

VOL-I (1990-91)



REPORT
OF THE
PUBLIC ACCOUNTS COMMITTEE
ON THE ACCOUNTS OF THE FEDERATION
FOR THE YEAR
1990-91

NATIONAL ASSEMBLY SECRETARIAT
ISLAMABAD

اليوم نختم على افواههم و تكلمنا ايديهم
و تشهد ارجلهم بما كانوا يكسبون

“This day We seal up
their mouths,
and their hands
speak out to Us and their feet
bear witness
as to what they used to earn.”

(Sura Yasin, Al-Quran)

PREFACE

Under the Constitution of the Islamic Republic of Pakistan, the disbursement from the Federal Consolidated Fund requires approval by National Assembly of Pakistan. While authorizing huge sums of the tax payer's money, the Assembly has a right to reassure itself that the moneys so granted were steered to the intended purpose and were spent prudently and in accordance with Rules & Regulations. The National Assembly oversees expenditure through its committee on Public Accounts, on the basis of Appropriation Accounts, Finance Accounts and Audit Reports prepared by the Controller General of Accounts and Auditor-General of Pakistan. The said reports are laid in the National Assembly as required under Article 171 of the Constitution.

The PAC examines, with reference to the facts of each case, the circumstances leading to any excess expenditure and makes appropriate recommendations. The PAC also constitutes Sub Committees and Inter-departmental Committees for the scrutiny of some important issues. The current PAC was faced with the gigantic task of examining the backlog of Audit paras relating to previous 12 years and constituted three Sub-Committees for their examination. The PAC has completed 10 years of backlog till date.

The reports of the Sub-Committees are submitted separately, as volumes, to the main report of the Public Accounts Committee.

Major issues and Committee's general recommendations, on each Ministry/Division, have been highlighted, separately in the respective sections for having a quick glance on their performance.

The drafting and preparation of this Report and the Sub-Committees Reports has been made possible due to the concerted efforts of the Honourable Conveners/Members of the Sub-Committees and officers/staff of the Public Accounts Committee of the National Assembly Secretariat, headed by Mr. Moosa Raza Effendi, Additional Secretary and under the guidance of Ms. Najma Siddiqui, Joint Secretary PAC. This is indeed an extra ordinary achievement which deserves highest praise for all concerned.

The National Assembly Secretariat is graciously appreciative of the guidance and motivation received from Chairman, Public Accounts Committee, Ch. Nisar Ali Khan and other Members of the Committee, in doing justice to this difficult and taxing assignment.

It is hoped that suggestions and recommendations of the Committee would encourage and assist the Government in smartening up the system and procedure for constructive financial management.

Karamat Hussain Niazi
Secretary
National Assembly Secretariat

Islamabad, the September 30, 2011

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COMPOSITION OF SPECIAL COMMITTEE # II

- | | | |
|----|-------------------------------------|----------|
| 1. | Mr. Zahid Hamid, MNA | Convener |
| 2. | Mr. Aftab Shahban Mirani, MNA | Member |
| 3. | Mrs. Rukhsana Bangash, MNA | Member |
| 4. | Mr. Bahadur Ahmed Khan Siher, MNA | Member |
| 5. | Mr. Noor Alam Khan, MNA | Member |
| 6. | Sardar Ali Muhammad Khan Mahar, MNA | Member |

Executive Summary

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 accountability of the Government's use of taxpayer's money. In Pakistan, as in many other parliamentary democracies legislative oversight over public finance is exercised through a high powered Committee of the House i.e. the Public Accounts Committee. The accounts of the Federation are prepared and made by the Controller General of Accounts and audited by the Auditor General of Pakistan, as provided in Article 170 of the Constitution.

Under Article 171, the Auditor General of Pakistan submits Annual Audit Reports to the President who causes them to be laid before the National Assembly. These reports are then referred to the Public Accounts Committee in order to examine whether the moneys shown in the accounts as having been disbursed were legally available for, and applicable to, the service or purpose to which they have been applied or charged and that the expenditure conforms to the authority which governs it and that every re-appropriation has been made in accordance with the provisions made in this behalf under rules framed by the Competent Authority/Ministry of Finance. (Rule 203 of the Rules of Procedure and Conduct of Business in the National Assembly, 2007).

In its role as the custodian/ameen of public funds , the PAC while considering the Audit Reports in the presence of the concerned Principal Accounting Officers/ Secretaries of the concerned Ministries/Head of Departments, inter-alia examines whether the funds have been utilized efficiently , effectively and economically . Such examination includes review of financial transactions from regulatory, propriety and procedural points of view, comprehensive analysis, review of performance of government and semi-government organizations, review of future plans of public entities , accounting documents and special studies of various activities, etc.

PAC REPORTS

1. The present Public Accounts Committee constituted on April 14th, 2008 is the 13th PAC of the National Assembly. One of its unique, special features is that it is chaired by the Leader of the Opposition in the National Assembly, Ch. Nisar Ali Khan.

2. The present PAC inherited a backlog of 12 years' Audit Reports containing more than 24,000 audit paras. By constituting a number of Special Committees which have been meeting regularly and often, the PAC has achieved remarkable success not only by completing consideration of 9 years' Audit Reports thus far but by effecting recovery of huge amount of public moneys which were the subject of the audit paras. Total verified recovery uptil end June, 2011 as a result of the reactivation of the PAC's (primarily at the federal level) is a colossal amount of Rs. 114 billion.

3. PAC constituted three Special Committees under the Convenership of MS Yasmeen Rahman, M.N.A , (Monitoring and Implementation Committee/Special Committee # 1) Mr. Zahid Hamid M.N.A. (Special Committee # II) & Mr. Riaz Hussain Prizada M.N.A. Special Committee # III).

4. Special Committee –II of the PAC headed by Mr. Zahid Hamid M.N.A. examined Audit Reports for the years 1990-91, 1992-93 & 2001-02. The first meeting of the Committee for the financial year 1990-91 was held on 1st June 2010 and since then it has held meetings for 45 days during the year. Due to heavy work load the Committee even met as early as at 9-30.a.m. and often twice a day.

5. In the course of examination of the Appropriation Accounts for the year 1990-91, the Special Committee reviewed 197 grants. The Committees found that Excesses and Savings were a regular feature. There was a liberal resort to supplementary grants, which in certain cases were obtained, towards the close of the financial year, while the original allocation was not yet fully utilized. Excesses occurred even after receipt of supplementary allocations. In many cases Supplementary Grants were not fully utilized, resulting in blockage of funds.

6. The Special Committee repeatedly expressed concern over the state of financial management systems. While examining Appropriation Accounts the Special Committee observed that in most cases the Principal Accounting Officers (PAOs) simply did not have the requisite procedures/systems in place to ensure proper management of budgetary allocations. The result was that requirement for budgetary allocations were not only inaccurately estimated but

internal controls and monitoring of expenditure was extremely weak. This was the major cause of the large number of savings and excesses in budgetary grants.

7. In a country where it is difficult to mobilize funds for the urgent development projects, proper budgeting is essential, indeed imperative. Scarce resources must be allocated judiciously and spent wisely and well, just as excess over allocation must be justified in detail, so too unsurrendered savings must be properly explained as depriving another development project of much need funds is a national loss. The Committee therefore impressed upon the PAO's the need to improve financial management systems in their respective Ministries to avoid unjustified excesses / savings in future.

8. Such financial management systems should include effective internal controls/ audit procedures. In some Ministries/Divisions/Departments and their Subordinate offices, the Committee noticed that the officers dealing with their accounts were neither trained nor had any experience of handling such assignments, resulting in weak internal budgetary controls. The Committee was informed by the Auditor General of Pakistan that on the directive of previous PAC, Chief Finance & Accounts Officers are appointed for internal budgetary control in Ministries/Divisions. The Committee emphasized the need to ensure proper training of these officers.

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. In certain cases the Committee found the need for great scrutiny by PAOs of statement of accounts showing the income and expenditure of state corporations, trading and manufacturing schemes, concerns and projects together with the balance-sheets and statements of profit and loss accounts which are required to be prepared under the provisions of the statutory rules regulating the financing of a particular corporation, trading or manufacturing scheme.

11. Many significant issues surfaced during the Committee deliberations on the Audit Paras contained in the Report of the Auditor General. A brief report containing a summary of each

Audit Para, replies by the PAO and the directives issued by the PAC as a result of discussion on the para was issued for the necessary action by the PAOs at the culmination of each PAC meeting which is appended to the report. Some significant issues have been brought to the attention of the Honorable Members in the succeeding Paras relating to the year 1990-91. **A total of 1285 Audit Paras were taken up by the Committee in its various meetings.**

12. Efforts rendered by the PAC Wing headed by Mr. Moosa Raza Effendi, Additional Secretary and comprised of Senior Officers, Najma Siddiqui, Joint Secretary & Mr. M. Tariq Bhatti, Secretary to the Special Committee are really commendable and therefore appreciated. Hard work put in by Mr. S. Shaukat Raza, S.O. (PAC), Mr. Muhammad Channar, Data Processing Supervisor and Mr. Nisar Ahmed, Office Assistant also deserves appreciation.

RECOMMENDATIONS

After detailed deliberations the Public Accounts Committee finally submits the Report to the National Assembly of Pakistan with the following recommendations:

- a) Excess Budget Statements for the year 1990-91 may be regularized as per provision of the Constitution.
- b) Recommendations, directives and suggestions given by the Committee on the Audit Paras mentioned in the report may be accepted by the concerned Ministries / Divisions/Departments of the Federal government in letter and spirit.
- c) Amounts recoverable pointed out by the Committee may be realized by the Ministries/Divisions/Departments under intimation to the National Assembly Secretariat and the Audit.

Ch. Nisar Ali Khan
(Chairman)

Zahid Hamid MNA
(Convener)

**REPORT OF THE
PUBLIC ACCOUNTS COMMITTEE
ON THE ACCOUNTS OF THE FEDERATION
PAKISTAN
FOR THE YEAR 1990-91**

EXCESS BUDGET STATEMENT

DETAILS OF EXCESS EXPENDITURE

FOR THE YEAR 1990-91

EXCESS BUDGET STATEMENT FOR THE YEAR 1990-91

S.#	Name of Ministry/ Division and Date of Meeting	Grant No. & Name of Grant	Original Grant	Supplement- ary Grant	Final Grant	Actual Expenditure	Excess	PAC Recommendati ons
	1	2	3	4	5	6	7	8
01.	Central Board of Revenue (CBR) 21-07-2010	i) Grant #.48- Sea Customs. (OTC)	101,787,000	19,074,000	120,861,000	156,002,086	35,141,086	The Committee recommended regularization of the grant.
		ii). Grant #. 50- Tax on Income and Corporation Tax. (OTC)	289,749,000	12,232,000	301,981,000	311,085,778	9,104,778	The Committee recommended regularization of the grant and reiterated its direction for improved financial management in future.
02.	Civil Secretariat (FATA) 27-10-2010 21-12-2010 01-02-2011 01-03-2011	Grant # 124- Other Expenditure of Federally Administered Tribal Areas. (OTC).	500,784,000	-----	500,784,000	562,891,671	62,107,671	The Committee recommended regularization of the grant.
03.	M/o Commerce 01-06-2010 08-07-2010 04-11-2010 28-12-2010 27-01-2011 09-03-2011	ii). Grant # 17- Other Expenditure of Ministry of Commerce (OTC).	3,661,000	-----	3,661,000	3,786,240	125,240	On presentation of the above grants on 8 th March 2007 by the AGPR, the Sub-Committee recommended the savings/ excesses for regularization with the direction to be careful in future and financial system should be improved in the Ministry of Commerce

S.#	Name of Ministry/ Division and Date of Meeting	Grant No. & Name of Grant	Original Grant	Supplement- ary Grant	Final Grant	Actual Expenditure	Excess	PAC Recommendati ons
04.	M/O Communications 28-07-2010 25-02-2011 17-05-2011 06-06-2011	Grant # 18- Ministry of Communications (OTC).	12,918,000	-----	12,918,000	13,121,283	203,283	The Committee directed to the PAO to reprimand the person responsible for this negligence and observed that a careful attitude regarding estimation of funds should be displayed in future. The Committee recommended the grant for regularization.
05.	Council of Islamic Ideology. 07-07-2010	Grant # 116 – Council for Islamic Ideology (OTC).	5,923,000	-----	5,923,000	9,920,826	3,997,826	The Committee recommended regularization of the grant with the remarks that every effort should be made to surrender any and all savings by the prescribed date.
06.	M/o Culture, Sports and Youth Affairs 30-06-2010 28-10-2010 08-03-2011 10-03-2011	i). Grant # 24- Culture and Sports Division (OTC).	13,383,000	-----	13,383,000	13,782,699	399,699	The Committee recommended for regularization of the excess in the two grants.
		ii). Grant # 25- Archaeology and Museum (OTC).	30,897,000	-----	30,897,000	31,854,651	957,651	
07.	M/O Defence 13-07-2010 02-02-2011 03-03-2011	i). Grant # 30- Aviation Division (OTC).	227,289,000	-----	227,289,000	230,795,280	3,748,280	The Committee recommended regularization of the grant.

S.#	Name of Ministry/ Division and Date of Meeting	Grant No. & Name of Grant	Original Grant	Supplement- ary Grant	Final Grant	Actual Expenditure	Excess	PAC Recommendati ons
		ii). Grant # 38- Federal Government Educational Institutions in Cantonments. (OTC).	206,590,000	-----	-----	231,238,482	24,648,482	The Committee recommended regularization of the grant.
		iii). Grant # 185-Capital outlay on Aviation Division (OTC).	12,895,000	-----	-----	14,633,000	1,738,000	The Committee recommended regularization of the grant.
08.	Economic Affairs Division 09-06-2010 27-07-2010 04-11-2010	i). Grant #. 153- Development Expenditure of Economic Affairs Division. (OTC).	98,783,000	105,000,000	203,783,000	267,662,371	63,879,371	The Committee directed the PAO to provide the relevant record of "Trust for Voluntary Organization" to Audit for verification and submit a copy to the Committee. The Committee recommended regularization of the grant subject to verification of record by Audit.
		ii). Grant # 188- External Development Loans and Advances by the Federal Government. (OTC).	120,585,000	-----	120,585,000	1,987,619,618	1,867,034,618	The Committee recommended regularization of the grant, with the direction to the PAO to send a brief note on action taken to improve the coordination and monitoring of foreign assistance to the Committee and the Audit.

S.#	Name of Ministry/ Division and Date of Meeting	Grant No. & Name of Grant	Original Grant	Supplement- ary Grant	Final Grant	Actual Expenditure	Excess	PAC Recommendati ons
		iii). Re-payment of Short Term Foreign Credits. (Charged).	4,888,749,000	2,026,323,000	6,915,072,000	7,581,433,384	666,361,384	The Committee recommended regularization of the grant.
09.	M/O Education 29-06-2010 20-10-2010	i). Grant #. 36- Education. (OTC)	1,388,641,000	14,000,000	1,402,641,000	1,404,010,102	1,369,102	The Committee showed its displeasure over this attitude and observed that the Ministry should come fully prepared to the meeting of the PAC in future. The Committee recommended the excess for regularization with the direction that it should not be repeated in future.
		ii). Grant #. 37- Federal Government Educational Institutions in the Capital and Federal Areas. (OTC)	181,037,000	-----	181,037,000	188,716,806	7,679,806	
10.	Establishment Division 07-07-2010 03-11-2010 01-02-2011	i). Grant # 6- Establishment Division (OTC).	75,038,000	13,551,000	88,589,000	88,631,982	42,982	The Committee recommended regularization of the grant with the directions that due diligence and care should be taken to improve the budgeting and financial system, so that at the end of every financial year, there should be zero excess and zero saving.

S.#	Name of Ministry/ Division and Date of Meeting	Grant No. & Name of Grant	Original Grant	Supplement- ary Grant	Final Grant	Actual Expenditure	Excess	PAC Recommendati ons
		ii). Grant # 7- Federal Public Service Commission (OTC).	18,619,000	1,742,000	20,361,000	20,446,884	85,884	The Committee recommended regularization of the grant with the directions that due diligence and care should be taken to improve the budgeting and financial system, so that at the end of every financial year, there should be zero excess and zero saving.
11.	Finance Division 29-07-2010 02-03-2011	i). Grant # 41 – Superannuation Allowances and Pension. (OTC)	1,232,646,000	2,033,000	1,234,679,000	1,291,574,381	56,895,381	The Committee recommended regularization of the grant.
		ii). Grant # 42 – National Savings. (OTC)	90,566,000	4,491,000	95,057,000	95,954,232	888,232	The Committee recommended regularization of the grant.
		iii). Grant # 43 – Other Expenditure of Finance Division. (OTC)	613,368,000	7,003,000	620,371,000	3,210,441,578	2,590,070, 578	The Committee recommended regularization of the grant.
		iv). Grant # 186 – Capital Outlay on Special Development Programmes of Provinces. (OTC)	5,300,000,000	-----	5,300,000,000	5,558,098,888	258,098,88 8	The Committee recommended the grant for regularization as suggested by the AGPR.
		v). Grant # 188 – External Development Loans and Advances by the Federal Government. (Charged)	120,585,000	-----	120,585,000	1,987,619,618	1,867,034, 618	The Committee recommended regularization of the grant.

S.#	Name of Ministry/ Division and Date of Meeting	Grant No. & Name of Grant	Original Grant	Supplement- ary Grant	Final Grant	Actual Expenditure	Excess	PAC Recommendati ons
		vi). AUDIT. (Charged)	332,044,000	26,165,000	358,209,000	360,024,305	1,815,305	The Committee recommended regularization of the appropriation.
12.	M/O Food, Agriculture & Livestock 09-06-2010 14-07-2010 07-10-2010 09-12-2010 28-12-2010 27-01-2011	i). Grant # 55- Agriculture Research Division. (OTC)	133,540,000	1,451,000	134,991,000	135,007,478	16,478	After hearing the Ministry's reply, the Committee recommended for settlement of the excesses of the seven (07) grants with the direction that the financial Rules and Regulation should be followed strictly and there should be no saving or excess in the grants in future.
		ii). Grant # 57- Plant Protection Measures. (OTC)	51,654,000	305,000	51,959,000	56,242,824	4,283,824	
		iii). Grant # 58- Other Agricultural Services. (OTC)	24,590,000	50,000	24,640,000	25,897,887	1,257,887	
		iv). Grant # 135- Capital Outlay on Purchase of Fertilizer. (OTC)	7,276,972,000	140,905,000	7,417,877,000	7,435,769,945	17,892,945	
		v). Grant # 156- Development Expenditure of Agriculture Research Division. (OTC)	120,000,000	-----	120,000,000	176,762,224	56,762,224	
13.	M/O Foreign Affairs 12-07-2010 19-10-2010 28-12-2010 02-02-2010	Grant # 63 – Ministry of Foreign Affairs. (Charged).	73,412,000	7,900,000	81,312,000	83,978,333	2,666,333	The Sub-Committee recommended regularization of the excess amount in the grant.

S.#	Name of Ministry/ Division and Date of Meeting	Grant No. & Name of Grant	Original Grant	Supplement- ary Grant	Final Grant	Actual Expenditure	Excess	PAC Recommendati ons
		Grant # 64 – Foreign Affairs. (Charged).	924,017,000	-----	924,017,000	97,683,631	52,818,631	The Sub- Committee recommended the excess amount for regularization with direction that the M/o Foreign Affairs be careful in future.
		Grant # 190 – Capital Outlay on Works of Ministry of Foreign Affairs. (Charged).	5,760,000	-----	5,760,000	7,201,562	1,441,562	The Sub- Committee recommended regularization of the savings/excess in the grant.
14.	M/O Health 29-06-2010 05-10-2010 09-12-2010	i). Grant # 66- Health Division. (OTC).	29,360,000	1,000	29,361,000	31,225,461	1,864,461	The Sub- Committee regularized the excess/saving however the PAO was directed to improve the budgetary control in the Ministry.
		ii). Grant # 67- Medical Services. (OTC).	492,403,000	4,171,000	496,574,000	506,444,452	9,870,452	The Sub- Committee recommended regularization of the excess.
		iii). Grant # 71- Other Expenditure of Special Education. (OTC).	3,673,000	-----	3,673,000	3,680,160	7,160	The Sub- Committee recommended regularization of the excess.
		iv). Grant # 160- Development Expenditure of Special Education. (OTC).	72,000,000	-----	72,000,000	86,256,495	14,256,495	The Committee recommended the grant for regularization subject to verification of relevant record by Audit

S.#	Name of Ministry/ Division and Date of Meeting	Grant No. & Name of Grant	Original Grant	Supplement- ary Grant	Final Grant	Actual Expenditure	Excess	PAC Recommendati ons
15.	M/O Housing & Works 28-06-2010 03-11-2010 28-12-2010	i). Grant # 73- Works Division (OTC).	7,242,000	3,000,000	10,242,000	10,581,032	339,032	The Committee noted that excess expenditure had been incurred despite supplementary grant of Rs. 3 million which indicated faulty estimation of needs. It recommended regularization of the grant with the direction that action should be taken by the Ministry to strengthen its internal financial budgetary and monitoring systems; so as to ensure accurate estimates of expenditure and full utilization of funds without excess / saving in future.

S.#	Name of Ministry/ Division and Date of Meeting	Grant No. & Name of Grant	Original Grant	Supplement- ary Grant	Final Grant	Actual Expenditure	Excess	PAC Recommendati ons
		ii). Grant # 74- Civil Works (OTC).	369,152,000	-----	369,152,000	418,968,437	49,816,437	The Committee noted that in the “Other than Charged” part supplementary grant of Rs. 14,434,000 had been obtained and Rs. 72,000 had been surrendered, yet huge excess had occurred which reflected very poor financial management. The Committee again emphasized the need to accurately estimate needs while requesting supplementary grant. Agreeing with the DAC, the Committee recommended regularization of the grant

S.#	Name of Ministry/ Division and Date of Meeting	Grant No. & Name of Grant	Original Grant	Supplement- ary Grant	Final Grant	Actual Expenditure	Excess	PAC Recommendati ons
		iii). Grant # 76- Federal Lodges (OTC).	6,405,000	72,000	6,477,000	7,884,765	1,407,765	The Committee noted that on the one hand supplementary grant of Rs. 2,000,000 had been obtained after the cut off date, and on the other hand saving of Rs. 592,235 had occurred, showing bad financial management. However, on the assurance of the PAO that in subsequent years there would be a marked improvement in accordance with the Committee's directives, the Committee recommended regularization of the grant.
		iv). Grant # 77- Other Expenditure of Works Division (OTC).	1,420,000	-----	1,420,000	1,466,544	46,544	The Committee recommended regularization of the grant.
		v). Grant # 162- Development Expenditure of Works Division (Charged).	140,000	-----	140,000	170,462	30,462	The Committee accepted the recommendation of the DAC for regularization of the excess /saving in the grant.

S.#	Name of Ministry/ Division and Date of Meeting	Grant No. & Name of Grant	Original Grant	Supplement- ary Grant	Final Grant	Actual Expenditure	Excess	PAC Recommendati ons
16.	M/O Industries & Production. 17-08-2010 21-12-2010 02-03-2011	Grant # 113- Ministry of Production (OTC).	23,764,000	35,100,000	58,864,000	58,891,320	27,320	The Committee recommended regularization of the grant.
17	M/O Information & Broadcasting	i). Grant no. 83- Directorate of Publications, Newsreels and Documentaries. (OTC)	27,793,000	250,000	28,043,000	29,298,326	1,255,326	On the presentation of the four grants by the AGPR, the Committee recommended the excess for regularization.
		ii). Grant # 84- Press Information Department (OTC).	29,713,000	3,279,000	32,992,000	34,333,204	1,341,204	
		iii). Grant no. 85- Information Services Abroad. (OTC).	64,579,000	-----	64,579,000	68,265,103	3,686,103	
		iv). Grant no. 86- Pakistan National Centres (OTC).	17,445,000	60,000	17,505,000	17,993,305	488,305	
18.	M/O Interior 08-06-2010 12-07-2010 19-10-2010 21-12-2010 08-03-2011	i). Grant # 89- Islamabad. (OTC).	158,837,000	10,210,000	169,047,000	191,228,464	22,181,464	On the presentation of the eight (08) grants by the AGPR, the Committee recommended the excesses / savings for regularization with the direction to the PAO to ensure improvement in financial management in future, so that there is no excess or saving in any grant at the end of
		ii). Grant # 90- Passport Organization (OTC).	48,547,000	860,000	49,407,000	50,159,291	752,291	
		iii). Grant # 91- Civil Armed Forces (OTC).	1,328,855,000	182,842,000	1,511,697,000	1,545,076,919	33,379,919	
		iv). Grant # 93- Pakistan Rangers (OTC).	568,085,000	8,247,000	576,322,000	611,630,306	35,298,306	
		v). Grant # 94- Registration Organization (OTC).	119,906,000	6,951,000	126,857,000	139,217,950	12,360,950	
		vi). Grant # 95- Civil Defence (OTC).	13,067,000	-----	13,067,000	14,875,908	1,808,908	

S.#	Name of Ministry/ Division and Date of Meeting	Grant No. & Name of Grant	Original Grant	Supplement- ary Grant	Final Grant	Actual Expenditure	Excess	PAC Recommendati ons
		vii). Grant # 96- Federal Investigation Agency (OTC).	66,585,000	4,241,000	70,826,000	78,217,401	7,391,401	the financial year.
19.	M/O Kashmir Affairs and Northern Areas 08-07-2010 04-11-2010 28-12-2010	i). Grant # 128- Kashmir Affairs and Northern Affairs Division (OTC).	7,851,000	-----	7,851,000	8,716,249	865,249	The Committee recommended regularization of the grant.
		ii). Grant # 129- Northern Areas (OTC).	285,902,000	-----	285,902,000	316,992,531	31,090,531	The Committee recommended regularization of the grant with the direction that supplementary grant should be obtained in future to meet such obligatory expenditure.
		iii). Grant # 130- Federal Government Educational Institutions in Northern Areas (OTC).	82,281,000	-----	82,281,000	94,375,958	12,094,958	The Committee recommended regularization of the grant with the observation that supplementary grant should have been obtained for such expenditure.
20.	M/O Labour and Manpower 28-07-2010 07-10-2010 23-02-2010	i). Grant # 102. – Labour Division. (OTC).	17,362,000	1,013,000	18,375,000	18,590,267	215,267	On the presentation of the two grants by the AGPR, the Committee recommended the excess for regularization.
		ii). Grant # 104. – Manpower and Overseas Pakistanis Division. (OTC)	64,988,000	1,000	64,989,000	65,041,176	52,176	

S.#	Name of Ministry/ Division and Date of Meeting	Grant No. & Name of Grant	Original Grant	Supplement- ary Grant	Final Grant	Actual Expenditure	Excess	PAC Recommendati ons
21.	M/o Population Welfare. 07-07-2010 03-11-2010	Grant # 171 – Development Expenditure of Population Division. (OTC).	597,120,000	-----	597,120,000	661,903,154	64,783,154	The Committee recommended regularization of the grant with the direction that the initial budgetary grant should be obtained after proper calculation and realistic assessment of requirements and thereafter due care should be taken to implement the approved projects in an efficient and timely manner, avoiding excess expenditure or un-surrendered saving
22.	Prime Minister's Inspection Commission. 07-07-2010	Grant # 11- Prime Minister's Inspection Commission. (OTC).	6,330,000	-----	6,330,000	6,382,021	52,021	The Committee recommended regularization of the grant.
23.	M/o Religious Affairs and Minorities Affairs 27-07-2010 28-12-2010 01-02-2011	Grant # 115 – Ministry of Religious Affairs and Minorities Affairs. (OTC).	17,906,000	20,000,000	37,906,000	56,331,857	18,425,857	The Committee recommended regularization of the grant with the observation that the whole amount should have been surrendered in time.
24.	M/O States and Frontier Regions 08-07-2010 27-10-2010 21-12-2010 01-02-2011 01-03-2011	i). Grant # 121 – Frontier Regions (OTC).	267,389,000	-----	267,389,000	320,257,037	52,868,037	The Committee recommended regularization of the grant.

S.#	Name of Ministry/ Division and Date of Meeting	Grant No. & Name of Grant	Original Grant	Supplement- ary Grant	Final Grant	Actual Expenditure	Excess	PAC Recommendati ons
		ii). Grant # 122 –Frontier Constabulary (OTC).	316,606,000	25,000,000	341,606,000	350,007,835	8,401,835	The Committee recommended regularization of the grant.
25.	M/o Social Welfare and Special Education 07-07-2010 28-12-2010 02-02-2011 17-05-2011	Grant # 160 – Development Expenditure of Special Education. (OTC).	72,000,000	-----	72,000,000	86,256,495	14,256,495	The Committee recommended regularization of the grant.
26.	Wafaqi Mohtasib Secretariat 27-07-2010	Grant: Wafaqi Mohtasib (Charged)	27,395,000	5,300,000	32,695,000	33,025,481	330,481	The Committee recommended regularization of the grant with the observation that supplementary grant should have been obtained for such expenditure.
27.	M/O Water and Power 28-07-2010 23-02-2011 06-06-2011	Grant # 106 – Water and Power Division (OTC).	72,211,000	5,616,000	77,827,000	80,145,644	2,318,644	The Committee recommended regularization of the grant with the observation that additional supplementary grant should have been obtained to meet the increase in pay etc. so as to avoid excess in the grant.

CABINET DIVISION

1. OVERVIEW

Appropriation Accounts / Audit Reports / Special Audit Reports for the year 1990-91 pertaining to the Cabinet Division were taken up for examination by Special Committee-II of the PAC in the meetings held on June 29th , 2010 , November 4th, 2010, January 27th, 2010 & March 9th, 2011 in Committee Room No.2 Parliament House, Islamabad. Decisions taken are summarized below:

- 1.1** Ten (10) grants and sixty seven (67) Paras were reported by AGPR / Audit. One Special Audit Report on Capital Park, F-9, Islamabad, (19) Paras of Audit Report on Public Sector Enterprises and (08) Audit Reports of Capital Development Authority (CDA) were also presented by Audit
- 1.2** On presentation of the grants, the Special Committee recommended those for regularization with the direction to the PAO that the Cabinet Division should analyze its financial requirements in the perspective of its capacity / capability to spend and that once the budgetary allocation has been made, expenditure should be monitored and fully utilized by the end of the financial year.
- 1.3** The Committee while discussing the Special Audit Report on Capital Park, F-9, Islamabad, directed the PAO to provide a copy of the approved PC-I to the Committee as soon as it is received from the CDWP.
- 1.4** The Committee while discussing the Performance Audit Report on Abandoned Properties Organization Islamabad / Karachi land in Sindh observed that illegal possession by the local people, should be got vacated and the land has to be legally notified in the name of Sindh Government. The Committee also directed the PAO to proceed according to the advice of the Ministry of Law and Justice on

the status of plots in Islamabad and submit a report on the action taken in both cases to the Committee.

- 1.5** The Committee endorsed the recommendations of the DAC on sixteen (16) Paras of Audit Report on Public Sector Enterprises for settlement. In Para No.05 of ARPSE the Committee endorsed the proposal of the PAO and directed the PAO to take it to the Cabinet Committee on Re-structuring of Public Sector Enterprises.
- 1.6** While discussing Audit Report of Capital Development Authority (CDA), the Committee observed that there was no excuse for non-availability of record of all the technical sanctions. When once an Audit Para is raised, the record pertaining to that Para has to be preserved till such time that the PAC decides the Audit Para.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1990-91

i. GRANT NO.1- CABINET DIVISION Saving Rs. 204,536/-

A.G.P.R. pointed out that the grant closed with a saving of Rs. 10,261,536,(59.65 % of the total grant). An amount of Rs. 10,057,000 was surrendered leaving a minor saving of Rs. 204,536.

The PAO informed the Committee that the saving was due to dissolution of the Cabinet and appointment of fewer Ministers in the Caretaker Cabinet.

DIRECTIVE

The Committee recommended regularization of the grant with the direction that in future the entire saving should be surrendered in time.

ii. **GRANT NO.2- CABINET DIVISION**

Saving Rs. 7,699,411/-

A.G.P.R. pointed out that after taking supplementary grant of Rs.21,888,000 the grant closed with a saving of Rs. 7,703,411(3.09 % of the total grant). An amount of Rs.4,000 was surrendered, leaving a net saving of Rs. 7,699,411.

The PAO informed the Committee that savings occurred because a large number of posts remained vacant abroad, moreover, an order for technical equipment placed with the Department of Supplies could not be materialized before 30th June.

DIRECTIVE

The Committee recommended regularization of the grant with the direction that the Ministry should analyze its financial requirements in the perspective of its capacity / capability to spend and that once the budgetary allocation has been made, expenditure should be monitored and the grant should be fully utilized by the end of the financial year, failing which savings should be surrendered in full by the prescribed date.

iii. **GRANT NO.3- EMERGENCY RELIEF AND REPATRIATION**

Saving Rs. 102,894,247/-

A.G.P.R. pointed out that after taking into account total supplementary grants of Rs. 910,652,336, the grant closed with a saving of Rs. 154,702,038 (16.76% of the total grant). An amount of Rs. 28,564,455 was surrendered leaving a net saving of Rs. 126,137,583.

The PAO informed the Committee that the huge supplementary grant of Rs. 887,409,000 was obtained inter-alia for evacuation of Pakistanis from Kuwait, relief goods for Bangladesh, relief for NWFP earthquake affected people and for AJK, Balochistan, Hyderabad and Sindh. It was stated that expenditure of Rs.

102,894,247 pertaining to 1990-91 was booked in the next financial year in AGPR sub-office, Karachi and Quetta but reconciliation could not take place due to heavy workload because of repatriation of Pakistanis from Kuwait and other relief operations. AGPR pointed out that saving of Rs. 23,243,336 remained unexplained.

On 30th June, 2010, the Committee deferred the grant and directed that relevant record should be provided to Audit, discussed in the next DAC and report submitted for consideration of the Committee.

When the para came up for consideration again on the 4th November, 2010 the AGPR informed the Committee that since the record provided by the department in the DAC meeting had been duly verified, and the grant is recommended for regularization.

DIRECTIVE

The Committee recommended regularization of the grant.

iv. **GRANT NO.4- LAND REFORMS.**
Saving AGPR Fig. Rs. 63,802/-, Deptt. Fig. Rs. 35,302/-

A.G.P.R. pointed out that the grant closed with a saving of Rs. 136,302 (1.89 % of the total grant). An amount of Rs. 101,000 was surrendered, leaving a minor net saving of Rs. 35,302.

The PAO informed the Committee that discrepancy in expenditure figures between the Ministry and Audit had been rectified and verified by Audit.

DIRECTIVE

The Committee recommended regularization of the grant.

v. **GRANT NO.5- OTHER EXPENDITURE OF CABINET DIVISION**
Excess Rs. 800,723/-

A.G.P.R. pointed out that the grant closed with a saving of Rs. 3,545,101 (1.69 % of the total grant). An amount of Rs.4,345,824 was surrendered, resulting in an excess of Rs. 800,723.

The Committee observed that apart from difference of Rs. 999,884 in the final grant figure between AGPR and the Department, the reason for surrender in excess of the savings needed to be examined by the DAC.

DIRECTIVE

The Committee directed the PAO to provide the requisite documents to the Audit for reconciliation / verification. The Committee recommended regularization of the grant subject to clearance by Audit in the DAC & Audit.

vi. **GRANT NO.14- STATIONERY AND PRINTING**
Saving Rs. 19,919,823/-

A.G.P.R. pointed out that the grant closed with a saving of Rs. 19,966,379 (22.36 % of the total grant). An amount of Rs. 46,556 was surrendered, leaving a net saving of Rs. 19,919,823.

The PAO explained that the saving was due to non-completion of printing jobs by the Printing Corporation and non-supply of stationery / paper by the Department of Supplies by 30th June.

DIRECTIVE

The Committee observed that the huge saving was not surrendered by the due date, which indicated lack of coordination with the concerned departments. The Committee recommended regularization of the saving with the direction that financial monitoring / management systems should be improved.

vii. **GRANT NO.138-CAPITAL OUTLAY ON LAND REFORMS**
Excess Rs. 200,000/-

A.G.P.R. pointed out that the grant closed with a saving of Rs. 16,998,784 (83.00 % of the total grant). An amount of Rs. 17,198,784 was surrendered, converting the saving to an excess of Rs. 200,000.

The PAO informed the Committee that saving was due to the large number of vacant posts in the Federal Land Commission, Islamabad where the work is winding down.

DIRECTIVE

The Committee recommended regularization of the grant, with the observation that surrender in excess of saving should be avoided.

viii. **GRANT NO.180- CAPITAL OUTLAY ON NEW FEDERAL CAPITAL**
Excess / Saving zero

ix. **GRANT NO.143- DEVELOPMENT EXPENDITURE OF CABINET**
DIVISION
Saving zero

x. **GRANT NO.179- CAPITAL OUTLAY ON WORKS OF CABINET**
DIVISION.
Saving zero

A.G.P.R. and PAO pointed out that in grant nos. 179 and 180 the budgetary allocations had been fully utilized, whereas in grant no. 143 minor saving of Rs.1,811 had been surrendered in time.

DIRECTIVE

The Committee recommended regularization of the above-mentioned grants.

3. AUDIT REPORT ON THE ACCOUNTS OF CABINET DIVISION FOR THE AUDIT YEAR 1990-91

3.1 PARA-1 (PAGE-17) AR 1990-91
UN-AUTHORIZED AND IRREGULAR PAYMENT OF Rs. 5.00 MILLION

Audit pointed out that an amount of Rs. 5 million was paid to the Acting Chairman, District Council Rajanpur in March, 1990, out of the Disaster Relief Fund of the Prime Minister maintained by the Cabinet Division. Neither any survey report regarding quantum of relief work was obtained before releasing the amount nor any scale and rate of compensation were approved by the competent authority.

Instead of utilizing the amount for the purpose for which it was released, the Acting Chairman, District Council Rajanpur deposited the amount in his personal PLS account in National Saving Centre, Rajanpur.

The matter was reported to the Disaster Relief Fund for immediate recovery of the amount involved. While confirming its non-utilization, it was stated that the Government of Punjab and Commissioner, Dera Ghazi Khan Division, had been requested to arrange refund of the amount.

The PAO informed the Committee that in 1991 on the directive of the Prime Minister, a sum of Rs. 5 million was spent directly by the Acting Chairman District Council Rajanpur (who has since expired). Despite best efforts, neither the amount was transferred nor details given of expenditure. Finally last year Cabinet Division had asked the Finance Division to make deduction at source of the amount of Rs. 5 million from the Government of the Punjab.

On 30th June, 2010 the Committee directed the PAO to write to the Chief Secretary of Punjab conveying the direction of the PAC that he should have this amount recovered and reimbursed to the Cabinet Division. The Committee also directed the PAO to send a copy of the reference to the Committee.

On the 4th November, 2010, the PAO informed the Committee that the Ministry had written to the Chief Secretary and as contacted him personally but no reply had been received thus far. The PAO admitted that the amount should have been deposited in the account of the Zila Council instead of the personal account of the Acting Chairman.

The Committee directed the PAO to carry out an inquiry in order to determine that how an open cheque was issued by the Cabinet Division which was encashed through a private account.

The Committee further directed the PAO to write to the Chief Secretary Punjab conveying the direction of the PAC that an inquiry should be conducted to determine what happened after the amount was deposited in the private account. Report should be submitted to the Committee within two months.

On January 27th, 2010 Audit reported that the amount of Rs. 5.00 million had been recovered and credited to Prime Minister's Disaster Relief Fund. Therefore, the para may be recommended for settlement subject to findings of the inquiry conducted by the Government of Punjab.

The PAO informed the Committee that the Government of Punjab had appointed Commissioner Dera Ghazi Khan to conduct the inquiry. The Committee directed the PAO to provide a copy of the inquiry report to Audit

On 9th March, 2011, Audit stated that the inquiry report provided by the Ministry did not indicate how an open cheque was issued, or whether any interest was done on the amount in question.

The PAO informed the Committee that the inquiry had established that it was a crossed cheque and not in the name of an individual.

DIRECTIVE

The Committee directed the PAO to provide a copy of the cheque to Audit and also satisfy Audit on the question of interest. The Committee recommended the para for settlement subject to verification by Audit.

- 3.2 **PARA-2 (PAGE-17) AR 1990-91**
SUSPECTED MISAPPROPRIATION OF Rs. 93,700 MILLION.

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned Audit Para.

4. AUDIT REPORT OF CAPITAL DEVELOPMENT AUTHORITY ON THE ACCOUNTS OF CABINET DIVISION FOR THE AUDIT YEAR 1990-91

- 4.1 i. **PARA-5.1 (PAGE-31) AR 1990-91**
LOSS OF Rs. 25.282 MILLION
- ii. **PARA-5.2 (PAGE-31) AR 1990-91**
EXCESS PAYMENT OF Rs. 0.167 MILLION
- iii. **PARA-5.19 (PAGE-37-38) AR 1990-91**
EXPENDITURE INCURRED ON WORKS IN ANTICIPATION OF TECHNICAL SANCTION
- iv. **PARA-5.20 (PAGE-38-39) AR 1990-91**
OUTSTANDING INSPECTION REPORTS AND AUDIT NOTES

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned four (04) Audit Paras.

CAPITAL DEVELOPMENT AUTHORITY.

- 4.2 i. **PARA-5.8 (PAGE-33-34) AR 1990-91**
LOSS OF Rs. 0.154 MILLION DUE TO BAD CONTRACT MANAGEMENT
- ii. **PARA-5.12 (PAGE-35) AR 1990-91**
NON-RECOVERY OF ROOM RENT Rs. 1.96 MILLION

- iii. **PARA-5.14 (PAGE-36) AR 1990-91**
NON-RECOVERY OF Rs. 0.247 MILLION
- vi. **PARA-5.21 (PAGE-39) AR 1990-91**
EXPENDITURE INCURRED ON DEPOSIT WORK IN EXCESS OF DEPOSIT

DIRECTIVE

Accepting the request of Audit, the Committee on 4th November, 2010, directed the PAO to discuss the above-mentioned paras in the next DAC meeting and submit recommendations in respect thereof to the Committee in its next meeting.

4.3 **PARA-5.14 (PAGE-36) AR 1990-91** **NON-RECOVERY OF Rs. 0.247 MILLION**

On 27th January, 2011, when the para was taken up again by the Committee, Audit stated that CDA had cleared liability amounting to Rs. 0.247 million on behalf of a firm that failed to pay charges of electricity consumed on the ongoing project as required under Clause 1 of Part III of special conditions provided in the agreement in August, 1987.

Chairman, CDA informed the Committee that the firm was currently neither active nor traceable and the CDA had requested the Chief Secretary, Punjab to help locate the contractor.

The Committee directed the Chairman, CDA to initiate legal proceedings against the contractor to expedite recovery.

On 9th March, 2011, the PAO informed the Committee that an FIR had been registered against the contractor and the IG Police had also been contacted for help to trace him. He further stated that disciplinary action against the officer responsible for the irregularity shall also be initiated.

DIRECTIVE

The Committed directed the PAO to send a report indicating up to date position of measures taken so far in this behalf and recommended that the para may be referred to the PAC Implementation Committee for necessary follow-up.

5. SPECIAL AUDIT REPORT ON CAPITAL PARK, F-9, ISLAMABAD ON THE ACCOUNTS OF CABINET DIVISION FOR THE AUDIT YEAR 1990-91.

5.1 PARA-3.1 S. A.R 1990-91 IRREGULAR EXPENDITURE OF Rs. 43.284 MILLION

Audit pointed out that all development schemes/projects costing more than Rs. 30 million are required to be approved by ECNEC before commencing implementation.

A formation of CDA incurred expenditure of Rs. 43.284 million on the project for development of park in F-9 by splitting it into different components in order to avoid approval from the competent forum.

The PAO and Chairman CDA informed the Committee that PC-1 for development of Fatima Jinnah Park in F-9, was approved by CDWP for Rs. 145 million and the expenditure stood regularized. Inquiry Committee constituted by DAC had recommended action against persons responsible for initiating work without requisite approval, but this was not done because anticipatory approval for the expenditure had been accorded by Chairman CDA and the PC-1 was later approved by CDWP.

The Committee took a serious view of non-implementation of the recommendations of the inquiry Committee without referral back to the DAC. It directed the PAO to discuss the matter again in the DAC, and submit recommendations to the Committee in its next meeting.

On 9th March, 2011, the PAO informed the Committee that on the recommendation of the inquiry report, CDA had fixed specific responsibility on persons responsible and initiated action against them.

He stated that the revised PC-1 had also been discussed in DWP meeting and some additional information had been sought. Approval of revised PC-I is expected within one month.

DIRECTIVE

The Committee directed the PAO to provide a copy of the approved revised PC-I to the Committee and Audit as soon as it is approved. The Committee recommended the para for settlement subject to verification by Audit.

5.2 **PARA-3.7 S. A.R 1990-91** **LOSS OF Rs. 2.521 MILLION IN THE AWARD OF WORK**

Audit stated out that a formation of CDA had increased quantities of items of work against which contractor had quoted higher rates but had decreased substantially the quantity for an item “ P/L in situ 1:2:6 in foundation basement and plinth including foundation work, curing, etc. from 141,782, Cft” to 47,692 Cft”, against which contractor had quoted very nominal rate”. This resulted in loss of Rs.2.521 million. CDA had originally replied that the Audit observation would be kept in view but had later changed its stance and contended that the variation was due to requirements of work at site.

The PAO informed the Committee that this was a case of wrong estimation. The Ministry had given CDA one month to conduct inquiry and take necessary action, which would then be intimated both to the Committee and the Audit.

On the 4th November, 2010, the Committee directed the PAO to submit a report on action taken within one month.

On 27th January, 2011 the Chairman, CDA informed the Committee that warning had been issued to two serving officers and displeasure has been conveyed to seven retired officers and the report would be shared with Audit.

DIRECTIVE

The Committee directed the Chairman, CDA to provide the requisite record of action taken on inquiry report to Audit. The Committee recommended the Para for settlement subject to verification by Audit.

CAPITAL DEVELOPMENT AUTHORITY.

- 5.3 **PARA-3.5 SAR 1990-91**
EXCESS PAYMENT OF Rs. 924,456

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned Audit Para.

6. **PERFORMANCE AUDIT REPORT ON ABANDONED PROPERTIES ORGANIZATION ISLAMABAD / KARACHI OF CABINET DIVISION FOR THE YEAR 1990-91**

Audit pointed out that the Abandoned Properties Organization (APO) was established under the Abandoned Properties Management Act 1975. The main aim of this organization was to take over and manage properties left over in Pakistan by those who migrated to Bangladesh after 16th December, 1971. It is working as an autonomous body under the Cabinet Division.

PROPERTY MANAGEMENT

- I. **ACQUIRING OF ABANDONED PROPERTIES**

Audit pointed out that the management has not evolved a proper mechanism to acquire and ascertain the title / genuineness of such properties and

ensure that these are free from any charge / claim. A small portion of such property was actually available with this organization and major portion was no more in their control. A large number of properties were released while timely action was not taken to protect / safeguard others.

The PAO stated that on separation of East Pakistan many abandoned properties were encroached upon. After 1975 APO has been making all efforts to remove these encroachments. Most plots have since been auctioned as per policy / scheme approved by the Federal Cabinet in 1993 on “as is where is” basis. A few are still under encroachment in Karachi, in respect of which removal efforts are being made through the Provincial Government and courts. Properties were released in accordance with statutory provisions of the 1975 Act and court orders.

The APO has evolved a proper mechanism for asset management of income / recovery of rent. Its assets are now valued at over Rs. 15 billion.

II. UN-AUTHORIZED ALLOTMENT OF ABANDONED PLOTS

Audit pointed out that properties located at Islamabad and other cities belonging to specified persons were notified as abandoned properties and vested in Federal Government from 16th December, 1971 under Section 3 of the 1975 Act. No abandoned property could be sold, allotted or disposed of to other persons under the said Act. However, despite these legal provisions and without consulting the APO, the CDA allotted six “abandoned plots” in Islamabad to certain individuals in 1981-82. On the directive of the President in 1988, the CDA paid “compensation” for these plots to APO @ 10 / sqyd which was well below the market value.

The matter was also discussed in the PAC meeting held on 12-06-2001 regarding the Audit report for 1996-97. The PAC had conveyed its displeasure regarding the allotment. The DAC in its meeting on 25-06-2010 had decided to place the matter before the PAC again for further orders / decision.

III. NON-RECEIPT OF INCOME OF AGRICULTURAL LAND

Audit pointed out that Abandoned Properties Organization; Karachi possesses 3801.13 acres of land in 6 districts of Sindh which were notified as abandoned property. Value of this land is Rs. 22,510,144. However, income on account of lease money of this land is not being accounted for since inception of this organization. Ownership of the land is in dispute with the Government of Sindh which had demanded that the land revert to it. In 1979 it was decided that till final decision the land would be leased out on yearly basis by the Revenue authorities and lease money credited to APO but this was not implemented and no action was taken by APO authorities in this regard.

The PAO informed the Committee that in 1993 the Cabinet had approved a scheme for disposal of abandoned properties according to which agricultural land in Sindh was to be returned to the Provincial Government for allotment to present tenants at market related prices and land in Punjab within 5 miles of the border belt in Bahawalpur District would be returned to GHQ for allotment by the Border Area Committee. The land in Sindh was in possession of the Sindh Government and no income was received by APO.

In the DAC meeting on 25-06-2010 it was revealed that the Cabinet decision had still not been implemented and the land was being leased out by the Deputy Commissioners.

The Additional Secretary of the Cabinet Division (Chairman of APO) stated that the Sindh Government had now promised that they would conduct a full survey of the land and make a formal reference to the Federal Government for transfer of this land back to the Provincial Government.

The Deputy Auditor General suggested that a Performance Audit of APO be carried out, covering more than five years period. The PAO stated the Cabinet

Division would welcome the Performance Audit on Abandoned Properties Organization.

Endorsing the various observations in the Special Study and DAC's recommendations, the Committee on 30th June, 2010, decided that:

1. Audit should conduct a full-scale Special Performance Audit of APO since its establishment, with special reference to disposal of its various properties. The Special Audit should also examine the present asset management systems of APO, and its workload / future plans.
2. The issue relating to the 6 Islamabad plots should be re-examined in the DAC meeting, to which Chairman CDA should also be invited. A comprehensive report should be submitted to the PAC, mentioning the entire factual position (including names of allottees, allotment price, market value, compensation price paid by CDA, existing position at site), relevant legal provisions and recommendations.
3. The PAO should meet with the Chief Secretary Sindh and submit report regarding the action taken within two months.

When the para was taken up again on 4th November, 2010, Audit pointed that details of individuals who were allotted six Islamabad plots in Islamabad had not been provided to Audit. The PAO informed the Committee that names of individuals who were allotted plots in Islamabad were available with the Ministry and would be provided to Audit. The PAO further said that the allotment policy had since been amended and such plots are now publicly auctioned.

The Committee directed the PAO to obtain advice from the Law Division on priority basis as to what action can be taken to rectify the illegalities and irregularities evident in the case, including the allotments of plots in Islamabad. The Para should be put before the main PAC with the advice of the Law Division. The Committee further directed that Special Performance Audit of APO should be conducted urgently and the report should be submitted before the main PAC.

On 27th January, 2011, Audit informed the Committee that the following Comments / advice had been received from Ministry of Law, Justice and Parliamentary Affairs on 28th December, 2010:-

- i. It was stated that the said allotments were clear examples of favoritism. The procedure adopted for the said allotments was neither lawful nor transparent and the plots were allotted without consulting the APO, therefore, the allotments are abinitio invalid.
- ii. As the allotments were invalid, therefore, the price of these plots may be revised.
- iii. As the allotments were not in accordance with law and invalid, therefore, subsequent transfer / alienations are also invalid.
- iv. The Competent Authority may cancel the allotment or recover the balance price at the subsisting market rate.

The PAO informed the Committee that the advice of Ministry of Law, Justice and Parliamentary Affairs was under examination in the Cabinet Division in consultation with CDA for submission of the report to main PAC as per directive of the Committee.

Regarding APO properties in Sindh the PAO informed the Committee that these comprised 3420 acres of land in six districts of Sindh. Two meetings had been held with the Chief Secretary Sindh who had promised to provide details of the land very soon.

The Committee directed the PAO to submit a comprehensive report regarding the entire acreage including details of the land in actual possession of APO and its management

On 27th January, 2011, the APO informed the Committee that most of the agriculture lands were being cultivated by the local people of the concerned Districts, who have been in possession for many years. Chief Secretary, Sindh had taken up the matter with the Ministry of Law, Justice and Parliamentary Affairs who was of the opinion that the lands did not fall under the definition of

Abandoned Property and should be denotified as the cost thereof had not been deposited by the persons who had migrated to Bangladesh.

DIRECTIVE

Insofar as land in Sindh is concerned, the Committee observed that each piece of land would have to be examined separately to confirm that payment of cost thereof has been made and is not therefore Abandoned Property and can be denotified.

As regards the illegal allotment of plots in Islamabad, the Committee directed the PAO to proceed in accordance the advice of the M/o Law and Justice. Report on the action taken in both cases should be submitted to the Committee and Audit within two weeks.

(This Audit para will now be taken up by the Monitoring and Implementation Committee of the PAC for further action.)

7. AUDIT REPORT PUBLIC SECTOR ENTERPRISES ON THE ACCOUNTS OF CABINET DIVISION FOR THE AUDIT YEAR 1990-91

PRINTING CORPORATION OF PAKISTAN

7.1 PARA-05 (PAGE-26) ARPSE 1990-91

Audit pointed out that the Corporation sustained a net loss of Rs. 243,000 in 1986-87. It earned net profit of Rs. 449,000 in 1987-88 and then sustained loss of Rs. 177,000 in 1988-89 and Rs. 3.059 million in 1989-90.

On query from the Committee as to the present position, the PAO informed the Committee that PCP continued to suffer heavy losses, which had accumulated to Rs. 1374.603 million as on 30-06-2009. The Corporation could not meet its production targets and labour remained idle. Privatization had been

delayed because title of land in Karachi was not yet clear. CDA also had claims on the land in Islamabad.

The Managing Director, PCP informed that at present the total liability was Rs.1821.579 million, which was increasing every month due to payment of salaries etc. Title of the land in Lahore was no longer in dispute and it could be sold by the Privatization Commission.

The PAO further stated that the Cabinet Division would be submitting proposal in this regard to the Cabinet for approval shortly.

On 30th June, 2010, the Committee expressed its concern over the continuous heavy losses being incurred by the Corporation, which was one of the important public sector enterprises. The Committee directed the PAO to ensure that policy decision regarding the Corporation is taken at the earliest. As already directed by the main PAC, detailed presentation should be submitted to the PAC in the next meeting relating to Cabinet Division.

On 4th November, 2010, the PAO informed the Committee that the as per directives of the PAC, the Ministry had submitted to the Prime Minister proposals relating to the future functioning of the PCP after consulting the Privatization Commission and the Ministry of Finance. The summary was now pending with ECC after approval of the Prime Minister.

The Committee directed the PAO that as soon as policy decision is taken regarding PCP, the Ministry should inform the Committee as well as Audit accordingly.

When the para came up for consideration again on 27th January, 2011, the PAO stated that since a Cabinet Committee was working on re-structuring of Public Sector Enterprises therefore this may also be referred to the said Cabinet Committee instead of the ECC.

DIRECTIVE

The Committee directed the PAO that as soon as policy decision is taken regarding PCP, the Ministry should inform the Committee as well as Audit accordingly.

7.2 PARA-11 (PAGE-27) ARPSE 1990-91

Audit pointed out that as per observation of the Chartered Accountants, balance of provident fund amounting to Rs. 17.130 million has not been invested by the Management as required under section 227 of the Companies Ordinance 1984.

The MD, PCP stated that due to poor financial position the liability could not be cleared in lump sum. However, payments were being made in installments.

On 30th June, 2010, the Committee had pointed out that legal provisions relating to provident funds should not have been violated. It directed the PAO to ensure that the liability is cleared as soon as possible.

On 4th November, 2010, the PAO informed the Committee that out of the total liability of Rs. 600 million, In the last six months a lot of work been done due to which Rs.201 million was transferred to Trust in CP Fund and payment was made to the retired people(s) especially to widows. Therefore, in the last 3 to 4 months a payment of nearly Rs.293 million had been made.

When the matter was taken up again on 4th November, 2010, the Committee directed the PAO to provide repayment schedule indicating the date by which the entire liability would be cleared.

When the para came up for consideration again on 27th January, 2011, the PAO informed the Committee that the entire liability had been repaid.

DIRECTIVE

The Committee directed the PAO to provide the entire record to Audit within a week. The Committee recommended the Para for settlement subject to verification by Audit

7.3 **PARA-12 (PAGE-27) ARPSE 1990-91**
LOSS OF Rs. 1.012 MILLION ON ACCOUNT OF PENALTY FOR LATE DELIVERY OF TELEPHONE DIRECTORIES TO T & T DEPARTMENT

Audit pointed out that Printing Corporation of Pakistan Press Islamabad was given the work of printing of directories by T &T Department. According to the agreement, the delivery of the directories was to be made on June 15, 1986 and July 26,1987 respectively. Pakistan Telephone Department deducted Rs. 1.012 million from the bills of the Press on account of penalty for delayed deliveries. The Corporation sustained an avoidable loss of this amount due to mismanagement of contract.

The PAO informed the Committee that as directed by the DAC an inquiry had been held and the report had been provided to the Audit in June 2009. Audit however, stated that inquiry report was not available with it.

On 30th June, 2010, the Committee directed the PAO to provide another copy of the inquiry report to Audit. The matter should be discussed in the DAC, and action should be taken against persons responsible for the loss caused to the Corporation. A report has to be submitted to the Committee within one month.

When the matter was taken up again on 4th November, 2010, the PAO informed the Committee that as directed by the PAC an inquiry had been conducted, in which responsibility had been fixed on 5 persons. However, most of them had retired and received all their dues. Hence the para may be settled.

The Committee directed the PAO to proceed according to the Rules.

When the para came up again on 27th January, 2011, the PAO informed the Committee that the penalty was paid because of late delivery of telephone directories to the Department. The PAO stated that since most of the officers who were responsible had retired, the Corporation was taking this issue to the PCP Board for decision.

DIRECTIVE

The Committee directed the PAO to proceed according to the Rules relating to retired officers.

- 7.4
- i. **PARA-03 AR-1990-91**
SUMMARY OF AUDITED ACCOUNTS OF THE PCP FOR THE YEAR 1990-91 WAS PROVIDED IN THE PARA.
 - ii. **PARA-4 AR-1990-91**
THE PCP FAILED TO SUBMIT THEIR AUDITED ACCOUNTS FOR THE YEAR 1990-91 BY THE PRESCRIBED DATE JANUARY 15, 1992.
 - iii. **PARA-7 AR-1990-91**
FIXED ASSESTS, STORES / SPARES AND WORK IN PROGRESS STOOD AT Rs. 38.782 MILLION AND Rs.16.199 MILLION RESPECTIVELY AS AT 30 JUNE, 1990.
 - iv. **PARA-8 AR-1990-91**
TRADE DEBTORS (UN-SECURED), LOANS, DEPOSITS, PAYMENTS AND OTHER RECEIVABLES INCREASED FROM Rs. 90.638 MILLION AND Rs. 5.193 MILLION AS AT JUNE 30, 1989 TO Rs. 112.882 MILLION AND 13.481 MILLION ON JUNE 30, 1990.
 - v. **PARA-09 AR-1990-91.**
CAPITAL WORK IN PROGRESS Rs. 0.453 MILLION AS ON 30-06-1990.
 - vi. **PARA-10 AR-1990-91.**
EXPENDITURE ON “OUT WORK” INCREASED FROM Rs.6.722 MILLION DURING THE YEAR 1988-89 TO Rs.21.542 MILLION DURING THE YEAR 1989-90.

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned six (06) Audit Paras.

**8. AUDIT REPORT PUBLIC SECTOR ENTERPRISES
VOLUME-VIII ON THE ACCOUNTS OF CABINET DIVISION
FOR THE AUDIT YEAR 1990-91**

STATIONERY, FORMS & PUBLICATIONS DEPOT, KARACHI

- i. **PARA-4(ii) ARPSE 1990-91 – Vol- VIII**
- ii. **PARA-13 ARPSE 1990-91 – Vol- VIII**
- iii. **PARA-14 ARPSE 1990-91 – Vol- VIII**
- iv. **PARA-15 ARPSE 1990-91 – Vol- VIII**

DEPUTY CONTROLLER STATIONERY AND FORMS, KARACHI

- v. **PARA-16 (PAGE-31) ARPSE 1990-91 – Vol- VIII**
- vi. **PARA-17 (PAGE-31) ARPSE 1990-91 – Vol- VIII**
- vii. **PARA-18 (PAGE-31) ARPSE 1990-91 – Vol- VIII**

FEDERAL PUBLICATION BRANCH

- viii. **PARA-19 (PAGE-32) ARPSE 1990-91 – Vol- VIII**
- ix. **PARA-20 (PAGE-32) ARPSE 1990-91 – Vol- VIII**
- x. **PARA-21 (PAGE-32) ARPSE 1990-91 – Vol- VIII**

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned ten (10) Audit Paras.

**9. AUDIT REPORT PUBLIC SECTOR ENTERPRISES
VOLUME-VIII ON THE ACCOUNTS OF CABINET DIVISION
FOR THE AUDIT YEAR 1990-91**

DEPUTY CONTROLLER STATIONERY AND FORMS, KARACHI

- i. **PARA-16 (PAGE-31) ARPSE 1990-91 – Vol- VIII**
- ii. **PARA-17 (PAGE-31) ARPSE 1990-91 – Vol- VIII**
- iii. **PARA-18 (PAGE-31) ARPSE 1990-91 – Vol- VIII**

FEDERAL PUBLICATION BRANCH

- iv. **PARA-19 (PAGE-32) ARPSE 1990-91 – Vol- VIII**
- v. **PARA-20 (PAGE-32) ARPSE 1990-91 – Vol- VIII**

vi. **PARA-21 (PAGE-32) ARPSE 1990-91 – Vol- VIII**

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned six (06) Audit Paras.

10. AUDIT REPORT OF CAPITAL DEVELOPMENT AUTHORITY ON THE ACCOUNTS OF CABINET DIVISION FOR THE AUDIT YEAR 1990-91.

10.1 **PARA-5.2 (PAGE-31) AR 1990-91**
EXCESS PAYMENT OF Rs. 0.167 MILLION

Audit pointed out that Capital Development Authority paid an amount of Rs. 0.167 million to a contractor for supplying and filling earth from outside sources for 311,199 Cft whereas surplus earth from excavation was available to the extent of 414,497 Cft. This had resulted in excess payment of Rs. 0.167 million in May, 1986.

The PAO informed the Committee that detailed reply had been sent to Audit for verification, but DAC had not been held on this issue.

DIRECTIVE

The Committee directed that the matter should be discussed in the DAC and recommendations submitted to the Committee in its next meeting.

10.2 **PARA-5.19 (PAGE-37-38) AR 1990-91**
EXPENDITURE INCURRED ON WORKS IN ANTICIPATION OF TECHNICAL SANCTION

Audit pointed according to the Rules no work should ordinarily be undertaken unless its detailed estimate had been prepared and sanctioned by the competent authority. In violation of these Rules, expenditure amounting to Rs. 547 million was incurred by the Capital Development Authority on 428 works up

to the financial year 1990-91 without obtaining technical sanction of their estimates from the competent authority.

The Chairman, Capital Development Authority informed that although the matter was twenty years old, 239 technical sanctions (out of 428) had been shown to Audit. The remaining sanctions were also being traced. The Chairman requested for one-month's time for this purpose.

DIRECTIVE

The Committee observed that there was no excuse for non-availability of all the technical sanctions, since once an Audit Para is raised the record pertaining to that Audit Para has to be preserved till such time as the PAC settles the Audit Para. The Committee directed the PAO to provide the requisite record to Audit, discuss the matter in the DAC and submit recommendations to the Committee in its next meeting.

CAPITAL DEVELOPMENT AUTHORITY

- 10.3
- i. **PARA-5.3 (PAGE-31) AR 1990-91**
EXCESS PAYMENT OF Rs. 0.142 MILLION
 - ii. **PARA-5.4 (PAGE-32) AR 1990-91**
OVERPAYMENT DUE TO MANIPULATION IN TENDER OF
Rs.0.040 MILLION
 - iii. **PARA-5.5 (PAGE-32) AR 1990-91**
OVERPAYMENT OF Rs. 0.012 MILLION
 - iv. **PARA-5.7 (PAGE-33) AR 1990-91**
NON-RECOVERY OF WATER CHARGES OF Rs. 0.164 MILLION.
 - v. **PARA-5.6 (PAGE-32-33) AR 1990-91**
EXCESS PAYMENT OF Rs. 0.026 MILLION
 - vi. **PARA-5.9 (PAGE-34) AR 1990-91**
LOSS OF Rs.0.080 MILLION TO BAD PLANNING
 - vii. **PARA-5.10 (PAGE-34) AR 1990-91**
LOSS OF Rs. 0.159 MILLION
 - viii. **PARA-5.11 (PAGE-35) AR 1990-91**
LOSS OF Rs. 0.043 MILLION DUE TO ILL PLANNING AND WRONG
SURVEY
 - ix. **PARA-5.13(PAGE-35-36) AR 1990-91**
NON-RECOVERY OF RISK AND COST- Rs.0.187 MILLION

- x. **PARA-5.15 (PAGE-36) AR 1990-91**
NON-RECOVERY OF ADVANCE INCOME TAX OF Rs. 0.103 MILLION.
- xi. **PARA-5.16 (PAGE-37) AR 1990-91**
NON-RECOVERY OF LABORATORY CHARGES OF Rs. 0.100 MILLION.
- xii. **PARA-5.17 (PAGE-37) AR 1990-91**
NON-RECOVEY OF DAMAGES Rs.0.076 MILLION
- xiii. **PARA-5.18 (PAGE-37) AR 1990-91**
LOSS SUSTAINED BY GOVERNMENT DUE TO BAD MANAGEMENT Rs. 0.528 MILLION

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned thirteen (13) Audit Paras.

CAPITAL DEVELOPMENT AUTHORITY

- 10.4 i. **PARA-5.1 (PAGE-31) AR 1990-91**
LOSS OF Rs. 25.282 MILLION
- ii. **PARA-5.8 (PAGE-33-34) AR 1990-91**
LOSS OF Rs. 0.154 MILLION DUE TO BAD CONTRACT MANAGEMENT
- iii. **PARA-5.12 (PAGE-35) AR 1990-91**
NON-RECOVERY OF ROOM RENT Rs. 1.96 MILLION
- iv. **PARA-5.14 (PAGE-36) AR 1990-91**
NON-RECOVERY OF Rs. 0.247 MILLION
- v. **PARA-5.20 (PAGE-38-39) AR 1990-91**
OUTSTANDING INSPECTION REPORTS AND AUDIT NOTES
- vi. **PARA-5219 (PAGE-39) AR 1990-91**
EXPENDITURE INCURRED ON DEPOSIT WORK IN EXCESS OF DEPOSIT

DIRECTIVE

Accepting the request of the Audit, the Committee directed the PAO to discuss the above-mentioned paras in the DAC and submit recommendations in respect thereof to the Committee in its next meeting.

On 27th January, 2011 the Chairman, CDA informed the Committee that warning had been issued to two serving officers and displeasure has been conveyed to seven retired officers and the report would be shared with Audit.

DIRECTIVE

The Committee directed the Chairman, CDA to provide the requisite record of action taken on inquiry report to Audit. The Committee recommended the Para for settlement subject to verification by Audit.

CAPITAL DEVELOPMENT AUTHORITY

- 10.5
- i. **PARA-3.2 SAR 1990-91**
OVERPAYMENT OF Rs. 32,942
 - ii. **PARA-3.3 SAR 1990-91**
OVERPAYMENT OF Rs. 223,615
 - iii. **PARA-3.4 SAR 1990-91**
EXCESS PAYMENT OF Rs. 87,793
 - iv. **PARA-3.6 SAR 1990-91**
OVER PAYMENT OF Rs. 220,294
 - v. **PARA-3.8 SAR 1990-91**
IRREGULAR AND UNJUSTIFIED EXPENDITURE OF Rs. 1,592,310
ON THE PURCHASE OF VEHICLE
 - vi. **PARA-3.9 SAR 1990-91**
OVERPAYMENT OF Rs.300,039

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned six (06) Audit Paras.

- 10.6 **PARA-3.5 SAR 1990-91**
EXCESS PAYMENT OF Rs. 924,456

DIRECTIVE

Accepting the request of Audit, the Committee directed the PAO to discuss the above-mentioned Para in the next DAC meeting. The Committee will take up the matter again in its next meeting.

(This Audit para will now be taken up by the Monitoring and Implementation Committee of the PAC for further action.)

MINISTRY OF COMMERCE

1. OVERVIEW

Appropriation Accounts / Audit Reports & Audit Reports Public Sector Enterprises for the year 1990-91 pertaining to the Ministry of Commerce were considered for examination by sub-Committee of the PAC under the Convenership of Sardar Ashique Hussain Gopang M.N.A. on March 8th, 2007 and by the Special Committee-II of the PAC under the Convenership of Mr. Zahid Hamid M.N.A. on June 1st, 2010, July 8th 2010, November 4th, 2010, December 28th, 2010, January 27th, 2011 & March 9th 2011, in Committee Room No.2, Parliament House, Islamabad. Decisions taken are summarized below:

- 1.1** Four (04) grants and Nine (09) Paras were reported by AGPR / Audit
- 1.2** The Committee endorsed the recommendations of the DAC on Eleven (11) Paras of Audit Report on Public Sector Enterprises.
- 1.4** The Committee while discussing Para No.01 of the Audit Report directed the PAO to provide a copy of approval by the Board. The Committee directed AGPR to make an effort to get the record regarding Para No. 2 from FTO Karachi. The Committee also directed the PAO to contact NBP where the record might be available. During discussion the Committee observed that Audit Paras can not be settled on the basis of absence of record and these would remain active unless satisfactorily settled on the basis of reconstructed record which has to be done in any case. The employees who were serving at that time can be contacted for help in the reconstruction of record.
- 1.2** While discussing Para No.05 the Committee observed that PAC is not the condonation authority but it is the Finance Division which has to do it, and if

these procedural lapses are not condoned then disciplinary action has to be initiated against those responsible for these lapses.

The PAO informed the Committee that there were no grants and Audit Paras pending with the Ministry for the year 1990-91 as those had already been discussed by the sub-Committee of the PAC on March 8th, 2007 under the convenership of Sardar Ashique Hussain Gopang M.N.A.

The Auditor General of Pakistan also endorsed the view point of the Principal Accounting Officer.

DIRECTIVE

The Committee accepted the recommendations of the PAO and Auditor General of Pakistan and decided to forward the minutes to the main PAC for confirmation.

2. APPROPRIATION ACCOUNTS FOR THE YEAR 1990-91

- i. **Grant # 15-Ministry of Commerce Total Grant Rs 168,919,000**
(Excess Rs 6,396,290)
- ii. **Grant # 16-Export Promotion Total Grant Rs 287,206,000**
(Saving Rs 1,585,117)
- iii. **Grant # 17-Other Expenditure of Ministry of Commerce Total Grant Rs 2,592,000**
(Saving Rs 336,942)
- iv. **Grant # 15-Ministry of Commerce Total Grant Rs 168,919,000**

On presentation of the above four grants on 8th March 2007 by the AGPR, the Sub-Committee recommended the savings/excesses for regularization with the direction to be careful in future and financial system should be improved in the Ministry of Commerce.

3. AUDIT REPORT PUBLIC SECTOR ENTERPRISES ON THE ACCOUNTS OF MINISTRY OF COMMERCE FOR THE AUDIT YEAR 1990-91.

COTTON TRADING CORPORATION OF PAKISTAN

- 3.1 i. **Para-30-(ARPSE-1990-91-Vol-VIII)-Page-38**

PAKISTAN RE-INSURANCE CORPORATION

- ii. **Para-41-(ARPSE-1990-91- Vol-VIII)-Page-43**
iii. **Para-43-(ARPSE-1990-91- Vol-VIII)-Page-43**

RICE EXPORT CORPORATION OF PAKISTAN (PTV) LIMITED

- iv. **Para-51-(ARPSE-1990-91- Vol-VIII)-Page-47**

STATE LIFE INSURANCE CORPORATION OF PAKISTAN

- v. **Para-66-(ARPSE-1990-91- Vol-VIII)-Page-55**

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned five (05) Audit Paras.

4. AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF COMMERCE FOR THE AUDIT YEAR 1990-91.

- 4.1 **PARA No.1-PAGE No.35-(AR-1990-91)**
LOSS DUE TO NON-RECOVERY OF OUTSTANDING AMOUNT OF Rs.5.198 MILLION

Audit pointed out that in Export Marketing Development Fund under the Control of Ministry of Commerce contingent advances of Rs 4.879 million were paid to various parties and officials during 1987-88. The amount was neither adjusted against any services rendered nor were the goods supplied/ recovered from the concerned parties.

Audit further stated that sums of Rs 250,000 and Rs 68,240 were paid out of the fund to the President of Federation of Pakistan Chamber of Commerce and Industry in September 1989 for holding single country exhibition in USSR and

payment of space rent for participation in Zimbabwe International Trade Fair for 1990 respectively. Neither the exhibition was arranged nor participation made in the Trade Fair but the amounts had not been refunded by the Chamber despite lapse of more than two years.

On 8th March, 2007 the PAO informed the Sub-Committee that records of both the EMDF and EPB were destroyed during a fire incident in EPB in 1991 and hence no record is available. The Sub-Committee directed the PAO to reconstruct the record for verification by Audit and recover within three months.

In another meeting held by PAC-II on 1st June, the Chief Executive TDAP requested the Committee that they may be allowed 15 days to reconcile the facts and figures with the parties.

When the matter was taken up again by the Special Committee-II on 4th November, 2010, Chief Executive TDAP informed the Committee that an amount of Rs. 3,18,240 had been paid to FPCCI for holding the exhibition which was not held. The Committee directed the PAO to implement the DAC recommendation regarding immediate recovery of the amount from FPCCI. As regards amounts due from officials / Officers are concerned these should either be recovered and / or the amounts should be submitted to the EMDF Board / Finance Division for regularization. Report should be submitted to the Committee within 15 days.

On 9th March, 2011, the PAO informed the Committee that adjustment of the advances to FPCCI had been made. The case of the officers had been submitted to the Board of Directors of EMDF. The PAO said that this expenditure had been incurred according to the rules.

DIRECTIVE

The Committee recommended the para for settlement subject to verification of adjustment / action taken, by Audit within two weeks.

4.2 **PARA No.2-PAGE No.35-AR-1990-91**
UN-AUTHORIZED RETENTION OF Rs.5.198 MILLION

Audit pointed out that in the EMDF an amount of Rs 200 million was drawn for the purpose of International Publicity and placed in Personal Ledger Account in August 1988. The amount was neither used for the purpose for which it was drawn nor surrendered to the government.

The unauthorized retention of huge amount was pointed out to the Ministry in April, 1991 but no reply had been received thus far. The amount withheld should be surrendered immediately to the government and its unauthorized retention investigated.

The Sub-Committee directed the PAO to reconcile the allocation and expenditure incurred by EPB with Audit, subject to satisfaction of the Audit Department, the Para was recommended for settlement.

When the Para was taken up again on 1st June, 2010 the PAO informed the Committee that the relevant record would be provided to Audit.

On 27th January, 2011, the PAO informed the Committee that the Audit observation was totally valid and the funds of EMDF would not be drawn for purpose of international publicity in future. Unfortunately the relevant record could not be provided to Audit as it had been destroyed in the fire that broke out in the building of EPB.

The Committee directed the AGPR to make an effort to get the record from FTO Karachi, and reconstruct the record.

The C.E., Trade stated that the record was burnt out in the EPP Building.

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

When the para came up again on 9th March, 2011, Audit reported that the PAC had directed the PAO to produce the record for verification which is yet to be done.

The PAO informed the Committee that the record had been burnt which is being reconstructed at Karachi office. The department also approached FTO office for provision of record and it was not available there too.

DIRECTIVE

The Committee directed the AGPR to make an effort to get the record from FTO Karachi. The Committee also directed the PAO to contact NBP where the record might be available.

The Committee observed that Audit Paras can not be settled on the basis of absence of relevant record and these would remain pending unless satisfactorily settled on the basis of reconstructed record. The employees who were serving at that time can be contacted for help in the reconstruction of record.

The Committee directed the PAO to submit a report of the update progress on this issue to the Monitoring and Implementation Committee of the PAC.

4.3 PARA No.4-PAGE No.36-AR-1990-91 IRREGULAR PAYMENT OF RENT AMOUNTING TO Rs.210,000 MILLION

Audit pointed out that in the office of the EMDF, office accommodation was hired at the rate of Rs 6 and 6.60 per sq. ft. for fifth floor and at the rate of Rs 5 to 5.50 per sq. ft. for sixth floor during 1987-89 against maximum rental ceiling of Rs 4 per sq. ft fixed by the Finance Division in August, 1985. Excess payment over and above the fixed ceiling resulted in a loss of Rs 210,000 to public exchequer

On 8th March, 2007 the department informed the Sub-Committee that the NPT was not willing to rent the space required by EPB on the 6th floor of its

building at the rate fixed by the government long ago which had become unrealistic. Rent @ Rs. 4 /- per sq. ft was approved the then VC after due application of mind. The rent was also approved by the Board of Administrators of EMDF, which is the final authority in the matter.

The sub-Committee recommended the Para for settlement subject to verification by Audit of the approval of the Board.

When the Para was taken up again on 8th July, 2010. The Chief Executive TDAP informed the Committee that the old record had been destroyed in the fire in 1991. The DAC had recommended that the case be submitted to the EMDF Board for approval. However the Board of Director's meeting could not be held as it was being reconstituted.

On 4^h November, 2010, the Committee directed the PAO to expedite the matter of approval of Board of Directors and recommended the para for settlement subject to verification by Audit. On 27th January, 2011 and again on 9th March, 2011 the PAO informed the Committee that the Board has yet to be reconstituted.

DIRECTIVE

The Committee observed that the matter of delay in reconstitution of the Board should be brought to the notice of the Prime Minister. The Committee recommended the Para for settlement subject to verification by Audit of the BOD approval.

4.4 PARA No.5-PAGE No.37-AR-1990-91 IRREGULAR PURCHASE VALUING Rs.1,174,693

Audit pointed out that in the office of EMDF Karachi under Ministry Commerce, one 1300 CC car, office equipment and stationery items valuing Rs 1,174,693 were purchased in the last month of the financial year 1987-88 without

calling open tenders through press, thereby depriving the government of the benefit of competitive rates. Rush of expenditure during the concluding month of the financial year also indicated clear breach of Rule 96 of GFR.

On 8th March, 2007 the PAO informed the Sub-Committee that quotations were called for all the pre-qualified leading dealers of cars at Karachi in accordance with the requirement of the rules. A Purchase Committee (which included FA as representative of the Ministry of Finance) approved the said tender. Unfortunately the relevant record had been destroyed in fire. The Sub-Committee recommended the para for settlement subject to verification of the record by the Audit.

When the Para was taken up again on 1st June, 2010 Chief Executive, TDAP informed the Committee that the relevant record having been destroyed in the fire was not available for verification by Audit.

The Committee observed that if the relevant record could not be reconstructed the case should be referred to the Finance Division for regularization etc. as per relevant Rules.

On 4th November, 2010, the Committee again directed the PAO to produce available record to Audit for verification.

On 9th March, 2011, Audit reported that the department had referred the case to Finance Division for regularization.

The PAO stated that there were some procedural lapses for which a request for condonation has been made to the Finance Division. The PAO requested the Committee to condone these procedural lapses.

DIRECTIVE

The Committee observed that it is up to the Finance Division to consider /condone the procedural lapses. If these procedural lapses are not condoned then disciplinary action has to be initiated against those responsible. The Committee directed the PAO to request Finance Division to expedite the decision and submit a report to the Monitoring and Implementation Committee of the PAC.

MINISTRY OF COMMUNICATIONS

1. OVERVIEW

Appropriation Accounts/ Audit Paras for the year 1990-91 pertaining to the Ministry of Communications were taken up for examination by sub-Committee of the PAC on June 30th, 2006 under the Convenership of Mr. Kunwar Khalid Younus M.N.A., and by the Special Committee –II of the PAC on July 28th, 2010, February 25th, 2011 & May 17th, 2011 under the Convenership of Mr. Zahid Hamid M.N.A., in Committee Room No.2, Parliament House Islamabad. Decisions taken are summarized below:

- 1.1 Seven (07) grants and nine (9) Paras were reported by AGPR/Audit on Ministry of Communications.
- 1.2 On presentation of grant No.18, the Special Committee recommended the grant for regularization with the direction to the PAO to reprimand the person responsible for this negligence and observed that a careful attitude regarding estimation of funds should be displayed in future. The Committee recommended two grants for regularization subject to verification by AGPR and the remaining four (04) grants were recommended for regularization by the Committee.

1. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1990-91

i. GRANT NO.18-MINISTRY OF COMMUNICATIONS

Excess Rs. 565,512/-

Audit stated that the grant closed with an excess of Rs.203,283 (1.57% of the total grant). An amount of Rs.362,229 (2.80%) was surrendered increasing the excess to Rs.565,512(4.37%).

The PAO informed the Committee that excess was due to expenditure on account of increase in Pay and Allowances.

DIRECTIVE

The Committee observed that funds should not have been surrendered when the grant was already in excess. It directed the PAO to look into the reasons for the surrender. The Committee recommended the grant for regularization subject to satisfaction of Audit.

ii. **GRANT NO.23-OTHER EXPENDITURE OF MINISTRY OF COMMUNICATIONS.**
Saving Rs. 2,762,645/-

Audit stated that the grant closed with a saving of Rs.2,771,381 (0.81% of the total grant). An amount of Rs.8,736 was surrendered leaving net saving of Rs.2,762,645 (0.81%).

The PAO informed the Committee that the saving was due to non-release of funds.

DIRECTIVE

The Committee directed the PAO to look into the reasons for non-surrender of the entire savings. The Committee recommended regularization of the grant subject to satisfaction of Audit.

iii. **GRANT NO.146-DEVELOPMENT EXPENDITURE OF MINISTRY OF COMMUNICATIONS.**

<u>Budget</u>	<u>AGPR Figures</u>	<u>Deptt. Figures</u>	<u>Difference</u>
Saving	(-) 696,687,404	(-) 697,687,404	1,000,000

Audit stated that after accounting for supplementary grant totaling Rs. 1,000,000, the grant closed with a saving of Rs.744,070,004 (42.67% of the total grant). An amount of Rs.46,382,600 (2.66%) was surrendered leaving net saving of Rs.697,687,404.

The PAO informed the Committee that saving was due to non-release of funds to the Ministry.

DIRECTIVE

The Committee observed that the entire savings should have been surrendered. Reasons for the failure to do so should be examined by PAO in the DAC meeting. The Committee recommended regularization of the grant subject to clearance by the DAC and satisfaction of Audit.

vi. **Grant # 184-Capital Outlay on Communication Works**
(Saving)

AGPR informed the Sub-Committee that the budget provision was utilized in full.

DIRECTIVE

The Sub-Committee recommended regularization of the grant.

(Grants # 21, 22 & 183 pertaining to M/o Ports and Shipping were taken up on July 14th, 2010)

3. AUDIT REPORT (WORKS) FOR THE YEAR 1990-91

3.1 **Audit Para # 4.5, Page-25-AR-1990-91**
Un-authorized payment of Rs 75,600

Audit pointed out that the Project Director, Kotri Bridge and Hyderabad By Bass was paid project allowance @ 25% of pay beyond the terms and conditions of his deputation for the period from June 1986 to October 1989 despite non-concurrence by the Finance and Establishment Divisions. This resulted in an unauthorized payment of 75,600.

DIRECTIVE

The Sub-Committee directed the PAO to get the matter regularized from the competent authority i.e Establishment & Finance Divisions.

3.2 **Audit Para # 4.6, Page-26-AR-1990-91**
Loss of Rs 2,330,028 to due to recovery of bitumen at lesser rate

Audit pointed out that in Moro By Bass Project, 492 M.ton bitumen was issued to the contractor in June 1989 for use on the work. There was no clause in the agreement for the issue of stock from the department store. As per para 239(c) of Central Public Works Accounts Code, the recovery rate was required to be fixed as Rs 7,782,37 per M.ton (6,887,05+3% storage charges and 10% supervision charges). Whereas recovery of bitumen was made from contractor at rate of Rs 3,047/ which resulted in loss of Rs 2,330,028 to the NHA.

The Chairman NHA informed the Sub-Committee that the Government of Pakistan imported 5000 M.ton bitumen from Singapore under barter system and handed over to NHB for special repair of Karachi Bay Bass Super Highway. After completion of special repair of Karachi Super Highway, the balance quantity of 1085.019 M.ton was given to M/s Hussnain Construction Company for Moro By Bass project. 598.69 M.ton bitumen was consumed and 486.33 M.ton was laying balance with the contractor. It was establish through PDP. # 30 that total loss was determined to be Rs 6,70,507/. The recovery for this cannot was claimed through Arbitrator under NHA Claim # 3 page 15 of Arbitrator Award. The sale Arbitrator gave decision by rejecting this claim of NHA.

DIRECTIVE

The Sub-Committee recommended the para for settlement. However, directed the Chairman NHA to get such cases examined through legal wing in future and file appeals if necessary/appropriate.

3.4 **Audit Para # 4.7, Page-27-AR-1990-91**
Irregular payment of Rs 297,300

Audit pointed out that an officer was appointed in BPS-17 on 8-12-1981 in the office of Director General NHA Islamabad. The minimum qualification required for the post was graduation. The degree of the appointee was disowned by the University. His service was liable to be terminated. He was, however, kept in service and allowed to appear in the University examination again to have a fresh degree. He managed to get the degree. This was also bogus because during the days of examination at Quetta, he was undergoing training at Islamabad from 15th August 1983 to 15th September 1983. Thus, the appointment of the officer on the basis of fake degree was irregular. Obviously, the payment of Rs 297,300 made to him during the period from 8-12-1981 to 31-11-1990 (date of inspection) was also irregular.

The Chairman NHA informed the Sub-Committee that the appointment of Mr. Muhammad Umar Shah as Assistant Director (Admn) B-17 was made on recommendation of a Selection Committee and approval of the competent authority. His educational certificates and BA degree were checked at the time of his selection. At a later stage, it was revealed that the BA degree produced by the officer was fake. This case had been under investigation at various levels including Ministry and Wafaqi Muhtasib. Meanwhile Mr. Muhammad Umar Shah passed the BA Examination and produced the certificate which was accepted by the authority. The competent authority also approved the clearance of probation period and retention in service of the officer.

DIRECTIVE

The Sub-committee observed that NHA should investigate into the matter at appropriate level and take disciplinary action against the officers concerned who appointed the officer and did not terminate the services of officer even after

confirmation of fate BA degree by the University with a report to PAC/Audit within one month.

3.5 **Audit Para # 4.8, Page-27-AR-1990-91**
Irregular Expenditure charged to project Rs 50,100

Audit pointed out that a Public Relation Officer (BPS-17) was appointed in July 1987 and attached with Minister of Communications, Islamabad. The expenditure of Rs 50,100 incurred on his pay & allowances, Medical Bills, TA/DA and telephone charges etc during the period from October 1988 to January 1989 was irregularly charged to Kotri Bridge and Hyderabad By Bass project instead of charging the same to the budget of Ministry of Communications, Islamabad.

The Chairman NHA informed the Sub-Committee that the officer was appointed as public relation officer (BPS-17) on work charged basis by the Director General who was competent to fill the post. The expenditure was rightly charged to the contingent fund of KB and HBB Project.

DIRECTIVE

The Sub-Committee recommended the para for settlement. However, the Sub-Committee directed the NHA not to repeat such practice in future.

3.6 **Audit Para # 4.9, Page-28-AR-1990-91**
Undue financial benefit of Rs 2,473,813 to a contractor

Audit pointed out that a contractor was paid a sum of Rs 2,473,813 in January 1989 on account of rehabilitation of base course worn off due to plying of vehicles on unfinished road although there was no provision in the agreement.

The Chairman NHA admitted the irregularity and stated this was a clear case of overpayment and assured the Sub-Committee that the amount should be recovered from the contractor.

DIRECTIVE

The Sub-Committee directed Chairman NHA to expedite the recovery of overpaid amount from the contractor alongwith action against the person (s) at fault.

- i. **Audit Para # 4.1, Page-25-AR-1990-91**
Shortage of Bitumen worth Rs 592,417
- ii. **Audit Para # 4.2, Page-25-AR-1990-91**
Overpayment of Rs 183,600
- iii. **Audit Para # 4.3, Page-25-AR-1990-91**
Overpayment of Rs 178,900
- iv. **Audit Para # 4.4, Page-26-AR-1990-91**
Overpayment of Rs 35,320 due to wrong calculation

DIRECTIVE

On the presentation of the above paras, the Sub-Committee recommended the above mentioned paras for settlement.

COUNCIL OF ISLAMIC IDEOLOGY

1. OVERVIEW

Appropriation Accounts for the year 1990-91 pertaining to the Council of Islamic Ideology were taken up for examination by Special Committee-II of the PAC in the meeting held on July 7th, 2010 in Committee room No.2 Parliament House Islamabad. Decisions taken are summarized below:

- 1.1 One (01) grant was reported by AGPR on Council of Islamic Ideology.
- 1.2 On presentation of the grant, the Special Committee recommended regularization of the grant with the remarks that every effort should be made to surrender any and all savings by the prescribed date.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1990-91

- i. **GRANT NO.116- COUNCIL OF ISLAMIC IDEOLOGY.**
Excess AGPR Fig. Rs.3,997,826/- Deptt. Fig. Rs. 102,174/-

A.G.P.R. pointed out that the grant closed with an excess of Rs. 3,997,826 (67.49% of the total grant). A supplementary grant of Rs.4,100,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO informed the Committee that supplementary grant was obtained for purchase of machinery and equipment, furniture, books and car. Despite increase in pay and allowances minor saving had occurred due to vacant post of Member and lower than anticipated expenditure on electricity, rent and advertisement charges, honorarium and leave salary.

DIRECTIVE

The Committee recommended regularization of the grant with the remarks that every effort should be made to surrender any and all savings by the prescribed date.

**MINISTRY OF CULTURE, SPORTS, TOURISM,
YOUTH AFFAIRS AND MINORITIES AFFAIRS**

1. OVERVIEW

Appropriation Accounts / Audit Reports /Audit Reports Public Sector Enterprises for the year 1990-91 pertaining to the Ministry of Culture, Sports, Tourism ,Youth Affairs & Minorities Affairs were considered for examination by sub-Committee of the PAC on 7th February 2005, under the Convenership of Mr. Kunwar Khalid Younus , M.N.A and by Special Committee –II of the PAC on June 30th 2010, October 28th , 2010 & March 8th , 2011 under the Convenership of Mr. Zahid Hamid M.N.A. in Committee Room No.2, Parliament House Islamabad. Decisions taken are summarized below:

- 1.1** Four (04) grants and Six (06) Paras were reported by AGPR / Audit.
- 1.2** The Committee while discussing Para No.105 of the Audit Report Public Sector Enterprises observed that it was rather disturbing that the institute had been receiving Government grants since 1972 and yet going in loss. The Committee further directed to handover Performance Audit Report on Pakistan Institute of Tourism and Hotel Management to Government of Sindh with the recommendation that the element of Government subsidy should be eliminated and efforts should be made to make this Institute self sufficient either through increasing the tuition fee or getting grants from the private sector hotel industry.
- 1.3** While discussing Para No.01 of the Audit Report of Evacuee Trust Property Board, Karachi the Committee directed the PAO to provide the relevant record to Audit.

2. **APPROPRIATION ACCOUNTS (CIVIL-Vol-I-1990-91)**

i. **Grant # 24-Culture and Sports Division**

The AGPR pointed out that original grant was Rs. 13,383,000/ actual expenditure was Rs. 13,782,696/- and the excess expenditure was Rs 399,699. The excess works out to 2.98% of the final grant. Supplementary grant amounting to Rs.26,000 (0.79%) was sanctioned by the Finance Division but not included in the supplementary schedule of the authorized expenditure. After taking it into account the excess will be reduced to Rs. 373,699 (2.70%).

ii. **Grant # 25-Archeology and Museum**

The AGPR pointed out that the original grant was Rs. 30,897,000/- actual expenditure was Rs. 31,854,651 and the excess expenditure was Rs. 957,651/-. The excess works out to (3.10%) of the final grant.

iii. **Grant # 26-Other expenditure of Culture & Sports Division**

The AGPR pointed out that the original grant was Rs. 101,616,000/-, the supplementary grant was Rs. 11,200,000/- final grant was Rs. 112,816,000/whereas actual expenditure was 111,936,066/-. Thus the saving became Rs. 879,936. Moreover saving works out to (0.78%) of the final grant.

iv. **Grant # 147-Development Expenditure of Culture & Sports Division**

The AGPR pointed out that the original grant was Rs. 62,400,000/- actual expenditure was Rs 52,663,830/- and the saving was Rs. 9,736,170. Moreover the saving works out to (15.60%) of the final Grant.

DIRECTIVE

The Sub-Committee recommended regularization of the excess and saving in the above four Grants.

3. AUDIT REPORT FEDERAL GOVERNMENT FOR THE YEAR 1990-91

3.1 Audit Para # 1-Page-38-ARFG-1990-91 **Loss of Rs.203, 596 due to wrongful Award of Contract**

Audit pointed out that National Sports and Training Center awarded a contract for construction of Squash Court at a Cost of Rs. 679,229 ignoring the lowest bid for Rs.543, 555 without assigning any reasons. Resultantly loss of Rs. 135,675 was sustained by the Government. The work was started on 1.9.1986 and was to be completed within 105 days i.e. by 14.12.1986 but it was not completed within the stipulated period. Accordingly a penalty at the rate of 10% of the total amount of contract which worked out to Rs.67, 922 was not recovered from the contractor.

The Ministry informed that the tender was floated on 19-7-1986 for construction of Squash Courts at National Sports Training and Coaching Center Karachi. 9 bids were received and work was awarded to 4th lowest bidder, which was found realistic/reasonable. The contractor started the work but failed to complete the project. The contract agreement was terminated on 31-11-1990. The project was re-tendered for remaining work on 12-5-1991, 5 bids were received the tender was awarded to 4th lowest bidder with 16% discount. The project was completed within the approved cost of Rs. 782,000.

DIRECTIVE

The Sub-Committee directed that the PAO should enquire into the matter, fix responsibility, take action where required and submit a report within one month.

(This Audit para will be taken up by the Monitoring and Implementation Committee of the PAC for further action.)

EVACUEE TRUST PROPERTY BOARD, KARACHI

3.2 **Audit Para # 1-Page-48-ARFG-1990-91** **Outstanding amount of Rs.15.296 million on account of rent.**

Audit pointed that in the Office of Deputy Administrator Evacuee Trust Properties Karachi, an amount of Rs. 1,092,346 were outstanding as on June 1990 on account of rent of the Trust Properties from the tenants. Similarly, in the Evacuee Trust Board Lahore, Rs.15.296 million were recoverable from the Tenants as on October 1990 which have further increased to Rs. 20.669 million as on July 1991. No regular monthly recovery was made by local offices. Those arrears, therefore, keep on accumulating which on one hand, was tantamount undue favour to the tenants and on the other hand deprived the government of its legitimate earnings.

The department informed that the outstanding arrears of rent/lease money stood at Rs.13, 167,100 as on 1st July 1991. Out of the said amount, a sum of Rs.850, 296 was recovered up to June 1992 leaving a balance of Rs. 7,261,380 against budgeted demand for the year 1991-92. There was a shortfall of Rs. 4,989,370. It is further submitted that the arrears amount had been fully recovered during the 1995-96. Audit, however, informed that no doubt the department had recovered the previous arrears, but, at present an amount of Rs. 56,020 million was still un-recovered.

When the grant was taken up on 7th February, 2005, the Sub-Committee directed that the department should take all possible measures to recover the balance/arrears amounts before 30th June 2005 and submit a report to Audit/PAC. Imp Section.

On 30th June, 2010, Audit reported that in the office of Deputy Administrator Evacuee Trust Property Board (ETPB), Karachi a sum of Rs. 1,092,346/- were outstanding as on June 1990 on account of rent of the trust properties from the tenants. Similarly in the ETPB Rs 15.296 million were

recoverable from the tenants as on October 1990 which had further increased to Rs. 20.669 million as on July 1991. No regular monthly recovery was being made by the local offices. The arrears, therefore, keep on accumulating which, on one hand, tantamount to undue favour to the tenants and on the other hand deprive the Government of its legitimate earnings.

The PAO informed the Committee that the ETPB was a fully autonomous body and it was based on the principle of benevolence.

The PAO further informed that there was a full-fledged mechanism of ETPB for recovery and if any person defaulted his lease was liable to be cancelled.

The PAO informed the Committee that the Ministry would provide the documents which would confirm that the amount of Rs. 21.671 million outstanding on 30th of June, 1991 had been recovered.

DIRECTIVE

The Committee directed the PAO to provide the relevant record to Audit and recommended the para for settlement subject to verification by Audit.

EVACUEE TRUST PROPERTY BOARD, LAHORE

3.3 Audit Para # 2-Page-115-ARFG-1990-91

Unauthorized and injudicious expenditure of Rs. 230,334 on account of POL

Audit pointed out that Evacuee Trust Property, Lahore provided vehicles to the Minister of State for Religious Affairs and Minorities Affairs in addition to car already provided to him according to laws entitlement under Federal Minister and Minister of State Act 1985, a permanent advance Rs. 20,000 per month was also placed unauthorized at the disposal of the Minister for purchase of POL and repair of vehicles on basis. A sum of Rs. 230,334 was spent injudiciously on this account during July 1989 to June 1990 by extending and undue favour to the

Minister of the State at the cost of Public Exchequer.

The department informed that two vehicles remained in the use of the then Federal Minister for Religious Affairs and Minorities Affairs Islamabad during the years 1980-90 and one vehicle Suzuki Jeep 1000 cc remained with the Ministry for official duty. Obviously these vehicles belonged to the Board and the POL and repair charges were asked to be met by the Board. These vehicles were used in connection with the affairs of the Board.

On 7th February, 2005, the Sub-Committee observed that the expenditures incurred by the Ministry were unauthorized; therefore, it recommended that the Ministry should get ex-post facto sanction, for the expenditure, from M/o Finance and provide a copy to audit.

When the grant was taken up again on 30th June, 2010, Audit reported that an office of the Evacuee Trust Property Board, Lahore provided three vehicles to the Minister of State for Religious and Minorities Affairs in addition to car already provided to him, according to his entitlement under Federal Minister and Minister of State (salaries and allowances) Act 1985. A permanent advance of Rs. 20,000/- per month was also placed unauthorizedly at the disposal of Minister for purchase of POL and repair of vehicle on recoupment basis. A sum of Rs. 230,334/- was spent injudiciously on this account during July 1989 to June 1990 by extending an undue favour to the Minister of State at the cost of public exchequer.

The PAO informed the Committee that as per sub Section 2(b) of Section 4 of ET PB (Management & Disposal) Act 1975, the ETP Board (which comprises of 28 elected eminent people(s) was required to submit its annual budget on 31st of May every year to the Ministry of Minority Affairs. The Ministry of Minority Affairs scrutinizes the budget and submits the same to the Principal Accounting Officer for approval. Therefore, the Ministry of Minority

Affairs was of the view that routine matter like sanction to regularize expenditure incurred on POL need no reference to the Ministry of Finance for regularization.

DIRECTIVE

The Committee referred the para back to the DAC for detailed examination, which would be taken up by the Monitoring and Implementation Committee of the PAC for further action.

EVACUEE TRUST PROPERTY BOARD, KARACHI

3.4 Audit Para # 3-Page-116-ARFG-1990-91 Unauthorized and Irregular Purchase of Honda Civic Car

Audit pointed out that the Deputy Administrator Evacuee Property Trust Board, Karachi, purchased a Honda Civic Car 1300 cc on 22nd April 1989 at a cost of Rs. 548,000 unauthorizedly whereas only the Ministers or officials of equivalent status were entitled to use 1300 cc car under the Finance Division orders dated 30th April 1987. The prescribed purchase procedure was not followed either thereby denying the Government benefit of competitive tendering.

The department informed that on telephonic direction of Federal Government dated 20-4-1989, Administrator Karachi was asked to purchase one Honda Civic Car 1300 cc and send the same to the Ministry of Religious Affairs and Minorities Affairs Islamabad for protocol duty at Rawalpindi and Islamabad. The Federal Minister was entitled to the use 1300 cc car and it was used by the Federal Minister. The vehicle was purchased after obtaining quotations from the market by the Administrator (SZ) Karachi under the orders of the competent authority. Hence no irregularity was committed.

When the para came up again on 7th February, 2005, the Sub-Committee recommended the department should provide record like movement register, log book, etc., to Audit and get the NOC from Cabinet Division for regularization of

the purchase. On satisfaction of Audit, the Para would be treated as settled.

When the matter was taken up again on 30th June, 2010, Audit reported that the Deputy Administrator ETPB purchased a Honda Civic car 1300 cc on 22.04.1989 at a cost of Rs. 548,000/- unauthorisedly whereas only the Ministers or officials of equivalent status were entitled to the use of a 1300 cc car under the Finance Division's order dated 30th August 1987.

The PAO informed the Committee that in the year 1990-91 the requirement of NOC from Cabinet Division was not applicable because it was implemented since 1998.

DIRECTIVE

The Committee referred the para back to the DAC for detailed examination, which would be taken up by the Monitoring and Implementation Committee of the PAC for further action.

4. AUDIT REPORT PUBLIC SECTOR ENTERPRISES VOLUME-III ON THE ACCOUNTS OF TOURISM FOR THE AUDIT YEAR 1990-91

The PAO informed the Committee that DAC had not been held on Audit Report Public Sector Enterprises Volume-III on the accounts of Ministry of Tourism for the Audit Year 1990-91. Therefore, the Committee may direct the PAO to hold a DAC meeting.

DIRECTIVE

Accepting the request of the PAO, the Committee directed to discuss the above-mentioned Audit Report for the Audit Year 1990-91 at DAC level this Audit para will now be taken up by the Monitoring and Implementation Committee of the PAC for further action.

PAKISTAN INSTITUTE OF TOURISM AND HOTEL MANAGEMENT

4.1 Audit Para # 105-Page-116-ARPSE-1990-91

Audit pointed out that the matter had been discussed in detail for privatization of the institute but the Ministry is not prepared to do so.

The PAO informed the Committee that the Ministry was being devolved and a proposal had been made to handover PITHM to Government of Sindh. The PAO further stated that the institute had been running since 1972 and suffered due to management issues, which could be rectified by good governances.

DIRECTIVE

The Committee observed that it was rather disturbing that the institute had been receiving government grants since 1972 and yet going in loss. The Committee further directed to handover performance audit report on this institute to government of Sindh with the recommendation that the element of government subsidy should be eliminated and efforts should be made to make this institute self sufficient either through increasing the tuition fee or getting grants from the private sector hotel industry.

4.2 Audit Para # 108Page-116-ARPSE-1990-91

Audit stated that the amount had not yet been regularized by the management.

The PAO informed the Committee that an amount of Rs. 24,886 has been written off by the Board of Governor's.

DIRECTIVE

The Committee directed the PAO to provide documentary evidence to audit and recommended the para for settlement subject to verification by Audit.

ECONOMIC AFFAIRS DIVISION

1. OVERVIEW

Appropriation Accounts for the year 1990-91 pertaining to the Economic Affairs Division were taken up for examination by Special Committee-II of the PAC in the meetings held on June 9th, 2010, July 27th, 2010 & November 4th, 2010 in Committee room No.2 Parliament House Islamabad . Decisions taken are summarized below:

- 1.1 Seven (07) grants were reported by AGPR on Economic Affairs Division.
- 1.2 While discussing grant No.188, the Committee directed the PAO to send a brief note on action taken to improve the coordination and monitoring of foreign assistance to the Committee.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1990-91

i. GRANT NO. 51- ECONOMIC AFFAIRS DIVISION **Saving Rs. 321,506/-**

A.G.P.R. pointed out that the grant closed with a saving of Rs. 321,506 (1.27% of the total grant). An amount of Rs. 200,000(0.79%) was surrendered leaving net saving of Rs.121,506 (0.48%).

The PAO informed the Committee that the saving was due mainly to vacant posts. The PAO further informed that the supplementary grant was taken for meeting the shortfall of expenditure under various heads of account (Rs.3,241,000) and for payment of TA claims etc.

DIRECTIVE

The Committee expressed displeasure at the non-holding of the DAC before the Committee meeting and remarked that if the DAC had met then the figures would have been reconciled and the Committee would have taken a few

minutes to issue appropriate directions. The Committee directed the PAO to reconcile the figures with AGPR. In case AGPR is satisfied with the reconciled figures, the savings would be recommended for settlement. However, the Committee directed the department to further strengthen its internal monitoring and financial system so that no saving or excess occurs in future.

On 27th July, 2010, the PAO stated that the saving was mainly due to vacant post.

DIRECTIVE

The Committee recommended regularization of the grant.

ii. **GRANT NO.52 – TECHNICAL ASSISTANCE SCHEMES**
Saving Rs. 13,667,293/-

A.G.P.R. pointed out that the Grant closed with a saving of Rs. 13,667,293 (5.94% of the total Grant). An amount of Rs. 3,697,000 (1.60%) was surrendered leaving net saving of Rs.9,970,293 (4.33%).

The PAO informed the Committee that the saving which is relatively a minor amount occurred due to less expenditure than estimated. The PAO admitted the lapse on the Ministry's part for not holding the DAC in time. He assured to hold DAC meeting before every meeting of the Special Committee.

DIRECTIVE

The Committee again emphasized the need to hold DAC meetings, as the Principal Accounting Officers (PAO) was not fully prepared for replies. The Committee directed the PAO that the Ministry should reconcile the figures in the DAC within three weeks and then report back to the Committee.

(Charged)
Excess / Saving zero-

When the grant was taken up again on 27th July, 2010, the AGPR and PAO reported that in “Charged” section the entire budget provision was utilized in full.

(OTHER THAN CHARGED)

Saving Rs. 9,970,293/-

AGPR stated that in "Other than Charged" section after supplementary grant of Rs. 8,612,000, the grant closed with a saving of Rs. 13,667,293, (5.94% of the total grant). An amount of Rs. 3,697,000 (1.60%) was surrendered, leaving net saving of Rs. 9,970,293 (4.33%).

The PAO stated that the saving was mainly due to booking of expenditure relating to the year 1990-91 in the year 1991-92.

DIRECTIVE

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

iii. **GRANT NO.153-DEVELOPMENT EXPENDITURE OF ECONOMIC AFFAIRS DIVISION.**

<u>Budget</u>	<u>AGPR Figures</u>	<u>Deptt. Figures</u>	<u>Difference</u>
Excess	(+) 64,052,371	(+) 345,020	63,707,351
A			

AGPR stated that after taking into accounts supplementary grant of Rs. 105,000,000, the grant closed with an excess of Rs.172,020, (0.08% of the total grant). An amount of Rs.173,000 was surrendered, increasing the net excess to Rs.345,020.

The PAO stated that expenditure amounting to Rs.63,707,351 was wrongly booked due to non-reconciliation of expenditure by the Division.

The PAO further stated that supplementary grant of Rs. 105,000,000 was obtained to meet payment of third installment to “Trust for Voluntary Organization”.

DIRECTIVE

The Committee directed the PAO to provide the relevant record of “Trust for Voluntary Organization” to Audit for verification and submit a copy to the Committee. The Committee recommended regularization of the grant subject to verification of record by Audit.

iv. **GRANT NO.188-EXTERNAL DEVELOPMENT LOANS AND ADVANCES BY THE FEDERAL GOVERNMENT**

(Charged)

Excess Rs. 1,867,034,618/-

AGPR pointed out that in “Charged” section the grant closed with an excess of Rs.1,867,034,618 (1548.31% of the total grant).

The PAO stated that the excess was due to the fact that more aid had been received /disbursed to the Provinces than expected.

The PAO explained that Foreign Loans/Credits re-lent to Provincial Governments, local bodies, financial & non-financial institutions were disbursed by the lenders either directly or reimbursed through SBP to them on their request, after the expenditure had been met out of their own resources. In the existing procedure, the responsibility of adjustment of foreign aid lies with utilizing agencies concerned.

(OTHER THAN CHARGED)

Saving Rs. 8,111,943,133/-

AGPR stated that in "Other than Charged" section the grant closed with a saving of Rs.8,434,972,133 (58.72% of the total grant). An amount of Rs.323,029,000 (2.24%) was surrendered, leaving net saving of Rs.8,111,943,133 (56.47%).

The PAO informed the Committee that the saving was mainly due to less aid disbursed and adjusted during the year. He further stated that the lenders / donors did not supply the requisite information regarding aid according to the desired timeline, which was the reason for the huge savings / excess. The EAD had introduced a new aid monitoring system, which will help bring about necessary improvements for future.

DIRECTIVE

The Committee recommended regularization of the grant, with the direction to the PAO to send a brief note on action taken to improve the coordination and monitoring of foreign assistance to the Committee and the Audit.

v. **SERVICING OF FOREIGN DEBT**
(Charged)

<u>Budget</u>	<u>AGPR Figures</u>	<u>Deptt. Figures</u>	<u>Difference</u>
Saving	(-) 47,721,728	(-) 4,713,946	43,007,782

AGPR stated that after taking into account supplementary grant of Rs. 43,007,782, the grant closed with a saving of Rs.785, 557,946 (5.70% of the total appropriation). An amount of Rs.785,557,946 (5.70%) was surrendered, leaving a net saving of Rs.4,713,946.

The PAO stated that the saving was due to fluctuation of exchange rate.

DIRECTIVE

The Committee recommended the grant for regularization.

vi. **FOREIGN LOANS REPAYMENTS**

(Charged)

Excess Rs. 855,570/-

AGPR pointed out that after taking into account supplementary grant of Rs. 1,396,356,000, the grant closed with a saving of Rs.513,481,430 (3.12% of the total grant). An amount of Rs.514,337,000 (3.12%) was surrendered resulting in an excess of Rs.855,570(0.005%).

The PAO stated that excess was due to fluctuation of exchange rate.

DIRECTIVE

The Committee recommended the grant for regularization.

vii. **REPAYMENT OF SHORT TERM FOREIGN CREDITS**

(Charged)

<u>Budget</u>	<u>AGPR Figures</u>	<u>Deptt. Figures</u>	<u>Difference</u>
Excess	(+) 666,361,384	(+) 82,254,384	584,107,000

AGPR stated that after taking into account supplementary grant of Rs. 2,610,430,000 the grant closed with an excess of Rs. 82,254,384, (1.09% of the total grant).

The PAO stated that excess was due to fluctuation of exchange rate.

DIRECTIVE

The Committee recommended the grant for regularization.

MINISTRY OF EDUCATION

1. OVERVIEW

Appropriation Accounts/ Audit Reports pertaining to Ministry of Education for the year 1990-91 were taken up for examination by the sub-Committee of the PAC on March 14th, 2007 under the Convenership of Sardar Aashiq Hussain Gopang M.N.A. and by the Special Committee – II of the PAC under the Convenership of Mr.Zahid Hamid M.N.A. on June 30th, 2010 & October 20th, 2010 in Committee Room No.2, Parliament House Islamabad. Decisions taken are summarized below:

- 1.1** One (01) grant and fourteen (14) Paras were reported by AGPR / Audit.
- 1.2** On presentation of grant No.151, the Committee showed its displeasure over the issue and observed that in future the Ministry should come fully prepared to the meeting of the PAC. The Committee recommended excess / savings for regularization of the grants with the direction that this negligence should not be repeated in future.
- 1.3** On the assurance of the Federal Directorate of Education on Para No.02 (Audit Report of Federal Government) the Committee observed that it should not be repeated in future, the Committee recommended the Para for settlement. The Committee endorsed the recommendations of the DAC on sixteen (16) Paras of Audit Report on Ministry of Education & Higher Education Commission.

2. APPROPRIATION ACCOUNTS FOR THE YEAR 1990-91

i. Grant # 151-Development Expenditure of Ministry of Education total Grant Rs. 1,327,046,000,

(Excess Rs. 13,028,216)

The AGPR informed the Sub-Committee that the excess worked out to 0.98% of the original grant. A supplementary grant of Rs 4,000 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking this into account the excess shall be reduced to Rs 13,024,216 (0.98%). An amount of Rs 32,716,045 (2.46%) was surrendered increasing the excess to Rs 45,740,261 (3.45%).

The PAO informed the Sub-Committee that the M/o Education is not fully prepared on this issue and requested the Committee that the grant may be deferred for its next meeting.

DIRECTIVE

The Committee showed its displeasure over this attitude and observed that the Ministry should come fully prepared to the meeting of the PAC in future. The Committee recommended the excess for regularization with the direction that it should not be repeated in future.

3. AUDIT REPORT FOR THE YEAR 1990-91 ON THE ACCOUNT OF THE MINISTRY OF EDUCATION

3.1 Audit Para # 2, page-41-AR-1990-91 **Suspected Misappropriation of Rs 534,853**

Audit pointed out that Federal Directorate of Education, drew a sum of Rs 9.916 million in anticipation of the expenditure during 1982-83 to 1987-88 for the scheme "Supply of Furniture to the FG Education Institutions in Islamabad" and deposited it into current bank account to avoid its lapse. By 1989-90 a sum of Rs 8,809,919 had been spent on the supply of furniture to educational institutions

leaving a balance of Rs 1,106,081 out of which the expenditures of Rs 534,853 were not known.

The PAO informed the Committee that an amount of Rs 534,853 million was drawn against different schemes to meet the Capital cost of the scheme titled “Supply of Furniture to the F.G Educational Institutions in Islamabad” as loan to meet the urgent requirement of newly development institutions for supply of furniture as the residents of that area were pressing hard for starting the newly established school in that area and later on the amount was recouped. However, directorate of education will not repeat such irregularities in future.

DIRECTIVE

On assurance from the Federal Directorate of Education that this irregularity would not be repeated the Committee recommended the Para for settlement.

- i. **Audit Para # 3, Page-41-AR-1990-91**
Suspected Embezzlement of Rs 525,210
- ii. **Audit Para # 4, Page-41-42-AR-1990-91**

DIRECTIVE

The DAC recommended the above two Paras for settlement by the Committee.

The Committee endorsed the recommendations of the DAC for settlement of the above two Paras.

4. AUDIT REPORT FOR THE YEAR 1990-91 ON THE ACCOUNT OF HIGHER EDUCATION COMMISSION

- i. **Audit Para # 5, Page-42-AR-1990-91**
Irregular payment of Rs 222,391 to Ad-hoc employees
- ii. **Audit Para # 6, Page-42-43-AR-1990-91**
Irregular payment of Rs 52,452 as computer allowance

- iii. **Audit Para # 1.1, Page-6-7-AR-1990-91**
Loss of Rs 1.865 million due to irregularities Rs 0.197 million
- iv. **Audit Para # 1.2, Page-7-8-AR-1990-91**
Irregular/wasteful expenditure of Rs 2.582 million including recovery of Rs. 0.409 million
- v. **Audit Para # 3.8, Page-17-18-AR-1990-91**
Recovery of Rs 0.068 million overpaid to M/s North Star Construction Company, Karachi
- vi. **Audit Para # 3.1, Page-12-AR-1990-91**
Irregular and unauthorized payment of rental ceiling as part of salary amounting to Rs 38.375 million
- vii. **Audit Para # 3.3, Page-13-14-AR-1990-91**
Loss of Rs 0.272 million due to irregular extension of contracts of shops without inviting open tender
- viii. **Audit Para # 3.5, Page-15-16-AR-1990-91**
Recovery of Rs 0.143 million an account of rent and utility charges from contractor of General Store
- ix. **Audit Para # 1.1, Page-6-AR-1990-91**
Over-payment of Rs 314,499 (276,384+38,115) on account of medical and personal allowance and encashment of earned leave
- x. **Audit Para # 2.2, Page-10-11-AR-1990-91**
Unauthorized expenditure of Rs 300,00 due to irregular appointment of Regional Director
- xi. **Audit Para # 3.2, Page-13-AR-1990-91**
Unauthorized/irregular payment of Rs 1.342 million on account of 20% Secretariat allowance

DIRECTIVE

On presentation of the above eleven (11) Paras by Audit, the Sub-Committee endorsed recommendation of the DAC for settlement.

ELECTION COMMISSION OF PAKISTAN

1. OVERVIEW

Appropriation Accounts for the year 1990-91 pertaining to the Election Commission of Pakistan were taken up for examination by the PAC in the meeting held on October 15th, 1996 in Committee Room No.2, Parliament House Islamabad. Decisions taken are summarized below:

- 1.1** Only one grant was presented before the Committee which was recommended for regularization.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1990-91

i. ELECTION (CHARGED)

Saving Rs. 34,897,773 /-

A.G.P.R. pointed out that after obtaining supplementary appropriation of Rs. 388,640,000 the appropriation closed with a saving of Rs. 34,897,773.

DIRECTIVE

The Committee recommended the grant for regularization.

MINISTRY OF ENVIRONMENT

1. OVERVIEW

Appropriation Accounts/ Audit Reports of Federal Government & Public Sectors Enterprises for the year 1990-91 pertaining to the Ministry of Environment were taken up for examination by Special Committee-II of the PAC in the meetings held on July 27th, 2010 & January 27th, 2011 in Committee room No.2 Parliament House Islamabad. Decisions taken are summarized below:

- 1.1 Four (04) grants and four (04) Paras were reported by AGPR / Audit. Three (03) Paras of Audit Report on Public Sector Enterprises were presented by Audit
- 1.2 On presentation of the grants, the Committee recommended regularization of the grants with the direction that financial management systems should be improved, so, that such instances do not recur.
- 1.3 While discussing three Paras of Audit Report on Public Sector Enterprises, the Committee endorsed the recommendations for settlement as per decisions of the DAC.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1990-91

i. GRANT NO.56- FOREST

Saving Rs. 11,171/-

Audit stated that after accounting for supplementary grant of Rs. 2,000,000, the grant closed with a nominal saving of Rs.11,171 (0.09% of the total grant).

DIRECTIVE

The Committee recommended regularization of the grant.

ii. **GRANT NO.59-ZOOLOGICAL SURVEY DEPARTMENT.**
Saving Rs. 1,300/-

Audit stated that after accounting for supplementary grant of Rs. 162,000, the grant closed with a nominal saving of Rs.1,300 (0.05% of the total grant).

DIRECTIVE

The Committee recommended regularization of the grant.

iii. **GRANT NO.72 – ENVIRONMENT AND URBAN AFFAIRS DIVISION**
Saving Rs. 127,765/-

Audit pointed out that the grant closed with a saving of Rs.2,114,500 (9.34% of the total grant). An amount of Rs.1,986,735(8.77%) was surrendered, leaving a net saving of Rs.127,765(0.56%).

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

DIRECTIVE

The Committee recommended regularization of the grant with the observation that the entire savings should be surrendered in time.

iv. **GRANT NO.161 – DEVELOPMENT EXPENDITURE OF ENVIRONMENT AND URBAN AFFAIRS DIVISION**
Saving zero

A.G.P.R. and PAO pointed out that after taking into account supplementary grant of Rs. 363,000, the grant closed with saving of Rs. 25,687 which had been surrendered in time.

DIRECTIVE

The Committee appreciated the fact that even the minor saving had been duly surrendered and recommended regularization of the grant.

3. AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF ENVIRONMENT FOR THE AUDIT YEAR 1990-91.

The DAC recommended the following Audit Para for settlement by the Special Committee:-

- 3.1 **PARA-3 (PAGE-45) AR 1990-91**
NON-ADJUSTMENT OF FOREST ADVANCES AMOUNTING TO Rs 1.598 MILLION

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned Audit Para.

4. AUDIT REPORT PUBLIC SECTOR ENTERPRISES ON THE ACCOUNTS OF MINISTRY OF ENVIORNMENT FOR THE AUDIT YEAR 1990-91.

The DAC recommended the following Audit Paras for settlement by the Special Committee:-

- i. **Para-241-Page-180-ARPSE-1990-91**
- ii. **Para-242-ARPSE-1990-91**

An amount of Rs.8.260 million as receivable professional fee appeared in the accounts for the year 1990-91 but provision of doubt debt was not provided.

- iii. **Para-241-ARPSE-1990-91**

The accounts of the Company are not approved by the Board of Directors.

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned three (03) Audit Paras.

ESTABLISHMENT DIVISION

1. OVERVIEW

Appropriation Accounts / Audit Reports for the year 1990-91 pertaining to the Establishment Division were taken up for examination by Special Committee-II of the PAC in the meetings held on July 7th, 2010, November 3rd, 2010 & February 1st, 2011 in Committee room No.2 Parliament House Islamabad. Decisions taken are summarized below:

- 1.1 Five (05) grants were reported by AGPR. One Para of the Audit Report on Establishment Division was presented by Audit
- 1.2 While discussing the grants, the Committee recommended regularization of the grants with the directions that due diligence and care should be taken to improve the budgeting and financial system, so that at the end of every financial year, there should be zero excess and zero saving.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1990-91

i. GRANT NO. 6- ESTABLISHMENT DIVISION Excess Rs. 44,982/-

A.G.P.R. pointed out that the grant closed with an excess of Rs. 42,982 (0.04 % of the total grant). An amount of Rs. 2,000 was surrendered increasing a net excess to Rs. 44,982.

The PAO informed the Committee that it was a very minor excess of only 0.5% and the DAC had also cleared it and recommended for regularization by the Committee.

ii. **GRANT NO. 7- FEDERAL PUBLIC SERVICE COMMISSION**
Excess Rs. 85,884/-

A.G.P.R. pointed out that the grant closed with an excess of Rs. 85,884 (0.42 % of the total grant).

The PAO informed the Committee that it was a very minor excess and the DAC had also cleared it and recommended for regularization as the excess expenditure was due to 10% compensatory allowance and dearness allowance.

iii. **GRANT NO. 9- OTHER EXPENDITURE OF ESTABLISHMENT**
DIVISION
Saving Rs. 706/-

A.G.P.R. pointed out that the grant closed with a saving of Rs. 93,302 (0.12 % of the total grant). An amount of Rs. 92,596 was surrendered leaving a net saving of Rs. 706.

The PAO informed the Committee that the amount was only Rs. 706, which may be regularized.

iv. **GRANT NO.144- DEVELOPMENT EXPENDITURE OF**
ESTABLISHMENT DIVISION
Saving Rs. 16,980/-

A.G.P.R. pointed out that the grant closed with a saving of Rs. 1,178,317 (9.52 % of the total grant). An amount of Rs.1,161,337 was surrendered leaving a net saving of Rs. 16,980.

The PAO informed the Committee that the saving was due to non-release of funds.

DIRECTIVE

The Committee recommended regularization of the above-mentioned four (04) grants with the directions that due diligence and care should be taken to

improve the budgeting and financial system, so that at the end of every financial year, there should be zero excess and zero saving.

v. **GRANT NO. 13- MANAGEMENT SERVICES DIVISION**
Saving Rs. 184,488/-

A.G.P.R. pointed out that the grant closed with a saving of Rs. 483,908 (2.60 % of the total grant). An amount of Rs. 299,420 was surrendered leaving a net saving of Rs. 184,488 (1.01%).

The PAO informed the Committee that the saving was due to vacant posts.

DIRECTIVE

The Committee recommended regularization of the grant.

3. **AUDIT REPORT ON THE ACCOUNTS OF ESTABLISHMENT DIVISION FOR THE AUDIT YEAR 1990-91**

3.1 **PARA-1 (PAGE-18) AR 1990-91**
UN-ECONOMICAL PURCHASE OF Rs. 1.859 MILLION

Audit pointed out that in the Civil Services Academy, Lahore under Establishment Division, a sum of Rs. 1,859,392 was spent on purchases of machinery, equipment, furniture and other stores without inviting tenders through the press in contravention of General Financial Rules. The Government was thus deprived of the benefit of competitive rates. Necessary action to fix responsibility for the gross violation of financial rules is stressed. This irregularity had been reported to the Department / Ministry in February, 1988.

The PAO informed the Committee that the department did not have enough time to invite open tenders through the newspapers.

The PAO further informed that the Ministry had fixed responsibility on some persons in the DAC, but most of them had retired as it was twenty years old case. The equipment purchased was present, which has been visited by the CSA

last week and verified. The purchase was made and certain items can still be verified. The PAO requested for settlement of the para.

DIRECTIVE

The Committee referred the Para back to the DAC and directed the Ministry to submit a report to the Committee and the Audit with these directions the Committee recommended the para for settlement subject to verification of record by Audit.

FEDERAL BOARD OF REVENUE

1. OVERVIEW

Appropriation Accounts /Audit Reports/ Revenue Receipts / Direct Taxes for the year 1990-91 pertaining to Federal Board of Revenue were taken up for examination by Special Committee-II of the PAC in the meetings held on July 27th, 2010, February 4th, 2011 & March 10th, 2011 in Committee room No.2 Parliament House Islamabad. Decisions taken are summarized below:

- 1.1** Four (04) grants and eighty-one (81) Revenue receipts were reported by AGPR / Audit. Forty-nine (49) Paras of Audit Report on Direct Taxes were presented by Audit
- 1.2** On presentation of the grants, the Committee recommended regularization of the grants and reiterated its direction for improved financial management in future.
- 1.3** While discussing Para No.3.1 (b) (ii) & (v) of Audit Report of the Revenue Receipts, the Committee directed the PAO to submit a copy of the inquiry report with a declaration by the Chairman FBR that he had examined the inquiry report as per directives of the PAC and he feels that there had been no fault of the supervisory officer in that issue. The Committee further directed to indicate in another report the measures that have now been introduced in order to see that such things / issues do not recur in future. The Committee endorsed the recommendations of the DAC on seventy-six (76) Audit Paras on Revenue Receipts.
- 1.4** While discussing Para No.3.2 of Audit Report of the Direct Taxes, the Committee clubbed all Paras pertaining to recoveries and directed the PAO to submit a report to the Audit and the Monitoring and Implementation Committee of the PAC as and when recoveries are made.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1990-91

i. GRANT NO.47-CENTRAL BOARD OF REVENUE

<u>Budget</u>	<u>AGPR Figures</u>	<u>Deptt. Figures</u>	<u>Difference</u>
Saving	(-) 2,521,642	(-) 2,598,628	290,552,972

AGPR pointed out that after accounting for supplementary grant totaling of Rs. 290,552,972, the grant closed with a saving of Rs.38,024,224 (10.27% of the total grant). An amount of Rs.35,502,582 (9.59%) was surrendered leaving net saving of Rs.2,521,642(0.68%).

The PAO informed the Committee that saving was due to non-utilization of funds on Computerization/ Modernization and Rs. 290,400,000 for payment to others for services rendered (M/s Cotecna Inspection S.A. Switzerland) which were not paid.

The Committee recommended regularization of the grant subject to verification by Audit.

When the grant was taken up again on 10th March, 2011, AGPR reported that verification for the grant has been done and hence it is recommended for regularization.

DIRECTIVE

The Committee recommended the grant for regularization.

ii. GRANT NO.48-SEA CUSTOMS

<u>Budget</u>	<u>AGPR Figures</u>	<u>Deptt. Figures</u>	<u>Difference</u>
Excess	(+) 35,141,086	(+) 6,384,832	47,830,254

AGPR pointed out that after accounting for supplementary grant totaling to Rs. 47,830,254, the grant closed with an excess of Rs.35,141,086 (29% of the total grant).

The PAO informed the Committee that an expenditure of Rs. 28,756,254 was excessively booked by AGPR and the case was then analyzed and it had been found that the above expenditure pertained to grant No.49 and wrongly taken into under grant No.48.

When the grant was taken up again on 21st July, 2010, the Committee directed the PAO that excess should be very rare and the FBR should remain within the allocated amount with this observation the Committee recommended regularization of the grant.

When the matter was taken up again on 10th March, 2011, AGPR reported that verification for the grant has been done and hence it is recommended for regularization.

DIRECTIVE

The Committee recommended the grant for regularization.

iii. GRANT NO.49-LAND CUSTOMS AND CENTRAL EXCISE

<u>Budget</u>	<u>AGPR Figures</u>	<u>Deptt. Figures</u>	<u>Difference</u>
Excess	(+) 6,863,873	(+) 3,169,512	47,830,254

AGPR pointed out that after accounting for three supplementary Grants totaling to Rs. 85,367,484, the grant closed with a saving of Rs.25,427,638 (10.52% of the total grant). An amount of Rs.32,291,511 (13.36%) was surrendered resulting into an excess of Rs.6,863,873 (2.84%).

The PAO informed the Committee that an expenditure of Rs.28,756,254 was less booked by AGPR and in this regard the case was analyzed and it had been found that the above expenditure pertained to the grant wrongly booked under grant No.48.

When the grant was taken up again on 21st July, 2010, the Committee recommended regularization of the grant with the observation that FBR should remain within the allocated amount.

When the matter was taken up again on 10th March, 2011, AGPR reported that verification for the grant has been done and hence it is recommended for regularization.

DIRECTIVE

The Committee recommended the grant for regularization.

iv. **GRANT NO.50-TAXES ON INCOME AND CORPORATION TAX**
Excess Rs. 9,710,778/-

AGPR stated that the grant closed with an excess of Rs.9,104,778 (3.02% of the total grant). An amount of Rs.606,000 (0.20%) was surrendered increasing the excess to Rs.9,710,778 (3.21%).

The PAO informed the Committee that excess of Rs. 6,637,072 was due to less allocation and Rs. 7,236,079 due to payment of telephone bills for the month of June before close of the year.

DIRECTIVE

The Committee recommended regularization of the grant and reiterated its direction for improved financial management in future.

3. AUDIT REPORT REVENUE RECEIPTS VOL.III-A ON THE ACCOUNTS OF FEDERAL BOARD OF REVENUE FOR THE AUDIT YEAR 1990-91.

**3.1 Para 3.1(b)(ii) & (v)-AR 1990-91-Page No. 35 & 37
NON-REALIZATION OF CUSTOM DUES DUE TO GRANT OF IRREGULAR EXEMPTION RS. 3.928 MILLION.**

Audit stated that raw material and components for the manufacture of “motor cycles, scooters and three wheeler automotive rickshaws” if imported by a recognized manufacturer or assembler of such vehicles, were exempt from payment of customs duty which were in excess of 20% advalorem. The rate of duty of such material for manufacture of ‘three wheeler automotive rickshaws’ was subsequently reduced to 5% advalorem. A recognized manufacturer of ‘motor cycles’ taking the coverage of the amendment dated 26.03.1991, however, cleared during May, 1991 to October, 1991 such imported raw material on payment of customs duty at 5% instead of 20% advalorem levy able thereon. The application of incorrect rate of duty thus resulted in short-realization of customs duty of Rs.2,949,352 and sales tax of Rs. 368,669 aggregating Rs.3,318,021.

Audit further stated that the same manufacturer also cleared raw material for the manufacturing of motorcycles without payment of sales tax. This caused non-realization of Rs 0.610 million and recoverable amount raised to Rs 3.928 million.

Member Customs FBR informed the Committee that recovery of the adjudged amount could not be made due to closure of the unit since 1992. The assets of the factory had been auctioned by M/s Dearer Louder Bank. Since the customs department was allowed second charge against the sales proceed by the company judge, Lahore, therefore a counsel had been nominated for presentation of claim of customs department before the Banking Court.

Member Customs FBR further informed that the company (M/S Saif Nadeem Kawasaki Motors Pvt. Haripur) has gone into liquidation and the matter

is subjudice with the court of company judge Lahore where the departmental claim for Rs.322.836 million has already been lodged. The case was last heard on 24.06.2010 and the next hearing date is fixed for 24.07.2010. As regards disciplinary proceedings it was stated that a Superintendent, Deputy Superintendent and Inspector involved had already been retired, therefore, no disciplinary action could be initiated against them. The remaining 02 Inspectors were proceeded against under Removal from Service Ordinance (Special Powers) 2000. After necessary inquiries, the competent authority has imposed minor penalty on them.

The Committee directed Member Customs FBR to check the balance sheet of the Company whether the assets were more than liability.

The Committee further directed the Member Customs FBR to submit a report on the aspect as to what were their assets and how much amount had been recovered through the court.

The Committee directed the PAO to report as to what action had been taken against the officials who allowed this clearance and also against those who did not initiate any action. A report has to be submitted to the Committee within two weeks.

When the para came up again on 4th February, 2011, Audit reported that no action has been reported by the Department on the previous directives of the PAC.

The PAO explained that Kawasaki Motors has been closed in 1972 and all its assets have been auctioned by the government. He further stated that a sum of 60 million could be recovered against a liability of Rs. 332 million. As per previous directive of the PAC, senior rank officers are being charged for negligence which could be completed within one month.

The Committee observed that now since there were no assets, there is nothing that could be retrieved from the company. The Committee directed the PAO to look into the aspect of proceedings against the Directors of the Company, if there are available, and put up a report to the Committee within one month.

When the matter was taken up again on 10th March, 2011, Audit reported that the DAC had directed the MCC finalize the proceedings regarding determination of role of supervisory officers and submit a report by 7-3-2011. The PAO may like to explain the position to the Committee.

The PAO informed the Committee that this was a small amount which has to be recovered from M/s Safe Nadeem Kawasaki, however an amount of Rs. 32 cores pertaining to Customs Departments has also to be recovered from the company which has since been liquidated and the claim of FBR has yet to be decided by the company's judge.

The PAO further stated that disciplinary action has been taken against the supervisory officer and two superintendents Mr. Rahmat ullah Jan and Tafazul how had been held responsible have now retired. Two inspectors Mr. Khalid Baig and Mr. Muzamul Hussain have been punished and other inspector Mr. Anjum Bilal has retired before initiating action. He further said that the case had been objectively and thoroughly examined and how ever were found responsibly have been adequately punished.

DIRECTIVE

The Committee observed that action has been taken against junior officers only and all the employees were allowed to retire before the initiating action.

The Committee further observed that incorrect assessment had been passed at a higher level and no senior officer was held responsible for clearance which was given at lower duty rate. The Committee said that in its last directive

the PAO had been asked to ensure that the role of supervisory officer has to taken into account where as the entire blame has been put on a superintendent.

The Committee directed the PAO to submit a copy of the inquiry report with a declaration by the Chairman FBR that he had examined the inquiry report as per directives of the PAC and he feels that there had been no fault of the supervisory officer. The Committee further directed to indicate in an other report the measures that have now been introduced in order to see that such things do not recur in future.

3.2 **Para 5.1(b)(i), (ii) & (iii)-AR 1990-91 Page 56**
NON-REALIZATION OF SALE TAX DUE TO GRANT OF IRREGULAR EXEMPTION RS. 4.305 MILLION.

Audit stated that exemption from payment of sales tax leviable on the clearance of "cotton soft waste" classifiable under PCT heading 55.03 was subsequently withdrawn. However, it was observed that the sales tax on such waste which includes combing waste, card fly etc. was not assessed/realized. The omission resulted in non-realization of government revenue of Rs 4,305,118.

Member Customs, FBR informed the Committee that recovery of Rs.1,149,259 had been made and was verified by Audit, whereas recovery of Rs.1,755,288 was in progress through liquidation of the unit. Cases involving Rs.719,696 were vacated/set aside in quasi-judicial proceedings while an amount of Rs.469,975 was not recoverable as sales tax on soft cotton waste was not leviable prior to 07.06.1990 under SRO.599(I)/90.

When the para came up again on 21st July, 2010, the Committee directed Member Customs FBR to submit a comprehensive report from the council regarding the position of claim in the proceedings of the recovery, and where it is not possible proceed as per Rules for regularization. A report has to be submitted to the committee within two weeks.

When the matter was taken up again on 4th February, 2011, Audit reported that a comprehensive report as per previous directive of the PAC had not been provided to audit as yet.

The PAO stated that the case of Mohib textile was fixed for 30th November 2010 and the judgment is still awaited. He further said that a report would be submitted to the Committee as soon as the judgment is received from High Court.

The Committee referred the para back to DAC in order to discuss the matter in consultation with legal experts. The Committee directed to submit a report on the latest recovery position within one month.

On 10th March, 2011, Audit reported that PAC may like to know the present status of recovery of Rs. 1.755 million from M/s Mohib Textile Mills.

The PAO informed the Committee that basically the issue of interpretation was involved in this para whether sales tax was levyable on cotton waste or not. He further stated that a recovery of Rs. 8 lacs has been made and verified by Audit and an amount of Rs. 2 lacs is being contested by the department. He said that the case of recovery of 17 lacs is subjudice in the High Court and it is expected that the recovery would be made from the liquidated company M/s Mohib Textile Mills after decision of the High Court. He assured the Committee that the recommendations made by the DAC would be followed.

DIRECTIVE

The Committee directed the PAO to submit a report of recovery after 31st March to the Monitoring and Implementation of the PAC Secretariat and the Audit.

3.3 **Para 3.2 to 5.6-SSR 1990-91**
STUDY REPORT ON GADOON AMAZAI INDUSTRIAL ESTATE.

Audit stated that a study was conducted to evaluate Gadoon Amazai Industrial Estate's setup to achieve the object of poppy eradication through industrialization of northern areas.

Following were the findings of study:-

1. Deviation from policy was found
2. Effect of differential cost was 41% to 121%
3. Short receipts of raw material Rs.4,694,393/- were found
4. Import of chemical used in production of Heroin was noticed
5. Effect on smuggling was not upto the mark. (Para 3.2 to 3.6)
6. Non coordination between government departments was observed.
7. Violation of monitoring policy was noticed
8. Inspection and valuation policy was not effective
9. Quota policy of import of raw material was not realistic and in excess of installed capacity of the units.
10. Import without quota or excess of quota was made by some importers
11. Import with out import licenses were made in some cases and in some cases it was more than the assigned limit.
12. Deletion policy was found defective due to non-providing any penal action for the defaulters. (Para 4.1 to 4.9)
13. Due to mis-interpretation of law and defective policy, an amount of Rs.65,253,761 was short realized.
14. Legal lacuna was pointed out due to contradiction of different SRO(s)/instructions issued by the Government functionaries.
15. Short in-bonding of raw material due to non weighment
16. Misuse of concession by shifting business
17. Inadmissible wastages allowed to manufacturers.

Member Customs, FBR informed the Committee that FBR had recovered some amount and some recovery was still outstanding.

When the para came up again on 21st July, 2010, the Committee directed Member Custom, FBR to provide the recovery position to the Committee and report back within one month.

When the matter was taken up again on 4th February, 2011, the PAO stated that out of 26 cases, all except one have been settled and recovery had been made.

DIRECTIVE

The Committee recommended the paras for settlement subject to verification by the Audit.

3.4 **Para 2.1 to 6.4 of SSR BWH-AR 1990-91-Pages 77 to 103** **STUDY REPORT ON BONDED WARE HOUSES.**

Audit stated that warehouse was a place licensed under the provisions of Custom Act, 1969 for storing imported goods after execution of bonds deferring the payment of custom duty, sales tax and other taxes till clearance of goods for home consumption or re-exporting.

Objective of the study

Audit further stated that a subject study was conducted to see the system of bonded warehouses and to ensure the maintenance of record according to the prescribed rules and procedures besides noticing, the monetary effect of violation of rules and procedure.

Findings

Audit pointed out that the following were the findings of study:

- (i) Non-realization of government taxes Rs 536.348 million due to non compliance of Court Order, and non-enforcement of bank/insurance guarantee by the authorities of department was pointed out.
(Para 2.1)
- (ii) Government dues of Rs.23.570 million was not realized because of illegal removal of bonded goods and application of lesser rates of duty and taxes.
(Para 2.2)
- (iii) Certain imported goods were sold in market but government dues of Rs.

0.414 million were neither charged by customs authorities nor paid by the importers. The goods manufactured from the imported duty free raw material were not exported.

(Para 2.3)

- (iv) An amount of Rs.4.660 million as regulatory duty was not charged at the time of clearance of ware housed consignments by the customs authorities.

(Para 2.4)

- (v) Penal surcharge of Rs. 3.385 million either not realized or short recovered by the customs authorities.

(Para 3.1)

- (vi) Government dues of Rs. 0.298 million were short realized due to miscalculations.

(Para 3.2)

- (vii) An amount of Rs. 0.276 million was short realized due to application of incorrect rate of duty and taxes.

(Para 3.3)

- (viii) An amount of Rs. 31.212 million was short realized due to:-
- i. Lesser value than declared value.
 - ii. Application of declared value instead of Import Trade Price (ITP).
 - iii. Short accountal of value, weight and quantity.
 - iv. Non inclusion of loading charges.
 - v. Incorrect application of insurance charges.

(Para 4.1)

- (ix) Government dues of Rs. 25.376 million were not realized in certain Collectorates of Customs due to grant of irregular exemption as detailed below.

Lahore = Rs. 2.591 million

Karachi = Rs. 8.359 million

Hyderabad = Rs. 14.427 million

(Para 5.1)

- (x) Government dues of Rs. 528.387 million were not recovered due to misuse of the facility and over storage of bonded goods.

Lahore = Rs. 382.421 million

Karachi = Rs. 89.050 million

Hyderabad = Rs. 27.941 million

Quetta = Rs. 28.975 million

(Para 6.1)

- (xi) Fraudulent evasion of government taxes of Rs. 1.076 million was pointed out. The imported raw material was shown as cleared without full payment of government dues leviable.

(Para 6.2)

- (xii) Non/short payment of cost of supervision by the bonders amounting to Rs. 0.426 million was pointed out.

(Para 6.3)

- (xiii) In certain cases facility of concession was availed by misclassification of imported goods in certain Collectorates involving Rs. 3.125 million was pointed out.

(Para 6.4)

Member Customs FBR informed the Committee that it had been reported and position verified from time to time to Audit as under:-

- (i) An amount of Rs.890.303 million had been recovered, Rs.0.837 million had been regularized, Rs.11.841 million had been vacated and Rs.27.621 million was not due, which had been verified by Audit.
- (ii) An amount of Rs.1.397 million had been reported as recovered and otherwise compliance in respect of Rs.79.039 million had been reported which needs verification.
- (iii). An amount of Rs.36.693 million was under process of recovery.
- (iv). An amount of Rs.14.427 million was involved in cases where action was required to be taken by the departmental authorities and to submit documents to Audit. An amount of Rs.1.875 million had been contested which needs further verification/examination.
- (v). Replies to the cases of Rs.94.516 million had not been given.

Member Customs FBR stated that DAC in its meeting held in September-October, 2005, January, 2007 and July 2010 had recommended the paras for settlement to the extent of Rs.930.601 million as recovered/vacated/regularized and not due after verification by Audit.

When the para came up again on 21st July, 2010, the Committee directed the PAO to hold a DAC meeting verify the figures, submit a comprehensive report indicating what exact amount has been recovered and verified from Audit and what action FBR has taken to effect the balance recovery.

When the matter was take up again on 4th February, 2011, Audit reported that study reports are prepared in order to help the FBR improve the working of the department but these are being taken very lightly. A similar study report regarding working of Bonded Ware House has very diligently been prepared in order to improve their working.

The PAO stated that the department has benefited from this study report and most of recovery has been made from bonded ware houses.

The Committee directed to submit a report of recovery along with a brief list of measure which are being taken for improvement of system.

On 10th March, 2011, Audit reported that the study reports prepared by them are set site and used only for the purpose of settlement of paras. PAO may like to brief the Committee on measures taken in order to improve the system.

The PAO informed the Committee that in the subject study report an amount of Rs. 1158 million had been pointed out by the Audit as recoverable whereas the department has recovered Rs. 1466 million. He further stated that the department has benefited from this audit report but now all procedures and systems have been changed and automated. The PAO stated that a detailed report on bonded warehouses based on new automated system in vogue would be provided by 30th March, 2011.

DIRECTIVE

The Committee directed the PAO to submit a comprehensive report indicating the measure taken to improve the system of bonded warehouses to Audit and the Committee by 30th March.

(This Audit para will now be taken up by the Monitoring and Implementation Committee of the PAC for further action.)

- i. **PARA NO.1.2-PAGE NO. 21-AR 1990-91**
Contradictory instructions issued by FBR
- ii. **PARA NO. 1.3-PAGE NO. 22-AR 1990-91**
Under valuation of taxable goods-Rs.2.090 million
- iii. **PARA NO.1.4-PAGE NO. 22-AR 1990-91**
Under valuation of soap stock for purpose of sales tax
- iv. **PARA NO.1.5-PAGE NO. 23-AR 1990-91**
Possible evasion of central excise duty by hotels
- v. **PARA NO.1.6-PAGE NO. 23 & 24-AR 1990-91**
Non-realization of central excise duty on vend fee
- vi. **PARA NO.1.7-PAGE NO. 24 & 25-AR 1990-91**
Avoidance of tax due to inherent defect in rules
- vii. **PARA NO.1.8-PAGE NO. 25 & 29-AR 1990-91**
Non production of records
- viii. **PARA NO. 2.2-PAGE NO. 30-AR 1990-91**
Loss of Rs 6.5 million due to theft of gold weighing 23 kg
- ix. **PARA NO. 2.3-PAGE NO. 31-AR 1990-91**
Evasion of sales tax of Rs 8 million
- x. **PARA NO. 2.4-PAGE NO. 31-AR 1990-91**
Theft of three cars
- xi. **PARA NO. 2.5-PAGE NO. 31-AR 1990-91**
Seizure of 12,100 tola gold worth Rs 47.5 million and cash of Rs. 8.4 million
- xii. **PARA NO. 2.6-PAGE NO. 31& 32-AR 1990-91**
Clearance of goods evading customs dues of Rs 6 million
- xiii. **PARA NO. 2.7-PAGE NO. 32-AR 1990-91**
Seizure of 400 tola platinum worth RS. 1.5 million
- xiv. **PARA NO. 2.8-PAGE NO. 32-AR 1990-91**
Seizure of 48 kg silver
- xv. **PARA NO. 3.1(a) PDP NO. 938-CD/K-PAGE NO. 34-AR 1990-91**
Non realization of government revenue amounting to Rs 34.819 million
- xvi. **PARA NO. 3.1(b) (i) PDP NO. 984-CD/K-PAGE NO. 34-35-AR 1990-91**
Irregular exemption of government dues-Rs 21.334 million
- xvii. **PARA NO. 3.1(b) (iii) PDP NO. 986-CD/K-PAGE NO. 35-AR 1990-91**
Irregular exemption of Sales Tax Rs 2.172 million
- xviii. **PARA NO. 3.1(b) (iv) PDP NO. 940-CD/K-PAGE NO. 36-AR 1990-91**
Irregular exemption of Sales Tax-Rs 1.363 million
- xix. **PARA NO. 3.1(b) (vi)-PAGE NO. 37-AR 1990-91**
Non realization of custom dues due to grant of irregular exemption
Rs.0.563 million
- xx. **PARA NO. 3.1(b) (vii)-PAGE NO. 37 & 38-AR 1990-91**
Non realization of custom dues due to grant of irregular exemption
Rs.0.492 million
- xxi. **PARA NO. 3.1(b) (viii) PDP NO. 963-CD/K-PAGE NO. 38-AR 1990-91**
Non realization of custom duty dues Rs.0.377 million

- xxii. **PARA NO. 3.1(c) (i)-PDP NO. 939-CD/K-PAGE NO. 38 & 39-AR 1990-91**
Non levy of regulatory duty Rs.1.107 million
- xxiii. **PARA NO. 3.1(c) (ii)-PDP NO. 886-CD/K-PAGE NO. 38 & 39-AR 1990-91**
Non realization of government revenue- Rs.0.081 million
- xxiv. **PARA NO. 3.1(d) (i)-PAGE NO. 39 & 40 -AR 1990-91**
Short realization of government revenue due to non-levy of surcharges Rs.0.373 million
- xxv. **PARA NO. 3.1(d) (ii)-PAGE NO. 40-AR 1990-91**
Short realization of government revenue due to non-levy of surcharges Rs.0.111 million
- xxvi. **PARA NO. 3.1(e)-PAGE NO. 40-AR 1990-91**
Short realization of government revenue due to non-levy of surcharge under section 98-Rs.0.146 million
- xxvii. **PARA NO. 3.1(f)-PDP NO. 793 -CD/K-PAGE NO. 41-AR 1990-91**
Non realization of government dues- Rs. 0.042 million
- xxviii. **PARA NO. 3.2(a) (i)-PDP NO. 991 -CD/K-PAGE NO. 41- 42 AR 1990-91**
Short realization of government revenue due to under valuation- Rs.1.451 million
- xxix. **PARA NO. 3.2(a) (ii)-PDP NO. 977 -CD/K-PAGE NO. 42-AR 1990-91**
Loss of government revenue Rs.0.265 million due to application of incorrect ITP
- xxx. **PARA NO. 3.2(a) (iii)-PAGE NO. 42 & 43-AR 1990-91**
Short realization of government revenue due to application of incorrect Import Trade Price -Rs.0.233 million
- xxxi. **PARA NO. 3.2(a) (iv)-PAGE NO. 43-AR 1990-91**
Short realization of government revenue due to application of incorrect Import Trade Price- Rs.0.033 million
- xxxii. **PARA NO. 3.2(b) (i) PDP NO. 926 CD/K-PAGE NO. 43-AR 1990-91**
Short realization of government dues- Rs.0.284 million
- xxxiii. **PARA NO. 3.2(b) (ii)-PDP NO. 822 CD/K-PAGE NO. 44-AR 1990-91**
Short realization of government dues of Rs.0.217 million
- xxxiv. **PARA NO. 3.2(b) (iii)-PDP NO. 920 CD/K-PAGE NO. 43 - 44 -AR 1990-91**
Short realization of surcharge of Rs.0.124 million
- xxxv. **PARA NO. 3.2(b) (iv)-PDP NO. 795 CD/K-PAGE NO. 44-AR 1990-91**
Short realization of surcharge - Rs.0.218 million
- xxxvi. **PARA NO. 3.2(c) (i)-PAGE NO. 45-AR 1990-91**
Short realization of government revenue due to application of incorrect rate of duty- Rs.0.089
- xxxvii. **PARA NO. 3.2(c) (ii)-PAGE NO. 45-AR 1990-91**
Short realization of government revenue due to application of incorrect rate of duty- Rs.0.059 million

- xxxviii. **PARA NO. 3.2(c) (iii)-PDP NO. 960 -CD/K-PAGE NO. 45- 46-AR 1990-91**
Short realization of government dues of Rs. 0.030 million
- xxxix. **PARA NO. 3.2(c) (iv)-PDP NO. 962 -CD/K-PAGE NO. 46-AR 1990-91**
Short realization of government revenue of Rs.0.026 million
- xl. **PARA NO. 3.2(d)-PAGE NO. 46-AR 1990-91**
Short realization of government revenue due to miscalculation
Rs.0.039 million
- xli. **PARA NO. 4.1 (a) (i)-PAGE NO. 47-AR 1990-91**
None-realization of central excise duty & additional duty on services -
Rs.0.479 million
- xlii. **PARA NO. 4.1 (a) (ii)-PAGE NO. 47-AR 1990-91**
Short-realization of central excise duty and additional duty –
Rs.0.134 million
- xliii. **PARA NO. 4.1 (a) (iii)-PAGE NO. 48-AR 1990-91**
Non-realization of central excise/sales tax – Rs.0.030 million
- xliv. **PARA NO. 4.1 (b)-PAGE NO. 48-AR 1990-91**
Non-realization of central excise duty of – Rs.0.592 million
- xlv. **PARA NO. 4.1 (c) (i)-PAGE NO. 49-AR 1990-91**
Non-realization of central excise duty – Rs.0.329 million
- xlvi. **PARA NO. 4.1 (c) (ii)-PAGE NO. 50-AR 1990-91**
Non-realization of central excise duty and additional duty – Rs.0.075
million
- xlvii. **PARA NO. 4.1 (c) (iii)-PAGE NO. 50-AR 1990-91**
Non-realization of additional duty – Rs.0.060 million
- xlviii. **PARA NO. 4.1 (c) (iv)-PAGE NO. 50-AR 1990-91**
Non-realization of central excise duty and additional duty - Rs.0.050
million
- xlix. **PARA NO. 4.1 (c) (v)-PAGE NO. 50-AR 1990-91**
Non-realization of central excise duty and additional duty - Rs.0.023
million
1. **PARA NO. 4.1 (d)-PAGE NO. 50 -51-AR 1990-91**
Non-realization of central excise duty and sales tax under Production
Capacity Rules - Rs.0.312 million
- li. **PARA NO. 4.2 (a)-PAGE NO. 51 & 52-AR 1990-91**
Short-realization of government revenue due to short accountal –
Rs.0.072 million
- lii. **PARA NO. 4.2 (b)-PAGE NO. 52-AR 1990-91**
Short-realization of government revenue due to application of incorrect
rate of duty – Rs.0.013 million
- liii. **PARA NO. 4.3 (i)-PAGE NO. 53-AR 1990-91**
Irregular refund of Customs duty – Rs.0.368 million
- liv. **PARA NO. 4.3 (ii)-PAGE NO. 53-AR 1990-91**
Irregular refund of Customs duty – Rs.0.312 million
- lv. **PARA NO. 4.3 (iii)-PAGE NO. 53-AR 1990-91**
Irregular refund of Customs duty – Rs.0.245 million

- lvi. **PARA NO. 4.3 (iv)-PAGE NO. 53 & 54-AR 1990-91**
Irregular refund of Customs duty – Rs.0.221 million
- lvii. **PARA NO. 5.1 (a) (i)-PDP-828-ST/K-PAGE NO. 53-AR 1990-91**
Non realization of Sales Tax due to grant of irregular exemption
Rs. 4.046 million
- lviii. **PARA NO. 5.1 (a) (ii)-PDP-878-ST/K-PAGE NO. 55 – 56-AR 1990-91**
Non realization of Sales Tax due to grant of irregular exemption
Rs. 2.973 million
- lix. **PARA NO. 5.1 (a) (iii) & (iv)-PAGE NO. 55-AR 1990-91**
Non-realization of sale tax due to grant of irregular exemption Rs.1.566
million
- lx. **PARA NO. 5.1 (c)-PAGE NO. 57-AR 1990-91**
Non-realization of sale tax due to grant of irregular exemption –
Rs.0.673 million
- lxi. **PARA NO. 5.2 (a)-PAGE NO. 59-AR 1990-91**
Non-realization of Sales Tax due to non-levy of sales tax –
Rs.0.999 million
- lxii. **PARA NO. 5.2 (b)-PDP-775 PDP- 951-PAGE NO. 60 – 61-AR 1990-91**
Loss of government revenue due to non levy of Sales Tax -Rs.0.979
million
- lxiii. **PARA NO. 5.2 (c)-PAGE NO. 61-AR 1990-91**
Non-realization of Sales Tax due to non-levy of sales tax –
Rs0.432 million
- lxiv. **PARA NO. 5.2 (d)-PAGE NO. 63-AR 1990-91**
Non-Realization of Sales Tax due to non-levy of Sales Tax-Rs.0.115
million
- lxv. **PARA NO. 5.3 (a) (i) PDP – 832-PAGE NO. 63 – 64-AR 1990-91**
Short realization of Sales Tax due to incorrect rates of taxes-Rs.0.943
million
- lxvi. **PARA NO. 5.3 (a) (ii) & (iii)-PAGE NO. 63-AR 1990-91**
Short-realization of Sales Tax due to incorrect rate of taxes–
Rs.0.767 million
- lxvii. **PARA NO. 5.3 (b) PDP – 839-PAGE NO. 64 – 65-AR 1990-91**
Short realization of Sales Tax due to incorrect rate of tax -Rs.0.138 million
- lxviii. **PARA NO. 5.4 (1) & (ii)-PAGE NO. 65-AR 1990-91**
Short-realization of Sales Tax due to to under-valuation – Rs.0.436 million
- lxix. **PARA NO. 5.5 (i) PDP – 833-PAGE NO. 66-AR 1990-91**
Non realization of additional tax-Rs.0.117 million
- lxx. **PARA NO. 5.5 (ii) PDP – 840-PAGE NO. 66-AR 1990-91**
Non realization of additional Sales Tax-Rs.0.087 million
- lxxi. **PARA NO. 6.1 (i)-PAGE NO. 67-AR 1990-91**
Short realization of development surcharge of Rs 12.714 million
- lxxii. **PARA NO. 6.1 (ii)-PAGE NO. 68-AR 1990-91**
Non/short realization of development surcharge Rs.1.256 million

- lxxiii. PARA NO. 6.1 (iii)-PAGE NO. 68 – 68-AR 1990-91**
Non/short realization of development surcharge Rs. 0.300 million
- lxxiv. PARA NO. 6.1 (iv)-PAGE NO. 69-AR 1990-91**
Short realization of development surcharge-Rs 0.121 million
- lxxv. PARA NO. 6.1 (v)-PAGE NO. 69-AR 1990-91**
Non/short realization of development surcharge Rs.0.015 million
- lxxvi. PARA NO. 2.1 to 4.8 (SSR) on Sugar Industry-PAGE NO. 167 to 187-AR 1990-91**

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned seventy-six (76) Audit Paras.

- 3.5 **PARA NO. 3.1(b) (i) PDP NO. 984-CD/K-PAGE NO. 34-35-AR 1990-91**
Irregular exemption of government dues-Rs 21.334 million

When the para came up again on 21st July, 2010, the Committee endorsed the recommendations of the DAC for settlement of the above-mentioned Audit Para.

When the matter was taken up again on 10th March, 2011, Audit reported that no progress on the directives of PAC has been reported so far.

The PAO informed the Committee that as per last directive of the PAC the case has been sent to Finance Division for opinion and a report would be submitted to the Committee as soon as reply from the Finance Division is received.

Representative of the Finance Division informed the Committee that additional Secretary budget of the M/o Finance is designated as government adjuster and the case has been directly taken up with him by the FBR authorities.

DIRECTIVE

The Committee directed the PAO to pursue the case vigorously with the Adjuster and submit a compliance report to the Monitoring and Implementation of the PAC.

4 AUDIT REPORT (DIRECT TAXES) ON THE ACCOUNTS OF FEDERAL BOARD OF REVENUE (REVENUE DIVISION) FOR THE AUDIT YEAR 1990-91.

The DAC recommended the following Audit Para for settlement by the Special Committee: -

4.1 PARA NO. 2.6-PAGE NO. 11-AR-1990-91 Additional Tax for failure to pay advance tax – Rs 40,957,935/-

Audit stated that additional tax @ 24% per annum was leviable for failure to pay advance tax equal to the amount of tax payable in the latest assessment in four equal installments. The additional tax was leviable 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 the 30th September of the following financial year whichever was earlier.

Audit further stated that during test check audit observed in 425 cases that the statutory provisions were not followed by the department which caused loss of Rs.40,957,935.

Member Customs FBR informed the Committee that the latest position is given below:

		Rs.
i)	Amount admitted, charged and recovered but proof of recovery awaited	355,247
ii)	Amount admitted, charged but not recovered	1,346,630
iii)	Record not produced	6,488,913
iv)	Action not yet finalized	380,772
v)	Time barred	10,422,186

	Sub-Total	18,993,748
vi)	Amount admitted, charged and recovered	8,791,227
vii)	Demand of tax written off	1,971,484
viii)	Departmental stance accepted on the basis of additional evidence / demand deleted in appeal	11,201,476
	Sub-Total	21,964,187
	Grand Total	40,957,935

Member Customs FBR informed the Committee that DG IT, Karachi would give compliance within 30 days. It relates to Dubai Bank pertaining to the years of 1985-86, 1986 –87 and then it merges into Emirates, Union and now its Standard Chartered Bank and it had been charged and the whole amount of recovery had been made but FBR was not able to produce the relevant record to Audit.

Member Customs, FBR further informed that the major amount of Rs. 5.8 million of Dubai Bank had been recovered.

Member FBR stated that time barred case related to HBFC. FBR now wants to take action and fix the responsibility but the person who committed the offence has expired.

Member Customs, FBR further stated that the agreed figures of Audit were Rs.40.9 million out of which action had been taken for recovery of Rs. 21.9 million and the rest of the amount of Rs. 18.9 million outstanding.

The PAO requested some time should be given to resolve the issue in the DAC.

On 21st July, 2010, accepting the request of the PAO, the Committee referred the para back to DAC for reconsideration. A report has to be submitted to the Committee within one month.

When the para came up again on 4th February, 2011, Audit reported that in some cases the record was still not traceable.

The PAO informed the Committee that except custom case of MCC of Quetta where 23 files were not traceable rest of the record has been traced and recoveries have been made. However, in Karachi because of re-organization and centralization the department was facing with some problems and a committee has been constituted which is checking the overall position of record and the committee has traced out maximum record. He further stated that in light of that record the department will give details of status of each para to the PAC.

DIRECTIVE

The Committee directed that the all the paras relating to the recovery should be clubbed, subjudice cases should be pursued vigorously and disciplinary action should be initiated wherever malafide intentions or negligence is established. A report has to be submitted to the Committee as soon maximum recovery is made.

4.2 **Para No. 2.8-Page No. 14-AR-1990-91**
ADDITIONAL TAX FOR DEFAULT OF PAYMENT OF TAX ALONG WITH
RETURN Rs. 9,674,862/-

Audit stated that if an assessee fails to pay tax alongwith return of income or the tax so paid was less than the tax payable, he was liable to pay Additional Tax @ 15% per annum on the amount not paid or the amount short paid. The additional tax was calculated from date on which the tax was payable to the date on which tax was paid or date on which assessment was made whichever was the earlier.

Audit further stated that during test check it was noticed that in 58 cases the additional tax of Rs 9,674,862 was not charged.

Member Customs FBR informed the Committee that the latest position of the department is given below:

		Rs.
i.	Amount admitted, charged and recovered but proof of recovery awaited	26,993
ii.	Amount admitted, charged but not recovered	293,367
iii.	Record not produced	363,385
iv.	Time barred	6,751,510
	Sub-Total	7,435,255
v.	Amount admitted, charged and recovered	1,519,630
vi.	Demand of tax written off	462,705
vii.	Departmental stance accepted on the basis of additional evidence / demand deleted in appeal	257,272
	Sub-Total	2,239,607
	Grand -Total	9,674,862

When the para came up again on 21st July, 2010, the Committee directed Member Customs, FBR to give a comprehensive report on Rs. 9.67 million to the Committee within one month.

DIRECTIVE

When the matter was taken up again on 4th February, 2011, the Committee clubbed all paras pertaining to recoveries and directed the PAO to submit a report to Audit and the Monitoring and Implementation Committee of the PAC as and when those are made.

4.3 **PARA NO.3.2-PAGE NO. 21-AR-1990-91** **LOSS OF RS 8,449,200 DUE TO GRANT OF EXCESSIVE EXPORT REBATE**

Audit stated that the law provides that Income Tax and Super Tax payable in respect of income derived from export of goods manufactured in Pakistan was reduced by allowing export rebate to the assessee.

Audit further stated that during test audit it was noticed that excessive export rebate was allowed in 18 cases causing loss of Rs.8,449,200.

Member Customs, FBR informed the Committee that the main case was of Dewan Textile Mills.

Member Customs, FBR further informed the Committee that due to reforms in FBR and the shifting of ITO Karachi and Lahore the record had not been traceable, for which a Committee had been constituted to trace the record. The latest position in the light of reply of the department was given below:

		Rs
i.	Amount admitted, charged and recovered but proof of recovery awaited	62,495
ii.	Amount admitted, charged but not recovered	527,306
iii.	Record not produced	40,428
iv.	Time barred	267,717
	Sub-Total	897,946
v.	Amount admitted, charged and recovered	947,227
vi.	Demand of tax written off	32,812
vii.	Departmental stance accepted on the basis of additional evidence / demand deleted in appeal	6,571,215
	Sub-Total	7,551,254
	Grand-Total	8,449,200

When the matter was taken up again on 21st July, 2010, the Committee directed Member Customs, FBR to submit a report to the Committee on availability of record in one month.

DIRECTIVE

When the Para came up again on 4th February, 2011, the Committee clubbed all paras pertaining to recoveries and directed the PAO to submit a report to the Audit and the Monitoring and Implementation Committee of the PAC as and when those are made.

4.4 **Para No. 3.6-Page No. 25-AR-1990-91**
EXCESSIVE GRANT OF DEPRECIATION ALLOWANCE
Rs. 52,908,498

Audit stated that the depreciation allowance was deductible from gross income of the assessee as per prescribed rates while computing income under the head "Income from business or profession".

Audit further stated that Audit had detected 57 cases in which tax liability of Rs 52,908,498 was short determined due to inadmissible/ excessive grant of depreciation allowance, and non-fulfillment of requirement of the above Rule.

Member Customs, FBR informed the Committee that its a non-going recovery process but FBR was confident of recovery of Rs, 5 lacs. and submit a progress report to the Committee within one month. The latest position in the light of reply of the department is given below:

		Rs
i.	Amount admitted, charged but not recovered	168,142
ii.	Record not produced	369,986
iii.	Time barred	28,933
	Sub-Total	567,061
iv.	Amount admitted, charged and recovered	6,051,962
v.	Demand of tax written off	275,825
vi.	Departmental stance accepted on the basis of additional evidence / demand deleted in appeal	44,227,157
vii.	Charged and loss reduced	1,786,493
	Sub-Total	52,341,437
	Grand-Total	52,908,498

DIRECTIVE

The Committee directed Member Customs, FBR to check the time barred claims, fix responsibility and submit a progress report to the Committee within one month.

4.5 **Para No. 4.1-Page No. 29-AR-1990-91** **LOSS OF REVENUE AMOUNTING TO RS.1,298.929 MILLION DUE TO IRREGULAR ALLOWANCE OF BAD DEBTS.**

Audit stated that The Income Tax Ordinance provides that “Deduction shall be allowed in respect of bad debts, such amount (not exceeding the amount actually written off by the assessee) as may be determined by income Tax Officer to be irrecoverable.”

Audit further stated that the following assessee (banks) claimed deductions from their profits for the year on account of bad debts, as under:

NTN	Assessment Year	Amount of bad debts	Amount of tax involved @ 60% + Surcharge @ 10%
14-04		Rs.	Rs. in million
3359003	89-90	192,682,570	127.171
3359005	88-89	368,000,000	242.880
3359005	89-90	391,660,000	258.496
3359002	89-90	756,200,000	499.092
3559004	89-90	259,531,000	171.290
	Total	1,968,073,570	1298.929

Audit pointed out that bad debts allowed as admissible expense to the assesses by the assessing officer not on the basis of their own findings but on the basis of a certificate issued by the State Bank of Pakistan, as instructed by the Central Board of Revenue in its confidential circular letter dated 3.8.1983, addressed to the Commissioners of Income Tax at Karachi and Lahore. It was instructed that: "In case of an assessee being a bank wholly owned by the Government of Pakistan, production of a certificate from the State Bank to the effect that the provision of bad debts as specified therein had been approved by the State Bank of Pakistan should be treated as sufficient evidence. In such cases, the claims may be accepted on the basis of said certificates without further investigation.

The PAO informed the Committee that FBR was bound to follow the instructions of FBR.

Member Customs, FBR further informed that in 1983 there were only five nationalist banks and only concession for these five banks instruction that those 100% government owned banks. So, this was the understanding between

Government of Pakistan, FBR and State Bank. State Bank certificate only related only to those five banks and not the general circular.

On 21st July, 2010, the Committee directed the PAO to send a report regarding the present legal position and also directed AGPR to inform the Committee as to what was decided in PAC about the Para in 1988-89 because if it's a PAC's decision it will be binding on this para.

When the para came up again on 4th February, 2011, the Committee clubbed all paras pertaining to recoveries and directed the PAO to submit a report to the Audit and the Monitoring and Implementation Committee of the PAC as and when those are made.

When the matter was taken up again on 10th March, 2011, Audit reported that this was a procedural violation where individual assessing officer had to examine each case on case to case basis and issue a certificate. Audit further said that para 4.1 was regarding irregular allowance of bad debts of Rs.1298.929 million and said that action on paras # 2.6, 2.8, 3.2, 3.6, 4.9 & 5.2 is being taken by the department and the PAO may like to inform about the progress of recovery made so far.

The PAO informed the Committee that the major amount of Rs. 1298 million pertained to bad debts of irrecoverable amounts of those four scheduled banks which had been verified by the State Bank of Pakistan as bad loans and then certified by FBR to be allowed as an expense. He further said that Audit believes that FBR was not authorized to do so and Deputy Commissioner or assessing officer should have allowed it after considering merit of each case. He said that this was a legal or technical objection and FBR believes that it is a general principal of the administration that a senior officer of a department can also exercise the powers delegated to the junior officer over and above the powers being exercised by him. He further said that FBR is a supreme governing and administrative authority of all assessing officers and hence this power was

assumed and exercised by FBR in order to settle this issue as a policy decision. He requested the Committee to recommend the para for settlement by taking a broader view of this case and said that this case has been pending with the main PAC and no decision has been taken so far.

DIRECTIVE

The Committee observed that writing off loans is never encouraged by the PAC and said that instead of clearing the bed debts on merit of each case by the assessing officer, these have been cleared through a policy directive which should not have been done. The Committee directed the PAO to undertake an exercise on individual case to case basis and review all these cases. The Committee further observed that even if a few cases are found which should not have been written off it should be recorded and the Committee would like to know the details of all such cases.

The Committee also observed that the National Assembly is going to look into the possibility of legislation on those loans which should not have been written off and the matter was under consideration. The Committee directed the PAO to submit a compliance report on this issue to the Monitoring and Implementation Committee of the PAC.

4.6 **Para No. 4.9-Page No. 40-AR-1990-91**
INCORRECT CARRY FORWARD OF BUSINESS LOSS AMOUNTING TO RS.78,388,570.

Audit stated that the business loss can be carried forward to the following six assessment years and set off against the profit and gain of such business.

Audit further stated that during test check Audit observed three cases where business loss amounting to Rs 78,388,580 was wrongly carried forward beyond six years by the assessee and Department allowed the same as such.

The PAO informed the Committee that the latest position in the light of reply of the department is given below:

		Rs.
i)	Record to be produced	66,382,581
	Sub-Total	66,382,581
ii)	Departmental stance accepted on the basis of additional evidence / demand deleted in appeal	7,150,504
iii)	Charged and loss reduced	4,855,485
	Sub- Total	12,005,989
	Grand Total	78,388,570

The PAO further informed that FBR was trying to trace out the record, therefore some time may be allowed to trace out the relevant record.

When the matter was taken up again on 21st July, 2010, the Committee deferred the para and directed the PAO to submit a report within two weeks.

DIRECTIVE

When the para came up again on 4th February, 2011, the Committee clubbed all paras pertaining to recoveries and directed the PAO to submit a report to the Audit and the Monitoring and Implementation Committee of the PAC as and when those are made.

4.7 **Para No. 5.2-Page No. 59-AR-1990-91** **NON-REALIZATION OF CAPITAL VALUE TAX AMOUNTING TO Rs.78,025,403**

Audit stated that Capital Value Tax (CVT) was levy able on Purchase of gift, exchange & surrender or relinquishment of rights by the owner of immovable properties situated in urban/rural areas and on Motor Vehicles (not plying for hire) at specified rates and under certain conditions at the time of registration or attesting the transfer of assets. Income Tax Department was made responsible for the monitoring of collection and administration thereof.

Audit further stated that during test check it was observed in certain cases where the Capital Value Tax was not recovered by the registration authorities. This caused loss of Rs.78,025,403.

Member, FBR informed the Committee that a letter had been circulated to the registrars not to deduct the tax. So, in 1990-1991 and 1992 no recovery was made.

Member, FBR stated after 18th amendment a new situation had developed and CVT had now gone to the Provinces.

DIRECTIVE

When the para came up again on 21st July, 2010, the Committee directed the PAO to make efforts for recovery and if those are fruitless then move the case according to the Rules for regularization and give a progress report in two months.

(This Audit para will now be taken up by the Monitoring and Implementation Committee of the PAC for further action.)

- i. **PARA NO.2.3-PAGE NO. 10-AR-1990-91**
ADDITIONAL TAX FOR FAILURE TO DEDUCT AND PAY TAX AT SOURCE – RS 367,977.
- ii. **PARA NO.2.10-PAGE NO. 17-AR-1990-91**
ADDITIONAL TAX FOR FAILURE TO PAY ASSESSED TAX DEMANDED OR PENALTY IMPOSED – RS 12,936,201
- iii. **PARA NO.3.3-PAGE NO. 23-AR-1990-91**
LOSS OF REVENUE AMOUNTING TO RS.108,990 DUE TO EXCESSIVE GRANT OF ALLOWANCE ON DONATION.
- iv. **PARA NO.3.4-PAGE NO. 24-AR-1990-91**
INCORRECT GRANT OF TAX CREDIT ON INVESTMENTS IN SHARE CAPITAL OF INDUSTRIAL COMPANIES - RS.925,600.
- v. **PARA NO.3.5-PAGE NO. 24-AR-1990-91**
IRREGULAR TAX CREDIT ON REPLACEMENT, BALANCING AND MODERNIZATION OF MACHINERY OR PLANT - RS 2,344,968

- vi. **PARA NO.4.2-PAGE NO. 31-AR-1990-91**
LOSS OF REVENUE AMOUNTING TO RS 24,272,858 DUE TO CONCEALMENT OF INCOME
- vii. **PARA NO.4.3-PAGE NO. 35-AR-1990-91**
LOSS OF REVENUE AMOUNTING TO RS 50 MILLION DUE TO CREATION OF FICTITIOUS DEMAND
- viii. **PARA NO.4.4-PAGE NO. 36-AR-1990-91**
LOSS OF REVENUE DUE TO DOUBLE ADJUSTMENT OF TAX - RS.2,029,072
- ix. **PARA NO.4.5-PAGE NO. 36-AR-1990-91**
LOSS OF REVENUE AMOUNTING TO RS.864,924 DUE TO LATE SERVICE OF DEMAND NOTICE.
- x. **PARA NO.4.6-PAGE NO. 37-AR-1990-91**
LOSS OF REVENUE AMOUNTING TO RS 12,363,498 DUE TO NEGLIGENCE OF THE DEPARTMENT
- xi. **PARA NO.4.7-PAGE NO. 38-AR-1990-91**
LOSS OF REVENUE AMOUNTING TO RS.1,517,526 DUE TO INCORRECT COMPUTATION OF INCOME TAX LIABILITY.
- xii. **PARA NO.4.8-PAGE NO. 40-AR-1990-91**
LOSS OF REVENUE AMOUNTING TO RS.506,350 DUE TO ILLEGAL CANCELLATION OF ASSESSMENT .
- xiii. **PARA NO.4.10-PAGE NO. 41-AR-1990-91**
LOSS OF REVENUE AMOUNTING TO RS.817,824 DUE TO EXCESSIVE COMPENSATION
- xiv. **PARA NO.4.11-PAGE NO. 42-AR-1990-91**
LOSS DUE TO NON-ACCOUNTAL OF INCOME RECEIVED AS COMPENSATION ON REFUND – RS.459,204
- xv. **PARA NO.4.12-PAGE NO. 44-AR-1990-91**
LOSS OF REVENUE AMOUNTING TO RS 207,636 DUE TO LATE ENCASHMENT OF CHEQUES
- xvi. **PARA NO.4.13-PAGE NO. 44-AR-1990-91**
LOSS OF REVENUE AMOUNTING TO RS.122,544 DUE TO NON-RECOVERY OF OUTSTANDING TAX DEMANDS
- xvii. **PARA NO.4.14-PAGE NO. 45-AR-1990-91**
LOSS OF REVENUE AMOUNTING TO RS.40,850 DUE TO ILLEGAL ASSESSMENT ON THE POINT OF JURISDICTION
- xviii. **PARA NO.4.15-PAGE NO. 45-AR-1990-91**
LOSS OF REVENUE AMOUNTING TO RS 15,677 DUE TO LATE FILING OF APPEAL
- xix. **PARA NO.4.16-PAGE NO. 46-AR-1990-91**
LOSS OF REVENUE AMOUNTING TO RS 1,454,914 MILLION DUE TO EXCESS PERQUISITES
- xx. **PARA NO.4.17-PAGE NO. 46-AR-1990-91**
LOSS OF REVENUE AMOUNTING TO RS.152,642 DUE TO TIME BARRED CLAIM.

- xxi. **PARA NO.4.18-PAGE NO. 47-AR-1990-91**
LOSS OF REVENUE DUE TO ESCAPING ASSESSMENT OF INCOME FOR RS.64,460,400
- xxii. **PARA NO.4.19-PAGE NO. 47-AR-1990-91**
LOSS OF REVENUE DUE TO ESCAPING OF ASSESSMENT REGARDING RECEIPTS AMOUNTING TO RS.102,519,288
- xxiii. **PARA NO.4.20-PAGE NO. 48-AR-1990-91**
LOSS OF REVENUE AMOUNTING TO RS.199,978 DUE TO ILLEGAL DELETION OF PENALTY
- xxiv. **PARA NO.4.21-PAGE NO. 49-AR-1990-91**
LOSS OF REVENUE AMOUNTING TO RS 1,000,000 DUE TO CARELESSNESS OF THE DEPARTMENT
- xxv. **PARA NO.4.22-PAGE NO. 49-AR-1990-91**
LOSS OF REVENUE AMOUNTING TO RS.124,214 DUE TO EXCESS CREDIT OF WITHHOLDING TAX.
- xxvi. **PARA NO.4.23-PAGE NO. 50-AR-1990-91**
LOSS OF REVENUE AMOUNTING TO RS.92,790 DUE TO INCORRECT COMPUTATION OF INCOME
- xxvii. **PARA NO.4.24-PAGE NO. 50-AR-1990-91**
LOSS OF REVENUE AMOUNTING TO RS.19,230 DUE TO IRREGULAR ASSESSMENT UNDER SELF ASSESSMENT SCHEME.
- xxviii. **PARA NO.4.25-PAGE NO. 51-AR-1990-91**
LOSS OF REVENUE AMOUNTING TO RS.10,000 DUE TO LESS ADD BACK OF ILLEGAL EXPENSES
- xxix. **PARA NO.4.26-PAGE NO. 52-AR-1990-91**
LOSS OF REVENUE AMOUNTING TO RS.133,675 DUE TO NON LEVY/RECOVERY OF SURCHARGE.
- xxx. **PARA NO.4.27-PAGE NO. 53-AR-1990-91**
LOSS OF RS.631,921 DUE TO NON CARRY OVER OF OUTSTANDING DEMANDS IN THE DEMAND AND COLLECTION REGISTER (ARREARS)
- xxxi. **PARA NO.4.28-PAGE NO. 54-AR-1990-91**
LOSS OF REVENUE AMOUNTING TO RS.926,506 DUE TO COMPUTATION MISTAKE
- xxxii. **PARA NO.4.29-PAGE NO. 55-AR-1990-91**
LOSS OF REVENUE AMOUNTING TO RS.14,955,788 DUE TO ALLOWING COMPENSATION ON DELAYED REFUNDS
- xxxiii. **PARA NO.5.4-PAGE NO. 61-AR-1990-91**
LOSS OF REVENUE AMOUNTING TO RS.53,182 DUE TO IRREGULAR GRANT OF EXEMPTION
- xxxiv. **PARA NO.5.5-PAGE NO. 61-AR-1990-91**
DEFECTIVE MAINTENANCE OF RECORDS
- xxxv. **PARA NO.5.6-PAGE NO. 62-AR-1990-91**
EXTRAPOLATED EVASION OF INCOME TAX, CAPITAL VALUE TAX AND WEALTH TAX

- xxxvi. **PARA NO.6.2-PAGE NO. 68-AR-1990-91**
LOSS OF REVENUE AMOUNTING TO RS.6,234,637 DUE TO NON-CHARGING OF WWF
- xxxvii. **PARA NO.6.3-PAGE NO. 69-AR-1990-91**
LOSS OF REVENUE AMOUNTING TO RS.322,361 DUE TO NON-CHARGING OF ADDITIONAL AMOUNT ON WORKERS' WELFARE FUND
- xxxviii. **PARA NO.7.1-PAGE NO. 73-AR-1990-91**
LACK OF RESPONSE
- xxxix. **PARA NO.7.2-PAGE NO. 74-AR-1990-91**
MISREPORTING OF FIGURES THROUGH MONTHLY PERFORMANCE REPORTS
- xl. **PARA NO.7.3-PAGE NO. 77-AR-1990-91**
NON-MAINTENANCE OF RECORD
- xli. **PARA NO.7.4-PAGE NO. 77-AR-1990-91**
DEFECTIVE MAINTENANCE OF RECORD
- xlii. **PARA NO.7.5-PAGE NO. 78-AR-1990-91**
COMMON IRREGULARITIES

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned forty-two (42) Audit Paras.

FINANCE DIVISION

1. OVERVIEW

Appropriation Accounts / Audit Reports / Audit Report Public Sector Enterprises for the year 1990-91 pertaining to the Finance Division were taken up for examination by Special Committee-II of the PAC in the meetings held on July 29th 2010 & March 2nd 2011 in Committee room No.2 Parliament House Islamabad. Decisions taken are summarized below:

- 1.1** Sixteen (16) grants and one (01) Para were reported by AGPR / Audit. Seventy-four (74) Paras of Audit Report on Public Sector Enterprises were presented by Audit
- 1.2** On presentation of the Grants, the Committee recommended regularization of the grants with the observation that obtaining supplementary grant when huge savings were available reflected inaccurate estimation of requirement of funds and poor financial management. Supplementary grant should only be obtained where necessary and where re-appropriation of savings within the grant was not possible. Moreover, all savings should be surrendered in time.
- 1.3** While discussing the grant of Servicing of Domestic Debt, the Committee expressed satisfaction on the improvement of the system and observed that the clients of National Saving Centre have to face great difficulties due to excessive rush and long queues which need improvement in the system. The Committee further observed that some more amount should be spent on the facilities extended by the centre in order to make them more roomy and computerized system should be introduced in all the centres. The Committee directed to submit a report on the improvements being made in the National Saving Centre.

- 1.4 While discussing Para No.191, ARPSE of Federal Bank for Co-operatives, the Committee appreciated that an amount more than 1 billion had been recovered and directed the PAO to submit a copy of recoveries to Audit.
- 1.5 While discussing Para No.221-ARPSE on RDFC, the Committee directed the PAO to ask the legal counsel who had already acquired legal warrant to seek assistance from the Provincial authorities for effecting the arrest and put up a regular progress report of the case to Audit and the Committee. The Committee also directed the PAO to write to the Chief Secretary KPK. The remaining seventy-one (71) Paras were recommended for settlement as per decision of the DAC.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1990-91

1. GRANT NO.39-FINANCE DIVISION

<u>Budget</u>	<u>AGPR Figures</u>	<u>Deptt. Figures</u>	<u>Difference</u>
Excess	(+) 5,213,272	(-) 2,586,728	7,800,000

AGPR pointed out that after accounting for two supplementary grants totaling Rs. 9,800,000, the grant closed with a saving of Rs.93,844,728 (48.38% of the total grant). An amount of Rs.91,258,000 (49.02%) was surrendered resulting in net saving of Rs.2,586,728.

The PAO informed that the saving was due to non-filling of the vacant posts economy measures, and ban on purchase during financial year.

The PAO further stated that the amount surrendered including savings under various heads including the provision for Provincial Zakat Administration, Finance Division (Main) and Military, 6th Wages Commission Banks, and Advisor to Prime Minister.

DIRECTIVE

The Committee recommended regularization of the grant with the observation that obtaining supplementary grant when huge savings were available reflected inaccurate estimation of requirement of funds and poor financial management. Supplementary grant should only be obtained where necessary and where re-appropriation of savings within the grant was not possible. Moreover, all savings should be surrendered in time.

ii. **GRANT NO.40-PAKISTAN MINT**
(OTHER THAN CHARGED)
Saving Rs.665 /-

AGPR pointed out that overall saving was 665/- (0.001% of the total grant).

DIRECTIVE

The Committee recommended regularization of the grant.

iii. **GRANT NO.41-SUPERANNUATION ALLOWANCES AND PENSION**
(CHARGED)
Saving Rs. 96,337,724/-

AGPR pointed out that in “Charged” section after accounting for supplementary appropriation of Rs. 4,712,000, the appropriation closed with a saving of Rs.96,337,724 (72% of the total appropriation).

(OTHER THAN CHARGED)
Saving Rs. 56,895,381/-

AGPR pointed out that in “Other than Charged” section after accounting for supplementary appropriation of Rs. 2,033,000, the grant closed with an excess of Rs.56,895,381 (4.60% of the total grant).

The PAO pointed out that there was an overall saving of Rs39.443 million. He explained that the variation was mainly due to booking of expenditure relating to “Charged” section in “Other Than Charged” section because branches of NBP were not affixing proper stamps on paid vouchers of Pension. The excess / savings were also due to the fact that exact estimation was not possible as the number of pensioners and amount drawn keep varying.

DIRECTIVE

The Committee recommended regularization of the grant.

iv. **GRANT NO.42-NATIONAL SAVINGS
(OTHER THAN CHARGED)**
Excess Rs.572,163/-

AGPR pointed out that overall excess was 572,163/- which was about 0.60% of the total grant.

The PAO explain the Committee that the excess was due to increase 10% compensatory and Dearness allowance. He further sated that this excess pertain to 413 offices.

DIRECTIVE

The Committee recommended regularization of the grant.

v. **GRANT NO.43-OTHER EXPENDITURE OF FINANCE DIVISION**

<u>Budget</u>	<u>AGPR Figures</u>	<u>Deptt. Figures</u>	<u>Difference</u>
Excess / Saving	(+) 2,989,839,071	(-) 103,595,929	

AGPR pointed out that after accounting for two supplementary grants totaling Rs. 395,436,000 and adjustment of expenditure of Rs. 2,705,002,000 pertaining to demand No.46, the grant closed with a saving of Rs.503,364,422, (49.89% of the total grant). An amount of Rs.399,768,493 (64.4%) was surrendered, resulting in net saving of Rs.103,595,929.

The PAO explained that the saving was mainly due to reimbursement of interest differential which was made directly by the State Bank of Pakistan and could not therefore be properly assessed. All funds were not surrendered in the expectation that they would be utilized by the end of the financial year.

DIRECTIVE

The Committee recommended regularization of the grant

- vi. **GRANT NO.44-GRANTS-IN-AID AND MISCELLANEOUS ADJUSTMENTS BETWEEN THE FEDERAL & PROVINCIAL GOVERNMENTS**
Saving / Excess: Zero.

A.G.P.R. pointed out that in the “Charged” section the budgetary provision had been fully utilized. In the “Other than charged” section after accounting for supplementary grant of Rs. 3,98,500,000, the grant closed with saving of Rs. 14,776,361 (0.15%), which had been surrendered in time.

DIRECTIVE

The Committee recommended regularization of the grant.

- vii. **GRANT NO.45-GRANTS AND SUBSIDIES TO NON-FINANCIAL INSTITUTIONS.**
Saving Rs. 84/-

The PAO informed the Committee that after accounting for supplementary grant of Rs. 540,129,000 there was saving of Rs. 39,683,503, which had been surrendered in time except for a nominal amount of Rs. 84/-. The saving was mainly in subsidy to Pakistan Steel.

DIRECTIVE

The Committee recommended regularization of the grant.

viii. **GRANT NO.46-SUBSIDIES AND MISCELLANEOUS EXPENDITURE**

<u>Budget</u>	<u>AGPR Figures</u>	<u>Deptt. Figures</u>	<u>Difference</u>
Saving	(-) <u>2,453,108,484</u>	(+) <u>538,564,501</u>	13,427,047,000

AGPR stated that after taking into account supplementary grant of Rs. 2,521,985,000, and adjustment of Rs. 2,705,002,000 incorrectly booked under grant No. 43, the grant closed with a saving of Rs.1,128,996,484 which works out to 10.52 percent of the total grant. A total amount of Rs. 538,564,501 (including a sum of Rs. 286,671,000 nor originally accounted for) was surrendered, converting the saving into excess of Rs.538,564,501.

The PAO stated that the reasons for the savings / excess were that payment of 5% subsidy on State Bank of Pakistan credit etc. were made by SBP directly and not reported timely. Excess was due to more expenditure under head “un-allocable debited by SBP.

DIRECTIVE

The Committee recommended regularization of the grant, with the direction that the PAO should coordinate with the Governor, SBP to improve management and submit a report of funds disbursed directly by SBP.

ix. **GRANT NO.139-FEDERAL MISCELLANEOUS INVESTMENTS**

Saving Rs. 113,687,613/-

AGPR pointed out that after accounting for supplementary grant of Rs. 1,616,780,000, the grant closed with a saving of Rs.168,428,613 (9.39% of the total grant). An amount of Rs.54,741,000 (3.05%) was surrendered, leaving a net saving of Rs.113,687,613 (6.34%).

He explained that the saving was mainly due to the provision kept for Federal Government Investment in Financial Institutions through the Equity Participation Fund. Since the terms and conditions of the investment were

expected to be finalized before the close of the financial year, the saving could not be surrendered in time.

The PAO stated that out of the supplementary grant of Rs.1.61 billion, Rs.1.56 billion was for expenditure on account of conversion of repayment of foreign loans relating to Pakistan Steel and Rs. 0.05 billion (113,687,613) for temporary equity for Export Credit Guarantee Schemes.

DIRECTIVE

The Committee recommended regularization of the grant.

x. **GRANT NO.140-OTHER LOANS AND ADVANCES BY THE FEDERAL GOVERNMENT.**

<u>Budget</u>	<u>AGPR Figures</u>	<u>Deptt. Figures</u>	<u>Difference</u>
Saving	(-) 97,828,995	(-) 71,406,995	26,422,000

AGPR pointed out that after taking into account supplementary grant of Rs. 47,354,000 the grant closed with a saving of Rs.1,591,374,582 (44.58% of the total grant). An amount of Rs.1,493,545,587 (41.84%) was surrendered leaving net saving of Rs.71,406,995.

The PAO informed the Committee that saving of Rs.6.007 million was due to MAG, Rawalpindi Rs.10.567 million pertained to “Loans to Friendly Country-Maldives” and Rs.54.833 million was on account of loans and advances i.e. HBA, Motor Car Advance, Motor Cycle/Cycle Advance.

The Committee observed that supplementary grant was obtained despite huge savings. Moreover, substantial amount was not surrendered in time.

The Committee directed that the grant be considered in the next meeting of the DAC so that figures can be reconciled and reasons for supplementary grant (savings) non-surrender of all savings can be discussed and noted for future

rectification. Report of the DAC should be submitted to the Committee within one month.

When the grant was taken up again on 2nd March, 2011, AGPR reported that the issue has been discussed in the DAC meeting and the difference in saving has been reconciled and now net saving was Rs.97,828,995/-. The PAO may like to explain.

The PAO explained that there were three reasons for this saving. The sum of Rs. 81 million pertained to advances which could not be drawn due to procedural formalities, however, the ministry has now taken remedial measures and funds are released twice in a year. The 2nd reason is that the department had issued a payment voucher to SBP for payment of Rs. 506 million which is being given to friendly countries as a loan but in appropriation accounts this amount was indicated as 495 million instead of Rs.506 million. He further stated that this mistake was later on rectified but saving of Rs.10 million in that year was shown. The MAG office raised a debt in 1989-90 for a third amount of Rs. 6 million which was withdrawn in the latter year which was displayed a saving of Rs. 6 million.

DIRECTIVE

The Committee observed that there should be a system in place to ensure that only those supplementary grants are obtained which are absolutely necessary and saving should not accrue and if so, it should be surrendered in time. The Committee further observed that the Finance Division should set an example for other ministries to follow. The Committee recommended the grant for regularization subject to verification by AGPR.

xi. GRANT NO.152- DEVELOPMENT EXPENDITURE OF FINANCE DIVISION

Saving / Excess: Zero.

AGPR pointed out that after accounting for two supplementary grants totaling Rs. 1,816,933,200, the grant closed with saving of Rs. 471,474,000 (25.93%). The entire saving was surrendered in time.

xii. GRANT NO.185-A -- CAPITAL OUTLAY ON FEDERAL INVESTMENT

Saving / Excess: Zero.

A.G.P.R. stated that supplementary grant of Rs. 50,000,000 was provided for development expenditure of Pakistan Television Corporation. Saving of Rs. 37,460,000 accrued which was surrendered in time.

DIRECTIVE

The Committee recommended regularization of both the above grants.

xiii. GRANT NO.186-CAPITAL OUTLAY ON SPECIAL DEVELOPMENT PROGRAMMES OF PROVINCES.

Excess Rs. 780,098,888/-

AGPR pointed out that the grant closed with an excess of Rs.258,098,888 (5.00% of the total grant). An amount of Rs.522,000,000 (9.84%) was surrendered increasing the excess to Rs.780,098,888 (14.71%).

The PAO informed the Committee that excess was due to disbursement of foreign aid as intimated by EAD, after close of financial year. He further explained that surrender of Rs. 252,000,000 and Rs. 270,000,000 were made to enable SAFRON and AJK / Northern Areas to obtain supplementary grants for FATA and KANA respectively.

The Committee referred the grant to the DAC meeting for re-consideration of the reasons for the excess. The DAC will submit its report within one month to the Committee.

When the grant was taken up again on 2nd March, 2011, AGPR reported that the DAC had to submit a report within one month which is still awaited.

The PAO explained that the actual excess was of Rs. 780 million instead of 258 million as pointed out by AGPR. He further stated that the department needs to meet this grant through two sources; one is internal and the other is external. He said that there was no issue in the internal source and it has been duly reconciled with AGPR as far as external aid is concerned we had received aid more than what was expected and the SBP raised an other debit of Rs. 672 million after the closure of financial year in September. Thus appropriation account of Rs. 1.3 billion was considered. The PAO further said that the money which was lying in our account in the Finance Division is transferred to other ministries for utilization which is technically considered as surrender and we had given an amount of Rs. 522 million to KANA.

The AGPR recommended the grant for regularization.

DIRECTIVE

The Committee recommended the grant for regularization as suggested by the AGPR.

xiv **GRANT NO.187-DEVELOPMENT LOANS AND ADVANCES BY THE FEDERAL GOVERNMENT**
Saving / Excess: Zero

A.G.P.R. pointed out that in the “Charged” section the appropriation had been fully utilized. In the “Other than charged” section also accounting for supplementary grant of Rs. 513,981,000, the grant was fully utilized.

DIRECTIVE

The Committee recommended regularization of the grant as the budgetary provisions had been fully utilized.

xv. **SERVICING OF DOMESTIC DEBT**
(CHARGED)

<u>Budget</u>	<u>AGPR Figures</u>	<u>Deptt. Figures</u>	<u>Difference</u>
Excess	(+) 377,924,804	(+) 2,008,577,517	1,770,652,713

AGPR pointed out that after accounting for expenditure of Rs. 1,770,652,713 not incorporated earlier, the appropriation closed with a saving of Rs.4,111,582,483 (10.45% of the total appropriation). An amount of Rs.6,260,160,000 (15.69%) was surrendered resulting into excess of Rs. 2,008,577,517(0.94%).

The PAO informed the Committee that excess is mainly on account of un-funded debt i.e. National Savings Schemes. Exact estimation of interest payment is not possible as government securities can be purchased and en-cashed any time by the investors and trends may not be followed during the course of the whole year.

DIRECTIVE

The Committee referred the grant to the DAC for consideration of the reasons for the excessive surrender. The DAC will submit its report within one month.

When the grant was again taken up on 2nd March, 2011, AGPR reported that the PAO had been directed to submit a report on servicing of domestic debt. The PAO may like to explain.

The PAO informed the Committee that the department had a saving of Rs. 5.8 billion but by becoming over cautious an amount of Rs. 6.2 billion had been surrendered. He further said that the out flows at the National Saving Centre of the first three months are kept in view and estimated on the basis of first nine months record. He said that the department had no control on withdrawals of the last three months hence this excess has occurred. He sated that the system was

being computerized and 89 centres had been automated and now actual estimates of the department of the last three years were correct because now the budgets are monitored on monthly basis.

DIRECTIVE

The Committee expressed satisfaction on the improvement of the system and observed that the clients of National Saving Centre have to face great difficulties due to excessive rush and long queues which need improvement in the system. The Committee further observed that some more amount should be spent on the facilities extended by the centre in order to make them more roomy and computerized system should be introduced in all the centres. The Committee directed to submit a report on the improvements being made in the National Saving Centre.

xvi. **REPAYMENT OF DOMESTIC DEBT**
(CHARGED)
Excess Rs. 7,876,030,401/-

AGPR pointed out that the appropriation closed with a saving of Rs.114,469,555,599 (15.43% of the total appropriation). An amount of Rs.122,345,586,000 (16.49%) was surrendered, resulting into excess of Rs.7,876,030,401 (1.06%).

The PAO informed the Committee that excess was mainly due to repayment against permanent debt (Prize Bond) and floating debt (Market Treasury Bills), which was more than initial estimates.

DIRECTIVE

The Committee recommended regularization of the grant.

xvii. **AUDIT**
(CHARGED)
Excess Rs. 1,815,305/-

AGPR pointed out that after accounting for supplementary appropriation of Rs. 26,165,000, the appropriation closed with an excess of Rs.1,815,305 (0.5% of the total appropriation).

The PAO informed the Committee that excess was due to grant of adhoc, compensatory allowance by Federal Government, as the funds provided through supplementary appropriation were inadequate.

DIRECTIVE

The Committee recommended regularization of the grant.

3. **AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF FINANCE DIVISION FOR THE AUDIT YEAR 1990-91.**

The DAC recommended the following Audit Para for settlement by the Special Committee: -

3.1 **PARA-1 (PAGE-43) AR 1990-91**
LOSS OF Rs 98,280/- IN A DACOITY

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned Audit Para.

4. AUDIT REPORT PUBLIC SECTOR ENTERPRISES ON THE ACCOUNTS OF MINISTRY OF FINANCE DIVISION FOR THE AUDIT YEAR 1990-91

AGRICULTURAL DEVELOPMENT BANK OF PAKISTAN

4.1 Para-174-Page- 128-ARPSE-1990-91

Audit pointed out that loans to the extent of Rs 8.230 million had been declared bad and their recovery doubtful but no provision to this effect had been made in the accounts for the year 1990-91. All out efforts were required to be made to effect recovery of the outstanding without further delay. Reasons as to why the outstanding had piled up to such an extent also need to be investigated and the recovery procedure is required to be streamlined so as to ensure timely and prompt recovery of the loan.

The Chief Executive ADBP (now ZTBL) informed the Committee that recovery of non-performing classified loans had greatly improved. Procedures had also been streamlined Incentive schemes had been initiated and in many regions / branches 100% recoveries had been made.

The Chief Executive, stated profit of the Bank had also registered a sharp increase.

The Committee directed the Chief Executive to submit a note on the restructuring of the Bank and the measures for improvement of the system that had been taken by the management within one month.

When the para came up again on 2nd March, 2011, Audit reported that the department had to submit a report as desired by the Committee which is still awaited.

The PAO informed the Committee he was not prepared for compliance on this para.

DIRECTIVE

The Committee observed that compliance has to be reported to the Committee in any case and directed the PAO to submit a written compliance to audit. The para was recommended for settlement subject to satisfaction of Audit.

4.2 **Para-175-Page- 129-ARPSE-1990-91** **NON-RECOVERY OF AGRICULTURAL LOANS: RS 2.658 MILLION**

Audit pointed out that in Agriculture Development Bank of Pakistan, Kotri Branch, a sum of Rs 3.279 million was outstanding as on June 30, 1990 due to non-recovery from chronic defaulters. A sum of Rs 620,869 only was recovered upto February 1992 leaving a balance of Rs 2.658 million. The chances of recovery are remote as a number of defaulters pertain to the period before 1982-83.

The Chief Executive stated that out of the total 25 loan cases, recovery of Rs. 4.4 million had been made in 18 cases which had been remaining 7 cases the Bank was vigorously pursuing.

The Committee directed the PAO to send a report regarding the recovery proceedings in the remaining 7 cases to Audit, and a copy to the Committee, within one month.

When the para came up again on 2nd March, 2011, Audit reported that the department had a submit a report as desired by the Committee which is still awaited.

The PAO informed the Committee that he was not prepared for submission of a compliance report on this para.

DIRECTIVE

The Committee observed that compliance has to be reported to the Committee in any case and directed the PAO to submit a written compliance to audit. The para was recommended for settlement subject to satisfaction of Audit.

4.3 **Para-176-Page- 129-130-ARPSE-1990-91** **WAIVING OFF OF AGRICULTURAL LOANS: LOSS RS.1.148 MILLION**

Audit stated that the Agriculture Development Bank of Pakistan, Khairpur Branch, advanced emergency loans aggregating Rs 1,148,188 during 1976. When recovery fell due, the loanees could not be located. The management waived off the aforesaid loans in June 1988. Waiving off these loans was un-justified because they were fully secured against mortgage of agricultural land.

The Chief Executive, ADBP informed the Committee that the loans were advanced in emergency on the recommendation of Mukhtarkar to the borrower of Kacha area / Pacca area as per announcement of the then Prime Minister. It was acknowledge that genuineness of the collateral land had not been properly investigated / verified. Due to heavy rainfalls/flood in the area it was difficult to trace the defaulter farmers. However, the cases were transferred to proforma ledger account so that as and when the defaulted farmers approach the Bank for availing another loan, the recovery of the previous loan will be made before processing the fresh case. It was also stated that some record of the loans had also been destroyed in a fire.

The Committee expressed its dissatisfaction with the reply of the Bank. The contention that the record has been burnt is unacceptable. The Committee directed the CE to reconstruct the record, revive the legal proceedings and make vigorous efforts to effect fully recovery. The CE will submit a report in this regard within one month.

When the para came up again on 2nd March, 2011, Audit reported that the department had to submit a report as desired by the Committee which is still awaited.

The PAO informed the Committee that he was not prepared for submission of a compliance report on this para.

DIRECTIVE

The Committee observed that compliance has to be reported to the Committee in any case and directed the PAO to submit a written compliance to audit. The para was recommended for settlement subject to satisfaction of audit.

4.4 Para-178-Page- 131-132-ARPSE-1990-91 TUBEWELL SUBSIDY LOANS UNRECOVERED: LOSS RS 433,356

Audit pointed out that in Agricultural Development Bank of Pakistan Branch of Gambat Sindh, loans amounting to Rs.433,156 were paid to various borrowers during 1974 to 1976 under a Sindh government subsidy scheme for installation of diesel tube-wells in the area, after verification of their properties the revenue authorities. The disbursed loans had not been recovered from the defaulters even after the lapse of more than 15 years.

The Chief Executive stated that loans for tube well of kacha area under subsidy scheme were-advanced by the branch on the guarantee of Sindh Government without any tangible security.

The CE further stated that due to floods in the River Indus the lands of the loanees had been eroded and they had shifted/migrated and it is now very difficult to trace them.

The PAO assured the Committee that he would personally take up the issue with Government of Sindh, and submit a report thereafter to the Committee.

The Committee directed the PAO to vigorously pursue the matter with the Government of Sindh and submit his report within one month regarding the recovery efforts.

On 2nd March, 2011, Audit reported that the department had to submit a report as desired by the Committee which is still awaited.

The PAO informed the Committee that he was not prepared for submission of a compliance report on this para.

DIRECTIVE

The Committee observed that compliance has to be reported to the Committee in any case and directed the PAO to submit a written compliance to audit. The para was recommended for settlement subject to satisfaction of audit.

FEDERAL BANK FOR CO-OPERATIVES

4.5 Para-191-Page- 140-ARPSE-1990-91

Audit pointed out that although had been earning profits during the period 1986-87 to 1990-91, consistent efforts were required to be made to further improve the financial position of the Bank.

The PAO informed that the FBC was under liquidation and an Administrator had been appointed 22 suits for recovery of outstanding dues totaling Rs. 776.69 million were subjudice in different courts and were being pursued by the Bank. The Honorable high Court had directed the lower courts for speedy disposal of these cases.

The PAO stated that the Ministry will take action against officers of FBC who did not attend the DAC meeting.

The PAO requested that the Ministry be allowed some time to resolve the Audit Para in DAC meeting.

The Committee expressed its displeasure that the Administrator / present management of FBC did not attend the DAC or the present PAC meeting.

Accepting the request of the PAO, the Committee directed him to take up the above-mentioned Para in the next DAC meeting. In case a report is not received from the management of FBC, the matter should be brought to the notice of the Prime Minister. The Committee also directed the PAO to submit a report on action taken in this regard to the Committee within one month.

When the matter was taken up again on 2nd March, 2011, Audit reported that PAC may like to direct the Ministry to take effective steps for the recovery of the entire outstanding amount.

The liquidator explained that the liquidation had started in 2002 and recoveries of Rs. 1.18 billion had to be made out of which an amount of Rs.1102 million have been recovered and the net outstanding recovery was 56 million. He further sated that every asset of the bank has been disposed off, however, the bank in Pukhtoon Kkwa has been revived by the province and it would affect the balance as well. He stated that recoveries have stuck up due to court cases. He further stated that execution of decrees is being pursued in the courts.

DIRECTIVE

The Committee appreciated that an amount more than 1 billion had been recovered and directed the PAO to submit a copy of recoveries to audit and the para was recommended for settlement subject to recovery of entire amount and verification of recoveries by Audit.

4.6 **Para-194-Page- 141-ARPSE-1990-91**

Audit requested the Committee that this para relating to recovery of outstanding dues may also be clubbed with Para No.191, Page-140, ARPSE-1990-91 to resolve both the paras in the DAC meeting.

DIRECTIVE

Accepting the request of the Audit the Committee directed the PAO to discuss these paras in detail in the DAC meeting and submit report to the Committee within one month.

(The report was not received hence the para has to be taken up by the Monitoring and Implementation Committee of the PAC for further action).

REGIONAL DEVELOPMENT FINANCE CORPORATION

4.7 **Para-221-Page- 155-ARPSE-1990-91**

Irregular rescheduling of loan of Rs. 1.204 million and unjustified grant of additional loan of Rs 266,000

Audit stated that the Regional Development Finance Corporation (RDFC), Islamabad, sanctioned a loan of Rs 1.298 million on Nov 22, 1985 to M/s. Rehman Silver Industries, Chakdara Dir. The loan was to be repaid in 10 half-yearly equal installments commencing from June 30, 1987. An amount of Rs 1.204 million out of the sanctioned amount was disbursed upto Jan 28, 1988. The repayment was rescheduled by (RDFC) on June 30, 1988. On loanee's request an additional loan of Rs 266,000 was sanctioned on Nov 23, 1988 and disbursed in 1989. Repayment was again rescheduled, with the first installment falling due on Jan 1, 1990 which has not yet been deposited by the loanee. Thus the rescheduling of loan without recovery of overdue installments and granting an additional loan of Rs 226,000 amounts to undue and unjustified favour to the loanee.

The PAO informed the Committee that sponsor closed the project after it remained in operation for a short time. RDFC had initiated legal proceedings

against the sponsors and recovery suit was filed with Pakistan Banking Tribunal Peshawar. The Banking Tribunal decreed the case in favour of RDFC for an amount of Rs,3,150,210 on April 25, 1994. The projects assets and collaterals had been auctioned through Court. The Judgment Debtor had absconded, Arrest warrants had been issued by the Banking Court, Peshawar. The case had been adjourned sine die.

The Committee directed the PAO to provide a detailed report on this case including the exact, efforts and investigation as to whether sanction of the loan was irregular or bona-fide, and in case of the latter, who were the persons responsible. Report is to be submitted to the Committee within one month.

When the para came up again on 2nd March, 2011, Audit reported that the banking tribunal had decreed the case in favour of RDFC for an amount of Rs. 3.2 million and issued an arrest warrant as the borrower had absconded was un traceable.

The PAO this was decreed case in tribal area (PATA) in which the party was not traceable hence there was hardly any thing that could be done and now the portfolio has been transferred to NBP. He further stated that the land of the company had been sold by the department and now recovery amount was reduced to Rs. 2.6 million. SME would now handle these paras and as far as recoveries are concerned NBP would up date the progress of recovery.

DIRECTIVE

The Committee directed the PAO to ask the legal counsel who had already acquired legal warrant to seek assistance from the Provincial authorities for effecting the arrest and put up a regular progress report of the case to audit and the Committee. The Committee also directed the PAO to write to the Chief Secretary KPK and send a copy of that letter to the Committee as well. The report

would not be taken up by the Monitoring and Implementation Committee of the PAC for further action.

4.8 **Para-225-Page- 158-159-ARPSE-1990-91**
UN RECOMMENDED SBFC PROJECT LOAN TO A DOCTOR; RS.420,000 PLUS INTEREST.

Audit stated that the Small Business Finance Corporation, Lahore, sanctioned a loan of Rs 420,000 to a doctor on July 3, 1985 for setting up a clinic, to be advanced in two equal monthly installments. The second installment was paid without verification of proper utilization of the first. Moreover as per recovery schedule, the loanee was to repay the loan in 60 equal monthly installments starting from February 21, 1986, but not a single installment was paid by him despite legal notice. Recoverable balance, inclusive of interest and legal charges, was Rs 619,054 as on June 30, 1988. The recoverable amount stood at Rs 799,998 as on Dec 30, 1991. Although the loan was fully secured by mortgage and legal cases had been decided in favour of SBFC, no concrete action for recovery had been taken thus far.

The PAO informed the Committee that recovery of old out standings of RDFC and SBFC had been out sourced to National Bank of Pakistan.

DIRECTIVE

The Committee referred the Para to DAC to review recovery efforts made thus far and submit its recommendations to the Committee within one month failing which the para has to be taken by the Monitoring and Implementation Committee of the PAC for further action.

REGIONAL DEVELOPMENT FINANCE CORPORATION

- i. **Para-222-Page- 156-ARPSE-1990-91**
Inadmissible payment of bonus to the officers; Loss Rs 485,418

SUMMARY OF PARAS

- ii. **Para-164-(ARPSE-1990-91)**
Regional Development Finance Corporation and Small Business Finance Corporation failed to submit their accounts for the year 1990-91 by the prescribed date.
- iii. **Para-165-(ARPSE-1990-91)**
Working results
- iv. **Para-166-(ARPSE-1990-91)**
Expenditure increased from Rs. 2.301 million in 1989-90 to Rs. 2.794 million in 1990-91.
- v. **Para-167-(ARPSE-1990-91)**
Cash in transit increased from Rs. 81.790 million on 30.6.1989 to Rs. 113.490 million on 30.6.1990.
- vi. **Para-168-(ARPSE-1990-91)**
Balance in Current Account increased from Rs.295 million on 30.6.1989 to Rs.502 million on 30.6.1990.
- vii. **Para-169-(ARPSE-1990-91)**
Capital work in progress stood at Rs.9.420 million on 30.6.1990. Early completion of work is stressed.
- viii. **Para-170-(ARPSE-1990-91)**
Income tax refundable
- ix. **Para-171-(ARPSE-1990-91)**
An amount of Rs.38.298 million was appeared in suspense account on 30.6.1991. Early clearing of suspense account is stressed.
- x. **Para-172-(ARPSE-1990-91)**
Overtime allowance increased from Rs.2.900 million in 1989-90 to Rs.3.400 million in 1990-91.
- xi. **Para-173-(ARPSE-1990-91)**
Branch adjustments of Rs.11.430 million was stood on 30.6.1991 which required early adjustment.
- xii. **Para-177-(ARPSE-1990-91)**
Loss of Rs.968,868 due to 100% remission of interest charges recoverable from an oil Mill.
- xiii. **Para-192-(ARPSE-1990-91)**
Funds to the tune of Rs.184.962 million were held by the bank in reserve fund but no specific investment was made.
- xiv. **Para-193-(ARPSE-1990-91)**
Capital work in progress increased to Rs.12.770 million on 30.6.1991. Early completion of work is stressed.
- xv. **Para-195-(ARPSE-1990-91)**
Provision for diminution in respect of fully paid up shares increased from Rs.6.883 million on 30.6.1990 to Rs.31.593 million on 30.6.1991.
- xvi. **Para-196-(ARPSE-1990-91)**
Introductory para

- xvii. **Para-197-(ARPSE-1990-91)**
Working results of the company for the year 1990-91
- xviii. **Para-198-(ARPSE-1990-91)**
Subsidy claims of Rs.172.348 million for losses were recoverable from Government.
- xix. **Para-199-(ARPSE-1990-91)**
The accounts for the year were not yet approved by the BOD.
- xx. **Para-222-(ARPSE-1990-91)**
Inadmissible payment of bonus to the officers Rs.485,418.
- xvi. **Para-223-(ARPSE-1990-91)**
Non-recovery of Rs.838,000 from a loanee.
- xvii. **Para-224-(ARPSE-1990-91)**
Business loan to tin container unit and loss Rs.637,911 due to non-recovery.
- xviii. **Para-226-(ARPSE-1990-91)**
Un-recovered project loan from two parties. Outstanding Rs.350,000 plus interest.

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned twenty-three (23) Audit Paras.

5. AUDIT REPORT PUBLIC SECTOR ENTERPRISES VOLUME-VIII ON THE ACCOUNTS OF MINISTRY OF FINANCE DIVISION FOR THE AUDIT YEAR 1990-91.

Industrial Development Bank of Pakistan

- i. **Para-163-(ARPSE-1990-91)**
Declined to entertain the state audit

Bankers Equity Limited (BEL)

- ii. **Para-179-(ARPSE-1990-91)**
Working results of the company for the year 1990-91 as compared to 1989-90 were discussed
- iii. **Para-180-(ARPSE-1990-91)**
Imprudent investment in shares of joint stock companies
- iv. **Para-181-(ARPSE-1990-91)**
Short term deposit needs to be invested in some profitable institution
- v. **Para-182-(ARPSE-1990-91)**
Provision for contingencies against PLS financing was Rs.243.762 million as on 30-06-1991as against Rs.179.823 million in the previous year.

- vi. **Para-183-(ARPSE-1990-91)**
Cash and bank balances were Rs.416.333 million at the end of the year 1990-91 as against Rs.161.283 million in the previous year.
- vii. **Para-184-(ARPSE-1990-91)**
Advances, deposit prepayments and sundry receivables increased from Rs.248.420 million as on 30-06-1990 to Rs.365.201 million as on 30-06-1991.

Equity Participation Fund

- viii. **Para-185-(ARPSE-1990-91)**
Introductory para.
- ix. **Para-186-(ARPSE-1990-91)**
Working results of the Fund for the year 1990-91 as compared to 1989-90
- x. **Para-187-(ARPSE-1990-91)**
The investment in 220 unquoted companies stood at Rs.154.683 million as on June 30, 1991
- xi. **Para-188-(ARPSE-1990-91)**
Position of outstanding portfolio, over dues and recoveries as on June 30, 1991
- xii. **Para-189-(ARPSE-1990-91)**
Assets in Bangladesh amounting to Rs.51.386 million remained un-settled.
- xiii. **Para-190-(ARPSE-1990-91)**
Rs 944,633 outstanding against M/s. Lamipak Industries (Private) Limited

House Building Finance Corporation

- xiv. **Para-164(1)-(ARPSE-1990-91)**
Non-Submission of Accounts
- xv. **Para-200-(ARPSE-1990-91)**
Working results of the corporation for the year 1988-89 as compared to 1987-88.
- xvi. **Para-201-(ARPSE-1990-91)**
Un-appropriated profit of Rs.181.335 million as on 30-06-1989 is required to be deposited in Government account together with the interest earned thereon.
- xvii. **Para-202-(ARPSE-1990-91)**
Un-reconciled bank account of the corporation at district level
- xviii. **Para-203-(ARPSE-1990-91)**
Provision for doubtful debts in respect of secured loans increased from Rs.46.000 million as on 30-06-1988 to Rs.57.753 million as on 30-06-1989.
- xix. **Para-204-(ARPSE-1990-91)**
Non-payment International Development Association loan amounting to Rs.155 million and interest thereon.

- xx. **Para-205-(ARPSE-1990-91)**
Assets and liabilities of Pakistan Refugees Rehabilitation Finance corporation (PRRFC) amounting to Rs.19.627 million taken over by HBFC needs to be settled.

Investment Corporation of Pakistan

- xxi. **Para-206-(ARPSE-1990-91)**
The position of application for financial assistance applied for and approved during the years 1990-91as compared to 1989-90.
- xxii. **Para-207-(ARPSE-1990-91)**
The working results of the corporation for the year 1990-91as compared to 1989-90.
- xxiii. **Para-208-(ARPSE-1990-91)**
Return on interest held under PLS investors sharing scheme increased by 190% from Rs.21.799 million to Rs.63.181 million during 1990-91 as against decreased of 2.04% in the year 1989-90.
- xxiv. **Para-209-(ARPSE-1990-91)**
Accounts receivable amounting to Rs.120.408 million as on 30-06-1991 as against Rs.96.587 million at the end of previous year
- xxv. **Para-210-(ARPSE-1990-91)**
Assets in Banladesh amounting to Rs.99.080 million remained un-settled.
- xxvi. **Para-211-(ARPSE-1990-91)**
Cash and bank balance in PLS saving and current accounts were Rs.189.071 million as on 30-06-1991 as compared to Rs.86.128 million of previous year.

National Development Finance Corporation

- xxvii. **Para-212-(ARPSE-1990-91)**
Working results of the corporation for the year 1990 as compared to 1989.
- xxviii. **Para-213-(ARPSE-1990-91)**
Seeking of GOP's approval for increase in paid up capital of corporation through stock dividend
- xxix. **Para-214-(ARPSE-1990-91)**
Un-realistic and excessive reserve have been established so that the Government does not receive its due share of profit.
- xxx. **Para-215-(ARPSE-1990-91)**
Cash and bank balances amounting to Rs.99.6.199 million as on 31-12-1989 which increased to Rs.1096.177 million as on 31-12-1990.
- xxxi. **Para-216-(ARPSE-1990-91)**
Current liabilities of the corporation stood at Rs.1980.659 million as against the current assets worth Rs.1683.579 million as on 31-12-1990.
- xxxii. **Para-217-(ARPSE-1990-91)**
Penalty for late deposit of export proceeds: Loss Rs 2.095 million

Pakistan Security Printing Corporation (Pvt) Limited

- xxxiii. **Para-218-(ARPSE-1990-91)**
Working results of the corporation for the year 1990-91 as compared to 1989-90.
- xxxiv. **Para-219-(ARPSE-1990-91)**
Trade debts stood at Rs.274,340 million as at 30-06-1991 as against Rs.174,749 million as on 30-06-1990.
- xxxv. **Para-220-(ARPSE-1990-91)**
Other expenses included loss on bank notes stolen amounting to Rs.2.729 million.

State Bank of Pakistan

- xxxvi. **Para-227-(ARPSE-1990-91)**
Working results of the SBP for the year 1990-91 as compared to 1989-90
- xxxvii. **Para-228-(ARPSE-1990-91)**
Increase in expenditure in various head of accounts during 1990-91 as compared to 1989-90
- xxxviii. **Para-229-(ARPSE-1990-91)**
Escalation in prices and delay in completion of canteen project: Loss Rs 2.669 million.

EQUITY PARTICIPATION FUND

- xxxix. **Para-187-(ARPSE-1990-91-Vol-VIII)-PAGE-137**
xl. **PARA-190-(ARPSE-1990-91-VOL-VIII)-PAGE-139**
Rs 944,633 outstanding against M/s. Lamipak Industries (Private) Limited

HOUSE BUILDING FINANCE CORPORATION

- xli. **Para-205-(ARPSE-1990-91-Vol-VIII)-Page-145**

INVESTMENT CORPORATION OF PAKISTAN

- xlii. **Para-206-(ARPSE-1990-91-Vol-VIII)-Page-146**

PAKISTAN SECURITY PRINTING CORPORATION (PVT) LIMITED

- xl. **Para-220-(ARPSE-1990-91-Vol-VIII)-Page-154**

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned Audit Paras.

MINISTRY OF FOOD AND AGRICULTURE

1. OVERVIEW

Appropriation Accounts / Audit Reports / Audit Report Public Sector Enterprises for the year 1990-91 pertaining to the Ministry of Food & Agriculture and Dairy Development were taken up for examination by Special Committee-II of the PAC in the meetings held on June 9th, 2010, July 14th, 2010, October 7th, 2010, December 28th, 2010 & January 27th, 2011. Decisions taken are summarized below:

- 1.1** Twelve (12) grants and fifteen (15) Paras were reported by AGPR / Audit. Performance Audit Report on the accounts of National Tea Research Station, Mansehra was also presented to the Committee.
- 1.2** On presentation of grant No.54, the Committee was surprised at the usage of supplementary grant of Rs.1,670,000 on telephone charges. The Committee directed the Ministry to be careful while making such decisions in future.
- 1.3** While discussing grant No.157, the Committee expressed displeasure that the Ministry had been allocated a huge amount of Rs.100,246,248 and did not spend it. This showed misallocation of resources and the Committee took serious notice of it. The Committee directed the PAO to prepare a report on fish harbour for the main PAC as to what went wrong, how the project was conceived, when was it conceived and explain how this huge surrender occurred at that time.
- 1.4** While discussing Para No.02 AR-1990-91, the Committee directed the PAO to fix responsibility, take necessary action.
- 1.5** While discussing Performance Audit Report on the accounts of National Tea Research Station, Mansehra, the Committee endorsed the recommendations of the DAC for settlement.

- 1.6 While discussing Para No.233 ARPSE, the Committee observed that the Main PAC had constituted a Sub-Committee under the Convenership of Sadar Ayaz Sadiq, which was looking into the accounts of PASSCO, hence this Para will also be passed on to the Sub-Committee of the Main PAC. In Para No.237 of ARPSE, the Committee directed the Chairman, PASSCO to look into the decision of the Board of Inquiry and submit a report to the Committee. The Committee showed displeasure on the progress of court cases and directed the Chairman to expedite them. The Committee kept the Para pending and asked to include reasons of non-use of the spraying machine for so many years, which resulted in all these complications. Since court cases are involved the progress has to be monitored by the Monitoring and Implementation Committee of the PAC.

2. **APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1990-91**

i. **GRANT NO. 54- FOOD AND AGRICULTURE DIVISION** **Saving Rs. 708,834/-**

A.G.P.R. pointed out that the grant closed with a saving of Rs. 708,834 (1.68% of the total grant). A supplementary grant of Rs. 400,000 was sanctioned but not included in the supplementary schedule of authorized expenditure.

The PAO informed the Committee that the Ministry had reconciled figures with the Audit and there was a difference of four lacs for which relevant documents have been shown to Audit and the Audit has reconciled with the figures in the DAC meeting. The PAO further informed that this was due to installation of Telephone exchange in the Ministry.

DIRECTIVE

The Committee was surprised at the usage of supplementary grant of Rs.1,670,000 on telephone charges. The Committee directed the Ministry to be

careful while making such decisions in future, and recommended the para for settlement.

ii. **GRANT NO. 55- AGRICULTURE RESEARCH DIVISION.**
Excess/ Saving Rs. 28,478/-

A.G.P.R. pointed out that the grant closed with an excess of Rs. 16,478 (0.01% of the total grant). An amount of Rs. 12,000 was surrendered leaving net excess to Rs.28,478. A supplementary grant of Rs. 372,000 was sanctioned but not included in the supplementary Grant of authorized expenditure.

The PAO informed the Committee that the figures had been reconciled with the Audit.

iii. **GRANT NO. 57- PLANT PROTECTION MEASURES**
Excess Rs. 4,370,655

A.G.P.R. pointed out that the grant closed with an excess of Rs. 4,283,824 (8% of the total grant). An amount of Rs. 86,831 was surrendered leaving net excess to Rs.4,370,655. A supplementary grant of Rs. 1,100,000 was sanctioned but not included in the supplementary grant of authorized expenditure.

The PAO informed the Committee that the Ministry had reconciled figures with the Audit and the excess was due to the post-budgetary increases in pay and pension. In 1991 the Ministry had received the recovery and adjusted the amount in the grant which was adjusted and excess appeared in grant. The PAO further said that it is also due to increase in rate of Government surcharges from 6% to 10% on the cost of pesticides and this was also adjusted that is why excess had been shown in the grant and there is no irregularity in it.

iv. **GRANT NO.58- OTHER AGRICULTURAL SERVICES.**
Excess Rs. 1,257,887/-

A.G.P.R. pointed out that the grant closed with an excess of Rs. 1,257,887 (5% of the total grant). A supplementary grant of Rs. 833,157 was sanctioned but not included in the supplementary grant of authorized expenditure.

The PAO informed the Committee that this had been reconciled with the Audit in the DAC, excess occurred due to the expenditure on reimbursement of medical charges as well as additional expenditure on electricity charges due to installation of Cold Storage Green House & Environment Room in National Seed Organization.

v. **GRANT NO. 62- OTHER EXPENDITURE OF FOOD AND AGRICULTURE DIVISION.**
Excess Rs. 1,349/-

A.G.P.R. pointed out that the grant closed with an excess of Rs.461,048 (3.35% of the total grant). An amount of Rs. 466,397 was surrendered resulting into an excess of Rs.1,349.

The PAO requested to the Committee that it was very small amount which may be regularized.

vi. **GRANT NO.135- CAPITAL OUTLAY ON PURCHASE OF FERTILIZER**
Excess Rs. 29,891,945/-

A.G.P.R. pointed out that the grant closed with an excess of Rs. 17,892,945 (0.24% of the total grant). An amount of Rs. 11,999,000 was surrendered increasing net excess to Rs.29,891,945.

The PAO informed the Committee that this excess was unforeseeable, because when we make more recovery such incidental excesses do happen. The PAO further informed the Committee that this was also due to increased expenditure on State Trading of Fertilizer and expenditure on FID Lahore and Karachi.

vii. **GRANT NO. 156- DEVELOPMENT EXPENDITURE OF AGRICULTURE RESEARCH DIVISION**

Excess Rs. 56,762,224/-

A.G.P.R. pointed out that the grant closed with an excess of Rs. 56,762,224 (47% of the total grant).

The Chairman, Pakistan Agriculture Storage and Services Company (PASSCO) informed the Committee that the excess in Foreign Exchange was due to debit received from donor agencies who have incurred the expenditure directly which is beyond the control of PARC. The amount was meant for Management of Agriculture Research and Technology (MART) and the Chairman further stated that and record available with and this may kindly be reconcile as settled.

The PAO informed the Committee that the Asian Development Bank loan/Grant was not received and in this amount had been kept in anticipation.

viii. **GRANT NO. 189- CAPITAL OUTLAY OF FOOD STORAGE AND OTHER.**

Saving Rs. 2,206,421/-

A.G.P.R. pointed out that the grant closed with a saving of Rs. 2,316,421 (3% of the total grant). An amount of Rs. 110,000 was surrendered leaving net saving of Rs. 2,206,421.

DIRECTIVE

After hearing the Ministry's reply, the Committee recommended the savings/excesses of the above seven (7) grants for regularization with the direction that the financial Rules and Regulation should be followed strictly and there should be no saving or excess in the grants in future.

ix. **GRANT NO.60-LIVESTOCK DIVISION**

Saving Rs. 94,727/-

The PAO informed the Committee that the saving was due to economy measure in compliance with the instructions of the Finance Division.

DIRECTIVE

The Committee recommended the regularization of the grant.

x. **GRANT NO.61-FISHERIES**

<u>Budget</u>	<u>AGPR Figures</u>	<u>Deptt. Figures</u>	<u>Difference</u>
Saving	(+)465,565	-----	465,635

The PAO informed the Committee that the an excess booking of expenditure of Rs.465,635 which was due to non-reconciliation of expenditure by the department and due to some vacant posts of officers and staff as well as due to economy measures in compliance with the instructions of Finance Division.

DIRECTIVE

The Committee recommended regularization of the grant.

xi. **GRANT NO.155- DEVELOPMENT EXPENDITURE OF FOOD AND AGRICULTURE DIVISION.**

Saving AGPR Fig. 396,534,202, Deptt. Fig. 53,249,200/-

A.G.P.R. pointed out that the grant closed with a saving of Rs. 4,95,382,911 (28% of the total grant). An amount of Rs. 98,848,709 was surrendered leaving net saving of Rs.396,534,202. A supplementary grant of Rs. 97,000 was sanctioned but not included in the supplementary grant of authorized expenditure.

The PAO requested the Committee that this grant may again be referred to the DAC, because an inquiry will be held in this case and the Ministry will reconcile figures with the Audit and come back to the Committee in the next meeting.

The Committee accepted the request of the PAO and deferred the grant for the next meeting. The Committee informed the PAO that accounts of another Audit Year 2001-02 have also to be discussed so the Committee will take up this grant in the next meeting.

DIRECTIVE

In another meeting held on 14th July,2010 when the grant was taken up again the Committee recommended the grant for regularization.

xii. **GRANT NO. 157- DEVELOPMENT EXPENDITURE OF LIVESTOCK DIVISION**
Saving Rs. 100,246,248/-

A.G.P.R. pointed out that the grant closed with a saving of Rs. 100,358,142 (51% of the total grant). An amount of Rs. 111,894 was surrendered leaving net saving of Rs. 100,246,248.

The Managing Director, Korangi Fish Harbour informed the Committee that the Ministry had surrendered the amount in time and the accounts have been reconciled after which the actually saving was Rs.1.248 million. He further informed the Committee that it was Asian Development Bank's loan and Foreign Exchange expenditure.

DIRECTIVE

The Committee expressed displeasure that the Ministry had been allocated an amount and did not spend it. This showed misallocation of resources and the Committee took serious notice of it because it was a huge amount. The Committee directed the PAO to prepare a report on fish harbour for the main PAC as to what went wrong, how the project was conceived, when was it conceived and explain how this huge surrender occurred at that time. The Committee pended the grant for consideration in the Main PAC.

3. AUDIT REPORTS ON THE ACCOUNTS OF M/O FOOD AND AGRICULTURE FOR THE YEAR 1990-91.

3.1 Para 2, 5 AR-1990-91

On 27th January, 2011, the PAO informed that in this case loss should be recovered from the concerned people who were responsible for causing those losses. The PAO stated that the Ministry was working on the para and an inquiry had been conducted and most of the persons who were responsible were either dead or some of them had retired and the Ministry was taking the action under Efficiency & Disciplinary (E & D) Rules against those who were still in service. Audit agreed with the statement made by the PAO that the above-mentioned Audit Paras may be recommended for settlement subject to verification by Audit.

DIRECTIVE

The Committee recommended the above-mentioned Audit Paras for settlement subject to verification by Audit and directed the PAO to provide the requisite record to Audit.

**3.2 PARA-2-(PAGE-44) AR-1990-91
LOSS OF Rs. 4.86 MILLION DUE TO NON-IMPOSITION OF RISK PURCHASE CLAUSE OF CONTRACT**

Audit pointed out that a tender was floated by Fertilizer Import Department for discharging, handling and mechanical bagging of bulk fertilizer at Karachi Port and a contract was awarded to the handling agent on 1st July, 1988 at a flat rate of Rs 55.80 per M/ton for the period 1-7-1988 to 30-06-1989. During the period of contract, the contractor did not fulfill his contractual obligation and due to improper performance two contracts for remaining period were awarded to other handling agents on 30th November, 1988 at a flat rate of Rs. 67.71 per M/ton for discharge of fertilizer without canceling the previous contract and without recovering risk and cost amount. Under clause 12(a) contract should have been cancelled and the left over work was required to be done at the risk and cost of the

defaulter contractor. Due to non-enforcing of the above clause of contract, department had to suffer a loss of Rs. 4.86 million being the differential of the original and the latter two contracts.

Audit took up the matter with the Ministry on 9-12-1989 but no reply was received. The department stated on 9-12-1990 that a show cause notice was issued to the firm and their reply was under examination. A sum of Rs. 200,000 as security deposit and Rs. 492,714 on account of outstanding bills was available with the department. The department however did not intimate the reasons for which the contract was not cancelled and risk purchase clause was not enforced.

The PAO informed the Committee that when the contractor did not work properly then the Ministry changed the contractor. Afterwards the Ministry awarded new contract which was at a higher price. The PAO admitted that action was not taken against the contractor which is a lapse of Ministry and the Ministry had conducted several inquiries on this case. The PAO requested to defer this Para for the next meeting of the Committee.

DIRECTIVE

The Committee directed the PAO to fix responsibility, take necessary action and a report has to be submitted to the Committee within one month failing which further action would be initiated by the Monitoring and Implementation Committee of the PAC.

- 3.3 **PARA-5 (PAGE-47) AR-1990-91**
LOSS OF Rs. 1.87 MILLION DUE TO MIS-HANDLING OF IMPORTED
BAGGING PLANTS AND SUBSEQUENT DISPOSAL AT LOW PRICE

Audit pointed out that the Fertilizer Import Department imported 3 High Speed Fertilizer bagging plants valuing US\$ 200,984.83 from USA in August, 1978 through a local firm in consultation with National Fertilizer Corporation for unloading and bagging of imported DAP bulk fertilizer at Karachi Port. After testing of operation of the plants for a period of five months, the department issued a clean Inspection-cum-receipt certificate to the supplier in January 1979. But after one month the plants went out of order. The PAO may like to explain to the PAC.

The PAO informed the Committee that this was one of those case in which the Ministry had imported machinery and then they could not handle them, ultimately the machinery was disposed off. The PAO further informed the Committee that the Ministry will conduct an inquiry on it and a report will be submitted to the Committee.

DIRECTIVE

The Committee referred the Para to the DAC and asked the PAO to submit a report within one month after fixing responsibility for any negligence found in looking after the plant.

(This Audit para will now be taken up by the Monitoring and Implementation Committee of the PAC for further action.)

- i. **PARA-1 (PAGE-44) AR 1990-91**
LOSS OF Rs. 30.01 MILLION ON ACCOUNT OF DESTRUCTION OF GUNNY BALES AND TARPAULINS DUE TO FIRE
- ii. **PARA-4 (PAGE-46) AR-1990-91**
NON-RECOVERY OF Rs. 1.145 MILLION DUE TO NON-IMPOSITION OF PENALTY FOR THE SLOW DISCHARGE IN FERTILIZER SHIPS
- iii. **PARA-6 (PAGE-47) AR-1990-91**
THEFT OF Rs. 127,370/-

DIRECTIVE

On the presentation of the above mentioned three (3) Audit Paras, the Committee directed the PAO to implement the recommendation of DAC and settled the Audit Paras.

4. AUDIT REPORT ON PUBLIC SECTOR ENTERPRISES FOR THE YEAR 1990-91

4.1 PARA-233 (PAGE-170) ARPSE-1990-91 PAKISTAN AGRICULTURAL STORAGE AND SERVICES CORPORATION LIMITED

Audit pointed out that the other Receivables of Rs. 27.651 million as on March 31, 1991 included Rs. 4.683 million pertaining to cost of shortages recoverable from the employees of the Corporation held responsible therefore, in view of the huge balance, steps need be taken to accelerate the pace of recovery along with the interest thereon.

The Chairman, PASSCO informed the Committee that a Para amounting to Rs. 21.154 million had been printed in ARPSE 2008-09 for which the detailed status is being provided to Audit. Out of this amount recovery of Rs. 7.519 million has been made and there is a case in the court of an amount of Rs.10.751 million and some of debt which had written off is about 3 million. The Chairman further informed the Committee that as far as the recovery is concerned, the Ministry is making all out efforts for recovery. The Chairman stated that the main problem due to which more recovery can not be made is that recovery more than 20% of their basic pay can not be made. It is being delayed, otherwise, as far as the recovery process is concerned which base on embezzlement that is very much on.

DIRECTIVE

The Committee observed that the Main PAC had constituted a Sub-Committee under the Convenership of Sadar Ayaz Sadiq, which was looking into

the accounts of PASSCO, hence this Para will also be passed on to the Sub-Committee of the Main PAC.

4.2 **PARA-237 (PAGE-172) ARPSE-1990-91**
NEW SPRAYING MACHINE LYING IDLE; BLOCKAGE OF Rs. 432,360/-

Audit pointed out that PASSCO imported three spraying machines in October 1986 valuing to Rs. 432,360 for hiring out to cotton growers. Spraying charges were fixed at Rs. 1,000 pre acre including cost of insecticides and service charges, with 50% advance payment on contractual basis. The spraying machines, however, were not leased out/hired for two seasons. Thus, the amount of Rs. 432,360 was unnecessarily blocked.

The Chairman, PASSCO informed the Committee that in this case general inquiry was also carried out but after the inquiry nobody was found at fault. The Chairman, PASSCO informed the Committee that a cheque of Rs. 8.5 million of B.C.C.I to PASSCO was dishonored due to closure of BCCI and the PASSCO is making all efforts to recover an amount of Rs.1,64,657 from M/s. Acre Agro Service against whom a Civil suit had already been filed.

DIRECTIVE

The Committee directed the Chairman, PASSCO to look into the decision of the Board of inquiry and submit a report to the Committee. The Committee showed displeasure on the progress of court cases and directed the Chairman to expedite them. The Committee kept the Para pending and asked to include reasons of non-use of the spraying machine for so many years, which resulted in all these complications. Since court cases are involved the progress has to be monitored by the Monitoring and Implementation Committee of the PAC.

List of Audit Paras recommended by DAC for settlement in the Special Committee is as follows:

- i. **PARA-230:**
The Audited accounts of the PASSCO under the administrative control of Ministry for the year 1990-91 were examined.
- ii. **PARA-231:**
The Corporation earned net profit of Rs. 111.673 million in 1988-89.
- iii. **PARA-232:**
Trade debts increased from Rs. 56.504 million on March 31, 1990 to Rs. 820.995 million on March 31, 1991.
- iv. **PARA-234:**
Other receivables as on March 31, 1991 also included Rs. 18.397 million recoverable from food department.
- v. **PARA-235:**
Against the authorized capital of Rs. 100 million the paid up capital is only 30% of authorized capital.
- vi. **PARA-236:**
Excess purchase and expiry of pesticides Rs. 2.003 million during year 1986-87.

DIRECTIVE

On the presentation of above six (6) Audit Paras by the Audit, the Committee directed the Ministry to implement the recommendation of the DAC and report to Audit and the Secretariat.

5. PERFORMANCE AUDIT REPORT ON THE ACCOUNTS OF NATIONAL TEA RESEARCH STATION, MANSEHRA FOR THE YEAR 1990-91.

The DAC recommended the following Performance Audit Report for settlement by the Special Committee.

1. Execution
2. Findings
3. Recommendations

DIRECTIVE

When the matter was taken up again on 14th July, 2010, the Committee endorsed the recommendations of the DAC for settlement of the above-mentioned Performance Audit Report.

6. AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL-VIII) MINISTRY OF LIVESTOCK AND DAIRY DEVELOPMENT FOR THE YEAR 1990-91

The DAC recommended the following Audit Para for settlement by the Special Committee.

KORANGI FISHERIES HARBOUR AUTHORITY

**6.1 Para-230(ii)-(ARPSE-1990-91-Vol-VIII)-Page-167
NON-SUBMISSION OF ACCOUNTS**

DIRECTIVE

The Committee accepted the request and further directed the PAO to hold a DAC meeting with the Audit and report to the Committee in its next meeting.

When the matter was taken up again on 14th July, 2010, the Committee endorsed the recommendations of the DAC for settlement of the above-mentioned Audit Para.

MINISTRY OF FOREIGN AFFAIRS

1. OVERVIEW

Appropriation Accounts / Audit Reports / Audit Reports Public Sector Enterprises for the year 1990-91 pertaining to the Ministry of Foreign Affairs were discussed by the sub-Committee of the PAC on February 27th & 28th, 2006 under the Convenership of Mr. Kunwar Khalid Younus M.N.A., and on July 12th, 2010, October 19th, 2010, December 28th, 2010, & February 2nd, 2011 under the Convenership of Mr. Zahid Hamid M.N.A., in Committee Room No.2, Parliament House Islamabad. Decisions taken are summarized below:

- 1.1 Four (04) grants and fifteen (15) Paras were reported by AGPR/Audit on Ministry of Foreign Affairs.
- 1.2 On presentation of the Para No.01, the Committee directed the PAO to submit a regular progress report on recovery to Audit, with these observations the Committee recommended the para for settlement.
- 1.3 While discussing Para No.02 of Audit Report on Ministry of Foreign Affairs, the Committee directed the PAO to submit a report on the summary which had been initiated by Ministry to PM for ex-post facto.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1990-91

- i. **Grant # 63-Ministry of Foreign Affairs**
(Excess Rs 3,005,685)

Chief Accounts Officer (CAO) M/o Foreign Affairs informed the Sub-Committee that this grant comprises the expenditure incurred by the following organizations of the Ministry of Foreign Affairs at Headquarter:-

- i. Departmentalized Accounts Office (Chief Accounts Officer)
- ii. Foreign Affairs Administrative Secretariat (Main)
- iii. State Guest House, Karachi
- iv. State Guest House, Lahore

- v. Foreign Service Training Institute, Islamabad
- vi. Foreign Office Hostel
- vii. Discretionary Grant by the Ministry
- viii. Prime Minister's Guest House, Rawalpindi

The original grant was Rs 73,412,000, supplementary grant was Rs 7900,000 and Rs 6000,000 and there was an excess of Rs 3,005,685.

DIRECTIVE

The Sub-Committee recommended regularization of the excess amount in the grant.

- ii. **Grant # 64-Ministry of Foreign Affairs**
(Excess Rs 24,323,632) (2.42%)

The Chief Accounts Officer M/o Foreign Affairs informed the Sub-Committee that this grant comprises the expenditure incurred at Pakistan Mission abroad as detailed:-

- i. Departmentalized Account Officer (office of the Senior Accounts Officer, High Commission for Pakistan, London)
- ii. Foreign Affairs, Diplomatic and Consular Services (Embassies)
- iii. Immigration and Passport, Passport office in India at New Delhi)

The original grant was Rs 924,017,000, Supplementary grant was Rs 82,520,000 and final grant was Rs 1006,732,000. There was an excess of Rs 24,323,632 (2.42%)

DIRECTIVE

The Sub-Committee recommended the excess amount for regularization with direction that the M/o Foreign Affairs be careful in future.

- i. **Grant # 65-Other Expenditure of Ministry of Foreign Affairs**
(Excess Rs 9,778,686) (23.16%)(Saving 24,809,508) (14.43%)
- ii. **Grant # 190-Capital outlay on works of M/o Foreign Affairs**
(Excess Rs 62,562) (0.88%)

DIRECTIVE

The Sub-Committee recommended regularization of the savings/excess in the above grants .

3. AUDIT REPORT VOL-1 ON THE ACCOUNTS OF FEDERAL GOVERNMENT (CIVIL) MINISTRY OF FOREIGN AFFAIRS FOR THE AUDIT YEAR 1990-91.

The DAC recommended the following Audit Paras for settlement by the Special Committee:-

- i. **PARA- 4 (Page 79) AR- 1990-91**
WASTEFUL EXPENDITURE OF RS.361,525 INCURRED AS RENT OF A VACANT HOUSE.
- ii. **PARA-6 (PAGE-80) AR-1990-91.**
IRREGULAR PAYMENT OF SECRETARIAT ALLOWANCE RS.186,826.
- iii. **PARA-7 (PAGE-81) AR-1990-91**
AVOIDABLE EXPENDITURE OF RS.173,974 ON HIRING OF A BUNGLOW.
- iv. **PARA-8 (PAGE-81) AR-1990-91**
AVOIDABLE PAYMENT OF INTEREST DUE TO DELAYED PAYMENT OF RENT OF HIRED BUILDINGS RS.164,835.
- v. **PARA-9 (PAGE-82) AR-1990-91.**
IN-ADMISSIBLE DRAWL OF HOUSE RENT ALLOWANCE BY TWO OFFICERS POSTED IN SUB OFFICE OF THE MINISTRY RS.158,304.
- vi. **PARA-10 (PAGE-82) AR-1990-91.**
WASTEFUL EXPENDITURE OF RS.143,374.
- vii. **PARA-11 (PAGE-83) AR-1990-91.**
IN-ADMISSIBLE PAYMENTS OF PAY AND ALLOWANCES ETC. RS.94,846
- viii. **PARA-12 (PAGE-84) AR-1990-91.**
EXCESS PAYMENT OF EDUCATION GRANT RS. 89,000/-
- ix. **PARA-13 (PAGE-84) AR-1990-91.**
IN-ADMISSIBLE PAYMENTS OF DAILY ALLOWANCES RS.88,238/-

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned nine (09) Audit Paras.

3.1 **PARA –1-PAGE- 78 AR- 1990-91**
IRREGULAR EXPENDITURE RS.6.470 MILLION

Audit pointed out that eighteen Missions abroad and two sub-ordinate offices of the Ministry in Pakistan, incurred irregular expenditure of Rs.6,470,017 on different occasions during 1987-88 to 1989-90 without observing codal requirements and without approval of the competent authority an amount of Rs. 3.870 million had been recovered and the remaining amount of Rs. 2.5400 million was still outstanding.

The PAO assured that the Ministry would make vigorous efforts to effect recovery.

The Committee observed that these were serious irregularities and directed the PAO to expedite recovery and submit a report in this regard to the Committee within three month.

On 19th October, 2010, the PAO informed the Committee that the Ministry had given reminder to Ministry of Law and the reply was still awaited, however the Ministry would pursue it.

The Committee directed the PAO to recover the amount and make a reference to the Ministry of Law in this regard.

When the matter was taken up again on 28th December, 2010, the PAO informed the Committee that the outstanding amount was related to different Government Departments (National Assembly, Law Division & SAFRON) for which the Ministry had referred to concerned Government Departments for regularization.

The Committee directed the PAO to ask an Additional Secretary of the Ministry to request all three ex-Ministers personally for recovery of the outstanding amount. The Committee directed to submit a report in this regard within two weeks.

When the para came up again on 2nd February, 2011, the PAO informed the Committee that an amount of Rs. 6.32 million had been settled and remaining amount of Rs. 87,000 was still outstanding.

DIRECTIVE

The Committee directed the PAO to submit a regular progress report on recovery to Audit, with these observations the Committee recommended the para for settlement subject to recovery of the balance amount by Audit.

PAREP UN GENEVA AIR 1988-90, PARA 15

The PAO informed the Committee that the Ministry was making efforts to recover the amount.

DIRECTIVE

The Committee directed the PAO that recovery should be made and vigorous efforts were needed to expedite the recovery.

(ISSI) AIR 1988-90, PARA 6

The PAO informed the Committee that the Ministry had taken up this issue with the Board of Governors and the Board had regularized the para.

DIRECTIVE

The Committee directed the PAO to follow the Rules, if the Board of Governors was authorized to do so then it should be done otherwise make a reference to the appropriate authority (Finance etc.) and follow the procedure. The Committee recommended to regularize / settle and recover the amount. It should be regularized after making a reference to Ministry of Parliamentary Affairs and a report has to be submitted to the Monitoring and Implementation Committee of the PAC for further action.

3.2 **PARA-2-PAGE- 78 AR-1990-91**
HIRING OF LOBBYIST-EXCESS/IRREGULAR EXPENDITURE OF US\$
81,705 (RS.1.733 MILLION)/ \$95.500 (RS. 2.026 MILLION).

Audit pointed out that Government of Pakistan hired a Lobbyist firm in USA in February, 1987, initially for a period of one year, at an annual fee of US \$ 240,000. In view of satisfactory performance the contract was extended for a period of two years (February 1988 to February 1990) at an annual fee of US \$ 300,00. The contract was abruptly terminated by the Government and another Lobbyist firm was hired w.e.f. 1st January 1989. At the instance of the head of the second firm no formal agreement was entered into. An excess expenditure of US \$ 81,705 (Rs 1,733,760) was incurred during one year on account of dual payment to both the consultants for the period of 1.1.1989 (\$41,000). The payment to the new appointee also included \$ 56,000 on account of misc. expenditure which were reimbursed without obtaining supporting documents. Further, the payment of US \$ 39,500 on account of traveling expenses was made without any contractual obligation and approval of the Pakistan Government.

The PAO informed the Sub-Committee that the new Lobbyist firm was appointed by the orders of the then Prime Minister, therefore, there does not arise a question of justification of excess payment of US \$ 41,000/ as compared to the previous Lobbyist firm. But the PAO could not produced the documentary proof / order of the then Prime Minister for appointment of new Lobbyist firm.

DIRECTIVE

The Sub-Committee directed the PAO to provide the documents regarding appointment of Lobbyist firm in America by the orders of the then Prime Minister to PAC Secretariat/Audit and deferred the para for its next meeting.

Audit stated that as a result of premature termination of contract of a lobbyist firm in USA and appointment of another lobbyist on the orders of the than Prime Minister, dual payment had been made. Also excess Unauthorized

payments / reimbursements were made resulting on irregular expenditure of \$ 81705. Orders of the PM had not yet been provided to Audit.

The PAO informed the Committee that the Ministry was making efforts to trace the record. If necessary the Ministry would submit a summary to the Prime Minister for ex-post facto approval.

The Committee directed the PAO to make concerted efforts to trace the record as written orders of the Prime Minister must be available with the Foreign Office / Mission in USA / Finance Ministry. In case the record is not traceable then case for ex-post facto approval or writing off should be moved as the Audit objection has to be met. Report in this regard should be submitted to the Committee within two months.

When the Para came up again on 19th October, 2010, the PAO informed the Committee that the Ministry was making efforts to trace the record but it has failed to do so. The Ministry had initiated a summary to Prime Minister for ex-post facto approval explaining the situation and in response some queries were made which are being responded.

The Committee directed the PAO to obtain the orders of the Prime Minister on the reference which has been made to the Prime Minister for approval.

When the matter was taken up again on 28th December, 2010, the PAO informed the Committee that as per directives of the PAC the Ministry had initiated a summary to PM for ex-post facto. The PM Office sent to the Ministry back for specific details. The PAO stated that after making necessary amendments the Ministry again sent back the summary to the PM for ex-post facto approval which was awaited.

The Committee directed the PAO to remind the Prime Minister's Secretariat for early disposal of the case and asked to submit a report in this regard within two weeks.

On 2nd February, 2011, the PAO informed the Committee that relevant information had been provided by the Finance Division to the Prime Minister's Secretariat and the Ministry was awaiting for a formal approval.

Representative Finance Division informed the Committee that the Finance Division had received the summary on 28th of January, 2011 and it was lying with Secretary Finance which would be sent to the Prime Minister within a week.

DIRECTIVE

The Committee directed the PAO to submit a report on the summary to the Committee within one month and in case of delay to the Monitoring and Implementation Committee of the PAC for further action.

3.4 PARA –3-PAGE- 79 AR- 1990-91 RECOVERIES NOT EFFECTED RS.1.584 MILLION.

Audit stated that a sum of Rs. 1,584,386 was recoverable from 35 officers and staff on account of irregular / overdraw of pay and allowances etc. An amount of Rs. 0.566 million has been settled / regularized. The remaining amount of Rs. 1.018 million is still outstanding.

The PAO informed the Committee that the relevant record was not traceable. The Ministry was seeking regularization from the Finance Division.

The Committee directed the PAO to submit a report regarding recovery / regularization within three month's.

When the para came up again on 19th October, 2010, the PAO informed the Committee that on the directive of the PAC the Ministry had notified to administration and the CO to make recovery at source, therefore, some amount had been recovered but some officials had retired and others were dismissed from service.

The Committee directed that the Ministry should either recover it or regularize it or write it off. If the Ministry wants to write it off then move for it to

the competent authority, which is the Finance Division. Therefore, the requisite procedure should be followed.

The Committee directed the PAO that efforts should be made to recover the amount and only in exceptional cases where the person(s) concerned had passed away or had been dismissed and there were no dues, which could be forfeited to recover this amount, only then the Ministry should write off. The Committee recommended the para for settlement.

When the matter was taken up again on 28th December, 2010, the PAO informed the Committee that the Ministry had recovered the amount from employees of the Ministry of Foreign Affairs and the Ministry had written to the other concerned Departments for recovery or regularization of their amount.

The Committee directed the PAO to remind the concerned Departments for recovery and send a copy of the same to the PAC Secretariat.

On 2nd February, 2011, the PAO informed the Committee that an amount of Rs. 1.380 million had been settled and remaining amount of Rs. 198,000 was still outstanding for which the Ministry was pursuing vigorously.

DIRECTIVE

The Committee recommended the para for settlement subject to submission of a regular progress report of recovery to Audit.

3.5 Para 4, Page-79-AR-1990-91 Wasteful expenditure of Rs 361,525 incurred as rent of a vacant House

Audit pointed out that in a Pakistan Mission abroad an officer vacated the house hired for him on relinquishment of charge of his post in September 1987. The house was not de-hired despite non appointment of a replacement of the officer during a period of more than three years while an amount of Rs 493,150 was paid as rent. The monthly rent was increased twice w.e.f. 1st February 1988 and 1st February 1990 respectively. A chowkidar was also appointed to look after

the furniture /furnishings stores in the house at payment of Rs 14,437. The value of the furniture was assessed at Rs 47,000 which is diminishing due to storage for over three years in a hot and humid climate. The residence was stated kept by the Mission mainly to store furniture purchased during 1981-85 for TASK 155,982 despite the instruction of the Ministry in February 1988 to discontinue the lease of the house as replacement of the counselor was not likely to join the Mission in near future.

The PAO informed the Sub-Committee that the house was not de-hired due to non appointment of a replacement of the officer by the Ministry of Defence. The PAO also informed that the expenditure was regularized by the Ministry on 5-11-1995 and requested the Sub-Committee may be regularized the expenditure.

DIRECTIVE

The Sub-Committee recommended the para for settlement. However, the Sub-Committee directed the PAO/Allied Department that the vacant house should be vacated within 3 months in any case in future.

3.6 PARA -5-PAGE- 80 AR- 1990-91 IN-ADMISSIBLE TELEPHONE CHARGES RS.354,668.

Audit stated that an amount of Rs. 354,668 was incurred during 1987-90 on account of telephone charges in excess of prescribed ceiling in Pakistan Missions abroad and 2 sub-offices of the Ministry. An amount of Rs. 62,770 had been recovered and the remaining amount of Rs. 291,898 was still outstanding.

The PAO informed the Committee that the Ministry was making efforts for further recovery.

The Committee directed the PAO to recover the outstanding amount and submit a report to the Committee within one month.

On 19th October, 2010, the PAO informed the Committee that the Ministry was making efforts for recovery of the remaining amount of Rs. 49,000/-

The PAO further informed the Committee that the Ministry would circulate Cabinet Division's circular of 2004 on ceiling of telephones.

The Committee directed the PAO to provide the relevant record of recoveries to Audit.

When the matter was taken up again on 28th December, 2010, the PAO informed the Committee that the Ministry was making efforts for recovery of the remaining amount of Rs. 96,375/-

The Committee directed the PAO to ask Mr. Tariq Puri who is still in service to payback the amount. The Committee also directed to send a copy of the proceedings of the recovery to audit and the PAC Secretariat.

When the para came up again on 2nd February, 2011, the PAO informed the Committee that an amount of Rs. 333,265 had been settled and remaining amount of Rs. 21,403 was still outstanding for which the Ministry was pursuing vigorously.

DIRECTIVE

The Committee directed the PAO to submit a regular progress report on recovery to Audit, with these observations the Committee recommended the para for settlement.

3.7 **Para 8, Page-81-AR-1990-91**
Avoidable payment of interest due to Delayed payment of rent of hired building Rs 164,835

Audit pointed out that in a Pakistan Mission abroad rent of Chancery and other residential buildings was paid after one to three months delay from the due date. This resulted in an extra payment of interest of Rs 164,835. According to the terms and conditions of lease agreements, the Mission was required to pay rent in

advance before the hired calendar day of the current month, failing which lessor was entitled to charge .5% interest for each day. Timely payments would have saved the government from an extra burden of Rs 164,835 in foreign exchange.

The PAO informed the Sub-Committee that the case is related the Mission in Berlin Germany and there is problem of overdraft for the last 10 to 15 years. It is geneion problem that need to be streamline in future. He also informed the Sub-Committee that the Ministry of Foreign Affairs has started training programme of finance and accounting management for the accountants and other officers of the Ministry. He further informed that there are some problems in system.

DIRECTIVE

The Sub-Committee directed the PAO to examine the issue of overdraft in detail and resolve the issue with the help of Chief Account Officer, Director Foreign Audit within 4 week with a report to PAC Sectt.

(This Audit para will now be taken up by the Monitoring and Implementation Committee of the PAC for further action.)

MINISTRY OF HEALTH

1. OVERVIEW

Appropriation Accounts/ Audit Reports of Federal Government / Public Sectors Enterprises for the year 1990-91 pertaining to Ministry of Health were taken up for examination by sub-Committee of the PAC on August 27th, 2005 under the convenership of Mr.Kunwar Khalid Younus , M.N.A , and on June 29th, 2010, October 5th, 2010 & December 9th, 2010 under the convenership of Mr. Zahid Hamid M.N.A. in Committee Room No.2, Parliament House Islamabad. Decisions taken are summarized below:

- 1.1 Five (05) grants and six (06) Paras were reported by AGPR / Audit.
- 1.2 On presentation of grant No.66, the Committee recommended regularization of the excess / saving in the grant , however the PAO was directed to improve the over all budgetary control in the Ministry.
- 1.3 While discussing Para No.238 of Audit Report on Public Sector Enterprises, the Committee settled the Para, with the direction to the PAO that in future the accounts be produced to Audit within required time.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1990-91

i. Grant # 66-Health Division (Excess of Rs 1,864,461)

AGPR pointed out that the grant closed with excess of Rs. 1.864,461 (6.35% of the total). A supplementary grant of Rs 2,484,000 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 619,539 (1.94%) of the grant.

The PAO informed the Sub-Committee that the Supplementary grant was taken for the payment of monthly pay/allowances for officials of the Ministry.

DIRECTIVE

The Sub-Committee regularized the excess/saving however the PAO was directed to improve the budgetary control in the Ministry.

ii. **Grant # 67-Medical Services**
(Excess of Rs. 9,870,452)

AGPR pointed out that the original grant closed with the excess of Rs 9,870,452 (1.98% of the total). A supplementary grant of Rs 4,000,000 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account the excess shall be reduced to Rs 5,870,452 (1.17%) of the grant.

The PAO informed the Sub-Committee that the excess was very nominal and, it may be regularized.

DIRECTIVE

The Sub-Committee recommended regularization of the excess.

iii. **Grant # 68-Public Health**
(Saving Rs 522,442)

AGPR pointed out that the original grant closed with saving of Rs 522,442 which works out 1.19% of the final grant.

The PAO informed the Sub-Committee that the saving was nominal and, it may be regularized.

DIRECTIVE

The Sub-Committee recommended regularization of the saving.

iv. **Grant # 158-Development Expenditure of Health Division**
(Saving of Rs. 767,356,134)

AGPR pointed out that the original grant closed with saving of Rs. 767,356,134 (53.67% of the total).

The PAO informed the Sub-Committee that the grant related to the Rural Health Program. The program was frozen under the instructions of Planning and Development Division.

The Sub-Committee deferred its recommendation on the above grant and directed the Ministry to provide a comprehensive reply regarding freezing of the Rural Health Program to PAC Secretariat /Audit within one month.

In another meeting held on June 29th, 2010 A.G.P.R. pointed that the grant closed with a saving of Rs. 767,356,134 (53.67% of the total grant).

The PAO informed the Committee that allocation of Rs. 800,000,000 for establishment of Basic Health Units was frozen on the direction of the Planning & Development Division and hence was not released / utilized. The Planning & Development Division was requested to provide relevant record indicating reasons for the freeze but had expressed its inability to do so as the record is not traceable.

DIRECTIVE

The Committee expressed displeasure over non-production of record, however, recommended regularization of the grant.

v. **GRANT NO. 160- DEVELOPMENT EXPENDITURE OF HEALTH DIVISION**

Excess Rs. 121,532,892/-

A.G.P.R. pointed out that the grant closed with excess of Rs. 120,722,892 (39.40 % of the total). An amount of Rs.810,000 was surrendered increasing the net excess to Rs.121,532,892.

The PAO informed the Committee that notwithstanding saving the excess was due to non-finalization of tender formalities for purchase of hospital equipment, excess had occurred as a result of booking of foreign aid in excess of rupee cover provided in the budget.

DIRECTIVE

The Committee recommended the grant for regularization subject to verification of relevant record by Audit.

3. **AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF HEALTH FOR THE AUDIT YEAR 1990-91.**

- i. **Para # 1, Page-85-AR-1990-91**
Irregular retention of Rs 4,00 million
- ii. **Para # 2, Page-85-AR-1990-91**
Irregular purchase of Neuro Surgical Equipment worth Rs 163,643 million
- iii. **Para # 3, Page-85-AR-1990-91**
Irregular Expenditure of Rs 1.974 million on lapsed sanctions
- iv. **Para # 4, Page-86-AR-1990-91**
Non-accounting of Stores worth Rs 3.65 million
- v. **Para # 5, Page-86-AR-1990-91**
Irregular & unjustified payment of demurrage guarantee charges aggregating to Rs 906,415 million

On presentation of the above five Audit Paras the Sub-Committee referred those to the DAC for examination and directed to submit a report to the PAC Secretariat.

The DAC later on recommended the above five Audit Paras for settlement by the Special Committee.

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above five (05) Audit Paras.

4. AUDIT REPORT PUBLIC SECTOR ENTERPRISES FOR THE 1990-91 (Vol-VIII)

Para # 238, Page-175-ARPSE-1990-91

Audit pointed out that the Ministry fulfilled its functions and responsibilities of production and supply of vaccines and therapeutic anti-sera to the Government hospital, civil medical institution/ dispensaries, autonomous bodies and Defence Forces of the country. The Division did not submit their audited accounts for the year 1990-91 by the prescribed date of January 15,1992. The Division has now submitted the accounts for the year 1990-91 to Audit, therefore the Audit can not, comment on those.

DIRECTIVE

After discussion the Sub-Committee settled the Para, with the directions to the PAO that in future the Accounts should be produced to Audit within required time.

MINISTRY OF HOUSING AND WORKS

1. OVERVIEW

Appropriation Accounts, Audit Reports of Federal Government & Performance Audit Report for the year 1990-91 pertaining to the Ministry of Housing & Works were taken up for examination by Special Committee-II of the PAC in the meetings held on June 28th 2010, July 27th 2010, November 3rd 2010, December 28th 2010 & February 1st 2011 in Committee room No.2 Parliament House Islamabad. Decisions taken are summarized below:

- 1.1** Seven (07) grants and eighteen (18) Paras were reported by AGPR / Audit. Performance Audit Report on Construction of 108-Family Suites for Federal Government Employees was presented by Audit on Ministry of Housing & Works.
- 1.2** On presentation of grant No. 74, the Committee noted that in the “Other than Charged” part supplementary grant of Rs. 14,434,000 had been obtained and Rs. 72,000 had been surrendered, yet huge excess had occurred which reflected very poor financial management. The Committee again emphasized the need to accurately estimate needs while requesting supplementary grant.
- 1.3** While discussing grant No.76, the Committee observed that on the one hand supplementary grant of Rs. 2,000,000 had been obtained after the cut off date, and on the other hand saving of Rs. 592,235 had occurred, showing bad financial management. However, on the assurance of the PAO that in subsequent years there would be a marked improvement in accordance with the Committee’s directives, the Committee recommended regularization of the grant.
- 1.4** While discussing Para No.7.8 of Audit Report of Ministry of Housing and Works (Pak PWD & Estate Offices), the Committee endorsed the recommendation of the DAC regarding settlement of the Para and directed the PAO to submit

implementation report to the Monitoring and Implementation Committee of the PAC and the Committee endorsed the recommendation of the DAC for settlement of the fifteen (15) Audit Paras.

- 1.5 While discussing Performance Audit Report on Construction of 108-Family Suites for Federal Government Employees, the Committee recommended the performance Audit Report for settlement subject to the submission of regular report on recovery to Audit and the Monitoring and Implementation Committee of the PAC.

2. **APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1990-91**

i. **GRANT NO.73- WORKS DIVISION (MAIN).**

Excess Rs. 339,032/-

A.G.P.R. pointed out that the grant closed with an excess of Rs. 339,032 (3.09 % of the total grant).

The PAO informed the Committee that supplementary grant had been obtained to meet obligatory expenditures, but excess expenditure had been incurred due to appointment against leave vacancy, less allocation of budget, increase of conveyance allowance, purchase of plain paper copier, repair of staff car as well as payment of telephone charges.

DIRECTIVE

The Committee noted that excess expenditure had been incurred despite supplementary grant of Rs. 3 million which indicated faulty estimation of needs. It recommended regularization of the grant with the direction that action should be taken by the Ministry to strengthen its internal financial budgetary and monitoring systems; so as to ensure accurate estimates of expenditure and full utilization of funds without excess / saving in future.

ii. **GRANT NO.75- ESTATE OFFICES**

Saving Rs. 217,887/-

A.G.P.R. pointed out that the grant closed with a saving of Rs. 217,887 (0.07 % of the total grant).

The PAO informed that supplementary grant was obtained to meet expenditure on payment of rent on account of enhancement of ceiling, rent of houses and buildings hired by Estate Office, Rawalpindi as well as payment of Adhoc Compensatory Allowance. Saving was mainly due to vacant posts.

DIRECTIVE

The Committee recommended regularization of the saving.

iii. **GRANT NO.74- CIVIL WORKS**

Saving/ Rs. 43,111/-(Charged),Excess Rs.35,454,437/-(Other than Charged).

A.G.P.R. pointed out that the grant includes Establishment Budget for the Regular Employees of the Department and maintenance budget for office / residential buildings of the Federal Government.

In addition to the expenditure on annual/special repair, utilities charges of these buildings are met from this grant. The Department also maintains V.I.P. buildings such as Prime Minister's House, Prime Minister's Secretariat and State Guest House etc. This grant contains two parts i.e. "Charged" and "Other Than Charged".

The PAO informed the Committee that the minor saving occurred in "Charged" expenditure pertaining to President's Secretariat, Islamabad. Excess occurred in "Other than Charged" expenditure and was due to booking of outstanding expenditures under the Suspense Head on account of advance payment made for purchase of cement and steel which is provided to the contractors for execution of development works under ADP and subsequently

cleared/adjusted from their bills in accordance with the procedure in vogue at that time (subsequently discontinued).

DIRECTIVE

The Committee noted that in the “Other than Charged” part supplementary grant of Rs. 14,434,000 had been obtained and Rs. 72,000 had been surrendered, yet huge excess had occurred which reflected very poor financial management. The Committee again emphasized the need to accurately estimate needs while requesting supplementary grant. Agreeing with the DAC, the Committee recommended regularization of the grant.

iv. **GRANT NO.76- FEDERAL LODGES.**
Saving Rs. 592,235/-

A.G.P.R. pointed out that the Ministry is also responsible for the maintenance and running of Federal Lodges all over the country. During the relevant period twenty Federal Lodges located at Islamabad / Rawalpindi, Lahore, Quetta, Karachi and Peshawar were being maintained by the Department. These lodges provide economical and quality lodging facilities to the officers of the Government and Members of the Parliament. Expenditure relating to the operation of these lodges is met from this grant.

The PAO informed the Committee that the saving was due to vacant posts and because the amount reserved for providing of liveries and uniforms to the staff working in Federal Lodges could not be spent as a result of demand of the staff for cash payment.

DIRECTIVE

The Committee noted that on the one hand supplementary grant of Rs. 2,000,000 had been obtained after the cut off date, and on the other hand saving of Rs. 592,235 had occurred, showing bad financial management. However, on the assurance of the PAO that in subsequent years there would be a

marked improvement in accordance with the Committee's directives, the Committee recommended regularization of the grant.

v. **GRANT NO.77- OTHER EXPENDITURE OF WORKS DIVISION.**
Excess / Rs. 46,544/-

A.G.P.R. pointed out that this grant is specially meant for payment of fixed charges and watch and ward expenditure of Government owned buildings at Karachi.

The PAO informed the Committee that minor excess was due to payment of fixed charges to K.E.S.C. to avoid disconnection of electric supply.

DIRECTIVE

The Committee recommended regularization of the grant.

vi. **GRANT NO.162- DEVELOPMENT EXPENDITURE OF WORKS DIVISION.**
Excess/ Rs. 462/-(Charged),Saving Rs.65,545/-(Other than Charged)

A.G.P.R. pointed out that this grant is provided for the original works between 0.100 (M) to 0.500 (M) relating to small schemes in the President's and Prime Minister's Estates. This grant contains two parts i.e. "Charged" and "Other than Charged".

The PAO informed the Committee that while there was negligible excess in the "Charged" part, minor saving in the "Other than Charged" part had occurred due to the fact that final payment made to a contractor was less than funds reserved for the purpose.

DIRECTIVE

The Committee accepted the recommendation of the DAC for regularization of the excess /saving in the grant.

vii. **GRANT NO.191- CAPITAL OUTLAY ON CIVIL WORKS**
Saving Rs. 8,908,783/-(Other than Charged).

A.G.P.R. pointed out that this grant is specially meant for original works financed through ADP of the Works Division. In addition to Physical Planning Section, Development Schemes of other Ministries / Division are also included in this grant.

The PAO informed the Committee that an amount of Rs. 15.870 million had been surrendered to obtain technical supplementary grant to meet necessary expenditure on account of salary of staff as well as payment of utility charges in respect of Government Owned Buildings to avoid disconnection of supply. Supplementary grant of Rs. 3.143 million in respect of ADP Works was utilized in full.

The PAO further informed that the DAC had recommended regularization of the grant.

DIRECTIVE

The Committee again expressed its displeasure at the extremely poor management by the Ministry of the allocated funds as apparent from the fact that against total supplementary grants of Rs. 6.998 million (Rs. 3.143 million after the cut off date), Rs. 18.870 million had been surrendered (Rs. 15.870 million after the cut off date). and yet there was saving of Rs. 8,908,783 which had not been surrendered in time. While recommending regularization of the grant, the Committee directed the PAO to bring about substantial improvements in budgetary systems to ensure that such highly objectionable lapses do not occur in future.

3. AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF HOUSING AND WORKS (PAK PWD & ESTATE OFFICES) FOR THE AUDIT YEAR 1990-91.

**3.1 PARA-7.6 (PAGE-52&53)
NON-RECOVERY OF RS.168,706/- FOR THE MATERIAL ISSUED TO THE CONTRACTOR:**

Audit pointed out that in a division of Pak P.W.D. under the control of Ministry of Housing and Works, building material (cement & steel) was issued to a Contractor whose contract was rescinded but cost of balance quantity of material worth Rs. 168,706/- was not recovered from him.

The PAO informed the Committee that the amount to be recovered from the contractor after finalization of accounts is Rs. 569,443/- Apart from FIR, recovery suit was filed and decreed in favour of the Ministry. Execution proceedings were continuing and next date of hearing is 15-07-2010.

The Committee recommended the Para for settlement with the direction that vigorous efforts should be made to recover the money through the court of law with the assistance of the revenue authorities. Report on recoveries made should be sent to Audit, with a copy to the Committee.

On the 3rd November, 2010 the PAO informed the Committee that the case was still in the court and not yet decided.

The Committee directed the PAO to follow-up the case through Court of law as directed earlier more vigorously and expedite the recoveries.

On the 28th December, 2010 the PAO informed the Committee that the case was being followed vigorously.

The Committee directed the PAO to submit a progress report after the next hearing and recommended the para for settlement subject to verification of the progress report by the Audit

On 1st February, 2011 the PAO informed the Committee that the matter was still subjudice and the Ministry had approached the Senior Civil Judge, Multan to expedite the finalization of the case and the next hearing would on 10th of February, 2011. He further said that no property of the defaulter could be traced and the Ministry was regularly sending the progress report to Audit.

The Committee recommended the para for settlement subject to the submission of regular report to Audit.

3.2 **PARA-7.7 (PAGE-53)**
NON-RECOVERY OF RENTAL CHARGES RS.3,912,801/-

Audit pointed out that residential accommodation was provided in Federal Lodges to various Government Functionaries and private persons from January, 1989 to October, 1990, but rental charges amounting to Rs. 3,912,801/- had not been recovered.

The PAO informed the Committee that there was a long list of defaulters which includes officers, politicians and staff of the Prime Minister's Secretariat who were provided residential accommodation in Federal Lodges. Reminders for payment had been sent from time to time and the list had also been referred to NAB, without any result.

DIRECTIVE

The Committee directed the PAO to ensure that the dues are recovered from all concerned without exception, whether they pertain to Parliamentarians or Govt. Officers. The Ministry should provide list of the defaulters to the Committee which will be submitted to the main PAC. Meanwhile, formal notices demanding immediate payment should be issued to the defaulters, prior to initiation of legal recovery proceedings, if required.

On 3rd November, 2010 Audit stated that no progress of recovery has been reported by the PAO.

The Committee directed the PAO to start penal proceedings against other defaulters through court of Law for recovery. As for as Parliamentarians are concerned the PAC Secretariat would assist in the regard.

On 28th December, 2010 Audit presented this para again before the Committee which directed the PAO to submit a report of the recoveries made so far as well regular progress report of recoveries to be made in future to Audit.

On 1st February ,2011 the PAO informed the Committee that rental charges amounting to Rs. 3,912,801/ were to be recovered from various government functionaries and private persons from January, 1989 to October, 1990. The PAO further informed that from Qasr-e-Naz, Karachi total amount of Rs.2,697,000/- 1,777,000 had been recovered and Rs.920,000/- were still remaining. The PAO stated that a sum of Rs. 1,186,825 including the total amount of the para, pertaining to Garden Hostel, Karachi where recovery was not applicable as the rooms were allotted on permanent basis. Therefore, the actual amount to be recovered by the Department on this account was Rs.278,330 instead of Rs. 1,186,825 and the Ministry was vigorously making efforts for recovery of the remaining amount.

DIRECTIVE

The Committee directed the PAO to submit regular progress report of recoveries to the Monitoring and Implementation Committee of the PAC and get the recoveries made so far verified from audit . The Committee recommended the para for settlement.

3.3 **PARA-7.8 (PAGE-53)**
NON-RECOVERY OF RS.0.357 MILLION DUE FROM A CONTRACTOR

Audit pointed out that in a division of the Pakistan P.W.D. an amount of Rs. 357,573/- was paid during March & April 1991 to different contractors for repair of works which were already executed by another contractor, whose contracts were rescinded in December, 1990 under clause 3(c) at his risk and cost. Thus the amount was recoverable from the original contractor, which had not been recovered from him causing loss to Government.

The PAO informed the Committee that this project was executed on behalf of the Ministry of Health. The work along with record was handed over to the Project Director, Works Bolan Medical College (BMC), Quetta in 1991. The record could not be retrieved from the Provincial Government, C & W department despite best efforts.

The Committee directed the PAO to write to the Chief Secretary Balochistan (with copy to the Provincial Audit department Balochistan) requesting him to direct the C&W Department to provide relevant record to the Auditor General. A copy of the letter should also be sent to the Committee.

On 3rd November, 2010 no reasonable progress had been reported by the Ministry and the Committee directed to the PAO to send an officer of the Ministry to Baluchistan in order to follow-up the recovery personally. A report has to be submitted to the Committee within one month.

The para was again discussed in the PAC on 28th December, 2010 and the Committee directed the PAO to ask the representative of the Ministry to speed up efforts for retrieval of record.

DIRECTIVE

The Committee also directed the PAC Secretariat to request the Chief Secretary Balochistan for help and assistance in this regard. The Committee directed the PAO to submit a report within two weeks.

(The PAC Secretariat had written to the Chief Secretary Balochistan but no reply had been received so far)

The Committee endorsed the recommendation of the DAC regarding settlement of the Para and directed the PAO to submit implementation report to the Monitoring and Implementation Committee of the PAC.

List of Audit Paras recommended by DAC for settlement in the Special Committee is as follows.

- i. **PARA-7.1 (PAGE-51) AR 1990-91**
OVER PAYMENT OF Rs. 101,740/-
- ii. **PARA-7.2 (PAGE-51) AR 1990-91**
OVER PAYMENT OF Rs. 72,416/-
- iii. **PARA-7.3 (PAGE-51&52) AR 1990-91**
OVER PAYMENT OF Rs. 63,163/-
- iv. **PARA-7.4 (PAGE-52) AR 1990-91**
OVER PAYMENT OF Rs. 52,239/-
- v. **PARA-7.5 (PAGE-52) AR 1990-91**
LOSS OF MATERIAL Rs. 236,000/-
- vi. **PARA-7.9 (PAGE-53&54) AR 1990-91**
NON RECOVERY OF Rs. 89,600/-
- vii. **PARA-7.10 (PAGE-54) AR 1990-91**
LOSS DUE TO LESS RECOVERY Rs. 58,671/-.
- viii. **PARA-7.11 (PAGE-54&55) AR 1990-91**
OUTSTANDING INSPECTION REPORTS AND AUDIT NOTES etc
- ix. **PARA-7.12 (PAGE-56) AR 1990-91**
LOUTSTANDING STOCK RETURNS, SUBSIDIARY ACCOUNTS
AND STOCK ACCOUNTS (CENTRAL) FOR THE YEAR 1989-
90/1990-91
- x. **PARA-7.13 (PAGE-56&57) AR 1990-91**
RESULT OF STOCK VERIFICATION AND REVALUATION

- xi. **PARA-7.14 (PAGE-57&58) AR 1990-91**
NON-MAINTENANCE AND NON-PRODUCTION OF RECORD, RETURNS etc
- xii. **PARA-8.1 (PAGE-61) AR 1990-91**
NON-RECOVERY OF RENT AMOUNTING TO Rs. 324,373/-
- xiii. **PARA-8.2 (PAGE-61) AR 1990-91**
NON-RECOVERY OF Rs. 21,733/- DUE TO UN AUTHORIZED OCCUPATION OF GOVERNMENT ACCOMMODATION.
- xiv. **PARA-8.3 (PAGE-61&62) AR 1990-91**
OUTSTANDING AUDIT NOTES, INSPECTION REPORTS, etc
- xv. **PARA-8.4 (PAGE-62&63) AR 1990-91**
OUTSTANDING SCHEDULE OF SETTLEMENT WITH TREASURIES (FROM CPWA 26/51)

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned FIFTEEN (15) Audit Paras.

4. PERFORMANCE AUDIT REPORT ON CONSTRUCTION OF 108-FAMILY SUITES FOR FEDERAL GOVERNMENT EMPLOYEES AT ISLAMABAD.

Audit pointed out that the accounts of the works should be finalized immediately after getting approval of the revised PC-1 and revised Technical Sanction of the estimates. Strenuous efforts need to be made for recovery of outstanding rent amounting to Rs. 0.279 million from the occupants concerned. Rental policy may be reviewed and strengthened for avoiding non-payment of rent by the occupants of the suites.

The PAO informed the Committee that PC-1 was revised and dues of Rs. 11 lacs recovered. Efforts were being made for recovery of the remaining amount. The PAO further informed that recoveries would be got verified from Audit and report submitted to the Committee.

DIRECTIVE

The Committee directed the PAO to ensure that recovery of all outstanding dues is made from the defaulters, without exception. Report should be submitted to the Committee within one month on action taken, along with list of defaulters showing outstanding dues against each.

On 3rd November , 2010 the Committee directed the PAO to expedite the recovery and the outstanding amount against those MNAs/who had died should be written off. Efforts should be made more vigorously for recovery from others and a report has to be submitted to the Committee with in one month.

In a subsequent meeting on 28th December, 2010 the Committee directed the PAO that outstanding amount against Parliamentarians should be written off. The Committee further directed to recover outstanding rent charges from rest of the defaulters and if required invoke Land Revenue Act.

On 1st February, 2011 the PAO informed the Committee that an amount of Rs. 160,000 had been recovered and an amount of Rs. 96,955 was still outstanding for which the Ministry was making vigorous efforts for recovery. Recovery of the balance amount shall also be got verified from the Audit.

DIRECTIVE

The Committee recommended the para for settlement subject to the submission of regular report on recovery to Audit and the Monitoring and Implementation Committee of the PAC.

MINISTRY OF INDUSTRIES AND PRODUCTION

1. OVERVIEW

Appropriation Accounts / Audit Reports / Audit Report Public Sector Enterprises for the year 1990-91 pertaining to the Ministry of Industries and Production were discussed by the sub-Committee of the PAC under the converynership of Syed Haider Abbas Rizvi M.N.A. on December 1st & 2nd, 2008 and by the Special Committee -II of the PAC under the converynership of Mr. Zahid Hamid M.N.A., on August 17th 2010, December 21st, 2010 & March 2nd, 2011 in Committee Room No.2, Parliament House Islamabad. Decisions taken are summarized below:

- 1.1** Eight (08) grants and two hundred and sixty nine (269) Audit Paras were reported by AGPR / Audit.
- 1.2** While discussing issues of Pakistan Steel Mills Audit stated that Steel Mills had envisaged a plan in 1980-81 to install a laundry plant to provide facilities for washing of uniforms of workers, as well as various staff linen and clothing at a cost of Rs 4.474 million which was still not operative.
The Committee directed the Ministry to explain the reasons for not running this plant for so long and directed to fix responsibility for the operational delay.
- 1.3** While discussing Nokkundi Iron Ore Project which is of great national importance and reportedly been stopped due to financial restraints the Committee directed the Ministry to discuss the issue in the DAC and put up a comprehensive report to the Committee.

2. APPROPRIATION ACCOUNTS (VOL-I, 1990-91)

i. Grant # 78-Ministry of Industries & Production.

(Total grant Rs.291, 873,000 Saving Rs.370,349)

AGPR pointed out saving of 0.12% of the total grant.

ii. Grant # 79-Industries

(Total grant Rs.41,682,000 Saving Rs.379)

AGPR pointed out saving of 18.06% of the total grant. An amount of Rs. 6,379,000 was surrendered, leaving a net saving of Rs 379.

iii. Grant # 80 Development of Investment Promotion and Supplies.

(Total grant Rs.22, 897,000 Saving Rs.442,379)

AGPR pointed out saving of 1.93% of the total grant. An amount of Rs. 479,348 was surrendered, leaving a net saving of Rs 921,727.

iv. Grant # 113- M/o Production.

(Total grant Rs.58,864,000 Saving Rs.27,320)

AGPR pointed out saving of 0.04% of the total grant. An amount of Rs. 27,320 was surrendered, leaving a net saving of Rs 27,320.

v. Grant # 163- Development Expenditure of M/o Industries

(Total grant Rs.48,416,000 Saving Rs.22,729,000)

AGPR pointed out saving of 46.94% of the total grant. An amount of Rs. 22,674,000 was surrendered, leaving a net saving of Rs 55,000.

vi. Grant # 194- Capital outlay on Industrial Development.

(Total grant Rs.86,824,000 Saving Rs.86,824,000)

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

DIRECTIVE

On presentation of the above six grants by the AGPR and after hearing the Ministry's reply the Sub-Committee recommended the excesses / savings of the

grants for regularization.

vii. Grant # 81-Other expenditure of M/o Industries
(Total grant Rs.8,354,000 Saving Rs.331,520)

AGPR pointed out saving of 3.96% of the total grant. An amount of Rs. 322,327 was surrendered, leaving a net saving of Rs 9,913.

DIRECTIVE

After hearing the Ministry's reply, the Sub-Committee recommended regularization of the saving.

viii. Grant # 136- Capital outlay on miscellaneous stores.
(Total grant Rs.1,697,000 Saving Rs.782,413)

AGPR pointed out saving of 46.10% of the total grant. An amount of Rs. 201,000 was surrendered, leaving a net saving of Rs 581,413.

DIRECTIVE

On presentation of the above grant by the AGPR, the Sub-Committee directed the Ministry to reconcile the figures of the grant with Audit. The Sub-Committee recommended the saving for regularization subject to verification of the record by the Audit.

3. AUDIT REPORT FOR THE YEAR 1990-91

3.1 Para 1 (Page-88-AR)
Loss of Rs. 0.22 Million due to Non-acceptance of lowest offer

Audit pointed out that a tender for supply of Zinc plates opened on 23.12.1989 and the lowest offer of a firm for Rs. 435,000 was not accepted by the purchase department on the ground of non-production of marker's name. The stores were re-tendered on 23.5.1990 in response a single offer of Rs. 651,000 was received which was accepted and contract was awarded on 26.6.1990. An extra expenditure of Rs. 216,000 was thus incurred.

The Ministry informed the Committee that the theoretical extra expenditure involved amounts to Rs 216,000 (not Rs 0.22 million). The firm quoting lowest rate on 23-12-1989 was asked to intimate maker's name. The firm deliberately showed un-willingness to do so by stating that they do not consider it necessary to disclose manufacture name. They even did not care to visit this office despite our call made vide letter dated 13-3-90. This indicates that the firm was not sincere to their offer. In view of the position tenders were again opened on 10-5-1990 but no quotation was received. Tender were again opened on 23-5-90 when a single offer was received from M/s Umair Associates which was not technically acceptable. However in view of urgency & closure of financial year shortly, it was decided to consult Indenter regarding acceptance of the offer of M/s Umair Associated. The indenter accepted the offer with minor deficiencies and accordingly order was placed.

DIRECTIVE

The Sub-Committee recommended the para for settlement with the direction to be careful in future.

3.2 Para 2 (Page-88-AR)

Loss of Rs. 0.1 million due to irregular sale of diplomatic car through auction

Audit pointed out that the State Trading Scheme for the purchase and Sale of Diplomatic cars, the Department of Supplies placed a diplomatic car for auction at a reserve price of Rs. 337,916/-. The first auction was cancelled due to lower price offered. In the second auction held on 1.9.1987 an offer of Rs. 300,000/- was received which was reasonable and was on 75% of the reserve price limit (Rs. 253,437) at which Department did not accept the offer and went for an other auction. The car was ultimately disposed of in the fifth auction held on 29.5.1988 at lower price of Rs. 199,000/- resulting in a loss of Rs. 101,000/- in addition to the loss due to extra advertisement charges for 3 subsequent auctions.

The Ministry informed the Committee that the Audit had framed the draft

para on the plea that during the second attempt in the open auction held on 1-9-1987, the highest bid of Rs 300,000 was above 75% of the reserve price and that it should have been accepted as per Rules, which is misleading. The factual position is that at the time of auction, the reserve price of the Diplomatic car was calculated as Rs 539,245/- based upon the assessment of custom duty and sales tax which come to Rs 421,942/- which was considered higher than the highest bid of 300,000/- received and thus the disposal committee had no option but to reject with the concurrence of Finance as per rules it being too low as compared with the reserve price, as well as the cost of 70% of the reserve price. During the 5th attempt tender was opened and the highest bid of Rs 199,000 was received which was accepted by the competent authority.

DIRECTIVE

The Sub-Committee directed the Ministry and Audit to reconcile the figures of the amount and recommended the Para for settlement subject to verification of the facts by Audit.

3.4 **Para 3 (Page-89-AR)** **Non-recovery of Rs. 798,362**

Audit pointed out that at PITAC, Lahore a sum of Rs. 798,362/- was outstanding on June, 1991 against the customers on account of services rendered by the centre. No steps were taken to recover outstanding amount thereby extending undue favour to customers. It was stated by the local authorities that efforts are being made to recover the dues but no progress was intimated. The matter was reported to the Ministry of Industries in Sep, 1990 but no reply was forthcoming.

The Ministry informed the Committee that all the recoveries have been made except an amount of Rs. 142,692/71, which has been written off by PITAC's Governing Body in its 40th meeting held on 30-9-1999.

DIRECTIVE

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

3.5 **Para 4(Page-89-AR)**

Loss of Rs. 37,082 due to non-availing of a competitive offer

Audit pointed out that the lowest acceptable offer of a firm at the rate of Rs. 29.39 per unit received on 10th September 1989 was not availed of by the Department of Supplies. The department took one and half month in deciding the tender and by that time the validity of the offer expired. In the second tender received in January 1990 a higher offer of Rs. 32.05 per unit of another firm was received which was accepted. Consequently a contract for supply of 13.734 units was placed causing loss of Rs. 37.082 due to extra expenditure.

The PAO informed the Sub-Committee that department had no alternative but to re-tender the demand. The tender was opened on 17-1-1990 in which 4 offers were received. As a result of re-tendering ,order was placed @ Rs 32/05 each, on the first lowest technology acceptable offer.

DIRECTIVE

The Sub-Committee recommended the Para for settlement.

4. AUDIT REPORT PUBLIC SECTOR ENTERPRISES VOL-VIII FOR THE YEAR 1990-91

PAKISTAN STEEL MILLS CORPORATION LIMITED

4.1 **Para 697 (Page-467-ARPSE)**

Imprudent import of Laundry Plant; useless expenditure of Rs 4.474 million

Audit pointed out that the Pakistan Steel Mills had envisaged a plan in 1980-81 to install a laundry plant to provide facilities for washing of uniforms of workers, as well as various staff linen and clothing. The plan was launched in two

phases. In the first phase, the building was completed through M/s Shadab Housing Enterprises on October 15, 1981. In the second phase from M/s Electrolux Wascater automatic laundry plant was purchased at a cost of Rs 4.474 million which was completed on December 31, 1995 and was ready for operation. The plant was never used and was still lying idle.

The Ministry informed the Committee that besides other production plants, the facility of Laundry plant was also included in the detailed project report prepared by the Soviets for the construction of Pakistan Steel. This facility was provided for washing the uniforms of workers linen and clothing of laboratory, polyclinics, cafeteria and canteen, on the pattern of steel plants in former Soviet Union where washing facility for overalls is provided within the plant. The PAO further informed that the plant is being utilized from 1993 onwards no profit no loss basis.

DIRECTIVE

The Sub-Committee directed the PAO to prepare a proposal on how to run this plant profitably and asked to submit a report to Sub-Committee within 3 months.

In a later meeting held on 21st December, 2010 the Committee directed the PAO to call a DAC meeting and ask for the reasons for not running this plant for so long, fix responsibility for the operational delay and inform the Committee about the total amount of profit being made by this plant now. The PAO should also enquire if washing allowance was being paid to the employees as well. If the PAO feels satisfied after the inquiry report the Para would stand settled. The Committee directed the PAO to submit a report to the Monitoring and Implementation Committee of the PAC for further action.

NOKUNDI IRON ORE PROJECT

4.2 Para 700 (Page-470-ARPSE)

Audit pointed out that the Nokkundi Iron Ore Project was set up in 1974 to carry out the exploration and geological investigation activities for iron ore in the area of Balochistan. The project was transferred from Pakistan Industrial Development Corporation (PIDC) to Pakistan Steel in May 1985. An expenditure of Rs 130,100 million was incurred on organization and development cost on various schemes of survey and investigation by the Project till 1990-91 since its inception in 1974. Further work of investigation and survey has been stopped for the time being due to financial restraints. On the other hand, the management is incurring a substantial amount on staff expenses as it spent a sum of Rs. 3.585 million during the year 1990 as against Rs. 3.064 million during the year 1989-90. As the survey and investigation of iron ore has not been finalized so far, the prospects of commercial production in the near future cannot be assessed. Early completion of project is stressed upon the management so as to avoid heavy non-development expenditure annually.

The Ministry informed the Committee that in 1970 Pakistan Industrial development corporation (PIDC) Geological team reported the presence of iron ore in Chagai District for the first time. In 1972 a team of experts from Peoples Republic of China recommended detailed work on deposits in two localities i.e. Panchinkoh and Chigindiq, which are 75 kms and 40 kms north of Nokkundi Town respectively on Quetta-Taftan Highway. Detailed exploratory work was started in June 1974 under the technical guidance of China. As a result of exploration only 5 million tones of iron ore was initially proved with probability of proving more reserves. However, PIDC continued doing Chemical, Hydro-geological and laying of Railway line for carriage, Metallurgical and Mineralogical studies upto 1982. In 1985 the NIOP was transferred to Pakistan Steel being the end user of ore with the orders of M/o Production and Industries. In 1987 pre-investment evaluation study on Nokkundi Iron Ore was arranged by

Pakistan Steel with the assistance of Asian Development Bank by M/s USX Engineer, USA through an allocated grant of US\$1,83,000. The report was submitted in April 1987 wherein it was observed that due to logistical constraints and marginal financial returns. The utilization of Nokkundi Iron Ore as blast furnace feed is not economical. On this basis Pakistan Steel approached MOI&P. However, it was transfer of NIOP to PMDC or Resource Development Corporation (RCD). However it was advised by the Ministry to submit PC-II for proving further reserves at shallow depths so that the ore can be used economically at Pakistan Steel. Pakistan Steel submitted PC-II, which was approved by CDWP in 1992 with the condition that Scheme will be financed by Pakistan Steel's own resources. Since the funds could not be arranged the work on the scheme could not be undertaken. The case is under litigation with the government of Baluchistan and the government of Baluchistan has given two other sites to department for lease.

DIRECTIVE

The Sub-Committee directed the Audit to further investigate the matter whether two leases were given by the government of Baluchistan or not and submit a report.

In a later meeting held on 21st December, 2010 the Committee deferred the para and asked the PAO to discuss it in DAC and submit a report to the Committee.

(The said report was not received nor the Para was taken up again hence it has to be submitted before the Monitoring and Implementation Committee of the PAC for further action).

PAKISTAN STEEL FABRICATING COMPANY LIMITED

4.3 Para 708 (Page-473-ARPSE)

Audit pointed out that Company sustained losses of Rs. 26.991 million in

1985-86, Rs. 75.233 million in 1989-87, Rs. 66.742 million in 1987-88, Rs. 43.369 million in 1988-89 and Rs. 62.182 million in 1989-90. Despite increase in sales by 60.77% the company sustained a gross loss of Rs 121.048 million at the end of pervious year.

The PAO informed the Sub-Committee that the main reasons for the losses have been due to under utilization of installed facilities of various shops and over staffing. In order to make the company viable, present management carried out complete reorganization, which was made effective from 1st January 1993. Prior to this date, the company had total manpower strength of 1284 persons, which has been brought down to 67 regular employees. Whereas, there are 200 daily wages workers hired from different jobs in hand. All other shops having no workload have been closed and their staff has been laid off under a voluntary retirement scheme. In addition to these measures, unwanted stores machineries and structures have been disposed off to improve the financial position of the company.

The Sub-Committee directed the PAO to provide a copy of decision of the recruitment of (1500) fifteen hundred persons during this year and determine as to who had taken the decision and submit a report in the next Sub-Committee meeting.

On 21st December, 2010 the Committee deferred the para and asked the PAO to discuss it in DAC and submit a report.

In another meeting held on 24th February, 2011 Audit stated that the PAO may be asked to explain action taken on the DAC's decision.

The PAO explained to the Committee that this company had been setup to provide fabricated structure for construction of Pakistan Steel Mills which has been done. The department is still being run as a subsidiary of Pak. Steel Mills.

He further stated that VRF had been given to its employees in order to reduce the strength which is now 67. The PAO explained that the company was still operative and work order worth Rs. 59 million was in hand and negotiations are under way for work order of Rs.173 million. He further said that future plans of the company are discussed in its Board meeting from time to time.

DIRECTIVE

The Committee directed the PAO to provide details of future plans of this company and asked to send a report about financial position of the company at the end of this budget year to Audit. A report has to be submitted to the Monitoring and Implementation Committee of the PAC for further action.

PAKISTAN INSTITUTE OF MANAGEMENT

- i. **Para 500(Page-355-ARPSE)**
- ii. **Para 501(Page-355-ARPSE)**
- iii. **Para 503&504(Page-358-ARPSE)**

ANTIBIOTICS (PRIVATE) LIMITED

- iv. **Para 505(Page-359-ARPSE)**
- v. **Para 506(Page-359-ARPSE)**
- vi. **Para 507(Page-360-ARPSE)**
- vii. **Para 508(Page-360-ARPSE)**
- viii. **Para 510(Page-360-ARPSE)**

ITTEHAD CHEMICALS

- ix. **Para 514(Page-362-ARPSE)**
- x. **Para 515(Page-362-ARPSE)**
- xi. **Para 516(Page-362-ARPSE)**
- xii. **Para 518(Page-363-ARPSE)**
- xiii. **Para 519(Page-364-ARPSE)**
- xiv. **Para 520(Page-362-ARPSE)**

KURRUM CHEMICALS COMPANY PVT. LIMITED

- xv. **Para 521(Page-365-ARPSE)**

NATIONAL FIBERS LIMITED.

- xvi. Para 522(Page-366-ARPSE)
- xvii. Para 523(Page-367-ARPSE)
- xviii. Para 525(Page-367-ARPSE)

NOWSHERA D.D. FACTORY

- xix. Para 526(Page-368-ARPSE)
- xx. Para 527(Page-368-ARPSE)
Irregular payment of bones Rs. 223,000/-
- xxi. Para 528(Page-369-ARPSE)
Demurrage and storage charges loss Rs. 90.340/-
- xxii. Para 529(Page-370-ARPSE) {Short receipt of chemicals loss Rs. 78.092/-}

NOWSHERA P.V.C. COMPANY PVT. LIMITED

- xxiii. Para 530(Page-371-ARPSE)
- xxiv. Para 531(Page-372-ARPSE)
- xxv. Para 533(Page-372-ARPSE)
- xxvi. Para 534(Page-372-ARPSE)
- xxvii. Para 535(Page-372-ARPSE)
- xxviii. Para 536(Page-372-ARPSE)
- xxix. Para 537(Page-372-ARPSE)
- xxx. Para 538(Page-373-ARPSE)
Shortage of resin in transit loss of Rs. 129.430/-

PAK DYES & CHEMICAL PVT. LIMITED

- xxxix. Para 539(Page-374-ARPSE)
- xxxii. Para 540 (Page-375-ARPSE)
- xxxiii. Para 541(Page-375-ARPSE)
- xxxiv. Para 542(Page-375-ARPSE)

PAKISTAN PVC LIMITED

- xxxv. Para 543(Page-375-ARPSE)
- xxxvi. Para 544(Page-376-ARPSE)
- xxxvii. Para 545(Page-377-ARPSE)
- xxxviii. Para 546(Page-377-ARPSE)
- xxxix. Para 547(Page-377-ARPSE)
- xl. Para 548(Page-377-ARPSE)
- xli. Para 549(Page-377-ARPSE)

RAVI RAYON LIMITED

- xlii. **Para 550(Page-378-ARPSE)**
- xlili. **Para 551(Page-379-ARPSE)**
- xliv. **RAVI ENGINEERING LIMITED.**
- xlv. **Para 552(Page-380-ARPSE)**

SINDH ALKALIS LIMITED

- xlvi. **Para 553 (Page-381-ARPSE)**
- xlvii. **Para 554(Page-382-ARPSE)**
- xlviii. **Para 555 (Page-382-ARPSE)**

SWAT CERAMICES COMPANY PVT. LIMITED

- xliv. **Para 556(Page-383-ARPSE)**
- l. **Para 557(Page-384-ARPSE)**
- li. **Para 558(Page-384-ARPSE)**

PAKISTAN AUTOMOBILE CORPORATION

- lii. **Para 609(Page-413-ARPSE)**
- liii. **Para 610(Page-414-ARPSE)**
- liv. **Para 611(Page-414-ARPSE)**
- lv. **Para 612(Page-414-ARPSE)**
- lvi. **Para 613(Page-415-ARPSE)**
- lvii. **Para 614(Page-415-ARPSE)**
- lviii. **Para 615(Page-415-ARPSE)**

BALUCHISTAN WHEELS LIMITED

- lix. **Para 616(Page-416-ARPSE)**
- lx. **Para 617(Page-417-ARPSE)**

BALA ENGINEERS LIMITED

- lxi. **Para 618(Page-418-ARPSE)**
- lxii. **Para 619(Page-419-ARPSE)**
- lxiii. **Para 620(Page-418-ARPSE)**

BALUCHISTAN COSTING LIMITED

- lxiv. **Para 621(Page-421-ARPSE)**

BOLAN COSTING LIMITED

- lxv. Para 622(Page-422-ARPSE)
- lxvi. Para 623(Page-422-ARPSE)
- lxvii. Para 624(Page-422-ARPSE)
- lxviii. Para 625(Page-423-ARPSE)

NATIONAL MOTORS LIMITED

- lxix. Para 626(Page-424-ARPSE)
- lxx. Para 627 (Page-425-ARPSE)
- lxxi. Para 628 (Page-425-ARPSE)

NAYA DAUR MOTORS PVT. LIMITED

- lxxii. Para 629 (Page-427-ARPSE)
- lxxiii. Para 630(Page-426-ARPSE)
- lxxiv. Para 631 (Page-427-ARPSE)
- lxxv. Para 632 (Page-428-ARPSE)
- lxxvi. Para 633 (Page-429-ARPSE)

PAKISTAN MOTORCAR COMPANY LIMITED

- lxxvii. Para 634 (Page-430-ARPSE)
- lxxviii. Para 635 (Page-430-ARPSE)
- lxxix. Para 636 (Page-430-ARPSE)

PAKISTAN SUZUKI MOTOR COMPANY LIMITED

- lxxx. Para 637(Page-431-ARPSE)
- lxxxi. Para 638 (Page-432-ARPSE)
- lxxxii. Para 639 (Page-432-ARPSE)
- lxxxiii. Para 640 (Page-432-ARPSE)

REPUBLIC MOTOR PVT. LIMITED

- lxxxiv. Para 641 (Page-433-ARPSE)
- lxxxv. Para 642 (Page-433-ARPSE)
- lxxxvi. Para 643 (Page-434-ARPSE)

SINDH ENGINEERING PVT. LIMITED

- lxxxvii. Para 644 (Page-435-ARPSE)
- lxxxviii. Para 645 (Page-435-ARPSE)

- lxxxix. Para 646 (Page-435-ARPSE)
- xc. Para 647 (Page-436-ARPSE)
- xc. Para 649 (Page-438-ARPSE)

**PAKISTAN INDUSTRIAL DEVELOPMENT CORPORATION (pvt)
LIMITED**

- xcii. Para 650 (Page-438-ARPSE)
- xciii. Para 651 (Page-438-ARPSE)
- xciv. Para 652 (Page-439-ARPSE)

DIR FOREST INDUSTRIES COMPLEX PVT. LIMITED

- xcv. Para 653 (Page-440-ARPSE)
- xcvi. Para 654 (Page-440-ARPSE)
- xcvii. Para 655 (Page-440-ARPSE)
- xcviii. Para 656 (Page-441-ARPSE)

HARANI WOOLEN MILLS LIMITED

- xcix. Para 657 (Page-442-ARPSE)

INDUSTRIAL PIPES LIMITED

- c. Para 658 (Page-444-ARPSE)
- ci. Para 659 (Page-444-ARPSE)
- cii. Para 660 (Page-445-ARPSE)
- ciii. Para 661 (Page-445-ARPSE)
- civ. Para 662 (Page-445-ARPSE)
- cv. Para 663 (Page-445-ARPSE)
- cvi. Para 664 (Page-446-ARPSE)
- cvi. Para 665 (Page-446-ARPSE)
- cviii. Para 666 (Page-447-ARPSE)
- cix. Para 667 (Page-447-ARPSE)
- cx. Para 668 (Page-448-ARPSE)

PIDC COTTON GINNING FACTORY PVT. LIMITED

- cx. Para 669 (Page-449-ARPSE)
- cxii. Para 670 (Page-450-ARPSE)
- cxiii. Para 671 (Page-450-ARPSE)
- cxiv. Para 672 (Page-450-ARPSE)

PIDC MEDICAL CENTRE

- cxv. **Para 673 (Page-451-ARPSE)**
cxvi. **Para 674 (Page-451-ARPSE)**

PIDC PRINTING PRESS PVT. LIMITED

- cxvii. **Para 675 (Page-452-ARPSE)**

PIDC TALPUR TEXTILE MILLS LIMITED

- cxviii. **Para 676 (Page-453-ARPSE)**
cxix. **Para 677 (Page-453-ARPSE)**

PAK IRAN TEXTILE PVT. LIMITED

- cxx. **Para 678 (Page-454-ARPSE)**

QUAIDABAD WOOLEN MILLS LIMITED

- cxxi. **Para 679 (Page-455-ARPSE)**
cxxii. **Para 680 (Page-456-ARPSE)**
cxxiii. **Para 681 (Page-456-ARPSE)**

SHAHNAWAZ BHUTTO SUGAR MILLS PVT. LIMITED

- cxxiv. **Para 682 (Page-457-ARPSE)**
cxv. **Para 683 (Page-458-ARPSE)**
cxxvi. **Para 684 (Page-458-ARPSE)**
cxxvii. **Para 685 (Page-459-ARPSE)**
cxxviii. **Para 686 (Page-459-ARPSE)**
cxxix. **Para 687 (Page-460-ARPSE)**
cxxx. **Para 688 (Page-461-ARPSE)**
cxxx. **Para 689 (Page-462-ARPSE)**

PIDC SPECIALIZED RE-FACTORY PROJECT

- cxxxii. **Para 690 (Page-463-ARPSE)**
cxxxiii. **Para 691 (Page-463-ARPSE)**

ZULFIQAR ALI BHUTTO TEXTILE MILLS PVT. LIMITED

- cxxxiv. **Para 693 (Page-464-ARPSE)**

PAKISTAN STEEL MILLS CORPORATION LIMITED

- cxxxv. **Para 694 (Page-465-ARPSE)**
- cxxxvi. **Para 695 (Page-465-ARPSE)**
- cxxxvii. **Para 696 (Page-466-ARPSE)**
- cxxxviii. **Para 698 (Page-467-ARPSE)**
- cxxxix. **Para 699 (Page-468-ARPSE)**

NOKKUNDI IRON ORE PROJECT

- cxl. **Para 701 (Page-470-ARPSE)**

PEOPLES STEELS MILLS LIMITED

- cxli. **Para 703 (Page-471-ARPSE)**
- cxlii. **Para 704 (Page-471-ARPSE)**
- cxliii. **Para 706 (Page-472-ARPSE)**

PAKISTAN STEEL FABRICATING COMPANY LIMITED

- cxliv. **Para 709 (Page-474-ARPSE)**
- cxlv. **Para 710 (Page-474-ARPSE)**
- cxlvi. **Para 711 (Page-474-ARPSE)**
- cxlvii. **Para 712 (Page-474-ARPSE)**
- cxlviii. **Para 713 (Page-474-ARPSE)**
- cxlix. **Para 714 (Page-474-ARPSE)**
- cl. **Para 715 (Page-474-ARPSE)**
- cli. **Para 716-17 (Page-475-ARPSE)**

STATE CEMENT CORPORATION OF PAKISTAN PVT. LIMITED

- clii. **Para 718 (Page-477-ARPSE)**
- cliii. **Para 719 (Page-478-ARPSE)**
- cliv. **Para 720 (Page-478-ARPSE)**
- clv. **Para 721 (Page-478-ARPSE)**
- clvi. **Para 722 (Page-478-ARPSE)**
- clvii. **Para 723 (Page-479-ARPSE)**

ASSOCIATED CEMENT ROHRI

- clviii. **Para 724 (Page-480-ARPSE)**
- clix. **Para 725 (Page-480-ARPSE)**
- clx. **Para 726 (Page-481-ARPSE)**
- clxi. **Para 727 (Page-482-ARPSE)**
- clxii. **Para 728 (Page-483-ARPSE)**

DANDOT CEMENT COMPANY LIMITED

- clxiii. **Para 729 (Page-483-ARPSE)**
- clxiv. **Para 730 (Page-483-ARPSE)**
- clxv. **Para 731 (Page-483-ARPSE)**
- clxvi. **Para 732 (Page-483-ARPSE)**
- clxvii. **Para 733 (Page-485-ARPSE)**

D.G. KHAN CEMENT COMPANY LIMITED

- clxviii. **Para 734 (Page-485-ARPSE)**
- clxix. **Para 735 (Page-485-ARPSE)**
- clxx. **Para 736 (Page-486-ARPSE)**
- clxxi. **Para 737 (Page-487-ARPSE)**
- clxxii. **Para 738 (Page-487-ARPSE)**
- clxxiii. **Para 739 (Page-487-ARPSE)**
- clxxiv. **Para 740 (Page-487-ARPSE)**

GHARIBWAL CEMENT LIMITED

- clxxv. **Para 741 (Page-488-ARPSE)**
- clxxvi. **Para 742 (Page-489-ARPSE)**

INDUSTRIAL & CEMENT ENGINEERS PVT. LIMITED

- clxxvii. **Para 743 (Page-490-ARPSE)**
- clxxviii. **Para 744 (Page-491-ARPSE)**
- clxxix. **Para 745 (Page-491-ARPSE)**

JAVEDAN CEMENT LIMITED

- clxxx. **Para 746 (Page-492-ARPSE)**
- clxxxi. **Para 747 (Page-493-ARPSE)**
- clxxxii. **Para 748 (Page-493-ARPSE)**
- clxxxiii. **Para 749 (Page-493-ARPSE)**
- clxxxiv. **Para 750 (Page-493-ARPSE)**
- clxxxv. **Para 751 (Page-493-ARPSE)**
- clxxxvi. **Para 752 (Page-494-ARPSE)**

MAPLEAF CEMENT FACTORY LIMITED

- clxxxvii. **Para 753 (Page-495-ARPSE)**
- clxxxviii. **Para 754 (Page-495-ARPSE)**

MUSTEHKAM CEMENT LIMITED

- clxxxix. **Para 755 (Page-496-ARPSE)**
- exc. **Para 756 (Page-497-ARPSE)**
- exc. **Para 757 (Page-497-ARPSE)**
- excii. **Para 758 (Page-497-ARPSE)**
- exciii. **Para 759 (Page-497-ARPSE)**

NATIONAL CEMENT INDUSTRIES PVT. LIMITED

- exciv. **Para 760 (Page-498-ARPSE)**
- exc. **Para 761 (Page-499-ARPSE)**
- excvi. **Para 762 (Page-499-ARPSE)**
- exc. **Para 763 (Page-499-ARPSE)**

PAK CEMENT COMPANY LIMITED

- exc. **Para 764 (Page-500-ARPSE)**
- exc. **Para 765 (Page-500-ARPSE)**

THATTA CEMENT FACTORY LIMITED

- cc. **Para 766 (Page-501-ARPSE)**
- cc. **Para 767 (Page-502-ARPSE)**
- cc. **Para 768 (Page-501-ARPSE)**

WHITE CEMENT INDUSTRIES LIMITED

- cc. **Para 769 (Page-503-ARPSE)**
- cc. **Para 770 (Page-504-ARPSE)**

ZEAL PAK CEMENT FACTORY LIMITED

- cc. **Para 771 (Page-505-ARPSE)**
- cc. **Para 772-73 (Page-506-ARPSE)**
- cc. **Para 774-75 (Page-506-ARPSE)**
- cc. **Para 776 (Page-507-ARPSE)**

DIRECTIVE

On recommendation of the DAC, the Sub-Committee recommended the above 209 audit paras for settlement.

UTILITY STORE CORPORATION OF PAKISTAN PVT LTD

4.4 Para 250 (Page-189-ARPSE)

Audit pointed out that provision for doubtful insurance claims amounting to Rs. 500,000 and for doubtful recoverable from stores amounting to Rs. 8.769 million was made in the accounts for the year under review which needs justification.

The PAO informed the Committee that during the year 1990-91, an abnormal embezzlement of stock/cash to the tune of Rs 6.7 million in USC Lahore Region was detected recovery of which from the individual appears doubtful. In order to depict a true and fair state of accounts for 1990-91, provisions of Rs 0.50 million and Rs 7.22 million had to be made against insurance claims and recoverable from the store in charges respectively, with the approval of the board of Directors. It may be clarified that provision of i.e. Rs 8.769 million for doubtful recoverable from store in charges as referred by the Audit, represents accumulated balance and provision for the current year 1990-91 is only 7.22 million. It may be mentioned that no amount is written off against the provisions until and unless it is fully investigated and proved to be irrecoverable.

DIRECTIVE

The Sub-Committee directed the PAO to provide detailed figures of doubtful insurance claims for the last 20 years within a month.

(The said report was not received nor the Para was taken up again hence it has to be submitted before the Monitoring and Implementation Committee of the PAC for further action).

4.5 Para 251 (Page-189-ARPSE)

Audit pointed out that selling and distribution expenses amounting to Rs. 132.179 million include an amount of Rs. 7.720 million on accounts of provision

for doubtful debts and Rs. 664,000 on account of provision for damaged stock. Reasons due to which the amounts could not be recovered need to be explained. Included therein is also an amount of Rs. 228,000 on account of consultancy services which also needs to be clarified.

The PAO informed the Committee that as regards provision of Rs 0.644 million for damaged stock, it may be mentioned that the normal course of business operation and handling of stock at warehouses and stores, some items are damaged/broken for no fault of any individual, and these items either become totally un-saleable or these have to be disposed off at the reduced prices. In order to provide for the loss suspected on disposal of such damaged/defective/broken items, accumulated over the past several year, necessary provisional has been made with a view to depict a true and fair state of accounts.

DIRECTIVE

After Ministry's reply the Sub-Committee recommended the para for settlement.

4.6 **Para 255 (Page-191-ARPSE)**
Non-deduction of income tax from transport contractors Rs. 750,209

Audit pointed out that Bara Vegetable Ghee Mills paid Rs. 25,006,974 as freight/transportation charges to various transport companies during the year 1986-87, 1987-88 and 1988-89. However, income tax at 3% of the total payments was not deducted from the contractors as required under section 18-(3)(b) of Income Tax Act, amended vide Sub-Section-4 of Section-50 of Income Tax Ordinance 1979.

The PAO informed the Committee that the unit has been privatized since 26-7-1992. However, we do not agree with Audit's observation that under section 18(3) (b) of Income Tax Act 1922 (repealed) replaced with sub section 4 of section 50 of Income Tax Ordinance 1979, the unit was liable to deduct 3% advance income tax from the transport companies. Bara Vegetable Ghee Mills

was situated in Khyber Agency, Tribal Area under section 247 of Constitution, the application of Income Tax Ordinance and Income Tax Act was not extended in this agency.

DIRECTIVE

After Ministry's reply the Sub-Committee recommended the para for settlement.

HARIPUR VEGETABLE PROCESSING INDUSTRIES

4.7 **Para 268 (Page-199-ARPSE)**

Non-deduction of income tax from transport contractors; Rs. 124,471

Audit pointed out that in Haripur Vegetable Oil processing Industries, income tax at 3% was not deducted from goods transporters during 1989-90 in contravention of (Section-18(3)(b) of Income Tax as amended Sub-Section-(4) of Section-(5) of Income Tax ordinance 1979. The transport companies rendered services during the year and freight to the tune of Rs. 4,144,561 was paid to them on which income tax amounting to Rs. 124,471 was to be deducted but was not deducted by the management of the unit.

The PAO informed the Committee that the unit had been privatized w.e.f 8-7-1992. As regards deduction of Income Tax during 1989-90 it is pointed out that the unit did not deduct tax in advance but it was directly paid by the transporters alongwith their return as such no loss was suffered by the government of Pakistan. However, the unit started deducting advance income tax after 1989-90 as suggested by Audit strictly as per Income Tax Ordinance, 1979.

DIRECTIVE

After Ministry's reply the Sub-Committee recommended the para for settlement.

E.M. OIL MILLS AND INDUSTRIES LIMITED

4.8 **Para 301 (Page-220-ARPSE)** **Misappropriation of palm oil: Loss Rs. 189,525.**

Audit pointed out that in Fazal Vegetable Ghee Mills, Islamabad, 10.830 M.tons of Palm oil valuing Rs. 189,525 was dispatched from Faisalabad to the Mills through tank lorry No. KTA-7910 on Jan 4, 1990 but lorry did not reach its destination. The matter was taken up with the contractor concerned on Jan 30, 1990 for payment of Rs. 189,525 i.e. the cost of the oil, but no progress towards the recovery of the amount involved has so far been made. Since a considerable period has elapsed, the chances of recovery appear to be remote and the management is likely to sustain a loss of Rs. 189,525 on this account.

The PAO informed the Committee that the claim for remaining amount of Rs 189525/- was lodged with the contractor M/s Atlas Carriage Company. A suit was filed in the Civil Court for recovery of the total claim of GCP on behalf of all Ghee units. The matter was referred to Arbitrator. The Arbitrator has now announced the award in favour of GCP and submitted the same in the Civil Court for making the award as Rule of the Court. As soon as the award is made as rule of the court, action for recovery of the amount will be initiated strictly in accordance with the award. An amount of Rs 200,000 has been recovered from Bank Guarantee.

DIRECTIVE

After Ministry's reply the Sub-Committee recommended the above para for settlement subject to verification of the recovered amount by the Audit.

PAK-SAUDI FERTILIZERS LIMITED

4.9 **Para 780 (Page-245-ARPSE)**

Audit pointed out that the Company earned net profit of Rs. 4.825 million in 1986-87 sustained losses of Rs. 88.723 million in 1987-88, Rs. 150.217 million

in 1988-89 and then earned net profit of Rs. 2 million in 1989-90. IN again sustained a net loss of Rs. 56 million in 1990-91.

The PAO informed the Committee that in order to improve the operational activity/ profitability of the company, the management besides procuring the orders from the local market, also concentrated on the export orders. There has been improvement in this area and company was able to procure orders of a sugar mill and clinker grinder packing plant from Bangladesh and order for sugar equipment worth Rs 49.1 million from Sudan. Moreover the company was able to procure substantial order from local market which included order of a cement & sugar plant. By virtue of high sales against these substantial orders, the company was able to achieve a pre tax profit of Rs 362 million in the year 1992-93, compared to loss of Rs 56.0 million of the year 1990-91. Again the company was able to make profit of Rs. 37.5 million in 1993-94. Due to tremendous improvement in the company, the performance of the company during the year 2003-04 and 2004-05 also improved.

DIRECTIVE

After Ministry's reply the Sub-Committee recommended the paras for settlement subject to verification of the facts by Audit.

PAKISTAN MACHINE TOOL FACTORY (PVT) LIMITED

4.10 Para 812 (Page-245-ARPSE)

Audit pointed out that Trade debts (unsecured) have been increased from Rs. 63.961 million in 1989-90 to Rs. 75.984 million in 1990-91. This shows an upward trend of 18.80% which cannot be considered as satisfactory especially when the Company has been incurring huge expenditure on financial expenses on borrowed funds. The management is stressed upon to reduce the trade debts.

The PAO informed the Committee that the sales during 1990-91 increase

to Rs 440.199 million for Rs. 393.740 million, thereby resulting in increase of debtors from Rs 63.961 million 1989-90 to Rs 75.984 million in 1990-91. In percentage terms, debtors/ sale ratio charged from 16.2% in 1989-90 to 17.3% in 1990-91. However, a substantial amount had been collected in the pervious month. Balance of debtors as on July 31, 1991 has come down to Rs 59.318 million.

DIRECTIVE

After Ministry's reply the Sub-Committee recommended the para for settlement.

CHILTAN GHEE MILLS

- i. **Para 258 (Page-193-ARPSE)**

CRESCENT FACTORIES VEGETABLE GHEE MILLS

- ii. **Para 260 (Page-195-ARPSE)**
iii. **Para 261 (Page-195-ARPSE)**

SARGOROH VEGETABLES GHEE & GENERAL MILLS

- iv. **Para 271(Page-202-ARPSE)**

A & B INDUSTRIAL GASES LIMITED

- v. **Para 275(Page-205-ARPSE)**
vi. **Para 282 (Page-209-ARPSE)**

E.M. OIL MILLS & INDUSTRIES LIMITED

- vii. **Para 299 (Page-219-ARPSE)**
viii. **Para 300 (Page-219-ARPSE)**

HYDARI INDUSTRIES LIMITED

- ix. **Para 305 (Page-222-ARPSE)**
x. **Para 306 (Page-222-ARPSE)**

KOHINOOR OIL MILLS LIMITED

- xi. **Para 315 (Page-227-ARPSE)**

MAQBOOL COMPANY LIMITED

- xii. **Para 322 (Page-229-ARPSE)**
MORAFKO INDUSTRIES LIMITED

- xiii. **Para 327 (Page-231-ARPSE)**

SURAJ GHEE INDUSTRIES LIMITED

- xiv. **Para 334 (Page-236-ARPSE)**

UNIVERSAL OIL & VEGETABLE GHEE MILLS LIMITED

- xv. **Para 342 (Page-241-ARPSE)**

WAZIR ALI INDUSTRIES LIMITED

- xvi. **Para 346 (Page-243-ARPSE)**

NATIONAL FERTILIZER CORPORATION OF PAK. PVT. LIMITED

- xvii. **Para 561 (Page-245-ARPSE)**

**FERTILIZER RESEARCH & DEVELOPMENT INSTITUTE PVT.
LIMITED**

- xviii. **Para 563 (Page-245-ARPSE)**

HAZRA PHOSPHATE FERTILIZER PVT. LIMITED

- xix. **Para 567 (Page-245-ARPSE)**

NFC TECHNICAL TRAINING CENTRE PVT. LIMITED

- xx. **Para 573 (Page-245-ARPSE)**

NATIONAL FERTILIZER MARKETING LIMITED

- xxi. **Para 575 (Page-245-ARPSE)**

- xxii. Para 576 (Page-245-ARPSE)
- xxiii. Para 577 (Page-245-ARPSE)
- xxiv. Para 578 (Page-245-ARPSE)
- xxv. Paras 579,80,81 & 82 (Page-245-ARPSE)

PAKARAB FERTILIZER PVT. LIMITED

- xxvi. Para 592(Page-245-ARPSE)
- xxvii. Paras 596 & 98 (Page-245-ARPSE)

PAKCHINA FERTILIZER LIMITED

- xxviii. Para 604 (Page-245-ARPSE)

PAKSAUDI FERTILIZER LIMITED

- xxix. Para 606 (Page-245-ARPSE)
- xxx. Para 781 (Page-245-ARPSE)
- xxxi. Para 786 (Page-245-ARPSE)
- xxxii. Para 787 (Page-245-ARPSE)

METROPOLITAN STEEL CORPORATION LIMITED

- xxxiii. Para 798 (Page-517-ARPSE)

PAKISTAN ENGINEERING COMPANY LIMITED

- xxxiv. Para 801 (Page-245-ARPSE)
- xxxv. Para 803 (Page-245-ARPSE)
- xxxvi. Para 804 (Page-245-ARPSE)
- xxxvii. Para 805 (Page-245-ARPSE)
- xxxviii. Para 807 (Page-245-ARPSE)

PAKISTAN MACHINE TOOL FACTORY PVT. LIMITED

- xxxix. Para 808 (Page-245-ARPSE)
- xl. Para 809 (Page-245-ARPSE)
- xli. Para 810 (Page-245-ARPSE)
- xlii. Para 811 (Page-245-ARPSE)

PAKISTAN SWITCHGEAR LIMITED

- xliii. Para 813 (Page-245-ARPSE)
- QUALITY STEEL WORKS LIMITED**
- xliv. Para 816 (Page-527-ARPSE)

- xlvi. Para 817 (Page-527-ARPSE)
- xlvi. Para 819 (Page-527-ARPSE)

SPINNING MACHINERY COMPANY OF PAK. PVT. LIMITED

- xlvi. Para 820 (Page-528-ARPSE)
- xlvi. Para 822 (Page-530-ARPSE)

TEXTILE MACHINERY COMPANY PVT. LIMITED

- xlix. Para 826 (Page-532-ARPSE)

DIRECTIVE

On recommendations of the DAC, the Sub-Committee recommended the above forty-nine (49) Audit Paras for settlement.

MINISTRY OF INFORMATION TECHNOLOGY & TELECOMMUNICATION

1. OVERVIEW

Audit Reports of Telecommunication Sector for the year 1990-91 pertaining to the Ministry of Information Technology & Telecommunications were taken up for examination by Special Committee-II of the PAC in the meetings held on July 27th 2010, February 2nd 2011, March 8th 2011 & May 17th 2011 in Committee room No.2 Parliament House Islamabad. Decisions taken are summarized below:

- 1.1** Eighteen (18) Paras of the Audit Report on Telegraph & Telecommunication Sector were presented by Audit
- 1.2** While discussing the Paras regarding Telephone Industries of Pakistan (TIP), the Committee recommended the para for settlement. While the remaining thirteen (13) Paras, the Committee endorsed the recommendations of the DAC for settlement.
- 1.3** While discussing Audit Reports of Telegraph & Telecommunication regarding TIP, NTC and SCO, the Committee directed that any observation made by Audit should remain on record and be preserved until the para was settled and the Committee directed the PAO to make personal efforts to obtain the requisite record from the Etisalat International Pakistan (EIP) and make it available to Audit.

I. AUDIT REPORT ON THE ACCOUNTS OF TELECOMMUNICATION SECTOR MINISTRY OF INFORMATION TECHNOLOGY & TELECOMMUNICATION FOR THE AUDIT YEAR 1990-91

- i. **PARA- No.8.4.1 (Page 70) AR- 1990-91**
- ii. **PARA- No.8.4.2 (Page 70) AR- 1990-91**
- iii. **PARA- No.8.4.3 (Page 70) AR- 1990-91**
- iv. **PARA- No.8.4.5 (Page 71) AR- 1990-91**

Audit stated that remedial measures were required to be taken urgently to arrest increasing trend of losses in the Company.

The PAO requested the Committee to allow the Ministry some time to formulate plans for the future of the Company as also directed by the ECC. The Ministry had six months target in mind for doing the needful.

The Committee observed that the continuous drain on government resources must be plugged urgently. Audit Report pertaining to TIP would be discussed in the main PAC after discussion of the ECC regarding the Company. The Ministry should keep Audit informed of progress in this regard.

DIERCTIVE

|On 2nd February, 2011 the Committee recommended the para for settlement.

PARA- No.8.4.6 (Page 71) AR- 1990-91

Audit stated that despite operational losses, bonus of Rs. 20.280 million was paid to officers and staff of the company.

The MD, TIP explained that the Company had been incurring losses from 1971 onwards, but the employees had been getting bonus on turn-over. From 2005-06 onward the Board of Directors had discontinued the bonus.

When the matter was taken up again for consideration on 17th May, 2011, MD TIP, informed the Committee that despite operational losses, bonus was paid to officers and staff of the company after approval from the Board which is the competent authority for grant of bonuses and due process had been followed

DIRECTIVE

The Committee observed that it was highly unusual that bonuses were being paid even when the Company was running in loss.

The Committee directed that the para should be referred back to the Board of Directors for consideration in the light of the directives / guidelines of the Ministry of Finance. If required a formal reference may be made to Finance Division for regularization.

On 17th May, 2011 the Committee directed the MD, TIP to take the issue back to the Board, get the endorsement again in order to seek regularization from the Finance Division . The Para was recommended for settlement subject to regularization from the Finance Division.

The DAC recommended the following Audit Paras for settlement by the Special Committee:-

TELEPHONE INDUSTRIES OF PAKISTAN (TIP)

- i. **PARA- No.8.2 (Page 69) AR- 1990-91**
- ii. **PARA- No.8.3 (Page 69) AR- 1990-91**
- iii. **PARA- No.8.4 (Page 70) AR- 1990-91**
- iv. **PARA- No.8.4.4 (Page 70-71) AR- 1990-91**
- v. **PARA- No.8.4.7 (Page 71) AR- 1990-91**
- vi. **PARA- No.8.4.8 (Page 72) AR- 1990-91**
- vii. **PARA- No.8.4.9 (Page 72) AR- 1990-91**
- viii. **PARA- No.8.5.1 (Page 72) AR- 1990-91**
NON REPLACEMENT OF SUBSTANDARD MATERIAL
RS. 4.705 (M)
- ix. **PARA- No.8.5.2 (Page 72) AR- 1990-91**
PAYMENT OF DEMURRAGE CHARGES RS. 1.317 (M)

- x. **PARA- No.8.5.3 (Page 72-73) AR- 1990-91**
PURCHASE OF SUB-SLANDERED TELEPHONE COMPONENTS
RS. 16.379 (M)
- xi. **PARA- No.8.5.4 (Page 73) AR- 1990-91**
LOSS DUE TO SHORT RECEIPT OF STORE RS. 543,856
- xii. **PARA- No.8.5.5 (Page 73) AR- 1990-91**
IRREGULAR EXPENDITURE ON MEDICAL TREATMENT RS.
3.007 (M)
- xiii. **PARA- No.8.5.6 (Page 73) AR- 1990-91**
NON-ALLOTMENT OF STAFF QUARTERS

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned thirteen (13) Audit Paras.

II. AUDIT REPORT ON THE ACCOUNTS OF TELEGRAPH & TELECOMMUNICATION MINISTRY OF INFORMATION & TELECOMMUNICATION FOR THE AUDIT YEARS 1990-91,1992-93 & 2001-02 REGARDING TIP, NTC AND SCO

AUDIT REPORT FOR THE YEAR 1990-91

Carrier Telephone Industries of Pakistan (CTI)

Section-III

Chapter 8 (iii) Total Audit Paras = 8

Pakistan Telecommunication Company Ltd (PTCL)

Section-II

Chapter 3,4,5 & 6 = Total Audit Paras=103

Chapter 7 = Special Study

Section IV

This section contains two (2) Performance Audit Reports on PTC.

The PAO informed the Committee that PTC was the predecessor organization of PTCL. At the time of privatization the record was misplaced and the new management of PTCL, which is Etisalat International Pakistan (EIP), did not respond to any audit observation.

DIRECTIVE

The Committee directed that any observation made by Audit should remain on record and be preserved until the para was settled.

The Committee directed the PAO to make personal efforts to obtain the requisite record from the EIP and make it available to Audit.

MINISTRY OF INFORMATION AND BROADCASTING

1. Overview

Appropriation Accounts (Civil-Vol-1) and Audit Report of Federal Government for the year 1990-91 pertaining to Ministry of Information & Broadcasting were taken up for examination by the sub-Committee of the PAC on April 27th, 2006 under the Convenership of Mr. Kunwar Khalid Younus, M.N.A, and by Special Committee –II of the PAC on June 3rd 2010, July 22nd 2010, February 1st, 2011 & March 10th, 2011 under the Convenership of Mr. Zahid Hamid M.N.A. in Committee Room No.2, Parliament House Islamabad. Decisions taken are summarized below:

- 1.1 Ten (10) grants, seventeen (17) Audit Paras were presented by AGPR/ Audit before the Committee. While recommending Audit Paras for settlement the Committee directed the department to be careful in future while incurring huge expenditures on telephone calls etc.
- 1.2 While discussing Audit Report on Pakistan Broadcasting Corporation the Committee directed the PAO to consider PBC as a commercial organization and make financial plans accordingly, however separate plans for the strategic role of PBC should be made and identified in order to ask the government for grant-in-aid for that purpose.

2. APPROPRIATION ACCOUNTS CIVIL Vol-I-1990-91

- i. **Grant # 82-Ministry of Information and Broadcasting**
(Saving Rs 144,727)
- ii. **Grant # 83-Directorate of Publications, Newsreels and Documentaries**
(Excess Rs 1,255,326)
- iii. **Grant # 84-Press Information Department**
(Excess Rs 1,341,204)
- iv. **Grant # 85-Information Services Abroad**
(Excess Rs 3,686,103)

- v. **Grant # 86-PAKISTAN NATIONAL CENTRES**
(Excess Rs 488,305)
- vi. **Grant # 87-Other Expenditure of Ministry of Information and Broadcasting**
(Saving Rs 229,557)

DIRECTIVE

On the presentation of the above six grants by the AGPR, the Sub-Committee recommended the excess /savings for regularization.

3. AUDIT REPORT FOR THE YEAR 1990-91

- i. **Audit Para # 1, Page-90-AR-1990-91**
Unjustified annual expenditure of Rs 2.282 million incurred on supply of weekly editions to the mission abroad.
- ii. **Audit Para # 2, Page-90-AR-1990-91**
Excess Expenditure on telephone calls amounting to Rs 74,701 recovery thereof

DIRECTIVE

The Sub-Committee deferred the above two paras for its next meeting.

In a meeting held on 1st February, 2011, Audit stated that DAC had recommended the following two paras for settlement by the Committee.

- i. **PARA-1 (PAGE-90) AR 1990-91.**
UNJUSTIFIED ANNUAL EXPENDITURE OF RS. 2.282 MILLION INCURRED ON SUPPLY OF WEEKLY EDITIONS TO THE MISSIONS ABROAD.
- ii. **PARA-2 (PAGE-90) AR 1990-91**
EXCESS EXPENDITURE ON TELEPHONE CALLS AMOUNTING TO RS.74,701 RECOVERY THEREOF.

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement the above mentioned two (2) Audit Paras, with the direction that the department should be careful in future while incurring such expenditures.

4. AUDIT REPORT PUBLIC SECTOR ENTERPRISES FOR THE YEAR 1990-91

4.1 Audit Para # 354, Page-251-ARPSE-1990-91

DIRECTIVE

The Sub-Committee deferred the para for its next meeting.

(The para could not be discussed even in the meetings held on 1st February 2011 & 10th March 2011, hence it has to be taken up by the Monitoring and Implementation Committee of the PAC for further action.)

4.2 Audit Para # 358, Page-254-ARPSE-1990-91

Audit pointed out that stores and spares stood at Rs 246.030 million as on June 30, 1991 as against Rs 251.285 million at the close of 1989-90. The balances of stores at the close of each financial year appear to be on the higher side, thus blocking huge funds of the Corporation in the maintenance of stores and spares. The matter needs to be looked into for devising ways and means to exercise a strict inventory control in future.

The PAO informed the Sub-Committee that most of the PBC's transmitters are 30-40 year old and the spares for these transmitting equipment are not fabricated locally. These have to be imported which requires 6 to 12 months. Often spares for these old transmitters are not available in the market. Therefore to provide uninterrupted broadcasting service we have to keep sufficient inventory of spares.

DIRECTIVE

The Sub-Committee recommended the para for settlement subject to verification of ageing profile of remaining stores and spares by Audit.

- i) **Audit Para # 352, Page-251-ARPSE-1990-91**
- ii) **Audit Para # 253, Page-251, ARPSE-1990-91**

PAKISTAN BROADCASTING CORPORATION

- iii) **Audit Para # 355, Page-253, ARPSE-1990-91**
- iv) **Audit Para # 356, Page-253, ARPSE-1990-91**
- v) **Audit Para # 357, Page-254, ARPSE-1990-91**
- vi) **Audit Para # 359, Page-254, ARPSE-1990-91**
- vii) **Audit Para # 360, Page-254, ARPSE-1990-91**

PAKISTAN TELEVISION CORPORATION LIMITED

- viii) **Audit Para # 361, Page-255, ARPSE-1990-91**
- ix) **Audit Para # 362, Page-256, ARPSE-1990-91**
- x) **Audit Para # 363, Page-256, ARPSE-1990-91**
- xi) **Audit Para # 364, Page-256, ARPSE-1990-91**
- xii) **Audit Para # 365, Page-256, ARPSE-1990-91**
- xiii) **Audit Para # 366, Page-256, ARPSE-1990-91**

On the presentation of the above thirteen Audit paras by Audit, the Sub-Committee endorsed the DAC decisions.

5. AUDIT REPORT ON PUBLIC SECTOR ENTERPRISES FOR THE YEAR 1990-91.

PAKISTAN BROADCASTING CORPORATION:

5.1 ARA-359 (PAGE-254) ARPSE-1990-91

Audit stated that debtors to the extent of Rs.1.486 million had been considered doubtful of recovery and a provision to this effect had been made in the accounts. Audit further stated that presently (June, 2010) the bad debts increases to 16.579 million.

On 27th April, 2006, PAC's Sub-Committee has endorsed the DAC decision.

When the para came up again on 1st February, 2011, the PAO informed the Committee that out of total receivables of Rs. 33,096,953 as on 30-06-1991, an amount of Rs. 27,635,557 had been recovered from the advertising agencies.

The PAO requested the Committee that the para may be referred to DAC for detailed examination.

The Committee directed the PAO to look into the matter in the DAC to ensure that the revenues are being properly monitored and the systems are in place for proper recovery, so that the bad debts are kept to minimum. A report has to be submitted to the Committee within two weeks.

When the matter was taken up again on 10th March, 2011, Audit stated that debtors to the extent of Rs. 1.486 million have been considered doubtful of recovery and a provision to this effect has been made in the accounts. The Ministry should evolve some policy to curtail these debts.

The PAO informed the Committee that issue of debts had been discussed in detail in the DAC meeting and entire amount of Rs. 1.486 million has either been recovered or written off. He further said that the Ministry would reconcile this amount with audit. The PAO said that an amount of Rs. 84,343 was in the process of write off and the total receivable amount as of June 30th 2010 was 163 million and doubtful debts were 16.579 million. The ministry has now decided that no amount would be written off in future.

The PAO informed the Committee that in 2009-10 total income of PBC was 205 million and annual expenditures were 2652 million. A grant in aid of Rs. 1963 million was being given to PBC. He further stated that this was a strategic organization and thus going in loss.

DIRECTIVE

The Committee directed the PAO to consider PBC as a commercial organization and make financial plans accordingly. So far as strategic role of the organization is concerned plan should be made separately for that and identified in order to ask the government for grant in aid for that purpose. The Committee

observed that the strategic role of the organization does not give license for over staffing every where. The Committee further observed that the FM channels should compete commercially with other FM channels and MW and SW stations should be run for strategic purposes. The Committee directed the PAO to submit a report on the future plans and commercial viability of this organization.

The Committee directed the PAO to provide information relevant to this para for verification to audit and recommended the para for settlement subject to verification.

PAKISTAN TELEVISION CORPORATION LIMITED

5.2 PARA-362 (PAGE-256) ARPSE-1990-91

Audit stated that provision for obsolescence on fixed assets and stores and spares inventories amounting to Rs.44.156 million and Rs. 14.187 million respectively existed in the accounts since past years. Desirability for writing off and disposal action by the management was stressed.

On 27th April, 2006, PAC's Sub-Committee has endorsed the DAC decision.

When the matter was taken up again on 1st February, 2011, the PAO informed the Committee that the Board had approved and handover the disposal of assets to G.I.K, Institute on 29th December, 2010.

DIRECTIVE

The Committee directed the PAO to provide the requisite record to Audit. The Committee recommended the para for settlement subject to verification by Audit.

MINISTRY OF INTERIOR

1. OVERVIEW

Appropriation Accounts / Audit Reports for the year 1990-91 pertaining to the Ministry of Interior were taken up for examination by Special Committee-II of the PAC in the meetings held on June 8th, 2010, July 12th, 2010, October 19th, 2010, December 21st, 2010 & March 8th, 2011 in Committee room No.2 Parliament House Islamabad. Decisions taken are summarized below:

- 1.1 Eleven (11) grants and five (05) Paras were reported by AGPR / Audit.
- 1.2 On presentation of the grants by the AGPR, the Committee directed the PAO to ensure improvement in financial management in future, so that there is no excess or saving in any grant at the end of the financial year.
- 1.3 While discussing Audit Report pertaining to the year 1990-91, the Committee recommended settlement of the five (05) Audit Paras and directed the Ministry to implement the recommendations of the DAC.
- 1.4 The Committee appreciated the efforts of the PAO and Audit department for holding regular DAC meetings and disposing of the old Audit Paras.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1990-91

The following eleven (11) grants were settled by the Special Committee.

- i. **GRANT NO. 88- INTERIOR DIVISION:**
Saving Rs. 235,145/-
- ii. **GRANT NO. 89- ISLAMABAD**
Excess Rs. 22,181,464/-
- iii. **GRANT NO.90- PASSPORT ORAGANIZATION**
Excess Rs. 752,291/-
- iv. **GRANT NO.91-CIVIL ARMED FORCES**
Excess Rs. 34,658,919/-
- v. **GRANT NO. 92- PAKISTAN COAST GUARDS**
Saving Rs. 166/-

- vi. **GRANT NO. 93- PAKISTAN RANGERS**
Excess Rs. 35,298,306/-
- vii. **GRANT NO. 94- REGISTRATION ORAGANIZATION**
Excess Rs. 12,360,950/-
- viii. **GRANT NO. 95- CIVIL DEFENCE**
Excess Rs. 1,808,908/-
- ix. **GRANT NO. 96- FEDERAL INVESTIGATION AGENCY**
Excess Rs. 7,391,401/-
- x. **GRANT NO. 97- OTHER EXPENDITURE OF MINISTRY OF INTERIOR AND NARCOTICS CONTROL.**
Saving / Excess Rs. 169,986,257/-
- xi. **GRANT NO. 164- DEVELOPMENT EXPENDITURE OF MINISTRY OF INTERIOR.**
Excess Rs.2,448,913/-

DIRECTIVE

On presentation of the above mentioned eleven (11) grants by the AGPR, the Committee recommended the above excesses / savings for regularization with the direction to the PAO to ensure improvement in financial management in future, so that there is no excess or saving in any grant at the end of the financial year.

3. AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF INTERIOR FOR THE AUDIT YEAR 1990-91.

List of Audit Paras recommended by DAC for settlement to the Special Committee is as follows:

- i. **PARA-1 (PAGE-91) AR-1990-91**
INJUDICIOUS EXPENDITURE OF RS. 2,790/- MILLION ON PURCHASE OF 31 MOTORCYCLES (OFF ROAD)
- ii. **PARA-3 (PAGE-92) AR-1990-91**
UNAUTHORIZED PAYMENT OF RENT AMOUNTING TO RS. 662,928/-
- iii. **PARA-4 (PAGE-92) AR-1990-91**
DOUBTFUL EXPENDITURE OF RS. 333,636/-
- iv. **PARA-5 (PAGE-92) AR-1990-91**
IRREGULAR PAYMENT OF CONVEYANCE ALLOWANCE RS 49,409/-

DIRECTIVE

The Committee recommended settlement of the above mentioned four (4) Audit Paras and directed the Ministry to implement the recommendations of the DAC.

4. AUDIT REPORT ON THE ACCOUNTS OF AUDIT WORKS OF MINISTRY OF INTERIOR FOR THE AUDIT YEAR 1990-91.

The DAC recommended the Audit Para for settlement in the Special Committee.

4.1 PARA NO. 9.1 (PAGE 67) AR-1990-91 UN-AUTHORIZED EXPENDITURE OF RS. 5.10 MILLION

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned Audit Para.

5. COMMENTS ON THE AUDIT REPORT FOR THE YEAR 1990-91

The PAO informed the Committee that on the direction of the PAC, DAC meetings were being held regularly. In the last DAC meeting the Ministry had reconciled facts and figures with Audit and action had been taken on all the Paras ,hence there is no pending / highlighted audit Para for the audit years 1990-91 pertaining to the Ministry of Interior.

The Deputy Auditor General of Pakistan observed that holding of regular DAC meetings had greatly helped expedite disposal of these old paras.

DIRECTIVE

The Committee appreciated the efforts of the PAO and the Audit department for holding regular DAC meetings and disposing of the old Audit

paras. The Committee further directed both the PAO and the Audit to hold DAC meeting in respect of the Audit reports for the year 2001-2002 for the next meeting.

(This Audit para will now be taken up by the Monitoring and Implementation Committee of the PAC for further action.)

**MINISTRY OF KASHMIR AFFAIRS AND
NORTHERN AREAS**

1. OVERVIEW

Appropriation Accounts and Audit Reports of Federal Government for the year 1990-91 pertaining to Ministry of Kashmir Affairs & Northern Areas were taken up for examination by Special Committee-II of the PAC in the meetings held on July, 7th 2010 , November 4th , 2010 & December 28th , 2010 in Committee room No.2 Parliament House Islamabad. Decisions taken are summarized below:

- 1.1** Six (06) grants were reported by AGPR. Five (05) Para of the Audit Report on Ministry of Kashmir Affairs & Northern Areas were presented by Audit
- 1.2** On presentation of the grants, the Committee directed to get the requisite record of one grant verified from the AGPR.
- 1.3** While discussing the grants, the Committee directed the Finance Division to issue a circular to all the Ministries / Divisions / Department quoting the relevant Rules that even if a foreign aid component is not released in time the surrender should be made formally in accordance with the Rules.
- 1.4** The Committee endorsed the recommendation of the DAC for settlement of two (02) Audit Paras, one (01) para was recommended for settlement and one para was recommended for settlement subject to the verification by Audit.
- 1.5** While discussing Para No.01 of Audit Report on Ministry of Kashmir Affairs & Northern Areas, the Committee recommended the Para for settlement subject to physical verification at site and make sure that the verification of record is done in one week.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-I 1990-91

i. GRANT NO.128-KASHMIR AFFAIRS AND NORTHERN AFFAIRS DIVISION.

<u>Budget</u>	<u>AGPR Figures</u>	<u>Deptt. Figures</u>	<u>Difference</u>
Saving	(+) <u>865,249</u>	(-) <u>20,751</u>	<u>886,000</u>

The PAO informed the Committee that saving was due to less payment under the sub-heads re-imbusement of medical charges/Honoraria.

DIRECTIVE

The Committee recommended regularization of the grant.

**ii. GRANT NO.129-NORTHERN AREAS
Excess Rs. 31,090,531/-**

The PAO informed the Committee that the saving/excess was due to revision of pay scales in respect of all employees from the rank of FC to SIP in NA Police and payment of 10% additional adhoc increase and dearness allowance @ Rs.200/-.

The PAO further informed that an amount of Rs. 483,606/- was required to be re-appropriated towards sub head repair and maintenance for want of payment of RTE staff salaries. However, the re-appropriation could not be materialized in time, which resulted into saving under this head.

DIRECTIVE

The Committee recommended regularization of the grant.

iii. **GRANT NO.130-FEDERAL GOVERNMENT EDUCATIONAL INSTITUTIONS IN NORTHERN AREAS**

Excess Rs. 12,094,958/-

The PAO informed the Committee that the excess was due to payment of arrears to 133 TGTs who were granted selection grade from retrospective effect for which no additional fund was allocated as well as 20 vacant posts in the Education Institutions, which could not be filled in due to imposition of ban on recruitment.

The PAO further informed that it was also due to economy exercised by more than 57 DDOs. The saving could not be adjusted for re-appropriation under other heads due to non-receipt of expenditure figures well in time due to communication problems.

DIRECTIVE

The Committee recommended regularization of the grant.

iv **GRANT NO.131-OTHER EXPENDITURE OF KASHMIR AFFAIRS AND NORTHERN AFFAIRS DIVISION**

Saving Rs. 1,428,619/-

The PAO informed the Committee that the saving was due to repatriation of an on secondment Superintending Engineer back to Army as well as 10% additional adhoc increase and grant of dearness allowance @ Rs.200/- to all Government employees for which no budget grant was provided. The PAO further informed that it was also due to less procurement of wheat and sugar during the year.

DIRECTIVE

The Committee recommended regularization of the grant with the direction to make sure that this is not repeated in future.

v. **GRANT NO.137-CAPITAL OUTLAY ON PURCHASES BY KASHMIR AFFAIRS AND NORTHERN AFFAIRS DIVISION**

<u>Budget</u>	<u>AGPR Figures</u>	<u>Deptt. Figures</u>	<u>Difference</u>
Excess	(-) <u>18,634,200</u>	(+) <u>41,000</u>	18,675,000

The PAO informed the Committee that as pointed out by AGPR less booking of expenditure amounting to Rs.18,675,000 was made. After taking the affect of said expenditure saving shall be converted to an excess of Rs.41,000 which was explained by the department as due to late receipt of credit note from railways on account of TPT charges of salt from Khewra to Rawalpindi.

DIRECTIVE

The Committee recommended regularization of the grant with the direction to ensure that figures are reconciled in future.

vi. **GRANT NO.174-DEVELOPMENT EXPENDITURE OF KASHMIR AFFAIRS AND NORTHERN AFFAIRS DIVISION**
Saving Rs. 23,301,620/-

Audit pointed out that after taking into account supplementary grant of Rs. 270,000,000, the grant closed with a saving of Rs. 23,301,620.

The PAO informed the Committee that a sum of Rs.20,870,000/- was relating to foreign aid component in overall allocation which was not released by the Government. The PAO further informed that after deduction of the foreign aid component the net saving comes to Rs.2,431,620 which was mainly due to non-incurring of expenditure on various small projects of LB&RD, Agriculture and NA PWD during the year.

The PAO further informed that the relevant record would be provided to Audit for verification.

The Committee referred the grant back to the DAC and asked to report to the Committee within one month.

In another meeting held on 4th November, 2010 the Committee directed the PAO to get the requisite record verified from the Audit. The Committee recommended regularization of the grant subject to the verification by Audit.

DIRECTIVE

The Committee directed the Finance Division to issue a circular (by way of reminder) to all the Ministries / Divisions / Departments referring to relevant Rules that even if a foreign-aid-component is not released formal surrender of the amount should be made in time.

3. AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF KASHMIR AFFAIRS AND GILGIT- BALTISTAN FOR THE YEAR 1990-91.

3.1 PARA-7.4-(AR-1990-91)

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned Audit Para.

4. AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF KASHMIR AFFAIRS AND GILGIT- BALTISTAN FOR THE YEAR 1990-91.

4.1 Para-1-Page-97-AR-90-91 SUSPECTED EMBEZZLEMENT OF Rs. 1.092 MILLION ON ACCOUNT OF INCOMPLETE / UNEXECUTED WORKS.

The PAO informed the Committee that record pertaining to the project was available with the Ministry, which can be verified.

The Committee directed the PAO to provide the requisite record to the Audit for verification and submit a report to the Committee within one month.

In another meeting held on 4th November, 2010 Audit stated that in the office of the Assistant Director Local Bodies and Rural Development, Gilgit under the Ministry of Kashmir Affairs and Northern Areas, a sum of Rs. 1.092 million was disbursed to the Project Manager/ Project Leaders against certain development schemes during 1985-86 to 1989-90.

Audit further stated that the completion reports of the schemes certified by the Project Managers were misleading in as much as the schemes were found incomplete during site inspection by the local authorities and members of the Audit, in September, 1990. The amount appeared to have been embezzled.

The PAO informed the Committee that inquiry had been conducted regarding the incomplete schemes pointed out by Audit, which revealed that all the schemes had been duly completed. Record pertaining to the schemes was provided to Audit for verification.

DIRECTIVE

The Committee recommended the Para for settlement subject to physical verification at site and verification of record, within one week by Audit.

4.2 **Para-2 ,Page-97-AR-90-91**
IRREGULAR EXPENDITURE ON CULTURAL ACTIVITIES OF Rs. 200,000

The PAO informed the Committee that the record pertaining to the Local Bodies and Rural Development Northern Areas had been verified by Audit.

DIRECTIVE

The Committee recommended the para for settlement.

4.3 **Para-3-Page-98-AR-90-91**
EXCESS EXPENDITURE OF Rs. 115,329 ON OFFICIAL / RESIDENTIAL TELEPHONES

The PAO informed the Committee that the relevant record had been verified in the DAC by the Audit.

The Committee directed the PAO to provide the requisite record to the Audit and recommended settlement of the para subject to verification by Audit.

In another meeting held on 4th November, 2010 Audit stated that in order to exercise control over expenditure on telephones, the Federal Government had placed a ceiling on telephones of individuals in certain categories of official and residential telephones. The Administrator's office, Gilgit under Ministry of Kashmir Affairs and Northern Affairs, Division ignored the Government Instructions which resulted in an excess expenditure of Rs. 115,329 during 1989-91.

The PAO informed the Committee that as directed by DAC the relevant record showing that the expenditure had been duly sanctioned by the competent authority would be submitted to Audit for verification.

DIRECTIVE

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

4.4 **Para-4-Page-98-AR-90-91**
MISUSE OF VEHICLE BY THE EX-ADVISED RECOVERY OF Rs. 59,034/-

The PAO informed the Committee that the log books of the vehicles was kept in Northern Areas Secretariat, Gilgit and due to tense law and order situation in January, 2005 the government property were put on fire by unknown miscreants. Therefore, all the record along with the log books of the vehicle were burnt during the incident.

The Committee directed the PAO to follow the rules for writing off.

In another meeting held on 4th November, 2010 Audit stated that the DAC had recommended the Audit Para for settlement by the Special Committee.

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned Audit Para.

**MINISTRY OF LABOUR, MANPOWER
AND OVERSEAS PAKISTANIS**

1. OVERVIEW

Appropriation Accounts and Audit Reports of Public Sector Enterprises for the year 1990-91 pertaining to Ministry of Labour, Manpower & Overseas Pakistanis were taken up for examination by Special Committee –II of the PAC in Committee Room No.2, Parliament House Islamabad on July 7th, 2010, October 7th, 2010 & February 23rd, 2011. Decisions taken are summarized below:

- 1.1** Three (03) grants and one Para was reported by AGPR / Audit. Two (02) Paras of the Audit Report of Public Sector Enterprises, one Para on Pakistanis missions abroad and two Performance Audit Reports on Ministry of Labour & Manpower and Overseas Pakistanis were presented by Audit.
- 1.2** On presentation of the grants the Committee observed that excessive amount had been surrendered, converting the saving into excess albeit of a minor amount. The Committee directed that budgetary requirement of funds should be calculated more realistically and surrender of saving, if any, should be made with more care.
- 1.3** While discussing Para, Travel Agency Business of Performance Audit Report on the accounts of Overseas Employment Corporation the Committee observed that the department should make every effort to recover the entire amount.
- 1.4** On presentation of the Performance Audit Report on Overseas Pakistanis Foundation the Committee directed the PAO to have a denovo look at the irregularities found in the housing schemes and submit a schemes-wise comprehensive report to the Committee.

2. **APPROPRIATION ACCOUNTS (CIVIL) VOL-1 1990-91**

i. **GRANT NO.87-LABOUR, MANPOWER AND OVERSEAS PAKISTANIS DIVISION**

Excess Rs. 2,470,872/-

Audit pointed out that after taking into account supplementary grant of Rs. 8,000,000, the grant closed with excess of Rs. 2,470,872 (1.22%).

The PAO informed the Committee that the minor excess was mainly due to revision of pay scales.

The Committee referred the grant again to DAC for examination of the reasons for obtaining supplementary grant (stated to be for posting and transfers) and for the excess expenditure.

DIRECTIVE

When the grant came up again on 7th October, 2010, Audit indicated its satisfaction in respect of the reasons for the supplementary grant/excess. The Committee recommended the grant for regularization.

ii. **GRANT NO.88- OTHER EXPENDITURE OF LABOUR, MANPOWER AND OVERSEAS PAKISTANIS DIVISION**

Saving Rs. 22,151/-

A.G.P.R. pointed out that the grant closed with a minor saving of Rs.22,151.

DIRECTIVE

The Committee recommended regularization of the grant.

iii. **GRANT NO.136- DEVELOPMENT EXPENDITURE OF LABOUR,
MANPOWER AND OVERSEAS PAKISTANIS DIVISION**

Excess Rs. 553,451/-

Audit explained that the grant closed with a saving of Rs. 54,014,549 (55.11%). A sum of Rs. 54,568,000 had been surrendered, converting the saving into excess of Rs. 553,451 (0.56%).

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

DIRECTIVE

The Committee observed that excessive amount had been surrendered, converting the saving into excess, albeit of a minor amount. It recommended regularization of the grant with the direction that budgetary requirement of funds should be calculated more realistically and surrender of saving, if any, should be made with more care.

3. **AUDIT REPORT PUBLIC SECTOR ENTERPRISES ON THE
ACCOUNTS OF MINISTRY OF LABOUR & MANPOWER
FOR THE YEAR 1990-91**

EMPLOYEES OLD-AGE BENEFITS INSTITUTION

3.1 **Para-03(xxvi) (ARPSE-1990-91)-Page-xix**
NON-COMPILATION OF ACCOUNTS

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned Audit Para.

4. AUDIT REPORT PUBLIC SECTOR ENTERPRISES ON THE ACCOUNTS OF MINISTRY OF LABOUR & MANPOWER FOR THE YEAR 1990-91

OVERSEAS EMPLOYMENT CORPORATION (PVT) LIMITED

4.1 PARA-164-PAGE- 157-158-(ARPSE-1990-91)

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned Audit Para.

5. PERFORMANCE AUDIT REPORT ON THE ACCOUNTS OF OVERSEAS EMPLOYMENT CORPORATION, ISLAMABAD FOR THE PERIOD COVERED 1997-98 TO 2002.

1. FINDINGS

1.1 ACHIEVEMENT OF TARGETS.

1.2 NON-PROFESSIONAL APPROACH

1.3 LACK OF INTERFACE WITH PUBLIC

2. FINANCIAL DATA AND ANALYSIS.

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned Paras of the Performance Audit Report.

3. FINANCIAL MISMANAGEMENT

Audit explained that the OEC was paying huge amount as ground rent to CDA for 4000 square yards plot in G-9/4 Islamabad as well as rent for the building housing its Head office, but had not yet started construction on the plot.

The PAO informed the Committee that the Head Office had since been shifted from rented premises into the Ministry's own premises.

The Managing Director, OEC stated that negotiations were under way with EOBI for construction of building and MOU would be signed within a couple of days.

DIRECTIVE

The Committee recommended settlement of the para with the observation that the un-necessary rent paid could have been saved if action had been taken earlier.

4. INTERNAL CONTROL FAILURES

Audit pointed out that non-availability of internal controls had resulted in non-recovery of TA / DA advance from former MDs totaling Rs. 108,112.

The PAO assured the Committee that the Ministry would pursue recovery and try for speedy adjustment.

The Committee directed the PAO to take necessary action to effect recovery at the earliest and to submit a report to the Committee within one month. The report should also indicate action taken on the inquiry conducted by the Ministry.

DIRECTIVE

When the matter was taken up on 7th October, 2010, the Committee directed that legal notice for recovery be issued to the officer found responsible and recovery suit filed if necessary. A Report should be submitted to Committee within one month.

5. TRAVEL AGENCY BUSINESS

Audit pointed out that OEC's travel agency business had made losses during the years 1997-98 to 1999-2000.

The PAO and MD, OEC explained that overall the travel agency had earned revenue for the corporation. However, it was a very competitive business and concerted efforts were required to enhance profitability.

DIRECTIVE

The Committee directed the PAO to submit a detailed report on the travel agency business and overall performance of the OEC within three (03) months which will be taken to the main PAC.

On 23rd February, 2011, PAO informed the Committee that recovery of dues was being pursued vigorously and sum of Rs. 5.5 million from different defaulters had been recovered. He said that a report on the travel agency business has been submitted to Audit.

The Committee directed the department to make every effort to recover the entire outstanding amount. Report regarding recovery efforts should be submitted to the Committee within one month. The para was recommended to be settled to the extent of recoveries made subject to verification by Audit. Further progress will be monitored by the Implementation Committee.

6. AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF FOREIGN AFFAIRS AND PAKISTAN MISSIONS ABROAD FOR THE YEAR 1990-91 MINISTRY OF OVERSEAS PAKISTANIS.

6.1 PARA No. 2-PAGE No-99-AR-1990-91 NON-REALIZATION OF SECURITY DEPOSIT ON VACATION OF A HIRED ACCOMMODATION Rs 159,750./-

Audit explained that this Para related to recovery of DKR 45000 (Rs. 159,750/-) from the then CWA, Copenhagen who had failed to maintain his rented accommodation in the same condition as it was when first occupied, as a result of which the security deposit had been forfeited by the landlady.

The PAO informed the Committee that this Para pertained to Overseas Pakistanis Foundation. The DAC had directed the Ministry to effect recovery from the officer.

DIRECTIVE

The Committee directed the PAO to submit a report after full recovery within On 23rd February, 2011, the PAO informed the Committee that the concerned officer had been contacted to refund the amount and his answer is still awaited. He regretted the delay and requested for some more time in order to make recovery.

The Committee observed that the Ministry had contacted the officer only recently which reflects a non serious attitude and is to be deprecated. The Committee directed the PAO to submit a progress report within two weeks.

7. **PERFORMANCE AUDIT REPORT ON OVERSEAS PAKISTANIS FOUNDATION FOR THE YEAR 1990-91**

Audit pointed out that all housing societies formed by Overseas Pakistani in Pakistan or not successful as no scheme out of 21 schemes had been completed. Audit further stated that huge losses have been declared in these schemes and responsibility of loss has not been fixed.

The PAO agreed with the general remarks of audit about the housing schemes and said that a lot has to be done in order to resolve this issue. He further requested to give the Ministry to some time in order to address various problems and submit a detailed report about the irregularity.

DIRECTIVE

The Committee directed the PAO to have a de-novo look at the irregularities found in the housing schemes and submit a schemes-wise comprehensive report to the Committee within one month.

(REPORT ON HOUSING SCHEMES OF OVERSEAS FOUNDATION.)

To cater for the Housing needs of Overseas Pakistanis and to provide them residential facilities, OPF has planned and established a number of housing schemes in different cities of the country.

Thousand plots created in these schemes were allotted to Overseas Pakistanis. These schemes are located at the prime locations in the cities of Islamabad, Lahore, Gujrat, Peshawar, Dadu, Larkana and Mirpur (AJK).

- a. **OPF Housing Schemes – Completed: -**
- i. **OPF Housing Scheme Chittarpari Mirpur (AJK)**

OPF Housing Scheme Chittarpari Mirpur (AJK) was approved by BOG, OPF on 15th April 1981 and located near Mirpur City towards Dina. It is spread over an area of 5643 Kanals.

Phase – I, II & III of the scheme is completely developed. Total 2894 residential and 187 commercial plots were created out of which 2433 residential and 106 commercial plots have already been allotted exclusively to overseas Pakistanis belonging to Azad Jammu & Kashmir and sale of remaining plots will be offered to overseas Pakistanis shortly. Details about the plots is at Annex-I.

ii. OPF Housing Scheme Raiwind Road (Phase-I) Lahore

OPF Housing Scheme Raiwind Road (Phase-1) Lahore was approved by the BOG, OPF in its 19th meeting held on 12th September 1986 and located about 5 Kilometres from Thokar Niaz Baig. It is spread over an area of 2316 Kanals. Total 1742 residential and 85 commercial plots have been created out of which 1725 residential plots were allotted to overseas Pakistanis whereas, 18 commercial plots were also allotted through open auction. The remaining commercial plots will be allotted to overseas Pakistanis and general public through open auction.

iii. OPF Housing Scheme Noudaro Road Larkana

OPF Housing Scheme Larkana was approved by BOG, OPF in its 21st meeting held 28th June, 1987 and located on Naudero Road. It is spread over an area of 228 Kanals.

The scheme is completely developed and 430 residential & 24 commercial plots in the scheme have already been allotted.

iv. OPF Housing Scheme Bhimber Road, Gujrat

OPF Housing Scheme Gujrat was approved by the BOG, OPF in its 21st meeting held on 28th June, 1987. The scheme is spread over an area of 296

Kanals. The scheme is completely developed. Total 277 residential and commercial plots have been created, 268 residential / commercial plots have already been allotted overseas Pakistanis. Remaining 9 commercial plots will be sold through open auction in due course.

v. OPF Housing Scheme Moro Road, Dadu

OPF Housing Scheme Dadu was approved by BOG, OPF in its 21st meeting held on 28th June, 1987 and is located on Dadu - Moro Road. Total area of the scheme is 168 Kanals. Total 404 residential and 13 commercial plots of different sizes were created, out of which 386 residential plots have already been allotted and while 31 residential / commercial plots are available for allotment to overseas Pakistanis and general public as well.

vi. OPF Housing Scheme Budhani Road, Peshawar.

OPF Housing Scheme Peshawar was approved by BOG, OPF in its 28th meeting held on 14th February 1990 and located about 2.5 kilometres from the Main G.T. Road, near the Ring Road and closure to M-I. The scheme is planned over an area of 991 Kanals. Total 741 residential and 74 commercial plots of different sizes were created, out of which 681 residential plots have already been allotted. 74 Commercial plots will be allotted to overseas Pakistanis and general public through open auction in the near future. The scheme is completely developed. Construction of 10 houses has been completed while 10 houses are under construction.

b. OPF Housing Schemes in Development Phases: -

i. OPF Valley Zone-V, Islamabad

OPF Valley Zone-V Islamabad was approved by BOG, OPF in its 47th meeting held on 27th February 1994 and located on Japan Road alongside the Sawn River, about 24 kilometres from Zero Point. Approximately 5000 Kanals of

land have been purchased/acquired for the scheme. The planning / designing has been completed by M/S NESPAK.

The Master plan of the scheme has been approved by CDA. The scheme is planned to accommodate 2046 residential plots and 120 kanals land was reserved for commercial purposes. Besides the residential and commercial plots there is plan to provide 200 pre-constructed houses and apartments. Adequate educational and recreational facilities including lake, parks, club etc, would also be provided in the scheme. Out of 2046 residential plots, 2000 plots of various sizes have already been allotted to overseas Pakistanis. Details about the plots.

Development work of OPF Valley Zone-V Islamabad was started on 14th August 2008 and ground breaking ceremony was inaugurated by the then Federal Minister for Labour, Manpower & Overseas Pakistanis.

- Development works of the Scheme (package-I) which include Roads, Water Supply, Sewerage, Storm Water Drainage, Earth retaining structures, culverts, bridge and foot paths are in progress by M/s FWO.
- Package-II i.e. electrification, water source development including sewage treatment plant are in process of tendering and will be awarded after completion of requisite procedural formalities.

c. Future Schemes : -

i. OPF Housing Scheme Raiwind Road (Extension) Lahore – 728 Kanals and 139 Kanals

OPF Housing Scheme Raiwind Road Phase-I (Extension), Lahore was approved by BOG, OPF in its 31st meeting held on 30th June, 1990 and located about 5 KM from Thokar Niaz Baig adjacent to the already completed OPF Housing Scheme Phase-1. Land measuring 139 kanals has already been developed and 143 plots of different sizes were allotted to overseas Pakistanis. Planning and designing for 728 Kanals, has been completed. Master plan has been submitted to L.D.A for approval. Residential plots will be announced for allotment to overseas Pakistanis in the near future. Soonest the master plan

approved by the LDA, contract for development of infrastructure of the scheme will be awarded after completion of required procedural formalities.

ii. OPF Farm Houses Scheme (Phase-II) Raiwind Road, Lahore.

OPF Housing Scheme Phase-II Lahore was approved by BOG, OPF in its 28th meeting held on 14th February 1990 and planned to be developed over an area of approximately 625 kanals. Earlier it was decided that the scheme will be developed on Public Private Partnership basis. But, no response was received. Further progress in this regard will be provided in due course.

iii. OPF Housing Scheme Rewat, District Rawalpindi

OPF Housing Scheme, Rewat, Rawalpindi was approved by BOG, OPF in its 21st meeting held on 28th June, 1987 and planned over an area of about 754 kanals. Earlier it was decided that the scheme will be developed on Public Private Partnership basis. But, no response was received. Further progress in this regard will be provided in due course.

**MINISTRY OF LAW, JUSTICE AND
PARLIAMENTARY AFFAIRS**

1. OVERVIEW

Appropriation Accounts and Audit Reports of Federal Government for the year 1990-91 pertaining to the Law, Justice & Parliamentary Affairs Division were taken up for examination by Special Committee-II of the PAC in the meetings held on July 7th, 2010, October 6th 2010 & December 9th 2010 in Committee Room No.2, Parliament House Islamabad. Decisions taken are summarized below:

- 1.1** Four (04) grants and four (04) Audit Paras were reported by AGPR / Audit.
- 1.2** While discussing Grant No.101, the Committee observed that supplementary grant had been obtained notwithstanding substantial savings. The entire savings had not also been surrendered in time, all of which reflected poor financial management. The Committee recommended regularization of the grant with the direction that the PAO should ensure significant improvement in financial management systems in future. Decision of the Sindh High Court on the case filed by Naval HQ (on which Rs. 10 million court fee was paid) should also be provided to the Committee.
- 1.3** The Committee endorsed the recommendation of the DAC for settlement of one (01) Audit Para and two (02) Audit Paras were recommended for settlement subject to the verification by Audit.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1990-91

i. GRANT NO.8- SERVICE TRIBUNAL:

Saving Rs. 1,000/-

A.G.P.R. pointed out that after sanction of supplementary grant of Rs. 1,085,000 the grant closed with a minor saving of Rs. 1,000 only (0.018 % of the total).

DIRECTIVE

The Committee recommended regularization of the grant.

ii. GRANT NO.99- LAW AND JUSTICE DIVISION:

Saving Rs. 795,066/-

A.G.P.R. pointed out that after accounting for two supplementary grants totaling Rest. 2,217,000 , the grant closed with a saving of Rs. 16,125,153 which works out to 21 % of the total grant. An amount of Rs. 483,087 was surrendered leaving a net saving of Rs. 2,642,066.

The PAO informed the Committee that the saving was mainly due to vacant posts and lapsing of funds retained for payment to Provinces under “Strengthening of Lower Judiciary” during the last quarter of financial year.

The Committee questioned the rationale of obtaining supplementary grant of Rs. 202,000 when substantial savings were being surrendered at the same time.

The Committee referred the grant for discussion in the DAC meeting in the presence of the AGPR. Recommendation of the DAC should be submitted in the next meeting of the Committee.

When the grant was taken up again on 6th October, 2010, the PAO informed the Committee that surrender order of Rs. 168,000 was issued on 30-06-1991 which was not accounted for.

The PAO further informed that the saving was mainly due to vacant posts as well as lapsing of funds retained for payment to Provinces under “Strengthening of Lower Judiciary Programme” during the last quarter of financial year.

DIRECTIVE

The Committee observed that if supplementary grant had been obtained saving should not have occurred and if saving had occurred, the entire savings should have been surrendered in time.

The Committee directed the PAO to ensure better financial management in future. With these observations the Committee recommended regularization of the grant.

iii. **GRANT NO. 100- PARLIAMENTARY AFFAIRS DIVISION:**
Saving Rs. 376,201/-

A.G.P.R. pointed out that the grant closed with a saving of Rs. 4,703,201 (54.66 % of the total grant). An amount of Rs. 4,327,000 was surrendered leaving a net saving of Rs. 376,201 (4.37%).

The PAO informed the Committee that the saving was due to non-appointment of Parliamentary Secretaries and ancillary staff of Minister of State.

DIRECTIVE

The Committee recommended regularization of the grant.

iv. **GRANT NO.101- OTHER EXPENDITURE OF LAW AND JUSTICE DIVISION**
Saving Rs. 6,164,429/-

A.G.P.R. pointed out that supplementary grant of Rs. 10,860,000 had been obtained, after which the grant closed with a saving of Rs. 20,914,766 (28.77% of

the total grant). An amount of Rs. 14,750,337 was surrendered leaving a net saving of Rs. 6,164,429.

The PAO informed the Committee that the saving was mainly due to vacant posts, non-finalization of case for purchase of cars for special Judges, presiding officers and non-establishment of Banking Tribunals at Karachi, Lahore and Hyderabad.

DIRECTIVE

The Committee observed that supplementary grant had been obtained notwithstanding substantial savings. Also the entire savings had not been surrendered in time, all of which reflected poor financial management.

The Committee recommended regularization of the grant with the direction that the PAO should ensure significant improvement in financial management systems in future. Decision of the Sindh High Court on the case filed by Naval HQ (on which Rs. 10 million court fee was paid) should also be provided to the Committee.

3. AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF LAW & JUSTICE FOR THE AUDIT YEAR 1990-91

3.1 PARA-1 (PAGE-100) AR 1990-91 **IRREGULAR EXPENDITURE OF Rs. 274,933 ON ADDITIONAL FURNISHING AND Rs. 82,719 ON INSTALLATION OF ELECTRONIC TELEPHONE EXCHANGE AT EX-MINISTER'S RESIDENCE**

Audit pointed out that furniture and fixtures worth Rs. 274,933 were provided at the residence of the Ex-Minister during 1988-89 to 1989-90 in addition to furnishing valuing Rs. 60,000 provided by PWD under Federal Ministers and Ministers of State (Salaries, Allowances and Privileges), Act 1975. The furniture items were neither taken on stock nor shown to have been issued.

An electronic telephone exchange at a cost of Rs. 82,719 was also installed unauthorizedly in March, 1989 at the residence of the ex-Minister.

The PAO informed the Committee that the relevant record had been provided to Audit showing regularization of the expenditure on the furniture and telephone expenditures. Audit stated that the record had not yet been received and verified.

The Committee directed the PAO to ensure that relevant record is provided to Audit within one week and recommended the Para for settlement subject to verification by Audit.

3.2 **PARA-2 (PAGE-101) AR 1990-91**
OUTSTANDING RECOVERY OF Rs. 204,432 DUE TO UNAUTHORIZED
USE OF STAFF CARS

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned Audit Para.

3.3 **PARA-3 (PAGE-101) AR 1990-91**
RECOVERY OF Rs.155,008 FOR UNAUTHORIZED USE OF THREE
OFFICIAL VEHICLES BY AN EX-MINISTER

Audit pointed out that the Law and Justice Division provided four vehicles to an Ex-Minister for Law and Justice during 1988-89 instead of one staff car as admissible to him under the rules. Thus the distance of 77,504 k.m. covered by three additional vehicles was held to be irregular and un-authorized.

The PAO informed the Committee that written request had been made for recovery from the ex-Minister .The ex-Minister has informed that he had neither used the vehicles nor authorized anyone to use them and asked for documentary proof in respect of their use.

The Committee directed the PAO to give the requisite proof to the ex-Minister and report back to the Committee in two weeks time.

DIRECTIVE

When the para came up again on 6th October, 2010 the Committee directed the PAO to give the requisite proof to the Ex-Minister and report the outcome to the Monitoring and Implementation Committee of the PAC for further action.

3.4 **PARA-4 (PAGE-101) AR 1990-91**
RECOVERY OF Rs. 78,770 IRREGULAR PAID TO OFFICIALS FROM
DESCRETIONARY GRANT

Audit pointed out that an amount of Rs. 78,770 was paid out of the discretionary grant of the Minister to his personal staff during the years 1988-89 to 1989-90 in violation of the orders regulating such grants. These orders stipulate that discretionary grants are to be utilized for making non-recurring donations to public service institutions etc. All the payments were made without any requests and without any approval of the Minister. Neither receipts from the recipients nor orders of the Minister were available on record. The payment of Rs. 78,770 to the personal staff of the then Minister was, therefore, irregular and inadmissible.

The DAC had recommended settlement of the Para subject to the condition those receipts from the concerned government servants be obtained and got verified by Audit.

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

When the matter was taken up again on 6th October, 2010, the PAO informed the Committee that the requisite record would be provided within one week.

DIRECTIVE

The Committee directed the PAO to make sure that the requisite record is provided to Audit. The Committee recommended the Para for settlement subject to verification of the record by Audit.

**MINISTRY OF LOCAL GOVERNMENT AND RURAL
DEVELOPMENT**

1. OVERVIEW

Appropriation Accounts for the year 1990-91 pertaining to Ministry of Local Government & Rural Development were taken up for examination by Special Committee-II of the PAC in the meetings held on June 10th ,2010, 3rd November 2010 & May 17th 2011 in Committee Room No.2, Parliament House Islamabad . Decisions taken are summarized below:

1.1 Two (02) grants were reported by AGPR

1.2 While discussing grant No.168 the Committee observed that on the one hand the Ministry had obtained a supplementary grant of Rs.100 million and on the other hand surrendered Rs.645 million and even then had a saving of Rs.256 million which reflected poor financial management. The Committee directed that the Ministry should make every effort to ensure that these irregularities do not recur.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1990-91

**i. GRANT NO.105-MINISTRY OF LOCAL GOVERNMENT AND
RURAL DEVELOPMENT**

Saving Rs. 922,677/-

A.G.P.R. pointed out that the Grant closed with a saving of Rs. 922,677 (5.02% of the total Grant). An amount of Rs.1,190,042 (6.48%) was surrendered resulting into an excess of Rs. 267,365 (1.45%).

The PAO informed the Committee that excess was due to introduction of new allowances, increase in the rates of dearness allowance as well as increase in the rates of conveyance allowance by the Government.

DIRECTIVE

On the presentation of the above grant by the AGPR, the Committee recommended regularization of the excesses in the grant.

- ii. **GRANT NO.168- DEVELOPMENT EXPENDITURE OF MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT.**
Saving Rs. 901,596,816/-

A.G.P.R. pointed out that the Grant closed with a saving of Rs.901,596,816 (26.28% of the total grant). An amount of Rs. 605,000,000 was surrendered leaving a net saving of Rs. 296,596,816 (864%).

The PAO informed the Committee that two important points should be noted relating to the grant. First, an amount of Rs. 605 million was surrendered in time and another amount of Rs. 40 million after the prescribed date. Second, a cut was imposed by the Government amounting to Rs. 235.000 million.

DIRECTIVE

The Committee observed that on the one hand the Ministry had obtained a supplementary grant of Rs. 100 million and on the other hand surrendered Rs. 645 million and even then had a saving of Rs. 256 million which reflected poor financial management. The Committee recommended regularization of the grant with the direction that the Ministry should make every effort to ensure that these irregularities do not recur.

NARCOTICS CONTROL DIVISION

1. OVERVIEW

Appropriation Accounts and Audit Reports of Federal Government for the year 1990-91 pertaining to Narcotics Control Division were taken up for examination by Special Committee-II of the PAC in the meetings held on the June 8th, 2010, July 12th, 2010 & October 19th, 2010 in Committee Room No.2, Parliament House Islamabad. Decisions taken are summarized below:

- 1.1 Two (02) grants were reported by AGPR. Five (05) Paras of the Audit Report were presented by Audit
- 1.2 On presentation of the grants, the Committee recommended the savings for regularization with the direction that necessary care be exercised in future to ensure better management of budgetary allocations.
- 1.3 While discussing the Audit Paras, the Committee endorsed the recommendations of the DAC for settlement of five Audit Paras.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1990-91

i. GRANT NO.98- NARCOTICS CONTROL DIVISION

Saving Rs. 10,393,696/-

ii. GRANT NO. 165- DEVELOPMENT EXPENDITURE OF NARCOTICS CONTROL DIVISION

Saving Rs. 192,377,803/-

DIRECTIVE

On presentation of the above two (2) Grants by AGPR and after hearing the explanation of the PAO, the Committee recommended the savings for regularization with the direction that necessary care should be exercised in future to ensure better management of budgetary allocations.

3. AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF NARCOTICS CONTROL FOR THE AUDIT YEAR 1990-91

3.1 PARA-7 (PAGE-93) AR 1990-91
NON-REFUND OF BALANCE OF ADVANCE OF RS. 184,170 BY PROJECT LEADERS

Audit pointed out that the office of Project Director Gadoon Amazai Area Development Project, Topi, executing works on behalf of the M/o Interior and Narcotics Control, paid advances aggregating to Rs. 1,852,724 to the Project Committee Leaders during 1989-90, for executing ten development schemes. As per measurement carried out by USAID Engineer, the actual cost of the schemes completed worked out to Rs. 1,668,554 and the remaining amount of Rs. 184,170 was required to be got refunded from the project committee leaders concerned which was not done.

The PAO requested that the outstanding amount may be written off because it is an old matter relating to 1991.

The Committee pointed out to the PAO that such outstanding amounts cannot be written off merely on the ground of age. The PAC had directed recovery even in twenty years old cases and in this case also every effort should be made to effect recovery. The Committee further directed the PAO to fix responsibility as to why recovery proceedings have been delayed. After that if recovery is not possible a case may be put up to the competent authority for settlement as admissible under the Rules. The Committee directed the Ministry to send a report to Audit with a copy to the Committee, on action taken within one month, where after the Para would be taken up again.

On 7th July, 2010, Audit stated that the DAC has recommended the above Audit Para for settlement.

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned Audit Para.

3.2 **PARA-8 (PAGE-94) AR 1990-91** **IN FRUCTUOUS EXPENDITURE OF RS. 520,000/-**

Audit pointed out that in the office of the Project Director Gadoon Amazai Area Development Project, Topi under the Ministry of Interior and Narcotics Control, Rs. 520,000 were paid to 20 land owners for plantation on eleven plots of land in April and May 1990 without carrying out any feasibility study of the project. The land was declared unfit for plantation by the ecologist after inspection of the plantation sites. Due to hasty and injudicious decision the government sustained a loss of Rs. 520,000

The PAO informed the Committee that the Ecologist had submitted his report that the place/ground was suitable for plantation and the Ministry has therefore requested for settlement of the Para. The PAO however, admitted that the Ministry should have carried out a feasibility study prior to implementation of the project to avoid wastage of funds.

The Committee directed the PAO to check the actual position at site to confirm that requisite plantation had been made and to submit a report within one month to the Committee and the Audit. The Para would be recommended for settlement subject to receipt of satisfactory report and verification by Audit.

In another meeting held on 7th July, 2010 Audit stated that the DAC has recommended the above Audit Para for settlement.

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned Audit Para.

3.3 **PARA-9 (PAGE94) AR 1990-91**
INFRACTUOUS EXPENDITURE OF RS. 189,000 ON PURCHASE OF A TRACTOR

In the office of Project Director Dir Development Project Timargara, executing works on behalf of the Ministry of Interior and Narcotics Control, a Fiat Tractor was purchased at a cost of Rs. 189,000 in 1986-87 from the project funds and was handed over to Chairman District Council in July 1989 for some unspecified project work. The whereabouts of the tractor were not known ever since it was handed over to the above agency.

When pointed out in December 1990 the Project Director stated that the tractor was handed over to District Council for maintenance as per decision of the Project Committee but remained un-used since then because no new scheme had been sanctioned for District Council on which the tractor could be used. The reply was not tenable because there was no justification for purchasing a tractor in the absence of any approved scheme and handing over government property to a person without any guarantee / surety to protect the interest of the Government.

The PAO requested the Committee to settle this Para because tractor was auctioned on 15th October, 2008. The PAO further informed that tractor was purchased for Rs.189,000 and was sold for Rs.314,000. The record was available and it will be produced to Audit department.

The Committee directed the PAO to provide the requisite record to Audit. The Para would be recommended for settlement subject to verification of the record by Audit.

In a subsequent meeting held on 7th July, 2010 Audit stated that the DAC has recommended the above Audit Para for settlement.

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned Audit Para.

3.4 **PARA-11 (PAGE-95) AR 1990-91** **NON-RECOVERY OF OVERPAYMENT OF RS. 136,332 LOSS THEREOF**

The Project Director, District Dir Development Project made an advance payment of Rs. 482,900 to Project Committee Leader in November 1989 for construction of irrigation channel "Pitawa Gawani". The actual work done valued to Rs. 345,668 only and the balance amount of Rs. 136,332 was to be refunded to the Government treasury by project leader which was not done.

When pointed out by Audit to the department and the Ministry in December 1990, the department stated that a case against the culprit for default of refund had been registered with local police in August 1990 and was being pursued. Final outcome of the case was still awaited.

The PAO informed the Committee that FIR had been lodged against the concerned Project Committee Leader and the PAO further informed the Committee that under the pressure of police and local elders the Project Leader started work on the scheme and the remaining work was completed by the Project Leader and has been verified by the Project Staff.

The Committee directed the Member, Planning and Development Department of the Government of Khyber Pakhtoon Khwa to hand over the required completion certificate to the PAO, who should then forward it to the Audit and submit a report to the Committee. The Para was recommended for settlement subject to furnishing of the completion certification to the Audit.

When the para came up again on 7th July, 2010, the DAC recommended the above Audit Para for settlement.

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned Audit Para.

3.5 **PARA-12 (PAGE-95) AR 1990-91** **INADMISSIBLE PAYMENT OF RS. 120,463/-**

In the District Dir Development Project Rs. 120,463 were unauthorizedly paid to a "Project Committee Leader" in April 1990 for construction of Kohigar irrigation channel despite the fact that a portion of the said work was damaged due to a local dispute and the work was abandoned during March 1990 and further releases of funds were banned w.e.f. 21-3-1990.

The local office stated that the payment was due on account of the work done prior to the incident and abandonment of the work. The reply was not tenable, as no documentary evidence was furnished in support of the departmental contention and according to established practice project committee leaders received payments prior to the execution of works. The payment so made was therefore inadmissible.

The PAO informed the Committee that the Ministry would provide requisite evidence to Audit.

The Committee directed the Ministry to provide the relevant documents to Audit including completion certificate in respect of the project. The Para was settled subject to satisfaction of Audit and submission of a copy of the report to the Committee.

When the para came up again on 7th July, 2010 Audit stated that the DAC has recommended the above Audit Para for settlement.

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned Audit Para.

NATIONAL ASSEMBLY SECRETARIAT

1. OVERVIEW

Appropriation Accounts for the year 1990-91 pertaining to National Assembly Secretariat were taken up for examination by Special Committee-II of the PAC in the meetings held on July 14th, 2010 in Committee room No.2 Parliament House Islamabad. Decisions taken are summarized below:

- 1.1 One (01) grant was reported by AGPR on National Assembly Secretariat.
- 1.2 On presentation of the grant, the Committee recommended regularization of the grant.

2. APPROPRIATION ACCOUNTS CIVIL VOL-I 1990-91

i. GRANT NO.106- NATIONAL ASSEMBLY.

(CHARGED)

Saving Rs. 12,278/-

The PAO informed the Committee that saving was due to dissolution of the National Assembly and lower than anticipated expenditure on TA/DA of MNAs etc. An amount of Rs. 1,952,000 had been surrendered in time, leaving minor saving of Rs. 12,278.

(OTHER THAN CHARGED)

Saving Rs. 44,419/-

The PAO informed the Committee that savings occurred due to dissolution of the National Assembly, non-payment of contribution to CPA, and lower than anticipated expenditure on telephone charges, TA/DA of delegations abroad and repair of transport etc. An amount of Rs. 20,899,000 had been surrendered in time, leaving minor saving of Rs. 44,419/-

DIRECTIVE

The Committee recommended regularization of the grant.

PAKISTAN ATOMIC ENERGY COMMISSION

1. OVERVIEW

Appropriation Accounts, Audit Reports of Federal Government & Performance Audit Report for the year 1990-91 pertaining to Pakistan Atomic Energy Commission were taken up for examination by Special Committee-II of the PAC in the meeting held on July 7th, 2010 in Committee Room No.2, Parliament House Islamabad. Decisions taken are summarized below:

- 1.1 Two (02) grants were reported by AGPR. One Performance Evaluation Report on Ravi Rayon Limited was presented by Audit.
- 1.2 On presentation of the grants the Committee recommended regularization of grants as the budgetary provisions had been fully utilized.
- 1.3 While discussing Performance Evaluation Report on Ravi Rayon Limited Kala Shah Kaku, the Committee recommended the efforts for revival of the unit and directed the PAO to send an up-dated report relating to the accounts of the unit from the date of take-over by the Commission till to-date.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1990-91

i. GRANT NO.12- ATOMIC ENERGY.

Saving / Excess Zero

ii. GRANT NO.178 – CAPITAL OUTLAY ON DEVELOPMENT OF ATOMIC ENERGY.

Saving / Excess: Zero

A.G.P.R. and PAO pointed out that in the above-mentioned two (02) grants the budgetary provisions had been fully utilized.

DIRECTIVE

The Committee recommended regularization of the above-mentioned two (02) grants as the budgetary provisions had been fully utilized.

3. **PERFORMANCE EVALUATION REPORT NO.115 ON RAVI RAYON LIMITED KALA SHAH KAKU PAKISTAN ATOMIC ENERGY COMMISSION, ISLAMABAD FOR THE YEAR 1990-91**

The PAO briefed the Committee that Ravi Rayon Limited had been transferred to Pakistan Atomic Energy Commission in 2001. The Company was voluntarily wound up in 2007, however, the plant had been made functional and was being utilized for manufacture of certain chemicals etc. which were being imported from foreign countries. As a result, foreign exchange has been saved and jobs have been provided to many people.

The Deputy Auditor General stated that the DAC recommended the Performance Evaluation Report for settlement.

DIRECTIVE

The Committee commended the efforts of the Commission in general and directed the PAO to send an up-dated report relating to the accounts of the plant from the date of take-over by the Commission till to-date, within one month.

MINISTRY OF PETROLEUM AND NATURAL RESOURCES

1. OVERVIEW

Appropriation Accounts (Civil-Vol-1) and Audit Report of Federal Government for the year 1990-91 pertaining to Ministry of Petroleum & Natural Resources were taken up for examination by the sub-Committee of the PAC on December 3rd, 2008 under the convenership of Syed Haider Abbas Rizvi, M.N.A. and by the Special Committee – II of the PAC on July 14th 2010, October 6th 2010 & December 9th 2010 under the convenership of Mr. Zahid Hamid, M.N.A., in Committee Room No.2, Parliament House, Islamabad. Decisions taken are summarized below:

Six (06) grants and one hundred thirty three (133) Audit Paras were reported by AGPR / Audit.

During discussion on Hydro-cracker project initiated by PERAC in the Ministry of Production, the Committee directed the Ministry to provide record of investment on this project to the Committee.

- 1.3** The issue of Import of defective spare parts causing loss of Rs. 2,531,490 to the state was also discussed in the meeting. The sub-Committee directed the Audit to verify the facts.

2. **APPROPRIATION ACCOUNTS (CIVIL) VOL. I FOR THE YEAR 1990-91**

i. **Grant # 108-Ministry of Petroleum & NR.**
(Total grant Rs.15,791,000 Saving Rs 350,344)

AGPR pointed out the excess of 2.48% of the total grant. A supplementary grant of Rs 850,000 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 478,344 (2.02%). An amount of Rs 128,000 (0.81%) was surrendered leaving the net saving to Rs 350,344 (2.22%).

ii. **Grant # 110-other expenditure of Ministry of Pet. & NR.**
(Total grant Rs.3,642,979,000 Saving Rs.119,144)

AGPR pointed out there was a saving of 0.07% of the total grant. An amount of Rs. 2,682,000 was surrendered, with a net saving of Rs. 119,144.

DIRECTIVE

On the presentation of the above two grants by the AGPR, the Sub-Committee recommended regularization of saving in the Grant.

iii. **Grant 169- Development expenditure of Ministry of Pet. & NR.**
(Total grant 12,113,000 Saving Rs. 7,067,000)

AGPR pointed out the saving of 58.34% of the total grant.

iv. **Grant 192- Capital outlay on Petroleum & Natural Resources.**
(Total grant 672,209,571 Saving Rs. 18,308,429)

AGPR pointed out saving of 22.48% of the total grant. An amount of Rs.176,681,000(20.37%) was surrendered leaving the net saving of Rs 18,308,429 (2.11%).

DIRECTIVE

On the presentation of the above two grants by the AGPR, the Sub-Committee recommended regularization of the savings of the Grants subject to verification of the record by the Audit.

v. **GRANT NO.109-Geological Survey of Pakistan**
Saving Rs. 379,025 /-

AGPR pointed out that there has been a saving of Rs. 827,025 (1.77% of the total grant).

The PAO explained that major portion of the saving pertains to pay and allowance and commodities and services.

DIRECTIVE

The Committee recommended regularization of the grant.

vi. **GRANT NO.193-Development Geological Survey of Pakistan**
Saving Rs. 8,454,000/

AGPR pointed out the saving of Rs. 34,361,850 (74.55% of the total grant). An amount of Rs. 8,454,000 was surrendered, leaving a net saving of Rs 25,907,850, which also includes Foreign Exchange component of Rs 25,000,000 which was to be incurred by the Donor. The remaining balance of the grant in local currency comes to of Rs. 907,850/ (4.3% of the grant).

The PAO informed the Committee that the saving of Rs 268,670/ is 15.75% of the total allocation. The saving was due to the fact that promotion cases against vacant posts in BPS-17, 18 & 19 remained under process for a longer period particularly for want of recruitment rules for those posts which were created for the first time in the Deptt. The saving is shared by 7 projects. He further stated that the Committee may allow some time for submission of a detailed report on this grant.

DIRECTIVE

On the request of the PAO the Committee allowed the Ministry to submit the detailed report and recommended regularization of the grant subject to satisfaction of AGPR.

3. AUDIT REPORT REVENUE RECEIPTS (INDIRECT TAXES) ON THE ACCOUNTS OF MINISTRY OF PETROLEUM & NATURAL RESOURCES FOR THE AUDIT YEAR 1990-91

The DAC recommended the following Audit Paras for settlement by the Special Committee: -

- i. **Sub-Para 6.1 (i)-AR 1990-91 Page 67**
Short realization of development surcharge of Rs 12,713,758
- ii. **Sub-Para 6.1 (ii)-AR 1990-91 Page 68**
Non/short realization of development surcharge Rs.1,255,931
- iii. **Sub-Para 6.1 (iii)-AR 1990-91 Page 68-69**
Non/short realization of development surcharge Rs. 299,914
- iv. **Sub-Para 6.1 (iv)-AR 1990-91 Page 69**
Short realization of development surcharge Rs 120,952
- v. **Sub-Para 6.1 (v)-AR 1990-91 Page 69**
Non/short realization of development surcharge Rs.15,189

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned five (05) Audit Paras.

4. AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF PETROLEUM & NATURAL RESOURCES FOR THE AUDIT YEAR 1990-91

Audit pointed out that a similar Para was settled by the PAC subject to verification which has been done and this para was also discussed in the PAC Sub Committee meeting held on 3rd and 4th December,2008 and was settled being of similar nature as Para 8.2 of Audit Report 2000-01 which was settled in PAC

meeting held on 4th to 7th August,2004. Therefore, the following paras may also be recommended for settlement.

4.1 **PARA-1 (PAGE-103) AR-1990-91**
UNAUTHORIZED AND IRREGULAR PAYMENT OF HOUSE RENT ALLOWANCE AMOUNTING TO RS 80,724/-

Audit pointed out that in Hydrocarbon Development Institute of Pakistan (HDIP), House Rent Allowance at the rate of 45% of the running scale of pay of the employees was paid in contravention of rules which stipulate that employees not provided Government accommodation were entitled to house rent allowance at the rate of 45% of minimum of their pay scale. The non observance of rule resulted in excess payment of Rs. 80,724/- on this account to the employees of the Institute during the financial year 1988-89

The PAO informed the Committee that the Hydrocarbon Development Institute of Pakistan is an autonomous body established in 1975 by Government Resolution # PI-12(411)/71 dated 10th September 1971 and re-constituted # DP-20(11)/82 dated 26th July 1984 in terms of Clause-II of said Resolution, the Institute is register under Society's Act 1860. Soon after its establishment, in its meeting held on December 22&23, 1975, HDIP Board of Governors approved the pay package of the employees of HDIP including various allowances like house rent, conveyance allowance and medical allowance slightly better than those applicable in the government at that time. But with the passage of time the rate of these allowances in government and HDIP have almost become equal. Further on various occasions this pay package has been intimated to the Ministry of Finance in connection with seeking their approval of subsequent revisions of pay scale. Finance Division has also approved this.

DIRECTIVE

The Sub-Committee recommended the para for settlement.

State Petroleum Refining and Petrochemical Corporation (Pvt) Limited

4.2 PARA NO. 828-PAGE-NO.534-ARPSE- 1990-91

Audit pointed out that The corporation earned net profits of Rs. 14.797 million in 1986-87, Rs. 12.827 million in 1987-88, Rs. 5.041 million in 1988-89, Rs. 27.116 million in 1989-90 and Rs. 35.547 million in 1990-91. The working results of the Corporation for the year 1990-91 as compared with previous year. The Corporation earned a net profit of Rs. 35.547 million during the year 1990-91 as against Rs. 27.116 million during the previous year. The increase in profit by 31.09% was due to write back of excess provision for diminution in the value of investment amounting to Rs. 10.550 million during the year under review. The income of the Corporation also decreased by 1.35% from Rs. 51.693 million in 1989-90 to Rs. 50.997 million in the year 1990-91, which was mainly due to 6.45% less dividend received from National Refinery Limited. Included therein dividend of Rs. 337000 which was declared by ENAR petrotech services (private) limited in the year 1987-88 but was not taken in the books of accounts. Thus income of the Corporation would have further decreased to that extent. Efforts are needed to boost up the income and minimize the expenses.

The PAO informed the Committee that the profit for the year 1990-91 has increased over the previous year by Rs 8.43 million which confirm that it is mainly the impact of reversal entry of the excess provision. This provision was booked in PERAC books of accounts in the year 1988-89 due to diminution in the value of our investment in shares of National Petrocarbon (Pvt) Ltd (NPC). Now the performance of NPC has since been improved and the position of our investment in NPC has also been revalued we therefore reversed this provision hence it is no more required.

The Sub-Committee recommended the para for settlement.

On 14th July, 2010 Audit stated that the corporation earned net profits of Rs 14.797 million in 1986-87, Rs 12.827 million in 1987-88, Rs 5.041 million in

1988-89, Rs 27.116 million in 1989-90 and Rs 35.547 million in 1990-91. The working result of the Corporation for the year 1990-91 as compared with those of the previous year was tabulated below: -

	Rs in million)		
	1990-91	1989-90	Percentage increase/ (decrease)
Income	50.997	51.693	(1.35)
Expenses	27.041	25.165	7.45
Profit including other incomes	24.997	27.178	(8.02)
Provision for diminution in the value of investment.	-	(0.062)	-
Excess provision written back	10.550	-	-
Net profit before tax	35.547	27.116	31.09

The Corporation earned a net profit of Rs 3.547 million during the year 1990-91 as against Rs 27.116 million during the previous year. The increase in profit by 31.09% was due to write back of excess provision for diminution in the value of investment amounting to Rs 10.550 million, otherwise there would have been a decrease in profit of Rs 2.119 million during the year under review. The income of the Corporation also decreased by 1.35% from Rs 51.639 million in 1989-90 to Rs 50.997 million in the year 1990-91, which was mainly due to 6.45% less dividend received from National Refinery Limited including dividend of Rs 337000, which was declared by ENAR petrotech services (private) limited in the year 1987-88 but was not taken in the books of Accounts. Thus income of the Corporation would have further decreased.

The PAO informed the Committee that all the units belonging to PERAC had been privatized / transferred. The Corporation is now dormant with asset of 1811 acres land reserved for Khalifa Coastal Refinery Project and the documentation process was being finalized .In this project there was 26% share of PARCO and 74% IPIC (International Petroleum Investment Company), Abu Dubai.

The PAO further informed that from 1811 acres land 1411 plus had been given to PARCO and the rest of 400 acres had been offered to a Chinese Company.

Member PERAC further informed that Company had to be formed but due to circular debt problem Abu Dubai demanded that first the circular debt problem should be solved.

The Committee directed the PAO to bring the matter of circular debt to the notice of the Government and observed that this was a very important project.

When the matter was taken up again on 6th October, 2010, the Committee directed the PAO again to bring the matter of circular debt to the notice of the Government and observed that this was a project of great significance.

When the para came up again on 9th December, 2010 the PAO informed the Committee that things were moving in the right direction and some more time would be required.

DIRECTIVE

The Committee asked the PAO to submit a report on PERAC indicating the time line for proposed action and recommended para for settlement.

(The report was not received)

4.3 PARA NO. 829-PAGE NO. 535-ARPSE- 1990-91

Audit pointed out that the current liabilities of the Corporation stood at Rs. 202.675 million as against current assets of Rs. 58.970 million. The current ratio of the company works out to 0.29:1, which is much beyond the satisfactory ratio and is indicative of the poor liquidity position of the Corporation. The same ratio for the previous year was 0.34:1. The state of affairs indicates that the

liquidity position of the Corporation is going from bad to worse day by day, which needs immediate attention of the management.

The PAO informed the Committee that it is fact that liquidity position of our Corporation is not very good. The reason for this is the heavy investment by PERAC in Hydrocracker project and in newly set up branches of PETROMAN, due steps have been taken to improve this ratio. The company is dormant and has only six persons on its pay rolls to look after its only asset of a piece of land.

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

On 14th July, 2010 Audit stated that the current liabilities of the Corporation stood at Rs 202.675 million as against current assets of Rs 58.970 million. The current ratio of the company works out to 0.29:1, which was much beyond the satisfactory ratio and was indicative of the poor liquidity position of the Corporation. The same ratio for the previous year was 0.34:1. The state of affairs indicates that the liquidity position of the Corporation was going from bad to worse day-by-day, which needs immediate attention of the management.

Member PERAC informed the Committee that the PERAC is now a dormant and disband organization and only the issue of land of 1811 acres exists.

The PAO informed the Committee that currently PERAC had been parked with Sui Southern Gas and the question of Audit regarding Petroman which had been surrendered to the Ministry of Science and Technology along with its assets and liabilities.

The PAO further informed that the Ministry had no knowledge about the investment made in Hydrocracker project and the Ministry would furnish the information on Hydrocracker project to Audit.

The Committee directed the PAO to provide the information / details of record pertaining to investment on Hydrocracker project to Audit. A report has to be submitted to the Committee in one month.

The Committee directed Audit to bring it to the notice of the Ministry of Science and Technology that when they come in the next meeting they should be prepared for the para regarding Petroman.

DIRECTIVE

When the matter was taken up again on 6th October, 2010, the Committee directed the PAO again to provide the information /details of record pertaining to investment on Hydrocracker project to Audit. A report has to be submitted to the Monitoring and Implementation Committee of the PAC.

The Committee directed Audit to bring it to the notice of the Ministry of Science and Technology that when they come in the next meeting they should be prepared for the para regarding Petroman.

PAK ARAB REFINERY LIMITED (PARCO)

- i. **Para 387(Page-277-ARPSE)**

UNION TEXAS (PAKISTAN) INC.

- ii. **Para 411 (Page-285-ARPSE)**
- iii. **Para 412 (Page-286-ARPSE)**
- iv. **Para 413 (Page-286-ARPSE)**
- v. **Para 414 (Page-287-ARPSE)**

PAKISTAN STATE OIL COMPANY LIMITED (PSOCL)

- vi. **Para 415 (Page-288-ARPSE)**
- vii. **Para 416 (Page-288-ARPSE)**
- viii. **Para 417 (Page-288-ARPSE)**

RESOURCES DEVELOPMENT CORPORATION PVT. LIMITED.

- ix. **Para 418 (Page-289-ARPSE)**
- x. **Para 419 (Page-290-ARPSE)**
- xi. **Para 420 (Page-290-ARPSE)**
- xii. **Para 421 (Page-290-ARPSE)**

SUI SOUTHERN GAS COMPANY LIMITED (SSGCL)

- xiii. **Para 445 (Page-311-ARPSE)**
- xiv. **Para 446 (Page-312-ARPSE)**
- xv. **Para 447 (Page-313-ARPSE)**
- xvi. **Para 448 (Page-313-ARPSE)**
- xvii. **Para 449 (Page-314-ARPSE)**

STATE PETROLEUM REFINING & PETRO CHEMICAL CORPORATION PVT. LIMITED.

- xviii. **Para 830 (Page-535-ARPSE)**
- xix. **Para 831 (Page-535-ARPSE)**

ENAR PETROTECH SERVICES PVT. LIMITED.

- xx. **Para 832 (Page-536-ARPSE)**
- xxi. **Para 833 (Page-537-ARPSE)**
- xxii. **Para 834 (Page-537-ARPSE)**

NATIONAL PETROCARBON PVT. LIMITED.

- xxiii. **Para 835 (Page-538-ARPSE)**
- xxiv. **Para 836 (Page-539-ARPSE)**
- xxv. **Para 837 (Page-539-ARPSE)**
- xxvi. **Para 838-39 (Page-539-ARPSE)**
- xxvii. **Para 839 (Page-539-ARPSE)**
- xxviii. **Para 840 (Page-539-ARPSE)**

NATIONAL REFINERY LIMITED (NRL)

- xxix. **Para 846 (Page-542-ARPSE)**
- xxx. **Para 847 (Page-543-ARPSE)**
- xxxi. **Para 848 (Page-543-ARPSE)**
- xxxii. **Para 849 (Page-543-ARPSE)**

DIRECTIVE

On presentation of the above 32 audit paras by Audit the Sub-Committee directed the Ministry to implement the decision of the DAC.

5. AUDIT REPORT REVENUE RECEIPT FOR THE YEAR 1990-91

- i. **Para 6.1 (i) (Page-67-AR)**
Short realization of development surcharge of Rs. 12,713,758
- ii. **Para 6.1 (ii) (Page-68-AR)**
Non/short realization of development surcharge of Rs. 1,255,931
- iii. **Para 6.1 (iii) (Page-68-69-AR)**
Non/short realization of development surcharge Rs. 299,914.
- iv. **Para 6.1 (iv) (Page-69-AR)**
Short realization of development surcharge of Rs. 120,952
- v. **Para 6.1 (v) (Page-91-AR)**
Short realization of development surcharge of Rs. 15,189

DIRECTIVE

On recommendations of the DAC, the Sub-Committee recommended the above 5 audit Paras for settlement.

6. AUDIT REPORT PUBLIC SECTOR ENTERPRISES FOR THE YEAR 1990-91

SUI NORTHERN GAS PIPELINE LIMITED

6.1 Para 424 (Page-292-ARPSE)

Audit pointed out that in addition to a sum of Rs. 4.467 million charged to the operating cost of the previous year, a further sum of Rs. 4.012 million has been charged to the operating cost of the year under review of account of provision for bad debts thus raising the total provision for bad debts Rs. 26.862 million on June 30, 1991. Against the provisions made in the past years a sum of Rs. 3.583 million was finally written off by the management thus reducing the total provision from Rs. 26.862 million to Rs. 23.279 million on June 30, 1991. As a matter of principle there should be no debtor of the company at all. As per

Company's procedure and orders of Director General Gas Ministry of Petroleum & Natural Resources security equal to three months estimated bills is to the obtained from each consumer and if consecutive two bills are not paid by any consumer his Sui gas connection is to be disconnected immediately, by adjusting security against the outstanding amount of two bills. Thus a huge amount of debtors has piled up due to violation of the prescribed procedure/Government orders. The reasons under which a huge amount became irrecoverable need to be investigated with a view to fixing responsibility.

The PAO informed the Committee that the company is selling gas on credit as such the contention of audit that there should be no debtors at all does not hold good. It is the Company's policy to disconnect gas supply to consumers (other than those classified as Essential Industries), who default for a consecutive period of 3 months, or whose arrears exceed their security deposit. Efforts though continue, to recover the outstanding amount by extra legal means. If such efforts prove unsuccessful even for a year after disconnection, the arrears are provided for as doubtful of recovery and if large enough legal proceedings are instituted for their recovery. It is also mentioned that efficient management of receivable by the company as over 99% debts have been received/secured.

DIRECTIVE

The Sub-Committee directed the Audit to verify the facts and recommended the Para for settlement subject to verification by Audit.

6.2 **Para 427 (Page-294-ARPSE)**
Excess Consumption of Coat and wrap material Rs. 52.898 million.

Audit pointed out that Project Officer of Sui Northern Gas Pipelines Limited implemented the completion of Project-5, approved by ECNEC in June, 1985 for Rs. 3,364 million. The project envisaged the laying of 515 miles transmission lines of different diameters to upgrade the existing system. The lines to be laid were divided into various sections. Project-5, was completed in

December 1989 and the length of the lines actually laid worked out to 496 miles. The consumption of coat and wrap material used by the project office of the company in laying of 368 miles pipelines of 24", 18" 10" and 8" diameter, was much more than the standard rate of consumption and as a result huge and abnormal excess consumption valuing Rs. 45.405 million even after allowing maximum allowance for wastage, was observed.

The PAO informed the Committee that the excess consumption of Coat & Wrap material has been determined by comparing actual consumption with the standard rate indicated by manufacturers. Standards represent usage in ideal working conditions almost laboratory conditions. Such standards are not applicable in the third world countries, where the working conditions are inferior, and the level of skills of the workmen is also lower than those manufacturers have in mind when setting standards. Failure of measure upto international standards in Pakistan is academic. The area of their operations did not suffer from the difficulties described above as such consumption by the company and the outside contractors can not be compared. Even the contracted and have contested the validity of contractual terms. The apprehension that the consumption is high owing to pilferage is not supported by facts. As suggested, the SNGPL has taken to streamline the system and exercise greater. Control over the storage and issue of coat & wrap material in order to ensure efficient utilization.

DIRECTIVE

The Sub-Committee recommended the para for settlement subject to verification of the record by the Audit. The sub-Committee directed that the department should maintain the record and documents securely especially which is under consideration of the PAC.

- i. **Para 428 (Page-295-ARPSE)**
Purchase of Steel pipe from higher bidder: Loss Rs. 19.504 million.
- ii. **Para 429 (Page-297-ARPSE)**
Irregular payment of overtime Rs. 13.032 Million

DIRECTIVE

On presentation of the above two Audit paras by the Audit the Sub-Committee recommended the audit paras for settlement

6.3 **Para 430 (Page-298-ARPSE)** **Excess consumption/pilferage of pipe worth Rs. 8.028 Million**

Audit pointed out that the Project Office of SNGPL laid transmission pipelines of various diameters during the year 1986-89. Pipe worth Rs. 16.140 million had been used in excess of the actual length of the line. Clearly the consumption of pipe should have not been more than the length of lines and the excess pipe should have been available and returned to the store after completion of the lines. Non-return of excess pipe in the shape of full lengths or cut pieces indicates pilferage of pipe worth Rs. 16.140 million.

The PAO informed the Committee that the apparent difference in the length of pipe used and the measured length of line as pointed out by the Commercial Auditors varies from 2.22 to 3.30%. The excess quantity reported by audit represents construction wastage-dimensional as well as physical-due to pipe length absorbed by snaking of line when it is lowered in trench, vertical bends at crossings, undulations of trench, trimming of damaged ends, cut-outs to remove physical defects (dents, ovality etc) and defective welds, welding procedure and welder qualification test pieces, bull plugs for hydrostatic testing, pipe bend rejects, etc. The authority for allowing such wastage is the standard practice in vogue in the pipeline construction industry. It is further evidenced by the wastage allowed by PARCO and SSGC companies to SNGPL when the latter laid under contract for the former two companies, respectively, 500 KM of 16" oil line and 170 KM of 12" gas pipelines. Some of the pipe remains unaccounted for because of un-useable short length pieces resulting from tie-ins of daily weld. Sections, bands of the mainline and at crossing. Pipe is also consumed for value assembly fabricated.

DIRECTIVE

The Sub-Committee directed the Audit to verify the facts/record and recommended the Para for settlement subject to verification by Audit.

6.4 **Para 436 (Page-303-04-ARPSE)** **Import of defective spare parts loss of Rs. 2,531,490**

Audit pointed out that SNGPL imported spare parts worth US\$135,800 from M/s RDA International INC. USA against two purchase orders dated March 18, 1986 and May 5, 1986. On arrival of the consignments at Multan in January and June 1987 some spare parts in both the consignments were found to be second hand and reconditioned. The supplier was not the manufacturer but only a middleman having no agent in Pakistan. When the defective supply was pointed out, the supplier after consultation with the manufacturer agreed to replace the defective parts on their return. This controversy could not be resolved and ultimately on November 30, 1988 the supplier expressed his inability to replace the defective parts. There upon the Company approached USA and Pakistan embassies for helping the Company in getting replacement of the defective parts but in vain because the manufacturer had gone out of business. In the meantime the Company also lodged two insurance claims dated July 16, 1989 and July 12, 1989 for Rs. 1,806,644 with NIC as against an actual expenditure of Rs. 2,561,490 incurred on the receipt of defective parts. Thus, the claim was short lodged by Rs. 724,846 and without any hope for its acceptance because the claims relating to defective supply by the suppliers have never been accepted by the NIC. Thus the Company is likely to sustain a loss of Rs. 2, 531,490 due to mismanagement of the contract besides placing the order on a middleman instead of the manufacturer and lack of timely decision.

The PAO informed the Committee that the tenders were floated to suppliers/ manufacturers who were duly pre-qualified in accordance with company's procedure which inter-alia included press advertisement and evaluation of credibility of the firms who applied for pre-qualification. In view for

thus, tender enquiries were sent to pre-qualified suppliers, who included M/s RDA International, USA. Moreover, it is company's policy to deal directly with foreign suppliers instead of through local agents as far as possible to avoid delays in communications through intermediaries, and to save the element of commission, otherwise payable to the agents, which is in any case is recovered directly or indirectly from buyers. As such, we also deal directly with those foreign suppliers who do not have their local agents in Pakistan. Now the all spare parts have been used and company has not suffered loss.

DIRECTIVE

After hearing Ministry's reply the Sub-Committee recommended the para for settlement.

MARI GAS COMPANY LIMITED (MGCL)

- i. **Para 398 (Page-280-ARPSE)**
- ii. **Para 399 (Page-281-ARPSE)**
- iii. **Para 400 (Page-281-ARPSE)**
- iv. **Para 426 (Page-293-ARPSE)**
- v. **Para 432 (Page-300-ARPSE)**
- vi. **Para 434 (Page-302-ARPSE)**
- vii. **Para 435 (Pages-302& 3-ARPSE)**
- viii. **Para 437 (Page-304-ARPSE)**
- ix. **Para 438 (Page-305-ARPSE)**
- x. **Para 441 (Pages-307-8-ARPSE)**

PAKISTAN MINERAL DEVELOPMENT CORPORATION (PMDC)

- xi. **Para 450 (Page-317-ARPSE)**

PMDC SALT MINES KHEWRA.

- xii. **Para 480 (Page-336-ARPSE)**

DIRECTIVE

On presentation of the above twelve audit paras by the Audit, the Sub-Committee directed the Ministry to implement the decisions of the DAC.

7. PERFORMANCE EVALUATION REPORT # 111 FOR THE YEAR 1990-91 ON PIRKOH GAS COMPANY

- i. Audit para # 389-ARPSE-90-91**
- ii. Audit para # 390-ARPSE-90-91**
- iii. Audit para # 391-ARPSE-90-91**
- iv. Audit para # 392-ARPSE-90-91**
- v. Audit para # 393-ARPSE-90-91**
- vi. Audit para # 394-ARPSE-90-91**
- vii. Audit para # 395-ARPSE-90-91**
- viii. Audit para # 396-ARPSE-90-91**

OIL AND GAS DEVELOPMENT CORPORATION

- ix. Audit para # 401-ARPSE-90-91**
- x. Audit para # 402-ARPSE-90-91**
- xi. Audit para # 403-ARPSE-90-91**
- xii. Audit para # 404-ARPSE-90-91**
- xiii. Audit para # 405-ARPSE-90-91**
- xiv. Audit para # 406-ARPSE-90-91**
- xv. Audit para # 407-ARPSE-90-91**
- xvi. Audit para # 408-ARPSE-90-91**
- xvii. Audit para # 409-ARPSE-90-91**
- xviii. Audit para # 410-ARPSE-90-91**

SUI NORTHERN GAS COMPANY LTD

- xix. Audit para # 422-ARPSE-90-91**
- xx. Audit para # 423-ARPSE-90-91**
- xxi. Audit para # 424-ARPSE-90-91**
- xxii. Audit para # 425-ARPSE-90-91**
- xxiii. Audit para # 426-ARPSE-90-91**
- xxiv. Audit para # 431-ARPSE-90-91**
- xxv. Audit para # 432-ARPSE-90-91**
- xxvi. Audit para # 433-ARPSE-90-91**
- xxvii. Audit para # 439-ARPSE-90-91**
- xxviii. Audit para # 440-ARPSE-90-91**
- xxix. Audit para # 442-ARPSE-90-91**
- xxx. Audit para # 443-ARPSE-90-91**
- xxxi. Audit para # 444-ARPSE-90-91**
- xxxii. Audit para # 450-ARPSE-90-91**
- xxxiii. Audit para # 451-ARPSE-90-91**
- xxxiv. Audit para # 452-ARPSE-90-91**
- xxxv. Audit para # 453-ARPSE-90-91**

- xxxvi. Audit para # 454-ARPSE-90-91
- xxxvii. Audit para # 455-ARPSE-90-91
- xxxviii. Audit para # 456-ARPSE-90-91
- xxxix. Audit para # 457-ARPSE-90-91
- xl. Audit para # 458-ARPSE-90-91

PMDC COAL MINES DEGARI

- xli. Audit para # 459-ARPSE-90-91
- xl.ii. Audit para # 460-ARPSE-90-91

PMDC LAKHAR COAL MINING PROJECT

- xl.iii. Audit para # 461-ARPSE-90-91
- xl.iiii. Audit para # 462-ARPSE-90-91
- xl.v. Audit para # 463-ARPSE-90-91

PMDC METING COAL MINING PROJECT

- xl.vi. Audit para # 464-ARPSE-90-91
- xl.vii. Audit para # 465-ARPSE-90-91

PMDC CHINA CLAY PROJECT

- xl.viii. Audit para # 466-ARPSE-90-91

PMDC SILICA AND PROJECT

- xl.ix. Audit para # 467-ARPSE-90-91
- l. Audit para # 468-ARPSE-90-91

PMDC SALT QUARRIES BAHADUR KHEL

- li. Audit para # 469-470-ARPSE-90-91
- lii. Audit para # 471-ARPSE-90-91
- liii. Audit para # 472-ARPSE-90-91

PMDC SALT QUARRIES JATTA

- liv. Audit para # 473-ARPSE-90-91
- lv. Audit para # 474-ARPSE-90-91
- lvi. Audit para # 475-ARPSE-90-91
- lvii. Audit para # 476-ARPSE-90-91
- lviii. Audit para # 477-ARPSE-90-91

PMDC SALT MINES KALABAHGA

- lix. **Audit para # 478-ARPSE-90-91**
- lx. **Audit para # 479-ARPSE-90-91**

PMDC SALT MINES KHEWRA

- lxi. **Audit para # 480-ARPSE-90-91**
- lxii. **Audit para # 481-ARPSE-90-91**
- lxiii. **Audit para # 482-ARPSE-90-91**

PMDC SALT MINES WARCHA

- lxiv. **Audit para # 483-ARPSE-90-91**
- lxv. **Audit para # 484-ARPSE-90-91**
- lxvi. **Audit para # 485-ARPSE-90-91**
- lxvii. **Audit para # 486-ARPSE-90-91**

PMDC MAKEREAL COLLIERIES LIMITED

- lxviii. **Audit para # 487-ARPSE-90-91**
- lxix. **Audit para # 488-ARPSE-90-91**
- lxx. **Audit para # 488-ARPSE-90-91**

DIRECTIVE

On recommendation of the DAC, the Sub-Committee recommended the above 70 audit paras for settlement.

MINISTRY OF PLANNING AND DEVELOPMENT

1. OVERVIEW

Appropriation Accounts / Audit Reports for the year 1990-91 pertaining to the Ministry of Planning and Development were taken up for examination by Special Committee-II of the PAC in the meetings held on June 29th, 2010 & December 9th, 2010 in Committee Room No.2 Parliament House Islamabad. Decisions taken are summarized below:

- 1.1** Two (02) grants and sixteen (16) Paras were reported by AGPR / Audit. While discussing grants the Committee observed that poor financial management was reflected in the fact that saving was roughly the same as the supplementary grant. Also surrender had been made in excess of the saving. The Committee directed that financial management systems should be put in place to ensure better management of budgetary allocations.
- 1.2** During the discussion on appointment of NCR-Consultant the Committee observed that faulty planning of the computer project had been established and appointment of the NCR-consultant was in fact part of the same faulty planning. Having purchased an unsuitable computer the Planning and Development Division found it had no alternative but to hire the NCR-consultant, thereby increasing the wasteful expenditure.
- 1.3** While discussing failure of NLC to create its own cadre the Committee directed the PAO to prepare a detailed briefing / presentation covering the re-organization and future plans of NLC, which would be submitted before the main PAC for consideration.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1990-91

i. GRANT NO. 111- PLANNING AND DEVELOPMENT DIVISION

Excess Rs. 1,668,637/-

A.G.P.R. pointed out that after accounting for supplementary grant of Rs. 1,744,000 the grant closed with a saving of Rs. 1,668,637 (2.28 % of the total grant). An amount of Rs.1,783,047 (2.44%)was surrendered resulting in net excess of Rs.114,410 (0.15%).

The PAO informed the Committee that supplementary grant was obtained to meet additional requirements of the National Logistic Cell, while savings had accrued due to economy measures.

DIRECTIVE

The Committee observed that poor financial management was reflected in the fact that saving was roughly the same as the supplementary grant. Also surrender had been made in excess of the saving.

The Committee recommended regularization of the grant with the direction that improved financial management systems should be put in place to ensure better management of budgetary allocations.

ii. GRANT NO. 170- DEVELOPMENT EXPENDITURE OF PLANNING AND DEVELOPMENT DIVISION:

Saving Rs. 17,447,844/-

A.G.P.R. pointed out that the grant closed with a saving of Rs. 17,447,844 (12.26 % of the total grant). An amount of Rs.6,901,500 was surrendered leaving a net saving of Rs.10,546,344 (7.41%).

The PAO informed the Committee that saving was due to reporting of less than anticipated expenditure by the donor agencies.

DIRECTIVE

The Committee recommended regularization of the grant with the observation that the entire saving should have been surrendered.

3. AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF PLANNING AND DEVELOPMENT DIVISION ON JAWAID AZFAR COMPUTER CENTRE FOR THE AUDIT YEAR 1990-91.

The DAC recommended the following Audit Paras for settlement by the Special Committee:-

- i. **PARA-2.1.2 (PAGE-6) AR-1990-91**
NO JUSTIFICATION FOR COMPUTER
- ii. **PARA-2.1.3 (PAGE-7) AR-1990-91**
LATE INSTALLATION OF COMPUTER MACHINE
- iii. **PARA-2.1.4 (PAGE-8) AR-1990-91**
INSTALLATION AFTER EXPIRY OF WARRANTY PERIOD
- iv. **PARA-2.1.5(PAGE-9) AR-1990-91**
LATE RECRUITMENT OF COMPUTER PERSONNEL
- v. **PARA-2.1.6(PAGE-10) AR-1990-91**
TIME OVER-RUN.
- vi. **PARA-2.1.7(PAGE-11) AR-1990-91**
COST OVER-RUN
- vii. **PARA-2.3(PAGE-13) AR-1990-91**
PAYMENT OF ANNUAL SOFTWARE SERVICE/HARDWARE MAINTENANCE FEE

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned seven (07) Audit Paras.

3.1 PARA-2.1.1 (PAGE-4&5) AR-1990-91 **PURCHASE OF NCR SYSTEM WITHOUT JUSTIFICATION**

Audit pointed out that the Planning and Development Division initially decided to purchase an IBM-4341 computer system with minimum of 08 MB RAM. Accordingly, the Division awarded a contract to M/s Systems Ltd. Lahore

for development of an IB compatible software and assistance in selection / installation of computer system. The total cost of the contract was Rs. 1,460,000. The consultant developed the software package compatible to the IBM-4341. However, at the time of buying the computer system, the Planning Division did not specify the technology in the bidding documents. Thus, bids came not only from IBM but also from NCR. Since the bid offered by the NCR system was lowest, the Division procured an NCR-8568 system at a cost of \$ 518,930 in December 1985. As a result, the expenditure incurred on IBM compatible software went totally waste. Audit noted that NCR's quotation was lower than IBM by only 8%, but other related costs were high enough to erode the difference. Moreover, NCR-8568 was a new computer and there were only two NCR computers in Pakistan till July 1986. On the other hand, IBM-4331 was already tested in the Finance Division and operating.

With the NCR-8568, the Planning Division faced problems of compatibility and difficulties in exchanging information with the World Bank, the Finance Division and the Economic Affairs Division's needs. Since the NCR system was not adequate to suit the computing needs of the Division, the Planning Division transferred the procured computer system along with all associated equipments and staff to the Director General, Registration Organization under the Interior Division on 15th June, 1987. As stated by the Planning Division, the computer center was transferred to the Registration Organization in accordance with a decision taken at higher level. However, in such orders were shown to Audit, despite written requests.

Subsequently, the Planning Division requested the Interior Division either to reimburse the cost of the computer to the Planning Division or return the NCR computer. Interior Division did not agree to reimburse the cost of computer and thus the same along with staff and budget was taken back from the Registration Organization on 31st January, 1991 and was now lying idle at the Planning Division at the time of audit.

Thus due to inadequate planning and due diligence, a sum of Rs.9.814 million including World Bank's loan of Rs. 6.903 million incurred for establishment of the center remained non-productive.

The PAO informed the Committee that it was not possible for the Planning & Development Division to decide about the make of any computer prior to opening of tender because of the generic specifications in the tender. NCR met all the requirements of the tender and came out lowest. The software provided by NCR did run properly but required skills were not easily available. The NCR expert prepared PSDP 1986-87 on the computer and trained some computer center officials. However, applications envisaged by the Planning Division for sharing of the computer facility by all sections were not happening. The computer with its associated staff and equipment was transferred to the Director General Registration Organization under the Ministry of Interior, where it remained for four years before being returned (due to non-payment of cost). The computer system had therefore completed its effective operational life of five years.

The Director General of Information Technology briefed the Committee that the Computer Center now had a large network of computers i.e 400 plus computers installed in three different sites in a wide area, and website of Planning Division was very popular / highly visited.

The Committee observed that faulty planning had been established and requisite action should be taken against those responsible. It was cause for concern that the Ministry responsible for planning should itself be guilty of faulty planning. Systems needed to be improved so that such lapses do not recur.

The Committee noted with appreciation that the Computer Center was now functioning effectively and efficiently.

DIRECTIVE

In another meeting held on 9th December, 2010 the Committee expressed displeasure over the delay caused in providing the relevant record to Audit and reiterated the importance of DAC before the meeting of the Special Committee. The Committee recommended the para for settlement subject to verification of the record by the Audit.

3.2 **PARA-2.2 (PAGE-12) AR-1990-91** **APPOINTMENT OF NCR CONSULTANT**

Audit pointed out that the NCR-8568 computer acquired by Planning and Development Division was a new computer. The computer worked only with VRX operating system. Its productive use required that a VRX expert should be available. Therefore, an expert provided by M/s NCR was appointed for a period of one year w.e.f. 1st July, 1986 on payment of Rs. 35,000 per month to assist in the utilization of computer. The Planning and Development Division entered into one year agreement with M/S NCR and total expenditure of Rs. 420,000 was incurred on this account. On expiry of the period of contract, a certificate was issued by the Planning and Development Division to the expert according to which he carried out the indicated work and his overall performance was quite satisfactory.

The Subject Certificate was in sharp contrast to the fact that the software developed by NCR's expert was ill-suited to the needs of Planning Division, further substantiated by the fact that the computer system was transferred to the Directorate General Registration on 15th June, 1987. Thus, there was no justification in making payment for consulting services to the M/s NCR.

The PAO explained in detail the need for appointment of the NCR Consultant. The NCR computer had its own versions of COBOL and FORTRAN which were different from the IBM versions and required the services of the NCR consultant for training and programming work.

DIRECTIVE

The Committee observed that the faulty planning of the computer project had been established. Appointment of the NCR consultant was in fact part of the same faulty planning. Having purchased an unsuitable computer the Planning and Development Division found it had no alternative but to hire the NCR consultant, thereby increasing the wasteful expenditure.

The Committee again directed the PAO that such instances must not be allowed to recur.

3.3 **PARA-2.4(PAGE-14) AR-1990-91** **IMPROPER MAINTENANCE OF RECORD**

Audit pointed out that record management and file maintenance at the Computer Center was very poor. Papers, letters, agreements etc. were not maintained in a chronological order or systematic way. Documents were scattered over a number of volumes. There was no sequencing in the filing system. Papers were kept in a disorganized manner and it was almost impossible to retrieve information. Logbook of the computer machine had not been maintained.

The PAO informed the Committee that maintenance of files and log book etc. remained suspended because of transfer of the NCR Computer to the Interior Division. After revival of the Computer Center the record was now being properly maintained.

DIRECTIVE

The Committee directed the PAO to have the present system of record maintenance inspected by Audit. The para was recommended for settlement subject verification of record by Audit.

4. AUDIT REPORT PUBLIC SECTOR ENTERPRISES ON THE ACCOUNTS OF MINISTRY OF PLANNING AND DEVELOPMENT DIVISION FOR THE AUDIT YEAR 1990-91.

4.1 PARA-491(PAGE-348) AR-1990-91
FAILURE OF NLC TO ESTABLISH ITS OWN CADRE: EXTRA COST Rs. 22.850 MILLION

Audit pointed out as per directives contained in Government Gazette Notification No.2(2)AD-1/79 dated Nov 8,1979 of Planning and Development Division, National Logistic Cell was to create its own establishment for carrying out its business. But despite a period of over 10 years (1978-88) the NLC has not created its own civil establishment. Out of a total of 8,045 employees on its strength, only 4,320 employees were recruited by National Logistic Cell and the rest were either army personnel or retired or active service civilians from CMA / MAG Department as well as retired army personnel employed on contract basis. This resulted in additional establishment cost impact of Rs. 22.850 million from 1978-1988.

The borrowed establishment was given project allowance @50% of their basic pay in addition to the pay and pension admissible to them in the parent offices. By virtue of Government orders, they should have been on secondment on normal deputation basis entitling them to deputation allowance. Had their own civil cadre been created, an extra establishment cost of Rs.22.850 million due to borrowed staff would have been avoided. The PAC in its meeting held in July,1990 also stressed on the creation of NLC's own establishment and recommended that the funds provided by Government to NLC be treated as equity with 12% rate of return. PAC also emphasized that NLC should stick to transportation business and should pay toll taxes.

This issue was pointed out by Audit in March, 1989 but despite commitment the management did not furnish any reply. The point was again reported to the Ministry as well as management in December, 1990. The

management in its reply of June 30,1991 stated that as per Para 4 of Government letter dated Nov 8, 1979 NLC has its own organization and its set up is covered under Para-5(c) of the said letter which caters for employment of such officers or units appropriate for the tasks. It was further stated that project allowance is being paid to all employed on NLC duties, and that the figure of Rs.22.850 million is insignificant as compared with what this professionally dedicated manpower achieved for the nation.

The reply is not tenable in as much as that no doubt Para-4 of the above letter clearly mentions that NLC will create its own establishment but it is not justified to deploy borrowed manpower from Defence Services and retired Army personnel employed on contract basis which consisted of 3,725 persons out of total establishment of 8,045. In case the services of the borrowed staff and Army persons was considered essential, Government orders in this regard should be got amended accordingly.

The PAO informed the Committee that as per para-4 of the Government letter No.2(2)AD-179 dated 08-11-1979 NLC is to have its own organization and its present set up is covered under para 5(c) of the said Govt. letter which caters for employment of such Armed Forces officers personnel or units appropriate for the tasks and engagement of civilian / management staff. The PAO further informed the Committee that NLC's enviable past performance is linked with its military character, exemplary discipline and utmost dedication of its manpower, and the Federal Govt. is fully satisfied with the present organizational set-up of NLC.

The PAO further informed that it is incorrect to assume that project allowance is paid to deputationists only. It is paid to all those employed on NLC duties, including directly recruited NLC manpower.

The Director General NLC briefed the Committee that restructuring of the organization was being planned keeping in view present-day requirements.

The Committee directed the PAO to prepare a detailed briefing / presentation covering the re-organization and future plans of NLC, which would be submitted before the main PAC for consideration.

DIRECTIVE

In another meeting held on 9th December, 2010 the Committee observed that since a plan regarding re-structuring and re-organization of NLC had been put-up before the NLC Board it may now be presented before the Main PAC in the next scheduled meeting. This is part of the TORs of the Committee setup by the COAS which is determining the status of NLC and creation of cadre. The Committee directed the PAO to submit a copy of the re-structuring plan to the Committee before presentation before the Main PAC. The para was pended until decision of the Main PAC, which would then be considered by the Monitoring and Implementation Committee of the PAC in light of decisions of the main PAC.

4.2 **PARA-494 (PAGE-348) AR-1990-91**
DISPOSAL OF NLC VEHICLES AT LOWER PRICE: LOSS
Rs. 175,000

Audit pointed out that the National Logistic Cell (South Zone) put 5 vehicles to auction on Nov. 18, 1987. A party offered its bid for 300,000 at 60,000 per vehicle, which was not entertained by the management, and the matter was kept pending. Later on another auction was held on Feb. 6, 1988 in which a party offered Rs. 125,00 @t Rs.25,000 per vehicle which was approved and the vehicles were handed over to the party. Thus, NLC suffered a loss of Rs. 175,000 by not accepting the first bid of Rs. 300,000.

The irregularity was pointed out in January 1989. The management, in their reply of June 1991, contended that as per practice being followed in NLC, the vehicles are cannibalized by way of retrieving the parts before putting them to

auction, which are utilized for repairing off-road vehicles, and as such, they sustained no loss.

Audit was of the view that the management had sidetracked the issue and no reply was given as to why the highest bidder was ignored on the first auction. Retrieval/ cannibalization would have been done even when the vehicles were first put to auction in November 1987.

The irregularity was again reported to the Ministry as well as management in October 1991 but no reply was received.

The PAO informed the Committee that the Division had presented relevant record to the DAC. Basically these were European origin vehicles which had been cannibalized.

The Director General, NLC informed the Committee that there was a difference of six months between the first and the second auction. Cannibalization is a very common phenomenon in NLC. So, when the party did not turn up for six months, more spares were retrieved / cannibalized from the “down” classified vehicles which were rendered off- road for want of spares. Cannibalized spares had been taken on charge by BOD, NLC Karachi, which can be verified by the Audit authorities.

The Committee directed the PAO to inquire into the issue, fix responsibility for the apparent negligence and submit a report to the Committee within one month.

DIRECTIVE

In a meeting held on 9th December, 2010 the PAO informed the Committee that relevant record had been provided to Audit hence the Committee settled the Para subject to verification of record by Audit.

The DAC recommended the following Audit Paras for settlement by the Special Committee:-

- i. **PARA-495(PAGE-349) AR-1990-91**
LOST TYRES AND VEHICLES: LOSS Rs. 204,127
- ii. **PARA-490 AR-1990-91**
National Logistic Cell did not submit accounts for the year 1990-91 by the prescribed date of January 15, 1992.
- iii. **PARA-492 AR-1990-91.**
National Logistic Cell provided godown facilities that higher charge of Rs. 840,799 for godown were not recovered from the respective Departments.
- iv. **PARA-493 AR-1990-91.**
National Logistic Cell appointed an Army Officer on contract without Government approval and paid Rs. 186,460 from August 1985 to December 1988.

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned four (04) Audit Paras.

MINISTRY OF POPULATION WELFARE

1. OVERVIEW

Appropriation Accounts for the year 1990-91 pertaining to Ministry of Population Welfare were taken up for examination by Special Committee-II of the PAC in the meetings held on July 7th, 2010 & November 3rd 2010 in Committee Room No.2 Parliament House, Islamabad. Decisions taken are summarized below:

- 1.1 Two (02) grants were reported by AGPR on Ministry of Population Welfare.
- 1.2 On presentation of the grants, the Committee recommended regularization of the grants with the direction that the initial budgetary grant should be obtained after proper calculation and realistic assessment of requirements and thereafter due care should be taken in an efficient and timely manner, avoiding excess expenditure or un-surrendered savings.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1990-91

i. GRANT NO.112- POPULATION DIVISION.

Saving Rs. 40,648/-

A.G.P.R. pointed out that the grant closed with a saving of Rs. 40,648 (1.52% of the total grant).

The PAO informed the Committee that savings due to vacant posts etc. had been offset by increase in pay and allowances, resulting in minor saving of Rs. 40,648.

DIRECTIVE

The Committee recommended regularization of the grant.

ii. **GRANT NO.171- DEVELOPMENT EXPENDITURE OF POPULATION WELFARE DIVISION**

Excess Rs. 64,783,154/-

A.G.P.R. pointed out that the grant closed with a saving of Rs. 64,783,154 (10.85% of the total grant).

The PAO informed the Committee that although there were savings under various heads / projects, amounting to Rs. 50,273,846 excess expenditure of Rs. 115,057,000 was incurred due to short supply of contraceptives by the donor agencies in 1989-90.

DIRECTIVE

The Committee recommended regularization of the grant with the direction that the initial budgetary grant should be obtained after proper calculation and realistic assessment of requirements and thereafter due care should be taken to implement the approved projects in an efficient and timely manner, avoiding excess expenditure or un-surrendered savings.

In a meeting held on 3rd November, 2010 the Deputy Auditor General informed the Committee that no para/grant etc was pending pertaining to Ministry of Population Welfare.

The Committee thanked the PAO for his valuable contribution in the proceedings of the meeting.

MINISTRY OF PORTS AND SHIPPING

1. OVERVIEW

Appropriation Accounts and Audit Reports of Public Sector Enterprises for the year 1990-91 pertaining to Ministry of Ports & Shipping were taken up for examination by Special Committee-II of the PAC in the meetings held on July 14th 2010, October 20th 2010, December 9th 2010 , May 17th 2011& June 10th , 2011 in Committee room No. 2 ,Parliament House Islamabad. Decisions taken are summarized below:

- 1.1 Three (03) grants were reported by AGPR. Twenty-six (26) Audit Paras of Public Sector Enterprises were presented by Audit
- 1.2 On presentation of the grants, the Committee recommended regularization of the two grants, while, expressed its displeasure on Grant No. 183 that the record was not available with the Ministry and directed that for future even funds which are not released have to be formally surrendered.
- 1.3 The recommended endorsed recommendations of the DAC for settlement twenty-six (26) Paras of Audit Report of Public Sector Enterprises.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1990-91

i. GRANT NO.21- DEPARTMENT OF SHIPPING CONTROL AND MERCANTILE MARINE.

Saving Rs. 13,682/-

Audit stated that out of saving of Rs. 79,979, a sum of Rs.66,297 had been surrendered, leaving nominal net saving of Rs. 13,682.

DIRECTIVE

The Committee recommended regularization of the grant.

ii. **GRANT NO.22- LIGHTHOUSES AND LIGHTSHIPS**

<u>Budget</u>	<u>AGPR Figures</u>	<u>Deptt. Figures</u>	<u>Difference</u>
Saving	(-) 105,810	-----	105,810

The PAO informed the Committee that an amount of Rs 105,810 was surrendered on 30-06-1991 after the codal date with the result that the entire saving of Rs. 194,584 in the grant should surrendered.

DIRECTIVE

The Committee recommended regularization of the grant.

iii. **GRANT NO.183- CAPITAL OUTLAY ON PORTS AND SHIPPING**

Saving Rs. 238,881,727/-

The PAO requested the Committee that the Ministry be allowed to discuss this grant in the DAC meeting.

Accepting the request of the PAO, the Committee referred the above-mentioned grant to the DAC. The grant will be taken up again by the Committee in its next meeting.

In another meeting held on 20th October, 2010 Audit stated that the grant closed with a saving of Rs.2,68,381,727 (59.41% of the total grant). An amount of Rs.29,500,000 (6.53%) was surrendered leaving a net saving of Rs.238,881,727 (52.88%).

The PAO informed the Committee that the saving of Rs. 238.845,000 was foreign exchange component which was allocated to “Gawadar Fish Harbor” Project and the Belgian State to State loan agreement could not be materialized and the amount was not released.

DIRECTIVE

The Committee expressed its displeasure that the record was not available with the Ministry and directed that for future even funds which are not released have to be formally surrendered; the grant was recommended for regularization.

3. AUDIT REPORT PUBLIC SECTOR ENTERPRISES VOLUME-VIII ON THE ACCOUNTS OF MINISTRY OF PORTS & SHIPPING FOR THE AUDIT YEAR 1990-91.

The DAC recommended the following Audit Paras for settlement by the Special Committee:-

LIGHT HOUSES AND LIGHT SHIPS DEPARTMENT

- i. **Para-71(1)- (APRSE-1990-91-VO-VIII)-Page-61**
NON-SUBMISSION OF ACCOUNTS
- ii. **Para-76- (APRSE-1990-91-VO-VIII)-Page-64**
- iii. **Para-77- (APRSE-1990-91-VO-VIII)-Page-64**
- iv. **Para-78- (APRSE-1990-91-VO-VIII)-Page-65**
- v. **Para-79- (APRSE-1990-91-VO-VIII)-Page-66**
- vi. **Para-80- (APRSE-1990-91-VO-VIII)-Page-66**
- vii. **Para-81- (APRSE-1990-91-VO-VIII)-Page-66**
- viii. **Para-82- (APRSE-1990-91-VO-VIII)-Page-67**
- ix. **Para-83- (APRSE-1990-91-VO-VIII)-Page-67**
- x. **Para-84- (APRSE-1990-91-VO-VIII)-Page-67**
- xi. **Para-85- (APRSE-1990-91-VO-VIII)-Page-68**
- xii. **Para-86- (APRSE-1990-91-VO-VIII)-Page-68**

NATIONAL TANKER COMPANY LIMITED

- xiii. **Para-87- (APRSE-1990-91-VO-VIII)-Page-69**
- xiv. **Para-88- (APRSE-1990-91-VO-VIII)-Page-70**

PAKISTAN NATIONAL SHIPPING CORPORATION

- xv. **Para-89- (APRSE-1990-91-VO-VIII)-Page-71**
- xvi. **Para-90- (APRSE-1990-91-VO-VIII)-Page-71**
- xvii. **Para-91- (APRSE-1990-91-VO-VIII)-Page-72**
- xviii. **Para-71(2)- (APRSE-1990-91-VO-VIII)-Page-61**
NON-SUBMISSION OF ACCOUNTS

PORT QASIM AUTHORITY

- xix. **Para-92- (APRSE-1990-91-VO-VIII)-Page-73**
- xx. **Para-93- (APRSE-1990-91-VO-VIII)-Page-74**
- xxi. **Para-94- (APRSE-1990-91-VO-VIII)-Page-74**
- xxii. **Para-95- (APRSE-1990-91-VO-VIII)-Page-74**

- xxiii. Para-96- (APRSE-1990-91-VO-VIII)-Page-75
- xxiv. Para-97- (APRSE-1990-91-VO-VIII)-Page-75
- xxv. Para-98- (APRSE-1990-91-VO-VIII)-Page-75

GWADAR FISH HARBOUR CUM-MINI PORT PROJECT

- xxvi. Para-71(3)- (APRSE-1990-91-VO-VIII)-Page-61
NON-SUBMISSION OF ACCOUNTS

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned twenty-six (26) Audit Paras.

MINISTRY OF POSTAL SERVICES

1. OVERVIEW

Appropriation Accounts and Audit Reports of Federal Government for the year 1990-91 pertaining to Ministry of Postal Services were taken up for examination by Special Committee-II of the PAC in the meetings held on July 28th , 2010 & February 1st , 2011 in Committee room No. 2 ,Parliament House Islamabad. Decisions taken are summarized below:

- 1.1 Two (02) grants were reported by AGPR. Three (03) Paras of the Audit Report were presented by Audit
- 1.2 On presentation of grants, the Committee recommended regularization of the grants.
- 1.3 The Committee endorsed the recommendations of the DAC for settlement of the three (03) Audit Paras.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1990-91

i. GRANT NO.19 **Saving Rs. 314,500/-**

AGPR pointed out that after accounting for supplementary grant of Rs.51,700,000, the grant closed with a saving of Rs.314,500, (0.023% of the total grant).

DIRECTIVE

The Committee directed the PAO to provide the requisite record of the supplementary grant of Rs. 51.700 (M) for verification to AGPR and recommended regularization of the grant.

ii. **GRANT NO.181-CAPITAL OUTLAY FOR DEVELOPMENT PROGRAMMES.**

Saving Rs. 27,437/-

AGPR pointed out that the grant closed with an excess of Rs.27,437/- (1.00% of the total grant).

DIRECTIVE

The Committee recommended regularization of the grant.

3. **AUDIT REPORT ON THE ACCOUNTS PAKISTAN POST OFFICE DEPARTMENT OF MINISTRY OF POSTAL SERVICES FOR THE AUDIT YEAR 1990-91.**

The DAC recommended the following Audit Para for settlement by the Special Committee: -

- i. **Para No.2.2-Page No.19 AR (PPOD)-Audit Report 1990-91**
PURCHASE OF FURNITURE WITHOUT CALLING TENDERS- RS. 878,225
- ii. **Para No.2.3-Page No.19 AR (PPOD)-Audit Report 1990-91**
NON-IMPOSITION OF PENALTY FOR DELAYED PRINTING JOBS- RS. 348,649
- iii. **Para No.2.4-Page No.19 AR (PPOD)-Audit Report 1990-91**
NON-RECONCILIATION OF DIFFERENCE IN LOAN ACCOUNT

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned three (03) Audit Paras.

PRESIDENT'S SECRETARIAT

1. OVERVIEW

Appropriation Accounts for the year 1990-91 pertaining to the President Secretariat were taken up for examination by Special Committee-II of the PAC in the meetings held on July 21st, 2010 in Committee room No.2, Parliament House Islamabad. Decisions taken are summarized below:

- 1.1 One (01) grant was reported by AGPR.
- 1.2 On presentation of the grant, the Committee recommended regularization of the grant with the observation that financial adjustment could have been made within the grant.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1990-91

i. GRANT:- STAFF, HOUSE HOLD AND ALLOWANCES OF THE PRESIDENT

(Charged)
Saving Rs. 531,302/-

A.G.P.R. pointed out that the appropriation closed with a saving of Rs.23,569,435 (35.14% of the total appropriation). An amount of Rs.23,038,133 (34.34%) was surrendered, leaving a net saving of Rs.531,302 (0.79%).

The PAO informed the Committee that the saving was due to vacant posts and less than expected expenditure under various heads.

DIRECTIVE

The Committee recommended regularization of the appropriation with the observation that the entire savings should have been surrendered in time.

PRIME MINISTER'S SECRETARIAT

1. OVERVIEW

Appropriation Accounts for the year 1990-91 pertaining to the Prime Minister's Secretariat were taken up for examination by Special Committee-II of the PAC in the meetings held on July 7th 2010 & July 29th 2010 in Committee room No.2 Parliament House Islamabad. Decisions taken are summarized below:

- 1.1 One (01) grant was reported by AGPR.
- 1.2 On presentation of the grant, the Committee recommended regularization of the grant.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1990-91

i. GRANT NO.10- PRIME MINISTER'S SECRETARIAT

<u>Budget</u>	<u>AGPR Figures</u>	<u>Deptt. Figures</u>	<u>Difference</u>
Saving	(-) 10,070,286	(-) 1,648,628	8,421,658

AGPR stated that after taking into account the supplementary grant of Rs. 8,421,658, the grant closed with a saving of Rs.11,851,363 (10.52% of the total grant). An amount of Rs.1,781, 077 (1.58%) was surrendered leaving net saving of Rs.10,070,286 (8.93%).

The PAO informed the Committee that the amount could not be utilized due to winding up of the Board of Investment in March, 1991 and the saving relating to contingent grant could not be anticipated as the expenditure was incurred on the directions of Prime Minister.

The PAO further informed that the expenditure occurred on Committee for Research & Analysis set up by the PM.

DIRECTIVE

The Committee directed the PAO that efforts should be made for full utilization in future with these directions the Committee recommended regularization of the grant.

PRIME MINISTER'S INSPECTION COMMISSION

1. OVERVIEW

Appropriation Accounts for the year 1990-91 pertaining to the Prime Minister's Inspection Commission were taken up for examination by Special Committee-II of the PAC in the meeting held on July 7th, 2010 in Committee room No.2 , Parliament House Islamabad. Decisions taken are summarized below:

- 1.1 One (01) grant was reported by AGPR.
- 1.2 On presentation of the grant, the Committee recommended regularization of the grant.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1990-91

i. GRANT NO. 11- Prime Minister's Inspection Commission Excess Rs. 52,021/

AGPR pointed out that the grant closed with an excess of Rs. 52,021 (0.82% of the total grant).

The PAO informed the Committee that the excess expenditure was due to increase in pay and allowances.

DIRECTIVE

The Committee recommended regularization of the grant.

MINISTRY OF RAILWAYS

1. OVERVIEW

Appropriation Accounts and Audit Report of the Federal Government for the year 1990-91 pertaining to Ministry of Railways were taken up for examination by Special Committee-II of the PAC on August 17th, 2010, March 1st, 2011 & May 17th, 2011 in Committee Room No.2, Parliament House Islamabad. Decisions taken are summarized below:

- 1.1 Two (02) grants and Ninety eight (98) Paras were reported by AGPR/Audit on the Ministry of Railways.
- 1.2 While discussing Para 7.26 the Committee observed that faulty planning in the project on the part of the Railway authorities was established in the Para resulting in wasteful expenditure. The Railways was directed to put in place proper systems to ensure that such instances do not recur.
- 1.3 The Committee endorsed the recommendations of the DAC for settlement of fifty (50) Audit Comments/Paras, and accepting the request of the PAO, the Committee directed the PAO to discuss Performance Audit Report / Special Studies and Audit Reports in the DAC meeting.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1 1990-91

- i. **GRANT NO.141-CAPITAL OUTLAY ON INVESTMENT IN RAILWAYS**
Saving / Excess Zero
- ii. **GRANT NO.195-CAPITAL OUTLAY ON PAKISTAN RAILWAYS**
Saving / Excess: Zero

DIRECTIVE

The Committee recommended regularization of the above-mentioned two (02) grants as the budgetary provisions had been fully utilized.

3. AUDIT REPORT ON THE ACCOUNTS OF PAKISTAN RAILWAYS FOR THE YEAR 1990-91.

- i. **PARA NO. 7.1-1990-91**
SPLIT UP OF WORKS WITHIN ONE SCHEME LOSS RS 80,000.
- ii. **PARA NO. 7.2-1990-91**
EXTRA EXPENDITURE OF RS 308,000 DUE TO INJUDICIOUS DECISION
- iii. **PARA NO. 7.3-1990-91**
UNDUE BENEFIT OF RS 60,643/- TO A CONTRACTOR DUE TO ACCEPTANCE OF TENDER OTHER THAN LOWEST
- iv. **PARA NO. 7.4-1990-91**
IRREGULAR EXPENDITURE OF RS 135,000 ON THE PURCHASE OF VEHICLE
- v. **PARA NO. 7.5-1990-91**
IRREGULAR EXPENDITURE OF RS 129,000
- vi. **PARA NO. 7.6-1990-91**
UNDUE FINANCIAL BENEFIT OF RS 86,000 TO A CONTRACTOR
- vii. **PARA NO. 7.7-1990-91**
UN-REMUNERATIVE EXPENDITURE OF RS 3.00 MILLION ON THE ACQUISITION OF LAND
- viii. **PARA NO. 7.8-1990-91**
SUSPECTED MIS-APPROPRIATION OF 2” STONE BALLAST COSTING RS 320,465
- ix. **PARA NO. 7.9-1990-91**
WASTEFUL EXPENDITURE OF RS 0.137 MILLION DUE TO UN-NECESSARY PURCHASE OF MATERIAL
- x. **PARA NO. 7.10-1990-91**
SUSPECTED FRAUDULENT DRAWL OF DAILY ALLOWANCE AMOUNTING TO RS 25,400
- xi. **PARA NO.7.11-1990-91**
SUSPECTED FRAUDULENT DRAWL OF DAILY ALLOWANCE AMOUNTING TO RS 55,500

- xii. PARA NO. 7.14-1990-91
EMBEZZLEMENT OF RS 872,722 BY A SPECIAL TICKET EXAMINER
- xiii. PARA NO. 7.15-1990-91
FRAUDULENT PAYMENT OF RS 297,346 TO A CONTRACTOR
- xiv. PARA NO. 7.16-1990-91
LIKELY MIS-APPROPRIATION OF STONE BALLAST COSTING RS 875,418
- xv. PARA NO. 7.17-1990-91
SUSPECTED FRAUDULENT PAYMENT OF RS 331,000 IN THE EXECUTION OF ROAD WORKS
- xvi. PARA NO. 7.18-1990-91
SUSPECTED FRAUDULENT PAYMENT OF T.A./D.A. AMOUNTING TO RS 22,340.
- xvii. PARA NO. 7.19-1990-91
TEMPORARY MIS-APPROPRIATION OF RS 77,996
- xxviii. PARA NO. 7.21-1990-91
PROCUREMENT AND UTILIZATION OF SUB-STANDARD MEDICINES
- xix. PARA NO. 7.23-1990-91
UN-NECESSARY PROCUREMENT OF TIE BARS AND MATERIALS WORTH RS 334,942
- xx. PARA NO. 7.25-1990-91
INCORRECT APPLICATION OF RATE RESULTING IN EXCESS EXPENDITURE OF RS 161,000
- xxi. PARA NO. 7.27-1990-91
WASTEFUL EXPENDITURE OF RS 145,679
- xxii. PARA NO. 7.28-1990-91
FINANCIAL LOSS DUE TO SHORTAGE OF MATERIAL AND LOSS OF MATERIAL WORTH RS 46,620
- xxiii. PARA NO. 7.29-1990-91
LOSS OF RS.715, 000 DUE TO SHORTAGE OF STORES
- xxiv. PARA NO. 7.30-1990-91
LOSS OF RAILWAY MATERIAL IN TRANSIT COSTING RS. 90,576
- xxv. PARA NO. 7.32-1990-91
LOSS OF MATERIAL IN TRANSIT AMOUNTING TO RS 117,000
- xxvi. PARA NO. 7.33-1990-91
IRREGULAR PAYMENT OF RS 78,000 DUE TO NON-OBSERVANCE OF RULES
- xxvii. PARA NO. 7.34-1990-91
INFRACTUOUS EXPENDITURE OF RS 1.778 MILLION ON URPLUS STAFF

- xxviii. **PARA NO. 7.35-1990-91**
NON-RECOVERY OF OUTSTANDING DUES AMOUNTING TO RS 1.336 MILLION ON ACCOUNT OF NON-ISSUED TICKETS FROM THE RAILWAY STAFF
- xxix. **PARA NO. 7.36-1990-91**
AVOIDABLE EXPENDITURE OF RS 242,000 ON FREIGHT CHARGES AND UN-NECESSARY DETENTION OF GOODS STOCK
- xxx. **PARA NO. 7.37-1990-91**
LOSS OF RS 163,000 DUE TO UNDER CHARGING OF CONSIGNMENTS OF COTTON
- xxxi. **PARA NO. 7.40-1990-91**
LOSS OF RS 0.431 MILLION DUE TO SHORT RELEASE OF MATERIAL
- xxxii. **PARA NO. 7.41-1990-91**
UNJUSTIFIED EXPENDITURE OF RS 1.997 MILLION AND LOSS OF RS 69,000 DUE TO DELAY IN PAYMENT ON ACCOUNT OF ADDITIONAL ACCOMMODATION IN MURREE REST HOUSE
- xxxiii. **PARA NO. 7.42-1990-91**
LOSS OF REVENUE AMOUNTING TO RS 102,000 DUE TO UNDER WEIGHMENT

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned thirty-three (33) Audit Paras.

Audit requested that the Committee may issue suitable directive for further pursuance of the following four (04) Audit Paras at DAC level.

- i. **PARA NO. 7.12-1990-91**
SUSPECTED FRAUDULENT PAYMENT OF RS 124,756 IN EXECUTION OF SPECIAL REPAIR TO ROAD
- ii. **PARA NO. 7.20-1990-91**
FINANCIAL LOSS OF RS 4.60 MILLION DUE TO PURCHASE OF DEFECTIVE MATERIAL
- iii. **PARA NO. 7.24-1990-91**
PURCHASE OF DEFECTIVE MATERIAL WORTH RS 1.650 MILLION
- iv. **PARA NO. 7.38-1990-91**
NON-ACCOUNTAL OF ERROR SHEETS IN THE STATION BALANCE SHEETS – LOSS RS 1.40 MILLION

DIRECTIVE

Accepting the request of Audit, the Committee directed Audit to discuss the above-mentioned Paras in the next DAC meeting. The Committee will take up the Paras again in its next meeting.

(These paras were not brought forward for discussion in the subsequent meeting hence DAC has to report to the Monitoring and Implementation Committee of the PAC for further action.)

4. AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF RAILWAYS FOR THE AUDIT YEAR 1990-91.

4.1 PARA No 7.13-1990-91 **SUSPECTED BOGUS PAYMENT OF RS 246,000**

Audit stated that a contractor's bill for Rs. 246,356 for supply of building material at Peshawar Cantt was passed for payment on 19-01-1991 but suspected to be bogus. Reply was filed in 1997 that out of 3 officials found to be responsible one had expired while disciplinary action against the other two had yet to be finalized. In 2008, DAC had directed a denovo inquiry.

The PAO informed the Committee that in compliance with DAC's directive, copy of Inquiry report was furnished to Audit. The officials held responsible were dealt with under E&D Rules. However, Mr. Latif Chohan, Works Accountant and Mr. Ghulam Hussain, Accountant were exonerated in the disciplinary proceedings. Earlier Mr. Shamim Akhtar, AIOW/PSC had expired.

According to the PAO the Inquiry report which was furnished to Audit had verified that material had been received and issued and the stock verifiers had verified the material at site. The Ministry would provide further record to Audit for verification as required.

DIRECTIVE

The Committee directed the PAO to provide the relevant record to Audit for verification within one month. The para was recommended for settlement subject to verification by Audit.

4.2 **PARA # 7.22-1990-91** **PURCHASE OF MEDICINES WORTH RS 155.758 MILLION ON SINGLE TENDER BASIS**

The PAO informed the Committee that the DAC had decided that the Para may be settled subject to furnishing of ex post facto approval of the Railway Board. Audit stated that decision of the Railway Board had not yet been conveyed to it.

DIRECTIVE

The Committee directed the PAO to look into the matter personally and submit a report to the Committee within one month.

(This Audit para will now be taken up by the Monitoring and Implementation Committee of the PAC for further action.)

4.3 **PARA # 7.26-1990-91** **WASTEFUL EXPENDITURE OF RS 2.136 MILLION AND LIKELY LOSS OF Rs. 0.364 MILLION DUE TO LACK OF PROPER PLANNING**

Audit stated that after incurring expenditure of Rs 2,136 million on conversion of three “D” class stations to “B” class on Jacobabad-Kashmore section, the work had been abandoned.

The PAO informed the Committee that the work on section Jacobabad-Kashmore was approved by the Railway Administration during 1977-78, as it was considered necessary to reduce the length of block section and to provide crossing

facilities .In this connection-revised estimate and PC-1 was prepared but the same was not sanctioned as traffic on the section did not justify the expenditure.

DIRECTIVE

The Committee observed that faulty planning in the project on the part of the Railways authorities was established, resulting in wasteful expenditure. The Railways should put in place proper systems to ensure that such instances do not recur. Material utilization report should be provided to Audit as directed by DAC.

4.3 **PARA # 7.31-1990-91** **LOSS OF MATERIAL COSTING RS. 673,000 IN TRANSIT**

According to Audit there was unexplained shortage of 1320 sleepers valuing Rs. 586,000.

The PAO informed the Committee that due to clerical mistake it was indicated that the Sleepers were to be sent to Ahmedwal but infact those were booked for Kotri. The Ministry will provide relevant details to Audit.

DIRECTIVE

The Committee directed the PAO to provide relevant record to Audit. The para was recommended for settlement subject to verification by Audit.

4.4 **Para # 7.39-1990-91** **LOSS OF RAILWAY FREIGHT ETC. AMOUNTING TO RS 21.505 MILLION** **BECAUSE OF NON PAYMENT BY CUSTOMS DEPARTMENT FROM SALE** **PROCEEDS OF AUCTIONED GOODS**

Audit pointed that some important consignments which arrived at Lahore dry port during the period from 1978 to 1987 were not got cleared by the consignees. The consignments were auctioned by the Customs Department but freight storage charges were not paid to the Railways.

The PAO informed the Committee that the Freight charges had been recovered and efforts were being made to recover the storage charges. Any irrecoverable amount would be got written off as recommended by DAC.

When the Para was taken up again for consideration on 17th May, 2011, the PAO informed the Committee that the amount of Rs.10.888 million from Customs Department on account of freight charges was fully recovered and the balance amount of Rs.10.617 million would be considered for regularization as admissible under the rules as it was not recoverable.

DIRECTIVE

The Committee directed the PAO to make hectic efforts to effect recovery of the dues from the concerned parties. If any amount is considered irrecoverable, it should be dealt with under relevant rules. Report should be submitted to the Committee within one month.

On 17th May, 2011 the Committee directed the PAO to verify the amount recovered in each case and recommended the Para for settlement subject to verification by Audit

5. AUDIT COMMENTS ON THE ACCOUNTS OF MINISTRY OF PAKISTAN RAILWAYS AND SUBSIDIARIES FOR THE YEAR 1990-91.

The DAC recommended the following Audit Comments / Paras for settlement by the Special Committee.

COMMENTS ON THE ACCOUNTS OF PAKISTAN RAILWAYS

- i. PARA NO. 2.1-1990-91**
Financial Results
- ii. PARA NO. 2.2-1990-91**
Increase in Revenue Expenditure
- iii. PARA NO. 2.3-1990-91**
Revenue Loss

- iv. **PARA NO. 2.4-1990-91**
Understatement of Revenue
- v. **PARA NO. 3.1-1990-91**
Control over Expenditure
- vi. **PARA NO. 3.2-1990-91**
Overall position of Grants 114, 142, 195
- vii. **PARA NO. 3.3-1990-91**
Grant No 114
- viii. **PARA NO. 3.4-1990-91**
Wrongly adjusted/booked in accounts
- ix. **PARA NO. 3.5-1990-91**
Excessive Supplementary Grant
- x. **PARA NO. 3.6-1990-91**
Equipment and Operating Staff
- xi. **PARA NO. 3.7-1990-91**
Grant No.142
- xii. **PARA NO. 3.8-1990-91**
Public and Passengers Amenities
- xiii. **PARA NO. 3.9-1990-91**
Grant No. 195
- xiv. **PARA NO. 3.10-1990-91**
Motive Power and Rolling Stock
- xv. **PARA NO. 3.11-1990-91**
Final Modification Statement
- xvi. **PARA NO. 3.12-1990-91**
Store Suspense
- xvii. **PARA NO. 3.13-1990-91**
Accounting Standards
- xviii. **PARA NO. 3.14-1990-91**
Balance in Account No. III
- xix. **PARA NO. 3.15-1990-91**
Cash Deficit
- xx. **PARA NO. 3.16-1990-91**
Bank Reconciliation
- xxi. **PARA NO. 3.17-1990-91**
Investments
- xxii. **PARA NO. 3.18-1990-91**
Settlement of Railway Dues with Federal Govt.
- xxiii. **PARA NO. 3.19-1990-91**
Liability on Account of Reserves and Provident fund
- xxiv. **PARA NO. 3.20-1990-91**
Interest on Balances
- xxv. **PARA NO. 3.21-1990-91**
Railway Pension Fund

- xxvi. **PARA NO. 4.1-1990-91**
Review of Balances
 - xxvii. **PARA NO. 4.2-1990-91**
State Railway Provident Fund
 - xxviii. **PARA NO. 4.3-1990-91**
General Provident Fund
 - xxix. **PARA NO. 4.4-1990-91**
Staff Benefit Fund
 - xxx. **PARA NO. 4.5-1990-91**
Suspense Accounts
 - xxxi. **PARA NO. 4.6-1990-91**
Misc. Advance Revenue
 - xxxii. **PARA NO. 4.7-1990-91**
Misc. Advance Revenue
 - xxxiii. **PARA NO. 4.8-1990-91**
Misc. Advance Capital
 - xxxiv. **PARA NO. 4.9-1990-91**
Purchases
 - xxxv. **6(a) Pakistan Railway Advisory and Consultancy Services**
(PRACS)
 - xxxvi. **PARA NO. 6(a)(i) -1990-91**
Profit And Loss Account
 - xxxvii. **PARA NO. 6(a)(ii) -1990-91**
Depreciation
 - xxxviii. **PARA NO. 6(a)(iii) -1990-91**
Cash Balance
 - xxxix. **PARA NO. 6(a)(iv) -1990-91**
Trade Debts
 - xl. **PARA NO.6(a)(v) -1990-91**
Accounts of PRACS
 - xli. **PARA NO.6(a)(vi) -1990-91**
Contracts in Progress
 - xl. **PARA NO.6(a)(vii) -1990-91**
Administrative Expenses
- Para 6(b): Railway Constructions Pakistan Limited (RAILCOP)**
- xl. **PARA NO.6(b)(i) -1990-91**
Accounts of Railcop
 - xli. **PARA NO.6(b)(ii) -1990-91**
Accounts of Railcop
 - xl. **PARA NO.6(b)(iii)**
Operational Loss
 - xlvi. **PARA NO.6(b)(iv) -1990-91**
Administrative Expenses

- xlvi. **PARA NO.6(b)(v) -1990-91**
Joint venture contracts
- xlvi. **PARA NO.9.1-1990-91**
Unsanctioned expenditure
- xlix. **PARA NO.9.2-1990-91**
Undercharges
 - i. **PARA NO.9.3-1990-91**
Demurrage & Wharfage
 - ii. **PARA NO.9.4-1990-91**
Bills Receivable

The Committee endorsed recommendation of the DAC for settlement of the above mentioned fifty Audit Comments/Paras.

The PAO requested that the Ministry be allowed some time to discuss the Performance Audit Report / Special Studies and Audit Report on the accounts of Ministry of Pakistan Railways for the Audit Years 1990-91.

DIRECTIVE

Accepting the request of the PAO the Committee directed to discuss the above mentioned Performance Audit Report/Special Studies and Audit Report in the next DAC meeting and submit a report to the Monitoring and Implementation Committee of the PAC for further action.

6. PERFORMANCE/SPECIAL AUDIT REPORTS ON PROCUREMENT AND UTILIZATION OF FUEL FOR THE YEAR 1990-91

6.1 Para # 6.1(iii)-1990-91 Procurement and Utilization of Fuel

Audit reported that contamination in oil has been reported and as per report of Chief Chemist and Metallurgist the furnace oil was of sub standard quality and there was a possibility that oil might have been stolen and the level might have been replenished by adding water to it.

The PAO denied that the oil was contaminated. An inquiry had been conducted and no complaint had been received from any other station except from

Sama Sata where the foreman appears to have made a mistake while taking the sample. No problem was reported in respect of 82 engines except for three engines where the fault could be of mechanical nature.

DIRECTIVE

The Committee observed that since the oil had been utilized and nothing could be retrieved at this stage. A copy of the detailed inquiry report should be submitted to Audit. The Committee recommended the para for settlement subject to verification by Audit.

- i. **Para # 6.21(i)-1990-91**
- ii. **Para # 6.2(ii)-1990-91**
- iii. **Para # 6.2(iii)-1990-91**

Audit pointed out that PSO charged higher price for oil from Railway than from other departments.

The PAO stated that only PSO which provides oil to Railways at the lowest rate. He said that Audit was calculating oil price at the prime cost where as other additional charges have to be considered as well.

DIRECTIVE

The Committee observed that as long as proper tendering procedure is observed the price should be acceptable to Audit. The Committee recommended the Para for settlement subject to confirmation by Audit that proper tendering procedure had been followed, for which purpose requisite record would be provided to Audit by the Ministry.

6.2 **Para # 6.2(vi)-1990-91**

Audit pointed out that Railway's failure to provide documentary evidence regarding wagons loaded with furnace oil raised the presumption that Railways actually suffered a loss for which responsibility is required to be fixed.

The PAO stated that each and every liter oil of the tank wagons has been accounted for and a report has been provided to Audit.

DIRECTIVE

The Committee directed the PAO to provide a detailed report regarding specifically furnace oil. The Para was recommended for settlement subject to verification by Audit.

6.3 **Para # 6.5-1990-91**

Audit pointed out that no report has been furnished regarding action taken against the defaulters.

The PAO stated that an inquiry was conducted by FIA which found that the record had not been properly maintained, but no misappropriation had been found. He further stated that departmental action against five individuals had been taken under the rules and a report had been submitted to Audit.

DIRECTIVE

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

**MINISTRY OF RELIGIOUS AFFAIRS AND
MINORITIES AFFAIRS**

1. OVERVIEW

Appropriation Accounts for the year 1990-91 pertaining to the Ministry of Religious Affairs and Minorities Affairs were taken up for examination by Special Committee-II of the PAC in the meetings held on July 22nd 2010, December 28th , 2010 and February 1st , 2011 in Committee room No.2 Parliament House Islamabad. Decisions taken are summarized below:

- 1.1 Two (02) grants were reported by AGPR.
- 1.2 On presentation of the grants, the Committee recommended regularization of the grants with the observation that the whole amount should have been surrendered in time.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1 1990-91

**i. GRANT NO.115-MINISTRY OF RELIGIOUS AFFAIRS AND
MINORITIES AFFAIRS.**

Excess 19,870,857

The PAO informed the Committee that the above grant consists of two Ministries i.e.

- i. Ministry of Religious Affairs
- ii. Ministry of Minority Affairs.

The budgetary portion of the Ministries is given below:-

	<u>M/o Religious Affairs</u>	<u>M/o Minorities Affairs</u>
Saving	(-) 1,557,831	(-)16,312

The PAO informed the Committee that saving was minor and the expenditure was incurred in connection with welfare and uplift of Minorities.

DIRECTIVE

The Committee recommended regularization of the grant with the observation that the whole amount should have been surrendered in time.

- ii. **GRANT NO.117-OTHER EXPENDITURE OF MINISTRY OF RELIGIOUS AFFAIRS AND MINORITIES AFFAIRS**
Saving Rs. 16,126,043/-

The PAO informed the Committee that saving was nominal and the expenditure had been incurred in connection with donation towards Muslims of Central Asia for Establishments Mosques/ Madaris and propagation of teachings of Islam.

DIRECTIVE

The Committee recommended regularization of the grant with the direction that for future some principle of good financial management is required, which the Ministry should adopt in letter and spirit.

MINISTRY OF SCIENCE AND TECHNOLOGY

1. OVERVIEW

Appropriation Accounts / Audit Reports / Performance Audit Evaluation for the year 1990-91 pertaining to the Ministry of Science and Technology were taken up for examination by Special Committee-II of the PAC in the meetings held on June 28th, 2010, November 3rd, 2010, December 28th, 2010 & February 2nd, 2011 in Committee Room No.2, Parliament House Islamabad. Decisions taken are summarized below:

- 1.1 Four (04) grants and thirty two (32) Paras were reported by AGPR / Audit On presentation of the grants, the Special Committee-II recommended those for regularization with the direction that even nominal excess/saving should be avoided in future.
- 1.2 One Performance Audit Evaluation Report was also discussed in the meeting.
- 1.3 While discussing Para 1 the Committee expressed its concern that important record pertaining to an Audit Para pointing out irregularities had been destroyed in a fire. Accepting the request of the PAO the Committee directed that duplicate record be prepared in consultation with Audit (which should have copies of relevant documents).

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1990-91

i. GRANT NO.118-MINISTRY OF SCIENCE AND TECHNOLOGY. Saving Rs. 12,815/-

A.G.P.R. pointed out that the grant closed with a saving of Rs. 180,815 (1.30% of the total grant). An amount of Rs.168,000 was surrendered leaving a minor net saving of Rs. 12,815.

The PAO informed the Committee that the saving occurred due to ban on sanctioning of honorarium and less expenditure on other items as a result of economy measures. The DAC had been held and the Para was recommended for regularization.

DIRECTIVE

The Committee recommended regularization of the grant.

- ii. **GRANT NO.119 – OTHER EXPENDITURE OF MINISTRY OF SCIENCE AND TECHNOLOGY**
Saving / Excess: Zero

A.G.P.R. and PAO pointed out that the budget had been fully utilized.

DIRECTIVE

The Committee recommended regularization of the grant as the budgetary provision had been fully utilized.

- iii. **GRANT NO.172 – DEVELOPMENT EXPENDITURE OF MINISTRY OF SCIENCE AND TECHNOLOGY**
Saving Rs. 33,455/-

A.G.P.R. pointed out that the grant closed with a saving of Rs. 1,088,455 (0.32% of the total grant). An amount of Rs.1,055,000 was surrendered leaving a net saving of Rs. 12,815.

The PAO informed the Committee that saving was due to less administrative expenditure under HRD programme and scholarship scheme which was introduced in 1991-92.

DIRECTIVE

The Committee recommended regularization of the grant with the observation that even nominal excess/saving should be avoided in future.

iv. **GRANT NO.196 – CAPITAL OUTLAY ON MINISTRY OF SCIENCE AND TECHNOLOGY**
Saving Rs. 17,182,000/-

A.G.P.R. pointed out that the grant closed with a saving of Rs. 26,734,000 (44.70% of the total grant). An amount of Rs.9,552,000 was surrendered, leaving a net saving of Rs. 17,182,000.

The PAO informed the Committee that the saving was due to non-receipt of aid from donor agencies i.e. Swiss Government, UNDP, Japanese Government, Canadian Government, especially the U.K. The Ministry could not receive the aid in time. The issue was also discussed in the DAC, which had recommended settlement of the grant. The PAO assured the Committee that the Ministry will provide all relevant record to the Audit for confirmation.

DIRECTIVE

After hearing the Ministry's reply, the Committee recommended regularization of the saving subject to verification of the record by Audit and submission of report to the Committee.

3. **AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF SCIENCE AND TECHNOLOGY FOR THE AUDIT YEAR 1990-91.**

3.1 **PARA-1 (PAGE-117) AR 1990-91**
DRAWL OF EXCESS BUDGET ALLOCATION OF Rs. 2.804 MILLION

Audit pointed out that the National Institute of Power under Ministry of Science and Technology projected the strength of its staff by 100-150% more than the actual sanctioned strength during the period from 1983-84 to 1986-87 and managed to obtain the budget of Rs. 2.804 million in excess of the actual requirement. The amount so drawn was never utilized for payment of any salaries and allowances but was paid unauthorizably as advances and loans to various persons and organizations.

The matter was reported to the concerned authority who replied that the staff strength demand was in line with the PC-1. The reply is not tenable as the strength shown in PC-1 was based on maximum projection whereas the budgetary demand was to be based on the actual strength on completion of the project. The excess funds so obtained were also unauthorizedly diverted for non-prescribed matters.

The irregularity was reported to the Ministry of Science and Technology in October 1989 and no reply had been received as yet.

The PAO informed the Committee that the National Institute of Power was abolished in 1997 and the record available in the Ministry was also burned in fire which broke out on 15-01-2002. The PAO informed the Committee that the Ministry will reconcile figures with the Audit again in the DAC meeting and a report will be submitted to the Committee.

DIRECTIVE

The Committee expressed its concern that important record pertaining to an Audit Para pointing out irregularities had been destroyed in a fire. Accepting the request of the PAO the Committee directed that duplicate record be prepared in consultation with Audit (which should have copies of relevant documents), a report on action taken be submitted to the Committee and matter be discussed again in DAC, within one month, after which the Para would be taken up again.

On 3rd November, 2010 the Committee recommended the para for settlement subject to approval from the Finance Division

On 2nd February, 2011 the Committee recommended the para for settlement.

3.2 **PARA-3 (PAGE-118) AR 1990-91**
IRREGULAR RESEARCH ALLOWANCE OF Rs. 103,989

Audit pointed out that in Pakistan Council for Science and Technology Research Allowance amounting to Rs. 103,989 was paid during 1988-90 to officers who were not deployed exclusively on research work as stipulated in Finance Division orders dated 1st July, 1987. Hence, the payment of research allowance to those who were not engaged in any research work was irregular.

The Ministry had acknowledged this irregularity and replied in July, 1991 that the organization was being directed to stop payment of the Research Allowance and to recover the amount already paid on this account. No further progress was reported.

The PAO informed the Committee that the Ministry had taken up the case with Finance Division twice and at present most of the beneficiary officers of the Research Allowance had either retired or had left Pakistan Council for Science and Technology. The PAO requested that the Para may be referred to the DAC meeting.

Accepting the request of the PAO, the Committee directed that the matter be discussed / resolved in DAC in consultation with Finance Division and Audit and a report on action taken be submitted within one month, after which the Para would be taken up again.

On 3rd November, 2010 the Committee recommended the para for settlement subject to recovery of the remaining amount.

DIRECTIVE

On 2nd February, 2011 when informed that recovery has been made the Committee recommended the para for settlement.

List of Audit Paras recommended by DAC for settlement in the Special Committee is as follow:

- i. **PARA-2 (PAGE-117) AR 1990-91**
UNAUTHORIZED RETENTION OF PUBLIC MONEY Rs. 4,291,103
BLOCKED PUBLIC FUNDS
- ii. **PARA-4 (PAGE-118) AR 1990-91**
EIRREGULAR PAYMENT ON ACCOUNT OF RESIDENTIAL
TELEPHONE CHARGES FOR RS.81,577

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above mentioned TWO (2) Audit Paras, with the direction that the Ministry should be careful in future while incurring such expenditures.

4. PERFORMANCE EVALUATION REPORT NO.116 ON NATIONAL INSTITUTE OF ELECTRONICS MINISTRY OF SCIENCE AND TECHNOLOGY FOR THE YEAR 1990-91

- i. **PARA-3.1**
PROJECT IMPLEMENTATION
- ii. **PARA-3.2**
EXPANSION OF NIE BUILDING
- iii. **PARA-4.1**
FINANCING AND EXPENDITURE
- iv. **PARA-4.2**
DEVELOPMENT VS NON-DEVELOPMENT EXPENDITURE
- v. **PARA-4.3**
RECEIPT FOR GOODS & SERVICES
- vi. **PARA-4.4**
SELF FINANCING
- vii. **PARA-5.2.1**
SUMMER SCHOOLING ON DIGITAL ELECTRONICS AND
MICROPROCESSORS
- viii. **PARA-5.2.2**
CIPHER SYSTEM
- ix. **PARA-5.2.3**
INDUSTRIAL AUTOMATION
- ix. **PARA-5.2.4**
PILOT INTEGRATED CIRCUIT FABRICATION AND DESIGN
FACILITIES
- x. **PARA-5.2.5**
UNINTERRUPTIBLE POWER SYSTEM (UPS)

- xi. PARA-5.2.6
COMPUTER CONTROLLER SECURITY SYSTEM
- xii. PARA-5.2.7
ARTILLERY COMPUTER SYSTEM
- xiii. PARA-5.2.8
ENHANCED VERSION OF 250 LINE PABX
- xiv. PARA-5.2.9
DEVELOPMENT OF COMPUTER ARCHITECTURE WITH
PARALLEL PROCESSING
- xv. PARA-5.2.10
DEVELOPMENT OF A FIBER LINK FOR VOICE / DATA
COMMUNICATION
- xvi. PARA-5.2.11
RADIO PAGING SYSTEM
- xvii. PARA-5.2.12
ICAD/CAE/CADMAT SERVICES
- xviii. PARA-5.2.13
TECHNICAL SERVICES (ENHANCED)
- xix. PARA-6.1
PROCUREMENT
- xx. PARA-6.2
INVENTORY MANAGEMENT
- xxi. PARA-7.1
MANAGEMENT
- xxii. PARA-7.2
PERSONNEL
- xxiii. PARA-7.3
TRAINING
- xxiv. PARA-7.4
TURNOVER
- xxv. PARA-7.5.1
HIERARCHICAL SYSTEM
- xxvi. PARA-7.5.2
MARKETING
- xxvii. PARA-7.5.3
INCENTIVES

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above mentioned Twenty Eight (28) Audit Paras, with the direction that the organization should be careful in future while incurring such expenditures.

SENATE SECRETARIAT

1. OVERVIEW

Appropriation Accounts for the year 1990-91 pertaining to the Senate Secretariat were taken up for examination by Special Committee-II of the PAC in the meeting held on July 14th, 2010 in Committee room No.2, Parliament House Islamabad. Decisions taken are summarized below:

- 1.1 One (01) grant was reported by AGPR.
- 1.2 On presentation of the grant, the Committee recommended regularization of the grant with the observation that efforts should be made to surrender any and all savings in time.

2. APPROPRIATION ACCOUNTS CIVIL VOL-I 1990-91

i. GRANT NO.107-THE SENATE

(Charged)

Saving Rs. 530,107/-

The PAO informed the Committee that supplementary appropriation of Rs. 5,00,000 was provided as per budget approved by the Senate Finance Committee. However, saving had occurred because Senate sessions were not held for the anticipated periods, furniture was obtained from CDA instead of through tenders, expenditure on telephone, POL, etc. was lower than anticipated.

(OTHER THAN CHARGED)

Saving Rs. 694,552/-

The PAO informed the Committee that saving of Rs. 2,033,552 occurred because of lower than anticipated expenditure on Senators salary, allowances, TA / DA etc.

An amount of Rs. 1,339,000 had been surrendered, leaving net saving of Rs. 694,552 (3.56%).

DIRECTIVE

The Committee recommended regularization of the grant with the observation that efforts should be made to surrender any and all savings in time.

MINISTRY OF SOCIAL WELFARE AND SPECIAL EDUCATION

1. OVERVIEW

Appropriation Accounts and Audit Reports of Federal Government for the year 1990-91 pertaining to the Ministry of Social Welfare & Special Education were taken up for examination by Special Committee-II of the PAC in the meetings held on July 7th, 2010, December 28th, 2010, February 2nd, 2011 & May 17th 2011 in Committee room No.2 Islamabad. Decisions taken are summarized below:

- 1.1 Five (05) grants were reported by AGPR on Ministry of Social Welfare & Special Education.
- 1.2. On presentation of the grants, the Special Committee recommended the Grants for regularization with the observation that in grants the entire saving should have been surrendered in time.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1990-91

i. GRANT NO.69- SPECIAL EDUCATION AND SOCIAL WELFARE

<u>Budget</u>	<u>AGPR Figures</u>	<u>Deptt. Figures</u>	<u>Difference</u>
Saving	(-) 3,090,162	(-) 15,162	5,499,000

A.G.P.R. pointed out that after taking into account two supplementary grants totaling Rs. 3,762,000 the grant closed with a saving of Rs. 444,780 (3.72% of the total grant). An amount of Rs. 429,618 was surrendered leaving a minor net saving of Rs. 15,162 only.

DIRECTIVE

The Committee recommended regularization of the grant.

ii. **GRANT NO.70- SPECIAL EDUCATION**

Saving Rs. 481,456/-

A.G.P.R. pointed out that the grant closed with a saving of Rs. 5,870,556 (14.49 % of the total grant). An amount of Rs. 5,389,100 was surrendered leaving a net saving of Rs. 481,456(1.19%).

The PAO informed that saving was due to vacant posts of officers and staff.

DIRECTIVE

The Committee recommended regularization of the grant.

iii. **GRANT NO.71- OTHER EXPENDITURE OF SPECIAL EDUCATION:**

Excess Rs. 7,160/-

A.G.P.R. pointed out that the grant closed with a minor excess of Rs. 7,160 only (0.19 % of the total grant).

DIRECTIVE

The Committee recommended the regularization of the grant.

iv. **GRANT NO.159- DEVELOPMENT EXPENDITURE OF SOCIAL WELFARE**

Excess Rs. 397,583/-

A.G.P.R. pointed out that the grant closed with a saving of Rs. 4,171,296 (24% of the total grant). An amount of Rs. 3,773,713 was surrendered leaving a net saving of Rs. 397,583 (2.29%).

The PAO informed the Committee that the saving was due to vacant posts of officers and staff.

DIRECTIVE

The Committee recommended regularization of the grant with the observation that the entire saving should have been surrendered in time.

- v. **GRANT NO.160- DEVELOPMENT EXPENDITURE OF SPECIAL EDUCATION**
Excess Rs. 14,256,495/-

A.G.P.R. pointed out that after taking into account supplementary grant of Rs. 9,274,000 the grant closed with a saving of Rs. 1,017,505, (1.25 % of the total grant). A sum of Rs. 1,057,000 was surrendered, resulting in a minor excess of Rs.39,495.

DIRECTIVE

The Committee recommended regularization of the grant.

MINISTRY OF STATES AND FRONTIER REGIONS AND
CIVIL SECRETARIAT FATA

1. OVERVIEW

Appropriation Accounts (Civil-Vol-1) and Audit Report of Federal Government for the year 1990-91 pertaining to Ministry of States & Frontier Regions were taken up for examination by the sub-Committee of the PAC under the convenership of Mr. Kunwar Khalid Younus M.N.A on July 15th, 2005 and by the Special Committee –II of the PAC under the convenership of Mr. Zahid Hamid, M.N.A on July 7th, 2010, October 27th, 2010, December 21st, 2010, February 1st, 2011 & March 1st, 2011 in Committee Room No.2, Parliament House Islamabad. Decisions taken are summarized below:

- 1.1** Ten (10) grants, fifteen (15) Audit Paras and four (04) DAC recommendations were presented before the Committee. On presentation of the grants, the Special Committee recommended those for regularization. While recommending Audit Paras for settlement the Committee observed that there appears to be some communication gap between sub-office AGPR Peshawar and DG Audit and directed the Audit that record should be acknowledged in a responsible manner.
- 1.2** While discussing transit shortage of wheat in Miranshah the Committee observed that some sort of inquiry should have been carried out in order to find out as to what happened to the wheat and in case it was not possible to ascertain the reasons of loss and initiation of any disciplinary action, only then a reference should have been made to the Finance Division for regularization.
- 1.3** Audit pointed out that in the office of the Medical Superintendent Agency Headquarter Hospital, Parachinar, five cheques amounting to Rs. 200,834 were drawn from different accounts maintained with local Banks during 1982-97 but neither these were accorded for in the relevant cash book nor the drawls were supported by vouched expenditure accounts leading to the doubt of embezzlement

of said amount. The Committee expressed dissatisfaction over the handling of the case and directed the PAO to examine initiation of legal option of criminal proceedings against the accused as admissible under the Rules.

2. APPROPRIATION ACCOUNTS FOR THE YEAR 1990-91

- i. **Grant No. 120-States and Frontier Regions Division**
(Saving Rs. 199,883)
- ii. **Grant No. 121, Frontier Regions**
(Excess Rs. 52,828,037)
- iii. **Grant No. 122, Frontier Constabulary**
(Excess Rs. 8,401,835)
- iv. **Grant No. 123, Federally Administered Tribal Areas**
(Saving Rs. 50,203,729)
- v. **Grant No. 124-Other Expenditure of Federally Administered Tribal Area**
(Excess Rs. 62,107,671)
- vi. **Grant No. 125, Maintenance Allowances to Ex-Rulers**
(Saving Rs. 6,500)
- vii. **Grant No. 126, Other Expenditure of States & Frontier Regions Division**
(Saving Rs. 2,179)
- viii. **Grant No. 127, Afghan Refugees**
(Saving Rs. 103,812,557)
- ix. **Grant No. 173, Development Expenditure of Federally Administered Tribal Areas**
(Saving Rs. 46,739,885)
- x. **Grant No. 197,Capital Outlay on Development of Tribal Areas**
(Saving/Excess Nil)

DIRECTIVE

On the presentation of the above ten grants by the AGPR, the previous PAC 's Sub-Committee recommended regularization of the saving/excess in the grants.

3. FATA DEVELOPMENT CORPORATION

- i. **Para 851, (Page 551-ARPSE -1990-91)**
- ii. **Para 367, (Page 259-ARPSE-1990-91)**
Northern Areas Transport Corporation Pvt Limited

Audit pointed out that the PAO had expressed his inability to respond to the Paras relating to the accounts of FATA, as relevant record has not yet been handed over to FATA Secretariat. The PAO FATA requested that some time should be given to him in order to take over the relevant record from M/O SAFRON.

DIRECTIVE

The Committee observed that relevant record should have been handed over by M/O SAFRON to FATA Secretariat but it was also the responsibility of the FATA Secretariat to obtain the record from M/O SAFRON.

Accepting the request of the PAO FATA Secretariat, the Committee deferred all the paras and grants of FATA Secretariat and directed PAO to convene a meeting of DAC in consultation with M/o SAFRON and Audit, and submit a report within two weeks.

4. AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF STATES AND FRONTIER REGIONS FOR THE YEAR 1990-91

4.1 PARA No.2-PAGE No.119-AR-1990-91 NON IMPOSITION OF PENALTY OF RS. 10.804,000 MILLION AND COST OVER RUN OF SCHEME BY 2.812 MILLION

Audit pointed out that in Communications and Works Department Division Jamrud, under SAFRON, a contract was awarded to a nominated contractor for construction of "Fort for 250 F.C. Jawans" at an estimated cost of Rs. 10,804,000 to be completed by 30th June 1988. The contractor did not complete the work even by 30th June 1989. However liquidated damages amounting to Rs. 1.080 million were not recovered from the contractor as per contractual provision. Rather a payment of Rs 2,011,834 was made to the contractor over and above the estimated cost. Audit further stated that neither approval of the revised estimates was produced nor any extension was requested by contractor and granted to him.

On 1st February, 2011 the PAO informed the Special Committee that the requisite record had been destroyed in fire, however whatever record is available would be provided to Audit for verification.

Audit stated on 1st March, 2011 that if the record had been destroyed in fire then it should be endorsed and verified from the office of the AGPR Peshawar and copies of available documents should be provided to Audit.

DIRECTIVE

The Committee directed the PAO to provide all available documents (after verification from AGPR) and recommended the Para for settlement subject to verification of record by Audit.

4.2 **PARA No.3-PAGE No.120-AR-1990-91(FATA SECRETARIAT)**
UNAUTHORIZED RETENTION OF RS. 1.746 MILLION IN PERSONAL LEDGER ACCOUNT

Audit stated that in the office of the Political Agent Mohmand, an amount of Rs 1.746 million was available in Personal Ledger Account as balance at the end of the financial year 1988-89. The un-spent balance was not surrendered on 30-6-1989 and was retained for utilization during next financial year in violation of Government orders.

The PAO explained that the un-spent balance under PLA was payable to certain land owners as compensation of land acquired for construction of building but disbursement was held up due to dispute amongst tribes concerned. However Finance Division was being moved to allow regularize the retention of available balance beyond the relevant financial year.

On 1st February, 2011 the PAO informed the Special Committee that the amount had been recovered and the copies of challans would be provided to Audit for verification.

DIRECTIVE

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

4.3 **PARA No.7-PAGE No.121-AR-1990-91** **SUSPECTED EMBEZZLEMENT OF RS. 2,138,350/-**

Audit stated that in Communication Works Division Miranshah carriage charges amounting to Rs 487,383/- in respect of 31 tons of bitumen and 22,000 Cwt of cement, transported from the factories to the PWD godown were paid out of funds provided by the States and Frontier Regions Division in December 1987. However, these items were not accounted for in the stock record, which showed a nil balance. The whereabouts of the stores were not shown to Audit for verification. Thus either the transportation charges paid were fictitious or the stores valuing Rs 1,650,967/- were misappropriated.

Audit further stated that the Department in their communication stated that the matter was under investigation by the FIA and results were awaited. No further progress had been intimated to Audit.

The Committee directed the PAO to provide the relevant record to Audit for verification.

On 1st March, 2011 Audit pointed out that the relevant measurement books had not been provided and the record which has been provided does not bear the signatures of SDO/XEN.

The PAO was of the view that no signature of SDO/XEN were required on the measurement books.

DIRECTIVE

The Committee expressed its displeasure that the audit objection was not being considered seriously. Obviously the record produced before Audit should be acknowledged as authentic by responsible officers. The needful should be done within two weeks. The Committee settled the para subject verification by Audit.

- 4.4 **PARA No.11-PAGE No.123-AR-1990-91**
UNAUTHORIZED PAYMENT OF UN-ATTRACTIVE MEDICAL
INSTITUTION ALLOWANCE Rs 215,000/-

DIRECTIVE

On 1st February, 2011 the Committee endorsed the recommendation of the DAC for settlement of the above-mentioned Audit Para.

5. AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF STATES AND FRONTIER REGIONS FOR THE YEAR 1990-91

- 5.1 **PARA No.1-PAGE No.119-AR-1990-91**
TRANSIT SHORTAGE OF 6601.618 M.TONS OF IMPORTED WHEAT
VALUING Rs 14.167 MILLION

Audit stated that the District Food Controllers in nine districts of NWFP is operating on behalf of SAFRON . Shortage of 66601.618 M.Tons of wheat valuing Rs 14,167,246/- occurred during its transportation by rail from Karachi to various destinations in NWFP during 1986-90.

The PAO informed the Committee that claims for transit shortage were lodged with Railway administration but were mostly turned down on the grounds that the consignments were duly sealed in the presence of representatives of Food department and such seals were always found intact at the receiving stations and thus the Railways was not responsible.

On 15th July 2005 PAC had indicated displeasure and directed reference to Ministry of Finance for writing off/ regularization as per rules.

The Committee expressed its displeasure at the failure of the Ministry to properly investigate the shortages to determine whether it was due to transit losses or pilferage, before considering write off/ regularization.

On February 1st, 2011 the PAO informed the Committee that proposal had been sent to the Finance Division for writing off. The representative of Finance Division informed the Committee that proposal had been received two days ago and Finance Division would examine the proposal on its merits for regularization.

The Committee observed that PAC never gives any direction for writing off/ regularization. The Finance Division should examine whether requisite conditions /formalities as provided in rules are met and then decide the reference on merits.

In another meeting held on 1st, March 2011 the representative of the Finance Division stated that for lack of justification the Finance Division has regretted regularization at this belated stage.

DIRECTIVE

The Committee observed that inquiry should have been conducted to determine as to what happened to the wheat. Reference should have been made to the Finance Division for regularization only after ascertaining reasons for loss and initiation of disciplinary action against persons found responsible. The Committee directed the PAO to provide the requisite details to the Finance Division again after doing the needful the Finance Division would submit a report to the Committee within two weeks.

(This Audit para will now be taken up by the Monitoring and Implementation Committee of the PAC for further action.)

5.2 **PARA No.4-PAGE No.120-AR-1990-91**
NON-RECOVERY OF PACKING MATERIAL COSTING RS. 573,912/-

Audit stated that Agency Administrator Afghan Refugees South Waziristan Agency Wana under State and Frontier Regions Division, 68390 bags, 3618 drums, 389 tea chests and 306 tent covers valuing Rs 573,912/- sent during the period from July 1987 to June 1988 to various camps were not received back in the main stock.

The PAO informed the Committee that partial recovery had been effected done but major quantity is recoverable. He assured the Committee that the Ministry will make best efforts to recover the balance quantity.

The previous PAC Sub-Committee had directed the PAO to submit report regarding progress in recovery to PAC Secretariat as well as Audit within three months.

On 21st December, 2010 the PAO informed the Committee that out of the total amount of Rs. 573,912/- an amount of Rs. 452,000 had been recovered. The balance could not be recovered as the concerned employees were either not available or expired. A letter had been written for ex-post facto sanction to Finance Division for write off of irrecoverable amount of Rs. 121,000 for which requisite permission had been received.

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

Audit stated on 1st March, 2011 that the PAC had recommended the para for settlement subject to verification of record which has been provided in the form of photo copies of cash book. No challan deposits or cheque books had been presented to Audit due to floods in that area.

DIRECTIVE

The Committee observed that since the record had been destroyed due to floods and the only record available was in the form of photo copies, Audit may verify the said record, otherwise the PAO may proceed for regularization as provided under the rules.

5.3 **Para 5, (Page 119-AR-1990-91)**
Non-recovery of unauthorized Loan of Rs. 390,000

Audit pointed out that the Political Agent Khuram, Parachinar Loaned Rs. 550,000 to the Chairman Town Committee, Parachinar out of personal ledger account for repair of a Pajero Jeep and Purchase of machinery for Tube Well during the financial year 1988-89. The payment of this was neither covered by any rule nor by any policy procedure. Out of the loan paid for purchase of machinery a sum of Rs. 160,000 was recovered in January 1, 1990. Balance amount of Rs. 390,000 is also recoverable.

The PAO informed the Sub-Committee that the whole amount has been recovered and deposited in Government Treasury. The Sub-Committee settled the Para.

5.4 **PARA No.6-PAGE No.121-AR-1990-91**
SUSPECTED MISAPPROPRIATION OF STORES VALUING Rs 250,000/-

DIRECTIVE

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

5.5 **PARA No.8-PAGE No.122-AR-1990-91**
SUSPECTED EMBEZZLEMENT OF Rs 2,117,900/-

Audit stated that in the office of the Medical Superintendent, Agency Head Quarter Hospital Parachinar a sum of Rs 2,117,900 allocated by the Project Director Health Afghan Refugees, Peshawar on account of expenditure for

provision of medical treatment of Afghan Refugees was not accounted for in the cash book. The amount was apprehended to have been embezzled. It was also noticed that two cashbooks were maintained unjustifiably for the record of such transactions upto January 1985 and four deposit accounts were kept in various banks in respect of UNHCR funds which was quite irregular and a violation of Rule-77 of FTR Vol-I read with item 6.27 of DDO Hand Book. The matter was reported to the State and Frontier Regions Divisions but no reply was received.

The PAO informed the Committee that the record was available in Agency Head Quarter Hospital, Parachinar, and due to law and order situation in Parachinar the record could not be produced to Audit.

On 1st March, 2011 Audit stated the Ministry has produced evidence regarding amount received in the receipt side of cash book but record of disbursement has not been provided to Audit.

DIRECTIVE

The Committee directed the PAO to provide the record to Audit within two weeks. The para was recommended for settlement subject to verification by audit.

5.6 **PARA No.9-PAGE No.122-ARPSE-1990-91** **SUSPECTED EMBEZZLEMENT OF Rs 200,834/-.**

Audit pointed out that in the office of the Medical Superintendent Agency Headquarter Hospital, Parachinar, five cheques amounting to Rs. 200,834 were drawn from different accounts maintained with local Banks during 1982-97 but neither these were accounted for in the relevant cash book nor the drawals were supported by vouched expenditure accounts, giving rise to the doubt regarding embezzlement of the said amount.

The PAO informed the Sub-Committee that it was a case of embezzlement and one Medical Officer and other five officials were involved in the case. The Ministry is pursuing the case in the court of law against the other five persons who are involved in the case.

The Sub-Committee directed the PAO to pursue the case in the court for early recovery with a report to PAC Secretariat as well as Audit.

On 1st February, 2011 the PAO informed the Committee that the amount of Rs. 200,834/- was drawn by Mr. Gul Karim, the Field Supervisor Medical Officer for payment of salaries of staff, POL and repair expenses but the said amount was embezzled by the F.S.M.O. A departmental enquiry was carried out and embezzlement was established and a case was registered with the F.I.A in 1989. Despite repeated requests, no tangible progress had been made by F.I.A so far.

The Committee directed the PAO to depute an official to obtain the record and pursue the matter vigorously. Report should be submitted to the Committee within one month.

On 1st March, 2011 the PAO explained to the Committee that the case of accused had been referred to NAB which had investigated the matter and closed the case.

Audit stated that the DAC had recommended that M/O SAFRON may consider the case of writing off the amount as per rules.

DIRECTIVE

The Committee expressed dissatisfaction over the handling of the case and directed the PAO to obtain legal advice as to further options regarding criminal proceedings against the accused before considering write off.

5.7 **PARA No.10-PAGE No.122-AR-1990-91**
SUSPECTED EMBEZZLEMENT OF Rs 172,028/-.

Audit stated that in the office of Assistant Commissioner Education Cell (AR) Kurram, Thall an amount of Rs 172,028/- was drawn through 9 cheques from United Nations High Commission for Refugees Funds during January to November 1988. Neither the drawal was recorded in Cash Book nor accounted for against any payment for services rendered or goods purchased, leading to the suspicion that the amount had been embezzled.

The PAO informed the Committee that after requisite inquiry the amount in question had been recovered from the concerned officer and the record had been verified by Audit.

DIRECTIVE

Noting that Audit had verified recovery, the Committee recommended the Para for settlement.

- i. **Para 7, (Page 121-AR-1990-91)**
Suspected Embezzlement of Rs. 2,138,350
- ii. **Para 11, (Page 123-AR-1990-91)**
Unauthorized payment of un-attractive Medical Institution Allowance Rs. 215,000

DIRECTIVE

On the presentation of the above-mentioned two (02) Audit Paras, the Sub-Committee recommended the settlement of Audit Paras subject to verification by the Audit.

STATISTICS DIVISION

1. OVERVIEW

Appropriation Accounts for the year 1990-91 pertaining to Statistics Division were taken up for examination by Special Committee-II of the PAC in the meetings held on July 22nd, 2010 & October 20th, 2010 in Committee room No. 2, Parliament House Islamabad. Decisions taken are summarized below:

- 1.1** Two (02) grants were reported by AGPR.
- 1.2** On presentation of the two grants, the Committee directed the PAO to ensure that in future the Ministry should surrender the amount by the 15th May, so that there is an opportunity for the government to re-allocate the resources to where it is needed.
- 1.3** The Committee further directed the Ministry that once funds are allocated in the name of the Ministry then Principal Accounting Officer was responsible to answer for each and every Rupee.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1 1990-91

i. GRANT NO.53-STATISTICS DIVISION.

Saving Rs. 15,191,337/-

The PAO informed the Committee that the saving of Rs. 5,255,542 occurred under the head "Other Allowances" includes the allocation of funds for honoraria to be paid to the employees of Provincial Governments for their services acquired during the big count of Population Census. Due to sudden postponement of Census Operation, the funds could not be utilized.

The PAO further informed that the saving of Rs. 8,236,537 was due to the following reasons:

- i. Some instruments like Personal Computers etc and partitioning of buildings of PCO (Provincial Offices) were proposed to be purchased/ carried out but due to non finalization of formalities of Pak. PWD and approval of Finance Division the expenditure could not be incurred.
- ii. Some funds were placed at the disposal of Department of Supplies according to their demand.

The PAO further stated that the saving of Rs. 2,815,140 was due to the following reasons:

- i. Indents for purchase of Stationery etc. worth Rs.1,092,000 were placed with the Department of Supplies which could not be finalized.
- ii. An expenditure of Rs.1,368,000 was anticipated on TA/DA and POL etc in connection with Population Census which could not be utilized due to postponement of Census Operation.
- iii. A sum of Rs. 350,000 was re-appropriated to ACO from the head of account "Repair & Maintenance of Durable Goods" to this head of account inadvertently which could not utilized.

The PAO further explained that the saving occurred due to unspent amount kept in order to meet the expenditure of essential requirement of Pakistan Institute of Statistics Training and Research Lahore as well as in respect of population census organization Islamabad.

The PAO admitted that there was a lapse in the grant.

DIRECTIVE

The Committee recommended regularization of the grant with the observation that the Ministry should improve its financial management.

- ii. **GRANT NO.154-DEVELOPMENT EXPENDITURE OF STATISTICS DIVISION.**
Saving Rs. 26,567,769/-

The PAO informed the Committee that the saving was due to non-finalization of indents with the Department of Supplies, Karachi. The Pakistan Integrated House for Survey (PIHS) Project was to be started in July, 1990 but

due to non-completion of project documents / formalities, the survey activities were started in November/December, 1990.

The PAO further informed that Foreign Exchange component was utilized by aid giving agencies, directly against which no expenditure had been reported. That is why the expenditure could not be reflected in the Government's Accounts. The foreign exchange component was directly utilized by the donor (USAID) and no expenditure was reported to Statistics Division.

DIRECTIVE

The Committee directed the PAO to ensure that in future by the 15th May the Ministry should timely surrender the amount. So that there is an opportunity for the government to re-allocate the resources to where it is needed.

The Committee further directed the Ministry that once funds are allocated the name of the Ministry then Principal Accounting Officer was responsible to answer for each and every rupee with these observations the Committee recommended regularization of the grant.

WAFAQI MOHTASIB SECRETARIAT

1. OVERVIEW

Appropriation Accounts for the year 1990-91 pertaining to Wafaqi Mohtasib were taken up for examination by Special Committee-II of the PAC in the meeting held on July 27th, 2010 in Committee room No. 2, Parliament House Islamabad. Decisions taken are summarized below:

- 1.1 One (01) grant was reported by AGPR.
- 1.2 On presentation of the grant, the Committee recommended regularization of the Appropriation with the observation that the saving should have been surrendered in time.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1990-91

WAFAQI MOHTASIB
(Charged)
Saving Rs. 663,597/-

AGPR stated that the Appropriation closed with a saving of Rs.663,597 (2.73% of the total).

The PAO informed the Committee that the saving was primarily due reduction of Rs.600,000 by the Finance Division while approving the Revised Estimates.

DIRECTIVE

The Committee recommended regularization of the Appropriation with the observation that the saving should have been surrendered in time..

MINISTRY OF WATER AND POWER

1. OVERVIEW

Appropriation Accounts / Audit Reports / Special Study Reports for the year 1990-91 pertaining to the Ministry of Water & Power were taken up for examination by the sub-Committee of the PAC on April 25th, 2005 & January 5th, 2006 under the convenership of Mr.Kunwar Khalid Younus, M.N.A and on July 28th, 2010, February 23rd, 2011 & June 10, 2011 under the convenership of Mr. Zahid Hamid M.N.A. in Committee Room No.2, Parliament House Islamabad. Decisions taken are summarized below:

- 1.1** Three (03) grants and sixty seven (67) Paras were reported by AGPR / Audit. Two Special Study Reports on Mangla Hydro Electric Power Station (Extension) Project, Unit # 9 & 10 and on Grid Station G.S.C Circle, Rawalpindi.
- 1.2** On presentation of the grants, the Committee recommended the savings as mentioned in the grants for regularization.
- 1.3** The Committee directed WAPDA to improve its procedures so that delays in finalizing tenders could be avoided in future. On Para No.08, the Committee directed the department to investigate the matter and submit a report to Audit.
- 1.4** The Committee observed while discussing the Special Study Reports on Mangla Hydro Electric Power Station (Extension) Project, Unit # 9 & 10, that the easiest way to settle a para was verification of record by Audit and the record has not been provided even after a period of six years. The Committee further observed that if a particular decision is made contrary to the terms of the contract this may require to be looked into.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1-190-91

- i. **Grant No. 132-Ministry of Water and Power**
(Saving Rs. 30,740,269)
- ii. **Grant No. 175- Development Expenditure of Ministry of Water and Power**
- iii. **Grant No. 198, Capital Outlay on Irrigation & Electricity**

On the presentation of the above grants by the AGPR the Ministry informed the Committee that the record of the Ministry had been destroyed due to fire in the Shaheed-e-Millat Secretariat Islamabad in May 2003.

The Sub-Committee deferred the above grant for the next meeting of the Sub-Committee and directed the Ministry of WAPDA to reconcile the figures with AGPR within ninety days with a report to PAC Secretariat.

DIRECTIVE

On 5th January, 2006 the Sub- Committee recommended regularization of the above 3 grants subject to verification by the AGPR.

3. AUDIT REPORT FOR THE YEAR 1990-91

- 3.1 **PARA 1-AR-1990-91**
LOSS OF RS. 13,730 MILLION DUE TO ALLOWING HIGHER RATES IN THE PURCHASE OF STEEL STRUCTURES

Audit pointed out that the Tender invited (tender No. 2456) for the purchase of 10000 High Tension (HT) & 25,000 Lower Tension (LT) steel structures were opened on 19-10-1989. The rates offered by the firms were as under:

S. No.	Lahore Based Units	Rate per HT Structure Rs.	Rate per LT Structure Rs.
1	M/s Pakistan Engineering Company (PECO) Ltd. Lahore.	4802	3375
2	M/s Lion Industries Lahore	4926	3526
	Karachi Based Units		
3	M/s Metropolitan Steel Corporation, Karachi	Not quoted	3300
4	M/s Quality Steel Works, Karachi	Not quoted	3300

PAO informed the Committee that “M/s Lion Industries who had quoted rate of Rs. 4,926 & 3,526 per HT & LT structure being lowest one were considered to be high as compared to rates of Rs. 4,400 & 2,940 worked out by Central Contract Cell. The remaining three firms did not agree to the rates of Central Contract Cell (C.C.C) where as the M/s Lion Industries gave a consent of acceptance of rates through a simple letter dated 21.06.1990. This firm was considered to be not serious to supply the material on the following grounds:-

- The firm did not submit surety bond.
- Due to budgetary charges announced in June, 1990 & levy of 12.5% sales tax.
- Even if contract had been awarded to M/s Lion Industries, they would have come for price increase resulting into delay in supply of material.

As explained above, the rates accepted by M/s Lion Industries were not workable & accordingly they would not supply the material”

DIRECTIVE

After having the department’s view point, the Sub-Committee recommended the Para for Settlement.

3.2

Para-2 –AR-1990-91

AVOIDABLE EXPENDITURE OF RS. 8.847 MILLION ON ACCOUNT OF DELAY IN EVALUTION OF TENDERS.

Audit pointed out that Tenders (Tender Inquiry No. 2450) invited for the procurement of Low Tension (LT) PVC Cables were opened on 20th October, 1989. The management took about 8 months in finalizing the tenders and issued Purchase Order No. (4547 to 4558) on 12th June, 1990. Meanwhile, the Government had levied sales taxes @ 12.5% on the cables on 7th June, 1990. As per Purchase Orders, major supply was to be completed upto 31st July, 1990 within one month wee taken in processing the tenders. If the tenders had been finalized within a reasonable time i.e. within 3 or 4 months before 7th June, 1990 extra expenditure of Rs. 8,847,435 could have been avoided.

The PAO inform the Sub-Committee that tender No. 2450 was opened on 21-10-1989 for the supply of cable. The validity of tender was 180 days upto 19-04-1990. Letter of intent (POI) was issued for the first time on 14-04-1990 i.e within the validity period. As such the tender was required to be finalized upto that date. The manufactures did no accept the computed rates and demanded 31% increase for re-imburement of excise duty on additional material required for switching over from imperial size to metric size, profit on additional cost, financing charges and labours and transport charges on the additional cost. However after lengthy discussion, the manufactures agreed to 16% increase against the overall 31% increase claimed by them. As this process was to pass through various channels, the time taken in finalization of tender was inevitable and could not be avoided.

DIRECTIVE

The Sub-Committee recommended the Para for settlement and directed the WAPDA to improve the procedure so that such delays in finalization of tenders could be avoided in future.

3.3 **Para-3 –AR-1990-91**
DELAY IN PURCHASE OF CONDUCTOR RESULTING IN LOSS OF RS. 6.2
MILLION

Audit pointed out that a purchase order No. (4333) was placed on a firm on 21-12-1986 for the supply of different types of conductors. The supply was scheduled to be completed by 30-09-87. The said date was revised to 31-10-87 but the supplier failed to complete supply by December 1987. WAPDA deferred supply till June 1988 as reportedly WAPDA faced financial difficulties from 01/88 to 06/88. The supplier was asked to supply balance quantity upto 12/88 & lastly upto 31-03-89 but supplier did not supply the material on the plea that rates had gone up. The balance quantity of conductors was cancelled in September, 1990 without any financial repercussions on either side. The Authority by that time had already issued fresh purchase orders bearing No. 4488 to 4497 dated 7.3.1989 to different firms including this firm for supply of conductor at much higher rates than the earlier purchase order dated 21-12-86 resulting in excess expenditure of Rs. 6.288 million. The matter was taken up with authorities concerned in November 1990.

The representative of the WAPDA informed the Sub-Committee that and order situation in Karachi & Sindh Province had worsened after receipt of purchase order and did not improve upto 12/87. Therefore, due to shortage of funds, supply was deferred. Till that time the prices had gone up and supplier did not agree to supply at old rates. So fresh purchase orders were issued. It was further stated that the reasons for cancellation of remaining quantity was beyond the control of WAPDA as well as supplier.

DIRECTIVE

The Sub-Committee recommended the Para for settlement subject to verification by Audit.

3.4 **Para-4 –AR-1990-91**
PURCHASE OF P.G.CONNECTORS AT HIGHER BID PRICE RESULTING
IN LOSS OF RS. 5.445 MILLION

Audit pointed out that an International tender was opened on 11.12.1988 for purchase of five types of P.G connectors bearing code Nos. S-117, S-157, T-110, T-150 and T-155. The Purchase Order (P.O) for two types of connectors with code No. S-117 & S-157 was placed on a local firm after negotiation on 10-06-1989. The Purchase Order for remaining types of connectors was also placed on the same firm on 23-08-1989. It was observed that the second P.O. was placed on the local firm by ignoring the lowest bid of M/s Piracki (Greek firm). The rates of local firm were higher even after including 15% price preferential admissible to the local firm resulting in extra expenditure of Rs. 5.445 million. Both the purchase order valuing Rs. 35.672 million were placed by the M.D. on the basis of negotiations. Hence approval of the Authority being next higher authority was required to be obtained in terms of conditions set out in section V of book of financial powers which was not sought.

The Authority was advised to investigate the matter and fix responsibility for extra expenditure and violation of Authority's orders regarding approval of the purchase.

The Ministry informed the Committee that the Greek firm Submitted three offers viz main offer:

- i) The Greek Firm submitted three offers viz main offer and tow alternative offers No. II and III.
Technical information what so ever available with the bids of the firms was examined and not found according to the specifications and design parameters. More over the rates of the main offer were higher than the rates of the technically responsive Pakistani firm. As such the orders were rightly placed on Pakistani firm.
- ii) As regards placing of the P.Os on the basis of negotiated rates the negotiations were carried in accordance with conditions 2 (b&c) of section page 23 of book of Financial Power.

DIRECTIVE

After hearing the Ministry's view point the Sub-Committee recommended the Para for settlement subject to verification Audit within two months.

3.5 **Para-5 –AR-1990-91** **PURCHASE OF STEEL STRUCTURES AT ENHANCED COST LOSS OF RS. 5.457 MILLION**

Audit pointed out that Purchase orders for supply of 24000 HT structures were issued to M/s PECO, Lahore and Metropolitan Steel Corporation, Karachi on March 13,1984 for supply of 6,000 structures each and to M/s Lion Industries, Lahore on March 28,1984 for supply of 12,000 structures @ 1940 per structure. M/s PECO and Metropolitan Steel Corporation completed their Purchase Orders within delivery period. M/s Lion Industries, however, delivered only 2,000 structures within stipulated periods and 3,000 structures there after upto December 1986 leaving balance of 7,000 structures un-delivered. The remaining quantity was purchased from M/s PECO and Metropolitan Steel Corporation, Karachi at higher rates of Rs. 2753 and 2701 against POs dated 12.2.1987 and 14.4.1987 respectively to meet the requirement. As a result, the Authority incurred an extra expenditure of Rs. 5,457,000. Instead of taking action to recover the extra expenditure from the defaulting firm, the balance quantity was deleted from its Purchase Order in September, 1988. This action was against the conditions of the Purchase Orders and entirely in favour of the supplier. The irregularity was brought to the notice of the authorities concerned in April 1991.

The Ministry informed the Sub-Committee that M/s Lion Industries could only supply 5,000 structures due to non-availability of the raw material from Pakistan Steel Mills, Karachi. As such the contractor was not subject to imposition of any liquidated damages.

DIRECTIVE

After hearing the Ministry's reply the Sub-Committee recommended the Para for settlement.

3.6 **Para-6 –AR-1990-91** **PURCHASE OF DEFECTIVE DIESEL GENERATING SETS LOSS OF RS. 4.532 MILLION**

Audit pointed out that the Accounts of Operation Division Turbat for the period 3/89 to 6/90 showed that 12 diesel generating sets were purchased in May, 1985 @ Rs. 1,133,117 each and were installed after two years in May, 1987. The warranty period had expired by that time. Out of these, one set went out of order in July 1987, while three other sets were also failed after working for one year or two. This indicated that either the generating sets were below specification or the operation staff was not trained to operate them which resulted into loss of Rs. 4,532,468.

The Authority has to investigate the matter and fix responsibility against the person at fault. The matter was brought to the notice of the concerned authorities in December, 1990.

The Ministry informed the Sub-Committee that two generator sets has been overhauled and brought in operation. The remaining two sets were being overhauled.

Latter on it was stated in 10/1998 that all Diesel Generating Sets were overhauled by WAPDA Staff after receiving spare parts from Warehouse Sukkur instead of any private agency. Moreover the survey off reports of six D.G. Sets submitted to Chief Engineer (Purchase (P& D).

- i) Value and detail of parts received from Sukkur werehouse alongwith dates of their purchase.
- ii) Total expenditure incurred on overhauling of all the diesel generating sets.

- iii) Final fate of six generation sets whose survey reports were stated to have been prepared.
- iv) The justification of making disposal of six generating sets.
- v) Determination of actual causes of failure of generating sets.
- vi) Identification of causes due to which six sets had to be disposed off instead of bringing them in use at any other places where required.

DIRECTIVE

The Sub-Committee observed that WAPDA has not provided the information asked by the DAC within 7 days. The Sub-Committee expressed its displeasure for not submitting the reply in time and directed the department to provide a comprehensive reply on the points asked by Audit. The Para would be treated as settled subject to satisfaction of Audit.

3.7

Para-7 –AR-1990-91

DUAL CONTRACTS FOR CONSTRUCTION OF 450 RESIDENCES RESULTING IN EXTRA OF RS. 7.757 MILLION

Audit information the Sub-Committee that in Thermal Power Station (Ext) Project, Muzaffargarh, a contract (ORM-01) for construction of 150 residences was awarded to the lowest bidder in March, 1988. In August, 1988, another contract (ORM-06) for the construction of 300 additional residence was awarded to the same contractor. The lowest rates for the first contract were 22.4% above the estimated cost where as rates of construction for the 2nd contract were 38.5% above the estimated cost. Thus a result of splitting up the work into two parts, the Authority had to bear an extra expenditure of Rs. 7.75 million which could have been avoided be better planning.

The Ministry informed the Sub-Committee that a contract No. 70700 for the construction of 150 houses was awarded to M/s Techno Prom Export (TPE) in March, 1988 as per availability of funds, land and requirements of houses. Subsequently a protocol was signed with M/s TPE in June 1988 which required provision of 100 houses in January 1989, 200 houses in June 1989 and remaining in June 1989 and remaining 100 by January 1990. For single tender of 450

houses, pre-qualification of contractors would have to be done which would have resulted in delay of 4-6 months.

Hence no splitting of work was done as this was done with approval of the Authority. As per instructions of the Chairman WAPDA, another contract for the construction of 300 houses was awarded in 9/1988. There was no splitting up of the works as per para 3 of Authority's circular No. 9029 dated 20-12-1982. and satisfaction of the Audit the

DIRECTIVE

The Sub-Committee observed that results of investigations as directed by the DAC are awaited the Sub-Committee deferred the Para.

(This Para was not put up for discussion hence it has to be considered by the Monitoring and Implementation Committee of the PAC for further action.)

3.8 **Para-8 –AR-1990-91** **NON-RECOVERY OF RS. 5.042 MILLION FROM THE SUPPLIERS**

Audit pointed out that a purchase order No. 4320 dated 16-10-1986 was placed by Deputy General Manager (Purchasing) on a firm to supply 150,000 S. Phase meters @ 350 per meter. Similarly, another firm to supply 400,000 meters @ Rs 365 per meter. The supply was required to be delivered in thermopore boxes, whereas the supplier supplied the meters in the card board boxes with thermopore lining. The Authority decided to penalize both the suppliers @ Rs. 11.30 and @ Rs. 13.03 per meter respectively. Thus total amount recoverable in both cases worked out to Rs. 5,042,300 which was not recovered. The matter was reported to the concerned authorities in June 1991.

The Ministry informed the Sub-Committee that investigation on the issue should be completed shortly as desired by the DAC

DIRECTIVE

The Sub-Committee directed the department to investigate the matter and submit the report to Audit as well as PAC Secretariat within two months.

(This Audit para will now be taken up by the Monitoring and Implementation Committee of the PAC for further action.)

3.9 **Para-9 –AR-1990-91**

UNDUE TIME EXTENSION IN PURCHASE OF ELECTRIC METERS: LOSS RS. 3.307 MILLION

Audit pointed out that a purchase order (NO 4431) dated 12-12-1987 was placed on M/s Climax Engineering Company, Gujranwala, by Deputy General Manager (Purchase) WAPDA, Lahore, to supply 100,000 electric meters @ Rs. 365 each. The goods were to be delivered at the rate of 30,000 meters per quarter starting within four months from the date of approval of prototype and design. Thereafter the supply order was increase to 200,000 meters on 17-01-1988. The prototype and design was approved on 22-08-1988. Accordingly the supply of the total meters i.e. 200,000 was to be completed by 21st September, 1990 as no change in the terms and condition of delivery schedule was made while increasing the quantity of meters. Later on, delivery schedule was revised on 07-10-1990 by allowing the supplier to supply the remaining quantity of 100,000 meters at the rate of 20,000 meters per quarter without any justification. This action was not justifiable as the manufacturer had already accepted the original schedule of supply. The grant of unauthorized extension of 16 months resulted in foregoing of liquidated damages of lacs of rupees.

In addition to above, the Govt. of Pakistan levied the sales tax @ 12.5% on finished goods w.e.f. 07-06-1990. As such WAPDA incurred an additional liability of Rs. 3.307 million in shape of the re-imburement of sales tax paid by the supplier after 07-06-1990.

The Ministry informed that the schedule of supply was revised on the request (dated 17-09-1990) of suppliers. As such, the payment of sales tax was according to the terms and conditions agreed with the suppliers.

DIRECTIVE

The Sub-Committed recommended the Para for settlement subject to verification of record by Audit within a week.

3.10 **Para # 15-AR-1990-91**
FAULTY DECISION MAKING DURING PURCHASE OF CABLE
RESULTING IN LOSS OF RS 1.576 MILLION

Audit pointed out that the Deputy General Manager (Purchase) placed an order (P.O. # 4303) on a firm in may 1985 for supply of 3 kilometers power cable of size 2 AWG @ Rs 188,000 per kilometer and 6.5 kilometers power cable of size 4/0 AWG @ Rs 282,000 per kilometers. The material was to be supplied within six months from the date of successful completion of tests at KEMA Laboratory, Holland. This test was successfully completed on January 1986. The firm requested WAPDA in March 1986 that since import of rubberized cotton tap, being a banned item, was not allowed by the Government, the use of this tape be waived off. It suggested that as an alternative, it would increase the thickness of Pvc for bedding. After three years in April 1989, WAPDA accepted the proposal. But the firm demanded to increase the rates. Ultimately the order was cancelled in March 1990. In the meantime, another purchase order (P.O. # 4400) was placed on the same firm in October 1987 to supply the same material @ Rs 311,585.40 per kilometers for 2 AWG size and Rs 467,337.56 per kilometer for size 4/0 AWG size. In this case, the condition of using rubberized cotton tape was waived off as it was a banned item. As a result WAPDA sustained a loss of Rs 1.576 million due to subsequent purchase of the same material at much higher rates.

The PAO informed the Sub-Committee that the substitution for rubberized cotton tap required a detailed study to know before hand, the results of such

substitution viz the conformity of Technical data as prescribed in the specification which was itself a research job for the Design Directorate. The purchase order # 4400 dated 14-10-1987 was placed on the lowest bidder.

DIRECTIVE

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

3.11 **Para # 21-AR-1990-91**
NON-RECOVERY OF LIQUIDATED DAMAGES AMOUNTING TO RS 5.362 MILLION PLUS INTEREST RS 9.008 MILLION FROM THE SUPPLIERS

Audit pointed out that five purchase orders were placed on two firms during 1978 for supply of energy meters. The suppliers delayed supply of meters resultantly Authority levied liquidated damages amounting to Rs 5.362 million under the provisions of the contract which were not recovered since 1989. Interest of Rs 9.008 million also accrued on the delayed recoveries which has also not recovered from the firms.

The PAO informed the Sub-Committee that L.D amounting to Rs 1,814,564 has been recovered and Audit can be verified it.

DIRECTIVE

The Sub-Committee recommended the para for settlement subject to verification of the recovered amount by the Audit.

3.12 **Para # 24-AR-1990-91**
IRREGULAR PAYMENT OF RS 46.794 MILLION ON ACCOUNT OF CUSTOM DUTY & SALES TAX

Audit pointed out that in Guddu Thermal Power Station Project, material which was exempt form custom duty and sales tax was imported and Rs 56.449 million were paid as custom duty and sales tax during the period up to August

1984. The payment was irregular as the same was exempted from the levy of custom duty and sales tax.

The PAO informed that efforts were being made to obtain refund from custom authorities. 16 claims for Rs 19.974 million had been rejected being time barred, 11 claims for Rs 9.655 million had been refunded and 24 claims had been rejected by AC Appraisalment Group-IV Karachi on 21-02-2004.

The Sub-Committee directed the PAO to take up the case with Chairman CBR for early decision.

On February 23, 2011 Audit pointed out that no further progress on the previous decision of the PAC has been reported by the department.

The PAO regretted the delay in taking action earlier and stated that the Ministry had written a letter to the Chairman FBR and accordingly necessary instructions have been issued by the FBR to the Customs Authorities. He further stated that the Ministry was also pursuing it with the Customs Authorities

The Committee observed that inspite of PAC's decision no action was initiated by the Ministry during the last six years. The Committee expressed serious displeasure and dissatisfaction over this inaction and directed the PAO to contact the Chairman personally and try to obtain a decision on this issue immediately. The Committee directed the PAO to submit a report on the progress made in this regard within two weeks.

In another meeting held on June 10th 2011, Audit stated that a DAC had been held on 7th June, 2011 and since the case is subjudice hence action would be taken in due course in light of the findings and recommendations of the inquiry Report.

The PAO informed the Committee no embezzlement was involved in this case and the Ministry is following the case in the appealed court vigorously.

DIRECTIVE

The Committee directed the PAO to take up the matter with FBR on personal level and request the department to settle this issue within 30 days. The Committee also directed the PAC Secretariat to endorse a copy of the directive of the Committee to the Chairman FBR. The report would then be presented before the Monitoring and Implementation Committee of the PAC for further action.

- i. **Para # 12-Ar-1990-91**
DOUBTFUL PAYMENT OF RS 2.659 MILLION FOR DAMAGED TREES
- ii. **Para # 17-AR-1990-91**
IMPROPER PLANNING OF A WORK LOSS RS 1.377 MILLION

DIRECTIVE

On presentation of the above two Paras by the Audit, the Sub-Committee recommended those for settlement.

- i. **Para # 16-AR-1990-91**
IMPROPER PLANNING IN THE PURCHASE OF P.C WIRE RESULTING IN LOSS OF RS 1.436 MILLION
- ii. **Para # 18-AR-1990-91**
LOSS OF RS 1.342 MILLION DUE TO BULK SUPPLY OF SUI GAS IN SHALAMAR COLOGY, LAHORE
- iii. **Para # 25-AR-1990-91**
VIOLATION OF SUPPLY AGREEMENT DUE TO EXTENSION OF SANCTIONED LOAN BY CONSUMERS & LESS RECOVERY OF SECURITY DEPOSITS RS 4.743 MILLION
- iv. **Para # 26-AR-1990-91**
LESS RECOVERY OF CAPITAL COST RS 4,603,190
- v. **Para # 28-AR-1990-91**
OVERPAYMENT OF RS 758,637 TO THE LAND OWNERS
- vi. **Para # 30-AR-1990-91**
SHORTAGE OF T&P ARTICLES AND OTHER MATERIAL RS 6,052,255

- vii. **Para # 32-AR-1990-91**
NON ACCOUNTAL OF MATERIAL RS 14,600,294
- viii. **Para # 36-AR-1990-91**
TRANSFER'S PURCHASE CATEGORIZED AS "WORKS" LOSS RS 382,696
- ix. **Para # 38-AR-1990-91**
IRREGULAR CEMENT ESCALATIONS PAYMENT RS 312,326
- x. **Para # 39-AR-1990-91**
AVOIDABLE EXPENDITURE OF RS 64,071
- xi. **Para # 40-AR-1990-91**
DAMAGE TO TRANSFORMERS LOSS RS 2,112,050
- xii. **Para # 44-AR-1990-91**
UNDUE CREDIT TO TEXTILE MILL LOSS OF RS 701,627
- xiii. **Para # 45-AR-1990-91**
NON-RECOVERY OF HANDLING & SHORTAGE CHARGES AMOUNTING TO RS 512,144 FROM CONTRACTOR
- xiv. **Para # 51-AR-1990-91**
LOSS DUE TO RUNNING OF ILLEGAL CONNECTIONS RS 196,903
- xv. **Para # 52-AR-1990-91**
IMPROPER PLANNING RESULTING IN IDLE INVESTMENT OF OVER RS 5 MILLION
- xvi. **Para # 56-AR-1990-91**
INCORRECT CALCULATION OF ACQUISITION COMPENSATION: LOSS RS 159,710
- xvii. **Para # 57-AR-1990-91**
INFRACTIONS EXPENDITURE OF RS 146,124
- xviii. **Para # 59-AR-1990-91**
LOSS OF RS 3,527,200 TO THE AUTHORITY DUE TO NON-REMOVAL OF MATERIAL
- xix. **Para # 60-AR-1990-91**
DOUBTFUL PAYMENT OF RS 91,680 TO A CONTRACTOR

DIRECTIVE

The Sub-Committee recommended the above 19 paras for settlement subject to verification of the record by the Audit.

- i **Para # 10-AR-1990-91**
EXTRA EXPENDITURE OF RS 2.721 MILLION DUE TO PURCHASE OF COMPUTER SHEETS AT HIGHER RATE
- ii **Para # 18-AR-1990-91**
EXTRA EXPENDITURE OF RS 0.969 MILLION DUE TO ALLOWING HIGHER RATES

- iii. **Para # 33-AR-1990-91**
STEEL MILL CONNECTED THROUGH EXISTING FEEDER:
UNDUE BENEFIT RS 1,663 MILLION
- iv. **Para # 35-AR-1990-91**
LOSS OF RS 0.435 MILLION DUE TO INCORRECT PAYMENT OF
ESCALATION
- v. **Para # 37-AR-1990-91**
PURCHASE OF SUBSTANDARD EQUIPMENT RS 0.337 MILLION
- vi. **Para # 41-AR-1990-91**
AVOIDABLE PAYMENT OF COMMITMENT CHARGES RS 1,570
MILLION
- vii. **Para # 42-AR-1990-91**
UNJUSTIFIED PAYMENT OF RS 0.640 MILLION FOR
SUBSTANDARD WORK
- viii. **Para # 43-AR-1990-91**
PAYMENTS TO FOREIGN ADVISERS WITH OUT BACK UP
DOCUMENTATION RS 58,2 MILLION IN F.E
- ix. **Para # 47-AR-1990-91**
NON-RECOVERY OF COST OF VOLTAGE REGULATORS RS 0.200
MILLION
- x. **Para # 48-AR-1990-91**
NON-RECOVERY OF RS 0.158 MILLION FROM THE
CONTRACTOR ON ACCOUNT OF COST OF MATERIAL
- xi. **Para # 50-AR-1990-91**
IRREGULAR GRANT OF SECURED ADVANCE ON SAND RS 0.290
MILLION
- xii. **Para # 53-AR-1990-91**
ABNORMAL DELAY IN OPERATION OF ELECTRIFIED
VILLAGES: LOSS RS 0.310 MILLION P.M.
- xiii. **Para # 54-AR-1990-91**
PAYMENT TO CARRIAGE CONTRACTORS LOSS RS 0.195
MILLION
- xiv. **Para # 55-AR-1990-91**
MANIPULATION IN ESTIMATE AND PILFERAGE OF
DISMANTLED MATERIAL VALUING RS 0.655 MILLION
- xv. **Para # 58-AR-1990-91**
CHANGE OF DIMENSIONS OF STEEL PLATES LOSS RS 0.203
MILLION
- xvi. **Para # 61-AR-1990-91**
IMPROPER PLANNING LOSS RS 0.283 MILLION

- xvii. **Para # 62-AR-1990-91**
AVOIDABLE LOW TENSION LINE RENOVATION: LOSS RS 0.139 MILLION
- xviii. **Para # 66-AR-1990-91**
WRONG TARIFF APPLIED TO COMMERCIAL HOSPITAL LOSS RS 0.125 MILLION
- xix. **Para # 66-AR-1990-91**
LESS RECOVER OF INSTALLATION OF CHARGES RS 0.204 MILLION

DIRECTIVE

On the recommendation by the Audit, the Sub-Committee recommended the above mentioned paras for settlement.

4. AUDIT REPORT PUBLIC SECTOR ENTERPRISES (Vol-III-1990-91)

NATIONAL ENGINEERING SERVICES OF PAKISTAN (NESPAK)

- i. **Para # 852, (Page-555-ARPSE-1990-91(Vol-III))**
Working Results of NESPAK
- ii. **Para # 853, Page-556-ARPSE-1990-91(Vol-III)**
Reduction in Interest/Profit on bank deposits
- iii. **Para # 854, Page-556-ARPSE-1990-91(Vol-III)**
Contract Receivable/billings
- iv. **Para # 855, Page-556-ARPSE-1990-91(Vol-III)**
Non-approval of Accounts by the BOD of the Company

DIRECTIVE

On recommendation of the DAC, the Sub-Committee recommended the above four audit paras for settlement.

- 4.1 **Para # 856,(Page-557-ARPSE-1990-91-Vol-III)**
Recoveries made and Financial Irregularities/Losses of Public money ETC condoned or rectified at the instance of Audit.

Audit pointed out that during the year 1990-91, local Audit Inspection of Commercial Organizations of the Federal Government was conducted and results

thereof containing various types of financial irregularities and losses of public money etc were communicated to the administrative Ministries/Divisions and the organizations concerned in the shape of audit inspection reports, advance draft paras. In certain cases, the concerned Ministries managements, while accepting the losses/irregularities pointed out by Audit.

The PAO informed the Sub-Committee that an amount of Rs 1,867,698 has been recovered out of total recoverable of Rs 2,297,572 leaving a balance of Rs 429,874 which will be adjusted with NESPAK.

DIRECTIVE

The Sub-Committee recommended the Para for settlement subject to verification of the stated facts by Audit.

5. SPECIAL STUDY REPORT ON MANGLA HYDRO ELECTRIC POWER STATION (EXTENSION) PROJECT, UNIT # 9 & 10

5.1 Paras # 6.1.1 to 6.1.4 (SSR-1990-91) **Delay in Commencement of Project**

Audit pointed out that the PC-I of the project was submitted by WAPDA to Government in November 1983 and approved by ECNEC in December 1984 but the approval was conveyed to WAPDA by the Ministry of Water & Power in January 1985. The PC-I contained a schedule with execution period of 40 months after arrangement of Financing and award of contracts. Financial arrangements was obtained from Government of Czechoslovakia under which, the equipment had to be procured from SKODA expert. Here again WADPA failed to arrange timely financing due to which the price, technical aspects and details of electrical, mechanical and civil works were concluded in February, 1988 and the contract was signed in April 1988. Here, WAPDA took one year to award the contract after opening of tenders which was a very long period for award of contract after

opening of tenders which was a very long period for award of contracts. Resultantly physical execution of construction activities could be started in August 1989 with a delay of 68 months.

The PAO informed the Sub-Committee that the main reasons for delay in project completion were delay in approval of PC-I, non availability of financing, low priority project due to ADP constraints, delay in award of contract, the work on electrical & mechanical contracts remained suspended for 9 days, concreting of Y-bifurcation took 34 days beyond the scheduled period of one month, etc.

The Sub-Committee directed WAPDA to provide documents/ record regarding adjustment escalation paid to contractor, payment of LD charges, Revised PC-I, etc., to Audit for verification. The para will be treated as settled subject to verification of the above mentioned documents by Audit.

On 23rd February, 2011 Audit pointed out that the Para had been recommended for settlement in 2006 subject to provision of record and subsequent verification by Audit. Audit further said that the record had not been provided to them so far.

The PAO stated that since the record was voluminous and interconnected hence it has caused delay in verification by Audit. He however said that most of the record had now been verified by Audit. He further said that there were some points which have been contested by Audit including the payment to consultant which had been made according to the contract agreement.

DIRECTIVE

The Committee observed that the easiest way to settle a para was verification of record by Audit and the record has not been provided even after a period of six years. The Committee further observed that if a particular decision is made contrary to the terms of the contract this may require to be looked into as well. The Committee directed the PAO to take up this issue again in a DAC

meeting, provide necessary record to Audit and submit a report to the Committee within one month.

5.2 **Para # 6.1.5 & 6.4.2(SSR-1990-91)**

Poor performance of Consultants and excess payment of Rs 40.97 million

Audit pointed out that M/s NESPAK was appointed in December 1986 as consultants for the project for preparation of specifications, bid documents, tender evaluation for the award of contract within one year. In addition to preparing drawing for civil works which were delivered with two months delay. The poor performance of the consultants resulted in delay in execution of the project resulting in excess expenditure of Rs 23 million (estimated cost in the contract with NESPAK Rs 60.20 million original cost RS 37.48 million).

The PAO informed the Sub-Committee that the Engineering Services being rendered by M/S NESPAK consisted of three phase i.e Phase-I, II and III i.e. preparation of tender documents, consultancy service and engineering services, etc., and the activities of consultants were within the revised PC-I.

DIRECTIVE

The Sub-Committee recommended the para for settlement.

- i. **Para # 6.1.6-(SSR-1990-91)**
Improper Planning
- ii. **Para # 6.2-(SSR-1990-91)**
Loss of expected revenues to the extent of Rs 141.00 million
- iii. **Para # 6.4-(SSR-1990-91)**
Engagement of Consultants

DIRECTIVE

On recommendation of Audit, the Sub-Committee recommended the above three paras for settlement.

6. **SPECIAL STUDY REPORT ON GRID STATION G.S.C CIRCLE, RAWALPINDI**

- i. **Para # 8.1-(SSR-1990-91)**
Wrong site selection 66 KV Ahmadal Grid Station
- ii. **Para # 8.2-(SSR-1990-91)**
Grid Station not put in operation for upto 4.5 Years
- iii. **Para # 9.1-(SSR-1990-91)**
Street Light at Ahmadal Project Colony
- iv. **Para # 9.2-(SSR-1990-91)**
Infrastructural expenditure of Rs 0.761 (M) during unloading period
- v. **Para # 9.3-SSR-1990-91**
Loss of Rs 6.9 (M) due to purchase of defective auto re-closures

On presentation of above five Paras, the Sub-Committee recommended them for settlement subject to verification of the record by Audit.

On 23rd February, 2011 Audit reported that since verification of record has already been made hence the para may be settled.

DIRECTIVE

The Committee recommended the para for settlement.

MINISTRY OF WOMEN'S DEVELOPMENT

1. OVERVIEW

Appropriation Accounts for the year 1990-91 pertaining to Ministry of Women Development were taken up for examination by Special Committee-II of the PAC in the meetings held on July 14th, 2010 & November 3rd, 2010 in Committee Room No.2, Parliament House Islamabad. Decisions taken are summarized below:

- 1.1 Three (03) grants were reported by AGPR.
- 1.2 On presentation of grants, the Committee recommended regularization of the grants with the observation that delayed surrender of funds should be avoided.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1990-91

- i. **GRANT NO.133-NON-DEVELOPMENT EXPENDITURE OF MINISTRY OF WOMEN'S DEVELOPMENT.**
Saving Rs. 257,295/-

Audit pointed out that out of saving of Rs. 20,451,681 in the grant, a sum of Rs. 20,194,386 was surrendered, leaving a net saving of Rs.257,295.

The PAO informed the Committee that the saving was due to lower than anticipated expenditure on various schemes.

DIRECTIVE

The Committee recommended regularization of the grant with the observation that every effort should be made to surrender any and all saving in time.

ii. **GRANT NO.176-DEVELOPMENT EXPENDITURE OF MINISTRY OF WOMEN'S DEVELOPMENT.**

Saving Rs. 348,855/-

The PAO informed the Committee that the minor saving of Rs. 348,855 (0.24%) occurred due to the fact that money could not be released on account of non-receipt of physical / financial report on the schemes.

DIRECTIVE

The Committee recommended regularization of the grant.

iii. **GRANT NO.177-DEVELOPMENT EXPENDITURE OF SPECIAL PROGRAMME FOR WOMEN.**

Saving Rs. 26,004,528/-

Audit pointed out that if surrender of Rs. 25,000,000 after the prescribed date is taken into account, the net savings is Rs. 1,400, 528 only.

The PAO informed the Committee that the saving of Rs. 1 million approx was due to non-release of funds to the Staff Welfare Organization whose request was received late.

DIRECTIVE

The Committee recommended regularization of the grant with the observation that delayed surrender of funds should be avoided.
