



REPORT

OF THE

PUBLIC ACCOUNTS COMMITTEE

ON THE ACCOUNTS OF THE FEDERATION

FOR THE YEAR

1989-1990

NATIONAL ASSEMBLY SECRETARIAT
ISLAMABAD

وَإِنْ حَكَمْتَ فَاحْكُم بَيْنَهُم بِالْقِسْطِ

إِنَّ اللَّهَ يُحِبُّ الْمُقْسِطِينَ

(المائدة ٤٢)

But if thou judgest, judge between them with equity.
Lo! Allah loveth the equitable.

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PREFACE

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

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

The Public Accounts Committee is working indefatigably to update its business and complete the back-log. The PAC has also constituted four special Sub Committees for clearance of black-log. Out of these Sub-Committees, a Sub-Committee headed by Mrs. Yasmeen Rehman, MNA, finalized its report for the year 1989-90 and same has been approved by the PAC in its meeting on 17-12-2009.

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

We wish to acknowledge and place on record the guidance received from Chairman (PAC), Ch. Nisar Ali Khan, the Sub Committee Chairperson, Mrs. Yasmeen Rehman, the members of the Sub Committee, Sardar Ayaz Sadiq and Rana Mahmood-ul-Hassan. The work carried out by PAC wing of National Assembly Secretariat in preparation and finalization of the report is also appreciated.

KARAMAT HUSSAIN NIAZI

Secretary

National Assembly Secretariat

Islamabad, the 21st January 2010

PUBLIC ACCOUNTS COMMITTEE

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

**REPORT OF THE
PUBLIC ACCOUNTS COMMITTEE
ON THE ACCOUNTS OF THE FEDERATION
FOR THE YEAR
1989-1990**

EXECUTIVE SUMMARY

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

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

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

PAC REPORTS

3. The Former PAC, completed the examination of the Audit reports for the years 1988-89, 1995-1996 & 2000-2001 and prepared its Reports, which were laid before the House on November 20th, 2008 by the Chairman, (PAC) Ch. Nisar Ali Khan.

4. There were 12 Audit Reports pending for examinations, when current PAC met for first time in November 2008. The primary objective of the PAC, right from the beginning was to dispose off unfinished work related to previous years, which was an uphill task. For the speedy disposal of pending reports, the Committee constituted four sub-committees and allocated one year audit report to each sub-committee.

5. The Sub-Committee No.1 of the PAC started taking up for its examination the Federal Accounts/Audit Report for the year 1989-90. This Report contained 2271 audit paras. The Committee met regularly at least once or twice in a month to consider this report, keeping in view the schedule of the National Assembly sessions. The Sub-Committee held meetings for 36 days during that period including double sittings on some days.

APPROPRIATION ACCOUNTS OF THE FEDERAL GOVERNMENT

6. Annually compiled Appropriation Accounts of the Federal Government bring out the position of budgetary control of the government. Expenditure against each grant is discussed by the Committee with the respective Principal Accounting Officer in the context of public funds placed at their disposal by the National Assembly, and actual spending by the departments under their control. Financial control and budget management also came under detailed review.

7. In the course of examination of the Appropriation Accounts for the year 1989-90, the sub-committee reviewed 186 grants in Appropriation of Accounts for the year 1989-90. The Sub-Committee came across situations where excesses and savings were a regular feature. There was a liberal resort to supplementary grants, which in certain cases were obtained, towards close of the financial year, even though the original allocation was not consumed fully. Excesses even after receipt of generous supplementary allocations were also found in some cases.

8. The Sub-Committee repeatedly expressed concern over the state of financial indiscipline. While examining Appropriation Accounts in number of cases, the sub-

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

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

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

11. SIGNIFICANT IRREGULARITIES FOR THE YEAR 1989-90.

i). Avoidable expenditure of US \$ 10.05 million on the purchase of A-310-300 aircraft by PIA

In contravention of the policy and strategy laid down in the 7th Five Year Plan that aircraft will be procured on lease rather than outright purchase, Pakistan International Airlines Corporation entered into an agreement with M/s. Airbus Industries on 8th August, 1989 for the outright purchase of three A-310-300 aircrafts which were offered by the seller on 8th March, 1988 and accepted by PIAC on 22nd February, 1989. An advance payment of US\$ 450,000 was made in February, 1989. Deliveries of these aircraft were to be made in August, 1990 (one) and September, 1990 (two). The validity of the proposal was extended upto May, 1989 but the Corporation failed to get the approval from the Board within the stipulated period.

The delay in accepting the offer within the validity period caused a re-allocation and a new delivery schedule of May, August, and September, 1991 offered by the Seller. Thus the Seller availed the benefit of advance payment of US\$ 450,000 at the cost of the Corporation. The delay in acceptance of the proposal caused a net escalation of US\$ 10.05 million on three aircraft.

(M/o Defence Para No.154 AR-PSE1989-90 DGA CA & E Karachi)

PAC RECOMMENDATIONS

The PAC' Sub-Committee No.1 discussed this para in its meeting held on 16-01-09. The sub-committee directed the PAO to fix responsibility on the person(s) at fault and take action against those persons and make sure that decision making action should be taken quickly in future with a report to PAC within two weeks.

ii). Un-secured loan of Rs.39.00 million outstanding for recovery by NDFC.

National Development Finance Corporation (Z.0) Islamabad provided working capital of Rs.39 million during September 1987 to January 1989 to M/s Harmain (Pvt) Ltd. against hypothecation of finished stocks, raw materials, book debts and receivable in addition to charge on fixed assets covering the above term financing. The facility was provided for the completion of a contract for construction of class rooms under the "Second Primary Education Project".

Despite the fact that heavy amount of Rs.39 million was loaned, the Project has not so far become commercially viable. The facility was valid for a period of one year from the date of disbursement of loan but the borrowing firm failed to pay back even a single installment. An special inspection carried out by a team of N.D.F.C. revealed that there was no charge of National Development Finance Corporation on the pledged stock as the management of M/s. Harmain (Pvt) Ltd. ousted the Muqqaddam appointed by the National Development Finance Corporation from the premises of the Godown. It was also mentioned in the report that stock worth Rs.7.4 million was lying in the Godown against the working capital facility of Rs.39 million. The loan facility awarded to the firm is thus, unsecured.

(M/o Finance Para No. 277 AR-PSE1989-90 DGA CA & E Karachi)

PAC RECOMMENDATIONS

The PAC' Sub-Committee No.1 discussed this para in its meeting held on 22-04-09. The Sub-Committee of the PAC directed the ministry to persue the case and try to auction the property at the end of May with a report to PAC.

iii). Suspected loss of Rs.71.399 million and undue favour in granting of project Loan by ADBP.

Agricultural Development Bank of Pakistan (H.O) Islamabad sanctioned a loan of Rs.27.850 million in August 1982 for setting up a milk plant in Chak No.132/RP Tehsil Sadiqabad against total project cost of Rs. 49.200 million. An additional loan of Rs. 6.950 million was sanctioned to the party on 2 April 1983. Third loan of Rs.2.000 million was also sanctioned on 30 September 1984 to meet the cost over-run of the project. A loan of Rs.5.700 million for working capital was sanctioned to the Party on 17 December 1984 for the fourth time which was recoverable in lump sum after 6 months of disbursement i.e by 12 August 1985. Another working Capital loan of Rs.2.000 million was again sanctioned to the Party on 4 September 1986 for the purchase of raw milk and plastic molding compound for a period of one year from the date of disbursement of first loan installment. Thus a total of Rs.44.500 million was sanctioned upto September, 1986 out of which Rs.44.327 million were disbursed to the party during the period from 25 November 1982 to 11 November, 1986. The fixed investment loan was recoverable in 8 years in equal half yearly installment with 2 year grace period commencing form 7 January 1985. The party did not pay the due installments and on their request the repayment of loan was rescheduled on 4 September 1986 to commence from July 1987 and that of working capital loan form February 1987.

The project was closed in April 1987. The party did not honour their commitment of the repayment of loan and only an amount of Rs.0.500 million was recovered on 20 May 1987. The outstanding loan alongwith interest accrued thereon stood at Rs.71.399 million as on 30 April 1989. The bank management continued making further payments of loan despite the default by the party. The action of the Bank's management in granting additional loans to a party already in default was not justified and was tantamount to an undue favour to the loanee.

The expected loss was brought to the notice of the management in August 1989. In their reply dated 6 February 1990 it was stated by the management that the additional loan to the party was sanctioned after rescheduling of the marketing problems and mis-management. The Bank held that no undue favour had been extended to the borrowers as the Bank had to finance the project to put it in operation to save the Bank's funds. In order to reactivate the project, the management said that it was considering to hand over the plant to a prospective investor after examining the legal aspects and that the amount in default had been referred to the Collector for recovery as arrears of land revenue and that further loaning in this sector had also been stopped.

(M/o Finance Para No.226 AR-PSE1989-90 DGA CA & E Lahore.)

PAC RECOMMENDATIONS

The PAC' Sub-Committee No.1 discussed this para in its meeting held on 22-04-09 and directed the management to recover the amount as early as possible and if bank needs legal support of the Government then be informed the PAC.

iv). Blockage of government taxes on account of over storage Rs. 335.559 Million-FBR

Audit pointed out that goods were not got cleared on payment of taxes within the prescribed period by a number of bonders nor any extension of ware-housing period sought as required under section 98 of the Customs Act, 1969. Consequently, government revenue of Rs. 335, 559,492 on account of customs duty, sale tax, surcharge and Iqra surcharge remained blocked under the jurisdiction of six Collectorates.

The PAO informed the Sub-Committee that an amount of Rs. 148,842,124 has been recovered leaving an amount of Rs. 152,233,585/-. An amount of Rs. 34.484 million is subjudice in the Court of Law.

(FBR Para No. 9.15 (a) AR-1989-90 DGA RRA Lahore)

PAC RECOMMENDATIONS

The PAC' Sub-Committee No.1 discussed this para in its meeting held on 23-01-09. The PAC' Sub-committee recommended the para for settlement where the recovery has been made, subject to verification by Audit. The Sub-Committee also directed the PAO to dispose off the other cases with a report to PAC within one month.

v). **Loss of government revenue of Rs. 67.229 million-FBR.**

Audit pointed out that consignments of bonded goods were burnt in a fire accident on 09-06-1989. Despite the expiry of one year, neither any survey was got conducted from approved surveyors nor government taxes of Rs.67,229,045 were recovered from the bonder or insurance company. The PAO informed the Sub-Committee that a case was lodged with NAB for recovery.

(FBR Para No. 9.16 AR-1989-90 DGA RRA Lahore)

PAC RECOMMENDATIONS

The PAC' Sub-Committee No.1 discussed this para in its meeting held on 23-01-09. The Sub-Committee directed the PAO to get information from NAB about the case and deferred the Para for one month. The Sub-Committee also directed the PAO to provide the detailed report to PAC regarding the subject para and partial recovery position of the para recommended for settlement subject to verification of the record by Audit.

vi). **Loss of revenue amounting to Rs.1,212,070,877 due to illegal cancellation of assessments-FBR.**

Audit pointed out that during test check it was noticed that in case of a limited company tax charged on income derived from "cement development fund" from 1976-77 to 1986-87 was unlawfully deleted by the Zonal Commissioner/Regional Commissioner on the basis of an agreement with the assessee who compromised to pay the tax on such income from 1987-88 onward. This caused loss of Rs. 1,212,070,877.

The PAO informed the Committee that observation was discussed in the DAC meeting held in August, 2007. The department contested the para on the plea that opinion of law division holding the sum in question as taxable was delivered so as it was applicable from the assessment year 87-88 onwards. Already completed

assessments for 1976-77 to 86-87 were not covered by this legal opinion as assessments had already been completed and finalized. Since closed transaction cannot be reopened on receiving fresh interpretation of law, therefore, sum in question was not liable to be taxed during these years. The real issue in this case is not agreement between two ministries but the fact whether closed transactions can be reopened or not. The audit has pointed out that there is no provision in the law to waive the tax demand. This is incorrect. Section 165 (2)(c) of the Income Tax Ordinance, 1979 provides for such an authority.

(FBR Para No.4.5 AR-1989-90 DGA I.T Lahore)

PAC RECOMMENDATIONS

The PAC' Sub-Committee No.1 discussed this para in its meeting held on 23-01-09. The Sub-Committee directed the FBR and Audit to prepare a summary on the issue and get the legal opinion of the Attorney General of Pakistan with a report to PAC.

SIGNIFICANT ISSUES

12. It was regularly observed that the response of the Ministries and Departments to the audit observations is not satisfactory. Even the routine matters, which could easily have been sorted out between the audit and Departments concerned do not receive timely attention. The Committee did receive the required response from the Departments after the formal notices for its meetings were issued, however, it does not mean that all cases reported in Audit Reports are kept pending till the review by the PAC. To arrive at some agreeable solutions of the issues contained in the audit paras before the PAC meetings an important forum of the Department Accounts Committee (DAC) was activated. The result of the DAC meetings proved to be very useful and it helped in accelerating the disposal of issues by the PAC. The Committee has emphasized that in future the settlement of audit observations and reconciliation of accounts would be the primary responsibility of the Principal Accounting Officers.

The PAC directed the Ministries/Divisions/Departments to.-

- (a) take necessary action by holding the meetings of DACs once a month to review audit paras at the earliest opportunity;
- (b) review, at regular interval, the progress of all the pending audit paras;

- (c) initiate disciplinary action in the cases in time, where required; and
- (d) complete action at their end and try to settle disagreements with the Audit where possible, within three months of the receipt of Audit Report.

13. Generally, it was observed that some of the Principal Accounting Officers (PAOs)/Head of the Corporations/ Autonomous bodies either hesitate to appear before the PAC personally, even when attended the meetings, they were found not prepared fully. During the meetings, they were often obliged to seek the assistance of their subordinates, sometimes at a very low level. This practice has been discouraged by the PAC.

RELUCTANCE TO PRODUCE RECORD TO AUDIT

14. The PAC time and again observed the reluctance of Ministries/Divisions to produce the required record to the Audit, resulting unnecessary audit objections, which also consume valuable time of the PAC. The Committee directed that the proper record be maintained and produced before the Audit as and when required.

OFFICE OF THE AUDITOR-GENERAL OF PAKISTAN

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

NATIONAL ASSEMBLY SECRETARIAT

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

CONCLUDING REMARKS

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

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

(ii) Excess budget statements for the year 1989-90 be regularized in accordance with the provisions of the Constitution.

KARAMAT HUSSAIN NIAZI
Secretary
National Assembly Secretariat

CH. NISAR ALI KHAN
Chairman
Public Accounts Committee

Islamabad, the January 21st, 2010.

**EXCESS BUDGET STATEMENT
DETAILS OF EXCESS EXPENDITURE
FOR THE YEAR 1989-1990**

EXCESS BUDGET STATEMENT FOR THE YEAR 1989-90

SL. No.	Name of Ministries /Division/ Department and date of Meeting	Grant NO. & name of Grant	Original Grant	Supplementary Grant	Final Grant	Actual Expenditure	Excess	PAC Recommendation
1		2	3	4	5	6	7	8
1	M/O Food, Agriculture & Livestock 23-08-2006	157- Development Expenditure of Agriculture Research Division. (OTC)	114,743,000	30,000,000	144,743,000	182,599,564	37,856,564	missing
		158- Development Expenditure of Livestock Division (OTC)	140,525,000	1,316,000	141,841,000	143,342,135	1,501,135	The Committee recommended the excess for regularization
		188- Capital Outlay on Food Storage and other Works (OTC)	92,000,000	---	92,000,000	93,952,689	1,952,689	-do-
2	M/O Communication 24-08-2006	24- Other Expenditure of Ministry of Communication (OTC)	277,841,000	59,450,000	337,291,000	407,639,021	70,348,021	The Committee recommended the excess for regularization
3	M/O Railway 23-03-2007	194- Capital Outlay on Pakistan Railways (OTC)	464,667,000	58,000,000	522,667,000	530,291,000	7,624,000	The Committee recommended the excess for regularization
4	Planning & Development Division 04-09-2007	170- Development Expenditure of Planning & Development Division (OTC)	159,032,000	5,000,000	164,032,000	186,891,201	22,859,201	The Committee recommended the excess for regularization
5	Religious Affairs and Minorities Affairs 05-11-2007	118- Other Expenditure of Ministry of Religious Affairs and Minorities Affairs. (OTC)	64,990,000	895,000	65,885,000	69,058,174	3,173,174	The Committee recommended the excess for regularization
6	Ministry of State & Frontier Regions 25-11-2008	122- Frontier Regions. (OTC)	256,474,000	-----	256,474,000	273,193,017	16,719,017	The Committee recommended the excess for regularization
		123- Frontier Constabulary. (OTC)	304,945,000	---	304,945,000	310,860,660	5,915,660	Missing

		128- Afghan Refugees (OTC)	933,599,000	197,745,000	1,131,344,000	1,163,498,731	32,154,731	The Committee directed the AGPR to reconcile the figure with Ministry and submit report within two weeks
7	Ministry of Sports 12-01-2009	25- Culture, Sports and youth Affairs Division. (OTC)	12,639,000	5,530,000	18,169,000	18,401,814	232,814	The Committee recommended the excess for regularization
8	Ministry of Housing & Works 13-01-2009	74- Works Division (OTC)	6,115,000	1,089,000	7,204,000	8,931,212	1,727,212	The Committee recommended the excess for regularization
		75- Civil works (Charged) (OTC)	5,250,000 302,423,000	28,,662,00	5,250,000 331,085,000	7,478,712 355,549,158	2,228,712 24,464,958	-do
		77- Federal Lodges	6,161,000	70,000	6,231,000	6,424,057	153,057	-do-
		78- Other Expenditure of works Division	1,356,00		1,356,000	1,412,280	56,280	-do-
		163- Development Expenditure of Works Division (Charged)	---	1,400,000	1,400,000	2,210,274	810,274	-do-
9	Federal Board of Revenue (FBR) 23-01-2009	47- Central Board of Revenue (OTC)	25,290,000	6,933,000	32,223,000	35,415,453	3,192,453	The Committee recommended the excess for regularization
		48- Sea Customs	97,678,000	13,174,000	110,652,000	112,375,524	1,523,524	-do-
		50- Taxes on Income and Corporation Tax (OTC)	226,759,000	25,165,000	251,924,000	254,286,943	2,362,943	-do-
10	Cabinet Division 30-01-2009	1- Cabinet (OTC)	12,890,000	114,000	13,004,000	13,141,365	137,365	The Committee regularized the excess
		2- Cabinet Division (OTC)	179,585,000	166,630,000	346,215,000	357,945,530	11,730,530	-do-
		15- Stationary and Printing (OTC)	87,011,000	87,016,451			5,451	-do-
11	Ministry of Education 16-04-2009	35- M/o Education	59,336,000	12,731,000	72,067,000	77,338,390	5,271,390	The Committee recommended the excess for regularization
		36- Education (OTC)	1,249,410,000	89,819,000	1,339,229,000	1,361,108,876	21,879,876	-do-

12	Ministry of Defence 16-04-2009	29- Defence Division	830,080,000	1,391,480,000	2,221,560,000	2,364,758,855	143,198,855	The Committee recommended the excess for regularization
		30- Aviation Division. (OTC)	202,361,000	---	202,361,000	203,727,534	1,366,534	-do-
		38- Federal Government Educational Institutions in Cantonments and Garrisons. (OTC)	193,390,000	---	193,390,000	202,675,552	9,285,52	-do-
		184- Capital Outlay on aviation Division. (OTC)	16,000,000			27,673,314	11,673,314	-do-
13	Ministry of Interior 21-04-2009	90- Islamabad (OTC)	140,187,000	29,937,000	170,124,000	171,384,458	1,260,458	The Committee recommended the excess for regularization
		92- Civil Armed forces (OTC)	1,266,462,000	32,787,000	1,299,249,000	1,366,457,500	67,208,500	-do-
		95- Registration Organization. (OTC)	114,197,000	3,116,000	117,313,000	118,812,231	1,499,231	-do-
		96- Civil Defence (OTC)	12,521,000	686,000	13,207,000	13,377,982	170,982	-do-
		97- Federal Investigation Agency (OTC)	62,416,000	1,704,000	64,120,000	70,594,129	6,474,129	-do-
		165- Development Expenditure of Ministry of Interior and Narcotics Control.	135,000,000	8,340,000	143,340,000	191,511,365	48,171,365	-do-
14	Ministry of Information Broadcasting 21-04-2009	86- Information Services Abroad. (OTC)	46,465,000	15,158,000	61,623,000	63,626,942	2,003,942	The Committee recommended the excess for regularization
		87- Pakistan National Centres. (OTC)	15,404,000	---	15,404,000	16,157,580	753,580	-do-
15	Ministry of Finance 22-04-2009	41- Superannuation Allowances and Pensions. (OTC)	992,721,000	127,865,000	1,120,586,000	1,227,770,825	107,184,825	The Committee recommended the excess for regularization

		43- Other Expenditure of Finance Division (OTC)	954,220,000	122,878,000	1,077,098,000	3,314,238,086	2,237,140,086	-do-
		46- Subsidies and Miscellaneous Expenditure. (Charged)	---	765,000	765,000	765,202	202	-do-
		186- Capital Outlay on Special Development Programmes of Provinces. (OTC)	3,325,000,000	---	3,325,000,000	3,539,032,364	214,032,364	-do-
		187- Development Loans and Advances by the Federal Government. (Charged)	12,656,833,000	---	12,656,000	13,725,735,951	1,068,902,951	-do-
16	Ministry of Health 22-04-2009	66- Health Division. (OTC)	28,091,000	---	28,091,000	30,320,363	2,229,363	The Committee recommended the excess for regularization
		67- Medical Services. (OTC)	466,620,000	32,466,000	499,086,000	499,991,423	905,423	-do-
17	Ministry of Foreign Affairs 22-04-2009	65- Other expenditure of M/O Foreign Affairs (charged)	28,350,000	---	28,350,000	36,856,312	8,506,312	The Committee recommended the excess for regularization
		189 Capital Outlay on works of M/O Foreign Affairs Division	30,000,000	---	30,000,000	30,241,707	241,707	-do-
18	M/O Law, Justice and Parliamentary Affairs 08-06-2009	100- Law and Justice Division. (OTC)	18,379,000	39,345,000	57,724,000	60,426,126	2,702,126	The Committee recommended the excess for regularization
19	Manpower & Overseas Pakistanis Division 09-06-2009	105- Manpower & Overseas Pakistanis Division. (OTC)	54,710,000	9,311,000	64,021,000	66,086,447	2,065,447	The Committee recommended the excess for regularization
20	Kashmir Affairs and Northern Affairs Division 09-06-2009	130- Northern Areas. (OTC)	256,593,000	13,230,000	269,823,000	270,387,753	564,753	The Committee recommended the excess for regularization
		131- Federal Government Educational Intuitions	78,334,000	498,000	78,832,000	84,046,633	5,214,633	-do-

		in Northern Areas (OTC)						
		174- Development Expenditure of Kashmir Affairs and Northern Affairs Division.	554,150,000	---	554,150,000	575,033,876	20,883,876	-do-
21	Economic Affairs Division 22-06-2009	Repayment of Short term Foreign Credit. (Charged)	5,634,500,000	253,576,00	5,888,076,000	5,913,161,773	25,085,773	The Committee recommended the excess for regularization
22	M/O Population & Welfare 30-06-2009	171- Development Expenditure of Population Division	445,500,000	23,000,000	468,500,000	529,532,153	61,032,153	The Committee recommended the excess for regularization
23	Pakistan Atomic Energy Commission 30-06-2009	12- Atomic Energy (OTC)	405,999,000	---	405,999,000	804,946,000	398,947,000	The Committee recommended the excess for regularization
24	Special Education and Social Welfare division 30-06-2009	70- Other Expenditure of Social Welfare (OTC)	130,000	---	130,000	150,659	20,659	The Committee recommended the excess for regularization
25	Establishment Division 30-06-2009	6- Establishment Division (OTC)	72,989,000	4,742,000	77,731,000	81,291,024	3,560,024	The Committee recommended the excess for regularization

REPORTS

CABINET DIVISION

1. Overview

Appropriation Accounts (Civil- Vol-1) and Audit Report of Federal Govt., for the year 1989-90 pertaining to Cabinet Division were taken up for examination by Committee No.1 of the Public Accounts Committee (PAC) on 30-01-2009.

1.1 Nine (09) Grants were reported by AGPR. 14 Paras of the Audit Report were presented by Audit.

1.2 On presentation of the Grants, the committee recommended the saving/excess of the Grants for regularization with direction to PAO to be careful in future. On the recommendation of the Audit, the committee recommended 12 Paras of the Audit Report for settlement with the direction to PAO to improve the system and be careful in future. In one case, the PAO was directed to recover the amount from PTCL within one month and to follow rules strictly in future. In another case, PAO was directed to negotiate with M/o Finance to resolve the issue.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL VOL-I, 1989-90)

2.1 i) **Grant # 1-Cabinet.**
(Excess Rs. 137,365)

AGPR pointed out that the excess worked out to 1.05% of the total grant. A supplementary grant of Rs. 120,000 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account the excess shall be decreased to Rs. 17,365 (0.13%).

The PAO informed the Committee that a supplementary grant was obtained for the visit of the Ministry for United Kingdom and amount was not utilized in time.

ii. **Grant # 2-Cabinet Division.**
(Excess Rs. 11,730,530)

AGPR pointed out that the excess worked out to 3.38% of the total grant. A supplementary grant of Rs. 12,401,000 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account the

excess shall be converted into saving Rs. 670,470(0.18%). An amount of Rs. 520,500 (0.14%) was surrendered leaving net saving of Rs. 149,970 (0.04%).

The PAO informed the Committee that an amount of Rs. 520,500 was surrendered timely leaving net saving of Rs. 149,970.

PAC DIRECTIVE

After hearing the Ministry's reply, the Committee recommended the above excesses of the two Grants for regularization with direction to be careful in future.

3.1 i. **Grant # 3-Emergency Relief and Repatriation.**

(Saving Rs. 4,374,767)

AGPR pointed out that the saving worked out to 8.34% of the total grant.

The PAO informed the Committee that the amount related to flood affectees. The tents and blanket were not purchased in time and saving was occurred.

ii. **Grant # 4-Land Reforms.**

(Saving Rs. 326,227)

AGPR pointed out that the saving worked out to 5.60% of the total grant. An amount of Rs. 131,000 (2.25%) was surrendered leaving net saving of Rs. 195,227 (3.35%).

The PAO informed the Committee that purchasing order was placed to buy a vehicle, but not delivered timely, due to this the saving was occurred.

iii. **Grant # 15-Stationery and Printing.**

(Excess Rs. 5,451)

AGPR pointed out that the excess worked out to 0.006% of the total grant. An amount of Rs. 1,683,151 (1.93%) was surrendered increasing net excess to Rs. 1,688,602 (1.94%).

iv. **Grant # 138-Capital outlay on land reforms.**

(Saving Rs. 4,948,400)

AGPR pointed out that the saving worked out to 24.21% of the total grant. An amount of Rs. 4,197,300 (20.53%) was surrendered leaving net saving of Rs. 751,100 (3.67%).

The PAO informed that the Committee that the grant related to Federal Land Commission of Pakistan. This amount was released to Balochistan but not utilized timely.

v. **Grant # 143-Development Expenditure of Cabinet Division.**
(saving/excess Nil)

The budget provision was fully utilized.

vi. **Grant # 177-Capital outlay on works of Cabinet Division.**
(Saving Rs. 800,000/-)

AGPR pointed out that the saving worked out to 0.19% of the total grant. The entire saving was surrendered.

PAC DIRECTIVE

After hearing the Ministry's reply, the Committee recommended the above excesses/savings of the 6 Grants for regularization.

4. **Grant # 5-Other expenditure of Cabinet Division.**
(Saving Rs. 64,200,621/-)

AGPR pointed out that the saving worked out to 24.47% of the total grant. An amount of Rs. 1,429,163 (0.54%) was surrendered leaving net saving of Rs. 62,771,458 (23.93%).

The PAO informed the Committee that the above grant was given to CDA but the amount was not released to CDA by the Finance Division.

PAC DIRECTIVE

After hearing the Ministry reply, the Committee recommended the above saving of the grant for regularization subject to verification of fact/reasons of saving by AGPR.

AUDIT REPORT FOR THE YEAR 1989-90
NATIONAL ARCHIVES

5.

- i. **Para 5.1 (Page-35-AR)**
Non-recovery of Income Tax on Sale of Property
Rs. 122,500/-
- ii. **Para 5.2 (Page-35-AR)**
Outstanding inspection reports and audit notes in CDA, Islamabad.
- iii. **Para 5.3 (Page-36-AR)**
Irregular payment of Rs. 16.210/-
- iv. **Para 5.4 (Page-36-AR)**
Overpayment of Rs. 69,900/- due to Non-utilization of Available Earth.
- v. **Para 5.4 (Page-36-AR)**
Overpayment of Rs. 69,900/- due to Non-utilization of Available Earth.

PAC DIRECTIVE

On the recommendations of the Audit, the Committee recommended the above paras for settlement with direction to improve the system and be careful in future. The Committee also not satisfied what was happened in past.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES
(VOLUME-VIII) FOR THE YEAR 1989-90

6. **Para 17 (Page-15-ARPSE)**
Deputy Controller Stationery and Forms Karachi

Audit pointed out that sundry debtors amounted to Rs. 3.602 million as on 30th June, and against Rs. 5.592 million as on 30th June, 1989. The position of recovery encouraging. However, these included outstanding from 1961-62 to the year 1989-90 which either need to be recovered or written off under the orders of the competent authority.

The PAO informed the Committee that an amount of Rs. 27.563 million has been recovered from PPO & PTCL leaving a balance of Rs. 4.27 million against the PTCL. The PAO also informed that a letter has been written to the Chief of the PTCL for remaining recovery and it will be finalized with one month.

PAC DIRECTIVE

After hearing the Ministry's reply, the Committee directed the PAO to recover that amount from the PTCL within one month otherwise markup should be recovered from the PTCL and Rules should be followed strictly in future. Follow up action will be monitored by the Implementation of the PAC Sectt.

7.

- i. **Para 15 (Page-15-ARPSE)**
- ii. **Para 16 (Page-15-ARPSE)**
- iii. **Para 18 (Page-15- ARPSE)**
- iv. **Para 19 (Page-16- ARPSE)**
- v. **Para 20 (Page-16- ARPSE)**
- vi. **Para 21 (Page-16- ARPSE)**
- vii. **Para 22 (Page-16- ARPSE)**

PAC DIRECTIVE

On the recommendations of the Audit, the Committee recommended the above seven paras for settlement.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES 1989-90 **PRINTING CORPORATION OF PAKISTAN**

8. **Para 04 (Page 08-ARPSE)**
Printing Corporation of Pakistan (Pvt) Limited.

Audit pointed out that the sales of the Corporation increased from Rs. 150.385 million in the previous year to Rs. 277.456 million during the year under review showing an increase of 84.51% whereas the cost of sales showed an increase of 86.20%. The operating expenses of the corporation increased from Rs. 25.992 million of the previous years to Rs. 44.567 million showing an increase of 71.46% over the expenditure of the year 1985-87. The increasing trend of operating expenses needs to be controlled. The financial result of the Corporation are not satisfactory because on account of increasing losses every year the accumulated loss stood at Rs. 93.114 million up to 30th June, 1988. All out efforts are required to be made to improve the overall operational activities of the Corporation.

The PAO informed the Committee that the Cooptation is facing accumulated losses which have reached over Rs. 1 billion. Privatization of PCP was declared in October, 2004 but it is not yet materialized. Idle Labour crossed more than 50% production Labour. The main reason of loss is the government decision in 2001 that a Secretary can permit a NOC for printing outside the Printing Corporation of Pakistan.

PAC DIRECTIVE

The Committee directed the Ministry to negotiate with Ministry of Finance for withdrawn of this Division of 2001 regarding NOC because this is a big problem, main reason of loss and carry out the efforts to improve the system.

9. Para-09 (Page 10-ARPSE)

Irregular expenditure of Rs. 4.852 million due to employment of staff in excess of sanctioned strength

Audit pointed out that Printing Corporation of Pakistan Press, Islamabad in many cadres the existing strength of the staff employed was much in excess of the sanctioned strength. As such an expenditure of Rs. 4.852 million was made on account of pay and allowances of 110 excess employees without sanction for the posts against them during the year 1989-87 to 1988-89.

The PAO informed the Committee that posting staff strength of PCP Press, Islamabad during the year 1986-89 (on the basis of calendar year) was as under

Year	Posted Strength
1986	664
1987	665
1988	695
1989	695

On the basis of special Committee report 1980, the strength of Islamabad Press was determined as 654. As such, the difference in posted and proposed strength was only 20 to 41 for the years 1986-89 respectively. After the year 1986 the staff was appointed due to instruction of new composing system i.e. laser composition and introduction of offset printing system, which was unavoidable. The approval of the competent authority was sought before creation/appointment of posts.

PAC DIRECTIVE

The Committee recommended the para for settlement.

MINISTRY OF COMMUNICATIONS

1. Overview

Appropriation Accounts (Civil- Vol-1) of the Federal Govt. and Audit Reports for the year 1989-90 pertaining to M/o Communication were taken up for examination by Public Accounts Committee (PAC) of the Public Accounts Committee (PAC) on 24-08-2006.

- 1.1 Six (06) Grants were reported by AGPR. 37 Paras of the Audit Report on National Highway Authority and 29 Paras of Audit Report on Pakistan Post Office Department were presented by Audit.*
- 1.2 On presentation of the Grants, the Public Accounts Committee (PAC) recommended 03 Grants for regularization. Saving in 01 Grant was recommended for regularization subject to verification by AGPR and 02 Grants were recommended by Public Accounts Committee (PAC) for settlement on the recommendation of the Audit.*
- 1.3 The Public Accounts Committee (PAC) recommended 04 Paras of AR on NHA subject to verification by Audit. In 01 case, the Public Accounts Committee (PAC) endorsed the decision of Chairman, gave some directions and directed to submit a report to PAC within one month. Regarding the remaining 32 Paras, the Public Accounts Committee (PAC) directed to implement the decisions of DAC under report to PAC.*
- 1.4 Regarding 27 Paras of Audit Report on Pakistan Post Office Department, the Public Accounts Committee (PAC) directed the PAO to implement the decisions of DAC. In one case, the Public Accounts Committee (PAC) recommended the Para for settlement subject to NOC/Ex-post fact approval from Cabinet Division for purchase of vehicles of Rs.3.822 million. In another case, the Public Accounts Committee (PAC) endorsed the decision of DAC and also showed displeasure against the Post Master General for irregular purchase of furniture worth Rs.1.62 million.*

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS CIVIL Vol-I-1989-90

- 2.1 i) **Grant # 19-Ministry of Communications (Total Grant Rs 12,374,000)**
(Saving Rs 1,023,039)
- ii) **Grant # 24-Other Expenditure of Ministry of Communications**
Excess 70,348,021)
- iii) **Grant # 182-Capital Outlay on Communications Works (**
(Saving/Excess Nil)

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the above three grants for regularization.

- 2.2 **Grant # 148-Development Expenditure of Ministry of Communications**
(Saving Rs 175,795,319)

The AGPR pointed out that the saving worked out to 15.82% of the total grant. A supplementary grant of Rs 35,000,000 was sanctioned but not included in the Supplementary Schedule of authorized expenditure. After taking it into account the saving should be increased to Rs 210,795,319 (18.39). An amount of Rs 54,424,000 (4.75%) was surrendered leaving net saving of Rs 156,371,319 (13.64%).

The PAO informed the Public Accounts Committee (PAC) that the saving was accounted due to non-release of 212 million to EAD and the Ministry had released the amount related to all provinces intime.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the saving of the grant for regularization subject to verification of the documents by AGPR.

AUDIT REPORT FOR THE YEAR 1989-90

NATIONAL HIGHY AUTHORITY

2.3 Audit Para # A-1.1, Page-31-1989-90

Overpayment of Rs 54,657,085

Audit pointed out that a formation of the Authority paid a quantity of 1271095 cm for the item of work “formation of embankment from borrow excavation in common material with all leads” at the revised rate of Rs 113 per cm instead of Rs 70/ per cm. This resulted in overpayment of Rs 54,657,085/- to the contractor in March 1995.

The Chairman NHA informed the Public Accounts Committee (PAC) that he will inquire the matter, recover the amount in question, fix responsibility and will submit a report to PAC within one month.

PAC DIRECTIVE

The Public Accounts Committee (PAC) endorsed the decision of the Chairman NHA and directed the Chairman NHA to inquire the matter, recover the amount, fix responsibility with a report to PAC/Audit within one month. Follow up action will be pursued by the Implementation Committee of PAC Secretariat.

2.4 Audit Para # A-1.2, Page-32-1989-90

Excess payment of Rs 3,925,284

Audit pointed out that a formation of the authority approved and paid excessive rates for the additional items of work by adding extra cost in the rate analysis of the items. This resulted in excess payment of Rs 3,925,284/ to a contractor.

The Chairman NHA informed that rate of non-BOQ items were approved by the competent authority and payment was made accordingly. This contract was awarded to Italian Company on rate basis value. It was a new technology introduced in the country and there was no favour to the contractor.

PAC DIRECTIVE

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

2.5 Audit Para # A-1.3, Page-32-1989-90

Loss of Rs 41.43 million

Audit pointed out that a formation of the authority before the date of opening of tenders of a project asked the participating bidders through addendum No. 1 to quote cost of construction of the project on the basis of 30 months and 36 months completion period. The 1st lowest bidder offered the cost of Rs 2071.44 million for 30 months and Rs 2030.01 million for 36 months. The authority however, accepted the bid at higher cost of Rs 2071.44 million for 30 months (ignoring 2% rebate offered for 36 months completion period judiciously stipulated during the process of calling the tenders) but failed to manage completion of the work within the stipulated period (30 months) and extended the completion period upto 40 months without any penalty/rebate. Thus the Government was put to a deliberate loss Rs 41.43 million due to wrong award of work.

The Chairman NHA informed the Public Accounts Committee (PAC) that in DAC it was decided that the department will justify the delay in execution of work and rejection of bid of the contractor for 36 months (in which the contractor offered 2% rebate over the original bid rates submitted for the period of 30 months) with reference to the cogent reasons within a period of two weeks. The Chairman NHA assured the committee that the documents are ready for verification.

PAC DIRECTIVE

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

2.6 i) **Audit Para # B-1.1, Page-46-1989-90**

Non-recovery of Rs 733.54 million

ii) **Audit Para # B-1.1, Page-46-1989-90**

Non-recovery of Rs 733.54 million

Audit pointed out that a formation of the authority failed to effect recovery of Mobilization advance from the contractors according to the provision made in the contract agreements. This resulted in non-recovery of Rs 733,540,682/.

The Chairman NHA informed the Public Accounts Committee (PAC) that the amount of mobilization advance of Rs 111.81 million against contract No. 12B has been verified by the Audit and balance amount should be recovered shortly.

PAC DIRECTIVE

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

2.7 **Audit Para # B-11.1, Page-47-1989-90**

Non-recovery of Rs 27.054 million

Audit pointed out that a formation of the authority made payments for handling charges of letter of credit but did not recover the same from the contractors contrary to clause of the agreement. The amount of non-recovery on this account accumulated from Rs 485,413,53 to Rs 27,054,408,39 during November 1993 to March 1995.

The Chairman NHA informed the Public Accounts Committee (PAC) that the DAC decided that the department will refer the matter to the M/o Finance and Law Division for clarification in light of agreement clauses within a period of 15 days. The matter was referred to M/o Finance and M/o Law for further guidance. As soon as the final decision accorded, it would be complied with accordingly.

PAC DIRECTIVE

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

2.8 **Audit Para # C-1.1, Page-49-AR-1989-90**

Loss of Rs 86.769 million

PAC DIRECTIVE

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

- 2.9
- i) **Audit Para # A-1.4, Page-33-AR-1989-90**
Overpayment of Rs 3,794,667
 - ii) **Audit Para # A-1.5, Page-34-AR-1989-90**
Overpayment of Rs 2,924,598
 - iii) **Audit Para # A-1.6, Page-34-AR-1989-90**
Excess payment of Rs 624,820
 - iv) **Audit Para # A-1.7, Page-35-AR-1989-90**
Excess payment of Rs 195,980
 - v) **Audit Para # A-1.8, Page-35-AR-1989-90**
Overpayment of Rs 78,000
 - vi) **Audit Para # A-11.1, Page-36-AR-1989-90**
Overpayment of Rs 2,818,678
 - vii) **Audit Para # A-11.2, Page-36-AR-1989-90**
Overpayment of Rs 2,465,610
 - viii) **Audit Para # A-11.3, Page-36-AR-1989-90**
Overpayment of Rs 287,546
 - ix) **Audit Para # A-11.4, Page-37-AR-1989-90**
Overpayment of Rs 66,430
 - x) **Audit Para # A-11.5, Page-37-AR-1989-90**
Overpayment of Rs 54,948
 - xi) **Audit Para # A-111.1, Page-38-AR-1989-90**
Overpayment of Rs 1,160,725
 - xii) **Audit Para # A-111.2, Page-39-AR-1989-90**
Overpayment of Rs 942,995
 - xiii) **Audit Para # A-IV.1, Page-39-AR-1989-90**
Overpayment of Rs 34,430,485
 - xiv) **Audit Para # A-IV.2, Page-39-AR-1989-90**

- xv) Excess payment of Rs 24,831 million
Audit Para # A-IV.3, Page-40-AR-1989-90
Overpayment of Rs 13,674,118
- xvi) **Audit Para # A-IV.4, Page-41-AR-1989-90**
Excess payment of Rs 518,400
- xvii) **Audit Para # A-V.1, Page-41-AR-1989-90**
Overpayment of Rs 12.543 million
- xviii) **Audit Para # A-V.2, Page-42-AR-1989-90**
Excess payment of Rs 1.223 million
- xix) **Audit Para # A-VI.1, Page-42-AR-1989-90**
Double payment of Rs 1,893,877
- xx) **Audit Para # A-VI.2, Page-43-AR-1989-90**
Double/unauthorized expenditure of Rs 7,014,700
- xxi) **Audit Para # A-VI.3, Page-43-AR-1989-90**
Bogus payment of Rs 876,141
- xxii) **Audit Para # A-VI.4, Page-44-AR-1989-90**
Fictitious payment of Rs 299,073
- xxiii) **Audit Para # A-VII.1, Page-44-AR-1989-90**
Double payment of Rs 2,085,656
- xxiv) **Audit Para # A-VII.2, Page-45-AR-1989-90**
Overpayment of Rs 217,636
- xxv) **Audit Para # A-VIII.1, Page-45-AR-1989-90**
Excess payment of Rs 3,627,037
- xxvi) **Audit Para # B-1.2, Page-47-AR-1989-90**
Non-recovery of Rs 636 million
- xxvii) **Audit Para # B-1.3, Page-47-AR-1989-90**
Non-adjustment of advances worth of Rs 3,639,538
- xxviii) **Audit Para # B-111.1, Page-48-AR-1989-90**
Non-recovery of Income Tax Rs 60,225
- xxix) **Audit Para # C-11.1, Page-49-AR-1989-90**
Loss of Rs 11.039 million
- xxx) **Audit Para # C-11.2, Page-50-AR-1989-90**
Unjustified of Rs 9.87,000
- xxxi) **Audit Para # C-111.1, Page-50-AR-1989-90**
Loss of Rs 314,812
- xxxii) **Audit Para # C-IV.1, Page-51-AR-1989-90**
Loss of Rs 60,340

PAC DIRECTIVE

On presentation of above 32 paras by Audit, the Public Accounts Committee (PAC) endorsed the DAC decisions. The Public Accounts Committee (PAC) directed that the decisions of the DAC should be implemented under report to PAC.

AUDIT REPORT OF PAKISTAN POST OFFICE DEPARTMENT
FOR THE YEAR 1989-90

2.10 **Audit Para # 2.4, Pages-16-17-1989-90**

Unauthorized purchase of vehicles Rs 3.822 million

Audit pointed out that according to “Rules for the use of staff cars, 1980”, these rules, unless stated otherwise shall also apply to operational vehicles. The Cabinet Division further confirmed this position in July, 1993. As the Post Office Department had not framed its own rules for the purchase and use of operational vehicles, No Objection Certificate from the Cabinet Division prior to the purchase was necessary vide Rule 2 (5) *ibid*. In violation of these rules, the Post Office Department purchased fifteen operational vehicles from 1986-87 to 1989-90 without obtaining “No Objection Certificate” from the Cabinet Division. The entire expenditure of Rs 3.822 million incurred by the Department was, therefore, unauthorized.

The PAO informed the Public Accounts Committee (PAC) that the M/o Communication has forwarded the case for NOC/Ex-post facto approval for purchase of vehicles to Cabinet Division as decided in DAC meeting.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the para for settlement subject to NOC/Ex-post facto approval for purchase of vehicles from Cabinet Division.

2.11 **Audit Para # 2.5, Page-17-1989-90**

Irregular purchase of furniture Rs 1.262 million

Audit pointed out that the Postmaster General Peshawar purchased furniture of a total cost of Rs 1.262 million from 1986-87 to 1989-90 from the Post Office Foundation without calling of tenders. Thus market rates were not ascertained. Income Tax of Rs 25,231/ was also not recovered. Purchases from Post Office Foundation without calling of tenders were against the rules.

The PAO stated in DAC it was observed that heavy purchases were made by dispensing with the tender process in violation of rules and PAC directives. The DAC decided to fix responsibility against the persons responsible in this regard.

PAC DIRECTIVE

The Public Accounts Committee (PAC) endorsed the DAC decision and directed the PAO to fix the responsibility against the persons responsible with a report to PAC/Audit. However the Public Accounts Committee (PAC) showed its displeasure against the then Post Master General Mr. Dilnawaz for irregular purchase of furniture.

APPROPRIATION ACCOUNTS OF PAKISTAN

POST OFFICE

- 2.12 i) **Grant # 20-Pakistan Post Office Department-1989-90 page #27**
- ii) **Grant # 179-Capital Outlay Pakistan Post Office Department-1989-90 page # 30**

PAC DIRECTIVE

On the recommendation of the Audit, the Public Accounts Committee (PAC) recommended the above two department grants for settlement.

AUDIT REPORT FOR THE YEAR 1989-90-PPO

- 2.13 i) **Audit Para # 1.1, Page-7-8-AR-1989-90 (PPO)**
Review of performance and financial results
- ii) **Audit Para # 1.2, Page-8-AR-1989-90 (PPO)**
Financial Management
- i) **Audit Para # 1.2.2, Page-8-AR-1989-90 (PPO)**
Revenue Receipt

- ii) **Audit Para # 1.2.3, Page-8-AR-1989-90 (PPO)**
Working Expenses
- iii) **Audit Para # 1.2.4, Page-8-AR-1989-90 (PPO)**
Capital Outlay
- iv) **Audit Para # 1.3.1,1.3.2, & 1.3.3, Pages-8-9-AR-1989-90 (PPO)**
Extension of Postal Facilities
- v) **Audit Para # 1.4 & 4.6, Page-9-10-AR-1989-90 (PPO)**
Savings and Insurance Business
- vi) **Audit Para # 1.4.7 & 1.4.12, Page-10-11-AR-1989-90 (PPO)**
Post Office Savings Certificates
- vii) **Audit Para # 1.4.13, Page-11-12-AR-1989-90 (PPO)**
Post Life Insurance
- viii) **Audit Para # 1.5, 1.5.1 & 1.5.2, Page-12-AR-1989-90 (PPO)**
Defalcation, Loss or frauds of Public Money
- ix) **Audit Para # 1.6. & 1.6.1, Page-12-13-AR-1989-90 (PPO)**
Public Complaints
- x) **Audit Para # 1.7. & 1.7.1, Page-13-AR-1989-90 (PPO)**
Financial Results
- xi) **Audit Para # 1.7.2. Page-13-AR-1989-90 (PPO)**
Rush of Expenditure
- xii) **Audit Para # 1.7.3. Page-13-14-AR-1989-90 (PPO)**
Grant # 179
- xiii) **Audit Para # 1.7.4. Page-14-AR-1989-90 (PPO)**
Grant # 20
- xiv) **Audit Para # 1.7.5. Page-14-AR-1989-90 (PPO)**
Revenue
- xv) **Audit Para # 2.1, Page-15-AR-1989-90 (PPO)**
Blocking of Public Money Rs 9.518 million
- xvi) **Audit Para # 2.2, Page-15-16-AR-1989-90 (PPO)**
Temporary misappropriation of Public Money Rs 83,987
- xvii) **Audit Para # 2.3, Page-16-AR-1989-90 (PPO)**
Unauthorized Payment of rent of Hired Buildings Rs 600,775
- xviii) **Audit Para # 2.6, Page-17-AR-1989-90 (PPO)**
Delay adjustment of emergent advances Rs 149,9944
- xix) **Audit Para # 2.7, Page-18-AR-1989-90 (PPO)**
Non-refund of deposit in excess of actual expenditure Rs 1,203,743
- xx) **Audit Para # 2.8, Page-18-19-AR-1989-90 (PPO)**

- Understatement of cost of project works Rs 1.949 million
- xxi) **Audit Para # 2.9, Page-19-AR-1989-90 (PPO)**
Unauthorized expenditure on the Liveries and uniforms Rs 243,415
- xxii) **Audit Para # 2.10, Page-19-AR-1989-90 (PPO)**
Losses and defalcation Rs 3,208,299
- xxiii) **Audit Para # 3.1, Page-20-21-AR-1989-90 (PPO)**
Loans to Government Servants-DR.Rs 82.443 million
- xxiv) **Audit Para # 3.2, Page-21-AR-1989-90 (PPO)**
Zakat Collection Account-CR-Rs 27.627 million
- xxv) **Audit Para # 3.3, 3.1.1, 3.3.3, 3.3.4 & 3.3.2 Page-21-AR-1989-90 (PPO)**

PAC DIRECTIVE

On the presentation of the above twenty seven paras by, the Public Accounts Committee (PAC) endorsed the decisions of the DAC. The Public Accounts Committee (PAC) directed the PAO to implement the decision of the DAC.

ACTIONABLE POINTS

27-09-2007

AUDIT REPORT FOR THE YEAR 1989-90

- 2.14 **Audit Para # 2.3, Page-7-AR-1989-90**
Non-recovery of advances amounting to Rs 222.290 million

Audit pointed out that advances amounting to Rs 222,289,996 were paid during 1987-88 to various agencies, departments, officers and officials but accounts thereof were neither rendered by the quarters concerned nor the amount got refunded by the Board authorities.

The Department informed the Public Accounts Committee (PAC) that the relevant record showing adjustment of advances to various utility departments has been verified by the Audit.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the para for settlement subject to verification of record regarding completion certification by the Audit within one month. Follow up action will be monitored by Implementation Committee of PAC Sectt.

2.13_i) **Audit Para # 2.1, Page-7-AR-1989-90**

Overpayment of Rs 0.159 million

ii) **Audit Para # 2.2, Page-7-AR-1989-90**

Non-adjustment of advance amounting to Rs 802,364

PAC DIRECTIVE

Public Accounts Committee (PAC) recommended the above two paras for settlement.

MINISTRY OF COMMERCE

1. **Overview**

Appropriation Accounts (Civil- Vol-1), Audit Reports and Special Study on Export Market Development Fund for the year 1989-90 pertaining to M/o Commerce were taken up for examination by Public Accounts Committee (PAC) on 27-11-2008.

- 1.1 *Four (04) Grants were reported by AGPR. 01 Para of the Audit Report on M/o Commerce, 01 Para of Special Study on Export Market Development Fund and 53 Paras of Audit Reports on Public Sector Enterprises were presented by Audit.*
- 1.2 *On presentation of the Grants, the Public Accounts Committee (PAC) recommended the saving in the Grants for regularization.*
- 1.3 *Regarding 01 Para of the Audit Report on M/o Commerce (EPB), the Public Accounts Committee (PAC) gave the directive to Audit /Ministry to reconcile the issues and report to PAC within one month.*
- 1.4 *Two Paras of Audit Reports on Public Sector Enterprises were recommended for settlement. In case of other 02 Paras the Public Accounts Committee (PAC) directed the audit to re-examine the case in detail and report to the committee within 15 days. The remaining 49 Paras were recommended for settlement as per decision of the DAC.*
- 1.5 *On the recommendation of the DAC, the Public Accounts Committee (PAC) recommended 01 Para of Special Study on Export Market Development Fund for settlement.*

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL VOL-I, 1989-90)

2. i) **Grant # 16-Ministry of Commerce**
(Saving-Rs.2,051,571/-)

AGPR pointed out the saving worked out as of 0.57% of the total grant. An amount of Rs 901,000 was surrendered, leaving net saving of Rs.1,150,571 (0.73%).

ii) **Grant # 17-Commerce**
(Saving Rs.2,329,988)

AGPR pointed out the saving worked out as 4.11% of the total grant. An amount of Rs. 1,667,000 (2.44%) was surrendered leaving, net saving of Rs 662,988 (1.17%).

iii) **Grant 18- Other expenditure of M/o Commerce**
(Saving Rs.183,135)

AGPR pointed out the saving worked out as 4.72% of the total grant.

iv) **Grant 147- Development Expenditure of Ministry of Commerce**
(Saving Rs.787,742)

AGPR pointed out the saving worked out as 29.17% of the total grant.

PAC DIRECTIVE

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

AUDIT REPORT FOR THE YEAR 1989-90

3.1 **Para 1 (Page-27-AR)**

Irregular payment of Honorarium Rs. 138,157

Audit pointed out that the Export Promotion Bureau under Ministry of Commerce paid Rs. 138,157 as honorarium out of Export Market Development Fund to the staff not connected with the activities of the fund. Two conditions prescribed for the grant of honorarium in the F.R's Vol-I was not observed either. Responsibility is required to be fixed for violation of financial discipline besides recovery of the amount involved.

The Ministry informed the Committee that funds allocated under regular budget of EPB were insufficient as compared to the payment to be made for the work performed in connection the export promotion activities e.g. exhibitions, delegations and training programme, which called for hiring the services of

personnel, in addition to staff of EPB. Due to urgency and sensitivity of work, hiring of personnel from outside was not possible. The services of EPB officials were, therefore, utilized. In addition, due to the bad law and order situation prevailing in Karachi, the normal transport/conveyance facilities were not available especially in late hours and consequently staff had to hire private conveyance for which they were compensated out of EMDF. Thus the arrangement made by the Bureau was not only economical but was also safe from security point of view.

PAC DIRECTIVE

On the presentation of the above para, the Public Accounts Committee (PAC) directed the Audit and Ministry of Commerce to examine/reconcile the issues with a report/ recommendation to PAC within one month. Follow up action will be monitored by Implementation Committee of PAC Sectt.

SPECIAL STUDY ON EXPORT MARKET DEVELOPMENT FUND

3.2 **Para 1.1 Scope of Audit.**

Special study on export market development fund

The Audit pointed out that Special study of the operator of Export Marketing Development Fund was undertaken with a view to ascertaining whether the fund had achieved its objectives or not. Since it was not practicable to analyze the performance of the funds since its inception in 1966, , the study was restricted to five years i.e. 1984-85 to 1988-89. As no physical targets had been fixed by the EMDF authorities to achieve the objectives of the fund, Audit has tried to evaluate its performance with reference to the financial outlay of the Fund and its utilization for the achievement of objectives.

PAC DIRECTIVE

On the presentation of the DAC, the Public Accounts Committee (PAC) recommended the above audit para for settlement.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES **FOR THE 1989-90**

3.3 i. **Para 39(Page-29-ARPSE)**

ii. **Para 40(Page-30-ARPSE)**

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the above two audit paras for settlement.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES VOLUME-VIII
FOR THE 1989-90

3.4 **Para 76 (Page-46-ARPSE)**

Loss of Rs. 24.100 million due to mismanagement of foreign contract

The Audit pointed out that Trading Corporation of Pakistan Limited entered into a contract dated 16 April, 1987 with M/s. Korea Undok Trading Company for the supply of 100,000 M. tons white refined crystal sugar @ US\$210 per M. ton being the lowest tendered rate. Right after opening of LC, difference arose on the terms and conditions of the contract between both the signatories and the date of first shipment expired. During this period, LC was first transferred to Singapore and then to Holland and fresh shipment delivery schedule was given to M/s Undok effective August to September 1987. M/s Undok failed to supply any consignment. Resultantly L/C expired and remained unutilized causing a loss of Rs. 13.310 million to TCP on account of L.C. charges, import license fee and exchange difference. Due to failure of M/s Undok, the Corporation had to arrange import of sugar from other contractors at much higher rates ranging from US\$220, to US\$261 per M. ton in order to maintain buffer stocks of sugar. Resultantly a Loss of Rs. 29.168 million on account of price differential of contract was sustained. Out of the total losses of Rs. 42.478 million so caused only Rs. 18.378 million could be adjusted by en-cashing the performance bond. The loss to be made good from M/s. Undok worked out to Rs. 24.100 million.

The Ministry informed the Committee that there was no mismanagement of contract as TCP has its standard contract for all the suppliers from whom the sugar was imported during the year 1986-87. M/s Undock had also accepted the terms and conditions of the contract and accordingly the L/C was opened. M/s Undock participated in the tender, it was one of the official state trade authorities of Democratic Peoples Republic of Korea. The price quoted by M/s Undock at USD 210 PMT in the tender was the lowest. Therefore, tender was awarded to

them. However on their failure to supply the cargo as per terms of the tender, the contract was cancelled and their performance bond was encashed. It is not true that TCP has sustained loss due to non-performance of contract.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the Audit to examine the case in detail with relevant documents and prepare a report for the Public Accounts Committee (PAC) within fifteen days. After reconciling the said report, the Public Accounts Committee (PAC) will decide the faith of the case. Follow up action will be monitored by the Implementation Committee of PAC Sectt.

3.5 Para 77(Page-47-ARPSE)

Loss of Rs. 5.254 million on sale of sugar on inferior quantity and loss of US\$37,200 due to ignoring lowest offer

The Audit pointed out that Trading Corporation of Pakistan floated world-wide enquiry for the import of 50,000 M. Ton of white crystal sugar in August 1985 in which 22 bidders participated. The first lowest tender of US\$189.89 per M. ton was ignored and 2nd lowest M/s. Hashcombe, the principals of M/s Hashwani Sales & Services Limited, Karachi was entertained, who quoted their rates of US\$193.00 per M. ton for 25,000 M. tons plus 10% at sellers option. The order was placed on M/S Hashcombe limited on 2-10-1985. The contract so signed was defective as no clause for pre-shipment inspection and chemical analysis at the port of embarkment was provided. Moreover the specification of sugar was also changed through an amendment of the contract as ‘white refined’ or ‘crystal sugar’ in lieu of ‘white refined crystal’ sugar. This amendment enabled the supplier to supply sugar of inferior quantity which, though technically white refined, was not to the degree of being crystal as originally specified. On receipt of the 1st consignment of 12,000 M. tons on 19 October 1985 the sugar was found to be of a quality inferior to that agreed in the contract. A joint survey by the surveyors of the sellers and the buyer was carried out in November 1985. On the basis of their report, TCP-Lodged a claim of US\$9,527.280 (Pak Rs. 157,171) on account of damages, and quality loss and withheld performance bond of the supplier worth US\$265,375. The 2nd installment of 25,000 M. tons however could not be imported.

The sugar valuing Rs. 94.770 million was disposed off below the rate fixed by the government and fetched only Rs. 89.516 million, due to poor quality, resulting in

a loss of Rs. 5.254 million to the T.C.P. due to mismanagement of contract and ignoring the agreed terms and conditions. In addition to above, loss due to ignoring second lowest tendered rate of US\$189.89 M. tons by the management amounted to US\$37,200 due to favouring the 2nd lowest tendered besides ignoring the government's fixed rate which resulted in a loss of Rs. 5.254 million as mentioned above.

The Authority informed the Committee that the TCP floated an international tender dated 15-8-1985 for the import of 50,000 M tons. + 5% white crystal sugar to meet the demand of the Ministry of Food & Agriculture. In all 22 offers were received for partial full quantity. Our tender required validity of price offered for 7 days. But only one offer was valid up to 7 days but that was for partial quantity of 20,000 MT and was at the higher price of US\$ 219.35 PMT. Other offers had shorter validities i.e. 3rd and 4th September 1985. The reason as ascertained indicated that the sugar process in the international markets fluctuates daily and the price trend is unpredictable and erratic.

PAC DIRECTIVE

The Public Accounts Committee (PAC) was not satisfied on the explanation given by the Ministry and directed the Audit Department to examine the case of second lowest tender and also examine the reports of FIA inquiry, P.M. Commission and Wafaqi Mohtasib decision and report to PAC within two weeks. Follow up action will be monitored by the Implementation Committee of PAC Sectt.

Cotton Export Corporation of Pakistan (Pvt) Limited

- 1) **Para 24(Page-20-ARPSE)**
- 2) **Para 25(Page-21-ARPSE)**
- 3) **Para 26(Page-21-ARPSE)**

Cotton Trading Corporation of Pakistan

- 4) **Para 27(Page-22-ARPSE)**
- 5) **Para 28(Page-22-ARPSE)**
- 6) **Para 29(Page-22-ARPSE)**
- 7) **Para 30(Page-22-ARPSE)**

Export Credit Grantee Scheme

- 8) **Para 31(Page-23-ARPSE)**
- 9) **Para 32(Page-23-ARPSE)**
- 10) **Para 33(Page-24-ARPSE)**
- 11) **Para 34(Page-24-ARPSE)**
- 12) **Para 35(Page-25-ARPSE)**

National Insurance Corporation

- 13) **Para 36(Page-26-ARPSE)**
- 14) **Para 37(Page-26-ARPSE)**

Pakistan Insurance Company Limited

- 15) **Para 38(Page-27-ARPSE)**

Rise Export Corporation of Pakistan

- 16) **Para 41(Page-31-ARPSE)**
- 17) **Para 42(Page-32-ARPSE)**
- 18) **Para 43(Page-33-ARPSE)**
- 19) **Para 44(Page-33-ARPSE)**
- 20) **Para 45(Page-33-ARPSE)**
- 21) **Para 47(Page-33-ARPSE)**

Doaba Rise Mills Limited

- 22) **Para 48(Page-34-ARPSE)**
- 23) **Para 49(Page-34-ARPSE)**
- 24) **Para 50(Page-35-ARPSE)**
- 25) **Para 51(Page-36-ARPSE)**
- 26) **Para 52(Page-36-ARPSE)**
- 27) **Para 53(Page-36-ARPSE)**
- 28) **Para 54(Page-36-ARPSE)**
- 29) **Para 55(Page-37-ARPSE) {Production of the substandard white head rice loss Rs. 754,560}**

Pakistan National Product Company

- 30) Para 56(Page-38-ARPSE)
- 31) Para 57(Page-38-ARPSE)
- 32) Para 58 (Page-39-ARPSE)
- 33) Para 59(Page-39-ARPSE)
- 34) Para 60(Page-40-ARPSE)
- 35) Para 61(Page-40-ARPSE)
- 36) Para 62(Page-40-ARPSE)
- 37) Para 63(Page-40-ARPSE)
- 38) Para 64(Page-40-ARPSE)
- 39) Para 65(Page-41-ARPSE)

State Life Insurance Corporation

- 40) Para 66(Page-42-ARPSE)
- 41) Para 67(Page-43-ARPSE)
- 42) Para 68(Page-43-ARPSE)
- 43) Para 69(Page-43-ARPSE)

Trading Corporation of Limited

- 44) Para 70(Page-44-ARPSE)
- 45) Para 71 & 72(Page-44-ARPSE)
- 46) Para 73(Page-45-ARPSE)
- 47) Para 74 (Page-45-ARPSE)
- 48) Para 75(Page-45-ARPSE)
- 49) Para 78(Page-48-ARPSE) { loss of Rs. 40.449 million on unnecessary maintenance of regional office in Lahore }

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the above 49 audit paras for settlement as per decision of the DAC.

COUNCIL OF ISLAMIC IDEOLOGY

1. Overview

Appropriation Accounts (Civil- Vol-1) of Federal Govt. for the year 1989-90 pertaining to Council of Islamic Ideology were taken up for examination by Public Accounts Committee (PAC) on 08.06.2009.

- 1.2 *One (01) Grant was presented by AGPR. The Public Accounts Committee (PAC) of PAC recommended the saving of the Grant for regularization and directed the PAO to hold the DAC meeting once a month regularly and internal financial system should be strengthened.*

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I **FOR THE YEAR 1989-90**

GRANT # 117-ADVISORY COUNCIL FOR ISLAMIC IDEOLOGY

(Total grant Rs.5,300,000, saving Rs.1,680,960)

AGPR pointed out that the grant closed with a saving of Rs.1,680,960 which works out to 31.71 percent of the total grant An amount of Rs.1,562,000 (29.47%) was surrendered leaving net saving of Rs,118,960 (2.24%)

The PAO informed the Public Accounts Committee (PAC) that the saving was occurred due to economy cut and saving was surrendered finally.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the PAO to hold the DAC meeting once a month in future, The Public Accounts Committee (PAC) further directed the PAO to strength the Financial and budgetary system of the council and there should be zero saving/excess in future and recommended the saving of the appropriation for regularization.

MINISTRY OF CULTURE AND YOUTH AFFAIRS

1. Overview

- Appropriation Accounts (Civil- Vol-1), Audit Report of the Federal Govt. and Audit Report on Public Sector Enterprises for the year 1989-90 pertaining to Ministry of Culture & Youth Affairs were taken up for examination by Public Accounts Committee (PAC) on 08.06.2009.*
- 1.2 *Four (04) Grants were presented by AGPR whereas 01 Para of the Audit Report of the Federal Govt. and 02 Paras of Audit Report on Public Sector Enterprises were reported by Audit.*
- 1.3 *On the presentation of 04 Grants by AGPR, the Public Accounts Committee (PAC) of PAC recommended the savings/excess of the Grants for regularization with the direction that there should be zero saving/excess in future.*
- 1.4 *On recommendation of audit, the Public Accounts Committee (PAC) recommended 01 Para of Audit Report for settlement. Regarding the remaining two Paras of Audit Report on Public Sector Enterprises, the Public Accounts Committee (PAC) directed the Ministry of Culture to implement the recommendation of the DAC within two weeks.*

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I FOR THE YEAR 1989-90

2.1 i) Grant # 25- Culture, sports & youth affairs division (Excess Rs.232,814)

AGPR pointed out that the grant closed with an excess of Rs.232, 814 which worked out to 1.28 percent of the total grant. A supplementary grant of Rs.409, 000 was sanctioned but not included in supplementary schedule of authorized expenditure. After taking it into account, the excess shall be converted into saving of Rs.176, 186 (0.95%)

ii) Grant # 26- Archeology and Museum Culture (Saving Rs.1, 959,922)

AGPR pointed out that the grant closed with a saving of Rs.1, 959,922 which worked out to 6.37% of the total grant. An amount of Rs.1, 144,000 (3.72%) was surrendered leaving net saving of Rs.815, 922 (2.65%)

iii) **Grant # 27- Other expenditure of Culture, Sports and youth Affairs**
(Saving Rs.161, 742)

AGPR pointed out that the grant closed with a saving of Rs.161,742 which worked out to 0.09 percent of the total grant.

iv) **Grant # 149- Development expenditure of Culture, Sports and Youth Affairs Division**
(Excess Rs.1, 520,713)

PAC DIRECTIVE

The Committee recommended the saving/excess of the grants for regularization with direction that there should be Zero saving/excess in future.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES
FOR THE YEAR 1989-90

National Film Development Corporation Limited

2.3 **Para # 103- (Page No. 71- ARPSE-1989-90)**
Audit Comments

PAC DIRECTIVE

On the recommendation of the Audit, the Committee recommended Para for settlement.

AUDIT REPORT FOR THE YEAR 1989-90

Culture (Archeology Department)

- 2.4 i) **Para # 4.1- (Page No. 31- ARPSE-1989-90)**
Overpayment to a Contractor Rs.15,600
- ii) **Para # 4.2- (Page No. 31- ARPSE-1989-90)**
Overpayment to a Rs.11,200

PAC DIRECTIVE

On the recommendation of the DAC, the Committee directed the Ministry of culture to implement the recommendation of the DAC within two weeks. Implementation Committee of PAC Sectt will monitor follow up action.

2.5

PERFORMANCE AUDIT REPORT CONSTRUCTION OF NATIONAL ARCHIVE BUILDING AT ISLAMABAD

PAC DIRECTIVE

On the presentation of above performance Audit Report by the Audit, the committee settles the report subject to verification of the record by Audit.

ECONOMIC AFFAIRS DIVISION

1. **Overview**

Appropriation Accounts (Civil- Vol-1) for the year 1989-90 pertaining to the Economic Affairs Division were taken up for examination by Public Accounts Committee (PAC) on 22.06.2009.

- 1.1 *On the presentation of 06 Grants by AGPR, the Public Accounts Committee (PAC) recommended the saving/excess of the Grants for regularization.*

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL VOL-I, 1989-90)

2.1 i) **GRANT # 51 ECONOMIC AFFAIRS DIVISION**

(saving Rs.476,258)

AGPR pointed out that the saving of Rs.476,258 which works out to 2.13 percent of the total grant. An amount of Rs.393, 500 (1.76%) was surrendered leaving net saving of Rs.82,758 (0.37%).

ii) **GRANT # 52 TECHNICAL ASSISTANCE SCHEMES**

(saving (OTC)Rs.4,107,585)

AGPR pointed out that in “**Charged Section**” if the budget provision was utilized fully. In other “**Than Charged Section**” the grant closed with a saving of Rs. 4,107,585 which works out to 1.86 percent of the total grant. An amount of Rs. 3,757,000 (1.70%) was surrendered leaving net saving of Rs.350,585 (0.15%).

iii) **GRANT # 154-DEVELOPMENT EXPENDITURE OF ECONOMIC AFFAIRS DIVISION**

(saving Rs.6,008,000)

AGPR pointed out that the saving of Rs.6, 008,000 which works out to 3.07 percent of the total grant. The entire saving was surrendered.

iv) **GRANT –SERVICING OF FROEIGN DEBT**

(saving Rs.757,135,549)

AGPR pointed out that the appropriation closed with a saving of Rs.757, 135, 549 which works out to 6.35 percent of the total appropriation. An amount of Rs.497, 849,0000 (4.17%) was surrendered leaving net saving or Rs.259,286,549 (2.17%)

v) **GRANT –FOREIGN LOANS REPAYMENT**
(saving Rs.1,127,879,193)

AGPR pointed out that the appropriation closed with a saving of Rs.190,691,000 which works out to 8.25 percent of the total appropriation. An amount of Rs. 190,961,000 (1.39%) was surrendered leaving net saving of Rs. 937,188,193 (6.85%)

vi) **GRANT –RE-PAYMENT OF SHORT TERM FOREIGN CREDITS**
(excessRs.25,085,773)

AGPR pointed out that the appropriation closed with a excess of Rs.25,085,773 which works out to 0.42 percent of the total appropriation.

PAC DIRECTIVE

On the presentation of the above grants by AGPR, The PAC recommended the saving/excess for regularization.

MINISTRY OF EDUCATION

1. Overview

Appropriation Accounts (Civil- Vol-1), Audit Report of Federal Govt., and Audit Report on Public Sector Enterprises for the year 1989-90 pertaining to M/o Education were taken up for examination by Public Accounts Committee (PAC) on 16-04-2009. One Performance Audit Report on National Library of Pakistan, Islamabad was also discussed by the Committee.

1.1 *Four (04) Grants were reported by AGPR. 09 Paras of the Audit Reports and 01 Performance Audit Report was presented by Audit.*

1.2 *On presentation of the Grants, the Public Accounts Committee (PAC) regularized saving/excess in the Grants for settlement with the direction to M/o Finance to release the Grants timely in future.*

1.3 *The Public Accounts Committee (PAC) recommended 02 Paras of the Audit Report for settlement. In 01 case, the Public Accounts Committee (PAC) directed the PAO to pursue the case with the person concerned, fix responsibility and take action with the report to PAC within one month. In 03 cases, the PAO was directed to recover the amount from the concerned with a report to PAC. In 02 Paras, the Ministry was directed to implement the decision of DAC.*

1.4 *The Public Accounts Committee (PAC) recommended 01 Para of Audit Report on Public Sector Enterprises for settlement subject to verification of Board of Governors decision by Audit. In case of Performance Audit Report, the Public Accounts Committee (PAC) issued certain directives to PAO i.e. to provide the PC-4 to Audit for verification, to write a letter to chairman to CDA about the mismanagement of the CDA.*

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I, 1989-90

2.1 i) **Grant # 35- Ministry of Education**

(Excess Rs.5,271,390/-)

AGPR pointed out that the excess worked out to 7.31% of the total grant. An amount of Rs.293, 000 (0.40%) was surrendered increasing net excess to Rs.5, 564,390 (7.72%).

ii) **Grant # 36- Education**

(Excess Rs.21,879,876/-)

AGPR pointed out that the excess worked out to 1.63% of the total grant. A supplementary grant of Rs.23, 600,000(1.76%) 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 Rs1,720,124 (0.12%).

iii) **Grant # 37- Federal Government Educational Institutions in the Capital & Federal Areas**

(Saving Rs.10,179,499/-)

AGPR pointed out that the saving worked out to 6.02% of the total grant. The entire saving was surrendered.

iv) **Grant # 152 Development Expenditure of M/o Education**

(saving Rs. 38,000,240/-)

AGPR pointed out that the saving worked out to 2.07% of the total grant. An amount of Rs.13,121,058 (0.71%) was surrendered leaving net saving of Rs.24,879,182 (1.35%). A supplementary grant of Rs.1,000 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account the saving shall be increased to Rs.24,880,182 (1.35%).

PAC DIRECTIVE

On presentation of above grants by the AGPR, the Committee regularized savings/excesses in the grants. However, the PAO was directed to further strengthen financial/monitoring system and there should be zero excess/saving in future. The Public Accounts Committee (PAC) also directed the M/o Finance to releases of the grant should be timely in future.

AUDIT REPORT ON ACCOUNTS OF FEDERAL GOVERNMENT FOR THE YEAR 1989-90

3.1 **Para 1 (Page-39-AR)**

Suspected Misappropriation of Rs. 2,248,550/-

Audit pointed out that in a Commission under M/o Education, an amount of Rs.15, 982,130 was released by Commission's HQ to Resident Director Sindh from time to time Rs. 13,733,580 were taken into Cash Book, and the remaining amount of Rs.2, 248,550 was not accounted for. The department failed to explain the position and it is suspected that the amount has been misappropriated.

The PAO informed the Committee that actually the amount released is Rs.13, 133,300/ and not Rs.13, 733,589/ as shown by Audit. The amount of Rs.13, 133,300/ has been released to Resident Director (RD) Sindh through Bank Draft duly prepared by the State Bank of Pakistan and duly accounted for in the cash book of RD Office Karachi. The PAO also stated that due to old record, it is not located sofar.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the PAO to peruse the case with the person concerned if failed fix responsibility, take action with, a report to PAC within one month. Follow up action will be monitored by Implementation Committee of PAC Sectt.

3.2 **Para 2, (Page-39-AR)**

Irregular purchase of Rs.1.886 million without inviting tenders/ quotations

Audit pointed out that in a Commission under M/o Education Rs.1.886 million were spent on purchase of various items during 1985-86 to 1988-89 without inviting tenders/ quotations from open market. Thus the government was deprived

of the benefits of competitive and economical rates. The purchase items were not accounted for either.

The PAO informed the Committee that the furniture for Rs.292, 377 was purchased by the RD office Karachi from M/s Fakhri Furniture Mart on the different dated under Rs.10,000. As such the tender was not called for in the newspaper. Moreover, the purchase was made from M/s Fakhri Furniture Mart on an old rates/ quotations being the lowest rates than other. As regards the purchase of different items for Rs.1,593,903,80 the tenders were called for all such orders exceeding the limit of Rs.10,000. The competent authority has approved the purchase of the said item vide No.186(1)88-Secy/87-877 dated 5-5-1988 for Rs 993,909.

PAC DIRECTIVE

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

3.3 Para 5, (Page-41-AR)

Excess expenditure of telephone calls Rs.238,784

Audit pointed out that in order to control expenditure on Telephones, the Federal Government has placed ceiling on individual telephones in certain categories of official and residential telephones but a Commission under M/o of Education did not enforce these government instructions fully during 1985-89 which resulted in an excess expenditure of Rs 238,784.

The PAO informed the Committee that A. G. Sindh, Karachi was asked to recover the said amount from the officer concerned. Subsequent reminders were also issued on 30-3-1992 and 27-5-1992. No positive response has been received up to now. The Resident director (Sindh) has been retired from service.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the PAO to deduct the amount from the ex-Resident Director (Sindh) with a report to PAC. Follow up action will be monitored by Implementation Committee of PAC Sectt.

3.4 Para 6, (Page-41-AR)

Non-adjustment of TA/DA advances amounting to Rs.220,796

Audit pointed out that in a Commission under M/o Education, a Resident Director drew an amount of Rs.220,796/- as TA advance during June 1985 to May 1989 without the approval of competent authority which remained unadjusted.

The PAO informed the Committee that the officer concerned (Mr. Mushtaq Ahmed Sundrani) is employee of the Sindh Education Department. His services were borrowed by the LAMEC (now renamed as NETCOM) for appointment as Resident Director, Sindh. He served LAMEC in this capacity from 3-6-1985 to 30-6-1989. He has been asked to adjust the TA/DA advance or to deposit the said amount. The Resident director (Sindh) has been retired from service.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the PAO to write a letter to the person for recovery, if he has not settled the issue then case should be filed against him with a report to PAC within one month. Follow up action to be monitored by the implementation committee of PAC Secretariat.

3.5

- i) **Para # 4 (page-40-AR-1989-90)**
Irregular payment of Rs 587,167 as medical allowance
- ii) **Para # 8 (page-42-AR-1989-90)**
Loss of Rs 80,000 on the purchase of Jute Mats

PAC DIRECTIVE

On the presentation of the above two audit paras by Audit, the Public Accounts Committee (PAC) directed the Ministry to implement the decisions of the DAC.

AUDIT REPORT Vol-I ON ACCOUNTS OF FEDERAL GOVERNMENT (CIVIL) FOR THE YEAR 1989-90

3.6

Para 3 (Page-39-AR)

Expenditure incurred without approval of competent authority Rs.1.849(M)

Audit pointed out that an Education Attaché of the Pakistan Students Hostel abroad incurred expenditure of Rs.1,848,983 in the different cases without approval of the competent authority.

The PAO informed the Committee that the surcharge was levied approved by the then High Commissioner and with the knowledge and concurrence of the Ministry. The account has been closed and the total balance of € 62,841,08 already deposited into government account. It is also agreeable that at this belated stage Ministry may seek regularization of expenditure incurred out of this account fifteen years ago. The Ministry also approached the High Commission of Pakistan London but in failed.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the Ministry to get verification the recovery from Audit and check the status of the then Attaché with a report to PAC within two weeks. Follow up action will be monitored by Implementation Committee of PAC Sectt.

3.7 Para 7, (Page-41-AR)

Inadmissible payments of Pay & Allowances Rs.0.102 million

Audit pointed out that a Mission abroad made inadmissible payments of pay and allowances to an officer without any authority. Overtime allowance was also paid to the staff without sufficient documentary evidence of their working late hours.

The PAO informed the Committee that Head of Mission's were delegated full powers to decide the terms and conditions of the local employees.

PAC DIRECTIVE

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

PERFORMANCE AUDIT REPORT ON NATIONAL LIBRARY OF PAKISTAN ISLAMABAD FOR THE YEAR 1989-90

PAC DIRECTIVE

On the presentation of the Performance Audit Report, the Public Accounts Committee (PAC) directed the PAO to provide the PC-4 to audit for verification. The Public Accounts Committee (PAC) also directed to write a letter to Chairman CDA about the mismanagement of the CDA authority. The Public Accounts Committee (PAC) also directed CDA that Educational Institution project should

be taken on priority basis and report to PAC within one month. Follow up action will be monitored by Implementation Committee of PAC Sectt.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES
FOR THE 1989-90

National Book Foundation

3.8 **Para 216, (Page-144-AR)**

Loss of Rs.3.216 million on account of damaged stock

The Audit pointed out that in National Book Foundation, stock of books and papers valuing 3.216 million was found damaged in their offices at Karachi, Lahore and Rawalpindi on 30th June, 1986.

The PAO informed the Public Accounts Committee (PAC) that DAC directed the Ministry to get loss regularized from the BOG and recommended the para for settlement. Board of Governor meeting is not held. In next meeting the loss should be get regularized.

PAC DIRECTIVE

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

ELECTION COMMISSION OF PAKISTAN

1. Overview

- Appropriation Accounts (Civil- Vol-1) for the year 1989-90 pertaining to the Election Commission of Pakistan were taken up for examination by Sub-Committee No.1 of the Public Accounts Committee (PAC) on 29.06.2009.
- 1.2 On the presentation of 01 Grant by AGPR, the sub-committee of PAC recommended the savings/excess of the Grant for regularization and directed the PAO to hold the DAC meeting once a month in future. The sub-committee further directed that there should be no excess / saving in future.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL VOL-I, 1989-90)

2.1. Election

(Total grant Rs.57,457,000, saving Rs.15,587,789)

AGPR pointed out that the appropriation closed with a saving of Rs.15,587,789 which works out to 27.12% of the total appropriation. An amount of Rs.15,500,427 (26.97%) was surrendered leaving net saving of Rs.87,362 (0.15%)

PAC DIRECTIVE

The Sub-Committee recommended the saving for regularization and directed the PAO to hold a DAC meeting once a month in future. The Sub-Committee further directed that there should be no excess saving in future.

MINISTRY OF ENVIRONMENT

1. Overview

Appropriation Accounts (Civil- Vol-1) of the Federal Govt. for the year 1989-90 pertaining to the Ministry of Environment was taken up for examination by Public Accounts Committee (PAC) on 29.06.2009.

1.2 *Four (04) Grants were presented by AGPR.*

1.3 *On the presentation of the Grants by AGPR, the Public Accounts Committee (PAC) of PAC recommended the saving of Grants for regularization. However, the Public Accounts Committee (PAC) directed the PAO to hold the DAC meeting once a month regularly and there should be no excess / saving in future.*

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL VOL-I, 1989-90)

2.1 i) **GRANT # 56- FOREST**
(Saving, Rs.53,298/-)

AGPR pointed out that the grant closed with a saving of Rs.53,298 which worked out to 0.48 percent of the total grant. An amount of Rs.14,000 (0.12%) was surrendered leaving net saving of Rs.39,298 (0.36%)

ii) **GRANT # 59- ZOOLOGICAL SURVEY DEPARTMENT**
(Excess/saving-Nil)

AGPR pointed out that the entire budget provision was utilized.

iii) **GRANT # 73- ENVIRONMENT AND URBAN AFFAIRS DIVISION**
(saving, Rs. 5,512,096/-)

AGPR pointed out that the grant closed with a saving of Rs.5,512,096, which worked out to 21.82% of the total grant, An amount of Rs.4,197,929 (16.61%) was surrendered leaving net saving of Rs,1,314,167 (5.20%).

iv) **GRANT # 162- DEVELOPMENT EXPENDITURE OF ENVIRONMENT AND URBAN AFFAIRS DIVISION**
(saving, Rs.1,138,800/-)

AGPR pointed out that the grant closed with a saving of Rs.1, 138,800 which worked out to 16.81 % of the total grant. An amount of Rs.1, 139,8000 (16.82%) was surrendered resulting into an excess of Rs.1, 000. A supplementary grant of Rs.1, 000 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account there is no excess/saving.

PAC DIRECTIVE

On the presentation of the above four grants by AGPR, The Public Accounts Committee (PAC) recommended The saving of grants for regularization. However, The Public Accounts Committee (PAC) directed the PAO to hold the DAC meeting once a month regularly and there should be no excess/ saving in future.

ESTABLISHMENT DIVISION

1. Overview

Appropriation Accounts (Civil- Vol-1) and Audit Report on the A/Cs of the Federal Govt. for the year 1989-90 pertaining to the Establishment Division were taken up for examination by Public Accounts Committee on 30.06.2009.

1.2 *Five (05) Grants were presented by AGPR and 01 Para of the Audit Report was reported by Audit.*

1.3 *On the presentation of 05 Grants by AGPR, the Public Accounts Committee (PAC) recommended the savings/excess of the Grants for regularization.*

On presentation of 01 Para by Audit, the Public Accounts Committee (PAC) directed the PAO to implement the recommendation of DAC.

APPROPRIATION ACCOUNTS (CIVIL) VOL-I **FOR THE YEAR 1989-90)**

2.1 i) **GRANT # - 6- ESTABLISHMENT DIVISION** **(excess Rs.3,560,024)**

AGPR pointed out that the grant closed with an excess of Rs..3,560,024 which worked out to 4.57% of the total grant. An amount of Rs.583,000 (0.75%) was surrendered increasing net excess to Rs.4,143,024 (5.32%). A supplementary grant of Rs.1,530,000 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account the excess shall be decreased to Rs.2,613,024 (3.29%).

ii) **GRANT # - 7- FEDERAL PUBLIC SERVICE COMMISSION.** **(saving Rs.672,093)**

AGPR pointed out that the grant closed with a saving of Rs.672,093 which worked out to 3.65% of the total grant An amount of Rs.410,000 (2.23%) was surrendered leaving net saving of Rs.262,093 (1.42%).

iii) **GRANT # - 8- SERVICE TRIBUNAL** **(saving Rs.19,343)**

AGPR pointed out that the grant closed with a saving of Rs.19,343 which worked out to 0.45 percent of the total grant. An amount of Rs.20,000 (0.46%) was surrendered resulting into an excess of Rs.657.

iv) **GRANT # - 9- OTHER EXPENDITURE OF ESTABLISHMENT DIVISION**
(saving Rs.340,329)

AGPR pointed out that the grant closed with a saving of Rs.340,329 Which worked out to 0.45% of the total grant. An amount of Rs.288,816 (0.38%) was surrendered leaving net saving of Rs.51,513 (0.06%).

v) **GRANT #144 DEVELOPMENT EXPENDITURE OF ESTABLISHMENT DIVISION**
(saving Rs.104,448)

AGPR pointed out that the grant closed with a saving of Rs.104,448 which worked out to 0.69% of the total grant. An amount of Rs.104,400 (0.69%) was surrendered net saving of Rs.48.

PAC DIRECTIVE

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

AUDIT REPORT FOR THE YEAR 1989-90

3.1 **Para-1 (Page-25-AR-1989-90)**
Irregular Purchase of Air Tickets

PAC DIRECTIVE

On the presentation of the above paras by audit, the Public Accounts Committee (PAC) directed the Ministry to implement the recommendation of the DAC.

FEDERAL BOARD OF REVENUE

1. Overview

Appropriation Accounts (Civil- Vol-1) and Audit Report of Federal Govt. for the year 1989-90 pertaining to Federal Board of Revenue were taken up for examination by Public Accounts Committee on 23 -01-2009.

- 1.1 Four (04) Grants were reported by AGPR. 22 Paras of the Audit Report on FBR were presented by Audit.*
- 1.2 On presentation of the Grants, the Public Accounts Committee (PAC) recommended the Grants for regularization with direction to PAO to be careful in future and there should be zero saving/excess in future.*
- 1.3 The Public Accounts Committee (PAC) recommended 09 paras of Audit Report for settlement and 08 for settlement subject to verification by Audit. 03 Paras were referred to DAC for examination. In 01 Para, the PAO was directed to get information from NAB about the case and Para was deferred for one month. In case of one Para, the FBR/Audit were directed to prepare a summary on the issue and get the legal opinion of Attorney General.*

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL VOL-I, 1989-90)

FEDERAL BOARD OF REVENUE

- 2.1 i) **Grant # 47-CENTRAL BOARD OF REVENUE.**
(Excess Rs. 3,192,453/-)

AGPR pointed out the excess worked out to 9.90% of the total grant. A supplementary grant of Rs. 4,976,000 was sanctioned but not included in supplementary schedule of authorized expenditure. After taking it into account the excess shall be converted into saving of Rs. 1,783,547 (4.79%). An amount of Rs. 1,670,500 (4.49%) was surrendered leaving net saving of Rs. 113,047 (0.30%).

- iii) **Grant # 48-SEA CUSTOMS.**
(Excess Rs.1,523,524/-)

AGPR pointed out the excess worked out to 1.37% of the total grant.

iii) **Grant # 49- LAND CUSTOMS AND CENTRAL EXCISE.**
(Saving Rs.1,428,432/-)

AGPR pointed out the saving worked out to 0.62% of the total grant. An amount of Rs. 1,956,500 (0.84%) was surrendered converting the saving into excess of Rs. 528,068 (0.22%).

iv) **Grant # 50- TAXES ON INCOME AND CORPORATION TAX.**
(Total Grant Rs.251,924,000 Excess Rs 2,362,943)

AGPR pointed out the excess worked out to 0.93% of the total grant. An amount of Rs.262, 000 (0.1%) was surrendered increasing net excess to Rs. 2,624,943 (1.04%).

PAC DIRECTIVE

On the presentation of the above four grants by the AGPR, the Public Accounts Committee (PAC) recommended for regularization of the above excesses/savings of the Grants with direction to be careful in future. The Public Accounts Committee (PAC) also directed the PAO that there should be zero saving/zero excess in future.

AUDIT REPORT FOR THE YEAR 1989-90 (FBR)

3.1

- i. **Para 5 (i) (Page-45-AR)**
Misappropriation of Rs. 2,190,000 (Approximately) during the last three financial years by Pakistan Customs at Lahore Railway Station.
- ii. **Para 5(ii) (Page-45-AR)**
Excess expenditure on official/residential telephones Rs. 2,65,337.

PAC DIRECTIVE

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

AUDIT REPORT REVENUE RECEIPTS **FOR THE YEAR 1989-90 (INDIRECT TAXES)**

4.1 Para 5.A 2(a) (Page-19-AR)

Non realization of Rs. 14.443 million due to grant of irregular exemption.

Audit pointed out that certain Plant & Machinery imported for balancing, modernization & replacement of Textile Industry enjoy exemption from the levy of Customs Duty vide SRO No. 456 (1)/88, dated 26.6.1998 issued under section 19 of the Customs Act 1969. "Ring Spinning Machines" were specifically excluded from the purview of the notification ibid. Contrary to the above the "Ring Spinning Machines" falling under PCT heading 8445.2000 imported by certain importers-cum-bonders were, however, released free of customs duties against leviable thereon @20% during August, 1989 to October, 1989 by the Assistant Controller, Bonded Warehouse Multan which resulted in non-realization of custom dues of Rs. 14,442,682.

The PAO informed the Committee that the case reminded to FBR and the department will decide all the cases.

PAC DIRECTIVE

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

4.2 i) Para 5.A 2(a) (Page-19-AR)

Non realization of Rs. 14.443 million due to grant of irregular exemption

Audit pointed out that all services rendered by hotels and restaurants are liable to central excise duty under item No. 13.01 of the first schedule of the Central Excise and Salt Act, 1944, if not otherwise exempt. The duty leviable on such services is required to be paid by the specific date. Failure to do so renders the defaulters to pay additional duty equal to half of the amount of duty under Rule 96(W)(5) &(6) of the Central Excise Rules, 1944. Central Exciseduty of Rs. 97.831 plus additional of Rs. 48,915 of the "Telefax

Services” provided by hotel during 1988-89 was not demanded by the Collectorate of Central Excise & Sales Tax, Rawalpindi.

4.3 Para 6.1 (d) (ii) (Page 103-AR)

Non realization of Central Excise Duty/sales Tax Rs. 103,626

Audit pointed out that all services rendered by hotel & restaurants are liable to central excise duty under item No. 13.01 of the first schedule of the Central Excise and Salt Act, 1944, if not otherwise exempt. The duty leviable on such services is required to be paid by the specific date. Failure to do so renders the defaulters to pay additional duty equal to half of the amount of duty under Rule 96(W)(5) &(6) of the Central Excise Rules, 1944. Central Excise duty of Rs. 69,084 plus additional of Rs. 34,542 of the “Telefax Services” provided by hotel during 1989 was not demanded by the Collectorate of Central Excise & Sales Tax, Lahore.

PAC DIRECTIVE

On the presentation of the above two paras by the Audit, the Public Accounts Committee (PAC) directed the FBR to examine the issues in DAC meeting. If issue not settled than Public Accounts Committee (PAC) will decide the fate of the cases and deferred the paras for one month.

The PAO informed the Committee that entire amount has been recovered and verified by the Audit. (Dated 12-01-2010)

PAC DIRECTIVE

The PAC deferred the para for next meeting.

The PAO informed the Committee that CED on telefax was exempted vide SRO 555 (1)/79 during the period under Audit. (Dated 12-01-2010)

PAC DIRECTIVE (DATED 12-01-2010)

The PAC settled the para.

4.4 Para 8.1 (Page 41-AR)

Non realization of wealth tax Rs. 305,547.

Audit pointed out that additional wealth tax @ 15% leviable under section-31(B)(11) of wealth tax Act, 1963, wealth tax on the dates specified in the demand notices issued under section 30 of the Act ibid was not recovered by the wealth Tax Officer, circle-II, Lahore from the various Assessors during the period 1985-86 to 1987-88. The omission resulted in loss of government revenue of Rs. 305,547.

The Chairman, FBR contended that as the matter pertains to Taxes therefore, may be discussed with direct taxes. However, record was traced and Audit can verify the facts.

PAC DIRECTIVE

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

4.5 Para 9.10 (Page 139-AR)

Short assessment of customs duty due to incorrect interpretation of law Rs. 4,877,920

Audit pointed out that Finance Bill, 1987, promulgated on 4.6.1987, rates of customs duty on certain imported goods were reduced. The proposed reduced rate were withdrawn on 12.6.1987 through an amendment in the Finance Bill but customs authorities allowed clearance of the goods on the reduced rates during the period from 4.6.1987 to 11.6.1987 although the said reduced rates were not enforced ab-initio as the same has not been approved by the Parliament.

The PAO informed the Committee that the duty was charged at the rates applicable at the time of assessment of imported goods. The follow up action will be monitored by the Implementation Committee of the PAC Sectt.

PAC DIRECTIVE

The Public Accounts Committee (PAC) referred the Para to DAC for further examination. The Public Accounts Committee (PAC) also directed the Audit to verify the facts and report to PAC within one month. The follow up action will be monitored by the Implementation Committee of the PAC Sectt.

4.6 Para 9.15 (a) (Page 143-44-AR)

Blockade of government taxes on account of over storage Rs. 335,559 Million

Audit pointed out that goods were not got cleared on payment of taxes within the prescribed period by a number of bonders nor any extension of warehousing period sought as required under section 98 of the Customs Act, 1969. Consequently, government revenue of Rs. 335,559,492 on account of customs duty, sale tax, surcharge and Iqra surcharge remained blocked under the jurisdiction of six Collectorates.

The PAO informed the Public Accounts Committee (PAC) that an amount of Rs. 148,842,124 has been recovered leaving an amount of Rs. 152,233,585/-. An amount of Rs. 34.484 million is subjudice in the Court of Law.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the para for settlement where the recovery has been made, subject to verification by Audit. The Public Accounts Committee (PAC) also directed the PAO to dispose off the other cases with a report to PAC within one month. The follow up action will be monitored by the Implementation Committee of the PAC Sectt.

4.7 Para 9.16 (Page 145-AR)

Loss of government revenue of Rs. 67.229 million

Audit pointed out that consignments of bonded goods were burnt in a fire accident on 09-06-1989. Despite the expiry of one year neither any survey was got conducted from approved surveyors nor government taxes of Rs. 67,229,045 were recovered from the bonder or insurance company.

The PAO informed the Public Accounts Committee (PAC) that a case was lodge with NAB for recovery.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the PAO to get information from NAB about the case and deferred the para for one month. The Public Accounts Committee (PAC) also directed the PAO to provide the detail report to PAC regarding the subject para and partial recovery position of the para recommended for settlement subject to verification of the record by Audit.

PAC DIRECTIVE DATED 12-01-2010

The PAC directed the PAO to inquire the matter, pin point the names of those persons who were responsible for not taking the action of recovery in time and report to PAC within one month. The PAC also directed the PAO to follow the recommendation of the DAC in future strictly.

4.8 Para 9.17 (Page 78-AR)

Inadmissible concession of government taxes Rs. 38,532,000.

Audit pointed out that car air-conditioners and heaters imported by a bonder-cum-assembler of Pak Suzuki Cars under Collectorate of Customs (Appraisalment), Karachi was allowed concessionary rate of customs duty @ 30% advalorm and sales tax free in terms of notification dated 14.6.1984. Actually the above said goods were not provided in the appended deletion programme of the factory/assemblers and hence the benefit of above S.R.O. was to be denied on the clearance of these goods. A substantial amount of government taxes of Rs. 38,532,000 was involved on this account which was pointed out by audit during August, 1990.

The PAO informed the Committee that the concession of duty and taxes was admissible under the law.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the para for settlement subject to verification of record by Audit, however, the department was directed to be careful in future.

4.9 Para 9.21 (Page 150-AR)

Inadmissible export of goods involving loss of government revenue Rs. 3,722,101

Audit pointed out that Karachi based unit of ready made garments imported raw materials free of all taxes for the manufacturing of leather jackets meant wholly for export and availed the facility of manufacturing bond in terms of notification dated 17.4.1970. Under the provisions of law the preparation and submission of samples of finished goods as also analysis cards showing full formula of the finished goods and details of raw materials and articles used therein by the bonder of the Collector of Customs, before the export of the goods was a pre-requisite for a manufacturing bond. They were thus not entitled to duty

free imports. Government taxes on such imports worked out to Rs. 3,722,101 which were requested to be recovered besides taking penal action against the bonder for contravening the provisions of law.

The PAO informed the Public Accounts Committee (PAC) that the original record was not available with preventive as well as the export Collectorate. However, the same was traced and show cause notice was issued to the party.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the PAO to recover the amount involved in the case immediately and the progress report should be informed to PAC within one month. The Public Accounts Committee (PAC) also directed the PAO that rules should be followed in future. The follow up action will be monitored by the Implementation Committee of the PAC Sectt.

4.10 Para 9.24 (Page 153-AR)

Short realization of Government taxes due to miscalculations Rs. 1,225,023.

Audit pointed out that govt. taxes in respect of bonded goods cleared by certain bonders were short assessed by the customs authority under Collectorate of Customs, Karachi due to calculation errors. This led to short realization of government revenue Rs. 1,225,023.

The PAO informed the Public Accounts Committee (PAC) that goods were correctly assessed under the law.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the para for settlement subject to verification of the record by Audit with direction to report the PAC before the end of February, 2009. The follow up action will be monitored by the Implementation Committee of the PAC Sectt.

4.11 Para 10.5 (b) (Page 176-AR)

Inadmissible rebate due to non –repatriation of foreign exchange Rs. 585,474.

Audit pointed out that drawback is not admissible on exports against payment in Pak Rupees as clarified by CBR vide C. No. 3(67) SS (CR)/85 dated 10.2.88. However in violation of this clarification cases where rebates were allowed although exports were

made against payment in Pak: Currency. All export documents i.e. invoices, shipping bills, undertaking of exporters in forms E and BCAs were in “Pak Rupees” and no foreign exchange appeared to have been repatriated to the country. Some illustrative cases of the nature involving rebate of Rs. 585,474.

The PAO informed the Public Accounts Committee (PAC) that the rebate was correctly sanctioned according to customs General order dated 8.9.1991.

PAC DIRECTIVE

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

4.12 Para 10.5 (c) (Page 177-AR)

Loss of Rs. 16,030,179 due to non-enforcement of Bank Guarantees

Audit pointed out that as per instructions contained in CBR’s Islamabad letter C.No. 3(79)-SS(CR) 75, dated 11.6.80, a Bank Guarantee for the amount of rebate, pending production of Bank Credit Advice (BCA), may be accepted and rebate paid subject to the condition that the BCA shall be produced by the exporter within 180 days from the date of application for rebate.

In 164 cases, export rebate was paid to exporters against Bank Guarantees, but the BCAs were neither submitted by them to custom authorities within the stipulated period of 180 days. The Bank Guarantees were not enforced by the customs authorities resulting in loss of Rs. 16,030,179 to the state.

PAC DIRECTIVE

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

4.13 Para 10.13 (Page 209-AR)

Defective SROs causing loss of revenue due to double drawback of duties Rs. 869,741

Audit pointed out that exporter cum manufacturer, exported sweets, toffees and chocolates, bubble gums and claimed export rebate under SR 762 (1)/82 dated 5.8.1982 amended by SRO 640(1)/83 dated 18.6.1983 of customs duty as well as central excise duty on imported and locally manufactured sugar vide SR 280 (1)/79 dated 13.3.1978.

The drawback of both duties was made possible due to issuance of two different SROs i.e. of rebate for last three year was pointed out at Rs. 869,741 which relates to the Assistant Collector Customs, (Torkham) Peshawar.

The PAO informed the Public Accounts Committee (PAC) that there were two SROs involved in this para and no irregularity was committed this case by the department.

PAC DIRECTIVE

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

AUDIT REPORT FOR THE YEAR 1989-90 **(DIRECT TAXES)**

4.14 Para-4.5 (Page 28-AR)

Loss of revenue amounting to Rs.1,212,070,877 due to illegal cancellation of assessments

Audit pointed out that during test check it was noticed that in case of a limited company tax charged on income derived from “cement development fund” from 1976-77 to 1986-87 was unlawfully deleted by the Zonal Commissioner / Regional Commissioner on the basis of an agreement with the assessor who compromised to pay the tax on such income from 1987-88 onward. This caused loss of Rs.1,212,070,877.

The PAO informed the Committee that observation was discussed in the DAC meeting held in August, 2007. The department contested the para on the plea that opinion of law division holding the sum in question as taxable was delivered so as it was applicable from the assessment. year 87-88 onwards. Already completed assessments for 1976-77 to 86-87 were not covered by this legal opinion as assessments had already been completed and finalized. Since closed transaction cannot be reopened on receiving fresh interpretation of law, therefore, sum in question was not liable to be taxed during these years. The real issue in this case is not agreement between two ministries but the fact whether closed transactions can be reopened or not. The audit has pointed out that there is no provision in the law to waive the tax demand. This is incorrect. Section 165(2)(c) of the Income Tax. Ordinance, 1979 provides for such an authority.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the FBR and Audit to prepare a summary on the issue and get the legal opinion of the Attorney General of Pakistan with a report to PAC.

18. i) **Para-2.6 (Page 10-AR)**
Additional Tax under section – 87 – Rs.217,442,728.
- ii) **Para-2.8 (Page 13-AR)**
Additional tax under section – 88 - Rs.5,145,608
- iii) **Para-2.10 (Page 15-AR)**
Additional tax under section – 89 – Rs.53,859,860
- iv) **Para-3.2(Page 19-AR)**
Loss of Rs.23,275,718 due to grant of excessive export rebate
- v) **Para-4.8 (Page 30-AR)**
Loss of revenue amounting to Rs.127,561,550 due to non addition of three years old trading liability
- vi) **Para-7.2 (Page 62-AR)**
Workers Welfare Fund amounting to Rs.32,785,335

PAC DIRECTIVE

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

MINISTRY OF FINANCE

1. Overview

Appropriation Accounts (Civil- Vol-1), Audit Reports of Federal Govt., and Audit Reports on Public Sector Enterprises for the year 1989-90 pertaining to M/o Finance were taken up for examination by Public Accounts Committee (PAC) on 22-04-2009.

- 1.1 *Twelve (12) Grants were reported by AGPR. 04 Paras of the Audit Report on Federal Govt. and 84 Paras of Audit Reports on Public Sector Enterprises were presented by Audit.*
- 1.2 *On presentation of the Grants, the Public Accounts Committee (PAC) recommended the saving/excess in the Grants for regularization with direction to PAO that in future there should be zero excess/savings.*
- 1.3 *The Public Accounts Committee (PAC) recommended 01 Para of the Audit Report for settlement subject to verification by Audit. In 01 Para, the department was directed to process the case for write off losses and take remedial measures. In two cases, the Public Accounts Committee (PAC) directed the PAO to implement the decisions of the DAC.*
- 1.4 *03 Paras of Audit Report on Public Sector Enterprises were recommended by the Public Accounts Committee (PAC) for settlement and in 74 Paras, the Public Accounts Committee (PAC) directed the PAO to implement the decisions of the DAC. In 07 cases, the Public Accounts Committee (PAC) gave certain directives and advised to PAO to submit report to PAC.*

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I, FOR THE YEAR 1989-90

- 2.1 i) **Grant # 39- Finance Division.**
Saving Rs.10,866,996)

AGPR pointed out the saving 11.04% of the total grant. An amount of Rs. 10,365,400 (10.53%) was surrendered leaving net saving of Rs 501,596 (0.51%). A supplementary grant of Rs. 500,000 was sanctioned but

not included in supplementary schedule of authorized expenditure. After taking it into account the saving shall be increase to Rs. 1,001,596(1.00%).

The Ministry explained that net saving occurred mainly due to non filling of vacant posts and ban on other expenditure items being the economy measures.

ii) **Grant # 41- Superannuation Allowance and Pensions**
(Excess Rs. 107,184,825 /- OTC) (saving Rs. 85,720,655/-charged)

(Charged) AGPR pointed out the saving to 72.70% of the total appropriation.
(Other than Charged) AGPR pointed out the Excess worked out of 9.56% of the total grant.

The Ministry explained that correct estimates of budget of pension cannot be made as it is very difficult to make assessment as it how many govt. servants should take retirement during a particular year and saving occurred in the grant.

iii) **Grant # 43- Other Expenditure of Finance Division.**
(Excess Rs.2,237,140,086)

AGPR pointed out the excess 207.70% of the total grant. An amount of Rs 749,737,546/- (69.61%) was surrendered increasing the excess to Rs,2,986,877,632/- (277.31%).

The Ministry explained that excess in expenditure amounting to Rs.2,705,636,300 was due to wrong booking under this grant.

iv) **Grant # 44- Grant Aid and Miscellaneous Adjustments Between the Federal and Provincial Governments**
(Charged) saving-Nil
(OTC) Saving Rs. 338,792,000/-

(Charged) AGPR pointed out the appropriation was utilized in full.

(Other than Charged) AGPR pointed out the saving worked out of 10.98% of the total grant.

The Ministry explained that in other then charged section the entire saving was surrendered in time.

- v) **Grant # 45-Grants and Subsidies to Non-Financial Institutions**
(Saving Rs.225,894,000/-)

The grant closed with a saving of Rs.225,894,000/- which work out to 8.59% of the grant. The entire saving was surrendered in time.

- vi) **Grant # 46- Submission and Miscellaneous Expenditure**
(Excess/saving of Rs. 202(Charged)(saving of Rs.5,152,119,123/- OTC)

- vii) **Grant # 139-Federal Miscellaneous Investment.**
(Saving Rs. 70,530,307/-)

AGPR pointed out the saving 44.56% of the total grant. An amount of Rs. 70,530,000 (44.56%) was surrendered leaving minor saving of Rs 307.

The Ministry explained that saving was occurred due to non payment towards IFC and non payment to ADB and fluctuation for Foreign Exchange rates.

- viii) **Grant # 140-Other Loans and Advances by the Federal Government**
(Saving Rs.902,647,070/-)

AGPR pointed out the saving 39.83% of the total grant. An amount of Rs. (37.79%) was surrendered leaving net saving to Rs. 46,082,506 (2.03%).

The Ministry explained that this office made no payment. The expenditure was booked on the basis of debits received from State Bank of Pakistan. The saving was due to non drawn of advances by the government servants allocated to then by the accounts offices.

- ix) **Grant # 153- Development Expenditure of Finance Division**
(Saving Rs. 2,768,039,479/-)

AGPR pointed out the saving 38,69% of the total grant. The entire saving was surrendered in time.

The Ministry explained that the saving was surrendered in time.

- x) **Grant #185-Miscellaneous Capital Investment**
(Saving Rs.28,996,662/-)

AGPR pointed out the saving 152.61% of the total grant. An amount of Rs. 13,855,000 (72.92%) was surrendered resulting net saving to Rs. 15,141,662 (79.69%).

The Ministry explained that grant relates to 4 Utility Store Corporation and saving was occurred due to non utilization of amount by USC.

xi **Grant #186-Capital Outlay on Special Development Programme of Provinces**
(Excess Rs. 214,032,364/-)

AGPR pointed out the excess worked out of 6.43% of the total grant. An amount of Rs.208,000,000 (6.25%)was surrendered increasing the excess to Rs 422,032,364 (12.69%).

The Ministry explained that an excess booking of expenditure by AGPR amounting to Rs.201,032,364, due to this excess was reflected in the grant.

xii. **Grant #187-Development Loans and Advances by the Federal Government**
(Charged) Excess Rs 1,068,902,951
(OTC) Saving Rs. 6,513,492,602)

(Charged) AGPR pointed out the appropriation was closed with 8.44% of final appropriation.

The Ministry explained that the excess was due loans disbursed during 1989-90 than estimated. In other than charged the saving was due to less amount of loans disbursed and booked during 1989-90 by the AGPR.

(Other than Charged) AGPR pointed out the saving worked out of 40.80% of the total grant. An amount of Rs 589,467.900 (3.69%) was surrendered leaving net saving Rs 5,924,024,702..

xiii. **Audit (Charged).**
(Saving Rs.2,752,346/-)

AGPR pointed out the saving worked out to 0.81% of the final appropriation. An amount of 1,325,000 (0.4%) was surrendered leaving net saving of Rs.1,427,346 (0.42%).

- xiv. **Servicing of Domestic Debt (Charged).**
(Saving Rs. 525,684,140/-)

AGPR pointed out the excess worked out of 1.51% of the total appropriation.

- xv. **Repayment of domestic Debt (Charged).**
(Saving Rs. 7,139,711,082/-)

AGPR pointed out the saving worked out of 1.20% of the total appropriation.

PAC DIRECTIVE

On presentation of above grants/appropriation by the AGPR, the Public Accounts Committee (PAC) recommended for regularization savings/excesses in the grants. However, the PAO was directed to further strengthen financial/monitoring system and there should be zero excess/saving in future.

AUDIT REPORT FOR THE YEAR 1989-90

- 3.1 **Para 3 (Page-44-AR)**

Blockage of Government Money to the Tune of Rs 21,087,114/-

Audit pointed out that in the Pakistan Mint under Ministry of Finance, metal rejections worth Rs 21,087,114 have been piling up since 1986-87. No action has been taken either to use these rejections or to auction them. This has resulted in blockage of government money.

The PAO informed the Committee that the stock of metal rejection has completely been consumed, therefore, para may kindly be treated as settled.

PAC DIRECTIVE

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

- 3.2 **Para 4, (Page-44-AR)**

Misappropriation/embezzlement of Rs 7,233,289/-

Audit pointed out that in certain National Saving Centres under Ministry of Finance amounts aggregating Rs 7,233,290/ were found embezzled/ misappropriation during 1986-89 as a result of internal check.

The PAO informed the Public Accounts Committee (PAC) that all the proceeding against the defaulters have been completed and they had paid the fine imposed/ awarded by the court.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the department to process the cases for write off losses. The Public Accounts Committee (PAC) also directed the PAO to take remedial measures to avoid such lapses in future.

3.3 i) **Para 1 (Page-43-AR)**

Un-authorized Retention of Excess Cash

ii) **Para 2 (Page-43-AR)**

Un-necessary blockage of Government Money of the Tune of Rs 73,464,000/-

PAC DIRECTIVE

On the presentation of the above two paras by Audit, the Public Accounts Committee (PAC) directed the Ministry to implement the decisions of the DAC.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES FOR THE YEAR 1989-90

Agriculture Development Bank of Pakistan

3.4 **Para 226 (Page-154-ARPSE-1989-90)**

Suspected loss of Rs 71.399 million and undue favour in granting of project loan

Audit pointed out that Agricultural Development Bank of Pakistan (H.Q) Islamabad sanctioned a loan of Rs 27.850 million in August 1982 for setting up a milk plant in Chak No. 132/RP Tehsil Sadiqabad against total project cost of Rs 49.200 million. An additional loan of Rs 6.950 million was sanctioned to the party on 2 April 1983. Third loan of Rs 2.00 million was also sanctioned on 30

September 1984 to meet the cost over-run of the project. A loan of Rs 5.700 million for working capital was sanctioned to the party on 17 December 1984 for the fourth time which was recoverable in lump sum after 6 months of disbursement i.e. by 12 August 1985. Another working capital loan of Rs 2.00 million was again sanctioned to the party on 4 September 1986 for the purchase of raw milk and plastic molding compound for a period of one year from the up to September 1986 out of which Rs 44.327 million were disbursed to the party during the period from 25 November 1982 to 11 November 1986 the fixed investment loan was recoverable in 8 years in equal half yearly installment with 2 year grace period commencing from 7 January 1985. The party did not pay the due installments and on their request the repayment of loan was rescheduled. The project was closed and party did not honour their commitment of the repayment of loan and only on amount of Rs.0.500 million was recovered. The outstanding loan alongwith interest accrued thereon stood at Rs.71.399 million as at 30 April, 1989.

The PAO informed the Committee that the loan was sanctioned by Project loan committee comprising senior bank management and members of Board of Directors of the bank. The bank sanctioned the loan after detailed appraisal, technical aspect of the project and creditworthiness of the party. The bank has stopped project lending since December 1991. The party approached SBP Resolution Committee for settlement of their liabilities. SBP resolution committee has decided and allowed. The borrower to settle their liabilities. The party has not availed statement package allowed by the bank. Therefore, the settlement package has been withdrawn and legal process of project assets has been initiated. Now the case has been decided in the favour of bank on March, 2009.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the management to recover the amount as early as possible and if bank needs legal support of the government then informed the PAC.

Regional Development Finance Corporation

3.5 Para 300 (Page-205-ARPSE)

Non-recovery of loan amounting to Rs 396,000 from a loanee

Audit pointed out that the Regional Development Finance Corporation (HQ) Islamabad sanctioned financial assistance amounting to Rs 396,000 on 17-6-1986 to Mr. Nazimuddin the sole proprietor of Insaaf Furniture Industries, Chillas (Gilgit). The Loan alongwith markup was required to be repaid by the loanee in 10 equal half-yearly installments. First installment was due on 31-12-1988, but no recovery of loan and markup up to 28-2-1990 was made even after rescheduling of loan by the Corporation's management on 31-01-1990.

The PAO informed the Committee that the first installment from the project was due on 31-12-88 the payment schedule was revised later on the request of the borrower. The reasons for revision were a local dispute and non availability of wood. At that time sponsor deposited Rs 20,000 towards mark-up and other charges. After rescheduling a sum of Rs 46,376 had been credited to project account. Due to non-payment of RDFC dues, the recovery had been initiated under Land Revenue Act. At that time Banking Tribunal for Northern Areas had not been formed by the Government. Due to operational losses the project was later closed down. Considering the non-performing status of the loan, it has been classified as loss M/s Insaaf Furniture has repaid an amount of Rs.59,242/ so far and there is still an outstanding balance of Rs. 494.126/ against them.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the Ministry to make all efforts for recovery. If recovery is not possible then case referred to Board of Director for written off and report to PAC within three months.

3.6 Para 301 (Page-206-ARPSE)

Non-recovery of loan amounting to Rs 396,000 from a loanee

Audit pointed out that the Regional Development Finance Corporation Islamabad sanctioned a loan of Rs 0.707 million to a party on 21 November 1985 and the amount was disbursed up to December 1986. The project came into commercial production in January 1987. The repayment of first installment of loan was due on 1 April 1987 but recovery was not started. The project was visited by two officers of the corporation in April 1989 and found that the transformer had been removed by WAPDA from the project side due to non-payment of their dues. It was also noticed that certain machinery was being removed from the project site unauthorized. The recovery schedule was also revised on the request of the sponsor but no recovery has been made so far. The sponsor in April 1989 showed

his inability to deposit the due and also failed to make the project operational, therefore the chances of recovery are now remote.

The PAO informed the Committee that loan was sanctioned according to the financial appraisal and market viability of project. For the recovery, RDFC dues proceedings under Land Revenue Act were initiated in September 1990. In this connection, Legal notice to the sponsor was served on 30-9-1990 and reference to Deputy Commissioner, Mardan, was made case is subjudice. The propriety mortgaged with RDFC had been attached. The banking court had issued orders to take over mortgaged assets.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the Ministry to recover the amount without further loss of time with the help of Advocate General of NWFP and report to PAC within three months.

Small Business Finance Corporation

3.7 Para 304 (Page-209-ARPSE)

Expected loss due to doubtful recovery of Rs 0.707 million from a loanee

Audit pointed out that the Small Business Finance Corporation Islamabad sanctioned a loan of Rs 500,000 for the installation of woolen carpet manufacturing units at Wah Cant on 4 November 1986. The loan was secured against the mortgage of a plot and factory and was disbursed in 3 installments. The entire loan alongwith interest was repayable in 60 equal installments after a grace period of 9 months from the date of disbursement of the first installment. The management did not disburse the loan in accordance with the schedule and paid the second installment of Rs 123,000 direct to the loanee instead of the supplier of the machinery on 8 December 1986 and 30th December 1986. The loan has mis-utilized by the loanee. The party did not pay the installment. Later on the party submitted a cheque for Rs 52,000 which was dishonored.

The PAO informed the Committee that loan was processed in accordance with the approved lending criteria. Utilization of disbursed loan amount was also got verified by the officials of the corporation. Initially the borrower did the business. But, later he closed his business and also shifted his residence. All possible efforts are being made to locate the borrower. After identification of his residential address recovery action will be initiated.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the PAO to inquire the matter in detail and point out the names of the officers/officials of the bank who were involved in this case with a report to PAC within a month.

Agricultural Development Bank Of Pakistan

3.8

- i. **Para 220-ARPSE)**
Operating Results
- ii. **Para 221-ARPSE)**
Repayment of Bank and Debt Servicing
- iii. **Para 222-ARPSE)**
Bank staff and officers strength was on gradual increase due to induction of new recruits
- iv. **Para 223-ARPSE)**
Un-utilized funds of Foreign Credits
- v. **Para 224-ARPSE)**
Outstanding under the hear Suspense Account Stood. Rs 12.767 million
- vi. **Para 225-ARPSE)**
Loss due to non-recovery of loan of Rs 85.751 million
- vii. **Para 227-ARPSE)**
Doubtful recovery of loan amounting to Rs 15.541 million
- viii. **Para 228-ARPSE)**
Non-recovery of outstanding bank dues of Rs. 6.957 million due to poorly evaluated
- ix. **Para 229-ARPSE)**
Expected loss of Rs 6.371 million due to non-recovery of project loan
- x. **Para 230-ARPSE)**
Non-recovery of loan of Rs 5.044 million from chronic defaulter (Ex-MNA)
- xi. **Para 231-ARPSE)**
Doubtful recovery of loan and interest thereon amounting to Rs 3.712 million
- xii. **Para 232-ARPSE)**
Loss due to non-recovery of Bank dues of Rs 3.725 million
- xiii. **Para 233-ARPSE)**

- Undue favour to a party in granting project loan and doubtful recovery of Rs 2.911 million
- xiv. **Para 234-ARPSE)**
Doubtful recovery of Rs 2.544 million and mis-utilization of loan amounting to Rs 1.600 million
- xv. **Para 235-ARPSE)**
Expected loss of Rs 2.346 million due to non-recovery of project loan and interest accrued thereon
- xvi. **Para 236-ARPSE)**
Non-recovery of outstanding loan of Rs 1.783 million from a poultry processing unit
- xvii. **Para 237-ARPSE)**
Non-recovery of income tax amounting to Rs 937,058 from the supplier
- xviii. **Para 238-ARPSE)**
Loss of Rs 237.821 due to non-recovery of house building advance and other dues while accepting resignation of an ex-officer

Federal Bank for Co-operatives

- xix. **Para 249-ARPSE)**
Working results of the bank for the year 1989-90
- xx. **Para 250-ARPSE)**
No specific investment against the General Reserve Fund amounting to Rs 175.462 million
- xxi. **Para 251-ARPSE)**
Debts amounting to Rs 3.608 million were considered doubtful
- xxii. **Para 252-ARPSE)**
Capital work-in-progress stood at Rs 3.578 million as on 30th June, 1990 which needs to be capitalized early
- xxiii. **Para 253-ARPSE)**
The other assets of the bank includes investment in share of subsidiary company Rs 25.000 million

Agriculture Marketing and Storage (Pvt.) Ltd

- xxiv. **Para 254-ARPSE)**
Operational activities of the Company
- xxv. **Para 255-ARPSE)**
Working Results

- xxvi. **Para 256-ARPSE)**
Stock valuing Rs 126.574 million were shown possessed by the company at the end of the financial year 1989-90
- xxvii. **Para 257-ARPSE)**
A sum of Rs 75 million being balance amount of issued shares needs to be paid fully towards equity of the company without any further delay
- xxviii. **Para 258-ARPSE)**
A sum of Rs 3.260 million was shown as good debts receivable as on 30th June 1990
- xxix. **Para 259-ARPSE)**
A sum of Rs 0.474 million was recoverable from M/s Nahda Egypt Gulf Co. Dubai (UAE)

Regional Development Finance Corporation

- xxx. **Para 291-ARPSE)**
Working Results
- xxxi. **Para 291-ARPSE)**
Working Results
- xxxii. **Para 292-ARPSE)**
The operating activities of the Corporation
- xxxiii. **Para 293-ARPSE)**
Promotional Funds
- xxxiv. **Para 294-ARPSE)**
Un adjusted branch balance amounting to Rs 1.980 million appearing on the liability side
- xxxv. **Para 295-ARPSE)**
The corporation owned a plot of land purchased in 1987 at a cost of Rs 2.220 million

PAC DIRECTIVE

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

AUDIT REPORT PUBLIC ENTERPRISES Vol-III
FOR THE YEAR 1989-90

Investment Corporation of Pakistan

3.9 **Para 270 (Page-185-1989-90-Vol-III-ARPSE)**

Suspected loss due to non-recovery of Rs 69.844 million loaned for construction of Hotel

Audit pointed out that the Investment Corporation of Pakistan sanctioned and disbursed debentures and bridge financing loan amounting to Rs 10.80 million to M/s Arabian Sea Enterprises Limited for construction of Hotel Sheraton from 1975 to 1981 against mortgage of the property of 3 to 5 years whereas a period of more than 14 years has since lapsed and not a single installment has been paid as yet. The Corporation (ICP) did not take any action to recover the outstanding loan and the interest and penal interest which had accumulated to Rs 69.844 million as on 30-6-1989. The non-recovery and lack of action against the loanee is indicative of the fact that the party was favoured at a huge cost to the Government exchequer. Further the ICP suffered a loss of Rs 0.1 million by waiving off agreed legal documentation fee.

The PAO informed the Committee that the circumstances which led towards non-recovery of dues. The case was approved by the Board of Directors according to the approved policy of the corporation, hence, question of fixing responsibility on any officer of the corporation does not arise. ICP's Board of Directors in its meeting held on 16-06-1997 approved a package to the company for full and final settlement of liabilities. As against outstanding liabilities of Rs 147.604 million as on 15-12-1996 including principal amount of Rs 20.800 million ICP received the settlement amount of Rs 62.461 million. The remaining outstanding amount was waived off. The settlement did not entail any write off.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the para for settlement subject to verification of the recovered amount and documents by Audit with a report to PAC within 15 days.

National Development Finance Corporation

3.10 Para 275 (Page-189-1989-90-Vol-III ARPSE)

Audit pointed out that the Past Due Obligations (PDO) i.e. the principal and interest amount due to be repaid by the borrowers but remained outstanding stood at Rs 1,563.82 million as on 31-12-1989 as against Rs 1,544 million at the end of the preceding year. A suitable strategy needs to be adopted for prompt recovery of PDOs from the concerned borrowers. The borrowers who do not make repayment of the principal and interest on due dates only to get waiver of interest and rescheduling their loans need to be discouraged as waiver of interest hardly brings out any positive recovery results.

The PAO informed the Committee that Corporation is trying its best to recover its loans dues by using all means of recovery, Accordingly, Corporation's PDOs during the year increased marginally i.e. Rs.20 million only. This happened due to Corporation's effective monitoring and aggressive recovery efforts. Further, it may be clarified that the corporation had not approved any waiver of interest to any borrower during the year. The PAO also informed the Public Accounts Committee (PAC) that the Corporation has recovered the outstanding amount.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the Ministry to provide the detail of loan of Rs 1,564 million on account of PDOs to Audit. On the satisfaction of the Audit, the para would be recommended for settlement and report to PAC within one month.

3.11 Para 277(Page-190-1989-90-Vol-III ARPSE)

Un-secured loan of Rs 39.00 million outstanding for recovery

Audit pointed out that National Development Finance Corporation (Z.O) Islamabad provided working capital of Rs 39 million during September 1987 to January 1989 to M/s Harmain (Pvt) Ltd. Against hypothecation of finished stocks, raw materials, book debts and receivable in addition to charge on fixed assets covering the above term financing. The facility was provided for the completion of a contract of construction of classrooms under the "Second Primary Education Project. Despite the fact that heavy amount of Rs 39 million was loaned, the project has not so far become commercially viable. The facility was valid for a

period of one year from the date of disbursement of loan but the borrowing firm failed to pay back even a single installment. An special inspection carried out by a team of NDFC revealed that there was no charge of National Development Finance Corporation on the pledged stock as the management of M/s Harmain (Pvt.) Ltd. outstanding the Muqqaddam appointed by the NDFC from the premises of the Godown. It was also mentioned in the report that stock worth Rs 7.4 million was lying in the godown against the working capital facility of Rs 39 million. The loan facility awarded to the firm is thus, unsecured.

The PAO informed the Committee that M/s Harmain (Pvt.) Limited got order for the construction of 500 pre-fab class rooms units in the provinces of NWFP and Baluchistan, from the Ministry of Education, GOP, for the design, provision and construction of Class Room Units for the Secondary Primary Education Project against World Bank International Tender. In order to complete these class room units the borrower approached former NDFC for working capital loan. The corporation keeping in view the company's confirm order from GoP approved working capital loan of Rs 39 million in aggregate against the securities. Unfortunately owing to the failure of the contractor in fulfilling his contractual obligation, the contract was ultimately cancelled by the M/o Education, government of Pakistan. As a result of cancellation, the project become sick and finally closed. NDFC has no option but to file a recovery suit against the project. The court awarded degree in favour of farmer NDFC. The execution petitions were filled in the respective court which was under process. In the meantime, the loan against the Harman (Pvt.) Limited as per transfer & Assignment Agreement dated 22-9-2001 signed between NDFC and CRIC, were transferred to CRIC.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the Ministry to pursue the case and try to auction the in the month of May with a report to PAC.

3.12 Para 279 (Page-192-1989-90-Vol-III ARPSE)

Extravagant and unjustified expenditure of Rs 1.042 million on maintaining a Rest House

Audit pointed out that National Finance Corporation acquired a furnished house at Karachi on April 1, 1985 from PICIC at a rent of Rs 13000 PM and converted it into a rest house. One expiry of the 11 months lease agreement on 28th February 1986 PICIC desired the renewal for another 11 months on same terms and conditions. NDFC paid Rs 468,000 in July 1986 as advance rent for three years

without any lease agreement. The Management also incurred an unauthorized expenditure of Rs 430,831 on its furnishing and renovation in 1986. The rest house was converted into Chairman's residence w.e.f. 19 August 1986. According to his terms and conditions of deputation the Chairman was entitled to a rental ceiling of Rs 5000 PM.

The PAO informed the Public Accounts Committee (PAC) NDFC is the largest DFI of the country and has got business relations with the foreign lending agencies, foreign banks etc. The delegations of these agencies normally visit NDFC and other financial institutions at frequent intervals. In order to accommodate these delegations and also other national VIPs, the NDFC management decided to establish a rest house at Karachi. Accordingly, the premise was hired from PICIC on rental basis in April, 1985. The corporation started its renovation during the second half of 1985 and was completed during the first half of 1986. In July, 1986 Mr. Zafar Iqbal, Ex-Chairman of the corporation, who was living in his own house was transferred to Ministry of Production, Islamabad. Mr. Aftab Ahmad Khan, ex-Secretary Establishment Division took over the charge as Chairman, NDFC. Since no suitable accommodation was available for the Chairman, the management with prior intimation to the Secretary M/o Finance dated June 22, 1987, decided to convert the said premises into the Chairman residence temporarily. However, it is worth-mentioning that NDFC did not construct/acquire Chairman, house despite the fact that NDFC Board of Director had already allocated budgetary provisions for these purposes.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed Ministry to provide the relevant documents to Audit for verification. However, the Public Accounts Committee (PAC) recommended the para for settlement subject to verification of the record by the Audit with a report to PAC within 15 days.

PAKISTAN SECURITY PRINTING CORPORATION (Pvt) **LIMITED**

3.13 Para 288 (Page-198-ARPSE)

Loss of Rs 1.053 million due to wastage of security paper in printing of Rs 50 bank notes

Audit pointed out that the Pakistan Security Printing Press received an order for printing of 100 million bank notes of Rs50 denomination from the State Bank of Pakistan in 1983-84. The work was taken in hand under order No.S-314 dated 19-2-1985. For this job 8143 reams of printing paper including 14% wastage allowance was required whereas 8464 reams were actually consumed by making temporary transfer of 321 additional reams from another job No.S-598 to recoup the wastage of defective paper utilized earlier on this job. As a result, the PSPC suffered a loss of Rs 1,052,726 on account of cost of paper, ink and other printing activities ranging from PPD to sheeting examination of 321 wasted reams excluding cost of varnishing.

The PAO informed the Committee that in 1985, 10,637 reams of Rs50 denomination banknote paper were manufactured and supplied by M/s Security Paper Limited PSPDC has 40% share in its equity. The Chairman & MD of both SPL and PSPC is the same. The above paper was substandard which was pointed out to the Mill Management. After protracted negotiations with SPL, it was mutually agreed that both the Organizations should try to minimize the extent of loss and accommodate each other by sharing a portion of the loss. In order to minimize the loss, the Chief Chemist of PSPC succeeded in his trials and the paper was improved by varnish coating, at PSPC. The cost of varnish coating as agreed was reimbursed by the Paper Mill. However, the cost of 321 reams, which were consumed over and above required reams was not recovered from the Paper Mill in keeping with the spirit of the settlement already reached in the above negotiations as the Corporation was satisfied that SPL had already paid on account of the agreed cost of varnish coating.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the Ministry to provide the following document to Audit:

- i) copy of in house inquiry
- ii) copy of acceptance of rates by SBP
- iii) quality certification report.

The Public Accounts Committee (PAC) also directed the Ministry to write a letter to PSPC and SBP about the details of rejected notes in the reported time by Audit. The Public Accounts Committee (PAC) further directed the Ministry that if the inquiry report has not been located then action should be taken against the persons responsible and report to PAC within one month.

3.14 **Para 289 (Page-198-1989-90-Vol-III ARPSE)**
Loss of Rs 504,481 due to theft of postal stamps

Audit pointed out that the Pakistan Security Printing Corporation delivered a number of boxes of postage stamps to the Postal Department Karachi, on 18-7-1987. Out of this consignment, 4 packets containing 100,00 postage stamps each having Rs 5 denomination were missing and replaced by waste paper as reported by Postal authority on 26-7-1987. Accordingly, Rs 504,481 were deducted being printing charges and the face value of missing stamps from the bills of the Corporation. It was found that the wooden packed case was tampered by the employees posted in the packing and warehouse paper stores. The system of security, supervision and control in the packing section was found ineffective. For security lapses two security officer were found responsible and the department representative of Post Office was also held responsible for his loose supervision. On the recommendations of the Enquiry Committee, the matter was reported to FIA on 26-12-1987.

The PAO informed the Committee that the para is based on the assumption that pilferage of stamps had taken place in the warehouse of the PSPC which is not correct. An enquiry board in this connection was constituted in PSPC. According to its report the pilferage had occurred at the warehouse of Postal Department in view of the following circumstances. Packing of goods is always done in the presence of an authorized representative of Postal Department. After verifying the contents a certificate duly signed by his, is placed in the box. The case in which the shortage had been reported when delivered alongwith other 120 cases to Postal Authorities was again weighted and accepted. The consignment was delivered and accepted on 18-7-1987. Shortage was reported on 25-7-1987 i.e. after one week. No representative of PSPC was present when Postal Authorities opened the box. The case was referred to FIA vide PSPC letter No.ADM3987 dated 26-12-1987 and they have not given their final report inspite of repeated requests.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the Ministry to provide the following documents to Audit:-

- i) copy of in house inquiry report

- ii) detail of recovery at source
- iii) Why matter was not taken up with M/o Communication
- iv) latest position of case with FIA

The Public Accounts Committee (PAC) further directed that if the inquiry report has not been available then action should be taken against the officers/officials responsible with a report to PAC within one month.

Banker Equity Limited

3.15

LXX. Para No.239 (Page 169-1989-90-Vol-III ARPSE)

Audit Comments

LXXI. Para No. 240.1(Page 170-1989-90-Vol-III ARPSE)

Audit Comments

LXXII. Para No.241 (Page 170-1989-90-Vol-III ARPSE)

Audit Comments

LXXIII. Para No.242 (Page 170-1989-90-Vol-III ARPSE)

Audit Comments

LXXIV. Para No.243 (Page 170-1989-90-Vol-III ARPSE)

Audit Comments

LXXV. Para No.244 (Page 170-1989-90-Vol-III ARPSE)

Audit Comments

Equity Participation Fund

LXXVI. Para No.245 (Page 171-1989-90-Vol-III ARPSE)

Audit Comments

LXXVII. Para No.246 (Page 171-1989-90-Vol-III ARPSE)

Audit Comments

LXXVIII. Para No.247 (Page 172-1989-90-Vol-III ARPSE)

Audit Comments

LXXIX. Para No.248 (Page 172-1989-90-Vol-III ARPSE)

Audit Comments

House Building Finance Corporation

LXXX. Para No. 219.1(Page 149-1989-90-Vol-III ARPSE)

Non-Submission of Accounts

LXXXI. Para No. 260(Page 178-1989-90-Vol-III ARPSE)

Non-recovery of Rs 549,272 from the defaulting loanees

LXXXII. Para No. 261(Page 179-1989-90-Vol-III ARPSE)

Loss of Rs 0.447 million due to irregular enhancement of rates and non observance of proper purchase procedure

Industrial Development Bank of Pakistan

LXXXIII. Para No. 262(Page 180-1989-90-Vol-III ARPSE)

Non-recovery of loan of Rs 3.700 million granted for the construction of a hotel

LXXXIV. Para No. 263(Page 181-1989-90-Vol-III ARPSE)

Loss of Rs 1.190 million due to negligence of the management

LXXXV. Para No. 264(Page 182-1989-90-Vol-III ARPSE)

Audit Comments

LXXXVI. Para No. 265(Page 182-1989-90-Vol-III ARPSE)

Audit Comments

LXXXVII. Para No. 266(Page 183-1989-90-Vol-III ARPSE)

Audit Comments

LXXXVIII. Para No. 267(Page 183-1989-90-Vol-III ARPSE)

Audit Comments

LXXXIX. Para No. 268(Page 183-1989-90-Vol-III ARPSE)

Audit Comments

XC. Para No. 269(Page 184-1989-90-Vol-III ARPSE)

Expected loss of Rs 1.916 million due to non-realization of the debt from M/s Zaulshan Engineering Works

XCI. Para No. 271(Page 186-1989-90-Vol-III ARPSE)

Loss of Rs 1.280 million due to injudicious investment in M/s Spectrum Limited

National Development Finance Corporation

XCII. Para No. 272(Page 188-1989-90-Vol-III ARPSE)

Audit Comments

XCIII. Para No. 273(Page 189-1989-90-Vol-III ARPSE)

Audit Comments

XCIV. Para No. 274(Page 189-1989-90-Vol-III ARPSE)

Audit Comments

XCV. Para No. 276(Page 189-1989-90-Vol-III ARPSE)

Audit Comments

- XCVI. Para No. 280(Page 193-1989-90-Vol-III ARPSE)**
Wasteful expenditure of Rs 380,184 on premature recruitment of staff for proposed new branches and hiring office accommodation
- XCVII. Para No. 281(Page 194-1989-90-Vol-III ARPSE)**
Irregular payment of donation amounting to Rs 400,000
- XCVIII. Para No. 282(Page 195-1989-90-Vol-III ARPSE)**
Treating earnings from special assignment as an off-balance sheet item

Pakistan Security Printing Corporation (Pvt) Limited

- XCIX. Para No. 283(Page 196-1989-90-Vol-III ARPSE)**
Audit Comments
- C. Para No. 284(Page 196-1989-90-Vol-III ARPSE)**
Audit Comments
- CI. Para No. 285(Page 197-1989-90-Vol-III ARPSE)**
Audit Comments
- CII. Para No. 286(Page 197-1989-90-Vol-III ARPSE)**
Audit Comments
- CIII. Para No. 287(Page 197-1989-90-Vol-III ARPSE)**
Audit Comments
- CIV. Para No. 290(Page 199-1989-90-Vol-III ARPSE)**
Loss of Rs 161,206 due to wastage of 80,282 reams of paper in printing of Rs 100 notes

State Bank of Pakistan

- CV. Para No. 309(Page 214-1989-90-Vol-III ARPSE)**
Audit Comments
- CVI. Para No. 310(Page 215-1989-90-Vol-III ARPSE)**
Audit Comments
- CVII. Para No. 311(Page 215-1989-90-Vol-III ARPSE)**
Audit Comments
- CVIII. Para No. 312(Page 215-1989-90-Vol-III ARPSE)**
Audit Comments

PAC DIRECTIVE

On the presentation of the above paras by AGPR, the Public Accounts Committee (PAC) directed the Ministry to implement the DAC's decisions.

MINISTRY OF FOOD, AGRICULTURE & LIVESTOCK

1. Overview

Appropriation Accounts (Civil- Vol-1) and Audit Report of Federal Govt. for the year 1989-90 pertaining to M/o Food, Agriculture & Livestock were taken up for examination by Public Accounts Committee (PAC) on 23.08.2006.

- 1.1 Ten (10) Grants were reported by AGPR, whereas the Audit Report was presented by Audit.
- 1.2 On presentation of above Grants, the Public Accounts Committee (PAC) of PAC recommended saving/excess of the Grants for regularization with the direction to PAO that saving should be surrendered in time and be careful in future.
- 1.3 Regarding Paras of the Audit Report, the Public Accounts Committee (PAC) showed its displeasure against the Ministry for not properly prepared for the PAC meeting and directed the PAO and officers of the Ministry to be careful in future.

The Public Accounts Committee (PAC) also decided that a letter should be sent to Ministry regarding the misbehavior of PAO and non-serious attitude in the meeting of the Public Accounts Committee (PAC) . The Public Accounts Committee (PAC) also deferred all the remaining Paras of the Report for discussion in next meeting.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS FOR THE YEAR 1989-90

- 2.1 i) Grant # 54-Food and Agriculture Division (Total grant Rs 41,020,000)
(Saving Rs 728,912)
- ii) Grant # 57-Plant Protection Measures (Total grant Rs 49,386,000)
Saving Rs 7,041,149)
- iii) Grant # 58-Other Agriculture Services
Saving Rs 980,674)
- iv) Grant # 60-Livestock Division
Saving Rs 422,977)
- v) Grant # 61-Fishries
Saving Rs 375,712)
- vi) Grant # 62-Other Expenditure of Food and Agriculture Division

- vii) Saving 1,859,357)
Grant # 135-Capital Outlay on Purchase of Fertilizer (Total grant Rs 5,514,708,000)
(Saving Rs 562,610,060)
- viii) **Grant # 156-Development Expenditure of Food and Agriculture Division**
(Saving Rs 937,346,495)
- ix) **Grant # 158-Development Expenditure of Livestock Division**
(Excess Rs 1,501,135)
- x) **Grant # 188-Capital Outlay on Food Storage and other works**
(Excess Rs 1,952,689)

PAC DIRECTIVE

On the presentation of the above ten grants by the AGPR, the Public Accounts Committee (PAC) recommended saving/excess for regularization. However, the Public Accounts Committee (PAC) directed the Ministry of Food and Agriculture, that the savings should be surrendered intime and be careful in future.

AUDIT REPORT FOR THE YEAR 1989-90

3.1 **Audit Para # 1, Page-47-AR-1989-90**

Loss of Rs 18.67 million due to import of Fertilizer at Higher rate

Audit pointed out that fertilizer Import Department floated a tender enquiry for import of 150,000 M/tons (subsequently amended to 250,000 m/tons), fertilizer under ADB Loan. A total quantity of 385,000 tons was offered by bidders at different rates ranging from \$201.80 to 207.85 per ton. The tender committee, while evaluating the bids decided to purchase the entire tendered quantity (from 1st lowest to the 7th bidder) irrespective of the rate, requirement and sanctity of tender. Calculated on the basis of the rate of lowest bidder, and extra expenditure of Rs 18,673,046 was incurred on the purchase of additional quantity of 260,000 (385,000-125,000) M/tons causing loss to Government.

The PAO informed the Public Accounts Committee (PAC) that the para related with Director FID and after repeated request he has not attended the PAC meeting. All record regarding the above para was also with Director FID.

PAC DIRECTIVE

The Public Accounts Committee (PAC) showed its displeasure against the Ministry for not properly prepared for the PAC meeting and directed the PAO be careful in future. The Public Accounts Committee (PAC) also directed the M/o Food and Agriculture to serve a Notice to Director FID and take action against him under E&D rules with a report to PAC/Audit within one month and deferred the para. The Public Accounts Committee (PAC) observed that the Ministry of Food and Agriculture is not fully prepared and showed its displeasure. The Public Accounts Committee (PAC) also decided that a letter should be sent to Ministry of Food and Agriculture regarding the Misbehavior and non-serious attitude of the PAO and officers of the M/of Food and Agriculture in the meeting of the PAC's Public Accounts Committee (PAC) . The Public Accounts Committee (PAC) deferred all the remaining paras/ audit reports for its next meeting with direction that the Ministry should fully prepared in next time.

Date-13-01-2010

AUDIT REPORT FOR THE YEAR 1989-90

3.2 Audit Para # 1, Page-47-AB-1989-90

Loss of Rs 18.67 million due to import of Fertilizer at Higher rate

Audit pointed out that fertilizer Import Department floated a tender enquiry for import of 150,000 M/tons (subsequently amended to 250,000 M/Tons), fertilizer under ADB Loan. A total quantity of 385,000 tons was offered by bidders at different rates ranging from \$201.80 to 207.85 per ton. The tender committee, while evaluating the bids decided to purchase the entire tendered quantity (from 1st lowest to the 7th bidder) irrespective of the rate, requirement and sanctity of tender. Calculated on the basis of the rate of lowest bidder, and extra expenditure of Rs 18,673,046 was incurred on the purchase of additional quantity of 260,000 (385,000-125,000) M/tons causing loss to Government.

The PAO inform the Public Accounts Committee (PAC) that Tender enquiry No. FID-3088-Proc-F, was issued on 12-06-1988 for import of 150,000 tones of the DAP (Bulk with bags) fertilizer for shipment during August/September, 1988 from member countries of Asian Development Ban under ADB Loans, against Rabi 1988-89 target of 425,000 Tons. As procurement action for import of

phosphoric fertilizer for Rabi 1988-89 had already been delayed, therefore, after review of the position at MINIFAL, the following proposals were approved by FAM to ensure adequate availability:

- i. The Quantity of DAP to be purchased against aforesaid tender under ADB Loan should be increased to 250,000 tons.
- ii. 75,000 M/Tons of DAP/TSP should be purchased under Turkish Credit.
- iii. 100,000 M/Tons of DAP should be purchased under Barter.

All the three tenders were opened on 12-7-1988 and the offers were considered by tender Committee in its meetings held on 17 and 18 July, 1988.

No Loss of any kind whatsoever was sustained by the Govt. as a result of purchase in question because the loss computed by Audit is notional one. As a matter of fact the purchases were made strictly according to the Guidelines provided by the ADB which laid down that the purchases should be made from the lowest to the next lowest. The fact that these were approved by ADB clearly establishes that no contravention of procedure or the terms of the loan was involved. Since the purchase was made on the basis of the requirements as approved by the competent authority, and strictly according to the procurement Guidelines of Asian Development Bank, the audit para may please be dropped.

PAC DIRECTIVE

The PAC took serious notice for not attending the PAC meeting by the Secretary M/O Food & Agriculture and non compliance of the PAC directive. However the committee directed the PAO to fix the responsibility and take action against the persons responsible and referred the Para to the Monitoring Committee of the PAC.

3.3 Audit Para # 2, Page-47- AB -1989-90

Irregular and In-fructuous Purchase of Bagging Plant. Loss of Rs 8.8 Million and Non-Recovery of Rent Rs.3.36 Million

Audit pointed out that the Director General (Food) Imported a Mobile Grain unloading and bagging plant from Switzerland at a cost of Rs 8.8 Million (SFR 1,270,760) under an agreement concluded in November, 1976. The Plant was required for handling imported wheat at Karachi Port. In this case the following irregularities have been observed:

The Ministry sanctioned the purchase without preparing feasibility report and approval from CDWP/Ministry of Finance which was necessary as the scheme was worth more than Rs 5 Million.

After erection of plant in January 1978 and its use on rental basis for a few months by the handling contractors it was handed over to National Logistic Cell who used it for more than three years (from October 1978 to October 1981) without payment of rent claim of the rental/utilization charges for Rs. 3.36 Million preferred by the Department was not recovered.

The plant was damaged during use by NLC and was abandoned at the port. No recovery for the damage caused to the plant was made although an amount of Rs 60,480 was spent on its repairs in 1983. Another amount of Rs 61,224 spent on purchase of Diesel and lubricants was also not recovered.

The plant remained idle at the port from November 1981 to 1989. It was finally declared surplus to the requirement of the Department and was sold by auction in February 1989 at a cost of Rs 893, 650 causing a loss of Rs 7,843,571. This proved that the plant was purchased in excess of the requirement of the Department.

The unplanned and irregular import of plant not suited/required for the handling of wheat by the Department caused Govt. a loss of Rs 8.8 Million in foreign exchange which has not been investigated.

The PAO informed that it is not correct that the scheme was implemented without the approval of the CDWP/Ministry of Finance. In fact, CDWP approved the purchase of Plant at a total cost of Rs. 6.57 million in its meeting held in July 1976. This information was also furnished to the Director Audit vide MINFAL's letter No 8 (95)/88-W, dated 5 March 1991. It may be clarified that the original demand of Rs. 3.36 million was raised by the Department on assumption that the bagging plant had been utilized by NLC/FID for the entire imported fertilizer quantities. Following, clarifications and confirmation of the position, it transpired that NLC/FID had utilized this plant for a total quantity of 92,240 tones only as against total fertilizer imports of 675,300 tons. As such, the liability of NLC/FID came to Rs. 0.461 million only and not Rs. 3.36 million as originally claimed by the Department.

Only bagging units was transferred to NLC/FII) while discharging unit remained with the Department. The expenditure referred to by the audit was incurred for the normal day to day maintenance of the discharging unit which was essential to prevent the plant's getting rusted.

The position is that the discharging unit remained idle from 1981 to 1984 for the reason Pakistan did not import any wheat during that period. It was primarily this long disuse that resulted in the plant's non-performance in later years till its disposal. However, it is not correct that the plant was purchased in excess of the Department's requirement. The scheme was examined and approved by CDWP in which representatives of various Ministries were the participants. As regards rental charges, the Department recovered in all Rs. 2.43 million. In addition, another Rs. 0.35 million which were recovered from handling agent, M/s Badruddin, for mishandling the equipment on their part. Regarding remedial action, the position is that the plant has already been disposed off and there is no plan to purchase any plant in future by the Govt.

PAC DIRECTIVE

PAC showed its displeasure for non compliance of the PAC's directive by the PAO. However the Para was referred to DAC and settled Subject to verification by Audit.

- 3.4 i) **Audit Para # 3, Page-48- AR -1989-90**
Irregular Grant of Honoraria Worth Rs 417,908.
- ii) **Audit Para # 4, Page-49- AR -1989-90**
Irregularities in the purchase of steel drums amounting to Rs. 0.23 million.
- iii) **Audit Para # 5, Page-50- AR -1989-90**
Loss of Its 135,000 on Account of 25 Bales of Gunny Bags Missing During Transit from Keamari Port to Bin Qasim Port.
- iv) **Audit Para # 6, Page-50- AR -1989-90**
Irregular Purchase of Photo Copier Machine Amounting to Rs 113,500.

PAC DIRECTIVE

On the recommendations of the DAC, the PAC settled the above four paras.

Agriculture Research Division

3.5 Audit Para # 1, Page-51- AR -1989-90

Wasteful Expenditure of Rs 1,971,379 on Purchase of 50 Jersey Cows from USA.

An organization under Agriculture Research Division imported 50 jersey cows from USA in February 1985 at a total cost of Rs 3,704,750 at the rate of Rs 74,095 per cow. During two years 20 cows died seven were culled and 15 auctioned for Rs 129,525 leaving a balance of 8 cows only. Thus 84% of the flock stood wasted. The excessive mortality rate of these cows proves that while arranging their purchases all factors likely to affect the life pattern of the imported cows were not taken into account.

The authorities concerned intimated in November 1990 that the cows were insured and an amount of Rs 1,011,086 had been received as compensation. Still Rs 1,971,379 the cost of 42 cows after deducting proceeds of auction and insurance, stood wasted.

The PAO informed the committee that whenever exotic animal are imported in the tropical conditions such a death rate is expected to be a normal phenomenon. It is also clarified that the actual price per cow was Rs. 68,248 as against auditor calculated figure of Rs. 74,905. The type and number of animals imported was in accordance with the approved plan of work given in PC4. The purpose of bringing these animals as deemed in PC-I have been fully achieved.

PAC DIRECTIVE

The Committee settled the Para Subject to verification the record by Audit. The PAC directed the PAO to arrange comprehensive briefing on this issue in future.

3.6 Audit Para # 2, Page-51- AR -1989-90

Recovery of its 212,057 on Account of Wastage/Misappropriation of Cattle Feed Supplied to Animal Science Institute..

Audit pointed out that in an organization under the Agriculture Research Division, cattle were provided feed as per prescribed formula by veterinary specialist. This feed was prepared by mixing various components in a prescribed percentage. A comparison of stock register and consumption recorded with prescribed formula

for the period 1-7-1987 to 30-06-1988 revealed excess consumption of various feed items costing Rs. 212,057.

The PAO inform the Committee that at livestock Research Station 3 kinds of feed are used namely (1) maintenance feed (2) production feed (3) experimental feed (feed under trail). The use of excess feed/wastage of feed is not true because the feed in question was experimental feed. The experimental feeds are more expensive because of its constituents ingredients and are generally consumed in amount not accountable towards additive animal growth. The scientific basis of this whole issue has been possibly misunderstood and this feed has been considered maintenance/production ration.

PAC DIRECTIVE

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

- 3.7 **Para # 3 Page-52-AR-1989-90**
Loss of Rs. 130,000 due to Fire

PAC DIRECTIVE

On the recommendation of the Audit, the Committee settled the Para.

AUDIT REPORT PUBLIC ENTERPRISES **FOR THE YEAR 1989-90**

- 3.8 **Audit Para # 318, Page-222- ARPSE -1989-90**
Audit Comments

Audit pointed out that although the sundry debtors decreased to 56.504 million as on 31st March, 1990, from Rs. 128.214 million as on 31st March, 1989, yet these included Rs. 3.318 million and Rs. 19.950 million pertaining to the year 1987 and 1988 respectively. The need for realizing the old debts is impressed upon the management to avoid turning them into bad debts.

The PAO inform that the complete debts have since been realized except an amount of Rs. 0.755 million receivable from Octroi contractors against illegal confiscation of wheat bags in Balochistan. The case for the recovery due from Octroi contractor has been taken up at highest level with Government of

Balochistan through MINFAL. The main contractor Mr. Mithal had already lost his case against PASSCO at the level of District Judge and High Court of Balochistan, Quetta. The Board of Revenue Balochistan vide letter No. 43/19-93 revenue dated 13.10.1997 declared PASSCO dues as “Arrears of Land Revenue” for recovery from Contractors, serious efforts are still in hand to recover the said amount through Zonal Head PASSCO Dera Allah Yar Khan.

PAC DIRECTIVE

The PAC directed the PAO to recover the outstanding amount as early as possible and get it verified from audit.

3.9 Audit Para # 319, Page-222- ARPSE -1989-90 Misappropriation of Wheat valuing Rs.382,151.

Audit pointed out that as a result of annual stock taking, wheat weighing 140.239 M. Tons valuing Rs. 382,151 @ Rs.2725 per ton was found short and 359.518 M. tons as excess. The stocks found short have been stuck off the stock ledgers without any investigation against the staff responsible for the shortages which needs to be investigated and recovery affected.

The PAO informed the Committee that the amount recoverable for balance 60.889 M. Ton is included in dues recoverable from Ghulam Muhammad Laghari whose services were terminated in May, 1992. A Civil suit for recovery for Rs. 998,070/- (which includes the amount of 60.889 M. tons of wheat) is in the Court of Senior Civil Judge, Gambat. Lately the Court has ordered services of Court summons through Publication in the Newspaper and the same was made, as the Court summons could not be served upon defendants in Ordinary way. No court proceedings were held on the last dates due to leave of the Judge. The next date of hearing is 09-01-2010.

PAC DIRECTIVE

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

MINISTRY OF FOREIGN AFFAIRS

1. **Overview**

Appropriation Accounts (Civil- Vol-1) and Audit Report on Federal Govt. for the year 1989-90 pertaining to M/o Foreign Affairs were taken up for examination by Public Accounts Committee (PAC) on 22-04-2009.

- 1.1 *Four (04) Grants were reported by AGPR. 08 Paras of the Audit Report on Federal Govt. were presented by Audit.*
- 1.2 *On presentation of the Grants, the Public Accounts Committee (PAC) recommended the saving/excess in the Grants for regularization with the direction to PAO for further strengthening financial/monitoring system.*
- 1.3 *The Public Accounts Committee (PAC) recommended 03 Paras of the Audit Report for settlement subject to verification by audit. In 01 case, the Public Accounts Committee (PAC) directed the PAO to settle the amount of Rs.1.22 million with other ministries within one month. The Public Accounts Committee (PAC) also took serious notice for violating the rules and directed the Ministry for strict compliance in future. In other two Paras, the Public Accounts Committee (PAC) directed the PAO to recover the outstanding amount from the concerned persons. In remaining 02 cases, 01 Para was recommended for settlement on recommendation of DAC and in other case the Para was settled with the direction to PAO to follow PPRA Rules in future.*

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL)

VOL-I, 1989-90

2.1 i) **Grant # 63- Foreign Affairs Division (Headquarter)**

(Total grant Rs. 71,823,000 saving Rs. 471,758)

AGPR pointed out that the saving worked out to 0.66% of the total grant. An amount of Rs. 638,000 was surrendered resulting into net excess of Rs. 166,242 (0.23%).

ii) **Grant # 64- Foreign Affairs (Pak Mission Abroad)**

(Total grant Rs. 865,292,000 saving Rs.72,810,919)

AGPR pointed out that the saving worked out to 8.55% of the total grant. An amount of Rs. 1,144,000 was surrendered resulting into net saving to Rs. 72,810,919 (8.41%).

iii) **Grant # 65- Other expenditure of Foreign Affairs Division**

(Charged Total grant Rs. 28,350,000 excess Rs. 8,506,312)

(Other than Charged Total grant Rs.123,669,000 Saving Rs.143,115)

AGPR pointed out that in charged portion the excess worked out to 30% of the total grant. In other than charged saving worked to 0.12%.

iv) **Grant # 189 Capital Outlay on works of Foreign Affairs Division**

(Total grant Rs. 30,000,000 excess Rs.241,707)

AGPR pointed out that the excess worked out of 0.81% of the total grant.

PAC DIRECTIVE

On presentation of above four grants by the Chief Accounts Officer M/o Foreign Affairs, the Public Accounts Committee (PAC) recommended savings/excesses in the grants for regularization. However, the PAO was directed to further strengthen financial/monitoring system and there should be zero excess/saving in future.

**AUDIT REPORT VOL- 1 (CIVIL) ON ACCOUNTS OF FEDERAL
GOVERNMENT FOR THE YEAR 1989-90**

3.1 **Para 1 (Page-65-AR)**

Irregular Expenditure Rs 23,554 million

Audit pointed out that in 21 Missions and 2 other offices of the Ministry incurred irregular expenditure of Rs 23,554,080 on the purchase of stores, maintenance/repair of buildings, repair of cars and pay and allowances etc.

The PAO informed the Committee that due to war and attack on our Embassy in Kabul, the record is not available. Moreover, due to abnormal situation the formalities, like calling of open tenders, etc could not be fulfilled. Therefore, the paras related to our missions in Afghanistan. An amount of Rs.1.22 million relating to M/o Finance, M/o Commerce that should be settled.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the PAO to settle the amount of Rs.1.22 million with other Ministries within one month. The recovery/adjusted amount recommended for settlement subject to verification by Audit. The Public Accounts Committee (PAC) took serious notice for violating the rules and directed the Ministry to follow the rules in future strictly.

3.2 **Para 2, (Page-65-AR)**

Short credit of consular fees £ 121,984 (Rs. 4.269 million)

Audit pointed out that Pakistan Missions abroad charge fees fixed by Government of Pakistan for rendering Consular Services such as issuance of passports, stamping of visas and attestation of documents.

In a Pakistan Mission at London, Consular Section did not prepare accounts of the fees charged for the consular services. Reconciliation of the fees due and that actually deposited in the bank was thus not done. Considering the ordinary rate of fees for the issuance of 22,101 passports, stamping of 59,791 visas and attestation of 13,958 documents during 1987-89, an amount of pounds 2,000,866 should have been received and credited to government account. Audit, however, observed that a revenue of pounds 1,878,882 was accounted for as consular fees

during the year 1987-89. Thus an amount of £ 121,984 (Rs. 4,269,440) was short credited to government account.

The PAO informed the Committee that the amount calculated by the Audit was not correct as the visa and consular fees were not charged at a flat rate but vary according to the type of visa and the documents attested. It is also contended that the Audit's figures are far less than the actual amount collected. The DAC directed the Ministry to provide details of issuance of passports and visas and fee collected during the period 1988-89.

PAC DIRECTIVE

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

3.3 **Para 3, (Page-66-AR)** **Recoveries not effected Rs 3.07 million**

Audit pointed out that in 23 Missions and 2 subordinate offices of the Ministry a sum of Rs.3,070,805 remained to be recovered in 108 cases on account of overpayment of pay and allowances and non-payment of government dues etc. which included 11 cases requiring calculation of recoverable amounts.

The PAO informed the Committee that in outstanding cases, mostly the record is not available. In some cases, the officials have retired from service, or have died. In 58 paras amounting to Rs.1,458,653 have been settled. In 20 paras of Rs 1.488,738 have been regularized, for which settlement is awaiting from Foreign Audit. Two paras amounting to Rs.33,972 are related to other Ministries.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the PAO to recover the outstanding amount from the employees of the Ministry and try to recover the whole amount with a report to PAC before 20th May, 2009.

3.4 **Para 5, (Page-67-AR)** **Overpayment of Rs 565,893 on account of telephone charges**

Audit pointed out that In 14 cases, 10 Pakistani Missions abroad paid an amount of Rs. 565,893 as telephone charges, in excess of ceiling fixed by the Ministry. As per Ministry's orders, telephone charges in excess of prescribed ceilings were not to be paid out of public funds w.e.f. 13th March, 1988.

The PAO informed the Committee that out of 14 paras, 5 para were settled. In two paras partially recovery has been made. Only two paras are outstanding and Ministry will recover the outstanding amounts.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the PAO to recover the outstanding amount from the concerned officers and report to PAC before 20th May, 2009.

3.5 Para 6, (Page-67-AR)

TA advances not adjusted Rs 560,021

Audit pointed out that in TA advances allowed to officials on tours, transfer etc. remained unadjusted after the expiry of the prescribed period. Under the government orders T.A advances are required to be got adjusted within a period of one year from the date of drawl.

The PAO informed the Committee that out of four paras, the major amount has been recovered the remaining amount should be recovered. In one case, recovery was not possible and that was regularized by the competent authority.

PAC DIRECTIVE

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

3.6 Para 7, (Page-68-AR)

Inadmissible payment of charge allowance US\$ 19,353 (Rs. 425,587)

Audit pointed out that an officer posted in a Pakistan Mission at a Kabul, had been drawing charge allowance since July, 1982 without his entitlement. The matter was brought to the notice of Chief Accounts Officer, in March 1986 who referred the case to Finance Division. Finance Division endorsed the views of

audit and held the payment inadmissible vide their decision conveyed in October 1987. Despite the clear government orders and its subsequent confirmation by Finance Division, the officer did not stop the drawl of charge allowance. A total amount of US\$ 19,353 had been drawn by the officer up to June, 1989 without entitlement.

The PAO informed the Committee that the officer belongs to other department. He has been approached for early refund of outstanding amount.

PAC DIRECTIVE

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

3.7 Para 8, (Page-68-AR)

Failure to account for stock articles suspected loss on purchases worth Rs 314,000

Audit pointed out that in different cases stock/store articles purchased out of government funds were not found entered in the relevant stock register. All materials/ articles received were required to be examined, counted, measured or weighted, as the case may be, when the delivery was taken. The stores/articles were then required to be entered in the appropriate stock registers. In the absence of proper record there was very likelihood of loss to government.

The PAO informed the Committee that the DAC recommended three paras out of four worth Rs.257,827 for settlement. In other case no budget allocation was made separately. Hence the expenditure incurred on the purchase of medicines for the use in the dispensary was debited under the head 59000-other expenditure. Thereafter, a separate budget was proposed for the subject expenditure which was sanctioned during 1989-90, and since then such expenditure had been debited to the respective head of account. There was a post of doctor who was not posted by Ministry of Health. Only Nursing attended remained posted who used to give first aid emergency as 31 families had been living in the complex, and outside the complex. In absence of doctor he used to prescribe common medicines for common diseases. Thus only first aid type medicines were purchased for the dispensary.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the Ministry to follow the PAPRA Rules in future. The Public Accounts Committee (PAC) also directed the PAO to amend the existing Rules if needed and get the expenditure regularized from the competent authority recommended the para for settlement subject to verification by Audit.

3.9 **Para # 4,(Page-66-AR)**

Irregular expenditure of Rs.1.263 million on the employment of contingent paid staff.

PAC DIRECTIVE

On the recommendation of the DAC, the Public Accounts Committee (PAC) recommended the para for settlement.

MINISTRY OF HEALTH

1. **Overview**

Appropriation Accounts (Civil- Vol-1) and Audit Report of Federal Govt. for the year 1989-90 pertaining to M/o Health were taken up for examination by Public Accounts Committee (PAC) on 22.04.2009.

- 1.1 *Four (04) Grants were reported by AGPR, whereas 05 Paras of the Audit Report were presented by Audit.*
- 1.2 *On presentation of the Grants, the Public Accounts Committee (PAC) regularized the saving/excess in the Grants and the PAO was directed that there should be zero saving in future.*
- 1.3 *In case of 01 Para, the Public Accounts Committee (PAC) directed the PAO to get regularize the expenditure from Finance Division and follow the rules & regulations in future. Four Paras were recommended for settlement by the Public Accounts Committee (PAC) on the recommendation of DAC.*

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I, 1989-90

2.1 i) **Grant # 66- Health Division**

(excess Rs. 2,229,363)

AGPR pointed out that the excess worked out to 7.93% of the total grant. A supplementary grant of Rs.1, 100,000 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account the excess shall be decreased to Rs 1,129,363 (3.86%).

ii) **Grant # 67- Medical Services**

(Excess Rs.905,423/-)

AGPR pointed out that the excess worked out to 0.18% of the total grant. An amount of Rs. 116,000 (0.02%) was surrendered increasing net excess to Rs. 1.021,423 (0.20%).

iii) **Grant # 68- Public Health**

(Saving Rs.1, 946,236/-)

AGPR pointed out that the saving worked out to 4.62% of the total grant. An amount of Rs.1, 451, 900 (3.44%) was surrendered leaving net saving to Rs. 494,336 (1.17%).

iv) **Grant # 159 Development expenditure of Health Division**

(Saving Rs.176, 972,083/-)

AGPR pointed out that the saving worked out to 28.57% of the total grant. An amount of Rs. 172,568,716 (27.86%) was surrendered leaving net saving to Rs. 4,403,367 (0.71%).

PAC DIRECTIVE

On presentation of above grants by the AGPR, the Public Accounts Committee (PAC) regularized savings/excesses in the grants. However, the PAO was directed to further strengthen financial/monitoring system and there should be zero excess/saving in future.

**AUDIT REPORT ON ACCOUNTS OF FEDERAL
GOVERNMENT FOR THE YEAR 1989-90**

3.1 **Para 1 (Page-70-AR)**

Irregular expenditure of Rs. 1,277,813 on liveries provided to Nursing/ Sanitary/ Kitchen/Technical staff and Malies etc.

Audit pointed out that in hospital under M/o Health, an expenditure of Rs 1,277,813 was incurred in 1988-89 on account of uniforms and liveries provided to Nursing/Sanitary/Kichen/ Technical Staff and Malies etc. in addition to the "Uniform Allowance" Dress Allowance" in contravention of Establishment Division NO. 12/9/81-D-5 dated 29-9-1982 and Finance Division (Regulation Wing) No. 7(4)-R-13/87- D235/87 dated 1-6-1987.

The PAO informed the Committee that the decision of providing uniform to hospital employees was taken on the following grounds.

1. The categories of staff that were provided the above facility was directly involved with patient care and the hygiene of the employees engaged in patient care is of utmost importance.
2. The staff, being low paid, was not in a position to arrange their uniforms out of the admissible dress allowance.
3. The facility helped to improve the discipline & turn out of the employees. The facility was provided as an incentive to employees for improving performance.
4. The dress allowance of all the staff provided with uniform was discontinued except the Nursing Staff as the up keep of Nurses uniform is of paramount importance. Uniform allowance @ 125 per month was considered to be only sufficient for maintenance of their uniform.

PAC DIRECTIVE

The PAC directed the PAO to get regularized the expenditure from Finance Division and follow the rules and regulations in future. Follow up action will be monitored by the Implementation Committee of PAC Sectt.

- 3.2 i) **Para 2 (Page-70-AR)**
Loss of Rs 1,198,908 due to acceptance of Higher rates
- ii) **Para 5 (Page-71-AR)**
Excess expenditure of official/ residential telephone Rs 113,508
- iii) **Para 6 (Page-72-AR)**
Recovery of Rs 60,073 on account of house rent allowance
- iv) **Para 7 (Page-72-AR)**
Recovery of Rs 52,804 on account of advance payment of rent

PAC DIRECTIVE

On the recommendation of DAC the Public Accounts Committee (PAC) recommended settled the above Audit paras for settlement.

MINISTRY OF HOUSING & WORKS

1. Overview

Appropriation Accounts (Civil- Vol-1), Audit Report of Federal Govt., for the year 1989-90 pertaining to M/o Housing & Works were taken up for examination by Public Accounts Committee (PAC) on 13-01-2009. One Performance Audit Report on Construction of two Parliament Lodges at Islamabad was also discussed by the committee.

1.1 *Seven (07) Grants were reported by AGPR. 38 Paras of the Audit Report and 01 Performance Audit Report was presented by Audit.*

1.2 *On presentation of the Grants, the Public Accounts Committee (PAC) recommended the saving/excess of the Grants for regularization with certain directions to PAO that the budgetary system should be computerized and Finance Division should take a minimum time at least three weeks for re-appropriation of the funds of the Ministry /Division in future.*

1.3 *The Public Accounts Committee (PAC) recommended 18 Paras of the Audit Report for settlement. In other 18 Paras, the Public Accounts Committee (PAC) directed the PAO to implement the recommendations of DAC within one month. In one case, the PAO was directed to pursue the matter and make effort towards recovery of amount within one month. In another case, PAO was directed to locate the record within one month and get verified from Audit. In case of Performance Audit Report, the Public Accounts Committee (PAC) observed that there was no clarity in the PC-1 and recommended the report for settlement with certain directives to the Ministry.*

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I, FOR THE YEAR 1989-90)

2.1 i) **Grant # 74- Works Division**

(Total grant Rs.7,204,000 Excess Rs.1,727,212)

AGPR pointed out the excess worked out as 23.97% of the total grant. A supplementary grant Rs.1,471,000 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account the excess shall be decreased to Rs.256,212 (2.95%). An amount of Rs. 39,500 (0.45%) was surrendered increasing net excess to Rs. 295,712 (3.40%).

ii) **Grant # 76-Estate Offices**

(Total grant Rs.222,014,000 Saving Rs.49,588)

AGPR pointed out the saving worked out as 0.02% of the total grant. An amount of Rs.17,000 was surrendered leaving net saving of Rs 32,588.

BRIEF ON APPROPRIATION ACCOUNTS OF THE PAK. PWD FOR THE YEAR 1989-90

iii) **Grant 75- Civil Works**

(Excess of Rs. 2,228,712 (Charged)

(Excess of Rs. 24,464,958 (OTC))

Director (Budget & Accounts), PWD pointed out the saving worked out as 0.60% of the total grant under the charged expenditure and an excess of Rs. 18,516,458 (5.49%) under the other than charged. An amount of Rs. 3,608,500 was surrendered, net excess of Rs 18,171,170 (5.36%).

iv) **Grant 77- Federal Lodges**

(Total grant Rs. 6,446,000 Saving Rs 21,943)

(Excess of Rs. 193,057)

Director (Budget & Accounts), PWD pointed out the saving worked out as 0.34% of the total grant, net saving of Rs. 21,943.

v) **Grant 78- Expenditure of Works Division**

(Total grant Rs. 1,356,000 Excess Rs 56,280)

Director (Budget & Accounts), PWD pointed out the saving worked out as 4.15% of the total grant, net excess of Rs 56,280.

PAC DIRECTIVE

On the presentation of the above five grants by AGPR & Director (Budget & Accounts) PWD, the Public Accounts Committee (PAC) recommended the savings/excesses of the grants for regularization.

2.2 i) **Grant 163- Development Expenditure of Works Division.**

Total grant charged Rs. 1,720,000 other than charged Rs. 920,850 Excess Rs. 10,274 in charged and saving Rs. 447,331/- other than charged.

Director (Budget & Accounts), PWD pointed out the excess of Rs. 16,760 was 0.97% worked out of total grants in charged. Saving in other than charged was Rs. 447,336 of the total grant.

PAC DIRECTIVE

On the presentation of the above grant by the Director (Budget & Accounts) PWD, the Public Accounts Committee (PAC) recommended the saving/excess of the grant for regularization with the direction that the budgetary system should be computerized and be careful in future and rules for good budgeting should be followed to achieve zero excess & zero savings.

ii) **Grant 190- Capital outlay on civil works.**

(Total grant Rs.433,545,150 Saving Rs 3,252,598)

Director (Budget & Accounts), PWD pointed out the saving worked out as 0.75% of the total grant. An amount of Rs. 16,230,850 was surrendered leaving net saving of Rs 3,252,598.

PAC DIRECTIVE

On the presentation of the above grant by the Director (Budget & Accounts) PWD, the Public Accounts Committee (PAC) recommended the saving of the grant for settlement. The Public Accounts Committee (PAC) recommended that the Finance Division should take a minimum time at least three weeks for re-appropriation of the accounts of the Ministries/Divisions in future.

PERFORMANCE AUDIT REPORT ON CONSTRUCTION OF TWO FEDERAL LODGES AT ISLAMABAD FOR THE YEAR 1989-90

Audit pointed out that the department be directed to adopt proper estimation, procedure to avoid revision and step should be taken to effect recoveries of the out standing amount. The maintenance of Lodges should be on the basis of no profit no loss, including maintenance and depreciation.

The PAO informed Public Accounts Committee (PAC) that the room rent of Lodges has been increased on the recommendation of the Audit. Advance room rent system also introduced. The recoveries have been made. He also informed the Public Accounts Committee (PAC) that the cost over run the project was due to installation of 90 A.C. in Federal Lodges and single room converted into family Suits.

PAC DIRECTIVE

The Public Accounts Committee (PAC) observed that there was no clarity in the PC-I and recommended the performance Audit report for settlement subject to verification of record/ recoveries. The Public Accounts Committee (PAC) also directed the Ministry that before starting the project, proper planning should be done timely in future. The accounts/ (PC-IV) of project should be closed timely after verification receiving in DAC with a report to PAC within one month. Follow up action will be monitored by Implementation Committee of PAC Sectt.

- 3.1 **Para 8.1 (I) (Page-71-AR)**
Embezzlement of cash – Rs. 743,066.

Audit pointed out that the formation of Pak. PWD an amount of Rs.3,401,960 was realized in cash on account of room rent/telephone charges from the occupants of Government Lodges at Murree/ Islamabad between February, 1984 to November, 1988 but only Rs. 2658,894 were deposited with the Divisional Office and accounted for in the cash books. The whereabouts of the remaining amount of Rs. 743,066 were not known and the amount appeared to have been embezzled.

The PAO informed the committee that as per latest information collected from the office of the DSP, Special Investigation Unit, FIA, Rawalpindi that the case has been reopened for investigation in the light of Prime Minister's directive. Further action in the case will be taken on receipt of decision from the FIA/Court of Law.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the PAO to pursue the matter, and also directed to take efforts for recovery and further to submit progress report towards the recovery of amount within one month. Follow up action will be monitored by Implementation Committee of PAC Sectt.

3.2 **Para 8.1 (II) (Page-71-AR)** **Embezzlement of cash – Rs. 254,372.**

Audit pointed out that the formation of Pak. PWD a sum of Rs. 254,372 was drawn from treasury through two self cheques for remittance to the Income Tax Department (on account of Income Tax deducted from the bills of certain contractors). The amount was not actually remitted but was embezzled by the cashier in March, 1980.

The PAO informed the committee that FIR was lodged with police and Services of the Cashier were dismissed, case was referred to DC Lahore to ascertain the movable/immovable property of the accused. Case was also referred to FIA for investigation. It came to notice that accused has expired and the case of write off is under process.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the Para for settlement as accused has expired, and case of write off is under process before competent authority. Follow up action will be monitored by Implementation Committee of PAC Sectt.

3.3 **Para 8.3 (Page-72-AR)**

Furniture Costing Rs. 813,100 not taken on Charge Brief of Para

Audit pointed out that Pakistan Public Works Department, furniture worth Rs. 813,109 purchased in December, 1988 was not taken on charge in the T&P Accounts.

The PAO informed the committee that items of furniture supplied by M/s Western Wood Works, vide Voucher No. 47, dated 27.12.1988 (3rd and final bill) for Lodge No. II, G-5/1, Islamabad had already been taken in form CPWA-13 in the month of May, June and July, 1988.

PAC DIRECTIVE

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

3.4 **Para 8.5 (v) (Page-74-75-AR)**

Overpayment to Contractors of Rs. 38,674/-

Audit pointed out that a formation of Pak. PWD the items of cutting of earth tibia was paid at Rs. 48.45% cft instead of Rs. 33.74 % cft as per Pak. PWD schedule of rates. The application of incorrect rate resulted in overpayment of Rs. 38,674/- to a contractor.

The PAO informed the Public Accounts Committee (PAC) that amount has been recovered and Audit can verify it.

PAC DIRECTIVE

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

3.5 **Para 8.5 (XXI) (Page-79-AR)**

Overpayment to contractors of Rs. 98,946/-

Audit pointed out that earth measured for embankment of road and path was paid at the rate of 179.72% cft instead of Rs. 161.58% cft. The deduction of shrinkage

(required as per specification) was also not made from the measurement recorded for earth work which resulted in overpayment of Rs. 98,946.

The PAO informed the committee that the full amount has been recovered and the documents have been forwarded to Audit for verification.

PAC DIRECTIVE

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

3.6 Para 8.6 (I) (Page-80-AR)

Non-recovery of Cost of cement from Cement Factory to Rs. 1.086 Million

Audit pointed out that Pak. PWD an advance payment of Rs. 1,086,149 was made to various factories for the supply of cement in July 1979, to March, 1988. The amount was debited to Miscellaneous P.W. Advances pending receipt of cement but neither the material (cement) has been received from the factories nor action has been taken to get the advances refunded.

The PAO informed the committee that the outstanding amount has been recovered but relevant record was misplaced. The PAO assured the committee that the relevant record should be located and got verified from Audit within one month.

PAC DIRECTIVE

On the assurance of the PAO, the Public Accounts Committee (PAC) directed the PAO to locate the record and got verified from Audit with a report to PAC within a month. Follow up action will be monitored by Implementation Committee of PAC Sectt.

3.7

- i. Para No. 8.2 Page No. 72**
Missing Cash Amounting to Rs. 30,100/-
- ii. Para No. 8.5 (I) Page No. 73 & 74**
Over payment to contractors Rs. 54,113/-
- iii. Para No. 8.5 (III) Page No. 74**
Overpayment of Contractors of Rs 40,406/
- iv. Para No. 8.5(VIII) Page No. 75**
Overpayment of Contractors of Rs 31,670/

- v. **Para No. 8.5(IX) Page No. 76**
Overpayment of Contractors of Rs 31,504/-
- vi. **Para No. 8.5(X) Page No. 76**
Overpayment of Contractors of Rs 30,147/-
- vii. **Para No. 8.5(XI) Page No. 77**
Overpayment of Contractors of Rs 26,294/-
- viii. **Para No. 8.5(XII) Page No. 77**
Overpayment of Contractors of Rs 23,878/-
- ix. **Para No. 8.5(XIII) Page No. 77**
Overpayment of Contractors of Rs 21,230/-
- x. **Para No. 8.5(XV) Page No. 78**
Overpayment of Contractors of Rs 16,856/-
- xi. **Para No. 8.5(XIV) Page No. 77-78**
Overpayment of Contractors of Rs 17,386/-
- xii. **Para No. 8.5(XVII) Page No. 78**
Overpayment of Contractors of Rs 15,389/-
- xiii. **Para No. 8.5(XVIII) Page No. 79**
Overpayment of Contractors of Rs 13,587/-
- xiv. **Para No. 8.5(XXII) Page No. 79**
Overpayment of Contractors of Rs 302,825/-
- xv. **Para No. 8.7 Page No. 81**
Non-recovery of Rs. 335,000/ from contractor
- xvi. **Para No. 8.8 Page No. 81**
Non-recovery of Risk and Cost Charges Rs 95,400/-
- xvii. **Para No. 8.12 Page No. 83**
Expenditure Incurred on Deposit Works in Excess of Deposits Rs. 135.480,035/
- xviii. **Para No. 9.1 Page No. 87**
Outstanding Schedules of Monthly settlement with Treasuries (Forms CPWA,26/51)

PAC DIRECTIVE

On the presentation of above audit paras by the Audit, the Public Accounts Committee (PAC) directed the PAO to implement the recommendations of the DAC within one month. Follow up action will be monitored by Implementation Committee of PAC Sectt.

3.8

- i. **Para No. 8.4 Page No. 72**
Loss of revenue due to non-recovery of rent of a Federal Lodge
Rs. 101,000/-
- ii. **Para No. 8.5 (II) Page No. 74**
Over payment to contractors Rs. 41,115/-
- iii. **Para No. 8.5(IV) Page No. 74**
Overpayment of Contractors of Rs 40,512/
- iv. **Para No. 8.5(VI) Page No. 75**
Overpayment of Contractors of Rs 37,222/-
- v. **Para No. 8.5(VII) Page No. 75**
Overpayment of Contractors of Rs 32,121/
- vi. **Para No. 8.5(XII) Page No. 77**
Overpayment of Contractors of Rs 23,878/-
- vii. **Para No. 8.5(XV) Page No. 78**
Overpayment of Contractors of Rs 16,856/-
- viii. **Para No. 8.5(XIX) Page No. 79**
Overpayment of Contractors of Rs 11,540/-
- ix. **Para No. 8.5(XX) Page No. 79**
Overpayment of Contractors of Rs 25,819/-
- x. **Para No. 8.6(II) Page No. 80**
Non-recovery of Cost of Cement from Cement Factory Rs 538,522/-
- xi. **Para No. 8.10 Page No. 82**
Loss of Rs 17,400/-
- xii. **Para No. 8.11 Page No. 82**
Non-maintenance and non production of record
- xiii. **Para No. 8.13 Page No. 84**

Inspection not conducted by the superintendent Engineer/Divisional Officers, in Pakistan Public Works Department.

PAC DIRECTIVE

On the presentation of above Audit Paras by the Audit, the Public Accounts Committee (PAC) recommended for settlement. Follow up action will be monitored by Implementation Committee of PAC Sectt.

3.9 **Para No. 8.5(XVI) Page No. 77-78**

Overpayment of Contractors of Rs 17,386/-

PAC DIRECTIVE

On presentation of above audit paras by Audit, the Public Accounts Committee (PAC) recommended for settlement subject to verification of recovery/record by Audit within one month.

MINISTRY OF INDUSTRIES & PRODUCTION

1. **Overview**

Appropriation Accounts (Civil- Vol-1), Audit Report of Federal Govt., and Audit Reports on Public Sector Enterprises for the year 1989-90 pertaining to M/o Industries & Production were taken up for examination by Public Accounts Committee (PAC) on 26-11-2008. Three Performance Audit Reports were also discussed by the committee.

- 1.1 *Eight (08) Grants were reported by AGPR. 07 Paras of the Audit Report on Federal Govt., 219 Paras of Audit Report on Public Sector Enterprises and 01 Para of Performance Audit Reports was presented by Audit.*
- 1.2 *On presentation of the Grants, the Public Accounts Committee (PAC) recommended the saving of 06 Grants for settlement. In 01 Grant, the Public Accounts Committee (PAC) directed the Ministry to provide necessary details and in another case Ministry was directed to reconcile the figures with AGPR and report to PAC.*
- 1.3 *The Public Accounts Committee (PAC) recommended 01 Para of the Audit Report for settlement. In 06 cases, the Public Accounts Committee (PAC) gave certain directives to PAO and directed to submit report to PAC with in a stipulated time period.*
- 1.4 *In 170 Paras of Audit Report on Public Sector Enterprises, the Public Accounts Committee (PAC) directed the PAO to implement the decisions of DAC. 42 Paras were recommended by the Public Accounts Committee (PAC) for settlement. In 06 Paras, the PAO was directed to submit report within two weeks. In 01 case, the Public Accounts Committee (PAC) directed the Ministry to amend the Article & Memorandum if needed (this direction is for all projects/enterprises. 03 Performance Audit Reports and 01 Para were recommended by Public Accounts Committee (PAC) for settlement.*

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I **FOR THE YEAR 1989-90**

2.1 i) **Grant # 79-Ministry of Industries**

(Saving-Rs.584,385/-)

AGPR pointed out the saving as 3.02% of the total grant. An amount of Rs 592,000 was surrendered, net excess comes to Rs. 7,615.

ii) **Grant # 80-Industries**

(Saving Rs.134,361/-)

AGPR pointed out the saving as 0.39% of the total grant. An amount of Rs. 134,287/- was surrendered, net saving of Rs 74.

iii) **Grant 82- Other Expenditure of Ministry of Industries**

(Saving Rs 708,901/-)

AGPR pointed out the saving as 9% of the total grant. An amount of Rs.619,400 (7.87%) was surrendered, net saving comes to Rs 89,501.

iv) **Grant 114- Ministry of Production**

(Saving Rs 214,731/-)

AGPR pointed out the saving as 1% of the total grant. An amount of Rs.193,000 (0.89%) was surrendered, net saving comes to Rs 21,731.

v) **Grant 193- Capital Outlay on Industries Development**

(Saving/Excess-Nil)

The budget provision was utilized in fund.

vi) **Grant 81- Department of Investment Promotion and Supplies**

(Saving Rs 317,675/-)

AGPR pointed out the saving worked out as 1.11% of the total grant. An amount of Rs. 232,500 (0.81%) was surrendered, net saving comes to Rs 85,175.

The Ministry informed the Public Accounts Committee (PAC) that saving was due to non drawl of pay and allowances against the vacant posts.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the savings for settlement the above grants with the direction that necessary care be exercised in future.

Grant 136-Capital outlay on Misc Stores

(Saving of Rs 443.609 million)

AGPR pointed out the saving as 24.53% of the total grant. An amount of Rs.54,500 (3%) was surrendered, net saving of Rs 389,109.

The Ministry informed the Public Accounts Committee (PAC) that amount was not surrender in time because the Grant related to supply department of the Ministry. The amount was not surrendered and was kept for purchase of vehicles from different Embassies.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the Ministry to provide the details/ papers, when was the supply department windup; and when the Embassies were allowed to sell the vehicles in open market. The Audit para was deferred till next meeting.

PAC DIRECTIVE DATED 12-01-2010

The PAC regulated the saving of the grant with direction that there should be no saving/excess in future.

vi) **Grant 164- Development Expenditure of Ministry of Industries**

(Saving Rs 24,671,000/-)

AGPR pointed out the saving as 55.16% of the total Grant. An amount of Rs 24,629,000, was surrendered leaving minor saving of Rs. 42,000.

The Ministry informed the Committee that the figures need reconciliation with AGPR.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the M/o Industries and Production to reconcile the figures of the Grants with AGPR and report to PAC.

AUDIT REPORT FOR THE YEAR 1989-90

3.1 Para 1 (Page-74-AR)

Wasteful expenditure of Rs 30.1 million

Audit pointed out that an authority of Ministry of Industries decided to set up a grid station with a capacity of 40 Mega Watt despite the fact that the system available had the capacity of 7 Mega Watt which could be increased to 10 Mega Watt as against the actual current electricity requirement of only 2.5 Mega Watt. Thus there was no justification for a full fledged grid station. Still tender for construction of the grid station was awarded to a firm in June 1983 at an estimated cost of Rs 29.6 million. The station was completed almost a year latter than the projected date of March 1985 at a cost of Rs 30.1 million.

The PAO informed the Committee that an enquiry in this case has been completed recently. The inquiry officer has intimated that as the establishment of grid station was included in Master Plan and was designed by the NESPAK with consultation of KEPZ keeping future requirements in view. PC-I was approved by Ministry of Industries, Planning and Development Division and then ECNECC. Therefore, no one name or few names can be identified as responsible personally for the same. However, EPZA had tried to dispose off the same to private parties through open tenders but no fruitful results had come out. Atlast, the mater was negotiated with KESC on 29-6-92 and an agreement was singed to dispose off gird station.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the Ministry to co-ordinate with Audit and examine the case in detail and fix the responsibility and report to the PAC within 15 days.

3.2 Para 2 (Page 74-AR)

Unauthorized withdrawal of Rs 6,811,185 from the Assignment Account

The Audit pointed out that an authority under the M/o Industries withdrew the unspent amount of Rs 6,811,185 from the assignment account at the close of financial years 1986-87 and 1987-88 and deposited it in Commercial Banks to avoid lapse of funds. This was not only a violation of government instructions under which the unspent amount lapses at the close of financial year but also showed lack of financial discipline.

The Ministry informed the Committee that total amount of Rs. 6,811,185 relates to two different years of Accounts i.e. 1986-87 and 87-88 according to the procedure laid down in EPZA, the payments were made through Imprest Account with the Commercial Bank and recoupment was made from the Assignment Account as and when required. The committed expenditure in June 1987 were more than 0.8 million whereas balances available in the Imprest Account was only 0.42 million. Therefore to meet the committed expenditure an amount of Rs 4,019,514 was transferred from Assignment Account to Commercial Accounts in June 1987. Similarly the balances available in commercial accounts in July 1988 was about Rs 0.09 million. Whereas the committed expenditure were more than Rs 0.33 million. Therefore to meet the deficit of Rs 0.24 million, more than Rs 0.2 million amount was transferred from Assignment Account to Commercial Account, which was received from AGPR on the last working day of the financial year.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the Ministry to provide the relevant record to Audit and reconcile the amount with audit, with a report to PAC within 15 days.

3.3 Para 3 (Page-75-AR) **Blockage of US\$ 470,857**

The Audit pointed out that an authority under M/o Industries procured machinery worth US\$ 470,857 (RS. 6,591,998) in 1983 from Czechoslovakia under Pak-Czech barter to set up an engineering workshop, in spite of the fact that there was no provision for setting up such a workshop in the PC-I of the scheme. The workshop has not been established as yet and the machinery is lying in the workshop resulting in blockage of public money.

The Ministry informed the Committee that establishment of workshop was part of Master plan/PC-I which was approved by the authorities. Later on, due to non establishing the Engineering Industry in the Zone, the workshop was not constructed. However, the machinery has been sold on profit.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the Ministry to re-examine the case in detail with a report to PAC within one month.

3.4 **Para 4 (Page-75-AR)** **Misappropriation of Rs 119,692**

The Audit pointed out that in a laboratory under the M/o industries Rs 119,692 were misappropriated during 1986-88.

The Ministry informed the Committee that the department has been transferred to M/o Science and Technology.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the Audit to discuss the above para with the Accounts Officer of M/o Science and Technology and report to PAC.

3.4 **Para 5 (Page-76-AR)** **Irregular expenditure on medical treatment and non-recovery of utility charges-Rs.95,591.**

The Audit pointed out that in authority under Ministry of Industries an amount of Rs. 47,400 was reimbursed to an ex-Chairman in July 1985 for dental treatment of his wife which included crowing of teeth and provision of dentures. As per government orders, dental treatment does not include crowing of teeth and provision of dentures. As such the expenditure was irregular. Moreover, an amount of Rs. 48,191 recoverable on account of electricity, gas, house rent and private telephone calls during June 1985 to Nov 1988, was not recovered from the ex-Chairman even at the time his transfer.

The Authority informed the Committee that the office was approached to deposit/recover the amount. But instead to deposit the amount, the officer concerned and his wife issued a legal notice to Deputy Director Audit, Karachi and Director (Finance), EPZA, Karachi. The legal notice was conveyed to the legal advisor of EPZA and according to his advice the officer has been again asked to deposit the amount of recovery pointed out by Audit.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the Ministry to recover the outstanding amount from the concerned officer under Land Revenue Act. with a report to PAC/Audit.

3.5 **Para 6 (Page-76-AR)**

Irregular expenditure of Rs. 77.647 on POL, pay and allowances of driver.

PAC DIRECTIVE

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

3.6 **Para 7 (Page-77-AR)**

Non-recovery of Rs. 53,351 on account of excess call

The Audit pointed out that in order to control expenditure on telephones the Federal Government had placed ceilings on individual telephones in certain categories of official and residential telephones. The investment Promotion Bureau, Karachi under the Ministry of Industries did not enforce these ceilings during 1986-87 which resulted in an excess expenditure of Rs. 53,351. The excess expenditure was brought to the notice of the department for recovery but no reply has been received there from.

The Authority informed the Committee that the department has been transferred to Board of Investment.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed that the subject Para to be examined with the Accounts Officer of Ministry of Investment with a report to PAC.

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Sindh Engineering (Pvt) Limited

3.7 **Para 825 (Page-528-ARPSE)**

Loss of Rs 6.335 million due to sale below cost of production.

The Audit pointed out that during 1987 Sindh Engineering (Pvt). Limited sold 984 Suzuki A-80 and 1297 Suzuki 100 Special motor cycles below their cost of production. The concerned thereby suffered a loss of Rs. 6.335 million.

The Ministry informed the Committee that main factors for above loss were tough market competition and under utilization of capacity. This was commercial decision.

PAC DIRECTIVE

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

3.8 **Para 828 (Page-530-ARPSE)**

Free supply of cars valuing Rs. 315,000 and incurrence of expenditure of Rs. 266,045.

The Audit pointed out that Sindh Engineering Limited, without legal authorization or budgetary cover provided one Datsun and two Suzuki cars worth Rs. 3.15 Lacs to the. Ministry of Production and G.H.Q. Rawalpindi in 1979 and 1982 respectively. In additional Rs. 266,045 were spent by the Company on account of insurance, taxes, depreciation, repairs and fuel for these three vehicles. Neither the cost nor the additional expenses were claimed by the Company but accepted these costs without proper authority.

The Authority informed the Committee that the vehicle was given to the Ministry of Production on short loan basis, with the understanding to absorb the running expenses by us; therefore, it is inappropriate to recover the running expenses of vehicle from the Ministry. The Ministry of Production has already returned the cars which were disposed off. With regard to the two Suzuki cars provided to GHQ it was stated that the Board of Directors in its 27th Board meeting held on 7-6-88 had approved to write off these vehicles from the books of accounts. This

decision was taken in view of the fact the GHQ was inclined to retain these care for their official use.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the Para for settlement subject to verification of the record by the Audit within two weeks.

Pakistan Steel Mills Corporation Limited

3.9 Para 871 (Page-559-ARPSE)

Loss of foreign exchange US\$ 105,157 (Pak. Rs. 1.387 million).

The Audit pointed out that Pakistan Steel entered into two separate contracts in 1982 for the supply of 100,000 mills and 75,000 M. tons of foundry grade pig iron to Steel Authority of India Limited. Accordingly the buyer opened letter of credit and Pakistan Steel furnished performance guarantee bond of US\$375,000 in their favour. As per letter of intent, shortages over and above 1% on the basis of difference in weight between draught survey reports at the port of shipment and discharge were to be made good from the supplier. The total permissible limits valuing Rs. 1.387 million (105,157US\$) occurred in six shipments. The Party encashed the performance bond to the extent of shortages claimed i.e. 105,157 US dollars (Pak. Rs. 1.387 million). These shortages were to be intimated to the supplier immediately after discharge and shortage claim should have been lodged with the carrier company within 3 months after arrival of ships at the destination. The Steel Authority of India however intimated the above shortages after 3 to 6 months of draught survey report. As such the claim lodged on the basis of these intimations with Carrier Company was turned down being time barred and ultimately, Pak. Steel had to bear the loss of US\$105,157 (Rs. 1.387 million).

The Authority informed the Committee that the shortage of 584,691 M. ton determined at the port of discharged relates to 4 ships only and not 739 M. ton in 6 ships as reported by the Audit. The shortage was reported by the buyer after seven months to one year due to which they could not lodge the claim against the carrier that information of shortages of first two shipment was received by Pakistan Steel after one year while the shortages of later two shipments were received after 7 months. As such, the claim could be lodged Nil shortages against the carrier. The percentage of shortage against the total supply of 173,500.800 M. ton comes to 0.33% which is less than 1% plus/minus.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the Ministry & Audit to reconcile the details of the case and put up the same case before the Public Accounts Committee (PAC) within two weeks.

Pakistan Steel Fabricating Company (Private) Ltd

3.10 **Para 887 (Page-565-ARPSE)**

Extra expenditure of Rs. 0.719 million on hiring of cranes and infractions purchases crane

The Audit pointed out that Pakistan Steel Fabricating Company had their own trucks, trailers and 2 cranes (one of which needed repair) it hired two cranes from M/s. Asian General Agency under an agreement during November 1984 to February 1985 for shifting sheets and coils from cold rolling mill to stock store-yard. Neither any competition was invited nor comparison of rates carried out. The rates for loading and unloading were also neither fixed nor agreed upon by the Company. The contractor charged @ Rs. 6 per M.ton and Rs. 9 M.ton for loading and unloading respectively in August 1985 which were reduced to Rs. 4.50 per M.ton and Rs. 6 per M.ton after negotiation and were paid till June 1986. The work stated to have been started on emergency grounds became a permanent feature and cranes owned by the Company were neither got repaired nor utilized. In March 1986 the Company carried out limited enquiry for the job and the contract was awarded to another agency who were the lowest @ Rs. 2.00 per M.ton for loading and unloading respectively. The Company thus sustained a loss of Rs. 0.719 million on account of extra expenditure during the period from November 1984 to June 1986 due to not exploring the rates from other sources. The cranes owned by the Company were never utilized and investment thereon was held to be infructuous and a waste.

The Authority informed the Committee that the work for shifting of material was awarded by Pakistan Steel to PSFCL on emergent basis to protect the unlevelled stock area due to heavy load kept at that area. In order to avoid such a critical situation, M/s Asian General Agencies being approved contractors of Pakistan Steel, were asked to carryout he work of material shifting immediately with the condition that they would be paid at prevailing market rate. The payments to the contractor were not released till the time; the rates were not verified from the market.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the PAO to re-examine the case and fix responsibility, take action against the person(s) concerned with a report to PAC/Audit within two weeks.

3.11 **Expert Advisory Cell**

1) **Para 661 (Page-431-ARPSE)**

Pakistan Institute of Management

2) **Para 662 (Page-432-ARPSE)**

3) **Para 663 (Page-432-ARPSE)**

4) **Para 664 (Page-433-ARPSE)**

5) **Para 665 (Page-433-ARPSE)**

Federal Chemical and Ceramics Corporation Pvt. Limited

6) **Para 667 (Page-435-ARPSE)**

7) **Para 668 (Page-435-ARPSE)**

8) **Para 669 (Page-436-ARPSE)**

9) **Paras 670 & 71 (Page-437-ARPSE)**

Antibiotics Pvt. Limited

10) **Para 672 (Page-438-ARPSE)**

11) **Para 673 (Page-438-ARPSE)**

12) **Para 674 (Page-439-ARPSE)**

Ittehad Chemical

13) **Para 675 (Page-444-ARPSE)**

14) **Para 676 (Page-440-ARPSE)**

15) **Para 677 (Page-441-ARPSE)**

16) **Para 678 (Page-441-ARPSE)**

17) **Para 679 (Page-441-ARPSE)**

18) **Para 680 (Page-441-ARPSE)**

- 19) Para 681 (Page-442-ARPSE)
- 20) Para 682 (Page-442-ARPSE)
- 21) Para 683 (Page-443-ARPSE)
- 22) Para 684 (Page-444-ARPSE)
- 23) Para 685 (Page-444-ARPSE)
- 24) Para 686 (Page-445-ARPSE)
- 25) Para 687 (Page-447-ARPSE)

Kurram Chemical Company Pvt. Limited

- 26) Paras 688 & 89 (Page-447-ARPSE)
- 27) Para 690 & 91 (Page-447-ARPSE)

National Fibers Limited

- 28) Para 692 (Page-448-ARPSE)
- 29) Paras 693 & 94 (Page-449-ARPSE)

Nowshera D.D.T. Factory

- 30) Para 695 (Page-450-ARPSE)
- 31) Para 697 & 98 (Page-451-ARPSE)
- 32) Para 699, 700 & 01 (Page-451-ARPSE)

Nowshera PVC Company Pvt. Limited

- 33) Para 702 (Page-452-ARPSE)
- 34) Para 703 & 4 (Page-453-ARPSE)
- 35) Paras 705, 6,7 & 8 (Page-453-ARPSE)

Pak Dyes & Chemicals Limited

- 36) Para 709 (Page-454 ARPSE)
- 37) Para 710 & 11 (Page-455-ARPSE)

Pakistan PVC Limited

38) Paras 712,13,14,15 & 16 (Page-456-ARPSE)

Ravi Rayon Limited

39) Para 717 (Page-458-ARPSE)

40) Paras 718 & 19 (Page-459-ARPSE)

Ravi Engineering Limited

41) Para 720 (Page-460-ARPSE)

Sindh Alkalis Limited

42) Para 721 (Page-462-ARPSE)

43) Para 722,23,24 & 25 (Page-463-ARPSE)

Swat Ceramics Company Pvt. Limited

44) Paras 727,28,29,30,31 & 32(Page-465-ARPSE)

45) Paras 733,34 & 35 (Page-464-ARPSE)

Swat Elutriation Plant

46) Para 736 (Page-467-ARPSE)

47) Para 737 (Page-467-ARPSE)

48) Paras 738,39 & 40 (Page-468-ARPSE)

Pakistan Motorcar Company pvt. Limited (Domestic Appliances Pvt. Limited)

49) Para 782(I, ii) (Page-497-ARPSE)

Pakistan Automobile Corporation Limited

50) Para 783 (Page-498-ARPSE)

51) Para 784 (Page-498-ARPSE)

Balochistan Wheels Limited

- 52) Para 785 (Page-499-ARPSE)**
- 53) Para 786 (Page-499-ARPSE)**
- 54) Para 787 (Page-500-ARPSE)**
- 55) Para 788 & 89 (Page-501-ARPSE)**

Bela Engineers Limited

- 56) Para 790 (Page-502-ARPSE)**
- 57) Paras 791 & 92 (Page-504-ARPSE)**
- 58) Para 793 (Page-505-ARPSE)**
- 59) Para 794 (Page-506-ARPSE)**

Bolan Castings Limited

- 60) Para 795 (Page-507-ARPSE)**
- 61) Para 796 & 97 (Page-508-ARPSE)**
- 62) Para 798 (Page-509-ARPSE)**

Domestic Appliances Pvt. Limited

- 63) Para 799 (Page-510-ARPSE)**

Millat Tractors Pvt. Limited

- 64) Para 801 & 02 (Page-512-ARPSE)**
- 65) Para 803 (Page-513-ARPSE)**

National Motors Limited

- 66) Para 804 (Page-514-ARPSE)**
- 67) Para 805 (Page-514-ARPSE)**
- 68) Para 806 (Page-515-ARPSE)**
- 69) Para 808 (Page-516-ARPSE)**

Naya Daur Motor Pvt. Limited

- 70) Para 809 (Page-517-ARPSE)**
- 71) Para 810 (Page-518-ARPSE)**
- 72) Paras 811 & 12 (Page-519-ARPSE)**

Pak Suzuki Motor Company Limited

73) Para 813 (Page-520-ARPSE)

74) Paras 814,15 & 16 (Page-521-ARPSE)

75) Para 817 (Page-522-ARPSE)

Republic Motors Pvt. Limited

76) Para 818 (Page-524-ARPSE)

77) Paras 819, 20 & 21 (Page-525-ARPSE)

Sindh Engineering Pvt. Limited

78) Para 822 (Page-526-ARPSE)

79) Para 823 (Page-526-ARPSE)

80) Para 824 (Page-527-ARPSE)

81) Para 826 (Page-528-ARPSE)

82) Para 827 (Page-530-ARPSE)

Trailer Development Corporation Pvt. Limited

83) Paras 829 & 30 (Page-532-ARPSE)

84) Paras 831,32 & 33 (Page-533-ARPSE)

Industrial Pipes Limited. (Pidc Joint Venture)

85) Para 835 (i) (Page-535-ARPSE)

PIDC Talpur Textile Mills Limited

86) Para 835(ii) (Page-535-ARPSE)

SPECIALIZED REFECTORY PROJECT

87) Para 835(iii) (Page-535-ARPSE)

Pakistan Industrial Development Corporation Pvt. Limited

88) Para 836 (Page-536-ARPSE)

Dir Forest Industries Complex Pvt. Limited

89) Para 837 (Page-537-ARPSE)

90) Paras 838, 39 & 40 (Page-537-ARPSE)

91) Para 841 (Page-538-ARPSE)

Harnai Woolen Mills Limited

92) Para 842 (Page-539-ARPSE)

PIDC Cotton Ginning Factory Pvt. Limited

93) Para 843 (Page-541-ARPSE)

94) Para 844 (Page-542-ARPSE)

PIDC Medical Centr

95) Para 845 (Page-543-ARPSE)

96) Para 846 (Page-543-ARPSE)

PIDC Printing Press Pvt. limited

97) Para 847 (Page-544-ARPSE)

Pak Iron Textile Mills Limited

98) Para 848 (Page-545-ARPSE)

99) Paras 849 & 50 (Page-546-ARPSE)

Quaidabad Woolen Mills Limited

100) Para 851 (Page-547-ARPSE)

101) Paras 852 & 53 (Page-548-ARPSE)

Shahnawaz Bhutto Sugar Mills Pvt. Limited

102) Para 854 (Page-549-ARPSE)

103) Para 855 (Page-549-ARPSE)

104) Para 856 (Page-550-ARPSE)

105) Para 857 (Page-551 ARPSE)

Zulfiqar Ali Bhutto Textile Mills Pvt. Limited

106) Para 858 (Page-552-ARPSE)

107) Para 859 (Page-553-ARPSE)

Pakistan Steel Mills Corporation Limited (Review)

108) Para 860 (Page-554-ARPSE)

Pakistan Steel Fabricating Company Pvt. Limited

109) Para 861 (Page-554-ARPSE)

Pakistan Steel Mills Corporation Limited

110) Para 862 (Page-555-ARPSE)

111) Para 863 (Page-556-ARPSE)

112) Para 864 (Page-557-ARPSE)

113) Paras 865, 66,67 & 68 (Page-557-ARPSE)

114) Paras 869 & 70 (Page-558-ARPSE)

Nokkundi Iron Ore Project

115) Para 872 (Page-560-ARPSE)

116) Paras 873,74,75,76 & 77 (Page-560-ARPSE)

Peoples Steel Mills Limited

117) Para 878 (Page-561-ARPSE)

118) Para 879 (Page-561-ARPSE)

119) Paras 880 & 81 (Page-562-ARPSE)

Pakistan Steel Fabricating Company Pvt. Limited

120) Para 882 (Page-563-ARPSE)

121) Paras 883, 84, 85 & 86 (Page-564-ARPSE)

State Cement Corporation of Pakistan Pvt. Limited

122) Para 889 (Page-567-ARPSE)

123) Paras 890 & 91 (Page-568-ARPSE)

124) Para 892 (Page-569-ARPSE)

125) Para 893 (Page-570-ARPSE)

Associated Cement Limited

126) Para 894 (Page-571-ARPSE)

127) Paras 895,96,97,98,99 & 900 (Page-572-ARPSE)

Dandot Cement Company Limited

128) Para 901 (Page-573-ARPSE)

129) Paras 902 & 3 (Page-574-ARPSE)

130) Para 904 (Page-575-ARPSE)

D.G. Khan Cement Company Limited

131) Para 905 (Page-577-ARPSE)

132) Para 906 (Page-578-ARPSE)

133) Para 907 (Page-579-ARPSE)

134) Para 908 (Page-580-ARPSE)

General Refectories Limited

135) Para 909 (Page-581-ARPSE)

136) Para 910 (Page-582-ARPSE)

137) Paras 911 & 12 (Page-583-ARPSE)

Gharibwal Cement Limited

138) Para 913 (Page-584-ARPSE)

139) Paras 914 & 15 (Page-585-ARPSE)

140) Paras 916 & 17 (Page-586-ARPSE)

Industrial and Cement Engineers Pvt. Limited

141) **Para 918 (Page-587-ARPSE)**

142) **Para 919 (Page-587-ARPSE)**

Javedan Cement Limited

143) **Para 920 (Page-589-ARPSE)**

144) **Paras 921, 22,23 & 24 (Page-590-ARPSE)**

Kohat Cement Company limited

145) **Para 925 (Page-591-ARPSE)**

146) **Paras 926 & 27 (Page-592-ARPSE)**

Mapleaf Cement Factory limited

147) **Para 928 (Page-593-ARPSE)**

148) **Para 929 (Page-593-ARPSE)**

149) **Para 930 (Page-594-ARPSE)**

Mustehkam Cement Limited

150) **Para 931 (Page-595-ARPSE)**

151) **Para 932 (Page-595-ARPSE)**

152) **Paras 933 & 34 (Page-596-ARPSE)**

153) **Para 935 (Page-597-ARPSE)**

National Cement Industries Pvt. Limited

154) **Para 936 (Page-598-ARPSE)**

155) **Paras 937,38,39 & 40(Page-599-ARPSE)**

156) **Paras 941 & 42 (Page-599-ARPSE)**

157) **Para 943 (Page-600-ARPSE)**

Pak Cement Company Limited

158) **Para 944 (Page-601-ARPSE)**

159) **Paras 945 & 46 (Page-602-ARPSE)**

160) Para 947 (Page-603-ARPSE)

Thatta Cement Company Limited

161) Para 948 (Page-604-ARPSE)

162) Para 949 (Page-605-ARPSE)

163) Para 950 (Page-606-ARPSE)

White Cement Industries Limited

164) Para 951 (Page-607-ARPSE)

165) Para 952 (Page-608-ARPSE)

166) Para 953 (Page-609-ARPSE)

Zeal Pak Cement Factory Limited

167) Para 954 (Page-610-ARPSE)

168) Paras 955,56,57,58 & 59(Page-611-ARPSE)

169) Para 960 (Page-612-ARPSE)

170) Para 961 (Page-613-ARPSE)

PAC DIRECTIVE

On the presentation of the above paras, the Public Accounts Committee (PAC) directed the Ministry to implement decisions of the DAC

AUDIT REPORT PULBIC SECTOR ENTERPRISES
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Utility Store Corporation Of Pakistan Pvt Ltd

3.12 Para 340 (Page-244-ARPSE)

Loss of Rs. 0.281 million to Government due to non-deduction of income tax

Audit pointed out that IN Utility Stores Corporation of Pakistan (H.O) Islamabad, 3% income tax amounting to Rs. 0.281 million was not deducted from the bills of five transportation contractors during the year 1986-87 in violation of provisions of sub-section-4 of Section-50 of Income Tax Ordinance 1979. The loss of Rs.

0.281 million was brought to the notice of the Management of February and March 1990. The Management in their reply dated 25 February 1990 stated that the freight was paid to various truck drivers and the total payment to each truck driver did not exceed the limit of Rs. 50,000. The reply of the Management is not tenable. The contract agreements were made with the transport contractors and the payments made to truck drivers as representatives of the transport contractors. An attempt has been made to defeat Income Tax Ordinance.

The Authority informed the Committee that the amount of freight were paid to different truck drivers from time to time which being less than the limits as fixed under section 50(4) in each case, were not liable to income tax deduction at source. Moreover, the transportation services do not come under the services group as referred to in section 50(4) of the income tax ordinance 1979. The income tax in respect of any transport vehicle plying for hire is to be collected by the Excise & Taxation authorities alongwith the motor vehicle tax as required under section 50(6) of the income tax ordinance 1979.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the Ministry to make effort for recovery of Income Tax from contractors with a report to PAC/Audit with two weeks.

Marfco Industries Limited

3.13 Para 433 (Page-291-ARPSE)

Audit pointed out that The Company sustained a loss of Rs. 4.87 million in 1985-86, earned profit of Rs. 1.720 million in 1986-87 and went into losses of Rs. 6.750 million in 1987-88, Rs. 1.667 million in 1988-89 and Rs. 3.526 million in 1989-90. The working results of the Company for the year 1989-90 as compared with the previous year 1988-90. The increase of 16.26% and 17.18%, in production and sales respectively and increase of Rs. 684in per ton sale price over the previous year raised the gross profit of the Company from Rs. 18.454 million in the year 1988-89 to Rs. 21.429 million in the year 1989-90 (16.127. increase over previous year). The operating expenses, however, registered an increase of 25.19% over the previous year which increased the operating loss to Rs. 4,048 million during the year under review from Rs. 1.896 million in the previous year registering an increase by 113.50%. The Company has been running in

continuous heavy losses for the last three years and its accumulated loss has reached to Rs. 17.075 million at the end of the year under review thus eroding the entire share capital and reserves amounting to Rs. 11.329 million despite production of 1130 M. tons more ghee than the production capacity of the Plant.

The Authority informed the Committee that statement of facts, hence, needs no comments, the unit has been closed since June 1997 and the entire staff has been relieved under VSS/GHS with exception of skeleton staff retained for residual work till the privatization of the unit.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the Ministry to satisfy the Audit and provide a copy of the Government order in which Ghee Corporation was closed with report to PAC within two weeks.

National Fertilizer Corporation

3.14 Para 743 (Page-471-ARPSE)

Audit pointed out that in addition to a loan of Rs. 1 million given last year, a further loan of Rs.4 million was granted by the Corporation to Bhutto House Display Centre (Private)Limited during the year under review. The authority and terms and conditions of the loans were not produced to audit even this year, through this was pointed out last year.

The Authority informed the Committee that the decision to establish a Display Centre for Public/Private Sector Products at EAC Complex was conveyed to NFC by MOP in February 1989. State Enterprises Display Centre was incorporated as a Private Limited Company on September 1989 with an objective to establish a display centre for exhibition of all kinds of manufactured and semi-manufactured goods produced by the public and private sector enterprises in Pakistan. The land and finance for the construction of the building, which has already been completed, was provided by the different Corporation of MOIP.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the Ministry to amend the Article and Memorandum if needed. This direction is for all the Project/Enterprises.

3.15 i) **Para 744 (Page-471-ARPSE)**

State Engineering Coproation (Pvt) Limited

ii) **Para 962 (Page-614-ARPSE)**

Heavy Mechanical Complex (Pvt) Limited

iii) **Para 976 (Page-619-ARPSE)**

iv) **Para 999 (Page-629-ARPSE)**

PAC DIRECTIVE

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

3.16 **Para 998 (Page-628-ARPSE)**

Audit pointed out that the production of various items in the year under review as compared to the pervious year 1988-89. The main reason for variance in capacity utilization was ascribed to the very wide range of sizes and capacities of products like machine tools, electric motors, pumps, power looms etc. and changes in their original capacities due to additional/replacement/deletion of plant and machinery. The capacities particularly of machine tools, electric motors, pumps, turbines and power looms were stated to being reviewed.

The Authority informed the Committee that a committee has now been constituted to look into capacities of various production divisions, and these shall be revised in the light of committee recommendations. Capacities of production being produced at Kot Lakhpat works have been reviewed by the committee.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the Ministry to provide the detail of the NIT & ICP shares and copy of the decision be submitted to PAC within two weeks.

Pakistan Engineering Company Ltd

3.17 **Para 1002 (Page-631-ARPSE)**

Non-recovery of Rs. 3.740 million from Societies and recurring yearly financial loss of Rs. 561,000 due to unsecured credit sales

Audit pointed out that Pakistan Engineering Company Limited (PECO) supplied 350 diesel engines worth Rs. 2.618 million and 150 diesel engines worth Rs. 1.122 million on credit to M/s. Shakargarh Subsistence Development Cooperative Association and Anjuman-e-Guzara-e-Kashtkaran, Narowal respectively on 14 January 1987 without obtaining any advance or security from them. Not a single penny has been recovered from these parties and the total amount of Rs. 3.740 million is still outstanding against them for the last four years. The Company is also sustaining a recurring annual loss of Rs. 0.561 million on account of interest due to non-recovery of these outstanding balance. When pointed out by audit in July 1990 the Management in its reply dated 6 August 1990 stated that diesel engines were supplied to the societies on 6/10 weeks credit basis on the firm assurance of the then Minister for Local Bodies & Rural Development, and that prior to placement of the above order, 676 engines were purchased by the same ex-Minister through Overseas Construction Corporation, Islamabad and the order was executed quite smoothly. But before the funds could be released the Assemblies were dissolved in Hay, 1988 and thus the payments to PECO were delayed. The management also stated that all out efforts were made to recover the outstanding balance, and that a civil suit against the two cooperative societies and two ex-MNAs has been filed for the recovery of the cost and interest of 500 diesel engines. The recovery has been made.

The Authority informed the Committee that the credit facility was of 6-10 weeks time with regard to payment of cost of PECO Dong Fang Diesel Engine extended to the societies during January February 1987 on the instruction of Ch. Anwar Aziz MNA & Ch. Shaffat Ex-MNA.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommend the para for settlement subject to verification recovery record by the Audit Department within two weeks.

Pioneer Steel Pvt Ltd

3.18 **Para 1015 (Page-639-ARPSE)**

Non-deduction of income tax of Rs. 402,264 from various parties

Audit pointed out that according to Section 50(4) of Income Tax Ordinance 1979 every payment exceeding Rs. 50,000/- made during a particular financial year against supplies of goods is liable for deduction of 2% advance tax at source. The Management of Pioneer Steel Mills purchased chemicals worth Rs. 13.423 million from various parties during 1989-90 but the deduction of advance tax amounting to Rs. 268,468 as required under the law was not made.

The Authority informed the Committee that zinc is an important raw material for our factory manufacturing of galvanized pipes. Due to our poor financial position, it has not been possible for us to directly import zinc in bulk quantity. Instead, we have been procuring it piece-meal from the local market. The rates of zinc dye like the rates of other such materials (Gold etc.). Due to our very meager finances and dependence on shop keepers/brokers of the local market, it has not been possible for us to effect our deals in a regular cult and dry manner. Thus, despite our utmost efforts, the local zinc dealer never agreed to pay any Income Tax which we could deduct from their bills. However, now we have succeeded in persuading and convincing some dealers to pay income tax. Accordingly it is being recovered and paid to the govt. exchequer. Now at this stage, it is not possible for the management to trace out the past cases and convince the dealers to pay the income tax that they did not agree to pay at the time of transaction. We therefore earnestly request that the past cases may be dropped.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the PAO to examine the case and fix reasonability with a report to PAC/Audit within one month.

3.19

- i. **Para 334 (Page-241-ARPSE)**
- ii. **Para 337 (Page-243-ARPSE)**
- iii. **Para 338 (Page-243-ARPSE)**
- iv. **Para 339 (Page-243-ARPSE)**
- v. **Para 343 (Page-246-ARPSE)**
- vi. **Para 344 (Page-247-ARPSE)**
- vii. **Para 660 (Page-431-ARPSE)**
- viii. **Para 661 (Page-431-ARPSE)**
- ix. **Para 745 (Page-472-ARPSE)**
- x. **Para 748 (Page-474-ARPSE)**
- xi. **Para 760 (Page-480-ARPSE)**
- xii. **Para 761 (Page-480-ARPSE)**
- xiii. **Para 767 (Page-484-ARPSE)**
- xiv. **Para 964 (Page-614-ARPSE)**
- xv. **Para 965 (Page-614-ARPSE)**
- xvi. **Para 966 (Page-615-ARPSE)**
- xvii. **Para 968 (Page-315-ARPSE)**
- xviii. **Para 969 (Page-616-ARPSE)**
- xix. **Para 973 (Page-617-ARPSE)**
- xx. **Para 978 (Page-620-ARPSE)**
- xxi. **Para 979 (Page-620-ARPSE)**
- xxii. **Para 982 (Page-620-ARPSE)**
- xxiii. **Para 983 (Page-621-ARPSE)**
- xxiv. **Para 986 (Page-623-ARPSE)**
- xxv. **Para 987 (Page-623-ARPSE)**
- xxvi. **Para 1000(Page-630-ARPSE)**
- xxvii. **Para 1003(Page-632-ARPSE)**
- xxviii. **Para 1004(Page-633-ARPSE)**
- xxix. **Para 1005(Page-633-ARPSE)**
- xxx. **Para 1006(Page-633-ARPSE)**
- xxxi. **Para 1014(Page-638-ARPSE)**
- xxxii. **Para 1020 (Page-641-ARPSE)**
- xxxiii. **Para 1021(Page-641-ARPSE)**
- xxxiv. **Para 1026(Page-644-ARPSE)**
- xxxv. **Para 1039(Page-649-ARPSE)**
- xxxvi. **Para 334 (Page-241-ARPSE)**

PAC DIRECTIVE

On the presentation of the above thirty six.

paras by Audit, the Public Accounts Committee (PAC) recommended the paras for settlement.

3.20

- i) **PERFORMANCE EVALUATION REPORT # 106 ON BALUCHISTAN WHEELS LTD FOR THE YEAR 1989-90**
- ii) **PERFORMANCE EVALUATION REPORT # 107 ON NATIONAL FERTILIZER CORPORATION FOR THE YEAR 1989-90**
- iii) **PERFORMANCE EVALUATION REPORT # 110 ON GHEE CORPORATION OF PAKISTAN FOR THE YEAR 1989-90**

PAC DIRECTIVE

On the presentation of the above three Performance Evaluation Reports by Audit, the Public Accounts Committee (PAC) recommended the Performance Evaluation Reports for settlement.

3.21 **Para 3.3.6-PER**

Audit pointed out that profitability of the Corporation declined during 1985-86 and 1986-87 but improved in 1987-88 mainly by adjusting the commission charges of Rs 88.81 million on edible oil supplied to private sector units and the mark up charges of Rs 55.69 million Profits before tax followed downward trend during 1988-89.

The Authority informed the Committee that these conceptual guidelines were relevant when the units were operative. Thus the same are not useful for deliberation/discussion as of today.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommend the above audit para for settlement.

MINISTRY OF INFORMATION & BROADCASTING

1. Overview

Appropriation Accounts (Civil- Vol-1) and Audit Reports of Federal Govt. for the year 1989-90 pertaining to M/o Information & Broadcasting were taken up for examination by Public Accounts Committee (PAC) on 21.04.2009.

- 1.1 *Six (06) Grants were reported by AGPR. 03 Paras of the Audit Report on Federal Govt. and 25 Paras of Audit Report on Public Sector Enterprises were presented by Audit.*
- 1.2 *On presentation of the Grants, the Public Accounts Committee (PAC) recommended the saving/excess in the Grants for regularization with the direction to PAO that there should be zero saving/excess in future.*
- 1.3 *The Public Accounts Committee (PAC) recommended three Paras of the Audit Report on Federal Govt. for settlement with certain directives.*
- 1.4 *In 01 Para of Audit Report on Public Sector Enterprises, the Public Accounts Committee (PAC) directed the PAO to hire a good reputed lawyer for court cases and the audit to write a letter to Chairman PAC with a request that thoroughly audit should be conducted of the Secret Fund of the Ministry. In case of remaining 24 Paras of the said Report, the Public Accounts Committee (PAC) directed the Ministry to implement the decisions of DAC.*

ACTIONABLE POINTS
APPROPRIATION ACCOUNTS (CIVIL) VOL-I,
FOR THE YEAR 1989-90

2.1 i) **Grant # 83- Ministry of Information & Broadcasting**
(Saving Rs.793,996/-)

The grant closed with a saving of Rs.793,996 which work out to 2.58% of the total grant. An amount of Rs.2,163,500 (7.05%) was surrendered resulting into an excess of Rs.1,369,504 (4.46%). A Supplementary grant of Rs.700,000 was sanctioned but not included in supplementary schedule of authorized expenditure. After taking it into account the excess shall be reduced to Rs.669,504 (2.13%).

ii) **Grant # 84- Directorate of Publications, Newsreels and Documentaries**
(Saving Rs.1,189,551)

AGPR pointed out that the saving worked out to 4.12% of the total grant.

iii) **Grant # 85- Press Information Department**
(Saving Rs.407,816/-)

AGPR pointed out that the saving worked out to 1.35% of the total grant. An amount of Rs.43,000 (0.14%) was surrendered leaving net saving of Rs.364,816 (1.21%).

iv) **Grant # 86- Information Service Abroad**
(Excess Rs. 2,003,942/-)

AGPR pointed out that the excess worked out to 3.25% of the total grant. An amount of Rs.233,750, (0.38%) was surrendered increasing net excess of Rs.2,237,692 (3.63%).

v) **Grant # 87- Pakistan National Centres**
(Excess Rs.753,580)

AGPR pointed out that the excess worked out to 4.89% of the total grant. An amount of Rs.85,000 (0.55%) was surrendered increasing net excess of Rs.838,580 (5.44%). A Supplementary grant of Rs.739,000 was sanctioned but

not included in supplementary schedule of authorized expenditure. After taking it into account the net excess shall be decreased to Rs.99,580 (0.61%).

vi) **Grant # 88 other expenditure of M/o Information & Broadcasting**
(Saving Rs.740,700)

AGPR pointed out that the saving worked out of 0.22% of the total grant. An amount of Rs.40,000 (0.01%) was surrendered leaving net saving of Rs.700,200 (0.21%).

PAC DIRECTIVE

On presentation of above six grants by the AGPR, the Committee recommended the savings/excesses in the grants for regularization. However, the PAO was directed to further strengthen financial/monitoring system and there should be zero excess/saving in future.

AUDIT REPORT ON ACCOUNTS OF FEDERAL
GOVERNMENT FOR THE YEAR 1989-90

3.1 **Para 3 (Page-95-AR)**

Wasteful expenditure on Insurance of a Car Rs 61,560

Audit pointed out that Information Wing of a Pakistan Mission abroad paid in April and December, 1988, Insurance Charges of US\$2901(Rs.61,560) for a staff car for the period 19th December, 1987 to 18th December 1989. The staff car which was lying out of order since 1987, was sold in June, 1989 for US\$250. The payment of Insurance Charges (Rs.61,560) could be avoided by the timely disposal of the unused vehicle.

The PAO informed the Committee that Parez Washington paid insurance charges of US\$2901 for their unused six years old staff car. The audit was of the view that this expenditure could be avoided by timely disposal of unused vehicle. Since no provision of funds was available to purchase the new car and due to some requisite formalities the timely disposal of car was not possible. In June 1989 the car was written off and insurance amount of US\$475 for the period June-December, 1989 was refunded by the insurance company. Since the vehicle

remained in the possession of Information Wing during the period 1987-88 the payment of insurance was the liability of the Information Wing.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the para for settlement subject to verification of the record by Audit. The Public Accounts Committee (PAC) directed the PAO to take action against the officer who has given wrong information to Audit and report to PAC within one week. Follow up action will be monitored by Implementation Committee of PAC Sectt.

3.2 i) **Para # 1 (Page-94-AR)**

Irregular expenditure of Rs.1.174 million

i) **Para # 2 (Page-95-AR)**

Avoidable payment of mileage allowance of Rs.104,000

PAC DIRECTIVE

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

AUDIT REPORT ON PUBLIC SECTOR ENTERPRISES FOR THE YEAR 1989-90

Pakistan Broadcasting Corporation

3.3 **Para 476, (Page-39-ARPSE)**

Wasteful expenditure on Insurance of a Car Rs 61,560

Audit pointed out that accounts receivable (trade) as on 30th June, 1990 stood at Rs 33.831 million (Rs.23.911 million as on June 1989) registering an increase of 41.49% which needs to be controlled. Provision for doubtful debts amounting to Rs.1.28 million has been made in the account for the year under review, Reasons due to which these debts become doubtful of recovery need to be explained and efforts are required to be made to recovery the amounts early.

The PAO informed the Committee that PBC made sales of Rs.620.849 million from 20-12-1972 to 30-6-1990 which is mainly unsecured business as done by other media. The provision is to be made for doubtful debts even if it is secured one as a normal business practice. The provision for doubtful debts is nominal i.e. 0.25% of total sales. An amount of Rs.31 million has been recovered and Rs.2.3 million has been written off Some cases are in court of law for recovery.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the PAO to hire a good reputed lawyer for court cases. All efforts should be made for recovery and if any legal help required may be obtained. The Public Accounts Committee (PAC) also directed the Audit to write a letter to Chairman PAC with a request that thoroughly audit should be conducted of the secret fund of the Ministry. Follow up action will be monitored by Implementation Committee of PAC Sectt.

3.4

Associated Press of Pakistan

- i) **Para # 465-ARPSE-1989-90**
Working results for the year 1989-90
- ii) **Para # 467-ARPSE-1989-90**
Working results of the APP for the year 1989-90
- iii) **Para # 468-ARPSE-1989-90**
Construction of APP own building in Islamabad
- iv) **Para # 469-ARPSE-1989-90**
Subscription considered bad and doubtful for recovery
- v) **Para # 470-ARPSE-1989-90**
Written off of Board Debts

Pakistan Broadcasting Corporation

- vi) **Para # 471-ARPSE-1989-90**
Working results for the year 1989-90
- vii) **Para # 472-ARPSE-1989-90**
Provision for doubtful debts
- viii) **Para # 473-ARPSE-1989-90**
Assets and Liabilities
- ix) **Para # 474-ARPSE-1989-90**
Grants in aid
- x) **Para # 475-ARPSE-1989-90**

Investment of Rs.0.100 million and Rs.0.900 million was made in NDFC

- xi) **Para # 476-ARPSE-1989-90**
Accounts Receivable
- xii) **Para # 477-ARPSE-1989-90**
Stores and Spares
- xiii) **Para # 478-ARPSE-1989-90**
Extra cost burden of Rs 140.263 million due to delay in projection of schemes/ill-planning
- xiv) **Para # 479-ARPSE-1989-90**
Operating Results of PTV as whole
- xv) **Para # 480-ARPSE-1989-90**
Operating Results of non-viable projects
- xvi) **Para # 481-ARPSE-1989-90**
Receivable and Doubtful Debts
- xvii) **Para # 482-ARPSE-1989-90**
Provision for obsolescence on fixed assets stores & Spares
- xviii) **Para # 483-ARPSE-1989-90**
Receivables from agency
- xix) **Para # 484-ARPSE-1989-90**
VCR fee is income of PTV-2
- xx) **Para # 485-ARPSE-1989-90**
Investment in NAFDEC & SRBC
- xxi) **Para # 486-ARPSE-1989-90**
Inventory of Stores & Spares
- xxii) **Para # 487-ARPSE-1989-90**
Corporation funds in current accounts with different banks

Shalimar Recording Company

- xxiii) **Para # 465-ARPSE-1989-90**
Working Results of the Company for the year 1989-90
- xxiv) **Para # 466-ARPSE-1989-90**
Working Results/ Financial Statement

PAC DIRECTIVE

On the presentation of the above paras, the Public Accounts Committee (PAC) directed the Ministry to implement the decisions of the DAC.

MINISTRY OF INTERIOR

1. **Overview**

Appropriation Accounts (Civil- Vol-1) of the Federal Govt. and Audit Reports for the year 1989-90 pertaining to Ministry of Interior were taken up for examination by Public Accounts Committee (PAC) on 21.04.2009.

- 1.1 *(12) Grants were presented by AGPR and 08 Paras of the Audit Reports were reported by Audit.*
- 1.2 *On the presentation of 12 Grants by AGPR, the Public Accounts Committee (PAC) recommended the saving/excess of the Grants for regularization with direction that there should be zero saving/excess in future.*
- 1.3 *On presentation by audit, the Public Accounts Committee (PAC) recommended 2 Paras for settlement and one Para was recommended for settlement subject to verification of the record by audit. In five cases, the Public Accounts Committee (PAC) directed the Ministry to implement the decisions of DAC.*

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL VOL-I, FOR THE YEAR 1989-90)

2.1 i) **Grant # 89- INTERIOR DIVISION**
(Saving Rs.3,644,692/-)

AGPR pointed out that the grant closed with a saving of Rs.3,644,692 which worked out to 9.83 percent of the total grant. An amount of Rs.2,489,000 (6.71%) was surrendered leaving net saving of Rs.1,155,692 (3.11%)

ii) **Grant # 90- ISLAMABAD**
(Excess Rs.1,260,458/-)

AGPR pointed out that the grant closed with an excess of Rs.1,260,458 which worked out to 0.74 % of the total grant. An amount of Rs.139,100 (0.08%) was surrendered increasing net excess to Rs.1,399,558 (0.82%).

iii) **Grant # 91-PASSPORT ORGANIZATION**

(Total grant Rs.49,100,000 saving Rs.1,638,331/-)

AGPR pointed out that the grant closed with a saving of Rs.1,638,331 which worked out to 3.33 % of the total grant. An amount of Rs.1,630,000 (3.31%) was surrendered leaving net saving of Rs.8,331.

iv) **Grant # -92-CIVIL ARMED FORCES**

(Excess Rs. 67,208,500 /-)

AGPR pointed out that the grant closed with an excess of Rs. 19,206,540 which worked out to 5.17 % of the total grant.

v) **Grant # -93-PAKISTAN COAST GUARDS**

(Saving Rs.590,512/-)

AGPR pointed out that the grant closed with saving of Rs.590,512 which worked out to 0.91 % of the total grant. An amount of Rs.26,000 (0.04%) was surrendered leaving net saving of Rs.564,512 (0.87%).

vi) **Grant # -94-PAKISTAN RANGERS**

(Total grant Rs.639,078,000 saving Rs.47,180,831/-)

AGPR pointed out that the grant closed with saving of Rs.47,180,831 which worked out to 7.38 % of the total grant. An amount of Rs.200,000 (0.03%) was surrendered leaving net saving of Rs.46,980,831(7.35%).

vii) **Grant # -95-REGISTRATION ORGANIZATION**

(Excess Rs.1,499,231/-)

AGPR pointed out that the grant closed with an excess of Rs.1,499,231 which worked out to 1.27 % of the total grant. An amount of Rs.54,000 (0.04%) was surrendered increasing net excess to Rs.1,553,231 (1.32%).

viii) **Grant # -96-CIVIL DEFENCE**

(Excess Rs.170,982/-)

AGPR pointed out that the grant closed with an excess of Rs.170,982 which worked out to 1.29 % of the total grant. An amount of Rs.66,000 (0.49%) was surrendered increasing net excess to Rs.236,982 (1.7%)

ix) **Grant # -97-FEDERAL INVESTIGATION AGENCY**
(Excess Rs.6,474,129/-)

AGPR pointed out that the grant closed with an excess of Rs.6,474,129 which worked out to 10.09 % of the total grant. An amount of Rs.87,000 (0.13%) was surrendered increasing net excess to Rs.6,561,129 (10.23%) A supplementary grant of Rs.3,654,000 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account the excess shall be decreased to Rs.2,907,129 (4.28%).

x) **Grant # -98-OTHER EXPENDITURE OF MINISTRY OF INTERIOR AND NARCOTICS Control**
(Saving Rs.1,227,087/-)

AGPR pointed out that the grant closed with a saving of Rs.1,227,087 which worked out to 0.41 % of the total grant. An amount of Rs.2,066,716 (0.70%) was surrendered resulting into an excess of Rs.839,629 (0.28%) A supplementary grant of Rs.9,341,000 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.8,501,371 (2.81%)

xi) **Grant # -123-FROINTIER CONSTRABULRY**
(Excess Rs.5,915,660/-)

AGPR pointed out that the grant closed with an excess of Rs.5,915,660 which worked out to 1.94 % of the total grant. A supplementary grant of Rs.9,495,000 (3.11%) 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.3,579,340 (1.13%).

xii) **Grant # -165-DEVELOPMENT EXPENDITURE OF MINISTRY OF INTERIOR AND NARCOTICS CONTROL**
(Excess Rs.48,171,365/-)

AGPR pointed out that the grant closed with an excess of Rs.48,171,365 which worked out to 33.60 % of the total grant. An amount of Rs.417,000 (0.29%) was surrendered increasing excess to Rs.48,588,365 (33.89%). A supplementary grant of Rs.68,439,000 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.19,850,635 (9.37%).

PAC DIRECTIVE

On the presentation of the above 12 Grants by AGPR, The Public Accounts Committee (PAC) recommended the saving/excess of the grants for regularization with direction that there should be zero saving/excess in future,

AUDIT REPORT ON ACCOUNT OF FEDERAL GOVERNMENT FOR THE YEAR 1989-90

3.1 Para-1 (Page-96-AR-1989-90)

Irregular sanctions beyond competency Rs.1,598,716/-

Audit point out that in the Pakistan Rangers (HQ) under Ministry of Interior, the Director General issued sanctions beyond his competency of Rs.1,000 per month for hiring of houses during 1980-88. The amount of irregular sanctions worked out to be Rs.1, 598,716.

The PAO informed the Public Accounts Committee (PAC) that delay in getting the accommodation hired through Works Division, Islamabad, was being faced by Pakistan Rangers, Lahore. A case for delegation of Power to Director General, Rangers, Lahore for hiring of residential/non-residential accommodation was taken up with Government and accordingly sanction for delegation of said powers to DG Rangers, Lahore was issued vide Letter No. 4/3/ R/76 dated 05-05-1982. The sanctions for hiring of accommodation/payment of rent were issued by D.G Rangers, Lahore, accordingly after getting the rent assessed by Pak PWD. These powers were however, withdrawn in October 1986.

PAC DIRECTIVE

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

3.2 Para-2 (Page-96-AR-1989-90)

Recovery of Rs.940,556/- on Account of irregular Hiring of houses

Audit point out that the Pakistan Rangers Headquarters under Ministry of Interior hired 22 houses beyond authorized ceilings during 1980-88 for their officials. The extra amount of Rs.940,556 was paid as rent beyond the authorized ceiling from the Government account by showing that parts of the hired houses were being used as library, office or official store.

The PAO informed the Public Accounts Committee (PAC) that sanctions for hiring payment of rent for the period from March, 1982 to October, 1986 were issued by Pakistan rangers under delegated powers. The Approval of hiring of residential accommodation with attached stars and payment of rent November, 1986 onward was, however, distained from Finance Division.

PAC DIRECTIVE

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

- 3.3
- i) **Para-3 (Page-96-AR-1989-90)**
Loss of Rs.355,342/- due to shortage of Mazri cloth
 - ii) **Para-3 (Page-96-AR-1989-90)**
Loss of Rs.355,342/- due to shortage of Mazri cloth
 - iii) **Para-4- (Page-97-AR-1989-90)**
Embezzlement of Rs.249,288/-.
 - iv) **Para-5- (Page-98-AR-1989-90)**
Excess payment of Rs.218,079/- on Account of hiring of residential accommodation
 - v) **Para-8- (Page-90-AR-1989-90)**
Non-Recovery on account of excess calls from official/ Residential telephone Rs.49,512
 - vi) **Para-8- (Page-182-AR-1989-90) (Printed under Ministry of SAFRON)**
Loss of Rs.183,914/- As result of irregular Drawl of House rent allowance and non-deduction of house rent.

PAC DIRECTIVE

On the presentation of the above 5 paras by Audit, the Public Accounts Committee (PAC) directed the Ministry to implement the decisions of the DAC.

AUDIT REPORT FOR THE YEAR 1989-90

Pakistan Cost Guards Karachi

- 3.4 **Para #-11.1 (Page-101-AR-1989-90)**
Overpayment of Rs.13,100

PAC DIRECTIVE

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

MINISTRY OF INFORMATION TECHNOLOGY & TELECOMMUNICATIONS

1. Overview

Audit Report on the Accounts of PTCL for the year 1989-90 was taken up for examination by Public Accounts Committee (PAC) on 22.04.2009.

- 1.1 *On presentation of Audit Report by audit, the Public Accounts Committee (PAC) directed the Ministry to provide the information about legal status of the PTCL's shareholders within 07 days. The Public Accounts Committee (PAC) also recommended the Para on account of non-realization of demurrage charges Rs.1,944, 200/- for settlement subject to verification of documents by audit with a report to PAC within one month.*

ACTIONABLE POINTS

AUDIT REPORT ON ACCOUNTS FOR THE YEAR 1989-90

2.1 PTCL

PAC DIRECTIVE

On the presentation of the Audit Report on the Accounts of the PTCL by the Audit, the Public Accounts Committee (PAC) deferred these account and referred the main PAC with suggestion that PAC may directed the Government of Pakistan for conducting the audit of the PTCL from Audit Department because the main share holder of this company is Government of Pakistan. The Public Accounts Committee (PAC) also observed that the profit of this company is decreasing. The Public Accounts Committee (PAC) further directed the Audit to write a letter to M/o Information Technology for determine the status of the ownership of the buildings/schools and properties of the T&T department with a report to PAC.

The Public Accounts Committee (PAC) also directed the M/o Information Technology to provide the information about the legal status of the PTCL's shareholders within 7 days.

PAC DIRECTIVE

The PAC directed the PAO to arrange comprehensive briefing on the affairs of PTCL for in near future (13-01-2010).

2.2 **Para 9.9.2 (Page-82-AR)**

Loss due to non-realization of demurrage charges Rs 1,944,200

Audit pointed out that an amount of Rs 1,944,200 was paid as demurrage charges in 1989-90 due to late clearance of shipments. The amount was not recovered from the Clearing Agents. The Management only contented the margin of 10 days “free time” for clearance was short while procedure for clearance of imports was lengthy. The Management’s point of view was not acceptable as it was merely an excuse for inefficient handling of imported material.

The PAO informed the Public Accounts Committee (PAC) the TIP was the subsidiary of the PTCL at that time the law and order situation of Karachi was very bad due to this department was not cleared by the clearing agents. Now the amount has been written off by the competent authority.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the para for settlement subject to verification of documents by Audit with a report to PAC within one month.

MINISTRY OF KASHMIR AFFAIRS & NORTHERN AFFAIRS

1. Overview

Appropriation Accounts (Civil- Vol-1), Audit Report of the Federal Govt. and Audit Report on Public Sector Enterprises for the year 1989-90 pertaining to Ministry of Kashmir Affairs and Northern Affairs were taken up for examination by Public Accounts Committee (PAC) on 09.06.2009.

- 1.1 *Six (06) Grants were presented by AGPR whereas 09 Paras of the Audit Report of the Federal Govt. and 08 Paras of Audit Report on Public Sector Enterprises were reported by Audit.*
- 1.2 *On the presentation of 06 Grants by AGPR, the Public Accounts Committee (PAC) recommended the savings/excess of the Grants for regularization with the direction that there should be zero saving/excess in future.*
- 1.3 *On the recommendation of DAC, the Public Accounts Committee (PAC) recommended the 08 Paras of Audit Report on Public Sector Enterprises for settlement. On the presentation of 09 Paras of the Audit Report by audit, the Public Accounts Committee (PAC) directed the Ministry to implement the decisions of DAC.*

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL VOL-I, 1989-90)

2. i) Grant # 129-Kashmir Affairs & Northern Affairs Division
(Saving Rs.22,135)

AGPR pointed out that the saving worked out to 0.28% of the total grant. An amount of Rs.37,500 (0.49%) was surrendered resulting into an excess of Rs.15,365 (0.20%).

- ii) Grant # 130-Northern Areas
(Excess Rs.564,753)

AGPR pointed out that the excess worked out to 0.20% of the total grant.

- iii) Grant # 131-Federal Government Educational Institution in Northern Areas

(Excess Rs.5, 214,633)

AGPR pointed out that the excess worked out to 6.61% of the total grant. A supplementary grant of Rs.2,275,000 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account the excess shall be decreased to Rs.2,939,633 (3.62%).

iv) **Grant # 132-Other expenditure of Kashmir Affairs & Northern Affairs Division**

(Saving Rs.1,026,802)

AGPR pointed out that the saving worked out to 0.09% of the total grant. An amount of Rs 2,000 was surrendered leaving net saving of Rs.1,024,802 (0.09%).

v) **Grant # 137-Capital Outlay on purchases by Kashmir Affairs & Northern Affairs Division**

(Saving Rs.9,969)

AGPR pointed out that the saving worked out to 0.02% of the total grant.

vi) **Grant # 174-Development Expenditure of Kashmir Affairs & Northern Affairs Division**

(Excess Rs 20,883,876)

AGPR pointed out the excess worked out to 3.76% of the total grant.

PAC DIRECTIVE

On the presentation of the above grants by AGPR, the Public Accounts Committee (PAC) recommends the savings/excess of the grants for regularization with direction there should be zero saving/excess in future.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES
FOR THE YEAR 1989-90

- 3.1 i) **Para 189 (Page-323-ARPSE)**
Audit Comments
- ii) **Para 190 (Page-324-ARPSE)**
Audit Comments
- iii) **Para 495 (Page-325-ARPSE)**
Loss of Rs.0.730 million due to auction of unserviceable vehicles
- iv) **Para 488-ARPSE)**
Audit Comments
- v) **Para 491-ARPSE)**
Computation of Gratuity
- vi) **Para 492-ARPSE)**
Tools and implements worth Rs.0.054 million
- vii) **Para 493-ARPSE)**
Advances, deposits, prepayments and receivables Rs.1.99 million
- viii) **Para 494-ARPSE)**
Bad debts amounting to Rs.0.917 million

PAC DIRECTIVE

On the recommendation of the DAC, the Public Accounts Committee (PAC) recommended the above audit paras for settlement.

AUDIT REPORT FOR THE YEAR 1989-90

- 3.2
- i) **Para 12.1(1) (Page-105-AR)**
Overpayment of Rs.498,300
- ii) **Para 12.1(2) (Page-105-AR)**
Overpayment of Rs.260,100
- iii) **Para 12.1(3) (Page-105-AR)**
Overpayment of Rs.207,800
- iv) **Para 12.1(4) (Page-106-AR)**
Overpayment of Rs.62,281
- v) **Para 12.1(5) (Page-106-AR)**

- Overpayment of Rs.42, 882 due to Non Application of Conversion Factor
- vi) **Para 12.1(6) (Page-106-AR)**
Excess Payment of Rs.42,008
 - vii) **Para 12.1(7) (Page-106-AR)**
Overpayment of Rs.35,300
 - viii) **Para 12.1(8) (Page-106-AR)**
Overpayment of Rs.23,074
 - ix) **Para 12.2(1) (Page-107-AR)**
Overpayment of Rs.707,373
 - x) **Para 12.2(2) (Page-107-AR)**
Non-recovery of Rs.390,871
 - xi) **Para 12.2(4) (Page-107-AR)**
Non-recovery of Cost of Stores Rs.86,440

PAC DIRECTIVE

On the presentation of the above paras by Audit, the Public Accounts Committee (PAC) directed the Ministry to implement the decision of the DAC.

MINISTRY OF LABOUR & MANPOWER

1. Overview

Appropriation Accounts (Civil- Vol-1), Audit Report 1989-90 pertaining to M/o Labour & Manpower were taken up for examination by Public Accounts Committee (PAC) on 06.06.2009. The Performance Evaluation Report on Employees Old Age Benefits Institution, Karachi and Special Study on Workers Welfare Fund for the year 1989-90 were also discussed by the committee.

- 1.1 *Three (03) Grants were presented by AGPR and 10 Para of the Audit Reports were reported by Audit.*
- 1.2 *On the presentation of 03 Grants by AGPR, the Public Accounts Committee (PAC) of PAC recommended saving/excess in the Grants for regularization and directed the PAO to further strengthen financial/monitoring system in future.*
- 1.3 *On presentation by audit, the Public Accounts Committee (PAC) gave certain directives and recommended 02 Paras of Audit Report of Audit Report on Public Sector Enterprises for settlement. The Public Accounts Committee (PAC) pended 01 Para till the receipt of decision of the court. On recommendation of DAC, the Public Accounts Committee (PAC) recommended the 07 Paras for settlement.*
- 1.4 *On the recommendation of DAC, the Public Accounts Committee (PAC) recommended the Performance Evaluation Report on Employees Old Age Benefits Institution, Karachi for settlement. The Public Accounts Committee (PAC) deferred and clubbed the Special Study on Workers Welfare Fund 1989-90 with Special Study Report on Workers Welfare Fund for 2005-06.*

ACTIONABLE POINTS
APPROPRIATION ACCOUNTS (CIVIL) VOL-I,
FOR THE YEAR 1989-90

2.1 i) **Grant # 103-Labour Division**

(saving Rs.248,095)

AGPR pointed out the saving worked out to 1.81% of the total grant. An amount of Rs 224,360(1.64%) was surrendered leaving net saving of Rs.23,735 (0.17%).

ii) **Grant # 104-Other expenditure of Labour Division**

(saving Rs.139,323,998)

AGPR pointed out that the saving worked out to 7.86% of the total grant. An amount of Rs.519,193(0.03%) was surrendered leaving net saving to Rs.138,804,805(7.83%). A supplementary grant of Rs.551,000 (0.03%) was sanctioned but not included in supplementary schedule of authorized expenditure. After taking it into account, the saving shall be increased to Rs.139,355,805(7.86%).

iii) **Grant # 166-Development Expenditure of Labour**

(saving Rs.2,893,172)

AGPR pointed out that the saving worked out to 32.91% of the total grant. An amount of Rs.392,980 (4.47%) was surrendered leaving net saving to Rs.2,500,192 (28.44%).

PAC DIRECTIVE

On presentation of above grants by the AGPR, the Public Accounts Committee (PAC) recommended the savings/excesses in the grants for regularization. However, the PAO was directed to further strengthen financial/monitoring system and there should be zero excess/saving in future.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES
FOR THE YEAR 1989-90

Overseas Employment Corporation Pvt. Limited

3.1 **Para 503 (Page-335-ARPSE)**

Audit pointed out that cost of Air Tickets (Rs0.570 million) issued to Hajj Workers which was actually recoverable from M/s Dallah Group was treated as an expense of the Corporation. Its treatment as an expense not consistent with the Ordinance of Emigration, 1969, needs to be looked into.

The PAO informed the Committee that it was also a part of the same decision, that the above said 954 workers would be sent abroad for employment with Dallah Group, Saudi Arabia free of any charge. Dallah Group is a permanent client of the Corporation for the last of decade. During the subsequent years i.e. 1990 and 1991, not only service charges were received but actual expense of air ticket charges, visa fee etc, were also charged for the worker dispatched to the said client for employment.

PAC DIRECTIVE

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

3.2 **Para 504 (Page-335-ARPSE)**

Audit pointed out that books debts amounted to Rs.4.386 million as on 30th June, 1989 (Rs.5.496 million as on 30th June 1988). The slow pace of recovery be looked into and some appropriate recovery action be taken.

The PAO informed the Committee that all possible efforts are made for speedy recovery of the debts. However, most of corporation's clients being of permanents nature, their accounts assume the form of current account. It is applicable both in the case of Travel Davison as well as recruitment business. Out of the said debts of Rs.4.386 million in the account for the year 1988-89 Rs.3.4 million has already been recovered. Action is in hand for recovery of the balance amount.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the para for settlement with direction be careful in future.

3.3 **Para 505 (Page-335-ARPSE)**

Audit pointed out that advances deposits and other receivable amounting to Rs.7.263 million were doubtful of recovery for which a provision of an equal amount existed in the accounts. A major portion of the amount Rs.6.981 million represented encashment of Bank Guarantee by a foreign enterprise (Jubail-Saudi Arabia). The present status of the case adjudicated in the foreign court be intimated.

The PAO informed the Committee that the amount of Rs.7.263 million as appearing in the accounts represents Corporation's investment in a construction project at Saudi Arabia undertaken during the year 1980-81. The issue has already been discussed in detail in the Public Accounts Committee meeting held on December 1986 and 9th May 1988. The case is presently with the Minister for Commerce, Saudi Arabia, for a decision. Our Lawyer in Saudi Arabia, Dr. Audhali's Law office is pursuing the case.

PAC DIRECTIVE

The Public Accounts Committee (PAC) pended the para till the decision of the court.

The PAC directed the PAO to peruse the case vigorously. (dated 12-1-2010)

3.4 i) **Para 502 –ARPSE -1989-90**

Working Results

ii) **Para 506 ARPSE -1989-90**

Non Approval of accounts

PAC DIRECTIVE

On the recommendations of the DAC, the Public Accounts Committee (PAC) recommended the above audit paras for settlement.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES
VOLUME-VIII FOR THE YEAR 1989-90

Employees Old-Age Benefits Institute (EOBI)

3.5

- i) **Para 497 (i) (Page- 329) ARPSE -1989-90**
Non-submission of Accounts
- ii) **Para 498 (Page- 330-31) ARPSE -1989-90**
Audit Comments
- iii) **Para 499 (Page- 331) ARPSE -1989-90**
Audit Comments
- iv) **Para 500 (Page- 332) ARPSE -1989-90**
Rs.2.504 million outstanding against a defaulting organization
- v) **Para 501 (Page- 333) ARPSE -1989-90**
Loss of Rs.0.486 million due to declaration of active units as inactive and non- recovery of Rs.23.249 million from 259 defaulter units.

PAC DIRECTIVE

On the recommendations of the DAC, the Public Accounts Committee (PAC) recommended the above Audit Paras for settlement.

3.6 **PERFORMANCE EVALUATION REPORT (NO. 108) ON
EMPLOYEES OLD AGE BENEFITS INSTITUTION,
KARACHI FOR THE YEAR 1989-90**

PAC DIRECTIVE

On the recommendation of DAC the Public Accounts Committee (PAC) recommended the above Performance Evaluation Report No.108 for settlement.

3.7 **SPECIAL STUDY ON WORKERS WELFARE FUND
FOR THE YEAR 1989-90**

PAC DIRECTIVE

On the presentation of the above Special Report by the Audit the Public Accounts Committee (PAC) deferred and club with Special Study on Workers Welfare Fund Report for the year 2005-06. The PAC also directed the PAO to follow the recommendations given by the PAC on the report for the year 2005-2006. (dated 12-1-2010)

MINISTRY OF LAW & JUSTICE

1. Overview

Appropriation Accounts (Civil- Vol-1) and Audit Report of Federal Govt. for the year 1989-90 pertaining to Law & Justice Division were taken up for examination by Committee No.1 of the Public Accounts Committee (PAC) on 08.06.2009.

1.1 Two (02) Grants were presented by AGPR and 01 Para was reported by Audit.

1.2 After hearing the reply of the Ministry, the Committee of PAC recommended saving/excess of two Grants for regularization and directed the PAO to strengthen the budgetary & accounting system and there should be zero saving/excess in future. Since the issue raised in audit Para is subjudice, the Committee pended the case till the decision/judgment of the Supreme Court.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I FOR THE YEAR 1989-90

2.1 i) Grant # 100- LAW AND JUSTICE DIVISION (Excess Rs.2,702,126)

AGPR pointed out that the grant closed with an excess of Rs.2, 702,126 which work out to 4.68 percent of the total grant. An amount of Rs.728, 724 (1.26%) was surrendered increasing net excess to Rs.430, 850 (5.94%). A supplementary grant of Rs.3, 289,000 was sanctioned but not included in supplementary schedule of authorized expenditure. After taking it into account, the excess shall be decreased to Rs.141, 850 (0.23%)

ii) Grant # 102- OTHER EXPENDITURE OF LAW AND JUSTICE DIVISION (Saving Rs.6, 612,714/-)

AGPR pointed out that the grant closed with a saving of Rs.6, 612,714, which works out to 13.22 percent of the total grant. An amount of Rs.7, 490,355 (14.98%) was surrendered resulting into an excess of Rs.877, 641 (1.75%) A supplementary grant of Rs.1, 933,000 was sanctioned but not included in

supplementary schedule of authorized expenditure. After taking it into account, the excess shall be converted into saving of Rs.1, 055,359 (2.037%)

PAC DIRECTIVE

The Committee recommended the saving/excess of the grants for regularization. However, the Committee directed the PAO to strengthen the budgetary and accounting system of the Ministry and there should be zero saving/excess in future.

AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF LAW & JUSTICE FOR THE YEAR 1989-90

3.1 Para-1 (Page-119, AR 1989-90)

Irregular drawal of Rs.2,799,000/- from PLA and is irregular retention and doubtful expenditure of Rs.1,483,000.

The Audit informed the Committee that the case is subjudice.

The PAO informed the Committee that the Supreme Court of Pakistan vide their judgment dated 6th February, 1994 accepted the appeal of appellant. The conviction and sentence recorded by the Special Court were set aside. The appellant was acquitted of the charge and his bail bonds this charged. (Dated 12-01-2010)

PAC DIRECTIVE

The Committee pended the case still the judgment of the Supreme Court of Pakistan.

PAC DIRECTIVE DATED 12-01-2010

The PAC settled the para.

MINISTRY OF LIVE STOCK AND DAIRY DEVELOPMENT

1. Overview

Appropriation Accounts (Civil- Vol-1) and Audit Report of Federal Govt. for the year 1989-90 pertaining to Live Stock And Dairy Development Division were taken up for examination by Sub-Committee No.1 of the Public Accounts Committee (PAC) on 13-1-2010.

- 1.4 *No grant was reported by AGPR, whereas the Audit Report was presented by Audit.*
- 1.5 *Regarding 03 Paras of the Audit Report, the PAC recommended for settlement.*

ACTIONABLE POINTS

AUDIT REPORT ON PUBLIC SECTOR ENTERPRISES-Vol-viii FOR THE YEAR 1989-90

Korangi Fishries Harbour Authority

- 2.1 i) **Audit Para # 313, Page-219-ARPSE-1989-90**
Introductory para
- ii) **Audit Para # 320-21, Page-223-ARPSE-1989-90**
Audit Comments
- iii) **Audit Para # 322, Page-223-ARPSE-1989-90**
Audit Comments

PAC DIRECTIVE

On the recommendation of the Audit, the PAC settled the above three paras.

MINISTRY OF LOCAL GOVT. & RURAL DEVELOPMENT

1. Overview

Appropriation Accounts (Civil- Vol-1) for the year 1989-90 pertaining to the Ministry of Local Govt. & Rural Development was taken up for examination by Public Accounts Committee (PAC) on 30.06.2009.

- 1.1 *On the presentation of 02 Grants by AGPR, the Public Accounts Committee (PAC) recommended the savings of the Grants for regularization. The Public Accounts Committee (PAC) further directed the PAO that there should be no excess / saving in future.*

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL VOL-I, FOR THE YEAR 1989-90)

- 2.1 i) GRANT # 106- MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT
(Saving Rs.830,306/-)

AGPR pointed out that the grant closed with a saving of Rs.830,306 which worked out to 0.77% of the total grant. An amount of Rs.747,690 (0.70%) was surrendered leaving net saving of Rs.82,616 (0.07%)

- ii) GRANT # 168- DEVELOPMENT EXPENDITURE OF MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT
(Saving Rs.155,934,485/-)

AGPR pointed out that the grant closed with a saving of Rs.155,934,485 which worked out to 4.60% of the total grant. An amount of Rs.118,035,246 (3.48%) was surrendered leaving net saving of Rs.37,899,239 (1.12%)

PAC DIRECTIVE

On the presentation of the above two grants by AGPR, the Public Accounts Committee (PAC) recommended the saving of the grants for regularization. The Public Accounts Committee (PAC) directed the PAO that there should be no excess/saving in future.

NARCOTICS CONTROL DIVISION

1. **Overview**

Appropriation Accounts (Civil- Vol-1) and Audit Report of Federal Govt. for the year 1989-90 pertaining to Narcotics Control Division were taken up for examination by Public Accounts Committee (PAC) on 30.06.2009.

- 1.1 *One (01) Grant was presented by AGPR and 03 Paras of the Audit Report were reported by Audit.*
- 1.2 *On the presentation of 01 Grant by AGPR, the Public Accounts Committee (PAC) of PAC recommended the saving of the Grant for regularization.*
- 1.3 *On presentation of three Paras by audit, the Public Accounts Committee (PAC) directed the Ministry to implement the recommendations of the DAC.*

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL VOL-I, FOR THE YEAR 1989-90)

2.1 i) **GRANT # - 99 NARCOTICS CONTROL DIVISION** **(Saving Rs.8,912,705/-)**

AGPR pointed out that the grant closed with a saving of Rs.8,912,705 which worked out to 42.95% of the total grant.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the saving of grant for regularization

**AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF
NARCOTICS FOR THE YEAR 1989-90**

3.1 i) **Para-6 (Page-98-AR-1989-90)**

Un-Authorized payment of Rs.206,140

ii) **Para-7 (Page-98-AR-1989-90)**

Loss of Rs,54,297 due to Acceptance of Higher Rates for Carriage Contract

iii) **Para-9 (Page-99-AR-1989-90)**

Irregular Payment of Rs.1,408,258

PAC DIRECTIVE

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

NATIONAL ASSEMBLY SECRETARIAT

1. Overview

Appropriation Accounts (Civil- Vol-1) of Federal Govt. for the year 1989-90 pertaining to National Assembly were taken up for examination by Committee No.1 of the Public Accounts Committee (PAC) on 08.06.2009.

- 1.1 *On the presentation of 01 Grant by AGPR, the committee of PAC recommended the saving/excess of the Grant for settlement with the direction that there should be no saving / excess in future.*

ACTIONABLE POINTS **APPROPRIATION ACCOUNTS (CIVIL) VOL-I,** **FOR THE YEAR 1989-90**

- 2.1 i) **Grant # 107- NATIONAL ASSEMBLY**
(CHARGED) Saving-Rs.217986/-)
(OTC) Saving Rs. 12561479/-)

AGPR pointed out that in “Charged” section the saving works out to 0.67% of the total appropriation. A sum of Rs.1, 117,000 (3.46%) was surrendered resulting into an excess of Rs.899, 014 (2.78%). A supplementary grant of Rs.1, 125,000 was sanctioned but not included in supplementary schedule of authorized expenditure. After taking it into account the excess shall be converted into saving of Rs.225, 986 (0.67%).

In “Other than charged” section the saving works to 22.64 percent of the total grant. An amount of Rs.11, 642,000 (20.98%) was surrendered leaving net saving of Rs.919, 479 (1.65%)

PAC DIRECTIVE

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

MINISTRY OF OVERSEAS PAKISTANIS

1. Overview

Appropriation Accounts and Audit Report on the A/cs of Public Sector Enterprises for the year 1989-90 pertaining to the M/o Manpower & Overseas Pakistani Division were taken up for examination by Public Accounts Committee (PAC) No.1 of the Public Accounts Committee (PAC) on 09.06.2009.

1.1 Two (02) Grants were presented by AGPR and 03 Paras of the Audit Report of Public Enterprises were reported by Audit.

1.2 The Public Accounts Committee (PAC) of PAC recommended the savings/excess in Grants for settlement with the direction to the PAO to further strengthen financial /monitoring system and there should be zero excess/saving in future.

1.3 On 01 Para, the Public Accounts Committee (PAC) directed the PAO to provide information about corrective measures if taken by OPF to PAC/Audit within two weeks. For remaining 02 Paras, the Public Accounts Committee (PAC) directed the PAO to represent the then Managing Director (OPF) and the then PAO of the Ministry for their personal hearing and pended the Paras for two weeks.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I, 1989-90

2. i) **Grant # 105-Manpower and Overseas Pakistanis Division**
(Excess Rs. 2,065,447/-)

AGPR pointed out that the excess worked out to 3.22% of the total grant. An amount of Rs.104,000 (0.16%) was surrendered increasing net excess to Rs.2,169,447 (3.38%).

ii) **Grant # 167-Development Expenditure of Manpower & Overseas Pakistanis Division**
(Saving Rs.197,203,783/-)

AGPR pointed out that the saving worked out to 51.41% of the total grant. An amount of Rs.10,201,855 (2.66%) was surrendered leaving net saving to Rs.187,001,928 (48.75%).

PAC DIRECTIVE

On presentation of above grants by the AGPR, the Public Accounts Committee (PAC) recommended the savings/excesses in the grants for regularization. However, the PAO was directed to further strengthen financial/monitoring system and there should be zero excess/saving in future.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES FOR THE YEAR 1989-90

Overseas Pakistanis Foundation

3.1 **Para 507 (Page-336-ARPSE)**

Audit pointed out that the excess of income of the Foundation over expenditure was Rs 30.970 million in 1985-86. Rs.25.594 million in 1986-87, Rs.16.400 million in 1987-88 Rs.21,294 million in 1988-89 and Rs.19.581 million in 1989-90. The excess of income over expenditure for the year 1989-90 recorded a decrease by 8.4% as compared to previous.

The PAO informed the Committee that the excess of income of the foundation over expenditure declined during the past few years. This decline was basically due to the reasons that the profit being earned by this organization on its deposits with the Banks/ National Saving were reduced to a major extent, because a substantial amount of Rs. 20.7 million was recovered by the Income Tax Department on account of tax which resulted in short fall in the investment and profit thereon. Further during the passage of time the Foundation had expanded and new induction were made keeping in view the enhanced volume of work and obviously other facilities from time to time as announced by the Government were allowed to the employs, which resulted in increase towards administrative expenditure during the past years. Another factor which has erected the volume of income was the discontinuance of certain investment schemes previously, allowed by the Government e.g Khas Deposit Accounts/ Certificates.

PAC DIRECTIVE

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

(PAC) further directed the PAO to provide information on corrective measures if taken by OPF to PAC/Audit within two weeks. Follow up action will be monitored by Implementation Committee of PAC Sectt.

3.2 i) **Para 508 (Page-337-ARPSE)**

Audit pointed out that long term deposits and deferred cost included incorporation cost of Rs.1.619 million of a new company “Overseas Chemical Limited” (OCL) in joint venture with Federal Chemical & Ceramics Corporation Ltd. for setting up a PVC resin manufacturing project at Lahore which was approved at a cost of Rs.1378.000 million in November, 1989 for which a contract agreement for the supply of the plant was also executed with a foreign firm in February, 1990. For reasons that have not been stated, the project is being proposed to be handed over to M/s. F.E.C.T.O, private enterprises. Any change in the status of the project would involve financial losses to the Foundation in the shape of foreign supplier’s commitments/claims.

The PAO informed the Sub- Committee that OPF entered into joint venture with FC&CCL for setting up PVC Project on the directive of the Government. A separate Company “Overseas Chemicals Limited” was incorporated to carry out the above PVC project. The project was abandoned on the approval of BOG and no loss was borne by OPF due to non execution of the contract with the machinery suppliers, except the fund of Rs.1.650 million spent by OPF on the formation of the company and other allied expenses, which was written off after approval from the board in its 85th meeting dated 28-06-2002.

ii) **Para 509 (Page-337-ARPSE)**

Audit pointed out that “Advances for allotment of plots” included Rs.61.871 million in respect of “Chatter Housing Scheme Murree”. The scheme was not physically planned. It was simply, chalked out on paper and advance money towards cost of plots from emigrants was received in March,1989. Due to the non existence of scheme, the advance money was got refunded by the emigrants in July-Sept 1990 leaving certain advances yet to be refunded. The management’s action in obtaining money on false pretext from the general public/emigrants is contestable in the Court of Law need be looked into. The interest income f Rs.0.347 million earned on the advance amount @ 14% for the period March, 1989 to June. 1990 was therefore, a non trading income.

The PAO informed the Public Accounts Committee (PAC) that the housing schemes near the capital was a long outstanding demand of OPs. The majority of Ops intend to build their houses in the vicinity of Islamabad. For this purpose OPF announced a big housing scheme near Chattar for Ops. The scheme was placed before the Board of Governors Foundation, who approved it subject to the arrangements that the fund for the same shall be met through self-financing. The Foundation, therefore, invited application from Ops along with token money, which was equal to 1/8th of the full price, being a normal practice in such business and collected by the developing agencies like CDA, LDA etc.

PAC DIRECTIVE

On the presentation of above two paras by Audit, the Public Accounts Committee (PAC) directed the PAO to represent the Managing Director (OPF) and then Principal Accounting Officer of the Ministry for their personal hearing and pended the paras for two weeks.

PAC DIRECTIVE

The PAC settled the para. (dated 12-1-2010).

PAKISTAN ATOMIC ENERGY COMMISSION

1. **Overview**

Appropriation Accounts (Civil- Vol-1) and Audit Report on the accounts of Federal Govt. for the year 1989-90 pertaining to Pakistan Atomic Energy Commission were taken up for examination by Public Accounts Committee (PAC) No.1 of the Public Accounts Committee (PAC) on 30.06.2009.

- 1.1 *Two (02) Grants were presented by AGPR and 02 Paras of the Audit Report were reported by Audit.*
- 1.2 *On the presentation of 02 Grants by AGPR, the Public Accounts Committee (PAC) of PAC recommended the saving of the Grants for regularization.*
- 1.3 *On recommendations of the DAC, the Public Accounts Committee (PAC) recommended 02 Paras of Audit Report for settlement.*

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL VOL-I, FOR THE YEAR 1989-90)

- 2.1 i) **GRANT # 12- ATOMIC ENERGY**
(Excess- Rs.398,947,000/-)

AGPR pointed out that the grant closed with an excess of Rs.398,947,000/- which worked out to 98.26% of the total grant. An amount of Rs.2,187,000 (0.53%) was surrendered increasing net excess to Rs.401,134,000 (98.80%). A supplementary grant of Rs.401,134,000 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account there shall be no savings/excess.

- ii) **GRANT # 176- CAPITAL OUTLAY ON DEVELOPMENT OF ATOMIC ENERGY**
(Excess/saving- Nil)

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

PAC DIRECTIVE

On the presentation of the above two grants by AGPR. The Public Accounts Committee (PAC) recommended the saving of the grant for regularization.

AUDIT REPORT ON THE ACCOUNTS **FOR THE YEAR 1989-90**

3.1 i) **Para-1 (Page- #25 AR-1989-90)**

Non-adjustment of advances amounting to Rs.3,659,146/-

ii) **Para-2 (Page- #25 AR-1989-90)**

Non-recovery/adjustment of TA advances amounting to Rs.708,829/-

PAC DIRECTIVE

On the recommendation of the DAC, the Public Accounts Committee (PAC) recommended the above two paras for settlement.

PARLIAMENTARY AFFAIRS DIVISION

1. Overview

Appropriation Accounts (Civil- Vol-1) for the year 1989-90 pertaining to the Parliamentary Affairs Division was taken up for examination by Public Accounts Committee (PAC) on 29.06.2009.

- 1.1 *On the presentation of 01 Grant by AGPR, the Public Accounts Committee (PAC) recommended the savings of the Grant for regularization. Follow up action will be monitored by Implementation Committee of PAC Sectt.*

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL VOL-I, FOR THE YEAR 1989-90)

2.1 i) **GRANT # 101- PARILIAMENTARY AFFAIRS DIVISION** **(saving Rs.3,785,125/-)**

AGPR pointed out that the grant closed with a saving of Rs.3,785,125 which worked out to 45.34 percent of the total grant. An amount of Rs.180,081 (38.09%) was surrendered leaving net saving of Rs.605,044 (7.24%).

The PAO informed the Committee that the saving was occurred due to non appointment of the Parliamentary secretaries.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the saving of the grant for regularization. Implementation Committee of PAC Sectt will monitor follow up action.

MINISTRY OF PETROLEUM & NATURAL RESOURCES

1. Overview

Appropriation Accounts (Civil- Vol-1), Audit Report of Federal Govt., and Audit Report on Public Sector Enterprises for the year 1989-90 pertaining to M/o Petroleum & Natural Resources were taken up for examination by Public Accounts Committee (PAC) on 22-23.05.2006.

- 1.1 *Six (06) Grants were reported by AGPR. 49 Paras of the Audit Reports were presented by Audit.*
- 1.2 *On presentation of the Grants, the Public Accounts Committee (PAC) recommended the saving/excess in the Grants for regularization.*
- 1.3 *The Public Accounts Committee (PAC) recommended 11 Paras of the Audit Report for settlement. In 32 cases, the Public Accounts Committee (PAC) directed the PAO to implement the decisions of DAC. Three Paras were deferred for next meeting. In 01 case, the PAO was directed to take up the issue regarding non-recovery of transit pass security deposits from KMC before the Board of Directors or get it written off. In 01 Para, the PAO was directed to inquire the matter, fix responsibility and recover the amount from the concerned person with a report to PAC/Audit within one month. In the remaining 01 case, the decision taken by the department was not accepted and PAO was directed to recover the amount otherwise get it written off from the competent authority.*

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS CIVIL VOL-I FOR THE YEAR 1989-90

- 2.1 i) **Grant # 109-Ministry of Petroleum and Natural Resources**
(Saving Rs 971,186)
- ii) **Grant # 111-Other Expenditure of M/o Petroleum and Natural Resources**
(Saving Rs 1,064,478)
- iii) **Grant # 169-Development Expenditure of M/o Petroleum and Natural Resources**
(Saving/Excess Nil)
- iv) **Grant # 191-Capital outlay on Petroleum and Natural Resources**
(Saving Rs 659,526,548)

PAC DIRECTIVE

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

APPROPRIATION ACCOUNTS **FOR THE YEAR 1989--90**

- 2.2 i) **Grant # 110-Geological Survey other than charged**
(Saving Rs 1,308,051)
- ii) **Grant # 192- Geological Survey other than charged**
(Saving Rs 15,957,671)

PAC DIRECTIVE

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

AUDIT REPORT PUBLIC SECTOR ENTERPRISES VOL- VIII FOR THE YEAR 1989-90

Pakistan State Oil Company Limited

3.1 Audit Para # 548-Page-359-APRSE-1989-90

Audit pointed out that the company earned profits of Rs 334.453 million in 1985-86, Rs 341.008 million in 1986-87, Rs 343.973 million in 1987-88, Rs 330.654 million in 1988-89, and Rs 367.171 million in 1989-90. The working results of the Company for the year 1989-90 as compared with those of the previous year 1988-89 are tabulated below:-

	(Rs in million)		
	1989-90	1988-89	Percentage increase/ (decrease)
Sales	29,819.521	26,814,189	11.21
Less:	5,800.967	7,727.981	(24.94)

Government Levies			
	24,018.554	19,086,208	25.84
Add: other income	43.847	31.571	38.88
	24,062.401	19,117.779	25.86
Less: Cost of products sold	23,225.979	18,354.910	26.54
Grass Profit	836.422	762.869	9.64
Less: Operating expenses	469.251	432.215	8.57
Profit before taxation	367.171	330.654	11.04

The PAO informed the Public Accounts Committee (PAC) that the figures of sales and profitability of the company has shown a continuous upward trend in the subsequent years. It is also informed that cost of product i.e. Refinery price and government levies viz; development surcharge and custom/excise duty is controlled by the government through the Ministry. Similarly selling price of Petroleum products is also controlled by the Ministry and a fixed per liter/ per tone gross profit is allowed to PSO Company known as distributors margin and therefore there is no logical comparison possible between sales value and gross profit.

PAC DIRECTIVE

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

- 3.2. i) **Audit Para # 551-Page-361-APRSE-1989-90**
Unjustified payment of Rs 1.04 million as overtime
- ii) **Audit Para # 552-Page-362-ARPSE-1989-90**
Loss of Rs 152,943 due to cancellation of Purchase order of state Enterprises

SAINDAK Metals (Pvt) Limited

- iii) **Audit Para # 554-Page-363-APRSE-1989-90**

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the above three paras for settlement.

Pak. Arab refinery limited (PARCO)

- i) **Audit Para # 531-Page-349-APRSE-1989-90**
Non-Entertainment of Audit

Pakistan State Oil Company Limited

- ii) **Audit Para # 549-Page-360-APRSE-1989-90**
iii) **Audit Para # 550-Page-360-APRSE-1989-90**

SAINDAK Metals (Pvt) Limited

- iv) **Audit Para # 553-Page-363-APRSE-1989-90**
v) **Audit Para # 555-Page-364-APRSE-1989-90**
vi) **Audit Para # 556-Page-364-APRSE-1989-90**
vii) **Audit Para # 557-Page-364-APRSE-1989-90**
viii) **Audit Para # 558-Page-364-APRSE-1989-90**

PAC Directive

On the presentation of the above eight audit paras by Audit Department, the Public Accounts Committee (PAC) directed the Ministry to implement the decision of the DAC.

Sui Southern Gas Company Limited

PAC Directive

The Public Accounts Committee (PAC) deferred the accounts of the Sui Northern Gas Company for its next meeting.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES **FOR THE YEAR 1989-90**

Oil & Gas Development Corporation

- 3.3. **Audit Para # 544-Page-355-ARPSE-1989-90**

Unjustified expenditure of US\$ 2 million (Pak. Rs 40 million) on hiring of services of Polish crew for rig operation

Audit pointed out that Oil and Gas Development Corporation, under a contract with M/s Polservice Warsaw Poland hired the services of Polish Crew @ US\$ 145 per day per expatriate for operating two rigs and paid Rs 40 million for their services during period October 1985 to November 1988. Hiring of services of foreign crew was not justified as all the nine rigs of the Corporation were manned by the Pakistani crew.

The PAO informed the Public Accounts Committee (PAC) that hiring the services of Polish Crew was justified for 24 hours drilling operation work and its supervision as OGDCL drilling professional flow oil to Middle East, and the services of Polish crew were cheaper, also the hiring of the expatriate crew was in the interest of the corporation as such the expenditure on hiring of services can not be termed as unjustified.

PAC DIRECTIVE

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

3.4 **Audit Para # 545-Page-356-ARPSE-1989-90**

Imprudent hiring of private plazas/bungalows for office accommodation involving rental payment of Rs 34.512 million

Audit pointed out that Oil and Gas Development Corporation owned a plot of land (measuring 2000 sq.yds) in Blue Area Islamabad purchased in 1964 for construction of its Office Building Complex. Despite availability of funds in 1975, 1978 and again in 1980, the Complex was not constructed. Instead eighteen private plazas and bungalows (almost all located in F/7 F/8 Markaz, Islamabad) continued to be hired for accommodating its main & unit offices division & departments and made huge monthly rental payments ranging from Rs 25,000 to Rs 50,000 with two year's advance amounts and lease agreements revised for years together. In certain cases, the land owners were provided undue financial aid to help speed-up construction work on the plots of land owned by them. Certain private lodges were hired for use as staff Rest House and Medical Centres despite the fact that the newly constructed hostel Building was lying vacant.

Commission to property dealers was also paid. The Management's action in not constructing its own Office Complex despite availability of Plot of land and funds was not justified thus incurring huge amount of Rs 34.512 million during 1985 to 1989 on account of hiring of private plazas and buildings was not a prudent decision.

The PAO informed the Public Accounts Committee (PAC) that OGDC purchased the plot of land in Islamabad in 1964. However as per article No.11 of OGDC's Ordinance, its Head Office was located at Karachi. Due to emergent operational reasons some of the operating departments were shifted to Islamabad in 1977 but the Head Office of the Corporation was shifted to Islamabad in January 1983 with due notification in gazette of Pakistan request by the clause 11(1) of OGDC ordinance No.XXXVII of D61. The shifting of remaining support and other departments started after completion of the legal formality because prior to this there was resistance from certain quarters regarding shifting of the Head Office to Islamabad. The OGDC was solely depended on its funds from ADP allocation and in utilization of these funds the operational expenditure was given higher priority. A part from this the full allocation of local currency was never fully released due to budget constraints of GoP. At present all the work has been completed. All the hired buildings/ Private houses in Islamabad have been de-hired after shifting to new Head Office.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the para for settlement subject to verification the PC-I and completion report by Audit Department.

Sui Northern Gas Pipelines Limited

3.5 Audit Para # 568-Page-369-ARPSE-1989-90 **Blockage of capital of Rs 13.111 million on unnecessary import of new machineries**

Audit pointed out that Sui Northern Gas Pipeline Limited imported six costly machines valuing Rs. 13.111 million in 1985 and 1986 for spreading pipelines. These machines are lying idle since their purchase, but they consumed POL worth Rs 13,511 up to 30th June, 1989. The where about of these machines was also not known to the project management due to non-maintenance of location-wise record

of assets in the project Head Office. From the non-utilization of these machines, it is apprehended that these were not materially required and their unnecessary import resulted into blockage of the capital for years together. It is also apprehended that due to long non-development and prolonged storage, they are likely to deteriorate and became obsolete.

The PAO informed the Public Accounts Committee (PAC) that the machines listed by the Audit have not been standing idle but/ere extensively used on pipeline works undertaken by the company in field. The machine-wise expenditure on repair/ maintenance and POL consumption clearly proves our contention.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the para for settlement subject to verification of the record by Audit Department within one month. The follow up action will be monitored by the Implementation Committee of PAC.

3.6 **Audit Para # 569-Page-370-ARPSE-1989-90**

Non-recovery of transit pass security deposits of Rs 12.803 million from KMC

Audit pointed out that the material imported by Sui Northern Gas Pipelines was allowed to pass from Karachi Port by KMC after obtaining Transit Pass Security from the clearing agents of the Company. The Security so deposited was refundable on production of octori payment receipts at the destination of the imported consignment. The KMC had been refunding the security deposits without demanding receipts of payment of octori at destination but in February 1986 the KMC informed the Company that refund of security would be allowed on production of octori payment receipt at destination as required under Rule 80 A of west Pakistani Municipal Committees Octori Rules, 1964. The Company lodged a refund claim from Rs 3.358,144 pertaining to deposits from 19-02-1986 to 07-09-1986 on KMC without producing necessary octori payment receipts and the amount was therefore forfeited by the KMC.

The PAO informed the Public Accounts Committee (PAC) that the matter has been agitated by us with KMC on a number of occasion on these lines, in writing as well as numerous follow up visits of the officials of this company from its Karachi and Lahore offices, but KMC have continued to withhold the funds

without valid reasons. In fact despite the above efforts, we have also submitted destination octori receipts for some of the material required for our distribution network falling within municipal limits, the same also applied in those cases where the material was used outside the councils have been submitted to KMC in many cases. They have so far refunded only Rs 511,588 until now. The KMC has been continuously promising to our officials visiting them that as soon as they are able to locate some of their record, KMC would immediately refund the amounts.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the department that issue should be taken up before the Board of Directors, if the recovery is possible then recover the amount. If not possible then be get written off from the competent authority.

3.7 **Audit Para # 572-Page-373-ARPSE-1989-90**
Un-necessary purchase/import of stores worth Rs 1.366 million

Audit pointed out that Sui Northern Gas Pipelines Limited placed five indents within few months in 1986 for the import of 1000 welding helmets alongwith their accessories without ascertaining the actual requirement of the Company. The order was 20 times more than the actual requirement of the project. On receipt of the consignment in December, 1987 only 50 helmets were issued/utilized in the Company leaving a balance helmets worth Rs 0.505 million which are lying unused due to completion of the project in 1990.

Similarly against the total requirement of 60 grinders to be used in laying pipelines, the Management had 347 grinders in its stock as on 30 June 1989, Thus 287 grinders costing Rs 0.861 million are lying unused in the store and considered to have been procured without any immediate requirement.

The PAO informed that the requirement of welding helmets for project V and allied works spanning over 3 to 4 year and involving 590 miles of pipe laying was estimated to be around 1000 helmets, however, the initial efforts to obtain total quantity in the beginning of project were not very fruitful in as much as long lasting specimen was not available in the local market. Therefore, decision was taken to import the helmets. The entire stock of helmets lies however been utilized by 3-1-1995. The quantity of grinders as on 30-6-1989 as noted by the Audit in fact indicates the total No. of grinders purchased over a period of 15 to

16 year (1974 to 1989) the useful life of such grinder is not more than 2 to 3 years and are scrapped being rapidly depreciating loss tools.

PAC DIRECTIVE

The Public Accounts Committee (PAC) showed its displeasure on the issue. However, the Public Accounts Committee (PAC) directed the PAO to inquire the matter, fix responsibility, recover the amount from the persons concerned with a report to PAC/Audit Department within two months. The follow up action will be monitored by implementation.

3.8 **Audit Para # 574-Page-374-ARPSE-1989-90**

Loss of Rs 884,906 due to favouritism extended to clearing agents.

Audit pointed out that Sui Northern Gas Pipeline retained the services of two clearing agents upto 31 December 1988 who were stated to have been appointed about 22 years ago and were providing the services at agreed rate of Rs 0.36% of C & F value since their initial appointment. The rates were realized by the Management to be on the higher side and they consequently floated the pre-qualification tenders for clearing of stores, on 16 July 1987. The lowest rate of Rs 0.14% of the C & F value was quoted/negotiated by M/s Muhammad Amin, Muhammad Qasem, Karachi, effective from 1st January 1989. Despite the appointment of new agents from 1 January 1989 and cancellation of previous agents, the Management continued to retain services of one of the previous agents at the higher rate of commission upto November 1989. During the period from 1st January 1989 to 30th November 1989 the agent was paid commission @ Rs 0.36% amounting to Rs 863,465 whereas the consignments of stores could have been cleared for Rs 335,804 by the newly appointed clearing agents. Thus a loss of Rs 527,691 (863,495-335,804) was caused to the Company in this regard. Furthermore little interest was taken by that agent for timely clearance of consignments and he caused payment of demurrage of Rs 357,215 to KPT which was not recovered from him. The action of the Management amounted to undue favour extended to the clearing agents at the cost of the Company.

The PAO informed the Public Accounts Committee (PAC) that no favour was done to M/s Limsa Agencies Pvt (Ltd) by appointing them to the only clearing agents for the last about 18 years. In fact in addition to M/s Limsa Agencies, the following clearing agents have also been rendering custom clearing services to us in the course of above period.

- a) M/s Ahmad Ibrahim Agencies Karachi
- b) M/s Khan Sons, Karachi
- c) M/s M.S.H. Agency, Karachi

He further informed that appointment of the last mentioned clearing agents was done in the year 1966 at the then prevailing rates which were obtained in the year 1966 as a result of inviting quotations from leading clearing and forwarding agents located at Karachi.

PAC DIRECTIVE

The Public Accounts Committee (PAC) observed that this decision was wrong and take action against the person concerned who took such decisions. If possible recover the amount otherwise get it written off from the competent authority.

3.9

- i) **Audit Para # 530-Page-349-ARPSE-1989-90**
- ii) **Audit Para # 531-Page-349-ARPSE-1989-90**
- iii) **Audit Para # 532-Page-349-ARPSE-1989-90**

Oil And Gas Development Corporation

- iv) **Audit Para # 536-Page-352-ARPSE-1989-90**
- v) **Audit Para # 537-Page-353-ARPSE-1989-90**
- vi) **Audit Para # 538-Page-353-ARPSE-1989-90**
- vii) **Audit Para # 539-Page-353-ARPSE-1989-90**
- viii) **Audit Para # 540-Page-353-ARPSE-1989-90**
- ix) **Audit Para # 541-Page-354-ARPSE-1989-90**
- x) **Audit Para # 542-Page-354-ARPSE-1989-90**
- xi) **Audit Para # 543-Page-354-ARPSE-1989-90**
- xii) **Audit Para # 546-Page-357-ARPSE-1989-90**

Blockage of Capital amounting Rs 1.270 million and Loss of interest of Rs 3.440 million due to import of material of wrong specification

- xiii) **Audit Para # 547-Page-358-ARPSE-1989 - 90**
Overpayment of Rs 0.638 million due to wrong fixation of pay, upgradation promotion and premature increments to retired army officer's re-employment

Sui Northern Gas Pipelines Limited

- xiv) **Audit Para # 559-Page-365-ARPSE-1989-90**
- xv) **Audit Para # 561-Page-366-ARPSE-1989-90**
- xvi) **Audit Para # 563-Page-366-ARPSE-1989-90**
- xvii) **Audit Para # 564-Page-366-ARPSE-1989-90**
- xviii) **Audit Para # 565-Page-367-ARPSE-1989-90**
- xix) **Audit Para # 566-Page-367-ARPSE-1989-90**
- xx) **Audit Para # 567-Page-368-ARPSE-1989-90**
- xxi) **Audit Para # 571-Page-372-ARPSE-1989-90**

Non-recovery of liquidated damages amounting to Rs 7.690 million and cost of coat wrap material of Rs 12.503 million from the contractors

- xxii) **Audit Para # 573-Page-373-ARPSE-1989-90**
Loss of Rs 0.908 million due to non-utilization of full amount of import licenses
- xxiii) **Audit Para # 576-Page-376-ARPSE-1989-90**
Unjustified payment of Rs 182,790 on account of idle hours of hired bulldozers
- xxiv) **Audit Para # 577-Page-377-ARPSE-1989-90**
Extra expenditure of Rs 104,600 due to purchase of value spindles at exorbitant price

PAC DIRECTIVE

The Public Accounts Committee (PAC) endorsed the decision of the DAC on the above 25 paras and directed the Ministry of Petroleum and Natural Resources to implement the DAC's decisions.

Mari Gas Company Limited

3.10

- i) **Audit Para # 533-Page-350-ARPSE-1989-90**
- ii) **Audit Para # 534-Page-351-ARPSE-1989-90**
- iii) **Audit Para # 535-Page-351-ARPSE-1989-90**

PAC DIRECTIVE

On the presentation of accounts of the Mari Gas Company, the Public Accounts Committee (PAC) deferred the above paras for its next meeting.

PAC DIRECTIVE

On the recommendation of the Audit, the PAC referred the three paras to main PAC for further decision. (Dated: 13.01.2010)

Sui Northern Gas Pipeline Company Limited

3.11

- i) **Audit Para # 560-Page-366-ARPSE-1989-90**
- ii) **Audit Para # 562-Page-367-ARPSE-1989-90**
- iii) **Audit Para # 570-Page-371-ARPSE-1989-90**

Loss of Rs 11.453 million due to unnecessary purchase of spare parts which became obsolete

- iv) **Audit Para # 575-Page-375-ARPSE-1989-90**

Un-necessary import of orifice meters valuing Rs 684,649 through borrowed funds

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the above four paras for settlement.

PLANNING & DEVELOPMENT DIVISION

1. Overview

Appropriation Accounts (Civil- Vol-1), Audit Report of the Federal Govt. and Audit Report on Public Sector Enterprises for the year 1989-90 pertaining to Planning & Development Division were taken up for examination by Public Accounts Committee (PAC) on 04.09.2007.

- 1.1 *Two (02) Grants were presented by AGPR whereas 01 Para of the Audit Report of the Federal Govt. and 28 Paras of Audit Report on Public Sector Enterprises were reported by Audit.*
- 1.2 *On the presentation of 02 Grants by AGPR, the Public Accounts Committee (PAC) of PAC recommended to settle one Grant and recommended to regularize the other Grant.*
- 1.3 *On presentation by audit, the Public Accounts Committee (PAC) recommended 1 Para of Audit Report on Federal Govt. and two Paras of Audit Report on Public Sector Enterprises for settlement.*
- 1.4 *Regarding 22 Paras of Audit Report on Public Sector Enterprises, the Public Accounts Committee (PAC) recommended to implement the decisions of DAC within two months and report to committee. On presentation of the remaining 04 Paras of the said report, the Public Accounts Committee (PAC) gave the certain directions to PAO i.e. interest retained by NLC be refunded to Govt within one month with the report to the committee, to constitute an IDC to find out mechanism regarding the payment of Taxes to the Provincial Governments within two months with a report to the committee etc.*

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL)

VOL-1 FOR THE YEAR 1989-1990

2.1 i) **GRANT NO. 112-PLANNING AND DEVELOPMENT DIVISION**
(Saving of Rs (-) 5,609,551)

AGPR pointed out that the grant was closed with the saving of Rs.5,609,551/- which works out to 8.00% of the total grant. An amount of Rs.5,506,240 (7.85%) was surrendered leaving net saving of Rs.103,311 (0.15%)

PAC DIRECTIVE

Due to minor saving in the grant, the Public Accounts Committee (PAC) recommended to settle the grant.

2.2 ii) **GRANT NO. 170-DEVELOPMENT EXPENDITURE OF PLANNING AND DEVELOPMENT DIVISION.**
(Excess of Rs (+) 22,859,201)

AGPR pointed out that the grant was closed with an excess of Rs 22,859,201/- which works out to 13.93% of the total grant. An amount of Rs 11,231,609 (6.85%) was surrendered increasing net excess to Rs 34,090,810 (20.78%).

The PAO informed the Public Accounts Committee (PAC) that the figures mentioned in the grant have been reconciled with the AGPR.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended to regularize the grant.

AUDIT REPORT ON PUBLIC SECTOR ENTERPRISES
(VOL-X) FOR THE YEAR 1989-90

3.1 **PARA 635 (PAGE 414-ARPSE)**
National Logistic Cell

Audit pointed out that NLC undertook certain assignment work of construction of “Fertilizers godowns” and its sales on behalf of Government. A liability of Rs.7.087 million appeared in the balance sheet as on 30th June, 1990.

The DG NLC explained before the Public Accounts Committee (PAC) that NLC has been helping the Federal Government in the construction of its physical infrastructure projects and storage accommodations. The godowns were constructed and transferred to NFML on line purchase basis. The profit amounting to Rs.37.305 million has accrued to NLC over a period of 12 years. Liability of Rs.7.087 million has since been paid to the Government up to 30th June, 1991, NLC has paid a sum of Rs 44.358 million to the Government Fertilizer Godowns in the book of NLC is strictly in accordance with decision of the National Logistic Board.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended that interest retained be refunded to the Government within month with a report to the Committee/Audit. The follow up action will be monitored by the Implementation Committee of the PAC Sectt.

3.2 **PARA 640 (PAGE 415-ARPSE)**

Audit pointed that Motor Vehicles Tax approximating Rs.12.500 million on NLC’s fleet of 2000 operating vehicles was payable to provincial Government for the period July, 1980 to 1990, but was neither assessed nor paid taking the privilege of using “Broad Army Arrow-marked Number” on its operating vehicles without seeking any exemption. Similarly the NLC is not paying toll tax, stamp duty and sales tax on the import of motor vehicles and other machinery & stores and spares stamp duty and sales tax on the import of motor vehicles and other machinery & stores and spares chargeable from since 1980 but was actually paid on the imports effective from July, 1986 without seeking any exemption for the

period July, 1980 to June, 1986. The payments need to be worked out and now deposited in government treasury.

The DG, NLC assured the Public Accounts Committee (PAC) that NLC is ready to pay all the taxes to the Provincial Governments. The follow up action will be monitored by the PAC Implementation Committee.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended to constitute an IDC under the Convener ship of Senior Joint Secretary, M/O Planning & Development and representatives of M/O Finance, M/O Law, Audit Department and NLC to find out a mechanism regarding the payments of taxes to the Provincial Governments within two months with a report to the Committee. The follow up action will be monitored by the PAC Implementation Committee.

3.3 **PARA 647 (PAGE 418-ARPSE)**

Loss Of Rs 278.916 Million Due to Purchase of Fiat Trucks and Foregoing of Claim of Us\$ 20 Million

Audit pointed that the Management of NLC in December, 1983 invited tender quotations for purchase of 250 trucks of 25.30 metric tons carriage capacity. The 05 firms participated in the bid. The purchase of Fiat Trucks instead of Mitsubishi and waiving of claim of US\$ 20 million caused a loss of Rs.278.916 million to NLC. Briefly, the facts of the case do not justify purchase from the second lowest bidder.

Responding to the Audit objections, the D.G., NLC explained before the Committee that no doubt NLC had raised a claim against M/S Fiat for damages amounting to \$ 20 million on detection certain defects in some of 300 vehicles supplied by them in 1980. However, NLC Management decided not to go to the Court when NLC Management became reasonably sure that the defects noticed in the vehicles had been fully rectified as per the warranty clause. Moreover, huge legal cost was also involved. By 1984 it had become clear that the defects had been fully repaired. All vehicles completed their laid down life of 6 years and a large number are still in service.

The D.G., NLC also explained that purchase decision in NLC are not made solely on quoted rates but other implied costs are taken in to account.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended to settle the para. However, the Committee directed the PAO to ensure the technical evaluation of purchases in future.

3.4 **PARA 648 (PAGE 419-ARPSE)** **UNAUTHORIZED RETENTION OF GOVERNMENT FUNDS/ PROFIT** **OF RS 49.752 MILLION**

Audit pointed that the National Logistic Cell received funds to the tune of Rs.86.324 million in 1981-82 from the Government of Pakistan for the construction of four fertilizer godowns at different places. The godowns were constructed by the National Logistic Cell at a total cost of Rs.86.324 million and handed over to National Fertilizer Marketing Limited on hire purchase basis. The recoverable amount including interest worked out to Rs.36.076 million was required to be refunded to Government of Pakistan on its realization from National Fertilizer Marketing limited by the National Logistic Cell.

The Director General, NLC, briefed the Public Accounts Committee (PAC) that the NLC had been helping the Federal Government in the construction of its physical infrastructure projects and storage accommodations since 1978-79. These projects have always been undertaken by NLC on cost basis and handover the same to National Fertilizer Marketing Limited (NFML) on higher purchase basis. The National Logistic Board in consultation with the Secretary Finance decided to allow NLC to retain the interest portion of the amount recoverable from NFML.

PAC DIRECTIVE

The Public Accounts Committee (PAC) constituted an IDC comprising on the representatives of M/O Finance (Convener), M/O Planning & Development, NLC and Audit Department to examine the matter and report to the Committee within two months. The follow up action will be monitored by the PAC Implementation Committee.

3.5 **PARA 650 (PAGE 421-ARPSE)** **Blockage of Funds of Rs 11.328 Million of the Purchase of Brake Lining and** **Loss of Interest of Rs 6.797 Million Thereon**

Audit pointed that a Base Ordnance Depot of National Logistic cell received 6060 sets of brake lining worth Rs.11.328 million for Mercedes Benz vehicles from its Karachi base in March 1986. A quantity of 5 sets brake lining was already lying in the store at Gujranwala. Out of the total quantity of 6,065 only 8 sets were issued to the workshop in August 1987. The remaining quantity (6057) was lying unconsumed despite a lapse of more than four years. It is held that procurement of brake lining in bulk was absolutely not required, which not only result in blockage of Rs.11.328 million but also caused loss of interest income of Rs.6.797 million, depicting the poor control of inventory management and unrealistic assessment of requirements.

The Director General, NLC, explained before the Public Accounts Committee (PAC) that the Brake lining quantity 6057 held with Base Depot NLC Gujranwala has been declared active and being issued to the user unit on as per requirement basis. NLC is holding a number of vehicles and use of 8 brake lining per vehicles.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the PAO to hold a proper inquiry in the case, fix responsibility, take action against the responsible person (s) with a report to the Committee within three months. The follow up action will be monitored by the PAC Implementation Committee.

3.6 PARA 654 (PAGE 425-ARPSE)

Loss of Rs 2.879 million on earth filling in Defence Housing Authority, Karachi

Audit pointed that National Logistic Cell (South Zone) Karachi made a contract with Pakistan Defence Officers Housing Authority, Karachi on 29th January 1987 for earth filling in Phase-VI & VII for an amount of Rs.10,920,000. The work was started on 1st February 1987 and was required to be completed on 30th September, 1987.

However, during physical execution of work, the quantity of sand was reduced from 520,000 to 352,200 CUM by DHA and accordingly the contracted price was reduced from 10,920,000 to Rs.7,398,300 NLC completed the work on 14th June 1989 at a cost of Rs.10,277,288 against which an amount of Rs 7,398,300 being

100% value of work done was received from Defence Housing Authority. Thus NLC sustained a loss of Rs.2,878,988 on this job.

The Director General, NLC explained before the Committee that the subject contract was awarded by DHA @ 21.00 per cum. The cost of this contract was approximately Rs.10.92 million. The work was to be completed in 8 months i.e. 1st February 1987 to 30th October, 1987. Subsequently, the date of completion was extended up to December 1987 due to different reasons. A loss of Rs.2.879 million is mainly due to allocation of overhead charged of 4 months.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the PAO to be careful in future and to improve internal control in the NLC. However, the Public Accounts Committee (PAC) recommended to settle the para.

- 3.7. i) **PARA 632 (PAGE 413-ARPSE)**
ii) **PARA 633 (PAGE 413-ARPSE)**
iii) **PARA 634 (PAGE 414-ARPSE)**
iv) **PARA 636 (PAGE 415-ARPSE)**
v) **PARA 637 (PAGE 415-ARPSE)**
vi) **PARA 638 (PAGE 415-ARPSE)**
vii) **PARA 639 (PAGE 415-ARPSE)**
viii) **PARA 641 (PAGE 416-ARPSE)**
ix) **PARA 642 (PAGE 416-ARPSE)**
x) **PARA 643 (PAGE 415-ARPSE)**
xi) **PARA 644 (PAGE 417-ARPSE)**
xii) **PARA 645(PAGE 417ARPSE)**
xiii) **PARA 646(PAGE 417ARPSE)**
xiv) **PARA 649(PAGE 420RPSE)**
EXPECTED LOSS DUE TO NON-RECOVERY OF
TRANSPORTAION CHARGES OF RS 25.441 MILLION
xv) **PARA 651(PAGE 422-ARPSE)**
LOSS OF RS 11.397 MILLION DUE TO 60% DISCOUNTS ON
DISPOSAL OF LEFT OVER SPARE PARTS OF SAVIEM
VEHICLES AND EXPECTED LOSS OF RS 5.375 MILLION
DUE TO REJECTION/NON-LEFTING OF SAVIEM SPARE
PARTS BY THE CONTRACTOR
xvi) **PARA 652 (PAGE 423-ARPSE)**

- NON RECOVERY OF RS 4.005 MILLION HELD IN ABEYANCE
AND
LOSS OF INTEREST AMOUNTING TO RS 1.628 MILLION**
- xvii) **PARA 653(PAGE 424-ARPSE)**
**BLOCKAGE OF GOVERNMENT FUNDS OF RS 7.930 MILLION
DUETO UN-NECESSARY PROCUREMENT/ RETENTION OF
SPARES**
- xviii) **PARA 655 (PAGE 426-ARPSE)**
**NON-RECOVERY/ADJUSTMENT OF RS 1.434 MILLION ON
ACCOUNT OF PAYMENT OF DEMURRAGE CHARGES TO KPT**
- xix) **PARA 656 (PAGE 426-ARPSE)**
**LOSS OF CRUDE OIL IN TRANIST AMOUNTING TO RS 1.394
MILLION**

Pakistan Institute of Development Economics

- xx) **PARA 657 (PAGE 428-ARPSE)**
- xxi) **PARA 658 (PAGE 428-ARPSE)**
- xxii) **PARA 659 (PAGE 420-ARPSE)**

PUBLIC ACCOUNTS COMMITTEE (PAC)
RECOMMENDATIONS

PAC DIRECTIVE

On presentation of the above mentioned Audit paras, the Public Accounts Committee (PAC) recommended to implement the DAC recommendations within two months and report to the Committee. The follow up action will be monitored by the PAC Implementation Committee.

- 3.8 **PARA 1 (PAGE 64-AR)**
**IRREGULAR/UN-AUTHORIZED EXPENDITURE OF RS 288,152/- ON
ACCOUNT OF RENT OF OFFICE BUILDING**

PAC DIRECTIVE

On the presentation of above mentioned para by the Audit, the Public Accounts Committee (PAC) recommended to settle the para.

PRIME MINISTER'S INSPECTION COMMISSION

1. Overview

Appropriation Accounts (Civil- Vol-1) of the Federal Govt. for the year 1989-90 pertaining to the Prime Minister's Inspection Commission was taken up for examination by Public Accounts Committee (PAC) on 29.06.2009.

1.1 One (01) Grant was presented by AGPR.

1.2 On the presentation of the Grant by AGPR, the Public Accounts Committee (PAC) recommended the Grant for regularization. However, the Public Accounts Committee (PAC) directed the PAO to hold the DAC meeting once a month regularly and internal financial system should be strengthened.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL VOL-I FOR THE YEAR 1989-90)

2.1 i) GRANT # 11- PRIME MINISTERS' INSPECTION COMMISSION
(Saving, Rs.107,333/-)

AGPR pointed out that the grant closed with saving of Rs.107, 333 which worked out to 1.88% of the total grant.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the saving of the grant for regularization. However, the Public Accounts Committee (PAC) directed the PAO to hold the DAC meeting once a month regularly and internal financial system should be strengthened. Follow up action will be monitored by Implementation Committee of PAC Sectt.

MINISTRY OF POPULATION WELFARE

1. **Overview**

Appropriation Accounts (Civil- Vol-1) of the Federal Govt. for the year 1989-90 pertaining to Ministry of Population Welfare were taken up for examination by Committee No.1 of the Public Accounts Committee (PAC) on 30.06.2009.

- 1.1 *On the presentation of 02 Grants by AGPR, the committee of PAC recommended the saving /excess of the Grants for regularization with direction to be careful and there should be zero saving/excess in future.*

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL VOL-I, FOR THE YEAR 1989-90)

- 2.1 i) **GRANT # 113- Population Division**
(Saving Rs.17,847)

AGPR pointed out that the grant closed with a saving of Rs.17,847 which worked out to 0.59% of the total grant. An amount of Rs.3,500 (0.11%) was surrendered leaving net saving of Rs.14,347 (0.47%).

- ii) **GRANT # 171- Development Expenditure of Population Division**
(Excess Rs.61,032,153)

AGPR pointed out that the grant closed with an excess of Rs.61,032,153 which worked out to 13.02% of the total grant.

PAC DIRECTIVE

On the presentation of the above grants by the AGPR, the Committee recommended the saving/excess of the grants for regularization with direction to be careful and there should be zero saving/excess in the grants in future.

MINISTRY OF PORTS & SHIPPING

1. Overview

Appropriation Accounts (Civil- Vol-1), Audit Report of Federal Govt., and Audit Report on Public Sector Enterprises for the year 1989-90 pertaining to M/o Ports and Shipping were taken up for examination by Public Accounts Committee (PAC) on 26.09.2006.

1.1 Three (03) Grants were reported by AGPR. 16 Paras of the Audit Reports were presented by Audit.

1.2 On presentation of the Grants, the Public Accounts Committee (PAC) recommended the saving of 02 Grants for regularization. In one case, the committee recommended the saving of the Grant for regularization subject to verification of the record by AGPR.

1.3 The Public Accounts Committee (PAC) recommended 07 Paras of the Audit Report for settlement. In 05 cases, the Public Accounts Committee (PAC) directed the PAO to implement the decisions of DAC. In 02 cases, the Public Accounts Committee (PAC) directed the department to submit the accounts of Gawader Fish Harbour-Cum Mini Port project to Audit within two months and recommended the Para for settlement. 01 Para was recommended for settlement subject to the satisfaction of the Audit on inquiry report.. In 01 case, the PAO was directed the chairman PQA to write a letter to private commission to resolve the dispute with Pakistan Steel Mill.

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS CIVIL (Vol-1-1989-90)

2. i) **Grant # 22-Department of Shipping Control and Mercantile Marine**

(Saving Rs.445,824)

ii) **Grant # 23-Light Houses and Light Ships**

(Saving Rs.227,532)

PAC DIRECTIVE

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

2.1 **Grant # 181-Capital Outlay on Ports and Shipping**

(Saving (Charged) Rs.18, 192,000 (other than charged Rs.371,544,275)

The AGPR pointed out that in "charged" section the saving worked out to 100% of the total appropriation. In "other than charged" section the saving worked out to 79.31 % of the total grant. An amount of Rs.642,000 was surrendered leaving net saving Rs.370,902,275 (79.17%).

The P AO informed the Public Accounts Committee (PAC) that the saving was occurred due to balance work of Gawader Fish Harbour and other projects of the Ministry of Ports and Shipping.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the saving for regularization subject to verification of the record by AGPR within one week. Follow up action will be perused by implementation Committee of PAC Secretariat.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES Vol - VIII FOR THE YEAR 1989-90

2.1 Audit Para # 79-80(3). Page-51-ARPSE-1989-90 **Non Submission of Accounts**

Audit pointed out that the management of the Karachi Shipyard and Engineering Works, Lighthouses and Lightships Department, National Tanker Company, Pakistan National Shipping Corporation, Port Qasim Authority and Gwadar Fish Harbour failed to submit their accounts by the prescribed date of January 15, 1996. Their accounts were, therefore, not examined and commented upon by Government Audit and could not be included in this volume.

The P AO informed the Public Accounts Committee (PAC) that the accounts of above mentioned departments have been compiled and will be submitted to Audit within two months.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the department to submit the accounts of Gwadar Fish Harbour cum-Mini Port Project to Audit within two months and recommended the para for settlement. Follow up action will be monitored by Implementation Committee of PAC Secretariat.

Port Qasim Authority

2.2 Audit Para # 97. Page-65-ARPSE-1989-90

Audit pointed out that the repair and maintenance expenses of building, crafts plant and equipment increased from Rs.6.476 million as on 30th June 1988 to Rs.19.668 million as on 30th June 1989. The heavy increase in these expenses needs justification.

The Chairman/PQA informed the Public Accounts Committee (PAC) that to know the causes of serious damages caused to the Iron ore and Coal Berth, the department formed an inquiry committee. The finding report of the inquiry committee will be made available to Audit! PAC

after finalization of the inquiry.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the para for regularization subject to the satisfaction of the Audit on inquiry report.

2.2 Audit Para # 98. Page-65-ARPSE-1989-90

Audit pointed out that accounts receivables at the end of 1988-89 stood at Rs.94.664 million as against Rs.88.552 million at the close of 1987-88. All out efforts are required to be made to effect recovery of the outstanding without any delay otherwise the same may turn out to be doubtful of recovery with the resultant loss to the Authority.

The PAO informed the Public Accounts Committee (PAC) that the accounts receivables mostly have been recovered but there is problem with Pakistan Steel Mills.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the Chairman PQA to write a letter to Privatization Commission for clearance of the dispute with Pak Steel Mills. The Public Accounts Committee (PAC) also directed the M/o Ports and Shipping and M/o Industries, Production and Special Initiatives to resolve the problem of Right of way mutually within two months. The follow up action will be monitored by Implementation.

2.3 National Tanker Company Limited

- i) Audit Para # 87,Page-54-ARPSE-1989-90
- ii) Audit Para # 88,Page-56-ARPSE-1989-90

Pakistan National Shipping Corporation

- i) Audit Para # 89,Page-57-ARPSE-1989-90
- ii) Audit Para # 91,Page-58-ARPSE-1989-90
- iii) Audit Para # 93,Page-60-ARPSE-1989-90

Port Qasim Authority

iv) Audit Para # 95,Page-63-ARPSE-1989-90

v) Audit Para # 96,Page-58-ARPSE-1989-90

PAC DIRECTIVE

On the presentation of the above seven paras by Audit the PAC recommend the above paras for settlement.

Lighthouse and Lightships Department

2.4 i) Audit Para # 79-800),Page-51-ARPSE-1989-90

PAKISTAN NATIONAL SHIPPING CORPORATION

ii) Audit Para # 90,Page-58-ARPSE-1989-90

iii) Audit Para # 92,Page-59-ARPSE-1989-90

iv) Audit Para # 94,Page-61-ARPSE 1989-90

Port Qasim Authority

iv) Audit Para # 79-80(2),Page-51-ARPSE-1989-90

v) Audit Para # 99,Page-65-ARPSE-1989-90

PAC DIRECTIVE

On the presentation of the above five paras by Audit, the Public Accounts Committee (PAC) endorsed the decisions of the DAC.

PRESIDENT'S SECRETARIAT

1. Overview

Appropriation Accounts (Civil- Vol-1) of Federal Govt. for the year 1989-90 pertaining to President Sectt. were taken up for examination by Public Accounts Committee (PAC) No.1 of the Public Accounts Committee (PAC) on 30.06.2009.

- 1.1 *One (01) Grant was presented by AGPR. The Public Accounts Committee (PAC) of PAC recommended the excess of the Grant for regularization. The follow up action will be monitored by the Implementation Committee of PAC Sectt.*

ATIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL VOL-I FOR THE YEAR 1989-90)

- 2.1 i) **STAFF, HOUSE HOLD AND ALLOWANCES OF THE PRESIDENT
(Charged)**
(saving- Rs.1,632,718/-)

AGPR pointed out that the grant closed with a saving of Rs.1, 632,718, which worked out to 3.82% of the total Appropriation. An amount of Rs.5, 421,200 (12.69%) was surrendered resulting into an excess of Rs.3, 788,482 (8.86%). A supplementary Appropriation of Rs.3, 890,800 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking into account excess shall be converted into saving of Rs.102, 318 (0.22%).

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the excess of the grant for regularization. The follow up action will be monitored by the Implementation Committee of the Sectt.

PRIME MINISTER'S SECRETARIAT

1. **OVERVIEW**

Appropriation Accounts for the year 1989-90 pertaining to the Prime Minister's Secretariat were taken up for examination by the Public Accounts Committee (PAC) on 2-4-2009.

- 1.1 *There was only 1 grant presented by the AGPR for which the PAC regularized the saving of the above grant with direction that budgetary system and monitory system should be strengthened and there should be no saving/excess in the grant in future.*

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I FOR THE YEAR 1989-90

2.1 **GRANT # 10 -PRIME MINISTER'S SECRETARIAT** **(Saving Rs.2,322,748)**

AGPR pointed out that the saving of Rs. 2,322,748 which worked out to 2 % of the total grant. An amount of Rs. 3,211,738 was surrendered in time. A supplementary grant of Rs 3,000,000 was sanctioned but not included in the supplementary schedule of authorized expenditure.

PAC DIRECTIVE

On presentation of above grant by the AGPR, and after hearing the explanation of the PAO, the Committee recommended the saving of the grant for regularization with direction that budgetary system and monitory system should be strengthened and there should be no saving/excess in the grant in future.

MINISTRY OF RAILWAYS

1. Overview

Appropriation Accounts (Civil- Vol-1) and Audit Reports of Federal Govt., for the year 1989-90 and 1994-95 pertaining to M/o Railways were taken up for examination by Public Accounts Committee on 24-03-2007.

- 1.1 *Seven (07) Grants were reported by AGPR. 284 Paras of the Audit Reports Pakistan Railways were presented by Audit.*
- 1.2 *On presentation of the Grants, the Public Accounts Committee (PAC) recommended the saving/excess in the Grants for regularization with direction to PAO that in future surplus amounts should be surrendered in time.*
- 1.3 *The Public Accounts Committee (PAC) recommended 101 Paras of the Audit Reports for settlement. 124 Paras were recommended for settlement subject to verification by Audit. The Public Accounts Committee (PAC) deferred 58 Paras and referred to DAC for discussion with the direction to submit a comprehensive report within 15 days. In 01 Para, the Public Accounts Committee (PAC) directed the PAO to get Ex-post facto approval from competent authority and report to PAC and Audit within 01 month. In the remaining 01 case, the committee directed to bring the matter to the notice of Chief Secretary Punjab with the recovery of outstanding rent within two months.*

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1989-90)

2. i) **GRANT # 141 - CAPITAL OUTLAY ON INVESTMENT IN RAILWAYS**
(No Saving/Excess)
- ii) **GRANT # 194 - CAPITAL OUTLAY ON PAKISTAN RAILWAYS**
(Excess of Rs.7,624,000)

APPROPRIATION ACCOUNTS PAKISTAN RAILWAYS (VOL. III-1989-90)

- iii) **GRANT # 115 - REVENUE EXPENDURE**
(Tot. Grant – Rs.7, 280,048,000) (Actual Exp.- Rs.7,282,274,000)

- iv) **GRANT # 142 - OTHER CAPITAL EXPENDURE IMPROVEMENT FUND**
(Tot. Grant – Rs.81,500,000) (Actual Exp.- Rs.68,635,000)
(Saving of Rs.12,865,000)
- v) **GRANT # 194 - CAPITAL OUTLAY ON PAKISTAN RAILWAYS**
(Tot. Grant – Rs.778,415,000) (Actual Exp.- Rs.646,967,000)
(Saving of Rs.131,448,000)
(Excess of Rs. 398,843,060)

APPROPRIATION ACCOUNTS (CIVIL) (VOL. II-1994-1995)

- vi) **GRANT # 143 - CAPITAL OUTLAY ON INVESTMENT IN RAILWAYS**
(Tot. Grant – Rs.358,114,000) (Actual Exp.- Rs.358,114,000) (No
Saving/Excess)
- vii) **GRANT # 193 - CAPITAL OUTLAY ON PAKISTAN RAILWAYS**
(No Saving/Excess)

PAC DIRECTIVE

On presentation of above grants, the Public Accounts Committee (PAC) recommended savings/excesses for regularization. However, the Public Accounts Committee (PAC) directed that in future surplus amounts should be surrendered in time.

AUDIT REPORT (VOL. VI) FOR THE YEAR 1989-90

3.1 Audit (Para # 6.1-AR-VOL.VI-1989-90)

INFRACTUOUS EXPENDURE AMOUNTING TO Rs 0.768 MILLION ON CONSTRUCTION OF SCHOOL

Audit pointed out the Public Accounts Committee (PAC) that a school was constructed at a cost of Rs.0.723 million at Lodhran without any sanction and budget allotment. Furniture valuing Rs.0.045 million was also provided in June, 1989 which was actually required to be supplied by the Punjab Government

Education Department along with the teaching staff. Neither the school was started nor the building came in the use of Railway Department. Hence all the expenditure became useless. Audit further explained that since 1991, the building is in the use of Provincial Government. The PAC took a serious notice and asked the PAO to explain the original position.

The PAO explained that the construction of school was announced by the then Federal Minister for Railways in a public meeting on 17th & 18th February, 1986. The work started on 28-8-86 with the approval of GM Railways and completed on 31-12-1987 for Rs.0.721 million. In March, 1991, an agreement was signed between the Railway Department and Director Education Multan. But in the meantime before the approval of the agreement, the Lodhran Civil Sub Division was upgraded to district and DC Lodhran occupied the building as office. When the D.C. vacated, a Tehsildar occupied it and now a days it is under the occupation of District Police Officer. The District Management is guardian of the property and it is difficult to get the property released from guardian occupant. The Department is in contact with the Punjab Government. They had promised to vacate the building within three years.

The Public Accounts Committee (PAC) inquired that the Punjab Government or District Government had promised in a written form or they promised verbally. It was told to the Committee that there was no written commitment.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended that the matter should be brought to the notice of Chief Secretary Punjab and the amount of rent should be recovered within two months. Moreover, a proper agreement for rent should be made with the Provincial Government.

3.2 Audit (Para # 6.4-AR-VOL.VI-1989-90)

INFRACTUOUS EXPENDITURE OF Rs. 0.686 MILLION ON PROCUREMENT OF PORTABLE TELEPHONES

Audit pointed out that in order to provide quick communication facility between the train and control office 700 portable telephones sets and 402 wooden boxes valuing Rs.0.433 million and Rs.0.253 million, respectively, were procured in

1982-83 for brake-vans and passenger trains. Due to non-utilization of these sets, the expenditure of Rs.0.686 million was rendered in fructuous.

The PAO replied that 309 portable telephone sets were available with the divisional staff. These sets were in the use of block section by the subordinate staff, especially during the emergency situations in those sections where the overhead wires control circuits still exist. Station Superintendents are managing these portable phone sets for the use of train guard in-charges working in these sections. The General Manager Railways explained that later on, these sets were modified with an expenditure of Rs.90/- per set. This modification made the sets more useful and saved thousands of rupees otherwise, the price of latest sets available in the market at that time was Rs.5000/- per set.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the Para for settlement, however, directed that in future ill planned procurement should be avoided.

3.3 **Audit (Para # 6.5-AR-VOL-VI-1989-90)**

ADDITIONAL EXPENDITURE OF RS 0.290 MILLION IN THE EXECUTION OF EARTH WORKS

Audit pointed out that two earth works i.e. (i) providing storage facilities for explosives at Rivaz Bridge near Chund and (ii) providing RCC pipe bridge and rising of track on Bahawal-Nagar – Fort Abbas Section were completed in May, 1989, and February, 1988, on the basis of CSR-1979 at a cost of Rs.0.310 million and Rs 0.395 million, respectively. A comparison of said expenditure with expenditure incurred on similar works executed on the basis of through Rates disclosed that extra expenditure of Rs.0.290 million (0.172 + 0.118) had been incurred. Furthermore, in case of 2nd work, the lead of 4 $\frac{3}{4}$ miles was allowed instead of one mile as provided in the estimate.

The PAO informed the Public Accounts Committee (PAC) that in case (i), the contract involved an embankment for approach road together with structural position. The earth was to be provided through manual labour and was brought by Trolleys/Tractors etc as dry earth of ordinary quality was not available in the vicinity being flood affected area, whereas, in (ii), the area in the vicinity of 4 to 5 miles was under logged to the extent that it was not feasible to get the required

quality and quantity of earth. The item of lead for earth work was provided in the agreement after thorough investigation of the site conditions.

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the Department to get ex-post-facto approval of expenditure from the Competent Authority and submit report to the PAC and Audit within one month.

3.3 Audit Para # 7(a) 6-AR-1994-95

BOGUS PAYMENT OF RS 0.418 MILLION TO A CONTRACTOR

Audit pointed out that a contract agreement No. 35 dated 8.7.1994 for execution of earth work for providing an unmanned Level Crossing at Chainage 3290 was executed with M/s Aslam & Company in connection with the realignment of Track on permanent diversion on a Section. A payment of Rs 0.418 million for 298,494-cft earth work was made to the contractor through final bill dated 14th November 1994.

On site verification by Audit, no such quantity of earth work was found executed. The old unmanned Level Crossing at the old alignment of track was very close to the present site, the earth work of which was already done when it was built. The payment was made to the contractor by recording fake measurement and preparing bogus cross section.

The PAO informed the Public Accounts Committee (PAC) that the proposed Class-III Level Crossing falls on Chainage 135 at KM. 81/11-12 and not on Chainage 3290. PAO further informed that the earth work of proposed level crossing was carried out at the new site on a new permanent diversion. The earth work was carried out at site and payment was made as per actual work done by the contractor.

The Public Accounts Committee (PAC) was informed that DAC in its meeting dated 21-22 March 2006 constituted an inquiry committee consisting of the Deputy Chief Engineer/North, Senior Internal Audit Officer/Report to probe into the matter. As result the two officers one of grade 18 Mr. Maqbool Ahmed and Assistant Engineer Mr. Tariq Malik were removed from service.

PAC DIRECTIVE

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

3.4 **Audit Para # 7(b) 4-AR-1994-95**

LOSS OF RS. 0.330 MILLION DUE TO PURCHASE OF DEFECTIVE MATERIAL

Audit pointed out that the material valuing Rs.0.330 million was procured on 27th June 1993, without its proper examination, just to avoid lapse of funds for the year 1992-93. Subsequently, it was found that material worth of Rs.0.297 million, out of total received, was not of the required specification i.e. deodar wood. Instead, it was “Partal” wood. The entire material valuing Rs.0.330 million including the defective one was lying unutilized since its receipt in June, 1993, thus the entire expenditure rendered loss to Pakistan Railways.

The Audit was of the opinion that as per market survey, the rate of deodar wood was three times higher than that of Partal wood & the rebate allowed was not reasonable.

The PAO informed the Public Accounts Committee (PAC) that a Committee consisting of Dy. Chief Electrical Engineer/Tech. Manager Purchase-II (Dy. Chief Controller of Purchase/Tech) and Dy. Financial Advisor/RF was deputed to resolve the issue. The Committee confirmed that only 20% quantity was found of required standard and balance 80% was “Partal” Wood. The Rebate Committee consisting of Director/Store & Purchase / Passenger Business Unit(PBU), Financial Advisor & Chief Accounts Officer/Project and Chief Electrical Engineer/PBU decided to accept the supplies of remaining 80% (Substandard quantity) at 25% rebate, which worked out to Rs.66,080. The firm deposited the said amount.

The PAO further informed that the earnest money of contractor with the department was forfeited and the amount of Rs.66,080 as worked out by the rebate committee was deposited in the treasury by the contractor. And now notice has been issued to blacklist the contractor.

PAC DIRECTIVE

The Convener showed his displeasure for slow action against the contractor. The Public Accounts Committee (PAC) recommended that the said contractor should be blacklisted as early as possible and this should be advertised in Newspaper. The Public Accounts Committee (PAC) recommended the para for settlement subject to verification by audit.

3.5 **Audit Para # 7(b) 6-AR-1994-95**

WASTEFUL EXPENDITURE OF RS 0.321 MILLION ON THE EXECUTION OF A WORK

Audit pointed out that the work of special repair to a tube well in a colony was awarded to a contractor on 28th February 1990. He was paid a sum of Rs 0.229 million in March, 1990, for the partially completed work. The contract was terminated by Railway administration in August 1993 at his risk and cost. The left over work was got completed from another contractor at a cost of Rs.0.519 million in October 1994. Although the work was completed, yet the tube well remained jammed and could not be put into operation. The services of water supply staff were engaged for cleaning of the “Bore” in October 1994. They cleaned the “Bore” up to 264 feet by 30th November 1994, at a cost of Rs.0.037 million and further cleaning was held up as the brass strainer was damaged at the time of installation of tube well. Thus the entire expenditure of Rs.0.786 million incurred on boring of tube well, its installation and cleaning of “Bore” had gone waste. Later, on, the turbine pump costing Rs.0.465 million was utilized in another tube well, rendering the remaining expenditure of Rs.0.321 million in fruituous.

The PAO informed the Public Accounts Committee (PAC) that the tube well remained operative after boring by the 1st contractor for two years and 4 months period and the turbine set provided by 2nd contractor is still working. As such there was no substandard work involved at any stage. The decrease in yield of tube well at a subsequent stage was due to natural phenomenon, which was beyond human control.

The PAO further informed the Public Accounts Committee (PAC) that on finding of inquiry the contractor was blacklisted and an amount of Rs.292,737 has been forfeited from the amount deposited by the contractor as a security.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the para for settlement subject to verification of action against the contractor and recovery of an amount of Rs 292,373 from the contractor by the Audit.

- 4.6 a) **Audit (Para # 6.8-AR-VOL-1989-90)**
AVOIDABLE EXPENDITURE OF RS 0.313 MILLION DUE TO FILLING TENDERS
- b) **Audit (Para # 6.12-AR-VOL.VI-1989-90)**
EXTRA EXPENDITURE OF RS 0.939 MILLION DUE TO LACK OF PROPER PLANNING
- c) **Audit (Para # 6.25-AR-VOL-VI-1989-90)**
NON-UTILIZATION OF MACHINES VALUING ONE MILLION RUPEES.
- d) **Audit (Para # 6.32-AR-VOL-VI-1989-90)**
AVOIDABLE EXPENDITURE OF RS 0.490 MILLION DUE TO LACK OF PROPER PLANNING
- e) **Audit (Para # 6.36-AR-VOL-VI-1989-90)**
AVOIDABLE PAYMENT OF OVERTIME ALLOWANCE TO ACC ATTENDANTS AMOUNTING TO RS 0.906 MILLION

PAC DIRECTIVE

The Public Accounts Committee (PAC) after a detailed discussion recommended the above 5 audit paras for settlement.

AUDIT REPORT M/O RAILWAYS (VOL VI)-1989-90

- 4.7 1) **Audit Para # 2.10-AR-1989-90**
Plant and Machinery
- 2) **Audit Para # 2.11-AR-1989-90**
Track Rehabilitation
- 3) **Audit Para # 2.12-AR-1989-90**

- Motive Power and Rolling Stock (DRF)
- 4) **Audit Para # 2.13-AR-1989-90**
Final Modification statement
 - 5) **Audit Para # 2.17-AR-1989-90**
Grant to meet cash deficit
 - 6) **Audit Para # 2.19-AR-1989-90**
Settlement of dues with Federal Government
 - 7) **Audit Para # 2.20-AR-1989-90**
Liability on account of Railways Reserves and Provident Fund Balances
 - 8) **Audit Para # 2.21-AR-1989-90**
Interest on balances
 - 9) **Audit Para # 3.2-AR-1989-90**
State Railway Provident Fund Institution
 - 10) **Audit Para # 3.3-AR-1989-90**
General Provident Fund
 - 11) **Audit Para # 3.7-AR-1989-90**
Misc. Advance Revenue
 - 12) **Audit Para # 3.8-AR-1989-90**
Outstanding Charges a) Sui Gas Charges, b) Local purchase and c)
Electric charges
 - 13) **Audit Para # 4(b)(viii)-AR-1989-90**
Machinery and equipment (Saudi Arabia)
 - 14) **Audit Para # 7.1-AR-1989-90**
Un-sanctioned expenditure
 - 15) **Audit Para # 7.2-AR-1989-90**
Statement of under charges
 - 16) **Audit Para # 7.3-AR-1989-90**
Under charges withdrawn

PAC DIRECTIVE

On the recommendation of the Audit, the PAC settled the above 16 paras (dated 7-1-2010).

4.8. i) **Audit Para # 6.2 –AR-1989-90**

Wasteful expenditure of Rs 0.220 million on the execution of work

ii) **Audit Para # 6.9–AR-1989-90**

Financial loss of Rs 2.466 million due to non-acceptance of tenders twice and poor performance before arbitrator

iii) **Audit Para # 6.10–AR-1989-90**

Additional expenditure of Rs 0.130 million due to non-acceptance of 1st tender

iv) **Audit Para # 6.13–AR-1989-90**

Irregular expenditure of Rs 1.429 million on a work

v) **Audit Para # 6.14–AR-1989-90**

Wasteful irregular expenditure amounting to Rs 1.990 million on a private club

vi) **Audit Para # 6.20–AR-1989-90**

Suspected misappropriation of Rs 0.113 million on account of thumb impressions of persons other than actual payees

vii) **Audit Para # 6.22–AR-1989-90**

Loss of Railway material amounting to Rs 0.110 million in transit

viii) **Audit Para # 6.24–AR-1989-90**

Non-deposit of Government money amounting to Rs 329,306

ix) **Audit Para # 6.26–AR-1989-90**

Blockage of capital amounting to Rs 2.038 million

x) **Audit Para # 6.28–AR-1989-90**

Loss of Rs 1.460 million due to purchase of defective material

xi) **Audit Para # 6.31–AR-1989-90**

Avoidable expenditure of Rs 0.388 million due to non-enforcement of risk & cost clause

xii) **Audit Para # 6.33–AR-1989-90**

- Irregular payment of Special Technical Allowance amounting to Rs 0.322 million to Semi-Skilled Stores Issuers
- xiii) **Audit Para # 6.34–AR-1989-90**
- Irregular appointment of a retired government servant after superannuation*
- xiv) **Audit Para # 6.35–AR-1989-90**
- Extra expenditure of Rs 0.115 million*
- xv) **Audit Para # 6.39–AR-1989-90**
Non-realization of rental charges amounting to Rs 0.180 million in respect of Railways dak bungalow at a station
- xvi) **Audit Para # 1.1–AR-1989-90**
- Revenue Earnings*
- xvii) **Audit Para # 1.2–AR-1989-90**
- Revenue Expenditure*
- xviii) **Audit Para # 1.3–AR-1989-90**
Comparison(Profit & Loss)
- xix) **Audit Para # 1.4–AR-1989-90**
- Revenue Loss*
- xx) **Audit Para # 2.1–AR-1989-90**
- Control Over expenditure*
- xxi) **Audit Para # 2.2–AR-1989-90**
Comparison (allocation and expenditure)
- xxii) **Audit Para # 2.3–AR-1989-90**
Grant # 115 (working expenses)
- xxiii) **Audit Para # 2.4–AR-1989-90**
Additional funds (“Equipment” & “Executive Department”)
- xxiv) **Audit Para # 2.5–AR-1989-90**
Grant # 142 (charged portion)
- xxv) **Audit Para # 2.6–AR-1989-90**
- Loans and advances*
- xxvi) **Audit Para # 2.7–AR-1989-90**
- Public & Passengers Amenities*
- xxvii) **Audit Para # 2.8–AR-1989-90**

Research O & M Cell and “Modernization, M.I.S”

xxviii) Audit Para # 2.14–AR-1989-90

Store Suspense

xxix) Audit Para # 2.15–AR-1989-90

State of Accounts and Finance

xxx) Audit Para # 2.16–AR-1989-90

Sources & Application of funds

xxxi) Audit Para # 2.18–AR-1989-90

Bank Reconciliation statement

xxxii) Audit Para # 2.22–AR-1989-90

Bills Payable

xxxiii) Audit Para # 3.1–AR-1989-90

Review of balances

xxxiv) Audit Para # 3.4–AR-1989-90

Staff benefit fund

xxxv) Audit Para # 3.5–AR-1989-90

Railway pension fund

xxxvi) Audit Para # 3.6–AR-1989-90

Suspense Account

xxxvii) Audit Para # 3.9–AR-1989-90

Misc: Advances Capital

xxxviii) Audit Para # 3.10–AR-1989-90

Purchases

xxxix) Audit Para # 4(a) (i)–AR-1989-90

Profit & Loss Account of PRACS

xl) Audit Para # 4(a) (ii)–AR-1989-90

Commission on sale of tickets

xli) Audit Para # 4(a) (iii)–AR-1989-90

Depreciation expenses

xlii) Audit Para # 4(a) (iv)–AR-1989-90

Administrative and General Expenses

xliv) Audit Para # 4(a) (v)–AR-1989-90

Cash in hand & bank

xliv) Audit Para # 4(a) (vi)–AR-1989-90

Trade Debtors

xliv) Audit Para # 4(b) (i)–AR-1989-90

Financial Result of Railcop

xlvi) Audit Para # 4(b) (ii)–AR-1989-90

Profit on constructions work

xlvi) Audit Para # 4(b) (iii)–AR-1989-90

Contract & Administrative expenses

xlvi) Audit Para # 4(b) (iv)–AR-1989-90

Joint Venture

xlvi) Audit Para # 4(b) (v)–AR-1989-90

Long Terms investment

i) Audit Para # 4(b) (vi)–AR-1989-90

Receivables

li) Audit Para # 4(b) (vii)–AR-1989-90

Cash and bank balances

lii) Audit Para # 7.4-AR-1989-90

Loss due to Remission and abandonment of claims

PAC DIRECTIVE

The PAC Public Accounts Committee (PAC) recommended that the above fifty two (52) audit paras for settlement subject to verification by the Audit and the compliance should be expedited within two months.

4.9 i) Audit Para # 6.3-AR-1989-90

Infructuous expenditure of Rs 0.277 million on a bridge work

ii) Audit Para # 6.6-AR-1989-90

Additional Expenditure of Rs 0.429 million due to incorrect decision of filing tender

iii) **Audit Para # 6.7-AR-1989-90**

Additional expenditure of Rs 0.108 million due to delay in acceptance of tender

iv) **Audit Para # 6.11-AR-1989-90**

Extra expenditure of Rs 0.257 million due to injudicious decision of revising an estimate for accommodating excessive earth work

v) **Audit Para # 6.15-AR-1989-90**

Wasteful expenditure of Rs 0.826 million on the pay & allowances of idle staff

vi) **Audit Para # 6.16-AR-1989-90**

Incurrence of un-necessary expenditure and blocking up of capital amounting to Rs 0.187 million

vii) **Audit Para # 6.17-AR-1989-90**

Blockage of capital amounting to Rs 0.152 million

viii) **Audit Para # 6.18-AR-1989-90**

Loss of Rs 1.116 million due to non-execution of agreement for recovery of siding charges

ix) **Audit Para # 6.19-AR-1989-90**

Avoidable expenditure of Rs 0.118 million

x) **Audit Para # 6.21-AR-1989-90**

Loss of Rs 0.120 million (approximately) due to fire.

xi) **Audit Para # 6.23-AR-1989-90**

Shortage of stores amounting to Rs 0.260 million

xii) **Audit Para # 6.27-AR-1989-90**

Blockage of capital worth Rs 0.425 million and probable loss of Rs 0.364 million

xiii) **Audit Para # 6.29-AR-1989-90**

Extra expenditure of Rs 0.498 million due to delay in procurement formalities

xiv) **Audit Para # 6.30-AR-1989-90**

Extra avoidable expenditure of Rs 0.132 million due to markup

xv) **Audit Para # 6.37-AR-1989-90**

Irregular & misclassified expenditure of Rs 15.4 million

xvi) **Audit Para # 6.38-AR-1989-90**

Loss of Rs 0.216 million due to wastage of hard wood in excess of fixed percentage

xvii) Audit Para # 6.40-AR-1989-90

Short recovery of freight charges amounting to Rs 33,370

xviii) Audit Para # 6.41-AR-1989-90

Extra and irregular payment for biopsy tests in a private laboratory

PAC DIRECTIVE

On recommendation of the DAC, the PAC Committee, recommended the above eighteen (18) audit paras for settlement.

MINISTRY OF RELIGIOUS AFFAIRS AND MINORITIES AFFAIRS

1. Overview

Appropriation Accounts (Civil- Vol-1) and Audit Report of the Federal Govt. pertaining to Ministry of Religious Affairs and Minorities Affairs were taken up for examination by Public Accounts Committee (PAC) No.1 of the Public Accounts Committee (PAC) on 05.09.2007.

- 1.1 *Two (02) Grants were presented by AGPR whereas 04 Paras of the Audit Report were reported by Audit.*
- 1.2 *On the presentation of 02 Grants by AGPR, due to minor savings, the Public Accounts Committee (PAC) settled the saving in one Grant. The committee regularized the excess in other Grant.*
- 1.1 *On presentation by audit, the Public Accounts Committee (PAC) settled 01 Para of Audit Report. In another case, the committee directed that the recovery of Rs. 143,704 may be made from the concerned persons except those who have been expired.*
- 1.2 *In 02 cases, the committee directed PAO to implement the recommendations of DAC and report to committee within two months.*

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I FOR THE YEAR 1989-1990

- 2.1 i) GRANT NO.116- MINISTRY OF RELIGIOUS AFFAIRS AND MINORITIES AFFAIRS
(Saving of Rs. (-) 1,673,974)

PAC DIRECTIVE

On presentation of the above grants, the Committee due to minor savings settled the saving in the grant.

ii) **GRANT NO.118-OTHER EXPENDITURE OF THE RELIGIOUS AFFAIRS AND MINORITIES AFFAIRS**

(Excess of Rs (+) 3,173,174)

PAC DIRECTIVE

On presentation of the above grant, the Committee regularized the excess in the grant.

AUDIT REPORT ON THE ACCOUNTS OF FEDERAL GOVERNMENT FOR THE YEAR 1989-90

3.1 **PARA 2 (PAGES 121-122AR)**
IRREGULAR USE OF PILGRIMS WELFARE FUND WORTH RS. 774,466

PAC DIRECTIVE

The Committee settle the para subject to verification of stated facts of the Ministry by the Audit.

AUDIT REPORT (VOL-1) ON THE ACCOUNTS OF FEDERAL GOVERNMENT (CIVIL) FOR THE YEAR 1989-90

3.2 **PARA 6 (PAGE 123-AR)**
Non Recovery of Rental Charges of Pak House Makkah Rs 143,704

PAC DIRECTIVE

The Committee directed that recovery be made from the concerned persons except those who have been expired and that amount may be written off.

3.3 i) **PARA 1(DP-582) (PAGE 121-AR)**
Irregular Expenditure of Rs 6.00 Million

- ii) **PARA 4 (DP-585) (PAGE 122-AR)**
Recoveries not Effectuated of Rs 0.180 Million

PAC DIRECTIVE

On presentation of the above Audit paras, the Committee directed to implement the recommendations of the Departmental Accounts Committee (DAC) and report to the Committee within two months. Follow up action will be monitored by Implementation Committee of PAC Sectt.

MINISTRY OF SCIENCE AND TECHNOLOGY

1. Overview

Appropriation Accounts (Civil- Vol-1) and Audit Report of the Federal Govt. pertaining to Ministry of Science & Technology were taken up for examination by Public Accounts Committee (PAC) on 09.06.2009. Performance Audit Report on Pakistan Scientific & Technology Information Centre” for the year 1989-90 was also discussed by the committee.

1.3 *Four (04) Grants were presented by AGPR whereas 06 Paras of the Audit Report of the Federal Govt. and Performance Audit Report on Pakistan Scientific & Technology Information Centre” was reported by Audit.*

1.4 *On the presentation of 04 Grants by AGPR, the Public Accounts Committee (PAC) of PAC recommended the savings of the Grants for regularization with direction that there should be no savings/excess in future.*

1.5 *The Public Accounts Committee (PAC) pended 01 Para of Audit Report for one month with direction to PAO that record should be located on priority basis. The other Para regarding irregular purchase worth Rs.2,165,282.00 was recommended by the Public Accounts Committee (PAC) for settlement with the direction that procedure should be followed in future. On the recommendation of the DAC, the Public Accounts Committee (PAC) recommended the Performance Audit Report on Pakistan Scientific & Technology Information Centre” for settlement.*

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL VOL-I, FOR THE YEAR 1989-90)

2.1 i) **Grant # 119-Ministry of Science and Technology**
(saving Rs.2,547,584/-)

AGPR pointed out that the saving worked out to 17.52% of the total grant. An amount of Rs.1,995,600 (13.73%) was surrendered, leaving net saving Rs.551,984 (3.79%).

iv) **Grant # 120-Other expenditure of Ministry of Science and Technology**
(Saving Rs.67,701/-)

AGPR pointed out that the saving worked out to 0.03% of the total grant. An amount of Rs.21,842 was surrendered, leaving net saving of Rs.45,869(0.01%).

iii) **Grant 172-Development Expenditure of Ministry of Science and Technology**
(Saving Rs 6105,225/-)

AGPR pointed out that the saving worked out to 2.13% of the total grant. An amount of Rs.6,104,982(2.13%) was surrendered, leaving net saving of Rs.243.

iv) **Grant 195-Capital Outlay of Ministry of Science and Technology**
(Saving Rs.5,570,000/-)

AGPR pointed out that the saving worked out to 15.91% of the total grant. The entire saving was surrendered in time.

PAC DIRECTIVE

On the presentation of the above grants by AGPR, the Public Accounts Committee (PAC) recommended the savings of the grants for regularization with direction there should be no excess/savings in future.

AUDIT REPORT FOR THE YEAR 1989-90

3.1 **Para 1 (Page-163-AR)**

Unauthorized utilization of Rs.2.5 million and suspected Misappropriation of Rs 85,995

Audit pointed out that a Council under M/o Science and Technology received an amount of Rs.2.5 million in June 1987 for “Third Biennial Medical Research Congress” to be utilized for improvement of rural health care, research incentives and computer facilities. The amount was neither utilized for those purposes nor surrendered to government at the close of Financial Year.

The PAO informed the Public Accounts Committee (PAC) that out of total funds Rs.2, 500,000 an amount of Rs.320,448 was spent on pay and allowances the record is too much old and not traceable and now we approach the Habib Bank for obtaining of the record.

PAC DIRECTIVE

On the presentation of the above para, the Public Accounts Committee (PAC) pended the para for one month with direction that record should be located on priority basis.

PAC DIRECTIVE

The para was related to M/o Health. The M/o health informed the Committee that due to old record, the PMRC is trying to trace the record and will be produced to audit for verification shortly.

The PAC settled the para subject verification of record by the Audit. (dated 12-1-2010).

3.2 **Para 2 (page-163-AR)**

Irregular Purchase Worth Rs.2, 165,282.00

The Audit pointed out that in a Council under the Ministry of Science and Technology scientific equipment worth Rs.2, 165,282.00 was purchased during 1986-87 without inviting open tenders as required under the rule. The government was thus deprived off the benefit of competitive rates.

The PAO informed the Public Accounts Committee (PAC) that PCSIR was advised to depute an officer to visit Director Audit, (FG), Sub-office, Karachi to trace out the relevant record of Audit observations for reply to Director General Audit, (FG), Islamabad.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the para for settlement with direction that procedure should be followed in future.

- 3.3 i) **Para 3(Page-16-AR)**
Irregular Payment of Orderly Allowance Rs.136,753
- ii) **Para 3(Page-16-AR)**
Irregular Payment of Orderly Allowance Rs.136,753
- iii) **Para 4 (Page-164-AR)**
Irregular appointment of B-17 Officer Payment thereof Rs.126,418
- iv) **Para 5 (Page-165-AR)**
Irregular payment of Research Allowance Amounting to Rs.101,957
- v) **Para 6 (Page-165-AR)**
Recovery of Rs.39103.00 on Account of Eight Advance Increments

PAC DIRECTIVE

On the recommendation of the DAC, the Public Accounts Committee (PAC) recommended the above audit paras for settlement.

PERFORMANCE AUDIT REPORT
“PAKISTAN SCIENTIFIC & TECHNOLOGY INFORMATION
CENTRE”

PAC DIRECTIVE

On the recommendation of the DAC, the Public Accounts Committee (PAC) recommended the Performance Audit Report “Pakistan Scientific & Technology Information Centre” for settlement.

SENATE SECRETARIAT

1. Overview

Appropriation Accounts (Civil- Vol-1) of Federal Govt. for the year 1989-90 pertaining to Senate Secretariat were taken up for examination by Public Accounts Committee (PAC) on 08.06.2009.

- 1.1 *One (01) Grant was presented by AGPR. The Public Accounts Committee (PAC) of PAC recommended the saving of the Grant for regularization with direction that there should be zero saving / excess in future.*

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL VOL-I, FOR THE YEAR 1989-90)

- 2.1 i) **Grant # 108 SENATE**
(CHARGED) Saving-Rs.69, 3575/-)
(OTC) Rs.4, 071,725/-)

AGPR pointed out that in “Charged” section the saving works out to 3.35% of the total appropriation. An amount of Rs.3,932, 000 (2.67%) was surrendered leaving net saving of Rs.139, 725 (0.64%)

In “Other than Charged” section the saving works to 18.85 percent of the total grant. An amount of Rs.3, 932,000 (2.67%) were surrendered leaving net saving of Rs.139, 725 (0.64%).

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the saving of the appropriation for regularization with direction that there should be zero saving/excess in future.

MINISTRY OF SOCIAL WELFARE AND SPECIAL EDUCATION

1. **Overview**

Appropriation Accounts (Civil- Vol-1) of Federal Govt. for the year 1989-90 pertaining to M/o Social Welfare and Special Education were taken up for examination by Public Accounts Committee (PAC) on 30.06.2009.

- 1.1 *Six (06) Grants were presented by AGPR. In case of 05 Grants, the Public Accounts Committee (PAC) of PAC recommended the saving of the Grants for regularization and directed the AGP to look into the affairs of the Olympic Association of Pakistan in detail with a report to PAC. Regarding remaining one Grant, the Public Accounts Committee (PAC) recommended the saving of Grant for regularization with the direction that the Ministry should come with complete details/record in future.*

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I, FOR THE YEAR 1989-90

2.1 i) **GRANT # - 69- SPECIAL EDUCATION AND SOCIAL WELFARE
DIVISION**

(Saving Rs.114,672/-)

AGPR pointed out that the grant closed with a saving of Rs.114,672 which worked out to 1.39% of the total grant. An amount of Rs.495,525 (6.04%) was surrendered resulting into an excess of Rs.380,853 (4.64%). A supplementary grant of Rs.461,000 was sanctioned but not included in supplementary schedule of authorized expenditure. After taking it into account the excess shall be converted into saving of Rs.80,147 (0.92%).

ii) **GRANT # - 70- OTHER EXPENDITURE OF SOCIAL WELFARE**

(Excess Rs.20,659)

AGPR pointed out that the grant closed with an excess of Rs.20,659 which worked out to 15.89% of the total grant.

- iii) **GRANT # - 71- SPECIAL EDUCATION**
(Total grant Rs.39,910,000, saving Rs.33,162,119)

AGPR pointed out that the grant closed with a saving of Rs.33,162,119 which worked out to 83.09% of the total grant.

- iv) **GRANT # - 72- OTHER EXPENDTURE OF SPECIAL EDUCATION**
(Saving Rs.299,300)

AGPR pointed out that the grant closed with a saving of Rs.299,300 which worked out to 8.29% of the total grant.

- v) **GRANT # - 160- DEVELOPMENT EXPENDITURE OF SOCIAL WELFARE.**
(Saving Rs.4,287,053)

AGPR pointed out that the grant closed with a saving of Rs.4,287,053 which worked out to 26.01% of the total grant. An amount of Rs.3,579,955 (21.72%) was surrendered leaving net saving of Rs.707,098 (4.29%).

- vi) **GRANT # - 161- DEVELOPMENT EXPENDITURE OF SPECIAL EDUCATION.**
(Saving Rs.33,218,070)

AGPR pointed out that the grant closed with a saving of Rs.33,218,070 which worked out to 45.29 percent of the total grant.

PAC DIRECTIVE

On the presentation of the above grants by AGPR, the Public Accounts Committee (PAC) recommended the savings/excess of the grants for regularization. However, the Public Accounts Committee (PAC) directed the PAO that there should be zero saving/excess in future.

MINISTRY OF SPORTS

1. **Overview**

Appropriation Accounts (Civil- Vol-1) of Federal Govt. for the year 1989-90 pertaining to M/o Sports were taken up for examination by Public Accounts Committee (PAC) on 12.01.2009.

- 1.1 *Four (04) Grants were presented by AGPR. After hearing the reply of the Ministry, the Public Accounts Committee (PAC) of PAC recommended saving/excess of three Grants for regularization with the direction that there should be zero saving/excess in future. One Grant was deferred with the direction that the same will be discussed with Appropriation Accounts of M/o Culture.*

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL VOL-I, FOR THE YEAR 1989-90)

2.1 i) **Grant # 25-Ministry of Sports.**

(Excess Rs.232,814)

AGPR pointed out the excess of 1.28% of the total grant.

The PAO informed the Public Accounts Committee (PAC) that saving of Rs. 1086/-, of the grant relating to Ministry of Sports.

PAC DIRECTIVE

After hearing the Ministry reply, the Public Accounts Committee (PAC) recommended the saving/ excess of the grant for regularization.

ii) **Grant # 26-Archaeology and Museums.**

(Saving Rs.1,959,922)

AGPR pointed out that the grants related to Ministry of Culture and may be discussed with the Accounts of the Ministry of Culture.

PAC DIRECTIVE

On the recommendation of AGPR, the Public Accounts Committee (PAC) deferred the above grant, with direction that above grants will be discussed with Appropriation Accounts of Ministry of Culture.

iii) **Grant # 27-Other Expenditure of Ministry of Sports.**
(Saving Rs.161,742)

AGPR pointed out the saving of 0.09% of the total grant.

The PAO informed the Public Accounts Committee (PAC) that a portion of Rs. 117,300,000 was related to Ministry of Culture and saving was occurred only Rs. 10,445/-.

PAC DIRECTIVE

After hearing the Ministry reply, the Public Accounts Committee (PAC) recommended the saving of the grant for regularization and directed the Auditor General to look into the affairs of the Olympic Association of Pakistan in detail with a report to PAC. Follow up action will pursued by Implementation Committee of PAC Sectt.

iv) **Grant 149- Development Expenditure of Sports.**
(Saving Rs.1,520,731)

AGPR pointed out the saving of 1.46% of the total grant.

The PAO informed the Public Accounts Committee (PAC) that an amount of Rs. 45.26 million was allocated for the construction of the new stadium and the Ministry has done this job. There was no saving in the grant.

PAC DIRECTIVE

After hearing the Ministry reply, the Public Accounts Committee (PAC) recommended the saving of Grant for regularization with the direction that the Ministry should come with complete details/record in future.

MINISTRY OF STATES & FRONTIER REGIONS

1. Overview

Appropriation Accounts (Civil- Vol-1), Audit Report of Federal Govt., and Audit Report on Public Sector Enterprises for the year 1989-90 pertaining to M/o States & Frontier Regions were taken up for examination by Public Accounts Committee (PAC) on 25-11-2008.

- 1.1 *Nine (09) Grants were reported by AGPR. 10 Paras of the Audit Report on Federal Govt. and 35 Paras of Audit Reports on Public Sector Enterprises were presented by Audit.*
- 1.2 *On presentation of the Grants, the Public Accounts Committee (PAC) recommended the saving/excess of 05 Grants for settlement. Regarding 04 Grants, Public Accounts Committee (PAC) directed the AGPR to reconcile the figures with M/o SAFRON and submit a comprehensive report with relevant documents /record to PAC within two weeks.*
- 1.3 *The Public Accounts Committee (PAC) recommended 03 Paras of the Audit Report for settlement subject to verification by Audit. 02 Paras were deferred for two weeks and 02 Paras were referred to DAC for detail examination with a report to PAC within two weeks. In 03 Paras, the Ministry was directed by Public Accounts Committee (PAC) to provide the relevant documents to Audit within two weeks.*
- 1.4 *33 Paras of Audit Report on Public Sector Enterprises were recommended by the Public Accounts Committee (PAC) for settlement and 01 Para was deferred with the direction to the department to arrange a comprehensive presentation on FATA Development Corporation within two weeks, then committee will decide the fate of Para. In 01 case, the Public Accounts Committee (PAC) directed the Ministry to recover the outstanding amount with a report to PAC/Audit within two weeks.*

ACTIONABLE POINTS
APPROPRIATION ACCOUNTS (CIVIL VOL-I,
FOR THE YEAR 1989-90)

2.1 i) **Grant # 121-States and Frontier Regions Division**
(Saving Rs. 471,242/-)

AGPR pointed out that the saving worked out as 1.5% of the total grant. An amount of Rs. 465,500 (1.48%) was surrendered, leaving minor net saving to Rs. 5,742.

v) **Grant # 122 Frontier Regions**
(Excess Rs. 16,719,017/-)

AGPR pointed out that the excess worked out as 6.52% of the total grant. A supplementary grant of Rs.15, 384000 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account the excess shall be decreased to Rs.1, 335,017/-

iii) **Grant 126- Maintenance Allowances to Ex-Rulers**
(Saving Rs. 2,900/-)

AGPR pointed out that the saving worked out 0.19 % of the grant. An amount of Rs. Zero was surrendered leaving net saving of Rs.900.

iv) **Grant 127- Other Expenditure of States and Frontier Regions Division**
(Saving Rs.2,179)

AGPR pointed out that the grant closed with minor saving of Rs. 2,179/-

v) **Grant 196- Capital Outlay on Development of Tribal Areas**
(Saving/excess-Nil)

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

PAC DIRECTIVE

On the presentation of the above five grants by the AGPR, the Public Accounts Committee (PAC) regularized the excesses /savings of the Grants.

2.2 i) **Grant 124- Federal Administered Tribal Areas**

(Saving Rs.147,389,722/-)

AGPR pointed out that the saving worked out as 43.37% of the total grant. An amount of 957.800 (34.71%) was surrendered leaving net saving of Rs. 29,431,922 (8.66%).

ii) **Grant 125- Other Expenditure of Federal Administered Tribal Areas**

(Saving Rs 16,175,718/-)

AGPR pointed out that the saving worked out as 3.26% of the total grant. An amount of Rs. 17629000 was surrendered converting the grant to be closed with an excess of Rs. 1,453,282/- (0.29%).

iii) **Grant 128- Afghan Refugees**

(Excess Rs 32,154,731/-)

AGPR pointed out that the excess worked out as 2.84% of the total grant. A supplementary grant of Rs.28,781,000 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account excess had be decreased to Rs.3,373,731/-. An amount of Rs.83,500 was surrendered increasing net excess to Rs.3,457,231 (0.29%).

iv) **Grant 173- Development Expenditure of Federally Administered Tribal Areas**

(Saving Rs.7,053,626/-)

AGPR pointed out that the excess worked out as 0.86% of the total grant. A supplementary grant of Rs.2000 mentioned but not included in supplementary schedule of authorized expenditure. After taking it into account the excess shall be increased.

PAC DIRECTIVE

The PAC directed the AGPR to reconcile the figures of the grants with Ministry of States and Frontier Regions and submit the comprehensive report on the above issue with relevant document/record to PAC within two weeks. The follow up action will be monitored by the Implementation Committee of the PAC, Sectt.

AUDIT REPORT FOR THE YEAR 1989-90

3.1 **Para 1 (Page-179-AR)**

Non Accountal of T&P Articles Worth Rs 2.248 million

Audit pointed out that in a C&W Division various T&P articles valuing Rs 2.248 million were acquired during 1987-88. However, these items were neither entered in stock register nor details of their issuance were maintained in the T&P register. This not only entailed violation of prescribed rules but also implied the possibility of loss/ misappropriation.

The Ministry informed the Public Accounts Committee (PAC) that as per direction of AGPR Sub-Office Peshawar on 14-11-1989, the T&P register on form CPWA-15 has been maintained and all the items of T&P under observations have been entered in register which may please be verified and the para may be settled.

PAC DIRECTIVE

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

3.2 **Para 2 (Page 179-AR)**

Outstanding Dues of Rs 3,822,931

The Audit pointed out that in certain Division of the Communications & Works (Dev) Department, executing Civil Works in FATA on behalf of SAFRON, advances aggregating to Rs 3,822,931 paid to other Divisions as well as Cement Factories & Foundries during 1976 to October, 1987 for supply of cement, machinery and stores were outstanding till April, 1991. Non-Adjustment/recovery of heavy amounts, even after a considerable period of time, betrayed a general lack of financial control.

PAC DIRECTIVE

The PAC deferred the para for two weeks.

PAC DIRECTIVE

The PAC directed the PAO to get verification of the recovered amount from Audit and pursue the case in court of law vigorously and settled the para subject verification by the Audit (dated 13-1-2010).

3.3 **Para 3 (Page-179-AR)**

Un-accountal of cash Rs.2,000,000

The Audit pointed out that in the office of the Medical Superintendent A.H.Q Hospital Parachinar under SAFRON, a sum of Rs 2,000,000 was drawn in June 1984 from the Bank. However, neither the receipt of amount was recorded in the cashbook nor the expenditure account was produced for audit check. The cash has not been accounted for so far.

The Ministry informed the Public Accounts Committee (PAC) that the cheque was prepared for Rs. 2,000,000/- in June, 1984 but the same was not drawn as such no entry of the amount was made in Cash Book nor in the Pass Book. The fact of non-drawl of amount has also been confirmed by the Manager, National Bank of Pakistan, Parachinar, therefore, the para may be dropped. The follow up action will be monitored by the Implementation Committee of the PAC, Sectt.

PAC DIRECTIVE

The PAC directed the Ministry to provide the document to Audit for verification within two weeks. The follow up action will be monitored by the Implementation Committee of the PAC, Sectt.

3.4 **Para 4 (Page-180-AR)**

Loss of Rs. 772,000 as a Result of Acceptance of Higher Tender for the Carriage of Cement

The Audit pointed out that C&W (Dev) Division South Waziristan Agency Tank, tenders were received on 28.6.1986 for the carriage of cement from the Factories in Dera Ghazi Khan and Kohat to the C&W Godowns during the year 1986-87. The three lowest offers at Rs. 0.30 per kilometer per metric ton Rs. 0.45 per kilometer per Metric Ton and Rs. 0.50 per Kilometer per metric Ton from qualified contractors were rejected by the concerned authority with the rate that were Rs. 1,500 as against Rs. 1,074/50 offered by the lowest bidder. The next lowest rates were just ignored without assigning any reason and fresh tenders were called on 8.7.1986 without adequate publicity. This time none of the parties competing in the earlier bid took part in the tender and the lowest rates of Rs. 0.99 and Rs. 1.15 per kilometer per Metric Ton for carriage from Kohat and D.G. Khan respectively were accepted from the contractor who was running carriage contractor for the last five years. During the year 1986-87, 2675 Tons Cement

from Khoat Cement Factory and 2140 Tons Cement from D.G. Khan Cement Factory were transported and a sum of Rs. 1,447,735 was paid for this purpose which resulted in extra cost of carriage amounting to Rs. 772,030 even when compared with the highest rate of the tenders received in the first instance. The rejection of the whole lot of tenders indicated undue favor to the existing contractor.

PAC DIRECTIVE

The PAC referred the para to DAC for detail examination with a report to PAC within two weeks. The follow up action will be monitored by the implementation committee of the PAC Secretariat.

3.5 **Para 5 (Page-180-AR)**

Shortage of Food Stuff Worth Rs 641,065

The Audit pointed out that in an organization under SAFRON edible oil and milk powder worth Rs.641,065 were found short during 1988-89 and 1989-90. The storekeepers concerned had recorded the shortage as loss. However, neither any enquiry was initiated to determine the causes of the loss nor any action was taken to strengthen internal controls to prevent recurrence of such losses in future.

The Ministry informed the Public Accounts Committee (PAC) that the commodities were supplied by World Food Programme (WFP) and losses/shortages were written off by the Commissioner Afghan Refuges, Quetta after obtaining approval of WFP. The Ministry also informed in sub-para II that an enquiry was conducted in the case by a three members committee including one representative of WFP. On the recommendation of the enquiry committee the matter for write off the losses has been taken up with WFP and their reply is awaited. The Ministry further informed in Sub-Para III that the matter was investigated and responsibility for the losses was fixed on Mr. Mujahid Hussain, Storekeeper. As per recommendation of the enquiry committee, Mr. Mujahid Hussain was dismissed from service without compensatory benefits.

PAC DIRECTIVE

The PAC directed the Ministry to provide the report of the enquiry committee to PAC/Audit within two weeks and deferred the para.

PAC DIRECTIVE

The PAC settled the para subject to verification of the documents by Audit within one week and referred the para to Monitoring and Implementation Committee of the PAC.

3.6 **Para 6 (Page-181-AR)**

Non adjustment of outstanding Stores Worth Rs 475,209

The Audit pointed out that in two Communications & Works (Dev) Division executing Civil Works in the FATA Region on behalf of SAFRON, stores worth Rs 475,209 issued to various contractors during 1978-79 to 1985-86 were lying un-recovered/unadjusted. According to contract agreement, the value of stores was to be recovered from the contractors claims or security deposits, but this provision was not enforced by the authorities concerned.

The Ministry informed the Sub- Committee that on the verification from Audit Officer a sum of Rs. 175040/- relates to this Division recoverable from various contractors is included in the Draft para Rs. 475,209 out of which Rs. 15424/- has been recovered vide Government Receipt No. 31/4125, dated 18.10.1989 and paid into Treasury vide challan No. 5 dated 19.10.1990. The Balance amount is still outstanding. However, the matter is under active correspondence with the quarter concerned.

PAC DIRECTIVE

The PAC directed the Ministry to recover the outstanding amount, if possible otherwise the amount may be written off as per rule with a report to PAC/Audit within two weeks. The follow up action will be monitored by the Implementation Committee of the PAC, Sectt.

3.7 **Para 7 (Page-181-AR)**

Loss of Rs. 354,798 on account of sales of empty gunny bags at lower rate.

The Audit pointed out that various officers of a Department under SAFRON sold 23776 empty gunny bags at the rate of Rs. 3.60 per gag and 18129 bags at the rate of Rs. 2 per bag in 1988-89 against the rate of Rs. 10 per bag fixed by the Commissioner Afghan Refugees Balochistan. Thus a loss of Rs. 354,798 was incurred.

PAC DIRECTIVE

The PAC referred the para to DAC for detail examination with a report to PAC/Audit within two weeks. The follow up action will be monitored by the Implementation Committee of the PAC, Sectt.

3.8 **Para 9 (Page-182-AR)**

Suspected Misappropriation of Kerosene Oil Worth Rs 180,000

The Audit pointed out that in the Agency Administrator Afghan Refugees Kurram, 45,000 liters of Kerosene Oil valuing Rs 180,000 were received from Afghan Refugees Commissionerate, Peshawar during January and February 1989 and distributed among refugees individuals at the rate of 15 liter per head. The bona fides of the issues/ distribution were doubtful because full particulars of the receipts viz. name, father's name, registration No. and acknowledgement receipts were not available on the record of the local office. Moreover, the scale of 15 liters Kerosene Oil was fixed for a family and not for every individual, but the records indicated the issues having been made to individuals. In view of these circumstances it appears that the stores might have been misappropriated.

The Ministry informed the Public Accounts Committee (PAC) that the observation was settled by the Audit on 22.5.1991.

PAC DIRECTIVE

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

3.9 **Para 10 (Page-182-AR)**

Loss of Rs 135,500 due to Fraudulent Drawl of Fictitious Bills

The Audit pointed out that in an District Administration Afghan Refugees under SAFRON a sum of Rs 135,500 was fraudulently drawn from the bank in June 1986 on three bills reported by a Drawing and Disbursing Officer. Enquiries into this case revealed that

- i) The designation of the DDO and his signature on the bills were all fictitious.
- ii) Payment order on the bills were false and the signature thereon were all forged.
- iii) The special seal and the rubber stamp of "Payment Order" affixed

on the bills were fake as they did not tally with the specimens on record in the Accounts officer.

The fraudulent drawl was thus made possible solely due to non-observance of the checks and safeguards in the payment procedure by the bank authority. The case was reported to the police who later filed it as un-traced. Since the fraudulent payment was caused due to non-application of prescribed checks, for which the bank authorities have dismissed the person responsible, this loss is required to be made good by the bank.

The Ministry informed the Public Accounts Committee (PAC) that forged bills for Rs. 135,5001 containing the, special seal of the Accountant General's office and forged signatures of Area Administrator Aza Khel were presented for payment at the National Bank of Pakistan, Nowshera in 6/86. The disputed expenditure of Rs. 135,500 was charged to the head of the Afghan Refugees Organization. The bills were presented under signatures of Area Administrator Afghan Refugees. Whereas Area Administrator was not a Drawing and Disbursing Officer and the bill containing the signature of the Area Administrator should neither have been entertained by the Bank nor the expenditure of Rs. 135,5001 charged to the Head of the Afghan Refugees Organization.

PAC DIRECTIVE

The PAC directed the Ministry to enquire the matter, fix responsibility, take action and recover the amount from NBP with a report to PAC/Audit within two weeks. The follow up action will be monitored by the Implementation Committee of the PAC, Sectt.

3.10 Para 11 (Page-183-AR)

Overpayment of Rs 84,964 due to Application of Incorrect Rates

The Audit pointed out that in an Office under SAFRON, a sum of Rs 84,964 was overpaid to contractors in 1988-89 by allowing the rate prescribed for 200 MM thick sand cushion on compacted earth although the actual work done was 150 MM thickness.

The Ministry informed the Public Accounts Committee (PAC) It is observed that indeed the specified thickness as per B.O. was 200 mm, whereas the thickness measured has been mentioned in record and paid as 150 mm. For this thickness all

the Agencies had to be paid Rs. 90/- P.com whereas the Department has paid Rs. 120 P.com for item No. 301 which is incorrect. The same is the case with item No. 302. Now the amount of Rs. 84464 has been recovered/deducted from the security deposits of the Contractors from all four Agencies as per T.E.O. No. 5 to 8

PAC DIRECTIVE

The PAC settled the para subject to verification of the record by the Audit. The follow up action will be monitored by the Implementation Committee of the PAC, Sectt.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES **FOR THE YEAR 1989-90**

3.11 **Para 1052 (Page-663-ARPSE)**

The Audit pointed out that the brief working results for the year 1989-90 of the closed projects of the FATA Development Corporation under the administrative control of States and Frontier Regions Division.

The Ministry informed the Public Accounts Committee (PAC) that there were total 11 units established for providing job opportunities to local youth and generate economic activities for people of the area. Later on due to non-achievement of the Targets these units could not run efficiently. Resultantly, 8 units were sold out and efforts have been made to sell out the machinery of the three units. The premises of these three units have been handed over to political administration PAS. W. Agency has stated a hospital in the premises of Footwear and Leather Tannery.

PAC DIRECTIVE

PAC deferred the para and directed the department to arrange a comprehensive presentation on FATA Development Corporation within two weeks then the Committee will decide the fate of para.

PAC DIRECTIVE

The PAC settled the para with direction that the remaining unit should be sold at the market rate/ or hand over to the administration for public purpose. (dated 13-1-2010).

3.12 Para 1057 (Page-664-ARPSE)

The Audit pointed out that Advance to suppliers/ contractors increased from Rs 14.889 million as at 30 June, 1988 to Rs 22.876 million at the close of the year 1988-89 thus registering an increase of 53.64% No year-wise breakup of the outstanding advances was prepared by the local office as such their aging as well as the prospects of recovery/ adjustment remained un-ascertained in "Audit. The year-wise breakup of the advances needs to be prepared and all out efforts be made to effect recovery especially of the old outstanding to avoid any losses which may result in case of becoming old advances doubtful of recovery with the passage of further time.

The Ministry informed the Committee that 6.8 million has been recovered. The book adjustment of the advances should be done within two weeks. The follow up action will be monitored by the Implementation Committee of the PAC, Sectt.

PAC DIRECTIVE

The PAC directed the Ministry to recover the amount with a report to PAC/Audit within two weeks.

3.13 Para 1060 (Page-665-ARPSE)

Audit pointed out that Stock and stores increased from Rs 19.198 million as at 30 June, 1988 to Rs 21.975 million at the closed of the year under review. The actual consumption of stores could not be examined in Audit because their details have not been incorporated in the Accounts. The increasing trend of keeping huge quantities of stores needs to be controlled in future.

The Ministry informed the Public Accounts Committee (PAC) that stocks and stores increased from Rs. 19.198 million as at 30 June, 1988 to Rs. 21.975 million at the closed of the year under review. The actual consumption of stores could not be examined in Audit because their details have not been incorporated in the

Accounts. The increasing trend of keeping huge quantities of stores needs to be controlled in future.

PAC DIRECTIVE

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

3.14 **Para 1073 (Page-671-ARPSE)**

Audit pointed out that the lease money receivable from M/s Swat Marbles and M/s Quality Marbles (Pvt.) Limited stood at 16.340 million as at 30 June, 1990 as against Rs 14.333 million standing against them at the close of the previous year, which is indicative of the fact that no efforts have been made to effect recovery of the outstanding. Necessity for taking effective steps for early recovery of the outstanding is again emphasized.

PAC DIRECTIVE

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

FATA Development Corporation

3.15

- 1) **Para 1053 (Page-663-ARPSE)**
- 2) **Para 1054 (Page-664-ARPSE)**
- 3) **Para 1055 (Page-664-ARPSE)**
- 4) **Para 1056 (Page-664-ARPSE)**
- 5) **Para 1058 (Page-664-ARPSE)**
- 6) **Para 1059 (Page-665-ARPSE)**
- 7) **Para 1061 (Page-665-ARPSE)**
- 8) **Para 1062 (Page-666-ARPSE)**

FATA Bara Cigarette Company

- 9) **Para 1063 (Page-667-ARPSE)**
- 10) **Para 1064 (Page-667-ARPSE)**
- 11) **Para 1065 (Page-667-ARPSE)**

FATA Kurram Fruit Products

12) Para 1066 (Page-668-ARPSE)

FATA Mir Ali Looms Unit

13) Para 1068 (Page-669-ARPSE)

14) Para 1069 (Page-669-ARPSE)

FATA Mohmamd Glass Factory

15) Para 1070 (Page-670-ARPSE)

16) Para 1071 (Page-670-ARPSE)

FATA Mullagori Marbles Factory

17) Para 1072 (Page-671-ARPSE)

18) Para 1074 (Page-671-ARPSE)

FATA Oil Expelling & Refining Unit

19) Para 1075 (Page-672-ARPSE)

20) Para 1076 (Page-672-ARPSE)

21) Para 1077 (Page-672-ARPSE)

FATA South Waziristan Footwear And Leather Goods Industries

22) Para 1078 (Page-673-ARPSE)

23) Para 1079 (Page-673-ARPSE)

FATA Wouth Waziristan Tanneries

24) Para 1080 (Page-674-ARPSE)

25) Para 1081 (Page-674-ARPSE)

FATA Tochi Waley Match Factory

26) Para 1082 (Page-675-ARPSE)

27) Para 1083 (Page-675-ARPSE)

28) Para 1084 (Page-675-ARPSE)

FATA Tochi Woolen Mills

29) Para 1085 (Page-676-ARPSE)

30) Para 1086 (Page-676-ARPSE)

31) Para 1087 (Page-676-ARPSE)

PAC DIRECTIVE

On the recommendations of the DAC, the Public Accounts Committee (PAC) recommended the above 31 paras for settlement.

3.15 **Para 8 (Page-182-AR)**

loss of Rs. 183,914 as a result of irregular drawl of house rent allowance and non deduction of house rent.

PAC DIRECTIVE

The PAC deferred the para and decided that the para will be discussed with the account of the Ministry of Interior.

PAC DIRECTIVE

The PAC settled the para subject to verification of the recovered amount by Audit. (dated 13-1-2010).

STATISTIC DIVISION

1. Overview

Appropriation Accounts (Civil- Vol-1) of the Federal Govt. and Audit Report pertaining to Statistics Division were taken up for examination by Public Accounts Committee (PAC) on 30.06.2009.

- 1.1 *Two (02) Grants were presented by AGPR and 01 Para of the Audit Report was reported by Audit.*
- 1.2 *On the presentation of 02 Grants by AGPR, the Public Accounts Committee (PAC) of PAC recommended the saving of the Grants for regularization with direction that there should be zero saving/excess in future.*
- 1.3 *On recommendation of DAC, the Public Accounts Committee (PAC) recommended the Para regarding "Irregular expenditure of Rs.84,968 on account of excess calls from Office telephone" for settlement.*

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I FOR THE YEAR 1989-90

2.1 i) GRANT # - 53 STATISTICS DIVISION (Saving Rs.6,936,230)

AGPR pointed out that the grant closed with a saving of Rs.6,936,230 which works out to 4.05% of the total grant. An amount of Rs.7,404,500 (4.32%) was surrendered resulting into an excess of Rs.468,270 (0.27%).

ii) GRANT # -155-DEVELOPMENT EXPENDITURE OF STATISTICS DIVISION (Saving Rs.41,120,935)

AGPR pointed out that the grant closed with a saving of Rs.41, 120,935 which works out to 70.71% of the total grant. An amount of Rs.680,000 (1.16%) was surrendered leaving net saving of Rs.40,440,935 (69.54%).

PAC DIRECTIVE

On the presentation of the above two grants by AGPR, the Public Accounts Committee (PAC) recommended the savings for regularization with direction there should be zero saving/excess in future.

AUDIT REPORT ON THE ACCOUNTS OF STATISTICS DIVISION FOR THE YEAR 1989-90

3.1 **Para-1 (Page-46 –AR-1989-90)**

Irregular Un-Authorized Expenditure of Rs.84,968 on Account of excess Calls from Office Telephone

PAC DIRECTIVE

On the recommendation of the DAC, the Public Accounts Committee (PAC) recommended the para for settlement.

MINISTRY OF TOURISM

1. Overview

Appropriation Accounts (Civil- Vol-1) of the Federal Govt. and Audit Report on Public Sector Enterprises for the year 1989-90 pertaining to Tourism Division were taken up for examination by Public Accounts Committee (PAC) on 08.06.2009.

- 1.1 *Two (02) Grants were presented by AGPR whereas 03 Paras of the Audit Report on Public Sector Enterprises were reported by Audit.*
- 1.2 *On the presentation of 02 Grants by AGPR, the Public Accounts Committee (PAC) of PAC recommended the saving of the Grants for regularization with direction that there should be zero saving/excess in future.*
- 1.3 *On presentation by audit, the Public Accounts Committee (PAC) recommended 03 Paras of Audit Report on Public Sector Enterprises for settlement.*

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I **FOR THE YEAR 1989-90)**

2.1 i) **Grant # 28- TOURISM DIVISION** **(Saving, Rs. 302,607)**

AGPR pointed out that the grant closed with a saving of Rs. 302, 607 which works out to 1.10 percent of the total grant. An amount of Rs. 223, 117 (0.80%) was surrendered leaving a net saving of Rs. 79,490 (0.29%)

ii) **Grant # 150- Development Expenditure of Tourism Division** **(Saving, Rs.146,000)**

AGPR pointed out that the grant closed with a saving of Rs. 146,000 which works out to 0.63 percent of the total grant. The entire saving was surrendered in time.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the saving of the grants for regularization with direction that there should be zero saving/excess in future.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES FOR THE YEAR 1989-90

3.1 i) **Para # 121- (Page No. 76- ARPSE-1989-90)**

Audit Comments

ii) **Para # 128- (Page No. 79- ARPSE-1989-90)**

Loss of Rs. 177,000 due to procurement of Defective boats

PAC DIRECTIVE

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

AUDIT REPORT PUBLIC SECTOR ENTERPRISES VOLUME-VIII FOR THE YEAR 1989-90

Pakistan Institute of Tourism & Hotel Management

3.2 **Para # 101-(i) (Page No. 69- ARPSE-1989-90)**

No-submission of Accounts

PAC DIRECTIVE

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

WAFAQI MOHTASIB

1. Overview

Appropriation Accounts (Civil- Vol-1) of Federal Govt. for the year 1989-90 pertaining to Wafaqi Mohtasib were taken up for examination by Public Accounts Committee (PAC) on 29.06.2009.

- 1.1 One (01) Grant was presented by AGPR. The Public Accounts Committee (PAC) of PAC recommended the saving of the Grant for regularization and directed the PAO to hold the DAC meeting once a month regularly. The PAO was further advised to make service rules of Wafaqi Mohtasib and may write a letter to P.M's Sectt. for speedy approval of Service Rules.*

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) VOL-I FOR THE YEAR 1989-90

- 2.1 i) **WAFAQI MOHTASIB**
(saving Rs.1,012,864/-)

AGPR pointed out that the appropriation closed with a saving of Rs.1,012,864 which worked out to 4.33 % of the total appropriation. An amount of Rs.155,000 (0.66%) was surrendered leaving net saving of Rs.857, 864 (3.67%)

The PAO informed the Committee that saving was occurred under the head of purchase of durable goods, vacant posts and miscellaneous expenditure.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the saving of the appropriation for regularization. However, the Public Accounts Committee (PAC) advised the PAO to make Service Rules of Wafaqi Mohtasib and may be write a letter to Prime Minister Secretariat for speedy approval of Services Rules. The Public Accounts Committee (PAC) further directed the PAO to held the DAC meeting once a month regularly. . Follow up action will be monitored by Implementation Committee of PAC Sectt.

MINISTRY OF WATER & POWER

1. Overview

Appropriation Accounts (Civil- Vol-1) and Audit Reports of Federal Govt., Audit Reports on Public Sector Enterprises, Performance Evaluation Reports including Special Study Reports for the year 1989-90 pertaining to M/o Water & Power were taken up for examination by Public Accounts Committee (PAC) No.4 of the Public Accounts Committee (PAC) on 12-13 January, 2007.

- 1.1 *Three (03) Grants were reported by AGPR. 50 Paras of the Audit Report on Federal Govt., 02 Audit Reports on Public Sector Enterprises, 08 Performance Audit Reports and 02 Special Study Reports were presented by Audit.*
- 1.2 *On presentation of the Grants, the Public Accounts Committee (PAC) recommended the saving in the Grants for regularization with the direction to PAO that development Grant should be timely utilized in future.*
- 1.3 *The Public Accounts Committee (PAC) recommended 12 Paras of the Audit Report on Federal Govt. for settlement with certain directives. In 38 Paras, the committee directed the PAO to implement the recommendations of the DAC.*
- 1.4 *Two Audit Reports on Public Sector Enterprises were referred by the Public Accounts Committee (PAC) to DAC for examination and report to PAC within 16 days.*
- 1.5 *90 Paras of 08 Performance Audit Reports were discussed. 47 were settled subject to verification by Audit. In 42 Paras, the Public Accounts Committee (PAC) directed to Ministry to implement the recommendations of DAC. In 01 Para, the management was directed to evaluate the capital position for consideration by Board of Directors in next meeting with a report to PAC.*

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I FOR THE YEAR 1989-90)

- 2.1 i) Grant # 133-Ministry of Water and Power
(Saving Rs.8,201,670)

- ii) **Grant # 197-Capital Outlay on Irrigation and Electricity**
(Saving Rs.6,968,571)

PAC DIRECTIVE

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

- iii) **Grant # 175-Development Expenditure of Ministry of Water and Power**
(Saving Rs.315,291,492)

The AGPR informed the Public Accounts Committee (PAC) that the saving worked out to 19.75% of the total grant. An amount of Rs 259,125,465 (16.23%) was surrendered leaving net saving of Rs 56,166,027 (3.52%).

The PAO informed the Public Accounts Committee (PAC) that the funds for consultants were not utilized. Some savings were occurred in a flood programme.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the saving of the grant for regularization with direction that the development grant should be utilized timely in future.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES
FOR THE YEAR 1989-90

PAC DIRECTIVE

On the presentation of the above the Audit Report, the Public Accounts Committee (PAC) referred the report to DAC and directed the DAC to examine the above audit reports within 16 days. Follow up action will be monitored by Implementation Committee of PAC Sectt.

PERFORMAN EVALUATION REPORT # 109 FOR
THE YEAR 1989-90

3.1 **Audit Para # 3.2.6,Page-53-PER-109**

Dividends

Audit pointed out that the Corporation paid dividend on its ordinary shares regularly, and the total payments made/proposed upto June 30, 1989 aggregated to Rs 14.25 million. Dividends amounting to Rs 1.50 million each year were paid/declared for the years 1989-90, 1987-88 and 1988-89, although profit to cater for such payments was not earned during these years.

The management informed the Public Accounts Committee (PAC) that as a policy decision NPSC has regularly paid dividend to Government of Pakistan, including the last year, for its initial investment of Rs 10 million, which was raised to Rs 20 million by issuance of Bonous share in the year 1987-88 from company's own reserves.

PAC DIRECTIVE

The PAC felt that equity is less. Therefore, management was directed to evaluate the capital position for consideration by Board of Directors in next meeting to decide suitable increase with a report to PAC/Audit. Follow up action will be monitored by implementation committee of PAC Secretariat.

3.2 **Audit Para # 4.4,Page-54-55-PER-109**

Tendering Activities

Audit pointed out that in Pakistan the corporation participated twice only in tenders invited by WAPDA during last six year. In 1983-84, the corporation's tenders for construction of Terbella-Faisalabad 500KV single circuit transmission lines, was the second highest in the competition of five tenders. In the case of another tender opened in 1986-87 for Jamshoro-Lahore 500KV transmission line project, the corporation's bid was the highest of all the six bids. The ranking of corporation's tenders in the afore-said competitions was indicative of the fact that the management was not serious in making the bids for the projects. Further WAPDA invited tenders did not participate at all. Two projects out of these pertained to construction etc. of 220KV transmission lines, for which the

corporation had the necessary equipment which cost Rs 3.083 million in 1977-78, and was lying idle since its purchase.

Thus the corporation's share in Pakistan market after 1981 remained zero in spite of the fact that opportunities existed in Defence Services organizations and Karachi Electricity Supply Corporation besides WAPDA.

In Saudi Arabia the corporation participated in six tenders during last six years from 1984-85 to 1989-90. The corporation succeeded in getting the contracts for four projects.

Later in the beginning of 1989, after handing over of the completed projects, the corporation demobilized its temporary work force. Consequently the regular officers and staff were left virtually with no work. The management was in urgent need for a new project. In such an attempt they submitted an offer for Masayjid-Madinah North Project. The offer being the lowest was accepted by the authorities. This offer was however, only 16.78% less than second lowest offer. Whereas this second lowest offer was only 5.40% less than the third lowest offer. The lowest tender indicated the eagerness of the corporation to get the job. Through proper planning, the corporation could keep itself engaged in viable/profit making projects and necessity of accepting jobs at unreasonably low price could be avoided.

The management informed the Public Accounts Committee (PAC) that equipments were purchased because the contract has since been completed in time and with handsome profit.

PAC DIRECTIVE

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

3.3

i) **Audit Para # 3.1, Page-49-51-PER-109**

Balance sheet data and analysis

ii) **Audit Para # 3.2, Page-51-53-PER-109**

Profit and loss data and analysis

iii) **Chapter 4 Marketing, Page-54-PER-109**

Organization, marketing and its diversification/ competitors

- iv) **Chapter 5 Purchasing, Page-56-PER-109**
- v) **Chapter 6 Operations, Page-58-PER-109**
- vi) **Audit Para # 6.3, Page-58-60-PER-109**
Cost analysis of competent last four projects
- vii) **Audit Para # 6.4, Page-60-PER-109**
Current Project
- viii) **Chapter 7 Management Organization and Personal, Page-62-63-PER-109**

PAC DIRECTIVE

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

AUDIT REPORT FOR THE YEAR 1989-90

3.4 i) **Audit Para # 5,Page-3-4-AR-1989-90**

Audit pointed out that WPADA had purchased H.T and L.T. structures from M/s Lion Industries.

a) Despite extension in delivery date of purchase order (P.O) at Serial # 1 the supplier had failed to supply 2693 H.T. structures, a new purchase order (S # 2) was issued. The supplier still failed to supply the balance quantity of P.O at S # 1 and total quantity of P.O at S # 2, when third purchase order at higher rates was issued and balance quantity of P.O. at Serial 1 was deleted while P.O. at S # 2, was cancelled. By purchasing these quantities at higher rates from the same supplier the Authority incurred an excess expenditure of Rs 3.227 million.

b) When the supplier had failed to complete the supply in respect of P.O. S # 1 and 3, the authority deducted L.D. to the tune of Rs 2.460 million and Rs 3.853 million from the bill of the supplier. Subsequently the whole amount already deducted was refunded to the supplier which is against the canons of financial propriety and undue favour to the supplier.

ii) **Audit Para # 15,Page-11-12-AR-1989-90**

Unjustified Extension in time and release of liquidated damages amounting to Rs 6.313 million to a private firm

Audit pointed out that a purchase order # 4300 dated 24-7-1986 was placed on a private firm for the supply of 8630 HT and 13428 LT structures. The delivery was to be completed upto 30-9-1987. The authority refunded the liquidated damages worth Rs 2.460 million deducted on account of delayed supply by extending the delivery period. The reason stated for grant of extension was non-availability of MS billet from Pakistan Steel Mills, Karachi.

Another purchase order # 4433 dated 30-12-1987 was placed on the same firm for the supply of 17000 HT and 18000 LT structures and the delivery was to be completed upto 7-9-1988. The delivery period was extended again and again but 6000 structures remained un-supplied upto 30-11-1989 and the release of liquidated damages amounting to Rs 3.853 million due to extensions granted by the authority against this P.O. was therefore un-justified.

The performance of the supplier in both these cases showed that he failed to fulfill his obligation under the contract. Therefore, the refund of liquidated damages to the tune of Rs 6.313 million in both these cases was against the canons of financial propriety & it was also an undue favour to the supplier.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the above two paras for settlement subject to verification of the record by the Audit.

3.5 **Audit Para # 11, Page-7-AR-1989-90**

Avoidable expenditure of Rs 9.660 million on consultants

Audit pointed out that in SCARP construction circle, Lahore M/s NDC and M/s ACE were engaged as consultants in Dec 1987 and July 1988 for designing/construction, supervision for SCARP schemes. They were to be paid heavy amount of Rs 9.660 million (Rs.6.670 million +Rs 2.990 million) whereas PC-I performa had no such provision. Since WAPDA had well-versed/experienced staff capable of design work and construction activities the engagement of the consultants was therefore, held irregular.

The management informed the Public Accounts Committee (PAC) that the authority had decided to engage the consultants for all projects exceeding 25 million. In case of on going projects it was decided that cost of consultancy should be charged to the contingent amount and staff engaged for similar function should be reduced which has done.

PAC DIRECTIVE

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

3.6 Audit Para # 12, Page-8-AR-1989-90

Unnecessary expenditure of Rs 8.173 million on purchase of land

Audit pointed out that in June 1989 that in Guddu Thermal Power Station Project an amount of Rs 8.173 million was paid for the purchase of land for installation of Kandh Kot Guddu gas pipelines. Besides an amount of Rs 3.250 million was also paid to the contractor for acquiring right of way, way leave and permission for crossings etc. for the said pipelines. No evidence/documents showing transfer of ownership were produced to Audit. The land was still in the possession of the owners. There was no need to purchase the land to install the gas pipelines. Thus the unnecessary expenditure of Rs 8.173 million was incurred.

The management informed the Public Accounts Committee (PAC) that as per Mineral Gas Staff rules of government of Pakistan a safety distance of at least 50 feet was to be kept on either side from any protected work, building, roads etc. Patrolling of land was also stated to be done regularly to detect any leakage and avoid subsequent accident. Hence purchase of land was necessary under safety Rules/measures and for patrolling purposes.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the para for settlement subject to verification of the relevant record by the Audit within 10 days. Follow up action will be monitored by Implementation Committee of PAC Sectt.

3.7 Audit Para # 13, Page-9-10-AR-1989-90

Loss of Rs 6.828 million due to improper planning

Audit pointed out that:

- a) Lower Rachna Remaining Project Faisalabad aimed at salinity control and reclamation of water logged land. Before commencing the construction of main project, pilot project was completed in August 1987 at a cost of Rs 1,733,499 to check the results/working of sub-surface drains and trenching machinery. The performance however was found un-satisfactory. In spite of this, the contractor was allowed to continue the main project and paid further amount of Rs 4,759,646. The work done was collapsed and chocked after its completion resulting into a loss of Rs 6,493,145 (Rs 1733499 + Rs4759,646) to the Authority.
- b) At the same project (Sump # 4), 55,967 cft of crush gravel was required for the project but 103,475 cft crush gravel valuing Rs 729,499 was purchased. 47,508-cft crush gravel (103,475-55,967) purchased in excess of requirements had gone waste causing a loss of Rs 334,924 to the Authority.

The management informed the Public Accounts Committee (PAC) that action adopted was a well thought option resulting in substantial benefits to the department. No irregularity was occurred and no loss was sustained by the authority.

PAC DIRECTIVE

The Public Accounts Committee (PAC) recommended the para for settlement subject to verification of the record by the Audit within ten days. Follow up action will be monitored by Implementation Committee of PAC Sectt.

3.8 **Audit Para # 23, Page-24-25-AR-1989-90**

Extra expenditure of Rs 0.778 million in the purchase of 11 KV Steel Pins for insulators

Audit pointed out that a purchase order for supply of 250,000 steel pins for insulators at the negotiated rate of Rs. 20 each was placed in October 1978. The supply was scheduled to be completed by February 1980. Through an amendment on 4th November 1980 the rate was increased to Rs 25 per unit for 1989,500 pins. The pins was cancelled on 3rd March, 1990 as the firm failed to supply the same. The increase in the unit price from Rs 20 to Rs 25 for 155.500 units resulted in an

extra expenditure of Rs 0.778 million. No action was taken against the supplier for failure to supply 34,000 pins.

The management explained that P.O. was issued in October 1978. In May, 1980 the supplier requested for increase in unit price from Rs 20 to Rs 35. The request of the supplier was examined and found reasonable because the prevailing rate of the pins was higher than Rs 30. On these grounds the authority agreed to allow Rs 25 per pin. In this way the authority made saving rather than any expenditure. In March, 1988 the supplier showed his inability to supply the balance quantity of Rs 34,000 pins because of his engagement in a work of national importance, hence the authority agreed to cancel the balance quantity. The authority deleted clause regarding failure and termination.

PAC DIRECTIVE

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

3.9 **Audit Para # 25, Page-26-27-AR-1989-90**

Loss of Rs 0.728 million due to breakage of PCC Pales and Cross arms

Audit pointed out in G.S.C project Sukkur, 72 PCC Poles and 29 cross arms were shifted to site in excess of requirement out of which 3 each shifted to another work, leaving a balance of 69 poles and 26 cross arms at site which remain unused. As per remarks recorded on site account register 69 poles and 6 cross arms were found broken. The Authority had thus sustained a loss of Rs 0.728 million being cost and transportation charges of poles and cross arms.

The management informed the Public Accounts Committee (PAC) that the matter was investigated by Director Civil and four officer were held responsible for the loss. Recovery process is in progress.

PAC DIRECTIVE

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

3.10 **Audit Para # 41, Page-38-AR-1989-90**

Excess expenditure of Rs 0.634 million on account of transportation charges of steel structured due to Sub-contracting of work

Audit pointed out that a purchase order No. 4415 dated 3-11-87 was placed to M/s HMC Taxila for supply of HT/LT steel structures. The firm showed its inability due to preoccupation and requested to allow them to sublet this order. The request was acceded to and purchase order was issued to sub-contractor. The sub contractor supplied structures from Karachi to Rawalpindi Nowshera, Gujranwala and Faisalabad near to Taxila and paid transportation charges as per contract. These charges would have been less if structures had been supplied from taxila. Due to long distance an extra expenditure of Rs 0.634 million had been incurred by WAPDA on transportation of structures.

The management informed the Public Accounts Committee (PAC) that structures were also supplied at Lahore, Hyderabad, Rohari and Quetta. As a result of comparison, resultant net extra expenditure as a result of sub contracting worked out to Rs.199,174.75, which has unavoidable.

PAC DIRECTIVE

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

3.11 i) **Audit Para # 44, Page-40-AR-1989-90**

Loss of Revenue amount to Rs 8.327 million

ii) **Audit Para # 6, Page-5-6-AR-1989-90**

Loss of Rs 2.282 million due to excess payment and non recovery of liquidated damages

iii) **Audit Para # 19, Page-15-16-AR-1989-90**

Loss Rs 1.037 million due to deviation on the prescribe procedure for award of contract

iv) **Audit Para # 22, Page-22-23-AR-1989-90**

Non-recovery of Rs 1.079 million on account of transportation, octori and re-erection charges

PAC DIRECTIVE

On the presentation of the above four paras, the Public Accounts Committee (PAC) recommended the above paras for settlement. Follow up action will be monitored by Implementation Committee of PAC Sectt.

3.12

- i) **Audit Para # 1, Page-1-2-AR-1989-90**
Extra Expenditure of Rs 19.474 million due to inefficient contract management
- ii) **Audit Para # 2, Page-3-AR-1989-90**
Blocking of Authority's fund to the time of Rs 12,070,581 and avoidable expenditure of Rs 1,315,576
- iii) **Audit Para # 3, Page-5-AR-1989-90**
Saving of Rs 10,987,234 in authority's expenditure at the instance of Audit
- iv) **Audit Para # 4, Page-7-AR-1989-90**
Excess expenditure of Rs 3,370,212 in the purchase of insulators
- v) **Audit Para # 7, Page-8-9-AR-1989-90**
Extra expenditure of Rs 10 million due to award of a work at higher rate
- vi) **Audit Para # 8, Page-10-11-AR-1989-90**
Loss of Rs 13.235 million due to delay in giving connections
- vii) **Audit Para # 9, Page-12-AR-1989-90**
Loss of Rs 54 million due to breakdown of 138 KVA transformer of Mangla Power Station
- viii) **Audit Para # 10, Page-13-AR-1989-90**
Un-justified anticipated payment of lacs of rupees due to defective provisions in the contract agreement
- ix) **Audit Para # 14, Page-14-15-AR-1989-90**
Loss of Rs 6,828,069 due to improper planning
- x) **Audit Para # 16, Page-17-AR-1989-90**
Loss of Rs 2,131,200 to the authority due to poor planning
- xi) **Audit Para # 17, Page-18-AR-1989-90**
Loss of Rs 2.063 million due to diversion of transmission Lines
- xii) **Audit Para # 18, Page-19-AR-1989-90**
Wasteful expenditure of Rs 1,509,706 on the construction/ furnishing of basic health units and procurement of medical equipment

- xiii) **Audit Para # 20, Page-23-AR-1989-90**
Non-recovery of penalty amounting to Rs 3.532 million from the suppliers due to failure of their transfers in short circuit test
- xiv) **Audit Para # 21, Page-25-AR-1989-90**
Excess payment of Rs 1.999 million on account of land compensation
- xv) **Audit Para # 24, Page-30-AR-1989-90**
Avoidable expenditure of Rs 735,456 on account of custom duty and sales tax etc. on the import of lighting fixtures
- xvi) **Audit Para # 26, Page-33-AR-1989-90**
Un-authorized payment of Rs 135,787,760 in absence of supporting documents
- xvii) **Audit Para # 27, Page-35-AR-1989-90**
Extra expenditure of Rs 7,258,692 on account of extension in the delivery schedule
- xviii) **Audit Para # 28, Page-36-AR-1989-90**
Theft of energy at Usta Muhammad Grid Station causing loss of Rs 1.2 million
- xix) **Audit Para # 29, Page-37-AR-1989-90**
Avoidable expenditure of Rs 398,426
- xx) **Audit Para # 30, Page-38-AR-1989-90**
Misappropriation of Rs 0.393 million
- xxi) **Audit Para # 31, Page-39-AR-1989-90**
Overpayment of 11614.286 pounds (Rs. 296,870) to a foreign firm
- xxii) **Audit Para # 32, Page-40-AR-1989-90**
Avoidable expenditure Rs 260,954
- xxiii) **Audit Para # 33, Page-41-AR-1989-90**
Excessive expenditure of Rs 208,735 on account of purchase of conductor at higher rates
- xxiv) **Audit Para # 34, Page-42-AR-1989-90**
Infructuous expenditure of Rs 201,748 on preparation of a design for WAPDA Hospital at Peshawar
- xxv) **Audit Para # 35, Page-42-AR-1989-90**
Defective work involving expenditure of Rs 15.155 million
- xxvi) **Audit Para # 36, Page-43-AR-1989-90**
Avoidable expenditure of Rs 1.178 million on the import of cranes
- xxvii) **Audit Para # 37, Page-44-45-AR-1989-90**
Loss of Rs 1.129 million due to non-submission of insurance claims

- xxviii) **Audit Para # 38, Page-46-AR-1989-90**
Recoverable amount of Rs 0.841 million from various consumers
- xxix) **Audit Para # 39, Page-47-28-AR-1989-90**
Loss of Rs 0.164 million on account of transportation and repair charges
- xxx) **Audit Para # 40, Page-49-AR-1989-90**
Loss of Rs 0.765 million due to improper planning of fisheries development scheme
- xxxii) **Audit Para # 42, Page-50-51-AR-1989-90**
Wrong adjustment of Rs 18-576 million on account of escalation charges
- xxxiii) **Audit Para # 43, Page-52-AR-1989-90**
Wasteful expenditure of Rs 268,500 on the purchase of a road roller
- xxxiiii) **Audit Para # 45, Page-52-AR-1989-90**
Loss recovery of capital cost amounting of Rs 3.181 million
- xxxv) **Audit Para # 46, Page-53-54-AR-1989-90**
Misappropriation of stores amounting to Rs 2.4 million
- xxxvi) **Audit Para # 47, Page-55-AR-1989-90**
Energy debtors Rs 4895.841 million
- xxxvii) **Audit Para # 48(A), Page-56-57-AR-1989-90**
Budget performance and financial discipline during the year 1989-90
- xxxviii) **Audit Para # 48(B), Page-58-AR-1989-90**
Budget performance and financial discipline during the year 1989-90
- xxxix) **Audit Para # 49, Page-59-AR-1989-90**
Non-preparation of performance accounts of P.C Pole Plants

PAC DIRECTIVE

On the presentation of the above 38 paras, the Public Accounts Committee (PAC) directed the Ministry to implement the decisions of the DAC.

PERFORMANCE AUDIT REPORT ON LOWER RECHNA REMAINING (SCARP-5 KHAIRWALA SUB UNIT (1989-90))

- 3.13 i) **Audit Para # 5(b)-PAR-1989-90**
Defective works on tube wells worth Rs 7.328 million

Audit pointed out that the works of disposal system of tube wells were unsatisfactory. Sub-standard and inferior quality PVC pipe/sockets were used in disposal channels, which resulted in damage of PVC pipes/sockets immediately after operation of drainage tube wells.

ii) Audit Para # 5(c)-PAR-1989-90

Excess expenditure of Rs 424,800 on Development and testing of tube wells

WAPDA changed the design of drainage tube wells (as provided in the PC-I). The designed discharge of each drainage tube well was increased from 2.5 to 3.0 cusec, which could adversely effect the life of tube wells. Resultantly an excess expenditure of Rs 11.966 million was incurred which could have been avoided.

iii) Audit Para # 5(f)-PAR-1989-90

Wastage of O&M million expenditure of Rs 3.279 million

WAPDA incurred Rs 3.279 million on operation and maintenance of 48 drainage tube wells in Lahore Remaining-Khairwala Project. In view of the performance of tube wells reported in Paras 5-b and chapter 5-d, O&M expenditure of Rs 3.279 million had gone waste, which needed justification.

PAC DIRECTIVE

On the presentation of the above three paras, the Public Accounts Committee (PAC) recommended the paras subject to verification of the record by the Audit within two months. Follow up action will be monitored by Implementation Committee of PAC Sectt.

3.14

i) Audit Para # 5(a)-PAR-1989-90

Un-satisfactory civil works

ii) Audit Para # 5(d)-PAR-1989-90

Excess Expenditure of Rs 424,800/ on development and testing of tube wells

iii) Audit Para # 5(e)-PAR-1989-90

Early deterioration of drainage tubewells

iv) Audit Para # 5(g)-PAR-1989-90

Cost over run

- v) **Audit Para # 5(h)-PAR-1989-90**
Loss of agricultural benefits of Rs 49.421 million on account of delay in completion of project
- vi) **Audit Para # 5(i)-PAR-1989-90**
Economic Analysis
- vii) **Audit Para # 5(j)-PAR-1989-90**
Planning Drainage tube wells
- viii) **Audit Para # 5(k)-PAR-1989-90**
Internal Control
- ix) **Audit Para # 5(l)-PAR-1989-90**
Utilizing of WMO Reports

PAC DIRECTIVE

The Public Accounts Committee (PAC) directed the Ministry to implement the decisions of the DAC.

PERFORMANCE AUDIT REPORT ON CHASHMA RIGHT BANK CANAL FOR THE YEAR 1989-90

3.15 **Audit Para # 6.3-PAR-1989-90** **Improper planning stage-II**

Audit pointed out that as per design/drawing, constructions of the structures was to be completed first followed by earth work and compaction/lining. A track of 24 cross- drainage structures was planned. Out of which only 4 were completed. It was observed that in the completed drainage structures flood carrier drains were not provided so far and there was no outler for sheet water which caused damage to the structures and main drain. This is due to lack of co-ordination/improper planning on the part of WAPDA.

The management informed the Public Accounts Committee (PAC) that the construction of flood carrier channels was started after the approval of revised PC-I.

PAC DIRECTIVE

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

3.16 **Audit Para # 6.9-PAR-1989-90**

Financial Assistance of Rs 28.315 million to the contractor

Audit pointed out that contractor was given financial assistance of Rs 2.6 million per month and no mark up was charged whereas, WAPDA was paying interest rate of 12% P.A on the assistance.

The management informed the Public Accounts Committee (PAC) that assistance under suitable security/guarantee was provided to complete the project at the earliest. MOU signed with the contractor in this regard.

PAC DIRECTIVE

The Public Accounts Committee (PAC) observed that it is a bad practice and it should be stopped in future. However, the Public Accounts Committee (PAC) recommended the para for settlement.

3.17

i) **Audit Para # 6.1-PAR-1989-90**

Lack of proper pre-qualification of the contractors

ii) **Audit Para # 6.2-PAR-1989-90**

Failure of Internal Controls

iii) **Audit Para # 6.4-PAR-1989-90**

Time over-Run

iv) **Audit Para # 6.5-PAR-1989-90**

Cost over-Run

v) **Audit Para # 6.6-PAR-1989-90**

Excess expenditure of Rs 16.719 million due to change in design/specifications

vi) **Audit Para # 6.6.2-PAR-1989-90**

Probable excess payment of Rs 19.722 million for concrete tinning

vii) **Audit Para # 6.7-PAR-1989-90**

Cracks in lining unsatisfactory work of Rs 2.00 million

viii) **Audit Para # 6.8-PAR-1989-90**

Non utilization of Foreign Loan

ix) **Audit Para # 6.10-PAR-1989-90**

Blocking authority's funds to the tune of Rs 11.028 million

x) **Audit Para # 6.11-PAR-1989-90**

- Overpayment of Rs 0.104 million due to application of in admissible rates in variation order # CRBC-62
- xi) **Audit Para # 6.12-PAR-1989-90**
Loss of Rs 153.84 million of agricultural benefits on account of delay in completion

PAC DIRECTIVE

On the presentation of the above eleven Audit Paras by the Audit, the Public Accounts Committee (PAC) directed the Ministry to implement the decisions of the DAC.

PERFORMANCE AUDIT REPORT ON NORTH DADU SURFACE DRAINAGE PROEJCT, WAPDA SURKKUR FOR THE YEAR 1989-90

3.18

- i) **Audit Para # 5.3-PAR-1989-90**
Defective planning
- ii) **Audit Para # 5.4-PAR-1989-90**
Non achievement of objective in time
- iii) **Audit Para # 5.5(2)-PAR-1989-90**
Contract management
- iv) **Audit Para # 5.5.2(a)-PAR-1989-90**
Blockage of Authority's fund of Rs 8.621 million by LAC
- v) **Audit Para # 5.5.2(b)-PAR-1989-90**
Overpayment of Rs 2.593 million
- vi) **Audit Para # 5.5.2(c)-PAR-1989-90**
Overpayment of Rs 2.838 million and LD of Rs 0.996 million
- vii) **Audit Para # 5.5.2(d)-PAR-1989-90**
Overpayment of Rs 217.550
- viii) **Audit Para # 5.5.2(g)-PAR-1989-90**
The project authorities did not carry out any analysis of rate before awarding of contracts

PAC DIRECTIVE

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

3.19

- i) **Audit Para # 5.1-PAR-1989-90**
Delay in completion of the project
- ii) **Audit Para # 5.2-PAR-1989-90**
Cost over-Run
- iii) **Audit Para # 5.5.2-PAR-1989-90**
Miscellaneous Irregularities

PAC DIRECTIVE

\On the presentation of the above three Audit Paras by the Audit, the Public Accounts Committee (PAC) recommended the paras for settlement subject verification of the record by the Audit.

PERFORMANCE AUDIT REPORT ON SUKH BIAS SCARP DRAINAGE PROJECT PHASE-I FOR THE YEAR 1989-90

3.20

- i) **Audit Para # 7.2.1-PAR-1989-90**
Over specification of pumps
- ii) **Audit Para # 7.1.3-PAR-1989-90**
Extension in time limit

PAC DIRECTIVE

On the recommendation of the DAC, the Public Accounts Committee (PAC) recommended the above two Audit Paras for settlement subject verification of the record by the Audit.

3.21

- i) **Audit Para # 7.1.2-PAR-1989-90**
Rejection of Lower bids
- ii) **Audit Para # 7.1.1-PAR-1989-90**
Rate analysis
- iii) **Audit Para # 7.2.2-PAR-1989-90**
Deterioration of tubewells
- iv) **Audit Para # 7.3-PAR-1989-90**
Operation & Maintenance
- v) **Audit Para # 7.4-PAR-1989-90**
Asset Management

PAC DIRECTIVE

On the recommendation of the DAC, the Public Accounts Committee (PAC) recommended the above five paras for settlement.

PERFORMANCE AUDIT REPORT ON GUDDU THERMAL POWER STATION UNIT-III FOR THE YEAR 1989-90

3.22

- i) **Audit Para # 4.6.5-PAR-1989-90**
Excess expenditure on erection of plants and machinery
- ii) **Audit Para # 4.6.7-PAR-1989-90**
Avoidable expenditure of Rs 50 million due to non-acceptance of single bid

PAC DIRECTIVE

On the recommendation of the DAC, the Public Accounts Committee (PAC) recommended the two paras for settlement subject to verification of the record by Audit.

- iii) **Audit Para # 1.2, 3.1, 3.3, 4.2 & 4.3-PAR-1989-90**
Implementation of the project
- iv) **Audit Para # 4.1-PAR-1989-90**
Achievement of objective
- v) **Audit Para # 4.4-PAR-1989-90**
Cost over-run
- vi) **Audit Para # 4.5-PAR-1989-90**
Completion Report
- vii) **Audit Para # 4.6.1-PAR-1989-90**
Extra expenditure on custom duty and sales tax for Rs 24.288 million and Marine Insurance for Rs 0.409 million
- viii) **Audit Para # 4.4-PAR-1989-90**
Cost over-run
- ix) **Audit Para # 4.5-PAR-1989-90**
Completion Report
- x) **Audit Para # 4.6.1-PAR-1989-90**
Extra expenditure on custom duty and sales tax for Rs 24.288 million and Marine Insurance for Rs 0.409

- xi) **Audit Para # 4.6.2-PAR-1989-90**
Recovery of demurrage charges for Rs 6.03 million
- xii) **Audit Para # 4.6.3-PAR-1989-90**
Loss of Rs 3.21 million due o payment of demurrage charges
- xiii) **Audit Para # 4.6.4-PAR-1989-90**
Infructuous expenditure of Rs 1.228 million due to delay in award of contract
- xiv) **Audit Para # 4.6.6-PAR-1989-90**
Loss of Rs 2.016 million due to earlier import of cement
- xv) **Audit Para # 4.7-PAR-1989-90**
Operation cost
- xvi) **Audit Para # 4.8-PAR-1989-90**
Economic analysis of the project
- xvii) **Audit Para # 5-PAR-1989-90**
Reasons for abnormal delay

PAC DIRECTIVE

On the recommendation of the DAC, the Public Accounts Committee (PAC) recommended the above audit paras for settlement.

PERFORMANCE AUDIT REPORT ON KOT ADU POWER STATION UNIT-5 TO UNIT 8 FOR THE YEAR 1989-90

3.23

- i) **Audit Para # 5.1-PAR-1989-90**
Delay in the implementation of the project due to delay in finalization of tenders, liberal extensions and financial constrains
- ii) **Audit Para # 5.2-PAR-1989-90**
Contract Management
- iii) **Audit Para # 5.3-PAR-1989-90**
Wastage of resources due to non-installation of combined cycle system at the project resulting in revenue loss of Rs 639 million
- iv) **Audit Para # 5.4-PAR-1989-90**
Performance of the Power House
- v) **Audit Para # 5.5-PAR-1989-90**
Economic Analysis

PAC DIRECTIVE

On the recommendations of the DAC, the Public Accounts Committee (PAC) recommended the above five paras for settlement.

PERFORMANCE AUDIT REPORT ON LOWER RACHNA REMAINING DRAINAGE IV PROJECT, FAISALABAD FOR THE YEAR 1989-90

3.24

- i) **Audit Para # 6.1-PAR-1989-90**
Lack of proper pre-qualification
- ii) **Audit Para # 6.2-PAR-1989-90**
Change in design
- iii) **Audit Para # 6.3(i)-PAR-1989-90**
Improper planning
- iv) **Audit Para # 6.3-PAR-1989-90**
Change in Specification of gravel material

- v) **Audit Para # 6.6-PAR-1989-90**
Role of the USBR Advisors
- vi) **Audit Para # 6.3(iii)-PAR-1989-90**
Electrification of sumps /pumping stations
- vii) **Audit Para # 6.3(iv)-PAR-1989-90**
Gypsum application
- viii) **Audit Para # 6.3(v)-PAR-1989-90**
Trained WAPDA personnel
- ix) **Audit Para # 6.4-PAR-1989-90**
Time over-run
- x) **Audit Para # 6.5-PAR-1989-90**
Cost over-run
- xi) **Audit Para # 6.7(ii)-PAR-1989-90**
Financial Management of the project
- xii) **Audit Para # 6.7(ii)-PAR-1989-90**
Undue benefit worth Rs 308,775 to the contractor by giving secured advance payment for the rejected material
- xiii) **Audit Para # 6.7(iii)-PAR-1989-90**
Loss of Rs 3,455,663 due to excess payment of custom duties and taxes to the contractor
- xiv) **Audit Para # 6.7(iv)-PAR-1989-90**

Non-recovery of liquidated damages amounting to Rs 27 million from the contractor

PAC DIRECTIVE

On the presentation of the above fourteen Audit Paras by the Audit, the Public Accounts Committee (PAC) directed the Ministry to implement the recommendation of the DAC.

- 3.25 **Audit Para # 6.6-PAR-1989-90**
Consultancy Agreement

PAC DIRECTIVE

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

SPECIAL STUDY REPORT ON DAMAGE/BREAK DOWN OF GRID STATION AND TRANSMISSION LINES FOR THE YEAR 1989-90

3.26

- i) **Audit Para # 3.1.1 & 3.1.2-SSR-1989-90**
Damage of Burhan Grid Station
- ii) **Audit Para # 3.4.2 & 3.4.3-SSR-1989-90**
Loss of Rs 5.91 million (replacement cost) and Rs 3.96 million (revenue cost)
- iii) **Audit Para # 3.5-SSR-1989-90**
Non-production of record

PAC DIRECTIVE

On the presentation of the above three audit paras, the Public Accounts Committee (PAC) directed the Ministry to implement the recommendations of the DAC.

3.27

- i) **Audit Para # 3.2.1 & 3.2.2-SSR-1989-90**
Damage of transformer in Mardan Grid Power Station
- ii) **Audit Para # 3.3.1 & 3.3.2-SSR-1989-90**

Damage of Tangi Grid Station

- iii) **Audit Para # 3.4.1-SSR-1989-90**
Ineffective management control in transmission lines resulting in theft of perts from poles amounting to Rs 0.135 million
- iv) **Audit Para # 3.6.1,3.6.2 & 3.6.3-SSR-1989-90**
General finding

PAC DIRECTIVE

On the recommendations of the DAC, the Public Accounts Committee (PAC) recommended the above paras for settlement.

SPECIAL STUDY REPORT ON 500 JAMSHORO GUDDU-MULTAN LAHORE TRANSMISSION LINE PROJECT FOR THE YEAR 1989-90

- 3.28 **Audit Para # 2.2.1-SSR-1989-90**
Change in specification of conductor

Audit pointed out that due to change of specification of conductor, the costly stringing equipments and allied accessories with three bundles conductor valuing Rs 23 million already available in Lawrencpur and Gatti stores became useless resulting in blockage of funds to the extent. It indicated that proper planning was not made at the start of work.

The management informed the Public Accounts Committee (PAC) that 4 bundle conductors were installed on recommendations of consultants, the stringing equipment lying at Lawrencpur was used in construction of 220 KV line.

PAC DIRECTIVE

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

- 3.29 **Audit Para # 2.2.2-SSR-1989-90**
Loss due to maintenance of unused store to the extent of Rs 4.34 million

Audit pointed out that the material rendered surplus due to change of specification of conductor was kept in open store yard at Lawrenspur and Gatti upto April 1990. An expenditure of Rs 4.34 million was incurred on account of pay & allowances of staff for maintenance of these stores. It indicated that the conductor was purchased without requirement and adequate planning.

The management informed the Public Accounts Committee (PAC) that 2nd 500 KV Tarbela-Faisalabad transmission line was completed in September 1985, and un-used material was returned to stores at Lawrencepur and Lallian, therefore, stores were handed over to GSO. However, Lawrencepur stores was retained for use in 3rd KV transmission line Tarbela –Lahore project. Hence there was no loss due to maintenance.

PAC DIRECTIVE

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

3.30 Audit Para # 2.3.1 & 2.3.2-SSR-1989-90

Loss of Rs 1.5 million and Rs 1.1 million due to missing home mobile trailers and theft of conductor

Audit pointed out that:

- i) The conductor lying in the Lawrencepur store was stolen due to negligence of staff. About 29.062 kg conductors worth Rs 1.1 million was found short due to theft. Resulting in a loss to that extent and indicated that project authorities failed to safeguard their assets.
- ii) Two Home Mobile Trailer were found missing from Lawrencepur store. If the material lying in the sub store of Lawrencepur has not been rendered surplus it would have been utilized in the line. Thus due to poor planning which resulted in un-utilization of material, case of missing of the trailers had happened and loss of Rs 1.5 million was rendered to the Authority.

PAC DIRECTIVE

Public Accounts Committee (PAC) directed the PAO that action taken report on the findings of the in inquiry committee should be provided to PAC and taken

action against the persons(s) responsible within 15 days. Follow up action will be monitored by Implementation Committee of PAC Sectt.

3.31

- i) **Audit Para # 2.1-SSR-1989-90**
Delay in implementation of project
- ii) **Audit Para # 2.2.4-SSR-1989-90**
Loss of Rs 200.84 million on purchasing of material (conductor) at higher rates
- iii) **Audit Para # 2.2.5-SSR-1989-90**
Non-beneficial expenditure of crores of rupees
- iv) **Audit Para # 2.4-SSR-1989-90**
Loss due to defective agreement

- v) **Audit Para # 2.5-SSR-1989-90**
Under utilization of Foreign Loans

PAC DIRECTIVE

On the presentation of the above five audit paras by Audit, the Public Accounts Committee (PAC) directed the Ministry to implement the recommendations of the DAC.

3.32

- i) **Audit Para # 2.2.3-SSR-1989-90**
Loss of Rs 10.025 million on installation of pile foundation of tower # 577 in Indus River
- ii) **Audit Para # 2.2.6-SSR-1989-90**
Change in site of Sub-station at Lahore

PAC DIRECTIVE

On the recommendation of the DAC, the Public Accounts Committee (PAC) recommended the above two paras for settlement.

MINISTRY OF WOMEN DEVELOPMENT

1. Overview

Appropriation Accounts (Civil- Vol-1) of the Federal Govt. pertaining to Ministry of Women Development were taken up for examination by Public Accounts Committee (PAC) No.1 of the Public Accounts Committee (PAC) on 30.06.2009.

- 1.1 *Three (03) Grants were presented by AGPR. On the presentation of the Grants by AGPR, the Public Accounts Committee (PAC) recommended the saving/excess of the Grants for regularization.*

ACTIONABLE POINTS

APPROPRIATION ACCOUNTS (CIVIL VOL-I FOR THE YEAR 1989-90)

2.1 i) GRANT # - 14- WOMEN'S DIVISION

(Saving Rs.78,668)

AGPR pointed out that the grant closed with a saving of Rs.78,668 which works out to 0.34% of the total grant. An amount of Rs.126,000 (0.55%) was surrendered resulting into an excess of Rs.47,332 (0.20%).

ii) GRANT # - 145- DEVELOPMENT EXPENDITURE OF WOMEN'S DIVISION

(Saving Rs.3,743,193)

AGPR pointed out that the grant closed with a saving of Rs.3,743,193 which works out to 4.23% of the total grant.

iii) GRANT # - 146- DEVELOPMENT EXPENDITURE OF SPECIAL PROGRAMMES FOR WOMEN

(Saving Rs.4,208,361)

AGPR pointed out that the grant closed with a saving of Rs.4,208,361 Which works out to 5.67% percent of the total grant.

PAC DIRECTIVE

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