



REPORT

OF THE

PUBLIC ACCOUNTS COMMITTEE

ON THE ACCOUNTS OF THE FEDERATION

FOR THE YEAR

1991-1992

NATIONAL ASSEMBLY SECRETARIAT
ISLAMABAD

وَإِزْ حَكْمَتُمْ بَيْنَ النَّاسِ أَنْ تَحْكُمُوا بِالْعَدْلِ

(النساء ٥٨)

And, if ye judge between mankind, that ye judge justly.

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PREFACE

Article 171 of the Constitution of the Islamic Republic of Pakistan provides that the reports of the Auditor General through the President, be laid in the National Assembly. Thereafter, under the “Rules of Procedure and Conduct of Business” the reports are referred to the Public Account Committee for detailed scrutiny and recommendations before the Assembly gives the direction on the Audit observation incorporated in them. This is how the process of legislative accountability is ensured in our parliament.

The National Assembly is realizing the concept of the legislative Accountability in more focused manner through the Parliamentary Committees to achieve this goal.

The Public Accounts Committee is working indefatigably to update its business and complete the back-log. The PAC has also constituted four special Sub Committees for clearance of black-log. Out of these Sub-Committees, a Sub-Committee headed by Mr. Zahid Hamid, MNA, finalized its report for the year 1991-92 and same has been approved by the PAC in its meeting on 17-12-2009.

The report highlights the major issues and Committee’s recommendations on each Ministry/Division separately in respective sections for having a quick glance on their performance. The report highlights the involvement of the Public Accounts Committee, National Assembly Secretariat, the Auditor General’s Department and Ministries / Divisions / Departments of the Federal Government represented primarily through their Principal Accounting Officer/Administrative Secretaries, in a comprehensive effort aimed both at accountability and getting better value of public money.

We wish to acknowledge and place on record the guidance received from Chairman (PAC), Ch. Nisar Ali Khan, the Sub Committee Chairman, Mr. Zahid Hamid, the members of the Sub Committee, Mr. Riaz Fatyana and Mr. Nadeem Afzal Chan. The work carries by PAC wing of National Assembly Secretariat in preparation and finalization of the report is also appreciated.

KARAMAT HUSSAIN NIAZI

Secretary

National Assembly Secretariat

Islamabad, the 21st January 2010

PUBLIC ACCOUNTS COMMITTEE

| | | |
|-----|--|---------------------|
| 1. | Ch. Nisar Ali Khan | Chairman |
| 2. | Mr. Riaz Fatyana | Member |
| 3. | Mrs. Rukhsana Bangash | Member |
| 4. | Mr. Aftab Shahban Mirani | Member |
| 5. | Mrs. Faryal Talpur | Member |
| 6. | Mr. Nadeem Afzal Chan | Member |
| 7. | Mr. Saeed Ahmad Zafar | Member |
| 8. | Mrs. Yasmeen Rehman | Member |
| 9. | Khawaja Mohammad Asif | Member |
| 10. | Sardar Ayaz Sadiq | Member |
| 11. | Mr. Zahid Hamid | Member |
| 12. | Rana Mahmood-ul-Hassan | Member |
| 13. | Mian Riaz Hussain Pirzada | Member |
| 14. | Mr. Bahadur Ahmed Khan Sihar | Member |
| 15. | Mr. Hamid Yar Hiraj | Member |
| 16. | Syed Haider Abbas Rizvi | Member |
| 17. | Mr. Asfandyar Wali | Member |
| 18. | Mrs. Asiya Nasir | Member |
| 19. | Sardar Ali Mohammad Khan Mahar | Member |
| 20. | Minister-in-Charge for Finance and Revenue | (Ex-Officio Member) |

**REPORT OF THE
PUBLIC ACCOUNTS COMMITTEE
ON THE ACCOUNTS OF THE FEDERATION
PAKISTAN
FOR THE YEAR 1991-1992**

EXECUTIVE SUMMARY

Parliamentary control over public finance in Pakistan is exercised in two stages: the ‘proposals stage’ and the ‘results stage’. At the first stage, the government comes forth with a Budget proposal for National Assembly’s approval. The government must get the financial nod of the Public representatives to give effect to its policies and programmes. The second stage relates to the control over the expenditure of public money. This is the stage where the PAC comes into picture when it examines the accounts of the Federal Government compiled by the Controller General of Accounts (CGA) and the Auditor General of Pakistan. This process assigns responsibility to the public representatives to keep a check on public expenditure. Under Article 171 of the Constitution of the Islamic Republic of Pakistan, the Auditor General of Pakistan submits Annual Audit reports to the President who causes them to be laid before the National Assembly. For a detailed scrutiny, these reports are referred to the Public Accounts Committee. The Rules of Procedure and Conduct of Business in the National Assembly, 2007, govern the functions of the Standing Committee on the Public Accounts.

2. In order to create a productive atmosphere and for effective working, the PAC has institutionalized the following guiding principles: -

- (1) The Principal Accounting Officers (PAOs)/ Secretaries of the Ministries/Divisions, who represent them in the PAC meetings, were expected to be fair. They should not press on concealment of the irregularities.
- (2) It is a joint responsibility of the elected public representatives and the government functionaries to protect the national interest.
- (3) The Principal Accounting Officers (PAOs) must ensure personal attendance in meetings of the Committee and PAC related communication must be given top priority.

- (4) All functionaries of Ministries/Divisions appearing before PAC must come fully prepared in order to promptly respond to the queries of the Committee.

PAC REPORTS

3. The Former PAC, during the period of previous National Assembly, discussed the Audit reports for the years 2000-2001 & 1995-1996 and prepared its Reports, which were disposed off after the approval of the then National Assembly of Pakistan.

4. There were 12 Auditor General's Reports pending examinations, when current PAC met for first time in November 2009. The primary objective of the PAC, right from the beginning was to dispose off unfinished work pertaining to previous years, which was an up hill task. For the speedy disposal of pending reports, the Committee constituted four Special sub-committees and allocated one year audit report to each one of them.

5. The Sub-Committee No. 3 of the PAC started taking up for its examination the Federal Accounts/Auditor General's Report for the year 1991-92. This was the Report containing the audit paras (1895 audit paras). The Committee met regularly at least once or twice in a month to consider this Report, keeping in view the schedule of the National Assembly sessions. The Sub-Committee held meetings for 40 days during that period. During the said period, the Committee also held double sittings.

APPROPRIATION ACCOUNTS OF THE FEDERAL GOVERNMENT

6. Annually compiled Appropriation Accounts of the Federal Government bring out the position of budgetary control of the government. Expenditure against each grant is discussed by the Committee with the respective Principal Accounting Officer in the context of public funds placed at their disposal by the

National Assembly, and actual spending by the departments under their control. Financial control and budget management also came under detailed review.

7. In the course of examination of the Appropriation Accounts for the year 1991-92, the sub-committee reviewed 188 grants. The Sub-Committee came across situations where excesses and savings were a regular feature. There was a liberal resort to supplementary grants, which in certain cases were obtained, towards close of the financial year, even though the original allocation was not consumed fully. Excesses even after receipt of generous supplementary allocations were also found in some cases.

8. The Sub-Committee repeatedly expressed concern over the state of financial indiscipline. While examining Appropriation Accounts in number of cases, Sub-Committee noticed that the Principal Accounting Officers (PAOs) were usually not equipped with the skilled assistance at the base level i.e. the Accounts Officers, who should maintain the Accounts. In most of the Ministries/Divisions/Attached Departments and subordinate offices, it was observed that the PAOs were not vigilant enough to get the accurate budgetary estimates prepared for the next year or to monitor the flow of the expenditures through a proper system of internal control. The result was that a large number of cases of savings and excesses in spending the budgetary grants surfaced. In a country where it is difficult to mobilize funds for the urgent needs for the development projects, the proper budgeting is very essential i.e. if we collect Rs one billion as revenue and spend Rs two billions, the available funds have to be rationed. If adequate budgetary allocation has been made to one department of the government, the other departments gets less, even a saving by one department, which is not diverted to a needy project in another department in time, is a national loss. The Committee cautioned the Ministries and Divisions that strict notice would be taken of budgetary transgressions and their should be zero saving/excesses in future.

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

10. The most effective safeguard against misuse of public funds lies in creating some arrangement in each Ministry/Division such as effective internal controls/audit system. Strengthening the internal control is, therefore, vital to good governance. In some Ministries/Divisions/ Departments and their subordinate offices, the Committee noticed that the Officers dealing with their Accounts were not trained for such assignments, resulting weak internal budgetary controls. Therefore, the Committee was informed by the Auditor General of Pakistan, that on the directive of previous PAC, Chief Finance & Accounts officer are appointed for internal budgetary control system in Ministries/Divisions.

COMMENTS ON REPORTS OF THE AUDITOR-GENERAL

11. It is a fundamental principle of any parliamentary system that each Federal, Provincial and District Government must be held responsible to the legislature

(by whose authority it governs) and through the legislature to the citizens at large. This includes being held to account for the Government's use of taxpayers money, which is reported annually by the Auditor General of Pakistan in our case. Examination of all reports of the Auditor-General of Pakistan pertaining to the money spent by Federal Ministries and Departments is a national responsibility, which the PAC exercises on behalf of the National Assembly. These reports are in many volumes. These Federal spendings are examined from different perspectives which include: review of financial transactions from regulatory, propriety and

procedural points of view, comprehensive review of performance of Organizations, comments regarding future plans of public entities, comments arising out of accounting documents, special studies of various activities, etc.

12. Many significant issues surfaced during the Committee deliberations on the Report of the Auditor General. A brief and to the point replies by the PAOs and the directives issued by the PAC as a result of discussion on each para were issued for the necessary actions by the PAOs at the culmination of each PAC meetings which are appended to the report. Some of the significant issues for the attention of the House are in the succeeding paras.

SIGNIFICANT IRREGULARITIES FOR THE YEAR 1991-92

1). Fraudulent withdrawal of military pensions – Rs.1.833 million

13. Pakistan Postal Services Corporation performs the payment of military pensions work on behalf of the Ministry of Defence. During the period from 1984 to 1989, an amount of Rs. 2,069,655 of military pensions was fraudulently withdrawn from GPO, Qilla Sheikhpura, with the connivance of postal officials /pensioners.

(M/o Postal Services Para No.4.3 AR 1991-92 DGA PT&T Lahore)

Sub-Committee Recommendations.

14. The PAC' Sub-Committee No.3 discussed this para in its meeting held on 10-06-09. The sub-committee of the PAC directed the department to persue the case in the court of law vigorously, under report to audit.

2). IRREGULAR ALLOTMENT OF MULTIPLE PLOTS TO RAILWAY OFFICERS

15. Railway administration allotted 459 plots to 186 officers at different places, ranging from 2 to 6 plots to each officer in contravention to the Policy/by laws. In 1989, the report of Inquiry Committee, constituted on the directives of

the Prime Minister in respect of multiple allotments of plots was also viewed seriously. The Prime Minister ordered to cancel the multiple plots secured by the railway officers. Action taken by the administration in this regard has been reviewed and the position is as under:-

i). Out of 459 plots 29 were stated to have been disowned, 39 plots surrendered by the allottees, 100 plots cancelled and 289 were in possession of the officers. The plots stated to have been surrendered and cancelled are yet to be taken back.

ii). 58 officers were holding 125 plots and no action was taken for cancellation of excess plots.

iii). 30 officers were holding 64 plots (2 to 3 each) even after cancellation, surrendering or disowning of 38 plots. Action for the cancellation of additional plots is still to be taken.

iv). 19 officers who have disowned 22 plots were in possession of 19 plots unauthorized as they already have disposed off the plots allotted to them.

(M/o Railways Para No.7.34 AR 1991-92 DGA Railways Lahore.)

Sub-Committee Recommendations.

16. The PAC' Sub-Committee No.3 discussed this para in its meeting held on 18-06-09. The Sub-committee directed the PAO to inquire the matter, take action against the person(s) who were involved in allotments of these plots. The committee also directed that allotments of those who are not depositing market rate of plots should be cancelled and suits in the court of law against those who sold the plots should be filed with report to audit.

Latest Position

17. The Director Property and Land vide letter dated 23.06.2009 intimated that General Manager / Operations constituted a committee comprising of Director Property and Land, FA & CAO and Deputy Director Legal Affairs to probe into the matter and submit Report within one month.

3). **PURCHASE AND SCREENING OF GRAVEL EXCESS EXPENDITURE Rs.9.664 Million:**

18. In Mardan Scrap Project 22.94 million cft gravel was purchased from March, 1984 to July, 19987 for laying sub-surface pipe drainage system. The works for which the gravel was purchased were completed upto January,1991 by using 18.582 million cft gravel. This indicated that 3.910 million cft gravel costing Rs 8.290 million was purchased in excess of requirement. Moreover a quantity of 1.461 million cft gravel stated to be mixed with earth was got re-screened at a cost of Rs. 1.374 million. Had the procurement and use of gravel been synchronized the extra expenditure on unnecessary procurement and re-screening of gravel could have been avoided. The matter was reported to the project authorities in November, 1991.

(Para No.5 AR 1991-92 M/o Water and Power DGA WAPDA Lahore.)

Sub-Committee Recommendations.

19. The PAC' Sub-Committee No.3 discussed this para in its meeting held on 08-05-09. The sub- committee directed the PAO to ensure the finalization of inquiry committee report within 30 days and take necessary action against the persons responsible with a report to audit/PAC

4). **Loss due to fraudulent drawl of payment against forged shipping documents US \$ 801,361 (Pak Rs. 17,010,170/-)**

20. A contract was placed on M/s Queensgate Trading Co. London registered at Netherlands for the supply of Rs.25000 M/Tons Fertilizer by September, 1983 against world wide tender enquiry of June, 1983. The contract was signed by the local agent. The requisite certificate for submission of tender by the local agent on behalf of the company was issued by their liaison officer at London which was apparently doubtful as liaison officer of a company does not inherit any power to authorize a Local Agent for signing the tender/contract unless specifically authorized by the Principal. This aspect was not verified at the time of awarding

the contract, which was in violation of provisions of purchase manual. The supplier submitted the forged shipping documents in November, 1983 and obtained full payment of the cost of 23,923 M/Tons Fertilizer amounting to US \$ 4,774,434 without actual shipment. The firm later on in February, 1984 supplied a quantity of 18,000.620 M/Tons of Fertilizer valuing US \$ 3,591,123.63. This resulted in an overpayment of US \$ 1,183,310.37. A total loss of US \$ 1,984,795 was worked out by the Department against which a sum of US \$ 1,183,434.00 was recovered from the supplier leaving a balance of US \$ 801,361 which still remained un-recovered.

(Para No. 10 AR 1991-92 M/o Food and Agriculture DGA F.G Islamabad)

Sub-Committee Recommendations.

21. The PAC' Sub-Committee No.3 discussed this para in its meeting held on 20-04-09.the sub-committee endorsed the DAC'S decision and directed for implementation of the same under report to audit department. However, the department was directed to ensure as to whether the above mentioned black listed companies were not working with it in other names and due diligence and utmost care is done while handling with such operation in future so that such lapses/negligence do not occur again. The sub-committee also directed that the para will be considered settled on satisfaction of audit.

5). Clearance of clinker and cement without payment of central excise duty Rs.67,621,874.

22. Audit pointed out that Cement produced or manufactured in a factory and not cleared there from on payment of excise duty before coming into force of the Excise duty on production capacity (Cement) Rules 1991, was liable to central excise duty as provided in rule 8 thereof. Contrary to this, clinker or cement lying in stock on the zero hour of 4th August 1991 i.e. the day of coming into force the Rules ibid, was subsequently cleared from the factory (clinker was used in the factory to produce cement for subsequent clearance) on payment of sales tax but either central excise duty was not paid at all or paid short by certain units.

The PAO informed the Committee that an amount of Rs. 28.559 million has been recovered from that cement factory. Recovery action in respect of Dadabhoy Cement has been initiated.

(FBR Para No. 1.7 AR-1991-92 DGA RRA Lahore)

Sub-Committee Recommendations.

23. The PAC' Sub-Committee No.3 discussed this para in its meeting held on 17-04-09. The Sub-Committee directed the PAO to recover the said amount within one month and recovered amount should be got verified from audit. However, for further examination of the matter, the Committee referred the para to DAC.

VIOLATION OF GENERAL FINANCIAL RULES

24. General Financial Rules (GFRs) were not observed by the Officers/Officials of some Departments while spending public funds placed at their disposal. The canons of propriety laid down in the GFRs need to be emphasized by the PAOs in respective Departments/Organizations. Every official or Institution must abide by the General Financial Rules (GFRs) while spending funds placed at their disposal. The canons of propriety laid down in the GFRs provide that every officer incurring or authorizing expenditure from public funds should be guided by the high standards of financial propriety. Among the principles, on which emphasis has been generally laid, are as under:-

- Every public servant should exercise the same vigilance in respect of expenditure incurred from public money, as a person of ordinary prudence would exercise in respect of expenditure of his own money;
- The expenditure should not be, prima facie, more than the demand; and

- No authority should exercise power of sanctioning expenditure to pass an order that would be directly or indirectly disadvantageous to the national exchequer.

ISSUES OF PUBLIC IMPORTANCE

25. The PAC took notice of the under-mentioned issues due to their public importance:-

AUDIT OF PUBLIC SECTOR ORGANIZATIONS/CORPORATIONS

26. The increasing tendency to exclude the audit of public sector bodies, such as Corporations from the purview of the Auditor General dilutes the concept of sustainable accountability through legislative oversight. Reports of the private Auditors appointed by the Management Of Public Sector Corporations / Enterprises are not presented to the legislature. Private Sector Auditors are appointed and highly paid by these Corporations/Enterprises; therefore, the issue of conflict of interest is always there. With a diluted statutory audit, tendency and chances of misusing public resources may increase. The Committee felt a need to ascertain whether some provisions of Power and Functions of Auditor General of Pakistan Ordinance No. XXIII of 2001, the Company's Act and other Acts/provisions of the rules, regulating the audit of accounts of Public Sector Corporations cited in PAC meetings, have a restrictive effect on the jurisdiction of the Auditor General and thereby encouraging other newly created Authorities and Autonomous Bodies to avoid audit by the Auditor General. This impacts the legislative oversight of public funds.

(2) Further, in some cases it was contested that the decisions of the Board of Directors of different Public Sector Enterprises (PSEs) in which representative of Finance Division also participated, over ride the normal Financial Rules of the Federal Government. In order to ensure the legislative oversight of public funds and to identify such Organizations/Public Bodies and anomalies in their statues, the PAC constituted a Special Legal Committee under the Convenership of Mr.

Zahid Hamid MNA to formulate a comprehensive report, indicating necessary measures/amendments required in the relevant laws in such cases.

OFFICE OF THE AUDITOR GENERAL OF PAKISTAN

27. The PAC generally appreciates the hard work put in by the Auditor-General of Pakistan and his Officers in preparing the Audit Reports. However, there is a need for the audit staff to be more professional considering the present day challenges. The Auditors also have an obligation to constantly update and improve their skills in discharging their professional responsibilities. They must know and apply auditing, accounting and financial management standards, procedures and practices. They also should possess a good understanding of the constitutional, legal and institutional principles and standards, governing the operations of the audited entities. This will ensure the fairness, impartiality and competence of the Auditors.

NATIONAL ASSEMBLY SECRETARIAT

28. The PAC would like to acknowledge hardwork of PAC wing including Mr. Tahir Hanfi, Joint Secretary (PAC), Mr. Fayyaz Hussain Shah, Deputy Secretary (PAC) Mr. Sharafat Ali, Section Officer and Staff of PAC Wing, National Assembly Secretariat for their focused efforts for providing efficient support to the Committee in conducting its deliberations.

CONCLUDING REMARKS

29. While submitting this Report to the National Assembly of Pakistan, the Committee finally recommends that:-

- (i) Suggestions, directives and recommendations made by the Committee in this Report and the Actionable Points be accepted for implementation by respective Ministries/Divisions/Departments in the Federal Government; and

(ii) Excess budget statements for the year 1991-92 be regularized in accordance with the provisions of the Constitution.

KARAMAT HUSSAIN NIAZI
Secretary
National Assembly Secretariat

CH. NISAR ALI KHAN
Chairman PAC

Islamabad, the January 21st, 2010.

EXCESS BUDGET STATEMENT

DETAILS OF EXCESS EXPENDITURE

FOR THE YEAR 1991-1992

EXCESS BUDGET STATEMENT FOR THE YEAR 1991-92

| S # | Name of Ministries/Divisions Discussion/Department | Grant No. & Name of Grant | Original Grant | Supplementary grant | Final Grant | Actual Expenditure | Excess | PAC Recommendation |
|-----|--|--|----------------|---------------------|---------------|--------------------|------------|---|
| 1 | M/o Interior <u>19-05-2006</u> | 88- Interior Division (OTC) | 31,599,000 | 2,871,000 | 34,470,000 | 34,516,955 | 46,955 | The Committee recommended the excess for regularization |
| | | 91- Civil Armed Forces (OTC) | 1,546,482,000 | 227,000,000 | 1,773,482,000 | 1,806,503,704 | 33,021,704 | -do- |
| | | 94- Registration Organization (OTC) | 128,753,000 | 5,054,000 | 133,807,000 | 171,393,738 | 37,586,738 | -do- |
| | | 95- Civil Defence (OTC) | 13,339,000 | 2,678,000 | 16,017,000 | 16,774,503 | 757,503 | -do- |
| | | 96- Federal Investigation (OTC) | 69,827,000 | 15,008,000 | 84,835,000 | 89,129,791 | 4,294,791 | -do- |
| | | 122- Frontier Constabulary (OTC) | 367,597,000 | --- | 367,597,000 | 409,534,214 | 41,937,214 | -do- |
| 2 | M/O Education <u>01-02-2007</u> | 36- F.G.E.I in the Capital & Federal Area (OTC) | 215,066,000 | 20,000,000 | 235,066,000 | 247,894,053 | 12,828,053 | The Committee recommended the excess for regularization |
| 3 | Information and Media Development <u>16-04-2007</u> | 82- M/O Information & Broadcasting (OTC) | 27,991,000 | 35,632,000 | 63,623,000 | 68,101,275 | 4,478,275 | The Committee recommended the excess for regularization |
| | | 83- Director of publications, Newsreels and Documentaries. (OTC) | 25,013,000 | --- | | 27,455,707 | 2,442,707 | -do- |
| | | 84- Press Information Department. (OTC) | 29,713,000 | 21,435,000 | 51,148,000 | 52,512,680 | 1,364,680 | -do- |
| | | 85- Information Services Abroad.(OTC) | 5,979,000 | 8,323,000 | 74,302,000 | 84,491,586 | 10,189,586 | -do- |
| | | 86- Pakistan National Centres.(OTC) | 17,445,000 | ---- | | 20,848,197 | 3,403,197 | -do- |
| | | 87- Other Expenditure of M/O Information and Broadcasting.(OTC) | 335,737,000 | 154,929,000 | 490,666,000 | 491,892,215 | 1,226,215 | -do- |
| | | 47- Sea custom.(OTC) | 110,998,000 | 42,975,000 | 153,973,000 | 187,080,094 | 33,107,094 | The Committee recommended the excess |

| | | | | | | | | |
|---|--|--|-------------|-------------|-------------|---------------|-------------|---|
| 4 | Federal Board of Revenues (FBR) <u>17-04-2009</u> | | | | | | | for regularization |
| | | 49- Tax on Income and Corporation Tax.(OTC) | 267,396,000 | 100,265,000 | 367,661,000 | 422,696,859 | 55,035,859 | -do- |
| 5 | M/o Communications <u>20-04-2009</u> | 18- Communication .(OTC) | 12,965,000 | 5,342,000 | 18,307,000 | 19,117,411 | 810,411 | The Committee recommended the excess for regularization |
| | | 145- Development Expenditure of M/O Communications. (OTC) | 25,000,000 | 19,739,000 | 44,739,000 | 94,454,685 | 49,715,685 | -do- |
| 6 | M/O Ports & Shipping <u>25-06-2009</u> | 20- Department of Shipping Control and Mercantile Marine.(OTC) | 9,546,000 | --- | 9,546,000 | 9,829,883 | 283,883 | The Committee recommended the excess for regularization |
| | | 21- Lighthouses and Lightships.(OTC) | 1,665,000 | --- | 1,665,000 | 1,742,650 | 77,650 | -do- |
| 7 | M/o Food, Agriculture and Livestock <u>20-04-2009</u> | 54- Agriculture Research Division (OTC) | 133,599,000 | 846,000 | 134,445,000 | 141,896,869 | 7,451,869 | The Committee recommended the excess for regularization |
| | | 56- Plant Protection measures. (OTC) | 51,671,000 | 318,000 | 51,989,000 | 62,042,280 | 10,053,280 | -do- |
| | | 57- Other Agricultural Services (OTC) | 26,820,000 | 1,806,000 | 28,626,000 | 31,108,222 | 2,482,222 | -do- |
| | | 59- Zoological Survey Department(OTC) | 2,528,000 | --- | 2,528,000 | 2,822,169 | 294,169 | -do- |
| | | 155- Development Expenditure of Agriculture Research Division. (OTC) | 65,200,000 | ---- | 65,200,000 | 168,953,649 | 103,753,649 | -do- |
| | | 156- Development Expenditure of Livestock Division (OTC) | 97,433,000 | --- | 97,433,000 | 143,663,269 | 46,230,269 | -do- |
| 8 | M/O Water & Power <u>08-05-2009</u> | 175- Development Expenditure of M/O of Water and Power (OTC) | 676,300,000 | --- | 676,300,000 | 1,034,943,237 | 358,643,237 | The Committee directed the PAO to reconcile the figures with AGPR |
| | | 196- Capital Outlay on Irrigation and Electricity (OTC) | 88,001,000 | 30,000,000 | 118,001,000 | 477,176,275, | 359,175,275 | -do- |
| 9 | M/O Health | 66- Health Division.(OTC) | 29,97,000 | -- | 29,937,000 | 34,039,402 | 4,102,402 | The Committee recommended the excess for regularization |

| | | | | | | | | |
|----|---|---|-----------------|----------------|-----------------|-----------------|----------------|--|
| | <u>12-05-2009</u> | 68 – Public Heath.(OTC) | 45,505,000 | 1,000 | 45,506,000 | 45,811,034 | 305,034 | -do- |
| | | 157- Development Expenditure of Health Division | 345,680,000 | 40,534,000 | 386,214,000 | 601,435,891 | 215,221,891 | The Committee directed the PAO to inquire into the matter and reconcile the figures with AGPR. |
| 10 | Wafaqi Mohtasib <u>01-06-2009</u> | Wafaqi Mohtasib (Charged) | 21,820,000 | 3,280,000 | 25,100,000 | 28,669,378 | 3,569,378 | The Committee recommended the excess for regularization |
| 11 | M/O Labour, Manpower & Overseas Pakistanis <u>01-06-2009</u> | 103- Other Expenditure of Labour Division (OTC) | 1,818,537,000 | 1,029,000 | 1,819,566,000 | 1,880,187,603 | 60,621,603 | The Committee recommended the excess for regularization subject to reconciliation by AGPR |
| | | 104- Manpower and Overseas Pakistan Division (OTC) | 65,712,000 | 11,601,000 | 77,313,000 | 78,742,578 | 1,429,578 | -do- |
| | | 166- Development Expenditure of Labour Division (OTC) | 5,225,000 | 500,000 | 5,725,000 | 7,119,397 | 1,394,397 | -do- |
| 12 | M/O Finance <u>01-06-2009</u> | 38- Finance Division (OTC) | 107,233,000 | 12,088,000 | 119,321,000 | 213,676,367 | 94,355,367 | The Committee recommended the excess subject to verification by Audit |
| | | 40- Superannuation Allowances and Pension.(OTC) | 1,358,915,000 | 305,887,000 | 1,664,802,000 | 1,793,228,925 | 128,426,925 | -do- |
| | | 42- Other Expenditure of Finance Division.(OTC) | 1,439,644,000 | 231,948,000 | 1,671,592,000 | 4,801,765,862 | 3,130,173,862 | -do- |
| | | 186- Development Loans and Advances by the Federal Government.(OTC) | 5,581,213,000 | 2,905,500,000 | 8,486,713,000 | 9,176,571,000 | 689,858,000 | -do- |
| | | 187- External Loans and Advances by the Federal Government. (Charged) | 1,501,707,000 | ---- | 1,501,707,000 | 3,925,064,004 | 2,423,357,004 | The Committee recommended the excess for regularization |
| | | --- Servicing of Domestic Debt.(Charged) | 46,906,383,000 | ---- | 46,906,383,000 | 48,227,738,109 | 1,321,355,109 | -do- |
| | | --- Re-Payment of Domestic Debt. | 434,488,016,000 | 69,094,783,000 | 503,582,799,000 | 520,889,186,805 | 17,306,387,805 | -do- |

| | | | | | | | | |
|----|--|---|-------------|-------------|---------------|---------------|---------------|--|
| | | (Charged) | | | | | | |
| | | --- Audit(Charged) | 380,189,000 | 34,000 | 380,223,000 | 451,833,325 | 71,610,325 | -do- |
| 13 | M/O Commerce <u>10-06-2009</u> | 15- Ministry of Commerce (OTC) | 164,989,000 | 21,389,000 | 186,378,000 | 211,286,656 | 24,908,656 | The Committee recommended the excess for regularization |
| | | 16- Export Promotion (OTC) | 66,295,000 | 12,000,000 | 78,295,000 | 1,288,728,744 | 1,210,433,744 | The PA Constituted an IDC to examine the issue and report within 3 weeks |
| | | 17- Other expenditure of Ministry of Commerce (OTC) | 6,173,000 | 1,905,000 | 8,078,000 | 8,175,586 | 97,586 | -do- |
| 14 | Cabinet Division <u>10-06-2009</u> | 3- Emergency Relief and repatriation.(OTC) | 12,972,000 | 97,554,000 | 110,526,000 | 1136,951,761 | 26,425,761 | The Committee recommended the excess for regularization |
| 15 | M/O Foreign Affairs <u>10-06-2009</u> | 63- Foreign Affairs Division (Head Quarters) | 79,666,000 | 35,929,000 | 115,595,000 | 125,413,526 | 9,836,526 | The Committee recommended the excess for regularization |
| | | 64- Foreign Affairs (Pak Missions Abroad) | 916,249,000 | 181,888,000 | 1,098,137,000 | 1,167,139,336 | 69,002,336 | -do- |
| | | 65- Other Expenditure of Foreign Affairs Division (Charged) | 30,000,000 | ---- | 30,000,000 | 45,902,374 | 15,902,374 | -do- |
| 16 | M/O Defence <u>11-06-2009</u> | 28- Defence Division (OTC) | 117,477,000 | 840,304,000 | 957,781,000 | 1,027,079,585 | 69,298,585 | The Committee recommended the excess for regularization |
| | | 29- Aviation Division (OTC) | 241,887,000 | 366,000 | 242,253,000 | 259,057,257 | 16,804,257 | -do- |
| | | 37- F.G.E.I in Cantonment and Garrisons (OTC) | 240,000,000 | ---- | 240,000,000 | 288,947,989 | 48,947,989 | -do- |
| | | 184- Capital Outlay on Aviation Division (OTC) | 3,771,000 | --- | 3,771,000 | 8,400,914 | 4,629,914 | The Committee recommended the excess subject to verification by Audit |
| 17 | M/O Housing & Works <u>11-06-2009</u> | 74- Civil Works (OTC) | 397,617,000 | 26,545,000 | 4243,562,000 | 466,076,651 | 42,514,651 | The Committee recommended the excess for regularization |

| | | | | | | | | |
|----|--|---|-------------|-------------|-------------|-------------|-------------|---|
| | | 76- Federal Lodges | 7,001,000 | 1,694,000 | 8,695,000 | 10,377,196 | 1,682,196 | -do- |
| | | 77- Other Expenditure of Works Division | 1,400,000 | --- | 1,400,000 | 1,499,835 | 99,835 | -do- |
| 18 | M/O States & Frontier Regions <u>18-06-2009</u> | 120- States and Frontier Regions Division.(OTC) | 11,399,000 | 2,525,000 | 13,924,000 | 15,884,889 | 1,960,889 | The Committee recommended the excess for regularization |
| | | 121- Frontier Regions (OTC) | 326,907,000 | 1,000 | 326,908,000 | 407,435,992 | 80,527,992 | -do- |
| | | 124- Other Expenditure of Federally administered Tribal Areas (OTC) | 564,442,000 | | 564,442,000 | 710,791,210 | 146,349,210 | The Committee directed the PAO to reconcile the figures with AGPR |
| | | 127- Afghan Refuges (OTC) | 939,505,000 | 2,000 | 939,507,000 | 970,689,066 | 31,182,066 | The Committee recommended the excess for regularization |
| | | 173- Development Expenditure of Federally Administered Tribal Areas (OTC) | 772,500,000 | 50,002,000 | 822,502,000 | 845,543,522 | 23,041,522 | The Committee directed the PAO to reconcile the figures with AGPR |
| 19 | M/O Railways <u>18-06-2009</u> | 193- Capital Outlay on Pakistan Railways.(OTC) | 579,750,000 | 182,000,000 | 761,750,000 | 836,038,000 | 74,288,000 | The Committee directed the PAO to reconcile the figures with AGPR |
| 20 | Industries & Production <u>19-06-2009</u> | 80- Department of Investment Promotion and supplies (OTC) | 31,314,000 | ----- | 31,314,000 | 35,750,287 | 4,436,287 | The Committee recommended the excess for regularization |
| | | 81- Other Expenditure of Ministry Of Industries. (OTC) | 8,134,000 | ---- | ----- | 8,262,185 | 128,185 | -do- |
| | | 113- Ministry of Production(OTC) | 22,010,000 | 5,861,000 | 27,871,000 | 29,033,486 | 1,162,486 | -do- |
| 21 | Special Education & Social Welfare Division <u>23-06-2009</u> | 70- Special Education and Social Welfare Division (OTC) | 36,710,000 | | 36,710,000 | 41,848,026 | 5,138,026 | The Committee recommended the excess for regularization |
| | | 158- Development Expenditure of Social Welfare. | 8,250,000 | | 8,250,000 | 17,837,210 | 9,587,210 | -do- |
| 22 | M/o Religious Affairs & Minorities Affairs <u>23-06-2009</u> | 115- M/o Religious Affairs & Minorities Affairs (OTC) | 16,116,000 | 52,112,000 | 68,228,000 | 70,151,419 | 1,923,419 | The Committee recommended the excess subject to verification by Audit |

| | | | | | | | | |
|----|---|--|---------------|---------------|---------------|---------------|-------------|---|
| 23 | M/O Culture <u>23-06-2009</u> | 23- Culture and Sport Division (OTC) | 13,589,000 | 3,765,000 | 17,354,000 | 17,810,480 | 456,480 | The Committee recommended the excess for regularization |
| 24 | M/O Kashmir & Northern Affairs <u>24-06-2009</u> | 128- Kashmr Affairs and Northern Affairs Division(OTC) | 7,682,000 | 1,685,000 | 9,367,000 | 10,863,106 | 1,496,106/- | The Committee recommended the excess for regularization |
| | | 129- Northern Areas(OTC) | 235,721,000 | --- | 235,721,000 | 279,649,764 | 43,928,764 | -do- |
| | | 130- Federal Government Educational Institutions in Northern Areas. (OTC) | 92,845,000 | 100,000 | 92,945,000 | 121,534,071 | 28,589,071 | -do- |
| 25 | M/O Local Government & Rural Development <u>24-06-2009</u> | 105- Ministry of Local Government and Rural Development (OTC) | 18,937,000 | 185,121,000 | 204,058,000 | 209,560,278 | 5,502,278 | The Committee recommended the excess for regularization |
| | | 168- Development Expenditure of Ministry of Local Government and Rural Development.(OTC) | 1,905,396,000 | 980,872,000 | 2,886,268,000 | 3,119,458,232 | 233,190,232 | -do- |
| 26 | Establishment Division <u>24-06-2009</u> | 8- Service Tribunal (OTC) | 5,148,000 | 895,000 | 6,043,000 | 6,386,002 | 343,002 | The Committee recommended the excess for regularization |
| | | 9- Other Expenditure of Establishment Division. (OTC) | 80,028,000 | 20,559,000 | 100,587,000 | 101,335,561 | 748,561 | -do- |
| | | 13- Management Services Division (OTC) | 18,005,000 | 5,358,000 | 23,363, | 24,656,232 | 1,293,232 | -do- |
| | | 144- Development Expenditure of Establishment Division (OTC) | 7,394,000 | 950,000 | 8,344,000 | 13,054,518 | 4,710,518 | -do- |
| 27 | Economic Affairs Division <u>24-06-2009</u> | 51- Technical Assistance Scheme (OTC) | 227,156,000 | | 227,156,000 | 254,127,380 | 26,971,380 | The Committee recommended the excess for regularization |
| | | -- Repayment of Short term foreign Credit (Charged) | 7,186,486,000 | 2,791,029,000 | 9,977,515,000 | 9,979,049,117 | 1,534,117 | -do- |
| 28 | Environment <u>24-06-2009</u> | 160- Development Expenditure of Environment and Urban Affairs Division.(OTC) | 2,250,000 | --- | 2,250,000 | 3,668,505 | 1,418,505 | The Committee recommended the excess for regularization |

| | | | | | | | | |
|----|---|--|---------------|------------|---------------|---------------|------------|---|
| 29 | M/O Population Welfare <u>25-06-2009</u> | 171- Development Expenditure of Population Division(OTC) | 636,265,000 | 65,750,000 | 702,015,000 | 753,098,442 | 51,083,442 | The Committee recommended the excess for regularization |
| 30 | Ministry of Labour & Manpower <u>1-07-2009</u> | 103- Other Expenditure of labour Division (OTC) | 1,818,537,000 | 1,029,000 | 1,819,556,000 | 1,880,187,603 | 60,621,603 | The Committee recommended the excess subject to verification by Audit |
| | | 104- Manpower and Overseas Pakistanis Division(OTC) | 65,172,000 | 11,601,000 | 77,313,000 | 78,742,578 | 1,429,578 | -do- |
| | | 166- Development Expenditure of Labour Division(OTC) | 5,225,000, | 500,000 | 5,725,000 | 7,119,397 | 1,394,397 | -do- |
| 31 | Prime Minister Secretariat <u>30-06-2009</u> | 10- Prime Minister's Secretariat (OTC) | 111,590,000 | 73,047,000 | 184,637,000 | 192,119,945 | 7,482,945 | The Committee recommended the excess for regularization |
| 32 | Planning & Development Division | 111- Planning and Development(OTC) | 64,439,000 | 27,781,000 | 92,220,000 | 95,527,790 | 3,307,790 | The Committee recommended the excess for regularization |

REPORTS

CABINET DIVISION

1. **OVERVIEW**

Appropriation Accounts and Annual Audit Reports for the year 1991-1992 pertaining to the Cabinet Division were taken up for examination by Public Accounts Committee (PAC) on 10th June, 2009.

- 1.1 The PAC having considered Audit's point of view and explanations given by the Principal Accounting Officer (PAO), made its recommendations in a number of cases.
- 1.2 During the course of discussion, the Committee issued some policy recommendations, depending on the nature of the issue, directing the PAO to take appropriate action.
- 1.3 There were 25 paras and 9 Grants reported by the Audit/AGPR. These paras were initially examined by the Departmental Accounts Committee (DAC) and thereafter discussed in the meetings of PAC. 21 paras and 9 grants were recommended for settlement by the PAC either on the basis of clarifications given by the PAO or the corrective measures taken by the Division. The Committee gave directives on 8 paras and on 17 paras, the PAC directed the PAO to implement the DAC's decision.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I FOR THE YEAR 1991-92

2.1 i) **Grant # 01-Cabinet**
(Saving Rs.1,538,000/-)

AGPR pointed out that the grant closed with a saving of 1,538,000 which worked out to 9.82% of the total grant. An amount of Rs. 155000/- (4.82%) was surrendered and an economy cut of Rs. 783,000 (5.00%) was applied due to which there was no saving/excess.

ii) **Grant # 02- Cabinet Division**
(Saving Rs.1,585,912/-)

AGPR pointed out that the grant closed with a saving of 1,585,912 which worked out to 0.52% of the total grant. An amount of Rs. 439,000 (0.14%) was surrendered leaving net saving of Rs. 1,146,912 (0.37%).

iii) **Grant 03- Emergency Relief and repatriation**
(Excess Rs.26,425,761/-)

AGPR pointed out that the grant closed with an excess of 26,425,761 which worked out to 23.90% of the total grant. An amount of Rs. 837,592 (0.75%) was surrendered increasing net excess to Rs. 27,263,353(24.66%) A supplementary grant of Rs. 28,355,600 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account the excess was converted into saving of Rs. 1,,092,247 (0.78%).

iv) **Grant 04- Land Reforms**
(Saving Rs. 404,181/-)

AGPR pointed out that the grant closed with a saving of Rs.404,181 which worked out to 5.2% of the total grant. An economy cut of

Rs. 310,950 (5.00%) was applied due to which saving was reduced to Rs. 93,231 (1.20%).

v) **Grant 05- Other expenditure of Cabinet Division**
(Saving Rs 32,426,500)

AGPR pointed out that the grant closed with a saving of Rs.32,426,500 which worked out to 15.13% of the total grant. An amount of Rs. 2,282,500 (1.06%) was surrendered and an economy cut of Rs. 30,717,800 (14.33%) was applied due to which saving converted into an excess of Rs. 573,800 (0.26%)

vi) **Grant 14- Stationery and printing**
(Saving Rs 21,474,317)

AGPR pointed out that the grant closed with a saving of Rs. 21,474,317 which worked out to 24.06% of the total grant.

vii) **Grant 138- Capital outlay on Land reforms**
(Saving Rs.4,320,500/-)

AGPR pointed out that the grant closed with a saving of Rs.4,320,500 which worked out to 64.39% of the total grant. An amount of Rs. 1,543,000 (23.00%) was surrendered leaving net saving Rs. 2,777,500 (41.40%)

viii) **Grant 143- Development expenditure of Cabinet Division**
(Saving Rs. 613,505/-)

AGPR pointed out that the grant closed with a saving of Rs.613,505 which worked out to 14.02% of the total grant. An amount of Rs. 161,491 (3.69%) was surrendered and an economy cut of Rs. 237,500 (10%) was applied due to which saving was reduced to Rs. 214,514 (4.90%).

ix) **Grant 179- Capital outlay on works of Cabinet Division**
(Saving/Excess-Nil)

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

PAC DIRECTIVE

On the presentation of above grants by AGPR, the Committee recommended the savings/excesses of the grants for regularization. However, the Division was directed to improve their financial and budgetary system so as to ensure that there is no saving/ excess in future.

**AUDIT REPORT PUBLIC SECTOR ENTERPRISES
FOR THE YEAR 1991-92**

Printing Corporation of Pakistan (Pvt) Limited

3.1 **Para-05 (Page-24-AR.1991-92)**

Audit Comments

Audit pointed out that Printing Corporation of Pakistan (Pvt) Ltd is a private limited company and its shares are wholly owned by the Federal Government. The Corporation is engaged in the printing of government publications. The Corporation sustained a net loss of Rs 243,000 in 1986-87, earned a net profit of Rs 449,000 in 1987-88 then sustained losses of Rs 177,000 in 1988-89, Rs 4.533 million in 1989-90 and Rs 19.318 million in 1990-91.

The PAO informed the Committee that converted efforts to improve the working of PCP were underway.

PAC DIRECTIVE

The Committee recommended the para for settlement.

3.2 **Para-08 (Page-25-AR.1991-92)**

Audit Comments

Audit pointed out that Provident Fund amount of Rs. 16.315 million of the corporation had not been invested by the management as on June 30, 1991

as required under the Companies Ordinance, 1984. This irregularity was also pointed out earlier but no heed was paid by the management.

The PAO informed the Committee that the investment could not be made due to shortage of funds. PCP is endeavoring to clear its liability and the management has started payment of monthly contribution to C.P Fund Trust with effect from February 2006. The C.P.Fund Trust has Rs 30.000 million in its investment account and Rs. 100.000 million has further been transferred during current financial year viz 2008-09.

PAC DIRECTIVE

The Committee recommended the para for settlement with the direction that regular reports clearance of the authority should be submitted to the PAC.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES VOL-VIII FOR THE YEAR 1991-92

3.3 Government Stationery Forms & Publication Depot, Islamabad

- i) Para-11 (Page-26-ARPSE-1991-92)**
- ii) Para-12 (Page-27-ARPSE-1991-92)**
- iii) Para-13 (Page-27-ARPSE-1991-92)**

Deputy Controller, Stationery and Forms, Karachi

- iv) Para-04 (Page-23-ARPSE-1991-92)
Non-Submission of Accounts**

Federal Publication Branch

- v) Para-14 (Page-28-ARPSE-1991-92)**
- vi) Para-15 (Page-28-ARPSE-1991-92)**

PAC DIRECTIVE

On the presentation of above paras by the Audit, the Committee directed the PAO to implement recommendations of the DAC under report to Audit.

AUDIT REPORT FOR THE YEAR 1991-92

Capital Development Authority (CDA)

3.4. **Para No.-A-I.1 (Page-18-AR-1991-92)**
Overpayment of Rs. 0.724 Million

Audit pointed out that According to Rule 19 of General Financial Rules, no payment to contractors by way of compensation, or otherwise, outside the strict terms of the contract in excess of the contract rates can be authorized without the prior approval of the Ministry of Finance. A formation of the Capital Development Authority, however, made payment for extra lift which was not admissible as per agreement as the rates quoted and accepted were for all leads and lifts. This resulted in an overpayment of Rs. 723,595/- during 1990.

The PAO informed the Committee that this Para pertains to the work “Construction of Cabinet Block at Islamabad” executed by M/s Interhom Ltd to whom Phase-I of Cabinet Block i.e. ground floor & 1st floor was earlier awarded by CDA, During execution of work the second phase i.e 2nd floor, 3rd floor and 4th floor was also assigned to M/s Interhom Ltd. on the same rates as Phase-I The agreement did not include rates for the lead & lift for 2nd, 3rd and 4th floor. M/s Interhom Ltd. submitted a claim on account of extra lift for working on 2nd, 3rd and 4th floor. Guidelines to this effect are available in Pak PWD schedule of rates. The claim of the contractor was admissible as per contract agreement made after seeking approval of the competent authority.

PAC DIRECTIVE

The Committee recommended the para for settlement.

3.5 Para No.-A-I.2 (Page-18-AR-1991-92) **Excess Payment of Rs. 0.106 Million**

Audit pointed that out that as per clause 12 of the agreement; the additional/extra items were to be executed at market prices, on which premium was not admissible. Contrary to the codal provision, Capital Development Authority, Islamabad split up a work in two groups and one phase was allotted to the same contractor on negotiation basis on the same rates tendered by him for Phase-I. But while making payment for work of Phase-II, premium at 17.24% was allowed on the extra items based on the current market rates which were not admissible. This resulted in an overpayment of Rs. 106,284/- to the contractor.

The PAO informed the Committee that the estimate for the work “Construction of Police Admin Block In Sector H-11, Islamabad” was prepared on the market rates and was put to tender. The lowest bidder M/s Allied Construction Co. to whom the work was awarded quoted their rates as 17.24% above estimated cost. Later on the competent authority desired to award another work i.e “Construction of Police Barracks, Dinning Hall, Store and Addition/alteration work in sector H-11 (Phase-I) Islamabad” Negotiations were carried out with M/s Allied Construction Co. and it was decided that separate agreement will be framed for executing additional work. It was also decided that for the items which will cover under the existing contract, the same rates will be applied while the items which will not cover under the existing agreement, the market rates as 17.24% above will be provided as per decision of CDA Board. The agreement was accepted by the competent authority. Payment regarding extra items which were not extra items in true sense but were part and parcel of the fresh agreement had been made strictly according to the contracts agreement.

PAC DIRECTIVE

The Committee endorsed the decision of the DAC and directed the Ministry to implement the same and submit report to Audit within one month. Follow up action will be taken by the Implementation Committee.

3.6 **Para No.-B-I.1 (Page-19-AR-1991-92)**
Overpayment of Rs. 0.724 Million

Audit pointed out that the Authority did not recover advances outstanding against a contractor since February, 1989 on account of cost of material and hire charges of machinery when the contractor abandoned the work in July, 1989. This resulted in a loss of 470,245/- to the government.

The PAO informed the Committee that the para pertains to the work “Extension of Quaid-e-Azam Avenue between F-8, G-8, Islamabad awarded to M/s Chughtta Const. regarding non recovery of Rs. 470,245/- on account of cost of material and hire charges of machinery. The recovery has been made in the 5th remaining bill. The original record of the work had been handed over to FIA.

PAC DIRECTIVE

The Committee directed the PAO to provided details to Audit for verification and to fix responsibility for the delayed reply. Report should be submitted to Audit within one month. Follow up action will be taken up by the Implementation Committee.

3.6 **Para No.-B-II.2 (Page-21-AR-1991-92)**
Non Recovery of Rs. 0.158 Million.

Audit pointed out that an amount of Rs. 157,679/- on account of rent and charges for delay in payment of installments for 1990-92 was not recovered from the licensees of stone crushers as per agreement.

The PAO informed the Committee that this relates to non-recovery of outstanding dues from the ex-licenses of the stone crushers in Kalinger and Suniary Areas. The licenses of the stone crushers in Kalinger and Suniary were revoked in June-July 1991 as per Prime Minister's Directive on Preservation of Margalla Hills National Park, vide Prime Minister Directive No. JS (IMP)/PMDR/113/11 dated 30.04.1991. Recovery of dues regarding licenses fees, Annual Ground Rent and royalty, malkana has been made from the ex-licensees up to the dates of revocation of their licenses. Only a sum of Rs. 4,886/- on account of delayed payment charges was outstanding against Mat. Safi Kitchlow as per Sr. No. 4 of the statement, which has been referred to Collector Islamabad for recovery as arrears of land revenue.

PAC DIRECTIVE

The Committee recommended the para for settlement.

3.7 **Para No.-C-I.3 (Page-23-AR-1991-92)**
Loss of Rs. 0.09 Million Due to Inefficient Tendering

Audit pointed out that a formation invited tenders on 24th January, 1985 with estimated cost of Rs. 650,561/-. The lowest tender amounting to Rs. 702,253 (7.90 percent above the estimate) was accepted on 28th April, 1985. The contractor requested for cancellation of his tender due to increase in rates because the acceptance letter was issued after 3 months. The tenders were recalled with estimated cost of Rs. 646,554 wherein the first lowest tender of Rs. 792,910 (22.63% above the estimate) was accepted in June, 1985. This resulted in loss of Rs. 90,650/- to the Authority.

The PAO informed the Committee that the work addition/alteration for the accommodation of computer cell in "P" Block at ground floor was put to tender on 24.01.1985 and the work was awarded to the lowest bidder, namely M/s Anayat-ur-Rehman for an amount of Rs. 702.254/83 on

28.04.1985, but he could not start the work. The department took action against him for not fulfilling his obligation and forfeited his earnest money to the tune of Rs. 13,017/- as per terms and conditions of their tender. As the work was to be completed urgently, therefore, the only alternative left to the department was to re-invite tenders. After fulfilling all the codal formalities the lowest bidder was awarded the work for an amount of Rs. 792,910/38. The previous lowest quoted rates cannot be taken as yardstick. Secondly the previous contractor had surrendered his earnest money in favour of CDA because his quoted rates were not workable. No irregularity was committed as the work was awarded well within neither the normal period, and no loss was incurred by the Authority requiring disciplinary action.

PAC DIRECTIVE

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

3.8 **Para No. C-1.4 (Page- 24-AR-1991-92)**
Loss Due to Inefficient Tendering Rs. 1.607 Million

The Audit pointed out that Capital Development Authority awarded work at higher rates of premium i.e @ 90% and 45% above schedule of rates to contractors irregularly on the basis of negotiation without calling of tenders. Later on similar works were awarded through call of tenders at lesser premium i.e @ 45/65% and 35/69% above the Schedule of Rates. The award of earlier contracts at the higher rates had resulted in loss of Rs. 1,607,205/- to Government in January, and August, 1991.

The PAO informed the Committee that the site was inspected by the Prime Minister of Pakistan on 15-11-1990 and instructions were issued to complete all allied works by 31-01-1991. In order to under take the hard landscaping work the whole area had to be filled with earth to the desired

level which was not available in the near vicinity of the Prime Minister's House Complex. Earth had to be brought from outside sources about three miles away from the site of work and has to be filled in layers as per required specifications. Furthermore, only 20 days were given for completion of the job, which could only be done by deploying labour and machinery day and night and incurring higher charges. However, the negotiated rates at which the work was awarded to the lowest bidder were comparable to the rates of Rs. 90/-% cft paid for the portion of work got done at same site departmentally through the MPO Directorate. In the 2nd case the work was put to tender in the normal manner. Estimate was prepared on analyzed rates based on Schedule of Rates, 1982 wherein lead upto 100, was involved. While bidding the contractors were told that they could obtain the required earth for filling from the nearby area, for which they will have to incur-less expenditure.

PAC DIRECTIVE

The Committee directed the PAO to inquire the matter, fix responsibility against concerned, take action and submit report to PAC within one month. Follow up action will be taken up by the Implementation Committee of the PAC.

3.9

- i) **Para # A-1-3**
- ii) **Para # B-1-2**
- iii) **Para # B-1-3**
- iv) **Para # B-11-1**
- v) **Para # B-11-3**
- vi) **Para # B-111-1**
- vii) **Para # C-1-1**
- viii) **Para # C-1-2**
- ix) **Para # D-1**
- x) **Para # D-2**
- xi) **Para # D-3**

PAC DIRECTIVE

On the recommendation of DAC, the Committee recommended the above paras for settlement.

MINISTRY OF COMMERCE

1. **OVERVIEW**

Appropriation Accounts and Annual Audit Reports for 1991-1992 pertaining to Ministry of Commerce were taken up for examination by Public Accounts Committee (PAC) on 20th April, 2009.

- i) Audit Report on the accounts of Federal Government (Civil) for the year 1991-1992.
- ii) Performance Evaluation Report No. 125 on trading Corporation of Pakistan for the year 1991-1992,
- iii) Audit Report on the accounts of Public Sector Enterprises for the year 1991-1992.

1.1 There were 19 paras and 3 grants reported by Audit/AGPR. These were initially examined by the Departmental Accounts Committee (DAC) and then discussed in the meeting of the PAC. 15 paras were recommended for settlement by the Committee either on the basis of clarifications given by the PAO or the corrective measures taken by the Ministry. while on 4 audit paras, the Committee gave directives.

1.1 In some cases the Committee directed Audit to verify details/facts, given in certain cases, in defence of the viewpoint presented by PAO.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS CIVIL VOL-I FOR THE YEAR 1991-1992

2.1 **GRANT # 15-COMMERCE DIVISION**

(Excess of Rs.24,908,656)

AGPR pointed out that the grant closed with an excess of Rs.24,908,656 which works out to 13.36 % of the total grant. An amount of Rs.100,000 (0.05%) was surrendered and an economy cut of RS.1 ,021 ,000 (0.62%)

was applied due to which excess increased to Rs.26,029,656 (13.96%).

The Additional Secretary Ministry of Commerce informed the Public Accounts Committee (PAC) that an amount of Rs.43 million was given in 10 various grants. The actual excess was Rs. 3 million which was not accounted for the record has been shown to Audit.

PAC DIRECTIVE

The Public Accounts Committee (PAC) pended its decision till the next meeting with the Ministry and directed the PAO to reconcile the figure with the AGPR. Follow up action will be taken by the Implementation Committee. The PAC regularized the excess of the above grant in its meeting held on 20-01-2010.

2.1 **GRANT NO.16-EXPORT PROMOTION**
(Excess of RS.1,210,433,744)

AGPR pointed out that the grant closed with an excess of RS.1,210,433,744 which works out to 1545.99% of the total grant. An amount of Rs.611,000 (0.05%)was surrendered increasing net excess to Rs.1 ,211 ,044,744 (1546.77%)

The Additional Secretary Ministry of Commerce informed the Public Accounts Committee (PAC) that this grant relates to the former Export Promotion Bureau and was meant for rebate on cotton/textiles. This amount was not given to the Ministry and nor was it reflected in its accounts. The representative of M/o Finance was not present to respond on this matter.

PAC DIRECTIVE

The Public Accounts Committee (PAC) deferred the above para to obtain expenditure of the Finance Ministry. Follow up action will be

taken by the Implementation Committee.

The PAC constituted an Inter Departmental Committee (IDC) under the convenership of Mr. Shafqat Naghmi, Additional Secretary Ministry of Commerce and representatives Joint Secretary level officers of AGPR, State Bank of Pakistan and M/O Finance to examine the issue , fix responsibility if any held responsible and report to PAC within three weeks. (20-01-2010)

2.3 **GRANT NO.17-OTHER EXPENDITURE OF MINISTRY OF COMMERCE**
(Excess of Rs.97,586)

AGPR pointed out that the grant closed with an excess of Rs.97586 which works out to 1.20% of the total grant. An amount of Rs.107,000 (1.32%) was surrendered and an economy cut of Rs.122,000 (1.97%) was applied due to which excess increased to Rs.326,586 (4.04%).

The Additional Secretary Ministry of Commerce informed the Public Accounts Committee (PAC) that the excess in the grant was due to increase in pay and allowances of the employees.

PAC DIRECTIVE

After hearing the Ministry's reply, the Public Accounts Committee (PAC) recommended regularization of the grant.

AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF COMMERCE FOR THE YEAR 1991-1992.

3.1 **4-PARA -1 (PAGE-36 AR)**
Excess Expenditure on Official/Residential Telephones Rs.39.767

The Additional Secretary Ministry of Commerce informed the Public Accounts Committee (PAC) that the DAC recommended the para subject to verification of facts by Audit. Requisite verification had been done.

PAC DIRECTIVE

After hearing the Ministry's reply, the Public Accounts Committee (PAC) recommended settlement of the above para.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES VOL-VIII FOR THE YEAR 1991-1992

The representative from the Audit department informed the Public Accounts Committee (PAC) that since verification of facts relating to the audit paras in this report had been completed, the PAC may settle these paras.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended settlement of the audit paras.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES FOR THE YEAR 1991-1992

Pakistan Tobacco Board

3.2 **PARA -36 (PAGE-41 ARPSE)** **Rates of Depreciation**

Audit pointed out that the rates of depreciation of building, vehicles, research equipment, library books etc have been charged less than the prescribed rate. Thus the excess of expenditure over income was understated to that extent. Corrective action needs to be taken in the next year's accounts.

The Additional Secretary Ministry of Commerce informed the Public Accounts Committee (PAC) that the required directions of DAC have been fulfilled and the depreciation rates have been approved.

PAC DIRECTIVE

After hearing the Ministry's reply, the Public Accounts Committee (PAC) recommended settlement of the above para.

- 3.3 i) **PARA -33**
- ii) **cmPARA - 34**
- iii) **PARA - 35**
- iv) **PARA - 36**

PAC DIRECTIVE

On presentation of the above mentioned Audit paras, the Public Accounts Committee (PAC) recommended settlement of the Paras and directed the PAO to implement the recommendations of the DAC.

PERFORMANCE EVALUATION REPORT # 125 ON TRADING CORPORATION OF PAKISTAN FOR THE YEAR 1991-1992

- 3.4 **PARAS -3.1.2 & 3.1.3**
Equity and Long Term Liabilities

Audit pointed out that the Equity of TCP increased by Rs.19.42% during the period 1983-91. It however, decreased in 1991 as compared to 1990 due to accumulated loss of Rs.8.92 million. Long term liabilities consisted mainly of the amount of Government's share of TCP's profit on edible oil trading (reduced to Rs.58.04 million by 30.06.1991).

The Additional Secretary Ministry of Commerce informed the Public Accounts Committee (PAC) that the TCP does not take any business without the specific direction of the Govt. of Pakistan. All TCP's operations are initiated under the policy given by the Govt. The main reason for the operational loss was the excess duty which was levied on various items imported by the TCP. Furthermore, the administrative expenditure had increased up to 20%. Increase in pay was also 20% over

the previous year. Therefore, overall the TCP went into loss.

PAC DIRECTIVE

After hearing the Ministry's reply, the Public Accounts Committee (PAC) directed the PAO to give detailed expenditure of all highlighted paras of TCP to Audit who will analyse the same and submit a revised report to the Public Accounts Committee (PAC) . Follow up action will be taken by the Implementation Committee.

3.5 **PARA 4.3**
Export Position

Audit pointed out that exports of TCP were also on the decline. The earning fell from Rs.511.640 million in 1988-89 to Rs.164.747 million in 1989-90, and to only Rs.0.602 million in 1990-91.

The Additional Secretary Ministry of Commerce informed the Public Accounts Committee (PAC) that the TCP does not under take any activity without permission of the Federal Govt. Anything exported or imported is done on behalf of the Federal Govt. Detailed explanation relating to this para would be provided to Audit.

PAC DIRECTIVE

After hearing the Ministry's reply, the Public Accounts Committee (PAC) expressed its concern regarding the decline in export performance of the TCP. The Public Accounts Committee (PAC) directed the Audit analyse the expenditure/details provided by the PAC and submit its report to PAC. Follow up action will be taken by the Implementation Committee.

- 3.6 i) **PARA 3.1.1 SUMMARIZED BALANCE SHEETS**
- (ii) **PARA 3.1.5 CAPITAL WORK IN PROGRESS**
- (iii) **PARA 3.1.6 INVESTMENTS**
- (iv) **PARA 3.2.1 SUMMARIZEDE PROFIT AND LOSS ACCOUNTS**

(v) **PARA 3.2.3 COST OF SALES**

(vi) **PARA 3.2.4 GROSS PROFIT**

(vii) **PARA 3.2.5 OTHER INCOME**

(viii) **PARA 5.1 TO 5.3 , PERSONAL**

PAC DIRECTIVE

On presentation of the above mentioned Audit paras, the Committee recommended settlement of the paras and directed the PAO to implement the recommendations of the DAC.

MINISTRY OF COMMUNICATIONS

1. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1991-1992 pertaining to M/O Communications were taken up for examination by Public Accounts Committee (PAC) on 20th April, 2009.:-

- i) Audit Report on the accounts of Federal Government (Civil) for the year 1991-1992.
- ii) Audit Report on the accounts of Government of Pakistan Civil Works for the year 1991-1992.

- 1.1 The PAC having considered Audit's views as well as explanations given by the Principal Accounting Officer (PAO), made recommendations in number of cases involving non receipt of rupees, loss due to laying base item, violation of Rules, Excess payments, unjustified procurement of imported vehicles and inadmissible payment etc.
- 1.2 During the course of discussion in the meeting, the Committee issued some policy directives, depending on the nature of the issue, directing the PAO to take appropriate action.
- 1.3 There were 30 paras & 4 grants reported by Audit/AGPR. These paras were initially examined by the Departmental Accounts Committee (DAC) and then discussed in the meetings of PAC. 25 para was recommended for settlement by the Committee either on the basis of clarifications given by the PAO or the corrective measures taken by the Ministry. The Committee gave directions on 6 paras.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I
FOR THE YEAR 1991-92

2.1 i) **GRANT # 18 MINISTRY OF COMMUNICATIONS**
(excess Rs. 810,411)

AGPR pointed out the excess of Rs. 810,411 which worked out to 4.42% of the total grant. An amount of Rs. 408,735 (2.23%) was surrendered increasing net excess of Rs. 1,219, 146 (6.65%).

ii) **GRANT # 22- OTHER EXPENDITURE OF MINISTRY OF COMMUNICATION**
(saving Rs. 10,688,037)

AGPR pointed out the saving of Rs. 10,688,037 which worked out to 1.85% of the total grant.

iii) **GRANT # 145- DEVELOPMENT EXPENDITURE OF MINISTRY OF COMMUNICATION**
(excess Rs.49,715,685)

AGPR pointed out the excess of Rs. 49,715,685 which worked out to 111.12 % of the total grant.

iv) **GRANT # 183- CAPITAL OUTLAY ON COMMUNICATION WORKS**
(saving Rs.2,733,621)

AGPR pointed out the saving of Rs. 2,733,621 which worked out to 6.83% of the total grant.

PAC DIRECTIVE

On presentation of the above four grants by the AGPR, the Public Accounts Committee (PAC) recommended the excess/savings of the grants for regularization.

AUDIT REPORT FOR THE YEAR 1991-92

3.1 **Para # A-1.3 (Page -78-AR-1991-92)**

Overpayment of Rs. 303,853/-

Audit pointed out that a formation of National Highway Authority incorrectly computed the amount payable to the contractors in two cases. This resulted in an overpayment of Rs. 303,853

The PAO informed the Public Accounts Committee (PAC) that the recovery amounting To Rs. 303,853 (Rs. 174,901 in IPC-27 MB-73 and Rs. 128,952 in IPC-52, MB-46 has been effected.

PAC DIRECTIVE

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

3.2 **Para # A-IV.3 (Page -86-AR-1991-92)**

Excess Payment of Rs. 208,686/-

Audit pointed out that a formation of National Highway Authority measured the length of the embankment and sub-base cours more than the actual length of the station. This resulted in an excess payment of Rs. 208,686.

The PAO informed the Public Accounts Committee (PAC) was matter of hectometer chainage adjustment. Original chainage at the end of realigned length was indicated in the MB by an equation, which will give physical length of work actually executed at site and paid. Length wrongly calculated and over paid was only 51M and had been recovered from Running Bill No. 52.

PAC DIRECTIVE

The Committee after hearing the Ministry's reply recommended the Para subject to verification of the recovery by Audit.

3.3 **Para # C-I.1 (Page -89 AR-1991-92)** **Blockage of Rs. 14,133,500/-**

Audit pointed out that National Highway Authority paid an advance sum of Rs. 14,133,500 for the purchase of land to the land acquisition authorities in July, 1990 for disbursement to land owners, The route of the highway was changed in October, 1991 and the said land was no longer required. In the circumstances the money so advance should have been got returned and surrendered to government at once which was not done. Resulting in blockage of the amount.

The PAO informed the Public Accounts Committee (PAC) that the payments were advances to the respective Assistant Commissioners as per his demands, in accordance with the provision of the Land Acquisition Act 1894 and as per the decision of the Commissioner Hyderabad. The land was urgently required because the work was tendered. The Prime Minister of Pakistan also performed the ground breaking ceremony. Project was assigned high importance and extensive publicity was given in the press and electronic media in view of its national priority. But suddenly an issue was raised with NHA HQ at Islamabad by the OECF Japan (financier of about 70 to 80% cost of the scheme at a very nominal interest) that NOC be produced to them from the Sindh Government. In view of the proximity of this highway within the National Khirthar Park, immediately contact was made with the Conservator Sindh Wild-life Department for issue of NOC, but he declined to issue the requisite certificate.

PAC DIRECTIVE

The Committee directed the PAO to inquire into the matter recover the amount not required and submit report to PAC/Audit. Follow up action will be taken by the Implementation Committee.

3.4 **Para # C-I.3 (Page -90 AR-1991-92)**
Loss of Rs. 685,401/-

Audit pointed out that a formation of National Highway Authority called for item rate tender for the maintenance of a road against item of N.I.T. The lowest bidder quoted accordingly and also entered the total bid for all the items as Rs. 685,401. The amount was also written in words and signed by the authorized person. By inserting the words ‘add 10% on all items’, at the end of evaluated amount in the bid, the total bid amount was raised from Rs. 6,854,010 to Rs. 7,539,410.

The PAO informed the Public Accounts Committee (PAC) that this para pertains to maintenance contract Hudiarra Drain to Multan N-5, awarded to M/s Hasnain Cont Co. in March 1985. It has already been informed to the audit authorities that the addition of 10% was made by the bidder himself before tendering. The addition was attested by all the members of the committee at the time of opening of tenders. Audit’s view that the words “add 10% on all items” were inserted and the total bid amount was raised from 6,854,010 to 7,539,410 by manipulation in the record, has not been based on facts.

PAC DIRECTIVE

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

3.5 **Para # C-I.4 (Page -91 AR-1991-92)**
Excess Payment of Rs. 341,425/-

Audit pointed out that National Highway Authority irregularly deducted an amount of Rs. 9,092,366 as retention money from that portion of the mobilization advance that was to be paid in foreign exchange at the exchange rate of Rs. 17.3312 equal to one U.S dollar. The contractor protested against this deduction of retention money on the ground that it was against the provision of his contract, Subsequently, the amount of Rs. 9,433,791 at the higher rate of Rs. 17.9820 equal to one U.S. dollar was paid to the contractor. Unsatisfactory contract management and lack of financial discipline resulted in a loss of Rs. 341,425 to the government.

The PAO informed the Public Accounts Committee (PAC) that the Audit was informed that the refund of retention money was made in foreign exchange at the prevalent rate of exchange according to contract. This resulted in an additional expenditure of Rs. 2,41,425.

PAC DIRECTIVE

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

3.6 **Para # D-I.1 (Page -91 AR-1991-92)** **Unauthorized Payment of Rs. 25,322,140 /-**

Audit pointed out that the National Highway Authority released the entire retention money of a contractor in November, 1989 before completion of the work in contravention of the contractual provision which provided the release of only one half of retention money on completion of work and remaining one half after expiry of maintenance period.

The PAO informed the Public Accounts Committee (PAC) that as per clause (amended) of the Appendix “A” to the contract, the cash retention can be substituted by Bank Guarantee for equal amount with the provision of this clause in the contract with the contractor. The release of retention

monies to contractor against insurance guarantees has been done with the approval of the Competent Authority.

PAC DIRECTIVE

The Committee recommended the Para for settlement.

- 3.7 **Paras No.** A-I.1, A-I.2, A-I.4, A-II.1, A-II.2, A-III.1, A-III.2, A-IV.1, A-IV.2, A-IV.4, A-IV.5, A-IV.6, A-IV.7, A-IV.8, A-V.1, A-V.4, A-V.6, B-I.1, B-I.2, B-II.1,

PAC DIRECTIVE

On recommendations of the DAC, the Committee recommended the above 20 paras for settlement.

- 3.8 **Paras No.** A-V.3, A-V.5, B-II.1, C-I.2,

PAC DIRECTIVE

On presentation, the Committee recommended the above 04 paras for settlement.

- 3.9 **Para No.** A-V.2,

PAC DIRECTIVE

The PAC directed the PAO to recover the amount and report to PAC within one month.

COUNCIL OF ISLAMIC IDEOLOGY

1. OVERVIEW

Public Accounts Committee (PAC) took up appropriation Accounts and Annual Audit Reports for the year 1991-92 pertaining to the Council of Islamic Ideology for examination on 24th June, 2009.

During the course of discussion in the meeting, the Committee issued some policy recommendations, depending on the nature of the issue, directing the PAO to take appropriate action.

There was one grant reported by the AGPR.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I FOR THE YEAR 1991-92)

2,1 GRANT # 116- ADVISORY COUNCIL FOR ISLAMIC IDEOLOGY (Saving Rs.30,511)

AGPR pointed out that the grant closed with a saving of Rs. 30,511, which worked out to 0.39% of the total grant. The Department explained that the minor saving was under various heads.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the saving of the grant for regularization with direction that there should be no saving/excess in future.

MINISTRY OF CULTURE

1. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1991-1992 pertaining to the Ministry of Culture were taken up for examination by the Public Accounts Committee (PAC) on June 23, 2009. Audit also presented _audit reports on the accounts of Federal Government (civil) for the year 1991-1992.

- 1.1 The PAC having considered Audit's point of view and explanation given by the Principal Accounting Officer (PAO), made its recommendations in a number of cases.
- 1.2 During the course of discussion, the Committee issued some policy recommendations, depending on the nature of the issue, directing the PAO to take appropriate actions.
- 1.3 There were 5 paras and 4 grants presented by the AGPR. These were initially examined by the Departmental Accounts Committee (DAC) and thereafter discussed in the meeting of the PAC. 5 para was recommended for settlement by the PAC either on the basis of clarifications given by the PAO or the corrective measures taken by the Ministry.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I **FOR THE YEAR 1991-92**

- 2.1 i) **GRANT # 23- CULTURE AND SPORTS DIVISION**
(Excess Rs.456,480)

AGPR pointed out that the grant closed with excess of Rs. 456,480, which worked out to 2.63% of the total grant. An economy cut of Rs.1, 179,950 (6.79%) was applied due to which excess increased o Rs. 1,636,430 (9.33%) A supplementary grant of Rs. 2,470,000 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account the excess was converted into saving of Rs. 833,570 (4.20%).

ii) **GRANT # 24- ARCHAEOLOGY AND MUSEUMS.**
(Saving Rs.4,595,924)

AGPR pointed out that the grant closed with saving of Rs. 4,595,924, which worked out to 10.86% of the total grant. An amount of Rs.2, 133,400 (5.04%) was surrendered leaving net saving of Rs. 2,462,524 (5.82%) A supplementary grant of Rs. 1,207,000 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account the saving was increased to Rs. 3,669,524 (8.43%).

iii) **GRANT # 25- OTHER EXPANDITURE OF CULTURE AND SPORT DIVISION.**
(Saving Rs.11,152,645)

AGPR pointed out that the grant closed with saving of Rs. 11,152,648 which worked out to 9.59% of the total grant. An economy cut of Rs. 11,028,000 (9.48%) was applied due to which saving decreased to Rs. 124,648 (0.10%).

iv) **GRANT # 146- DEVELOPMENT EXPENDITURE OF CULTURE AND SPORTS DIVISION**
(Saving Rs.10,691,000)

AGPR pointed out that the grant closed with saving of Rs. 10,691,000, which worked out to 18.85% of the total grant. An amount of Rs. 165,000

(0.29%) was surrendered and an economy cut of Rs. 5,669,000 (10%) was applied due to which saving decreased to Rs. 4,857,000 (8.56%).

PAC DIRECTIVE

On the presentation of the above four grants by AGPR, the Committee recommended regularization of the excess/saving of the grants.

**AUDIT REPORT PUBLIC SECTOR ENTERPRISES
FOR THE YEAR 1991-92**

3.1 **National Film Development Corporation (NAFDEC)**

- 1) **Para # 69 (Page # 324-ARPSE)**
- 2) **Para # 70 (Page # 324-ARPSE)**
- 3) **Para # 71 (Page # 325-ARPSE)**
- 4) **Para # 72 (Page # 325-ARPSE)**
- 5) **Para # 73 (Page # 326-ARPSE)**

PAC DIRECTIVE

On the recommendation of the Audit, the Committee recommended the above five paras for settlement.

ECONOMIC AFFAIRS DIVISION

1. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1991-92 pertaining to the Economic Affairs Division were taken up for examination by the Public Accounts Committee (PAC) ON 24-06-2009.

- 1.1 The PAC having considered Audit's point of view and explanation given by the Principal Accounting Officer (PAO), made its recommendations in a number of cases.
- 1.2 During the course of discussion, the Committee issued some policy recommendations, depending on the nature of the issue, directing the PAO to take appropriate actions.
- 1.3 There were 7 grants presented by the AGPR. These were initially examined by the Departmental Accounts Committee (DAC) and thereafter were discussed in the meeting of the PAC. The PAC regularized the grants with the direction to the PAO that in future, the saving must be surrendered in time and the budget should be monitored properly so that there should be zero saving and zero excess in each grant, DAC meetings should be conducted on monthly basis and should be chaired by the PAO himself/herself.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I FOR THE YEAR 1991-92

2.1 i) GRANT # 50- ECONOMIC AFFAIRS DIVISION **(Saving Rs.529,444)**

AGPR pointed out that the grant closed with a saving of Rs. 529,444 which worked out to 1.44% of the total grant.

- ii) **GRANT # 51- TECHNICAL ASSISTANCE SCHEMES**
(Charged) saving Rs 63,000,000 (OTC) Rs.26,971,380) Excess Rs
26,971,380)

AGPR pointed out that in “**Charged Section**” the appropriation closed with a saving of Rs. 63,000,000 which worked out to 25.44% of the total appropriation. An amount of Rs. 20,732,000 (8.37%) was surrendered and an economy cut of Rs. 23,737,800 (9.58%) was applied due to which saving decreased to Rs. 18,530,200 (7.48%).

In Other “**Than Charged Section**” the grant closed with an excess of Rs. 26,971,380 which worked out to 11.87% of the total grant.

- iii) **GRANT # 152- DEVELOPMENT EXPENDITURE OF ECONOMIC AFFAIRS DIVISION**
(Saving Rs.3,778,000)

AGPR pointed out that the grant closed with a saving of Rs. 3,778,000, which worked out to 1.91% of the total grant. An amount of Rs. 1,778,000 (0.89%) was surrendered leaving net saving of Rs. 2,000,000 (1.01%).

- iv) **GRANT # 187- EXTERNAL LOANS AND ADVANCED BY THE FEDERAL GOVERNMENT.**
(Excess Rs. 2,423,357,004 (Charged) saving Rs 8,672,358,237/- (OTC)

AGPR pointed out that in “**Charged Section**” the appropriation closed with an excess of Rs. 2,423,357,004, which worked out to 161.37% of the total appropriation.

In “**Other-than Charged Section**” the grant closed with a saving of Rs. 8,672,358,237 which worked out to 32.39% of the total grant. An amount of Rs. 788,690,000 (2.94%) was surrendered, leaving net saving of Rs. 7,883,668,237 (29.44%).

- v) **GRANT ; SERVICING OF FOREIGN DEBT**
(Saving Rs.841,241,259/-)

AGPR pointed out that the appropriation closed with a saving of Rs. 841,241,259 which worked out to 5.43% of the total appropriation. An

amount of Rs. 841,241,000 (5.43%) was surrendered, leaving minor net saving of Rs. 259.

vi) **GRANT ; FOREIGN LOANS REPAYMENT**
(Saving Rs.45,280,207)

AGPR pointed out that appropriation closed with a saving of Rs. 45,280,207 which worked out to 0.23% of the total appropriation. An amount of Rs. 45,281,000 (0.23%) was surrendered, converting the grant into minor excess of Rs. 793.

vii) **RE-PAYEMNT OF SHORT TERM FOREIGN CREDITS**
(Excess Rs.1,534,117)

AGPR pointed out that the appropriation closed with an excess of Rs. 1,534,117 which worked out to 0.01% of the total appropriation.

PAC DIRECTIVE

On the presentation of above grants and appropriation accounts by the AGPR, the Committee recommended the excesses/savings of the grants/appropriation for regularization with directions that the internal monitoring and financial system should be strengthened and there should be no excess/saving in future.

MINISTRY OF EDUCATION

1. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1991-92 pertaining to the Ministry of Education were taken up for examination by the Public Accounts Committee (PAC) on 1st February, 2007. Audit also presented Audit reports on the accounts of Federal Government (Civil) 1991-92.

- 1.1 The PAC having considered Audi's point of view and explanation given by the Principal Accounting Officer (PAO), made its recommendations in a number of cases.
- 1.2 During the course of discussion, the Committee issued some policy recommendations, depending on the nature of the issue, directing the PAO to take appropriate actions.
- 1.3 There were 4 grants presented by the AGPR and 29 Audit paras reported by the Audit. These were initially examined by the Departmental Accounts Committee (DAC) and thereafter discussed in the meeting of the PAC. The PAC recommended 26 audit paras for settlement either on the basis of clarifications given by the PAO or the corrective measures taken by the Ministry. The Committee gave directive on 3 Audit para.
- 1.4 In some cases, the Committee directed Audit to verify details/facts, given in certain cases, in Defence of the view point presented by the PAO.

ACTIONABLE POINS

APPROPRIATION ACCOUNTS FOR THE YEAR 1991-92

- 2.1 i) **Grant # 34-Ministry of Education**
(Saving Rs 1,254,064)
- ii **Grant # 36-Federal Government Educational Institutions in the Capital and Federal Areas**
(Excess Rs 12,828,053)

PAC DIRECTIVE

On the presentation of above two grants by the AGPR, the Public Accounts Committee (PAC) recommended the saving/excess in the grants for regularization. However, the Public Accounts Committee (PAC) directed the Ministry to be careful in future.

- iii) **Grant # 35-Education**
(Saving Rs 102,083,605)
- iv) **Grant # 150-Development Expenditure of Ministry of Education**
(Saving Rs 77,269,367)

PAC DIRECTIVE

On the presentation of above two grants by the AGPR, the Public Accounts Committee (PAC) recommended the savings in the grants for regularization.

AUDIT REPORT FOR THE YEAR 1991-92

- 3.1
- i) **Audit Para # 1, Page-37-AR-1991-92**
Non-recovery of account of private use of Government vehicles of Rs 231,452
- ii) **Audit Para # 2, Page-37-AR-1991-92**
Overpayment of TA of Rs 45,398 to the Principal recovery thereof

- iii) **Audit Para # 7, Page-39-AR-1991-92**
Loss due to non deduction of Income Tax from Suppliers/
Contractors
- iv) **Audit Para # 8, Page-39-AR-1991-92**
Purchase of stationary items etc. without inviting tenders
Rs 1.370 million
- v) **Audit Para # 9, Page-40-AR-1991-92**
INFRACTUOUS EXPENDITURE OF RS 202,354 AND
IRREGULAR PAYMENT OF JAMAL ALLOWANCE
- vi) **Audit Para # 10, Page-40-AR-1991-92**
Unauthorized and irregular payment of medical allowance
Rs 111,515

PAC DIRECTIVE

On the presentation of above six Audit Paras by the Audit, the Public Accounts Committee (PAC) directed the Ministry to implement the recommendations of the DAC and report to Audit and the PAC's Secretariat.

PERFORMANCE EVALUATION REPORT # 129 FOR THE YEAR 1991-92

Centre For Advance Studies In Molecular Biology

3.2. **Audit Para # 3.4, Page-111-PER-129**

Audit Department presented Performance Evaluation Report regarding The Centre of Excellence in Molecular Biology. The Centre was established by the Ministry of Education in 1986 through a gazette notification as a Centre of Excellence under the 1974 Act of Parliament, to develop an institution of international standing for post graduate teaching and research in molecular biology. At present the Centre is the only institution engaged in M.Phil/Ph.D teaching in molecular biology in Pakistan.

In the same year, the Ministry of Science & Technology under an MOU with the Centre of Excellence in Molecular Biology, established

another Centre, namely Centre for Applied Molecular Biology as a development project this was completed in 1996 whereupon it was transferred to regular budget through a notification of the Ministry of Science and Technology.

The said two institutions namely Centre of Excellence in Molecular Biology (Ministry of Education) and Centre for Applied Molecular Biology (Ministry of Science & Technology) are physically located back to back on the same campus under one Executive Director. Scientists of the two Centre are governed by the same administrative, finance and works rules notified by the Ministry of Education through a gazette notification as stipulated in clause-10 of the 1974 Act of Parliament.

As a consequence of the complementary of their strengths and functions, the two centres have remained engaged in productive collaboration and together achieved the following:

- a) developed Bt transgenic rice and Bt transgenic cotton which are being tested in field trials,
- b) synthesized four Bt pesticidal genes and obtained to patents,
- c) developed disease free seeds of gladiolus, sugarcane and potato,
- d) established methodologies for the early and reliable diagnosis of genetic and infectious diseases that are available to the general public as economical and reliable diagnostic procedures,
- e) cloned human interferon gene for the production of interferon as the only treatment for Hepatitis C,
- f) develop DNA typing procedures that are being used in crime investigation and parenthood confirmation, and
- g) published 51 research articles in national and 104 in international journals, with an Impact Factor of 415.20.

The Audit further explained to the Public Accounts Committee (PAC) that the two institutions could be integrated under one Ministry, with financing from indenting institutions which would have served the purpose. The processing of synopsis/ thesis of M.Phil/ Ph.D. students

by the University were considerably delayed due to slow processing of the University machinery and this resulted in degeneration of the momentum of students.

The Audit Department suggested to make this Centre a degree awarding institution which will avoid delays in the processing of thesis and accelerate the process of human resource development being the major function of the twin Centres

The departmental representative informed the Public Accounts Committee (PAC) that in 1996-97, the Prime Minister had constituted a Task Force to develop a plan for “restructuring and rightsizing” of government organizations. The said Committee had also recommended to merge the two Centers into one degree awarding institution under one Ministry.

PAC DIRECTIVE

The Public Accounts Committee (PAC) also discussed the proposal of the Performance Evaluation Report in a background of other proposals to merge the two Centre into a fully autonomous degree awarding institution. Recognizing the excellent progress made by the twin Centre as evidenced in the 2006 Report of the Senate Standing Committee on Education and Science & Technology and realizing that the existing set-up of the twin Centre fully meet all the requirements listed in the 4th edition of the “Guidelines for the Establishment of an Institution of Higher Learning”; **the Public Accounts Committee (PAC) recommended to merge all the laboratories on the CEMB Campus into one fully autonomous degree awarding institution under the Ministry of Education/Higher Education Commission.** The Committee felt that the proposed merger would lead to economy of expenditure, increase institutional output, in terms of scientific

activity, public utility of laboratory research and result in a logarithmic increase in the output of Ph.D/M.Phil students.

The Committee further directed the Secretary, Education to take appropriate action regarding the proposed merger of the two said institutions into a degree awarding institution and submit its report to the Committee within three months.

3.3 Audit Para # 9.2, Page-133-PER-129

Future Plans and Prospects

Development of scientific applications of Biotechnology and Genetic Engineering were the stated future plans of the Centre. An impression was given that efforts were made to develop diagnostic kit for cancer.

The management informed the Public Accounts Committee (PAC) that the area of applied research could best be taken care by the private sector or by the Research & Development Institution, a matter of national policy. The Centre is working on the functions prescribed in the Act of Parliament.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the para for settlement.

3.4 i) **Audit Paras # 3.1, to 3.3, 3.3.4, 3.3.5, 3.4,1 & 3.5, Pages 106 to 112-PER # 129**

CHAPTER # 3 PROJECT IMPLEMENTATION

- ii) **Audit Paras # 3.3.1, & 3.3.3, Pages 107 to 109-PER # 129**
- iii) **Audit Paras # 3.3.2, & 3.3.6, Pages 108 to 110-PER # 129**
- iv) **Audit Paras # 4.1, 4.2, 4.4, 4.4.1, 4.4.2, 4.5, Pages 113 to 117-PER # 129**
- v) **Audit Paras # 4.3, 4.4.3, & 4.6, Pages 113,116,117-PER # 129**
- vi) **Audit Paras # 5.1, 5.3, 5.4, 5.5.1 & 5.6, Pages 118 to 123-PER # 129**

CHAPTER # 5 RESEARCH OPERATIONS

- vii) Audit Paras # 5.2, 5.3.1 TO 5.3.7, 5.4.1, 5.5 & 5.7, Pages 118 to 122-PER # 129
- viii) Audit Paras # 6.1, Page 124 & 125-PER # 129

CHAPTER 6- PROCUREMENT PLANNING AND INVENTORY MANAGEMENT

- ix) Audit Paras # 6.2 to 6.6, Pages 124 to 125-PER # 129
- x) Audit Paras # 7.1, 7.2, 7.4, 7.8, 7.10, Pages 126 to 129-PER # 129

CHAPTER # 7 – ORGANIZATION AND MANAGEMENT

- xi) Audit Paras # 7.1.1, 7.3, 7.5, 7.6, 7.7, 7.9, Pages 126 to 127-PER # 129
- xii) Audit Paras # 8.1, 8.2, 8.4, 8.5, Pages 130 to 132-PER # 129

CHAPTER # 8 – PERSONAL ADMINISTRATION

- xiii) Audit Paras # 9.1, Page 130 to 133-PER # 129

CHAPTER # 9 – FUTURE PLANS AND PROSPECTS

PAC DIRECTIVE

On the presentation of above thirteen paras by the Audit, the Public Accounts Committee (PAC) directed the Ministry to implement the recommendations of the DAC and report to Audit and the PAC Secretariat.

AUDIT REPORT FOR THE YEAR 1991-92

3.4

- i) Audit Para # 3, Page-7-AR-1991-92
Blockage of Public money Rs 20,000 million
- ii) Audit Para # 4, Page-38-AR-1991-92

Overpayment of House Rent allowance amounting to Rs 1.158 million

- iii) Audit Para # 5, Page-38-AR-1991-92

Irregular payment on account of medical allowance Rs 65,684

- iv) Audit Para # 6, Page-38-AR-1991-92

Misappropriation out of advance drawals Rs 545,188

**AUDIT REPORT PUBLIC SECTOR ENTERPRISES
FOR THE YEAR 1991-92**

NATIONAL BOOK FOUNDATION

- v) **Audit Para # 137, Page-107-ARPSE-1991-92**
- vi) **Audit Para # 139, Page-108-ARPSE-1991-92**
- vii) **Audit Para # 140, Page-108-ARPSE-1991-92**

PAC DIRECTIVE

On the presentation of above seven paras by the Audit, the Public Accounts Committee (PAC) directed the Ministry to implement the recommendation of the DAC and report to Audit and the PAC Secretariat.

3.5 Audit Para # 138, Page-107-ARPSE-1991-92

Audit pointed out that a sum of Rs 0.9 million was received from the government in the year 1976-77 for the printing of books of National Committees Publications. Since no book under this project has been published, the amount is lying unutilized. The grant should have either been surrendered or utilized for some other projects with the approval of the competent authority.

The management informed the Public Accounts Committee (PAC) that the case to be submitted to Finance Division and after approval of the Finance Division, the case will be submitted before the Audit for verification.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the para for settlement subject to verification by the Audit.

ELECTION COMMISSION OF PAKISTAN

1. OVERVIEW

The Public Accounts Committee (PAC) on 24th June, 2009 took up appropriation Accounts and Annual Audit Reports for the year 1991-92 pertaining to the Election Commission of Pakistan for examination.

- 1.1 There was one grant presented by the AGPR and one audit para presented by the Audit. PAC settled/regularized the grant and para with the direction that while formulating the budget due care may be taken in future and the Election Commission may improve its financial and budgeting system. The object should be zero excess and zero saving.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I FOR THE YEAR 1991-92

- 2.1 GRANT # ELECTION COMMISSION
(saving Rs.20,638,886)

AGPR pointed out that appropriation closed with a saving of Rs. 20,638,886 which worked out to 22.27% of the total appropriation. An economy cut of Rs. 8,908,683 (16.91%) was applied due to which saving decreased to Rs. 11,730,203 (12.65%).

PAC DIRECTIVE

On presentation of above grant by the AGPR, the Sub-Committee recommended the saving of the grant for regularization. However, the

Department was directed to strengthen their financial and budgetary system so that there is no saving/excess in future.

AUDIT REPORT ON THE ACCOUNT OF
“ELECTION COMMISSION OF PAKISTAN”
FOR THE YEAR 1991-92

- 3.1 **Para # 1 (Page-1-AR-1991-92)**
Irregular expenditure of Rs 1,842,222

PAC DIRECTIVE

On the recommendation of Audit, the Sub-Committee recommended the para for settlement.

MINISTRY OF ENVIRONMENT

3. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1991-1992 pertaining to the M/O Environment were taken up for examination by Public Accounts Committee (PAC) on 24th June, 2009.

During the course of discussion in the meeting, the Committee issued some policy recommendations, depending on the nature of the issue, directing the PAO to take appropriate action.

There were 2 grants and 2 paras reported by the AGPR/Audit. These grants/paras were initially examined by the Departmental Accounts Committee (DAC) and thereafter were discussed in the meetings of PAC.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I FOR THE YEAR 1991-92

2.1 i) GRANT # 72 ENVIRONMENT AND URBAN AFFAIRS DIVISION (Saving Rs. 31,901/-)

AGPR pointed out that the grant closed with a saving of Rs. 31,901 which worked out to 0.14% of the total grant. An amount of Rs. 292,350, (1.36%) was surrendered resulting in an excess of Rs.260,449 (1.21%) A supplementary grant of Rs. 335,000 was sanctioned but not included in supplementary schedule of authorized expenditure. After taking it into account, the excess was converted into saving of Rs. 74,551, (0.34%).

ii) GRANT # 160 DEVELOPMENT EXPENDITURE OF ENVIRONMENT AND URBAN AFFAIRS DIVISION (Excess Rs.1,418,505/-)

AGPR pointed out that grant closed with an excess of Rs. 1,418,505 which works out to 63.0% of the total grant. An amount of Rs. 16,495 (0.73%) was surrendered increasing net excess to Rs. 1,435,000 (63.77%). A supplementary grant of Rs. 1,500,000 was sanctioned but not included in supplementary schedule of authorized expenditure. After taking it into account, the excess was converted into saving of Rs. 65,000 (1.70%)

PAC DIRECTIVE

The Committee recommended regularization the savings of the grants with the direction that there should be no saving/excess in future.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES FOR THE YEAR 1991-92

Pakistan Environmental Planning & Architectural Consultants (Pvt Ltd)

- 3.1 i) **Para # 230 (Page # 174-ARPSE -1991-92)**
Audit Comments
- ii) **Para # 231 (Page # 174-ARPSE -1991-92)**

PAC DIRECTIVE

On the recommendation of Audit, the Committee recommended the above two paras for settlement.

ESTABLISHMENT DIVISION

1. OVERVIEW

The Public Accounts Committee (PAC) on 24th June, 2009 took up appropriation Accounts and Annual Audit Reports for the year 1991-92 pertaining to the Establishment Division for examination.

- 1.1 There were 6 grants presented by the AGPR and the PAC settled/regularized the above 4 grants on the assurance given by the PAO that in the subsequent years, there would be a marked improvement. However, the committee directed the PAO that every effort should be made to ensure that accurate budget estimates are made while formulating budget. Once the money is given on a certain task/account, every effort should be made to use it in an optimum manner, so that at the end of the financial year, there should be zero excess and zero saving.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL VOL-I) **FOR THE YEAR 1991-92**

2.1 i) **GRANT # 6 ESTABLISHMENT DIVISION**
(excess Rs.377,855 saving Rs. 3,879,145/-)

AGPR pointed out that the grant closed with saving of Rs. 3,879,145, which worked out to 3.29% of the total grant. An amount of Rs. 1,000 was surrendered and an economy cut of Rs. 4,256,000 (4.99%) was applied due to which saving converted into an excess of Rs. 377,855 (0.32%). A supplementary grant of Rs. 321,000 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account the excess decreased to Rs. 56,855 (0.04%).

ii) **GRANT # 7 FEDERAL PUBLIC SERVICE COMMISSION**
(Saving Rs.1,341,457/-)

AGPR pointed out that the grant closed with saving of Rs. 1,341,457, which worked out to 3.67% of the total grant. An amount of Rs. 1,141,000 (3.12%) was surrendered leaving net saving of Rs. 200,457 (0.54%).

iii) **GRANT # 8 SERVICE TRIBUNAL**
(Excess Rs.343,002/-)

AGPR pointed out that the grant closed with an excess of Rs. 343,002, which worked out to 5.67% of the total grant. An economy cut of Rs. 257,000 (5.00%) was applied due to which excess increased to Rs. 600,002 (9.92%) A supplementary grant of Rs. 600,000 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account the excess was decreased to Rs .2.

iv) **GRANT # 9 OTHER EXPENDITURE OF ESTABLISHMENT DIVISION**
(Excess Rs.748,561)

AGPR pointed out that the grant closed with an excess of Rs. 748,561 which worked out to 0.74% of the total grant. A supplementary grant of Rs. 2,790,000 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account the excess should be converted in to saving of Rs. 2,041,439 (1.97%)

v) **GRANT # 13 MANANGEMENT SERVICES DIVISION**
(Excess Rs. 1,293,232/-)

AGPR pointed out that the grant closed with an excess of Rs. 1,293,232 which works out to 5.53% of the total grant. An economy cut of Rs. 900,250 (5.00%) was applied due to which excess increased to Rs. 2,193,482 (9.35%). A supplementary grant of Rs. 2,200,000 was sanctioned but not included in the supplementary schedule of authorized

expenditure. After taking it into account the excess shall be converted into saving of Rs. 6,518 (0.02%).

vi) **GRANT # 144 DEVELOPMENT EXPENDITURE OF ESTABLISHMENT DIVISION**
(Excess Rs.4,710,518)

AGPR pointed out that the grant closed with an excess of Rs. 4,710,518/- which works out to 56.45% of the total grant. A supplementary grant of Rs. 4,581,000 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account the excess decreased to Rs. 129,518 (1.00%).

PAC DIRECTIVE

On the presentation of the above six grants by AGPR, the Committee recommended regularization of the savings/ excesses of the grants with the direction that the Ministry should strengthen its internal accounting and financial system so as to ensure there is no excess /saving in future.

FEDERAL BOARD OF REVENUE

4. **OVERVIEW**

Appropriation Accounts and Annual Audit Reports for the year 1991-1992 pertaining to the Federal Board of Revenue were taken up for examination by Public Accounts Committee (PAC) on 17th April, 2009. Audit also presented Audit Reports of Direct and Indirect Taxes.

The PAC having considered Audit's point of view and explanations given by the Principal Accounting Officer (PAO), made its recommendations in a number of cases. i.e. involving short levy of tax, loss of revenue due to non-enforcements, inadmissible refund of sales tax, short realization of sales tax, non-realization of further tax, Inadmissible input tax, Grant of Inadmissible Reward, Non-enforcement of Indemnity, tax fraud by issuance, fraudulent drawl of sales tax, Evasion of customs dues and Non-levy of tax export sales etc.

During the course of discussion in the meeting, the Committee issued some policy recommendations, depending on the nature of the issue, directing the PAO to take appropriate action.

There were 4 grants reported by AGPR and 90 audit paras reported by the Audit. These paras were initially examined by the Departmental Accounts Committee (DAC) and thereafter discussed in the meetings of PAC. 17 paras were recommended for settlement by the PAC either on the basis of clarifications given by the PAO or the corrective measures taken by the Division. The Committee gave directives on 25 paras and 48 paras were sent back to the Departmental Accounts Committee (DAC) for re-examination.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I FOR THE YEAR 1991-92)

2.1. i) **Grant # 46-CENTRAL BOARD OF REVENUE.**
(Saving Rs. 206,798,607/-)

AGPR pointed out that the saving worked out to 46.36% of the total grant. An amount of Rs. 105,401,018 (23.63%) was surrendered leaving net saving of Rs. 101,397,589 (22.74%).

The PAO informed the Public Accounts Committee (PAC) that surrender of Rs 95,075,508 was not taken into account by AGPR.

ii) **Grant # 47-SEA CUSTOMS**
(Excess Rs. 33,107,094/-)

AGPR pointed out that the excess worked out to 21.50% of the total grant. An amount of Rs. 150,000 (0.09%) was surrendered increasing excess to Rs. 33,257,094 (21.60%). A supplementary grant of Rs. 33,874,826 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account the excess shall be converted into saving of Rs. 617,732, (0.32%).

PAC DIRECTIVE

On presentation of above two grants by AGPR, the Public Accounts Committee (PAC) recommended the excess of the grant for settlement with direction that there should be zero saving/excess and good budgetary financial control in future.

iii) **Grant # 48-LAND CUSTOMS AND CENTRAL TEX**
(Saving Rs. 1,218,274/-)

AGPR pointed out that the saving worked out to 0.35% of the total grant. An amount of Rs. 1,304,800 (0.37%) was surrendered resulting into an excess of Rs. 86,526 (0.02%).

PAC DIRECTIVE

On presentation of above grant by AGPR, the Public Accounts Committee (PAC) recommended the saving of grant for settlement.

iv) **Grant # 49-TAXES ON INCOME AND CORPORATION TAX.**
(Excess Rs. 55,035,859/-)

AGPR pointed out that the excess worked out to 14.97% of the total grant. An amount of Rs. 85,897,641(23.36%) was surrendered, increasing net excess to Rs. 140,933,500 (38.33%). A supplementary grant of Rs. 80,957,000 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account the excess shall be reduced to Rs. 59,976,500 (13.37%).

PAC DIRECTIVE

On presentation of above grant by AGPR, the Public Accounts Committee (PAC) recommended the excess of the grant for settlement subject to verification of record by the AGPR.

AUDIT REPORT FOR THE YEAR 1991-92

3.1 **Para 4(Page-43-AR)**
Excess expenditure of office telephones Rs. 170,635/-

Audit pointed out that in the office of the Assistant Collector Customs, Lahore Airport, an expenditure of Rs. 170,635 was incurred on office telephone in excess of the ceiling fixed by the Government. The Collector

of Customs, refusing, ex-post-facto approval/condensation, directed to recover and deposit the amount into Government treasury but in vain.

The PAO informed the Committee that the approval of competent authority to the condonation of excess expenditure of Rs 170,365 has been obtained.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the para for settlement, subject to verification of the record by Audit.

3.2 Para 6 (Page-44-AR)

Irregular and unauthorized expenditure of Rs. 54,700/- on installation of air conditioner in the office of non-entitled officer

Audit pointed out that as per Finance Division O.M. No. F. 3(47) RIR/83 dated 8th December, 1983, officers in Grade 20 and below are not entitled to Air Conditioner, in their offices. In disregard of the above instructions, the Regional Office Directorate of Intelligence and Inspection Customs, Central Excise and Sales Tax Lahore, purchased and installed an air conditioner valuing Rs. 9,700 on 28th June, 1986 for grade 19 officer for which he was not entitled. Further more an amount of Rs. 45,000 was also paid on account of electricity charges of the air conditioner. The expenditure so incurred is held to be irregular and unauthorized.

The PAO informed the Committee that the Director General visits the office more than three times during a month in connection with official business. Therefore the Lahore office was declared as camp Office of the D.G One air conditioner was installed in the office of the DG (BPS-21) being entitled officer.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the para for settlement.

3.3

- i. **Para-5 (Page 43-AR)**
Irregular purchase of two Suzuki jeep for Rs 400,000
- ii. **Para-7 (Page 44-AR)**
Suspected misappropriation of Rs 1,900,000
- iii. **Para-8 (Page 45-AR)**
Fictitious expenditure of Rs 372,092 on account of telephone charges.
- iv. **Para-9 (Page 45-AR)**
Non-recovery of Motor car and Motor cycle advance of Rs 47,000 and interest occurred thorax.
- v. **Para-10 (Page 46-AR)**
Doubtable expenditure of Rs 80,959/-
- vi. **Para-11 (Page 46-AR)**
Excess expenditure on residential Telephone Rs 73,308
- vii. **Para-12 (Page 46-AR)**
Irregular purchase of furniture, typewriters and duplicator valuing Rs 137,600
- viii. **Para-13 (Page 46-AR)**
loss to government on account of destruction of confiscated goods Rs 62,000
- ix. **Para-14 (Page 47-AR)**
Non-recovery of internet on conveyance advance Rs 0.077 million.
- x. **Para-15 (Page 47-AR)**
Unauthorized payment on account of professional fee to an advocate Rs 34,000
- xi. **Para-16 (Page 48-AR)**
Unauthorized payment Rs 159,231/-
- xii. **Para-17 (Page 48-AR)**
Non-recovery of TA advance amounting to Rs 165,000/
- xiii. **Para-18 (Page 48-AR)**
unjustified and irregular payment of Rs 28,400/-
- xiv. **Para-19 (Page 49-AR)**
Doubtful expenditure of Rs 228,873/- on purchase of pehl / repair of vehicle.
- xv. **Para-20 (Page 50-AR)**
Unauthorized misuse of government vehicle amounting to Rs 705,426
- xvi. **Para-21 (Page 51-AR)**
Doubtful expenditure on account of pol and repair work Rs 154,683

xvii.

Para-22 (Page 50-AR)

Irregular payment of Rs 130,475 to and official dismissed from service and later on reinstated

PAC DIRECTIVE

On presentation of above paras by Audit, the Public Accounts Committee (PAC) directed the department to implement recommendations of the DAC under report to Audit.

AUDIT REPORT FOR THE YEAR 1991-92
(DIRECT TAXES)

3.4

Para 3.4 (Page 13-AR)

Additional Tax under section 87-Rs. 387,354,503

Audit pointed out that section 87 of the Income Tax Ordinance 1979, provides for levy of additional tax @ 24% per annum for failure to pay advance tax under Section 53 equal to the amount of tax payable in the latest assessment in four equal installments. The additional tax is available on the amount of advance tax not paid from the date on which it was payable to the date of its actual payment or to 30th September of the following financial year, whichever is earlier. During test check audit observed in certain cases that the statutory provisions were not followed by the Department which caused a loss of Rs. 387,354,503.

The PAO informed the Public Accounts Committee (PAC) that the said point was mistakenly highlighted, whereas the said amount was refunded on 15th June, 1989.

PAC DIRECTIVE

The Public Accounts Committee (PAC) referred the para to DAC for further examination/ verification.

3.5 **Para 5.4 (Page 41-AR)**

Loss of revenue amounting to Rs. 13,360,777 due to incorrect adjustment brought forward business loss against interest and property income.

Audit pointed out that under section 35 of the Income Tax Ordinance 1979, the loss sustained by an assessee in any assessment year under the head “ Income from business and profession” could be carried forward up to following six assessment years and set-off against the profits and gains of such business. This loss could not be set-off against income of any other head. During test check it was observed that in 02 cases business loss was wrongly carried forward and set off against interest and property income resulting in loss of Rs. 13,360,777.

The PAO informed the Public Accounts Committee (PAC) that the amount has been charged and recovered.

PAC DIRECTIVE

The Public Accounts Committee (PAC) referred the para to DAC for further examination.

3.6 **Para 5.9 (Page 47-AR)**

Loss of revenue amounting to Rs. 11,078,126 due to excessive compensation under section 53(4)

Audit pointed out that under section 53(4) of the Income Tax Ordinance 1979, the assesseees are entitled to receive compensation @60% per annum on the payment of advance tax from the date of payment to 30th June of the following years.

During test check, it was observed that in certain cases excessive compensation amounting to Rs. 11,078,126 was allowed.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the PAO to provide details of the cashes to DAC for further examination and referred back to the PAC, if required.

3.7 **Para 5.15 (Page 64-AR)**

Loss of revenue amounting to Rs. 13,970,840 due to non imposition of penalty under section 111

Audit pointed out that section 111 of the Income Tax Ordinance 1979, provided for imposition of penalty at the prescribed rate upon the assesses who concealed his income or furnished inaccurate particulars of income to evade tax. During the course of audit it was noticed that certain assesses concealed their income or furnished inaccurate particulars to evade tax but penalty was not levied by the concerned assessing authorities. Amounting of the penalty worked out to Rs. 13,970,840.

The PAO informed the Committee that an amount of Rs 589,828 has been recovered and amount of Rs 98,021 has been written off. Some cases are time barred and subjudice. The remaining amount will be recovered .

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the para for settlement to the extent of recovery, and referred the matter to DAC, with the direction that report regarding recovery of the balance amount should be submitted to PAC within one month.

3.8 **Para 8.2 (Page 112-AR)**

Workers Welfare Fund amounting to Rs. 20,480,015

Audit pointed out that under section 4 of the Workers Welfare Fund Ordinance 1971 every industrial establishment, whose total annual income is not less than one lack rupees, is required to pay Workers Welfare Fund @ 2 per cent of the total income. During the course of audit of selected

cases it was noticed that the Workers Welfare Fund was not paid by many assesses and the concerned assessing officers did not take notice of this default. This resulting in revenue loss of Rs. 20,480,015.

The PAO informed the Public Accounts Committee (PAC) that the extra amount was charged from Pakistan Tobacco Company. Recovery will be made shortly.

PAC DIRECTIVE

The Public Accounts Committee (PAC) referred the para to DAC with the direction that report regarding recovery should be submitted to PAC within one month. The Public Accounts Committee (PAC) also directed the PAO to fix responsibility against the persons who did not make recovery of the amount for the last twenty years. Follow up action will be taken by the Implementation Committee.

3.9

- i) Para-3.3 (Page 12-AR)
- ii) Para-3.5 (Page 16- AR)
- iii) Para-3.6 (Page 19- AR)
- iv) Para-4.2 (Page 23- AR)
- v) Para-4.3 (Page 25- AR)
- vi) Para-4.4 (Page 27- AR)
- vii) Para-4.5 (Page 27- AR)
- viii) Para-5.1 (Page 31- AR)
- ix) Para-5.2 (Page 33- AR)
- x) Para-5.3 (Page 39- AR)
- xi) Para-5.5 (Page 41- AR)
- xii) Para-5.6 (Page 43- AR)
- xiii) Para-5.7 (Page 44- AR)
- xiv) Para-5.8 (Page 45- AR)
- xv) Para-5.10 (Page 48- AR)
- xvi) Para-5.11 (Page 50- AR)
- xvii) Para-5.12 (Page 52- AR)
- xviii) Para-5.13 (Page 53- AR)
- xix) Para-5.14 (Page 55- AR)
- xx) Para-5.16 (Page 66- AR)
- xxi) Para-5.17 (Page 70- AR)
- xxii) Para-5.18 (Page 71- AR)

- xxiii) Para-5.19 (Page 73- AR)
- xxiv) Para-5.20 (Page 75- AR)
- xxv) Para-5.21 (Page 76- AR)
- xxvi) Para-5.22 (Page 78- AR)
- xxvii) Para-5.23 (Page 79- AR)
- xxviii) Para-5.24 (Page 80- AR)
- xxix) Para-5.25 (Page 81- AR)
- xxx) Para-5.26 (Page 82- AR)
- xxxi) Para-5.27 (Page 83- AR)
- xxxii) Para-5.28 (Page 83- AR)
- xxxiii) Para-5.29 (Page 84- AR)
- xxxiv) Para-6.1 (Page 87- AR)
- xxxv) Para-6.2 (Page 59- AR)
- xxxvi) Para-6.3 (Page 89- AR)
- xxxvii) Para-6.4 (Page 92- AR)
- xxxviii) Para-6.5 (Page 92- AR)
- xxxix) Para-6.6 (Page 93- AR)
- xl) Para-6.7 (Page 93- AR)
- xli) Para-6.8 (Page 95- AR)
- xlii) Para-6.9 (Page 96- AR)
- xliii) Para-6.10 (Page 98- AR)
- xliv) Para-6.11 (Page 101- AR)
- xlv) Para-7.2 (Page 106- AR)
- xlvi) Para-7.4 (Page 107- AR)
- xlvii) Para-7.5 (Page 108- AR)
- xlviii) Para-8.3 (Page 114- AR)

PAC DIRECTIVE

The Public Accounts Committee (PAC) referred the above paras to DAC for further examination. However, The PAO was directed to hold fact-finding inquiry and submit report to PAC within one month. Follow-up action will be taken by the Implementation Committee.

AUDIT REPORT FOR THE YEAR 1991-92 **(INDIRECT TAXES)**

3.8 i) Para 2.1 (i) (Page 27-AR)

Non-realization of customs dues due to irregular exemption Rs. 820,722

Audit pointed out that Video Cassettes Magnetic Tapes failing under PCT headings 85.23 imported by an importer were cleared during June, 1990 to

August, 1990 without charging sales tax of Rs. 820,722. by the Assistant Collector Customs, Dry Port Lahore.

The PAO informed the Committee that the importer has been traced and recovery will be made.

ii) **Para 2.1 (iii)(Page 27-AR)**

Non-realization of customs dues due to irregular exemption Rs. 329,445

Audit pointed out that Video Cassettes Accessories imported by an importer were cleared during November, 1990 February, and June 1991 on payment of concessionary rate of custom duty @ 20% admissible to Vide Tapes under SRO 4611/88 dated 26th June, 1988 and free of sales tax by Deputy Collector Customs Port, Lahore. The omission resulted in non realization of government revenue of Rs. 329,445.

The PAO informed the Committee that he had directed the concerned officers to black list the same company and recover the said amount immediately.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the PAO to inquire into the matter and if any irregularity in the matter is found action should be taken against the persons responsible and report submitted to Audit/PAC within one month. The Public Accounts Committee (PAC) also directed the PAO to recover the amount within one month. Follow-up action will be taken by the Implementation Committee.

3.9 **Para 2.1 (d) (i)(Page 29-AR)**

Non realization of customs dues due to irregular exemption of Rs. 235,618

Audit pointed out that sales tax of Rs. 235,618 on clearance during July, 1990 to March, 1991 was neither demanded nor recovered by the Superintendent, Customs Station, Mand.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the PAO to inquire into the matter and if any malafide found, to take action against the person(s) involved and submit report to PAC within one month. The PAO was also directed to take all necessary measures for effecting recovery under report to Audit. Follow up action will be taken by the Implementation Committee.

3.10 **Para 2.1 (d) (ii)(Page 30-AR)**

Non realization of customs dues due to irregular exemption of Rs. 114,330.

Audit pointed out that sales tax of Rs. 114,330 on clearance of scrap during June, 1990 was neither demanded nor recovered by the Assistant Collector Customs Sunstor.

The PAO informed the Committee that recovery has been made.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the para for settlement subject to verification of the record/recovered amount by the Audit.

3.11 **Subject study report on deletion Programme** **Brief of Para**

Audit pointed out that to encourage indigenization, the Government extended incentives in the shape of extra ordinary concessions in duty and taxes on the raw material and components, as are not manufactured locally. These incentives/concessions were, however, contingent upon chalking out respective deletion programmes and achievement of targeted deletion. With a view to evaluate the cost of these tax concessions and achievement of intended benefit, Statutory Audit carried out a Study on

Deletion Programme during the Audit Year 1991-92. This study revealed observations having financial implication of Rs. 1390.417 million and besides a number of significant issues requiring attention of those who were responsible for the formulation and enforcement of the Deletion Policy.

The PAO informed the Committee that the reply was submitted to audit yesterday.

PAC DIRECTIVE

The Public Accounts Committee (PAC) Constituted an Inter Departmental Committee (IDC) under the convener ship of the DG Audit, representative from M/O Industry, Law & Justice, FBR & M/O Finance to look into the legal issues and other aspects of the deletion Programme highlighted in the study and to submit report to PAC within one month. Follow up action will be taken by the Implementation Committee.

3.12 **Para 7.1 (Page 137-AR)** **Defalcation by illegal removal of Bonded goods.**

Audit pointed out that defalcation of revenue of Rs. 257,665 millions was noticed in the bonded warehouses of M/s HMC, Taxila. The defalcation was due to continuous illegal removal of bonded imported goods without proper exbonding and payment of recoverable duty and taxes thereon in violation of Section 97 of the Customs Act. The irregularity remained in practice since 1987-88 to date and was not possible, without the connivance of the customs staff in whose custody the keys of the bond remained under Section 117 of the Customs Act, 1969. Over four hundred consignments appeared to have been illegally removed by the management.

The PAO informed the Public Accounts Committee (PAC) that amount of Rs 2 million per month was being recovered from HMC full recovery will be made.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the PAO to inquire into the matter, fix responsibility on the person(s) who allowed the illegal removal of bonded house, and recover the amount within one month. Under intimation to the PAC. Follow up action will be taken by the Implementation Committee.

Subject study on cement

3.13 **Para 1.6 (Page 179-AR)**

Irrational fixation of production capacity of cement units

Audit pointed out that according to rule 3 of the Excise Duty on Production Capacity (Cement) Rules, 1991 production capacity of the plant and machinery in each factory is required to be determined with reference to:-

- i) The manufacturer's declaration about the production capacity of the factory made to the government or to a bank or development financing institution in any form, and
- ii) The capacity ascertained by a Committee constituted by the Federal Board of Revenue for the purpose. Pursuant to above provisions, the CBR with the prior approval of the Federal Government, fixed annual taxable production capacity of various unit vide SRO 707 (1) 91 dated 4th August, 1991 effective from zero hour of that day. The study revealed that the fixation of taxable production capacity was not on rational basis.

The PAO informed the Public Accounts Committee (PAC) that capacity of cement units was determined keeping in view all the conditions, restrictions and limitations prescribed under law.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the para for settlement subject to verification of the record and stated facts of PAO by Audit.

3.14 **Para 1.7 (Page 183-AR)**
Clearance of clinker and cement without payment of Central Excise Duty Rs. 67,621,874

Audit pointed out that Cement produced or manufactured in a factory and not cleared there from on payment of Excise Duty before coming into force of the Excise duty on Production Capacity (Cement) Rules 1991 was liable to Central Excise Duty as provided in rule 8 thereof. Contrary to this, clinker or cement lying in stock on the zero hour of 4th August 1991 i.e. the day of coming into force the Rules ibid, was subsequently cleared from the factory (clinker was used in the factory to produce cement for subsequent clearance) on payment of sales tax but either to central excise Duty was not paid at all or paid short by certain units.

The PAO informed the Committee that an amount of Rs 28.559 million has been recovered from that cement factory. Recovery action in respect of Dadabhoy Cement has been initiated.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the PAO to recover the said amount within one month and recovered amount should be got verified from Audit., The Committee referred the para to DAC for further follow-up.

3.15 **Study report on Transit trade**

Audit pointed out that Pakistan entered into an agreement called the Afghan Transit Trade Agreement 1965 with Afghanistan for providing transit facilities to each other through their territories on mutually advantageous basis free of custom dues. This was, however subject to recovery of charges commensurate with the administrative expenses marred by traffic in transit or with the cost of services rendered. Due to growing complaints of abuse of this facility and flooding of our market with smuggled Afghan transit goods having an adverse impact upon our economy, a study on Afghan Transit Trade was carried out. It revealed issues/observations having financial implications of Rs. 755.45 million,

The PAO informed the Committee that most of the observation relate to Peshawar Collectorate and record needed verification from audit.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the PAO to inquire into the matter as to why the stores had not auctioned, fix responsibility and submit a report to Audit/PAC. Follow up action will be taken by the Implementation Committee.

MINISTRY OF FINANCE

1. Overview

Appropriation Accounts and Annual Audit Reports for the year 1991-1992 pertaining to the Ministry of Finance were taken up for examination by Public Accounts Committee (PAC) on July 1, 2009.

- 1.1 The PAC having considered Audit's point of view and explanations given by the Principal Accounting Officer (PAO), made its recommendations in number of cases..
- 1.2 During the course of discussion in the meeting, the Committee issued some directives, depending on the nature of the issue, directing the PAO to take appropriate action.
- 1.3 There was 14 grants and 47 paras and 3 Performance Evaluation Reports presented by Audit/AGPR. These Grants/ paras were initially examined by the Departmental Accounts Committee (DAC) and then discussed in the meeting of PAC. 41 paras were recommended for settlement by the Committee either on the basis of clarification given by the PAO or the corrective measures taken by the Ministry.
- 1.4 In some cases the Committee directed Audit to verify details/facts, given in certain cases, in Defence of the viewpoint presented by PAO.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I FOR THE YEAR 1991-92

- 2.1 i) Grant # 38-Finance Division
(Excess Rs 94,355,367/-)

AGPR pointed out that the excess was worked out to 79.07% of the total grant. A supplementary grant of Rs 5,040,000 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account, the excess was reduced to Rs 89,315,367 (74.82%).

ii) **Grant # 40-Superannuation Allowances and Pension**
(Charged) (saving Rs. 99,590,717)
(OTC) (excess Rs. 127,765,240)

AGPR pointed out that the charged saving worked out to 60.73% of the total grant, whereas, in OTC, excess worked out to 7.71% of the total grant.

iii) **Grant # 42-Other Expenditure of Finance Division**
(Excess Rs. 3,130,053,862/-)

AGPR pointed out that the excess worked out to 187.25% of the total grant. An amount of Rs 37,543,000 (2.25%) was surrendered increasing net excess to Rs 3,167,716,862 (189.50%). A supplementary grant of Rs 250,000,000 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account, the excess was reduced to Rs 2,917,716,862 (151.83%).

iv) **Grant # 140-Other Loans and Advances by the Federal Government**
(Saving Rs.572,813,734/-)

AGPR pointed out that the saving worked out to 22.58% of the total grant. An amount of Rs 338,984,712 (13.36%) was surrendered, leaving net saving of Rs 233,829,022 (9.22%). A supplementary grant of Rs 439,530,000 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account, the saving increased to Rs 673,359,022 (22.63%).

v) **Grant # 151-Development Expenditure of Finance Division**
(Saving Rs. 1,907,048/-)

AGPR pointed out that the saving worked out to 0.05% of the total grant. An amount of Rs 300,000,000 (8.82%) was surrendered resulting into an excess of Rs 298,092,952 (8.77%). A supplementary grant of Rs 1,506,000 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account the excess was reduced to Rs 296,586,952 (8.72%).

vi) **Grant # 185-Capital Outlay on Federal Investment**
(saving/excess Nil)

AGPR pointed out that the grant was utilized in full.

vii) **Grant # 186-Development Loans and advances by the Federal Government**
(Saving Nil (Charged))
Excess Rs.689,858,000/- (OTC)

AGPR pointed out that the charged appropriation was utilized in full, whereas in the other than-charged section, the grant closed with an excess of Rs. 689,858,000 on which works out to 8.12% of the total grant. An amount of Rs 6,832,000 (0.08%) was surrendered increasing net excess to Rs 696,690,000 (8.20%). A supplementary grant of Rs 696,690,000 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account, there is no excess/saving.

viii) **Services of Domestic Debt**
(Charged) excess Rs 1,321,355,109/-)

AGPR pointed out the appropriation closed with an excess of Rs 1,321,355,109 which worked out to 2.81% of the total grant. An amount of Rs 4,000,000 (0.08%) was surrendered increasing net excess to Rs 1,325,355,109 (2.82%).

ix) **Repayment of Domestic Debt**
(Charged)(Excess Rs 17,306,387,805)

AGPR pointed out that the appropriation closed with an excess of Rs 17,306,387,805 which worked out to 3.43% of the total appropriation.

x) **Audit**
(Charged)(excess Rs 71,610,325)

AGPR pointed out that the appropriation closed with an excess of Rs 71,610,325, which worked out to 18.78% of the total appropriation. A supplementary grant of Rs 306,000 (0.08%) was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account, the excess was reduced to Rs 71,114,379 ((18.68%).

PAC DIRECTIVE

On presentation of above grants by the AGPR, and after hearing the explanation of the PAO, the Committee recommended the savings/excesses of the Grants for regularize, subject to verification by Audit.

2.2 i) **Grant # 43-Grants in aid and Miscellaneous adjustments between the Federal and Provincial Governments**
(Saving/excess Nil) (Charged)
(Saving Rs. 72,969,000) (OTC)

AGPR pointed out that the charged appropriation was utilized in full, whereas in the other than-charged section, the grant closed with a saving of Rs 72,969,000 which worked out to 3.31% of the total grant.

ii) **Grant # 44-Grants and Subsidies to non Financial Institutions**
(Saving Rs. 282,328,870)

AGPR pointed out that the saving worked out to 10.44% of the total grant. An amount of Rs 190,487,000 (7.05%) was surrendered, increasing net saving to Rs 91,841,870 (3.39%).

PAC DIRECTIVE

On presentation of above grants by the AGPR, and after hearing the explanation of PAO, the Committee recommended grants for regularization subject to verification by AGPR.

iii) **Grant # 45-Subsidies and Miscellaneous Expenditure**
(Saving Rs.2,805,363,566/-)

AGPR pointed out that the saving worked out to 39.95% of the total grant. An amount of Rs 614,977,000 (8.75%) was surrendered, leaving net saving to Rs 2,190,386,566 (3.19%).

iv) **Grant # 139-Federal Miscellaneous Investment**
(saving Rs. 1,789,559,138)

AGPR pointed out that the saving worked out to 12.73% of the total grant. An amount of Rs 34,361,138 (0.24%) was surrendered, leaving net saving to Rs 1,755,198,000 (12.49%). A supplementary grant of Rs 64,100,000 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account, the saving increased to Rs 1,819,298,000 (12.89%).

PAC DIRECTIVE

On presentation of above two grants by the AGPR, and after hearing the explanation the Committee recommended grants for regularization subject to verification by AGPR.

AUDIT REPORT FOR THE YEAR 1991-92

3.1 **Para 2 (Page-42-AR-91-92)**
Un-authorized retention of excess cash

Audit pointed out that the National Savings Centers (NSC) of National Savings Directorate were retaining heavy daily cash balances beyond the authorized ceiling fixed by the Regional Directorate of Savings, Lahore.

The retention of excessive daily cash above the prescribed ceiling without the order of the competent authority and proper justification was a serious irregularity, exposing the government assets to security hazards. The retention of cash in excess was also a violation of Federal Treasury Rules and instructions of the Directorate.

The PAO informed the Committee that cash retention ceiling had since been rationalized.

PAC DIRECTIVE

The Sub-Committee recommended the para for settlement.

3.2 **Para 3 (Page-43-AR-91-92)**
Fraudulent Payment to an accounts holders Rs 0.300 million

Audit pointed out that in a Saving Centre, there was a balance of Rs 500 in the accounts of a client on 21st September, 1988. The client deposited a sum of Rs 33,500 on 21st September 1988 raising his balance to Rs 34,000. The accounts of the client were tampered with and fictitious balance of Rs 336,000 was shown. The client managed to withdraw an amount of 334,000 against the balance of 34,000. This resulted in fraudulent payment of Rs 300,000.

The PAO informed the Committee that the person found involved in this case viz: M/s Fayas Hussain, NSO, Yasin Nighat NSO and Jamshed Anjum, UDC were proceeded against under E&D Rules, 1973 by the department separately and they were awarded major penalty as under:

- i) Mr. Fayyaz Hussain, NSO(the then officer incharge) was did not participate in the proceedings and is absconding, This case was dealt with ex-part, it was awarded major penalty of dismissal from service.
- ii) Mrs. Yasmin Nighat, NSO 2nd Officer was awarded major penalty of reduction of two stages in her present time scale as provided for

in Rule 4(1) (b)(i) of the Government Servants (E&D) Rules 1973.

- iii) Mr. Jamshed Anjum, UDC was awarded a major penalty of reduction to the lower stage in time scale BPS-7, which will only be for a period of two years and shall not operate to postpone future increments.

As far as FIA's investigation/proceedings are concerned, M/s. Yasmeen Nihat, NSO, Jamshed Anjum, UDC and Fayyaz Hussain, Ex-NSO were tried in the court of Special Judge Central, Rawalpindi. The honourable court acquitted them of charges framed by FIA. The case for writing off the loss is under process.

PAC DIRECTIVE

The Sub-Committee directed the PAO to take action against the persons who were involved and recover the amount from the defaulters, with report to the PAC. The Committee also decided that the presence of FIA should be ensured in next meeting. Follow up action will be taken by the Implementation Committee.

3.3

- i) **Para 1-Page-42-AR-1991-92**
Misuse of public money on contingent expenditure out of professional cash
- ii) **Para 23-Page-51-AR-1991-92**
Suspected misappropriation of government money amounting to Rs 50,000
- iii) **Para 24-Page-51-AR-1991-92**
Non recovery of Income Tax amounting to Rs. 24,946 from suppliers
- iv) **Para 25-Page-52-AR-1991-92**
Defalcation of government money amounting to Rs 106,670
- v) **Para 26-Page-53-AR-1991-92**
Irregular purchases of pens valuing Rs 126,999 in violation of rules

PAC DIRECTIVE

On recommendation of the DAC and after hearing the explanation of the PAO, the Committee recommended the above five paras for settlement.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES VOL-III FOR THE YEAR 1991092

3.4

- i) **Para 142-(Page-112-113-ARPSE-91-92)**
Declined to entertain the State Audit.

Bankers Equity Limited

- ii) **Para 157-(Page-120-ARPSE-91-92)**
Audit Comments
- iii) **Para 158-(Page-121-ARPSE-91-92)**
Audit Comments
- iv) **Para 159-(Page-121-ARPSE-91-92)**
Audit Comments
- v) **Para 160-(Page-121-ARPSE-91-92)**
Audit Comments

Equity Participation Fund

- vi) **Para 161-(Page-122-ARPSE-91-92)**
Audit Comments
- vii) **Para 162-(Page-122-ARPSE-91-92)**
Audit Comments
- viii) **Para 163(Page-122-ARPSE-91-92)**
Audit Comments

House Building Finance Corporation

- ix) **Para 143(i)-(Page-113-ARPSE-91-92)**
Audit Comments
- x) **Para 176-(Page-128-ARPSE-91-92)**
Audit Comments
- xi) **Para 177-(Page-129-ARPSE-91-92)**
Audit Comments
- xii) **Para 178-(Page-129-ARPSE-91-92)**
Audit Comments
- xiii) **Para 179-(Page-129-ARPSE-91-92)**
Audit Comments

Industrial Development Bank of Pakistan

- xiv) **Para 180-(Page-130-ARPSE-91-92)**
Audit Comments
- xv) **Para 181-(Page-130-ARPSE-91-92)**
Audit Comments
- xvi) **Para 182-(Page-132-ARPSE-91-92)**
Audit Comments
- xvii) **Para 183-(Page-132-ARPSE-91-92)**
Audit Comments
- xviii) **Para 184-(Page-132-ARPSE-91-92)**
Audit Comments
- xix) **Para 185-(Page-133-ARPSE-91-92)**
Audit Comments
- xx) **Para 186-(Page-134-ARPSE-91-92)**
Audit Comments

Investment Corporation of Pakistan

- xxi) **Para 187-(Page-135-ARPSE-91-92)**
Audit Comments
- xxii) **Para 188-(Page-135-ARPSE-91-92)**
Audit Comments
- xxiii) **Para 189-(Page-136-ARPSE-91-92)**
Audit Comments
- xxiv) **Para 190-(Page-137-ARPSE-91-92)**
Audit Comments

National Development Finance Corporation

- xxv) **Para 191-(Page-139-ARPSE-91-92)**
Audit Comments
- xxvi) **Para 192-(Page-140-ARPSE-91-92)**
Audit Comments
- xxvii) **Para 193-(Page-140-ARPSE-91-92)**
Audit Comments

Pakistan Banking Council

- xxviii) **Para 194-(Page-141-ARPSE-91-92)**
Audit Comments
- xxix) **Para 195-(Page-142-ARPSE-91-92)**
Audit Comments

Pakistan Security Printing Corporation (Pvt) Limited

- xxx) **Para 196-(Page-143-ARPSE-91-92)**
Audit Comments
- xxxii) **Para 197-(Page-143-ARPSE-91-92)**
Audit Comments
- xxxiii) **Para 198-(Page-144-ARPSE-91-92)**
Audit Comments

State Bank of Pakistan

- xxxiiii) **Para 215-(Page-157-ARPSE-91-92)**
Audit Comments
- xxxv) **Para 216-(Page-158-ARPSE-91-92)**
Audit Comments

PAC DIRECTIVE

On presentation of the above paras by Audit, and after the Committee directed the PAO to implement the recommendations of DAC under report to Audit.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES FOR THE YEAR 1991-92

AGRICULTURE DEVELOPMENT BANK OF PAKISTAN

- 3.5 i) **Para 154 (Page-117-ARPSE)**
Loss of Rs.870.846 due to advancing loans against forged documents

Audit pointed out that in Khairpur Branch of ADBP, fake pass books were issued by Mukhtarkar, Khairpur and ADBP disbursed the loan Rs. 870.846 on the basis of forged documents during 1975 to 1980. The Management stated that the case was sub-judice but the relevant case file was not made available to Audit as it was stated to be with the Legal Advisor who was out of station. It is concluded that on the one hand, revenue authorities issued fake documents and subsequently officers of ADBP did not verify the accuracy of pass books with the regional records before sanctioning the loan, as required under the rules.

The PAO informed the Committee that 5 loan cases are lying pending with FIA Karachi, in which enquiry had not been finalized. Branch is pressing the FIA authorities for early decision. However cases bearing LC.No.036176 and 036198 had been closed after the defaulters availed the incentive available under Prime Minister's scheme. Efforts are being made for recovery in the remaining 3 cases.

ii) **Para 155 (Page-118-ARPSE)**

Fraudulent withdrawal of Rs 553,642 by an employee of the bank

Audit pointed out that in ADBP Manwala, an ex-Mobile Credit Officer committed fraud and forgery in six loan cases involving withdrawal of Rs 553,642 in connivance with the Halqa Patwari by presenting fake Pass Book in the bank. In a report of an officer of the ADBP(HQ), it had been held that negligence of the branch manager and operations officer in performance of their duties and entrusting full powers to MCO right from receipt of loan application to the disbursement of loan in total disregard of loan procedures had facilitated the fraudulent withdrawal of Rs 553.642 by the MCO. It was intimated that services of the main culprit has been terminated and case filed with the FIA.

The PAO informed the Committee that out of defaulted amount of Rs 553,642/ an amount of Rs 113643/ has already been recovered. Total outstanding amount of Rs 108747/ in LC No.018786 had been transferred to D.L.L, while remaining amount in other cases is still in default. The case is still pending with FIA. Services of Mr. Riaz Ahmed EAD (Ex-MCO) has already been terminated.

PAC DIRECTIVE

The Committee directed the PAO to inquire into the matter in detail, fix responsibility and take action against the persons at fault with a report to

PAC within one month. Follow up action will be taken by the implementation Committee.

Regional Development Finance Corporation

3.6. Para 207 (Page-149-ARPSE)

Loan to engineering concern Un recovered: outstanding Rs 1.448 million

Audit pointed that RDFC, Islamabad sanctioned a short term financial assistance of Rs 1 million to an engineering concern, M/s Rush Industries Limited, Abbottabad, in December 1985 against the hypothecation of stock of raw materials, work in process, finished goods, accounts receivables and equitable mortgage of the machinery and equipment worth Rs 1.2 million. The facility was valid for a period of six months from the initial date of release of funds but the period of repayment was enhanced from six months to one year by the management on the request of the party in October 1986. The amount was released to the party on July 5, 1986 and was required to be recovered by July 5, 1987. The party failed to repay the principal amount and markup. Only a small amount of Rs.176,075 on account of markup was repaid up to Feb.10, 1988. Therefore no recovery of loan was made, thus the recoverable amount stood at Rs 1,415,203 (principal Rs 1,000,000 plus markup Rs 415,203) as on July 31, 1988. Due to death of the MD of the Company in August 1988, the factory stood closed. The machinery is reportedly lying as scrap in the premises of the company and could be disposed of for Rs 200,000 only.

The PAO informed the Committee that the above stated aspects were checked thoroughly at the time of appraisal and to the satisfaction of the management. In view of borrower's attitude, legal action was initiated and a legal notice was served on the borrower on July 21, 1983. As a result of persistent recovery follow up, the borrower repaid further amount of Rs 0.573 million, thus recording recovery to the extent of Rs 0.749 million.

The Management later, filed recovery suit in Banking Tribunal, Abbotabad. On 14-5-1992 the court had decreed the case in favour of the Corporation. Subsequently execution proceeding were initiated in the court. The court passed order for the auction of the assets of the project to realize the outstanding dues. Auction was ordered twice but not finalized as the bids were below the desired level. The borrow has since died. All mortgaged securities have been disposed off. An amount of 577,075 has been realized. Recovery efforts are continuing. If these fail, case for writing off the outstanding amount will be initiated.

PAC DIRECTIVE

The Committee recommended the para for settlement subject to verification of the recovered amount by Audit, and approval of competent authority for writing off the outstanding dues.

3.7. Para 210 (Page-152-ARPSE)

Doubtful recovery of Rs 570,000/ from the loanee

Audit pointed out that the RDFC sanctioned a loan of Rs 400,000 to a loanee for setting up of Mangla Metal Cooperative Industries at Mirpur (AK) vide sanction letter dated Jan. 13, 1987. The loan was sanctioned against the entire project cost of Rs 904,200/-. An amount of Rs 400,000 including working capital loan of Rs 250,000/ was disbursed on March 17, 1987. The entire loan along with markup was required to be repaid up to Dec. 30, 1989. The loanee repaid an amount of Rs 71,946/ on account of markup up to Jun 25, 1987 and thereafter defaulted and the outstanding balance against him rose to Rs 453,341 (principal Rs 400,000 plus markup Rs 53,341) as on June 30, 1990. There has been no repayment of the loan after June 25, 1987 and the project stands closed since long as reported by the Operation Officer of the Corporation vide report dated April 12, 1989.

The chances of recovery of the outstanding appear to be remote as the project is presently non-operational.

The PAO informed the Committee that the borrower was unable to repay RDFC dues i.e. the amount disbursed along with markup accrued thereon as per the target dates specified by RDFC. As a result, the entire amount was recalled in April, 1989. The sponsors were advised to deposit the recalled amount by 31.5.89. The borrower failed to deposit the same. Subsequently, RDFC informed the members of the society who had also guaranteed the repayment to deposit the recalled amount, but no response was received. In the mean time the issue of repayment was discussed in the meeting of AJK facilities Board. The Chief Secretary, AJK promised to help in this regard. A suit was filed with Banking Tribunal Rawalpindi who decreed the case in favour of the Corporation. Now the decree is under execution. An amount of Rs 299,280/ has been realized. However, there is still outstanding balance of Rs 256,945/.

PAC DIRECTIVE

The Committee directed the PAO to pursue the case vigorously and to provide names of defaulters to Audit/PAC within one month. Follow up action will be taken by the Implementation Committee.

Federal Bank for Co-operative

- 3.7. **Para 166-(page-124-ARPSE)**
Audit Comments

PAC DIRECTIVE

On presentation of above para by Audit the Committee directed the Ministry to implement recommendation of the DAC under report to Audit.

**PERFORMANCE EVALUATION REPORT # 119 ON
AGRICULTURAL DEVELOPMENT BANK OF PAKISTAN (NOW
ZARAI TARAQIATI BANK LIMITED) FOR THE YEAR 1991-92**

PAC DIRECTIVE

On presentation of above report by Audit, the Committee decided that in view of its importance, the PAO should submit detailed expenditure/ briefing to the main PAC.

**PERFORMANCE EVALUATION REPORT # 127 ON PAKISTAN
SECURITY PRINTING CORPORATION FOR THE YEAR 1991-92**

PAC DIRECTIVE

On presentation of above report by Audit, the Committee directed the Ministry to discuss the same in the DAC and submit unresolved points if any to the PAC.

**PERFORMANCE EVALUATION REPORT # 124 ON SMALL
BUSINESS CORPORATION
FOR THE YEAR 1991-92**

PAC DIRECTIVE

On the recommendation of the DAC, the Committee recommended that matters relating to the above Performance Audit Report may be treated as settled.

MINISTRY OF FOOD, AGRICULTURE & LIVESTOCK

5. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1991-1992 pertaining to the Ministry of Food, Agriculture and Livestock were taken up for examination by the Public Accounts Committee (PAC) on 20th April, 2009.

- i) Audit Report on the Accounts of Federal Government (Civil) for the year 1991-1992, Audit year 2006-07.
- ii) Audit Report on the Accounts of Public Sector Enterprises for the year 1991-1992.

- 1.1 The PAC, having considered Audit's point of view as well as explanation given by the Principal Accounting Officer (PAO), made its recommendations in a number of cases involving irregular transfer of funds, loss due to defective planning, wasteful expenditure and blockage of public funds etc.
- 1.2 During the course of discussions in the meetings, the Committee issued some policy directives, depending on the nature of the issue, directing the PAO to take concrete actions.
- 1.3 There were 19 paras, one Performance Audit Report and 15 grants reported by Audit. These paras were initially examined by the Departmental Accounts Committee (DAC) and then were discussed in the meetings of PAC. 6 paras were recommended for settlement by the Committee either on the basis of clarifications given by the PAO or the corrective measures taken by the Ministry. The Committee gave direction on 13 paras the Committee directed the PAO to implement the DAC recommendations.

- 1.4 The Committee directed Audit to verify details/facts, given in certain cases, by the Ministry in Defence of their viewpoint.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL VOL-I, 1991-92)

- 2.1 i) **GRANT # 53- FOOD AND AGRICULTURE DIVISION**
(saving Rs.1,593,274)

AGPR pointed out that the grant closed with the saving of Rs. 1,593,274 which works out to 3.45% of the total grant. An amount of Rs. 27,186 was surrendered leaving net saving of Rs. 1,566,088 (3.39%). A supplementary grant of Rs. 1,718,000 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account, the saving shall be increased to Rs. 3,284,088 (6.87%).

The Department explained that surrender of Rs. 22,998/- was not taken by AGPR. After taking the effect of above variation, the saving shall be decreased to Rs.3,261,090/-

- ii) **GRANT # 55- FOREST**
(saving Rs.1,056,161)

AGPR pointed out that the grant closed with saving of Rs. 1,056,161 which works out to 5.88% of the total grant.

The Department explained that due to less booking of expenditure of Rs. 939,495/- and non-accountal of Rs. 115,000/- by AGPR, the amount of saving appeared so. After taking the effect of above, the amount of saving shall be decreased to Rs. 1,666/-

- iii) **GRANT # 56- PLANT PROTECTION MEASURES**
(excess Rs.10,053,280)

AGPR pointed out that the grant closed with an excess of Rs. 10,053,280 which works out to 19.33% of the grant.

The Department explained that supplementary grant of Rs. 119,461,000/- and surrender of Rs. 109,058,000/- has not been accounted for by AGPR. After taking the effect of above variation, the excess will be converted into saving of Rs. 349,720/- which works out to 0.20% of grant.

iv) **GRANT # 57- OTHER AGRICULTURAL SERVICES**
(excess Rs.2,482,222)

AGPR pointed out the excess of Rs. 2,482,222 which work out to 8.67% of the total grant. An amount of Rs. 3,655 was surrendered increasing excess to Rs. 2,485,877 (8.68%) A supplementary grant of Rs. 947,000 was sanctioned but not included in the supplementary of authorized expenditure. After taking it into account the excess shall be decreased to Rs. 1,538,877 (5.20%).

The Department explained that the excess occurred mainly due to revision of pay scales in 1991. (i.E on 01-06-91)

v) **GRANT # 59- ZOOLOGICAL SURVEY DEPARTMENT**
(excess Rs.294,169)

AGPR pointed out that the grant closed with an excess of Rs. 294,169 which works out to 11.63% of the total grant.

The Department explained that the excess occurred mainly due to revision of pay scales in 1991 (i.e on 01-06-91).

vi) **GRANT # 60- LIVESTOCK DIVISION**
(saving Rs.40,551)

AGPR pointed out that grant closed with saving of Rs. 40,551 which works out to 0.43% of the total grant.

The department explained that saving occurred du to non-purchase of vehicle by animal quarantine department.

vii) **GRANT # 61- FISHERIES**
(saving Rs.2,019,909)

AGPR pointed out that the grant closed with saving of Rs. 2,019,909 which works out to 23.18% of the total grant.

The department explained that this was not saving but it represented the TGS obtained under Demand No. 61- fisheries under Sub-Head 1260000 Economic Service Receipt 1261300- fisheries 1261301 fisheries Ordinary Receipt for adjustment of licence fee deposited by M/s Hussain Services Group. It has wrongly been included under this Head.

viii) **GRANT # 62- OTHER EXPENDITURE OF FOOD AND AGRICULTURE DIVISION**
(saving Rs.2,896,488)

AGPR pointed out that the grant closed with saving of Rs. 2,896,488 which works out to 24.11% of the total grant.

The department explained that due to less booking of expenditure of Rs. 2,665,880/- and non accountal of surrender of Rs. 30,000/- the saving appeared so. After taking the effect of above variation, saving will be decreased to Rs.200,638 (1.6%)

ix) **GRANT # 135- CAPITAL OUTLAY ON PURCHASE OF FERTILIZER**
(saving Rs. 2,112,054,984)

AGPR pointed out that the grant closed with saving of Rs. 2,112,054,984 which works out to 25.80% of the total grant. An amount of Rs. 869,432,000 (10.62%) was surrendered leaving net saving of Rs. 1,242,622,984 (15.18%).

The department explained that saving occurred mainly because of non-payments of contractual amounts desire 1991-92 and there were made in subsequent years.

x) **GRANT # 154- DEVELOPMENT EXPENDITURE OF FOOD AND AGRICULTURE DIVISION**
(saving Rs.374,956,552)

AGPR pointed out that the grant closed with saving of Rs. 374,956,552 which works out to 14.44% of the total grant. An amount of Rs. 323,923,315 (12.48%) was surrendered leaving net saving of Rs. 51,033,237 (1.96%).

The department explained that saving mainly occurred due to i) non-adjustment of Rs. 20,834,000/- with AGPR, and ii) wrong adjustment of Rs. 33,511,000/- by the State Bank of Pakistan (i.e in FY 1992-93)

xi) **GRANT # 156- DEVELOPMENT EXPENDITURE OF LIVESTOCK DIVISION**
(excess Rs.46,230,269)

AGPR pointed out that the grant closed with excess of Rs. 46,230,269 which works out to 47.44% of the total grant. An amount of Rs. 14,335,500 (14.71%) was surrendered increasing net excess to Rs. 60,565,769 (62.16%).

The department explained that the excess occurred due to payment to contractor M/S Mil & consultant on the presumption that Finance Division will provide additional funds in F.E as agreed by planning Division but the same could not happen.

xii) **GRANT # 188- CAPITAL OUTLAY ON FOOD STORAGE AND OTHER WORKS**
(saving Rs.49,405)

AGPR pointed out the saving of Rs. 49,405 which works out to 0.42% of the total grant. An amount of Rs. 48,308 (0.41%) was surrendered leaving net saving of Rs. 1,097.

xiii) **GRANT # 54- AGRICULTURE RESEARCH DIVISION**
(excess Rs.7,451,869)

AGPR pointed out the excess of Rs. 7,451,869 which works out to 5.54% of the total grant. A supplementary grant of Rs. 8,194,758 was sanctioned but not included in the supplementary grant of authorized expenditure. After taking it into account the excess shall be converted into saving of Rs. 742,889 (0.52%).

xiv) **GRANT # 155- DEVELOPMENT EXPENDITURE OF AGRICULTURE RESEARCH DIVISION**
(excess Rs.103,753,649)

AGPR pointed out the excess of Rs. 103,753,649 which works out to 159.13% of the total grant. An amount of Rs. 5,108,000 (7.83%) was surrendered increasing net excess to Rs. 108,861,649 (166.96%).

PAC DIRECTIVE

The Public Accounts Committee (PAC) expressed its grave concern over savings and excesses and directed the PAO to streamline the budgeting and financial system of the ministry and its attached/Sub-Ordinance departments should be strengthened and there should be zero saving/excess in future. However, all the excess/saving of the grants were recommended for regularization by the Public Accounts Committee (PAC).

2.2 i) **Grant # 58-Subsidy on wheat**
(other than Charged)
(Total grant Rs. 3,671,411,000 saving Rs. 1,610,077,773)

ii) **Grant # 134-Capital outlay on purchase of Foon**
(Other than Charged)
(Total grant Rs. 10,410,989,000 saving Rs.2,292,547,775)

Since, both the above mentioned Grants were of Departmental Accounts (i.e their management, utilization, etc. were done by the department itself), thus, these were presented by the departmental representative himself.

On Grant # 58 above, it was told to the Public Accounts Committee (PAC) that the entire saving was surrendered in time. Whereas, on Grant # 134, it was held that purchase of food relating to Directorate General of Food, Directorate of Accounts and Food Section Washington was included. The saving includes timely surrendered of Rs. 2,292, 486,145/-. After taking the affect of it into account, the saving comes to Rs. 61,630/-

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the saving in above mentioned the grants for regularization, however, directed the department to further strengthen the budgeting and accounting system so that no saving/excess is occurred in future.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL-VIII) FOR THE YEAR 1991-92)

Korangi Fisheries Harbour Authority

3.1 **(Paras # 217-218 (Page # 161-ARAE-vol.viii-1991-92)
Non-Submission of Accounts**

Audit pointed out that the management of korangi Fisheries Harbour Authority did not submit their Accounts for the years 1990-91 & 1991-92 by 15-01-1993, thus, the same have not been included in Audit report.

The PAO replied that this happened due to delay in appointment of chartered Accountants. However, the system has now been streamlined and all the Accounts are not being forwarded to Audit in time. He futher said that the matter was discussed by the DAC on 17-12-2004 and the above paras have been recommended for settlement.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the para for settlement.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES FOR THE YEAR 1991-92

3.2 Para- # 222 (Page-162-AR1991-92)

Non-recovery of Rs. 7.649 million on account of credit sale of pesticide

Audit pointed out that in Pakistan Agricultural Storage and Services Corporation Ltd. Pesticides valuing Rs. 7,649,832 were sold to M/s Iqbal & Co. Multan against to agreement executed with the company on August 31, 1987 and October 18,1987. As per terms of agreement the dealer was required to give cheque in favour of PASSCO field a suit for recovery of its dues. The case Rs. 2,580,000 but these were dishonored. PASSCo field a suit for recovery of its dues. The case was decided ex-part in Labour of PASSCO on March 17,1991 by no recovery has been made as yet as the whereabouts of the defaulter could no be traced out. The irregularity leading to non-recovery due to defective agreements executed without cash security of bank guarantee was brought to the notice of management in July 1991. It was gathered that filing of execution petition was pending for want of certain information, i.e whereabouts of the defaulters and details of defaulter's property. The action of the management was not plausible inasmuch as no concrete efforts were made towards recovery of PASSCO dues.

The PAO informed the Public Accounts Committee (PAC) that as a result of enquiry, Hafiz Abdul Qayyum the then General Manager (Pesticide), PASSCO- was held responsible for defective agreement. He has been retired from service and no action is possible against him. Regarding Civil suit against Iqbal & Co, the court decided the case in favour of PASSCO court decided the case in favour of PASSCO on 17.03.1991. Mr. Iqbal and

Mr. Naveed Ali Shah, who has provided the guarantee for the credit sale of pesticide and was also arrested and presented before the court and later on released on bail, had filed appeal against order dated 17.03.1991, which was dismissed on 28.04.1999. Warrant of Quirki accused, the execution petition has since been filed in the court of addition District Judge, Lahore. He also said that the matter was discussed by DAC on 27-12-2004, wherein, it was decided that updated replies will be placed before the PAC/Public Accounts Committee (PAC) .

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the PAO to pursue the court case vigorously and take all possible steps for early realization of recovery under report to Audit.

AUDIT REPORT ON ACCOUNT (FEDERAL GOVERNMENT FOR THE YEAR 1991-92)

3.3 Para # 4 (Page # 56 AR-1991-92)

Loss to government due to non-imposition of penalty on a supplier - Rs. 8.498 million

Audit pointed out that a contract for supply of irrigation equipment valuing Rs. 8,498,146 was signed with M/S Rainbow Irrigation System Georgia, U.S.A, on 1st November, 1988. Letter of credit became operative on 30th April, 1989 under Clause-VII of the contract agreement the delivery of goods was to be completed within ninety (90) days of the opening of Letter of Credit (L.C) .i.e 30th July 1989.

The supplies were, however, delivered in November, 1989. No reasons were recorded for late supply of equipment; un-due favour was given to the contractor as un-imposed penalty amounting to Rs. 849,814@ 10% of the total value of contract. The irregularity was brought to the notice of the local office on 30th June, 1992. In reply, it was stated that shipment was

delayed due to late opening of L.C. The supplier was further advised not to deliver the supplies in July and August because of moon soon rains as it was not possible to make operative costly equipment in rainy season. The plea was not tenable as the contract agreement dated 1st November, 1988 was concluded keeping in view all the requirements leading to the deal.

The PAO informed the Public Accounts Committee (PAC) that a contract for supply of irrigation equipment costing to Rs. 8,498,146.32 (US\$ 452,947) was signed on 1.11.1988 between M/s. Rainbow Irrigation System USA and Ministry of Food and Agriculture (Federal Water Management Cell) Islamabad. According to agreement section VII, the delivery of these equipment was to be completed within 90 days of the opening of L.C. The L.C became operative w.e.f 30-04-1989 and as such the supply of the equipment was to be completed upto 30-7-1989. To avoid any loss likely to be caused to the costly equipment due to its installation in rainy seasons, this office advised M/s. Rainbow Irrigation Systems USA to deliver the equipment in September and October, 1989 instead of July, 1989 on Phone followed by a written advice. Therefore, the supplier was not defaulter and question of imposition of penalty on supplier does not arise.

The PAO also informed that the matter was discussed by the DAC on 11-10-2006 wherein it was decided that the department would provide to Audit the written advice issued to supplier by the Department.

PAC DIRECTIVE

The Public Accounts Committee (PAC) after detailed discussion, directed the Ministry to provide documentary evidence regarding delivery of equipment in October 1989 instead of scheduled delivery time i.e in July 1989, to Audit for verification, the Public Accounts Committee (PAC)

also directed that the Para will be considered settled on satisfaction of Audit.

3.4 **Para # 7 (Page # 58 AR-1991-92)**

Irregular Payment of electricity charges out of public funded in respect of residence Rs. 0.114 million.

Audit pointed out that in an organization, payment of utilities such as electricity charges in respect of residential accommodation of the Chairman, amounting to Rs. 114525/- were paid out of public funds. The charges relating to the period from April 1987 to December 1989 were paid in violation of terms and conditions of the appointment of the Chairman. It was stated by the local office that payment of utilities was being made since prior to establishment of office in 1984 and the matter was under investigation.

The PAO informed the Public Accounts Committee (PAC) that Dr. Amir Muhammad was appointed as Chairman, PARC vide Establishment Division's Notification No. 10/8/78-A-I, dated 8th July, 1978. Later on vide Notification No. F.2-1/71-EIII (ARC) PT-III, dated 21st October, 1978, the pay scale and other terms and conditions were notified by the Ministry of Food and Agriculture, Govt, of Pakistan, Islamabad. In this letter Dr. Amir Muhammad was provided rent free furnished accommodation of a rental ceiling not exceeding Rs. 2500/- per month and furniture valuing not more than Rs. 20,000/- in the same letter, he was provided other allowances and fringe benefits as admissible to Grade-22 officer, It is submitted for information that prior to this appointment Dr. Amir was SAPM in the Cabinet of late President General Zia-ul-Haq with the status of State Minister. Immediate after the appointment of Dr. Amir Muhammad, the Government of Pakistan decided to organize agriculture as a whole, specially the Research system and for the purpose, an ordinance was issued. President's The Orders were promulgated on 29th

December, 1981 forming the Pakistan Agricultural Research Council. Every thing including the functions and power of the Council has been provided in this ordinance. The over all control of the Council has been entrusted to Board of Governors. Federal Minister Incharge of the Ministry dealing with agriculture shall be the President of the Board. Similarly for the management of the Council, an Executive committee consisting of the Chairman and the whole time members has also been provided in the ordinance. Under Chapter-IV of the Ordinance in Para 8 (ii) it has very clearly been mentioned that subject to the provisions of this ordinance and the rules and regulations and the General or special directions of the Board, the Executive Committee shall be the principal administrative body of the Council responsible for executing all policies and discharging all functions of the Council under this ordinance.

The PAO further informed that the matter of payment of utility bills was also cleared and approved by the Executive Committee of the department in its meeting held on 28-03-1996. He also said that the audit para in question was discussed by the DAC on 11-10-2006, wherein, it was decided that the expenditure will be got written off from M/O Finance.

PAC DIRECTIVE

The Public Accounts Committee (PAC) took note of the state of affairs of PARC and directed the management to avoid recurrence of such practice in future. Apart from that, the management was also directed by the Public Accounts Committee (PAC) to provide to Audit the documentary evidence of the of written off the expenditure and Audit Para will be considered settled on satisfaction of Audit.

3.5 **Para # 8 (Page # 58 AR-1991-92)**

Irregular use of vehicle by the Minister Rs. 99,722/-

Audit pointed out that under Minister/Minister of State salary and Privilege Act, 1976, a Minister is entitled to use only one vehicle. In disregard to the provisions of the above Act, an Ex-Minister of Food and Agriculture also used vehicles of an organization during 1st August 1989 to 19th August, 1990. The vehicles covered a total distance of 66481 K.M. The charges amounting to Rs. 99,722 @ Rs. 1.50 per K.M were not deposited into Government Treasury.

The PAO informed the Public Accounts Committee (PAC) that efforts were under way to get recovered the expenditure in question from ex-Ministers.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the Management to gear up its efforts for affecting recovery from said ex-minister. In case of failure, ex-post facto approval for written off/regularization of the expenditure be obtained from the competent authority under report to Audit. However, this should not be quoted as precedent in future and non-recurrence of this should be ensured for future. The Para will be considered settled on satisfaction by Audit.

3.6 **Para # 9 (Page # 58 AR-1991-92)**

Extra expenditure of Rs. 6.2 million due to placement of stevedoring and handling contracts for the year 1990-91).

Audit pointed out that Food department placed contracts for stevedoring and handling of imported wheat at Port Qasim to three firms at uniform rate for two items of work viz., stevedoring and handling for the year 1990-91. The department did not consider the lowest rates offered for each

item of work separately and allowed the firm to increase the lowest rate of stevedoring and reduce the lowest rate of handling which overall increased the rate of handling and stevedoring from 97.60 PMT to Rs. 103.80 PMT causing extra expenditure of Rs. 6.2 million.

The irregularity was reported to the Ministry/Department in August, 1992 but no reply has been received. In view of heavy financial implication involved the loss needs to be investigated at appropriate level for fixing responsibility, and taking remedial action for avoiding recurrence of such irregularities in future.

The PAO informed the Public Accounts Committee (PAC) that the Contention of Audit Department that the lowest rates offered for each item of work should have been accepted is not based on a correct, appreciation of the nature of task involved. For appointment as Cargo Handling Contract for stevedoring/discharging of bulk bagged wheat, clearance, bagging and handling of wheat were called for from firm who were on approved panel/list of PQA. Nine firms participated in the tender opened on 2-9-1990. The lowest rates received were Rs. 121.98 from M/s. Delta Arks services (Rs.98.40 for stevedoring and Rs. 23.58 for handling) M/s. Khan Brothers and Nafees Ahmed and Associates were declared as non responsive. Bidders were asked to revise their bids being highest as compared to the previous tender. The responsive bidders accordingly revised their bids to 118.00 PMT (Rs. 97.60 for stevedoring the Rs. 20.40 for handling).

The bidders were called for by the Tender Committee on 20-9-1990 to carry out further negotiations. The lowest bids then received from M/s. Gokal Shipping Co. were Rs. 104.90 PMT (Rs. 85.10 for stevedoring and Rs. 19.80 for handling) and after further negotiations the firms further revised/reduced to Rs. 103.80. The Tender committee after considering all

the pros and cons, recommended for award of contract for stevedoring/handling of wheat at Port Qasim Authority @ Rs. 103.80 PMT to M/s. Gokal Shipping Cop. M/s. Delta Cargo Arks Services and M/s. International Cargo Handling co. which was approved by the competent authority.

Since it was not possible to accept the lowest rates of stevedoring charges i.e Rs. 85.10 and handling charges @ of Rs. 11.80 PMT of M/s. Gokal Shipping Crop. Quoted earlier and lowest rates of M/s. International Cargo Handling Co, the Tender Committee made efforts to bring down these rates from Rs. 6.2 million as calculated by the Audit Department.

The PAO further informed that the DAC in its meeting held on 11-10-2006 discussed the matter in detail and the Committee was found that the lowest rates for both the items (stevedoring and for handling) were Rs. 121.98 P.M.T which b negotiations reduced upto Rs. 103.80 P.M.T. Thus, the department made overall saving of Rs. 18.00 million.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the Para for settlement subject to verification of documentary evidences of all the stated facts of the PAO, by Audit.

3.7 Para # 10 (Page # 59 ARFG-1991-92)

Loss due to fraudulent drawl of payment against forged shipping documents US \$ 801,361 (PAK Rs. 17,0010,170).

Audit pointed out that a contract was placed on M/s. Queensgate Trading Co. London registered at Netherlands for the supply of Rs. 25,000 M/Tons Fertilizer by September, 1983 against world wide tender enquiry of June, 1983. The Contract was signed by the Local agent. The requisite certificate for submission of tender by the local agent of behalf of the

company was issued by their liaison officer at London which was apparently doubtful as a liaison officer of a company does not inherit any power to authorize a local Agent for signing the tender/contract unless specifically authorized by the Principle. This aspect was not verified at the time of awarding the contract, which was in violation of provision of purchase manual. The supplier submitted the forged shipping documents in November, 1983 and obtained full payment of the cost of 23,923 M/Tons Fertilizer amounting to US \$ 4,74, 434 without actual shipment. The firm later on This resulted in an overpayment of Us \$ 1,183,310.37. A total loss of Us \$ 1,984, 765 was worked out by the Department against which a sum of US \$ 1,183,434.00 was recovered from the supplier leaving a balance of US \$ 801, 361 which still remained un-recovered.

The PAO informed the Sub- Committee that It is correct that contract No. FDFI-2026-Proc-F/3 dated 7-8-1983 was concluded with M/s Queensgate Trading Company N. V. London (Local Agent M/S Agro Chemical Limited, Karachi) for supply of 25,000+5% ton, of DAP (Bulk with bags) fertilizer @ US \$ 199.50 per ton C& F (FO) Karachi. HeFurther held that the Audit observation that M/s Agro Chemicals (Pvt) Ltd. Karachi, was not an authorized agent of M/O Queensgate trading company (N.VI was not correct as all the requirements of laid down procedure were duly fulfilled by M/s Agro Chamicals. He also over-ruled Audits observation regarding non-submission of manufacturer's certificate saying that the Manufacturer's Certificate' required to be furnished by the successful tendered after issuance of letter of Intent, was directly telexed to this office on 3-8-1983 as roell as to Local Agent (i.e M/s Agro Chamicals) on 8-8-1983 respectively Beer Industries Corp USA following the requirement of Tender Enquiry. However, he agreed hat foreign supplies and their local agents supplied only 18, 000.620 tons of fertilizers valuing US\$ 3,591,123.63 and received payment for full quantity of 23,932 tons amounting to Us \$ 4,774,434 from M/s Habib Bank Ltd. London, against

forged shipping documents. Therefore, in order to safeguard the Govt. interest, following steps were taken:

- i) Performance Bond of the supplies amounting to US \$ 250,000 was encashed.
- ii) Recoveries of money were made from the suppliers to extent of us \$ 877,080 to minimize the loss.
- iii) Both M/s queengate and Agro Chemicals were blocklisted.
- iv) FIA was requested to investigate the case and subsequently they did.
- v) Following the advice of Law Division, the case regarding filing of civil audit against the firm was referred to solicitors at London and Karachi, respectively, by M/O Food and Agriculture but the solicitors opined that pursuing the matter against queensgate either in UK or elsewhere will be an exercise in utility and wastage of time/money. However, if Agro Chemical is still alien and working, then the company and its Directors can be brought before the court in Pakistan for criminal offences.

The PAO also apprised the Public Accounts Committee (PAC) that the matter was discussed thread bare by the DAC in its meeting held on 11-01-2006 and the FID (D) was directed to get verified the recovery mad so far in this case from the Audit Department, whereas, balance irrecoverable amount may be got written off from the competent authority.

PAC DIRECTIVE

The Public Accounts Committee (PAC) endorsed the DAC's decision and directed for implementation of the same under report to Audit Department. However , the department was directed to insure as to whether the above-mentioned block listed companies were not working with it in other names and due diligence and utmost care is done while handling with such operation in future so that such lapses/negligence do not occur again. The

Public Accounts Committee (PAC) also directed that the Para will be considered settled on satisfaction of Audit.

3.8 **Para # 11 (Page # 60 ARFG-1991-92)**

Extra expenditure of Rs. 43.94 million (Rs. 48.949 million) due to delayed sale of urea fertilizer

Audit pointed out that Fertilizer Import Department (FID) imported 182,893 tone of Urea in 1987-88 out of which 42,000 ton (22.96%) purchased in excess was shifted to hired godowns due to lack of demand. Out of the stored quantity of 30,000 tones fertilizer received in November and December, 1987 was not dispatched to the consignees and remained stored for about two years resulting in extra expenditure on godown rent and interest charges on borrowed funds in excess of the cost of fertilizer kept therein. The balance quantity of 12,000 tons fertilizer was sold in August, September and October, 1989. Due to prolonged storage for about two years, the condition of fertilizer deteriorated and as a result of refusal of the purchasing agencies to lift this fertilizer at normal price, the same was sold at a concessional price. The terms of delivery were also changed from ex-godown Karachi to delivery at consignee's destination. This caused additional expenditure of Rs. 8.38 million on account of transportation charges.

The PAO informed the Public Accounts Committee (PAC) that the lower rate transfer price of Rs. 2440.00 per ton of Urea to the private sector Distributing Agencies was originally fixed in a meeting held on 1-9-1987 under the chairman-ship of the then SAPM of Food & Agriculture. The minutes of the aforesaid meeting were circulated under Ministry of Food & Agriculture's letter No. F.4-63/86- Fert dated 10-9-1987. As a result of non-fulfillment of their shares of Urea by M/s EXXON, NFML & NFC, a quantity of 30,000 tones could not be dispatched. FID tried to prevail upon the aforesaid distributing Agencies, but they did not lift. Thus, there as no

alternative but to shift the left our quantity to the hired godowns in Karachi as there was no proper storage facility available at the port. This carried approval of the Ministry of Food & Agriculture vide letter No. F.10-12/78-F. Accounts dated 28-9-1987.

The PAO also apprised the Public Accounts Committee (PAC) that an enquiry into the alleged loss was conducted by Mr. A.W Kazi, the then addl. Secretary, MINFAL who in his report, classified the ambiguity leading to audit observation and recommended Audit for dropping their Para. He further said that the matter was discussed by the DAC on 11-10-2006.

PAC DIRECTIVE

The Public Accounts Committee (PAC) expressed its concern over excessive procurement, storage for two years which caused loss to Govt. for payment of interest on borrowed Funds, go down charges, transportation, etc. and termed it a culpable negligence by the authorities. Therefore, the Public Accounts Committee (PAC) directed the PAO department to streamline their system for making such procurements so that such an incident/negligence do not occur in future. However, the para was recommended for settlement. Subject with condition that the same is not quoted as procedure in future.

3.9 **Para # 12 (Page # 61 ARFG-1991-92)**
Loss of Rs. 7.689 million due to un-necessary storage of imported fertilizer, its re standardization and storages

Audit pointed out that the fertilizer Import Department imported a consignment of 30,087 tons DAP fertilizer in bulk in February, 1990. The cargo was received in sound condition and clean Inspection-cum Receipt Certificate was issued in July, 1990 to the supplier. 18,267 tones out of this consignment was dispatched to the distributing agencies and the

remaining 11,820 tons was shifted to hired godowns. The Department took 16 months in dispatching the quantity in small batches up to June, 1991. In the meantime, import and dispatch of the same type of fertilizer was also continued and a total quantity of 524.425 tons was imported during the intervening period of March, 1990 to May, 1991. this un-necessary storage of balance quantity caused losses/extra expenditure on wages of chokidars and tally clerks, etc

The PAO informed the Public Accounts Committee (PAC) that the before going into details, it is clarified that Fertilizer Import Department (FID) is neither designed nor desirous to maintain fertilizer stores, whenever, the stores had to be maintained, during the past, the main objective was to save vessel (s) from going into the demurrage. FID had to hire god owns and store fertilizer under highly compelling circumstances. In the instant case, the Executive Committee of the Cabinet (ECC) in its meeting held on 26-2-1990 decided that discharge and dispatch of Urea should be given first priority. Consequently, on pressure from KPT and NLC, the dispatches of DAP fertilizer had to be discontinued and a portion of cargo of “Moslake” (11,820 tones of DAP) had to be taken to go downs.

The PAO further said that the matter was discussed in detail by the DAC on 11-10-2006 which directed FID’s management to provide all the stated facts alongwith documentary evidences to Audit for verification.

PAC DIRECTIVE

The Public Accounts Committee (PAC) endorsed the DAC’s decision and directed the management to provide all the documents/ record to Audit for verification and directed that the para will be considered settled on satisfaction of Audit.

3.10 **Para # 14 (Page # 63 AR-1991-92)**
Non-recovery of demurrage charges Us \$ 26,333.33

Audit pointed out that in case of procurement of wheat by the Director General, Food, three vessels arrived at Karachi Port in March and April, 1989. Demurrage amounting to us\$ 26,333.33 was paid as follows due to slow rate of discharge by the cargo handling contractors.

| S. # | Name of Ship | Date of Arrival | Amount of Demurrage |
|-------------|---------------------|------------------------|----------------------------|
| 1 | M.V Capt. Micheal | 18-4-1989 | 4,141.67 |
| 2 | M.V Agro Traders | 21-3-1989 | 15,569.44 |
| 3 | M.V Teaschorn | 5-4-1989 | 6,622.22 |
| | | | Total: 26,333.33 |

Under Chance 2 (viii) of the contract, the contractor was liable to pay for any amount of demurrage incurred due to his fault but no recovery was made.

The PAO informed the Public Accounts Committee (PAC) that the vessels had brought wheat under Aid from Japan. The vessels were chartered by the Embassy of Pakistan, Washington on dispatch/demurrage terms @ US \$ 4000/2000 per day. The discharge rate was fixed 3000 MT FWWD. But the CHC remained un-successful in meeting with its contractual obligation. He further said that PQQ was accordingly informed about the position that the PQA/CHC was responsible for payment of demurrage changes b/w MINFAL and PQA/CHL and held that they were assured that keeping in view the un-usually large number of vessels handled shifted from one berth to another, the issue of demurrage will be considered sympathetically. The PAO also apprised that the matter was discussed by the DAC on 11-10-2006 but no outcome could arise and para was left for decision by the PAC.

PAC DIRECTIVE

The Public Accounts Committee (PAC) after detailed discussion, directed the PAO to hold an enquiry into the matter, fix responsibility against the concerned responsible and submit report to Audit/PAC in two months.

3.11 **Para # 15 (Page # 63 ARFG-1991-92)**

Non-recovery of cost of fertilizer supplied to private agency Rs. 15, 527, 600 plus interest Rs. 11,847,322.

Audit pointed out that during 1987-88, the Fertilizer Import Department supplied 28,232 M/Tons of Urea Fertilizer from Karachi Port to a private company on credit. This was against para 4-A of the accounting procedure, which provided either payment before taking delivery or payment through letter of credit opened by the company in a local bank in favour of the Department. The Department sent bills to the company during Nov. 1987 to May, 1988 to pay cost of fertilizer at an approved rate of Rs. 2,440 per ton but the Company made payment @ Rs. 1,890 per ton and the balance amount of Rs. 15,527,600 was not recovered. The case has been regularly pursued by audit with the Department since 1989 but no effective steps have been taken to make the recovery. The department during the past four and half year have incurred additional expenditure on payment of mark-up of Rs. 11,847,322 on the corresponding amount of loan taken from the bank to finance the state Trading Scheme of Fertilizer.

The PAO informed the Public Accounts Committee (PAC) that the entire amount of Rs. 15,527,600 has been recovered. An amount of Rs. 4,202,945 was paid by Ministry of Industries vide their sanction No. P & M - 7(20)/87 dated 27th June, 1993 and AGPR's authority No. A-IV/InD/Aiuth/92-93/2284-92 dated 29th June, 1993. Payment of Rs. 11,324,655 was made by Fauji Fertilizer Company vide Habib Bank's Pay

Order No. 569045 dated 26th April, 1995. He further apprised that the matter was discussed by the DAC on 11-10-2006 and all the stated facts were placed before them and subsequently DAC recommended the para for settlement subject to verification by Audit.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the management to provide to Audit all the record pertaining to recovered amount as well as recovery by interest amounting to Rs. 11,324,655/- to Audit for verification. The Para will be considered settled on satisfaction of Audit.

3.12 Para # 16 (Page # 64 ARFG-1991-92)

Loss of Rs. 4.23 million due to destruction by fire of gunny bales..

Audit pointed out that a quantity of 748 Gunny Bales belonging to the office of D.G Food valuing Rs. 4.23 million was destroyed due to fire at Port Qasim on 19th January, 1989 while in the custody of a Cargo Handling Contractor. The burnt bales were disposed off through auction for Rs. 505,798 causing a net loss of Contractor. The burnt bales were disposed off through auction for Rs. 505,798 causing a net loss of Rs. 3.74 million which remained un-recovered. Audit took-up the case with the Ministry in October, 1989. The department informed in August, 1990 that an enquiry was held in this case in February, 1989 and the inquiry report could not apportion responsibility and recommended to write off the loss. A punitive penalty of Rs. 50,000 was imposed on Cargo Handling Contractor which was recovered. The reply of the Ministry was not acceptable because the recommendations of the inquiry report were not conformity with its findings. The inquiry committee in Paras 6,7 and 8 pointed out as per clause No. 5.2 (xii) of the contract agreement between Port Qasim Authority and the Cargo Handling Contractor the latter was responsible and liable in all respects for the safety and security of cargo.

The committee also held that the Director General of Food, and Port Qasim were responsible for the loss occurred. Further as per clause 29.1 of the agreement the Cargo Handling Contractor was required to have adequate insurance cover for the premises and its contents but the needful was also not done. The Director General Food also failed to discharge the responsibility of proper supervision and insurance of proper storage. The enquiry committee in their recommendations also desired to censure the DG Food and Port Qasim as a penalty on their part for the loss attributed to them but no action appears to be taken by the competent authority.

The PAO informed the Public Accounts Committee (PAC) that as regards a punital penalty of Rs. 50,000 it is stated that as recommended by the E/O, the recovery has been made from the CHC. As regard Audit suggestion that the case be re-investigated for fixing of responsibility and recovery of amount from parties at fault it is submitted that on the recommended enquiry conducted by commodore Qaiser Mohammad (Tachnical) PQA and Mr. Khalid Ahmed, DG/FID, Lahore, an administrative punitive penalty of Rs. 50,000/- was imposed on CHC M/s Delta Arks Services which has been recovered. He further held that the matter was discussed by the DAC on 11-10-2006 which has recommended the Para for settlement subject to verification of recovery and stated facts by Audit.

PAC DIRECTIVE

The Public Accounts Committee (PAC) endorsed the DAC's decision and recommended the para for settlement subject to verification of all the started facts by Audit.

3.13 Para # 17 (Page # 65 ARFG-1991-92)

Loss due to extra-expenditure on purchase of fertilizer \$ 3.906 million and non-recovery of liquidated damages \$ 663,000.

Audit pointed out that a short-dated Tender Enquiry for import of 200,000 M/Tons DAP bulk fertilizer under barter was floated by the Fertilizer Import Department on 14th November, 1989 for Rabi Crop. Offers were invited on FOB as well as C&F basis for shipment by 15th December, 1989. After negotiations, the Tender committee decided on 2nd December, 1989 to purchase 200,000 M/Tons DAP from Two firms @ \$165.75 FOB (150,000 and 50,000 tons) and the letter of intent was accordingly issued on 14th December, 1989. Keeping in view the stock position the purchase of fertilizer was un-Necessary as enough quantity had already been mobilized for Rabi Crop. Due to short notice for the tender the contract price of fertilizer was at higher rate of \$ 211.25 per ton C&F (\$ 3,906,000 was incurred which was loss to the Government.

Due to lack of planning foreign exchange allocation and shipping arrangements were not timely made in respect of the purchase of 15,000 tons fertilizer from one of the firms and the signing of contract was delayed upto 21st February, 1990. Consequently, the shipment schedule was also revised to March, April and May, 1990 in lots of 50,000M/Tons each instead of the original stipulation of 15th December, 1989 in the tender enquiry. This indicated that incurrence of expenditure by way of short dated tender was un-necessary.

The Contractor did not keep the shipment schedule although PNSC had mobilized the ships for March, 1990 shipment and this date of shipment was extended to June, 1990. The shipments were, thus, delayed for 6 months but liquidated damages amounting to US\$ 663,000 for belated shipment were not imposed and recovered from the firm by the Department which was irregular, un-justified and against the financial interest of the Government.

The Case was taken up with the Ministry in November, 1990 who stated in April, 1992 that the shipment was deliberately deferred because the requirement of fertilizer for RABI crop had already been met and the DAP purchased in this deal was to be used for KHARIF, 1990. The Ministry further stated that liquidated damages were not imposed because at the time of shipment the fertilizer rates had increased. The reply of the Ministry was not acceptable as due to un-planned purchase excess expenditure was incurred which could have been recovered partly if not by fully by way of liquidated damages for belated supplies.

As the case involves defective planning and consequential financial repercussions the same needs to be investigated for:-

1. Justification of floating the short dated tender;
2. defective planning and coordination in the phase and shipping arrangement and consequent blockade of funds'
3. incurrence of extra expenditure and non-imposition of liquidated damages
4. fixation of responsibility' and
5. suggesting remedial action for avoidance of such irregularities in future.

The PAO inform the Public Accounts Committee (PAC) that he reasons for making purchase of 200,000 (+5%) tones of DAP fertilizer against Tender Enquiry meeting held on 28-11-1989.

“Mr. Sajid Hussaing, Deputy Secretary (Finance Division) was of the view that excessive stocks of DAP had been arranged for RABI 1989-90. Chairman agreed that immediate requirements of DAP for RABI have been met but in view of the earlier mishap with shipments under World Bank and Asian Bank Loans, are more important keeping in view the extra

demand putting by the Government of Punjab and to a lesser extent Government of Sindh, risk cannot be taken. However, he would go along with the view that shipment schedule of current tender may be pushed back. But we should go ahead with purchase of full quantity as current DAP prices were on low side.

Mr. Tahir Saleem stated that in last 10 years only once, for a few months in 1986, international DAP prices were below present levels. Thus there was every chance that prices would go up. The latest telexes also indicated a very slight up-ward price trend. Accordingly he was of the view that purchases may be made at this low rates, and stock position of DAP secured for coming seasons”

The presumption that prices in the tender enquiry in question, under barter, were higher because of short-dated tender is not correct. In fact the reason for higher prices was that the purchase was made under barter trade arrangements because funds were not available under any other sources (cash, loan etc). Prices under barter are always higher. Therefore, it is not fair to compare barter prices with cash prices and to calculate any so-called “loss” on that basis.

It may be appreciated that the purchase was finalized at a price of US\$ 165.75 pr ton FOB which included about \$ 10-12 per ton as barter mark up. When the shipment took place in April-June 1990, the price of DAP in the international market had risen considerably. As per report of FADINAP, the cash prices of DAP (Bulk without bags) were \$ 168-175 per ton during extended shipment period. Adding cost of bags and barter mark up, these would be around \$ 185-192 per ton. Against this, the actual supplier of DAP (bulk with bags) were obtained at much lesser price including barter mark up. Thus, the Government saved huge amount on account of economical purchase.

The extension in shipment of DAP was granted so as to avail of the attractive price at which this deal was concluded. The suppliers had been pressing for earliest shipment. It was the Government of Pakistan who wanted the shipment to be delayed, to avoid storage charges. Therefore, there was no justification for imposing any penalty on the Suppliers. No loss was incurred by the Government in this deal. If the contract had been cancelled or if purchase was no made against this contract, the Government of Pakistan would have had to make purchase of DAP at much higher rates.

The PAo also apprised the Public Accounts Committee (PAC) that the matter was discussed in detail by the PAC in its meeting held on 11-10-2006 and the para was recommended for settlement.

PAC DIRECTIVE

The Public Accounts Committee (PAC) endorsed the DAC's decision and recommended the para for settlement.

3.14

- i) **Para # 1 (Page # 55)**
Irregular expenditure of Rs. 120,923 on repair of vehicles
- ii) **Para # 2 (Page # 56)**
Loss of Rs. 23,990 due to accident of official vehicle by a plumber
- iii) **Para # 3 (Page # 56)**
Non-recovery of income tax Rs. 88,204
- iv) **Para # 5 (Page # 57)**
Non Recovery of Training Charges from an Officer- Rs. 0.424 million
- v) **Para # 6 (Page # 57)**
Irregular Payment of Orderly Allowance to Officers Rs. 0.308 million

- vi) **Para # 13 (Page # 62)**
Loss of Rs. 0.584 million due to award of contract at higher rates

PAC DIRECTIVE

The Public Accounts Committee (PAC) endorsed DAC's decision on above Six Audit Paras and directed the PAO to implement the same under report to Audit.

**PERFORMANCE AUDIT REPORT ON “HONEYBEE
RESEARCH PROGRAMME & PAK-GERMAN BEEKEEPING
PROGRAMME”**

PAC DIRECTIVE

On presentation of above performance Audit report, the Public Accounts Committee (PAC) directed the PAO to implement all the recommendations made by Audit, in letter and spirit under report to Audit/PAC.

MINISTRY OF FOREIGN AFFAIRS

1. Overview

Appropriation Accounts and Annual Audit Reports for the year 1991-92 pertaining to the Ministry of Foreign Affairs were taken up for examination by Public Accounts Committee (PAC) on 10th June, 2009.

- 1.1 The PAC, having considered Audit's point of view as well as explanation given by the Principal Accounting Officer (PAO), made its recommendations in a number of cases involving financial indiscipline, non-deposit of Government money, overpayments of allowances, excess expenditures, unlawful transfer of councilor fees, non-credit of surplus amount into Federal consolidated Fund etc.
- 1.2 During the course of discussion in the meeting, the Committee issued some directives, depending on the nature of the issue, directing the PAO to take appropriate action.
- 1.3 There were 3 grants and 9 paras reported by Audit/AGPR. These paras were initially examined by the Departmental Accounts Committee (DAC) and then were discussed in the meetings of PAC. 2 para was recommended for settlement by the Committee either on the basis of clarifications given by the PAO or the corrective measures taken by the Ministry and gave directions on 7 paras..
- 1.4 The Committee directed Audit to verify details/facts, given in certain cases, in Defence of the viewpoint presented by PAO.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I FOR THE YEAR 1991-92

- 2.1 i) **Grant # 63- FOREIGN AFFAIRS DIVISION (HEADQUARTER)**
(Total grant Rs.118,518,913, excess Rs.9,836,526)

AGPR pointed out that the grant closed with an excess of Rs. 9,836,526 which worked out to 5.83% of the total grant.

- ii) **Grant # 64- FOREIGN AFFAIRS (PAK MISSIONS ABROAD)**
(Total grant Rs.1,123,219,000, excess Rs.69,002,336)

AGPR pointed out that the grant closed with an excess of Rs.69, 002,336 which worked out to 3.91% of the total grant. An amount of Rs 58,443 was surrendered, resulting to net excess of Rs. 43,978,769 (3.92%).

- iii) **Grant # 65-OTHER EXPENDITURE OF FOREIGN AFFAIRS
DIVISION**
(Total grant Rs.(Charged) Rs. 33,000,000) excess Rs 15,902,374
(Total grant Rs.(OTC) Rs.612,140,686, saving Rs 14,32,124)

AGPR pointed out excess expenditure of Rs. 15,902,374 in charged portion which was worked out to 39.10% of the final grant. In the other-than-charged portion, excess expenditure of Rs. 1,429,750 worked out to 0.23% of the final grant.

PAC DIRECTIVE

On the presentation of above grants and after hearing the explanation of the PAO, the Public Accounts Committee (PAC) recommended regularization of the excess/savings in the grants.

AUDIT REPORT FOR THE YEAR 1991-92

- 3.1. **Para -1 (Page No.82 AR 1991-92)**

Un-due payment for the subscription of periodicals Rs. 931,939 and on deduction of income Tax Rs. 41,730

Audit pointed out that Ministry subscribed Rs. 2,086,512 for the supply of journals titled "Country Reports" during 1986-91 which were published quarterly and contained analysis of economic and political trends of 92 countries of the world. Separate reports were published for each country. The publisher had offered discount @33% to 50% during various years for all 92 reports in case subscription was made to more than five Countries Reports. Ministry did not get any discount in spite of the fact that all the 92 reports were subscribed by it, resulting in excess payment of Rs. 931,839. Audit observed that the fact of discount was not brought out while obtaining approval for payment. In some cases, the insertion regarding discount was concealed through making thick line on it. Besides an amount of Rs 41,730 was not recovered from supplier on account of deduction of Income Tax @ 2% of total amount.

The PAO informed the Public Accounts Committee (PAC) that the responsible Officer for this was Librarian and he has retired. The Ministry is trying to contact him for clarification.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the PAO to check the library record and take necessary action against ex-Librarian under report to Audit. The Public Accounts Committee (PAC) further directed the Ministry to write to FBR for making Income tax deduction from the supplier under intimation to Audit.

3.2 Para -2 (Page No.82 AR 1991-92)

Shortage of cash and lack of financial discipline

Audit point out that Ministry had an authorized imprest of Rs. 50,000 only. On 17th May, 1992 balance as per cash book was Rs. 945,352 which consisted of cheques valuing Rs. 573,754 and cash Rs. 371,598. There

was, however, a cash balance of Rs. 27,839 which included paid vouchers. An amount of Rs. 328,217 was stated to have been given as advances to various officers and sections and Rs. 15,562 were shown to be short in cash. There was no proper record of the above stated advances. Orders of the competent authority were not obtained before giving the advances. Acknowledgement receipts of the payees were not available in most of the cases. When asked source from which the advances were paid, it was stated that it consisted of the claims drawn from Government account but were not paid to persons concerned during the last so many years, details of which were also not available.

The PAO informed the Public Accounts Committee (PAC) that most of the record is available and ready for verification.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the para for settlement subject to verification of the record by Audit with a report to PAC within one month. Follow-up action will be taken by the Implementation Committee.

3.3 **Para -4 (Page No.84 AR 1991-92)**

Loss of Rs. 100,000 due to non delivery of Holy books to the destination.

Audit pointed out that Holy religious books valuing Rs. 100,000 were purchased in 1987 on the direction of the Prime Minister for distribution to Islamic Centers in Switzerland. Pakistan International Airlines Corporation agreed to provide free transportation of the books from Pakistan to Frankfurt. Expenditure on transportation from Frankfurt to Switzerland was estimated at Rs.8000. In spite of lapse of a period of more than five years, Ministry did not arrange to supply the books to the Centers for which these had been acquired. The books were found

damaged due to leakage of the bath room of the storey under which the books were stored. The expenditure of Rs. 100,000 turned to be a loss.

The PAO informed the Public Accounts Committee (PAC) that matter needed detailed inquiry after the factual position will be reported to PAC.

PAC DIRECTIVE

The Public Accounts Committee (PAC) expressed its grave concern at the evident negligence in this case. It directed the PAO to inquire into the matter in detail, fix responsibility against the persons responsible and submit a report to PAC within one month. Follow-up action will be taken by the Implementation Committee.

3.4 i) **Para -6 (Page No.84 AR 1991-92)**

Overpayment of Daily allowance and room rent charges of Rs. 1.527 Million

Audit pointed out that an overpayment of Rs. 1.527 million was made by 9 missions abroad and the Ministry to its officers, staff and delegates on account of daily allowance and room rent charges in excess of the rates fixed by the Government of Pakistan.

The PAO informed the Public Accounts Committee (PAC) that an amount of Rs 61000 has been recovered and the balance will be recovered shortly.

ii) **Para -7 (Page No.87 AR 1991-92)**

Overpayment of Rs. 797,327 on account of telephone charges

Audit pointed out that the Ministry and all Pakistan Missions abroad paid Rs. 797,327 in 16 cases as telephone charges in excess of ceiling fixed by the Ministry. Telephone charges in excess of prescribed ceilings were not

to be paid out of public funds with effect from 13th March, 1988 as per orders of the Ministry.

The PAO informed the Public Accounts Committee (PAC) that an amount of Rs 25174 has been recovered and remaining amount will be recovered shortly.

iii) **Para -8 (Page No.88 AR 1991-92)**

Non-recovery of Irregular and Inadmissible Disbursement of Rs. 1.199 million

Audit pointed out that accounts of the Ministry, one of its sub-ordinate offices and 18 Missions for the period 1988-89 to 1990-91 were audited from August 1991- to July 1992. A sum of Rs 1,199,252 on account of inadmissible payments of pay and allowances and non-recovery of government dues on account of utility charges, Income Tax, private use of staff car etc. remained recoverable in 82 cases. In 5 other cases amount recoverable were to be worked out by the Ministry/Missions concerned. In 22 cases the amount of Rs. 546,300 irregularly disbursed was admitted while in other cases replies were awaited.

The PAO informed the Public Accounts Committee (PAC) that an amount of Rs 0.370 million has been recovered.

PAC DIRECTIVE

On the presentation of the above three paras by Audit, the Public Accounts Committee (PAC) directed the PAO to recover the remaining amounts and report to PAC within one month. Follow-up action will be taken by the Implementation Committee.

3.5 **Para -9 (Page No.91 AR 1991-92)**

Execution of works and making purchases without obtaining competitive rates Rs. 12.076 Million

Audit pointed out that Ministry and its seven Missions abroad incurred irregular expenditure of Rs. 12, 076,918 in 30 cases during 1988-91 on the purchase of furniture, fixtures, stationery articles, electric appliances, repairs and maintenance of buildings and cars, without inviting tenders and competitive rates as required under the Government rules/orders.

The PAO informed the Public Accounts Committee (PAC) that out of total irregular payments of Rs 12.076 million an amount of Rs 0.508 million had since been regularized.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the PAO have the balance amount of irregular payments regularized within two months with a report to PAC. Follow-up action will be taken by the Implementation Committee.

3.6 i) **Para -3 (Page No.83 AR 1991-92)**

Furniture and furnishings valued Rs. 741,500 not taken on stock.

ii) **Para -5 (Page No.84 AR 1991-92)**

Irregular appointments

PAC DIRECTIVE

On the presentation of above audit paras by Audit, the Public Accounts Committee (PAC) recommended for settlement.

MINISTRY OF HEALTH

2. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1991-92 pertaining to the Ministry of Health were taken up for examination by the Public Accounts Committee (PAC) on May 12, 2009.

- 1.1 During the course of discussion, the Committee issued some policy recommendations, depending on the nature of the issue, directing the PAO to take appropriate actions.
- 1.2 There were 14 audit paras, 2 Performance Audit Reports and 4 grants presented by the AGPR/Audit. These were initially examined by the Departmental Accounts Committee (DAC) and thereafter were discussed in the meeting of the PAC. 12 paras were recommended for settlement by the PAC either on the basis of clarifications given by the PAO or the corrective measures taken by the Ministry. The Committee gave directive on 2 audit paras.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I FOR THE YEAR 1991-92

- 2.1 i) Grant # 66-Health Division
(Excess Rs.4,102,402)

AGPR pointed out that the grant closed with an excess of Rs.4,102,402 which worked out to 13.70% of the total grant.

- ii) Grant # 67-Mecical Services
(Saving Rs.959,214)

AGPR pointed out that the grant closed with saving of Rs.959,214 which worked out to 0.16% of the total grant. A supplementary grant of Rs.5,500,000 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account, the saving shall be increased to Rs.6,459,214 (1.06%).

PAC DIRECTIVE

The Sub-Committee took serious notice for not holding of DAC meeting by the PAO and directed the Ministry to hold DAC meeting once a month regularly. The Sub-Committee recommended the excess/saving for regularization subject to verification of the record by AGPR.

iii) **Grant # 68-Public Health**
(Excess Rs.305,034)

AGPR pointed out that the grant closed with an excess of Rs.305,034 which worked out to 0.67% of the total grant.

The PAO informed the Committee that the excess had occurred due to increase in pay and allowances.

PAC DIRECTIVE

The Sub-Committee recommended the grant for regularization.

iv) **Grant # 157-Development Expenditure of Health Division**
(Excess-Rs.215,221,891/-)

AGPR pointed out that the excess worked out to 55.72% of the total grant. An amount of Rs.2,600,000 (0.67%) was surrendered increasing net excess to Rs.217,821,891 (56.39%).

The PAO informed the Committee that the record is not traceable and will be furnished to AGPR within a week.

PAC DIRECTIVE

The Committee directed the PAO to inquire into the matter and reconcile the figures with AGPR. If AGPR is satisfied with the reconciled figures, the excess would be recommended for regularization.

AUDIT REPORT FOR THE YEAR 1991-92

3.1 Para 3(Page-96-AR)

Un-authorized payments Rs 0.212 million

Audit pointed out that in the office of the Project Director, Ayub Medical College and Hospital Complex, Abbotabad, M/s Nespak Ltd. were appointed as consultant under the contract agreement and entitled to payment of consultation fee at 2% of the actual expenditure on the execution of works. Payment of Rs.212,242 were made to the Firm in 1990-91 on account of traveling allowance/ expenses for certain engineers of the firm in connection with their visits to the project site. The payment was not in conformity and any clause of the contract agreement and viewed as unauthorized.

The PAO informed the Committee that the services of M/s. Nespak were hired for construction management and supervision of Ayub Medical Collage and Hospital Complex at a fee of 2% of cost of work. The HVAC work being part of the project was also supervised by M/s. Nespak. During the currency of project certain design discrepancies were noted and were referred to the designer for their clarification. Besides due to changes in the civil works, the changes in HVAC design were also required. M/s PEPAC the design consultant had HVAC work designed by M/s International Consultant operating from their Karachi Office. M/s International Consultants, therefore, asked for additional design fees for carrying out the required charges in addition to expenditure to be incurred on traveling to and from Karachi. It was decided by the Project Planning

Committee that M/s NESPAK employed on the project for full time supervision are in a better position to offer such services and as such the HVAC design office. NESPAK was asked to provide their services with additional fee. But actual traveling expenditure was reimbursed to them. Payment of Rs0.212 million was made to M/s NESPAK on this account hereby saving substantial fee and time. Which would have been incurred if the design had been engaged for additional.

PAC DIRECTIVE

The Sub-Committee directed the Ministry to provide the relevant documents to Audit for verification. If Audit is satisfied, then para would be treated as settled otherwise the decision of the DAC for recovery from the Consultant will stand.

3.2 Para # 8 (Page 98-AR)

Un-due favour to the contractor Rs. 5,805 million

Audit pointed out that in a project situated in the NWFP in addition to the normal escalation on the cost of material a further 18% escalation was awarded to the contractors on the plea that the same had been awarded to the contractors on the pleas that some had been allowed by the Government to its employees in the shape of indexation. Neither the indexation order was applicable to development works nor the contention held was covered under the contract agreement or any other rule. Resultantly an amount of Rs.5,805, 195 was paid to the contractor which is considered as an undue favor extended at the cost of Government exchequer.

The PAO informed the Committee that the Contract for the execution of the project “Construction of Ayub Medical Collage & Hospital Complex was awarded to M/s Interhom (pvt.) Ltd in 1984. There was a provision in the contract that the escalation may be allowed on labour and material if

there is an increase in the charges due to government legislation. The project is being administrated by the Board of Governors whose Chairman is the Governors, NWFP. The Board had delegated full powers to the Chairman. Project Planning Committee to approve changes, modifications, additions, alterations in the contract agreements and rates of works executed by the contractor. Accordingly, the contractor was paid escalation as approved by the Chairman Project Planning Committee on the balance work executed after November 1989 and labour escalation on total amount in April 1991. The escalation was allowed by the competent authority on the basis of the Statistical Bulletin of the Statistics Division of the Federal Government issued on November 1991 and not the indexation of Salaries as contended by the Audit.

PAC DIRECTIVE

The Sub-Committee recommended the para for settlement subject to verification of the record by Audit, with a report to PAC.

3.3

- i) **Para-1 (Page-95-AR)**
Overpayment of Rs.529,247/ on account of two advance increment and wrong pay fixation
- ii) **Para-2 (Page-95-AR)**
Un-due favor to the contractor Rs.0.240 million
- iii) **Para-4 (Page-96-AR)**
Irregular expenditure Rs.6.139 million
- iv) **Para-5 (Page-97-AR)**
Irregular payment of Rs.3 million to avoid lapse of fund
- v) **Para-6 (Page-97-AR)**
Undue favour by advancing payment of Rs.395,000/ 395,000/ as demurrage charges
- vi) **Para-7 (Page-975-AR)**
Irregular and unauthorized expenditure of Rs.340,071/
- vii) **Para-9 (Page-98-AR)**
Non accountal of store worth Rs.6.764 million
- viii) **Para-10 (Page-99-AR)**
Irregular utilization of departmental receipts amounting to Rs.128,023/
- ix) **Para-11 (Page-99-AR)**
Non deduction of Income Tax Rs.0.259 million

- x) **Para-2 (Page-155-AR)**
Irregular/ unauthorized purchase of 4 vehicles Rs.1,339,000/
- xi) **Para-3 (Page-156-AR)**
Loss of Rs.108,388 due to payment of house rent and conveyance allowance despite providing official accommodation within office premises
- xii) **Para-5 (Page-156-AR)**
Undue retention of Rs.929,250/ which remained undisturbed for about one year

PAC DIRECTIVE

On presentation of above twelve paras by Audit, the Ministry was directed to implement the recommendations of the DAC under report to Audit.

PERFORMANCE AUDIT REPORT “HUMAN DIPLOID CELL (HDC) RABIES VACCINE PRODUCTION LABORATORY NATIONAL INSTITUTE OF HEALTH, ISLAMABAD,

PAC DIRECTIVE

On presentation of above Performance Audit Report, the Sub-Committee directed the PAO to hold DAC on it with a report to PAC within one month. Follow-up action will be taken by the Implementation Committee.

PERFORMANCE AUDIT REPORT ON NATIONAL INSTITUTE OF CARDIO VASCULAR DISEASES, KARACHI

PAC DIRECTIVE

On presentation of above Performance Audit Report, PAC directed the PAO that comprehensive replies should be given to Audit on all objections raised in the said Report.

MINISTRY OF HOUSING & WORKS

1. Overview

Appropriation Accounts and Annual Audit Report for the year 1991-92 pertaining to the Ministry of Housing & Works were taken up for examination by Public Accounts Committee (PAC) on 11th July , 2009.

- 1.1 The PAC having considered Audit's views as well as explanations given by the Principal Accounting Officer (PAO), made its recommendations in a number of cases involving mismanagement of grants, overpayments, lack of internal control, unauthorized payments and non-recovery of rent in the Estate Office. The Committee also notices numerous irregularities in the allotment of residential accommodations through the Estate Office and losses due to irregular awarding of contracts.
- 1.2 During the course of discussion in the meeting, the Committee issued some directives, depending on the nature of the issue, directing the PAO to take appropriate action.
- 1.3 There were 68 audit paras and 7 Grants reported by Audit/AGPR. These paras were initially examined by the Departmental Accounts Committee (DAC) and then were discussed in the meetings of PAC. 53 paras were recommended for settlement by the Committee either on the basis of clarifications given by the PAO or the corrective measures taken by the Ministry. The Committee gave directions on 15 paras.
- 1.4 In certain cases the Committee directed Audit to verify details/facts, given in by the Ministry in Defence of the viewpoint presented by PAO.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I FOR THE YEAR 1991-92

2.1. i. **Grant # 73- Works Division**
(Saving Rs. 29,992)

AGPR pointed out the saving worked out to 0.22% of the total grant.

ii. **Grant # 75- Estate Offices.**
(Saving Rs. 3,174,473)

AGPR pointed out the saving worked out to 0.97% of the total grant.

iii. **Grant # 74- Civil Works.**
(Total grant charged Rs. 1110872 Saving Rs.15,064 Oth total
Rs. 438,696,000 excess Rs. 43,010,459)

AGPR pointed out the saving worked out to 1.36% under the charged expenditure and an excess of Rs 43,010,459 (6.24%) under the other-than-charged expenditure.

iv. **Grant # 76- Federal Lodges.**
(Total grant Rs. 10,479,000 Saving Rs. 101,824)
(Excess, Rs. 1,682,196)

AGPR pointed out the saving worked out to 0.97% of the total grant.

v. **Grant # 77- Other Expenditure of Works Division.**
(Total grant Rs. 1,400,000 Excess Rs. 99,835)

AGPR pointed out that the excess worked out of 7.13% of the total grant.

vi. **Grant # 161- Development Expenditure of Works Division.**
(Total grant OTH Rs. 186,000 Saving/Excess Zero)

AGPR pointed out there is no excess/saving in the grant.

vii. **Grant # 189- Capital outlay on Civil Works.**
(Total grant OTH Rs.294,547,000 Excess Rs. 5,849,808)

AGPR pointed out that the saving worked out to 1.98% of the total grant.

PAC DIRECTIVE

On the presentation of above grants by AGPR, the Public Accounts Committee (PAC) recommended regularization of the saving /excesses of the above seven grants.

AUDIT BRIEF FOR THE YEAR 1991-92

3.1. **Para 1(Page-167-AR)**

Unauthorized expenditure Rs. 193,733

PAC DIRECTIVE

On the recommendation of Audit, the Public Accounts Committee (PAC) recommended the Para for settlement.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES FOR THE YEAR 1991-92

National Construction

3.2 **Para 232 (Page-175-ARPSE)**

Working result

PAC DIRECTIVE

On the recommendation of Audit the Public Accounts Committee (PAC) recommended the Para for settlement.

AUDIT REPORT FOR THE YEAR 1991-92

Pak PWD/Estate Office

3.3. **Para No. A.III.1 (Page-128-129 - AR)**

Excess payment of Rs. 0.402 Million

Audit pointed out that Pakistan Public Works Department (PWD) made an excess payment to a contractor by allowing premium on the non-schedule item rates prepared by the department in which 10% contractor's profit

was already allowed on the market rates. This resulted in excess payment of Rs. 401,744 in February, 1991.

The PAO informed the Committee that work was awarded on composite schedule basis and market rates. The case had been referred for advice of Finance Department.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the Para for settlement subject to verification of the record by Audit, with report to PAC.

3.4 **Para No. B.I.1 (Page-131-132 - AR)**

Non-recovery of rent of Federal Lodges Rs. 0.576 Million.

Audit pointed out that recovery on account of room rent, occupied by Ministers / M.N.As / M.P.As was not made. This resulted into non-recovery of Rs. 576,130.

The PAO informed the Committee that out of the recoverable amount of Rs. 576,130/-a sum of Rs 259,25 had been recovered. Efforts are being made to recover the outstanding rent under the Land Revenue Act.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the Ministry to recover the outstanding amount from the defaulters with a report to PAC . Implementation Committee will take necessary follow up action.

3.5 i) **Para No. B.I.2 (Page-132 - AR)**

Non-recovery of rent of Federal Lodges Rs. 0.501 Million

Audit pointed out that formation provided rest houses to various Government functionaries and private persons from October 1988 to

October 1991 but outstanding rent charges were not recovered resulting in non-recovery of Rs. 501,180.

The PAO informed the committee that Rs. 304,817 has been recovered from defaulters and balance Rs. 196,363 had yet to be recovered.

- ii) Para # B.1.3
- iii) Para # B.1.4
- iv) Para # B.1.5
- v) Para # B.1.7

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the above five Para for settlement subject to verification of the recovery by Audit, and with the direction to recover the balance amount expeditiously. Follow up action will be taken by the Implementation Committee.

3.6 **Para No. B.1.5 (Page-133- AR)**

Non-recovery of rent of Federal Lodges Rs. 0.099 Million

Audit pointed out that residential accommodation was provided in Federal Lodges to various Government functionaries and private persons from October, 1990 to June, 1991 but rental charges were not recovered. This resulted in non-recovery of Rs. 99,599/-.

The PAO informed the Public Accounts Committee (PAC) that recovery of Rs 9140 had been effected.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the Ministry to write letter to the departments of the defaulters for recovery of the balance amount with a report to PAC. The Implementation Committee will take necessary follow up action.

3.7 **Para No. C.I.4 (Page-135- AR)**

Non-recovery of rent of Federal Lodges Rs. 0.099 Million.

Audit pointed out that project E&M Division of Pakistan Public Works Department made a payment of Rs. 1,554,636/- on account of Sui gas charges for the period June, 1990 to July 1991 but recovery of Rs. 396900/- only was made from the allottees of C.G.E Colony. This resulted in loss of Rs. 1,157,736/- to Government due to short recovery.

The PAO informed the Committee that payment was made for bulk supply, but recovery was affected on flat rates.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the Ministry to make concerted efforts to recover the amount, with a report to PAC. The Implementation Committee will take follow-up action.

3.8 **Para No. C.IV.1 (Page-138- AR)**

Non-recovery of Rs. 0.123 Million.

Audit pointed out that a formation of the Pakistan Public Works Department could not take decision on a work abandoned by a contractor for a period of 8 years and did not recover the extra expenditure incurred at the risk and cost of the defaulting contractor. This resulted in non-recovery of Rs. 122670 and reflected a lack of simple decision making power on the part of the management.

PAC DIRECTIVE

The Sub Committee recommended the para for settlement subject to verification of the record /recovery by Audit with report to PAC.

3.9 **Para No. D.IV.1 (Page-142- AR)**

Non-recovery of Rs. 0.125 Million.

Audit pointed out that a division of Pak PWD made advance payments of Rs. 225,000/- to Directorate of Supplies, Karachi for the supply of two generating sets and the expenditure was charged finally to a work in anticipation of the receipt of generators which was irregular. Directorate of Supplies did not supply the material. This resulted in non recovery to the tune of Rs. 125,000/- in February 1978.

The PAO informed the Public Accounts Committee (PAC) committee that the final recovery would be made before 10th July, 2009.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the PAO to recover the amount before 10th July 2009 and report to PAC. The Implementation Committee will take follow up action.

3.10 **Para No. E.2 (Page-144- AR)**
Non-recovery of Income Tax of Rs. 0.194 Million.

Audit pointed out that a formation could not recover 3% income tax from the contractor in violation of section 50(4) of Income Tax Ordinance 1979 from the running payments of the contractor in June, 1991. This resulted in non-recovery of Rs. 194,439.

The PAO informed the Public Accounts Committee (PAC) that the matter related to Bolan Medical College Balochistan and letter had been addressed to the Principal of the College for obtaining the record.

PAC DIRECTIVE

The PAC directed the PAO to ensure recovery from the contractor, directly and through the FBR.

3.11 **Para No. E.3 (Page-145- AR)**
Non-recovery of Rs. 0.165 Million.

Audit pointed out that a formation purchased plain paper copier and electric typewriter in June, 1990 without observing the codal formalities, and charged to purchase of equipment for Peoples Works Programme Parliamentary Cell of the Peoples Party in the Parliament House. This resulted in irregular purchase of T&P articles costing Rs. 164,970.

The PAO informed the Committee that purchase was made under special circumstances. For which approval had been obtained.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the Para for settlement subject to verification of the record by Audit.

3.12

| | |
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| x. | <u>Para No. A.I.1 Page No. 122</u> |
| xi. | <u>Para No. A.I.2 Page No. 122</u> |
| xii. | <u>Para No. A.I.3 Page No. 123</u> |
| xiii. | <u>Para No. A.I.4 Page No. 123</u> |
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| xv. | <u>Para No. A.I.6 Page No. 124</u> |
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| xxviii. | <u>Para No. A.IV.1 Page No. 130</u> |
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| xxx. | <u>Para No. A.IV.3 Page No. 130</u> |
| xxxi. | <u>Para No. B.I.3 Page No. 132</u> |
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| xxxiii. | <u>Para No. B.I.6 Page No. 133</u> |
| xxxiv. | <u>Para No. B.I.7 Page No. 133</u> |
| xxxv. | <u>Para No. B.I.8 Page No. 134</u> |
| xxxvi. | <u>Para No. C.I.1 Page No. 134</u> |
| xxxvii. | <u>Para No. C.I.2 Page No. 135</u> |

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| xlix. | <u>Para No. D.III.1 Page No. 141</u> |
| l. | <u>Para No. D.III.2 Page No. 141</u> |
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| lxi. | <u>Para No. 9-I-3 Page No. 150</u> |
| lxii. | <u>Para No. 9-I-4 Page No. 151</u> |

PAC DIRECTIVE

On the presentation of the above paras by Audit, the Public Accounts Committee (PAC) directed the Ministry to implement the recommendations of the DAC.

MINISTRY OF INDUSTRIES, PRODUCTION AND SPECIAL INITIATIVES

1. Overview

Appropriation Accounts and Annual Audit Reports for the year 1991-92 pertaining to the Ministry of Industries, Production and Special Initiatives were taken up for examination by Public Accounts Committee (PAC) on 19^h June, 2009.

- 1.1 The PAC having considered Audit's point of view and explanation given by the Principal Accounting Officer (PAO), made its recommendations in a number of cases involving imprudent investments, un-necessary payments, non-recovery, non-preparation of accounts, irregular procurement, wasteful expenditure, irregular payment of bonuses, non obtaining bank guarantees on long term loans, etc.
- 1.2 During the course of discussion in the meeting, the Committee issued some directives, depending on the nature of the issue, directing the PAO to take appropriate action.
- 1.3 There were 181 audit paras, two Performance Evaluation Reports and 8 grants reported by Audit/AGPR. These paras were initially examined by the Departmental Accounts Committee (DAC) and then were discussed in the meetings of PAC. 181 paras were recommended for settlement by the Committee.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-1 FOR THE YEAR 1991-92

2.1 i) Grant # 78-Ministry of Industries **(Saving Rs 15,882,564/-)**

AGPR pointed out that saving worked out to 6.26% of the total grant. An economy cut of Rs 18,793,000 (7.41%) was applied due to which saving converted into excess of Rs 2,910,436. A supplementary grant of Rs 4,507,000 (1.78%) was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account the excess shall be converted into saving of to Rs. 1,596,564 (0.62%).

ii) **Grant # 79-Industries**
(Saving Rs1,739,663/-)

AGPR pointed out that saving worked out to 4.32% of the total grant. An economy cut of Rs 1,893,500 (4.71%) was applied due to which saving converted into excess of Rs 153,837 (0.04%).

iii) **Grant # 80-Department of Investment Promotion & Supplies**
(Excess Rs 4,436,287/-)

AGPR pointed out that excess worked out to 14.16% of the total grant. An economy cut of Rs 1,569,000 (5.01%) was applied due to which excess raised Rs. 6005287 (19.17%). A supplementary grant of Rs 996,000 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account the excess shall be decreased to Rs 5,009,287 (15.50%)

iv) **Grant # 81-Other expenditure of M/o Industries**
(Excess Rs 128,185)

AGPR pointed out that excess worked out to 1.57% of the total grant. An economy cut of Rs 636,400 (7.82%) was applied due to which excess increased to Rs 764,585 (9.39%).

v) **Grant # 113-M/o Production**
(Excess Rs 1,162,486/-)

AGPR pointed out that excess worked out to 4.17% of the total grant. An economy cut of Rs 3,143,900 (14.28%) was applied due to which excess increased to Rs 4,306,386(15.45%). A supplementary grant of Rs 1,500,000 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account the excess will be decreased to Rs 2,806,386 (9.55%).

vi) **Grant # 136-Capital Outlay on Miscellaneous Stores**
(Saving Rs. 427,825)

AGPR pointed out that saving worked out to 26.45% of the total grant. An amount of Rs 199,000 was surrendered and an economy cut of Rs 80,850 (5.00%) was applied due to which saving decreased to Rs 147,975(9.15%).

vii) **Grant # 162-Development Expenditure of M/o Industries**
(Saving Rs 12,334,947)

AGPR pointed out that saving worked out to 31.73% of the total grant. An amount of Rs 9,620,000 (24.75%) was surrendered and an economy cut of Rs 3,886,700 (10.0%) was applied due to which saving converted into excess of Rs 1,171,753 (3.01%).

viii) **Grant # 192-Capital Outlay on Industrial Development**
(saving Rs 11,513,000)

AGPR pointed out that saving worked out to 45.21% of the total grant.

PAC DIRECTIVE

On presentation of the above eight grants by AGPR, the Public Accounts Committee (PAC) recommended the excess/savings of the grant for regularization with direction that there should be zero saving/excess in future/

**AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL-III) FOR
THE YEAR 1991-92**

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i. **Para # 463-ARPSE**
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Pakistan Institute of Management

ii. **Para # 464-ARPSE**
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Federal Chemical and Ceramics Corporation (Pvt) Ltd

iii. **Para # 468-ARPSE**
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- iv. **Para # 469-ARPSE**
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- v. **Para # 470-ARPSE**
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- vi. **Para # 471-ARPSE**
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- vii. **Para # 472-ARPSE**
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Ittehad Chemicals

- viii. **Para # 473-ARPSE**
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- ix. **Para # 474-ARPSE**
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- x. **Para # 475-ARPSE**
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- xi. **Para # 476-ARPSE**
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- xii. **Para # 477-ARPSE**
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- xiv. **Para # 479-ARPSE**
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- xv. **Para # 480-ARPSE**
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- xvi. **Para # 481-ARPSE**
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- xvii. **Para # 481-ARPSE**
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- xviii. **Para # 482-ARPSE**
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- xix. **Para # 483-ARPSE**
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- xx. **Para # 484-ARPSE**
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- xxi. **Para # 485-ARPSE**
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Nowshera PVC Company (Pvt) Ltd

- xxii. **Para # 486-ARPSE**
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- xxvi. **Para # 490-ARPSE**
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- xxix. **Para # 493-ARPSE**
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- xxxi. **Para # 495-ARPSE**
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Ravi Engineering Ltd

- xxxii. **Para # 496-ARPSE**
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- xxxiii. **Para # 497-ARPSE**
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Swat Ceramics Company (Pvt) Ltd

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- xxxv. **Para # 499-ARPSE**
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- xxxvii. **Para # 501-ARPSE**
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- xxxviii. **Para # 502-ARPSE**
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Swat Elutriation Plant

- xxxix. **Para # 503-ARPSE**
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- xl. **Para # 504-ARPSE**
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- xli. **Para # 505-ARPSE**
Audit Comments

- xlii. **Para # 506-ARPSE**
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Pakistan Automobile Corp. Ltd

- xliii. **Para # 542-ARPSE**
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- xliv. **Para # 543-ARPSE**
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Bela Engineers Limited

- xlv. **Para # 544-ARPSE**
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- liv. **Para # 553-ARPSE**
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- lv. **Para # 554-ARPSE**
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National Motors Ltd

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- lix. **Para # 558-ARPSE**
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Pakistan Motor Car Company Pvt Ltd

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Pakistan Suzuki Motor Company Ltd

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Republic Motors (Pvt) Ltd

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Sindh Engineering (Pvt) Ltd

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- lxxxvii. Para # 588-ARPSE**
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Harnai Woolen Mills Ltd

xc. Para # 591-ARPSE

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xc. Para # 592-ARPSE

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Indus Steel Pipes Ltd

xcii. Para # 593-ARPSE

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PIDC Cotton Ginning Factory Pvt Ltd

xcvi. Para # 597-ARPSE

Audit Comments

PIDC Medical Centre

xcvii. Para # 598-ARPSE

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PIDC Printing Press

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Quaidabad Woolen Mills Limited

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ci. Para # 602-ARPSE

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Audit Comments

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civ. **Para # 605-ARPSE**
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cv. **Para # 606-ARPSE**
Audit Comments

Shahdadkot Texile Mills Pvt Ltd

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PIDC Specialized Refractory Project

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Pakistan Steel Mills

- cxi. **Para # 615-ARPSE**
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- cxxii. **Para # 626-ARPSE**
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- cxxiii. **Para # 627-ARPSE**
95 Officers appointed in excess of sanctioned strength: extra expenditure of Rs 6.596 million
- cxxiv. **Para # 628-ARPSE**
Unjustified provision of meals of subsidized to the residents of Bachelor hostel and workers camp: loss of Rs. 4.854 million
- cxxv. **Para # 630-ARPSE**
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Pakistan Steel Fabricating

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Audit Comments

State Cement Corporation

- cxv. Para # 644-ARPSE**
Audit Comments
- cxvii. Para # 645-ARPSE**
Audit Comments
- cxviii. Para # 646-ARPSE**
Audit Comments
- cxix. Para # 647-ARPSE**
Non recovery of security deposits of Rs 10.355 million from cement stockists; recurring annual loss of interest income of Rs 1.451 million
- cxli. Para # 648-ARPSE**
Non-recovery of credit sales ex-stockists/creditors; loss of Rs 401,412

Associated Cement Rohri

- cxli. Para # 649-ARPSE**
Audit Comments
- cxlii. Para # 650-ARPSE**
Audit Comments
- cxliii. Para # 651-ARPSE**
Audit Comments

Associated Cement Wah Ltd

- cxliv. Para # 652-ARPSE**
Audit Comments
- cxlv. Para # 653-ARPSE**
Audit Comments
- cxlvi. Para # 654-ARPSE**
Audit Comments
- cxlvii. Para # 655-ARPSE**
Audit Comments
- cxlviii. Para # 656-ARPSE**
Audit Comments

DG Khan Cement Engineering

- cxlix. Para # 657-ARPSE**
Non-recovery of Octori charges of Rs 219,805

General Refractories Ltd

- cl. Para # 658-ARPSE**
Audit Comments

- cli. **Para # 659-ARPSE**
Audit Comments
- clii. **Para # 660-ARPSE**
Audit Comments
- cliii. **Para # 661-ARPSE**
Audit Comments

Industrial and Cement Engineering Pvt Ltd

- cliv. **Para # 662-ARPSE**
Audit Comments
- clv. **Para # 663-ARPSE**
Audit Comments
- clvi. **Para # 664-ARPSE**
Audit Comments
- clvii. **Para # 665-ARPSE**
Audit Comments

Javedan Cement Ltd

- clviii. **Para # 666-ARPSE**
Audit Comments
- clix. **Para # 667-ARPSE**
Audit Comments
- clx. **Para # 668-ARPSE**
Audit Comments

- clxi. **Para # 669-ARPSE**
Audit Comments
- clxii. **Para # 670-ARPSE**
Audit Comments
- clxiii. **Para # 671-ARPSE**
Unjustified payment of overtime to the staff and workers Rs 6.034 million

Kohat Cement Ltd

- clxiv. **Para # 672-ARPSE**
Audit Comments
- clxv. **Para # 673-ARPSE**
Audit Comments
- clxvi. **Para # 674-ARPSE**
Audit Comments

Mustahekam Cement Ltd

- clxvii. **Para # 675-ARPSE**
Audit Comments
- clxviii. **Para # 676-ARPSE**
Audit Comments

- clxix. **Para # 677-ARPSE**
Audit Comments
- clxx. **Para # 678-ARPSE**
Audit Comments
- clxxi. **Para # 679-ARPSE**
Audit Comments

National Cement Ltd

- clxxii. **Para # 680-ARPSE**
Audit Comments
- clxxiii. **Para # 681-ARPSE**
Audit Comments
- clxxiv. **Para # 682-ARPSE**
Audit Comments
- clxxv. **Para # 683-ARPSE**
Audit Comments

Thatta Cement Company

- clxxvi. **Para # 684-ARPSE**
Audit Comments
- clxxvii. **Para # 685-ARPSE**
Audit Comments

Zeal Pak Cement Factory Ltd

- clxxviii. **Para # 686-ARPSE**
Audit Comments
- clxxix. **Para # 687-ARPSE**
Audit Comments

PAC DIRECTIVE

On presentation of the above audit paras by Audit, the Public Accounts Committee (PAC) directed the Ministry to implement the recommendations of the DAC.

**AUDIT REPORT PUBLIC SECTOR ENTERPRISES
FOR THE YEAR 1991-92**

Heavy Mechanical Complex (Pvt) Ltd

- i) **Para 695-ARPSE**
Audit Comments

Spinning Machinery Company

- ii) **Para 720-ARPSE**
Shortage of Stores Items Worth Rs 113,537

PAC DIRECTIVE

On Presentation of the above two paras by Audit, the Public Accounts Committee (PAC) directed the Ministry to implement the recommendations of the DAC.

**PERFORMANCE EVALUATION REPORT # 117
ON UTILITY STORES CORPORATION OF PAKISTAN
FOR THE YEAR 1991-92**

PAC DIRECTIVE

On the recommendation of the Audit, the Public Accounts Committee (PAC) recommended above performance report for settlement.

**PERFORMANCE EVALUATION REPORT # 118
ON FERTILIZER RESEARCH AND DEVELOPMENT INSTITUTE
(NOW INSTITUTE OF ENGINEERING & FERTILIZER
RESEARCH) FOR THE YEAR 1991-92**

PAC DIRECTIVE

On presentation of above performance evaluation report by Audit, the Public Accounts Committee (PAC) directed the Ministry to implement the recommendations of the DAC.

MINISTRY OF INFORMATION & BROADCASTING

1. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1991-92 pertaining to the Ministry of information & Broadcasting were taken up for examination by the Public Accounts Committee (PAC) on April 16, 2006.

- 1.1 The PAC having considered Audit,s point of view and explanation given by the Principal Accounting Officer (PAO),made its recommendations.
- 1.2 During the course of discussion, the Committee issued some policy recommendations, depending on the nature of the issue, directing the PAO to take appropriate actions.
- 1.3 There were 8 grants presented by the AGPR and 30 Audit paras reported by the Audit. These were initially examined by the Departmental Accounts Committee (DAC) and thereafter were discussed in the meeting of the PAC. 29 Audit paras were recommended for settlement by the PAC either on the basis of clarifications given by the PAO or the corrective measures taken by the Ministry. The Committee gave directive on 1 audit paras.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS CIVIL) Vol-I FOR THE YEAR 1991-92

- 2.1 i) Grant # 82-Ministry of Information and Broadcasting
(Excess Rs 4,478,275))
- ii) Grant # 83-Directorate of Publications, Newsreels and Documents
(Excess Rs 2,442,707)
- iii) Grant # 84-Press Information Department
(Excess Rs 1,364,680)

- iv) **Grant # 85-Information Services Abroad**
(Excess Rs 10,189,586)
PAC DIRECTIVE

The Public Accounts Committee (PC) recommended the Excesses of the above grants for regularization with the direction to be careful in future.

- 2.2 i) **Grant # 86-Pakistan National Centers**
(Excess Rs 3,403,197))
ii) **Grant # 87-Other Expenditure of M/o Information and Broadcasting**
(Excess Rs 1,226,215)

PAC DIRECTIVE

On the presentation of the above two grants by the AGPR, the Public Accounts Committee (PC) recommended the excesses of the grants for regularization.

- 2.3 **Grant # 163-Development Expenditure of M/o Information and Broadcasting**
Total Grant Rs 183,347,000 (Saving Rs 183,347,000)

The AGPR informed the Public Accounts Committee (PC) that the provision was not utilized.

The PAO informed the Public Accounts Committee (PC) that the grant was fully utilized. It was related to 12 re-broadcasting stations, which are situated in different parts of the Country. Due to non submission of documents, requisite entire had not been made by the AGPR in the accounts books.

PAC DIRECTIVE

The Public Accounts Committee (PC) recommended the saving of the grant for regularization subject to verification of the documents by the AGPR.

AUDIT REPORT FOR THE YEAR 1991-92

3.1 **Audit Para # 1, Page-131-AR-1991-92**
Irregular and unauthorized expenditure of Rs 93,750

Audit pointed out that in the Directorate of Regional Information Department an expenditure of Rs 93,750 was incurred unauthorizedly and irregularly by the Principal Information Officer who was neither competent to do so nor the powers in this regards delegated to him.

The management informed the Public Accounts Committee (PC) that competent authority has accorded ex-post facto sanction of amount of Rs 93,750 for the purchase of vehicle.

PAC DIRECTIVE

On the recommendation of the DAC, the Public Accounts Committee (PC) recommended the para for settlement.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES **FOR THE YEAR 1991-92**

Pakistan Television Corporation Limited

3.2 **Audit Para # 312, Page-227-AR-1991-92**

Audit pointed out that receivables and advances, deposits and repayment as on June 30, 1992 stood at Rs 293,228 million and Rs 106.729 million respectively against Rs 250,291 million and Rs 99,901 million at the close of the previous year registering increase of Rs 17.15% and 6.83% respectively which needs to be controlled.

The PAO informed the Public Accounts Committee (PC) that PTV makes all efforts to keep the level of receivable down to the minimum possible extent. During the year 1991-92 revenue income under the heads “advertising” and programme sales increased by 26.45% and 54.45% respectively over the year 1991-92. Out of outstanding amount, a sum of Rs 1,014,638/ relates to various court cases. He also informed that 99% of the receivable and advances/deposits/ prepayments have been realized/adjusted and remaining amount would be settled in due course of time.

PAC DIRECTIVE

The Public Accounts Committee (PC) directed the department to pursue the cases in the court of law vigorously.

MINISTRY OF INFORMATION AND BROADCASTING REVIEW

- i) **Audit Para # 291,Page-221-ARPSE-1991-92**
- ii) **Audit Para # 292,Page-221-ARPSE-1991-92**

Associated Press of Pakistan

- iii) **Audit Para # 293,Page-222-ARPSE-1991-92**
- iv) **Audit Para # 294,Page-222-ARPSE-1991-92**
- v) **Audit Para # 295,Page-223-ARPSE-1991-92**

Pakistan Broadcasting Corporation

- vi) **Audit Para # 296,Page-224-ARPSE-1991-92**
- vii) **Audit Para # 297,Page-224-ARPSE-1991-92**
- viii) **Audit Para # 298,Page-225-ARPSE-1991-92**
- ix) **Audit Para # 299,Page-225-ARPSE-1991-92**
- x) **Audit Para # 300,Page-225-ARPSE-1991-92**
- xi) **Audit Para # 301,Page-225-ARPSE-1991-92**
- xii) **Audit Para # 302,Page-225-ARPSE-1991-92**
- xiii) **Audit Para # 303,Page-225-ARPSE-1991-92**
- xiv) **Audit Para # 304,Page-225-ARPSE-1991-92**
- xv) **Audit Para # 305,Page-225-ARPSE-1991-92**
- xvi) **Audit Para # 306,Page-225-ARPSE-1991-92**

Pakistan Television Corporation Limited

- xvii) **Audit Para # 307,Page-226-ARPSE-1991-92**
- xviii) **Audit Para # 308,Page-227-ARPSE-1991-92**
- xix) **Audit Para # 309,Page-227-ARPSE-1991-92**
- xx) **Audit Para # 310,Page-227-ARPSE-1991-92**
- xxi) **Audit Para # 311,Page-227-ARPSE-1991-92**
- xxii) **Audit Para # 313,Page-227-ARPSE-1991-92**

Shlimar Recording Company Limited

- xxiii) **Audit Para # 314,Page-228-ARPSE-1991-92**
- xxiv) **Audit Para # 315,Page-228-ARPSE-1991-92**
- xxv) **Audit Para # 316,Page-229-ARPSE-1991-92**
- xxvi) **Audit Para # 317,Page-229-ARPSE-1991-92**
- xxvii) **Audit Para # 318,Page-229-ARPSE-1991-92**
- xxviii) **Audit Para # 319,Page-229-ARPSE-1991-92**

PAC DIRECTIVE

On the recommendations of the DAC, the Public Accounts Committee (PC) directed the Ministry to implement the recommendations of the DAC.

MINISTRY OF INTERIOR

3. OVERVIEW

The Public Accounts Committee (PAC) took up appropriation Accounts and Annual Audit Reports for the year 1991-92 pertaining to the Ministry of Interior for examination on January 21-22, 2006 & 19th May, 2006.

- 1.1 The PAC having considered Audit's point of view and explanation given by the Principal Accounting Officer (PAO), made its recommendations in number of cases.
- 1.2 During the course of discussion, the Committee issued some policy recommendations, depending on the nature of the issue, directing the PAO to take appropriate actions.
- 1.3 There were 13 grants and 25 audit paras presented by the AGPR/Audit. These were initially examined by the Departmental Accounts Committee (DAC) and thereafter were discussed in the meeting of the PAC. The PAC recommended 19 paras for settlement either on the basis of clarifications given by the PAO or the corrective measures taken by the Ministry. The Committee gave directive on 6 Audit paras.
- 1.4 In some cases, the Committee directed Audit to verify details/facts, given in certain cases in defence of the view point presented by the PAO.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS CIVIL) Vol-I FOR THE YEAR 1991-92

- 2.1
- i) **Grant # 88-Interior Division,**
(Excess Rs 46,955)
 - ii) **Grant # 89-Islamabad**
(Saving Rs 6,871,619)
 - iii) **Grant # 90-Pasport Organization**
(Saving Rs 249,307)
 - iv) **Grant # 91-Civil Armed Forces**
(Excess Rs 33,021,704)
 - v) **Grant # 92-Pakistan Cost Guards**
(Saving Rs 3,552,237)
 - vi) **Grant # 93-Pakistan Rangers**
(Saving Rs 132,999,607)
 - vii) **Grant # 94-Registration Organization**
(Excess Rs 37,586,738)
 - viii) **Grant # 95-Civil Defence**
(Excess Rs 757,503)
 - ix) **Grant # 96-Federal Investigation Agency**
(Excess Rs 4,294,791)
 - x) **Grant # 97-Other Expenditure of M/o Interior and Narcotics Control**
(Saving Rs 17,693,789)
 - xi) **Grant # 122-Frontier Constabulary**
(Excess Rs 41,937,214)
 - xii) **Grant # 164-Development Expenditure of Interior Division**
(Saving Rs 76,865,336)
 - xiii) **Grant # 180-Capital Outlay on New Federal Capital**
(Saving Rs 26,684,000)

PAC DIRECTIVE

On the presentation of above thirteen grants by the AGPR, the Committee recommended the excesses/savings of the grants for regularization.

AUDIT REPORT FOR THE YEAR 1991-92

3.1 Audit Para # 12,Page-136-AR-1991-92

Irregular Expenditure of Rs 1.280 million, payment of Local Compensatory Allowance

Audit pointed out that Local compensatory allowance @ 15% of pay subject to maximum of Rs 50 pm to non entitled Civil Armed Forces Personnel serving in the specified unattractive areas of NWFP was granted with effect from 1st July 1979. The Headquarters of Thall Scouts of the Frontier Crops was not located in the specified unattractive area but the said allowance amounting to Rs 1,280,280 on account of local compensatory allowance paid to officials serving at H.Q of the Thall Scouts was irregular and needed recovery.

The PAO informed the Committee that it is evident that the compensatory allowance is admissible in settled and tribal areas alike and there appears to be no reasons to declare ineligible a wing force of FC NWFP.

PAC DRIECTIVE

The Committee directed the PAO to amend the rules where required and report to PAC.

- 3.2
- i) Audit Para # 1,Page-133-AR-1991-92
Irregular/unauthorized expenditure of Rs 413,899 on purchase of spare parts of vehicles
 - ii) Audit Para # 7,Page-134-AR-1991-92
Loss of Rs 40,200 due to accident of Govt. vehicle and non deposit of its sales proceed of Rs 54,800
 - iii) Audit Para # 8,Page-135-AR-1991-92
Suspected pilferage of Medicine valuing Rs 211,972
 - iv) Audit Para # 9,Page-135-AR-1991-92
Irregular Expenditure of Rs 30,000 on the purchase of Diesel Engines
 - v) Audit Para # 16,Page-138-AR-1991-92
Excess Consumption of Plastic Rolls and Resultant loss of Rs 0.079 million

PAC DRIECTIVE

On the recommendations of the DAC the PAC settle the 5 audit paras.

AUDIT REPORT FOR THE YEAR FOR THE YEAR 1991-92

3.3 **Audit Para # A-1-1,Page-18-AR-1991-92**
Overpayment of 723,595

Audit pointed out that according to Rule 19 of General Financial Rules, no payment to contractors by way of compensation, or otherwise, outside the strict terms of the contract in excess of the contract rates can be authorized without the prior approval of the Ministry of Finance. A formation of the Capital Development Authority as the rates quoted and accepted were for all leads and lifts. This resulted in an overpayment of Rs 723,595 during 1990.

The PAO informed the Committee that the case has been referred to Tehsildar Rawalpindi for recovery which is under process.

PAC DRIECTIVE

The Committee directed the department to recover the amount within three months with a report to PAC/Audit.

3.4 **Audit Para # C-1.1,Page-22-AR-1991-92**
Loss of Rs 662231 due to inefficient tendering

Audit pointed out that a formation could not accept the first lowest tender valuing to Rs 2,512,965/ within the prescribed period of 120 days i.e. 19th April 1988. The acceptance letter was issued on 13th September 1988 when the contractor refused the work demanding 20 percent increase on his tendered rates which was not accepted. On re-tendering in January

1989 the work was allotted at Rs 3,175,096/ to the single bidder after negotiation at 45.73 percent above the estimated cost which was even more than the original bid plus 20 percent (Rs 3,015,558) by Rs 159,538/. The lack of timely decision making in the first instance and award of work consequently at exorbitantly higher rates resulted in a loss of Rs 662,231.

The PAO informed the Committee as regard mismanagement in this case, CDA felt that there should be a time for acceptance of tenders. Therefore, the necessary clause was floated in N.I.T on 7.1.1989.

PAC DRIECTIVE

The Committee conveyed its displeasure on mismanagement and working of the then Deputy Director CDA. However, the PAC recommended the para for settlement subject to verification of the record by the Audit.

3.5 **Audit Para # C-1.2,Page-23-AR-1991-92** **Loss of Rs 170,500**

Audit pointed out that a formation exhibited a quantity of 15,148 cft burnt brick masonry in the N.I.T alongwith other items. A contractor quoted the abnormally low rate of Rs. 0.01 per 100 cft against the schedule rate of Rs 1,423,36 whereas he quoted extraordinarily high rates for other items and became the lowest bidder. The department however got executed only 6,785 cft burnt brick masonry @ Rs 0.01 per 100 cft and then substituted the item by course rubble masonry 2nd sort, at the rate of Rs 2,038.84 per 100 cft. This unjustified substitution resulted in a loss of Rs 170,500/ to the Government.

The PAO informed the Committee that the recovery has been done and Audit can verified it

PAC DRIECTIVE

The Committee recommended the para for settlement subject to verification of the recovered amount by the Audit within one week.

3.6 **Audit Para # D-2,Page-25-AR-1991-92**
Expenditure Incurred on deposit works in excess of deposits Rs 1.191 million

Audit pointed out that according to para 357 of CPWA code expenditure on deposit works is required to be limited to the amount of the deposit received. Any expenditure on deposit works incurred in excess of the amount deposited or in the absence of the deposits is chargeable to the suspense head, "Misc: P.W. Advances" to watch recovery. It was, however, observed that in violation of codal requirements, an amount of Rs 1,191,119/ was incurred by the Capital Development Authority on seven deposit works in excess of deposits received during 1991-92 and the P.W Advance" for exercising necessary vigilance for watching recovery. The non-recovery resulted in loss to the Authority.

The PAO informed the Committee that reconciliation and all formalities have been done according to the decision of the DAC.

PAC DRIECTIVE

The Committee recommended the para for settlement subject to verification of the record by the Audit within one week. However, the Committee directed the department be careful in future.

- 3.7
- i) **Audit Para A-1.2, Page-18-AR-1991-92**
Excess payment of Rs 106,284
 - ii) **Audit Para A-1.3, Page-11-AR-1991-92**
Excess payment of Rs 56,920
 - iii) **Audit Para B-1.1, Page-19-AR-1991-92**
Over payment of Rs 0.724 million
 - iv) **Audit Para B-1.2, Page-20-AR-1991-92**

- v) Non-Recovery of Rs 183,283
Audit Para B-1.3, Page-20-AR-1991-92
Non-Recovery of Rs 29,242
- vi) Audit Para B-11.1, Page-21-AR-1991-92
Non-Recovery of Rs 173135
- vii) Audit Para B-11.2, Page-21-AR-1991-92
Non-Recovery of 157,679
- viii) Audit Para B-11.3, Page-21-AR-1991-92
Non-Recovery of Rs 88,617

- ix) Audit Para B-111.1, Pages-21-22-AR-1991-92
Non-Recovery of Rs 1,856,235
- x) Audit Para C-1.I.3, Pages-23-AR-1991-92
Loss of Rs 90,656 due to Inefficient Tendering
- xi) Audit Para C-1.4, Pages-24-AR-1991-92
Loss due to inefficient Tendering Rs 1,607,205
- xii) Audit Para D-1, Pages-24-AR-1991-92
Expenditure incurred on works in anticipation of technical sanction Rs 206.864 million
- xiii) Audit Para D-3, Pages-25-AR-1991-92
Outstanding Inspection Reports and Audit Notes

Inspector General Frontier Crops Quetta

- xiv) Audit Para 21.1, Pages-179-AR-1991-92
Loss of Rs 376,103

PAC DIRECTIVE

On the recommendation of the DAC, the PAC settle the above 14 audit paras.

MINISTRY OF INFORMATION TECHNOLOGY & TELECOMMUNICATION

1. Overview

Annual Audit Reports for the year 1991-1992 pertaining to the Ministry of Information Technology & Telecommunication were taken up for examination by Public Accounts Committee (PAC) on May 11, 2009.

- 1.1 The PAC having considered Audit's point of view and explanation given by the Principal Accounting Officer (PAO), made its recommendations in a number of cases involving irregular award of contracts, wasteful expenditure, irregular expenditure, irregular payment, non recovery, receivables against eight chronic defaulter advertising agencies, non-implementation of agreements, misuse of power, imprudent decisions of board of Directors etc.
- 1.2 There were 81 paras reported by Audit. These paras were initially examined by the Departmental Accounts Committee (DAC) and then were discussed in the meetings of PAC. The Committee recommended 65 para for settlement either on the basis of clarifications given by the PAO or the corrective measures taken by the Ministry The Committee gave directives on 16 paras.
- 1.3 During the course of discussion in the meeting, the Committee issued some directives, depending on the nature of the issue, directing the PAO to take appropriate action.
- 1.4 In certain cases The Committee directed Audit to verify details/facts given in Defence of the viewpoint presented by PAO.

ACTIONABLE POINTS

AUDIT REPORT FOR THE YEAR 1991-92

2.1 i) **Para-1.1 (Page-45-AR-1991-92)**
Misappropriation in cash collection Rs.73 million

Audit pointed out that the operating staff deployed at Management Public Call Offices (PCPs) received cash from general public for making telephone calls. The amount so collected was misappropriated as they did not deposit it in the banks.

The PAO informed the Committee that the amount was collected and credited to the PTCL account and duly deposited in the Bank account.

ii) **Para-3.1 (v) (Page-49-AR-1991-92)**
Failure of internal controls..

Audit pointed out that the General Manager, Lahore Telecommunication Region, Lahore had failed to observe the internal controls in his Region. Relevant facts were pointed out to him in November, 1992 in support of this view on the basis of sample check of his accounts for 1991-92.

The PAO informed the Committee that the accounts for the year 1991-92 had since been closed/adjusted by the company and no Annual Financial Grant (AFG) was received from PTCL, H/Q therefore no rectification is possible at this belated stage.

iii) **Para-3.2 (Page-50-51-AR-1991-92)**
Ineffective internal control

Audit pointed out that the twelve estimates for providing telephones on contribution works basis were sanctioned by the competent authority at a total cost of Rs.938,009/ (Cash Rs.546,019/- and stores Rs.391,990/-) during 1989-90. Audit observed that utilization of cash component was 68.69% whereas expenditure on store component relating to Single

Channel Radio Equipment etc. was only 2.48% of the sanctioned provisions.

The PAO informed the Committee that the stores included against the sanctioned estimates were not received in time from the Store Organization. Thus store was utilized from maintenance/ADP stock and was regularized through ACE-5. Now the formation is under Administrative control of Director NTC PE and the case needs to be taken up by Audit with Director NTC PE as requested earlier vide Inv .4-34/92 dated 13.10.2000.

iv) **Para-7.1 (Page-65-AR-1991-92-PTC)**
Un-authorized purchase of vehicles –Rs.25.384 million

Audit pointed out that the T&T Department/Pakistan Telecommunication Corporation purchased 105 vehicles of different specifications at a total cost of Rs.25,384,477/- during 1985-86 to 1991-92, without obtaining 'No Objection Certificate' and approval of the competent authority. The expenditure was, therefore, held as irregular and unauthorized.

The PAO informed the Committee that the para is regarding purchases of vehicles without obtaining NOC from Cabinet Division and approval of competent authority. The purchases made during the period from 1987 to 1992 have been placed under observation. In this behalf it is submitted that vehicles were purchased against sanctioned estimates with the approval of competent authority and concurrence of Financial Advisor, a representative of the Ministry of Finance.

v) **Para-7.5 (Page-67-68-AR-1991-92-PTC)**
Un-necessary procurement of spare parts Rs.2.323 million

Audit pointed out that the Peshawar, Mardan and Chitral Microwave link was commissioned in 1985. Spares for the first five years required for the maintenance of link were supplied by M/s N.W.C of Japan. At best, these

spares could suffice up to 1990. However without first ascertaining the stock position from the Consumer Division, the Director, Telegraph Stores and Workshops, Karachi placed an advance purchase order for spares with M/s Sumitomo Corporation, Karachi in September, 1988. Thus, the demand was overstated because Consumer Division had not placed indents upon the Director, Telegraph Stores for these spares till August, 1989. Sufficient spares were already available with the Division. Despite this, additional quantities were received in November, 1989. Yet another irregularity was committed by debiting the cost of spares worth Rs.3.746 million to 'Pure Maintenance', instead of charging to Capital Works. Since no budgetary provision was made to the Division, it placed this heavy amount under 'store suspense' and remained un cleared till August, 1992.

The PAO informed the Committee that the spares parts were procured as per decision of the committee constituted by the then DG T&T and the store was also indented under the instructions of DTS & W Karachi. The spares were demanded to keep the system in good condition. Spares provided with the system by the NEC were either not as per required specifications while most of them were utilized at various stations as the original were burnt down because of server lightening in the area. The balance quantity of stores was also being used in case of urgency and at present very meager quantity is lying with the concerned Sub-Division.

vi) **Para-7.13 (Page-71-72-AR-1991-92-PTC)**
Un-justified expenditure Rs.741,688/-

Audit point out that the Divisional Engineer, Microwave Development-I Peshawar made a payment of Rs.741,688/- during 1986-87 to a contractor entrusted with the sanctioned work of the installation of Microwave towers between Peshawar, Quetta, Karachi. The payments were considered unjustified as the work could be executed by the Management

staff who were paid an extra amount of Rs.22.09 million on account of pay and allowances during the said period. Moreover, Japanese Engineers had also been contracted to supervise the work at all stages.

The PAO informed the Committee that the work was got executed through the contractor at the instance of D.G. T&T, Islamabad who invited tenders for the said job as a very huge project was to be completed within shortest possible time, the link having maximum number of stations. The staff of the division remained busy in the supervision of works under execution. It was not possible for the department to achieve the target in case staff was involved in the execution of tower foundation/erections/ paintings and other allied works. The staff also remained busy in the execution of other delicate and sensitive works like installation of radio/power plants and its testing, which required full devotion of the staff. Had the staff been involved in heavy works without proper machinery and skill. The work could have abnormally been delayed, thus causing more financial loss to the department. This was avoid and telecom services to the public provided early. However the work was accomplished strictly in accordance with the terms and conditions of the contract.

PAC DIRECTIVE

The Committee directed the PAO to inquire the matter and point out the persons who were involved in embezzlement. The Committee further directed the Privatization Commission to come before the committee with a copy of agreement. The Committee also directed the PAO to discuss this issue in the meeting of the Board of Directors and recover the amount. The Committee directed the PAO to get post facto approval from the competent authority under report to Audit. The Committee however, directed that the para will be recommended for settlement on satisfaction by Audit.

**PERFORMANCE AUDIT REPORT ON THE INSTALLATION OF
MICROWAVE RADIO RELAY LINK BETWEEN PESHAWAR-
MARDAN-CHITRAL PROJECT NO. XII/7576**

On presentation of above Performance Audit Report by Audit the Committee directed the PAO that the said report should be presented before the BOD of the company for initiating necessary action for improvement of systems etc. PAC should be informed about the action taken under report to Audit.

3.2 i) **Para # 2.4 (2.4.1 to 2.4.8) (Page # 107-AR-1991-92-PTC)**

Other Aspects

The Audit pointed out that :-

- 2.4.1 The accounts of the project have not been finalized so far, although the scheme had been substantially completed in 1984-85. The expenditure booked by various agencies was not yet firm and reconciled.
- 2.4.2 Revised PC-I, which was prepared and approved by ECNEC in 1986, was not based on the actual and contained substantial variations, although 99% of the expenditure had been incurred by that time.
- 2.4.3 Technical maintenance of the Microwave Link was estimated to cost Rs.6.741 million per annum as per revised PC-I. The actual expenditure ranged from Rs. 1.38 million 1986-87 to Rs.5.06million in 1989-90. The maintenance cost was thus within the projected cost.
- 2.4.4 The projection of estimated additional revenue as per revised PC-I could not be verified, as the link was not treated as distinct “revenue center” in the departmental accounts.
- 2.4.5 Completion Report of the Project has not yet been drawn.
- 2.4.6 In the revised PC-I, 8 stations were also to be linked on UHF (Ultra High Frequency) at a cost of Rs. 6.4 million. This work had not been completed so far at 5 stations namely, Dir, Batkela, Laram Qila Landi Kotli and Sakhakot.
- 2.4.7 A staff Quarters constructed at abbotabad for Rs. 0.62 million (Estimate Nos 2431, 2604) were not related to the

project, and hence the cost thereof was incorrectly debited to the project.

2.4.8 72 LPG cylinders (45 KG each) purchased for Y 2.3 million were not used for the project.

The PAO informed the Committee that on 2.4.1 to 2.4.5 above no comments were required. (2.4.6) the completion report will be released on the settlement of accounts with Pak. PWD Laram Qila is itself a drop repeater of the link while the other four towns of Dir, Bat Khela, Landi Kotal and Sakhakot have already been connected with Mardan on UHF links. (2.4.8) The contention of audit that LPC cylinders were not utilized is not correct. These cylinders have been utilized and still are being used as stand by in the hilly areas where the temperature is, below freezing point in winter. The cylinders are used for the oil generators since the diesel gets frozen.

ii) Para # 3.2 (3.2.1 & 3.2.2) (Page # 108-AR-1991-92-PTC)
Plant and equipment

The PAO informed the Committee that the delay was partly due to delay in arranging finances and approval of specification by the donors . Further practical survey of the rote was conducted thrice before approval of survey report to avoid technical complications at later stage. In the original PC-I it was approved to finance it from the Government grants. Additional allocation under West German Commodity Loan No. AL-80679702 was received for this project through Economic Affairs Division in January, 1981 whereas the purchase order was issued to the contractor in May, 1983. The Disbursement date of this loan expired before closure of accounts of the contractor. As such the balance payment of 5% (Y 19.4 million) to the contractor had to be met from Pakistan's own resources due to delay in execution of work.

PAC DIRECTIVE

On presentation of above paras by Audit, the Committee directed the PAO that the above paras should be presented before the Board of Director of the company for initiating necessary action for improvement of systems etc. under report to Audit. PAC should be informed about the action taken.

- 3.3
- i) **Para # 1.1 (Page # 105-AR-1991-92)**
Introduction
 - ii) **Para # 2.1 (Page # 105-AR-1991-92-PTC)**
Cost over-Run
 - iii) **Para # 2.2 (Page # 106-AR-1991-92-PTC)**
Plant and Equipment
 - iv) **Para # 2.3 (Page # 106-107-AR-1991-92-PTC)**
Land and Civil works
 - v) **Para # 3.1(3.1.1 & 3.1.2) (Page # 108-AR-1991-92-PTC)**
Management's reply and audit comments thereon
 - vi) **Para # 3.3(3.3.1 & 3.3.6) (Page # 108-109-AR-1991-92-PTC)**
Land and civil works
 - vii) **Para # 3.4 (3.4.1 & 3.4.11) (Page # 109-110-AR-1991-92-PTC)**
Other Aspects

PAC DIRECTIVE

On presentation of above seven paras and after hearing explanation of the PAO, the Committee recommended the paras for settlement.

PERFORMANCE AUDIT REPORT ON EXPANSION OF TELEPHONE SYSTEM IN ISLAMABAD DURING 1979-91 PROJECTS-V/81-82-83, I/84-85 XIX/84 AND III/88-89

- 3.4
- i) **Para # 1 & 1.1 (Page-119-AR-1991-92-PTC)**
Introduction
 - ii) **Para # 2 & 2.1 (Page-119-AR-1991-92-PTC)**
Financial Outlay
 - iii) **Para # 3(3.1, 3.1.1to 3.1.3)**
Achievement
 - iv) **Para # 3.2 (3.2,1 to 3.2.4) (Page-120-121 -AR-1991-92-PTC)**
Incorrect accounting
 - v) **Para # 3.3 (Page-3.3.1 to 3.3.6)-AR-1991-92-PTC)**
Execution schedule

- vi) Para # 3.4 (Page # 122 AR 1991-92-PTC)
Project Accounts
- vii) Para # 3.5 (3.5.1 to 3.5.3) (Page # 122-123- AR 1991-92-PTC)
Non closing of accounts of completed works.
- viii) Para # 3.6 (3.6.1 to 3.6.3) (Page # 123- AR 1991-92-PTC)
Estimates not used as a tool of project control
- ix) Para # 3.7 (3.7.1 to 3.7.3) (Page # 123-124- AR 1991-92-PTC)
Delay in sanction of estimates.
- x) Para # 3.8 (3.8.1 to 3.8.3) (Page # 124- AR 1991-92-PTC)
Leaving the works unfinished
- xi) Para # 3.9 (Page # 124- AR 1991-92-PTC)
Incorrect charge of expenditure
- xii) Para # 3.10 (Page # 124- AR 1991-92-PTC)
Irregular expenditure
- xiii) Para # 3.11 (Page # 125- AR 1991-92-PTC)
Non specific petty expenses
- xiv) Para # 3.12 (Page # 125- AR 1991-92-PTC)
Improper maintenance of record

PAC DIRECTIVE

On presentation of above 14 paras by Audit and after hearing the explanation of the PAO, the Committee recommended the paras for settlement.

PERFORMANCE AUDIT REPORT ON PROVIDING 125 MULTI-CHANNEL ULTRA HIGH FREQUENCY (UHF) LINKS FOR CONNECTING SMALL TOWNS WITH MAIN OUTLETS (PROJECTNO. XXXIII/84-85)

3.5

- i) Para # 1 (Page # 142 AR-1991-92-PTC)
Introduction
- ii) Para # 2 (2.1 & 2.2) (Page # 142 - AR-1991-92-PTC)
Planning
- iii) Para # 3.1 (3.2 & 3.3) (Page # 142 AR-1991-92-PTC)
Scope of work
- iv) Para # 4 (Page # 142 AR-1991-92-PTC)
Implementation
- v) Para # 4 (4.1 & 4.2) (Page # 142 AR-1991-92-PTC)
Implementation

- vi) **Para # 4.3 (4.3.1 & 4.3.2) (Page # 143 AR-1991-92-PTC)**
Physical progress
- vii) **Para # 5.1 (5.1.1 & 5.1.4) (Page # 143 AR-1991-92-PTC)**
Change in scope of works. The scope of work has been substantially changed/ enhanced for the PC-I
- viii) **Para # 5.2 (Page # 143 AR-1991-92-PTC)**
Un-related works
- ix) **Para # 5.3(5.3.1 & 5.3.2) (Page # 143-144 AR-1991-92-PTC)**
Delay in completion of project
- x) **Para # 5.4 (Page # 144 AR-1991-92-PTC)**
Unsystematic placing of supply orders
- xi) **Para # 5.5 (5.5.1 to 5.5.3) (Page # 145 AR-1991-92-PTC)**
Non-Accountal of value of recovered
- xii) **Para # 5.6 (Page # 145 AR-1991-92-PTC)**
Ineffective monitoring system
- xiii) **Para # 5.7 (Page # 145 AR-1991-92-PTC)**
Delay in achievement of objectives
- xiv) **Para # 5.8 (Page # 145-146 AR-1991-92-PTC)**
Incurrence of wasteful expenditure
- xv) **Para # 5.9 (Page # 146 AR-1991-92-PTC)**
Incurrence of expenditure against unsanctioned estimates
- xvi) **Para # 5.10 (5.10.1 to 5.10.3) (Page # 146 AR-1991-92-PTC)**
Non-completion of Accounts

PAC DIRECTI VE

On presentation of above 16 paras by Audit and after the hearing the explanation of the PAO, the Committee recommended them for settlement.

PERFORMANCE AUDIT REPORT ON PROVISION OF 24/72 CHANNELS UHF (ULTRA HIGH FREQUENCY) LINK BETWEEN KOHAT-TALL-PARACHINAR (PROJECT NO. XIII/82-83)

3.6

- i) **Para # 1 (1.1 to 1.3) (Page # 163- AR-1991-92-PTC)**
Introduction
- ii) **Para # 2 (2.1 to 2.1.1) (Page # 163-164- AR-1991-92-PTC)**
Introduction
- iii) **Para # 3 (3.1 to 3.4) (Page # 164- AR-1991-92-PTC)**
Implementation

- iv) **Para # 4 (4.1.1 to 4.1.5) (Page # 164-165- AR-1991-92-PTC)**
Change in scope of work
- v) **Para # 4.2 (4.2.1 to 4.2.2) (Page # 165- AR-1991-92-PTC)**
Overlapping Resulting in excess expenditure
- vi) **Para # 4.3 (4.3.1 to 4.3.3) (Page # 165-166- AR-1991-92-PTC)**
Time Over-Run
- vii) **Para # 4.4 (4.4.1 to 4.4.3) (Page # 166-167- AR-1991-92-PTC)**
Cost-Over-Run
- viii) **Para # 4.5 (4.5.1, 4.5.1.1 to 4.5.1.3) (Page # 166- AR-1991-92-PTC)**
Lack of Management
- ix) **Para # 4.6 (Page # 167- AR-1991-92-PTC)**
Delay In achievement of objectives

PAC DIRECTIVE

On presentation of above 9 paras by Audit and after hearing the explanation of the PAO, the Committee recommended them for settlement.

Performance Audit Report on Installation of High Capacity Microwave link between Karachi-Bella-Quetta-D.G Khan D.I. Khan-Bannu and Peshawar Project No. XIX/81-82

3.7

- i) **Para # 1.1 (Page-189-AR-1991-92-PTC)**
Introduction
- ii) **Para # 2.1 (Page-189-AR-1991-92-PTC)**
Execution of Project
- iii) **Para # 3.1 (Page-189-AR-1991-92-PTC)**
Financial Outlay
- iv) **Para # 4.1 (Page-189-AR-1991-92-PTC)**
Delay in Execution
- v) **Para # 4.2 (Page-190-AR-1991-92-PTC)**
Revision of the scheme
- vi) **Para # 4.3.1 (Page-191-AR-1991-92-PTC)**
Causes of Revision
- vii) **Para # 4.3.4 (Page-192-AR-1991-92-PTC)**
Cause Revision
- viii) **Para # 4.4.1, 4.5 & 4.5 (Page-193-AR-1991-92-PTC)**

Utilization of Loan Facility

PAC DIRECTIVE

On presentation of above 8 paras by Audit and after hearing the explanation of the PAO, the Committee recommended them for settlement.

PERFORMANCE AUDIT REPORT ON PROVIDING 7.5 LONG DISTANCE PCOS IN RURAL AREAS OF NWFP PROJECT –XXVII OF 1981-82

3.8

- i) **Para # 1,2 & 3 (Page-205-206-AR-1991-92)**
Introduction
- ii) **Para # 3,4,4,.1 to 4.11, 5,5.1 to 5.3 (Page-205-208-AR-1991-92)**
Findings

PAC DIRECTIVE

On presentation of above 2 paras by Audit and after hearing the explanation of the PAO , the Committee recommended them for settlement.

PERFORMANCE AUDIT REPORT ON THE INSTALLATION OF 5000 LINES DIGITAL EXCHANGE AT GULGASHT COLONY, MULTAN

3.9

- i) **Para # 1,1.1,2,2.1.1 to 2.1.4 (Page-224-225-AR-1991-92)**
Introduction
- ii) **Para # 3.1 (Page-226-AR-1991-92)**
Planning
- iii) **Para # 3.2 - 3.2.1 (Page-224-225-AR-1991-92)**
Time Over-Run
- iv) **Para # 3.2.2- 3.2.4 (Page-226-227-AR-1991-92)**
Time Over-Run
- v) **Para # 3.3 - (Page-226-227-AR-1991-92)**
Cost Over-Run
- vi) **Para # 3.4.1 to 3.4.2 (Page-226-227-AR-1991-92)**
Cost Over-Run
- vii) **Para # 3.5 & 3.6 (Page-228-AR-1991-92)**
Air-Conditioning

- viii) **Para # 3.7 (Page-228-230-AR-1991-92)**
Blockage of Capital
- ix) **Para # 4.1 (Page-230-AR-1991-92)**
Recommendations

PAC DIRECTIVE

On presentation of above paras by audit and after hearing the explanation of the PAO, the Committee recommended them for settlement.

**PERFORMANCE AUDIT REPORT ON THE INSTALLATION OF
2000 LINES ELECTRONIC TELEX EXCHANGE LAHORE
PROJECT NO/ XI/83-84**

3.10

- i) **Para # 1 (Page # 238 AR 1991-92-PTC)**
Introduction
- ii) **Para # 2 to 5 (Page # 238 – 240 AR 1991-92-PTC)**
Implementation

PAC DIRECTIVE

On presentation of above two paras by Audit and after hearing the explanation of the PAO, the Committee recommended them for settlement.

PERFORMANCE EVALUATION REPORT (NO. 121)
ON CARRIER TELEPHONE INDUSTRIES (PVT) LIMITED FOR
THE YEAR 1991-92

3.11

- i) **Para # 3.1**
Balance Sheet Data And analysis
- ii) **Para # 3.2**
Profit & loss data analysis
- iii) **Para # 4.3**
Value added analyses

PAC DIRECTIVE

On recommendation of Audit and after hearing the explanation of the PAO, the Committee recommended the paras for settlement.

MINISTRY OF KASHMIR & NORTHERN AFFAIRS

6. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1991-1992 pertaining to the M/O Kashmir & Northern Affairs were taken up for examination by Public Accounts Committee (PAC) on 24th June, 2009.

During the course of discussion in the meeting, the Committee issued some policy recommendations, depending on the nature of the issue, directing the PAO to take appropriate action.

There were 6 grants and 7 paras reported by the AGPR/Audit. These grants/paras were initially examined by the Departmental Accounts Committee (DAC) and thereafter were discussed in the meetings of PAC.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I FOR THE YEAR 1991-92

- 2.2 i) GRANT # 128 KASHMIR AFFAIRS AND NORTHERN AFFAIRS
DIVISION
(Excess Rs.1,496,106/-)

AGPR pointed out that the grant closed with an excess of Rs. 1,496,106 which worked out to 15.97% of the total grant. An economy cut of Rs. 468,350 (5.00%) was applied due to which excess increased to Rs. 1,964,456(20.97%).

- ii) GRANT # 129 NORTHERN AREAS
(Excess Rs. 43,928,764/-)

AGPR pointed out the excess of Rs. 43,928,764 which works out to 18.63% of the total grant. An amount of Rs. 100,000 (0.04)% was surrendered increasing net excess to Rs. 44,028,764 (18.67%).

iii) **GRANT # 130 FEDERAL GOVERNMENT EDUCATIONAL INSTITUTIONS IN NORTHERN AREAS.**

(Excess Rs. 28,589,071/-)

AGPR pointed out that the grant closed with an excess of Rs. 28,589,071 which worked out to 30.75% of the total grant.

iv) **GRANT # 131 OTHER EXPENDITURE OF KASHMIR AFFAIRS AND NORTHERN AFFAIRS DIVISION**

(Saving Rs. 137,381,178/-)

AGPR pointed out that the grant closed with saving of Rs. 137,381,178 which worked out to 7.97% of the total grant. An amount of Rs. 171,217,000 (9.94%) was surrendered and an economy cut of Rs. 234,000 (0.01%) was applied due to which saving was converted into an excess of Rs. 34,069,822 (1.97%).

v) **GRANT # 137 –CAPITAL OUTLAY ON PURCHASES BY KASHMIR AFFAIRS AND NORTHERN AFFAIRS DIVISION**

(Saving Rs. 1,146,886/-)

AGPR pointed out that the grant closed with saving of Rs. 1,146,886 which worked out to 1.95% of the total grant.

vi) **GRANT # 174 DEVELOPMENT EXPENDITURE OF KASHMIR AFFAIRS AND NORTHERN AFFAIRS DIVISION**

(Saving Rs.73,380,418)

AGPR pointed out that the grant closed with saving of Rs. 73,380,418 which worked out to 12.64% of the total grant. An economy cut of Rs. 55,010,000 (9.48%) was applied due to which saving decreased to Rs. 18,370,418 (3.16%).

PAC DIRECTIVE

The Committee recommended the savings/excesses of the above six grants for regularization with the direction that the Ministry's financial and budgetary system should be strengthened, so as to ensure that there is no excess/saving in future.

AUDIT REPORT ON THE ACCOUNT FEDERAL GOVERNMENT FOR THE YEAR 1991-92

3.1 **Para # 2 (Page # 71 AR 1991-92)**

Non production of record of discretionary grant worth Rs. 392,000

The Audit pointed out that the Minister for Kashmir Affairs and Northern Affairs Division, Islamabad drew discretionary grant amounting to Rs 392,000 during the year 1987-88 to 1989-90 but the accounts of the same were not produced for Audit. The matter was reported to the Ministry on 30th June, 1992 which had not replied thus far. In absence of accounts, it can not be ascertained whether or not the amount was spent in accordance with the prescribed rules and regulations for the purposes for which the grant was sanctioned. Relevant record be produced for Audit. In case the record is not available investigations at appropriate level may be initiated to fix responsibility for the irregularity.

The PAO informed the Sub-Committee that the discretionary grant amounting to Rs. 392, 000/- was spent during the years 1987-88 to 1989-90 and the record was maintained by PS to Minister. Due to merger of KANA Division in 1996 and its bifurcation to SAFRON in 2004, all the relevant record could not be traced.

PAC DIRECTIVE

The Committee directed that efforts be made to trace the record and recommended the para for settlement subject to its verification by Audit. The Implementation Committee will take necessary follow up action.

3.2

- i) **Para # 1 (Page # 71 AR 1991-92)**
Non RECOVERY OF Rs. 1,899,635/-
- ii) **Para # 11.A.I (Page # 175-AR-1991-92)**
Overpayment of Rs. 0.235 million
- iii) **Para # 11.A.2 (Page # 175-AR-1991-92)**
Overpayment of Rs. 0.049 million
- iv) **Para # 11.A.3 (Page # 176-AR-1991-92)**
Overpayment of Rs. 0.025 million
- v) **Para # 11.A.5 (Page # 177-AR-1991-92)**
Less Recovery of Rs. 0.088 million
- vi) **Para # 320 (Page # 233-AR-1991-92)**
Audit comments

PAC DIRECTIVE

On presentation of above six paras by Audit, the Committee directed the Ministry to implement recommendation of the DAC under report to Audit

MINISTRY OF LABOUR AND MANPOWER

1. Overview

Appropriation Accounts and Annual Audit Reports for the year 1991-92 pertaining to the Ministry of Labour & Manpower were taken up for examination by Public Accounts Committee (PAC) on July 1, 2009.

- 1.2 There were 6 grants and 31 audit paras reported by Audit/AGPR. These paras were initially examined by the Departmental Accounts Committee (DAC) and then were discussed in the meetings of PAC. The Committee recommended 26 para for settlement either on the basis of clarifications given by the PAO or the corrective measures taken by the Ministry. The Committee gave directives on 5 paras.
- 1.3 During the course of discussion in the meeting, the Committee issued some directives, depending on the nature of the issue, directing the PAO to take appropriate action.
- 1.4 In certain cases The Committee directed Audit to verify details/facts given in Defence of the viewpoint presented by PAO.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I FOR THE YEAR 1991-92

2.1. i) Grant # 102-Labour Division (Saving Rs 3,182,404)

AGPR pointed out that the grant closed with a saving of 3,182,404 which worked out to 16.16% of the total grant. An economy cut of Rs 900,000 (5.00%) was applied due to which saving decreased to Rs 2,282,404(11.59%).

ii) Grant # 103-Other Expenditure of Labour Division (Excess Rs. 60,621,603/-)

AGPR pointed out that the grant closed with an excess of Rs 60,621,603 which worked out to 3.33% of the total grant. An economy cut of Rs

200,000 (0.01%) was applied due to which excess increased to Rs 60,821,603 (3.34%).

iii) **Grant # 104-Manpower and Overseas Pakistanis Division**
(excess Rs. 1,429,578/-)

AGPR pointed out that the grant closed with an excess of Rs 1,429,578 which worked out to 1.84% of the total grant. An economy cut of Rs 3,300,000 (5%) was applied due to which excess increased to Rs. 4,729,578 (6.11%). A supplementary grant of Rs 262,000 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account, the excess was reduced to Rs 4,467,578 (5.75%).

iv) **Grant # 166-Development Expenditure of Labour Division**
(excess Rs. 1,394,397/-)

AGPR pointed out that the grant closed with an excess of Rs 1,394,397 which worked out to 24.35% of the total grant. An amount of Rs 614,000 (10.72%) was surrendered increasing net excess to Rs 2,008,397 (35.08%).

v) **Grant # 167-Delevelopment Expenditure of Manpower and Overseas Pakistanis Division**
(saving- Rs. 19,937,530/-)

AGPR pointed out that the grant closed with a saving of Rs 19,937,530 which worked out to 12.51% of the total grant. An amount of Rs 24,845,700 (15.59%) was surrendered and economy cut of Rs 15,500,000 (18.94%) was applied due to which saving converted into an excess of Rs 20,408,170(12.80%). A supplementary grant of Rs 422,000 was sanctioned by Finance Division but no included in the supplementary schedule of authorized expenditure. After taking it into account, the excess was reduced to Rs 19,986,170 (12.51%).

PAC DIRECTIVE

On presentation of above five grants by the AGPR, and after hearing the explanation of the PAO, the Committee recommended the savings/excesses of the Grants for regularization subject to verification of record/reconciliation by AGPR

AUDIT REPORT FOR THE YEAR 1991-92

3.1 **Para 1 (Page-147-AR-91-92)** **Recovery of Irregular Payment of Rs 842,957 from a Contractor**

Audit pointed out that in the National Training Bureau, Islamabad a contractor was awarded left over work of the construction of three centers in Sindh on 4th February 1986. The contractor was entitled to receive only mobilization advance equal to 10% of the contract cost but an amount of Rs 600,000 in violation of agreement clause was paid to the contractor on 24th January, 1988 against a surety bond from an insurance company.

The PAO informed the Committee that 50% of the advance of Rs 3/6 lacs stands duly recovered upto 23rd running bill and the contractor declined to agree to the recovery of balance from 24th running bill which remained pending. Being aggrieved the contractor M/s Sind Construction Company initiated Attribution with department. The contractor claimed Rs 74,842,862/ in the arbitration. The Department rejected the claims of the contractor and submitted counter claim amounting to Rs 8,264,573/ the counter claim includes the full recovery of Rs 600,000/ as advance money. The arbitration was initiated in May 2000. The proceeding were closed by submission of arguments by both the parties in March/April 2005. The award is to be announced by the Honourable Arbitrator (Justice (R) Amjad Ali) which still remains pending. Efforts are underway to pursue the case with the Arbitrator.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the PAO to pursue the case vigorously with report to Audit.

3.2 **Para 2 (Page-147-AR-91-92)**
Loss of Rs 131,183/ due to theft

Audit pointed out that in the National Training Bureau, items of equipment worth Rs 131.183 were stolen in 1987 but neither the loss was reported to police nor any departmental enquiry was conducted to make the loss good from the defaulter, despite lapse of more than four years.

The PAO informed the Committee that the case was reported to police and FIR was registered with police station. The case was actively followed with police authorities. Departmental enquiry was also conducted which could not identify the culprits. Finally police authorities informed that stolen items could not be recovered despite hectic efforts. Now the case has been taken up with the Ministry for writing off the loss.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the PAO that loss may be got regularized from M/o Finance as recommended by the DAC under report to Audit.

3.3 **Para 3-Page-147-AR-1991-92**
Loss of Rs 3,545,000 caused to the organization due to supplying defective equipment by the supplier

PAC DIRECTIVE

On recommendation of the DAC, the Public Accounts Committee (PAC) recommended the above Audit Para for settlement.

**AUDIT REPORT PUBLIC SECTOR ENTERPRISES VOL-III FOR
THE YEAR 1991-92**

Employees Old Age Benefit Institution

- 3.4 i) **Para 326-(Page-238-ARPSE-91-92)**
Audit Comments
- ii) **Para 327[-(Page-239-ARPSE-91-92)**
Audit Comments

PAC DIRECTIVE

On recommendation of the DAC, the Public Accounts Committee (PAC) recommended the above two Audit Paras for settlement.

Overseas Employment Corporation

- 3.5 **Para 335 (Page-243-AR-91-92)**
No recovery/adjustment of outstanding dues Rs 201,000 against Ex.M.D

Audit pointed out that the books of accounts of Overseas Employment Corporation exhibited an amount of Rs 201,000 on account of credit sales of air tickets advances and house rent dues etc, recoverable from ex-M.D of the Corporation. The matter was taken up with the officer concerned on November 15, 1990 but without any fruitful results. The prospects of recovery of the outstanding amount from the officer concerned appear to be remote.

The PAO informed the Committee that ex-MD was contacted and he wanted to settle the issue. We will settle the issue within few days.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the PAO to recover the amount with a report to Audit. Follow up action will be taken by the PAC Implementation Committee.

3.6

- i) **Para 331-(Page-241-ARPSE-91-92)**
Audit Comments
- ii) **Para 336[-(Page-242-ARPSE-91-92)**
Loss due to misappropriation of Rs 92,000
- iii) **Para 328-(ARPSE-91-92)**
Working Results
- iv) **Para 329-(ARPSE-91-92)**
Short term loan of Rs 1.725 million
- v) **Para 330-(ARPSE-91-92)**
Creditors occurred and other liabilities

- vi) **Para 332-(ARPSE-91-92)**
Cash in current account
- vii) **Para 333-(ARPSE-91-92)**
Non-remittance of commission from foreign clients loss of Rs 433,000/
- viii) **Para 334-(ARPSE-91-92)**
Irregular appointment of any army officer to a higher grade resulting in overpayment of Rs 0.375 million

PAC DIRECTIVE

On presentation of above eight paras by Audit, the Public Accounts Committee (PAC) directed the Ministry to implement recommendation of the DAC under report to Audit.

PERFORMANCE EVALUATION REPORT # 120 ON OVERSEAS EMPLOYMENT CORPORATION (PVT) LIMITED FOR THE YEAR 1991-92

- 3.7 **Para 4.5-PEAR-91-92)**
Travel Agency Operation

Audit pointed out that two travel agencies named OEC Travels, Rawalpindi and OEC Express Karachi were established in 1979 and 1981 respectively to facilitate travel arrangements for intending emigrants settled through OEC. OEC Travels Rawalpindi is still operative fared badly and was closed down in 1985. This venture caused a loss of Rs 1.00 million to the OEC.

The PAO informed the Public Accounts Committee (PAC) that management could not be able to hold inquiry as directed by DAC due to other engagements in respect of export of manpower.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the PAO to keep Audit informed about final decision of recovery/adjustment under report to PAC.

3.8 **Para 7.3-PEAR-91-92)**
Internal Audit

Audit pointed out that internal audit is non existent. This case can be cited as a major reason for the Corporation's failure to detect promptly the case of misappropriation of funds by its officers. Investigations in those cases are pending with FIA.

The PAO informed the Public Accounts Committee (PAC) that a case was registered against Sheikh Muhammad Saeed Ex-employer of OEC travels regarding the misappropriation of Rs 92,000 under FIR No. 22/87 dated 28th March, 1987. The case was investigated and accused Sh. Muhammad Saeed was found guilty. Since then he has absconded. Another case was registered against Mr. Zahid Ejaz Sheikh, Ex-Assistant Manager, OEC. The investigation was made and then the case file was transferred to NAB. The case is now under investigation. All the procedural requirements have been completed. Degree has been obtained from the court and amount should be recovered shortly.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the PAO to pursue the case for recovery with a report to Audit.

3.9

- i) **Para # 31**
Balance Sheet data and analysis
- ii) **Para # 3.1.1**
Balance Sheet
- iii) **Para # 3.4**
Deferred Liabilities
- iv) **Para # 3.1.5**
Current Assets
- v) **Para # 3.2.1**
Profit and Loss data
- vi) **Para # 4.1**
Organization
- vii) **Para # 4.2**
Organization office wise work load
- viii) **Para # 4.3**
Country wise number of cases of employment
- ix) **Para # 4.4**
Category wise distribution
- x) **Para # 5.1**
Marketing
- xi) **Para # 5.1.2**
Public Sector
- xii) **Para # 6.1**
Organization
- xiii) **Para # 6.2**
Management
- xiv) **Para # 6.3**
Employees Strength
- xv) **Para # 6.6**
Training

PAC DIRECTIVE

On recommendation of the DAC, the Public Accounts Committee (PAC) recommended the above 15 paras for settlement.

MINISTRY OF LAW & JUSTICE

1. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1991-1992 pertaining to the M/O Law & Justice were taken up for examination by Public Accounts Committee (PAC) on June 25, 2009.

During the course of discussion in the meeting, the Committee issued some policy recommendations, depending on the nature of the issue, directing the PAO to take appropriate action.

There were 2 grants reported by the AGPR. These grants were initially examined by the Departmental Accounts Committee (DAC) and thereafter were discussed in the meetings of PAC.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I FOR THE YEAR 1991-92

2.1 i) Grant # 99-Law and Justice Division (Saving Rs. 10,291,945/-)

AGPR pointed out that the saving worked out to 13.48% of the total grant. An amount of Rs. 8,741,868 (11.45%) was surrendered, leaving net saving of Rs. 1,550,077(2.03%).

vi) Grant # 101-Other Expenditure of Law and Justice Division (Saving Rs. 32,702,208)

AGPR pointed out that the saving worked out to 35.63% % of the total grant. An amount of Rs. 23,939,819 (26.08%) was surrendered, leaving net saving of Rs. 8,762,389/- (9.54%).

PAC DIRECTIVE

On presentation of above grants by the AGPR, the committee recommended the saving of the grant for regularization.

MINISTRY OF LOCAL GOVERNMENT & RURAL DEVELOPMENT

1. OVERVIEW

- 1.1 Appropriation Accounts and Annual Audit Reports for the year 1991-92 pertaining to the Ministry of Local Government & Local Development were taken up for examination by the Public Accounts Committee (PAC) on 24th June, 2009.
- 1.2 There were 2 grant presented by the AGPR which were regularized by the PAC.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I FOR THE YEAR 1991-92

- 2.1 i) **GRANT # 105 MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT**
(excess Rs.5,502,278/-)

AGPR pointed out that the grant closed with excess of Rs. 5,502,278 which worked out to 2.69% of the total grant. An amount of Rs. 537,264 (0.26%) was surrendered increasing net excess to Rs. 6,039,542 (2.95%) A supplementary grant of Rs. 43,707,000 was sanctioned but not included in the supplementary schedule of authorized expenditure After taking it into account, the excess were converted into saving of Rs. 37,667,458 (15.20%).

- ii) **GRANT # 168 DEVELOPMENT EXPENDITURE OF MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPEMENT**
(excess Rs.233,190,232/-)

AGPR pointed out that the grant closed with an excess of Rs. 233,190,232 which works out to 8.07% of the total grant. An amount of Rs. 34,646,073 (1.20%) was surrendered increasing net excess to Rs. 267,836,305

(9.27%). A supplementary grant of Rs. 249,432,000 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account, the excess was reduced to Rs. 18,404,305 (0.58%).

PAC DIRECTIVE

The Committee recommended the saving/excess of the grants for regularization with the direction that the Ministry's financial budgetary system should be strengthened, so as ensure that there is no saving/excess in future.

NATIONAL ASSEMBLY SECRETARIAT

2. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1991-92 pertaining to the National Assembly Secretariat were taken up for examination by the Public Accounts Committee (PAC) held on 30th June, 2009.

- 1.1 There was only one grant presented by the AGPR and the PAC settled/regularized the grant with the direction that due care may be taken in future. The object should be zero excess and zero saving.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I FOR THE YEAR 1991-92

- 2.1 i) GRANT # 106- NATIONAL ASSEMBLY
(Charged) saving Rs.10,057,306, (OTC) saving Rs.229,789,089)

AGPR pointed out that in “**Charged**” section the appropriation closed with a saving of Rs. 10,057, 306 which worked out to 15.37% of the total appropriation. An amount of Rs. 5,813,000 (8.88%) was surrendered and an economy cut of Rs. 4,040,000 (6.17%) was applied due to which saving decreased to Rs. 204,306 (0.31%).

In “**Other than Charged**” section the grant closed with a saving of Rs. 229,789,089 which worked out to 87.83% of the total grant. An amount of Rs. 184,621,000 (70.57%) was surrendered and an economy cut of Rs. 45,016,000 (17.20%) was applied due to which saving decreased to Rs. 152,089 (0.05%).

PAC DIRECTIVE

The Committee recommended the savings of the grant for regularization with the direction that there should be no saving/excess in future.

MINISTRY OF OVERSEAS PAKISTANIS

1. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1991-92 pertaining to the M/O Overseas Pakistanis were taken up for examination by the Public Accounts Committee (PAC) held on June 25, 2009,.

- 1.1 There was only 2 grants and 10 paras presented by the Audit/AGPR and the PAC settled 10 paras on the recommendation of the DAC.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I FOR THE YEAR 1991-92

- 2.1 i) **Grant # 104-Manpower Overseas Pakistanis Division**
(Excess Rs. 1,429,578)

AGPR pointed out that the excess worked out to 1.84% of the total grant. An economy cut of Rs 3,300,000 (5.00%) was applied due to which excess increased to Rs 4,729,578(6.11%). A supplementary grant of Rs 262,000 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account the excess decreased to Rs 4,467,578(5.75%).

- ii) **Grant # 167-Development Expenditure of Manpower and Overseas Pakistanis Division**
(Saving Rs.19,937,530)

AGPR pointed out the saving worked out to 12.51% of the total grant. An amount of Rs 24,845,700 (15.59%) was surrendered and an economy cut of Rs. 15,500,000 (18.94%) was applied due to which saving converted

into an excess of Rs 20,408,170 (12.80%). A supplementary grant of 422,000 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking in to account the excess shall be decreased to Rs. 19,986,170 (12.51%)

PAC DIRECTIVE

On presentation of above grants by the AGPR, the Committee recommended the excesses of the Grants for regularization.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES FOR THE YEAR 1991-92

2.1 Overseas Pakistan's Foundation

- i) **Para 337-(Page-245-ARPSE-91-92)**
Audit Comments
- ii) **Para 338-(Page-245-ARPSE-91-92)**
Audit Comments
- iii) **Para 339-(Page-245-ARPSE-91-92)**
Audit Comments
- iv) **Para 340-(Page-246-ARPSE-91-92)**
Audit Comments
- v) **Para 341-(Page-247-ARPSE-91-92)**
Audit Comments

Kaghan Brick Works Limited

- vi) **Para 342-(ARPSE-91-92)**
Working Result
- vii) **Para 343-(ARPSE-91-92)**
Stores Inventory
- viii) **Para 344-(ARPSE-91-92)**
Possessed Fixed Assets
- ix) **Para 345-(ARPSE-91-92)**
Trade debts amounting to Rs 423,980
- x) **Para 346-(ARPSE-91-92)**
Capital Work in progress

PAC DIRECTIVE

On the recommendations of DAC, the Committee recommended the above audit paras for settlement.

PRIME MINISTER'S INSPECTION COMMISSION

1. OVERVIEW

The Public Accounts Committee (PAC) on June 30, 2009 took up appropriation Accounts for the year 1991-92 pertaining to the Prime Minister's Inspection Commission for examination.

1.1 There was only 1 grant presented by the AGPR for which the PAC regularized the grant.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL VOL-I, 1991-92)

2.1 **Grant # 11- PRIME MINISTER'S INSPECTION COMMISSION.**
(Total Grant.Rs.7,044,000)(saving Rs 29,498)

AGPR pointed out that the grant closed with a saving of Rs. 29,498 which works out to 0.42 % of the total grant.

The department explained that saving was mainly due to adoption of economy measures.

PAC DIRECTIVE

The Committee recommended the saving for regularization.

PAKISTAN ATOMIC ENERGY COMMISSION

1. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1991-1992 pertaining to Atomic Energy Commission were taken up for examination by the Public Accounts Committee (PAC) on June 25, 2009. Audit also presented.

1.2 Audit Report on the accounts of Federal Government (civil) for the year 1991-1992.

1.3 The PAC having considered Audit's point of view and explanation given by the Principal Accounting Officer (PAO), made its recommendations regarding booking/reflecting the foreign aided funds in the annual Audit Books of AGPR.

1.3 There were 2 paras, one Performance Audit Report and 2 grants presented by the AGPR/Audit. These were initially examined by the Departmental Accounts Committee (DAC) and thereafter were discussed in the meeting of the PAC. The 2 paras were settled on the recommendations of the DAC.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I FOR THE YEAR 1991-92

2 1 i) Grant # 12-Atomic Energy
(Saving/Excess Rs. Nil)

AGPR pointed out that the total grant has been utilized.

- ii) **Grant # 178-Capital Outlay on Development of Atomic Energy**
(Saving/Excess Rs. Nil)

AGPR pointed out that the total grant has been utilized.

PAC DIRECTIVE

On presentation of above grants by the AGPR, the Committee recommended for regularization.

AUDIT REPORT ON THE ACCOUNTS “PAKISTAN
ATOMIC ENERGY COMMISSION”
FOR THE YEAR 1991-92

- 3.1 i) **Para-1(page-15-AR)**
Excess payment/ recovery of Rs 202,009/ from Ex-Chairman over and
above his entitlement
- ii) **Para-2(page-16-AR)**
Unauthorized and irregular payment of medical allowance to
Rs 99,746/

PAC DIRECTIVE

On recommendation of DAC, the Committee recommended the above two audit paras for settlement.

PEFORMANCE AUDIT REPORT ON NUCLEAR
MEDICINEONCOLOGY AND RADIOTHERAPY INSTITUTE
(NORI) FOR THE YEAR 1991-92

PAC DIRECTIVE

On the recommendation of DAC, the Committee recommended the above Performance Audit Report for settlement.

MINISTRY OF PARLIAMENTARY AFFAIRS

1. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1991-92 pertaining to the M/o Parliamentary Affairs were taken up for examination by the Public Accounts Committee (PAC) on June 25, 2009

- 1.1 There was 1 grant presented by the AGPR and the PAC regularized the grant.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I FOR THE YEAR 1991-92

- 2.1 Grant # 100-Parliamentary Affairs Division
(Saving Rs.792,492/-)

AGPR pointed out that the saving worked out to 7.90% of the total grant. An amount of Rs 638,605 (6.37%) was surrendered leaving net saving of Rs. 153,887 (1.53%).

PAC DIRECTIVE

On presentation of above grant by the AGPR, the Sub-Committee recommended regularization of the saving of the grant.

MINISTRY OF PETROLEUM AND NATURAL RESOURCES

1. Overview

Appropriation Accounts and Annual Audit Reports for the year 2005-06 pertaining to the Ministry of Petroleum & Natural Resources were taken up for examination by Public Accounts Committee (PAC) on 24th April, 2009.

- 1.1 The PAC considered Audit's point of view and explanation given by the Principal Accounting Officer (PAO), made recommendations in number of cases involving irregular purchase, advances to suppliers, non-encashment of bank guarantees, in-fructuous expenditures, misappropriations losses, overpayments, inability to make recoveries, etc.
- 1.2 During the course of discussion in the meeting, the Committee issued some directives, depending on the nature of the issue, directing the PAO to take appropriate action.
- 1.3 There were 57 paras, Performance Evaluation Report and 4 grants reported by Audit. These paras were initially examined by the Departmental Accounts Committee (DAC) and then were discussed in the meetings of PAC. 44 paras were recommended for settlement by the Committee either on the basis of clarifications given by the PAO or the corrective measures taken by the Ministry. The Committee issued directive on 13 paras.
- 1.4 In some cases the Committee directed Audit to verify details/facts, given in certain cases, in Defence of the viewpoint presented by PAO.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I FOR THE YEAR 1991-92

2.1 i) Grant # 108- M/o Petroleum & Natural Resources (Saving Rs. 836,440)

AGPR pointed out that the saving worked out to 3.45% of the total grant. An amount of Rs 728,000 (3%) was surrendered, leaving net saving of Rs 108,440 (0.45%).

ii) **Grant # 110- Other expenditure of M/o Petroleum & Natural Resources**

(Saving Rs. 3,060,547/-)

GPR pointed out that the saving worked out to 0.19% of the total grant. An amount of Rs. 3,122,000 (0.20%) was surrendered, resulting in an excess of Rs. 61,453.

iii) **Grant # 169- Development expenditure of M/o Petroleum & Natural Resources**

(Saving Rs.1,124,000)

AGPR pointed out that the saving worked out to 71.41% of the total grant. An amount of Rs. 50,000 (3.17%) was surrendered, and an economy cut of Rs. 157,400 (10%) was applied due to which saving decreased to Rs. 916,600 (58.23%).

PAC DIRECTIVE

On presentation of above grants by the AGPR, the Committee recommended regularization of the savings/excess of the grants.

iv) **Grant # 190 Capital outlay on Petroleum & Natural Resources**
(Saving Rs. 221,237,830/-)

AGPR pointed out that the saving worked out to 21.79% of the total grant. An amount of Rs. 63,835,500 (6.28%) was surrendered and an economy cut of Rs. 2,311,000 (0.22%) was applied due to which saving decreased to Rs. 155,091,330 (15.28%).

The PAO informed the Committee that surrendered amount of Rs 46,224,000 has not been taken into account by AGPR as these orders were issued on 30-6-1992, after the codal date of i.e. 15-5-1992 and hence the said surrender orders were not accounted for by AGPR.

PAC DIRECTIVE

On hearing PAO's explanation the Committee directed the Ministry to reconcile the figures with AGPR. On verification by AGPR, the saving of the grant would be treated as regularized.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES VOL-VIII FOR THE YEAR 1991-92

3.1 Union Taxas Pakistan Inc

- i) **Para 366 (Page-262-ARPSE)**
Audit Comments
- ii) **Para 367 (Page-262-ARPSE)**
Audit Comments
- iii) **Para 368 (Page-262-ARPSE)**
Audit Comments

Pak Arab Refinery Limited

- iv) **Para 348 (Page-262-ARPSE)**
Non-Submission of Accounts
- v) **Para 369 (Page-263-ARPSE)**
Audit Comments
- vi) **Para 370 (Page-263-ARPSE)**
Audit Comments
- vii) **Para 371 (Page-263-ARPSE)**
Audit Comments
- viii) **Para 372 (Page-264-ARPSE)**
Audit Comments
- ix) **Para 373 (Page-264-ARPSE)**
Audit Comments
- x) **Para 374 (Page-264-ARPSE)**
Audit Comments
- xi) **Para 375 (Page-264-ARPSE)**
Audit Comments

Pakistan State Oil Company Limited

- xii) **Para 378 (Page-267-ARPSE)**
Audit Comments
- xiii) **Para 379 (Page-268-ARPSE)**
Audit Comments
- xiv) **Para 380 (Page-268-ARPSE)**

Audit Comments

- xv) **Para 381 (Page-268-ARPSE)**
Audit Comments
- xvi) **Para 382 (Page-268-ARPSE)**
Audit Comments

Resource Development Corporation (Pvt) Limited Saindak Metals (Pvt) Limited

- xvii) **Para 383 (Page-269-ARPSE)**
Audit Comments
- xviii) **Para 384 (Page-270-ARPSE)**
Audit Comments
- xix) **Para 385 (Page-270-ARPSE)**
Audit Comments

Sui Southern Gas Company Limited

- xx) **Para 401 (Page-286-ARPSE)**
Audit Comments
- xxi) **Para 402 (Page-288-ARPSE)**
Audit Comments
- xxii) **Para 403 (Page-288-ARPSE)**
Audit Comments
- xxiii) **Para 404 (Page-288-ARPSE)**
Audit Comments
- xxiv) **Para 405 (Page-288-ARPSE)**
Audit Comments
- xxv) **Para 406 (Page-289-ARPSE)**
Award of Gas installations contract at higher price: Loss of Rs 501,100

National Refinery Limited

- xxvi) **Para 727 (Page-479-ARPSE)**
Non Submission of Accounts

State Petroleum Refining And Petrochemical Corporation

- xxvii) **Para 728 (Page-480-ARPSE)**
Audit Comments
- xxviii) **Para 729 (Page-480-ARPSE)**
Audit Comments
- xxix) **Para 730 (Page-481-ARPSE)**
Audit Comments

xxx) **Para 731 (Page-481-ARPSE)**
Audit Comments

Enar Petrotech Services (Pvt) Limited

xxxii) **Para 732 (Page-482-ARPSE)**
Audit Comments

xxxiii) **Para 733 (Page-483-ARPSE)**
Audit Comments

xxxiiii) **Para 734 (Page-483-ARPSE)**
Audit Comments

National Petrocarbon (Pvt) Limited

xxxv) **Para 735 (Page-484-ARPSE)**
Audit Comments

xxxvi) **Para 736 (Page-485-ARPSE)**
Audit Comments

National Petroleum Ltd

xxxvii) **Para 737 (Page-485-ARPSE)**
Audit Comments

xxxviii) **Para 738 (Page-486-ARPSE)**
Audit Comments

xxxix) **Para 739 (Page-487-ARPSE)**
Audit Comments

xl) **Para 740 (Page-487-ARPSE)**
Audit Comments

PAC DIRECTIVE

On the recommendations of DAC, the Committee recommended the above 39 paras for settlement.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES
FOR THE YEAR 1991-92

Oil and Gas Development Corporation Ltd
Audit Comments

3.2 **Audit Para # 364-(page-260-ARPSE)**
Engaging foreign advisors/consultants: wasteful expenditure of US\$=1,082,500 (equivalent to Rs 27,050 million)

Audit pointed out that Oil and Gas Development Corporation appointed foreign advisors and accounting consultants for improving the state of its accounts and financial management system which, according to foreign lending agencies, were seriously deficient in many respects. These advisors and consultants were appointed on different occasions between 1981 and 1988 with specific job descriptions but no improvement was contributed by any of them. They left Pakistan without giving any concrete report and material, worth implementing. They were paid exorbitant remuneration of over US\$ 500 per day for months during their stay in Pakistan. The OGDC management confirmed payment of a sum of US\$1,082,500 (equivalent to Rs.27.050 million) to those four individual advisors/ consultants in the shape of fee, pay remunerations and other fringe benefits during the tenure of their contract appointment, which lasted for 6 months to 2 years. The assignment could have been completed by local Chartered Accountants and management experts at far cheaper rates. Thus appointment of Foreign Advisors was unwise.

The PAO informed the Committee that a Memorandum of Understanding (MOU) was signed on 23rd October 1984 between the Government of Canada and Islamic Republic of Pakistan. As per statement of work in MOU, the activities were designed to enhance Reliability of the Financial Management Operation of the OGDCL. Payments under the MOU were made by CIDA.

PAC DIRECTIVE

The Committee expressed its concern about non compliance of DAC's recommendation and observed that there is a need to probe the facts of this matter further. The Public Accounts Committee (PAC) directed the PAO to look into the matter personally and submit his report to Audit/PAC within

one month. The Implementation Committee will take necessary follow up action.

Sui Northern Gas Pipelines (Ltd)

3.3. Audit Para # 390-(page-274-ARPSE)

Audit pointed out that assets valuing Rs 40.983 million and Rs 9.130 million were found short and excess respectively at the close of the financial year 1988-89, as per print outs taken out in respect of all regional and sub-offices at Islamabad, Peshawar, Abbottabad, Faisalabad, Wah Cantt, Lahore Gujranwala and Multan. The excess was required to be taken on charge whereas the shortages had to be investigated with a view to fix individual responsibility. No such action was however taken by the Management.

The PAO informed the Committee that the company conducts regular physical checking of fixed assets. All shortages disclosed as a result were investigated and accounted for as per International Accounting Standards.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the Ministry to reconcile the issue with Audit and report to PAC. The Public Accounts Committee (PAC) also directed that all PAO's must ensure that any record/document relating to any audit observation/para is not destroyed unless it is settled by the PAC. Moreover, every document/record must be provided to Audit Department whenever demanded by them.

3.4 Audit Para # 395-(page-279-ARPSE) Mismanagement of contract dealing to extra expenditure of Rs 3.456 million

Audit pointed out that M/s Sui Northern Gas Pipeline Limited has initiated a project in 1986 without preparing PC-I and defining its objectives. It was

planned to be completed at an estimated cost of Rs 93,200 million by the end of 1988. Despite the lapse of six years, there was no physical progress. The company appointed a British firm as consultants to procure and install a Supervisory Control and Data Acquisition (SCADA) System in May 1987 at a total fee of pound sterling 91,686 after competitive bidding. The payment was to be made to the consultant by the World Bank out of Energy Sector Loan-I on the advice of SNGPL to whom monthly bills were to be submitted by the Consultants. A total period of 18 months was agreed upon to complete the whole job from designing to field testing and commissioning of the SCADA System design, commercial specifications, field instrumentation, data sheets, civil and piping specification, all drawings, vendors pre-qualification, completing tender bid documents and issue to bidders, evaluation of bids and contract award, factory test of vendors equipments and field testing and commissioning of the SCADA system. As provided in the agreement, the consultants have been raising monthly bills relating to the time in man-months they put in their home office and for field data collection. The company has been issuing payment advice to the World Bank without observing the progress of work and without keeping in view the contracted amount. As such amount of pounds sterling 105,341 was paid to the consultants against the contracted amount of pounds sterling 91,686 upto February 1990, resulting in overpayment of pounds 13,655. Despite overpayment, the progress of works remained very slow and only 10% work was done by the consultant.

The PAO informed the Committee that an amount of Pound Sterling 72,186.22 was earmarked for man-month efforts/fee by M/s PLT,UK in their contract # ESL/D-038/87 dated 27th May 1987 for the consultancy service (Man-hours) for the Design and Implementation of SCADA Lahore. PLT submitted monthly invoices based on man-hours spent on the assignment, during the course of which various modifications and

improvements required by SNGPL were arranged, without PLT's specifying that such improvements/amendments were outside the contracted scope of work. The work completed by PLT included the completion of design basis manual (DBM), pre-qualification of vendors for SCADA hardware, software and other necessary equipments, compilation of a comprehensive wireless application, and completion of bid documents for the SCADA equipment. Since the work carried out exceeded that contracted, the fee provided for in the contract was found to be fully disbursed before the assignment had been completed. It is however correct that PC-I was not prepared and the work was started irregularly.

PAC DIRECTIVE

The Committee directed the PAO to inquire the matter in detail to ascertain as to why the project was conceived without completing proper procedural and codal formalities and report to PAC within 2 months. Follow up action will be taken by the Implementation Committee.

Oil and Gas Development Corporation Ltd

3.5

- i) **Para 365 (Page-260-ARPSE)**
Overpayment of Rs 1.478 million due to incorrect application of rates

Sui Northern Gas Pipelines Ltd.

- ii) **Para 392 (Page-276-ARPSE)**
Financial indiscipline caused a loss of Rs 34.832 million
- iii) **Para 393 (Page-277-ARPSE)**
Non-observance of the prescribed sale procedure: Loss of Rs 23.279 million
- iv) **Para 394 (Page-278-ARPSE)**
In fructuous expenditure of Rs 17.709 (M): Uneconomical repair of construction equipment- unauthentic consumption of POL worth Rs 7.547 (M)
- v) **Para 400 (Page-284-ARPSE)**
Non-recovery of clearance changes from the suppliers: Loss of Rs 217,963

PAC DIRECTIVE

On presentation of above five paras by Audit, the Committee directed the Ministry to implement recommendations of the DAC with report to Audit.

PERFORMANCE EVALUATION REPORT # 122 ON
OIL & GAS DEVELOPMENT COMPANY
FOR THE YEAR 1991-92

PAC DIRECTIVE

On presentation of above Performance Evaluation Report by Audit, the Committee directed the PAO to examine/investigate the Audit observations made in PARA in detail and forward its report to Audit within one month. Important points should be submitted by Audit to the PAC. The Implementation Committee will take necessary follow up action.

PLANNING AND DEVELOPMENT DIVISION

1. OVERVIEW

Appropriation Accounts and Annual Audit Report for the year 1991-92 pertaining to Planning & Development Division were taken up for examination by the Public Accounts Committee on June 23, 2009.

i) Audit Report on the Accounts of Public Sector Enterprises for the year 1991-92.

- 1.1 The PAC considered Audit's point of view and explanation given by the Principal Accounting Officer (PAO), made recommendations in a number of cases involving unauthorized expenditure on procurement of vehicles, loss due to investment in stock exchange etc. of advance, non-production of audited accounts, non-accountal of sale proceeds, irregular/un-economical purchases, irregular payments, etc.
- 1.2 During the course of discussion in the meeting, the Committee issued some directives, depending on the nature of the issues, directing the PAO to take appropriate action.
- 1.3 There were 11 paras and 2 grants reported by Audit. These paras were initially examined by the Departmental Accounts Committee (DAC) and then were discussed in the meeting of PAC. 02 grants and 11 audit paras were recommended for settlement by the Committee either on the basis of clarifications given by the PAO or the corrective measures taken by the Division..

In certain cases the Committee directed Audit to verify details/facts given by the Ministry in Defence of the viewpoint presented by PAO.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL VOL-I FOR THE YEAR 1991-92

- 2.1 i) GRANT # 111-PLANNING AND DEVELOPMENT DIVISION
(Excess Rs.3,307,790)

AGPR pointed out that the grant closed with excess of Rs. 3,307,790 which worked out to 3.58% of the total grant. An amount of Rs. 1,470,176 (15%) was surrendered and an economy cut of Rs. 122,600 (0.13%) was applied due to which excess increased to Rs. 4,900,566 (5.31%). A supplementary grant of Rs. 5,312,584 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account, the excess was converted into saving of Rs. 412018 (0.42%).

ii) **GRANT # 170-DEVELOPMENT EXPENDITURE OF PLANNING AND DEVELOPMENT DIVISION**
(Saving Rs.4,163,663)

AGPR pointed out that the grant closed with saving to Rs. 4,163,663 which worked out to 4.00% of the total grant. An amount of Rs. 5,852,863 was surrendered and an economy cut of Rs. 76,600 (0.07%) was applied due to which saving converted into an excess of Rs. 1,765,800 (1.69%).

PAC DIRECTIVE

On the presentation of the above grants by AGPR, the Committee recommended regularization of savings/excesses of the grants.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES
FOR THE YEAR 1991-92

3.1 **National Logistic Cell**

- 1) **Para # 450**
- 2) **Para # 452**
- 3) **Para # 453**
- 4) **Para # 454**
- 5) **Para # 455**
- 6) **Para # 456**
- 7) **Para # 457**
- 8) **Para # 458**
- 9) **Para # 459**

Pakistan Institute of Development Economics

10) Para # 460

11) Para # 461

PAC DIRECTIVE

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

MINISTRY OF POPULATION WELFARE

1. OVERVIEW

Appropriation Accounts and Annual Audit Report for the year 1991-92 pertaining to M/O Population Welfare were taken up for examination by the Public Accounts Committee on June 25, 2009.

1.4 During the course of discussion in the meeting, the Committee issued some directives, depending on the nature of the issues, directing the PAO to take appropriate action.

1.5 There were 2 grants reported by Audit. These grants were initially examined by the Departmental Accounts Committee (DAC) and then were discussed in the meeting of PAC. 02 grants were recommended for settlement by the Committee either on the basis of clarifications given by the PAO or the corrective measures taken by the Division..

In certain cases the Committee directed Audit to verify details/facts given by the Ministry in Defence of the viewpoint presented by PAO.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I FOR THE YEAR 1991-92)

2.1 i) **Grant # 112-Population Division**
(Saving Rs. 737,984)

AGPR pointed out that the saving worked out to 25.91% of the total grant. The PAO informed the Sub-Committee that saving was due to vacant post.

ii) **Grant # 171-Development Expenditure of Population Division**
(Excess Rs. 51,083,442)

AGPR pointed out that the excess worked out to 7.27% of the total grant.

PAC DIRECTIVE

On presentation of above grants by the AGPR, the Committee recommended regularization of the saving/excess of the grants, with the direction that there should be zero saving/excess in future.

MINISTRY OF PORTS AND SHIPPING

1. Overview

Appropriation Accounts and Annual Audit Reports for the year 1991-92 pertaining to the Ministry of Ports and Shipping were taken up for examination by Public Accounts Committee (PAC) on June 25,2009.

- 1.2 During the course of discussion in the meeting, the Committee issued some directives, depending on the nature of the issue, directing the PAO to take appropriate action.
- 1.3 There were 15 paras, Performance Evaluation Audit Report and 3 grants reported by Audit. These paras were initially examined by the Departmental Accounts Committee (DAC) and then were discussed in the meetings of PAC. 14 paras were recommended for settlement by the Committee either on the basis of clarifications given by the PAO or the corrective measures taken by the Ministry. The Committee gave directives on 1 para.
- 1.4 In certain cases the Committee directed Audit to verify details/facts given by the Ministry.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I FOR THE YEAR 1991-92

2.1 i) **Grant # 20-Department of Shipping Control and Mercantile Marine**
(Excess Rs 283,883/-)

AGPR pointed out that the excess worked out to 2.97% of the total grant. An amount of Rs 3,195 (0.03%) was surrendered, increasing net excess to Rs 287,078(3.00%).

ii) **Grant # 21-Lighthouses and Lightships**
(Excess Rs. 77,650/-)

AGPR pointed out that the excess worked out to 4.66% of the total grant. An amount of Rs 2,350 (0.14%) was surrendered, increasing net excess to Rs 80,000 (4.80%).

iii) **Grant # 182-Capital Outlay on Ports and Shipping**
(Saving Rs.11,663,039/-)

AGPR pointed out that the saving worked out to 6.47% of the total grant. An economy cut of Rs. 38,500,000 (21.37%) was applied due to which saving converted into an excess of Rs 26, 836,961 (14.90%).

PAC DIRECTIVE

On presentation of above three grants by the AGPR, the Committee recommended regularization of the excesses of the grants.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL-III) FOR THE YEAR 1991-92

Pout Qasim Authority

3.1. **Para-60 (page-60-ARPSE)**
Bankruptcy ship charter party: Loss US\$291,645 (Rs.5.358 million)

Audit pointed out that the Pakistan National Shipping Corporation entered into an agreement on October 14, 1983 with M/s S.M.Z. Incorporated in London, for chartering the vessel, M.V.Chanab. The vessel was delivered for a time charter trip on October 20, 1983. The Charterers diverted the vessel to proceed to Karachi instead of Abu-Dhabi. The bill of lading was signed for and on behalf of the master and owner of the ship was under obligation to deliver the cargo on board to the consignee at Damam. The vessel was finally delivered to the Corporation on Jan. 21, 1984. The Charterers defaulted on payment and total dues amounting to US\$ 291.645 stood recoverable from them.

The PAO informed the Committee that the vessel was chartered out on time charter through our London Agents M/s. Brown Jenkinsons & Co. Ltd., who were shipbrokers as well. The brokers operate on the 'Baltic Exchange' the only shipping market in London where all the fixtures are concluded. These brokers are well versed in and well aware of the trading and financial standing of shipping concerns through or on behalf on which they deal. A Charter Party was signed between PNSC and Charterers, the first charter hire and bunker costs were paid by the Charterers and vessel was delivered to the Charterers M/s SMZ Inc. on October 20, 1983. The vessel did load cargo in the normal course of shipping business. M/s. SMZ Inc. paid for the port dues, loading costs and the second hire. This fact proves that M/s. SMZ Inc. had quite sound financial standing at the time of this fixture. The Charterers had some dispute with their agents and diverted the ship to Karachi where it arrived on December 16, 1983. PNSC was advised by the Charterers to discharge the cargo at Karachi and to treat the agreement as concluded. Legal advice was to the contrary. There was also high risk of PNSC's ships being arrested on visits to Saudi ports. Due to these commercial considerations and in view of the legal advice the voyage was continued. In these circumstances, the net

outstanding amount of Rs. 3.716 million (and not Rs 5.358 million) mentioned by Audit) was written off after approval of Board of Directors.

PAC DIRECTIVE

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

3.2 **Lighthouses and Lightship Department**

- i) **Para 50(i) (Page-51-ARPSE-91-92)**
Non-submission of Accounts

National Tanker Company

- ii) **Para 55 (Page-56-ARPSE-91-92)**
Audit Comments
- iii) **Para 56 (Page-57-ARPSE-91-92)**
Audit Comments

Pakistan National Shipping Corporation

- iv) **Para 57 (Page-57-ARPSE-91-92)**
Audit Comments
- v) **Para 58 (Page-58-ARPSE-91-92)**
Audit Comments
- vi) **Para 59 (Page-59-ARPSE-91-92)**
Audit Comments

Port Qasim Authority

- vii) **Para 50(ii) (Page-51-ARPSE-91-92)**
Non-submission of Accounts
- viii) **Para 61 (Page-61-ARPSE-91-92)**
Audit Comments
- ix) **Para 62 (Page-62-ARPSE-91-92)**
Audit Comments
- x) **Para 63 (Page-62-ARPSE-91-92)**
Audit Comments
- xi) **Para 64 (Page-63-ARPSE-91-92)**
Audit Comments
- xii) **Para 65 (Page-63-ARPSE-91-92)**
Audit Comments

- xiii) **Para 66 (Page-64-ARPSE-91-92)**
Audit Comments

Gwader Fish Harbour Cum Miniport Project

- xiv) **Para 50(iii) (Page-51-ARPSE-91-92)**
Non-submission of accounts

PAC DIRECTIVE

On the recommendation of DAC, the Committee recommended the above 14 Audit Paras for settlement.

**PERFORMANCE EVALUATION REPORT # 130 ON PAKISTAN
NATIONAL SHIPPING CORPORATION (MINISTRY OF PORTS
& SHIPPING) FOR THE YEAR 1991-92**

PAC DIRECTIVE

On the recommendation of DAC, the Committee recommended the observations contained in the Performance Evaluation Report for settlement.

MINISTRY OF POSTAL SERVICES

1. Overview

Public Accounts Committee (PAC) took up appropriation Accounts and Annual Audit Report for the year 1991-92 pertaining to the Ministry of Postal Services for examination on 10th June, 2009.

- 1.1 The PAC having considered Audit's views as well as explanations given by the Principal Accounting Officer (PAO), made its recommendations in a number of cases involving defective contracts, financial indiscipline, misuse of funds, violation of rules, cases of non-recovery, blockage of funds, irregular expenditures and overpayments of huge amounts etc.
- 1.2 During the course of discussion in the meeting, the Committee issued some directives, depending on the nature of the issue, directing the PAO to take appropriate action.
- 1.3 There were 31 audit paras and 2 grants reported by Audit/AGPR. These paras were initially examined by the Departmental Accounts Committee (DAC) and then were discussed in the meetings of PAC. The Committee recommended 22 paras for settlement either on the basis of clarifications given by the PAO or the corrective measures taken by the Ministry. The Committee gave directions on 9 paras..
- 1.4 In some cases the Committee directed Audit to verify details/facts, given in certain cases, by the Ministry in defence of the viewpoint presented by PAO.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-III FOR THE YEAR 1991-92

- 2.1 i) **Grant # 19-Pakistan Post Office Department.**
(Total grant .(Charged),saving Rs.50,000,000)
(Total grant (OTC),saving Rs.1,495,050,000)
- ii) **Grant # 181-Capital Outlay of Pakistan Post Office.**
(Total grant ,Rs.30,000,000) saving Rs 2,954,856

PAC DIRECTIVE

On the presentation of the above two grants by Chief Accounts Officer, the Committee recommended regularization of the savings in the grants.

AUDIT REPORT FOR THE YEAR 1991-92

- 3.1 **Para No. 1 (Page No. 25-AR-1991-92)**
Payment without evidences Rs 77.316 million

Audit pointed out that the General Manager, Postal life Insurance, Lahore made doubtful payments of Rs. 77.316 million against a large number of Postal Life Insurance Claims violating rules and prescribed procedures.

The PAO informed the Committee that in connection with paid copies of payment sanction orders, central accounting office was G.M PLI Karachi and all the Schedules of payments along with payment sanction orders as supporting vouchers were sent to Karachi for accounting purpose. All the relevant payment sanctions have been called from the Karachi office and placed in the relevant files which can be produced for verification at any time if so desired.

PAC DIRECTIVE

The Committee directed the PAO to submit the relevant record to Audit for verification

3.2 **Para No. 2 (Page No. 26-AR-1991-92)**

Failure to construct office building despite fund releases of Rs 15 million

The Audit pointed out that in the General Post Office premises, Lahore, the Department planned to construct office building for housing Postal Life Insurance and Director Postal Account in 1986-87 under two approved projects at a total estimated approved cost of Rs. 15.166 million. The Department continued to obtain the required funds from the Ministry of Finance by misreporting as if the expenditure had actually been incurred. In reality, the entire money (Rs 14,950 million) was continuously being deposited with the Pak. P.W.D authorities as deposit work. The progress report of Pak PWD showed in August 1992 that the drawings and designs had yet to be finalized.

The PAO informed the Committee that the construction works of building for P.L.I House, Postal Accounts Directorate, Asstt. Directors (Field) PLI, Lahore were initially sanctioned separately under projects No. VII/86-87, VI/85-86, XIX/84-85 respectively and payments made accordingly to Pak PWD. But due to technical problems, these three projects were combined into one project namely P.L.I House Lahore. The construction work was got completed in November, 2001 through departmental engineers.

PAC DIRECTIVE

On presentation of the above para by Audit, the Committee recommended it for settlement with the direction that under no circumstances should such lapses be allowed to recur.

3.3 **Para No. 3.1 (Page No. 27-AR-1991-92)**

Lavish purchases of cloth and bags etc. Rs. 3.338 Million

Audit pointed out that during 1990-91 the Postmaster General, Lahore purchased 84,648 blue drill cloth, 58, 973 number postal bags and 9154 other stock items. The entire purchase remained unutilized even after one

and a half year till December, 1992. An expenditure of Rs. 3,338,006 was incurred on the purchases which remained blocked.

The PAO informed the Committee that blue drill cloth measuring about 84,648 meters was obtained by calling tenders from local contractors of Lahore at cheapest rates. Before establishment of Postal Services Corporation a huge number of extra departmental branches and sub post offices were opened for which white drill bages and red account bags were needed, therefore these bags were acquired, and supplied subsequently.

PAC DIRECTIVE

The Committee recommended the para for settlement with direction that Ministry should streamline the system of issuance of stores from Postal Stock Depots in future.

3.4 **Para No. 3.3 (Page No. 28-AR-1991-92)**
Un-Authorized expenditure Rs. 1,657,374.

Audit pointed out that the General Manager, Postal Life Insurance, Lahore incurred an unauthorized and prime facie extravagant expenditure of Rs. 1,657,374 on following items during 1991-92:

- 1 One Suzuki Van 800 CC On 30th June 1992, Rs 135,000
- 2 Computer accessories Rs. 222,220
- 3 Building maintenance Rs. 183,496
- 4 Printing from private presses Rs. 1,116,658

The PAO informed the Committee the case regarding issuance of N.O.C to regularize the expenditure is pending with the Cabinet Division. A Copy of he N.O.C was provided to Audit during the meeting.

PAC DIRECTIVE

The Committee recommended the para for settlement.

3.5 **Para No. 3.4 (Page No. 29-AR-1991-92)**
Purchase of vehicles on 30th June, 1992 Rs. 1.222.

Audit pointed out that on 30th June, 1992, Postmaster General, Southern Punjab, Lahore purchased three vehicles without inviting open tenders and NOC from Cabinet Division.

The PAO informed the Committee that the Vehicles were purchased under the telephonic directive of competent authority on the last working day of financial year 1991-92. NOC of Cabinet Division was also provided to Audit.

PAC DIRECTIVE

The Committee recommended the para for settlement.

3.6 **Para No. 3.5 (Page No. 29-30-AR-1991-92)**
Un-Authorized expenditure Rs.1,197,000 on the purchase of vehicles.

Audit pointed out that in two formations of the Department, 7 vehicles were locally purchased without obtaining “No objection Certificate” from the Cabinet Division resulting in unauthorized expenditure of Rs. 1,197,000 during the year 1988-89 and 1989-90.

The PAO informed the Committee that the operational vehicles were purchased under minor head “11000-purchase of transport” for which specific provision was made by Finance Division after detailed examination of full justification and the expenditure remained within budgetary provision for each financial year 1988-89 & 1989-90. NOC of Cabinet Division was also provided to Audit.

PAC DIRECTIVE

The Committee recommended the para for settlement.

3.7 **Para No. 3.6 (Page No. 30-AR-1991-92)**
Irregular local purchase of medicines Rs.919,477.

Audit pointed out that in violation of prescribed procedures, medicines valuing Rs. 919,477 were purchased during 1989-90 by the Postmaster General, Southern Punjab, Lahore without invitation of public tenders.

The PAO informed the Committee that the medicines were purchased on trade/hospital rates from authorized and sole distributors of the company.

PAC DIRECTIVE

The Committee recommended the para for settlement.

3.8 **Para No. 3.8 (Page No. 32-AR-1991-92)**
Purchase of furniture and uniforms without calling tenders Rs. 416,955.

Audit pointed out that the Postmaster General, Southern Punjab, Lahore purchased office furniture and uniforms for Rs. 416,955 from the Post Office Foundation, Islamabad during September 1989 without inviting open tenders as required under rules.

The PAO informed the Committee the prices fixed by the Post Office Foundation were lower than prevailing market rates.

PAC DIRECTIVE

The Committee recommended the para for settlement.

3.9 **Para No. 4.3 (Page No. 35-AR-1991-92)**
Fraudulent withdrawal of Military pensions- Rs. 1.833 Million.

Audit pointed out that Pakistan Postal Services Corporation performs the military pensions work on behalf of the Ministry of Defense. During the period from 1984 to 1989, a total sum of Rs 2,069,655 of military pensions was fraudulently withdrawn from the Head Post Office, Qilla Sheikhpura, with the connivance of postal official/pensioners.

The PAO informed the Committee that an amount of Rs. 258, 073 out of Rs. 2,069,655 had been recovered leaving a balance of Rs. 1,811,582 , The case is presently sub-Judice.

PAC DIRECTIVE

The Committee directed the department to pursue the case in the court of law vigorously, under report to Audit.

3.10

- i) **Para No. 3.2 (Page No. 27-28, PPO. 1991-92)**
Irregular Expenditure incurred on Un-Sanctioned estimates Rs. 1.87 Million.
- ii) **Para No. 3.7 (Page No. 30-31, PPO. 1991-92)**
Abuse of financial Power in construction works Rs. 449,176 brief of Para.
- iii) **Para No. 3.9 (Page No. 32-33, PPO. 1991-92)**
Irregular local purchase of furniture and crockery for nathia gali rest house Rs. 279,549
- iv) **Para No. 4.1 (Page No. 34, PPO. 1991-92)**
Outstanding Balance of Rs. 2,407,745 on account of commemorative stamps.
- v) **Para No. 4.2 (Page No. 34-35, PPO. 1991-92)**
Concealment of expenditure to avoid account ability Rs. 2,339 million.
- vi) **Para No. 4.4 (Page No. 35-36, PPO. 1991-92)**
Non adjustment/recovery of emergent advance Rs. 1,762,805
- vii) **Para No. 4.5 (Page No. 36-37, PPO. 1991-92)**
Blocking of Public Funds Rs. 923,000
- viii) **Para No. 4.6 (Page No. 37- PPO. 1991-92)**
Loss of Rs. 82,050 on fax service
- ix) **Para No. 4.7 (Page No. 37-38, PPO. 1991-92)**
Deteriorating Fax Mail Service
- x) **Para No. 4.8 (Page No. 38-39, PPO. 1991-92)**
Delayed Deliveries of Urgent mail service
- xi) **Para No. 4.9 (Page No. 39- PPO. 1991-92)**
Local Express Service
- xii) **Para No. 4.10 (Page No. 40- PPO. 1991-92)**
38 Staff Cars
- xiii) **Issue No. 1 (Page No. 17- AR(PPO) 1991-92)**
Ever Rising Deficit
- xiv) **Issue No. 2 (Page No. 17- AR(PPO) 1991-92)**
To Heavy Management
- xv) **Issue No. 3 (Page No. 18- AR(PPO) 1991-92)**
Non-submission of appropriation account ended 30th June 1992

- xvi) **Issue No. 4 (Page No. 17- AR(PPO) 1991-92)**
Under stated working expenses Rs 74 million
- xvii) **Issue No. 5 (Page No. 19- AR(PPO) 1991-92)**
Concealment of capital expenditure Rs 2.3 million
- xviii) **Issue No. 6 (Page No. 19- AR(PPO) 1991-92)**
Post offices remaining in loss
- xix) **Issue No. 7 (Page No. 20- AR(PPO) 1991-92)**
Poor monitoring of development works
- xx) **Issue No. 8 (Page No. 20- AR(PPO) 1991-92)**
Printing of postal stamps through private press
- xxi) **Issue No. 9 (Page No. 21- AR(PPO) 1991-92)**
Rising trend of compensation paid against registered mail
- xxii) **Issue No. 10 (Page No. 21- AR(PPO) 1991-92)**
No cuts on controllable costs

PAC DIRECTIVE

On the presentation of above paras/issues by Audit, the Committee directed the PAO to implement the recommendations of the DAC under report to Audit.

PRESIDENT SECRETARIAT

1. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1991-92 pertaining to the President Secretariat were taken up for examination by the Public Accounts Committee (PAC) on June 30, 2009.

- 1.1 There was one grant presented by the AGPR which was discussed in the meeting of the PAC and regularized with the direction that the object should be zero excess and zero saving.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I FOR THE YEAR 1991-92

Staff, Household And Allowances of the President

Charged
(Saving Rs.901,078)

AGPR pointed out that the appropriation closed with a saving of Rs. 901,078, which worked out to 1.44 % of the total Appropriation. An amount of Rs. 865,530 (1.38%) was surrendered leaving net saving of Rs. 35,548 (0.05%). A supplementary Appropriation of Rs. 400,000 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account the saving increased to Rs. 435,548 (0.69%).

PAC DIRECTIVE

On the presentation of the above appropriation by the AGPR, the Committee recommended regularization of the saving of the grant with the direction that there should be zero saving/excess in future.

PRIME MINISTER'S SECRETARIAT

1. OVERVIEW

Appropriation Accounts for the year 1991-92 pertaining to the Prime Minister's Secretariat were taken up for examination by the Public Accounts Committee (PAC) on 24-6-2009.

- 1.1 There was only 1 grant presented by the AGPR for which the PAC regularized the excess of the above grant with direction that budgetary system and monitory system should be strengthened and there should be no saving/excess in the grant in future.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I FOR THE YEAR 1991-92

2.1 GRANT # 10 -PRIME MINISTER'S SECRETARIAT (Excess Rs.6,995,938)

AGPR pointed out that the grant closed with an excess of Rs. 6,995,938 which works out to 4.05% of the total grant. An amount of Rs. 400,000 (0.21%) was surrendered increasing the excess to Rs. 7,882,945 (4.26%). A supplementary grant of Rs 20,306,000 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account the excess shall be converted into saving of Rs. 12,423,055 (6.06%).

PAC DIRECTIVE

On presentation of above grant by the AGPR, and after hearing the explanation of the PAO, the Committee recommended the excess of the grant for regularization.

MINISTRY OF RAILWAY

1. OVERVIEW

Appropriation Accounts and Annual Audit Report for the year 1991-92 pertaining to Ministry of Railways were taken up for examination by the Public Accounts Committee on June 18, 2009.

- 1.1 The PAC considered Audit's point of view and explanation given by the Principal Accounting Officer (PAO), made recommendations in a number of cases involving affairs of the procurement of Locomotives, overpayments, unauthorized occupation of Railway plots, shortage of Railways material, blockage of capital, suspected fraudulent payment, non-achievement of targets, losses due to acceptance of higher rates etc.
- 1.2 During the course of discussion in the meetings, the Committee issued some directives, depending on the nature of the issue, directing the PAO to take appropriate action.
- 1.3 There were 87 paras and 4 grants reported by Audit/AGPR. These paras were initially examined by the Departmental Accounts Committee (DAC) and then were discussed in the meetings of PAC. 77 paras were recommended for settlement by the Committee on the basis of clarifications given by the PAO. The Committee gave direction on 10 paras.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I FOR THE YEAR 1991-92

- 2.1 i) **Grant # 141-Capital Outlay on Investment in Railways**
(Excess/Saving, Nil)

AGPR pointed out that the budget provision was fully utilized.

PAC DIRECTIVE

On presentation of above grant by the AGPR, the Committee recommended the grant for regularization.

- 3.2 ii) **Grant # 193-Capital Outlay on Pakistan Railways**
(Excess Rs. 74,288,000)

AGPR pointed out that the grant closed with an excess of Rs. 74,288,000 which worked out to 9.75% of the total grant.

The PAO informed the Committee that the excess had occurred in various schemes of Pakistan Railways on Capital Account and on DRF Account.

- iii) **Grant # 114-Pakistan Railways (Revenue)**
(Total grant Rs. 9811.370 (M)(saving Rs. 94.808(M)
- iv) **Grant # 142-Capital Outlay on Pakistan Railways**
(Total grant Rs. 603.728(M) (saving Rs. 8.376(M)
- v) **Grant # 114-Pakistan Railways (Revenue)**
(Total grant Rs. 2161.750 (M) (saving Rs. 425.771)

PAC DIRECTIVE

The Committee directed the PAO to reconcile the figures with AGPR. On verification by the AGPR, the grant would be treated as regularized.

AUDIT REPORT FOR THE YEAR 1991-92

3.1 Para 7.3 (Page-92-AR-91-92)

Non-recovery of claims Rs 33.284 million from customs, other government departments and private bodies

Audit pointed out that the Railway administration failed to recover an amount of Rs. 33.284 million on account of Handling, Storage, Customs Duty and Sales Tax charges from the Customs authorities and private parties who imported material through District Controller of Shipping, Pakistan Railways, Karachi, for the period from June 1986 to June 1990. The claims of above amount were lodged for the last 3 to 9 years without any fruitful results.

The PAO informed the Committee that being very old in nature and because of critical climatic condition of Karachi, the record had deteriorated and had been eaten up by white ants and other insects. It was further stated that Senior Accounts Officer/ Stores, Lahore had been asked to make recovery from the concerned parties against rejected claims. Further the amount being within the 1.5% charges recovered from other government departments, no loss had accrued to Railways.

PAC DIRECTIVE

The Committee directed the PAO to discuss the issue further with Audit and Custom Department authorities. On verification of record by of Audit, the para would be treated as settled.

3.2 Para 7.4 (AR-91-92)

Loss of permanent way material worth Rs 1.184 million in transit

Audit pointed out that permanent way material valuing Rs 1.184 million, loaded in wagons, dispatched by various subordinates of Engineering Department of Sukkur, Quetta and Rawalpindi during the period from

1981 to 1989, either did not reach the destination or was found short by the recipients.

The PAO informed the Committee that material was unloaded by Sub-Store Keeper/Timber Store Depot/Sukkur in the presence of stock verifier and the shortages found were noted in the discrepancy register. The vouchers received from senders were corrected and material was taken on books accordingly. Corrected and verified copies of Material Return Notes were sent to the senders of material. No reference was received back from them, which implied that they agreed with the corrected quantities.

PAC DIRECTIVE

The Committee took serious notice of non compliance of Audit observations and directed the PAO to look into the matter personally provide requisite record Audit. On verification by Audit, the para would be treated as settled.

3.3 Para 7.9 (AR-91-92)

Irregularities in acceptance of tenders- Loss of Rs. 1.992 Million

Audit pointed out that tenders for procurement of 23,000 kg Tin-Ingots were called in March 1988. Three parties participated in the tenders. Their rates were Rs. 176.35, Rs. 178.48 and Rs. 179.78 per kg respectively. The 1st and 2nd lowest bidders restricted the supply to 10,000 kgs, and 340 kgs, respectively. The 3rd lowest agreed to arrange full supply at the rate of Rs. 176.35 per kg i/e rate of 1st lowest. But instead of purchasing the full quantity (23,000) from the 3rd lowest bidder at the revised rate of Rs. 176.35 per kg, Railway administration purchased 10,000 kgs Tin-Ingots from the first lowest @ Rs. 176.35 per kg (total cost Rs. 1.763 million). Tenders were again called for the remaining quantity in July 1989 and 14,000 Kgs material was purchased @ Rs. 313.68 per kg “from the lowest bidder” with total cost of Rs. 4.391 million. This resulted in extra

expenditure of Rs. 1.922 million which could have been avoided, had the material been purchased at earlier accepted rates of Rs. 176.35 per Kg. in the tenders of March 1988.

The PAO informed the Committee that the full quantity of the material was not purchased in the first instance due to financial stringency. It was further stated that the quantity of material was reduced to 10,000 Kgs, due to revision of stocking level of this item. The price fluctuation is a natural phenomenon and no one can foresee the increase/decrease in future price of an item.

PAC DIRECTIVE

The Committee took serious notice for non compliance of DAC recommendation by the Ministry and directed the PAO to hold an inquiry and fix responsibility on the person(s) at fault, with report to Audit. On verification by Audit, the para would be treated as settled. Follow up action will be taken by the Implementation Committee.

3.4 **Para 7.23 (AR-91-92)** **Purchase of defective Material:loss of Rs. 3.485 million.**

Audit pointed out that radiators, electrical speedo meters, stain less steel cylinders and Loco spares etc. were purchased from different suppliers during the period from July 1987 to July 1991. On receipt, material worth Rs. 3.485 million was found damaged, defective or of incorrect specification. The Railway administration neither recovered the amount nor had the material replaced by the suppliers.

The PAO informed the Committee that material valuing Rs. 0.218 million had been replaced. Cost of material valuing Rs. 0.715 million had been written off. Material valuing Rs. 0.067 million had been declared suitable. Cost of the material valuing Rs. 0.351 million had been recovered,

material valuing Rs. 0.015 million had been rectified and material valuing Rs. 0.631 million had been accepted. An inquiry was conducted and as per its findings, an amount of Rs 2.472 million had been recovered/adjusted. Relevant record regarding amount of Rs 1.012 million is not traceable.

PAC DIRECTIVE

The Committee directed the PAO to reconcile figures with Audit department, On verification of record by Audit, the para would be treated as settled.

The Implementation Committee will take necessary follow up action.

3.5 Para 7.34 (AR-91-92)

Irregular allotment of multiple plots to Railway officers.

Audit pointed out that the Railways administration allotted 459 plots to 186 officers at different places, ranging from 2 to 6 plots to each officer in contravention to the Policy/by laws. In 1989, on the report of an Inquiry Committee constituted on his directives. The Prime Minister ordered cancellation of the multiple plots secured by the railway officers. Action taken by the administration in this regard had been reviewed and the position is as under:

- i) Out of 459 plots 29 were stated to have been disowned, 39 plots surrendered by the allottees, 100 plots cancelled and 289 were in possession of the officers. However The plots stated to have been surrendered and cancelled had yet to be taken back.
- ii) 58 officers were holding 125 plots and no action had yet been taken for cancellation of the excess plots.
- iii) 30 officers were holding 64 plots (2 to 3 each) even after cancellation, surrendering or disowning of 38 plots. Action for the cancellation of additional plots had still to be taken.
- iv) 19 officers who have disowned 22 plots were in possession of 19 plots un-authorizedly as they had already disposed off the plots allotted to them.

The PAO informed the Committee that cancellation notices were issued to the affected members, as a result of which 10 members had disowned multiple allotment, 30 members had either surrendered or agreed to deposit the cost of additional plots, 6 retired officers had challenged cancellation in the courts and 132 members had not responded. It was further stated that, there were 186 serving and retired officers, who had been allotted multiple plots in different Railway Housing Societies. Out of 186 officers, 82 allottees had surrendered their additional plots. 10 allottees had deposited the cost as per directive of Prime Minister's Inspection Commission and 05 officer had deposited the cost as per N.A.B's decision 2000. Forty (40) allottees of multiple allotments had deposited the cost as penalty charges of plots as per decision of the Lahore High Court. 49 officers of the multiple allotments had been issued notices to deposit the cost of plots as per decision of Lahore High Court.

PAC DIRECTIVE

The Committee directed the PAO to inquire into the matter and take disciplinary action against the persons involved in the allotment. The Committee also directed that allotments of those who are not depositing market rate of plots should be cancelled and suits filed against those who had sold the plots, with report to Audit. The Implementation Committee will take necessary follow up action.

3.6 **Para 7.35 (AR-91-92)** **Loss of Rs. 6.189 million and blockage of capital of Rs. 9.097 million.**

Audit pointed out that M/S Railway Construction Company (RAILCOP) entered into a joint venture on June 15, 1991 with M/S Paracha Construction Company (Pvt) Ltd. (PCC) to undertake the stringing and tower erection work in Malaysia. M/S PCC misrepresented its financial statement. Workers went on strike w.e.f October 27, 1991 due to non

payment of salaries. The joint venture was terminated and an agreement was executed on March 9, 1992, whereby M/S PCC purchased all shares/interest of RAILCOP for 483, 500 (Malaysian Riyals) payable in equal monthly installments of 18, 270 Malaysian Riyals. However, M/S PCC failed to pay the agreed amount and recovery suit was filed for Rs. 4.880 million. RAILCOP suffered loss of Rs. 1.309 million and material valuing Rs. 9.097 million was also blocked.

The PAO informed the Committee that the case was pending in the Supreme Court relating to the recovery of Rs. 4.880 million from M/S National General Insurance (NGI), NGI had approached RAILCOP to settle the issue outside the court. NGI had already paid Rs. 2.130 million and balance amount of Rs. 2.750 million would be paid through monthly installments of Rs. 125,000. RAILCOP had initiated legal proceedings regarding transfer of mortgaged NGI property in the name of RAILCOP for recovery of the amount due from NGI. RAILCOP was in touch with NGI to realize the balance payment as per court decision. Machinery had already been disposed of with the approval of the competent authority. Mortgaged property was got assessed in 2005, which was valued at Rs. 1.296 million. The said property was being transferred in the name of RAILCOP after completing necessary legal formalities. An amount of Rs. 0.446 million had been written off by the Board of Directors. For the recovery of balance amount, Railcop had approached Supreme Court, but the case was not admitted by the Court. Efforts were being made at the level of Chairman for the recovery of balance amount of Rs 880,000. RAILCOP had also approached Joint Secretary Ministry of Water & Power for seeking the Ministry's intervention for realization of its claim.

PAC DIRECTIVE

The Committee recommended the para for settlement subject to verification of the documents/recoveries by Audit.

3.7

- i) **Para 7.1-AR-1991-92**
Loss due to non-recovery of Rs 99,562 from contractor
- ii) **Para 7.2-AR-1991-92**
Short recovery of Rs. 815,965 on account of storage charges.
- iii) **Para 7.5-AR-1991-92**
Loss of Railway material worth Rs. 102,820.
- iv) **Para 7.6-AR-1991-92**
Theft of exchangeable duplicate items of material valuing Rs. 4.912 million.
- v) **Para 7.7-AR-1991-92**
Misappropriation of receipts Rs. 64,000.
- vi) **Para 7.8-AR-1991-92**
Suspected fraudulent payment of Rs. 0.197 Million to a contractor.
- vii) **Para 7.10-AR-1991-92**
Avoidable expenditure of Rs. 1.198 million due to re-tendering.
- viii) **Para 7.11-AR-1991-92**
Additional expenditure of Rs. 153,000 due to delay in accepting tenders for sui gas connection.
- ix) **Para 7.12-AR-1991-92**
Avoidable expenditure of Rs. 1.284 million due to non acceptance of lowest offer.
- x) **Para 7.13-AR-1991-92**
Loss of Rs. 1.655 million due to procurement of stone ballast at higher rates.
- xi) **Para 7.14-AR-1991-92**
Extra expenditure of Rs. 10.410 million due to injudicious decision.
- xii) **Para 7.15-AR-1991-92**
Unauthorized labour payment for embankment repairs: loss of Rs. 118,770.
- xiii) **Para 7.16-AR-1991-92**
Un-necessary liability accepted for purchase of power: loss Rs. 1.5 million.
- xiv) **Para 7.17-AR-1991-92**
Loss worth crores of rupees due to non-dismantling of quarry and disposal of material casting Rs. 468,000
- xv) **Para 7.18-AR-1991-92**
Excess rates paid for carriage of stone: loss Rs. 126,025

- xvi) **Para 7.19-AR-1991-92**
Demurrage charges paid to KPT Rs. 2.356 million.
- xvii) **Para 7.20-AR-1991-92**
Incurrence of expenditure of Rs. 921,000 without benefits and loss of Rs. 723,000 on account of speed restriction
- xviii) **Para 7.21-AR-1991-92**
Wasteful expenditure of Rs. 700,593 due to excess selection of assistant station Master, commercial group students .
- xix) **Para 7.22-AR-1991-92**
Impractical mode used for air-conditioning of coaches: loss of Rs. 1.911 million.
- xx) **Para 7.24-AR-1991-92**
Un productive expenditure of Rs. 230,348.
- xxi) **Para 7.25-AR-1991-92**
Construction and Demolition of cabin-loss of Rs. 397,211.
- xxii) **Para 7.26-AR-1991-92**
Barbed wire fencing stolen loss Rs. 249,164.
- xxiii) **Para 7.27-AR-1991-92**
Procurement of Sub-standard Material worth Rs. 8 million and utilization of A part supply without replacement.
- xxiv) **Para 7.28-AR-1991-92**
Extra expenditure of Rs. 337,240 on account of Road repairs against specification.
- xxv) **Para 7.29-AR-1991-92**
Injudicious allocation/utilization of improvement fund amounting to Rs. 850,000.
- xxvi) **Para 7.30-AR-1991-92**
Avoidable extra expenditure of Rs. 360,000.
- xxvii) **Para 7.31-AR-1991-92**
Incorrect fixation of pay over payment of Rs. 56,540.
- xxviii) **Para 7.32-AR-1991-92**
Excessive rents paid for residential buildings worth Rs. 584,299.
- xxix) **Para 7.33-AR-1991-92**
Stock piling of excess inventory Rs. 71.960 million.
- xxx) **Para 7.36-AR-1991-92**
Unnecessary expenditure of Rs. 5.852 million due to non-transfer of cash from Railcop account to Railway fund.

PAC DIRECTIVE

On presentation of above paras by Audit, the Committee directed the Ministry to implement recommendations of the DAC under report to Audit.

AUDIT REPORT FOR THE YEAR 1991-92

3.8. Comments on the Accounts of (A) Pakistan Railway (B) Pakistan Railway Advisory and Consultancy Services (PRACS) (C) Railway Construction Company Limited (RAILCOP)

- i) **Audit Comment No. 3.2**
Budget Variations
- ii) **Audit Comment No. 3.3**
Grant No. 114

- iii) **Audit Comment No. 3.8**
Grant No. 142
- iv) **Audit Comment No. 3.9**
Public and Passenger Amenities
- v) **Audit Comment No. 3.10**
Staff Welfare Works
- vi) **Audit Comment No. 3.11**
Grant No. 193
- vii) **Audit Comment No. 3.12**
Excessive Supplementary grant
- viii) **Audit Comment No. 3.13**
New Line Construction
- ix) **Audit Comment No. 3.17**
Government Grant for Cash deficit
- x) **Audit Comment No. 3.21**
Settlement of Railway Dues with Federal Government
- xi) **Audit Comment No. 3.23**
Revenue Reserves and Provident Fund
- xii) **Audit Comment No. 3.27**
Store Suspense (Increase in Inventory)
- xiii) **Audit Comment No. 4.5**
Miscellaneous Advances Revenue

Un-Highlighted Audit Comments

- i) **Audit Comment No. 2.1**
Financial Results
- ii) **Audit Comment No. 2.2**
Traffic Variations
- iii) **Audit Comment No. 2.3**
Freight Wagons Loaded
- iv) **Audit Comment No. 2.4**
Revenue Expenditure
- v) **Audit Comment No. 2.5**

Revenue Receipts And Revenue Expenditure

- vi) **Audit Comment No. 3.1**
Control over Expenditure
- vii) **Audit Comment No. 3.4**
Electric Services
- viii) **Audit Comment No. 3.5**
Signal and telecommunication
- ix) **Audit Comment No. 3.6**
Operational Fuel
- x) **Audit Comment No. 3.7**
Pension Payment
- xi) **Audit Comment No. 3.14**
Final Modification Statement
- xii) **Audit Comment No. 3.15**
State of Accounts and Finances
- xiii) **Audit Comment No. 3.16**
Sources and Application of Funds
- xiv) **Audit Comment No. 3.18**
Bank Reconciliation Statement
- xv) **Audit Comment No. 3.19**
Pakistan Railways Investments
- xvi) **Audit Comment No. 3.20**
Profit and Loss Account
- xvii) **Audit Comment No. 3.22**
Balance Sheet of Pakistan Railways
- xviii) **Audit Comment No. 3.24**
Cumulative Deficit
- xix) **Audit Comment No. 3.25**
Institutional Development
- xx) **Audit Comment No. 3.26**
Repayment of Debt
- xxi) **Audit Comment No. 4.1**
Review of Balances
- xxii) **Audit Comment No. 4.2**
General Provident Fund
- xxiii) **Audit Comment No. 4.3**
Staff Benefit Fund
- xxiv) **Audit Comment No. 4.4**
Suspense Accounts
- xxv) **Audit Comment No. 4.6**
Sui-gas charges
- xxvi) **Audit Comment No. 4.7**
Advance's for local purchase
- xxvii) **Audit Comment No. 4.8**
Electric charges
- xxviii) **Audit Comment No. 4.9**

- Telephone charges
- xxix) **Audit Comment No. 4.10**
Outstanding Suspense
- xxx) **Audit Comment No. 4.11**
Miscellaneous Advances Capital
- xxxii) **Audit Comment No. 4.12**
Outstanding Advance for local purchase
- xxxiii) **Audit Comment No. 4.13**
Purchases

Comments on the Accounts of Pakistan Railways Advisory and Consultancy Services (PRACS)

- xxxiii) **Audit Comment No. 5 (a) (i)**
Net Revenue
- xxxiv) **Audit Comment No. 5 (a) (ii)**
Administrative Expenses
- xxxv) **Audit Comment No. 5(a) (iii)**
Profit and Loss account
- xxxvi) **Audit Comment No. 5 (a) (iv)**
Cash and Bank Balance
- xxxvii) **Audit Comment No. 5 (a) (v)**
Trade Debtor's

Comments on the Accounts of RAILCOP

- xxxviii) **Audit Comment No. 5 (b)**
Financial Results
- xxxix) **Audit Comment No. 5 (b) (i)**
Financial performance
- xl) **Audit Comment No. 5 (b) (ii)**
Investment
- xli) **Audit Comment No. 5 (b) (iii)**
Receivables

Other Topics of interest

- xlii) **Audit Comment No. 9.1**
Unsanctioned Expenditure
- xliii) **Audit Comment No. 9.2**
Unsanctioned Expenditure (42 Cases)
- xliv) **Audit Comment No. 9.3**
Under-charges in Traffic earnings
- xlvi) **Audit Comment No. 9.4**
Under-charges in traffic earnings

- xlvi) Audit Comment No. 9.5**
Loss due to Remission and Abandonment of claims
- xlvii) Audit Comment No. 9.6**
Wharfage /Demurrage Charges

PAC DIRECTIVE

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

MINISTRY OF RELIGIOUS AFFAIRS & MINORITIES AFFAIRS

1. Overview

Appropriation Accounts and Annual Audit Reports for the year 1991-92 pertaining to the Ministry of Religious Affairs, Zakat & Ushr were taken up for examination by Public Accounts Committee (PAC) on June 23, 2009.

1.2 During the course of discussion in the meeting, the Committee issued some directives, depending on the nature of the issue, directing the PAO to take appropriate action.

1.3 there were 7 paras and 2 grants reported by Audit. These paras were initially examined by the Departmental Accounts Committee (DAC) and then were discussed in the meeting of PAC. 4 paras were recommended for settlement by the Committee either on the basis of clarifications given by the PAO or the corrective measures taken by the Division.

1.4 in some cases the Committee directed Audit to verify details/facts, given in certain cases, in Defence of the viewpoint presented by PAO.

1.5 The Committee also constituted a Sub-Committee under the Convenership of Mr. Nadeem Afzal Chan, MNA.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I FOR THE YEAR 1991-92

2.1 i) **GRANT # 115 -MINISTRY OF RELIGIOUS AFFAIRS AND
MINORITIES AFFAIRS**
(Excess Rs.1,923,419)

AGPR pointed out that the grant closed with excess of Rs. 1,923, 419 which worked out to 2.81% of the total grant. An amount of Rs. 343,000 (0.50%) was surrendered increasing net excess to Rs. 2,266,419 (3.32%) A supplementary grant of Rs. 683,000 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account the excess was reduced to Rs. 1,583,419 (2.29%).

ii) **GRANT # 70 – OTHER EXPENDITURE OF MINISTRY OF
RELIGIOUS AFFAIRS AND MINORITIES AFFAIRS.**
(Saving Rs.4,647,857)

AGPR pointed out that the grant closed with saving of Rs. 4,647,859, which worked out to 6.24% of the total grant. An amount of Rs. 324,000 (0.43%) was surrendered leaving net saving of Rs. 4,323,859 (5.81%).

PAC DIRECTIVE

On the presentation of the above two grants by AGPR, the Committee directed the Ministry to reconcile the figures of the grant with Audit and recommended the saving/ excess for regularization subject to verification by AGPR.

AUDIT REPORT FOR THE YEAR 1991-92

3.1.i) **Para # 3 (Page-151-AR 1991-92)**
Irregular payment to Hajj delegation Rs. 0.143 Million

Audit pointed out that Haj Directorate at Jeddah had paid an amount of Rs. 143,567 (SR-24667.9) to Hajj Delegation out of Pilgrims Welfare Fund. The Delegation visiting Saudi Arabia in 1990 comprised of the following members:-

1. Mr. Khan Bahadur Khan, the then Minister for Religious Affairs.
2. Haji Amanullah Khan, the then Minister of State for Religious Affairs.
3. Siraj Ahmed Dinpuri, the then Adviser.
4. Mr. Muhammad Hanif Soldier.

The payment out of Pilgrims Welfare Fund was not authorized as all the members were required to be paid actual expenses by the Ministry.

Audit suggested that the Ministry should

1. Investigate the matter and fix responsibility.
2. Adopt corrective steps to obviate the possibility of recurrence of the irregularity in future.

ii) **Para # 4 (Page-152-AR 1991-92)**
Irregular payment on Hajj account of T.A/D.A out of pilgrims welfare fund Rs. 108,232 Million.

Audit pointed out that Ministry of Religious Affairs had paid an amount of Rs. 108,232/- on account of T.A/D.A out of Pilgrims Welfare Fund. The payment of Rs. 26,485/- was allowed to an officer who traveled from Cairo to Saudi Arabia and back to Pakistan without any approved tour programme and without showing any purpose of journey. Further an amount of Rs. 82,232 was also allowed to an officer for reconciliation of

accounts of Hajj deposits at Directorate of Hajj at Jeddah. In presence of an account at Jeddah the expenditure was not justifiable nor the expenditure was authorized out of Pilgrims Welfare Fund.

Audit suggested that the Ministry should: -

1. Investigate the case within view to fixing responsibility for extending undue favour to officers.
2. Recover the amount from the person (s) concerned.
3. Adopt remedial measures to obviate possibility of recurrence of such serious financial irregularities in future.

iii) **Para # 6 (Page-153-AR 1991-92)**
Irregular Expenditure on hosting a dinner in honour of Hajj delegation by the Minister Rs. 21,540

Audit pointed out that under rule 4 of the Pilgrims Welfare Fund Rules, 1990 the objects of expenditure to be met out of the Fund have been specified. No expenditure on dinner has been allowed therein. Ministry of Religious Affairs, however paid an amount Rs. 21,540 to a hotel vide cheque No. 24110541 dated 1.9.1991 out of PWF on account of hosting a dinner. The expenditure was not covered under the Rules.

Audit suggested that the Ministry should:-

1. regularize the expenditure under the orders of Finance Div.
2. adopt remedial measures in future.

PAC DIRECTIVE

On the presentation of above three paras by Audit, the Committee recommended the above Para for settlement subject to adoption of the measures suggested by Audit, including regularization of expenditure from Ministry of Finance.

- i) **Para # 1 (Page-151-AR 1991-92)**
- ii) **Para # 2 (Page-151-AR 1991-92)**
- iii) **Para # 5 (Page-153-AR 1991-92)**
- iv) **Para # 7 (Page-154-AR 1991-92)**

PAC DIRECTIVE

On the recommendation of DAC, the Committee recommended the above four paras for settlement.

MINISTRY OF SCIENCE AND TECHNOLOGY

1. Overview

Appropriation Accounts and Annual Audit Report for the year 1991-92 pertaining to the Ministry of Science & Technology were taken up for examination by Public Accounts Committee (PAC) on 18th June, 2009.

- 1.1 The PAC having considered Audit's views as well as explanations given by the Principal Accounting Officer (PAO), made its recommendations in a number of cases involving defective contracts, financial indiscipline, misuse of funds, violation of rules, cases of non-recovery, blockage of funds, irregular expenditures and overpayments of huge amounts etc.
- 1.2 During the course of discussion in the meeting, the Committee issued some directives, depending on the nature of the issue, directing the PAO to take appropriate action.
- 1.3 There were 16 paras and 4 grants reported by Audit/AGPR. These paras were initially examined by the Departmental Accounts Committee (DAC) and then were discussed in the meetings of PAC. 13 paras were recommended for settlement by the Committee either on the basis of clarifications given by the PAO or the corrective measures taken by the Ministry. The Committee gave DIRECTIVES on 3 paras.
- 1.4 In some cases the Committee directed Audit to verify details/facts, given in certain cases, by the Ministry in Defence of the viewpoint presented by PAO.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I **FOR THE YEAR 1991-92**

2.1 i) **Grant # 118-Ministry of Science & Technology**
(Saving Rs.373,867/-)

AGPR pointed out that the saving worked out to 0.81% of the total grant. An amount of Rs. 317,000 (0.69%) was surrendered leaving net saving of Rs. 56,867 (0.12%)

ii) **Grant # 119- Other expenditure of M/O Science & Technology**
(Saving Rs.13,436,000)

AGPR pointed out that the saving worked out to 4.23% of the total grant. An economy cut of Rs. 13,436,000 (4.23%) was applied due to which there is no saving/excess.

iii) **Grant 172- Development Expenditure of M/o Science & Technology**
(Saving Rs 9,219,866/-)

AGPR pointed out that the saving worked out to 3.36% of the total grant. An amount of Rs. 9,197,600 (3.35%) was surrendered leaving net saving of Rs. 22,266.

iv) **Grant 194- Capital Outlay on M/o Science & Technology**
(Saving Rs 26,480,000)

AGPR pointed out that the saving worked out to 56.34% of the total grant.

PAC DIRECTIVE

On presentation of above grants by AGPR, the Public Accounts Committee (PAC) recommended regularization of the savings/excesses of the grants.

**AUDIT REPORT ON ACCOUNT OF
FOR THE YEAR 1991-92**

3.1. i) **Para-1 (Page-155-AR.1991-92)**
Unauthorized and irregular Drawal of advance worth Rs. 6,677,350/- Non Adjustment of Advances.

Audit pointed out that in Council for Scientific and Industrial Research Laboratories, Lahore, unauthorized and irregular repeated advances amounting to Rs. 6.677 million were paid to certain officers out of Annual Development Fund released by the Government for various Development Projects during 1987-89 without rendering accounts or adjustment for previous advances against services or supplies, in violation of GFR Treasury Rules. The advances are still outstanding and lying un-adjusted which tantamount to undue favour at the cost of Public Ex-chequer.

The PAO informed the Public Accounts Committee (PAC) that the advances were paid to the Purchase Officer and other officers of PCSIR for procurement or fabrication of items, which were required for the completion of the projects during 1986-90. Moreover, frequently the material/equipment needed for the execution of projects was not available on bill basis as the shopkeepers did not accept cheques and demanded cash payment. However all advances had since been adjusted, and the voucher numbers indicated the period of adjustment against each advance. Audit may verify the settlement of the advances.

ii) **Para-4 (Page-156-AR.1991-92)**
Non Surrendering of Rs. 10.310 million available balances at the close of the financial year.

Audit pointed out that in National Institute of Power, an amount of Rs. 5.034 million was transferred on 30th June 1986, Rs. 4.874 million on 10th June 1989, Rs 402 million on 3rd June 1990 from assignment account to current account to avoid lapse of fund, in contravention of Rule 170 A

of the Federal Treasury Rules Vol-I which required that the balance in assignment account will lapse at the close of the financial year in all cases.

iii) **Para-6 (Page-157-AR.1991-92)**
Irregular payment of Rs. 151,169/- on account of research.

Audit pointed out that in National Institute of Power, Lahore, Research Allowance @ 20% of pay subject to maximum of Rs. 800 was allowed to 230 offices with effect from 1st July 1987 in contravention of the Finance Division's O.M No. f.1/7/IMP.II/87 dated 1st July 1987 according to which the Research Allowance was admissible only to the organization recognized by Finance and Establishment Division as a research organization. The amount of Rs 151,169 paid to the officers as Research Allowance was unauthorized and irregular as they were not appointed exclusively for research work.

The PAO informed the Public Accounts Committee (PAC) that the Department of National Institute of Power (NIP) no longer exists having been closed down in February, 1997. All accounts/matters were adjusted/finalized at the time.

PAC DIRECTIVE

On presentation of above three paras by Audit, the Committee recommended them for settlement subject to verification of the record by audit.

3.2

- i. **Para-7 (Page-157-AR.1991-92)**
Non-submission of Audit certificate of release to the extent Rs. 2,050,944/-
- ii. **Para-8 (Page-158-AR.1991-92)**
Irregular expenditure on account of advertisement charges Rs. 70,533/-
- iii. **Para-9 (Page-158-AR.1991-92)**
Irregular Expenditure On Repairs of Govt Vehicles Rs. 73,493.
- iv. **Para-10 (Page-159-AR.1991-92)**

- v. Irregular promotion resulting into over-payment Rs. 38,486/-
Para-11 (Page-159-AR.1991-92)
Irregular Drawl of orderly allowance Rs. 39,200
- vi. **Para-12 (Page-160-AR.1991-92)**
Loss due to ignoring lowest Bid Rs. 316,352/-

PAC DIRECTIVE

On the recommendation of DAC, the Committee recommended the above six paras for settlement.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES FOR THE YEAR 1991-92

Pakistan Science Foundation

- 3.3. **Paras-741,742 &743 (Page-491-ARPSE.1991-92)**
Audit Comments

PAC DIRECTIVE

On the presentation of the above paras by Audit, the Committee directed the Ministry to implement the decisions of the DAC under report to Audit.

PERFORMANCE EVALUATION REPORT NO. 128 ON NATIONAL INSTITUTE OF OCEANOGRAPHY FOR THE YEAR 1991-92

- 3.4
- i) **Para-4.1 & 5.3**
Sources of financing/ongoing projects
 - ii) **Para-4.2 to 4.4**
4.7 & 4.8 Source of financing/accounting procedure/ utilization of development/General of Funds
 - iii) **Para-5.1**
Area of Operation
 - iv) **Para-5.4 to 5.9**
Completed, Client and Contract projects/Training Functions & Programmes
 - v) **Para-6.3 to 6.5**
Employees strength/cost/training
 - vi) **Para-7.1 to 7.5**

Procurement procedure & details/inventory management & stock taking

PAC DIRECTIVE

On presentation of above paras by Audit, the Committee directed the Ministry to implement the decisions of the DAC under report to Audit.

SENATE SECRETARIAT

1. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1991-92 pertaining to the Senate Secretariat were taken up for examination by the Public Accounts Committee (PAC) on June 30, 2009.

- 1.1 There was one grant presented by the AGPR which was discussed in the meeting of the PAC and regularized with the direction that the object should be zero excess and zero saving.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) FOR THE YEAR VOL-I, 1991-92)

2.1 GRANT # 107-THE SENATE.

Charged

(Total Appropriation./ saving Rs 385,425)(Charged)

(OTC appropriation /(saving Rs.3,220,450)

AGPR pointed out that In “**Charged**” section the appropriation closed with a saving of Rs. 385,425, which worked out to 1.31% of the total appropriation.

In “**Other than Charged**” section the grant closed with a saving of Rs. 3,220,450, which worked to 16.46 % of the total grant. An amount of Rs. 2,848,000 (14.56%) was surrendered leaving net saving of Rs. 372,450 (1.90%).

PAC DIRECTIVE

The Committee recommended regularization of the saving of the grants and there should be no saving /excess in future.

MINISTRY OF SOCIAL WELFARE & SPECIAL EDUCATION

1. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1991-92 pertaining to the M/o Social Welfare & Special Education were taken up for examination by the Public Accounts Committee (PAC) on June 23, 2009.

- 1.1 There was 5 grants and 1 audit para presented by the AGPR/Audit which was discussed in the meeting of the PAC and regularized with the direction that the object should be zero excess and zero saving.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I FOR THE YEAR 1991-92

- 2.1 i) GRANT # 69- SPECIAL EDUCATION AND SOCIAL WELFARE DIVISION.
(Saving Rs.954,654,598)

AGPR pointed out that the grant closed with saving of Rs. 954,654,598 which worked out to 94.24% of the total grant. An amount of Rs. 24,767 was surrendered and an economy cut of Rs. 893,050 (0.13%) was applied due to which saving decreased to Rs. 953,736,781 (94.10%) A supplementary grant of Rs. 45,000,000 (4.44%) was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account the saving increased to Rs. 998,736,781 (94.15%).

ii) **GRANT # 70 – SPECIAL EDUCATION.**
(Excess Rs.5,138,026)

AGPR pointed out that the grant closed with excess of Rs. 5,138,026 which worked out to 13.99% of the total grant. An amount of Rs. 97,000 (0.26%) was surrendered and an economy cut of Rs. 1,542,000 (4.20%) was applied, due to which excess increased to Rs. 6,777,026 (18.46%).

iii) **GRANT # 71 – OTHER EXPENDITURE OF SPECIAL EDUCATION.**
(Saving Rs.231,600)

AGPR pointed out that the grant closed with saving of Rs. 231,600 which worked out to 6.32% of the total grant.

iv) **GRANT # 158 – DEVELOPMENT EXPENDITURE OF SOCIAL WELFARE.**
(Excess Rs.9,587,210)

AGPR pointed out that the grant closed with saving of Rs. 9,587,210 which worked out to 116.20% of the total grant. An amount of Rs. 280,091 (3.39%) was surrendered and an economy cut of Rs. 825,000 (10%) was applied, due to which excess increased to Rs. 10,692,301 (129.60%).

v) **GRANT # 159 – DEVELOPMENT EXPENDITURE OF SPECIAL EDUCATION.**
(Saving Rs.10,310,172)

AGPR pointed out that the grant closed with saving of Rs. 10,310,172 which worked out to 16.20% of the total grant. An amount of Rs. 3,932,700 (9.25%) was applied due to which saving was reduced to Rs. 6,377,472 (9.96%).

PAC DIRECTIVE

On the presentation of the above five grants by AGPR, the Committee recommended regularization of the excesses/savings of the grants, with the direction that systems should be improved so that there is no excess/saving in future.

AUDIT REPORT ON ACCOUNT OF FOR THE YEAR 1991-92

3.1 Para # 14 (Page-101-AR 1991-92) Irregular Expenditure on Purchase of Braille Paper Rs 0.200 Million.

Audit pointed out that National Institute of Special Education purchased Braille papers costing Rs 200,000 vide cheque No. F.64376/f.437504 of 30th June 1991 issued to M/s Baig Paper Mat, Islamabad. The purchases were made without indicating specifications in the tender advertisement in the newspapers on 28th June 1991 and were finalized on 29th June 1991. After the supply, the size of Braille paper was measured as 28" x 22" of 348 packets while the bids were for 13" x 11" of 500 reams. There were differences in quality and quantity between the actual supply and offer. The decision of the Purchase Committee to accept the bid was wrong and needs justification. Necessary NOC from the Controller Stationery & Forms was not obtained.

The PAO informed the Sub-Committee that the matter was investigated as desired by Audit, to fix the responsibility for irregular purchase of Braille Paper. The Inquiry Committee consisting of Mr. M.S. Kazmi Joint Secretary (Social Welfare & Special Education) and Mr. Ali Akbar Kalhoro, Principal, Al-Maktoom Special Education Centre for VHC submitted its findings, according to which the following officers were held responsible for irregular purchase:-

1. Dr. Laique Mirza, Principal, National Institute of Special Education, Islamabad.
2. Mr. Khalid Naeem, Director, SE-II
3. Mr. Mustaqeem Siddiqui, Assistant Director/DDO, National Institute of Special Education, Islamabad.

According to the inquiry report, the Purchase Committee was well conversant with financial rules, but was miss-guided by Mr. Khalid Naeem and Mr. Mustaqeem Siddiqui and as such they failed to carry out the proper procedure. The matter was reported to Establishment Division for further necessary action and remained under correspondence with Establishment Division upto 3rd March, 1997.

The Establishment Division returned the summary on 4th March, 1997 with certain observations and direction to submit a fresh summary. Mr. Naseer Ahmed, Joint Secretary, Women Development Division was assigned to again inquire into the matter. He submitted the inquiry report according to which the actual persons responsible were the members of Purchase Committee as pointed out by Audit, whereas the charges had been diverted towards Mr. Khalid Naeem, Director and Mr. Mustaqeem Siddiqui, Assistant Director/DDO who were not associated with the decision of the Purchase Committee for the irregular purchase. On the recommendation of the Inquiry officer the charges leveled against Mr. Khalid Naeem, Director and Mr. Mustaqeem Siddiqui, Assistant Director had been withdrawn vide No. F.14-3/93 (A) dated 23rd June, 1998.

PAC DIRECTIVE

The Committee directed that action will be taken against members of the Purchase Committee, and recommended the para for settlement subject to verification of the inquiry report/record by Audit. The Implementation Committee will take necessary follow up action.

MINISTRY OF STATES & FRONTIER REGIONS

2. OVERVIEW

Appropriation Accounts for the year 1991-92 pertaining to the Ministry of States & Frontier Regions were taken up for examination by the Public Accounts Committee (PAC) on 18th June, 2009.

- 1.1 The PAC having considered AGPR,s point of view and explanation given by the Principal Accounting Officer (PAO),made its recommendations in number of grants.
- 1.2 There were 8 paras and 8 grants presented by the AGPR. The PAC recommended 2 paras for settlement and gave directive on 7 paras.

ATONEABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I FOR THE YEAR 1991-92

- 2.1 i) Grant # 120-Ministry of State & Frontier Regions Division
(Excess Rs.1,960,889/-)

AGPR pointed out that the excess worked out to 14.08% of the total grant.

- iii) Grant # 121- Frontier Regions
(Excess Rs.80,527,992/-)

AGPR pointed out that the excess worked out to 24.63% of the total grant.

- iii) Grant 125- Maintenance Allowance to Ex-rulers
(Saving Rs 6,300)

AGPR pointed out that the saving worked out to 0.41% of the total grant.

- v) Grant 127- Afghan Refugees
(Excess Rs 31,182,066/-)

AGPR pointed out that the excess worked out to 3.31% of the total grant. An amount of Rs. 2,425,000 (0.25%) was surrendered increasing net excess to Rs. 33,607,066 (3.57%).

PAC DIRECTIVE

On presentation of above five grants by AGPR, the Committee recommended regularization of the savings/excesses of the grants.

Federal Administered Tribal Areas

- 2.2 i) **Grant 123- Federally Administered Tribal Areas**
(saving Rs 11,074,485)

AGPR pointed out that the saving worked out to 5.47% of the total grant.

- ii) **Grant 124- Other Expenditure of Federally Administered Tribal Areas**
(excess Rs 146,349,210)

AGPR pointed out that the excess worked out to 25.92% of the total grant.

- iii) **Grant 173- Development Expenditure of Federally Administered Tribal Areas**
(excess Rs 23,041,522)

AGPR pointed out that the excess worked out to 2.80% of the total grant.

PAC DIRECTIVE

On presentation of above three grants by AGPR, the Committee directed the PAO to reconcile the figures with AGPR. After verification by AGPR, the grants would be treated as regularized.

- iv) **Grant 195- Capital outlay Development of Administered Tribal Areas**
(excess/saving-Nil)

AGPR pointed out that the grant was utilized in full.

- v) **Grant 126- Other expenditure of States and Frontier Regions Division**
(Saving Rs 18, 000)

AGPR pointed out that the saving worked out to 0.02% of the total grant.

PAC DIRECTIVE

On presentation of above grant by AGPR, the Committee recommended the same for regularization.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES
FOR THE YEAR 1991-92

FATA Development Corporation

- 3.1 **Para-749 (Page-496-ARPSE-1991-92)**

PAC DIRECTIVE

On presentation of above para by Audit, the Committee directed the Ministry to implement decisions of the DAC under report to Audit.

FATA Secretariat

- 3.2. **Para-3 (Page 161-AR 1991-92)**
Irregular payment of house rent allowance amounting to Rs. 160,023- and
Non-deduction of 5% house rent charges.

Audit pointed out that in Agency Bajour, officers of the Health Department FATA were provided with Government accommodation at the place of their posting but neither house rent allowance nor rent at 5% of their salaries was deducted as per rule. The amount of undue payment on this account during 1987-88 works out to Rs. 160,023 in 31 cases.

The PAO informed the Committee that recovery process has been initiated from 17 doctors and the same is expected to be completed by the end of June.

PAC DIRECTIVE

The Committee directed the PAO to reconcile the figures of the actual number of doctors with Audit and ensure recovery. It recommended the para for settlement subject to verification of recovery by Audit.

- 3.3 i) **Para-6 (Page 163-AR 1991-92)**
Misuse of Official vehicles by non entitled officers recovery of Rs. 279,574/-
- ii) **Para-12 (Page 166-AR 1991-92)**
Avoidable expenditure Rs. 0.507 Million

PAC DIRECTIVE

On presentation of above two paras by Audit, the Committee directed the Ministry to implement decisions of the DAC under report to Audit.

**ACCOUNT OF M/O STATES & FRONTIER REGIONS
FOR THE YEAR 1991-92**

- 3.4 **Para-6 (Page 163-AR 1991-92)**
Misuse of Official vehicles by non entitled officers recovery of Rs. 279,574/-

Audit pointed out that in the office of the Director Afghan Refugees, the official vehicles were used unauthorizedly and irregularly for private purposes and an expenditure of Rs. 279.574 was incurred on this account during 1987 to 1990. The officers were not entitled for the official vehicles but the vehicles were under use of the officers and were parked at their residences in violation of staff car rules. The expenditure is held to be irregular and unauthorized.

The PAO informed the Committee that the Vehicles for Karachi office were provided by UNHCR and other donor agencies for effective monitoring and control on handling of relief assistance received from abroad. The aid was received in abundance and staff had to work day and night for this purpose and had to park the vehicles at their residences to avoid extra expenditure on parking the same in office at Kemari. As the expenditure on run in of the vehicles was met out of the funds provided by UNHCR, no loss to Government was involved. In view of the stoppage of assistance by Un. Agencies from 1-10-95 the office in Karachi has been closed from 31-1-96. An inquiry was conducted in this regard in 2006. The inquiry report would be provided to Audit. The para may be dropped.

PAC DIRECTIVE

The Committee directed the Ministry to provide the inquiry report to Audit and on its verification the the para would be treated as settled.

3.5 **Para-12 (Page 166-AR 1991-92)** **Avoidable expenditure Rs 0.507 million**

Audit pointed out that in the office of the Director Health Afghan Refugees Organization Peshawar, tenders for procurement of medicines for Afghan patients were invited in April, 1990 but lowest tender was rejected without assigning any reasons. The higher tender to a dealer M/s Nadeem Traders was accepted and supplies amounting to Rs 1,182,650/ was obtained at higher rates. This resulted in extra expenditure of Rs 507,450/.

The PAO informed the Committee that the medicines were purchased out of funds provided by UNHCR by a Committee consisting of representatives of UNHCR, Commissionerate Afghan Refugees and Project Director Health AR, keeping in view the quality of medicines. However, the reasons for accepting higher rates and rejecting lower rates

were not recorded by the Committee due to improper knowledge of rules. As the purchases were made out of UNHCR funds, no loss to government was involved. In this regard an inquiry was conducted and UNHCR has given a certificate that the quality of the lowest bidder was not according to specification.

PAC DIRECTIVE

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

- 3.6 i) **Para # 4, Page-162-AR)**
Misappropriation of Cloth valuing Rs 31,844
ii) **Para # 5, Page-162-AR)**
Non-accounting of the items valuing Rs. 374.398 loss thereof

PAC DIRECTIVE

On recommendation of Audit, the Committee recommended the above two paras for settlement.

STATISTICS DIVISION

1. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1991-92 pertaining to the Statistics Division were taken up for examination by the Public Accounts Committee (PAC) on June 23, 2009.

- 1.1 The PAC having considered Audit's point of view and explanation given by the Principal Accounting Officer (PAO), made its recommendations.
- 1.2 There were 2 grants and 1 audit para presented by the AGPR/Audit for which the PAC regularized the grants and recommended the para for settlement .

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL VOL-I, 1991-92)

- 2.1 i) **GRANT # 52- STATISTICS DIVISION.**
(Saving Rs.280,401,208)

AGPR pointed out that the grant closed with saving of Rs. 280,401,208 which worked out to 63.84% of the total grant. An amount of Rs. 197,711,080 (45.01%) was surrendered and an economy cut of Rs. 41,907,000 (14.49%) was applied due to which saving decreased to Rs. 40,783,128 (9.28%).

The Ministry informed the Sub-Committee that the saving was mainly due to the fact that Director General of Registration was assigned some special task/survey.

- ii) **GRANT # -153-DEVELOPMENT EXPENDITURE OF STATISTICS DIVISION.**
(Saving Rs.5,355,154)

AGPR pointed out that the grant closed with saving of Rs.5, 355,154 which worked out to 25.57% of the total grant. An economy cut of Rs. 2,094,000 (10.00%) was applied due to which saving decreased to Rs. 3,261,154 (15.57%). A supplementary grant of Rs. 2,990,000 (14.28%) was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account the saving shall be increased to Rs. 6,251,154 (26.12%).

The PAO informed the Sub-Committee that the Audit department had not booked the expenditure. However, the expenditure was adjusted by the AGPR during next financial year 1992-93. Foreign exchange component was utilized by aid giving Agencies directly against which no expenditure has been reported.

PAC DIRECTIVE

After hearing the Ministry's reply, the Committee recommended the regularization of the savings of the above two grants.

AUDIT REPORT FOR THE YEAR 1991-92

- 3.1 **Para-27 (Page-53-AR-1991-92)**
Loss of Rs. 160,600 due to Non-Deduction of Income Tax

PAC DIRECTIVE

On the recommendation of the Audit, the Committee recommended the para for settlement.

MINISTRY OF TOURISM

1. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1991-92 pertaining to the Ministry of Tourism were taken up for examination by the Public Accounts Committee (PAC) on 30th June, 2009. Audit also presented **audit report public sector enterprises 1991-92 on Pakistan tourism development corporation**

- 1.2 During the course of discussion, the Committee issued some policy recommendations, depending on the nature of the issue, directing the PAO to take appropriate actions.
- 1.3 There were 2 grants presented by the AGPR and 7 Audit paras reported by the Audit. These were initially examined by the Departmental Accounts Committee (DAC) and thereafter were discussed in the meeting of the PAC. The PAC regularized the grants with the directions that the financial mismanagement must not be repeated, due care should be taken to plug the loopholes and zero saving and zero excess in future. The PAC recommended 7 paras for settlement either on the basis of clarifications given by the PAO or the corrective measures taken by the Ministry.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I FOR THE YEAR 1991-92)

2.1 i) GRANT # 27 TOURISM DIVISION (Saving Rs.1,772,423)

AGPR pointed out that the grant closed with a saving of Rs. 1,772,423 which worked out to 4.31% of the total grant. An economy cut of

Rs. 1,585,300 (5.00%) was applied due to which saving decreased to Rs. 187,123 (0.45%).

ii) **GRANT # 148 DEVELOPMENT EXPENDITURE OF TOURISM DIVISION**
(Saving Rs.1,075,000)

AGPR pointed out that the grant closed with a saving of Rs. 1,075,000 which worked out to 17.20% of the total grant. An economy cut of Rs. 625,000 (10.00%) was applied due to which saving decreased to Rs. 450,000 (7.20%).

PAC DIRECTIVE

On presentation of above two grants by the AGPR, the Committee recommended regularization of the savings of the grants. However, the Sub-Committee directed the Ministry to improve their financial and monitoring system so that there is no saving/excess in future.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES
FOR THE YEAR 1991-92

3.1

- i) **Para # 79 (Page # 74-75-ARPSE-1991-92)**
Audit Comments
- ii) **Para # 84 (Page # 76-ARPSE-1991-92)**
Audit Comments
- iii) **Para # 79 (Page # 74-75-ARPSE-1991-92)**
Audit Comments
- iv) **Para # 89 (Page # 76-ARPSE-1991-92)**
Audit Comments
- v) **Para # 91 (Page # 77-ARPSE-1991-92)**
Audit Comments

PAC DIRECTIVE

On presentation of above paras by Audit, the Committee directed the Ministry to implement decisions of the DAC under report to Audit.

**MINISTRY OF MINORITIES, CULTURE, SPORTS TOURISM
AND YOUTH AFFAIRS**

- 3.2 i) **Para # 77 (Page # 73-ARPSE-1991-92)**
Pakistan institute of tourism and hotel management
- ii) **Para # 78 (Page # 73-ARPSE-1991-92)**
Audit Comments

PAC DIRECTIVE

On presentation of above paras by Audit, the Committee directed the Ministry to implement decisions of the DAC under the report to Audit.

WAFAQI MOHTASIB

1. OVERVIEW

Appropriation for the year 1991-92 pertaining to the Wafaqi Mohtasib were taken up for examination by the Public Accounts Committee (PAC) on July 1, 2009.

- 1.1 There was one grant presented by the AGPR which was discussed in the meeting of the PAC and regularized with the direction that the object should be zero excess and zero saving.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL)VOL-I FOR THE YEAR 1991-92

2.1 CHARGED WAFAQI MOHTASIB (Excess Rs 3,569,378)

AGPR pointed out the appropriation closed with excess of Rs. 3,569,378 which worked out to 14.22% of the total appropriation. A supplementary grant of Rs 2,350,000 was sanctioned but not included in supplementary schedule of authorized expenditure. After taking it into account, the excess will be decreased to Rs 1,219,378 (4.44%).

The department explained that excess was mainly due to appointment of contract officer for investigation purpose and also due to less allocation of fund.

PAC DIRECTIVE

On presentation of above appropriation by the AGPR and after hearing the explanation of the PAO, the Committee recommended the excess for regularization.

MINISTRY OF WATER AND POWER

1. Overview

Appropriation Accounts and Annual Audit Report for the year 1991-92 pertaining to the Ministry of Water & Power were taken up for examination by Public Accounts Committee (PAC) on May 8, 2009.

- 1.1 The PAC considered Audit's point of view and explanations given by the Principal Accounting Officer (PAO), made its recommendations in a number of cases involving, loss due to application of wrong tariff, misappropriation of transformers of various capacities, non-production of record regarding electrical material, non recovery of cost of MDI meters, excess expenditure, non-recoveries misappropriation of T&P articles, misappropriation of electrical material, non-recovery of security deposits, illegal installation of material, un-necessary purchase and defective supply of video analyzers, undue favour, infructuous expenditure, overpayments. etc.
- 1.2 During the course of discussion in the meeting, the Committee issued some directives, depending on the nature of the issue, directing the PAO to take appropriate action.
- 1.3 There were 31 audit paras and 3 grants reported by Audit/AGPR. These paras were initially examined by the Departmental Accounts Committee (DAC) and then were discussed in the meetings of PAC. 24 paras were recommended for settlement by the Committee either on the basis of clarifications given by the PAO or the corrective measures taken by the Division. The Committee gave direction on 5 paras and NIL paras were

sent back to Departmental Accounts Committee (DAC) for its re-examination.

- 1.4 In certain cases the Committee directed Audit to verify details/facts given by the Ministry in Defence of the viewpoint presented by PAO.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I FOR THE YEAR 1991-92

- 2.1 i) **Grant # 132-Ministry of Water & Power**
(Saving Rs 30,703,125/-)

AGPR pointed out that the grant closed with a saving Rs. 30,703,125 which worked out to 63.95% of the total grant. An amount of Rs 23,027 (10.04%) was surrendered and an economy cut of Rs 2,686,000 (5.59%) was applied due to which saving decreased to Rs 27,994,098 (58.31%)

- vii) **Grant # 175-Development expenditure of Ministry of Water & Power**
(Excess Rs.358,643,237/-)

AGPR pointed out that the grant closed with an excess of Rs. 358,643,237/- which worked out to 53.03% of the total grant. An amount of Rs. 12,624,518 (1.86%) was surrendered and an economy cut of Rs 10,010,000 (1.48%) was applied due to which excess increased to Rs 381,277,755 (56.37%).

- viii) **Grant # 196-Capital outlay on Irrigation and Electricity**
(Excess Rs. 359, 175,275/-)

AGPR pointed out that the grant closed with an excess of Rs 359,175,275/- which works out to 304.38% of the total grant. An economy cut of Rs. 4,150,000 was applied due to which excess increased to Rs 363,325,275 (307.90%).

PAC DIRECTIVE

On presentation of above three grants by the AGPR, the Committee directed the PAO to reconcile the figures of the grants with AGPR. Appropriation accounts of the Ministry should be resubmitted to PAC often reconciliation. Follow up will be taken by the Implementation Committee.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES FOR THE YEAR 1991-92

National Engineering Services Pakistan (Pvt) Limited

3.1 Para 754 (Page-500-ARPSE)

Audit pointed out that the contracts receivables increased by 2.94% from Rs. 156,048 million as on June 30,1991 to Rs 194.973 million as on June 30,1992. Early realization of the above is stressed upon the Management.

The PAO informed the Committee that management is treating this matter on top priority basis and is making strenuous efforts for the recovery of these receivables. As a result of these efforts the company has recovered/adjusted old outstanding debts. into 98% of the total amount. Outstanding related to WASA Quetta which did not have sufficient funds.

PAC DIRECTIVE

The Committee directed the PAO to recover the outstanding amount. If recovery is not possible, case for writing may be put up to the competent authority with report to Audit. Follow up action will be taken by the Implementation Committee.

3.2

i) **Para 751 (Page-499-ARPSE)**

ii) **Para 752 (Page-500-ARPSE)**

iii) **Para 753 (Page-500-ARPSE)**

iv) **Para 755 (Page-501-ARPSE)**

PAC DIRECTIVE

On presentation of above four paras by Audit, the Committee directed the Ministry to implement recommendations of the DAC and report to Audit.

AUDIT REPORT NATIONAL TUBEWELL CONSTRUCTION CORPORATION (DEFUNCT)

3.3 **Para 13.1(Page 181-AR)**

Loss of Rs 59,531

Audit pointed out that National Tubewell Construction Corporation executed an agreement with a contractor in June 1990 for supply of 40000 cft shrouding material at the rate of Rs 13/86 per cft. The contractor supplied only 4937 cft material and quantity of 30,686 cft was procured by the Corporation from another contractor at the higher rate. No action was taken against the defaulting contractor. The procurement at the higher rate resulted in a loss of Rs 59,531 from March to June 1991 to government.

The PAO informed the Committee that the issue was discussed in the DAC, in which it was agreed that payment of items over and above agreed rate, may be got regularized from the competent authority.

PAC DIRECTIVE

The Committee endorsed the recommendation of the DAC and directed the PAO to get the expenditure regularized from competent authority and to gear up the process of winding-up of the corporation under intimation to Audit.

AUDIT REPORT FOR THE YEAR 1991-92

3.4 Para 2 (Page-5-11-AR)

Inadmissible payment to Scarp contractor for use of gravel: Rs 40.833 million

Audit pointed out that in a Scarp project the contractor was bound to use suitable envelope material according to requirement irrespective of its source. During construction of subsurface pipe drainage works, in December 1986 the contractor used crushed stone as envelope material with approval of the Engineer as required under the agreement. After some pipes had been laid, it was observed that the pipes choked quickly due to use of crushed stone. It was, therefore, decided to use river run gravel as envelope material. The procurement of gravel involved extra haulage. As a result of this change, the contractor demanded differential cost. The Authority agreed and a variation order for Rs 40.833 million was issued. The Audit observation was that as no source of envelope material was specified in the contract agreement, the contractor was not entitled to differential cost due to change of source of material.

The PAO informed the Committee that:

- a) Clause TP-13 provided that contractor could have arranged envelope material from any source.
- b) When the crushed stone failed, USBR Advisor conducted studies/tests and suggested use of river run gravel as envelope material.
- c) Extra haulage would have to be borne on change of source of gravel material even if tests were conducted. Thus by change of type of gravel life of project increased.

The matter was investigated and Inquiry Committee concluded that payment of Rs 40.833 million was made due to change of source of gravel material involving extra haulages.

PAC DIRECTIVE

The Committee deferred the para with direction with the PAO should consult the Legal Adviser of NTC and submit report to Audit/PAC within one month. Follow up action will be taken by the Implementation Committee.

3.5 **Para 5 (Page-5-11-AR)**

Purchase of screening of gravel excess expenditure Rs 9.664 million

Audit pointed out that in Mardan Scarp project 22.492 million cft gravel was purchased from March, 1984 to July, 1987 for laying sub-surface pipe drainage system. The work for which the gravel was purchased were completed upto January, 1991 by using 18.582 cft gravel. This indicated that 3.910 million cft gravel costing Rs 8.290 million was purchased in excess of requirement. Moreover a quantity of 1.461 million cft gravel stated to be mixed with earth was got re-screened at a cost of Rs 1.374 million. Had the procurement and use of gravel been synchronized the extra expenditure on unnecessary procurement and re-screening of gravel could have been avoided.

The PAO informed the Committee that an Inquiry Committee has already been constituted to probe into the excessive purchase and to fix responsibility for the loss.

PAC DIRECTIVE

The Committee directed the PAO to ensure finalization of the Inquiry Committee's report within 30 days and take necessary action against the persons responsible, with report to Audit/PAC. Follow up action will be taken by the Implementation Committee.

3.6 **Para 6 (Page-22-AR)**
Partial change of alignment of canal: Loss Rs 7.844 million

Audit pointed out that two contracts for construction of main canal and distributaries were awarded to a contractor in August, 1988 and October, 1988. While the work was in progress, the Authority decided in April 1991 to change the alignment of a portion (10.67) of the canal. As a result of this decision, expenditure amounting to Rs 7.844 million comprising Rs 4.100 million on excavation of the canal and Rs 3.744 million on payment as land compensation) went waste and also delayed the completion of the canal. It was replied in 1992 that due to this change of alignment the saving achieved would outweigh the expenditure under observation. But had this change been conceived at the planning stage the expenditure of Rs 7.844 million would have been avoided, for which responsibility needs to be fixed.

The PAO informed the Committee that as a number of nullahs had to be crossed by the canal. Two options were open either the canal has to pass below the bed of nullahs or canal is to be made to pass above the nullahs. The second option was found more appropriate and saved 15000 acres cultivable land, which ultimately resulted in saving of Rs 72 million per year.

PAC DIRECTIVE

The Committee directed the PAO to inquire in to the case personally and to take action against any the persons responsible for ill planning and submit report to Audit /PAC within 60 days. Follow up action will be taken by the Implementation Committee.

3.7 **Para 9 (Page-28-30-AR)**
Overpayment of Rs 6.98 million to the local consultants

Audit pointed out that the local consultants engaged by WAPDA on cost plus fee basis were being paid salary plus overheads, fee and direct cost on actual as remuneration for the consultancy services on various projects. The Government of Pakistan Finance Division advised Ministry of Water & Power in November 1983 that fee should be paid to local consultants as a fixed percentage of salary cost. The Authority in its circular dated 18th October 1987 also directed its subordinate offices to allow fee as percentage of salary cost. The bye laws for consultants approved by the Government of Pakistan and adopted by the Authority in February, 1988 also provided that fee should be paid in the manner indicated above. Contrary to the order of Government of Pakistan and instructions of the Authority itself, the local consultants (M/s NESPAK) engaged for various projects, were being paid fee as a percentage of salary cost plus overheads as per agreements signed with them resulting in overpayment of Rs 6.98(M).

The PAO informed the Committee that :

- a) the Ministry of Water & Power appointed a high level committee of contractual experts headed by Mr. N.C.Syed, MD (PPRO) to carry out an exercise with a view to reduce local consultancy costs. The committee recommended that in Kala Bagh agreement fee was to be paid as a percentage of salary cost plus overhead plus social cost.
- b) Finance Division, Govt. of Pakistan agreed to the basis recommended by the committee but reduced the percentage of fee from 12% to 10%.
- c) This inter-alia means that Finance Division approved the payment of fee @10% of original salary cost plus social cost plus overheads as recommended by the committee WAPDA and Ministry of

Water & Power. Thus fee was being paid to the local consultants strictly according to the instructions of the Govt. of Pakistan.

- d) Authority's circulator dated 18-10-87 was withdrawn by the Authority while approving Pakistan Engineering Council, bye-laws 1986 adopted by WAPDA.
- e) It was also stated that the Pakistan Engineering Council bye-laws did not specifically provide a mechanism for computation of payment under the head, "Fee to consultants". In the absence of such mechanism, WAPDA had justifiably adopted the aforementioned instructions of the finance Division Govt. of Pakistan.

PAC DIRECTIVE

The Committee directed the PAO to get the matter clarified from the Finance Division and report to Audit/PAC within one month. Follow-up action will be taken by the Implementation Committee.

3.8 **Para 10 (Page-31-33-AR)** **Extra expenditure of Rs 3.746 million due to non-supply of material by a firm**

Audit pointed out that a purchase order No. 4506 dated 19-3-89 was placed on a firm for supply of 164 metric tons (6mm) and 819 metric tons (10mm) galvanized steel wire @ 15,141/- per ton and Rs 14,750/- per ton respectively with stipulated delivery period up to 15-6-89. The delivery period was extended upto 31-8-89. The firm supplied the material (80 metric ton (6mm) and 400 metric tons (10mm wire) upto 27-7-89. The total quantity of the purchase order was offered for inspection on 31-8-89 but even after its acceptance by the purchasing department, only 170 metric ton (10mm) were supplied leaving 84 metric ton (6mm) and 249 metric ton (10mm) were un-supplied. The un-supplied material was subsequently deleted from the purchase order by the Authority without any financial repercussions on either side. The un-supplied material was

subsequently purchased from the same firm vide purchase order No.4582 dated 26-9-90 @ 25,953 per ton (10mm) and through a second purchase order No.4583 dated 26-9-90 @ 26,523 per ton (6mm) at higher rates resulting in extra expenditure of Rs 3.746 million.

The PAO informed the Committee that an inquiry was conducted. The conclusion drawn by the inquiry committee was as under:

- a) it appears that audit has ignored the facts that this purchase order No. 4506 dated 19-3-89 was made for financial year 1988-89 whereas there is no purchase of GSL Wire of any size during the financial year 1989-90. This confirms that the balance quantity of GSL wire viz 249 metric ton of 10mm and 84 metric ton that of 6 mm was not picked up by WAPDA despite M/s Chaudhry Wire Rope offered the balance quantity due to financial constraints and cash flow problem faced by WAPDA which is quite evident that payment amounting to Rs. 4.945 millions of M/s Chaudhry Wire Rope on account of this very purchase order (vide No.4506 dated 19-3-89) was pending even in 1990-91. Therefore, the view point of audit that purchase made in financial year 1990-91 on higher rate is not sustainable and appears to have no relevancy with the purchase made in financial year 1988-89.
- b) The view of audit that later the GSL wire was purchased on higher price is not in order, the escalation of prices and other relevant factors is natural. Therefore later purchase on prevailing market rate is quite in order.
- c) Focusing on preceding paras and attached record, this inquiry committee is of unanimous opinion that nothing wrong has been done and no officer/officials is at fault in this case as the re-decision regarding cancellation for supply of remaining material is in order.

PAC DIRECTIVE

The Committee did not accept the explanation of Ministry. It directed The PAO to hold another inquiry into the matter fix responsibility on those responsible and submit report within 30 days to Audit/PAC. Follow up action will be taken by the Implementation Committee.

3.9

- i) **Para 1 (Page-1-4-AR)**
Extra expenditure of Rs 128.958 million due to non-finalization of rates of a contractor in time
- ii) **Para 3 (Page-12-15-AR)**
Payment for delay in completion of gas pipe line: Extra expenditure Rs 20 million
- iii) **Para 4 (Page-16-17-4-AR)**
Loss of Rs 9.273 million due to rejection of the lowest bids
- iv) **Para 7 (Page-23-24-AR)**
Non recovery of demurrage charges from a supplier Rs 10.920 million
- v) **Para 8 (Page-25-27-AR)**
Loss of Rs 44.759 million on account of burnt/damaged electrical equipment
- vi) **Para 11 (Page-34-39-AR)**
Extra expenditure of Rs 3.736 million due to rejection of the lowest bid
- vii) **Para 12 (Page-40-41-AR)**
Blocking of funds Rs 6.561 million and loss of Rs 0.846 million on the purchase of Pvc pipes
- viii) **Para 13 (Page-42-43-AR)**
Under favour to a contractor Rs 4.48 million
- ix) **Para 14 (Page-51-AR)**
Loss of Rs 1.054(M) due to damage/misappropriation of PCC poles and cross arms and blocking of authority's funds amounting to Rs 0.501 million
- x) **Para 15 (Page-52-93-AR)**
Loss of Rs 20.619 million due to theft of electric material and robbery of cash
- xi) **Para 16 (Page-94-127-AR)**
Short recovery of capital cost Rs 9.501 million
- xii) **Para 17 (Page-128-137-AR)**
Loss of Rs 2.401 million due to non-recovery of cost of damaged/burnt transformers
- xiii) **Para 18 (Page-138-139-AR)**
Short recovery of the cost of oil circuit breakers Rs 1.551 million (Rs. 304,586+1,276,583)

- xiv) **Para 19 (Page-140-145-AR)**
Non-accountal of Material Rs 9.130 million
- xv) **Para 20 (Page-146-147-AR)**
Excess payment of Rs 0.464 million due to allowing incorrect rates.
- xvi) **Para 21 (Page-148-149-AR)**
Extra expenditure of Rs 0.216 million
- xvii) **Para 22 (Page-150-AR)**
Unpaid rest house charges by a Provincial Government officer Rs 0.293 million
- xviii) **Para 23 (Page-151-AR)**
Un-entitled credit given to industrial consumers: Loss Rs 96,602
- xix) **Para 24 (Page-152-AR)**
Cost of street light not recovered from Hyderabad Development Authority
Rs 120,864
- xx) **Para 25 (Page-153-AR)**
Inadmissible payment of compulsory acquisition charges on crops compensating Rs 0.055 million

PAC DIRECTIVE

On presentation of above twenty paras by Audit, the Committee directed the Ministry to implement the DAC's decisions, under report to Audit..

PERFORMANCE AUDIT REPORT **FOR THE YEAR 1991-92**

PAC DIRECTIVE

On the recommendation of DAC, the Committee recommended the above Performance Audit Report for settlement.

MINISTRY OF WOMEN DEVELOPMENT

1. **Overview:**

Appropriation Accounts for the year 1991-92 pertaining to the Ministry of Women Development were taken up for examination by Public Accounts Committee (PAC) on June 25, 2009.

1.2 During the course of discussion in the meeting, the Committee issued some directives, depending on the nature of the issue, directing the PAO to take appropriate action.

1.3 There were 3 grants reported by AGPR. These grants were initially examined by the Departmental Accounts Committee (DAC) and then were discussed in the meetings of PAC. 3 grants were recommended for settlement by the Committee either on the basis of clarifications given by the PAO or the corrective measures taken by the Division.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I FOR THE YEAR 1991-92

2.1 i) **Grant # 133-Ministry of Women Development**
(Saving Rs 6,992,114/-)

AGPR pointed out that the saving worked out to 37.06% of the total grant. An economy cut of Rs 1,886,000 (10.00%) was applied due to which saving decreased to Rs 5,106,114 (27.06%).

The PAO informed the Committee that an amount of Rs 2,000,000 was transferred from Jahez Fund to Bait-ul-Mall which was not accounted for due to weak system of reconciliation.

PAC DIRECTIVE

The Committee recommended the grant for regularization subject to verification by the AGPR.

ii) **Grant # 176-Development Expenditure of M/o Women Development**
(Saving Rs. 16,549,874/-)

AGPR pointed out that the saving worked out to 13.13% of the total grant. An economy cut of Rs. 12,600,000(10.00%) was applied due to which saving decreased to Rs 3,949,874(3.13%).

iii) **Grant # 177-Development Expenditure of Special Programmes for Women**
(saving Rs. 7,232,000/-)

AGPR pointed out that the saving worked out to 9.27% of the total grant. An economy cut of Rs 7,800,000 (10.00%) was applied due to which saving was converted into an excess of Rs 568,000 (0.72%).

PAC DIRECTIVE

On presentation of above two grants by the AGPR, the Committee recommended regularization of the saving/excess of the grants.

MINISTRY OF YOUTH AFFAIRS

2. OVERVIEW

Appropriation Accounts for the year 1991-92 pertaining to the Ministry of Youth Affairs were taken up for examination by the Public Accounts Committee (PAC) on June 23, 2009. Audit also presented Audit Report on the accounts of Federal Government (civil) for the year 1991-92.

- 1.1 The PAC having considered Audit,s point of view and explanation given by the Principal Accounting Officer (PAO),made its recommendations.
- 1.2 There were 2 grants presented by the AGPR. These were initially examined by the Departmental Accounts Committee (DAC) and thereafter were discussed in the meeting of the PAC. The grants were recommended for settlement by the PAC either on the basis of clarifications given by the PAO or the corrective measures taken by the Ministry.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I FOR THE YEAR 1991-92

- 2.1 i) GRANT # 26- YOUTH AFFAIRS DIVISION.
(Saving Rs.411,048)

AGPR pointed out that the grant closed with saving of Rs. 411,048 which worked out to 7.60% of the total grant. An economy cut of Rs. 270,000 (4.99%) was applied due to which saving decreased to Rs. 141,048 (2.60%).

ii) **GRANT # -147- DEVELOPMENT EXPENDITURE OF YOUTH AFFAIRS DIVISION.**
(Saving Rs.6,740,000)

AGPR pointed out that the grant closed with saving of Rs. 6,740,000 which worked out to 26.91% of the total grant. An amount of Rs. 4,236,000 (16.91%) was surrendered and an economy cut of Rs. 1,504,000 (10%) was applied due to which saving decreased to Rs. 1,000,000 (3.99%).

PAC DIRECTIVE

On presentation of the above two grants by the AGPR, the Committee recommended regularization of the saving of the grants.

