

NATIONAL ASSEMBLY  
OF  
PAKISTAN



**REPORT**  
OF THE  
PUBLIC ACCOUNTS COMMITTEE  
ON THE

**Appropriation, Finance and Commercial Accounts of the Government of  
Pakistan**

**for the years 1968-69 & 1969-70**

**and the Report of the Auditor-General of Pakistan thereon**

The recommendations of the Committee, summarised in paras 1 and 2 of the Report, were approved by the President on the 17th December, 1979.

CORRIGENDA

[ to the Report of the Public Accounts  
Committee for the years 1968-69 & 1969-70 ]

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- Page 37 = In 8th para second line for  
the word "account" read "accounts".
- Page 99 = In 1st line for the word "emoving"  
read "removing".
- Page 128 = In third line from bottom for  
the word "amonnt" read "amount".
- Page 130 = Para 44, in the heading for  
the word "draughts" read "draghuts".
- Page 137 = Serial No.1, column 2 for  
" 22-1-1974" read " 24-1-1974".
- Page 165 = For Lt.Genl. A.N.M.Ansari read  
" Lt.Gen.A.N.Ansari".
- Page 169 = In the heading of para 16 for the  
word "Sewage" read "Severe".

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## COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE

In accordance with Rule 171 of the Rules of Procedure and Conduct of Business in the National Assembly, 1973, the Standing Committee on Public Accounts shall consist of not more than ten members to be elected by the Assembly and the Minister for Finance shall be its member *ex-officio*. The following were elected on 18th August, 1972 as members of the Standing Committee on Public Accounts.

1. Mr. Mumtaz Ali Bhutto,  
Minister for Communications.
2. Syed Qaim Ali Shah Jilani,  
Minister for Agrarian Management,  
Kashmir Affairs and Northern Affairs.
3. Rai Hafizullah Khan.
4. Chaudhry Shafaat Khan Chohan.
5. Mian Hamid Yasin.
6. Mr. Hakim Ali Zardari.
7. Prof. Ghafoor Ahmad.
8. Mr. Nimatullah Khan Shinwari.
9. Ch. Muhammad Iqbal.
10. Sirdar Shaukat Hyat Khan.

2. On the 19th August, 1972 Sirdar Shaukat Hyat Khan was replaced by Ch. Zahur Ilahi and on 25th March, 1974, Mr. Nisar Ahmad was elected in the vacancy caused due to the death of Ch. Muhammad Iqbal. Mr. Nimatullah Khan Shinwari was elected as Senator on 6th August, 1975 and ceased to be the member of the P. A. C. His vacancy has not yet been filled up.

3. Dr. Mubashir Hasan, Minister for Finance, Planning and Development was elected as Chairman, P. A. C., on 22nd January, 1974 and on vacation of his office of Minister for Finance he ceased to be the Chairman of the Public Accounts Committee on the 6th March, 1974. His successor in office Rana Muhammad Hanif Khan, Minister for Finance, Planning and Development, and *ex-officio* member of the P. A. C., was unanimously elected as Chairman of the P. A. C., at its meeting held on the 27th January, 1975.

## REPORT

We assembled in the National Assembly Secretariat, Islamabad, on the 22nd January, 1974 for examining the Appropriation, Finance and Commercial Accounts of the Government of Pakistan, and the Reports of the Auditor-General of Pakistan thereon for the years, 1968-69 and 1969-70, which were referred to the Public Accounts Committee by the National Assembly on 27-1-1973 and 26-5-1973, respectively. We held three sessions. The first session was held from 22nd January, 1974, to 6th March, 1974, the second session from 27th January to 30th January, 1975 and the third session from 4th December to 9th December, 1975. During these three sessions, we examined the Accounts for the two years mentioned above. In all, seventeen meetings were held. The proceedings of these meetings are appended as *Annexure I* of our Report. The specific recommendations, directions and observations which are included in the proceedings are to be regarded as a part of our Report. The statements of Appropriations, expenditure, savings and excesses are contained in *Annexure H* of the Report.

2. We recommend that the excesses in expenditure as shown in the statements (No. 4) and (No. 5) may be regularised by the President.

3. The more important recommendations which are general in nature are summarised below :—

### GENERAL OBSERVATIONS

4. The Committee took serious view of unauthorised excesses in expenditure being incurred by the Ministries and Divisions on telephone charges and observed that whenever the telephone charges exceeded the Appropriation, the excess should be treated as the personal responsibility of the Principal Accounting Officer of the Division concerned. The Committee also directed that the mis-use of staff cars should be stopped by strictly following the rules and by greater vigilance on their use.

5. The Committee also felt that the existing system of keeping accounts was un-satisfactory and it was difficult for any one to formulate a clear picture of the financial operations of the Government by going through the Budget and the documents prepared by the Auditor-General. The Committee, therefore, directed to draw up a plan to separate Accounts from Audit which should be implemented over a period of two years. The Accounts Department should adopt as far as possible, the double entry system of accounting. It was further desired that the Audit should re-vitalise and re-orientate itself and that the manuals on the subject should be revised. The shift in the emphasis should be from purely procedural and technical objections to those of substance.

6. It was observed during the course of examination of accounts that most of the spending agencies took it for granted that supplementary funds would be available in any case. The Committee directed that in future all necessary and reasonable care should be taken and all out efforts made to get the approval of the Ministry of Finance in time wherever supplementary grant is involved. This is necessary to prevent financial indiscipline in offices.

7. The Committee thoroughly went into the reasons for unfavourable arbitration awards, which in almost all the cases had gone in favour of the defaulting parties and against the Government and came to the conclusion that the cases had not been properly pursued and were dealt with in routine, and sufficient care was not exercised with the result that the Government had to sustain considerable losses. Such cases called for more expeditious action, and exercise of vigilance on the part of Ministries.

8. The Committee, therefore, directs that the Ministries should be more careful in future in safe-guarding the interest of Government while drawing up agreements and selecting contractors.

9. The Committee desired that cases regarding realization of Federal Government Arrears as arrears of Land Revenues and due attention by the District Authorities, should be taken up by Inter-Provincial Co-ordination Committee so that it can be discussed with all the Provincial Heads and further instructions issued in this regard.

10. A directive should be issued that in purchases where time is of the essence, the urgency of purchases must be determined with a greater sense of responsibility and at a higher level. There is a tendency to prescribe un-realistic dates and over-estimated requirements and also to decide upon urgency not on merit but as a matter of course.

11. Necessary approval of schemes, administrative sanctions and technical sanctions must be obtained before tenders are decided to be invited. Violation of this rule shall be taken serious note of by the Public Accounts Committee.

12. The practice of requests for approval of tenders at a minutes notice needs to be discouraged. Signs, if any, in the procedure should be removed.

#### SOME CASES OF FINANCIAL IRREGULARITIES

13. The Committee directed Mr. M. Z. Rehman, Additional Secretary, Ministry of Finance to make an enquiry in connection with expenditure incurred on the purchase of Air-Conditioners in excess of requirements (Rs. 1,42,305). [Para 15-Page 101 of Audit Report (Civil) for 1969-70].

14. In the case of excess payment of Rs. 24,697 on account of uncoursed rubble masonry by a contractor in August, 1966, the Committee directed that the investigation in the matter in progress should be concluded expeditiously and responsibility fixed whether the contractor was guilty or officer or both of them. Thereafter, the money may be realised from the person or persons found guilty. [Para 132-page 87 of Audit Report (Civil) for 1968-69].

15. In connection with the extra payment of Rs. 1,23,673 to five contractors at the enhanced rate of Rs. 200 per fireplace, the Committee decided that C. D. A. should submit a report for the recovery of amount in question from the contractors and departmental action be taken by the C. D. A. against the officers who were responsible for this extra payment. [Para 79-page 72 of Audit Report (Civil) for 1968-69].

#### PARAS DEFERRED BY THE COMMITTEE

16. In the case of depositing the funds by the Indus Gas Co. Ltd., into the National Commercial Bank (under liquidation) the Committee wanted to know the name of the officer who took the decision and whether he was still in service. Pending receipt of the report, the para was deferred. [Para 245-page 185 of Commercial Accounts for 1968-69].

17. A contractor who carried out work of un-coursed rubble masonry was paid at full rate (labour and cost of material) whereas he should have been paid labour rate only. This resulted in an over payment of Rs. 46,616. The Departmental Representative undertook to explain the position to Audit within month's time. The para was deferred by the Committee. [Para 129-page 86 of Audit Report (Civil) for 1968-69].

18. At the request of the Secretary, Communications, consideration of the item relating to financial operation of National Shipping Corporation and position of sundry debtors was deferred. [Para 481-page 434 of Commercial Accounts for 1969-70].

### CASES PENDING WITH THE COURTS

19. The Committee decided that the para relating to non-recovery of Rs. 5,36,074 from Messers Pak Malik who were awarded work on the Marala Barrage be taken up again in the light of the decision of the Court. [Para 16-page 131 of Audit Report (Civil) for 1968-69].

20. The Committee decided that in another similar case relating to the misuse of the import permit of Rs. 6,31,000 by the contractor be taken up again when the decision of the Court becomes available. [Para 37-page 142 of Audit Report (Civil) for 1968-69].

### DIFFICULTIES IN NORTHERN AREAS

21. The Committee fully appreciated the difficulties in the Northern Areas but felt that there is always scope for improvement and it is duty of every one to go on making it.

22. The Committee agreed with the Auditor-General that some paras, which were in the printed book and for which final replies had not been received by Audit, will continue to be pursued with WAPDA. If these paras are settled, they would not be brought before the Public Accounts Committee, but paras which are not finally settled will be brought to the notice of the Public Accounts Committee, if necessary.

23. It was pointed out by the Auditor-General that in some countries, powers of surcharge have been given to the Auditor-General to enforce recovery while in other countries there are *Audit Courts*. These systems ensure quick compliance with audit observations. The Committee appreciated the system. The Auditor-General was requested to submit a paper on the subject to the Committee for its consideration. The Auditor-General has prepared a working paper on the subject which is on the agenda for consideration of the Committee at its next meeting.

24. During the course of examination of the accounts the Auditor General explained that the only intention behind the preparation, of briefs by Audit was to assist the P. A. C. in drawing their attention to the more important points contained in the Appropriation/Commercial Accounts and the connected Audit Reports. This was intended to avoid lengthy discussions on matters of much less importance. As such the discussions of the Committee had been mainly confined to the Audit briefs. Other points raised in the Appropriation/Commercial Accounts and Audit Reports, not included in the briefs, had not been discussed, although it was the Committee's prerogative to take up for consideration any matter referred to in the above documents. Therefore, in pursuance of rule 172 of the Rules of Procedure and Conduct of Business in the National Assembly, 1973, the points in the Appropriation Accounts etc., not discussed by them, will be deemed to have been settled subject to verification by Audit or any regularising action by the Ministry concerned, where necessary.

25. Under sub-rule 4 of rule 172, the Committee had also to examine cases in which expenditure was in excess of the amount granted by the Assembly, and to make such recommendations as it deemed fit. Save in cases where the Committee specifically recommends otherwise, it will be deemed that it recommends that the excesses be regularised under Article 84 of the Constitution.

## GENERAL OBSERVATIONS OF THE COMMITTEE

26. We recommend that—

- (i) All Ministries and Divisions and Departments concerned should be asked to furnish full and complete replies, without delay, to the Auditor-General in regard to Audit paras concerning them, so that Audit do not have to enter into any protracted correspondence and the time of P. A. C. could be saved.
- (ii) All out efforts should be made to bring about further improvements in the maintenance of accounts and also take care that the irregularities, which have come to notice, do not recur.
- (iii) *Serious irregularities*.—All serious irregularities and improprieties involving considerable loss to the exchequer, must be delinked from the normal Appropriation Accounts, etc., and Interim Audit Reports brought by the Auditor-General, without waiting for the entire accounts of a particular year to be examined by them, to the notice of the Public Accounts Committee.
- (iv) The irregularities detected in the accounts up to the years, 1973-74, and possibly 1974-75, should be covered for this purpose. For taking action on this, the necessary procedural and other requirements, if any, should be got completed quickly by the National Assembly Secretariat, Finance Division or the Auditor-General as the case may be.
- (v) The P. A. C. should be deemed to be continuously in session for scrutinising such irregularities. A meeting of the P. A. C. should be called at short notice to consider them whenever such reports are received from the Auditor-General.
- (vi) Ministries/Divisions and the Departments concerned should be given reasonable clear deadlines to furnish full and complete replies to audit objections in respect of such irregularities, with intimation by name to the Secretary concerned. If no reply is received by the said date or replies received are vague or incomplete, it should be assumed that there is no more information or explanation for the Ministry/Division to furnish. In case any additional explanation or information then comes forth subsequently or at the meeting of the P. A. C., the P. A. C. unless satisfied with the timing of such submission, shall be obliged to take a serious view of lack of attention and carefulness in furnishing full replies about the irregularities involved. Those found negligent or careless in handling such cases in the Ministry/Division or Department concerned shall then have to be dealt with sternly.

**Appropriation Accounts and minor irregularities :**

- (vii) As for normal Appropriation Accounts and minor irregularities, the responsibility of Ministry/Division and Departments under them to furnish prompt and complete replies to objections raised by the Audit in respect of their accounts should be again impressed upon them. In this case also, reasonable deadlines should be given for full and complete replies to be given to Audit, with intimation to the Secretary concerned. In the event of no replies or incomplete replies being received by the set date, Audit should assume that there is no more information or explanation for the Ministry/Division to furnish and the accounts should be finalised and presented to the Public Accounts Committee accordingly, without delay. If any more explanation or replies come forth from the Ministry/Division concerned subsequently, those responsible for wasting the time of the Auditor-General and the Public

Accounts Committee, etc., shall, unless the Public Accounts Committee are satisfied with the timing of such submission, be held guilty of negligence of duty and carelessness and have to be dealt with strictly.

- (viii) Each Secretary of Ministry/Division shall nominate an officer not below the rank of a Joint Secretary, to act as Liaison Officer for the Ministry/Division vis-a-vis the Auditor-General and his staff. This Officer will be the Auditor-General's point of contact with the Ministry/Division and should be directed to deal with all references from Audit on priority. The name of such officer shall be communicated to the Auditor-General by each Ministry/Division immediately and subsequent changes in such nomination, if any, will also be notified to him immediately, on the transfer of the existing incumbent or the transfer of his work to another officer.

27. We express our thanks to the Auditor-General, his officers and staff and the officers and staff of the National Assembly Secretariat for their assistance in conducting the deliberations of the Public Accounts Committee successfully.

Sd/-  
M. A. HAQ,  
Secretary,  
Public Account Committee.

Sd/-  
RANA MUHAMMAD HANIF KHAN,  
Minister for Finance, Planning and  
Development,  
Chairman,  
Public Accounts Committee.

Sd/-  
MUMTAZ ALI BHUTTO,  
Minister for Communications,  
Member.

ISLAMABAD :  
The 19th October, 1976.

Sd/-  
SYED QAIM ALI SHAH JILANI,  
Minister for Agrarian Management,  
Kashmir Affairs and Northern Affairs.  
Member.

Sd/-  
RAI HAFIZULLAH KHAN,  
Member.

Sd/-  
CH. SHAFAT KHAN CHOHAN,  
Member.

Sd/-  
MIAN HAMID YASIN,  
Member.

Sd/-  
HAKIM ALI ZARDARI,  
Member.

Sd/-  
NISAR AHMAD,  
Member.

Sd/-  
PROF. GHAFUOR AHMAD,  
Member.

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*Annexure—1*  
**PROCEEDINGS**

## NATIONAL ASSEMBLY SECRETARIAT

### PROCEEDINGS OF THE FIRST MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD ON 22ND JANUARY, 1974.

The first meeting of the Public Accounts Committee was held in the State Bank Building, Islamabad, at 8.30 a.m. on the 22nd January, 1974. It was attended by the following :—

#### Members

1. Mian Hamid Yasin.
2. Prof. Ghafoor Ahmad.
3. Mr. Niamatullah Khan Shinwari.
4. Chaudhry Shafaat Khan Chohan.
5. Dr. Mubashir Hasan, Minister for Finance, Planning and Development (*Ex-officio* Member).

#### National Assembly Secretariat

1. Ch. Muhammad Ilyas, Joint Secretary.
2. Mr. M. A. Javed, Deputy Secretary.
3. Mr. Abdul Bari Khan, Assistant Secretary.

#### Audit Representatives

1. Mr. Abdul Hamid, Auditor-General of Pakistan.
2. Mr. Majeed Akhtar, Deputy Auditor-General (A&R).
3. Mr. Aitezazuddin Ahmad, Accountant-General Pakistan Revenues, Islamabad.
4. Mr. Raisuddin Ahmad, Director of Commercial Audit.

#### Departmental Representatives

1. Mr. Vaqar Ahmad, Secretary, Cabinet Division and Establishment Division.
2. Mr. Khakan Mahmood, Additional Secretary, Establishment Division.
2. Dr. Mubashir Hasan, Minister for Finance, Planning and Development, was unanimously elected as Chairman of the Public Accounts Committee.

3. At the out-set, the Auditor-General explained the functions of the Public Accounts Committee as set out in rule 172 of the Rules of Procedure and Conduct of Business in the National Assembly, 1973. This was followed by a preliminary discussion regarding the procedure to be adopted for the transaction of business by the Committee. The Auditor-General pointed out that in the Provinces there were Departmental Accounts Committees which examined the accounts and settled audit objections thereto. The objections which are not resolved by the Departmental Accounts Committees are taken to the Public Accounts Committees of the provinces. In this way, only major issues come up before the Public Accounts Committees which can be easily sorted out by these Committees within the short time at their disposal. The Auditor-General suggested that similar Departmental Accounts Committees may be set up in the Federal Government as well. It was also suggested that the Public Accounts Committee may appoint a Sub-Committee which may examine the appropriation

accounts in the light of the Reports of the Auditor-General and only then irregularities which are not disposed of at the level of the Sub-Committee may be looked into by the main Public Accounts Committee. Prof. Ghafoor Ahmad, supported this suggestion. During discussion, the consensus was that examination of the accounts by the whole Committee will afford an opportunity to all the members of the Committee to acquaint themselves with the audit Report and its objections and the nature of the irregularities committed by the Ministries/Divisions. It was decided that the Audit Reports and accounts should be examined by the whole Committee.

4. The Chairman observed that the points requiring the attention of the Committee were scattered in voluminous and bulky records and it was almost impossible for the Committee to study the entire record relating to each and every item objected to by the Auditor-General. It was, therefore, agreed that before the Committee proceeded to consider the audit objection in respect of a Division, the Auditor-General would prepare and circulate amongst the members and others concerned a brief pointing out the major irregularities which have not been explained by the Division to the satisfaction of the Auditor-General.

5. The Committee then took up the examination of the Appropriation Accounts for the years 1968-69 and 1969-70 relating to the Cabinet Division and Establishment Division. The Committee noted that against the final grant of Rs. 91,48,000 (Other) there was an expenditure of Rs. 94,86,159 under grant No. 12 of the Cabinet Division, resulting in an excess of Rs. 3,38,159. The departmental representative briefly explained that the excess was due to—

- (i) more expenditure on telephone charges due to direct dialing system ; and
- (ii) the increased maintenance charges on old staff cars and the cars in the Cabinet Division's Pool.

6. The Committee took a serious view of unauthorised excess in expenditure being incurred by the Ministries and Divisions on telephone charges and observed that whenever the telephone charges exceeded the appropriation, the excess should be treated as the personal responsibility of the Principal Accounting Officer of the Division concerned.

7. The Committee also directed that the misuse of the staff cars should be stopped by strictly following the rules and by greater vigilance on their use.

#### APPROPRIATION ACCOUNTS NOTE 5 AND 4 BELOW

#### GRANT No. 12.—CABINET DIVISION FOR 1968-69 AND 1969-70

8. The Committee also noted the excess expenditure, year after year, under sub-head "C—Intelligence Bureau". The departmental explanation that the Ministry of Finance did not allocate the funds asked for in the Budget was not accepted by the Committee. The Committee observed that the explanation was not acceptable. In future excess expenditure should be avoided.

9. The Committee then had a discussion regarding further programme and agreed to meet for three days in a week, that is on Tuesday, Wednesday and Thursday. The schedule for further meetings was revised accordingly.

10. The Chairman then adjourned the Committee to meet again at 8.30 a.m. on Thursday, the 24th January, 1974.

MUHAMMAD ILYAS,  
Joint Secretary.

ISLAMABAD :  
The 6th February, 1974.

**NATIONAL ASSEMBLY SECRETARIAT**

**PROCEEDINGS OF THE SECOND MEETING OF THE PUBLIC  
ACCOUNTS COMMITTEE HELD ON THE 24TH JANUARY, 1974.**

The Public Accounts Committee met in the State Bank Building, Islamabad at 8.30 a.m. on 24th January, 1974.

Members present were—

- |                                                                         |                  |
|-------------------------------------------------------------------------|------------------|
| (1) Dr. Mubashir Hasan, Minister for Finance, Planning and Development. | <i>Chairman.</i> |
| (2) Prof. Ghafoor Ahmad.                                                | <i>Member.</i>   |
| (3) Mr. Niamatullah Khan Shinwari.                                      | <i>Member.</i>   |
| (4) Chaudhry Shafaat Khan Chohan.                                       | <i>Member.</i>   |
| (5) Mr. Hakim Ali Zardari.                                              | <i>Member.</i>   |
| (6) Syed Qaim Ali Shah.                                                 | <i>Member.</i>   |

**Audit Representatives :**

- (1) Mr. Abdul Hamid, Auditor-General of Pakistan.
- (2) Mr. Majeed Akhtar, Deputy Auditor-General (A&R).
- (3) Mr. Aitezaz-Uddin Ahmad, Accountant-General Pakistan Revenues.

**National Assembly Secretariat :**

Mr. Aslam Abdullah Khan, Secretary, and Ch. Muhammad Ilyas Jorit Secretary, attended the meeting. Mr. M. Zulfiqar, Finance Secretary, attended the meeting by special invitation.

**EXAMINATION OF GRANTS CONTROLLED BY THE MINISTRY OF  
SCIENCE AND TECHNOLOGY**

*Departmental Representative:*

Mr. A. Q. K. Afghan, Additional Secretary, Ministry of Science and Technology.

**General Discussion :**

2. The Chairman observed that the existing system of keeping accounts was unsatisfactory in that it was difficult for any one to formulate a clear picture of the financial operations of the Government by going through the Budget and the documents prepared by the Auditor-General. He also enquired if the Auditor-General had drawn up a plan for separating accounts from audit. It was explained that the accounting system was being reorganized by changing the classification: the Ministry of Finance were already seized with the problem. A plan for separation of audit and accounts would be prepared and submitted to the Ministry of Finance on getting a decision, in principle, on the subject. Finance Minister was pleased to decide that the two be separated and directed the Auditor-General to prepare a plan which should be implemented over a period of two years. The Chairman also observed that the Accounts Department should adopt, as far as possible, the double entry system of accounting.

3. The Chairman also observed that Audit should revitalise and reorientate itself and that the Manuals on the subject should be revised; the shift in the emphasis should be from purely procedural and technical objections to those of substance.

4. The Auditor-General remarked that it would facilitate the work of all concerned if only one Ministry/Division was concerned with a Grant. It was explained that this had been done, as far as possible, in respect of Demands for Grants for subsequent years.

5. The Chairman also directed that the accounts for 1970-71 and 1971-72 should be finalized and printed quickly even if the Railway Accounts had to be excluded, for reasons explained at the meeting.

6. The Committee then took up the examination of the appropriation accounts for the years 1968-69 and 1969-70 relating to Ministry of Science and Technology. The Committee noted the following omissions and irregularities :—

#### 1968-69

#### GRANT No. 97.—DEVELOPMENT EXPENDITURE OF FOOD AND AGRICULTURE DIVISION (CONTROLLED BY MINISTRY OF SCIENCE AND TECHNOLOGY).

7. The Ministry attributed most of the savings to the non-acceptance by A.G.P.R. of their re-appropriation order. The order was not accepted because it involved re-appropriation between "New" and "Other than New" categories which was not permissible. Probable savings of Rs. 51,99,000 was provided for under "Other than New". During the course of the year the Ministry surrendered Rs. 13,83,900 by curtailing expenditure. It had, therefore, to account for Rs. 38,15,100 under probable savings. This the Ministry sought to do by re-appropriation, as mentioned above, which was not in order. In other words, no savings took place under "Other than New". The Ministry was asked to explain why savings did not materialise under "Other than New" to the extent of Rs. 3,45,000 (Out of Rs. 38,15,100) which pertained to the Ministry of Science and Technology. No verbal explanation was forthcoming. It showed carelessness in budgeting and accounting.

The Committee, after considering all the Demands was of the view that responsibility for omissions etc., should be fixed and whosoever was responsible should be charge sheeted. After some discussion it was decided that a Sub-Committee, consisting of two members of the Public Accounts Committee, Auditor-General and the representative of the Ministry concerned be set up to look into the matter.

1969-70  
-1970-71-

8. Grant No. 3.—Zoological Survey Department (Other than New) closed with an excess expenditure of Rs. 31,965 against the final grant of Rs. 1,44,000 and actual expenditure of Rs. 1,75,965. Excess expenditure of Rs. 11,708 and Rs. 20,295 under sub-heads "A-2 Pay of Establishment" and "A-4 Other Charges" were the main items of excess. Explaining the excess expenditure of Rs. 11,708 the Ministry stated that the original grant was Rs. 81,100 as proposed by them. After actual expenditure of Rs. 76,208, they thought that the amount of Rs. 4,900 (81,100—76,208) was in excess of their requirement. Hence they surrendered the amount of Rs. 4,900. But the actual original grant was Rs. 69,400 and after taking into account the surrendered amount of Rs. 4,900 the final grant worked out to Rs. 64,500 which resulted in excess expenditure of Rs. 11,708. This showed poor budgeting control & supervision as the controlling officer was not even aware of the amount of actual grant at his disposal.

Similar was the case of excess expenditure of Rs. 20,295 under "A-4—Other Charges". The Department relied on the figures of revised estimates proposed by them and did not take into consideration the actual amount granted to them.

#### 9. GRANT No. 38.—SCIENTIFIC AND TECHNOLOGICAL RESEARCH DIVISION

- (i) Against a saving of Rs. 1,79,043 a sum of Rs. 1,89,489 was surrendered converting into an excess.
- (ii) While explaining the excess expenditure of Rs. 98,872 under sub-head "A-1 Pay of officers," the Ministry stated that due to omission, an amount of Rs. 1,23,881 had been surrendered instead of Rs. 23,881. The Departmental representative, accepting the omissions and irregularities observed that it was all due to clerical mistakes.

#### EXAMINATION OF THE GRANTS PERTAINING TO THE PRESIDENT'S SECRETARIAT (PUBLIC AND PERSONAL)

*Departmental Representative :*

Mr. I. H. Qureshi, Joint Secretary.

**President Secretariat (Public) :**

10. The Committee noted that an additional appropriation of Rs. 1,00,000 from "Contingency Item" was made in the year 1968-69 under the sub-head "H-5" but it was not accounted for. The Ministry's representative, explaining the position, stated that the expenditure against the aforesaid appropriation could not be booked for want of debit to be received from C.M.A.

11. The Committee further noted that a total excess expenditure of Rs. 1,96,438 was incurred in the year 1969-70 under sub-head "H-1" to "H-4" in the absence of any budget provision. It was explained to the Committee that the excess expenditure related to Study Group and had to be incurred mainly on pay and allowances of the officers and staff in that group and not on any other charges. The Departmental representative also explained that the agreement of the Ministry of Finance already existed for the aforesaid expenditure. He, however, admitted that the budget provision could not be made in time. On a query by the Committee as to why the required funds were not obtained through supplementary appropriation, the Departmental representative explained that supplementary grant was not asked for on the assumption that the concurrence of the Ministry of Finance already existed. The Committee, however, took a serious view of the manner in which the excess expenditure was incurred and directed the Departmental representative that all the details of the aforesaid expenditure should be placed before it on 29th January, 1974, so that action against officers responsible for the irregularity be considered.

#### EXAMINATION OF GRANTS CONTROLLED BY MINISTRY OF LAW AND PARLIAMENTARY AFFAIRS

*Departmental Representative :*

Justice Mohammad Afzal Cheema, Secretary, Ministry of Law and Parliamentary Affairs.

12. The Committee noted the excess of Rs. 12,188 (grant No. 87) under "A-4 Other Charges" in the year 1968-69. The expenditure was Rs. 2.91 lacs against the provision of Rs. 2.78 lacs. The amount of excess, though not substantial,

a supplementary grant should have been obtained to cover the excess, or the expenditure should have been curtailed to keep it within the sanctioned allocation. The explanation put forward by the Ministry for the excess was that it was primarily due to additional expenditure on telephones which was Rs. 99,000 against Rs. 90,000 provided in the budget. That was not considered satisfactory explanation because there was a provision of Rs. 30,000 for other contingent expenditure against which the actuals were Rs. 5,458. As such, there was scope for inter-item adjustments. The Committee also noted wide variations between the budget figures and actual expenditure, e.g., on maintenance of staff car, liveries, entertainment. The Departmental representative, explaining the position, admitted that the lapses occurred due to some administrative difficulties. The Committee, however, directed that authorities concerned should be warned not to allow expenditure to exceed the sanctioned-budget in any case.

13. The Committee also noted that in grant No. 88 against the saving of Rs. 14,982 under "Other than New" expenditure, an amount of Rs. 21,200 had been surrendered, which indicated lack of proper budgeting. The Departmental representative, however, explained that the sub-ordinate offices of the Ministry of Law and Parliamentary Affairs were scattered all over the country. The actual expenditure pertaining to those offices could not be accounted for as information was not received in time. The amount being small the Committee agreed to accept the explanation of the Department.

14. The Committee further noted that in 1969-70 a sum of Rs. 3,26,800 was surrendered under New Expenditure (Grant No. 93) against the available savings of Rs. 4,53,257. There was a saving of Rs. 48,363 under sub-head "A-3" and Rs. 78,094 under "A-4 Other Charges". As such, a total amount of Rs. 1,26,457 could also be surrendered. Keeping however, in view the Ministry's contention that a sum of Rs. 25,757 had been misclassified as "Other than New Expenditure", a sum of Rs. 1,00,700 (1,26,457—25,757) should have been surrendered. The Departmental representative explained that some additional expenditure on essential items like purchase of car etc. was anticipated, but the proposals could not be finalised due to unavoidable circumstances. As such, the amount could not be surrendered. The Committee accepted the reasons for not surrendering the amount.

15. The items relating to Supreme Court and Election Commission were not commented upon by the Committee as there was no material point in the Audit brief pertaining to them.

16. While discussing the performance and functions, of the Computer Bureau, the Finance Minister directed that the post of the Officer on Special Duty (Mechanization) in the Cabinet Division should be abolished with effect from the next financial year. This observation should be conveyed to the Cabinet Division with a copy to the Ministry of Finance.

17. The Committee adjourned to meet again on 25th January, 1974 at 8.30 a.m.

ASLAM ABDULLAH KHAN,  
Secretary.

ISLAMABAD :  
The 6th February, 1974.

**NATIONAL ASSEMBLY SECRETARIAT**

**PROCEEDINGS OF THE THIRD MEETING OF THE PUBLIC ACCOUNTS  
COMMITTEE HELD ON THE 25TH JANUARY, 1974.**

The Public Accounts Committee met in the State Bank Building, Islamabad at 8.30 a.m. on the 25th January, 1974.

Members present were—

- |                                                                        |                  |
|------------------------------------------------------------------------|------------------|
| 1. Dr. Mubashir Hasan, Minister for Finance, Planning and Development. | <i>Chairman.</i> |
| 2. Chandhry Shafaat Khan Chohan.                                       | <i>Member.</i>   |
| 3. Mr. Hakim Ali Zardari.                                              | <i>Member.</i>   |
| 4. Mr. Niamatullah Khan Shinwari.                                      | <i>Member.</i>   |
| 5. Prof. Ghafoor Ahmad.                                                | <i>Member.</i>   |

**Audit Representatives :**

1. Mr. Abdul Hamid, Auditor-General of Pakistan.
2. Mr. Majeed Akhtar, Deputy Auditor-General (A&R).
3. Mr. Aitezaz Uddin Ahmad, Accountant General Pakistan Revenues.

Ch. Muhammad Ilyas, Joint Secretary, National Assembly Secretariat, attended the meeting. Mr. M. Zulfiqar, Secretary, Finance, attended the meeting by special invitation.

**(i) EXAMINATION OF ACCOUNTS PERTAINING TO PLANNING AND  
DEVELOPMENT DIVISION**

*Departmental Representative :*

Mr. V. A. Jafarey, Secretary, Planning and Development.

2. There being no material point in Grants No. 91 and 131 of 1968-69 and No. 97 and 137 of 1969-70, which are controlled by the Planning and Development Division the Committee did not examine them.

**(ii) ECONOMIC AFFAIRS DIVISION:**

*Departmental Representative :*

Mr. Aftab Ahmad Khan, Secretary.

3. The Committee noted that in grant No. 96 for 1969-70 there was a heavy saving of Rs. 14,13,839 under the sub-head "C-1--U. S. Aid Technical Assistance" which was explained by the Division as due to less disbursement made by U. S. Aid. As the final disbursement report was received much after the 30th June, the savings could not be anticipated and surrendered. The Departmental Representative explained that the actual expenditure was incurred by U. S. Aid (Technical Assistance). He further explained, at length, the types of aid received from the United States and conditions attached thereto. On a query from the Committee the Departmental Representative stated that as tied aid had some inherent disadvantages, it was normally used only when no alternative was available. He further observed that Government took care to generate competition among the aid-giving countries to derive the maximum benefit out of external aid.

4. The Committee then discussed the irregularities in the auctioning of certain old articles when the office of the Economic Affairs Division was shifted from Rawalpindi to Islamabad. It was pointed out that due publicity to the auctioning of stores was not given nor was adequate care taken in ensuring that as much value was obtained for the articles as possible. The departmental representative explained that some of the articles, e.g., electric heaters became superfluous as the Secretariat Building at Islamabad was centrally heated while the other articles had to be replaced as they were worn out. The Committee accepted the explanation but asked the departmental representative to be careful in future.

### (iii) STATISTICAL DIVISION

5. No representative of the Statistical Division was present in the meeting. The Committee directed that fresh notice should be sent to that Division to send its representative for examination of its accounts on 29th January, 1974, without fail.

### (iv) CENTRAL BOARD OF REVENUES :

#### *Departmental Representatives :*

1. Mr. Riaz Ahmad, Chairman, C.B.R.
2. Mr. Syed Ahmad, Member, C.B.R.
3. Mr. Z. A. Shah, Member, C.B.R.

6. The Committee took up the following grants for examination and considered the audit observations.

Name of grant	1968-69 Grant No.
1. Land Customs and Central Excise .. .. .	45
2. Taxes on Income, Corporation Tax and Sales Tax .. .. .	46

In both the above grants the amount surrendered was in excess of the available savings. The excessive surrender was explained by the Board as due to unforeseen and unanticipated expenditure. The Committee, however, asked the Departmental representative to note that once an amount was surrendered there should be no additional expenditure on that account in any case. The Committee also directed that action against the officers at fault should be taken by the Central Board of Revenues.

#### **Audit Report :**

- (i) Pages 80 to 82 and 191 to 211—paras 101 to 117 (1968-69).
- (ii) Pages 77 to 79—paras 2 (i) to 3(xiv) (1969-70).
- (iii) Pages 79—80—paras 3(i) to 3(xiii) (1969-70).

7. The Committee also noted with concern the cases of under-assessment of Sea-Customs duties, both in the year, 1968-69 and 1969-70. According to the Audit Reports 17 cases of under assessment, involving amounts exceeding Rs. 10,000 in each case and 112 cases involving amounts upto Rs. 10,000 were noticed in the year 1968-69. It was also observed that an amount of Rs. 10,51,742 was recovered at the instance of the Audit. Similarly, in the year 1969-70, 14 cases of under-assessment, involving amounts exceeding Rs. 10,000 in each case and 97 cases involving amount upto Rs. 10,000 were noticed. It was observed that an amount of Rs. 11,52,884 was recovered at the instance of the Audit.

8. Pages 78—79, paras 96 to 98 (1968-69).—Besides, the 3 cases mentioned above, an amount of Rs. 62,977 was recoverable on account of customs duty/sales tax. According to the Central Board of Revenues, an amount of Rs. 31,905 had already been recovered. The balance was, however, still recoverable.

9. The Committee dropped consideration of these paras subject to verification of recovery by audit. The Committee viewed with great concern the present system of auditing in the Customs House and asked the Departmental Representative to explain the position. The Representative after explaining at length the present system of Internal and External auditing in the Customs House, stated that Internal Audit had recently been increased to 100%. He explained that after the goods are cleared from the Customs House, the cases were checked by Internal Audit and then transferred to External Audit for a test check. On a query by the Committee the Departmental Representative informed the Committee that in clear cases of misclassification or under-assessment, the officer concerned was held responsible and necessary action is taken against him. The Departmental Representative pointed out that the system being very complicated there was room for an honest difference of opinion on classification. It could not, therefore, be said that goods had been misclassified deliberately to reduce the duty payable unless there was a repetition of such cases or invidious treatment had been meted out to some parties. The Committee were not inclined to accept the view that classification could not be simplified and made more rational. It observed that, in the circumstances, the Customs Officers should not have discretion in adopting the lower rate of duty where more than one classification seemed to apply. The Departmental Representative stated that this would result in hardship to the parties.

10. The Committee came to the conclusion that all cases of under-assessment involving more than Rs. 25,000 needed to be investigated in detail so that the persons at fault could be identified and suitable action taken against them. It directed that Member Customs should, after collecting the relevant record, which should be preserved, make an enquiry in association with A. G. P. R. These officers would act not in their official capacity but as persons nominated by the Committee on behalf of the National Assembly. Their report, which should be completed within three weeks; should be submitted to the Public Accounts Committee for orders.

11. Page 79—paras 99 and 100 (1968-69).—The Committee accepted the explanation of the department and dropped these paras.

12. (i) Page 82—para 3 (xiv) (1969-70).—The Committee dropped the paras subject to verification of recoveries by Audit.

(ii) Page 54—para 22 (1969-70).—Departmental explanation was accepted by the P. A. C. and the para was dropped.

13. *Page 55—Para 23 (1969-70).*—The Committee directed C. B. R. to report final action in the matter to Audit.

14. *Page 55—Paras 24 and 25.*—The Departmental Representative recounted the difficulties in the speedy recovery of Government dues. The Chairman said that the Department should give their proposals for effecting speedy recovery and if necessary, necessary legislative changes will be made for effecting speedy recoveries.

15. The Committee then adjourned to meet again on the 29th January, 1974.

**ISLAMABAD :**  
*The 6th February, 1974.*

**ASLAM ABDULLAH KHAN,**  
*Secretary.*

**NATIONAL ASSEMBLY SECRETARIAT.**

**PROCEEDINGS OF THE FOURTH MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD ON THE 29TH JANUARY, 1974.**

The Public Accounts Committee met in the State Bank Building, Islamabad, at 8.30 a.m. on the 29th January, 1974.

The Members present were—

- |                                                                           |                  |
|---------------------------------------------------------------------------|------------------|
| 1. Dr. Mubashir Hasan,<br>Minister for Finance, Planning and Development. | <i>Chairman.</i> |
| 2. Mr. Hakim Ali Zardari.                                                 | <i>Member.</i>   |
| 3. Chaudhry Shafaat Khan Chohan,                                          | <i>Member.</i>   |
| 4. Mr. Niamatullah Khan Shinwari.                                         | <i>Member.</i>   |
| 5. Prof. Ghafoor Ahmad.                                                   | <i>Member.</i>   |

**Audit Representatives :**

1. Mr. Abdul Hamid, Auditor-General of Pakistan.
2. Mr. Majeed Akhtar, Deputy Auditor-General (A&ER).
3. Mr. Aitezaz Uddin Ahmad, A.G.P.R.
4. Mr. Rais Uddin, Director of Commercial Audit.

Mr. Aslam Abdullah Khan, Secretary and Ch. Muhammad Hyar, Joint Secretary, National Assembly Secretariat, also attended the meeting.  
Mr. M. Zulfiqar, Secretary Finance and  
Mr. M. A. G. M. Akhtar, Additional Finance Secretary (Budget) attended the meeting by special invitation.

**(i) EXAMINATION OF GRANTS CONTROLLED BY THE STATISTICAL DIVISION**

**Departmental Representative:**

Mr. Nazir Ahmad Chaudhry, Joint Secretary.

**GRANT No. 130.—PAGE 540—APPROPRIATION ACCOUNTS (1968-69)**

1. The Committee, while examining the accounts of the Statistical Division, noted a saving of Rs. 8,77,314 under "New". According to the explanation furnished by the Departmental Representative, a sum of Rs. 4,64,000 out of the above saving related to "Other than New" expenditure and was misclassified as "New" expenditure. The balance of Rs. 4,13,314 could not be utilized due to non-release of necessary foreign exchange by the Ministry of Finance till the close of financial year. The explanation was not considered satisfactory on the ground that if the Division knew that the foreign exchange was not being made available even till June, 1969 it could have surrendered the amount in time. The Departmental Representative regretted the lapse and undertook to be careful in future.

**GRANT No. 136.—PAGE 577 (1969-70)**

2. The Committee further noted that the entire provision of Rs. 11,00,000 in the year, 1969-70 under sub-head D—1 (Grant No. 136) remained un-utilized.

The Departmental Representative explained that certain I. B. M. equipment was indented in April, 1970 through the Department of I. P. & S. Due to inordinate delay in the import of the equipment the amount could not be utilized. The Committee, however, observed that the budget provision on that account was made in June, 1969 whereas the indent was placed with the I. P. & S., after 10 months. Moreover, the Statistical Division, not only placed a belated indent, but also did not keep itself in touch with the I. P. & S. Department. It could have surrendered the amount if there was no hope of getting the equipment before the close of the financial year. The Committee directed that such irregularities should not be repeated in future.

(ii) **EXAMINATION OF GRANTS CONTROLLED BY THE MINISTRY OF COMMERCE.**

*Departmental Representative :*

Miss Gulzar Bano, Additional Secretary, Ministry of Commerce.

GRANT NO. 17.—PAGES 90 TO 95 (1968-69).

3. The Committee noted a saving of over Rs. 9,00,000 under "New" expenditure and an excess of over Rs. 2,00,000 under "Other than New". The saving occurred almost wholly under "Contribution to Export Market Development Fund". The Departmental Representative explained in detail the purpose for which the fund was created; briefly, it was to increase the volume of exports by improving the efficiency of the Export Promotion Bureau by sending delegations abroad, participation in the various Exhibitions all over the World etc. However, due to subsequent changes in policy the full amount could not be utilized and as admitted by the Departmental Representative, it was not surrendered in time. The Ministry was directed by the Committee to be careful in future.

GRANT NO. 18.—PAGES 99 TO 103.

4. The Committee further noted a saving of Rs. 4.50 crores under grant No. 18 out of which Rs. 1.08 crores were surrendered in time. The net saving of Rs. 3.50 crores occurred almost wholly under "Block Grant for Transfer to Jute Price Stabilization Fund" and "Expenditure from Jute Price Stabilization Fund". As explained by the Ministry, in the former case an amount of Rs. 1.63 crores was realised as cess on Jute but the amount was not adjusted. Similarly an amount of Rs. 1.68 crores under the latter was stated to have been spent but not adjusted in the accounts.

**Audit Report (1968-69) Para 163 :**

5. The Committee was informed that according to the instructions issued by the Ministry of Finance in 1968, Government Departments were required to withdraw their funds from Commercial Banks and to deposit them in a Treasury except where specifically permitted by Government. However, the funds of the Export Market Department Fund were still with the National Bank of Pakistan. The Ministry's contention was that its rules specifically provided for the money to be deposited with the National Bank of Pakistan. Since the rules were framed in 1967 i. e., prior to the issue of the Finance Ministry's instructions, the Departmental Representative was asked to explain why the latter instructions were not given effect to in the Rules relating to the Fund. The Representative admitted that formal approval of the Federal Government should have been obtained in the matter. It was, however, presumed that since the representative of the Ministry of Finance did not raise any objection to the keeping of the funds with the

National Bank it was not necessary to obtain the formal approval of the Ministry. The Committee, however, directed, the Departmental Representative to seek necessary relaxation from the Ministry of Finance and also to fix responsibility for this negligence after further inquiry into the matter.

**Commercial Accounts Page 79—Paras 108 to 111 :**

Page 329—paras 398 to 401.

Page 409—paras 409 to 412.

6. Some accounting irregularities in respect of Jute Board, Dacca were noted e.g., Register of Fixed Assets was not maintained, Stocks were not physically verified and that the recoverable debits were mounting. The Departmental Representative informed the Committee that information was received from the Jute Board Dacca that the Register of Assets had since been constructed, Stocks verified physically and certain amounts had been recovered.

**Commercial Account—Page 168 :**

7. The Committee also noted that Export Credit Guarantee Scheme was incurring losses year after year. The loss incurred during 1968-69 was Rs. 56,000. During the next two years it increased to Rs. 1,95,068 and Rs. 1,63,156 respectively despite the efforts made by the Ministry to popularize the scheme. The Committee also noted that the amounts of premium received annually were not more than Rs. 38,000 whereas the management expenses were over Rs. 2,00,000 per annum. The Departmental Representative explained that the scheme was promotional in nature and losses were inescapable in the initial stage but losses had been reduced drastically. He further observed that the scheme had achieved its objective by increasing exports of the type of goods covered by the scheme. The Committee directed the Departmental Representative to keep expenditure in the Organisation within the limits of budget grant and to adopt ways and means to improve its efficiency.

8. The Committee noted that the residential house hired for the Commercial Secretary at Colombo remained vacant for about 15 months (October, 64 to January, 66). The lease could be terminated on three months notice. This had resulted in an infructuous expenditure of over Rs. 20,000.

The departmental representative explained that the Commercial Secretary at Nairobi was transferred to Colombo but this transfer did not materialise. Subsequently delay occurred for another officer to take over as Commercial Secretary at Colombo due to restrictions imposed on transfers in 1965 on account of war with India. He further pointed out that if the house had been de-hired it would not have been possible to get another house at such an economical rent.

The explanation was accepted by the Committee.

9. In respect of the Export and Exhibition Cell which was wound up sometime in 1964, the Committee noted with concern that the entire assets have yet to be disposed of even after the lapse of so many years. On a query from the Committee the Departmental Representative stated that the Secretary of the Export Promotion Bureau was in-charge of the said Exhibition Cell. The Committee directed the Representative to obtain the latest report about the disposal of assets from the officers concerned and to submit a comprehensive report about the whole matter within two weeks. The Report should *inter alia*, identify the Secretaries of the Ministry and the persons in-charge of the Cell from time to time.

**(iii) PRESIDENTS SECRETARIAT (PUBLIC).***Departmental Representative :*

Mr. I. H. Qureshi, Joint Secretary (Public).

**APPROPRIATION—STAFF, HOUSEHOLD AND ALLOWANCES OF THE PRESIDENT**

10. The Departmental Representative appeared before the Committee in pursuance of its directive given on 24th January, 1974. The Committee examined the details of expenditure incurred by the President's Secretariat (Public) in the year 1969-70 mainly on a Study Group. On a query from the Committee the Departmental Representative explained that the main purpose for which the Study Group was formed was to re-organise the Government Departments. After hearing the Departmental Representative the Committee held the then Joint Secretary, President Secretariate (Public) who has since been retired responsible for spending Government funds without obtaining proper sanction of the Ministry of Finance.

11. The Committee then adjourned to meet again on 30th January, 1974.

**ISLAMABAD :**  
*The 6th February, 1974.*

**ASLAM ABDULLAH KHAN,**  
*Secretary.*

**NATIONAL ASSEMBLY SECRETARIAT**

**PROCEEDINGS OF THE FIFTH MEETING OF THE PUBLIC  
ACCOUNTS COMMITTEE HELD ON THE 30TH  
JANUARY, 1974.**

The Public Accounts Committee met in the State Bank Building, Islamabad at 8.30 a.m. on the 30th January, 1974.

The Members present were —

- |                                                                         |                  |
|-------------------------------------------------------------------------|------------------|
| (1) Dr. Mubashir Hasan, Minister for Finance, Planning and Development. | <i>Chairman.</i> |
| (2) Mr. Hakim Ali Zardari.                                              | <i>Member.</i>   |
| (3) Mr. Niamatullah Khan Shinwari.                                      | <i>Member.</i>   |
| (4) Prof. Ghafoor Ahmad.                                                | <i>Member.</i>   |
| (5) Chaudhry Shafaat Khan Chohan.                                       | <i>Member.</i>   |

**Audit Representatives :**

- (1) Mr. Abdul Hamid, Auditor-General of Pakistan.
- (2) Mr. Majeed Akhtar, Deputy Auditor-General (A&R).
- (3) Mr. Aitezazuddin Ahmad, Accountant-General, Pakistan Revenues.

Mr. Aslam Abdullah Khan, Secretary and Ch. Muhammad Ilyas, Joint Secretary, National Assembly of Pakistan, also attended the meeting.

Mr. M. Zulfiqar, Secretary, Finance and Mr. M.A.G.M. Akhtar, Additional Finance Secretary, attended the meeting by special invitation.

**(i) EXAMINATION OF GRANTS CONTROLLED BY THE FOOD AND AGRICULTURE DIVISION.**

*Departmental Representative:*

**Agriculture Wing :**

Mr. M. Yakub, Secretary, Food & Agricultural Division.

1. While examining the accounts of 1968-69 relating to the Food and Agriculture Division, the Committee noted a loss of Rs. 5,17,853 on account of the installation of machinery for two cold storage plants for the fresh fish Distribution Scheme (Audit Report—pages 45,46). According to the details furnished to the Committee, a contract for Rs. 59,536 for installation of machinery for cold storage plants for fish was awarded in 1954 to a Contractor without fixing any time-limit for supplying the equipment.

It was installed in April, 1957, and put to test in 1959. It however failed to work satisfactorily. The scheme was, therefore, abandoned by the Government in 1961. The scheme also involved the construction of 16 fish stalls at a cost of Rs. 4,15,441. Four chowkidars were employed for about 12 years for guarding the machinery, etc., at a cost of over Rs. 40,000 on account of their pay. The Ministry in their reply stated that the scheme was ultimately abandoned because the people were not attracted to the purchase of fish from Government stalls and one cold storage plant was disposed of at Rs. 20,766. It was expected that after the disposal of the fish stalls and the other cold storage plant at Martin Road by auction no

loss would accrue. The Committee, felt that the scheme was not well conceived or planned properly and therefore had to be abandoned. As the loss to Government amounting to over Rs. 5,00,000 was heavy it was necessary to fix responsibility. On an inquiry from the Committee the Departmental Representative explained that there was no co-ordination between the three parties involved in the case viz. Pak. P.W.D., which constructed the super-structure of the building, the D.G. S&D which arranged the supply of the plant and machinery and the Marine Fisheries Department which sponsored the scheme. As the Pak. P.W.D. failed to construct the building in time the machinery could not be installed and put into operation. The Departmental Representative further explained that though selection of the machinery was made by the D.G. S&D it was according to the specifications approved by the Marine Fisheries Department and the Ministry. It was the suppliers responsibility to see that the machinery was installed properly and handed over in proper running order to the Department. After discussion the Committee decided to take necessary action against the officers responsible for placing orders and approving contract and paying 90% of the amount in the Directorate General of supply and Development and black list M/s. Jalil Brothers who were given contract for the supply of the equipment and its installation. The Committee appointed Mr. Yaqub on behalf of Parliament to conduct an enquiry to fix responsibility on the officers found at fault and submit a report within three weeks.

2. It was brought to the notice of the Committee that the Pakistan Central Cotton Committee had deposited about Rs. 34,00,000 in Personal Ledger Account in the National Bank of Pakistan and in NIT Units. Similarly, the Agriculture Research Council, Karachi, had nearly Rs. 24,00,000 in Personal Ledger Account. The Council also deposited about Rs. 68,00,000 with a Commercial Bank against Government orders. The amount was originally kept with the National Bank of Pakistan and was later on transferred to National Commercial Bank which promised interest at 4 per cent against 3 per cent allowed by National Bank of Pakistan. The bank later went into liquidation and the entire amount was frozen. (Para 163—pages 100 and 105 and 107 of Audit Report).

The Departmental Representative explained that the money was deposited with the National Commercial Bank because of the higher rate of interest offered by them which was likely to result in substantial additional income to the Council. Since it was a scheduled bank approved by the State Bank of Pakistan, the security of the Council's funds was presumed to be guaranteed. The claim for the entire amount was lodged with the liquidator appointed by the State Bank of Pakistan for the repayment of Funds to the Council. The matter is being pursued actively. The committee directed the Secretary, Food and Agriculture to identify the officers who moved and passed the resolution for the transfer of the amount in question to the National Commercial Bank and to furnish his report to the Committee after looking into the relevant records within two weeks. Secretary Food informed the Committee that the case was under investigation by the Special Police Establishment. The Chairman directed the Finance Secretary to ask the I.G. Special Police to make available the relevant record to the Secretary, Food and Agriculture.

#### GRANT NO. 97.—PAGES 451 TO 461 OF THE APPROPRIATION ACCOUNTS

3. The Committee noted sizeable savings and excesses under grant No. 97 which was mostly due to misclassification of expenditure under "New" and "Other than New". Since this classification had already been abandoned, the Committee did not consider it necessary to pursue the matter.

## GRANT NO. 99.—PAGES 465 OF THE APPROPRIATION ACCOUNTS

4. An excess of Rs. 1,13,313 under grant No. 99 was noted by Committee. According to the explanation given by the Ministry this was due to higher expenditure incurred by the Pak. P.W.D., on construction work of the Fish Harbour. The Departmental Representative explained that as the excess expenditure incurred by the Pak. P.W.D. came to the notice of the Division very late additional funds could not be obtained by asking for a supplementary grant. The Committee accepted this explanation.

1969-70

## GRANT NO. 1.—PAGES 25 TO 29 OF THE APPROPRIATION ACCOUNTS

5. In the Appropriation Accounts of the year 1969-70 there were sizeable excesses and savings under grant No. 1 (Sub-head A-1 Agriculture Wing-Main). According to the Ministry this was due to omission on the part of the Ministry is not calculating the expenditure for the full 12 months and instead only for 11 months at the time of preparing the original budget estimates. Unfortunately, the error could not be detected in time and the excess expenditure was due to this error. The Departmental Representative admitted responsibility for the mistake of this Division. The Committee directed that a warning should be given to Deputy Secretary who was directly responsible for this negligence.

## GRANT NO. 10.—PAGES 62—65 OF THE APPROPRIATION ACCOUNTS

The Committee noted that out of nearly Rs. 50 lacs recoverable from various parties, Rs. 14,33,173 was due to be recovered on 1-7-1972. The departmental representative explained that the co-operative societies were to sell the fertilizers and to pay back its price within 90 days. The Committee expressed the view that non-payment of the money by the societies was unreasonable. The Committee directed Secretary to furnish the position up to 1969-70 and also upto date position of the recoverable amounts from the cooperative societies indicating also the names of the Directors of the societies who gave credits and received credits but not paid as well as relevant terms of the contracts which were not followed.

**Food Wing :**

6. It was brought to the notice of the Committee that 30,087 tons of Government-owned rice was kept in defective storage over a long period causing severe damage. (Audit Report for the year 1968-69 pages 46 to 47 para 4). Out of the above quantity of rice only 1,091 tons could be salvaged which was sold for Rs. 1,16,373. This caused a loss of nearly Rs. 23,00,000 to Government. The balance amount of the damaged stocks of rice could not be recovered from the contractors due to defective terms of the contract.

7. The Departmental representative explained that the main reason for the damage and loss of rice was the contractors' failure to export the rice in due time and the defective storage at the port where the rice bags were stored in the open. The Departmental representative further explained that in the arbitration proceedings the contractors contended that they had not been able to export rice from the 1960-61 crop because the Government had authorised the export of 1961-62 crop at a lower price and it was, therefore, not feasible for them to export the old

stocks at the contracted rate of £ 42.10 and £ 41.10 per ton (whereas the fresh crop of 1961-62 was being exported by the Government at £ 42.2 per ton). The rice was of course variety which could only be sold in East Pakistan as there were no other buyers for this variety in the world market. There was no provision in the contract that Government would not export any other quality of rice of other crops. But the Arbitrator held that since in their original tender the contractors had referred to an earlier contract in which a provision existed to the effect that during the pendency of the contract the Government would not export other rice, the action of the Government in allowing export of the 1961-62 rice crop was done in breach of the agreement. The Arbitrator, therefore, awarded that claim partly in favour of the Government and partly in favour of the contractors. In view of the Arbitration award, the Government had to take action to dispose of the left-over rice at the minimum loss to the Government. The loss occurred due to deterioration damage of a large quantity of rice owing to open storage and unprecedented rains towards the close of September, 1962.

8. The Secretary, Food and Agriculture explained that an enquiry in the matter was conducted but it was found that no person could be held responsible for the loss which was due to defective system of export and not due to failure on the part of the contractors. The loss has since been written off with the approval of the Ministry of Finance.

9. The Committee was of the view that when the stocks were not being lifted by the contractor in view of the declining trend of foreign markets, orders of competent authority should have been obtained for the lowering of the price of rice so as to ensure that the stocks were lifted in time and not exposed to weather conditions. In their view it was necessary because the Department had inadequate covered storage available. It was explained that the Ministry of Finance would not have agreed to the lowering of price and also that stocks worth lacs of rupee could not be handed over to the contractor when he was already defaulting in the terms of the contract. The Committee observed that if the rice was not upto the mark there was some defect in the purchases also. After detailed discussions the Chairman appointed a sub-Committee consisting of Professor Ghafoor Ahmed, Mr. Hakim Ali Zardari Auditor-General and Mr. Aslam Abdullah Khan, Secretary of the National Assembly Secretariat to look into the "enquiry report" of Mr. A.D. Sheikh and to suggest remedial action including legislative measures which may help in avoiding such losses in future. Secretary Food & Agriculture will place all relevant information and record before the Committee.

10. In two other similar cases relating to export of rice (Audit Report pages 47-48 and 49-51), the Committee, on hearing the Departmental Representative, held the same view that losses in such cases could only be avoided by overhauling the entire system of state trading.

#### GRANT NO. 11.—PAGES 61 TO 73 OF THE APPROPRIATION ACCOUNTS

11. In grant No. 11 (App : A/c 61-73) sizeable savings were noted by the Committee. According to the explanation given by the Ministry, this was due to non-payment of certain bills on account of sea freight and lesser expenditure on handling charges than expected. The explanation was accepted.

*Paras 10, 11, 12, & 13 Pages 50-51 of Audit Report (Civil) for 1969-70*

12. The Committee noted that an amount of \$17000 was paid as additional freight as two of the vessels chartered in August, 1967, were required subsequently to load at two ports instead of one. In another case bids lapsed due to belated action by the Ministry and the fresh bids which were obtained caused additional expenditure of \$ 1,19,600 and \$24,000. In yet another case a certain firm backed

out of its quotation on the plea that the rate tendered by it was not approved by the relevant Organisation of the country concerned. Fresh tender at an higher rate was accepted from the same firm involving extra expenditure of \$3,94,800. The departmental representative explained that in the first case, even if the bid had been originally called for two ports, it would have cost more. In the second case, the bid was valid for one day and as the approval was to be obtained from Islamabad and by the time it was received from Islamabad freight charges had gone up. Therefore fresh tenders had to be called resulting in additional expenditure.

In regard to the additional expenditure of \$ 3,94,800 the departmental representative explained at length that offers were made to India and Pakistan on the same day and in the case of Pakistan it was one cent higher. Therefore, the offer was rejected. A protest was lodged to the Agriculture Department of the USA Government. However, it was decided not to take up the matter at higher level because of political considerations. Ultimately the wheat had to be purchased at higher rate.

**The Committee accepted the explanations.**

13. The Audit objection about infructuous expenditure of Rs. 26,80,016 on the purchase of equipment for unloading wheat mechanically from ships was considered by the Committee. The Secretary explained that the machinery which was imported in 1962, had become obsolete and was lying idle because it was unsuitable for unloading/discharging grain from large ships which were now in use (Audit Report for 1969-70 para 27) and thus the scheme was a failure. He explained that when the scheme was drawn up it was considered a reasonable solution of the difficulties which were encountered in discharging of cargoes wheat from medium and small size ships of the "Liberty" type. Later on, these ships were replaced by larger ships and import of larger quantities of wheat required larger ships known as bulk carriers which had their own discharging facilities. Therefore, this type of equipment, which consisted of pressure expellers which was for some time used successfully, had lost its utility. Another obstacle was the hostile attitude of the labourers who opposed the mechanical handling of loading and unloading of cargo. The Departmental Representative further stated that efforts to dispose of the equipment which was in use in Ceylon, also did not meet with success as there were no buyers. The Committee, however, felt that the equipment should either be utilised for other purposes within the country or disposed of and should not be allowed to lie idle. The Chairman asked Secretary, Food and Agriculture to report the details of the machinery to him so that he would look into the question of its disposal or alternate use.

14. The Audit objection regarding loss of Rs. 89,73 lacs on account of export of rice was also discussed by the Committee (App : A/c page 70). The Departmental Representative explained that the rice was purchased at a higher price and the best offer that could be obtained for exporting it was lower than the cost price. Since the cost price was higher than the prevailing world market prices, the loss could not be avoided. The Committee accepted the explanation.

15. It was further brought to the notice of the Committee that 7375 tons of wheat, out of the quantity imported from 1956-57 to 1969-70 was damaged in transit (App : A/c pages 75-76). Cases in respect of 3631 tons had been settled either through recovery or write off. The remaining were still outstanding. The Committee directed the Departmental Representative to ensure that the outstanding cases were finalised expeditiously.

16. It was also brought to the notice of the Committee that the Ministry had not furnished the physical verification certificates in respect of stocks of wheat,

rice etc. The contention of the Ministry was that according to the decision of an earlier Public Accounts Committee, physical verifications of 3% of the stocks was to be conducted by the Audit Department, which required to be examined further. The Auditor-General explained that it was not the legal responsibility of audit to carry out physical checking of the stocks of foodgrains but audit had only to satisfy itself if the Department concerned had carried out the physical verifications of stocks and recorded the necessary verification certificates. The Departmental Representative explained that stock registers were maintained for each godown which was under the charge of a storekeeper. Storage arrangements existed for storage of rice at Pipri and Landhi and for wheat at Kemari but only rice remained stocked for long periods but wheat was diverted to the Provincial Governments' godowns regularly after unloading physical verification of stocks of rice was done by the officials of the Food Department on the basis of a test check, as it was physically impossible to carry out verification of 100% stocks.

After some discussion the following decisions were taken :—

- (i) The food inspectors of the foodgrain godowns should give a certificate every 6 months that they have personally checked and verified that the quantity of articles in the godowns as per books was physically available in the godowns as of that date.
- (ii) The Assistant Director (Food) would certify once every 2 years that each and every item under his charge has been physically verified by him.
- (iii) The Deputy Director (Food) will also carry out a physical verification of 10% of the stock under his control every year. This check will not be a random check but complete godown will be checked by him at a time.
- (iv) The Food Department will furnish to the Auditor-General certificates of physical verification of stocks of foodgrains in respect of wheat by the 15th May, 1974 and of rice by the 30th October, 1974. On receipt of these certificates Audit will conduct a test-check of the ground balance physically available in the stocks. This arrangement is for this year only.

The Secretary, Food and Agriculture, was also asked to revise the existing rules, if necessary, to implement the above decision of the Committee.

17. The Committee was then adjourned to meet again on 31-1-1974.

**ASLAM ABDULLAH KHAN,**  
*Secretary.*

**NATIONAL ASSEMBLY SECRETARIAT**

**PROCEEDINGS OF THE SIXTH MEETING OF THE PUBLIC ACCOUNTS  
COMMITTEE HELD ON THE 31ST JANUARY, 1974**

The Public Accounts Committee, met in the State Bank Building, Islamabad, at 8.30 a.m. on 31st January, 1974.

Members present were—

- |                                                                          |                  |
|--------------------------------------------------------------------------|------------------|
| (1) Dr. Mubashir Hasan,<br>Minister for Finance, Planning & Development. | <i>Chairman.</i> |
| (2) Prof. Ghafoor Ahmad,                                                 | <i>Member.</i>   |
| (3) Chaudhry Shafaat Khan Chohan,                                        | <i>Member.</i>   |
| (4) Mr. Hakim Ali Zardari,                                               | <i>Member.</i>   |
| (5) Mr. Niamatullah Khan Shinwari,                                       | <i>Member.</i>   |

**Audit Representatives :**

- (1) Mr. Abdul Hamid, Auditor-General of Pakistan.
- (2) Mr. Majeed Akhtar, Deputy Auditor General (A&R).
- (3) Mr. Raisuddin Ahmad, Director of Commerical Audit.

**National Assembly Secretariat :**

- (1) Mr. Aslam Abdullah Khan, Secretary.
- (2) Ch. Muhammad Ilyas, Joint Secretary.
- (3) Mr. M.A. Javed, Deputy Secretary.
- (4) Mr. Abdul Bari Khan, Assistant Secretary.

**(i) EXAMINATION OF GRANTS CONTROLLED BY THE EDUCATION  
DIVISION**

*Departmental Representative :*

Dr. W.M. Zaki, Joint Secretary, Education.

As Secretary, Education Division, was not present in the meeting, the Committee deferred examination of the accounts pertaining to the Education Division till its next meeting to be held on 6th February, 1974. The Chairman of the Committee took serious notice of the fact that inspite of notice the Education Secretary had gone to Lahore in connection with another meeting. He directed that his explanation be obtained and ordered that he should personally attend the meeting on the 6th February, 1974.

**(ii) EXAMINATION OF GRANTS CONTROLLED BY THE MINISTRY  
OF FOREIGN AFFAIRS**

*Departmental Representative :*

Mr. Ali Arshad, Additional Secretary.

1968-69

**GRANT No. 52.—PAGE 240 OF THE APPROPRIATION ACCOUNTS**

2. The Committee noted that there was no material point in grant No. 52 of 1968-69 controlled by the Ministry of Foreign Affairs, except that the recovery

of taxi hire charges amounting to Rs. 28,000 (out of a total Rs. 88,000), had not been completed. The Departmental Representative explaining the position stated that taxis had to be hired mostly for the use of the Ambassadors who insisted that they had come on duty and should be given transport at government cost for their use. The Ministry of Finance held that providing taxis at Government cost to such officers was irregular and decided that recoveries should be made from the officers who had used them.

The Departmental Representative further stated that out of the balance of Rs. 28,000 further recovery of about Rs. 2,000 had been made and that an amount of Rs. 26,000 was outstanding of which Rs. 1,684 was due from some officers who had defected to East Pakistan. This amount had been entered in the Liabilities Register. The Committee directed that the amount should be recovered from the salaries of the officers concerned and from the pensions of such officers who have since retired. The amount outstanding against officers who had defected to East Pakistan should be written off, as recovery was impossible.

#### GRANT No. 53.—PAGE 246 OF THE APPROPRIATION ACCOUNTS

3. It was brought to the notice of the Committee that in grant No. 53 there was an excess of Rs. 4,00,000 under the head A-4 (Expenditure on Transfer). The original provision for this was Rs. 18,00,000 which was increased to Rs. 28,00,000 by re-appropriation. But the actual expenditure was Rs. 32,00,000. The explanation furnished by the Ministry was that the additional expenditure was necessitated by the large number of transfers made in public interest. The Audit objection was that the requisite additional funds on that account could have been asked for in time.

The Departmental Representative explained that in 1968-69 after the change in Government a large number of transfers took place and the Ministry had to spend large sums on these transfers. On an average the Ministry had to incur Rs. thirty to forty thousand on each transfer. Explaining further the Departmental Representative stated that since the transfers were made towards the end of the financial year, the additional funds could not be provided in the revised budget which is sent in April. The Committee was, of the opinion that the financial implications of such irregularities were generally overlooked by the Ministries which incur additional expenditure in excess of budgetary provision. The committee did not accept the explanation of the Departmental Representative and directed that a warning should be given to those officers who were responsible for failure to ask for additional funds. A copy of the warning should be placed in their confidential reports.

#### GRANT No. 55.—PAGE 251 OF THE APPROPRIATION ACCOUNTS

4. The Committee observed that the grant closed with a saving of over Rs. 6,00,000. Under the head-A-1 (Buildings) there was a saving of Rs. 2.70 lacs although an additional sum of Rs. 1.89 lacs was obtained through re-appropriation.

The Departmental Representative explained that the saving was due to the fact that a building was proposed to be purchased for Pakistan's Chancery in Calcutta. The building, however, could not be purchased, as the negotiations with the Indian Government could not materialise in time. As intimation of this from the Mission was not received in time, the amount could not be surrendered. The Audit was, however, of the view that there was no time-limit regarding surrender; the surrender could have been made even in the last week of June. The Committee observed that this was due to carelessness and poor budgetary control by the Ministry over its missions and that it should exercise more effective control in this regard in future.

**GRANT No. 83.—PAGES 370-371 OF THE APPROPRIATION ACCOUNTS**

5. It was brought to the notice of the P.A.C. that the manner in which this grant was regulated showed poor budgetary control by the Ministry. The excess of Rs. 1.57 lacs was due to the fact that the Ministry had surrendered Rs. 1.45 lacs. If this amount had not been surrendered the excess would have been Rs. 11,600 only.

The Departmental Representative, explaining the position, informed the Committee that this grant related to Foreign Publicity which was previously dealt with by Ministry of Information and Broadcasting. Since the grant was transferred to Ministry of Foreign Affairs recently, that Ministry could not be held responsible for the poor budgeting in this particular case as pointed out by the Audit.

1969-70

6. The Committee noted that a sum of Rs. 21,133 in Indian currency received from various accounts, was not credited to Government account and was defalcated. According to the Ministry an enquiry was conducted in 1970 which revealed that proper scrutiny of cash receipts was not exercised in the Pakistan Mission in India because of the stresses and strains of the 1965 war. Further, the procedures for control were also faulty. As a result of the inquiry no supervisory officer was held responsible for the defalcation. Rs. 1,800 had been recovered from two officials and disciplinary action against them was in hand.

The Departmental Representative explained that the amount defalcated related to three items namely, Passport/Visa fees, Visa stamps and Visa forms which were supposed to be collected by a Consular Assistant and entered in the Consular's Register. The cash was subsequently taken to the Chancery and deposited with the cashier. The Departmental Representative further stated that two officers viz., M/s Arshad and Lodhi, were responsible for overall supervision and the relevant Registers contained their signatures. The Consular's Register contained the following entry relating to a specific period which was allegedly made by the cashier of the Chancery :—

“Receipts will be issued later”.

The Cashier, however, denied that the entry was made by him. Explaining further the Departmental Representative informed the Committee that out of the persons involved two were East Pakistanis who had since defected. The amount against their names had been entered in the Liabilities Register. Inquiries against the persons available in Pakistan was in progress. Since the cashier had denied making the entry, the matter was being referred to the hand writing expert for opinion. The amount would be recovered from the persons who are ultimately held responsible for the defalcation. The Committee, however, felt that the supervision of the officers concerned left much to be desired. Although the amount involved was not large the Committee directed that explanations of the two officers M/s. Arshad and Lodhi be obtained and cashier suspended if necessary. Further enquiries should be made in the matter to fix responsibility and punish those who were found guilty. The Departmental Representative was directed to complete this enquiry on behalf of the National Assembly and to submit his report to the Public Accounts Committee direct within a month.

7. A few cases of infructuous expenditure were brought to the notice of the Committee relating to Pakistan Mission at New Delhi (paras 29 to 31 of the Audit Report) on account of alterations made in the new embassy buildings there. In one case completion was delayed and additional expenditure of about Rs. 1,00,000

had to be incurred for retention of hired accommodation while in the other two cases additional expenditure was incurred on dismantling of some works and structural alterations. The Ministry had felt that it would be much better to rectify the defects at the initial stage rather than put up with un-satisfactory buildings or to carry out alterations after a lapse of time. It was pointed out by the Auditor-General that if adequate care had been taken at the time of according the Administrative Approval, most of the defects might have been noticed. The Committee wanted to know who was responsible for according the administrative approval to the defective designs of the buildings. The Departmental Representative explained that in 1953-54 it was decided to have our own chancery building in Delhi. A plan prepared by a German architect was approved by the Ministry on the advice of Pak. P.W.D. which was responsible for satisfying itself about the technical soundness of the design. However, when the building for the Chancery and the residential quarters were under construction, some defects of design were noticed by the then High Commissioner which were found to be of a serious nature. The defects of the quarters had to be removed in order to make the building more suitable for occupants of the middle floor. The Chancery building was designed to be fully air-conditioned but when funds were asked for, only half of the amount was sanctioned by the Ministry of Finance. Thus only half portion of the building could be centrally air-conditioned. In order to make the other half usable, arrangements had to be made for ventilation of the remaining part by opening the windows and making other alterations. This involved additional expenditure.

The Committee observed that the Pak. P.W.D. was responsible only for the technical approval of the building and not for its administrative approval and utility from the users' point of view. It was for the supervisory officers of the Ministry to consider the plans carefully before according administrative approval.

8. Two other cases of irregularity on the part of the Ministry of Foreign Affairs regarding the payment of 50% of pay, D.A. and leave salary in foreign exchange were pointed out by the Audit. (Audit Report page 58—paras-32 and 33). On hearing the Departmental Representative, the Committee accepted his explanation, but made observations regarding general carelessness and poor budgetary control and supervision in the Ministry of Foreign Affairs.

#### GRANT No. 57.—PAGES 255—259 OF THE APPROPRIATION ACCOUNTS

9. The Committee noted that there was a saving of about Rs. 11 lacs under this grant which was reduced to nearly Rs. 10 lacs after surrendering Rs. 1.45 lacs. The departmental representative explained that the saving was mainly due to the fact that appropriation was made on the basis of figures supplied by the Missions on ten months actuals and anticipated expenditure for two months. However, the explanation was not found satisfactory as the Ministry did not surrender the savings in time. The Committee directed that a general warning should be issued that savings should always be surrendered in time.

#### (iii) EXAMINATION OF GRANT CONTROLLED BY THE MINISTRY OF MINORITIES AFFAIRS AND TOURISM

*Departmental Representative :*

Syed Imran Shah, Joint Secretary.

1968-69

10. A case of defalcation of Rs. 2,050 was brought to the notice of the Committee, in which the Head Clerk was involved. (Audit Report-Page 76.)

para 88). The Departmental Representative informed the Committee that the Head Clerk was dismissed from service and the case was being pursued. The Committee observed that the loss should be written off if the recovery could not be made.

1969-70

11. Another case involving a loss of Rs. 31,625 was pointed out by Audit (Audit Report—page 52, para 15), it was concerning short-receipt of the booklet entitled "Dacca Folders". The Ministry's representative stated that the connected records were being located for verification by Audit. The Departmental Representative, explaining the position, stated that the delay in locating the record was due to the fact that the Ministry kept on shifting from one place to another, and for a time the office was disbanded resulting in complete dislocation of its record. Efforts were, now being made to locate the complete records.

12. The Committee observed that substantial expenditure was being incurred on printing of publicity material but no indication was available that the material was actually printed and distributed. The Departmental Representative informed the Committee that a meeting of the officers concerned had been called to verify the correct position and a report will be submitted to the Committee on completing the enquiries. The Committee directed that a full inquiry should be made into the amount incurred on the printing of publicity pamphlets and statement of distribution of the publicity material should be submitted.

13. Another case of irregularity was brought to the notice of the Committee wherein an amount of Rs. 1,81,031 was drawn in anticipation of demand for construction of Tourist Information Centres at various places by the Tourism Department in June, 1965. This amount was not accounted for in the Cash Book. (Page 52 para 16 of Audit Report).

14. The Departmental Representative explained that the case related to the Regional Officer, Quetta, which was subsequently disbanded. The records, containing accounts and cash-book etc., had been misplaced in shifting. Tourism Department was at that time under the administrative control of the Aviation Division. He, further explained that the contractors to whom the work was awarded, were at Karachi and had been paid Rs. 1,66,000 out of the total amount of Rs. 1,81,000. The rest of the amount was yet to be accounted for. The Committee, however, noted the extreme carelessness on the part of the officers concerned and directed that a general warning should be administered to them and action taken against them after a full enquiry had been held into the case.

15. The meeting then adjourned till the 6th February, 1974. The Committee directed that Secretary, Education should be present on 6th February, 1974 for examination of the accounts of that Division. It further directed that the heads of Radio Pakistan, Television Corporation, A.P.P. and NAFDEC should also be summoned before the Committee on date when the accounts of Ministry of Information and Broadcasting are examined.

ASLAM ABDULLAH KHAN,  
*Secretary.*

**NATIONAL ASSEMBLY SECRETARIAT**

**PROCEEDINGS OF THE SEVENTH MEETING OF THE PUBLIC  
ACCOUNTS COMMITTEE HELD ON THE 6TH FEBRUARY,  
1974.**

The Public Accounts Committee met in the State Bank Building, Islamabad at 8.30 a.m. on the 6th February, 1974.

The members present were—

- |                                                                            |                  |
|----------------------------------------------------------------------------|------------------|
| (1) Dr. Mubashir Hasan,<br>Minister for Finance, Planning and Development. | <i>Chairman.</i> |
| (2) Chaudhry Shafaat Khan Chohan,                                          | <i>Member.</i>   |
| (3) Mr. Hakim Ali Zardari,                                                 | <i>Member.</i>   |
| (4) Mr. Niamatullah Khan Shinwari,                                         | <i>Member.</i>   |
| (5) Prof. Ghafoor Ahmad,                                                   | <i>Member.</i>   |
| (6) Syed Qaim Ali Shah Jilani                                              | <i>Member.</i>   |

**Audit Representatives :**

- (1) Mr. Abdul Hamid, Auditor-General of Pakistan.
- (2) Mr. Majeed Akhtar, Deputy Auditor General (A&R).

**National Assembly Secretariat :**

- (1) Mr. Aslam Abdullah Khan, Secretary.
- (2) Ch. Muhammad Ilyas, Joint Secretary.
- (3) Mr. M.A. Javed, Deputy Secretary.
- (4) Mr. Abdul Bari Khan, Assistant Secretary.

Mr. M. Zulfiqar, Secretary Finance, attended the meeting by Special invitation.

**(i) EXAMINATION OF GRANTS CONTROLLED BY THE MINISTRY  
OF EDUCATION AND PROVINCIAL CO-ORDINATION**

*Departmental Representative :*

Dr. Mohammad Ajmal, Secretary Education.

1968-69

**GRANT No. 33.—(PAGES 148—153 OF THE APPROPRIATION ACCOUNTS)**

1. The Committee noted that under sub-head D-4 of the grant there was an excess of Rs. 1,14,256 which represented higher expenditure than anticipated on the maintenance of the Student's Hostel in London. The Departmental Representative, explained that this excess amount of Rs. 1,07,156 represented the expenditure on the renovation of the Students Hostel, London for which no provision was made in the Budget. The Ministry of Foreign Affairs had in fact authorised the High Commission, London, to incur an expenditure to the extent of Rs. 90,000 out of the savings of the last year. The High Commission

London later on debited the entire expenditure against the Ministry of Education. Since intimation in this regard was received late by the Education Division, the rupee cover could not be provided in its budget. The Departmental Representative regretted the omission and the Committee asked the Ministry to exercise more care in such cases in future.

#### GRANT No. 35.—(PAGES 159—161 OF THE APPROPRIATION ACCOUNTS)

2. The Committee observed that the original amount of Rs. 5,000 under head B-1 Grants-in-Aid was increased to Rs. 3,13,600 by a supplementary grant of Rs. 9,000 and by reappropriation of Rs. 2,99,600. However, it ended in a saving of Rs. 2,08,600. The Departmental Representative, explained that actually a sum of Rs. 9,000 was sanctioned by the Ministry of Finance for the construction of Girls Model School Dacca. The expenditure was duly incurred and a payment authority also issued. However, the debit was not received from the A.G.E.P., Dacca. Another sum of Rs. 2,00,000 which was meant for setting up a Study Group was re-appropriated with the approval of the Ministry of Finance, for payment as a special grant to Mr. A.R. Chughtai. Since Mr. Chughtai could not draw the grant in time the saving of Rs. 2,00,000 occurred.

The Committee, noted that the written explanation given by the Education Division to the Audit observation did not reflect the correct position. This was also the case with the other Ministries/Divisions and care was not taken in scrutinising the replies given to audit observations. The Committee directed that in future it should be made the personal responsibility of a Joint Secretary of the Division to scrutinise each reply to audit observations before sending it to the Audit.

#### GRANT No. 74.—(PAGES 317—322 OF APPROPRIATION ACCOUNTS)

3. It was noted that under sub-head B-5 (New) Rs. 7.72 lacs was provided for the purchase of paper, of which a sum of Rs. 70,000 was surrendered. The balance of Rs. 7 lacs, however, remained un-utilized. The Committee inquired why the amount could not be surrendered in time. The Departmental Representative explained that indents for the import of paper were placed with the D.G.I.P. and S., Karachi. Since payment to the firms concerned had to be made direct by A.O., I.S. & F., the actual expenditure incurred comes to the notice of the indenting Department usually after the close of the year. In the absence of intimation about the extent to which payment is made by the I.P. & S. Department, it is not possible to make surrenders in time. The Committee discussed this matter at length and came to the conclusion that the entire procedure regarding placing of indents of I.P. & S. and late receipt of the intimation about the payment made by that Department which resulted in the blockade of the Government funds, was defective and required overhauling. The Departmental Representative was to take up this matter with the Department of the Investment, Promotion and Supplies and submit a report to the Committee within three weeks. This matter will be further discussed when the Accounts of the Department of I.P. & S. are examined.

4. The Committee further noted that against a saving of Rs. 20,37,851 available under (Other) in the grant, the Stationery and Printing Department surrendered Rs. 27,15,100 resulting in an excess surrender of nearly Rs. 7,00,000. The Departmental Representative explained that of the total excess an amount of Rs. 3,95,500 was due to misclassification between 'New' and 'Other than New' and the balance of Rs. 2,81,749 was due to adjustment of debits relating to the past year. He further explained that debits on account of telephone, railway

freight, etc., were invariably received after the close of the financial year. The explanation was found unsatisfactory by the Committee which observed that the Department should have known which debits pertaining to earlier years had not been accounted for and should have made provision in the next year accordingly. It desired that a more rational and workable procedure should be evolved by the Auditor General. Since there was a general complaint regarding late receipt of Tele : Bills this matter would be taken up when Telegraph and Telephone Department representative comes before the Public Accounts Committee.

#### Commercial Accounts :

5. It was brought to the notice of the Committee by Audit that the Central Publication Branch, Karachi, was incurring losses which during the year 1968-69 amounted to a little over Rs. 2,00,000. These were attributed to increase in departmental charges as a result of the setting up of the Printing Corporation of Pakistan (Page 15-Para 31). The position during the next year (1969-70) was virtually the same except that the loss was reduced to Rs. 1,56,440 (Page 16-Para 33). The Committee was also informed that the Central Publication Branch had been carrying an inventory of Publications amounting to about Rs. 45,00,000 which was on the high side, keeping in view the "issues during the year". Audit had observed that unless proper weeding was carried out or the authorities concerned satisfied themselves that the inventory was not burdened with dead stock, the correct position of the working of the Branch could not be judged [Page 9-Para 81(i)].

The Committee noted that Audit Comments on the working of the Office of Stationery and Forms, Karachi, as contained in paras 277—280 at page 218 of Commercial Accounts for 1968-69 and also the position in respect of the Office of the Stationery and Forms and Publication, Dacca. The Committee noted that all the three Commercial concerns mentioned above *i.e.*, Publication Branch, Department of the Stationery and Forms, Karachi, and Dacca, were running at a loss and the Ministry had all along pressed that the departmental charges should be increased to cover losses. Audit had observed that no efforts were made to adopt a more business-like attitude by curtailing expenses on establishment in the light of reduced turnover. The Committee felt that physical verification of the existing records and stores of the Publication Branch was essential. The Auditor-General was, asked to examine and frame rules for the stock-checking of the Publication Branch. The Committee also observed that the existing procedures regarding printing, publication and sale, of Government Publications being followed by the Printing Corporation of Pakistan was very un-satisfactory and needed complete over-hauling. The Managing Director of the Corporation should be allowed full authority to appoint the best available talent to produce results. The Departmental Representative explained that the Managing Director P.C.P. had submitted a detailed scheme in regard to the working of the Corporation which was under examination. The Committee directed the Departmental Representative to examine the scheme and submit his recommendations to the Committee within 4 weeks.

1969-70

#### AUDIT REPORT (Page 54—Para 20)

6. It was noted by the Committee that the post of Students Welfare Officer in the Pakistan High Commission, London, was abolished in June, 1969 on the recommendation of a high-powered committee appointed by the President. The Officer, was however, retained upto 31st January, 1970 under the Ministry's instructions and further upto 21st April, 1970, without any authority resulting in an unauthorised expenditure on his salary.

The Departmental Representative explained that the tenure of the incumbent of the post was extended upto 31st January, 1970, by the Education Division in consultation with the Establishment Division to enable the incumbent to wind up his affairs. The post was, however, continued till 21st April, 1970 on the insistence of the Pakistan High Commission that it was in public interest to do so. The case was ultimately put up to the Review Committee on 23rd February, 1970 which did not accept the proposal and the post was abolished *w.e.f.* 21st April, 1970. Since this case involved non-compliance of the orders of a high powered committee, the Committee decided that the case should be inquired into and action taken against the persons found guilty and recovery of the amount should be enforced.

**Commercial Accounts (Page 339) :**

7. Audit pointed out a loss of Rs. 6,31,948 in respect of Government Press Rawalpindi for the year from 1966-67 to 31st December, 1968 when the Printing Corporation of Pakistan was set up. The loss was in fact higher as the cost of production was understated by not taking into account certain items, *e.g.*, rent of buildings, electric charges and depreciation on certain installation.

The explanation of the Ministry was, that under the system of Governmental accounting the transactions are recorded on actual basis and not on accrual basis. Also, as no debits or demands to the effect were received from any quarter, these expenses could not be accounted for towards the cost of production. The Committee was further informed that since 1st January, 1969 *i.e.* the date from which the presses had been taken over by the PCP all such provisions are being made regularly.

It was further pointed out by the Audit that the Trading, Profit and Loss Accounts and the Balance Sheets for the year 1965-66 to 1968-69 (till 31st December, 1968) in respect of Government Press Karachi were not prepared. The Committee directed the Departmental Representative to inquire into the matter and to take action against the defaulters. The Departmental Representative promised that they would prepare the accounts within six months.

**(ii) EXAMINATION OF APPROPRIATION ACCOUNTS CONTROLLED BY THE NATIONAL ASSEMBLY SECRETARIAT :**

*Departmental Representative :*

Mr. Aslam Abdullah Khan, Secretary.

8. The Committee noted that there was no material point in the appropriation account of the National Assembly.

**(iii) EXAMINATION OF GRANTS CONTROLLED BY THE MINISTRY OF HEALTH AND SOCIAL WELFARE :**

Mr. Mukhtar Masood, Secretary.

1968-69

**GRANT No. 57.—(PAGES 255-263 OF THE APPROPRIATION ACCOUNTS)**

9. Excesses amounting to Rs. 2,17,195 were noticed under the sub-heads B-2(4), B-3(3) and B-3(4) which were explained as due to more expenditure on contingent charges, T.A. and Rest & Recreation but mostly on account of belated adjustment of Medical Stores.

The Departmental Representative explained that out of the above amount an excess of Rs. 1,88,454 occurred mostly in the Central Government Hospital, Rawalpindi and Dispensaries at Karachi due to adjustment of debit vouchers of Medical Stores and Drug/Medicines pertaining to the previous years which were booked after the close of the financial year and were not anticipated at the time of regularization of savings/excesses in June, 1969. He also explained the difficulties experienced in adjusting the accounts before the close of the financial year on account of wrong postings by the A.G.P.R. and non-receipt of debits from departments like P.W.D., Telephones, IS&P etc. The Committee, asked the Departmental Representative to look into this matter further and improve the whole procedure in consultation with the Department of I.P&S. The Committee also asked him to come again when the accounts of the Industries Division are taken up in order to streamline the procedure for raising debits against the indenting departments by the I.P&S. Department.

It was also brought to the notice of the Committee that the Stores Accounts relating to Jinnah Post-Graduate Medical Centre, Karachi, were required to be prepared from 1947-48 onwards. Exemption from preparing these accounts, for the years 1947-48 to 1954-55 and then upto 1960-61 was obtained. The Ministry then informed the Audit that the question of exemption from preparation of these accounts upto 1969-70 was under reference to the Ministry of Finance and a decision in the matter was still awaited.

The Departmental Representative, explaining the position, with regard to preparation of store accounts for the years onwards 1969-70 stated that the proforma in which the Stores Accounts of Jinnah Post-Graduate Medical Centre, Karachi, were to be maintained, was settled between the Audit and Department in late 1969. After getting the proforma printed, the Centre started compilation of the Stores Accounts from 1970. The Committee directed that some method should be devised to improve the present system of stock-checking of medical stores in consultation with the Ministry of Finance, O&M and the Auditor-Genera and to furnish a report within 3 months.

#### **Audit Report :**

*Page 100 and 109 para 1963 (S. No. 9 to 11) :*

10. The Committee accepted the departmental explanation regarding regularisation of the position of the funds relating to the Malaria Eradication Board, Pakistan Medical Research Council, Karachi, and Islamabad kept in current account of National Bank of Pakistan and dropped the items No. 9 to 11 of the para.

#### **GRANT No. 58.—PAGE 264—273 OF THE APPROPRIATION ACCOUNTS.**

11. The Departmental Representative explaining the non-surrender of Rs. 52,200 under sub-head C-1(4) said that the proposal for the purchase of a new jeep and an ambulance at a cost of Rs. 52,200 pertained to East Pakistan Circle. This could not materialise till the close of the financial year. Since the L.C. for these had been opened, it was not possible to surrender the amount. The Committee gave a general direction that all the officers concerned should report excesses/surrenders to the Ministry concerned in time.

#### **GRANT No. 63.—PAGE 284 OF THE APPROPRIATION ACCOUNTS**

12. Audit pointed out to the Committee that against the estimated recovery of Rs. 57,68,000 a sum of Rs. 6,12,320 had only been adjusted as sale proceeds

of DDT. According to the explanation of the Ministry, further recovery amounting to Rs. 34,39,170 was erroneously deposited in the Provincial Government Accounts. The Departmental Representative was, therefore, asked to explain to the Committee the present position of the remaining amount, i.e., Rs. 17 lacs as well as of credit to Central Government of Rs. 34 lacs referred to above.

The Departmental Representative explained that the actual recoveries made in 1968-69 were to the tune of Rs. 40,57,490. The latter figure represented the amount actually credited as receipts and accounted for by Audit. Another sum of Rs. 34,39,170 was deposited by the Provincial Malaria Eradication Programme, Lahore on 16th January 1969, but later on it transpired that the amount in question was credited to Provincial Government accounts. As soon as the error came to the notice of the Ministry action was initiated to get the credit transferred to Central Government account in consultation with the State Bank of Pakistan, Treasury Office, Lahore and Accountant-General, Punjab, Lahore. The Departmental Representative further explained that the lesser recoveries were due to the reason that the authorities of the Malaria Eradication Programme in West Pakistan could not pay the entire amount on account of supply of DDT due to shortage of funds at their disposal. He also pointed out that after dismemberment of One Unit in 1970, the total amount of Rs. 3,73 lacs remained to be recovered from the three Provinces Punjab, Sind, and Baluchistan. He also informed the Committee that his Ministry had already requested the Production Division to take over the DDT Factory, Nowshera.

The Committee, however, felt that the whole project was suffering from bad management and neglect and directed the Departmental Representative to approach the Ministry of Finance for the recovery of dues from the three Provinces.

**Commercial Accounts (Pages 177 para 233) 1968-69, DDT. Factory, Nowshera) :**

13. Audit further pointed out to the Committee that the sundry debtors in respect of DDT Factory, Nowshera, went up from Rs. 38,250 at the end of 1968-69 to Rs. 87,347 at the end of 1969-70. Even some of the amounts, though small, have been outstanding from 1962-63. It was desirable that the recovery be expedited.

Similarly, the figures for sundry creditors for the years ending 30th June, 1968-69 and 70 were quoted by the Audit as under :—

	Rs.
1967-68 .. .. .	3,76,960
1968-69 .. .. .	4,39,622
1969-70 .. .. .	8,07,046

It was pointed out that sizeable amount of Rs. 53,620 was outstanding since 1965-66. It was felt that though these amounts were payable by the Factory to others, it was desirable that liabilities be liquidated quickly. The Departmental Representative was asked to submit a report in the matter to the Committee.

**COMMERCIAL ACCOUNTS 1968-69 [PAGE 8-PARA 17(b)2]**

**COMMERCIAL ACCOUNTS 1969-70 (PAGE 376-PARA 412)**

**Bureau of Laboratories :**

14. Audit pointed out that the accounts of this institution for 1966-67 and 1967-68 were included in the Commercial Accounts for 1969-70 and those for 1969-70 were being incorporated in the Commercial Accounts for 1970-71 due to late preparation of those accounts by the Department.

15. The profits made by the Laboratories from 1964-65 to 1968-69 were also brought to the notice of the Committee. As for the loss of Rs. 1,79,085 suffered during 1969-70, the Committee accepted the departmental explanation and did not press the point further.

1969-70

APPROPRIATION ACCOUNTS (PAGE 264 TO 278)

GRANT No. 60

GRANT No. 61

GRANT No. 62.

16. The Committee accepted the departmental explanation regarding excesses savings in these grants.

GRANT No. 122.—(PAGE 541 TO 548)

17. The Departmental Representative, explaining the saving of Rs.5 lacs stated that the amount was spent for the construction of a Swimming Pool in Jinnah Post-Graduate Medical Centre for physiotherapy. The work was assigned to the Pak. P.W.D. and it was the duty of that Department to make adjustments in time. The amount could not be surrendered due to non-receipt of debits and lengthy processing of the case. The explanation was accepted by the Committee.

**Population Planning Division**

*Departmental Representatives*

- (1) Mr. Mukhtar Masood, Secretary.
- (2) Mr. Allauddin, Joint Secretary, Population Planning Division.

1968-69

AUDIT REPORT (PAGES 100 AND 107—PARA 163—S. No. 8)

18. It was pointed out by the Audit that an amount of Rs. 14,50,188 was kept by Pakistan Family Planning Council in current account with the National Bank of Pakistan. But, in accordance with the instructions of the Ministry of Finance, the amount was to be transferred in P.L. Account with the Treasury. The Department had subsequently transferred the amount to the Treasury, the Committee desired to know the reason for the belated action.

The Departmental Representative explained the delay in transferring funds to the treasury and stated that the funds, however, have since been transferred to the Treasury in the P.L. Account of the Population Planning Council. The Committee accepted the explanation.

1969-70

**GRANT No. 124.—(PAGE 551 OF THE APPROPRIATION ACCOUNTS)**

19. It was brought to the notice of the Committee that there was an excess of Rs. 1 crore under sub-head Z—Grant-in-Aid to Provincial Government. According to the accounts of the Department, the actual expenditure was Rs. 3.23 crores and not Rs. 4.23 crores as booked by the A.G.E.P. There was, therefore, no excess according to the departmental accounts.

20. The Committee then adjourned to meet again on the 7th February, 1974 at 08.30 a.m.

**ASLAM ABDULLAH KHAN,**  
*Secretary.*

**NATIONAL ASSEMBLY SECRETARIAT**

**PROCEEDINGS OF THE EIGHTH MEETING OF THE PUBLIC ACCOUNTS  
COMMITTEE HELD ON THE 7TH FEBRUARY, 1974.**

The Public Accounts Committee met in the State Bank Building, Islamabad, at 8.30 a.m. on the 7th February, 1974.

The members present were :—

- |                                                                      |                  |
|----------------------------------------------------------------------|------------------|
| (1) Dr. Mubashir Hasan, Minister for Finance, Planning & Development | <i>Chairman.</i> |
| (2) Mr. Hakim Ali Zardari                                            | <i>Member.</i>   |
| (3) Mr. Niamatullah Khan Shinwari                                    | <i>Member.</i>   |
| (4) Prof. Ghafoor Ahmad.                                             | <i>Member.</i>   |
| (5) Chaudhry Shafaat Khan Chohan                                     | <i>Member.</i>   |

**Audit Representatives :**

- (1) Mr. Abdul Hamid, Auditor-General of Pakistan.
- (2) Mr. Majeed Akhtar, Deputy Auditor-General (A&R).

Mr. Aslam Abdullah Khan Secretary and

Ch Muhammad Ilyas, Joint Secretary, also attended the meeting.

Mr. M.A.G.M. Akhtar, Additional Finance Secretary (Budget) attended the meeting by special invitation.

**EXAMINATION OF GRANTS CONTROLLED BY THE MINISTRY OF  
INFORMATION AND BROADCASTING, AUQAF AND HAJ.**

*Departmental Representative*

Mr. Nasim Ahmad, Secretary

1968-69

**GRANT No. 80.—EXCLUDING GROUP HEAD ('B' AND 'C')  
PAGES 357—351 OF THE APPROPRIATION ACCOUNTS**

2. The Department Representative explained that the excess of Rs. 12,274 pointed out by the Audit, occurred because the regional and subordinate offices of the Ministry were scattered all over the country and the External Publicity Wing was transferred to the Ministry of Foreign Affairs. Therefore, certain expenditure incurred by those offices could not be accounted for. The Committee, observed that responsibility for timely adjustment of all excesses/savings was that of the Principal Accounting Officer *i.e.*, the Secretary of the Ministry who should be careful to avoid lapses in future.

**GRANT NO. 81.—(PAGES 362—367 OF APPROPRIATION ACCOUNTS)**

3. Audit pointed out a saving of Rs. 1.14 lacs under 'New' and an excess of Rs. 3.36 lacs under 'Other than New'. It was noted that there was a clear excess of Rs. 2.24 lacs under the latter head even after taking into account the misclassification in those classes of expenditure. The Ministry's explanation was that the above excess was due to adjustment of debits relating to previous years.

The Departmental Representative, explained that the expenditure related to the Department of Films and Publications which placed an order with D.G.S. & D. for supply of some raw film stocks and equipments. The Department as usual, raised the debit for this expenditure after the close of the financial year. Therefore, the expenditure could not be regularised in time and had to adjusted during the next financial year resulting in the excess pointed out by the Audit. It was decided to take up this matter when the representative of the Department of Investment, Promotion and Supplies is present. The Departmental Representative was asked to come on that date with full details of the case.

**GRANT NO. 82.—(PAGES 368-369 OF APPROPRIATION ACCOUNTS)**

4. It was explained by the Ministry that the excess of Rs. 92,989 in this grant was due to the payment of arrears of leave salary and payment of higher amount for pay and allowances than anticipated.

The Departmental Representative stated that the excess was due to payment of certain arrears on account of the increments and leave salary of the staff and payment of some allowances which were announced in the middle of the year. The Committee, however, observed that the expenditure should have been met by asking for supplementary grant and there was no justification for "excess" in this case and asked the Departmental Representative to call for the explanation of the officers concerned.

**GRANT NO. 84.—(PAGES 372—385 OF APPROPRIATION ACCOUNTS)**

5. There was an excess of over Rs. 17 lacs in this grant after accounting for misclassification under 'New' and 'Other than New'. According to the Ministry, the excess was due to higher expenditure on telephones, maintenance of cars, advertisement charges etc. and wrong adjustment of expenditure relating to other units and inadequate budget provision.

The Committee did not accept the reason of inadequate budget provision advanced by the Departmental Representative as a justification for excess expenditure, a supplementary grant could be asked for even at the last moment. Misclassification, could also be avoided if reconciliation of figures was carried out according to the standing instructions. The Departmental Representative was directed to call for the explanation of the officers responsible for these lapses, and to give the break up of Rs. 12 lacs with full details stated to have been allocated for the Radio Station, Sylhet for information of the Committee.

**GRANT NO. 86.—(EXCLUDING GROUP HEAD 'B') PAGES 388—390 OF APPROPRIATION ACCOUNT**

6. A saving of Rs. 2.84 lacs under sub-head 'C-4 Special Publicity Schemes' was explained by the Ministry as due to the abandonment of scheme. The amount was drawn as an advance and was deposited in the Treasury resulting in the saving.

The Departmental Representative stated that the amount was drawn in July, 1960 and due to the abandonment of the special publicity scheme which was of a secret nature was deposited in the Treasury in the same year. The Committee directed the Departmental Representative that in future such expenditure should always be incurred in consultation with the Ministry of Finance.

**GRANT NO. 127.—(PAGES 534—535 OF APPROPRIATION ACCOUNTS)**

7. The Audit pointed out sizeable saving of Rs. 1,22,165 under sub-head "Y-4 Other charges" of the above grant which the Ministry explained was due to the curtailment of the activities on account of unfavourable political conditions.

The Departmental Representative explained that a series of publicity programmes including Seminars, Conferences, etc., in connection with the 'Decade of Reforms' were abandoned due to unfavourable political conditions then prevailing in the country. The Committee accepted the explanation.

8. The Committee decided that the Appropriation Accounts for the year 1969-70 relating to the Ministry of Information and Broadcasting, Auqaf and Haj would be taken up for examination at the next series of meeting of the P.A.C. The Departmental Representative was asked to submit a detailed report on the points raised by the Committee on the next date fixed for his Ministry.

9. The Committee then adjourned to meet again on 12th February, 1974 at 8.30 a.m.

**ASLAM ABDULLAH KHAN,**  
*Secretary.*

**NATIONAL ASSEMBLY SECRETARIAT**

**PROCEEDINGS OF THE NINTH MEETING OF THE PUBLIC ACCOUNTS  
COMMITTEE HELD ON THE 5TH MARCH, 1974.**

The Public Accounts Committee met in the State Bank Building, Islamabad at 9.00 a.m. on the 5th March, 1974. It was attended by the following :—

**Public Accounts Committee :**

- |                                                                         |                  |
|-------------------------------------------------------------------------|------------------|
| (1) Dr. Mubashir Hasan, Minister for Finance, Planning and Development. | <i>Chairman.</i> |
| (2) Rai Hafizullah Khan.                                                | <i>Member.</i>   |
| (3) Chaudhry Shafaat Khan Chohan.                                       | <i>Member.</i>   |
| (4) Mr. Hakim Ali Zardari.                                              | <i>Member.</i>   |
| (5) Prof. Ghafoor Ahmad.                                                | <i>Member.</i>   |
| (6) Syed Qaim Ali Shah Jilani.                                          | <i>Member.</i>   |
| (7) Chaudhry Zahur Illahi.                                              | <i>Member.</i>   |

**National Assembly Secretariat :**

- (1) Mr. Aslam Abdullah Khan, Secretary.
- (2) Ch. Muhammad Ilyas, Joint Secretary.

**Audit Representatives :**

- (1) Mr. Abdul Hamid, Auditor-General of Pakistan.
- (2) Mr. Majeed Akhtar, Deputy Auditor General of Pakistan.
- (3) Mr. Aitezaz Uddin Ahmad, Accountant General, Pakistan Revenues, Islamabad.
- (4) Mr. Rais Uddin Ahmad, Director, Commercial Audit.
- (5) Mr. S. A. K. Rehmani, Director, Audit & Accounts (Works).

**Ministry of Finance Representative :**

Mr. M. A. G. M. Akhtar, Additional Secretary, Finance (Budget), attended the meeting by special invitation.

**EXAMINATION OF GRANTS CONTROLLED BY THE MINISTRY OF  
INFORMATION AND BROADCASTING, AUQAF AND HAJ.**

**Departmental Representative :**

Mr. Naaim Ahmad, Secretary.

1969-70.

2. It was observed by the Committee that most of the grants relating to the year 1969-70 showed sizeable savings. The one recurring reason advanced by the Ministry for these savings was belated adjustments of debits. It was not, however, clarified by the Ministry why debits could not be adjusted in time or alternatively savings were not surrendered when it became apparent that debits would not be adjusted during the course of the year.

**GRANT NO. 86.—(EXCLUDING GROUP HEADS ' B ' AND ' C ') (PAGES 419 TO 425 OF THE APPROPRIATION ACCOUNTS).**

3. It was noted that against the available savings of Rs. 7,55,780 (other than new) a sum of Rs. 8,38,100 was surrendered converting it into excess of Rs. 82,320, which was mainly under sub-heads ' A. 3 ', ' A.4 ' and ' F. 4 '. According to the Ministry the excess was due to more expenditure on T.A., telephones and belated adjustments relating to imported micro-film materials.

The Departmental Representative explained at length that the T.A./D.A. bills related to the officers who had to visit East Pakistan, off and on. The other excess expenditure was in respect of telephone bills which invariably were received after the close of the financial year. The Departmental Representative pointed out that it was not easy to anticipate the savings/excesses in respect of such expenditure which would come to the notice of the Ministry only after the close of the financial year. He suggested that some formula might be found for solving the problems of belated adjustments. The Auditor General also remarked that almost all the Ministries were facing problem of belated debits of telephone bills and even the Ministry of Communications had excesses due to such adjustments. He expressed the opinion that necessary measures should be taken to solve the problem. The Chairman observed that adjustments of all types of expenditure should be started in April or May at the latest so that during June the Ministries/Divisions were in a position to know exactly the final position of adjustments as it stood on 31st May.

**GRANT NO. 87.—(PAGES 426 TO 432 OF THE APPROPRIATION ACCOUNTS).**

The total savings of Rs. 24.67 lacs under this grant (both New and Other) under various sub-heads was reduced to 15 lacs by surrendering Rs. 9 lacs. This was explained by the Ministry as due to non-receipt of debits on account of import of raw stock and film equipment etc. The Committee, however, noted that the amount of saving was very high and wanted to know the reasons therefor.

The Departmental Representative stated that the saving under this grant was mainly due to non-receipt of debits on account of raw stock and film equipment. He explained that the order for the import of film equipments etc., was placed with the Director-General, I.P.& S. The expenditure could not, however, be adjusted in time due to non-receipt of debits which resulted in the aforesaid saving. On a query, the Departmental Representative informed that the actual expenditure relating to Ministry of Information and Broadcasting was 51 lacs against which there was a saving of Rs. 15 lacs. The Chairman observed that the saving was on the high side. He further observed that if the funds allocated to certain Ministry could not be fully utilised by that Ministry, there should be some method to reallocate it to some other Ministry for the sake of better utilization of funds.

**GRANT NO. 133.—(PAGE 573 OF THE APPROPRIATION ACCOUNTS).**

5. Audit pointed out that the saving of Rs. 1,01,527, under this grant could not be explained by the Ministry as the records were stated to be with the Special Police Establishment. The Committee wanted to know the details of the case.

The Departmental Representative explained that the reason for the saving was that due to the disturbed conditions during 1969-70 the publicity of the 'Five-Year-Plan' was at a low key and all the allocation made for the purpose could not be fully utilised. There was, therefore, a saving of Rs. 56,000 on that account. He, however, could not give reasons for the rest of the savings as the relevant record was with the Special Police. On an enquiry by the Committee, he stated that there were certain audit objections, such as, improper maintenance of Cash Book, non payment of certain bills, some procedural irregularities, and the then officer concerned (Mr. Anwar Hussain, now in Bangladesh) referred the case to the Special Police Establishment for investigation, without proper authority. The Departmental Representative could not give further details as the relevant record was in the custody of the Investigating Officer of the Special Police Establishment who was on tour. The Committee directed to call for the file from the Police. Later on the departmental representative explained that reference to Special Police Establishment had no bearing on the reasons for the saving of Rs. 1 Lakh. The reason for the saving was the same, as explained, above. The explanation of the Departmental Representative was accepted by the Committee.

**GRANT NO. 134.—(PAGES 574 TO 575 OF THE APPROPRIATION ACCOUNTS)**

6. It was pointed out by Audit that after adjusting amounts attributed to misclassification, there was still a saving of Rs. 38 lacs, which was explained by the Ministry as mainly due to (i) less expenditure on account of late start of work for the transmitter at Quetta (Rs. 10 lacs) and (ii) provision having remained un-utilized in East Pakistan (Approx. Rs. 25 lacs).

The Departmental Representative, however, stated that against the final grant of Rs. 1.99 crores the total expenditure actually booked by Audit was Rs. 1.49 crores showing a saving of Rs. 50 lacs, but according to the Ministry's record the total expenditure was to the tune of Rs. 1.80 crores, leaving a saving of Rs. 19 lacs only. This difference was due to the fact that all the debits to the tune of about Rs. 31 lacs against this grant were not taken into account. The position could not, therefore, be explained further by him unless the actual reconciliation was affected. On a query by the Chairman, the Departmental Representative admitted that reconciliation was not done simultaneously though as pointed out by the Auditor-General, it should take place almost every month. The Chairman observed that a special meeting of the Public Accounts Committee, to be attended by all the Secretaries, should be held to consider ways and means to clear the heavy arrears of suspense accounts pending with the Ministries/Divisions and to draw up a plan for the effective reconciliation of figures of actual expenditure in future. After some discussion, it was decided to convene the proposed meeting after the report of the Public Accounts Committee had been prepared.

**GRANT No. 135.—(PAGE 576 OF THE APPROPRIATION ACCOUNTS).**

7. The Ministry explained the saving of Rs. 7,39,000 under sub-head 'B-Equipment' of this grant as due to delay in the receipt of equipment.

The Departmental Representative stated that the equipment was to be procured by the Department of I.P. & S. on behalf of the Ministry of Information and Broadcasting. The tenders could not, in fact, be finally accepted until March/April, 1970. Thereafter, it was decided to airlift the equipment. After negotiations, the

Ministry of Information and Broadcasting were informed that the equipment would be reaching Pakistan by the 30th June, 1970. It was, however, actually received 15 to 20 days later. As such, the funds were not surrendered and remained unutilized. The explanation of the Departmental Representative was accepted.

**Audit Report—page 67-para 51.**

8. The Auditor General pointed out that Government sanctioned Rs. 5 lacs in November, 1961 for producing two feature films on the Constitution, one in Urdu and the other in Bengali. The film in Bengali was completed in August, 1963 at a cost of Rs. 1,83,404. It was exhibited in November, 1966 after a lapse of more than 3 years when the publicity objective had been defeated, partly if not wholly. A sum of Rs. 20,000 only was realised from the distributors.

The shooting of the film in Urdu was suspended after picturising only one song. However, an expenditure of Rs. 80,874 had been spent on its preliminary arrangements. The audit objection was that the expenditure having become infructuous should have been regularised with the approval of Ministry of Finance.

The Departmental Representative explained that negotiations for the release of Bengali film were started with various film distributor soon after its completion in August, 1963. According to the agreement, finally reached with M/S Popular Theatres, they were required to pay a total adjustable advance of Rs. 30,000 out of which Rs. 20,000 were to be paid against delivery of four release prints and the balance of Rs. 10,000 was to be spent on publicity material and pre-release publicity of the film. The distributors accordingly paid Rs. 20,000 by bank draft on 1st May, 1968. The balance of Rs. 10,000 was, however, kept by them for publicity expenses etc. The film was commercially released in East Pakistan and also achieved publicity objective which was the main purpose for its production.

As regards the Urdu version of the film, the Departmental Representative pointed out that its production was to be undertaken at Lahore. Agreements with studios, laboratories, director of the film screen play writer, technicians, artists etc, were finalised and all kinds of raw material for the film was purchased, which was subsequently utilized in other projects. Moreover, according to normal trade practice, payments had been made in advance to all concerned at the time of signing the agreements. Subsequently, in May, 1962, the production of the film was suspended. Since the expenditure was incurred against proper Government sanction for the genuine needs and demands of the project for which it was sanctioned, no irregularity appeared to have been committed. On a query, the Departmental Representative explained that the amount spent on making payments to the director, music composer, technicians etc., was not legally recoverable from them as all such payments were made according to the agreements duly signed by the parties concerned. The Committee accepted the departmental explanation.

**Audit Report—page 67-para 52.**

9. The Ministry explained that the expenditure of Rs. 23,396 incurred on the film coverage of the Muslim League Convention was subsequently recovered from the Pakistan Muslim League (Convention). This explanation was accepted by the Committee and it was decided to drop the audit objection subject to the verification of relevant receipt by the Audit.

**Audit Report—page 67-para 53.**

10. It was brought to the notice of the Committee that the Cinema Houses screening, the news-reels and other documentary films produced by the Department of Films and Publications were required to pay rental charges to that Department. The total realisation on that account from 1959-60 to 1961-62 was

Rs. 1,80,908. The total recoverable amount and the balance yet to be realised could not, however, be ascertained as the Department had not been able to provide all the figures to the Audit.

The Departmental Representative explained that prints of documentary films and news-reels were supplied to the information Departments of the Provincial Governments for release in cinema houses and they were responsible for the recovery of rentals and their deposit in Government Treasury. Since limited number of prints were supplied, their circulation in all the cinema houses of the country could not be ensured and, as such, assessment of rentals on the basis of total number of cinema houses, would not give a correct picture of the rental due. Further, in the case of news-reels, their news value diminishes with the passage of time and the release of old films is not usually accepted by the cinema managements. He further explained that the exhibition of news-reels and documentary films in cinema houses could not be undertaken by the Federal Government unless the relevant law was amended.

The Committee observed that the matter regarding films to be given to the cinemas direct and not through Provincial Governments, should be taken up with the Law Ministry for amending the law, if necessary. The Committee also decided that total amount due from the Provincial Governments should be recovered. The Departmental Representative was asked to let the Committee know within six weeks the amount involved.

**Audit Report page 68 para 54.**

11. It was observed that three vehicles were retained even after the completion of the project, and these were used for free transportation of the staff from their residences to office and back. The objection raised by Audit, that regardless of the merit of the case, free transportation between residence and the place of duty could not be provided to staff without specific orders of Government, had been overlooked by the Ministry.

The Departmental Representative explained that the film processing laboratory was set up by I.C.A. Technicians in 1959 near Ghulam Ali Talpur Colony of Drigh Road, Karachi, which was not connected with the bus route. Therefore, vehicles were to be provided by I.C.A. for use by the engineers and technicians employed by the Ministry in connection with the production of the films. He further explained that even after the completion of the laboratory the vehicles were needed as the laboratory being situated at a considerable distance from the main department, it was necessary to provide transport for the staff working there and for sending film material etc., to and from the laboratory. In the case of Radio artists and other staff also the transport had to be provided as the transmitters were located at distant places. He clarified that no conveyance allowance was given to the staff who were provided free transport facilities. The Committee directed that the matter should be regularised in consultation with the Ministry of Finance.

**Commercial Accounts 1968-69 & 1969-70 (Page 209 paras 260 to 261).**

*Associated Press of Pakistan.*

12. Audit pointed out that the accumulated losses which the A.P.P. had to suffer as on 30th June, 1970 amounted to over Rs. 36 lacs. The Organization continued to suffer losses thereafter as well.

It was also brought to the notice of the Committee that the amount due from subscribers as on 30th June, 1970 was Rs. 18,74,203 of which the up-to-date recovery was Rs. 1,14,635. An amount of Rs. 8,18,431 was considered by the Ministry as irrecoverable. Some of the outstanding amounts relate to as far back as 1961-62.

The Departmental Representative informed the Committee that since 1970, the A.P.P. guarded against any further arrears and had also made total recovery of Rs. 40 lacs as arrears. The present position of arrears was that out of the total recoverable amount of Rs. 18,39,000, an amount of Rs. 8,33,000 had since been paid leaving a balance of Rs. 10,06,000. An amount of about Rs. 4.54 lacs was outstanding as subscription against 36 newspapers. The 'Dawn Group', 'Progressive Papers Limited', 'the Morning News' and 'the Sun' are paying their instalments regularly. The cases of defaulters had been referred to the land revenue authorities but they had not been able to affect the recoveries. The Departmental Representative stated that Government Departments did not make prompt payments to newspapers on account of official advertisements which in turn affected the payment of the dues by the newspapers to the A.P.P. A suggestion was made that the whole advertisement business should be centralised and funds should be placed at the disposal of the Press Information Department so that they could make payments to the newspapers in time. The Chairman observed that a decision would be taken by Government in the matter in due course.

The Departmental Representative also explained at length the immediate financial difficulties being experienced by the Organisation. He stated that out of the subsidy of Rs. 36 lacs given to the A.P.P. a substantial amount had to be spent on providing medical facilities to the staff. Further, huge expenditure had to be incurred on the coverage of unpredictable events and political/public activities of Ministers, political leaders, etc. Unless therefore, adequate funds were available with the Organisation, the expenditure would be in excess of the allocation. According to him nowhere in the world the news agencies could stand on their own legs.

The Committee discussed the whole matter in detail and ultimately decided that the increase in the expenditure of the A.P.P. was justifiable from national point of view and that the amount of the subsidy sanctioned for the Organisation be increased.

## MINISTRY OF FINANCE

(Mr. A. Rauf Shaikh, Secretary)

### **Appropriation Accounts 1968-69 and 1969-70.**

13. It was pointed out by the Auditor-General that a review of the grants controlled by the Ministry of Finance showed that a reasonably good control had been exercised over them. There were excesses and savings which, except in a few cases, were due to the usual belated adjustments misclassification etc, and, therefore, there was no material point for the Committee to consider.

The Committee however, noted that the saving and excess in the grant No. 116 were rather on the high side. The Departmental Representative explained that the nature of the grant was such that it could not be controlled. It related to development loans out of internal resources, loans out of external loans, foreign exchange loans, and other loans to Provincial Governments. He stated that it was not possible to anticipate how much money will be paid thereon. As an example he cited the case of General Provident Fund (G.P.F.) in which it could not be anticipated that how much advances will be asked for and how much payments have to be made therefrom. Likewise it was not possible to anticipate how many persons will collect their pensions and how many will commute their pensions. All this upset the budget provisions under this grant resulting in much savings/excesses.

**Commercial Accounts.****1968-69 (page 89-para 118).**

14. It was pointed out by Audit that the Ordinance under which the Industrial Development Bank of Pakistan was established in 1961 did not contain a provision for the audit of its accounts by the Auditor-General. The Ministry of Finance's view was that even without such a provision the financial interests of the Federal Government in the Bank were sufficiently safeguarded through its Charter under which the Federal Government had powers to give general directions and to appoint the Board of Directors etc. This reply was not considered satisfactory by the Audit as according to them the administrative and financial control was not a substitute for audit by the Auditor-General. It was pointed out by the Auditor-General that under similar circumstances the audit of several other Corporations had been entrusted to the Pakistan Audit Department.

The Departmental Representative explained that as far as Government-owned projects were concerned, it was laid down in their Charter that the final accounts would be communicated to and approved by the Federal Government. Industrial Development Bank of Pakistan had not to consult the Federal Government in the matter of auditing of their accounts. In the Charter of other such organisations also it was laid that the Federal Government could appoint Auditor to carry out the functions entrusted to him. He was, however, not certain about the actual interpretation of the word 'Auditor'. On this point Law Division would have to be consulted. He was, however, of the view that it was within the competence of the Federal Government to appoint Chartered Accountants if they were not satisfied with commercial auditor. The Committee then discussed the whole matter in detail and the consensus of opinion was that the accounts of Industrial Development Bank of Pakistan should be audited by the Auditor General of Pakistan and placed before the Public Accounts Committee for examination as in the case of other Departments/Organisations. To achieve this object, the Auditor-General was asked to first equip his office adequately to be able to undertake the audit of such organisations effectively. Secretary, National Assembly Secretariat was asked by the Committee to consult the Law Division in the matter of interpretation of rule 172 (3) of Rules of Procedure and Conduct of Business in the National Assembly, regarding formations of the Committees so that necessary legislation may, if necessary, be brought before the National Assembly for its approval.

**Commercial Accounts****1969-70 (paras 137 and 138-pages 103-104).**

15. It was pointed out by the Auditor-General that the Pakistan Refugees Rehabilitation Finance Corporation suffered a loss of more than Rs. 22 lacs in respect of industries established by it which had subsequently to be closed down. The concerned employees of the Corporation were stated to be no longer in service and the Ministry was, therefore, unable to fix responsibility. In another case, the Corporation imported machinery and pig-iron for a manufacturing unit in 1960.

These were hypothecated with a Bank and were not released until 1965. The manufacturing unit having already been closed down in 1964, the goods had to be disposed of at a loss of Rs. 31,359. In this case also it was not possible for the Ministry to explain reasons for the purchases nor to fix responsibility for this loss.

The Departmental Representative explained that the Corporation was set up after the partition to provide technical assistance to the refugees coming from India. Soon thereafter it was realized that it was not working in a business like manner and something had to be done about it. The matter had been considered in the Ministry a number of times and at one stage it was decided that it should be wound up but this could not be done as influx of refugees started in East Pakistan from Tripura. It had, therefore, to be kept alive. Notwithstanding the losses incurred by it the Corporation had during its life of 20 years, played a very good role in rehabilitating more than 3000 families in Karachi, Multan and other places all over Pakistan. It had achieved the noble object for which it had been set up. It had come through bad days of financial control, bad management and poor control on raw material. He further explained that a committee had now been set up to determine the losses and to effect recoveries. In certain cases losses had been recovered while a few could not be recovered. He expressed the view that even if responsibility for the losses was fixed at this late stage, it would not serve any useful purpose because these cases were 20 years old and many of the persons involved were now in Dacca. The explanation of the Departmental Representative was accepted by the Committee.

**Para 139-page 104.**

16. The Auditor-General pointed out that the Divisional Commissioner, Rawalpindi was nominated as honorary Chairman of the Board of Directors of the Pakistan Refugees Rehabilitation Finance Corporation. For performing this additional duty, he was sanctioned Rs. 250 p.m. as conveyance allowance and his P.A. was also given an allowance of Rs. 40 p. m. which had subsequently been increased to Rs. 80 p.m. The total payments, thus, made upto July, 1968 amounted to Rs. 41,478 and Rs. 11,412 to the Commissioner and his P.A., respectively. He pointed out that such payments were permissible but in the shape of fees of which one third was to be credited to Government, unless specifically exempted. The Departmental Representative explained that the amount sanctioned to the Commissioner and his P. A. was a conveyance allowance which was within the competence of the Board of Directors of the Corporation. He further informed the Committee that these allowances had since been discontinued.

Since only a negligible amount could accrue to Government as one-third of the payments made to the Commissioner and his P.A., the Committee decided not to pursue the matter.

**Para 141 pages 110 and 111.**

17. It was noted that loans amounting to Rs. 1,01,075 had turned into doubtful debits as these could not be recovered for a considerable time. The Departmental Representative explained that these loans related to the Dacca Branch of the Pakistan Refugees Rehabilitation Finance Corporation and no records were available with the Ministry. In view of the facts stated by the Departmental Representative the Committee did not make any observations.

The Committee also did not make any comments on the two other cases involving a loss of Rs. 52,000 noted at S. No. 2 and 3 of Para 141 relating to the Pakistan Refugees Rehabilitation Finance Corporation and the Agricultural Development Bank of Pakistan as the matter was reported to be *sub-judice*.

## HOUSE BUILDING FINANCE CORPORATION

**Para 157 page 120.**

18. The Committee noted that the balance of outstanding loans and advances granted by the House Building Finance Corporation stood at Rs. 37.84 crores

on 30th June, 1970 as compared to Rs. 35.61 crores on 30th June, 1969. The overdue instalments amounted to Rs. 3.36 crores, Rs. 2.21 crores relating to Dacca and Rs. 1.15 crores in respect of Karachi Zonal Office at the end of the year 1969-70 as against Rs. 2.28 crores outstanding at the end of the previous year. The recovery position of loans and advances was not considered to be satisfactory.

The Departmental Representative explained that the Corporation has since appointed a Chief Manager (Recoveries) and had also strengthened the Recovery Staff.

The Departmental Representative further explained that the position of recovery of advances and loans had substantively improved. The Committee was informed that the total recoveries in 1972-73 stood at Rs. 3.44 crores as against Rs. 1.89 crores in the year 1970-71.

The Committee directed that further effort should be made to improve the recovery position.

## AUDIT REPORT

1969-70

Page 54 para 21

19. The Auditor General pointed out that an amount of Rs. 15,019 was given to a clerk for disbursement of wages to workmen in the Pakistan Mint, Lahore. The amount was misappropriated by him and the loss was written off by the Government in February, 1970, as the accused was not traceable.

The Departmental Representative informed the Committee that according to the procedure then followed in the Pakistan Mint, an official in each section used to be deputed to get the money from the cashier for disbursement to the other officials of his section. This was done to expedite payment of salaries to the staff of the Mint. According to the facts of the case, the person who took the money fraudulently was not traceable and had left his job. The case was, therefore, handed over to the police.

The Committee observed that the cashier was not vigilant in this case and that a warning should be administered to him.

## MINISTRY OF LABOUR AND WORKS

### Departmental Representative.

Mr. M. R. Inayat, Additional Secretary.

1968-69 (Appropriation Accounts)

(Pages 49—54)

### GRANT NO. 7 (CHARGED)

20. It was pointed out by the Audit that there was an excess of Rs. 66,462 under sub-heads "A. 1" and "B" against the final appropriation of Rs. 6,78,000 which was attributed by the Ministry as mainly due to execution of works of emergent nature (Rs. 43,462).

The Departmental Representative explained that out of Rs. 66,000 an amount of Rs. 23,000 was due to misclassification. Instead of being booked under the proper head it was booked as under sub-heads A. 1 and B. The actual excess of Rs. 4.2 pertained to expenditure on the President's House.

#### Other than Charged (Other than New)

Audit further pointed out that there was an excess of Rs. 8.32 crores under various sub-heads of above category. It was due to more expenditure on (i) payment of water and electricity charges (Rs. 3.62 lacs), (ii) payment of T.A. and medical charges (Rs. 4.98 lacs), (iii) repairs (Rs. 27.92 lacs), (iv) hiring of private buildings (Rs. 16,078), (v) telephones (Rs. 7.35 lacs), (vi) purchase of material (Rs. 1.49 crores), (vii) clearance of adjustment memos (Rs. 5.95 crores). No additional funds to cover the heavy excess expenditure had been obtained by the Ministry.

The Departmental Representative explained that the excess was due to works of emergent nature. He read out from the list a few major items involving heavy expenditure. As explained by him, the expenditure on the item of repairs only had gone up to Rs. 55,92,000. On a query, the Departmental Representative explaining the excess expenditure of Rs. 5.95 crores informed the Committee that this amount actually related to two or three items which was due to clearance of adjustment memos. Actually when the supply was received, it was charged to stock and at the same time it was credited to purchases which was also a suspense head. Explaining the practical aspect of the matter, the Departmental Representative stated that the materials, such as, cement, sanitary goods, electrical goods and various other items, were, on receipt, taken on stocks and transferred to works for being issued to contractors. The cost of all the material issued to contractors was realised from them. So out of the excess of Rs. 5.59 crores there was a credit of Rs. 4.75 crores during that year. It is only for theoretical purpose that that amount was shown under suspense. He also pointed out that as a matter of fact excess and saving were a continuous process in the present system of working of the Pak P.W.D. and saving could not actually be taken as a saving because it was counter balanced by the debits of the previous years.

#### GRANT NO. 8.—(EXCLUDING SUB-HEAD ' E ' AND RECOVERY UNDER MAJOR HEAD 61).

##### Appropriation Accounts (Pages 55 to 58).

21. Sizeable excesses/savings under the above grant were noted. The excess expenditure of Rs. 1.79 lacs and Rs. 82,779 under sub-head A-3 and A-4, 'Other' was explained by the Ministry as mainly due to payment of *ad hoc* relief and adjustment of telephone bills relating to previous years. The Ministry, however, did not explain the reason for not obtaining additional funds to cover excess expenditure on *ad hoc* relief.

A saving of Rs. 37.92 lacs under sub-head ' D ' was also noted which was explained by the Ministry as due to less contribution to Central Rehabilitation Fund owing to less realisation of Rehabilitation Surcharge.

#### GRANT NO. 101 AND 103.—(APPROPRIATION ACCOUNTS—PAGES 467 TO 472).

22. As overall excess of Rs. 26.22 lacs was also noted under grant No. 101 which was explained by the Ministry as due to belated adjustment of budget relating to previous years.

Besides under sub-head 'A' of grant No. 103, a saving of Rs. 1.51 lacs was noted. The Ministry attributed this saving to (i) the adjustment of credit on account of transfer material to other works purchased by the Pak. P.W.D. for Azad-Kashmir Refugee Colony (Rs. 1.20 lacs) and (ii) non-payment of contractor's claim for the works done in the said colony (Rs. 0.31 lacs).

The Committee expressed dissatisfaction on the position of savings and excesses under the aforesaid grants and observed that the whole system of maintaining departmental accounts needed improvement. The Departmental Representative explained that the major hurdle in the efficient working of the system was the suspense head and that hundreds of lacs of rupees were lying in suspense accounts unattended to for years. He, however, informed the Committee that the present system of accounting was being modified and the accounts in future would be departmentalised. Explaining it further he added that the system would be based on preaudit within the department. The funds would be realised and each Executive Engineer would open a personal ledger account in respect of the payments to be made by him. There would be restrictions to the funds available in that personal ledger account. So far as stock and purchases were concerned there would be one division under the Ministry which would be located at Karachi and would cater for the needs of that department. At the time of payment they would issue cheques. The Committee was also informed that the scheme was likely to be introduced next year and was at present with the Ministry of Finance for approval of some of the details. The Committee expressed the hope that the concept of departmentalisation of accounting would greatly improve the present situation.

## AUDIT REPORT 1968-69

### REHABILITATION WING

#### Outstanding dues (page 51 para 8).

23. It was brought to the notice of the Committee that dues on account of rent and transfer prices of evacuee properties amounting to Rs. 83.17 lacs and Rs. 51.68 lacs respectively were outstanding during the year 1968. According to the Ministry these dues had now been reduced to Rs. 80.98 lacs and Rs. 9.61 lacs, respectively. However, the question of writing off the remaining amounts, due to the non-availability of a large number of tenants, was under consideration.

It was further noted that against the outstanding dues amounting to Rs. 11.81 lacs on account of rent of evacuee agricultural land and Rs. 12,676 on account of rehabilitation fee, the amount of Rs. 18,790 and Rs. 2,840 respectively were realised and the matter regarding the recovery of balances as arrears of land recovering was being pursued with the district authorities.

The Departmental Representative explained that so far as the urban property was concerned the total amount of outstanding dues was to the tune of Rs. 88,52,000 out of which Rs. 68,78,000 had already been realised. The balance on the 1st March, 1974 was amounting to Rs. 20,14,576. As such, the progress of recovery of the dues was quite satisfactory. The Departmental Representative further informed that the amount to be written off on the transfer price was very small because people who had actually purchased the property would with few exceptions be interested in making full payment. However, the difficulty was being felt on the rent side. The rent due on the 30th June, 1969 was Rs. 83,17,000 against which a recovery of Rs. 4,98,000 only could be made. The total amount to be realised on account of rent as it stood on the 28th February, 1974, was Rs. 78,52,000. The Departmental Representative stated that the whereabouts of a large number of tenants against

whom the arrears of rent were outstanding were not known and, therefore, the question of writing off the amount involved was under consideration. The Committee, however, did not agree with the proposed action and observed that efforts should be made to realise the outstanding dues.

As regards the outstanding recovery on account of the rent of evacuee agricultural land, the Departmental Representative explained that the outstanding amounts were to be recovered as 'Arrears of Land Revenues' by the Deputy Commissioner concerned. The matter was being pursued vigorously by the Settlement Authorities. The Committee felt that since the dues were outstanding against the poor farmers, these should be written off. Departmental Representative explained that the Settlement Organisation was functioning under the Provincial Government and, therefore, they had to take a decision in the matter.

## WORKS WING

### AUDIT REPORT PAGE 52-PARAS 10 & 11

24. It was noted that an amount of Rs. 7,704 and another amount of Rs. 1,37,066 were involved in the theft of material and non-recovery of cost of material respectively. The Ministry explained that departmental action against the chowkidar concerned taken in the former case and an amount of Rs. 1,25,027 had been recovered in the latter case, leaving a balance of Rs. 12,039. The matter could not, however, be pursued further as the case related to East Pakistan. The Committee accepted the explanation.

#### **Audit Report page 53-para 14**

25. It was pointed out that it was provided in a contract that the expenditure on carriage of material to the site of the work would be the responsibility of the contractor. The Department, however, made a payment of Rs. 16,437 to the contractor for this purpose. Audit objected to this payment in 1966. The department admitted the irregularity but stated that the payment had been made under the orders of the Political Agent. The Department got the irregularity condoned by the administrative Ministry in 1971.

The Departmental Representative explained that under the existing policy of the Interior Division, the Political Agent has the final authority in the matter of contract, because of peculiar circumstances. As such the payment had been made to the contractor under the order of the Political Agent. He suggested that the matter may be further verified by the Audit keeping in view the circumstances under which payment was made. The Committee was, however, of the view that the irregularity could not be condoned and observed that the amount involved should be recovered from the person concerned.

#### **Audit Report page 54-para 18**

26. It was pointed out that the work of construction of a building was allotted to two contractors, the main building at 43.49 p.c. above the Schedule of Rates and the water supply and sanitary installation at 13 p.c. above the scheduled rates. It was, however, observed that some items relating to water supply and sanitary installation work were got done by the building contractor and payment allowed to him at 43.49 p.c. above the scheduled rate which resulted in an over payment of Rs. 4,930. The Department, admitting the overpayment, held the Executive Engineer and the Superintending Engineer responsible. Both of them are stated to have been retired under MLR 58 and 114. The Committee took a serious view of the overpayment made in this case and held that such cases could not be condoned and directed that the amount should be recovered from the officers concerned.

**Audit Report page 54 para 20**

27. It was pointed out that material valuing Rs. 1,43,302 was purchased by the department through D.G. I.P.&S. during the period from June, 1956 to March, 1957 but it was not taken on stock till 1963-64. The discrepancy was pointed out by audit in May, 1964. The Department produced accounts of material worth Rs. 1,21,566 in November, 1972. However, account regarding consumption of material valuing Rs. 21,736 had not so far been shown to Audit.

The Departmental Representative informed the Committee that the accounts of the material valuing Rs. 21,736 had already been prepared and was awaiting verification by the Audit. The Committee directed the Auditor-General to arrange verification of the account.

**Audit Report page 54-para 22**

28. It was pointed out that the Department purchased various items of furniture valued at Rs. 38,264 in June, 1961. At the time of local audit in March, 1962, the allocation of the articles was not traceable in the records. After protracted correspondence, the Department was able to account for articles worth Rs. 30,527. No information in regard to the whereabouts of the remaining articles valuing Rs. 7,737 was made available to the Audit.

The Departmental Representative explained that the furniture was purchased for different Government Departments. It was passed on to them and for this reason the articles of furniture could not be brought on T. and P. Register. The amount of Rs. 38,264 had, however, already been verified by the Audit. The Committee directed the Departmental Representative to forward the receipts of the furniture in question to facilitate verification by the Audit.

**Audit Report page 55-para 25**

29. It was brought to the notice of the Committee that out of the material issued for a work, material worth of Rs. 8,243 was shown as balance in hand in April, 1962. Subsequently, another account was prepared in which this balance was not included. Audit pointed out the discrepancy in May, 1969. After repeated requests, from the Audit the Department held two overseers responsible for the loss in September, 1972 as a result of a preliminary enquiry. The Department started a formal enquiry in 1973 after a lapse of 9 years. The Committee wanted to know the reasons for the long delay of nine years in starting a proper investigation in this case.

The Departmental Representative explained that the relevant record was not traceable and, as such, full-fledged enquiry in the case could not be held earlier. However, the relevant papers had since been traced out and a formal enquiry was being conducted by the Superintending Engineer. He pointed out that two overseers were involved in the case, one of whom had already left the service. The Committee directed that the matter should be pursued, and the result reported to the Committee.

**Audit Report page 55-para 26**

30. It was pointed out that in 1967 various steel items valuing Rs. 5,708 were received short from another Division and a private supplier. An amount of Rs. 1,943 was recovered from the supplier in November, 1970 and an enquiry into the remaining shortage worth Rs. 3,765 was conducted by the Department in

July, 1972. The enquiry report was stated to be under examination in the Chief Engineer's Office. After hearing the Departmental Representative, the Committee directed that such enquiries should be completed as early as possible and reports submitted to the Committee within six weeks.

**Audit Report pages 55 and 56-para 27**

31. It was noted that steel valuing Rs. 5,050 was found short at the time of transfer of various Overseers of the Pak P.W.D. in April, 1962. This shortage was neither reported to Audit nor was the amount kept under the head 'Miscellaneous P.E. Advances' to watch its recovery. Audit pointed out this irregularity in May, 1964. The reply of the Department to the Audit was that the discrepancy was due to the fact that the steel was received by weight but issued to works by measurement of length. According to Audit's information M.S. bars were received in/issued from stock by weight only.

The Departmental Representative explained to the Committee that the material was issued in Peshawar where there was no weighing machine. As such they had to issue it by length measurement. He further explained that out of 1500 tons of steel issued, there was a shortage of 6 tons which worked out to 4 percent only. The explanation was accepted by the Committee due to the marginal difference.

**Audit Report page 57-para 31**

32. It was pointed out that the Administrative Officer of the Office of Chief Engineer Pak P.W.D. used a Government vehicle for 36,074 miles. The running charges of Rs. 27,050 (@ paisa 75 per mile) were charges to the maintenance estimate of the vehicle. It was pointed out by the Audit that the said officer was not entitled to the free use of Government vehicles. The Department gave reply that the vehicle was used by the Administrative officer to fetch staff from their residences and for his own coming to office from residence and back under the personal instructions of the Chief Engineer. It was also stated that the matter was under investigation by the Special Police.

On hearing the Departmental Representative, the Committee observed that the amount involved should be recovered from the officers responsible for the misuse of the vehicle. If one fourth of the amount was recovered, the case should be withdrawn from police.

**Audit Report page 58-para 35**

33. The Committee noted that grey cement worth Rs. 8,957 (worth Rs. 2,447 in October, 1961 and worth Rs. 6,510 in June, 1963) became wet. The loss was not reported to Audit nor was the amount kept under the suspense head 'Advance' for watching its recovery. Audit pointed out the loss and the irregularity in January, 1968. The departmental inquiry attributed the loss to the negligence of the Overseer and the Assistant Engineer. The former had left Government service while the Assistant Engineer had retired. No recovery could, therefore, be made. The Committee made no observations.

**Audit Report page 58-para 37**

34. It was pointed out to the Committee that Rs. 6,680 had been short recovered from a contractor by applying the lower rate of Rs. 15 per day against Rs. 20 as hire charge for the use of Departmental vibrator. In reply to the audit objection raised in February, 1966 the Department stated that the hire charges had been levied correctly as the vibrator was smaller in size. On further inquiry, the Department admitted, in April, 1971, that the larger vibrator was used on certain days and the smaller on the remaining days; on this basis the loss came to Rs. 3,370.

The executive engineer who was found responsible for snowing favour to the contractor had since retired and the department was stated to have served a legal notice on the contractor for effecting recovery. No action could be taken against the Officer as the department did not look into the case expeditiously. The Committee accepted the position.

**Audit Report page 59-paras 40-41**

35. Storage charges at 3% of the cost of stores are to be recovered from contractors in respect of material issued to them from Government stores. In the Central Civil Division, Quetta, two contracts were concluded without making this provision with the result that Rs. 16,488 and Rs. 9,682 could not be recovered. The Department took the view, in the first instance, that no loss had occurred to Government in as much as the contractor would have taken the charge into account if it had been shown specifically. This was a hypothetical argument. However, the Department had since accepted the audit view point and had agreed to take action against the officers responsible for the omission in the Notice Inviting Tenders. The Committee made no observations.

**Audit Report page 59-para 42**

36. Chamba House, Lahore, which is a Federal Government Rest House, was occupied by a Minister of West Pakistan Government for over 8 months during 1965-66. As the Minister was entitled to free furnished residence, the rental charges (Rs. 37,150) were, as pointed out by the audit in September, 1966, payable by the West Pakistan Government to the Federal Government. However, the Department informed the audit in September, 1971 that the Sind Government had not accepted the liability. Since there existed no Provincial Government of West Pakistan, the Committee observed that the rental charges should be written off.

**Audit Reports page 60-paras 43 to 45**

37. The Committee took up paragraphs 43 to 45 of Audit Report together as these related to the recovery of rent and service charges from those Government servants who had ceased to be entitled to Government residential accommodations due to their transfer, retirement or discharge, but had remained in a unauthorised occupation of such accommodation.

In regard to paragraph 43 the Departmental Representative explained that the total recoverable amount on account of rent and service charges from 84 persons was to the tune of Rs. 29,000 out of which Rs. 3,566 had been recovered, and the balance was to be recovered from 72 persons most of whom were class IV employees. There were 10 cases of others who had either resigned or retired. He further informed that since the recovery was to be made by the Estate Office, the drawing and disbursing officers concerned and the A.G. office were being reminded regularly for effecting recoveries from the salaries of the officials involved. After hearing the details of these cases appearing at paras 43 to 45 of the Audit Report from the Departmental Representative, the Committee observed that the recoveries should be made from officials other than class III and IV officials in their case the recoveries should be waived as most of the employees were low paid. The Committee, however warned that the practice of over-stay in Government accommodation and non payment of rental charges should not be made a precedent for the future.

**Audit Report page 60-para 46**

38. It was pointed out that a furnished house previously occupied by the Deputy Speaker of the National Assembly was occupied during December, 1958 to August 1960 by an officer who was not entitled to free furnished accommodation. Neither the rent of the building nor of furniture (Rs. 9,900) was recovered from that

officer. The matter was brought to the notice of the Department in 1962 who replied in 1969 that a legal notice was being served on the officer. The Departmental representative informed the Committee, that the case related to Brigadier F.R. Khan, who has since retired. The Committee directed that the recovery should be made from his pension.

#### **Audit Report page 61-para 47**

39. It was pointed out that a number of empty cement bags were not returned to the Department by various contractors. According to the terms of agreement the contractors were liable to be charged a penal rate of Rs. 2 per bag in case of their failure to return the same. The department stated that all recoverable empty bags had since been returned and their sale price accounted for, except 4000 bags which were received back by an Overseer but remained unaccounted for. Since the official had by then expired no action could be taken to recover the amount which remained to be written off. The Departmental Representative informed the Committee that only a small amount of Rs. 800 was involved in this case, which might be written off. The Committee accepted the proposal.

#### **Audit Report page 61-para 48**

40. It was brought to the notice of the Committee that a Divisional Officer purchased steam coal valuing Rs. 66,470 locally against the ceiling of Rs. 5,000 fixed by the Government for such purchases. The irregularity was pointed out by the Audit in May, 1966. The Department admitted the irregularity and initiated an enquiry in September, 1971 which could not be finalized as the officer concerned belonged to and was posted in the former East Pakistan.

The Departmental Representative explained that the coal was purchased by the officer by issuing a number of work orders on the same date. This was obviously irregular. An enquiry was initiated against the Executive Engineer responsible for the irregularity. As he was posted in East Pakistan the enquiry could not be finalized. However, he informed the Committee that instructions had since been issued to all concerned to guard against such irregularities in future. The Committee accepted the explanation, but observed that the ceiling fixed by Government for the purchase of steam coal should be raised in the case of hill station like Quetta.

#### **Audit Report page 61-62 para 49**

41. The Auditor-General pointed out that when in a notice inviting tenders it was stipulated that the works shall be executed within a short period, it was reasonable to presume that tendered rates would be higher. Therefore, contracts always contained a penalty clause for late completion in the absence of proper extension of time-limits. However, the penalty clause was not generally invoked and extensions were given freely.

In support, he cited the following instances :—

- (a) The work for providing facilities at Civil Aerodrome at Jacobabad was to be completed in 3 months (March to June, 1966) at a cost of Rs. 13 lacs. The period was extended to March, 1968, i.e., by about 22 months.
- (b) The work relating to centralization services scheme, PAF Mauripur was to be completed in 2 months (November to December, 1965) at a cost of Rs. 6.38 lacs. It was completed in December, 1967. A token penalty of Rs. 500 was imposed against the actual penalty of Rs. 63,820 which should have been imposed in case extension had not been allowed.

The Auditor-General further stated that in such cases the contention of Departments usually was that extension were given on valid grounds. He conceded that in some cases the delay might be entirely due to circumstances beyond the control of the contractor but mostly it was a matter of judgement. According to him, it did not stand to reason that the authorities concerned were not in a position to estimate, even roughly, the time required for the completion of a work. The usual plea was, however, that the user department had indicated its requirement within the period shown in NIT contract.

The Departmental Representative explained that the time fixed for the completion of a certain job was extended only when there were reasonable grounds to do so. He quoted a few cases, where the stipulated time had to be extended for unavoidable reasons. The Committee, however, observed that there should be some realistic proportion between the period extended and the period originally fixed for the execution of a work. The whole system being defective, should be rationalized.

**Audit Report page 62-para 51**

42. It was brought to the notice of the Committee that the Pak P.W.D. purchased M.S. bars of 1-1/4-in. and 1-3/4-in. dia meter in 1960. A little earlier, aviation works involving large span buildings were transferred from Pak PWD to ADA. The former could not use bars of those diameters. Both C.D.A. and A.D.A., who were approached by the Pak PWD in the matter, were not willing to utilize the bars. These were, therefore, got re-rolled to a smaller diameter. The expenditure on re-rolling was Rs. 1.11 lacs besides wastage at 6% which represented Rs. 46,000. The total additional cost to Government was, therefore, Rs. 1.58 lacs.

The Departmental Representative explained that the bars were specifically purchased for aviation works and that A.D.A. (as well as C.D.A.) declined to take them, Pak PWD was not at fault. He also informed the Committee that by re-rolling the bars, the Department had made a profit of Rs. 50,000.

The Committee observed that the case had highlighted a weakness in the system which could involve Government into additional expenditure or loss due to the absence of a co-ordinating agency. In the instant case, this would be particularly so if it was found, on verification, that A.D.A. (and C.D.A.) purchased bars of those diameters for use on their works and, if so, at what price. The Committee showed their dissatisfaction and made no further observation.

**Audit Report pages 62-63 para 53**

43. In April, 1964 a firm supplied G. I. sheets of 26 gauge instead of 24 gauge which was indented. Nevertheless, payment of Rs. 11,412 was made in full. The sheets remained unused till May, 1973, when these were used on other work. No action was taken against the official of the D.G. IP&S who accepted delivery of sub standard stores without deduction in price due to higher gauge.

The Committee observed that the officer responsible for this negligence should be charge sheeted.

**Audit Report page 63-para 55**

44. The Committee noted that there was a dispute between Pak P.W.D. and K.M.C., Karachi on the question of payment of conservancy tax in respect of Government servant colonies. Pak P.W.D. spent Rs. 1.65 lacs during 1961-62

on sweeping of Government servant colonies. If the P.W.D. was held to pay conservancy tax to K.M.C., the expenditure on sweeping would be an additional burden on the Central exchequer.

The Departmental Representative explained that the K.M.C. was approached to undertake the sweeping work in the Government colonies but they refused to do so. Then the stand taken was that the P.W.D. would not pay the conservancy tax to the K.M.C., as the Central Authorities are not liable to pay any tax to any local bodies. So it is now a matter of further interpretation whether conservancy tax or service charges had to be paid. The Committee decided that in the circumstances conservancy and service charges should not be paid to K.M.C.

#### **Audit Report page 64-para 58**

45. It was pointed out that stores worth Rs. 41,29,812 were declared surplus in July, 1967 in the Stores Division of Pak. P.W.D. The matter was taken up by the Audit in April, 1968. In reply the Department stated that in the absence of a fixed work load, the requirements of material could not be anticipated and they expected that the material would get disposed of by June, 1974.

The Departmental Representative explained that those were accommodative stores which were being maintained for several years. Most of them were useful stores and their value had gone up. Only the sealed tins of paints had become surplus and there was a loss on that account. The Ministry had ordered an inquiry for fixing responsibility for overindenting stores. The Committee directed that the case should be followed up.

#### **Audit Report pages 65-66 paras 61-62**

It was pointed out that a number of audit observations issued to Pak. PWD Division were outstanding. Delay in replying to the observations not only retarded settlement of financial irregularities but also delayed adoption of corrective measures.

It was also brought to the notice of the Committee that the Officers of the Public Works Department at Divisional and other levels were required to submit to the Audit, on prescribed dates certain returns which were necessary for conducting the audit of their accounts. A large number of such returns were, however, not submitted regularly to the Audit Office.

The Committee after hearing the Departmental Representative, took a serious view of such lapses and directed that stock report, returns etc. as prescribed by the Audit Office should regularly be submitted to that office. Failing this action should be taken against the persons at fault. The Committee also directed that a team consisting of two officials consisting of a Superintending Engineer and an officer of equal status from the audit side, be constituted which should go into all the details regarding lapses on account of non-completion of reports/returns etc. The Chairman observed that audit reports should be attended to properly at higher levels and officers at the top should ensure that replies to the audit observations are not sent in an evasive manner. They should take personal interest in dealing with these cases in the interest of expeditious disposal.

#### **Audit Report page 68 para 65**

47. Audit pointed out that several works were started without obtaining technical sanction. The expenditure on such works during 1968-69 was Rs. 2.97 crores. In the absence of technical sanction, financial control over expenditure

was not possible nor could it be vouched that the works were technically sound and were being executed economically. Moreover, works started on the basis of rough estimates which provided for ample scope for mal-practices in the matter of awarding contracts.

The Departmental Representative explained that unless a scheme was technically examined by the competent authority a tender could not be issued. The lacunae was that technical sanction could be issued in time only if the scheme has been technically examined by the competent authority. However, most of the time was taken for completing technical formalities. The Committee observed that technical sanctions should invariably be issued, and if it was not possible to do so immediately, the Director of Audit and Accounts, works or the A.G. concerned should be informed telegraphically that the work is being started in anticipation of technical sanction.

48. The Committee then adjourned to meet at 11 a.m. on 6th March, 1974 to examine the accounts of the Ministry of Defence.

ASLAM ABDULLAH KHAN,  
*Secretary.*

## NATIONAL ASSEMBLY SECRETARIAT

### PROCEEDINGS OF THE TENTH MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD ON THE 6TH MARCH, 1974.

The Public Accounts Committee met in the State Bank Building, Islamabad at 11 a.m. on the 6th March, 1974. The meeting was attended by the following :—

#### **Public Accounts Committee**

- |                                                                            |                  |
|----------------------------------------------------------------------------|------------------|
| (1) Dr. Mubashir Hasan, Minister<br>for Finance, Planning and Development. | <i>Chairman.</i> |
| (2) Rai Hafizullah Khan.                                                   | <i>Member.</i>   |
| (3) Chaudhry Shafaat Khan Chohan.                                          | <i>Member.</i>   |
| (4) Mr. Hakim Ali Zardari.                                                 | <i>Member.</i>   |
| (5) Syed Qaim Ali Shah.                                                    | <i>Member.</i>   |
| (6) Chaudhry Zahur Illahi.                                                 | <i>Member.</i>   |

#### **National Assembly Secretariat :**

- (1) Mr. Aslam Abdullah Khan, Secretary.
- (2) Ch. Muhammad Ilyas, Joint Secretary.

#### **Audit Representatives :**

- (1) Mr. Abdul Hamid, Auditor-General of Pakistan.
- (2) Mr. Majeed Akhtar, Dy. Auditor General (A&R).
- (3) Mr. Aitezazuddin Ahmad, A.G.P.R., Islamabad.
- (4) Mr. Raisuddin Ahmad, Director of Commercial Audit.
- (5) Sh. Muhammad Sadiq, Director of Audit, Defence Services.

#### **Ministry of Finance Representative :**

Mr. M.A.G.M. Akhtar, Additional Finance Secretary (Budget).

### **EXAMINATION OF GRANTS CONTROLLED BY MINISTRY OF DEFENCE**

#### *Departmental Representative :*

- (1) Air-Vice-Marshal (Retd) S.A. Yousaf,  
Additional Secretary.
- (2) Mr. Muhammad Rashid, Military Accountant-General.

At the outset the Auditor-General explained that grants for the Defence Services, being a lumpsum amount, appropriation audit was conducted with reference to the total grant. A member wanted to know the details of the heads of budgetary provision and expenditure thereunder. The Chairman, however, observed that it was not advisable to disclose details due to security reasons. The details might give indications which could do harm to the State. The Committee, therefore, decided not to ask for the details.

The Auditor-General explained that there were generally no variations because the unspent amount did not lapse and savings were transferred to the Equalisation Fund. Similarly excesses were met from that Fund. The Defence Services

had their own Military Accounts Department which conducted the audit of expenditure. The Pakistan Audit Department was required to carry out only a test audit cases of overpayments, loss of stores due to theft, fraud, neglect, fire etc., involving a total amount of Rs. 91.65 lacs were regularised during 1968-69 and 1969-70 as shown below :—

	1968-69	1969-70
	(Figures in lacs).	
(a) Loss of cash etc. .. .. .	4 07	6.46
(b) Loss of stores etc. .. .. .	49.59	31.27
(c) Infuctuous expenditure .. .. .	Nil,	0.26

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19, PARAS 1—41)

**Paragraph 1, page 3**

*Loss due to non-fixation of scale of electricity (Rs. 16,92,001).*—The Auditor-General explained that the persons in the Army were entitled to the use of free electricity for which a scale had to be fixed. The expenditure incurred beyond the prescribed limit was recoverable. In this case, the scale had not been fixed for several years. When the scale was ultimately fixed, the entire expenditure incurred on the consumption of electricity during the past several years was taken by the Audit as irregular. That was only a technical objection. The actual amount had since been calculated by the Defence Services as about Rs. 3,000. The amount required verification by the Audit.

**Paragraph 2, page 3**

2. *Non-recovery of water charges (Rs. 4,70,103).*—The Auditor-General pointed out that the water charges were payable by the Golf Club, Cantonment Board, Rawalpindi.

The Committee directed that the outstanding charges should be recovered from the Board and if they did not pay, their water connections should be cut off.

**Paragraph 3, page 3**

3. *Losses in transit (Rs. 1,97,402).*—It was pointed out that a number of asbestos cement sheets were received in damaged condition during July, 1952 to December, 1953. These were subsequently cut into smaller sizes and taken on charge as such. The area lost in converting the sheets in smaller sizes was written off on expense voucher over the signatures of Supervisor and the S.D.O. The procedure laid down in rules to deal with such losses is to convene a court of inquiry, fix responsibility and to recover/regularise the amounts of losses. This was not done.

Instances of such losses were pointed out by the Audit in December, 1953. It was, however, stated in 1961 that loss statements to the extent of Rs. 1,85,741 have been prepared and were in the process of sanction. Besides, two other statements of losses for Rs. 11,761 had also come to notice.

In January, 1971, the Ministry intimated that a sum of Rs. 1,02,614 had been realised by public auction of the damaged sheets and that the actual loss caused to the State was to the tune of Rs. 94,788 which was under process of finalisation. It was further stated that disciplinary action against individuals responsible for the loss could not be taken as the old records were said to have been destroyed.

The Departmental Representative explained that the asbestos cement sheets were imported from abroad and were damaged in transit between Karachi and Wah. The damaged sheets, as stated by the Audit, were disposed of by public auction. It was, however, subsequently found that sheets were below the standard specification for which the inspection team was responsible. In August, 1955 the matter was taken up with the D.G.I. P. & S. to take disciplinary action against the officers who were responsible for final inspection. In the year 1957, the said department informed the Ministry that a reference had been made to the Inspection Office of the Pakistan High Commission in London. However, after a lapse of 3 years the Director, Inspection, PAHIC, London, informed that he was unable to take any disciplinary action against the Inspecting Officer as the relevant records were destroyed. The Departmental Representative further stated that the Court of inquiry which was held in POF had to drop the matter finally due to non-availability of records.

The Committee expressed dissatisfaction in regard to the manner in which the case lingered on for a number of years and had to be dropped finally for non-availability of relevant records. It was decided that the D. G. I. P. & S. should be given direction to reorientate the whole system and fix a time-limit for enquiry so that in such cases prompt action could be taken to regularise the lapses and irregularities.

#### Paragraph 4, page 4

*Non-Recovery of cost of work completed at risk and expense of contractors (Rs. 1,72,302).*—It was brought to the notice of the Committee that nine contracts were concluded during 1951-52 to 1952-53 for construction of buildings including electrification at a station. The contractors did not fix the ceiling fans, which were to be supplied by the formation concerned in those buildings. The job was completed by the formation at the risk and expense of the contractors in October, 1953. The expenditure of Rs. 1,72,302, including departmental charges of Rs. 33,907, incurred on fixing the ceiling fans was, however, not recovered from the contractors. The irregularity was pointed out in January, 1954 but no action has so far been taken to recover the amount from the contractors.

The Departmental Representative explained that according to the terms of the contracts, the contractors were required to fix fans in certain buildings, and it was provided therein that the fans would be supplied by the Government. The contract had later on to be amended because the fans could not be supplied by the Government. Consequently, the fans were supplied by the contractors and they accordingly charged the cost of fans also. The Auditor-General pointed out that objection was raised by the Audit in 1954 and the position subsequently changed as stated by the Departmental Representative. The Committee, however, noted that the case was quite old and it could not be allowed to continue unsettled. The Committee therefore, directed the Departmental Representative to verify the amount recovered from the contractors and the amount which was still outstanding.

**Paragraph 5, page 4**

5. *Irregular payment of Rs. 60,600 to Contractors.*—The Auditor-General pointed out that two contracts were awarded for construction of barracks on a lumpsum basis and one of the clauses of the contract was that the contractor would be deemed to have satisfied himself as to the nature of the site, local facilities and all matters effecting the execution and completion of works. No extra charges as a result of any misunderstanding or otherwise would be allowed. In this case, Rs. 60,600 were paid for removal of the spoils and debris of old demolished buildings from the site of the work. The contention of the Auditor-General was that the terms of the contract were so wide and sweeping that the extra charges for clearance of debris should not have been paid to the contractors.

The Departmental Representative explained that the lumpsum contract for construction of barracks was, however, confined to the construction work only. Since the debris of the demolished buildings was also ordered to be removed by the contractor the cost of removal of the same was paid to them through a deviation order of the contracts. Explaining further, the Departmental Representative informed the Committee that deviation orders in lumpsum contracts had some time to be issued when any change in design or requirements of the plan or deviation from the original drawings became necessary. In the present case the removal of debris under the normal circumstances should have been done by public auction. However, since the buildings were in a dilapidated condition, the work was entrusted to the same contractors on payment basis. Subsequently, the Ministry had taken the view that the contractors should not have been paid the additional amount for removing the debris and for that matter disciplinary action had already been taken against the officers responsible for the lapse. The Committee also directed that a court of inquiry should be instituted for finding out the defaulters and for the recovery of the amount involved.

The Committee, after some discussion, observed that in this case by not holding public auction, Government had to pay extra charges instead of earning something. The Committee also observed that deviation orders should not be issued in lumpsum contract and deviation should always be anticipated. However, in case some additional construction is involved, a fresh lumpsum contract should be concluded. As for the propriety of awarding a lumpsum contract, the Committee observed that a general direction be issued to the effect that lumpsum contracts should be avoided as far as possible and should be resorted to only in case of emergency.

**Paragraph 6, pages 4 and 5**

6. *Non-recovery of quartering charges from British Services Officers (Rs. 30,696).*—The Auditor-General informed the Committee that in an engineering formation several quarters were occupied for considerably long period by the British Services Officers. However, the requisite reports regarding quartering of these officers were not submitted in time to their regional Accounts Authority. As a result thereof and for want of the settlement of accounts with the British Government, quartering charges amounting to Rs. 30,696 could not be recovered. Despite the lapse of 17 years it had not been confirmed whether the quartering charges had been recovered from the officers.

The Departmental Representative explained that timely action for the submission of requisite reports had been taken and the matter for the recovery of the amount involved from the officers concerned was being pursued through the Pakistan Embassy in London. It was for the British Government to settle the matter as early as possible. The Committee observed that efforts should

be made for the recovery of the amount ; otherwise it would have to be written off. The Departmental representative told the committee that they would try to recover the amount.

**Paragraph 7, page 5**

7. *Unnecessary expenditure of Rs. 25,350.*—It was pointed out that Government accorded administrative approval for sinking of four 12 " dia trial bores at a station at an estimated cost of Rs. 1,38,000. Digging of first trial bore was completed on 13-4-1960. The work on the second trial bore was not, however, started until 18-4-1961, but the entire labour employed on the first trial bore was not discharged on completion of the work. Consequently, the labour remained idle for more than one year. It again remained idle for another seven months when the work on the second trial bore remained suspended for want of materials and tools. The payment of Rs. 25,350 made to the idle labour required regularisation.

The Departmental Representative explained that the case related to East Pakistan. A tube-well was sunk but it did not prove successful. Therefore, it was decided not to work on the second tube-well unless the first one comes into operation satisfactorily. The work on the second tube-well was undertaken only after necessary material and tools were received and it was ensured that the tube-well would operate successfully. During the entire period of about eleven months the labour was kept employed. He further informed the Committee that the case was referred to Dacca Headquarters but the authorities there failed to arrive at a decision in the matter. As such, the case could not be regularised. Since the relevant record was not available, the Committee agreed with the Auditor-General that the amount involved in this case may be treated as non-recoverable and be written off.

**Paragraph 8, page 5**

8. *Infructuous expenditure incurred on care and custody of an installation (Rs. 19,929).*—The Auditor-General informed the Committee that three water pumping sets, each costing Rs. 4,500, were installed by a formation at a station in 1942. The plant eventually ran out of operation in 1962. Neither the plant was disposed of nor was the establishment employed on its care and custody dispensed with. By March, 1966, a sum of Rs. 19,929 had been spent on pay and allowances of the establishment. No action had been taken to regularise the infructuous expenditure.

The Departmental Representative explained that a few pumping sets were installed in the Tribal Areas, out of which three had gone out of order in 1962. They were at that time being used by Defence Forces. After the troops had been pulled out, the Cantonment was occupied by the Scouts. In 1966 the number of pumps were reduced from six to three. The unserviceable pumps had been repaired. These pumps would be required in case the troops re-occupy the Cantonment. The guards had, therefore, to be engaged for all this period to look after the plants.

The Committee observed that it was for the Ministry of Defence to determine whether such an expenditure was worth incurring. That Ministry should, however, pay more attention to the audit objections.

**Paragraph 9, pages 5 and 6**

9. *Less recovery of Rs. 17,781 on account of cost of stores retained by contractors.*—The examination of this para was dropped at the instance of the Auditor-General who informed the Committee that the matter would be taken up departmentally.

**Paragraph 10, page 6.**

10. *Unauthorised financial aid of Rs. 13,726 to a contractor.*—The Auditor-General informed the Committee that in this case an unauthorised payment of Rs. 15,000 had been made to a contractor on a false certificate issued by the Engineer concerned to the effect that work valuing Rs. 25,900 had been completed by 26th June, 1961.

When first pointed out by Audit in January, 1963, it was stated by the executive authorities that the contractor's receipt and stock ledgers indicated that the quantity of stores required for completion of the work as shown in the certificate had been issued to the contractor on 22nd June, 1961. This was not, however, correct as the stores were actually lifted by the contractor from Government stock on 10th July, 1961. For obvious reasons these stores could not be utilised in the work certified to have been completed on 26th June, 1961.

The Departmental Representative informed the Committee that the C.M.A carried out authentication and it was found that the amounts were issued to the contractors within the stipulated time. However, since an audit objection had been raised, a court of inquiry would look into the circumstances in which the payment was made to the contractor.

**Paragraph 11, pages 6 and 7.**

11. *Avoidable expenditure on pay and allowances of chowkidars and loss owing to deterioration of plants (Rs. 14,277).*—The Committee was informed that the irregularity in this case was pointed out in March, 1968. The petrol tanks were then auctioned at Rs. 11,100 in October, 1969, but till then an expenditure of about Rs. 14,277 had already been incurred on the pay and allowances of two chowkidars for the period from 1st September, 1961 to 31st October, 1969. This expenditure could have been avoided, if the petrol tanks had been disposed of earlier alongwith the buildings. The avoidable expenditure required regularisation and disciplinary aspect also required consideration.

The Committee made no observation in the matter.

**Paragraph 12, page 7.**

12. *Incorrect classification of bungalows and less recovery of rent (Rs. 10,800).*—The Auditor General informed the Committee that although the incorrect classification, which resulted in loss of revenue of Rs. 10,800 during the period November, 1958, to October, 1967, was pointed out by the Audit in October, 1962 no intimation about the regularisation of the loss and reclassification of the bungalows had been received by him.

Since, however, the difference of rents in the 'C' and 'D' type accommodation was not substantial the matter was not pressed further by the Auditor-General.

**Paragraph 13, page 7.**

13. *Overpayment of depreciation charges to a local body (Rs. 10,748).*—This para was dropped by the Committee.

**Paragraph 14, page 7**

14. *Non-recovery of hire charges of ceiling fans from an educational institution (Rs. 6,720).*—The Departmental Representative informed the Committee that the hire charges on account of eight ceiling fans issued to an educational

institution had since been recovered as desired by the Audit and deposited in the Treasury. The para was dropped subject to verification of recovery by Audit.

**Paragraph 15, page 8.**

15. *Overpayment of Rs. 3,156 due to short incorporation of stores in a work.*—The Auditor-General informed the Committee that the overpayment involved in the case was pointed out by the Audit in October, 1967, and the executive authorities agreed to recover it from the contractor. However, no intimation about the recovery of the overpayment and the action taken to fix the responsibility had been received by him.

The Departmental Representative informed the Committee that the entire amount of Rs. 3,156 had since been recovered in two instalments. The para was dropped subject to verification by Audit.

**Paragraph 16, page 8.**

16. *Unnecessary remission of hire charges of furniture (Rs. 8,090).*—It was pointed out that certain officers in occupation of a residence during the period, from 1st December, 1952 to 30th September, 1962, used the furniture installed therein, but recoveries on account of hire charges of furniture were not made from them. A court of inquiry was held in May, 1964. The court held the Executive Engineer concerned responsible for the lapse. No disciplinary action could, however, be taken against him as he had since retired from service. On the recommendation of the Government, the recovery of the hire charges was waived by the Government in June, 1967.

The Committee observed that recovery of the outstanding charges should be made from the officers concerned. In case any of them had retired, the amount should be deducted from his pension.

**Paragraph 17, pages 8 and 9**

17. *Short recovery of Rs. 15,799 from a contractor.*—The Committee was informed that the irregularity regarding short recovery of Rs. 15,799 was pointed out in 1957. In April, 1964, the executives and the accounts authorities intimated that the arbitrator had given his award in favour of the contractor. They were requested to supply a copy of the arbitrator's award but it was not supplied. In February, 1965, the accounts authorities, however, intimated that the loss was being regularised. The regularisation as also disciplinary action in the case was yet to be finalised.

The Departmental Representative explained that the contractor was supposed to supply some electrical goods to complete the work. However, at the request of the contractor the material was supplied to him by the Department at a rate 10% higher than the actual cost or at the market rate whichever be the higher. The contention of the Audit was that the materials were supplied to the contractor at the rates cheaper than those mentioned in Schedule 'A' to the contract. He further pointed out that there has been a difference of opinion on the point of regularisation of loss, which has not so far been settled.

The Committee directed that the matter should be settled immediately in consultation with Audit.

**Paragraph 18, page 9.**

18. *Recovery outstanding against a canteen contractor (Rs. 14,438).*—The Committee was informed that in an accounts area, a canteen contractor occupied a building during the period from January, 1953, to April, 1967, with a floor area of 3,833 sft. The assessed rent for an area of 833 sft. in excess of that provided on concessional rate was not recovered from him. The amount recoverable from the contractor in this case works out to Rs. 13,846, besides Rs. 592 on account of charges for water supply.

The irregularity was pointed out successively in the years, 1960 and 1961 by Audit. Despite the lapse of 10 years, the outstanding amount of Rs. 14,438 has neither been recovered from the contractor nor has it been written off.

The Departmental Representative explained that while calculating the area the front verandah and the back verandah were taken into account. However, actually the area occupied by the contractor was less than 3,000 sq. ft. The explanation was accepted by the Committee.

**Paragraph 19, page 9.**

19. *Excess issue of stores worth Rs. 9,624.*—It was pointed out that 948 cwt. cement, 13,860 cft. sand and 33,403 cft. aggregate were issued in 1952-53 by a M.E.S. Sub-Division on a work executed through departmentally employed labour during the period April, 1952, to January, 1953. Audit pointed out in 1956 that according to specifications, not more than 3,555 cft. sand and 7,500 cft. aggregate could be used with a quantity of 948 cwt. cement. Justification for issue of 10,305 cft. sand and 25,903 cft. aggregate valuing Rs. 9,624 (appx.) was not available from the records. According to the executive authorities the aggregate was used in other works. No evidence in this regard has, however, been made available to Audit.

The Departmental Representative explained that the cement and sand was used by the Department in a repair work according to formula *i.e.* 1 : 4 ratio but it was difficult to convince the Audit.

The Committee left it for Ministry to settle the matter with the Audit.

**Paragraph 20, page 9.**

20. *Undue financial aid to a contractor (Rs. 24,338).*—It was pointed out that a contract provided that the rates of items not available in the Schedule of Rates would be fixed by the executive authorities at actual cost plus 10% to cover all charges and profit.

The executive authorities, however, fixed the rates of certain items required for the execution of the work much higher than the rates at which the same items were purchased by a procuring agency during the same period. This resulted in undue financial aid of Rs. 24,338 to the contractor.

Moreover, stores costing Rs. 7,953 were not needed for the work at all and their procurement resulted in unnecessary blocking of public funds.

The Departmental Representative explained that the basic reason for the difference in the rates was the difference in the prices of cast iron and galvanised iron. Actually, the purchases were made by the Navy direct as they were not available in the stores. He further explained that for the items not available in stock, the Department is obliged to depend on the local market.

The Committee wanted to know whether the procedure laid down for making purchases from the market was strictly followed in this case. The Departmental Representative answered the query in the affirmative.

After some discussion, the Committee observed that the P.W.D. stores and Military Stores should, as far as possible, be adequate.

**Paragraph 21, page 10.**

21. *Loss of revenues of Rs. 9,32,115 due to belated grant of lease of land.*—The Auditor-General informed the Committee that in this case the Ministry of Defence leased out certain land to a Parsi School on concessional rates which resulted in loss to Government. Actually no person was involved in the case.

The Committee decided not to pursue the matter.

**Paragraph 22, pages 10 and 11.**

22. *Loss of revenue due to unauthorised use of Military land by a private golf club (Rs. 42,975).*—As explained by the Auditor-General, in this case also Military lands were used by a private club and rent was paid at some concessional rates and not at proper rates.

The Committee made no observation on this para.

**Paragraph 23, page 11.**

23. *Irregular transfer of leased premises.*—It was pointed out that a plot of land measuring 4,595 acres was leased by a Military Estate Officer to an individual for the construction of a hotel at Abbotabad for service officers. The lessee constructed a hotel on it in 1942. Under the terms of the lease, the lessee was precluded from assigning or transferring the premises without the prior consent of the lessor. The hotel was, however, transferred in 1956 for a consideration of Rs. 2 lakh to another party on the authority of a sale deed, executed between the attorney of the original lessee and the new party without the prior consent of the lessor.

Apart from the fact that this transaction was irregular, the land alongwith the structure should have in terms of the lease agreement, reverted to the owner without any compensation to the lessee. Responsibility for failure to take timely action needed to be fixed and it was also to be considered what action could be taken now to safeguard the interest of Government.

The Departmental Representative explained that the plot was leased to Rai Isherdas who was declared non-evacuee by the Custodian in 1952. He sold the property to General Habibullah Khan for Rs. 2 lakhs. Under the terms of the lease, the lessee had to obtain consent of the lessor before transferring the premises to anyone else. Since the transaction was made in violation of the aforesaid terms of the lease, the irregularity was pointed out to the parties concerned. They pleaded ignorance of the said condition and requested to regularise the transaction by according *ex-post-facto* sanction. Meanwhile, a reference was made by M.E.O. to the D.M.L.&C. pointing out the above irregularity. The D.M.L.&C. decided that mutation of the property in favour of Gen. Habibullah. The M.E.O., being competent to give the consent, transferred the property in the name of General Habibullah, thus, giving the transaction *ex-post-facto* sanction.

The Committee expressed dis-satisfaction in regard to the manner in which the transaction was regularised by the Ministry. It was also noted with concern that

the transaction was renewed in 1972 on very unfavourable terms to the Government. The Committee, directed that the Ministry should review the whole position and, if necessary, consult the Law Division in the matter. In cases where lands have been leased to a beneficiary for the general benefit of the public, the rates of rent etc. should be concessional, but in other cases it should be ensured that the terms of the lease are not unfavourable to the Government in any way.

**Paragraph 24, pages 11 and 12**

24. *Un-economical purchase due to conclusion of contract at high rates by ignoring lowest offer (Rs. 6,58,950).*—The Auditor-General pointed out that certain woolen cloth was required by the Army for its units. The quotations were invited. The first lowest quotation for Rs. 19 per yard was given by Colony Woollen Mills the second lowest for Rs. 19.62 per yard was from the PIDC Harnai Mill and the third for Rs. 20 per yard was from the Valika Textile Mills. Ultimately, a contract was concluded with the Valika Mills despite the fact that they had offered the highest rates as compared to the other two Mills and had also not produced the samples of the cloth.

The Departmental Representative explained that the Colony Textile Mills were given time to produce samples thrice but on all the occasions the samples produced by them were not upto the mark and had to be rejected. The contract could not have been placed with a firm unless the same was considered capable of supplying the cloth according to the specification. The Valika Textile Mills were the only supplier who had supplied the cloth previously according to the specifications and fulfilling all requirements of special dye and special processing. Therefore, there was no point in asking for a sample from the Valika Textile Mills, because previously they had proved themselves to be capable of supplying the cloth against a similar contract. In the circumstances the question of ignoring the first and second lowest quotations and awarding the contract at higher rate, did not arise. The Departmental Representative further explained that wool-tops were to be used in the cloth for which tenders were invited. Since the wool-tops had to be imported the Valika Textile Mills made a demand for the import licence for the purpose which was accepted.

On hearing the Departmental Representative the Committee felt that a limited tender should not have been invited in this case and equal opportunities should have been provided to all the tenderers.

The Committee observed that a departmental enquiry should be made on this case in association with an Audit Representative of equal status and a report submitted to the Committee within four months as it thought that loss had occurred and responsibility should be fixed for that loss.

**Paragraph 25, page 12**

25. *Overpayment of Rs. 3,58,298 to a contractor.*—It was pointed out that a purchase agency concluded a number of contracts with a firm for the supply of certain stores with the condition that sales tax would be paid in addition to the cost. Consequently, the accounts authorities paid the aforesaid amount to the contractor on this account. It was, however, observed that the stores were exempted from the levy of the sales tax. The total amount paid on account of sales tax was, therefore, recoverable from the contractor. When the irregularity was pointed out in July 1967, the accounts authorities stated that the stores were not exempted from the sales tax and it was paid to the firm according to the terms of contract after verifying their registration with the sales tax authorities. The Taxation Authorities, however, intimated that the stores were exempted from the tax.

The Departmental Representative explained that no exemption from sales tax existed when the payment was made to the contractor by C.M.A. in March 1966 in accordance with the terms of the contract. Therefore, sales tax was paid to the contractor prior to the receipt of the C.B.R. notification regarding exemption. Thereafter, no payment was made to the contractor and the overpayment made to him on account of sales tax was being recovered from him in instalments.

The Committee observed that in future the payment of sales tax or excise duties should be made to Government Departments and not to the contractors/firms. The C.B.R. should make specific rules on the subject. Necessary instructions to the Central/Provincial Governments/Corporations etc., should be issued in this connection, by the Ministry of Finance.

**Paragraph 26, page 13**

26. *Payment to a contractor on the basis of irregular inspection notes (Rs. 1,96,242).*—It was pointed out that a purchase agency concluded a contract with a firm for the supply of cloth khaki drill/cellular at a cost of Rs. 15,90,000. The contract provided for payment to the firm on the basis of inspection notes to be issued by a specified inspecting officer after inspection of the supplies. The agreement further provided that inspector's verdict regarding rejection would be final and not subject to arbitration.

A part of the supply made by the contractor was rejected by the specified inspecting officer but instead of asking the firm to replace the rejected stores, a second inspection was arranged through another inspecting officer and the stores, once rejected, were accepted on re-inspection. This was irregular as, in the absence of amendment to the contract, re-inspection could not be entrusted to another inspecting officer. Payment of Rs. 1,96,242 made on the basis of re-inspection of stores was thus irregular.

When pointed out by the Audit, the accounts authorities responsible for payment stated that the inspection notes were signed by the proper inspecting authority. This statement was not correct as the inspection notes were actually signed by officer-in-charge of another inspection depot, having separate jurisdiction.

The Departmental Representative explained that the inspection authorities of the stores and clothing were at Karachi and the officer-in-charge was at Chaklala. He got these stores inspected through his inspectors and the report was made to the Chief Inspector who detailed a team to inspect the stores again and the same stores were accepted with certain reduction in price because the stores were slightly below specifications. The Departmental Representative informed the Committee that it had been ascertained from C.M.A. that a sum of Rs. 3,605 was deducted on account of reduction in price. Acceptance of the stores under price reduction existed in the contract. The Committee accepted the explanation.

**Paragraph 27, page 13**

27. *Loss of foreign exchange of Rs. 99,808.*—The Auditor-General informed the Committee that in this case quotations were received for supply of four tons of hydraulic. The offer was valid upto 10th March, 1966. However, decision was delayed till May 1966 and by that time the validity of the offer had expired. Consequently, the requirements were put to tender again. This time the indigenous firms quoted very high rates and the contract was concluded at a rate of Rs. 104.59 involving foreign exchange expenditure to the tune of Rs. 99,808 with the same firm which made the lowest offer at the first tender. Had the purchase

agency initiated the purchase proposal immediately after the opening of the tenders and had the acceptance been sent in time to the indigenous firms, foreign exchange expenditure could have been saved. The purchase resulted in a loss of foreign exchange to the tune of Rs. 99,808 and extra expenditure of Rs. 7,090 when compared with the lowest offer obtained at the first attempt.

The Departmental Representative explained that there were two aspects of this case ; one was the increase in rate and second was the commitment for payment of foreign exchange. The locally manufactured item costs Rs. 118 whereas the imported one costs Rs. 97. To avoid foreign exchange, the second lowest offer at the rate of Rs. 118 was proposed to be preferred to the first lowest offer involving foreign exchange commitment. In the meantime the matter was discussed with the firm so as to get the rates reduced but the firm contended that their rates were higher because they were manufacturing the item for the first time. Since the firm was not willing to extend the validity period of their offer, new tenders were invited for the same item. This time high rates were quoted for the same item and a contract had to be concluded at a rate of Rs. 104 involving some foreign exchange also. He further informed the Committee that the additional expenditure involved in that contract was to the tune of Rs. 7,000.

The Committee made no observation on this item.

**Paragraph 28, page 14**

28. *Loss due to purchase of timber deodar from other than the lowest tenderer (Rs. 84,375).*—It was pointed out that local purchase of 50,000 cft. timber deodar sleepers at the lowest rate was sanctioned by Government in May 1957. The executive authorities invited tenders through newspapers. The lowest rate of Rs. 8/10 per cft. was rejected without assigning any reason and instead of sleepers, deodar blocks were purchased at a higher rate of Rs. 10/5 per cft. This resulted in an extra expenditure of Rs. 84,375 plus wastage and cost of sawing and sizing, etc.

The Departmental Representative regretted that the case was quite old and it related to the year 1956. As such, he could not lay hands on the relevant papers to ascertain the reasons for accepting deodar blocks at higher rates instead of accepting the lowest rates for deodar sleepers. He, however, explained that the firm had given an assurance that the wastage in conversion of blocks into the required size would be borne by them. Conversion of sleepers into blocks of required specification would have cost Government Rs. 13.00 whereas the firm supplied the blocks at lower rates. He further explained that an Advisory Committee was constituted for the purchase of wooden blocks and sleepers which was empowered to take a decision to accept or reject the offers.

The Committee, however, observed that despite the fact that the executive authority was fully competent to reject a lower offer and accept a higher one, the reasons for doing so should have been recorded.

**Paragraph 29, page 14**

29. *Loss of Rs. 40, 068 due to acceptance of unfit stores.*—The Committee made no observation on this para and it was dropped.

**Paragraph 30, pages 14 and 15**

30. *Loss due to un-authorized use of Government Transport (Rs. 30,056).*—It was pointed out that Government Transport was used by a depot during the period from December 1961 to May 1964, for the conveyance of officers daily in the morning and evening between two stations located at a distance of more than 10 miles without the sanction of the competent authority.

The Departmental Representative explained that this question involves interpretation of rules. According to the rules, Government transports are allowed to be used for official business. The transport was used by the officers to visit Golra from Rawalpindi daily in connection with official duty. In view of this explanation the objection was dropped by the Committee subject to regularisation.

**Paragraph 31, page 15**

31. *Extra expenditure of Rs. 27,780 resulting from omission to take into account lowest offer.*—The Auditor-General pointed out that quotations for the purchase of 550 articles of one description were invited on 29th December, 1965 by a purchase agency. The lowest rate of Rs. 245.49 each offered by a firm in January, 1966 was omitted from the comparative statement of tenders. The remaining quotations were considered high and fresh tenders were invited. Ultimately, the articles were purchased at the rate of Rs. 296 each from another firm in June 1966, resulting in extra expenditure of Rs. 27,780.

The Departmental Representative explained that the tenders were opened by a Board of Officers. The officer who opened the tenders recorded thereon that the firm had not quoted the rates and the same remarks were included in the comparative statement. The officer concerned was no longer in service. The Departmental Representative, however, admitted that there was an omission on their part. The Committee directed that extra amount paid should be recovered from the officer concerned.

**Paragraph 32, page 15**

32. *Loss due to irregular rejection of lowest tender (Rs. 27,228).*—In this case the Auditor-General informed the Committee that a purchase agency invited tenders for concluding a running rate contract for supply of certain stores during 1964-65. The lowest offer of 90 paise per lb. requiring import licence of Rs. 1,66,232 made by a foreign firm was rejected without reference to the indenter/technical authority on the ground that the stores were required to be supplied in galvanised drums. The contract was, however, concluded with another firm at the rate of 92 paise per lb. with import licence of Rs. 1,79,340. The deal resulted in extra expenditure of Rs. 5,207 in Pakistan Currency and Rs. 22,021 in foreign exchange.

On hearing the Auditor-General, the Committee made no observation on this para.

**Paragraph 33, page 16**

33. *Supply of stores below specification (£1629-5-0).*—In this case, the Pakistan High Commission in London had allowed payment of 98% of the whole amount involved to a foreign firm without inspection of the stores. On arrival in Pakistan, the stores were found below specification. In accordance with the terms of the contract, the supplier was liable to replace stores free of cost and also to pay storage charges in case of non-removal of rejected stores within a stipulated time. However, the rejected stores had not been replaced by the firm, nor had the cost of freight, insurance expenses and storage charges been recovered from the firm.

The Departmental Representative explained that the suppliers were informed of the fact that the stores had been found below specifications and they had agreed to replace the stores. The indenter was informed accordingly.

In the meantime, the indenter passed on a sample of the stores received to the authorities who were to utilize them. They found that the stores received from abroad could be utilized for the purpose for which they were required. Therefore, the stores were accepted and utilized.

The Committee accepted the explanation.

**Paragraph 34, pages 16 and 17**

34. *Overpayment of Rs. 11,880 due to change of specification and size of stores.*—The Departmental Representative explained that the timber was procured in the shape of planks and sleepers. The planks were of different rates; the thinner the planks, the higher the rates. The firm supplied only 25% of the requisite quantity of the planks and expressed their inability to supply the balance. As such, they were asked to supply sleepers and the rates were reduced by Rs. 3 per cft. However, since the negotiations took place a year back, the rates of timber had gone up in the market and, therefore, the contractor could not supply the sleepers at the reduced rate. On an enquiry made by the Committee, the Departmental Representative stated that no security had been provided by the firm. He further explained that the case being quite old, all the relevant papers were not readily available. In the absence of the details, the only fact which could be placed before the Committee was that as the firm could not supply the planks, they were asked to supply the sleepers at reduced rate. The Committee noted that the rates at which the sleepers were purchased after amending the original contract and raising the sizes of the sleepers were higher than the rates originally quoted by the firm. After some discussion, the Committee observed that the negotiations in this case should not have gone against the interest of Government and in case recovery could not be made from the firm at the present stage, an enquiry should be conducted and the amount involved should be recovered from the officers concerned.

**Paragraph 35, page 17**

35. *Loss of Rs. 10,846 due to short recovery of liquidated damages.*—The Auditor-General informed the Committee that the reason put forward by the Department for the short recovery in this case was that the liquidated damages being a penalty were applicable only to the cost of goods and not to the element of taxes. The Audit did not agree with this argument as according to them the liquidated damages were leviable on the contract value of the stores which obviously included the element of tax also.

On an enquiry by the Chairman about the extent of the loss suffered due to belated supply of goods the Auditor-General explained that it was only when a contractor went in for arbitration against liquidated damages that the Department had to prove what loss it suffered and if the loss was less than the liquidated damages, the arbitrator would reduce the amount. However, in this case the firm did not go into arbitration and it was not, therefore, necessary to calculate the loss. Only the liquidated damages @ 2% of the value could be claimed from the suppliers.

After some discussion, the Committee passed on to the next paragraph without making any observations.

**Paragraph 36, page 18**

36. *Extension in delivery period resulting in extra expenditure (Rs. 9,190).*—The objection was dropped in view of the discussion which took place on the preceding paragraph.

**Paragraphs 37 and 38, page 18**

37. *Audit of stores and supply accounts and local test audit and inspection.*—The Auditor-General pointed out that there was nothing in these paras to be examined by the Committee in view of certificates recorded regarding audit of stores and local test audit.

**Paragraphs 39 and 40, pages 18 and 19**

38. *Overpayment of pay and allowances to certain military pensioners and overpayment of house rent allowance to extra temporary employees.*—The Auditor-General expressed the view that notwithstanding the audit objections, the overpayments in these cases must have been made in good faith. He, therefore, did not want to press for the recovery of the overpayments involved and for fixing the responsibility. The position was accepted by the Committee.

**Paragraph 41, page 19**

39. *Excess payment of Provident Fund to an officer on retirement (Rs. 8,907).*—The Departmental Representative informed the Committee that the amount involved in this case had since been recovered from the officer concerned and disciplinary action taken against the officer responsible for making the excess payment. The Committee accepted the Departmental explanation and dropped the para subject to verification of recovery by Audit.

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**Paragraph 1, page 3**

40. *Delay in finalisation of losses of Rs. 22,06,415 on M.E.S. Formations.*—The Auditor-General informed the Committee that the cases accounted for in the paragraph were awaiting finalisation for several years of the total amount of Rs. 22,06,415, an amount of about Rs. 8 lacs pertained to East Pakistan and the rest related to West Pakistan.

The Departmental Representative explained that substantial progress in regard to recovery/regularisation of the losses had been made. He informed the Committee that out of the total amount of Rs. 14,17,850, Rs. 7.36 lacs pertained to M.E.S. Army Wing, against which Rs. 1.40 lacs had since been recovered leaving a balance of Rs. 5.96 lacs for which efforts were being made to recover/regularise as early as possible. Similarly another amount of Rs. 2.82 lacs relating to other Army units had been cleared and action was in hand for clearance of the remaining amount. He further informed that a special team had been appointed for the purpose. As far as the Navy out of 49 lacs loss statements for the total amount of Rs. 90,820, Rs. 22,000 had been regularised and Rs. 8,000 recovered so far, and the balance was being recovered.

The Auditor-General expressed the view that losses involving small amounts could be written off.

The Committee made no observation.

**Paragraph 2, page 3**

41. *Non-realisation of outstanding dues (Rs. 1,85,402).*—The total amount of Rs. 1,85,402 involved in the cases referred to in the paragraph required recovery/regularisation. However, as these cases pertained to Dacca Area (East Pakistan), The Committee observed that the losses should be written off.

**Paragraph 3, pages 3 and 4**

42. *Extra expenditure on the employment of chowkidars for the care of vacant buildings (Rs. 1,02,238).*—The Departmental Representative explained that protracted correspondence at different level had been made to find how best the buildings in question could be made use of, but no final decision had so far been taken. Employment of chowkidars to safeguard the buildings against damage/pilferage, etc., was necessary. As such, the expenditure incurred on the pay, allowances, etc., for chowkidars was unavoidable.

The Committee observed that in view of the acute shortage of accommodation in the country, the expenditure incurred on the up-keep and the employment of chowkidars was justified in case these buildings could be utilized properly; otherwise it would be more economical to demolish such buildings.

**Paragraph 4, page 4**

43. *Installation of ice-plant without proper sanction and non-recovery of rent and allied charges (Rs. 63,438).*—The Ministry explained that the sanction for reappropriation of requisite building existed upto March, 1971. The ice plant was, thereafter, disposed of by public auction. According to para 737 of the MES Regulations, all expenditure after the sanction of the Government of Pakistan, was chargeable to appropriate MES Head of Account of the Service concerned. Since the said plant was purchased/installed out of PMA funds, the aforesaid para of MES Regulations was not applicable in this case. Electric charges and meter rent for the period from January, 1958 to October, 1970 had been paid by PMA authorities, except an amount of Rs. 135,19 for which they were being reminded regularly. As regards the electric charges for the period 1952—1955, they were not billed for under the authority of a letter from PMA. Records pertaining to this period had, however, been destroyed.

The Committee decided to drop this para, but observed that the Department concerned should give a certificate showing the period during which the payments of electric charges had been made and also showing the position of the remaining period, i.e. 1952—1955. This should be varified by Audit.

**Paragraph 5, page 4**

44. *Overpayment due to faulty conclusion of a contract (Rs. 58,173).*—The Ministry explained that the discrepancy regarding levy of incorrect rate by WAPDA for the energy supplied to Defence Colony, Lalamusa, had been accepted by them, and they agreed to refund the overcharged amount. However, when the calculation was done, it was found that the actual amount of the overpayment was Rs. 29,655 and not Rs. 58,000. The amount has since been refunded by the WAPDA. The Committee accepted the explanation and dropped the para subject to verification by Audit.

**Paragraph 6, page 5**

45. *Short recovery of rent on account of incorrect classification of accommodation (Rs. 43,596).*—The Committee did not make any observation on this paragraph.

**Paragraph 7, page 5**

46. *Overpayment of Rs. 22,881 to contractors on account of application of inappropriate rates.*—The Departmental Representative informed the Committee

that out of the total overpayment of Rs. 22,881 an amount of about Rs. 14,000 had already been recovered and the balance was in the process of recovery.

The Committee directed that the outstanding overpayments should also be recovered.

**Paragraph 8, page 5**

47. *Sale of stores valued Rs. 22,689 for Rs. 1,850 (Rs. 20,839).*—The Auditor-General informed the Committee that in this case there was two tons of copper wire and thirteen tons of mild steel. The book value of these stores was about Rs. 22,689. It was, however, auctioned for Rs. 1,850 only which according to him was too low.

On an enquiry by the Chairman, the Departmental Representative explained that it was actually an electrical wire in bits and pieces. He further explained that a Court of inquiry was convened to investigate the matter.

The Committee was, however, of the view that since the articles put to public auction contained copper wire (2 tons) and steel (13 tons) which are valuable items, the matter should be investigated further. The Departmental Representative was, therefore, directed to make a proper enquiry in the matter.

**Paragraph 9, page 6**

48. *Short recovery of the cost of water from the Contractor (Rs. 15,111).*—The Departmental Representative informed the Committee that the water charges amounting to Rs. 15,000 involved in this case had since been recovered from the contractor. The objection was, therefore, dropped.

**Paragraph 10, page 6**

49. *Avoidable expenditure of Rs. 13,272 due to unnecessary hiring of accommodation.*—The para being of not much substance was passed over by the Committee.

**Paragraph 11, pages 6 and 7**

50. *Non-accountal of demolished material worth Rs. 10,276.*—The Departmental Representative informed the Committee that a court of inquiry had been set up to investigate into the circumstances under which less quantity of sheets was taken on charge and salvaged and to fix responsibility thereof. Further action regarding recovery/regularisation of loss would be taken on the findings of the Court.

The Committee directed to report the result of the findings to the P.A.C.

**Paragraph 12, page 7**

51. *Non-accounting of demolished material (Rs. 9,776).*—The Departmental Representative informed the Committee that in this case also a court of inquiry was being constituted.

The Committee passed on without making any comments.

**Paragraph 13, page 7**

52. *Overpayment of Rs. 9,464 to M.E.S. contractors.*—It was pointed out by the Audit that a sum of Rs. 9,464 had been paid to the contractors irregularly on different occasions by an M.E.S. formation and despite the lapse of 13 years no recovery has been made.

The Committee made no observation.

**Paragraph 14, page 8**

53. *Overpayment of Rs. 8,299 due to wrong pricing of a work.*—The Departmental Representative explained that there were two types of windows, one was openable and the other was fixed. There were two separate rates for the two types of windows. The windows which were fixed in this case were half openable and half closed but payment was made according to the rate applicable to openable window. Since a part of a composite window was openable, it was taken as an openable window. The contention of Departmental Representative was accepted.

**Paragraph 15, page 8**

54. *Extra expenditure of Rs. 7,238 due to un-authorised Star Rate.*—The Departmental Representative explained that if a particular item is not mentioned in the Schedule of Rates, the rate of that item is calculated either after ascertaining its rate from the local market and adding to it 10% or by deriving it from one of the two rates and that rate is called the Star Rate. Explaining further, the Departmental Representative stated that the rate of oil-bound distemper did not exist in M.E.S. Schedule on the date of conclusion of the contract and, as such, the action of the executive authorities in fixing Star Rate for that item was quite in order. The rate was inserted in the Schedule in January, 1966, whereas the contract had been concluded in December, 1965. Therefore, according to the provisions of M.E.S. Regulations, the terms of the contract could not be changed subsequently.

The Committee accepted the explanation of the Departmental Representative.

**Paragraph 16, page 8**

55. *Loss due to short recovery of Rs. 23,000 from the lessees.*—With regard to this paragraph the Departmental Representative explained that M.E.O., Lahore, had filed a suit against the defaulters, which was pending in a Civil Court. As far as the disciplinary action, 100% post-audit was being done by the C.M.A. Lahore, and whosoever was found guilty would be punished.

The Committee directed to report progress of the case.

**Paragraph 17, page 9**

56. *Interpolation of Government records leading to a loss of Rs. 8,600.*—The Committee was informed that the defaulters had been served with a notice by the M.E.O., Lahore Circle. The amount of Rs. 2,000 which the same contractor had deposited with the M.E.O. Lahore jointly with some other parties in connection with the lease of different land, had been adjusted against the arrears of rent. For the balance of Rs. 6,600 a civil suit had been filed against the defaulter.

The Committee, on hearing the Departmental Representative, observed that in future necessary provision should be made in the agreements specifying the manner of recovery in case of default.

**Paragraph 18, pages 9 and 10**

57. *Infructuous expenditure of Rs. 5,91,800 due to purchase of obsolete stores.*—The Departmental Representative explained that tenders were invited for stormy boats of 20 ft. size with accessories. Three firms quoted their rates. The first quotation was for Rs. 2,950, the second for Rs. 14,500 and the third for Rs. 15,750. The contract was awarded to the firm who quoted the lowest rate, *i.e.*, Rs. 2,950. The firm, however, raised an objection subsequently that the details of the specification for the said boats required a number of accessories to be supplied and as such they were not in a position to supply the boats with additional accessories. Negotiations were held in order to keep the contract in hand and thereafter it was decided at the Financial Adviser's level to enhance the rate to Rs. 13,450.

The Chairman wanted to know whether any provision for security deposit existed in the contracts relating to purchase of defence stores. The Departmental Representative stated that in the case of defence purchase there was so much relaxation that even the requirement of bank guarantee was sometimes waived in favour of reliable suppliers. However, for the new entrants, a penalty clause for unsatisfactory performance was provided. Explaining further, he informed the Committee that payment upto 90% was made to the suppliers only after the Inspector had certified that the stores were correctly delivered at consignee's depot. In each depot Audit Officers were posted to check the receipt of stores and stock registers.

The Committee observed that the administrative decision in this case was not a good decision. The Ministry of Defence was advised to formulate necessary proposals with a view to removing the lacunae in the procedure for defence purchase and improving the audit by raising percentage of test audit by the Director of Audit, Defence Services.

**Paragraph 19, page 10**

58. *Infructuous expenditure of Rs. 3,88,800 due to faulty planning.*—With regard to this paragraph the Departmental Representative informed the Committee that a shed in Chaklala was renovated at a cost of Rs. 3,88,800 to accommodate the clothing factory, P.O.F. Wah, which was to be shifted to Rawalpindi as per the decision of the Defence Adviser. As since residential accommodation at Chaklala could not be arranged for the workers of the factory despite all possible efforts, it was subsequently decided to abandon the project.

The Committee made no observations on this para except that the infructuous expenditure should be got regularised.

**Paragraph 20, page 11**

59. *Extra expenditure of Rs. 3,22,250 due to un-necessary delay in concluding contracts.*—The Departmental Representative explained that since the firm which had quoted Rs. 22 per pair of shoes was already holding two contracts for 1,49,000 pairs and they were behind the schedule, fresh contract for supply of 1,08,500 pairs was not concluded with that firm. Efforts made to procure the supply from other two firms, namely, the Bata Shoes and the Service Shoes were not successful. Subsequently an indent for additional 3,74,000 pairs was received and fresh tenders for the total demand of 4,82,500 (3,74,000 + 1,08,500) were, therefore, invited. Due to the increase in prices, this time the lowest rate per pair was Rs. 25.50 which was got reduced to Rs. 24.50 and accepted.

The explanation was accepted.

**Paragraph 21, page 11**

60. *Extra expenditure of Rs. 1,31,960 due to delay in accepting lowest offer.*—The Departmental Representative explained that the validity period of the offer fixed by the firms was one month as against three months demanded by the Department. Efforts were, however, made to finalise the contracts within the stipulated period, but there was some unavoidable delay in obtaining financial sanction and preparation of draft contracts. The time given by the firm was not sufficient to complete all the necessary formalities. It was, however, felt that such extra expenditure on purchases which had come to the notice of the Committee in different cases could have been avoided if the time consumed in completion of departmental formalities was curtailed and speedy transactions were made.

In order, therefore, to eliminate the above bottleneck, the Chairman remarked that the existing powers for financial and technical sanctions should be raised adequately at various levels so as to enable the authorities concerned to decide the cases, as far as possible, at their own level without referring them to higher authorities. He, therefore, directed that the powers of Chief Engineer (Army) for issuing financial and technical sanctions should be raised five times and the powers of the Chief Engineer and Superintending Engineer for accepting tenders should likewise be raised five times. He further directed the following enhancement in the powers of different officers :—

Group Captain :—	Power to purchase stores.	Increase by five times.
Group Captain :—	Power of local purchase of ordnance stores.	Increase by two times.
Workshop Commander.	Power of local purchase.	Increase by 3-1/2 times.

**Paragraph 22, page 12**

61. *Irregular conclusion of a contract.*—It was explained by the Departmental Representative that the stores were to be imported from abroad. The offer of the first lowest tender was £ 146 per battery charger board with a validity period of one month from the date of opening of tenders, viz., 20th September, 1966. However, the foreign principals quoting the lowest rates withdrew the offer on the 4th October, 1966, i.e., before the expiry of the validity period or before the acceptance of the tenders by the technical authority. As such, nothing could be done except to award the contract to the second lowest tenderer. He informed the Committee that administrative action would be taken against the local agents who withdrew the offer.

The Committee observed that it was a case of delay in accepting the tenders.

**Paragraph 23, pages 12 and 13**

62. *Irregular local purchase.*—The Auditor-General informed the Committee that in a certain Depot an officer, who was empowered to make local purchases upto Rs. 2,000 made purchases far in excess of his powers by splitting the purchases so as to bring them within his financial powers. The local purchases made by the officer during the period from 12th September, 1966 to 25th September, 1967 were of the total value of Rs. 57,830. These purchases were, thus, irregular and required regularisation.

The Departmental Representative, however, contended that the items purchased by the officer were of different sizes with different part numbers. These were purchased for repairs of steel helmets. Since each item had different size

with different part numbers, these had to be accounted for separately. He, therefore, pleaded that the question of splitting of purchases in that case did not arise.

The Auditor-General observed that the issue as to what constituted splitting of an order was a controversial subject. According to him the best course was to send up the case to the higher authorities competent to sanction the expenditure involved. He pointed out that advantage of lower rates could not be had by splitting an order.

The Committee decided to drop the objection but observed that there should be adequate checks to ensure that purchase orders and contracts for the same or similar items were not split up. The Ministry of Defence would issue general instruction in this regard.

#### Paragraph 24, page 13

63. *Claims outstanding against shipping companies.*—It was noticed that an amount of Rs. 20,440 was due for recovery on account of claims outstanding against shipping companies since January, 1966. During the audit in June, 1968 it was observed that the claim amounting to Rs. 28,908 had further been accumulated. The outstanding amount of Rs. 49,348 had not been recovered so far.

The Auditor-General informed the Committee that the recoveries were to be made from the shipping companies in East Pakistan. The Committee did not make any observation on this para.

#### Paragraph 25, page 13

64. *Non-recovery of air freight charges in respect of P.O.L. issued to certain beneficiaries (Rs. 42,209).*—It was noted by the Committee that the non-recovery of air freight charges amounting to Rs. 42,209 was pointed out by the Audit in August, 1966 and the accounts authorities had accepted the irregularity and also intimated that the recovery of the amount involved had been taken up with the authorities concerned. However, the amount was still awaiting recovery despite the lapse of 6 years.

It was explained by the Ministry that Mirs of Hunza and Nagar were given exemption from the payment of freight charges on P.O.L. uptill the 31st December, 1960 and this was later extended upto 30th June, 1961. Thereafter P.O.L. issued to them was to be charged at payment issue rates plus air freight charges as in the case of other payment issues. Mirs of Hunza and Nagar had accordingly been allowed to draw their requirements from F.S.D. Gilgit, on normal payment issue rates less the freight charges which were debitible to the Kashmir Affairs Division and voucher sent to them on yearly basis for acceptance of debit raised by F.S.D., Gilgit. After a lapse of 5 years, the Kashmir Affairs Division, however, declined to accept the debit on account of freight charges and stated that provision was made in their budget for supply of P.O.L. to the Mirs on subsidized rates only for 1961-62 and thereafter they were not entitled to draw P.O.L. on these rates. To settle this dispute the Ministry of Law was consulted, who referred the case to the Kashmir Affairs Division to seek their point of view as well. Certain queries raised by the Resident of Gilgit had been replied only six days back and the case was still under correspondence between Kashmir Affairs Division, Resident Gilgit, D.C., F.S.D., Gilgit, and G.H.Q. The Committee was further informed that the concession was given to the Mirs of Hunza and Nagar on political basis.

On hearing the Departmental Representative, the Committee desired to be informed of the circumstances under which the concession was extended to the Mirs of Hunza and Nagar.

**Paragraph 26, page 13**

65. *Extra expenditure of Rs. 23,710 due to delay in finalisation of the contract.*—The Auditor General informed the Committee that as a result of inordinate delay in accepting the tenders, a purchase agency had to conclude two separate contracts with two different firms for the supply of same items @ Rs. 0.53 and Rs. 2.37 as against Rs. 0.36 and Rs. 1.36 respectively quoted in the earlier tender.

The Departmental Representative explained that there was no deliberate delay on the part of purchasing Department as it had taken quite some time to sort out various queries with the suppliers before concluding the contract. The tender was opened in July, 1966 and the purchase proposal was sent in August, 1966 to the financial authorities. They suggested certain clarifications to be obtained from the suppliers. Thus, the case remained under correspondence with various authorities. As a matter of fact the firm was not interested in executing the contract, and they had asked for deviation in specification and waiver of security deposit, which was not agreed to. Therefore, they took over of the validity of their offer, although no such condition was provided in the offer.

The explanation was accepted.

**Paragraph 27, page 14**

66. *Incorrect determination of stock book rate and resultant short recovery of Rs. 16,278.*—This objection was dropped at the instance of the Auditor-General who pointed out that most of the issues involved had since been resolved.

**Paragraph 28, page 14**

67. *Un-authorized use of government transport (Rs. 13,799).*—The Auditor-General pointed out that the unauthorised use of Government transport referred to in the paragraph had since been regularised. The Chairman, however, directed that general orders should be issued that in view of the high cost of petrol, Government vehicles should not be used without entitlement.

**Paragraph 29, page 15**

68. *Extra expenditure of Rs. 8,217 due to belated action.*—It was pointed out that a purchase agency invited tenders for the supply of 58 gross of stores. The first lowest tenderer offered to supply the stores at Rs. 142 per gross with a validity period of one month from the date of opening of tenders, i.e., 7th February, 1967. These rates were considered too high by the financial authorities and they proposed on 25th February, 1967, i.e., after the expiry of the validity period, to ask the firm to reduce the prices to a reasonable level. The firm was, however, approached on 9th March, 1967 to reduce the rates, and this was not agreed to. The firm offered to supply the stores at the revised rate of Rs. 283.58 per gross. This rate was finally accepted and the contract was concluded with the above firm on 23rd June, 1967. The deal, thus resulted in an extra expenditure of Rs. 8,217 to the State. Had prompt action been taken in accepting the lowest offer in the first instance, the State could have been saved of the above extra expenditure.

The Committee directed to issue a circular to all Ministries/Divisions asking them to take prompt action in finalising their transactions with firms business agencies in order to avoid extra expenditure.

**Paragraph 30, page 1**

*Extra expenditure of Rs. 7,108.*

**Paragraph 31, page 16**

69. *Extra expenditure of \$ 4363 due to delay in acceptance of lowest offer.*—The Auditor-General pointed out that in these two cases also the failure on the part of the authorities concerned to accept the lowest offer within the validity period had resulted in extra expenditure to the extent indicated above.

The Committee did not, however, make any observations on these two paragraphs.

**Paragraph 32, page 16**

70. *Loss of Rs. 4,133 (£ 310) due to non-acceptance of lowest tender.*—It was pointed out that a purchase agency received a lowest tender for the supply of certain items of stores at Rs. 14 (£1-1s) and Rs. 18 (£ 1-7s) each from a local manufacturing firm, but without assigning any reason the contract was concluded with another firm for the above items @£ 3.00 (Rs. 40) each and @ £ 2.10s (Rs. 33.33) each respectively on c. & f. basis. This resulted in a loss of Rs. 4,133 (£310.00) to the State.

When pointed out in Audit, it was intimated by the purchase agency that the lowest offer of the firm was ignored because the purchase officer with his vast experience was aware of the capabilities of local manufacturers who had inadequate know-how in so far as manufacture of sophisticated instruments was concerned.

The Auditor-General informed the Committee that the lowest offer in this case was not accepted due to some confusion and benefit of doubt could be given to the purchase officer.

**Paragraph 33, page 16**

71. *Irregular issue of rations to Airmen (Rs. 20,188).*—The Auditor-General informed the Committee that although the over issue of ration to airmen was pointed out in internal audit in June, 1965 yet the irregularity continued till January, 1966 by which time the expenditure on the over issue of rations had amounted to Rs. 20,188. Instead of recovering the amount of over issue from the individuals responsible, the amount of extra expenditure of Rs. 20,188 was regularised, by the Government in March, 1969.

Despite clear provision of the rules that in cases where the irregular expenditure is challenged by an audit authority, no expenditure shall be incurred by the Officer Commanding concerned, without the previous written consent of the Controller of Accounts concerned, the irregular practice continued for another seven months.

The Departmental Representative explained that in this case interpretation of rules was involved. During the Run of Kutch war and 1965 war with India, the airmen were deployed near Lahore border and they had had to work under extreme climate and adverse conditions. As such, during the period from February, 1965 to January, 1966 issue of 1/4 oz. tea and 2-1/2 oz. sugar as night duty ration was allowed to them in addition to daily special rate of ration allowance. However, the position had since been regularised.

The Committee made no observation on this para.

**Paragraphs 34 and 35, page 17**

72. *Audit of stores and supply accounts and local test audit and inspection.*—These paras were not taken up by the Committee.

**Paragraph 36, page 17**

73. *Fraudulent payment of Rs. 83,100 made to Officers.*—It was pointed out that in a certain accounts area fraudulent payments to the tune of Rs. 83,100 on account of T.A./D.A. claims were made to certain officers. These payments were drawn in 16 cases on the basis of bogus cash requisitions prepared in the name of the officers during November, 1967, and January, 1968 to September, 1968 by the employees of the executive and accounts department. Out of 16 cases referred to above, the first three payments amounting to Rs. 18,100 have since been recovered from the officers concerned. Another sum of Rs. 4,591 was also lying safe with the various Banks.

The Committee wanted to know the latest position with regard to the recovery of the remaining amount of Rs. 60,409 and the disciplinary action taken against those found guilty.

The Departmental Representative informed the Committee that the case was pending with the Special Police for more than five years and was still under investigation. All the auditors who were involved in this case had been suspended. The I. G. Special Police, had been requested to expedite the enquiry.

**COMMERCIAL APPENDIX (DEFENCE SERVICES)**

1968-69

**PAKISTAN ORDNANCE FACTORIES**

74. *Commercial Appendix page 3 para 1.*—It was pointed out by the Audit that in May, 1964 Pakistan Ordnance Factories, Wah, accepted the lowest offer of M/s. Texaco Ltd., London, for supply of toluene at £ 21 per long ton (FOB-Buyers tank vessel). As POF's Technical Attache in London could not arrange shipping, an order was placed in the same month on M/s K.A. Majid, London at £ 52.8 per long ton in bulk (C & F).

The Ministry had not indicated the freight charges by tank vessel. It was, therefore, not possible for the Audit to calculate how much additional expenditure had to be incurred as a result of failure to buy toluene from M/s. Texaco Ltd., London.

The Auditor-General informed the Committee that if the difference between the two offers was due to the freight then there was no loss. However, if the freight charges were only £ 18 or 19 per long ton, then there had been considerable loss to Government.

On hearing the Auditor-General, the Committee observed that this transaction required proper examination and, therefore, the Ministry of Defence was directed to prepare a complete report for submission to the Committee.

**Commercial Appendix page 3 para 2**

75. The Auditor-General pointed out that certain machinery such as Tractors, Road Rollers, Concrete Mixers, Stone Crushers which had become unserviceable was disposed of from July, 1962 to September, 1963 for Rs. 46,086 against its book value of Rs. 3,18,243. The Ministry had stated in writing that the machinery was purchased out of POF's budget by one of their contractors (M/s. Belfore

Beaty Co.) and MES for use of POF's project. The machines were transferred to POF, when no longer required, by the aforesaid contractor and the MES. Through a misunderstanding, depreciation for the period in which these machines worked with MES and the above contractor was not deducted from the book value. However the Ministry has not stated the book value nor the period for which these machines worked with MES and the said contractor. The Committee desired to know what was the life of the machinery and its depreciated value.

The Departmental Representative explained that the machines had become unserviceable after rendering 10-12 years service. These were handed over to POF by the two parties without any financial adjustment. Through a misunderstanding, the period during which these machines worked with MES and the said contractor, was not accounted for while working out the depreciated value. In view of this the difference between the book/depreciated value and the sale proceeds was not required to be regularised. They were sold by public auction at the highest price.

The Committee made not observation on this para.

#### **Commercial Appendix page 4 para 3**

76. It was pointed out that 7 cases involving over Rs. 10 lacs relating to the years from 1959-60 to 1961-62 and 1964-65 were outstanding. According to the Ministry the amount outstanding was Rs. 6.41 lacs, the balance having been either recovered or adjusted. The cases could not be finalised so far as they were the subject of litigation.

The Departmental Representative informed the Committee that these cases related to the trainees who come to POF for training. In case of desertion of a trainee after completion of training the only course open to the POF to recover the expenditure incurred on his training is to file a civil suit against him. Such cases are pending in civil courts and being pursued by the Ministry.

#### **1969-70**

#### **Commercial Appendix page 9-para 19**

77. The Auditor-General informed the Committee that POF negotiated with M/s. Shaigon Company Ltd., Rawalpindi, in 1965 for the supply of one lac wooden ammunition boxes. Such boxes were being made by POF but additional supplies had to be obtained from the market on account of a larger demand from the Army. The negotiated rate was to be the same as the marginal cost of POF which was Rs. 20.66 per box. After having supplied 19,374 boxes, the Company asked for a revision in the rate. It was increased to Rs. 25.52 which was POF's full cost. The Ministry supported their action in increasing the price on the ground of increased price of timber as a result of the 1965 war. This argument was not tenable as the boxes were to be supplied according to the sample. An increase in the price of the boxes in consideration of higher prices of wood could be allowed in terms of the agreement only if POF's marginal cost had increased; in actual fact POF's full cost was allowed. The additional amount paid to the supplier (Rs. 4.86 lacs) was not covered by the terms of the agreement.

The Departmental Representative explained that in the contract concluded with the firm in question it was provided that they would supply the boxes at the marginal cost of Rs. 20.66 per box which would be subject to variation, if necessary. It was explained to the firm that in case of any change in the marginal cost of POF regarding manufacturing of boxes, the rate mentioned in the contract would

be changed accordingly. The Departmental Representative further explained that the marginal cost did not include the overheads and the margin of profit. After some time the contractor demanded an increase in the rate of boxes (i.e. Rs. 32 per box) due to the higher price of timber but the demand was not acceded to. The Department, however, agreed to pay to the contractor full cost of the POF i. e. Rs. 25.52 per box so as to enable him to cover the profit of margin.

After some discussion, the Committee observed that there was no justification in making payment to the firm at a higher rate without any increase in the POF's marginal cost. The Departmental Representative was, therefore, directed that the matter should be investigated and explanations called for, so that charges could be framed against the defaulters.

**Commercial Appendix page 10-para 20 :**

78. It was brought to the notice of the Committee that military officers seconded for appointment to civil departments are entitled to a special compensation allowance at the rate of 20% of their pay. Certain military officers seconded to POF, were paid this allowance on the plea that POF was essentially a civil Department. The Controller of Ordnance Factories Accounts objected to the payment of this allowance in March, 1960. Subsequently, GHQ clarified in April, 1969 that the allowance was not admissible to the aforesaid officers. Nevertheless, the allowance was continued to be paid till May, 1969 and in one case upto January, 1971 involving an irregular payment of Rs. 1.10 lacs. The POF Board have since waived recovery of the overpayment with the approval of the Financial Advisor (Defence).

After hearing the Departmental Representative the Committee observed that it was for the Ministry of Defence to take a decision on the question as to whether the POF was a civil Department or a Defence Department, in consultation with the Ministry of Finance.

**Commercial Appendix page 10 Para 22 :**

It was pointed out that special pay at Rs. 110 per month was paid to two officers for different periods between 1963 and 1972 resulting in an irregular payment of Rs. 18,505. The payment was, however, stopped with effect from July, 1972. One of the Officers who had been paid Rs. 6,927 had since retired while the other was still in service. Action to write off the irregular payment was yet to be taken.

The Committee observed that it was now for the Ministry to decide whether the overpayment made in this case should be recovered or written off.

**Commercial Appendix page 11/15 para 25 :**

79. It was pointed out that 15 Fork-Lift Trucks were obtained from USA under Excess Property Programme involving an expenditure of Rs. 4.3 lacs. Almost all these trucks were now unserviceable, some from the very beginning and others after nominal service. The trucks had yet to be disposed of and the difference in their book value and disposal price had to be written off with the approval of the competent authority.

The Auditor-General informed the Committee that in the absence of any information it was not known whether these trucks had been used with or without the log-books.

The Committee observed that enquiries should be made so as to fix responsibility for this wasteful expenditure.

**Commercial Appendix page 31 para 57 :**

80. It was pointed out that Rs. 8.12 lacs, being the cost of transportation of stores by rail remained un-allocated to stores, *i.e.*, the amount was not added to their price. To this extent, therefore, their prices were under-stated.

Since the amount involved in the case was negligible, the objection was dropped.

**Commercial Appendix page 31 para 58 :**

81. It was pointed out that of the outstanding amount of Rs. 6.01 lacs on account of rent, Rs. 2.61 lacs was stated to have since been recovered, leaving a balance of Rs. 3.40 lacs.

The Departmental Representative explained that the amount related to house rent, etc. and was due from the Police Department, Cantonment Board and certain other Organisation. Out of the balance, another two lacs of rupees had since been recovered. The Departments concerned, however, expressed some difficulties in connection with the recovery of the outstanding amount due to their budgetary position.

The Committee observed that the rent should be recovered in any case even if the occupants of the houses were required to be ejected.

**ORDNANCE CLOTHING FACTORIES****Commercial Appendix page 46 para 70 :**

82. It was brought to the notice of the Committee that Rs. 1,53,790 was due from M/s. Valika Woollen Mills Ltd. since 1964-65. The case was reported to be under arbitration.

The Departmental Representative explained that the decision of the arbitrator was in favour of POF Board but M/s. Valika Mills had gone in appeal. The Committee advised the Departmental Representative to approach the Ministry of Finance for necessary guidance in the matter to get the money.

**WAH INDUSTRIES LIMITED****Commercial Appendix page 65 para 84 :**

83. It was pointed out that Wah Industries Ltd. was specifically set up to promote and handle the sale of POF's civil production. In December, 1964, the Wah Industries appointed M/s. Tijarat Agencies as their agents in respect of sales to PWR on a commission of 5% of their sales. On an objection raised by the Audit to this arrangement, the contract with M/s. Tijarat Agencies was not renewed beyond December, 1967. The agent's commission for the entire period amounted to Rs. 72,267 of which Rs. 40,557 had been paid to them. The remaining amount, *i.e.*, Rs. 31,709 was written back in the accounts for 1971-72.

The Auditor-General expressed the view that there was no need for the Wah Industries Ltd. to have an agent to sell POF's civil production to PWR. The Ministry, however, contended that if they had set up a liaison office for getting orders from the PWR, it would have cost more than the commission paid to the Agents.

No observation was made by the Committee on this para.

**APPROPRIATION ACCOUNTS (CIVIL). GRANT NO. (30—PAGES  
134—139)**

84. It was pointed out that there was an overall excess of Rs. 3.75 lacs (Other) mainly under the sub-heads "A-1(4)" and "C-4". The Ministry had explained the excess due mainly to belated debits and un-anticipated expenditure on the Decade of Reforms but had not stated the reasons for not obtaining the additional funds to cover the excess.

The Committee made no observation on this para.

**GRANT NO. 111.—(EXCLUDING GROUP "H" & "V") (APP. ACCOUNTS  
PAGES 480—484).**

85. The Committee noticed that there was a sizeable saving of Rs. 3.15 lacs under sub-head "S-1 (New)" of the above grant due mainly to non-receipt of debits. These savings could have been surrendered by the Ministry.

1968-69

**AUDIT REPORT (CIVIL) (PAGE 77 AND PARA 91)**

86. It was brought to the notice of the Committee that the Air-Port Development Agency had paid Rs. 2,33,959 in July, 1967, as demurrage charges to the Port Trust Authority for late clearance of imported equipments. The irregularity was admitted by the Authority, but it was stated that the responsibility for the demurrage charges was of the supplier's agent in Pakistan in as much as he made late delivery of shipping documents which were also incomplete and incorrect. No recovery had, however, been made from the agents and the case remained unfinalized even after the lapse of six years.

The Committee directed that an enquiry should be conducted in the matter and necessary report submitted within three months.

**AUDIT REPORT (PAGE 77 PARAS 92-93)**

87. It was pointed out that the Airport Development Agency debited expenses amounting to about Rs. 6,500 on chartering of planes for touring of officers and on pay and allowances of its staff (Rs. 93,000) to certain works. According to the rules, the Agency was entitled to charge as departmental charges only 10% of the cost of works. The Agency accepted the Audit objection and the amounts were written back from the works to their account.

The above objection was dropped by the Committee subject to verification by Audit.

**The Audit Report (Pages 100—109—11 paras 163, items 14—18 of annexures) :**

88. The Auditor-General pointed out that large sums of money relating to the Cantonment Boards of Drigh Road, Manora, Malir and Karachi were kept in Commercial Banks in contravention of Government orders.

The Departmental Representative explained that excepting the Cantonment Board at Manora, where no branch of the National Bank existed, the accounts of all the other Cantonment Boards, had since been transferred to the National Bank of Pakistan. The Committee, however, observed that there was no justification for keeping the accounts of the Cantonment Boards in Commercial Banks

in contravention of the Government orders. The matter should have been brought to the notice of the Ministry of Finance and necessary permission obtained. Alternatively, the National Bank could have been asked to open their branches at the places in question. On hearing the Departmental Representative, the Committee observed that inquiry should be made and the officers responsible for this lapse should be reprimanded.

#### **Commercial Accounts (Civil) 1968-69 :**

89. *Pakistan International Airlines Corporation (Commercial Accounts page 90 para 119).*—It was pointed out that the Corporation allowed credit facilities aggregating Rs. 24,897 for air-freight passages to three different parties during 1958—62. Timely action for the recovery of the dues could not be taken and the parties when approached did not entertain the claims. Of the above amount, Rs. 20,267 had been written off and the balance of Rs. 4,630 was stated to have been recovered through adjustments. It was stated by the Ministry that the officer who had allowed the credit left the service of the Corporation before the matter came to notice. There was, therefore, no alternative but to write off the amount.

The Committee dropped this objection as the amount involved was negligible.

#### **Commercial Accounts (Page 59 para 122) :**

90. It was pointed out that credits of another amount of Rs. 34,276 allowed by the Corporation's Staff to various parties on account of air-passages during 1960—63 were lying unrecovered. Under the rules of the Corporation, such dues should have been realised within 15 days of issue of invoices. The Ministry stated in writing that only Rs. 10,845 had been left to be realised, for the recovery of which efforts were being made.

The Committee made no observation on this para.

#### **Commercial Accounts (Page 90-91 para 120) :**

91. It was brought to the notice of the Committee that the Corporation allowed pay to re-employed Govt. servants at rates higher than those admissible to them under the rules. As a result an overpayment of about Rs. 7,03,400 had been made to its re-employed personnels from May, 1961 to June, 1967.

The Ministry had stated in writing that submission of such cases for Government's approval would have entailed considerable delay in the appointment of re-employed personnels which could have adversely affected the operational efficiency of the Corporation. Approval of the Board of Directors had however, been obtained in such cases.

The Departmental Representative explained to the Committee that these cases mostly related to the pilots and engineers. The matter was referred to the Ministry and decision was received in January, 1973 to the effect that recovery should be made from them. As a result some of the pilots left P.I.A. and joined the service of some other Airlines.

On hearing the Departmental Representative, the Committee observed that the rules should be observed strictly. However, exemption should be given in the case of pilots/navigators and engineers, but in case of other officers, their salaries should be refixed in the light of the Government orders.

**Commercial Accounts 1966-69 (page 132-para 181) :**

92. It was pointed out by the Auditor-General that physical verification of stores and assets, made by the Corporation, was taken up for the first time in 1960-61, though Corporation came into existence in 1955. The physical verification was conducted on a perpetual basis and the first cycle was completed in 1964-65 (i.e. in five years). The Audit pointed out the desirability of completing the cycle within a shorter period. The Management accordingly issued instructions in July, 1967 that physical verification should be completed within two years. The second cycle which was started in 1965-66 had not been completed upto 1971-72. Two years cycle had not been found feasible by the Corporation but a cycle of five years was considered to be too long.

It was also pointed out that the section responsible for physical verification of stocks was transferred from internal audit to the Stores Department. This was undesirable as entrusting the work of physical verification to the department which procured stores was not free from risk.

The Departmental Representative explained that if shorter cycle was prescribed, it would be necessary to have more staff. He further explained that the officials dealing with the physical verification of stocks were transferred to the Stores Department because of the technical nature of the work.

On hearing the Departmental Representative, the Committee observed that for physical verification of stores and assets three years cycle should be prescribed. The Committee also asked the Departmental Representative to re-examine the matter regarding making the section responsible for physical verification of stores independent of the Stores Department and submit a report to the Committee.

**COMMERCIAL ACCOUNTS 1968-69 (PAGE 132 PARA 183)**

93. It was noticed by the Committee that the Corporation invested Rs. 1,20,55,960, in the shares of the following four subsidiaries.

- (1) Pakistan Services Ltd.
- (2) Midway House Ltd.
- (3) PIA Shaver Poultry Breeding Farm Ltd.
- (4) International Advertising Ltd.

The Market value of the shares of Pakistan Services Ltd. had gone down considerably. The remaining subsidiaries were also running in losses. The financial position of P.I.A.C. had thus been affected adversely by these investments but it was conceded that these investments had brought indirect benefits to the Corporation.

The Departmental Representative explained that as a matter of fact hotel industry was not expected to give immediate returns and it required at least five years to show profits. Therefore, in the beginning, the Corporation suffered some losses on that account but in 1973 the Corporation had declared net profit of 41 lacs on these investments. The explanation was accepted.

## APP. ACCOUNTS (CIVIL) 1969-70.

GRANT NO. 31.—(APP. ACCOUNTS PAGES 142—146).

GRANT NO. 112.—(APP. ACCOUNTS PAGES 517—520).

GRANT NO. 113.—(APP. ACCOUNTS PAGES 521-522).

94. The above grants relating to savings and excesses, were not taken into consideration.

## AUDIT REPORT (CIVIL) 1969-70 (PAGE 50 PARA 9)

95. It was pointed out that the rules relating to Excess Property Programme laid down that the amounts would be kept partly in fixed deposit and partly in current account according to anticipated requirements. Audit, however, noticed that large balances relating to special remittances received by the Pakistan Embassy at Washington for meeting expenditure in dollars on acquisition of stores etc. out of Excess Property Programme, were un-necessarily kept idle in a current account during the years 1965-66 and 1966-67. Even the highest expenditure in any one month, did not exceed \$ 18,000 during 1965-66 and \$ 3,000 during 1966-67. If these surplus funds had been kept in fixed deposits with a short term recall stipulation, the mission could have earned an interest of about \$ 3,500 at an average rate of 5% per annum. The plea of the Ministry was that after the Indo-Pak War of 1965, remittances from Pakistan for day-to-day expenses were generally delayed and funds had, therefore, to be kept handy to meet temporary shortages in the Embassy account. The record, however, failed to show that these funds were utilized for meeting temporary shortages in Embassy account.

After some discussion, the Committee observed that the matter should be taken up with the Embassy through the Ministry of Foreign Affairs, who should be asked to explain why such a heavy amount was kept without utilisation.

**Audit Report (page 50—para 14) :**

96. The Auditor General pointed out that large sums were payable by PIA and ADA and some private persons to the Karachi Airport. The amount as on 31-3-1968 was about Rs. 31.79 lacs. The settlements of dues with PIA and ADA were stated to be held up for want of a decision. Most of the amount to be recovered from private persons were not likely to be recovered as some of them were stated to be absconding.

The Departmental Representative explained that since some dues were outstanding against the Karachi Airport, the matter had been pending for a settlement.

The Committee observed that so far as the dues payable by PIA and ADA are concerned the matter should be settled as early as possible. As regards the dues payable by private persons i.e. persons holding restaurants and small shops, there was little likelihood of the money being recovered from them.

The Departmental Representative pointed out that pay-scales of the posts of pilots and engineers in the Civil Aviation Department were not attractive and a number of posts were lying vacant. He wanted that the pay-scales as admissible to PIA pilots and engineers should be sanctioned for such posts in the Civil Aviation Department. He was advised to refer the case to the Finance Ministry for a decision.

**Audit Report (page 43—para 16) :**

97. It was pointed out that Rs. 85,000 were paid to the Port Trust Authorities on account of demurrage charges. The department admitted the irregularity and intimated in February, 1970 that the supplier's agents in Pakistan were responsible or it because they made late delivery of shipping documents which were also incorrect. The Departmental Representative explained that there was a barter agreement with the Russian Government under which some tractors, bulldozers etc. were proposed to be imported. The relevant documents were, however, mislaid in transit and on account of late delivery of shipping documents, demurrage charges had to be paid to the Port Trust Authorities. The loss had been written off but inquiries were being held to fix the responsibility.

On an enquiry, the Departmental Representative explained that payment of demurrage charges was authorised on the request of the Russian Commercial Secretary as there was no point in with holding small amount when machinery worth three-four crores was lying idle.

The Committee directed that an inquiry be conducted in the matter and a report presented to the Committee within three months.

98. The Committee then adjourned *sine die*.

ASLAM ABDULLAH KHAN,  
Secretary.

## NATIONAL ASSEMBLY SECRETARIAT

### PROCEEDINGS OF THE ELEVENTH MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD ON THE 27TH JANUARY, 1975

The Public Accounts Committee met in the State Bank Building, Islamabad at 10.00 a.m. on 27th January, 1975. The meeting was attended by the following :—

- |                                                                           |                  |
|---------------------------------------------------------------------------|------------------|
| 1. Mr. Mohammad Hanif,<br>Minister for Finance, Planning and Development. | <i>Chairman.</i> |
| 2. Mr. Mumtaz Ali Bhutto,<br>Minister for Communications.                 | <i>Member.</i>   |
| 3. Syed Qaim Ali Shah,<br>Minister of State for Industries.               | <i>Member.</i>   |
| 4. Mr. Hakim Ali Zardari, MNA.                                            | <i>Member.</i>   |
| 5. Professor Ghafoor Ahmad, MNA.                                          | <i>Member.</i>   |

#### National Assembly Secretariat :

1. Mr. Aslam Abdullah Khan, Secretary.
2. Mr. I. H. Siddiqi, Deputy Secretary.
3. Mr. Abdul Halim, Assistant Secretary.

#### Audit Representatives :

1. Mr. Abdul Hamid, Auditor-General of Pakistan.
2. Mr. Majeed Akhtar, Deputy Auditor-General (A&R).
3. Mr. Aitezazuddin Ahmad, Accountant General, Pakistan Revenues, Islamabad.
4. Mr. S.A.K. Rehmani, Director, Audit and Accounts (Works).

#### Ministry of Finance Representatives :

1. Mr. M.A.G.M. Akhtar, Additional Secretary Finance (Budget).
2. Mian Mumtaz Abdullah, Deputy Secretary (Budget).

#### ITEM NO. 1.—*Election of Chairman*

2. On the vacation of the office of Chairman of the Committee by Dr. Mubashir Hasan, former Minister for Finance, Planning and Development, Mr. Mohammad Hanif, Minister for Finance, Planning and Development and *ex-officio* member was unanimously elected as Chairman of the Committee.

ITEM 2.—*Examination of grants controlled by the Ministry of Labour and Works for the year 1969-70, pertaining to—*

- (i) Labour and Local Bodies Division.
- (ii) Works and Rehabilitation Division.

## LABOUR AND LOCAL BODIES DIVISION

### Departmental Representative :

1. Mr. Rafiq Inayat Mirza, Additional Secretary.
2. Mr. Wilayat Ahmad Khan, Deputy Secretary (Manpower).
3. The Auditor General pointed out that, so far as the accounts of the above Division were concerned, there was no point for discussion in the accounts relating to the year 1969-70. Accordingly, no question was put to the representative.

## WORKS AND REHABILITATION DIVISION

### Departmental Representative :

1. Mr. M. Rahman, Additional Secretary.
2. Mr. M.S.A. Memon, Chief Engineer, Pakistan P.W.D.
3. Mr. Mairaj Hussain, Officer on Special Duty.

1969-70

### APPROPRIATION ACCOUNTS

#### GRANT No. 6.—(PAGES 48-49)

4. It was pointed out by Audit that, out of the total excess of Rs. 2.63 lakhs under 'Other than New', the largest amount (Rs. 1,17,854) was under 'Other Charges'. The Ministry explained that was due to more expenditure on postage and telephones, because calls were made between Islamabad and Dacca. During this period (1969-70), lot of trunk calls were made between East and West Pakistan by the officers of East Pakistan domicile who controlled the Division at that time.

Moreover, there were belated book adjustments in respect of telephone bills of the previous years, which were received long after the close of the financial year, with the result that the total expenditure on telephones exceeded the budget estimates for that year. The Committee asked as to why excess expenditure was incurred without obtaining, in time, additional funds for the purpose. The representative of the Division explained that they had requested the Ministry of Finance for a supplementary grant to meet the anticipated excess in the expenditure under this head, but the Finance Ministry had not agreed. The Auditor-General raised a policy point by saying that, when the Ministry found that funds allocated were insufficient, it should have applied for and obtained additional funds or curtailed its expenditure if funds were not provided by the Finance Ministry.

The Committee appreciated the circumstances in which excess had occurred, but did not accept the argument that it was beyond the control of the Division. The Committee observed that Ministries and Divisions should exercise more effective control over expenditure on telephones by enforcing strict economy and supervision over trunk calls. Whenever a sanctioned grant was likely to exceed under any sub-head, the Division concerned should take timely steps to effect economy in other expenditure under other heads so as to keep the total expenditure within the limit of the sanctioned grant. The elementary principle of spending money according to purse available should be strictly observed.

## GRANT No. 7.—CIVIL WORKS

(Pages 50—56)

5. The Auditor-General stated that an excess in this grant is a recurring feature. During 1969-70, there was an overall excess of Rs. 7.12 crores of which an excess of Rs. 5.61 crores was attributed to debits relating to previous years. Similar excesses have appeared in the accounts of the earlier years. Illustrating his point, he quoted figures of the three preceding years as follows.

										(Figures in lacs of rupees)
Sanctioned										Actual
65/66	8.16	..	..	..	..	..	..	..	..	11.53
66/67	6.22	..	..	..	..	..	..	..	..	9.63
67/68	6.15	..	..	..	..	..	..	..	..	11.65

The only inference is that expenditure had been far in excess of the provision. The department was asked to explain as to why inadequate provision was being made year after year.

The Ministry's representative admitted wrong booking of expenditure under various heads of account, but explained that the actual excess, namely Rs.11,42,320, on work was much less than shown in the Appropriation Accounts.

As for excesses under the suspense account, he explained that, after a demand is made by a Ministry/Division for execution of any civil work, the executing agency, i.e., the Pak. P.W.D. makes all possible effort to complete the work by the due date. However, the total funds required for the completion of the work are not made available for one reason or the other, resulting in delays, and excesses become inevitable. The Auditor-General conceded this argument. The Committee directed that the Pak. P.W.D. should observe financial discipline and should not exceed the estimated expenditure. The Ministry should arrange for funds for the execution of schemes on a more rational basis, keeping the ultimate cost of the work in mind. Under estimation with the object to get the schemes cleared by finance should be avoided.

## GRANT No. 99.—(PAGE No. 501)

6. It was pointed out by Audit that there was an overall excess of Rs. 1,44,714 under "Other than Charged" (New). The Ministry explained this as being due to execution of certain on-going works as well as works of emergent nature. The Ministry's representative explained the difficulties faced by the Works Division in the execution of works entrusted to them. According to present system of budgeting, funds for works required to be undertaken by the Works Division are allocated in the budget of the Pak. P.W.D. which is the executing agency and not in the budget estimates of the Ministries/Divisions responsible for the project. The funds allocated for works are usually insufficient. In spite of this the indenting Ministries/Divisions continue to press the Pak. P.W.D. for completion of the works within stipulated time-limit. Moreover, works of emergent nature besides the on-going schemes are received by the Pak. P.W.D. which have to be completed on priority basis by the required date even when funds have not been provided in the budget. Explaining the excess of Rs. 1,44,714, it was pointed out that, that was due to the construction of 'Haji Camp' and annex Qasr-e-Naz, Karachi for Private Secretary. The Ministries/Divisions throw the entire blame for the

delay and increase in costs on the executing agency, without removing the causes of such increases. In reply to the Committee's observation, why the executing agency do not stop execution of a work for which adequate funds were not forthcoming, the representative of Works Division explained that such a course would result in infructuous expenditure besides involving the Government in the litigation and payment of compensation for loss and claims of contractors.

After considering the matter in detail the Committee made the following observations :—

- (i) Unless the total funds required for a work are made available to the executing agency, the work should not be taken in hand.
- (ii) Ministries/Divisions concerned should not make any commitment of funds in anticipation of approval of the Ministry of Finance that funds would be made available.
- (iii) Priority for execution of works and entrusted to Pak. P.W.D. and allocation of funds should be determined by the Ministry of Finance in consultation with the Ministries on realistic basis.
- (iv) It was pointed out that departmentalization of accounts which was to take effect from 1st July, 1975 might help in improving the situation and keeping proper accounts.
- (v) The Ministries/Divisions should not press the executing agency for completion of works for which funds are inadequate or for which approval of Finance for additional expenditure has not been obtained.

With the above observations, the Committee dropped the Audit objections.

1969-70

### AUDIT REPORT

7. *Page 68 (Para 55).*—It was explained that the cost of the property amounting to Rs. 5,184 has actually been recovered from the transferee and the recovery has been verified by Audit. Accordingly, no further action was called for in the matter.

8. *Page 68 (Para 56).*—Electric heaters valued Rs. 5,776 were stolen in December, 1968 from the Stores and Workshop Division, Rawalpindi. The matter was reported to the Police who could not trace the culprits. A departmental enquiry found an Overseer, a Wireman and a chowkidar responsible for the loss.

The Ministry's representative explained that a departmental enquiry in the matter is going on and its result will be reported to the Committee soon.

The Committee viewed with the serious concern the abnormal delay in holding the departmental enquiry in a theft case which occurred in December, 1968 and directed the department to complete the inquiry early and report its result to the Public Accounts Committee.

9. *Page 69 (Para 57).*—Audit had pointed out that a Government servant was allotted a residential accommodation above his entitlement on the condition that he would pay the standard rent. He was, however, charged rent at a lower rate resulting in short recovery of Rs. 12,941 for the period from January, 1967 to May, 1968. Audit took up the point in February, 1969 when the department

replied that action to write off the amount had been started. Later, in August, 1973 the department changed their stand and replied that the order of recovery of standard rent was issued erroneously and it had been withdrawn.

The Ministry's representative explained that the Officer involved in this case was of East Pakistan domicile who had since left for Bangladesh. In the circumstances, the Committee felt that no further action in the matter could be taken and asked the Division concerned to write off the loss with the approval of the competent authority.

10. *Page 69 (Para 58).*—The Audit Department had pointed out that an amount of Rs. 3,827 as rent due from certain Government servants transferred to other stations was outstanding for the last nearly five years but no action for its recovery was taken by the Department.

The Ministry's representative stated that the total number of officials from whom dues were recoverable was eleven. Of these, one was a gazetted officer against whom Rs. 381/- was outstanding but the officer had since retired. The other ten officials belonged to classes III and IV. The Committee felt that the labour and expense involved in effecting recovery would be disproportionate and directed that action to write off the irrecoverable amount, should be taken by the Division concerned.

11. *Page 69 (Para 59).*—A government servant provided with a requisitioned house in Rawalpindi was allotted on his transfer to Islamabad, a house in Islamabad in October, 1966. The allottee refused to shift to the new house which remained vacant from October, 1966 to February, 1968 depriving the Government of rent amounting to Rs. 6,889.

Later, the department in which he was employed recommended that he may be allowed to live in Rawalpindi. This was agreed to in February, 1968. The objection raised by Audit was why the allotment of the officer concerned was not cancelled and the house allotted to some one else.

The Ministry's representative explained that the government's policy was that government officials living in Rawalpindi who had their offices in Islamabad should be given accommodation in Islamabad. The official concerned in this case, was the Private Secretary to a Federal Minister and, therefore, the Works Division was helpless to enforce its decision. The Committee did not accept this position and directed that the procedure for allotment of houses in Islamabad should be reviewed and vacant houses should be allotted to others on the waiting list and the officers who refuse to occupy houses allotted to them should be placed at the bottom of the waiting list. The Committee also directed that houses which are not acceptable to Government servants and are lying vacant should be de-requisitioned immediately.

12. *Page 69 (Para 60).*—In the case of a contract, the rates of recovery of cement and steel to be supplied by the Department were provided in the Notice inviting Tenders at Rs. 170/- and Rs. 1,350/- per ton respectively. But while drawing up the agreement these rates were reduced to Rs. 128.25 and Rs. 1,050 per ton resulting in loss of Rs. 99,127/- to the Government. The department in their reply in August, 1973 stated that if higher recovery rates had been provided then the contractor would have also quoted correspondingly higher rates. This reply was not accepted by the Audit as they held the view that the rates of recovery were higher in the NIT than in the agreement.

The departmental representative did not accept the Audit's view and asserted that in the approved NIT and the agreement the rates were the same. He stated that rates are not mentioned in the notice but are specified in the tender only. After some discussion the Committee directed that the position may be examined further by the Auditor-General in consultation with the Division concerned and submit a report before the present series of meetings end.

13. *page 69 (para 61).*—The Audit pointed out that in a Stores Division, 90 tons of steel worth Rs. 94,500/- was received in June, 1968. It was stated to be scrap and debited to stock @Rs. 400 per ton instead of the issue rate of Rs. 1,050 per ton. From the department's replies received from time to time, it was not clear how scrap in such a large quantity was received and from where because scrap steel is not expected to be received in any Public Works Division much less a Stores Division either from the contractor or from any other source.

In explaining the details of the case the Ministry's representative stated that the original contract was between the Railways and the contractor. The agreement provided for free supply of steel which included wastage. The scrap was received by the Stores Division from the contractor although no such stipulation existed in the agreement. It was stated that original agreement was not traceable. However, other documents available with the Division were inspected by the members of the Committee.

The Committee was not satisfied about the manner and the cost at which the scrap was disposed of. The entire deal seemed suspicious. The Committee, therefore, appointed a sub-Committee consisting of Prof. Ghafoor Ahmad and Mr. Hakim Ali Zardari, M.N.As. to inquire into the matter further and report their findings to the Committee. The Ministry would give the information within one week and the report of enquiry would be submitted after another week.

14. *page 70 (para 62).*—The Auditor-General pointed out that material valuing Rs. 8,23,950 was issued to contractors for use on works but storage charges were not recovered from them which resulted in a loss of Rs. 24,718 to Government. The matter was brought to the notice of the Department in January, 1969. It was stated in reply that the rates of recovery provided in the agreement were inclusive of storage charges. The above reply was not considered convincing because storage charges are not included in stock issue rates and are shown separately in the stock accounts.

The Ministry's representative conceded the omission but submitted that storage charges had actually been recovered in this case. There was no loss to the Government except that the credit likely to be afforded to the Stores was not received by them. The representative, however, assured that storage charges are now being shown separately.

The Committee asked the Auditor-General to look into the case again and satisfy himself that procedure followed was correct.

15. *page 70 (para 63).*—Audit pointed out that, a balance sum of Rs. 20,628 in spite of the lapse of more than 6 years, was outstanding against various contractors on account of cost of store issued to them during 1962 to 1967. It was not recovered from their bills.

The Ministry's representative stated that the recovery of this amount was not actually due from contractors. In fact it was the result of incorrect posting in contractor's ledger. Hence the Audit observation may be dropped.

The Committee asked the Auditor-General to get this statement verified by actual inspection of the contractor's ledger.

16. page 71 (para 66).—Audit pointed out that stores valuing Rs. 3,11,267 were issued against works in June, 1968. Out of this, only stores worth Rs. 3,000 could be utilized within the financial year. It was thus evident that these stores were not immediately required for works and were issued simply to utilize the budget grant for the year in violation of codal rules. The department replied in August, 1973 that since the materials were properly indented and accounted for as issued to the contractors against works and later on utilized, the transactions could not be considered as fictitious. The Auditor-General observed that if the department's explanation is accepted 3% storage charges should have been recovered from the contractors to whom the stores were issued which was not done.

The Ministry's representative explained that clearing of account of various works takes a long time. The presumption of Audit that stores in question were issued merely to utilise the budget grant was not correct. In fact the stores were issued only for those works which were in hand and where such stores were needed for immediate utilisation. It was unfortunate that information in regard to actual utilisation could not be received in time with the result that their utilisation could not be shown correctly in the accounts.

The departmental representative also confirmed that storage charges had been recovered in all cases where due which could be verified from the records.

17. page 72 (para 72).—It was pointed out by the Auditor-General that in certain Divisions of Pak. P.W.D. stores were transferred from suspense head "Stock", to various expenditure heads. The details are :—

Rs. 1,89,000	Transferred in June,	1962.
Rs. 17,700	" " "	1963.
Rs. 71,000	" " "	1963.
Rs. 51,000	" " "	1965.

The stores were re-transferred to "Stock" in the following financial year. By this device the Divisions are able to carry-forward their budget in a surreptitious manner instead of surrendering the savings. This is strictly forbidden in the rules. The matter was brought to the notice of the department during local audit. In reply it was stated that stores were issued for the *bona fide* use of the works but returned to stock because these could not be utilized for one reason or the other. The transfer of stores during June and subsequent re-transfer, does not, however, lend credence to the department's version. The only test of the correctness of the department's stand is that there should be a definite requirement for the stores for the works to which these were transferred and cogent reasons available for their non-utilization.

The departmental representative claimed that no re-transfer of stores with a view to utilizing the budget grant was made in these cases. A re-transfer is done only when a work is abandoned. As regards the illustration cited by the Audit that stores worth Rs. 17,700 were indented in connection with the construction of Second Capital at Dacca, and re-transferred, it was explained that the stores were actually received in West Pakistan during June but could not be despatched to the Indentor and accordingly re-transferred during the next financial year.

As regards the amount of Rs. 71,000, the Departmental Representative pointed out that, that amount was included in draft para No. 111 (ii) of the Audit Report for 1965-66 which had already been settled by the then Public Accounts Committee in their meeting held on 8th October, 1966. The Auditor-General agreed to look into the matter again to ascertain whether a mistake had been made by his organisation or the reply of the department was in-correct.

The Committee then directed that Audit should also verify the departmental reply in respect of other amounts and report the matter to the Public Accounts Committee.

18. page 74-75 (para 77).—Under the rules stock returns are required to be sent to Audit for check every half year. During the year under review three Divisions, i.e., Central Civil Division, Peshawar, Central Civil Division, Quetta and Central Civil Division No. 1, Lahore did not furnish their Stock Returns. Thus upto June, 1970, 56 stock Returns were outstanding, the submission of which was inordinately delayed.

Audit further pointed out that the Reserve Stock Limit had not been sanctioned in advance. In respect of the years 1968-69 to 1971-72 such sanction was obtained in February, 1973. The object of prescribing the Reserve Stock Limit is to enable Government to assess the requirements of stores of a Division so that purchases are not made unnecessarily. This objective is lost altogether if *ex-post-facto* sanction is accorded to regularize the past position.

The Ministry's representative assured the Committee that the observations of Audit were noted and action was being taken to submit the Returns. The Committee asked the Auditor-General to obtain the outstanding statements from the Department. They further directed that the Department should determine the Reserve stock limit in advance and ensure that the Reserve stock limit was not exceeded.

19. The Committee then adjourned to meet again on 28th January, 1975 at 10.00 A.M.

ISLAMABAD :  
The 18th July, 1975.

ASLAM ABDULLAH KHAN,  
Secretary.

**NATIONAL ASSEMBLY SECRETARIAT**

**PROCEEDINGS OF THE TWELFTH MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD ON THE 28TH JANUARY, 1975**

The Public Accounts Committee met in the State Bank Building, Islamabad at 10.00 A.M. on 28th January, 1975.

**Members present were—**

- |                                                                         |                  |
|-------------------------------------------------------------------------|------------------|
| (1) Mr. Mohammad Hanif<br>Minister for Finance, Planning & Development. | <i>Chairman.</i> |
| (2) Syed Qaim Ali Shah,<br>Minister of State for Industries.            | <i>Member.</i>   |
| (3) Chaudhry Shafaat Khan Chohan, MNA.                                  | <i>Member.</i>   |
| (4) Prof. Ghafoor Ahmad, M.N.A.                                         | <i>Member.</i>   |
| (5) Mr. Hakim Ali Zardari, M.N.A.                                       | <i>Member.</i>   |

**Audit Representatives**

- (1) Mr. Abdul Hamid,  
Auditor-General of Pakistan.
- (2) Mr. Majeed Akhtar,  
Deputy Auditor-General of Pakistan.
- (3) Mr. Aitezazuddin Ahmad,  
Accountant General Pakistan Revenues, Islamabad.
- (4) Mr. S. A. K. Rehmani,  
Director Audit and Accounts (Works).

**National Assembly Secretariat**

- (1) Mr. Aslam Abdullah Khan, Secretary.
- (2) Ch. Muhammad Ilyas, Joint Secretary.
- (3) Mr. I.H. Siddiqi, Deputy Secretary.
- (4) Mr. Abdul Halim, Assistant Secretary.

Mr. Mohammad Shafi, Financial Adviser (Production, Town Planning and Agrovilles Division) and

Mr. M. Z. Rahman, Additional Secretary, Finance, attended the meeting by special invitation.

**Examination of grants controlled by the Ministry of Production and Presidential Affairs.**

*Departmental Representatives*

(Prime Minister's Secretariat)

- (1) Mr. I. H. Qureshi, Joint Secretary, Prime Minister's Secretariat.
- (2) Mr. Munir Ahmad Khan, Chairman, Pakistan Atomic Energy Commission.

1. The Committee took up the examination of the appropriation accounts for the years 1968-69 and 1969-70 relating to the Ministry of Production and Prudential Affairs.

1968-69

APPROPRIATION ACCOUNTS

GRANT NO. 133 (PAGE 548) (GROUP HEAD 'B')

ATOMIC ENERGY COMMISSION

2. While examining the accounts of 1968-69 and 1969-70 relating to the Pakistan Atomic Energy Commission in respect of Grant No. 133, the Committee noted that there is a saving of nearly Rs. 7 crores during 1968-69 and nearly Rs. 3 crores during 1969-70 (Grant No. 116). There is, however, more or less corresponding excess under the grants relating to "Development loans and advances by the Central Government". This disparity seemed to be the result of confusion about the status of Pakistan Atomic Energy Commission i.e. whether it was a 'Department' or an 'Autonomous' body. If it was a department, provision should have been made under grants 133 and 116 for 1968-69 and 1969-70 respectively.

The Departmental Representative explained that for budget purposes the Commission was an autonomous body and for other purposes it was regarded a separate entity.

**Audit Report (Pages 100 & 103)**  
**Para 163-Sl. No. 2.**

3. It was brought to the notice of the Committee that the PAEC had a deposit on 31-12-1969 of about Rs. 58,65 Lacs in the National Bank of Pakistan and of Rs. 3,42 lacs in the Habib Bank Ltd. against the prescribed working ceiling of Rs. 50 lacs of which a maximum of Rs. 47 lacs could be kept with the National Bank of Pakistan and Rs. 3 lacs with Habib Bank Ltd. The Departmental representative explained that the balances held in those Banks on 31-12-1969 were or less on the level of the maximum fixed by the Government for Pakistan Atomic Energy Commission and the position had been rectified as all deposit are now with the National Bank of Pakistan. Some minor excesses over these maxima for short periods are unavoidable as funds are utilized daily for meeting day to day expenditure. The Committee did not think it necessary to pursue the matter further.

**Examination of Grants Controlled by the Production and Town Planning Division**

*Departmental Representatives*

1. Mr. S. B. Awan, Secretary.
2. Mr. M. A. Kazmi, Chairman, Capital Development Authority.
3. Malik Asrar Ahmed Khan, Member (Finance).

Page 72-Para 77

CAPITAL DEVELOPMENT AUTHORITY

The Auditor-General pointed out that the recovery of a sum of Rs. 75,740 on account of lease of houses and plots from 1962-65 to various contractors and private parties had not been made from the lessees. The departmental representative

explained that a sum of Rs. 63,989 had already been recovered from the parties concerned and efforts were being made for the recovery of the balance of Rs. 15,751. The Auditor-General stated that out of Rs. 63,989 shown as recovered, the recovery of Rs. 46,657 only had so far been got verified by Audit.

The Committee decided that the Audit should verify the recovery of the remaining amount and the department should expedite recovery of the balance.

#### **Audit Report Page 71 Para 74**

5. Attention of the Committee was drawn to a contract awarded to M/s. Ismailjee & Co. in June, 1962 for supplying 8" dia Victualic M.S. pipes of the value of Rs. 3,90,000. Subsequently, the specification were changed to bitumen-coated M.S. pipes without any reduction in price. The firm supplied 15937 Rft M.S. pipes and was paid Rs. 3,10,772 (90% of the total value) by the authority although the material was found defective at the time of technical inspection. Later, the remaining 10% of the payment was also released to the firm by the authority. It was noteworthy that the pipes were used in 1966 where as negotiated purchase was made in 1962 on the plea of urgency. The Audit came to the conclusion that the deal involved loss to Government.

The departmental representative stated that the pipes were purchased in 1962 for stock piling when the development of Islamabad was in its preliminary stages and construction materials were not easily available. There was heavy pressure from all quarters for fast development. Therefore, in order to accelerate the pace of development the Capital Development Authority had first to purchase and stock pile building materials which was readily available in the market. The pipes in question were to be used for laying water supply lines which was the highest priority item. Unless pipes were available in sufficient quantity the work could not have been taken in hand. The purchase of available stock of pipes in June, 1962 could, therefore, be justified both on the grounds of emergency and expediency. The Audit's observation that the pipes purchased during 1962 were actually used in 1966 was not factually correct. In fact the laying of these pipes was spread over a number of years from 1962—66.

The departmental representative explained that the report of the overseer that the specification of M.S. Pipes supplied was not 'victualic' as per agreement, was due to some mis-understanding. The term victualic referred to the joining mechanism and not to the quality of the pipes. He affirmed that the pipes were found to be satisfactory in actual use and, therefore, no loss has occurred. The Committee came to the conclusion that Capital Development Authority should not have relied on the report of the Overseer concerned who had changed his own report later. But since it was an old case the Committee decided to treat the matter as closed, since the pipes were giving satisfactory service.

6. *Audit Report Page 72-para 76.*—Tenders were invited for providing and fixing venetian blinds on square ft. basis. Three tenders were received. The lowest tenderer being inexperienced was rejected. He had quoted Rs. 8.75 per sq. ft. and paise 85 per sq. ft. for installation (total Rs. 4,37,760). The second lowest tender was ignored because of unsatisfactory performance in the past. The contract was concluded with the third lowest tenderer who had quoted the following rates :—

(i) Rs. 10/35 per Sq. ft.

(ii) Rs. 3/- per blind for installation, Rs. 4,71,960.

He was persuaded, however, to agree to do the work for Rs. 4,37,000 which was, roundly, the amount tendered by the lowest tenderer. The agreement showed 2105 Nos. of blinds with an area of 45,600 Sq.ft. Subsequently *the area was deleted from the agreement*. The total area for which the blinds were provided by the contractor worked out to 35,596 Sq. ft. and the agreed amount of Rs. 4,37,000 for 45,600 Sq. ft. was paid to him. Had the contractor been paid *even at his own higher tendered rates* he would have received Rs. 3,74,734 for the work actually executed *i.e.* Rs. 62,266 less than the amount paid to him.

The case is stated to have been referred to an Arbitrator and the firm has obtained a stay order from a Court. The Authority has not, however, clarified if they issued an order for recovery from the Contractor and if so, for what amount and on what grounds. In the absence of this information it is not clear how Arbitration proceedings were initiated.

The irregularity was brought to the notice of Authority in October, 1968. But no action appeared to have been taken to fix responsibility for the amendment in the agreement resulting in the loss to Authority.

During discussion the Departmental Representative admitted the over payment pointed out by the Audit. He, however, explained that the contractor was asked to refund the amount but he requested for an import Licence free of cost for the value involved in the present case. The Authority not finding any justification for the contractor's demand did not agree to his request and referred the matter to an arbitrator. While the case was with the Arbitrator for hearing, the firm had obtained stay order and the case was still pending with the Court.

It was stated that the change in the agreement from square footage to "Nos" of blinds was made with the prior approval of the then Financial Adviser. In reply to a question from the members of the Committee it was explained by the representative that the actual number of blinds fixed was 2105 which were of different sizes. The Committee was not satisfied with the explanation of departmental representative and did not see any reason for referring the matter to arbitration.

The Committee held the view that the arbitration proceeding will abate with the passage of a law and, therefore, the Capital Development Authority should get the legal position re-examined and if there was no impediment, immediate action be taken to recover the over paid amount from the contractor.

The authority should also call for the explanation of the Arbitrator who had failed to take prompt action in this arbitration case.

7. Pages 72-73 (para 79).—The audit objection was that contracts were executed with six contractors for construction of houses which included the item of 'fire places' comprising four components for which item rates were quoted separately. The contractors completed the work and received payment on the basis of their tendered rates without protest. After a lapse of about one year, the department, on their own initiative, made payment at the rate of Rs. 200 per fire place less the amount already paid on this account. Thus an extra amount of Rs. 1,23,673 was paid to five of the contractors. The sixth contractor had not so far been paid this difference.

The Department had stated in reply to the audit objection that the contractors had quoted a flat rate of Rs. 200 per fire-place as an additional item which had been inadvertently omitted by the Finance Wing from the schedule of additional items. Payment was made after representations from the Contractors had been received, Audit did not accept the department's reply as correct, as there was no

provision @Rs. 200 per fire place in the Notice Inviting Tenders. Instead provision existed on the basis of item rate, for all the four components of a fire place and the work was executed, entered in measurement books and the final payment made accordingly. The additional amount had been paid on hand receipts.

It was also noted in this connection that the Chairman and the Finance Wing had not agreed to payment at the rate of Rs. 200 per fire place. The departmental representative however maintained that the contractors had tendered separately at a flat rate of Rs. 200 per fire place for different types of houses. But inadvertently the Finance Wing had committed the lump sum rate for fire places at Rs. 200 per fire place in the schedule of additional items. The contractors had represented and after full consideration of the matter the Finance Wing had accepted the position and authorised the additional payment at the flat rate of Rs. 200. In cases where item rates were applied for fire place, the payment was less than the flat rate of Rs. 200. In similar contracts fire place constitutes a separate item. As such, the payment for fire places @Rs. 200 was regular and no excess payment had been made. The Committee did not accept the Capital Development Authority's explanation and decided that Secretary Production Division (Mr. S.B. Awan) may hold a detailed enquiry into the matter and submit a report within one month. The Director General of Works and senior officer from Audit should also be associated in the enquiry.

8. *Page 75-para 84.*—It was brought to the notice of the Committee that G.I. and C.I. Pipes of various sizes were purchased for Rs. 2.13 crores during 1962—68. These purchases were far in excess of the requirements of the C.D.A. as during the same period pipes worth Rs. 1.17 crores only could be utilized. This indicated inadequate scrutiny of requirements and poor control over inventory and indenting.

The Auditor-General pointed out that even though the prices of the pipes have gone up in the mean time, the net benefit to the Authority may not be sizeable after taking into account interest charges on money blocked and expenses on the supervisory staff. A far more important aspect, however, was that if the colossal amount of nearly a crore of rupees had not been blocked by C.D.A., it could have been utilized on construction of the much needed residential and office accommodation. Incidentally, this too would have resulted in savings as works undertaken subsequently, when funds became available, would involve higher costs.

The departmental representative explained that the purchase related to the year 1963 when there was pressure from all quarters for acceleration of development of the new Capital. The purchases were, therefore, justified on the grounds of emergency and expediency. A Review Committee was set up by the C.D.A. in this regard which had recommended retention of these stores for future works. Moreover, out of the stock pile of C.I. and G.I. pipes, most of the sizes have been utilized on works and the remaining sizes are also likely to be used on various works in hands. As the matter was a decade old, the Committee did not think it necessary to go further into the matter but directed the C.D.A. to be more rational in forecasting their requirements of materials.

9. *Audit Reports page 71-para 75.*—Audit objection was that a sum of Rs. 24,12,947 was placed in fixed deposit on 25th January, 1968 at 4-1/2% per annum for one year. It was withdrawn on 24th October, 1968, i.e., 3 months before maturity depriving the Authority of interest of Rs. 1,08,583. This was done at a time when the Authority had about Rs. 4 crores with them in Current Account with the various banks.

The Authority in reply to the Auditor General's observation had stated that no funds were available to meet the expenditure on municipal functions except the Fixed Deposit of Rs. 24,12,947 and it was withdrawn with the verbal approval of the Cabinet Division. It was also stated that this amount was specifically meant for municipal functions and expenditure from other sources would have been against Financial Rules. Audit found that the explanation was not correct as the Authority had already spent Rs. 1,73,030 for municipal functions from other sources.

The amount of Fixed Deposit withdrawn on 24-10-1968 was not spent even upto 8-12-1968. A sum of Rs. 40,430 only was spent on 9-12-1968. This showed that the amount was not immediately required. Moreover, in their explanation under Grant No. 14, the Authority had stated that a sum of Rs. 50,68,000 was brought forward from 1967-68. Out of it a sum of Rs. 24 lacs only was incurred upto 25-12-1968 leaving a balance of Rs. 26 lacs available on that date. This Grant related to maintenance of buildings and municipal functions.

Explaining the position the departmental representative stated that during October, 1968, there were no funds available with the Authority to meet the expenditure on Municipal Functions and Medical and Health Services except the amount of Rs. 24,12,947 lying in fixed deposit Accounts. The sum of Rs. 50,68,000 pointed out by Audit as having been brought forward from 1967-68 was a paper balance and not actual cash balance. It in fact represented the investments in securities etc., held by the Authority. Cabinet Division had been apprised of the facts and moved for early release of funds. It had also been explained that in case of utilization of fixed deposit, the C.D.A. will have to forego interest.

Thereafter, on 23-10-1968, the matter was discussed with the Cabinet Division and it was decided that the Authority would withdraw the amount from the fixed deposits to meet its requirements and the amount of Rs. 24,12,947 was accordingly withdrawn from National Bank of Pakistan on 24-10-1968.

The representative further explained that the grant expected from the Central Government had not been received upto the time of encashment of the fixed deposit. Besides, after encashment of the deposit from the National Bank it was again put in the same bank in current account. Therefore, the encashment could not be attributed for personal gains of any individual in the Authority. On behalf of the Capital Development Authority it was explained that the fixed deposit had been withdrawn before maturity after approval of the Cabinet Division having regard to the liquidate position of the Capital Development Authority. No mala-fide intention or dishonesty had been proved.

After further discussion the Committee accepted the Capital Development Authority's explanation and agreed to drop the Audit observation.

#### Page 73 Para 82

10. The Auditor-General pointed out that certain figures in a contract were tampered with and the rates increased after the receipt and acceptance of tenders which resulted in an excess payment of Rs. 25,252. The Authority stated that an inquiry was conducted on the basis of which it came to the conclusion that no tampering had been done and no irregular payment had been made.

The Audit not being satisfied with the findings of the inquiry had been pressing Capital Development Authority to produce the relevant records to them to satisfy themselves that findings of the enquiry were based on proper appreciation of the facts. The record had not, however, been made available to the Audit.

The departmental representative explained that the Finance Member of the Capital Development Authority was already holding an enquiry in the matter. The Committee, therefore, directed that the enquiry report should be submitted to the Committee within one month.

**Page 75-Para 85**

11. It was brought to the notice of the Committee that certain machinery was purchased from U.S. under Excess Property Programme. No price was paid but only the freight from U.S. to Pakistan was paid for this equipment. Of these, 8 concrete mixers were subsequently sold off for Rs. 25,450. Apparently, the price appeared too low. But the C.D.A. explained that this did not result in loss as the depreciated book value of the mixers was about that amount. Some machinery obtained under the Programme, as well other machinery procured otherwise, had hardly ever been utilized over these years. The Departmental representative explained that the concrete mixers referred to by the Audit were purchased during 1964 and auctioned in 1969. These concrete mixers were hired out to contractors etc., on payment of Rs. 13,500 against an expenditure of Rs. 12,500. These machines were later auctioned for Rs. 25,450 against their book value of Rs. 23,900. The Government did not suffer any loss as the depreciated book value was the same. The Committee did not proceed further and the observation was dropped.

**Page 73-Para 80**

12. The Audit objection was that a contractor had failed to complete the work within stipulated time. The penalty of Rs. 83,237 being 10% of the total cost of the work should have been recovered from him.

The Authority stated that the amount of this para is included in para 43 for 1967-68 which has already been settled by P.A.C. on 21-8-1970.

The Auditor-General confirmed that recovery has already been verified by his department and, therefore, the observation was dropped.

**Page 70-Para 71**

13. Audit observed that the estimate of a work was prepared, as stated by the C.D.A., on a premium of 300% over the B & R Schedule of Rates 1939. The tendered rates were slightly higher. An agreement was entered into with a contractor for carrying out the work at rates which resulted in 3.09% premium over the estimated rates.

The agreement also provided that extra/substituted items not provided therein would be carried out at rates in the B & R Schedule of Rates 1956 plus 3.09% premium. The contractor was however, paid 3.09% premium in respect of such items, over the estimated cost.

The audit was of the view that this payment was in contravention of the specific terms of the agreement. As the Capital Development Authority had not produced all the record to enable Audit to satisfy itself about the correctness or otherwise of the payment the extra payment involved could not be verified. Furthermore, it was not clear how the Authority satisfied itself on the reasonableness or otherwise of the estimated cost of the items which did not appear in the notice inviting tenders. The Capital Development Authority explained that in this case the rates of 1939 were adopted in respect of items for which rates had not been revised in the 1956 schedule and the rates of 1956 for extra/substituted items.

After hearing the departmental representative who also assured to produce available record to Audit, the Committee desired the Auditor-General to re-examine the whole case.

**Pages 70-71—Para 72**

14. The Auditor-General informed the Committee that an excess payment of Rs. 14,958 was involved in the payment to a contractor on account of certain extra/substituted items at the higher rates of 19% instead of 10% above the Pak. P.W.D. schedule of rates. The departmental representative explained that the correction of the figures 10% to 19% had been duly authenticated and there was no overpayment involved. The Committee desired that the audit objection and the Capital Development Authority's reply may be re-examined by the Audit.

**AUDIT REPORT 1969-70**

**PAGES 155—157 (S. NO. I—XIV OF APPENDIX-E)**

15. The Committee noted the performance of audit in detecting overpayments and effecting, recoveries in 14 cases mentioned in the Audit Report.

**Page 48-Para 4**

16. A contractor was paid Rs. 10,696 for an item of work which was the responsibility of another contractor. The irregular payment made in 1967-68 was recovered from the contractors in June, 1970 after it was pointed out by Audit in November, 1969. The recovery has been verified by Audit. The Authority, however, did not take disciplinary action against the officials responsible for irregular payment in the first instance.

The Committee decided that Capital Development Authority should take action against the officer responsible for the overpayment after holding proper inquiry.

**Page 48-Para 5**

17. *Audit objection.*—A contract for the supply of wood was placed in 1963 with the Forest Industrial Development Corporation, Chittagong. The contract did not provide for inspection of material before despatch. 90% of the payment was to be allowed on proof of despatch of material. The Corporation received payment under this clause of Rs. 1,84,703 in December, 1964. On receipt 1,078 Cft. wood was received short and 6,405 Cft. was found to be below specification. The price paid on this wood, included in the above-mentioned figure, was Rs. 99,440.

Audit objected to the overpayment in March, 1967. The Authority stated that the inspection clause was dispensed with to save expenditure on inspection and in view of the facts that the Corporation was controlled by the Provincial Government.

The Committee after hearing the Auditor-General and departmental representative directed that the inspection clause should not be omitted even in cases where order is placed with Corporation or firm controlled by Provincial Government.

**Page 49-Para 7**

18. *Audit objection.*—The Capital Development Authority entered into an agreement with a party permitting it to quarry stone and to crush it. The agreement provided for a rental of Rs. 702 per month and royalty and *malikana* at

Rs. 2 and Re. 1 per 100 Cft. respectively. The rates of the royalty and *malikana* were reduced on more than one occasion. The contractor thereby benefited to the extent of Rs. 65,667. The original rates of royalty and *malikana* were re-introduced from February, 1968. This the Authority explained as having been done as a precautionary measure simply to avoid any risk.

The Authority's explanation was that as the case for revision of rates of royalty and *malikana* had been under review since sometime when the rates were revised it was decided to apply them retrospectively.

The Audit pointed out that it was a post-contractual revision of rates for the benefit of a contractor. During discussions the Authority explained that the rates of royalty and *malikana* were fixed having regard to weight and volume of stone quarried. As this aspect of the case had not been dealt by Auditor-General or Capital Development Authority earlier the Committee desired that the Auditor-General should re-examine the whole case in the light of the fresh points made by the Capital Development Authority.

#### Page 47-Para 1

19. *Audit objection.*—Clause 9 of the carriage contracts of Capital Development Authority requires every tenderer to furnish earnest money equal to 2% of the total amount quoted in the tender. But this clause was deleted in this case in July, 1965 and a clause requiring the successful tenderer to furnish a bank guarantee for Rs. 20,000 was provided in the Notice Inviting Tenders. The lowest tenderer backed out and the work was allotted to the second lowest tenderer who completed the work at an extra expenditure of Rs. 22,422. Had the clause not been changed, the earnest money could have been forfeited and the loss reduced to that extent.

The Authority had explained that the amendment in the clause was made to avoid pooling by contractors and they had condoned and regularized the action of the officer responsible for that change in February, 1973.

Audit still contended that the change in this Clause was against Government's as well as Capital Development Authority's rules and resulted in a loss of Rs. 20,000. The Committee desired that the Auditor-General should examine the bids again to satisfy himself that the change in the condition of furnishing a bank guarantee instead of a deposit had not caused any real loss to the Authority.

#### Page 48-Para 6

20. A work for construction of houses was awarded to a contractor who tendered Rs. 25,800 for construction of each house. This rate appeared to have been altered subsequently to Rs. 26,000 resulting in an irregular payment of Rs. 6,800.

The contention of the Authority that the contractor quoted in fact the rate of Rs. 26,000 per house as he had enhanced the rate from Rs. 25,800 to Rs. 26,000 before submission of tender, was not corroborated. The total amount in the Tender Register which had been worked out was based at the rate of Rs. 25,800 (and not Rs. 26,000) per house. The facts of the case, therefore, needed to be looked into further.

The departmental representative explained that modifications in the rates quoted are usually done by contractors before submission of tenders to the Authority. Such tenders containing cuttings and modifications had been accepted in the past. The competent authority prepares the comparative statement after opening the tenders. Committee after some discussion did not like to pursue the matter but directed them in future to avoid risk of changes being made in the

tendered rates, comparative statements of tenders should, be prepared immediately after they are opened and should be signed by the officer concerned. Further, the fair tenders submitted by contractors should not contain any corrections/alterations.

*General Observations :-*

The Committee made the following further observations :-

- (i) If the Ministries/Divisions find any error, omission etc. in the Auditor-General's report they should point out the same to the Audit and the matter should be settled at the earliest.
- (ii) The Ministries should adhere to the six weeks time prescribed by Audit for answering the objections.

21. The Committee then adjourned to meet again on 30th January, 1975, at 12.00 Noon.

ASLAM ABDULLAH KHAN,  
*Secretary.*

ISLAMABAD :  
19th July, 1975.

## NATIONAL ASSEMBLY SECRETARIAT

### PROCEEDINGS OF THE THIRTEENTH MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD ON THE 30TH JANUARY, 1975.

The Public Accounts Committee met in the State Bank Building, Islamabad, at 12 (Noon) on the 30th January, 1975.

Members present were :—

- |                                                                          |                  |
|--------------------------------------------------------------------------|------------------|
| (1) Mr. Mohammad Hanif,<br>Minister for Finance, Planning & Development. | <i>Chairman.</i> |
| (2) Mr. Mumtaz Ali Bhutto,<br>Minister for Communications.               | <i>Member.</i>   |
| (3) Syed Qaim Ali Snaeh,<br>Minister of State for Industries.            | <i>Member.</i>   |
| (4) Ch. Shafaat Khan Chohan, MNA.                                        | <i>Member.</i>   |
| (5) Prof. Ghafoor Ahmad, MNA.                                            | <i>Member.</i>   |
| (6) Mr. Hakim Ali Zardari, MNA.                                          | <i>Member.</i>   |
| (7) Ch. Zahur Illahi, MNA.                                               | <i>Member.</i>   |

#### National Assembly Secretariat

- (1) Mr. Aslam Abdullah Khan, Secretary.
- (2) Mr. I.H. Siddiqi, Deputy Secretary.
- (3) Mr. Abdul Halim, Assistant Secretary.

Mr. M.A.G.M. Akhtar, Additional Secretary, Finance,  
Qazi M. Alimullah, Deputy Secretary, Finance and  
Mr. Ahedullah Akmal, Financial Adviser, Finance,  
attended the meeting by special invitation.

#### Audit Representatives

- (1) Mr. Abdul Hamid,  
Auditor-General of Pakistan.
- (2) Mr. Majeed Akhtar,  
Deputy Auditor-General (A & R).
- (3) Mr. Aitezazuddin Ahmad,  
Accountant-General, Pakistan Revenues, Islamabad.
- (4) Mr. Ahmad Nawab Qureshi,  
Joint Director, Commercial Audit.

**Examination of grants controlled by the Ministry of Political Affairs and Communications.**

*Departmental Representatives.*

- (1) Mr. K.T. Kidwai, Secretary,  
Ministry of Communications.
- (2) Mr. Hassan Nawab, Joint Secretary  
Ministry of Communications.
- (3) Mr. B. Ibrahim, Joint Secretary,  
Ministry of Communications.
- (4) Mr. S. Athar Mahmood, Director General,  
Pakistan Post Office.
- (5) Mr. Mahboob Khan, Director General,  
Pakistan Telegraph and Telephones.

1968-69

APPROPRIATION ACCOUNTS

GRANT NO. 21.—(PAGES 110—113)

(2) Audit pointed out that there were sizeable excesses under the following sub-heads of the above grant, after taking into consideration the misclassification between 'New' and 'Other' as stated by the Ministry :—

- A. 1 (1)—Pay of Officers. (+) Rs. 9,222
- A. 1 (2)—Pay of Establishment. (+) Rs. 8,939
- A. 1 (4)—Other Charges. (+) Rs. 86,187

The Ministry explained the excesses under the former two sub-heads as being due to the creation of a new post of J. S., which was not provided for in the budget. As regards excess under 'Other Charges' the Ministry attributed it to the adjustment of telephone charges relating to previous years and excess baggage charges in connection with the Assembly session at Dacca.

The Ministry's explanation was accepted, and the objection dropped.

GRANT NO. 24-A.—(PAGE 117)

3. As pointed out by Audit, there was an excess of Rs. 96,74,667 against nil budget provision. The figures were not accepted by the Ministry. It was explained that the expenditure represented the Central Government's investment in the share capital of Railways, financed from the World Bank Loans, for which the corresponding rupee expenditure was to be provided by Pakistan.

The Ministry's stand was that the excess should be explained by the Finance Division rather than by the Ministry.

The representative of the Finance Division explained that the excess expenditure of Rs. 96,74,667 was only technical and was the result of accounting adjustments. Under the financial arrangements laid down in the President's

Order No. 1 of 1962, the instalments of repayment of foreign loans utilised by the Railways on capital additions had to be added to the cumulative figures of investment of the Federal Government in the Railways. While the requisite accounting adjustment was made, budgetary cover was not obtained, which was necessary. The position had been rectified since 1969-70 and provision made in the Budget, to cover this adjustment. The Auditor-General stated that, since this constituted a technical irregularity, which had since been rectified, the point need not be pressed further. The Committee agreed with the Auditor-General.

#### GRANT NO. 27.—(PAGES 125—127)

4. The above grant closed with an excess of Rs. 42,720 against the final grant of Rs. 11,08,000. The excess is attributed mainly to more expenditure on (i) T.A and *Ad hoc* relief, (ii) adjustment of debits of telephone charges and clearing charges of P.W.R., but it has not been explained as to why additional funds could not be obtained.

The departmental representative explained that the debit of telephone charges was unavoidable and additional funds were not made available by the Finance. The objection was dropped.

#### GRANT NO. 107.—(PAGE 478)

5. It was pointed out by Audit that there is a large saving (Rs. 19.45 lacs) under 'New' and excess (Rs. 12.96 lacs) under 'Other'. The Ministry have explained the saving as being due to no new project having become ripe for the release of funds and the excess has been attributed to an unanticipated expenditure of about Rs. 20.50 lacs, which had to be incurred against 'New' but misclassified under "Other Expenditure".

The Committee accepted the explanation of the Ministry that the saving was due to misclassification and confusion between 'New' and 'Other than New' expenditure. Since this distinction no longer exists the Committee did not pursue the matter.

1969-70

#### APPROPRIATION ACCOUNTS

#### GRANT NO. 21.—(PAGES 113—118)

6. The grant closed with an excess of Rs. 2.76 lacs against the final grant of Rs. 25.07 lacs and actual expenditure of Rs. 27.83 lacs. The Ministry explained the main excesses under Group head "A—Secretariat" for the reason that figures of actual expenditure under various sub-heads of this group head, as booked by Audit, were not correct.

The departmental representative explained that the excess was on account of difference in actual expenditure between Audit and Departmental figures which could not be reconciled and also on account of wrong classification of vouchers. The Committee directed that in future the Ministries should submit accounts promptly for reconciliation with figures of Accounts offices.

## GRANT NO. 111.—(PAGE 516)

7. There is a saving of Rs. 29.76 lacs according to booked figures but the Ministry have stated that actual saving is Rs. 73.02 lacs. They have, however, neither explained the saving nor given any reason for not surrendering it in time.

The departmental representative explained that actual expenditure as shown by the Defence Department (M.O.D.) is Rs. 6,76,616. There is a saving of Rs. 73,02,384. The savings were due to discontinuance of purchase of trucks and non-purchase of gasoline and explosives. The exact position of reasons for savings was still not clear. The case is under correspondence between the Defence Department and the A.G.P.R. The Committee observed that savings were due to non-adjustments or delay in raising debits when several Ministries are involved.

It directed that the concerned Ministries should be present next time for considering such items. The Auditor-General was asked to satisfy himself as to why savings were not surrendered in time.

## GRANT NO. 112.—(GROUP-HEAD 'H') (PAGE 517)

8. There is an excess of Rs. 11.22 lacs under the sub-head 'H' of the above grant. The Ministry have indicated in their reply that actual excess is that of Rs. 9.09 lacs (incidentally, this figure works out to Rs. 10.09 lacs) and attributed the difference to controversial figures of final grant which according to Audit are Rs. 9.15 lacs against the figures of Rs. 10.28 lacs stated by the Ministry. Apart from this difference, the reasons advanced by the Ministry for excess expenditure of Rs. 10.09 lacs are :—

- (i) payment of Customs duty and Sales tax by Economic Affairs Division without informing the Ministry.
- (ii) adjustment of more expenditure by Pak. P.W.D. Chittagong on the construction of new lighthouses including departmental charges.

During the discussion, the departmental representative informed the Committee that there was corresponding saving in the earlier year. The Committee desired that the Auditor-General should verify the statement of the Ministry and, in case he was satisfied the observation may be dropped.

## GRANT NO. 114.—(PAGES 523-524)

9. There are sizeable savings under this grant. The Ministry have explained that these relate to East Pakistan and no further information is available.

In view of the Ministry's reply the observation was dropped.

1969-70

## COMMERCIAL ACCOUNTS PAGES 433 (PARA 478)

10. The Auditor-General pointed out that audit comments on the accounts of any particular year would not depict the true financial position of the national Shipping Corporation. Accordingly, information upto 1971-72, as available with

the Audit was presented in the form of a statement (reproduced below) to enable P.A.C. to appreciate the financial operations of the Corporation :—

### NATIONAL SHIPPING CORPORATION

(Figures in crores of rupees)

	1967-68	1968-69	1969-70	1970-71	1971-72
Operating Income .. .. .	14.87	18.84	18.50	20.48	20.35
Total operating expenses .. .. .	11.01	13.53	13.72	15.50	17.77
Operating surplus (Gross Profit) .. .. .	3.86	5.31	4.78	4.98	2.58
Miscellaneous Income .. .. .	0.19	0.20	0.35	0.06	0.04
<b>Total Income :</b> .. .. .	<b>4.05</b>	<b>5.51</b>	<b>5.13</b>	<b>5.04</b>	<b>2.62</b>
Administrative Expense .. .. .	0.46	0.65	0.93	1.12	1.08
Interest on loans & provisions .. .. .	0.78	1.69	1.68	1.72	2.28
Extra ordinary losses .. .. .	—	—	—	—	6.11
<b>Total administrative and other ex- penses</b> .. .. .	<b>1.24</b>	<b>2.34</b>	<b>2.61</b>	<b>2.84</b>	<b>9.47</b>
<b>Net Profit</b> .. .. .	<b>2.81</b>	<b>3.17</b>	<b>2.52</b>	<b>2.20</b>	<b>(—)6.85</b>
Current assets .. .. .	7.99	10.14	10.83	13.78	20.10
Current liabilities .. .. .	6.54	7.24	6.42	14.31	36.42

As pointed out by Audit the above statement would show that (a) operating expenses and administrative expenses have increased relative to increase in the operating income, and (b) the position of current assets/liabilities remained satisfactory till 1969-70. It deteriorated slightly in 1970-71, but the position in 1971-72 was disturbing. This was explained as being due to War risk insurance, and loss of ships during the 1971 war with India.

The Committee expressed serious concern over the amount of sundry debtors of the National Shipping Corporation which have risen from Rs. 2.51 crores in June, 1967, to Rs. 7.65 crores in June, 1972.

The representative of the National Shipping Corporation gave the following break-up of Rs. 7.35 crores :

- (i) War Risk Insurance Rs. 2.17 crores.
- (ii) Devaluation loss Rs. 2.44 crores.
- (iii) Contingency doubtful debts and unforeseen expenses Rs. 2.74 crores.

Doubtful debts include sums due from Government departments, which amount to Rs. 2 crore on account of freight charges payable by Government departments. It was explained that the CMA's do not pay the dues until all formalities are completed.

The Committee was informed that included in the doubtful debts is a sum of Rs. 3.81 crores, which is recoverable from the agent of NSC in USA for freight charges. The Agent had defaulted in making payments during 1970-71. The freight collected from the end of 1970 onwards had not been paid to NSC. The Committee enquired what safeguards had been provided by the NSC for prompt payment of freight by the Agent and whether any bank guarantee had been obtained from him. The representative of NSC explained that the Corporation had not prescribed any time limit or date by which the freight collected in U.S.A. should be deposited in NSC's account. When the freight charges became over-due, the matter was taken up with the Agent. It was also suspected that the Pakistani Representative in U.S.A. (Mr. Abdul Latif, a retired Naval Officer), was in collusion with the American agent. The Agent had avoided rendering the amount to the Corporation in spite of reminders from the Corporation. The Corporation had referred the matter to the FBI of USA in 1973. The case was also handed over to the Special Police for enquiry which is still going on.

In reply to a question from the Committee it was explained that the agents in Foreign countries had been appointed on political or personal considerations and no bank guarantee had been obtained as the agent was unwilling to furnish a bank guarantee, Mr. Mumtaz Ali Bhutto explained that the procedure for appointing Regional Representative abroad have been reviewed and selection is now being made on the basis of standing and reputation, and bank guarantees also being obtained.

The Committee took a serious note of the defalcation of Rs. 3.81 crores, which seemed to have occurred due to the negligence of NSC and laxity in enforcing rules. The collusion of officers at the headquarters could also not be ruled out.

After detailed discussions, the Committee decided that the Secretary, Ministry of Communications, should submit a detailed report for the information of the Committee on the following points :—

- (i) To what extent the headquarters officers of the NSC are guilty of negligence in effecting prompt recovery of freight from the U.S. agent and whether their collusion with the U.S. agent is established.
- (ii) Whether the procedures for effecting recovery of dues from foreign agents are adequate and whether there was laxity in supervision and enforcement of prescribed procedures.
- (iii) What is the stage of the police enquiry and what action has been taken by the Ministry of Communications and the Special Police to bring the case in the court.
- (iv) What steps have been taken to effect recovery of the defaulted amount.

The report should be submitted by the Secretary, Communications, before the current series of sittings of the P. A. C.

## PAKISTAN POST OFFICE DEPARTMENT

## APPROPRIATION ACCOUNTS 1968-69 &amp; 1969-70

## GRANT NO. 109 (OUTSIDE THE REVENUE ACCOUNT) PAGE 20 PARA 3 AND PAGE 59)

11. The original grant was Rs. 1,37,75,000. The expenditure was Rs. 1,22,93,357 resulting in a saving of Rs. 14,81,643 (10.75%). The Department has attributed the saving to non-finalization of land acquisition proceedings and non-receipt of debits from the Pak. P.W.D. the saving during 1969-70 was Rs. 22.46 lacs i.e. 18.57%.

The Audit desired to know as to why excesses/savings are a regular feature in this grant and why savings were not surrendered in time. The departmental representative explained that the savings were partly due to non-receipt of debits from Pakistan Public Works Department and partly due to non-finalisation of land acquisition proceedings by Revenue authorities. Instructions are being issued from time to time to the Heads of Circles and the Pak. P.W.D. to ensure full utilization of the amounts provided against the projects under execution through their agency. In this connection, directives given by the P.A.C. in the Report for the year 1965-66 have also since been brought to the notice of all concerned and are being acted upon accordingly from the accounts for the year 1971-72 (Report received in July, 1971).

The Committee observed that the surrender of funds should be made punctually in accordance with instructions.

## AUDIT REPORT 1968-69

## PAGE 24 PARA 1 (a) &amp; (b)

12. *Losses/Defalcations of Public money in post offices.*—During the year under report 40 cases of defalcation involving Rs. 1,71,477 were reported to Audit, as against 28 cases involving Rs. 1,42,070 during the year 1967-68. The involvement of departmental employees increased from 52.7% during the year 1967-68 to 65.7% during the subsequent year 1968-69. The department did not fix responsibility in 4 cases and stated that losses were within normal business risks.

The objection was dropped, as the amount involved was an insignificant percentage of the total amount handled.

## Page 26 (Para 2)

13. Out of the amount of compensation of Rs. 1,09,454 charged during the year, an amount of Rs. 90,798 was paid due to omissions or commissions of Post Office officials. The loss was attributed by the Department to normal business risks.

The observation was dropped.

## AUDIT REPORT 1969-70

## PAGE 24 PARA 1 (a) &amp; (b)

14. *Losses/Defalcations of public money in post offices.*—22 cases involving Rs. 1,58,249 were reported to audit. The involvement of departmental employees increased from 65.7% in 1968-69 to 74.6% during the subsequent year 1969-70.

The Departmental representative stated that losses were within normal business risks, and represented a very small percentage of the total amount handled. The objection was dropped.

**PAKISTAN TELEGRAPH AND TELEPHONE DEPARTMENT**  
1968-69

**APPROPRIATION ACCOUNTS**

**GRANT NO. 109 (OUTSIDE THE REVENUE ACCOUNT) PAGE 22 PARA 3  
& PAGE 89)**

15. The original grant was Rs. 16.44 crores. The expenditure was Rs. 18.87 crores resulting in an excess of Rs. 2.43 crores (*i.e.*, 14.8%).

The excess has been attributed by the Department to earlier receipt of stores from abroad, increase of stores in suspense and excess expenditure on works. The observation was dropped in view of the Department's explanation.

**Audit Report (Page 28 Para 2)**

16. Eight air-conditioners were purchased locally without proper sanction @Rs. 5,372 each, while their price with the Controller of Telegraph Stores, Dacca, was Rs. 1,658 each resulting in additional expenditure of Rs. 29,496. The irregularity was pointed out to the Department in December, 1965.

The Ministry has now replied that air-conditioners were not available in stock with C.T.S. Dacca, which necessitated local purchase. As the reply has been delayed. Audit were unable to verify the Department's statement.

The departmental representative informed the Committee that eight air-conditioners (three for Mymensingh, one for Kishoreganj and four for Dacca Exchange) were locally purchased in June, 1963, as these were urgently required to protect the working of the Telephone Exchange equipment during the summer months.

As regards the objection that these air-conditioners were available at a lower price with the Controller of Telegraph Stores, Dacca, that Officer stated in June, 1963, that no air-conditioner of any type was available with him. Therefore, no loss to Government was caused by the local purchase of these air-conditioners.

The Committee accepted the explanation of the departmental representative and the objection was dropped.

1969-70

**APPROPRIATION ACCOUNTS**

**GRANT NO. 110 (OUTSIDE THE REVENUE ACCOUNT) (PAGE 22 PARA  
3 AND PAGE 90)**

17. The original grant was Rs. 14 crores. The Supplementary grant was Rs. 3.78 crores. The expenditure was Rs. 19.54 crores resulting in an excess of Rs. 1.76 crores (*i.e.*, 14.8%).

The Department has stated that the excess was due to lesser issues of stores under 'Suspense' to works than anticipated.

After some discussion, the observation was dropped.

## AUDIT REPORT

## PAGE 28 PARA 2

18. During the years 1963-64 to 1967-68, Rs. 64,928 was paid as demurrage charges. The Department has stated that recoveries of Rs. 16,165 from parties at fault have been made, which are all Clearing Agents. It is not clear if any Government servant was responsible or not.

The departmental representative explained that three Government servants were found guilty. Departmental action was taken against them and their increments were withheld.

The Committee was satisfied with the explanation and the objection was dropped.

**Page 28 Para 3**

19. An expenditure of Rs. 1,63,685 was incurred on casual labour employed by Divisional Engineers in contravention of administrative instructions.

The Department has stated that casual labour was employed due to insufficient allocation in the budget for regular establishment.

The departmental representative admitted the validity of the Audit objection and stated that strict instructions have been issued to avoid such irregularity in future. The Minister for Communications, who is a member of the Committee, observed that frequently expenditure has to be incurred outside the budgetary provisions in order to meet demands of an emergent nature to satisfy political needs. Situations may arise when a telephone exchange has to be installed on top priority basis. e.g., during tours of the president or Prime Minister. Immediate action is required in such cases to set up and operate exchanges etc. Staff has to be employed of necessity to man the exchanges for which no provision exists in the budget. The Finance Ministry should, therefore, be more liberal in providing funds for meeting unforeseen requirements.

The representative of the Finance Division observed that for such needs staff could be appointed after consulting the Financial Adviser concerned. The objection was dropped by the Committee after hearing the department's explanation.

**Page 29 para 5, 6 & 7 Page 30 para 8**

20. The Audit pointed out that their observations in respect of the following cases could not be verified as they relate to East Pakistan :—

- (i) A motor car was purchased in replacement of a jeep which was also retained.
- (ii) Six air-conditioners were purchased from the market instead of from the Central Telegraph Stores which is the prescribed channel. This resulted in an extra expenditure of Rs. 4,220.
- (iii) A debit of Rs. 14.63 lacs in respect of equipment financed from the Fourth Yen Credit was incorporated in the accounts. There is a controversy whether the equipment was at all received by the department or not. There is some indication in the record that it related perhaps to Inland Water Transport.
- (iv) Rs.41,287 was spent against certain unsanctioned schemes.

In regard to item (iii) the departmental representative confirmed that the equipment referred to was actually despatched from Japan, received in East Pakistan and installed there. As regards other items, the departmental representative was not in a position to give any indication.

As the matter could not be pursued further, the objection was dropped.

21. The committee adjourned *sine die*.

ISLAMABAD :  
*The 21st August, 1975.*

ASLAM ABDULLAH KHAN,  
*Secretary.*

**NATIONAL ASSEMBLY SECRETARIAT**

**PROCEEDINGS OF THE FOURTEENTH MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD ON THE 4TH DECEMBER, 1975.**

The Public Accounts Committee met in the State Bank Building, Islamabad, at 10.00 A.M. on 4th December, 1975.

Members present were :—

- |                                                                          |       |                  |
|--------------------------------------------------------------------------|-------|------------------|
| 1. Mr. Muhammad Hanif,<br>Minister for Finance, Planning and Development | ..    | <i>Chairman.</i> |
| 2. Syed Qaim Ali Shah,<br>Minister of State for Industries               | .. .. | <i>Member.</i>   |
| 3. Rai Hafizullah Khan, M.N.A.                                           | .. .. | <i>Member.</i>   |
| 4. Ch. Shafaat Khan Chohan, M.N.A.                                       | .. .. | <i>Member.</i>   |
| 5. Mian Hamid Yasin, M.N.A.                                              | .. .. | <i>Member.</i>   |
| 6. Mr. Hakim Ali Zardari, M.N.A.                                         | .. .. | <i>Member.</i>   |

**National Assembly Secretariat :**

1. Mr. M.A. Haq, Secretary.
2. Mr. I. H. Siddiqi, Deputy Secretary.
3. Mr. Abdul Halim, Assistant Secretary.

**Audit Representatives :**

1. Mr. Abdul Hamid, Auditor-General of Pakistan.
2. Mr. Ziaul Haq Khan, Deputy Auditor-General (A&R).
3. Mr. Mashkooor Ahmad Khan, Accountant-General, Pakistan Revenues.
4. Mr. Mahboob Siddiqui, Director, WAPDA Audit.

**Ministry of Finance Representatives :**

1. Mr. M. Z. Rehman, Additional Secretary, Finance.
2. Mr. Inamul Haq, Financial Adviser.
3. Mir Bakhsh Zafar, Deputy Secretary (Budget).

**Examination of Grants Controlled by the Ministry of Fuel, Power and Natural Resources Including WAPDA and Oil and Gas Development Corporation :**

*Departmental Representatives :*

1. Mr. H. U. Beg, Secretary, Fuel, Power and Natural Resources.
2. Mr. Shahzad Sadiq, Chairman, Oil & Gas Corporation.
3. Maj. Gen. Saad Tariq, Chairman, WAPDA.

**General observation :**

2. The Auditor-General proposed that there should be periodical meetings between his officers and the Ministries at the level of Additional Secretary/Joint Secretary to attend to work connected with the Public Accounts Committee, so that cases pertaining to Ministries who had either not sent replies to the Audit or whose replies were incomplete, could be brought to the notice of the officer concerned quickly. The Public Accounts Committee agreed that the Secretary of each Ministry should nominate an officer, not lower than the rank of Joint Secretary, who may be entrusted to attend to this work regularly.

1968-69

## APPROPRIATION ACCOUNTS

## GRANT NO. 124.—(PAGES 523—525)

3. The Committee noted that the entire provision made under the sub-head " B " (New) proved a saving, which the Ministry have explained as due to incorrect assessment at the time of fixing the final grant.

4. The Departmental representative explained that this grant pertained to the Capital Outlay on Mineral Development. The expenditure was actually incurred on construction work, which was then in progress. However, the Comptroller, Baluchistan did not advise the Accountant-General, Pakistan Revenues about expenditure correctly.

5. After some discussion, the Committee dropped the para.

## GRANT NO. 126.—(PAGES 531—533)

6. The Committee noted that Rs. 80.61 lacs was provided under " NEW " for Oil and Gas Development Corporation, of which nearly Rs. 4 lacs was surrendered. The entire allocation of Rs. 76 lacs remained unutilized. Under " Other than New " Rs. 3.90 crores were spent out of a net allocation of Rs. 5.36 crores resulting in a saving of Rs. 1.45 crores.

7. The savings had been explained as having been due to non-receipt of stores and equipment within the financial year. The Departmental representative stated that the amount was not surrendered as the stores were expected to be received at any time before the close of the accounts.

8. The Auditor-General stated that Audit was unable to verify the validity of the statement of the Ministry, as they had not mentioned the date of receipt of shipping documents and the date on which the payment was made. The Departmental representative promised to furnish the necessary details to the Auditor-General.

1968-69

## AUDIT REPORT

## (PARAGRAPH 160 PAGE 99)

9. *Shortage of stores worth Rs. 10,742.*—The Auditor-General pointed out that stores worth Rs. 10,742 were declared by the Project Accountant to be short against certain overseers in June, 1967. Neither recovery had so far been made.

any action taken against the officials concerned. The Auditor-General complained that he had not been able to locate a Division who would own this para. According to the Secretary, the concerned Division had been abolished and the transfer of work had taken place 8 times. He had, however, received a reply in November, 1975 from the Public Works Department, from which it appears that the Executive Engineer, Mailsi Syphon Division, Thingi, is now the successor.

10. The Committee agreed with the Auditor-General that he may pursue this para at his level and, if he found it to be necessary, he may bring this para before the Committee again.

### WAPDA

#### PARAGRAPH 13, PAGES 129-130.

11. *Extra expenditure of Rs. 12,07,579 due to failure on the part of contractor.*—The Auditor-General pointed out that a firm of contractors (Jewan Khan, Mohammad Zaman) was awarded in December, 1966 the work of constructing five bridges costing nearly Rs. 49 lacs to be completed in 12 months. The contractor could execute work of less than Rs. 4 lacs only in 8 months. Consequently, the contract was cancelled at his risk and cost by the Authority. The remaining work was got completed by another contractor at a cost of nearly Rs. 57 lacs which resulted in an additional expenditure of Rs. 12 lacs. The additional cost could not be recovered from the defaulting contractor as, in the arbitration proceedings, the award went in his favour.

12. The Auditor-General held the view that Authority was put to loss because sufficient care was not taken at the time of pre-qualifying this Contractor for work which was to cost nearly half a crore of rupees. The Authority were aware of the Contractor's limitations, but accepted his undertaking to bring in more machinery and men.

13. The Public Accounts Committee termed it to be a sorry state of affairs, as in almost all the cases, the awards had gone in favour of the defaulting party and against the Government. It further observed that the reason for such unfavourable awards could not but be that cases were either not being properly pursued, were being dealt with in routine and/or sufficient care was not being exercised, with the result that the Government has to sustain considerable losses. Such cases called for more expeditious action and exercise of vigilance on the part of Ministries, etc.

#### Paragraph 35 page 142

14. *Loss of Rs. 13,729 due to non-recovery of cost of material, etc. from a contractor.*—The Auditor-General explained that, in an Indus Basin Project, a contract for a sewerage system was rescinded, due to unsatisfactory progress of work. The contractor's claim for work, already done by him, was examined by an Arbitrator and accepted for Rs. 31,798. The Arbitrator did not take into account the amount due from the contractor (Rs. 13,729), being the cost of material, etc. supplied to him. It seemed that the position was not explained to the Arbitrator. WAPDA's plea was that this was not considered necessary, as the amount due from the contractor was not in dispute. The Authority's action in deducting the amount due from the award was not upheld by a court of law. A further appeal was rejected as time-barred. A departmental enquiry was held, which was considered unsatisfactory. The desirability of setting up another enquiry committee was being considered.

15. The Committee took a serious note of the unsatisfactory manner in which the case had been handled. It directed the Departmental representative to take suitable action against those persons who were still working in the Department and to submit a report within two months.

**Paragraph 34, page 141 :**

16. *Loss of Rs. 14,750 due to acceptance of plant and equipment below specification.*—The Auditor-General pointed out that the Authority suffered a loss of Rs. 29,500 on the purchase of two Centrifugal Pumps because of defective supply order. In the supply order, neither the capacity of the Pumps was mentioned nor was there a provision for testing the pumps after installation. After installation, the pumps did not work but the supplier refused to accept responsibility, because testing after installation had not been provided in the supply order. Subsequently, there was an explosion at Mirpur, in which the pumps were also stated to have been blown up. 50% payment had already been made to the supplier after delivery but audit office refused to pay the remaining 50% and requested the Authority to handover the case to the police for investigation. Instead, the Authority paid the remaining balance of 50% of the price to the supplier without pre-audit.

17. As a result of investigation, the responsibility was fixed on an S.D.O. (who had by then left the service of WAPDA) because of his certificate that the pumps were according to the supply order. In the opinion of Audit, the responsibility should have been fixed on the officials who approved the defective supply order.

18. The Committee directed the Secretary, Fuel, Power and Natural Resources to fix responsibility of the individual at fault and to let the Committee know his name and whereabouts.

**Paragraph 25, page 137 :**

19. *Loss of Rs. 62,231 due to damaged cement.*—The Auditor-General pointed out that the Authority contracted for purchase of cement, which turned out, subsequently, to be in excess of its requirements, as the original estimates were on the high side. Cement thus became surplus in March, 1960. As proper godowns were not available with the projects, the cement was stored in hired buildings. A wind storm blew away the roofs and cement was damaged by heavy rains. The Authority thereby sustained a loss of Rs. 62,231 due to damaged cement.

20. Two enquiry committees were appointed but they could not fix responsibility on any individual although the second Enquiry Committee held that lack of planning and coordination, procurement, despatch, stores and usage of cement, were factors responsible for the damage of cement.

21. The Departmental representative explained that it was all due to lack of proper protection and extraordinary rains of more than 16 inches in 1960. The Committee accepted the explanation and the objection was dropped.

**Paragraph 16, page 131 :**

22. *Non-recovery of Rs. 5,36,074 from a contractor.*—The Auditor-General explained that a work on the Marala Barrage, estimated to cost Rs. 36,17,829 was awarded to M/s. Pak Malik. On his inability to complete the work in time, the contract was cancelled in April, 1965 and the remaining work was completed departmentally. In terms of the agreement, the Contractor was to pay liquidated

damages at 1C% of the estimated cost or Rs. 20,000 per day, whichever was the less. Liquidated damages worked out to Rs. 3, 01,730. Material worth Rs. 3,61,321 had also been supplied to the Contractor for the execution of the work. When his Contract was terminated, the Authority obtained material worth Rs. 1,36,977 from the contractor. His earnest money of Rs. 50,000 was also forfeited. Therefore, the balance recoverable was Rs. 5,36,074. The Contractor went in arbitration and got an award of Rs. 1,41,208 against which the Authority had filed an appeal with a Civil Court whose decision is awaited.

23. The Committee decided that the para may be taken up again in the light of the decision of the Court.

**Paragraph 37 page 142 :**

24. *Misuse of Import permit of Rs. 6,31,000 by the contractor.*—The Auditor-General pointed out that, in another similar case, the contractor was granted import permit for Rs. 6,31,000 for the construction of a Project colony. He availed of foreign exchange equivalent to Rs. 4,84,915 upto the 8th April, 1965, when his contract was terminated due to unsatisfactory performance. The contractor refused to make over the unused material. The Authority asked the Bank to transfer the letter of credit and also requested the Chief Controller of Imports and Exports for the cancellation of the licence. But the contractor managed to get the material released. The work was got completed departmentally. This involved an extra expenditure of Rs. 4,06,733, incurred in obtaining material from the market at bonus voucher rates. This amount was debited to the account of the contractor, but he went in for arbitration and got the award in his favour. An appeal was filed by the Authority in November, 1971, but the judgement was still awaited.

25. After some discussion, the Committee decided that this para may again be taken up when the decision of the court becomes available.

**Paragraph 27 page 138 :**

26. *Non-recovery of Rs. 40,852 representing liquidated damages and overpayment.*—The Auditor-General explained that a contract for supply of 42,000 cft. wood was awarded in July, 1958. The entire supply was to be completed by the 31st December, 1958, failing which liquidated damages were to be recovered. The firm supplied only 28,221 cft. by January, 1960 and stopped further supplies. The firm was paid for 32,010 cft. resulting in an excess payment of Rs. 33,151. After adjusting the security deposit, there was still a recoverable balance of Rs. 4,102.

27. The Departmental representative explained that there were two parts to the question *i.e.*, recovery of liquidated damages and overpaid amount. The Legal Adviser had given the opinion that, since WAPDA had incurred no loss, the court would not award liquidated damages. As regards balance of Rs. 4,000 the Legal Adviser's opinion was that it was time-barred. Further, an inquiry was held in the matter and the inquiry committee had held that the amount was not recoverable from anybody. The amount had, therefore, been written off by the Department.

28. The Committee decided that the para may be dropped.

**Paragraph 33, page 141 :**

29. *Overpayment of Rs. 15,273 due to wrong pay fixation.*—Audit pointed out in 1967 that an officer was overpaid Rs. 15,273 due to wrong fixation of Pay. The Departmental representative stated that the material point was that the officer came from the N.W.F.P. His pay was fixed here under the rules in force in the Provincial Government. When he came over, he got the same pay which was, under the rules, admissible to him. There was a difference of one year. He could get the higher scale in N.W.F.P. in 7 years, but only after 8 years in the Federal Government. So, on that basis, he continued to draw the same salary as was being drawn by him in the Province before his deputation to the Centre. It was difficult for the Department to reduce during the period of deputation, the pay which was already being drawn by him before his deputation.

30. The Auditor-General stated that this position had not been explained by WAPDA earlier. Had they done so, Audit would have examined the case in that light; on the other hand, the plea advanced was that recovery was not possible as the officer had retired. On being pointed out by the Chairman that there was a discrepancy between the reply sent to the Audit and the explanation now being given to the Committee, the Departmental representative admitted that it was a mistake. The Committee agreed to drop the para.

**Paragraph 12 page 129 :**

31. *Loss of Rs. 26,22,760 due to defective investigations and designs of a Barrage.*—The Auditor-General pointed out that seepage was noticed in the Rasul Barrage after its completion. Remedial measures taken to reduce the seepage, cost Rs. 26 lacs till March, 1969 (totalling Rs. 31 lacs). A panel of Engineers, which was constituted by the Government of Pakistan, reported in March, 1970 that the responsibility for constructional defect in the barrage was that of the Consultants, namely, Messers Cood and Partners. There was, however, no provision in the agreement entered into with the Consultants for safeguarding the interest of the Authority in case deficiencies came to notice later on.

32. Explaining the position, the Auditor-General stated that it involved two points, namely, whether the Consultants under the international practice, are held responsible for deficiencies or not. If they are, then why was there no such provision in the agreement. If they could not be held responsible, the WAPDA could not do better. It was, however, regrettable that the WAPDA did not even communicate to the Consultants that, because of their deficiencies, so much loss had been suffered by this Authority.

33. After some further discussion, the Committee decided to drop the para.

**Paragraph 15 Page 130-131, 1968-69 Paragraph 23 Page 136, 1968-69, Paragraph 11 Page 99 (1969-70) :**

34. *Non-recovery of Custom Duty and Sales Tax on imported foodstuff, etc.*—The Auditor-General stated that Mangla Dam Contractors were allowed, in terms of the agreement, to import food stuff and other commissary goods, e.g., tobacco, liquor and cosmetics etc. The Customs Duty and Sales Tax thereon was initially payable by the Contractors but eventually was reimbursable by the WAPDA. The Consultants were not entitled to the above mentioned concession. The Consultants bought stores from the Contractors, from time to time, on which Duty and Sales Tax amounted to Rs. 9,71,106 which was eventually got regularised by the Authority after obtaining *ex-post facto* approval of the Government.

35. The Member, WAPDA explained that there were five Consultants at the Mangla Dam. Four of them had the facility, through agreement to import goods like liquor. The other Consultant did not have this facility. He approached the Authority and in equity and fairness, the Authority agreed to his request and the terms of his agreement were amended. However, on being pointed out by the Audit that the Authority was not competent to sanction the concession, the Government's approval was obtained. Necessary sanction had been issued in March, 1974.

36. The Chairman remarked that terms of agreements could be modified by mutual consent and there was no bar to the regularisation of a position with retrospective effect.

37. Being satisfied with the explanation of the Departmental representative, the Committee decided to drop the para.

**Paragraph 10 page 128 :**

38. *Unjustified expenditure of Rs. 90,56,468 on unauthentic use of Plant and Machinery etc.*—The Auditor-General pointed out that, on the Tarbela Project, expenditure of Rs. 90 lacs was incurred on hire, running and maintenance of plant and machinery belonging to the Machinery Pool Organization. In terms of the contract, such charges were required to be recovered from the Contractors in case they used the machinery. The Authority has stated that machinery was mostly used on departmental works maintaining thereby that it was not used by the contractors.

39. The use of plant and machinery by the Department and the contractors were not shown in the Log Books. Therefore, it was difficult to know definitely as to how much amount was actually recoverable from the contractors on this account.

40. The Departmental representative produced some log books and maintained that, as there was no entry in the log book about use of machinery by the contractors, it will have to be assumed that they were not used by them.

41. However, the Auditor-General desired some more time to verify the position from log books. The Committee agreed.

**Paragraph 30 page 139 :**

42. *Blocking of capital amounting to Rs. 55,09,765 and loss of Rs. 33,997 on Railway track material.*—Railway track material worth Rs. 55 lacs was procured in 1966, 33 lacs for the Barrage and material worth Rs. 22 lacs for the Mangla Dam. Subsequently, the plans were abandoned. Audit objected to the infructuous expenditure of Rs. 15,000 on survey and on the blocking of a large amount of Rs. 55 lacs on unnecessary purchases as well as on loss sustained in the sale of some of these stores.

43. After hearing the representative from WAPDA that these purchases were inescapable in the circumstances then obtaining, the Committee dropped the para.

**Paragraph 26 page 137-138 :**

44. *Infructuous expenditure of Rs. 50,761 on providing draughts instead of cabins.*—The Auditor-General pointed out that Rs. 50,761 were incurred on hiring five "draghuts" at double the contract rate for the overseer's cabin, being

larger than the cabins, which was neither provided in the contract nor covered by any Variation Order. These were provided to the Consultants in addition to the cabins.

45. The Departmental representative explained that these "draghuts" were for the use of officers at site. The officers of WAPDA were entitled to such "draghuts". After some discussion, the Committee agreed to drop the objection.

**Paragraph 11 page 128 :**

46. *Un-necessary acquisition of land and property valuing Rs. 37,95,400.—*The para was withdrawn by the Auditor-General.

**Paragraph 22 page 135 :**

47. *Non-recovery of Rs. 1,62,922 on account of rent and other charges for residential buildings.—*The Auditor-General explained that, in 1966, WAPDA had not recovered rent in respect of certain buildings, which were given to private and non-entitled persons. No register was maintained for the purpose. According to the register prepared later, Rs.1,62,922 was recoverable from various persons up to May, 1969. WAPDA replied on 1st February, 1974 that the Authority had not incurred any loss in as much as the question was one of adjustment between WAPDA and the Azad Kashmir Government. If such adjustments were pressed, WAPDA would have to pay more to Azad Kashmir Government.

48. The Departmental representative explained the factual position in detail upon which the Auditor-General proposed that, this being an old case, the objection may be dropped. The Committee agreed.

**Paragraph 32 page 141 :**

49. *Irregular payment of Rs. 30,164 to deputationists.—*The objection was not pressed and the para was treated as settled.

**Paragraph 38 page 143 :**

50. *Irregular payments of Rs. 9,26,211 \$ 5,567 and F. Fr/145 recovered at the instance of Audit.—*The Committee took note of the para.

Para 17-Page 131-132	} 1968-69
Para 18-page 132	
Para 19-page 134	
Para 20-page 134	
Para 24-page 136	

**Para 7 page 96 (1969-70) :**

51. *Irregular payment covered by overall settlements.—*The Auditor-General pointed out that payments amounting to Rs. 2,21,62,256 were made by the Authority to the main contractors of Indus Basin Project on the certification of Consultants, even though they were not admitted in Audit.

52. Under the Arbitration clause, all such claims were to be settled finally under the Rules of Conciliation and Arbitrations of International Chamber of Commerce by one or more arbitrators, appointed in accordance with the said rules. Later on, the Authority stated that the disputed claims were settled with the contractors with the approval of the Federal Government.

53. Secretary, Fuel, Power and Natural Resources stated that a Committee was set up consisting of the Chief Engineering Adviser, Member WAPDA and F.A. of the Ministry who is an Officer of the Finance Ministry. The Committee decided in April, 1975 that nothing had to be taken or given. Member, WAPDA further explained that ten/twelve contracts had been settled and the case of only one contractor was pending. There were two figures in such cases. One was that which the contractor claimed in arbitration, the second was the counter-claim of WAPDA, contending that the contractor was not entitled to anything more and the contractor owed something to the Authority.

54. After hearing the above explanation of the Departmental representative, the Auditor-General told the Committee that Audit would like to look into the matter to satisfy itself that the Committee took note of all the claims against the Contractors. The Committee agreed and desired the Auditor-General to check up as to whether the bargaining was in order or not.

**Paragraph 31 page 140 :**

55. *Irregular payment of Rs. 32,062 for the construction of an access road.*—The Departmental representative stated that clauses 134 and 135 referred to by the Auditor-General in his brief were not relevant in this case. The relevant clause was 215. In fact, the work started in December, 1965 and the apron was completed in 1967. The apron was damaged during the floods of 1967. Variation Order was issued in April, 1968. As the damage was because of the floods, according to clause 215, it was not the responsibility of the contractor to repair the damage.

56. After hearing the Departmental representative, the Committee desired the Auditor-General to look into the whole matter again.

1968-69

**COMMERCIAL ACCOUNTS**

**Paragraph 245 page 185 :**

57. *Indus Gas Company Ltd.*—The Indus Gas Company Ltd. had only 20% of its total funds in the National Bank of Pakistan against a minimum limit of 60%, as laid down by the Ministry of Finance. In the process, the Company lost nearly Rs. 15 lacs, which it had in deposit with the National Commercial Bank, which went into liquidation.

58. The Departmental representative stated that instructions were issued by the Government in November, 1968 but this Bank failed much earlier, *i. e.*, in May, 1968. The instructions referred to by the Auditor-General were, therefore, not applicable at that time but there were other instructions issued in 1965 which were not infringed.

59. After some discussion, the Committee wanted to know the name of the Officer who took the decision of depositing the funds into the National Commercial Bank (under liquidation) and whether he was still in service. Pending receipt of this Report, the para was deferred.

1969-70

**APPROPRIATION ACCOUNTS**

**GRANT NO. 131**

60. There was a saving of Rs. 1.56 crores (New) which was explained as having been due to (i) slow pace of disbursement of land compensation A.1 (7)

Rs. 60.38 lacs (ii) payment of Rs. 5.74 lacs made by WAPDA and the balance, received from the Government, which was paid direct to I.B.R.D.A. (8)—Rs. 18.31 lacs and (iii) review of withdrawal of loans by the Bank. A,3—Rs. 80.49 lacs.

61. After some discussion the Chairman directed that all savings should have been surrendered by the Ministry before the 30th June. The para was dropped.

1969-70

## AUDIT REPORT

(WAPDA)

### Paragraph 13 page 100 :

62. *Extra expenditure on purchase of road crust material of Rs. 3,43,084.*—The Auditor-General pointed out that, in November, 1966, an agreement was executed with M/s. Pir Sarwar Shah, a retired Government Officer for the supply of road crust material, costing Rs. 6,96,154 on Tarbela Dam Project. His contract was cancelled in April, 1967, and item valuing Rs. 3,20,743 at the original tendered rates were obtained from other Contractors at a cost of Rs. 6,74,359 resulting in a extra expenditure of Rs. 3,53,616. According to the terms of the original contract, supplies should have been obtained at the risk and cost of the original contractor.

63. After some discussion, the para was dropped, but the Chairman directed that Ministries etc. should be more careful, in future, in safeguarding the interest of Government while drawing up an agreement and/or selecting contractors.

### Paragraph 15 page 101 :

64. *Expenditure on the purchase of air-conditioners in excess of requirements (Rs. 1,42,305).*—The Auditor-General pointed out that 33 air-conditioners were purchased in excess of the number provided in the estimates for the project. According to the project, 230 air-conditioners were sanctioned but the number installed was 372. At present 140 air-conditioners are in excess of the sanctioned number.

65. The Departmental representative stated that the purchase of air-conditioners had been regularised but he did not know the latest position.

66. Syed Qaim Ali Shah suggested that an inquiry be held and the Departmental representative agreed to it. The Chairman directed Mr. M. Z. Rehman, Additional Secretary, Ministry of Finance to keep a note of it.

### Paragraph 12 page 99 :

67. *Overpayment of Rs. 3,58,174 to a contractor.*—The Auditor-General brought to the notice of the Public Accounts Committee that loading charges of Rs. 3,58,174 not admissible under the contract, were paid to a foreign contractor on the certificate of the Engineer. The authority did not agree with the Engineer and requested him to effect the recovery, who declined to do so because in his opinion the decision was correct. The Authority decided to refer the matter to arbitration and requested the Government to engage a lawyer to prepare a case for submission to the International Chamber of Commerce.

68. It was decided by the Committee that all payments, which were objected to by the Audit, may be shown again to the Audit to verify whether it was part of the overall settlement.

**Paragraph 14 page 100 :**

69. *Avoidable expenditure of Rs. 1,15,243 only supply of water through Tankers.*—The Auditor-General pointed out that the decision to settle the displaced persons from the Tarbela Dam Project had been taken in May, 1967 and the project working area was to be evacuated by December, 1967. Tenders for the construction of open wells were invited in December, 1967, i.e., seven months after the decision, and the time for completion of the work given was only one and a half month. As a result of this, an expenditure of Rs. 1,15,243 (Rs. 91,736 paid on account of private tankers and Rs. 23,507 for MPO tankers) was incurred from January 1968 to June 1968 on supply of water to the affected persons through Tankers. Thereafter, other temporary arrangements, e.g., pipe-line etc. were made. The work which was to be completed within 1-1/2 months was delayed by 18 months. It clearly showed that the schedules proposed were completely unrealistic.

70. The Departmental representative agreed that the schedules were unrealistic. Since, however, people had started coming in, water was to be supplied to them. The original plan should have catered for the supply of water by tankers. Thereupon, the Chairman observed that this was a case of mis-handling and WAPDA should ensure preparation of correct plans. The Committee dropped the objection.

**Paragraph 16 page 101 :**

71. *Incorrect payment for land compensation of Rs. 46,562 to wrong persons.*—Payments of land compensation, amounting to Rs. 46,562, were made to persons other than the actual owners of land on identification by the Authority's employees. According to the Authority, the responsibility for payments to correct persons vested in the Collector and the Provincial Government. The case had been referred by the D.C., Campbellpur to the Anti-corruption Department whose findings were awaited.

72. The Chairman of the Committee directed the Departmental representative to pursue the case vigorously. The amount paid to the wrong persons was also to be recovered and paid to the right person.

**Paragraph 17 page 101 :**

73. *Extra expenditure of Rs. 25,280.*—An extra expenditure of Rs. 25,280 for providing a device to protect a bridge from floating logs was incurred by the Authority in April, 1968. The bridge was handed over to the main contractor in May, 1968 who himself was responsible for its protection and maintenance under the contract on the payment of lumpsum of Rs. 8,90,695. The expenditure could have been avoided, had the protection device not been got constructed at the expense of the Authority only a few weeks before the contractor took over the bridge.

74. The Departmental representative explained that, to avoid the imminent danger faced by the bridge from the floods, it was found essential to provide some protection device at once. Had the Authority waited for its being handed over to the contractor, there would have been no bridge. The Member WAPDA stated that, that is why it was not included in the original drawing. It was included latter on. After some discussion, the Committee agreed to drop the para.

**Paragraph 18 Page 102 :**

75. *Un-necessary purchase of steel girders resulting in infructuous expenditure*—In view of the latest reply received from the WAPDA, that the girders were

expected to be utilized on the construction of bridges on Haripur Chapper Road, the Auditor-General requested permission to withdraw the objection. The Committee agreed.

**Paragraph 23 page 103 :**

76. *Un-usual debit balance in the land compensation accounts (Rs. 61,94,072).*—The Auditor-General brought to the notice of the Committee that Award Payable ledger of the Re-settlement Organisation, Mangla Dam, showed a debit balance amounting to Rs. 61,94,072 on 30th June, 1970. These balances were due to over-payments made to individuals by the Land Acquisition Collectors and incorrect posting in the ledgers. Out of the above debit balances, Rs. 61,27,998 were in respect of compensation for Land acquired in Azad Kashmir territory and Rs. 66,073 in respect of the land acquired in the Punjab.

77. The Departmental representative stated that accounts were in the process of re-conciliation. A report will be submitted to the Auditor-General in due course.

**Paragraph 25 page 104 :**

78. *Recoveries of Rs. 9,16,125 and s 13,342 at the instance of Audit.*—The Auditor-General pointed out that this para was for information only.

1969-70

**COMMERCIAL ACCOUNTS**

(PARA 136, PAGE 103)

**OIL & GAS DEVELOPMENT CORPORATION**

79. The Auditor-General pointed out that stores worth Rs. 12,926 were received short. The Corporation's claim was rejected by the supplier on the ground that materials were supplied in full. The Corporation received excess stores worth Rs. 52,591 from the same country. Short receipt had been adjusted against the excess. The Committee desired to know whether the party in both cases was one and the same.

80. The Departmental representative confirmed that the party was the same. Thereupon, the objection was dropped.

**Paragraph 451, page 403 :**

81. *Physical verification of stores and stock by the Corporation.*—The Auditor-General pointed out that physical verification of stores and stock was stated to have been carried out by the Corporation, but no report was sent to Audit. A Court of Enquiry was instituted to investigate certain losses. Its result too had neither been intimated to the Audit so far, nor mentioned in the Ministry's reply.

82. The Departmental representative stated that the Enquiry Committee had finalised its proceedings and recommended the following actions :—

- (i) Losses will be recovered from the individuals who are responsible.
- (ii) Disciplinary action will be taken against the responsible officials.
- (iii) Write off or approval, whatever necessary, will be obtained from the Board as East Pakistan (Bangladesh) cases are also involved.

83. It was decided that the result of above action be intimated to Audit.

**Paragraph 450 & 453 Page 403 :**

84. The Auditor-General pointed out that the Corporation had nearly Rs. 36 lacs in cash and bank balances on 30-6-1968, of which a little over Rs. 21 lacs. were in the National Commercial Bank, which went into liquidation on 31-5-1968. If the Corporation had followed the Ministry of Industries directive of 23-3-63, at least Rs. 12 lacs would have been saved in as much as the Corporation could not keep more than Rs. 8,92,617 in commercial banks other than the National Bank of Pakistan.

85. The Departmental representative stated that the amount kept in that bank was always less than 25%. In fact the Corporation had stopped keeping money into the National Commercial Bank for the reason that it was not a Government Bank. However, under the instructions of the Ministry, the Corporation had to do so. There was no infringement of Government instructions and the details would be supplied to Audit.

86. It was therefore decided to drop the para subject to verification by Audit.

**General observations of the Auditor-General :**

87. The Auditor-General pointed out that some paras, which were in the printed book and for which final replies had not been received by Audit, will continue to be pursued with WAPDA. If these paras are settled, they would not be brought before the Public Accounts Committee, but paras which are not finally settled will be brought to the notice of the Public Accounts Committee, if necessary.

88. The Committee then adjourned to meet again at 4.00 P.M. on 5th December, 1975.

M. A. HAQ,  
*Secretary.*

List received from the Auditor-General of enquiries ordered by Public Accounts Committee

Sl. No.	Date of the meeting	Para No. of the Brief	Name of Ministry concerned	Subject	P. A. Cs. recommendations
1	2	3	4	5	6
1.	24-1-1974	4	Ministry of Science and Technology.	Grant No. 97.—Development Expenditure of Food & Agriculture Division—case in respect of re-appropriation order for Probable Savings.	Sub-Committee consisting of Finance and Audit to examine the case and fix responsibility.
2.	25-1-1974	36	Ministry of Finance, Central Board of Revenue.	Cases of under assessment of Custom duty etc.	A. G. P. R. and Member Customs may investigate all cases over Rs. 25,000 and report to P. A. C. within 3 weeks.
3.	29-1-1974	61	Ministry of Commerce .. ..	Export Exhibition Cell was wound up in 1964—Disposal of stocks and assets.	Fix responsibility who was Secretary and man in charge of Exhibition Cell. Report within 2 weeks.
4.	30-1-1974	66	Ministry of Food and Agriculture (Agriculture Wing).	Loss of Rs. 5,17,853—Installation of machinery for cold storage plants for the fish.	Mr. Yaqoob to give report within 3 weeks identifying persons responsible for placing order, approving contract and inspecting Officers (2) D. G. & S. D. (3) Jalil Bros.
5.	30-1-1974	67	Do.	Loss of Rs. 68,65,037—Government money kept in National Commercial Bank instead of National Bank of Pakistan.	Report within 2 weeks who moved the resolution and who passed.
6.	30-1-1974	79	(Food Wing) .. ..	30,087 tons of rice kept in defective storage over a long period causing severe damage.	Sub-Committee consisting of Professor Ghafoor, Mr. Zardari, Ar., Gl. and Secretary N. A., Secretary Food to submit a report.
7.	30-1-1974	86	Do. .. ..	Purchase of equipment for unloading wheat mechanically from ships.	Mr. Yaqoob, Secretary Food and Agriculture to report for the use of the machinery on other purposes within the country.

1	2	3	4	5	6
8.	31-1-1974	114	Ministry of Foreign Affairs. ..	Sum of Indian Rs. 21,133 not credited to Government account.	Add. Secretary to call explanation, suspend if necessary the man concerned and submit report within 1 month.
9.	6-2-1974	95	Ministry of Education .. ..	Non-materialization of indents for purchase of paper (Grant 74 for 1968-69).	Take up the matter again when I. P. & S. is examined.
10.	6-2-1974	97	Do. ..	Loss in Central Publication Branch, Karachi.	The procedure of publication, sale and physical verification of stock being unsatisfactory, new procedure to be worked out within 4 weeks.
11.	6-2-1974	107	Do. ..	Trading Profit and Loss Account and Balance sheet for the years 1965-66 to 1968-69 not prepared by Government Press, Karachi.	Secretary Education to report fixing responsibility and charge sheet the man who did not prepare Accounts—Reduce his pension by Rs. 5 P.M. Departmental Representative explained that they will prepare the Accounts within 5 to 6 months.
12.	6-2-1974	132	Ministry of Health .. ..	Excesses under Grant No. 57—due to belated adjustment of Medical Stores.	Secretary Health to come on the day of examination of Ministry of Industries.
13.	6-2-1974	133	Do. ..	Store Accounts of Jinnah Post-graduate Medical Centre, Karachi.	Audit, Finance, O. M. & S/Health to improve procedures of stock keeping and stores—Report in 3 months.
14.	6-2-1974	134	Do ..	Non-purchase of new jeep and ambulance.	On the date of examination of Ministry of Industries— I. P. & S. to discuss the matter about purchase.
15.	7-2-1974	153	Ministry of Information and Broadcasting.	Excess explained as due to adjustment of debits relating to previous years.	To examine with I. P. & S. authorities Departmental Representative come to get this item examined.

16.	5-3-1974	168	Ministry of Information and Broadcasting.	and Realisation of rent from Cinema Houses for Newsreels etc.	Director Films, and Publications will prepare the details of recoveries and give a report within 6 weeks.
17.	5-3-1974	236	Ministry of Finance	I. D. B. P.—regarding audit by Auditor-General.	(1) Secretary, N. A. should consult Law Ministry—Art. 169 read with rules 172(3) of rules of Procedure—N. A. Function of P. A. C. whether the accounts of all institutions to come up before the P.A.C.  (2) F. M. will examine the proposal of M/s. Qaim Ali Shah and Prof. Ghafoor that the accounts of the I. D. B. P. should be presented to the Committee.
18.	5-3-1974	297	Ministry of Labour and Works (1968-69).	Regarding loss of material ..	Result of departmental enquiry to be reported to P. A. C. within 6 weeks.
19.	5-3-1974	298	Do.	Shortage of stores	Do.
20.	6-3-1974	343	Ministry of Defence	Pakistan Ordnance Factories, Wah. Supply of toluene-Shipment by Mr. K. A. Majid.	Ministry of Defence to give a full report to the P. A. C. of this case.
21.	6-3-1974	358	Do.	Demurrage charges paid by Air Port Development Agency.	Inquiry may be made within 3 months.
22.	6-3-1974	364	Do.	Physical verification of stores and assets.	P. I. A. to examine and report.
23.	6-3-1974	3(A.R.D.S.) (68-69)	Do.	Court of enquiry fixed the responsibility on the Inspecting Officer, regarding damaged asbestos cement sheets.	Direction to be given to D. G. S. & D. on the day of examination of Ministry of Industries.
24.	6-3-1974	24	Do.	Uneconomical purchase of certain clothing stores by ignoring lowest offer.	Investigate departmentally and Secretary, Defence Production Division in association with an Audit Representative of equal status to report to P.A.C. within 4 months.

1	2	3	4	5	6
25.	6-3-1974	21 (89-70)	Ministry of Defence	Extra expenditure due to delay in accepting lowest offer.	Ministry of Defence in association with D. A. D. S. to make an enquiry and report to P. A. C.
26.	6-3-1974	25 ( .. )	Do.	Non-recovery of air freight charges in respect of P. O. L. issued to certain beneficiaries.	Circumstances in which concession <sup>al</sup> rate was given to Mir of Hun <sup>za</sup> to be reported to P. A. C. by Ministry of Defence.
27.	27-1-1975	329	Ministry of Labour and Works	Rates of recovery of cement and steel provided in the N. I. T. differed from the rates provided in the agreement.	Audit to verify if the rates provided in the agreement/N. I. T. were the same and recovery from the contractor was made accordingly. A report to be submitted before the present series of meetings end.
28.	27-1-1975	330	Do.	90 tons of steel stated to be scrap	The case would be examined by Professor Ghafoor Ahmad, Member P. A. C. The Ministry would give the information within one week and Professor would take another week to give his report.
29.	28-1-1975	180	Ministry of Production and Presidential Affairs.	Extra payment of Rs. 1,23,673 to 5 contractors at the enhanced rate of Rs. 200 per fire place.	Secretary, Production Division Mr. S.B. Awan to hold inquiry into the matter and submit a report within one month. The Director-General of Works and Senior Officer from Audit should also be associated in the enquiry.
30.	28-1-1975	183	Do.	Tempering with certain rates in a contract after the receipt and acceptance of Tenders causing excess payment of Rs. 25,252.	The Departmental representative explained that the Finance Member of the C. D. A. was already holding an enquiry in the matter. The P. A. C. directed that the enquiry report should be submitted to them within one month.

31.	30-1-1975	271	Ministry of Political Affairs and Communications.	Financial operations of National Shipping Corporation—position of Sundry-debtors.	Secretary, Ministry of Communications should submit a detailed report for the information of the Committee on the points mentioned in the minutes before the current series of sittings.
32.	30-1-1974	75	Ministry of Food and Agriculture (Agri. Wing).	Recoveries of dues from Co-operative Societies on account of sale of fertilizers.	Ministry should furnish latest position of the recoverable amounts as also the names of the Directors of Co-operative Societies which owe the amount as well as relevant terms of the contract which were not followed.

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**NATIONAL ASSEMBLY SECRETARIAT**

**PROCEEDINGS OF THE FIFTEENTH MEETING OF THE PUBLIC  
ACCOUNTS COMMITTEE HELD ON 5TH DECEMBER, 1975**

The Public Accounts Committee met in the State Bank Building, Islamabad, at 4.00 P.M. on 5th December, 1975.

Members present were :—

- |                                                                           |                  |
|---------------------------------------------------------------------------|------------------|
| 1. Mr. Muhammad Hanif, Minister for Finance,<br>Planning and Development. | <i>Chairman.</i> |
| 2. Syed Qaim Ali Shah, Minister of State for<br>Industries.               | <i>Member</i>    |
| 3. Ch. Shafaat Khan Chohan, M.N.A.                                        | <i>Member</i>    |
| 4. Mian Hamid Yasin, M.N.A.                                               | <i>Member</i>    |
| 5. Mr. Hakim Ali Zardari, M.N.A.                                          | <i>Member.</i>   |

**National Assembly Secretariat**

1. Mr. M. A. Haq, Secretary.
2. Mr. Abdul Halim, Assistant Secretary.

**Audit Representatives**

1. Mr. Abdul Hamid, Auditor-General of Pakistan.
2. Mr. Ziaul Haq Khan, Deputy Auditor-General (A&R).
3. Mr. Mashkooor Ahmad Khan, Accountant-General, Pakistan Revenues.

**Ministry of Finance Representatives**

1. Mr. Mohammad Nawaz Khan, Additional Secretary (Expenditure and Budget).
2. Mr. Inamul Haq, Financial Adviser.
3. Mir Bakhsh Zafar, Deputy Secretary (Budget).

**Departmental Representative**

Mr. N. N. A. Qureshi, Secretary, Industries Division.

2. The Committee took up examination of grants controlled by the Ministry of Industries during 1968-69 and 1969-70.

1968-69

**APPROPRIATION ACCOUNTS**

GRANT No. 73.—PAGES 312TO316

**DEPARTMENT OF INVESTMENT PROMOTION AND SUPPLIES**

3. The Auditor-General pointed out that there was an overall saving of Rs. 7.09 lacs under 'Other than New', of which a sum of Rs. 5.78 lacs was surrendered, leaving a balance of Rs. 1.31 lacs. The bulk of this saving (Rs. 105 lacs)

pertained to A-2(3) and was due to non-utilisation of funds for T.A. on transfers. It was noteworthy, however, that additional funds (Rs. 1.10 lacs) had been obtained earlier through re-appropriation. This savings could be surrendered, if the Ministry had kept a watch over its expenditure on this account.

4. As savings and excesses in the grants had already been discussed many times before, and every Ministry now realised the importance of timely appropriation/surrender of savings, the Committee did not like to be discussed further. The para stood dropped.

#### GRANT No. 79.—PAGES 335 TO 356

##### Capital Outlay on Miscellaneous Stores :

5. The Auditor-General pointed out the following irregularities :—

- (i) Against an overall excess of Rs. 30,685 under "New", a sum of Rs. 10,000 was surrendered increasing the excess to Rs. 40,685. The Ministry explained the excess of Rs. 90,685 under sub-head A-2 as due to adjustment of expenditure relating to the year 1952-53 partly off set by a saving of Rs. 50,000 under A-1 due to non-adjustment of debits relating to 1952-53. The Ministry should have re-appropriated the savings and also obtained additional funds to meet the excess.
- (ii) A saving of Rs. 23,347 under the sub-head 'B-1' should have been surrendered, if there was less expenditure on purchase of cars than anticipated.
- (iii) The saving of Rs. 7,96,356 under the sub-head 'C-1' (Other than New), which had been explained by the Ministry as due to (a) write-back of amount relating to previous years (Rs. 5,70,964), (b) non-payment of handling charges (Rs. 3,00,000) counter-balanced by Rs. 74,608 paid on account of dump rent charges. Since the withdrawal of debits amounting to Rs. 5,70,964 was made upto March, 1969, the amount could have been surrendered. Similarly, the saving of Rs. 3 lacs could also be surrendered if no decision from the court of Law was made upto the close of the financial year.

6. The Departmental representative explained that all these matters related to schemes of State Trading, which were instituted in 1952-53 and the schemes were closed in 1955-56. Since then, the Department had undergone a series of re-organisations, the bifurcation of the Department took place in 1969, its head-quarter was transferred to Dacca and a portion of the Department was retained in Karachi. When 'One-Unit' was abolished its record was thrown out of the premises and some of the record was subjected to heavy rains. The record, which was sent to Dacca, was not received back. Hence the Departmental representative found himself considerably handicapped in being too specific about some of these questions of savings and excesses.

7. So far as the saving of Rs. 3 lakhs was concerned, the Departmental representative stated that they had no means of knowing as to when will the court of law give the decision. Till then, the Department could not surrender the amount. The Committee accepted the Departmental explanation.

8. Dealing with the scheme for the production and supply of coal (page 356), the Auditor-General pointed out that—

- (1) Out of 56,220 cost bills, only 26,329 cost bills had been rendered to Audit for adjustment, leaving a balance of 29,891 cost bills still to

be submitted to the Audit Officer for adjustment. The progress was regarded to be very slow.

- (1) The Department did not submit 860 Stock Accounts in respect of Coal imported from India by rail, on the ground that they were facing difficulties in showing the value columns in the Stock Accounts. Although the exclusion of value column from the Stock Account was not in accordance with the spirit of the R.S.A. Rules, Audit had agreed that, in order to close these long outstanding accounts expeditiously the Department may prepare these outstanding Stock Accounts without indicating value column.

9. The Committee did not press the objection further.

**Outstanding recovery of Rs. 41,86,247 (page 356) :**

10. The Auditor-General informed the Committee that an amount of Rs. 41,86,247 was recoverable from eight private parties for Coal supplied to them without prior deposits or in excess of deposits in contravention of rules.

11. The Departmental representative explained that order were issued and coal supplies were obtained by offices which were located in East Pakistan. Adjustments of eleven lacs were made between 1962 to 1968. Some vouchers were missing and it was not known as to whom did they relate. However, claims have been registered against them and licences taken over by the Enemy Property Board. He was not in a position to state as to what coal had been actually obtained and what amount was actually recoverable.

12. After some discussion the objection was dropped.

13. The Auditor-General pointed out that Rs. 8,95,897 was recoverable from Government of India and the accounts relating to missing wagons of Coal/Coke (about Rs. 25 lacs) have yet to be finalized.

14. After some discussion, the para was dropped.

1968-69

**AUDIT REPORT**

(CHAPTER III, PAGES 36—39)

15. The Auditor-General pointed out that some schemes, mentioned in the Audit Report, which are very old, were wound up long ago. Some items of expenditure and recoveries were to be adjusted. These are shown by the Department of I.P.S. in the running accounts of the schemes (pp. 340—349 App: A/cs. 1968-69).

16. The Departmental representative stated that there was a profit of Rs. 152 lakhs in five schemes and loss of Rs. 8,41,000 in two schemes. These are old matters. In a meeting of the Public Accounts Committee held on 13-8-70, the Auditor-General had suggested that a High Powered Committee be appointed to examine the issue of settling outstanding assets and liabilities of the closed schemes. The Auditor-General agreed with the Secretary that, setting up of High Powered Committee at this stage, would not serve any purpose. He however, requested that Secretary to find out if he was satisfied with the accounts of these schemes and the basis of satisfaction may be communicated to Audit.

17. The Committee agreed and the para was dropped subject to supply of the requisite information to Audit.

**Para 154, page 95 :**

18. *Loss of Rs. 97,000 on account of late delivery of stores.*—The Auditor-General pointed that, for 1940 tons of M.S. Bars, a firm quoted a price of Rs. 19.09 lacs, with delivery period as August/September, 1966 and a price of Rs. 20.06 lacs for delivery from ready stock. The Department accepted the higher price, because the requirements of the indenter were urgent. ~~The contract was signed~~ on 23rd April, 1966 and supplies were to be made by 31st May, 1966 or earlier.

19. Supplies were made as under :—

990 tons on 31st May, 1966.

670 tons on 10th June 1966.

280 tons on 8/10th October, 1966.

20. On 10th June, 1966, the quantity tendered was 950 tons of which 280 tons were rejected, which were supplied subsequently, as mentioned above, on 8/10th October, 1966.

21. Payment for 280 tons at the higher rate resulted in an infructuous expenditure of Rs. 14,000. Liquidated damages for belated supply worked out to Rs. 49,260, against which an *ad-hoc* penalty of Rs. 5,768 was imposed, the latter amount having been co-related to 280 tons only. Extending the original period of delivery to cover delay, where a higher price had been paid on consideration of time factor, was against financial propriety.

22. During the course of discussion, the Auditor-General suggested that a directive may be issued to all the Departments etc. that, whenever time is the essence for higher price and early delivery, the time and the urgency should be determined at a reasonable level with a sense of realism and each decision must be taken on merits.

23. The Committee agreed with the Auditor-General and decided that :—

A directive should be issued that, in purchase cases where time is the essence, the urgency of purchases must be determined with a greater sense of responsibility and at a higher level. There is a tendency to prescribe unrealistic dates and over-estimated requirements and also to decide upon urgency, not on merit, but as a matter of course. This tendency should be curbed.

**Paragraph 155, page 96 :**

24. *Loss of Rs. 1,02,209 due to acceptance of inferior quality of coal.*—The Auditor-General pointed out that a contract for the supply of seven thousand long tons of hand coke was placed on a firm in June, 1961. Part of the supplies of the coke, when received was found to be below the specification. Nevertheless, payment was made as if supply was according to specification. The loss, as calculated by Audit, was of the order of Rs. 1,02,209.

25. The Departmental representative explained that this purchase related to the year 1961, when coal was imported from the U.K. There used to be two test reports. One by the U.K. Coal Control Board. They declared the coal to be of the required specification. The other test was from a Pakistan Test Laboratory, which tested the coal and found that the size of the pieces were below the specification. The Departmental representative maintained that the test report

which the Audit observation was based could not be relied upon as the method of sampling was defective. The Auditor-General, in reply, stated that, in the defence Purchase Manual, sampling technique had been defined. If the sampling technique is not satisfactory, and such a case could arise in future also, the question of prescribing sampling technique should be looked into.

26. After some discussion the para was dropped.

**Paragraph 156, page 96 :**

27. *Un-due financing of contract placed on restricted negotiation.*—The Auditor-General pointed out that, for erecting piping at Warsak, quotations were invited from a few selected firms. None of the offers was considered acceptable and negotiations were started with M/s. Herman & Mohatta. Certain changes in specifications and stores were also made and contract for Rs. 10.96 lacs concluded on 18th July, 1958. The work was scheduled to be completed by 30-6-59, but was completed in January, 1966. Due to changes in specifications etc., the actual cost rose to Rs. 13.43 lacs against the contracted price of Rs. 10.96 lacs. Liquidated damages for delay were not levied on the plea that the completion of the pump house, having been delayed upto June, 1964, the contractor was not to blame for the delay. Two facts, however, seemed to have been ignored in this connection: the material imported by the firms was found defective, so also the tubing prepared by it, for which a 5% price reduction was imposed.

28. The Auditor-General complained that neither the comparative statement is available, nor the quotations of other than that of M/s. Herman & Mohatta. His Department was, therefore, unable to project the objection in its true perspective.

29. The Departmental representative stated that the contract was signed in 1958, and the position is that only current volumes of the files are available. In fact, this case starts only from the time when Audit objection was received in the Ministry. But the original documents are just not there. They have either been washed up or lost in the shifting of the office from place to place.

30. After hearing the explanation of the Departmental representative, the Committee felt that under the circumstances no useful purpose was likely to be served by pursuing the objection and, therefore, agreed to drop the para.

**Paragraph 158, page 98 :**

31. *Placement of contract at higher price ignoring lowest acceptable offer.*—Quotations were invited for the supply of about 16,000 pieces of pipes. The two lowest rates were Rs. 7, annas 12 and Rs. 11 annas 13 by M/s. H. B. Syed and M/s. Pipe Casting respectively. The lower offer was ignored on the ground that the delivery period did not suit the indenter.

32. Tenders were opened on 31 May, 1955. The contract was awarded to M/s. Karachi Pipe on 6 August, 1955. In the meantime Pak Rupee was revalued. In the process of settling the revised prices, a period of nearly two years was lost and supplies were completed on 3 May, 1958. Even liquidated damages could not be imposed on account of dispute arising from devaluation.

33. At a quite late stage, on an observation made by Audit, the Ministry in their reply stated that the offer of M/s. Pipe Casting was for indigenous product and it was for the first time that indigenous sources had submitted a quotation. Moreover the offer of M/s. H. B. Syed was ignored, because the party did not offer supplies within the period in which supplies were demanded by the indentor. This was a sufficient ground to ignore the offer.

34. The Auditor-General stated that, if a complete reply had been received by Audit in time, it would have been possible to settle the objection with the Ministry.

1968-69

### COMMERCIAL ACCOUNTS

Para 17(b), (IV), page 9:

35. *Show Rooms abroad (Group III).*—The Auditor-General pointed out that the realisation accounts of Show Rooms abroad of the Department of I.P. & S. were not compiled from 1 April, 1958 due to the transfer of management of these Show Rooms to the Ministry of Commerce on 1 April, 1958. But that Ministry had intimated that no such Show Rooms are under their management.

36. The Departmental representative stated that they have received a letter from the High Commissioner in London saying that the Show Rooms have been disbanded, articles auctioned and the money realised in pounds.

37. The para was, therefore, dropped.

Paragraph 61, page 42 :

38. *Ready to wear Garments-Production Unit of S.P.I.T. Landhi.*—The Auditor-General stated that this Unit had since been transferred to Provincial Government. Accordingly, consideration of the para was not taken up by the Public Accounts Committee.

Para 303, page 237, para 322, page 258 :

39. *Defunct Sales & Display Centres (Group I).*—In view of the explanation of the Ministry that neither year-wise break-up of these debits was available nor was there any chance of their recovery, the para was dropped.

Para 304, page 237, para 305, page 237, Para 324, page 259 para 325, page 259, Para 328, page 260 :

40. *Sales Depots and Sales & Display Centres (Group I & II).*—Various assets, valuing Rs. 2,13,632, were held at the Sales Depots and Display Centres on 31 March, 1957. Assets of the value of Rs. 2,02,528 did not physically exist in the Centre, and their book value only was shown in the accounts. The Ministry, in their reply, admitted that these assets did not physically exist and the whole amount will be written off, after a thorough investigation.

41. After some discussion, the para was dropped subject to verification by Audit of write off sanction.

1969-70

## APPROPRIATION ACCOUNTS

GRANT No. 85.—(PAGES 397 TO 418)

42. *Capital outlay on Miscellaneous Stores.*—The Auditor-General pointed out that there was a sizeable excess of Rs. 26,357, under sub-head "B-1" which, the Ministry had explained, as due to more expenditure on purchase of diplomatic cars.

43. After hearing the explanation of the Departmental representative the Committee dropped the para.

1969-70

## AUDIT REPORT

Paragraph 50, pages 65-66 :

44. *Delay in recoveries from non-Government indentors.*—The Auditor-General pointed out that the Department of I.P. & S. arranged to procure stores from abroad for certain non-Government indentors (autonomous, semi-autonomous Organisations and local bodies, etc.) He stated that, in the case of parties from West Pakistan, total recoverable amount, as at the close of December, 1973, was Rs. 67,81,035 and in the case of East Pakistan, Rs. 99.96 lacs, which was being transferred to the "East Pakistan Suspense" account.

45. The amounts due were outstanding against organisations like Thal Development Authority, Pakistan Atomic Energy Commission, Municipalities etc. and not against private parties. Therefore, the dues could be recovered.

46. The Committee directed the Departmental representative to gear up their administration to effect the realisation of the outstanding amount:

1969-70

## COMMERCIAL ACCOUNTS

Para 73, page 51 :

47. *Wood Production Unit of S.P.I.T. Limited.*—The Auditor-General pointed out that this Unit had since been transferred to the Provincial Government. In view of the above it is no longer in the jurisdiction of the Central Public Accounts Committee.

48. As pointed out by the Auditor-General, there was no other material point in the accounts pertaining to 1968-69 and 1969-70 in the grants controlled by the Industries Division and the examination of the above Division was accordingly concluded.

**DISCUSSION WITH THE D.G.I.P. & S. OF THE REPRESENTATIVES OF EDUCATION, HEALTH, INFORMATION & BROADCASTING AND DEFENCE PRODUCTION DIVISIONS ON ITEMS 9, 12, 14, 15 & 23 ON THE LIST OF ENQUIRIES RECEIVED FROM THE AUDITOR GENERAL**

49. As decided by Public Accounts Committee at its earlier meeting held on 6 February, 1974, 7 February, 1974 and 6 March, 1974, the representatives

of the following Ministries/Divisions held discussion when the D.G.I.P. & S (Mr. S.M.A. Ashraf) was also present :—

Item No.	Subject	Name of Ministry/ Division	Departmental Representative
9.	Non-materialization of indents for purchase of paper (Grant 74 for (68-69)).	Education.	Capt. U.A.G. Isani, Joint Secretary, Education Division.
12.	Excess under Grant No. 57 due to belated adjustment of Medical Stores.	Health.	Lt. Genl. A.N. Ansari, Secretary, Health Division.
14.	Non-purchase of new jeep and ambulance.	Do.	Do.
15.	Excess explained as due to adjustment of debits relating to previous years.	Information and Broadcasting.	Mr. Nasim Ahmed, Secretary, Information & Broadcasting Division.
23.	Court of enquiry fixed the responsibility on the Inspecting Officer, regarding damaged asbestos cement sheets.	Defence Production Division.	Mr. Muhammad Masud, Joint Secretary, Defence Production Division.
		Deptt. of Investment, Promotion and Supplies.	Mr. S.M.A. Ashraf, Director General, Investment, Promotion and Supplies.

50. As a result of detailed discussion, the Committee came to the conclusion that requisite effort was not being put in by Government agencies for liaison and expediting purchase cases. Most of the difficulties relating to purchase by D.G., I.P. & S. could be resolved by gearing up the administration and by proper liaison and expediting action on the part of the administrative Ministries/Departments. The P.A.C. decided that the D.G.I.P. & S. should arrange a meeting with some important Departmental heads to consider typical cases and try to suggest improvements in the existing procedure. A report should be submitted to the National Assembly Secretariat within 4 months for the information of the Committee.

#### INTERIOR DIVISION

#### EXAMINATION OF GRANTS CONTROLLED BY THE INTERIOR DIVISION

Departmental representative, Ch. Fazl-i-Haq, Secretary, Interior Division

1968-69

#### AUDIT REPORT

Paragraph 120, page 83 :

51. *Discrepancy of Rs. 14,41,664 in a Personal Ledger Account.*—The Auditor General pointed out that a discrepancy of Rs. 14,41,664 was found in the Personal Ledger Account of Passport Officer, Karachi, with the treasury on 31st December, 1966. The irregularity happened due to incomplete Pass Books and non-reconciliation of figures between the Department and the Treasury. The discrepancy was reconciled in July, 1971.

52. The Auditor-General said that this was only for information of the Committee. The Department should, however, avoid recurrence of such situation, as belated reconciliation could lead to fraud.

1969-70

### APPROPRIATION ACCOUNTS

GRANT No. 67.—PAGE No. 302-303

53. The Auditor-General pointed out an excess of Rs. 67,496 under sub-head 'A-3' (other).

54. The Departmental representative explained that the additional funds applied for were not agreed to by the Ministry of Finance. However, the excess was due to grant of inter-wing travelling concession to East Pakistani domiciled Government servants against their future entitlements due to flood in East Pakistan.

55. The Committee accepted the Departmental explanation.

### STATES AND FRONTIER REGIONS DIVISION

Examination of grants controlled by the S. & F.R. Division :

*Departmental Representative*

Mr. Masrur Hasan Khan, Secretary, States & Frontier Regions Division.

1968-69

### APPROPRIATION ACCOUNTS

GRANT No. 95.—(EXCLUDING ACCOUNT II EXCEPT SUB-HEAD C—5)  
(PAGES 418—438)

56. The Auditor-General pointed out to the Committee that actual expenditure under the above grant exceeded the final appropriation (Rs. 8.23 Crores) by Rs. 44.73 lacs.

57. The Departmental representative explained that the works undertaken were of operational necessity from defence point of view.

58. The Committee accepted the Departmental explanation.

1969-70

### AUDIT REPORT

Paragraph 49, page 65 :

*Irregular local purchase (Rs. 14,133).*

59. The Committee decided to drop this para as sanction, with retrospective effect, of the Government has since been obtained and the irregularity stands regularised.

60. The Chairman then adjourned the meeting to meet again at 10.30 A.M. on Monday, the 8th December, 1975.

M. A. HAQ,  
*Secretary.*

ISLAMABAD :  
The 12th May, 1976.

**NATIONAL ASSEMBLY SECRETARIAT**

**PROCEEDINGS OF THE SIXTEENTH MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD ON THE 8TH DECEMBER, 1975.**

The Public Accounts Committee met in the State Bank Building, Islamabad, at 10.30 A.M. on 8th December, 1975.

Members present were :—

- |                                                                              |                  |
|------------------------------------------------------------------------------|------------------|
| 1. Mr. Muhammad Hanif,<br>Minister for Finance,<br>Planning and Development. | <i>Chairman.</i> |
| 2. Syed Qaim Ali Shah,<br>Minister of State for Industries.                  | <i>Member.</i>   |
| 3. Ch. Shafaat Khan Chohan, M.N.A.                                           | <i>Member.</i>   |
| 4. Mian Hamid Yasin, M.N.A.                                                  | <i>Member.</i>   |
| 5. Mr. Hakim Ali Zardari, M.N.A.                                             | <i>Member.</i>   |

**National Assembly Secretariat :**

1. Mr. M. A. Haq, Secretary.
2. Mr. I. H. Siddiqui, Deputy Secretary.
3. Mr. Abdul Halim, Assistant Secretary.

**Audit Representatives :**

1. Mr. Abdul Hamid, Auditor-General of Pakistan.
2. Mr. Ziaul Haq Khan, Deputy Auditor General (A&R).
3. Mr. Mashkoor Ahmed Khan, Accountant General, Pakistan Revenues.

**Ministry of Finance Representatives :**

1. Mr. M. Z. Rehman, Additional Secretary (Expenditure).
2. Mir Bakhsh Zafar, Deputy Secretary (Budget).

**EXAMINATION OF GRANTS CONTROLLED BY THE KASHMIR AFFAIRS DIVISION**

*Departmental Representative*

Mr. Amirzada Khan, Additional Secretary.

1968-69

**APPROPRIATION ACCOUNTS**

GRANT No. 95.—(Account II excluding sub-head C. 5.)

Pages 438—445.

2. (i) The Auditor-General pointed out that, under the above grant, there was an overall excess of Rs. 3.44 lacs. The Departmental representative explained that the excess could not be regularised by obtaining supplementary

grant due to very late receipt of expenditure figures, for difficulty of communications. There was also a belated debit on account of procurement from the Army during the previous year for Northern Areas. The adjustment came to the notice of the Department at a very late stage. Supplementary demands could not, therefore, be applied for due to non-availability in time of actual figures of expenditure.

3. The Chairman observed that most of the spending agencies took it for granted that supplementary funds would be available in any case. This was no longer the case and the departments, etc., must have realised the difficulty in obtaining supplementary grant after they had incurred the expenditure. The Committee directed that, in future, all necessary and reasonable care should be taken and all-out efforts made to get the approval of the Ministry of Finance in time, wherever supplementary grant be involved. This was necessary to prevent financial indiscipline in most of the offices dealing with the finances of spending agencies.

Note 6 below grant :

4. (ii) *Review of Works Expenditure.*—The Auditor-General pointed out that the review of works expenditure in respect of Account D had not been furnished since 1963-64.

5. The Departmental representative explained that the review of works expenditure had been sent to Audit. The delay occurred due to non-availability of records in the Northern Areas. In the Northern Areas, the people employed are mostly local. They do not know the rules and regulations of accounts. They also do not maintain the accounts properly and whatever little is maintained, they hardly pass on to the headquarters. When they pass it on to the headquarters, it is too late.

6. The Chairman remarked that he knew that the situation in the Northern Areas is difficult. He appreciated the difficulty, but felt that there is always scope for improvement and it is the duty of every one to go on making it.

7. On a remark of the Auditor-General that his Department had not received the review of expenditure, the Departmental representative promised to supply a copy of the same.

8. The para was dropped.

GRANT NO. 120.—(Pages 512—514).

9. The Auditor-General pointed out two instances of surrender in excess of actual savings. The amount surrendered thus proved injudicious.

10. The Departmental representative attributed the excess to procedural difficulties. He explained that, against a budget provision of Rs. 1.43 crores, an amount of only Rs. 40 lacs was initially released. Subsequent instalments were not released. The executive agencies continued to incur expenditure according to the budgeted provision. The Government inadvertently surrendered the amount which was not released, resulting in excessive surrender.

11. The Committee desired the Auditor-General to examine and check up the position.

1968-69

## AUDIT REPORT

(Para 2, page 46)

**Unnecessary expenditure of Rs. 42,725 :**

12. The Auditor-General pointed out that a contract was awarded for the transport of 1709 maunds of fertilizers by road at Rs. 70 per maund, because the P. I. A. had refused to lift the stores. The contractor transported 1,165 maunds by road and 544 maunds by air, and the air freight was only Rs. 54 per maund.

13. The Departmental representative explained that 544 maunds was first transported by road upto a certain place but, due to road blocks, it was brought back and transported by air. Payment was however made to the contractor according to the contract agreement and on the advice of the Law Division and the Ministry of Finance. The practice followed is that the Department always contacts the P. I. A. or the P. A. F. over the telephone or person, but no record is maintained of such telephonic and personal contacts.

14. The Auditor-General observed that no *malafide* intention seems to be involved in this case. The Committee, decided to drop the para.

**Para 3, page 46****DRAWAL OF MONEY TO AVOID LAPSE OF BUDGET GRANT AND IRREGULAR RETENTION OUTSIDE PUBLIC ACCOUNTS**

15. The Agriculture Officer, Skardu drew Rs. 30,856 and 25,223 during 1965-66 and 1966-67. Of which, Rs. 6,079 and Rs. 11,492 were spent during these years, on the purchase of fertilizers. The unspent balance of Rs. 38,508 was kept out Government account. The Ministry stated in their reply that the unspent balance was utilised during 1968-69 and action for condonation of the irregularity was being taken in consultation with the Ministry of Finance.

The Committee dropped the para subject to regularisation action by the Department.

**Para 122, page 84 :****NON-PRODUCTION OF ACCOUNT RECORD OF DEVELOPMENT EXPENDITURE**

16. The Departmental representative clarified the position and the Committee dropped the para.

**Para 123, page 84 :****DRAWING OF MONEY TO AVOID LAPSE OF GRANT AND ITS IRREGULAR RETENTION OUTSIDE THE PUBLIC ACCOUNT**

17. The Auditor-General pointed out that a sum of Rs. 8,163 was drawn in June, 1965 for special repairs to a school and Model House in Baltistan. The amount was shown in the Cash Book as payment, without incurring the expenditure.

18. The Departmental representative explained that work could not be started due to emergency in 1965 and the amount was refunded into the Government Treasury in October, 1965.

19. The Committee desired that Audit should verify the amount refunded into the Government Treasury.

**Para 125, page 85 :**

**LOSS OF Rs. 1,58,600 DUE TO SET CEMENT**

20. The Auditor General pointed out that 3172 cement bags were found set in July, 1967 in the Northern Areas/P. W. Division Gilgit, resulting in a loss of Rs. 1,58,600.

21. The Departmental representative informed the Committee that the enquiry proposed to be held in the matter could not be started yet and that only the Development Commissioner and S. P. were available to constitute a Committee of Enquiry, if agreed to by the Public Accounts Committee.

22. The Committee directed that the above officer may constitute the Enquiry Committee and their report be submitted to the Committee within three months.

**Para 128, page 85-86 :**

**LOSS OF Rs. 56,084 DUE TO SHORTAGE OF STORES**

23. The Auditor-General pointed out that, on physical verification of stores in November, 1967, shortage of stores worth Rs. 56,084 was detected. Audit took up the point in October, 1968 and the Department replied in May, 1973 that articles worth Rs. 48,232 were not in fact short. The balance shortage of Rs. 7,047 was stated to be under investigation.

24. The Departmental representative informed the Committee that the case has been handed over to the Police. However, the Overseer, on whom the responsibility was being fixed, had since left the service and gone out of the country. The Committee felt very strongly against the manner in which such cases were being handled by departmental heads. They were surprised to note that, in several such cases where responsibility is fixed on a particular government servant and investigations are in progress, he is allowed to quit the Government service and he then manages to slip away from the country to escape the punishment for his misdeeds.

25. Syed Qaim Ali Shah observed that, in case the Audit objection were allowed to be so lightly treated by the Ministries etc., then there was no use of audit. The Chairman remarked that the duty of Audit was only to point out a certain irregularity. It was for the administrative Ministry/Department etc., to make a note of the audit objection and take prompt action in the matter. These irregularities had come to the notice of the Public Accounts Committee after a lapse of considerable period 5—7 years after the irregularity had been committed. The Public Accounts Committee, therefore, found themselves quite unable and helpless to order any action against the person at fault as, in the meantime, either the records had been destroyed or the defaulter had managed to quit service and leave the country quietly and safely. He further observed that, if enquiries are not held expeditiously, the result of such enquiries/investigations could very well be imagined.

26. The Committee decided that the result of the investigation by the Department may be awaited.

### GENERAL

27. During the course of discussion of Auditor-General observed that, in some countries, powers of surcharge have been given to the Auditor-General to enforce recovery while in other countries there are *Audit Courts*. These systems ensure quick compliance with audit observations. The Committee appreciated the system. The Auditor-General was requested to submit a Paper on the subject to the Committee for its consideration.

Para 129, page 86 :

### LOSS OF Rs. 46,616.

28. A Contractor who carried out work of uncoursed rubble masonry was paid at full rate (labour plus cost of material) in respect of 1,55,872 cft., whereas he should have been paid labour rate only. This resulted in an overpayment of Rs. 46,616. The same contractor had also been awarded the work of obtaining stone by blasting and otherwise, some of which was used on stone masonry. Audit could not trace in the records the credit of the balance of stone. The above facts had been pointed out during 1967, but the reply was that the case was under investigation.

29. Replying to the questions asked by the Committee, the Departmental representative stated that the case was with the local Anti-corruption Police to whom it was referred in March, 1974 but was returned to the Department for investigation by them. The difficulty was that such cases were taken up six or seven years after the commission of the offence. The Head of the Department had since been transferred. The Committee felt that whosoever was the incharge, he should have taken interest in finalising the case. The Chairman of the Committee expressed dis-satisfaction on the fact that the officer who could be held responsible were stated to be not available. If there was some lacuna in the procedure, it should be removed. The Committee's role became in-effective where the defaulters could not be taken to task. The Auditor-General observed that the system was working satisfactorily before partition, the only difference was that the Department started action immediately on getting the Audit observation with the result that P. A. C. had a complete reply before them.

The Departmental representative agreeing to the fact that little respect is being shown to the Audit observations by the departments in general, explained the position of the case that presumption of Audit that hundred percent of the blasted stone should have been re-used was not correct. There were provisions according to which 25% to 40% could be used. In the present case payment to the contractor was made upto 30% of the stock available. The para itself required clarification.

The Chairman, not discussing the technicalities, stated that the question was why the very explanation given to P. A. C., could not be provided to Audit at the relevant time. It was most important that whenever any objection was received by the department, a reply should be given straight away. If it was the explanation that the dealing officer did not take interest at the proper time then the answer was that those people who ignored the Audit objections should be taken to task if they were available.

The Departmental representative stated that they would try to explain the position to Audit within a month's time. The para was deferred by the Committee.

**Para 130, page 86 :**

**LOSS OF Rs. 40,700 ON ACCOUNT OF NON-ACCOUNTAL OF CEMENT BROUGHT FROM PINDI TO SKARDU BY AIR**

30. The Auditor-General pointed out that Audit had since verified the item from the Stock Register and the objection could now be dropped. The Committee agreed.

**Paragraph 132, page 87 :**

**EXCESS PAYMENT OF Rs. 24,697.**

31. The Auditor-General pointed out that work, measuring 3,45,411 cft. of un-coursed rubble masonry, was got done by a contractor in August, 1966. As per measurements in the relevant M. B. 50% quantity was to be paid for at Rs. 1.84 per (10) cft, exclusive of the cost of stone, and the balance 50% was to be paid at Rs. 4.70 per (10) cft. (inclusive of the cost of stone). The contractor received 5 running payments, but in the 6th Running bill the ratio of payment was changed to 25% at Rs. 1.84 cft. and 75% at Rs. 4.70 per cft., resulting in excess payment. The Joint Committee appointed by *ex-Finance Minister* (Central) recommended in November, 1973 that recovery of the actual amount of overpayment (Rs. 29,370) should be made from the Executive Engineer, who was responsible for the excess payment.

32. After a detailed discussion, it was decided by the Committee that the investigations in the matter in progress should be concluded expeditiously and responsibility fixed whether the contractor was guilty or the officer or both of them. Thereafter, the money may be realised from the person or persons found guilty.

**Paragraph 133, page 87 :**

**MISSING WHEAT VALUING Rs. 24,240.**

33. The Auditor-General pointed out that this para relates to the balance of 50 maunds of wheat, recovery of which is to be verified.

34. The Departmental representative stated that they had made a lot of efforts but the record was not traceable. This was a small amount. The major portion, *i.e.*, 404 maunds of wheat and the accounts thereof had already been verified by the audit party.

35. After some discussion, the para was dropped.

**Paragraph 134, page 87 :**

**NON-RECOVERY OF Rs. 1,57,258 ON ACCOUNT OF COST OF WHEAT AND SALT FROM LABOURERS**

36. The Auditor-General stated that recovery of Rs. 50,834 had been noticed by Audit in October, 1967 in respect of wheat and salt valuing Rs. 2,08,092. The Department explained that these articles were issued to the labourers at

subsidised rates. The Ministry had stated that, though subsidy was not provided in the original PC-1 form this had now been provided in the revised PC-I forms of the schemes, which had been approved by the Government.

37. After some discussion, the para was dropped.

**Paragraph 136, page 88 :**

**NON-RECOVERY OF GOVERNMENT DUES AMOUNTING TO  
Rs. 27,429.**

38. The Auditor-General pointed out that an amount of Rs. 27,429 on account of use of electricity had not been recovered from the consumers. The Department had stated in September, 1971 that recovery of Rs. 12,012 had been made and the recovery of the balance was under way. A recovery of Rs. 2,003, out of Rs. 12,012, had been verified by the Audit.

39. The Departmental representative stated that only Rs. 5,000 (in round figures) remained to be recovered. The Committee directed that efforts may be made to realise the whole amount as early as possible.

**Paragraph 137, page 88 :**

**NON-ACCOUNTAL OF TOOLS AND PLANT ARTICLES WORTH  
Rs. 2,06,718.**

40. The Auditor-General pointed out that Tools and Plant articles, valuing Rs. 2,06,718 purchased during 1964-65 were not taken on the T&T Register. The Department intimated that articles worth Rs. 1,24,610 (60511 plus 64099) had been taken on record which had been verified by Audit.

41. The Departmental representative stated that they are ready to get the balance articles worth Rs. 82,000 verified by Audit and the Register will be made available to the next Audit party. The objection was dropped subject to verification by Audit.

**Paragraph 139, page 89 :**

**IRREGULAR LOCAL PURCHASE OF Rs. 5,46,052.**

42. The Auditor-General pointed out that local purchases of articles amounting to Rs. 49,061, Rs. 51,685 and Rs. 4,45,306 respectively were made by the Executive Engineer in disregard of the instructions that local purchase of articles of stores should not exceed Rs. 5,000 during a period of 6 months.

43. The Committee observed that, as the irregularity has already been condoned by the Government and a warning had also been given to the officers responsible, the para may be dropped.

**Paragraph 140, page 89 :**

**IRREGULAR EXPENDITURE OF Rs. 91,370 DUE TO DEVIATION FROM  
THE APPROVED SPECIFICATION**

44. The Auditor-General pointed out that a contract for Rs. 2.37 lacs for the construction of a suspension bridge, estimated to cost Rs. 2.37 lacs, provided for lime-mortar. During the course of its execution, the specification was

changed to cement mortar, resulting in extra expenditure of Rs. 91,370. The Departmental representative stated that, originally a 237 feet bridge was proposed. But, later on, it was decided that its height must be 357 feet. Therefore, its cost increased and change in the specification was effected, to cement mortar instead of lime-mortar. Otherwise, it would have been washed away. There was provision in the agreement that change in the specification would be in the competence of the Engineer-Incharge, which would be done after inspection of the site. He further stated that the project was approved. Only the cost was revised later on. Technical sanction had also been accorded them and estimates had also been sanctioned.

45. After some discussion, the Committee decided that a directive may be issued by the Ministry of Finance that works should not be started in future without technical sanction.

### GENERAL

46. The Committee further decided that all the Ministries and Divisions and Departments concerned should be asked to furnish full and complete replies, without delay, to the Auditor-General in regard to audit paras concerning them, so that Audit do not have to enter into any protected correspondence and the time of the P.A.C. could be saved.

#### Paragraph 143, page 90 :

#### NON-RECOVERY OF Rs. 46,365 FOR DEFECTIVE WORK

47. The Auditor-General pointed out that a contractor was paid Rs. 16,503 for constructing a building which collapsed by rains and earthquake. The contractor refused to reconstruct the same. It was got constructed through another contractor at a cost of Rs. 29,862. The Department had explained that the second work was really a separate work pertaining to Phase III of the building. The joint Committee appointed by the Federal Finance Minister had decided that no infructuous expenditure was involved except Phase I work involving Rs. 16,072. The contractor who was held responsible had invoked arbitration. The Committee directed the Departmental representative to obtain the opinion of Law Division on this case for the information of P.A.C.

#### Para 145, page 90 :

#### NON-ACCOUNTAL OF MATERIAL WORTH Rs. 24,820.

48. The Auditor-General pointed out that material worth Rs. 24,820 purchased in April, 1964 had not been taken on stock. It was verified later on that material worth only Rs. 9,200 had been taken on stock in March, 1965.

49. The Departmental representative stated that an enquiry had been ordered to fix responsibility. They had suggested to the Government to write off the amount. The Committee decided to drop the para subject to departmental action stated above.

#### Para 148, page 91 :

#### EXPENDITURE INCURRED ON WORKS IN ANTICIPATION OF TECHNICAL SANCTION

50. The Auditor-General stated that 135 works, involving an expenditure of Rs. 47.42 lacs were started in 1968-69 without their estimates having been

technically sanctioned. Those were sanctioned subsequently. The Auditor-General further stated that this practice was fraught with risks and the departments should observe the normal rules strictly.

51. The Departmental representative informed the Committee that this irregularity occurred because the officials handling the works were not aware of the formalities and they continued the execution of the works without going through them. He, however, assured the Committee that technical sanctions had been issued in these cases. The para was dropped.

**Paragraph 149, page 91 :**

52. *Outstanding periodical returns as on 30th June, 1969.*—The Auditor-General pointed out that some returns were not submitted to Audit during 1968-69 ; of these 25 Stocks Returns were still outstanding, relating to one Division, from 1961 onwards.

53. The Departmental representative stated that only 5 stock Returns are pending with the Department. The Chairman directed the Department to show the remaining returns to Audit quickly.

**Paragraphs 124 & 131 pages 84, 85, 86 :**

54. Under these paras, the Auditor-General brought to the notice of the Committee certain recoveries made at the specific instance of Audit.

**1969-70**

**APPROPRIATION ACCOUNTS**

GRANT NO. 72, 74 & 76.—Pages 317—321 ; 354—360 & 363—371.

55. The Auditor-General pointed out that these paras related to savings and excesses. The arguments of the Ministry were the same as earlier. No useful purpose would be served by having a further discussion on those paras. The Committee agreed.

GRANT NO. 76.—Page 367 :

**AUDIT COMMENTS ON RUNNING ACCOUNT OF THE STATE TRADING SCHEME IN GILGIT/BALTISTAN FOR 1968-69.**

**(1) Adjustment of expenditure/recoveries :**

56. The Auditor-General pointed out that adjustment of the unadjusted expenditure of Rs. 95,45,729 and recoveries of Rs. 54,20,838 given in the Ministry's reply needs to be made quickly by the Ministry.

**(2) Reconciliation :**

The Ministry stated that the progressive figures shown in the Running Account have yet to be reconciled with Audit figures.

57. The Departmental representative stated that details were not yet available for the amount which had been deposited in the treasury. Details to the extent of Rs. 37 lacs only had been got from the Northern Areas Administration. The rest of the details were yet to be obtained. Efforts were being made to locate the relevant records.

58. The Committee directed the Departmental representative to let the Committee know the actual position.

**(3) Godown and Transit shortages :**

59. The Auditor-General pointed out Godown and Transit shortages costing Rs. 54,921. The Ministry had stated that a sum of Rs. 11,351 had been regularised and the balance of Rs. 43,570 was still to be regularised.

60. The Departmental representative stated that Rs. 38,000 still remained to be recovered. The rest had already been recovered.

61. The Chairman directed that recovery of the whole amount may be expedited.

**(4) Issue of sanction for adjustment of subsidy :**

62. The Auditor-General pointed out that the Kashmir Affairs Division had to issue a sanction for the adjustment of subsidy relating to the years, 1959-60 and 1962-63.

63. The Departmental representative stated that they would take up this question with the Ministry of Finance shortly. The Committee directed that progress be reported.

64. (iii) *Audit comments on financial review and Running Accounts of the Scheme for the purchases made by Kashmir Affairs Division for the year 1968-69. (Page 371).*—The Auditor-General pointed out that a scheme for purchases was initiated by the Kashmir Affairs Division, the main object of which was to provide food-stuff etc. at subsidised rates. The Running Account of the Scheme for the year 1968-69 showed a total amount of Rs. 82.22 lacs as outstanding. There was also a loss of Rs. 17.44 lacs on account of shortages in godowns and transit. He further added that the detailed account of the expenditure incurred by the Department had not been maintained, with the result that details of the amounts remaining unadjusted could not be verified by Audit.

65. The Departmental representative stated that the matter had been referred to Audit to seek their help but they had replied that they had weeded out the relevant record.

66. The Committee decided that, in the first instance, the record be checked by the Audit and then the matter be brought before the Committee.

**GRANT NO. 125—Page 552-553.**

67. The Departmental representative admitted that savings could not be surrendered due to an oversight. The para was dropped.

**1969-70**

**AUDIT REPORT**

**Paragraph 35, page 59 :**

68. *Drawing of money to avoid lapse of Budget Grant and irregular retention of Public money outside the Public Account.*—Rs. 3,37,100 were drawn by the Political Agent, Skardu from the treasury on 12-6-1969 for payment in connection with the construction of an airfield. This amount was deposited in the National Bank of Pakistan on 25-6-1969. Of this, an amount of Rs. 3,18,546 was disbursed in August, 1969.

69. The Auditor-General pointed out that the drawal of money in advance of actual requirements was apparently made to avoid lapse of budget grant but its retention outside the public Account was irregular.

70. The Departmental representative stated that the amount had been drawn on behalf of the Ministry of Defence and it was not included in their budget grant.

71. The Auditor-General observed that the para was only for the information of the Committee.

**Paragraph 36, page 59**

72. (i) *Misappropriation of Rs. 1,000.*—The Auditor General stated that, since the amount had been recovered and credited into the Government Treasury, the objection stood settled.

73. (ii) *Irregular retention of Government money outside the Public Accounts.*—The Auditor General pointed out that, as sanction of the Government had since been received, the position stood regularised.

74. (iii) *Loss of stores valuing Rs. 1,087.*—The Auditor-General stated that it was attributable to short delivery of stores by the supplier, who had since made good the shortage and this was to be verified by Audit. The objection was dropped subject to verification by Audit.

75. (iv) *Irregular and uneconomical purchase of stores valuing Rs. 56,329.*—It was stated that sanctions of the competent authority and the quotations called for the purchase of stores worth Rs. 56,329 were not shown to Audit. The Departmental representative told the Committee that those papers were available with the Inspector of Schools, Gilgit. The objection was dropped subject to verification by Audit.

**Para 38, page 61 :**

76. *Non-accounting of material worth Rs. 8,418.*—The Departmental representative stated that Audit could now verify the accounting of material under objection. The Chairman directed the Auditor-General to verify the same.

**Para 39, page 61 :**

77. *Transit shortage of Foodgrains.*—About 366 maunds of foodgrains were found short at the destination in the consignments from one to another civil supply centre. The Ministry had stated in their reply that the matter was being investigated.

**Para 41, page 61 :**

78. *Transit shortage of Foodgrains and Kerosene Oil.*—The Ministry had stated in their reply that Rs. 1,506 on account of wheat and salt, had been recovered from the P.I.A.C., and the value of other shortages had been written off. Therefore, this para was treated as settled.

**Para 42 pages 61,62.**

79. *Godown shortages.*—The Auditor-General stated that the Ministry had informed Audit that a Departmental enquiry was held and the Enquiry Officer recommended the write-off of a loss of Rs. 8,533, and recovery of Rs. 629 from the officials responsible. Action was being taken accordingly. This para was, therefore, dropped subject to verification by Audit.

**Paragraph 48, page 64 :**

80. *Loss of Rs. 9,40,004 due to liquidation of a Commercial Bank.*—The Auditor-General pointed out that the loss sustained by Government as a result of liquidation of the National Commercial Bank had been considered by the Committee earlier. No useful purpose was likely to be served by discussing this para again. The Ministry had stated in their reply that Special Police Establishment had not yet intimated the result of their investigation in the case. The Committee directed the Departmental representative to pursue the matter.

**Paragraph 43, page 62 :**

81. *Expenditure incurred on work in anticipation of Technical Sanction.*—The Auditor-General stated that this para also related to incurring of expenditure without proper Technical Sanction. Since such an irregularity had been discussed earlier, no further action was called for. The para was dropped subject to intimating the latest position to Audit.

**Para 46, page 63.**

82. *Outstanding Adjustment Memos amounting to Rs. 18,49,563.*—The Auditor-General pointed out that 93 Adjustment Memos involving Rs. 18,49,563 had not been adjusted upto 30th June, 1970.

83. The Departmental representative stated that only 22 Memos awaited adjustment and the rest had been cleared. Major amounts had thus been adjusted.

84. The Chairman directed the Departmental representative to intimate the latest position to Audit and have adjustment of the rest effected soon.

**GENERAL**

85. The Chairman observed that, as a result of the examination of accounts, we should try to make further improvements and also take care that the irregularities, which have come to notice, do not recur.

**DISCUSSION OF REPORTS ON ENQUIRIES ORDERED BY THE PUBLIC ACCOUNTS COMMITTEE**

86. During the session held in 1974, the Public Accounts Committee had ordered various enquiries. The Committee took up consideration of the reports in respect of the enquiries mentioned at serial Nos. 1,2,3,8, and 13 of the list, forwarded by the Auditor-General of Pakistan.

**ITEM NO. 1 :—SCIENCE & TECHNOLOGY DIVISION**

(Note 4 below Appropriation Account of Grant No. 97 for 1968-69).

**Departmental representative :**

Dr. A.Q.K. Afghan, Additional Secretary.

**GRANT No. 97.—DEVELOPMENT EXPENDITURE OF FOOD & AGRICULTURE DIVISION—CASE IN RESPECT OF RE-APPROPRIATION ORDER FOR PROBABLE SAVINGS.**

87. The Public Accounts Committee had, at its meeting held on 24th January, 1974, directed the Additional Secretary, Science & Technology Division to explain as to why savings did not materialise under "Other than New" to the extent of Rs. 3,45,000 (out of Rs. 38,15,100), which pertained to the Ministry of Science & Technology.

88. The Auditor-General pointed out that the irregularity had occurred due to technical error and no loss of money or *malafide* was involved. The objection was dropped.

**ITEM NO. 2.—Central Board of Revenues.**

[ Paras 101 to 117 and Annexure E (item 2) pages 80 to 82 & 191 to 211 of Audit Report 1968-69 Paras 2(i) to 2 (xiv) and Annexure to para 4-pages 77 to 79 & 84 to 92 of Audit Report 1969-70. ]

**Departmental representative :**

Mr. N. M. Qureshi, Chairman, C.B.R.

Mr. Z. A. Shah, Member (Centre) C.B.R.

**Cases of under-assessment of custom duty, etc:**

89. The Public Accounts Committee had at its meeting held on 25th January, 1974, directed the Departmental representative to investigate into all cases of under assessment, mentioned in the Audit Reports (Civil) of 1968-69 and 1969-70, involving more than Rs. 25,000 so that the persons at fault could be identified and suitable action taken against them. It had further directed that the Member, Customs, should, after collecting the relevant records, make an enquiry, in association with the A.G.P.R., not in their official capacity but as persons nominated by the Committee on behalf of the National Assembly, to submit a report within 3 weeks to the Public Accounts Committee for orders.

90. The Committee considered the report in detail and was informed by the Departmental representative that necessary warning to all the officials, who handled the cases, had already been issued and every penny due had been realised. The Government did not suffer any loss in this case.

91. The Committee accepted the report. No further action was called for.

**ITEM NO. 3.—Ministry of Commerce.**

(Pages 77, 266 & 292 Commercial Accounts 1969-70).

**Departmental representatives :**

1. Mr. F.R. Khan, Additional Secretary, Commerce.

2. Mr. A. W. Tabbani, Chairman, E.P.B.

**Export Exhibition Cell wound up in 1964 disposal of stocks and assets :**

92. The Public Accounts Committee had, at its meeting held on 29th January, 1974, directed the Additional Secretary, Ministry of Commerce to prepare a report on the disposal of moveable and immovable assets of the Export and Exhibition Cell of the Export Promotion Bureau. Specifically, the Public Accounts Committee desired to know the reasons for delay in the disposal of assets of the Export and Exhibition Cell, after orders for its winding had been passed. The Public Accounts Committee also directed that responsibility for delay leading to financial loss if any, should also be fixed.

93. The Departmental representative explained the history of the case and concluded by saying that, according to the report, the responsibility was so diffused that it was very difficult to fix the same on any particular individual. He stated that, since the independent committee has not held any one responsible, the findings of the Committee in this respect should be accepted. However, so far as Government is concerned, it had suffered a huge loss of Rs. 7.49 lakh. But this was mainly due to the postponement of the fair, from time to time. The biggest loss came when it was decided that the assets be handed over to Messers Pakistan Exhibition Corporation, which was a private agency. The Agreement with them was not precise, with the result that, when they were asked to hand over the total collection of Rs. 7 lakhs, they handed over only Rs. 1.8 lakhs to the Government and the burden of the balance had to be borne by the Government in view of its sponsorship and moral responsibility.

94. Looking from the Corporation's point of view, the Departmental representative explained, Messers Pakistan Exhibition Corporation were given the franchise to hold the exhibition. They made investment in the venture, spent money on inviting people, received advances and ultimately suffered losses due to the decision of the Government.

95. During the detailed discussion, it was further explained that the land was still in the possession of the Government and its value had also appreciated.

96. The Committee decided that the whole affair be wound up as early as possible and, thereafter, Audit be consulted.

**ITEM NO. 8.—Ministry of Foreign Affairs.**

[Para 28-page 56 of Audit Report (Civil) 1969-70]

**Departmental representatives :**

Mr. M. M. Abbas, Acting Secretary (Admn.)

Mr. M. I. Qureshi, Joint Secretary (Admn.)

**Defalcation of Indian Rs. 21,133 equivalent to Pakistan Rs. 13,418 :**

97. The Public Accounts Committee had at its meeting held on 31st January, 1974, directed the Departmental representative to enquire into the defalcation of Indian Rs. 21,133 equivalent to Pak. Rs. 13,418, on behalf of the National Assembly, and to submit his report to the Public Accounts Committee directed within a month.

98. The Committee considered the report in detail and deplored the action of the Ministry for not having held either a proper enquiry in the matter or obtaining the advice of the handwriting expert, until specifically directed by the P.A.C. to do so.

99. The Departmental representative, during discussion, informed the Committee that the official found responsible had filed an appeal to the Prime Minister.

100. The Committee deferred consideration of the report until the result of the appeal, lodged with the Prime Minister, became known.

**ITEM NO. 13.—Ministry of Health.**

(Note 3 below grant No. 57, page 263 of Appropriation Accounts for 1968-69)

**Departmental representative :**

Lt. Genl. A. N. ~~M.~~ Ansari, Secretary, Health.

**STORE ACCOUNTS OF JINNAH POST-GRADUATE MEDICAL CENTRE,  
KARACHI.**

101. The Public Accounts Committee, at its meeting held on the 6th February, 1974, had directed the departmental representative that some method should be evolved to improve the present system of stock checking of medical stores, in consultation with the Ministry of Finance, O & M Wing and the Auditor-General, and a report furnished to the Committee within 3 months.

102. The Committee considered the report, at its meeting held on the 8th December, 1975 when the Departmental representative explained to the Committee that they had asked the A.G.P.R. to indicate the rules etc., under which the value accounting of the transactions could be prepared. The A.G.P.R., in their reply, quoted paras 162 to 165 of General Financial Rules and paras 635 and 638 of the Audit Manual as the relevant rules applicable thereto. It was later found that these rules were applicable to commercial organizations only and not to the Jinnah Post-graduate Medical Centre. The issue was, therefore, entrusted to the Cabinet Division (O & M Wing) to undertake a study of the whole problem and to find a solution thereof. The O & M Wing are perhaps still working on it. In the meantime, the Department had obtained exemption from value accounting for the year 1969-70 and would continue to obtain similar exemptions, until permanent solution is arrived at.

103. The Auditor-General offered to study the problem in detail and to see if store accounts on quantity basis were sufficient for audit purposes. The Chairman of the Public Accounts Committee too was of the view that value accounting might be difficult in this case.

**M. A. HAQ,**  
*Secretary.*

ISLAMABAD:  
*The 12th May, 1976.*

## NATIONAL ASSEMBLY SECRETARIAT

### PROCEEDINGS OF THE SEVENTEENTH MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD ON THE 9TH DECEMBER, 1975

The Public Accounts Committee met in the State Bank Building, Islamabad, at 10.00 A.M. on 9th December, 1975.

Members present were :—

- |                                                                           |                  |
|---------------------------------------------------------------------------|------------------|
| 1. Mr. Muhammad Hanif,<br>Minister for Finance, Planning and Development, | <i>Chairman.</i> |
| 2. Mr. Mumtaz Ali Bhutto,<br>Minister for Communications,                 | <i>Member.</i>   |
| 3. Syed Qaim Ali Shah,<br>Minister of State for Industries,               | <i>Member.</i>   |
| 4. Ch. Shafaat Khan Chohan,                                               | <i>Member.</i>   |
| 5. Mian Hamid Yasin,                                                      | <i>Member.</i>   |
| 6. Mr. Hakim Ali Zardari,                                                 | <i>Member.</i>   |

#### National Assembly Secretariat :

1. Mr. M.A. Haq, Secretary.
2. Mr. I. H. Siddiqi, Deputy Secretary.
3. Mr. Abdul Halim, Assistant Secretary.

#### Audit Representatives :

1. Mr. Abdul Hamid, Auditor-General.
2. Mr. Ziaul Haq Khan, Deputy Auditor General (A&R).
3. Mr. Mashkooor Ahmad Khan, Accountant General Pakistan Revenues.

#### Ministry of Finance Representatives :

1. Mr. M. Nawaz Khan, Additional Secretary (Budget).
2. Mir Bakhsh Zafar, Deputy Secretary (Budget).

2. The Public Accounts Committee took up consideration of the reports on enquiries ordered by the Committee at its earlier meetings.

Sl. No. 4 of the list (Para 1 page 45-46 of Audit Report 1968-69).

### FOOD AND AGRICULTURE DIVISION (AGRICULTURE WING)

#### Departmental Representatives :

1. Dr. M. Yaqoob Bhatti, Additional Secretary.
2. Mr. M. L. Naqsh, Deputy Secretary (F&A).

(i) *Loss of Rs. 5,17,853-Installation of Machinery for Cold Storage Plants for the Fifth and Construction of 16 Fish Stalls.*

3. The Committee, at its meeting held on the 30th January, 1974, had decided to take necessary action against the officers responsible for placing orders and approving contract and paying 90% of the amount in the Directorate General of Supply and Development and blacklisting M/s. Jalil Bros, who were given contract for the supply of the equipment and its installation. The Committee had further appointed Mr. M. Yaqoob, Secretary, Food and Agriculture Division on behalf of Parliament to conduct an enquiry to fix responsibility on the officer found at fault and submit a report within three weeks. Mr. M. Yaqoob accordingly submitted the report which was discussed by the Committee. The Auditor-General pointed out that the enquiry conducted by Mr. M. Yaqoob, Secretary, Food and Agriculture Division, held responsible Dr. M. R. Khan of the Central Fishries Department (now in Bangladesh), Mr. Allah Ditta, XCN (now retired) and the firm M/s. Jalil Brothers for the loss and had suggested as under :--

- (i) the matter may be pursued against M/s. Jalil Brothers by the Ministry.
- (ii) Pak. P.W.D. may be given an opportunity to explain their case on which decision may be taken in the next meeting of the Public Accounts Committee.
- (iii) The question of disposal of machinery with land or otherwise may be decided at the earliest.

4. The Departmental representative stated that the Ice Plant will hardly bring 'Malba' price if sold without land. Without land, people are paying Rs. 7,000 for one and Rs. 10,000 for the other plant. They have given two stalls to the P.W.D. with structure and every thing, but as regards other stalls suits are pending in the Court of Law.

5. The Committee decided that —

- (i) the case in the Court may be pursued by the Ministry; and decision regarding disposal of land and structures to be taken as early as possible by the Ministry.
- (ii) A detailed report determining the extent of responsibility of the P.W.D. in this case may be prepared by the Division and submitted to the Audit Departments ; and
- (iii) A detailed report investigating the responsibility of P.P.W.D., and M/s. Jalil Bros. alongwith explanation and other relevant material shall be submitted by the Ministry to the Public Accounts Committee within three months. D.G.I. P.&.S. may also be invited to attend the meeting of the Committee considering this report.

*Sl. No. 5 [Para 163 (items 4&5) page 105 and 107 of Audit Report (Civil) for 1968-69.]*

- (ii) *Loss of Rs. 68,65,037 Government Money Kept in National Commercial Bank Instead of National Bank of Pakistan.*

6. The Committee had directed the Secretary Food and Agriculture, at its meeting held on 30-1-1974, to identify the officers who moved and passed the resolution for the transfer of amount in question to the National Commercial Bank and to submit his report to the Committee after looking into the relevant records within two weeks.

7. Initiating discussion on the report submitted by the Secretary, Food and Agriculture, the Auditor General stated that, in this particular case, the responsibility rested solely with the A.F.A. Mr. Jabbar, since retired from Government service. In this connection he quoted para 6 of the report which is reproduced below :—

“The case was referred to the Ministry of Finance by the Financial Adviser. The Ministry of Finance advised that the main question to be borne in mind by the administrative Ministry while depositing funds of quasi-public nature with a Bank was the security offered by that Bank. The Ministry recommended that the National Bank of Pakistan being a Government sponsored Bank and also being the sole agent of the State Bank of Pakistan for conducting Government Business at places where State Bank of Pakistan had no offices, no risk to funds if placed with this Bank was involved. Similarly there were two more Government sponsored Banks, viz. Industrial Development and the Agricultural Development Bank which frequently approached the Government for funds for financing the development of agriculture and industry in the country”.

8. Notwithstanding the above advice of the Finance Ministry, the Assistant Financial Adviser, Mr. A. A. Jabbar, again made out a case for placing the funds with the National Commercial Bank at the highest rate for one year, because the National Bank of Pakistan was offering interest at the rate of 3-1/2 percent and the National Commercial Bank was offering the interest @4%. This resulted in a huge loss to the Government. The case was held over for one year. After that the then Minister for Finance (Mr. Duha) observed that no action could be taken.

9. On enquiry by the Chairman, the Departmental representative stated that the case against Mr. Jabbar was registered about two years back with the F.I.A. and it is now in a Court of Law. The Chairman desired that the case be pursued by the Department. The Departmental representative also referred to para 13 of the summary of conclusions attached with the report, reproduced below :—

“Finally, the Ministry of Finance approved a detailed schedule of withdrawal and the file was marked on 8th May, 1967 by Secretary (Agriculture & Works) to Joint Secretary (Agriculture) for action. On 17th July, J.S. (A) reported that AWM had ordered that no action be taken and had asked for a report”.

10. As the case was already in a Court of Law, nothing could be done by the Committee. Accordingly, it was decided to wait for the decision of the Court.

*S/ No. 32 (Item 3 page 63 of Appropriation Accounts 1969-70).*

*(iii) Recoveries of Dues From Co-operative Societies on Account of Sale of Fertilizers.*

11. The Public Accounts Committee had at its meeting held on 30th January, 1974, directed the Departmental representative to furnish the latest position of recoverable amount, as also the names of Directors of Co-operative Societies, who owed the amount as well as relevant terms of contracts which were not followed.

12. The Auditor-General explained that the matter was taken up at a higher level in October, 1973, between Mr. Ghaus Bakhsh Raisani and the Governor of the Punjab. The Minister explained to the Governor that all-out efforts at various levels for the recovery of these outstanding dues had continually been made, but without any success, due to the negative attitude of the Rural Supplies Co-operative Corporation. In reply, the Governor of the Punjab intimated that the

dispute pertained to the former Province of West Pakistan and the main concerned Provinces were Sind and the Punjab. The outstanding dues from Sind Province are Rs. 64.46 lacs while Punjab's share is Rs. 35.27 lacs. He, therefore, suggested that the matter may be entrusted to the Ministry of Provincial Co-ordination.

13. Explaining later developments in the case, the Departmental representative stated that the matter was considered at the 9th meeting of the Provincial Co-ordination Council. The Law Division was also consulted. That Division advised that it should be considered more on policy than on legal grounds. The case was subsequently submitted to the Minister for Food and Agriculture, who desired to dispose of the case by discussion, as a compromise seemed to him to be more expedient. He also advised the withdrawal of the case from the Court.

14. The Departmental representative apprised the Committee of the legal hitch in the matter. He stated that the Finance Minister, Punjab, in consultation with the RSCC, had nominated his Additional Finance Secretary as an Arbitrator to resolve the dispute under the Arbitration Act, but the Rural Supplies Co-operative Corporation had subsequently refused to be a party to an Arbitration in which the sole Arbitrator was Additional Finance Secretary and this is why they could not proceed with the Arbitration.

15. As the Public Accounts Committee was not in a position to take any decision in the matter, it advised the Departmental representative to continue to pursue the case.

*Sl. No. 6 (Para 4 page 46-47 of Audit Report (Civil) 1968-69).*

#### **MINISTRY OF FOOD AND AGRICULTURE (FOOD WING)**

(a) *30,087 Tons of Rice Kept in Defective Storage Over a Long Period  
Causing ~~Sewage~~ <sup>Severe</sup> Damage.*

16. The Public Accounts Committee had appointed a Sub-Committee consisting of M/s. Hakim Ali Zardari, Prof. Ghafoor Ahmad, MNAs, the Auditor-General and the Secretary, National Assembly and directed it to submit a report.

17. The Auditor-General pointed out that a comprehensive report had been received from the Secretary, Food and Agriculture but the sub-committee had not been able to consider the report so far. The Auditor-General further stated that the above report did not include two specific points namely :—

(i) The party which entered into an agreement for the export of rice, which was one year old, sent a telegram that, so long as this rice had not been exported, the Government would not enter into an agreement with any other party for the export of rice of the next crop. This was not a part of the agreement, but the Ministry acknowledged the telegram and, ultimately, this case went to the arbitrator who gave award in favour of the party, to the effect that the Government had violated the terms of the agreement by exporting the current rice crop and, therefore, the rice should not be sold.

(ii) The party approached the Government with the request that as it was finding it difficult to sell the rice at the stipulated price of 42 pounds, it may be allowed to pay 39 pounds in foreign exchange, and the remaining in rupees at bonus voucher rates. The offer was not accepted by the Government, for which many officers were responsible.

18. During the course of discussion it was pointed out to the Chairman that, due to the boycott of the Opposition members from the Assembly, Professor Ghafoor Ahmad may not be able to attend the meeting of the sub-committee, and it did not appear proper that only one member may constitute the Committee. Therefore the Chairman of the Committee nominated another member Mr. Shafaat Khan Chohan, MNA, as a member of the sub-Committee and desired that the sub-committee should submit its report as expeditiously as possible. He also directed that the additional information, as pointed out by the Auditor-General, should also be supplied by the Division for the benefit of the Sub-Committee members.

*Sl. No. 7 (Para 27 page 56 of Audit Report (Civil) for 1969-70).*

*(b) Purchase of Equipment for Unloading Wheat Mechanically From Ships.*

19. The Public Accounts Committee had directed the Secretary, Food and Agriculture, at its meeting held on 30-1-1974 to submit a report for the use of machinery for other purposes within the country. The report was submitted to the former Finance Minister on 2nd March, 1974 but no decision had been taken so far. The Departmental representative stated that there were some recommendations by certain engineers—Adamjee, Amijee, Walijee and Sons. They had carried out the survey of the equipment and reported that it was lying apparently in a very bad condition and was rusting. Therefore, definite report could be given only if it was opened and examined, for which three weeks are required. It is possible that some machines could be used. If it is decided, in principle, to re-use the plant, a detailed inspection, part by part, will have to be carried out to ascertain the extent of loss etc. It was however, necessary that an immediate decision is taken, as any further delay will destroy the material.

20. The Committee felt very strongly about the failure of the concerned authorities for not taking prompt action for the disposal of the equipment, which was not found to be useful any longer. The Chairman desired that something should be done about it immediately. The equipment should be examined to see whether the machinery can be brought into use or not. If not, then, to avoid a further loss to Government, it may be disposed of as early as possible.

*Sl. No. 10 (Para 31 page 15 of Commercial Accounts 1968-69).*

### MINISTRY OF EDUCATION

**Departmental representative:**

1. Dr. R. A. Shah, J.E.A. Education.
2. Mr. Hasan Shaukat Khan, Deputy Secretary, Education.

*(i) Loss in Central Publications Branch, Karachi.*

21. The Committee had, earlier, found that the procedure of publication, sale and physical verification of stocks was unsatisfactory, and had directed for new procedure to be worked out within four weeks.

22. The Departmental representative explained that, in compliance with above directive of the Public Accounts Committee, a Committee was constituted which had prepared a draft of revised rules. These rules were, initially, vetted by the Auditor-General and then sent to the Ministry of Finance for examination. The Ministry of Finance forwarded these rules to the Establishment Division

(Manual Section) for examination and comments. Both the Divisions made certain observations on the revised draft rules and desired that the comments of the I & B and the Law Division may also be obtained. After these rules had been vetted by the above two Divisions, they will again be forwarded to the Regulation Wing, Ministry of Finance for final vetting, before being notified. However, the annual physical verification of the stocks etc. had been introduced in the C.P.B. and such verification had been already carried out during 1974 and 1975. It will be done regularly every year.

23. The committee was satisfied with the action taken by the Ministry of Education in the matter.

*Sl. No. 11 (Para 17(a) (iii) Page 8 of Commercial Accounts 1968-69).*

(ii) TRADING PROFIT & LOSS ACCOUNT AND BALANCE SHEET FOR THE YEARS 1965-66 TO 1968-69 NOT PREPARED BY THE GOVERNMENT PRESS, KARACHI

24. The Public Accounts Committee had at its earlier sitting, on 6-2-1974 directed the Secretary, Education, to fix the responsibility and charge sheet the men who had not prepared the Accounts and also to reduce the Pension of such persons by Rs. 5 per mensem. The Departmental representative stated that, in order to comply with the above directive of the Committee, the Managing Director of the Printing Corporation of Pakistan was asked to look into the matter and to conduct an enquiry.

25. As a result of the said enquiry two persons were held responsible, one of them being Mr. Ahmed Din who was the Manager of the Government Press, Karachi from 1965-67 but had since retired from Government service. The other was Mr. M.A. Rehman, who was the Manager from August, 1967 to October, 1968. Mr. Rehman had gone away to Bangladesh. Mr. Ahmed Din was called upon to explain as to why disciplinary action should not be taken against him. The explanation submitted by him was found to be unsatisfactory. Accordingly, the Accountant General had been requested to deduct Rs. 5 from his pension which is a token punishment. The accounts of the Government Press, Karachi had since been completed.

26. The Committee was satisfied with the position explained by the Departmental representative.

*Sl. No. 16 (Para 53 page 67 of Audit Report (Civil) for 1969-70).*

## MINISTRY OF INFORMATION AND BROADCASTING

### Departmental representative

Mr. Masood Nabi Noor, Addl. Secretary.

### REALISATION OF RENT FROM CINEMA HOUSE FOR NEWSREELS ETC.

27. The Public Accounts Committee had at its meeting held on the 5th March, 1974 directed the Departmental representative that the Director Films and Publications may be asked to prepare the details of recoveries and give a report within six weeks. It was explained to the Committee that these dues related to the compulsory exhibition of a news documentary film during the years 1960-61 and 62. The amount involved in the case was Rs. 3,93,325 for the entire area. Recoveries had been made to the extent of Rs. 2,95,150. The balance of recoveries pertained

to the province of the Punjab, *i.e.*, Lyallpur, Sargodha and Multan districts. The District Magistrates had been advised to be more careful while renewing the licences of defaulting cinema Houses in the above districts.

28. The Committee desired that the case regarding the realization of Federal Government arrears as arrears of land revenue and due attention by the District authorities thereto should be taken up with the Inter-Provincial Coordination Committee, so that it can be discussed with all the Provincial heads and further instructions issued in this behalf.

### MINISTRY OF FINANCE

*Sl. No. 17. (Para 118 page 89 of Commercial Accounts 1968-69).*

#### Departmental representative

Mr. A. Raouf Shaikh, Secretary, Ministry of Finance.

#### I. D. B. P. REGARDING AUDIT BY AUDITOR-GENERAL.

29. While examining the commercial accounts of the Ministry of Finance for the year 1968-69, Public Accounts Committee had, at its meeting held on the 5th March, 1974, directed that the account of the Industrial Development Bank of Pakistan should be audited by the Auditor General of Pakistan and placed before the Public Accounts Committee for examination as in the case of other Departments/organisations. To achieve this object, the Auditor General was asked to first equip his office adequately to be able to undertake the audit of such organisations effectively. Secretary, National Assembly Secretariat was asked by the Committee to consult the Law Division in the matter of interpretation of rule 172(3) of the Rules of Procedure and Conduct of Business in the National Assembly, regarding the terms of reference of Committees, so that the necessary legislation may, if necessary, be brought before the National Assembly for its approval.

30. The Secretary, National Assembly informed the Committee that a similar point had cropped up in connection with the audit of the accounts of the Federally Administered Tribal Areas Development Corporation. The matter was referred to the Law Division who, under their note dated 25-2-1975, advised as follows :—

“The Constitutional requirement is only that the reports of the Auditor-General relating to the accounts of the Federation be placed before the National Assembly. The accounts of the Federation are different from the accounts of bodies and corporations set up by the Federation. There is nothing in Article 171 or any other provision of the Constitution which requires or suggests that reports of the Auditor-General in respect of accounts of anybody or corporation set up by the Federation are to be placed before the National Assembly.

The Centrally Administered Tribal Areas Development Corporation has been set up under the Centrally Administered Tribal Areas Development Corporation Regulation, 1970. The Corporation is a separate entity from the Federation and has its own budget and funds. Though grants made by the Federal Government may constitute a part or even a major part of the funds of the Corporation, the Corporation has other sources of income, including loans obtained in the country or abroad. It cannot thus be said that the accounts of the Corporation are accounts of the Federation.

**Rule 172 of the Rules of Procedure and Conduct of Business in the National Assembly**, in so far that it provides for the examination by the Public Accounts Committee of the accounts of the autonomous and semi-autonomous bodies and corporations set up or established by the Federation, would thus appear to be not in accord with the provisions of the Constitution and as earlier advised by the Law Division would require amendment.

It may be pointed out that under the 1962 Constitution, which contained similar provisions in respect of the placing of the reports of the Auditor-General before the National Assembly/Provincial Assembly as are contained in the present Constitution, the accounts of the autonomous bodies and corporations, were not placed before the National Assembly/Provincial Assembly. However, the Provincial Government of West Pakistan by Law had provided for the audit of the accounts of WAPDA, ADC, etc., by the Auditor-General and the placing of his reports before the Provincial Assembly”.

31. The Auditor-General stated that there were two issues involved in this case. One is whether the Auditor-General should or should not audit the accounts of the Corporations. The other is that even if their accounts were audited by the Auditor-General, whether his report on the accounts of such Corporations was required to be placed before the Public Accounts Committee or not.

32. Secretary, National Assembly pointed out that, in certain charters, it is stipulated that the accounts or reports on the performance of certain bodies may be laid before the appropriate Assembly. In that case, that Assembly will, in the first instance, have to decide whether that report should be subjected to the scrutiny of a certain Committee, which will then mean that a Committee under the rules can be indicated, which should go into the accounts and the performance of a body. Whether that report should come *via* the Auditor-General is a different matter. *Inter alia*, the Auditor-General raised the point whether all accounts of all bodies were required to be scrutinised by him. The question was discussed at length. Secretary, Finance and the Auditor-General placed their views before the Committee in detail. The Finance Secretary also suggested, that, subject to the approval of the Committee, the matter may be resolved in a joint meeting between the Secretary, National Assembly, Finance Secretary, Law Secretary and the Auditor-General of Pakistan.

33. The Committee finally decided as follows :—

- (i) The Accounts of all autonomous bodies should be audited by the Auditor-General of Pakistan. A legal machinism, to enable the Auditor-General to do so, should be duly evolved.
- (ii) The legal difficulties pointed out above should be discussed in a meeting as proposed by the Finance Secretary, and it should be decided whether there should be any change in the laws which already exist or a modification in the President's Order would meet the situation.

34. The Committee desired to be informed of the final position at an early date.

**MINISTRY OF LABOUR AND WORKS (1968-69)**

*Sl. No. 18 (Para 25 page 55 of Audit Report (Civil) for 1968-69).*

**Departmental representative**

1. Mr. A. O. Raziur Rehman, Addl. Secretary.
2. Mr. Tahzibul Hussain, O. S. D.

**(i) REGARDING LOSS OF MATERIAL.**

35. The Auditor-General pointed out that in April, 1962, material worth Rs. 8,243 was shown as balance in hand, which was not carried forward to the next year. The consumption of this material was not available on record. Therefore, there was a strong suspicion that the stores were misappropriated. No formal enquiry was instituted by the Department upto March, 1974, when this para was discussed in the last P. A. C. meeting. At that time, it had been stated by the Departmental representative that records were not available. The Committee had directed the Departmental representative that the matter should be pursued and the result reported to the Committee.

36. The Committee was informed that the Department did not consider the explanation of the overseer, responsible for the loss as satisfactory and, accordingly, directed the Superintending Engineer to frame Charge sheets against the persons at fault. Charge sheets had been framed and cases were being pursued.

37. The Chairman directed that Departmental representative to submit a report within one month along with the names of the officers (with present postings) who failed to take the explanation of the officials responsible for the irregularity, after it came to their notice in 1964.

**(ii) SHORTAGE OF STORES**

*Sl. No. 19 (Para 26 page 55 of Audit Report (Civil) of 1968-69).*

38. The Auditor-General pointed out that, in the last meeting of the P. A. C. held on 5th March, 1974, it was stated by the Departmental representative that the enquiry report was with the Chief Engineer. The Committee had directed that the result of the departmental enquiry should be reported to the P.A.C. within 6 weeks.

39. The Committee was informed that, in the opinion of the Chief Engineer, nobody was responsible for the shortage of material worth Rs. 3,765. The Ministry too had no specific comments to make on the report. On an enquiry by the Committee, the Departmental representative stated that the Ministry had taken no decision on the report.

40. The Committee directed the Departmental representative to submit their report within one month's time.

41. The Auditor-General observed that, while examining the report, the following two points may be taken into consideration by the Ministry :—

- (a) why was the material not checked at the time when it was supplied, and was any complaint lodged with the Railways?
- (b) how could the recovery be made from the Railway or the carriage contractor?

**(iii) RATES OF RECOVERY OF CEMENT AND STEEL PROVIDED, IN THE N.I.T. DIFFERED FROM THE RATES PROVIDED IN THE AGREEMENT.**

*Sl. No. 27—(Para 60-page 69 of Audit Report (Civil) for 1969-70)*

42. The Auditor-General informed the Committee that the issue had already been settled.

(iv) 90 TONS OF STEEL STATED TO BE SCRAP

Sl. No. 28.—(Para 61-page 69 of Audit Report (Civil) for 1969-70)

43. A sub-Committee consisting of M/s. Hakim Ali Zardari and Prof. Ghafoor Ahmad MNAs had already been set up by the P.A.C. to enquire into the matter, but their report was awaited. The Department was asked to show the relevant records to the members of the sub-Committee at the time when the meeting of the sub-Committee is held.

44. The Committee nominated Ch. Shafaat Khan Chohan, MNA also as a member of the Sub-Committee.

### MINISTRY OF DEFENCE (DEFENCE PRODUCTION DIVISION)

Sl. No. 20.—(Para 1-page 3 of Commerical Appendix (D.S.) for 1968-69)

#### Departmental representative

Mr. Muhammad Masood, Joint Secretary,  
Defence, Production Division.

(i) PAKISTAN ORDNANCE FACTORY, WAH—SUPPLY OF TOLUENE-SHIPMENT BY MR. K.A. MAJID.

45. The Auditor-General pointed out that this case relates to the supply of toluene for P.O.F. by M/s. Texaco Limited, London. The P.A.C., at its meeting held on 6th March, 1974, had directed the Ministry of Defence to give a full report of this case to the Committee. The Departmental representative explained that toluene was a strategic raw material required for the production of TNT. It is a liquid petroleum product. It was to be transported from Europe. Tenders were issued and quotations were on CIF basis. The expenditure involved in this transaction was genuinely and essentially incurred and no deviation from the prescribed procurement procedure was resorted to. It should not, therefore, be treated as 'extra expenditure' or a loss to Government.

46. After hearing explanation of the Departmental representative, the Committee dropped the objection.

(ii) UN-ECONOMICAL PURCHASE OF CERTAIN CLOTHING STORES BY IGNORING LOWEST OFFER.

Sl. No. 24.—(Para 24-page 11 of Audit Report (Defence Services) for 1968-69)

47. The Auditor-General pointed out that yarn cloth was required by the Army for their units in January, 1962, for which quotation was invited from Messers Valika Woollen Mills, Colony Woollen Mills and the P.I.D.C. Harani Mills. Ultimately, a contract was concluded with Messers Valika, although they had quoted high rates as compared to others.

48. In accordance with the directions of the P.A.C. given at its meeting held on 6th March, 1974 a Court of Enquiry was set up by the Department to enquire into the matter and to fix responsibility for the loss to the Government, if any.

49. The Court of Enquiry conducted the enquiry and submitted its findings, which the Department has accepted.

50. The Committee directed the Departmental representative to submit the views of the Ministry of Defence on the report to the Auditor-General.

### AVIATION DIVISION

Sl. No. 21.—(Para 91-page 77 of Audit Report (Civil) for 1968-69).

#### Departmental representatives

1. Mr. Saeed Ahmad, J.S. Aviation Division.
2. Mr. Enver Jamal, Managing Director, PIAC.
3. Mr. M. Mobin Siddiqi, Deputy Secretary (Aviation).

#### (i) DEMURRAGE CHARGES PAID BY AIR PORT DEVELOPMENT AGENCY.

51. Apprising the Committee of the facts of the case, the Auditor-General pointed out that the A.D.A. paid a sum of Rs. 2.34 lakh in July, 1967 as demurrage charges to the Port Trust Authorities. It was stated that the ADA was not aware of the fact that the stores had come, and it remained with the Port Trust Authority who charged demurrage on it. M/s. Pak. Land Traders did not give the required documents in time, and when these were received, they were found faulty. It was also found that there was no clause in the agreement that, if they did not fulfil their obligation, they will be liable to penalty.

52. The Departmental representative stated that the agreement was between the D.G. Civil Aviation and M/s. Pak. Land Traders. Accordingly, an equivalent amount was recovered from the bill of the supplier and, on account of this deduction, the suppliers, who were Russians, stopped supplying the spare parts, with the result that, for the last five years, Pakistan has not been able to get spare parts. Consequently, machinery worth crores of rupees is lying idle for want of spare parts.

53. Upon a request by the Aviation Division for a write off so that the supply of spare parts could be resumed by Russians, the Ministry of Defence has sanctioned the write-off and now it was being planned to refund the amount to the Russians, who had agreed to supply the spare parts.

54. In view of the extraneous circumstances of the case, the Committee agreed to drop the para, but directed the Departmental representative to send a copy of the sanction for write-off to Audit.

#### (ii) PHYSICAL VERIFICATION OF STORES AND ASSETS

Sl. No. 22.—(Para 181-page 132 of Commercial Accounts 1968-69).

55. The P.A.C. at its meeting held on the 6th March, 1974, had expressed the view that there might be some technical advantages and merit in placing the perpetual stock taking team under the stores Deptt. It was decided by the Committee that the P.I.A.C. should examine and give their report. The P.I.A.C. accordingly reviewed the position and recommended that, for the reasons enumerated in their report and in order to achieve better control, efficiency and economy the PST Team should remain with and be responsible to the

General Manager (Stores & Purchases). Replying to a question, the Departmental representative stated that the Ministry of Defence agreed with the version of the P.I.A.C.

56. The Committee, also agreed.

### MINISTRY OF DEFENCE

Sl. No 25.—(Para 21-page 11 of Audit Report (D.S.) for 1969-70)

#### EXTRA EXPENDITURE DUE TO DELAY IN ACCEPTING LOWEST OFFER

##### Departmental Representatives :

1. Mr. N.H. Jaffery, F.A. (Defence).
2. Mr. Salim A. Jillani, Joint Secretary, Defence Division.

57. Audit had pointed out that a Purchase Agency took a long time in finalising the contracts on the lowest rates with the result that the firms declined their offer on the plea that the validity period specified by them had already expired. The Government had thus to incur extra expenditure in concluding a fresh contract.

At its meeting held on the 6th March, 1974, the P.A.C. had decided that the existing powers for financial and technical sanctions should be raised adequately at various levels, to enable the authorities concerned to decide the cases as far as possible at their own level, without referring them to higher authorities.

The Auditor-General stated that the time had changed due to inflation ; the contractors could not keep their quotations open for a long time. Instructions, streamlining the purchase procedure, should therefore be issued to all Divisions/Departments by the Ministry of Finance.

58. The Committee directed that the procedure be streamlined in order to remove the difficulties and bottle-necks being experienced at present.

#### NON-RECOVERY OF AIR FREIGHT CHARGES IN RESPECT OF P.O.L. ISSUED TO CERTAIN BENEFICIARIES

Sl. No 26 (Para 25-Page 13 of Audit Report (D.S) 1969-70)

59. The P.A.C. at its meeting, held on the 6th March, 1974, had directed the Ministry of Defence to report to the Committee the circumstances in which concessional rate was given to Mir of Hunza.

60. The Auditor-General explained that, in this case, according to the Ministry, the Mirs of Hunza and Nagar were initially given exemption from the payment of freight charges on P.O.L. uptill the 31st December, 1960, which was later extended to 30th June, 1961. Thereafter, P.O.L. issued to them was to be charged at payment issue rates plus air Freight charges, as in the case of other payment issues. The Mirs of Hunza and Nagar continued to purchase P.O.L. at concessional rates for which there was no Government Sanction.

61. The Departmental representative stated that all this had been done on the assurance given by the Kashmir Affairs Division. After a lapse of 5 years, that Division had now declined to accept the bill. Accordingly, the bills were presented to the Mir of Hunza, who had also declined to accept it. This concession

was allowed to them on the understanding that the Ministry of Kashmir Affairs would pay the amount. Later on, the Ministry stated that this concession was only for 1961-62, but the Ministry of Defence presumed that the Kashmir Affairs Ministry had agreed to continue this concession beyond June, 1961.

62. The Departmental representative further stated that they had issued instructions to the Gilgit Agency to make due provision for it in their budget. It is a question of adjustment between one department and the other.

63. The Committee decided that the Secretaries of the Ministry of Defence and Kashmir Affairs Division should get together and settle the issue.

#### **MINISTRY OF PRODUCTION AND PRESIDENTIAL AFFAIRS.**

Sl. No. 29. (Para 79-Pages 72-73 of Audit Report (Civil)  
of 1968-69).

(i) EXTRA PAYMENT OF RS. 1,23,673 TO 5 CONTRACTORS AT THE  
ENHANCED RATE OF RS. 200 PER FIRE PLACE.

#### **Departmental representatives:**

1. Mr. S. B. Awan, Secretary, Production Division
2. Mr. M.A. Kazmi, Chairman, C.D.A.

64. The P.A.C. at its meeting held on the 28th January, 1975 directed that the Secretary, Production Division to hold an enquiry for determining whether the payment made for fire-places on the basis of components specified in the contract, were in order and were acceptable to the contractors, when they started the work, without any objection or there was any objection, which necessitated the revision of the rates at a later date, when the final payment had already been made and the accounts of the contractors had been settled.

65. The report of the Secretary, Production Division stated that the C.D.A. had advanced certain arguments in support of the payment at higher rate and had alleged that the contractors had protested, but the record of Engineer's report on the contractor's protest, supported by data, costing of the item rate of the components and lump sum rates, justifying the latter, had not been produced, as the C.D.A. was stated not to be in the possession of such record. As such, the C.D.A. had failed to make out a justified case and the findings of Audit were cogent and plausible. If the contractors were not satisfied with the payment received by them, the course of arbitration or legal proceedings were open to them, but they did not bother to go in for any of these.

66. The Committee decided that the C.D.A. should submit a report for the recovery of the amount of Rs. 1,23,673 from the contractors and departmental action should be taken by the C.D.A. against the officers who were responsible for the extra payment.

(ii) TAMPERING WITH CERTAIN RATES IN A CONTRACT AFTER  
THE RECEIPT AND ACCEPTANCE OF TENDERS CAUSING  
EXCESS PAYMENT OF Rs. 25,252.

Sl. No. 30. (Para 82-Page 73 of Audit Report (Civil)  
of 1968-69.)

67. At its meeting held on the 28th January, 1975, the Committee had been informed that the Finance Member of the C.D.A. was already holding an enquiry in the matter. Accordingly, the Committee had directed the Departmental representative to submit the above-report to the Committee, soon after its receipt.

68. The report received from the Finance Member was considered by the Committee. The conclusions drawn in the Report were that the examination of the tender documents of S.D. Marker & Co., Aftab & Co., and other documents did not reveal any interpolations in the tender documents of S.D. Marker & Co., subsequent to its receipt. The non-attestation of certain rates was an inadvertent omission. The Audit para was the result of incorrect presumptions about the tendering process and physical events. However, if Audit still stuck to their point of view, the C.D.A. might agree to effect recovery to the extent of Rs. 6,295, representing the difference between the quoted and the so-called interpolated rates, not attested by the tender opening officer.

69. The Committee decided that original documents may be shown to Audit and the matter settled with them.

### MINISTRY OF POLITICAL AFFAIRS AND COMMUNICATIONS

Sl. No. 31. (Para 478-Page 433 of Commercial Account 1969-70)

#### FINANCIAL OPERATIONS OF NATIONAL SHIPPING CORPORATION— POSITION OF SUNDRY DEBTORS.

70. At the request of the Secretary, Communications Division, consideration of the item was deferred until the next meeting of the P.A.C.

71. *General discussion.*—The Auditor-General submitted to the Committee that :—

- (i) The only intention behind the preparation of briefs by Audit was to assist the P.A.C. in drawing their attention to the more important points contained in the Appropriation/Commercial Accounts and the Audit Report. This was intended to avoid lengthy discussions on matters of much less importance. As such the discussions of the Committee had been mainly confined to the Audit briefs and other points raised in the Appropriation/Commercial Accounts and Audit Report, not included in the briefs, had not been discussed, although it was the Committee's prerogative to take up for consideration any matter referred to in the above documents.
- (ii) In pursuance of rule 172 of the Rules of Procedure and Conduct of Business in the National Assembly, 1973, the Committee have to satisfy itself on all matters mentioned in the rule. In view of it, the Committee may record that the points in the Appropriation Accounts etc., not discussed by them, will be deemed to have been settled subject to verification by Audit or any regularising action by the Ministry concerned, where necessary.
- (iii) Under sub-rule 4 of Rule 172, the Committee had also to examine cases in which expenditure was in excess of the amount granted by the Assembly, and to make such recommendations as it deemed fit. Save in cases where the Committee specifically recommends otherwise, it will be deemed that it recommends that the excesses be regularised under Article 84 of the Constitution.

72. The Committee agreed.

73. The Public Accounts Committee were pleased to decide further as follows :—

*Serious irregularities.*

- (1) All serious irregularities and improprieties involving considerable loss to the exchequer, must be delinked from the normal Appropriation Accounts, etc./Audit Reports and brought by the Auditor-General, without waiting for the entire accounts of a particular year to be examined by them, to the notice of the Public Accounts Committee for their consideration.
- (2) The irregularities detected in the accounts up to the years 1973-74, and possibly 1974-75, should be covered for this purpose. For taking action on this, the necessary procedural and other requirements, if any, should be got completed quickly by the National Assembly Secretariat, Finance Division or the Auditor-General, as the case may be.
- (3) The P.A.C. should be deemed to be continuously in session for scrutinising such irregularities. A meeting of the P.A.C. should be called at short notice to consider them, whenever such reports are received from the Auditor-General.
- (4) Ministries/Divisions and the Departments concerned should be given reasonable clear deadlines to furnish full and complete replies to audit objections in respect of such irregularities, with intimation by name to the Secretary concerned. If no reply is received by the said date or replies received are vague or incomplete, it should be assumed that there is no more information or explanation for the Ministry/Division to furnish. In case any additional explanation or information then comes forth subsequently or at the meeting of the P.A.C. unless satisfied with the timing of such submission, shall be obliged to take a serious view of lack of attention and carefulness in furnishing full replies about the irregularities involved. Those found negligent or careless in handling such cases in the Ministry/Division or Department concerned shall then have to be dealt with sternly.

*Appropriation Accounts and minor irregularities*

- (5) As for normal Appropriation Accounts and minor irregularities, the responsibility of Ministry/Division and Departments under them to furnish prompt and complete replies to objections raised by the Audit in respect of their accounts should be again impressed upon them. In this case also, reasonable dead-lines should be given for full and complete replies to be given to Audit, with intimation to the Secretary concerned. In the event of no replies or incomplete replies being received by the set date, Audit should assume that there is no more information or explanation for the Ministry/Division to furnish and the accounts should be finalised and presented to the Public Accounts Committee accordingly, without delay. If any more explanation or replies come forth from the Ministry/Division concerned subsequently, those responsible for wasting the time of the Auditor-General and the Public Accounts Committee etc., shall, unless the Public Accounts Committee are satisfied with the timing of such submission be held guilty of negligence of duty and carelessness and have to be dealt with strictly.

- (6) Each Secretary of Ministry/Division shall nominate an officer not below the rank of a Joint Secretary, to act as Liaison Officer for the Ministry/Division *vis-a-vis* the Auditor-General and his staff. This officer will be the Auditor-General's point of contact with the Ministry/Division and should be directed to deal with all references from Audit on priority. The name of such officer should be communicated to the Auditor-General by each Ministry/Division immediately and subsequent changes in such nomination, if any, must also be notified to him immediately, on the transfer of the existing incumbent or the transfer of his work to another officer.

74. The Committee also decided to take up the accounts for the year 1970-71 in the month of February, 1976, to accelerate its operation and try to come up with recent years.

75. The Committee then adjourned *sine die*.

M.A. HAQ,  
*Secretary.*

ISLAMABAD :  
*The 12th May, 1976.*

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Annexure II

**STATEMENTS**

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(183—184)

## STATEMENT No. 1

Summary of results of Appropriation Audit

## APPROPRIATION ACCOUNTS 1968-69

(In Lakhs of Rupees)

		Original Grant or Appropriation	Final Grant or Appropriation	Actual Expenditure	Variation Excess(+) Saving(-)	Percentage
		2	3	4	5	6
<i>Other than Charged</i>						
Expenditure met from Revenue :						
Civil	New	43,85	48,49	31,90	-16,59	34.24
	Other	1,28,87	1,27,76	1,11,86	-15,90	12.45
Defence	New	5,20	4,70	3,78	-92	19.57
	Other	2,41,45	2,41,45	2,41,45	..	..
Posts, Telegraphs & Telephones		26,81	29,24	28,70*	-54	1.85
Total		4,46,18	4,51,64	4,17,69	-33,95	7.52
Expenditure met from Capital :						
Civil	New	96,12	1,32,55	1,19,61	-12,94	9.76
	Other	1,82,51	1,82,51	1,48,43	-34,08	18.67
Defence	..	..	..	..	..	..
Posts, Telegraphs & Telephones		17,82	17,82	20,10*	+2,28	12.79
Total		2,96,45	3,32,88	2,88,14	-44,74	13.44
Disbursement of Loans & Advances :						
	New	32,62	33,62	38,87	+5,25	15.62
	Other	1,30	1,30	1,33	+3	2.31
Total (Other than Charged)		7,76,55	8,19,44	7,46,03	-73,41	8.96
<i>Charged</i>						
Expenditure met from Revenue :						
Civil	..	84,84	85,31	84,29	-1,02	1.20
Posts, Telegraphs & Telephones		3,73	3,80	3,84	+4	1.05
Total		88,57	89,11	88,13	-98	1.10

	1	2	3	4	5	6
Expenditure met from Capital (Civil)		2	5	5	..	..
Disbursement of Loans and Advances		2,86,22	3,09,63	2,73,86	-35,77	11.55
<b>Total (Charged)</b>	.. ..	<b>3,74,79</b>	<b>3,98,79</b>	<b>3,62,04</b>	<b>-36,75</b>	<b>9.22</b>
Repayment of Debt	.. ..	12,85,76	13,44,83	13,58,78	+13,95	1.04
Total Expenditure met from Revenue		5,34,75	5,40,75	5,05,82	-34,93	6.46
Total Expenditure met from Capital		2,96,47	3,32,93	2,88,19	-44,74	13.44
Total Disbursement of loans and Advances	.. ..	3,20,12	3,44,55	3,14,06	-30,49	8.85
Total Repayment of Debt	..	12,85,76	13,44,83	13,58,78	+13,95	1.04
<b>GRAND TOTAL</b>	..	<b>24,37,10</b>	<b>25,63,06</b>	<b>24,66,85</b>	<b>-96,21</b>	<b>3.75</b>

\*The expenditure was not classified by 'New' and 'Other than New' by the Department concerned.

STATEMENT No. 1  
*Summary of results of Appropriation Audit*  
**APPROPRIATION ACCOUNTS 1969-70**

(In Lakhs of Rupees)

				Original Grant or Appropriation	Final Grant or Appropriation	Actual Expendi- ture	Variation Excess(+) Saving(-)	Percent- age
				2	3	4	5	6
<i>Other than Charged</i>								
Expenditure met from Revenue :								
Civil	New	..	..	32,14	53,98	43,40	-10,58	19.60
	Other	..	..	1,36,45	1,36,43	1,12,51	-23,92	17.53
Defence	New	..	..	..	6,65	6,65	..	..
	Other	..	..	2,61,28	2,70,77	2,70,77	..	..
Posts, Telegraphs & Telephones		..	..	33,82	33,82	32,41*	-1,41	4.17
	Total	..	..	4,63,69	5,01,65	4,65,74	-35,91	7.16
Expenditure met from Capital :								
Civil	New	..	..	1,56,07	1,80,25	1,33,73	-46,52	25.81
	Other	..	..	1,58,34	1,69,81	1,58,80	-11,01	6.48
Defence		..	..	..	..	..	..	..
Posts, Telegraphs & Telephones		..	..	15,21	18,99	20,53*	+1,54	8.11
	Total	..	..	3,29,62	3,69,05	3,13,06	-55,99	15.17
Disbursement of loans & Advances ..								
	New	..	..	44,91	61,92	59,05	-2,87	4.64
	Other	..	..	1,16	1,20	1,56	+36	30.00
Total (Other than Charged)		..	..	8,39,38	9,33,82	8,39,41	-94,41	10.11
<i>Charged</i>								
Expenditure met from Revenue :								
Civil		..	..	1,05,83	1,08,62	1,05,39	-3,23	2.97
Posts, Telegraphs & Telephones		..	..	3,94	4,48	4,35	-13	2.90
	Total	..	..	1,09,77	1,13,10	1,09,74	-3,36	2.97

	1	2	3	4	5	6
Expenditure met from Capital (Civil)		..	8	7	-1	12.50
Disbursement of Loans and Advances		3,15,38	4,28,17	4,30,60	+2,43	.57
<b>Total (Charged)</b>	.. ..	<b>4,25,15</b>	<b>5,41,35</b>	<b>5,40,41</b>	<b>-94</b>	<b>.17</b>
Repayment of Debt	.. ..	14,16,50	17,41,86	17,30,26	-11,60	.67
Total Expenditure met from Revenue		5,73,46	6,14,75	5,75,48	-39,27	6.39
Total Expenditure met from Capital		3,29,62	3,69,13	3,13,13	-56,00	15.17
Total Disbursement of loans & Advances	.. ..	3,61,45	4,91,29	4,91,21	-8	.02
Total Repayment of Debt	.. ..	14,16,50	17,41,86	17,30,26	-11,60	.67
<b>GRAND TOTAL</b>	.. ..	<b>26,81,03</b>	<b>32,17,03</b>	<b>31,10,08</b>	<b>-1,06,95</b>	<b>3.32</b>

\*The expenditure was not classified by 'New' & 'Other than New' by the Department concerned.

## STATEMENT No. 2

*Analysis of savings and excesses by main Departments, that is, Civil, Defence and Posts, Telegraphs and Telephones for each of the years 1968-69 & 1969-70*

## APPROPRIATION ACCOUNTS 1968-69

(In Lakhs of Rupees)

	Final Grants	Expendi- ture	Saving(- ) Excess(+)	Percen- tage
<b>(a) As compared with Gross Grants including surrenders within the Grants.</b>				
Civil .. .. .	22,66,06	21,68,97	- 97,09	4.28
Defence .. .. .	2,46,15	2,45,23	- 92	.37
Posts, Telegraphs & Telephones .. .. .	50,86	52,64	+1,78	3.50
<b>Total .. .. .</b>	<b>25,63,07</b>	<b>24,66,84</b>	<b>-96,23</b>	<b>3.75</b>
<b>(b) As compared with Net Grants excluding surrenders within the Grants.</b>				
Civil .. .. .	21,75,47	21,68,97	-6,50	.3
Defence .. .. .	2,46,15	2,45,23	- 92	.37
Posts, Telegraph & Telephones .. .. .	47,33	52,64	+5,31	11.22
<b>Total .. .. .</b>	<b>24,68,95</b>	<b>24,66,84</b>	<b>-2,11</b>	<b>.09</b>

## APPROPRIATION ACCOUNTS 1969-70

<b>(a) As compared with Gross Grants including surrenders within the Grants.</b>				
Civil .. .. .	28,82,32	27,75,35	-1,06,97	3.71
Defence .. .. .	2,77,41	2,77,41	..	..
Posts, Telegraphs & Telephones .. .. .	57,30	57,29	.. -1..	.02
<b>Total .. .. .</b>	<b>32,17,03</b>	<b>31,10,05</b>	<b>-1,06,98</b>	<b>3.33</b>
<b>(b) As compared with Net Grants excluding surrenders within the Grants.</b>				
Civil .. .. .	27,97,26	27,75,35	-21,91	.78
Defence .. .. .	2,77,41	2,77,41	..	..
Posts, Telegraphs & Telephones .. .. .	51,91	57,29	+5,38	10.36
<b>Total .. .. .</b>	<b>31,26,58</b>	<b>31,10,05</b>	<b>-16,53</b>	<b>.53</b>

## STATEMENT No. 3

*Analysis of the savings and excesses under Revenue, Capital and Loans and Advances*

## APPROPRIATION ACCOUNTS 1968-69

(In Lakhs of Rupees)

				Original Grant or Appropriation	Final Grant or Appropriation	Actual Expendi- ture	Excess(+) Saving(-)	Percent- age
	1			2	3	4	5	6
<i>Civil :</i>								
Expenditure met from Revenues Other than Charged								
New	..	..	..	43,85	48,49	31,90	-16,59	34.21
Other	..	..	..	1,28,87	1,27,76	1,11,86	-15,90	12.45
Charged	..	..	..	84,84	85,31	84,29	-1,02	1.20
Total	..			2,57,56	2,61,56	2,28,05	-33,51	12.81
Expenditure met from Capital Other than Charged :								
New ..	..	..	..	96,12	1,32,55	1,19,61	-12,94	9.76
Other	..	..	..	1,82,51	1,82,51	1,48,43	-34,08	18.67
Charged	..	..	..	2	5	5	..	..
Total	..			2,78,65	3,15,11	2,68,09	-47,02	14.92
Disbursement of Loans & Advances Other than Charged :								
New ..	..	..	..	32,62	33,62	38,87	+5,25	15.62
Other..	..	..	..	1,30	1,30	1,33	+3	2.31
Charged	..	..	..	2,86,20	3,09,63	2,73,86	-35,77	11.55
Total	..			3,20,12	3,44,55	3,14,06	-30,49	8.80
Repayment of Debt								
	..	..	..	12,85,76	13,44,83	13,58,78	+13,95	1.04
TOTAL—CIVIL	..			21,42,09	22,66,05	21,68,98	-97,07	4.28

	1	2	3	4	5	6
<b>Defence :</b>						
Expenditure met from Revenue Other than Charged :						
New .. .. .	..	5,20	4,70	3,78	-92	19.57
Other .. .. .	..	2,41,45	2,41,45	2,41,45	..	..
Expenditure met from Capital .. .. .	..	..	..	..	..	..
<b>TOTAL—DEFENCE ..</b>	..	2,46,65	2,46,15	2,45,23	-92	37
<b>Posts, Telegraphs &amp; Telephones :</b>						
Expenditure met from Revenue Other than Charged .. .. .						
<i>Charged</i> .. .. .	..	26,81	29,24	28,70*	-54	1.85
<i>Charged</i> .. .. .	..	3,73	3,80	3,84	+4	1.05
<b>Total ..</b>	..	30,54	33,04	32,54	-50	1.51
Expenditure met from Capital Other than Charged .. .. .						
.. .. .	..	17,82	17,82	20,10*	+2,28	12.79
<b>Totals—Posts, Telegraphs &amp; Tele- phones .. .. .</b>	..	48,36	50,86	52,64	+1,78	3.50
<b>GRAND TOTAL ..</b>	..	24,37,10	25,63,06	24,66,85	-96,21	3.75

\*The expenditure was not classified by 'New' and 'Other than New' by the Department concerned.

## STATEMENT No. 3

Analysis of the savings and excesses under Revenue, Capital and Loans and Advances

## APPROPRIATION ACCOUNTS 1969-70

(In Lakhs of Rupees)

	Original Grant or Appropriation	Final Grant or Appropriation	Actual Expenditure	Excess (+) Saving (-)	Percentage
1	2	3	4	5	6
<b>Civil :</b>					
Expenditure met from Revenue					
Other than Charged :					
New .. .. .	32,14	53,98	43,40	-10,58	19.60
Other .. .. .	1,36,45	1,36,43	1,12,51	-23,92	17.53
<i>Charged</i> .. .. .	1,05,83	1,08,62	1,05,39	-3,23	2.97
<b>Total</b> .. .. .	<b>2,74,42</b>	<b>2,99,03</b>	<b>2,61,30</b>	<b>-37,73</b>	<b>12.62</b>
Expenditure met from Capital					
Other than Charged :					
New .. .. .	1,56,07	1,80,25	1,33,73	-46,52	25.81
Other .. .. .	1,58,34	1,69,81	1,58,80	-11,01	6.48
<i>Charged</i> .. .. .	.. .. .	8	7	-1	12.50
<b>Total</b> .. .. .	<b>3,14,41</b>	<b>3,50,14</b>	<b>2,92,60</b>	<b>-57,54</b>	<b>16.43</b>
Disbursement of Loans & Advances					
Other than Charged :					
New .. .. .	44,91	61,92	59,05	-2,87	4.64
Other .. .. .	1,16	1,20	1,56	+36	30.00
<i>Charged</i> .. .. .	3,15,38	4,28,17	4,30,60	+2,43	.57
<b>Total</b> .. .. .	<b>3,61,45</b>	<b>4,91,29</b>	<b>4,91,21</b>	<b>-8</b>	<b>.02</b>
Repayment of Debt .. .. .	14,16,50	17,41,86	17,30,26	-11,60	.67
<b>TOTAL—CIVIL</b> .. .. .	<b>27,66,78</b>	<b>28,82,32</b>	<b>27,75,37</b>	<b>-1,06,95</b>	<b>3.71</b>
<b>Defence :</b>					
Expenditure met from Revenue					
Other than Charged :					
New .. .. .	.. .. .	6,65	6,65	.. .. .	.. .. .
Other .. .. .	2,61,28	2,70,77	2,70,77	.. .. .	.. .. .
Expenditure met from Capital					
<b>TOTAL—DEFENCE</b> .. .. .	<b>2,61,28</b>	<b>2,77,42</b>	<b>2,77,42</b>	<b>.. .. .</b>	<b>.. .. .</b>

	1	2	3	4	5	6
<b>POSTS, TELEGRAPHS &amp; TELEPHONES :</b>						
Expenditure met from Revenue						
Other than Charged .. ..		33,82	33,82	32,41*	-1,41	4.17
Charged .. ..		3,94	4,48	4,35	-13	2.90
Total ..		<u>37,76</u>	<u>38,30</u>	<u>36,76</u>	<u>-1,54</u>	<u>4.02</u>
Expenditure met from Capital						
Other than Charged .. ..		51,21	18,99	20,53*	+1,54	8.11
Total—Posts, Telegraphs & Telephones		<u>52,97</u>	<u>57,29</u>	<u>57,29</u>	<u>..</u>	<u>..</u>
GRAND TOTAL ..		30,81,03	32,17,03	31,10,08	-1,06,95	3.32

\*The expenditure was not classified by 'New' and 'Other than New' by the Department concerned.

## STATEMENT No. 4

(See paragraph 2 on page 2 of the Report)

Statement showing excesses over authorised grants which require to be regularised

## APPROPRIATION ACCOUNTS 1968-69

S. No.	No. and Title of the Grant	Final Grant/ Appropriation	Actual Expenditure	Excess
1	2	3	4	5
		Rs.	Rs.	Rs.
1.	1.—Food & Agriculture Division			
	Other .. .. .	36,15,000	37,07,512	92,512
2.	3.—Zoological Survey Department			
	Other .. .. .	1,31,000	1,46,189	15,189
3.	5.—Fisheries			
	Other .. .. .	8,10,000	8,13,652	3,652
4.	6.—Rehabilitation & Works Division			
	Other .. .. .	10,29,000	10,68,756	39,756
5.	7.—Civil Works			
	Other .. .. .	4,95,65,500	13,27,62,196	8,31,96,696
6.	9.—Other Expenditure of Rehabili- tation and Works Division			
	Other .. .. .	3,07,000	3,79,092	72,092
7.	12.—Cabinet Division			
	Other .. .. .	91,48,000	94,86,159	3,38,159
8.	13.—Establishment Division			
	Other .. .. .	47,08,600	48,33,479	1,24,879
9.	16.—Ministry of Commerce			
	Other .. .. .	1,25,78,000	1,27,91,092	2,13,092
10.	17.—Export Promotion			
	Other .. .. .	45,14,000	47,52,599	2,38,599
11.	19.—Capital Outlay on Jute Purchases			
	Other .. .. .	1,00,000	1,03,564	3,564
12.	21.—Ministry of Communications			
	Other .. .. .	21,48,000	22,61,464	1,13,464
13.	24-A.—Capital Outlay on Investment in Railways			
	Other .. .. .	..	96,74,667	96,74,667

1	2	3	4	5
		Rs.	Rs.	Rs.
14.	27.—Department of Shipping Control and Mercantile Marine			
	Other .. .. .	11,08,000	11,50,720	42,710
15.	28.—Lighthouses and Lightships			
	Other .. .. .	7,91,000	7,97,248	6,258
16.	30.—Aviation			
	Other .. .. .	2,05,44,000	2,09,19,866	3,75,866
17.	36.—Government Colleges and Schools			
	Other .. .. .	21,67,000	23,90,607	2,23,607
18.	36-A.—Other Expenditure of Ministry of Education.			
	New .. .. .	24,92,000	25,03,444	11,444
19.	39.—Pakistan Mint			
	Other .. .. .	37,08,000	38,04,162	96,162
20.	40.—Superannuation Allowances & Pensions			
	Other .. .. .	1,48,99,000	1,80,40,971	31,41,971
21.	41.—Other Expenditure of Ministry of Finance			
	Other .. .. .	5,27,000	1,04,68,519	99,41,519
22.	42.—Grant-in-Aid and Miscellaneous adjustments between the Central and Provincial Governments			
	Other .. .. .	4,00,31,000	5,14,14,795	1,13,83,795
23.	44.—Sea Customs			
	Other .. .. .	1,26,54,000	1,27,74,273	1,20,273
24.	50.—Other Loans and Advances by the Central Government			
	Other .. .. .	1,30,09,000	1,32,78,442	2,69,442
25.	53.—Foreign Affairs			
	Other .. .. .	3,41,28,000	3,43,38,879	2,10,879
26.	54.—Other Expenditure of Ministry of Foreign Affairs			
	Other .. .. .	65,48,000	70,63,898	5,15,898
27.	57.—Medical Services			
	Other .. .. .	1,47,81,000	1,58,24,993	10,43,993

1	2	3	4	
		Rs.	Rs.	Rs.
28.	62.—Family Planning Division ..			
	New .. .. .	72,000	81,085	9,085
	Other .. .. .	57,000	93,133	36,133
29.	65.—Passport Organisation			
	Other .. .. .	18,14,000	18,96,199	82,199
30.	66.—Civil Defence			
	Other .. .. .	4,23,000	4,76,504	53,504
31.	68. Kashmir Affairs Division			
	Other .. .. .	9,26,000	9,75,061	49,061
32.	71.—Industries Division			
	Other .. .. .	5,66,000	5,66,207	207
33.	76.—Natural Resources Division			
	New .. .. .	33,28,000	33,58,611	30,611
34.	79.—Capital Outlay on Miscellaneous Stores			
	New .. .. .	1,50,000	1,80,685	30,685
35.	82.—Press Information Department			
	Other .. .. .	39,84,000	40,76,989	92,989
36.	83.—Information Service Abroad			
	New .. .. .	7,000	7,552	552
	Other .. .. .	38,81,000	38,92,229	11,229
37.	84.—Pakistan Broadcasting Service			
	Other .. .. .	2,60,53,000	2,89,47,273	28,94,273
38.	87.—Ministry of Law and Parliamentary Affairs			
	Other .. .. .	18,84,000	18,96,511	12,511
39.	91.—Planning Division			
	Other .. .. .	61,90,000	61,94,759	4,759
40.	93.—Other Expenditure of Scientific and Technological Research Division			
	Other .. .. .	2,53,46,000	2,53,80,780	34,780
41.	94.—States and Frontier Regions Division			
	Other .. .. .	5,82,000	5,95,055	13,055

1	2	3	4	5
		Rs.	Rs.	Rs.
42.	95.—Frontier Regions			
	Other .. .. .	9,08,00,000	9,60,09,178	52,09,178
43.	98.—Development Expenditure of Rehabilitation and Works Division			
	Other .. .. .	--	104	104
44.	100.—Capital Outlay on Food Storage and Other Works			
	New .. .. .	1,53,77,000	1,73,30,029	19,53,029
45.	101.—Capital Outlay on New Federal Capitals			
	Other .. .. .	2,20,00,000	2,70,61,889	50,61,889
46.	102.—Capital Outlay on Civil Works			
	Other .. .. .	1,60,25,000	1,88,33,052	28,08,052
47.	107.—Development Expenditure of Ministry of Communications			
	Other .. .. .	11,55,000	24,51,658	12,96,658
48.	109.—Capital Outlay on Telephone and Telegraph Department ..	16,44,10,000	18,87,13,752	2,43,03,752*
49.	116.—Development Loans and Advances by the Central Government			
	New .. .. .	17,61,25,000	24,48,23,761	6,86,98,761
50.	121.—Development Expenditure of Industries Division			
	Other .. .. .	21,65,000	26,90,105	5,25,105
51.	127.—Development Expenditure of Ministry of Information & Broadcasting			
	New .. .. .	--	14,732	14,732
52.	128.—Capital Outlay on Broadcasting Service			
	Other .. .. .	29,99,000	1,55,74,363	1,25,75,363
53.	130.—Development Expenditure of Economic Affairs Division			
	Other .. .. .	14,47,000	18,99,178	4,52,178

\*The distribution of expenditure by 'New' and 'Other than New' was not intimated by the Department concerned.

## STATEMENT No. 4

(See paragraph 2 on page 2 of the Report)

*Statement showing excesses over authorised grants which require to be regularised*

## APPROPRIATION ACCOUNTS 1969-70

S. No.	No. and Title of the Grant	Final Grant/ Appropriation	Actual Expenditure	Excess
1	2	3	4	5
		Rs.	Rs.	Rs.
1.	1.—Food and Agriculture Division			
	Other .. .. .	45,87,000	48,67,354	2,80,354
2.	3.—Zoological Survey Department			
	Other .. .. .	1,44,000	1,75,965	31,965
3.	5.—Fisheries			
	Other .. .. .	8,84,000	10,64,003	1,80,003
4.	6.—Rehabilitation & Works Division			
	Other .. .. .	11,58,000	14,21,253	2,63,253
5.	7.—Civil Works			
	Other .. .. .	4,79,46,000	12,94,97,594	8,15,51,594
6.	12.—Cabinet Division			
	Other .. .. .	97,85,000	1,02,10,493	4,25,493
7.	13.—Establishment Division			
	Other .. .. .	51,38,000	53,59,288	2,21,288
8.	16.—Ministry of Commerce			
	Other .. .. .	1,29,84,000	1,33,03,398	3,19,398
9.	17.—Export Promotion			
	Other .. .. .	45,17,000	45,87,259	70,259
10.	19.—Capital Outlay on purchases of Jute and other Works			
	New .. .. .	90,19,000	1,16,46,822	26,27,822
11.	21.—Ministry of Communications			
	Other .. .. .	24,38,000	27,57,268	3,19,268
12.	25.—Capital Outlay on Investment in Railways			
	New .. .. .	1,56,39,000	2,81,53,669	1,25,14,669
13.	26.—Ministry of Defence			
	Other .. .. .	42,46,000	43,54,189	1,08,189

1	2	3	4	5
		Rs.	Rs.	Rs.
14.	27.—Management of Chalna Port			
	Other .. .. .	32,25,000	35,36,133	11,133
15.	28.—Department of Shipping Control and Mercantile Marine			
	Other .. .. .	12,19,000	13,07,783	88,783
16.	29.—Lighthouses and Lightships			
	New .. .. .	..	342	342
17.	32.—Other Expenditure of Ministry of Defence			
	New .. .. .	50,000	98,547	48,547
18.	35.—Archaeology and Museums			
	New .. .. .	4,61,000	4,81,989	20,989
19.	37.—Government Colleges and Schools			
	Other .. .. .	26,64,000	28,02,796	1,38,796
20.	41.—Currency			
	Other .. .. .	85,76,000	91,34,343	5,58,343
21.	43.—Superannuation Allowances and Pensions.			
	Other .. .. .	2,30,96,500	2,48,75,903	17,79,403
22.	44.—Other Expenditure of Ministry of Finance.			
	Other .. .. .	5,32,000	5,44,952	12,952
23.	46.—Central Board of Revenue			
	Other .. .. .	35,10,000	35,75,340	65,340
24.	51.—National Savings			
	Other .. .. .	9,54,000	12,63,700	3,09,700
25.	54.—Other Loans and Advances by the Central Government			
	Other .. .. .	1,19,65,000	1,55,78,427	36,13,427
26.	56.—Ministry of Foreign Affairs			
	Other .. .. .	62,94,000	63,55,997	61,997
27.	58.—Other Expenditure of Ministry of Foreign Affairs			
	Other .. .. .	64,80,000	70,59,702	5,79,702
28.	60.—Health Division			
	Other .. .. .	36,21,000	39,23,195	3,02,195

1	2	3	4	5
		Rs.	Rs.	Rs.
29.	61.—Medical Services			
	Other .. .. .	1,62,56,000	1,69,76,987	7,20,987
30.	63.—Labour and Social Welfare Division			
	Other .. .. .	25,77,000	25,96,052	19,052
31.	67.—Home Affairs Division			
	Other .. .. .	22,49,000	23,09,817	60,817
32.	68.—Passport Organization			
	Other .. .. .	20,48,000	21,27,797	79,737
33.	69.—Civil Defence			
	Other .. .. .	4,65,000	5,42,947	77,947
34.	70.—Other Expenditure of Home Affairs Division			
	Other .. .. .	3,23,90,000	3,82,63,920	58,73,920
35.	71.—Kashmir Affairs Division			
	Other .. .. .	10,59,000	11,19,609	60,609
36.	74.—Frontier Regions			
	Other .. .. .	9,48,90,000	10,68,51,560	1,19,61,560
37.	77.—Industries Division.			
	Other .. .. .	19,21,000	20,64,288	1,43,288
38.	82.—Natural Resources Division.			
	Other .. .. .	36,54,000	37,34,864	80,864
39.	83.—Geological Survey.			
	Other .. .. .	26,45,000	27,44,237	99,237
40.	88.—Press Information Department.			
	Other	40,56,000	41,76,775	1,20,775
41.	89.—Information Services Abroad.			
	Other .. .. .	38,59,000	39,74,718	1,15,718
42.	90.—Pakistan Broadcasting Service.			
	Other .. .. .	2,72,68,000	3,26,42,446	53,74,446
43.	95.—Economic Affairs Division.			
	Other .. .. .	71,71,000	72,35,227	64,227
44.	99.—Development expenditure of Rehabilitation and Works Division.			
	New .. .. .	1,13,000	2,57,714	1,44,714
45.	100.—Capital Outlay on Fisheries.			
	New .. .. .	2,00,000	2,90,732	90,732

1	2	3	4	5
		Rs.	Rs.	Rs.
46.	102.—Capital Outlay on Second Capital.			
	Other .. .. .	1,10,00,000	2,26,01,754	1,16,01,754
47.	103.—Capital Outlay on Civil Works.			
	Other .. .. .	1,13,83,000	1,16,14,019	2,31,019
48.	105.—Development Expenditure of Establishment Division.			
	Other .. .. .	12,21,000	12,57,131	36,131
49.	110.—Capital Outlay on Telegraphs and Telephone Department.	17,78,00,000	19,54,35,866	1,76,35,866*
50.	121.—Development Loans and Advances by the Central Government.			
	New .. .. .	43,26,62,000	45,04,21,387	1,77,59,387
51.	126.—Development Expenditure of States and Frontier Regions Division.			
	Other .. .. .	..	17,439	17,439
52.	127.—Development expenditure of Industries Division.			
	New .. .. .	62,89,000	70,34,771	7,45,771
53.	131.—Capital Outlay on Irrigation and Electricity.			
	Other .. .. .	..	38,320	38,320
54.	132.—Capital Outlay on Fuel and Power.			
	New .. .. .	3,68,88,000	7,25,16,007	3,56,28,007

\*The distribution of expenditure by 'New' and 'Other than New' was not intimated by the Department concerned.

## STATEMENT No. 5

*See Paragraph 2 on Page 2 of the Report***Statement showing excesses over charged appropriations which require to be regularised 1968-69.**

Sl. No.	No. and Name of Appropriation	Final Appropriation	Actual Expenditure	Excess
1	2	3	4	5
		Rs.	Rs.	Rs.
1.	7.—Civil Works .. .. .	6,78,000	7,44,462	66,462
2.	23.—Pakistan Telegraph and Telephone Department .. .. .	3,30,00,000	3,33,71,011	3,71,011
3.	—Central Public Service Commission.	15,10,000	15,22,762	12,762
4.	—Repayment of Debt .. .. .	13,44,83,06,000	13,58,77,69,760	13,94,63,760
5.	—Supreme Court .. .. .	10,75,000	10,77,409	2,409

**Statement showing excesses over charged appropriations which require to be regularised 1969-70.**

Sl. No.	No. and Name of Appropriation	Final Appropriation	Actual Expenditure	Excess
1	2	3	4	5
		Rs.	Rs.	Rs.
1.	—Central Public Service Commission.	16,65,000	16,96,123	31,123
2.	43.—Superannuation Allowances and Pensions.	22,54,500	23,25,855	71,355
3.	—Staff Household and Allowance of the President.	31,54,000	31,84,153	30,153
4.	121.—Development Loans and Advances by the Central Government.	3,25,48,85,000	3,27,92,02,759	2,43,17,759