

REPORT

OF THE

PUBLIC ACCOUNTS COMMITTEE

ON

WORKS DIVISION

(1981-82 to 1984-85)

1. INTRODUCTION

1.1. The Accounts of Works Division for the year 1981-82 were examined by the *Ad-hoc* Public Accounts Committee on 10th January, 1985. The *Ad-hoc* Committee was however not able to finalize its report, when it was dissolved. The Appropriation Accounts for the years 1982-83, 1983-84 and 1984-85, and the Report of the Auditor-General of Pakistan were examined on 4th May, 1986 and 4th January, 1987 by the Standing Committee of the National Assembly on Public Accounts.

1.2. The results of the examination of these accounts are summarized in three chapters, namely : Administration of Funds, Areas of Attention, and Specific Irregularities. The views of the Committee regarding regularization of Grant-wise expenditure of Works and other Divisions of the Federal Government shall however be discussed in the Report of the Committee on the Finance Division for the above years.

1.3. (a) The Minutes, of the Proceedings of the Public Accounts Committee, pertaining to Works Division has been appended to the Report as Annexure-I.

(b) A list of Annual Development Projects estimated to cost Rs. 4.5 Million and above, undertaken by Pakistan Public Works Department is also appended as Annexure-II.

1.4. The Committee would like to place on record its profuse thanks to Mr. Riyaz H. Bokhari, Auditor General of Pakistan, Mr. M.A. Haq, Secretary, National Assembly, Mr. A.R. Mahsud, Secretary Works Division, Mr. A.A. Zaidi, Deputy Auditor General of Pakistan, Mr. Iftikhar Ali Khan Raja, Director General, Audit & Accounts (Works) and their officers and staff for the valuable help rendered by them in enabling the Committee to get through this work.

2. ADMINISTRATION OF FUNDS

2.1. Works Division is mainly responsible for the following activities :—

- (a) Execution of Civil Works Programme;
- (b) Maintenance of Government Buildings;
- (c) Acquiring of office and residential accommodation; and
- (d) Management of Government Rest Houses.

2.2. The Funds provided to the Works Division can be divided into two parts, keeping in view the purposes for which they are utilized, Current Expenditure covers the establishment and over head expenses, maintenance of government buildings, rest houses and acquiring office and residential accommodations. Development Expenditure is meant for construction of new facilities.

2.3. Comparative position of provision of funds and their actual utilisation during the years 1981-82 to 1984-85 is summarized below :—

CURRENT EXPENDITURE

(In Million Rs.)

Year	Allocation	Actuals	Variation
1981-82	280	240	-40
1982-83	320	259	-61
1983-84	354	388	+34
1984-85	338	348	+10
Total	1,292	1,235	-57

DEVELOPMENT EXPENDITURE

(In Million Rs.)

Year	Allocation	Actuals	Variation
1981-82	394	341	-53
1982-83	412	389	-23
1983-84	522	420	-102
1984-85	630	586	-44
Total	1,958	1,736	-222

2.4 **Excess under the current expenditure in 1983-84** was mainly due to extra expenditure under Grant No. 69-Civil Works. The Secretary Works Division explained that the excess was necessitated due to visit of Turkish President during the year for which the funds were not provided by the Finance Division despite repeated requests. The explanation of Administrative Division, however, was not found plausible as only a sum of Rs. 652,000 was incurred on renovation of State Guest House, Lahore at the fag end of the year, which could be attributed to the visit of Turkish Prime Minister (and not the President) to Lahore. The Committee was, therefore, not satisfied with the explanation furnished by the Administrative Division and directed that the circumstances leading to the unauthorized expenditure of such a high magnitude should be investigated and responsibility fixed. Secretary Works Division was also directed to associate a representative of the Auditor-General of Pakistan with the investigations.

2.5. In 1984-85, the excess under the current expenditure was attributed to purchase of Stock, Other Suspense, and Repairs and Maintenance (Rs. 37.8 million), which was off set partially by Savings under other heads of Account. The Committee was not satisfied with the explanation of the Department and directed that this aspect should also be looked into by the Committee to be constituted by Secretary Works Division, to investigate the unauthorised excess expenditure referred to in Para 2.4 above.

2.6. Instances of excess expenditure under various functions over and above the allocated amount in respect of current expenditure were also noticed in earlier years *i.e.* 1981-82, and 1982-83, and it seemed to be a regular feature of the expenditure pattern of Works Division.

2.7. Actual utilization of Development Expenditure during 1981-82 to 1984-85 indicated short-falls varying between 6% and 19.5% or a short-fall of 11% in aggregate terms.

2.8. The Committee was not satisfied with the performance of the Works Division in this regard for two reasons—

- (i) the resources provided for execution of development plan were not fully utilized resulting in delayed benefits; and
- (ii) technical and administrative machinery in Works Division was not utilized in an optimum way.

2.9. The issue, therefore, was discussed with the Administrative Secretary and his officers at length. Secretary Works Division was of the view that the basic cause for non-utilization of funds was that the schemes were controlled by other Ministries and Divisions and he did not exercise adequate financial powers and institutional flexibility to overcome the bottlenecks and to maximize the utilization of the funds. The Committee was of the view that this was an issue which should be thoroughly examined by the Planning and Finance Divisions in consultation with the agencies involved, so that better utilization of resources could be ensured in future.

2.10. Another important aspect, noticed by the Committee, was in-effective institutional control to restrict the executive officers of the Works Division to utilize only the allocated resources. As a result, the officers of the Works Division could incur expenditure even beyond the authorization without prior clearance from the Finance Division. This was more pronounced in repairs and maintenance of buildings. The Committee has asked the Auditor-General of Pakistan to examine this issue in greater depth and to modify the existing systems and procedures in consultation with the Finance Division to ensure that Works Division does not over step the legislative authorization as a routine.

2.11. The Committee was of the view that heavy excesses over authorised appropriation and huge savings against grants speak of financial in-discipline. Excess over the authorised budget

is tantamount to taking powers of legislature by the officers of the Department in their own hands and perhaps leaving no alternative for the legislature but to approve it. Similarly in the case of savings, the heavy amounts of money which could be better utilized elsewhere for National Development were blocked for full year. Ministry of Finance and Planning Division should take suitable measures to prevent such malpractices.

3. AREAS OF ATTENTION

3.1. The Committee examined a number of serious irregularities pertaining to Works Division which had been raised by the Auditor-General of Pakistan in his Audit Reports for the years 1981-82 to 1984-85. As a result a number of areas have been isolated which need to be examined in further details to enable the Works Division to improve its efficiency and effectiveness. These areas are discussed in the following paragraphs.

3.2. *Contract Management.*—As per standard contract agreement being followed in the Public Works Department as well as other engineering agencies, a contract can be terminated in case of non-performance by confiscating the security deposit or by executing the remaining work departmentally or through another contractor at the risk and cost of the original contractor.

The Committee felt that in a number of cases, the selection of contractors was not appropriate. The executive agencies then tried to support the contractors for considerably long periods in the hope that the assigned work would be completed by them within extended period. When they find no way to get the job completed, the executive agencies are forced to invoke the above provision of the contract agreement.

The aforesaid provisions are either too lenient or too harsh. The Government is, therefore, a loser whenever these provisions are invoked. If only the security deposit of the Contractor is confiscated, then the price differential due to time lag is much more and the amount of security deposit is not adequate compensation

for the increased costs. If however, the contract is executed at the risk and cost of the original contractor, the action for recovery of the risk and cost amount is so delayed that either the whereabouts of the contractor are not available or the contractor goes into litigation. The above provisions thus prove to be self defeating and provide hardly any support in timely execution of works and, as a matter of fact, prove to be an impediment in efficient and economical execution of work.

The Committee, therefore, felt that the above provisions of the contract were not realistic and need to be suitably amended to make them more pragmatic, keeping overall public interest in view.

3.3. *Delay in preparation of final bills.*—The Committee observed that in a number of cases, the final bills of the contractors were not being prepared in time. Generally these were the cases in which the contractors had actually been overpaid and the final bills were likely to run “in minus.” This was not in public interest as prolonged delays adversely affected the chances of recovery. The works Division did not appear to have an effective mechanism to ensure that the final bills were prepared within a reasonable period of time.

The Committee, therefore, directed the Works Division to look into this aspect and develop an adequate information system to curb this tendency.

3.4. *Removal of material from site.*—The Committee came across a number of cases in which construction material was unauthorizedly removed from sites by the contractors on abandoning the work. As per existing framework, the material at site was under the joint custody of the Department and the contractor and thus the latter was not empowered to remove it from site without prior consent of the executive agency. It was noticed that not only the material was allowed to be removed but also, no timely action was taken by the Department to protect public interest.

The Committee, therefore, took a very serious view of the situation and directed the Works Division to take effective steps in this regard.

3.5. *Fictitious Advances.*—The Committee also noticed that in a few cases, “secured” advances were made to the contractors on fictitious certification of the Supervisory Officers. The Committee, recommended the Works Division to take a serious note of the situation by taking exemplary action against the officers concerned.

3.6. *Non-recovery of hire charges.*—It was also observed that there was considerable time lag between the use of Government machinery provided to the contractors and recovery of hire charges. As a result considerable amounts remained outstanding for prolonged periods.

The Committee has asked the Works Division to streamline their system of billing and recovery.

3.7. *Management of acquired buildings.*—The Committee felt that the management of rented buildings was not up to the required standards and has asked the Auditor-General of Pakistan to conduct a detailed study on the subject and submit a report. The Committee also apprehended that the management of acquired and Government owned houses was not satisfactory and as such has asked FIA to investigate into the cases of unauthorized occupation of these houses in connivance with the Estate Office at Islamabad.

3.8. *Quality control in execution of works.*—In July, 1986 the Chairman of the Public Accounts Committee visited the following works being executed by Pakistan Public Works Department in Baluchistan :—

- (i) Residential accommodation for Central Government Servants at Sariab Road, Quetta.

- (ii) Civil Surgeons Dispensary, Quetta.
- (iii) Community Auditorium, Quetta.
- (iv) Tele-communication Building, Mastung.

A special audit of these projects, was also undertaken by the Auditor-General's Department at the instance of the Committee.

It was observed that none of these projects was executed properly and supervised efficiently. The most deplorable aspect was the poor quality of construction which was so evident that some of the houses were not even fit for habitation. The Principal Accounting Officer i.e. Secretary, Works Division was not able to provide satisfactory explanation for the poor quality of works.

The Committee was of the view that the Works Division did not attach adequate priority to effective quality control in construction of government buildings. As a result the users were generally not quite satisfied with the quality of work.

The Committee thus directed that this aspect should be accorded priority and the Works Division may establish a Quality Control Cell to ensure that the Government was getting full value for its money.

3.9. *Execution of Deposit Works.*—The Committee observed that the Pakistan Public Works Department was executing Civil Works on behalf of certain Government Agencies, treating them as Deposit Works. Telephone and Telegraph Department was one such agency. There was, however, not adequate coordination between the owner and the executive agencies in such cases which had led to avoidable delays in satisfactory completion and handing over of these works.

The Committee, therefore, called the representatives of Ministry of Communications and the Works Division to examine

this issue and the following guidelines were issued which were acceptable to both the agencies :—

- (a) There should be more frequent joint inspections of the projects during execution of the work ;
- (b) The executing agency shall be held accountable for all defects and irregularities ;
- (c) The executing agency shall ensure timely completion of civil works so that the development plans of Ministry of Communication are not adversely affected.

3.10. *National Construction Limited (NCL)*.— National Construction Limited had declined audit of its Accounts by the Auditor-General of Pakistan.

The Committee directed Secretary, Works Division to ensure that the management of National Construction Limited entertains the State Audit. The Managing Director, NCL assured the Committee that the above directives shall be followed.

3.11. To summarize the whole discussions, the Committee was of the view that the Works Division did not :

- properly administer the financial resources placed at its disposal ;
- exercise effective quality control in construction of Civil Works ;
- have a comprehensive, adequate and timely Management Information System to know the prevailing situation and take corrective measures.
- speedily and effectively handle the instances of irregularities and waste which were either pointed by Audit, or were noticed by the Division itself.

The Works Division shall have to remove the above deficiencies to, as a first step, ensure, getting full value for money provided to it by the legislature.

4. SPECIFIC IRREGULARITIES

4.1. A brief resume of specific irregularities pertaining to Works Division as pointed out by the Auditor-General of Pakistan in his reports on the accounts of the aforesaid years, as well as the directives of the Public Accounts Committee are recorded in the following paragraphs.

4.2. **Audit Report 1982-83.**

PARA 1.1 of Audit Report.—Non Accountal of Stores : Rs. 1,212,618.

During physical verification of stores in 1978, stores for Rs. 102,228 were found short and for Rs. 1.11 million, broken. The inquiry into the loss was finalized in March, 1984 (after 6 years). Three persons were held responsible, two of whom have expired and the third retired.

The Committee directed the Works Division to fix responsibility for delay in pursuing this case and holding the departmental inquiry. The Auditor-General was also advised to verify if annual verification of stores was being conducted regularly and if so, with what results.

PARA. 1.2 *ibid*—Shortage of Stores : Rs. 509,462.

Stores for Rs. 509,462 were found short at the time of handing over charge by a store keeper who was compulsorily retired in 1981. The case was handed over to FIA and was reported to be *subjudice*.

The Committee directed the Works Division to submit a copy of the challan filed by FIA in the court of law so as to establish that the only person involved was the store keeper.

PARA 1.3 *ibid*—Non Accountal of Cement : Rs. 48,300.

600 Tons of Cement for Rs. 276,000 were issued directly to a work in July, 1977, of which 10.5 tons for Rs. 48,300 were yet to be accounted for.

The Committee decided to defer the case and asked the Audit to verify the facts.

PARA 2 (2) *ibid*—*Non recovery of cost of material:*
Rs. 418,470.

375 tons Cement and 9 tons steel were issued to a contractor for a work which was subsequently stopped but neither the remaining steel and cement was taken back nor the cost thereof recovered, the value of residual material being Rs. 418,470. The Ministry has replied that the cost could not be recovered as contractor has filed a suit in a Court of Law.

The case being *subjudice* was deferred. Works Division was however asked to conduct an administrative inquiry within 2 months and report to PAC.

PARA 2 (3) *ibid*—*Non recovery of dues :* Rs. 240,288.

After payment of 4th running bill, there was a minus balance of Rs. 240,288 against a contractor. The contract was rescinded without recovery of the above amount, in April, 1979 and case for recovery against the contractor was filed in April, 1985.

The Committee asked the Works Division to conduct an inquiry within 2 months to find out as to why it took 6 years for the department to file a case against the contractor.

PARA 2(4) *ibid*—*Non recovery of dues :* Rs. 30,659.

A contractor took away cement worth Rs. 30,659 in 1979 on abandoning the work. The amount has not yet been recovered from the contractor.

The case was deferred being *subjudice*.

PARA 3—*Non recovery of risk & cost charges from contractors:*
Rs. 924,442.

There were three cases of non recovery of risk & cost charges from contractors involving Rs. 924,442. Recovery of Rs. 68,079 has only been made in two of the three cases.

The cases were deferred being *subjudice*.

PARA 4(1).—Non-recovery of secured advance : Rs. 504,924.

A secured advance of Rs. 504,924 against material brought at site in June, 1977 could neither be recovered nor was taken back when the work was stopped in January, 1980. The contractor has filed a suit in Court of Law.

The Committee was informed that payment of secured advance had been made on fictitious certification. It therefore desired that the Officers involved in the case may be suspended and the inquiry should be finalized within 3 months.

PARA 4(2).—Non recovery of secured advance : Rs. 83,700.

Secured advance of Rs. 83,700 was outstanding against a contractor when his contract was rescinded in June, 1980. The amount has not yet been recovered.

The case was deferred being *subjudice*.

4.3.—Audit Report 1983-84

PARA 1(1).—Non-recovery of cost of material : Rs. 236,218.

A Contractor left the work incomplete in 1981. His final bill ran into minus after adjustment of cost of material. No effective measures have been taken to recover the cost of material. Action against the responsible officer was started only in December, 1986.

The Committee directed that action against the officer responsible should be completed without delay. Para was deferred.

PARA 1(2).—Non-recovery of cost of Steel : Rs. 209,085.

Cost of 30 tons Steel issued to a Contractor in October, 1981 was not recovered from his payments. The department in reply has stated that final bill has not yet been paid for want of approval of rates for extra/substituted items. The delay in finalization of bill leads to apprehension that no net payment was

due to the Contractor: The delay also shows the inefficiency of departmental officials. It was also not known as to how excess quantity of Steel was issued to the Contractor.

The Committee directed that inquiry into the case should be completed without further delay. Para was deferred.

PARA 1(4).— *Non-recovery of cost of Steel and Cement : Rs. 97,000.*

In July, 1979, Cement & Steel for Rs. 97,000 was issued to a Contractor who removed the material from site and abandoned the work. The amount has not been recovered so far. The responsibility of the official from whose custody the material was lifted by the Contractor has also not been fixed.

The Committee observed as to how it was possible for the Contractor to remove the material without the connivance of the PWD Staff, and directed this aspect should be examined and results intimated.

4.4. **Audit Report 1984-85**

PARA 4(2).— *Non-recoveries from Contractors : Rs. 66,196.*

Rs. 66,196 was outstanding against 2 Contractors as their final bills had run into minus. No disciplinary action against officials who were responsible for excess payment and non-adjustment of government dues has been taken.

The Committee directed that action should be taken against the officials responsible for excess payment.

PARA 5(i) & (ii).— *Non-recovery of material: Rs. 590,566.*

A contract was rescinded in 1983, but the unused material of Rs. 450,160 was not accounted for. Besides, Rs. 140,406 being the balance amount recoverable out of secured advance and interest of Rs. 23,135 had not been recovered. Department has filed a Civil Suit now. Disciplinary aspect of the case needs to be examined.

The Committee directed that all the inquiries should be finalized within six months and compliance reported.

PARA 6.—*Outstanding recovery of Rs. 477,740.*

A contract was rescinded in October, 1982 under clause 3A but the security deposit was not forfeited. Besides the secured advances paid to the contractor were also recoverable. Although a Civil Suit has been filed, the disciplinary aspect of the case has not been examined as removal of unused material was not possible without connivance of the Department.

The Committee expressed its displeasure and directed the Works Division to finalize the disciplinary action without further delay.

**SPECIAL AUDIT REPORT ON CIVIL WORKS IN
BALUCHISTAN**

The Consideration of Special Audit Report on certain Civil Works, carried out at the instance of Committee was deferred till next meeting as the Department had not submitted final replies.

4.5: APPROPRIATION ACCOUNTS

GRANT No. 74-(1981-82) *Federal Lodges.*

The Grant exhibited an excess expenditure of Rs. 99,930 due to purchase of Crockery for Federal Lodges, despite the fact that Finance Division had disallowed the provision of funds for the purpose.

The Committee directed that Works Division would hold an inquiry into the case to fix responsibility.

GRANT No. 69 (1982-83) : *Civil Works.*

The Grant exhibited a saving of Rs. 15.7 million, under "Other than Charged" portion.

The Committee asked the Works Division to furnish a detailed report on non-utilization of funds, through Finance Division.

GRANT NO. 152 (1982-83) : *Development Expenditure of Works Division.*

The Grant exhibited an excess expenditure of Rs. 604,384 over and above the allocation. The Works Division was of the view that the expenditure was unavoidable, but the Planning Division did not agree to the reappropriation of funds from any other Grant.

The Committee desired that it would like to know the views of the Planning Division on this issue.

GRANT NO. 69 (1983-84) : *Civil Works.*

The Grant exhibited an excess expenditure of Rs. 43.4 million under "Other than Charged" portion.

The Committee directed that a Joint Committee of the representatives of Audit, Finance, Planning and Justice Division should examine the existing procedure of financial controls and the responsibility for excess expenditure incurred beyond legislative approval within the existing constitutional frame work be fixed.

The Committee also directed that Secretary, Works Division should investigate into the expenditure incurred on special repairs and maintenance of Government Guest House, Lahore, in connection with the visit of President of Turkey. An Audit representative may also be associated.

GRANT NO. 180 (1983-84) : *Capital Outlay on Civil Works.*

A Supplementary Grant of over 36 million was obtained under the grant. There was ultimately a saving of Rs. 101 million out of which a sum of Rs. 36 million was surrendered leaving a balance of 65 million which was neither utilised nor surrendered. In view of the heavy savings, Supplementary Grant was not justified.

The Committee directed that a detailed study of this financial indiscipline should be carried out to examine the existing budgetary procedures and financial controls.

GRANT NO. 72 (1984-85) : Civil Works.

The Grant exhibited an excess of Rs. 39.7 million under "Other than Charged" portion.

The Committee directed that the Secretary, Works Division should investigate into the excess expenditure in association with Audit and submit a report.

4.6. While submitting this Report to the National Assembly, it is finally recommended that the suggestions and recommendations made by the Committee in the foregoing Paragraphs and in Annexure-I, be accepted.

M. A. HAQ,
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.

ANWAR AZIZ CHAUDHRI,
*Minister for Local Government
and Rural Development,*
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.

ANNEXURE I
PROCEEDINGS
OF
PUBLIC ACCOUNTS COMMITTEE
(1981-82 TO 1984-85)
WORKS DIVISION

(19-26)

FEDERAL COUNCIL SECRETARIAT

Thursday, the 10th January, 1985

Fifteenth Sitting (PAC)

*2504. 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 :—

P.A.C.

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

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).

*Paragraphs upto 2503 pertain to other Ministries/Divisions.

4. Mr. Khalid Rafique, Deputy Auditor-General (A&R).
5. Mr. M. A. Lodhi, Accountant General, Pakistan Revenues.
6. Mrs. S. N. Sheikh, Director General, Commercial Audit.
7. Mr. Iftikhar Ali Khan Raja, Director General, (Audit and Accounts Works), Lahore.
8. Raja M. Saleem Khan, Director Foreign Audit, Islamabad.

Ministry of Finance

1. Mr. Manzur Hussain, Joint Secretary (Budget).
2. Mr. A. H. Niazi, F. A. (Works).

2505. *Accounts examined.*—Accounts pertaining to the Works Division were examined by the Committee during the course of the day.

WORKS DIVISION

2506. The Appropriation Accounts etc., pertaining to the Works Division were the last to be taken up by the Committee for examination on the 10th January, 1985. The following departmental representatives were present :—

- (1) Mr. Abdur Rahim Mahsud, Additional Secretary.
- (2) Mr. Ghulam Muhammad Taj, Deputy Secretary.
- (3) Mr. A. W. K. Sherwani, Director General (P.W.D.).
- (4) Mr. C. M. Sharif, Chief Engineer (North).
- (5) Mr. S. Faiz Ahmad, Chief Engineer (South).
- (6) Mr. Absar Siddiqui, Chief Engineer (West).
- (7) Mr. Idrees Ahmad, Director (B&A).
- (8) Mr. Mahmood Ahmad Khan, Section Officer.
- (9) Mr. Muhammad Din, Section Officer.
- (10) Mr. Masood, Deputy Budget and Finance Officer.
- (11) Mr. Abdul Ghani Sameen, OSD (Estate).
- (12) Mr. Shafiqur Rehman, J.E.O., Islamabad.

2507. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Works Division	71
2.	Civil Work	72
3.	Estate Offices	73
4.	Federal Lodges	74
5.	Other Expenditure of Works Division	75
6.	Development Expenditure of Works Division	154
7.	Capital Outlay on Civil Works	182

2508. *Reconciliation of Accounts with Audit.*—The Committee noted that the reconciliation work of the Division for 1984-85 was still in arrears. The departmental representative was directed that all the outstanding reconciliation work should be completed expeditiously. The Committee further directed that suitable action should be taken against the officials who submitted a wrong report to the PAC about the completion of reconciliation.

APPROPRIATION ACCOUNTS

2509. *Grant No. 71—Works Division (Pages 660—662—AA).*—There was nothing material for consideration under this grant.

2510. *Grant No. 72—Civil Works (Pages 666—672—AA).*—According to the Accounts, a net excess of Rs. 237,775 had occurred under 'Charged' section and another excess of Rs. 267,673 had been shown under 'Other than Charged' Section. It was explained by the Division that the final grant after Economy Cut of Rs. 12,242,000 and surrender of Rs. 23,996,600 worked out to Rs. 171,401,400 against which expenditure of Rs. 171,606,848 was incurred. The excess of Rs. 505,448 was less than 0.03 per cent and was very nominal.

2511. A member of the Committee remarked that there was a difference of departmental figures and Audit figures. Final grant after economy cut and surrender of Rs. 23 million worked out to Rs. 171 million against which expenditure of Rs. 171,606,848 was incurred. The Audit representative stated that the Division had put together the 'Charged' and 'Other than Charged' grants. There was no difference. Therefore, no observation was made by the Committee.

2512. Audit further reported an excess of Rs. 6,072,440 under object "500-Commodities and Services". The Division explained that the excess was due to larger advance payment made to Cement Companies than anticipated. Many of the advance payments were subsequently adjusted. After discussion, the Committee asked the Audit to check it. The Committee further directed that—

- (i) details should be furnished for the last year;
- (ii) the recoveries in the case of other suspense accounts not being satisfactory as actual recovery was too small as compared with estimated recovery for which an explanation should be furnished.

2513. *Grant No. 73—Estate Offices (Pages 676—678—AA).*—The Division ascribed the excess of Rs. 299,651 under the grant to hiring more houses to meet the pressing Demand of the C.M.L.A's Secretariat, Federal Land Commission and Election Commission. The excess was about 0.45 per cent which was nominal.

2514. A member of the Committee observed that the department should have re-appropriated it. No further observation was made by the Committee regarding this grant.

2515. *Grant No. 74—Federal Lodges (Pages 680—682—AA).*—The Appropriation Accounts show a net excess of Rs. 170,113 under this grant but Divisions did not explain the overall position of this grant and had only explained the object-wise position in its reply.

2516. The excess of Rs. 93,298 under object '020-Regular Allowances' was ascribed by the Division to increase in House Rent, Conveyance Allowance and Dearness Allowance w.e.f. 1st July, 1981 sanctioned *vide* Ministry of Finance letter No. F. 5(4)-5/80 dated 27th June, 1981. There were inevitable, hence payments had to be made. Audit expressed the view that the department should have obtained additional funds through a Supplementary Grant.

2517. As regards the excess of Rs. 99,930 under object-500 'Commodities and Services', it was explained by the Division that the PWD was maintaining 11 lodges at different stations. Most of the lodges were deficient in crockery and some essential items of crockery had to be purchased. Further the heavy economy cut had also to be adjusted which reduced the final grant under this sub-head.

2518. After discussion the Committee directed that the Division should hold an inquiry in to the purchase of crockery despite its express refusal to sanction it. Such a purchase, if essential, could have been made in the beginning of the next financial year.

2519. *Grant No. 75—Other Expenditure of Works Division (Pages 664-665—AA).*—The Committee did not make any observation in respect of this grant.

2520. *Grant No. 154—Development Expenditure of Works Division (Pages 666—667—AA).*—A saving of Rs. 639,022 had been shown in the Appropriation Accounts under this grant. The explanation given by the Ministry had been accepted by the Committee, hence no observation was made by the Committee.

2521. *Grant No. 182—Capital Outlay on Civil Works (Pages 674-675—AA).*—The saving of Rs. 803,698 less than the 0.03 per cent of the final grant, no explanation was necessary. As regards the excess being of Rs. 3,438,833 under object "300-Construction of Works". The Division stated that an amount of Rs. 37,270,600 was surrendered and not re-appropriated as shown in the Appropriation Accounts and that the excess was due to payment of departmental charges to CDA which were not paid to the department by the D.G.A. & A (W), Lahore.

2522. Thereupon, Audit stated in their comment that "R" stood for reappropriation and also for surrender [Para 1 (a) of Introductory Notes of the Appropriation Accounts referred]. Audit further pointed out that it was decided by Works Division, with the concurrence of Finance *Vide* letter No. F. 9 (1)/71-W II, dated 2nd November, 1972 that no departmental charges were leviable on Government Works, chargeable to Major head-81 Capital outlay, executed by the CDA. Payment made by the Department, therefore, stood irregular.

2523. After discussion and seeking certain clarification from the departmental representative, the Committee came to the conclusion that Audit should check up again and find out the correct position.

AUDIT REPORT

2524. *Non-recovery of dues from contractors Rs. 3,430,308 (Para 3, pages 150—153—AR).*—Audit had reported that in 19 cases of heavy amounts were awaiting recovery from contractors on account of cost of materials, Secured Advances and risk and cost charges etc. The same needed to be expedited besides taking of disciplinary action against the defaulters.

2525. After examining the explanation of the Division and the Audit comments thereon, the committee decided that paragraph 3 (1—19) may be treated as settled subject to the satisfaction and verification of recovery of all the items pointed out in the Audit objection.

2526. *Misappropriation/possible misappropriation of Government Stores/Money (Rs. 228,082) (Para 4, Pages 154-155—AR).*—Audit had reported that some cases of misappropriation or possible misappropriation of Government money and materials had been pointed out. Recovery thereof and disciplinary action against the defaulters needed to be expedited. These are dealt within the succeeding paragraphs 2527 to 2538.

2527. [Para 4 (1), page 154—AR].—Payment of Rs. 88,329 was made to certain contractors by recording fictitious measurements of certain items of work in the MBs which actually were not executed by them. This misappropriation came to the notice of the F.I.A. and was established when they conducted a raid in October, 1980. Fate of recoveries in connection thereto had not been reported to audit so far. The department explained that the fitting and fixtures were actually purchased by the contractor to fix in the newly constructed houses and these items were lying in the stores to avoid theft from the newly built houses, as there was no arrangement of chowkidar. The contractor was paid correctly and the amount was not fictitious. Subsequently these fittings and fixtures were installed after the allotment of quarters to the allottees without any additional cost. No loss to the Government was involved. The case was reported to the F.I.A. and was still lying with them since 1980. Audit commented that the final payments made to the contractors in May and June, 1979 implied that the contractors received payment for supply, as well as installation of fitting and fixtures. A raid was conducted in October, 1980 by FIA (after more than one year of final payments), and the works were found incomplete. As such case of fictitious payment was registered. The reply furnished by the Ministry was *prima facie* not factual. Results of F.I.A.'s inquiry had not been given.

2528. In view of the position stated above, the Committee directed that the result of F.I.A. inquiry should be sent to Audit after completion who should then come back to PAC. The sub-paragraph was, therefore, deferred.

2529. [Para 4 (2), page 154—AR].—As reported by Audit, fictitious payment of Rs. 17,040 was made to a contractor for the replacement of certain parts of a pumping set, which actually were not replaced as per the report submitted by the engineer incharge. The Department had not sent any intimation regarding recovery of the public funds fraudulently drawn; nor had it reported the finalization of disciplinary action against the employees at fault. The department stated

that the inquiry was held by Mr. Gul Badshah, E.E., C.D. Division I. He had concluded that repairs to pump was not done. Measurement recorded by the Site Engineer, Mr. Abdul Rehman, was fictitious. The bill was paid. Explanations were being called.

2530. The Committee observed that the matter was being pursued and the department was taking disciplinary action against the employees at fault. The sub-paragraph was, therefore, deferred.

2531. (*Para 4 (3), page 154—AR*).—According to Audit, 48 tons cement costing Rs. 29,760 issued for use on a work, was not accounted for in the material at site account, and it was apprehended that the same might had been misappropriated.

2532. After examining the explanation of the department and the Audit comments to the effect that record had been requisitioned from the Department to verify recovery, the Committee decided that Audit should pursue and verify and then if necessary, come to PAC.

2533. (*Para 4 (4), page 154—AR*).—Since the Audit had verified the adjustment of Rs. 5,830 and accountal of material worth Rs. 34,003 (total Rs. 39,833), the sub-paragraph was dropped.

2534. (*Para 4 (5), page 154—AR*).—Subject to verification by Audit, the sub-paragraph was dropped.

2535. (*Para 4 (6), page 154—AR*).—Audit had pointed out that a sub-engineer took away a submersible pump worth Rs. 5,000 which was not returned by him. Results of inquiry conducted in connection thereto, if any, had not been intimated by the Department so far. It was stated by the Division that the pump was in the custody of Mr. A. Rahman, Sub-engineer when it was removed from site for repair. The pump was not re-installed at Warsak. He did not hand-over the pump to his successor. Mr. Rehman did not produce any acknowledgement receipt of handing it over to any one. He was, therefore, responsible for loss of pump. Action was being initiated against him.

2536. (*Para 4 (7), page 155—AR*).—Audit having verified tha tthe recovery of that since the inquiry was in progress, the sub-paragraph be deferred.

2537. (*Para 4 (7), page 155—AR*).—Audit having verified that the recovery of Rs. 14,170 had been made from the contractor, the sub-paragraph was dropped.

2538. (*Para 4 (8), page 155—AR*).—The Committee observed that since Audit had not made any comments on the explanation of the department, the sub-paragraph is dropped.

2539. *Shortage/Loss of stores (Rs. 133,747) (Para 5, page 155—AR).*—Audit had pointed out that in the following cases of shortage or loss of stores was detected but the Department failed to Produce records, showing their accountal recovery. These cases are referred to in paragraphs 2540 to 2544.

2540. *(Para 5 (1), page 155—AR).*—As reported by Audit, the stores amounting to Rs. 42,986 were found damaged during physical verification conducted in July, 1982 in Stores and Workshop Division, Rawalpindi. The department informed the Committee that Audit had verified the record. Settlement of the Paragraph was awaited from Director General, Audit and Accounts (Works), Lahore.

2541. In view of the above explanation of the department and the Audit comments thereon, the Committee decided that Audit should verify the position and then if necessary, come to PAC.

2542. *(Para 5 (2), page 155—AR).*—According to Audit, in the Store and Workshop Division, Karachi, stores amounting to Rs. 37,361 were found short during physical verification in 1973 and 1974. The department stated that an inquiry was conducted into the alleged shortage and in the light of the findings of the Inquiry Officer it was concluded that no one could be held responsible for the shortage. A survey report was accordingly prepared and the write off sanction was being issued.

2543. The Committee observed that the department should supply a copy of the Inquiry Report to Audit who should examine it and verify the position. The paragraph was therefore, dropped subject to verification by Audit, who may report back to PAC, if necessary.

2544. *(Para 5 (3), page 155—AR).*—Audit had verified the accountal of 89 fans worth Rs. 53,400. Accordingly the Committee decided that the sub-paragraph be dropped.

2545. *Non-recovery of outstanding dues (Rs. 82,854) (Para 6, page 156—AR).*—Audit informed the Committee that the recovery of Rs. 82,854 (Rs. 66,354 + Rs. 16,500) would be verified when the full recovery was made by the department. In view of the position, the Committee decided that after verification Audit should come to the PAC, if necessary.

2546. *Non-Receipt of cement (Rs. 140,482) from cement companies (Para 7, page 156—AR).*—After examining the reply of the Ministry and the Audit comments thereon, the Committee decided that after verification, Audit should come to the PAC, if necessary.

2547. *Non-recovery of rent of Rs. 43,780 (Para 8, pages 156-157—AR).*—Subject to verification by Audit, the Sub paragraphs (1) to (4) were treated as dropped.

2548. *Fraudulent withdrawal of Rs. 666,000 from the Treasury (Para 9, page 157—AR).*—The departmental representative informed the Committee that the case was still under investigation with the Police Department (CIA). The case being sub-judice. The Committee decided to defer the paragraph.

2549. *Excess Payment of Rs. 525,000 (Para 10, pages 157-158—AR).*—Subject to verification by Audit the paragraph was dropped.

2550. *Loss of Rs. 294,000 to Government (Para 11, page 158—AR).*—In view of the Audit comments on the departmental reply, the Committee directed that Audit should watch the recovery and the enquiry report and then come to PAC, if deemed necessary. The paragraph was therefore, deferred.

2551. *Loss of Rs. 170,000 (Para 12, page 158—AR).*—Subject to verification by Audit the paragraph was treated as dropped.

2552. *Non-recovery of Income Tax amounting to Rs. 34,030 (Para 13, pages 158-159—AR).*—The Division explained that the work concerned related to Main Baga Agency which was exempted from payment of Income Tax. The certificate as demanded by the Audit had been sent to them with the request to settle the paragraph. Audit pointed out in their comments that in accordance with the Notification issued by the Central Board of Revenue *Vide* No. SRO. 891 (I)/75, dated 16-8-1975, contractors who were residents of the Tribal areas and executed works in the Tribal areas were exempted from payment of Income Tax, on the certificate of the Political Agent. The Assistant Political Agent whose certificate was furnished to Audit did not certify that the contractors concerned were residents of the Tribal Areas. As such the recovery of Rs. 34,030 needed to be effected either from the contractor or from the persons at fault.

2553. A member of the Committee enquired as to whether the department had a certificate or not? The departmental representative replied in the affirmative and read out the certificate as given below :—

“Certified that the following works in Marri-Bugti Agency are being executed/having been executed in CCD-7/Kohlu and as per rule these are exempted from all types of taxes.”

2554. As Audit did not consider the above certificate satisfactory the Committee, decided that the matter should be settled between the department and Audit. The paragraph was therefore, deferred.

2555. *Loss of Rs. 71,000 to Government (Para 14, page 159—AR).*—No observation was made by the Committee. As such the paragraph was treated as dropped.

2556. *Excess payment of Rs. 55,300 as rent of hired accommodation (Para 15, page 159—AR).*—After examining the explanation of the Division Audit offered their comments that the agreements executed with the owners would be examined to verify the Division contention that no recovery could be made due to contractual obligations. In view of the position, the Committee decided that the paragraph may be treated as dropped subject to verification by Audit.

2557. *Over payment of Rs. 41,000 (Para 16, pages 159-60—AR).*—Since the Division's reply had been verified by Audit, the paragraph was treated as settled.

2558. *Loss of Rs. 40,000 to Government (Para 17, page 160—AR).*—The Committee decided that in view of the comments of Audit, the paragraph may be treated as dropped subject to verification by and satisfaction of Audit.

2559. *Over payment of Rs. 40,000 (Para 18, page 160—AR).*—Subject to verification by Audit the paragraph was dropped.

2560. *Blockade of capital in unnecessary purchase of Stores Worth Rs. 1,326,000 and consequential loss of Rs. 234,600 due to long storage etc. (Para 19, pages 160-1961—AR).*—After examining the reply of the Division, the Committee observed that the explanation given by the department was reasonable. The paragraph was, therefore dropped subject to verification by Audit.

2561. *Outstanding inspection reports, audit notes etc. (Para 20, pages 161-162—AR).*—Audit advised that the latest position of outstanding as on 30-6-1984 was as below :—

	<i>Outstanding on 30th June, 1984</i>
1. (a) Inspection Reports to which even first reply was awaited	54
(b) Others	33
2. Audit Notes (Central Audit)	1,593
3. Audit Notes (Concurrent Audit)	2,634
4. Objection statements	933
5. Test Audit Notes	106

2562. The Committee directed that all the outstandings Audit Reports must be dealt with by the Division on priority.

2563. *Inspection not Conducted by the Superintending Engineer (Divisional Officers) (Para 21, page, 162—AR).*—The Department explained that inspection of all the Divisions had been carried out by the Superintending Engineers. The inspection of the Sub-Division had also been carried by the Divisional Officers.

2564. Thereupon, Audit stated that the latest position as on 30-6-1984 as given below :—

Year	No. of Divisions not inspected by the SE'S	No. of Sub-Divisions not inspected by the Divisional Officers
1980-81	38	126
1981-82	27	87
1982-83	20	69

2565. A member of the Committee observed that the department did not seem to be doing the work on regular basis. The departmental representative assured the Committee that the department would regularly carry out the inspection. The Committee directed Audit to follow it up.

Outstanding Stock Returns Subsidiary Accounts and Stock Accounts Central for the year 1981-82 [Para 22 (a), page 162—AR].

Result of Stock Verification and Revaluation (Para 22(b), page 163—AR)

Outstanding Periodic Returns (Para 23, page 163—AR).

2566. The Committee decided that the paragraphs may be dropped subject to verification by Audit.

2567. *Outstanding Inspection Reports, Audit Notes etc. (Para 24, page 164—AR).*—After studying the departmental reply and the Audit comments, the Committee directed that the replies to the Audit Notes should be furnished by the Division peditionally.

COMMERCIAL ACCOUNTS

2568. *National Construction Limited [Para 3 xxiv], page 7 ARCA].*—The Division did not furnish reply to the above paragraph. The Committee directed to furnish reply.

COMPLIANCE ON THE POINTS RAISED IN THE PAC'S REPORT ON THE ACCOUNTS FOR 1979-80

2569. *Reconciliation of Accounts with Audit (Para 264, page 118—PAC Report 1979-80).*—The Committee was satisfied and dropped the above paragraph.

2570. *Grant No. SA—Civil Works (Page 88—AA) (Paras 266—269, pages 118—120—PAC Report 1979-80).*—The Committee had lastly directed that the department should look into the case again and a revised explanation, giving full details upto 1980-81, be submitted to the Committee by 31st December, 1981. If necessary, this should be done with the help of Audit.

2571. The Vice-Chairman observed that the department had not given any reply in compliance with the Committee's directive. The departmental representative explained to the Committee that the information asked for by Audit was very exhaustive, hence it could not be furnished earlier. Audit intervened to say that some satisfactory procedure was needed to be evolved for furnishing replies to Audit queries.

2572. After discussion, the Committee directed the departmental representative that the exercise in this case must be complete within 6 months. Audit should assist the Division, if requested.

2573. *Grant No. 181—Capital No. Outlay on Civil Works (Page 221—AA) (Para 271, page 120—PAC Report 1979-80).*—The paragraph was dropped subject to verification of Ministry's reply by Audit.

2574. *Expenditure incurred on works in anticipation of Technical Sanction (Para 66, page 54—AR) (Pages 272-273, pages 120-121—PAC Report 1979-80).*—The Committee had previously directed the departmental representative to have the outstanding cases cleared before the end of the year. Audit was also asked to verify the position in the light of the figures furnished by the department. In compliance the Division explained that the technical sanction in respect of 9 cases pertaining to Construction of Grain Godowns were in the process of finalization by C.E. (N).

2575. A member of the Committee observed that in the process of finalization of this case, taken 3 years and it was not clear whether even now it had been finalized. The departmental representative replied that the case had been finalized. The same member again enquired as to how many cases did the department have in which there was no technical sanction? The departmental representative informed the Committee that the department had 17 cases which were in the process of finalization.

2576. The same member observed that the department should produce a list giving an up-to-date position. The list should be completed by 15th February, 1985. The departmental representative agreed and assured the Committee that the list would be completed by that time.

2577. *Outstanding Stock returns (Para 69, page 54—AR) (Paras 274—277, pages 121-122—PAC Report 1979-80).*—The Committee after going through the departmental explanation, did not make any observation on the above paragraphs.

2578. *Loss of Rs. 245,475 due to non-acceptance of the lowest tender (Para 70, page 55—AR) (Paras 278—280, page 122—PAC Report 1979-80).*—Audit informed the Committee that the approval of Works Division had been received and accepted by Audit. The Committee decided that the paragraphs may be treated as settled.

2579. *Non-Recovery of Rs. 188,384 (Para 71, page 56—AR) (Paras 281—284, pages 122-123—PAC Report 1979-80).*—The Committee had previously directed that the Law Division should be requested to advise whether there was any professional misconduct on the part of the Lawyer. If so, the matter should be reported in the Bar Council. In compliance, the Division explained that M/s. Aftab and Company was adjudicated involvement by the Court and no further legal procedure could be conducted against them. Now the Law Officer, Pak. P.W.D. Karachi was to submit a total claim before the official Assignee appointed by the High Court of Sind, Karachi.

2580. In view of the position stated above, the Committee decided to defer the paragraphs and directed Audit to watch progress. The Committee also observed that the Division had not furnished any Compliance Report in the case. They should be so now.

2581. *Fraud in measurement and loss of Rs. 123,776 (Para 72, page 56—AR) (Paras 285-286, page 124—PAC Report 1979-80).*—Audit pointed out in their comments that the present position of the case of prosecution against the overseer referred to by the departmental representative in the PAC meeting on 19-10-81 has not been advised to Audit despite issue of reminders. The departmental representative intimated that the man was acquitted by the court. The Committee directed that the department should give the information to Audit. The paragraph was deferred.

2582. *Excess expenditure of Rs. 99,865 due to non-acceptance of lowest rates (Para 73, page 56-AR) (Paras 287—290, pages 124-125-PAC Report 1979-80).*—The Committee had directed the Division to submit a fresh paper on the problem of working out Technical sanctions and given the minimum rates considered workable for the purpose of making an award. In compliance, the Division stated in their reply that the Chief Engineer (West) was reminded demi-officially on 29-8-1984 to submit the revised paper as required by Audit in their letter dated 22-7-1984.

2583. Audit pointed out in their comments that PAC's directive dated 19-10-1981 regarding submission of fresh working paper had not been complied within a period of more than 3 years.

2584. After discussion, the Committee directed that a self-contained report should be furnished by the Division to the Committee by June, 1985.

2585. *Overpayment of Rs. 70,859 to a contractor (Para 74, page 57—AR) (Paras 291-292, page 125—Report 1979-80).*—The Committee had previously directed Audit to pursue the matter. The departmental representative informed the Committee that the record was with the F.I.A. The Committee therefore, decided that subject to production of record to Audit, the paragraphs were treated as dropped.

2586. *Overpayment of Rs. 11,749 due to incorrect calculations (Para 75, page 57-AR) (Para 293, page 125-PAC Report 1979-80).*—The recovery/reduction of Rs. 8,794 had been verified by Audit and the recovery of the balance amount of Rs. 2,955 would be verified by them. In view of the position, the Committee decided that the paragraph may be dropped subject to verification by Audit.

2587. *Non-maintenance and non-production of record, returns etc. (Para 76, page 58-AR) (Para 294, page 125-PAC Report 1979-80).*—Subject to verification by Audit the paragraph was treated as dropped.

2588. *Excess payment of Rs. 88,177 (Paras 33--35, page 27—PAC Report 1975-76) (Para 295, page 125—PAC Report 1979-80).*—Audit had pointed out that the Division's reply was silent about the award of the arbitrator. Audit further pointed out that the department had informed the PAC on 13th October, 1979 that an enquiry officer had been appointed in connection with the accepting of defective work (Paras 33-34 of PAC's report 1975-76 referred). The Inquiry report was still awaited. The Committee directed that the matter should be pursued vigorously and the High Court requested to appoint an arbitrator at the earliest possible date. The inquiry instituted in this case should also be expedited. A progress report should be furnished to Audit after three months. The consideration of paragraph was deferred.

2589. *Unauthorised payment of Rs. 50,933 for overlaps (Para 68, page 39—PAC Report 1976-77) Paras 300-301, pages 126-127—Report 1970—80).*—The Committee observed that the amount should be covered. The paragraph was, however, dropped subject to satisfaction of Audit.

2590. *Loss of Rs. 889,294 on defective construction of residential quarters (Para 9, page 17—ARCA) (Paras 1210—1215, pages 342-343—PAC Report 1979-80).*—The Committee had previously directed the Division to look into this case and submit a report to it in some detail. Audit informed the Committee that the Division had not submitted a detailed Report as directed by the Public Accounts Committee. After discussion the Committee decided to defer the paragraphs.

GENERAL

2591. The Committee had observed that in their Compliance Reports and replies to Audit observations, Ministries/Divisions sometime reproduce in Column 1 extracts from the Reports therein no specific action or reply may have been called for from them. On other occasions, they fail to reproduce in Column 1 relevant extracts from the P.A.C/Audit Reports even when there are directions of the Committee/Observation of Audit for specific action/reply by the Ministries/Divisions. The Committee made the following observations :—

- (i) Whenever reporting compliance of any directive of the PAC for specific action by them or replying to any substantive observations of Audit, the Departments must invariably reproduce in Column I relevant extracts from the PAC/Audit Report, containing the directions/observations in question.

- (ii) Conversely, the department should refrain from unnecessarily re-producing, in Column 1, extracts from the PAC/Audit Reports, wherein no specific action by/reply from the department may have been called for.

2592. *Points not discussed to be treated as settled.*—The Committee did not make any observation on other points/paragraphs (i) in the Appropriation Accounts or Audit Report thereon, and (ii) Compliance on the PAC's Report for 1979-80. These would be deemed as settled subject to such regularisation action as may be necessary under the rules.

2593. The Committee then adjourned *sine-die*.

M. A. HAQ,
Secretary.

ISLAMABAD,
The 30th April, 1986.

NATIONAL ASSEMBLY SECRETARIAT

Sunday, the 4th May, 1986

Seventh Sitting (PAC)

*363. 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. 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. Syed Iftikhar 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. Iftikhar Ali Khan Raja, Director General, (A&A Works), Lahore.
7. Mr. Ahmad Nawab Qureshi, Director General, Commercial Audit.

Ministry of Finance

1. Mr. H.A. Niazi, FA (Works).
2. Mr. M. Raziq, DFA (Works).

*Paragraphs upto 362 pertain to other Ministries/Divisions.

364. *Accounts examined.*—Accounts pertaining to the Works Division were examined by the Committee during the course of the day.

WORKS DIVISION

365. The Committee then took up for examination, the Appropriation Accounts etc., pertaining to the Works Division. The following departmental representatives were present :—

1. Mr. A.R. Mahsud, Secretary.
2. Mr. Abdul Wahab, Joint Secretary.
3. Mr. M. Jamil Erikzada, Deputy Secretary.
4. Mr. Mahmood Ahmad Khan, Section Officer.
5. Mr. Muhammad Din, Section Officer.
6. Maj. Gen. (Retd.) Shafiq Ahmed, Chairman (NC).
7. Mr. A.W.K. Sherwani, Director General, Pak P.W.D.
8. Mr. Faiz Ahmed, Chief Engineer, Karachi.
9. Mr. S. Tahzeebul Hassan, Chief Engineer, (Quetta).
10. Mr. M.I. Rajput, Chief Engineer, (Islamabad).
11. Mr. Khalid Farooq, Director (B&A), Pak. P.W.D.
12. Mr. Khalid Khan Toru, OSD, (Estate), Islamabad.

366. This Division controlled the following grants.

S. No.	Name of Grant	Grant No.
1.	Works Division	68
2.	Civil Works	69
3.	Estate Offices	70
4.	Federal Lodges	71
5.	Other Expenditure of Works Division	72
6.	Development Expenditure of Works Division	152
7.	Capital Outlay on Civil Works	182

367. *Reconciliation of Accounts with Audit.*—The Committee observed with concern that the reconciliation of accounts with Audit was not being carried out regularly. The reconciliation in respect of accounts of all the Estate Offices were in arrear. In other cases no reconciliation was carried out after 12/85. It was directed by the PAC that outstanding reconciliation work should be up dated and there should be no backlog in future.

APPROPRIATION ACCOUNTS

368. The Chairman PAC at the outset pointed out that detailed replies to the Audit observations had not been submitted in time and were delayed considerably. The Audit representative pointed out that Federal Council Secretariate asked for the replies from the Works Division 15 months ago, which were followed by a number of reminders, notices and final notices besides telephonic contacts. The replies were sent on 22nd April; this appeared to be the strategy of the Ministry. Audit was not given sufficient time to prepare their Comments. The persons responsible for this delay should be taken to task. The Department explained this was never the intention of the Department and that they were waiting for the last PAC minutes. They fully cooperated with Audit. A Member at this observed that this work appeared to be the lowest amongst priorities of the Department and desired that the Ministry should not have delayed it for 15 months.

369. *Grant No. 68-Works Division (Page 426—AA).*—The grant closed with a net saving of Rs. 281,220. Audit observed that Supplementary Grant of Rs. 610,000 proved partly excessive in view of this saving. The Committee did not make any observation on this grant.

370. *Grant No. 69-Civil Works (Pages 430-432-AA).*—There was a saving of Rs. 15,726,508 under "Other than Charged" section. The Department in their reply explained that the saving was mainly due to the fact that certain posts remained vacant and again there was a ban imposed on purchase of T&P. Audit then pointed out that against a grant of Rs. 210,204,000, a Supplemental Grant of Rs. 977,000 was also obtained making the final grant to Rs. 211,181,000 against which there was an expenditure of Rs. 168,797,212 thus there was a saving of more than Rs. 42 million which was reduced to Rs. 15,726,508 after accounting for economy cuts and amount of surrenders. A complete report of working of this grant were required to be submitted to the PAC. The Supplementary Grant (Rs. 977,000) had been shown by the Department under "Charged" Section (Rs. 422,000) and other than charged section (Rs. 555,000) whereas, as per book of Supplementary Grant for 1982-83, it had been shown under other than charged. If these funds were not required their budgeting was uncalled for.

371. The Committee observed that the explanation of the Department regarding the huge saving was not satisfactory and directed that the Department and the Ministry of Finance may examine the expenditure under this grant and report to the PAC. The paragraph was deferred.

372. *Grant No. 70-Estate Offices (Page 434-AA).*—The grant close with a net saving of Rs. 20,746. The saving was nominal, the Committee did not make any observation.

373. *Grant No. 71-Federal Lodges (Pages 436-437-AA).*—There was a net saving of Rs. 21,996. which was nominal. The Committee did not make any observation.

374. *Grant No. 72-Other Expenditure of Works Division (Page 428 AA).*—There was an excess of Rs. 65,378. The excess was 0.3% of the final grant and was incurred for payment of arrears of electricity charges. The Committee accepted explanation of the Department.

375. *Grant No. 152-Development Expenditure of Works Division (Page 429-AA).*—There was an excess of Rs. 604,384 in the case of this grant. The Department explained that the works carried out related to CMLA Secretariat (Now Prime Minister Secretariat) which were executed under pressure. There appropriation proposed in this case was not agreed to by the Planning and Development Division. A member of the Committee remarked that Supplementary Grant should have been obtained before incurring the excess expenditure. The Department should also satisfy that the expenditure was unavoidable. The representative of Ministry of Finance observed that Department did prepare a case of re-appropriation to which Planning Division did not agree and therefore the Planning Division should be asked to give reasons for this. The Chairman observed that they were not going to accept the stand taken by the department, as no plausible explanation for the excess has been furnished by the Department. The Department should always come prepared.

376. The Committee directed that the Department must issue instructions that excess expenditure should not be incurred without observing proper formalities. The explanation offered by the Department for excess expenditure was unsatisfactory. It was stated in this case that the Planning Division did not approve the additional funds. The views of the Planning Division may be obtained and furnished to the P.A.C.

377. *Grant No. 182-Capital Outlay on Civil Works (Page 433-AA).*—The Appropriation Accounts showed an actual expenditure of Rs. 387,214,511 against final grant of Rs. 411,278,000. Thus there was saving of Rs. 24,063,489 which worked out to more than 5% of the final grant. The Department explained that the amount shown as saving was surrendered in May and June. The Audit observed that the surrenders were made after 31-3-83 and as such were not accounted for, as it was not permissible under the rules.

378. The Department explained that it was the Planning Commission which controlled the development budget and not the Finance. The main reason of non-surrender was that the respective Ministries did not surrender it well in time. There were 281 works of the other Departments to be executed from this grant. The Department had to arrange administrative approval, sites etc. In the case of 18 works costing Rs. 16 million administrative approval was not given and for 3 works costing Rs. 8.39 million, the sites were not made available. In the case of 5 works costing Rs. 1.52 million land was not acquired, in the case of 7 works costing Rs. 1.73 million revised administrative approval was required and similarly works costing Rs. 22.37 million were not within the power of Ministry to sanction. A member pointed out that there appeared to be some weakness in the whole process and suggested that some workable format should be brought out instead of existing PC-I and PC-II. The budgetary control were also required to be tightened up.

379. The Committee after discussion directed that the procedures need revision so that Works Division had a proper control over the allocations, so that surrender of the un-required funds could be made in time. Planning Division may also be consulted on this case and O&M Division may be requested to study the procedures and submit a report within two months.

AUDIT REPORT

380. *Short / Non-accountal of Stores worth Rs. 1,998,080 [Para 1(1), page 66-AR].*—Audit pointed out that stores worth Rs. 102,228 and Rs. 1,110,390 were found short and broken respectively during physical verification conducted in June 1978. The Inquiry report was finalised in March, 1984 and disciplinary action against three officials responsible was recommended to be taken; two of them expired in the meantime and 3rd retried. [The Department explained that as per inquiry report a copy of which had already been supplied to Audit. the total loss to Government worked out to Rs. 707,862. the disciplinary action at this stage was not possible. The Committee directed the Department to submit a report within one month explaining the inordinate delay in accountal of stores. Responsibility for delay may also be fixed.

381. [Para 1(2), page 66-AR].—According to Audit Report stores worth Rs. 509,462 were found short at the time of handing/taking over charge in January, 1981 for which no inquiry was held. The Department explained that the Store-keeper responsible in this case was retired on the ground of inefficiency, after availing of LPR. from 1-7-80 to 30-6-81. The shortage came to notice after his retirement. He was asked to justify the shortages and the case was handed over to FIA for investigation. The case was in a Court of Law. The dues of the

Store-keeper had been withheld for adjustment against recovery. The Committee directed that a copy of the FIR may be supplied to Audit. The paragraph was deferred being subjudice.

382. [Para 1(3), page 66-AR].—Audit in this case observed that 600 Tons of Cement worth Rs. 276,000 issued directly to the works in July, 1977, was neither accounted for nor shown to have been consumed on the works. The Department explained that against the issue of 600 Tons, 294.94 Tons were received and the same quantity was subsequently issued to the contractor. Audit had already verified a quantity of 189.5 Tons of Cement, leaving a balance of 105.5 Tons, the cost of which worked out to Rs. 48,300 only. The Department promised to get the records verified from Audit. The Committee dropped the paragraph subject to verification by Audit.

383. *Non-recovery of cost of material worth Rs. 1,157,186* [Para 2(1), page 66-AR].—Audit had reported that a 159.75 tons of Cement valuing Rs. 215,662 and 39.60 tons of Steel valuing Rs. 230,868 were issued to a contractor in excess of the requirements of the works. The excess was neither recovered nor the material was received back. The Department stated that the total amount of Rs. 449,063 was recovered from the contractor, in June, 1983 by adjustment from his security deposit which had already been verified by Audit. Audit however did not accept this position and observed that during verification a quantity of 2,047 Bags (102 tons) was shown as wastage by the Department, which was not acceptable, as such recovery of Rs. 88,482 on account of difference of the rate of recovery provided in the agreement and the market rate was required to be made. The Department promised to get the position verified from Audit. The paragraph was settled subject to verification by Audit.

384. [Para 2(2), page 66-AR].—As per Audit Report 374.5 tons of Cement and 8.55 tons steel were issued to a contractor for a work which was subsequently stopped but neither the remaining steel and cement was taken back, nor the cost thereof recovered. The value of residual material was Rs. 418,470. The Department explained that the work which was initiated for the Frontier Constabulary. Later on the work was transferred to Frontier Corps in February, 1979 and was subsequently stopped in June, 1980 on the instructions of the Government. The contractor when asked to return the material filed a suit in the court of law. The Audit then commented that the material which was not required to be removed from the site of work was removed by the contractor with the connivance of the officers in charge. The PAC observed that the circumstances under which the material was issued in advance had not been given, and directed that the disciplinary action against the official responsible may be expedited. The Secretary, Works Division should examine the case and report submitted to PAC within two months.

385. [Para 2(3), page 67-AR].—According to the Audit Report, in the case of a contractor who was paid 4 running bills, it came to notice that an amount of Rs. 240,288 was recoverable from him. His contract was rescinded without making recovery and no recovery had been made. The Department explained that the recovery related to the work of constructing grain godown at Sahiwal; the contractor left the work incomplete which was allotted at his risk and cost. A suit had been filed for recovery. The Chairman PAC observed that the contract was rescinded in April, 1979 whereas the case was filed in the Court in April, 1985. The responsibility for this delay was also required to be fixed. The Committee directed that the Department should submit a report to the PAC regarding the action taken against the defaulters.

386. [Para 2(4), page 67-AR].—Audit pointed out that a contractor took away cement worth Rs. 30,659 in 1979 and abandoned the work, the amount had not been recovered. The Department explained that the contractor was nominated by the Political Agent Bajour Agency and continuous efforts were being made to recover the amount through the Political Agent. The Committee observed that efforts for recovery may be continued. The paragraph was dropped subject to verification by Audit.

387. *Non-recovery of Risk and Cost Charges from Contractors (Rs. 949,140)* (Para 3, page 67-AR).—Audit had pointed out 3 cases of non-recovery of risk and cost charges from contractors involving an amount of Rs. 949,140. The Department explained that an amount of Rs. 68,079 had since been recovered in 2 of the 3 cases. The 3rd case, at the present, was being followed in the Court of Law. The Committee deferred consideration of the paragraph being subjudice.

388. *Non-recovery of advances from Contractors (Rs. 641,791)* [Para 4(1), page 68-AR].—Audit in this sub para pointed out that secured advance of Rs. 504,924 was paid to a contractor on the security of the material brought to the site of work in June, 1977. The work was stopped in January, 1980 and the material was neither taken back from the contractor nor recovery was made, though the Department promised in October, 1981 to make necessary adjustment after finalizing the accounts of the contractor. The Department explained that the work was stopped due to controversy between Frontier Constabulary and Frontier Corps, and it was finally abandoned in January, 1980 under orders of the Ministry of Interior. The Contractor who was asked to pay the amount of secured advance, lodged a civil suit and made certain counter claims.

389. Audit pointed out that secured advance was allowed on the security of the following material brought to the site of work.

1. Deodar Wood	--	--	5824 sft costing	Rs. 435,535
2. G.I. Sheets	...	...	14664 sft costing	Rs. 59,384
			Total	Rs. 504,924

290. As was apparent from the reply of the Department, (case filed in the court of Law), the Deodar Wood was not cleared by the Forest Department. The secured advances were thus not admissible to the contractor for the material which was not actually brought at site of work under the rules. The payment of this advance was made on fictitious certificate by misusing the powers. It was, however, pointed out by audit that the XEN responsible for such misuse of powers had, according to their information, been promoted as Superintending Engineer. The PAC directed that the officers/officials who were responsible for such a gross irregularity should be suspended, and disciplinary action against them may be completed within three months. The Establishment Division may also be approached in the matter, if necessary.

391. [Para 4(2), page 69-AR].—In this case Audit pointed out non-recovery of secured advance of Rs. 83,700 which was outstanding against a contractor when his contract was rescinded in June, 1983. The Department again explained that it was a case of a work in Malakand Agency. The matter was being pursued with the Political Agent of Malakand Agency. The PAC desired that the follow up action should be accelerated.

392. *Non-recovery of Rent of Rs. 3,323,897 Para 5(1) (page 69-AR).*—According to Audit Report, rent of residential building in the jurisdiction of Estate Office, Peshawar amounting to Rs. 3.26 million was outstanding up to October, 1983. The recovery was required to be expedited. The Department explained that the outstanding rent pertained to the following departments:—

(a) P.A.F., Peshawar	...	..	..	Rs. 3,180,743
(b) MLO WAPDA, Peshawar	..	...	..	Rs. 49,065
(c) Meteorological Department	..	...	..	Rs. 34,945

393. The P.A.F. had already paid the rent and the matter had also been taken up with the other Departments. Subject to verification of recovery by Audit, the paragraph was settled.

394. (Para 5(2), page 69-AR).—Audit pointed out that a house was hired for use as hostel for honourable Judges of the Supreme Court at a monthly rent of Rs. 5,000. The house required to be furnished before use, was not furnished. Meanwhile another house was hired in lieu of that. This house remained vacant from 3-5-1982 to 5-12-1982. Thus the government sustained a loss of Rs. 35,484. The Department in reply explained that the house was placed at the disposal of Supreme Court and it was their responsibility to use it. The house was, however, used as office after 3-10-1982. Having satisfied with the explanation, the PAC dropped the paragraph.

395. *Outstanding dues from contractors (Rs. 32,387 para 6 (2), page 70-AR).*—Audit in this sub para pointed out that a contractor was allowed premium on substituted items in his running bills although it was not due. The final bill as such ran into 'MINUS'. The recovery of excess payment was not made. The Department explained that the case required certain interpretation and had been referred to law Department. The paragraph was dropped subject to verification of final action by Audit.

396. *Loss of Rs. 54,900 due to non-receipt of 48 Tons of Cement (para 7, page 71-AR).*—According to Audit, a contractor who was awarded a work, took delivery of 72 Tons of Cement for use on the work, but brought 24 Tons valuing Rs. 54,902 to the site of work, the remaining 48 Tons was not delivered to the Department. The Department in reply stated that the material was received and consumed on work, but the Audit did not verify it. The Committee dropped the paragraph subject to verification by Audit.

397. *Loss of Rs. 34,957 due to setting of Cement (Para 9, pages 71-72-AR).*—It was pointed out by Audit that 18.35 Tons of Cement was declared set by the Department and responsibility of loss had not been fixed nor the recovery had been made. The Department explained that Cement received was found to be set at the time of taking delivery. The claim was lodged with State Cement Corporation who did not accept the claim. It was subsequently lodged with Railways, who also rejected it, being time barred. The explanation of the Department was accepted by the PAC. The paragraph was dropped subject to write off action by the Department.

398. *Non-recovery of Rs. 11,998 (para 11, page 72-AR).*—In this case Audit pointed out that material worth Rs. 112,004 was sold to Airport Development Authority but 10% Supervision charges amounting to Rs. 11,998 which were recoverable under the rules were not recovered. The Department explained that it was very old case and the Airport Development Authority was being regularly reminded for payment of these dues. The paragraph was dropped by the PAC.

COMMERCIAL ACCOUNTS

399. *National Construction Limited (Para 173, page 109-ARCA).*—Introduction.—National Construction Limited, with a paid up capital of Rs. 3.70 million (raised to Rs. 14,900 million during the year 1981-82) was formed in November, 1977 as public limited company with the object to take over execute, perform all contracts in Pakistan which were being executed by the National Construction Company (Pakistan) and also to take over all the assets and other liabilities as mentioned in the Memorandum of Association.

400. *Working Results (Para 174, page 109 ARCA)*.—As per Audit the working results of the Company for the year 1981-82 as compared to the year 1980-81 were as under :—

	(Rs. in million)	
	1981-82	1980-81
(i) Value of work done	380.865	358.498
(ii) Cost of work done	377.125	372.095
(iii) Operating Profit (Loss)	3.740	(13.597)
(iv) Other Income	2.103	0.655
(v) Profit/Loss	5.844	(12.932)

401. Since 1981-82 the Company revised the rates and method of charging depreciation as a result of which depreciation charge was reduced by Rs. 8.392 million during 1981-82. During the year under review the Company also recognised income of Rs. 17.804 million relating to unverified bills as part of the value of work done as against the existing policy of the Company according to which only the amount of verified bills was taken as the value of work done.

402. Had the existing policies, being followed up to 1981-82 by the Company regarding depreciation and recognition of income, not been changed, the Company would have sustained loss of Rs. 22,456 million during the year under review. Thus accumulated loss as on 30-4-82 would have risen to Rs. 49.710 million as against Rs. 27.234 million depicted in the under review. The changes in the recognised policies of the Company were made to convert huge loss during the year under review into profit which was required to be justified.

403. The Department explained that income was being recognised on the basis of percentage of completion method which is recognised method in the construction industry. Recognition of *ad hoc* receipts "against work done" as revenue during the year 1981-82 was not against the policies and practices of the Company, as the Company had been recognising these receipts in the past also.

404. Similarly, the method, of charging depreciation, in use by the Company, was in keeping with the commercial practice and was recognised by the Income Tax Laws, and the rate applied was still higher than statutory rate. Had the Company charged depreciation rates lesser than the statutory and prevalent construction industry rates, the contention of the Audit would have been appropriate.

40. Further, the Department pointed out that charging depreciation was based on estimation and the decision of the Management was taken, keeping in view the use and value of assets at a particular point of time. It was not against the generally accepted accounting principles to change the method/estimate for charging depreciation. The impact of change had been fully depicted in the accounts keeping in view the requirement of full disclosure.

406. *Working Capital Gap (Para 175, Page 109-ARCA).*—Audit observed that the Company had a working capital gap of Rs. 58.753 million as on 30th June, 1982 as against Rs. 55.117 million as on 30th June, 1981, despite increase in share capital of Rs. 11.200 million during the year under review, which stood invested mostly in current assets. The financial position further deteriorated during the year 1981-82 as compared to the last year. Efforts were required to be made to improve the ways and means position with a view to narrowing the liquidity gap.

407. The Department reported that during the year 1981-82, the long-term loan amounting to Rs. 24.250 million were repaid/converted into short-term liability which in turn resulted in apparent increase in current liabilities and adverse effect on working capital.

408. *Cash and Bank Balance (Para 176, page 109—ARCA).*—Cash and Bank Balances held on 30th June, 1982 amounted to Rs. 38.169 million as against Rs. 11.466 million at the end of the previous year. More than three times increase in Cash and Bank Balance as compared to the previous year on the one hand and on the other Bank borrowing of Rs. 30.911 million on 30th June, 1982 entailing heavy financial expenses was due to lack of proper financial controls. An amount of Rs. 60 million was kept in Short-term deposits with the Bank of Oman instead of utilising the same towards repayment of bank borrowings from Pakistani Banks. No justification could be given for investment of funds in a foreign bank, while loans were obtained from Pakistani Banks.

409. It was stated in reply by the Department that the funds deposited in the SNTD account with the Bank of Oman on 30-6-1982 were Rs. 14.734 million and not Rs. 60 million as indicated. The deposits kept in the STD Account were mainly due to the receipts of mobilization advance and secured advance during the month of June, 1982 amounting to Rs. 9.5 million from Muzaffarabad, Hub Dam and Faisalabad projects, which were required to be spent towards mobilisation of those projects.

410. The surplus deposits were not adjusted in the Overdraft Account as it was feared that Habib Bank Limited (HBL) would freeze the Overdraft Limit because the extension of the Overdraft privilege on 1982-83 was not approved

by the Bank. It was only in October, 1982 when the overdraft limit was approved by HBL with the express assurance that the deposits shall not be adjusted in the overdraft limit. All the funds were transferred to the overdraft Accounts.

411. *Cash Book recording (Para 176 (ii), page 110—ARCA).*—No Cash recording with day to day transactions and working out the cash balances along-with cash counting certificate were found to have been maintained for the Projects of the Company of Pakistan Steel. This was fraught with the danger of misuse of the funds as would be observed from the following instances :—

- (a) After the closure of the Project at Pakistan Steel, a cash balance amounting to Rs. 33,261 was deposited into Bank after a lapse of 8 months.
- (b) At the time of physical verification of Cash of a Project at Pakistan Steel, an amount of Rs. 85,136 was found short.

412. The Department stated that they had requested the Commercial Audit Department to quote the specific instances, but had not received the details so far. Audit reported that relevant details would be supplied to the Ministry.

413. *Penal Interest (Para 176 (iii), page 110—ARCA).*—Penal Interest amounting to Rs. 148,025 was paid to N.D.F.C., on account of late payment of loan. This could have been avoided if, necessary arrangements for repayments had been made well in time.

414. In reply it was informed by the Department that the NDFC working capital loan of Rs. 9.0 million was guaranteed Habib Bank Limited through letter of guarantee No. 81/11 dated 28-3-81, which contained repayment schedules as detailed below, but the loan instalments could not be paid on the due dates as the overdraft limit was being utilised to its maximum as shown against the various dates as under :—

Due Date	Principal Amount	Amount of Overdraft
31-3-1981	Rs. 3.0 million	Rs. 31.409 million
30-9-1981	Rs. 3.0 million	Rs. 30.130 million
31-3-1982	Rs. 3.0 million	Rs. 29.370 million
Total ..	Rs. 9.0 million	

415. It was pointed out that NCL made the payment of Rs. 4.054 million to NDFC in February, 1982, being the loan instalment of Rs. 3.0 million plus the interest due upto the date, out of the share capital subscription received from the Federal Government in December, 1981. Because of the serious cash-flow

problem, the company approached NDFC for rescheduling of the loan which was evaluated by NDFC in the light of the Company's cash problem. After negotiation, NDFC Guarantee No. 81/11 dated 24-6-82 was issued with the quarterly repayment of Rs. 1.0 million with effect from 1-7-82 to 1-10-83.

416. *Loss of Rs. 123,873 (Para 176 (iv), page 110—ARCA).*—The Company sustained a loss of Rs. 123,873 due to payment of interest to the Bank for the late retirement of the documents for import of materials. This could also had been avoided if proper arrangements for the clearance of foreseen liability were made.

417. The Department contested the objection and pleaded that this was to clarify that they had not paid any interest to the Bank due to late retirement of documents under question. The Bank had, however, charged for the mark-up on the retirement of documents under the new banking laws enforced at that time. It may be noted that if the Company would have retired the documents in time, it would have eliminated the mark-up on the one hand, on the other hand Company would have had to pay interest on bank overdraft which was not available at that time.

418. *Amount of Retention (Para 177, page 110—ARCA).*—The amount of "Retentions" increased from Rs. 19.422 million as on 30-6-1981 to Rs. 28.856 million at the close of the year 1981-82. These were accumulating due to non-submission non-approval of the final bills. In case of Projects at Pakistan Steel more than a year had elapsed since their completion, but their final bills had not yet been submitted to the client. The increase in Retentions needed justification and affective steps taken for their clearance.

419. It was intimated by the Department that Retentions are directly related to the work done. With the increase in the volume of the work, the retention money also increased. The refund of retention money was not dependent solely on verification of final bill but on expiry of maintenance period, satisfaction of punch list, reconciliation of client's supplied material was also considered before releasing the retention money.

420. *Loss of Rs. 35.0 million approximately (Para 178, page 110—ARCA).*—A review of the running bills of a project at Pakistan Steel for the periods from July, 1981 to February, 1982 indicated that the value of work done was generally less approved by the client as compared to the actual value of work done. A loss of Rs. 35.0 million approx. was sustained by the Company due to heavy deductions from the running bills submitted to the client. No record was made available to show that the claims made by the Company, but not admitted by the client, were justified and if any effort was made to get such claims admitted.

421. It was stated in reply that the Commercial Audit Department had been asked to provide the details which had not been supplied. Audit promised to supply the details.

422. *Contracts in Progress (Para 179, page 110—ARCA).*—In valuation of the contracts in progress at the close of the year no provision was made for cost over-runs and non-reimbursable escalations existing or anticipated to occur up to the completion of contracts. In order to depict realistic position of the value of the contract in progress, the need for making a suitable provision was stressed upon.

423. It was stated by the Department that it was in accordance to the Company's Accounting Policy which was being followed consistently.

424. *Non-confirmation of recoverables (Para 180, page 110—ARCA).*—The amount recoverable from the National Construction (Pak.), Limited stood at Rs. 2.873 million on 30-6-1982 as against Rs. 3.096 million on 30-6-1981. The difference represented credit of Rs. 0.223 million afforded to the Company during the year. In the absence of confirmation of the balance by the Company concerned, the authenticity of the balance could not be verified.

425. It was explained by the Department that the matter had been taken up with National Construction Company (Pakistan), Limited (NCCP) to sort out the outstanding issues between the two Companies. Balance confirmation requested had not been replied by NCCP and the matter of reconciliation had already been taken up at the highest level of management.

426. *Other Receivables (Para 181, page 110—ARCA).*—Other Receivables as on 30th June, 1982 stood at Rs. 32.100 million as against Rs. 37.849 million at the end of previous year. The year wise analysis of receivables was not prepared which need be done and debts particularly the old ones recovered expeditiously. The Department explained that action to expedite the recoveries had already been taken.

427. On a query from the Chairman PAC the Ministry explained that NCL was a limited company registered under the Company's Act. Majority of the shares was held by the Government. It was a construction company not quoted in the market. Despite losses, the Ministry of Finance had declared it viable. All possible attempts were being made to make it viable. The matter was under active consideration of both the Ministries. At the present there was a business of 26 million with the company. The Company required a working capital of Rs. 5 crore. There was an overdraft from the Banks amounting to

Rs. 27 million which was being paid. It had become a very difficult proposition to recover the receivables. If the Government wanted this company to live they should keep in view the purpose for which it was established. Audit observed that the top management should exert to increase the liquidity position of the company. The retention money which was Rs. 28,856 million in 1982-83 had increased to Rs. 36,599 million on 30-6-1984. The amount of Advances had also increased to Rs. 49.80 million. It appeared that financial indications were being overlooked, receivable should be a Priority matter for the top management. Finance should give better attention. The Standard Accounting Principles should be followed for better study of Financial results. A member of PAC remarked that government should take an early decision whether they want to uphold this company or to dissolve it and this should be reflected in the next budget.

428. The Chairman PAC observed that the management should make efforts, if they were interested in the company, to get the receivables recovered as the Government Department were involved in it. The PAC could issue directives, if they were serious. They should follow Standard Accounting Principle.

429. Audit pointed out that NCL have declined audit of its accounts after 1982-83. The Committee directed that the Department should produce records for Audit. The Department promised to produce the records for which the Audit was in arrear. On a query from Audit, the Department intimated that they would be in a position to produce the records after 15 days. After discussion the PAC directed that the government should take early decision regarding grant of additional fund to NCL. The NCL will accept the Audit party of the Auditor-General for Audit of its Accounts after two weeks from 4-5-1986.

430. *Points not discussed to be treated as settled.*—The Committee did not make any observation on other points/paragraphs of the Appropriation Accounts/ Commercial Accounts for the year 1982-83 and Audit Reports thereon. These would be deemed to have been settled, subject to such regularisation action or recovery as may be necessary under the rules, and subject to verification by Audit.

431. The Committee then adjourned to meet again at 9.00 a.m. on Monday the 5th May, 1986.

M. A. HAQ,
Secretary.

ISLAMABAD :
The 30th October, 1986.

NATIONAL ASSEMBLY SECRETARIAT

Sunday, the 4th January, 1987

Fifth Sitting (P.A.C.)

*235. The Public Accounts Committee assembled at 09.00 a.m. in the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1983-84 & 1984-85. 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. Ch. Muhammad Sarwar Khan,
M.N.A. | | <i>Member</i> |
| 4. Nawab Muhammad Yamin Khan,
M.N.A. | | <i>Member</i> |
| 5. Mr. Miangul Aurangzeb,
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. Syed Iftikhar Shabbir, Deputy Auditor General (Co-ord.).
3. Mr. A.A. Zaidi, Deputy Auditor General (A&R).
4. Sh. Muhammad Sadiq, Accountant General Pakistan Revenue.
5. Mr. Iftikhar Ali Khan Raja, Director General (A & A Works), Lahore.
6. Mr. Ziaul Haq Khan, Director General (Railway Audit).
7. Mrs. Naseem Akhtar, Deputy Director (Railway Audit).

P*aragraphsup to 234 Pertain to other Ministries/Divisions.

Ministry of Finance

1. Mr. Manzur Husain, Joint Secretary (Budget).
2. Mr. Tanwir Ali Agha, Deputy Secretary.
3. Mr. H.A. Niazi, FA (Works & Environment).
4. Mr. Muhammad Raziq, DFA (Works & Environment).

236. *Accounts Examined.*—Accounts pertaining to the Works Division were examined by the Committee during the course of the day.

WORKS DIVISION

237. The Committee first took up for examination, the Appropriation Accounts etc., pertaining to the Works Division. The following departmental representatives were present :

1. Mr. Abdur Rahim Mahsud, Secretary.
2. Mr. Abdul Wahab, Joint Secretary.
3. Mr. M. Jamil Erikzada, Deputy Secretary.
4. Mr. Mahmood Ahmed Khan, Section Officer, (F & A).
5. Mr. A.W.K. Sherwani, Director General, Pak P.W.D.
6. Sh. Faiz Ahmad, Chief Engineer, Pak PWD, (Karachi).
7. Mr. S. Shanweel Ahmad, Chief Engineer, Pak PWD, (Quetta).
8. Mr. M. Iqbal Rajput, Chief Engineer, Pak PWD, (Islamabad).
9. Mr. A.H. Subhani, Superintending Engineer, Pak PWD, (Peshawar).
10. Mr. Khalid Khan Toru, OSD (Estates), Islamabad.
11. Mr. Shafiq-ur-Rehman, JEO, Islamabad.

238. This Division controlled the following grants :

S. No.	Name of Grant	Grant No.
1983-84		
1.	Works Division	68
2.	Civil Works	69
3.	Estate Offices	70
4.	Federal Lodges	71
5.	Other Expenditure of Works Division	72
6.	Development Expenditure of Works Division	150
7.	Capital Outlay on Civil Works	180

S. No.	Name of Grant	Grant No.
1984-85		
1.	Works Division	71
2.	Civil Works	72
3.	Èstate Offices	73
4.	Federal Lodges	74
5.	Other Expenditure of Works Division	75
6.	Development Expenditure of Works Division	156
7.	Capital Outlay on Civil Works	185

239. **Reconciliation of Accounts with Audit**—It was reported to the Committee that reconciliation of figures with Audit was not upto date, in certain cases the work of reconciliation of figures for 1986-87 had not been started as yet. The Committee directed that this work should be up dated and should not be allowed to fall in arrear in future.

APPROPRIATION ACCOUNTS (1983-84)

240. *Grant No. 68—Works Division (Page 536—AA).*—The grant closed with an excess of Rs. 514,210, which was attributed to payment of advance salary on Eid and revision of pay scales. The Committee accepted the explanation and recommended the excess.

241. *Grant No. 69—Civil Work (Page 538—AA).*—According to Audit Report, there was saving of Rs. 10,415,926 under “Charged” section and excess of Rs. 43,323,549 under “Other than Charged” section of this grant. The Department while explaining the excess reported that a part of excess *i. e.*, Rs. 9,316,537 under pay and allowances was due to revision of pay scales and payment of salary on Eid. Excess of Rs. 2,100,277 was under “purchase of goods” and was due to renovation of State Guest House at Lahore. Which was carried out on emergency basis at the time of visit of Turkish President. It was further reported that a supplementary grant of Rs. 1,500,000 was requested but was refused by Finance.

242. The Chairman P.A.C. observed that this was not understood as to how the expenditure was incurred when the funds were refused by the Finance. The representative of Finance reported that Funds were asked for during 6/84 and not 4/84 as reported. The Department requested for Rs. 1.5 million, whereas there was an excess of Rs. 2.1 million under this head and overall excess of Rs. 4.3 million. Then against they had sufficient/unspent balance in their Accounts. Funds were not refused, they were asked to utilize funds lying in their Account. There had always been saving with them. They had a balance of Rs. 3.1 million at the end of 1983-84.

243. Audit at this point observed that replies were received very late from the Department, leaving little time to scrutinise and verify the replies. There was no visit of Turkish President to Lahore; moreover there was no renovation of Guest House. Some Carpets and Pardah Clothes were purchased. There were only two methods to get additional funds, either through supplementary grant or through excess budget statement.

244. The Department explained that there was a directive from President. Many difficulties were faced in getting funds. Rule do not permit re-appropriation without approval of Finance, who did not cooperate. There were saving on one side and excess on the other.

245. The Committee observed that there were serious irregularities in management of Finances and directed that an inquiry may be held to report as to why the supplementary grant could not be obtained, and if there was any visit of Turkish delegation to Lahore. The Committee should comprise of Secretary Works Division, Deputy Auditor General and Financial Adviser of the Division. The report may be submitted within one month. The Committee directed that existing procedure of Financial Controls should be examined and responsibility for excess expenditure should be fixed. The displeasure of the Committee may also be communicated to the Department. The matter was deferred for consideration in the next meeting.

246. *Grant No. 70—Estate Offices (Page 452—AA).*—There was a saving of Rs. 59,809 which was nominal and the Committee did not make any observation.

247. *Grant No. 71—Federal Lodges (Page 544—AA).*—The Grant closed with an excess of Rs. 623,123. The Department explained that excess was due to revision of pay scale and increase in rate of Electricity, Telephone etc. The Committee recommended the excess for inclusion in excess budget statement.

248. *Grant No. 72—Other Expenditure of Works Division (Page 546—AA).*—The excess of Rs. 57,270 under this grant was recommended by the Committee.

249. *Grant No. 150—Development Expenditure on Works Division (Page 550—AA).*—The grant closed with a saving of Rs. 391,310. The Department explained that an amount of Rs. 277,000 was surrendered in time and was accepted. The remaining saving of Rs. 114,310 was due to non receipt of Administrative approval of office of Wafaqi Mohtasib. On a query from Audit, the Department reported that office of Wafaqi Mohtasib was in a Government Building. The Committee accepted the explanation.

250. *Grant No. 180—Capital Outlay on Civil Works, (Page 552—A.A.).*—The grant closed with a saving of Rs. 101,307,896. Audit informed the Committee that an amount of Rs. 36 million was surrendered, a supplementary grant of Rs. 36 million was also obtained under this grant. There was a gross saving of Rs. 101 million. It was also explained that surrender was made and supplementary grant were obtained at the same time. This was because they had no reappropriation powers. The Department however intimated that Rs. 98 million were held up because the Finance did not release funds for the 4th quarter, the remaining amount of Rs. 2 million could not be spent because sites for works were not made available. A member at this point observed this was all due to lack of planning on the part of Department.

251. The Committee observed that this was un-necessary blocking of money and directed that a detailed study of this financial indiscipline should be carried out to examine the existing budgetary procedures and financial controls. by the Committee formed to look into excess under grant No. 69 Civil Work.

AUDIT REPORT (1983-84)

252. *Non-recovery of Cost of Material Worth Rs. 236,218 (Para 1.(1), page 88—A.R.).*—According to Audit Report, a contractor left the work incomplete in 1981, when his final bill was prepared, it came to light that an amount of Rs. 236,218 was due from contractor on account of cost of material issued to him in excess of requirement and was not recovered from him.

253. The Department informed the Committee that recoverable amount worked out to Rs. 278,467 against Rs. 236,218 pointed out in the Para. The Officers responsible for issuing excessive material had been called upon to explain their position. Deputy Commissioner had been asked to effect recovery. The contractor had been black listed. A court case had also been filed in the Civil Court.

254. The Chairman, PAC observed that all the action had been taken in 1986. Action should also be taken against those who had delayed the case. The Committee directed that such delays should be avoided. Final action taken in this case may be reported to P.A.C. The paragraph was deferred.

255. *Non-recovery of cost of Steel Rs. 209,085 [Para 1(2), page 88—A.R.]*—According to Audit, a quantity of 30 Tons Steel was issued to a contractor in October, 1981, but cost, that of, was not recovered while making payment to him in December, 1981. It was stated by the Department in their reply that cost will be recovered at the time of making final payment, which were held up for want of sanction of Extra Substituted items. The delay in making payment and recovery of cost of steel reflects on the efficiency of the Department.

256. The Chairman observed this was something very serious. This was again a case of delayed action. The Department should explain it. The departmental representative reported that the Accounts had been finalized. An amount of Rs. 125,000 is payable to contractor. Security deposit of Rs. 30,000 was also lying with the Department. The recovery was being adjusted/made. The Committee directed that final action may be reported; the paragraph was deferred.

257. *Non-recovery of cost of Steel and Cement Rs. 97,000 [Para 1(4), page 89—A.R.]*.—It was pointed out in the Audit Report that Steel and Cement worth Rs. 97,000 was issued to a contractor in July, 1979. He removed the material from site and abandoned the work. The responsibility had not been fixed on the official who allowed the contractor to remove the material from the site of work. The recovery had also not been made.

258. The Chairman observed that although the amount involved was not so big, but it was a matter of principle to fix responsibility. Then again it was a case of 1979 and had not been finalized upto 1986. The Department informed that the contractor had been black listed in May, 1986. The Committee directed that an inquiry should be held and action finalized. The paragraph was deferred.

259. *Non-recovery of cost of Cement and Steel Rs. 65,172 [Para 1(5), page 89—A.R.]*.—Audit informed the Committee that cost of Cement and Steel issued to the contractor in 1978 had not so far been recovered, as the accounts of contractor pertaining to work had not been finalized. The Department informed the Committee that the recovery had since been made from the contractor. The Committee settled the paragraph subject to verification by Audit.

260. *Mis-appropriation of Cement Rs. 85,680 [Para (1)6, page 89—AR]*.—Audit pointed out that it came to the notice in 1982, that a quantity of 60 Tons of Cement had been debited to the Accounts of a contractor, although the cement was not lifted by him. That matter was also not investigated by the Department. It was reported by the Department that the officials involved in this case had been Charge Sheeted and the Charge Sheet had been sent to Law for vetting. Disciplinary proceeding were underway.

261. The Committee observed that prompt action was not being taken by the Department. The cases were being delayed un-necessarily. The Department should take a note of it. Final action in this case may be reported to P.A.C. The paragraph was deferred.

262. *Non-recovery of hire charges Rs. 431,879 [Para 3(1), page 91—A.R.]*.—According to Audit, hire charges of machinery from other Divisions were not recovered during the period 1976—80. Most of the contractors who were to pay the charges ultimately, had completed their contracts. The recovery at this belated stage had become doubtful. The Department intimated that it was an interdivisional recovery. An amount of Rs. 161,502 had since been recovered and the balance was in the process of recovery. The Committee settled the paragraph subject to recovery and verification of recovery by Audit.

263. *Non-recovery of hire charges of Rs. 196,200 [Para 3(2), page 91—AR]*.—According to Audit, hire charges of Rs. 196,200 for a road roller lent out to MPO, WAPDA during 1973—76, were not recovered. The Department explained that it was an old case and would take some time to locate old records. The Committee directed that final recovery/write off may be got verified from Audit.

264. *Doubtful/unjustified Expenditure of Rs. 468,056 [Paras 4(1 to 14), pages 92—9—AR]*.—Audit pointed out that in 14 cases expenditure incurred was doubtful and was required to be investigated. The Department investigated these cases and punishment was awarded in some cases, whereas inquiry in others was not conducted. It was reported by the Department that all cases had been finalized. The Committee directed that Department should reconcile the position with Audit.

265. *Non-Accountal of Stores [Para 5(2), page 96—AR]*.—Audit pointed out that accountal and consumption of store valuing Rs. 107,660 purchased during 1979-80 was not available on record. The Department reported that an inquiry in the matter was held and the officer concerned was punished for certain procedural irregularities. The Committee directed that action of the Department should be verified by Audit. The paragraph was settled subject to verification by Audit.

APPROPRIATION ACCOUNTS (1984-85)

266. *Grant No. 71—Works Division (Page 550—AA)*.—There was a saving of Rs. 366,035. The Department explained that an amount of Rs. 252,000 was surrendered leaving a net saving of Rs. 114,000 which was due to certain posts remaining vacant. The Committee accepted the explanation.

267. *Grant No.72—Civil Works (Page 553—AA)*.—According to Appropriation Accounts there was a saving of Rs. 672,228 under "Charged" section and excess of Rs. 39,679,882 under "Other than charged" section of this grant. Rs. 3,706,706 was excess under pay and allowances, Rs. 6,706,590 under Repairs and Maintenance and there was an excess of Rs. 31,133,082 under Stock and

other Suspense. The Department while explaining the excess intimated that at the time of transfer of Bolan Medical College, three P.W. Division were formed, but no budget grant was allowed, thus there was excess under pay and allowances. As far stock and suspense, it was reported that earlier there was separate Store Accounts Maintained by P.W.D. It was decided by the Ministry to abolish transections under this head. It was only an Accounting Machanism. The representative of Finance at this point intimated that fact remained that excess had taken place within this mechanism. It should not be compared with recovery of stores issued to contractors. The departmental representative intimated that Finance had already agreed for creation of revolving fund for stock.

268. The Committee after a detailed discussion directed that details pertaining to booking of expenditure under suspense, the procedure relating to Budgetary provisions under this head and subsequent credits to this head should also be gone through by the Committee formed as per directive under Grant No. 69 (1983-84).

269. *Grant No. 73—Estate Offices (Page 556—AA).*—The grant closed with a saving of Rs. 28,299,624, which was about 24% of the Final grant. The main saving was under “Commodities and Services”. The Department explained that provision for requisitioning of houses was made at higher side. The amount could not be surrendered upto 31-3-1986, as an alternative proposal to spend the saving on maintenance of Government Building was under consideration, which was not approved by Finance, the funds were surrendered on 30-6-1986 which were not accepted. The Committee observed that funds were blocked and should have been surrendered in time.

270. *Grant No. 74—Federal Lodges (Page 559—AA).*—The grant closed with a saving of Rs. 128,198. The Committee did not make any observation, saving being nominal.

271. *Grant No. 75—Other Expenditure of Works Division (Page 560—A.A.).*—There was an excess of Rs. 33,215 under this grant and was recommended by the Committee.

272. *Grant No. 156—Development Expenditure of Works Division (Page 565—AA).*—The grant closed with a saving of Rs. 1,038,074, which was 57% of Final Grant. The Department reported that surrender of Rs. 900,000 was not accounted for being late. The Committee did not make any observation.

273. *Grant No. 185—Capital Outlay on Civil Work (Page 566—AA).*—This grant closed with a saving of Rs. 43,030,886. The Department explained that an amount of Rs. 15 million was surrendered and it was also accepted by the Finance. The net saving was only Rs. 28,030,886 which was 4.5% and was within permissible limits. This saving was due to non-availability of land, administrative approval and due to dropping of funded schemes. The Committee did not make any observation.

AUDIT REPORT (1984-85)

274. *Non-adjustment of Advances paid for supply of materials Rs. 10,412,730 (Para 1, page 76—A.R.).*—According to Audit Report total amount of Rs. 10,412,730 was outstanding in the books of 12 P.W. Divisions, recoverable from various agencies, since 1976 to 1982. Nothing was done to recover/adjust these outstandings. The Department reported that an amount of Rs. 3,713,357 had since been adjusted, and details of remaining amount of Rs. 6,699,369 had been asked for from Audit. The Audit intimated that the details were already available in the Books of respective P.W. Division. These had however been supplied again to respective Chief Engineers. The Committee directed that the outstanding should be cleared at the earliest. The paragraph was settled.

275 *Non-recovery of Rs. 194,330 [Para 4(1), page 78—A.R].*—An amount of Rs. 149,330 was outstanding against four contractors in their ledger Accounts since 1975—77. The amounts had not been recovered. The Audit reported to the Committee that the Department did not bother to submit a reply through statement of replies submitted to P.A.C. The Department informed the Committee that the outstanding amounts had been recovered except Rs. 26,212. An amount of Rs. 14,000 would also be recovered having a recoverable balance of Rs. 12,212 which had to be written off.

276. The Committee observed that the reply should have been submitted in the statement of replies. The matter had been delayed. Action should be finalized and verified by Audit.

277. *Non-recovery from Contractors Rs. 66,196 [Para 4(2), page 78—A.R].*—Audit pointed out that, an amount of Rs. 66,196 was outstanding against two contractors as their final bills worked out to minus amount (Recoverable amount) which means that the contractors were excess paid. No action was taken against those responsible for excess payment. The Department explained that an amount of Rs. 49,701 was recoverable from a contractor on account, of defective work done by him, which was subsequently got done at his risk & cost. The contractor died before recovery could be made. The Deputy Commissioner had been asked to make good the recovery from his property. The Committee directed that the matter should be finalized and got verified from Audit.

278. *Excess issue of Cement Rs. 115,381 (Para 4(3), page 78—AR).*—Audit pointed out that a quantity of 2,775 bags of Cement was issued to a contractor in November, 1982, in excess of the quantity consumed on the work. The recovery of this material was required to be made at prevailing market rate, which work out to Rs. 115,381. The Department argued that the Audit had not correctly prepared the consumption statement. The percentage of wastage had also been applied at lower side. The Committee directed that Audit may verify the stand of the Department and amount as verified by Audit should be recovered.

279. *Non-recovery of cost of material Rs. 21,695 (Para 4(5), page 78—AR).*—As per Audit, a work was completed in 1976, but the cost of material amounting to Rs. 21,695 was not recovered from the contractor upto 1986. The Department explained that final bill was held up for want of certain formalities. The recovery had however now been made in full. The Committee directed that recovery should be verified by Audit and such delays should be avoided by the Department.

280. *Non-recovery of dues from contractors Rs. 354,971 (Para 4(6), page 79—AR).*—The Audit pointed out in November, 1982 that an amount of Rs. 354,971 was recoverable, on account cost of stores etc., from various contractors, although final payment had already been made by the Department. It was further reported to the Committee by Audit that since last four years only an amount of Rs. 27,539 could be recovered. The Department reported that recovery of Rs. 299,451 was held up for want of decision in an Arbitration. There was a discrepancy of Rs. 22,876 in the Ledger Accounts. Disciplinary Action was being taken against those responsible for non-reconciliation of figures of Ledger Account. The Committee directed that recovery should be made and got verified from Audit.

281. *Non-recovery of material Rs. 590,566 (Para 5(1) (2), page 81—AR).*—According to Audit Report a contractor failed to complete the work, which was subsequently done at his risk and cost. The cost of material amounting to Rs. 450,150 issued to him was neither recovered from him, nor the material was taken back. Similarly secured advance of Rs. 117,281 paid to him was also not recovered from him. The Department explained that the contractor took away the material from the site of work. A Civil Suit for recovery had been filed against him. An inquiry against the officers/officials responsible had been initiated.

282. The Committee after a detailed discussion observed, that the inquiry in this case had been badly delayed. Delayed action was in fact no action. It was directed that the inquiry must be completed within six months in this case as well as in all other cases wherein it had been ordered.

283. *Outstanding recovery of Rs. 477,740. (Para 6, page 83—AR).*—According to Audit, A work was rescinded in October, 1982 but the security deposit was not forfeited. Besides the secured advances paid to the contractor were also not recovered. The Department filed a civil suit for recovery of outstanding dues, but no disciplinary action against those responsible for not safeguarding interest of government, had been initiated. The Department explained that suit was filed in 1/85. The Executive Engineer concerned did not inform his successor, as such it was delayed. Secretary of the Department admitted that these were no cogent reasons for delay. Audit held that unused material was removed by the contractor from the site of work, which was only possible with connivance of the departmental officers. The Department regretted that they were not prepared for the reply. The Committee observed that Department had not given full facts and directed that they should come up with full details in the next meeting.

284. *Loss due to payment of rent of Building Rs. 327,150 (Para 9, pages 84-85—AR).*—In this case a Building was taken on rent at the rate of Rs. 21,810 per month and was allotted to a Government Department in July, 1983 for use as an office. The Building was not occupied and government was put to a loss of Rs. 327,150 on account of payment of rent to the owner upto October, 1984. The Department explained that the Building was hired for ten years and was allotted to three departments, one after the other, but non of them occupied the building. Thus it remained vacant. This was a solitary and unique case. The full facts were not on record. The Department promised to investigate the matter.

285. The Committee directed that full facts of the case should be provided to Audit, who should scrutinise it afresh and a report in the matter should be submitted in the next meeting. The paragraph was deferred.

286. *Excess payment of Rs. 76,296 (Para 11(i), page 86—AR).*—As per Audit Report, Air Conditioners were purchased at higher rate as compared to an other consignment of similar Air Conditioners purchased during the same month. The Department explained that separate open tenders were called in two different cases and rates were accepted in accordance with the codol rules. Audit however held that acceptance of two different rates for the same item in the same month would mean that principles of financial propriety were not observed. The paragraph was settled by the Committee.

287. *Non-recovery of Excess Telephone Bills Rs. 218,144.*—Audit pointed out that certain officers of Ministry of Works made telephones calls from their offices and residences in excess of the prescribed ceiling in 1982-83. The excess expenditure had neither been recovered nor regularised. The Department intimated that all the expenditure reported by Audit had been regularised. The Committee settled the paragraph subject to verification by Audit.

Loss of Rs. 46,041 (Para 19, page 93—AR).

Non-recovery of hire charges (Para 21 page 94—AR).

*Expenditure incurred on Deposit Works (Para 23, pages 94-95—AR)
(Special Audit Report of Civil work Executed in Baluchistan.)*

288. The consideration of above paras were deferred to next meeting.

289. *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. These would be deemed as settled, subject to such regularisation action as may be necessary under the rules.

ISLAMABAD :
The 6th April, 1987.

M. A. HAO.
Secretary.

ANNEXURE II
ANNUAL DEVELOPMENT PROJECTS
EXCEEDING Rs. 4.5 MILLION
1981-82 to 1984-85
PAK P.W.D.

(65—66)

S. No.	Name of Project	Estimated cost in million Rupees	Stage of Completion (Zage) at the close of				Rmk.
			1981-82	1982-83	1983-84	1984-85	
1	2	3	4	5	6	7	8
P, P & H.							
1.	Construction of New Building for Custom House, Karachi ..	64.800	40%	50%	65%	90%	
2.	Construction of 8th to 12th Floor over I.T. Building, Karachi ..	10.334	50%	98%	100%	—	
3.	Construction of Office Accommodation for I.T. Department, Quetta.	4.500	75%	100%	—	—	
4.	Office Accommodation for C.G.S. at Quetta (Block IV & V) ..	4.900	75%	100%	—	—	
5.	Construction of Custom House at Gadani	9.200	33%	75%	100%	—	
6.	Construction of residential accommodation for C.G. Servants at Dhanasing Wala, Lahore ..	239.220	9%	22%	50%	80%	
7.	Construction of Residential for Security Staff (Presidency), Rawalpindi	4.920	—	95%	100%	—	
8.	Construction of C.G.S. Colony, F.G. Area, Karachi	124.218	95%	98%	100%	—	
9.	Providing Sui Gas Connections at Martin, Clayton, Jail Road etc., Colonies at Karachi	8.617	50%	100%	—	—	
10.	Renovation of C.G. Colonies at Martin Road, Karachi (1000 Qtrs. in Phase-I)	30.000	16%	58%	83%	100%	
11.	Construction of Custom House & Residential Accommodation for Custom House at Kole Tafhen ..	7.225	80%	95%	100%	—	
12.	80 Rooms Bachelors Hostel for Central Government Servants Quetta	6.118	95%	100%	—	—	
13.	40 Officers Lodge at Quetta ..	4.990	80%	100%	—	—	
14.	Residential Accommodation for Central Government Servants, Quetta	11.980	60%	90%	100%	—	

1	2	3	4	5	6	7	8
15.	40 Male Officers Hostel at Islamabad, (G-5-I)	9.571	63%	100%	—	—	
16.	40 Female Officers Hostel at Islamabad, (G-5-I)	9.571	60%	100%	—	—	
17.	3000 Quarters for Federal Govt. Servants at Islamabad, (Phase-I, 2000 Quarters)	352.426	5%	30%	50%	70%	
17A.	Construction of Additional Chief Engineers and Civil Circle Offices, Pak. P.W.D., Islamabad	4.879	40%	98%	100%	—	
18.	Construction of 3000 Quarters for C.G.S. at Islamabad, (Phase-II) 1000 Qtrs	282.355	—	—	—	20%	
19.	Construction of residential accommodation for F.G. Servants at Peshawar	66.646	50%	62%	72%	80%	
20.	Construction of Residential accommodation for I.T. Department, Rawalpindi	4.800	—	42%	47%	85%	
21.	Construction of I.T.D. residences at Faisalabad	24.976	—	16%	24%	56%	
22.	Residential Accommodation for I.T. Department, Peshawar	4.800	—	2%	61%	100%	
23.	Construction of 108-Family Suits for Federal Govt. employees at Islamabad	27.750	—	26%	30%	50%	
24.	Residential accommodation at Lahore for I.T. Department, (Training)	4.50	—	31%	55%	100%	
25.	Construction of Office and Residential Accommodation at Faisalabad	10.74	—	10%	25%	40%	
26.	Construction of Office and Residential Accommodation for I.T. at Sialkot	4.980	—	8%	29%	80%	
27.	Construction of Office for C.L. & L.C., Peshawar	4.575	—	10%	66%	100%	
28.	Construction of Office Accommodation for Directorate of (Training) I.T. Department, Lahore	4.50	—	—	20%	40%	

1	2	3	4	5	6	7	8
29.	Office Accommodation for I.T. Department, Sahiwal	6.50	—	—	45%	70%	
30.	Construction of 2 Federal Lodges for Federal Govt. Officers at Islamabad	23.064	—	—	—	20%	
31.	Residential Accommodation for Central Government Servants, (Phase II-Part II)	7.60	—	—	—	25%	
32.	Construction of F.I.C., Building at Islamabad	10.08	—	—	—	10%	
33.	Construction of 6—12 floors over existing I.C.T. Building (Left Wing), Karachi	15.89	—	—	—	60%	
Medical							
34.	Const., of Residential and Office Accommodation for Civil Surgeon Dispens., at Quetta	4.560	2%	38%	80%	97%	
35.	Const., of Hospital for 200 Nurses at JPMC., Karachi	5.600	—	100%	—	—	
36.	Const., of Bolan Medical College Complex at Quetta	250.000	—	—	45%	—	
37.	Improvement of JPMC	6.000	—	—	90%	100%	
38.	Const., of residential Accommodation, 30 Cat, III and 36 Cat., IV flats @ JPMC, Karachi	14.500	—	—	90%	100%	
39.	Const., of 96 Doctors Hostel @ JPMC, Karachi	11.075	—	—	—	10%	
40.	Construction of New Rabbis Production unit Lab., at N.I.H., Islamabad	97.90	—	5%	15%	30%	
41.	Dialysis and special Fluid preparation Lab., at N.I.H., Islamabad.	5.390	—	—	—	—	
42.	Extension of small Animal House at N.I.H., Islamabad	11.038	—	—	—	—	
Commerce							
43.	Const., of Residential and Office Accommodation for Income-tax Deptt., at Quetta	4.814	100%	—	—	—	

I	2	3	4	5	6	7	8
44. Construction of Office Building for Import and Export at Lahore ..	5.000	—	—	—	—	5%	
Agriculture							
45. Const., of Food Grain Godowns at various places for CAF in Baluchistan	39.767	78%	95%	100%	—		
46. Const., of residential accommodation of Central seed certification department at Sakrund	7.247	90%	100%	—	—		
47. Const., of Residential Accommodation at Pakistan Forest Institute at Peshawar	13.053	—	—	14%	52%		
48. Const., of Residential Accommodation for Pakistan Forest Institute Complex at Mansehra .. .	5.25	—	9%	30%	68%		
49. Construction of Hostel for Pakistan Forest Institute at Peshawar .. .	6.115	—	—	—	5%		
Interior							
50. Const., of Accommodations at various places for CAF in Baluchistan	225.020	45%	52%	56%	61%		
51. Construction of permanent Accommodation for Ex-BC at Beleli and Sibi	52.446	69%	74%	78%	80%		
52. Const., of accommodation for Head quarter F.C. at Hali Road ..	37.075	48%	65%	76%	80%		
53. Construction of Forest for Director Scouts at Timargarah	19.512	42%	58%	72%	87%		
54. Construction of Fort at Kit-Kot Khan, Bajur	7.665	—	24%	44%	78%		
55. Construction of Headquarters for Mohmand Rifles at Ghallanai .. .	18.095	13%	20%	59%	86%		
56. Construction of Wing Head quarters for Mohmand Rifles at Mohammad-Ghat	22.260	—	—	7%	9%		
57. Construction of Fort Frontier Corps at Zarmilan	12.777	—	—	0.64%	22%		

1	2	3	4	5	6	7	8
58.	Construction of Fort for Frontier Corps at Zalsi	12.568	—	—	22%	50%	
59.	Construction of Fort for Frontier Corps at Sarkanda	13.885	—	—	0.6%	22%	
60.	Construction of Residential Accommodation for Frontier Corps at Timargarah	6.180	—	—	—	7%	
61.	Construction of Residential Accommodation for Pak Rangers at Ghazi Road, Lahore	19.786	—	—	—	5%	
Pakistan Coast Guard							
62.	Const., of Battalion Headquarter at Gawadar. (Phase-I) (Phase-II).	5.000	38%	100%	—	—	
63.	Const., of Battalion Headquarter at Uthal. (Phase-I) (Phase-II) ..	5.000	37%	90%	100%	—	
NIPA							
64.	National Institute of Administration at Quetta	23.120	—	—	—	20%	
65.	Const., of Arid Zone Research Institute at Quetta	20.000	5%	20%	40%	48%	
66.	Const., of 62 Levy Thanas at various places in Baluchistan ..	19.434	23%	48%	66%	79%	
Establishment Division							
67.	Construction of Male Probationers Hostel at Walton, Lahore (Hostel for 84 students and two lecture halls)	8.055	—	—	—	4%	