
**SHORT-REALIZATION OF DEVELOPMENT SURCHARGE DUE TO**  
**APPLICATION OF INCORRECT RATES - RS 126.289 MILLION.**

Audit pointed out that Rates of development surcharge were enhanced/ changed through some SROs. The revised rates were to be applied immediately. Some depots of PSO, Shell. Caltex and OGDC (Dodhak) did not observe these conditions and made clearance of oil on old rates. Resultantly, development surcharge of Rs 120,011,204 was short-assessed/realized. The rate of development surcharge in respect of kerosene oil (SKO) was enhanced to Rs 4.54 per litre. The rate was applicable with immediate effect Shell Pakistan Ltd. MehmoodKotMuzaffargarh got cleared 3,438,624 litres of SKO on incorrect rate of development surcharge i.e. @ Rs 2.07 per litre instead of Rs 4.54 per litre. This resulted in short-realization of development surcharge of Rs 8,493,401 which was needed to be recovered.

The PAO replied that:

- a) DG Oil has reported that major amount of Rs. 115 million has been recovered.
- b) Total amount involved in the para has been vacated by Appellant Tribunal and verified by Audit (Rs 8.408 million vacated). 1% penalty amounting to Rs.84,934 paid by Shell Pakistan.

**PAC DIRECTIVE:**

The Committee settled the para to extent of recovery made and directed the PAO to recover the remaining amount, get it verified from Audit and report to the Committee in three months.

34. **PARA 8.7 AR 1998-99 PAGE 121**  
**SHORT-REALIZATION OF DEVELOPMENT SURCHARGE DUE TO NON-IMPLEMENTATION OF NOTIFIED RATES -RS 58.177 MILLION**

The rate of development surcharge on solvent oil was notified as Rs 1.54 per litre through notification dated 16th May, 1993 which was not implemented by Pakistan Oil Fields Lid. Rawalpindi until it was pointed out during audit. This led to short-realization of revenue of Rs 58,177,419

The Ministry reported that Pakistan Oilfields Limited(POL) filed appeal before Appellate Tribunal, Islamabad who reduced the penalty from 200% to 25%. POL again filed appeal before Lahore High Court against orders of Appellate Tribunal which vide their judgment dated 08-04-2009 set aside the Tribunal's orders, and remanded the case for re-hearing. The Ministry also reported recoveries of Rs 122.885 Million.

**PAC DIRECTIVE:**

The Committee directed the PAO to pursue the case in the Court of Law vigorously and report to the Committee.

35. i. **PARA 8.8 AR 1998-99 PAGE 122**  
**REMOVAL OF HSD WITHOUT PAYMENT OF TAXES BY PSO, MACHIKE -RS 10.875 MILLION**
- ii. **PARA 8.9 AR 1998-99 PAGE 123**  
**SHORT-REALIZATION OF GOVERNMENT REVENUE DUE TO SHORT ACCOUNTAL OF HIGH SPEED DIESEL (HSD) - RS 0.986 MILLION**
- iii. **PARA 8.10 AR 1998-99 PAGE 124**  
**SHORT-REALIZATION OF DEVELOPMENT SURCHARGE DUE TO MISCALCULATE BY PSO DEPOT, SHERSHAH - RS 0.361 MILLION**
- iv. **PARA 8.11 (A) & (B) AR 1998-99 PAGE 124**  
**CLEARANCE OF OIL FROM BONDED WAREHOUSE (BWH) WITHOUT SUFFICIENT BALANCE IN ACL**
- v. **PARA 8.12 AR 1998-99 PAGE 125**  
**IMPROPER MAINTENANCE OF EXCISABLE RECORD BY PARCO, GUJRAT (MUZAFFARGARH)**
- vi. **PARA 8.13 AR 1998-99 PAGE 126**  
**ADJUSTMENT OF RS 0.90 MILLION UNDER WRONG HEAD OF ACCOUNTS BY PSO; SHERSHAH**
- vii. **PARA 8.14 AR 1998-99 PAGE 126**  
**WEAKNESSES IN PROCEDURE ADOPTED BY PARCO**

**PAC DIRECTIVE**

The Committee settled the above seven (07) paras.

## **ACTIONABLE POINTS**

Actionable points arising from the discussion of meeting of the Public Accounts Committee held on 14<sup>th</sup> September, 2015 pertaining to M/o Petroleum & Natural Resources, in the Parliament House, Islamabad for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99 of M/o Petroleum & Natural Resources,

### **REVIEW OF AUDIT REPORT- 1998-99**

36. **PARA 1.1 PAGE 15 (DP NO.7117-GDS UNLAWFUL GAS DEVELOPMENT SURCHARGE LIABILITY AGAINST GOVERNMENT RS, 4404,303 MILLION.**

Audit pointed out that section 3 of the National Gas (Development Surcharge) ordinance, 1967 requires that every company shall pay to the government a development surcharge equal to the differential margin in respect of natural gas sold. The differential margin is defined as the amount by which the fixed sale price exceeds prescribed price.

The PAO informed that amount was reduced to Rs.2.057 billion as on 30-06-1996 in respect of Gas Development Surcharge. Inquiry report has finalized and provided to Audit.

### **PAC DIRECTIVE**

The Committee settled the para subject to verification of record by Audit within one month and report back to the Committee.

37. **PARA 8.4 & 8.5 AR 1998-99 PAGE 119-120 DOUBLE ACCOUNTAL OF SINGLE CREDIT ON ACCOUNT OF DEVELOPMENT SURCHARGE BY PSO - RS, 15,500 MILLION.**

Audit pointed out PSO Mehmood Kot. Muzaffargarh controls the deposit of taxes of PSO depot at Shershah, Multan as well. All the taxes (i.e. central excise duty and development surcharge) are deposited in the National Bank of Pakistan, Gujrat (Muzaffargarh) and the treasury challans pertaining to Shershah Depot are sent for posting in their ACL register to clear the excisable goods that an amount of Rs.11 million deposited through two treasury challen was entered in the Account Current Ledger (ACL) of the both deposit of RS. 0.5 million vide TC dated 30-05-1998 was taken as Rs. 5 million at PSO Shershah Depot, and oil was got cleared in which development surcharge of Rs. 5 million was involved. The excess adjustment caused non-realization of Rs. 4.5 million. As a result of double or excess adjustment of challans at both stations, an amount of Rs. 15, 500 million was not realized.

The PAO informed inquiry has been completed, it was negligence of the persons serving at Sher Shah depot of PSO and Central Excise Department, appropriate action has been taken and all the Government losses pointed out by Audit has been recovered.

**PAC DIRECTIVE**

The Committee settled the para subject to verification of recovery by Audit with report to PAC.

38. **PARA 8.6 (a) AR 1998-99 PAGE 120**

**SHORT-REALIZATION OF DEVELOPMENT SURCHARGE DUE TO APPLICATION OF INCORRECT RATES - RS, 117,795 MILLION.**

The Audit pointed out that the rates of development surcharge were enhanced/changed through some SROs. The revised rates were to be applied immediately when the SROs were issued or when the SROs were published in official gazette. Some Depots of PSO, Shell, Caltex and OGDC (Dadhak) did not observe these conditions and made clearance for oil on old rates. Resultantly, development surcharge to the tune of Rs.120,011,204 was short-assessed/realized (details already provided to the concerned quarters) Shell and Caltex have since reported deposit of Rs. 2,182,278 and Rs. 33,280 respectively in to government treasury (not yet got verified from Audit). Balance amount of Rs. 117,795,646 was recoverable.

PAO informed that out of balance recoverable amount of Rs 4.90 Million an amount of Rs 0.049 Million has been recovered and Rs 0.208 Million was not due as it had been recovered prior to audit and verified by Audit.

**PAC DIRECTIVE**

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

39. **PARA 6.1 AR 1998-99 PAGE 111**

**NON-REALIZATION OF GAS DEVELOPMENT SURCHARGE ON GAS SOLD TO WAPDA – RS. 1,925.670 MILLION.**

Audit pointed out that Gas development surcharge of Rs. 1,925.670 million leviable under the law was not realized from M/s Mari Gas Company (Pvt) Ltd. In respect of gas sold to WAPDA during the years 1995-96 to 1997-98.

PAO informed the amount of Rs 1,925,670 Million has been recovered through book adjustment sanctioned by Finance Division advices of Rs 1741 Million and Rs 1000 Million out of total amount Rs 354.102 Million have been verified by Audit and the remaining amount of Rs 1571.568 is still pending for verification by Audit.

**PAC DIRECTIVE**

The Committee settled the para subject to verification of recovery by Audit

## COURT CASES

40. i) **PARA 6.2 AR 1998-99 PAGE 111(DP No.6891-DS)**  
**SHORT-REALIZATION OF DEVELOPMENT SURCHARGE - RS, 42,877**  
**MILLION.**
- ii) **PARA 8.7 AR-1998-99 PAGE 121**  
**SHORT-REALIZATION OF DEVELOPMENT SURCHARGE DUE TO**  
**NON-IMPLEMENTATION OF NOTIFIED RATES - RS, 58.177 MILLION.**

### **PAC DIRECTIVE**

The Committee directed the PAO to apprise current status of cases to Audit and pursue the cases vigorously in the Court of Law.

### **AUDIT REPORT PUBLIC SECTOR ENTERPRISES FOR THE YEAR 1998-99** **PIRKOH GAS COMPANY PRIVATE (PVT. LTD.(PGC)**

41. **PARA 136 PAGE 113**

Audit pointed out although the trade debtors decreased by 31.89% from Rs. 3104.170 million in 1997-98 to Rs. 2115.771 million during the year 1998-99, yet the same is still on high side and need to be minimized.

The PAO informed after making efforts that amount has been reduced from 2115.771 Million to Rs 606.938 which has also been recovered from KESC.

### **PAC DIRECTIVE**

The Committee settled the para on the recommendation of DAC.

### **OIL AND GAS DEVELOPMENT COMPANY LIMITED (OGDCL)**

42. **PARA 143 PAGE 116**

Audit pointed out Stores and spares inventories were valued at Rs. 7032.939 million as on June 30, 1999. An amount of Rs. 675.160 million for obsolete and slow moving items has been provided in the accounts for the year under review. Need for early disposal of these items and strict inventory control is emphasized. PAO informed that the matter was discussed in DAC meeting held on 07.04.2015 wherein Management explained that 90% cost of absolute inventory amounting to Rs 352.302 million has been charged to profit loss account from 2007 to 2011 while the inventory costing to Rs 12.415 million is in the process of being auctioned.

### **PAC DIRECTIVE**

The Committee settled the para subject to verification of record by Audit upto December, 2015.

### **COURT CASES**

43. i) **PARA 144 PAGE 116 ARPSE 1998-99 (COURT CASE) OGDCL**  
ii) **PARA 145 PAGE 116 ARPSE 1998-99 (COURT CASE) OGDCL**  
iii) **PARA 152 PAGE 119 ARPSE 1998-99 (COURT CASE) SNGPL**  
iv) **PARA 156 PAGE 119 ARPSE 1998-99 (COURT CASE) SNGPL**

### **PAC DIRECTIVE**

The Committee directed the PAO to apprise current status of cases to Audit and pursue the cases vigorously in the court of Law.

### **SUI NORTHERN GAS PIPELINES LTD.**

44. i) **PARA 157 PAGE 121 ARPSE-1998-99  
EXPECTED LOSS OF RS. 17.447 MILLION DUE TO NON-RECOVERY  
OF GAS CHARGES FROM DEFAULTING CONSUMER.**
- ii) **PARA 158 PAGE 122 ARPSE-1998-99  
LOSS OF RS. 23.208 MILLION ON NEW STORES ND SPARES  
DECLARED SCRAP BY THE MANAGEMENT.**

### **PAC DIRECTIVE**

The Committee recommended the above two (02) Paras for pursuance at DAC level.

### **PAKISTAN STATE OIL COMPANY LIMITED.**

45. **PARA 107 PAGE 1 ARPSE-1998-99-VOL-X-S  
BLOCKADE OF FUNDS OF RS. 3.667 MILLION BY EXTENDING UNDUE  
FAVOUR TO A PRIVATE PARTY.**

Audit pointed out the PSO signed an agreement with M/s Gilani Traders to obtain plot No.44 measuring 19800 sq. meter, in Kemari Oil installation area, Karachi on sub lease for 25 years on annual rent of Rs3.6 million in July 1990. An advance of Rs 3 million was paid to M/s Gilani Traders in the same month while they were not in possession of the plot . Audit is of the view that funds were blocked by paying advance rent to M/s Gilani Traders for the plot which was not in their possession. Besides, the land could not be utilized as yet, indicating bad planning on the part of management.

The PAO informed as per instructions of PAC, NAB Sindh commenced an inquiry into the matter. As requested by NAB, PSO has provided NAB Authorities with the required information/documents related to the matter and concerned officials of PSO have also visited NAB for briefing as and when required by them. As per instructions of DAC, a letter has been written to NAB inquiring about the status of inquiry.

### **PAC DIRECTIVE**

The Committee pended the para with the direction to submit inquiry report in one month

## **ACTIONABLE POINTS**

Actionable points arising from the discussion of meeting of the Public Accounts Committee held on 1<sup>st</sup> December, 2015 pertaining to M/o Petroleum & Natural Resources, in the Parliament House, Islamabad for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99 of M/o Petroleum & Natural Resources,

### **AUDIT REPORT 1998-99 M/O PETROLEUM & NATURAL RESOURCES**

46. (i) **PARAS 8.4 & 8.5 PAGE # 119 & 120 (AR-1998-99)**  
**DOUBLE ACCONTAL OF SINGLE CREDIT ON ACCOUNT OF DEVELOPMENT SURCHARGE BY PSO –RS 15.500 MILLION**
- (ii) **PARAS 8.6 (A) PAGE # 120 (AR-1998-99)**  
**SHORT-REALIZATION OF DEVELOPMENT SURCHARGE DUE TO APPLICATION OF INCORRECT RATES- RS. 117.795 MILLION**

### **PAC DIRECTIVE**

The Committee settled the above three (03) paras subject to recovery and verification of record by Audit within 15 days.

47. (i) **PARA NO. 1.1 PAGE NO. 15 (AR-1998-99)**  
**UNLAWFUL GAS DEVELOPMENT SURCHARGE LIABILITY AGAINST GOVERNMENT-RS 4,404.309 MILLION**
- (ii) **PARA NO. 6.1 PAGE NO. 111 (AR-1998-99)**  
**NON-REALIZATION OF GAS DEVELOPMENT SURCHARGE ON GAS SOLD TO WAPDA- RS 1, 925.670 MILLION**
- (iii) **PARA NO. 6.2 PAGE NO. 111 (AR-1998-99)**  
**SHORT-REALIZATION OF DEVELOPMENT SURCHARGE-RS 42.877 MILLION**
- (iv) **PARA NO. 8.7 PAGE NO. 121 (AR-1998-99)**  
**SHORT-REALIZATION OF DEVELOPMENT SURCHARGE DUE TO NON-IMPLEMENTATION OF NOTIFIED RATES – RS 58.177 MILLION**

### **PAC DIRECTIVE**

The Committee settled the above four (04) paras on the recommendation of DAC.

**AUDIT REPORT PUBLIC SECTOR ENTERPRISES FOR THE YEAR 1998-99**

**OIL AND GAS DEVELOPMENT COMPANY LIMITED (OGDCL)**

48. **PARA-143, PAGE-116, ARPSE-1998-99**

The Audit pointed out that Stores and spares inventories were valued at Rs7032.939 million as on June 30, 1999. An amount of Rs675.160 million for obsolete and slow moving items has been provided in the accounts for the year under review. Need for early disposal of these items and strict inventory control is emphasized.

The PAO informed that that 90% cost of obsolete inventory amounting to Rs 352.302 million has been charged to profit and loss account from 2007 to 2011. Remaining inventory of Rs 83.703 million, the inventory costing Rs 71.238 million is being re-assessed for any alternate use while the inventory costing Rs 12.415 million is in the process of being auctioned, for which the date of 21st and 29th December, 2015 has been fixed.

**PAC DIRECTIVE**

The Committee settled the para subject to verification of record by audit with direction to PAO that auction process must be completed up-to January, 2016.

**OIL AND GAS DEVELOPMENT COMPANY LIMITED (OGDCL)**

49. (i) **PARA-144, PAGE-116, ARPSE-1998-99**

(ii) **PARA-145, PAGE-116, ARPSE-1998-99**  
**SUI NORTHERN GAS PIPELINES LIMITED (SNGPL)**

(iii) **PARA-152, PAGE-119, ARPSE-1998-99**

**PAC DIRECTIVE**

The Committee pended the above three (03) paras till decision of court with direction to pursue court cases vigorously.

50. (i) **PARA-156, PAGE-119, ARPSE-1998-99**  
**PILFERAGE OF GAS BY INDUSTRIAL UNITS RS. 95.183 MILLION.**

(ii) **PARA-157, PAGE-121, ARPSE-1998-99**  
**EXPECTED LOSS OF RS 17.447 MILLION DUE TO NON RECOVERY**  
**OF GAS CHARGES FROM DEFAULTING CONSUMER.**

**PAC DIRECTIVE**

The Committee referred the above two (02) paras for pursuance at DAC level.

**SUI NORTHERN GAS PIPELINES LIMITED (SNGPL)**

51. **PARA-158, PAGE-122, ARPSE-1998-99**  
**LOSS OF RS 23.208 MILLION ON NEW STORES AND SPARES DECLARED**  
**SCRAP BY THE MANAGEMENT.**

**PAC DIRECTIVE**

The Committee settled the above para on the recommendation of DAC.

**AUDIT REPORT PUBLIC SECTOR ENTERPRISES VOLUME-X-(S) FOR THE**  
**YEAR 1998-99**

**PAKISTAN STATE OIL COMPANY LIMITED (PSO)**

52. **PARA-107 PAGE # 98 (ARPSE-1998-99-VOL-X-S)**  
**BLOCKADE OF FUNDS OF RS3.667 MILLION BY EXTENDING UNDUE**  
**FAVOUR TO A PRIVATE PARTY**

Audit pointed out that the PSO signed an agreement with M/s Gilani Traders to obtain plot No.44 measuring 19800 sq. meter, in Kemari Oil installation area, Karachi on sub lease for 25 years on annual rent of Rs3.6 million in July 1990. An advance of Rs 3 million was paid to M/s Gilani Traders in the same month while they were not in possession of the plot. Audit is of the view that funds were blocked by paying advance rent to M/s Gilani Traders for the plot which was not in their possession. Besides, the land could not be utilized as yet, indicating bad planning on the part of management.

The PAO informed that in the light of Directive of Committee of PAC inquiry was conducted, two engineers found guilty who has expired. He also informed that matter has been taken with Board of Directors for write off the amount.

The Representative of NAB also informed that case as per instructions of PAC, NAB Sindh commenced an inquiry into the matter. During inquiry it was found that the all accused have expired and contact were made to the aged widow of an accused, who is not well verse to the matter.

**PAC DIRECTIVE**

The Committee settled the para with direction to PAO to initiate the action for write off amount from the relevant authority/Board and informed the Audit/ PAC.

## **ACTIONABLE POINTS**

Actionable points arising from the discussion of meeting of the Public Accounts Committee held on 4<sup>th</sup> January, 2016, pertaining to M/o Petroleum & Natural Resources, in the Parliament House, Islamabad for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99.

### **AUDIT REPORT 1998-99 M/O PETROLEUM & NATURAL RESOURCES**

53. **PARAS 8.4 & 8.5 PAGE # 119 & 120 (AR-1998-99)**  
**DOUBLE ACCONTAL OF SINGLE CREDIT ON ACCOUNT OF DEVELOPMENT SURCHARGE BY PSO –RS 15.500 MILLION.**

The Audit pointed out that Double accontal of single credit on account of development surcharge by PSO –RS 15.500 million. Examination of record of deposits revealed that an amount of Rs. 11 million deposited through two treasury challans was entered in the Account Current Ledger (ACL) of both the depots, and both the deposits cleared goods against this amount. Further a deposit of Rs. 0.5 million was taken as Rs. 5 million was involved. The excess adjustment caused non-realization of Rs. 4.5 million. As a result of double or excess adjustment of challans at both the station, an amount of Rs. 15.500 million was not realized.

The PAO informed the Committee that the extent of Rs. 10.50 million being recovered and Rs. 5.00 million is being vacated by Appellate Tribunal.

#### **PAC DIRECTIVE**

The Committee settled the above mentioned two (02) paras .

54. **PARAS 8.6 (A) PAGE # 120 (AR-1998-99)**  
**SHORT-REALIZATION OF DEVELOPMENT SURCHARGE DUE TO APPLICATION OF INCORRECT RATES- RS. 117.795 MILLION.**

The Audit informed that above para has been settled in the last DAC meeting held yesterday. The Committee may settled the above para.

#### **PAC DIRECTIVE**

The Committee settled the above para on the recommendation of DAC.

## **M/O PLANNING, DEVELOPMENT AND REFORM**

### **OVERVIEW**

Annual Audit Report for the year 1998-99 pertaining to Ministry of Planning, Development and Reform was examined by Public Accounts Committee (PAC) on 15<sup>th</sup> January 2014 and 29<sup>th</sup> May, 2015.

- 3 Paras and 2 Grants were presented by the Audit Department which were examined by the Committee. Out of which 2 Paras and 2 Grants were settled whereas appropriate directions were accordingly issued for the remaining Paras.
- In few Paras the PAO was directed to hold inquires, fix responsibility and initiate disciplinary actions.

### **ACTIONABLE POINTS**

Actionable points arising from discussion of the meeting of Public Accounts Committee held on 15<sup>th</sup> January, 2014, regarding Appropriation Accounts and Audit Report for the year 1998-99, Planning and Development Division are as below:-

#### **APPROPRIATION ACCOUNTS (CIVIL VOL-I) 1998-99**

1. i. **GRANT NO. 96, PAGE 405-406**  
**SAVINGS OF Rs. 107,494,038**
- ii. **GRANT NO. 137, PAGE 407-409**  
**SAVINGS OF Rs. 124,993,018**

#### **PAC DIRECTIVE**

The Committee settled the above mentioned two (02) grants.

#### **AUDIT REPORT FOR THE YEAR 1998-99**

2. i. **PARA NO. 168, PAGE 133(ARPSE.1998-99):**  
**PAKISTAN INSTITUTE OF DEVELOPMENT ECONOMICS.**
- ii. **PARA NO. 169, PAGE 133(ARPSE 1998-99)**

#### **PAC DIRECTIVE**

The Committee settled the above mentioned two (02) Paras.

## **ACTIONABLE POINTS**

Actionable points arising from the discussion of meeting of the Public Accounts Committee held on 29<sup>th</sup> May, 2015 pertaining to M/o Planning & Development, in the Parliament House, Islamabad for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99.

### **AUDIT REPORT PUBLIC SECTOR ENTERPRISES FOR THE YEAR 1998-99**

#### **NATIONAL CONSTRUCTION COMPANY (PAKISTAN) LIMITED**

##### **3. PARA NO.166 ARPSE 1998-99**

The Audit pointed that annual audited accounts of the above organization for the year 1998-99 have not been provided on due date. Ministry may be directed to provide the annual audited accounts along-with other relevant record to Audit for verification and also informed the total expenses incurred on liquidation.

The PAO informed the Committee that no single penny paid to liquidator. The annual audited accounts along-with other relevant record will be provided to Audit for verification.

#### **PAC DIRECTIVE**

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

## **MINISTRY OF PORTS & SHIPPING**

### **OVERVIEW**

Annual Audit Report for the year 1998-99 pertaining to Ministry of Ports & Shipping was examined by Public Accounts Committee (PAC) on 1<sup>st</sup> December 2015.

- 12 Paras were presented by the Audit Department which were examined by the Committee and settled the same.

### **ACTIONABLE POINTS**

Actionable points arising from the discussion of meeting of the Public Accounts Committee held today dated 1<sup>st</sup> December, 2015 pertaining to Ministry of Ports & Shipping, in the Parliament House, Islamabad for examination of Appropriation Accounts/Audit Reports/ Special Audit Reports for the years 1998-99.

#### **AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL-X-S) FOR THE YEAR 1998-99**

##### **GWADAR FISH HARBOUR CUM-MINI PORT PROJECT**

1. i) **PARA-6(I) PAGE-08 (APRSE-1998-99-VO-X(S))**
- ii) **PARA-34 PAGE-35(APRSE-1998-99-VO-X(S))  
NON-RECOVERY OF LIQUIDATED DAMAGES AMOUNTING TO RS 931,404 FROM A CONTRACTOR**
- iii) **PARA-35 PAGE-36 (APRSE-1998-99-VO-X(S))  
NON-RECOVERY OF LIQUIDATED DAMAGES FROM CONTRACTOR AMOUNTING TO RS 645,300**

##### **LIGHT HOUSES AND LIGHT SHIPS DEPARTMENT**

- iv) **PARA-6(II) PAGE-08 (APRSE-1998-99-VO-X(S))  
NON-SUBMISSION OF ACCOUNTS**

##### **PAKISTAN NATIONAL SHIPPING CORPORATION**

- v) **PARA-37 PAGE-37 (APRSE-1998-99-VO-X(S))**
- vi) **PARA-38 PAGE-38 (APRSE-1998-99-VO-X(S))**
- vii) **PARA-39 PAGE-38 (APRSE-1998-99-VO-X(S))**
- viii) **PARA-40 PAGE-39 (APRSE-1998-99-VO-X(S))  
INFRACTUOUS/AVOIDABLE EXPENDITURE OF RS 48.432 MILLION  
DUE TO INORDINATE DELAY IN DISPOSAL OF MV. HINGLAJ.**

### **PORT QASIM AUTHORITY**

- ix) **PARA-6(IV) PAGE-08 (APRSE-1998-99-VO-X(S))  
NON-SUBMISSION OF ACCOUNTS**
- x) **PARA-41 PAGE-40 (APRSE-1998-99-VO-X(S))  
LOSS OF RS 896,000 DUE TO THEFT/SNATCH OF VEHICLES**

### **KORANGI FISHERIES HARBOUR AUTHORITY**

- xi) **PARA-06(XIV) PAGE-08 (ARPSE-1998-99-VOL-X-S)**

### **PAC DIRECTIVE**

The Committee settled the above eleven (11) paras on the recommendation of DAC.

### **GWADAR FISH HARBOUR CUM-MINI PORT PROJECT**

- 2. **PARA-36 PAGE-36 (APRSE-1998-99-VO-X(S))  
LOSS OF RS.92,500 DUE TO NON RECOVERY OF REST HOUSE RENT  
FROM THE CONTRACTOR.**

The audit pointed out that in Gwader Fish Harbour Authority, an amount of Rs. 92,500 was recoverable from the contractor M/s S.B.B.M ET SIX CONTRACT on account of rent of rest House. The contractor asked the management in April 1993 to adjust the amount from their bills. However, Management failed to deduct the amount in question and cleared all the bills of the contractor, Since contractor left Pakistan after completion of the contract agreement, there were no chances of recovery of Rs. 92,500 which became a loss to the Authority.

The PAO informed the Committee that contractor after winding up their own setup requested to provide accommodation to one of the representatives to settle disputed claims. Recoverable amount of Rs. 92,500 is very short as compare to the services rendered by the contractor/representative, which has been waived off by GFHP after seeking approval by competent authority.

### **PAC DIRECTIVE**

The Committee settled the above para on the recommendation of DAC with direction to PAO to be careful in such cases in future.

## **PRESIDENT'S SECRETARIAT**

### **OVERVIEW**

Annual Audit Report for the year 1998-99 pertaining to President's Secretariat was examined by Public Accounts Committee (PAC) on 18<sup>th</sup> May 2015.

- 1 Grant was presented by the Audit Department which was examined by the Committee and settled the same.

### **ACTIONABLE POINTS**

Actionable points arising from discussion of meeting of the Public Accounts Committee, held on 18<sup>th</sup> May, 2015 for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99 of President's Secretariat as below:-

#### **APPROPRIATION ACCOUNTS CIVIL VOL-I 1998-99**

1. **GRANT CHARGED- (STAFF, HOUSEHOLD AND ALLOWANCES OF THE PRESIDENT) SAVING OF RS 10,306,105**

#### **PAC DIRECTIVE**

The Committee settled the Grant on the recommendation of DAC.

## **PRIME MINISTER'S INSPECTION COMMISSION (PMIC)**

### **OVERVIEW**

Annual Audit Report for the year 1998-99 pertaining to Prime Minister's Inspection Commission was examined by Public Accounts Committee (PAC) on 18<sup>th</sup> May 2015.

- 1 Grant was presented by the Audit Department which was examined by the Committee and settled the same.

### **ACTIONABLE POINTS**

Actionable points arising from discussion of the meeting of the Public Accounts Committee, held on 18<sup>th</sup> May, 2015 for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99 of Prime Minister Inspection Commission as below:-

#### **APPROPRIATION ACCOUNTS CIVIL VOL-I 1998-99**

1. **GRANT NO. 11, PRIME MINISTER INSPECTION COMMISSION  
EXCESS OF RS 31,043**

#### **PAC DIRECTIVE**

The Committee settled the Grant on the recommendation of DAC.

## **PRIME MINISTER'S OFFICE**

### **OVERVIEW**

Annual Audit Report for the year 1998-99 pertaining to Prime Minister's Office was examined by Public Accounts Committee (PAC) on 18<sup>th</sup> May 2015 and 4<sup>th</sup> January, 2016.

- 1 Grant was presented by the Audit Department which was examined by the Committee and settled the same.

### **ACTIONABLE POINTS**

Actionable points arising from discussion of the meeting of Public Accounts Committee, held on 18th May, 2015 for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99 of Prime Minister Secretariat as below:-

#### **APPROPRIATION ACCOUNTS CIVIL VOL-I 1998-99**

1. **GRANT NO. 10, PRIME MINISTER SECRETARIAT**  
**SAVING OF RS 11,987,192**

#### **PAC DIRECTIVE**

The Committee pended the Grant on to the verbal request of PAO through DS (Admin) as PAO unable to appear before the Committee due to unavoidable official engagement.

### **ACTIONABLE POINTS**

Actionable points arising from the discussion of meeting of the Public Accounts Committee held on 4<sup>th</sup> January, 2016, pertaining to Prime Minister's Secretariat, in the Parliament House, Islamabad for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99.

#### **APPROPRIATION ACCOUNTS (CIVIL) VOL-1 FOR THE YEAR 1998-99**

2. **GRANT NO.10- PRIME MINISTER'S SECRETARIAT**  
**TOTAL GRANT RS. 276,394,000/- SAVING OF RS 11,987,192**

#### **PAC DIRECTIVE**

The Committee settled the above Grant .

## **MINISTRY OF RAILWAYS**

### **OVERVIEW**

Annual Audit Report for the year 1998-99 pertaining to Ministry of Railways was examined by Public Accounts Committee (PAC) on 27<sup>th</sup> May 2015.

- 88 Paras and 2 Grants were presented by the Audit Department which were examined by the Committee. Out of which 24 Paras and 2 Grants were settled whereas appropriate directions were accordingly issued for the remaining Paras.
- In few Paras the PAO was directed to hold inquires, fix responsibility and initiate disciplinary actions.

### **ACTIONABLE POINTS**

Actionable points arising from the discussion of meeting of the Public Accounts Committee held on 27-05-2015 pertaining to Ministry of Railways in the Parliament House, Islamabad for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99.

#### **AUDIT REPORT FOR THE YEARS 1998-99 PAKISTAN RAILWAYS**

1. i) **GRANT NO.99-REVENUE EXPENDITURE**  
**EXCESS AMOUNT: RS. 2,490,380/-**
- ii) **GRANT NO. 155- CAPITAL OUTLAY ON PAKISTAN RAILWAYS.**  
**EXCESS AMOUNT: RS. 3,816.566/-**

The AGPR informed the excess is beyond the permissible limit i.e. Rs. 5000 for non development expenditures and Rs. 10,000 for development expenditure, which requires regularization.

#### **PAC DIRECTIVE**

The Committee settled the above two (02) Grants.

#### **AUDIT REPORT DIRECTORATE GENERAL AUDIT RAILWAYS, LAHORE**

2. i) **PARA-6(C) (2) 1998-99**  
**LOSS OF RS.38.188 MILLION DUE TO PAYMENT OF DEMURRAGE,**  
**STORAGE AND WHARFAGE CHARGES.**
- ii) **PARA-6(C) (12) 1998-99**  
**LOSS OF RS. 1.423 MILLION DUE TO PROCUREMENT OF**  
**DEFECTIVE MATERIAL..**

- iii) PARA-6(C) (14) 1998-99  
LOSS OF RS.0.875 MILLION DUE TO PURCHASE OF DEFECTIVE MATERIAL.
- iv) PARA-6(F) (5) 1998-99  
LOSS OF RS. 5.429 MILLION DUE TO NON-RECOVERY OF RAILWAY DUES.
- v) PARA-6(F) (8) 1998-99  
LOSS OF RS. 2.399 MILLION DUE TO FAILURE TO GET REFUND OF EXCESS PAYMENT TO CUSTOM DEPARTMENT.

**PAC DIRECTIVE**

The Committee settled the above five (05) paras subject to recovery and verification of record by the Audit.

- 3. i) PARA-6(A) (5) 1998-99  
WASTEFUL EXPENDITURE OF RS. 1.336 MILLION.
- ii) PARA-6(A) (7) 1998-99.  
LOSS OF RS.0.428 MILLION DUE TO PILFERAGE OF RAILWAY MATERIAL.
- iii) PARA-6(A) (9) 1998-99.  
SUSPECTED MISAPPROPRIATION OF CEMENT COSTING RS.0.323 MILLION
- iv) PARA-6(B) (2) 1998-99.  
LOSS OF RS. 0.325 MILLION DUE TO NON/LESS RECOVERY ON ACCOUNT OF SHRINKAGE OF EARTH.
- v) PARA-6(C) (1) 1998-99.  
UNNECESSARY PROCUREMENT OF SPARES O MACHINES RESULTING IN BLOCKAGE OF CAPITAL VALUING RS.102.832 MILLION.
- vi) PARA-6(C) (5) 1998-99.  
LOSS OF RS. 4.265 MILLION DUE TO NON-REPLACEMENT OF DEFECTIVE MATERIAL.
- vii) PARA-6(C) (6) 1998-99  
LOSS OF RS. 3.80 MILLION DUE TO PURCHASE OF DEFECTIVE MATERIAL.

- viii) PARA-6(C) (7) 1998-99  
WASTEFUL EXPENDITURE OF RS. 3.560 MILLION DUE TO MANUFACTURE OF COMPONENTS FOR DELETED STEAM LOCOMOTIVES.
- ix) PARA-6(C) (10) 1998-99  
UN-NECESSARY PURCHASE OF CARBONIZED PAPER VALUING OF RS. 2.184 MILLION
- x) PARA-6(C) (11) 1998-99  
INFRACTUOUS EXPENDITURE OF RS. 1.576 MILLION DUE TO NON-UTILIZATION OF SPARE PARTS OF FURUKAWAA LOADER.
- xi) PARA-6(C) (15) 1998-99  
LOSS OF RS. 0.745 MILLION DUE TO UNNECESSARY PURCHASE OF MATERIAL.
- xii) PARA-6(D) (6) 1998-99  
UNNECESSARY PROCUREMENT OF MATERIAL RESULTING IN BLOCKAGE OF CAPITAL WORTH RS. 0.846 MILLION.
- xiii) PARA-6(E) (2) 1998-99  
FINANCIAL LOSS OF RS. 0.451MILLION DUE TO UNNECESSARY PURCHASE OF PAGERS.
- xiv) PARA-6(F) (1) 1998-99  
RECOVERABLE AMOUNT OF RS. 121.016 MILLION FROM OTHER GOVERNMENT DEPARTMENTS AND OIL COMPANIES.
- xv) PARA-6(F) (4) 1998-99  
NON-REALIZATION OF RS.5.707 MILLION NLC DEPARTMENT FOR CONSTRUCTION OF RAIL OVERHEAD BRIDGES.
- xvi) PARA-6(F) (9) 1998-99  
LOSS OF RS.1.385 MILLION DUE TO NON RECOVERY OF DEMURRAGE CHARGES.

#### PAC DIRECTIVE

The Committee settled the above sixteen (16) paras subject to verification of recovery and record by the Audit.

- 4. i) PARA-6(A) (3) 1998-99  
FRAUDULENT PAYMENT OF RS. 2.058 MILLION ON ACCOUNT OF FICTITIOUS TRAINING OUT OF BALLAST.

- ii) PARA-6(A) (6) 1998-99  
MISAPPROPRIATION OF STONE BALLAST COSTING  
RS.0.853 MILLION
- iii) PARA-6(A) (10) 1998-99  
FRAUDULENT DRAWAL OF OVERTIME ALLOWANCE AMOUNTING  
TO RS. 0.120 MILLION.
- iv) PARA-6(B) (1) 1998-99  
EXTRA EXPENDITURE OF RS. 0.660 MILLION DUE TO ACCEPTANCE  
OF TENDER AT HIGHER RATES.
- v) PARA-6(C) (13) 1998-99  
LOSS OF RS. 1.008 MILLION DUE TO UNNECESSARY DETENTION  
OF WAGONS.
- vi) PARA-6(C) (16) 1998-99  
PURCHASE OF DEFECTIVE MATERIAL WORTH RS. 0.316 MILLION.
- vii) PARA-6(D) (3) 1998-99  
UNNECESSARY PROCUREMENT OF MATERIAL BEYOND THE FIXED  
LIMITS RESULTING IN FINANCIAL LOSS VALUING RS. 8.462  
MILLION.
- viii) PARA-6(D) (4) 1998-99  
IRREGULAR/UNECONOMICAL PURCHASE OF MATERIAL WORTH  
RS. 1.489 MILLION.
- ix) PARA-6(D) (5) 1998-99  
IRREGULAR EXPENDITURE OF RS. 0.908 MILLION.
- x) PARA-6(E) (3) 1998-99  
LOSS OF 0.297 MILLION DUE TO INJUDICIOUS PAYMENT OF  
OVERTIME ALLOWANCE.
- xi) PARA-6(G) (1) 1998-99  
LOSS OF RS. 10.934 MILLION DUE TO NON-COMPLETION OF A  
DEPOSIT WORK IN TIME.
- xii) PARA-6(G) (2) 1998-99  
LOSS OF RS. 2..554 MILLION DUE TO INORDINATE DETENTION OF  
COACHES.

### PAC DIRECTIVE

The Committee settled the above twelve (12) paras on the recommendation of DAC.

5. **PARA NO 6 (A) 1, PAGE 52 (AR-1998-99)**  
**LOSS OF RS 5.694 MILLION DUE TO THE THEFT OF RAILWAY MATERIAL**

The Audit pointed out that Permanent way material valuing Rs 5.274 million was stolen from the closed Mari-Bannu section during July 1991 to June 1998 due to negligence of the staff deputed for looking after the same. An amount of Rs 0.420 million being the cost of 5910.50 meter copper wire stolen during April 1992 to June 1992 from Electric Store Depot, Moghalpura recovered by the Railway Police was not deposited in the government treasury.

The PAO informed that he has personally examined the matter. Actual value of stolen material was Rs 0.345 million instead of Rs 0.420 million, Wire valuing Rs 0.008 million was recovered and balance amount of Rs 0.338 million has been written off. Documents in this regard will be provided to Audit.

**PAC DIRECTIVE**

The Committee settled the para with the direction to PAO to initiate the action for write off amount from the relevant authority/Board and informed the Audit/ PAC.

6. **PARA NO 6(A)-8-1998-99**  
**FRAUDULENT PAYMENT OF RS 0.427 MILLION**

The Audit pointed out that the hinges and door handles valuing Rs 0.427 million were purchased during March to May 1999 from a firm. The entire material was rejected by Deputy Manager (Inspection) Moghalpura in June 1999 being defective and the firm was asked to replace the defective material. The firm lifted the rejected material on 12th June 1999. Instead of replacing the rejected material, the firm succeeded to get payment by preparing bogus Material Receipts Notes causing financial loss of Rs 427,000 to Pakistan Railway.

The PAO informed that the matter has been enquired, persons held responsible for bogus payment were given punishment of compulsory retirement/censure. An amount of Rs 60,000 has also been recovered from the firm and verified by Audit and balance recovery of Rs 367,000 is being pursued.

**PAC DIRECTIVE**

The Committee pended the para with the direction to recover the amount within one month and relevant record be got verified from Audit.

7. **PARA-6(C)-3-1998-99**  
**FINANCIAL LOSS OF RS 20.280 MILLION DUE TO ENCROACHMENTS OF RAILWAY SURPLUS LAND.**

The Audit pointed out that Mari Indus-Bannu, Laki Marwat Tank and Kohat-Thal Sections were closed for all kinds of traffic, w.e.f. July 1991 and consequently Railway land measuring 25,213 Kanals was encroached which caused loss of Rs 20.280 million to Pakistan Railways

The PAO informed that encroached land has fully been retrieved. Documents will be presented to Audit for verification

**PAC DIRECTIVE**

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

8. **PARA NO 6(C)-4-1998-99**  
**LOSS OF RS 4.555 MILLION DUE TO ACCEPTANCE OF DEFECTIVE RAILS**

The Audit pointed out that a contract for procurement of 10,000 M. Tons of rails costing Rs 108.022 million was awarded to a French Firm in June 1992. The firm supplied 9885.680 M. Tons rails up to May 1993. 616 rails laid on curves in Quetta Division were also found defective by the Track Supply Officer in March 1996 but the claim was not lodged being time barred which resulted in loss of Rs 4.555 million to Pakistan Railways.

The PAO informed that no responsibility has been fixed in fresh enquiry report. Further, Rails were as per specifications and meant for straight track but its use on curves was forced and compelled due to non availability of wear resistant Rails and professional weakness of Railway personnel. A joint enquiry/ verification was carried out by Deputy Chief Engineer/North & DAO/Quetta whereby 05 officers besides the officers who conducted pre-shipment inspection of the Rails in France were held responsible. Contrarily, fresh enquiry conducted by non-technical officers has concluded that there was no loss to Pakistan Railways.

**PAC DIRECTIVE**

The Committee settled the para .

9. **PARA NO 6(C)-8-1998-99**  
**LOSS OF REVENUE AMOUNTING TO RS 2.618 MILLION DUE TO NON-AUCTION OF UNDELIVERED CONSIGNMENTS**

The Audit pointed out that the various consignments were lying undelivered at Lahore Dry Port since long ranging from 171 to 1663 days. No efforts have been

made to recover freight and wharfage charges amounting to Rs 2.618 million by arranging its auction through Customs Department.

The PAO informed that due to continuous pursuance, a total amount of Rs 2.00 million has been recovered so far, whereas five consignments are still pending for disposal by Customs.

#### **PAC DIRECTIVE**

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

10. **PARA-6(C)-9-1998-99**  
**LOSS OF RS 2.225 MILLION DUE TO PURCHASE OF DEFECTIVE MATERIAL**

The Audit pointed out that the two hundred carrier pistons (CAT-8442120) valuing Rs 2.225 million were purchased in October, 1995 for use in HGMU-30 D.E. Locomotive. The material was found defective by the ultimate consumer i.e. Works Manager, Karachi and returned in August, 1996 for replacement had not been got replaced and was lying in the Diesel Depot Karachi.

The PAO informed that an amount of Rs 1,000,000 has already been credited in Railway Account Head No. 4630 vide CR No. 7 dated 26.06.2012. Regarding balance amount of Rs 50,000, the said amount was forfeited by Pakistan Railways but unfortunately the bank ( Union Bank) has been merged in Standard Chartered Bank Limited, therefore, this amount could not be settled uptill now. Further, Rs 16,243 has been deposited by the firm vide Cash Receipt No. 56673 dated 19.07.2003.

Recovery of Rs 1.016 million has been verified by Audit. Document for blacklisting of the firms has also been provided to Audit. Remaining amount of Rs 1.209 million will be written off.

#### **PAC DIRECTIVE**

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

11. **PARA-6(D)-1-1998-99**  
**UNNECESSARY PROCUREMENT OF MATERIAL VALUING RS 132.804 MILLION RESULTING IN BLOCKAGE OF CAPITAL**

The Audit pointed out that imported material valuing Rs 132.804 million had not been issued for the last three years and was lying in the Diesel Store Depot, Karachi.

The PAO informed that about 97% of the items/material has been used. Audit informed that utilization of 4386 items valuing Rs 119.575 million has since been verified. Utilization of material/items valuing Rs 119.575 million has been verified by Audit.

### **PAC DIRECTIVE**

The Committee settled the para

12. **PARA NO. 6(D)-2-1998-99**  
**UNJUSTIFIED/UN-REMUNERATIVE EXPENDITURE OF RS 14.482 MILLION**  
**ON ACQUISITION OF LAND AND RECURRING LOSS OF RS 2 MILLION PER**  
**ANNUM.**

The Audit pointed out that the Railway Administration acquired 117.7 acres of land at Jumma Goth from private owners at a cost of Rs 14.482 million for establishing Mechanized Marshalling Yard, Pipri in July 1975. The entire land remained un-utilized upto December 1995, when a piece of land measuring 100 acres valuing Rs 40 million was leased out to Pakistan State Oil Company Limited at a nominal rent of Re 1.00 per acre per annum. Whereas according to the prevalent policy, annual rental charges @ 5% of the prevailing market value of the land, i.e. Rs 2 million per annum ( 5% of Rs 40 million the market value of 100 acres) were required to be recovered. This resulted in recurring loss of Rs 2 million per year.

The PAO informed the Committee that Railways has earned billions of rupees as Freight from PSO, thus leasing of land to PSO is quite in the interest of Railways.

### **PAC DIRECTIVE**

The Committee settled the para

13. **PARA NO 6(E)-1-1998-99**  
**LOSS OF RS 38.309 MILLION DUE TO UNJUSTIFIED PAYMENT OF**  
**OVERTIME ALLOWANCE**

### **PAC DIRECTIVE**

The Committee settled the para

14. **PARA NO.6(E)-2-1998-99**  
**NON-RECOVERY OF FREIGHT AND DEMURRAGE CHARGES OF RS 43.827**  
**MILLION FROM FERTILIZER IMPORT DEPARTMENT KARACHI**

The Audit pointed out that an amount of Rs 39.322 million on account of freight charges from December 1997 to July 1998 and Rs 4.504 million on account of demurrage charges from February 1990 to May 1995 was outstanding against Fertilizer Import Department, Karachi.

The PAO informed that the amount has been fully cleared/recovered.

### **PAC DIRECTIVE**

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

15. **PARA NO 6(F)-1998-99**  
**LOSS OF RS 5.241 MILLION DUE TO NON-RECOVERY OF RENTAL CHARGES.**

The Audit pointed out that the Railway contractors encroached 53124 sft land since 1985 in Workshops Division, Lahore and an amount of Rs 5.241 million on account of rental charges was outstanding against them.

The PAO informed the Committee that Audit has verified the recovery of Rs 0.582 million. However, write off statement for waiver of Rs 0.341 million and status of balance recovery of Rs 0.060 million will be provided to Audit.

**PAC DIRECTIVE**

The Committee settled the para .

16. **PARA-NO 6(F)-7-1998-99**  
**NON REMITTANCE OF RAILWAY EARNING AMOUNTING TO RS 3.579 MILLION BY A CITY BOOKING AGENT OF DERA ISMAIL KHAN**

The Audit pointed out that an amount of Rs 3.579 million was outstanding against the City Booking Agent Dera Ismail Khan since May 1998 inclusive of arrears of 1994.

The PAO informed that the Divisional Commercial Officer, Multan attended the office of Deputy Commissioner, D.I. Khan on 06.01.2014. As a result of this meeting, Assistant Commissioner, D.I. Khan has directed Tehsildar to communicate moveable/immoveable Property of Syed Chiragh Hussain Shah, Agent of City Booking Agency, D.I. Khan for recovery of outstanding against the said City Booking Agency.

It was further intimated on 15.09.2014 that District Administration/DCO Dera Ismail Khan was contacted, who has informed that no moveable or immoveable property of Chiragh Shah is in Dera Ismail Khan District. Now case has been referred to Director Legal Affairs Office for further line of action.

**PAC DIRECTIVE**

The Committee settled the para .

17. **PARA NO 6(F)-10-1998-99**  
**RECOVERABLE AMOUNT OF RS 1.082 MILLION FOR UNAUTHORIZED**  
**OCCUPATION OF RAILWAY LAND.**

The Audit pointed out that the Railway land measuring 108230 sq. ft. at Kundian was occupied unauthorisedly by contractors for stacking timber/firewood and rental charges amounting to Rs 1.082 million were outstanding against them since April, 1998.

The PAO informed that 64300 sq.ft of land instead of 108230 sft was occupied by the timber contractors for which they were paying rent @ Rs 0.32 per sq.ft per annum,. Moreover, if the rate @ Rs 1.37 per sft/annum for the period April, 1998 to March, 1999 is applied instead of Rs 0.32 per sft, the amount comes to Rs 59,799 which at this stage cannot be recoverable, as the contractors left the site in September, 2000. A copy of certificate dated 02.04.2015 for vacation of land has been provided to Audit on 18.05.2015.

**PAC DIRECTIVE**

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

18. **PARA-NO 6(F)-11-1998-99**  
**NON RECOVERY OF RENT OF CYCLE STAND AND CAR PARKING**  
**AMOUNTING TO RS 802,646 FROM THE CONTRACTOR.**

The Audit pointed out that an amount of Rs 501,310 was outstanding against a contractor of cycle stand at Lahore Railway Station for the period from 01.10.1997 to 31.05.1999 @ Rs 300,786 per annum. Similarly, an amount of Rs 301,336 was outstanding against a contractor of car parking at Lahore Railway Station for the period from 01.01.1999 to 31.08.1999 @ Rs 452,000 per annum.

The PAO informed that a committee comprising Deputy Director(Vigilance) & Divisional Engineer-I has enquired the matter, progress of enquiry and status or recovery will be informed to Audit.

**PAC DIRECTIVE**

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

## COURT CASES

19. i) PARA NO 6(A)-1998-99  
FRAUDULENT DRAWAL OF COMMUTATION/GRATUITY AMOUNTING  
TO RS 4.323 MILLION.
- ii) PARA NO-6(A)-1998-99  
EMBEZZLEMENT OF RS 1.621 MILLION.
- iii) PARA NO 6(F)(3)1998-99  
LOSS OF RS 11.835 MILLION DUE TO NON-RECOVERY OF  
DEMURRAGE CHARGES ETC AND COST OF DEFECTIVE/BROKEN  
TIMBERS

### PAC DIRECTIVE

The Committee pended the above three (3) paras till the court decision and directed the PAO to pursue the cases in the Court of Law vigorously

### SPECIAL AUDIT REPORT 'BLOCKAGE OF CAPITAL DUE TO EXCESSIVE PROCUREMENT OF MATERIAL IN CARRIAGE & WAGON SHOPS'.

20. i) PARA-1- 1998-99  
EXCESSIVE PURCHASE OF SPOKNAL VALUING OF RS.4.965  
MILLION
- ii) PARA-2- 1998-99  
PROCUREMENT OF S.S. ROUND THAN REQUIRED LENGTH  
RESULTING IN LOSS OF RS.0.854 MILLION.
- iii) PARA-8-1998-99  
UN-NECESSARY BLOCKAGE OF CAPITAL DUE TO NON-ISSUE OF  
MATERIAL.
- iv) PARA-9-1998-99  
BLOCKAGE OF CAPITAL DUE TO NON-UNILIZATION OF ROLLER  
BEARINGS AND ZINK SHEETS.
- v) PARA-10-1998-99  
ISSUANCE OF MATERIAL TO VARIOUS SHOPS ON LOAN BASIS  
VALUING THORUSANDS OF RUPEES.

### PAC DIRECTIVE

The Committee settled the above five (05) paras subject to verification of record by the Audit.

21. i) PARA-3- 1998-99  
UN-NECESSARY PURCHASE OF SEWING MACHINES JUKI CAUSING  
BLOCKAGE OF CAPITAL VAUING RS. 0.162 MILLION.
- ii) PARA-4- 1998-99  
EXCESSIVE PURCHASE OF MATERIAL VALUING RS. 0.474 MILLION.
- iii) PARA-5-1998-99  
BLOCKAGE OF CAPITAL AMOUNTING TO RS. 4.355 MILLION.
- iv) PARA-6-1998-99  
INFRACTUOUS EXPENDITURE ON PROCUREMENT OF MATERIAL  
VALUING RS. 0.491 MILLION.
- v) PARA-7-1998-99  
BLOCKAGE OF CAPITAL DUE TO EXCESSIVE PROCUREMENT OF  
WHEEL ROUGH BORE AMOUNTING TO RS.0.562 MILLION.
- vi) PARA-11-1998-99  
BLOCKAGE OF HUGE AMOUNT DUE TO MATERIAL LYING  
UNUTILIZED.

#### PAC DIRECTIVE

The Committee settled the above six (06) Paras on the recommendation of DAC.

#### SPECIAL AUDIT REPORT 'DIESEL SHOP KARACHI CANTT.'

22. i) PARA-1- 1998-99  
OVERALL WORKING OF THE SHOP
- ii) PARA-2- 1998-99  
LOSS OF RS. 10.675 MILLION DUE TO LATE AND DEFECTIVE  
RECEIPT OF D.E. LOCOS.
- iii) PARA-3-1998-99  
LOSS OF RS. 20.685 MILLION DUE TO EXCESSIVE IDLENESS OF  
D.E. LOCOS.
- iv) PARA-4-1998-99  
LOSS DUE TO NON-REPAIRING OF 17 HELD UP D.E. LOCOS.
- v) PARA-5-1998-99  
LOSS OF RS. 807.396 DUE TO UNNECESSARY PURCHASE OF  
ULTRASONIC CLEANING MACHINE.

- vi) PARA-6-1998-99  
LOSS OF RS. 18.022 MILLION DUE TO UNNECESSARY PURCHASE OF SPARE PARTS OF TURBO SUPERCHARGER.
- vii) PARA-7-1998-99  
IRREGULAR PAYMENT OF RS. 0.383 MILLION ON T.A.
- viii) PARA-8-1998-99  
LOSS OF RS. 2.088 MILLION DUE TO EXCESSIVE UTILIZATION/FAILURE OF PISTON.
- ix) PARA-9-1998-99  
164 TRACTION MOTORS LYING UNDER REPAIR FOR THE LAST 2 TO 3 YEARS.

**PAC DIRECTIVE**

The Committee pended the above nine (09) paras for pursuinance at DAC level.

**AUDIT COMMENTS ON APPROPRIATION ACCOUNTS**

- 23. i) COMMENT NO.2.1- PAGE-81-1998-99  
REVENUE EARNINGS
- ii) COMMENT NO.2.2- PAGE-82-1998-99  
VARIATION IN OTHER INDICATORS OF THE ACTIVITIES
- iii) COMMENT NO.2.3- PAGE-83-1998-99  
RTEVENUE EXPENDITURE.
- iv) COMMENT NO.3.4- PAGE-92-1998-99  
FINAL MODIFICATION STATEMENT.
- v) COMMENT NO.3.5- PAGE-92-1998-99  
PROFIT AND LOSS ACCOUNT AND BALANCE SHEET.
- vi) COMMENT NO.3.6- PAGE-93-1998-99  
GOVERNMENT GRANT FOR CASH DEFICIT.
- vii) COMMENT NO.3.7- PAGE-94-1998-99  
RECONCILIATION OF BANK BALANCE WITH THE CASH BALANCE IN RAILWAY BOOKS ON 30.06.1999
- viii) COMMENT NO.3.8- PAGE-94-1998-99  
PROFIT AND LOSS ACCOUNT.

- ix) **COMMENT NO.3.9- PAGE-95-1998-99  
CUMULATIVE SURPLUS/DEFICIT.**
- x) **COMMENT NO.4.1- PAGE-87-1998-99  
REVIEW OF BALANCES.**
- xi) **COMMENT NO.4.2- PAGE-97-1998-99  
GENERAL PROVIDENT FUND (CR) RS. 2,658.930 MILLION.**
- xiii) **COMMENT NO.4.3-PAGE-98-1998-99  
MISCELLANEOUS ADVANCE (REVENUE) (DR) RS. 466.569 MILLION.**
- xiii) **COMMENT NO.5 (A).9-PAGE-99-1998-99  
ACCOUNTS OF PRACS**
- xiv) **COMMENT NO.5 (B)PAGE-100-1998-99  
RETAINED EARNINGS.**
- xv) **COMMENT NO.8.1- PAGE-102-1998-99  
UNSANCTIONED EXPENDITURES**
- xvi) **COMMENT NO.8.2- PAGE-104-1998-99  
UNSANCTIONED EXPENDITURES OF RS. 29.541 MILLION INCLUDES  
16 CASES COSTING RS. 24.282 MILLION.**
- xvii) **COMMENT NO.8.3(A)-PAGE-105-1998-99  
UNDER CHARGES IN TRAFFIC EARNINGS**
- xviii) **COMMENT NO.8.4(I)-PAGE-106-1998-99  
LOSS DUE TO REMISSION AND ABANDONMENT OF CLAIMS.**

### **PAC DIRECTIVE**

The Committee settled the above mentioned eighteen (18) comments subject to verification of record by the Audit.

# **MINISTRY OF RELIGIOUS AFFAIRS AND INTERFAITH HARMONY**

## **OVERVIEW**

Annual Audit Report for the year 1998-99 pertaining to Ministry of Religious Affairs and Inter Faith Harmony was examined by Public Accounts Committee (PAC) on 29<sup>th</sup> May, 2015.

- 74 Paras were presented by the Audit Department which were examined by the Committee. Out of which 60 Paras were settled whereas appropriate directions were accordingly issued for the remaining Paras.
- In few Paras the PAO was directed to hold inquires, fix responsibility and initiate disciplinary actions.
- The Committee referred 9 Paras to NAB.

## **ACTIONABLE POINTS**

Actionable points arising from the discussion of meeting of the Public Accounts Committee held on 29<sup>th</sup> May, 2015 pertaining to M/o Religious Affairs & Zakat, Ushr and Minorities Affairs Division in the Parliament House, Islamabad for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99.

### **APPROPRIATION ACCOUNTS (CIVIL) VOL-1- 1998-99**

#### **M/O RELIGIOUS AFFAIRS & ZAKAT, USHR AND MINORITIES AFFAIRS**

1. i) **GRANT NO.100-RELIGIOUS AFFAIRS, ZAKAT, USHER AND MINORITIES AFFAIRS DIVISION TOTAL GRANT RS.111,066,000/- SAVING AMOUNT: RS. 15,200,110/-**
- ii) **GRANT NO. 102- OTHER EXPENDITURE OF RELIGIOUS AFFAIRS, ZAKAT USHER AND MINORITIES AFFAIRS DIVISION. TOTAL GRANT RS. 120,460,000/- SAVING AMOUNT: RS. 24,606,733/-**

The AGPR informed the Committee that the grant closed with a saving of Rs. 24,606,733 which works out to 20.42 percent of the total grant. An amount of Rs.5, 981,363 (4.96%) was surrendered leaving net saving of Rs. 18,625,370 (15.46%).

The PAO informed the Committee that the department explained that saving of Rs. 6,996,311 was due to vacant posts and remaining saving was due to adoption of strict economy measures.

### **PAC DIRECTIVE**

The Committee settled the above two (02) Grants .

**SPECIAL AUDIT REPORT (89) ON EVACUEE TRUST PROPERTY BOARD,  
LAHORE, 1998-99**

**COURT CASES**

2. i) **PARA NO. 1.3 PAGE NO. 4 AUDIT REPORT 1998-99.  
WASTEFUL EXPENDITURE OF - RS. 226,808 MILLION.**
- ii) **PARA NO. 2.2 PAGE NO. 6 AUDIT REPORT 1998-99.  
EXPENDITURE OF RS. 2.669 MILLION WITHOUT APPROVAL OF  
BUILDING PLAN .**
- iii) **PARA NO. 5.1 PAGE NO. 9 AUDIT REPORT 1998-99.  
DELAY IN CONSTRUCTION OF COMMERCIAL COMPLEX AT BLUE  
AREA ISLAMABAD RESULTING IN LOSS OF EXPECTED REVENUE  
OF - RS. 65,791 MILLION.**
- iv) **PARA NO. 5.2 PAGE NO. 10 AUDIT REPORT 1998-99.  
REVENUE LOSE OF RS. 354.975 MILLION DUE TO DELAYED  
COMPLETION OF OFFICE COMPLEX AT ISLAMABAD.**

**PAC DIRECTIVE**

The Committee pended the above four (04) paras till the decision of Court and also directed the PAO to pursue the case in Court of Law vigorously.

3. **PARA NO. 5.3 PAGE NO. 12 AUDIT REPORT 1998-99.  
REDUCTION IN AREA OF A PLOT PURCHASED FROM CAPITAL  
DEVELOPMENT AUTHORITY CAUSING LOSS OF - RS. 564,000 MILLION.**

The Audit pointed out that the plot No. 4-5-F/1 measuring (470x325) 152750 S.Ft. purchased from CDA, Islamabad in 1976 for Rs.93,65,860/- and possession taken by ETPB on 12.06.1990 was reported to measure 143550 S.Ft. (450x319). Thus it diminished by 9200 S.Ft. Costing Rs. 564,098/- as per purchase price. In fact, the present market value is now much more than the purchase price. The reduction in its area with resultant loss has not been taken up with CDA Islamabad for recovery.

The PAO informed the Committee that the meeting with the Chairman, CDA and Chairman ETPB was held on 15.08.2008 and it was mutually agreed that CDA would provide alternate piece of land having same commercial value to the ETP Board. However, CDA, Islamabad issued a sanction order dated 22.11.2008 for Rs. 614,375/- which was not encashed.

**PAC DIRECTIVE**

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

4. i) PARA NO 1.1 PAGE NO 03 (AR-1998-99)  
EXPENDITURE OF RS. 2.117 MILLION ON BUILDING RAISED ON FACULTY FOUNDATIONH
- ii) PARA NO 1.2 PAGE 3 (AR-1998-99)  
EXPENDITURE OF RS. 1.222 MILLION ON RETAINING WALL.
- iii) PARA NO 2.1 PAGE 5 (AR-1998-99)  
UN-NECESSARY BLOCKING OF FUNDS AMOUNTING TO RS. 1.952 MILLION.
- iv) PARA NO 3.1 PAGE 7 (AR-1998-99)  
IREGULAR PAYMENT OF RS. 152,870/- TO A CONTRACTOR.
- v) PARA NO 3.2 PAGE 7 (AR-1998-99)  
UN-WARRANTED EXPENDITURE OF RS. 959,911/- DUE TO SOIL RE-INVESTIGATION.
- vi) PARA NO 3.3 PAGE 8 (AR-1998-99)  
UN-JUSTIFIED PAYMENT OF RS. 53,072/- ON ACCOUNT OF SUSPENSION OF WORK.
- vii) PARA NO 4 PAGE 9 (AR-1998-99)  
UNDUE PAYMENT OF RS. 472,493.
- viii) PARA NO 5.4 PAGE 13 (AR-1998-99)  
DOUBLE PAYMENT OF RS. 178,380/- ON SOIL INVESTIGATION
- ix) PARA NO 5.5 PAGE 14 (AR-1998-99)  
ILLEGAL OCCUPATION ON ETPB PROPERTY WORTH RS. 226,400/-
- x) PARA NO 6.1 PAGE 15(AR-1998-99)  
UNAUTHORIZED PAYMENT TO STAFF OF ADMINISTRATIVE MINISTRY RS. 74,489/- ON ACCOUNT OF HONORARIUM.
- xi) PARA NO 6.2 PAGE 15 (AR-1998-99)  
RS. 20,500/- ON THE PURCHASE OF AIR CONDITIONER.
- xii) PARA NO 6.3 PAGE 16 (AR-1998-99)  
SUPPLY OF ARTICLES WORTH RS. 105,752/- TO OFFICERS OF FEDERAL MINISTRY.
- xiii) PARA NO 6.4 PAGE 16 (AR-1998-99)  
PAYMENT OF HOTEL BILL FOR RS. 17,862/-

- xi v) PARA NO 6.5 PAGE 17 (AR-1998-99)  
IRREGULAR PAYMENT OF RS. 200,409/- DUE TO FIXATION OF PAY.
- xv) PARA NO 6.6 PAGE 18 (AR-1998-99)  
MIS-USE OF TELEPHONE BY AN OFFICER RS. 118,935/-
- xvi) PARA NO 6.7 PAGE 19(AR-1998-99)  
IRREGULAR / DOUBTFUL EXPENDITURE OF RS. 18,600/-
- xvii) PARA NO 6.8 PAGE 19 (AR-1998-99)  
IRREGULAR ANNUAL EXPENDITURE OF RS. 866,760/- ON  
CREATION OF NEW POSTS WITHOUT APPROVAL OF MINISTRY.
- xviii) PARA NO 6.9 PAGE 20(AR-1998-99)  
IRREGULAR / INFRACTUOUS PAYMENT OF PAY & ALLOWANCES  
AMOUNTING TO RS. 321,978/-
- xi x) PARA NO 6.10 PAGE 21 (AR-1998-99)  
UN-WARRANTED PAYMENT OF SPECIAL PAY RS. 77,400/-
- xx) PARA NO 7.1 PAGE 22 (AR-1998-99)  
NON-RECOVERY OF RS. 318,322/- ON ACCOUNT OF OUTSTANDING  
ADVANCES.
- xxi) PARA NO 7.2 PAGE 22 (AR-1998-99)  
NON-RECOVERY OF ADVANCE AMOUNTING TO RS. 229,947/-
- xxii) PARA NO 7.3 PAGE 23 (AR-1998-99)  
OUT-STANDING RENTALS AGAINST TENANTS/LESSEES  
AMOUNTING TO RS. 23.5 MILLION.

#### PAC DIRECTIVE

The Committee settled the above mentioned twenty two (22) paras on the recommendation of DAC.

**AUDIT REPORT ON THE ACCOUNTS OF CENTRAL ZAKAT FUND  
NATIONAL LEVEL HEALTH INSTITUTIONS FOR THE YEAR 1995-98**

5. **PARA 1 (SUB-PARA IX & XII), NLHIs, 1995-98  
PAYMENT WITHOUT PASSING RESOLUTION RS 28.392 MILLION**

The Audit pointed out that the Health Welfare Committees utilized Zakat funds without approval of Health Welfare Committee, which was irregular.

The PAO stated that, the matter may be referred to relevant Provincial Zakat Council for regularization by Central Zakat Council.

**PAC DIRECTIVE**

The Committee directed the PAO that the matter be taken-up with Provincial Departments for regularization the expenditure by Central Zakat Council.

6. **PARA 1 (SUB-PARA XIV) and PARA 3 (SUB-PARA II), NLHIs, 1995-98  
PAYMENT WITHOUT PASSING RESOLUTION RS 28.392 MILLION**

The Audit pointed out that the Health Welfare Committee, CDA Hospital, Islamabad utilized Zakat funds without approval of Health Welfare Committee, which was irregular.

The PAO stated that, the relevant record is available with District Zakat Council Islamabad which will be provided to Audit.

**PAC DIRECTIVE**

The Committee directed the PAO to approach the District Zakat Council Islamabad and provide the relevant record to Audit.

7. **PARA 2 (SUB-PARA XI, XIV, XV, XVI, XVII, XIX, XX, XXI, XXIV, XXV & XVI),  
NLHIs, IRREGULAR PAYMENT WITHOUT DETERMINING ISTEHQQAQ RS  
20.003 MILLION**

The Audit pointed out that the Health Welfare Committee, CDA hospital, Islamabad utilized Zakat funds without approval of Health Welfare Committee, which obtaining istehqaq certificates.

The PAO stated that, the matter may be referred to relevant Provincial Zakat Council for regularization by Central Zakat Council.

**PAC DIRECTIVE**

The Committee directed the PAO that the matter be taken-up with Provincial Departments for regularization the expenditure by Central Zakat Council.

8. **PARA 6 (SUB-PARA II), 1995-98**  
**IRREGULAR EXPENDITURE FOR BULK PURCHASES OF MEDICINES RS**  
**3.769 MILLION**

The Audit pointed out that the Health Welfare Committee, CDA Hospital, Islamabad utilized Zakat funds without approval of Health Welfare Committee, which obtaining istehqaq certificates.

The PAO stated that, the matter may be referred to relevant Provincial Zakat Council for regularization by Central Zakat Council.

**PAC DIRECTIVE**

The Committee directed the PAO that the matter be taken-up with Provincial Departments for regularization the expenditure by Central Zakat Council.

9. i). **PARA 3(SUB-PARA XI) PAGE 16&18 CHAPTER- I 1995-98**  
ii) **PARA 4(SUB-PARA I) PAGE 20 CHAPTER- I 1995-98**  
iii) **PARA 1(SUB-PARA IV,V,IX,X,XI,XII&XIII) PAGE 24-CHAPTER-II 1995-98**

The PAO stated that the matter may be referred to relevant Provincial Zakat Council for regularization by Central Zakat Council.

**PAC DIRECTIVE**

The Committee directed the PAO that the matter be taken-up with Provincial Departments for regularization the expenditure by Central Zakat Council.

10. **PARA 1 PAGE 31 CHAPTER I 1995-98**  
**IRREGULAR CASH PAYMENT OUT OF ZAKAT FUND RS. 0.524 MILLION**

Audit pointed out a sum of Rs. 524,404/- was disbursed in cash to mustahiqeen out of Zakat fund which was contradiction to finance Division O.M No. F-3 (29 BR-II/94-1 101, dated 18-9-94.

PAO informed that cash payment was made to mustahiqeen whoe were disabled and poor, However, the instructions have been issued to Chairman Local Zakat Committees no to pay in cash in future. Inquiry is under process to fix the responsibility for deviation of the procedure.

**PAC DIRECTIVE**

The Committee directed the PAO to complete the inquiry and take action against the responsible according to inquiry report and informed the Audit.

11. i) PARA 1 PAGE 32 CHAPTER I 1995-98  
PAY & ALLOWANCES RS. 0.093 MILLION IRREGULARLY PAID TO  
SECRETARY
- ii) PARA 1 PAGE 35 CHAPTER II 1995-98  
TELEPHONE CHARGES PAID IN EXCESS OF CEILING RS. 0.317
- iii) PARA 1 PAGE 36 CHAPTER III 1995-98  
NON-PRODUCTION OF BILLS/VOUCHERS RS. 0.32 MILLION

**PAC DIRECTIVE**

The Committee settled the above three (03) paras subject to regularization from Finance Division.

12. i) PARA 1, PAGE 4, CHAPTER II, 1995-98  
DISBURSEMENT IN EXCESS OF BUDGET ALLOCATION RS. 50.626  
MILLION
- ii) PARA 1, PAGE 5, CHAPTER III, 1995-98  
SHORT RECOVERY OF ZAKAT RS. 871 MILLION
- iii) PARA 1, PAGE 6, CHAPTER IV, 1995-98  
NON-PRODUCTION OF RECORD
- iv) PARA 2 (SUB-PARA VIII, XII & XIII), PAGE 10-11, 1995-98  
IRREGULAR PAYMENT WITHOUT DETERMINING ISTEHAQ RS.  
20.003 MILLION
- v) PARA 3 (SUB-PARA VI), PAGE 17, 1995-98  
EXCESS EXPENDITURE THAN THE PRESCRIBED LIMIT RS. 13.883

**PAC DIRECTIVE**

The Committee settled the above five (05) paras subject to verification of record by Audit.

13. i) PARA 1, PAGE 3, CZF CHAPTER I, 1995-98  
MIS-APPROPRIATION OF ZAKAT FUND RS. 1.519
- ii) PARA I, (SUB-PARA I,II,III,IV,V,VI,VII,VIII,X,XI,XIII,XV&XVI), NLHIs  
CHAPTER 1, PAGE 7, 1995-98
- iii) PARA 2 (SUB-PARA ,II, III, IV, V, VI, VII, IX, X,XVIII, XXII, XXIII & XXVII),  
NLHIS CHAPTER 1, PAGE 10, 1995-98

- iv) **PARA 3 (SUB-PARA I,II,III,IV,V,VII,VIII,IX,X,XIII&XIV), NLHIs  
CHAPTER 1,PAGE 16, 1995-98**
- v) **PARA 4 (SUB-PARA II&III), NLHIs  
CHAPTER 1, PAGE 20, 1995-98**
- vi) **PARA 5, NLHIs  
CHAPTER 1, PAGE 21, 1995-98**
- vii. **PARA 6 (SUB-PARA I,III,IV&V), NLHIs  
CHAPTER 1, PAGE 22, 1995-98**
- viii) **PARA 1 (SUB-PARA I,II,III,VI,VII,VIII,XIV,XV,XVI,XVII&XVIII), NLHIs  
CHAPTER 2, PAGE 24, 1995-98**
- ix) **PARA 2 (SUB-PARA I,II,III,IV,V,VI,VII,VIII&IX), NLHIs  
CHAPTER 2, PAGE 27, 1995-98**
- x) **PARA 1 CHAPTER 1, REVENUE BUDGET, PAGE 30, 1995-98**
- xi) **PARA 2 CHAPTER 1, REVENUE BUDGET, PAGE 33, 1995-98**
- xii) **PARA 3 CHAPTER 1, REVENUE BUDGET, PAGE 34, 1995-98**

### **PAC DIRECTIVE**

The Committee settled the above twelve (12) paras on the recommendation of DAC.

## **MINISTRY OF SCIENCE AND TECHNOLOGY**

### **OVERVIEW**

Annual Audit Report for the year 1998-99 pertaining to Ministry of Science and Technology was examined by Public Accounts Committee (PAC) on 18<sup>th</sup> & 19<sup>th</sup> March 2015

- 4 Grants were presented by the Audit Department which were examined by the Committee and settled the same.

### **ACTIONABLE POINTS**

Actionable points arising from discussion of the meeting of Public Accounts Committee, held on 18<sup>th</sup> & 19<sup>th</sup> March, 2015 for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99 of Ministry of Science and Technology:-

#### **APPROPRIATIO ACCOUNTS (CIVIL VOL-I) 1998-99 RESEARCH DIVISION**

- 1) **GRANT NO. 103-SCIENTIFIC AND TECHNOLOGICAL RESEARCH DIVISION**  
**SAVING RS. 33,825,601/-**

#### **PAC DIRECTIVE**

The Committee settled the grant with the direction to strengthen the internal financial system to avoid financial indiscipline in future.

2. **GRANT NO. 104- OTHER EXPENDITURE OF SCIENTIFIC AND TECHNOLOGICAL RESEARCH DIVISION**  
**SAVING RS. 20,465,998/-**

#### **PAC DIRECTIVE**

The Committee settled the Grant.

3. **GRANT NO. 139-DEVELOPMENT EXPENDITURE OF SCIENTIFIC AND TECHNOLOGICAL RESEARCH DIVISION**  
**SAVING RS. 58,017,268/-**

#### **PAC DIRECTIVE**

The Committee settled the Grants with the direction to strengthen the internal financial system to avoid financial indiscipline in future.

4. **GRANT NO. 156-SCIENTIFIC AND TECHNOLOGICAL RESEARCH DIVISION**  
**SAVING RS. 334/-**

#### **PAC DIRECTIVE**

The Committee settled the grant.

## **SENATE SECRETARIAT**

### **OVERVIEW**

Annual Audit Report for the year 1998-99 pertaining to Senate Secretariat was examined by Public Accounts Committee (PAC) on 6<sup>th</sup> July 2015 and 4<sup>th</sup> January 2016.

- 1 Grant was presented by the Audit Department which could not be discussed /considered due to non attendance of Secretary/PAO and any other officers of Senate Secretariat.

### **ACTIONABLE POINTS**

Actionable points arising from the discussion of meeting of the Public Accounts Committee held on 6<sup>th</sup> July 2015 and 4<sup>th</sup> January, 2016 in the Parliament House, Islamabad for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99 of Senate Secretariat.

#### **APPROPRIATION ACCOUNTS (CIVIL) VOL-1 1998-99**

1) **GRANT NO.92- THE SENATE CHARGED**

Total Grant Rs. 88,103,000/-

Saving Rs.8860,347/-

#### **OTHER THAN CHARGED**

Total Grant Rs.76,410,000/-

Saving Rs. 8461,372/-

#### **PAC DIRECTIVE**

The Grant could not be discussed /considered due to non attendance of Secretary/PAO and any other officers of Senate Secretariat.

## **MINISTRY OF STATES AND FRONTIER REGIONS**

### **OVERVIEW**

Annual Audit Report for the year 1998-99 pertaining to Regions was examined by Public Accounts Committee (PAC) on 7<sup>th</sup> August 2015.

- 4 Grants were presented by the Audit Department which were examined by the Committee and settled the same.

### **ACTIONABLE POINTS**

Actionable points arising from the discussion of meeting of the Public Accounts Committee held on 7<sup>th</sup> August, 2015 pertaining to Ministry of SAFRON, in the Parliament House, Islamabad for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99.

#### **APPROPRIATION ACCOUNTS (CIVIL) VOL-1 1998-99**

1. i) **GRANT NO.78- STATES AND FRONTIER REGIONS DIVISION.**  
**SAVING RS 1,644,525**
- ii) **GRANT NO.79-FRONTIER REGIONS.**  
**SAVING RS 14,417,419**
- iii) **GRANT NO.82-MINTENANCE ALLOWANCES TO EX-RULERS.**  
**SAVING RS 200**
- iv) **GRANT NO.84-AFGHAN REFUGEES.**  
**SAVING RS 35,825,144**

#### **PAC DIRECTIVE**

The Committee settled the above four (04) Grants.

## **STATISTICS DIVISION.**

### **OVERVIEW**

Annual Audit Report for the year 1998-99 pertaining to Statistics Division was examined by Public Accounts Committee (PAC) on 6<sup>th</sup> July 2015 and 4<sup>th</sup> January 2016.

- 1 Grant was presented by the Audit Department which could not discuss due to examined by the Committee and settled the same.

### **ACTIONABLE POINTS**

Actionable points arising from the discussion of meeting of the Public Accounts Committee held on 6<sup>th</sup> July, 2015 in the Parliament House, Islamabad for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99 of Statistics Division.

#### **APPROPRIATION ACCOUNTS (CIVIL) VOL-1 1998-99**

1. i) **GRANT NO.46- STATISTICS DIVISION**  
**SAVING RS. 34,533,288 (8.46%)**
- ii) **GRANT NO.125- DEVELOPMENT EXPENDITURE OF STATISTICS**  
**DIVISION**  
**SAVING RS. 19,162,000 (51.88%)**

#### **PAC DIRECTIVE**

The Committee settled the above two (2) Grants.

## **WAFAQI MOHTASIB SECRETARIAT,**

### **OVERVIEW**

Annual Audit Report for the year 1998-99 pertaining to Wafaqi Mohtasib Secretariat was examined by Public Accounts Committee (PAC) on 4<sup>th</sup> January 2016.

- 1 Grant was presented by the Audit Department which was examined by the Committee and settled the same.

### **ACTIONABLE POINTS**

Actionable points arising from the discussion of meeting of the Public Accounts Committee held on 4<sup>th</sup> January, 2016, pertaining to Wafaqi Mohtasib Secretariat, in the Parliament House, Islamabad for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99.

#### **APPROPRIATION ACCOUNTS (CIVIL) VOL-1 FOR THE YEAR 1998-99**

##### 1. **GRANT (CHARGED)**

Total Grant 43,798,000/- Net saving Rs. 80,203/-

#### **PAC DIRECTIVE**

The Committee settled the above grant .

## **MINISTRY OF WATER & POWER**

### **OVERVIEW**

Annual Audit Report for the year 1998-99 pertaining to Ministry of Water & Power was examined by Public Accounts Committee (PAC) on 20<sup>th</sup> May 2014, 27<sup>th</sup> May 2015 and 1<sup>st</sup> December 2015.

- 85 Paras and 3 Grants were presented by the Audit Department which were examined by the Committee. Out of which 47 Paras and 3 Grants were settled whereas appropriate directions were accordingly issued for the remaining Paras.
- In few Paras the PAO was directed to hold inquires, fix responsibility and initiate disciplinary actions.

### **ACTIONABLE POINTS**

Actionable points arising from discussion of the meeting of the Public Accounts Committee held on 20<sup>th</sup> May, 2014, for examination of Appropriation Accounts/Audit Reports/Special Audit Reports of Ministry of Water & Power for the years 1998-99 are as below;-

#### **APPROPRIATION ACCOUNTS (CIVIL 1998-99) (VOL-1)**

##### **MINISTRY OF WATER & POWER**

1. **GRANT NO. 105-WATER & POWER DIVISION**  
**SAVING OF RUPEES 7,789,478**

##### **PAC DIRECTIVE**

The Committee regularized the Grant.

2. **GRANT NO. 140-DEVELOPMENT EXPENDITURE OF WATER & POWER**  
**DIVISION**  
**SAVING OF RUPEES 747,917,539**

##### **PAC DIRECTIVE**

The Committee settled the Grant.

3. **GRANT NO. 157-CAPITAL OUTLAY ON IRRIGATION AND ELECTRICITY**  
**EXCESS OF RUPEES RS 39,417,707**

##### **PAC DIRECTIVE**

The Committee settled the Grant.

## **ACTIONABLE POINTS**

Actionable points arising from discussion of the meeting of the Public Accounts Committee held on 20<sup>th</sup> May, 2014, for examination of Appropriation Accounts/Audit Reports/Special Audit Reports of Ministry of Water & Power for the years 1998-99 are as below:-

### **MINISTRY OF WATER & POWER**

#### **AUDIT REPORT FOR THE YEAR 1998-99**

4. **PARA 1.3, PAGE-8-AR 1998-99**  
**RECOVERY ON ACCOUNT OF DOUBLE WITHDRAWAL OF SALARIES / OTHER – Rs. 0.885 MILLION**

#### **PAC DIRECTIVE**

The Committee settled the Para subject to provide the certificate regarding the bank statement showing the deposit of recovered amount to Audit under intimation to PAC. The Committee also directed the PAO to improve the profit ratio

5. i. **PARA 3.1, PAGE 11-12-AR 1998-99**  
**FINANCIAL INDISCIPLINE RESULTING IN IRREGULAR EXPENDITURE – Rs. 5.973 MILLION**
- ii. **PARA 3.2, PAGE 12-AR 1998-99**  
**UN-AUTHORIZED EXPENDITURE FROM RECEIPTS OF CP FUND AND PENSION CONTRIBUTION – Rs. 1.961 MILLION**
- iii. **PARA-3.3, PAGE 13-AR 1998-99**  
**NON DEPOSIT OF RECEIPT – Rs. 2.064 MILLION**

#### **PAC DIRECTIVE**

The Committee settled the paras. However the Committee directed the PAO that the department is not authorized to utilize the amount earned by selling its community/property and the said amount should be deposited in National treasury, and then it can be used through budgetary provision.

6.
  - i. **PARA 3.4, PAGE 13-AR 1998-99**  
**IRREGULAR PRINTING WITHOUT OBTAINING NOC FROM PRINTING CORPORATION OF PAKISTAN – Rs. 0.620 MILLION**
  - ii. **PARA-5.1, PAGE 13-AR 1998-99**  
**NON PRODUCTION OF STOCK REGISTER AND TENDER DOCUMENTS FOR THE STOCK – Rs. 0.058 MILLION**

#### **PAC DIRECTIVE**

The Committee settled the above two Paras.

#### **7. PARA NO 294, PAGE 223- ARPSE 1998-99**

The company earned profit of Rs.65.089 million in 1992-93, Rs.69.784 million in 1993-94 Rs.78.523 million in 1994-95, Rs.109.834 million in 1995-96, Rs.105.992 million in 1996-97, Rs.71.821 million in 1997-98 and Rs.16.713 million in 1998-99.

The working results of the company for the year 1998-99 as compared with those of the preceding year are given hereunder:-

The above table would show that income decreased from Rs.747.984 million in 1997-98 to Rs. 727.181 million during 1998-99 whereas the expenditure increased to Rs.690.176 million during 1998-99 as against Rs.661.634 million during the year 1997-98. Resultantly profit of the company decreased by 76.72%. Steps need to be taken to increase the income and control the expenditure so as to check the fall in income since 1995-96.

#### **PAC DIRECTIVE**

The Committee held the directive of PAC regarding the improvement in the performance of NESPAK. The Committee further directed NESPAK to improve its performance by controlling its expenditure, increase its local / foreign income, make effective business plans and marketing strategy to increase the profit ratio.

#### **8. PARA NO 295, PAGE 223- ARPSE 1998-99**

Contract receivable stood at Rs.502.774 million as on 30-6-1999 as against Rs.509.730 million as on 30-06-1998. Although the business of the company has decreased since 1995-96, the contract receivables are constantly on the increase which is not justified. Non recovery of company dues has led to heavy provision of Rs.55.864 million on account of doubtful debts. Strenuous efforts need be made to recover the receivables from the parties concerned so that funds stuck up could be utilized in best interest of the company.

## **PAC DIRECTIVE**

The Committee has shown its concern on rapid increase in the receivable of NASPAK and directed to make efforts to recover their receivables from all Ministry/Division/Department of Federal Government and Provincial Government if there is no any legal dispute.

### 9. **PARA NO 296, PAGE 22-ARPSE 1998-99**

Fee and charges, contain certain expenses incurred by the company which are recoverable from the customers. Nature of expenses incurred and reasons thereof need to be stated and steps taken for early recovery of the same.

## **PAC DIRECTIVE**

The Committee settled the Para on the recommendation of Audit due to verification of relevant record.

## **NATIONAL POWER CONSTRUCTION (PVT) LIMITED**

### 10. i. **PARA NO 297, PAGE 225 ARPSE 1998-99** **FITS OF RS. 14.683 MILLION IN 1994-95, RS. 9.483 MILLION IN 1995-96, RS. 22.840 MILLION IN 1996-97 RS. 21.463 MILLION IN 1997-98 AND RS. 40.702 MILLION IN 1998-99.**

The working results of the company for the year 1998-99 as compared with the previous year are given below:-

<b>Sr.</b>	<b>Particular</b>	<b>1998-99</b>	<b>1997-98</b>	<b>%age</b>
1.	Contract and other income	2,220.344	103.218	2,051.11
2.	Contract and other expenses	2,170.480	79.218	2,639.87
3.	Operating profit.	49.865	24.000	107.77
4.	Financial and other charges	9.163	2.537	261.18
5.	Profit before taxation	40.702	21.463	89.64
6.	Provision for taxation	16.447	6.010	173.68
7.	Profit after taxation	24.255	15.453	56.95
8.	Gross Profit Ratio	2.25	5.25	
9.	Net Profit Ratio	1.09	2.78	

The increase in profit from Rs. 21.463 million in 1997-98 to Rs. 40.702 million in 1998-99 was due to increase in execution of two on-going contracts amounting to SR. 138.745 million and SR. 168.976 million. In the year 1997-98 contracts of the value of SR 4.363 million were executed whereas the work of the value of SR. 158.830 million were executed during the year under review. However the cost of contract executed in 1998-99 worked out to 98.5% of the contract value as compared to 94.6%

of the contract value in 1997-98. The percentage increase in cost of contract executed during the year under review was stated to be increase in cost of sub-contracts since the company was forced to engaged local sub-contractors for erection and stringing works because of delays in insurance of work visas for NPCC work force by the Saudi Government and partly due to increase in rates of banks charges on performance/ advance payment guarantees and letters of credit as a result of economic sanctions on Pakistan after its Atomic test in 1998. The performance of the company as a whole was satisfactory.

ii. **PARA NO 298, PAGE 226- ARPSE 1998-99**

Two works of SR.68.798 million and SR.75.730 million out of the contracts of SR.307.721 million in hand were left unfinished on 30th June 1999 which are scheduled to be completed before the end of financial year 1999-2000. As such no work will be left for execution after June.2000. The management stated that as the two on going projects were heading for successful completion, the company had already started participating in tenders for new projects in overseas market and were confident of maintaining its performance record and continued to be source of earning for government of Pakistan. The management may therefore make concerted efforts to secure new contracts so that a source of foreign exchange is not dried up in the years to come.

**PAC DIRECTIVE**

The Committee pended the above mentioned two Paras due to absence of MD National Power Construction Corporation (Pvt) Limited and showed its displeasure.

**AUDIR REPORT (WAPDA/ PEPSCO) 1998-99**

11. **PARA NO. 1, PAGE 1- AR 1998-99**  
**EXTRA EXPENDITURE OF RS. 940000 DUE TO INJUDICIOUS PROVISION**  
**OF PROVISIONAL SUM ITEMS IN BOQ**

**PAC DIRECTIVE**

The Committee settled the Para.

12. **PARA NO.2 PAGE 2-AR 1998-99**  
**BOGUS PAYMENT FOR RS. 32.067 MILLION + U.S \$ 2.390 MILLION**

**PAC DIRECTIVE**

The Committee directed the PAO to proceed criminal action against the officer/official involved after its legal examination and then the case should be

referred to National Accountability Bureau (NAB), in the purchase order made by the Chief Engineer (STG) Lahore for the supply of electrical material and the full payment was made to the firm on the basis of goods received notes whereas only 50 % was physically received in the store.

13. **PARA NO. 4, PAGE 3.4- AR 1998-99**  
**LOSS OF RS. 12.840 MILLION DUE TO UNDER FAVOUR TO THE FIRM**

**PAC DIRECTIVE**

The Committee settled the above Para.

14. **PARA NO. 6 , PAGE 5-6- AR 1998-99**  
**NON-ENCASHMENT OF PERFORMANCE BOND FOR RS. 7.112 MILLION**

**PAC DIRECTIVE**

The Committee settled the Para subject to assurance by the PAO that full amount on performance bond have been recovered and the services of the officer/official involved have been terminated under intimation to PAC and Audit.

15. **PARA NO. 7, PAGE 6-7- AR 1998-99**  
**LOSS OF RS. 77.582 MILLION (\$ 1.444 MILLION) ON PURCHASE OF ROTARY DRILLING RIG AND ITS ACCILLARY EQUIPMENT**

**PAC DIRECTIVE**

The Committee pended the para and directed the PAO to conduct the inquiry and take action in the matter under intimation to PAC and Audit.

16. **PARA NO. 8 PAGE 7- AR 1998-99**  
**LOSS OR RS. 133.743 MILLION DUE TO PAYMET OF COMMITMENT CHARGES**

**PAC DIRECTIVE**

The Committee pended the Para till next meeting and meanwhile the Committee intended to hold a meeting with Secretary EAD, Secretary Planning and concerned DG of Audit in the 1st week of June, 2014 to discuss the situation as the government has to pay the commitment charges on un-disbursed loans which cause a huge loss to the National exchequer. D.G Audit is directed to furnish 4 to 5 similar cases for discussion in the said meeting.

17. **PARA NO. 10 , PAGE 8-9 - AR 1998-99**  
**LOSS OF RS. 39.972 MILLION DUE TO BOGUS WORK REPORTS**

**PAC DIRECTIVE**

The Committee settled the above Para.

18. **PARA NO. 11 PAGE 9-10- AR 1998-99**  
**LOSS OF RS. 6.409 MILLION DUE TO INCORRECT AMENDMENT PAYMENT**  
**CLAUSE OF THE AGREEMENT**

**PAC DIRECTIVE**

The Committee settled the Para subject to verification of record by Audit under intimation to PAC.

19. **PARA NO. 12 , PAGE 11- AR 1998-99**  
**EXTRA EXPENDITURE OF RS. 1.345 MILLION DUE TO PAYMENT OF**  
**INTREST CHARGES**

**PAC DIRECTIVE**

The Committee settled the above Para.

20. i. **PARA NO. 13 , PAGE 11-12- AR 1998-99**  
**LOSS OF RS. 8.291 MILLION DUE TO PAYMET OF INTREST**  
**CHARGES**
- ii. **PARA NO. 15, PAGE 13-14- AR 1998-99**  
**LOSS OF RS. 5.62 MILLION DUE TO PURCHASE ENERGY METERS**  
**AT HIGHER RATES**
- iii. **PARA NO. 16 ,PAGE 15- AR 1998-99**  
**LOSS OF RS. 5.1930 MILLION ON ACCOUNT OF INTREST CHARGES**
- iv. **PARA NO. 17 ,PAGE 16 - AR 1998-99**  
**LOSS OF RS . 1.564 MILLION DUE TO TRANSFORMERS BURNET**  
**DURING THE WARRENTY PERIOD**

**PAC DIRECTIVE**

The Committee settled the above mentioned four Paras.

21. **PARA NO. 18 ,PAGE 16-17- AR 1998-99**  
**LOSS OF RS . 3.420 MILLION DUE TO DAMAGE OF TRANSFORMERS AND**  
**OTHER MATERIAL**

**PAC DIRECTIVE**

The Committee settled the Para subject to verification of recovery by the Audit under intimation to PAC.

22. **PARA NO. 19 ,PAGE 17-18- AR 1998-99**  
**LOSS OF RS. 2.880 MILLION DUE TO UNDER BENEFIT TO THE**  
**COTRACTOR**

**PAC DIRECTIVE**

The Committee Pended the Para with the direction to PAO to complete the inquiry against the officer/officials and fix responsibility and then take action accordingly under intimation to PAC and Audit.

23. **PARA NO.20 ,PAGE 19- AR 1998-99**  
**NON RECOVERY OF COST OF MDI METERS RS. 1.200 MILLION**

**PAC DIRECTIVE**

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

24. i. **PARA NO. 21 , PAGE 19-20- AR 1998-99**  
**LESS RECOVERY OF CAPITAL COST OF RS. 15.807 MILLION**
- ii. **PARA NO. 22, PAGE 21-22- AR 1998-99**  
**NON RECOVERY COST OF DAMAGED TRANSFORMERS FROM**  
**INDEPENDENT CONSUMERS RS. 3.498 MILLION**

**PAC DIRECTIVE**

The Committee directed the PAO to probe in the matter and reconcile the figure with in one month under intimation to PAC and Audit.

25. **PARA NO. 23 , PAGE 22-24- AR 1998-99**  
**NON RECOVERY SECURITY DEPOSIT FROM CONSUMERS RS 25.684**  
**MILLION**

**PAC DIRECTIVE**

The Committee directed the PAO to resolve the matter in DAC under intimation to PAC.

26. **PARA NO. 24 , PAGE 24- AR 1998-99**  
**LOSS OF REVENUE OF RS . 1.303 MILLION**

**PAC DIRECTIVE**

The Committee settled the Para subject to verification of recovery by the Audit.

27. **PARA NO. 25 , PAGE 25- AR 1998-99**  
**MISSING OF STORE MATERIAL RS. 0.654 MILLION**

**PAC DIRECTIVE**

The Committee settled the Para.

28. **PARA NO 26, PAGE 25-28- AR 1998-99**  
**LOSS OF RS . 42.050 MILLION DUE TO THEFT OF WAPDA MATERIAL**

**PAC DIRECTIVE**

The Committee Pended the Para till final recovery. The committee also directed PAO to probe in the matter in DAC under intimation to PAC.

29. **PARA NO. 27 - AR 1998-99**  
**MISS APPROPRIATION OF MATERIAL VALUING RS. 8.723 MILLION**

**PAC DIRECTIVE**

The Committee directed the PAO to complete the recovery and report to the Audit under intimation to PAC.

30. **PARA NO. 28, PAGE 30- AR 1998-99**  
**ILLEGAL DRAW/NON TRACEABLE OF HT/LT P.C. POLES WOTH RS. 2.923 MILLION**

**PAC DIRECTIVE**

The Committee settled the Para subject to verification of record by Audit under intimation to PAC.

31. **PARA NO. 29,PAGE 30-31- AR 1998-99**  
**MISAPPROPRIATION OF WAPDA METRIAL AMOUNTING TO RS. 6.937 MILLION**

**PAC DIRECTIVE**

The Committee settled the Para subject to provision of certificates regarding empty bodies of transformers and to write off the amount under intimation to PAC and Audit.

32. **PARA NO. 30 ,PAGE 28-29- AR 1998-99**  
**MISAPPROPRIATION OF TRANSFORMERS VALUING RS. 3.405 MILLION**

**PAC DIRECTIVE**

The Committee settled the Para subject to complete all the pending action and verification of recovery by the Audit under intimation to PAC.

**ACTIONABLE POINTS**

Actionable points arising from the discussion of meeting of the Public Accounts Committee held on 27<sup>th</sup> May, 2015 pertaining to Ministry of Water and Power in the Parliament House, Islamabad for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99.

**DIRECTOR GENERAL AUDIT (FEDERAL GOVERNMENT) ISLAMABAD.**

33. **PARA NO. 1.3 PAGE 8 (AR-1998-99)**  
**RECOVERY ON ACCOUNT OF DOUBLE WITHDRAWAL OF SALARIES/ OTHER RS. 0.885 MILLION.**

**PAC DIRECTIVE**

The Committee settled the above para subject to recovery and directed the PAO to be careful in future.

34. **PARA-NO. 7-DP-845-PAGE-6-7 (AR-1998-99)**  
**LOSS OF RS. 77.582 MILLION (U.S\$ 1.444 MILLION) ON PURCHASE OF ROTARY DRILLING RIG AND ITS ANCILLARY EQUIPMENT**

**PAC DIRECTIVE**

The Committee settled the above para on the recommendation of DAC.

**SPECIAL AUDIT REPORT (SAR-58) ON RESETTLEMENT PLAN AND LAND ACQUISITION PERTAINING TO GHAZI BAROTHA HYDEL POWER PROJECT FOR THE YEAR 1998-99.**

**COURT CASES**

35. i) **PARA-NO. 2.3-PAGE-5-6(SAR-58)1998-99)**  
**LOSS OF RS. 225 MILLION ON ACCOUNT OF PAYMENT OF INADMISSIBLE ZILA COUNCIL FEE.**

- ii) PARA-NO. 2.5-PAGE-7-8(SAR-58)1998-99)  
LOSS OF RS. 57.670 MILLION ON ACCOUNT OF COMPENSATION FOR FRUIT BEARING TREES.
- iii) PARA-NO. 2.6-PAGE-8-9(SAR-58)1998-99)  
FRAUDULENT PAYMENT OF RS. 9.970 BY INFLATING THE NUMBERS OF FRUIT BEARING TREES.
- iv) PARA-NO. 2.10-PAGE-11-12(SAR-58)1998-99)  
LEASE OF MINERALS AFTER NOTIFICATION UNDER SECTION-4 OF THE LAND ACQUIITION ACT, 1894.

**PAC DIRECTIVE**

The Committee directed the PAO to pursue the above cases in the court of law vigorously.

- 36. i) PARA-NO. 2.1-PAGE-4(SAR-58)1998-99)  
UNREALISTIC ESTIMATION OF LAND REQUIREMENTS.
- ii) PARA-NO. 2.2-PAGE-5(SAR-58)1998-99)  
RE-ALIGNMENT OF POWER CHANNEL RESULTING IN AVOIDABLE EXTRA EXPENDITURE.
- iii) PARA-NO. 2.4-PAGE-7(SAR-58)1998-99)  
LOSS OF RS. 1258.606 MILLION DUE TO EXCESS PAYMENT ON ACCOUNT OF LAND COMPENSATION.
- iv) PARA-NO. 2.7-PAGE-9-10(SAR-58)1998-99)  
FRAUDULENT PAYMENT OF RS. 4.770 MILLION BY LAC ATTOCK IN VILLAGE SAIDAN AS COMPENSATION FOR FRUIT BEARING TREES.
- v) PARA-NO. 2.8-PAGE-10-11(SAR-58)1998-99)  
UNDUE POLITICAL INTERFERENCE
- vi) PARA-NO. 2.9-PAGE-11(SAR-58)1998-99)  
LOSS OF RS. 30.282 MILLION DUE TO SUPPLEMENTAY AWARDS.
- vii) PARA-NO. 2.11-PAGE-12(SAR-58)1998-99)  
ANTICIPATED IRREGULARITIES

**PAC DIRECTIVE**

The Committee settled the above seven (07) Paras on the recommendation of DAC.

**SPECIAL AUDIT REPORT (SAR-78) ON CHASHMA HYDRO POWER PROJECT FOR THE YEAR 1998-99.**

37. **PARA-NO. 2.3-PAGE-7.8(SAR-78)1998-99)**  
**AVOIDABLE PAYMENT OF RS. 83.698 MILLION AS INTEREST CHARGES ON DELAYED PAYMENT TO A CIVIL CONTRACTOR.**

The Audit pointed out that WAPDA paid interest on delayed payment amounting to Rs. 83.698 Million to the contractor Project Director contended that payment to contractor was delayed because necessary funds were not available within the permissible time limit. Payments were delayed for a period ranging from 43 days to 407 days as evident from the enclosed statement on unjustified excuse of non-availability of funds. Audit has identified a number of cases where payments were delayed despite availability of funds.

The PAO informed that the overall settled amount was Rs.77.682 million out of total amount of Rs. 83.698 million which came out to be 93% and the unsettled amount was Rs. 6.6.016 million i.e 7%. The record for the unsettled amount was 20 years old and all efforts for tracing out the record proved futile. The submit the case for condonation of remaining amount.

**PAC DIRECTIVE**

The Committee settled the above para subject to condonation of remaining amount/write off from the relevant forum.

38. i) **PARA-NO. 2.1-PAGE-4-6(SAR-78)1998-99)**  
**ADDITIONAL FINANCIAL BURDEN TO THE TUNE OF RS. 11,852 M DUE TO ABNORMAL DELAY IN THE EXECUTION OF THE PROJECT.**
- ii) **PARA-NO. 2.2-PAGE-6-7(SAR-78)1998-99)**  
**AVOIDABLE LIABILITY OF RS. 1208 M ON ACCOUNT OF PAYMENT OF STORAGE/DEMURRAGE CHARGES.**
- iii) **PARA-NO. 2.4-PAGE-9(SAR-78)1998-99)**  
**NON-RECOVERY OF RS. 1.945 MILLION IN ADDITION TO OTHER DIRECT COSTS OF REPAIR OF CONCRETE CRACKS IN THE POER HOUSE BUILDING.**
- iv) **PARA-NO. 2.5-PAGE-10(SAR-78)1998-99)**  
**INJUDICIOUS EXPENDITURE OF RS. 70 MILLION ON ACCOUNT OF HIRE CHARGES OF VEHICLES PROVIDED TO WAPDA AND CONSULTANTS.**
- v) **PARA-NO. 2.6-PAGE-10-11(SAR-78)1998-99)**  
**CONSTRUCTION OF RESIDENTIAL BUILDINGS BEYOND REQUIREMENTS AT A COST OF RS. 227.00 MILLION.**

- vi) **PARA-NO. 2.7-PAGE-12(SAR-78)1998-99)**  
**UNJUSTIFIED PAYMENT OF ESCALATION O FRS. 588.97 MILLION**  
**ON SPECIFIED MATERIAL USED IN THE WROKS.**
- vii) **PARA-NO. 2.8-PAGE-12-13(SAR-78)1998-99)**  
**LIBERAL EXTENSION IN COMPLETION PERIOD AND NON-**  
**IMPOSITION OF LIQUIDATED DAMAGES.**
- viii) **PARA-NO. 2.9-PAGE-13-14(SAR-78)1998-99)**  
**APPOINTMENT OF INEPT CONSULTANTS.**

### **PAC DIRECTIVE**

The Committee settled the above eight (08) paras on the recommendation of DAC.

### **SPECIAL AUDIT REPORT (SAR-82) ON 3x50 MW FLUIDIZED BED COAL FIRED POWER STATION AT LAKHRA FOR THE YEAR 1998-99.**

- 39. **PARA-NO. 2.8-PAGE-4(SAR-82)1998-99)**  
**INADEQUATE OPERATIONAL TEST AND NON-FUNCTIONING OF THE**  
**THIRD UNIT (50 MW) LEADING TO A LOSS OF CAPITAL INVESTMENT OF**  
**RS. 1907 MILLION.**

The Audit pointed out that in compliance with direction of PAC a revised inquiry report was submitted to the Audit. The Audit pointed out that the inquiry report is not satisfactory. Therefore, Audit contention regarding loss of capital investment amounting to Rs. 1907 million is based on facts.

### **PAC DIRECTIVE**

The Committee directed the PAO to fix responsibility take action against the officers/officials held responsible and submit a report to the Audit/PAC within one month.

### **AUDIT REPORT PUBLIC SECTOR ENTERPRISES FOR THE YEAR 1998-99.** **NATIONAL ENGINEERING SERVICES PAKISTAN (PVT) LIMITED.**

- 40. **PARA-NO. 295-PAGE-223(ARPSE)-1998-99)**

Audit pointed out that the contract receivable stood at Rs. 502.774 million as on 30.6.1999 as against Rs. 509.730 million as on 30-6-1998. Although the business of the company has decreased since 1995-96 the contract receivables are constantly on the increase which is not justified. Non recovery of company dues has led to heavy provision of Rs. 55.864 million on account of doubtful debts. Strenuous efforts need be made to recover the receivable from the parties

concerned so that funds stuck up could be utilized in best interest of the company.

The PAO informed the Committee that except Rs. 49.00 million all recovery had been made remaining recovery is not possible as the case an very old. The case will be submitted to Board of Director for write off.

### **PAC DIRECTIVE**

The Committee settled the above para subject to verification of record by the Audit within one week.

### **ACTIONABLE POINTS**

Actionable points arising from the discussion of meeting of the Public Accounts Committee held on 1<sup>st</sup> December, 2015 pertaining to Ministry of Water and Power in the Parliament House, Islamabad for examination of Appropriation Accounts/Audit Reports/Special Audit Reports for the years 1998-99.

### **AUDIT REPORT FOR THE YEAR-1998-99**

### **MINISTRY OF WATER AND POWER (WAPDA)**

41. **PARA-NO. 39-DP-855-PAGE-40-41 (AR-1998-99)**  
**NON-RECOVERY OF RS. 4.878 MILLION FROM THE CONTRACTOR ON ACCOUNT OF CUSTOMS DUTY.**

The Audit pointed out that in Swabi Scarp Project, Mardan an amount of Rs. 4.878 million was reimbursed to the contractor on account of customs duty on purchase of mucking equipment. The equipment was imported from Chaina, but rejected by the Engineer due to inferior quality and was never used in the works. The amount was recovered but was again refunded to the contractor without giving any justification.

The PAO informed that the inquiry Committee will be directed to fix the responsibility regarding non-recovery of the custom duty from the contractor well in time and its report will be submitted to Audit.

### **PAC DIRECTIVE**

The Committee settled the above para subject to recovery and directed the PAO to be careful in future.

42. **PARA-NO. 7-DP-845-PAGE-6-7 (AR-1998-99)**  
**LOSS OF RS. 77.582 MILLION (U.S\$ 1.444 MILLION) ON PURCHASE OF ROTARY DRILLING RIG AND ITS ANCILLARY EQUIPMENT**

**PAC DIRECTIVE**

The Committee settled the above para on the recommendation of DAC.

**SPECIAL AUDIT REPORT (SAR-58) ON RESETTLEMENT PLAN AND LAND ACQUISITION PERTAINING TO GHAZI BAROTHA HYDEL POWER PROJECT FOR THE YEAR 1998-99.**

**COURT CASES**

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- ii) **PARA-NO. 2.5-PAGE-7-8(SAR-58)1998-99)**  
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- ii) **PARA-NO. 2.2-PAGE-5(SAR-58)1998-99)**  
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**AUDIT REPORT PUBLIC SECTOR ENTERPRISES FOR THE YEAR 1998-99.  
NATIONAL ENGINEERING SERVICES PAKISTAN (PVT) LIMITED.**

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**PAC DIRECTIVE**

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