

REPORT
OF THE
PUBLIC ACCOUNTS COMMITTEE
ON

- **MINISTRY OF RELIGIOUS AFFAIRS AND MINORITIES AFFAIRS**
- **ADVISORY COUNCIL FOR ISLAMIC IDEOLOGY**
- **MINISTRY OF INDUSTRIES**
- **MINISTRY OF FOREIGN AFFAIRS**
- **LABOUR DIVISION**
- **MANPOWER DIVISION**
- **MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT**
- **MINISTRY OF SCIENCE AND TECHNOLOGY**

(1981-82 to 1984-85)

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SUMMARY OF RECOMMENDATIONS

MINISTRY OF RELIGIOUS AFFAIRS

1. Financial discipline in the office of the Directorate General, Hajj Jeddah was not found satisfactory and the Ministry was advised to improve its internal control. (Para 2.3)

MINISTRY OF INDUSTRIES

1. All restrictions on sanctioning of industrial units should be withdrawn and the establishment of new industrial units should be left entirely to supply and demand forces. The Government should act only as a guide and not as a controller. (Para 4.2.3)

2. The tax structure should be reformed with a view to provide material incentives ; and

3. The existing credit support policy should be replaced in a way that commercial banks and development financial institutions could play a more effective role. The most important step which should be taken in this regard, is that the Nationalized Banks should be allowed to function in a free atmosphere and any centralized decisions (through Banking Council, etc.) should be discouraged. (Para 4.2.3)

4. *Chiltan Ghee Mills*.—While under developed areas should be given priority for industrialization there was no justification to waste public money to support a concern which was perpetually running into loss. (Para 4.2.4)

5. *Crescent factories (Vegetable Ghee Mills Chichawatni)*.—Financial restructuring of the Company to avoid further losses should be expedited. (Para 4.2.5)

6. *Haripur Vegetable Oil processing Industries*.—Financial restructuring of the company to avoid further losses should be expedited. (Para 4.2.6)

MINISTRY OF FOREIGN AFFAIRS

1. Ministry of Foreign Affairs should submit a report on the following aspects :—

- (a) Ways and means of reducing the unnecessary expenditure in Pakistan Missions abroad ;
- (b) Measures to control unauthorized expenditure and direct appropriation of receipts towards expenditure ; and
- (c) Devising procedures in consultation with Finance and Audit for effective utilization of Funds. (Para 5.2.3)

LABOUR DIVISION

1. Annual report of Worker's Welfare Fund should be submitted to the Public Accounts Committee on a regular basis. (Para 6.5)

2. The budgeting and accounting of Workers' Welfare Fund should be improved. (Para 6.4)

MANPOWER DIVISION

1. A study should be carried out by Finance Division as to how the financial autonomy allowed to autonomous bodies, authorities and Corporation, and prevention of misuse of these powers could be counter balanced. (Para 7.5)

MINISTRY OF SCIENCE AND TECHNOLOGY

Annual Reports of all the research institutions established under the administrative control of Ministry of Science and Technology should be laid before the Committee. (Para 9.4)

1. INTRODUCTION

1. The results of examination of the accounts of the following Divisions and Agencies for the years 1981-82 to 1984-85, and the report of the Auditor-General of Pakistan thereon are discussed in succeeding pages :—

- (1) Ministry of Religious Affairs and Minorities Affairs.
- (2) Advisory Council for Islamic Ideology.
- (3) Ministry of Industries.
- (4) Ministry of Foreign Affairs.
- (5) Labour Division.
- (6) Manpower Division.
- (7) Ministry of Local Government and Rural Development.
- (8) Ministry of Science and Technology.

1.2. The Committee would like to place on record its thanks for the valuable-help by Mr. Riyaz H. Bokhari, Auditor-General of Pakistan, Mr. M.A. Haq, former Secretary National Assembly, Mr. K.M. Chima Secretary, National Assembly, Mr. A.A. Zaidi, Deputy Auditor-General of Pakistan, representatives of the agencies concerned and their officers and staff in assisting the Committee in its work.

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

K. M. CHIMA,
Secretary.

Dated

SARDARZADA MUHAMMAD ALI SHAH,
Chairman.

SARDAR ASEFF AHMED ALI,
Member.

CH. MUHAMMAD SARWAR KHAN,
Member.

NAWAB MUHAMMAD YAMIN KHAN,
Member.

MALIK SAID KHAN MAHSUD,
Minister of State for Water and Power,
Member.

RAI ARIF HUSSAIN,
Member.

SHAHABUDDIN SHAH HUSSAINY,
Member.

MIANGUL AURANGZEB,
Member.

SHAHZADA JAM MUHAMMAD YOUSUF,
Member.

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

2. MINISTRY OF RELIGIOUS AFFAIRS AND MINORITIES AFFAIRS

2.1. Appropriation Accounts of Ministry of Religious Affairs and Minorities Affairs for 1981-82 were examined by the Public Accounts Committee on 26th August, 1984. The Committee was, however, dissolved before it could finalize its report. The Accounts for 1982-83, 1983-84 and 1984-85 and the reports of the Auditor-General of Pakistan on these accounts were examined by the Standing Committee on Public Accounts on 25th August, 1986 and 6th January, 1987.

2.2. The views of the Committee regarding regularization of excess expenditure have already been discussed in its report on the Ministry of Finance which has been laid before the Assembly.

2.3. The Auditor-General in his report on the accounts for 1981-82 indicated serious lapses in the office of the Director General Hajj Jeddah, the details of which have been discussed in the proceedings of the PAC appended to this report. The Ministry was directed to improve its financial discipline.

2.4. The Committee also asked the Auditor-General to conduct Performance Audit/Evaluation of Evacuee Property Trust. The major thrust of the investigation should be as under :—

(i) Scrutiny of the property records to identify :

- Properties taken over by the Trust.
- Properties that belong to Trust but are not in their physical control.
- Properties that have been disposed of by the Trust (Grounds of disposal).

(ii) Management of Property.

(iii) Utilization of Property Income.

2.5. The minutes of the proceedings pertaining to Ministry of Religious Affairs and Minorities Affairs are appended as Annexure A.

3. ADVISORY COUNCIL FOR ISLAMIC IDEOLOGY

3.1. Appropriation Accounts of Advisory Council for Islamic Ideology for 1981-82 were examined by the Public Accounts Committee on 28th August, 1984. The Committee was, however, dissolved before it could finalize its report. The Accounts for 1982-83, 1983-84 and 1984-85 and the reports of the Auditor-General of Pakistan on these accounts were examined by the Standing Committee on Public Accounts on 1st September, 1986 and 22nd July, 1987.

3.2. The views of the Committee regarding regularization of excess expenditure have already been discussed in its report on the Ministry of Finance which has been laid before the Assembly. There was no other issue requiring specific discussion.

3.3. The minutes of the proceedings pertaining to Advisory Council for Islamic Ideology are appended as Annexure B.

4. MINISTRY OF INDUSTRIES

4.1. INTRODUCTION

4.1.1. Appropriation Accounts of Ministry of Industries for 1981-82 were examined by the Public Accounts Committee on 29th October, 1984. The Committee was, however, dissolved before it could finalize its report. The Accounts for 1982-83, 1983-84 and 1984-85 and the reports of the Auditor-General of Pakistan on these accounts were examined by the Standing Committee on Public Accounts on 28th April, 1986 and 1st January, 1987.

4.1.2. The views of the Committee regarding regularization of excess expenditure have already been discussed in its report on the Ministry of Finance which has been laid before the Assembly.

4.1.3. Other issues/irregularities raised in the Audit Reports are discussed in the following chapters :

- Areas of Attention ;
- Performance Evaluation ; and
- Specific Irregularities.

4.1.4. The minutes of the proceedings pertaining to Ministry of Industries are appended as Annexure C.

4.2. AREAS OF ATTENTION

Industrial Policy

4.2.1. The Committee examined the present industrial policy of the Government and felt that despite efforts of liberalization, the industrial growth in the country had not attained the desired tempo. The main reason being that the approach of the Government in this important field was primarily bureaucratic. As a result, there was a wide gap between the desires of the Legislature for speedy industrial growth and the actual results being achieved. This also had a direct impact on the employment level in the country. The Government had to introduce a number of employment generating projects such as 'Nai Roshni Schools' and 'Prime Minister's special programme for educational development and local development' which in turn have resulted in increased governmental expenditure without adequate resources, putting too much constraint on current resources.

4.2.2. The Committee was of the view that the basic problems in industrial growth were three fold :—

- (a) complicated sanctioning procedures ;
- (b) inadequate administrative and fiscal support ; and
- (c) centralized loan sanctioning mechanism.

4.2.3. The Committee concluded that to boost industrial development in the country, following measures should immediately be adopted :—

- (a) all restrictions on sanctioning of industrial units should be withdrawn and the establishment of new industrial units should be left entirely to supply and demand forces. The Government should act only as a guide and not as a controller ;
- (b) the tax structure should be reformed with a view to provide material incentives ; and
- (c) the existing credit support policy should be replaced in a way that commercial banks and development financial institutions could play a more effective role. The most important step which should be taken in this regard, is that the Nationalized Banks should be allowed to function in a free atmosphere and any centralized decisions (through Banking Council, etc.) should be discouraged.

Nationalized Industrial Units

4.2.4. *Chiltan Ghee Mills, Quetta.*—Chiltan Ghee Mills sustained an operating loss of Rs. 11.272 million in 1985-86, Rs. 6.374 million in 1984-85, Rs. 7.11 million in 1983-84 and so on. The total accumulated losses amounted to Rs. 56.639 million.

The Mills had no capital of its own and depended on borrowed funds for its operations. Financial expenses were, therefore, a major drain on its resources. The current liabilities have also exceeded current assets which reflects a very poor liquidity position.

Secretary Industries informed the Committee that the Mill was installed by Government of Baluchistan in 1976 without any financial resources of its own and proposed that its financial restructuring was required. He also informed that Excise Duty relief has now been allowed by the Government.

The Committee observed that while under developed areas should be given priority for industrialization, there was no justification to waste public money to support a concern which was perpetually running into loss. The Committee asked the Ministry of Industries to submit a detailed report as to how the Mill could be run profitably.

4.2.5. *Crescent Factories (Vegetable Ghee Mills) Chichawatni.*—Crescent Factories Chichawatni sustained a net loss of Rs. 12.294 million in 1985-86, Rs. 1.913 million in 1984-85, Rs. 5.463 million in 1983-84 and Rs. 14.881 million during 1982-83. Bank loans and overdrafts and loans from Ghee Corporation of Pakistan subsidiaries were to the extent of Rs. 28 million and Rs. 45.4 million respectively on 30th June, 1986. The unit had no capital of its own and its operating results were deteriorating year by year due to heavy burden of financial charges.

Secretary Industries explained that restructuring of the unit was underway. Financial package proposals were being submitted to the Board of Directors.

The Committee directed that a detailed report about the steps taken to ensure that the Factories did not sustain any further losses, should be submitted.

4.2.6. *Haripur Vegetable Oil Processing Industries.*—Haripur Vegetable Oil Processing Industries sustained an operating loss of Rs. 4.861 million in 1985-86, earned an operating profit of Rs. 0.711 million in 1984-85, and sustained a loss of Rs. 0.379 million in 1983-84. The total accumulated losses being Rs. 29.03 million as on 30th June, 1986. The Mill had no equity of its own and was running on loans.

Secretary Industries stated that Ministry of Finance had been approached for financial restructuring.

The Committee directed that the case should be expedited and final position intimated.

4.2.7. *Khyber Vegetable Ghee Mills.*—Khyber Vegetable Ghee Mills was closed on 27th January, 1984 but the administrative and financial expenses were being incurred even after the closure of the Mill.

Secretary Industries explained that although operations of the Company had been closed, the company had not yet been wound up due to the stay order issued by the Lahore High Court.

The Committee directed that matter should be taken care of properly and a detailed report submitted in the next meeting.

4.2.8. *Punjab Vegetable Ghee and General Mills Limited.*—The Mill had been closed for operations on 26th January, 1984 but administrative expenses were being continuously incurred.

The Committee directed that immediate corrective measures should be taken by the Ministry and a detailed report in this regard submitted.

4.2.9. *Rice Milling Corporation of Pakistan.*—Rice Milling Corporation which came into existence in 1976 and closed its operations in 1977, had incurred an accumulated loss of Rs. 220 million upto 1985. It took 8 years to wind up the Corporation after operation of one year only.

Secretary Industries explained the difficulties encountered in winding up the venture.

The Committee was, however, not satisfied and asked for a detailed report for delay in winding up the Corporation.

4.3. PERFORMANCE EVALUATION

Universal Oil and Vegetable Ghee Mills Limited

4.3.1. The Company was set up in private sector and was engaged in Ghee manufacturing when it was nationalized in 1973. The performance of the company was evaluated first time in 1979 and found unsatisfactory. Persistent losses were attributed to :

- (a) Higher financial charges amounting to Rs. 7.00 million per annum mainly on loan inherited from the pre-take over management ;
- (b) Under-utilization of production facilities ;

4.3.2. The major recommendations to overcome the above short comings were :—

- (i) arrangement of long-term debt on lower interest rate or conversion of debt into equity through financial restructuring to avoid heavy liability of financial charges ;
- (ii) better utilisation of production facilities including those of by-products through better managerial control.

4.3.3. Conversion of loan into equity could not be arranged. Shares worth Rs. 4.00 million were, however, issued and subscribed during 1984-85. The delayed and in-adequate action could not decrease the liability of the financial charges which amounted to Rs. 13.22 million for 1985-86. Efforts to clear the inherited loan of Rs. 10.938 million still continue. Meanwhile the interest of Rs. 45.996 million had accumulated upto June 30, 1986 out of which Rs. 7.087 million only were paid. Production facilities were better utilised during 1980—85 *i.e.* period under present evaluation by using RBD (refind, bleached and de-ordourised) palm oil instead of the crude palm oil thus reducing the processing time. The company was able to earn nominal profits of Rs. 2.10 million and Rs. 0.59 million during 1983-84 and 1984-85 respectively due to a favourable revision of edible oil and ghee rates in November, 1983. It again incurred a loss of

Rs. 11.12 million in 1985-86, as it had to restrict its production to 20,637 tons against a target of 24,850 tons, partly due to electrical load shedding and partly due to lower market demand against tough competition from the private sector.

4.3.4. The Company's management has by and large controlled the following factors :—

- The obstacle of load-shedding removed by installation of electricity generator in March, 1986.
- The production losses of edible oils, usage of chemicals and administrative expenses.

However, further subsidies and benefits obtained by the labour through collective bargaining needed control. The management failed to control the excessive transit losses on edible oils transported through Tanker Vans. The management has also failed to create an adequate and regular channel for sale of soap. Soap worth over Rs. 1 million was drying in stock as on June 30, 1986.

4.3.5. Following factors were out of the Company's control and needed GCP's attention :—

- (a) Competition from private sector. While tighter control over various expenses mentioned above had improved the Company's position, an adjustment in the area of operation which were within the purview of the GCP, could further produce better results.
- (b) Usage of expensive soyabean oil allocated to the company in higher proportion contrary to the practice in previous years as compared to the private sector using cotton seed oil which was 33 per cent cheaper than soyabean oil.
- (c) The GCP may consider giving special treatment to this company on basis indicated above for at least as long as the issue of inherited loan was resolved.

- (d) Revision of standard scale of electricity for production of one ton of Ghee.
- (e) Revision of standard transit loss on soyabean oil.

The Government/GCP may also review the policy of granting incentive bonus to the company's labour without achieving the production target. The Department generally agreed with the recommendation of the Report and intimated that they were taking measures for corrective action where possible. Supply of soap to the labour and electricity at reduced rate was in accordance with the agreement, with Labour Union, although providing 40 Kilogram of soap per head was a very large quantity. This may be kept in view in the next contract with the labour. The Management admitted that this effects the marketing positions of soap in local market. As for transit loss, these were also being looked into.

4.3.6. The Committee asked the Department to explain as to why cotton seed could not be used instead of Soyabean Oil. It was reported that Cotton Seed was selling at Rs. 8000 per ton whereas Soyabean Oil was selling at the rate of Rs. 12000 per ton. Thus it had a difference of Rs. 4000 per ton. The representative of the Department explained that G.C.P. was compelled by the Government to buy Soyabean Oil from America. The G.C.P. was paying Rs. 1300 per ton over and above the market rate of cotton seed in private sector. Government did promise to pay the difference on international price, but not on market price of Cotton Seed.

4.3.7. The Committee desired that Ministry of Finance should help the Ghee Industry. G.C.P. should prepare a report indicating their total demand and position of Cotton Seed, in the Country.

Kakakhel Industries Limited, Faisalabad

4.3.8. Kakakhel Industries Limited, a public limited company, established in private sector in 1968, was nationalised in 1973. The company produced ghee and laundry soap was a by-product. It is a

profitable concern. The company had paid rich dividends to its shareholders ranging from 40 per cent to 62.57 per cent during 1982—86. It received award of “ 25 Top Companies ” announced by the Karachi Stock Exchange during the last seven consecutive years. Company's share capital has increased from Rs. 3 million in 1979 to Rs. 12.5 million in 1986. Reserves and surplus amounted to Rs. 45.37 million as on June 30, 1986.

4.3.9. The company produced ghee at a capacity ranging from 81 per cent to 99 per cent during 1982—85. Capacity utilization during 1985-86 was slightly over 100 per cent. However, the quality of the product was, in some cases, not up to the mark as melting point of ghee (420C), nickel and free fatty acids contents were higher than the standards laid-down by G.C.P. Quality of the soap was also not as good as that of the Laundry soap sold by private manufacturers. This was also partly due to lack of supervision.

4.3.10. The technical staff of the company was inadequately qualified and did not appear to be competent enough to ensure the quality of the products. This factor *inter alia* resulted in heavy damages to the company's oil refinery by its maintenance staff. Spares worth Rs. 1.437 million imported for repair of the refinery were also rendered useless in view of subsequent decision of the management to abandon the damaged refinery. The expenditure on these spares thus went waste. Now the company has stated that they have appointed a qualified Mechanical Engineer to look after the overall maintenance and up-keep of the plant and efforts were being made to dispose of abandoned refinery and obsolete spares. Audit further observed that Kakakhel Industries was considered to be a good enterprise.

1981-82

4.4. SPECIFIC IRREGULARITIES

4.4.1. *Outstanding Advance of Rs. 544,747 (Para 4, page 170-AR).*—A contract for supply of a patrol boat was placed on a firm in 1973. The firm was advanced 70 per cent of the cost *i.e.* Rs. 544,747

against a bank guarantee. Neither the boat was supplied nor the advance was recovered.

The Ministry explained that an enquiry had been ordered and results of its findings would be intimated. The para was deferred.

4.4.2. *Loss due to supply of defective equipment—Rs. 111,821 [Para 5(ii), page 171-AR].*—Equipment valuing Rs. 111,821 imported in 1975 was found defective on inspection by the consignee. No action to effect recovery from the supplier had been taken.

The Ministry stated in reply that it had been decided that the case should be investigated for fixing the responsibility and effecting the recovery.

The Committee directed that the enquiry report should be expedited.

4.4.3. *Avoidable extra expenditure of Rs. 144,772—(Para 6, page 171-AR).*—A contractor completed the import and erection of a pumping plant in 1960. The contractor was paid only 90 per cent of the cost and the remaining 10 per cent was withheld as the consignee failed to return the receipt certificate. The contractor filed a suit in the High Court in 1969. The Court awarded the balance claim of Rs. 185,254, cost of suit Rs. 3,867 and accumulated interest of Rs. 140,905. The extra expenditure of Rs. 144,772 was thus incurred for not making timely payment.

After discussion the Committee directed that the Department of Supplies should look into the case for suitable action.

1982-83

4.4.4. *Loss of Rs. 1.149 million due to acceptance of higher rates (Para 1, page 75-AR).*—Two contracts for supply of chemicals were placed on a firm in 1980 and 1981 assuming it to be the sole agent of the manufacturers. In 1982 another firm participated in the tender and the firm which had been supplying the chemicals in the last two years reduced the rates considerably. This resulted in an extra payment of Rs. 1.149 million in the last two years.

The departmental representative contested the audit observation and stated that the rates paid during 1980 and 1981 were competitive and no loss to the State had occurred.

The Committee was not satisfied with the explanation of the Department and asked the Audit to check the prices of the Chemicals in the international market at that time.

4.4.5. *Overpayment in purchase of Diplomatic Cars—Rs. 450,706 (Para 2, page 75-AR).*—The price of cars purchased from Diplomats under State Trading Scheme was to be assessed on the basis of bills of entry. The Department of Supplies, however, irregularly assessed the value of such cars in 25 cases, resulting in an overpayment of Rs. 450,706

The Committee was not satisfied with the explanation given by the Department and directed that the case may be referred to FIA for enquiry.

4.4.6. *Loss of packing material and general stores—Rs. 287,887 (Para 19, page 28-AR).*—In a unit of Ghee Corporation of Pakistan stores and packing material valuing Rs. 287,887 became unserviceable due to long storage.

The Committee directed the Ministry to submit a detailed report on the losses alongwith reasons for delay in disposal.

4.4.7. *Inventory Management (Para 226, page 128-ARCA).*—In E.M. Oil and Industries Limited, the closing stock of spares on 30th June, 1983 stood at Rs. 7.6 million, whereas the consumption of spares during the year was Rs. 1.3 million.

The Committee directed that unnecessary/obsolete stores should be disposed of quickly.

4.4.8. *Shortage of Stores—Rs. 757,080 (Para 234, page 132-ARCA).*—Shortage of stock of Rs. 757,080 was noticed in Seed Division of Ghee Corporation of Pakistan.

The Committee directed the Ministry to supply a copy of the enquiry report to Audit. Para was deferred.

1983-84

4.4.9. *Loss in disposal of packing material—Rs. 1.178 million (Para 166, page 130-ARCA).*—M/s. Kohi-Noor Oil Mills Limited sustained a loss of Rs. 1.178 million on the sale of packing material (rusty tin plates).

The Department reported that an enquiry was being conducted in the case.

The Committee directed that the responsibility in delay in holding the enquiry should also be fixed.

1984-85

4.4.10. *Non-recovery of risk purchase—Rs. 5.7 million (Para 1, page 102-AR).*—A contract was placed on a firm for supply of gunny bags valuing Rs. 17.475 million by March, 1982. The contract was cancelled in November, 1985 at the risk and cost of the defaulting firm. The amount involved was Rs. 5.7 million. The bank guarantee of Rs. 87,375 was also allowed to lapse.

The Committee was not satisfied with the explanation of the Department and directed that responsibility for not encashing the bank guarantee should be fixed.

4.4.11. *Non-recovery of risk and purchase cost—Rs. 3.8 million (Para 3, page 102-AR).*—A contract for supply of gunny bags by February, 1982 was placed on a firm. The firm made partial supplies and contract was cancelled at the suppliers risk and cost in November, 1984. Rs. 3.8 million on this account have remained unrecovered. The extensions were allowed on the ground of non arranging of licence.

The Committee directed that an enquiry should be held to fix responsibility for extending the contract period without cogent grounds.

4.4.12. *Loss of Rs. 117,810 due to delayed procurement of stores.* (Para 10, page 105 AR).—Against an indent for supply of straw board a tender enquiry was floated in 1981 and again in 1982 which were scrapped for unspecified reasons. Tenders were reinvited and a contract was awarded in 1983 to 4th lowest tenderer without specifying the reasons, resulting in a loss of Rs. 117,810.

The Committee directed that Department of Industries should submit full justification for retendering and accepting 4th lowest tender without specifying the reasons.

4.4.13. *Irregular purchase of Vehicles—Rs. 293,500* (Para 17, page 35-ARCA).—In Punjab Vegetable and Ghee Mills Limited, a 1300 airconditioned car and a pick-up were purchased, when a decision to close down the Mills had already been taken.

Secretary Industries reported that an enquiry had already been ordered.

The Committee directed that the results of the enquiry should be furnished.

5. MINISTRY OF FOREIGN AFFAIRS

5.1. INTRODUCTION

5.1.1. Appropriation Accounts of Ministry of Foreign Affairs for 1981-82 were examined by the Public Accounts Committee on 29th October, 1984. The Committee was, however, dissolved before it could finalize its report. The Accounts for 1982-83, 1983-84 and 1984-85 and the reports of the Auditor-General of Pakistan on these accounts were examined by the Standing Committee on Public Accounts on 8th September, 1986 and 26th July, 1987.

5.1.2. The views of the Committee regarding regularization of excess expenditure have already been discussed in its report on the Ministry of Finance which has been laid before the Assembly.

5.1.3. Results of the discussions on the examination of the accounts of Ministry of Foreign Affairs are Summarized in next chapters dealing with Management of Funds and specific Irregularities.

5.1.4. The minutes of the proceedings are appended as Annexure D.

5.2. MANAGEMENT OF FUNDS

5.2.1. Unauthorized excess expenditure against the Grants pertaining to Pakistan Missions abroad was a regular feature in last four years. This was not only true in respect of Grants controlled by the Ministry of Foreign Affairs but was also applicable to all the other Ministries which had their establishments stationed abroad. One of the major reasons for this could be abrupt and unpredictable fluctuations in rate of foreign exchange, but the Finance Division confirmed that they were providing supplementary funds to meet these exigencies in all cases.

5.2.2. The representatives of the Ministry of Foreign Affairs had no satisfactory grounds to explain this phenomenon except that the nature of the assignment of Pakistan Missions abroad was such that it was not possible to estimate the financial requirements accurately while formulating the budget estimates. There were always certain international events which necessitated expenditure which could not be foreseen sufficiently in advance. The representative of Ministry of Foreign Affairs, therefore, suggested that they required better understanding of the problems faced by them in appreciation of peculiarity of these problems.

5.2.3. The Ministry of Finance and the Auditor-General, on the other hand, were of the view that the problem with the grants relating to Pakistan Missions abroad was not of inadequate budgeting but that of inadequate control. It appeared that the budget control was not being effectively monitored by the Ministry.

5.2.4. The Committee, therefore, asked the Ministry of Foreign Affairs to submit a detailed report on the following aspects :—

- (a) Ways and means of reducing the unnecessary expenditure in Pakistan Missions abroad ;
- (b) Measures to control unauthorized expenditure and direct appropriation of receipts towards expenditure.
- (c) Devising procedures in consultation with Finance and Audit for effective utilization of Funds.

5.2.5. The Committee also showed its concern over the loose budgetary control by the Administrative Ministries and the lack of understanding between the Finance Division and the Administrative Ministries on various aspects of resource allocation and control over spending, and felt that it was necessary to develop a new co-ordinated approach on budget execution and management. The Committee decided that a meeting of all the Principal Accounting Officers of the Federal Government should be convened to evolve a consensus of views on this subject. The Committee directed that a working paper should be prepared by the Auditor-General in this regard.

5.2.6. It was also observed that the expenditure on the visits abroad of the President of Pakistan and the Prime Minister of Pakistan was being provided through a grant controlled by the Ministry of Foreign Affairs. The Committee recommended that the right place for the exhibition of this expenditure was the appropriation/Grant for President's/Prime Minister's Secretariat and asked the Finance Division to examine this alternative. The Ministry of Foreign Affairs was also asked to provide the full details of the foreign visits of the President/Prime Minister each year.

5.2.7. The Committee also asked the National Assembly Secretariat to advise all the Administrative Divisions to make more frequent use of Teleprinter services to economise expenditure on telephone services.

5.3. SPECIFIC IRREGULARITIES

5.3.1. *Recoveries not effected Rs. 3,604,356 (Para 2, page 134-AR).*—Recoveries of Rs. 3,604,356 remained outstanding in 215 cases of the Ministry and its 31 Missions on account of irregular overdrawal of pay, allowances and non-payment of Government dues etc., for the period 1974—81.

The departmental representative stated that the accounts of the Ministry having been departmentalized, internal audit had been started by the Chief Accounts Officer of the Ministry who was watching the old recoveries.

The Committee directed that Internal Audit should furnish a special report for the position after 1980 indicating improvement, if any. Cases of recoveries should also be discussed with Finance Division and, wherever the outstanding amounts are found irrecoverable, they may be considered for write off.

5.3.2. *Utility Charges not paid—338,088 (Para 6, page 136-AR).*—Rs. 338,088 remained outstanding from eleven Heads of Missions on account of utility charges for the period from July, 1974 to June, 1980.

The Committee directed the Ministry to get the case decided at the appropriate level without further delay.

1982-83

5.3.3. *Expenditure requiring regularization—Rs. 5.376 million (Para 1, page 59-AR).*—23 Missions irregularly incurred an expenditure of Rs. 5.376 million in 106 cases on purchase of stores, maintenance and rent of buildings, entertainment, etc.

Departmental representative explained in reply that a part of the amount had been regularized and the remaining amount was being regularized.

The Committee directed that the remaining expenditure should be got regularized immediately in consultation with the Finance Division and responsibility fixed.

5.3.4. *Recovery not effected—Rs. 736,452 (Para 2, page 59-AR).*—In 24 Missions, a sum of Rs. 736,452 remained to be recovered in 114 cases on account of overpayments and non-recovery of dues.

The Committee decided that a Committee comprising of representatives of Foreign Affairs and Finance Division should look into each case and explanation for non-recovery provided to the PAC. Paragraph was deferred.

5.3.5. *Unadjusted T.A. Advances—Rs. 551,160 (Para, page 59-AR).*—T.A. advances of Rs. 551,160 were outstanding from 9 officials.

The Departmental representative explained that advances of Rs. 297,220 had already been adjusted and efforts were being made to adjust the remaining amount.

The Committee directed that a Committee comprising of representatives of Finance Division and the Ministry of Foreign Affairs should look into each case and explanation for non-adjustment/non-recovery provided to the PAC.

5.3.6. *Utility Charges payable by Heads of Missions—Rs. 106,251 (Para 4, page 60-AR).*—Utility Charges amounting to Rs. 106,251 were recoverable from a Head of a Mission. Similar recoveries were also to be effected from 3 other Heads of Missions.

The departmental representative explained that the cases were referred to the Finance Division for regularization.

The Committee decided that a Committee comprising representatives of Foreign Affairs and Finance Division should look into each case and explanation for non-recovery provided to the PAC.

6. LABOUR DIVISION

6.1. Appropriation Accounts of Labour Division for 1981-82 were examined by the Public Accounts Committee on 28th August, 1984. The Committee was, however, dissolved before it could finalize its report. The Accounts for 1982-83, 1983-84 and 1984-85 and the reports of the Auditor-General of Pakistan on these accounts were examined by the Standing Committee on Public Accounts on 24th April, 1986 and 7th January, 1987.

6.2. The views of the Committee regarding regularization of excess expenditure have already been discussed in its report on the Ministry of Finance which has been laid before the Assembly.

6.3. The Workers Welfare Fund was constituted under the Workers Welfare Ordinance, 1971. It has two regular sources of Income. One from Industrial Establishment's earnings of more than a certain amount per annum and the other being the surpluses amounts of Workers Participation Fund under companies profits (Workers Participation) Act, 1968. The collection on both these accounts are merged with the general revenues of the Federation and an equivalent amount is transferred to the Workers Welfare Fund. The Fund is managed by a governing body consisting of representatives of the Federal and Provincial Governments employers and workers.

6.4. Although the PAC in its report on the accounts of the Federal Government for the year 1978-79, had made specific recommendations, it appeared that the budgeting and accounting of the Fund was much below the desired level. The Legislature was also not aware as to how the Fund was being utilized and whether it was serving the objectives for which it was established.

6.5. The Committee therefore recommended that a detailed report on the operation of Workers Welfare Fund should be prepared by the Labour Division in consultation with the Auditor-General. The report should include an audited statement of up-to-date income and

expenditure. The Committee also recommended that Labour Division should submit an annual report of the Fund to the PAC on a regular basis.

6.6. The minutes of the proceedings pertaining to Labour Division are appended as Annexure E.

7. MANPOWER DIVISION

7.1. Appropriation Accounts of Manpower Division for 1981-82 were examined by the Public Accounts Committee on 28th October, 1984. The Committee was, however, dissolved before it could finalize its report. The Accounts for 1982-83, 1983-84 and 1984-85 and the reports of the Auditor-General of Pakistan on these accounts were examined by the Standing Committee on Public Accounts on 24th April, 1986 and 7th January, 1987.

7.2. The views of the Committee regarding regularization of excess expenditure of Manpower Division have already been discussed in its report on the Ministry of Finance which has been laid before the Assembly.

Overseas Employment Corporation Limited

7.3. The basic data pertaining to the performance of the Corporation during the last 5 years is as under :—

Year	No. of Workers sent abroad	Net profit (Rs. in million).
1981-82	10,315	6.171
1982-83	8,305	6.853
1983-84	7,298	4.258
1984-85	5,904	3.496
1985-86	5,943	1.712

7.4. It thus appears that both the activities of the Corporation as well as net profit have shown a downward trend during the last few years. There were several reasons for decrease in earnings but there was also a need for effective control on expenditure so that the Corporation continues to play its role in providing employment opportunities to Pakistanis.

7.5. The accounts of the Corporation indicated serious lapses in the past which are discussed below :—

- (i) *Non-payment of migration fee—Rs. 1.338 million.*—The Corporation was required to pay Government fees recovered from the emigrants into the Treasury at Rs. 500 per emigrant. The Corporation recovered Rs. 1.338 million on this account during 1979-80 to 1982-83 but deposited only Rs. 0.3 million out of the above proceeds into the Treasury.

The Committee directed that the outstanding amount on this account should be deposited in the Treasury immediately.

- (ii) *Contribution to Overseas Employees Welfare Fund—Rs. 3.1 million.*—A sum of Rs. 550 per emigrant was required to be remitted to Overseas Employees Welfare Fund being administered by Overseas Pakistanis Foundation (OPF). Rs. 3.1 million have been accumulated with the Corporation on this account which was required to be transferred to the Overseas Pakistanis Foundation.

The Corporation explained that it had already paid a sum of Rs. 2.88 million to OPF and the balance would be paid as and when the liquidity position of the Corporation improved.

The Committee directed that this amount should be immediately cleared.

- (iii) *Non-insurance of Workers—Rs. 1.2 million.*—An amount of Rs. 1.226 million had been collected by the Corporation from certain selected workers for their insurance but they were neither insured nor the amount refunded to them.

The Committee was of the view that this was individual's money and the Corporation was not entitled to use it for any other purpose. The interest earned on the above amount was also required to be refunded.

- (iv) *Recoveries from former Managing Director—Rs. 5.9 million.*—The former Managing Director (MD) of the Corporation was found to have been involved in a number of mis-appropriation cases. Of which a sum of Rs. 5.9 million was still recoverable and for which a case had been filed in the Court of Special Judge, Anti corruption, Lahore.

The Committee observed that precautionary measures should be taken to control such irregularities. A study should therefore, be carried out by the Finance Division as to how the financial autonomy and the prevention of misuse of these powers should be counter balanced.

- (v) *Loss of Rs. 10.8 million due to cancellation of sub-contract.*—Overseas Employment Corporation entered into a joint venture in 1980 for carrying out certain civil works in Saudi Arabia. The joint venture took a sub-contract in July, 1980 for U.S. \$ 7.029 million. The Corporation incurred an expenditure of Rs. 3.8 million on preparation of feasibility report and tendered document etc., and also provided a bank guarantee for Rs. 6.98 million. Due to poor performance, the contract was cancelled and the bank guarantee was forfeited. The expenditure of Rs. 10.809 million thus proved abortive.

The Committee recommended that the matter may be pursued through the Ambassador and further progress should be advised.

7.6. The minutes of the proceedings pertaining to Manpower Division are appended as Annexure F.

8. MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT

8.1. Appropriation Accounts of Ministry of Local Government and Rural Development for 1981-82 were examined by the Public Accounts Committee on 29th August, 1974. The Committee was, however, dissolved before it could finalize its report. The Accounts for 1982-83, 1983-84 and 1984-85 and the reports of the Auditor-General of Pakistan on these accounts were examined by the Standing Committee on Public Accounts on 27th April, 1987 and 31st December, 1986.

8.2. The views of the Committee regarding regularization of excess expenditure have already been discussed in its report on the Ministry of Finance which has been laid before the Assembly.

8.3. The Auditor-General pointed out in his report on the accounts for 1982-83, some serious irregularities in National Centre of Rural Development. The Secretary of the Ministry was not able to give a cogent explanation and was directed to look into these cases again and submit a detailed report to the Committee.

8.4. The minutes of the proceedings pertaining to Ministry of Local Government and Rural Development are appended as Annexure G.

9. MINISTRY OF SCIENCE AND TECHNOLOGY

9.1. Appropriation Accounts of the Ministry of Science and Technology for 1981-82 were examined by the Public Accounts Committee on 28th August, 1984. The Committee was, however, dissolved before

it could finalize its report. The Accounts for 1982-83, 1983-84 and 1984-85 and the reports of the Auditor-General of Pakistan on these accounts were examined by the Standing Committee on Public Accounts on 26th August, 1986 and 8th January, 1987.

9.2. The views of the Committee regarding regularization of excess expenditure have already been discussed in its report on the Ministry of Finance which has been laid before the Assembly.

9.3. It was observed that a number of autonomous/semi autonomous bodies had been established under the administrative control of the Ministry of Science and Technology. These organizations included :—

- (i) Pakistan Council of Scientific and Industrial Research.
- (ii) Pakistan Medical Research Council.
- (iii) Appropriate Technology Development Organization.
- (iv) National Centre for transfer of Technology.
- (v) Pakistan Science Foundation.
- (vi) Development Centre for SILICON Technology.
- (vii) National Institute of Power ; and
- (viii) National Institute of Oceanography.

9.4. The Legislature was not fully aware of the performance and activities of these organizations and as a result could not provide adequate support to one of the most important sector of scientific research. The Committee, therefore, directed that :—

- (a) Annual reports of all these organizations and all the other organizations under the Ministry of Science and Technology should be submitted to it ;
- (b) The annual reports should include audited annual accounts of the organizations ; and

- (c) **Performance Audit/evaluation of the projects being executed by the Ministry of Science and Technology should be carried out by the Auditor-General.**

9.5. **The minutes of the proceedings pertaining to Ministry of Science and Technology are appended as Annexure H.**

ANNEXURES A TO H

PROCEEDINGS

OF

PUBLIC ACCOUNTS COMMITTEE

(1981-82 TO 1984-85)

MINISTRY OF RELIGIOUS AFFAIRS AND MINORITIES

AFFAIRS

ADVISORY COUNCIL FOR ISLAMIC IDEOLOGY

MINISTRY OF INDUSTRIES

MINISTRY OF FOREIGN AFFAIRS

LABOUR DIVISION

MANPOWER DIVISION

MINISTRY OF LOCAL GOVERNMENT AND RURAL

DEVELOPMENT

MINISTRY OF SCIENCE AND TECHNOLOGY

FEDERAL COUNCIL SECRETARIAT*Wednesday, the 31st October, 1984***Ninth Sitting (PAC)**

*1331. 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, Governor, State Bank of Pakistan | .. | <i>Vice-Chairman.</i> |
| (2) Syed Saïced Hasan, Member, Federal Council | .. | <i>Member.</i> |
| (3) Akhonzada Bahrawar Saced, Member Federal Council | .. | <i>Member.</i> |
| (4) Mir Jam Ghulam Qadir Khan, of Lesbela, Member Federal Council | .. .. .. | <i>Member.</i> |
| (5) Mr. Abdul Qadir, Former Chairman, Railway Board | .. | <i>Member.</i> |
| (6) Mr. Yusuf Bhai Mian, Chartered Accountant | .. .. | <i>Member.</i> |

Federal Council Secretariat :

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

Audit :

- (1) Mr. Abdul Raouf, Auditor-General of Pakistan.
- (2) Mrs. Suraiya Hafeez, Deputy Auditor-General (CA).
- (3) Syed Iftikhar Shabbir, Deputy Auditor-General (Co-ord).
- (4) Mr. Khalid Rafique, Deputy Auditor-General (A&R).
- (5) Mr. M. A. Lodhi, Accountant General, Pakistan Revenues.
- (6) Mrs. S. N. Sheikh, Director General, Commercial Audit.

Ministry of Finance :

- (1) Mr. Manzur Hussain, Joint Secretary (Budget).
- (2) Mr. Shamsul Haq, FA (Religious Affairs and Minorities Affairs).

1332. Accounts examined—Accounts pertaining to the Ministry of Religious Affairs and Minorities Affairs were examined by the Committee during the course of the day :—

*Paragraphs upto 1330 pertain to other Ministries/Divisions.

MINISTRY OF RELIGIOUS AFFAIRS AND MINORITIES AFFAIRS

1333. The Committee first took up for examination, the Appropriation Accounts pertaining to the Ministry of Religious Affairs and Minorities Affairs. The following departmental representatives were present :—

- (1) Ch. Shaukat Ali, Additional Secretary Incharge.
- (2) Mr. Ziauddin Ahmad Malik, Joint Secretary.
- (3) Mr. Jamil Hussain Wasti, Section Officer (F&A).
- (4) Mr. Elahi Baksh, Section Officer (Cash and Budget).
- (5) Mr. A.D. Shaukat, Accountant.

1334. This Ministry controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Ministry of Religious Affairs and Minorities Affairs ..	112
2.	Other Expenditure of Ministry of Religious Affairs and Minorities Affairs	114

1335. *Reconciliation of Accounts with Audit.*—The Committee noted that the reconciliation of accounts for the year 1983-84 had not yet been completed. *The Committee, therefore, directed the departmental representative to complete the reconciliation of accounts of Demand No. 113—Haj Office, Karachi within a fortnight. The reconciliation of other Accounts after 6/84 should also be expedited.*

APPROPRIATION ACCOUNTS

1336. *Grant No. 112—Ministry of Religious Affairs and Minorities Affairs (Pages 1048—1054-AA).*—There was no point for consideration by the Committee under this grant.

1337. *Grant No. 114—Other Expenditure of Ministry of Religious Affairs and Minorities Affairs (Pages 1056—1063-AA).*—The Appropriation Accounts showed a net excess of Rs. 1,038,902 under this grant. It was explained by the Ministry that the amount of supplementary grant of Rs. 700,000 had not been accounted for by the A.G.P.R. The Finance Division had indicated that this amount was included in the demand of Finance Division as lumps-sum provision *vide* their letter No. F. 1(9)/B-1/81—983/83, dated 15-10-1983. The Finance Division was requested by the Ministry of Religious Affairs and Minorities Affairs *vide* their letter No. 9 (15)/82-F&A, dated 26-10-1983 to carry out manual correction in the Accounts by transferring the amount to the relevant head of the Ministry from Finance Division.

1338. Audit responded that the Ministry's contention regarding the Supplementary Grant (Rs. 700,000) was not correct. Due to late receipt of N.I.S. the Finance Division had included this amount in their own demand. According to the procedure, the Ministry was required to make a request for supplementary grant by obtaining a surrender of an equivalent about in the Finance Division's Demand. This procedure was not followed by the Ministry of Religious Affairs and Minorities Affairs.

1339. The *vice*-Chairman enquired as to when was the schedule was sent to the Finance Division in respect of this supplementary grant? The departmental representative informed that N.I.S. was sent to the Finance Division on 13th June, 1981.

1340. After further discussion, the Committee took the following decisions :—

- (i) *The lump sum provision made by the Finance Division under their Grant No. 42—Other Expenditure of Finance Division, should be examined with a view to devising fool proof system for transferring funds to other Divisions and Ministries against their requirements, whereby the purpose of the transfer could also be known.*
- (ii) *The work of accounting and estimating expenditure in the Ministry should be properly organised.*

AUDIT REPORT

Irregularities in Ministry of Religious Affairs and Minorities Affairs, Islamabad

1341. According to Audit, the following irregularities/losses were noticed in 1979-80 accounts :—

- (i) *Shortage of Rs. 64,752 in Chest [Para 2 (i), page 245-AR].—The amount un-authorizedly advanced to various officers/officials on 30-4-1981 was tantamount to mis-appropriation of Government money. The shortage was brought to the notice of the authorities repeatedly but Audit had not received till January, 1983, any information on corrective action, if any, taken by the Ministry.*
- (ii) *Retention of money (Rs. 653,316) outside the public exchequer [Para 2 (ii), page 245-AR].—Advance drawn for celebration of religious festivals, functions and conferences was kept in private bank accounts. The advances and unspent balances were yet to be accounted for and refunded. The deposit of unspent balances into private bank accounts without the sanction of the Finance Division was a violation of the provision of para 6 and 7 of G.F.R. Bol.-I.*
- (iii) *Un-authorized retention of Government money (Rs. 138,708) [Para 2 (iii) page 245-AR].—The following unspent amount were retained outside Government Treasury for years together in contravention of Rules-7 and 283(3) of the F.T.R. Vol.-I.*

- (a) Rs. 34,492 on account of undisbursed pay and allowances retained from 1979 till 1982.
- (b) Unspent balance amounting to Rs. 93,135 and Rs. 11,081 out of contingent advances kept with a Commercial Bank since June, 1980.

1342. As for the Audit objection on (i) above, the Ministry explained that the shortage of Rs. 64,752 in the Chest was misleading as it represented temporary advances issued under the written orders of the Competent Authority, and that out of that amount, a sum of Rs. 60,265 had already been adjusted, leaving a balance of Rs. 4,487. Action of the recovery or adjustment of this amount was in hand. The Ministry further added that on 30th June, 1984, the amount of temporary advances was to Rs. 11,632 only which was within the imprest money of the Ministry viz, Rs. 25,000.

1343. In regard to item (ii), the Ministry explained that the bank accounts had already been closed as ordered by the competent authority and the adjustment bills had also been submitted to A.G.P.R.

1344. As far as item (iii) was concerned the Ministry stated that the undisbursed pay and allowances had already been redeposited in the State Bank of Pakistan, Islamabad.

1345. Audit pointed out in their comments that the Audit observation at (i) had not been appreciated properly by the Ministry because of the fact as that as the Ministry had imprest money of only Rs. 25,000 they could not advance Rs. 64,752 which was found short in the chest on local audit. The purposes for which they heavy advances were given should have been communicated by the Ministry. The reasons for the amounts being retained by the recipients of the advances and the period of retention in each case should also have been given. Audit further stated that the exact date upto which Rs. 60,265 had been adjusted may also be reported. The probable target date by which the balance of Rs. 4,487 was expected to be recovered or adjusted should also be made known.

1346. On the reply given by the Ministry for item (vi), Audit stated that the opening of bank accounts without the approval of the Finance Division required condonation. The dates of opening and closure of those bank accounts should be given. Likewise, the date of submission of accounts for the advance of Rs. 663,316 should be given for verification by Audit.

1347. Audit emphasized in their comments on the reply of (iii) of the Ministry that a sanction for condonation of non-observance of codal requirements should have been obtained and furnished to Audit.

1348. The Vice-Chairman enquired as to how did the department make advances without imprest and where were the vouchers for four years? The departmental representative replied that the imprest, at that time, was only Rs. 10,000. The department used to get advances for various conferences such as Mashaikh Conference, Ulema Conference, etc. The balance amount was not deposited in the Treasury, it was retained in the Chest. As and when requirement for minor purchases had arisen, the advances were made out of the amounts retained and then adjusted when vouchers were submitted to the Accounts Officer.

1349. *The Committee showed its displeasure over the above reply of the Ministry and after discussion, took the following decisions :—*

- (i) *A complete report, after necessary inquiry should be furnished to the Committee giving the amounts of advances originally drawn, how and who authorised their utilisation for purposes other than those for which they were drawn and the details of the adjustment of Rs. 60,265.*
- (ii) *Information should be furnished to the Committee as to who opened and operated the bank account, when and who decided to close it and whether he was competent to do so and why was Government money retained unauthorisedly. Necessary disciplinary action should also be taken against the culprits.*
- (iii) *Finance Division may examine the procedure about the codal requirements for opening Accounts in Banks by Government departments and issue fresh instructions to all concerned.*

1350. *Irregular expenditure—Rs. 6,189,380 (Para 3, page 246-AR).—According to Audit, expenditure aggregating Rs. 6,189,380 was incurred irregularly in thirty seven cases by the Directorate General Haj, Jeddah, during the period from 1977 to 1980 either without obtaining prior approval or sanction from the competent authority or without inviting quotations or tenders and in certain cases without proper justification.*

1351. The Ministry, in their reply, explained that prior approval of competent authority could not be obtained due to the pressure and urgency relating to Haj. *Ex-post facto* sanction had now been issued by the competent authority and a copy of the sanction had also been sent to the Audit Office. Audit maintained that out of irregular expenditure of Rs. 6,189,380 only a sum of Rs. 1,285,515 had been regularized in twenty one cases. The remaining and much larger of Rs. 4,903,865 had yet to be regularized in twenty cases.

1352. *After discussion, the Committee directed as under:—*

- (i) *A fresh report should be furnished to the Committee after regularization action within two months.*

- (ii) *The audit of Accounts of the Office of Director General, Haj, Jeddah should, in future, cover a period of four months, so as to audit the expenditure incurred before, during and soon after the Haj, effectively. The paragraph was, therefore, deferred.*

1353. *Non-Adjustment of Advances—Rs. 1,000,826 (Para 4, page 246-AR).—* Audit had reported that T.A. and contingent advances amounting to Rs. 1,000,826 allowed by the Directorate General Haj, Jeddah, and the Ministry during the period 1977-78 to 1978-79 were lying unadjusted. Audit further pointed out that in accordance with Government orders, before drawing a second temporary advance, the amount previously drawn is to be adjusted and that a T.A. advance if not adjusted within a period of one year of the date of performance of journey by the official concerned became recoverable in lump-sum. The reorders were, however, ignored.

1354. The Ministry stated in their reply that temporary advance for expenses of contingent nature amounting to Rs. 125,081 relating to the year 1977-78 had since been adjusted. Corrective measures had now been taken for prompt adjustment of such advances in future of the balance of Rs. 875,75 T.A. advances of Rs. 875,745 amount represented payment of D.A. to the members of the medical mission. This payment was not treated as advance but was finally charged to the relevant head of account and thus required no further adjustment. The payment vouchers were forwarded to the Chief Accounts Officer through the monthly Cash Account.

1355. The Ministry further stated that the T.A. adjustment bill of Sh. Shaukat Ali, former Director General, Haj against the remaining T.A. advance of Rs. 40,000, had since been admitted by the Chief Accounts Officer, Ministry of Foreign Affairs, Islamabad. The officer concerned who has been transferred back of Pakistan had already been requested by Director General Haj, Jeddah to refund the unspent balance of Rs. 11,390 as pointed out by the Chief Accounts Officer.

1356. Audit confirmed that the adjustment of Rs. 125,081 had been verified, but pointed out that under the rules, such payments of D.A. were to be treated as advance and should be adjusted by the officials in their final T.A. bills the Director General, Haj/Ministry may obtain the adjustment certificates from the parent departments of the members of the Medical Mission, Audit also stated that the unspent balance of Rs. 11,390 and of T.A. advance of Rs. 11,390 remained to be refunded by the officer.

1357. After discussion, the Committee directed the departmental representative to check up as to whether the T.A. advance to Medical Mission was on advance or final payment and whether the unspent balance of Rs. 11,390 had been refunded. Subject to the verification by Audit, the paragraph was treated as dropped.

1358. *Recoveries not effected—Rs. 788,602 (Para 5, page 247-AR).*—According to Audit, the Directorate General Haj, Jeddah overpaid in 21 cases, Rs. 746,825 to private parties as well as to its own officials during the period from 1977 to 1979 and much excess payment should have been recovered. The Directorate also paid six claims aggregating Rs. 41,777 during the same period for conveyance charges, Haj move expenses, electric consumption, labour charges etc., though were not considered genuine by the authorized officer and were not verified by him. This required investigation for the purpose of effecting recoveries.

1359. *The Committee after examining the detailed reply of the Ministry itemwise took the following decisions :—*

- (i) *The break-up of Rs. 788,602 should be furnished with explanation for each item and the maximum possible amount be regularised within two months.*
- (ii) *Audit should ascertain the correct position from the State Bank and furnish a report to the Committee. The paragraph was, therefore, deferred.*

1360. *Utilisation of Pakistan House, Makkah (Para 6, page 247-AR).*—After discussion the Committee decided that the paragraph be dropped.

1361. *Mis-Appropriation of S. Rls. 25,028 (Rs. 87,587) (Para 7, page 248-AR).*—According to Audit, the Accountant of the Directorate General Haj, Jeddah short delivered cash of S. Rls. 25,028 at the time of handing over charge in February, 1981 to his successor. This irregularity could have been avoided had the Director General and the Drawing and Disbursing Officer discharged their codal responsibility and carried out periodical physical count of cash balances. Audit further informed the Committee that the question recovery was taken up by them with the Director General and the Ministry during local Audit in May, 1981, but it was in December, 1981 that they were advised by the Directorate that the case was already under action with the Ministry. Since then no progress has been reported.

1362. In their reply, the Ministry explained that the mis-appropriation of S. Rls. 25,028 was, in fact, noticed on 26-7-1980. The Accountant was charge-sheeted and inquiry proceedings initiated and he was finally dismissed under Government Servant's Efficiency Rules on 28-4-1983. A case was also registered with the F.I.A., Islamabad and was under investigation.

1363. Thereupon, Audit pointed out in their comments that the amount of S. Rls. 25,028 remained to be recovered and the Directorate's accounts for the entire period the Accountant remained in the Mission had not been overhauled

so as to arrive at the exact amount mis-appropriated. Audit further stated that action against the Drawing and Disbursing Officer who failed to check the accounts periodically leading to this misappropriation also remained to be taken.

1364. After discussion, the Committee decided that subject to Audit watching recovery, the paragraph be dropped.

1365. *Irregular purchase of Medicines (Para 8, pages 248-249-AR).*—The Audit Report stated that the Medical Mission deputed to Hajaz every year purchased drugs from Pakistan to cater for the requirements of pilgrims. The left-over drugs were then transferred to the Haj Directorate which utilised them for its permanent dispensaries at Makkah and Madin, Audit noticing other irregularities during local Audit brought them to the notice of the Directorate in March, 1979 and June, 1980 and made the following suggestions—

- (i) Drugs should be purchased in consultation with the Haj Directorate and in hospital packing to effect economy.
- (ii) Drugs with a short life should not be purchased.
- (iii) Irregular purchase of drugs should be investigated and the losses quantified and made good from the officials at fault.

1366. The Ministry stated in their reply that medicines were now purchased in Pakistan every year by the Haj Medical Mission in hospital packing on the basis of information given by the Medical Officer at Makkah Mukarramah and Medina regarding balance stock in hand and requirements for the year based on past experience of the Mission. Due regard was given to the suggestions of Audit while making purchases. The Ministry further explained that as regards the irregularities pointed out by Audit, the Surgeon General, Army Medical assess the losses.

1367. Audit drew attention to the fact that the total loss sustained by the department remained to be assessed, investigated and regularised even after 5 years of Audit's initial reporting.

1368. After further discussion, the Committee took the following decisions—

- (i) The suggestions made by Audit at (i) and (ii) of paragraph 1365 above should be implemented.
- (ii) In future fresh stocks of medicines with long life, in hospital packing and with the maximum discounts should be purchased from the manufacturers.

Subject to Audit pursuing implementations of the foregoing decisions, the paragraph was dropped.

1369. *Irregular Maintenance of Accounts (Para 9, page 249-AR).*—According to Audit, the accounts of the Directorate General Haj, Jeddah were not being maintained properly, and the following discrepancies were noted in the accounts for the calendar years 1977 to 1979—

- (a) Cash balance for the period 1977-78 was not checked physically nor the bank balance shown in the books was reconciled with that in the bank, and reconciliation statements had not been prepared.
 - (i) Heavy cash balance was kept in hand which was fraught with the risk of mis-appropriation.
 - (ii) Monthly totals of receipts and expenditure were not made at the end of each month.
 - (iii) The amounts short credited by the bank on receipt of remittances from home were not analysed to arrive at the exact amount of loss in exchange in each case.
 - (iv) Gross amounts of pay claims were not properly entered in different columns of the cash book.
 - (v) Cash Book pages were not machine numbered.
- (b) Remittance of S. Rls. 165,428 received in May, 1977 was not accounted for either in the cash book or in the cash account.
- (c) Expenditure of S. Rls. 64,137 incurred on various items was not accounted for in the monthly cash accounts.
- (d) The cash book was debited with an amount of S. Rls. 97,592 in June, 1978 without any basis. The amount was not written back.
- (e) An account of S. Rls. 46,522 was debited by the bank in October, 1977 to Directorate's account, though no cheque for the amount was issued. The debit was not got withdrawn.
- (f) In the cash book for March, 1977 adjustment of S.R. 148,462 appeared against bank overdraft, but in the cash account for the same month an amount of S. R. 156,504.91 was shown. The adjustments for subsequent months were also not correctly shown.
- (g) A cheque issued for S. Rls. 18,000 on 8th October, 1977 was not accounted for in the cash book.
- (h) Time barred uncashed cheques for S. Rls. 50,600 were not cancelled and accounted for in the cash book.
- (i) In contravention of rules, payments to third parties were made by open cheques instead of crossed cheques.
- (j) During 1979 supporting vouchers/receipts were not kept with the bills in majority of cases. Consequently, the payments actually made remained unverified.

- (k) During the period 1974—80 different stores were not physically checked with reference to purchases made.
- (l) The following accounts/documents were not properly maintained:—
- (i) Accounts of Pakistan House Madina.
 - (ii) Entertainment Fund Accounts.
 - (iii) Dead stock registers.
 - (iv) Vehicles Log Books.
 - (v) Telephone registers.

1370. The above irregularities were initially brought to the notice of the Directorate and the Ministry in March, 1979 and June, 1980 but still remain to be investigated and condoned. Inattention was also resulting in repetition of irregularities.

1371. An expeditious action was required to be taken for investigation and condonation of irregularities.

1372. After examining the explanation given by the Ministry and the Audit comments thereon, the Committee decided that the department should re-check the whole accounts of the Directorate General Haj, Jeddah and a statement should be prepared item by item. Audit should also follow it up. The paragraph was, therefore, deferred.

**COMPLIANCE ON THE POINTS CONTAINED IN THE PAC'S REPORT
ON THE ACCOUNTS FOR THE YEAR 1979-80**

1373. *Reconciliation of Accounts with Audit (Para 1320, page 363-PAC Report 1979-80).*—The Committee did not make any observation on the above paragraph. As such this was treated as dropped.

1374. *Grant No. 109, (Para 125-AA) (Paras 1321-1322, page 363-PAC Report 1979-80).*—As the revised explanation furnished by the department were accepted by Audit, the Committee dropped these paragraphs.

1375. *Points not discussed to be treated as settled.*—The Committee did not make any observation on other paragraphs or points (i) in the Appropriation Accounts 1981-82 and the Audit Report thereon ; and (ii) on Compliance on PAC's Report 1979-80. These would be deemed as settled subject to such regularisation action as may be called for under the rules.

M. A. HAQ,
Secretary.

Islamabad, the 12th January, 1986.

NATIONAL ASSEMBLY SECRETARIAT

Sunday, the 31st August, 1986

Thirteenth Sitting (PAC)

*860. The Public Accounts Committee assembled at 09.00 a.m. in the Parliament Building, Islamabad to continue the examination of the Federal Accounts for 1982-83. The following were present :—

P.A.C. :

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|---|----|------------------|
| (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) Nawab Muhammad Yamin Khan, M.N.A. | .. | <i>Member.</i> |
| (6) Malik Said Khan Mahsud, M.N.A. | .. | <i>Member.</i> |
| (7) Shahzada Jam Muhammad Yusuf, M.N.A. | .. | <i>Member.</i> |

National Assembly Secretariat :

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

Audit :

- (1) Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
- (2) Mrs. Suraiya Hafeez, Deputy Auditor-General (CA).
- (3) 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. Ahmad Nawab Oureshi, Director General, Commercial Audit.
- (7) Mr. Iftikhar Ali Khan Raja, Director General (A&A Works).

Ministry of Finance :

- (1) Mr. S. M. Badrul Hassan, Deputy Secretary (Budget).
- (2) Mr. Shamsul Haq, FA (Health and Religious Affairs).

*Paragraphs upto 859 pertain to other Ministries/Divisions.

MINISTRY OF RELIGIOUS AFFAIRS AND MINORITIES AFFAIRS

*910. The Committee then took up for examination, the Appropriation Accounts etc., pertaining to the Ministry of Religious Affairs and Minorities Affairs. The following departmental representatives were present :—

- (1) Mr. Muhammad Yusuf, Secretary.
- (2) Rao Fazal Akhtar, Joint Secretary.
- (3) Mr. A. R. Hashmi, Section Officer.
- (4) Mr. Jamil Hussain Wasti, Section Officer (F&A).

911. This Ministry controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Ministry of Religious Affairs and Minorities Affairs	110
2.	Other Expenditure of Ministry of Religious Affairs and Minorities Affairs	112

912. *Reconciliation of Accounts with Audit.*—Audit pointed out that the Reconciliation of Accounts for 1985-86 in respect of 493—Advisory Council for Islamic Ideology had not been started as yet by the Department, whereas in three other cases it was completed upto January, 1986. The Committee directed that reconciliation should be up-dated without any further delay.

APPROPRIATION ACCOUNTS

913. *Grant No. 110—Ministry of Religious Affairs and Minorities Affairs (Page 738-AA).*—Audit pointed out that this grant closed with gross saving of Rs. 415,546, which was converted into net excess of Rs. 64,454 after accounting for Economy Cut. The Committee after going through the explanation recommended this excess to be regularised.

914. *Grant No. 112—Other Expenditure on Ministry of Religious Affairs and Minorities Affairs (Page 748-AA).*—This grant closed with a net excess of Rs. 3,009,933. The main excess was under function 494, Object 500, which was attributed by the Department due to increase of rent of Building, in Saudi Arabia and delinking of Pak. Rupee with Dollar. The Committee directed that the control should be tightened and recommended the excess to be regularised through excess budget statement.

*Paragraphs upto 909 pertain to other Ministries/Divisions.

AUDIT REPORT

915. *Non-effecting of Recoveries Rs. 40,641 (Para 1, page 97-AR).*—According to Audit Report, during 1981, the Director General Haj Jeddah over-paid Rs. 40,641 on account of Foreign Allowance, Daily Allowance and Exchange Compensation Allowance to 6 employees. The over payment was brought to the notice of Department in May, 1982, but was not recovered. The Department reported that daily allowance for 6 days admissible to the officer on transfer to Jeddah was paid as admissible under the rules as accommodation according to their entitlement was not available. Audit pointed out that the officers were transferred from Jeddah to Pakistan and from Pakistan to Jeddah while reporting up-to-date position and further intimated that recovery from 2 officers had since been effected and recovery from remaining 4 officers was required to be made. The Committee dropped the paragraph, subject to verification by Audit.

916. *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 and verification by Audit as may be necessary under the rules.

M. A. HAQ,
Secretary.

Islamabad, the 17th February, 1987.

NATIONAL ASSEMBLY SECRETARIAT

Tuesday the 28th July, 1987

Twenty Second Sitting (PAC)

*1251. The Public Account Committee assembled at 09.00 a.m. in the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1983-84 and 1984-85. The following were present:—

P.A.C :

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|--|----|----|------------------|
| (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) Shazada Jam Muhammad Yusuf, M.N.A. | .. | .. | <i>Member.</i> |

National Assembly Secretariat :

- (1) Mr. K. M. Chima, Secretary.
- (2) Ch. Abdul Qadir, Additional Secretary.
- (3) Mr. Muhammad Aslam, Deputy Secretary.
- (4) Mr. Gulzar Ahmed, Officer on Special Duty.

Audit :

- (1) Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
- (2) Mrs. Suraiya Hafeez, Deputy Auditor-General (CA).
- (3) Mr. A. A. Zaidi, Deputy Auditor-General (A&R).
- (4) Sh. Muhammad Sadiq, Accountant General Pakistan Revenues.
- (5) Mr. Irfan Hussain, Director General (A&A Works).
- (6) Mr. Munir Ahmed, Director General Audit (PT&T), Lahore.

Ministry of Finance and Planning Division :

- (1) Mr. Manzur Hasain, Joint Secretary (Budget).
- (2) Dr. M. A. Aghai, Director General (Project Wing) Planning Division.

*Paragraphs upto 1250 pertain to other Ministries/Divisions.

MINISTRY OF RELIGIOUS AFFAIRS AND MINORITIES AFFAIRS

*1334. The Committee then took up for examination, the Appropriation Accounts etc., pertaining to the Ministry of Religious Affairs and Minorities Affairs. The following departmental representative were present:—

- (1) Mr. Rehmatullah Khan, Joint Secretary.
- (2) Mr. Muhammad Aslam, Deputy Secretary.
- (3) Mr. Jamil Hussain Wasti, Section Officer.

1335. This Ministry controlled the following grants:—

S. No.	Name of Grant	Grant No.
1983-84		
1.	Ministry of Religious Affairs and Minorities Affairs	109
2.	Other Expenditure of Ministry of Religious Affairs and Minorities Affairs	111
1984-85		
1.	Ministry of Religious Affairs and Minorities Affairs	111
2.	Other Expenditure of Ministry of Religious Affairs and Minorities Affairs	113

APPROPRIATION ACCOUNTS 1983-84

1336. *Grant No. 109—Ministry of Religious and Minorities Affairs (Page 882-AA).*—The grant closed with a saving of Rs. 766,2. The Department intimated that an amount of Rs. 950,000 was surrendered. The Committee did not make any observation.

1337. *Grant No. 111—Other Expenditure of Ministry of Religious Affairs and Minorities Affairs (Page 892-AA).*—There was an excess of Rs. 3,394,004 which was due to the fact that expenditure was incurred against Supplementary Grant of Rs. 5,250,000 approved by Finance, but could not be included in the Authorised Supplementary Schedule of expenditure. Audit at this point observed that Department should submit their reply according to the figures control in the printed in the Appropriation Account. The figures should be shown as in Appropriation Accounts. Any difference which the Department want to point out, should be explained in the reply itself. The Excess was recommended for regularisation through Excess Budget Statement.

*Paragraphs upto 1333 pertain to other Ministries/Divisions.

APPROPRIATION ACCOUNTS 1984-85

1338. *Grant No. 111—Ministry of Religious Affairs and Minorities Affairs (Page 868-AA).*—There was an excess of Rs. 479,864 under this grant. The Department explained that Supplementary Grant of Rs. 522,000 could not be included in the Final Grant figures. The committee recommended the excess for regularisation through Excess Budget Statement.

1339. *Grant No. 113—Other Expenditure of Ministry of Religious Affairs and Minorities Affairs (Page 876-AA).*—This grant closed with an excess of Rs. 2,492,466. The Department informed the Committee that a part of Supplementary grant approved by Finance Department in June, 1985 could not be accounted for, hence excess. The Committee recommended the excess for regularisation through Excess Budget Statement.

Special Points

1340. On a query from Chairman, PAC, it was reported that "Auqaf" was under the Administrative Control of this Ministry and Administrative Accounts were being audited.

1341. The Committee after a brief discussion directed that Auditor-General should carry out Performance Audit of Auqaf in detail and result should be submitted to PAC.

1342. *Points not Discussed to be Treated as Settled.*—The Committee did not make any observation on the other points/paragraphs 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.

1343. The Committee thereafter adjourned sine die.

K. M. CHDMA,
Secretary.

Islamabad, the

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FEDERAL COUNCIL SECRETARIAT*Tuesday, the 28th August, 1984***Third Sitting (PAC)**

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

P.A.C :

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

Federal Council Secretariat :

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

Audit :

- (1) Mr. Abdul Raouf, Auditor-General of Pakistan.
- (2) Mrs. Suraiya Hafeez, Deputy Auditor-General (CA).
- (3) Syed Iftikhar Shabbir, Deputy Auditor-General (Co-ord).
- (4) Mr. Khalid Rafique, Deputy Auditor-General (A&R).
- (5) Mr. M. A. Lodhi, Accountant General, Pakistan Revenues.
- (6) Mrs. S. N. Sheikh, Director-General, Commercial Audit.

Ministry of Finance :

Mr. Manzoor Hussain, Joint Secretary.

*Paragraphs upto 164 pertain to other Ministries/Divisions.

COUNCIL OF ISLAMIC IDEOLOGY

*216. The Committee next took up for examination, the Appropriation Accounts etc., pertaining to the Council of Islamic Ideology. The following departmental representatives were present :—

(1) Mr. Muhammad Samiullah, Secretary.

(2) Mr. Muhammad Arif, DDO.

217. The Council controlled Grant No. 113—Advisory Council for Islamic Ideology.

218. *Reconciliation of Accounts with Audit.*—The Committee noted that the reconciliation work was up-to-date.

APPROPRIATION ACCOUNTS

219. *Grant No. 113, Advisory Council for Islamic Ideology (Pages 1064—1066-AA).*—Audit had shown final grant of Rs. 789,206 under Object “500—Commodities and Services” and also exhibited the same amount under Actual Expenditure, resulting in the neither excess nor saving.

220. A member of the Committee enquired as to how many reports had been published by the Council? The departmental representative replied that different reports were published as and when the Council got assignments from the Government. On further enquiry as to whether these publications were for the public or otherwise, the departmental representative clarified that they were only for Government departments and concerning various aspects of Law. Whenever the Council examined any thing, a report was published and sent to the concerned Government Department.

221. The Committee observed that the Auditor-General should consider to add “Printing and publication” as a separate minor object under “500—Commodities and Services”.

222. *Compliance on the PAC Report for 1979-80.*—There was no comment by Audit on the above compliance.

223. *Points not discussed to be treated as settled.*—The Committee did not make any observation on other points or paragraphs in the Appropriation Accounts or the Audit Report thereon. These would be deemed as settled subject to regularisation action, if any, required under the rules.

M. A. HAQ,
Secretary.

Islamabad, the 20th September, 1985.

*Paragraphs upto 215 pertain to other Ministries/Divisions.

NATIONAL ASSEMBLY SECRETARIAT

Monday, the 1st September, 1986

Fourteenth Sitting (PAC)

*938. The Public Accounts Committee assembled at 02.30 p.m. in the Parliament Building, Islamabad to continue the examination of the Federal Accounts for 1982-83. The following were present:—

P.A.C :

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|--|-----------|
| (1) Sardarzada Muhammad Ali Shah, M.N.A. | Chairman. |
| (2) Sardar Aseff Ahmed Ali, M.N.A. | Member. |
| (3) Rai Arif Hussain, M.N.A. | Member. |
| (4) Ch. Muhammad Sarwar Khan, M.N.A. | Member. |
| (5) Nawab Muhammad Yamin Khan, M.N.A. | Member. |
| (6) Malik Said Khan Mahsud, M.N.A. | Member. |
| (7) Shahzada Jam Muhammad Yusuf, M.N.A. | Member. |

National Assembly Secretariat :

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

Audit :

- (1) Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
- (2) Mrs. Suraiya Hafeez, Deputy Auditor-General (CA).
- (3) 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. Ahmad Nawab Qureshi, Director General, Commercial Audit.
- (7) Mr. A. R. Farooqi, Director of Audit (IS&F).

Ministry of Finance :

- (1) Mr. Masood Ahmed, Deputy Secretary.
- (2) Mr. Shamsul Haq, FA (Food and Agriculture and Religious Affairs, and Minorities Affairs).

*Paragraphs upto 937 pertain to other Ministries/Divisions.

ADVISORY COUNCIL OF ISLAMIC IDEOLOGY

*995. The Committee than took up for examination, the Appropriation Accounts etc. ; pertaining to the Council of Islamic Ideology. The following departmental representatives were present :—

- (1) Dr. Aminullah Vaseer, Secretary.
- (2) Qazi Saifur Rehman, Admn. Officer.
- (3) Qazi Abdur Rehman, Accountant.

996. The Council controlled Grant No. 111, Advisory Council for Islamic Ideology.

APPROPRIATION ACCOUNTS

997. Grant No. 111—*Advisory Council of Islamic Ideology (Page 756-AA)*.—There was an excess of Rs. 78,211. The explanation of the Department was accepted by the Committee and excess was recommended for regularisation.

M. A. HAQ,
Secretary.

Islamabad, the 17th February, 1987.

*Paragraphs upto 994 pertain to other Ministries/Divisions.

NATIONAL ASSEMBLY SECRETARIAT

Wednesday, the 22nd July, 1987

Nineteenth Sitting (PAC)

*1032. 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 and 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) Rai Arif Hussain, M.N.A. | <i>Member.</i> |
| (4) Ch. Muhammad Sarwar Khan, M.N.A. | <i>Member.</i> |
| (5) Mr. Miangul Aurangzeb, M.N.A. | <i>Member.</i> |
| (6) Shahzada Jam Muhammad Yusuf, M.N.A. | <i>Member.</i> |

National Assembly Secretariat :

- (1) Mr. K. M. Chima, Secretary.
- (2) Ch. Abdul Qadir, Additional Secretary.
- (3) Mr. Muhammad Aslam, Deputy Secretary.
- (4) Mr. Gulzar Ahmed, Officer on Special Duty.

Audit :

- (1) Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
- (2) Mrs. Suraiya Hafeez, Deputy Auditor-General (CA).
- (3) Mr. A. A. Zaidi, Deputy Auditor-General (A&R).
- (4) Sh. Muhammad Sadiq, Accountant General Pakistan Revenues.
- (5) Mr. Ahmad Nawab Qureshi, Director General (CA).
- (6) Mr. Irfan Husain, Director General (A&A Works).

Ministry of Finance and Planning Division :

- (1) Mr. Manzur Hussain, Joint Secretary (Budget).
- (2) Mian Abdul Hakim, Director (Project Wing) Planning Division.
- (3) Mr. Sajid Hussain, Deputy Solicitor, Justice Division.

*Paragraphs upto 1031 pertain to other Ministries/Divisions.

ADVISORY COUNCIL OF ISLAMIC IDEOLOGY

*1066. The Committee then took up for examination, the Appropriation Accounts etc., pertaining to the Advisory Council of Islamic Ideology. The following departmental representatives were present :—

- (1) Dr. Aminullah Vaseer, Secretary.
- (2) Mr. M. Subhan, A.O.
- (3) Qazi Abdur Rahman, Accountant.

1067. The Council controlled the following grants :—

S. No.	Name of Grant	Grant No.
	1983-84	
1.	Advisory Council of Islamic Ideology	110
	1984-85	
1.	Advisory Council of Islamic Ideology	112

APPROPRIATION ACCOUNTS—1983-84

1068. *Grant No. 110—Advisory Council of Islamic Ideology (Page 890-AA).*—The Grant closed with an excess of Rs. 46,952. The Department informed that this was due to revision of Pay Scales. The Committee recommended the excess for regularisation.

APPROPRIATION ACCOUNTS—1984-85

1069. *Grant No. 112—Advisory Council of Islamic Ideology (Page 874-AA).*—There was a saving of Rs. 536,503, which was attributed by the Department to the vacant posts. The Committee accepted the explanation with the observation that reply of the Department was not on proper forms which should be submitted Object Function wise, as shown in the Appropriation Accounts.

M. A. HAQ,
Secretary.

Islamabad, the 6th January, 1988.

*Paragraphs upto 1065 pertain to other Ministries/Divisions.

FEDERAL COUNCIL SECRETARIAT*Monday, the 29th October, 1984***Seventh Sitting (PAC)**

*976. 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, Governor, State Bank of Pakistan *Vice-Chairman.*
- (2) Syed Saiced Hasan, Member, Federal Council *Member.*
- (3) Akhunzada Bahrawar Saeed, Member, Federal Council *Member.*
- (4) Mr. Yusuf Bhai Mian Chartered Accountant *Member.*

Federal Council Secretariat :

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

Audit :

- (1) Mr. Abdur Raouf, Auditor-General of Pakistan.
- (2) Mrs. Suraiya Hafeez, Deputy Auditor-General (CA).
- (3) Syed Iftikhar Shabbir, Deputy Auditor-General (Co-ord).
- (4) Mr. Khalid Rafique, Deputy Auditor-General (A&R).
- (5) Mr. M. A. Lodhi, Accountant General, Pakistan Revenues.
- (6) Mrs. S. N. Sheikh, Director General, Commercial Audit.
- (7) Mr. S. Jamil-ur-Rahman, Audit Officer, Industries Supply and Food.

Ministry of Finance :

- (1) Mr. Manzur Hussain, Joint Secretary (Budget).
- (2) Mr. Muhammad Rafiq Asghar, FA (Industries).

*Paragraphs upto 975 pertain to other Ministries/Divisions.

MINISTRY OF INDUSTRIES

*1082. The Appropriation Accounts etc., pertaining to the Ministry of Industries were the last to be taken up by the Committee for its examination on 29th October, 1984. The following departmental representatives were present :—

- (1) Dr. A. K. Tanweer, Additional Secretary.
- (2) Mr. Aslam Iqbal, Chairman (G.C.P.).
- (3) Mr. M. Salman Farooqi, Joint Secretary.
- (4) Mr. M. Ibrahim Rashid, Deputy Secretary (F&A).
- (5) Mr. S. H. Tirmizi, Deputy Secretary (Admn.).
- (6) Mr. G. Asghar Malik, Section Officer (B).
- (7) Mr. Abdullah Yusuf, Director Finance (U.S.C.).
- (8) Mr. Parvez Ahmad Butt, Director General (Supplies).

1083. This Ministry controlled the following Grants :—

S. No.	Name of Grant	Grant No.
1.	Ministry of Industries	76
2.	Industries	77
3.	Department of Investment Promotion and Supplies	78
4.	Other Expenditure of Ministry of Industries	79
5.	Capital Outlay on Miscellaneous Stores	130
6.	Development Expenditure of Ministry of Industries	155

1084. *Reconciliation of Accounts with Audit.*—The Committee noted that the reconciliation of the accounts of the Karachi, Lahore, Peshawar and Quetta circles for the months of July and August in respect of Demand Nos. 76, 78, 79, 130 and 155 had not been completed as yet. The Committee further observed that Audit had issued the programme in September, 1984 which should have been followed up by the Ministry. The Committee therefore, directed the departmental representative to ensure that the reconciliation of accounts after June, 1984 is completed at the earliest possible date.

*Paragraphs upto 1081 pertain to other Ministries/Divisions.

AUDIT REPORT

1085. *Excessive Purchase of Stores (Rs. 1,235,250) (Para 3, page 170-AR).*—Audit pointed out that the department had justified the expensive purchase on the ground of urgency of requirements. The question of urgency would be examined by Audit.

1086. In view of the above position, the Committee decided that the paragraph may be dropped subject to the satisfaction of Audit.

1087. *Advance of Rs. 544,747 remained unsettled (Para 4, page 170-AR).*—According to Audit, a contract was placed on a firm in April, 1973 for supply of a Patrol boat by 30th November, 1973; it was subsequently extended up to 30th September, 1975 at a cost of Rs. 598,500 to be paid in three instalments; two (70 percent) in advance on production of Bank Guarantee. After 18 months the cost was increased to Rs. 668,650 plus Rs. 109,559 for provincial elements of duty sales tax and insurance charges. The firm was advanced a total amount of Rs. 544,747 (70 per cent) against Bank Guarantee. Audit further reported that the firm neither delivered the boat nor refunded the amount advanced to them.

1088. The Ministry explained that the matter had been considered in the Ministry threadbare and an inquiry had been ordered to be instituted by an officer of the Ministry. The result of its findings would be intimated to Audit and action taken reported to PAC.

1089. Thereupon, Audit commented that an inquiry had been ordered now in this case which occurred nearly 10 years ago and it was reported to the Ministry in July, 1982. The payment in advance of Bank Guarantee was obviously unjustified and so was its non-encashment on default by the firm.

1090. A member of the Committee remarked that Audit had reported the irregularity to the Ministry two years ago and it was only then the department found its case which required action. He enquired as to why action had not been taken earlier? The departmental representative submitted that an internal check system had been introduced only recently and also a review system. The Auditor-General asked the departmental representative as to whether the department had instituted a system to watch the expiry date of Bank Guarantees. The departmental representative replied in the affirmative. In reply to another query as to whether a suit was filed against the firm or against the Bank, the departmental representative said that a suit had been filed against the firm, but not against the bank.

1091. After discussion, the Committee directed that whenever there was a bank guarantee, it must be ensured that it was duly encashed with in time before any difficulty or dispute arose. Internal check should also keep a close eye on this and alert those concerned in time to encash the bank guarantee. The Committee directed that the results of enquiry should be reported to PAC and the paragraph was deferred.

1092. *Irregular purchase of equipments at high cost (\$ 50,600) (Rs. 500,940) [Para 5 (i), page 170-AR].*—After examining the Audit objection and the reply of the department, the Committee observed that the paragraph was not further pressed or commented upon by Audit, subject to the comment, the paragraph was dropped.

1093. *Loss due to supply of defective equipments (Rs. 111,821) [Para 5 (ii), page 171-AR].*—Audit had reported that equipment valuing \$ 11,295 imported in February, 1973 against a contract placed on a firm in December, 1974 (total value \$ 16,280) was found defective on inspection by the consignee. The latter reported to the department in May and August, 1975 to effect recovery from the firm but, no action was taken.

1094. The Ministry stated that the matter had been considered and it was decided that the case should be investigated further for fixing responsibility and effecting recovery. A copy of the Inquiry Report would be sent to Audit.

1095. Audit stated that as the matter had already been considerably delayed expeditious action should be taken to finalise the inquiry proceedings and to report the findings to the Competent Authority.

1096. In view of the above position, the Committee directed the departmental representative that an inquiry should be instituted by the department and action taken against those found responsible. The paragraph was deferred.

1097. *Avoidable extra expenditure of Rs. 144,772 (Para 6, page 171-AR).*—Audit had pointed out that a pumping plant imported and its erection completed by a contractor in January, 1960. He was paid only 90 per cent of the cost as the consignee failed to return the receiving certificate. Under the rules, in such cases, Audit Officer can be requested to make payment if there was no response from the consignee within a specified period. This was not done and the contractor filed suit in High Court in June, 1969. The Court awarded on 13th May, 1981, balance claim of Rs. 185,254, Rs. 3,867 as cost of suit beside interest of Rs. 140,905. The extra expenditure of Rs. 144,772 was incurred mainly for not making timely payment.

1098. The Ministry explained that the delay in the payment of the balance was not due to the fault of the Department of Supplies. It was mainly because of the consignee's failure to return the Inspection Note duly receipted for reasons best known to the latter.

1099. Thereupon, Audit commented that a delay of 21 years in making payment to a supplier could not be defended on the ground of non-receipt of consignee's acknowledgement. Audit further pointed out that the rules are clear that if a consignee does not acknowledge receipt of goods within two months, he should be given 15 days' notice and thereafter payment made to the supplier.

1100. After discussion, the Committee came to the conclusion that in this case. The Department of Supplies failed to request the Audit Officer to make balance payment to the supplier as laid down in the relevant procedure. This should be looked into by the department for suitable action.

1101. *Audit Report outstanding for want of departmental replies (Para 7, page 171-AR).*—Audit informed the Committee that the replies had since been received. The Committee, therefore, did not make any observation and the paragraph was treated as settle.

1102. *Non-recovery of Government dues from defaulting firms—Rs. 13.8 million (Para 8, page 172-AR).*—The departmental representative intimated that the Ministry was going to arrange a meeting with the Audit and the Ministry would try to sort the matter out.

1103. The Committee agreed to the above suggestion and decided that the case may be settled in consultation with Audit. The paragraph was deferred.

1104. *Non-finalisation of Provincial Prices (Para 9, page 172-AR).*—Audit had reported that against eight contracts placed on different firm between October, 1976 and August, 1978 for supply of Gunny Bags and vehicles, payments of Rs. 111.17 million were made on the basis of provisional prices subject to subsequent finalisation. But the final prices remained to be determined for adjustment despite the lapse of four to six years in the various cases.

1105. In their reply, the Ministry explained that the position of the finalisation of prices was as under :—

- (i) *Case No. ENGG. III|VA-I|78877|2|76|III.*—The provisional price paid had been determined as final price vide amendment later dated 20th December, 1982.
- (ii) *Case No. ENGG-III/80428/2/78/92.*—The case pertained to the purchase of 13 Jeeps. Final price intimated by Controller General of Prices and Supplies was Rs. 101,489 per Jeep against Rs. 101,102

provisionally paid. The difference of Rs. 5,031 on 13 Jeeps, payable to the firm after the fixation of final price, had not been claimed.

(iii) The department had therefore, closed the case.

Jute Bags—The claim had been entertained.

1106. Audit offered following Comments on the above reply of the Ministry :—

- (i) The case might be treated as closed.
- (ii) The copy of decision in respect of fixation of final price had not been furnished to Audit.
- (iii) It was for the first time that the Ministry had given reply to the paragraph issued on 30th October, 1982. However, the Ministry's reply that two cases had been finalised would be verified.

1107. The Committee agreed to the above comments of the Audit and directed the department to satisfy Audit. Subject to this the Paragraph was treated as settled.

1108. *Audit Review on the Performance of the Department of Supplies—1981-82 (Para 10, page 172-AR).*—Audit had reported that the Department of Supplies had been entrusted the responsibility of procurement and inspection of stores on behalf of various Departments of the Federal Government and of such Provincial Governments, and other Agencies who might desire to avail their services. Audit further reported that they also dealt with purchase and sale of Diplomatic Cars under the State Trading Scheme and disposal of obsolete and surplus stores of Government Organisation.

1109. Audit also pointed out, *inter alia*, that out of 2,657 unaudited files as many as 2,501 files remained outstanding for audit at the end of 1981-82.

1110. After having gone through the reply of the Ministry and the Audit comments thereon the Committee directed the departmental representative that the required files might be provided to the Audit early.

APPROPRIATION ACCOUNTS (CIVIL)

1111. *Grant No. 76—Ministry of Industries (Pages 690—692-AA).*—Audit had reflected a net saving of Rs. 54,847 under this grant. The Committee did not make any observation in regard to this grant.

1112. *Grant No. 79—Other Expenditure of Ministry of Industries (Pages 694—698-AA).*—The Appropriation Accounts show a net saving of Rs. 158,134. No observation was made by the Committee thereon.

1113. *Grant No. 155—Development Expenditure of Ministry of Industries (Pages 700—760-AA).*—The appropriation accounts show an excess of Rs. 26,423.

1114. A member of the Committee pointed out a saving of Rs. 600,000 against the object "600—Transfer payments—Development of Textile Training System in Pakistan" shown in the Appropriation Accounts. The Ministry stated that it was due to the fact that no expenditure was incurred towards the cost of Foreign experts and purchase of equipment as the project was cancelled. The Committee accepted the explanation and made no further observation on it.

1115. *Grant No. 77—Industries (Page 708-AA)—Grant No. 78—Department of Investment Promotion and Supplies (Pages 710—714-AA)—Grant No. 130—Capital Outlay on Miscellaneous Stores (Pages 716—718-AA).*—After examining the replies of the Ministry and the Audit comments thereon, the Committee did not make any further observation in regard to the above-mentioned grants, except that the Vice-Chairman drew attention of the departmental representative to the 'Abstract of Running Account' for the year 1981-82 regarding purchase and sale of Diplomatic Car and Administrative charges (Item 4) of the Department's Brief under Grant No. 130 and enquired as to what was this saving of Rs. 822,368 in respect of value of stock in hand as on 30th June, 1982. The departmental representative informed the Committee that this was reserve price, i.e. the estimated sales.

1116. As the explanation did not make sense, the Committee requested Audit to sort in out and report to the PAC at the next meeting.

COMMERCIAL ACCOUNTS

1117. *Rice Milling Corporation of Pakistan, Limited. [Para 3 (xvii), page 7-ARCA].*—Audit had reported that the Accounts for 1980-81 to 1981-82 had not been compiled. It was explained by the Ministry that the Accounts of the Corporation for the years 1980-81 to 1981-82 had been compiled and audited by the Director General of Commercial Audit. An Audit and Inspection Report was issued by Audit on 14th September, 1983. The Report was under examination by the Corporation. Audit pointed out in their comments that this Report had been outstanding for more than a year.

1118. *Bara Vegetable Ghee Mill [Para 3 (xxv), page 7-ARCA]—Punjab Vegetable Ghee Mills and General Mills Limited [Para 3 (xxvi), page 7-ARCA].*—Audit pointed out that the Accounts for the above Mills for the year 1981-82 had not been made available to them upto February, 1983.

1119. The Ministry explained that the Director of Commercial Audit Wah had called for the accounts of various Ghee Units for the year 1981-82 *vide* his letter dated 20th January, 1983. This letter did not contain the demand for the accounts of Bara Vegetable Ghee Mills. But accounts had since been supplied to Audit.

1120. The Ministry further stated that the Director of Commercial Audit Lahore *vide* his letter dated 16th January, 1983 called for account of Ghee Units but no mention was made at Punjab Vegetable Ghee and General Mills in this letter. The accounts had however, since been supplied to Audit.

1121. Audit had pointed out that accounts in respect of the above Mills for the year 1982-83 had been printed in the Commercial Accounts for year 1982-83.

1122. Thereupon, the Committee made no further observation and the paragraph was dropped.

1123. *Advances of Rs. 195,371 because doubtful recovery (Para 23, page 32-ARCA)*.—Audit informed the Committee that the irrecoverable advances amounting to Rs. 1,55,436.7 should be written off expeditiously.

1124. The Committee did not make any further observation and the paragraph was treated as settled subject to verification by Audit.

1125. *Infructuous expenditure of Rs. 248,558 on purchase of defective compressor and its non-installation (Para 24, page 32-ARCA)*.—The Vice-Chairman enquired as to whether the defective compressor had been got repaired and was now in working condition. The departmental representative said that the compressor was working and in proper condition. The Committee, therefore, did not make any further observation and the paragraph was treated as settled.

1126. *Short Receipt of Palm Oil Worth Rs. 153,418 (Para 25, pages 32-33-ARCA)*.—The Committee was informed that the case was still Sub-judice. The Committee directed Audit to watch progress of the case and the paragraph was dropped.

1127. *Loss of Rs. 118,160 due to non-return of empty gunny bage by the suppliers (Para 26, page 33-ARCA)*.—The Committee did not make any observation and the paragraph was dropped.

1128. *Delay in disposal of Audit Inspection Reports (Para 48, page 46-ARCA)*.—No observation was made by the Committee and the paragraph was treated as settled.

1129. *Ghee Corporation of Pakistan Limited (Head Office) (Para 158, page 96-ARCA)*.—According to Audit, the operating income of the Ghee Corporation of Pakistan decreased from Rs. 23.738 million during 1980-81 to Rs. 18.550 million in 1981-82, mainly due to the abnormal increase in the operating expenses of the Corporation. Audit stressed the desirability of curtailing operating expenses.

1130. The Committee did not make any further observation and the paragraph was dropped.

1131. (*Paras 159—161, pages 96—98-ARCA*).—After some discussion, the Committee decided that these paragraphs may be dropped subject to verification by Audit.

1132. *A & B Oil Industries Limited (Para 168, page 99-ARCA)*.—According to Audit the operating profit of the Company for the year 1981-82 amounted to Rs. 2.158 million as against Rs. 4.395 million in the preceding year. The decrease was mainly due to increase in expenses under certain heads which needed to be justified.

1133. The Committee after having gone through the reply of the department and the Audit comments thereon did not make any observation.

1134. (*Paras 169-170, page 99-ARCA*).—No comments were made by the Committee on these paragraphs.

1135. *Asaf Industries Limited (Paras 171—175, page 100-ARCA)*—*Associated Industries Limited (Paras 176—180, page 101-ARCA)*—*Bengal Vegetable Industries Limited (Paras 181—189, pages 102-103-ARCA)*—*Burmah Oil Mills Limited (Paras 190—195, page 104-ARCA)*.—Having gone through Audit comments and the replies of the Ministry in respect of the above mentioned Mills, the Committee did not make any observation on the above paragraphs.

1136. *Chiltan Ghee Mills Quetta (Paras 196—202, pages 105-106-ARCA)*.—The Vice-Chairman drew attention of the departmental representative to the Production Expenses, of the Mill and enquired about the indirect labour as mentioned thereunder in the Audit objection. The departmental representative replied that it was due to the fact that the relevant accounting policy was changed. A member of the Committee, thereupon, remarked that the department should re-analyse, the disproportionate increase in the expenses of the Mill to which the departmental representative agreed. The paragraphs were deferred.

1137. *Crescent Factories (Vegetable Ghee Mills Limited) (Paras 203—207, pages 107-108-ARCA)*.—Audit had reported that the operating expenses registered increases over the previous year to the following extent :—

Management expenses	35%
Administrative expenses	13%
Selling Distribution expenses	10%

Audit stressed upon the need for strict control over expenses. The department explained to the Committee that the management charges were the contribution, each unit made to the funds of the Ghee Corporation to defray its expenses. The rate of recovery of these charges was decided by the Board of Directors of the Corporation based on the budgeted gross sales of the Ghee units. The department had drawn up a table in their reply saying that these expenses had increased because of increase in the gross budgeted sale of the unit during 1981-82 over 1980-81.

1138. The Vice-Chairman remarked that it would be better if the department would have charged it on the basis of the actuals for the previous year. The departmental representative informed the Committee that instead of budgeting, the department took the actuals and now the new system was going to be adopted.

1139. The Committee observed that the department should again look into the matter of allocation of the corporation and report to the PAC through Audit.

1140. *Dargai Vegetable Oil Processing Industry (Paras 208—210, page 108-ARCA)*.—According to Audit, the factory suffered a net loss of Rs. 3.250 million during the year 1981-82 as against a net loss of Rs. 3.498 million for the previous year. The accumulated loss of the factory had increased from Rs. 6.024 million to Rs. 10.931 million.

1141. Audit stated in their comments on the departmental reply that actual production during 1982-83 was 11,880 metric tons and net loss was Rs. 7.317 million.

1142. The Vice-Chairman remarked that Audit had enquired in their comments whether any suit had been filed against the defaulting Firm of Herman and Mohatts Limited. The departmental representative submitted that they had already passed on the papers to the Legal Advisor.

1143. A member of the Committee remarked that the organisation had already taken six years for the manufacture and had asked for further time. What were they doing about it. The departmental representative informed the Committee that in the first instance there was arbitration and in it the decision was against them. Now they had challenged the decision.

1144. The Committee did not make any further observation.

1145. *E. M. Oil Mill and Industries Limited (Paras 211—213, page 109-ARCA)*.—As pointed out by Audit, the Company earned gross profit of Rs. 12.833 million against Rs. 16.028 million for the previous year. The decrease in gross profit was mainly due to losses, sustained in the sale of by products which increased from Rs. 0.201 million in 1980-81 to Rs. 3.118 million in 1981-82. The circumstances which led to losses in the production/sale of soap and industrial gases should be investigated and remedial measures taken.

1146. After examining the replies of the department, the Committee made no observation and the paragraphs were treated as settled.

1147. *Fazal Vegetable Ghee Mills Limited, Islamabad (Paras 214-215, page 110-ARCA)*.—The Committee did not make any observation on these paragraphs.

1148. *Haripur Vegetable Oil Industries (Paras 216—219, page 111-ARCA)*.—The Committee after examining these paragraphs did not make any observation.

1149. *Hydari Industries Limited (Paras 220—226, page 112-ARCA)*.—After discussion the Committee decided that the paragraphs be dropped.

1150. *Kakakhel Industries Limited (Paras 227—231, pages 113-114-ARCA)*.—The Committee made no observation on these paragraphs.

1151. *Khyber Vegetable Ghee Mills Limited (Paras 232—238, pages 115-116-ARCA)*.—The departmental representative informed the Committee that the Khyber Vegetable Mills had been closed. Thereupon, the Vice-Chairman enquired as to whether these were liquidated and if not what happened to them. The departmental representative replied that the closures were challenged by the previous owners and decisions had not yet been arrived at thereon.

1152. *Kohinoor Oil Mills Limited (Paras 239—245, pages 117-118-ARCA)*.—Audit pointed out that the Company sustained a net loss of Rs. 3.898 million despite increase in production to 27,215 Metric tons. A member of the Committee enquired as to why the Company had gone in losses? The departmental representative stated that in 1982-83 they were in losses because the input prices were raised substantially.

1153. The Committee did not make any further observation and the paragraphs were dropped.

1154. After further consideration of the Commercial Accounts as a whole, the Committee came to the following conclusions :—

- (1) A statement should be furnished by the department giving unit-wise, for the 26 Ghee Units—
 - (a) The average cost of production, over-head expenses etc, and giving the reasons for variation between the units.
 - (b) Administrative expense allocated on the basis of previous year's sales.
- (2) Introduction of a uniform accounting and standardised cost accounting for all the Units. If instructions might have already been issued in this behalf, copies thereof should be furnished to Audit.
- (3) The Corporation may consider advising the Boards of each such Ghee Unit to act independently, where also has share-holders other than the government.

1155. *Wazir Ali Industries Limited (Paras 279—283, pages 130-131-ARCA)*.—According to Audit, during 1981-82 the Company limited its activities to the production of Ghee and soap was got manufactured by M/s. Zulfiqar Industries Limited under a contract. The Company earned gross profit of Rs. 20.418 million on the sale of Ghee during the year as against Rs. 20.694 million in the preceding year. Despite increase in production and sales the gross profit decreased by Rs. 0.276 million as compared to the previous year which was mainly due to the increase in cost of sale by Rs. 101 per metric ton. The increase in cost of sale was due to increase in cost of oil from Rs. 200 to 250 per maund from 1st January, 1981.

1156. After going through the reply of the department, the Committee decided that the legal position regarding the authority of the Ghee Corporation to manage this unit might be examined to avoid any future complications.

1157. *Pakistan Garment Corporation Limited (Paras 287-288, page 133-ARCA)*.—The Ministry in their written reply intimated that the Corporation Stood liquidated *w.e.f.* June, 1983. The Committee directed the departmental representative to obtain sanction of Ministry of Finance to write off the losses.

COMPLIANCE REPORT TO THE POINTS RAISED IN 1979-80 PAC'S
REPORT

Reconciliation of Accounts with Audit (Para 188, page 99-PAC Report 1979-80)—

Grant No. 75—Ministry of Industries (Page 90-AA) (Paras 189-90, pages 99-100-PAC Report 1979-80)—

Grant No. 78—Other Expenditure of Ministry of Industries (Pages 93-94-AA) (Paras 192—195, pages 100-101-PAC Report 1979-80)—

1158. The Committee after going the departmental reply and the Audit Comments did not make any observation on the above paragraphs.

1159. *Grant No. 128—Capital Outlay on Miscellaneous Stores (Page 147-AA) (Paras 196—198, page 101-PAC Report 1979-80).*—In this case the Committee had directed the department that the Accounts of the defunct Schemes should be looked into by the Ministry of Industries and Audit, and expenditure and recoveries should be shown under correct Accounting Heads.

1160. In compliance, the department had submitted that the actual expenditure (—) Rs. 45,350 shown and the Appropriation Accounts 1979-80 had been worked out after taking into account the current expenditure and net recoveries against various defunct State Trading Schemes to close the Accounts of such Schemes in compliance with PAC's directives.

1161. The Committee, therefore, decided to drop the paragraphs.

1162. *Irregular drawal and retention of money outside Government accounts and loss of interest (Para 35, pages 33-34-AR) (Paras 204—206, pages 102-103-PAC Report 1979-80).*—The Committee was informed that the Establishment Division had finalized the case in consultation with the Finance Department. The Committee directed the departmental representative to supply a copy of decision of the Establishment Division to the Committee. Audit was also requested to verify.

1163. *Loss by accepting higher rate (Rs. 1,531,050) and Waiving of liquidated damages Rs. 750,095 (Para 36, pages 34-35-AR) (Paras 207—212, pages 103—105-PAC Report 1979-80).*—After examining the explanation of the department, the Committee decided to drop these paragraphs.

1164. *Loss due to non-inclusion of duty and tax in sale price of Vehicles—Rs. 626,628 (Para 38, page 36-AR) (Paras 214—216, pages 105-106-PAC Report 1979-80).*—In view of the departmental reply that the PAC's directive had been complied with, the Committee did not make any observation and settled the paragraphs.

1165. *Note 2—Annexure 'C' Item (e)—Scheme for Production and Supply of coal (Para 459, page 104-PAC Report 1975-76) (Paras 249—251, page 114-PAC Report 1979-80).*—The department explained that a comprehensive Note giving full details of the Scheme was sent to PAC on 1st November, 1983 in compliance with their directive against grant No. "129—Capital Outlay on Miscellaneous Stores" for the year 1980-81 relating to Production and Supply of Coal/Coke.

1166. Audit pointed out that the position brought out by the Ministry was under examination with reference to the relevant records which were pretty old and scattered. A detailed note in this regard would be submitted to the PAC.

1167. The Committee deferred the matter for Audit to furnish a note to it.

1168. *Waiver of the amount of risk purchase (Para 461, page 105-PAC Report 1975-76) (Paras 252—256, pages 115-116-PAC—Report 1979-80).*—Audit did not agree with the Ministry's statement that the offer of Western Traders was not utilized because the indenter did not confirm the availability of funds. Audit maintained that funds were available during that year. The Committee, however, deferred the consideration of the paragraph as suggested by Audit.

Loss due to non-recovery of risk purchase amount of Rs. 250,717 (Paras 1197—1201, page 258-259-PAC Report 1977-78) (Para 259, page 116-PAC Report 1979-80)—

Loss due to irregularities in purchase of stores—Rs. 150,787 (Paras 1202—1206, pages 259-260-PAC Report 1977-78) (Para 260, pages 116-117-PAC Report 1979-80)—

1169. The Committee after going through the Ministry's reply directed Audit to watch these cases and report back, if necessary.

GENERAL

1170. As per earlier directives of the PAC about examination of compliance Reports, the Audit used to select points for the consideration of the PAC which were worth bringing to the notice of the Committee and included such cases in their cyclostyled material for PAC. The Committee after due consideration directed that in future all compliance reports, as received from the Ministries, should be put up to the Committee instead of the selected material prepared by Audit. If Audit had any comments to make on such statement, these should be placed before the Committee alongwith the compliance statements for its consideration.

1171. *Points not discussed to be treated as settled.*—The Committee did not make any observation on the other paragraphs and points concerning Appropriation and Commercial Accounts 1981-82 and the Audit Reports thereon and the Compliance on the 1979-80 PAC Report. These would be deemed as settled, subject to such regularisation action as may be necessary under the rules.

1172. The Committee then adjourned to meet again at 9.00 a.m. on Tuesday, 30th October, 1984.

M. A. HAQ,
Secretary.

Islamabad, the 28th December, 1985.

NATIONAL ASSEMBLY SECRETARIAT

Monday, the 28th April, 1986

Fifth Sitting (PAC)

*226. The Public Accounts Committee assembled at 09.00 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) Raj Arif Hussain, M.N.A. | .. .. | <i>Member.</i> |
| (3) Ch. Muhammad Sarwar Khan, M.N.A. | .. .. | <i>Member.</i> |
| (4) Mr. Shahabuddin Shah Hussainy, 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. Ahmad Nawab Qureshi, Director General, Commercial Audit

Ministry of Finance :

Mr. Farogh Naveed, FA (Industries).

*Paragraphs upto 225 and 234 pertain to other Ministries/Divisions.

MINISTRY OF INDUSTRIES

235. The Committee then took up for examination, the Appropriation Accounts pertaining to the Ministry of Industries. The following departmental representatives were present :—

- (1) Mr. M. Masud Zaman, Secretary.
- (2) Mr. S.H. Tirmzey, Deputy Secretary.
- (3) Mr. Ghulam Asghar Malik Section Officer (F&A).
- (4) Mr. M. Azam Chaudhry, AO (F&A).
- (5) Mr. Aslam Iqbal, Chairman (G.C.P.)
- (6) Syed Muzaffar Ali Shah, DG (Deptt. of Supplies).
- (7) Mr. A.H. Ghayur, GM (F) GCP.
- (8) Mr. Abdullah Yusuf, M.D. (U.S.C.)
- (9) Mr. Shaiq Ali, Accounts Officer (IACP).
- (10) Dr. Nasir Saeed Butt, G.M. (Tech) GCP.

236. The Ministry controlled the following Grants :—

S. No.	Name of Grant	Grant No.
1.	Ministry of Industries	73
2.	Industries	74
3.	Department of Investment, Promotion and Supplies	75
4.	Other Expenditure of Ministry of Industries	76
5.	Capital outlay on Miscellaneous Stores	128
6.	Development Expenditure of Ministry of Industries	153

237. *Reconciliation of Accounts with Audit.*—The PAC observed that in certain cases the Accounts for the year 1983-84 had not so far, been reconciled. Similarly reconciliation work for the year 1984-85 and 1985-86 was also in arrears. The position regarding reconciliation of Accounts was not satisfactory. The PAC directed that the reconciliation work should be brought up to date and invariably completed well in time.

APPROPRIATION ACCOUNTS

238. *Grant No. 73—Ministry of Industries (Page 444-AA).*—The Appropriation Accounts of this Grant were closed with a net excess of Rs. 116,670. Audit pointed out that there was an excess under this Grant although the Department obtained the Supplementary Grant of Rs. 1,039,000 the main excess (Rs. 173,635)

was under Object-100-Purchase of durable goods. This excess pertained to the purchase of a Car. The Department explained that the cost of the car was to be paid through book debit which included an element of Custom Duty amounting to Rs. 136,238. The CBR was requested for exemption from the which was not finalized when the debit came. This book debit also came to the notice of the Department when the Accounts had already been closed. On a query from the Auditor-General, the Department further explained that the basis on which they were not expecting Custom Duty was that no such duty was levied prior to 1979-80. The Auditor-General there upon observed that had the reconciliation of expenditure been carried out immediately after the accounts of the month were closed, such problems would not have arisen. This was all due to non reconciliation of accounts with Audit. The PAC observed that there was an excess expenditure of Rs. 1.16 lacs which showed that correct financial procedures were not observed, the control of management of accounts by the Department needed improvement.

239. *Grant No. 76—Other Expenditure of Ministry of Industries (Page 448-AA).*—There was a net saving of Rs. 69,140 which, besides nominal, was within the permissible limits. Audit, however, pointed out that Supplementary Grant of Rs. 60,000 was unnecessary in view of this a saving. The PAC did not make any observation on this Grant.

240. *Grant No. 153—Development Expenditure of Ministry of Industries (Page 452-AA).*—This Grant closed with a saving of Rs. 33,881,001 after an amount of Rs. 32,433,000 was surrendered. Audit held that saving is mainly due to less expenditure on following projects :—

- (a) IPB Projects.
- (b) Development of Textile Teaching and Training Institutions in Pakistan.
- (c) Computer Installation.
- (d) Grant to Plup and Paper Advisory Cell.
- (e) Export Processing Zone.
- (f) Leather Industries Research and Development.
- (g) Standardization and Quality Control.

241. While explaining the saving, the Department argued that saving of Rs. 30 lacs under "Development of Portfolios Brief Phase-II (IPB Project)" was in Foreign Aid component, which could not be utilised due to the fact that the statement of expenditure of Foreign Aid was not received from UNIDO/UNDP during the Financial year. The projects could not be started during 1982-83 due to non-sponsoring of the project by EAD and saving of Rs. 65 lacs was due to non-acceptance of surrenders after 31st March. The saving of Rs. 150 lacs under

“Export Processing Zone” was due to non-establishing of Letter of Credit in time for Grid Station and Workshop Equipment, the amount was surrendered in June, 1983 but the surrender was not accepted. All saving under other heads were also due to the similar reasons. Audit, however, held that Department had not stated the reasons for non-receipt of statement of expenditure from UNDP and for non-sponsoring of project by EAD. Similarly the reason for non-surrender of unutilised amount before 31st March had also not been given.

242. Secretary Industries thereupon explained that there were many complications in the operation of this Grant. Provision of Foreign Exchange component was made on the basis of commitment by the donor countries. Actual releases were made by UNDP. Expenditure was booked on the basis of statement received from UNDP, as it was not received, this resulted in saving. The delay in receipt of statement of expenditure was generally due to the reason that Economic Affairs Division could not finalize negotiations of commitment with UNDP besides the technical hitches in signing of documents. The Department admitted that there was lack of coordination between the Department and Economic Affairs Division. If there was effective coordination, the things could have improved. There could be positive improvement if these two Ministries take positive steps to coordinate.

243. The PAC observed that explanation for such huge saving, resulting in non-implementation of the projects was not satisfactory. The Secretary Industries was asked to submit a detailed report giving the reasons for huge savings under this Grant. The causes of non-implementation of projects may also be furnished. The paragraph was deferred.

244. *Grant No. 74—Industries (Page 456-AA).*—This Grant closed with a net saving of Rs. 148,340. Audit pointed out that in view of this saving the Supplementary Grant of Rs. 945,000 proved unnecessary to the extent of saving. The saving being nominal, the Committee did not make any observation over it.

245. *Grant No. 75—Department of Investment, Promotoin and Supplies (Page 458-AA).*—The Grant closed with a net saving of Rs. 213,341 which was less than 2% of the Final Grant of Rs. 19,775,000. Audit, however, held that Supplementary Grant of Rs. 510,000 proved unnecessary up to the extent of this saving. The Committee did not make any observation because the saving was within permissible limits.

246. *Grant No. 128—Capital Outlay on Miscellaneous Stores (Page 462-AA).*—There was a saving of Rs. 609,110 which was against less than 5%. The Chairman PAC observed that although the saving was within limit, the trends of saving required to be checked. There should be a tight control as the savings of various grants, when added up, would work out to a large amount. The paragraph was dropped.

AUDIT REPORT

247. *Loss of Rs. 1,148,900 due to acceptance of excessive rates for contracts during 1980 & 1981 (Para 1, page 75-AR).*—According to Audit two contracts for supply of chemicals at the rate of Rs. 7,446 and Rs. 9,156 per Metric Ton were placed during March, 1980 and 1981 on the same Firm assuming it to be a sole agent of the manufacturer, which proved incorrect. In 1982 another firm participated in the Tender along with the previous firm. The previous firm reduced the rate to Rs. 6,900 per M/Ton, which showed that the contracts during March, 1980 and March, 1981 were given at higher rates although the firm was not a sole agent of the manufacturer. The Department, however, contested the Audit point of view. It was stated that open tenders were called for and tender enquiry were advertised in the Press to ensure maximum competition. Indenting officer, however, advised that proprietary certificate was not necessary as "Fenthion" was a common name and not a Brand name. The rates paid during 1980 and 1981 were competitive and no loss was involved. As for reduction of rate to Rs. 6,900, this was result of special efforts made by the Department and Director General Supplies. The Department in fact saved Rs. 1,492 Million by reducing the rate from Rs. 9,158 to Rs. 6,900.

248. Audit further commented that in their previous reply dated 8-3-1983, the Department stated that M/s. Chemdyes Pak. Ltd. were the sole agents of M/s. Bayer A.G. West Germany who were big International giants and control international market, which statement proved to be incorrect. Procurement of stores from one firm virtually meant purchasing on the basis of single tender. Insecticide "Fenthion" was regular requirement of the Government, involving substantial amount of expenditure and a proper system was required to be evolved to procure these stores. The Department thereupon explained that in their case concurrent Audit was being done and out of one thousand cases, only five were objected to. The loss was hypothetical and then against the Department had to deal with the International giants the procurement of such supplies.

249. The members of PAC were not fully satisfied with the explanation of the Department and directed that the Audit may check prices of the chemicals in the International Market prevailing at that time. The paragraph was deferred for audit verification.

250. *Overpayment in purchase of Diplomatic Cars Rs. 450,706 (Para 2, page 75-AR).*—Audit had pointed out that the price of Cars purchased from Diplomats under the State Trading Scheme were to be assessed on the basis of bills of entry invoice as per shipping documents. But in 25 cases from 1979-80 to 1981-82, the Department irregularly assessed the value as recorded in the "Tourist Motorist Guide Book" causing overpayment of Rs. 450,706, which was a loss to the Government.

251. While explaining the overpayment, the Department took the stand that purchase price was assessed generally on the basis of purchase invoice and in cases where such invoices were not available it was assessed on the basis of quotations of 2nd hand cars given in various Automobile Magazines published in the manufacturing countries. In this case out of the 25 Vehicles pointed out in the para, value of the 20 Vehicles was assessed on the basis of invoices in accordance with the decision of the Cabinet in its Meeting dated 10th September, 1958. This case was also referred to the Finance Division (Regulation Wing) who observed that as far as the cases of purchase of cars from Diplomats, on the basis of price quoted in "Motorist Guide Book" instead of bill of entry, was concerned, the Government did not suffer any loss, as the depreciated value paid to the owner was recovered from the Customers by adding it in the sale price. In view of the above observation of the Finance, there was no irregularity or excess payment involved.

252. Audit further commented that the Rules Governing the "Disposal Control Scheme" were issued in June, 1973 which superseded previous instructions/orders. According to these rules the price of vehicles was to be assessed on the basis of bill of entry and invoice, giving thereon allowance for depreciation. The value of 25 cars was assessed at higher rates. Thus applying the price as per "Motorist Guide Book" was incorrect/irregular. The bills of entry which were in the files, were not kept in view, in these cases, and this was done in Islamabad only. There was a major difference between the price as per bill of entry and as paid.

253. The PAC was not satisfied with the explanation of the Department and directed that the case may be referred to the F.I.A. for inquiry and the report be furnished to PAC.

254. *Loss due to Waiver of Liquidated Damages Rs. 55,723 (Para 3, page 75-AR).*—In this case a contract of supply of Rs. 339,560 was issued in 5/76 with delivery period up to 31-1-1977. Contractor supplied stores valuing Rs. 36,930 only up to 31-1-1977, balance quantity were supplied by June, 1978. Liquidated damages to the extent of Rs. 55,723 were due under the terms of the contract, which were not recovered but waived. The Department explained that contractor was allowed extension and it was legal decision. There was no loss to Government as such the liquidated damages were not due. The Secretary Industries observed that discretion for allowing extension should be subject to certain guide lines. It was explained by the Departmental representative that proper investigation was carried out and inquiry report will be supplied to Audit.

The PAC directed that the inquiry report should be supplied to Audit. The paragraph was dropped, subject to verification by Audit.

255. *Non-recovery of Risk Purchase Rs. 27,052 (Para 4, page 76-AR).*—According to Audit a Contract was cancelled at risk and cost of the Firm, but the risk and cost charges were not recovered. The Department in their reply explained that in spite of best efforts the firm could not be traced. It was decided to Black List the Firm and confiscate the security deposit. The PAC accepted the explanation and paragraph was dropped.

256. *Irregular use of Air Conditioners (Para 5, page 76-AR).*—Audit had pointed out that under State Trading Scheme, 22 used Air Conditioners were purchased for Rs. 15,509 in May, 1977. No record pertaining to the accountal and use of the Air Conditioners was kept. The Department explained that the 18 used Air Conditioners were transferred to the Department of Investment Promotion and Supplies with the approval of the Finance. The record was also available. The PAC after going through the explanation of the Department, dropped the paragraph.

COMMERCIAL ACCOUNTS

Ghee Corporation of Pakistan Limited

257. *Loss of Rs. 464,400 on the Purchase of Poor Quality Cotton Seed Oil (Para 17, page 27-ARCA).*—Audit pointed out that Crescent Factories, Chichawatni a project of Ghee Corporation of Pakistan Ltd. sustained a loss of Rs. 464,400 on account of purchase of 29,025 Maunds of poor quality cotton seeds oil during 1979-80. The loss occurred because the procedures prescribed by the Ghee Corporation of Pakistan were not followed and deduct on at the rate of Rs. 16 per maund for below specification cotton seed oil was not made, and also full advance payment was made to the supplier by the delivery staff instead of 95% payment required to be made under laid down procedure. The Department explained that an inquiry in this case was held and the inquiry report had been sent to the Audit. There was no loss involved in this case. Audit however, informed that the inquiry report was received on 27-4-1986 which could not be studied. The PAC directed that the Audit may examine the inquiry report submitted on 27-4-1986 by the Department. The paragraph was deferred.

258. *Transit Loss of Oil Rs. 148,477 (Para 18, page 27-ARCA).*—Audit had pointed out that against a quantity of 3790.925 M/Tons of crude oil transported, a quantity of 3758.484 M/Ton were accounted for in the books which resulted in a shortage of 32.441 M/Ton which worked out to 0.86% of the total quantity against the permissible transit loss of 0.15% which worked out to Rs. 5.686 M/Tons, thus the mills sustained a transit loss of 26.755 M/Ton over of the permissible limit, valuing Rs. 148,477. The Department in reply explained that the difference in weight was due to human element of judgement and variation in different weighing scales. The oil was transported in Railway Tanks from Karachi to Lahore and then from Railway Station to Factory in Trucks. As such the responsibility

for the shortage could not be fixed. Audit, however, asked for investigation. A Board of Inquiry was constituted ; the Board held that it was not possible to make comparison due to climatic variations. They however, worked out a variation of 9.08 M/Ton. Since the actual process loss was more than the admissible process loss, the Board of Directors was taking steps to write off this loss. The remedial measures had, however, been taken. Audit further pointed out that the Board of Inquiry in their Findings had held that this shortage occurred mainly due to *mala-fide* intention of Khyber Ghee Mill Staff and the contractor. Their Findings did not cover the entire shortage. The write off in this case was uncalled for.

259. The Department subsequently stated that the Mills had been closed down *w.e.f.* 27-1-1984 and disposal proceedings were going on. There were counter court appeals also going on. The case at the present was with Ministry of Finance for want of decision. The original take over has also been challenged as such questions of recovery from any one in this situation was not possible.

260. The PAC directed that the Mills should be disposed of as early as possible to avoid further loss, the negotiations should also be made with the original owners, if Ministry agreed. The paragraph was dropped.

261. *Loss in Packing Material and General Store worth Rs. 287,887 became unserviceable (Para 19, page 28-ARCA).*—In this case stores and packing material worth Rs. 287,887 become unserviceable due to long storage, which resulted in a loss to the Department. The Department did not accept the loss as store items costing Rs. 117,567 were hardware/spares and were not perishable. The remaining packing material consisted of rusty in plates and would also be worth Rs. 161,615. Thus there would be only a loss of Rs. 39,675 which needed no investigation. The Department however pointed out that the material could not be disposed off for want of clearance from the Excise Department. The case was referred to the Ministry of Finance in 1982-83. The PAC directed the Ministry of Industries to submit a detailed report in the case within one month indicating also the reasons for delay.

Ghee Corporation of Pakistan Limited

262. *(Para 184, page 112-ARCA).*—Audit had pointed out that Ghee Corporation of Pakistan controlled 26 subsidiaries whose accounts were published separately. The accounts of the Corporation did not shown consolidated position as a whole or group wise of its subsidiaries according to the provision of law. The Department explained that only 6 units were projects of the Corporation ; their Balance sheets were invariably consolidated in the Balance Sheet of Ghee Corporation of Pakistan. The other 7 companies could not be classed as subsidiaries, as Ghee Corporation of Pakistan did not have more than 50% interest in these.

companies. The remaining 13 were, however, independent units. Audit thereupon argued that it was a proposal which was to be looked into by the Ministry/Ghee Corporation of Pakistan. The Department promised to examine it. The paragraph was dropped.

263. (*Para 185, page 112-ARCA*).—Audit in this paragraph had compared the results of various units and pointed out that income during the year 1982-83 was in excess of expenditure to the extent of Rs. 16.651 Million as against Rs. 18.550 Million during 1981-82. The decrease in operating surplus was due to increase in operating expenses. The Corporation met this excess by recovery of Administrative Charges from these subsidiaries on the basis of their budgeted gross sales. The Corporation to obtained Rs. 7.008 million as dividend during 1982-83 as against Rs. 8.506 million during 1981-82. Had the provision of losses on investment been made in the accounts the working results would have reflected adverse position, which needed a detailed examination. The Department explained in detail the reasons for this decrease and stated that the Government had already taken remedial measures from, November, 1983 and operating performance of units had started showing good results. Resultantly all the units of G.C.P. except Chiltan had started earning profit. The stand of the Audit that working results of the Corporation would have shown adverse position was also contested by the Department. The PAC did not make any observation on this paragraph.

264. (*Para 186, page 112-ARCA*).—Audit had pointed out recoverable amount of Rs. 326,318 million from subsidiaries of the G.C.P. The Corporation, in their reply explained that the Punjab Vegetable Ghee, and General Mills and Khyber Vegetable Ghee Mills Ltd. had since been closed down. Pending final decision as to the fate of these two units, the chances of recovery or otherwise of the balance due could not be determined with any degree of certainty. The contingent liability had, however been created. Audit thereupon pointed out that since the chances of recovery were remote in the case of receivables of Rs. 31,423 Million, a provision was required to be made. The Department promised to discuss this matter with the Auditors. The PAC did not make any observation on this paragraph.

265. *Asaf Industries Limited, Shikarpur (Para 194, page 117-ARCA)*.—Audit had pointed out that balance of stores and spares increased during the year under review and suggested that increasing trend should be controlled by taking remedial measures. The Department argued that the units were situated in a small town and at a distance of 320 Miles from Karachi Market. It was, therefore, essential to keep a reasonable balance of stores, to keep the plant running smoothly, in view of frequent breakdown. There were certain very old balances of obsolete items which were in store before its takeover period. Those were

being disposed off. Audit held that the balance which was Rs. 1.444 Million on 30-6-1984 has increased to Rs. 1.671 Million on 30-6-1985. This showed a rising trend and the inventory was required to be related to consumption. The Department stated that this exercise had already taken. The paragraph was dropped.

266. *Bara Vegetable Ghee Mills-Non-recovery of claims (Para 200, page 119-ARCA).*—An amount of Rs. 91,714 was shown under receivables including Rs. 72,068 against Pakistan Railways for which claim was lodged with Pakistan Railways in December, 1982. The Department stated that claim had been rejected by the Railways and this was being taken up at higher level. The PAC dropped the paragraph subject to recovery or write off.

267. *Burma Oil Mills Limited-over draft account-(Para 210, page 121-ARCA).*—Audit had pointed out that the amount of the overdraft increased to Rs. 16.215 Million at the end of 1982-83 as against Rs. 10.236 Million at the end of 1981-82. The Department explained that the position of overdraft had improved in subsequent year. The paragraph was dropped.

268. *Chiltan Ghee Mills Ltd., Quetta (Para 211, page 123-ARCA).*—According to Audit, the Company was running in a loss and the position was deteriorating. A review of accounts for 1982-83 had shown that against a production of 9.445 M/Ton in 1981-82 there was a production of 8,701 M/Ton during 1982-83. The operating expenses on the other hand have shown an increase of Rs. 1.720 Million. These were Rs. 8.944 Million as against Rs. 7.224 Million during 1981-82. The net loss was also Rs. 9.512 Million as against Rs. 4.749 Million during 1981-82. The PAC was further informed that a proper check and control was required to be exercised over the Admn. and financial expenses. The Department stated that financial restructuring policy had been submitted to the Government and overhead charges were also being reduced. The Finance had directed to send the case to the Disinvestment Committee. The paragraph was dropped. The Committee, however, desired Audit to keep a watch on restructuring of the Mills and to submit a report.

269. *Crescent Factories Vegetables Ghee Mills (Para 217, para 126-ARCA).*—Audit had pointed out the following cases of doubtful recovery of receivables as on 30-6-1983 for which no provision was made :—

- (a) Crescent Factory Ltd., Burewala Rs. 1,164,671.
- (b) Ex-owners on Account of Letters of Credits Rs. 121,775.
- (c) Ex-Director on Account of Rent receivables Rs. 60,000.
- (d) Ex-owners other miscellaneous receivable Rs. 64,848.

270. The Department explained that an amount of 1,164,671 was loss of the first three years of operation of the factory after nationalisation and the case for write off was in process. As for recovery from *Ex-owners*, the amount would be recovered at the time of settlement of compensation. The case of Recovery from *Ex-director* was subjudice. The amount of Rs. 64,848 had been recovered in full. The Audit at this point stated that this was yet another mill, which was running in a loss, and financial and Admn. expenses required close control. On a query, the Department explained that there were more than 400 employees working in the mill. The mill was working on Furnance oil. A case of financial restructure had also been referred to disinvestment committee. Ultimately it would have to be converted into a Joint Stock Company. PAC did not make any observation.

271. (Para 218, page 126-ARCA).—In Crescent Factory 14.8 M/Ton oil was found short in transit from Karachi to Chichawatni, which was in excess of the permissible limit of 0.15%. The Department explained that they lodged the claim for shortage with Railway. The Railway did not accept the claim on the ground that seals were in-tact. The Department had, however, taken remedial measures to arrange supervision of handling in transit. The PAC dropped the paragraph.

272. *E.M. Oil and Industries Limited* (Para 226, page 128-ARCA).—Audit had pointed out in this Para that consumption of spares during 1982-83 amounted to Rs. 1,337 Million whereas closing stock of stores stood at Rs. 7.599 Million on 30th June, 1983. The Department while explaining the reasons for heavy balance pointed out that spare parts were essential requirements for the imported plant installed, as it take very long time to import spares in case of breakdown. There had been tremendous increase in the prices of stores in the last few years. A list of spare parts had however, been circulated to all Ghee Units for consumption, a screening was being carried out to dispose of the stores. The PAC directed that the unnecessary/obsolete stores may be disposed of quickly and report on the inventory management may be submitted to the PAC within one month.

273. *Ghee Corporation of Pakistan (Seed Division)* (Para 230, page 131-ARCA).—As per Audit a Pilot Project on Oilseeds was prepared by Pakistan Edible Oils Corporation, to be operated during 1977-78 and 1978-79 as approved by ECNEC. The Project was transferred to G.C.P. after March, 1979. A revised PC-I was prepared for two years plan viz. 1981-82 and 1982-83 which was further extended for another year i.e. 1983-84. The PC-I had not so far been approved by the Government. The Department explained that Pakistan Edible Oils Corporation was closed in 1979. The Import of oil remained with Trading Corporation of Pakistan up to 1983. The G.C.P. prepared a project for development of seeds. The production had developed. The Sun Flower was sown last

year in an area of 45,000 acres and this year it was estimated to be sown in 75,000 acres. On a query from the Chairman, the Department further intimated that there were 200 employees working on seed development and there was an annual expenditure of Rs. 10,300,000. It was decided by the Cabinet that the G.C.P. should only produce seed and the cultivation work would be the responsibility of the Provincial Governments. It was also proposed that a long term plan should be prepared by the Ministry of Agriculture in consultation with the Ministry of Industries, and matter was also being discussed in a meeting. The PAC dropped the paragraph.

274. (*Para 234, page 132-ARCA*).—Audit had pointed out that a shortage of stock of Rs. 757,081 was noted in Seed Division of G.C.P. The Ministry promised to hold an inquiry, but no report had so far been submitted. The Department intimated that the case was referred to the Board of Directors and was also being referred to the Ministry of Finance. The Committee directed the Ministry to supply a copy of the enquiry report to Audit. The paragraph was deferred by the PAC.

275. *Wazir Ali Industries Limited (Para 289, page 151-ARCA)*.—It was pointed out by the Audit that Electric Company of Pakistan, a subsidiary of Wazir Ali Industries Limited had exhausted all its assets due to continuous losses. Its retention any more as a subsidiary needed review and liquidation was suggested. The Board of Directors of the Company also suggested voluntary liquidation in May, 1984. The Department explained that the Company was taken over in 1973 and it was handed over to G.C.P. in 1978. The Government in 1980 decided that since it had no connection with Ghee, it should be returned to the owners.

276. The PAC, during discussions, observed that the Department was not fully prepared to explain the causes of losses etc ; and directed that the full information regarding these losses by the Electricity Company of Pakistan, may be furnished to the PAC. The paragraph was deferred.

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

278. The Committee then adjourned to meet again on Wednesday, the 30th April, 1986.

Islamabad, the 23rd November, 1986.

M. A. HAQ,
Secretary.

NATIONAL ASSEMBLY SECRETARIAT

Thursday, the 1st January, 1987

Fourth Sitting (PAC)

*173. The Public Accounts Committee assembled at 11.00 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) Rai Arif Hussain, M.N.A. | .. | .. | <i>Member.</i> |
| (3) Ch. Muhammad Sarwar Khan, M.N.A. | .. | .. | <i>Member.</i> |
| (4) Mr. Shahabuddin Shah Hussainy, M.N.A. | .. | .. | <i>Member.</i> |
| (5) Nawab Muhammad Yamin Khan, M.N.A. | .. | .. | <i>Member.</i> |
| (6) Mr. Miangul Aurangzeb, 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 Revenues.
- (5) Mr. Ahmad Nawab Qureshi, Director General, Commercial Audit.
- (6) Mr. M.S. Amjad, Director General (PEC).
- (7) Mr. A.Q. Faruqi, Director of Audit (IS&F).

Ministry of Finance :

- (1) Mr. Manzur Husain, Joint Secretary (Budget).
- (2) Syed Zaki Haider, DFA (Industries).

174. *Accounts examined.*—Accounts pertaining to the Ministry of Industries were examined by the Committee during the course of the day.

*Paragraphs upto 172 pertain to other Ministries/Divisions.

MINISTRY OF INDUSTRIES

175. The Committee took up for examination, the Appropriation Accounts etc. pertaining to the Ministry of Industries. The following departmental representatives were present :—

- (1) Mr. M.A. Kazmi, Secretary.
- (2) Mr. T.Z. Farooqi, Additional Secretary.
- (3) Mr. Javed Masud, Joint Secretary.
- (4) Mr. M. Aslam, Joint Secretary.
- (5) Mr. Najmul Qayyum, Deputy Secretary.
- (6) Mr. Muhammad Azam Chaudhry, AO (F&A).
- (7) Mr. Ghulam Asghar Malik, Section Officer.
- (8) Dr. Akhtar Hasan Khan, Chairman (GCP).
- (9) Syed Muzaffar Ali Shah, DG (Supplies).
- (10) Mr. M. Abdullah Yusuf, MD (USC).
- (11) Mr. Raza H. Syed, MD (IACP).

176. This Ministry controlled the following grants :—

S. No.	Name of Grant	Grant No.
1983-84		
1.	Ministry of Industries	73
2.	Industries	74
3.	Department of Investment Promotion and Supplies	75
4.	Other Expenditure of Ministry of Industries	76
5.	Capital Outlay on Miscellaneous Stores	129
6.	Development Expenditure of Ministry of Industries	151
1984-85		
1.	Ministry of Industries	76
2.	Industries	77
3.	Department of Investment Promotion and Supplies	78
4.	Other Expenditure of Ministry of Industries	79
5.	Capital Outlay on Miscellaneous Stores	131
6.	Development Expenditure of Ministry of Industries	157

177. *Reconciliation of Accounts with Audit.*—Audit pointed out that reconciliation of figures of expenditure with Audit for the year 1986-87 had not been carried out, in respect of Demand No. 80, 81, 82 & 161 although six month period had elapsed. This work was also outstanding in respect of Code No. 572, 579 for Demand No. 151 for the year 1983-84 and under certain codes of Demand No. 76, 79 and 156 for the year 1985-86. The Committee took a serious view of the situation and directed that outstanding work of reconciliation should be cleared at an early date.

APPROPRIATION ACCOUNTS (1983-84)

178. *Grant No. 73—Ministry of Industries (Page 558-AA).*—As per Appropriation Accounts, this grant closed with an Excess of Rs. 365,958. The Department explained that excess was mainly due to payment of advance pay on Eid, and due to revision of pay scales. The Committee accepted the explanation and recommended the excess for inclusion in the Excess Budget Statement.

179. *Grant No. 74—Industries (Page 562-AA).*—The grant closed with an excess of Rs. 37,800, which was due to delayed booking of transactions of previous year. The Committee recommended nominal excess of 0.18% over the final grant for regularisation.

180. *Grant No. 75—Department of Investment promotion and Supplies (Page 570-AA).*—There was an excess of Rs. 560,247 under this grant, which was attributed by the Department towards advance payment of Salary on Eid, and revision of Pay Scales. The Committee accepted the explanation and recommended the excess for regularisation.

181. *Grant No. 76—Other Expenditure of Ministry of Industries (Page 578-AA).*—This grant closed with a saving of Rs. 1,228, which was nominal. The Committee did not make any observation.

182. *Grant No. 129—Capital Outlay on Miscellaneous Stores (Page 584-AA).*—There was a saving of Rs. 320,670, which worked out to 20% of the Final Grant. The Department reported that saving was due to the fact that re-appropriation orders were not accounted for while preparing Appropriation Accounts, and also due to less purchase of Cars as anticipated. No remarks were made by the Committee.

183. *Grant No. 151—Development Expenditure of Ministry of Industries (Page 588-AA).*—There was a saving of Rs. 19,952,000 under this grant. The Department explained that the saving was due to the reasons that—(i) Economic Affairs Division could not Sponsor the Projects to UNDP, (ii) The expenditure could not be adjusted as expenditure statements were not received from UNDP during 1983-84 and (iii) local currency releases were not released by AGPR for technical reasons.

184. The Committee after going through the explanation for accounting of money received through Aid giving Agencies, directed that budgetary controls should be tightened and attempts should be made to get the accounts in time. Ministry of Finance should also help the Department in removing bottlenecks.

COMMERCIAL AUDIT REPORT (1983-84)

Chiltan Ghee Mills, Quetta

185. *Working Results (Para 148, page 123-ARCA)*. While commenting on the working results in the Audit Report, Audit observed that in 1983-84, the Mills incurred a loss of Rs. 7.11 Million which was mainly due to disproportionate increase in operating expenses. Financial expenses which were Rs. 5.953 Million in 1982-83 increased to Rs. 7.512 Million in during the year under review. The Mills had no capital of its own and was running on borrowed funds. Current liabilities have also exceeded current assets by Rs. 38.610 Million which reflected a very poor liquidity position of the Mills. Audit informed the Committee that the losses were reduced to Rs. 6.37 Million during 1984-85 and suggested that need for providing equity to the Mills and control over administrative and financial expenses was required to be tightened up.

186. The Department reported to the Committee that Mills were put into operation on 1st January, 1976 and the industry was installed by Government of Baluchistan. Its primary aim was to industrialize province of Baluchistan, to provide employment to the people of Baluchistan and profit earning was not an object of Government. The reasons for increase in operating expenses was due to increases in the rate of Edible Oil and Sui Gas. The Committee was also informed that a paper was being submitted to the Government to improve the working condition of the Mills. Since there was no equity, the Mills were being run on borrowed funds which resulted in heavy financial expenses. The Department proposed that restructuring was required. The Government should subsidise the Mills. Excise Duty relief had now been allowed by the Government. A Member at this point observed that in his opinion the reasons of loss were that the machinery was not up to the mark, lack of supply of raw material and the management was not working efficiently.

187. The Chairman PAC observed that he agreed that priorities were to be given to the under developed areas but he did not see any reason to waste public money when a unit was running in a loss. Some body must be accountable for these losses. The Committee directed that a paper showing the detailed position specially as to how the Mills could be run profitably, should be submitted to the PAC by next meeting to recommend remedial measures. Meanwhile Ministry of Finance should clear up the papers regarding relief case and report to the P.A.C.

188. *Increase in Stores items (Para 151, page 124-ARCA).*—Audit reported that the balance of stores, spares and tools increased from Rs. 5.720 Million to Rs. 6.751 Million on 30-6-1984. This showed that borrowed funds had been utilized towards increasing the inventory. Since the Mills were being financed entirely from borrowed funds, the need for keeping minimum balance of inventory was emphasized. The Department replied that they were trying to dispose of the excess stores. The Tenders for disposal had since been advertised. The lists were circulated to other formations but no one came to purchase these.

189. The Committee was not satisfied with explanation and directed that the responsibility for obtaining and keeping excess stores may be fixed and report should be submitted to the PAC. The paragraph was deferred.

Crescent Factories (Vegetable Ghee Mills), Chichawatni

190. *Operating Results (Para 152, page 125-ARCA).*—Audit pointed out that operating loss which was 14.881 Million during 1982-83 was reduced to Rs. 5.463 Million during 1983-84. During the year under review gross profit of Rs. 10.41 Million was converted into a net loss of Rs. 5.869 Million which was mainly due to increase in operating expenses.

191. The Department explained that increase in cost was due to increase in production level. The financial losses had also gone up by 40.5 per cent. Restructuring was under way. Financial package proposals were being submitted to the Board of Directors to overcome financial difficulties. The Committee after listening to the Department directed that the detailed report in the matter should be submitted to the P.A.C.

Haripur Vegetable Oil Processing Industries

192. *Operating Results (Para 159, page 128-ARCA).*—Audit pointed out that the Mills had increased production as compared to the previous year. The gross profit had also increased from 0.311 Million in 1982-83 to 14.550 Million in 1983-84. Despite improvement in production the unit sustained operating loss of Rs. 0.379 Million. Annual recurring losses had accumulated to Rs. 24.884 Million. The Committee was, however, informed that the Mills earned an operating profit of Rs. 0.711 Million during 1984-85.

193. The Department intimated that operating expenses increased in 1983-84 in spite of increased production due to increase in Salaries Wages, increase in G.C.P. management charges, increase in Filling and Loading charges and increase in freight, octroi and Export Tax. The Mills had no equity. The matter had already been taken up with the Ministry of Finance as the Mills was running on Loans. The Committee directed that Ministry of Finance may expedite action on priority basis, to be case of equity restructure and final position may be reported to the PAC. The paragraph was dropped.

Kohinoor Oil Mills Limited

194. *Loss of disposal of Packing Material Rs. 1.178 Million (Para 166, page 130-ARCA).*—Audit reported that the Company sustained a loss of Rs. 1.178 Million on the sale of Packing material (rusty tin plates) which had been charged to packing material consumption account during the year under review. Book value of rusty tin plates, sale proceeds and loss so sustained on its disposal, could not be verified by Audit as the relevant documents were not supplied on demand. The loss needed justification. The Department reported to the Committee that inquiry was being conducted in this case. Inquiry Officer had been asked to expedite the report ; the delay in taking action was regretted. The Chairman PAC observed that responsibility for delaying the inquiry was also required to be fixed. The Committee directed that the responsibility for delay of three years may be fixed and Committee informed within one month.

Suraj Ghee Industries Limited, Sheikhpura

195. *Stock in trade (Para 173, page 134-ARCA).*—According to Audit Report stock in trade during the year 1983-84 increased from Rs. 20.256 Million to Rs. 33.226 million including packing material which registered an increase of 143.51% of the previous year stock (increased from Rs. 6.915 million to Rs. 16.839 million). The stock of packing material was on the high side as compared to increase in production i.e. 9% increase over the previous years production. In view of the high rate of financial charges plus storage charges etc. the need for restricting the stock level to minimum was stressed. The Department reported that this was mainly due to reflecting the regularity duty in stock in trade and also due to decrease in value of money. The Committee was informed that the Mills were running in profit. The Committee directed that increase in stock should be guarded against in future and settled the paragraph.

Rice Milling Corporation of Pakistan

196. *Accumulated Losses (Para 181, pages 138-139-ARCA).*—As per Audit Report there was an accumulated loss of Rs. 169.412 Million which included an amount of Rs. 1.746 Million on account of un-recoverable amount. Audit further reported to the Committee that Rice Milling Corporation came into existence in 1976 and closed its operations in 1977. The Corporation incurred an accumulated loss of Rs. 220 Million up to 1985. It took 8 years to wind up the Corporation after operation of one year only. The loss that had been sustained by the Government on maintenance of skeleton staff over 8 years was completely un-justified. The Department reported to the Committee that it was a great venture. The Corporation had no capability of running it successfully. These were nationalised huskers which had been closed. The winding up of this great venture took some time. The Chairman PAC observed that it should not have taken 8 years to wind it up. The Department explained in detail, the reasons for delay and also stated

that there was claims and litigation. The Courts took their own time. The Committee directed that since the Corporation was closed in 1977 and took 8 years to wind it up besides an accumulated loss of Rs. 22 million, a detailed report may be submitted to the P.A.C. within one month.

APPROPRIATION ACCOUNTS (1984-85)

197. *Grant No. 76—Ministry of Industries (Page 572-AA).*—This grant closed with a saving of Rs. 565,870 which was considered as nominal by the Committee.

198. *Grant No. 77—Industries (Page 574-AA).*—There was a saving of Rs. 595,831 under this grant, which was within permissible limits.

199. *Grant No. 78—Department of Investment, Promotion and Supplies (Page 584-AA).*—As per Appropriation Accounts, this grant closed with a saving of Rs. 1,322,597, which was 6% of total allocation. This saving including an amount of Rs. 1,636,407 surrendered by the Department. The Committee accepted the explanation of the Department.

200. *Grant No. 79—Other Expenditure of Ministry of Industries (Page 590-AA).*—This grant showed a saving of Rs. 650,653 which was 11% of the final allocation. The Department reported that an amount of Rs. 609,151 was surrendered within time and was accepted by Finance. The Committee accepted the explanation.

201. *Grant No. 131—Capital Outlay on Miscellaneous Stores (Page 596-AA).*—The grant closed with an excess of Rs. 211,224. The Department explained that an expenditure of Rs. 209,068, pertained to the previous years and was debited to the accounts of the Department through adjustment, hence the excess was beyond the control of the Department. The Committee accepted the explanation as satisfactory and recommended the excess for regularisation.

202. *Grant No. 157—Development expenditure of Ministry of Industries (Page 600-AA).*—As per Appropriation Accounts, there was a saving of Rs. 29,438,324 under this grant which was about 50% of the final grant. The Chairman PAC wanted a plausible explanation for such huge saving. The Department submitted that Rs. 18.76 million was surrendered in time and accepted. Thus there was only a saving of Rs. 10 million which was due to the fact that the case of procurement of equipment for National College of Textile, Faisalabad, did not mature within the financial year. Then again statements of expenditure of Foreign Aid were not received from UNDP/UNIDO upto the last day of financial year for Assistance of production of quality and special Steel Lahore. Thus the

expenditure could not be booked. Audit at this point observed, that the surrender of Rs. 18.76 Million although made well in time was also required to be explained by the Department. The Committee directed that the Department should be careful in making Budgetary Demands.

AUDIT REPORT (1984-85)

203. *Non-recovery of risk purchase of Rs. 5.7 Million (Para 1, page 102-AR).*—As per Audit Report a contract was placed on a firm for gunny bags for Rs. 17.475 Million by March, 1982. The contract was extended up to June, 1982 and was ultimately cancelled in November, 1985 at risk and cost of defaulting firm. The amount involved was Rs. 5.7 million. The Bank guarantee of Rs. 87,375, was also allowed to lapse. In their written reply the Department admitted that the Bank Guarantee lapsed due to oversight. The firm had, however, been black listed under intimation to all concerned. Recovery letter had also been issued from the dues of the firm if any with any Authority. Justice Division had also been approached to file a case for recovery. On a query from Chairman, it was informed by the Department that extension was allowed because a licence to be allowed, in accordance with the conditions of the contract could not be issued to him. Audit observed that Department had no right to allow the Bank Guarantee to lapse.

204. The Committee was not satisfied with the explanation of the Department, and directed that responsibility for not encashing the Bank Guarantee may be fixed and detailed report submitted to P.A.C.

205. *Non-recovery of the amount of risk purchase cost Rs. 3.8 Million (Para 3, page 102-AR).*—Audit pointed out that a contract was placed on a firm for supply of gunny bags for Rs. 17.47 million by the end of February, 1982. The firm supplied partial consignment and contract was cancelled at risk and cost in May, 1984. Rs. 3.8 million on this account remained unrecovered. The Department explained in reply that attempts were made to make recovery, which failed. A suit for recovery had been filed in the court of law. As for fixing responsibility, the matter was under investigation. Audit at this pointed out that there was no provision in the contract for providing licence. Thus allowing extension on the ground of non supply of licence was not regular. The Department informed the Committee that the got licence from C.C.I. direct. Audit held that inquiry to be held should also look into it. A firm could get the licence and sell it in the open market. This aspect might be looked into for future guidance while investigating the matter. The Committee directed that an inquiry should be held to fix responsibility on the person due to whose negligence the loss occurred and result reported to it.

206. *Loss of Rs. 117,810 due to delayed procurement of Stores ignoring the lowest offer (Para 10, page 105-AR).*—According to Audit Report against an indent for supply of Straw Board, a tender inquiry was floated in 1981 and again in February, 1982 which were scrapped for unspecified reasons. The tenders were reinvited and a contract was awarded in August, 1983 to fourth lowest tenderer without specifying the reasons resulting in a loss of Rs. 117,810. The Department in reply read out the report of the Technical Committee on the subject and reported that tenders called in 1981 and then again in 1982 were scrapped not being according to specification. As far as tenders called in August, 1983, the first lowest was short of specification, the second & third lowest were also not according to specification. The fourth lowest was quite according to specification. Thus this was the first lowest technically acceptable offer, which was accepted. Audit observed that the records of tenders called in 1981 and also then again called in 1982 were not made available to Audit for scrutiny. As for tenders called in 1983, scrutiny of samples was made by visual examination, technical comments were not obtained. The Department promised to look into this aspect of the case. The Committee deferred consideration of the Para and directed that Department should submit full justification in respect of 1st, 2nd and 3rd tendering and accepting 4th lowest tender without specifying the reasons.

207. *Loss due to non-recovery of risk purchase costs of Rs. 33,420 [Para 11 (i), page 106-AR].*—Audit pointed out that a contract for supply of paper was awarded to a firm in June, 1981 which was terminated at their risk & cost in January 1982. The material was purchased at an extra cost of Rs. 33,420. The amount could not be recovered as the party proved fake. The Department admitted that necessary measures were not taken to ensure the genuineness of the firm. Advance A.T. was placed. When the Department asked for security deposit, the firm did not deposit. Generally due care was taken in respect of unregistered firm. Audit pointed out that as per rules, proper security was to be taken. The Department intimated that Director General, was satisfied with *bona fide* and financial soundness of the firm. Audit observed that the Department should accept that there was lapse. They must get Security Deposit while awarding a contract. The Committee directed that Department should be careful in future. The paragraph was settled.

208. *Loss due to non-recovery of risk & cost amounting to Rs. 81,506 [Para 11 (ii), page 106-AR].*—As per Audit Report a contract for supply of ceiling fans and regulators was placed on a firm in October, 1979 which was cancelled at firm's risk and cost in May, 1982. The extra amount spent *i.e.* Rs. 81,506 remained unrecovered. The Department explained that the manufacturing concern of the brand of fans specified in the contract had already been closed and fans were not available in the country according to the desired specification of Pak. P.W.D ; as such tenders were cancelled. The Department had been looking for competitive market prices subsequently, thus it was delayed. Audit at this point

observed that Pak. P.W.D. should be asked to report as to why they were after a particular brand. The Department promised to contact Pak. P.W.D. at higher level. The Chairman PAC directed that Department should be more careful in future.

209. *Losses due to acceptance of deficient stores and non-imposition of liquidated damages Rs. 104,771 (Para 12, page 106-AR).*—Audit Report pointed out that a contract for supply of printing paper was placed on a firm in September, 1981. The stores were rendered for inspection at consignees' premises, on 25-2-1982, and were not found to be of the required specifications. The paper was accepted ultimately after 17 months applying reduction of 10% only and without imposing any liquidated damages. The Department intimated in reply that the tenderer in this case supplied the material for inspection at consignee's premises but these were inspected with a delay of 18 months. The Chairman PAC observed that an inquiry should be made from the indenting Department, (Cabinet Division) as to why it was delayed. The Department promised to supply the reasons for delay after getting the information from Cabinet Division.

210. The Committee directed that Controller of Printing and Stationery Department should be asked to clarify the position as to why delay of 18 months occurred, when they would appear before the PAC on 6-1-1987. Representative of Industries Department should also be present on that occasion.

211. *Loss of Rs. 102,700 due to award of contract on higher rates (Para 13, page 107-AR).*—Audit pointed out that against an urgent demand of paper, the first lowest offer with delivery period upto May, 1981 was ignored and contract was awarded to another supplier with a delivery date of 30-4-1981. This material was actually supplied by 30-6-1981. No liquidated damages were imposed although lowest offer had only been rejected on the basis of longer delivery date. The Department reported that three items were supplied within time limit, only two could not be supplied by the firm. While accepting offers Department asked the first lowest to reduce the delivery period, which he did not. Audit representative pointed out that first offer was not accepted because delivery period was longer. The firm to whom tender was allowed also could not supply within delivery period and liquidated damages were not recovered. The Committee observed that there should be no extension in period, where higher rates were accepted due to shorter delivery period. The Department should be more careful. The paragraph was settled.

212. *Non-recovery of risk purchase amounting Rs. 57,040 (Para 15, page 108-AR).*—It was pointed out by Audit that a contract for supply of chemicals placed in June, 1980 was cancelled at the risk and cost of supplier. Risk & cost amount of Rs. 57,040, could not be recovered from the firm as the advance copy of the contract was despatched to firm after expiry of the validity period of the tender. The Department explained that first acceptable offer could not be avoided as

acceptance was issued late by a day latter than the last date of the delivery date offered. The firm was not prepared to extend the delivery period. Audit wanted to know, if disciplinary action was taken against the official who delayed it. The Department informed that delay of one day was not deliberat as such no. action was taken. The Committee settled the paragraph.

COMMERCIAL AUDIT REPORT (1984-85)

213. *Loss of Rs. 40,659 on account of overpayment to re-employed pensioners (Para 15, page 33-ARCA).*—According to Audit Report, officers were re-employed after retirement from Government Service but they were allowed excess pay in contravention of Government Orders, which resulted in over payment of Rs. 40,659. The Department stated in reply that the amount excess paid was recovered but one of the employees went to the court of law and the amount recovered was refunded to him. The second employee also applied for refund to the Management who was of the opinion that amount may be refunded to avoid litigation. As for responsibility for issuing letters of appointment without keeping in view the Government Instructions on the subject, it was intimated that Secretary G.C.P. who was responsible had since left the service, as such no action was possible. The Committee directed that Department should be careful in future. The paragraph was dropped.

214. *Irregular and Unjustified purchase of vehicles involving Rs. 293,500 (Para 17, page 35-ARCA).*—Audit pointed out that in Punjab Vegetable & Ghee Mills Ltd., a 1300cc Air-Conditioned Car and a Pick Up were purchased from a private person in the market without getting quotations from open market, when a decision to close down the mills had already been taken. In their written reply the Department reported that the vehicles were purchased from open market as import of cars was banned by Government. As for purchase after closing of mills, it was reported that cars were purchased in December, 1983 whereas closing of mills was decided in January, 1984. The Committee was not satisfied with the explanation. The Department reported that an inquiry had already been ordered on the points raised by Audit. The PAC directed that results of inquiry being held should be submitted to PAC. The paragraph was deferred.

215. *Internal Audit System of Corporations (Para 72, page 79-ARCA).*—Audit pointed out that a review of the internal audit system in Ghee Corporation of Pakistan indicated following weaknesses :—

(a) Audit was not being conducted on regular basis and was in areas in certain cases.

(b) The internal audit has not been placed under Chief Executive.

The Department reported to the Committee that recommendations of Audit had been accepted and implemented now. The Committee directed that Audit should verify the position and the paragraph was dropped subject to Audit verification.

216. *Khyber Vegetable Ghee Mills (Private) Limited, Lahore (Para 262, page 174-ARCA).*—Audit pointed out that the Khyber Vegetable Ghee Mill was closed during the year 1983-84 i.e. on 27-1-1985. Thus there were no activities of production and Sales of Ghee during the year 1984-85, in spite of the closure of the Mill on 27-1-1984, the following administrative expenses were incurred under various heads of accounts during the year 1984-85 :—

						Rs.
Salaries and Wages	..	..	..	...	..	426,740
Gratuity	..	..	..	—	—	12,712
Travelling Expenses	—	..	—	—	..	841
Entertainment	..	..	..	—	..	4,054
Postage, Telephone and Telegrams			—	—	—	17,096
Printing and Stationery	..	..	—	—	—	8,016
Vehicle running expenses	..	..	—	—	—	10,927
Legal and professional charges	—	—	—	—	—	41,567
Misc. expenses	..	..	—	—	—	5,405

There expenses were not wholly justified

217. The Department stated in reply that only the operation of the Company had been closed, but the Company had not yet been wound up. The action of the winding up of the Company was held up due to stay order issued by the Lahore High Court. The depreciation was rightly charged as the usual wear and tear of the machinery building was a natural process irrespective of actual under operation or not. Until the Company was wound up and assets disposed of, the company shall have to bear necessary expenses of the salary and wages of essential staff. The post of Managing Director and that Chief Accountant/Company Secretary was required under the law. As the premises were still with the Company, the expenses on electricity, gas etc., had also to be borne. Disconnection of Gas and Electricity connections were not in the interest of the Company in view of the disposal of the Mills. Audit observed that financial charges were being incurred at very high rate of interest. The Department reported that ex-owners had gone to the court. Attempts were being made to sell the industry. The Chairman PAC desired to know, if ex-owner could be satisfied. The Committee directed that the matter should be taken care of properly and full report submitted to it.

218. *Punjab Vegetable Ghee and General Mills Limited (Para 272, page 178-ARCA).*—Audit pointed out that the Mill was closed *w.e.f.* 26-1-1984. Thus there was no production activities during the year 1984-85 except the processing of previous stock of soapry. In spite of above, Rs. 751,017 were incurred under various Heads of Administrative expenses. The expenditure especially on the following Heads need to be justified, when there were no operational activities of the Mills :—

	Rs.
(1) Salaries and Wages	537,058
(2) Entertainment	1,707
(3) Postage & Telegrams -- -- --	17,073
(4) Printing and Stationery -- -- --	10,114
(5) Legal and professional	41,183
(6) Misc. expenses -- -- --	37,097
(7) Depreciation	36,686

The Department explained that the expenditure was being incurred on Watch & Wards etc. The representative of Finance observed that these charges were being accumulated, when the Mills had been closed. This should be taken notice of. The Committee directed that immediate corrective action should be taken by the Principal Accounting Officer and full report should be submitted to it.

PERFORMANCE EVALUATION OF PUBLIC ENTERPRISES (1986)

219. *Universal Oil and Vegetable Ghee Mills Limited, Sheikhpura (Pages 46-103/Perf. Eval. Report. Vol.-III).*—Audit briefed the Committee as follows. The Company set up in private sector and engaged in Ghee manufacture which was nationalised during 1973. The performance of the company was evaluated first time in 1979 and found poor. Persistent losses were attributed to :—

- (a) Higher financial charges amounting to Rs. 7.00 million per annum mainly on loan inherited from the pre-take over management ;
- (b) Under-utilisation of production facilities.

220. The major recommendations to overcome the above short comings were :—

- (i) arrangement of long-term debt on lower interest rate or conversion of debt into equity through financial restructuring to avoid heavy liability of financial charges may be made ;
- (ii) better utilisation of production facilities including those of by-products through managerial control to be made.

Conversion of loan into equity could not be arranged. Shares worth Rs. 4.00 million were, however, issued and subscribed during 1984-85. The delayed and inadequate action could not decrease the liability of the financial charges which amounted to Rs. 13.22 million for 1985-86. Efforts to clear the inherited loan of Rs. 10.938 million still continued. Meanwhile the interest of Rs. 45.996 million had accumulated upto June 30, 1986 out of which Rs. 7.087 million only were paid. Production facilities were better utilised during 1980-85 i.e. period under present evaluation by using RBD (refined, bleached and de-odorised) palm oil instead of the crude palm oil thus reducing the processing time. The company was able to earn nominal profits of Rs. 2.10 million and 0.59 million during 1983-84 and 1984-85 respectively due to a favourable revision of edible oil and ghee rates in November, 1983. It again incurred a loss of Rs. 11.12 million in 1985-86, as it had to restrict its production to 20,637 tons against a target of 24,850 tons, partly due to electrical loadshedding and partly due to lower market demand against hard competition from the private sector. The Company's management has by and large controlled the following factors :—

The obstacle of load-shedding removed by installation of electricity generator in March, 1986.

The production losses of edible oil, usage of chemicals and administrative expenses.

However, further subsidies and benefits obtained by the labour through collective bargaining needed control. The management failed to control the excessive transit losses on edible oils transported through Tanker Vans. The management has also failed to create an adequate and regular channel for sale of soap. Soap worth over Rs. 1 million was drying in stock as on June 30, 1986. The following factors were out of the Company's control and needed GCP's attention : —

- (a) Competition from private sector. While tighter control over various expenses mentioned above had improved the Company's position, an adjustment in the area of operation which were within the purview of the GCP, could further produce better results.
- (b) Usage of expensive soyabean oil allocated to the company in higher proportion contrary to the practice in previous years as compared to the private sector using cotton seed oil which was 33% cheaper than soyabean oil.
- (c) The GCP may consider giving special treatment to this company on basis indicated above for at least as long as the issue on inherited loan was resolved.

(d) Revision of standard scale of electricity for production of one ton of Ghee.

(e) Revision of standard transit loss on soyabean oil.

The Government/GCP may also review the policy of granting incentive bonus to the company's labour without achieving the production target. The Department generally agreed with the recommendation of the Report and intimated that they were taking measure for corrective action where possible. Supply of soap to the labour and Electricity at reduced rate was in accordance with the agreement with Labour Union, although providing 40 Kilogram of soap per head was a very large quantity. This may be looked after in the next contract with labour. The Management admitted that this affects the marketing positions of soap in local market. As for transit loss, these were also being looked after.

221. The chairman PAC asked the Department to explain as to why cotton seed could not be used instead of Soyabean Oil. It was reported that Cotton Seed was selling at Rs. 8000 per Ton whereas Soyabean Oil was selling at the rate of Rs. 12000 per Ton. Thus it had a difference of Rs. 4000 per Ton. The representative of the Department explained that G.C.P. was compelled by the Government to buy Soyabean Oil from America. The G.C.P. was paying Rs. 1300 per ton over and above the market rate of cotton seed in private sector. Government did promise to pay the difference on international price, but not on market price of Cotton Seed.

222. The Chairman P.A.C. desired that Ministry of Finance may help the Ghee Industry. G.C.P. may prepare a report indicating their total demand and position of Cotton Seed, in the Country. A study was required to be carried out.

223. *Kakakhel Industries Limited, Faisalabad (Pages 107—145/Perf. Eval. Report-Vol-III)*.—Audit summarised their observations as under. Kakakhel Industries Ltd., a public limited company, established in private sector in 1968, was nationalised in 1973. The company produces ghee and laundry soap as a by-product. It is a profitable concern. The company had paid rich dividends to its shareholders ranging from 40% to 62.57% during 1982—86. It received award of "25 Top Companies" announced by the Karachi Stock Exchange during the last seven consecutive years. Company's share capital has increased from Rs. 3 million in 1979 to Rs. 12.5 million in 1986. Reserves and surplus amounted to Rs. 45.37 million as on June 30, 1986.

224. The company produced ghee at a capacity ranging from 81% to 99% during 1982—85. Capacity utilization during 1985-86 was slightly over 100%. However, the quality of the product was, in some cases, not up to the mark as melting point of ghee (420C), nickel and free fatty acids contents were higher than

the standards laid-down by G.C.P. Quality of the soap a was also not as good as the of Laundry soap sold by private manufacturers. This was also partly due to lack of managerial supervision.

225. The technical staff of the company was inadequately qualified and appeared to be incompetent to ensure the quality of the products. This factor *inter alia* resulted in heavy damages to the company's oil refinery by its maintenance staff. Spares worth Rs. 1,437 million imported for repair of the refinery were also rendered useless in view of subsequent decision of the Management to abandon the damaged refinery. The expenditure on these spares thus went waste. Now the company has stated that they have appointed a qualified Mechanical Engineer to look after the overall maintenance and up-keep of the plant and efforts were being made to dispose of abandoned refinery and obsolete spares. Audit further observed that Kakakhel Industries was considered to be a good enterprise as far as profitability was concerned. Performance Evaluation was a complicated work. Public Enterprises were not to be judged on profitability only. Short term decisions were some time required for switching over from loans to Equity. However financial charges could be viewed as applicable both on loans and capital, this aspect will have to be properly assessed in case of Universal Oil and Vegetable Ghee Mills. Internal Management including productivity was required to be improved. Policies governing Public Sector Industries were generally required to be considered at higher level.

226. The Committee directed that a study should be carried out and its report submitted to P.A.C. regarding Public Sector Ghee Industry.

227. *Points not discussed to be treated as settled.*—The Committee did not make any observation on the other points/paras in the Appropriation Accounts, Commercial Accounts and Audit Reports thereon. These would be deemed as settled, subject to such regularisation action and verification by Audit as may be necessary under the rules.

228. The Committee then adjourned to meet again at 9.00 a.m. on Sunday 4th January, 1987.

M.A HAQ,
Secretary

Islamabad, the 11th June, 1987.

FEDERAL COUNCIL SECRETARIAT*Monday, the 29th October, 1984***Seventh Sitting (PAC)**

*976. The Public Accounts Committee assembled at 09.00 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 :

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|--|-----------------------|
| (1) Mr. A.G.N. Kazi, Governor, State Bank of Pakistan .. | <i>Vice-Chairman.</i> |
| (2) Syed Saieed Hasan, Member, Federal Council .. | <i>Member.</i> |
| (3) Akhunzada Bahrawar Saeed, Member, Federal Council .. | <i>Member.</i> |
| (4) Mr. Yusuf Bhai Mian Chartered Accountant .. | <i>Member.</i> |

Federal Council Secretariat :

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

Audit :

- (1) Mr. Abdur Raouf, Auditor-General of Pakistan.
- (2) Mrs. Suraiya Hafeez, Deputy Auditor-General (CA).
- (3) Syed Iftikhar Shabbir, Deputy Auditor-General (Co-ord).
- (4) Mr. Khalid Rafique, Deputy Auditor-General (A&R).
- (5) Mr. M.A. Lodhi, Accountant General, Pakistan Revenues.
- (6) Mrs. S.N. Sheikh, Director General, Commercial Audit.
- (7) Mr. S. Jamil-ur-Rahman, Audit Officer, Industries Supply & Food.

Ministry of Finance :

- (1) Mr. Manzur Hussain, Joint Secretary (Budget).
- (2) Mr. Zafar Mian, F.A. (Foreign Affairs).
- (3) Mr. Sameemul Haq, DFA (Foreign Affairs).

*Paragraphs upto 975 pertain to other Ministries/Divisions.

MINISTRY OF FOREIGN AFFAIRS

*1030. The Committee took up for examination, the Appropriation Accounts etc., pertaining to the Ministry of Foreign Affairs. The following departmental representatives were present :—

- (1) Mr. K.A. Aziz Khan, Additional Secretary.
- (2) Mr. M. Zia-ul-Haq, Director General, (S&F).
- (3) Mr. M. Shoaib Ansari, Chief Accounts Officer.
- (4) Mr. M.T.H. Haqqi, Director, (B&C).
- (5) Mr. Mazhar Ali Khan, Section Officer, F&A.
- (6) Mr. J.R. Qureshi, Section Officer, (Audit).
- (7) Mr. S.M. Farhat Ali, Section Officer, (Cash).
- (8) Mr. M.A. Tariq, AAO (F&A).
- (9) Mr. S. K. Awan, AAO.

1031. This Ministry controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Ministry of Foreign Affairs	62
2.	Foreign Affairs	63
3.	Other Expenditure of Ministry of Foreign Affairs	64
4.	Capital Outlay on works of Ministry of Foreign Affairs	136

1032. *Reconciliation of Accounts with Audit.*—The Committee noted that reconciliation of accounts for 1983-84 had been completed. As for the year 1984-85 progress was satisfactory.

APPROPRIATION ACCOUNTS

1033. *Grant No. 62—Ministry of Foreign Affairs (Pages 586—588-AA).*—Audit had shown a net saving of Rs. 506,096 under this grant. It was explained by the Ministry that the saving attributable to vacancy in a number of posts at headquarters during the financial year.

1034. The Ministry further stated that there was to less expenditure on purchase of Durable Goods and Commodities and Services as a result of a ban on purchase during May and June, 1982 imposed by the Finance Division.

*Paragraphs upto 1029 pertain to other Ministries/Divisions.

1035. The Vice-Chairman pointed out that under object "030-Other Allowances" an excess of Rs. 51,092 had been shown in the Appropriation Accounts. The Ministry explained that the excess was based on actuals and it was accounted for in the final regularisation order. While Audit maintained that there was no such regularisation order and in view of the excess, there was no justification for the re-appropriation of Rs. 3,900. The Vice-Chairman further took a serious view of the mis-statement was made by the Ministry. Somebody must take the responsibility for these documents which were prepared by the Ministry of Foreign Affairs. A member of the Committee also remarked that excess even of one rupee had to be explained by the Ministry. Audit had also exhibited a saving of Rs. 1,183,498 under object "500-Commodities and Services". It was explained by the Ministry that the saving was mainly due to economy measures adopted in expenditure, though no overall saving emerged at the close of the financial year. This explanation was also considered by the Committee as a mis-statement and a reflection of the fact that accounts were not properly maintained.

1036. After a detailed discussion the Committee took for following decisions :—

- (i) Ministries/Divisions/Departments should be again informed that they have to furnish due explanation for any excess expenditure, irrespective of the amount involved therein, and that such excess had invariably to be regularised. The impression that excess expenditure up to a certain amount or percentage of the total allocations is not to be explained, must be dispelled.
- (ii) Some competent persons should be out on the job of preparing proper Accounts. Strict action should be taken against those responsible for creating a mess in Accounts and for giving incorrect statements.

1037. *Grant No. 63—Foreign Affairs (Pages 596-600—AA).*—The Ministry explained that against Final Appropriation of Grant No. 63-Foreign Affairs of Rs. 231,747,000 the excess was Rs. 19,646,201. The main reason for the excess given by the Department was that the account of two supplementary grants sanctioned with the concurrence of Ministry of the Finance had not been accounted for in the Book of Appropriation Accounts 1981-82 as follows:

- (i) Sanction No. B. 2/11/81, dated 19th May, 1982 amounting to Rs. 1,000,000.
- (ii) Sanction U.O. No. 2727-DFA (FA)/82, dated 30th June, 1982 amounting to Rs. 12,900,000 (Total Rs. 13,900,000).

1038. The Ministry further stated that in case the above mentioned amounts were taken into account, excess of only Rs. 3,746,201 remained, the reasons for which had been given against each sub-head. According to procedure only those

supplementary grants which are issued by 15th May appear in the book of Supplementary Demands for Grants and Appropriation. But Supplementary Grants issued thereafter remain valid and the additional expenditure incurred in regularised in the Excess Budget Statement for the year.

1039. Audit pointed out that the excess was not foreseen in time. Audit further stated that once the Finance Division had agreed to a lesser amount, spending beyond that limit was irregular.

1040. A member of the Committee asked the departmental representative whether any supplementary grant was in fact given to the Ministry of Foreign Affairs. The departmental representative replied in the affirmative.

1041. Thereupon, the same member asked why it did not appear in the book. The Vice-Chairman enquired as to why had Finance Division approve a supplementary grant three days before the year was going to be closed? The Vice-Chairman also pointed out that excess expenditure had been incurred in Grant No. 63.

1042. After discussion, the Committee directed that greater financial discipline should be enforced and, if any dead-line had been fixed. Supplementary Demands, should not be entertained thereafter. Also, the request for inclusion of the sanctioned Supplementary Demand in time in the printed Book of Supplementary Demand must be insisted upon. The Ministry of Finance may consider reiterating due instructions to all the Ministries.

1043. *Grant No. 64—Other expenditure of Ministry of Foreign Affairs (Pages 590—592-AA).*—Audit had reported an excess of Rs. 25,276 under the 'Charged' portion of the grant. It was explained by the Ministry that this being 'Charged' expenditure the Ministry had no control over it. However, the excess was negligible and required no explanation.

1044. Audit further showed a saving of Rs. 1,026,897 under section "Other than Charged". The Ministry stated that the saving was against the Final Appropriation of Rs. 35,053,000, and it being less than 5% needed no Comments. However, the Ministry had given reasons for saving against each object of the grant. Audit pointed out that the saving should have been surrendered.

1045. In view of the above position, the Committee did not make any further observation under this grant.

1046. *Grant No. 136—Capital outlay on works of Ministry of Foreign Affairs (Page 594-AA).*—Audit had reported a saving of Rs. 1,228,219 under the object '314—Building and Structures'. The Ministry explained that the reason for the

saving was due to non-utilization by various Missions who intimated the savings to the Ministry at the end of the financial year. They were, however, adjusted in the final regularisation order.

1047. The Vice-Chairman remarked that the savings should have been surrendered at the proper time which had not been done. Besides the department had not given any cogent reasons for the surrender made by it. The departmental representative submitted that the reasons were the following :—

- (i) A building was to be purchased in Brussels. The deal did not mature and the amount could not be utilized.
- (ii) An advance was to be given to a contractor for the building in Dubai as mobilization advance. He could not get the formalities completed in time, hence it was surrendered.

1048. The Committee did not make any further observation.

AUDIT REPORT

1049. *Recoveries not effected Rs. 3,604,356 (Para 2, page 134-AR).*—Audit had claimed that in the Ministry of Foreign Affairs and in its 31 Missions abroad, recoveries of Rs. 3,604,356 remained outstanding in 215 cases on account of irregular overdrawal of pay and allowances and non-payment of Government dues, etc., for the period 1974—81. In addition in 38 cases the Missions were also required to calculate such recoverable amounts but there was no report of compliance. Audit further pointed out that the overpayments in the Missions were made in foreign currencies, but had been shown in rupees at the exchange rates applicable during October, 1982, Government orders on the subject require that the overpayments made in foreign exchange should be recovered at the rate of exchange prevailing on the date the recoveries are actually effected. These orders should be kept in view by the Ministry while effecting the recoveries.

1050. It was explained by the Ministry that out of the total amount of Rs. 3,604,356 an amount of Rs. 3,599,028 related to 31 Pakistan Missions abroad based on 224 audit paras which pertained to the Audit Reports for 1974—80 and involved 131 officer and 96 staff members of this Ministry. The position of recoveries against this amount of Rs. 3,599,028 was as under :—

- (i) Recovery of Rs. 471,658 covering 45 audit observations had already been effected and verified by Foreign Audit.
- (ii) There was apparently an irrecoverable amount of Rs. 726,108 as the concerned officers/staff members had either died, or retired or had been dismissed.

(iii) Overpayments of Rs. 591,727 had been made as a consequences of lack of understanding of the complex instructions issued on the subject from time to time. A special committee had therefore been constituted for the purpose of examining this matter and it recommended a reference to the Finance Division for waiving off the recoverable amounts.

(iv) 15 audit paragraphs which dealt with recoveries on account of non-payment of utility charges according to the prescribed scale, covered an amount of Rs. 153,267. Since the scale was found to cause hardship to the Heads of Missions in some countries the Ministry has taken up the matter again with the Finance Division.

1051. A member of the Committee enquired as to why the Ministry did not clear the recoveries for all these years. It was a question of competency and efficiency of the department. The departmental representative submitted that the office of the Chief Accounts Officer was departmentalised in 1975, and that effective internal Audit started thereafter. The departmental representative further assured the Committee that the department was watching carefully the progress of previous recoveries.

1052. After discussion, the Committee directed that Internal Audit should furnish a special report for the position after 1980, stating clearly whether there was any improvement? Cases of recoveries should also be discussed with Finance and, wherever found irrecoverable the amounts may be considered for written off by the Ministry.

1053. *Financial indiscipline of Yen 1,395,070 (Rs. 697,750) (Para 3, page 134-AR).*—Audit informed the Committee that the Mission had during local audit and in subsequent replies received in July, 1981 and February, 1982 admitted that the amount of Yen 1,395,070 (Rs. 697,750) was made available by the contractor for fixtures and furnishing of Chancery building. Even if it was to be treated as donation, its proper accounts should have been kept by the Mission in accordance with the rules on the subject.

1054. The Committee did not make any further observation on this paragraph and as such it was treated as settled.

1055. *Mis-appropriation of AS 9,158 (Rs. 5,188) Para 4, page 135-AR.*—Audit had pointed out that in cash book of a Mission a sum of AS 9,158 (Rs. 5,188) was shown as paid during 1976-77 to a foreign airline as freight charges on diplomatic bag. On receipt of a reminder from the airline it transpired that the amount had not actually been paid to it.

1056. The Ministry stated that the irregularity was revealed during the Audit of the Mission in December, 1980. The official (Accountant), had retired from service in 1978. Action to recover the amount was initiated in consultation

with the Finance Division who advised that it might be recovered @ Rs. 40 per month.

1057. The Committee, thereupon, observed that it was an obvious case of mis-appropriation and Audit should watch the recovery till its completion.

1058. *Non-recovery of repatriation charges from Pakistani Destitutes abroad Rs. 5,372,499 (Para 5, Page 135-AR).*—The Committee observed that all the recoveries were needed to be pursued by the Ministry of Foreign Affairs with the quarters concerned till finalization. Subject to Audit pursuing the recoveries, the paragraph was, therefore, treated as dropped.

1059. *Utility consumption charges not paid Rs. 338,088 (Para 6, page 136-AR).*—According to Audit, in case of seven Missions recoveries of Rs. 338,088 remained out-standing from eleven Heads of Missions on account of Utility charges for the period from July, 1974 to June, 1980.

1060. After examining the explanation of the Ministry and the Audit Comments thereon, the committee came to the conclusion that in case the reply of the Finance Division to whom the case was again referred to in February, 1984 was not acceptable to the Ministry of Foreign Affairs because of the fact that the Finance Division did not agree with the point of view of the Ministry then the case may be taken up with the President and an early decision should be obtained without any further delay.

1061. *Extra Expenditure of Yen 693,739 (Rs. 32,207) (Para 7, page 136-AR).*—Audit informed the Committee that the Mission had already confirmed that the Japanese engineers could not properly install the wireless system, because the Instruction Manual was not supplied by the Ministry. The failure to supply an Instruction Manual had not been explained in the reply of the Ministry to the Audit objection.

1062. Thereupon, the Committee decided that no further observation was needed on the matter. The paragraph was considered as settled.

1063. *Temporary Advances not adjusted Rs. 22,311,865 (Para 8, Page 136-AR).*—Audit had reported that temporary advances aggregating Rs. 22,311,865 allowed by the Ministry and two of its Missions abroad during the period 1974—80 for disaster relief purposes, expenses of contingent nature etc., were outstanding as the vouched accounts in support of the expenditure actually incurred had not been produced.

1064. The Ministry stated that out of a total amount of Rs. 22,311,865 a sum of Rs. 22,119,250 had been adjusted and verified by Audit. As regards the remaining amount of Rs. 192,615 advanced to various officials by the Embassy in Tehra, during November, 1976 to October, 1980, action was in hand and the amount would be adjusted as early as possible.

1076. The Committee had accounted the above explanation and decided to drop the paragraph.

1077. *Irregular Maintenance of Stores Accounts (Para 15, page 138-AR) Outstanding Inspection Reports-Non-submission of first reply (Para 16, page 138-AR).*—After having gone through the explanations of the Ministry and Audit Comments thereon, the Committee directed that Audit should watch the progress being made by the Ministry in regard to the above mentioned paragraphs. Subject to the satisfaction of Audit. The paragraphs were dropped.

COMPLIANCE OF THE POINTS CONTAINED IN THE PAC'S 1979-80 REPORT

1078. *Grant No. 62 (Page 77-AA).*—*Supplementary grant of Rs. 797,000 obtained un-necessarily by the Ministry (Para 1034, page 304-PAC Report 1979-80).*—The Committee accepted the explanation of the Ministry and decided to drop the Paragraph.

1079. *Grant No. 63 (Page 78-AA)*—*Action taken against those responsible for not having sent the schedule of Supplementary Demands to the Ministry of Finance (Para 1038, page 304-PAC Report 1979-80).*—The Committee took a serious view that the explanation given by the Ministry in compliance to the previous directive of the Public Accounts Committee was contradictory to the letter of the Ministry of Foreign Affairs dated April, 1984. Appropriate action must be taken against the person(s) responsible for inaccuracies in preparing replies for the Public Accounts Committee.

1080. The Committee further directed that there was no need to reproduce the minutes or directives of the Committee or any portion, thereof, unless the same contained any point(s) on which action was required and, therefore, a reply called for.

1081. *Points not discussed to be treated as settled.*—The Committee did not make any observations on other paragraph and points in the Appropriation Accounts 1981-82 and the Audit Report thereon and in the Compliance on PAC's 1979-80 Report. These would be treated as settled, subject to such regularisation actions, as may be necessary under the rules.

Islamabad, the 28th December, 1985.

M. A. HAQ,
Secretary.

NATIONAL ASSEMBLY SECRETARIAT

Monday, the 8th September, 1986

Nineteenth Sitting (PAC)

*1193. The Public Accounts Committee assembled at 09.00 a.m. in the Parliament Building, Islamabad to continue the examination of the Federal Accounts for 1982-83. The following were present :—

P.A.C :

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

National Assembly Secretariat :

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

Audit :

- (1) Mr. Riyaz H. Bokhari, Auditor General of Pakistan.
- (2) Mrs. Suraiya Hafeez, Deputy Auditor General (CA).
- (3) 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, Audit and Accounts (Works).
- (7) Raja M. Saleem Khan, Director Foreign Audit.

Ministry of Finance :

- (1) Mr. Masood Ahmed, Deputy Secretary.
- (2) Mr. Farhat Hussain, FA (Foreign Affairs).

1194. *Accounts Examined.*—Accounts pertaining to the Ministry of Foreign Affairs were examined by the Committee during the course of the day.

*Paragraphs upto 1192 pertain to other Ministries/Divisions.

MINISTRY OF FOREIGN AFFAIRS

1195. The Committee took up for examination, the Appropriation Accounts etc., pertaining to the Ministry of Foreign Affairs. The following departmental representatives were present :—

- (1) Mr. Akram Zaki, Acting Foreign Secretary.
- (2) Mr. K.A. Aziz Khan, Additional Secretary (Admn).
- (3) Mr. Shafqat Ali Sheikh, Director General (S&F).
- (4) Mr. M.A. Hashmy, Director (Finance).
- (5) Mr. Mazhar Ali Khan, Director. (B&C).
- (6) Mr. Jamil R. Qureshi, Director.
- (7) Mr. Muhammad Shoaib Ansari, Chief Accounts Officer.
- (8) Mr. Imranul Haq Qazi, Dy. Chief Accounts Officer.
- (9) Mr. M.A. Tariq, Assistant Accounts Officer.
- (10) Mr. S.K. Awan, Assistant Accounts Officer.

1196. This Ministry controlled the following grants :

S. No.	Name of Grant	Grant No.
1.	Ministry of Foreign Affairs	60
2.	Foreign Affairs	61
3.	Other Expenditure of Ministry of Foreign Affairs	62
4.	Capital Outlay on Works of Ministry of Foreign Affairs	134

APPROPRIATION ACCOUNTS

1197. *Grant No. 60—Ministry of Foreign Affairs (Page 382-AA).*—There was a net excess of Rs. 1,920,551 under this grant which was about 5% of the final grant. The Department explained that actually there was an excess of Rs. 80,551. Supplementary Grant of Rs. 1,840,000 had not been accounted for in the Appropriation Accounts. Audit, however, held that since the Supplementary Grant was not printed in the Book of Supplementary Demands for grants and Appropriation, this was required to be authorised. The Committee directed that the Department should be careful in future, the excess was recommended for regularisation.

1198. *Grant No. 61—Foreign Affairs (Page 388-AA).*—The grant closed with a net excess of Rs. 83,291,003 which was 23% of the Final Grant. The Departmental representative attributed this excess to the inflation in the country and delinking of \$ with Pak. currency. It was, however, explained that an amount of Rs. 53,836,400 which was allowed as Supplementary was not included in the final grant. Audit, however, held that the schedule of Supplementary Grant was not sent in time to the Ministry of Finance for inclusion in the Book of Supplementary Demand for grants. The expenditure should have been restricted to the grant. A heavy amount was asked through Supplementary Grant which was not possible for the Finance to meet.

1199. The Committee directed that systems of budgetary control should be tightened up and regularisation of excess expenditure of Rs. 65,148,003 was recommended, through excess budget statement.

1200. *Grant No. 62—Other Expenditure of Ministry of Foreign Affairs (Page 385-AA).*—As per Appropriation Accounts there was an excess of Rs. 7,215,780 under “Charged” section and Rs. 54,402,231 under “Other than Charged” section. The Department explained that the excess under charged expenditure was due to covering of Presidential visits abroad over which the Ministry had no control. The Supplementary Grant was not allowed in full and then again there was economy cut by the Finance. As for excess under “Other than Charged” section against a total demand for Supplementary Grant amounting to Rs. 87,397,700, actually an amount of Rs. 18,754,000 was allowed by the Finance. Audit at this point stated that the requirement of the Department was not timely assessed and the schedule of Supplementary Grant was also not sent in time. The Finance observed that the Ministry was at liberty due to assignment account to spent money allocated from one head to the other.

1201. The Committee desired that representative of Foreign Affairs, Finance and Audit should examine the reasons for excess expenditure incurred over and above the grants and submit a joint report to PAC with specific recommendations regarding improvement in budgetary control. The Committee decided to recommend regularisation through excess budget statement.

1202. *Grant No. 134—Capital Outlay on works of Ministry of Foreign Affairs (Page 387-AA).*—This grant closed with a net saving of Rs. 12,921,684 which was about 22% of the final grant. The Department explained that saving was due to non-purchase of Chancery Building at Colombo, as the deal did not materialise during the financial year. The Committee accepted the explanation of the Department.

AUDIT REPORT

1203. *Expenditure requiring regularisation Rs. 5.376 Million (Para 1, page 59.-AR).*—Audit pointed out that 23 Missions irregularly incurred an expenditure

of Rs. 5.376 million in 106 cases on purchase of stores, maintenance and rent of buildings, entertainment, etc., the Ministry have so far regularised only 26% of the expenditure.

1204. Departmental representative explained that a part of the amount had been recovered and the remaining amount was being regularised. The Committee directed that unrecoverable amounts may be got regularised immediately and responsibility fixed, in consultation with the Finance Division. A report may be submitted to PAC within one month.

1205. *Recovery not effected Rs. 736,452 (Para 2, page 59-AR).*—Audit pointed out that in 24 Missions, a sum of Rs. 736,452 remained to be recovered in 114 cases on account of overpayments and non-recovery of dues. Recoveries/regularisation of 38% have been verified. The Department explained that a further recovery of Rs. 170,000 had been made and balance was being recovered.

1206. The Committee decided that a Committee comprising of representatives of Foreign Affairs and Finance Division should look into each case and explanation for non-recovery should be provided to the PAC. The Committee also directed to expedite recoveries where ever possible. The Paragraph was deferred.

1207. *Unadjusted TA Advances Rs. 551,160 (Para 3, page 59-AR).*—Audit pointed out that TA Advances of Rs. 551,160 were outstanding from 9 officials ; out of which advances of Rs. 297,220 have already been adjusted and advances to the extent of Rs. 238,500 were being treated as irrecoverable but have not yet been formally written off. The Department explained that recoveries were pointed out late and Audit was in arrear. All out efforts were being made to recover the amounts where possible.

1208. The PAC decided that a Committee comprising of representatives of Foreign Affairs and Finance Division should look into each case and explanation for non-recovery should be provided to the PAC. The Committee also directed to expedite recoveries, where possible.

1209. *Utility Consumption charges payable by Heads of Missions Rs. 106,251 (Para 4, page 60-AR).*—Audit pointed out that Rs. 106,251 being utility charges were recoverable from a Head of Mission. Similar recoveries were also to be effected from 3 other Heads of Missions. The Department explained that these recoveries were old, 50% of utility charges were recoverable from Ambassadors ; on their protest, these were reduced to 25% and in the case of certain Missions to 12-1/2%. There were old cases which were referred to Ministry of Finance for regularisation. The Finance Division did not agree, as heavy amount of Seven Million was involved in this case.

1210. The Committee decided that a Committee comprising representatives of Foreign Affairs and Finance Division should look into each case and explanation for non-recovery should be provided to the PAC. The Committee also directed to expedite recoveries, where possible.

1211. *Points not discussed to be treated as settled.*—The Committee did not make any observation on the other points/paras in the Appropriation Accounts and Audit Report thereon. These would be deemed to have been settled, subject to such regularisation action and verification by Audit as may be necessary under the rules.

Islamabad, the 29th March, 1987.

M. A. HAQ,
Secretary.

NATIONAL ASSEMBLY SECRETARIAT

Sunday, the 26th July, 1987

Twentieth Sitting (PAC)

*1098. 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 and 1984-85. The following were present :

P.A.C :

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|---|----|----|-----------|
| (1) Sardarzada Muhammad Ali Shah, M.N.A. | .. | .. | Chairman. |
| (2) Sardar Aseff Ahmed Ali, M.N.A. | .. | .. | Member. |
| (3) Rai Arif Hussain, M.N.A. | .. | .. | Member. |
| (4) Ch. Muhammad Sarwar Khan, M.N.A. | .. | .. | Member. |
| (5) Mr. Shahabuddin Shah Hussainy, M.N.A. | .. | .. | Member. |
| (6) Mr. Miangul Aurangzeb, M.N.A. | .. | .. | Member. |
| (7) Shahzada Jam Muhammad Yusuf, M.N.A. | .. | .. | Member. |

National Assembly Secretariat :

- (1) Mr. K.M. Chima, Secretary.
- (2) Ch. Abdul Qadir, Additional Secretary.
- (3) Mr. Muhammad Aslam, Deputy Secretary.
- (4) Mr. Gulzar Ahmed, Officer on Special Duty.

Audit :

- (1) Mr. Riyaz H. Bokhari, Auditor General of Pakistan.
- (2) Mrs. Suraiya Hafeez, Deputy Auditor General (CA).
- (3) Mr. A.A. Zaidi, Deputy Auditor General (A&R).
- (4) Sh. Muhammad Sadiq, Accountant General Pakistan Revenues.
- (5) Mr. Ahmad Nawab Qureshi, Director General, Commercial Audit.
- (6) Mr. Irfan Husain, Director General (A&A Works).
- (7) Mr. G.H. Bosan, Director Foreign Audit.

Ministry of Finance and Planning Division :

- (1) Mr. Manzur Husain, Joint Secretary (Budget).
- (2) Mr. Farhat Hussain, FA (Foreign Affairs).
- (3) Dr. M.A. Aghai, Director General (Project Wing)
Planning Division.

1099. *Account Examined.*—Accounts pertaining to the Ministry of Foreign Affairs were examined by the Committee during the course of the day.

*Paragraphs upto 1097 pertain to other Ministries/Divisions.

MINISTRY OF FOREIGN AFFAIRS

1100. The Committee first took up for examination, the Appropriation Accounts etc., pertaining to the Ministry of Foreign Affairs. The following departmental representatives were present :—

- (1) Mr. Bakhtiar Ali, Acting Foreign Secretary.
- (2) Mr. Sultan Hayat Khan, Director General (S&F).
- (3) Mr. Khizar Hayat Khan, Niazi, Director (Finance).
- (4) Mr. M. Shoaib Ansari, Chief Accounts Officer.
- (5) Mr. Sher Khan Awan, Assistant Accounts Officer.
- (6) Mr. M.A. Tariq, Assistant Accounts Officer.
- (7) Mr. Mushtaq Bhatti, Section Officer.
- (8) Mr. K. U. Bhatti, Section Officer.

1101. This Ministry controlled the following grants :—

S. No.	Name of Grant	Grant No.
1983-84		
1.	Ministry of Foreign Affairs	60
2.	Foreign Affairs	61
3.	Other Expenditure of Ministry of Foreign Affairs	62
4.	Capital outlay on Works of Ministry of Foreign Affairs	179
1984-85		
1.	Ministry of Foreign Affairs	62
2.	Foreign Affairs	63
3.	Other Expenditure of Ministry of Foreign Affairs	64
4.	Capital Outlay on Works of Ministry of Foreign Affairs	184

APPROPRIATION ACCOUNTS—1983-84

1102. *Grant No. 60—Ministry of Foreign Affairs (Page 486-AA).*—This Grant closed with an excess of Rs. 8,298,340. The Department explained that part of excess was due to revision of Pay Scales and payment of advance salary on Eid. The remaining excess was due to non printing of part of Supplementary

Grant and also due to booking of be-lated Debits received from Missions abroad. The Committee accepted the explanation and recommended the excess for regularisation.

1103. *Grant No. 61—Foreign Affairs (Page 489-AA).*—The Grant closed with an excess of Rs. 52,234,256, which worked out to 15% of the Final Grant. The Department reported to the Committee that funds were allowed by the Finance much less than their requirements. The representative of Finance reported that the Budget provision of Ministry of Foreign Affairs was reviewed every year. The actual expenditure of Missions abroad was always much more than the budget provision. Actual expenditure for any year could not be a base for Budget for the next year.

1104. The Chairman, PAC pointed out that during his recent tour he had observed that there was overstaffing in our Missions abroad. In London Mission, it was seen that there was posts for which neither there was sufficient work nor any other justification. Ministry of Finance should guide the Ministry of Foreign Affairs and there should be a devise to set thinks right.

1105. The Department was, however, of the view that the discussion seems to have focussed on curtailment of activities of Ministry of Foreign Affairs which in actual fact was not correct. It was the Government which determine the level of activities abroad. This was the Ministry which implemented the decisions of the Government in the field of Foreign Affairs. It was Government instructions which determined the level of activities abroad. Audit observed that in their opinion the Ministry had no proper budgetary control over the Missions which was required to be strengthened, and any exercise done should not be of a general character, but should be with reference to current year's budget.

1106. The Committee after discussion directed that Department should submit a report to the PAC ; regarding reducing the staff in Foreign Missions within one month. The Department must also devised procedures in consultation with Finance and Audit of better utilization of funds and to avoid excess which has become a regular feature.

1107. *Grant No. 62—Other expenditure of Ministry of Foreign Affairs (Page 491-AA).*—According to Appropriation Accounts, there was a saving of Rs. 5,919,841 under 'Charged section' and Rs. 7,965,486 under 'Other than Charged section' of this grant. On a query from Chairman, PAC, it was reported that expenditure under 'Charged' section represented the expenditure of Head of the State on his tours abroad. The details of such expenditure were not readily available with the Department. It was stated that, it could be supplied, if required.

1108. The representative, of Finance observed that there was a saving of Rs. 4,232,764 under "500 Commodities and Services" in spite of the fact that a Supplementary Grant of Rs. 3,522,000 was obtained which was not a good budgeting. The Department could have sought re-appropriation of such saving towards excesses.

1109. The Committee directed that the details of the visits of the President in 1985-86 to the Foreign Countries, should be supplied.

1110. *Grant No. 179—Capital Outlay on Works of Ministry of Foreign Affairs (Page 494-AA).*—The Grant closed with a saving of Rs. 30,560,547, which was 53% of the Final Grant. The Department in their written/reply reported that there was an excess under this Grant instead of saving. The surrenders made were not accounted for. The Department while explaining saving under Transport and Communication at the end of year, reported that the amount was meant for improving Communications system, which could not be completed. The Chairman, PAC observed that there does not appear to be any control over the expenditure on Telephone Calls.

1111. The Committee directed huge saving should be avoided in future. The Committee further directed that where the Telex and Teleprinter/system is available, the use of Telephone on Overseas Calls and long distance calls should not be made.

APPROPRIATION ACCOUNTS 1984-85

1112. *Grant No. 62—Ministry of Foreign Affairs (Page 500-AA).*—The Grant closed with a saving of Rs. 1,035,097. The Committee did not make any observation, the saving being within permissible limits.

1113. *Grant No. 63—Foreign Affairs (Page 502-AA).*—There was an excess of Rs. 26,275,157 under this Grant. The department explained that actually Supplementary Grant which was Rs. 52,125,000 has been shown as Rs. 44,961,000. Thus the excess under this grant was only Rs. 19,111,157 and not Rs. 26,175,157. The excess was due to general price increase in Foreign Markets and revision of Foreign Allowances to the staff, posted abroad. The representative of Finance Department observed that saving were more than excesses in the grants being controlled by Ministry of Foreign Affairs, which should have taken appropriate action to get the funds re-appropriated in time. The Department while explaining their difficulties in regulating Budget suggested that there should be an independent Committee to look into it.

1114. The Committee directed that a meeting of all the Principal Accounting Officers may be called to consider the budgetary control by the Ministry of Finance which will be addressed by Chairman, PAC. The Working paper may be prepared by the Audit.

1115. *Grant No. 64—Other Expenditure of Ministry of Foreign Affairs (Page 505-AA).*—The 'Charged' section of this Grant closed with a saving of Rs. 4,054,365 and 'Other than Charged' section with saving of Rs. 2,619,381. The Committee observed that this was discussed while examining the grant for 1983-84. Some thing must be done to tighten up budgetary controls.

1116. *Grant No. 184—Capital Outlay on Works of Ministry of Foreign Affairs (Page 508-AA).*—As per Appropriation Accounts there was a saving of Rs. 74,214,593. The Department explained that an amount of Rs. 76,222,000 was surrendered and thus the saving was within permissible limits. The Committee did not make any observation.

AUDIT REPORT—1983-84 AND 1984-85

Irregular Expenditure of Rs. 5,106,812 (Para 1, page 65-AR-1983-84).

Irregular Expenditure of Rs. 992,663 (Para 2, page 70-AR-1984-85).

1117. Audit pointed out that amounts of Rs. 5.1 million were irregularly incurred by the Ministry (H.Q.) in 27 Missions during 1973—83. Expenditure related to purchase of stores and services, maintenance and rent of buildings and gardens, drawal of entertainment funds, repair of staff cars and payments of pay and allowances without sanctioned posts etc. Irregularities were pointed out during 1981—83 but regularisation action were still incomplete and need to be expedited. The Department explained that expenditure was being regularised. The paragraph was settled subject to verification by Audit. The Committee, however, recommended that the Ambassadors may be delegated more financial powers so that they could undertake legitimate expenditure.

Non-recovery of Utility Consumption Charges of Rs. 537,419 (Para 3, page 570-AR-1983-84).

Non-recovery of Utility Consumption Charges Rs. 250,709 (Para 5, page 73-AR-1984-85).

1118. According to Audit, Utility charges (Gas, Electricity and Water) were to be shared by Government and heads of Missions on 50: 50 formula which was revised to 75 : 25 in 1982. Recovery of 2% of monthly rent for each utility was effected where these charges were included in the House Rent bill in cases of other officials, Rs. 537,419 remained recoverable from officials of 15 Missions for the period 1976—83. The Department explained that the recoveries were being effected, where due. An amount of Rs. 3,271,284 out of amount of Rs. 577,419 and an amount of Rs. 36,761 out of Rs. 250,709 as pointed out had been recovered. The Committee settled the paragraph, subject to verification of recovery by Audit.

1119. *T.A. Advances not adjusted Rs. 1,258,129 (Para 4, page 72-AR-1983-84).*—As per Audit, the Ministry and Missions allowed its officials T.A. advances of Rs. 1,258, 129 on their postings during 1973—84. These remained unadjusted even after one years prescribed period and where pointed out during 1981—83. Advance of Rs. 770,914 remained to be got adjusted excluding reported adjustments verified and to be verified by Audit. The Department explained, that recovery of Rs. 487,215 had since been adjusted. The remaining amount will be adjusted. The Committee settled the paragraph subject to verification by Audit.

1120. *Expenditure Accounts Against Advances not Furnished Rs. 1,802,860 (Para 1, page 70-AR-1984-85).*—According to Audit Report. Temporary advances of Rs. 1.8 million were given to different agencies in 1982-83 for presentation of gifts and visits of foreign dignitaries out of which only Rs. 424,765 have since been adjusted leaving a balance of Rs. 1.378 million. The Department reported that Rs. 424,765 had been adjusted and remaining was under action. The Committee settled the paragraph subject to verification by Audit.

1121. *Non-Accounting of Rs. 64,043 (Para 6, page 74-AR-1984-85).*—Audit pointed out that during Internal Audit of the Accounts of a Mission abroad in July, 1984 it was noticed that an amount of Rs. 64,043 had not been accounted for in the Accounts. The disciplinary action against the official responsible was not taken by the Ministry. The Department replied that a show cause notice had since been issued to the official responsible. The disciplinary action and the recovery was in process.

1122. The Committee directed that the action should be expedited. Subject to verification of recovery and disciplinary action the paragraph was settled.

1123. *Points not discussed to be treated as settled.*—The Committee did not make any observation on the other paragraphs 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 24th January, 1988.

K. M. CHIMA,
Secretary.

FEDERAL COUNCIL SECRETARIAT

Tuesday, the 28th August, 1984

Third Sitting (PAC)

*165. The Public Accounts Committee assembled at 9:00 a.m. in the State Bank Building, Islamabad, to continue the examination of the Federal Accounts for 1981-82. The following were present:—

P.A.C :

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

Federal Council Secretariat :

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

Audit :

- (1) Mr. Abdul Raouf, Auditor-General of Pakistan.
- (2) Mrs. Suraiya Hafeez, Deputy Auditor-General (CA).
- (3) Syed Iftikhar Shabbir, Deputy Auditor-General (Co-ord).
- (4) Mr. Khalid Rafique, Deputy Auditor-General (A&R).
- (5) Mr. M.A. Lodhi, Accountant General, Pakistan Revenues.
- (6) Mrs. S. N. Sheikh, Director-General, Commercial Audit.

Ministry of Finance :

- (1) Mr. Manzoor Hussain, Joint Secretary.
- (2) Mr. H. A. Niazi, F. A. (Labour/Manpower).
- (3) Mr. Roshan Ali Mangi, DFA (Labour/Manpower).

*Paragraphs upto 164 pertain to other Ministries/Divisions.

LABOUR DIVISION

*201. The Committee then took up, for its examination the Appropriation Accounts etc., pertaining to the Labour Division. The following departmental representatives were present :—

- (1) Mr. Ashraf Ali, Joint Secretary.
- (2) Mr. Karam Ellahi, Deputy Secretary.
- (3) Mr. S. A. Aziz, Section Officer (F&A).
- (4) Mr. Rashid Ali, A.A.O.

202. This Division controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Labour Division	94
2.	Other Expenditure of Labour Division	95

203. *Reconciliation of Accounts with Audit.*—The reconciliation for the year 1983-84 not being yet complete, the departmental representative was directed that all the pending reconciliation work upto the 30th June, 1984 be got completed by September, 1984.

APPROPRIATION ACCOUNTS

204. *Grant No. 94—Labour Division (Pages 846—850-AA). Function “445—Vocational and Manpower Training”.*—Audit had shown excesses of Rs. 32,385, Rs. 23,835 and Rs. 43,122 under the objects “011—Officers, 012—Other Staff and 020—Regular Allowances” respectively. The Department explained that the variations under the aforesaid objects were due to oversight at the time of preparing excess/saving statement in June, for issuing the final reappropriation orders. The Principal had sincerely regretted for this omission and was also retired pre-maturely for such reasons. The existing officer had ensured that he would pay proper attention to accounting work in future.

205. The Vice-Chairman remarked that the variations were due to oversight, as explained by the Department. The departmental representative informed the Committee that the Officer who had committed the mistake, was advised to retire from Government service.

206. After hearing the explanation of the departmental representative, the Committee did not make any further observation on these objects.

*Paragraphs upto 200 pertain to other Ministries/Divisions.

207. *Grant No. 95—Other Expenditure of Labour Division (Pages 852—854-AA).*—Audit had exhibited an excess of Rs. 26,328,582 under the Function “473—Labour Welfare Activities”. It was explained by the Department that the final grant of Rs. 157,589,761 represented the total of two sub-classifications; (i) Rs. 78,000,000 against the Block grant for Transfer to Workers Welfare Fund; and (ii) Rs. 78,789,761 against Grants to the Provincial Government. The actuals at item (i) above, however, exceeded the grant by Rs. 32,908,582 due to more receipts than provided in the budget on the basis of estimation of the CBR. The difference of Rs. 6,580,000 under item (ii), in comparison with final grant, was due to non-issuance of advice by the A.G.P.R. against the sanction accorded *vide* letter No. SS-8 (6)|81-I, dated 19th April, 1982 and SS-8 (6)-82-2 dated 19th April, 1982 in favour of the Chairman, Provincial Workers Welfare Board, Punjab and the overall position, therefore, would come to an excess of Rs. 26,328,582 due to the collection of more Receipt than provided in the budget for 1981-82 as on the basis of C.B.R. estimates. Audit maintained that the Ministry had issued sanctions for Rs. 6,580,000. They were asked to restrict the sanction to the balance amount available in the fund (Rs. 1,888,660) but they did not supply a revised sanction and were informed of this lapse *vide* letter No. TA. II|Lab-Auth|81-82|166 dated 8th September, 1982 finally. Hence, the savings.

208. The Vice-Chairman observed that the amount, that was collected, was due to the provinces. The Audit representative pointed out that the Ministry had not reconciled with the Treasuries.

209. In view of the position stated above, *the Committee directed that the Ministry of Finance should examine the feasibility of separating the items “Transfer to fund as collection” and “Transfer to Provincial Government etc. through budget” under separate codes, instead of one at present.*

COMPLIANCE ON THE POINTS CONTAINED IN THE COMMITTEE'S REPORT FOR 1979-80

210. *Grant No. 97—Other Expenditure of Labour Division (Page 116-AA) (Paras 344—347, page 101, PAC Report 1977-78) (Paras 1481, page 396—PAC Report 1979-80).*—Not being satisfied with the Departmental explanation, the Committee directed that the Principal Accounting Officers should study the matter regarding Workers Welfare Fund and submit a Report to the PAC, covering all the points in regard to the assets and the balance in hand and the cash and certificates etc. being kept and the disposal of interest or profit, earned on the assets.

211. In compliance, the Ministry intimated the Committee that the Chairman, Governing Body had agreed to the creation of a post of Accounts Officer. Though the maintenance of accounts of the Workers Welfare Fund was the basic

LABOUR DIVISION

responsibility of the Principal Accounting Officer i.e. Secretary of the Division, the Workers' Welfare Fund had employed an Assistant Accounts Officer on loan from the A.G.P.R.

212. The Ministry further stated that the total assets in the Workers' Welfare Fund, which accrued upto 31st December, 1982 were as under:—

(i) Initial grant by Federal Government .. .. .	..	100,000,000
(ii) Collection from 2% Workers' Welfare Fund .. .. .	..	190,032,000
(iii) Collection from transfer of Workers participation Funds .. .. .	..	393,967,771
(iv) Income from Profit in Khas Deposit and Bank .. .. .	..	135,212,293
Total .. .. .	..	819,212,064

213. Audit said in their comments that the compliance report, submitted by the Ministry, had given balances in the Workers' Welfare Fund as on 31st December, 1982, while the Finance Accounts depicted the progressive balance, as on the 30th June, 1982 to be Rs. 106,472,967. Audit further indicated that the balance as on 30th June, 1984 was Rs. 131,992,236. The main problem in agreeing to the balances, shown by the A.G.P.R., with the Accounts maintained by the Labour Division was that the receipt figures had not been reconciled by the Division with the Treasuries concerned as required under the rules.

214. After discussion, the Committee concluded that:—

- (i) Reconciliation with all the treasuries must be got completed expeditiously.
- (ii) Proper investments did not appear to have been made from this fund. Efforts should be made to do so now, as best as possible, for example placing funds in the Khas Deposit etc., and a note should be furnished to the Committee.
- (iii) The Ministry should arrange to find out, from the C.B.R. about the amounts collected by them every month. The question of the payers, to be required under the rules to send information to the Labour Division about the collections made by the C.B.R. should be duly examined and a meeting with the Finance Division and C.B.R. should be held by the Labour Division for this purpose.

- (iv) *An Annual Trustees Report of the fund, containing all the information about collections and distribution, should be drawn up and published in the future, ensuring that all the requirements of law are also complied with.*

215. *Points not discussed to be treated as settled.*—The Committee did not make any observation on other paragraphs|points in the (i) Appropriation Accounts 1981-82 ; and (ii) the Audit comments on the Compliance of PAC Report for 1979-80. These would be deemed as settled subject to such regularisation actions as be necessary under the rules.

M. A. HAQ,
Secretary.

Islamabad, the 15th August, 1985.

NATIONAL ASSEMBLY SECRETARIAT

Thursday, the 24th April, 1986

Third Sitting (PAC)

*150. The Public Accounts Committee assembled at 9.00 a.m. in the State Bank Building, Islamabad to continue the examination of the Federal Accounts for 1982-83. The following were present :—

P.A.C :

- | | | | |
|--|----|----|------------------|
| (1) Sardarzada Muhammad Ali Shah, M.N.A. | .. | .. | <i>Chairman.</i> |
| (2) Mr. Anwar Aziz Chaudhry, Minister for Local Government and Rural Development | .. | .. | <i>Member.</i> |
| (3) Sardar Aseff Ahmed Ali, M.N.A. | .. | .. | <i>Member.</i> |
| (4) Rai Arif Hussain, M.N.A. | .. | .. | <i>Member.</i> |
| (5) Ch. Muhammad Sarwar Khan, M.N.A. | .. | .. | <i>Member.</i> |
| (6) Mr. Shahabuddin Shah Hussainy, M.N.A. | .. | .. | <i>Member.</i> |
| (7) Malik Said Khan Mahsud, M.N.A. | .. | .. | <i>Member.</i> |

National Assembly Secretariat :

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

Audit :

- (1) Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
- (2) Mrs. Suraiya Hafeez, Deputy Auditor-General (C.A.)
- (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. Ahmed Nawab Qureshi, Director General, Commercial Audit.

Ministry of Finance :

- (1) Mr. H. A. Niazi, FA (Labour & Manpower).
- (2) Mr. Hussain Ahmed, DFA (Labour & Manpower).

151. *Accounts examined.*—The accounts pertaining to the Labour Division were examined by the Committee during course of the day.

*Paragraphs upto 149 pertain to other Ministries/Divisions.

LABOUR DIVISION

152. The Committee first took up for examination, the Appropriation Accounts etc., pertaining to the Labour Division. The following Departmental representatives were present :—

- (1) Mr. M. A. Kazmi, Secretary.
- (2) Mr. Ashraf Ali, Joint Secretary-I.
- (3) Mr. M.A. Beg, Joint Secretary-II.
- (4) Mr. S. A. Aziz, Deputy Secretary.
- (5) Mr. Rashid Ahmad, Accounts Officer.

153. This Division controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Labour Division	91
2.	Other Expenditure of Labour Division	92
3.	Development Expenditure of Labour Division	156

APPROPRIATION ACCOUNTS

154. *Grant No. 91—Labour Division (Page 559-AA).*—As per Appropriation Accounts there was a net excess of Rs. 274,794. The main excess of Rs. 260,540 was under object '900'. The Department explained that a Supplementary Grant of Rs. 259,550 allowed by the Finance Division (Budget Wing) was not printed in the Book of Supplementary Grant as confirmed in their letter dated the 22nd October, 1983. The Finance Division held that since the instructions regarding submission of schedule of Supplementary Grant were not observed by the Labour Division, Supplementary Grant could not be included in the Book of Supplementary Demand for Grants and Appropriation 1982-83. The Department stated that the Finance Division was informed on 8th February, 1983 and it was well in time. There was certain communication problems and change of procedure also took place, as such the Department could not be held responsible for it. The Audit, however, observed that these communication problems should be overcome. There are Financial Advisers attached to each Ministry, the Supplementary Grants were only accepted when those were agreed to by the Financial Advisers. The Finance Division should, however, streamline the existing procedure of sanctioning the Supplementary Grant and ensuring its printing in the Book of Supplementary Demand for Grants.

155. The PAC observed that there was some defect in the system, and directed that the Ministry of Finance may streamline the procedure so that all Supplementary Grants were printed in the Book of Supplementary Grants.

156. *Grant No. 92—Other Expenditure of Labour Division (Page 563-AA).*—Appropriation Accounts showed a net excess of Rs. 85,560,317. The excess (Rs. 85,459,350) was mainly due to transfer payment on Block Grant for Workers Welfare Fund. The Actuals under this Head related to receipts under Workers Welfare Tax. The Department explained that the excess was due to more receipts as compared to estimates. The receipts could not be accurately estimated, as these related to recovery of Income Tax which fluctuated. This was levied at the rate of 2% of the income tax collection. Then again the collection was made by the treasuries scattered all over the country and the treasury needed some time to collect and consolidate the figure. There were cases of mis-classification also.

157. A Member pointed out that there was a very huge excess of 57% over the original Grant. The estimates could not be so loose. The estimates of income tax were fairly correct. There appeared to be some defect in the system which might be corrected.

158. The Chairman PAC directed that the details about this fantastic excess should be supplied to the PAC. He further enquired as to how these projects were implemented and why it could not be estimated keeping in view the estimates of recovery of income tax. The Departmental Representative stated that the full details were not readily available which could be produced later. Besides a tripartite Board, represented by Federal/Provincial Governments, Employers representatives and Workers representatives, there was a Technical Committee which sanctioned the projects. These projects were implemented by the Provincial Boards but, in some cases, implementations had been carried out directly by the Federal Board. The Department was trying to improve the system and had recruited some staff for keeping a constant watch for collection of correct figures.

159. The PAC directed that the accounting procedure may be revised and collection of funds estimated correctly. During the year under review there was a net excess of 57% which must be avoided. A report with full details be submitted by the Department to the PAC within one month in consultation with the Auditor-General.

160. *Grant No. 156—Development Expenditure of Labour Division (Page 566-AA).* In this case the whole grant of Rs. 3,328,000 was surrendered. On a query from the Chairman as to why this amount was demanded, blocked and subsequently surrendered, the departmental representative explained that the scheme could not be implemented due to non receipt of Aid from U.N.D.P. which was promised but was not provided. The PAC did not make any observation on this grant.

CH. ABDUL QADIR,
Joint Secretary.

Islamabad, the 22nd November, 1986.

NATIONAL ASSEMBLY SECRETARIAT

Wednesday, the 7th January, 1987

Eighth Sitting (PAC)

*457. The Public Accounts Committee assembled at 2.00 p.m. in the Parliament House Islamabad to continue the examination of the Federal Accounts for 1983-84 and 1984-85. The following were present :—

P.A.C :

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|---------------------------------------|----|----|----|----------------------|
| (1) Sardar Aseff Ahmed Ali, M.N.A. | .. | -- | .. | Acting.
Chairman. |
| (2) Rai Arif Hussain, M.N.A. | .. | -- | .. | Member. |
| (3) Ch. Muhammad Sarwar Khan, M.N.A. | .. | -- | .. | Member. |
| (4) Nawab Muhammad Yamin Khan, M.N.A. | .. | -- | .. | Member. |
| (5) Mr. Miangul Aurangzeb, M.N.A. | .. | -- | .. | Member. |
| (6) Malik Said Khan Mahusd, M.N.A. | .. | -- | .. | Member. |

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 Revenues.
- (5) Mr. Ahmed Nawab Qureshi, Director General, Commercial Audit.
- (6) Mr. S. M. Najamul Arfin, Deputy Director, Commercial Audit.

Ministry of Finance :

- (1) Mr. Manzur Hussain, Joint Secretary (Budget).
- (2) Mr. Muhammad Zafar Mian, Joint Secretary.
- (3) Mr. Tanwir Ali Agha, Deputy Secretary.
- (4) Mr. H.A. Naizi, FA (Labour and Manpower).
- (5) Mr. Riaz Ahmed Shaikh, DFA (Labour).

*Paragraphs upto 456 pertain to other Ministries/Divisions.

LABOUR DIVISION

*496. The Committee took up for examination, the Appropriation Accounts etc. pertaining to the Labour Division. The following departmental representatives were present :

- (1) Mr. Jawaid Ahmad Mirza, Secretary.
- (2) Mr. Ashraf Ali, Joint Secretary.
- (3) Mr. Karam Elahi, Deputy Secretary.
- (4) Mr. S.A. Aziz, Deputy Secretary.
- (5) Mr. Rashid Ahmad, Accounts Officer.
- (6) Mr. Shahamatullah Khan, Accountant.

497. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1983-84		
1.	Labour Division	91
2.	Other Expenditure of Labour Division	92
3.	Development Expenditure of Labour Division	154
1984-85		
1.	Labour Division	94
2.	Other Expenditure of Labour Division	95
3.	Development Expenditure of Labour Division	160

APPROPRIATION ACCOUNTS (1983-84)

498. *Grant No. 91—Labour Division (Page 722-AA).*—This grant closed with an excess of Rs. 244,095. The Department explained that the excess was due to payment of advance salary on Eid. The Committee recommended the Excess.

499. *Grant No. 92—Other Expenditure of Labour Division (Page 726-AA).*—There was an excess of Rs. 103,524,595 under this grant. An excess of Rs. 103,415,201 was under object 600. Transfer payments “Workers Welfare Fund”. The remaining excess of Rs. 131,293 was due to payment of advance salary on Eid. The Department informed the Committee that Workers Welfare

*Paragraphs upto 495 pertain to other Ministries/Divisions.

Fund could not accurately be estimated. There were always certain funds in the pipeline. These were generally linked with state of economy. Attempts were being made to improve the system and to narrow the gap between actuals and estimates. The Chairman, PAC observed that some think must be done to improve the whole system of forecasting receipts in this fund. The matter required detailed examination, to be reported to the PAC.

500. The Committee directed that a Committee, comprising of representatives of Audit, Finance and Labour Department should be formed to devise a system of forecasting collection of "Welfare Fund" with a minimum margin of error and to recommend methods to make forecast of budgeting more accurate. The report may be submitted in next meeting. The excess was recommended for regularization.

501. *Grant No. 154—Development Expenditure of Labour Division (Page 736-AA).*—There was a saving of Rs 729,000 under this grant. The Department explained that saving was due to the fact that foreign consultants did not arrive and fellowship cases also did not mature during the year, as such funds could not be utilized. The Committee accepted the explanation of the Department.

APPROPRIATION ACCOUNTS (1984-85)

502. *Grant No 94—Labour Division (Page 714-AA).*—According to Appropriation Accounts, there was a saving of Rs. 384,462 under this grant. The Department reported that an amount of Rs. 375,000 was surrendered. The funds were obtained for purchasing of a car, which could not be purchased due to rise its price. The Committee did not make any observation.

503. *Grant No. 95—Other Expenditure of Labour Division (Page 720-AA).*—This grant closed with an excess of Rs. 82,139,572 which was under transfer payments "Workers Welfare Fund". The PAC observed that Committee formed as per directives in the case of Grant No. 92 for 1983-84 would also look into excess in this case.

504. *Grant No. 160—Development Expenditure of Labour Division (Page 730-AA).*—There was a saving of Rs. 2,264,000 under this grant. The Department informed the Committee that almost all the amount of saving was surrendered in time as the Consultants did not arrive and no expenditure was possible during the year. The Committee did not make any observation.

Islamabad, the 25th June, 1987.

M. A. HAQ,
Secretary.

FEDERAL COUNCIL SECRETARIAT*Sunday, the 28th October, 1984***Sixth Sitting (PAC)**

*816. The Public Accounts Committee assembled at 9.30 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) Syed Saieed Hasan, Member, Federal Council .. | .. | Member
(Acting
Chairman) |
| (2) Akhunzada Bahrawar Saeed, Member, Federal Council .. | .. | Member. |
| (3) Mr. Yusuf Bhai Mian, Chartered Accountant .. | .. | Member. |

Federal Council Secretariat :

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

Audit :

- (1) Mr. Abdur Raouf, Auditor-General of Pakistan.
- (2) Syed Iftikhar Shabbir, Deputy Auditor-General (Co-ord).
- (3) Mrs. Suraiya Hafeez, Deputy Auditor-General (CA).
- (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.

Ministry of Finance :

- (1) Mr. Manzur Hussain, Joint Secretary (Budget).
- (2) Mr. H. A. Niazi, F.A. (Labour & Manpower).
- (3) Mr. R.A. Mangi, D.F.A. (Labour, & Manpower).

*Paragraphs upto 815 pertain to other Ministries/Divisions.

MANPOWER DIVISION

*944. The Committee took up for its examination, the Appropriation Accounts etc., pertaining to the Manpower Division. The following departmental representatives were present :—

- (1) Mr. M. A. Kazmi, Secretary.
- (2) S. Wasiq Shah, Joint Secretary.
- (3) Mr. Iftikhar Ahmed Gill, M.D. (OEC).
- (4) Mr. Muhammad Akhtar Malik, E.D.F. (OEC).
- (5) Mr. A. Sattar Gill, D.G. (National Training Pool).
- (6) Mr. Khalid Durrani, D.G. (National Training Bureau).
- (7) Ch. Muhammad Munir, OSD (F & A).

945. This Division controlled the following grants :—

S.No.	Name of Grant	Grant No.
1.	Manpower and Overseas Pakistanis Division	96
2.	Development Expenditure of Manpower and Overseas Pakistanis Division	158

946. *Reconciliation of Accounts with Audit.*—The Committee noted that Demand No. 96 Peshawar, Lahore, Quetta and Karachi had not been reconciled for the year 1984-85. As such, *the departmental representative was directed to complete such reconciliation as expeditiously as possible.*

AUDIT REPORT

947. *Loss of Rs. 12,324 due to Non-return/Exchange of banned Service Postage Stamps (Para 3, page 225-AR).*—According to Audit, physical verification of Service Postage Stamps revealed that obsolete stamps worth Rs. 12,324 were lying un-disposed off with the local office. These stamps were banned for official use by the Government and the last date of their return/change by the Treasury was fixed as 30th November, 1980. The stamps were not returned by the local office in time. Thus the department sustained a loss of Rs. 12,324.

948. It was explained by the department that the loss of Rs. 12,324 had already been written off *vide* sanction letter No. 1(4)/84-G. Admn., dated 19-4-1984 duly endorsed by the Finance Division. Thereupon, Audit informed the Committee that the write off had been admitted in audit office.

*Paragraphs upto 943 pertain to other Ministries/Divisions.

949. However, the Committee, after discussion, directed that a report should be furnished to the PAC about when and how was the information about the ban received and what happened thereafter as well as who was at fault, the Manpower Division or the Post Office Department.

950. *Irregularity in a Manpower Institute (Para 4, page 225-AR).*—Audit had pointed out the following irregularities which were noticed in 1979-80 accounts :—

- (i) *Injudicious payments of pension and leave salary contribution.*—A Research Officer (Grade-17) of the Ministry of Industries was selected in March, 1976 as "Economist" (Grade-18) by the Institute. On his appointment in the Institute he was given the right of reversion by the Ministry of Industries for six months and thereafter, he was to cease to be a government servant. The Officer was selected by F.P.S.C. in Grade-18 and appointed as Assistant Chief in the Manpower Division *w.e.f.*, 11th July, 1979. On his fresh appointment to Government Service, the period of his service rendered in the Manpower institute was taken into account on the officer's request as Government service on payment of leave Salary and Pension contribution of Rs. 10,845. This action was stated to have the approval of Finance Division for which no orders were provided, inspite of repeated reminders. The payment of the contributions should have been borne by the Officer, as payment by the Institute was not covered under the terms and conditions offered for his appointment.

The department explained that the recovery of Rs. 10,845 had since been started from the officer's pay @ Rs. 450 per month from August, 1984 paid in September, 1984.

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

- (ii) *Irregular purchase of an airconditioner.*—An airconditioner was purchased in June, 1979 for Rs. 12,800 and installed in the room of a Director, who was not entitled to it as he was below the status of Secretary to the Government of Pakistan. The requirement of obtaining competitive rates was also not fulfilled. Besides, there was no budgetary provision for the purchase. In December, 1981 it was intimated that the irregularity would be got condoned by the Board of Governors. This action was awaited even in January, 1983.

952. The department stated that the irregularity in the purchase of air-conditioner had already been condoned by the Board of Governors. Thereupon, Audit maintained that in view of the Board's decision the point may not be pursued.

953. The Committee, therefore, did not make any further observation and the paragraph was dropped.

APPROPRIATION ACCOUNTS

954. *Grant No. 96—Manpower Overseas Pakistanis Division (Page 856-AA).*—Audit had pointed out that a net saving of Rs. 1,597,319 had occurred under this grant. A member of the Committee remarked that from the Appropriation Accounts it was observed that there was a surrender of Rs. 3,217,600 and a net saving of Rs. 1,597,319. The explanation given by the department appeared to be satisfactory as the saving occurred due to vacant posts in Manpower Institute.

955. The same member further observed that the saving of Rs. 154,777 under object '600—Transfer Payment' was stated to be due to vacant posts in Pakistan Manpower Institute and non-released of funds to the Poly Trade Model Schools at Islamabad and Karachi, whereas an excess of Rs. 51,179 had been shown under object '900—Miscellaneous expenditure' which the department attributed to more visits abroad of delegations in connection with Overseas Pakistanis conventions than were originally estimated. The member remarked that the explanation was not satisfactory as it could have been regularised easily by re-appropriation from object 600 to object 900.

956. In view of the above remarks, *the Committee directed that in appropriate cases there should be re-appropriation so that unnecessary savings and excesses may be avoided.*

957. *Grant No. 158—Development expenditure of Manpower and Overseas Pakistanis Division (Pages 864—868-AA).*—Audit had reported a net excess of Rs. 1,247,993 under this grant and Division furnished their explanation in respect of saving and excess against each object classification.

958. A member of the Committee pointed out that a saving of Rs. 1,798,000 had been shown against object 'National Vocational Training Project'. The department explained that the actual expenditure duly reconciled was Rs. 11,235,250. Thus the saving worked out to Rs. 1,672,750 which was a consequence of non-establishment of all the four Provincial Training Boards in time owing to various administrative reasons and non commencement of civil works because of finalisation of contract agreements. The difference between audit and departmental figures was due to the fact that expenditure of Rs. 125,250 duly reconciled had not been taken into account by Audit.

959. A member of the Committee remarked that the explanation given by the department was not satisfactory as no good reasons were given for non-surrender. The same member further enquired as to the reason for non-surrender.

The departmental representative replied that the department was trying to obtain the information from the Provincial Government but they did not give in time. Thereupon, the member asked the departmental representative to take action at his end. The departmental representative informed the Committee that as it was the first year when the programme was started the department did not have the qualified accounting staff.

960. The member further enquired as to what happened about the appropriation accounts in the subsequent year 1982-83 under the same head? The departmental representative informed the Committee that in that year Finance Division had not released the funds. The member further observed that in 1982-83 the department was given two grants of Rs. 125 million and Rs. 120 million, totalling Rs. 245 million and the expenditure was Rs. 25 million only and thus there was a saving of Rs. 220 million. But the savings were not surrendered at all. The departmental representative expressed his inability to explain as he did not have the figures at that time. Thereupon, the member observed that it was not a satisfactory reply.

961. *The Committee, therefore, directed that a fresh explanation should be furnished for the savings of Rs. 1,798,000 against the National Vocational Training Centre and why it was not surrendered.*

COMMERCIAL ACCOUNTS

962. *Overseas Employment Corporation Limited (Para 310, page 141-ARCA).*—According to Audit, the Corporation sustained a net loss of Rs. 1.229 million during year 1981-82 as against a net profit of Rs. 0.375 million earned during the previous year. The loss occurred mainly due to increase in operating cost which rose from Rs. 10.291 million of the previous year to Rs. 11.540 million whereas the revenue income decreased from Rs. 18.817 million of the previous year to Rs. 17.228 million of the year 1981-82. Efforts were required to be made to improve the financial position of the Corporation by increasing its earnings and reducing the operating cost so as to make it a self-sustaining organisation.

963. The department contended that the statement that the corporation sustained a net loss of Rs. 1.229 million during the year 1981-82 was not correct. The correct position was that provision for taxation for the year made in the final accounts for the year 1980-81 was Rs. 435,436 whereas the actual tax liability turned out to be Rs. 4,311,360. The net loss after taxation appearing in the accounts was merely an appropriation of the profits towards the short provision for taxation for the previous year. The department further explained that the net profit for the year 1981-82 was Rs. 6,170,793 and the net unappropriated profit for the year after making all the necessary provisions and appropriations,

towards taxation was Rs. 249,793. Similarly the allegation that the loss occurred due to an increase in the operating cost was not correct. The increase in the expenditure as compared to previous years had been shown in the various heads of accounts and the reasons against each had been indicated.

964. In view of the position stated above, the increase in expenditure was therefore, beyond the control of the Corporation.

965. Audit, however, pointed out in their comments that the Corporation earned net profit of Rs. 6.853 million during the year 1982-83.

966. A member of the Committee observed that the department had given a statement of changes in financial position and profit and loss account ; but they had not given the balance sheet. The departmental representative informed the Committee that the department had made an appeal to CBR and that was turned down. Thereupon, the member enquired as to whether the department went to the Tribunal? The departmental representative replied that the departmental Income Tax Advisor also lodged an appeal with the Tribunal. Then the member asked the departmental representative to send the order of the Tribunal to the Committee. It was a question of law and the department should have gone to the High Court.

967. After the above discussion, *the Committee directed that a report should be furnished to the PAC about whether all the remedies had been exhausted by the Department against the income tax assessment of Rs. 43 lac.*

968. *Publicity about jobs (Para 311, page 141-ARCA).*—Audit had reported that as per targets fixed by Corporation, 17,500 workers were required to be sent abroad during year 1981-82 but only 10,315 persons were sent. The Corporation had, therefore, not reached the targets fixed by its Board.

969. The department accepted the accuracy of the Audit comment. It gave the reasons as the Iran-Iraq War, slump in the Libyan economy, right immigration policy of the U.A.E.

970. Audit maintained that the Corporation should explore new markets if the existing ones had dried up.

971. After discussion about the areas from which recruitment was made, *the Committee, after consideration, decided that Overseas Pakistanis Employment Corporation should, in future, advertise about recruitments for overseas jobs in all the local papers well before the deadline and also the same announced over the radio.*

972. *Overseas (Pakistanis) Foundation (Para 3(XXX), pages 6-7-ARCA).*— Audit had reported that the accounts for 1980-81 and 1981-82 had not been compiled. It was explained by the department that the accounts of the Overseas Pakistanis Foundation for the year 1981-82 were not furnished by the Foundation to the Commercial Audit Department on the plea that the Funds of the Foundation were not to be audited by Government agencies and the matter of audit of such accounts. Commercial Audit was under active discussion between Manpower Division and the Audit Department.

973. A member of the Committee observed that there were two different issues. One related to audit and the other related to the presentation of accounts audited by public accountants to the Auditor General. As far as former issue was concerned, this was a matter which should be sorted out between Audit and the Corporation. As regards the presentation to the Auditor General of the accounts audited by public accountants, as department was given Government money, and the senior appointments were made by the Government, there should be accountability. The Audit representative observed that he was of the view that in the highest developed countries also where there are private commercial auditor's audit of organisations of the type of OPF was carried out by the Auditor General. Audit representative felt that the department should agree to their accounts being checked by the Commercial Audit Department of the Auditor General.

974. In view of the position stated above, *the Committee observed that the issue whether the Accounts of Overseas Pakistanis Foundation should be brought before the PAC or they should be audited by the Auditor General, should be decided once for all in consultation with the Finance Division and Law Ministry.*

COMPLIANCE ON THE POINTS CONTAINED IN THE PAC'S REPORT 1979-80

- (i) *Reconciliation of Accounts with Audit (Para 1464, page 392 of PAC Report 1979-80)*—
- (ii) *Grant No. 94-Manpower and Overseas Pakistanis Division (Page 110-AA) (Paras 1465—1467, pages 392-393-PAC Report 1979-80)*—
- (iii) *Grant No. 156-Development Expenditure of Manpower and Overseas Pakistanis Division (Page 188-AA) (Para 1468, page 393-PAC Report 1979-80)*—

975. After going through the compliance report furnished by the Division, the Committee did not make any observation of the above paragraphs. These were treated as settled/dropped.

976. *Points not discussed to be treated as settled.*—The Committee did not make any observation on other paragraphs/points relating to the (i) Appropriation Accounts/Commercial Accounts 1981-82 and the Audit Report thereon and (ii) Compliance to PAC's Report 1979-80. These would be deemed as settled, subject to such regularisation action, as may be necessary under the rules.

977. The Committee then adjourned to meet again at 9.00 a.m. on Monday the 29th October, 1984.

M. A. HAQ,
Secretary.

Islamabad, the 20th September, 1985.

NATIONAL ASSEMBLY SECRETARIAT

Thursday, the 24th April, 1986

Third Sitting (PAC)

*150. The Public Accounts Committee assembled at 9.00 a.m. in the State Bank Building, Islamabad to continue the examination of the Federal Accounts for 1982-83. The following were present :—

P.A.C :

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|--|----|----|------------------|
| (1) Sardarzada Muhammad Ali Shah, M.N.A. | .. | .. | <i>Chairman.</i> |
| (2) Mr. Anwar Aziz Chaudhry, Minister for Local Government and Rural Development | .. | .. | <i>Member.</i> |
| (3) Sardar Aseff Ahmed Ali, M.N.A. | .. | .. | <i>Member.</i> |
| (4) Rai Arif Hussain, M.N.A. | .. | .. | <i>Member.</i> |
| (5) Ch. Muhammad Sarwar Khan, M.N.A. | .. | .. | <i>Member.</i> |
| (6) Mr. Shahabuddin Shah Hussainy, M.N.A. | .. | .. | <i>Member.</i> |
| (7) Malik Said Khan Mahsud, M.N.A. | .. | .. | <i>Member.</i> |

National Assembly Secretariat :

- (1) Ch. Abdul Qadir, Joint Secretary.
- (2) Mr. Muhammad Aalam, 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. Ahmed Nawab Qureshi, Director General, Commercial Audit.

Ministry of Finance :

- (1) Mr. H.A. Niazi, FA (Labour & Manpower).
- (2) Mr. Hussain Ahmad, DFA (Labour & Manpower).

*Paragraphs upto 149 pertain to other Ministries/Divisions.

MANPOWER DIVISION

*161. The Committee took up for examination, the Appropriation Accounts etc., pertaining to the Manpower Division. The following departmental representatives were present :—

- (1) Mr. M.A. Kazmi, Secretary.
- (2) Syed Iqbal Imam, MD (OPF).
- (3) Brig. (Retd.) Iftikhar Ahmed Gill, MD (OEC).
- (4) Mr. Aftab Malik, DG (NTB).
- (5) Mr. A. Sattar Gill, DG (NTP).
- (6) Ch. Muhammad Munir, OSD (F&A).
- (7) Mr. Muhammad Saeed Qureshi, FA/DMD (OPF).

162. This Division controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Manpower and Overseas Pakistanis Division	93
2.	Development Expenditure of Manpower and Overseas Pakistanis Division	157

APPROPRIATION ACCOUNTS

163. *Grant No. 93—Manpower and Overseas Pakistanis Division (Page 570-AA).*—As per Appropriation Accounts there was a net excess of Rs. 2,510,337 under this grant. Audit was of the view that the Department should have covered the excess by getting additional funds by way of Supplementary Grant. In absence of additional funds the department should have restricted the expenditure to the budget provision. The departmental representative explained that the excess was due to delinking of Pakistani Currency with Dollar and the whole budget was upset. The excess mainly represented expenditure incurred by “Community Welfare Attaches”, who had been communicating these excesses.

164. The PAC observed that the department had no facts pertaining to excesses under each object, full details should be supplied. The Manpower Division might examine the justification in this case and submit a report to PAC. The expenditure being incurred by the “Community Welfare Attaches” appeared to be super-fluous, as Pakistanis were facing lot of difficulties abroad. A report on the performance of “Community Welfare Attaches” may also be submitted to the PAC.

*Paragraphs upto 160 pertain to other Ministries/Divisions.

165. *Grant No. 157—Development Expenditure of Manpower and Overseas Pakistanis Division (Page 578-AA).*—This grant close with a saving of Rs. 221,849,038. In view of this saving, Supplementary Grant of Rs. 120,813,000 proved unnecessary. The non-surrender of such a huge saving well in time required an explanation.

166. In their explanation the Department stated that due to increase in demand of manpower abroad, the need to improve the existing facilities in "National Vocational Training Centre" was felt thus a project was started. The Provincial Training Board spent money on this project on the basis of the schemes approved by the Federal Government. The Department was expecting that this money would be utilised by the Provincial Training Boards as such the Supplementary Grant was obtained. The Finance Division was actually requested to transfer funds from one head to another and no additional funds were required. The funds could neither be utilised in full nor be surrendered in time. One of the main reason for non-utilisation was the non release of funds, in time, by the Finance which were actually released on 15th March, 1983 and the Department surrendered on 13th April, 1983.

167. The Finance representative, however, held that Finance Division ordinarily did not release funds unless Department ensured that these would be spent. As for the question of surrender was concerned, the Finance Division could not accept such surrenders, if these were made after 31st March, 1983. In this case if the Department could not utilise these funds they were required to surrender by 31-3-1983.

168. The PAC after discussion, directed that the Ministry of Finance may examine the case and let the PAC know the reasons for non-release of funds in time. Secretary Manpower Division may submit a separate report regarding non-utilisation of the funds available with him.

COMMERCIAL ACCOUNTS

Overseas Employment Corporation Limited

169. *Decline in revenue (Para 301, page 156-ARCA).*—As per Audit Report the Corporation sent 8,305 workers abroad during 1982-83 as against 10,315 and 14,310 workers in the past two years respectively. It earned a net profit of Rs. 6.853 Million during the year under review as compared to Rs. 6.171 Million in the previous year. It was further held by Audit that the Corporation was showing a decreasing trend in its revenue earnings. During 1984-85 earning were Rs. 3.5 Million as compared to Rs. 6.2 Million during 1981-82.

170. While explaining the decreasing trend, the Department Stated that there were several reasons for decrease in the earnings viz oil crises, Iran-Iraq War,

comparatively cheaper labour available from other Asian countries, and decrease in development programmes in Middle East countries.

171. The Audit representative then intimated the PAC that there had been an increase in the expenditure but the profit was decreasing. In 1982-83 against an expenditure of Rs. 10.8 Million there was operating profit of Rs. 5.7 Million, similarly against an expenditure of Rs. 12.4 Million in 1983-84, operating profit was Rs. 2.5 Million. Again in 1984-85 there was a profit of Rs. 1.7 Million against an expenditure of Rs. 10.8 Million, which showed decreasing trend.

172. The PAC, after hearing the view point of the Department, directed that expenditure may be reduced in proportion to the decrease in profits. The Corporation may consider teaching of Arabic to the workers going to the Middle East Countries. A scheme may be prepared for the employment of the workers who were returning from the Middle East.

173. *Non-payment of immigration fee : Rs. 1.338 Million (Para 302, page 156-ARCA).*—Audit had pointed out that the Corporation was required to pay all Government fees recovered from emigrants into the Government Treasury. The Government fee at the rate of Rs. 500 was levied on each emigrant permitted by the Protector of Emigrant for direct employment or individual visa. The Corporation did not deposit these fees in the Government Treasury from 1979-80 to 1982-83. An amount of Rs. 0.3 million had only been deposited against an amount of Rs. 1.338 million due for deposit. The Department explained that the Board of Directors in their 18th Meeting resolved that in view of the liquidity position of the Corporation, the liabilities should be cleared gradually over a period of time. An amount of Rs. 3 Lacs had been deposited and the remaining amount would be deposited when the financial position improved. Audit, however, held that Board of Directors had no authority to pass such an order. The PAC directed that recovery should be made and paragraph was dropped subject to verification by Audit.

174. *Contribution of Overseas Employees Welfare Fund : Rs. 3,178,584— (Para 303, page 156-ARCA).*—As per Audit Report, an amount of Rs. 550 per emigrant was required to be remitted by the Bank concerned directly to the credit of "Welfare Funds" being administered by the Overseas Pakistanis Foundation. The Bank, however, wrongly credited the amount to the Corporation. An amount of Rs. 3,178,584 had accumulated which was required to be transferred to the "Overseas Pakistanis Foundation" which the Corporation had not paid. The Department explained that Corporation had already paid a sum of Rs. 2,885,300 to "Overseas Pakistanis Foundation" and balance would be paid when the liquidity position improved. The Bankers had, however, been instructed to abide by the rules. The PAC directed that the amount should be cleared and dropped the paragraph subject to verification by Audit.

175. *Non-insurance of workers : Rs. 1.2 Million—(Para 304, page 156-ARCA).*—Audit had pointed out that an amount of Rs. 1,225,816 was collected by the Corporation from selectees for insurance, but they were neither insured, nor the premium was paid to the State Life Insurance Corporation. The amount should have either been refunded to the persons concerned or treated as Misc. Revenue. The Department explained that the workers were sent to Iraq on two year contract and charged insurance premium for two years. Due to Iraq-Iran War, the despatches which should have been completed in two months took over one year. The clients also revised work scheduled and manpower started coming back after one year. The amount was being refunded, whenever a claim was lodged. An amount of Rs. 62,875 had so far been paid. Corporation had also written to workers to get refunds.

176. The Chairman observed that this was individuals money and Corporation was not entitled to utilise it, for any other purpose but for which it was received. The interest, being earned, on it was also required to be refunded.

177. After a detailed discussion, the PAC directed that the case may be referred to the Justice Division for its views regarding the insurance coverage to workers who had not been insured in spite of Corporation having charged the insurance premium. Report may be furnished to the PAC within one month.

178. *Absence of internal audit—(Para 305, page 156-ARCA).*—It had been pointed out by Audit that against a sanctioned post of Assistant Manager (Internal Audit) nobody was posted and as such the internal audit of the accounts was not carried out. The Department explained that they had all along been trying to fill in this post, which was now being held by the Deputy Manager (Audit) w.e.f. 9-6-1984. He had prepared 29 reports, in addition to 103 observations, which would be produced to Audit, when asked for.

179. The PAC observed that the progress would be examined by Audit with the next audit of accounts and the paragraph was dropped.

180. *Non-recovery of Rs. 217,712 from Land Lady on Account of Repairs, Maintenance of a Requisitioned House (Para 25, page 33-ARCA).*—According to the Audit Report, Overseas Employment Corporation requisitioned a house for a period of 4 years w.e.f. November, 1979 at monthly rent of Rs. 5,500 for its Regional Officer. The agreement provided that the lessor was responsible for all repairs and to keep the premises in good condition. But the repairs costing Rs. 217,712 were carried out by the Corporation during 1980-81 and 1981-82, and no recovery was made from the lessor. The Department explained that Land Lady from whom the amount was recoverable, was the wife of the Ex-Managing Director. The case was handed over to the F.I.A. who had already completed its

investigations and the case had been filed in the court of Special Judge Anti-Corruption, Lahore. The amount could not be recovered as the then management was a party to the misappropriation. This was not the only amount but an amount of Rs. 9,127,462 was also recoverable from the Managing Director. Out of which an amount of Rs. 3,227,374 had been recovered, and the balance amount of Rs. 59 Lakhs was still recoverable. The PAC observed that precautionary measures should be taken to control such irregularities. This was a case of corruption of the worst order. It showed loose control of the Administrative Ministry. There should be institutionalised system of checks and balances. A study may be carried out about it and the financial autonomy to be given to autonomous bodies to prevent such cases. The report may be furnished to the PAC. The paragraph was deferred.

181. *Overseas Workers (Pakistanis) Foundation (Para 3, page 12-ARCA).*—Audit had pointed out that accounts of the “Overseas Workers (Pakistanis) Foundation” were required to be audited by the Auditor-General. The Management declined to entertain the “State Audit” of the Foundation for the year 1980-81. The Foundation explained that these accounts were not rendered on the plea that the funds of the Foundation were not auditable by Government Agency. Any how in accordance with the directive of the PAC dated 14-11-1983, the Auditor-General of Pakistan was to examine the issue in consultation with the Ministry of Finance and Law.

182. Audit held that the Ministry of Manpower in their Letter dated 24-4-1985 had already directed that State Audit should be entertained without any delay. Since then nothing had been done by the Foundation to produce the account. A Member of the PAC observed that legal and constitutional position should certainly be ascertained to ensure whether there was a room to have the accounts of the foundation audited. The Audit, however, stressed that this position had already been scrutinised and orders issued. Thereupon the PAC directed that the accounts should be produced to the Audit for scrutiny in view of the instructions already issued.

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

184. The Committee then adjourned to meet again on Sunday, the 27th April, 1986.

Islamabad, the 23rd November, 1986.

M. A. HAQ,
Secretary.

NATIONAL ASSEMBLY SECRETARIAT

Wednesday, the 7th January, 1987

Eighth Sitting (PAC)

*457. The Public Accounts Committee assembled at 2.00 p.m. in the Parliament House Islamabad to continue the examination of the Federal Accounts for 1983-84 and 1984-85. The following were present :—

P.A.C :

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|---|----|----|----|---------------------|
| (1) Sardar Aseff Ahmed Ali, M.N.A. | .. | .. | .. | Acting
Chairman. |
| (2) Rai Arif Hussain, M.N.A. | .. | .. | .. | Member. |
| (3) Ch. Muhammad Sarwar Khan, M.N.A. | .. | .. | .. | Member. |
| (4) Nawab Muhammad Yamin Khan, M.N.A. | .. | .. | .. | Member. |
| (5) Mr. Miangul Aurangzeb, M.N.A. | .. | .. | .. | Member. |
| (6) Malik Said Khan Mahsud, M.N.A. | .. | .. | .. | Member. |

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 Revenues.
- (5) Mr. Ahmed Nawab Qureshi, Director General, Commercial Audit.
- (6) Mr. S.M. Najamul Arfin, Deputy Director, Commercial Audit.

Ministry of Finance :

- (1) Mr. Manzur Hussain, Joint Secretary (Budget).
- (2) Mr. Muhammad Zafar Mian, Joint Secretary.
- (3) Mr. Tanwir Ali Agha, Deputy Secretary.
- (4) Mr. H.A. Niazi, FA (Labour & Manpower).
- (5) Mr. Riaz Ahmed Shaikh, DFA (Labour).

*Paragraphs upto 456 pertain to other Ministries/Divisions.

MANPOWER DIVISION

*505. The Committee took up for examination, the Appropriation Accounts etc., pertaining to the Manpower Division. The following departmental representatives were present :—

- (1) Mr. Jawaid Ahmad Mirza, Secretary.
- (2) Syed Aqel Zafar Hassan, Joint Secretary.
- (3) Mr. M.M. Usmani, Director General (BE&OE).
- (4) Mr.M. Yunus Khan, Director (Admn.) (BE&OE).
- (5) Mr. Muhammad Ashraf Cheema, Director (NTP).
- (6) Ch. Muhammad Munir, OSD (F&A).
- (7) Col. Aftab Malik, Director General (NTB).
- (8) Mr. Ghulam Sarwar Malik Executive Director (Finance) (OEC).
- (9) Mr. Jamal Khan, Director (Finance) (OPF).

506. This Division controlled the following grants :—

S.No.	Name of Grant	Grant No.
1983-84		
1.	Manpower and Overseas Pakistanis Division	93
2.	Development Expenditure of Manpower and Overseas Pakistanis Division	155
1984-85		
1.	Manpower and Overseas Pakistanis Division	96
2.	Development Expenditure of Manpower and Overseas Pakistanis Division	161

APPROPRIATION ACCOUNTS (1983-84)

507. Grant No. 93—*Manpower and Overseas Pakistanis Division (Page 730-AA).*—The Grant closed with an excess of Rs. 4,561,321. The Department while explaining the reasons for excess stated that it was mainly due to (i) the payment of advance salary in June due to Eid. (ii) higher rate of exchange of Foreign Currency after delinking ; and (iii) the fact that control of expenditure incurred by foreign missions was not always in the hands of Department. The excess was

*Paragraphs upto 504 pertain to other Ministries/Divisions.

known only when details were received by the Ministry. All the above factors were beyond control of the Department. The Chairman, PAC remarked that it was the responsibility of the Department to strictly follow the budget figures.

508. The Committee observed that it was not satisfied with the explanation. Financial Advisors should be conveyed displeasure of the Committee. The Excess was reluctantly recommended for Excess Budget Statement.

509. *Grant No. 155—Development expenditure of Manpower and Overseas Pakistanis Division (Page 738-AA).*—According to Appropriation Accounts there was a saving of Rs. 91,397,233 under this grant. Audit reported to the Committee that an amount of Rs. 207,588,300 was surrendered. It was a case of over-surrender which caused an excess of Rs. 116,191,067. The Department informed that Equipment was received from ILO, but debits for it were not received. The funds were surrendered in March, 1984 as this was not acceptable after March under the rules but latter on debits were booked to Account in June, 1984. Additional Budget was requested for the debits, but it was too late. The Committee accepted the explanation.

AUDIT REPORT (1983-84)

510. *Recoveries of Foreign and Entertainment Allowance etc., Rs. 21,791—(Para 1, page 112-AR).*—As per Audit Report, certain recoveries on account of excess payment of Foreign and Entertainment Allowance were pointed out by Audit during 1981-82. The recoveries of Excess payment were not made by the Department. The department reported that the matter was being pursued and recoveries would be made.

511. The Chairman PAC observed that recoveries had not been made during last five years. The cases were not properly handled Recoveries should be made before the next meeting. He wanted to know performance of Labour Attaches. The Department informed that there was a long list of subject being dealt with by Labour Attaches. The Committee directed that a Performance Report and justification about the Community Welfare Attaches posted abroad may be furnished to PAC.

COMMERCIAL AUDIT REPORT (1983-84)

512. *Renting of Corporation Property by the Land Lady resulting into a loss of Rs. 24,000 as hire income (Para 34, page 48-ARCA).*—According to the Audit report Overseas Employment Corporation hired a house at a monthly rent of Rs. 5,500 in November, 1979 for two years. This house was de-hired on 15th December, 1981 but the furniture and fixture valuing Rs. 70,000 belonging to the Corporation was not removed till 30th April, 1982. Land Lady rented this house to some other person and fixture and furniture was also rented out at the rate of

Rs. 6,000. Land Lady was given a benefit of Rs. 24,000 at the expenses of the Corporation. The Department explained that the Managing director was arrested. He was removed from service and the case was still in the Court. The Committee deferred the paragraph being subjudice.

513. *Over payment of Rs. 21,807 to the Ex-Managing Director on account of deputation pay, house rent and entertainment allowances (Para 35, page 48-49-ARCA).*—Audit pointed out that an Ex-Managing Director of the Overseas Employment Corporation was allowed to draw excess salary to the extent of Rs. 21,807 in violation of Government orders. The Department reported to the Committee that the Board of Directors had un-limited powers. Steps had now been taken to curtail these powers. The Managing Director himself used to draw his pay. The Director Finance of that time had also left the service. The Committee directed that the recovery should be made and got verified by Audit. The paragraph was settled.

APPROPRIATION ACCOUNTS (1984-85)

514. *Grant No. 96—Manpower and Overseas Pakistanis Division (Page 724-AA).*—This grant closed with an excess of Rs. 1,710,028. The Department while explaining the excess reported that this excess was mainly due to the expenditure incurred in Foreign Exchange and because Pakistani Currency was cheaper after delinking of Pak. Currency with dollar. Audit at this pointed out that there was an excess of Rs. 1,192,304 under "Commodities and Services" which was stated to be due to excess expenditure on POL charges Postages, Telegrams, rent of Office and Residential buildings which had perhaps little to do with delinking of Pakistani Currency. The department admitted that there was excess over the budget in such cases.

514-A. Auditor-General pointed out that in order to keep control over the excess. The figures of Budget in Foreign Exchange as well as expenditure out of it might be shown distinct (in foreign currency) from the local currency expenditure. Representative of Finance Division agreed to look into this proposal.

515. The Committee recommended the excess for regularization, and directed that Audit and Finance should examine as to how proper budgetary control should be exercised by the Department while assessing the budgetary requirements in view of fluctuating position due to delinking of currency.

516. *Grant No. 161—Development Expenditure of Manpower and Overseas Pakistanis Division (Page 732-AA).*—As per Appropriation Accounts there was an excess of Rs. 61,078,748 under this grant. An amount of Rs. 45,593,276 was in excess under "Commodities and Services", Rs. 45,494,362 under "Transfer Payment" and Rs. 223,458 under "Purchase of Durable Goods" which was explained by the Department that the excess under "Commodities and Services" and

"Transfer Payments" was due to the fact that the debits for machinery and equipment received through ILO were received late and supplementary grant submitted to Finance could not be agreed to. The Committee was not pleased with a delay in applying for supplementary grant and directed that the Ministry should be careful. The Excess was, however, recommended the regularization.

AUDIT REPORT (1984-85)

517. *Non-recovery of Utility Charges Rs. 12,929, (Para 2, page 112-AR).*—According to Audit, Utility Charges and other allowance paid in excess of the entitlement to the labour wing of certain Missions abroad had not been recovered. The Department informed the Committee that an amount of Rs. 2,766 had been written off and for the remaining, the matter was being pursued. The Committee directed that recovery should be made and got verified by Audit.

COMMERCIAL AUDIT REPORT (1984-85)

518. *Irregular expenditure on requisition of houses Rs. 43,123 (Para 22, page 38-ARCA).*—As per Audit in Overseas Employment Corporation, two houses were acquired at a monthly rent of Rs. 5,000 each for its Managing Directors in violation of standing government instructions. This resulted in an irregular expenditure of Rs. 43,123. Audit further informed that it was irregular to reserve a room in a residential building for official work. The Committee directed that the matter may be regularised by Ministry of Finance and in future such irregular things should not happen. The paragraph was dropped subject to verification by Audit.

519. *Irregular/Overpayment Rs. 191,633 due to wrong fixation of pay (Para 23, page 36-ARCA).*—In this case, pay of a Retired Military Officer was not fixed in accordance with the rules and he was allowed full pay in addition to full pension. The Department reported that Director Commercial Audit had already settled similar cases and that this case was also required to be settled. The Committee observed that Audit should verify the position and the paragraph was deferred.

520. *Loss of Rs. 10.809 million due to Cancellation of Sub-contract (Para 28, page 42-ARCA).*—According to Audit Report Overseas Employment Corporation entered into a joint venture in 1980 for carrying out civil works in Saudi Arabia. The profit & loss was to be shared in ratio of 40.60. As per agreement, the Corporation was responsible for preparing feasibility report and to prepare the bid in its own name and furnish bank guarantees and performance bonds and also to bear mobilization expenses. The remaining work was to be done by other company members U.B.A. In case of delay, the other party was responsible for total loss.

521. The joint venture took a Sub-Contract in July, 1980 for US \$ 7.029 million. The Corporation incurred an expenditure of Rs. 3.8 million on preparation of feasibility reports and processing of tender documents and also provided bank guarantee for Rs. 6.98 million. Due to poor performance, the contract was cancelled forfeiting the bank guarantee. The entire expenditure of joint venture by Corporation proved abortive. The Department admitted that the venture was a failure as there was no coordination. It became very difficult to recover the amount from the contractor in Saudi Arabia. The "Court of Commerce" disputes, the Committee of Saudi Arabia had already given an award. The action taken and complications involved were explained to the PAC. The Committee directed that the matter may be taken up through Ambassador. Audit should watch the progress of recovery. The paragraph was deferred.

522. *Loss of Rs. 93,767 due to Sale of fixed assets to fake bidder and irregular expenditure of Rs. 217,712 incurred on repair and renovation of bungalow.* (Para 30, page 45-ARCA).—Audit pointed out that during 1980-81, the Overseas Employment Corporation de-hired a rented bungalow but the assets for Rs. 183,766 were not removed as the building belonged to the wife of Managing Director. In April, 1982, the assets were disposed off for Rs. 90,000 to a fake buyer. In addition, Rs. 217,712 incurred on repairs and renovation of building were not adjusted in rent. The Department informed the Committee that this case pertained to a Managing Director. A case was registered against him with FIA on 6th August, 1984. Presently the case was in a Court of Law. The Committee deferred the paragraph being subjudice and directed audit to watch progress of the case.

523. *Overpayment/irregular payment of Rs. 172,510 to retired persons on re-employment (Paras 25-26, pages 40-41-ARCA).*—According to Audit certain retired Military Officers were re-employed in Overseas Employment Corporation. Their salaries were wrongly fixed in Contravention of government orders. The Department explained that the pay and allowances of the Officers were correctly fixed. The Committee settled the paragraph subject to Audit verification.

524. *Overpayment of Rs. 39,461 to former Finance Director (Para 27, page 41-ARCA).*—In this case Audit pointed out that a former Director Finance of Overseas Pakistanis Corporation was allowed the requisites of M. III Officer to which he was not entitled resulting in an over-payment of Rs. 39,461. The department informed the Committee that the officer Mr. Muhammad Hanif Malik who was on deputation from Punjab Government and was appointed as Director Finance, was allowed perquisites in accordance with the Government orders. Hence there was no case of over-payment. The Committee observed that Ministry of Finance may see, if there was any matter to be regularised. The paragraph was settled subject to Audit verification.

525. *Points/Paras not discussed to be treated as settled.*—The Committee did not make any observation other Points/Paras in the Appropriation Accounts & Audit Report for the years 1983-84 & 1984-85. These would be deemed as settled subject to such recovery/regularisation action, and verification by Audit where necessary under the rules.

526. The Committee then adjourned to meet again at 9.00 a.m. on Thursday, the 8th January, 1987.

M. A. HAQ,
Secretary.

Islamabad, the 25th June, 1987.

FEDERAL COUNCIL SECRETARIAT*Wednesday, the 29th August, 1984***Fourth Sitting (PAC)**

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

P.A.C :

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

Federal Council Secretariat :

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

Audit :

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

Ministry of Finance :

Mr. Manzoor Hussain, Joint Secretary.

344. *Accounts examined.*—The Accounts pertaining to the Ministry of Local Government and Rural Development were examined by the Committee during the course of the day.

*Paragraphs upto 342 pertain to other Ministries/Divisions.

MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT

345. The Committee took up, for its examination, the Appropriation Accounts etc., pertaining to the Ministry of Local Government and Rural Development. The following departmental representatives were present :—

- (1) Hafiz S. D. Jany, Joint Secretary.
- (2) Mr. A. H. Sajid, Deputy Secretary (Admn.).
- (3) Mr. M. Jamil Beg. Deputy Secretary (Co-ord & Tr.).
- (4) Mr. A. S. Bokhari, D. G. (Plan Coordination).
- (5) Mr. Salim Maqsood, Director (Admn., NCRD).
- (6) Mr. Muhammad Ali, Section Officer.

346. This Ministry controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Local Government and Rural Development ..	99
2.	Other Expenditure of Ministry of Local Government & Rural Development	100
3.	Development Expenditure of Ministry of Local Government & Rural Development	159

347. *Reconciliation of Accounts with Audit.*—Noting that the reconciliation work for the year 1983-84 was not yet complete, the Committee directed that all the pending reconciliation work should be got completed by September, 1984.

AUDIT REPORT

248. *Non-submission of total Account of Rs. 334,000 (Para 8, pages 93-94-AR).*—Audit pointed out that all the records pertaining to projects had been transferred by the Economic Affairs Division to the Ministry of Local Government and Rural Development. According to the standing instructions, replies were to be furnished by the Ministries/Divisions with whom the records were presently available. The Ministry of Local Government and Rural Development was, therefore, required to supply the reply to paragraph 8, pages 93-94, of Audit Report 1981-82, but they did not do so. The departmental representative explained that the record was with Economic Affairs Division even today. Thereupon, the Committee directed that the Accounts must be taken over from the Economic Affairs Division for taking action, as these pertained to the Ministry of Local Government and Rural Development, which now operates the projects.

APPROPRIATION ACCOUNTS

349. *Grant No. 99 (Pages 908-910-AA).*—Audit had shown an excess of Rs. 11,161 under the object “500—Commodities and Services”. In their reply, the Ministry drew attention to the foot note under this grant. Accordingly, the actual expenditure of Rs. 1,105,390 was inclusive of Rs. 41,416, on account of the expenditure of this Ministry for 1979-80, which had been belatedly booked by Audit during 1981-82. After deducting this amount from the printed figure of Rs. 1,105,390 in the Appropriation Accounts 1981-82, the actual expenditure worked out to Rs. 1,063,974 against the final grant of Rs. 1,094,229. There was therefore, a saving of Rs. 30,255 only (Rs. 1,094,229—Rs. 1,063,974) which was due to the following reasons :—

(i) Telephone bill of the Regional Office, Karachi was submitted to the A.G.P.R. in June, 1982, which was accounted for by them in July, 1982	39,069
(ii) T. A. bill of the Retional Office, Lahore was submitted to the A.G.P.R. Lahore in June, 1982, which was stated to have been lost by the A.G.P.R. during 1981-82 and was subsequently paid	186
Total ..	30,255

350. Audit pointed out in their comments that the belated adjustment of Rs. 41,416 for the year 1979-80 was confirmed in actuals. As regards Rs. 30,069 (Telephone bill Karachi) and Rs. 186 (TA bill Lahore), the position stated by the Ministry was not based on facts. No such variations were pointed out in the respective reconciliation statements.

351. In view of the above position, the Committee accepted the view point of Audit and did not make any further observation on this object.

352. *600—Transfer Payments.*—Audit had reflected an excess of Rs. 100,000 under this object. The Department stated that the special Discretionary Grant was sanctioned for the Ministry for Local Government and Rural Development and was provided as supplementary grant through the Financial Advisors’ Organisation. It was sent to the Ministry of Finance as well as the A.G.P.R., but was not included in the final grant. Audit pointed out that, under the final grant, the booking of Supplementary Grants contained only an amount of Rs. 3,000 and not Rs. 100,000 and the same was accounted for.

353. A member of the Committee enquired as to whether the certificate of Rs. 100,000, required for the Discretionary Grant, was furnished. The departmental representative replied that the Minister had certified the date of disbursement of the amount. The Vice-Chairman also remarked that this should also be checked, a report submitted and then Audit should verify.

354. *The Committee, finally, decided that the responsibility for not having got Rs. 100,000, printed in the Book of Supplementary Demand, should be fixed. The Committee further directed that the audit of expenditure against the Discretionary Grant should be carried out by Audit.*

355. 108—*Local Authority Administration and Regulation of Local Bodies.*—A member of the Committee observed that 57 officers and 189 member of the staff had been depicted by the Ministry under this object. *Its category-wise latest position should be given to the Committee. The departmental representative promised to do so. The Committee also directed that the details of the staff should be furnished to Audit, who may revert back to the PAC, if necessary.*

356. Grant No. 100—*Other Expenditure of Ministry of Local Government and Rural Development (Pages 912—914-AA).*—The Committee did not make any observation on this grant.

357. Grant No. 159—*Development Expenditure of Ministry of Local Government and Rural Development (Pages 916—918-AA).*—Audit had exhibited an excess of Rs. 1,870,713 under this grant. It was admitted by the Ministry that the final grant of Rs. 10,002,504, shown in the Appropriation Accounts, was correct. But the figures of actual expenditure amounting to Rs. 11,873,217, and an excess expenditure of Rs. 1,870,713 were, however, not correct. According to the foot-note under this grant, the figure of actual expenditure was inclusive of an expenditure of Rs. 3,367,912 incurred by the Ministry during 1979-80 and the A.G.P.R., Islamabad, had belatedly adjusted it in his books during 1981-82. After deducting this amount from the actual expenditure of Rs. 11,873,217, printed in the Appropriation Accounts, the figure, actually worked out by the Ministry during 1981-82 was Rs. 8,505,305 and not Rs. 11,873,217. Accordingly, there was a saving of Rs. 1,497,199 (Rs. 10,002,504—Rs. 8,505,305) and not an excess of Rs. 1,870,713, as shown in the Appropriation Accounts.

358. The saving of Rs. 1,497,199 was due to the fact that A.G.P.R., Islamabad sealed Authority No. TAV|LG—Audit-81-82|396—98, dated 26th November, 1981, authorizing the Federal Treasury Officer, Islamabad to afford a credit of Rs. 1,500,000 for the construction of "Hostel for the Elected Councillors and the visiting Resource Persons" in the PLD Account of the Divisional Accounts Officer, Central Division No. 1. Pak. P.W.D. Rawalpindi could not materialize till the close of the financial year. A such, the same lapsed. This Ministry, not being aware of its non-payment upto 30th June, 1982, was not in a position to surrender it.

359. A member of the Committee remarked that, as the construction work of the Hostel was not undertaken during eight months whether the Department had asked the P.W.D. to start it. The departmental representative replied in the negative and elaborate that the construction of the Hostel for the Elected Councillors was in progress. The Audit representative also confirmed that the construction had continued, Pak. P.W.D. did not ask for more funds.

360. The same member enquired as to when did the department reconcile the Accounts? The Audit representative intervened to say that the Department raised a debit against the A.G.P.R., but did not mention the Head of Account.

361. After further discussion, the Committee decided that the A.G.P.R., should examine as to why sealed authority was issued by his office, without giving the Head of Account and necessary action should be taken against those at fault.

COMPLIANCE ON THE POINTS CONTAINED IN THE PAC'S REPORT FOR 1979-80.

362. *Netherland's Grants—Rs. 5,372,000 (Paras 1306—1310, pages 360-361-PAC Report 1979-80).*—The Committee had previously noted that, in this case, the prospective aid/grant from Netherland's was diverted to another country, because the Accounts of the previous aid were not furnished to the authorities in Netherland's the donor country, in time, and the Committee had directed that those responsible for this default and loss to the country must be suitably dealt with.

363. *The reply by the Ministry in compliance with the above directive was studied by the Committee, which further directed that Audit should look into it and, if deemed necessary, revert back to the PAC for further direction.*

364. *Points not discussed to be treated as settled.*—The Committee did not make any observation on other paragraphs/points (i) in the Appropriation Accounts 1981-82 and the Audit Report thereon; and (ii) on the Compliance on PAC's Report for 1979-80. These would be deemed as settled subject to such regularization actions as may be necessary under the rules.

M. A. HAQ,
Secretary.

Islamabad, the 30th November, 1985.

NATIONAL ASSEMBLY SECRETARIAT

Sunday, the 27th April, 1986

Fourth Sitting (PAC)

*185. The Public Accounts Committee assembled at 09.00 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 :

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|--|----|----|------------------|
| (1) Sardarzada Muhammad Aji Shah, M.N.A. | .. | .. | <i>Chairman.</i> |
| (2) Rai Arif Hussain, M.N.A. | .. | .. | <i>Member.</i> |
| (3) Ch. Muhammad Sarwar Khan, M.N.A. | .. | .. | <i>Member.</i> |
| (4) Malik Said Khan Mahsud, M.N.A. | .. | .. | <i>Member.</i> |
| (5) Shahzada Jam Muhammad Yusuf, 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. Ahmad Nawab Qureshi, Director General, Commercial Audit.
- (7) Mr. Idris Ahmad, Director Audit (IS & F).

Ministry of Finance :

Mr. H. A. Niazi, FA (LG & RD).

*Paragraphs upto 184 pertain to other Ministries/Divisions.

MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT

*212. The Committee took up for examination, the Appropriation Accounts etc., pertaining to the Ministry of Local Government and Rural Development. The following departmental representatives were present :—

- (1) Mr. Safdar Hussain Kazmi Secretary.
- (2) Mr. Khalid Mahmood Ahmed, Joint Secretary.
- (3) Mr. A.H. Sajid, Deputy Secretary.
- (4) Mr. Ashiq Hussain Gondal, S.O. (F&A).

213. This Ministry controlled the following grants :—

S.No.	Name of Grant	Grant No.
1.	Ministry of Local Govt. and Rural Development	96
2.	Other Expenditure of Ministry of Local Government and Rural Development	97
3.	Development Expenditure of Ministry of Local Government and Rural Development	185

214. *Reconciliation of Accounts with Audit.*—The Committee observed that in large number of cases no reconciliation was done after June, 1985. The Department was directed to reconcile their accounts with Audit and bring the reconciliation work up-to-date. Some arrangements must be made for regular reconciliation to avoid problems subsequently.

APPROPRIATION ACCOUNTS

215. *Grant No. 96—Ministry of Local Government and Rural Development (Page 612-AA).*—This Grant closed with a saving of Rs. 9,986. The amount of saving being negligible the Committee did not make any observation.

216. *Grant No. 97—Other Expenditure of Ministry of Local Government and Rural Development (Page 614-AA).*—Saving under Grant being nominal, the explanation was accepted by the PAC.

217. *Grant No. 185—Development Expenditure of Ministry of Local Government and Rural Development (Pages 618—620-AA).*—Audit had pointed out that the Grant closed with a net saving of Rs. 1,785,014. The Department had not shown overall position of the grant. While explaining the saving, item by item, the Department intimated that it was due to non-recruitment of sanctioned staff by the Public Service Commission for 'National Centre of Rural Development'

*Paragraphs upto 211 pertain to other Ministries/Divisions.

and 'Vocational Guidance and Rural Entrepreneurship Centre'. Certain posts like Director General could not be filled in, as the officers were not available with the Establishment Division. Audit commented that the un-utilised amount should have been surrendered up to 31st March, 1983. The Department promised to follow budgetary rules in future. The PAC did not make any further observation.

AUDIT REPORT

218. *Wasteful Expenditure of Rs. 50,679 [Para 1 (iii), page 94-AR].*—As per Audit Report a consultant was appointed for the preparation of sketch plan and architectural details/drawings etc. at the rate of 4% of the estimated cost of construction of 'National Centre of Rural Development' Building without getting competitive rates. Another organisation, during the same year allowed 3% of the estimated cost for similar work to a consultant. Formal agreement was also not entered into. He was paid Rs. 50,679, although services rendered by him were found unsatisfactory and the drawings prepared by him were found defective by a Foreign Expert attached to 'National Centre of Rural Development' and C.D.A. Another consultant was appointed for the purpose and the entire amount paid to first consultant proved wasteful.

219. It was explained by the Department that facts stated in the Audit Para were not correct. The Consultant was from a firm of national [repute and was engaged on projects of national importance. In this case C.D.A. demanded 10% and Pak. P.W.D. 8%. The interest of the Government was kept in view. The Foreign Expert referred to in the Audit Para was neither an Architect nor a Civil Engineer. He was expert in Rural Development. The PC-I was extended up to 1977-78 and no consultant was appointed during this year, thus the Government did not suffer any loss. The Audit thereupon pointed out that there was more than one consultant in this case as per their information. The PAC directed that the Department might look into the case again and submit authentic report within one month to PAC.

220. *Misappropriation of Rs. 550,000 [Para 1(iv), pages 94-95-AR].*—Audit had pointed out that an advance of Rs. 550,000 was allowed to C.D.A. for construction of 'National Centre of Rural Development' in June, 1977. No agreement for such construction was made with the CDA. Full amount was received back in November, 1977 and the amount was neither entered in the cash book nor properly accounted for. It was kept out of Government account without disclosing facts in the cash book. The Department explained that money was deposited with C.D.A. for Deposit work which was admissible under the Rules. The accounting transaction was not properly made as no experienced staff was available at that time. The Director in good faith operated an account with Allied Bank Ltd. The receipt had now been entered correctly in the cash book, the procedural deviation was regretted.

221. Audit on this point brought out that this was not the only account kept in private bank, there were 6 accounts in all which were maintained through private banks. There appeared to be some deficiency in the procedures.

222. A member observed that there was something wrong as the money was deposited with C.D.A. to avoid lapse of grant and when taken back during the next financial year, it was not accounted for in the accounts properly and subsequently it was deposited in a private bank, against the Government Rules. The PAC directed that since the Department's explanation was not satisfactory, the Secretary may inquire into the case and furnish a report within one month to the PAC.

223. *Misappropriation of Rs. 57,611 and Temporary misappropriation of Rs. 92,553 [Para 1(v), page 95-AR].*—Audit had pointed out that an amount of Rs. 150,164 was drawn on 30-6-1982 for payment of 3 Telephone Bills. The payment was shown to have been made on the same day in the cash book, whereas a payment of Rs. 78,253 was made through Bank Draft in January, 1983 and a payment of Rs. 14,300 in March, 1983. Thus there was temporary misappropriation of these two amounts. The balance amount of Rs. 57,611 had not been disbursed and was misappropriated. The Department in their reply admitted that the amount withdrawn was not immediately utilised for the purpose for which it was drawn. The money was utilised towards a Training Course where no fund was available and when the money for Training Course was received, Telephone Bills were paid. This was in fact done as a matter of emergency, and was a procedural error. The PAC observed that the action of the Department was not covered under the rules, if it was not taken notice of, it would become a precedent. The Department will look into this case and submit a report to the PAC within one month. The paragraph was deferred.

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

225. The Committee then adjourned to meet again on Monday the 28th April, 1986.

M. A. HAQ,
Secretary.

Islamabad, the 23rd November, 1986

APPROPRIATION ACCOUNTS (1983-84)

156. *Grant No. 96—Ministry of Local Government and Rural Development (Page 772-AA).*—An excess of Rs. 86,754 was attributed to payment of Advance Salary on Eid. The Committee accepted the explanation and recommended the excess for inclusion in the excess budget statement.

157. *Grant No. 97—Other Expenditure of Ministry of Local Government and Rural Development (Page 776-AA).*—There was a saving of Rs. 363,426 under this grant which was 11% of the Final Grant. The Department explained that saving was due to the fact that tenders made were not accepted being late. The Committee observed that the Department should be careful in surrendering funds in time.

158. *Grant No. 156—Development Expenditure of Ministry of Local Government and Rural Development (Page 778-AA).*—The grant closed with an excess of Rs. 24,584,889. The Department contested the figures of expenditure as booked by Audit. Audit informed the Committee that there was a total difference in figures amounting to Rs. 28,540,768 which was mainly due to booking of debits received from A.O.I. S&F Karachi. The purchases were made through Ministry of Industries. The representative of Finance intimated the Committee that the funds were received in Aid and were credited to the Foreign Aid Deposit Account in the State Bank of Pakistan. The Department should have obtained necessary provision and the Principal Accounting Officer appeared to be responsible for it. The Department reported that Finance should have not released the funds when there was no provision. The Finance reported that the funds were already at the disposal of Principal Accounting Officer. There was a lapse on the part of Ministry, which was not being accepted.

159. The Chairman PAC observed that the procedure was not clear and the Principal Accounting Officer should be informed about it.

160. The Committee directed that the Department and Audit may sort out the difference in the figures available with them under this grant. The Ministry of Finance should circulate the instructions regarding expenditure from Foreign Aid and its accounting. This being a procedural mistake, the P.A.C. recommended the excess for inclusion in the Excess Budget Statement.

APPROPRIATION ACCOUNTS (1984-85)

161. *Grant No. 99—Ministry of Local Government and Rural Development (Page 768-AA).*—The grant closed with a saving of Rs. 960,883, which was nominal and Committee did not make any observation.

162. *Grant No. 100—Other Expenditure of Ministry of Local Government and Rural Development (Page 772-AA).*—There was a saving of Rs. 1,775,686 which worked out to 51% of Final Grant. The Department explained that an amount of Rs. 830,000 was surrendered in time, and was accepted by Finance but the remaining amount could not be surrendered in time. The Committee directed that the Department should be careful in making demands.

163. *Grant No. 162—Development Expenditure of Ministry of Local Government and Rural Development (Page 773-AA).*—This grant also closed with a saving of Rs. 1,482,289 which was 25% of the Final Grant. The Department reported that saving was due to the fact that funds released to "DATA Centre" and "Allama Iqbal Open University" were not utilized in full by these bodies. The remaining saving was due to non-recruitment of staff. The Committee directed that department should be more careful in implementing budgetary controls.

164. *Points not discussed to be treated as settled.*—The Committee did not make any observation on other points/paras and thus all such points contained in the Appropriation Accounts and Audit Report thereon would be deemed to have been settled subject to such regularisation and verification by Audit action as may be necessary under the rules.

M. A. HAQ,
Secretary.

Islamabad, the 11th June, 1987.

On 10/10/54, the following information was received from the [redacted] regarding the [redacted] of the [redacted] in the [redacted] area. The [redacted] was [redacted] by [redacted] and [redacted] on [redacted] at [redacted] hours. The [redacted] was [redacted] and [redacted] by [redacted] and [redacted] on [redacted] at [redacted] hours.

The [redacted] was [redacted] and [redacted] by [redacted] and [redacted] on [redacted] at [redacted] hours. The [redacted] was [redacted] and [redacted] by [redacted] and [redacted] on [redacted] at [redacted] hours. The [redacted] was [redacted] and [redacted] by [redacted] and [redacted] on [redacted] at [redacted] hours.

The [redacted] was [redacted] and [redacted] by [redacted] and [redacted] on [redacted] at [redacted] hours. The [redacted] was [redacted] and [redacted] by [redacted] and [redacted] on [redacted] at [redacted] hours. The [redacted] was [redacted] and [redacted] by [redacted] and [redacted] on [redacted] at [redacted] hours.

W. A. M.
[redacted]

10/10/54

FEDERAL COUNCIL SECRETARIAT*Tuesday, the 28th August, 1984***Third Sitting (PAC)**

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

P.A.C :

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

Federal Council Secretariat :

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

Audit :

- (1) Mr. Abdul Raouf, Auditor-General of Pakistan.
- (2) Mrs. Suraiya Hafes, Deputy Auditor-General (CA).
- (3) Syed Iftikhar Shabbir, Deputy Auditor-General (Co-ord).
- (4) Mr. Khalid Rafique, Deputy Auditor-General (A&R).
- (5) Mr. M. A. Lodhi, Accountant General, Pakistan Revenues.
- (6) Mrs. S. N. Sheikh, Director-General, Commercial Audit.

Ministry of Finance :

- (1) Mr. Manzoor Hussain, Joint Secretary.
- (2) Mr. H.A. Niazi, FA (Science and Technology).

166. *Accounts examined.*—The Accounts, pertaining to the Ministry of Science and Technology, were examined by the Committee during the course of the day.

*Paragraphs upto 164 pertain to other Ministries/Divisions.

MINISTRY OF SCIENCE AND TECHNOLOGY

167. The Committee took up, for examination, the Appropriation Accounts etc., of the Ministry of Science and Technology. The following departmental representatives were present :—

- (1) Mr. M. Aslam Qureshi, Joint Secretary.
- (2) Mr. Muhammad Nazim-ur-Rehman, Deputy Secretary.
- (3) Mr. S. Abdul Hafeez, OSD (F&A).

168. This Ministry controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Ministry of Science & Technology	115
2.	Other Expenditure of Ministry of Science and Technology.	116
3.	Development Expenditure of Ministry of Science and Technology.	164
4.	Capital outlay of the Ministry of Science and Technology.	188

169. *Reconciliation of Accounts with Audit.*—The Committee noted that the Ministry had yet to complete the reconciliation of the accounts for 1983-84 in respect of the National Science Council of Pakistan, the Pakistan Science and Technology Information Centre, the Pakistan Medical Research Council and the P.C.S.I.R. *The departmental representative was directed that all the outstanding reconciliation work must be got completed by the end of September, 1984.*

APPROPRIATION ACCOUNTS

170. *Grant No. 115—Ministry of Science and Technology (Pages 1074—1076-AA).*—Audit had reflected an excess of Rs. 23,626 under this grant. It was explained by the Ministry that this was attributable to the adjustment, carried out by A.G.P.R. in June, 1982 (Final) on account of advertisement bills, submitted directly by the PID. The excess came to notice after 30th June, 1982 when no supplementary grant could be obtained.

171. In view of the above position, the Committee did not make any further observation on this grant.

172. *Grant No. 116—Other Expenditure of Ministry of Science and Technology (Pages 1078—1080-AA).*—An excess of Rs. 321,357 was exhibited under this grant. After going through the explanation of the Ministry and Audit comments thereon, the Committee did not make any further observation of this grant.

173. *Grant No. 164—Development Expenditure of Ministry of Science and Technology (Pages 1082—1088-AA).*—An excess of Rs. 1,000,657 was reflected against the object “389—Others—Object—Village Level Food Processing Project”. The Ministry stated that the excess was due to the adjustment of Project Aid received during the year 1980-81. Audit pointed out in their comments that the belated adjustment of Rs. 1,000,657 as Project Aid, was advised by the Economic Affairs Division in 1981-82. The aid for 1981-82 was intimated by the Ministry of Science and Technology to the Economic Affairs Division on 15th January, 1984 and on Economic Affairs Division's intimation, was booked in the accounts for 1982-83.

174. Questioned as to why could Audit not inform the Department, the Audit representative replied that they were not obliged to do so. This was, in fact, the Ministry's job. Thereupon, a member of the Committee pointed out that it were the Ministry, who should follow the instructions issued in January, 1982. The Economic Affairs Division, Audit and the Ministry of Science and Technology, who were concerned, should also be informed of the position. The Committee did not make any further observation on this grant.

175. *Objects “National Institute of Power” and “National Institute of Oceanography” (Page 1084-AA).*—Audit had shown excess of Rs. 425,000 under “National Institute of Power” and Rs. 250,000 under “National Institute of Oceanography”. It was explained by the Ministry that the difference of Rs. 425,000 and Rs. 250,000 between the Audit and departmental figures of expenditure were due to incorrect excess booking by Audit. The excess debits had been withdrawn by the AGPR, in the Accounts for June, 1983 (Final).

176. Audit agreed with the explanation submitted by the Ministry in regard to both the above-mentioned objects. Audit further informed the Committee that the excess booking of Rs. 425,000 and Rs. 25,000 were erroneous and had been written back in the year 1982-83.

177. A member of the Committee observed, that, in that case, Audit should have stated whether reconciliation had been carried out or not. No further observation was made by the Committee.

178. *Object “Development Centre for Silicon Technology” (Page 1084-AA).*—According to Audit, a saving of Rs. 6,000,000 had occurred under this Object. The Ministry stated that the saving was due to the non-adjustment of foreign aid by Audit because of non-receipt of advice from the Economic Affairs Division. Besides, an amount of Rs. 156,250 was surrendered due to the non-release of funds to that extent by the AGPR. Audit pointed out that the Ministry had delayed to intimate the Economic Affairs Division of the receipt of this aid (Rs. 6,000,000) i.e. in February, 1984. It was, therefore, adjusted in 1982-83.

179. After hearing the Ministry and Audit, the Committee made no further observation under this object.

180. *Grant No. 188—Capital Outlay of Ministry of Science and Technology (Pages 1090—1097-AA)*.—Audit had reflected a saving of Rs. 5,999,983 under the function "389—Others—Object—600—Transfer Payments—Grants-in-Aid to Scientific and Industrial Research". The Department contended that the total actual expenditure under this grant, duly reconciled with Audit, worked out to be Rs. 19,334,250 and not Rs. 19,334,267. Hence the savings came to Rs. 6,000,000 and not Rs. 5,999,983, as shown by Audit in the Appropriation Accounts. Audit, on the other hand, maintained that the nominal difference in the Audit and Departmental figures of actual expenditure was Rs. 17 only which was due to Supplementary adjustment by the AGPR, Karachi. The Ministry should have given detailed reasons as to why the Aid did not mature.

181. The Committee did not make any further observation under this object either.

182. *Object—"Grants-in-Aid to Pakistan Science Foundation" (Page 1090-AA)*.—No saving of excess was reflected under this Object. However, the Department stated that the amount of Rs. 101,275 was surrendered due to the non-release of fund to that extent by the AGPR. The Vice-Chairman observed that the explanation was not quite clear and Audit had also not commented on it. A member of the Committee also asked as to whether the amount had been actually spent or not. On the departmental representative informing the Committee that the amount had not been spent, another member enquired as to what was the difficulty in getting it released? The departmental representative explained that the project had not been approved by the Planning Division. The Committee, thereupon, did not make any further observation regarding this object.

AUDIT REPORT

183. *Delay in processing of G.P. Fund final payment case of Mr. Abdul Sattar, Ex-Assistant of the Ministry, G.P. Fund Account No. GGC-2445 [Para 2 (44), page 284-AA]*.—It was explained by the Ministry that Mr. Abdul Sattar had left the Ministry on 11th July, 1977, his application for the final payment of G.P. Fund accumulations was received by the Ministry in July, 1981 and forwarded to the A.G.P.R. in October, 1981. Thus, there was no abnormal delay on the part of the Ministry in processing his case of final payment of the G.P. Fund accumulations. The Committee accepted the above explanation and decided to drop the paragraph.

**COMPLIANCE REPORT ON THE POINTS CONTAINED IN THE
COMMITTEE'S REPORT FOR 1979-80**

184. *Grant No. 161 (ii) National Centre for Transfer of Technology (Page 196-AA) (Para 1530, page 406-PAC Report 1979-80).*—The Committee had previously noted that, even though the Centre in question had not been set up, the provision of Rs. 83,600 made for it had been fully exhausted. The Committee had directed that a note should be furnished to it, explaining as to how, under whose orders and on what items was the said amount expended during the year.

185. In compliance, the Ministry explained that a regional Centre for Technology Transfer was established by ESCAP in India and it was obligatory for the regional countries to establish national centres in their respective countries, so that a net-work of Technology Transfer Centres could start functioning in the region. Accordingly, a scheme of National Centre for the Transfer of Technology was prepared by the Ministry at a total cost of Rs. 19.9 million and approved by the Government of Pakistan, the competent authority. Rs. 0.1 million were also allocated for it by the Ministry of Finance in the Annual Development Programme for the financial year 1979-80.

186. To make the Centre for the Transfer of Technology functional on a priority basis, the Deputy Scientific Adviser was given charge of the Director-General, NCTT and activities of this Centre were started. As a lot of informatory material was being received from the Regional Centre, and efficient IBM Memory Typewriter was needed to retrieve the vast amount of information being handled by the ECTT. Under the circumstances, the Secretary of the Ministry authorised the purchase of a typewriter, so that the interim cell of the NCTT, which was an approved and on-going scheme, could function efficiently. Later, a proposal for filling up the post of Director-General was submitted to the Establishment Division, but the same could not be finalized. However, since then, ADP allocations had been made for this project every year. The funds were not utilized in subsequent years, since the appointment of D.G. was pending.

187. Audit pointed out in their comments that it transpired from the above reply that Rs. 83,600 were spent on the purchase of memory typewriter for the National Centre for the transfer of technology, but the Centre had not been established so far. The Budget, provided for the Centre during year 1983-84, had been surrendered. The equipment was of little use without a properly manned and established Centre. Hence the reply of the Ministry was unsatisfactory.

188. A member of the Committee remarked that the Committee had last asked the Ministry to examine that if the Department had not established the Centre at all, how did they spend Rs. 83,600.

189. The departmental representative informed the Committee that the Centre had been established. The same member of the Committee further enquired as to what was the budget for 1984-85? The departmental representative replied that it was Rupees one million.

190. Another member of the Committee remarked that the explanation submitted by the Ministry was not satisfactory.

191. After discussion, *the Committee directed that a full and detailed report should be furnished to the Committee, explaining the functions of the Centre and the use that was being made of the IBM Typewriter, purchased for Rs. 83,600. This report should be first submitted to Audit, who will examine it and then report to the PAC.*

192. *Pakistan Council of Scientific and Industrial Research (PCSIR) Annual Report 1981-82.*—A member of the Committee observed that the total allocation for the PCSIR in the Appendix C to the Annual report for 1981-82 had been shown to be Rs. 47,000,000 and the expenditure to be Rs. 48,300,594. But the statement at Appendix 'C' of the Report did not elucidate as to wherefrom did the PCSIR get the extra money and whether there was any audit of expenditure? It also appeared that the Accounts were not complete. The Annual Report should include a statement of all the money received by the PCSIR, where did they spend the same and for what purpose and the net position at the end of the year.

193. After a discussion, *the Committee finally directed that a fuller picture of the budget of the PCSIR should be furnished. The statement of Accounts should include all the receipts and expenditure, without any exception.*

194. *Annual Report 1981-82 of Pakistan Medical Research Council.*—The Annual Report of the Pakistan Medical Research Council, contained an account of the activities of the Council during the year 1981-82. As decided by the Council, the Annual Report had been compiled according to the financial year and edited according to certain disciplines and categories of diseases.

195. A member of the Committee remarked that the Annual Report did not exhibit the accounts except some data. It also gave no indication as to where were the funds utilized, whether most of the expenditure was from the grants and the method and manner in which the money was spent. Perhaps Audit should have furnished some information on the above. The Audit representative apprised the Committee on the essential requirements of rules for the allocation of finances to the Pakistan Medical Research Council, namely that it must satisfy itself that the purpose for which the money was given to the organization had been served. There should hence be a mechanism with the Department under which the departmental representatives could satisfy themselves about this condition. Audit would obviously come in the picture later. Thus, firstly, it was the

responsibility of the Department to have some mechanism. Then some information system was needed from which the Department could get the requisite information.

196. A member of the Committee invited the attention of the departmental representative to pages 12-13 of the Annual Report of PMRC, 1981-82, wherein it was depicted that the Council received the annual grants during 1981-82 from the Government. The budget provision for the Council registered an increase of Rs. 815,000 from the previous year under non-development allocation and Rs. 965,000 under the allocations for development. The same member further remarked that the Department should have clearly indicated that the funds under non-development allocations were not adequate to meet the expenditure on the research projects, which were totally financed through the development funds.

197. *The Committee decided that full Accounts of the Pakistan Medical Research Council must be furnished in the future Reports. The Authority, allocating the funds to the Council, must ensure as to how was the money spent. The Ministry should also lay down a suitable mechanism for this purpose.*

198. *Appropriate Technology Development Organisation—1981—Six monthly progress Reports.—(i) The Committee directed that the audited Annual Accounts of the above organisation and all the other organisations under the Ministry of Science and Technology should be incorporated in their Annual Reports.*

(ii) *As the Committee wanted to know the details of various organisations under the Ministry of Science and Technology, it was considered desirable that heads of all the important ones among them located in Islamabad/Rawalpindi may also attend the P.A.C. meeting, if possible.*

Pakistan Science Foundation—Annual Report 1979-80 National Science Council of Pakistan—Annual Report 1983.

Silicon Technology Development Centre—Annual Report 1983.

National Institute of Oceanography—Annual Report 1983.

199. The Committee did not make any observation on the above Reports.

200. *Points not discussed to be treated as settled.—The Committee did not make any observation on the other paragraphs|points in (i) the Appropriation Accounts 1981-82 and the Audit Report thereon ; and (ii) Audit comments on the compliance of the PAC Report 1979-80. These would be deemed as settled, subject to such regularisation actions, as may be necessary under the rules.*

M. A. HAQ,
Secretary.

Islamabad, the 20th September, 1985.

NATIONAL ASSEMBLY SECRETARIAT

Tuesday, the 26th August, 1986

Tenth Sitting (PAC)

*603. The Public Accounts Committee assembled at 9.00 a.m. in the Parliament Building, Islamabad to continue the examination of the Federal Accounts for 1982-83. The following were present :—

P.A.C :

- | | | |
|--|-------|------------------|
| (1) Sardarzada Muhammad Ali Shah, M.N.A. | .. .. | <i>Chairman.</i> |
| (2) Sardar 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) Nawab Muhammad Yamin Khan, M.N.A. | .. .. | <i>Member.</i> |
| (6) Mr. Miangul Aurangzeb, M.N.A. | .. .. | <i>Member.</i> |

National Assembly Secretariat :

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

Audit :

- (1) Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
- (2) Mrs. Suraiya Hafeez, Deputy Auditor General (CA).
- (3) Syed Iftikhar Shabbir, Deputy Auditor General (Co-ord).
- (4) Mr. A. A. Zaidi, Deputy Auditor General (A&R).
- (5) Sh. Muhamad Sadiq, Accountant General Pakistan Revenues.
- (6) Mr. M. S. Amjad, Director General (PEC).
- (7) Mr. Ahmed Nawab Qureshi, Director General, Commercial Audit.

Ministry of Finance :

- (1) Mr. S.M. Badrul Hassan, Deputy Secretary (Budget).
- (2) Mr. H.A. Niazi, FA (Science & Technology).
- (3) Mr. Mohammad Razzaq, DFA (Science & Technology).

604. *Accounts examined.*—Accounts pertaining to the Ministry of Science and Technology were examined by the Committee during the course of the day.

*Paragraphs upto 602 pertain to other Ministries/Divisions.

MINISTRY OF SCIENCE AND TECHNOLOGY

605. The Committee took up for examination, the Appropriation Accounts etc., pertaining to the Ministry of Science and Technology. The following departmental representatives were present :—

- (1) Mr. M. Masihuddin, Secretary.
- (2) Mr. Ijaz Ahmed, Joint Secretary.
- (3) Mr. Muhammad Nazim-ur-Rehman, Deputy Secretary.
- (4) Mr. S.A. Hafeez, OSD (F&A).
- (5) Dr. D.M. Shami, Chairman (PSF).
- (6) Dr. Naeem Ahmed Khan, Chairman (PCSIR).
- (7) Dr. M.M. Azam, Secretary (PCST).
- (8) Mr. M.R. Khawar, Accounts Officer.

606. This Ministry controlled the following grants :—

S.No.	Name of Grant	Grant No.
1.	Ministry of Science & Technology	113
2.	Other Expenditure of Ministry of Science and Technology ..	114
3.	Development Expenditure of Ministry of Science and Technology	163
4.	Capital Outlay of Ministry of Science and Technology ..	188

APPROPRIATION ACCOUNTS

607. *Grant No. 113—Ministry of Science and Technology (Pages 764-765-AA).*—The grant closed with a net saving of Rs. 1,148,118. The saving was mainly due to less expenditure of Rs. 150,000 under object 'Miscellaneous Expenditure' of which was provided in the budget for contribution for United Nation's Goodwill Mission for follow up activities. The contribution could not be made due to non receipt of demand from the concerned agencies. Similarly there was a saving of Rs. 980,444 under object-900—'Miscellaneous Expenditure' which was stated to be due to less payment of contribution and subscription to international agencies from whom demand was not received. The Department further explained that the non-surrender was due to the instruction from Ministry that the amount could be demanded by the international agencies any time before 30th June. The Chairman observed that non-surrender of expected savings before the due date tantamount to blocking of capital which could be utilised elsewhere. The surrender made on 28th June, 1983 in this case was in fact no surrender as the funds could not be utilised elsewhere. The Committee directed that the Department should be more careful in future.

608. *Grant No. 114—Other Expenditure of Ministry of Science and Technology (Pages 766-767-AA).*—This grant closed with a saving of Rs. 421,147. Saving being within the permissible limit, the Committee did not make any observation on it.

609. *Grant No. 163—Development Expenditure of Ministry of Science and Technology (Page 768-AA).*—There was a saving of Rs. 4,655,121 which worked out to about 9% of the final grant. The Department explained that the amount of saving included aid under PL-480 which did not mature and thus it was a technical saving. The Committee observed that the Department should be more careful in budgetary matters.

610. *Grant No. 188—Capital Outlay of Ministry of Science and Technology (Page 772-AA).*—According to the Appropriation Accounts the net saving was Rs. 8,444,750 which worked out to 26% of the final grant. While explaining the saving, the Department reported that the Ministry of Finance did not release the funds amounting to Rs. 4,944,750 for the 4th Quarter for expenditure, as such Department could not utilise the amount in full. Similarly A.G.P.R. did not adjust Foreign Aid received during the year and thus Rs. 3,000,000 remained un-booked. An amount of Rs. 500,000 could not be utilised due to non-receipt of aid from Aid Giving Agency. This part of the saving was again technical saving.

611. Representative of the Finance Division held that the funds for the 4th Quarter were not released because accounts for already provided funds which were kept in the bank were not rendered. The Department, however, stated that P.C.S.I.R. was always deficit in funds, 70% of the funds provided were utilised on pay of officers. The present Government had allowed funds for 11 projects, which had not so far been approved. They could not utilise funds without approval of the projects. They submitted approved accounts during 1985-86, the Finance did not release money for the 4th Quarter when accounts for the 3rd Quarter were submitted to them. This was a general complaint. The Chairman thereupon observed that if there were any such cases where money was not released even if the accounts were rendered, these should be brought to the notice of P.A.C. There was a tendency of over budgeting with the Department and the money budgeted was neither spent nor surrendered which resulted in huge saving.

612. The Committee directed that the cases where the accounts for the expenditure of the first three quarters were furnished to the Ministry of Finance and Funds were not released for the 4th Quarter during 1985-86 may be brought to the notice of Committee, so that further action in the matter could be taken. The Performance, Report of P.C.S.I.R. may also be submitted by the Ministry to the P.A.C.

AUDIT REPORT

613. *Loss due to theft of equipment for Rs. 45,100 [Para 1(i), page 98-AR].*—As per Audit Report Projector costing Rs. 32,000 and an amplifier costing Rs. 131,000 were stolen from the stores of Pakistan Scientific and Technology Commission Centre, Islamabad, in August, 1981. The loss was not reported to the Ministry. The Departmental inquiry was held but without result. The Department explained that a report was registered with the Police for investigation. It was later on transferred to C.I.A. and was subsequently entrusted to F.I.A. and the investigations were in progress. The theft in the organisation was not reported to the Ministry. The Committee after going through the explanation of the Department observed that some thing must be done of finalise the case and to write off the loss, if necessary.

614. *Irregular Payments of Rs. 29,757, Rs. 22,891 and Rs. 6,866—[Para 2(a) (b) (i), page 98-AR].*—Audit pointed out that a Deputy Director employed in Pakistan Science Foundation was allowed to hold additional charge of higher post in the Council and was paid additional remuneration @ Rs. 220 p.m. from 4th September, 1976 to 3rd September, 1977. He was again allowed special pay @ Rs. 20% of his basic pay amounting to Rs. 20,251. The arrangement on both the occasions resulted in an irregular expenditure of Rs. 22,891. Similarly Rs. 6,866 were paid to three officers of the Council for working on a project. These additional payments to an officer of another organisation were not covered by the rules. Thus the payments were irregular. The Department explained that the payment made had since been regularised. The Committee directed that the Department should observe all formalities before incurring the expenditure and be careful in future. The paragraph was settled subject to verification of regularisation action by Audit.

615. *Un-economical expenditure of Rs. 192,847 [Para 2(b) (iv) page 99-AR].*—According to the Audit Report an expenditure of Rs. 192,847 was incurred from May, 1975 to January, 1982 on printing and purchases without adopting to open tender system. The benefit of competitive rates and quality were lost. The Department, however, reported that there were 13 cases involving purchase of material and printing of matters. The printing and purchases were made after obtaining quotations from the local market and accepting lowest ones. This was done to avoid expenditure on advertisement. A payment of Rs. 18,750 was made on account of cost of 120 books pertaining to Scientific Journals. The items include purchase of books published abroad. Thus there was no irregularity involved in this case. The Committee observed that the Department should be more careful in observing correct procedures. The paragraph was dropped.

616. *Recovery of dues for excess calls from residential telephones—Rs. 14,688 [Para 3 (iii), page 100-AR].*—Audit pointed out that the Foundation paid Rs. 14,688

for excess calls made beyond the billing fixed in respect of two residential telephones during the period 12/79 to 8/81 and the amount which was recoverable was not recovered. The Department intimated that an amount of Rs. 14,688 was paid by the Department on compassionate grounds as the officer Mr. M.S. Athar, former Director/Member Finance of Pakistan Science Foundation had already retired from service. Audit however, held that payment required regularisation by the Foundation. The paragraph was dropped subject to verification of regularisation action by Audit.

617. *Points not discussed to be treated as settled.*—The Committee did not make any observation on other points in Appropriation Accounts and Audit Report thereon. These would be deemed to have been settled, subject to regularisation and verification by Audit, as may be required under the rules.

M. A. HAQ,
Secretary.

Islamabad, the 19th January, 1987.

NATIONAL ASSEMBLY SECRETARIAT

Thursday, the 8th January, 1987

Ninth Sitting (PAC)

*527. The Public Accounts Committee assembled at 10.00 a.m. in the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1983-84 and 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) Rai Arif Hussain, 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 Revenues.
- (5) Mr. Iftikhar Ali Khan Raja, Director General, (A&A Works).
- (6) Mr. Ahmad Nawab Qureshi, Director General, Commercial Audit.
- (7) Mr. M.S. Amjad, Director General (PEC).

Ministry of Finance :

- (1) Mr. Manzur Husain, Joint Secretary (Budget).
- (2) Mr. Tanwir Ali Agha, Deputy Secretary.
- (3) Mr. H.A. Niazi, FA (Science & Technology).

528. *Accounts examined.*—Accounts pertaining to the Ministry of Science and Technology were examined by the Committee during the course of the day.

*Paragraphs upto 526 pertain to other Ministries/Divisions.

MINISTRY OF SCIENCE AND TECHNOLOGY

529. The Committee took up for examination, the Appropriation Accounts etc., pertaining to the Ministry of Science & Technology. The following departmental representatives were present :—

- (1) Mr. Muhammad Masihuddin, Secretary.
- (2) Mr. Ijaz Ahmad, Joint Secretary.
- (3) Mr. M.D. Shami, Chairman (Pakistan Science Foundation).
- (4) Mr. Muhammad Zafar Ellahi, Member Finance (PSF).
- (5) Dr. Naeem Ahmed Khan, Chairman (PCSIR).
- (6) Mr. M.R. Chaudhry, Chairman (PCRWR).
- (7) Brig. (Retd) Muhammad Yasin, Director Technical (N.I.E).
- (8) Syed Abdul Hafeez, OSD (F & A).
- (9) Mr. M. Rafiq Khawar, Assistant Accounts Officer.

530. This Ministry controlled the following grants :—

S.No.	Name of Grant	Grant No.
1983-84		
1.	Ministry of Science and Technology	112
2.	Other Expenditure of Ministry of Science and Technology ..	113
3.	Development Expenditure of Ministry of Science and Technology	161
4.	Capital Outlay of Ministry of Science and Technology ..	186
1984-85		
1.	Ministry of Science and Technology	114
2.	Other Expenditure of Ministry of Science and Technology ..	115
3.	Development Expenditure of Ministry of Science and Technology	116
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APPROPRIATION ACCOUNTS (1983-84)

531. *Grant No. 112—Ministry of Science and Technology (Page 902-AA).*—According to Appropriation Account there was a saving of Rs. 896,024. An amount of Rs. 1,100,000 was surrendered. This was a case of excess surrender. The Committee did not make any observations.

532. *Grant No. 113—Other expenditure of Ministry of Science and Technology (Page 904-AA).*—This grant closed with a saving of Rs. 166,800. The Committee did not make any observation, saving being nominal.

533. *Grant No. 161—Development Expenditure of Ministry of Science and Technology (Page 908-AA).*—According to Appropriation Account there was a saving of Rs. 15,599,250 under this grant. The Department reported that saving was due to the fact that funds for the 4th quarter were not released by Finance. The representative of Finance informed the Committee that Accounts for third quarter were not submitted by the Department, as such funds for fourth quarter were not released. The Chairman PAC observed that this Ministry being an important one, should be better looked after. The Ministry should make full efforts to utilize the allotted funds. There had been complaints that the scientists working in the Ministry were not happy. The Department explained that there were grievance of "Move-Over" which had been removed. Services of competent officers were fully recognised. The rules were framed by Government. It had now been decided to form a Board of Advisers. The Committee directed that a performance report of different ventures of the Ministry including problems being faced by the Ministry, if any, may be submitted to PAC.

534. *Grant No. 186—Capital Outlay of Ministry of Science and Technology (Page 914-AA).*—This grant closed with a saving of Rs. 10,227,250, which was attributed by the Department to non-release of Funds and non-receipt of foreign assistance for the project. The Committee accepted the explanation.

APPROPRIATION ACCOUNTS (1984-85)

535. *Grant No. 114—Ministry of Science and Technology (Page 886-AA).*—There was a saving of Rs. 1,065,109 under this grant. The Department intimated that an amount of Rs. 993,000 on account of contribution to "UN Financing System" were withheld under instructions from the Mission abroad, pending finalization of decision in the matter. The Committee directed that the funds provided by the Government should be used effectively.

536. *Grant No. 115—Other Expenditure of Ministry of Science and Technology (Page 890-AA).*—There was a nominal saving of Rs. 14,957. The Committee did not make any observation.

537. *Grant No. 166—Development Expenditure of Ministry of Science and Technology (Page 900-AA).*—According to Appropriation Account, there was a saving of Rs. 22,700,753 under this grant which was 32% of the final grant. The Department explained that an amount of Rs. 16,912,000 was surrendered in time and surrender was accepted. The remaining saving was due to non-release of Funds, for the 4th quarter, non-receipt of Aid, and due to non-approval of certain projects. As for non-release of Funds, the representative of Finance stated that in view of the surrender made by the Department, it was appropriate for the Department to-re-appropriate the funds for the schemes for which funds could not be released by the Finance. The Department informed the Committee that Funds for the purchase of ship were surrendered as the Ships offered by U.S.A. could not be accepted as these were not more than a Junk.

538. The Committee observed that funds provided for schemes by the Department must be utilized. The Performance Audit Report of the Projects of Ministry of Science & Technology may be carried out.

539. *Grant No. 191—Capital Outlay of Ministry of Science and Technology (Page 916-AA).*—This grant closed with a saving of Rs. 24,302,000 which was 56% of the Final grant. The Department explained that above saving included an amount of Rs. 16,600,000 surrendered in time and accepted by Finance. The remaining saving of Rs. 5,700,000 was due to non-receipt of Aid and Rs. 1,306,000 were attributed to non-approval of projects. The Chairman PAC observed that Projects for which there were no chances of approval should have not ordinarily been budgeted. It should be a general rule that only approved schemes or schemes with fair chances of approval should be budgeted. It was no use to tie up funds for un-approved schemes.

540. *Points/Paras not discussed to be treated as settled.*—The Committee did not make any observations on other points/paras in the Appropriation Accounts and Audit Reports for the years 1983-84 and 1984-85. These would be deemed as settled, subject to such recovery and regularisation action and verification by Audit, where necessary, under the rules.

M. A. HAQ,
Secretary.

Islamabad, the 18th July, 1987.