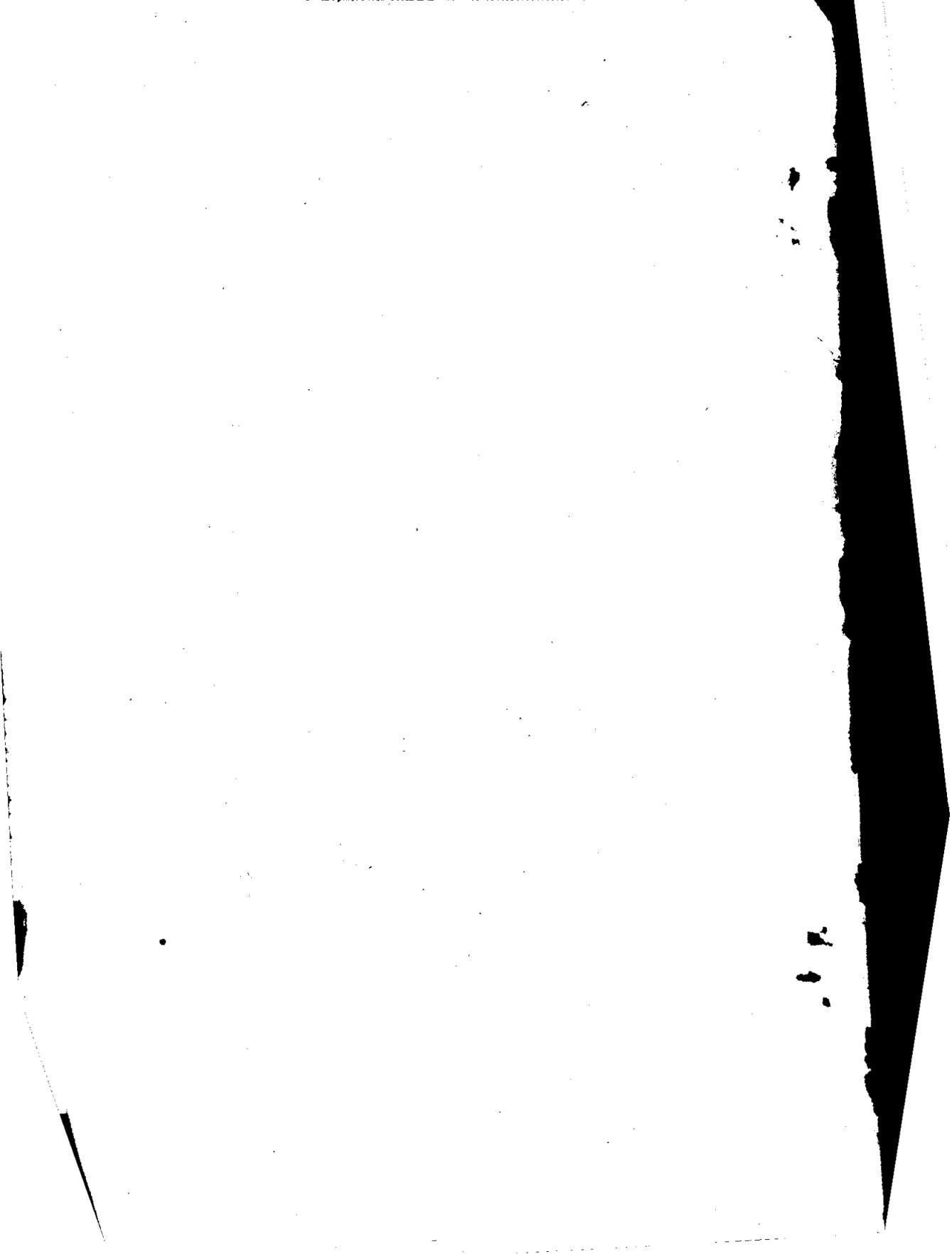


REPORT
OF THE
PUBLIC ACCOUNTS COMMITTEE
ON
MINISTRY OF
WATER AND POWER
(1981-82 TO 1984-85)



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SUMMARY OF RECOMMENDATIONS

1. Role of Auditor-General

Existing procedure of pre-audit of payments in major projects of WAPDA by Auditor-General of Pakistan should be dispensed with immediately and the Auditor-General should only look-after his statutory functions in this regard. (Para 1.2).

2. Energy Losses

(a) Action plan being prepared for additional generation of energy should also accord due emphasis to minimization of energy losses ;

(b) Government should take a serious view of the theft of energy in Peshawar and Quetta regions and take effective measures to handle this problem on priority basis ;

(c) An effective control on distribution losses can only be developed if the consumption of electricity is monitored for each feeder separately ; and

(d) theft of energy in the settled areas was primarily due to collaboration of WAPDA staff for which WAPDA should take effective measures. (2.10).

3. Receiveables from Consumers

Receiveables should be strictly watched and controlled. In case of outstanding dues against Government and semi-government agencies, necessary support of Ministry of Finance should also be obtained. (2.14).

4. Inventory Control

(a) Stores should be regularly reviewed with a view to determine obsolete items ;

(b) Obsolete items of stores should be regularly disposed of ;

(c) Physical checking of stores should be carried out at regular intervals.

(d) Inventory should be managed through computer if possible so that purchase of excessive stores could be avoided.

(e) Non production of record of stores to external|internal auditors at the time of inspection should be treated as a misconduct and disciplinary action should be taken against the officers responsible. (2.20).

1. INTRODUCTION

1.1. The Appropriation Accounts of the Ministry of Water and Power (including the accounts of Water and Power Development Authority) for the year 1981-82 were examined by the Public Accounts Committee on 30th August, 1984 and 8th January, 1985. The Committee was, however, not able to finalize its examination when it was dissolved. The remaining accounts of the Ministry of Water and Power for 1981-82 and the accounts for the year 1982-83, 1983-84 and 1984-85 and the reports of the Auditor-General of Pakistan on these accounts were examined by the Standing Committee on Public Accounts on 30th April, 1986, 28th August, 1986 and 30th December, 1986 respectively.

1.2. While examining the accounts of Water and Power Development Authority (WAPDA) and the reports of the Auditor-General thereon, the Committee felt that the audit was not quite effective and comprehensive as it did not cover certain major projects being executed by WAPDA. The Committee was informed by the Auditor-General of Pakistan that one of the major reasons for this situation was the system of concurrent audit which provided for simultaneously scrutiny of payments. The Committee was informed that this system was introduced by the Government in sixties for major projects in WAPDA, when the organization was in its formative stage and did not have adequate manpower to handle the job. The Committee felt that the existing system was not in conformity with the concept of accountability, as the very purpose of statutory audit is compromised once it shares the pre-audit functions with the executive which is primarily an accounting exercise and should be conducted by the Executive itself. The Committee was, therefore, of the view that the existing procedure of pre-audit of payments in major projects of WAPDA by Auditor-General of Pakistan should be dispensed with immediately and the Auditor-General should only look-after his statutory functions in this regard.

1.3. Since Water and Power Development Authority is the only important organization under the Ministry of Water and Power, the

results of the examination of the accounts of WAPDA are summarized in three chapters, namely :—

- Areas of attention.
- Execution of Projects.
- Specific Irregularities.

1.4. The views of the Committee regarding regularisation of grantwise expenditure of the Ministry of Water and Power have already been discussed in its reports on the Ministry of Finance for the above years, which has already been laid before the Assembly.

1.5. The minutes of the proceedings of the Committee pertaining to the Ministry of Water and Power have been appended to the report as Annexure I.

1.6. The Committee would like to place on record its appreciation for the valuable help rendered by Mr. Riyaz H. Bokhari, Auditor-General of Pakistan, Mr. M. A. Haq, former Secretary, National Assembly, Mr. Abdul Wahab F. Shaikh, former Secretary, Ministry of Water and Power, Lt. Gen. Ghulam Safdar Butt, former Chairman, WAPDA, Mr. A. A. Zaidi, Deputy Auditor-General of Pakistan and their officers and staff in enabling the Committee to get through its work.

1.7. The Committee has specifically appreciated the valuable work done by Mr. Shahid Hamid, Deputy Director WAPDA Audit in preparing Performance Audit Reports of certain projects which have been discussed in Chapter 3 of the report.

1.8. While submitting this report to the National Assembly it is finally recommended that the suggestions and recommendations made by the Committee in this Report including Annexure I may be accepted.

K. M. CHIMA,
Secretary.

SARDARZADA MUHAMMAD ALI SHAH,
Chairman.

SARDAR ASEFF AHMED ALI,
Member.

CH. MUHAMMAD SARWAR KHAN,
Member.

NAWAB MUHAMMAD YAMIN KHAN,
Member.

MALIK SAID KHAN MAHSUD,
Member.

RAI ARIF HUSSAIN,
Member.

SHAHABUDDIN SHAH HUSSAINY,
Member.

MIANGUL AURANGZEB,
Member.

SHAHZADA JAM MUHAMMAD YOUSUF,
Member.

MIAN MUHAMMAD YASIN KHAN WATTOO,
Minister for Finance and Economic Affairs,
Ex-Officio Member.

2. AREAS OF ATTENTION

Energy Losses

2.1. The revenue accounts of electricity generation and sales for the years 1981-82 to 1984-85 indicated that while electricity generated by WAPDA in the country increased by 27 per cent during these years, a substantial part of it remained unaccounted for as summarized below :—

				(Units in million)		
Years				Electricity Generated (Units in million)	Electricity Sold	Percentage of loss
1981-82	..	..	..	14,768.0	10,288.0	30.3
1982-83	..	..	..	16,482.0	11,587.0	29.7
1983-84	..	..	..	18,052.2	12,761.9	29.31
1984-85	..	..	..	18,776.5	13,756.1	26.74

2.2. While it was an encouraging sign that the losses of electricity showed a decline from 30.3 per cent in 1981-82 to 26.74 per cent in 1984-85 and registered a constant downward trend, which indicated that the WAPDA was fully aware of the magnitude of the problem and was continuously striving to minimize these losses, it cannot be denied that it was a substantial national loss especially when viewed in the light of energy crisis in the country.

2.3. The above losses were attributed to following factors :—

- (a) Transmission losses.
- (b) Distribution losses.
- (c) Utilization on auxillories and losses within power house.

2.4. While the actual losses in respect of item (a) and (c) above were not computed by the Auditor-General of Pakistan, the details provided about distribution losses indicated that in 1981-82 the total losses on this account were 20.8 per cent which decreased to 17.2 per

cent in 1984-85. The region-wise losses on this account during 1981-82 and 1984-85 were as under :—

Region	% Losses during 1981-82	% Losses during 1984-85
Lahore	27.1	22.6
Gujranwala	19.9	13.2
Multan	19	14.4*
Faisalabad	11.2	9
Islamabad	10.7	9.4
Peshawar	30	29.2
Hyderabad	23.6	15.7
Quetta	35.7	27.3
Total	20.8	17.2

It was, therefore, apparent that the distribution losses in Peshawar and Quetta regions were highest both in percentage and aggregate terms whereas in other regions they were not even. This showed that there was adequate scope of reduction in distribution losses in most of the regions of the country.

2.5. In his reply, the Chairman WAPDA explained that losses in a power system could be classified as under :—

- (a) Energy used in the auxillories in the power houses.
- (b) Technical losses in transmission, transformation and distribution, and
- (c) Losses due to pilferage and defective metering.

2.6. He stated that the losses in auxillories were not actual losses and were around 2.5 per cent of the total generation. Technical losses which were 9.9 per cent, have been reduced considerably since 1976-77 and a lot of technical measures have been taken to reduce them further. Similarly distribution losses which were 22.3 per cent in 1976-77 have been reduced to 17.2 per cent by 1984-85. Renovation and augmentation programmes were in progress. Instalments of capacitors and

anti-theft boxes on industrial and tubewell premises were some of other measures being taken. Certain other administrative measures had also been taken at Authority's level to exert pressure in the field which included :—

- (a) Commercial surveillance at all levels to monitor the consumption of big consumers.
- (b) Services of serving army personnel have been obtained to carry out checking of areas where the losses were high.
- (c) Electricity Act has been revised and was being strictly enforced through recovery officers.

2.7. The Chairman WAPDA further explained that his organization had always been handicapped with the unabating trend of losses in Peshawar and Quetta regions. The extra ordinary high losses in these areas were due to the fact that the operational conditions in some parts were peculiar in nature. Large scale stealing of energy was taking place openly in tribal areas. Losses on 11 K.W. feeders supplying energy to these areas was around 80 per cent and WAPDA was totally helpless to take any action, as required support from the administration was not forthcoming. Normal laws of the country did not operate there and as such it was not possible for WAPDA to take action against the culprits under the Electricity Act. Similar was the situation in several areas of the Quetta region. Special measures at the level of Federal and Provincial Governments were required to be taken to eliminate or at least minimize the theft of energy in these regions.

2.8. The Chairman WAPDA also stated that steps were being taken to undertake further revision of Electricity Act, 1910 to make inbuilt provisions to try all criminal offences summarily. The Ministry of Water and Power had also been approached to extend this Act to Federally/Provincially administered tribal Areas. He was, however, of the view that theft of the energy had become a social evil and could not be eliminated overnight.

2.9. The Auditor-General pointed out that WAPDA was committed to Asian Development Bank to reduce the energy losses to 23 per cent by 1986-87. This target, which was in the overall national interest must be watched carefully. The existing measures did not appear to be adequate enough to achieve this target.

2.10. The Committee was not happy with the existing magnitude of energy losses and suggested that :—

- (a) the action plan being prepared for additional generation of energy should also accord due emphasis to minimization of energy losses ;
- (b) the Government should take a serious view of the theft of energy in Peshawar and Quetta regions and take effective measures to handle this problem on priority basis.
- (c) an effective control on distribution losses can only be developed if the consumption of electricity is monitored for each feeder separately ; and
- (d) the theft of energy in the settled areas was primarily due to collaboration of WAPDA staff for which WAPDA should take effective measures.

Payment of Net Profit to the Provinces

2.11. Under Article 161 (2) of the Constitution, the net profits earned by the Federal Government or any undertaking established or administered by the Federal Government from the bulk generation of power at a hydroelectric station shall be paid to the Province in which the hydroelectric station is situated. Although the accounts of Water and Power Development Authority, were being maintained for the Power Wing and Indus Basin Projects separately, the net profits of each hydroelectric station had not yet been determined and paid to the Provinces concerned.

2.12. The Committee was told that this question was being examined by the National Finance Commission. The Committee, therefore, decided to defer the issue till the report of National Finance Commission was available.

Receivables from Consumers

2.13. As per balance sheet of Electricity Operation Branch (EOB) for the year 1981-82, a sum of Rs. 1,181 million were outstanding as receivables from consumers. At the end of 1982-83, the aforesaid amount decreased to Rs. 1,601 million. At the end of 1983-84 the receivables again shot up to Rs. 1,752 million. On 30th June, 1985, the receivables on the above account were Rs. 1,770 million.

2.14. The Committee was not satisfied with the explanation provided by the Authority and directed that the receivables should be strictly watched and controlled. The Committee also directed that in case of outstanding dues against Government and semi-government agencies, necessary support of Ministry of Finance should also be obtained.

Stores and Stock

2.15. WAPDA was maintaining a huge stock of spare parts and other stores to run its operations. The following table gives the details :—

						(Rupees in million)		
						1982-83	1984-85	
Generation	..	..	..	..	..	687.2	971.1
Transmission	..	..	..	..	..	100.1	106.8
Distribution	..	..	..	..	..	861.8	820.2
					Total	..	1649.1	1898.1

2.16. It was thus evident that the stock level was constantly increasing.

2.17. The Auditor-General in his reports had also observed that apparently the balances were very heavy and had suggested that inventory management should be given due importance, as it had been observed that purchases of stores were often not commensurate with consumption and with the frequent changes in technology more and more stores were becoming obsolete.

2.18. The Chairman WAPDA shared the anxiety of the Auditor-General and Members of the Committee on this issue and stated that he would submit a working paper on the inventory management in WAPDA to the Committee so that Committee could assess as to what the Authority was doing and what was required to be done.

2.19. An alarming aspect of the store management was that a substantial part of it was found unaccounted for which had increased the chances of unauthorised use and misappropriation. As per Audit, the figures of unaccounted for stores during 1981-82 were Rs. 33 million which had gone upto Rs. 45.4 million in 1983-84.

2.20. The cost of unaccounted for items decreased sharply in 1984-85 to Rs. 3.8 million only. This indicated that perhaps WAPDA's internal controls were improving.

2.21. The Committee after examining various aspects of the case suggested following measures for further improvements :—

- (a) stores should be regularly reviewed with a view to determine obsolete items ;
 - (b) obsolete items of stores should be regularly disposed of ;
 - (c) physical checking of stores should be carried out at regular intervals.
 - (d) The inventory should be managed through computer if possible so that purchase of excessive stores could be avoided.
 - (e) Non-production of record of stores to external/internal auditors at the time of inspection should be treated as a misconduct and disciplinary action should be taken against the officers responsible.
-

3. EXECUTION OF PROJECTS

3.1. The Auditor-General of Pakistan presented before the Committee an evaluation of 5 projects executed by WAPDA. Although the reports prepared by Audit were neither representative nor comprehensive enough to enable the Committee to make an assessment of the performance of the Authority, they indicated certain basic deficiencies in management of the projects. A brief Summary of the discussions about each of the project and the directives of the Committee are given below :

3.2. SCARP II

3.2.1. Salinity control and Reclamation Project II was launched in 1961 to arrest the waterlogging and salanization of lands of Chaj Doab and to reclaim lands which had already deteriorated. The project II was conceived as a tubewell drainage-cum-irrigation project supplemented with surface drains.

3.2.2. The project originally envisaged installation of 3300 tubewells and digging of 450 miles of drains in the area at a cost of Rs. 300 million. In the third revised PC-I total cost was estimated at Rs. 1537.43 million and the number of tubewells was reduced to 3026.

3.2.3. Audit found that :—

- 2205 tubewells were operating in freshground water zone. An economic analysis carried out by various agencies had demonstrated that private tubewells were economically for more attractive than public tubewells. Despite these findings not only the existing public tubewells were being run but funds were being spent on the replacement of wornout tubewells.
- Revenue from water charges failed to cover even the operating costs. Thus the project faced a yearly deficit of Rs. 157 million.

- SCARP tubewells were of large sizes which though technically superior were less economical than the small sized private tubewells.
- Completion of the project took 21 years longer than anticipated.
- Cost of the project increased by more than four times.
- There was lack of coordination visible as constructed tubewells remained unenergised for considerable period.
- In saline zone some tubewells were provided with pump house casing of mild steel which was rapidly corroded and had to be replaced by fiberglass housing.
- Installed tubewells had shown a significant reduction in discharge as compared to designed discharge.

3.2.4. WAPDA stated that it had engaged consultants to carry out studies for the disinvestment in the SCARP. It was also stated that water charges was a Provincial subject and that in future projects smaller tubewells were being installed. WAPDA blamed inadequate funding, devaluation and price escalation for time and cost overrun. WAPDA agreed that there was a lack of coordination but stated that the problem had been sorted out. WAPDA replied that Mild Steel housing was used as fiberglass housing was not available within the country at that time. WAPDA held that completed tubewells had been handed over to provincial Government which is running these tubewells and can reply to audit observation regarding reduction in discharge.

OVERALL ASSESSMENT

3.2.5. Project was not implemented in a satisfactory manner. Completion of the project was delayed by 21 years and the cost increased by four times. Implementation suffered from lack of coordination as constructed tubewells remained unenergised for considerable periods. The project had opted for large size tubewells which were less economical than small and medium size tubewells.

Installed tubewells faced a discharge reduction. Revenue recovered through water charges was insufficient to cover even the operating costs.

The departmental representative informed the Committee that WAPDA had engaged consultants to study the mode for disinvestment in SCARPs and their report was expected.

The Committee directed the departmental representative to supply the report on SCARP transition to Audit as well as to Secretary, National Assembly Secretariat.

3.3. Prestressed Concrete Pole Plants

3.3.1. The project envisaged construction of four prestressed concrete pole plants at a total cost of Rs. 104 million. The demand for poles was growing as new transmission and distribution lines were being transmission and distribution lines were being planned to be constructed. These four plants were intended to meet the demand by producing 31 ft., 36 ft. and 55 ft. prestressed concrete poles. WAPDA had argued that prestressed concrete poles were both economically and strength wise superior to steel structures and that the construction of these four plants would bring considerable savings.

3.3.2. Audit observed that implementation of the project was not satisfactory as :—

- Project was delayed by two years and the delay led to a postponement of benefits and cost overrun.
- Production of poles was significantly lower than the anticipated figures.
- Cost of the PC poles was approximately 40 per cent higher than the estimates.
- Despite the low level of production, only 51 per cent poles were lifted from the plants and only 28 per cent of the manufactured poles were actually used. Thus savings anticipated in the PC-I could not be materialized.

3.3.3. WAPDA replied that causes of delay were beyond their control. These causes were stated to be (a) problems of land acquisition (b) Inadequate allocation of funds (c) shortage of cement (d) excessive rains. WAPDA explained production shortfall as teething troubles. Rise in the prices of poles was stated to have been caused by a rise in the component prices. Handling and logistic problems were stated to be the reasons for non-utilization of manufactured poles.

3.3.4. The causes of delay were not accepted by Audit. It was held that problems of land acquisition and cement could be avoided by proper planning. Inadequate funding could not have affected the project because the land was not acquired.

OVERALL ASSESSMENT

3.3.5. The project was not implemented in a satisfactory manner as causes of delay could be removed by proper planning. The higher cost of production and the failure to use the manufactured poles meant that the main objective of this project *viz.* anticipated savings in the cost of poles, could not be achieved.

3.3.6. The Committee observed that as explained to it there was no lack of demand for these poles. The only problems were of logistic and handling.

The Committee concluded that the plants can be made well use of provided that the following measures were adopted :

- (i) Appropriate transportation and erection equipments are arranged and the handling problem tackled squarely.
- (ii) The staff is appropriately trained to handle the poles and also educated to get over psychologically their aversion to the handling and use of these poles.

3.4. East Khairpur Tile Drainage Project

3.4.1. East Khairpur Tile Drainage project was launched in 1976-77 at an estimated cost of Rs. 372.17 million which included a

foreign exchange component of Rs. 178.74 million. The project was expected to complete in five years and its purpose was to control water logging and salinity in an area of 36000 acres by means of tile drains.

3.4.2. Audit observed that implementation of the project was not satisfactory as :

- The project which was to complete in 1981 was delayed. The work could not be completed even up to the extended date of December, 1985 that was given in the revised PC-I. The project was now expected to complete in June, 1986.
- Cost of the project rose from Rs. 372.17 million as given in the PC-I to Rs. 545.487 million by March, 1986 and Revised PC-I estimates that cost will go upto Rs. 630.03 million. This gives a cost overrun of 69 per cent over PC-I estimates.
- Execution of the project was slow because of dewatering problem. After a considerable period of experimentation, a big trencher machine was acquired to solve the problem. But even after the commissioning of trencher machine in October, 1983, work could not be commenced until March, 1984 because of procedural delays in the import of big diameter plastic pipes.
- A project co-ordination committee was formed and its purpose was not defined in the PC-I "to deal with problems and difficulties arising from project co-ordination and implementation".
- Despite the delay in the completion of project and the occurrence of procedural problem, no meeting of project co-ordination committee has been held since Decemebr, 1981.

3.4.3. WAPDA has not refuted delay, cost overrun or the procedural problems but has argued that the circumstances were beyond their control. No reason has been given for not holding the meeting of project co-ordination committee.

OVERALL ASSESSMENT

3.4.4. The project was not implemented in a satisfactory manner. Implementation was delayed. Certain procedural problems were faced but the mechanism designed to solve these problems, *i.e.* meeting of project co-ordination committee, was not activated. The delay in implementation of the project led to 69 per cent cost overrun. The delay also caused a postponement of benefits.

3.4.5. PAC agreed to WAPDA's proposal that it would submit a report to PAC confirming that no tile drainage schemes were being launched in sweet water zone.

3.5. Groundwater Investigation and Planning in Baluchistan Province

3.5.1. The project is an investigation scheme which was launched in 1973 at an estimated cost of Rs. 122.03 million to determine the availability of groundwater resources in Baluchistan Province. The scheme visualized that after determining the availability, suitable development schemes for extracting water would be launched side by side with investigation. The work of drilling of 1200 test holes for Investigation, was to consume the major amount of money. However the PC-II promised that even these test holes would not go waste and half of these would be converted into tubewells.

3.5.2. Audit observed that the PC-II had made certain promises to justify the scheme. These promises were not fulfilled during implementation, thus it was noticed that :—

- Only 99 tubewells had become operational against a target of 600 in the 1st PC-II and of 410 in the revised PC-II.
- Planning was delayed and development schemes were not taken up side by side with investigation, resultantly benefits were postponed. (3.1.1, 3.1.2 of P.A. Report).
- Project implementation was delayed and even the revised PC-II completion dates could not be adhered to. Though the scope of work had been reduced in the revised PC-II

but the delay in implementation raised the cost of scheme by an average of about 175 per cent over the original PC-II estimates. (4.1, 4.2 of PA Report).

- UNDP's Water Resource Economist has questioned the adequacy of information gathered by this investigation scheme. (3.3 of P.A. Report).
- The significant drop in the number of test holes from 1200 in the 1st PC-II to actual 681, also creates the impression that either the original number was fixed arbitrarily or the obtained data may not be of same quality as visualised in the 1st PC-II (3.5 of P.A. Report).
- It was noticed that apart from a small grant portion the cost of this expensive survey project was borne by Baluchistan Government. But PC-II had prepared no cost recovery plan to recover this investment (3.6 of P.A. Report).

3.5.3. WAPDA passed the blame on to the provincial government for not energising the installed tubewells. No reason has been given for deferring the development but it was argued that the reasons for slow development of groundwater was a lack of financial resources with the provincial government WAPDA has admitted the delay. WAPDA has acknowledged that the number of test holes was originally fixed on the basis of insufficient data but stated that the information gathered by this Investigation scheme, is quite adequate. No reason for ignoring cost recovery was given.

OVERALL ASSESSMENT

3.5.4. Many of targets fixed in the PC-II could not be achieved while implementing the scheme. This reduced the attractiveness of the scheme. The Investigation has however since been completed and some water development schemes have been started. Resultantly benefits which were postponed and which even now would not be of same magnitude as visualized, have started occurring. This project can be described as beneficial for the community.

3.6. 500 KV Tarbela—Faisalabad Transmission Line Project

3.6.1. 500 K.V. Tarbela—Faisalabad Transmission Line Project was started in December, 1973. The project was to complete in 37 months at an estimated cost of Rs. 529.94 million. The PC-I was however revised in June, 1975 for an estimated cost of Rs. 1087.49 million. The completion period was extended upto 1977. The main objective of the project was to transfer large bulk of power from Tarbela to Faisalabad Region.

3.6.2. Audit found that implementation of the project was not satisfactory as :

- There was lack of co-ordination as evidenced by the fact that transmission line was completed in 1977 but the grid station necessary to energise this line on 500 K.V. was completed in 1979. (3.3 of P.A. Report).
- Cost of the project rose from estimated Rs. 529.94 million to Rs. 1013.47 million (actual booked upto 1982-83). (4.6 of P.A. Report).
- WAPDA had not carried out any analysis of rates to determine the suitability of tendered rates. (4.5.5 of P.A. Report).

3.6.3. Audit further noticed that ECNEC approved this project on 30th December, 1980, after completion of the project itself. (3.4 of P.A. Report).

3.6.4. WAPDA in reply stated that it was technically not possible to operate this line with Tarbela Units 1 to 4. However, all the power generated at Tarbela was fully transmitted at 220 K.V. Further the deferring of capital expenditure of Rs. 400 million for two years brought considerable savings. Thus there was no lack of internal co-ordination.

WAPDA blamed devaluation and undertaking of some additional works for the cost overrun.

WAPDA stated that this was the first time that tenders for 500 K.V. Transmission Line were called hence analysis of rates was not possible.

Regarding late approval of the project WAPDA has stated that the matter related to ECNEC.

3.6.5. Audit was not satisfied with WAPDA's replies, because of the following reasons :—

PC-I of the project had categorically stated (Page 5) that the 220 KV transmission system would be inadequate to transmit 400 MW out of Tarbela. "It is therefore, necessary that 500 KV line should be ready when the 3rd Unit is commissioned". Again a Committee of the representatives of Auditor-General of Pakistan, F.I.A. and NESPAK which was formed by the Planning Division to investigate the cost escalation of the project, stated in its report, "As the Tarbela Units 1 to 4 were expected to be commissioned in July, 1976, 500 K.V. line was required to be completed atleast one month in advance for testing of the machines".

Thus WAPDA's reply that it was technically not feasible to operate this line with Tarbela Units 1 to 4 cannot be accepted. Even granting that WAPDA's statement is true there appears no logic of completing the line two years earlier than the grid station, after investing considerable amounts of money on construction of transmission line which yielded no benefits for two years. In view of the foregoing it is held that there was a definite lack of co-ordination and WAPDA's reply is an after thought.

3.6.6. Devaluation and change in the scope of work were held responsible by WAPDA for the cost overrun. ECNEC however was not satisfied and directed to constitute a committee to investigate the cost escalation of the project. The Committee comprised of representatives of Auditor-General of Pakistan, NESPAK and F.I.A. The Committee reported that the tendered rates were generally higher.

The Committee then tried to workout the reasonable cost of tower foundation, and then found that the tendered rates were higher than the Committee's own estimates.

3.6.7. The Committee which was formed to investigate the cost escalation of the project confirmed that WAPDA had not carried out any analysis of rates to determine the suitability of tendered rates.

WAPDA's stand that such analysis was not possible because the work was of a new kind, was not acceptable. It is held that same analysis should have been carried out as the work was not very different from the 200 KV line. Secondly in the absence of such analysis there was no basis for WAPDA to negotiate with the contractors. Thirdly same analysis was later on done by the Committee, thus proving that working out of this analysis was possible.

OVERALL ASSESSMENT

3.6.8. 500 K.V. Transmissoin Line was put on commercial operation on July, 1979 after a delay of two years. The delay led to a cost overrun and resulted in a postponement of benefits viz. reduced line losses, increased revenues and agricultural and industrial growth ; for two years. The transmission line is however working since 1979 and has achieved its primary objective of transferring large bulk of power from Tarbela to Faisalabad at reduced line losses.

3.6.9. The Chairman PAC observed that according to the information of the Committee the rates allowed were unreasonable and fantastically high. The Chairman PAC wanted to know the cost if these towers were constructed today with the same design as compared to cost at that time.

The PAC directed that a Committee headed by Chairman WAPDA with a representative of Audit also may go into the details of profit earned by the contractor in the case of Tarbela—Faisalabad 500 KV Transmission Line project and a report may be submitted to the PAC within 90 days.

4. SPECIFIC IRREGULARITIES

A brief resume of specific irregularities pertaining to WAPDA as pointed out by the Auditor-General of Pakistan in his reports on the accounts of aforesaid years, as well as the directives of the Committee are given below :—

1981-82

4.1. PARA 1.—*Non-accountal of material worth—Rs. 46,811,330.*

Material worth over Rs. 46 million was not properly accounted for in the relevant registers in eight cases. As such, chances of its unauthorised use or mis-appropriation could not be ruled out.

The Chairman WAPDA explained that records for certain amounts were available and the Audit had been requested to verify the accountal.

The Committee was not satisfied with the departmental explanation and directed that :—

- (i) WAPDA should ensure proper maintenance of accounts and bring them up to date. A note may also be supplied to the Committee about the previous procedures and the procedure laid down now indicating the improvements made ;
- (ii) Audit should verify the records and furnish a report on the progress of reconstruction of records by WAPDA.

4.2. PARA 2 (b).—*Short recovery from an industrial consumer—Rs. 3,358,921.*

Rebates allowed under special tariff (not approved by the Government) resulted in short recovery of energy charges of Rs. 3.358 million from an industrial consumer.

The Chairman WAPDA explained that special tariff was sanctioned in accordance with WAPDA Act, 1958 which did not require ratification by the Government of Pakistan. The special agreement with the private party was a complete and legal document which could not be amended by any party unilaterally.

The Committee, after discussion, decided that Audit should go into the legality of the Authority's action and report to the Committee, if necessary.

4.3. PARA 2 (c).—*Short recovery of fixed charges from industrial consumer—Rs. 1,456,016.*

Fixed charges of Rs. 1.456 million were less recovered from certain industrial consumers.

The Chairman WAPDA stated that a nominal account had been recovered from the consumers and the balance was not recoverable for various reasons.

The Committee was not satisfied with the explanation and desired that Audit should re-examine it further and report back, if necessary.

4.4. PARA 2 (d).—*Short recovery from a consumer— Rs. 587,433.*

Fixed charges of Rs. 158,558 and less charges of Rs. 428,875 due to incorrect application of tariff were not recovered from an industrial consumer.

The Chairman WAPDA explained that an Enquiry Officer had been appointed to investigate the short recovery, and the results of enquiry shall be placed before the Committee.

The Committee asked the Audit to verify the position and report back, if necessary.

4.5. PARA 2(e).—*Non-recovery from an industrial consumer—Rs. 21,110.*

A detection bill of Rs. 31,667, on average basis, was served on an industrial consumer in February, 1972. A sum of Rs. 21,110 was set aside on the orders of the Chief Engineer who was not competent to do so.

Chairman WAPDA explained that the detection bill was not justified as there was no appreciable difference between the reading of check meter and average monthly consumption of original meter.

The Audit representative pointed out that the consumer was reportedly stealing energy in March, 1971, whereas the check meter was installed in 1973. Average monthly consumption recorded in August, 1973 to October, 1973 could not be formed basis for deciding (after 2½ years) that the consumer was not stealing energy.

The Committee was not satisfied with the departmental explanation and directed that the Secretary, Ministry of Water and Power should look into it and submit a detailed report.

4.6. PARA 5.—*Damage to transformers resulting in loss of Rs. 8,034,971.*

Transformers valuing Rs. 8.035 million were either burnt or damaged because of improper maintenance, overloading, low oil level or short circuiting, etc.

The Chairman WAPDA informed the Committee that the losses were reducing percentage wise. Failure of transformers were attributable to a number of factors, e.g. humidity of air circulating in it and low tension lines.

The Committee was not satisfied with the departmental explanation and directed that a comprehensive report, covering the period upto 30th June, 1984, should be furnished about the number of transformers installed, their life, faults, damages and costs etc.

4.7. PARA 6.—*Loss of Rs. 5,881,556 due to theft of electrical material, transformers, etc.*

WAPDA suffered losses of Rs. 5.882 million on account of theft of electrical material, transformers, etc.

The Committee drew the attention of the Chairman WAPDA to departmental reply about the appointment of enquiry officer for investigation and remarked that what was the purpose of enquiry and whether WAPDA had given any terms of reference to the inquiry officer. The Chairman WAPDA submitted that the loss was to be established and it was also to be decided as to what action was to be taken.

The Committee was not satisfied with the departmental explanation and directed that WAPDA should complete investigation and prepare a detailed report. The paragraph was deferred.

4.8. PARA 8.—*Non-recovery of liquidated damages—Rs. 1,577,436.*

Cancellation of an amendment in the delivery date of a contract apparently reduced the amount of liquidated damages from Rs. 1,577,436 to Rs. 238,091.

The Committee enquired as to why was the amendment cancelled after 6 years. Did the records show the reasons for cancellation and name of the officer who did it or was he competent to do so? The Chairman WAPDA promised to check it up. The Committee, therefore, directed that a detailed report should be furnished indicating the authority who took the above action, its competency and whether and what justification did it furnish in cancelling the same?

4.9. PARA 10. (b).—*Undue financial aid of Rs. 2.0 million to a contractor.*

The Authority granted an advance of Rs. 2.0 Million to a contractor (at bank rate) in addition to mobilization advance, which was not covered by the contract and was a clear case of undue financial aid to the contractor.

The Chairman WAPDA explained that the advance was given to accelerate the execution of Civil works to achieve timely completion of Power House.

The Committee was not satisfied with the explanation and directed that the Authority should furnish a detailed report. The paragraph was deferred.

4.10. PARA 14 (a).—*Non or less return of dismantled material—Rs. 696,464.*

8,279 yards of dismantled copper conductor was short credited in stores account.

The Chairman WAPDA explained that Line Superintendent concerned had absconded, and had been dismissed from service. A FIR was being lodged against him.

The Committee was not satisfied with the departmental explanation and directed that a report should be furnished by 31st October, 1984 as to why taken adequate and prompt action to protect the loss of material, was not taken.

4.11. PARA 25.—*Suspected mis-appropriation of cash—Rs. 153,847.*

Bogus/less posting of receipts in the ledger/cash book etc., resulted in loss of Rs. 153,847 to the Authority.

Chairman WAPDA explained that the case was under investigation by an Inquiry Officer.

The Committee, therefore, deferred the paragraph and directed to complete action early.

4.12. PARA 32.—*Loss of a truck costing—Rs. 60,000.*

A vehicles sent to a firm for repairs in 1968 was not collected back. This resulted in loss of Rs. 60,000.

The Authority stated that the matter was being enquired by an Inquiry Committee.

The Committee considered it a bad case and directed that the inquiry should be expedited.

4.13. PARA 58.—*Embezzlement of stores—Rs. 166,596.*

A large number of spare parts of vehicles etc., valuing Rs. 166,596 were shown as 'stolen' in the stores ledgers of Tarbela Dam Project.

The Chairman WAPDA stated that the Complaints and Investigation Directorate of WAPDA in its reports of March, 1982, established embezzlement of stores worth Rs. 238,382 and held three officers/officials responsible for shortages.

The Committee was not satisfied with the Departmental reply and directed that a detailed report should be submitted to Committee.

AUDIT REPORT 1982-83

4.14. PARA 5.—*Wrong posting of revenue—Rs. 476,901.*

In Hyderabad, original bank scrolls of Rs. 1.6 million were destroyed and the amount deposited by one consumer was posted against another by preparing fictitious bank scroll. The total amount of such transactions. On investigations the amount was reversed except Rs. 476,901. The services of a senior clerk were terminated but neither the failure of other staff responsible to keep a watch was examined nor the system was reviewed to improve its weaknesses.

WAPDA officials explained that the entire amount had either been recovered or adjusted and only Rs. 242,555 were now due from a local textile mills. The consumer's connection had been permanently disconnected and recovery proceedings were underway under Land Revenue Act.

The Committee directed that the result of recovery proceedings should be advised.

4.15. PARA 11.—*Unauthorized occupation of WAPDA property.*

A Landed property of defunct Mandi Bahauddin Electric Supply Company, was acquired by the Government of Punjab in 1949 and then transferred to WAPDA. In 1980, it was found that the property had been allotted to unauthorized persons by settlement Organization.

The Chairman WAPDA explained that WAPDA had filed a civil suit for getting possession of the Land which was later withdrawn for technical reasons. The case was being examined by legal adviser to find out what action can be taken to regain the property.

The Committee was not satisfied with the reply and observed that the matter had been unnecessarily delayed. It directed that the matter should be finalized within one month and the Committee be kept informed of further progress.

4.16. PARA 13.1.—*Suspected misappropriation of material—Rs. 53,155.*

104 transformers were lying damaged in Peshawar. Copper wire for Rs. 53,155 fixed in these transformers, was however, missing and had apparently been misappropriated.

The Chairman WAPDA stated in reply that an enquiry in the matter was being held.

The Committee directed that the matter should be finalized without any further delay.

4.17. PARA 13.4.—*Non-accounting of transformers—Rs. 291,900.*

24 transformers released from stores in 1980-81 for village electrification were not physically lifted. Later on they were stated to have been misappropriated.

The Chairman WAPDA explained that 17 transformers had since been accounted for. The matter had been investigated and the officials responsible for 7 transformers had been chargesheeted.

The Committee directed that recovery of cost of transformers and results of disciplinary action should be watched by Audit.

4.18. PARA 13.7.—*Suspected misappropriation of stores—Rs. 186,752.*

Material for Rs. 186,752 was drawn from Multan stores by operation Division Bahawalpur but the debit was not accepted on the plea that receipt of material was not traceable.

The Chairman WAPDA explained that debit for Rs. 83,228 had since been accepted. The remaining material was stated to be lying with Line Superintendent who had stated that the material was with F.I.A.

The Committee directed that the Department should obtain complete information from F.I.A. and a detailed report should be submitted.

4.19. PARA 13.10 (i).—*Non-accounting of material—Rs. 46,794.*

Material valuing Rs. 46,794 was drawn by an official in 1980. The consumption of material was however recovered prior to the receipt of material, which was apparently not possible.

The Chairman WAPDA explained that it was a case of antedating in the measurement book and a warning had been issued to the official responsible.

The Committee was not satisfied with the reply, and directed that the case should be review and the defaulting officials who recorded antedated measurements should be properly punished.

4.20. PARA 13.11 (iii).—*Non-accounting of energy meters.*

40 energy meters were not accounted for by an official. As per Authority's reply the meters had since been accounted for. It was, however, not certified that these were the same meters which were missing.

The Committee directed the Authority to hold an enquiry and to ensure that they were the same meters.

4.21. PARA 14.—*Expenditure incurred on deposit works in excess of estimates—Rs. 1.8 million.*

Huge expenditure was incurred by WAPDA every year in excess of deposits received. In 3 of such cases Rs. 1.8 million were incurred in excess of funds.

As per Authority's reply a sum of Rs. 1.17 million was still outstanding on this account.

The Committee did not find the explanation of the department as satisfactory and directed that :—

- (i) the procedures should be tightened upto avoid excess expenditure on deposit works, and
- (ii) the outstanding amounts should be recovered without further delay.

4.22. PARA 15.1.--*Non-recovery from consumers--Rs. 436,834.*

Electricity supply under tariff B-3 was to be made available to industrial consumers only if they provide their own transformers and oil breakers etc. In violation of the above orders, recovery from 3 consumers were made at above rates.

WAPDA officials explained that corrective measures had been taken but one of the consumers had gone to the court of law against the decision of the Authority.

The Committee decided to defer the case being subjudice.

4.23. PARA 15.6.--*Infructuous expenditure of Rs. 132,640.*

As estimate for Rs. 265,280 was prepared for supply of power to an industrial consumer. It was decided to recover the cost in 4 quarterly instalments in violation of the standing instructions. The consumer deposited two instalments and then failed to deposit the remaining amount resulting in an infructuous expenditure of Rs. 132,640.

The Chairman WAPDA explained that the work could not be completed as it involved two railway crossings and the railway authority did not accord sanction for crossing the railway line. Consequently the textile mills in question became bankrupt and a portion of 11 KV Line constructed for the Mill was used for Railway concrete Sleeper Factory Khanewal.

The Auditor-General pointed out that it was a case of idle investment and some action should be taken against those who started the work without proper authority and transgressed the laid down procedure.

The Committee directed that WAPDA should look into the matter and submit a detailed report regarding incurrance in infructuous expenditure and undertaking the work without getting the deposit from a private Textile Mills.

4.24. PARA 18.—*Shortage of stores—Rs. 724,318.*

8 cases of shortage of T&P Stores involving an amount of Rs. 724,318 were detected during physical verification/audit.

The Chairman WAPDA explained that in one case, a line superintendent who was held responsible for shortage of Rs. 343,854 had been dismissed from service and result of Police investigation was awaited. Transformers costing Rs. 119,180 had since been retrieved. In another case FIR had been lodged for recovery. Similarly other cases were also being investigated.

The Chairman PAC observed that the cases were lingering on since 1979 and action had been much delayed. In certain cases Charge Sheets were issued in 1985 but cases had not been finalized. This showed how cases of losses and shortages were being dealt with in WAPDA.

The Committee was, therefore, not satisfied with the action so far taken by WAPDA in these cases and directed that responsibility for delay in taking action in such cases should be fixed besides disciplinary action against the defaulters.

4.25. PARA 22.—*Loss of Rs. 768,125 due to theft of electrical material.*

In 19 formations of WAPDA, losses of Rs. 768,125 on account of theft of electrical material and transformers were reported. In most of the cases timely action was not taken in lodging FIR's and instituting departmental enquiries.

The Chairman WAPDA explained that there were in all 19 cases in which either the recovery had been made or were under various stages of recovery or write off. WAPDA had taken all possible steps to make good the losses due to theft.

The Committee was not satisfied with the departmental explanation and directed that action should be finalized in all the cases and reported to the Committee within two months.

4.26. PARA 23.—*Theft of energy by consumers—Rs. 334,560.*

Audit had pointed out 4 cases of theft of energy by consumers involving Rs. 334,560 which only illustrative of a major problem.

The Chairman WAPDA explained that Rs. 225,567 had already been recovered. The balance claim had either been withdrawn or was under action.

The Chairman WAPDA explained that Rs. 225,567 had already planation and directed that action should be completed by June, 1986.

1983-84

4.27. PARA 18.—*Wasteful expenditure of Rs. 1,670,559 on providing and fixing of number plates on poles/index plates for consumers.*

A sum of Rs. 1,670,559 was spent on the above work, which was not only unnecessary but also carried out without any approval.

The Chairman WAPDA admitted the irregularity and stated that a high powered committee held an enquiry in this case. A Superintending Engineer and an Executive Engineer were found guilty.

The Committee was not satisfied with the departmental explanation and directed that full facts of the case and final action taken in this case alongwith safeguards adopted to avoid such recurrences in future should be reported to the Committee.

4.28. PARA 23 (xiii).—*Non-accountal of stores worth Rs. 112,769.*

Shortage of stores of Rs. 646,607 was noticed in 1967-68. The PAC in August, 1980 was informed by the Department that an amount of Rs. 112,769 only was outstanding. Since then nothing had been done to recover the outstanding amount.

The Chairman WAPDA regretted the delay and promised to finalize the case.

The Committee was not satisfied and directed that the case should be finalized immediately.

4.29. PARA 25.—*Loss of Rs. 665,323 due to defective purchase order.*

In 1979-80, M.S. Angle was purchased without adhering to the standard specifications which resulted in wastage of material valuing Rs. 665,323.

The Chairman WAPDA explained that the material was ordered by weight instead of by length. Off size material so received resulted in wastage due to cutting it to proper size. It was promised to avoid such mistakes in future.

The Committee was not happy with the situation and directed that departmental controls should be tightened.

4.30. PARA 42.—*Unjustified payment of interest charges on delayed payment to contractor—Rs. 93,732.*

An amount of Rs. 93,732 was paid to a contractor as interest for delayed payments of a work in Tarbela Power Station Project, in 1981. Responsibility for delay was however not fixed by the Department.

The Chairman WAPDA admitted the delay and stated that an investigation was being carried out.

The Committee directed that inquiry should be finalized early and got verified by Audit.

1984-85

4.31. PARA 6.2.—*Irregular payment of operation and maintenance charges in respect of additional constructed house to a contractor—Rs. 107,921.*

A sum of Rs. 107,921 was reimbursed to a contractor without the approval of competent authority.

The Chairman WAPDA stated that the payment was made in accordance with the Contract Agreement.

The Committee deferred the paragraph and directed that Audit should go into the details of this case and then come back to the Committee, if necessary.

4.32. PARA 11.1—*Unnecessary blocking of Authority's capital—
Rs. 17,231,695.*

Fibre glass was imported for a SCARP Project in 1976. On completion of the project, Fibre glass for Rs. 17.2 million was transferred to another work although it did not provide consumption of the material. Subsequently Fibre glass for Rs. 11.9 million was transferred to another organization in 1986. The disposal of remaining material was awaited.

The Chairman WAPDA explained that material worth Rs. 13 million had since been used and the remaining Rs. 4 million would be used during 1986-87.

The Committee observed that it was not a healthy state of affairs and directed that the remaining material should be used and got verified from Audit.

4.33. PARA 11.3.—*Excess payment of about Rs. 1,206,032 and GDM
572,866 due to change in method of construction.*

In a contract, the drilling method was changed in 1978 without corresponding change in rates resulting in excess payment of Rs. 1.2 million to a contractor.

The Chairman WAPDA explained that the method was changed due to site condition and no change in rate was required.

The Committee directed that the Department should sort out the facts of the case with Audit and come back. The paragraph was deferred.

4.34. PARA 14.—*Loss of Rs. 111,880 due to supply of defective electric
motors.*

In SCARP Sargodha, 16 electric motors purchased in 1977, went out of order when put to use due to inherent manufacturing defects. These were repaired at a cost of Rs. 111,880 although the supplier was contractually obliged to replace them during warranty period.

The Chairman WAPDA explained that a preliminary enquiry was held in this case and responsibility fixed. Necessary disciplinary action was being taken.

The Committee was not satisfied with the departmental explanation as there had been delay of 10 years in processing the case and directed that a proper inquiry should be held to fix the responsibility for this loss and those at fault should be punished and money recovered.

OTHER ISSUES

4.35. *Award of contract Hydro Power Extension Project (Unit 11—14) Tarbella.*

After inviting tenders in June, 1985, the contract for civil works was awarded in November, 1986 (after a period of about 17 months) to the 3rd lowest bidder M/s. Hyundai and Halla resulting in increasing the cost by Rs. 227,335,252 as compared to the lowest bid.

The Chairman WAPDA explained that the first two lowest offers were conditional which could not be accepted.

The Committee was not satisfied with the departmental explanation and directed that a detailed note on the award of the contract to M/s. Hyundai should be provided to the Committee.

4.36. *Tarbella 11—14 Pen Stock C. 24.*

Out of 4 international bidders, considered for award of above work, WAPDA recommended the third lowest bidder to Asian Development Bank for award of contract.

The Committee observed that the Department had not brought forward full facts and directed that a note indicating full facts which led to the acceptance of 3rd lowest offer, should be submitted to the Committee.

ANNEXURE-I
PROCEEDINGS
OF
PUBLIC ACCOUNTS COMMITTEE
(1981-82 TO 1984-85)
MINISTRY OF WATER AND POWER

(37-38)

Wednesday, the 29th August, 1984

Fourth Sitting (PAC)

*343. The Public Accounts Committee met at 09.00 a.m. in the State Bank Building, Islamabad to continue the examination of the Federal Accounts for 1981-82. The following were present :—

PAC :

- (1) Mr. A. G.N. Kazi, Governor, State Bank of Pakistan *Vice-Chairman*
- (2) Syed Saieed Hasan, Member, Federal Council .. *Member*
- (3) Akhunzada Bahrawar Saeed, Member, Federal Council *Member*
- (4) Mir Jan Ghulam Qadir Khan of Lasbela, Member, *Member*
Federal Council.
- (5) Mr. Abdul Qadir, Former Chairman, Railway Board *Member*
- (6) Mr. Yusuf Bhai Mian, Chartered Accountant .. *Member*

Federal Council Secretariat :

- (1) Mr. M. A. Haq, Secretary.
- (2) Ch. Abdul Qadir, Joint Secretary.
- (3) Mr. Muhammad Aslam, Deputy Secretary.
- (4) Syed Muhammad Ahmad, Assistant Secretary.

Audit :

- (1) Mr. Abdur Raouf, Auditor-General of Pakistan.
- (2) Mrs. Suraiya Hafeez, Deputy Auditor-General (CA).
- (3) Mr. S. I. Shabbir, Deputy Auditor-General (Co-ord).
- (4) Mr. Khalid Rafique, Deputy Auditor-General (A&R).
- (5) Mr. M. A. Lodhi, Accountant General, Pakistan Revenues.
- (6) Mr. Iftikhar Ali Khan Raja, Director General, Audit and Accounts Works.
- (7) Mr. Ziaul Haq Khan, Director General, WAPDA Audit.

*Paragraphs upto 342 pertain to other Ministries/Divisions.

Ministry of Finance :

- (1) Mr. Manzoor Hussain, Joint Secretary.
- (2) Mr. Badarul Hassan, DFA (Water and Power).

344. *Accounts examined.*—The Accounts pertaining to the Ministry of Water and Power were examined by the Committee during the course of the day.

365. The Committee then took up, for examination, the Appropriation Accounts etc., pertaining to the Ministry of Water and Power. The following departmental representatives, were present :—

- (1) Mr. Abdul Wahab F. Sheikh, Secretary.
- (2) Mr. Ziaul Qayyum, Deputy Secretary.
- (3) Lt. General Ghulam Safdar Butt, Chairman (WAPDA).
- (4) Mr. A. F. Sirajul Haq, Member Finance (WAPDA).
- (5) Mr. Muhammad Ayub Sadozai, Member Power (WAPDA).
- (6) Mr. N. C. Syed, Acting Member Water (WAPDA).
- (7) Mr. Daud Beg, G. M. Distribution Power, (WAPDA).
- (8) Mr. Tajamal Hussain, Chief Auditor (WAPDA).
- (9) Mr. Muhammad Shoaib, A.A.O.

366. The Ministry controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Water and Power	126
2.	Other Expenditure of Ministry of Water and Power ..	168
3.	Development Expenditure of Ministry of Water and Power ..	127
4.	Capital Outlay on Irrigation and Electricity	190

367. *Reconciliation of Accounts with Audit.*—The Committee was informed that the reconciliation work for 1983-84 had been completed. The Committee did not make any further observation on the subject.

APPROPRIATION ACCOUNTS

368. *Grant No. 126 Ministry of Water and Power (Pages 1212—1216-AA).*—Audit had reflected on excess of Rs. 319,080 under this grant. The Vice-Chairman observed that excess was covered by obtaining a supplementary grant but, since it was given somewhere in the middle of June, it appeared that the procedure laid down by the Ministry of Finance was not observed by the Department. In future, the procedure should be followed strictly.

369. An excess of Rs. 264,314 had been shown by Audit under object "500—Commodities and Services", while the Ministry stated that the excess was covered by obtaining a Supplementary Grant, with the approval of the Ministry of Finance. But the schedule for the Supplementary Grant of Rs. 280,670, issued on 11th June, 1982, could not be included in the Supplementary Budget for 1981-82, as it had been finalized by that time.

370. Audit had further exhibited an excess of Rs. 74,362 under the object "900—Miscellaneous Expenditure". The Department explained that, out of the total excess of Rs. 74,362, an excess of Rs. 42,494 was due to adjustment of old debit for 1980-81 on account of Pakistan's Contribution to the ICID and ICOLD. The remaining excess was due to increase in expenditure on tours abroad, which was covered by obtaining the Supplementary Grant from Finance Division. But the schedule of Supplementary Grant for Rs. 32,330, issued on 14th June, 1982, could not be included in the Supplementary Budget for 1981-82. Audit pointed out that the Supplementary Grant of Rs. 75,000 had been taken in the Appropriation Accounts under this object, but it did not contain an amount of Rs. 32,330.

371. After discussion, the Committee finally decided that the Finance Division should examine as to how the Supplementary Grant, sanctioned by the Expenditure Wing, was not noted by the Budget Wing and not included in the Book of Supplementary Demands. The Division should lay down a clear cut procedure and specify cut-off dates, for completing various formalities about Supplementary Grants, to avoid recurrence of such omission, dates should specify the last date for submission by the Administrative Ministry of Division of the request for a Supplementary demand, the last date for the sanctioning by the Expenditure Wing of a Supplementary Grant and the last date for the submission of schedule of Supplementary Demand to the Budget Wing by the Administrative Ministry etc.

372. *Grant No. 127—Other Expenditure of Ministry of Water and Power (Pages 1218-1219-AA).*—Audit had shown an excess of Rs. 1,10,000 under this grant. In their comments they confirmed the belated adjustment of Rs. 1,10,000 under Actual Expenditure. The Committee, did not make any further observation in respect of this grant.

373. *Grant No. 168—Development Expenditure of Ministry of Water and Power (Pages 1220—1223-AA).*—A saving of Rs. 2,614,250, which had been depicted by Audit against the object "600—Transfer Payments Grant-in-Aid to WAPDA for General Investigation Schemes", was explained as being mainly due to the fact that, after excluding the foreign loan component of Rs. 3,890,000

(after 2½ per cent cut), the total net provision under "General Investigation Schemes" had come to Rs. 68,560,000. There was thus a saving of Rs. 321,250, which was due to non-release of funds by the Finance Division.

374. Audit made out in their comments that there was no surrender of Rs. 3,890,000, hence there was no question of its being excluded (This amount did not deal with Foreign Loans).

375. Questioned as to why was there no disbursement of Rs. 3,890,000 and why should that amount be excluded without any reason, the departmental representative explained that there was some accounting error. The foreign loan was erroneously booked in the Budget Book.

376. A member of the Committee enquired as to what was it for and how did the Department find out this error. The Vice-Chairman also asked as to why did the Department use the word "after excluding foreign loan"

377. *The Committee observed that as the explanation submitted by the Department was not satisfactory, details should be furnished to the Committee by the 30th August, 1984. The paragraph was therefore, deferred.*

378. *Grant No. 190—Capital Outlay on Irrigation and Electricity (Pages 1224—1228-AA).—Audit had reflected a saving of Rs. 108,941,000 under the object "600—Transfer payments". It was explained by the Department that the actual expenditure under this object was Rs. 111,000,000 while the expenditure of Rs. 15,000,000 shown against this object pertained to the sub-head "Contribution to the Indus and Tarbela Dam Development Fund", as was evident from the Reconciliation Statement. The total amount of final grant in respect of all projects under this sub-head had come to Rs. 215,946,000. Thus, there was a total saving of Rs. 104,946,000.*

379. In view of the position stated above, the Vice-Chairman observed that the Department had not reconciled the account with the result that the original account, as shown in the Appropriation Accounts, was totally different from the Reconciled Account. It appeared that this was reconciled, subsequently.

380. *After discussion, the Committee directed the departmental representative that, as the explanation submitted by the Department was not intelligible a fresh explanation be furnished to the Committee by the 30th August, 1985 giving the position according to the final grant, and the actual expenditure as shown in the printed book, explaining the differences of opinion, if any.*

AUDIT REPORT

381. *Expenditure incurred in Excess of Grant Appropriation [Para 4 (16), page 4-AR].*—Audit had reported the cases in which expenditure was incurred in excess of the final grant of final Appropriation. The excess were required to be regularised under the Budgetary Provision Order, 1980.

382. Audit pointed out that the Committee had discussed the position of excess while considering grant No. 127—Other Expenditure of Ministry of Water and Power. The Committee did not make any observation on this paragraph.

383. *Delay in the processing of Pension Cases [Para 3 (163-164), pages 286—293-AR].*—Vide page 293 of the Audit Report 1981-82, two cases of pension relating to M/s. M. A. Qasir Siddiqi and Muhammad Shafi were discussed. The departmental representative informed the Committee that the case of Mr. Qasir Siddiqi was being traced out and dealt with while the case of Mr. Muhammad Shafi was pending for want of NOC from the Estate Office. The Department had taken up the matter with Office and it was expected to be finalised soon. The Committee, thereupon, did not make any observation and the paragraph was treated as settled.

AUDIT REPORT (WAPDA)

384. *Non-accountal of material worth Rs. 46,811,330 (Para 1, pages 3—5-AR—WAPDA).*—It has been pointed out that, during the audit of various WAPDA formations, material worth over Rs. 46 million, was not properly accounted for in the Material-at-Site Account Registers, Measurement Books, Consumption/Maintenance Registers etc. in eight cases. As such, chances of its un-authorized use or mis-appropriation could not be ruled out. Necessary details of these cases had been mentioned in the WAPDA Audit Report 1981-82 from Items (i) to (viii).

385. The Department explained that records for certain amounts of the material in question were available and Audit had been requested to carry out the verification of accountal of the material, while record for the balance amount of material were being traced out and inquiry officer have been appointed to enquire the matter. The result of enquiry will be intimated to Audit.

386. After examination the detailed reply of and the Audit Comments thereon, the Committee discussed the paragraph item-wise and took the following decisions :—

- (i) The Authority must ensure that the Material-at-Site Accounts and Registers are maintained properly and brought up-to-date everywhere under strict supervision. A note should also be furnished to the Committee by the Authority about the previous procedure and the

procedure laid down now, indicating the improvements made therein and whether the present procedure is feasible and was being implemented? The bottle necks, if any, in its implementation should be examined and removed.

- (iii) Audit should go into records, sort this out and include the position in their report for 1983-84. An interim report should also be furnished by Audit by the end of November, 1984 about the progress on the statement furnished by WAPDA concerning the re-constructed records.

387. WAPDA also produced a statement regarding recovery position in respect of paragraphs 1, 2, 6 and 11 before the Committee which included the following major items :—

	<i>Rs.</i>
Total amount of paragraph	69,182,087
(i) Amounts recovered/cleared written off	8,514,629
(ii) Amounts for which records are available	31,750,993
(iii) Amounts for which Inquiry Officers appointed to investigate	14,092,738
(iv) Amounts for which records are being traced	4,638,913
(v) Cases being written off	691,274
(vi) Cases subjudice	638,764
(vii) Amounts for which cases have been registered with Police/ F.I.R./Court	630,945
(viii) Amounts grouped under different other headings	8,223,831
Total ..	69,182,087

388. After seeing the above statement, the Committee decided that Audit should examine and submit a comprehensive report about the position of recovery by the end of November, 1984 in collaboration with the concerned Organisation, who should make available the necessary records to Audit.

Non-short recovery from consumers—Rs. 15,71,660 (Para 2, page 5-AR—WAPDA)—

Non-recovery from Pakistan Railways—Rs. 5,891,456 [Para 2 (a), page 5-RA-WAPDA]—

389. It had been pointed out that the connection to the electric traction of Railway was provided by WAPDA at Khanewal and Mian Channu prior to February, 1971, without executing any agreement with the Railway authorities.

During the audit of Revenue Office (E), Khanewal Division, it was noticed that a recovery @ paisa 6.5 per unit was being made instead of the tariff approved by WAPDA Government resulting in a short recovery of Rs. 4,181,716 upto January 1976. The Revenue Officer was requested to overhaul the consumer's case and work out the up-to-date amount of short recovery, which not done. It was further noticed from the accounts for 1979-80 that fuel adjustment charges were not paid by the Pakistan Railway and a sum of Rs. 1,709,740 had accumulated upto February, 1982. No efforts were made to effect the recovery of such a huge amount. The matter was reported to the Authority in August, 1976, May, 1982 and January, 1983, but final action taken to effect recovery was still awaited.

390. The Department explained that the amount of Rs. 4,181,716 had been cleared by the Railway Department. The matter regarding fuel adjustment charges of Rs. 1,709,740 was being sorted out.

391. A member of the Committee observed as to whether WAPDA and Railway had come to an understanding about the charging of rates. As far as value charging was concerned, it was to be mentioned whether it was on the previous rate or on agreed rate. The departmental representative informed the Committee that it was at agreed rate. The same member further observed that there was difference of Rs. 41 lacs which remained from July, 1976 to June, 1982, whether the Department had received that difference or not. The departmental representative replied that the difference had not been received by the Department.

392. The Committee decided that it should be got verified by Audit. As such, the paragraph was dropped subject to verification by Audit.

393. *Short recovery from an industrial consumers—Rs. 3,358,921 [Para 2 (b), pages 5-6-AR—WAPDA].*—Audit had reported that sanction for supply of power to an industrial consumer to the extent of 5000 KVA was accorded by the Operational Manager in February, 1964. A special tariff providing certain rebates was allowed to the consumer from February, 1964 to March, 1970, which was not got approved by the Government of West Pakistan even on the introduction of new Schedule of Tariff in July, 1965. The rebates allowed under this special tariff resulted in short recovery of energy charges of Rs. 3.358 million. This was brought to the notice of the concerned authorities in May, 1970, and to Authority in June, 1982 for either effecting recovery from the consumer or getting the special tariff approved by the Government but no action had so far been taken despite lapse of 12 years.

394. The Department stated in their reply that the special tariff was sanctioned by the Authority in accordance with sub-section I of section XII read with section 25 of WAPDA Act, 1958. It did not require further ratification by

the Government of Pakistan. The special agreement between WAPDA and Saigol Brothers Limited was a complete and legal document which could not be superseded by the introduction of Schedule of Tariff 1965, by any party unilaterally. Therefore, the question that the special rates sanctioned by the Authority were not got approved by the Government of Pakistan even after introduction of tariff 1965 did not arise.

395. After discussion, *the Committee directed that Audit should go into legality of the Authority's action and come back, if necessary.*

396. *Short recovery of fixed charges from industrial consumers—Rs. 1,456,016 [Para 2 (c), page 6-AR—WAPDA].—*Audit had reported that in various formations under 4th Operation Circle, Lahore, it was noticed that fixed charges of Rs. 1,456,016 were less recovered from certain industrial consumers. The matter was taken up with the Authority in October, 1982 but no action had so far been taken although some cases related to the year 1968-69.

397. The Department stated that Rs. 39,674 had been recovered and verified by Audit Rs. 3,463 were to be recovered from the consumer. Balance amount was not recoverable and the reasons to this effect had been given to Audit. Audit commented that the recovery amounting to Rs. 39,673 was verified. The case in respect of Account No. M-1141-M, Rs. 1,382,823 would be examined further on supply of copy of agreement executed with Saigol Brothers.

398. In view of the position stated above; *the Committee observed that this should be examined further by Audit and reported back to PAC, if necessary.*

399. *Short recovery from a consumer—Rs. 587,433 [Para 2 (d), page 6-AR—WAPDA].—*According to Audit, the accounts of Revenue Officer, Lahore, for 1968-69, indicated that a sum of Rs. 158,558 levied as fixed charges and Rs. 428,875 due to incorrect application of tariff were less recovered from an industrial consumer.

400. The Department informed the Committee that the Authority had appointed an Inquiry Officer to investigate short recovery. Results of investigations would be furnished to Audit. Thereupon, Audit maintained that the date on which the Inquiry Officer was appointed and the time given to him for completing investigations, had not been intimated to Audit.

401. *The Committee directed the Audit to further examine and report back to PAC, if necessary.*

402. *Non-recovery of Revenue—Rs. 500,266 [Para 2 (e), page 6-AR—WAPDA].—*Audit had brought to the notice of the Committee that in various formations under Sialkot Operation Circle, correct tariff rate was not applied to

a number of consumers while average charges were less recovered from consumers whose meters were defective. Further, in some cases the fixed charge and energy charges were less recovered. All these cases involved short recovery of revenue of Rs. 500,266.

403. It was intimated by the Authority that records showing recoveries/adjustments for Rs. 3 lacs were available for verification. The recovery of the balance amount was in the process. Audit pointed out that the Authority was requested in July, 1984 to produce the record, showing the recoveries/adjustments for Rs. 3 lacs, to Audit for verification. Needful had not been done. The names of the formations in which the above record was available, had also not been intimated.

404. *Short recovery from an industrial consumer—Rs. 493,840 [Para 2 (f), pages 6-7-AR—WAPDA].*—It was pointed out by Audit that the accounts of Revenue Officer (E) Sukkur, for the year 1976-77, showed that an industrial consumer was not charged under the appropriate industrial tariff. This resulted in short recovery of Rs. 493,840. It was stated by the Authority that WAPDA accepted the audit observation that the consumer (Rohri Cement Factory) should have been charged under Tariff B-4 instead of C-3. They were billed on amount of Rs. 493,840 as per audit observation. The factory had made a position to the Electrical Inspector, Hyderabad against the above assessment. His decision was awaited.

405. Audit made out in their comments that the date on which the consumer made a petition to the Electrical Inspector, Hyderabad had not been indicated. Recovery of Rs. 493,840 would be awaited pending decision of the Electrical Inspector. Audit further pointed out that as a result of overhauling of the account of the consumer in August, 1983, a further recovery of Rs. 2,938,255 was worked out against the Factory. This was intimated to the Authority in October, 1983. Intimation about the action taken to recover this amount was awaited. *The Committee decided that Audit should examine it and report to PAC, if necessary.*

406. *Short recovery of Electricity Duty—Rs. 408,191 [Para 2 (g), page 7-AR—WAPDA].*—According to Audit Electricity duty on electricity consumed in residential colonies and offices attached to various industrial enterprises was recoverable @ 2 paise per unit. In Revenue Office, Abbottabad, Electricity duty was recovered @ one paise per unit from two industrial consumers. This resulted in short recovery of Rs. 408,191.

407. The Department explained that the following two consumers were involved in this case :—

	Rs.
(i) T & T Department, Haripur	51,323
<p>On the basis of actual consumption the difference between the amount charged and the amount due worked out to Rs. 20,391 which had been recovered.</p>	
(ii) Nishat P.C.L. Abbottabad	356,868
<p>The Authority had appointed an Inquiry Officer to investigate the matter. Result of Investigations would be furnished to Audit.</p>	

408. Audit contended that as far as T&T Department, Haripur was concerned it had not been clarified as to how the amount of Rs. 20,391 was arrived at and what was the actual consumption. The position as stated by the Department, indicated that the reply sent in July, 1979 that recovery of Rs. 51,323 had been effected was not correct.

409. Audit further pointed out that as far as Nishat P.C.L., Abbottabad was concerned the date on which the Inquiry Officer was appointed and the time given to him to complete investigations had not been indicated. The results of investigation would be awaited in Audit Office. *The Committee desired that Audit should watch progress and come back to the Committee, if necessary.*

410. *Non-recovery of fixed charges—Rs. 368,441 [Para 2 (h), page, 7-AR—WAPDA].*—Audit had reported that according to the Schedule of Tariff fixed charges were recoverable from industrial consumers even if no energy was consumed. In Revenue Office, Dargai, in 1975-76, supply of certain industrial consumers remained disconnected but fixed charges of Rs. 368,441 were not billed nor recovered.

411. The Authority stated that actual recoverable amount worked out to Rs. 194,157. The whole amount had been recovered with the exception of a small sum of Rs. 2,947 which represented interest. Efforts were being made to recover this amount as well. Audit pointed out that it had not been clarified as to how the recoverable amount worked out to Rs. 194,157. Recoveries amounting to Rs. 191,210 had been verified by Audit, but the action for the balance amount of Rs. 2,947 would be awaited. As such, the paragraph was deferred.

412. *Non-recovery of fixed charges—Rs. 307,424 [Para 2 (i), page 7-AR—WAPDA].*—Audit had reported that it was noticed from the accounts of Revenue Officer (E), Abbottabad for the year 1976-77, that fixed charges of Rs. 307,424 were either not-recovered or were less recovered from various industrial consumers.

413. The Department explained that the amount of Rs. 307,424 consisted of three items and the position is as given below :—

- (i) *Rs. 109,797—T&T Colony, Haripur.*—On re-checking, Branch Audit Officer, G.S.C., Rawalpindi confirmed that amount was not recoverable from the consumer.
- (ii) *Rs. 96,225.*—The amount was being recovered.
- (iii) *Rs. 101,371.*—Audit observation was that this amount should be recovered on account of fixed charges. The position had been examined and it had been found that the fixed charges were not applicable to the consumer under tariff—C-I (I).

414. In view of the above departmental reply and the Audit comments thereon, the Committee decided that Audit and WAPDA should sort it out and then come to PAC, if necessary. The paragraph was deferred.

415. *Non-recovery of fixed charges and seasonal charges—Rs. 282,424 [Para 2 (j), pages 7-8-AR—WAPDA].*—According to Audit in various formations under Peshawar Electricity Circle, during 1970-71 to 1976-77, recovery of fixed, seasonal and other miscellaneous charges were not made from the consumers.

416. The Authority explained that the record showing recovery/adjustment of Rs. 86,887 was available for verification. The Authority had appointed an Inquiry Officer to investigate the matter. Results of investigations would be furnished to Audit. The Committee, therefore decided to defer the paragraph.

417. *Short recovery of fixed charges—Rs. 207,597 [Para 2 (k), page 8-AR—WAPDA].*—It had been pointed out by Audit that the account of Revenue Officer (E), Rahim Yar Khan, for the year 1977—79, showed short recovery of fixed charges of Rs. 207,597 from four industrial consumers. The Department explained the following position of different components of Rs. 207,597 :—

- (i) Recovery of Rs. 51,447 had been made from the consumer. This is to be verified by Audit.
- (ii) Case for recovery of Rs. 48,716 was sub-judice in the Civil Court.
- (iii) cases amounting to Rs. 82,168 were being sorted out for which an Inquiry Officer had been appointed.

- (iv) An amount of Rs. 25,274 related to Cotton Ginning Industry which was taken over Industry. This was not recoverable because during the period under reference i.e. 1976-77 the factory remained disconnected.

418. *Non-recovery of fuel adjustment charges—Rs. 175,833 [Para 2 (l), page 8-AR—WAPDA].*—It was pointed out by Audit that from the accounts of Revenue Officer, Peoples Colony Divisions, Faisalabad, for the year 1976-77 it was noticed that fuel adjustment charges of Rs. 175,833 were not recovered from commercial consumers. The Authority informed that the amount had been debited to the consumers.

419. After examining the explanations of the Department and the Audit comments thereon, the Committee finally decided in respect of paragraphs 2 (e) to (l) that Audit and WAPDA should go into these cases again and sort them out. The Committee may be approached, if necessary.

420. *Less recovery of fixed charges from a consumer Rs. 123,205 [Para 2 (m), page 8-AR—WAPDA].*—Audit had reported that according to orders of the Authority, the declared load could not be less than 50 per cent of the connected load. The Schedule of Tariff provided that fixed charges would be recovered from the consumer on highest figure of the following:—

- (i) Load declared by consumer in K.W.
- (ii) M.D.I. established during the month.
- (iii) Highest M.D.I. established during preceding 6 months.

421. Audit further pointed out that in the Revenue Office, Muzaffargarh, it was noticed that connected load of a consumer was 3447 KW but recovery of fixed charges was made at the M.D.I. reading which was far less than 50 per cent of the connected load. This resulted in short recovery of Rs. 123,205.

422. The Department intimated that according to the Schedule of Tariff fixed charges were to be recovered on the basis of sanctioned load. Accordingly, no amount was recoverable in this case.

423. Audit contended that the sanctioned or connected load of the consumer was 3447 K.W. The fixed charges were to be recovered at 1723 K.W. (50 per cent of 3447 K.W.) and not for a lesser figure. Amount of Rs. 123,205 less charged on account of fixed charges was recoverable from the consumer. The order of the Chief Engineer (E), Multan, dated 8th April, 1981 to set aside the above amount was not correct.

424. The Vice-Chairman remarked that it was to be decided because there was a difference of opinion whether the amount was payable or not. Now departmental view was that according to schedule, fixed charges were to be recovered. But actually no amount was recovered. Audit had not accepted the position.

425. The Committee then finally decided that WAPDA and Audit should go into this case again and sort it out and then revert back to the PAC, if necessary. The paragraph was, therefore, deferred.

426. Short recovery from a consumer—Rs. 106,529 [Para 2 (n), pages 8-9-AR—WAPDA].—Audit had not made any comments on the reply given by the Department against the audit objection. As such, the paragraph was treated as dropped.

427. Non-recovery of surcharge—Rs. 95,387 [Para 2 (o), page 9-AR—WAPDA].—Audit had pointed out that according to Book of Financial Powers WAPDA, the Chief Engineer is empowered to waive off surcharge upto Rs. 10,000. It was noticed from accounts of Revenue Office, Abbottabad, for 1973-74 that surcharge of Rs. 30,736 and Rs. 53,714 were waived off by Chief Engineer in two different cases which was irregular. Audit further pointed out that it was also noticed that surcharge of Rs. 10,937 was less recovered from a consumer by Revenue Officer, Abbottabad.

428. The Authority, in their reply, explained that the amount of Rs. 95,387 pertained to the following consumers :

	Rs.
(f) Mustehkam Cement Factory	30,736
(#) A.M.E./M.E.S. Kakul	53,714
(##) Swat Textile Mills Haripur	10,937

429. The Department further explained that the cases for waiver of surcharge in respect of the above items (i) and (ii) (Government/Semi-Government Consumers) were being considered by the competent authority.

430. As for Swat Textile Mills, Haripur at item (iii) the same was still disconnected as the Mill had gone into liquidation.

431. Thereupon, Audit commented that the sanction of the competent authority to regularise the waiver of surcharge of Rs. 30,735 and Rs. 53,714 would be awaited. Audit further maintained that the decision of the Authority to recover/regularise the less recovery of Rs. 10,937 on account of surcharge from Swat Textile Mills, Haripur, had not been indicated.

432. The Committee decided that WAPDA should provide the documents to Audit and if the latter are not satisfied they should come back to PAC, if necessary. Subject to that the paragraph was dropped.

433. *Short-recovery of fixed charges—Rs. 5,269 [Para 2 (p), page 9-AR—WAPDA].*—As the amount was recovered, and the recovery verified by Audit the paragraph was dropped.

Short-recovery from consumers—Rs. 90,983 [Para 2 (q), page 9-AR—WAPDA].—

Short-recovery from consumers—Rs. 98,362 [Para 2 (r), page 9-10-AR—WAPDA].—

434. As the replies of the Department had been verified and accepted by Audit, the paragraphs were dropped.

435. *Non-recovery from two industrial consumers—Rs. 82,639 [Para 2 (s), page 10-AR—WAPDA].*—The Department informed the Committee that power to one of the industrial consumer had been disconnected and recovery was being made through Tehsildar under the amended Electricity Act. Thereupon, Audit stated that particulars of the recovery from the consumer would be awaited but that nothing had been stated in the departmental reply in regard to the account of the dismantled material or about the position regarding the second case.

436. *In view of the above position, the Committee decided to defer the paragraph.*

437. *Non-recovery from consumers—Rs. 78,260 [Para 2 (t), page 10-AR—WAPDA].*—The Authority explained that Rs. 73,395 had been debited to the consumers and the recovery was being made through Tehsildar (Recovery) under amended Electricity Act. Records relating to the balance amount of Rs. 4,865 were being traced out.

438. *Audit was not satisfied with the above explanation of the Authority. The Committee, therefore, decided to defer the paragraph and directed the departmental representative to submit a revised reply to Audit.*

439. *Short recovery from industrial consumers—Rs. 74,608 [Para 2 (u), pages 10-11-AR—WAPDA].*—Audit had reported that it was noticed from the accounts of the Executive Engineer (E), Daska Operation Division, for 1979-80, that cost of service line was not correctly worked out which resulted in short recovery of Rs. 74,608 from the consumers.

440. The Department explained in their reply that the amount of Rs. 44,109 had been recovered and verified by Audit. Recovery cases of Rs. 5,318 were being examined. Balance amount of Rs. 25,181 was not recoverable because 24 per cent departmental charges were not to be included in the estimates of the prospective Industrial Consumers according to the instruction contained in No. 10930—10990|Com|G-65, dated 29th October, 1975.

441. Audit commented that recoveries amounting to Rs. 44,109 had been verified. Results of examination for the amount of Rs. 5,318 would be awaited.

442. In view of the above position, *the Committee decided to defer the paragraph and departmental representative was directed to submit a detailed report to Audit.*

443. *Non-recovery of fixed charges—Rs. 73,908 [Para 2 (v), page 11-AR—WAPDA].—*After examining the reply of the department and the Audit comments thereon, the Committee decided that Audit should follow it up.

444. *Non-recovery of cost of service line—Rs. 64,938 [Para 2 (w), page 11-AR—WAPDA].—*After examining the reply of the Authority and the Audit comments thereon, the Committee accepted the views of Audit and the paragraph was deferred. Audit should also pursue it.

445. *Non-recovery of cost of burnt meters from consumers—Rs. 55,655 [Para 2 (x), pages 11-12-AR—WAPDA].—*It was explained by the Authority that a sum of Rs. 26,299 had been recovered from the consumers. Investigation in regard to the recovery of balance amount was in process. Results of investigation would be intimated to Audit. Thereupon, the Committee decided to defer the paragraph.

446. *Non-recovery from temporary consumers—Rs. 53,105 [Para 2 (v), page 12-AR—WAPDA].—*Audit informed the Committee that recoveries amounting to Rs. 47,190 had been verified. Action for the balance amount of Rs. 5,915 would be awaited. Thereupon, the Committee decided that the paragraph may be dropped|settled subject to recovery of the balance amount and verification by Audit.

447. *Non|short recovery of service rent, meters resealing charges—Rs. 38,728 [Para 2 (z), page 12-AR—WAPDA].—*It was intimated by the Authority that the amount of Rs. 30,560 had been recovered and verified by Audit. Balance of Rs. 8,168 was being recovered. The Committee, therefore, decided to drop the paragraph, subject to verification by Audit.

448. *Short recovery from industrial consumer—Rs. 37,399 [Para 2 (aa), page 12-AR—WAPDA].*—The Authority explained the necessary equipment was provided by the consumer, thus no recovery was involved. Audit pointed out in their comments that the documents relating to the consumer's case were not produced at the time of local audit conducted in June, 1982. As such, the facts could not be ascertained. Thereupon, the Committee directed that Audit should verify the record.

449. *Non-recovery of under charges from consumer—Rs. 24,371 [Para 2 (ab), pages 12-13-AR—WAPDA].*—The Committee was informed that the case was sub-judice. The paragraph was, therefore, deferred and the Audit was requested to pursue it.

450. *Non-recovery from a industrial consumer—Rs. 21,110 [Para 2 (ac), page 13-AR—WAPDA].*—Audit had reported that an industrial consumer of Muridke was found stealing energy and a detection bill of Rs. 31,667 on average basis was served on the consumer in February 1972. The Chief Engineer (E), Lahore, ordered to recover 1/3rd amount till a decision was given by him in this case. A sum of Rs. 21,110 was, therefore, set aside in April, 1972. According to Delegation of Financial Powers WAPDA the Chief Engineer was empowered to set aside the Payment of energy bills upto Rs. 5,000 for a period of six weeks only.

451. It was explained by the Department that the detection bill was not justified because there was no appreciable difference between the reading of check meter and average monthly consumption of original meter. Therefore, the amount was withdrawn under orders of Chief Engineer.

452. Audit pointed out that the consumer was reported to be stealing energy in March, 1971, whereas the check meter was installed in 1973. It was not understood as to how average monthly consumption recorded in August, 1973 to October, 1973, i.e. after more than two and a half years was formed basis for deciding that the consumer was not stealing energy in 1971. In case the report regarding stealing of energy by the consumer was incorrect, the action taken against the S.D.O. needed to be indicated.

453. The Vice-Chairman remarked as to what action had been taken by the Officer concerned because the bill was not justified. The departmental representative submitted that the Authority would report to Audit. *The Committee then finally decided that the Secretary of the Ministry should look into it and submit a detailed report to the PAC through Audit.*

454. *Non-recovery of minimum charges and meter rent|service rent-from consumers—Rs. 18,499 [Para 2 (ad), page 13-AR—WAPDA].—*Audit had reported that in Revenue Office (E) Gulberg Division, Lahore, it was noticed that minimum charges and service rent meter were not correctly recovered from various consumers.

455. The Department explained that a sum of Rs. 1,955 had been recovered from the consumer and verified by Audit. As regards the balance it was stated that the declared loads of two consumers were 25 K.W. and 30 K.W. The Audit observed that minimum charges should have been recovered at least at 71 KW in each case. Schedule of Tariff applicable prior to 6/77 contained no such clause under which it was necessary to recover minimum charges on 71 K.W. Therefore, no recovery was due. Thereupon, Audit maintained that the recovery of Rs. 1,955 was verified. Audit further pointed out that it was indicated in Tariff B-2 of Schedule of Tariff applicable prior to 6/77 that this Tariff was applicable for declared load "Above 70 KW (and not 71 KW as stated in the statement of replies) upto and including 500 KW". This showed that the consumers whose connections were sanctioned under this Tariff were required to pay at least fixed charges for 70 KW. In view of the Authority's plea that the declared load of the consumers was 25 KW and 30 KW, their connections ought to have been sanctioned under Tariff B-1; but such consumers preferred to take connection under B-2 as the rate per unit energy charges was lower than that under B-1. The short recovery of fixed charges of the remaining amount of Rs. 16,544 was due and was required to be recovered under intimation to Audit.

456. A member of the Committee observed that losses of 33 per cent seemed to be high.

457. The Vice-Chairman enquired as in what cases Tariff B-2 was applicable? What was covered by B-2 before 1977. The departmental representative replied that this was applied after 1977. The Vice-Chairman again inquired as to whom was B-2 to be applied? The departmental representative submitted that wrong tariff was charged and the Department was correcting it.

458. *The Committee observed that there was difference of opinion between Audit and the Authority and it directed that WAPDA should sort out this case and report to PAC through Audit. The paragraph was deferred.*

459. *Non-recovery from consumers—Rs. 15,974 (Approx) [Para 2 (ae), page 13-AR—WAPDA].—*Audit informed the Committee that the recoverable amount was worked out to Rs. 8,964 and the recovery thereof was verified. Therefore, the Committee decided to drop the paragraph.

460. *Short recovery from consumers—Rs. 15,760 (Approx) [Para 2 (af), page 14-AR—WAPDA].*—Audit further pointed out on the reply of the Department that recoveries of Rs. 9,799 made from 10 consumers were verified. Record in respect of three consumers involving recoveries in respect of 3482 units short billed was not produced at the time of verification.

461. Audit also maintained that during verification conducted in April, 1984 it was observed in respect of one consumer that a small amount of Rs. 2,325 was debited to his account whereas large amount of Rs. 148,864 was recoverable from him. This position was pointed out to the Authority in May, 1984, but intimation about the action taken was awaited.

462. *The Committee, therefore, decided to defer the paragraph.*

463. *Non-recovery of cost of burnt\missing meters—Rs. 13,250 [Para 2 (ag), page 14-AR—WAPDA].*—After examining the reply furnished by the Department and Audit comments thereon the Committee decided that WAPDA should go into this case again and report back to Audit. *The paragraph was deferred.*

464. *Non-recovery of cost of damaged meters—Rs. 1,625 [Para 2 (ah), page 14-AR—WAPDA].*—Since the position as stated by the Department in their reply was verified by Audit, the Committee decided to drop the paragraph.

465. *Non-recovery of energy charges—Rs. 11,674 [Para 2 (ai), pages 14-15-AR—WAPDA].*—Audit had pointed out in their comments on the reply of the Department that the intimation about the recovery of Rs. 3,139 and Rs. 2,092 was still awaited. The Committee, therefore, decided to drop the paragraph subject to satisfaction of Audit.

Non-recovery from defaulting consumer—Rs. 11,567 [Para 2 (aj), page 15-AR—WAPDA]—

Non-recovery of surcharge—Rs. 10,940 [Para 2 (ak), page 15-AR—WAPDA]—

Non-recovery from a consumer—Rs. 10,916 [Para 2 (al), page 15-AR—WAPDA]—

466. Audit had verified the recovery in respect of the above mentioned paragraphs. As such these paragraphs were treated as dropped.

467. *Non-recovery of percentage charge—Rs. 8,080 [Para 2 (am), pages 15-16-AR—WAPDA].*—Audit informed the Committee that the recovery of Rs. 4,010 had been verified. Results of examination for the remaining amount of Rs. 4,070 would be awaited. Thereupon, the Committee decided to drop the paragraph subject to satisfaction of Audit.

468. *Non-recovery from consumers*—[Para 2 (an), page 16-AR—WAPDA].—The Department stated that the record had been verified by Audit. It was found by them that no recovery was due in this case. Audit pointed out in their comments that it had been verified by Audit that the consumer for bulk supply was correctly charged. As regards, the defective meters, three were changed in October, 1978 but it was not ascertained by the Authority whether any amounts were recoverable from the consumers. Action taken in respect of the remaining six defective meters, had not been intimated to Audit.

469. *The Committee, therefore, observed that there was difference of opinion between the reply furnished by the Department and the Audit comments thereon. As such, the paragraph was deferred.*

470. *Un-due financial aid to a contractor (Rs. 11 million and non-recovery of Rs. 3 million from him) (Para 3, pages 16-17-AR—WAPDA).*—Audit had pointed out that a tender for the earthwork and closure work of Khanpur Dam was submitted by a contractor. While the said tender was under scrutiny, an agreement was made between the Authority and the contractor on 21st June, 1976 under which it was agreed by the Authority to pay an advance of Rs. 30 million to the contractor as specified in the tender to facilitate the import of spare parts for the machinery and mobilization. The advance was to be recovered from the contractor in eight equal instalments commencing from 30 days succeeding to start of work by the contractor and in the event of default payment of any instalment or termination of the contract the whole of the balance then outstanding would become immediately due and payable. Against this agreement an advance of Rs. 11 million was paid to the contractor in June, 1976. The work was not started and the advance was required to be refunded in full by the contractor. This was not done and Rs. 6 million were recovered during 1978-79 by instalments. An amount of Rs. 2 million was recovered from the contractor out of his claims due from other projects and credit was received in March, 1979. In all, Rs. 8 million were recovered leaving a balance of Rs. 3 million which was to be recovered along with interest.

471. The Authority explained in their reply that according to the agreement, a sum of Rs. 30 million was to be paid to the contractor as an advance to facilitate the import of spare parts for machinery and for mobilization. Out of this amount only a sum of Rs. 11 million was paid to them which was to be recovered in eight equal instalments. The work could not be started as the then Ministry of Fuel, Power and Natural Resources, Islamabad decided subsequently to postpone the closure work for another year due to curtailment in the budget and non allocation of foreign exchange by the Federal Government. Audit maintained that the balance recovery of Rs. 2.1 million from M.C.P. would be awaited.

472. *The Committee decided that the Government should be approached to get the money back the M.C.P. and make over the same to WAPDA. Audit was asked to follow the cases and report back to the Committee, if necessary.*

473. *Avoidable expenditure of demurrage charges—Rs. 9,932,181 (Para 4, pages 17—21-AR-WAPDA).—*The Committee observed that the report furnished by the Department on the comments of Audit should be gone through by Audit who may come back to PAC if deemed necessary otherwise the arrangement as elaborated in the report was considered satisfactory, and the paragraph would be considered settled.

474. *Damage to transformers resulting in loss of Rs. 8,034,971 (Para 5, pages 21-22-AR-WAPDA).—*Audit pointed out that in various formations transformers valuing Rs. 8,034,971 were either burnt or damaged because of improper maintenance, over-loading, low oil level, short circulating etc.

475. *The departmental representative informed the Committee that the losses of transformers were reducing percentage-wise. 310 transformers had been burnt in Sheikhpura. An inquiry would not serve any useful purpose because the failure of transformers were attributable to a number of factors e.g. the humidity of air circulating into it and low tension lines. In some cases, the faulty current was involved, so the Department decided to put breakers on higher capacity rather than on lower capacity.*

476. *After discussion, the Committee directed that a comprehensive report, covering the period up to 30th June, 1984, should be furnished to the Committee about the number of Transformer, how many were installed, their life, faults, damages and costs etc. The paragraph was deferred.*

477. *Loss of Rs. 5,881,556 due to theft of electrical material, transformers etc. (Para 6, pages 32—25-AR-WAPDA).—*During audit of various WAPDA formation it transpired that WAPDA had suffered losses of Rs. 5,881,556 on account of theft of electrical material, transformers etc.

478. *The Vice-Chairman drew attention of the departmental representative to the reply furnished by the Department as also to the appointment of an Inquiry Officer for investigation and remarked that what was the purpose of inquiry and as to whether the Department had given any terms of reference to the Inquiry Officer? The departmental representative submitted that it had to be examined whether this was an established fact that there had been a loss and to fix responsibility naming the person, whether it was worth registration of the case with police and simultaneously decide as to what action was to be taken.*

479. *The Committee decided that the Department should prepare a detailed report and submit to Audit who may revert to PAC for further examination. The paragraph was, therefore deferred.*

480. *Excess payment of Rs. 1,838,356 as land compensation (Para 7, pages 25-26-AR—WAPDA).—After going through the reply and seeking clarification regarding the assessment of the cost of the land and the approval of the Board of Revenue on the basis of which the land Officer had made the award, the Committee observed that subject to satisfaction of Audit, the paragraph be treated as dropped.*

481. *Non-recovery of liquidated damages and cost of defective meters from a supplier—Rs. 1,595,484 (Para 8, pages 26-27-AR—WAPDA).—According to Audit, the accounts of Executive Engineer, Regional Stores, Faisalabad for the year 1976-77, reflected that purchase order for supply of energy meters was placed on a firm on 9th April, 1975. The delivery was mentioned as "commencement in four months from the date of order @ 5,000 meters per month". In March, 1977, this clause was amended by the Chief Engineer (Stores), Lahore, as "Commencement in 4 months from the date of order @ 5,000 meters per month upto the date of this amendment balance quantity would be completed by 15th June, 1977". The supplier failed to complete the supply within the specified period. Further 188 meters valuing Rs. 18,048 supplied to Regional Store, Faisalabad, were found defective and required replacement. Neither the defective meter had been replaced by the firm nor its cost recovered from the firm.*

482. The Authority explained that according to the amended clause delivery period is the essence of contract and delivery must be completed not later than the date specified. The term "Delivery Date" shall mean the date on which the goods approved by the Inspecting Officer, are delivered to the Consignees. Accordingly, liquidated damages worked out to Rs. 238,091 had been recovered. As regards 188 defective meters, the firm had rectified the defects and the same had been issued to various indentors.

483. Audit pointed out that the delivery clause as reproduced in the reply of the Department was not the amended clause but was the original clause of the Purchase Order dated 9th April, 1975. The amendment was made in this clause in February, 1977 and not in March, 1977 through which the delivery period was advanced to 15th June, 1977 from 8th December, 1978. This amendment was cancelled by the Chief Engineer (Stores), WAPDA in March 1983. The Authority was requested in September 1983 to justify the cancellation after six years. This had not been done so far. The amendment was apparently cancelled to reduce the amount of liquidated damages, from Rs. 1,577,436 to Rs. 238,091.

484. The Vice-Chairman enquired as to why was the amendment cancelled after 6 years which resulted in reduction of liquidated damages? Did the records show the reasons for cancellation and name of the Officer who did it or was he competent to do so. The departmental representative promised to check it up.

485. After discussion, the Committee directed that a detailed report should be furnished to the Committee indicating the authority which took the above action, its competency and whether any justification had been furnished for cancelling the same, and if so what was it? Consideration of the paragraph was Deferred.

486. Excessive expenditure of Rs. 1,467,255 on work-charged establishment (Para 9, page 27-AR—WAPDA).—Audit had pointed out that the Authority was informed in June, 1984 that the post-of-Belder were not provided in the Revised PC-I Proforma. As such the expenditure of Rs. 57,676 incurred in respect of them was yet to be regularised.

487. In view of the above position, the Committee decided to drop the paragraph subject to regularisation of the amount and satisfaction of Audit.

488. Infructuous expenditure of Rs. 1,228,114 due to delay in the award of contract [Para 10 (a), pages 27-28-AR—WAPDA].— According to Audit, a contract for the supply of equipment and machinery for 210 M.W. Unit of Guddu Power House was executed with a firm of U.S.S.R. in 1969. The full quantity of the material was received at site but the contract for the erection of Power House was finalised with them as late as in May, 1978. Due to delay in the finalization of erection contract, Authority had to incur expenditure of Rs. 1,228,114 upto May, 1978 on the maintenance and safe custody of the material. This additional expenditure was not to be incurred by the Authority as the Supplier, in accordance with their contract, was to deliver the equipments and material in conformity with the sequence of the technological process of erection to ensure the commissioning programme of the Power House.

489. The Department contended that the Audit had observed that contract both for supply and erection of equipment was awarded simultaneously but it was not factually correct. The contract for supply and erection was not awarded simultaneously.

490. The Department further stated that the middle of 1977 a Pakistani Firm Messers Suleman and Sons a Firm from Czechoslovakia submitted their proposals for the installation of Unit No. 3 but none of those firms undertook the responsibility of correct performance and guarantee operation of the unit.

As such, the Authority had no alternative but to negotiate with Technopram-export of USSR for the installation of the Unit No. 3 on the basis of a payment in U.S. \$ financed from the Authority's own resources.

491. Audit reiterated in their comments that the Audit objection was that had contracts both for supply and erection of equipment been executed simultaneously, the infructuous expenditure on maintenance and up-keep of material could have been avoided, and cost of erection would have been lower. Audit further stated that an inquiry committee was constituted by the Authority in June, 1978 to look into the reasons for not awarding the supply and erection contracts simultaneously. Even through the credit agreement was signed in 1966, no move was made until June, 1975 to ask the Russians to take over the erection work. No satisfactory explanation had been given for such failure.

492. The Vice-Chairman enquired as to why this project had not moved forward? There must be some valid reasons for it.

493. The departmental representative submitted that the credit agreement was executed in 1966 without WAPDA being a party to it. It was between the two Governments, moreover it came into effect only June, 1973. So the Authority could start only thereafter and the contract was signed in March and it had become effective and that the contract was for a period of 28 months. Thereupon, a member of the Committee enquired as to how much money had been spent on the site between 1969 and 1973. The departmental representative replied that no expenditure had been incurred during that period.

494. After detailed discussion on this paragraph, the Committee decided that it should be settled subject to satisfaction of Audit.

495. *Irregular advances of Rs. 20 lacs to a contractor [Para 10 (b), page 28-AR—WAPDA].*—After discussion and seeking certain clarification, the Committee decided to drop the paragraph.

496. *Undue financial aid of Rs. 20 lacs to a contractor [Para 10 (c), page 28-AR—WAPDA].*—Audit had reported that in Guddu Thermal Power Station Project, tenders for construction of civil works and services for buildings and structure Group-I, contained a provision of granting mobilization advance amounting to 10 per cent of the tendered price of the work. At the time of awarding the contract to a contractor, Authority agreed to increase the amount of mobilization advance from 10 per cent to 15 per cent of the tendered price of Rs. 72.86 million. In addition to mobilization advance, the contractor was also given another recoverable advance of Rs. 9.44 million for the purchase of plant and equipment as per provisions of the contract. Audit further pointed

out that the aforesaid advance had not been recovered in full when the Authority granted another advance of Rs. 20 lacs to the contractor at bank rate interest. This, not being covered by any provisions of the contract, was a clear case of undue financial aid to the contractor.

497. The Department explained that the advance was given to the contractor with the approval of the Authority to accelerate the execution of civil works in order to achieve timely completion of Power House because the contractor was lagging behind the schedule of works which was ultimately affecting the main schedule of electrical and mechanical erection of Power House. Lack of timely decision on the part of the Department would have resulted in delay in completion of Power House. Its repercussions would have been tremendous particularly if WAPDA had been involved with the contractor for completing the job without giving any serious consideration to the conditions of work at site. The Authority was satisfied that it was a fit case for providing financial aid to the contractor to accelerate the progress of the work.

498. After discussion, *the Committee directed that the Authority should furnish a detailed explanation with reasons for the undue financial aid in the shape of additional advances to the contractor. The paragraph was deferred.*

499. *Unjustified payment of Rs. 164,160 [Para 10 (d), pages 29-30-AR-WAPDA].—*Audit had reported that in accordance with the agreement executed in August, 1967, with the consultants of Guddu Thermal Power Station Project, one Electrical Engineer and one Mechanical Engineer were to be assigned to the site for 17 and 26 months, respectively. No Electrical Engineer was assigned by the consultants while the Mechanical Engineer was assigned for 24 months during the original contract period which expired on 27th January, 1971.

500. The Department explained that the payments for the services of Electrical and Mechanical Engineer were not made as provided in the original contract but were made according to the second amending agreement, and on the basis of actual Man-months worked by the Mechanical and Electrical Engineers, therefore, no overpayment was involved.

501. Audit pointed out that no documentary evidence in support of the actual payments was produced by the Chief Engineer, Guddu Project to the Branch Audit Officer at the time of verification conducted on 19th August, 1984.

502. After assurances by the Department regarding the production of documentary evidence, the Committee, decided that the paragraph be treated as settled subject to verification by Audit.

503. *Non-recovery of Rs. 48,630 from the Military authorities [Para 10 (e), page 30-AR-WAPDA].*—Since the position, as stated in the departmental reply, was accepted by Audit, the paragraph was dropped.

504. *Non-recovery of capital cost from agricultural tube-well consumers—Rs. 1,117,493 (Para 11, pages 30-31-AR-WAPDA).*—The Committee observed that the Audit had not so far obtained full information in respect of this paragraph, as such, it was deferred with the direction that Audit should follow it up and report at an early date.

505. *Irregular refunds to consumers (Rs. 1,093,902) and non-recovery of fixed charges (Rs. 42,052) [Para 12 (a) to (k), pages 31—35-AR-WAPDA].*—As for item (a) a member of the Committee pointed out that fixed charges were not recovered, so Audit should pursue the recovery of the amount in respect thereof. The paragraph was, therefore, deferred.

506. With regard to item 12 (b), Audit pointed out that during the audit of two formations under Sialkot Operation Circle, WAPDA, it was observed that refunds of Rs. 160,499 were allowed to different consumers under court orders. The Court cases were lost because of non-production of consumer files in arbitration and in Court, failure to convince the court of the justification for the billing, and for not attending the court on the fixed dates of hearing. Thus the Authority was put to heavy losses due to carelessness of its employees.

507. The Department explained that the cases were decided by the Court against WAPDA on the ground that Show Cause Notices were not issued before rendering the defection bills to the consumers, but gave no reasons for such negligence nor did it report the action taken against the defaulters. Audit stated that in August, 1983 they were informed that a demand for Rs. 9,822 was forwarded to the D.C. Sialkot, in September, 1982 for recovering it as Land Revenue. Final position about this recovery had not been given to Audit. Moreover, no action had been taken to regularise the loss of Rs. 160,499.

508. In view of the unsatisfactory position, the Committee decided to defer the paragraph and directed that the loss may also regularised and Audit may be informed of it.

509. As for item (c), it was treated as dropped as the Audit had not made any comments.

510. With regard to item (d), the Department explained that Audit was informed on 3rd May, 1983 that all the amounts under observation except Rs. 29,434 were refunded under the orders of the competent Authority. The records were being produced to Audit for verification. As regards Rs. 29,434 the matter was under investigation. Thereupon Audit made out in their comments

that Authority was requested in October, 1983 to supply the copies of office orders in which refunds amounting to Rs. 78,238 were allowed to the consumers and also arrange the production of record which was not done. As for the results of investigation for the remaining amount of Rs. 29,434 were still awaited.

511. The Committee agreed to the above Audit comments and decided to defer the paragraph.

512. Items (e), (f), (g), (i) and (j) were treated as dropped.

513. As for item (h) Audit reported that during audit of the accounts of the 2nd Revenue Officer, Faisalabad, it was noticed that a consumer applied for temporary disconnection of supply for repair of machinery. He also applied for not charging the fixed charges in the period of repair. The supply was disconnected from 1st June to 25th August, 1978. The Revenue Officer, however, served bills on account of fixed charges for the disconnected period as these were recoverable under the Tariff applicable to the consumer. The consumer made payment of these bills. On an application by the consumer the case was referred to General Manager (Distribution) for advice. The General Manager (Distribution) decided to withdraw the fixed charges of Rs. 29,800 which was not covered under the provision of tariff. The matter was reported to the Authority in December 1982 to investigate the matter and to recover the amount refunded irregularly but no action had so far been taken in this respect.

514. The Authority stated that an Inquiry Officer had been appointed to investigate the matter. Results of investigations would be furnished to Audit.

515. In view of the above position, the Committee decided to defer the paragraph.

516. Item (k) was deferred for want of justification for the refund of Rs. 10,982 and the report of the Inquiry Committee which was to be submitted by the Department as reported by Audit.

517. *Blocking up of Authority's capital—Rs. 1,085,000 (Para 13, page 35-AR-WAPDA).*—According to Audit, it was observed that in June, 1981, from the accounts of Superintending Engineer, Sialkot, Operation Circle for 1978-79, that an estimate for construction of new 11 KV line from Zafarwal Grid Station to Chiwinda, was sanctioned by the Superintending Engineer for Rs. 1,085,000 although it was beyond his financial power. The line was erected during 1978-79 but Grid Station was scheduled to be completed during 1981-82. The heavy expenditure incurred could not fetch any revenue, and resulted in blocking up of Authority's capital.

518. The Department contended that the Superintending Engineer (E), was competent to accord technical sanction and Administrative approval upto Rs. 1,500,000 and thus, his action was in order.

519. Audit maintained that the line was not energised upto June, 1981. So, the Authority was requested in July, 1984 to intimate to Audit the date on which this line was actually energised and the Grid Station from which it was energised and the date of completion of Zafarwal Grid Station.

520. The Vice-Chairman enquired as to when the line was energised? The departmental representative replied that it was energised in 1978-79 and the Authority since used the line.

521. After examining the reply of the Department and the Audit comments thereon, the Committee decided to drop the paragraph subject to verification by Audit.

522. *Non or less return of dismantled material—Rs. 696,464 [Para 14 (a), page 35-AR-WAPDA].*—According to Audit, in Raiwind Sub-Division, copper conductor on an existing 17.455 feet long 11 KV line was replaced with A.C.S.R. conductor during 1975-76. The length of copper conductor to be dismantled worked out to 17,979 yards in view of three wires in a length and 3 per cent provision for sag. A perusal of the sanctioned estimate revealed that credit for 9,700 yards copper conductor only was given in the estimates. The reasons for the short credit of 8,279 yards dismantled copper conductor were not forthcoming. The dismantled copper conductor was also not returned to store nor its disposal was available in the record.

523. The Authority explained that the material worth Rs. 41,008 was issued on the work of bifurcation of Raja Jang and Kot Radha Kishan Feeder. The line Superintendent who drew 9 miles conductor absconded and was dismissed. F.I.R. was being lodged against him. Thereupon, Audit pointed out that the reply of the department showed that F.I.R. was yet to be lodged. Final action for the entire amount would be awaited although the matter was taken up as far back as in May, 1977.

524. Questioned as to when the F.I.R. was lodged, when the Line Superintendent absconded and when was he dismissed, the departmental representative submitted that he was dismissed on 18th April, 1979 and the F.I.R. had been filed now. A member of the Committee observed as to what was the purpose of this exercise when the F.I.R. had been lodged now while the Department dismissed the Line Superintendent in 1979. The Officer who was responsible for taking action he did not take action and whether any disciplinary action against him had been taken

or not. The departmental representative submitted that the official was dismissed not for the reason of this 9 miles conductor but was dismissed because of absconding.

525. After discussion, *the Committee directed that a report should be furnished by WAPDA on the loss by 31st October, 1984 and for not having taken adequate and prompt action on the loss of material. The question of absconding of the line superintendent should be kept separate.*

526. [Para 14 (b), pages 35-36-AR-WAPDA].—According to Audit, the Executive Engineer (E), Shalamar, Lahore, showed in the estimates maintenance works carried out during 1965-66 recovery of dismantled material worth Rs. 95,861 but no such credit was afforded in the accounts by way of reduction of gross expenditure. This showed that the material was not returned to the store.

527. The Department intimated that an inquiry committee had since been constituted to investigate the matter.

528. After discussion, *the Committee directed that reports of Inquiry Officers Committees in all cases, mentioned in the statement of replies furnished by WAPDA, should be got completed by October, 1984 and further action taken, separately, thereafter.*

529. [Para 14 (c), page 36-AR-WAPDA].—Audit had reported that Jhelum Operation Division, Rajar, returned 17,870 lbs. dismantled copper conductor valuing Rs. 357,400 short, to store.

530. The Department explained that less return of material was due to the fact that reconductoring of 4 Nos. spans were not done and no copper was dismantled from these spans. Accordingly, copper conductor viz. 25075 lbs. dismantled against ACSR 25838 meters was returned to store. Hence there was no loss to Authority. Thereupon, Audit maintained that actual quantity of copper conductor to be dismantled could not be ascertained at the time of verification by Audit.

531. *In view of the above position, the paragraph was deferred, and the Committee directed that a detailed report should be submitted to Audit.*

532. [Para 14 (d), page 36-AR-WAPDA].—Since the consumption of dismantled conductor etc. was verified by Audit, the paragraph was treated as dropped.

533. [Para 14 (e), page 36-AR-WAPDA].—According to the Audit, material worth Rs. 7,530 was installed for giving five temporary connections in two Sub-Divisions during November and December, 1970, and October, 1971 and April, 1972. The material was required to be returned to store on disconnection. During audit of the stock accounts of the above Sub-Divisions it was noticed that material in question was not returned to store. The Authority thus sustained a loss of Rs. 7,530 which needed recovery justification.

534. The Authority intimated that the recovery of Rs. 4,462 had been made from the consumers. The material for balance amount worth Rs. 3,068 was not issued. Thereupon, Audit pointed out in their comments that recovery of Rs. 250 only made from the consumer was got verified in May, 1984. Recovery of remaining amount of Rs. 4,212 would be verified on production of record.

535. The Committee, therefore, decided that Audit should verify the recovery.

536. *Theft of energy by consumers—Rs. 592,020* [Para 15 (a), pages 36-37-AR-WAPDA].—Audit had reported that in various formations under 4th Operation Circle, WAPDA, Lahore, it was noticed that many consumers were found stealing energy by dropping link, tampering with the metering equipments or providing direct connection from WAPDA main. The Authority had thus suffered a loss of Rs. 220,355.

537. After examining the detailed reply of the Authority and the Audit comments thereon, the Committee to defer the paragraph and directed that Audit should pursue the cases.

538. [Para 15, (b), page 37-AR-WAPDA].—Since the Audit made no comments on the reply of the Authority, the paragraph was treated as dropped.

539. [Para 15, (c), page 37-AR-WAPDA].—Audit had pointed out that recoveries amounting to Rs. 70,460 were verified at the time of verification conducted in July, 1984. Audit had also observed that an amount of Rs. 5,878 was withdrawn and Rs. 6,598 were outstanding against a permanently disconnected consumer.

540. In view of the above Audit observation, the paragraph was dropped subject to verification by Audit.

541. [Para 15 (d), page 37-AR-WAPDA].—Audit had pointed out that a consumer was stealing energy, resulting in a calculated loss of Rs. 72,969.

542. The Authority explained that 62,621 units were charged to the consumer who made the payment. Thereupon, Audit pointed out that it was verified that a sum of Rs. 13,374 only (being the cost of 67,094 units) instead of Rs. 72,969 was recovered from the consumer in June, 1976. Action taken to recover the balance amount of Rs. 59,595 would be awaited. Audit was asked to pursue.

543. [Para 15 (e), pages 37-38-AR-WAPDA].—Audit had pointed out that out of the amount of Rs. 33,212, recovery of a sum of Rs. 5,178 as reported by the Department would be verified on production of record. Advice about the final recovery of balance amount of Rs. 28,034 would be awaited. The Committee, therefore, decided to defer the paragraph.

544. [Para 15 (f), page 38-AR-WAPDA].—Audit had reported that the Authority had suffered a loss of Rs. 18,390 as revealed during the audit of the accounts of the Revenue Officer (E), Bahawalpur, for the year 1976-77.

545. The Department advised that a notice for payment of Rs. 18,390 for energy stolen by the consumer was served on him. He made representation stating that the meter in question was changed in 11/77. After confirmation of this fact by the S.D.O. a sum of Rs. 11,637 for 11 months was debited to the consumer who made payment on 19th December, 1983. Audit informed the Committee that the recovery of Rs. 11,637 was verified. But the documentary evidence that the meter was changed in November, 1977 was, however, yet to be produced. In view of this position the Committee decided to defer the paragraph had Audit was directed to pursue it.

546. *Irregular unnecessary purchase of Stores—Rs. 579,875* [Para 16 (a) to (d), pages 38-39-AR-WAPDA].—Audit informed the Committee that the results of investigations in respect of items (a) to (c) had not yet been intimated to them. As such these were deferred. As for item (d) Audit pointed out that a copy of the Chairman, WAPDA Lahore, Memo No. 73556-58 dated 8th May, 1984 through which the purchases were regularised after about 11 years, was called for in July, 1984 and was yet awaited. Audit further reported that extra expenditure incurred because of huge difference in rates, had not been justified.

547. The Committee directed that Audit should be provided with a copy of the regularisation order. Audit should also pursue it. Subject to verification by Audit and their satisfaction, the paragraph was dropped.

548. *Excess issue of material—Rs. 444,540* (Para 17, pages 39-40-AR-WAPDA).—Audit had pointed out that the return of 2.90 miles of A.C.S.R. conductor was required to be got verified by Audit by producing the Site Account Register. The Committee, therefore, directed the departmental representative that the Register should be produced before Audit. The paragraph was, therefore, deferred.

549. *Shortage of stores—Rs. 375,024 [Para 18 (1) to (9), pages 40-41-AR-WAPDA].*—Audit had pointed out that 9 cases of shortages of stores were detected on physical verifications during local audit. These cases were regularly taken up with the concerned offices and reported to the Authority. Corrective action had not, so far been taken although some cases originated as far back as 1960-61. There was every likelihood that during this period, the persons responsible might have left service, died or retired resulting in loss to the Authority.

550. After examining the explanations of the Department against each case pointed out by Audit, *the Committee directed that action must have to be taken by WAPDA immediately in every case, on the receipt of Audit Reports about shortages of store otherwise the entire exercise is rendered futile. Strict instructions should be issued by the Authority in this behalf. Audit was directed to pursue the paragraph and report back if necessary.*

551. *Mis-appropriation of dismantled material doubtful issue of material worth Rs. 356,573 (approx) [Para 19 (a), page 41-AR-WAPDA].*—Since the Audit had no comments on the reply of the Department, the Committee decided to drop the paragraph.

552. [Para 19 (b), page 42-AR-WAPDA].—Audit had reported that in July, 1976 the accounts of Executive Engineer (E), Shalamar Division for 1975-76, revealed that material worth Rs. 11,968 was drawn for maintenance of local distribution system. The material was, however, shown as consumed for restoration of supply of tubewell of a consumer on whose premises power was disconnected because of non-payment. As the return of material dismantled at the time of disconnection could not be shown to Audit, the consumption of material shown at the time of reconnection became doubtful. The matter was taken up with the Authority in September, 1982 either to show the return of dismantled material or to recover the cost from the person concerned, but the action taken had not, so far, been reported to Audit.

553. After examining the reply of the Department and the Audit comments thereon, *the Committee directed that the requisite action should be expedited and the Audit should also follow it up. The paragraph was deferred.*

554. *Award of contract at a higher price of Rs. 354,520 on account of price preference (Para 20, page 42-43-AR-WAPDA).*—Since the Audit had no comments on the reply of the Authority, the paragraph was dropped.

555. *Surplus material—Rs. 235,385 (Para 21, page 43-AR-WAPDA).*—According to Audit, stores and T&P articles worth Rs. 235,385 were found surplus at the time of physical verification conducted by stock verifiers. Neither the material had been taken on stock nor its cost had been credited to the Authority's revenue accounts.

556. The Department explained the position of surplus material and claimed that there had been no shortage. Audit had also verified the records. Audit offered their comments on the above departmental reply as follows :—

	Rs.
Material taken on stock	201,186
Material yet to be accounted for	34,199
Total ..	<u>235,385</u>

557. In view of the above, the Committee directed that Audit should follow it up. The paragraph was deferred.

558. *Non-clearance of temporary advance—Rs. 220,365 (Para 22, pages 43-44-AR-WAPDA).*—According to Audit, temporary advances of Rs. 279,100 were granted to WAPDA employees in Baluchistan Power Development Project, without obtaining accounts of the previous advances. These advances further rose to Rs. 482,776 on 31st March, 1978. The individual accounts kept by the Project authorities were neither updated nor did they show aging of the advances to assist expeditious clearance. After repeated reminders and discussions in the monthly meetings, adjustment of advances of Rs. 262,411 was made. Action taken for recovery or adjustment of the balance of Rs. 220,365 was not reported.

559. The Department stated that temporary advance of Rs. 156,965 had been adjusted. An Inquiry Officer had been appointed to investigate balance amount of Rs. 94,785. Results of investigation would be furnished to Audit.

560. Thereupon Audit maintained that the results of investigation for the balance amount would be awaited and nothing had been stated in regard to fixing responsibility for delayed clearance. Accordingly, the Committee decided that Audit should follow it up and see the documents, and satisfy themselves. Subject to the satisfaction of Audit, the paragraph was deferred.

561. *Un-authorized expenditure of Rs. 176,529 on running of vehicles (Para 23, page 44-AR-WAPDA).*—Audit had pointed out that the Authority had decided that all vehicles of WAPDA formations should be registered with the Director, Transport, WAPDA, and registration number would be clearly written on each vehicle. It was further laid down that expenditure on registered vehicles only would be admitted. While auditing the accounts of the Executive Engineer (E), Daska Division for 1978-79, it was noticed in December, 1979, that expenditure of Rs. 176,529 was booked against 15 vehicles but neither any vehicle was registered with the Director, Transport, nor any vehicles register was maintained in the Division to show the total number of vehicles with description.

562. The Department responded that the vehicles had been subsequently registered with the Director Transport, and verified by audit. Thereupon, Audit commented that the expenditure incurred on these vehicles prior to October, 1982 remained unauthorised and was required to be regularised by the competent authority.

563. *The Committee directed that the responsibility for not having got the vehicles registered should be fixed and action taken to regularise the unauthorised expenditure. Subject to Audit pursuing the matter to its satisfaction, the paragraph was dropped.*

564. *Non-disposal of unserviceable stores, vehicles and printing machine—Rs. 159,734 [Para 24 (a) to (d), pages 44-45-AR-WAPDA].—The Vice-Chairman remarked that the above items of unserviceable stores were more or less cleared. The departmental representative informed the Committee that the Department had devised a new system of inventory control which is a very elaborate system prepared by consultants. Audit representative suggested that the Department should have a periodical survey so as to distinguish between serviceable and unserviceable stores.*

565. *After discussion, the Committee took the following decisions :—*

- (i) *The mechanism to segregate, periodically, serviceable stores from unserviceable stores should be laid down and the catalogue items standardised for this purpose.*
- (ii) *Audit should render due assistance and advise WAPDA, for improving the procedure.*

566. The paragraph was dropped.

567. *Suspected mis-appropriation of cash—Rs. 153,847 (Para 25, pages 45-46-AR-WAPDA).—The Committee was informed that the case was under investigation by an Inquiry Committee. As such, the paragraph was deferred.*

568. *Avoidable expenditure of Rs. 134,726 due to delay in payment (Para 26, page 46-AR-WAPDA).—Audit had pointed out that the Inquiry Committee constituted by Member (Power), in February, 1975 to investigate the causes of delay, had completed its investigation in March, 1984 i.e. after nine years, but a copy thereof had not been supplied to Audit.*

569. Audit further stated that in case it was not possible to arrange payment within one month, it should not have been so provided in the contract. Moreover, the Inquiry Committee have held no one responsible for the avoidable expenditure.

570. The Committee did not make any further observation on this paragraph and as such it was treated as dropped.

571. *Un-necessary interest charges—Rs. 106,095 (Para 27, pages 46-47-AR-WAPDA).*—Audit had reported that according to an agreement in Tarbela Power Station, the amount due to the contractor under any interim certificate should be paid by WAPDA within 30 days after such certificate had been delivered by the Engineer. In case of failure to make payments within the prescribed period, WAPDA would pay to the contractor interest charges at the rate of 5 per cent per annum. During post audit of pay estimate, it was noticed that interest charges of Rs. 106,095 were paid to the contractor in June, 1977 on delayed payments.

572. Audit had examined the departmental reply and offered their comments that the responsibility was required to be fixed for the delay on the part of the Project authorities at site. Audit further pointed out that in case the period of one month for arranging payment was not realistic, it should not have been so provided in the contract.

573. In view of the above position, the Committee did not make any further observation and the paragraph was treated as dropped.

574. *Loss of Rs. 102,293 for award of work at higher rates (Para 28, page 47-AR-WAPDA).*—The Department explained that the Inquiry Committee held Mr. Khuda Bukhsh, the then Executive Engineer, responsible for the loss due to lack of adequate knowledge regarding contracted civil works. A warning had been issued to the Officer by the competent authority.

575. Audit pointed out that a copy of the report of Inquiry Committee was not supplied to Audit. The Committee, therefore, directed the departmental representative to make available a copy of the report to Audit. The paragraph was, therefore, dropped subject to satisfaction of Audit.

576. The examination of left over accounts of WAPDA was postponed to the following day.

577. The Committee then adjourned to meet again at 9.00 A.M. on Thursday, the 30th August, 1984.

M. A. HAQ,
Secretary.

Islamabad, the 28th November, 1985.

Thursday, the 30th August, 1984

Fifth Sitting (PAC)

578. The Public Accounts Committee assembled at 9.00 a.m. in the State Bank Building, Islamabad, to continue the examination of the Federal Accounts for 1981-82. The following were present :—

P.A.C :

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| (1) Akhunzada Bahrawar Saeed, Member Federal Council. | <i>Member,
(Acting Chairman)</i> |
| (2) Mir Jam Ghulam Qadir Khan of Lasbela, Member,
Federal Council | <i>Member</i> |
| (3) Mr. Abdul Qadir, Former Chairman, Railway Board. | <i>Member</i> |
| (4) Mr. Yousuf Bhai Mian, Chartered Accountant | <i>Member</i> |

Federal Council Secretariat

- (1) Mr. M.A. Haq, Secretary.
- (2) Ch. Abdul Qadir, Joint Secretary.
- (3) Mr. Muhammad Aslam, Deputy Secretary.
- (4) Syed Muhammad Ahmad, Assistant Secretary.

Audit :

- (1) Mr. Abdul Raouf, Auditor General of Pakistan.
- (2) Mrs. Suraiya Hafeez, Deputy Auditor-General (CA).
- (3) Mr. Khalid Rafique, Deputy Auditor-General (A&R).
- (4) Mr. M.A. Lodhi, Accountant General, Pakistan Revenues.
- (5) Mr. Ziaul Haq Khan, Director General, WAPDA Audit.
- (6) Mr. Abdul Khaliq Deputy Director I, WAPDA Audit.

Ministry of Finance :

- (1) Raja Raza Arshad, Deputy Secretary.
- (2) Mr. S.M. Badarul Hassan, DFA (Water and Power).

MINISTRY OF WATER AND POWER

579. The Committee continued with the examination of the Audit Report on WAPDA Accounts 1981-82. Compliance Report 1979-80. Reports on (i) Prestressed Concrete Pole Plants and (ii) Salinity Control and Reclamation Project II, which were deferred on the previous day. The following departmental representatives were present :—

- (1) Mr. Abdul Wahab F. Sheikh, Secretary.
- (2) Mr. Ziaul Qayyum, Deputy Secretary.
- (3) Maj. General Ghulam Safdar Butt, Chairman (WAPDA).
- (4) Mr. A.F. Sirajul Haq, Member Finance (WAPDA).
- (5) Mr. Muhammad Ayub Sadozai, Member Power. (WAPDA)
- (6) Mr. Daud Beg, G.M. Distribution (Power).
- (7) Mr. Muhammad Shoaib, AAO.
- (8) Mr. Tajammal Hussain, Chief Auditor (WAPDA).
- (9) Mr. Maqsood Ali, G.M. (Dams).
- (10) Mr. Asif H. Kazi, G.M. (Tarbela).

580. At the very outset a member of the Committee enquired about "522—600-Transfer, Payment-Expenditure against Foreign Loans" as in Annexure-D to Ministry's reply relating to Grant No. 190-Capital Outlay on Irrigation and Electricity, no expenditure had been indicated from foreign loans. The Audit representative intervened to say that it should be left to Audit who would furnish a complete answer. The Committee, thereupon, decided to defer this item.

581. It was also enquired whether the department had repaid any loan against the Indus Basin Fund during the year under review ? The departmental representative replied that EAD had paid it. It was further observed by the Member that it should not come under WAPDA, *i.e.* not under the Ministry of Water and Power. The departmental representative said that the payment was made by EAD, directly, without involving WAPDA. Thereupon, the same member observed that the department should have passed transfer entry and the Department should eliminate their loan agreement in their accounts and that had become Government of Pakistan's contribution into the cost of construction of the Indus Basin Project. He further enquired if any entry had been passed during the year ? The departmental representative replied in the negative as they mentioned that WAPDA did not come into the picture. Thereupon, the member remarked that WAPDA should very definitely be in the picture as it was WAPDA

who was keeping the account for Indus Basin Project and of the Loan from the World Bank consortium. If WAPDA was not to be responsible then it should not keep the account of the loan.

582. *The Committee concluded that the departmental representative should go into the matter and if there were any repayments during the course of the year, the amount repaid should be recorded and the entry which was supposed to be passed, should be reported to the Committee.*

583. *Expenditure in excess of permissible limit on telephone calls—Rs. 72,601 [Para 29 (a) to (c), pages 47-48-AR—WAPDA].—*The Authority informed the Committee that the expenditure on telephone calls in excess of permissible limits was being regularized. Audit stated that the circumstances under which recoveries could not be effected had not been indicated. Regularization of expenditure would be awaited.

584. After discussion, items (a) and (b) were dropped subject to regularization and verification by Audit.

585. As for item (c), *the Committee directed the departmental representative to find out as to whether the conversion of telephone into non-STD had been made. The detailed report should be furnished to audit who may come back to the PAC for further discussion and the paragraph was deferred.*

586. *Loss of Rs. 69,403 due to non-accountal of material and non-clearance of advance (para 30 Pages 48-49-AR-WAPDA).—*Since Audit had verified, the paragraph was treated as dropped.

587. *Less recovery of security deposits—Rs. 64,295 [Para 31 (a) to (d), pages 49-50—AR-WAPDA].—*As for item (a) Audit informed the Committee that recoveries amounting to Rs. 5,805 had been verified and those for Rs. 4,950 were still to be got verified. Intimation about the recovery of the balance amount of Rs. 17,661 would be awaited. This item was, therefore, deferred.

588. As regard item (b) a member of the Committee observed that the department had mentioned in their reply that no recovery was made from MES Bahawalpur Account No. CI-70, being Government department. This explanation was not plausible and satisfactory. The departmental representative submitted that it was only the question of security deposit. The same member further observed that the Government did not pay *ab-initio*. In this case, there was question of only deposit of additional security. Since the institution had been closed now there was no question of recovery. *The Committee, therefore, decided that Audit should follow it up.*

589. As regards item (c) and (d) the committee decided that these may be dropped subject to verification by Audit.

590. *Loss of a truck costing Rs. 60,000 (Para 32, Page 50-AR-WAPDA).*—The department explained that the matter was being enquired by a Inquiry Committee. Results of investigation would be furnished to Audit.

591. Audit pointed out in their comments that the truck was with the firm since March, 1968 *i.e.*, for more than sixteen years. The date on which the Inquiry Committee was constituted and the time given or completing the investigation had not been indicated.

592. *In view of the above position this was considered by the Committee to be a bad case. The inquiry should be expedited. As such, the paragraph was deferred.*

593. *Irregular release of retrenched amount of Rs. 58,936 to a transporter of cement (Para 33, pages 50-51-AR-WAPDA).*—Audit pointed out that total recovery from the contractor had, however, been verified but it was not known what Action taken against those who allowed the release of the retrenched amount during the period when pre-audit was stopped. The paragraph was treated as deferred.

594. *Non-recovery of Rs. 47,497 from various contractors (Para 30, page 51—AR—WAPDA).* After examining the replay of the department and the Audit comments thereon, the Committee directed that Audit should follow it up the matter and come back to the committee if necessary. Subject to the satisfaction of Audit the paragraph was dropped.

595. *Non-imposition of penalty—Rs. 50,000 (Para 35, page 51—AR-WAPDA).* The department informed the Committee that the Authority had appointed an Inquiry Officer to investigate the matter. Results of investigation would be furnished to Audit. The Committee, therefore, decided that the paragraph may be treated as dropped subject to satisfaction of Audit., who may also follow. up the matter and come back to the committee if necessary.

596. *Overpayment of special pay of Rs. 26,106 to officers (Para 36, Pages 51-52-AR-WAPDA.)* Audit had pointed out that in Karachi Irrigation Project, a sum of Rs. 26,106 was allowed as special pay to three officers who were on deputation from Provincial Irrigation Department from December, 1966 to October, 1974. This was considered irregular as the benefit of special pay could be allowed only with the prior concurrence of the lending department.

597. The department explained in their reply that the special pay was sanctioned to the aforesaid officers by the Authority on account of arduous nature of the duties performed by them as Project Directors K.I.P. The orders granting the special pay were also endorsed to their parent departments which did not raise any objection.

598. After discussion, *the Committee directed that a detailed reply should be furnished as to why the work was considered to be arduous and how the special pay to officers living in Karachi was justified. The paragraph was deferred.*

599. *In-justified consumption of material-Rs. 25,905 (Para 37, page 52-AR—WAPDA).*—According to Audit, the accounts of Gulberg Construction Division Lahore, Chunian Sub-Division and Gulberg Division, Lahore for the years 1977—79, 1971—75 and 1970—72 respectively, showed that longer quantity of material was issued or shown as consumed than the standard specified without giving proper justification. These cases involving irregular expenditure of Rs. 25,905 were reported to the Authority in October, 1982 for recovery but no action had so far been reported.

600. The department contended that there was no excess consumption of material involving irregular expenditure and that the records, were ready for verification by Audit. The Audit did not agree and emphasized that there was an excess.

601. A member of the Committee observed that Audit had made lengthy comments on the reply of the Authority and proved that there was excess consumption.

602. After discussion, *the Committee directed the departmental representative to furnish a proper reply to Audit who may when come back to PAC for decision, if deemed necessary.*

603. *Recoverable advance of Rs. 16,050 (Para 08, page 52-AR—WAPDA).*—Since Audit had verified recoveries of Rs. 7,756 and adjustment of Rs. 6,555 whereas the balance amount of Rs. 1,738, was written off in April, 1984, the paragraph was dropped.

604. *Excess expenditure of Rs. 12,583 due to re-inviting of tenders (Para 39. Pages 52-53-AR—WAPDA).*—The Committee observed that although the explanation furnished by the department was not satisfactory but in view of the fact that Audit had accepted it, the paragraph may be treated as dropped.

605. *Mis-appropriation of cash-Rs. 8,790 (Para 40, Page 53-AR-WAPDA).*—According to Audit, a sum of Rs. 8,794 was found short against a Head Clerk of Nankana Operation Division at the time of handing over of the cash book. The amount found short was shown as temporary advance issued to the Head Clerk although no such advance was given to him.

606. The department explained that the then Head Clerk of Nankana Division was held responsible for the mis-appropriation of cash. He was reverted to the post of Senior Clerk. A sum of Rs. 1,800 had been recovered from him. The official, however, had filed an appeal in the Labour Court.

607. After hearing the departmental representative, a member of the Committee observed that the Authority should not take further action against the official because the first action against him was in the Labour Court.

608. *The Committee, therefore, directed that the department should indicate the latest position of the case. The paragraph was deferred.*

609. *Loss of Rs. 7,945 due to defects in 66 KV Grid Station Shahpur (Para 01, page 53-AR—WAPDA).*—Audit pointed out in their comments that the recovery had been verified. The paragraph was, therefore, treated as dropped.

610. *Wasteful expenditure of Rs. 7,940 (Para 42, pages 53-54-AR—WAPDA).*—The Committee discussed the reply of the department and the Audit comments thereon. Thereafter, it observed that this was not a complete and clear cut case and required further action to be taken by the Authority. As such, the paragraph was treated as dropped subject to regularization and verification by Audit who will also pursue it.

611. *Loss of Rs. 6,803 due to improper pursuance of case in the court (Para 43, page 54-AR—WAPDA).*—Audit noticed in March, 1977, from the accounts of Revenue Officer (E), Bahawal Nagar for the years 1974-76 that on introduction of new schedule of tariff a sum of Rs. 1,784 was debited to a new tubewell consumer in August, 1971, on account of difference in tariff. The consumer did not pay the amount and also stopped payment of current bills. An amount of Rs. 6,803 had accumulated against him upto September, 1972, when the consumer filed a civil suit against WAPDA. The case was decreed against WAPDA in November, 1973, and amount was refunded to consumer. The Revenue Officer and the Sub-Divisional Officer held responsible each other for non-pursuance of the case. It was established that the Authority sustained loss of Rs. 6,803 due to the negligence of its staff.

612. The department explained that the Authority had appointed an Inquiry Officer to investigate the matter. Results of the investigation would be furnished to Audit. Thereupon, Audit pointed out in their comments that it was worth mentioning that the matter was taken up with the Authority in June, 1977 and again in January, 1983 for taking action against the persons responsible for the loss.

613. Replaying to a query as to what happened in this case, the departmental representative stated that the case was contested in the court. But apart from this case, by and large, it has been found that most of the lawyers do not pursue the cases of WAPDA as vigorously as the consumer pursued their case. Thereupon, a member of the Committee remarked that the matter should have been reviewed long long ago.

614. However, the Committee decided that the report of the Inquiry Officer embodying the results of the investigation should be furnished to Audit who would examine it and then come to PAC, if necessary. The paragraph was dropped.

615. *Non-recovery of miscellaneous charges from employees—Rs. 6,742 [Para 44 (a), page 54-AR—WAPDA].*—After discussion, the Committee decided that the paragraph be dropped subject to verification of record and adjustment by Audit.

616. *Non-recovery of Rs. 5,973 from an officer [Para 44 (b), pages 54-55-AR—WAPDA].*—Audit had reported that the accounts of the Executive Engineer T & G (C) Division, Peshawar, for the period from 1-3-1976 to 31-12-1976 indicated that three cheques of Rs. 5,973 were delivered to a Junior Clerk by a Sub-Divisional Officer on 30-6-1969. The official absconded and did not hand over the cash. Apparently it was a case of embezzlement.

617. The departmental representative informed the Committee that the Junior Clerk was abducted with the money and was taken to the tribal areas and was released after about two months. The total amount was recovered from the Sub-Divisional Officer who was held responsible by the Court.

618. A member of the Committee enquired as to why the money was recovered from the officer.

619. After further discussion, the Committee directed the departmental representative to look into it again and take appropriate action. Audit will also follow it, up. The paragraph was, however, dropped subject to verification by Audit.

620. *Excessive consumption of cement Rs. 5,590 (Para 45, page 55-AR—WAPDA).*—Keeping in view the reply of the department to the Audit objection and Audit comments thereon, the Committee decided to drop the paragraph subject to the satisfaction of Audit.

621. *Difference of Rs. 9,152,204 in various sets of accounts [Para 46 (a), page 55-AR—WAPDA].*—According to Audit, during the security of the accounts of two WAPDA formations under 3rd Circle, Lahore, it was observed that difference of Rs. 9.15 million existed in the store accounts and revenue accounts. The discrepancies related to the year 1975-76 and 1976—78. The matter was brought to the notice of the Authority in August, 1982 but no action had so far been taken to set right the accounts.

622. The department explained that an amount of Rs. 76.47 lacs had been cleared and the balance of Rs. 15.05 lacs could not be cleared due to the reasons as elaborated in the department's reply to the Audit objection. Audit maintained that the record showing the clearance of Rs. 76.47 lacs had been verified. As for the balance amount of Rs. 15.05 lacs the difference was not on account of stores.

but was between the energy charges billed to the consumers and those actually realised. The reasons given for the creation of these balances appeared to be convincing. But it was to be ensured that these amounts were ultimately realised from the consumers and there were no bad debts. The Authority had been requested to give a certificate to this effect which was still awaited.

623. *The Committee directed that WAPDA should examine the case once again and find a solution, in consultation with Audit. A report should be submitted to the Committee as early as possible.*

624. *Difference in store account Rs. 7,129,755 [Para 46 (b), page 55-AR—WAPDA].—*Audit had pointed out that non-reconciliation of this heavy amount might result in mis-appropriation of stores. The department informed the Committee that the difference in Store Account had been reduced from Rs. 7,129,755 to Rs. 207,284. Efforts being made for its clearance.

625. Audit commented that the position of recovery given by Authority had been verified. The difference of Rs. 207,284 had also been reconciled in the accounts was on 30-6-1983.

626. The Committee observed that Audit should also verify the latest position and reconcile the accounts regularly. The paragraph was deemed as settled.

627. *Unlocated stores worth Rs. 3,848,003 [Para 46 (c), page 56-AR—WAPDA].—*Audit had verified the position stated by the department in their reply to audit objection. The paragraph was, therefore, dropped.

628. *Difference of Rs. 452,435 in (Store Account and minus expenditure of Rs. 31,322 under head stock (Para 46 (d) page, 56-AR—WAPDA).—*It was stated by the department that net difference after accounting for minus balance of Rs. 31,322 was Rs. 452,435. The same had been adjusted in 6/83. Audit informed the Committee that the adjustment had been verified.

629. *The Committee, however, directed that the department should find out the ways and means to avoiding difference in stock Account and take action to reconcile the difference and make every efforts to stop minus account. The paragraph was deferred for explaining minus expenditure.*

630. *Difference of Rs. 9,353 in various sets of Account [para 46 (a), Page 56-AR—WAPDA].—*The Committee noted that the difference in accounts was still under verification by Audit. The Committee therefore, decided that the paragraph may be dropped subject to verification by Audit to its satisfaction.

631. *Holding of Stores without sanction to reserve stock limit Rs. 51,072,907 (Para 47, page 56-AR—WAPDA).—*The department informed the Committee that the sanction to reserve stock limit had been accorded by the competent Authority. Thereupon, Audit pointed out that the copies of *ex-post facto* sanctions

accorded by the S.E. 4th Circle, Lahore for stores worth Rs. 19,786,527 had been received in the Audit Office. Those for balance stores valuing Rs. 31,286,380 were still awaited.

632. In view of the above position, the Committee directed that the Authority should consider bringing down the limit of spares to actual requirements or nearly actual requirements and also lay down a strict drill for annual review, for this purpose. Subject to the above observation the paragraph was dropped.

633. *Non-maintenance of store accounts (Para 48, page 57—AR-WAPDA).*—Audit pointed out that on verification on 28-7-1984, ledgers were still found incomplete and were promised to be completed in a fortnight.

634. A member of the Committee remarked that the Authority did not keep the record up-to-date and asked whether the department had taken any disciplinary action against the Accountant, as considered appropriate in the departmental meeting.

635. The Committee, directed that the department should take action against the Accountant and Audit should also verify that the ledgers had been brought up-to-date. Subject to verification by Audit the paragraph was dropped.

636. *Delay in finalising pension and fund cases (Para 49, page 57—AR—WAPDA).*—Audit had pointed out that the final payments of Pension Gratuity and Provident Fund to the employee's bereaved families were delayed by three months to five years in 330 and 692 cases out of 686 and 790 cases respectively, which were finalised during 1981-82. In 45 cases the officials retired before June, 1982 but payments of pension were not made even upto January, 1983. This resulted in financial hardship to the beneficiaries. Effective measures needed to be taken for timely payment in future.

637. The department *inter alia* explained that in order to overcome these draw backs the Authority had appointed an expediting officer who visited the various formations of WAPDA and assisted the administrative agencies to initiate pension cases correctly. Moreover, efforts were constantly made to impart training to the employees as well as initiating officers in the correct preparation of pension papers. This had been done by widely circulating instructions and pension rules in the form of small pamphlets both in Urdu and English. It had borne fruit and number of unsettled claims and considerably decreased.

638. Thereupon, Audit made out in their comments that the results of efforts arranged through the appointment of expediting Officers by WAPDA would be awaited.

639. A member of the Committee appreciated that there was considerable progress.

640. The Committee, however, observed that the procedure should be reviewed by the Authority periodically, for improving pension payments. Subject to verification by Audit the paragraph was dropped.

641. *Outstanding inspection reports (Para 50, pages 57-58-AR—WAPDA).*—The Committee observed that outstanding inspection reports had already been discussed. The paragraph was, therefore, dropped.

642. *Loss of revenue of Rs. 418,522,700 due to non-accounting of energy (Para 51 (a), pages 58-59-AR—WAPDA).*—Audit had reported that the Revenue Account of Electricity Operation Branch for the year 1981-82 showed that 14,768 million units were generated out of which 10,288 million units were actually sold. The difference of 4,480 million constituting 30.3 percent of the energy generated thus remained unaccounted for.

643. The department furnished a detailed reply to the Audit objection depicting all the facts leading to technical losses. In the end, the department pointed out that the efforts by WAPDA succeeded in reducing the losses (difference between gross generation and units sold considerably between the years 1976-77 and 1981-82.

644. The department further brought to the notice of the Committee that it was an admitted fact that stealing of energy had become a social evil like many other prevailing in society. A member of the Committee drew attention of the departmental representative to the table recording the percentage of distribution losses which had increased considerably as compared to the previous years percentages, and enquired as to why there was a wide variation? The departmental representative explained that in Baluchistan they do not give bills. The Authority get permission from the Martial Law Authority to out Feeders. The Authority had cut the feeders but again the Martial Law Authorities ordered to re-install them. The departmental representative further intimated that the heaviest losses were on tubewells and on small industries like Ice Factories and, ginning factories, foundaries and also where there was upper class, middle class people who can afford to pay air-conditioners but cannot pay for power consumption. The highest theft rate was in Lahore (Gulberg) because everybody can afford air-conditioner on which they can spend five thousand rupees a month but they cannot even pay five hundred rupees for power consumption. Wherever there are bigger factories consuming more than a kilowatt of energy, officers go to check and the Authority monitored very carefully. In Faisalabad the losses are low. In Islamabad there are Government employees and they do not dare to steal. The departmental representative also further informed the Committee that the greatest saving for reduction in losses were in generation and transmission.

645. After hearing the above explanation from the departmental representative and after a detailed discussion, the paragraph was dropped.

646. *Loss of revenue Rs.2,984,799 [Para 51 (b), pages 59-60-AR—WAPDA].—* According to Audit, it was noticed during audit of Revenue Officers, Bannu and Sawabi that 88,838,537 units, excluding the line losses, were shown as sold by the Sub-Divisional Officers whereas 75,745,891 units were billed by the Revenue Officers. Thus 13,092,646 units remained un-charged which resulted in loss of Rs. 2,984,799 to the Authority. The matter was taken up with the Authority, in March, 1980, February, 1981, and January, 1983 but no action had been taken to fix responsibility and to effect recovery from the persons at fault.

647. The department stated that the action was being taken against the Sub-Divisional Officers for supplying incorrect figures of units old in Statistical Return.

648. After discussion, the Committee directed that WAPDA should check and ensure whether the prescribed procedure was being followed in this case. Audit should also test check the implementation of the prescribed procedure. Subject to such check, the paragraph was dropped.

649. *Loss of revenue Rs. 70,000 (approx) [Para 51 (c), page 60-AR—WAPDA].—* The department explained that the S.D.O. Kasur Sub-Division No. 2 was held responsible for taking into consideration 1,416,000 units instead of 1,166,000 while calculating percentage of line losses of Hussaini wala Feeder for the month of August, 1978. The said officer was removed from service on 27-7-1982. Thereupon, Audit pointed out that a copy of the removal orders of the S.D.O. had not been supplied to Audit Office.

650. The paragraph was dropped subject to the satisfaction of Audit about the removal of the S.D.O.

651. *Functioning and performance of Internal Audit Division (Para 52, pages 60-61-AR—WAPDA).—* Audit pointed out in their comments on the reply of the department that 2, 862 Inspection Reports and 5,716 stock verification Reports issued by internal audit were outstanding on 30-6-1986. As such, prompt attention to audit observations was called for, otherwise the very purpose of audit would be defected.

652. After deliberation, the Committee directed that WAPDA and Audit should discuss the procedure and where necessary, improve it. Subject to the direction, the paragraph was dropped.

Comments on Balance Sheet of Water Wing as on 30th June, 1982

653. *Non-transfer of cost of completed projects [Para 53 (i), page 61-AR-WAPDA].*—Audit had pointed out that the Schedule W-12 attached to the Balance Sheet indicated that an expenditure of Rs. 47,293,374 had been incurred on the completed projects. The projects valuing Rs. 1,852,116,926 were completed prior during the year 1981-82. All these projects should have been handed over to the Provincial Governments. This point was raised in the Audit Reports of previous years also but no action had been made. The reasons for non-transfer of completed projects to the Provincial Governments were required to be indicated.

654. Audit further mentioned that the Authority replied that the case regarding the transfer of cost of the completed projects had been referred to the Accountant General concerned to incorporate the cost in their books., so that the same might be transferred out from WAPDA's books. Final action taken into matter would be awaited.

655. The department explained that all projects shown as completed in Schedule W-12 attached with the Balance Sheet of Water Wing as on 30-6-1982 had been physically handed over to the Provincial Governments except Sukkur Guddu Drainage. This was a general Investigation Scheme and had been included in the Schedule of Completed Projects inadvertently. Necessary correction would be made in the Balance Sheet as on 30-6-1984. The Authority further stated that while discussing the Audit Report for year 1979-80 on 22-10-1981, Chairman PAC observed, *vide* Para 707, page 229 of their Report for 1979-80 that in this opinion, the basic issue, whether capital cost would be debited to the Provincial Government had not been decided upon by the Federal Government. Accordingly, the matter had been referred to the Ministry of Water and Power for taking a decision in consultation with Ministry of Finance.

656. A member of the Committee remarked that WAPDA should take cost of the completed projects less grant in respect thereof. He further stated that the Authority were not eliminating the projects but were showing both the entries. The Authority were indicating net result which the department had either got to receive from the Government or this grant given to the Authority was a liability. These were all completed projects to be transferred to the Provincial Governments. The projects were not longer the responsibility of the Authority. The departmental representative submitted that there was another item which was a debt service liability. Thereupon, the same member enquired as to whether it was the only debt service liability in respect of foreign currency or local currency also. The departmental representative replied that debt service liability was in respect of both the currencies. The same member then observed that the Authority should transfer it. If Finance did not transfer then WAPDA should transfer it from their books.

657. After further discussion, the Committee finally directed that completed projects and their costs should be transferred to the Provincial Government at the earliest possible, in consultation with the Ministry of Finance.

658. Amount due from Mechanized Construction of Pakistan Ltd. Rs. 137,944,786 (Para 53(ii), page 62-AR - WAPDA).—Audit had reported that schedule W-2 attached with the Balance Sheet showed that a sum of Rs. 137,944,876 was recoverable from Mechanised Construction of Pakistan Ltd. The formation was created more than nine years back and the amount should have been recovered from it by now alongwith the interest at Commercial rate. It had also been observed that figures of the amount due had been fluctuating every year. This showed that actual amount due from the formation had not been finalised. The reasons for non-recovery of the amount were required to be indicated.

659. In their reply, the department referred to the meeting of PAC held on 27-8-1980 and stated that while discussing the Audit Report for the year 1977-78, the Committee desired (Para-1051) that loan liability of Power Wing should be reduced by the amount to be received from MCPL. In pursuance of this directive a series of meetings were held with MCPL. They eventually accepted WAPDA claims amounting to Rs. 132,759,724. WAPDA accepted MCPL claims amounting to Rs. 29,272,826. Thus the net amount recoverable from MCPL had come to Rs. 103,486,898. Apart from this principal amount, interest amounting to Rs. 99,683,302 was also recoverable. Accordingly, the Ministry of Water and Power had been requested to take up the matter with the Ministry of Finance for reducing loan liability of WAPDA by Rs. 203,170,200.

660. After discussion, the Committee decided that Audit should follow up matter. Subject to the direction, the paragraph was dropped.

661. Non-clearance of dues to and from other Wing. [Para 53 (iii), page 62-AR—WAPDA].—After having gone through the detailed departmental explanation and the Audit comments thereon, the Committee observed that in most of the cases Audit had verified and as such the paragraph may be treated as dropped.

662. Non-clearance of balances under the head "Sundry Debtors and other Debit Balances" (Para 53(iv), Pages 62-63-AR-WAPDA).—Audit had reported that Schedule C-2, and W-2-2 attached to the Balance Sheet of Water/Coordination Wing revealed that balances of Rs. 13,075,138 and Rs. 7,122,018 were lying un-cleared under the head Sundry Debtors and other Debit Balances. Effective steps were required to be taken to clear these balances expeditiously.

663. The department explained that the amount of Rs. 13,075,138 relating to Manager Finance (Coordination) had been reduced to Rs. 10,929,924. The department further stated that an amount of Rs. 7,122,081 relating to Water Wing

had been reduced to Rs. 3,787,185. This included sum of Rs. 1,966,323, on account of long term loans. The balance amount of Rs. 1,720,862, included only a sum of Rs. 369,541 pertaining to the period up to 30-6-1982, aging of which had been done. Efforts were being made to clear the balance amount. According to Audit comments on the above reply, reduction in balance to Rs. 10,929 million had been verified by Audit. Reduction of balance from Rs. 7,122 million to Rs. 3.687 million had also been verified. Clearance of the remaining amount would be awaited.

664. In view of the above position, the Committee observed that the major amounts appeared to be related to inter-departmental. There should be no accumulation. The Authority should be more careful that balances are not accumulated in future. Subject to the Comments, the paragraph was dropped.

665. *Amount recoverable from Government and other Agencies on account of deposit works Rs. 28,946,102 [Para 54 (v), page 63-AR-WAPDA].*—According to Audit, Schedule W7-4 and W-8-1 appended with the balance Sheet revealed that an expenditure of Rs. 28,946,102 on Deposit Works was incurred in excess of the amount deposited by the respective agencies.

666. The department stated that out of Rs. 29,946,102 pointed out by Audit, a sum of Rs. 23,952,998 had since been received/adjusted during the year 1982-83. The balance amount of Rs. 4,993,104 pertained to the various Deposit-Works. The Authority further explained that the case for recovery of this amount remained pending with the Government Adjuster for quite a long time. The Authority had then been advised by the Government Adjuster to take up the matter direct with the connected Agencies. The matter was being pursued vigorously.

667. After discussion, the Committee directed the departmental representative to take expeditious action to complete projects and the remaining balance should be recovered from other Agencies and reported to PAC through Audit. The Paragraph was deferred.

668. *Uncertified and increasing balance of stock [Para 53(iv), pages 63-64-AR-WAPDA].*—The Committee did not make any observation on this paragraph which was dropped.

669. *Non-recovery from Sind Government Rs. 9,837,488 [Para 53(vii), page 64-AR-WAPDA].*—Audit had pointed out that schedule W-2 attached with the Balance Sheet revealed that an amount of Rs. 9,837,488 on account of operation and maintenance charges of tubewells was due from the Sind Government at the end of the year 1981-82. The reasons for its non-recovery were required to be indicated.

670. The Authority explained that an amount of Rs. 30.903 million had since been settled and for the balance amount of Rs. 9.837 million, case for recovery had been taken up with the Sind Government and was being pursued.

671. A member of the Committee enquired as to whether Sind Government had paid the balance? The departmental representative replied in the negative. The Committee, therefore, made no further observation on this paragraph.

672. *Inter-office transactions lying uncleared Rs. 4,362,643 [Para 53 (viii), pages 64-65-AR—WAPDA].*—According to Audit, Schedule W-7 attached to the Balance Sheet indicated that a sum of Rs. 4,362,643 was lying uncleared under the head inter-office transaction.

673. Audit further reported that the account did not depict the true state of affairs as the final allocation of the expenditure on the clearance to suspense heads would change the figures of expenditure on various projects. Immediate steps for early clearance of the balances were required to be taken.

674. The Committee was informed that the amount had been reduced to Rs. 255,032 (Cr.) on 30-6-1983. Aging had been done and efforts were being made to clear this amount.

675. Thereupon, Audit commented that reduction in the amount had been verified. Clearance of the remaining amount would be awaited.

676. After discussion, the Committee directed that the exercise should be continued to clear the remaining amount. Audit should also follow it up subject to these directions, the paragraph was dropped.

677. *Non-recording of required certificates on the Balance Sheet [Para 53(ix), page 65-AR—WAPDA].*—Audit had pointed out that the requisite certificates had not been found recorded on the Balance Sheet. It was stated by the department that the certificates had since been recorded on the Trial Balances of the projects.

678. Audit maintained that non-recording of certificates on the Balance Sheet was being pointed out repeatedly and despite directives by the PAC in their meeting held in October, 1981 and commitment by the departmental representative that instructions had been issued for recording the certificates from 1980-81, the certificates had not been recorded.

679. The committee took a serious view of it and directed that as agreed, the Authority should record their certification on the WAPDA's Balance Sheet in future. Subject to compliance with the directive, the paragraph was dropped.

Comments on the Balance Sheet of Power Wing as on 30th June, 1982

680. *Repayments for Rs. 11,262,270 [Para 54(i), page 65-AR—WAPDA].*—The Committee noted that the Audit had made no comments on the reply of the Authority. As such, the paragraph was treated as dropped.

681. *Transfer of funds in excess of actual requirement—Rs. 29,146,332 [Para 54(ii) (a), page 66-AR—WAPDA].*—According to Audit, the statement of analysis of expenditure on construction work in progress as on 30th June, 1982 indicated Cash and Bank balance of Rs. 29,146,332 against various Projects. This showed that funds were transferred to them in excess of actual requirement which needed to be justified.

682. After going through the reply furnished by the Authority against the Audit objections, it was commented by Audit that the position given could not be verified as the names of the Projects on which these amounts were held, were not indicated.

683. After discussion, *the Committee directed that the amount, which became surplus on Deposit Works, should be kept separately in Head Office and should not be retained by the Projects concerned.*

684. *Transfer of expenditure to Electricity Operation Branch in excess of expenditure actually charged to final head of account—Rs. 216,887 [Para 54 (ii) (b), page 66-AR—WAPDA].*—The Authority admitted the mistake which was due to oversight and stated that adjustment had been in the accounts of June, 1983.

685. The committee then observed that subject to verification by Audit the paragraph may be dropped.

686. *Accounts payable [Para 54 (iii), page 66-AR—WAPDA].*—The Authority explained that all the amounts had been cleared except an amount of Rs. 3.55 lacs which related to income tax. Efforts were being made to clear the same.

687. The Committee, thereupon, decided that the paragraph be dropped subject to verification by Audit.

688. *Debtors and Advance—Rs. 106,169,180 [Para 54 (iv), pages 66-67-AR—WAPDA].*—A sum of Rs. 106,169,180 is shown in the Balance Sheet on account of Debtors and Advances as detailed below :—

(a) Miscellaneous Debtors	..	--	--	33,001,976
(b) Miscellaneous Advances	..	--	--	66,775,411
(c) Loans and Advances	..	..	--	2,704,507
(d) Government Accounts recoverable		--	--	3,650,000
(e) Temporary Advance to Resident Representative Karachi	--	--	..	37,286
			Total ..	<u>106,169,180</u>

689. Audit further reported that the aging of these balances was not supplied to Audit as such the correct and realistic status of each outstanding item could not be ascertained.

690. The department explained that out of Rs. 106.169 million, clearance of Rs. 85.686 millions had been made as detailed below :—

				(Rs. in million)
(a) Miscellaneous Debtors ..	..	..	..	31.116
(b) Miscellaneous Advances ..	..	..	..	53.326
(c) Loans and Advances to staff ..	..	..	..	1.211
(d) Temporary Advance ..	..	..	..	0.033
Total ..				85.686

691. The department assured the Committee that efforts were being made to clear the outstanding balance of Rs. 20.483 million. Audit made out in their comments that clearance of Rs. 37,182,581 could only be got verified against the amount of Rs. 85.686 million. Results of the efforts made to clear the outstanding balance of Rs. 20.483 million would be awaited. Audit further pointed out that age analysis of the outstanding debits would still to be carried out.

692. *The Committee, therefore, directed the departmental representative to look into the matter and get the outstanding balance cleared as expeditiously as possible and then report back to Audit.*

693. *Miscellaneous and Sundry items [Para 54 (v), page 67-AR—WAPDA].—* After having gone through the explanation of the department and the Audit comments thereon, *the Committee directed the departmental representative to look into it and furnish full information to Audit about the final settlement with the Government of Pakistan in regard to the expenditure incurred on the import of flood control machinery. A report may also be given to Audit about the clearance of old Sundry items. Audit should report back to the Committee. The paragraph was deferred.*

694. *Difference in book balances [Para 54 (vi), (a), page 68-AR—WAPDA].—* Audit had pointed out that in the Schedule of Current Account attached with the Balance Sheet differences Rs. 1,509,535 had been shown in respect of various formations. Reasons for these differences needed to be stated and reconciliation thereof be carried out expeditiously.

695. Audit had gone through the reply given by the department and commented that the reasons for the differences had not been stated. Adjustments made could not be verified as too much verification was involved. The Committee

directed the departmental representative to see to it and efforts should be made to clear the differences as quickly as possible. Subject to the directions, the paragraph was dropped.

696. [Para 54 (vi) (b), page 68-AR—WAPDA].—Audit had agreed with the position as stated by the department in their reply. As such, the paragraph was treated as dropped.

697. *Certificates not recorded on the Balance Sheet* [Para 54 (vii), pages 68-69-AR—WAPDA].—The Committee observed that this paragraph had already been dealt with and as such no further observation was made necessary.

Comments on Balance Sheet of Electricity Operation Branch as on 30th June, 1982

698. *Increase in the stock balance* [Para 55 (i) (a), page 69-AR—WAPDA].—The Authority explained that the increase in stock balances was due to escalation in prices and increase in WAPDA activities because of installation of more connections and village electrification. The department further stated that the Authority had set up inventory control management in order to exercise better control over stores of Power Wing. The procedures adopted by the Distribution side in the first phase and as a result of this Distribution, stores had decreased from Rs. 992.4 million in 1981-82 to Rs. 861.8 million in 1982-83. These procedures would also be applied in Generation and transmission & Grids to have a better control over the stores inventories.

699. Thereupon, Audit pointed out in their comments that increase in stock balances had not adequately been explained by quantifying the increase in the activities of WAPDA with reference to previous year and also with reference to receipts and utilization of stores during the years.

700. The Committee observed that the issue was already under consideration and as such the paragraph was treated as dropped.

701. *Non-reconciliation of stores* [Para (55) (i) (b), pages 69-70-AR—WAPDA].—The Committee decided to drop the paragraph subject to verification by Audit.

702. *Non-adjustment of Rs. 40,647,438* [Para 55(i)(c), page 70-AR—WAPDA].—The Committee did not make any observation on this paragraph except that this amount had been included in another paragraph 55(ix). This paragraph was treated as dropped.

703. *Heavy uncleared balance on account of inter-office transactions* [Para 55(ii), pages 70-71-AR—WAPDA].—Audit had drawn attention to a heavy balance of Rs. 114,181,454 against the suspense head of account "Inter-Office Transactions Uncleared" and the break-up of the same as shown below :—

(a) Generation	19,249,339
(b) Transmission	1,130,118
(c) Distribution	93,801,997
Total ..	<u>114,181,454</u>

704. Audit further reported that the year-wise detail of the above balances had not been given in the absence of which, of the period date from which these transactions were pending un-adjusted, could not be ascertained. Concerted efforts made in clearing this balance were required to be indicated.

705. The department stated that the clearance of Rs. 20.063 million had been made. Efforts were being made to clear the balance. Year-wise details were also being compiled.

706. The Committee observed that clearance was not satisfactory and directed the departmental representative to take expeditious action to clear the balances and report to Audit. The paragraph was dropped.

707. *Non-realisation of electricity duty—Rs. 101,286,000* [Para 55 (iii), page 71-AR—WAPDA].—The department informed the Committee that the recovery of unrealised electricity duty was tied up with the realisation of electricity bills. Services of Tehsildars had been hired for recovery of WAPDA dues as Land Revenue. When these were realised, the electricity-duty would automatically be realised. Accordingly, the Committee directed the departmental representative to take quick action in regard to realisation of the electricity duty and therefore after reported to Audit. The paragraph was dropped subject to verification by Audit.

708. *Heavy balances against the head "Other Debtors"* [Para 55(iv), pages 71-72-AR—WAPDA].—According to Audit, heavy balance of Rs. 102,265,578 had been shown in the Balance Sheet against the suspense head of account "Other Debtors". The department explained that an amount of Rs. 36.503 million had since been cleared. Efforts were made to clear the balance of Rs. 65.762 million.

709. In view of the above position, the Committee decided that the paragraph may be dropped subject to verification by Audit.

710. *Cash in transit—Rs. 156,321 [Para 55(v), page 72-AR—WAPDA].*—As Audit had verified the adjustment made by the department, the paragraph was dropped.

711. *Non-reconciliation of balances—Rs. 7,329,302,902 [Para 55 (vi), page 72-AR—WAPDA].*—The department intimated that the balances were due to non-accountal by Divisional Offices of debit/credit advices arising from super-scribed cheques. These balances had been reconciled and efforts were being made for their clearance.

712. In view of the above position, the Committee asked the Audit to follow up the reconciliation and, subject to that directive, dropped the paragraph.

713. *Amount shown against "Pre-payments—Rs. 742,744 [Para 55(vii), Page 72-AR—WAPDA].*—The department informed the Committee that the entire amount had been cleared and Audit also confirmed it. The paragraph was, therefore, dropped, subject to verification by Audit.

714. *Non-recovery from the consumers [Para 55 (viii), Page 73-AR—WAPDA].*—According to Audit, a sum of Rs. 1,181,562,322 had been shown as outstanding in the Balance Sheet against the head of account Debtors for Energy after deducting the provision for bad debts of Rs. 129,736,341 from the total amount of Rs. 1,311,298,663. Schedule No. 2 furnished with the Balance Sheet indicated that arrears of Rs. 600,103,000 were over one year old. This showed that effective steps were not being taken to recover the amount from the consumers concerned. Efforts made for expediting recovery were required to be given.

715. The department stated that Energy Debtors amounting to Rs. 1.182 million included sizeable amounts recoverable from Government agencies and local bodies. The matter regarding recovery of WAPDA dues from the organisations concerned was being continuously and vigorously pursued with them.

716. The Committee took a serious view of the huge amount of arrears and directed the Authority to report the up-to-date position of arrears to the Ministry, who may consider going to the Cabinet for their directive to various concerned organisations for prompt clearance of the outstandings against them. The Committee further directed that the department should really go through this case and that Audit should watch the developments. As the matter will come up in the following years' accounts, this paragraph was dropped.

717. *Accounts payable—Rs. 542,790,008 [Para 55. (ix) (a), pages 73-74-AR—WAPDA].*—Audit confirmed that the clearance of Rs. 440.612 million had been verified.

718. Thereupon, the Committee directed the Audit to watch the clearance of the balance amount. The paragraph was treated as dropped.

719. *Other deposit Rs. 243,858,112 [Para 55 (ix) (b), page 74-AR—WAPDA].—* Audit pointed out that of the balance of Rs. 675,712,048 shown in the Balance Sheet against the head Deposit, a sum of Rs. 243,858,112 was lying under the sub-head Other Deposit. The period to which these deposits related and the circumstances under which these were outstanding were required to be given.

720. The department responded that Rs. 134.311 million had been cleared, and the balance of Rs. 109.547 million included an amount of Rs. 43.0 million taken over from Government on 1-4-1959. Another amount of Rs. 47.7 million represented the amount recovered from suppliers on account of liquidated damages which were awaiting final adjustment. Efforts were being made to clear the remaining balance of Rs. 18.847 millions.

721. In view of the above position and after discussion, the Committee decided to drop the paragraph subject to verification by Audit of the position given by the Department.

722. *Certificates not recorded on the Balance Sheet [Para 55(x) page 74-AR—WAPDA].—*The Committee observed that this paragraph had already been discussed and as such it was dropped here.

Indus Basin Projects

723. *Non-recovery of Rs. 1,125,277,762 advanced to contractor for repair of damaged works (Para 56, pages 75-76-AR—WAPDA).—*As this paragraph had been discussed last time, it was dropped here.

724. *Shortage of TP articles—Rs. 331,039 (Para 657, page 76-AR—WAPDA).—*After examining the Audit objection, reply of the department and detailed comments offered by Audit on such reply, the Committee directed that Audit should follow it up. Subject to such directive, the paragraph was dropped.

725. *Embezzlement of stores worth Rs. 166,596 (Para 58, pages 76-77-AR—WAPDA).—*During the audit of workshop store accounts of Tarbela Dam Project it was noticed that a large number of spare parts of vehicles like batteries, diesel pumps, tyres, tubes etc. and other valuable material were shown as "Stolen" in the store ledgers.

726. The department explained that as against audit figure of Rs. 166,596 the Complaints and Investigation Directorate of WAPDA in its report of March, 1928, established embezzlement of stores worth Rs. 238,382 and held four officers or officials responsible for the shortages. Charge Sheets were served upon the persons concerned. Upon receipt of defence reply of Resident Engineer (Workshop), the Authority ordered a departmental inquiry headed by a Chief Engineer. Inquiry Officer absolved the Resident Engineer of the charge of negligence stating

that he was required to exercise general supervision only. The Inquiry Report was considered by the Authority and the Resident Engineer was exonerated and the other three persons were held to be responsible for the loss.

727. A member of the Committee observed that Audit should see as to why the Inquiry Officer had absolved the Resident Engineer. If material had disappeared, was stolen or embezzled, the Authority should hold the senior Engineer responsible. The departmental representative replied that it would be better if the Authority review the matter.

728. *The Committee considered that the reply furnished by the Authority was not satisfactory and it directed that the Authority should give a full report to Audit who may revert back to PAC. The paragraph was deferred.*

729. *Extra expenditure of Rs. 132,992 due to incorrect and delayed award of a contract (Para 59, pages 77-78-AR—WAPDA).*—After examining the reply of the department and Audit comments thereon, the Committee observed that the concerned officers were being called upon to explain their failure to exercise prudence in this case. As such, the paragraph was treated as dropped, subject to satisfaction of Audit.

730. *Avoidable interest of Rs. 119,800 (including foreign currency of Rs. 41,480) on late payments (Para 60, pages 78-79-AR—WAPDA).*—The Committee did not make any observation on the paragraph and as such it was dropped.

731. *Non-recovery of liquidated damages-Rs. 60,000 (Para 61, page 79-AR—WAPDA).*—The Committee decided to drop this paragraph subject to the satisfaction of Audit.

732. *Extra expenditure of Rs. 8,316 on Authority's funds (Para 62, page 80-AR—WAPDA).*—Since the position stated in the reply of the department had been accepted by Audit, the paragraph was dropped.

Comments on the Balance Sheet of Indus Basin Projects as on 30-6-1982

733. *Incurring of non-reimbursable expenditure in excess of funds received from Federal Government [Para 63(f), pages 80-81-AR—WAPDA].*—According to Audit, scrutiny of the Balance Sheet revealed that non-reimbursable expenditure

of Rs. 439,117 was incurred in excess of fund received from the Federal Government as detailed below :—

	Rs.
Non-reimbursable Expenditure	2,632,062,260
Store	68,258,867
	<hr/>
	2,700,321,127
Funds received from Federal Government	2,699,882,010
	<hr/>
Expenditure incurred in excess on funds	439,117
	<hr/>

Audit further reported that the excess of expenditure over the funds provided by Federal Government needed to be justified. The source from which the excess was met was needed also to be intimated.

734. The department stated that the expenditure upto 30-6-1983, had been verified by Audit with the amounts received from Federal Government. As a result of this verification, excess receipts of Rs. 111,305 were deposited into Treasury.

735. Audit commented that the reply given by the department did not contain justification for the excess expenditure of Rs. 439,117 over the funds provided by Government nor did it indicate the source from which it was met.

736. The Committee directed the departmental representative to furnish a fuller report to Audit. Subject to the directive, the paragraph was dropped.

737. *Incurring of reimbursable expenditure of Tarbela Dam Project in excess of funds received from Tarbela Dam Development Fund and Kuwait Development Fund and Saudi Development Fund [Para 63 (ii), page 81-AR-WAPDA].*—Audit had pointed out that scrutiny of the Balance Sheet revealed that reimbursable expenditure of Rs. 91,374,986 was incurred in excess of funds received.

738. Audit further reported that such excess of expenditure was required to be justified and action taken to obtain its reimbursement. It was explained that figures were being reconciled and Audit would be informed on their finalisation. The results of reconciliation would be awaited.

739. After examining the reply of the department and the Audit comments thereon, the Committee observed that these were the same questions which were asked in the previous meeting of the PAC. This paragraph was, therefore, dropped subject to satisfaction and verification by Audit.

740. *Draw. of funds in excess of actual requirement [Para 63 (iii), page 82-AR-WAPDA].*—The Committee did not make any observation on this paragraph and as such it was dropped.

741. *Certificates not recorded on balance Sheet [Para 63 (iv), page 82-AR--WAPDA].*—Audit informed the Committee that the department had not recorded the requisite certificates on the Balance Sheet. *The Committee directed the Departmental representative to do the needful and report to Audit.*

**COMPLIANCE OF THE POINTS RAISED IN THE PAC REPORT FOR
1979-80 WITH AUDIT COMMENTS**

742. *Non-recovery of Rs. 4,024,614 as cost of energy from two consumers (Para 2, page 3-AR--WAPDA). (Paras 698—651, pages 217—218-PAC Report 1979-80).*—The Committee had previously directed that the department should satisfy Audit that all possible steps were taken by them to recover the amount. There was no report from the department.

743. It was observed that as a result of the check conducted by Audit in April, 1983, that no recovery had been effected from both the consumers, their cases were forwarded by the C.D. Khairpur to the Recovery Officer WAPDA at Sukkur in September, 1982, for recovery as arrears of Land Revenue. Audit also emphasized that this amount was outstanding since 1966.

744. *The Committee concluded that it was not a very satisfactory compliance report. The paragraphs were, deferred for a fuller report.*

745. *Loss of Rs. 2,235,122 due to non-recovery of liquidated damages and payment of overhead charges (Para 3, pages 3-4-AR--WAPDA) Para 652, Page 218-PAC Report 1979-80).*—The consideration of this paragraph was previously deferred for want of proper explanation to be furnished by the department. In compliance with the Committee's directive a comprehensive reply had been given by the Authority giving the full facts.

746. Audit had pointed out in their comments that the contractor was required to complete the work up to 8-8-1968. He was granted extension for one year i.e. up to 8th August, 1969 and was thus compensated for non-fulfilment by WAPDA of the obligation of grant of mobilisation advance in time. As he failed to complete the work even within the extended period, further extension in time was refused and liquidated damages amounting to Rs. 2,140,054 were correctly levied. As such, the Authority did not make any default so far as the non-granting of subsequent extension was concerned. The other obligations in this case had not been spelt out by the Authority. Overhead charges had been incurred because of failure of the contract to complete the work within the extend period. As such payment of these charges amounting to Rs. 95,068 put the Authority to a loss.

747. Audit further pointed out that the reasons for which the counter claim of Rs. 2,140,054 was withdrawn, before the award was announced by the Arbitrator, had not been indicated. The action taken against the officer who failed to

furnish correct information to the Authority resulting in a wrong decision being taken, as contended by the Authority had not been given.

748. *After discussion, the paragraph was again deferred to give time to Audit to satisfy itself and report back.*

749. *Extra payment of Rs. 2,160,000 to a foreign firm (Para 4, pages 4-5-AR—WAPDA) (Para 653, Page 218-PAC Report 1979-80).—Audit pointed out that the explanation of the Ministry was still awaited. Delay on the part of the Ministry in taking action and on the part of WAPDA in not following it up the matter was apparent.*

750. In view of the above position, the Committee directed the departmental representative to supply a copy of the working paper to Audit who would examine it and then come to PAC, if necessary. Subject to the verification and satisfaction of Audit the paragraph was dropped.

751. *Blocking of Funds of Rs. 2,099,875 due to Bad Planning (Para 5, Page 5-AR—WAPDA). (Para 654, page 218, -PAC Report-1979-80).—The departmental representative had previously informed the Committee that the remaining 31 pumps would be utilised in the year 1979-80 and the following year. In compliance, the department stated that the pumps had since been transferred to other Projects for Utilisation.*

752. Thereupon, Audit asked for dates on which the pumps were transferred and the names of the Projects to which the transfers were made. Audit said they would await information on the final utilisation of 31 pumps costing Rs. 1,077,695 purchased in 1975. After discussion the paragraph was deferred by the Committee.

753. *Loss of Rs. 1,491,390 (DM 320,000) on account of interest allowed on delayed payment in foreign currency element (Para 7, Pages 9-10-AR—WAPDA) (Paras 658—660, Pages 219—220-PAC Report 1979-80).—The Committee had previously directed the departmental representative to check whether interest was charged on the gross amount claimed or that the amount of WAPDA's admitted claim was deducted therefrom before calculating interests. In compliance, the department explained that interest had been paid on the gross with held amounts, without deduction of WAPDA claims admitted.*

754. As these appeared to be same doubt on the factual position, the Committee directed that the departmental representative should again check as to whether interest had been paid on the gross with-held amounts or had been paid on the balance after the deduction of the WAPDA claims which were admitted. If the former was the position, the matter would come back to the Committee and if the latter, then they should satisfy Audit.

755. *Loss of Rs. 988,000 due to burning of transformers (Para 9, page 11-AR—WAPDA) (Paras 662—664 pages 220-221-PAC Report 1979-80).*—The Committee noted that WAPDA had not furnished their reply. However, Audit pointed out in their comments that it was verified from the record of the Executive Engineer (E) that 65 transformers costing Rs. 762,100 were actually damaged. Out of these 46 were installed after repairs. 14 were damaged beyond repairs and 4 Line Superintendents were held responsible for damage to eight of them. Record in respect of 5 transformers was not produced. Information about the final action taken to regularise the loss and disciplinary action taken against those held responsible would be awaited.

756. *In view of the above position, the Committee directed that Audit should pursue the matter and then come back to the PAC, if necessary.*

757. *Loss of Rs. 748,932 due to damage of transformer (Para 11, page 12-AR—WAPDA) (Pages 666—669, pages 221-222-PAC Report 1979-80).*—Earlier in this case Audit had been requested to see from the records as to when the department took up the matter with the Insurance Corporation. The departmental representative had also been directed to ask the full details available to Audit. In compliance, the department explained that the Director (Insurance) WAPDA, requested National Insurance Corporation on 17-8-1987 for the appointment of a Surveyor for the assessment of the loss.

758. Audit confirmed the position, but stated that the Surveyor asked certain information from WAPDA on 9-9-1976 which was not supplied to him up to 2-4-1978 when he assessed the loss at Rs. 110,000 on the basis of his technical knowledge and experience against the loss of Rs. 748,932 claimed by the Executive Engineer T&G, Construction Division Faisalabad. The Insurance Corporation further reduced the assessed loss to Rs. 90,000 and a cheque for this amount was issued to Authority in December, 1983. This amount, *prima facie*, appeared to be inadequate. The transformer was repaired by the Supplier free of cost and was lying in Shalimar Stores. The reasons for its not being put into operation had not been given.

759. *In view the Audit Comments, the Committee deferred the paragraph for further information from WAPDA.*

760. *Shortage of Stores worth Rs. 592,134 [Para 12 (1) to (6), pages 12-15-AR—WAPDA] (Paras 670-671, page 222-PAC Report 1979-80).*—A member observed that the Committee had previously requested Audit to pursue the case and report back. The departmental representative was also directed to follow it up. The departmental representative informed the Committee that the department had followed it up and that out of Rs. 6 lacs only Rs. 30,000 had been left.

761. A member drew attention of the departmental representative to the report of the Line Superintendent which was considered bogus by the concerned authorities and disciplinary action was stated to have been initiated against him. The departmental representative admitted that it was an outright case of negligence.

762. *After discussion, the Committee directed Audit to follow it up and then come back to PAC.*

763. *Loss due to theft and damages of electrical material, Jeep and Motor Pump etc. Worth Rs. 3,086,226 [Para 13 (1) to (5), pages 15-18-AR—WAPDA] (Para 674, page 220-PAC Report 1979-80).—The Committee had previously directed Audit to follow up action in all these cases and report back, if necessary. Accordingly, Audit reported that the action for the losses amounting to Rs. 2,618,701 as detailed below was yet awaited :—*

						Rs.
Para 13(1)	..	..	..	..	..	1,969,837
13(2)	..	..	..	..	..	528,664
13(3)	..	..	..	..	..	97,000
13(4)	..	..	..	..	..	23,200
					Total ..	2,618,701

764. Audit further emphasized the need for expeditious action for their recovery or regularisation.

765. *The Committee finally decided that the Authority should clear the matter up and report to the Committee within three months. The paragraph was, therefore, deferred.*

766. *Payment of compensation for houses not existing at time of award—Rs. 450,487 (Para 14, page 18-AR—WAPDA) (Paras 673-675, pages 222-223—PAC Report 1979-80).—Audit reported that primarily the omission was by the concerned Executive Engineer who did not indicate the built up property in the estimates drawn up for the acquisition of land in Khanpur village on the basis of which awards were announced by the L.A.C. Audit further maintained that the land on which 26 houses were situated was acquired for using it as borrow area for the main dam. But it was not used as such and compensation amounting to Rs. 214,662 paid to the owners of the houses through supplementary award No. 111, became recoverable. Intimation about the final recovery of the above amount would be awaited. Audit also emphasised that WAPDA should also take possession of the land.*

767. After discussion, the Committee decided that the paragraph may be dropped subject to verification by Audit.

768. *Loss of Rs. 180,000 on manufacturing truck boides (Para 16, pages 20-21-AR—WAPDA) (Paras 677-678, pages 223-224—PAC Report 1979-80).*—The Committee had previously directed that the matter should be considered afresh. In compliance, the Authority explained that a review was carried out and the Chairman WAPDA enhanced the penalties, from (i) reduction in pay to the initial pay of Superintending Engineer and stoppage of three increments without future effect imposed by Member (Power) ; and (ii) to reduction in rank starting from the initial stage of Executive Engineer in National Pay Scale No. 18. The department further stated that the officer filed an appeal against the penalties imposed by Member (Power) and subsequently enhanced by the Chairman WAPDA in the Services Tribunal. The Services Tribunal set aside the punishments awarded by Member (Power) and Chairman WAPDA and ordered that the appellant should receive consequential benefits as if these two orders awarding punishments had never been passed. Accordingly, the officer had been re-instated to his substantive post of Superintending Engineer with all benefits.

769. Thereupon, Audit commented that an incomplete copy of the report of the Tribunal was supplied to Audit in April, 1984. It was observed from the said report that the Tribunal set aside the impunged orders of punishment passed by Member (Power) and the Chairman WAPDA because either the charges against the accused officer could not be proved or he was exonerated of the charges levelled against him because of infirmities and procedural irregularities on the part of WAPDA. Audit further stated that the loss of Rs. 180,000 was required to be written off but the write off sanction was not recovered.

770. A member of the Committee remarked that if the Services Tribunal was entitled to question a matter of fact, under the constitution the department could go to the Supreme Court. The departmental representative submitted that the Authority did not go to the Supreme Court and decided not to pursue the case further. *The Committee, however, directed the departmental representative to look into it and if found a fit case for an appeal in the Supreme Court, it should be processed. The paragraph was deferred.*

771. *Avoidable expenditure of Rs. 177,740 (Para 18, pages 22-23-AR—WAPDA) (Para 680, page 224—PAC Report 1979-80).*—The Committee had previously directed that action should be taken against the Consultant who was held responsible for the expenses. The Authority, in compliance with the Committee's directive, explained that any action against consultants was not possible at this stage as they had already left the country.

772. A member observed that in case it was not possible to take action against consultants, department should at least inform them as to what the PAC had decided in the matter. The departmental representative agreed and assured that the department would convey the displeasure of the Committee to the consultants.

773. The Committee decided to drop the paragraph.

774. *Non-recovery of Rs. 101,139 as double payment of land compensation (Para 19, page 23-AR—WAPDA) (Paras 681-682, page 224—PAC Report 1979-80).*—The Authority informed the Committee that the case was still with FIA. The Committee did not make any further observation and the paragraph was dropped.

775. *Extra expenditure of Rs. 84,663, on transportation of dimensioned packages by road instead of by rail (Para 21, page 24-AR—WAPDA) (Para 684, pages 224-225—PAC Report 1979-80).*—The Committee had previously observed that the department should satisfy Audit. As such this paragraph was not considered again by the Committee. Subject to satisfaction of Audit the paragraph was dropped.

776. *Non-recovery of electricity charges Rs. 70,087 (Para 22, pages 24-25-AR—WAPDA) (Paras 685—688, pages 225-226—PAC Report 1979-80).*—The Committee had previously directed Audit to follow up the case. In compliance, Audit made detailed comments which had been gone through by the Committee. The Committee decided that subject to satisfaction of Audit the paragraph be dropped.

777. *Less recovery of Rs. 25,216 due to billing to seasonal connection on regular basis (Para 23, page 25,AR—WAPDA) (Para 689, page 226—PAC Report 1979-80).*—The Committee did not consider this paragraph as the position was the same as in the foregoing paragraph. As such it was treated as settled.

Comments on the Balance Sheet of Water Wing as on 30th June, 1980.

778. *Unconfirmed balance of loans and grants [Para 32 (i) page 30-AR—WAPDA] (Paras 702—705, pages 2228-229—PAC Report (1979-80).*—Audit drew attention to the fact that the latest position of the amount of the Federal and Provincial Government Loans received, their reconciliation and confirmation by the concerned Accountants General and balances remaining un-reconciled called for from the Authority on 8-7-1984 was awaited. Compliance by Finance Division would also be awaited.

779. *The Committee observed that Audit should reconcile the accounts. The Authority was directed to produce information to Audit. The Committee further desired that WAPDA and AGPR should get together and sort this matter out and if deemed necessary, Audit should come back to PAC.*

780. *Non-transfer of value of completed projects [Para 32 (4) (a), pages 31-32-AR—WAPDA] (Paras 706—708, pages 229-230—PAC Report 1979-80).*—The Committee had previously directed that completion reports of 24 completed projects be expedited and a copy each of these reports also sent to the Committee, alongwith the up-to-date position of pending reports.

781. In compliance, Authority explained that out of 24 projects, completion reports of 15 projects had been furnished to the Ministry and Audit. Completion reports in respect of remaining projects were being expedited.

782. *The Committee, observed that the department should continue the work of Completion reports and try to complete them as early as possible.*

783. *Non-clearance of dues to and from other Wings Rs. 215,339,451 and Rs. 65,522,244 [Para 32(5), page 32-AR—WAPDA]. (Paras 709-710, page 230—PAC Report 1979-80).*—The Committee directed that Audit should follow it as this was a matter of accounting within the organisation, consequently and the paragraph was dropped.

784. *Certificates not recorded on the Balance Sheet [Para 32(8), page 34-AR—WAPDA] (Paras 711-712, Page 230—PAC Report 1979-80).*—No observation was made on this paragraph which was dropped.

785. *Confirmation of figures of loans received during 1979-80 [Para 33 (2), page 35-AR—WAPDA] (Paras 714—716, pages 230-231—PAC Report 1979-80).*—The Authority explained that a statement of completed loans as well as on going loans was prepared and was reconciled with the Economic Affairs Division. They were not carrying out the necessary reconciliation with Audit in accordance with the directives of PAC.

786. Audit stated that intimation about reconciliation of the loans by WAPDA was awaited. Audit maintained that a statement showing the cost of various Projects individually and the loans received against each of them required in paragraph 716 of the PAC's Report had not been made available to Audit.

787. In view of the position stated above, the Committee considered that this was a matter to be settled between A.G.P.R. and WAPDA. The paragraph was dropped.

Comments on the Balance Sheet of Electricity Operation Branch as on 30th June, 1980.

788. *Heavy suspense balance under Miscellaneous advances [Para 34 (I), page 42-AR—WAPDA] (Paras 720—722, pages 232-233—PAC Report 1979-80).*—The Committee observed that WAPDA and A.G.P.R. should settle the matter between them. The paragraph was, therefore, dropped.

789. *Overpayment of Rs. 324,024 as escalation in Rail freight due to misclassification of articles (Para 36, Pages 46-47—AR-WAPDA) (paras 724—727, pages 233-234—PAC Report 1979-80).*—The Committee had previously deferred the consideration of this paragraph and requested Audit to look into it again and report back. After examining the reply of the department and the Audit comments thereon, the Committee observed that if there was anything wrong with it, it should be settled, between Audit and WAPDA. Subject to the satisfaction of Audit, the paragraph was dropped.

790. *Outstanding recoveries. Rs. 1,731,665 pertaining to 1975-76 and 1976-77 (Para 739, page 237—PAC Report 1979-80).*—Earlier the Committee had directed that the department should explain to Audit their difficulties in effecting these recoveries. WAPDA had not furnished its reply. Audit commented that out of Rs. 1,731,665, recoveries amounting to Rs. 1,553,117 were still outstanding. Authority had not listed the difficulties in effecting recoveries.

791. A member of the Committee enquired as to why the department did not give the reasons to Audit and further remarked that it was now with the Audit verify the recoveries or to satisfy themselves that the recoveries were not possible. The departmental representative submitted that this amount had been written off.

792. Thereupon, the Committee decided to drop the paragraph, subject to the satisfaction of Audit.

793. *Payments of extra compensation of Rs. 1,499,440 to the land owners of a village (Paras 94-95, page 37—PAC Report 1975-76) (Paras 740—742, pages 237-238—PAC Report 1979-80).*—The Committee observed that the case was subjudice. Audit should follow it up. Subject to this are paragraph was dropped.

794. *Bogus payment of compensation of over Rs. 1 million plus 8 per cent compound interest thereon as a result of tampering the record (Para 96, Pages 37—PAC Report 1975-76) (Para 743, page 238—PAC Report 1979-80).*—The Authority informed the Committee that the records were returned by F.I.A. and were made over to Audit. The Authority further stated that as for Court proceedings, 41 criminal cases were tried in the Court of Special Judge (central) Anti-Corruption NWFP., Peshawar based on registration of F.I. Rs. by F.I.A. in all the cases the accused had been acquitted, and tampering of records had not been proved. However, records of 33 cases were returned by the Court.

795. Audit stated in their comments that in paragraph 96 of the PAC's Report for the year 1975-76, the Authority was directed to work out and inform Audit about the amount recovered. These directives had not been complied with

by the Authority. Audit further reported that record of 33 cases was produced to Audit. It was observed that these cases were decided against WAPDA because of the following reasons :—

- (i) WAPDA prosecution failed to work out the amount excess paid in each case.
- (ii) No hand-writing expert could be produced before the Court.
- (iii) Carbon copies of the Field Books and not the originals were sent to the hand-writing expert which was held inadmissible by Court.

796. A member of the Committee enquired as to the reason for which the Authority stated that it was not possible to recover the amount. It appeared to him that the Authority had failed to prove the excess payments and the Authority did not call for any hand-writing expert. It was obvious that this case had been badly conducted. The departmental representative submitted that the F.I.A. had registered a case on a complaint made to them. The F.I.A. investigated the case and they got the hand-writing expert's opinion. The departmental representative further informed the Committee that till such time as the Authority received the Judgement of the Court, it did not know as to what was happening.

797. After further discussion, *the Committee decided that the Authority had not followed this matter as carefully and forcefully as was necessary under the circumstances. After all the loss of over Rs. 1 million was not a trivial matter. It should even now see as to what can be done about it and furnish a fuller report to Audit, for submission to P.A.C. The paragraph was deferred.*

798. *Over-payment of Rs. 176,303 due to non-adjustment of ex-gratia payment (Para 97, page 38—PAC Report 1975-76) (Paras 744—747, page 238—PAC Report 1979-80).*—The departmental representative explained that the Authority had given the information to Audit. Part of the overpayment had been recovered.

799. After hearing the departmental representative, the Committee decided that subject to the satisfaction of the Audit, the paragraph be dropped.

800. *(Para 770, pages 242-243—PAC Report 1979-80).*—The Committee directed the departmental representative to furnish a copy of the latest accounts to Audit. The paragraph was dropped.

801. *Shortage of stores and T&P articles worth Rs. 124,789 (Paras 1061—63, page 23—PAC Report 1977-78) (Paras 771—773, page 203—PAC Report 1979-80).*—The committee observed that subject to the production of the record to Audit at an early date, the paragraphs be deemed to be dropped.

802. *Grant No. 190-Capital Outlay on Irrigation and Electricity (Page 235-AA) (Paras 645-646, pages 216-217—PAC Report 1979—80).*—A member had suggested that the Authority should consider keeping the loan accounts both in foreign

currencies and in rupees and the question of appropriate conversion rates should be examined. The departmental representative had promised to consider both these matters.

803. In compliance, the department explained that all withdrawals reported by World Bank had since been adjusted in the Government account upto 1982-83 except the following amounts which were being adjusted in the accounts for the year 1983-84 :—

IDA 771 PAK	..	..	..	..
IDA 581 PAK	..	..	..	..	\$ 4,000,000
Kuwait Fund, 141	..	..	..	..	KD 1,236,231,624
Saudi Fund	..	..	..	..	SR 89,914,751
EEC Special Action Credit	..	..	..	..	\$ 1,940,374

804. The department further stated that the loan accounts in Economic Affairs Division and also in WAPDA are now being maintained in Foreign Currencies as well. Prevalent exchange rates are applied while booking of loans in rupees and also at the time of their subsequent payment.

805. Audit maintained that as the information supplied by the WAPDA was not complete, it had been requested on 9-8-1984 to furnish the requisite information, which was still awaited.

806. In view of the position stated above, *the Committee directed that WAPDA should finalise the Accounts by November, 1984. Information may be obtained from the World Bank, U.S.-Aid and other agencies as needed.*

807. *Shortages/Surplus of stores valuing Rs. 182,226 and Rs. 24,015 (Para 183, page 59—PAC Report 1976-77) (paras 762-763, Pages 241-242—PAC Report 1979-80).—After going through Ministry's reply and the Comments of Audit, the Committee decided to drop the paragraph, subject to verification by Audit.*

SALINITY CONTROL AND RECLAMATION PROJECT-II

808. According to Audit, Salinity Control and Reclamation Project-II was launched in 1961 to arrest further water-logging and salinization of lands of Chaj Doab, to reclaim lands which had already deteriorated because of this menace, to substantially increase agricultural production from its previous low levels. The Project was conceived as a tubewell drainage-cum-irrigation project, supplemented with surface drains. The tubewells were to serve dual purposes, namely, to eliminate water-logging and salinity and to provide additional water for irrigation. Water-logging was to be removed by pumping out water from the ground water

reservoir items lowering of the water table. The tubewells supply was to hold remove shortage of water for irrigation, and a major portion of it mixed with canal waters would be utilised for leaching salts and removing salinity.

809. The Project, originally envisaged installation of 3,300 tubewells and digging of 450 miles of drains in the area at a cost of Rs. 300 million. It was revised in 1973, the scope of work was reduced and number of tubewells was fixed at 2665 and drains at 375 miles. Total cost, however increased to Rs. 743 million. Another revision was carried out in 1975 and the total cost this time was estimated at Rs. 1.923 million. In this revision, total of 3,026 tubewells were envisaged to be installed and 465 miles of drains to be excavated. In the third revision total cost was estimated at Rs. 1.527 million, while the scope of work had not changed significantly from that of the second revision. Originally the project was to be completed in a period of two years ending in 1963. As per latest revision, project was expected to be completed in June, 1984.

Economics of tubewells sizes

810. Audit had reported that the three cubic feet electric powered tubewell had a higher technical efficiency than the smaller sized tubewells. However, it has four disadvantages viz. (1) It is located at a long distance from many of the farms it serves and so its water is subject to relatively higher conveyance losses. (2) It requires additional investment for distribution channel improvements. (3) It must serve several farmers complicating the water distribution programme. (4) Its water supply is not under the control of a farmer.

811. The foregoing disadvantages tend to offset the larger tubewells higher technical efficiency. Audit further reported that if it was simply a question of cost, the three cfs tubewells appear to be more efficient. These tubewells have the least cost per acre feet. The Authority agreed with the Audit analysis and said that it was already following this policy of installing small capacity tubewells.

Economics of SCARPs

812. The departmental representative informed the Committee that they had started an accelerated programme for salinity control. They have also taken up the project of electrification. For this purpose WAPDA engaged two consultants for preparing studies for disinvestment in SCARP, and their reports were expected in the near future. The department were making every effort to replace worn out tubewells.

813. *After examining the report of the Auditor-General and the replies of the Authority, the Committee directed the departmental representative to supply transitional report about the tubewells to Audit as well as Secretary, National Assembly Secretariat.*

814. *Points not discussed to be treated as settled.*—The Committee did not make any observation on the other points (i) in the Appropriation Accounts, Audit Reports (Civil and WAPDA) thereon ; and (ii) the compliance papers on the PAC Report for 1979-80. These would be deemed settled, subject to such regularisation action as may be necessary under the rules.

815. The Committee then adjourned *sine-die*.

Islamabad, the 17th November, 1986.

M. A. HAQ,
Secretary.

FEDERAL COUNCIL SECRETARIAT

111

Tuesday, the 8th January, 1985

Thirteenth Sitting (PAC)

*2048. The Public Accounts Committee assembled at 9.00 a.m. in the State Bank Building, Islamabad, to continue examination of the Federal Accounts for 1981-82. The following were present :

PAC :

- (1) Mr. A.G.N. Kazi, Governor, State Bank of Pakistan .. *Vice Chairman.*
- (2) Akhunzada Bahrawar Saeed, Member, Federal Council. .. *Member.*
- (3) Mir Jam Ghulam Qadir Khan of Lasbela, Member, Federal Council *Member.*
- (4) Mr. Masarrat Hussain Zuberi, Former Secretary to the Government of Pakistan *Member.*
- (5) Mr. Abdul Qadir, Former Chairman, Railway Board .. *Member.*
- (6) Mr. Yusuf Bhai Mian, Chartered Accountant *Member.*

Federal Council Secretariat :

- (1) Mr. M.A. Haq, Secretary.
- (2) Ch. Abdul Qadir, Joint Secretary.
- (3) Mr. Muhammad Aslam, Deputy Secretary.
- (4) Syed Muhammad Ahmad, Assistant Secretary.

Audit :

- (1) Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
- (2) Mrs. Suraiya Hafeez, Deputy Auditor-General (CA).
- (3) Syed Iftikhar Shabbir, Deputy Auditor-General (Co-ord).
- (4) Mr. Khalid Rafique, Deputy Auditor-General (A&R).
- (5) Mr. M.A. Lodhi, Accountant General, Pakistan Revenues.
- (6) Syed Jameel Ahmad Zaidi, Director General, Railway Audit.

*Paragraphs up to 2047 pertain to other Ministries/Divisions.

Ministry of Finance :

(1) Mr. Manzur Hussain, Joint Secretary (Budget).

2048-A. *Accounts examined*—Accounts pertaining to the Ministry of Water and Power were examined by the Committee during the course of the day.

2048-B. The Committee first took up for its examination, the Performance Audit Report on Prestressed Concrete Pole Plants operated by the WAPDA of the Ministry of Water and Power. The following departmental representatives were present :—

- (1) Mr. Akram Khan, Additional Secretary.
- (2) Mr. Ziaul Qayyum, Deputy Secretary.
- (3) Mr. A.F. Sirajul Haq, Member Finance (WAPDA).
- (4) Mr. M. Ayub Sadozai, Member Power (WAPDA).
- (5) Mr. Tajammal Hussain, Chief Auditor (WAPDA).
- (6) Mr. Javed Akhtar, General Manager, (T&G) (WAPDA).
- (7) Mr. Rashid Chaudhry, Chief Engineer (Civil).

2049. According to Audit, WAPDA's Power development programme sought to enhance the generation, transmission and distribution capabilities to meet the growing demand for electricity. In order to increase transmission and distribution capabilities, new transmission and distribution lines were to be laid to carry power from the generating stations to the consumer's premises. The underlying purpose of constructing the prestressed concrete pole plants, was to meet the requirements of structures for future transmission on distribution lines.

2050. The project comprised four Prestressed Concrete Pole Plants. Three of these are located at Chichoki Mallian, Bulland Hills and Lodhran, while the fourth is situated in N.W.F.P. at Jahangira. The plants in the Punjab are expected to meet the requirements of the central parts of the country viz Sargodha, Lahore and Multan Regions, while the pole plant at Jahangira would cater for the needs of northern areas comprising N.W.F.P. and a part of the Punjab.

2051. The project was started in 1975 whereas it was approved by the ECNEC in May, 1979, when according to the scheduled programme it should have been completed. Thus the approval was not obtained at the proper time. i.e. before the start of the project.

Production

2052. Operation of the four plants was entrusted in the initial period of nine months to four contractors. The contracted production figures and actual production figures were as follows :—

Situation of plant	Contracted Production				Actual Production			
	31ft	36ft	55ft	X-Arms	35ft	36ft	55ft	X-Arms
1	2	3	4	5	6	7	8	9
Lodhran	2,640	4,620	—	—	1,289	1,809	—	—
Chichoki Mallian	2,640	2,310	708	342	1,952	1,680	—	—

1	2	3	4	5	6	7	8	9
Bulland Hill.	5,280	2,310	—	—	3,244	1,357	—	—
Jahangira	5,280	2,310	—	—	1,951	1,320	—	—
	15,840	11,550	708	342	8,436	6,166	Nil.	Nil.

While production in respect of 31 ft and 36 ft poles remained low, 55 ft poles and X-arms were not produced at all. WAPDA explained that in the PC-I proforma, it had been stated that the Plants would operate an average for 20 days per month. It was also mentioned that the plants would operate for 11 months in a year, the twelfth month being one for annual maintenance. The production of the first year had been taken at 75% of average production year thus the number of poles mentioned in the contract required eleven months of production as against nine months written erroneously in the letter of intent. The design of 55 ft poles had not been finalised till recently when after conducting requisite tests, regular production had been started at P.C. Pole Plant Chichoki-Mallian.

Financial Operations

2053. Audit had reported yearly allocation of funds and expenditure incurred there against as indicated below :—

(Figures in million of Rs.)

Year	Allocation as ADP			Annual Expenditure		
	Local	F.E.	Total	Local	F.E.	Total
1975-76 ..	10.00	7.50	17.50	3.50	7.50	11.35
1976-77 ..	32.70	5.00	37.70	11.00	6.00	17.00
1977-78 ..	8.00	1.00	9.00	7.90	1.00	8.90
1978-79 ..	22.00	0.40	22.40	22.40	—	22.40
1979-80 —	23.598	—	23.598	23.50	—	23.50
1980-81 ..	28.519	—	28.519	27.666	—	27.666

It would be evident from the above statement that the funds made available during the first two years, i.e. 1975-76 & 1976-77 could not be fully utilised which indicated that the manufacturing activities remained low.

2054. WAPDA explained that the four Pole Plants were to be constructed one each in Lahore, Multan, Peshawar and Sargodha Regions. The site for the Pole Plants at Lahore, Multan and Peshawar had to be charged twice, six times and four times respectively due to problem of land acquisition and litigation. That resulted in non-utilization of funds allocated to the Project and no payment-land

could be made as no work could be executed unless and until the possession of the land was taken. The purchase and despatch of the Pole Plants equipment was undertaken by Canadian Government in 1976 after the signing of the Agreement in March, 1975 and as such the amounts provided for the payment of customs duties, taxes and freight could not be utilised in 1975-76 and 1976-77.

2055. A member of the Committee enquired about the present position, of the utilization capacity in relation to the designed capacity. The departmental representative replied that during the year 1983-84, 36,000 poles were manufactured and that the designed capacity was not much higher than the production achieved.

2056. The Vice-Chairman enquired as to what was the total demand for poles and what was the quantity produced and what was the cost per pole? The departmental representative replied that production depended on size, that in 1983-84 WAPDA produced 22,600 poles and the cost of a 31ft pole was Rs. 1,177.

2057. Questioned as to why the demands were not met, when the production was there, the departmental representative answered that WAPDA did not have the experience of handling and transport of the poles.

2058. The Vice-Chairman remarked that if it was a problem of handling and transport why did the department not develop proper means of transportation and handling. The delay in doing so had affected the utilization of capacity which meant that WAPDA were not making proper use of their money. The departmental representative informed the Committee that WAPDA were now using the poles in the distribution system. It covered large areas of the country for installing these poles and a lot of people and various circles were involved. It was a logistic problem. The Authority was working on it and the authority had local contractors who were using local means of transportation for these poles. After a detailed discussion on this project, the Committee observed that as explained to the PAC there were no lack of demand for these poles. The only problem was of logistics, and the poles are now used not only for transmission, but also for distribution.

2059. *The Committee concluded that good use can be made of the plants in question provided that the following measures are adopted :—*

- (i) *Appropriate transportation and erection equipments are arranged and the handling problem tackled squarely.*
- (ii) *The staff is appropriately trained to handle the poles and also educated to get over, psychologically, their aversion to the handling and use of these poles.*

M. A. HAQ,
Secretary.

Islamabad, the

NATIONAL ASSEMBLY SECRETARIAT

Wednesday the 30th April, 1986

Sixth Sitting (P.A.C.)

*279. The Public Accounts Committee assembled at 0900 A.M. in the State Bank Building, Islamabad to continue the examination of the Federal Accounts for 1982-83. The following were present :—

P.A.C. :

- | | |
|---|------------------|
| (1) Sardarzada Muhammad Ali Shah, M.N.A. | <i>Chairman.</i> |
| (2) Sardar Aseff Ahmed Ali, M.N.A. | <i>Member.</i> |
| (3) Rai Arif Hussain, M.N.A. | <i>Member.</i> |
| (4) Ch. Muhammad Sarwar Khan, M.N.A. | <i>Member.</i> |
| (5) Mr. Shahabuddin Shah Hussainy, M.N.A. | <i>Member.</i> |
| (6) Mr. Miangul Aurangzeb, M.N.A. | <i>Member.</i> |
| (7) Malik Said Khan Mahsud, M.N.A. | <i>Member.</i> |

National Assembly Secretariat :

- (1) Ch. Abdul Qadir, Joint Secretary.
- (2) Mr. Muhammad Aslam, Deputy Secretary.
- (3) Mr. Gulzar Ahmed, Officer on Special Duty.

Audit :

- (1) Mr. Riyaz H. Bokhari, Auditor General of Pakistan.
- (2) Mrs. Suraiya Hafeez, Deputy Auditor General (CA).
- (3) Mr. S.I. Shabbir, Deputy Auditor General (Co-ord).
- (4) Mr. A.A. Zaidi, Deputy Auditor General (A&R).
- (5) Sh. Muhammad Sadiq, Accountant General, Pakistan Revenues.
- (6) Mr. Zia-ul-Haq Khan, Director General, WAPDA Audit.

Ministry of Finance :

- (1) Mr. Muhammad Rafiq Asghar, FA (Water & Power).
- (2) Mr. S.M. Badrul Hassan, DFA (Water & Power).

280. *Accounts Examined.*—Accounts pertaining to the Ministry of Water and Power were examined by the Committee during the course of the day.

*Paragraphs upto 278 pertain to other Ministries/Divisions.

MINISTRY OF WATER AND POWER

281. The Committee first took up for examination, the Appropriation Accounts etc. : pertaining to the above Ministry. The following departmental representatives were present :—

- (1) Mr. Abdul Wahab F. Sheikh, Secretary.
- (2) Mr. Zia-ul-Qayyum, Deputy Secretary.
- (3) Lt. Gen. Ghulam Safdar Butt, Chairman (WAPDA).
- (4) Mr. A. F. Serajul Haque, Member (Finance) WAPDA.
- (5) Mr. M. Ayub Sadozai Member (Power) WAPDA.
- (6) Mr. Asif H. Kazi, Member (Water) WAPDA.
- (7) Mr. Tajammal Hussain, Chief Auditor (WAPDA).
- (8) Mr. Inayatullah, DMDD (WAPDA).
- (9) Mr. Muhammad Rafiq, G. M. Finance (Power).
- (10) Mr. M. Waseem Khan, G.M. (Hydel) WAPDA.
- (11) Mr. R.A. Shamsi, Director General (WAPDA).
- (12) Mr. Javed Akhtar, G.M. (T&G).

282. This Ministry controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Ministry of Water and Power	125
2.	Development Expenditure of Ministry of Water and Power	167
3.	Capital Outlay on Irrigation and Electricity	190

APPROPRIATION ACCOUNTS

283. *Grant No. 125—Ministry of Water and Power (Page 856-AA).*—The Grant closed with a net saving of Rs. 112,012. There was a saving of Rs. 49,118 under object 541 Administration 011—Officers which was attributed to non-adjustment of leave salary and pension contributions and due to certain posts remaining vacant during the year. There was also an excess of Rs. 34,865 under 020—Regular allowances, which was due to grant of Additional allowances to the staff *w.e.f.* 1-7-1982, which according to Audit could be covered by reappropriation. The overall excess being nominal, the PAC did not make any observation on this grant.

284. *Grant No. 167—Development Expenditure of Ministry of Water and Power (Page 860-AA).*—This Grant closed with a net saving of Rs. 75,893,251. The Department, while explaining the saving under 500—Commodities & Services,

reported that an amount of Rs. 2 Million from this grant was surrendered in time. The remaining savings of Rs. 4,292,772 which were due to non-appointment of consultants and non-finalization of training agreements came to notice after 31-3-1983, and as such could not be surrendered, being not permissible. There were savings under object 600—Transfer Payments as below :—

Punjab	..	..	..	..	..	..	35,000,000
N.W.F.P.	..	..	..	..	..	..	9,976,000
Baluchistan	..	..	..	..	..	..	6,320,000

285. The Department explained that the Central Rehabilitation Schemes were actually to be executed by the concerned Provincial Governments for which funds were to be released by the Federal Government out of the budget provision under this head. The savings under this head in each of the three Provinces occurred, as formalities about selection of the schemes, their approval by US-AID and IDA etc. could not be completed. This was mainly due to the reason that 1982-83 being the first year of this project, the work was started late and the schemes could not be run in full swing during that year. However, a saving of Rs. 163 Million, which could be foreseen by the 31st March, 1983, was surrendered. Since the remaining savings occurred after 31st March, being not permissible could not be surrendered in time. Audit then Commented that the Ministries/Division were aware of the aforesaid facts and thus the unwanted budget allocations should have been surrendered on or before 31st March, 1983. This reflected poor budgetary estimation on the part of the Division. The allocation was linked with Foreign Exchange. The Departmental representative explained that expenditure was incurred in local currency and Foreign Exchange remained with the State Bank.

286. A Member observed that as a part of Foreign Loan Agreements, the Department was to make training arrangements to avoid foreign consultants, why this part was not implemented ? Our Irrigation Department maintained projects of irrigation network, which was the oldest and best irrigation system in the world, and our Engineers were most experienced in this field, but still foreign consultants were being engaged. The Department explained that Provincial Government sought help from Federal Government as they could not maintain it with their resources. Moreover, such decisions were taken at higher level.

287. The Chairman observed that percentage of allocation of Funds for different provinces was not commensurate with their requirements, that was why the saving under this grant was very heavy. The funds appeared to have been unnecessarily blocked. The irrigation system was not working as efficiently as it used to be forty years ago. The Department thereon explained that extensive repairs had been carried out to canal banks and water had started reaching tails.

The production in irrigated areas had increased. The Department was only engaging foreign consultants where Provincial Irrigation Department was not able to provide consultancy for such projects.

288. After discussion the PAC observed that saving in this case (12% of the total grant) was too much and showed poor management of Accounts and lack of proper planning. The funds under Object 549—others were diverted from one object to other without reappropriation order. This negligence should be investigated and action taken against the defaulters and give a report next time. The Committee further directed to convey their message to Provincial Governments to maintain satisfactorily the existing canals.

289. *Grant No. 190—Capital outlay on Irrigation and Electricity (Page 868-AA).*—As per Audit the grant closed with a saving of Rs. 13,565,735. The Department contested the figures of actual expenditure as shown by Audit, which the Audit explained were due to booking of debits of previous years and were confirmed by the Department in reconciliation statement. It was, however, intimated that saving was due to non-release of funds by Finance Department during last quarter. The Chairman PAC observed that there appeared to be no flaw in the rules and procedure, it was the implementing machinery, which was defective. The PAC would like to discuss this matter with Finance, if a paper on the subject was submitted to PAC.

AUDIT REPORT (WAPDA)

290. *Loss of Revenue of Rs. 409,077,900 due to non-accounting of energy (Para 47, page 42-AR-WAPDA).*—According to Audit Report 16,482 Million units of Electricity were generated during 1982-83, against which 11,587 Million were sold. Thus 4,895 Million units remained unaccounted for and were lost. The loss constituted 29.7% of energy generated against 25.5% losses covered by approved of Authority. The difference of 4.2% aggregated to 693 Million units of electricity. The Authority thus sustained a loss of Rs. 409,077,900, being the cost of 693 Million units at an average scale of 59.03 Paisas per unit as worked out by WAPDA. Nothing was done to minimise these losses nor feeder-wise line losses were supplied by WAPDA to further analyse the energy losses.

291. In their reply the WAPDA explained that losses in a power system as under :—

- (a) Energy used in the auxiliaries at Power Houses.
- (b) Technical losses in transmission, transformation and distribution.
- (c) Losses due to pilferage, defective metering and bad billing.

292. The losses in auxiliaries were not actual losses and were in order of 2.50%. Technical losses which were 9.9% had been reduced by 2.4% since 1976-77. Lot of technical measures had been taken to reduce these losses further. Similarly distribution losses which were 22.30% in 1976-77 had been reduced to 17.3% during 1983-84. Renovation and augmentation programmes was also in progress. Instalment of capacitors and anti-theft boxes on industrial and tubewell premises were the other measures being taken. The Commercial measures had also been adopted to reduce energy losses. Following administrative measures were also being adopted at Authority level to exert pressure in the field, down to the level of Sub-Divisions and the consumers at large :—

- (1) Commercial surveillance was being carried out at all levels including at Head Office to monitor the consumption of big consumers.
- (2) Services of serving Army personnel had been obtained to carry out checking of areas where the losses were high.
- (3) Electricity Act had since been revised and was being strictly enforced through WAPDA Magistrates and Tehsildars (Recovery Officers) borrowed from the Provincial Governments. The objective was to apprehend and punish the culprits as quickly as possible.

293. WAPDA had always been handicapped with the unabating trend of losses in Peshawar and Quetta Area Boards. Losses in these boards are of the order of 30.6% and 33.6% respectively whereas in all other Area Boards, the distribution losses are in the range of 10% to 24.9%. These extra-ordinary high losses in Peshawar and Quetta Area Boards were due to the fact that the operational conditions in some areas of these Boards were peculiar in nature. Tribal areas in the jurisdiction of Peshawar Board were a problem. Large scale stealing of energy was taking place there openly. Losses on the 11KW Feeders supplying energy to these areas were around 80%. WAPDA was totally helpless to take action in these areas, as required support from the Administration was not forthcoming due to several reasons. Normal laws of the country also did not operate there, and as such it was not possible for WAPDA to take action against the culprits under the Electricity Act. Similar was the situation in several areas of Quetta Board. Special measures at the level of the Federal and Provincial Governments were required to be taken to eliminate theft of energy in these areas.

294. Steps were, however, being taken to undertake further revision of the Electricity Act, 1910, especially to make in-built provisions therein to try all the criminal offences summarily. The Ministry of Water and Power had also been approached to extend the operation of the Electricity Act, 1910 also in the Federally/Provincially administered tribal areas. These extra-ordinary high losses in Peshawar and Quetta Area Boards wiped out the appreciable decrease in

distribution losses of all other Area Boards, giving a bad effect on the WAPDA's progress as a whole. If the above situation was brought under control by the Government of Pakistan, the overall losses could be further reduced by 5% as committed by WAPDA with loan giving Agencies. A part from the above, it is worth mentioning that theft of energy had become a social evil like many other evils prevailing in the society which could not be eliminated over-night.

295. It was pointed out by Audit that the WAPDA was committed to Asian Development Bank to reduce energy losses to 23% by 1986-87. This target was required to be carefully watched by the Authority. The existing working of the technical, administrative and commercial measures did not appear to be in line with the above target Rs. 40 crores was a big amount. The data on the basis of which such losses were worked out also was not reliable. Management should have reliable sources to prepared figures for planning. The Department explained that there was no defect in planning system and results were visible although they were not satisfied with these results.

296. The Chairman PAC pointed out that losses in domestic and private industry sector required more vigilance. Priorities should be so fixed so that Agriculture should come first, then Industry and smaller Domestic Connections. Theft was generally in collaboration with WAPDA staff. The Department on this point explained that a paper on fixing priorities had been sent to the Government. All out efforts were being made to check theft and pilferage and 450 persons were sacked last year. On a question from the Chairman, as to why the WAPDA could not check it by adopting fixed charges method specially for tubewells, for agriculture purpose it was explained that the subject was covered by the paper submitted to Government.

297. The Committee observed that there were heavy losses of energy during 1982-83. WAPDA must provide the Feeder wise losses to Audit. The amount of loss of revenues due to non-accounting of energy must be reduced.

298. *Debtors for energy Rs. 1,601,262,284 (Para 50.1, page 51-AR-WAPDA).*— Audit pointed out that against an amount of Rs. 1,601,262,284 shown under debtors, a balance of Rs. 683,171,000 was shown under column "over one year old". This amount was 42.66% of the total under "Debtors". This amount could include some very old items. An analysis was not possible in absence of ageing of Debtors. Consumer-wise break-up was also not given. For arrears on accounts of Government connections. In respect of Lahore, Gujranwala, Islamabad, Hyderabad and Quetta Region it was shown "Nil" which was apparently not correct. The Department explained that energy debtors were less than 2.5 months assessments as such these could not be considered on higher side WAPDA was taking all possible steps of disconnection and recovery of arrears through

Tehsildars. The Auditor General pointed out that the outstanding amounts were increasing. It should not be difficult to recover the amount of outstanding from Government Departments. The Departmental representative Explained that they had taken up the matter with the Finance and decision was expected soon. The problem with the Department was that the money meant for electricity was spent on other objects and did not pay electricity bills. Following were the amounts of outstanding electricity bills against various Government Departments, Corporation and Local Bodies :

(a) Federal Government	.. .. .	Rs. 321.76 Million
(b) Autonomous Bodies of Federal Government	.. .. .	Rs. 99.32 Million
(c) Provincial Governments	.. .. .	Rs. 221.85 Million
(d) Autonomous Bodies of Provincial Government.	.. .. .	Rs. 20.76 Million
(e) Local Bodies	.. .. .	Rs. 226.30 Million
(f) Other cases	.. .. .	Rs. 1665.18 Million

299. The Chairman observed that in future if any of the Departments does not pay, its electricity supply should be disconnected and for those who did not pay electricity charges, no funds should be released. The result would be visible within a few months. The PAC directed that the un-recovered charges might be reduced and list of Government Departments against whom were arrears, might be supplied to PAC.

300. *Stock and Stores—Rs. 1,649,132,062 (Para 50.3, page 52-AR—WAPDA).*—As per balance sheet of E.O.B. stores held on Generation, Transmission and Distribution were shown as under :—

	Rs.
Generation	687,166,178.
Transmission	100,127,616.
Distribution	861,792,194.
Other	46,074.

301. Audit pointed out that the details of opening/closing balances, stores purchased and consumption during the year for each project were not made available. It was required to be appended with the Balance Sheet. Cost of stores which had become unserviceable/obsolete with the passage of time or were surplus was required to be indicated as such. The Department stated in their reply that analysis of stores had already been supplied to Audit and action of disposal of surplus stores was underway.

302. The Auditor General observed that the balances were very heavy. WAPDA should consider using computer for inventory management. The purchase was not commensurate with consumption. As the technology changes, more and more stores become obsolete.

303. The Chairman observed that some sort of exercise should be taken immediately to get rid of un-required stores, as store carrying charges were much more than their worth. After discussion the Committee directed that a working paper on the inventory management may be furnished to PAC. Physical verification of stores must be carried out annually as provided under the rules and excessive stores should not be acquired. A member of the PAC, a representative of Audit and some high up from WAPDA should carry out the checking of stores.

304. *Non-accountal of Material—Rs. 33,108,726 (Para 1, pages 3—5-AR-WAPDA).*—Audit pointed out that Stores valuing Rs. 33,108,726 were found unaccounted for during test check of accounts and observed that this could increase the chances of unauthorised use and mis-appropriation of stores. The Department in reply explained that all the stores had been accounted for, except for an amount of Rs. 78,160 details of which had been asked for from Audit.

305. Audit at this point observed that the figures of unaccounted for stores during 1983-84 were Rs. 45,398,618 whereas during 1984-85 these were Rs. 6,463,984 which show improvement but it was not understood as to why entries in the Books were not made by the staff, and Supervisory staff failed to check the omission. Then again these were required to be reconciled. The record should be straightened. The Committee directed that instructions should be issued that records should be supplied to Audit at appropriate time and action should be taken for nonproduction of records without cogent reason.

306. *Construction of Dangerous Building—Rs. 2,281,721 (Para 3, pages 6-7-AR-WAPDA).*—According to Audit Report, in the case of construction of 20 'B' Type double storey Quarters at Islamabad it was noticed in September, 1981 by the Chief Engineer that stone masonry in plinth had been completed without considering the actual dimensions and layout. The superstructure walls were thus adjusted to over up the faulty construction. The Chief Engineer directed to demolish the walls upto foundation. The Authority in reply had stated that faulty work had been demolished but had not indicated if any action was also taken against the officials responsible. It was further explained that the work was reconstructed at the risk and cost of the contractor and disciplinary action was also taken against the officers/officials responsible. One Increment of the Sub Engineer was stopped and XEN and SDO had also been proceeded against under the orders of Ministry. The Chairman desired that an enquiry be constituted for ascertaining whether the faculty work was actually demolished. The paragraph was dropped subject to such action and verification by Audit.

307. *Wrong Posting of Revenue—Rs. 476,901 (Para 5, pages 7-8-AR-WAPDA).*—As per Audit Report, in Hyderabad, original bank scroll were [destroyed and the amount deposited by one consumer was posted against another by preparing wrong

bank scrolls. The total amount of such transactions was Rs. 1.6 million during a period of more than a year. On investigations, the amount was recovered except Rs. 476,901. The services of senior clerk were terminated but neither the failure of other staff responsible to keep a watch was examined nor the system was reviewed to improve its weaknesses. The Ministry explained that an amount of Rs. 214,645 had been recovered which had been verified by Audit. The amount of Rs. 242,555 was due from Mehra Textile Mills, Hyderabad. The consumer was disconnected permanently on 21-4-82. Demand for recovery of arrears was created and a notice under section 81 of Land Revenue Act was served recovery proceedings were under action.—The PAC directed that the result of final action taken by WAPDA for recovery may be intimated. The paragraph was deferred.

308. *Non-recovery of Rs. 259,532 from a Supplier (Para 7, page 9-AR-WAPDA).*—Audit pointed out that in Construction Division Sahiwal a purchase order for two Jeeps was placed at a Birm in Multan in 1976. The payment was to be made at the time of delivery, but Rs. 259,532 were paid without taking delivery of Vehicles, which were never supplied. The Authority filed a suit in 1979. The case was still subjudice. Disciplinary aspect was also needed to be examined. The Department explained that according to purchase order the payment was to be made at the time of taking the delivery of the Vehicles. The Bank draft were handed over to the Birm who acknowledged the receipt and did not hand over the Vehicles. A suit was filed which was decided in favour of WAPDA with costs. Audit, however, insisted that disciplinary action was also required to be taken against the official responsible. The PAC directed that the recovery when made may be got verified from Audit. Subject to verification, the paragraph was dropped.

309. *Overpayment of Rs. 198,798 to a contractor (Para 8, Pages 9-10-AR-WAPDA).*—Audit had reported that an item of " spoil dressings" was provided in a contract in 1975, though the provision of such an item was not normally provided in similar works. This resulted in an overpayment of Rs. 198,798. Responsibility for making overpayment had not yet been fixed. The Department explained that the instructions of the Authority issued in January, 1980, were not applicable in this case. The Departmental representative stated that separate provision for spoil dressing was made in other similar contracts. Subject to verification of this statement. The paragraph was dropped.

310. *Excess use of Material Rs. 126,939 (Para 9, page 10-AR-WAPDA.*—According to the Audit Report Material worth Rs. 126,939 was used in excess of the provisions made in the sanctioned estimates of the works which resulted in infructuous expenditure and loss to the Authority. The Department explained that excess material costing Rs. 77,326 and Rs. 21,786 was used on the

works due to change in the design as such was legitimate use. For the remaining material valuing Rs. 27,827 an inquiry was held and it was established that an attempt was made to embezzle the material by showing excess measurements. The total amount embezzled worked out to Rs. 43,186. Show cause notice had been issued to the official concerned and disciplinary action alongwith recovery was in process. The PAC directed that the disciplinary action should be finalised within one month. The paragraph was dropped subject to verification by Audit.

311. *Un-authorized occupation of WAPDA property worth Rs. 5 lac Para 11, page 11-AR-WAPDA.*—Audit pointed out that Landed property of defunct Mandi Bahauddin Electric Supply Company worth Rs. 500,000 was acquired by Government of Punjab in 1949, and then transferred to WAPDA. In 1980, it was found that property had been allotted to some unauthorised persons by the Settlement Organisation and a Permanent Transfer Order has been issued. A Civil suit was filed for getting possession, which was withdrawn in June, 1980 for technical reasons. The suit was refiled which was not done. The Department explained that the case being studied by the Legal Adviser WAPDA who had asked for certain papers. The Audit, however, observed that the allottee fraudulently got a permanent transfer order issued in connivance with WAPDA employees. The matter was hanging up since last six years. The PAC observed that the matter had been unnecessarily delayed it should be finalised within one month and give report to the Committee, the paragraph was deferred.

312. *Mis-appropriation/Suspected mis-appropriation of material Rs. 6,295,671 (Para 13.1, page 13-AR-WAPDA).*—According to the Audit Report, 104 Transformers were lying damaged in the Grid Station, Peshawar Cantt. The quantity of 72,420 Lbs. Copper Wire Valuing Rs. 3,258,900 was also missing and was apparently misappropriated. An investigation in the matter was required to be made and responsibility for loss fixed. Necessary steps were also required valuing Rs. 27,827 to be taken to avoid recurrence of such cases. The Department explained that the total weight of copper wire could not be more than 14,092 Lbs. The weight had not been correctly worked out by Audit. Similarly scrap value of the copper wire at an average rate of Rs. 21 per Kg worked out to Rs. 53,154. The Department further intimated that an inquiry in the matter was being held. The PAC directed that the matter should be finalized without any further delay. The paragraph was deferred.

313. *(Para 13.4, page 14-AR-WAPDA).*—As per Audit Report, 24 transformers released from stores in 1980-81 for village electrification were not physically lifted. Later on they were stated to have been misappropriated. Investigation reports and disciplinary aspect were awaited. The Department explained that 17 Transformers had since been accounted for. The matter was investigated

and the officer/officials responsible for the remaining 7 had been charge sheeted and recovery was being made them. The PAC observed that recovery and disciplinary action should be watched by Audit. The paragraph was deferred.

314. (Para 13.7, page 14-AR-WAPDA).—Audit pointed out that Material worth Rs. 146,752 was drawn from Regional Stores Multan by Operation Division, Bahawalpur. The debit for the cost of material was not traceable. The Department explained that the debit for Rs. 83,228 had already been accepted. The remaining material worth Rs. 63,522 was lying with FIA. Material valuing Rs. 19,665 had since been received. The stores for the balance amount were stated to be with a line Superintendent who was involved in a case of misappropriation. He had also stated that the material was with FIA. Audit then commented that it was not clear, as to how the material was lying with FIA, and could not be obtained since last 14 years. The case was required to be investigated by the Department. The material costing Rs. 83,228 and Rs. 19,665 stated to have been taken back may also be got verified by Audit. The Committee directed that the Department should obtain complete information from the FIA and a detailed report may be submitted to the PAC. The paragraph was deferred.

315. [Para 13.10 (i), page 15-AR-WAPDA].—In this case Material worth Rs. 46,794 drawn from stores was shown recorded in the measurement Book prior to the date of drawal of the material from store. The material was consumed before its drawal from the stores which apparently was not possible. The Department stated that it was a case of antidating in the Measurement Book and warning had since been issued to the official responsible. The departmental representative however, pointed out that antidating was something very serious and the punishment in this case was inadequate. The Committee directed that the Department may review the case and punish the defaulting official who recorded antidated measurements.

316. [Para 13.11 (iii), page 16-AR-WAPDA].—Audit had Reported that 40 Energy Meters costing Rs. 6,000 were not accounted for in the records. Neither any action was taken to trace these meters nor the recovery was made from the official at fault. The Department intimated that the meters had since been accounted for. Audit stated that since the meters were handed over subsequently it could not be ascertained whether these were the same meters. The Department promised to look into this aspect of the case. The Committee directed that the Department should hold an inquiry and furnish its report to the PAC. The paragraph was deferred.

317. *Expenditure of Rs. 1,829,508 incurred on deposit works in excess of estimates.* (Para 14, pages 17-18-AR-WAPDA).—As per Audit, huge expenditure was incurred by WAPDA every year in excess of deposit receipt, which was irregular

and the recovery was not being made promptly. The Department explained that out of total amount of Rs. 1.8 million certain recoveries had been made and demands were being made to recover the balance amount of Rs. 1.17 million still outstanding. Audit confirmed that an amount of Rs. 548,584 had been verified and recovery of Rs. 112,297 could not be verified. The Department was required to devise some mechanism either not to incur excess expenditure or to make recovery promptly. The Committee directed that the procedures may be tightened up to avoid excess over deposit works. The outstanding amounts may also be recovered soon.

318. *Non-recovery from consumers—Rs. 1,712,805 (Para 15.1, page 18-AR-WAPDA).*—In this case Rs. 436,834 were outstanding against consumers. Audit held that electricity supply under tariff B-3 was to be provided to Industrial consumers, if they provide their own transformers, circuit breakers etc. In violation of above orders, recovery from three consumers was made at tariff B-3 rates, although they had not provided the necessary equipment. The Department explained that one consumer in this case had gone to the Court and next hearing had been fixed in May, 1986. The paragraph was deferred as the case being sub-judice.

319. *(Para 15.2, page 19-AR-WAPDA).*—This was a case of loss of revenue of Rs. 313,038. An energy meter at the premises of a Mill was declared 42% slow as per S.D.O.'s report in December, 1976. The consumer was not billed accordingly resulting in a loss of Rs. 313,038 upto June, 1978. The Authority in reply had stated that subsequently the slowness was determined at 10.73% and accordingly Rs. 36,896 had only been recovered. Audit, however, observed that it was not understood as to how a meter assessed to be 42% slow in December, 1976 was declared to be 10.73% slow in August, 1978. The PAC directed that Department should get its reply verified by Audit. Subject to these remarks, the paragraph was dropped.

320. *(Para 15.6 page 20-AR-WAPDA).*—According to the Audit Report, infructuous expenditure of Rs. 132,640 was incurred. It was pointed out that in contravention of rules, a deposit work was carried out without getting the deposits from the party on whose behalf the work was done. It was subsequently ordered to recover the cost in four instalments. This decision was also not covered by any rules. Two instalments were only deposited, while 3rd and 4th were not recovered with interest. The Department explained that an estimate for Rs. 265,280 was sanctioned by the competent authority for providing independent feeder to cooperative Textile Mills, Khanewal. The competent authority allowed 'the Mills' to deposit the amount in four equal instalments of Rs. 66,320. The Mills deposited two instalments amounting to Rs. 132,320. However the work could not be completed as it involved two Railway crossings and the Railway

authorities did not supply the drawings and accord sanction for crossing of the Railway Lines. Consequently the Cooperative Textile Mills Khanewal became bankrupt and a portion of 11 K.V. line constructed for the Mills, was used for Railway Concrete Sleeper Factory, Khanewal. The Auditor General pointed out that this was a case of idle investment which was giving no return since so many years. Some action must be taken against those who started the work without proper authority. The Finance representative also held that in this case laid down procedures were transgressed.

321. A Member of the PAC remarked that it was a social responsibility of WAPDA to see that such things viz. issuing false certificate etc. did not happen. The PAC after hearing the Department directed that the Ministry should look into it and submit report regarding incurrence of infructuous expenditure and completing the work without getting the deposit from a private textile mill, the paragraph was deferred.

322. *Non-recovery of Capital cost from Agricultural Tubewell consumers Rs. 1,081,849 (Para 16, pages 22—24-AR-WAPDA).*—According to the Audit Report, the Schedule of Tariff for the supply of power to Agricultural Tubewell consumers provide that capital expenditure on the supply of power exceeding Rs. 7,500 upto Rs. 10,000 or Rs. 15,000 (with effect from 23-10-1978) shall, along-with interest at the prevalent market rates, be recovered from the consumers in five equal instalments. The first instalment and the lumpsum cost exceeding Rs. 10,000 or Rs. 15,000 shall be recovered before giving the connection. During Audit of various formations, it was noticed that the capital expenditure of Rs. 1,081,849 incurred in excess of the above limit was not recovered from the consumers. Besides effecting recovery from the consumers in each case, the role of line staff responsible for giving connections without recovery or for not implementing the disconnection orders in the cases of default in payment of subsequent instalments need to be looked into. The Department explained that amount of Rs. 5.5 lacs had since been recovered and in some of the cases, disconnection orders had been issued and equipment removed. Amount of Rs. 29,873 had been written off, and in certain cases, pointed out by Audit, no recovery was involved. The Committee directed that subject to verification of recovery by Audit, the paragraph was settled.

323. *Shortage of Stores—Rs. 724,318 (Para 18, page 24-AR-WAPDA).*—Audit in this para, pointed out cases of shortages of stores and T&P article which were detected on physical verification or during Audit. In all cases involving an amount of Rs. 724,318 were reported for which final position had not been intimated. The WAPDA explained in detail the procedure for dealing with cases of shortages and excesses. In one case a Line Superintendent who was held responsible for shortage of Rs. 343,854, had been dismissed from service and the result of

police investigation was awaited. The transformers costing Rs. 119,180 had since been retrieved. In the case of shortage of Rs. 76,679, the amount had been recovered and FIR had been lodged in the police for recovery of remaining amount of Rs. 17,719. As for recovery of Rs. 57,511 of T&P article, the T&P worth Rs. 41,766 had been accounted for and recovery for the remaining amount had been ordered. Similarly other cases were also under appropriate action. The Chairman PAC observed that the cases were lingering on since 1979 and action had been delayed very much. In some cases charge sheets were issued during 1985; this all showed how the losses and shortages were being dealt with in WAPDA. The Department intimated that they had issued instructions that all such reports of shortages etc.; should be submitted to Superintending Engineers and Chief Engineers simultaneously.

324. The Committee having not satisfied with the action so far taken by WAPDA in these cases, directed that the responsibility for delay in taking action against those responsible for shortages besides disciplinary action against defaulters, should be fixed, and report submitted to PAC within three months. The paragraph was deferred.

325. *Damage to Transformers resulting in loss of Rs. 8,953,925 (Para 20, pages 27-28-AR-WAPDA).*—According to Audit in a number of formations, Transformers valuing Rs. 8.954 million were either burnt or damaged because of improper maintenance. The Authority had, however, not taken any action to investigate the losses and for fixing responsibility. The Department explained that the relevant records were examined and reasons leading to damaged transformers were found to be beyond the control of concerned staff. Most of the transformers were damaged in village areas as such the recovery from the consumers was not possible. The reasons attributed to burning of transformers were due to short circuiting of L.T. line during storms; unequal phase balances; lack of technical know how; and overloading by using the electricity beyond accepted calculations. The Department was regularly analysing the system for improvement. The transformers burnt during guarantee period were replaced without cost by the suppliers and beyond guarantee period the suppliers could not be made to pay or replace the damaged transformers. The Ministry had directed that the WAPDA should submit detailed technical paper regarding these damages, so that some proper system could be devised. A protection system was also intended to be provided on transformers. The tenders for circuit breakers had also been invited. The Department expected to minimise such damages by this device. On a query from the Chairman PAC it was intimated that the normal life of a transformer was 10—15 years. A member commented that one of the reasons could be defective installation in Kachhi Abadies etc. The Committee directed that the action in all these cases should be taken at an early date. The paragraph was dropped subject to verification by Audit.

326. *Loss of Rs. 768,125 due to theft of electrical material transformers etc. (Para 22, pages 30-31-AR-WAPDA).*—As per Audit Report in 19 formations of WAPDA losses of Rs. 768,125 on account of theft of electrical material and transformers were reported. It was observed that in most of the cases timely action was not taken in lodging FIR's and instituting Departmental enquiries. The Department explained that there were in all 19 cases in which either the recovery had been made or these were under various stages of recovery or write off. In some cases the matter was subjudice. WAPDA had taken all possible steps to make good losses due to theft. The Auditor General at this point desired that the copies of the enquiry reports and write off order may be supplied to Audit and cases should be finalised at an early date. The PAC directed that action should be finalised in all the cases up to June, 1986, and report to the Committee within two months.

327. *Theft of energy by consumers—Rs. 334,560 (Para 23, pages 31-32-AR-WAPDA).*—Audit pointed out that 4 cases of theft of energy by consumers were reported. The Department intimated that an amount of Rs. 128,095, Rs. 67,174 and Rs. 30,298 had already been recovered. The remaining claim had either been withdrawn or was under action. The Committee observed that final action should be taken by June, 1986.

328. *Purchases made at higher rates resulting in extra expenditure—Rs. 192,074 (Para 24, pages 32-33-AR-WAPDA).*—Audit pointed out that the authority issued price bulletin for making purchases by various agencies of WAPDA. The rates in these bulletins were to be kept in view before purchasing the material, to effect economy and to ensure uniformity of rates. The purchases were made at the rates higher from 46% to 316% over and above the rates indicated in price bulletin which resulted in extra expenditure of Rs. 192,074. The Department explained that the idea of issuing such bulletins was to pay prices of different materials in different regions. These bulletins had, however, been discontinued. The rates could not be same in each region. In Baluchistan there was a heavy expenditure of electrification during 1982-83. The suppliers and contractors were not available at Quetta. It was expensive to purchase material from Karachi. These purchases were made after calling quotations from registered Firms and registered Contractors, and lowest rates were paid. The material in these cases were arranged by the contractors from other provinces. These were in smaller quantities, as such rates were higher than bulk purchases. Audit, however, commented that the rates paid should not have been so much higher, as compared to the price bulletin rates. The prices paid by one organisation of WAPDA at Quetta were much higher than those paid by another organisation of the WAPDA at the same station. It was suggested that an investigation may be made for paying such higher rates. The Department promised to submit a report of the investigation to Audit within two months. The PAC dropped the paragraph subject to verification by Audit.

329. *Excess consumption of Stay Wire worth—Rs. 86,318 (Para 25, page 33-AR-WAPDA).*—According to the Audit Report in an organisation of WAPDA at Sahiwal, stay wire was shown to have been consumed in excess of the standard requirement of the work to the extent of 14,391 Lbs. which resulted in a loss of Rs. 86,318. The Department explained that the actual amount worked out was Rs. 84,150 as an amount of Rs. 2,166 had been accounted for twice. An amount of Rs. 22,254 had been recovered. Stay wire costing Rs. 9,522 had been returned to store, another amount of Rs. 9,204 had been justified and a further amount of Rs. 582 had been written off. The remaining amount of Rs. 42,588 was recoverable from various officials for which the action was in process. The PAC directed that Audit should verify the recoveries etc. Subject to verification by Audit, the paragraph was dropped.

330. *Avoidable loss of Rs. 46,920 due to acceptance of higher rates (Para 32, page 36-AR-WAPDA).*—In Civil Division, Islamabad a work was awarded at 11.4% above the estimate whereas another work of similar nature was awarded at 10% below just 3 days earlier, resulting in an avoidable expenditure of Rs. 46,920. The Department explained that the contractor, to whom the work was allotted at 10% below the estimate refused to carry out the work and approached the Chairman with a plea that his tender may be cancelled and earnest money forfeited. The firm was told that if they would not carry out the work they will be black listed. So this work was got done from him under pressure. The PAC accepted the explanation and the paragraph was dropped.

331. *Loss of Rs. 33,015 on re-inviting of tenders (Para 35, page 37-AR-WAPDA).*—Audit reported that in Khanpur Dam project, the work of school building was awarded to a contractor in May, 1970. A month later, the contractor was asked to stop the work. Three months later, he was again asked to resume the work which he refused. The tenders were reinvited after a year and resultantly an extra expenditure of Rs. 33,015 was incurred on the work. The Department explained that the contractor in this case commenced the work without signing the agreement, the work was ordered to be stopped as the performance of the contractor in other works was not satisfactory. On his completing other works he was asked to start execution of the work under objection which he failed to start. To avoid litigation the contractor was settled by paying Rs. 1,078 for work actually done by him and measured. The rates of 2nd contractor were also 5% below the estimated rates. The Committee dropped the paragraph.

332. *Delay in finalising Pension and Fund cases (Para 45, page 40-AR-WAPDA).*—Audit pointed out that final payment of pension gratuity and Benevolent Fund to employees were delayed by 3 months to 3 years. Number of such cases were quite substantial. The Department explained that all claims waiting

settlement for 2-3 years had since been settled. Audit however, observed that the position had not improved during 1983-84 and 1984-85. The Committee directed that Authority should take steps to ensure speedy disposal of such cases; the paragraph was dropped.

333. *Outstanding Inspection Reports (Para 46.1, page 40-AR-WAPDA).*—Audit pointed out that there were 1,409 outstanding Inspection Reports. First reply was also not submitted in the case of 452 inspection reports as on 31-12-1982. Similarly there were 1,274 outstanding inspection reports and first reply to 625 inspection reports was not submitted as on 31-12-1983. These outstanding inspection reports involved cases of financial irregularity amounting to Rs. 376,108,902. The PAC after hearing to the Department directed that expeditious action should be taken to dispose of these reports and the position would be watched in next year accounts. It was also desired that disciplinary action should be taken against those who did not give first replies to the inspection reports. Subject to these remarks, the paragraph was dropped.

334. *Balance Sheet of WAPDA (Paras 48,49 and 50-AR-WAPDA).*—The Committee directed that all the observations contained in Audit comments on the Balance Sheet of Water Wing, Power Wing and Electricity Operation Branch should be settled through discussion with Auditor-General by Member Finance, WAPDA.

PERFORMANCE AUDIT REPORTS ON FEDERAL PROJECTS, 1984 GROUND WATER INVESTIGATION AND PLANNING IN BALUCHISTAN PROVINCE

335. *Introduction.*—Inadequate water supplies was a serious impediment in the planning and programming of development schemes in Baluchistan Province. Government had accorded the highest priority to the exploration and development of water resources. Therefore, a detailed programme of ground water survey for area of 25,000 square miles to be covered in five years was formed in 1973 at an estimated cost of Rs. 122.03 million. The survey was to be conducted in association with UNDP and its PC-II was approved by ECNEC on 29-12-73. Besides other studies, the scheme provided for drilling of 1200 test holes. Half of these test holes were to be converted into tubewells. According to the agreement reached between Government of Pakistan and UNDP; 380/190 testholes/tubewells covering an area of 10,000 square miles, were to be the responsibility of UNDP. The remaining 820/410 number of test holes and tubewells in an area of 15,000 square miles were the exclusive responsibility of Government of Pakistan. The scheme was revised in 1978. The number of test holes and tubewells was reduced to 819 and 410 respectively. Of these 219 test holes were to be drilled in UNDP area. Cost of the revised scheme was estimated at Rs. 338.717 million

with a foreign exchange component of Rs. 53.82 million. The revised scheme of UNDP was to complete its work in 1980, while completion date for Government area was 1982-83. The project was to be financed from country's own resources through Government of Baluchistan's allocation under Provincial ADP. The foreign exchange requirements were to be met, through the UNDP assistance and further supplemented through cash/credits/aid/loans.

336. *Objective of the project.*—The immediate objective of the project was the exploration and assessment of groundwater potential in Baluchistan Province. The long term objective being to provide a basis for long term development planning of the groundwater resources for multipurpose use. A number of test holes were to be converted in to tubewells. Thus pending the implementation of any large schemes a limited quantity of water was to become available over widely scattered areas. The schemes visualized that after determining the availability, suitable development schemes for extracting water would be launched side by side with investigation. The work of drilling of 1200 test holes for Investigation, was to consume the major amount of money. However the PC-II promised that even these test holes would not go waste and half of these would be converted into tubewells. Audit maintained that the PC-II had made certain promises to justify the scheme. These promises were not fulfilled during implementation, thus it was noticed that only 99 tubewells had become operational against a target of 600 in the 1st PC-II and of 410 in the revised PC-II.

337. *Planning.*—In the original scheme project planning was to proceed alongwith investigations. The first PC-II stated that "Project Planning under the scheme was necessary so that development could be taken up side by side with investigation for areas where usable groundwater potential existed. In this way the development was not likely to lag behind". In the revised PC-II planning aspect was deleted and some works listed in the 1st PC-II were excluded from the scope of work. This postponed the planning work, though UNDP had completed its work substantially by 1980 and WAPDA also had achieved considerable progress, but very few development schemes based on the results of these investigations were actually launched. A small project Planning Cell was established in 1974 under the original scheme. This cell produced some reports but in 1980 the cell was disbanded and all planning work stopped. The cell was revised after two and half years but even this revised cell was inadequately staffed and could not fully cope with the enormous job at hand. Planning was delayed and development schemes were not taken up side by side with investigations, resultantly benefits were postponed.

338. *Implementation.*—The area under investigation was divided in 12 River Basins. UNDP was to work in four basins while the balance 8 were to be taken up by the Government. By June, 1983 the scheduled completion date, UNDP

had completed its drilling/tubewells work and had submitted three out of four basinal reports. In the Government area, 70% of estimated drilling and tubewell installation work could be completed and four basinal reports were prepared while four more reports were still awaited. Project implementation was delayed and even the revised PC-II completion date could not be adhered to. Though the scope of work had been reduced in the revised PC-II but the delay in implementation raised the cost of scheme by an average of about 175% over the original PC-II estimates. UNDP's Water Resource Economist had questioned the adequacy of information gathered by this investigation scheme.

339. The significant drop in the number of test holes from 1200 in the 1st PC-II to actual 681, also created the impression that either the original number was fixed arbitrarily or the obtained data was not of the same quality as visualized in the 1st PC-II.

340. It was noticed that apart from a small grant portion, the cost of this expensive survey project was borne by Baluchistan Government. But PC-II had prepared no cost recovery plan to recover this investment. WAPDA had passed the blame on to the provincial government for not energising the installed tubewells. No reason has been given for deferring the development but it was argued that the reason for slow development of groundwater was lack of financial resources with the provincial government. WAPDA had admitted the delay. WAPDA had acknowledged that number of test holes was originally fixed on the basis of insufficient data but had declared that the information gathered by this investigation scheme, was quite adequate. No reason for ignoring cost recovery was given.

341. *Overall Assessment.*—Many of the targets fixed in the PC-II could not be achieved while implementing the scheme. This reduced the attractiveness of the scheme. The Investigation had, however, since been completed and some water development schemes had been started. Resultantly benefits which were postponed and which even now would not be of same magnitude as visualized, had started accruing. Thus project could be described as beneficial for the community. Audit, however, reiterated that its recommendations which had been agreed to by WAPDA should be implemented at the earliest.

342. The Department explained in detail the reasons of change in scope, increase in cost and delay. It was also reported that 681 test holes were made, 12 water basins were identified, the success rate was 50%. 102 Motors were installed, 207 holes were capped for future extraction. There were certain difficulties in installing tubewells in the Baluchistan area due to non-cooperation of inhabitants of the area, who claimed rights over the land where test holes were dug. Non-availability of Electricity connection was also a problem. A member pointed out that a study was carried out in 1974, when 28 Basins were identified, and questioned

as to what was the necessity of carrying an another study ? The Authority explained that in Baluchistan there were 72 Basins the study was carried out to select best sites.

343. The PAC desired that it would like to have a report on " HUB DAM ", Karachi Irrigation Project and also about proposed Kalabagh Dam Project and desired that PAC should be briefed. The Chairman WAPDA promised that they will first submit a paper and then brief PAC in the matter.

EAST KHAIRPUR TILE DRAINAGE PROJECT WAPDA. KHAIRPUR (SIND)

344. According to a Audit East Khairpur Tile Drainage Project was launched in 1976-77 at an estimated cost of Rs. 372.17 million which included a foreign exchange component of Rs. 178.74 million. The Project was expected to be completed in five years and its purpose was to control water logging and salinity in an area of 36,000 acres by means of tile drains. Audit further maintained that implementation of the Project was not satisfactory as the Project which was to be completed in 1981 was delayed. The work could not be completed even up to the extended date viz. December, 1985 given in the revised PC-I. The project was now expected to be completed in June, 1986. The cost of the project rose from Rs. 372.17 million as given in the 1st PC-I to Rs. 545.587 million by March, 1986 and Revised PC-I estimates will go upto Rs. 630.03 million. This gives a cost overrun of 69 per cent over the first PC-I. Execution of the project was slow because of dewatering problem. After a considerable period of experimentation, a big trencher machine was acquired to solve the problem. But even after the commissioning of trencher machine in October, 1983, work could not be commenced until March, 1984 because of procedural delays in the import of big diameter plastic pipes.

345. A Project Co-ordination Committee was formed and its purpose as defined in the PC-I was "to deal with problems and difficulties arising from project co-ordination and implementation". Despite the delay in the completion of project and the accuracy of procedural problems, no meeting of Project Co-ordination Committee could be held since December, 1981.

346. WAPDA had not refuted delay, cost overrun or the procedural problems but had argued circumstances beyond control. No reason had been given for not holding the meeting of project co-ordination committee.

347. The project was not implemented in a satisfactory manner. Implementation was delayed. Certain procedural problems were faced but the mechanism designed to solve these problems, i.e., meeting of project co-ordination committee, was not activated. The delay in implementation of the project led to a 69 per cent cost overrun. The delay also caused a postponement of benefits. Nevertheless

the installed drains are working satisfactorily and in an area of 11000 acres where the tile drains were laid up to 1980, the benefits were quite visible. It was worth adding that in the project area tubewell drainage was not possible and tile drainage was considered the best technical solution. Audit has recommended that the problems mentioned in the preceding lines be avoided in the implementation of similar future projects.

348. The Department explained that it was a project first of its kind in the Sub-continent and was being successfully practiced in Egypt, Iraq and Jordan. This tile drainage System was used when no underground sweet water was available. A member at this, pointed out that WAPDA was proposing such tile drainage scheme in areas where sweet water was available for irrigation by tubewells and intimated his area was being deprived of such tubewell schemes only on the ground that new tile drainage device was being adopted. The Department at this point intimated that water in that area may not be fit for irrigation. The member contested this statement. The Chairman promised to look into this aspect in this specific case.

349. The Auditor General pointed out that the scheme under review was estimated at a cost of Rs. 372 million for 33,000 acres, whereas actually it had costed Rs. 630 million and covered on area of 11,000 acres, which showed that a misleading picture was presented to the government. The Department however explained that it were the consultants of world bank who prepared the estimate at 37 crores. It was an experiment. The cost which was originally Rs. 18,000 per acre had now come down to Rs. 4,000 per acre in Mardan area. It was a pilot project and had lot of bearings.

350. The Auditor General suggested that project preparation and implementation mechanism require a complete review. There was a scope of improvement in management.

351. *Points not discussed to be treated as settled.*—The Committee did not make any observation on the other points in the Appropriation Accounts and Audit Report thereon, and in respect of Performance Audit Report. These would be deemed as settled subject to such regularisation action as may be necessary under the rules.

352. The Committee then adjourned to meet again on Sunday, the 4th May, 1986.

M. A. HAQ,
Secretary.

Islamabad, the 23rd November, 1986.

NATIONAL ASSEMBLY SECRETARIAT

Thursday the 28th August, 1986

Twelfth Sitting (PAC)

*779. The Public Accounts Committee assembled at 0900 A.M. in the Parliament Building, Islamabad to continue the examination of the Federal Accounts for 1982-83. The following were present :—

P.A.C. :

- | | |
|---|------------------|
| (1) Sardarzada Muhammad Ali Shah,
M.N.A. | <i>Chairman.</i> |
| (2) Sardar Asef Ahmed Ali,
M.N.A. | <i>Member.</i> |
| (3) Rai Arif Hussain,
M.N.A. | <i>Member.</i> |
| (4) Ch. Muhammad Sarwar Khan,
M.N.A. | <i>Member.</i> |
| (5) Nawab Muhammad Yamin Khan,
M.N.A. | <i>Member.</i> |
| (6) Malik Said Khan Mahsud,
M.N.A. | <i>Member.</i> |

National Assembly Secretariat :

- (1) Mr. M.A. Haq, Secretary.
- (2) Ch. Abdul Qadir, Joint Secretary.
- (3) Mr. Muhammad Aslam, Deputy Secretary.
- (4) Mr. Gulzar Ahmed, Officer on Special Duty.

Audit

- (1) Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
- (2) Mrs. Suraiya Hafeez, Deputy Auditor-General (CA).
- (3) Mr. S.I. Shabbir, Deputy Auditor-General (Co-ord).
- (4) Mr. A.A. Zaidi, Deputy Auditor-General (A&R).
- (5) Sh. Muhammad Sadiq, Accountant-General Pakistan Revenue.
- (6) Mr. M.S. Amjad, Director-General (PEC).
- (7) Mr. Istikhar Ali Khan Raja, Director-General, (A&A Work).
- (8) Mr. Ahmad Nawab Qureshi, Director General-Commercial Audit.

* Paragraphs upto 778 pertain to other Ministries/Divisions.

Ministry of Finance :

- (1) Mr. Muhammad Sher Khan, Joint Secretary (Water & Power).
- (2) Mr. Athar Mahmood Khan, DFA (Water & Power).

780. *Accounts examined.*—Accounts pertaining to the Ministry of Water and Power were examined by the Committee during the course of the day.

MINISTRY OF WATER AND POWER

792. The Committee then took up for examination, the Appropriation Accounts etc., pertaining to the Ministry of Water and Power. The following departmental representatives were present :—

- (1) Mr. Abdul Wahab F. Sheikh, Secretary.
- (2) Mr. Zia-ul-Qayyum, Deputy Secretary.
- (3) Lt. General Ghulam Safdar Butt, Chairman (WAPDA).
- (4) Mr. A.F. Serajul Haq, Member Finance (WAPDA).
- (5) Mr. M. Ayub Sadozai, Member Power (WAPDA).
- (6) Mr. Javid Akhtar, G.M. (T&G).
- (7) Mr. Hasinul Haque, CE, (EHV).
- (8) Mr. Tajammal Hussain, Chief Auditor (WAPDA).

793. Performance Evaluation Report on EHV Tarbela Faisalabad 500 KV Transmission Line was only discussed.

794. *Performance Audit Report EHV Tarbela Faisalabad 500 KV Transmission Line WAPDA.*—Audit, while evaluating performance of the project, intimated that 500 K.V. Tarbela Faisalabad Transmission Line Project was started in December, 1973. The project was to be completed in 37 months at an estimated cost of Rs. 529.94 million. The PC-I was, however, revised in June, 1975 for an estimated cost of Rs. 1087.49 million. The completion period was extended upto 1977. The main objective of the project was to transfer the bulk of power from Tarbela to Faisalabad Region.

795. Audit observed that implementation of the project was not satisfactory probably due to lack of co-ordination as transmission line was completed in 1977 but the grid station necessary to energise this line of 500 K. V. was completed in 1979. Cost of the project rose from estimated Rs. 529.94 million to Rs. 1013.47 million (actually booked upto 1982-83). WAPDA had not carried out any analysis of rates to determine the suitability of tendered rates.

796. Audit further observed that ECNEC approved this project on 30-12-1980, after completion of the project itself. WAPDA in reply stated that all power generated at Tarbela was fully transmitted at 220 K.V., further the deferring of capital expenditure of Rs. 400 million for two years brought considerable savings. Thus there was no lack of internal co-ordination. WAPDA blamed devaluation and undertaking of some additional works for the cost overrun. This was the first time that tenders for 500 K.V. Transmission Line were called hence analysis of rates was not possible and as for the late approval of the project WAPDA had stated that the matter related to ECNEC. Audit maintained that although the

MINISTRY OF WATER AND POWER

49. The Committee first took up for examination, the Appropriation Accounts etc ; pertaining to the Ministry of Water and Power. The following departmental representatives were present :—

- (1) Mr. Abdul Wahab F. Sheikh, Secretary.
- (2) Mr. Zial-ul-Qayyum, Deputy Secretary.
- (3) Lt. Gen. Ghulam Safder Butt, Chairman (WAPDA).
- (4) Mr. M. Ayub Sadozai, Member (Power) WAPDA.
- (5) Mr. Asif H. Kazi, Member (Water) WAPDA.
- (6) Mr. Tajammul Hussain, Chief Auditor (WAPDA).
- (7) Ch. Altaf Hussain, CEA/CFFC (Ministry of Water & Power).
- (8) Mr. Javed Akhtar, GM, (T&G) (WAPDA).
- (9) Mr. Karim Khan, GM, North (WAPDA).
- (10) Mr. Iqbal Khan, GM I/C.
- (11) Mr. Waseem Khan, GM (D) WAPDA.
- (12) Raja Saeed Akbar, GM (D) WAPDA.
- (13) Mr. Rashid A. Chaudhry, GM (Tarbela).

50. This Ministry controlled the following grants :

S.No.	Name of Grant	Grant No.
1983-84		
1.	Ministry of Water and Power	126
2.	Development Expenditure of Ministry of Water and Power ..	165
3.	Capital Outlay on Irrigation and Electricity	188
1984-85		
1.	Ministry of Water and Power	128
2.	Development Expenditure of Ministry of Water and Power ..	170
3.	Capital Outlay on Irrigation and Electricity	193

51. *Reconciliation of Accounts with Audit.*—Audit pointed out that reconciliation of figures of expenditure under Demand No. 194 for the year 1986-87 was not complete. The Committee directed that the reconciliation should be updated and should not be allowed to fall in arrears.

APPROPRIATION ACCOUNTS (1983-84)

52. *Grant No. 126—Ministry of Water and Power (Page 994-AA).*—The grant closed with excess of Rs. 336,767 which the Department explained was due to extra salary of staff paid on Eid and revision of Pay Scales. The Committee accepted the explanation and recommended the excess to be included in excess budget statement.

53. *Grant No. 165—Development Expenditure of Ministry of Water and Power (Page 998-AA).*—As per Appropriation Accounts there was a saving of Rs. 155,634,565 under this grant. It was intimated by the Department that main reason for such a huge saving was that the Ministry of Finance did not release the funds in the last quarter due to financial constraints. The Finance, however, contested the statement of WAPDA and informed the Committee that the Department approached the Finance on 28-6-1983 for release of Funds, whereas the budget had already been announced on 14-6-1983. The second aspect of this case was that it pertained to Commodity Aid Programme and the Finance had to go by rules & regulations. Audit at this point observed that saving under "Transfer Payments", to various Provinces, under this grant would show that percentage of achievements did not commensurate with percentage of quota released to different Provinces. The Department explained that equipment percentage of Provinces could not be related with work progress percentage. Audit further observed that the Department had not given equipment progress percentage.

54. The Committee took a very serious view of this huge saving in Development grant, as it adversely effect National Development Programmes. A large saving under this grant was without cogent reasons. It was directed that in future if any Ministry held the view that amounts budgeted could not be spent as funds were not released by the Finance, they should obtain comments of Finance on such an explanation and then submit their replies with comments of Finance for consideration of PAC so that time of PAC was not wasted. All the Principal Accounting Officers must clear the position of non-release of funds with the Ministry of Finance before submission of their replies to PAC.

55. *Grant No. 188—Capital Outlay on Irrigation and Electricity (Page 1004-AA).*—According to Audit there was a saving of Rs. 40,477,735 under this grant which was due to non-transfer of funds to "contribution to the Indus Basin and Tarbella Dam Development Fund". It was explained by the Department that the World Bank had to make payment to the contractors, whose claims did not mature.

in time. The payments were made in July instead of June, 1983. The World Bank did not obtain Rupee releases, which resulted in saving. This was a special fund. The delay was mainly due to tax determination on amount of payments. The Committee remarked that Budgetary controls did not appear to be proper.

AUDIT REPORT (WAPDA) (1983-84)

56. *Avoidable Expenditure of Rs. 6,828,562 (Para 6, page 19-AR-WAPDA).*—Audit pointed out that a Consultant was engaged for Engineering Consultancy Work. His contract was terminated when only 25% of the work was completed and he was paid an amount of Rs. 6,828,562. The remaining work was completed by Departmental Engineers. This showed that Consultants were not required in the first instance as such expenditure of Rs. 6,828,562 was avoidable. The Department explained that consultants were employed in 1973 and they completed major portion of their job and also explained the circumstances under which contract was terminated.
57. The Committee accepted the explanation and settled the paragraph.
58. *Avoidable Expenditure of Rs. 4,964,922 on 2nd repair of tunnel (Para 11, page 26-AR-WAPDA).*—It was pointed out by Audit that an amount of Rs. 4,964,922 was spent on second repair of a Tunnel of Tarbela Hydro Electric Project, which indicated that first repairs were either defective or were not comprehensive. An enquiry was required to be conducted. The Department reported that first repairs were carried out in emergency in 1974, which were done in a short period left at the disposal of WAPDA as such, these were not comprehensive repairs. The Committee settled the paragraph.
59. *Loss of Rs. 2,911,972 due to defective work in construction of transmission Line (Para 16, page 35-AR-WAPDA).*—According to Audit Report, in 1979-80 erection of 479 poles and stringing of 76 miles long 132 KV single circuit transmission line was executed departmentally. While the work was in progress, 46 poles of completed portion fell down and the line was damaged. An additional expenditure of Rs. 2,911,972 was incurred on re-erection, which was a loss.
60. The Chairman questioned, whether any enquiry in this case was held? The Department explained that line was damaged due to poor soil in water lodged area. Audit observed that soil condition was required to be kept in view while erecting lines. Department further explained that an enquiry was held in this case but its report was delayed due to transfer of certain officers. The enquiry report had now been received and was under action. The Committee directed that action on the enquiry report should be finalized early. Subject to these remarks the paragraph was settled.

61. *Wasteful Expenditure of Rs. 1,670,559 on providing and fixing of number plates on ploces/index plates for consumers (Para 18, page 36-AR-WAPDA).*—As per Audit Report an amount of Rs. 1,670,559 was spent on the above work. The work was un-necessary and there was no authority to carry out this work. The Department admitted the irregularity and stated that a high powered Committee held an enquiry in this case. A Superintending Engineer and an Executive Engineer were found guilty. Mr Ijaz Nabi was removed from service and the case was handed over to F.I.A., unfortunately the Executive Engineer died in a road accident.

62. Audit pointed out that certain other officers/officials were also held responsible. The Committee, there upon deferred this paragraph and directed that full facts of the case and final action taken in this case alongwith safeguards adopted to avoid such re-currence may be reported to PAC.

63. *Non-Accountal of stores worth Rs. 112,769 (Para 23 (xiii), page 43-AR-WAPDA).*—Audit pointed out that a shortage of stores of Rs. 646,607 was noticed in the accounts for the year 1967-68. The PAC during August, 1980, was informed that an amount of Rs. 112,769 was only outstanding and since then nothing had been done to adjust the outstanding amount.

64. The Chairman PAC desired to know the reasons of delay of 19 years in this case. The Department regretted the delay and promised to finalized the case. The Committee directed that the case should be immediately finalized and report submitted.

65. *Loss of Rs. 665,323 due to defective purchase order (Para 25, page 45-AR-WAPDA).*—According to Audit Report Purchase Wing of WAPDA did not purchase MS. Angle according to required specification which resulted in wastage of material amounting to Rs. 665,323. While explaining the wastage, the Department reported that M.S. Angle were ordered by weight instead of by length as a result of it, off size material was received, which resulted in wastage due to cutting it to proper size. The Department promised that such mistake would be avoided in future. The Committee directed that Departmental control should be tightened up.

66. *Acceptance of sub-standard transformers resulted in loss of Rs. 665,150 (Para 26, page 45-AR-WAPDA).*—Audit reported that 35 transformers purchased from a supplier were damaged/burnt during 1978—80, within warranty period. The claim for replacement was delayed by WAPDA, thus the supplier did not replace the transformer which resulted in a loss. The Department stated in reply that the matter was under investigation and an enquiry was being carried out.

67. The Committee observed that it took more than two years to initiate enquiry which was a very serious lapse. In future action should be taken against those responsible for delay.

68. *Loss of Rs. 298,100 due to laxity in acquiring land for a grid station (Para 29, page 47-AR-WAPDA).*—As per Audit, a plot of land was taken over for a project in 1973 but the cost thereof was not paid to the land owners at that time. Subsequently owners filed a suit in a Court of Law and were paid cost of the land as per current market rate in accordance with the court decision, resulting in a loss of Rs. 298,100. The Department explained that the possession of land was taken in 1973 but the payment could not be made earlier as the real owners were not traceable. The Committee was not satisfied with the reply and observed that proper care should be taken to acquire the land, subject to these remarks, the paragraph was settled.

69. *Doubtful Expenditure.—Rs. 137,800 (Para 36, page 52-AR-WAPDA).*—According to Audit Report a contractor was paid Rs. 137,800 in 1979-80 for re-concreting of foundation of 103 high tension and 101 low tension structures. A scrutiny of records, however, revealed that there was no proof to show that old structures were dismantled for re-concreting which evidently meant that no work of re-concreting of foundations of structures was done. The Department in their written reply informed the Committee that the matter remained under investigation. The Inquiry Officer had held a Line Superintendent responsible for the irregularity. A Show Cause Notice had since been issued to the official. A decision of the competent authority was awaited. The Department further informed the Committee that the Line Superintendent had produced the records and cleared his accounts subsequently. Action would also be taken against person at fault.

70. The Committee directed that the stand taken by the Department should be verified by Audit. A copy of the Inquiry Report may be supplied to Audit.

71. *Loss of Rs. 67,385 due to mis-placement, or non-repairing of WAPDA Vehicle [Para 41(i) Page 55-AR-WAPDA].*—Audit pointed out irregularities in maintenance of Vehicles. In a case a vehicle, purchased in 1974 for Rs. 67,385, was sent for repairs in 1977 and was received back unrepaired in 1982. The Department reported to the Committee that steps had been taken to keep the accounts of vehicles in proper shape. The vehicle was not collected as the officer who sent it for repairs was transferred and did not inform his successor. Then there was a dispute with Mistri on the bill for repairs. It was admitted that there was avoidable delay. The Committee was not satisfied with the explanation and directed that such delays should be avoided and settled the paragraph.

72. *Unjustified payment of interest charges on delayed payment to contractor—Rs. 93,732 (Para 42, page 57-AR-WAPDA).*—As per Audit Report, an amount of Rs. 93,732 was paid to a contractor as interest on delayed payments of a work in Tarbela Power Station Project, as per terms of his contract. The responsibility for delay, which resulted in un-justified payment was not fixed by the Department. The Department admitted that the payment was delayed. An investigation was being carried out. The Committee directed that inquiry should be finalised early and should be got verified by Audit.

73. *Irregular refund of Rs. 89,368 to consumers (Para 43, pages 57-58-AR-WAPDA).*—According to Audit Report in certain cases Electricity charges levied on average basis were refunded to the consumers irregularly in 1981-82. The Department reported that the matter was investigated and it was observed that in some cases the charges were correctly refunded. In cases where these were found to be irregular, action was under process. The Committee settled the paragraph subject to verification by Audit.

74. *Non-recovery of cost of Cement—Rs. 75,766 (Para 45, page 58-AR-WAPDA).*—Audit pointed out that a contractor was issued cement for use on the work, but cost of cement valuing Rs. 75,766 was not recovered. The Department intimated that the contractor failed to carry out the work, which was subsequently executed departmentally. The Contractor was black listed. The services of Line Superintendent responsible were terminated. This contractor was neither paid anything nor he will be paid. The paragraph was dropped by the Committee, subject to verification by Audit.

75. *Embezzlement of Cash—Rs. 56,535 (Para 46, page 59-AR-WAPDA).*—According to Audit Report, an Assistant Lineman took out a blank cheque from the cheque book lying in the custody of Head Clerk. The signature of Accountant and Executive Engineer were traced and cheque was cashed from the Bank. The Department failed to finalize the case. The Department reported to the Committee that the amount embezzled had been recovered. Assistant Lineman had been dismissed and Head Clerk reverted. The Committee observed that exemplary punishment should be given in such cases. The paragraph was settled subject to verification by Audit.

76. *Fraudulent drawal of legal charges—Rs. 55,000 (Para 47, page 59-AR-WAPDA).*—According to Audit, during 1977-78 a lawyer was paid a sum of Rs. 55,000 as charges for pursuing legal cases. The lawyer, however, did not pursue the legal cases. The Department in their written reply reported that there were 188 cases to be handled by the lawyer. A suit was filed against him in a court but he was acquitted by the court. Bar Council was also contacted but no useful results could be achieved. Audit at this, pointed out that there appeared to be

lapses on the part of Department in this case. The Department reported that a Committee had been formulated to recommend better procedure. The Committee observed that final action in this case should be taken early and got it verified by Audit.

77. *Infructuous expenditure of Rs. 29,340 (Para 48, pages 59-60-AR-WAPDA).*--As per Audit, a work awarded to a contractor in July, 1980 was rescinded in September, 1980, on the grounds of its being of an important nature and the work was awarded at second lowest rate to another contractor. He also could not complete the work in time as WAPDA could not supply the material required for the work, which resulted in a loss of Rs. 29,340. Audit further held that although the amount is small, there was something wrong in planning and co-ordination. The Department explained that original contractor inspite of notices could not commence the work. His security deposit of Rs. 8,500 was forfeited and work awarded to the second lower contractor.

78. The Committee observed that Department should strengthen their planning and coordinating machinery, subject to these remarks, the paragraph was dropped.

79. *Irregularities in purchase of material (Para 57.3, page 65-AR-WAPDA).*—In this case the Department informed that an Inquiry Committee had been formed to fix responsibility for delay in recovery. The Committee directed that the inquiry should be finalized, recoverable amounts made good, and disciplinary action taken. Defects in the procedure should be removed.

80. The paragraph was settled subject to verification by Audit.

81. *Loss due to non-acceptance of resignation—Rs. 154,093 (Annexure S. No. 3, pages 65-69-AR-WAPDA).*—According to Audit Report a Supervisor tendered resignation from service in 1971, on which a decision was not taken upto 1974. The official at one stage, asked for permission to rejoin, but he was not allowed to do so. The employee went to Court of Law and the case was decided in his favour thus WAPDA had to pay Rs. 154,093 to him. No responsibility for the delay in processing of case and consequent loss had been fixed.

82. The Chairman, PAC observed that this was again a case in which there was a flaw in procedure some where. The Department reported that they were already working on it.

83. The Committee suggested that a high powered Committee including Audit representative should be constituted to look into the flaws in procedures. The action should be taken against the person who delayed things/cases.

84. *Non-accountal of stores—Rs. 125,558* [Para 61 (ii), page 86-AR-WAPDA).—The Department informed the Committee that this material had since been accounted for. The Committee directed that Audit should verify it, subject to such verification, paragraph was dropped.

85. *Infructuous expenditure of Rs. 5,760,620 due to lapses on the part of consulting engineers (Para 62, pages 86-87-AR-WAPDA).*—Audit pointed out that in SCARP Constructing Circle Rahimyar Khan, 623 tubewells were installed in 1978, of which the discharge capacity of 65 tubewells was reduced by considerable margin, before completion. As such the expenditure of Rs. 4,385,000 incurred on their installation proved infructuous. Design Directorate of WAPDA indicated that it was due to lapse on the part of Consultants. In addition 12 tubewells costing Rs. 1,235,000 were closed down as they had turned brackish during the first year of their operation.

86. The Department explained that this was an experiment and staff of WAPDA was not experienced enough to handle such cases. Department had gained a lot out of this experience. The Chairman PAC took serious notice of supplying incorrect replies to PAC and directed that figures should be properly checked up before coming to PAC. The paragraph was settled.

87. *Un-necessary holding of wireless sets—Rs. 65,000 (Approx) (Para 77, pages 94-95-AR-WAPDA).*—As per Audit, in Tarbela Dam Project, Wireless sets for Rs. 65,000 were lying idle in Project Security Office since 1977. The Department intimated that these sets were not put to use for want of remote control sets. These had, however, been now put to operation. The Committee settled the paragraph.

88. *Delay in replying Audit observations (Paras 89, pages 122-123-AR-WAPDA).*—Audit pointed out that response to Audit Observations by executive agencies had shown no improvement and remained far from satisfactory.

89. The Committee observed that audit observations be attended to promptly and directives already given i.e., reply should be sent within one month, be complied with.

90. *Outstanding against Government Departments (Para 91.3, page 124-AR-WAPDA).*—According to Audit Report, millions of Rupees were outstanding against consumers and were on increase. The arrears against Government Departments as on 31-10-1986 showed some decrease, but still amounted to Rs. 624.63 million. The break of outstandings was as under :—

Federal Government Department	--	--	Rs. 237.77	Million.
(Federal) Autonomous Bodies	--	--	Rs. 97.59	Do.
Provincial Government Department	..	..	Rs. 119.27	Do.
(Provincial) Autonomous Bodies	--	--	Rs. 14.72	Do.
Local Bodies	..	--	Rs. 155.28	Do.

The Department explained that arrears had certain relationship with billing and 20% of such bills remain in pipe lines. Arrears were at the level of 20.3% at the present. The increase in figures was due to increase in sales and rates etc. Department had difficulties in recovery of bills. Arrears had been recovered from Provincial Govts. and were being recovered from Federal Government Departments. The Local Bodies had objected to charging of Excise duty, the matter was being sorted out. The representative of Finance pointed out that the Defence Department had already paid an amount of Rs. 10 crore. Figures of arrears were being reconciled with them. Finance would help WAPDA in recovery of arrears.

92. The Committee directed that the Provincial Governments may be asked to direct the Local Bodies to clear the arrears.

APPROPRIATION ACCOUNTS (1984-85)

93. *Grant No. 128—Ministry of Water and Power (Page 1000-AA)*—This Grant closed with a saving of Rs. 531,244 which was 4% of the Final Grant. The Committee did not make any observation on it.

94. *Grant No. 170—Development Expenditure of Ministry of Water and Power (Page 1004-AA)*—As per Appropriation Accounts there was a saving of Rs. 200,236,749. A major part of this saving Rs. 166,690,000 was due to mis-classification of transaction by State Bank of Pakistan. The Department explained that an amount of Rs. 34 million was surrendered and the remaining saving of Rs. 166 million was due to mistake of the State Bank of Pakistan.

95. The Committee accepted the explanation.

96. *Grant No. 193—Capital Outlay on Irrigation and Electricity (Page 1014-AA)*—A saving of Rs. 57,675,330 was shown under this grant. The Department explained that actually there was neither any surrender, nor saving under this grant. The debits were not booked during the financial year under this grant, thus the actuals were under stated. The Committee did not make any observation on this grant.

AUDIT REPORT (WAPDA) (1984-85)

97. *Loss of revenue of Rs. 152,061,273 due to non-accounting of energy (Para 1.1, page 3-4-AR-WAPDA)*—According to the Audit Report the revenue accounts of WAPDA (Electricity) for 1984-85 indicated that 26.74% of the energy generated remained unaccounted for. The issue was discussed in last PAC meeting held in April 1986 in which it was assured that the losses will be reduced to 23% by end

of 1986-87. The position, however, still remained highly unsatisfactory. The Department intimated that steps were being taken to curtail energy losses and a six-year plan was also given for change in the size of conductor. There are problems of funds. Audit pointed out that percentage difference in Peshawar and Quetta Region was increasing. The Committee after listening to the Department directed that Provincial Government and States and Frontier Region Division might assist WAPDA in realising the electricity bills in Baluchistan and FATA. The Committee further desired to discuss this point separately with Chairman WAPDA.

98. *Irregular credit/refund to the consumers—Rs. 322,773 (Para 1.2, page 4-AR-WAPDA).*—Audit pointed out that in a number of cases detailed in the Audit Report Credit/Refund to the consumers amounting to Rs. 322,773 was allowed by various officers irregularly. No effective steps were taken by the authority to stop or curtail these activities. The Department reported to the Committee that a scrutiny of these cases revealed that refunds amounting to Rs. 66,807 were justified and there was nothing irregular. The remaining cases were being examined. The paragraph was settled by the Committee subject to verification by Audit.

99. *Non-recovery from WAPDA employees—Rs. 393,351 (Para 3.1.2., pages 17-18-AR-WAPDA).*—As per Audit Report, investigation was required to be carried out whenever Transformer was burnt and responsibility fixed. No inquiries were held in the case of loss of 30 Transformers. The Department reported that investigations and inquiries were held in all the cases. No body was held responsible in the case of 18 Transformers 4 were damaged due to manufacturing fault and responsibility was fixed by the Inquiry Committee. In the case of 8 Transformers, the disciplinary action was being finalised. The Committee settled the paragraph subject to verification by Audit.

100. *Transformers burnt/damaged during warranty period—Rs. 528,000 [Para 3.2 (i) pages 18-19-AR-WAPDA].*—Audit pointed out that 25 Transformers were reported to be damaged during warranty period in the year 1981—83. The damaged transformers were however not got replaced as per agreement. The Department intimated that an Inquiry Committee has been formed to fix responsibility in this case. The paragraph was dropped subject to verification by Audit.

101. *Excess expenditure of Rs. 73,031 on procurement of two pumps (Para 5.5, page 34-AR-WAPDA).*—In this case the Contractor of tunnel No. 3 Tarbela Dam was asked to supply two pumps for removing splash water in 1980, at a mark up of 28% of C.I.F. value instead of 7½% permissible mark-up, resulting in an excess expenditure of Rs. 73,031. The Department reported that this mark up at the rate of 28% on the pumps was allowed by the engineer who was competent

to allow this mark up in the variation order. The Committee accepted the reasons for this high mark up subject to the condition that this should not form a precedent for future.

102. *Non-recovery of Rs. 298,640 from a contractor (Para 6.1, pages 34-35-AR-WAPDA).*—Audit pointed out that a sum of Rs. 298,640 was reimbursed to a Contractor on account of Custom Duty and Sales Tax which was not covered by any clause of the agreement. The Authority had accepted the audit observation and agreed to adjust it at the time of final settlement of the dispute with the Contractor. Disciplinary aspects of the case had however not been examined. The Department explained that the recovery of said amount which was recoverable from M/s. P.E.L. and was tied up with many other claims/counter-claims will be adjusted when the disputes with the contractor were settled. The paragraph was settled subject to verification by Audit.

103. *Irregular payment of Operation and maintenance charges in respect of additional constructed house to a contractor—Rs. 107,921 (Para 6.2, page 35-AR-WAPDA).*—According to the Audit Report, a sum of Rs. 107,921 was reimbursed to a contractor without the approval of competent authority. The Department contested the Audit point and reported that the payment was in accordance with the contract agreement and clause 90-C of the notice of award. The Committee deferred the paragraph and directed that Audit should go into the details and verify the position and then come back.

104. *Un-necessary blocking of Authority's capital—Rs. 17,231,695 (Para 11.1, page 57-AR-WAPDA).*—Audit pointed out that Fibre glass was imported for a SCARP Project in 1976. On completion of the project Fiber glass for Rs. 17.2 million was transferred to Rahimyar Khan in 1982 and was charged to the work in progress, although no such work was in hand. Subsequently Fiber glass for Rs. 11.9 million was transferred to another organisation in 1986. The disposal of the remaining material was awaited. The Department explained that material worth Rs. 13 million has since been used on the works and the remaining amounting to 4 million will be used during current financial year.

105. The Committee observed that it was not a healthy state of affairs, the remaining material should be used during the year 1986-87 and got verified from Audit.

106. *Overpayment of Rs. 4,120,162 due to lacuna in contract agreement (Para 11.2, pages 57-58-AR-WAPDA).*—As per Audit Report in Tarbela Dam Project a Contractor was paid escalation charges on the wages of labour employed on monthly basis in contravention of the agreement, resulting in an overpayment of Rs. 4.1 million during 1970—79. As per Authority's explanation, the payment was made due to a lacuna in contract document. Responsibility for over

payment has not been fixed. The Department explained that an exercise in this case was carried out to verify admissibility of escalation to various categories of labour and it was held that escalation was duly payable to those categories of labour which were skilled, semi-skilled and un-skilled workers. The provision in the condition of the contract and the letter of intent required reconciliation and interpretation which was done by categorising the workers as on monthly paid basis. The Committee after a detailed discussion on the matter directed that Chairman WAPDA will certify that the action was justified and the payment was valid, the action taken was also in the best interest. The para was, therefore, deferred.

107. *Excess payment of about Rs. 1,206,032 and GDM 572,866 due to change of method of construction (Para 11.3, pages 58-59 -AR-WAPDA).*—Audit pointed out that in a Contract, the drilling method was changed in 1978 without a corresponding change in the rates resulting in excess payment of Rs. 1.2 million to the Contractor. The Department explained that the drilling method was changed due to site condition and actually no change in rate was required. The contractor was allowed to go ahead due to emergent constructions. On a query from Audit, it was further explained that offer was received in September, 1978 and change in method of drilling was made on 17th October, 1978. The Committee after prolonged discussion on the subject directed that Department should sort out the facts of the case with Audit and come back again. The paragraph was deferred.

108. *Infructuous expenditure of Rs. 1,473,427 on proposed WAPDA office building at Islamabad (Para 12.2, pages 60-61-AR-WAPDA).*—According to the Audit Report in March, 1981 some posts were created for planning and preparing plans for the work "Construction of WAPDA Office Building at Islamabad". The project was shelved in August, 1984, and the Civil Division created for the construction work was closed in February, 1985. An expenditure of Rs. 1.47 million was incurred upto October, 1985 which became infructuous due to lack of Planning. The Department explained that this land was procured from C.D.A. for the construction of Legal Office at Islamabad at cheap rates. The Department prepared PC-I but the Ministry of Finance did not allow the funds on the plea that the WAPDA was a self-financing organisation. WAPDA was not financially good at that time but had now taken the work in hand and was in a position to construct the building, the expenditure already incurred would be utilized.

109. The Committee directed that building might be constructed.

110. *Failure of tube-wells resulting in infructuous expenditure of Rs. 619,018 (Para 12.3, page 61-AR-WAPDA).*—Audit pointed out that in ground Water Project, Peshawar, 2 tubewells were installed in 1978 and 1977 at a cost of Rs. 619,018. One of the tubewells was choked on the same day while the other got choked 6 months after. No investigations were made to find the causes of the tubewells

failure. The Department explained that these tubewells were installed on experiment basis. The machinery was dismantled and there was little loss to WAPDA. The Committee did not offer further remarks.

111. *Infructuous expenditure of Rs. 33,000 (Para 12.4, pages 61-62-AR-WAPDA).*—In this case a residential building was hired for 11 months in 1981 at a rent of Rs. 33,000, for setting up Bachelors Hostel for local Consultants. Rs. 5,000 were spent on crockery. Only one Officer of the Consultants used the acquired building at a time. The expenditure was not covered by the agreement. The Department explained that the expenditure incurred on the renting of Hostel was justified. No further remarks were offered by the Committee.

112. *Non-recovery of Rs. 2,084,582 representing cost of two generating sets with accessories (Para 13.1, page 62-AR-WAPDA).*—According to the Audit Report in Gomal Zam Project, Tank, two generating sets for Rs. 2 million were handed over in 1976 to FWO, without recovering the cost. The Department intimated that the recovery was being made from F.W.O. The Committee settled the paragraph subject to verification by Audit.

113. *Loss of Rs. 111,880 due to supply of defective electric motors (Para 14, page 63-64—AR-WAPDA).*—The Department reported that a preliminary inquiry was held in this case. Responsibility had since been fixed and necessary disciplinary action was being taken. A member observed that there had been delay of 10 years in processing the case and the Director Inspection Board appeared to be responsible. The Department replied that Director Inspection alongwith other Engineers who were responsible, were being proceeded against.

114. The Committee directed that a proper inquiry should be held to fix the responsibility for this loss to the WAPDA. All the culprits should be punished and money recovered. The case should also be referred to FIA for enquiry and then registered with Police.

Other Issues

115. *Award of Contract Hydro Power Extension Power Project (Units 11—14) Tarbela.*—The Tenders for the above work were invited in June, 1985, and the contract for Civil Works had been awarded on 20-11-1986, after a delay of about one year and five months. The Details of bids received were as under :—

Bidders	Amount
	Rs.
1. M/s. Daelim.. .. .	921,331,000
2. M/s. Hyundai + Halla	1,148,666,252
3. M/s. Samwhan	1,121,656,107
4. M/s. Dillingham	1,172,685,267

116. The work was awarded to the third lowest Contractor M/s. Hyundai and Halla, which has resulted in increasing the cost of the Project by Rs. 227,335,252 as compared to the lowest bid.

117. The circumstances under which this decision had been taken, needs to be investigated. The Department explained that M/s. Daelim gave conditions with 14 points which were to be cleared before allotment of work. Validity of offer was 180 days, who were requested for extension but they refused. Similarly M/s. Samwhan also refused to extend validity period. M/s. Hyundai-halls was only capable of doing the work. The Department could not take into account conditions set by M/s. Samwhan and M/s. Samwhan which were not in accordance with the guide lines set by the Asian Development Bank. The Asian Development Bank approved the rates of M/s. Hyundai Halla who reduced the rate by 3%. The Committee was not fully satisfied with the explanation and directed that a detailed note on the award of contract of Power Project (Units 11—14) Tarbela to M/s. Hyundai may be provided to P.A.C.

118. *Tarbela 11—14 Pen Stock C. 24.*—The international tender for Tarbela 11—14 Pen Stock C-24 were received from 11 Firms in September, 1985. The bids were evaluated and following four bidders were considered for award of work :—

- | | | | | |
|--------------------------------------|----|----|----|----------------|
| (1) Voest—Alpine, Austria | .. | .. | .. | Lowest. |
| (2) Mitsubishi Corporation Japan | .. | .. | .. | Second lowest. |
| (3) Sulzer—Eschyer Wyss, Switzerland | .. | .. | .. | Third lowest. |
| (4) S. DEM, France | .. | .. | .. | Fourth lowest. |

119. It was, however, decided to disqualify the lowest bidder on the basis of financial risk. The W&PDA also decided to disqualify the second lowest bidder and recommended to Asian Development Bank for award of Contract to third lowest bidder. The Department reported that Voest—Alpine, Austria was capable and offered what the Department really wanted. It was reported that the firm was at the verge of bankruptcy. As for Mitsubishi Corporation Japan they were not recommended by the Consultants, being unsound. A member at this point observed that when Voest—Alpine, Austria was giving a guarantee it should have not been rejected. The Department replied that the risk was more than guarantee. This was a matter of judgement, the Government told us that Department should make their own judgement in the selection of the Firm. There was not loss to Pakistan as the rates of Sulzer—Eschyer Wyss, Switzerland were either lower or equal to M/s. Voest—Alpine, Austria. More over M/s. Sulzer—Eschyer Wyss, Switzerland were technically sound. The Department held that Asian Development Bank was in a better position to judge financial ability of any firm. The Committee was also informed that no pre-qualification was done in this case.

120. The Committee observed that the Department had not brought forward full facts and directed that a brief note indicating full facts which led to the acceptance of third lowest offer, should also be submitted to P.A.C.

121. *Points not discussed to be treated as settled.*—The Committee did not make any observation on the other points paras in the Appropriation Accounts, or Audit Report (Civil and WAPDA) thereon. These would be deemed as settled subject to such regularisation action and verification by Audit as may be necessary under the rules.

122. The Committee then adjourned to meet again at 9.00 a.m. on Wednesday, the 31st December, 1986.

M.A. HAQ,
Secretary.

Islamabad, the 11th June, 1987.