



REPORT

OF THE

PUBLIC ACCOUNTS COMMITTEE

ON

MONITORING AND IMPLEMENTATION

FOR THE YEAR

1996-1997

National Assembly Secretariat
Islamabad



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**NATIONAL ASSEMBLY SECRETARIAT
ISLAMABAD**

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PREFACE

Under Article 171 of the Constitution of Islamic Republic of Pakistan, 1973 read with Rules 177 and 203 of the Rules of Procedure and Conduct of Business in the National Assembly, 2007, for the year 1996-97, the Annual Report of the Auditor General relating to the Accounts of the Federation was referred to the Public Accounts Committee for examining the appropriation of sums granted by the Assembly. As such, the Assembly has an effective oversight role of the financial expenditure through its Committee on Public Accounts to get satisfied that the expenditures being incurred by the organizations are in accordance with the sums appropriated by the Assembly. In this process, the Auditor General of Pakistan duly assists the PAC.

2. Sub-Committee of PAC on Monitoring & Implementation under the Convenership of Rana Afzaal Hussain, MNA worked on fast track by giving an opportunity to various Ministries/Divisions to explain their position during marathon sessions of 26 meetings. A comprehensive review of the previous Directives of PAC came under review of this Committee which kept the Ministries/Divisions fully sensitized on the very issue of accountability.

3. National Assembly Secretariat appreciates valuable input and prudent guidance of Honourable Chairman PAC, Syed Khursheed Ahmed Shah, and Rana Afzaal Hussain, Convener of the Sub-Committee as well as Members of the Committee in accomplishing the task and compiling the Report for presenting it before the Assembly.

(ABDUL JABBAR ALI)
Secretary
National Assembly Secretariat

Islamabad, the March ____ 2016

EXECUTIVE SUMMARY

It is indeed a privilege to present the Report on the status of implementation of the Directives of the PAC made in its Report for the year 1996-97. The issue of non-implementation of the Decisions of the Parliament or that of its Committees has always been felt and efforts have been made by the successive democratic Governments to give more power to the voice of the public representatives. Likewise, the Reports of the PACs are adopted by the National Assembly containing directions on the Audit Reports; however, there is hardly any mechanism to oversee the progress of implementation of its decisions. In order to accomplish this task, the PAC in its meeting held on the 6th March, 2014 constituted a Sub-Committee on Monitoring and Implementation and assigned the task of reviewing compliance on previous PACs Reports already laid in the House and report to the Committee.

2. The Public Accounts Committee in its meeting held on 26.01.2016 examined the Report compiled by the Sub-Committee and was accordingly adopted by the Committee unanimously. It is worth mentioning that the Report has been finalized in less than two years period despite the fact that the PAC and its Sub-Committees remained non-functional due to the non-appearance of the then Auditor General and his team. The Committee held 26 marathon sessions wherein 820 Paras and 28 Grants were examined.

3. Recoveries on the Directives of the Committee is an ongoing process, however, the present PAC has not only taken strict action but always extended its support to the efforts of the Audit's Department in recovering huge misappropriated amounts of the public money. Accordingly, the Audit's Department has verified recovery to the tune of Rs. 373.37 million during the said period. Whereas, as a total recovery by the current PAC till January 2016 was approximately Rs.119 Billion. Various issues that remained

unresolved for the years got resolved due to the Committee's pursuance and intervention.

4. The Committee while acknowledging the role of media in highlighting a transparent picture of the proceedings of the Committee in examination of Audit Reports, the meetings of the PAC and its Sub-Committees remained open to them. I, on behalf of the Committee pay homage to their contribution for not only portraying the highlights of the Committee's proceedings but also pinpointing the menace of corruption. It is noteworthy that the PAC took cognizance of a press story which ultimately culminated in the removal of the then AGP from his constitutional post.

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

6. I cordially thank Rana Afzaal Hussain, MNA, Convener of the PAC Monitoring Implementation Committee alongwith its members, Mr. Mahmood Khan Achakzai, Mian Abdul Mannan and Mr. Muhammad Pervaiz Malik, MNAs for making a success of completion of the task of Audit Report for the year 1996-97.

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

8. My special thanks to the Auditor General of Pakistan, Rana Assad Amin, the Accountant General Pakistan Revenue Hafiz Muhammad Tahir, the Controller General of Accounts Mr. Asif Ali, the Deputy Auditor General (FAO), Mr. Jamal Abdul Nasir Usmani and all the Directors General Audit, and their teams who worked hard in accomplishing the task.

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

PAC Directives.

10. I sincerely acknowledge the hard work and efforts of the Secretary National Assembly Secretariat Mr. Abdul Jabbar Ali, officers and staff of PAC wing including Mr. Sharifullah Khan Wazir, Additional Secretary, Syed Fayyaz Hussain Shah, Joint Secretary, Mr. Aurangzeb Marral, Deputy Secretary, Mr. Muhammad Iqbal Ghauri, Section Officer, and PAC Implementation Branch staff who worked with great zeal and zest in scheduling, arranging, coordinating frequent PAC working sessions and preparing/compiling the Report. I appreciate their focused efforts for providing in time support within the shortest span of time.

11. The Committee recommends that:-

- i) Suggestions, Directives and Recommendations made by the Public Accounts Committee (PAC) be implemented by the respective Ministries, Divisions and Departments to improve the financial, administrative and operational performance of the Federal Government.
- ii) Officers/Officials of the PAC Secretariat and Media representatives who worked with me should be awarded with appreciation certificates for their outstanding performance.

(ABDUL JABBAR ALI)
Secretary
National Assembly Secretariat

(SYED KHURSHEED AHMED SHAH)
Chairman
Public Accounts Committee

Islamabad, the 5th May, 2016

AVIATION DIVISION

OVERVIEW

The PAC (M&I) examined and reviewed the status of implementation of the decisions of PAC made in the report for the year 1996-97 in its meeting held on 26th May, 2015.

- Thirty one (31) paras were presented by the Audit department which were examined by the PAC (M&I) out of which 27 paras were settled whereas, appropriate directions were accordingly issued for remaining paras.
- In a few paras the PAO was directed to hold inquiries, fix responsibility and initiate disciplinary actions.

AVIATION DIVISION
(ACTIONABLE POINTS)

Actionable Points regarding **Aviation's Division** meeting held on **26th May, 2015**, for the year 1996-97 :-

DIRECTOR GENERAL COMMERCIAL AUDIT & EVALUATION, KARACHI
PAKISTAN INTERNATIONAL AIRLINES CORPORATION

1. i) **PARA 5-7, ITEM 04 – ARPSE 1996-97**
- ii) **PARA 13, ITEM 05 –ARPSE 1996-97**
AVOIDABLE EXPENDITURE OF RS 33.459 MILLION ON ACCOUNT OF
GROUND FEEDING OF PAX DUE TO DELAYED FLIGHTS
- iii) **PARA 15, ITEM 06 – ARPSE 1996-97**
LOSS OF RS. 2.617 MILLION DUE TO NON-UTILIZATION OF WATER
CONNECTION
- iv) **PARA 16, ITEM 07(i) – ARPSE 1996-97**
LOSS OF RS 2.030 MILLION DUE TO DEFAULT OF PAX AGENT
- v) **PARA 18, ITEM 07(ii) – ARPSE 1996-97**
LOSS OF RS. 1.106 MILLION DUE TO DEFAULTING OF PAX AGENT

INTERNATIONAL ADVERTISING (PVT) LIMITED

- vi) **PARA 26, ITEM 10 – ARPSE 1996-97**

MIDWAY HOUSE (PVT) LIMITED

- vii) **PARA 27-28, ITEM 01 –ARPSE 1996-97**
- viii) **PARA 29, ITEM 02 –ARPSE 1996-97**
UNJUSTIFIED FAVOUR TO EX-GENERAL MANAGER BY GIFTING
COMPANY'S CAR VALUING RS. 0.300 MILLION

PIA HOTELS LIMITED

- ix) **PARA 30-31, ITEM 03 –ARPSE 1996-97**

PIA INVESTMENT (PVT) LIMITED

- x) **PARA 32-33 , ITEM 04 (i) –ARPSE 1996-97**
- xi) **PARA 34 , ITEM 05 –ARPSE 1996-97**

xii) PARA 35 , ITEM 04 (ii) –ARPSE 1996-97

PIA SHAVER POULTRY BREEDING FARMS (PVT) LIMITED

xiii) PARA 36 , ITEM 06 (i) –ARPSE 1996-97

xiv) PARA 37, ITEM 06 (ii) –ARPSE 1996-97

SKYROOMS (PVT) LIMITED

xv) PARA 38 , ITEM 07 –ARPSE 1996-97

xvi) PARA 39 , ITEM 08 –ARPSE 1996-97

PAC (M&I) DIRECTIVE (26-05-2015)

The PAC (M&I) settled the above mentioned sixteen (16) Paras on the recommendation of DAC.

DIRECTOR GENERAL AUDIT WORKS (FEDERAL) ISLAMABAD

2. PARA A-I.1, AR 1996-97
OVERPAYMENT OF RS. 5,094,900 DUE TO PAYMENT ON HIGHER RATE

PAC(M&I) DIRECTIVE (26-05-2015)

The PAC (M&I) settled the Para subject to verification of rates by the Audit.

3. i) PARA A-II.1, AR 1996-97
OVER PAYMENT OF RS. 300,400 DUE TO PAYMENT OF INADMISSIBLE ALLOWANCES TO AN OFFICER ON DEPUTATION
- ii) PARA A-III.1, AR 1996-97
OVER PAYMENT OF RS. 292,500 DUE TO INADMISSIBLE REST & RECREATION ALLOWANCE
- iii) PARA B-I.1, AR 1996-97
SHORT RECOVERY OF RS. 1,663,177 ON ACCOUNT OF REBATE
- iv) PARA B-1.2, AR 1996-97
SHORT RECOVERY OF RS. 1,288,805 ON ACCOUNT OF REBATE
- v) PARA B-III.1, AR 1996-97
NON-RECOVERY OF RENT AND ELECTRIC CHARGES OF RS. 16.838 MILLION

- vi) PARA B-III.3, AR 1996-97
NON-RECOVERY OF RS. 307,240 ON ACCOUNT OF SUPPLY OF REFRESHMENT/CATERING ITEMS IN CIP LOUNGE
- vii) PARA B-III.4, AR 1996-97
NON-RECOVERY OF LANDING & HOUSING CHARGES/SPACE RENT- RS. 468,297
- viii) PARA B-III.5, AR 1996-97
NON-RECOVERY OF RS. 0.097 MILLION
- ix) PARA C-II.1, AR 1996-97
LOSS OF RS. 22,947,484 DUE TO AWARD OF WORK AT HIGHER RATES
- x) PARA C-IV.1, AR 1996-97
LOSS OF RS. 1,623,668 DUE TO NON-INVESTMENT OF RS. 25.979 MILLION
- xi) PARA D-III.1, AR 1996-97
UNAUTHORIZED EXPENDITURE OF RS. 858,692 DUE TO AWARD OF WORK WITHOUT APPROVAL

PAC (M&I) DIRECTIVE (26-05-2015)

The PAC (M&I) settled the above mentioned 11 (eleven) Paras on the recommendation of DAC.

- 4. PARA B-III.2, AR 1996-97
NON-RECOVERY OF RS. 0.148 MILLION

PAC DIRECTIVE (26-05-2015)

The PAC (M&I) pended the Para due to sub-judice in nature till the decision of the Court.

- 5. PARA C.II.2, AR 1996-97
LOSS OF RS. 365,000

PAC (M&I) DIRECTIVE (26-05-2015)

The PAC (M&I) settled the Para subject to verification of the post facto approval from the competent authority by the Audit within two (02) weeks.

6. **PARA D.I.1, AR 1996-97**
IRREGULAR EXPENDITURE OF RS. 1 MILLION (APPROX.) ON UN-
WARRANTED REINSTATEMENT IN SERVICE OF EX-EMPLOYEE AS
GENERAL MANAGER

Audit pointed out that in Head Quarters of Civil Aviation Authority; a person, who did not possess the requisite experience for an advertised post, was employed as Manager Commercial in April, 1986 on contract basis for a year (counterpart employee). On the termination of his contract period his contractual period was subsequently extended up to June 30,1988, the employee's representations/appeals to seek re-entry into service made to this Authority, Ministry and Judicial forum were rejected after thorough examination but the Authority re-instated him in April,1994 as General Manager without any cogent reasons on record. Thus irregular expenditure amounting to RS 1,000,000 (aprox) was incurred on his pay and allowances.

PAC (M&I) DIRECTIVE (26-05-2015)

The PAC (M&I) directed the PAO to submit report on the issue within (thirty) 30 days to the Audit and the PAC.



CABINET DIVISION

OVERVIEW

The PAC (M&I) examined and reviewed the status of implementation of the decisions of PAC made in the report for the year 1996-97 in its meetings held on 21-23rd May, 2014 & 18th February and subsequently 28th December, 2015.

- Fifty (50) paras were presented by the Audit department which were examined by the PAC (M&I) out of which 23 paras were settled whereas, appropriate directions were accordingly issued for remaining paras.
- In a few paras the PAO was directed to hold inquiries, fix responsibility and initiate disciplinary actions.
- The Committee also referred four paras to NAB and one para to FIA for investigation and report.

CABINET DIVISION
ACTIONABLE POINTS

Actionable Points regarding **Cabinet Division** meetings held on **21st to 23rd May, 2014, 18th February, 2015 and 28th December, 2015** for the year 1996-97:-

ACTIONABLE POINTS FOR THE YEAR, 1996-97
DEPUTY CONTROLLER STATIONERY AND FORMS, KARACHI

1. **PARA-12**
PROFORMA ACCOUNTS PREPARED BY THE DEPUTY CONTROLLER
STATIONERY AND FORMS, KARACHI EXAMINED BY THE AUDIT.

PAC (M&I) DIRECTIVE (21ST TO 23RD MAY, 2014)

The Committee settled the Para.

DEPUTY CONTROLLER STATIONERY AND FORMS,
KARACHI- 1996-97

2. **PARA-14 (ARPSE-1996-97)**
OUTSTANDING BALANCE AMOUNT OF RS.4.271 MILLION FROM M/S PTCL

The Audit pointed out those Sundry debtors remained at Rs. 4.480 million on June 30, 1996 as well as June 30, 1995 showing no positive change in the accounts. Major amount pertained to the years 1976-77 to 1991-92. Efforts are required to be made to recover old outstanding amount to avoid the possible loss in this regard.

The PAO stated that an amount of Rs. 22.113 million out of Rs. 23.108 million outstanding against Pakistan Post Office Department has been received from them through cheque No.290462 dated 30-06-2003.

The Joint Secretary (Cabinet Division) apprised the sub-Committee that several meetings held in the office of Senior Manager (Finance) PTCL regarding payment of outstanding dues of Rs. 4.274 million. He further informed that PTCL has agreed for the payment of Rs. 2.224 million but not ready to pay the remaining dues of Rs. 2.0147 million. He added that they were vigorously pursuing the issue with PTCL.

PAC Directive (Dated 12.06.2001)

The PAC directed the PAO to recover the outstanding amount of Rs.51.6 Million from PPO and PTCL and report to the Committee within one month.

PAC (M&I) DIRECTIVE (21ST TO 23RD MAY, 2014)

The Committee directed the PAO/Management to verify the recovered amount from the Audit. The Committee also directed the PAO to reconcile the amount of Rs. 1.8 million with the PTCL / Audit and report to the Committee in its next meeting.

PAC (M&I) DIRECTIVE (18-02-2015)

The PAC (M&I) directed the PAO to settle the issues with PTCL within 01 month and the progress therein be submitted during the next meeting.

PAC (M&I) DIRECTIVE (28-12-2015)

The PAC (M&I) directed the PAO to submit the matter in the Board of Directors for write off the amount under intimation to Committee (M & I). The Committee had shown its displeasure for non-implementation/non-serious attitude of Ministry regarding implementation of the PAC directives.

**AUDIT REPORT 1996-97-GOVERNMENT
SERIES REPORT NO.1**

**3. PARA-1
SUSPECTED MISAPPROPRIATION ON ACCOUNT OF PRINTING
MATERIAL – RS.3.009 MILLION**

The Audit requested the Committee that PAO should verify the record of the Stock Register from the Audit within two weeks.

PAC (M&I) COMMITTEE DIRECTIVE (21ST TO 23RD MAY, 2014)

The Committee settled the para subject to verification of record/Stock Register from the Audit within two weeks.

PAC (M&I) DIRECTIVE (18-02-2015)

The PAC (M&I) settled the Para on the recommendation of Audit.

**4. PARA-6
UNSUPPORTED AND UNJUSTIFIED PAYMENT FOR REPAIR OF
ABANDONED PROPERTIES/ ORGANIZATION HOUSES – RS.1,781,354/-**

PAC (M&I) DIRECTIVE (21ST TO 23RD MAY, 2014)

The Committee settled the para.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES 1996-97
PRINTING CORPORATION OF PAKISTAN

5. i) **PARA -5&11**
WORKING RESULTS FOR THE YEARS 1995-96 TO 1996-97 SHOWED THE ACCUMULATED LOSSES OF RS.328.850 MILION AS ON JUNE 30, 1996
- ii) **PARA-6&7**
GENERAL PROVIDENT FUND AMOUNTING TO RS.6.00 MILLION OUTSTANDING AS ON JUNE 30, 1997 WAS INVESTED BY THE MANAGEMENT AS REQUIRED UNDER SECTION 227 OF THE COMPANIES ORDINANCE 1984
- iii) **PARA-9**
TRADE DEBTS STOOD AT RS.195.790 MILLION AT THE CLOSE OF THE YEAR
- iv) **PARA-10**
LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES AT THE CLOSE OF THE YEAR 1996-97 INCREASED TO RS. 229.309 MILLION FROM RS.168.691 MILLION AT THE END OF THE 1995-96.

PAC (M&I)DIRECTIVE (28-12-2015)

The Committee clubbed and referred the above mentioned 4 paras to DAC.

PAKISTAN BAIT UL MAL

6. **PARA-268**
IRREGULAR/UNJUSTIFIED PAYMENT OF RS.50 MILLION
- PAC (M&I)DIRECTIVE (21ST TO 23RD MAY, 2014)**

The Committee settled the para.

FREQUENCY ALLOCATION BOARD (FAB)
AUDIT REPORT 1996-97

7. **PARA-2.2**
NON MAINTENANCE OF ACCOUNTS AND PAYMENT PROCEDURE
- PAC (M&I) DIRECTIVE (21ST TO 23RD MAY, 2014)**

The Committee settled the above para.

CAPITAL DEVELOPMENT AUTHORITY (1996-97)

8. i) **PARA-B-I.1 (RS.0.408 MILLION)**
- ii) **PARA-C-III.1 (RS.0.326 MILLION)**
- iii) **PARA-C-VI.1 (RS.8.242 MILLION)**
- iv) **PARA-C-X.1 (RS.0.402 MILLION)**
- v) **PARA-D-III.2 (RS.0.710 MILLION)**

The Audit recommended the above five paras for settlement due to verification of affected recovery of RS.3,188.617/- million.

PAC (M&I) DIRECTIVE (21ST TO 23RD MAY, 2014)

The Committee settled the above five paras.

**COMPLIANCE STATUS OF PAC DIRECTIVES IN RESPECT
OF CDA AUDIT REPORT FOR THE YEAR 1996-97**

9. **PARA A-III.2 (W&S Z-B)**
DOUBLE PAYMENT OF RS.52.104 THROUGH EXTRA ITEM

The Audit pointed out that this para was referred to the Sub-Committee of PAC on 18-02-1999 as directed by the DAC in its meeting on 16-05-2014.

The Chairman, CDA suggested the Committee to refer it again to PAC (M&I) to pursue the case as the previous Committee was devolved and action could not be taken on the case.

PAC (M&I) DIRECTIVE (21ST TO 23RD MAY, 2014)

The Committee referred the para to the Sub-Committee-III of PAC.

10. **PARA B-1.1**
NON-RECOVERY OF RENT AND LICENSE FEE RS.407.970

The Audit recommended the para for settlement as full recovery of Rs.407.970/- has been affected and verified by Audit in accordance with the decision of DAC dated 12-16.5.2014.

PAC (M&I) DIRECTIVE (21ST TO 23RD MAY, 2014)

The Committee settled the above para.

**11. PARA C-11.1
LOSS OF RS.44.221 MILLION**

The Audit stated that CDA purchased MS pipes for Rs.44.221 million from contractors which were found substandard.

Additional Director, NAB informed the Committee that NAB Court decided on 13.1.2014. Conviction was awarded to the contractors with a fine of Rs.39million.

PAC (M&I) DIRECTIVE (21ST TO 23RD MAY, 2014)

The Committee pended the para till the outcome of NAB proceedings.

**12. PARA C-111.1 (SPD-II)
LOSS OF RS.234.821 MILLION**

The Audit apprised the Committee that this Para was referred to a Sub-Committee of PAC in its meeting held on 18.2.1999 however, meeting of the Sub-Committee could not be held.

PAC (M&I) DIRECTIVE (21ST TO 23RD MAY, 2014)

The Committee referred the above para to Sub-Committee-III of PAC to resolve the issue.

**13. PARA C-111.3 /MAINT-III
LOSS OF RS.326.080 DUE TO NON-ACCEPTANCE OF LOWEST RATES**

**ii) PARA C-VI.1 (E/M-II)
NON-RECOVERY OF RS.8.242 MILLION ON ACCOUNT OF COST OF PLOTS**

Audit apprised the Committee that full recoveries have been affected and verified by the Audit. The Audit recommended the above paras for settlement.

PAC (M&I) DIRECTIVE (21ST TO 23RD MAY, 2014)

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

**14. PARA C-X.1-STORE WING
LOSS OF RS.402.165 DUE TO NON-RECOVERY OF COST OF EMPTY BITUMEN DRUMS**

The Audit apprised the Committee that recovery of Rs.279,365/- has already been affected and verified whereas the remaining amount of Rs.179,265/- has been written off by the CDA Board and verified by the Audit. This para is recommended for settlement.

PAC (M&I) DIRECTIVE (21ST TO 23RD MAY, 2014)

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

**15. PARA C-XI.1-ROAD-II
LOSS OF RS.449.475 DUE TO INFRUCTUOUS EXPENDITURE**

The Audit pointed out that wooden pillars have not yet been auctioned by the CDA in accordance with the recommendations of DAC in its meeting on 12-16.05.2014. Chairman, CDA assured the Committee that to auction the 50 dismantled wooden pillars from various places of Islamabad and verify from the Audit.

PAC (M&I) DIRECTIVE (21ST TO 23RD MAY, 2014)

The Committee directed the PAO to fix responsibility against the defaulter, auction the dismantled wooden pillars, verify from Audit and report to Committee in its next meeting.

**16. PARA D-1.1/1996-97- STORE WING
LOSS OF RS.21.592 MILLION DUE TO EXCESSIVE ISSUANCE OF STORE
WITHOUT ASSESSING ACTUAL REQUIREMENT**

Audit pointed out that stock material has not been auctioned since lying in the store from the year, 1995. The Chairman, CDA apprised the Committee that attempt was made to auction the material in 2010 and 2012 but suspended it due to receipt of lowest bid.

PAC (M&I) DIRECTIVE (21ST TO 23RD MAY, 2014)

The Committee directed the PAO to fix responsibility against the defaulter, auction/dispose of the material, recover the amount and report to the Committee within a month.

**17. PARA D-1.2 STORE WING
BLOCKADE OF GOVERNMENT MONEY RS.15.300 MILLION DUE TO
PURCHASE OF SURPLUS STORE MATERIAL WITHOUT ASSESSING
ACTUAL REQUIREMENT**

Audit pointed out that stock material has not been auctioned since lying in the store from the year, 1995.

The Chairman, CDA requested the Committee to report on the issue within a month.

PAC (M&I) DIRECTIVE (21ST TO 23RD MAY, 2014)

The Committee directed the PAO to fix responsibility against the defaulter, recover the amount and report to the Committee within a month.

18. **PARA D-II.1 STORE WING/ AR1996-97**
UNDUE BENEFIT OF RS.28.802 MILLION DUE TO ALLOTMENT OF
RESIDENTIAL PLOTS ON THE BASIS OF FICTICIOUS AFFIDAVITS

The Audit pointed out that findings/outcome of FIA investigation has not so far been shared with the Audit.

CDA Representative apprised the Committee that a circular was issued by the Cabinet Division on 31st July, 2003 with the instructions that the issues on which the President of Pakistan decided shall not be reopened. However, this case was referred to FIA in the meeting of DAC, 2013 due to non-provision of the copy of this circular.

PAC (M&I) DIRECTIVE (21ST TO 23RD MAY, 2014)

The Committee directed the PAO to get the opinion of Law Division after getting the findings of FIA. The Committee pended the para.

19. **PARA D-III.1 W&S Z.A**
UNAUTHORIZED/IRREGULAR PAYMENT OF RS.1.200 MILLION DUE TO
PURCHASE OF LAND CRUISER WITHOUT SANCTION/NOC/ALLOCATION OF
FUNDS

Audit stated that CDA purchased a costly land cruiser valuing Rs.1.200 million and charged the expenditure to contingencies of work "Metropolitan Water Supply Project (BWP)" without any necessity and provision in PC-1 agreement, approval, sanction and allocation. Audit has to examine the case for regularization of the expenditure by the Finance as well as Planning & Development Division.

Chairman, CDA apprised the Committee that PAC directed to regularize the expenditure again from Finance Division. CDA will attempt to regularize the same whereas the land cruiser exists and the officer has retired.

PAC (M&I) DIRECTIVE (21ST TO 23RD MAY, 2014)

The Committee directed the PAO/Chairman, CDA to regularize the expenditure from Finance under intimation to Audit and report to the Committee in its next meeting.

20. **PARA D-III.2 MECH.H**
IRREGULAR PURCHASE RS.709,860 OF CHEMICAL COMPOUND BY
SPLITTING FOR WHICH ACCOUNTAL WAS NOT MADE

Audit stated that material was purchased with the approval of competent authority, stock register and relevant record has been verified by the Audit.

PAC (M&I) DIRECTIVE (21ST TO 23RD MAY, 2014)

The Committee settled the para on the recommendation of the Audit.

**21. D-IV.1 WORKS-II
FICTITIOUS PAYMENT MADE WITHOUT RECORD MEASUREMENT IN MEASUREMENT BOOKS**

Audit pointed out that this para has not so far been examined by PAC in accordance with the PAC Directive dated 7.9.1999.

PAC (M&I) DIRECTIVE (21ST TO 23RD MAY, 2014)

The Committee referred the para to Sub-Committee-III of PAC to resolve the issue.

**22. D-V.1 MAINT.III
INFRACTUOUS EXPENDITURE RS.2.323 MILLION DUE DUPLICATION**

Audit pointed out that inquiry report on the issue has not been shared with Audit.

PAC(M&I) DIRECTIVE (21ST TO 23RD MAY, 2014)

The Committee directed the PAO to examine the issue, recover the in fructuous expenditure, take action against the defaulters and report to the Committee within a month.

COMPLIANCE STATUS OF PAC DIRECTIVES IN RESPECT OF CDA SPECIAL AUDIT REPORT ON CONSTRUCTION OF POLO GROUND AND STABLE SHEDS IN PRIME MINISTER'S HOUSE ISLAMABAD FOR THE YEAR 1996-97

- 23. i) PARA NO.1
UNJUSTIFIED EXPENDITURE OF RS.52.297 MILLION**
- ii) PARA 4 & 6
ALLOTMENT OF WORKS VALUING RS.27.67 MILLION**
- iii) PARA NO-6
UNJUSTIFIED CONSTRUCTION OF STABLE SHEDS AND REST HOUSE INVOLVING RS.3.6 MILLION**
- iv) PARA NO-6&7
INCREASE OF RS.28.135 MILLION IN COST OF WORK DUE TO REPEATED REVISION OF ESTIMATES ON VERBAL INSTRUCTION**

Audit informed the Committee that this report was referred to the Sub-Committee of PAC in the meeting held on 18.2.1999 in accordance with DAC decision dated 12.5.2014 however, the meeting of the Sub-Committee of PAC could not be held.

PAC (M&I) DIRECTIVE (21ST TO 23RD MAY, 2014)

The Committee pended the report along-with its four paras with the direction to the PAO to hold fresh DAC meeting and refer the CDA Special Audit Report and its paras to Sub-Committee-III of PAC to settle the issues and if this report is referred to NAB, inform the current status to the Convener, Sub-Committee-III.

DIRECTORATE GENERAL AUDIT
(FEDERAL GOVERNMENT) ISLAMABAD
(CABINET DIVISION (DEVOLVED M/O EDUCATION))

24. **PARA NO. 11 PAGE NO.36 1996-97**
(CABINET DIVISION (DEVOLVED M/O EDUCATION) IRREGULAR RETENTION
OF LAPSEABLE GRANT FOR UTILIZATION
DURING SUBSEQUENT YEAR (RS.13.064 MILLION)

The Audit pointed out that National College of Arts, Lahore under the administrative control of Ministry of Education had a balance of Rs. 13.064 million on 30.06.1991 in its PLA maintained with the National Bank of Pakistan. The balance was required to be surrendered on 30th June to the Government as it formed a part of lapsable grant Despite repeated observation served by the different audit parties during previous years, the department did not surrender the unspent amount in disregard to the provisions of Finance Division notification No. 3(5)-Reg 12/81 dated 20.12.1984.

In reply to ADP the department contended that the unspent balance of the previous years and receipt of the college were reflected in the budget estimates. The reply was not satisfactory, as the grant is lapsable and the unspent balance should be surrendered.

PAC (M&I) DIRECTIVE DATED 03.08.1999

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

PAC DIRECTIVE DATED 23.05.2002

The APAC directed the PAO to get the decision from ministry of Finance to ascertain whether the PLA was lapsable or non-lapsable within ten days and report to committee.

PAC (M&I) OF PAC (M&I) DIRECTIVE (28-12-2015)

The Committee settled the para subject to approval of Finance Division.

DIRECTOR GENERAL AUDIT, PT&T, LAHORE
PAKISTAN TELECOMMUNICATION AUTHORITY (PTA)
1996-97

25 i) **PARA NO.1.6 PAGE NO.16 AR (TELECOM) 1996-97**
DOUBTFUL EXPENDITURE RS. 1.326 MILLION

The Audit pointed out that the PTA incurred an expenditure of RS 1,325,692 on repair and maintenance of PTA office building during the year 1995-96 without coverage of supporting vouchers/ documents.

It was replied in 1999 that the CTRL building was vested to PTA by Ministry of Communication. The expenditure on the maintenance of building was excluded from total expenditure of PTA and booked by PTCL in their books of accounts. Since PTA is not concerned with this expenditure, it is not liable for the PTA to maintain and produce such record.

The PAO stated that the para is related to repair & maintenance of CTRL Building of PTCL, where Head Quarters of PTA was temporarily housed. CTRL building was vested to PTA vide PTCL letter No. PSP/FIN-007/PTA dated 3rd September, 1996, but handed back to PTCL vide Ministry of Communication order No. 5-3/94 PTC dated 31st October, 1996. Therefore, PTCL in subsequent reconciliation of accounts with PTA on 30th May, 1998, agreed to accept the total expenditure of Rs. 2,034,347 including expenditure of Rs. 1,325,692.

PAC (M&I) DIRECTIVE (18.02.2015)

The Committee clubbed the above mentioned para with the direction to PAO to settle the issues with PTCL within 1 month and the progress therein be submitted during the next meeting.

ii) **PARA NO.1.7 PAGE NO.17 AR (TELECOM) 1996-97**
IRREGULAR EXPENDITURE ON CIVIL WORKS WITHOUT CALLING
TENDERS AND MAINTENANCE OF MEASUREMENT BOOK RS 654,308

The Audit pointed out that PTA incurred an expenditure of Rs. 654,308 on the repair and maintenance of office building during the year 1995-96 without inviting open tenders. The payments were made to the contractor without maintaining any control record (Measurement Book) in violation of codal rules.

It was replied in 1999 that the CTRL building was vested to PTA by Ministry of Communication. The expenditure on the maintenance of building was excluded from total expenditure of PTA and booked by PTCL in their books of accounts. Since PTA is not concerned with this expenditure, it is not liable for the PTA to maintain and produce such record.

The PAO stated that the para is related to repair & maintenance of CTRL Building of PTCL, where Head Quarters of PTA was temporarily housed. PTCL incurred an expenditure of Rs. 2,034,347 on the Office Building, including Rs. 654,308 as objected by Audit.

PAC DIRECTIVE (18.02.2015)

The Committee clubbed the above mentioned 02 paras with the direction to PAO to settle the issues with PTCL within 01 month and the progress therein be submitted during the next meeting.

The Chairman PTA apprised the Committee that the said matter relates to the PTCL. He added that the said building remained in the custody of PTA only for 20 days and later on it was transferred back to PTCL.

PAC (M&I)DIRECTIVE (28-12-2015)

The Committee clubbed the above mentioned 2 paras with the direction to the PAO to take up the issue again at DAC level within 15 days under intimation to PAC-Implementation wing.

**PAKISTAN TOURISM DEVELOPMENT
CORPORATION LIMITED**

26. PARA - 89 / PAGE-76 ARPSE-1996-97

The Audit pointed out that Pakistan Tourism Development Corporation Limited ("the Company") is an unquoted public limited company and is principally engaged in the promotion and development of Tourism in Pakistan. The company's activities also include the operation and Management of four Motels, namely Flashman's (Rawalpindi), Faletti's (Lahore), Deen's (Peshawar) and Cecil (Murree), obtained under the long term lease agreement from Associated Motels of Pakistan.

The increase in sales amounting to Rs. 255.668 million at the end of the year under review as against Rs. 164.320 million during the previous year was mainly due to increase in sales of Beverages (Wine) from Rs. 130.663 million during the year 1994-95 to Rs. 222.060 million in 1995-96.

The accumulated losses of the Corporation stood at Rs. 12.597 million at June 30, 1996 as against Rs. 21.985 million in the previous years. Efforts are required to be made to improve its financial activities and to minimize the accumulated deficit in order to make it a self sustaining concern.

PAC DIRECTIVE (DATED 11.06.2001)

The PAC directed the Ministry to expedite the process of Privatization of the

Faletti's Hotel, Lahore and Flashman's Hotel, Rawalpindi and simultaneously, the expenditure should also be reduced.

The PAO informed the Sub-Committee that three hotels out of four have already been privatized except Flash man Hotel because of its litigation. The PAO further apprised the Committee that there was no stay order and bidding process was underway.

PAC (M&I) DIRECTIVE (28-12-2015)

The Committee pended the para due to litigation however, directed the PAO to continue the bidding process for the sale of hotel because there was no stay order.

27. PARA - 90 / PAGE-77 ARPSE-1996-97

The Audit pointed out that Trade Debtors unsecured stood at Rs. 6.415 million as on June 30, 1996 as against Rs. 5.751 million as on June 30, 1995. This indicates that recoveries are not being pursued properly. Provision for doubtful debts increased from Rs. 2.787 million in 1994-95 to Rs. 3.721 million in 1995-96. The year wise break up is required to be prepared so as to ascertain the ages of debts and steps need to be taken for early realization of long outstanding dues.

PAC DIRECTIVE (DATED 11.06.2001)

The PAC directed the PAO to determine if there was culpable negligence in the accumulation of trade debts, fix responsibility, take appropriate action and report to the PAC within one month.

The PAO informed the Committee that an amount of Rs.5.948 million was recovered/adjusted while Rs. 0.467 was outstanding. The Committee was further informed that efforts were underway either to write off the amount from Board of Directors or to recover it.

PAC (M&I) DIRECTIVE (28-12-2015)

The Committee directed the PAO to get the recoverable amount write off from the Board of Directors under intimation to PAC-Implementation Wing.

28. PARA - 91 / PAGE-77 ARPSE-1996-97

The Audit pointed out that the amount due from subsidiaries stood at RS 27.149 million as on June 30, 1996 as against Rs. 25.005 million as on June 30, 1995. A provision of Rs. 2.152 million for doubtful receivables has been made against the amount receivable from PTDC Motel South (Pvt) Limited. The amount of provision needs to be justified.

PAC DIRECTIVE (DATED 11.06.2001)

The PAC directed the Ministry to carry out the aging analysis of the recoverable amounts, take effective steps for their recovery. The cases, where amounts are considered irrecoverable, should be placed before the respective Board of Directors for write off etc.

LATEST MANAGEMENT REPLY:

PTDC hold 100% shares in PTDC Motel North, PTDC Motel South and PTL. Payments are made on behalf of subsidiaries companies and vice versa and financial support also provided to each other. The amount due from PTDC Motel South has been adjusted/recovered. There is no financial loss to holding company, being the wholly owner of subsidiary companies, more over such type of transactions are eliminated while preparing consolidated financial statement required under section 237 of the company ordinance.

PAC (M&I) DIRECTIVE (28-12-2015)

The Committee directed the PAO to get the recoverable amount write off from the Board of Directors under intimation to PAC-Implementation Wing.

PARAS RECOMMENDED FOR SETTLEMENT BY DAC PAKISTAN TOURISM DEVELOPMENT CORPORATION LIMITED

29. i) **PARA - 93 / PAGE-77 ARPSE-1996-97**
P.T.D.C. PAKISTAN TOURS (PRIVATE) LIMITED
- ii) **PARA - 100/ PAGE-82 ARPSE-1996-97**
- iii) **PARA - 101/ PAGE-83 ARPSE-1996-97**

SUB-COMMITTEE OF PAC (M&I) DIRECTIVE (28-12-2015)

The Committee settled the above mentioned 3 paras on the recommendation of the DAC/Audit.

30. **PARA - 95 / PAGE-78 ARPSE-1996-97**
PAKISTAN TOURISM DEVELOPMENT CORPORATION LIMITED
WASTEFUL EXPENDITURE OF RS. 1.025 MILLION DUE TO LEAVING THE
INCOMPLETE CONSTRUCTION WORK.

PAC (M&I) DIRECTIVE (28-12-2015)

The Committee settled the Para with the displeasure to the Ministry for non-implementation of PAC directives.

31. i) **PARA - 96 / PAGE-79 ARPSE-1996-97**
PAKISTAN TOURISM DEVELOPMENT CORPORATION LIMITED
IRREGULAR PURCHASE OF VEHICLES FOR RS. 554,300 DURING
BANNED PERIOD

The Audit pointed out that in Pakistan Tourism Development Corporation three Suzuki Vans were purchased during 1993-94 at a total cost of Rs. 554,300. These vehicles were purchased by the Management of the Corporation for use of general duty in disregard of Government instructions issued vide No.13(17 Exp.IV/91 dated July 18, 1993. According to these instruction the purchase of car was banned except for entitled officers. As the said three vehicles were purchased for general duty therefore, the expenditure amounting to Rs. 554,300 cannot be regarded as regular.

The irregularity was pointed out to the Management on August 17, 1994 and again to the Secretary of the Corporation in July, 1995 through advance draft para. In reply dated August 16, 1995 it was stated that the vehicles were purchased to replace the old office vehicles to avoid heavy maintenance cost. The reply is not tenable because the compliance of Government instructions was the prime duty of the Management.

The matter was also reported to the Ministry/Management on June 27, 1996 and again in November, 1997. The Management stated in their reply of January, 1998 that according to the Government Instructions, the purchase of car was banned but P.T.D.C. had purchased Suzuki Carry Vans. The contention of the Management does not hold good as the vans were purchased for general duty which is not in anyway justified.

PAC DIRECTIVE (DATED 11.06.2001)

The PAC directed the department to get the case regularized from the Ministry of Finance and settle the para.

ii) **PARA - 97 / PAGE-79 ARPSE-1996-97**
OVERPAYMENT OF RS.0.180 MILLION TO GENERAL MANAGER
(MOTELS).

The Audit pointed out that in Pakistan Tourism Development Corporation, Food Allowance @ Rs. 3,500/-per month was granted to Manager, Hotels. The General Manager Motels also continued to draw the said allowance during January, 1987 to April, 1991 for which he was not entitled in terms of Article 144(e) of Memorandum and Articles of Association. Thus due to irregular drawl of the said food allowance, an amount of Rs. 179,629 was overpaid to him which needs to be recovered from the officer concerned.

The matter was brought to the notice of Management on November 10, 1993 through Audit Inspection Report and through Advance Draft Para on December 16, 1993 but no reply was given by the Management. The irregularity was also brought to the notice of Ministry/Department on July 1, 1996 and again in November, 1997.

The Management stated in January 1998 that the Board also expressed its concern on grant of irregular food allowance and directed that payment of allowance should be stopped forthwith. The contention of the Management does not hold good as no recovery of the irregular payment was made by the Management.

PAC DIRECTIVE (DATED 11.06.2001)

The PAC directed the Department to get the expenditure regularized by the Board of Directors.

iii) PARA - 102/ PAGE-83 ARPSE-1996-97
P.T.D.C. PAKISTAN TOURS (PRIVATE) LIMITED

The Audit pointed out that the advances, deposits, prepayments and other receivables at the close of the year 1996-97 amounted to Rs. 1,539,503 after making provision for doubtful advances amounting to Rs. 71,569. Reasons due to which the advances of Rs. 71,569 could not be recovered need to be investigated. Efforts are required to be made to effect recovery of the advances to avoid loss.

PAC DIRECTIVE (DATED 11.06.2001)

The PAC directed the department to recover the receivables.

PAC (M&I) DIRECTIVE (28-12-2015)

The Committee pended the above mentioned three (3) paras with the direction to PAO to take up the matter in the Board of Directors for final decision within one month under intimation to PAC-Implementation wing.

DIRECTOR GENERAL AUDIT PT & T, LAHORE
(PAKISTAN TELECOMMUNICATION AUTHORITY)

32. i) **PARA 1.1 & 1.2., PAGE 15, AR(TELECOM)1996-97**

ii) **PARA 1.3 , PAGE 16, AR(TELECOM)1996-97**

iii) PARA 1.4 , PAGE 16, AR(TELECOM)1996-97

iv) PARA 1.5 , PAGE 16, AR(TELECOM)1996-97

PAC (M&I) DIRECTIVE (18-02-2015)

The Committee settled the above mentioned 04 Paras on the recommendation of Audit.



CAPITAL ADMINISTRATION & DEVELOPMENT DIVISION

OVERVIEW

The PAC (M&I) examined and reviewed the status of implementation of the decisions of PAC made in the report for the year 1996-97 in its meetings held on 11 & 12th March, 05th October, 2015 and subsequently 28th December, 2015.

- One Grant and Ten (10) paras were presented by the AGPR and Audit department which were examined by the PAC (M&I) out of which one grant and 03 paras were settled whereas, appropriate directions were accordingly issued for remaining paras.

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

**CAPITAL ADMINISTRATION &
DEVELOPMENT DIVISION**
(ACTIONABLE POINTS)

Actionable Points regarding **Ministry of Capital Administration & Development Division** meetings held on 11th& 12th March, 2015, 5th October, 2015 and 28th December, 2015, for the year 1996-97 :-

AUDIT REPORT FOR THE YEAR 1996-97
MINISTRY OF HEALTH FOR THE REPORT ON
AUDIT YEAR 1996-97

1. **GRANT NO. 70 SAVING OF RS.12,939,927/-
MEDICAL SERVICE**

The PAO stated that the instant Grant related to the then Ministry of Health but due to devolution of the Ministry, the relevancy of said Grant is not exactly known as yet. However the matter will be resolved after consultation with the Ministry of National Health Services & Regulation and devolution cell of the Cabinet Division.

PAC(M&I) DIRECTIVE (11th & 12th March, 2014)

The Committee directed the PAO to resolve the matter at DAC level in consultation with Ministry of National Health Services & Regulation and devolved cell of Cabinet Division about the relevancy of instant Grant to a particular Ministry/Division and progress therein be intimated to Audit and PAC.

PAC (M&I) DIRECTIVE(05-10-2015)

The Committee regularized the Grant on the recommendation of the AGPR.

2. **PARA 3 , PAGE 31 - AR 1996-97**
**IRREGULAR WITHDRAWAL FROM DEVELOPMENT GRANT FOR NON-
DEVELOPMENT PURPOSE- RS.0.493 MILLION**

PAC (M&I) DIRECTIVE

The Committee settled the Para on the recommendation of DAC.

CAPITAL ADMINISTRATION & DEVELOPMENT DIVISION
CAPITAL DEVELOPMENT AUTHORITY(CDA) 1996-97

3. **A-III.2 W&S Z-B1996-97**
DOUBTFUL PAYMENT RS.52,104 THROUGH EXTRA ITEM

PAC (M&I) DIRECTIVE (28-12-2015)

The Committee settled the Para.

4. C-II.1 96-97 NAB CASE. PERSONAL DTE. LOSS OF RS. 44.221 MILLION DUE TO PURCHASE OF SUBSTANDARD SUPPLIES/ EXECUTION OF SUBSTANDARD WORK.

The Audit pointed out that formation of the authority purchased Mild Steel Pipes for water supply line worth Rs. 44,211,357/- from a contractor which were found substandard. This resulted in loss to Government.

PAC DIRECTIVE (14.01.2010)

The Committee directed the Chairman CDA to get the reconciliation of amount involved in this matter by NAB and Audit. The Committee directed the Chairman CDA to further inquire into this matter, fix responsibility and report to the Committee. The Committee pended the para till its next meeting on the Ministry.

PAC DIRECTIVE DATED 21 – 23.05.2014

Audit stated that CDA purchased MS pipe for Rs. 44.221 million from contractors which were found substandard.

Additional Director NAB informed the Committee that NAB Court decided on 13.1.2014. Conviction was awarded to the contractors with a fine of Rs. 39.00 million.

The Committee pended the Para till the outcome of NAB proceedings.

PAC (M&I) DIRECTIVE DATED 18.02.2015

The Committee pended the para till full recovery under Land Revenue Act and the progress should be intimated to PAC during the next meeting.

PAC (M&I) DIRECTIVE (28-12-2015)

The Committee pended the above mentioned para due to its being sub-judice (in the court of law). The Committee further directed the PAO to pursue the case vigorously.

5. C-III.1 96-97 SPD-II LOSS OF RS. 234.821 MILLION

The Audit pointed out that formation of the Authority invited tenders in February, 1996 for work "Construction of Convention Centre at Islamabad" but lowest bid of

Rs.411.504 million was turned down without assigning any valid reason and work was awarded on turnkey basis to the same contractor for Rs. 646.325 million without open competition. This resulted into loss of Rs. 234.821 million due to award of work at higher rate without open tendering.

PAC DIRECTIVE 18.02.1999

As per statement provided by the National Assembly Sectt:
The PAC desired that honorable Member Syed Zafar Ali Shah may examine the case.

PAC DIRECTIVE DATED 21 – 23.05.2014

The Audit apprised the Committee that this Para was referred to a Sub-Committee of PAC in its meeting held on 18.02.1999 however, meeting of the Sub-Committee could not be held. The Sub-Committee referred the above Para to Sub-Committee-III of PAC to resolve the issue.

PAC (M&I) DIRECTIVE DATED 18.02.2015

The PAC directed the PAO to hold DAC meeting within one month and progress be intimated during next meeting.

The PAO informed the Committee that the Ministry will submit its report within one month.

PAC (M&I) DIRECTIVE (28-12-2015)

The Committee pended the para for one month on the request of PAO.

**6. C-XI-1 ROAD-II 96-97
LOSS OF RS.449,475 DUE TO INFRUCTUOUS EXPENDITURE**

PAC (M&I) DIRECTIVE (28-12-2015)

The Committee settled the Para subject to auction of wooden pillars.

**7. D-I.1 STORE WING 96-97
LOSS OF RS. 22.592 MILLION DUE TO EXCESSIVE ISSUANCE OF STORE
WITHOUT ASSESSING ACTUAL REQUIREMENT**

The Audit pointed out that in a formation of CDA a stock material worth Rs. 22,592,917 was lying in the store since long and has lost its validity, with the passage of time. The surplus store items were un-necessarily without requisition and actual requirement. This resulted into loss of Rs. 22.593 million.

Audit pointed out that stock material has not been auctioned since lying in the store from the year, 1995.

The Chairman, CDA apprised the Committee that attempt was made to auction the material in 2010 and 2012 but suspended it due to receipt of lowest bid.

PAC DIRECTIVE (07.09.1999)

The PAC directed the department to reconcile the material quantities with the Audit record and sell the material in open auction (as stated by the Chairman CDA) which is not required by the department and report to the Committee within three months.

PAC DIRECTIVE DATED 21 – 23.05.2014

The Committee directed the PAO to fix responsibility against the defaulter, auction/dispose of the material, recover the amount and report to the Committee within a month.

PAC (M&I) DIRECTIVE DATED 18.02.2015

The Committee directed the PAO to hold DAC and discuss/assess the value of the items and the progress therein be intimated during next meeting.

ii) **D-I.2 STORE WING 96-97**
BLOCKADE OF GOVT. MONEY RS. 15.300 MILLION DUE TO PURCHASE
OF SURPLUS STORE MATERIAL WITHOUT ASSESSING ACTUAL
REQUIREMENT

The Audit pointed out that formation of CDA purchased Spare Parts of Machinery and Store items for Rs.15, 300,325 purchased from 1977 to 1990 without assessing actual requirement. The store items were lying unconsumed in the store. This resulted into unjustified purchase of store Rs.15.300 million. Audit pointed out that stock material has not been auctioned since lying in the store from the year, 1995.

The Chairman, CDA requested the Committee to report on the issue within month.

PAC DIRECTIVE (18.02.1999)

PAC directed the department to reconcile the material quantity with the audit and sell the material in the open auction and report the committee within three months.

PAC DIRECTIVE DATED 21 – 23.05.2014

The Committee directed the PAO to fix responsibility against the defaulter, recover the amount and report to the Committee within a month.

PAC(M&I) DIRECTIVE DATED 18.02.2015

The Committee directed the PAO to hold DAC and discuss /assess the value of the items and the progress therein be intimated during next meeting.

The Audit informed the Committee that there is a need for open auction and fixing of realistic market price.

PAC (M&I) DIRECTIVE (28-12-2015)

The Committee clubbed the above mentioned two (2) paras and directed the PAO to make arrangements for the open auction of the material.

8. D-II.1 ESTATE MANAGT. 96-97 IRREGULAR PAYMENT RS.288.016 MILLION DUE ALLOTMENT OF RESIDENTIAL PLOTS ON THE BASIS OF FICTITIOUS AFFIDAVITS

The Audit pointed out that formation of CDA plots costing Rs. 28, 801,640 were allotted second time irregularly to CDA's employees on fictitious affidavit that no plot whatsoever was owned/allotted in their name/spouse.

Audit pointed out that findings/outcome of FIA investigation has not so far been shared with the Audit.

CDA Representative apprised the Committee that a circular was issued by the Cabinet Division on 31st July, 2003 with the instructions that the issues on which the President of Pakistan decided shall not be reopened. However, this case was referred to FIA in the meeting of DAC, 2013 due to non-provision of the copy of this circular.

PAC DIRECTIVE (7.9.1999)

On the presentation of above para the Public Accounts Committee constituted Inter-Departmental Committee comprising representative of Law Division, Ministry of Finance, CDA and Audit Department to investigate the issues and report to the Committee within two months.

PAC DIRECTIVE DATED 21 – 23.05.2014

The Committee directed the PAO to get the opinion of Law Division after getting the findings of FIA. The Committee pended the Para.

PAC(M&I) DIRECTIVE DATED 18.02.2015

The Committee settled the para subject to verification by Audit about the additional charges recovered from the allottees of the plots.

PAC (M&I) DIRECTIVE (28-12-2015)

The Committee settled the para subject to verification of recovery of additional charges effected from the allottees by Audit within two weeks.

9. **D-III.1 W&S Z.A96-97**
UNAUTHORIZED/IRREGULAR PAYMENT RS.1.200 MILLION DUE TO PURCHASE OF LAND CRUISER WITHOUT SANCTION/ NOC/ ALLOCATION OF FUNDS

The Audit pointed out that CDA purchased a costly land cruiser valuing Rs.1.200 million and charged to the contingencies of work "Metropolitan Water Supply project (BWP) without provision in the PC-I. This resulted into unauthorized / irregular expenditure.

Audit stated that CDA purchased a costly land cruiser valuing Rs. 1.200 million and charged the expenditure to contingencies of work "Metropolitan Water Supply Project (BWP)" without any necessity and provision in PC-I agreement, approval, sanction and allocation. Audit has to examine the case for regularization of the expenditure by the Finance as well as Planning & Development Division.

Chairman, CDA apprised the Committee that PAC directed to regularize the expenditure again from Finance Division. CDA will attempt to regularize the same whereas the land cruiser exists and the officer has retired.

PAC DIRECTIVES DATED 21 – 23.05.2014

The Committee directed the PAO/Chairman, CDA to regularize the expenditure from Finance Division under intimation to Audit and report to the Committee in its next meeting.

PAC (M&I) DIRECTIVE DATED 18.02.2015

The Committee has given one month time to PAO to finalize /regularize the case from Planning and Development Division.

The PAO apprised the Committee that we have to review the list of PSDP vehicles and if there will be any vehicle we will provide the list.

The Audit added that CDA should provide the list of all PSDP projects.

PAC (M&I) DIRECTIVE (28-12-2015)

The Committee directed the PAO/Chairman CDA to provide the list of vehicles of all PSDP projects to the Audit and PAC (Imp). The Committee pended the para and referred the matter to DAC with the direction to discuss the issue thoroughly and inform its outcomes to the PAC-Implementation Wing.

**10. D-V.1 MAINT.III 96-97
INFRACTUOUS EXPENDITURE RS.2.323 MILLION DUE DUPLICATION**

The Audit pointed out that formation of the authority carried out annual repair/maintenance and painting of entire building under its jurisdiction through contractor but later on the same work was carried out departmentally.

Audit pointed out that inquiry report on the issue has not been shared with Audit.

PAC DIRECTIVE (07.09.1999)

The PAC directed the PAO to examine the issue, recover the infructuous expenditure and take action against the defaulters and report to the committee within two months.

PAC DIRECTIVE DATED 21 – 23.05.2014

The Committee directed the PAO to examine the issue, recover the infructuous expenditure, take action against the defaulters and report to the Committee within a month.

PAC (M&I) DIRECTIVE DATED 18.02.2015

The Committee directed to hold DAC for detailed discussion on the para and report therein be submitted during next meeting with their recommendations.

PAC (M&I) DIRECTIVE (28-12-2015)

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

**PERFORMANCE AUDIT REPORT ON CONSTRUCTION OF
NEW SUPREME COURT BUILDING AT ISLAMABAD
FOR THE YEAR (1996-97)**

**CAPITAL ADMINISTRATION & DEVELOPMENT DIVISION
CAPITAL DEVELOPMENT AUTHORITY**

Performance audit of Construction of New Supreme Court Building at Islamabad

was carried out in 1996-97. The Performance Audit Report comprised eight chapters highlighting the following issues:

1. In appropriate Site Selection
2. Improper Planning
3. Poor contractual management
4. Role of Consultant
5. Wasteful Expenditure on furnishing
6. Cost Overrun
7. Time overrun
8. Random finding

The performance report was discussed in the PAC on 07.09.1999 wherein the PAC constituted an IDC to examine the Performance Audit Report and report to the committee within three months.

The IDC could not be conveyed and the Performance Audit Report was discussed in the DAC on 17.09.2012 wherein DAC directed to constitute a new committee comprising Member (Engineering), Member (Finance), CDA and Deputy Secretary (CDA), Cabinet Division to conduct an inquiry to look into the matter within 15 days. This Committee did not finalize the report and submitted to a udit.

In the DAC meeting dated 11.11.2015 the Performance Audit Report was discussed in detail. CDA explained that the work has been completed. PC-I of the project was revised for Rs. 320.017 million which was approved by ECNEC, regularizing the issues of cost over-run and time over-run. The accounts of the project have also been finalized after adjusting all recoveries from the contractor. DAC directed the CDA to get verify the revised PC-I and finalization of the accounts within one month.

PAC (M&I) DIRECTIVE (28-12-2015)

The Committee settled the report subject to verification of record from Audit within 15 days.



MINISTRY OF COMMERCE

OVERVIEW

The PAC (M&I) examined and reviewed the status of implementation of the decisions of PAC made in the report for the year 1996-97 in its meetings held on 18th February, 2015 and subsequently 20th August, 2015.

- Twenty three (23) paras were presented by the Audit department which were examined by the Committee out of which one grant and 07 paras were settled whereas, appropriate directions were accordingly issued for remaining paras.
- In a few paras the PAO was directed to hold inquiries, fix responsibility and initiate disciplinary actions.
- The Committee also referred two paras to NAB and three paras to FIA for investigation and report.

MINISTRY OF COMMERCE
(ACTIONABLE POINTS)

Actionable Points regarding **Ministry of Commerce** meetings held on **18th February, 2015** and **20th August, 2015**, for the year 1996-97:-

DIRECTORATE GENERAL AUDIT
(FEDERAL GOVERNMENT) (FY 1996-97)

1. **PARA 3, PAGE 21- AR 1996-97**
MISUSE OF GOVERNMENT VEHICLES BY NON-ENTITLED OFFICERS & NON RECOVERY- RS.0.112 MILLION

PAC(M&I) DIRECTIVE (18-02-2015)

The Committee settled the Para as per statement of the Audit as that there is no legal way to recover the amount.

2. **PARA 5, PAGE 22- AR 1996-97**
IRREGULAR AND UNAUTHORIZED UTILIZATION- RS.2.167 MILLION

PAC(M&I) DIRECTIVE (18-02-2015)

The Committee settled the Para with the direction to the PAO to strengthen the internal financial management system to avoid such irregularity in future.

3. **PARA 6, PAGE 22-23- AR 1996-97**
IRREGULAR & UNAUTHORIZED EXCESS PAYMENT OF HOUSE RENT AND CONVEYANCE ALLOWANCE- RS.0.240 MILLION

PAC(M&I) DIRECTIVE (18-02-2015)

The Committee settled the Para subject to verification of record by Audit with the direction to avoid such practice in future.

4. **PARA 8, PAGE 23-24- AR 1996-97 (LONDON)**
MIS-APPROPRIATION AMOUNTING TO £ 20,000 (RS. 1,513,728) BY HIGH COMMISSIONER

The Audit pointed out that the Ministry of Commerce remitted an amount of £ 20,000 to PAHIC London for organizing seminar about child and bonded labor. The amount was the paid irregularly and un-authorized to the High Commissioner by the Commercial Counselor through a personalized cheque. They failed to justify the issue of cheque in the name of the High Commissioner and could not produce accounts of £ 20,000. These facts caused suspicions about the bonafieds of the expenditure. The withdrawal of public money through personalized check is

serious financial irregularity and violation of general financial rules/federal treasury rules.

The representative of the M/o Foreign affairs was of the opinion that Ministry of Commerce and Commercial Counselor were responsible for operating the account. Therefore, inquiry in to the matter should be carried out by the M/o Commerce and the Government should take up the matter directly with the then High Commissioner. The PAO emphasized that the High Commissioner should dig out the record and provide the details of expenditure to audit.

PAC(M&I) DIRECTIVE (18-02-2015)

The Committee directed the PAO to hold DAC during the next 15 days and if there is no solution then legal course of action be initiated to recover the amount.

The PAO stated that the record of utilization was neither available with them nor the same was provided by the then High Commissioner London.

PAC (M&I) DIRECTIVE (20-08-2015)

The Committee pended the Para and directed the PAO to pursue the case for recovery from the High Commissioner with the help of Ministry of Foreign Affair under intimation to PAC.

**5. PARA 9, PAGE 24- AR 1996-97 (LONDON)
NON-PRODUCTION OF RECORD OF EMDF INVOLVING £289,133
(RS.21,883,407)**

The Audit pointed out that the Commercial Wing of Pakistan High Commission, London, did not maintain the cash book and failed to produce detailed vouchers of expenditure of pounds Sterling 289,133. The Para was discussed in the PAC's meeting held on 05-04-1999. The Committee constituted a Sub-Committee to examine the matter but it could not finalize its reports due to dissolution of the National Assembly.

The Ministry informed the Committee that the said money was sent to the Pakistan High Commission, London, UK for routine expenditures.

PAC (M&I) DIRECTIVE (18-02-2015)

The Committee directed to hold DAC within 01 month and verify the record by the Audit.

The PAO stated that there was no further progress with respect to the supporting record in the mission.

PAC (M&I) DIRECTIVE (20-08-2015)

The Committee pended the para with the direction to the PAO to investigate the matter and submit comprehensive report on the issue within one month. The Committee further directed the PAO to bring AtharTahir, Retired Accountant in the next meeting to brief the Committee if his appearance is possible.

6. PARA 12, PAGE 25- AR 1996-97 (LONDON) LOSS OF US\$743,886 (RS.25,634,311) CAUSED TO THE GOVERNMENT ON ACCOUNT OF OVER-DRAFTING FOR EXPORT MARKET DEVELOPMENT CENTRE

The Audit pointed out that in a mission abroad a loss of US\$ 743.886 was caused to the government on establishment and subsequent closure of Export Market Development Center (EMDC). The Center was established in 1983 which did not run according to the plan and was closed in June, 1991. Despite the closure of office, expenditure on account of rent, telephone and other allied expenses was incurred till January, 1994. The whole process consumed amount exceeding US\$ 743,866, (US\$100,000 as resolving fund and US \$ 643,886 as over draft) without achieving its objectives. The loss sustained by the government was caused due to lack of proper planning and financial mis-management. Moreover, neither cash book was maintained properly nor it was signed by any one officially after October, 1992. The accounts were also not reconciled with the bank after July, 1993. In August, 1995 Prime Minister also ordered an enquiry in the matter.

The irregularity was pointed out in January, 1996 but no action has so far been taken by the authorities. An immediate action was required to assess the exact amount of loss involve besides making good the non loss; cash record be completed and reconciled and initiate disciplinary action against the persons responsible for this loss.

PAC (M&I) DIRECTIVE (18-02-2015)

The Committee directed the PAO to constitute an enquiry committee under the Chair not less than Additional Secretary within 60 days and the report be submitted during the next meeting.

The PAO stated that the then enquiry officer Mr. Javed Ahmed Noel vide statement dated 17-02-2015 concluded that Export Promotion Bureau and the Ministry of Commerce failed to take timely decision on continuation of the display center are its relocation. However, the Ministry stated that enquiry officer did not provide the enquiry report rather belatedly provided statement dated 17-02-2015. The DAC directed that fresh enquiry under the Chairmanship of Additional Secretary, Ministry of Commerce may be carried out.

PAC (M&I) DIRECTIVE (20-08-2015)

The Committee pended the Para and directed the Prime Minister Inspection Commission to submit inquiry report prepared by Mr. Javed Ahmed Noel to the PAC.

**DIRECTOR GENERAL COMMERCIAL AUDIT &
EVALUATION, KARACHI
(Rice Export Corporation Of Pakistan)**

7. PARA 43, ITEM 6, (ARPSE-1996-97, VOL-X) (AP-1996-97)

PAC (M&I) DIRECTIVE (18-02-2015)

The Committee settled the Para on the recommendation of Audit.

8. PARA 44, ITEM 6, (ARPSE-1996-97, VOL-X) (AP-1996-97)

Audit pointed that the rice export corporation has initiated legal action against certain handling agents for recovery of shortage of rice and stores amounting to Rs. 778 million and RS.14 million respectively. The recovery of the amount is dependent of the outcome of the litigation. Besides, the Corporation is at stake Rs. 420 million in the shape of investment. The assets of the Companies have been sold by the Government of Pakistan in the privatization process and the recovery of the Corporation investment in the advances to these companies is contingent upon the finalization of the amount by the privatization commission. The management, however, has made no provision in the financial statement against the possible losses arising from the above uncertainties.

The Ministry upheld the Audit's observations and informed the Committee that cases against different handling agents are under litigation.

PAC (M&I) DIRECTIVE (18-02-2015)

The Committee directed the PAO to monitor/inquire these cases personally and the report therein be submitted during next meeting.

PAO informed that Chairman TCP personally visited the Office of the Attorney General of Pakistan on 11.02.2015 and requested him to expedite the pending cases of TCP, as there is lot of audit para's against these cases. The Attorney General has agreed with the point of view of Chairman TCP and desired another meeting within a week time along with a list of TCP cases pending in Sindh High Court.

PAC (M&I) DIRECTIVE (20-08-2015)

The Committee pended the Para due to sub-judice in nature and directed the PAO to pursue the cases in the court of Law more vigorously.

9. PARA 45, ITEM 8, (ARPSE-1996-97, VOL-X) (AP-1996-97)

PAC (M&I) DIRECTIVE (18-02-2015)

The Committee settled the Para on the recommendation of Audit.

**10. PARA 49, ITEM 11, (ARPSE-1996-97, VOL-X) (AP-1996-97)
LOSS OF RS.46.107 MILLION DUE TO SHORTAGE OF 14959.973 M.TON RICE**

The Audit reported that RECP appointed M/s. Island Trading Corporation Limited as handling agent for rice crop 1988-89 at Landhi Godown in January, 1990. The period of contract was for two years. However, a considerable quantity of the rice crop could not be exported. The management extended the validity period of the contract for further one year i.e. upto January, 6th 1993. On expiry of contract, physical verification was carried out and quantity 14959.973 M.ton of rice valuing Rs.46.107 million was found short.

The Ministry upheld the Audit's point of view and informed the Committee that on the basis of departmental evaluation of the loss a suit for recovery of Rs. 100.403 million was filed in the Court against the handling agent.

PAC (M&I) DIRECTIVE (18-02-2015)

The Committee directed to re-access the amount in consultation with Audit and new claims be submitted in the concerned court of law under intimation to PAC and Audit. The Sub-Committee further directed the Ministry to pursue the cases vigorously.

**STATE LIFE INSURANCE CORPORATION
OF PAKISTAN**

**11. PARA 56&59, ITEM 16, (ARPSE-1996-97, VOL-X) (AP-1996-97)
FRAUDULENT WITHDRAWAL OF LOAN AMOUNTING TO RS. 3.367 MILLION
BY PREPARING FICTITIOUS DOCUMENTS**

Audit informed that in State Life Insurance Corporation Zonal office Multan, Mr. Khalid Jamil, Sales Manager in collaboration with his brother Mr. Shahid Jamil Sales Manager withdraws a sum of Rs.3.367 million fraudulently by preparing fictitious loan documents on behalf of six policy holders and by opening fictitious bank accounts. FIR was lodged in 1994-95 against the officers but recovery was not effected from them.

In DAC meeting held on 13-02-2015, the management informed that departmental inquiry against the persons held responsible have already been finalized by imposing major penalties. Regarding Sales Managers both are absconder and their cases are pursued regularly in the court of Law.

PAC (M&I) DIRECTIVE (18-02-2015)

The Committee directed the PAO and FIA to take action against the accused through Interpol and the position must be explained during the next meeting.

PAC (M&I) DIRECTIVE (20-08-2015)

The Committee directed the Para and directed the FIA to submit a report on the issue within 15 days. The Committee directed the CEO of State Life Insurance Company to pursue the case personally. The Committee directed the PAO to hold a meeting with senior level FIA officials for the disposal of matter.

12. PARA 57(a)(b), ITEM 14, (ARPSE-1996-97, VOL-X) (AP-1996-97)

The Audit pointed out that realization/recovery of the following amounts included in the assets of the Corporation as on December, 31, 1996 was doubtful.

- a. Rs.100 million included in investments on account of 5 million shares of Shon Refinery Limited, a closed project in private sector, presently under liquidation.
- b. Rs.209.5 million paid by the corporation to National Housing Authority for purchase of one thousand plots in Islamabad New City Project. The project was abandoned by NHA in November, 1996.

The PAO informed the Sub-Committee that the option for recovery of principal amount into five yearly installments has been offered by the NAB authorities, but not considered by the Board of Directors with the plea that recovery be considered only in one go instead of five years installments.

Regarding perusal of case in the court of law it was also informed by the management that case was lastly heard on 4th February, 2015 and is on argument stage.

PAC (M&I) DIRECTIVE (18-02-2015)

The Committee referred the Para to NAB for recovery and also directed the NAB to pursue the case in the court of law vigorously under intimation to PAC.

PAC (M&I) DIRECTIVE (20-08-2015)

The Committee directed the Para till next meeting and directed to call the NHA, for briefing on the above mentioned Para.

13. i) **PARA 60, ITEM 17, (ARPSE-1996-97, VOL-X) (AP-1996-97)**
FRAUDULENT PAYMENT OF DEATH CLAIM OF RS.116,850 DUE TO
PRESENTATION OF BOGUS DEATH CERTIFICATE
- ii) **PARA 61, ITEM 18, (ARPSE-1996-97, VOL-X) (AP-1996-97)**
EMBEZZLEMENT OF CASH OF RS.556,675 BY THE NAIB QASID

PAC (M&I) DIRECTIVE (18-02-2015)

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

TRADING CORPORATION OF PAKISTAN

14. **PARA 63-64, ITEM 1, (ARPSE-1996-97, VOL-X) (AP-1996-97)**

The Audit pointed out that accounts of Trading Corporation of Pakistan showed Rs. 2457.01 million as recoverable amount from different Companies/Suppliers at the close of the year 1996-97.

The Ministry apprised the committee that the Corporation has recovered the said amount except the balance of Rs. 7 million, which is outstanding due to pending cases in the court of law.

PAC (M&I) DIRECTIVE (18-02-2015)

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

PAC (M&I) DIRECTIVE (20-08-2015)

The Committee settled the Para to the extent of amount recovered and directed the PAO to make efforts for recovery of remaining amount. The Committee further directed the PAO to pursue the case in the court of law more vigorously.

15. **PARA 66, ITEM 2, (ARPSE-1996-97, VOL-X) (AP-1996-97)**
LOSS OF RS.7069 MILLION ON IMPORT OF RED CHILIES THROUGH M/s
NOOR ENTERPRISES

PAC (M&I) DIRECTIVE (18-02-2015)

The Committee pended the Para with the direction to FIA to explain the latest position on the issue during the next meeting.

PAC (M&I) DIRECTIVE (20-08-2015)

The Committee directed the PAO to write a letter to the Ministry/Division that during the DAC meetings be/remain in touch with the NAB/FIA for the updates of the court cases/reports etc. The Committee further directed the PAO to write a letter to FIA and get the updates of the Para for the next meeting.

**SPECIAL AUDIT REPORT ON ACCOUNTS OF RICE
EXPORT CORPORATION OF PAKISTAN 1994-96
RICE EXPORT CORPORATION OF PAKISTAN**

**16. PARA-b-2, PAGE-4, SAR-5-RECP, ITEM-2, ITEM-6
NON-RECOVERY OF RS. 4202 MILLION FROM DEFAULTER**

PAC (M&I) DIRECTIVE (18-02-2015)

The Committee directed the NAB to recover the amount and up-to date progress therein be intimated to PAC during the next meeting.

PAC (M&I) DIRECTIVE (20-08-2015)

The Committee pended the Para and directed the NAB to retrace the case and give updates to the Committee in the next meeting.

**17. PARA-b-3, PAGE-3, SAR-5-RECP, ITEM-1 (ii), ITEM-5
LOSS OF RS.1704.92 MILLION DUE TO SHORTAGES**

PAC (M&I) DIRECTIVE (18-02-2015)

The Committee directed the NAB to re-investigate the case and monthly report be submitted to PAC.

PAC (M&I) DIRECTIVE (20-08-2015)

The Committee pended the Para due to court case and directed the PAO to pursue the case vigorously.

- 18. i) PARA-b-6, PAGE-7, SAR-5-RECP, ITEM-3(ii), ITEM-7(ii)
LOSS OF RS.143.822 MILLION DUE TO LOCAL SALE OF RICE**
- ii) PARA-b-7, PAGE-8, SAR-5-RECP, ITEM-3(iii), ITEM-7(iii)
LOSS OF RS.76.261 MILLION IN SALE OF 500,000 METRIC TONS OF RICE**
- iii) PARA-b-8, PAGE-9, SAR-5-RECP, ITEM-3(iv), ITEM-7(iv)
LOSS OF RS.67,751 MILLION TO REDUCTION IN PRICE AFTER
FINALIZATION OF CONTRACT**

PAC (M&I) DIRECTIVE (18-02-2015)

The Committee directed the PAO to complete the inquiry already constituted headed by Additional Secretary of the Ministry concerned and the report therein be submitted to PAC within 1 month.

PAC (M&I) DIRECTIVE (20-08-2015)

The Committee clubbed the above mentioned 3 paras for fresh DAC and directed the PAO to discuss the inquiry report at DAC level. However, the above mentioned paras will remain pending till next meeting.

**19. PARA-b-9, PAGE-10, SAR-5-RECP, ITEM-5, ITEM-9
LOSS OF RS.51.575 MILLION ON SALE OF GUNNY BAGS**

The Audit pointed out that RECP sold 3,872,000 gunny bags @ Rs. 6.68 per bag to M/s. Qayyum Enterprises, a handling agent of the Corporation under an agreement dated March 15, 1995 on single tender basis. They had purchased the bags @ Rs. 20 per bag. Thus, the Corporation sustained a loss of Rs. 51.575 million.

PAC (M&I) DIRECTIVE (18-02-2015)

The committee pended the para with the direction to FIA to provide the copy of judgment to the ministry concerned and the inquiry officer of the FIA for said case should attend the next meeting along with complete record of the case.

The PAO informed the Committee that as per PAC directives 18-02-2015, TCP has issued a letter dated 10-04-2015, to DG (F.I.A) to expedite the position of the said Audit Para.

PAC (M&I) DIRECTIVE (20-08-2015)

The Committee pended the Para and directed the PAC (M&I) to write a letter to FIA for deputing an officer on permanent basis for the PAC meetings and said officer should well aware about the progress of the cases related to the FIA.

**20. PARA-b-15, PAGE-12, SAR-5-,RECP, ITEM-2
LOSS OF RS.1.923 MILLION DUE TO WAIVER OF LIQUIDATED DAMAGES**

PAC (M&I) DIRECTIVE (18-02-2015)

The Committee settled the Para on the recommendation of Audit.



MINISTRY OF COMMUNICATIONS

OVERVIEW

The PAC (M&I) examined and reviewed the status of implementation of the decisions of PAC made in the report for the year 1996-97 in its meetings held on 15th May and 21st August, 2015.

- Two Grants and Fifty One (51) paras were presented by the AGPR and Audit department which were examined by the Committee out of which two grants and 36 paras were settled whereas, appropriate directions were accordingly issued for remaining paras.
- In a few paras the PAO was directed to hold inquiries, fix responsibility and initiate disciplinary actions.

MINISTRY OF COMMUNICATIONS
(ACTIONABLE POINTS)

Actionable Points regarding **Ministry of Communications** meetings held on **15th May and 21st August, 2015**, for the year 1996-97:-

1. i) **GRANT NO.23- OTHER EXPENDITURE OF MINISTRY OF COMMUNICATIONS**
SAVINGS OF RS. 568,579,022

- ii) **GRANT NO.147- DEVELOPMENT EXPENDITURE OF MINISTRY OF COMMUNICATIONS**
SAVINGS OF RS. 162,704,763

- PAC(M&I) DIRECTIVE (15-05-2015)**

The Committee regularized the above mentioned two (02) Grants.

DIRECTOR GENERAL AUDIT PT & T, LAHORE
PAKISTAN POST OFFICE DEPARTMENT

2. **PARA 1.2, PAGE 17- AR 1996-97**
FRAUD, LOSS AND MISAPPROPRIATION OF PUBLIC MONEY RS. 8.655
MILLION

The Audit pointed out that during the Audit of record of General Post Office Islamabad revealed that eleven cases of fraud, loss and misappropriation of public money worth Rs.8, 766,671 occurred during the period 1977 to 1996. It was observed that in three cases an amount of Rs.111, 520 had been made good partly leaving a balance of Rs.8, 655,151.

Audit further informed that recovery particulars for Rs.120, 734 and write off sanction for Rs.40, 300 have been produced to Audit. No details of balance amount have been provided. Evidences regarding transfer of land to Post office department have not been produced.

PAC(M&I) DIRECTIVE(15-05-2015)

The Committee pended the Para till the verification of recovered amount by the Audit under intimation to PAC.

The PAO replied that the established amount of loss is Rs.4,872,921 instead of Rs.8,655,152 as noted by the Audit, out of which an amount of Rs.2,485,292 has been recovered. In eight cases, 06 officials were held responsible. Five officials were dismissed from service, one was reduced to the lower scale. One case relates to Golra Post Office, Islamabad in which the loss of Rs. 2,715,379 was involved, out of which a sum of Rs. 328,250 was recovered from the accused

Postmaster. For the recovery of remaining loss, the accused Postmaster transferred the land property measuring 18 Kanal, 8 Marla to Post Office Department. The value of the property at the time of transfer was assessed as Rs. 1,173,103. This land is situated within the territory of CDA and cannot be disposed off/ sold unless NOC is issued by CDA. Pakistan Postal Services Management Board (PPSMB) directed SE (civil) to prepare a plan for utilization of the said land and get it approved from CDA. When the case was taken up with CDA, they held that nobody can plan or develop the land earmarked area of CDA. However, after development of the whole sector, they will return 1/4th of the total land to Pakistan Post.

PAC (M&I) DIRECTIVE(21-08-2015)

The Committee settled the Para to the extent of recovery and directed to make efforts for the balance amount. The Committee further directed the PAO to pursue the cases in the Court of Law vigorously.

**3. PARA 1.4, PAGE 18-19- AR 1996-97
FRAUD LOSS MISAPPROPRIATION OF PUBLIC MONEY RS. 1.836 MILLION**

Audit pointed out that during 1995-96 seven cases of fraud, loss and misappropriation of public money involving Rs.1,849,001 occurred in General Post Office Sadder Karachi and New Town Karachi. Audit in Dec., 1996 observed that in one case, loss of Rs.12837 had been made good. The remaining amount of Rs.1,836,337 remained unrecovered. Audit further told that record was not provided to audit for verification.

PAC (M&I) DIRECTIVE(15-05-2015)

The Committee pended the Para with the direction to PAO that either to recover the amount or write off if not recoverable under the circumstances subject to verification of Audit under intimation to PAC.

PAO replied that the detail of recovery and disciplinary action is as under:

Amount involved (RS) -	1,830,582	Official involved	08
Amount Recovered (RS) -	45,745	Dismissed from service	04
Amount written off (RS) -	567,612	Reduction on to lower scale/stage	01
-Amount outstanding (RS) -	1,217,225	Stoppage of increment /other	03

PAC (M&I) DIRECTIVE(21-08-2015)

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

4. i) **PARA 1.5, PAGE 20- AR 1996-97**
LOSS AND DEFALCATION CASES DURING 1995-96 & 1996-97
RS. 845,232
- ii) **PARA 1.13, PAGE 23-24- AR 1996-97**
LOSS DUE TO UNAUTHORIZED PAYMENT WITHOUT CONFIRMATION OF
REGISTERED ARTICLES RS. 90,787

PAC(M&I) DIRECTIVE (15-05-2015)

The Committee settled the two (02) Paras on the recommendation of DAC.

5. i) **PARA 3.1, PAGE 27- AR 1996-97**
IRREGULAR EXPENDITURE ON ACCOUNT OF PRINTING RS. 33.568

Audit pointed out that PAC in its meeting held on 11-03-1989 stated that charitable institutions like Post Office Foundation were not exempted for calling of tenders. It was assured by the Principal Accounting Officer, that in future tender would be floated for Post Office Foundation as well. An expenditure of Rs. 33,657,674 was incurred by the Chief Controller of Stamps, Karachi during 1995-96 on account of printing of different items of postal stationary through Post Office Foundation without calling of tender in violation of rules and directives of the Public Accounts Committee.

- ii) **PARA 3.2, PAGE 27-28- AR 1996-97**
IRREGULAR EXPENDITURE OF PRINTING WITHOUT CALLING TENDERS
RS. 15.659 MILLION
- iii) **PARA 3.5, PAGE 29- AR 1996-97**
IRREGULAR EXPENDITURE ON PRINTING RS. 5.36 MILLION
- iv) **PARA 3.9, PAGE 31-32- AR 1996-97**
IRREGULAR EXPENDITURE ON PRINTING 2.09 MILLION
- v) **PARA 3.24, PAGE 41- AR 1996-97**
IRREGULAR EXPENDITURE ON PRINTING RS. 444,000 AND NON
RECOVERY OF PENALTY RS. 36,640
- vi) **PARA 3.28, PAGE 43- AR 1996-97**
IRREGULAR EXPENDITURE ON PRINTING RS. 322,599

The Audit pointed out that during the discussion on the above mentioned Six (06) Paras, the issue of irregular expenditure on printing material aroused. Audit was of the view that Post Office Foundation was bound to print the different items from National Security Press Karachi while the management informed that some of the printing task have been printed from the Foundation

press in accordance with the ECC decision and the copy of the said decision can be provided to Audit.

PAC (M&I) DIRECTIVE (15-05-2015)

The Committee clubbed the above mentioned six (06) Paras with Para 3.1 and referred the same to Law & Justice Division for the legal opinion within one week under intimation to Audit and PAC.

PAO replied that the printing jobs have been completed in accordance with the ECC decision instead of PPRA-2004. The fresh summary was moved to ECC of Cabinet Division for reconfirmation and reply received on case No. ECC-117/13/2011 dated 23-08-2011. The Cabinet Division vide No. F.1/13/2011-Com dated 25-08-2011 endorsed the ECC decision dated 16 June 1998. Recommendation of IDC has been implemented as under:-

1. Approval of the ECC has been obtained.
2. The responsibility has not been fixed as there is no violation of rules.

PAC (M&I) DIRECTIVE(21-08-2015)

The Committee pended the above Paras till next meeting.

**6. PARA 3.4, PAGE 28-29- AR 1996-97
UNAUTHORIZED EXPENDITURE ON PURCHASE OF BAGS RS. 8.400
MILLION**

PAC (M&I) DIRECTIVE (15-05-2015)

The Committee settled the Para on the recommendation of DAC.

**7. PARA 3.29, PAGE 43- AR 1996-97
IRREGULAR PAYMENT OF CASH REWARD RS. 316,600**

The Audit pointed out that an amount of Rs.316,600 was paid by the Postal Directorate during corporate period as Cash Reward in 1995-96. The Cash Reward was paid in addition to Bonus which was equal to half months pay. The payment was treated irregular because budget provision to meet this expenditure was not available. Moreover the payment was against the directives of the Finance Division preventing loss incurring corporations from paying bonus/ cash rewards.

PAC DIRECTIVES (27& 28-11- 2000)

The PAC appraised that the IDC had prepared its minutes in its meeting held on 23.09.2000 and had sent them to the member for signatures. The PAC deferred these paras with the direction to present the IDC report in the next meeting.

PAC (M&I) DIRECTIVE(15-05-2015)

The Committee settled the Para subject to regularization by the competent authority and verification by Audit under intimation to PAC.

PAO replied that in compliance with DAC directive and IDC recommendation the case for regularization of expenditure incurred on cash award Rs. 316,600 was taken up Finance Division for regularization. The Finance Division vide letter dated 18-10-2011 informed that Finance Division could not regularize the audit Para until the specific directions are issued by PAC.

PAC (M&I) DIRECTIVE(21-08-2015)

The Committee settled the Para subject to regularization of expenditure by the Finance Division.

8. **PARA 3.30, PAGE 44- AR 1996-97**
IRREGULAR USE OF VEHICLE BY A POLITICIAN AND EXPENDITURE
RS. 0.286 (M)

PAC (M&I) DIRECTIVE (15-05-2015)

The Committee settled the Para due to the consent of the Audit.

9. i) **PARA 3.33, PAGE 45-46- AR 1996-97**
UNAUTHORIZED EXPENDITURE ON TELEPHONE CALLS IN EXCESS OF
PRESCRIBED CEILING RS. 0.075 MILLION
- ii) **PARA 3.34, PAGE 46- AR 1996-97**
UNJUSTIFIED PAYMENT OF RENT RS. 61,295

PAC (M&I) DIRECTIVE (15-05-2015)

The Committee settled the above mentioned two (02) Paras on the recommendation of DAC.

10. **PARA 4.1, PAGE 49- AR 1996-97**
NON DEDUCTION OF INCOME TAX RS 500,982

The Audit pointed out that it was observed during audit that five formations of Pakistan Post Office Department made payments to Suppliers/ contractors during 1994-95 and 1995-96 but Income Tax at source amounting to Rs. 500,982 was not deducted from these payments.

PAC (M&I) DIRECTIVE (15-05-2015)

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

PAO replied that the short/unrecovered amount of Income Tax has been recovered from the concerned contractors.

PAC (M&I) DIRECTIVE(21-08-2015)

The Committee pended the Para for two weeks/next meeting.

11. i) **PARA 6.5, PAGE 59- AR 1996-97**
NON-RECOVERY OF SHARE OF EXPENDITURE FROM PTCL
RS. 14.906 (M)
- ii) **PARA 6.6, PAGE 59-60- AR 1996-97**
POSTPONEMENT OF BENEFITS ENVISAGED IN PROJECTED WORKS
RS. 12.120 (M)
- iii) **PARA 6.9, PAGE 61-62- AR 1996-97**
DOUBTFUL PAYMENT OF RS. 8,177,130 TO THE CONVESSORS
- iv) **PARA 6.12, PAGE 63- AR 1996-97**
OUTSTANDING EMERGENT ADVANCES RS. 4.344 MILLION

PAC (M&I) DIRECTIVE (15-05-2015)

The Committee settled the above mentioned four (04) Paras on the recommendation of DAC.

12. **PARA 6.14, PAGE 64- AR 1996-97**
OUTSTANDING EMERGENT ADVANCES- RS. 1.698 MILLION
PAC DIRECTIVE (15-05-2015)

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

PAC (M&I) DIRECTIVE(21-08-2015)

The Committee settled the Para on the recommendation of the Audit.

13. **PARA 6.15, PAGE 64-65- AR 1996-97**
NON-ADJUSTMENT/RECOVERY OF EMERGENT ADVANCES RS. 1.445 MILLION

The Audit pointed out that under the rules emergent advances are granted for departmental purposes and the Officer making payment of emergent advances is

personally responsible to watch that advances are adjusted as soon as possible and the unspent balance is credited by the end of the financial year. Contrary to it, in four units of Pakistan Post Office Department, emergent advances of Rs.1,444,824 were paid to staff during 1995-96 but were neither adjusted nor recovered till the time of financial Audit Inspection in August, 1996.

PAC (M&I) DIRECTIVE(15-05-2015)

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

PAO replied that out of four formations involved in the para, adjustment/recovery of emergent advance in respect of three formations has been made good. In case of fourth formation (Lahore Cantt, GPO) recovery is under way. An amount of Rs. 748,287 out of Rs.1, 003,141 has been recovered and adjusted. Recovery of the remaining amount Rs.254, 854 is being made @ Rs.3,000 per month from the pension of officer involved (Mr.Ali Ahmad Aulakh, Ex Sr. Postmaster, Lahore GPO).

PAC (M&I) DIRECTIVE(21-08-2015)

The Committee directed the PAO to get regularized the purchase of vehicle from the competent authority under intimation to PAC.

14. i) **PARA 6.16, PAGE 65- AR 1996-97**
NON RECOVERY OF PENALTY CHARGES FOR DELAYED SUPPLY FROM
POST OFFICE FOUNDATION RS. 856,156
- ii) **PARA 6.17, PAGE 65-66- AR 1996-97**
NON RECOVERY OF PENALTY RS. 758,048

PAC(M&I) DIRECTIVE (15-05-2015)

The Committee settled the above mentioned two (02) Paras on the recommendation of DAC.

15. **PARA 6.21, PAGE 67- AR 1996-97**
NON RECOVERY OF CONSULTANCY CHARGES DRAWN TWICE \$ 12,538
(PAK RS. 501,520)

The Audit pointed out that an officer of postal group was nominated for foreign appointment as universal postal union (UPU) consultant sponsored by UPU at Tanzania for the period from 7th March, 1996 to 5th June, 96. During consultancy period the nominee was entitled to receive monthly salary @ US\$ 4175.25 and the daily subsistence allowance at US\$ 85. The U.N.D.P office Tanzania paid a sum of \$ 12537.94 twice to the nominee due to oversight. The nominee was asked by

the Universal Postal management to refund the amount but he refused to do so. UPU referred the case to PPO Department. The Department instead of compelling the nominee to refund to excess amount drawn refunded the amount to UPU from its own budget.

PAC (M&I) DIRECTIVE (15-05-2015)

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

PAO replied that in pursuance of PAC directives, disciplinary action against the officer Mr. G. A. Arefi Ex-Director PSC was initiated and he was awarded in major penalty of compulsory retirement from service. An amount of Rs.213,300 out of the total amount of Rs. 501,520 has been recovered so far from the above named pensioner.

PAC (M&I) DIRECTIVE(21-08-2015)

The Committee pended the Para till next meeting.

**SPECIAL STUDY REPORT ON THE CLEARANCE OF
CHEQUES AND THEIR IMPACT ON THE SAVING BANK
AND SPECIAL SAVING ACCOUNTS**

16. **PARA 1.1 TO 3.1, PAGE 75-81- AR 1996-97**
**SPECIAL STUDY REPORT ON THE CLEARANCE OF CHEQUES AND THEIR
IMPACT ON THE SAVING BANK AND SPECIAL SAVING ACCOUNTS**

PAC (M&I) DIRECTIVE (15-05-2015)

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

PAC (M&I) DIRECTIVE(21-08-2015)

The Committee settled the Para subject to verification by the Audit.

**DIRECTOR GENERAL AUDIT WORKS (FEDERAL),
ISLAMABAD**

17. i. **PARA A.1.1- AR 1996-97**
OVERPAYMENT OF RS. 186.585 M
- ii. **PARA A.1.2- AR 1996-97**
OVERPAYMENT OF RS. 134.352 M

- iii. PARA A.1.3- AR 1996-97
OVERPAYMENT OF RS. 82.993 M
- iv. PARA A.1.4- AR 1996-97
OVERPAYMENT OF RS. 22.559 M
- v. PARA A.1.5- AR 1996-97
OVERPAYMENT OF RS. 9.829 M
- vi. PARA A.1.6- AR 1996-97
OVERPAYMENT OF RS. 3.787 M
- vii. PARA A.1.7- AR 1996-97
OVERPAYMENT OF RS. 1.516 M
- viii. PARA A.II.1- AR 1996-97
OVERPAYMENT OF RS. 69.708 M
- ix. PARA C-II.1- AR 1996-97
OVERPAYMENT OF RS. 2,190.856 M
- x. PARA C.IV.1- AR 1996-97
OVERPAYMENT OF RS. 8.351 M
- xi. PARA A.I.10- AR 1996-97
OVERPAYMENT OF RS. 0.645 MILLION
- xii. PARA A.II.2- AR 1996-97
OVERPAYMENT OF RS. 0.372 MILLION
- xiii. PARA A.III.3- AR 1996-97
OVERPAYMENT OF RS. 2.326 MILLION
- xiv. PARA A.III.4- AR 1996-97
OVERPAYMENT OF RS. 1.315 MILLION
- xv. PARA A.III.6- AR 1996-97
OVERPAYMENT OF RS. 0.360 MILLION
- xvi. PARA A.IV.2- AR 1996-97
OVERPAYMENT OF RS. 0.323 MILLION
- xvii. PARA A.V.1- AR 1996-97
OVERPAYMENT OF RS. 1.635 MILLION
- xviii. PARA B.I.1- AR 1996-97

LESS RECOVERY OF INCOME TAX RS. 9.601 MILLION

xix. **PARA C.III.1- AR 1996-97**
LOSS OF RS. 16.726 MILLION

xx. **PARA C.V.1- AR 1996-97**
LOSS OF RS. 6.00 MILLION DUE TO NON-RECOVERY OF DISMANTLED
STEEL

xxi. **PARA C.VIII.1- AR 1996-97**
LOSS OF RS. 0.132 MILLION

PAC (M&I) DIRECTIVE (15-05-2015)

The Committee settled the above mentioned twenty one (21) Paras on the recommendation of DAC.

18. **PARA A.III.1- AR 1996-97**
OVERPAYMENT OF RS. 15.637 MILLION

The Audit pointed out that a formation of the Authority approved a variation order for Rs. 5,123,800 whereas contractor was paid for Rs. 20,761,085. This resulted in overpayment of Rs. 15,637,285. Detailed facts were provided to Audit. Order for recovery was noted however; there was no outstanding claim from where recovery could be effected. The case was therefore, referred to NHA Legal Wing for studying ways to recover it through a legal course.

The PAO apprised the Committee that M/s Nazir& Co. filed C.S No. 18/2011 before Honourable Islamabad High Court, wherein the Honourable High Court vide order dated 25.01.2011 granted status quo to the contractor. The contractor withdraw the case vide order dated 27.4.2011 and submitted affidavit for settlement of the para outside

PAC (M&I) DIRECTIVE (15-05-2015)

The Committee pended the Para till next meeting and referred the same to DAC to resolve the matter within one (01) month under intimation to Audit and PAC.

PAC (M&I) DIRECTIVE(21-08-2015)

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

19. **PARA C.I.1- AR 1996-97**
LOSS OF RS. 7.978 MILLION

Audit pointed out that a formation of the Authority entered into an agreement with a contractor for giving right for collection of toll tax on a bridge for 12 months w.e.f. December 16, 1996 to December 15, 1997 at the rate of fortnightly installment of Rs. 625,021/- plus 5% recovery of income tax at source for Rs. 31,251/-. After receiving first installment, the contract was rescinded due to bouncing of fake cheque which the contractor had submitted against the bank guarantee of Rs. 1.5 million. Subsequently the NHA itself collected the toll tax through its staff. Against contractor's daily collection of Rs. 43,751/- as per agreement, the average daily collection of toll tax by the NHA w.e.f. from February 12, to August 12, 1997 was Rs. 10,872/- which by adding 5% recovery of income tax at source and 25% contractor's overhead should have been Rs. 54,689/-. Thus due to the mismanagement and poor collection of toll tax, the Authority was put to a loss of Rs. 7.798 million.

PAC (M&I) DIRECTIVE (15-05-2015)

The Committee pended the Para with the direction to PAO to hold an inquiry on the matter and resolve the issue in DAC under intimation to PAC in the next meeting.

PAC (M&I) DIRECTIVE(21-08-2015)

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

PARAS RECOMMENDED FOR SETTLEMENT

20. i. **Para A.1.8**
OVERPAYMENT OF RS. 1.617 MILLION
- ii. **PARA A.1.9**
OVERPAYMENT OF RS. 0.918 MILLION

PAC (M&I) DIRECTIVE(21-08-2015)

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



ECONOMIC AFFAIRS DIVISION

OVERVIEW

The PAC (M&I) examined and reviewed the status of implementation of the decisions of PAC made in the report for the year, 1996-97 in its meeting held on 1st January, 2015.

- One (01) para was presented by the Audit department which was examined by the Committee and was settled.

ECONOMIC AFFAIRS DIVISION
ACTIONABLE POINTS

Actionable Points regarding **Economic Affairs Division** meeting held on **1st January, 2015**, for the year 1996-97:-

ACTIONABLE POINTS FOR AUDIT YEAR 1996-97

1. **PARA 2, PAGE-40 , AR 1996-97**
RECOVERY OF EXCESS PAYMENT OF TELEPHONE CHARGES WORTH
Rs.425,149

PAC (M&I) DIRECTIVE

The Committee settled the Para.



FEDERAL BOARD OF REVENUE

OVERVIEW

The PAC (M&I) examined and reviewed the status of implementation of the decisions of PAC made in the report for the year, 1996-97 in its meetings held on 11th& 12th March, and subsequently 28th October 2015.

- One Grant and One sixty Nine (169) paras were presented by the AGPR and Audit department which were examined by the Committee out of which one grant and 71 paras were settled whereas, appropriate directions were accordingly issued for remaining paras.
- In a few paras the PAO was directed to hold inquiries, fix responsibility and initiate disciplinary actions.

FEDERAL BOARD OF REVENUE
ACTIONABLE POINTS

Actionable Points regarding **Federal Board of Revenue** meetings held on **11th 12th March, 2015** and **28th October, 2015**, for the year 1996-97:-

1. **GRANT NO. 51- SAVINGS OF Rs.106,915,718**
LAND CUSTOMS AND CENTRAL EXCISE

PAC (M&I) DIRECTIVE (11TH&12TH MARCH, 2015)

The Committee regularized the above mentioned grant.

DIRECTORATE GENERAL AUDIT INLAND REVENUE (FY 1996-97)
AUDIT REPORT (DIRECT TAXES)

AUDIT PARA- DISCIPLINARY ACTION

1. i) **PARA 3.3**
ADDITIONAL TAX UNDR SECTION 86
- ii) **PARA 5.23**
NON-LEVY OF SURCHARGE
- iii) **PARA 8.2**
NON-REALIZATION OF WORKER'S WELFARE FUND

The Audit pointed out that the Ad hoc-PAC directed the PAO to examine all the cases involving Rs. 20.670 Million by fixing responsibility, taking action against the officer/official who deprived the Government from the said revenue by their negligence but department failed to provide the copy of the said inquiry and the action taken therein to Audit. Audit requested that PAO should devise the mechanism to provide the said documents.

The PAO informed the Committee that all the cases were very old and most of the employees have been retired or died, however, the department is trying to take action against them as per law of the land.

PAC (M&I) DIRECTIVE (11TH&12TH MARCH, 2015)

The Committee settled the above mentioned three (03) Paras subject to verification of recoveries by the Audit. The Committee further directed to PAO to provide a copy of the inquiry report already finalized, to Audit.

AUDIT PARAS- SUBJUDICE

2. i) PARA 3.3
ADDITIONAL TAX UNDER SECTION 86
- ii) PARA 3.4
ADDITIONAL TAX UNDER SECTION 87
- iii) PARA 5.1
NO-INCORRECT INVOKING OF PROVISION OF SECTION 52
- iv) PARA 5.2
NON-ADDITION OF SUPPRESSES SALES RECEPITS
- v) PARA 5.3
NON-INVOKING OF PROVISIONS OF SECTION 80C
- vi) PARA 7.1
NON-LEVY OF CORPORATE ASSESTS TAX
- vii) PARA 7.2
NON-FILING OF WEALTH RETURNS
- viii) PARA 7.21
UNDERSTATED VALUE OF THE ASSESTS
- ix) PARA 8.2
NON-REALIZATION OF WORKER'S WELFARE FUND

The Audit informed the Committee about the above mentioned nine (09) Paras that FBR did not provide the compliance report to Audit so far.

PAO informed the Committee that the matter is sub-judice and the efforts have been made to resolve the issue at the earliest.

PAC (M&I) DIRECTIVE (11TH&12TH MARCH, 2015)

The Committee directed the PAO to consult the Ministry of law and pursue the cases in the court of law vigorously under intimation to Audit and PAC.

AUDIT PARAS-OTHER CASES

3. i) PARA 3.3
ADDITIONAL TAX UNDER SECTION 86

- ii) PARA 3.4
ADDITIONAL TAX UNDER SECTION 87
- iii) PARA 3.5
ADDITIONAL TAX UNDER SECTION 88
- iv) PARA 3.6
ADDITIONAL TAX UNDER SECTION 89
- v) PARA 4.1
EXCESS GRANT OF DEPRECIATION ALLOWANCE
- vi) PARA 4.3
EXCESSIVE GRANT OF EXCESSIVE REBATE
- vii) PARA 4.4
EXCESSIVE GRANT OF ALLOWANCE ON DONATION
- viii) PARA 4.5
INCORRECT ALLOWANCE OF INVESTMENT REBATE
- ix) PARA 5.1
NON/INCORRECT INVOKING OF PROVISION OF SECTION 52
- x) PARA 5.2
SUPPRESSED SALES RECEIPTS ETC
- xi) PARA 5.3
NON-INVOKING OF PROVISION OF SECTION 80C
- xii) PARA 5.6
INCORRECT COMPUTATION OF TOTAL INCOME
- xiii) PARA 5.8
ALLOWANCE OF INADMISSIBLE EXPENDITURE
- xiv) PARA 5.9
INCORRECT ALLOCATION OF PROPORTIONATE EXPENSES
- xv) PARA 5.10
CONCEALMENT OF INCOME
- xvi) PARA 5.12
OBSERVANCE OF PROVISION OF SECTION 80-D

- xvii) PARA 5.13
WRONG BROUGHT FORWARD OF LOSS
- xviii) PARA 5.15
EXCESSIVE CREDIT OF TAX
- xix) PARA 5.16
IMPROPER ASSESSMENT
- xx) PARA 5.18
WRONG PREPARATION OF I.T.30S
- xxi) PARA 5.19
NON ACCOUNTING OF INCOME RECEIVED AS COMPENSATION UNDER SECTION 53(4)
- xxii) PARA 5.20
INCORRECT COMPUTATION OF TAX
- xxiii) PARA 5.21
NON TAXATION OF OTHER INCOME
- xxiv) PARA 5.22
NON-ADD BACKS OF INADMISSIBLE EXPENSE
- xxv) PARA 5.23
NON-LEVY OF SURCHARGE
- xxvi) PARA 5.24
WRONG APPLICATION OF SECTION 80-B
- xxvii) PARA 5.26
NON-TAXATION OF DIVIDEND INCOME
- xxviii) PARA 5.28
EXCESS LOSS ASSESSED
- xxix) PARA 5.30
INCORRECT DETERMINATION OF DEVISABLE INCOME OF THE PARTNERS/ GRANT OF EXCESS TAX RELIEF
- xxx) PARA 5.31
NON IMPOSITION OF PENALTY U/S 108
- xxxi) PARA 5.33
IRREGULAR RECTIFICATION U/S 156

- xxxii) PARA 7.1
NON-LEVY OF CORPORATE ASSETS TAX
- xxxiii) PARA 7.2
NON-FILLING OF WEALTH TAX RETURNS
- xxxiv) PARA 7.6
UNDER ASSESSMENT OF WEALTH
- xxxv) PARA 7.7
CONCEALMENT OF WEALTH
- xxxvi) PARA 7.8
NON-LEVY OF PENALTY U/S 18(1) C (iii) OF WEALTH TAX ACT 1963
- xxxvii) PARA 7.9
INCORRECT ADAPTATION OF VALUE OF SHARES
- xxxviii) PARA 7.16
UN DUE CLAIM OF LIABILITY
- xxxix) PARA 7.17
NON-LEVY OF WEALTH TAX
- xl) PARA 7.18
NON-LEVY OF ADDITIONAL TAX U/S 31-B
- xli) PARA 7.19
NON-LEVY OF ADDITIONAL WEALTH TAX 31-BBB
- xl ii) PARA 7.20
ESCAPED ASSESSMENT OF PROPERTY
- xl iii) PARA 7.21
UNDERSTATED VALUE OF THE ASSETS
- xl iv) PARA 8.2
NON REALIZATION OF WORKER'S WELFARE FUND
- xl v) PARA 8.3
NON- LEVY ADDITIONAL AMOUNT ON WORKERS WELFARE FUND
- xl vi) PARA 9.2
NON-COLLECTION OF CAPITAL VALUE TAX
- xl vii) PARA 9.3
IRREGULAR GRANT OF EXEMPTION

PARA WISE DETAIL OF RECOVERY CASES AUDIT REPORT 1996-97

(Rs. in million)

Para of Audit Report	Subject of Para	Amount charged but not recovered	Recovery verified by Audit	Recovery unverified
3.3	Additional tax under section 86	5.778	0.610	0.010
3.4	Additional tax under section 87	1.580	1.628	0.390
3.5	Additional tax under section 88	1.349	0.018	0.005
3.6	Additional tax under section 89	0.553	0.099	0.030
4.1	Excessive grant of depreciation allowance	0.403	-	-
4.3	Excessive grant of excessive rebate	0.011	-	-
4.5	Incorrect allowance of investment rebate	-	-	0.031
5.1	Incorrect invoking of provision of section 52	6.737	1.990	-
5.3	Non-invoking of provisions of section 80C	4.206	0.555	-
5.4	Incorrect adjustment of brought forward losses	40.278	-	-
5.6	In correct computation of total income	0.053	-	-
5.8	Allowance of inadmissible expenditure	0.349	-	-
5.9	Incorrect allocation of proportionate expenses	2.419	-	-
5.10	Concealment of income	-	0.088	-
5.12	Loss non observance of provision of section 80D	2.433	0.992	-
5.16	Improper assessment	0.028	-	-
5.18	Wrong preparation of I.T.30s	0.448	-	-
5.19	Non accounting of income received as compensation under section 53(4)	0.231	-	-
5.20	Incorrect computation of tax	0.104	0.025	-
5.21	Non taxation of other income	-	-	0.186
5.27	Giving of incorrect appeal effect	0.218	-	-
5.30	Incorrect determination of divisible income of the partners/grant of excess tax relief.	0.003	-	-
5.31	Non imposition of penalty for u/s 108	0.107	-	-
7.1	Non-levy of corporate assets tax	12.987	1.284	-
7.2	Non-filing of wealth tax returns	4.237	-	-
7.6	Under assessment of wealth	0.231	-	0.002
7.9	Incorrect adoption of value of shares	0.134	-	-
7.13	Double exemption and non-application of breakup value	0.029	-	-
7.18	Non levy of additional tax u/s 31-B	0.018	0.006	0.035
7.19	Non levy of additional wealth tax u/s31-BBB	0.208	0.017	-
8.2	Non-realization of workers' welfare fund	0.203	0.016	-
9.2	Non-collection of capital value tax	28.841	-	-
9.3	Irregular grant of exemption	1.539	-	-
9.4	Splitting up of the registration deeds	0.771	-	-
Total		116.491	7.328	0.688
Grand Total				124.507

Audit pointed out that the compliance on the earlier directive of PAC on the above mentioned Paras is still awaited from the department. Audit further, added that the Paras in question were settled to the extent of amount where the demand of tax was written off i.e. Rs. 15.884 million. However, the departmental stance is accepted for Rs.14.262 million on the basis of the additional evidences provided during verification process.

PAO informed the Committee that according to their record, Rs.127 million had been written off and the department will provide the documents/record to Audit for its verification. PAO further elaborated that FBR is devising a mechanism to recover the amount of CVT from the provinces.

Para-wise detail of recovery cases were given by the Audit department have accordingly been incorporated in the Report. Amount charged but not recovered was Rs. 116.491/-(Million). Recovery verified and recovery un-verified by the Audit were Rs. 7.328/- and Rs. 0.688/- (Million) respectively.

PAC (M&I) DIRECTIVE (11th& 12th March, 2015)

The Committee referred the above mentioned fifty three (53) Paras to DAC with the direction to verify the recoveries at DAC level under intimation to PAC within three months. The Committee also directed the PAO to take up the issue with the Provinces for the recovery of outstanding amount of CVT at the earliest.

4. PARA 7.10, LOSS OF Rs. 0.030 MILLION DUE TO NEGLIGENCE OF THE ASSESSING OFFICER

PAC (M&I) DIRECTIVE (11TH&12TH MARCH, 2015)

The Committee settled the above mentioned Para on the recommendation of DAC.

AUDIT REPORT 1996-97 (INDIRECT TAXES) (SALES TAX & FEDERAL EXCISE DUTY)

5. PARA 2.1, PAGE 11-AR-1996-97 NON-RECOVERY OF GOVERNMENT REVENUE IN ADJUDICATED CASES RS.103.697 MILLION

The Audit informed the Committee that the recovery of government dues on account of central excise duty, sales tax etc. recoverable from central excise/ sales tax units as a result of adjudication of contravention cases in generally, not made promptly despite the fact that central excise officers have adequate powers to do so. Audit carries out an exercise was carried out in the collectorates at Lahore, Multan, Faisalabad, Karachi and Quetta, where the government revenue of Rs. 103.697 million was found blocked. The country-wide blockade of revenue on this

account would be multiple of the said account. The need to monitor the recovery of arrears of government revenue at CBR's level is re-emphasized.

The PAO informed the committee that DAC recommended the Para for settlement to the extent of Rs. 81.423 million recovered, regularized, vacated and withdrawn. DAC directed the department to explain the reasons for non-recovery of balanced amount of Rs.22.274 million according to PAC Directive.

PAC (M&I) DIRECTIVE (11TH&12TH MARCH, 2015)

The Committee pended the Para with the direction to PAO to recover the balance amount under intimation to PAC and Audit.

**6. PARA 2.2, PAGE 12-13-AR-1996-97
NON-IMPLEMENTATION OF CONSTITUTIONAL PROVISIONS LEADING TO
NON-REALIZATION OF CENTRAL EXCISE DUTY- RS. 33.630 MILLION**

PAC (M&I) DIRECTIVE (11TH&12TH MARCH, 2015)

The Committee settled the above mentioned Para on the recommendation of DAC.

**7. PARA 2.3, PAGE 14, AR-1996-97
DELAY IN REALIZATION OF SALES TAX ON ADVANCE PAYMENTS OF
SUPPLIES- Rs. 756,567 MILLION**

The Audit informed the Committee that DAC recommended the Para for settlement to the extent of amount recovered/ vacated which were not due and withdrawn. DAC also directed the department to get the contention in the cases involving RS. 742.408 million Verified by Audit on 15-09-2012.

PAC (M&I) DIRECTIVE (11TH&12TH MARCH, 2015)

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

**8. PARA 2.4, PAGE 15-16, AR-1996-97
NON PRODUCTION OF RECORD**

The Audit pointed out that in term of Article 16 of Pakistan Audit and Accounts order 1973, the Auditor General has authority to require any book or other document relating to transaction to which his duties in respect of Audit extent. Auditable documents/ records by seven collectorates were not produced by the departmental authorities on requisition by Audit at the time of Audit inspections, conducted during the year 1996-97.

The PAO stated that the DAC directed to make serious efforts and to ensure the availability of the auditable record in the meeting held in May, 2010 to Audit. DAC recommended the Para for settlement on the production of record to the extent of serial no. D, H & I. In the remaining cases, DAC decided that the exact position will be placed before the PAC.

PAC (M&I) DIRECTIVE (11TH&12TH MARCH, 2015)

The Committee pended the Para with the direction to revisit the issue in DAC within one month under intimation to PAC.

9. i) **PARA 4.1, PAGE 53, AR-1996-97**
SHORT/NON-REALIZATION OF GOVERNMENT REVENUE DUE TO APPLICATION DUE TO INCORRECT RATE OF CENTRAL EXCISE DUTY- Rs 38.235 MILLION
- ii) **PARA 4.2, PAGE 54, AR 1996-97**
SHORT REALIZATION OF CENTRAL EXCISE DUTY (CAPACITY DUTY) AND PENALTIES ON CEMENT Rs 36.417 MILLION

PAC (M&I) DIRECTIVE (11TH&12TH MARCH, 2015)

The Committee settled the above mentioned two (02) Paras on the recommendation of DAC.

10. i) **PARA 4.3, PAGE 55-AR-1996-97**
NON PRODUCTION OF CENTRAL EXCISE DUTY OF Rs. 31.149 MILLION LOANS/ ADVANCES GRANTED BY BANK

Audit pointed out that under Sub-Rule 2 of Rule 96ZZI of the Central Excise Rules, 1994, every banking company was required to pay central excise duty leviable on the advances made/ outstanding on the last working day of each calendar month by 15th day of the following month. Contrary to this, a bank within the jurisdiction of the superintendent, Central Excise Circle, Rawalpindi did not pay the due duty and the executive also failed to demand and recover the same from the bank. This resulted into non-realization of excise duty of Rs. 31.149 million plus additional duty leviable under the law during the year 1994-95.

Audit settled the Para to the extent of amount recovered and verified Rs. 11.282 million and amount Rs. 13.743 but the outstanding and recoverable, Rs. 6.125 million needs to be verified by the Audit.

- ii) **PARA 4.4, PAGE 55-56-AR-1996-97**
NON-REALIZATION OF LICENCE FEE RS. 6.750 MILLION

Audit pointed out that the latest position as verified, is that the department has recovered a sum of Rs. 0.140 million from four car dealers. About the remaining cases, it has been contended that the units are not traceable as the audit observation was developed on the basis of addresses given telephone directory published in early 90's.

The matter came under discussion during DAC meeting held on 2nd October, 2000 in which audit made it clear that the observation was not based upon names and address in the telephone directory, but upon contravention cases framed by the department itself.

PAO stated that the DAC in its meeting held on 19-23 January 2015, directed the RTO to expedite the legal proceedings and progress be intimated to Audit & FBR by 13-03-2015.

PAC(M&I) DIRECTIVE (11TH&12TH MARCH, 2015)

The Committee referred the above mentioned two (02) Paras to DAC with the direction to resolve the issue under intimation to PAC.

11. i) **PARA 4.5, PAGE 58, AR-1996-97**
UNWARRANTED EXEMPTION FROM CENTRAL EXCISE DUTY RS. 5.534 MILLION
- ii) **PARA 4.6, PAGE 58, AR-1996-97**
SHORT/NON-REALIZATION OF CENTRAL EXCISE DUTY AND ADDITIONAL DUTY ON HOTEL RS. 3.620 MILLION
- iii) **PARA 4.7, PAGE 58, AR-1996-97**
NON-REALIZATION OF CENTRAL EXCISE DUTY AND ADDITIONAL DUTY AGGREGATING TO RS. 1.733 MILLION FROM INSURANCE COMPANIES
- iv) **PARA 4.8, PAGE 58-59, AR-1996-97**
SHORT REALIZATION OF CENTRAL EXCISE DUTY- Rs. 1.083 MILLION
- v) **PARA 4.9, PAGE 59, AR-1996-97**
NON-REALIZATION OF CENTRAL EXCISE DUTY OF RS. 0.609 MILLION AND ADDITIONAL DUTY OF RS. 0.124 MILLION AGGREGATING RS. 0.733 MILLION
- vi) **PARA 4.10, PAGE 60, AR-1996-97**
UNAUTHORIZED RETENTION OF CENTRAL EXCISE DUTY OF Rs.0.593 MILLION BY THE BANK OF PUNJAB

PAC (M&I) DIRECTIVE (11TH&12TH MARCH, 2015)

The Committee settled the above mentioned six (06) Paras on the recommendation of DAC.

**12. PARA 4.11, PAGE 60-61, AR-1996-97
NON-REALIZATION OF CENTRAL EXCISE DUTY- RS. 0.448 MILLION**

Audit pointed out that the two hotels falling within the jurisdiction of the Superintendent Central excise, Hotel circle (North and South) Lahore did not pay Central excise duty on rooms situated in their licensed premises, let out for office/shops. The concerned circle officers also failed to demand and recover it. This resulted into non-realization of central excise duty of Rs. 0.448 million during the period from July, 1995 to February, 1997.

PAC (M&I) DIRECTIVE (11TH&12TH MARCH, 2015)

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

**13. PARA 4.12, PAGE 61-62, AR-1996-97
NON-REALIZATION OF CENTRAL EXCISE DUTY- RS. 0.445 MILLION**

PAC (M&I) DIRECTIVE (11TH&12TH MARCH, 2015)

The Committee settled the Para on the recommendation of DAC.

**14. i) PARA 5.1(a), PAGE 63-64, AR. 1996-97
NON/SHORT-REALISATION OF SALES TAX, ADDITIONAL TAX AND SURCHARGE-RS. 108.410 MILLION**

Audit pointed out that DAC recommended the Para for settlement to the extent of Rs. 48.961 million on the basis of amount recovered, withdrawn show cause notice, vacated and further directed the RTO to get reconcile (Rs. 59.349) and verified the position through Audit by 28-02-2015.

**ii) PARA 5.1(b), PAGE 64, AR 1996-97
NON/SHORT-REALISATION OF SALES TAX, ADDITIONAL TAX AND SURCHARGE-RS. 46.239 MILLION**

Audit informed that the DAC recommended the Para to the extent of Rs.23.385 million amounts recovered/ regularized, withdrawn and vacated in adjudication and directed the department to pursue recovery, get verified the amount contested and vacated. DAC further directed the department to re-examine the matter in the light of its record and submit report within 15 days and also directed to communicate the decision relating to Audit/contravention cases pertaining to DRRA within reasonable period of time. The Audit further informed that balance amount of Rs.22.854 is still recoverable.

PAC (M&I) DIRECTIVE (11TH&12TH MARCH, 2015)

The Committee referred the above mentioned two (02) Paras to DAC for reconciliation of recoveries in DAC under intimation to PAC.

15. i) **PARA 5.1(c), PAGE 65, AR-1996-97**
NON/SHORT-REALISATION OF SALES TAX, ADDITIONAL TAX AND SURCHARGE- RS. 15.267 MILLION
- ii) **PARA 5.1(d), PAGE 65-66, AR-1996-97**
NON/SHORT-REALISATION OF SALES TAX, ADDITIONAL TAX AND SURCHARGE-RS. 8.921

PAC (M&I) DIRECTIVE (11TH&12TH MARCH, 2015)

The Committee settled the above mentioned two (02) Paras on the recommendation of DAC under intimation to PAC..

16. **PARA 5.1(e), PAGE 66, AR-1996-97**
NON/SHORT-REALISATION OF SALES TAX, ADDITIONAL TAX AND SURCHARGE RS. 4.811 MILLION

Audit pointed out that DAC recommended the Para for settlement to the extent of amount Rs. 4.621 million on the basis of amount recovered, regularized and vacated and the RTO was directed to furnish update status of Para to the Audit by 28-02-2015.

PAC (M&I) DIRECTIVE (11TH&12TH MARCH, 2015)

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

17. i) **PARA 5.1(f), PAGE 66, AR-1996-97**
NON/SHORT-REALISATION OF SALES TAX, ADDITIONAL TAX AND SURCHARGE RS. 3.558 MILLION
- ii) **PARA 5.1(g), PAGE 67, AR-1996-97**
NON/SHORT-REALISATION OF SALES TAX, ADDITIONAL TAX AND SURCHARGE RS. 1.869 MILLION
- iii) **PARA 5.1(h), PAGE 67, AR-1996-97**
NON/SHORT-REALISATION OF SALES TAX, ADDITIONAL TAX AND SURCHARGE RS. 1.686 MILLION
- iv) **PARA 5.1(i), PAGE 67-68, AR-1996-97**

**NON/SHORT-REALISATION OF FIXED SALES TAX AND ADDITIONAL TAX
RS. 1.638 MILLION**

- v) **PARA 5.1(j), PAGE 68, AR-1996-97
NON/SHORT-REALISATION OF SALES TAX, ADDITIONAL TAX AND
SURCHARGE RS 1.610 MILLION**
- vi) **PARA 5.1(k), PAGE 68-69, AR-1996-97
NON/SHORT-REALISATION OF SALES TAX AND SURCHARGE RS 1.168
MILLION**
- vii) **PARA 5.1(l), PAGE 69, AR-1996-97
NON/SHORT-REALISATION OF SALES TAX, ADDITIONAL TAX AND
SURCHARGE RS 1.166 MILLION**
- viii) **PARA 5.1(m), PAGE 69, AR-1996-97
NON/SHORT-REALISATION OF SALES TAX, ADDITIONAL TAX AND
SURCHARGE RS. 11.071 MILLION**

PAC (M&I) DIRECTIVE (11TH&12TH MARCH, 2015)

The Committee settled the above mentioned eight (08) Paras on the recommendation of DAC.

18. **PARA 5.1(n), PAGE 70, AR-1996-97
NON/SHORT-REALISATION OF SALES TAX, ADDITIONAL TAX AND
SURCHARGE RS. 1.006 MILLION**

Audit informed that the DAC directed the RTO to submit the case to authority for regularization /written off and inform progress to Audit and FBR by 31-05-2010 and in January 2015 DAC showed serious concern for non-compliance of its earlier directives and directed the RTO to ensure tangible progress to Audit & FBR by 28-02-2015.

PAO requested the Committee for timeline of 60 days for expedite the recoveries/write off of amount involved.

PAC (M&I) DIRECTIVE (11TH&12TH MARCH, 2015)

The Committee pended the Para for two months with the direction to resolve the issue within the time under intimation to the Committee.

19. **PARA 5.2 (a), PAGE 70-71, AR-1996-97
SHORT-REALISATION OF FIXED SALES TAX AND ADDITIONAL TAX
RS. 23.626 MILLION**

PAO informed the Committee that the Para belongs to the Lasani Textile Mills. However the matter is sub-judice in the court of law. He further informed the Committee that FBR will inform the progress in the next committee meeting.

PAC (M&I) DIRECTIVE (11TH&12TH MARCH, 2015)

The Committee pended the Para due to its sub-judice nature with the direction to PAO to pursue the case vigorously under intimation to PAC.

20. **PARA 5.2(b), PAGE 71-72, AR-1996-97**
NON/SHORT-REALISATION OF FIXED SALES TAX AND ADDITIONAL TAX
RS. 23.146 MILLION

PAC (M&I) DIRECTIVE (11TH&12TH MARCH, 2015)

The Committee settled the Para on the recommendation of DAC.

21. **PARA 5.2(c), PAGE 72-73, AR-1996-97**
NON/SHORT-REALISATION OF FIXED SALES TAX AND ADDITIONAL TAX
RS. 4.171 MILLION

PAC (M&I) DIRECTIVE (11TH&12TH MARCH, 2015)

The Committee settled the Para subject to verification of Audit.

22. i) **PARA 5.2(d), PAGE 73, AR-1996-97**
NON/SHORT-REALISATION OF FIXED SALES TAX AND ADDITIONAL
TAX RS. 3.227 MILLION
- ii) **PARA 5.2(e), PAGE 73-74, AR-1996-97**
NON/SHORT-REALISATION OF FIXED SALES TAX AND ADDITIONAL
TAX RS. 2.695 MILLION
- iii) **PARA 5.2(f), PAGE 74, AR-1996-97**
NON/SHORT-REALISATION OF FIXED SALES TAX AND ADDITIONAL
TAX RS. 2.327 MILLION
- iv) **PARA 5.2(g), PAGE 74-75, AR-1996-97**
NON/SHORT-REALISATION OF FIXED SALES TAX AND ADDITIONAL
TAX RS. 0.245 MILLION
- v) **PARA 5.2(h), PAGE 75, AR-1996-97**
NON/SHORT-REALISATION OF FIXED SALES TAX AND ADDITIONAL
TAX RS. 0.369 MILLION

vi) PARA 5.2(i), PAGE 75-76, AR-1996-97
NON/SHORT-REALISATION OF FIXED SALES TAX AND ADDITIONAL
TAX RS. 0.098 MILLION

PAC (M&I) DIRECTIVE (11TH&12TH MARCH, 2015)

The Committee settled the above mentioned six (06) Paras on the recommendation of DAC.

23. PARA 5.3(a), PAGE 76-77, AR-1996-97
UNLAWFUL ADJUSTMENT OF INPUT TAX AGAINST OUTPUT TAX RS. 13.091
MILLION

PAC (M&I) DIRECTIVE (11TH&12TH MARCH, 2015)

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

24. i) PARA 5.3(b), PAGE 77, AR-1996-97
UNLAWFUL ADJUSTMENT OF INPUT TAX AGAINST OUTPUT TAX 10.546
MILLION

ii) PARA 5.3(c), PAGE 78, AR-1996-97
UNLAWFUL ADJUSTMENT OF INPUT TAX AGAINST OUTPUT TAX
RS. 2.606 MILLION

iii) PARA 5.3(d), PAGE 78-79, AR-1996-97
UNLAWFUL ADJUSTMENT OF INPUT TAX AGAINST OUTPUT TAX
RS. 1.683 MILLION

iv) PARA 5.3(e), PAGE 79-80, AR-1996-97
UNLAWFUL ADJUSTMENT OF INPUT TAX AGAINST OUTPUT TAX
RS. 1.497 MILLION

v) PARA 5.3(f), PAGE 80-81, AR-1996-97
UNLAWFUL ADJUSTMENT OF INPUT TAX AGAINST OUTPUT TAX
RS. 0.620 MILLION

vi) PARA 5.3(g), PAGE 81-82, AR-1996-97
UNLAWFUL ADJUSTMENT OF INPUT TAX AGAINST OUTPUT TAX
RS. 0.779 MILLION

vii) PARA 5.3(h), PAGE 82, AR 1996-97
UNLAWFUL ADJUSTMENT OF INPUT TAX AGAINST OUTPUT TAX
RS. 0.352 MILLION

PAC (M&I) DIRECTIVE (11TH & 12TH MARCH, 2015)

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

**25. PARA 5.4 (a&b), PAGE 82-83, AR-1996-97
Short-REALIZATION OF GOVERNMENT REVENUE DUE TO UNWARRENTED
ADOPTION OF FIXED SALES TAX SCHEME – RS. 24.173 MILLION**

Audit pointed out that DAC in its meeting held in December, 2012 directed the department to expedite the recovery. Being no progress, the DAC in January, 2015 reiterated its earlier directives for compliance by 28-02-2015.

PAO requested the Committee for time till next meeting to complete the process of write off of recoveries.

PAC (M&I) DIRECTIVE (11TH & 12TH MARCH, 2015)

The Committee pended the Para till next meeting with the direction to complete the process of write off under intimation to Audit and PAC.

- 26. i) PARA 5.5(a), PAGE 84-85-AR 1996-97
NON-ASSESSMENT OF SALES TAX DUE TO INADMISSIBLE EXEMPTION
RS. 8.464 MILLION**
- ii) PARA 5.5(b), PAGE 85-86-AR 1996-97
NON-ASSESSMENT OF SALES TAX DUE TO INADMISSIBLE EXEMPTION
RS. 7.255 MILLION**
- iii) PARA 5.5(c), PAGE 86-87-AR 1996-97
NON-ASSESSMENT OF SALES TAX DUE TO INADMISSIBLE EXEMPTION
RS. 2.920 MILLION**
- iv) PARA 5.5(d), PAGE 87-88-AR 1996-97
NON-ASSESSMENT OF SALES TAX DUE TO INADMISSIBLE EXEMPTION
RS. 1.416 MILLION**
- v) PARA 5.5(e), PAGE 88-AR 1996-97
NON-ASSESSMENT OF SALES TAX DUE TO INADMISSIBLE EXEMPTION
RS. 1.455 MILLION**
- vi) PARA 5.5(f), PAGE 88-89-AR 1996-97
NON-ASSESSMENT OF SALES TAX DUE TO INADMISSIBLE EXEMPTION
RS. 0.188 MILLION**

vii) **PARA 5.5(g), PAGE 89-90-AR 1996-97**
NON-ASSESSMENT OF SALES TAX DUE TO INADMISSIBLE EXEMPTION
RS. 0.132 MILLION

viii) **PARA 5.6, PAGE 90-AR 1996-97**
INADMISSIBLE REFUND OF SALES TAX RS. 4.960 MILLION

PAC (M&I) DIRECTIVE (11TH&12TH MARCH, 2015)

The Committee settled the above mentioned eight (08) Paras on the recommendation of DAC.

27. **PARA 5.7(a), PAGE 91-AR 1996-97**
NON/DEPOSIT OF EXCESS AMOUNT OF SALES TAX CHARGED FROM
CUSTOMERS RS. 2.888 MILLION

Audit pointed out that DAC settled the Para to the extent of amount Rs.2.451 recovered & regularized. Further, DAC held in January 2015 reiterated its earlier directives for compliance by 28-02-2015.

PAO informed the Committee that the matter is subjudice in the Supreme Court of Pakistan. However, the FBR will intimate the Committee about the progress in the next meeting.

PAC (M&I) DIRECTIVE (11TH&12TH MARCH, 2015)

The Committee pended the Para till next meeting due to its sub-judice nature.

28. i) **PARA 5.7(b), PAGE 91-92 –AR-1996-97**
NON-DEPOSIT OF EXCESS AMOUNT OF SALES TAX CHARGED FROM
CUSTOMERS RS. 0.657 MILLION

ii) **PARA 5.7(c), PAGE 92 –AR-1996-97**
NON-DEPOSIT OF EXCESS AMOUNT OF SALES TAX CHARGED FROM
CUSTOMERS RS. 0.278 MILLION

iii) **PARA 5.8(a), PAGE 93 –AR-1996-97**
SHORT REALIZATION OF SALES TAX DUE TO UNDER VALUATION
RS. 3.115 MILLION

iv) **PARA 5.8(b), PAGE 94 –AR 1996-97**
SHORT REALIZATION OF SALES TAX DUE TO UNDER VALUATION
RS. 0.574 MILLION

PAC (M&I) DIRECTIVE (11TH&12TH MARCH, 2015)

The Committee settled the above mentioned four (04) Paras on the recommendation of DAC.

**29. PARA 5.9, PAGE 94-95-AR 1996-97
SHORT-REALIZATION OF GOVERNMENT REVENUE DUE TO APPLICATION OF INCORRECT RATE OF SALES TAX RS. 3.546 MILLION**

Audit pointed out that according to SRO 861(1)/94 dated 5th September, 1994, fixed sales tax on mild steel product was chargeable @ Rs 418 per metric ton from the manufacturers whose presumptive production was 315 metric ton per month for different sizes of the mills ranging between 1 to 10 inches. Contrary to these twelve units, within the jurisdiction of the Superintendent Sales Tax, Islamabad, paid fixed sales tax @ Rs. 228 per metric ton. The application of incorrect rate of sales tax caused short realization of sales tax of Rs. 1.535 million during the year 1994-95 which further attracted additional tax of Rs. 2.011 million plus surcharge leviable under the law, raising total recoverable to Rs. 3.546 million.

PAO informed the committee that process of write off will be completed soon.

PAC (M&I) DIRECTIVE (11TH&12TH MARCH, 2015)

The Committee referred the Para to DAC for the completion of write off process under intimation to Audit and PAC.

**30. PARA 5.10, PAGE 95-AR 1996-97
UNLAWFUL APPLICATION OF FIXED SALES TAX SCHEME RS. 0.591 MILLION**

PAC (M&I) DIRECTIVE (11TH&12TH MARCH, 2015)

The Committee settled the Para on the recommendation of DAC.

**31. i) PARA 8.2, PAGE 104-105 –AR 1996-97
POTENTIAL OF REVENUE AND ITS SHORTFALL**

Audit pointed out that DAC in its meeting on 12th to 14th May, 2010 directed the RTO to submit comprehensive reply containing the updated position to Audit and FBR by 31-05-2010.

Furthermore, in a meeting held on 19 to 21-12-2012 the DAC expressed displeasure that despite its earlier directive, RTO, Rawalpindi, Islamabad and LTU, Islamabad have not sorted out the issue and reiterated its directive dated 14-05-2010 with the direction to report compliance by 26-12-2012. Again in

January, 2015, DAC reiterated its earlier directives for compliance by 28-02-2015.

ii) **PARA 8.3, PAGE- AR 1996-97**

HUGE LOSS OF GOVERNMENT REVENUE DUE TO EVASION OF CENTRAL EXCISE DUTY

Audit pointed that DAC in its meeting held on 12th to 14th May, 2010 directed to the RTO to submit comprehensive reply containing the updated position to Audit and FBR by 31-05-2010.

Furthermore, in meeting on 19 to 21-12-2012 the DAC recommended the Para for settlement to the extent of amount recovered and vacated/ verified by Audit, expressed displeasure that despite its earlier directives RTO, Rawalpindi, Islamabad and LTU, Islamabad have not sorted out the issue and reiterated its directive dated 14-05-2010 with the direction to report compliance by 26-12-2012. Again in January, 2015 the DAC reiterated its earlier directives for compliance by 28-02-2015.

PAC (M&I) DIRECTIVE (11TH&12TH MARCH, 2015)

The Committee referred the above mentioned 02 Paras to DAC to resolve the matter at DAC level with the direction to expedite the recoveries under intimation to Audit and PAC.

32. **PARA 8.4, PAGE 107-110-AR 1996-97**

RULES IN CONTRADICTION TO THE ACT-LOSS OF RS. 373.754 MILLION

PAC (M&I) DIRECTIVE (11TH&12TH MARCH, 2015)

The Committee settled the Para on the recommendation of DAC.

33. **PARA 8.5, PAGE 110-112-AR 1996-97**

EVASION OF FEDERAL AND PROVINCIAL DUTY AND TAXES BY UNLAWFUL AND FRAUDULENT THIRD PARTY INSURANCE

Audit pointed that DAC in its meeting held on 19-21, 12-2012, recommended the Para for settlement subject to verification and to submit comprehensive reply containing the updated position to Audit. Furthermore, in meeting on 19 to 21-12-2012, the DAC expressed displeasure that despite its earlier directives, RTO, Rawalpindi, Islamabad and LTU, Islamabad have not sorted out the issue and reiterated its directive dated 14-05-2010 with the direction to report compliance by 26-12-2012. Again in January, 2015 the DAC reiterated its earlier directives for compliance by 28-02-2015.

PAC (M&I) DIRECTIVE (11TH& 12TH MARCH, 2015)

The Committee pended the Para till next meeting with the direction to expedite the recoveries under intimation to Audit and PAC.

34. PARA 8.6, PAGE 112-113-AR 1996-97

LACK OF COORDINATION BETWEEN GOVERNMENT DEPARTMENTS

PAC (M&I) DIRECTIVE (11TH & 12TH MARCH, 2015)

The Committee settled the above mentioned Para on the recommendation of DAC.

35. i) PARA 8.7(a,b,c,& d), 113-115-AR 1996-97
SHORT PAYMENT OF CENTRAL EXCISE DUTY

Audit pointed out that Central excise duty is payable @ three percent of premium received during a month. The payment is to be made up to 10th of the second following month failing, which additional duty @ two percent per month is payable under section 3 B of the central excise Act, 1944. In the following cases central excise duty was not fully paid the insurance companies. The extent of short payment has been noted against each company. It was emphasized to recover short paid central excise duty of Rs. 8.049 million along with additional duty in Lahore and Karachi Collectorates.

ii) PARA 8.8, PAGE-115-AR 1996-97
NON-PAYMENT OF CENTRAL EXCISE DUTY ON HEALTH INSURANCE

Audit pointed out that all kind of insurance, except marine insurance for export, is liable to central excise duty @ three percent premium under SRO 546(1)94, dated 9 June, 1994. M/S Signa Asia Pacific was not paying central excise duty on health insurance and miscellaneous insurance from January, 1993 to December 1996. They were treating this insurance as exempt from duty. This resulted in non-payment of central excise duty of Rs. 0.571 million along with additional duty and penalty.

PAC (M&I) DIRECTIVE (11TH& 12TH MARCH, 2015)

The Committee referred the above mentioned 02 Paras to DAC for discussion with the direction to expedite the recoveries under intimation to Audit and PAC.

36. PARA 8.9, PAGE-116- AR 1996-97
DELAYED PAYMENT OF CENTRAL EXCISE DUTY

Audit informed the Committee that verification of recovered amount Rs.0.628 million is required and the department is not responding towards balance amount of Rs. 0.084 million.

PAO requested the Committee to allow the department for completing the process of write off of balance amount.

PAC (M&I) DIRECTIVE (11TH& 12TH MARCH, 2015)

The Committee settled the Para subject to verification of write off, the amount involved by the Audit under intimation to PAC.

**37. PARA 8.10, PAGE-116-117-AR 1996-97
NON-DELAYED ISSUANCE OF CENTRAL EXCISE LICENSES**

Audit pointed that DAC recommended the Para for settlement to the extent of Rs. 0.090 million set aside by ATR and by the Collector appeal and directed the department to make further necessary action with reference to jurisdiction and recovery of outstanding amount of Rs. 2.295 million.

PAC (M&I) DIRECTIVE (11TH& 12TH MARCH, 2015)

The Committee referred the Para to DAC and progress therein be intimated to Audit and PAC within one month.

- 38. i) PARA 8.11, PAGE 117-120-AR 1996-97
UN-ATTENDED TAXABLE AREA CAUSING LOSS OF REVENUE**
- ii) PARA 8.12, PAGE 120-122-AR 1996-97
CENTRAL EXCISE DUTY ON PREMIUM IN BALANCE**
- iii) PARA 8.13, PAGE 122-123-AR 1996-97
LEFT OVER INSURANCE COMPANIES**

PAC (M&I) DIRECTIVE (11TH& 12TH MARCH, 2015)

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

**39. i) PARA 8.14 AR 1996-97-PAGE-123-124
INSURANCE SERVICES NOT CHARGED TO CENTRAL EXCISE DUTY**

Audit pointed that DAC in meeting on 12th to 14th May, 2010 directed to the RTO to submit comprehensive reply containing the updated position to Audit and FBR by 31-05-2010.

Furthermore, in meeting on 19 to 21-12-2012, DAC expressed displeasure that despite its earlier directives, RTO, Rawalpindi, Islamabad and LTU, Islamabad have not sorted out the issue and reiterated its directive dated 14-05-2010 with

the direction to report compliance by 26-12-2012. The DAC meeting held in January, 2015 reiterated its earlier directives for compliance by 28-02-2015.

ii) **PARA 8.15(a & b) 1996-97-PAGE-124-128**
SERVICE RENDERED BY TWO GROUPS OF A COMPANY UNDER
LITIGATION-RS. 0.387 MILLION

Audit informed the Committee that DAC in its meeting on 12th to 14th May, 2010 directed to the RTO to submit comprehensive reply containing the updated position to Audit and FBR by 31-05-2010.

Furthermore, he stated in meeting on 19 to 21-12-2012 the DAC expressed displeasure that despite its earlier directives, RTO, Rawalpindi, Islamabad and LTU, Islamabad have not sorted out the issue and reiterated its directive dated 14-05-2010 with the direction to report compliance by 26-12-2012. The DAC meeting held in January, 2015 reiterated its earlier directives for compliance by 28-02-2015.

PAC (M&I) DIRECTIVE (11TH& 12TH MARCH, 2015)

The Committee referred the Para to DAC with the direction to PAO to resolve the issue within one month under intimation to PAC.

40. i) **PARA 8.16, PAGE 128-AR 1996-97**
NON-PAYMENT OF FEDERAL GOVERNMENT DUES

ii) **PARA 8.17, PAGE 128-129-AR 1996-97**
INTERNAL CONTROL SYSTEM

PAC (M&I) DIRECTIVE (11TH& 12TH MARCH, 2015)

The Committee settled the above mentioned two (02) Paras on the recommendation of DAC.

41. **PARA 8.18, PAGE 129-130-AR 1996-97**
NON-PRODUCTION OF RECORD

Audit pointed that DAC in its meeting on 12th to 14th May, 2010 directed to the RTO to submit comprehensive reply containing the updated position to Audit and FBR by 31-05-2010. Furthermore, in meeting on 19 to 21-12-2012 the DAC expressed displeasure that despite its earlier directives, RTO, Rawalpindi, Islamabad and LTU, Islamabad have not sorted out the issue and reiterated its directive dated 14-05-2010 with the direction to report compliance by 26-12-2012.

PAC (M&I) DIRECTIVE (11TH& 12TH MARCH, 2015)

The Committee referred the Para to DAC with the direction to resolve the issue within one month under intimation to PAC.

**DIRECTOR GENERAL AUDIT CUSTOMS &
PETROLEUM, LAHORE**

**42. PARA 3.1(B) AR 1996-97 PAGE-17-18
NON-REALIZATION OF CUSTOM DUES DUE TO GRANT OF IRREGULAR
EXEMPTION RS.19.851 MILLION**

The Audit pointed out that the plant and machinery not being manufactured locally was either exempt from customs duty on their import or was subject to concessionary rates of duty. Two such items, humidification plant and chilling plants were the items being manufactured in the country as mentioned in the indicative list of notification dated 30th June, 1988 read with Custom General Order of 18th November, 1991. Their import, therefore, was not exempt from customs dues. The department allowed clearance of the said goods free of custom dues depriving the government of revenue of Rs.19.851 Million.

The departmental representative informed the Committee that a sum of Rs.3.923 Million has been recovered and verified by the Audit, leaving a balance of Rs.15.928 Million for which efforts for recovery are under way.

The MCC stated that an amount of Rs.4, 075,897 has been recovered and verified. The Audit is of the opinion that the amount of Rs.2,725,394 relating to MCC Appraisalment Lahore and Rs.13,050,001 relating to MCC Appraisalment, Karachi as verified on 11.06.2007 is based on FBR's letter dated 02.02.2011 which has to be discussed in PAC (DP 5551).

DAC observed that the compliance of the PAC directives dated 12.03.2011 could not be implemented.

PAC (M&I) DIRECTIVE (11-03-2015)

The Committee discussed the above mentioned Para in detail and directed the PAO to recover the rest of the amount from the concerned. The Committee also directed to send a reference to the Ministry of Law, Justice for legal opinion in the matter and progress therein be intimated to Audit and PAC.

The PAO informed the Committee that Law Division has given legal opinion that the matter related to the Finance Division and the Finance Division has answered to the Ministry that matter may be referred to DAC for consideration and decision. The PAO further added that the DAC has already recommended the para for settlement.

PAC (M&I) DIRECTIVE(28-10-2015)

The Committee directed the PAO to resend a new reference to the Ministry of Law, Justice for legal opinion in the matter. The Committee also directed the Ministry of Law, Justice to submit its opinion within one week under intimation to PAC.

43. PARA 3.4, PAGE-27-AR 1996-97

SHORT/NON-REALIZATION OF WITHHOLDING TAX – RS. 7.444 MILLION

The Audit pointed out that according to sub section 50(5)(b) of the Income Tax Ordinance, 1979, read with CBR's clarification dated 6th November, 1995 goods imported into Pakistan were liable to withholding tax of four per cent of the value of the goods as increased by customs duty and sales tax. This rate which was applicable from 1st July, 1996 was later enhance to five per cent from 22nd October, 1996. Customs authorities however did not assess and realize withholding tax of Rs. 7,444,347.

PAC (M&I) DIRECTIVES

The PAO promised to recover the government dues. The PAC directed to recover the amount and report within 03 months.

The **MCC Lahore** informed that an amount of Rs.219,525 was adjudged against the clearing agents. An amount of Rs.136.505/- has been deposited by M/s Naveed& Company on 19-12-2012 which will be verified from audit.

The pending recoverable amount of Rs.219,525 has been recovered and verified by Audit. (DP 6092)

The PAO further informed that the balance amount of Rs 148,901 has been recovered and verified by Audit (DP 5907)

PAC (M&I) DIRECTIVE DATED 11-3-2015

The Committee settled the para subject to verification of Audit.

The PAO apprised the Committee that recovery has been made to the extent of Rs.5.107 million and the remaining recovery will be verified soon.

PAC (M&I) DIRECTIVE(28-10-2015)

The Committee settled the Para to the extent of amount recovered and the remaining amount will be settled subject to verification of recovery by the Audit.

**44. PARA 6.1-AR 1996-97
SHORT –ASSESSMENT OF DEVELOPMENT SURCHARGE -
Rs.72.895MILLION**

The Audit pointed out that the rates of development surcharge for the import of High Speed Diesel Oil (HSD) and Kerosene Oil were reduced effective from 22nd April, 1996. The Deputy Collector Customs Multan allowed clearance of these commodities from the bonded tanks at the reduced rates although the bills of entry for the clearance of the commodities had already been filed before the introduction of the reduced rates. The pre-reduced rates in such cases were applied. The application of lower rates led to short-assessment of development surcharge of Rs. 72,894,874.

In pursuance DAC directives, MCC Multan requested the Appellate Tribunal, Lahore vide letter C.No.MDP/Law/APT/LHR/149/2013/200 dated 31-01-2015 to decide the case expeditiously. Accordingly, hearing was fixed for 18-02-2015. However, no one appeared from the appellate (M/s PSO). Therefore, the Hon'ble Tribunal has dismissed the appeal of M/s PSO for non-prosecution vide judgment No.366-367/01,353-355/09,1283/03/70/15 dated 19-02-2015. Letter for recovery has been issued on 03-03-2015.

PAC (M&I) DIRECTIVE (11-03-2015)

The Committee pended the above mentioned Para with the direction to take up the matter with Ministry of Petroleum and Natural Resources, FBR & Ministry of Law, Justice, and progress therein be intimated to the Audit and PAC.

The PAO requested for the settlement of the Para as per given rules of that time. But the Audit requested the Sub-Committee that refer the para for DAC for further discussion.

PAC (M&I) DIRECTIVE(28-10-2015)

The Committee referred the para for DAC and directed the PAO to submit its report to PAC within two weeks.

**45. PARA 3.5(a)-AR 1996-97
NON-ASSESSMENT OF TWO PERCENT ADDITIONAL CUSTOM DUTY-
RS. 4.617 MILLION**

The Audit pointed out that according to Section 10 of the Finance Act, 1991 (as amended), imported goods, other than consumer goods, entered for warehousing in customs bonded warehouses were subject to levy and collection of additional customs duty @ one per cent of their value for the first quarter or part thereof and @ two per cent of their value for the second quarter or part thereof. The levy for both quarters remained in force till amendment through Finance Act,

1996 whereby the levy for the second quarter was withdrawn. These provisions of law were, however, not enforced by the department, resulting in non-recovery of customs duty of Rs.4.617 million.

PAC (M&I) DIRECTIVES

The Principal Accounting Officer informed the Committee that the department had already recovered Rs.0.7 million on this account. The Committee directed the PAO to take all possible measures to recover the balance amount at the earliest and get it verified from the Audit.

The PAO informed the Committee that the issue has been discussed at length in the DAC. The MCC promised to finalize and affect the recovery within one month.

PAC (M&I) DIRECTIVE DATED 11-3-2015

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

The PAO informed the Committee that most of the amount has been recovered and verified and approximately Rs. 400,000/- were remaining for recovery.

PAC (M&I) DIRECTIVE(28-10-2015)

The Committee settled the Para to the extent of amount recovered and remaining amount will be settled subject to verification of recovery by the Audit.

46. i) **PARA 3.1(a), PAGE 17, PSPNO.10-AR 1996-97**
NON/SHORT REALIZATION OF CUSTOMS DUES OF RS.27.861 MILLION
DUE TO INADMISSIBLE EXCEPTION/CONCESSION
- ii) **PARA 3.1(c), PAGE 19-AR 1996-97**
NON/SHORT REALIZATION OF CUSTOMS DUES DUE TO GRANT OF
IRREGULAR EXCEPTION Rs. 2.020 MILLION
- iii) **PARA 3.1(d), PAGE 19-AR 1996-97**
NON-REALIZATION OF CUSTOM DUE TO GRANT OF IRREGULAR
EXCEPTION Rs. 1.242 MILION
- iv) **PARA 3.2(c), PAGE 22-AR 1996-97**
NON-REALIZATION OF GOVERNMENT REVENUE DUE TO NON-
ENFORCEMENT OF BANK/INSURANCE GUARANTEES AND INDEMNITY
BONDS RS. 0.716 MILLION

- v) PARA 3.2 (d)-AR 1996-97
NON REALIZATION OF GOVERNMENT REVENUE DUE TO NON-ENFORCEMENT OF BANK/ISSUANCE GUARANTEE AND INDEMNITY BONDS- RS. 0.497 MILLION
- vi) PARA 3.3(a), PAGE 23, PDP NO. 1511-CD/K-AR 1996-97
NON/ SHORT REALIZATION OF CUSTOMS DUES OF RS.11.173 MILLION DUE TO INADMISSIBLE EXEMPTION/CONCESSION
- vii) PARA 3.3(b), PAGE 24, PDP NO.1516-CD/K-AR 1996-97
NON/SHORT REALIZATION OF CUSTOMS DUES OF RS.10.782 MILLION DUE TO INADMISSIBLE EXCEPTION/CONCESSION
- viii) PARA 3.3(f), PAGE 23 -AR 1996-97
NON/SHORT ASSESSMENT OF CUSTOMS DUES OF RS.0.395 MILLION DUE TO INADMISSIBLE EXEMPTION/CONCESSION
- xi) PARA 3.5(c) – AR 1996-97
NON-ASSESSMENT OF TWO PERCENT ADDITIONAL CUSTOMS DUTY- RS 0.656 MILLION
- x) PARA 3.5(e) – AR 1996-97
NON-ASSESSMENT OF TWO PERCENT ADDITIONAL CUSTOMS DUTY- RS. 0.216 MILLION
- xi) PARA 3.6(a), PAGE 31- AR 1996-97
SHORT ASSESSMENT OF SALES TAX DUE TO APPLICATION OF INCORRECT RATE RS. 3,664,558
- xii) PARA 3.6(d), PAGE 33-AR 1996-97
SHORT ASSESSMENT OF SALES TAX DUE TO APPLICATION OF INCORRECT RATES RS. 0.684 MILLION
- xiii) PARA 3.8, PAGE 35- AR 1996-97
NON REALIZATION OF CUSTOMS DUES ON GOODS IMPORTED TEMPORARILY BUT NOT EXPORTED RS. 1.893 MILLION
- xiv) PARA 3.9(d), PAGE 37- AR 1996-97
NON ASSESSMENT OF SALES TAX DUE TO INADMISSIBLE EXCEPTION- RS. 0.199 MILLION
- xv) PARA 3.10, PAGE 39-AR 1996-97
NON-ASSESSMENT OF 14 PER CENT SURCHARGE DUE TO LATE PAYMENT OF GOVERNMENT REVENUE- RS. 1.4498 MILLION
- xvi) PARA 3.11, PAGE 40- AR 1996-97
NON ASSESSMENT OF FIX SALES TAX RS. 1.433 MILLION

- xvii) **PARA 3.13(a), PAGE 42-AR 1996-97**
SHORT REALIZATION OF CUSTOMS MISCLASSIFICATION RS. 0.738 MILLION
- xviii) **PARA 3.14(b), PAGE 45-AR 1996-97**
SHORT ASSESSMENT OF PENAL SURCHARGE- RS. 0.215 MILLION
- xix) **PARA 3.16, PAGE 46-AR 1996-97**
SHORT ASSESSMENT OF GOVERNMENT REVENUE DUE TO UNDERVALUATION OF IMPORTED GOODS- RS. 0.952 MILLION
- xx) **PARA 3.17, PAGE 47-AR 1996-97**
NON ASSESSMENT OF SERVICES CHARGE OF RS. 0.941 MILLION
- xxi) **PARA 3.19, PAGE 48-AR 1996-97**
NON ASSESSMENT OF FIXED SALES TAX RS. 0.597 MILLION

PAC (M&I) DIRECTIVE (11-03-2015)

The Committee settled the above mentioned twenty one (21) Paras on the recommendation of DAC.

47. PARA 3.20 AR 1996-97 PAGE- 49 REVENUE DIVISION(FBR)
NON-ASSESSMENT OF CENTRAL EXCISE DUTY AT IMPORT STAGE- RS.0.539 MILLION

The Audit pointed out that central excise duty of Rs. 538,705 leviable at import stage under government notification dated 13th June, 1996 was not assessed in the following cases.

S#	Name of Office	PDP No.	Period	Number of cases	Amount Rs.
1	Asstt. Collector Customs DFSL, Lahore.	6097-Cus (Refrigerators)	07/95 to 01/96	191	291,301
2	Dy. Collector Customs, VFS, NLC, Thokar NiazBaig, Lahore.	6183-Cus (Lubricating Oil)	01/1996	1	247,404
				192	538,705

The PAO replied in the light of departmental replies and verifications conducted by Audit is as under:

Para No.	Draft Para No.	Total Amount	Recovered/ Compliance made	Compliance not made
3.20	DP-6097 Cus	0.291	0.291	0
	DP-6183 Cus	0.247	0	0.247

PAC (M&I) DIRECTIVE(28-10-2015)

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

SPECIAL AUDIT REPORT ON TAX REVENUE
RECEIPTS 1997

48. PARA 1.1, PAGE 05-SAR 1997
LOSS OF CUSTOM DUES OF RS. 28.502 MILLION DUE TO PROLONGED
SHORTAGE OF IMPORTED PALM OIL

The Audit pointed out that two firms imported 554.506 tones of Palm Oil valuing Rs. 47,636,438 in 1991. The import was warehoused without payment of duty and taxes of Rs. 28,501,764 as permissible under the law. The importer failed to clear the imported oil within the prescribed period. This warranted action by custom department to demand and recover the government dues which was not done in time. The commodity had become unfit for human consumption due to prolonged storage. The importer had invested a heavy amount of Rs. 47,636,438 on the import of Palm Oil thus they had not spent the amount to allow the commodity to parish bringing a total loss to them. The audit is of the view that the original oil was replaced with the substandard oil to evade the duty & taxes of Rs. 28,501,764 with the connivance of the custom authorities.

PAC (M&I) DIRECTIVE (11-03-2015)

The Committee pended the Para till next meeting with the direction to look into the inquiry already conducted and expedite the recovery under intimation to Audit and PAC.

The PAO informed the Committee that matter was under process and from auction, the department will recover the amount.

PAC (M&I) DIRECTIVE(28-10-2015)

The Committee settled the Para subject to verification of remaining recovery by the Audit.

49. PARA 1.4, PAGE 06-SAR 1997
GRANT OF UNWARRANTED AND UNJUSTIFIABLE REWARD – RS. 4.267
MILLION

The Audit pointed out that prior to 9th June 1994, Furnace Oil was subject to customs duty on weight basis. From 9th June 1994, the customs duty was leviable both on weight and value basis. The assessment on value basis necessitated declaration of invoice value and verification thereof at the time of assessment of duty. The two major importers of Furnace Oil (i.e. M/s PSO and Shell Pakistan

Ltd.) could not produce invoices in support of declared value in respect of certain consignments at the time of assessment of government dues for which they had already executed bonds binding themselves to pay customs dues leviable thereon on demand. Therefore, the assessment of customs dues in some cases was made on provisional basis. In these cases, the payment was accepted on bank guarantees leaving the final assessment to be made on production of invoices. However, in some cases the department made final assessment in the absence of invoices which was incorrect.

On receipt of invoices, the value of the import was found higher than that earlier declared by the importers on which customs dues had been assessed. Accordingly, Customs authorities reassessed customs dues and raised demands for the differential amount of the dues, which were promptly paid by the importers. On the basis of this recovery, a reward of Rs. 4,266,749 was paid to the officers and staff of Customs. There was no evasion of customs dues and as such sanction of reward in this case was unwarranted and unjustifiable.

The MCC reported that an amount of Rs. 0.32 million had been recovered from emoluments of Mr. Ali ZaheerJafri while the rest of the amount would be adjusted from his pension payments.

PAC (M&I) DIRECTIVE (12-03-2015)

The Committee pended the Para till next meeting with the direction to look into the inquiry already conducted and expedite the recovery under intimation to Audit and PAC.

The PAO informed the Committee that the case is in the Court of Law.

PAC (M&I) DIRECTIVE(28-10-2015)

The Committee pended the Para with the direction to PAO to expedite the recovery.

50. PARA 4.1, PAGE 22- SPL TRR 1997 **SHORT ASSESSMENT DEVELOPMENT SURCHARGE OF RS 12.861 MILLION**

The Audit pointed out that the rate of development surcharge on petroleum products were enhanced by the government w.e.f. 12th February 1996 but the Assistant Collector of Customs, Oil section Keamari continued clearance of Petroleum Products imported by M/s PSO at the pre-enhanced rates which were lower. Similarly, the rates revised from 14th April, 1996 were also not enforced. This resulted in short assessment of development surcharge of Rs.12,861,426. The omission was pointed out by the Audit in August, 1996. In reply the department stated in August, 1997 that a demand notice for recovery had been issued. The progress of recovery is still awaited.

The MCC Preventive, Karachi informed that the ruling of Law and Justice Division, Ministry of Law, Justice and Parliamentary Affairs have been received and notice has been issued to the M/s Pakistan State Oil for hearing of the case.

In the light of Ministry of Law and Justice Division clarification the DAC directed the department to take up the matter with Ministry of Petroleum and Natural Resources through FBR to as PSO to make payment of the amount in question to settle the Para.

PAC (M&I) DIRECTIVE (11-03-2015)

The Committee pended the above mentioned Para with the direction to take up the matter with Ministry of Petroleum and Natural Resources, FBR & Ministry of Law, Justice, and progress therein be intimated to the Audit and PAC.

PAC (M&I) DIRECTIVE(28-10-2015)

The Committee referred the para for DAC discussion within two weeks under intimation to PAC.

**51. PARA 1.3, PAGE 05-SAR 1997
SHORT ASSESSMENT OF CUSTOM DUES OF RS. 4.439 MILLION DUE TO
GRANT OF INADMISSIBLE CONCESSION**

PAC (M&I) DIRECTIVE (11-03-2015)

The Committee settled the above mentioned Para on the recommendation of DAC.



MINISTRY OF FEDERAL EDUCATION AND PROFESSIONAL TRAINING

OVERVIEW

The PAC (M&I) examined and reviewed the status of implementation of the decisions of PAC made in the report for the year 1996-97 in its meeting held on 1st July, 2015.

- Two (02) grants were presented by the AGPR which were examined by the Committee and were settled.

**MINISTRY OF FEDERAL EDUCATION AND
PROFESSIONAL TRAINING**
(ACTIONABLE POINTS)

Actionable Points regarding **Ministry of Federal Education and Professional Training** meeting held on **1st July, 2015**, for the year 1996-97:-

APPROPRIATION ACCOUNTS CIVIL VOL-I 1996-97

1. GRANT NO.36 – EDUCATION (1996-97)

Audit pointed out that the grant closed with a saving of Rs. 59,651,652 which works out to 2.30 percent of the total grant.

PAC (M&I) DIRECTIVE (01-07-2015)

After detailed discussion, the Committee regularized the grant.

2. GRANT NO.152 – DEVELOPMENT OF EXPENDITURE OF MINISTRY OF EDUCATION (1996-97)

Audit pointed out that the grant closed with a saving of Rs. 868,214,328 which works out to 52.81 percent of the total grant. An amount of Rs. 595,788,000 (36.24 %) was surrendered leaving net saving of Rs. 272,426,328 (16.57 %).

PAC (M&I) DIRECTIVE (01-07-2015)

After detailed discussion, the Committee regularized the grant subject to verification by the Audit.



FATA SECRETARIAT

OVERVIEW

The PAC (M&I) examined and reviewed the status of implementation of the decisions of PAC made in the report for the year 1996-97 in its meetings held on 11th & 12th March and subsequently 7th December, 2015.

- Four (04) grants were presented by the AGPR which were examined by the Committee and were settled.

FEDERALLY ADMINISTERED
TRIBAL AREAS (FATA)
ACTIONABLE POINTS

Actionable Points regarding **Federally Administered Tribal Areas (FATA)** meetings held on 11th & 12th March, 2015 and 7th December, 2015 for the year 1996-97:-

FEDERALLY ADMINISTERED TRIBAL AREAS (FATA)

1. i) **GRANT NO. 127- FEDERALLY ADMINISTERED TRIBAL AREAS SAVINGS OF Rs.54,970,660**
- ii) **GRANT NO. 128- OTHER EXPENDITURE OF FEDERALLY ADMINISTERED TRIBAL AREAS EXCESS OF Rs.120,828,822**
- iii) **GRANT NO. 174- DEVELOPMENT EXPENDITURE OF FEDERALLY ADMINISTERED TRIBAL AREAS SAVINGS OF Rs.52,853,426**
- iv) **GRANT NO. 193- CAPITAL OUTLAY ON DEVELOPMENT OF TRIBAL AREAS SAVINGS OF Rs.80,301,000**

PAC (M&I) DIRECTIVE (11TH& 12TH MARCH, 2015)

The Committee showed its displeasure over the absence of PAO and decided to issue the notice on his willful absence from the meeting and to explain his position before the Committee in its next meeting.

PAC (M&I) DIRECTIVE(07-12-2015)

The Committee regularized the above mentioned 4 Grants and directed the PAO to strengthen the financial system in the Ministry and avoid this practice in future.



FINANCE DIVISION

OVERVIEW

The PAC (M&I) examined and reviewed the status of implementation of the decisions of PAC made in the report for the year 1996-97 in its meeting held on 28th December, 2015.

- Thirty two (32) paras were presented by the Audit department which were examined by the Committee out of which 24 paras were settled whereas, appropriate directions were accordingly issued for remaining paras.
- In a few paras the PAO was directed to hold inquiries, fix responsibility and initiate disciplinary actions.

FINANCE DIVISION
ACTIONABLE POINTS

Actionable Points regarding Finance Division's meeting held on 28th December, 2015, for the year 1996-97:-

AUDIT REPORT FOR THE YEAR 1996-97
(FEDERAL GOVERNMENT, ISLAMABAD)

1. **PARA- 02(PAGE-52) AR 1996-97**
LOSS DUE TO DEFECTIVE SUPERVISION AND EXCESSIVE SPILLAGE OF
METALS WEIGHING 4,639 KG - RS. 518,260

PAC (M&I) DIRECTIVE (28-12-2015)

The Committee settled the Para on the recommendation of the Audit.

DIRECTORATE GENERAL COMMERCIAL AUDIT &
EVALUATION, KARACHI HOUSE BUILDING FINANCE CORPORATION

2. **PARA- 31 Page-24 Item-26 (1996-97)**

PAC (M&I) DIRECTIVE (28-12-2015)

The Committee settled the Para on the recommendation of the DAC.

INDUSTRIAL DEVELOPMENT BANK OF PAKISTAN

3. **PARA- 36 & 38 Page-28 Item-26 (1996-97)**

The PAO informed the Committee the now IDBP is a profitable organization from 2008 to 2015 and gradually this organization is reducing the loss and increasing profit.

PAC (M&I) DIRECTIVE (28-12-2015)

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

INVESTMENT CORPORATION OF PAKISTAN

4. **PARA- 44 Page-32 Item-32 (I) (1996-97)**

Audit pointed out that loans and investment in redeemable capital (gross) stood at Rs 1324.5 million as at June 30, 1997. Against the aforesaid amount, a provision of Rs 613.5 million had been made for the balance considered doubtful.

The PAO stated that only an amount of Rs 465.195 million was outstanding as on 30-06-1997.

PAC DIRECTIVES (16 & 17-05-2001)

The Committee was not satisfied on the explanation given by the Ministry on the above para. The Committee directed the PAO to provide the latest position of the facts to Audit, take all possible measures to recover the outstanding amount from the concerned persons/companies and report to the PAC within one month.

PAC (M&I) DIRECTIVE (28-12-2015)

The Committee deferred the para and directed the PAO to pursue the case in the court vigorously.

**NATIONAL DEVELOPMENT FINANCE
CORPORATION OF PAKISTAN**

5. PARA- 51 Page-39 Item-35 (1996-97)

Audit reported that National Development Finance Corporation provided short term loans to various parties to meet their working capital requirement. The loan was required to be recovered within a year as per policy. The parties failed to repay the loan of Rs 294 million. Most of the projects for which working capital loans were sanctioned, had either closed down or running into heavy losses. The chances of recovery of Rs. 294 million (excluding mark-up) seem to be remote.

The PAO stated that the Ministry apprised the Committee that the Corporation was making efforts for the recovery of stated loans through out-of-court settlements.

PAC DIRECTIVES (16 & 17-05-2001)

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

The representative of NBP informed the Sub-Committee that the case is in the court of law and date in office. However, the bank management was pursuing the case.

PAC (M&I) DIRECTIVE (28-12-2015)

The Committee directed the PAO/NDFC to pursue the case vigorously in the court of law.

PARAS RECOMMENDED FOR SETTLEMENT BY DAC
HOUSE BUILDING FINANCE CORPORATION

6. i) **PARA- 28 Page-23 Item-25 (1996-97)**
ii) **PARA- 30 Page-23 Item-26 (1996-97)**
iii) **PARA- 33 Page-25 Item-28 (1996-97)**
iv) **PARA- 34 Page-25 Item-29 (1996-97)**
v) **PARA- 35 Page-26 Item-30 (1996-97)**

INVESTMENT CORPORATION OF PAKISTAN

- vi) **PARA- 45 Page-32 Item-32(ii) (1996-97)**
vii) **PARA- 46 Page-33 Item-33(i) (1996-97)**
viii) **PARA- 47 Page-34 Item-33(ii) (1996-97)**
ix) **PARA- 48 Page-35 Item-33(iii) (1996-97)**
x) **PARA- 49 Page-36 Item-33(iv) (1996-97)**

NATIONAL DEVELOPMENT FINANCE
CORPORATION OF PAKISTAN

- xi) **PARA- 50 Page-38 Item-34 (1996-97)**
xii) **PARA- 52 Page-39 Item-36 (1996-97)**

PAKISTAN SECURITY PRINTING
CORPORATION (PVT) LTD

- xiii) **PARA- 54 Item-37 (1996-97)**

PAC (M&I) DIRECTIVE (28-12-2015)

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

PARAS RECOMMENDED FOR PURSUANCE AT DAC LEVEL

AGRICULTURE DEVELOPMENT
BANK OF PAKISTAN

7. i) **PARA-7, PAGE-12 ARPSE-1996-97**

ii) PARA-11, PAGE-13 ARPSE-1996-97

**SMALL BUSINESS FINANCE
CORPORATION OF PAKISTAN**

iii) PARA-65, PAGE-46 ARPSE-1996-97
**IRREGULAR PAYMENT OF INSURANCE PREMIUM AMOUNTING TO
RS.103,883 MADE ON BEHALF OF BORROWERS**

iv) PARA-66, PAGE-47 ARPSE-1996-97

PAC (M&I) DIRECTIVE (28-12-2015)

The Committee directed the PAO for pursuance at DAC level for above mentioned four (4) paras .

8. i) PARA-12, PAGE-13 ARPSE-1996-97

The Audit pointed out that tractors (25000) worth Rs.224.250 million, imported in 1994-95 under “Awami Tractor Scheme”, were held in stock at the close of the year 1996-97. Most of the tractors were lying undelivered to the farmers at different delivery pints.

Ministry informed the Committee that most of the tractors have now been delivered and the Bank has recovered the cost of the tractors.

The Ministry stated that the decree has been challenged by M/s Khyber Tractors Ltd. According to summon received from the Court, case came up for hearing on 12.02.2014 and adjourned for 12.03.2014. The Bank has engaged Mr. Muhammad RasheedQamar, Advocate, Supreme Court of Pakistan to defend the case.PAO Report as per directives of the PAC is regularly received in the Ministry of Finance.

PAC (M&I) DIRECTIVE (DATED 16, 17.05.2001)

The Committee directed the Audit to verify the facts stated by the Bank Management and report to the PAC within 15 days.

ii) PARA-15, PAGE-14 ARPSE-1996-97
**NON-RECOVERY OF RS.3.008 MILLION FROM CHRONIC DEFAULTER
AND GRANT OF UN-SECURED LOAN AMOUNTING TO RS.758,000.**

The Audit pointed out that ADBP (HQ), Islamabad sanctioned a loan of Rs.2.225 million to Mrs. MumtazRashidi for the construction of 18 poultry sheds in April, 1988. Later on, the borrower approached the then Adviser to Prime Minister and succeeded in getting additional loan of Rs.758, 000 without providing any additional security.

The Ministry informed the Committee that the additional loan was granted by the then Chairman, ADBP, as a special case. The Banking Court has awarded the decree in favor of the Bank. The recovery will be effected by the Court of Law through auction of property of the defaulter.

PAC DIRECTIVE (DATED 16, 17.05.2001)

The Committee directed the Bank to get the decree executed and recover the said amount as early as possible and report the progress to the PAC within one month.

PAC (M&I) DIRECTIVE (28-12-2015)

The Committee deferred the above mentioned two (2) paras till next meeting.

PARAS RECOMMENDED FOR SETTLEMENT BY DAC

**AGRICULTURE DEVELOPMENT
BANK OF PAKISTAN**

9. i) **PARA-6, PAGE-12 ARPSE-1996-97**
- ii) **PARA-9, PAGE-13 ARPSE-1996-97**
- iii) **PARA-10, PAGE-13 ARPSE-1996-97**
- iv) **PARA-14, PAGE-14 ARPSE-1996-97**
**LOSS OF RS.3.790 MILLION DUE TO WRITE OFF LOAN OF THE CHRONIC
DEFAULTERS.**
- v) **PARA-16, PAGE-15 ARPSE-1996-97**
NON-RECOVERY OF RS.2.246 MILLION FROM CHRONIC DEFAULTER
- vi) **PARA-17, PAGE-16 ARPSE-1996-97**

**SMALL BUSINESS FINANCE
CORPORATION OF PAKISTAN**

- vii) **PARA-63, PAGE-45 ARPSE-1996-97**
**ANTICIPATED LOSS OF RS.1.035 MILLION DUE TO MIS-UTILIZATION OF
PROJECT LOAN**

viii) PARA-64, PAGE-46 ARPSE-1996-97
EXPECTED LOSS OF RS.198,988 DUE TO NON-RECOVERY OF CYCLE
LOAN
PAC (M&I) DIRECTIVE (28-12-2015)

The Committee settled the above mentioned eight (8) Paras after verification/ recovery/ regularization/ accepted point of view on the recommendation of DAC.



MINISTRY OF FOREIGN AFFAIRS

OVERVIEW

The PAC (M&I) examined and reviewed the status of implementation of the decisions of PAC made in the Report for the year 1996-97 in its meetings held on 26th May, and subsequently 28th December, 2015.

- Thirty four (34) paras were presented by the Audit Department which were examined by the Committee out of which 17 paras were settled whereas, appropriate directions were accordingly issued for remaining paras.
- In a few paras the PAO was directed to hold inquiries, fix responsibility and initiate disciplinary actions.

MINISTRY OF FOREIGN AFFAIRS
(ACTIONABLE POINTS)

Actionable Points regarding **Ministry of Foreign Affairs** meetings held on **26th May, 2015 and 28th December, 2015**, for the year 1996-97 :-

DIRECTOR GENERAL AUDIT FOREIGN &
INTERNATIONAL, ISLAMABAD

1. **PARA 1, PAGE 54 – AR-1996-97**
NON-RECOVERY OF ROOM RENT AND AIR CONDITIONING CHARGES RS
729,301

PAC (M&I) DIRECTIVE (26-05-2015)

The Committee settled the Para subject to verification of recovery of balance amount by the Audit.

PAC (M&I) DIRECTIVE (28-12-2015)

The Committee directed to pursue the para at DAC level on the recommendation of Audit.

2. **PARA 4, PAGE 55 – AR-1996-97**
FINANCIAL LOSS OF SAUDI RIYALS 263,194 (RS 1,765,559)

B) The Audit informed that in a case, an amount of SRLs 104,646 was paid to a contractor in April, 1991 as secured advance for bringing at site 271 Cubic Meter Red Cedar Wood to be used in construction of pergolas. Out of the above 145 CM of red Cedar wood was used before August, 1991 when it was decided not to construct more pergolas. In October, 1992 it was disclosed by the consultant that remaining 126 CM Cedar Wood valuing SRLs 75,630 was removed by the contractor from the site without authority and brought raw wood of different specification which was not accepted. Removal of 126 CM Red Cedar Wood from stock caused a loss of SRL 75,630 (Rs. 510,502).

PAC (M&I) DIRECTIVE (26-05-2015)

The Committee Settled the Para to the extent of Part “A” of the said Para and directed the PAO for the Part “B” to investigate the matter, fix responsibility and take action against the concerned under intimation to PAC within one (01) week.

3. **PARA 5, PAGE 56 – AR-1996-97**
DOUBTFUL CONSUMPTION OF MATERIAL WORTH SRL 1,193,294/-
(RS. 8,425,610)

PAC (M&I) DIRECTIVE (26-05-2015)

The Committee directed the PAO to verify the record from Audit, otherwise submit a report relating to the person held responsible for this laxity and suggest prompt mode of recovery under intimation to PAC within two (02) weeks.

PAC (M&I) DIRECTIVE (28-12-2015)

The Committee clubbed the above mentioned two paras (4&5) and settled both subject to writing off of the amount by the Competent Authority.

4. **PARA 7, PAGE 57 – AR-1996-97**
WASTEFUL EXPENDITURE OF US\$91,170 (RS. 2,737,771) INCURRED AS RENT OF A VACANT EMBASSY RESIDENCE

PAC (M&I) DIRECTIVE (26-05-2015)

The Committee directed the PAO to get verify the expenditure regularized from the Finance Division under intimation to Audit and PAC within one (01) month.

PAC (M&I) DIRECTIVE (28-12-2015)

The Committee directed to pursue the para at DAC level on the recommendation of Audit.

5. **PARA 8, PAGE 57 – AR-1996-97**
NON-RECOVERY OF TELEPHONE CHARGES RS. 1,737,618/-

PAC (M&I) DIRECTIVE (26-05-2015)

The Committee settled the Para for regularization of sanction from the Finance Division, verified from Audit under intimation to PAC.

PAC (M&I) DIRECTIVE (28-12-2015)

The Committee directed to pursue the para at DAC level on the recommendation of Audit.

6. **PARA 14, PAGE 60 – AR-1996-97**
UN-AUTHORISED EXPENDITURE OF RS. 514,390/-

PAC (M&I) DIRECTIVE (26-05-2015)

The Committee recommended the Para for shifting to Ministry of Commerce for further necessary action on the recommendation of DAC.

PAC (M&I) DIRECTIVE (28-12-2015)

The Committee directed to pursue the para at DAC level on the recommendation of Audit.

**7. PARA 19, PAGE 62 – AR 1996-97
NON-ADJUSTMENT OF ADVANCES RS. 5.00 MILLION**

PAC (M&I) DIRECTIVE (26-05-2015)

The Committee recommended the Para for settlement to the extent 19(i) relating to Sind Rangers and rest of the Para 19(ii) which was to provide adjustment certificate in respect of advance extended to Punjab Rangers will remain pending till its verification from the Audit.

PAC (M&I) DIRECTIVE (28-12-2015)

The Committee recommended the para for pursuance at DAC level on the recommendation of Audit.

**8. PARA 20, PAGE 62 – AR-1996-97
IN-ADMISSIBLE PAYMENT OF PAY AND ALLOWANCES RS. 2,503,844**

PAC (M&I) DIRECTIVE (26-05-2015)

The Committee settled the Para on the recommendation of Audit

**9. PARA 23, PAGE 66 – AR-1996-97
UN-AUTHORISED EXPENDITURE OF RS. 4,965,960 ON PURCHASE OF FURNITURE, FIXTURE, MACHINERY & EQUIPMENT**

PAC (M&I) DIRECTIVE (26-05-2015)

The Committee directed the PAO to get verify/reconcile the relevant record/ accounts with the Audit under intimation to PAC within one (01) week.

PAC (M&I) DIRECTIVE (28-12-2015)

The Committee settled the para on the recommendation of the Audit.

**10. PARA 24, PAGE 66 – AR-1996-97
IRREGULAR RETENTION OF CONSULAR FEE OUTSIDE GOVERNMENT ACCOUNT – LOSS OF US\$ 94,394 (RS. 2,577,220)**

The PAO informed the Committee that Foreign Office was pursuing case of recovery from the Bank. Liquidation process of the bank is underway.

PAC (M&I) DIRECTIVE (26-05-2015)

The Committee recommended the Para for settlement subject to recovery from the bank as the Ministry was pursuing the case and pended the Para to the extent of \$ 20,128.78 with the direction to get it regularized/verified from the Finance Division under intimation to Audit and PAC.

PAC (M&I) DIRECTIVE (28-12-2015)

The Committee settled the para on the recommendation of the Audit with the direction to the PAO to pursue the case vigorously for recovery of amount from Germen Bank.

11. **PARA 27, PAGE 68 – AR-1996-97**
UN-AUTHORISED REALISATION OF 10% ADDITIONAL SURCHARGE ON CONSULAR / PASSPORT FEE- £ 576,065.68 (Rs.31,447,414)

PAC (M&I) DIRECTIVE (26-05-2015)

The Committee directed the PAO to hold a DAC meeting on the issue in consultation/presence of the representative of Finance Division (Financial Advisor), Additional Secretary from the Law Division and Senior Officer of DG level from the Audit under intimation to PAC.

PAC (M&I) DIRECTIVE (28-12-2015)

The Committee settled the para on the recommendation of DAC/ Audit.

12. **PARA 29, PAGE 69 – AR-1996-97**
UNREALISTIC EXPENDITURE OF £ 128,968 (Rs.9,761,124) ON PAB EXCHANGE

PAC (M&I) DIRECTIVE (26-05-2015)

The Committee settled the Para subject to recovery/regularization under intimation to PAC.

PAC (M&I) DIRECTIVE (28-12-2015)

The Committee directed to pursue the para at DAC level on the recommendation of Audit.

13. **PARA 30, PAGE 70 – AR-1996-97**
LOSS OF £ 32,613.52 (RS. 2,468,400) DUE TO UNAUTHORISED/ MISUSE OF TELEPHONE FACILITIES

PAC (M&I) DIRECTIVE (26-05-2015)

The Committee settled the Para on the recommendation of Audit.

14. i. **PARA 31, PAGE 70-71-AR-1996-97**
MIS-APPROPRIATION OF £200,000 (RS.15,137,280) BY THE HIGH COMMISSIONER
- ii. **PARA 34, PAGE 72 -AR-1996-97**
IRREGULAR DRAWL OF ENTERTAINMENT ALLOWANCE US\$ 27,793.75 (RS. 1,231,663)
- iii. **PARA 38, PAGE 74-AR-1996-97**
UNREALISTIC EXPENDITURE ON CHARTERED AIR CRAFT £1,486.38 (RS. 88,365.26)
- iv. **PARA 41, PAGE 75- AR-1996-97**
UNAUTHORIZED EXPENDITURE OUT OF SUMPTUARY ALLOWANCE £22,941.57 (RS. 1,736,365)
- v. **PARA 43, PAGE 76- AR-1996-97**
UNJUSTIFIED PAYMENT TO THE HIGH COMMISSIONER £734,021.23 (RS. 55,555,432)

PAC (M&I) DIRECTIVE (26-05-2015)

The Committee Pended the above mentioned five (05) Paras because all these cases are pending with the NAB and NAB will submit its report on 15th July, 2015 to the PAC.

15. **PARA 32, PAGE 71 -AR 1996-97**
IRREGULAR DRAWAL OF \$100,000 (RS. 4,431,440) AND NON-RENDERING OF ACCOUNTS

PAC (M&I) DIRECTIVE (26-05-2015)

The Committee pended the Para and directed to FIA to submit an inquiry report on the said Para within one (01) month.

PAC (M&I) DIRECTIVE (28-12-2015)

The Committee directed the PAO to put up the report within one month on the issues mentioned below:-

- i) Explain that where the cheque has gone.
ii) Provide the information about five receipts of £ 240,000,

- iii) Where were the genuine receipts of £200,000 instead of photocopies.
- iv) Give comprehensive details of £163000.

The Committee further directed the NAB to call the Ex-Secretary Foreign Affairs (Mr. Najm-ud-Din Sheikh) and get full details of cheque handed over from High Commissioner, London to him.

**16. PARA 33, PAGE 72 –AR-1996-97
LOSS OF £84,700 (RS. 6,410,638) DUE TO NON-ALLOTMENT OF VACANT FLAT**

PAC (M&I) DIRECTIVE (26-05-2015)

The Committee settled the Para after clarification given by the Finance Division.

**17. PARA 35, PAGE 73 –AR 1996-97
RECOVERY OF RS. 266,887 ON ACCOUNT OF IRREGULAR DRAWL OF FULL DAILY ALLOWANCE WITHOUT PRODUCTION OF HOTEL RECEIPT**

PAC (M&I) DIRECTIVE (26-05-2015)

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

PAC (M&I) DIRECTIVE (28-12-2015)

The Committee directed to pursue the para at DAC level on the recommendation of Audit.

**18. PARA 36, PAGE 73 - AR1996-97
IRREGULAR PURCHASE OF OFFICE MACHINERY EQUIPMENT, FURNITURE & FIXTURE AND TWO STAFF CARS WORTH RS. 2,109,933.49**

PAC (M&I) DIRECTIVE (26-05-2015)

The Committee settled the Para subject to regularization of expenditure by the Finance Division under intimation to PAC.

PAC (M&I) DIRECTIVE (28-12-2015)

The Committee directed to pursue the para at DAC level on the recommendation of Audit.

**19. PARA 40, PAGE 75 –AR-1996-97
RECOVERY OF RS. 554,423.42 ON ACCOUNT OF OVER PAYMENT OF PAY AND ALLOWANCES**

PAC (M&I) DIRECTIVE (26-05-2015)

The Committee recommended the Para for settlement subject to verification of recovery by the Audit under intimation to PAC.

PAC (M&I) DIRECTIVE (28-12-2015)

The Committee directed to pursue the para at DAC level on the recommendation of Audit.

**20. PARA 44, PAGE 77 –AR-1996-97
IRREGULAR EXPENDITURE OF £130,412.19 (RS. 9,870,429 OUT OF PCW&EF)**

PAC (M&I) DIRECTIVE (26-05-2015)

The Committee settled the Para on the recommendation of Audit.

**21. PARA 47, PAGE 78 – AR-1996-97
ILLEGAL REMOVAL/ISSUANCE OF PASSPORT LEADING TO EVASION OF PASSPORT FEE AND SURCHARGE TO THE TUNE OF £9,728 (RS. 726,277)**

Audit informed that in a Mission abroad the details of particulars of 304 applicants to whom passports were issued were neither recorded in the Passport Register nor the fee was realized thereof. The application forms, demanded by the Audit to consider genuineness were also not produced to Audit. Un-authorized removal of passports resulted into a loss of £ 9,828.00 (Rs.736,277) to the national exchequer.

The irregularity was reported in May, 1997 which remained un-responded so far. An immediate action is required to:

- i. Investigate the matter through a Court of Inquiry to ascertain the reasons leading towards unauthorized removal of 304 passports;
- ii. Take remedial measure to safeguard the unauthorized removal of passports;
- iii. Regularized the loss sustained to the state under the orders of the competent financial authority.

PAC (M&I) DIRECTIVE (26-05-2015)

The Committee directed the PAO to inquire the matter of missing passports and report therein be submitted to PAC within one (01) month.

PAC (M&I) DIRECTIVE (28-12-2015)

The Committee settled the para.

22. **PARA 49-AR-1996-97**
INFRACTUOUS EXPENDITURE OUT OF FUND FOR IMPROVEMENT OF
GOVERNMENT OWNED BUILDING WORTH £ 12,272.12 (RS. 928,833)

PAC (M&I) DIRECTIVE (26-05-2015)

The Committee settled the Para with the direction to amend the rules in future to avoid inconvenience.

PAC (M&I) DIRECTIVE (28-12-2015)

The Committee directed to pursue the para at DAC level on the recommendation of Audit.

PARAS RECOMMENDED FOR SETTLEMENT

23. i) **PARA-2 PAGE 54 AR-1996-97**
NON-DEPOSIT OF SALE PROCEED IN GOVERNMENT ACCOUNT
RS. 78,966/-
- ii) **PARA-3 PAGE 54 AR-1996-97**
DRAWL OF INADMISSIBLE HOUSE RENT ALLOWANCE RS. 137,260/-

PAC (M&I) DIRECTIVE (26-05-2015)

The Committee settled the above mentioned two (02) Paras subject to recovery of amount by the Audit.

- iii) **PARA-15 PAGE 60 AR-1996-97**
IRREGULAR EXPENDITURE OF US\$ 5,014 (RS. 154,602)
PAC DIRECTIVE (26-05-2015)

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

- iv) **PARA-16 PAGE 61 AR-1996-97**
PURCHASE OF STAFF CAR WITHOUT AUTHORISATION US\$ 6,500
(RS. 163,802).

PAC (M&I) DIRECTIVE (26-05-2015)

The Committee settled the Para on the recommendation of DAC.

- v) **PARA-17 PAGE 61 AR-1996-97**
UN-AUTHORISED PURCHASE OF EQUIPMENT RS. 687,960

PAC (M&I) DIRECTIVE (26-05-2015)

The Committee directed the PAO to get the expenditure regularized from the Finance Division under intimation to Audit and PAC.

- vi) **PARA-18 PAGE 61 AR-1996-97**
UN-JUSTIFIED PURCHASE OF PAINTING FOR RS. 2,045,130/-

PAC (M&I) DIRECTIVE (26-05-2015)

The Committee settled the Para on the recommendation of Audit.

- vii) **PARA-25 PAGE 67 AR-1996-97**
IRREGULAR EXPENDITURE ON PURCHASE OF FURNITURE, EQUIPMENT AND STAFF CAR US\$ 230,514 (RS. 6,168,711)

PAC (M&I) DIRECTIVE (26-05-2015)

The Committee settled the Para subject to regularization of expenditure from Finance Division under intimation to Audit and PAC.

- viii) **PARA-37 PAGE 74 AR-1996-97**
UN-AUTHORISED EXPENDITURE INCURRED ON PURCHASE OF AIR TICKETS RS. 424,037.95

PAC (M&I) DIRECTIVE (26-05-2015)

The Committee settled the Para subject to regularization/ ex-post facto approval by the competent authority under intimation to PAC.

PAC (M&I) DIRECTIVE (28-12-2015)

The Committee settled the above mentioned 8 paras on the recommendation of the Audit.



HIGHER EDUCATION COMMISSION

OVERVIEW

The PAC (M&I) examined and reviewed the status of implementation of the decisions of PAC made in the report for the year 1996-97 in its meeting held on 5th October, 2015.

- One (01) para was presented by the Audit department which was examined by the Committee and was settled.

HIGHER EDUCATION COMMISSION
(ACTIONABLE POINTS)

Actionable Points regarding **Higher Education Commission** meeting held on **5th October, 2015**, for the year 1996-97:-

DIRECTORATE GENERAL AUDIT
(FEDERAL GOVERNMENT), ISLAMABAD

HIGHER EDUCATION COMMISSION

1. PARA NO. 13 PAGE-37 1996-1997
IRREGULAR PAYMENT OF MEDICAL ALLOWANCE – RS.0.269 MILLION

Audit pointed out that in National Center of Excellence in Geology, University of Peshawar, the employees in BPS-1 to 11 were being paid medical Allowance at rates over and above the rate of Rs 50/-p.m prescribed by the Government whereas the employees in BPS-16 and above, besides availing free indoor treatment facilities were being paid Medical Allowance @ Rs 270/- pm which was unauthorized and irregular. During 7/91 to 6/94, the total excess payment made on this account was Rs 269,568/. The irregularity was reported to the Ministry in August 1995.

The PAO stated that the centre is an integral part of University of Peshawar. Therefore its employees cannot be deprived of the facility availed by the employees of the University of Peshawar.

PAC (M&I) DIRECTIVE DATED 23.05.2002

The PAC directed the PAO to recover the full amount and get it verified from Audit.

PAC (M&I) DIRECTIVE(05-10-2015)

The Committee settled the Para on the recommendation of the Audit.



MINISTRY OF HOUSING & WORKS

OVERVIEW

The PAC (M&I) examined and reviewed the status of implementation of the decisions of PAC made in the report for the year 1996-97 in its meeting held on 29th December, 2015.

- Forty (40) paras were presented by the Audit department which were examined by the Committee out of which 20 paras were settled whereas, appropriate directions were accordingly issued for remaining paras.
- In a few paras the PAO was directed to hold inquiries, fix responsibility and initiate disciplinary actions.

MINISTRY OF HOUSING & WORKS
ACTIONABLE POINTS

Actionable Points regarding **Ministry of Housing & Works (Pakistan Public works Department & Estate Office)** meeting held on 29th December, 2015 for the year 1996-97 :-

AUDIT REPORT FOR THE YEAR 1996-97
MINISTRY OF HOUSING & WORKS

PARAS RECOMMENDED FOR SETTLEMENT

1. i) **PARA NO. 1 PAGE NO. 95-1996-97**
NON-ATTENDANCE OF AUDIT OBSERVATIONS FROM 1978-1995
- ii) **PARA NO. 2 PAGE NO. 95-1996-97**
NON-PRODUCTION OF RECORD OF DISCRETIONARY GRANT OF FEDERAL MINISTER FOR HOUSING AND WORKS
- iii) **PARA NO. 3 PAGE NO.95-1996-97**
FAILURE OF HOUSING SCHEMES RESULTING IN LOSS TO THE GOVERNMENT – RS. 285.500 MILLION
- iv) **PARA NO. 4 PAGE NO. 96-1996-97**
NON-UTILIZATION AND IRREGULAR INVESTMENT – RS. 100.000 MILLION

PAC (M&I) DIRECTIVE (29-12-2015)

The Committee settled the above mentioned 4 paras on the recommendation of the DAC/Audit.

DIRECTORATE GENERAL AUDIT WORKS
(FEDERAL), ISLAMABAD

MINISTRY OF HOUSING & WORKS
(PAKISTAN PUBLIC WORKS DEPARTMENT & ESTATE OFFICE)

2. i) **A-I-1 CCD-II & PCD-II, ISLAMABAD**
OVERPAYMENT OF RS.28.863 MILLION DUE TO IRREGULAR CHANGE IN CONTRACT AGREEMENT.

The Audit pointed out that a Division of the department changed the terms and conditions of two contracts during August, 1994 executed in August, 1988 and escalation @ 65% and 55% in May, 1995 on the works which were

stipulated to be completed in February, 1990. This resulted in overpayment of Rs.28, 862,565/-.

PAC DIRECTIVE DATED 14.05.2001

On presentation of the above reports of the Sub-Committee, on Ministry of Housing and Works, pertaining to year 1996-97 the PAC approved the recommendations contained in the reports and directed to the PAO to implement them.

PAC DIRECTIVE DATED 11.09.2012

The Committee directed the PAO to comply with its previous directives regarding miscellaneous inquiry cases, get the compliance verified from audit and submit report within 15 days by holding DAC meeting within 07 days.

ii). **A-II-1 PCD-II, ISLAMABAD**
OVER PAYMENT OF RS.13.667 MILLION.

The Audit pointed out that a Division of the department awarded a work on 8% rebate on the estimated cost as per quoted rate of the contractor. The payments were made by allowing premium @ 6.87% upto May 1995. This resulted in an overpayment of Rs.1,366,726/.

PAC DIRECTIVE DATED 14.05.2001

On presentation of the above reports of the SUB-COMMITTEE, on Ministry of Housing and Works, pertaining to year 1996-97 the PAC approved the recommendations contained in the reports and directed to the PAO to implement them.

PAC DIRECTIVE DATED 30-31.05.2001

The PAC constituted a Sub-Committee comprising Lt.Gen(R) TalatMasood, Member Ad-hoc PAC (Convener) Mr. Muzaffar Ahmed, Member Ad-hoc PAC and representatives of the Auditor General, Finance Division and M/o Housing & Works to investigate the case and submit its findings to the committee within one month.

PAC DIRECTIVE DATED 11.09.2012

The Committee directed the PAO to comply with its previous directives regarding miscellaneous inquiry cases, get the compliance verified from audit and submit report within 15 days by holding DAC meeting within 07 days.

The PAO apprised the Sub-Committee that Ministry accepts and supports the

IDC recommendations and need full implementation of it.

PAC (M&I) DIRECTIVE (29-12-2015)

The Committee pended the above mentioned two paras with the direction to the PAO to trace & recover the outstanding amount from the then PAO of devolved Ministry of Special Education. The Committee further directed the PAO to submit a report in this regard within one month to the PAC-Implementation.

**3. B-I-1 CCD-VI, KARACHI
NON-RECOVERIES OF Rs.1,238,648/-**

The Audit pointed out that a division of the department did not recover rent of rooms of Federal Lodges from various Parliamentarians and Officers resulting in non-recovery of Rs.1,238,648.

PAC DIRECTIVE DATED 14.05.2001

The committee directed the PAO to take all possible measures to recover the outstanding amounts however, if the Ministry fails to recover the said outstanding amounts the cases may be referred to NAB for recovery.

PAC DIRECTIVE DATED 11.09.2012

The Committee directed the PAO to recover all the outstanding amounts relating to above mentioned Para, get them verified from the Audit and report to the PAC within 15 days.

The PAO informed the Committee that this para relates to the officers of the Pak PWD and the two politicians and partial recoveries have made from the PWD officers. He further informed that effort had been made for recovery from politicians but in vain. He told that the Ministry had written letters to the concerned Deputy Commissioner for recovery from the politicians under land revenue Act but still there was no progress. Chief Secretary Baluchistan & Senate Secretariat were also approached for said purpose but no recovery has been made.

PAC (M&I) DIRECTIVE (29-12-2015)

The Committee pended the para with the direction to PAO to approach the Chief Secretary Baluchistan for the recovery of outstanding amount under land revenue Act within one month.

**4. B-V-1 CCD-III, ISLAMABAD
NON-RECOVERY OF RS.895,014 OF SECURED ADVANCE AND COST OF MATERIAL FROM A DEFAULTING CONTRACTOR.**

The Audit pointed out that a Division of the department failed to recover secured advance Rs.403,642 and cost of cement and steel Rs.491,374 from a contractor whose contract agreement was rescinded under clause 3 (C) in May,1995. This resulted in non-recovery of Rs.895,016/-

PAC DIRECTIVE DATED 14.05.2001

The Committee directed the department to pursue the case in the court of law vigorously.

The PAO informed the Committee that the case is in the Court and PWD is continuously trying to recover the amount. He further added that the Ministry had already been directed the concerned officers for the recovery of said amount. He added that the concerned XEN had been suspended in this case also.

PAC (M&I) DIRECTIVE (29-12-2015)

The Committee directed the PAO to make all possible efforts for effecting recovery and get it verified by Audit within one month.

5. **C-III-1 CCD-III, PESHAWAR**
LOSS OF RS.13.397 MILLION TO GOVT. DUE TO NON-RESCINDING OF CONTRACT ON RISK AND COST BASIS.

The Audit pointed out that a Division of the Department, rescinded a work under clause 15 (9)(f) of the agreement instead of rescinding the work at risk and cost. The remaining work costing Rs.14,964,953 was awarded to another contractor at a higher cost of Rs.28,361,586. Thus Government was put to a loss of Rs.13.396,633.

PAC DIRECTIVE DATED 14.05.2001

On the presentation of the Para C.III.I, by the Audit, the committee referred the Para for investigation of the facts of the case to the Sub-Committee already constituted to examine the Para A.I.I.

PAC DIRECTIVE DATED 11.09.2012

The Committee directed the PAO to comply with its previous directives regarding miscellaneous inquiry cases, get the compliance verified from audit and submit report within 15 days by holding DAC meeting within 07 days.

The PAO informed the Committee that concerned Executive Engineer had been died.

PAC (M&I) DIRECTIVE (29-12-2015)

The Committee directed the PAO on the recommendation of the Audit to write off the amount as the XEN has been died. The Committee settled the para subject to write off the outstanding amount by the PAO/Competent Authority.

6. **C-IX-1 CCD (OLD) QUETTA**
LOSS OF RS.0.116 MILLION DUE TO NON-RECOVERY OF STAMP DUTY.

PAC (M&I) DIRECTIVE (29-12-2015)

The Committee settled the para on the recommendation of Audit.

7. **D-II-1 CCD-II, ISLAMABAD**
AWARD OF WORK WORTH RS.6,137,273 WITHOUT CALLING TENDERS.

The Audit pointed out that a division of the department awarded a work costing Rs.6.137,273 without calling tenders to a contractor as additional work. Thus the Govt. was deprived of the benefit of competitive rates by the irregular award of work worth Rs.6,137,273/-

PAC DIRECTIVE DATED 14.05.2001

Despite the detailed discussion, the matter could not be resolved. The PAC constituted an IDC comprising the representatives of the M/O Housing & Works, Finance Division and the Audit (convener to be decided by the PAO to examine the matter and report to the committee within one month.

PAC DIRECTIVE DATED 11.09.2012

The Committee directed the PAO to comply with its previous directives regarding miscellaneous inquiry cases, get the compliance verified from audit and submit report within 15 days by holding DAC meeting within 07 days.

PAC (M&I) DIRECTIVE (29-12-2015)

Since 100% recovery has been made and Rs.2 Million were with the NAB authorities for disposal at any time on the decision of Court. The Committee settled the para.

8. i) **B-I-1 ESTATE OFFICE, ISLAMABAD**
NON-RECOVERY OF STANDARD RENT RS.1.166 MILLION

Audit pointed out that a government owned accommodations at Islamabad were allotted on standard rent basis to the employees of such departments who

were not entitled to get residential accommodation from the Federal Pool. Estate Officer failed to recover the rent which resulted in non-recovery of Rs.1,166,469 and loss to Government.

PAC DIRECTIVE DATED 14.05.2001

The PAC directed to Audit and Ministry of Finance to review the issues, make their recommendations and report to the committee within three months.

PAC DIRECTIVE DATED 11.09.2012

The Committee directed the PAO to recover the entire outstanding amount and get it verified from the Audit and report to the PAC within 15 days.

The PAO informed the Committee that Para relates to the outstanding recovery from the officers of Estate Office, Islamabad.

**ii) B-I-2 ESTATE OFFICE, ISLAMABAD
NON-RECOVERY OF STANDARD RENT RS.0.903 MILLION**

Audit pointed out that a Estate Office Islamabad allotted the houses to employees of non-entitled departments/ organizations on the basis of standard rent but failed to recover the rent. This resulted in non-recovery of Rs.903,516.

PAC DIRECTIVE DATED 14.05.2001

The PAC directed to Audit and Ministry of Finance to review the issues, make their recommendations and report to the committee within three months.

PAC DIRECTIVE DATED 11.09.2012

The Committee directed the PAO to comply with its previous directives regarding miscellaneous inquiry cases, get the compliance verified from audit and submit report within 15 days by holding DAC meeting within 07 days.

**iii). B-I-3 ESTATE OFFICE, ISLAMABAD
NON-RECOVERY OF STANDARD RENT RS.0.711 MILLION**

Audit pointed out that a Estate Office Islamabad allotted different categories of residential accommodation to the Federal Government employees as well as the employees of non-entitled departments. Subsequently it was cancelled on account of transfer etc. The houses were vacated and the assessed/standard rent was not recovered from the unauthorized occupants. This resulted in non-recovery of Rs.711, 240

PAC DIRECTIVE DATED 14.05.2001

The PAC directed to Audit and Ministry of Finance to review the issues, make their recommendations and report to the committee within three months.

PAC DIRECTIVE DATED 11.09.2012

The Committee directed the PAO to comply with its previous directives regarding miscellaneous inquiry cases, get the compliance verified from audit and submit report within 15 days by holding DAC meeting within 07 days.

**iv) B-I-4 ESTATE OFFICE, ISLAMABAD
LOSS OF STANDARD RENT RS.0.422 MILLION.**

Audit pointed out that a Estate Office Islamabad cancelled the allotment orders of hired houses under possession of the Federal Government employees but neither the houses were got vacated not the assessed/ standard rent and unadjusted advance payments of rent were made good. This resulted in loss of Rs.421,836.

PAC DIRECTIVE DATED 14.05.2001

The PAC directed to Audit and Ministry of Finance to review the issues, make their recommendations and report to the committee within three months.

PAC DIRECTIVE DATED 11.09.2012

The Committee directed the PAO to comply with its previous directives regarding miscellaneous inquiry cases, get the compliance verified from audit and submit report within 15 days by holding DAC meeting within 07 days.

**v) B-I-6 ESTATE OFFICE, ISLAMABAD
NON-RECOVERY OF STANDARD RENT RS.0.159 MILLION**

Audit pointed out that a Estate Office, Islamabad allotted hired houses on payment of standard/ assessed rent but failed to recover the rent from the occupants/allottees. This resulted in non-recovery of Rs.159,215.

PAC DIRECTIVE DATED 14.05.2001

The PAC directed to Audit and Ministry of Finance to review the issues, make their recommendations and report to the committee within three months.

PAC DIRECTIVE DATED 11.09.2012

The Committee directed the PAO to comply with its previous directives regarding

miscellaneous inquiry cases, get the compliance verified from audit and submit report within 15 days by holding DAC meeting within 07 days.

vi) B-I-7 ESTATE OFFICE, ISLAMABAD
NON-RECOVERY OF STANDARD RENT RS.0.154 MILLION

Audit pointed out that a Estate Office, Islamabad did not recovery standard rent from the unauthorized occupants of Government owned residential accommodations. This resulted in non-recovery of Government dues amounting to Rs.153,949.

PAC DIRECTIVE DATED 14.05.2001

The PAC directed to Audit and Ministry of Finance to review the issues, make their recommendations and report to the committee within three months.

PAC DIRECTIVE DATED 11.09.2012

The Committee directed the PAO to comply with its previous directives regarding miscellaneous inquiry cases, get the compliance verified from audit and submit report within 15 days by holding DAC meeting within 07 days.

vii) B-I-8 ESTATE OFFICE, ISLAMABAD
NON-RECOVERY OF STANDARD RENT RS.0.106 MILLION

Audit pointed out that a The Estate Offices provided residential accommodation to employees of non-entitled departments/ organizations on payment of standard rent. An amount of Rs.106,339 is lying outstanding against the allottees/occupants.

PAC DIRECTIVE DATED 14.05.2001

The PAC directed to Audit and Ministry of Finance to review the issues, make their recommendations and report to the committee within three months.

PAC DIRECTIVE DATED 11.09.2012

The Committee directed the PAO to comply with its previous directives regarding miscellaneous inquiry cases, get the compliance verified from audit and submit report within 15 days by holding DAC meeting within 07 days.

viii) B-I-10 ESTATE OFFICE, ISLAMABAD
NON-RECOVERY OF STANDARD RENT RS.0.105 MILLION

Audit pointed out that a Estate Office, Islamabad cancelled the allotments of some hired houses under possession of Federal Government Employees but

neither the houses were got vacated nor the assessed rent was recovered from the unauthorized occupants. This resulted in non-recovery of Rs.105,226.

PAC DIRECTIVE DATED 14.05.2001

The PAC directed to Audit and Ministry of Finance to review the issues, make their recommendations and report to the committee within three months.

PAC DIRECTIVE DATED 11.09.2012

The Committee directed the PAO to comply with its previous directives regarding miscellaneous inquiry cases, get the compliance verified from audit and submit report within 15 days by holding DAC meeting within 07 days.

ix) **B-I-11 E. OFFICE, ISLAMABAD**
NON-RECOVERY OF STANDARD RENT RS.0.094 MILLION

Audit pointed out that the Estate Office Islamabad failed to get the quarters vacated from the unauthorized allottees as well as to recover standard rent. This resulted in non-recovery of Rs.93,915.

PAC DIRECTIVE DATED 14.05.2001

The PAC directed to Audit and Ministry of Finance to review the issues, make their recommendations and report to the committee within three months.

PAC DIRECTIVE DATED 11.09.2012

The Committee directed the PAO to comply with its previous directives regarding miscellaneous inquiry cases, get the compliance verified from audit and submit report within 15 days by holding DAC meeting within 07 days.

x) **B-I-12 ESTATE OFFICE, ISLAMABAD**
NON-RECOVERY OF STANDARD RENT RS.0.053 MILLION

Audit pointed out that a Estate Office, Islamabad cancelled allotments of two houses under possession of the Federal Government employees but neither the houses were got vacated nor the assessed rent was recovered. This resulted in non-recovery of Rs.53,000.

PAC DIRECTIVE DATED 14.05.2001

The PAC directed to Audit and Ministry of Finance to review the issues, make their recommendations and report to the committee within three months.

PAC DIRECTIVE DATED 11.09.2012

The Committee directed the PAO to comply with its previous directives regarding miscellaneous inquiry cases, get the compliance verified from audit and submit report within 15 days by holding DAC meeting within 07 days.

xi) B-II-1 ESTATE OFFICE, ISLAMABAD
NON-RECOVERY OF ADVANCE PAYMENT OF RENT OF RS.0.119 MILLION

Audit pointed out that a Estate office Islamabad made advance payment of a hired house upto October 31, 1991 whereas allotment of the house was cancelled by the Cabinet Division w.e.f May 1, 1990. The house remained under occupation of the ex-allottee upto October 31, 1991 unauthorizedly but recovery of the rent paid in advance for the period from May 1, 1990 to October 31, 1991 was neither made from the owner nor from the unauthorized occupant. This resulted in non-recovery of Rs.119,200.

PAC DIRECTIVE DATED 14.05.2001

The PAC settled the Para subject to verification by the Audit.

PAC DIRECTIVE DATED 11.09.2012

The Committee directed the PAO to recover all the outstanding amount and get it verified from the Audit and report to the PAC within 15 days.

xii) B-II-2 ESTATE OFFICE, ISLAMABAD
NON-RECOVERY OF ADVANCE PAYMENT OF RENT RS.0.067 MILLION

Audit pointed out that a Estate Office Islamabad made advance payment for the years ending April 15, 1988 for a hired house. The house was de-hired w.e.f October 16, 1986 but recovery of rent for the period October 16, 1986 to April 15, 1988 was not made. This resulted in non-recovery of Rs.67,500.

PAC DIRECTIVE DATED 14.05.2001

The PAC settled the Para subject to verification by the Audit.

PAC DIRECTIVE DATED 11.09.2012

The Committee directed the PAO to comply with its previous directives regarding miscellaneous inquiry cases, get the compliance verified from audit and submit report within 15 days by holding DAC meeting within 07 days.

The PAO apprised the Committee that Estate office had reconstructed the record, however, the efforts were being carried out for the outstanding recovery from different departments. People has been identified who were involved and issued notices to 110 people for recovery. It would take some time to recover the amount.

PAC (M&I) DIRECTIVE (29-12-2015)

The Committee clubbed the above mentioned 12 Paras and directed the PAO to write off the amount to the extent of employees died and in remaining cases, recover the outstanding dues within two months and submit recovery report within time frame.

**9. B-I-9 ESTATE OFFICE, LAHORE
NON-RECOVERY OF STANDARD RENT RS.0.106 MILLION**

The Audit pointed out that a Estate Office, Lahore did not recover rent and other dues from the unauthorized occupants of Govt. residences. This resulted in a non-recovery of Rs.106,184.

PAC DIRECTIVE DATED 14.05.2001

The PAC directed to Audit and Ministry of Finance to review the issues, make their recommendations and report to the committee within three months.

PAC DIRECTIVE DATED 11.09.2012

The Committee directed the PAO to comply with its previous directives regarding miscellaneous inquiry cases, get the compliance verified from audit and submit report within 15 days by holding DAC meeting within 07 days.

The PAO informed the Committee that the record has been reconstructed and notices have been issued to 110 people for recovery. In this regard, letter already has been sent to the concerned Ministries for recovery.

PAC (M&I) DIRECTIVE (29-12-2015)

The Committee directed the PAO to recover the outstanding amount within two months from the persons available and write off the outstanding amount for those who have been died or not traceable.

**10. A-I-1 CCD-VI, KARACHI
NON-RECOVERY OF ROOM RENT RS.4,877,639/-**

Audit pointed out that a formation failed to recover rent charges of rooms provided for accommodation to various Senators/MNAs/MPAs/Government Officers at Karachi this resulted in non-recovery of Rs.4,877,639.

PAC DIRECTIVE DATED 14.05.2001

The committee directed the PAO to take all possible steps to recover the outstanding amounts from the Senators /MNAs/ MPAs/ Government officers: the department should refer the case to the NAB for recovery of the said dues where response is not positive. The committee also directed the PAO to revise rent charges of the QaisreNaz and improve its customer services.

PAC DIRECTIVE DATED 11.09.2012

The Committee directed the PAO to comply with its previous directives regarding miscellaneous inquiry cases, get the compliance verified from audit and submit report within 15 days by holding DAC meeting within 07 days.

The PAO apprised the Committee that out of 4.8 Million Rs.546,000/- have been recovered and remaining amount is yet to be recovered from the concerned persons.

PAC (M&I) DIRECTIVE (29-12-2015)

The Committee pended the Para and directed the PAO to call the then PAO in the next meeting to explain the Para.

11. B-I-1 CCD-VI, KARACHI LOSS OF REVENUE RS.3.400 MILLION (APPROX:)

The Audit pointed out that a Federal Lodge Karachi kept vacant/not properly booked the various suits. This resulted in loss of revenue worth Rs.3.400 million (Approx:)

PAC DIRECTIVE DATED 14.05.2001

The Committee directed the PAO to take all possible steps to recover the outstanding amounts from the Senators /MNAs/ MPAs/ Government officers: the department should refer the case to the NAB for recovery of the said dues where response is not positive. The committee also directed the PAO to revise rent charges of the QasreNaz and improve its customer services.

PAC DIRECTIVE DATED 11.09.2012

The Committee directed the PAO to comply with its previous directives regarding miscellaneous inquiry cases, get the compliance verified from audit and submit report within 15 days by holding DAC meeting within 07 days.

PAC (M&I) DIRECTIVE (29-12-2015)

The Committee pended the Para with the direction to the PAO to recover the amount.

PARAS RECOMMENDED FOR SETTLEMENT BY DAC

12. i) **A-II-4 CCD-II, ISLAMABAD**
OVERPAYMENT OF RS.0.174 MILLION
- ii) **A-IV-6 PCD-I, KARACHI**
OVERPAYMENT OF RS. 0.126 MILLION
- iii) **B-VII-1 CCD-II, ISLAMABAD**
NON-RECOVERY OF RS.798,646/- DUE TO ISSUE OF MATERIAL
BEYOND THE PROVISION OF CONTRACT AGREEMENT.
- iv) **C-I-1 CCD-VI, KHUZDAR**
LOSS OF RS. 6.875 MILLION
- v) **C-I-2 CCD (OLD) QUETTA**
LOSS TO GOVERNMENT OF RS. 4.527 MILLION
- vi) **C-I-5 CE/M-II, LAHORE**
LOSS OF RS. 0.239 MILLION
- vii) **C-VI-1 PCD-III, ISLAMABAD**
LOSS OF RS.0.500 MILLION DUE TO NON-RECEIPT OF
PURCHASED FURNITURE FROM A MEMBER OF NATIONAL
ASSEMBLY.
- viii) **A-II-1 ESTATE OFFICE, ISLAMABAD**
OVERPAYMENT OF RENT RS.0.073 MILLION DUE TO WRONG
CALCULATION AND DOUBLE PAYMENT.
- ix) **B-I-5 ESTATE OFFICE, LAHORE**
NON-RECOVERY OF STANDARD RENT RS.0.211 MILLION
- x) **B-II-3 ESTATE OFFICE, ISLAMABAD**
NON-RECOVERY OF ADVANCE PAYMENT OF RENT RS.0.053 MILLION
- xi) **B-II-4 ESTATE OFFICE, ISLAMABAD**
NON-RECOVERY OF ADVANCE PAYMENT OF RENT RS.0.053 MILLION
- xii) **B-IV-1 ESTATE OFFICE, ISLAMABAD**
NON-RECOVERY OF 5% RENT RS.0.110 MILLION
- xiii) **B-II-1 CCD-VI, KARACHI**
LOSS OF RS.0.761 MILLION DUE TO RECOVERY OF TELEPHONE
CHARGES AT LESSER RATE.

xiv) **B-V-1 ESTATE OFFICE, ISLAMABAD**
NON-RECOVERY OF DUE TO NON-PROVISION OF UTILITIES IN HIRED
BUILDING RS.1.393 MILLION

PAC (M&I) DIRECTIVE (29-12-2015)

The Committee settled the above mentioned 14 paras on the recommendation of the DAC/Audit.



MINISTRY OF INDUSTRIES & PRODUCTION

OVERVIEW

The PAC (M&I) examined and reviewed the status of implementation of the decisions of PAC made in the report for the year 1996-97 in its meetings held on 24th & 25th April 2014 and subsequently 20th August, 2015.

- Six Grant and Seventy one (71) paras were presented by the AGPR and Audit department which were examined by the Committee out of which 15 paras were settled whereas, appropriate directions were accordingly issued for remaining paras.
- In a few paras the PAO was directed to hold inquiries, fix responsibility and initiate disciplinary actions.

MINISTRY OF INDUSTRIES & PRODUCTION
(ACTIONABLE POINTS)

Actionable Points regarding **Ministry of Industries & Production** meetings held on **24th & 25th April, 2014** and **20th August, 2015**, for the year 1996-97 :-

APPROPRIATION ACCOUNTS (1996-97)

- 1) **GRANT NO.78- INDUSTRIES WING**
SAVING OF RS. 110,802,555
- 2) **GRANT NO.79- INDUSTRIES**
SAVING OF RS. 697,167
- 3) **GRANT NO.80-DEPARTMENT OF INVESTMENT PROMOTION AND SUPPLIES**
SAVING OF RS. 2,993,918
- 4) **GRANT NO.81- OTHER EXPENDITURE OF INDUSTRIES WING**
SAVING OF RS. 592,863
- 5) **GRANT NO.140- CAPITAL OUTLAY ON MISCELLANEOUS STORES**
SAVING OF RS. 666,731
- 6) **GRANT NO.162- DEVELOPMENT EXPENDITURE OF INDUSTRIES WING**
SAVING OF RS. 3,068,000

PAC (M&I) DIRECTIVE (20-08-2015)

The Committee pended the above mentioned 6 grants and directed that there should be zero saving in future. The Committee further directed that Ministry should improve the budgetary control system, strengthen internal financial control and promote awareness of budgetary financial rules and procedures to discipline its expenditure to allocate the grants.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (1996-97)
DIRECTOR GENERAL COMMERCIAL AUDIT & EVALUATION
LAHORE.

MINISTRY OF INDUSTRIES AND PRODUCTION
STATE ENGINEERING CORPORATION

1. **PARA-163, PAGE-107,**
THE CORPORATION EARNED PROFIT OF RS. 93.247 MILLION IN THE YEAR
1993-94 THEN SUSTAINED LOSSES OF RS 181.006 MILLION, RS. 462.219
MILLION AND RS.107.170 MILLION DURING 1994-95 TO 1996-97
RESPECTIVELY.

The Audit stated that the units showing outright losses should be privatized and rest of the units be made viable through restructuring and taking appropriate measures.

Managing Director, State Engineering Corporation apprised the Committee that they all were on the same point that either it should be shut down or privatized otherwise huge amount should be granted for its restructuring. He also apprised the Committee on a query that a proposal in this regard has been submitted during the year, 2008.

The Secretary, M/o Industries and Production informed the Committee that the amount of 2 billion was required to them for restructuring of SEC and its units. He also stated that proposal might be submitted through M/o Finance.

PAC (M&I) DIRECTIVE (24 & 25-04-2014)

The Committee directed the PAO that responsible person(s) should be taken to task who could not implement on the PAC directive dated 26 to 28-10-2000. The Committee also directed the PAO to check either management has submitted the proposal for restructuring the SEC and its units and report to Committee in its next meeting.

PAC (M&I) DIRECTIVE (20-08-2015)

The Committee directed the PAO to wind up the State Engineering Corporation (SEC) being a loss giving organization under intimation to PAC. The Sub-Committee also directed to invite the Privatization Commission of Pakistan to brief the PAC on State Engineering Corporation.

HEAVY ELECTRICAL COMPLEX (PVT) LTD

2. **PARA-169, PAGE-110,
INCLUSION OF RS. 4.450 MILLION ON ACCOUNT OF MOBILIZATION
ADVANCE GRANTED TO M/S HAYDORI CONSTRUCTION COMPANY
LIMITED IN LOANS, ADVANCES AND OTHER RECEIVABLES AMOUNT TO
RS.15.223 MILLION. AGAINST WHICH BANK GUARANTEE OF EQUAL
AMOUNT WAS PROVIDED BY MUSLIM COMMERCIAL BANK LIMITED.**

The Audit stated that on default of the contractor the Bank Guarantee was to be encashment which could not be done as the validity date of Bank Guarantee had expired and was not got extended. The PAO was directed by the PAC in its meeting held on Feb17, 1999 to expedite resolution of the case through arbitration as decided by the Supreme Court. The arbitration was announced in favour of HEC in January 2002. Notice of payment was sent by HEC on April 04, 2008 against the judgment of single bench. However, HEC Lawyer died on 9.01.2011. The case was still in office. HEC management has failed to pursue the case vigorously.

Managing Director, HEC apprised the Committee that no new lawyer was hired since then. He stated that expenditures will be more than 1300000/- as the amount comparatively was meager.

PAC (M&I) DIRECTIVE(24 & 25-04-2014)

The Committee directed the PAO to examine the issue, fix responsibility, take action against the responsible person (s) for not hiring HEC Lawyer within a month, and report to the Committee in its next meeting.

PAC (M&I) DIRECTIVE (20-08-2015)

The Committee pended the Para and directed the PAO to comply with the previous directives of the PAC within one month. The Committee also directed the PAO to fix responsibility for not implementing directives of PAC and submit report therein within one month. The Committee directed to invite Privatization Commission of Pakistan to give briefing on the Heavy Electrical Complex (Pvt) Ltd.

GHEE CORPORATION OF PAKISTAN (PVT) LIMITED
(MORAFKO INDUSTRIES LTD.)

3. PARA-170, PAGE-138-139,
THE COMPANY SUSTAINED LOSSES OF RS. 38.474 MILLION IN 1992-93
RS. 47.293 MILLION IN 1993-94, RS. 125.996 MILLION IN 1994-95,
RS. 190.181 MILLION IN 1995-96 AND RS. 163.426 MILLION IN 1996-97.

The Audit stated that the PAC in its meeting held on April 13, 2001 directed the PAO to monitor the expenditure on regular basis and sell all the units within shortest period of time. The directives of PAC dated April 12, 2001 could not be implemented.

The management replied that P.C is being pursued regularly for an early privatization of the unit. PIDC vide its letter No. Fin / Morafko Priv./2010 dated 9th September, 2010 has also requested MOI&P to intervene in the matter for early privatization of Morafko Industries Ltd. PIDC has again requested P.C for early disposal/ Privatization of Morafko vide letter No. 432-MORAFKO-2012/6931 dated 29 May, 2012, August 10, 2012 and December 29, 2013.

The Management also stated regarding the dispute of illegal possession of 22 Kanals 18 Marlas, a meeting with privatization commission was held on Feb 02, 2013. During the meeting PC representative induced that they can manage to privatize the company along-with total land measuring 101 Kanals 17 Marlas in compartments included land measuring 22 Kans 18 Marlas illegal possession by ex-owners.

PAC (M&I) DIRECTIVE (24 & 25-04-2014)

The Committee enquired from the PAO/Management as to how the Morafco Industry Ltd. sustained loss of Rs.6.30million during three years. The Committee also directed the PAO to call all the responsible persons, bring record of each privatized mill, examine the issue in DAC, fix responsibility, take action against the concerned person(s) and report to the Committee in its next meeting.

PAC (M&I) DIRECTIVE (20-08-2015)

The Committee directed the PAO to give a comprehensive report on Morafco Industries Ltd within one month and directed to invite the Privatization Commission of Pakistan to brief on the above said Para/issue.

AUDIT REPORT VOL-X-D PUBLIC SECTOR ENTERPRISES 1996-97 **DIRECTOR GENERAL COMMERCIAL AUDIT & EVALUATION, KARACHI**

SINDH ENGINEERING (PVT) LIMITED

4. i) **PARA-64 (ARPSE-1996-97 VOL-X-D)PAGE-MR-ITEM-(AP-1996-97)**
- ii) **PARA-65 (ARPSE-1996-97 VOL-X-D) PAGE- MR ITEM-(AP-1996-97)**

PAC (M&I) DIRECTIVE (20-08-2015)

The Committee directed the PAO to hold a meaningful DAC and come again with full preparation and information on the above 2 Paras within one month which will be discussed in the next meeting.

PAKISTAN STEEL MILLS

5. i) **PARA-100 (ARPSE-1996-97 VOL-X-D) PAGE-68 MR ITEM-07 (AP-1996-97)**
- ii) **PARA-101 (ARPSE-1996-97 VOL-X-D)PAGE-95 MR ITEM-08(AP-1996-97)**
- iii) **PARA-111(ARPSE-1996-97 VOL-X-D) PAGE-100 MR ITEM-(AP-1996-97)**
IRREGULAR/FRAUDULENT PURCHASE OF LEVEL INDICATORS AT HIGH
RATE RESULTING IN A LOSS OF RS. 28.139 MILLION
- iv) **PARA-112 (ARPSE-1996-97 VOL-X-D) PAGE-102 MR**
LOSS OF RS 24.926 MILLION DUE TO UNJUSTIFIED REDUCTION IN
SELLING PRICES OF COBBLED AND M.S. PLATES
- v) **PARA-113 (ARPSE-1996-97 VOL-X-D) PAGE-103 MR**
LOSS OF RS.22.030 MILLION DUE TO SALE OF G.R.SLAG AT LOWER
PRICE

- vi) PARA-114 (ARPSE-1996-97 VOL-X-D) PAGE-103 MR
LOSS OF RS 17.097 MILLION DUE TO SALE OF H.R. CHANNEL AT THE
RATE MUCH BELOW THE UNIT COST OF SALES
- vii) PARA-117 (ARPSE-1996-97 VOL-X-D) PAGE-106 MR ITEM-(AP-1996-97)
LOSS OF RS 3.515 MILLION ON ACCOUNT OF IRREGULAR PAYMENT TO
EMPLOYEES FOR TREATMENT ABROAD
- viii) PARA-118 (ARPSE-1996-97 VOL-X-D) PAGE-107 MR ITEM-(AP-1996-97)
LOSS OF RS 2.056 MILLION DUE TO FAVOURITISM EXTENDED TO A
SUPPLIER IN A PURCHASE DEAL
- ix) PARA-123 (ARPSE-1996-97 VOL-X-D) PAGE-113 MR ITEM- (AP-1996-97)
LOSS OF RS1.034 MILLION DUE TO GRANT OF IRREGULAR ADVANCE
TO THE EMPLOYEES

MUSTEHKEM CEMENT LIMITED

- x) Para-159 (ARPSE-1996-97 Vol-X-D) Page-105 MR

PAC (M&I) DIRECTIVE (20-08-2015)

The Committee directed the PAO to hold a meaningful DAC and come again with full preparation and information on all of the above 10 Paras within one month for discussion of the same in the next PAC meeting.

PARAS RECOMMENDED FOR SETTLEMENT

**FEDERAL CHEMICAL AND CERAMICS
CORPORATION (PVT) LIMITED**

- 6. i) PARA-13-15 (ARPSE-1996-97 VOL-X-D) PAGE-15-16 MR ITEM-06 (AP-1996-97)

**PAKISTAN INDUSTRIAL DEVELOPMENT
CORPORATION (PRIVATE) LIMITED**

- ii) PARA-73(ARPSE-1996-97 VOL-X-D) PAGE-53 MR ITEM-(AP-1996-97)

PAC (M&I) DIRECTIVE (20-08-2015)

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

BELA ENGINEERING (PVT) LIMITED

- 7. i) PARA-77(ARPSE-1996-97 VOL-X-D) PAGE-55 MR ITEM-(AP-1996-97)

LOSS OF RS. 523,786 ON SALE OF OLD ITEMS BY IGNORING HIGHEST BIDDERS

- ii) **PARA-78 (ARPSE-1996-97 VOL-X-D) PAGE-55 MR ITEM-(AP-1996-97)**
LOSS OF RS. 76,146 DUE TO IMPOSITION OF FINE FOR BREACH OF CREDIT CEILING

PAKISTAN STEEL MILLS

- iii) **PARA-94 - 96 (ARPSE-1996-97 VOL-X-D) PAGE-66-67 MR ITEM-5 (AP-1996-97)**
- iv) **PARA-99(ARPSE-1996-97 VOL-X-D) PAGE-68 MR ITEM-06(AP-1996-97)**
- v) **PARA-102 (ARPSE-1996-97 VOL-X-D) PAGE-68 MR ITEM-09 (AP-1996-97)**
- vi) **PARA-108 (ARPSE-1996-97 VOL-X-D) PAGE-70 MR ITEM-10 (AP-1996-97)**
NON-RECOVERY/NON-ADJUSTMENT OF SHORTAGES OF RAW MATERIAL AND FINISHED GOODS VALUING RS.56.243 MILLION
- vii) **PARA-109(ARPSE-1996-97 VOL-X-D) PAGE-99 MR ITEM-(AP-1996-97)**
DEPRIVATION OF INCOME AMOUNTING TO RS.49.014 MILLION DUE TO FAILURE IN EXECUTION OF JOB
- viii) **PARA-116(ARPSE-1996-97 VOL-X-D) PAGE-105 MR ITEM- (AP-1996-97)**
WASTEFUL EXPENDITURE OF RS. 3.720 MILLION INCURRED ON ACQUIRING OF LAND FROM PAKISTAN RAILWAYS
- ix) **PARA-119(ARPSE-1996-97 VOL-X-D) PAGE-109 MR ITEM-(AP-1996-97)**
LOSS OF RS.1.357 MILLION ON ACCOUNT OF UNDUE FAVOR TO AN ADVOCATE
- x) **PARA-120(ARPSE-1996-97 VOL-X-D)PAGE-110 MRITEM-(AP-1996-97)**
IRREGULAR AND UN-REALISTIC EXPENDITURE OF RS.1.271 MILLION INCURRED ON RENOVATION AND FURNISHING AND UNDUE FAVOUR TO PARTY
- xi) **PARA-122 (ARPSE-1996-97 VOL-X-D) PAGE-112 MR ITEM-(AP-1996-97)**
LOSS OF RS. 1.074 MILLION DUE TO FAVOURITISM IN AWARD OF TRANSPORTATION CONTRACT
- xii) **PARA-126 (ARPSE-1996-97 VOL-X-D) PAGE-116 MR ITEM- (AP-1996-97)**
- i. **LOSS OF RS.374,250 DUE TO UNNECESSARY DELAY IN AVAILING OFFER OF THE SECOND LOWEST BIDDER**

- ii. NON-RECOVERY OF RISK PURCHASE AMOUNTING TO RS.514,250 FROM THE PARTY FAILED TO SUPPLY THE ITEM
- xiii) PARA-127(ARPSE-1996-97 VOL-X-D) PAGE-117 MR ITEM-(AP-1996-97) LOSS OF RS.0.296 MILLION DUE TO SLACKNESS IN FINALISATION OF PURCHASE DEAL

PAC (M&I) DIRECTIVE (20-08-2015)

The Committee settled the above mentioned 13 Paras on the recommendation of the Audit.

PARAS PENDED TILL NEXT MEETING
(PAKISTAN STEEL MILLS CORPORATION LIMITED)

SPECIAL AUDIT REPORT
DIRECTOR GENERAL COMMERCIAL
AUDIT & EVALUATION, KARACHI

8. i) PARA-1.1(SAR-9-1994-97) ITEM-(AP-1996-97) HEAVY DISCOUNT AND COMMISSION OF RS.764.940 MILLION ON SALES
- ii) PARA-1.3(SAR-9-1994-97) ITEM-(AP-1996-97) LOSS OF RS.80.336 MILLION ON SALE OF C.R. END CUTS
- iii) PARA-1.5(SAR-9-1994-97)ITEM-(AP-1996-97) LOSS OF RS.37.748 MILLION DUE TO SALE OF BILLETS ON REDUCED PRICES
- iv) PARA-1.8(SAR-9-1994-97) ITEM-(AP-1996-97) LOSS OF RS.10.182 MILLION ON SALE OF AMMONIUM SULPHATE AT LOWER RATES
- v) PARA-1.9(SAR-9-1994-97)ITEM-(AP-1996-97) LOSS OF RS.10.155 MILLION DUE TO UN DUE FAVOUR TO DEALERS
- vi) PARA-1.10(SAR-9-1994-97)ITEM-(AP-1996-97) LOSS OF RS. 5.372 MILLION ON RESALE OF IMPORTED PIG IRON
- vii) PARA-2.2(SAR-9-1994-97) ITEM-(AP-1996-97) LOSS OF RS. 391.880 MILLION DUE TO IMPORT AT HIGHER PRICE
- viii) PARA-2.3(SAR-9-1994-97) ITEM- (AP-1996-97) LOSS OF RS.203.380 MILLION ON IMPORT OF PIG IRON
- ix) PARA-2.7(SAR-9-1994-97)ITEM-(AP-1996-97) LOSS OF RS. 51.960 MILLION DUE TO PURCHASE AT EXORBITANT

PRICES (GRATE BARS)

- x) **PARA-2.8(SAR-9-1994-97)ITEM-(AP-1996-97)**
UNDUE FAVOUR TO A CONTRACTOR BY MAKING ADVANCE PAYMENT
OF RS. 40 MILLION
- xi) **PARA-2.9(SAR-9-1994-97)ITEM-(AP-1996-97)**
LOSS OF RS.34.332 MILLION DUE TO INSTALLATION OF DEFECTIVE
AND INCOMPLETE SOFTWARE
- xii) **PARA-2.10 (SAR-9-1994-97)ITEM-(AP-1996-97)**
LOSS OF RS.28.275 MILLION DUE TO PROCUREMENT AT EXTRA
ORDINARY HIGHER RATES
- xiii) **PARA-2.11(SAR-9-1994-97)ITEM- (AP-1996-97)**
LOSS OF RS. 9.567 MILLION DUE TO PURCHASE OF RICE HUSK AT
HIGH PRICE
- xiv) **PARA-2.13 (SAR-9-1994-97) ITEM- (AP-1996-97)**
LOSS OF RS.5.508 MILLION DUE TO UNDUE FAVOUR TO THE SUPPLIER
(M/S. PARAMOUNT STEEL TRADERS)
- xv) **PARA-2.15 (SAR-9-1994-97) ITEM-(AP-1996-97)**
LOSS OF RS.20.22 MILLION DUE TO PROCUREMENT AT HIGH PRICES.
(ZINC BATH)
- xvi) **PARA-3.1(SAR-9-1994-97)ITEM- (AP-1996-97)**
LOSS OF RS.426.308 MILLION DUE TO SHORTAGE OF PIG IRON AND
BILLETS

PAC (M&I) DIRECTIVE (20-08-2015)

The Committee pended the above mentioned 16 Paras till the next meeting with the direction to PAO to hold a fresh meaningful DAC within one month.

PAKISTAN STEEL MILLS CORPORATION LIMITED

- 9. i) **PARA-1.2(SAR-9-1994-97) ITEM-(AP-1996-97)**
LOSS OF RS. 175 MILLION DUE TO SALE ON FICTITIOUS DOCUMENTS
- ii) **PARA-1.4(SAR-9-1994-97)ITEM- (AP-1996-97)**
LOSS OF RS. 60.530 MILLION DUE TO SALE OF BILLETS AT REDUCED
RATES TO VARIOUS DEALERS @ RS.15,000 PMT AGAINST LISTED
PRICE OF RS.19,000 PMT

- iii) PARA-1.11(SAR-9-1994-97)ITEM-(AP-1996-97)
ABNORMAL INCREASE IN SALE OF REJECTED MATERIAL IN 1995-96
- iv) PARA-2.1(SAR-9-1994-97)ITEM- (AP-1996-97)
LOSS OF RS. 534.101 MILLION ON IRREGULAR AND IMPROPER
PURCHASE OF DIFFERENT ITEMS
- v) PARA-2.4(SAR-9-1994-97)ITEM-(AP-1996-97)
BLOCKAGE OF RS.135.344 MILLION DUE TO IRREGULAR AND
UNNECESSARY PROCUREMENT (BAILING PRESS)
- vi) PARA-2.5(SAR-9-1994-97)ITEM-(AP-1996-97)
BLOCKAGE OF FUNDS TO THE EXTENT OF RS.123.461 MILLION DUE TO
UN-NECESSARY PROCUREMENT. (MANGANESE ORE, CALCIUM
FLUORITE & DOLOMITE)
- vii) PARA-2.6(SAR-9-1994-97)ITEM-(AP-1996-97)
UNJUSTIFIED SPOT PURCHASES OF RS.52.208 MILLION
- viii) PARA-2.12(SAR-9-1994-97)ITEM-(AP-1996-97)
LOSS OF RS.10 MILLION DUE TO NON-ACCEPTANCE OF LOWER
OFFER. (SHRINK WRAPPING MACHINE)
- ix) PARA-2.14(SAR-9-1994-97)ITEM-(AP-1996-97)
LOSS OF RS.4.896 MILLION DUE TO PROCUREMENT OF CRANE RAIL AT
HIGH RATES
- x) PARA-2.16(SAR-9-1994-97)ITEM-(AP-1996-97)
LOSS OF RS.1.009 MILLION DUE TO SPOT PURCHASE. (PANE WOOD)
- xi) PARA-2.17(SAR-9-1994-97) ITEM-(AP-1996-97)
LOSS OF RS.6.7 MILLION DUE TO IRREGULAR PROCUREMENT OF
CRAWLER LOADING SHOVEL
- xii) PARA-3.2(SAR-9-1994-97)ITEM-(AP-1996-97)
UNDUE PAYMENT OF RS.186.763 MILLION AS ESCALATION CHARGES.
(ABAD)
- xiii) PARA-3.3(SAR-9-1994-97)ITEM-(AP-1996-97)
UNJUSTIFIED PAYMENT OF RS.107.423 MILLION OVER AND ABOVE THE
CONTRACT. (ABAD)
- xiv) PARA-3.7(SAR-9-1994-97) ITEM-(AP-1996-97)
IN FRUCTUOUS INVESTMENT OF RS.2.040 MILLION. (M/S. HASHOO
STEEL)

- xv) PARA-4.1(SAR-9-1994-97)ITEM-(AP-1996-97)
UNNECESSARY PAYMENT OF FINANCIAL CHARGES OF RS.413.560
MILLION DUE TO DELAY IN RETIREMENT OF IMPORT DOCUMENT
- xvi) PARA-4.2(SAR-9-1994-97)ITEM-(AP-1996-97)
LOSS OF RS.186.459 MILLION DUE TO NON-UTILIZATION OF SELF
GENERATED ELECTRICITY
- xvii) PARA-4.3(SAR-9-1994-97)ITEM-(AP-1996-97)
EXPECTED LOSS OF RS.248.576 MILLION DUE TO REJECTION OF
GALVANIZED STEEL PRODUCTS
- xviii) PARA-4.4(SAR-9-1994-97) ITEM-(AP-1996-97)
SHORTAGE OF RAW MATERIAL VALUING RS.52.279 MILLION AS
DIFFERENCE BETWEEN THE CARDEX BALANCE AND LEDGER
BALANCE
- xix) PARA-4.5, 4.8, 4.9 & 4.10, (SAR-9-1994-97) ITEM-(AP-1996-97)
- i. BLOCKAGE OF RS.33 MILLION DUE TO DAMAGE TO MATERIAL IN
FIRE ACCIDENT AND NON-SETTLEMENT OF INSURANCE CLAIM
 - ii. NON-UTILIZATION OF PRESIDENTIAL GRANT OF RS.10 MILLION
FOR WELFARE OF EMPLOYEES
 - iii. PAYMENT OF RS.9.194 MILLION AS PENALTIES AND ADDL. TAXES
DUE TO DELAY
 - iv. IRREGULAR CUSTODY OF RS.7.371 MILLION
- xx) PARA-4.6(SAR-9-1994-97)ITEM-(AP-1996-97)
LOSS OF RS.27.600 MILLION DUE TO PREMATURE ENCASHMENT OF
FEDERAL INVESTMENT BONDS
- xxi) PARA-4.7(SAR-9-1994-97)ITEM- (AP-1996-97)
OVERPAYMENT OF RS.11.994 MILLION.(MACDONALD LAYTON
CONSTRUCTION)
- xxii) PARA-4.11(SAR-9-1994-97)ITEM-(AP-1996-97)
LOSS OF RS.4.582 MILLION DUE TO PAYMENT OF FINE ON BEHALF OF
SUPPLIER. (M/S BHP MINERALS)
- xxiii) PARA-4.14(SAR-9-1994-97)ITEM-(AP-1996-97)
LOSS OF RS.1.296 MILLION DUE TO SHORT RECEIPT OF SPARE PARTS

xxiv) PARA-5.2(SAR-9-1994-97)ITEM-(AP-1996-97)
IRREGULAR/REINSTATEMENT OF TERMINATED DISMISSED
EMPLOYEES

xxv) PARA-5.3(SAR-9-1994-97)ITEM-(AP-1996-97)
UNNECESSARY PAYMENT TO MEDIA CONSULTANTS

PAC (M&I) DIRECTIVE (20-08-2015)

The Committee pended the above mentioned 25 Paras till the next meeting.

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MINISTRY OF INFORMATION **BROADCASTING & NATIONAL HERITAGE**

OVERVIEW

The PAC (M&I) examined and reviewed the status of implementation of the decisions of PAC made in the report for the year 1996-97 in its meeting held on 14th May, 2015.

- Twelve (12) paras were presented by the Audit department which were examined by the Committee out of which 06 paras were settled whereas, appropriate directions were accordingly issued for remaining paras.
- In a few paras the PAO was directed to hold inquiries, fix responsibility and initiate disciplinary actions.
- The Committee also referred two paras to NAB for investigation and report.

**MINISTRY OF INFORMATION
BROADCASTING & NATIONAL HERITAGE
(ACTIONABLE POINTS)**

Actionable Points regarding **Ministry of Information Broadcasting & National Heritage** meeting held on **14th May, 2015** for the year 1996-97 :-

**DIRECTOR GENERAL AUDIT
(FEDERAL GOVERNMENT)**

1. i. **PARA 2, PAGE 98, AR 1996-97
IRREGULAR EXPENDITURE OF US\$27,547.21 (RS. 1,220,738) ON
MEDICAL TREATMENT OF INFORMATION MINISTER**
- ii. **PARA 3, PAGE 98, AR 1996-97
INJUDICIOUS UTILIZATION OF 85% ENTERTAINMENT ALLOWANCE
28,560 (1,697,892)**

PAC (M&I) DIRECTIVE

The Committee pended and referred the above mentioned two (02) Paras to NAB for recovery at the earliest under intimation to Audit and PAC.

**DIRECTOR GENERAL COMMERCIAL AUDIT &
EVALUATION, LAHORE**

PAKISTAN BROADCASTING CORPORATION

2. i. **PARA 178, PAGE 146, ARPSE 1996-97**
- ii. **PARA 179, PAGE 146, ARPSE 1996-97**

PAC (M&I) DIRECTIVE

The Committee settled the above mentioned two (02) Paras on the recommendation of DAC.

3. **PARA 180, PAGE 147, ARPSE 1996-97**

Audit informed the Committee that advances deposits, prepayment and other receivables decreased from Rs. 50.882 million on June 30, 1996 to Rs. 49.223 million on June 30, 1997 registering a decrease of 3.26%. Efforts are required to be made for early recovery/adjustment of the advances. The PAC in its earlier directive of 16-06-2001 directed the department to recover/adjust the amount outstanding against various agencies and report to the Committee within one month.

Audit further added that Rs.4,200,057 were incurred on staff advances, Rs. 1,517,108 for Security deposits and Rs. 7,427,178 on other receivable. The Income Tax department deducted Rs. 2882,650 at source. The Tax department was of the view that subsidy should be tax as income of the corporation whereas the Tax Appellate on the corporation appeal has decided that subsidy cannot be taxed as income.

PAO stated that amount in question will be recovered from income at the earliest.

PAC (M&I) DIRECTIVE

The Committee pended the Para with the direction to PAO to pursue the case with FBR for refund of amount and outcome in this regard be intimated to Audit and PAC within one (01) week.

4. PARA 181, PAGE 147, ARPSE 1996-97

PAC (M&I) DIRECTIVE

The Committee settled the above mentioned Para on the recommendation of DAC.

5. PARA 182-183, PAGE 148, ARPSE 1996-97

The Audit informed the Committee that although the BR. License Fee registered an increase of 7.2% over the previous year, yet the leakage of revenue was enormous due to wide gap between the sets operating and those licensed out by the department. As already suggested by Audit in 1995-96 the Levi able fee on TV & Radio need to be merged to increase collection and commission on collection.

In its meeting held on 27-04-2015, DAC directed the management that progress made by management regarding prospective plan may be got verified from Audit. Further efforts may be made to increase the revenue of the Corporation.

PAC (M&I) DIRECTIVE

The Committee pended the Para till next meeting with the direction to PAO to come up with results on prospective plan to increase the revenue under intimation to Audit and PAC within one month.

PAKISTAN TELEVISION CORPORATION LIMITED

6. PARA 184, PAGE 148, ARPSE 1996-97

Audit pointed out that receivables from advertisers amounting to Rs. 23.316 million have been considered doubtful of recovery and provision thereof has been made in the accounts. Reasons due which these receivables became doubtful of recovery need to be looked into and efforts made to recover these receivables to

avoid loss on this account. Receivables amounting to Rs.642.174 million at the closure of the year 1995-96 increased to Rs.695.89 million at the closure of the year 1996-97 registering an increase of 8.36%. Efforts are required to be made to reduce these receivables.

PAC (M&I) DIRECTIVE

The Committee directed the PAO to write off the amount involved from the Board of Directors under intimation to Audit and PAC within one (01) month.

7. i. **PARA 185, PAGE 149, ARPSE 1996-97**
- ii. **PARA 186 & 187, PAGE 150, ARPSE 1996-97**

PAC (M&I) DIRECTIVE

The Committee settled the above mentioned two (02) Paras on the recommendation of DAC.

**NATIONAL FILM DEVELOPMENT
CORPORATION LIMITED**

8. **PARA 82, PAGE 73, ARPSE 1996-97**

PAC (M&I) DIRECTIVE

The Committee settled the Para on the recommendation of DAC.

9. **PARA 83, PAGE 73, ARPSE 1996-97**

PAC (M&I) DIRECTIVE

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



MINISTRY OF INFORMATION TECHNOLOGY & TELECOMMUNICATION

OVERVIEW

The PAC (M&I) examined and reviewed the status of implementation of the decisions of PAC made in the report for the year 1996-97 in its meeting held on 14th May, 2015.

- Forty one (41) paras were presented by the Audit department which were examined by the Committee out of which 32 paras were settled whereas, appropriate directions were accordingly issued for remaining paras.
- In a few paras the PAO was directed to hold inquiries, fix responsibility and initiate disciplinary actions.

**MINISTRY OF INFORMATION
TECHNOLOGY & TELECOMMUNICATION**
(ACTIONABLE POINTS)

Actionable Points regarding Ministry of Information Technology & Telecommunication meeting held on 14th May, 2015 for the year 1996-97 :-

DIRECTOR GENERAL AUDIT, PT&T, LAHORE

**NATIONAL TELECOMMUNICATION
CORPORATION**

1. i. **PARA 3.1, PAGE 25, AR 1996-97**
- ii. **PARA 3.2, PAGE 25, AR 1996-97**
- iii. **PARA 3.3, PAGE 25, AR 1996-97**
- iv. **PARA 3.4, PAGE 25, AR 1996-97**
- v. **PARA 3.5, PAGE 26, AR 1996-97**
LOSS DUE TO THEFT OF TWO VEHICLES
- vi. **PARA 3.6, PAGE 26, AR 1996-97**
THEFT OF SUZUKI BOLAN RS 238,000

PAC (M&I) DIRECTIVE

The Committee settled the above mentioned six (6) Paras on the recommendation of DAC.

2. **PARA 3.7, PAGE 26-27, AR 1996-97**
**LOSS DUE TO NON-RECOVERY OF SPARE PARTS ISSUED TO
SUBSCRIBERS RS. 427,407**

PAC (M&I) DIRECTIVE

The Committee settled the Para subject to verification of write off of amount involved by the department under intimation to Audit and PAC.

3. **PARA 3.8, PAGE 27, AR 1996-97**
IRREGULAR EXPENDITURE WITHOUT ALLOTMENT OF FUNDS RS. 712,789

PAC (M&I) DIRECTIVE

The Committee settled the Para on the recommendation of DAC.

4. **PARA 3.9, PAGE 27, AR 1996-97**
IRREGULAR EXPENDITURE WITHOUT CALLING TENDERS RS. 584,857

The Audit informed the Committee that in violation of the rules, two formations incurred an expenditure of Rs.584, 857 during the year 1995-96. The expenditure was incurred without tenders therefore treated as irregular. The management replied during the DAC held on 12-05-2015, that work was carried out by M/s Apollo which was specialist in this job and accordingly the work was sanctioned by PTC on 18-09-1995.

DAC directed the management to submit the case before NTC board for decision and submit report to Audit and Ministry.

PAC (M&I) DIRECTIVE

The Committee pended the Para with the direction to PAO to place the case before NTC Board for write off of amount involved within one month under intimation to PAC and Audit.

5. i. **PARA 3.10, PAGE 28, AR 1996-97**
IRREGULAR AND MISCLASSIFIED EXPENDITURE ON THE LOCAL PURCHASE OF UNIVERSAL CLOSURES RS.295,000

ii. **PARA 3.11, PAGE 28-29, AR 1996-97**
IRREGULAR AND UNJUSTIFIED EXPENDITURE ON THE PAINTING OF VHF TOWERS RS.152,990/-

iii. **PARA 3.12, PAGE 29, AR 1996-97**
UN-AUTHORIZED AND IRREGULAR EXPENDITURE ON THE LOCAL PURCHASES- RS.218,556

PAC (M&I) DIRECTIVE

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

6. **PARA 3.13, PAGE 29-30, AR 1996-97**
UNAUTHORIZED EXPENDITURE AGAINST UNSANCTIONED ESTIMATES RS. 363,246

PAC (M&I) DIRECTIVE

The Committee settled the Para subject to verification of Audit for the sale of car by department under intimation to PAC.

7.
 - i. PARA 3.14, PAGE 30, AR 1996-97
UN-AUTHORIZED EXPENDITURE INCURRED IN EXCESS OVER BUDGET
ALLOTMENT RS.168,382
 - ii. PARA 3.15, PAGE 30-31, AR 1996-97
UNAUTHORIZED EXPENDITURE DUE TO SPLITTING UP OF WORKS IN
PARTS AND UNDERSTATEMENT OF ASSETS DUE TO
MISCLASSIFICATION –RS.153,854
 - iii. PARA 3.16, PAGE 26, AR 1996-97
NON-ACCOUNTAL OF STORE RS.696,770

PAC (M&I) DIRECTIVE

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

SPECIAL COMMUNICATION ORGANIZATION

8.
 - i. PARA 4.1, PAGE 35 , AR 1996-97
NON-RECOVERY OF TELEPHONE DUES RS.1.375 MILLION
 - ii. PARA 4.2, PAGE 36 , AR 1996-97
NON-RECOVERY OF TELEPHONE DUES AGAINST CASUAL
CONNECTIONS RS.124,676
 - iii. PARA 4.3, PAGE 36 , AR 1996-97
NON-RECOVERY OF TELEPHONE DUES AGAINST GOVERNMENT
CONNECTIONS- RS.68,551
 - iv. PARA 4.4, PAGE 36 , AR 1996-97
LOSS DUE TO NON RECOVERY OF COST OF TELEPHONE SETS
RS.750,645
 - v. PARA 4.5, PAGE 37 , AR 1996-97
LOSS DUE TO UN-REMUNERATIVE PUBLIC CALL OFFICERS RS. 676,175
 - vi. PARA 4.6, PAGE 37 , AR 1996-97
LOSS DUE TO NON RECOVERY OF TELEPHONE DUES- RS. 671,890
 - vii. PARA 4.7, PAGE 38 , AR 1996-97
LOSS DUE TO NON RECOVERY OF TELEPHONE DUES RS. 20,122
 - viii. PARA 4.8, PAGE 39 , AR 1996-97
OUTSTANDING TELEPHONE DUES AGAINST LEASED CIRCUITS
RS. 2.019 MILLION

- ix. PARA 4.9, PAGE 39 , AR 1996-97
OUTSTANDING TELEPHONE DUES AGAINST DEFAULTERS RS.498,215
- x. PARA 4.10, PAGE 39, AR 1996-97
OUTSTANDING TELEPHONE DUES AGAINST UNIDENTIFIED TELEPHONE CONNECTIONS RS.171, 545
- xi. PARA 4.11, PAGE 40 , AR 1996-97
IRREGULAR CONVERSION OF TELEPHONE NUMBERS WITHOUT OBTAINING CLEARANCE FROM REVENUE OFFICE RESULTING IN UNREALIZED TELEPHONE DUES OF RS. 71,369
- xii. PARA 4.12, PAGE 40 , AR 1996-97
UNAUTHORIZED EXPENDITURE ON PAYMENT OF TELEPHONE BILLS IN EXCESS OF CEILING RS.199,750
- xiii. PARA 4.13, PAGE 41 , AR 1996-97
LEAKAGE OF REVENUE RS.83,885

PAC (M&I) DIRECTIVE

The Committee settled the above mentioned thirteen (13) Paras on the recommendation of DAC.

TELEPHONE INDUSTRIES OF PAKISTAN (TIP)

- 9. PARA 5.1 to 5.4, PAGE 45, AR 1996-97

PAC (M&I) DIRECTIVE

The Committee settled the above mentioned four (04) Paras because of its introductory nature on the recommendation of Audit.

- 10. PARA 5.5, PAGE 46 , AR 1996-97
LOSS DUE TO OUTSTANDING CLAIMS/SHARING UNITS RS.72.756 MILLION

The Audit informed the Sub-Committee that the records of Telephone Industries of Pakistan disclosed that an amount of Rs. 131.286 million was lying outstanding against different parties on account of Air - conditioned installation claims, sharing units and sale at the close up of June 1996.

Management informed on 08-05-2015 that out of balance amount receivable of 10.641 million, an amount of Rs. 1.205 million relates to TIP's AC department for recovery of which the departmental efforts are being made and TIP is in contact with concerned parties. For the remaining **outstanding balance of Rs. 9.436 million** related to TIP's Home Sales departments, efforts are being made for recovery and so far an amount of Rs. 1.285 (M) has been recovered and the outstanding

balance of Rs.7.573 (M) was also expected to be recovered soon. However, an amount of Rs.0.178 (M) was outstanding by various parties in minor sums and was unlikely to be recovered so it was requested that this amount should be treated as settled.

DAC observed that major amount of Rs. 62 million has been recovered. However, it was directed to make efforts for the recovery of balance amount in particular Rs. 6 million outstanding against Ministry of defense and submit report to Ministry and Audit within 45 days.

PAC(M&I) DIRECTIVE

The Committee pended the Para till the recovery of outstanding remaining amount under intimation to Audit and PAC.

11. PARA 5.6, PAGE 46 , AR 1996-97 LOSS DUE TO FRAUDULENT WITHDRAWAL OF CASH RS.8.523 MILLION

The Audit informed the Sub-Committee that two Senior Accountants of telephone Industries of Pakistan embezzled an amount of Rs. 8,522,768 in cash by fictitious cash vouchers during the years 1989 to 1994.

In December, 1997, it was replied that the case was lodged with F.I.A. which carried out thorough investigation. Telephone Industries of Pakistan management had also made an inquiry and dismissed the culprits from service and their retirement benefits were forfeited.

The PAO stated that the case is subjudice and the next hearing in the court is 05-05-2015. Efforts are made to pursue the case vigorously.

PAC (M&I) DIRECTIVE

The Committee pended the Para with the direction to pursue the case vigorously in the court of law under intimation to Audit and PAC.

12. PARA 5.7, PAGE , AR 1996-97 LOSS DUE TO DUMP MATERIAL RS. 5.088 MILLION

PAC (M&I) DIRECTIVE

The Committee settled the Para on the recommendation of DAC.

13. PARA 5.8, PAGE 47-48 , AR 1996-97 LOSS DUE TO NON-RECOVERY OF SALE OF TYPEWRITERS RS.4.683 MILLION

Audit pointed out that in 1996 an amount of Rs.5, 154,485 was lying outstanding against the different parties on account of sale of typewriters. The management informed that an amount of Rs. 471,630 has been recovered/ adjusted leaving a balance of Rs.4.682 million on 30-11-19997. The management also initiated a civil suit against M/S Allied Equipment & Business Product International Karachi.

PAC (M&I) DIRECTIVE

The Committee pended the Para and directed the PAO to inquire the matter therein be intimated to Audit and PAC. Further PAO is directed to pursue the case vigorously in the court of law under intimation to Audit and PAC and submit report within 45 days regarding the issue.

**14. PARA 5.9, PAGE , AR 1996-97
LOSS DUE TO PAYMENT OF DEMURRAGE CHARGES- RS.1.804 MILLION**

PAC (M&I) DIRECTIVE

The Committee settled the Para on the recommendation of Audit.

CARRIER TELEPHONE INDUSTRIES

15. i. PARA 7.3, PAGE 94, AR 1996-97

The Audit informed the Committee that a comparison of the figures of sales for the year 1996 and 1997 indicates that sale proceeds of Rs. 981.220 million during 1996 decreased to Rs. 731.827 million in 1997. This shows a heavy decrease of Rs.249.393 million which works out to 25.41% decrease. This heavy decrease is not a healthy sign for the flourishing business.

ii. PARA 7.4, PAGE 94, AR 1996-97

The Audit informed the Committee that the profit and loss accounts of the industry for the year 1997 shows a loss of Rs. 7.092 million sustained in the operation. The loss sustained was reduced to Rs. 6.624 million by adjusting the appropriated profit of Rs. 0.468 million of the previous year. Further, an amount of Rs. 8 million was withdrawn from the general revenue to set aside the loss for the year and thus a fake un-appropriated profit of Rs.1.013 million has been shown at the close of year 1997.

iii. PARA 7.5, PAGE 94, AR 1996-97

The Audit informed the Committee that Audit is of the view that the industry sustained the loss due to abnormal decreasing trend in the business and that the reserve balance has been irregularly utilized to control the factual position.

PAC (M&I) DIRECTIVE

The Committee pended the above mentioned three (03) Paras till next meeting.



MINISTRY OF INTER PROVINCIAL COORDINATION

OVERVIEW

The PAC (M&I) examined and reviewed the status of implementation of the decisions of PAC made in the report for the year 1996-97 in its meetings held on 14th May and subsequently 7th December, 2015.

- One (01) para was presented by the Audit department which was examined by the Committee and pended the para with the directions to the PAO to frame rules duly endorsed by the M/o Finance within one month.

MINISTRY OF INTER PROVINCIAL COORDINATION
(ACTIONABLE POINTS)

Actionable Points regarding **Ministry of Inter Provincial Coordination** meetings held on **14th May,2015** and **7th December, 2015** for the year 1996-97 :-

1. **PARA 1, PAGE 27, AR 1996-97**
RULES OF BUSSINESS FINANCIAL RULES NOT APPROVED BY THE GOVERNMENT

Audit pointed out that Pakistan Sports Board was working as an autonomous body of Culture and Sports but the financial status of the organization has yet not been declared by the Ministry of Finance. The organization has framed its business and financial rules but these have not been approved by the Finance Division. The organization is using its own framed rules and government rules according to its own convenience.

The PAO informed the Committee that draft rules have been framed and were pending for approval of Finance Division.

PAC (M&I) DIRECTIVE (14-05-2015)

The Committee pended the Para with the direction to the PAO to expedite the approval of drafted rules from the Finance Division under intimation to PAC within one month.

The Ministry informed that the draft rules have been framed and are pending for approval of Finance Division. The DAC observed lack of satisfaction on progress and urged early completion of exercise in hand.

The PAO informed the Committee that Ministry of IPC sent draft rules for approval on 07-03-2014 to Ministry of Finance. He requested the Sub-Committee for the provision of some time for the approval of said rules from Ministry of Finance.

PAC (M&I) DIRECTIVE(07-12-2015)

The Committee pended the Para with the direction to the PAO to frame the rules duly endorsed by the Ministry of Finance and report therein be submitted to Committee within one month.



MINISTRY OF KASHMIR AFFAIRS & GILGIT BALTISTAN

OVERVIEW

The PAC (M&I) examined and reviewed the status of implementation of the decisions of PAC made in the report for the year 1996-97 in its meetings held on 25th May and subsequently 21st December, 2015.

- Eleven (11) paras were presented by the Audit department which were examined by the Committee out of which 08 paras were settled whereas, appropriate directions were accordingly issued for remaining paras.
- In a few paras the PAO was directed to hold inquiries, fix responsibility and initiate disciplinary actions.

**MINISTRY OF KASHMIR AFFAIRS &
GILGIT BALTISTAN
(ACTIONABLE POINTS)**

Actionable Points regarding **Ministry of Kashmir Affairs & Gilgit Baltistan** meetings held on **25th May, 2015** and **21st December, 2015**, for the year 1996-97 :-

DIRECTOR GENERAL, AUDIT (FEDERAL GOVERNMENT), ISLAMABAD

**1. PARA 1, PAGE 110 – AR 1996-97
LOSS DUE TO PILFERAGE OF FOOD ITEMS- RS.12.746 MILLION**

The Audit informed that during the Audit loss of Rs. 12,745,596.59 had pointed out due to shortage of Wheat, Sugar and Salt in the various depots of civil supply Department in Northern Areas. The loss caused due to theft, pilferage and spillage resulting from negligence, miss management and improper control.

The PAO informed the Committee that an amount of Rs 1,984,885 had been recovered out of Rs 2,521,021. Remaining amount of Rs.5, 36,136 was still outstanding against the Government contractor who was in the court of law.

PAC (M&I) DIRECTIVE (25-05-2015)

The Committee pended Para with the direction to the PAO to pursue case in the court of law vigorously under intimation to Audit and PAC.

The PAO apprised the Committee that the next hearing of the case is fixed for 30-03-2016 and remaining amount Rs. 536,000/- was recoverable. He assured the Committee that he will submit the report before next hearing.

PAC (M&I) DIRECTIVE (21-12-2015)

The Committee pended the para till next meeting with the direction to PAO to inquire the matter, fix responsibility and submit its report within one month to PAC.

**2. i. PARA 2, PAGE 110 – AR 1996-97
FRAUDULENT DRAWAL AND MISAPPROPRIATION OF PUBLIC MONEY-
RS. 1.995 MILLION**

The PAO informed the Committee that the case is fixed for 25-02-2016 and remaining amount Rs. 367,575/- was recoverable. He further informed the Committee that the Ministry will try to settle down the issue at out of court level and will try to recover the remaining amount.

**ii. PARA 3, PAGE 111- AR 1996-97
MISAPPROPRIATION OF PUBLIC FUNDS BY THE MEDICAL
SUPERINTENDENT, DHQ HOSPITAL- RS.0.400 MILLION**

The Audit informed that the Medical Superintendent, DHQ Hospital Gilgit in 1990 withdrawn Rs. 399,692 from Public fund and put the same in his personal use for more than one year. This amount had to use for the purchase of an x-ray machine.

The PAO informed the Committee that an amount of Rs.1,609,900 had been recovered out of Rs.1,995,000 which had been verified by the Audit. Remaining amount approximately Rs. 3,86,000 was still outstanding against the Medical Superintendent namely, Major AsadRaheel. The Department approached to court of law for recovery of outstanding amount against the above mentioned officer. The Hon'able court gave the decision in the favor of department. However, the department was going to implement the decision of the Court. In response of a question of the Sub-Committee the Additional Secretary of the Ministry of Kashmir Affairs and GilgitBaltistan assured that Ministry will submit the medical certificate of PAO to the Committee.

PAC (M&I) DIRECTIVE (25-05-2015)

The Committee directed the PAO to expedite the recovery from the Medical Superintendent in the above mentioned two (02) Paras under intimation to Audit and PAC.

PAC (M&I) DIRECTIVE (21-12-2015)

The Committee Clubbed and pended the above mentioned two paras till next meeting.

3. i. **PARA 4, PAGE 112 – AR 1996-97**
MISAPPROPRIATION OF MONEY REALISED FROM PATIENTS-
RS.2,277,411
- ii. **PARA 7, PAGE 114- AR 1996-97**
UNAUTHORISED RETENTION OF GOVERNMENT MONEY- RS.864,419
- iii. **PARA 9, PAGE 115- AR 1996-97**
SUSPECTED MISAPPROPRIATION- RS.445,000
- iv. **PARA 10, PAGE 115- AR 1996-97**
EMBEZZLEMENT BY A DEVELOPMENT OFFICER- RS.89,600
- v. **PARA 12, PAGE 117- AR 1996-97**
UNNECESSARY PURCHASE OF STORES OUT OF SAP FUNDS-
RS. 1,709,813
- vi. **PARA 14, PAGE 118- AR 1996-97**
MISAPPROPRIATION DRAWN BY COORDINATOR AGRICULTURE ON
ACCOUNT OF POL AND REPAIR OF VEHICLES- RS.11,840,559

vii. PARA 16, PAGE 119- AR 1996-97
NON PRODUCTION OF RECORD OF SALE PROCEEDS OF POTATOES,
FRUITS AND PLANTS ETC.

viii. PARA 18, PAGE 120- AR 1996-97
NON-RECOVERY OVER PAID ON ACCOUNT OF TA/DA ETC- RS.188,114

PAC (M&I) DIRECTIVE (25-05-2015)

The Committee settled the above mentioned 08 (eight) Paras on the recommendation of DAC.



NARCOTICS CONTROL DIVISION

OVERVIEW

The PAC (M&I) examined and reviewed the status of implementation of the decisions of PAC made in the report for the year 1996-97 in its meetings held on 30th June and subsequently 21st December, 2015.

- One Grant and Ten (10) paras were presented by the AGPR and Audit department which were examined by the Committee out of which one grant and 08 paras were settled whereas, appropriate directions were accordingly issued for remaining paras.
- In a few paras the PAO was directed to hold inquiries, fix responsibility and initiate disciplinary actions.

NARCOTICS CONTROL DIVISION
(ACTIONABLE POINTS)

Actionable Points regarding **Narcotics Control Division's** meetings held on **30th June, 2015 and 21st December, 2015** for the year 1996-97 :-

APPROPRIATION ACCOUNTS (CIVIL)
VOL-1 1996-97 & 1999-2000

1. GRANT NO.98- NARCOTICS CONTROL DIVISION 1996-97
SAVING OF RS. 39,584,515/-

PAC (M&I) DIRECTIVE (30-06-2015)

The Committee regularized the above mentioned grant on the recommendation of AGPR.

DIRECTOR GENERAL AUDIT
(FEDERAL GOVERNMENT) ISLAMABAD

2. PARA-1 (PAGE-102-103 AR-1996-97)
NON DEDUCTION OF INCOME TAX AMOUNTING TO Rs. 136,225

The Audit pointed out that the staff and officers of Anti Narcotics Force (ANF) Rawalpindi were in receipt of incentive pay but income tax @ 10 percent amounting to Rs. 113,754 was not recovered and deposited into Government account in violation of the provisions of Income Tax Ordinance, 1979. Similarly income tax @ 2.5% amounting to Rs 22,754/92 was not deducted from different firms during 1991-92 to 1994-95.

PAC DIRECTIVE (14.06.2001)

The PAC observed that income tax is chargeable on all sorts of pay and allowances whatsoever the source of funding may be, except where specifically exempted by the CBR. Therefore, the Committee directed the PAO to recover the objected amount of income tax from the staff. The Committee also directed the PAO to examine the recoverability of income tax from the suppliers/firms and take action accordingly and report to the PAC within one month.

PAC DIRECTIVES (08.05.2002)

The Committee directed the PAO to expedite efforts to effect recovery with a report to Audit/Committee.

The PAO informed the Committee that recovery of Rs.36000 is remaining and rest of the amount has been recovered and verified by the Audit.

PAC (M&I) DIRECTIVES (30.06.2015)

The Committee pended the Para with the direction to verify the FTO of Rs. 71000/- by the Audit under intimation to the PAC.

PAC (M&I) DIRECTIVE(21-12-2015)

The Committee directed the PAO to pursuance the para at DAC level on the recommendation of DAC/Audit.

3. i) **PARA-8 (PAGE-105-106 AR 1996-97)**
LOSS TO THE GOVERNMENT DUE TO NON-DEDUCTION OF INCOME TAX
RS.0.053 MILLION
- ii) **PARA-9 (PGE-106-107 AR 1996-97)**
IRREGULAR PURCHASE OF FURNITURE AND UNIFORMS Rs.0.258
MILLION
- iii) **PARA-11 (PAGE-107 AR 1996-97)**
IRREGULAR AND UNAUTHORIZED EXPENDITURE ON CIVIL WORKS Rs
1.212 MILLION
- iv) **PARA-12 (PAGE-108 AR 1996-97)**
UNAUTHORIZED AND IRREGULAR PAYMENT OF PROJECT
ALLOWANCE AT HIGHER RATES RS.0.409 MILLION

PAC (M&I) DIRECTIVE(21-12-2015)

The Committee settled the above mentioned 4 Paras on the recommendation of Audit.

4. **PARA-10 (PAGE-107 AR 1996-97)**
NON PRODUCTION OF AUDITABLE RECORD FOR Rs.5.261 MILLION

Audit pointed that the Project Manager Dir Development Project during 1994-95 and 1995-96 on the basis of estimates released Rs.1.25 million and Rs 4.014 million respectively to WAPDA (Rural Electrification Division) for electrification of some villages in Dir District. Detailed account in support of the expenditure met out of the Project funds could not be produced for Audit check in contravention of GFR-17. There was no document available with the project authorities, which could prove that WAPDA has provided the installations/ services for which the funds were released.

PAC DIRECTIVES (14.06.2001)

The PAC directed the PAO to provide the record of accounts of the respective

project to the Audit. The Committee also directed the department to provide the completion certificate of the project's work by the WAPDA to the Audit.

PAC DIRECTIVES (08.05.2002)

The APAC directed the PAO to provide record of project to the Audit. The Committee directed the department to provide the completion certificate of Projects work by WAPDA to the Audit/Committee within a month.

PAC (M&I) DIRECTIVES (30.06.2015)

The Committee has shown its displeasure over the remarks of Chairman PESCO in its letter No. M (IA) PESCO/SAL/MISC/4935 dated 22-09-2014 stating that they have no concern with the financial matters regarding DAC/PAC and to invite the Chairman/Chief Executive, PESCO alongwith Secretary Water & Power and Chairman WAPDA to brief the Committee on the issue within 30 days.

The representative of the WAPDA informed the Sub-Committee that he has provided the documents.

PAC (M&I) DIRECTIVE(21-12-2015)

The Committee pended the Para till next meeting with the direction to WAPDA to provide the record to Audit for verification and bring the result of this para in the next meeting.

PARAS RECOMMENDED FOR SETTLEMENT

5. i) **PARA-6 (PAGE-104-105 AR 1996-97)**
IRREGULAR EXPENDITURE IN VIOLATION OF GFR-144 Rs. 763,691
- ii) **PARA-7 (PAGE-105, AR 1996-97)**
EXPENDITURE WITHOUT SANCTION OF THE COMPETENT AUTHORITY
Rs.105,688
- iii) **PARA-13 (PAGE-108-109 AR 1996-97)**
IRREGULAR AND UNAUTHORIZED DRAWL OF Rs.200,819 AS
HONORARIUM / BONUS
- iv) **PARA-14 (PAGE-109 AR 1996-97)**
LOSS OF RS. 83,055 - INCURRED ON REPAIR OF ACCIDENTED
VEHICLES

PAC (M&I) DIRECTIVES (30.06.2015)

The Committee settled the above mentioned Four (04) Paras on the recommendation of the DAC.



NATIONAL ASSEMBLY SECRETARIAT

OVERVIEW

The PAC (M&I) examined and reviewed the status of implementation of the decisions of PAC made in the report for the year 1996-97 in its meeting held on 29th December, 2015.

- Nine (09) paras were presented by the Audit department which were examined by the Committee were settled.

NATIONAL ASSEMBLY SECRETARIAT

ACTIONABLE POINTS

Actionable Points regarding National Assembly Secretariat meeting held on 29th December, 2015, for the year 1996-97 :-

DIRECTORATE GENERAL AUDIT (FEDERAL GOVERNMENT), ISLAMABAD.

1. i) PARA NO. 2 PAGE NO. 4 SAR NO. 12 1996-97
IRREGULAR APPOINTMENTS AND CREATION OF POSTS
- ii) PARA NO. 3 PAGE NO. 6 SAR NO. 12 1996-97
IRREGULAR PURCHASE OF VEHICLE FOR RS.3.026 MILLION AND
EXPENDITURE ON ITS UNAUTHORIZED USE – RS. 0.096 MILLION
- iii) PARA NO. 4 PAGE NO. 7 SAR NO. 12 1996-97
UNAUTHORIZED EXPENDITURE ON NON-ENTITLED TELEPHONES AT
THE RESIDENCES OF SPEAKER / DEPUTY SPEAKER – RS. 2.756
MILLION
- iv) PARA NO. 5 PAGE NO. 8 SAR NO. 12 1996-97
WASTEFUL EXPENDITURE OF RS.2.561 MILLION ON PURCHASE OF SIX
VEHICLES AND EXCESS PAYMENT – RS. 0.190 MILLION
- v) PARA NO. 6 PAGE NO. 9 SAR NO. 12 1996-97
NON ACCOUNTING SPENT ON SPARE PARTS OF VEHICLES ETC – RS.
1.772 MILLION
- vi) PARA NO. 7 PAGE NO. 9 SAR NO. 12 1996-97
UNAUTHORIZED EXPENDITURE ON USE OF GOVERNMENT VEHICLES –
RS. 0.502 MILLION
- vii) PARA NO. 8 PAGE NO. 9 SAR NO. 12 1996-97
EXPENDITURE ON UNAUTHORIZED USE OF NINE VEHICLES – RS. 0.278
MILLION
- viii) PARA NO. 9 PAGE NO. 10 SAR NO. 12 1996-97
NON RECOVERY OF LOSS – RS. 0.182 MILLION
- ix) PARA NO. 10 PAGE NO. 11 SAR NO. 12 1996-97
UNAUTHORIZED EXPENDITURE ON POL FOR CARS USED OUTSTATION –
RS. 0.162 MILLION

PAC (M&I) DIRECTIVE (29-12-2015)

The Committee settled the above mentioned 9 Paras on the recommendation of the Audit.



MINISTRY OF NATIONAL FOOD SECURITY & RESEARCH

OVERVIEW

The PAC (M&I) examined and reviewed the status of implementation of the decisions of PAC made in the report for the year 1996-97 in its meetings held on 25th May and subsequently 21st December 2015.

- Four Grants and Sixty nine (69) paras were presented by the AGPR and Audit department which were examined by the Committee out of which 14 paras were settled whereas, appropriate directions were accordingly issued for remaining paras.
- In a few paras the PAO was directed to hold inquiries, fix responsibility and initiate disciplinary actions.

**MINISTRY OF NATIONAL FOOD
SECURITY & RESEARCH
(ACTIONABLE POINTS)**

Actionable Points regarding **Ministry of National Food Security & Research** meetings held on **25th May, 2015** and **21st December, 2015** for the year 1996-97 :-

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

1. i. **GRANT NO. 60- PLANT PROTECTION MEASURES
SAVINGS OF Rs. 34,289,455/-**
- ii. **GRANT NO. 139- CAPITAL OUTLAY ON PURCHASE OF FERTILIZERS
SAVINGS OF Rs.25,678,009,783/-**
- iii. **GRANT NO. 157- DEVELOPMENT EXPENDITURE OF FOOD &
AGRICULTURE
SAVINGS OF Rs. 189,733,825/-**
- iv. **GRANT NO. 159- DEVELOPMENT EXPENDITURE OF LIVESTOCK
SAVINGS OF Rs. 26,948,161/-**

PAC (M&I) DIRECTIVE(21-12-2015)

The Committee deferred the above mentioned 4 Grants till next meeting due to the absence of the PAO.

2. i. **PARA 6, PAGE 49 – AR 1996-97
IRREGULAR PAYMENT OF ARREAR OF PAY AND ALLOWANCES
WITHOUT REGULARIZATION OF EOL RS.186,888**
- ii. **PARA 7, PAGE 50 – AR 1996-97
UNDUE FAVOUR TO EMPLOYEES BY AWARDED CONSULTANCIES
AMOUNTING TO RS. 1,127,579**

PAC(M&I) DIRECTIVE (25-05-2015)

The Committee settled the above mentioned two (02) Paras on the recommendation of DAC.

FEDERAL WATER MANAGEMENT CELL

3. **PARA 1, PAGE 4 – SAR 13, 1996-97
LOSS OF RS.16.108 MILLION IN GEO-SYNTHETIC PROJECT**

PAC (M&I) DIRECTIVE

The Committee settled the Para after given facts by NAB.

DIRECTOR GENERAL AUDIT (FEDERAL GOVERNMENT), ISLAMABAD

AUDIT REPORT CIVIL 1996-97 (PARC)

4. i. PARA 2, PAGE 46 – AR- 1996-97
RECOVERY OF OVER DRAWAL OF RESEARCH ALLOWANCE BY NON-ENTITLED OFFICER – RS.1,923,488
- ii. PARA 4, PAGE 48- AR 1996-97
IRREGULAR PAYMENT AND NON-RECOVERY OF CONVEYANCE ALLOWANCE FROM THE EMPLOYEES AVAILING PICK AND DROP FACILITY – RS.3.483 MILLION
- iii. PARA 2, PAGE-4—SAR 13, 1996-97
LOSS OF RS.44 MILLION IN ACCELERATED NATIONAL OF WM PROGRAMME PHASE-I
- iv. PARA 3.1, PAGE 5 – SAR 13, 1996-97
RS. 47.293 MILLION DRAWN IN EXCESS OF ALLOCATION
- v. PARA 3.2, PAGE 6 – SAR 13, 1996-97
MISUSE OF ASSETS VALUING RS. 11.506 MILLION
- vi. PARA 3.3, PAGE 7 – SAR 13, 1996-97
DIVERSION OF RS.8.28 MILLION FROM OFWM WORLD BANK PROJECT PHASE - III
- vii. PARA 3.4, PAGE 8 – SAR 13, 1996-97
PAYMENT OF RS.4.367 MILLION WITHOUT GOVERNMENT SANCTION
- viii. PARA 3.5, PAGE 8 – SAR , 1996-97
RS 4.291 MILLION RETAINED IRREGULARLY
- ix. PARA 3.6, PAGE 9 – SAR 13, 1996-97
OVERPAYMENT OF RS.3.462 MILLION TO EMPLOYEES
- x. PARA 3.7, PAGE 9 – SAR 13, 1996-97
ISSUE OF DUMMY CHEQUES OF RS. 2.600 MILLION
- xi. PARA 3.8, PAGE 10 – SAR 13, 1996-97
MISUSE OF VEHICLES RS. 2.42 MILLION

- xii. PARA 3.9, PAGE 11 – SAR 13, 1996-97
MISAPPROPRIATION OF RS. 282,489
- xiii. PARA 3.10, PAGE 11 – SAR 13, 1996-97
UNAUTHORISED EXPENDITURE OF RS. 137,265 MILLION
- xiv. PARA 4.1, PAGE 12 – SAR , 1996-97
NON-REIMBURSEMENT OF RS. 77.872 MILLION
- xv. PARA 4.2, PAGE 13 – SAR , 1996-97
RS.15.829 MILLION RECOVERABLE IN THE OECF PROJECT
- xvi. PARA 4.3, PAGE 13 – SAR , 1996-97
NON-RECOVERY OF RS. 5.331MILLION
- xvii. PARA 4.4 , PAGE 13 – SAR 13, 1996-97
NON-REIMBURSEMENT OF RS. 4.206 MILLION
- xviii. PARA 4.5, PAGE 14 – SAR 13, 1996-97
NON-RECOVERY OF RS. 3.08 MILLION
- xix. PARA 4.6, PAGE 14 – SAR 13, 1996-97
RS. 2.524 MILLION RECOVERABLE FROM EMPLOYEES
- xx. PARA 4.8, PAGE 15 – SAR 13, 1996-97
RS. 0.956 MILLION RECOVERABLE FROM FARMERS
- xxi. PARA 4.9, PAGE 16 – SAR 13, 1996-97
NON-RECOVERY OF RS.0.600 MILLION FOR MISUSE OF VEHICLES
- xxii. PARA 4.10, PAGE 16 – SAR 13, 1996-97
NON-RECOVERY OF INCOME TAX AT SOURCE RS. 0.51 MILLION
- xxiii. PARA 4.11, PAGE 17– SAR 13, 1996-97
NON-RECOVERY OF RS 0.246 MILLION FROM VARIOUS PARTIES
- xxiv. PARA 5.2, PAGE 19 – SAR 13, 1996-97
PAYMENT OF RS.11.065 MILLION AS DEMURRAGE AND STORAGE CHARGES
- xxv. PARA 5.3, PAGE 19 – SAR , 1996-97
PAYMENT OF RS.2.217 MILLION AS PAY AND ALLOWANCES FOR POSTS NOT SANCTIONED
- xxvi. PARA 5.4 , PAGE 19 – SAR 13, 1996-97
LOSS OF RS.2.107 MILLION DUE TO THEFT

- xxvii. PARA 5.6, PAGE 20 – SAR , 1996-97
LOSS OF RS.1.725 MILLION DUE TO AMENDMENTS IN LETTERS OF CREDIT
- xxviii. PARA 5.7, PAGE 20 – SAR , 1996-97
LOSS OF RS.0.436 MILLION DUE TO EXCHANGE RATE FLUCTUATION
- xxix. PARA 6.1, PAGE 22 – SAR , 1996-97
LOSS OF RS.34.158 MILLION DUE TO PURCHASE OF BELOW SPECIFICATION TRACTORS.
- xxx. PARA 6.2 , PAGE 22 – SAR , 1996-97
WASTAGE OF RS. 0. 943 MILLION PER ANNUM ON POL
- xxxi. PARA 6.3 PAGE 23 – SAR , 1996-97
EXPENDITURE OF RS. 0.777 MILLION ON ITEMS NOT PROVIDED IN PC-1
- xxxii. PARA 6.4 , PAGE 23 – SAR 13, 1996-97
WASTAGE OF RS. 0.463 MILLION PER ANNUM ON MAINTENANCE OF ADDITIONAL VEHICLES
- xxxiii. PARA 6.5, PAGE 23 – SAR 13, 1996-97
DETAILS OF RS 0.205 MILLION NOT AVAILABLE
- xxxiv. PARA 6.6 , PAGE 24 – SAR 13, 1996-97
WASTEFUL EXPENDITURE OF RS. 49,500 ON AIR CONDITIONERS FOR VEHICLES
- xxxv. PARA 7.1, PAGE 24 – SAR 13, 1996-97
EXPENDITURE OF RS. 2.775 MILLION ON VEHICLES
- xxxvi. PARA 7.3 , PAGE – SAR 13, 1996-97
IRREGULAR DRAWING OF RS.50,000 AT THE CLOSE OF FINANCIAL YEAR
- xxxvii. PARA 8.1 , PAGE 25 – SAR 13, 1996-97
PURCHASE OF VEHICLES FOR RS. 90.208 MILLION WITHOUT SANCTION
- xxxviii. PARA 8.2, PAGE 25-SAR 13, 1996-97
EXCESS EXPENDITURE OF RS. 49.316 MILLION ON CONSULTANCY
- xxxix. PARA 8.3, PAGE 25 – SAR 13, 1996-97
PURCHASE OF VEHICLES VALUING RS. 4.431 MILLION WITHOUT CLEARANCE FROM FINANCE DIVISION.

- xli. PARA 8.4, PAGE 26 – SAR 13, 1996-97
EXPENDITURE OF RS.2.767 MILLION ON STUDY TOUR WITHOUT APPROVAL
- xlii. PARA 8.5, PAGE 26 – SAR 13, 1996-97
PURCHASE OF EQUIPMENT VALUING RS.1.777 MILLION FROM THE THIRD LOWEST BIDDER
- xliii. PARA 8.6, PAGE 26 – SAR 13, 1996-97
OPENING OF BANK ACCOUNT AND USE OF PROFIT OF RS.1.407 MILLION WITHOUT SANCTION
- xliiii. PARA 9 , PAGE 26 – SAR 13, 1996-97
UNECONOMICAL ACQUISITION OF MATERIALS AND SERVICES VALUING RS, 7.157 MILLION

DIRECTOR GENERAL COMMERCIAL AUDIT
& EVALUATION, LAHORE

PAKISTAN AGRICULTURAL STORAGE & SERVICES CORPORATION
LIMITED

- xliv. PARA 118 , PAGE 99 -ARPSE 1996-97
- xlv. PARA 122 , PAGE 101 - ARPSE 1996-97
MIS-APPROPRIATION OF 50.400 M.TONS WHEAT VALUING RS.242,836
- xlvi. PARA 123 , PAGE 101 - ARPSE 1996-97
MIS-APPROPRIATION OF WHEAT AND BARDANA RS.0.289 MILLION

PAC (M&I) DIRECTIVE (21-12-2015)

The Committee deferred the above mentioned 46 Paras till next meeting due to the absence of the PAO. The Committee also shown its displeasure for the absence of PAO without any written intimation to PAC

- 5. PARA 3.8, PAGE 10 – SAR 13, 1996-97
MISUSE OF VEHICLES RS. 2.42 MILLION
PAC (M&I) DIRECTIVE

The Committee referred the Para for DAC and progress therein be intimated to PAC in the next meeting.

- 6. PARA 3.10, PAGE 11- SAR 13 1996-97
UNAUTHORISED EXPENDITURE OF RS.137,265

PAC (M&I) DIRECTIVE

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

**7. PARA 4.1, PAGE 12 – SAR 13, 1996-97
NON-REIMBURSEMENT OF RS.77.872 MILLION
PAC DIRECTIVE**

The Committee referred Para for DAC with the direction to probe the case for non-availability of record otherwise that Para would be sent to NAB and report therein be intimated to PAC in the next meeting.

**8. i. PARA 4.2, PAGE 13 – SAR 13, 1996-97
RS. 15.829 MILLION RECOVERABLE IN THE OECF PROJECT**

**ii. PARA 4.3, PAGE 13 – SAR 13, 1996-97
NON-RECOVERY OF RS. 5.331 MILLION**

**iii. PARA 4.4, PAGE 13 – SAR 13, 1996-97
NON-REIMBURSEMENT OF RS. 4.206 MILLION**

PAC (M&I) DIRECTIVE

The Committee directed the PAO to trace record relating to above mentioned three (03) Paras, verified these from the Audit and report therein be submitted to the PAC within thirty (30) days.

**9. PARA 5.7, PAGE 20 – SAR 13, 1996-97
LOSS OF RS. 0.436 MILLION DUE TO EXCHANGE RATE FLUCTUATION**

PAC (M&I) DIRECTIVE

The Committee pended Para with the direction that PAO should forward the case to Finance Division for its regularization and report therein be submitted to Audit and PAC.

**10. PARA 6.1, PAGE 22 – SAR 13, 1996-97
LOSS OF RS. 34.158 MILLION DUE TO PURCHASE OF BELOW
SPECIFICATION TRACTORS**

PAC (M&I) DIRECTIVE

The Committee directed the PAO to constitute an IDC, probe the case and fix responsibility. In case of non-compliance of PAC directive the case will be send to NAB. The report therein be submitted to the PAC within thirty (30) days.

11. PARA 6.3, PAGE 23 – SAR 13, 1996-97
EXPENDITURE OF RS. 0.777 MILLION ON ITEMS NOT PROVIDED IN PC -I

PAC (M&I) DIRECTIVE

The Committee referred the Para to DAC with the direction to submit report in this regard within thirty (30) days under intimation to PAC.

- 12. i. PARA 10, PAGE 28 – SAR 13, 1996-97**
IRREGULARITIES IN CASH MANAGEMENT
- ii. PARA 11, PAGE 28 – SAR 13, 1996-97**
LAXITY IN INTERNAL CONTROLS
- iii. PARA 12, PAGE 29 – SAR 13, 1996-97**
IRREGULARITIES IN MANAGEMENT OF PROJECT STAFF

PAC (M&I) DIRECTIVE

The Committee settled the above mentioned three (03) Paras with the direction to PAO for strengthen the internal audit control system to avoid the laxity in the Ministry/Department in future under intimation to Audit and PAC.

- 13. i. PARA 4.7, PAGE 15 – SAR 13, 1996-97**
RS. 1.129 MILLION RECOVERABLE FROM VARIOUS GOVERNMENT AGENCIES
- ii. PARA 4.12, PAGE 17 – SAR 13, 1996-97**
NON-RECOVERY OF TRANSPORTATION CHARGES RS.0.184 MILLION.
- iii. PARA 4.13, PAGE 17 – SAR 13, 1996-97**
NON-RECOVERY OF CLEARANCE CHARGES RS. 0.161 MILLION
- iv. PARA 4.14, PAGE 18 – SAR 13, 1996-97**
NON RECOVERY OF REPAIR CHARGES RS.50,418
- v. PARA 5.1, PAGE 18 – SAR 13, 1996-97**
UNAUTHORISED APPROPRIATION OF GAIN OF RS. 22.767 MILLION DUE TO EXCHANGE RATE FLUCTUATION
- vi. PARA 7.2, PAGE 24 – SAR 13, 1996-97**
PAYMENT OF RS.0.609 MILLION AS FREIGHT CHARGES

PAC (M&I) DIRECTIVE

The Committee settled the above mentioned six (06) Paras on the recommendation of DAC.

**PAKISTAN AGRICULTURAL STORAGE & SERVICES
CORPORATION LIMITED**

14. i. **PARA 120 , PAGE 99 - ARPSE 1996-97**
- ii. **PARA 121, PAGE-100, ARPSE-1996-97**
LOSS OF Rs.3.780 MILLION DUE TO CANCELLATION OF SUPPLY ORDER
AND SUBSEQUENT PURCHASE OF PAKISTAN GRAIN SACK BALES AT
HIGHER RATE

PAC (M&I) DIRECTIVE

The Committee settled the above mentioned two (02) Paras on the recommendation of Audit.

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MINISTRY OF NATIONAL HEALTH SERVICES, REGULATION AND COORDINATION

OVERVIEW

The PAC (M&I) examined and reviewed the status of implementation of the decisions of PAC made in the report for the year 1996-97 in its meeting held on 7th December, 2015.

- Four (04) paras were presented by the Audit department which were examined by the Committee and pended the paras.
- In a few paras the PAO was directed to hold inquiries, fix responsibility and initiate disciplinary actions.

MINISTRY OF NATIONAL HEALTH SERVICES,
REGULATION AND COORDINATION
ACTIONABLE POINTS

Actionable Points regarding **Ministry of National Health Services, Regulation and Coordination** meeting held on 7th December, 2015 for the year 1996-97:-

DIRECTORATE GENERAL AUDIT
(FEDERAL GOVERNMENT), ISLAMABAD.

PARA 7 PAGES-83 AR 1996-97
RECOVERY ON ACCOUNT OF MISUSE OF GOVERNMENT VEHICLES – RS. 278,086

The Audit pointed out that the National Institute of Health under Ministry of Health provided Government vehicles for the use of different officers of the controlling Ministry in violation of rule-11 of Staff Car Rules 1980. Two vehicles of NIH remained under exclusive use of Special Assistant to the Prime Minister and Director General Health during 1993-94 in addition to Ministry's vehicles. The vehicles covered a distance of 139,043 kilometers up to May, 1996 and were still being misused. An amount of Rs. 278,086 was thus recoverable from the users up to May, 1996 at the rate of Rs. 2 per Kilometer.

PAC DIRECTIVE 03-03-2010

The Committee pended this issue for one month.

The PAO informed the committee that present Ministry was formed in 2013 while para pertains to the year 1996-97. However, he apprised the committee that according to the inquiry report there was no misuse of vehicles as per record of the Ministry.

PAC (M&I) DIRECTIVE (07-12-2015)

The Committee directed the PAO to hold an inquiry within 15 days and report therein be submitted to the Committee.

2. PARA-8 PAGES-83 AR 1996-97
SUSPECTED MISAPPROPRIATION – RS. 1.905 MILLION

PAC (M&I) DIRECTIVE (07-12-2015)

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

DIRECTORATE GENERAL AUDIT
(FEDERAL GOVERNMENT), ISLAMABAD.

RELATES TO DIRECTORATE GENERAL AUDIT,
FOREIGN AND INTERNATIONAL)

3. (i) **PARA-26 PAGES-92 AR 1996-97**
EXPENDITURE INCURRED OVER AND ABOVE THE PERMISSIBLE LIMIT
ON MEDICAL TREATMENT ABROAD £ 218,963 (RS.16,572,521)

The Audit pointed out that in a mission abroad payments to the tune of £ 218,963.00 on account of medical charges were made over and above the sanctioned amount, out of unspent balances lying at the disposal of the High Commission. The payment was held irregular as it is permissible only to the extent of sanctioned amount and remittances placed at the disposal of the Mission. However, in case the expenditure goes over and above the permissible limits of sanctioned amount in respect of a particular patient, payment was to be released after obtaining revised approval/ sanction from Ministry of Health, Finance and the Prime Minister.

The irregularity was pointed out in May, 97 but no action has been taken so far. An immediate action was required to recover the amount of Rs.218,963.00 from the patient (s) and deposit into the Govt. account; and adopt remedial measures to avoid such irregularity in future.

PAC DIRECTIVE DATED 14-04-2001

The PAC directed the Finance Division to provide the comprehensive information on the issue, recommends the action against person (s) responsible and report to the Committee within one month.

(ii) **PARA-27 PAGES-93 AR 1996-97**
UN-AUTHORIZED EXPENDITURE ON MEDICAL TREATMENT £ 115,585
(RS.8,748,213)

The Audit pointed out that in a mission abroad an amount of £115,585.00 was paid to a hospital on account of medical charges for the treatment given to five patients. The expenditure was held irregular as the payments against the patients were made out of the unspent balance, over and above the approved amounts and without obtaining proper sanction of the Ministry of Health/Prime Minister.

The irregularity was pointed out in May, 97 but no action has been taken so far. An immediate action is required to recover the payments made over and above the sanctioned amounts and deposit into government account; and initiate

appropriate legal action against the person for flouting the canons of financial propriety and committing financial in-discipline.

PAC DIRECTIVE DATED (06-06-2002)

The PAC in its earlier meeting on 14th April, 2001, referred the above issues to Ministry of Finance for examination and regularization, if rules permitted. The Ministry of Finance apprised the Committee that the Ministry did not receive a complete report on the above issues from Pakistan High Commission, London. The PAC directed the Finance Ministry to get the report, examine it, take action in the light of prescribed rules and report to the Committee.

PAC (M&I) DIRECTIVE (07-12-2015)

The Committee directed the PAO to hold DAC meeting on the above mentioned two paras in coordination with M/O Foreign Affairs and Finance Division within 15 days.



MINISTRY OF OVERSEAS PAKISTANIS & HUMAN RESOURCE DEVELOPMENT

OVERVIEW

The PAC (M&I) examined and reviewed the status of implementation of the decisions of PAC made in the report for the year 1996-97 in its meetings held on 26th May and subsequently 30th June 2015.

- Six (06) paras were presented by the Audit department which were examined by the Committee out of which 05 paras were settled whereas, appropriate directions were accordingly issued for remaining paras.
- In a few paras the PAO was directed to hold inquiries, fix responsibility and initiate disciplinary actions.

**MINISTRY OF OVERSEAS PAKISTANIS &
HUMAN RESOURCE DEVELOPMENT**
(ACTIONABLE POINTS)

Actionable Points regarding **Ministry of Overseas Pakistanis & Human Resource Development** meetings held on 26th May, 2015 and 30th June, 2015, for the year 1996-97 :-

DIRECTOR GENERAL AUDIT
(FEDERAL GOVERNMENT) ISLAMABAD

1. **PARA 1, PAGE 125 – AR 1996-97**
DELAYED COMPLETION OF SCHEME AND NON-IMPOSITION OF PENALTY
RS.973, 259/

PAC (M&I) DIRECTIVE (26-05-2015)

The Committee settled the Para on the recommendation of Audit.

DIRECTOR GENERAL COMMERCIAL AUDIT &
EVALUATION, KARACHI

(MINISTRY OF HUMAN RESOURCE DEVELOPMENT (LABOUR))
EMPLOYEES OLD-AGE BENEFITS INSTITUTION

2. **PARA 202, PAGE 30 –AP 1996-97**
OUTSTANDING CONTRIBUTION RS.887.585 MILLION

Audit pointed out that the Employees Old-Age Benefits Institution was established under the EOBI Act, 1976 with the Prime objective of providing insured persons pension and old-age grant. The arrears of contribution due from employers amounting to Rs.887.585 million as on June 30, 1997 were not realized.

The PAO informed the Sub-Committee that 86% recovery had been made by the Ministry and the case of remaining amount is in the court of law.

PAC (M&I) DIRECTIVE (26-05-2015)

The Committee settled the Para to the extent of 86% recovery and rest of Para would remain pending till the decision of court.

DIRECTOR GENERAL COMMERCIAL AUDIT & EVALUATION, LAHORE
OVERSEAS PAKISTANIS FOUNDATION

KAGHAN BRICK WORK LIMITED

3. PARA 226-228, PAGE 54, ARPSE 1996-97

Audit Pointed out that the project has been sustain continuous losses since 1987-88, current figures of the accumulated losses stood at Rs. 85 Million. The Ministry apprised the Committee that the company had reduced its employees substantially through payment of Golden Hand Shake. Idle assets of the company had been sold out for an amount of Rs. 11 Million in August, 1998 the company is being considered for liquidation.

The Audit informed the committee that despite after several meetings, the matter could not be resolved between the OPF and CDA.

PAC (M&I) DIRECTIVE (26-05-2015)

The Committee directed to invite the Secretary Cabinet Division, Secretary Ministry of Over Seas Pakistanis & Human Resource Development and Chairman CDA & OPF head, to resolve the issue in next meeting during the Budget Session.

The MD OPF informed the Committee that a meeting was held in the office of Chairman CDA on 26-06-2015 to discuss long outstanding issue of extension of lease period of land allotted to Kaghan Brick Works Limited (KBWL). Chairman CDA agreed in principle to extend the lease of the land of KBWL on the basis that a housing project for overseas Pakistanis shall be launched as a joint venture of two public sector organizations. However, it would require approval of the Prime Minister for which a summary for the Prime Minister may be initiated by Ministry of Overseas Pakistanis and Human Resource Development which will be dully supported and endorsed by CDA.

PAC (M&I) DIRECTIVE (30.06.2015)

The Committee directed the PAO to inform the committee about the outcome of joint venture between CDA and (KBWL) M/O Overseas Pakistanis & Human Resource Development as well as about its final progress within three month.

OVERSEAS EMPLOYMENT CORPORATION

4. i. PARA 205, PAGE 33, ARPSE 1996-97

ii. PARA 206, PAGE 33, ARPSE 1996-97

PAC (M&I) DIRECTIVE (26-05-2015)

The Committee settled the above mentioned two (02) Paras on the recommendation of Audit.

5. PARA 208 & 209, PAGE 39-40, ARPSE 1996-97

The Audit pointed out that the Corporation (OECL) incurred Rs. 8.665 million in connection with its participation as sub contractor to SATCO-OMP-JV for construction work at Jubail, Saudi Arabia in 1980-91. An amount of Rs.1.4.02 million has been written off and balance amount of Rs. 7.263 million was confirmed as due from SATCO-OMP-JV, the Ministry informed the Committee that the case was pending in the court of law in Saudi Arabia.

PAC (M&I) DIRECTIVE (26-05-2015)

The Committee directed the PAO to pursue the case in Saudi Arabia with the help of Secretary Foreign Affairs and Pakistan Embassy in Saudi Arabia under intimation to PAC within one (01) month.

**6. PARA 213, PAGE 43, ARPSE 1996-97
NON-RECOVERY OF COMMISSION AMOUNTING TO RS. 593,280 FROM FOREIGN CLIENTS**

PAC (M&I) DIRECTIVE (26-05-2015)

The Committee settled the Para on the recommendation of DAC.



MINISTRY OF PETROLEUM & NATURAL RESOURCES

OVERVIEW

The PAC (M&I) examined and reviewed the status of implementation of the decisions of PAC made in the report for the year 1996-97 in its meetings held on 25th May and subsequently 21st December, 2015.

- Four (04) paras were presented by the Audit department which were examined by the Committee out of which 01 para was settled whereas, appropriate directions were accordingly issued for remaining paras.
- In a few paras the PAO was directed to hold inquiries, fix responsibility and initiate disciplinary actions.

**MINISTRY OF PETROLEUM &
NATURAL RESOURCES**
(ACTIONABLE POINTS)

Actionable Points regarding **Ministry of Petroleum & National Resources** meetings held on **25th May, 2015** and **21st December, 2015** for the year 1996-97:-

**DIRECTOR GENERAL, COMMERCIAL AUDIT &
EVALUATION KARACHI**

PAKISTAN STATE OIL COMPANY LIMITED

1. **PARA 26 – ARPSE 1996-97**
SUSPECTED LOSS OF MORE THAN RS. 2.400 MILLION DUE TO
UNJUSTIFIED PAYMENT OF ADVANCE RENT

The Audit pointed out that the PAO signed a lease agreement in 1989, with Messers Ghulam Mustafa Memon to lease a plot of land on monthly rent of Rs 25000, to contract a petrol pump. Advance rent amounting to Rs 2.400 million was paid to lessor but the company neither constructed the petrol pump nor adjusted the advance rent so far.

The management apprised the Committee that the advance rent of Rs 2.4 million was paid to the dealer after signing the proper agreement. The petrol pump could not be developed as the necessary construction was not carried out by the dealer. To recover Rs 2.4 million a civil suite was filed against him which was still pending in the court of law.

The PAO assured the Committee that Ministry would submit a report on the issue within one month.

PAC (M&I) DIRECTIVE (25-05-2015)

The Committee directed the PAO to hold an inquiry, fix responsibility and report therein be submitted to the PAC within one month.

The representative of the PSO apprised the Committee that partially the amount has been recovered and for the remaining amount efforts are being done. He further told that the matter was under trail in the court of law and date for hearing was 19th January, 2016.

PAC (M&I) DIRECTIVE (21-12-2015)

The Committee pended the Para till the decision of the Court.

SAINDAK METALS LIMITED

2. PARA 30- ARPSE 1996-97

Audit pointed out that an amount of Rs. 73.033 million relating to Housing/Township was transferred from the tangible fixed assets to capital work in progress due to the dispute with the contractor on the finalization of the bills. It was intimated in reply that the houses were not complete and hence appropriate to be classified as work in progress. Efforts were however being made to resolve the matter.

PAC (M&I) DIRECTIVE (25-05-2015)

The Committee directed the PAO to fix responsibility within one month and after that refer the case to NAB.

The PAO apprised the Committee that the matter was pending in the court of law and next date for hearing is fixed for 5th January, 2016. In response of a question he replied that the inquiry in question had been completed but the head of the inquiry was in abroad. When he will be back the same will be submitted to the Committee and concerned quarters.

PAC (M&I) DIRECTIVE (21-12-2015)

The Committee pended the para till next meeting.

DIRECTOR GENERAL, COMMERCIAL AUDIT & EVALUATION LAHORE

SUI NORTHERN GAS PIPELINES LIMITED

3. PARA 38, PAGE 26 – ARPSE 1996-97 **NON-RECOVERY OF TRANSIT PASS SECURITY DEPOSIT OF RS.23.12** **MILLION FROM K.M.C, RECOVERY APPEARS TO BE DOUBTFUL**

The Audit informed that materials imported by Sui Northern Gas Pipelines were allowed to pass from Karachi Port by the K.M.C after obtaining transit pass security from the clearing agents of the Company. The security so deposited was refundable on production of Octroi payment receipts at destination of the imported consignments. K.M.C. has been refunding the security deposits without demanding receipts of payment of Octroi at destinations but in February, 1986 the Director Octroi, K.M.C., informed the Company that in future the refund would be allowed only on production of receipt of Octroi payment at destination of the imported material as required under rule 80(A) of West Pakistan Municipal Committee Octroi Rules, 1964.

The Company paid no heed to these orders and claimed refunds without producing

the receipts of payment of Octroi as usual. K.M.C. demanded the Octroi payment receipts on November 22, and December 03, 1986 but the Company could neither produce the requisite receipts nor exemption certificates, as such the amounts were forfeited by the Director, Octroi K.M.C. The Company entered into unnecessary controversy and litigation with the K.M.C., which resulted in blockage of funds of the Company to the extent of Rs 23.123 million on June 30, 1996 and made a provision of Rs 10.105 million in its accounts for the years 1994-95 and 1995-96.

When pointed out in January, 1996 the management in its reply of June, 1996 stated that none of the items specified by K.M.C., in its letter dated October 13, 1995 requiring production of receipts of Octroi payment at destination was imported by the Company and K.M.C. had illegally held up the refund claims of the Company. It was further stated that refund of the claims was subject to the outcome of Company's appeal pending with the Sindh Government. This reply, if correct, shows negligence of the management because it could not convince the K.M.C. and the Sindh Government during the past eleven years that refund claims of the Company had been held up by K.M.C. illegally.

PAC (M&I) DIRECTIVE (25-05-2015)

The Committee pended the Para due to sub-Judice in nature with the direction to pursue the case vigorously in the court of law.

UPDATED POSITION (DATED 02.09.2015)

The company's appointed legal counsel vide E.mail dated 23.08.2015 informed as under:-

“ With reference to your E.Mail dated 21.08.2015 received by us, we have to inform you that still High Court has not taken the cases pertaining to the year 2002 for evidence and KMC case is pending for framing of issues. When Limsa and Easter cases will be taken for evidence by High Court we will inform you in advance” .

MD SNGPL apprised the Sub-Committee that case is in the court and the Sindh High Court has taken up the cases till 2001. The said case relates to the year 2002 and hopefully the Sindh High Court will take up this case in near future. The department is follow the case in the court regularly.

The representative of the Ministry of Law informed the Committee that there was pendency of cases in higher Courts. However, the department could request for early hearing.

The PAO informed the Committee that the term of cases in the Sindh High Court will come in a month.

The Committee was informed that the case relates to the year 2002 while the court

was considering the pending cases till 2001. However, the department has requested the High court Sindh for early hearing which will be consider with in some months.

The PAO informed the Committee that the case is pending in the Court of Law. Due to lot of cases in Sindh High Court, the Court was considering the cases till 2001. However, the SNGPL has requested for early hearing of cases which will be considered in next months.

MD SNGPL further added that the department was following up the cases vigorously and with the cooperation of Sindh Government, the department will try to settle the issues/matters out of court within couple of months.

PAC (M&I) DIRECTIVE (21-12-2015)

The Committee pended the para and two options to the Ministry:-

- i) Try to settle the issue at out of court.
- ii) Put up the case in the Board of Directors to resolve the issue under intimation to PAC.

4. PARA-44, PAGE-33 -ARPSE-1996-97
EVASION OF PAYMENT OF INCOME TAX OF RS. 8.53 MILLION BY MAKING INADMISSIBLE PROVISION FOR PAYING GRATUITY

PAC (M&I) DIRECTIVE (25-05-2015)

The Committee settled the Para on the recommendation of Audit.



PRIME MINISTER'S OFFICE

OVERVIEW

The PAC (M&I) examined and reviewed the status of implementation of the decisions of PAC made in the report for the year 1996-97 in its meeting held on 7th December, 2015.

- Two (02) paras were presented by the Audit department which were examined by the Committee and pended the paras.

PRIME MINISTER'S OFFICE
ACTIONABLE POINTS

Actionable Points regarding **Prime Minister's Office** meeting held on 7th December, 2015 for the year 1996-97 :-

DIRECTORATE GENERAL AUDIT
(FEDERAL GOVERNMENT), ISLAMABAD.

1. PARA 1 PAGE-134 1996-97
RECOVERY ON ACCOUNT OF MISUSE OF VEHICLES – RS. 3.564 MILLION

PAC (M&I) DIRECTIVE

The Committee settled the Para.

2. (i) PARA NO.4 PAGE-135 1996-97
IRREGULAR / DOUBTFUL PAYMENT – RS. 18.063 MILLION

The Audit pointed out that in Prime Minister's Secretariat (Public) the appropriation register showed that an amount of Rs. 17,612,907 was paid to the needy and poor on the directives of the Prime Minister during the year 1990-93 but the procedure in practice was not properly followed while making the payments. Application/National Identity Cards of the beneficiaries and payees receipts were not on record. Necessary verification from concerned Deputy Commissioners were also not arranged by the Prime Minister's Secretariat.

Similarly an amount of Rs. 450,000 was paid to an MNA on account of financial assistance to the needy and poor vide cheque No. 195592 dated 08-01-1992 and cheque No. 0078265 dated 17-09-1992 without observing proper procedure.

The irregularity was brought to the notice of the Secretariat in March, 1994 and July, 1997. The Secretariat replied that payments were sanctioned by the Prime Minister and the verification in such cases were not called. The reply is not satisfactory.

The amount may got recovered and credited into Government Account.

PAC DIRECTIVE DATED (23-10-2012)

The Committee directed that Audit and Cabinet Division should hold DAC meeting on the above said paras and get the issues resolved and submit report to the PAC within seven days. In case of settlement, these paras will be considered as settled.

(ii) PARA NO.5 PAGE-136 1996-97
IRREGULAR PAYMENT TO MOTOR CAR DEALERS FOR YELLOW CAB
CARS – RS. 3.390 MILLION

The Audit pointed out that in the Prime Minister's Secretariat (Public) an amount of Rs. 3,120,000 from the fund titled "Grant for Needy and Poor" was paid to car dealers agencies as 10 % and 15 % Bank Equity from August, 1992 to June, 1993. Another amount of Rs. 270,000 was paid to M/s Rana Motors, Lahore vide cheque No. 12913 dated 12-08-1992 on behalf M/s Farooq-e-Azam and Mushtaq of Lahore for the purchase of Yellow Cabs.

The purpose of fund was not provide financial assistance to the needy and poor but the equity money paid for yellow cab scheme does not fall under the definition of Needy and Poor. Payment made from this fund was held irregular and contrary to the contents of para 12 of GFR. The proof of ownership of yellow cabs was also not provided. The procedure/practice for the grant of financial assistance was also not observed while making the payments towards the yellow cab scheme.

Thus, the expenditure was treated as irregular.

The matter was brought to the notice of authorities concerned in March, 1994, July 1994 and 2nd DAC in July, 1997.

The PAO stated that equity money was paid on compassionate grounds and the purpose behind it was to put such poor on sound footing so that they could in a position to pay the equity money which was a prerequisite for receiving the loan from Banks. The reply was not satisfactory. Audit recommends that responsibility may be fixed for the irregularity.

PAC DIRECTIVE (23-10-2012)

The Committee directed that Audit and Cabinet Division should manage to hold DAC meeting on the above said paras get the issues resolved and submit report to the PAC within seven days. In case of settlement, these paras will be considered as settled.

PAC (M&I) DIRECTIVE

The Committee clubbed and referred the above mentioned two paras for DAC with the direction that Mr. Babar, Additional Secretary, PM Secretariat will Chair the DAC meeting along with Cabinet Division and Audit.



MINISTRY OF RAILWAYS

OVERVIEW

The PAC (M&I) examined and reviewed the status of implementation of the decisions of PAC made in the report for the year 1996-97 in its meeting held on 21st August, 2015.

- Two Grants and Forty (40) paras, Special Study Report and Performance Audit Reports on different projects were presented by the AGPR and Audit department which were examined by the Committee out of which two grants and 29 paras were settled whereas, appropriate directions were accordingly issued for remaining paras.
- In a few paras the PAO was directed to hold inquiries, fix responsibility and initiate disciplinary actions.
- The Committee constituted an IDC on the four Special Study and Performance Audit Reports on different projects.

MINISTRY OF RAILWAYS
(ACTIONABLE POINTS)

Actionable Points regarding **Ministry of Railways** meeting held on **21st August, 2015** for the year 1996-97 :-

1. GRANT NO. 114 AND 191
BUDGET VARIATION

(Rs. in Millions)

	Final Allocation	Actual expenditure	Variation Excess	Percentage
Grant No. 114 (Revenue Expenditure)	13,474.094	15,667.073	21,92.979	16.27%
Grant No. 191 (Capital outlay)	2,351.700	2,715.069	363.369	15.45%

These figures depict 16.27% excess expenditure in Revenue Grant and 15.45% in Capital Grant, which is quite alarming. When there were no funds available how and why the expenditure was incurred over and above the budget provision for the year 1996-97.

PAO apprised that Excess Budget Statement 1996-97 was submitted to the Finance Division for regularization as recommended by the PAC, which was regularized by National Assembly along with annual budget for the year 2008-09.

PAC (M&I) DIRECTIVE(21-08-2015)

The Committee regularized the above mentioned grant subject to verification of record by the AGPR.

2. PARA NO. 2.1- 2.2 TO 2.3
FINANCIAL RESULTS

PAC (M&I) DIRECTIVE(21-08-2015)

The Committee settled the Para on the recommendation of the Audit.

LAHORE RAILWAY STATION

3. PARA-4.2 1996-97

LOSS OF RS 18.685 MILLION ON ACCOUNT OF UNJUSTIFIED EXPENDITURE RANGING FROM RS. 3,89,900 TO RS, 4,76,150 PER MONTH ON POLISHING OF TILES ON LAHORE RAILWAY STATION

PAC (M&I) DIRECTIVE(21-08-2015)

The Committee settled the Para.

**4. PARA-4.27 1996-97
FRAUDULENT WITHDRAWAL OF RS. 0.406 MILLION FROM G.P. FUND**

The Audit pointed out that an amount of Rs. 406,417/- was fraudulently withdrawn from G.P. Fund by submitting bogus applications from certain employees.

PAO replied that an amount of Rs. 49,000/- was recovered from the main culprit. However, the FIR was registered and case was under trial in the court of law.

PAC (M&I) DIRECTIVE(21-08-2015)

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

**5. PARA 7(a) 2 1996-97
LOSS OF RS. 3.017 MILLION ON ACCOUNT OF DEMURRAGE AND INSURANCE CHARGES**

The Audit pointed out that two self-driven combined lifting, leveling, lining and tamping machines were imported in July, 1996. The customs examination could not be executed due to non-handing over of keys by the local agent. Due to this, Railway administration had to pay Demurrage and Insurance charges of Rs 3.017 million which were required to be recovered from the Firm concerned.

PAO replied that on 31.12.1998 that the delay in release of machines occurred due to late receipt of funds for payment of Custom Duty & Sales Tax. Late receipt of keys of the cabin did not affect the release of these machines.

PAC (M&I) DIRECTIVE(21-08-2015)

The Committee settled the Para to the extent of write off amount Rs. 2.7 million subject to verification by the Audit and directed the PAO to pursue the case for the recovery of remaining amount.

**6. PARA 7(A)16 1996-97
MISAPPROPRIATION OF GOVT. MONEY AMOUNTING TO RS. 137,000/-
PAC (M&I) DIRECTIVE (21-08-2015)**

The Committee settled the Para.

7. **PARA 7(C) 5 1996-97**
BLOCKING OF RS.2.035 MILLION DUE TO UNNECESSARY PROCUREMENT OF MATERIAL

The Audit pointed out that 15 items of different description of material valuing Rs 2.035 million were lying stocked in Main Store Depot, Carriage Factory Islamabad for the last 3 to 7 years. The material was procured unnecessarily causing blockage of Rs. 2.035 million.

PAC (M&I) DIRECTIVE(21-08-2015)

The Committee settled the Para subject to verification of the utilization of material.

8. **PARA 7(D) 2 1996-97**
IRREGULAR AND UN-ECONOMICAL PURCHASE OF MATERIAL VALUING RS. 3.655 MILLION

The Audit pointed out that Divisional Superintendent, Lahore purchased various items each valuing more than Rs 10,000 (with a total value of Rs 3.655 million) during July to December, 1995 on quotation basis instead of limited tender basis as required under the Rules/Procedure which rendered the entire purchases as irregular as well as un-economical.

The PAO replied that the material was purchased in extreme urgencies in order to meet with day to day requirement of the different units after fulfilling the standing procedural formalities.

PAC (M&I) DIRECTIVE(21-08-2015)

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

9. **PARA 7(E) 6 1996-97**
NON-REALIZATION OF RENTAL CHARGES AMOUNTING TO RS. 458,000

The Audit pointed out that at Kamalia Railway Station the licensee of the 46.28 acres rented Railways land encroached additional 27.08 acres illegally. The licensee neither vacated the encroached land nor paid the occupancy charges for the said land, resulting in non-realization of rental charges of Rs. 457,545.

The PAO replied that an amount of Rs. 288,175 has been deposited by the licensee and he has obtained stay orders from the Court of Law. The Railway has filed an appeal against the stay orders and the case is sub-judice.

PAC (M&I) DIRECTIVE(21-08-2015)

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

PARAS RECOMMENDED FOR SETTLEMENT

10. i) **PARA-4.1 1996-97**
IRREGULAR PURCHASE OF MEDICINE WORTH RS. 18.593 MILLION
- ii) **PARA-4.4 1996-97**
IRREGULAR EXPENDITURE OF RS. 0.297 MILLION WITHOUT
PREPARING PROPER DETAILED ESTIMATE
- iii) **PARA-4.7 1996-97**
LOSS OF RS. 1.104 MILLION DUE TO LESS CHARGING OF COST OF
BALLAST STONE
- iv) **PARA-4.9 1996-97**
LOSS OF RS. 1.464 MILLION DUE TO ESCALATION CLAIM TO A
CONTRACTOR
- v) **PARA 7(A)1 1996-97**
LOSS OF RS. 97.800 MILLION DUE TO PILFERAGE OF RAILWAY
MATERIAL
- vi) **PARA 7(A)3 1996-97**
MISAPPROPRIATION OF STONE BALLAST COSTING RS 2.166 MILLION.
- vii) **PARA 7(A)8 996-97**
SHORTAGE OF MATERIAL WORTH RS. 1.063 MILLION IN THE STORES
OF ENGINEERING SUBORDINATES.
- viii) **PARA 7(A)9 1996-97**
FICTITIOUS/UNJUSTIFIED PAYMENT OF OVERTIME ALLOWANCE
AMOUNTING TO RS 727,000.
- ix) **PARA 7(A)13 1996-97**
LOSS OF RS. 508,000 DUE TO THEFT OF PERMANENT WAY MATERIAL.
- x) **PARA 7(A)14 1996-97**
BOGUS PAYMENT OF RS. 142000 ON A SPECIAL REPAIR.
- xi) **PARA 7(B)3 1996-97**
WASTEFUL EXPENDITURE OF RS. 1.173 MILLION ON THE
REPLACEMENT OF AN ABANDONED TUBE WELL
- xii) **PARA 7(B)5 1996-97**
LOSS OF RS. 109,340 DUE TO NEGLIGENCE OF THE RAILWAY
ADMINISTRATION.

- xiii) PARA 7(C)1 1996-97
UN-NECESSARY PROCUREMENT OF MATERIAL VALUING RS.26.786
MILLION RESULTING IN BLOCKING OF CAPITAL
- xiv) PARA 7(C)4 1996-97
BLOCKING OF MATERIAL VALUING RS. 3.982 MILLION
- xv) PARA 7(E)1 1996-97
NON REALIZATION OF RAILWAYS DUES AMOUNTING TO RS. 224.326
MILLION.
- xvi) PARA 7(E)2 1996-97
NON REALIZATION OF RAILWAY DUES AMOUNTING TO RS.1.989
MILLION.
- xvii) PARA 7(E)7 1996-97
NON-REALIZATION OF LEASE CHARGES OF RS. 424,000.
- xviii) PARA 7(E)12 1996-97
LOSS OF RS.84,000 ON A DEPOSIT WORK AND TAMPERING WITH
RECORD TO CONCEAL THE LOSS.
- xix) PARA 7(E)13 1996-97
OVER PAYMENT OF RS. 28.160 MILLION TO CUSTOM DEPARTMENT.
- xx) PARA 7(E)14 1996-97
LOSS OF RS. 3.835 MILLION DUE TO APPLICATION OF INCORRECT
CLASSIFICATION OF DIESEL OIL.
- xxi) PARA 7(E)17 1996-97
LOSS OF RS. 1.063 MILLION DUE TO NON AWARDING OF CONTRACTS
OF CYCLES/MOTOR CYCLES STANDS TO HIGHEST BIDDERS.
- xxii) PARA 7(E)21 1996-97
LOSS OF RS.534,000 DUE TO LESS RECOVERY OF HOUSE RENT
ALLOWANCE
- xxiii) PARA 7(F)2 1996-97
IRREGULAR PAYMENT OF RS. 1.386 MILLION ON WAGES AND
OVERTIME OF STAFF SHOWN AS BOOKED ON VIGILANCE DUTIES.
- xxiv) PARA 7(G)1 1996-97
LOSS OF RS. 5.178 MILLION DUE TO BURNT MATERIAL

xxv) **PARA 7(G)4 1996-97**
UN-AUTHORIZED UTILIZATION OF RAILWAY RECEIPTS AMOUNTING TO
RS. 185,000 TOWARDS EXPENDITURE

xxvi) **PARA 7(G)5 1996-97**
INFRACTUOUS EXPENDITURE OF RS. 109,000.

PAC (M&I) DIRECTIVE(21-08-2015)

The Committee settled the above mentioned 26 Paras on the recommendations of the Audit.

SPECIAL STUDY REPORT ON
LAND MANAGEMENT OVER PAKISTAN RAILWAYS
DIRECTOR GENERAL AUDIT RAILWAYS, LAHORE

11. **PARA 4.1.1 AND 4.1.2**
NON AUTHENTICATION AND NON DEMARCATION OF RAILWAYLAND.

The Audit pointed out that out of 5000 land plans only 3013 plans for 113,951 acres were got authenticated from the Revenue Department during 1930 to 1969. Thereafter no worth mentioning progress could be made. Pakistan Railways has no statutory right on 113951 acres of “in possession” land.

The Railway land has not been properly demarcated from other adjoining lands, by providing fencing boundary walls, or by erecting pillars, posts or any other mark of detachment. Due to the reason 23% of surplus Railway land was occupied unauthorized by encroachment mafia till December, 1997.

The PAO informed the PAC on 21.04.1999 that out of total land plans, 3930 for 121,480 acres of land were got authenticated and the remaining 960 have not yet been got finally approved despite that these plans were signed by the concerned Patwaries. Work regarding demarcation of land is in progress in respect of Balochistan, Punjab and NWFP provinces. The case regarding transferring of “in possession” land in Punjab province is still in court of law.

It was further intimated on 12-11-2005 that the work of demarcation of Railway land is in progress.

PAC (M&I) DIRECTIVE(21-08-2015)

The Committee pended the Para and directed the PAO to submit progress report within one month to PAC.

12. **PARA 4.1.3 & 4.1.4**
UNAUTHORIZED CONSTRUCTION ON PROHIBITED AREA AND ACCESS

ROADS TO RAILWAY STATION.

The Audit pointed out that encroachment mafia has erected single and multi storey residential colonies, business centers and arcades on both sides of the track between 30 to 100 feet. The situation is prevailing at almost all the major stations.

PAC (M&I) DIRECTIVE(21-08-2015)

The Committee settled the Para subject to verification of boundary pillars around the Railways land at stations and in the block sections.

13. PARA 4.3.1 ACCUMULATION OF RS. 882.081 MILLION AS RENT

The Audit pointed out that Pakistan Railways leased out about 5000 acres of land during 1953-54 to 1991-92 to the other Government Departments, Corporations and private bodies. A huge amount of Rs 882.081 million was outstanding against the lessees due to non-execution of proper agreements or execution of defective agreements and not preserving the title of the land.

PAC (M&I) DIRECTIVE(21-08-2015)

The Committee settled the Para subject to verification by the Audit.

14. PARA 4.3.3 NON IMPOSITION OF PENALTIES ON ILLEGAL TRANSFER OF COMMERCIAL PLOTS

The Audit pointed out that as per policy, Railway management was required to impose fine on illegal transfer of Plots but, they failed to do so.

The PAO replied that matter regarding revised policy instructions within the coded rules is being examined from legal and administrative aspects for taking approval of the competent authority. The transfer letters in the cases had not been issued so far by the concerned society and dues were being paid in the name of original allottees.

PAC (M&I) DIRECTIVE(21-08-2015)

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

15. PARA 4.4 ALLOTMENT OF KHOKHA SHOPS AND ILLEGAL OCCUPATION ON ADJOINING PLOTS

The Audit pointed out that about 80% of Khokha shops were automatically transferred to others. Record of Rawalpindi Division disclosed that out of total 752 Khokha shops in 23 shopping centres, 450 (60%) were converted into paccashops,

out of which 350 shops (77%) were sold out. Railway administration is quite helpless to recover the rental charges from these un-authorized occupants. It was further observed that about 60% of occupants have illegally occupied long strips of land adjoining to their Khokha shops and as such they have become the owner of 120 to 5000 sft plots whereas they are paying rent of their original 100 sft plots.

The PAO replied that instructions have been issued to the divisions that all shops constructed in violation of the terms and conditions of the agreement be removed and agreements either be cancelled or not renewed.

PAC (M&I) DIRECTIVE(21-08-2015)

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

**16. PARA 4.6.4
MULTIPLE ALLOTMENT OF PLOTS IN HOUSING SOCIETIES**

The Audit pointed out that 184 officers of grade 17 and above were allotted 453 plots irregularly. Certain officers managed to get plots by using unfair means or taking advantage of their positions in the management.

The PAC held in 1991 and 1996 took serious views of it and ordered to cancel the extra plots leaving one with them. No fruitful results came out and as such no solid action has ever been taken by the Railway administration.

PAC (M&I) DIRECTIVE(21-08-2015)

The Committee pended the Para and directed PAO to make efforts for the recovery vigorously.

**(1) PERFORMANCE AUDIT REPORT ON THE PROJECT
“MODIFICATION OF 84 JAPANESE TRAILERS TO
ENHANCE THE SEATING CAPACITY.**

DIRECTOR GENERAL AUDIT, RAILWAYS, LAHORE.

- 17. i) PARA 8.1, 8.3,8.9, 8.10
NON ACHIEVEMENT OF THE TARGETED BENEFITS AND TIME OVER
RUN / COST OVER RUN.**
- ii) PARA 8.17 AND 8.18
ABNORMAL DELAY IN MODIFICATION / REPAIR / OVERHAULING OF
TRAILERS.**
- iii) PARA 8.20
NON PRODUCTION OF RECORD**

(2) PERFORMANCE AUDIT REPORT ON THE PROJECT
“RE-COMMISSIONING OF 901 EXCESSIVE DAMAGED CARRIAGES”
DIRECTOR GENERAL AUDIT, RAILWAYS, LAHORE.

18. i) **PARA 3.1.2 AND 3.1.3**
COST OVER RUN / TIME OVER RUN
- ii) **PARA 3.5**
NON PRODUCTION OF RECORD.
- iii) **PARA 3.6**
FAILURE TO ACHIEVE THE PROJECTED BENEFITS/OBJECTIVES.

(3) PERFORMANCE AUDIT REPORT ON THE PROJECT
“PROCUREMENT OF 18 DE LOCOMOTIVES”
DIRECTOR GENERAL AUDIT, RAILWAYS, LAHORE

19. i) **Para 5.1.1**
TIME OVER RUN.
- ii) **PARA 5.1.2**
EXCESSIVE PROCUREMENT OF SPARE PARTS/MATERIAL.
- iii) **PARA 5.1.6**
TRAINING OF OFFICERS AND STAFF ABROAD
- iv) **PARA 5.2.1**
EXCESSIVE EMPLOYMENT OF STAFF AGAINST THE SANCTIONED
STRENGTH.
- v) **PARA 5.3.1**
COST OVER RUN.

PAC (M&I) DIRECTIVE (21-08-2015)

The Committee constituted an IDC on the above mentioned three Performance Audit Reports comprising representatives of Planning Division, Ministry of Finance, Audit Department and Ministry of Railways to review the issue and report to the Committee, within one month. The Committee further directed the above mentioned Ministries / Divisions to cooperate & coordinate with the Ministry of Railways for the finalization of report.



MINISTRY OF RELIGIOUS AFFAIRS & INTER FAITH HARMONY

OVERVIEW

The PAC (M&I) examined and reviewed the status of implementation of the decisions of PAC made in the report for the year 1996-97 in its meetings held on 26th November and subsequently 7th December, 2015.

- Ten (10) paras were presented by the Audit department which were examined by the Committee out of which 05 paras were settled whereas, appropriate directions were accordingly issued for remaining paras.
- In a few paras the PAO was directed to hold inquiries, fix responsibility and initiate disciplinary actions.

**MINISTRY OF RELIGIOUS AFFAIRS &
INTER FAITH HARMONY**
(ACTIONABLE POINTS)

Actionable Points regarding **Ministry of Religious Affairs & Inter Faith Harmony** meetings held on **26th November & 7th December, 2015**, for the year 1996-97 :-

DIRECTORATE GENERAL AUDIT (FEDERAL GOVERNMENT), ISLAMABAD

1. PARA NO. 2 PAGE-126 1996-97
MISUSE OF PILGRIMS WELFARE FUND – RS. 54.945 MILLION

PAC (M&I) DIRECTIVE(07-12-2015)

The Committee settled the Para subject to verification of regularization of original record of amount refunded/recovered and adjusted from the Finance Division by the Audit.

2. PARA NO. 3 PAGE-127 1996-97
WITHDRAWAL OF FUNDS FOR THE PURCHASE OF MEDICINES WITHOUT ANY STOCK/ RECORD – RS.17.229 MILLION

The Audit pointed out that Ministry of Religious Affairs and Minorities Affairs during 1991-94 purchased medicines for Rs. 17,228,540 out of regular budget grant, as well as Pilgrims Welfare Fund for use in the dispensary at Jeddah. Neither any codal requirements were fulfilled for the purchase nor did any authorized officer certify the quality and quantity of the medicines as per instructions contained in Paras 145 and 148 of GFR. Above all, there was not record about receipt, stock entries and issuance of these medicines. It is also added that medicines were purchased at retail price instead of wholesale prices.

DAC DECISION DATED 26-11-2015

DAC directed that letter may be issued to Directorate General Audit (Foreign and International) to verify the record at Directorate of Hajj, Jeddah KSA, as Audit Party are being visited abroad for Audit purpose shortly.

The PAO informed the Sub-Committee that when Audit team will visit Saudia for Audit purpose the record will be shown to them there by the Hajj Directorate.

PAC (M&I) DIRECTIVE(07-12-2015)

The Committee while endorsing the view point of Audit as well as the PAO regarding visit of Audit Party to Jeddah in near future, directed to conduct Audit of the said para under report to the PAC-Implementation.

3. **PARA NO. 1 PAGE-132 1996-97- (PRINTED UNDER DEVOLVED MINISTRY OF MINORITIES AFFAIRS)**
TEMPORARY MIS-APPROPRIATION AND NON-ADJUSTMENT OF ADVANCES- RS. 452,500.

The Audit pointed out that in Evacuee Trust Board (E.T.P.B) Lahore under the administrative control of Minorities Affairs Division. During 1993-94 Rs.452, 500 were granted as contingent advances to officers/officials for various purposes. As per F.T.R 668 the advances were adjustable/ recoverable before the close of financial years. The advances were not adjusted even after a lapse of considerable period. No adjustment of advances was undue financial benefit to the employees as well as temporary misappropriation of public funds.

The irregularity was pointed out in March 1995 and was reported to the Ministry in January. 1997. No response either from the department or Ministry was received till February, 1998.

The Audit would stress upon immediate recovery or adjustment of the advances and disciplinary action against those officials who failed to adjust the advances in stipulated period despite having been pointed out by audit.

PAC DIRECTIVES DATED 11.06.2001

The PAC settled the para subject to verification, of the recovery / adjustment record by the Audit.

DAC DECISION DATED 26-11-2015

The management of ETPB explained that all the amount of para was adjusted/recovered which has been got verified from audit. The Audit stressed that an amount of Rs. 3,30,000 is still to be verified.

The DAC directed the Management of ETPB to get the remaining amount verified from Audit within two days.

The PAO requested the Audit to reconcile the issue.

PAC (M&I) DIRECTIVE(07-12-2015)

The Committeereferred the para to DAC to reconcile the issue under intimation to PAC-Implementation.

4. **PARA NO. 2 PAGE-132 1996-97- (PRINTED UNDER DEVOLVED MINISTRY OF MINORITIES AFFAIRS)**
NON-COLLECTION OF LEASE /RENT MONEY – RS. 381,540.

The Audit pointed out that the Evacuee Trust Property Board, Bahawalpur under Ministry of Religious and Minorities Affairs during 1990-93 failed to recover arrears of lease / rent of Rs. 381,540 from the allottees.

The matter was taken with the department through A.I.R. in December, 1993 and reported to the Ministry in November, 1994. No recovery was intimated till February, 1998.

Audit would suggest to make strenuous efforts to effect the recovery of the lease money and disciplinary action against those who failed to collect the amount.

DAC DECISION DATED 26.11.2015

The Secretary ETPB explained that in compliance of DAC directions dated 21-04-2015 an amount of Rs. 103,270 has been recovered and verified by Audit. The District Officer Bahawalpur has been directed to expedite recovery of outstanding arrears from remaining defaulters.

PAC (M&I) DIRECTIVE(07-12-2015)

The Committee directed the PAO to get the amount write off by the competent authority/Board to resolve the issue under intimation to PAC-Implementation.

5. **PARA NO. 3 PAGE-132 1996-97 (PRINTED UNDER DEVOLVED MINISTRY OF MINORITIES AFFAIRS)**
IRREGULAR AND UNJUSTIFIED PURCHASE OF A.C FITTED CAR- RS. 540,930

PAC (M&I) DIRECTIVE(07-12-2015)

The Committee settled the Para on the recommendation of the Audit.

DIRECTORATE GENERAL AUDIT
(FEDERAL GOVERNMENT), ISLAMABAD
(RELATES TO DIRECTORATE GENERAL AUDIT,
FOREIGN AND INTERNATIONAL)

6. **PARA NO. 6 PAGE-128 1996-97**
IRREGULAR EXPENDITURE OF S.RIS.129,189 (RS. 1,399,801)

PAC (M&I) DIRECTIVE(07-12-2015)

The Committee settled the Para on the recommendation of Audit.

7. **PARA NO. 9 PAGE-130 1996-97**
NON RECOVERY OF S.RLS 3,820,518 (RS.31.710 MILLION) ON ACCOUNT OF
ACCOMMODATION AND ALLIED EXPENSES FROM VIPS AND NON
ENTITLED HUJJAJ.

The Audit pointed out that in a Pakistan mission abroad an amount of S.RLS 3,820,518 (Rs.31.710 million) incurred by the Hajj Directorate out of the Pilgrims Welfare Fund Account on arrangement of accommodations, transportation, food and allied expenses for non entitledHujjaj i.e. Parliamentarians/VIPs and their family members and other persons during Hajj 1994 and 1995 was held recoverable.

Irregularity was pointed out in January, 1996. In response to which the Ministry intimated that recovery notices were sent to 59 VIPs/Parliamentarians. Replies from a few were received who had either denied the facilities provided to them or claimed that they had spent own money for the purpose. Replied from the remaining persons, stated to have not been received so far.

Immediate action is required to recover the amount of S.RIs. 3,820,518 (Rs. 31.710million) from the concerned, supply complete list of non entitled beneficiaries and avoid such irregularities in future.

DAC MEETING (26-11-2015)

The Ministry informed that an inquiry officer has been appointed in the light of DAC directives dated 21-04-2015. The inquiry report is awaited. Hajj Wing pointed out that correspondence was made to all concerned and some of them replied that they were entitled to perform Hajj.

PAO informed the Sub-Committee that inquiry had been completed and will be shared with the Audit.

PAC (M&I) DIRECTIVE(07-12-2015)

The Committee referred the para to DAC and directed the Audit to share information/record with the Ministry.

8. i) **PARA NO. 10 PAGE-130 1996-97**
OVERPAYMENT OF S.RLS 523,235 (RS.4,305,879) MADE TO
OWNERS/MUSTAGIR OF BUILDING
- ii) **PARA NO. 11 PAGE-131 1996-97**
NON RECOVERY OF ADVANCE PAYMENT OF S.RLS 43,560 (RS.361,548)
FROM THE OWNER OF THE BUILDING NO 279

**iii) PARA NO. 12 PAGE-131 1996-97
IRREGULAR PAYMENT OF FULL REFUND TO HUJAJ AMOUNTING TO
S.RLS 688,973 (RS.5,580,681)**

PAC (M&I) DIRECTIVE(07-12-2015)

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



MINISTRY OF STATES & FRONTIER REGIONS

OVERVIEW

The PAC (M&I) examined and reviewed the status of implementation of the decisions of PAC made in the report for the year 1996-97 in its meeting held on 7th December, 2015.

- Five Grants were presented by the AGPR which were examined by the Committee and were settled.

**MINISTRY OF STATES &
FRONTIER REGIONS**
(ACTIONABLE POINTS)

Actionable Points regarding **Ministry of States & Frontier Regions** meeting held on **7th December, 2015**, for the year 1996-97 :-

**ACTIONABLE POINTS ON APPROPRIATION ACCOUNTS
FOR THE YEAR 1996-97**

1. **GRANT NO. 125 FRONTIER REGIONS EXCESS OF RS. 26,553,201**
2. **GRANT NO. 126 FRONTIER CONSTABULARY SAVING OF RS. 164,013,041**
3. **GRANT NO. 129- MAINTENANCE ALLOWANCES TO EX-RULERS/SAVING/EXCESS NIL**
4. **GRANT NO. 130 OTHER EXPENDITURE OF STATE & FRONTIER REGION DIVISION SAVING OF RS. 13,337,000**
5. **GRANT NO. 131 – AFGHAN REFUGES SAVING OF RS. 341,319,226**

PAC (M&I) DIRECTIVE

The Committee regularized the savings/excesses in the above mentioned 5 Grants for regularization subject to provision of IDC report by the Ministry to the Audit and the PAC-Implementation.



MINISTRY OF WATER AND POWER

OVERVIEW

The PAC (M&I) examined and reviewed the status of implementation of the decisions of PAC made in the report for the year 1996-97 in its meeting held on 20th August, 2015.

- Thirty one (31) paras, Five Special study Reports, Special Audit Reports and Performance Audit Report were presented by the Audit department which were examined by the Committee and were settled the paras and reports.

MINISTRY OF WATER AND POWER
(ACTIONABLE POINTS)

Actionable Points regarding **Ministry of Water and Power** meeting held on 20th August, 2015 for the year 1996-97 :-

DIRECTORATE GENERAL AUDIT
(FEDERAL GOVERNMENT), ISLAMABAD
FOR THE YEAR 1996-97
(MINISTRY OF WATER AND POWER)

1. **PARA-1 PAGE-142 AR 1996-97**
IRREGULAR EXPENDITURE TO AVOID LAPSE OF FUNDS – RS. 1.640
MILLION

The PAO stated that the record was burnt in 15-1-2002. The DAC noted that in the Audit Para legitimacy of the expenditure was not challenge rather it was observed that significant amount of the expenditure was incurred in the last month of financial year 1989-90. The DAC therefore recommended the Para for settlement.

PAC (M&I) DIRECTIVE (20-08-2015)

The Committee settled the Para on the recommendation of the Audit.

DEPARTMENT OF THE AUDITOR GENERAL OF PAKISTAN
DIRECTORATE GENERAL AUDIT (WAPDA) LAHORE.
FOR THE YEAR 1996-97
(WAPDA)

SPECIAL STUDY REPORT ON EQUIPMENT HANDED OVER TO MAIN
CONTRACTOR OF FOURTH DRAINAGE PROJECT FAISALABAD (LRRP)

2. **WHOLE REPORT (1996-97)**
SSR ON EQUIPMENT HANDED OVER TO MAIN CONTRACTOR OF LRRP

PAC (M&I) DIRECTIVE (20-08-2015)

The Committee settled the report on the recommendation of the Audit and directed the PAO to send a copy of inquiry report to the PAC Monitoring & Implementation Wing within 15 days.

PERFORMANCE AUDIT REPORT ON GSC
LAHORE CIRCLE (PAGE 1-4)
FOR THE YEAR 1996-97

DEPARTMENT OF THE AUDITOR GENERAL OF PAKISTAN
DIRECTORATE GENERAL AUDIT (WAPDA) LAHORE.
(PEPCO)

3. i) **PARA-7.5 PAR (GSC) LAHORE CIRCLE (1996-97)**
ii) **PARA-7.8 PAR (GSC) LAHORE CIRCLE (1996-97)**

PAC (M&I) DIRECTIVE (20-08-2015)

The Committee settled the above mentioned 2 Paras of the report on the recommendation of the Audit.

SPECIAL AUDIT REPORT ON
POWER PURCHASE AGREEMENT
WITH HUBCO (PAGE 5-6) (1996-97)

4. **WHOLE REPORT (SAR-7) (1996-97)**
SAR ON POWER PURCHASE AGREEMENT WITH HUBCO

PAC (M&I) DIRECTIVE (20-08-2015)

The Committee settled the report on the recommendation of the Audit.

SPECIAL AUDIT REPORT ON
CENTRAL THERMAL TRAINING ACADEMY
PROJECT, LAHORE (PAGE 7-8) (1996-97)

5. **WHOLE REPORT (SAR-10) (1996-97)**
SAR ON CENTRAL THERMAL TRAINING ACADEMY PROJECT, LAHORE

PAC (M&I) DIRECTIVE (20-08-2015)

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

SPECIAL AUDIT REPORT ON
INVENTORY CONTROL IN REGIONAL STORE,
SHALAMAR, LAHORE (PAGE 9-11) (1996-97)

6. **WHOLE REPORT (SAR-11) (1996-97)**
SAR INVENTORY CONTROL IN WAPDA REGIONAL STORE,
SHALAMAR, LAHORE

PAC (M&I) DIRECTIVE (20-08-2015)

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

SPECIAL AUDIT REPORT ON
ADDITIONAL 300 MW COMBINED CYCLE
THERMAL POWER UNITS, GUDDU
(PAGE 12-14) (1996-97)

7. **WHOLE REPORT (SAR-15) (1996-97)**
SAR ON ADDITIONAL 300 MW COMBINED CYCLE THERMAL POWER
UNITS, GUDDU

PAC (M&I) DIRECTIVE (20-08-2015)

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

