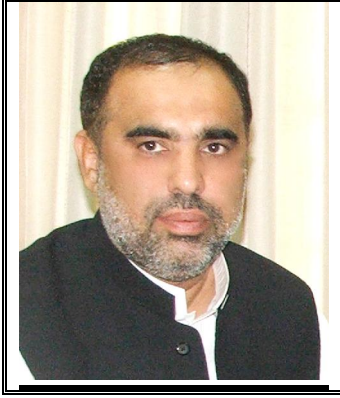


**PROVINCIAL ASSEMBLY OF KHYBER
PAKHTUNKHWA**



REPORT
PUBLIC ACCOUNTS COMMITTEE
ON THE ACCOUNTS OF
GOVERNMENT OF KHYBER PAKHTUNKHWA
FOR THE YEAR 2012-13



CHAIRS FOREWORD

The Report of Auditor General of Pakistan for the year 2012-13 was the second report that has been examined by the present Public Accounts Committee (PAC). PAC is one of the important Standing Committees of the Provincial Assembly through which the legislatures perform their function of financial oversight. It works for the assurance of financial discipline in the Government Departments, which in turn makes the financial matters inline with the rules and regulations to better serve the public of Province.

The Administrative Secretaries needs to avoid un-necessary defence of their respective Departments for any kind of financial or administrative weaknesses or misdeeds. The Administrative Secretaries also needs to conduct meetings of the Departmental Accounts Committee (DACs) and implement its decisions on time so that petty nature of issues could be resolved therein and precious time of PAC could be saved.

The Administrative Secretaries must have to strengthen the system of self accountability i.e. Internal Audit in their related Department to eradicate all kind of Administrative and Financial indiscipline therein.

I extend thanks to the officers of the Auditor General's office, representatives of Law and Finance Departments for the assistance they have provided to the Committee. I also extend thanks to the staff of PAC Cell for their support and guidance in accomplishing the difficult and challenging assignment.

(ASAD QAISAR)
Speaker/Chairman
Public Accounts Committee

P R E F A C E



The Report of the Auditor General of Islamic Republic of Pakistan on the accounts of Government of Khyber Pakhtunkhwa Province for the year 2012-13 received in the Assembly Secretariat on 01-11-2014 and was laid before the House on 11-11-2014 in pursuance of Article 171 of the Constitution of the Islamic Republic of Pakistan and under rule 198 of the Provincial Assembly of Khyber Pakhtunkhwa Procedure and Conduct of Business Rules, 1988. The Report consisted of the Audit Report, Appropriation Accounts, Financial Statements, Audit Report on Revenue Receipts and Audit Report on Public Sector Enterprises. The Assembly referred it to the Public Accounts Committee for detailed examination on the same day.

The Public Accounts Committee (PAC) examined the Audit Report in series of meetings spanning over eleven (11) sittings held in the Khyber Pakhtunkhwa House, Abbottabad.

In this Report the Audit Paras/observations pertaining to each Department of the Government of Khyber Pakhtunkhwa are arranged separately. Tables showing details of total Paras and recommendations of PAC thereon have also been added for ready reference.

The drafting and preparation of this report has been made possible due to the determined hard work of the officers and staff of the Public Accounts Committee headed by Mr. Amjad Ali, Additional Secretary and under the guidance of Mr. Inamullah Khan, Deputy Secretary. I deeply acknowledge their active collaboration and contribution along with the entire staff of PAC Cell in keep trying to arrange frequent meetings, facilitating the PAC and timely compilation of this Report. Their sincere and devoted endeavors deserve appreciation, acclaim and commendation. I am confident that this exercise will be a pole star for future inputs of the like nature.

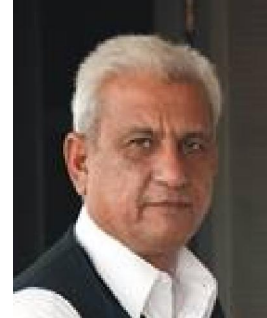
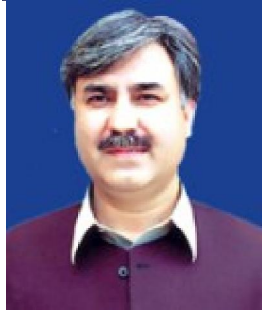
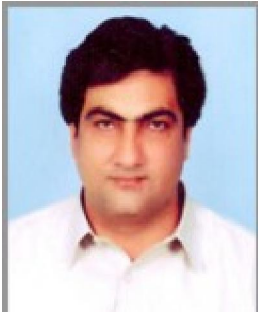
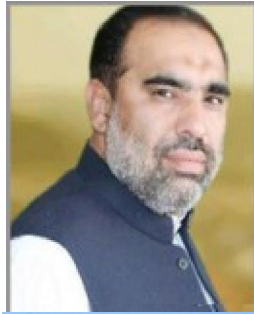
This report of PAC is presented to the Provincial Assembly of Khyber Pakhtunkhwa under Rule 161 of the Provincial Assembly of Khyber Pakhtunkhwa Procedure and Conduct of Business Rules, 1988.

(AMANULLAH)

Secretary,

Provincial Assembly of Khyber Pakhtunkhwa

MEMBER OF THE PUBLIC ACCOUNTS COMMITTEE









PUBLIC ACCOUNTS COMMITTEE CELL



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INTRODUCTION

INTRODUCTION

In pursuance of Article 171 of the Constitution of Islamic Republic of Pakistan, the annual report of the Auditor General of Pakistan on the Accounts of Government of Khyber Pakhtunkhwa for the year 2012-13, received in the Assembly Secretariat on 01-11-2014, was laid before the House on 11-11-2014 under rule 198 of the Provincial Assembly of Khyber Pakhtunkhwa Procedure and Conduct of Business Rules, 1988. The House referred it to the Public Accounts Committee (PAC) on the same day for detailed examination.

2. The PAC examined the Audit Report for the year 2012-13 being the latest one pending for examination. It conducted a series of meetings spanning over eleven (11) sittings which commenced from 20-08-2015 to 04-09-2015 in the Khyber Pakhtunkhwa House, Abbottabad.

AUDIT REPORT

3. The Committee examined the Audit Report for the year 2012-13 consisting of one hundred & eighteen (118) Draft Paras. The Audit covered an expenditure of Rs. 157.56 billion out of total budget of Rs. 249.15 billion, which in terms of percentage are sixty three (63) of auditable expenditure.

4. Recovery of Rs. 226.64 million was pointed out. Internal Control is a tool for management to improve performance, prevent losses and control mismanagement of public money and safeguard government assets. For effective management and achievement of the objectives, various types of internal controls should be in place. Accounting controls ensure completeness, accuracy, timelines and reliability of accounts. Financial controls help in budgeting and accurate forecasting. Administrative controls help in preventing unauthorized payments, losses and misappropriations etc.

5. In most of the government departments, lack of internal control system was observed from the following short comings in the financial management system:

- i. Irregular, unauthorized and unnecessary expenditure.

- ii. Waste of funds due to unnecessary purchase of stores etc.
- iii. Misuse of financial powers by the subordinate officials.
- iv. Retention of public money outside the government account.
- v. Excess payments to suppliers/contractors.
- vi. Non-observance of canons of financial propriety and non-compliance of rules & regulations.
- vii. Non-recovery of government dues.
- viii. Overpayments in pay & allowances and to contractors.
- ix. Loss to government due to negligence.

6. The Principal Accounting Officers (PAOs) should evaluate the existing internal controls and reinforce these controls in their respective departments. They should also ensure;

- i. To maintain accurate accounting records and make it available to auditors at the time of audit. Non-production of record by any person or authority should be subject to disciplinary action under relevant Efficiency and Discipline Rules applicable to such person in terms of section 14(3) of the Auditor General's (Function, Powers and Terms & Conditions of Service) Ordinance, 2001;
- ii. To recover government dues and deposit it in government kitty;
- iii. To avoid keeping of public money outside the government account and prevent unnecessary drawing of funds;
- iv. To prevent misuse of government assets;
- v. To investigate the cases of losses and take remedial measures;
- vi. To regularly convene DAC meetings, and;
- vii. To pursue directives of DAC, Pre-PAC and PAC.

7. Apart from the above, the following irregularities were noticed during examination of the Audit Report:-

1. Three (03) cases of mis-appropriation of public money amounting to Rs. 08.20 (M).
2. Forty seven (47) cases of un-authorized expenditure amounting to Rs. 17491.53 (M).
3. Forty five (45) cases of loss amounting to Rs. 3643.62 (M).
4. Ten (10) cases of over-payment amounting to Rs. 52.97 (M).
5. Three (03) cases of excess expenditure amounting to Rs. 2557.79 (M).
6. One (01) case of non-submission of adjustment account amounting to Rs. 20.39 (M).
7. Seven cases of non-production of record amounting to Rs. 40204.50 (M).
8. Four (04) cases of uneconomical expenditure amounting to Rs. 30.16 (M)
9. One case of non-refund of advance amounting to Rs. 1.23 (M).
10. One case of non-deposit of government money amounting to Rs. 9.50 (M)
11. One case of less deposit of government dues amounting to Rs. 1.75 (M).
12. One case of nu-necessary retention of government fund amounting to Rs. 1286.43 (M).

8. The above mentioned irregularities/violations indicated that compliance with directives of Public Accounts Committee (PAC) by the Principal Accounting Officers (PAOs) was poor and inspite of frequent reminders, no improvement was made in this regard. All the PAOs need to give special attention to irregularities and develop mechanism to monitor compliance of PAC directives in their Departments.

9. In order to overcome the said irregularities/violations and for future guidelines, the following recommendations were made:

- The compliance with the directives of PAC by the PAOs was poor and inspite of reminding them time and again, no improvement was made/shown in this regard. All the PAOs should give special attention to this issue and develop mechanism to monitor compliance of directives of PAC in their departments.
- Departments need to strictly follow the provisions of General Financial Rules (GFR) while handling public money whether they receive or spend it. They should deposit/retain the public money received by them, in the Provincial Consolidated Fund Public Account instead of depositing into un-authorized accounts in commercial banks.

- Meetings of Departmental Accounts Committee (DAC) be conducted on regular basis.
- Instances of making payments by the Departments or their autonomous bodies/authorities to employees in contravention of rules and in disregard of the employees entitlement need to be checked by effecting recoveries where due and initiate disciplinary actions against the officials involved in overpayments.
- Strengthen internal controls to ensure that lapses of the kind reported by the Auditor-General of Pakistan are pre-empted and fair value for money is obtained from public spending.
- Unspent balances need to be deposited into government treasury forthwith.
- Inquiries need to be initiated to fix responsibility for losses, fudged payments and wasteful expenditures.
- Strictly comply with the provisions of Public Procurement Rules for procurement of goods and services.

10. The Committee examined the Audit Report in its eleven (11) sittings and settled unconditionally forty four (44) Draft Paras, where the explanation of the Department was found plausible or relevant record was produced and duly verified by the Audit, while in twenty two (22) Draft Paras, where the Government funds were proved to have been mis-appropriated or have been embezzled, it recommended for affecting recovery after fixing responsibility on the culprits in pursuance of the relevant laws on the subject. Twenty seven (27) Draft Paras, where record needed to be verified, were dropped conditionally subject to verification of record. Nine (09) Draft Paras were referred for departmental action, One (01) Draft Para was referred to Inter Departmental Committees (IDCs) and five (05) Draft Paras pertaining to various Departments were kept pending either due to subjudice or where special meeting of PAC was needed.

11. Sub-Committees were also constituted to probe into the issues mentioned in ten (10) Draft Paras which needed detailed deliberation.

12. The following table shows the detail of total draft paras pertaining to all Administrative Departments and recommendations of PAC thereon:-

Department	Total DPs	Settled	VOR/Ph. Verification	Recovery	Depttl:A ction	Sub- Committee	IDC	Pending
Establishment & Administration	08	03	03	01	01	***	***	***
Agriculture	04	01	02	***	01	***	***	***
Higher Education	07	02	02	***	***	***	***	03
Elementary & Secondary Edu:	03	01	02	***	***	***	***	***
Excise & Taxation	01	01	***	***	***	***	***	***
C&W	10	03	02	03	01	***	***	01
Food	06	01	***	04	***	01	***	***
Housing	03	02	***	***	01	***	***	***
Home & Tribal Affairs	12	02	03	06	***	***	***	01
Local Govt:	06	01	03	***	01	01	***	***
RRS	05	02	01	***	02	***	***	***
Irrigation	10	06	01	02	***	***	01	***
Health	14	08	02	02	***	02	***	***
Environment	05	01	03	01	***	***	***	***
Planning and Development	20	06	03	03	02	06	***	***
Finance	04	04	***	***	***	***	***	***
Total	118	44	27	22	09	10	01	05

GENERAL OBSERVATIONS

PRE-PAC MEETINGS.

The Audit Department advanced complaint that the Departments used to arrange the Pre-PAC meetings at a very belated stage whenever the schedule of PAC meetings is announced. Due to sudden rush of work load it was humanly not possible for the Audit to properly participate in each and every meeting of Pre-PAC. Such behaviors of the Departments were noted with grave concern by the Committee. It therefore, directed that all the Departments must approach the Audit for conducting Pre-PAC as soon as the Auditor-General's Report is laid in the House.

COMMENTS OF FINANCE DEPARTMENT.

The Committee while examining the Draft Paras noted that the comments of Finance Department was not only inadequate but also not responsive to the requirements as similar comments were offered on each and every Draft Para i.e “position may be explained before PAC”. Such type of comments clearly indicates that the Department had not went through the record therefore, the Finance Department was directed to offer comments on merit of the issue involved in each draft Para in future.

NON ATTENDANCE OF PAC MEETING BY THE MINISTERS- IN-CHARGE/MINISTER FOR FINANCE.

The Committee was of the view that Minister-in-Charge of the Departments being the executive authority under Article 129 of the Constitution of Islamic Republic of Pakistan must attend the meetings of PAC on their turn. It also showed its displeasure over the non-attendance of PAC meetings by the Minister for Finance, Khyber Pakhtunkhwa being the Ex- officio Member of the Committee. Despite the fact that the Minister for Finance had assured that he will be always be readily

available for the PAC meetings as the PAC is working for the improvement of the existing financial management system in the Province.

SURRENDER OF PROJECT ASSETS.

The Committee while examining the accounts of Local Government Department pertaining to Community Infrastructure Project-II (CIP-II) noted that most of the Projects usually do not surrender their full assets, almost all the valuable items went missing because of no proper mechanism in vogue. It therefore, directed the Finance Department to evolve proper mechanism for the surrender of each and every item to a specific Department by the Projects in future.

CONSTRUCTION OF GOVERNMENT BUILDING FOR PROJECTS.

While examining the accounts of CIP-II, the Committee observed that every project before its commencement spend a huge amount on the purchase of various assets such as vehicles and office holds etc. Moreover, they hire rented buildings for their offices upon which they spend a large portion of project funds hence, out put of the Project become almost nil. In order to facilitate the projects and to raise the Government revenue, the Committee recommended that a building sufficient for the accommodation of at least 5 to 6 Project's offices may be constructed along with provisions of office holds etc and give it on rent to Projects.

OLD ISSUES REFLECTED IN AUDIT REPORTS.

The Committee while examining the Audit Report on the accounts of Government of Khyber Pakhtunkhwa for the year 2012-13 noted that instead of latest, almost all the issues of financial years 2007-08, 2008-09 and 2009-10 had been incorporated in the report. While examining the issues of said years, most of the Government officers were found transferred from their posts and newly posted officers were unaware of the factual positions. The Committee therefore, asked the Audit Department to incorporate fresh cases/issues in their reports in future so that the concerned officers could be accounted for.

NON-IMPLEMENTATION OF DAC DECISIONS.

While examining the accounts of irrigation Department for the year 2012-13 the Committee noticed with concern that the Departments do not bother to implement the decision of DAC being chaired by their Administrative Secretaries and un-cooked cases/issues are being brought before the PAC hence, considerable time of PAC was being wasted on such observations that could easily have been cleared in DAC meetings. The Committee showed its displeasure over the non-responsive attitude of the officers controlling the affairs of the Departments.

The Department was therefore, directed to take the DAC meeting seriously and to implement the decisions made therein in letter and spirit as such casual attitude will not be tolerated in future.

REPORT

ESTABLISHMENT AND ADMINISTRATION
DEPARTMENT

Total Draft Paras _____ 08
Examined _____ 08
Pending _____ Nil

Settled: 2.4.4, 2.4.5, 2.4.6.....03
Departmental Action: 2.4.1.....01
Recovery: 2.4.3.....01
Verification: 2.4.2, 2.4.7, 2.4.8.....03

ESTABLISHMENT & ADMINISTRATION DEPARTMENT

Eight (08) Draft Paras reflected in the Auditor General's Report for the year 2012-13 against the Department were examined by the Committee in its meeting held on 20th of August 2015. The following were present:-

PUBLIC ACCOUNTS COMMITTEE

- | | | |
|----|-----------------------------------|-----------------|
| 1. | Syed Jaffar Shah, MPA | Acting Chairman |
| 2. | Mr. Qurban Ali Khan, MPA | Member |
| 3. | Syed Muhammad Ali Shah Bacha, MPA | Member |
| 4. | Mr. Muhammad Idrees Khan, MPA | Member |
| 5. | Mufti Syed Janan, MPA | Member |

LAW, PARLIAMENTARY AFFAIRS AND HUMAN RIGHTS DEPARTMENT

Mr. Israr Mohammad,
Additional Secretary.

FINANCE DEPARTMENT

Mr. Muhammad Naseem,
Deputy Secretary, B-III.

AUDIT DEPARTMENT

1. Mr. Javed Iqbal,
Director General.
2. Mr. Asad Ullah,
Director.
3. Mr. Mohabat Shah,
Audit Officer.

ESTABLISHMENT & ADMINISTRATION DEPARTMENT

Mr. Hassan Mehmood,
Secretary.

PROVINCIAL ASSEMBLY SECRETARIAT

1. Mr. Amjad Ali,
Additional Secretary.
2. Mr. Inamullah Khan,
Deputy Secretary.
3. Mr. Haris Khan,
Assistant Secretary.

2. The PAC having considered Audit point of view and explanation advanced by the Department, made recommendation on each Para as under:-

DP.2.4.1 MISAPPROPRIATION OF DISCRETIONARY GRANT WORTH Rs. 2.55 MILLION

AUDIT VERSION

3. During audit of the Secretary Administration Department Government of Khyber Pakhtunkhwa for the year 2011-12, it was found that an amount of Rs.2.55 million was paid out of Chief Minister's discretionary grant to various fictitious persons i.e. without payee's receipts/CNIC numbers, which resulted into misappropriation of funds.

4. The matter was pointed out to the Department in September 2012. DAC in its meeting held on 11th December 2012 directed to inquire the matter within one month. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

5. The expired CNICs did not mean that they were bogus or invalid. Usually these people were uneducated and belong to poor areas and do not considered need of renewals of their CNICs except for issuance of passport or some other official activity.

6. It was personal prerogative of the receiver to either sign or affix thumb and no hard and fast rule was applicable at the time of receipt.

7. Some money were paid on verbal requests on the order of HCM, Para 6 of Finance Department letter No.FD/(SR-II) 1-12/81/Vol.II Dated 17-09-1988 was very clear, where it was sometime not feasible / desirable to obtain receipt. No telephone number was mandatory for such applications. The observation seems irrelevant. No misappropriation had taken place as all expenditure on account of discretionary grant was shown to HCM on monthly basis, formally approved by him.

COMMITTEE RECOMMENDATION

8. As the Department has already notified the enquiry upon the recommendation of Pre-PAC, therefore, the Para was kept pending with the direction to the Department to furnish the said enquiry report with in fifteen (15) days to PAC for further examination.

**DP 2.4.2 NON PRODUCTION OF RECORD FOR Rs. 190.15 MILLION
AUDIT VERSION**

9. During audit of Secretary Administration Department, for the year 2010-11, it was found that condemned Government vehicles were auctioned for Rs.190.15 million but the Department failed to produce record of receipts.

10. Audit was of the view that non-production of record resulted into violation of constitutional provision regarding audit activity.

11. The matter was reported to the Department in September 2011. DAC in its meeting held on 27th October 2011, directed the Department to provide record to Audit. Further progress was, however, not reported till the finalization of this report.

DEPARTMENTAL VERSION

12. During the financial year 2010-11, fourteen (14) phases of auction (33rd to 46th) were held and an amount of Rs. 183,492,800 (183.49 million) and not Rs. 190.15 million was generated as per following break up details.

Phase	Bid Amount	With Holding Tax
33 rd	14463000	723150
34 th	15921800	796090
35 th	5859000	292950
36 th	13292000	664600
37 th	20120000	1006000
38 th	20632500	1031625
39 th	12646800	632340
40 th	16450000	822500
41 st	8218000	410900
42 nd	7351000	367550
43 rd	16658600	832930
44 th	14040100	702005
45 th	3636000	181800
46 th	14204000	710200
Total	183492800	9174640

13. A detail of auction proceedings and reconciliation statements shows details of the revenue generated and it was deposited in the Government Treasury.

14. Administration Department had even previously furnished the record which was evident from the fact that the Para was recorded. However the record was furnished again with all details for further scrutiny of the Audit.

COMMITTEE RECOMMENDATION

15. In view of the convincing reply of the Department, the Para was recommended to be settled subject to verification of record by Audit within a month time.

DP 2.4.3 UNAUTHORIZED PAYMENT OF INSURANCE FOR Rs.1.3 MILLION
AUDIT VERSION

16. During audit of Secretary Administration Department, for the year 2011-12, it was observed that an amount of Rs.1.3 million was paid to National Insurance Company instead of making it by the contractor in terms of agreement dated 02-05-2008 which resulted into an unauthorized payment to the stated extent.

17. The matter was reported to the concerned authorities in November, 2012. DAC in its meeting held on 17th December 2012 directed the Department to follow the specific clause of the contract. Further progress was, however, not reported till the finalization of this report.

DEPARTMENTAL VERSION

18. The expenditure on Insurance was incurred in accordance with the term and condition of the contract. In this connection Administration Department Khyber Pakhtunkhwa, adheres to the contemplation of Section 166 read with Section 156 of Insurance Ordinance 2000 which was Federal law. As the helicopter belongs to Khyber Pakhtunkhwa as such the Insurance during flights was also the responsibilities of Khyber Pakhtunkhwa as per agreement. The same observation was raised during 2010-11 vide Advance Para 53 which was dropped by DAC.

COMMITTEE OBSERVATION

19. The Committee observed that the contract agreement made in 2008 was for five (05) years which was applicable up to 2013. In the contract agreement of 2008 Insurance of Crew was the responsibility of Operator and not the Department.

COMMITTEE RECOMMENDATION

20. The Committee recommended to initiate action leading to recovery of the amount involved in the Para from the quarter concerned. Para stands. Progress be reported to PAC Cell with in a month time.

**DP 2.4.4 UNAUTHORIZED PAYMENT IN VIOLATION OF RULES FOR
Rs. 41.94 MILLION
AUDIT VERSION**

21. During audit of Secretary Administration Department Khyber Pakhtunkhwa, for the year 2011-12 it was found that an amount of Rs.41.94 million was paid to M.S Askari Aviation (Pvt) Ltd for fix and variable charges to maintain operational two (02) helicopters. It was further observed that contract was awarded in violation of rules.

22. Audit was of the view that rules were not followed which resulted into an unauthorized payment to the stated extent.

23. The matter was reported to the Department in November, 2012. DAC in its meeting held on 17th December 2012 did not accept the reply submitted by the Department and decided to refer the matter to PAC for its final decision.

DEPARTMENTAL VERSION

24. The Administration Department had twice floated advertisement in national newspapers but only one firm i.e. Askari Aviation (Pvt) Ltd: Rawalpindi had responded which was a registered and prestigious firm providing services to Frontier Works Organization (FWO) and other organizations maintaining aviation assets. The firm was selected after due process and was rendering satisfactory services since its engagement. The Government of Khyber Pakhtunkhwa has the distinction of acquiring the services of that organization without a scandalous tag on the process. Further the payment of MFC as well as variable charges of the helicopters were made month wise under agreed modalities and over payment was made to the firm. The DAC dropped the advance Para No. 11 raised on the subject issue for the year 2010-11. Ironically the same observation was again made vide advance para-16 for the year 2011-12.

COMMITTEE RECOMMENDATION

25. In view of plausible explanation advanced by the Department duly endorsed by Audit, the Para was recommended to be settled.

**DP 2.4.5 UNAUTHORIZED PAYMENT FOR Rs. 4.56 MILLION
AUDIT VERSION**

26. During audit of Secretary Administration Department, for the year 2011-12, it was found that an amount of Rs.4.56 million was paid to M.S Askari Aviation

Pvt Ltd for using helicopters by unauthorized persons, which resulted into a loss of Rs. 4.56 million.

27. Audit was of the view that unauthorized persons used Government helicopters and payment was made to the contractor in violation of prescribed rules and procedures.

28. The matter was pointed out to the Department in November, 2012. DAC in its meeting held on 17th December 2012, discussed the matter and the reply submitted by the Department was not accepted by Audit as the reply was not based on facts. The committee decided to refer the matter to PAC.

DEPARTMENTAL VERSION

29. The Khyber Pakhtunkhwa was facing the worst kind of law and order situation. At times the Chief Minister of Khyber Pakhtunkhwa deputed Cabinet Ministers and Senior Officers to visit certain areas and the situation demands the use of helicopter. It was always with the express permission and authorization of the Chief Minister that the helicopter was used for public purposes.

30. During the meeting, the Department explained that missions also include trainings of Crew etc as well as routine running required to keep the helicopter ready and in running condition.

COMMITTEE OBSERVATION

31. The Committee observed after getting opinion of Law Department that the Chief Minister has authorized each operation of helicopters hence, the issue of un-authorization does not arise.

COMMITTEE RECOMMENDATION

32. After detailed deliberation, the Audit could not prove that the helicopters were un-authorizedly used therefore, the Para was recommended to be settled.

DP 2.4.6 UNAUTHORIZED EXPENDITURE ON ENTERTAINMENT FOR Rs. 40.61 MILLION

AUDIT VERSION

33. During audit of Principal Secretary to Chief Minister Khyber Pakhtunkhwa, Peshawar for the year 2011-12, it was found that entertainment charges for Rs. 40.61 million i.e. Rs.152,000 per day were paid to various caterers for providing refreshments/lunches which resulted into an unauthorized expenditure.

34. Audit was of the view that expenditure was incurred without obtaining competitive rates, list of guests and actual payee's receipts resulting into violation of prescribed rules.

35. The matter was pointed out to Management in September, 2012. DAC in its meeting held on 11th December 2012 could not give any directive for recovery of the amounts spent beyond the permissible ceiling. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

36. Under Section No. 22 (C) of the Delegation of Powers under the Financial Rules & the Powers of Re-appropriation Rules, 2001 Honorable Chief Minister Khyber Pakhtunkhwa is competent to sanction the expenditure.

37. The Caretakers/ Comptroller purchased stuff food from market and in the Chief Minister Secretariat/House, there was well versed cooks, bearers, who cooked the food for visitors/ dignitaries.

38. The expenditure incurred under head entertainment charges were properly processed in accordance with laid down procedure. The Caretaker, C.M Secretariat after due consultation with PSO to C.M/Comptroller to CM arrange the dinner, lunch & Hi-tea etc and after expiry of each month bills so papered were verified by the Comptroller, and then submitted for approval of the HCM through Principal Secretary to HCM. The bills include the total number of guests, nature of function and occasions etc as per catering policy.

COMMITTEE OBSERVATION

39. The Committee observed that the existing rates of refreshment mentioned in the Delegation of Powers under Financial Rules & the Powers of Re-appropriation Rules, 2001 were unrealistic hence, the rates needs to be revised by the Finance Department according to the present day rates of commodities.

COMMITTEE RECOMMENDATION

40. In view of the above facts the Para was recommended to be settled with the direction to the Finance Department to revise the rates of refreshment according to the present day market rates. The Chief Minister's and Governor's Secretariats have also been directed to revisit their entertainment / refreshment policies.

DP 2.4.7 UNAUTHORIZED EXPENDITURE OF Rs. 1.73 MILLION**AUDIT VERSION**

41. During audit of the Principal Secretary to Chief Minister Khyber Pakhtunkhwa for the year 2011-12 it was found that an unauthorized expenditure of Rs.1.73 million was incurred on entertainment charges during Sundays/unscheduled meetings without any official engagements of the Chief Minister.

42. Audit was of the view that unauthorized expenditure was incurred without observing prescribed procedures/rules.

43. The matter was reported to the Department in September 2012. DAC in its meeting held on 11th December 2012 could not give any directive for recovery of the amounts spent without any justification. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

44. Some expenditure were made on Sunday during the Financial Year 2011-12, Sometime Chief Minister Khyber Pakhtunkhwa has called political persons/delegation of province which are not shown in Chief Minister engagement and thus the expenditure were incurred on their entertainment. Furthermore Chief Minister House was the house of HCM and irrespective of any function, expenditure was regularly incurred because of the inmates and frequent visitors to Chief Minister House even when the C.M. was not available. The scheduled and un-scheduled meetings / functions regularly took place.

COMMITTEE RECOMMENDATION

45. In view of the explanation advanced by the Department, the Para was recommended to be settled subject to verification of record of expenditure by Audit within a week time period.

DP 2.4.8 UNAUTHORIZED EXPENDITURE OF Rs. 9.13 MILLION**AUDIT VERSION**

46. During audit of Principal Secretary to Chief Minister Khyber Pakhtunkhwa, for the year 2011-12, it was revealed that an expenditure of Rs. 9.13 million was incurred on kitchen items in Chief Minister's residence and Khyber Pakhtunkhwa House Nathiagali which resulted into an unauthorized payment due to lack of internal controls and non observance of prescribed procedures.

47. The matter was reported to the Department in September 2012. DAC in its meeting held on 11th December 2012 could not give any directive for recovery of the amounts spent without any justification.

DEPARTMENTAL VERSION

48. Many Guests of HCM were entertained at these rest houses. Proper entries were recorded by Special Branch and other authorities. For simplicity they sent bills on account of their expenditure on food etc. in a simple form. But these expenditures were regularly seen/approved by HCM, hence he endorsed this expenditure.

49. The demand bills usually show expenditure on account of breakfast, lunch and dinner of the HCM guests along with the period of stay. The expenditure was made in Public interest by the Public representatives.

COMMITTEE RECOMMENDATION

50. The Para was recommended to be settled subject to verification of record to be carried out in the Assembly Secretariat, Peshawar.

AGRICULTURE, LIVESTOCK & COOPERATION
DEPARTMENT

Total Draft Paras _____ 04

Examined _____ 04

Pending _____ Nil

Settled: 3.4.1.....01

Departmental Action: 3.4.4.....01

Verification: 3.4.2, 3.4.3.....02

AGRICULTURE, FISHERIS, LIVESTOCK, DAIRY DEVELOPMENT & COOPERATION DEPARTMENT

Four (04) Draft Paras reflected in the Auditor General's Report for the year 2012-13 against the Department were examined by the Committee in its meeting held on 20th of August 2015. The following were present:-

PUBLIC ACCOUNTS COMMITTEE

- | | | |
|----|-----------------------------------|-----------------|
| 1. | Syed Jaffar Shah, MPA | Acting Chairman |
| 2. | Mr. Qurban Ali Khan, MPA | Member |
| 3. | Syed Muhammad Ali Shah Bacha, MPA | Member |
| 4. | Mr. Muhammad Idrees Khan, MPA | Member |
| 5. | Mufti Syed Janan, MPA | Member |

LAW, PARLIAMENTARY AFFAIRS AND HUMAN RIGHTS DEPARTMENT

Mr. Israr Mohammad,
Additional Secretary.

FINANCE DEPARTMENT

Mr. Muhammad Naseem,
Deputy Secretary, B-III.

AUDIT DEPARTMENT

1. Mr. Javed Iqbal,
Director General.
2. Mr. Asad Ullah,
Director.
3. Mr. Mohabat Shah,
Audit Officer.

AGRICULTURE, LIVESTOCK AND DAIRY DEVELOPMENT & COOPERATIVE DEPARTMENT

1. Mr. Usman Yaqoob,
Special Secretary.
2. Mr. Qayash Bahadar,
Director General.
3. Mr. Zahir Ullah Khan,
District Director.
4. Prof. Muhammad Subhan Qureshi,
Dean faculty of Animal Husbandry & Veterinary Sciences, Agriculture
University.

5. Mr. Abdul Salam,
Director Finance, Agriculture University.

PROVINCIAL ASSEMBLY SECRETARIAT

1. Mr. Amjad Ali,
Additional Secretary.
2. Mr. Inamullah Khan,
Deputy Secretary.
3. Mr. Haris Khan,
Assistant Secretary.

2. The PAC having considered Audit point of view and explanation advanced by the Department, made recommendation on each Para as under:-

DP 3.4.1 NON-DEPOSITING OF PUBLIC MONEY INTO GOVERNMENT TREASURY - Rs.9.50 MILLION

AUDIT VERSION

3. During audit of the Director General (Extension) Livestock and Dairy Development Peshawar, for the year 2010-11, it was found that an amount of Rs.9.50 million was realized but not deposited into Government account. Audit was of the view that non-depositing of Government receipts into treasury was a serious violation of General Financial Rules.

4. The matter was reported to the Department in July, 2010. DAC in its meeting held on 21st December, 2011, could not give any directive for depositing the receipts into Government Treasury.

DEPARTMENTAL VERSION

5. Since there was no proper head of account under which the amounts collected on transportation of animals from settled areas to FATA could be deposited. Therefore, the Administrative Department approached the Finance Department of Khyber Pukhtunkhwa, for allotment of head of account. The Finance Department Khyber Pukhtunkhwa had advised that the entire collected amount may be deposited under the head of account "C03870-others" in Provincial Account No. 1 vide Finance Department Khyber Pukhtunkhwa, letter No.BO (RES-II) FD/1-17/2013-14 dated 19-03-2015, the amount of Rs. 95,00,100/- had been deposited under Account No. 1 of Provincial Government.

COMMITTEE RECOMMENDATION

6. In view of corrective measures adopted and the record verified by the Audit during the meeting, the Para was recommended to be settled.

**DP 3.4.2 NON-REFUND OF Rs. 1.23 MILLION
AUDIT VERSION**

7. During audit of Agricultural University Peshawar, for the year 2010-11, it was found that an amount of Rs.1.23 million was paid to the Controller of Examination for onward payments to foreign examiners for evaluation of thesis of Ph.D students. The payment made to the Controller of Examination was unjustified because the same was neither paid to the foreign examiners nor refunded to the university.

8. The irregularity was reported to the Department in Jan, 2012. DAC in its meeting held on 22nd May, 2012 directed to refund the amount to the University Account. Further progress of refund was, however, not reported till finalization of the report.

DEPARTMENTAL VERSION

9. An amount of Rs. 12,33,490/- was paid to controller of examination for payment to foreign examiners on Account of Ph.D thesis evaluation. A sum of Rs. 11,71,455/- were paid to the examiners and the remaining balance of Rs. 62,035/- was deposited in the University Account No. PLS-7450-7 on 30-04-2013.

COMMITTEE OBSERVATION

10. The Committee desired to know as to whether the PLS Account was authorized by any competent authority or otherwise.

COMMITTEE RECOMMENDATION

11. In view of the above, the Para was recommended to be settled subject to verification of record by Audit within a month time period. The Audit was further directed to clarify as to whether PLS account was authorized according to Rules or otherwise.

**DP 3.4.3 UNAUTHORIZED PAYMENT OF Rs. 6.99 MILLION
AUDIT VERSION**

12. During audit of the Director General (Extension) Livestock and Dairy Development Peshawar, for the year 2010-11, it was found that an amount of Rs. 6.99 million was paid as advance payment to Pak German Wood Working Centre for the supply of furniture for 200 dispensaries. Whereas the furniture was not supplied, resulting in unauthorized payment.

13. The matter was pointed out in July, 2011. DAC in its meeting held on 21st Dec, 2011 decided to report the matter to PAC.

DEPARTMENTAL VERSION

14. As per instructions of Provincial Government the Department had conducted the purchase of furniture amounting to Rs. 6.99 million from M.S Pak German Wood Working Center Peshawar. The supplies of furniture had been completed.

COMMITTEE RECOMMENDATION

15. The Para was recommended to be settled subject to verification of record by Audit within a month time period that all the furniture had been received, taken on stock register and properly disbursed or otherwise.

DP 3.4.4 UN-ECONOMICAL EXPENDITURE OF Rs.3.96 MILLION
AUDIT VERSION

16. During audit of the Director General (Extension) Livestock and Dairy Development Peshawar, for the year 2010-11, it was found that an expenditure of Rs.3.96 million was incurred on purchase of fruit plants under developmental projects and block plantation without fetching economical rates through open tender.

17. The matter was pointed out to the Department in September, 2011. DAC in its meeting held on 30th August, 2012, decided to report the matter to PAC.

DEPARTMENTAL VERSION

18. For purchase of fruit plants, vegetable seeds etc the office approached the office of Regional Director Information Department Kohat Division Kohat on 13-10-2010 along with 07 copies of Advertisement of early publication in news paper. The Information Department returned the Advertisement documents with the observation that the documents should had been submitted 15 days before the advertisement date being a seasonal based, time limited and quarterly financial target frame, the tender notice was floated in daily "Taseer" for early publication, so that the ADP financial and physical target activities could be completed in suitable time and the farmers avail the project benefits in time. The daily news paper (Taseer) was the national level news paper and was published from Islamabad, Attock & Kohat on daily basis. The registered distributors for the province were properly hired. Secondly, it was the Audit bureau certified (ABC) news paper and only the national level news paper get Audit bureau certificate from Information Department. Furthermore, this office had received sufficient tender through this advertisement from supplier belonging to different Districts and the

approved rates of same fruit plants were comparatively same with other Districts. The comparative statement and rates of each supplier were tabulated and the lowest rates were approved by the purchase committee.

19. Under the circumstances mention above this office float the advertisement in daily “Taseer” for early publication in the vast interest of farming communities and timely achievement of project objective in term of (Physical and Financial) target.

20. The amount of Rs. 3.956 million incurred on purchase of Agricultural items like fruits plants. Vegetable Seeds, Pesticides, Training of farmers, vehicle POL / repair and staff TA. The Agricultural inputs were properly distributed amongst the farmers through field staff thus the expenditure incurred was economical and utilized in the interest of public.

21. The warning issued to concerned officer for not adopting of proper procedure and to avoid such like irregularities in future. The original recorded was also produced and got verified from Audit Office.

COMMITTEE OBSERVATION

22. The Committee observed that there was no emergency at the time of floating tender rather in the NIT purchases were shown to be made later on, then why the tender was not floated in leading newspaper hence, mistake / blunder was committed.

COMMITTEE RECOMMENDATION

23. The Committee recommended to conduct inquiry and to take Departmental action against the person (s) at fault. Para Stands. Progress be reported to PAC within a month time period.

HIGHER EDUCATION DEPARTMENT

Total Draft Paras _____ 07

Examined _____ 07

Pending _____ Nil

Settled: 5.4.4, 5.4.6.....02

Verification: 5.4.5, 5.4.7.....02

Pending for Spl: Meeting: 5.4.8, 5.4.9, 5.4.10.....03

HIGHER EDUCATION DEPARTMENT

Seven (07) Draft Paras reflected in the Auditor General's Report for the year 2012-13 against the Department were examined by the Committee in its meeting held on 21st of August 2015. The following were present:-

PUBLIC ACCOUNTS COMMITTEE

- | | | |
|----|--------------------------------|--------|
| | 1. Arbab Akbar Hayat Khan, MPA | |
| | Acting Chairman | |
| 2. | Syed Muhammad Ali Shah, MPA | Member |
| 3. | Mufti Syed Janan, MPA | Member |
| 4. | Syed Jaffar Shah, MPA | Member |
| 5. | Mr. Qurban Ali Khan, MPA | Member |

LAW, PARLIAMENTARY AFFAIRS AND HUMAN RIGHTS DEPARTMENT

Mr. Israr Mohammad,
Additional Secretary.

FINANCE DEPARTMENT

Mr. Taj Mohammad,
Deputy Secretary.

AUDIT DEPARTMENT

1. Mr. Javed Iqbal,
Director General.
2. Mr. Asad Ullah,
Director.
3. Mr. Jehan Rose,
Deputy Director.
4. Mohabat Shah,
Audit Officer.

HIGHER EDUCATION, ARCHIVES & LIBRARIES DEPARTMENT

1. Dr. Syed Fazal-i- Hadi,
Registrar, University of Peshawar.
2. Maj. General (R) Hamid Shafiq,
V.C Gomal University.
3. Mr. Habib Ahmad,
V.C Hazara University.
4. Mr. Jamil Ur Rehman,
Director Finance, Hazara University.

PROVINCIAL ASSEMBLY

1. Mr. Amjad Ali
Additional Secretary
 2. Mr. Shahid Rehman
Assistant Secretary.
2. The PAC having considered Audit point of view and explanation advanced by the Department, made recommendation on each Para as under:-
- DP.5.4.4 **LESS DEPOSIT OF RS.1.75 MILLION**

AUDIT VERSION

3. During the financial year 2010-11, the Higher Education Commission Islamabad provided funds of Rs.1010.19 million to Vice Chancellor University of Peshawar as recurring grant, out of which, Rs.1008.44 million was deposited in the National Bank of Pakistan, University Branch and balance of Rs.1.75 million was not deposited resulting into less deposit. The less deposit was due to financial indiscipline.
4. The matter was reported to the Department in March 2012. DAC in its meeting held in Dec 2012, directed the Department to deposit the amount. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

5. The manager of National Bank of Pakistan campus branch has clarified that the amount Rs.17, 54,012/- less credited to the University account pertained to the Bank charges. However, the matter has been taken up with the Bank Authorities for refund of these charges.
6. During the meeting the Vice Chancellor, University of Peshawar explained that the entire amount had been recouped. He also praised the efforts of Audit Department for pointing out the issue.

PAC OBSERVATION

7. The Committee observed that the University authorities were not vigilant and do not follow the Rules by not carrying out proper reconciliation with the Bank authorities.

PAC RECOMMENDATION

8. As whole of the amount had been recouped the Para was therefore, recommended to be settled with the direction to the Department to carry out proper reconciliation in all cases.

DP.5.4.5 LOSS DUE TO NON RECOVERY OF ADVANCES RS. 191.08 MILLION**AUDIT VERSION**

9. During the financial year 2009-10, the Vice Chancellor Hazara University, made an advance payment of Rs.280.44 million to various contractors for construction works. Recovery of the advances was required to be made from the contractor's bills, out of which Rs. 89.36 million was recovered and the balance of Rs.191.08 million remained un-recovered resulting into loss to the stated extent. The loss was due to financial indiscipline.

10. The matter was reported to the Department in June 2011. DAC in its meeting held in Nov 2011, directed the Department to recover the amount from the contractors within one month. Further progress was not reported till finalization of this report.

DEPARTMENTAL VERSION

11. It was stated that all paid mobilization and secured advances had been recovered. Regarding payment of simple advance it was stated that payment had either been made in Toto or as part payment against actual work done.

12. Part payment was made due to scarcity of developmental funds, so that physical activities at site of all projects could keep running.

PAC OBSERVATION

13. The Committee observed that proper procedure was not adopted in extending advances to the contractor nor was it properly recovered as required under the Rules.

PAC RECOMMENDATION

14. The Committee recommended to settle the Para subject to verification of record by Audit to ensure that all the amount including interest have been recovered.

DP.5.4.6 **UN-AUTHORIZED EXPENDITURE ON APPOINTMENT OF STAFF RS.6.00 MILLION**
AUDIT VERSION

15. During the financial year 2009-10 the Vice Chancellor Hazara University incurred an expenditure of Rs. 6.00 million on account of pay and allowances on recruitment of 37 personnel in BPS 5-16 without completion of codal formalities resulting into unauthorized expenditure. The unauthorized expenditure was occurred due to violation of prescribed procedure and rules.

16. The matter was reported to the Department in June 2011. DAC in its meeting held in Nov 2011 directed the Department that the unauthorized expenditure may be regularized. Further progress was not reported till finalization of this report.

DEPARTMENTAL VERSION

17. Vice Chancellor of the University under section 12(3) of Hazara University Act 1997 read with section 12(4) (h&i) have the power to make the appointment in BPS-1 to BPS-16 to meet the urgent needs of the University to run its business smoothly.

18. The appointments in question were made to meet the requirements of newly established teaching Departments and enhancement of official work at various Departments.

19. During the meeting it was told that the process of appointments had now been rectified and all the appointments were made after fulfilling all codal formalities.

PAC OBSERVATION

20. The Committee observed that the said appointments were made without fulfilling codal formalities.

PAC RECOMMENDATION

21. As the process of appointments had been rectified hence, taking a lenient view the Para was recommended to be settled with the direction that the practice may not be repeated in future and to issue warning to all concerned who made these appointments.

DP.5.4.7 UNAUTHORIZED EXPENDITURE OF RS.17.46 MILLION.
AUDIT VERSION

22. During the financial year 2009-10 the Vice Chancellor Hazara University incurred an amount of Rs. 44.47 million which was approved in the PC-I for the construction of 'Admn Block, Phase-I' against which an expenditure of Rs. 61.93 million was incurred resulting into an unauthorized expenditure of Rs.17.46 million. Unauthorized expenditure was occurred due to financial indiscipline.

23. The matter was reported to the Department in June 2011. DAC in its meeting held in Nov 2011, directed the Department to justify the unauthorized expenditure. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

24. In the light of sight investigation report, site requirements and change in scope of work by the University, the cost was increased. The sub component was an integral part of the scheme titled "Development of Hazara University Phase-1 Project" approved for a total cost of Rs. 384.079 million. The overall cost of the project would not increase than the approved cost. However, some of the over expenditure incurring on the project would be borne by the University own sources for which PC-1 was approved and the Administrative Approval and Technical Sanction was granted. All such changes were incorporated in the best interest of the University.

PAC RECOMMENDATION

25. Subject to verification of record by Audit within a month time period, the Para was recommended to be settled.

DP.5.4.8 UN-AUTHORIZED EXPENDITURE OF RS. 39.10 MILLION
AUDIT VERSION

26. During the financial year 2009-10, the Vice Chancellor Hazara University incurred an amount of Rs.39.10 million which was un-authorizedly paid to the employees of University as unattractive area allowance, which was not permissible in District Mansehra. Unauthorized expenditure was occurred due to non-adherence of prescribed rules.

27. The matter was reported to the Department in June 2011. DAC in its meeting held in Nov 2011, directed the Department to recover the amount. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

28. Unattractive area allowances was approved by the Syndicate in its 12th meeting held on 11-08-2007 due to paucity of the basic facilities in this rural area where the retention of experienced & competent faculty and staff was of paramount importance.

29. Due to Audit objections, the matter was again brought for the decision in the meetings of the statutory bodies. Accordingly, the Finance Committee reviewed and upheld the admissibility of the allowance in its 14th meeting held on July 08, 2010. The recommendations of the Finance Committee were approved by the Syndicate in its 20th meeting held on October 21, 2010 and by the Senate in its 8th meeting held on December 14, 2010.

30. University was established under the Act of Parliament and has its own Competent Authorities to frame and implements its Statutes, Rules and Regulation. Therefore, the bodies have approved the allowance under the powers vested in them.

PAC OBSERVATION

31. Similar nature Paras had been deferred till special meeting of the Public Accounts Committee for devising an amicable solution of the issue.

PAC RECOMMENDATION

32. The Para was therefore deferred for special meeting of the Public Accounts Committee.

DP.5.4.9 UN-AUTHORIZED PAYMENT OF RS.15.76 MILLION AUDIT VERSION

33. During the financial year 2009-10, the Vice Chancellor Hazara University spent an amount of Rs.15.76 million un-authorizedly which was paid to the employees as conveyance allowance, which was not admissible to the employees working in districts other than Peshawar. Unauthorized expenditure was occurred due to non-adherence of prescribed rules.

34. The matter was reported to the Department in June 2011. DAC in its meeting held in Nov 2011, directed the Department to recover the unauthorized amount. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

35. The Conveyance Allowance was approved by the Syndicate in 1st meeting held on 23rd August 2003 under item No. 6.4 and in its 3rd meeting held on 6-12-2003 under item No. 4.6.

36. The Finance Committee and Syndicate again reviewed / recommended the admissibility of the allowance in their 14th and 20th meetings held on July 08, 2010 and 22-10-2010 respectively. It was also approved in the 8th meeting of Senate held on 14th Dec, 2010.

37. University was established under the Act of parliament and has its own competent authorities to frame and implement its Statutes, Rules and Regulation. Therefore, the bodies have approved the allowance under the powers vested in them.

PAC OBSERVATION

38. Similar nature Paras had been deferred till special meeting of the Public Accounts Committee for amicable solution of the issue.

PAC RECOMMENDATION

39. The Para was therefore deferred for special meeting of the Public Accounts Committee.

DP.5.4.10 OVERPAYMENT OF RS.9.26 MILLION

AUDIT VERSION

40. During the financial year 2009-10, the Vice Chancellor Hazara University paid Rs.32.26 million to the employees on account of house rent allowance @ 45% instead of admissible rate of 30%, resulting into an overpayment of Rs.9.26 million. Overpayment was occurred due to financial indiscipline.

41. The matter was reported to the Department in June 2011. DAC in its meeting held in Nov 2011, directed the department to recover the overpayment within one month. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

42. Payment of house rent allowance @ 45% to the employee of Hazara University was approved by the Syndicate in its 1st meeting held on August 23, 2003 under item No. 6. Upon certain queries, the matter was again discussed in 3rd meeting of the Syndicate held on 6th December, 2003. The Syndicate upheld its previous decision. The same was approved by the Senate in its 1st meeting held on 1st December, 2004 as well as by the Governor Khyber Pakhtunkhwa Vide orders No. SO- III/6(6)/15/2004/102-103/ WE, dated 11-01-2005.

43. In 2010 the competent bodies of the University again granted ex-post facto approval of the admissibility of allowance with clarification that the allowance was and is admissible to all the employees. University was established under the Act of Parliament and has its own competent authorities to frame and implement its Statutes, Rules and Regulation. Therefore, the bodies have approved the allowance under the powers vested in them.

PAC OBSERVATION

44. Similar nature Paras had been deferred till special meeting of the Public Accounts Committee for amicable solution of the issue.

PAC RECOMMENDATION

45. The Para was therefore deferred for special meeting of the Public Accounts Committee.

ELEMENTARY AND SECONDARY EDUCATION
DEPARTMENT

Total Draft Paras _____ 03
Examined _____ 03
Pending _____ Nil

Settled: 5.4.1.....01
Verification: 5.4.2, 5.4.3.....02

ELEMENTARY AND SECONDARY EDUCATION
DEPARTMENT

Three (03) Draft Paras reflected in the Auditor General's Report for the year 2012-13 against the Department were examined by the Committee in its meeting held on 21st of August 2015. The following were present:-

PUBLIC ACCOUNTS COMMITTEE

- | | | |
|----|-----------------------------|-----------------|
| 1. | Arbab Akbar Hayat Khan, MPA | Acting Chairman |
| 2. | Syed Muhammad Ali Shah, MPA | Member |
| 3. | Mufti Syed Janan, MPA | Member |
| 4. | Syed Jaffar Shah, MPA | Member |
| 5. | Mr. Qurban Ali Khan, MPA | Member |

LAW, PARLIAMENTARY AFFAIRS AND HUMAN RIGHTS DEPARTMENT

Mr. Israr Mohammad,
Additional Secretary.

FINANCE DEPARTMENT

Mr. Taj Mohammad,
Deputy Secretary.

AUDIT DEPARTMENT

1. Mr. Javed Iqbal,
Director General.
2. Mr. Asad Ullah,
Director.
3. Mr. Jehan Rose,
Deputy Director.
5. Mohabat Shah,
Audit Officer.

ELEMENTARY & SECONDARY EDUCATION DEPARTMENT

1. Mr. Qaisar Alam,
Additional Secretary.
2. Mr. Muhammad Rafiq Khattak
Director

PROVINCIAL ASSEMBLY

2. Mr. Amjad Ali
Additional Secretary

2. Mr. Shahid Rehman
Assistant Secretary.

2. The PAC having considered Audit point of view and explanation advanced by the Department, made recommendation on each Para as under:-

DP.5.4.1 **LOSS DUE TO PURCHASE OF BOOKS AT HIGHER RATES - RS.1.16 MILLION**

AUDIT VERSION

3. During the financial year 2009-10, the Project Director Debt for Education SWAP-II Peshawar purchased books for Rs. 2.26 million at the rates higher than printed prices on the books by affixing stickers/concealing the original prices, resulting into a loss of Rs.1.16 million. The loss was occurred due to financial indiscipline.

4. The irregularity was pointed out in March 2011. DAC in its meeting held in August 2012 directed the Department to constitute a Joint Committee to conduct fact finding inquiry within one month. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

5. The Para was fictitious as at S. No. 46 to 52 as retail prices of the 13 books had been shown as zero, as books cannot be supplied free of cost which amount comes to Rs.3,70,644/- Furthermore all the relevant formalities regarding purchase of books had been fulfilled. In this regard as per Departmental Accounts Committee (DAC) decision an Inquiry Committee was constituted to conduct fact finding inquiry who conducted the necessary inquiry and report/ recommendation of the said committee was submitted.

PAC RECOMMENDATION

6. In view of the recommendation of the Inquiry Committee, the Para was recommended to be settled.

DP.5.4.2 **EXCESS RELEASE OF RS.1.69 MILLION**
AUDIT VERSION

7. During the financial year 2000-08, the Project Director Debt for Education SWAP-II Peshawar retained an amount of Rs. 1.69 million and placed it in deposit-III by the Deputy Director Works & Services Swat as on 30th June 2010 instead of refund to the

Project Director, resulting into excess release. The excess release was made due to financial indiscipline.

8. The matter was reported to the Department in March 2011. DAC in its meeting held in August 2012, directed the Department to constitute a Joint Committee to conduct fact finding inquiry within one month. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

9. In this regard as per Departmental Accounts Committee (DAC) decision an Inquiry Committee was constituted vide No. SO (Audit) / E&SED/3-38/12/Vol-17 dated 08-08-2012 to conduct fact finding inquiry.

10. Accordingly the inquiry had been conducted by the said Committee. Report / recommendations of the committee were submitted.

PAC RECOMMENDATION

11. In view of the recommendations of the Inquiry Committee that:-

- (a) The collapsed portion of the boundary wall may be reconstructed and lavatory block may be constructed by the C & W Swat at the earliest
- (b) In case of failure in construction of group latrine and reconstruction of the lavatory block the cost may be recovered as per break up below from the person(s) at fault.

12. The Para was recommended to be settled subject to verification by Audit that the above mentioned work has been carried out or the cost had been recovered.

DP.5.4.3 UNAUTHORIZED PAYMENT OF RS.17.18 MILLION AND NON-IMPOSITION OF PENALTY OF RS.171, 811

AUDIT VERSION

13. During the financial the year 2009-10 the Project Director Debt for Education SWAP-II Peshawar paid an amount of Rs. 32.79 million as advance to Small Industrial Development Board for the supply of furniture. Supply of the furniture valuing Rs.17.18 million could not be made which resulted in unauthorized payment. Penalty of Rs.171, 811 @ 1% was also not imposed for late supply. The unauthorized payment was occurred due to violation of prescribed rules and procedures.

14. The matter was reported to the Department in March 2011. DAC in its meeting held in August 2012 directed the Department that relevant record and stock register be produced to Audit for verification within one month. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

15. The date for supply of furniture had been extended up to 30-06-2011 which was approved in the 11th P.C.C meeting dated 20-04-2011. Supply had been completed up to 30-06-2011. Necessary acknowledgements of each school would be provided in original during the PAC meeting.

PAC OBSERVATION

16. The Committee observed that purchase was made from Small Industries Development Board as per Government instructions hence penalty was not required.

PAC RECOMMENDATION

17. In view of the above, the Para was recommended to be settled subject to verification by Audit that the supply has been completed.

EXCISE & TAXATION DEPARTMENT

Total Draft Paras _____ 01

Examined _____ 01

Pending _____ Nil

Settled: 7.4.1.....01

EXCISE AND TAXATION DEPARTMENT

One (01) Draft Para reflected in the Auditor General's Report for the year 2012-13 against the Department was examined by the Committee in its meeting held on 21st of August 2015. The following were present:-

PUBLIC ACCOUNTS COMMITTEE

- | | | |
|----|-----------------------------|-----------------|
| 1. | Arbab Akbar Hayat Khan, MPA | Acting Chairman |
| 2. | Syed Muhammad Ali Shah, MPA | Member |
| 3. | Mufti Syed Janan, MPA | Member |
| 4. | Syed Jaffar Shah, MPA | Member |
| 5. | Mr. Qurban Ali Khan, MPA | Member |

LAW, PARLIAMENTARY AFFAIRS AND HUMAN RIGHTS DEPARTMENT

Mr. Israr Mohammad,
Additional Secretary.

FINANCE DEPARTMENT

Mr. Taj Mohammad,
Deputy Secretary.

AUDIT DEPARTMENT

1. Mr. Javed Iqbal,
Director General.
2. Mr. Asad Ullah,
Director.
3. Mr. Jehan Rose,
Deputy Director.
4. Mohabat Shah,
Audit Officer.

EXCISE & TAXATION DEPARTMENT

Mr. Muhammad Israr,
Secretary.

PROVINCIAL ASSEMBLY

1. Mr. Amjad Ali
Additional Secretary
 2. Mr. Shahid Rehman
Assistant Secretary.
2. The PAC having considered Audit point of view and explanation advanced by the Department, made recommendation on each Para as under:-

DP.7.4.1 **LOSS TO GOVERNMENT - RS.1.11 MILLION**
AUDIT VERSION

3. During the financial year 2009-10, the Secretary to Government of Khyber Pakhtunkhwa, Excise & Taxation Department incurred an expenditure of Rs. 4.99 million on the purchase of arms & ammunition at highest rate with the plea that the lowest bidder was not registered with Sales Tax Department. However, the 2nd lowest bidder was also not registered as deduction of 16% sales tax was made from bill, resulting into loss of Rs.1.11 million. The loss was occurred due to non-adherence of prescribed rules and procedures.

4. DAC in its meeting held on 15th Oct, 2012 did not accept the reply submitted by the Department and decided to refer the matter to PAC for its final decision.

DEPARTMENTAL VERSION

5. The purchase of weapons was made after fulfilling all codal formalities. Proper tender was floated in the Newspapers in which the conditions were clearly narrated. A fair competition was made among the participants and supply order was placed to M/S North West Fire Arms Company which fulfilled all the conditions as mentioned in the advertisement.

6. The successful firm i.e. M/S North West Fire Arms Company was properly registered with the Central Board of Revenue (CBR)/Federal Board of Revenue (FBR). Registration documents were produced.

PAC OBSERVATION

7. After examining the record produced by the Department it was observed that the firm was properly registered with the Federal Board of Revenue.

PAC RECOMMENDATION

8. In view of the above the Para was recommended to be settled.

COMMUNICATION & WORKS DEPARTMENT

Ten (10) Draft Paras reflected in the Auditor General's Report for the year 2012-13 against the Department were examined by the Committee in its meeting held on 24th of August 2015. The following were present:-

PUBLIC ACCOUNTS COMMITTEE

- | | | |
|----|----------------------------------|-----------------|
| 1. | Mr. Shaukat Ali Yousafzai, MPA | Acting Chairman |
| 2. | Mr. Qurban Ali Khan, MPA | Member |
| 3. | Mr. Muhammad Idrees Khattak, MPA | Member |
| 4. | Arbab Akbar Hayat, MPA | Member |

LAW, PARLIAMENTARY AFFAIRS & HUMAN RIGHTS DEPARTMENT

Mr. Akbar Ali Bangash,
Deputy Secretary.

FINANCE DEPARTMENT

Mr. Muhammad Naseem,
Deputy Secretary

AUDIT DEPARTMENT

1. Mr. Javed Iqbal,
Director General.
2. Mr. Asad Ullah Khan
Director.
3. Mr. Shams-Ul-Haq,
Audit Officer.

COMMUNICATION & WORKS DEPARTMENT

1. Mr. Fazli Kabir,
Chief Engineer
2. Mr. Aziz Ahmad,
XEN, Highway
3. Mr. Qasim Noor
Deputy Director (Finance), PKHA

PROVINCIAL ASSEMBLY SECRETARIAT

1. Mr. Amjad Ali,
Additional Secretary.
2. Mr. Inamullah Khan,
Deputy Secretary.

3. Mr. Haris Khan,
Assistant Secretary.
2. The PAC having considered Audit point of view and explanation advanced by the Department, made recommendation on each Para as under:-

DP 4.4.1 LOSS TO THE GOVERNMENT- Rs.1.84 MILLION

AUDIT VERSION

3. During audit of the Executive Engineer Highway Division D.I. Khan, for the year 2010-11, it was revealed that for “Kata Khel Rehman Khel Road” work, the tender was awarded to a bidder with higher rates by manipulating the bid documents and making it the lowest one, resulting into loss of Rs.1.84 million.

4. The matter was reported to the Department in Sep 2012. DAC in its meeting held on 12th Dec 2012, directed the management to hold inquiry in to the matter. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

5. As per DAC decision, fact finding inquiry had been conducted by Superintending Engineer, C&W Circle, D.I. Khan. The conclusion/ recommendation of the inquiry Officer was that there was no financial loss occurred to the Government. The Government had gained a lot due to award of contract to another contractor M/S Gandapur Construction Company at the rate of 36% below on CSR-2009 being the lowest rate in the tendering competition. There was no fault of the SDO concerned the said inquiry was forwarded to the Audit Department vide SO (PAC), C&W Department letter No. SO (PAC) IR AP 28 / 2010-11 /HW DIK /C&WD dated 03-04-2013.

COMMITTEE OBSERVATION

6. The Committee while examining the Para, observed the following:
 1. The rates offered by the Contractor should have also been written in words apart from figures.
 2. Cutting made in the bid had not been attested by the Contractor.
 3. Signature of the Contractor in the tender register did not match with the signature on hand written certificate given by him on 13-02-2013.
 4. The tender bid was signed by only one member of the tender opening committee instead of all three (03) members.
 5. Clear cut manipulation was observed in the tender form.

COMMITTEE RECOMMENDATION

7. In view of the above observations, the Committee recommended to initiate action leading to recovery @ 7% from the responsible(s). Para stands. Progress be reported to PAC Cell within one month time.

DP 4.4.2 LOSS DUE TO NON-DEDUCTION OF INCOME TAX-Rs.23.90 MILLION
AUDIT VERSION

8. During audit of the Executive Engineer, Highway Division Peshawar, for the year 2010-11, it was found that an amount of Rs. 398.34 million was paid to the Contractors without deduction of 6% Income Tax, resulting into a loss of Rs.23.90 million.

9. The matter was reported to the Department in September, 2011. DAC in its meeting held on 30th Jan 2012 directed the Department to get exemption certificate from the contractor concerned. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

10. As per direction of DAC the exemption certificates were sent to Income Tax authorities. The Commissioner Income Tax Zone-I & II verified the record except two No's while the Commissioner Zone-III replied that the Audit authorities may verify the exemption certificate directly from his office. In this regard a letter had been addressed to Director General Audit Provincial Peshawar, that recovery from two No's Contractors. No. 15 & 16 will be made in due course.

COMMITTEE RECOMMENDATION

11. The Committee could not reach to a just conclusion about the deduction/non-deduction of Income Tax from the Contractors in different dates therefore, the Audit and Department was directed to sit together and workout as to whether the Contractors were exempted from the deduction of Income Tax or otherwise and to calculate the exact recoverable amount. The Department was directed to recover the agreed upon amount from the concerned. Para stands. Progress be reported to PAC Cell within fifteen (15) days.

DP 4.4.3 OVERPAYMENT TO THE CONTRACTOR Rs. 1.09 MILLION
AUDIT VERSION

12. During audit of the Managing Director, Pakhtunkhwa Highways Authority Peshawar, for the year 2010-11, it was found that road work was awarded to a Contractor at a rebate of 2% below the bid cost based on CSR-2008, without applying de-escalation Clause as per notification, resulting into overpayment of Rs. 1.09 million to Contractor.

13. The irregularity was reported to the Department in Feb 2012. DAC in its meeting held on 6th & 7th Sep 2012, directed recovery of the amount on advice of the Finance Department. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

14. The value of the respective contract within the competency limit of Pakistan Engineering Council (PEC) Category-5 whereupon no price adjustment (escalation/de-escalation) was applicable. In this regard the PEC guidelines provides that, the price adjustment shall be applicable only for those contracts having contract price exceeding financial limit of PEC Contractors Registration Category C-5 as amended from time to time. Contracts having value equal to or less than this limit will be considered as fixed price contracts.

15. Since the tender cost of the work was Rs.20.000 million as such it was within the above prescribed limit of PEC C-5 (i.e. Rs.20.000 million at that time) Secondly, the Audit (refer original audit note) had worked out Rs.1, 093,663/- on the basis of difference of the rates of CSR-2008 and CSR-2009 which was totally incorrect, thus making the Para illogical.

COMMITTEE RECOMMENDATION

16. As per clarification of Finance Department made via notification No. BO.I/FD/1-7/2008-09/CSR dated 30-03-2009, the Committee recommended to affect recovery of over payment, from the concerned. Para stands. Progress be reported to PAC Cell within a month time period.

DP 4.4.4 UN-ECONOMICAL EXPENDITURE OF Rs.9.68 MILLION **AUDIT VERSION**

17. During audit of the Executive Engineer Highway Division, D.I.Khan for the year 2010-11, it was found that an uneconomical expenditure of Rs.9.68 million was incurred on execution of various works without open tender. The irregularity occurred due to weak financial discipline.

18. The matter was reported to the Department in Sep 2012. DAC in its meeting held on 11th Dec 2012, directed to recover the amount on advice of the Finance Department. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

19. As per DAC decision, the case was referred to the Finance Department for necessary clarification vide letter NO.SO (PAC) / DAC/2013/DWASST: AUDIT/12/12/2012/C&WD dated 05-11-2013.

20. The Finance Department examined the case and submitted the clarification that Rules-178 of GFR provides for dealing with emergent nature of works. If the rules had been properly followed while dealing with the emergencies by the Administrative Department, as claimed in the reply the documentary proof may be produced before the forum and the Para may be dropped. Therefore, a letter had been addressed to the Audit Department vide letter No.SO(PAC)/DAC/02/2013/Provincial Audit /Vol-XI/C&W dated 07/01/2014 for settlement the Para in light of the Finance Department clarification, but no response had been received so far.

COMMITTEE RECOMMENDATION

21. The Committee recommended the Para to be settled subject to verification of notification of the competent authority issued during emergency, by the Audit within a month time.

DP 4.4.5 **LOSS DUE TO NON-FORFEITURE OF EARNEST MONEY**
Rs. 6.10 MILLION

AUDIT VERSION

22. During audit of the Managing Director Pakhtunkhwa Highways Authority Peshawar, for the year 2010-11, it was revealed that the work 'Construction of Topi Bypass Road' was awarded to M/S Hajj Mohammad Khan at a total cost of Rs.46.73 million, but the contractor left the work incomplete after receiving the payment of Rs.5.87 million. The management failed to forfeit the security deposit and performance bond amounting to Rs.6.10 million as per contract. Non-forfeiture of security deposit resulted into a loss of Rs.6.10 million.

23. The matter was reported to the Department in Feb 2012. DAC in its meeting held on 7th Sep 2012, directed the Department to recover the amount by pursuing the sub-judice case vigorously.

DEPARTMENTAL VERSION

24. The case was sub-judice, final reply will be furnished after decision of the Court.

COMMITTEE OBSERVATION

25. The Committee observed that neither security nor earnest money had been released to the Contractor as yet.

COMMITTEE RECOMMENDATION

26. The Committee upheld the recommendations of DAC that since the matter was sub-judice and pending before the Court of Law. Therefore, the recovery if ordered by Court, may be made. The Department was directed to pursue the case vigorously in the Court of Law through a responsible and well conversant officer. Para stands. Progress be reported to PAC Cell.

DP 4.4.6 LOSS DUE TO UNAUTHORIZED REVISION OF ADMINISTRATIVE APPROVAL Rs. 235.64 MILLION
AUDIT VERSION

27. During audit of Executive Engineer Provincial Building Construction Division No.1 Peshawar, for the years 2005-06 to 2008-09, it was revealed that Administrative Approval for construction of 'Judicial Complex Peshawar' was revised on three occasions with variation in cost. Originally approval for RS.160.29 million was subsequently enhanced to Rs.395.93 million, eventually resulting in a loss of Rs.235.64 million.

28. The irregularity was reported to the Department in June 2010. DAC in its meeting held on 21st Dec 2012, decided to refer the case to the High Court Peshawar for justification. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

29. In compliance with the DAC decision, the Registrar Peshawar High Court, Peshawar was requested to issue revised Administrative Approval as there was no ban on revised Administrative Approval. The Registrar Peshawar High Court, Peshawar had issued 2nd revised Administrative approval with the approval of the competent authority regarding "Construction of Judicial Complex Peshawar" under access to Justice Program vide letter No. A(a)25-A(P&D)4-Peshawar-19 dated 25-05-2010 hence, no loss was occurred to the Government.

COMMITTEE RECOMMENDATION

30. As per clarification of Finance Department that the competent forum has the power to issue revised Administrative Approval (AA) subject to fulfillment of codal formalities and as such the codal formalities had been fulfilled by the Department, the Para was therefore, recommended to be settled.

**DP 4.4.7 UNAUTHORIZED EXPENDITURE -Rs.311.04 MILLION
AUDIT VERSION**

31. During audit of the Executive Engineer Building Construction Division Peshawar, during the year 2008-09, it was revealed that a work 'Construction of 80 residences for Judicial Officers in Khyber Pakhtunkhwa under access to Justice Program' with a total cost of Rs.311.04 million was split up into 80 works to avoid prequalification of contractors, resulting into unauthorized expenditure. The unauthorized expenditure was incurred due to weak financial discipline.

32. The matter was reported to the Department in June, 2010. DAC in its meeting held on 21st Dec 2010, could not had unanimous decision regarding regularization of the unauthorized expenditure.

DEPARTMENTAL VERSION

33. The eighty (80) residences being located in far flung districts of the entire Province were not possible for a single contractor to execute works simultaneously therefore, the works were awarded to various contractors in packages for speedy and timely implementation of the schemes. Moreover, splitting the work into different packages was made due to the locality of the residences and capacity of the contractor which was justified resultantly targets/implementation of the Project was achievement.

34. The variation in units costs of the schemes were due to fixation of region wise cost/locations, factor plot area (s), scope of work and site requirements as per needs of the client department for comfortable occupancy as per the entitlement of the judicial officers covered by the technical sanction estimate.

COMMITTEE RECOMMENDATION

35. In view of explanation advanced by the Department during meeting, the Committee taking lenient view recommended the Para to be settled with strict warning to the Department not to repeat such irregularity in future.

DP 4.4.8 OVERPAYMENT TO CONTRACTOR - Rs.14.80 MILLION**AUDIT VERSION**

36. During audit of the Executive Engineer Provincial Building Construction Division Peshawar, for the year 2008-09, it was found that an overpayment of Rs.14.80 million on account of unauthorized escalation in rates was paid to the contractor for the work 'Judicial Complex at Peshawar'. The overpayment was a result of weak financial discipline.

37. The matter was reported to the Department in June 2010. DAC in its meeting held on 21st Dec 2010, could not make unanimous decision regarding regularization of the unauthorized expenditure.

DEPARTMENTAL VERSION

38. In compliance with the DAC decision the case was referred to the competent authority Chief Engineer (Center) C&W Department for Clarification. The competent authority had clarified and replied that "the escalation/de-escalation Clause 5-A was applicable with effect from 01-07-2005 on genuine ground" and overpayment was made.

COMMITTEE RECOMMENDATION

39. The Para was recommended to be settled subject to verification of contract agreement, period of execution, items on which escalation was allowed, measurement book, contractor bills and date of granting escalation by Audit within a month time.

DP 4.4.9 OVERPAYMENT TO CONTRACTORS - Rs.7.52 MILLION**AUDIT VERSION**

40. During audit of the Executive Engineer Provincial Building Construction Division Peshawar, for the year 2008-09, it was found that an overpayment of Rs.7.52 million was paid to eight contractors even after completion of the work, which was unauthorized as the final bill amounting to Rs.90.83 million was already paid to the contractors. The overpayment was occurred due to financial indiscipline.

41. The matter was reported to the Department in June 2010. DAC in its meeting held on 21st Dec 2010, directed the Department to conduct inquiry. Further progress was, however, not reported till the finalization of this report.

DEPARTMENTAL VERSION

42. A fact finding Inquiry had been conducted by Engineer Saif-Ur-Rehman and the same had been submitted to the Audit Department vide SO(PAC)/IR/APS 15 & 121/2008-09 (Provincial Audit) C&W Department dated 12-02-2013 for comments but the comments of the Audit had not received so far. The Inquiry Officer had recommended in his report that:-

43. The Project period was revised up to 30-06-2011 as per second revision of PC-1 no payment was made after the Project period. Therefore, no over payment was found to have been made.

COMMITTEE OBSERVATION

44. The Committee observed that the Inquiry Officer in his inquiry had not touched the core point that whether payment was made after “final Bill” or otherwise. Moreover, the Department failed to produce the “final Bill” before the Committee as the main issue involved in the Para was “final Bill”.

COMMITTEE RECOMMENDATION

45. The Committee directed the Department to produce the relevant vouchers of payment especially final bill on Wednesday the 26th of August, 2015 for examination. On the same date, the relevant record was produced by the Department and duly verified by Audit hence, the Para was recommended to be settled.

DP 4.4.10 NON PRODUCTION OF RECORD-Rs. 8.60 MILLION**AUDIT VERSION**

46. During audit of the Executive Engineer Provincial Building Construction Division Peshawar, for the year 2008-09, the Department did not provide record pertaining to construction of two residences at Karak, worth Rs.8.60 million.

47. The non-production of record was not only a violation of constitutional provision but also reflection of weak internal controls.

48. The matter was reported to the Department in June 2010. DAC in its meeting held on 21st Dec 2010, directed the Department to provide the record without further delay. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

49. In compliance with the DAC decision all the original documents /record submitted to the Deputy Director Audit for verification but the Audit Department directed

that attested photocopies of the following documents may be handed over to Audit Department for placing before the PAC forum for discussion.

(i) Agreement (ii) Measurement Book (iii) Voucher (iv) BOQ/work order
(v) Technical sanction.

1-T/O/No.278/1-AP dated 06-04-2015

2-No.343/1-AP dated 22-04-2015.

3-No.387/1-AP dated 04-05-2015.

50. As per Audit Department direction the relevant record had been provided to them for placing before the PAC forum for discussion/further order please.

COMMITTEE RECOMMENDATION

51. The Committee directed the Department to conduct inquiry for fixing responsibility upon those who did not produce record to Audit in time and initiate disciplinary action against the concerned.

52. As the record was not produced earlier, therefore, the Department was directed to produce the same to Audit and the Audit Department was directed to conduct audit of the record relating to the Para within a month time. Para stands.

FOOD DEPARTMENT

Total Draft Paras _____ 06
Examined _____ 06
Pending _____ Nil

Setteled: 9.4.6.....01

Recovery: 9.4.1, 9.4.2, 9.4.3, 9.4.4....04

Sub-Committee: 9.4.5.....01

FOOD DEPARTMENT

Six (06) Draft Paras reflected in the Auditor General's Report for the year 2012-13 against the Department were examined by the Committee in its meeting held on 25th of August 2015. The following were present:-

PUBLIC ACCOUNTS COMMITTEE

- | | | |
|----|----------------------------------|-----------------|
| 1. | Mr. Shaukat Ali Yousafzai, MPA | Acting Chairman |
| 2. | Mufti Syed Janan, MPA | Member |
| 3. | Mr. Qurban Ali Khan, MPA | Member |
| 4. | Mr. Muhammad Idrees Khattak, MPA | Member |
| 5. | Arbab Akbar Hayat Khan, MPA | Member |

LAW, PARLIAMENTARY AFFAIRS AND HUMAN RIGHTS DEPARTMENT

Mr. Akbar Ali Bangash,
Deputy Secretary

FINANCE DEPARTMENT

Mr. Muhammad Naseem,
Deputy Secretary, B-III

AUDIT DEPARTMENT

1. Mr. Asad Ullah
Director
2. Mr. Jehan Rose,
Deputy Director
3. Mr. Mohabat Shah,
Audit Officer.

FOOD DEPARTMENT

1. Mr. Sahibzada Fazal Amin,
Secretary
2. Mr. Mohammad Anwar Khan,
Director
3. Mr. Farid Ullah Khan,
District Food Controller, Charsadda

PROVINCIAL ASSEMBLY SECRETARIAT

1. Mr. Amjad Ali,
Additional Secretary.
2. Mr. Inamullah Khan,
Deputy Secretary.

3. Mr. Shahid Rehman,
Assistant Secretary.
2. The PAC having considered Audit point of view and explanation advanced by the Department, made recommendation on each Para as under:-

DP.9.4.1 **LOSS DUE TO NON DEDUCTION OF INCOME TAX- RS.3.98 MILLION**

AUDIT VERSION

3. During audit of the District Food Controller Charsadda, for the year 2010-11, it was revealed that a quantity of 4791.913 metric tons wheat valuing Rs.113.88 million was locally procured from parties/contractors instead of local growers/farmers. Income tax @ 3.5% amounting to Rs. 3.98 million was not deducted from the sellers on the plea that they were local growers, resulting into loss to the stated extent. The loss was occurred due to non-adherence of prescribed rules & procedures.

4. The matter was reported to the Department in Feb, 2012. DAC in its meeting held on 23rd Oct, 2012, could not give any directive for recovery of the amounts of income tax and referred the Para to PAC.

DEPARTMENTAL VERSION

5. The wheat was procured in light of Director Food, Khyber Pakhtunkhwa direction received vide letter No. 8115-39/FG-429 / Procurement dated 23-04-2011. The purchases of wheat from growers were exempted from Withholding Tax due to agriculture product vide Government of Pakistan Revenue Division, Federal Board of Revenue circular. No. 1 (2) WHT / 2011 dated 20-01-2011 received vide Food Directorate endst No. 9213-39/ FG-429 dated 23-05-2011. Similarly due to flood affected area, District Charsadda was also exempted from tax deduction vide circular letter No. CIR / (E&C) TRO-PR / 2010 -11/ 2101 dated 28-12-2010 and No. CIR (Zone-1) RTO- PR/ 2010-11/ 776 dated 31-03-2013 for the observed period.

PAC OBSERVATION

6. The Committee observed that the Department had been procuring wheat from the dealers/middle man against the policy which stressed that procurement be directly made from the growers with a view to extend benefit to them and save the profit of middle man.

PAC RECOMMENDATION

7. In view of the above, the Committee recommended to initiate action leading to recovery of amount involved in the Para from contractor(s)/responsible(s) who failed to deduct income tax. Para stands. Progress be reported to PAC Cell within a month time.

DP.9.4.2 **LOSS DUE TO NON-RECOVERY OF INCOME TAX – RS.**
12.69 MILLION

AUDIT VERSION

8. During audit of the Storage & Enforcement Officer, NRC Azakhel Nowshera, for the year 2010-11, it was revealed that 756241 bags containing 47338.29 metric tons flood affected wheat valuing Rs. 253.70 million were auctioned, however, advance income tax @ Rs. 5% amounting to Rs. 12.69 million was not recovered, resulting into loss to stated extent. Loss was occurred due to non-adherence of prescribed rules & procedures.

9. The matter was reported to the Department in Jan, 2012. DAC in its meeting held on 23rd Oct, 2012 directed the Department to recover the amount. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

10. According to the Government of Pakistan (Revenue Division) Federal Board of Revenue, Islamabad circular No. 4 (4) ITP / 2010/ 11096-R dated 20-01-2010, No. 4 (4) ITP /2010 dated 24-02-2010 and No. 4 (4) PTI-142122-R dated 06-10-2011, the area comprising of District Nowshera had been included in “moderately affected areas” for a period of three years w.e.f. tax years 2010, therefore advance income tax @ Rs. 5% was not deducted from the successful bidders during 2010-11.

PAC OBSERVATION

11. The Committee observed that tax exemption was extended to those local contractors/dealers who were operating in the tax exempted areas only.

PAC RECOMMENDATION

12. The Committee recommended to initiate action leading to recovery of the amount involved in the Para, from the responsible(s) who made payments without

deduction of income tax. Para stands. Progress be reported to PAC Cell with in a month time.

DP.9.4.3 **LOSS DUE TO NON-DEDUCTION OF INCOME TAX - RS. 12.21 MILLION**
AUDIT VERSION

13. During audit of the District Food Controller Abbottabad, for the year 2009-10, it was found that Rs. 348.93 million was paid to various parties/suppliers for local procurement of 1495.95 metric tons of wheat, however, income tax @ Rs. 3.5% was not deducted, resulting into loss of Rs. 12.21 million. Loss occurred due to non-adherence of prescribed rules & procedures.

14. The matter was reported to the Department in April, 2011. DAC in its meeting held on 24th Aug 2011, directed the Department to conduct an inquiry. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

15. A sum of Rs. 34,89,286,22/- was paid to various parties / suppliers on account of procurement of local wheat weighing 14695.950 metric tons during the year 2009-10. The amount in question was taken on cash book as required. As far as deduction of Income Tax from the growers/parties was concerned, almost the entire procurement was made from the growers who were not liable to any tax deduction. The parties/dealers in some cases recorded on the bills were also small growers, who supplied wheat collectively to Food Department and could not be considered formal dealers / parties. Agriculture sector had not so far been brought under income tax and the wheat being an agriculture product was not liable for the deduction of income tax.

PAC RECOMMENDATION

16. In view of the above, the Committee recommended to initiate action leading to recovery of amount involved in the Para from contractor(s)/responsible(s) who failed to deduct income tax. Para stands. Progress be reported to PAC Cell within a month time.

DP.9.4.4 **LOSS DUE TO NON DEDUCTION OF INCOME TAX - RS.8.32 MILLION**
AUDIT VERSION

17. During audit of the District Food Controller Mansehra, for the year 2010-11, it was found that a quantity of 10167.612 metric tons wheat was procured from different suppliers. However, income tax @ 3.5% was not deducted, resulting into loss of Rs. 8.32 million. Loss occurred due to non-adherence of prescribed rules & procedures.

18. The matter was reported to the Department in July, 2011. DAC in its meeting held on 23rd Dec, 2011, directed the Department to recover the amount of income tax. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

19. According to Government of Pakistan Revenue Division, Federal Board of Revenue letter No. C.No.1 (2) WHT / 2011 dated 4-3-2011 the growers were exempted from 3.5% income tax. Therefore income tax was not deducted from the bills, presented by growers for procurement of wheat, being an agriculture produce.

PAC RECOMMENDATION

20. In view of the above, the Committee recommended to initiate action leading to recovery of amount involved in the Para from contractor(s)/responsible(s) who failed to deduct income tax. Para stands. Progress be reported to PAC Cell within a month time.

DP.9.4.5 UNAUTHORIZED PAYMENT ON ACCOUNT OF LOCAL PROCUREMENT OF WHEAT- RS. 1375.78 MILLION.

AUDIT VERSION

21. During audit of the S&EO Peshawar, for the years 2008-09 & 2009-10, it was revealed that loan of Rs.1375.78 million obtained from banks for procurement of wheat was not included in the Provincial Consolidated Fund. The payment was made directly through banks without pre-audit process and authorization of the legislature, resulting into unauthorized expenditure to stated extent. Unauthorized payment occurred due to financial indiscipline.

22. The matter was reported to the Department in Aug, 2010. DAC in its meeting held on 11th July 2011, directed the Department to produce the procedure for payment of Government funds to growers, for verification. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

23. Khyber Pakhtunkhwa was being food deficit Province as its total requirement was about 4 million tons while its production was about 1.1 million tons. The shortfall of 2.9 million did not met through trade of wheat and wheat flour in the open market. The food Department however purchase 3,00,000 to 5,00, 000 tons of wheat from local growers, PASSCO and Punjab Food Department annually to build up its strategic and operational reserve and to ensure the food security in the Province. During the crop year 2009 & 2010, the Ministry of Food & Agriculture Islamabad had given a task for procurement of 0.3 million tons wheat for each year from the local growers in the Province vide letter No. 9-6/ 2008-wheat-I dated 17-01-2009 and letter No. F-9 (4) 2009-W-I dated 07-01-2010. Accordingly Food Department Khyber Pakhtunkhwa moved summaries through Finance Department to the Honorable Chief Minister, Khyber Pakhtunkhwa and cash credit limit approval from the Ministry of Finance Division Islamabad, the Food Department, Khyber Pakhtunkhwa invited all the Commercial / Islamic Banks to quote their mark-up/ profit rates for obtaining loans for procurement of wheat. First Women Bank had offered the lowest mark-up rate therefore; the loan was obtained from it as per procedure. Moreover, on the advice of Finance Division Islamabad, State Bank of Pakistan, Karachi also authorized the concerned Banks to make all necessary arrangements for making immediate & on spot payment to the growers on the receipt of wheat at the sale point/ PRC. It was well known fact that payments through AC bill took more time as compare to on spot payment to the growers, therefore, the above purchase methodology in vogue throughout the country was adopted. It was further clarified that the proper request of Food Department Khyber Pakhtunkhwa, the Finance Division Islamabad also accorded financing (COF) for each quarter of the said years and thus State Bank of Pakistan directed the relevant banks to provide funds to Food Department Khyber Pakhtunkhwa, as per practice/ procedure in vogue throughout the country. Furthermore the Provincial Finance Department in Khyber Pakhtunkhwa also provided proper sanction and budget cover under the relevant head of accounts as per request / demand of Food Department. It was also worth to mention here that the said wheat purchased during 2009 and 2010 at PRC Peshawar had already been released on high price than the support price and the wheat cost had deposited in Food Account-II through treasury challans under proper head of accounts and the same had been regularly

audited by Director General Audit, Khyber Pakhtunkhwa. There seems no loss but the Department had gained profit in sale proceed of wheat.

PAC RECOMMENDATION

24. As detailed probe was required therefore, a Sub-Committee comprising the following was constituted to examine the issue (s) involved in the Para threadbare so that it could be resolved once for all.

- | | | |
|----|-----------------------------------|----------|
| 1. | Mr. Shaukat Ali Yousafzai, MPA | Chairman |
| 2. | Arbab Akbar Hayat Khan, MPA | Member |
| 3. | Mr. Muhammad Idrees Khattak, MPA | Member |
| 4. | Mufti Syed Janan, MPA | Member |
| 5. | Mr. Qurban Ali Khan, MPA | Member |
| 6. | Syed Mohammad Ali Shah Bacha, MPA | Member |

25. The Sub-Committee will submit its report within one month time.

DP.9.4.6 UNAUTHORIZED EXPENDITURE OF RS. 212.87 MILLION.

AUDIT VERSION

26. During audit of the District Food Controller Bannu, for the year 2009-10, it was found that an expenditure of Rs. 212.87 million was incurred on local procurement of wheat. Neither quality certificate was recorded by the Committee nor was analysis report of Food Laboratory obtained. The payment was made directly through banks without pre-audit process and authorization of the legislature, resulting into unauthorized expenditure to stated extent. The unauthorized expenditure occurred due to non-adherence of prescribed rules & procedures.

27. The matter was reported to the Department in April, 2011. DAC in its meeting held on 12th Sep, 2011, directed the Department to produce record regarding adopting pre-audit system. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

28. Fair average quality wheat was purchased during the year 2009-10 and the wheat so procured was issued according to the Government Policy to flour mills of Settled and FATA areas without any loss to Government exchequer. It was further

clarified that payment had been made to the growers on account of procurement of wheat during 2009-10, in accordance with the laid down procedure of Government duly approved by Honorable Chief Minister Khyber Pakhtunkhwa.

PAC RECOMMENDATION

29. In view of the explanation advanced by the Department, the Committee recommended the Para to be settled.

HOUSING DEPARTMENT

Total Draft Paras _____ 03
Examined _____ 03
Pending _____ Nil

Settled: 12.4.1, 12.4.3.....02
Departmental Action: 12.4.2.....01

HOUSING DEPARTMENT

Three (03) Draft Paras reflected in the Auditor General's Report for the year 2012-13 against the Department were examined by the Committee in its meeting held on 25th of August 2015. The following were present:-

PUBLIC ACCOUNTS COMMITTEE

- | | | |
|----|----------------------------------|-----------------|
| 1. | Mr. Shaukat Ali Yousafzai, MPA | Acting Chairman |
| 2. | Mufti Syed Janan, MPA | Member |
| 3. | Mr. Qurban Ali Khan, MPA | Member |
| 4. | Mr. Muhammad Idrees Khattak, MPA | Member |
| 5. | Arbab Akbar Hayat Khan, MPA | Member |

LAW, PARLIAMENTARY AFFAIRS AND HUMAN RIGHTS DEPARTMENT

Mr. Akbar Ali Bangash,
Deputy Secretary

FINANCE DEPARTMENT

Mr. Muhammad Naseem,
Deputy Secretary, B-III

AUDIT DEPARTMENT

1. Mr. Asad Ullah
Director
2. Mr. Jehan Rose,
Deputy Director
3. Mr. Mohabat Shah,
Audit Officer.

HOUSING DEPARTMENT

1. Mr. Zahid Arif,
Secretary
2. Mr. Mohammad Saleem,
Director General.

PROVINCIAL ASSEMBLY SECRETARIAT

1. Mr. Amjad Ali,
Additional Secretary.
2. Mr. Inamullah Khan,
Deputy Secretary.
3. Mr. Shahid Rehman,
Assistant Secretary.

2. The PAC having considered Audit point of view and explanation advanced by the Department, made recommendation on each Para as under:-

DP.12.4.1 **LOSS DUE TO ILLEGAL OCCUPATION OF FLATS BY POLICE DEPARTMENT- RS. 10.37 MILLION**
AUDIT VERSION

3. During audit of the Director General, Provincial Housing Authority (PHA), for the year 2010-11, it was revealed that Provincial Police Department had occupied 12 flats in Block-A and 24 flats in two Blocks in the Nasapa Housing Scheme since 2006 without any payment of rent, resulting into loss of Rs.10.37 million. The loss occurred due to mismanagement.

4. The matter was reported to the Department in March 2012. DAC in its meeting held on 23rd May 2012, could not give any directive for recovery of loss and the Para was referred to PAC.

DEPARTMENTAL VERSION

5. The Chief Secretary Khyber Pakhtunkhwa had already issued the instruction to Police Department to vacate the area. Provincial Housing Authority and Housing Department have made their full efforts to shift the Police Station and Contingents to some other place but inspite repeated requests made to Police Department as well as Home Department, the matter was still hanging which caused great losses to Government exchequer. The lapse was neither on the part of Provincial Housing Authority nor Housing Department. Therefore, the Police Department may kindly be instructed to shift the Police Station and Contingents to somewhere else.

6. During the meeting, the Department explained that at the time of insurgency, the police personal of adjacent Police Station had shifted to those unfinished flats by their own due to peculiar situation. Now the flats have been vacated from Police and the remaining works have been completed. A summary has been moved to the Hon'ble Chief Minister Khyber Pakhtunkhwa to hand over those flats to "Street Children" hence, the issue of illegal occupation of flats by Police Department ha been resolved.

PAC RECOMMENDATION

7. In view of the explanation advanced by the Department during the meeting, the Committee was convinced and recommended the Para to be settled.

DP.12.4.2 **UNAUTHORIZED DRAWL FOR INVESTMENT- RS. 1200 MILLION**

AUDIT VERSION

8. During audit of the Director General, Provincial Housing Authority Peshawar, for the year 2010-11, it was found that a sum of Rs. 1200 million was drawn and invested in Muslim Commercial Bank (MCB) by the Land Acquisition Collector (LAC) instead of making payment of the amount to land owners in violation of instructions of the Accountant General of Khyber Pakhtunkhwa, resulting into an unauthorized drawal/investment. The unauthorized drawal/ investment occurred due to violation of prescribed rules & instructions.

9. The matter was reported to the Department in March 2012. DAC in its meeting held on 23rd May 2012, could not give any directive regarding unauthorized drawal/investment and referred the Para to PAC.

DEPARTMENTAL VERSION

10. According to Land Acquisition Act 1894, land award was possible only if section 17 of the Act was issued which provided for interalia, placement of fund at the disposal of the Land Acquisition Collector, Provincial Housing Authority prior to declaration of land award. Therefore land procurement process for Jalojai Housing Scheme would have been stopped if fund of Rs. 1200.00 million had not been transferred to Land Acquisition Collector Account.

11. It was added that as per PHA regulation- Part II raising of funds clause 23 Sub-Sections (b1) such grant loan as may be from time to time made by the Government, the PHA invested the funds as per the above stated clause.

PAC OBSERVATION

12. The Committee observed that the provisions of Regulation-23 of the Housing Authority Regulations 2008 were contradictory with the provisions of Article 170 of the Constitution of Islamic Republic of Pakistan.

PAC RECOMMENDATION

13. In view of the above, the Para was recommended to be settled with the direction to the Department to amend the Khyber Pakhtunkhwa Provincial Housing

Authority Regulations, 2008 and bring it in conformity with the provisions of the Constitution of Islamic Republic of Pakistan.

**DP.12.4.3 UN-AUTHORIZED EXPENDITURE - RS. 30.73 MILLION
AUDIT VERSION**

14. During audit of the D.G Provincial Housing Authority Peshawar, for the year 2006-11, it was found that Technical Sanction of Rs.219 million was accorded for the ADP scheme at Nasapa Payan and expenditure of Rs.30.73 million was incurred unauthorizably as the D.G was not competent to accord Technical Sanction for ADP scheme. The unauthorized expenditure occurred due to violation of prescribed procedures.

15. The matter was reported to the Department in March 2012. DAC in its meeting held on 23rd May 2012, directed the Department to regularize the case in consultation with Finance & Law Departments. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

16. In a meeting held on 08-10-2008, all such powers had been given to DG Provincial Housing Authority reproduced as “the Authority approved that like the Chief Executive of similar organization, all financial powers for incurring expenditure shall be delegated to DG Provincial Housing Authority as in case of Category-I Officer to the Government subject to availability of budget and observing all codal formalities. This shall exclude the power of approval of developmental schemes and re-appropriation of funds within the ADP schemes financed by the Government”. So this decision had already been conveyed by the Secretary Housing to Director General Provincial Housing Authority.

PAC RECOMMENDATION

17. The Audit has withdrawn its objection on un-authorized expenditure involved in the Para as the Director General, Provincial Housing Authority was authorized to give sanction of the amount involved therefore, the Para was recommended to be settled.

HOME & TRIBAL AFFAIRS DEPARTMENT

Total Draft Paras _____ 12
Examined _____ 12
Pending _____ Nil

Settled: 11.4.1, 11.4.11.....02
Spl: Meeting of PAC: 11.4.8.....01
Recovery: 11.4.2, 11.4.3, 11.4.4, 11.4.6, 11.4.7, 11.4.9.....06
Verification: 11.4.5, 11.4.10, 11.4.12.....03

HOME & TRIBAL AFFAIRS DEPARTMENT

Twelve (12) Draft Paras reflected in the Auditor General's Report for the year 2012-13 against the Department were examined by the Committee in its meeting held on 26th of August 2015. The following were present:-

PUBLIC ACCOUNTS COMMITTEE

- | | | |
|----|--------------------------------|-----------------|
| 1. | Mr. Shaukat Ali Yousafzai, MPA | Acting Chairman |
| 2. | Mr. Qurban Ali Khan, MPA | Member |
| 3. | Arbab Akbar Hayat Khan, MPA | Member |
| 4. | Mufti Syed Janan, MPA | Member |

LAW, PARLIAMENTARY AFFAIRS & HUMAN RIGHTS DEPARTMENT

Mr. Akbar Ali Bangash,
Deputy Secretary

FINANCE DEPARTMENT

Mr. Parwaiz Sabatkheil,
Deputy Secretary

AUDIT DEPARTMENT

1. Mr. Javed Iqbal,
Director General.
2. Mr. Asad Ullah khan
Director.
3. Mr. Mohabat Shah,
Audit Officer.

HOME & TRIBAL AFFAIRS DEPARTMENT

1. Mr. Qudrat Ullah Khan,
Additional I.G, Police
2. Mr. Masood Ahmad Khalil,
S.S.P Investigation
3. Mr. Muhammad Shafiq,
S.P FRP Bannu
4. Mr. Muhammad Ayub,
Deputy Director Audit, Police

PROVINCIAL ASSEMBLY SECRETARIAT

1. Mr. Amjad Ali,
Additional Secretary.

2. Mr. Inamullah Khan,
Deputy Secretary.
3. Mr. Haris Khan,
Assistant Secretary

2. The PAC having considered Audit point of view and explanation advanced by the Department, made recommendation on each Para as under:-

DP 11.4.1 LOSS DUE TO NON-RECOVERY - Rs.675.84 MILLION
AUDIT VERSION

3. During audit of the Provincial Police Officer Peshawar and District Police Officer Charsadda, for the year 2011-12, it was found that 704 police guards were provided to 161 non-entitled persons/political workers in 17 Districts of Khyber Pakhtunkhwa and pay & allowances of Rs. 675.84 million were paid from Government exchequer, however, recoveries were not made from the persons/political workers to whom the services of police guards were provided. The loss occurred due to financial indiscipline.

4. The matter was reported to the Department in Dec, 2012 for convening DAC meeting as the issue was of very emergent nature involving huge amount and required immediate attention of the Government to stop illegal deployment of Government resources, however, DAC meeting could not be arranged till finalization of this report.

DEPARTMENTAL VERSION

5. Providing of security to the public political dignitaries, MNAs, MPAs, government officers, government buildings was the responsibility of Police. All such personnel were provided the security due to extreme law and order situation in the area during the year 2011-12.

6. As regard the deployment of Police personnel provided to the non entitled persons/political workers, it stated that Police Force was supplied to the Judges, DCOs, MPAs and various government organizations to perform the security duty in accordance with the Police rules, which was the responsibility of the Police Force.

7. Police guards had been deployed to private bodies only on payment basis and the Provincial Government had already been fixed budget estimates and revised budget estimate under head CO 2634-Police Supplied to Public Departments, Pvt. Co. for

the year 2011-12 and the police receipts under relevant head of excess than the target budget.

COMMITTEE OBSERVATION

8. The Committee observed that during the year 2011-12 terrorism was on high peak and providing security to the dignitaries was imperative but on other side some un-authorized persons were also provided police guards, hence proper mechanism of providing security needs to be evolved for future.

COMMITTEE RECOMMENDATION

9. In view of the above, the Para in question was recommended to be settled.

DP 11.4.2 LOSS TO GOVERNMENT - Rs.29.32 MILLION

AUDIT VERSION

10. During audit of the Capital City Police Officer Peshawar, for the year 2011-12, it revealed that an expenditure of Rs.29.32 million was incurred on pay & allowances of police guards provided to various government and semi government organizations, however, the amount was not recovered/reimbursed, resulting into loss to Government. Moreover, Police guards were also provided to private persons and inspite of repeated requests by the Audit, no detail of the amount charged/recovered from private persons was provided. The loss occurred due to financial indiscipline.

11. The matter was reported to the Department in Oct and Dec, 2012 to carry out a thorough probe in other districts also to ascertain the number of persons illegally deployed, the expenditure incurred and to make efforts for recovery as the issue was highlighted during the audit of District Police Officer Charsadda where 180 police guards were deployed with unauthorized persons and no recovery was made. The Department was also requested to convene DAC meeting. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

12. Providing of security to the public political dignitaries, MNAs, MPAs, government buildings was the responsibility of Police. All such personnel's were provided the security due to extreme law and order situation in the area during the year 2011-12. Moreover the following Departments had cleared their outstanding dues up to 30-06-2012.

NBP Cantt Br: Peshawar	RS=1612597/-
Deputy Dir: Intelligence	RS=1531746/-
PBC/HPT (II)	RS=2109822/-
PBC (BH) Peshawar	RS=2109822/-
State Bank of Pakistan	RS=8766036/-

13. Moreover the Departments under mention had not cleared their dues up to 30-06-2012.

WAPDA Sheikh Muhammadi	RS=1243600/-
Pakistan Television	RS=5506596/-
Director Plant Protection	RS=905814/-
DCO Administrator City District Govt: Peshawar	RS=3659112/-
Municipal Administrator Town-I Peshawar.	RS=2487216/-

COMMITTEE RECOMMENDATION

14. As recovery was in progress therefore, the Department was directed to affect complete recovery and furnish the up-to-date details of recovery and correspondences made with Federal Government Institutions within two (02) months.

DP 11.4.3 LOSS DUE TO NON-RECOVERY OF PENALTY-Rs.2.18 MILLION

AUDIT VERSION

15. During audit of the Provincial Police Officer Peshawar, for the year 2007-08, it was found that an expenditure of Rs.43.69 million was incurred on purchase of different items. The firm failed to complete supply in time, however, penalty @ 5% of

Rs.2.18 million was not recovered, resulting into loss to the stated extent. The loss occurred due to non-adherence of prescribed rules & procedures.

16. The matter was reported to the Department in Jan, 2009. DAC in its meeting held on 9th May 2012, directed the Department to recover the amount of penalty. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

17. The items were received in time from the firm concerned, but after checking the items, the contractor was directed to supply the items according to sample as required under appendix-9 Rules 32 (3) of GFR 144. The items were replaced and then taken on the stock register. All relevant record of viz purchase committee proceedings and stock register could be examined by PAC.

COMMITTEE OBSERVATION

18. The Committee observed that supply was not made good even after the expiration of extended period that was granted by the Inspector General of Police (I.G.P).

COMMITTEE RECOMMENDATION

19. The Audit Department was directed to work out the actual amount required to be recovered and transmit the same to the Department for affecting complete recovery and its deposit into Government Treasury. Para stands. Progress be reported to PAC Cell within two (02) months.

DP 11.4.4 LOSS DUE TO NON-RECOVERY OF INTEREST-Rs.1.56 MILLION

AUDIT VERSION

20. During audit of the Director General Project Coordination Unit, (PCU), for the year 2008-09, it was revealed that mobilization advance of Rs. 19.45 million was paid to M/S Stone Guard Holdings (Pvt) Ltd for construction of Police Station, Dormitories & Mess. The advance was recoverable from first five running bills or if the running bills were less than five then from the final bill. However the principal amount of Rs.19.45 million and mark up @ 8% amounting to Rs.1.56 million were not recovered, resulting into loss to the stated extent. The loss occurred due to financial indiscipline.

21. The matter was reported to the Department in Nov, 2009. DAC in its meeting held on 22nd Nov 2009, directed the Department for recovery of the amount on advice of the Finance Department. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

22. Mobilization advance of Rs. 19.45 million was paid to the Contractor M/S Stone Guard Holding (Pvt) Ltd for construction of Police Station East Cantt: Peshawar.
23. According to the record the mobilization advance had been recovered as under:-

Description	Payment (Rs)	Recovery (Rs)	D.O.R
Mobilization Advance	19450000/-	-	-
1 st Running Bill	-	2261920/-	16-09-2009
2 nd Running Bill	-	2261920/-	21-10-2009
3 rd Running Bill	-	2261920/-	19-11-2009
4 th Running Bill	-	15833440/-	13-03-2010
		22619200/-	

24. Against the above mobilization advance of Rs. 19.450000 million an amount of Rs. 22619200/- had been recovered. The relevant record/viz bills vouchers would be shown in PAC meeting. However, sufficient amount of security deposit was available. In case of verification by Audit any due amount to contractor would be recovered.

COMMITTEE RECOMMENDATION

25. The Department was directed to affect complete recovery of the amount involved in the Para. Para stands. Progress be reported to PAC Cell within a month time.

DP 11.4.5 LOSS DUE TO NON-RECOVERY OF PENALTY-Rs.1.04 MILLION**AUDIT VERSION**

26. During audit of the Provincial Police Officer Peshawar, for the year 2010-11, it was revealed that advance payment of Rs.49.05 million was made to Pak German Wood working center for supply of furniture. The firm failed to complete supply in time, however, penalty @ 10% amounting to Rs.1.04 million was not recovered,

resulting into loss to the stated extent. Loss occurred due to non-implementation of Clause of agreement.

27. The matter was reported to the Department in Oct, 2011. DAC in its meeting held on 1st March 2012, directed the Department to recover the amount of penalty. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

28. The Audit observation was conveyed to M/S Pak German. The firm replied that the supply was late due to main hindrance of power shortage which affected the business through out the country & requested to drop the Para and waive of the recommended penalty. The TE/DPC meeting held on 11.12.2012 decided to impose penalty of Rs. 195,998/- upon late supply.

29. The firm was informed accordingly & a reminder had also been issued to the firm for deposit of penalty amount into Government Treasury. Efforts were been made to recover the penalty amount from the firm & deposited into Government Treasury, progress will be initiated to the Audit in due course of time.

COMMITTEE RECOMMENDATION

30. The Para was recommended to be settled subject to verification of the supply of furniture by Audit within a month time.

DP 11.4.6 LOSS DUE TO NON-IMPOSITION AND RECOVERY OF PENALTY – Rs. 1.05 MILLION

AUDIT VERSION

31. During audit of the Provincial Police Officer Peshawar, for the year 2009-10, it was revealed that Rs. 2.10 million was made to a firm for the supply of 5000 Anti Riot Suit @ 7000 per suit. Out of 5000 Anti Riot Suits, 3000 were not supplied within the stipulated period of 60 days leaving balance items unsupplied. However, penalty @ 5% amounting to Rs.1.05 million was not recovered, resulting into loss to the stated extent. Loss occurred due to non-implementation of Clause of agreement.

32. The matter was reported to the Department in Oct, 2010. DAC in its meeting held on 12th March 2011, directed the Department to recover the amount of penalty from the firm. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

33. The issue of late supply was discussed in TE/DPC meeting & penalty amounting to Rs. 12, 60,000/- on account of late supply of 3000 Nos. Anti Riot Suits was imposed upon the firm M/S Shaheer Trading Corporation, Peshawar. The firm had been informed accordingly and several reminders had been issued to the responsible of firm. It further stated that the firm had also been blacklisted. Efforts were being made for the early recovery of penalty.

COMMITTEE RECOMMENDATION

34. The Para was recommended to be settled subject to complete recovery within a week time.

DP 11.4.7 UNAUTHORIZED EXPENDITURE OF Rs. 65.29 MILLION.**AUDIT VERSION**

35. During audit of the Provincial Police Officer Peshawar, for the year 2007-08, it was found that Rs. 65.29 million was paid to different firms for the purchase of arms & ammunitions. However, the items were not supplied by the firms, resulting into unauthorized expenditure. The unauthorized expenditure occurred due to financial indiscipline.

36. The matter was reported to the Department in Jan, 2009. DAC in its meeting held on 9th May 2012, directed the Department to form a high level committee to probe into the matter. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

37. The contract of 19409 No. Polo Stick and 3500 Anti Riot Shields had been rescinded by the TE/DPC. The amount was recovered from the firm M/S Subhan Trading Corporation and deposited into Government Treasury vide challan dated 23.12.2011. The bid security of the firm had also been deposited into government treasury vide challan dated 21.02.2011 as well as the firm had also been blacklisted.

38. The items at S.No. 1 & S.No. 4 i.e. 9mm pistol from Shahid Traders and Glock Pistol from M/S Happy Traders Quetta had been received and taken on stock.

COMMITTEE OBSERVATION

39. The Committee observed that the high level committee to probe the matter was not constituted despite decision of the DAC made in 2009.

COMMITTEE RECOMMENDATION

40. The Para was recommended to be settled subject to verification of complete recovery, black listing of contractor/firm and depositing of recovered amount into the Government Treasury along with forfeiture of earnest money and security of the contractor within fifteen (15) days.

DP 11.4.8 UNECONOMICAL EXPENDITURE OF Rs. 15.20 MILLION

AUDIT VERSION

41. During audit of the Provincial Police Officer Peshawar, for the year 2009-10, it was found that an expenditure of Rs. 15.20 million was incurred on purchase of 921 Bullet Proof Helmet @ Rs.16,500 without open tendering, resulting into uneconomical expenditure to stated extent. Uneconomical expenditure occurred due to non-adherence of prescribed rules & procedures.

42. The matter was reported to the Department in Oct, 2010. DAC in its meeting held on 20th Jan, 2011, could not give any directive for recovery of the amounts spend uneconomically and referred the Para to PAC.

DEPARTMENTAL VERSION

43. Police Department purchased 15000 Ballistic Proof Helmets after observing of all codel formalities laid down in the Procurement Rules.

44. Eleven (11) firms participated in the tender, all the bidders were directed to produce sample for test/trial. Eight (8) firms provided samples for their quoted items for test/trial. A technical committee of the following officers was constituted for test/trial of the sample.

- (i) AIG/Finance and Procurement.
- (ii) Deputy Commandant Elite Force, KPK
- (iii) SSP Elite Force, CPO.

45. The above Committee submitted their test/trial report to the Inter Departmental Purchase Committee (IDPC) which stated that all the samples failed the test/trial. The committee after thorough deliberation decided that the firms shall provide fresh samples for test/trial. All the firms were informed accordingly. Only two firms i.e. M/S Sipka and M/S Suparco provided their sample for test/trial. The above technical committee carried out test/trial on both the samples and submitted their report to the Inter Departmental Purchase Committee. The I.D.P.C after thorough discussion and evaluation

on various aspects of the competing samples, unanimously selected the sample of M/S SIPKA for being more sturdy and with better protection level in comparison to other competing samples.

46. In the light of above facts, the lowest rated helmets were not accepted being inferior in quality & protection.

COMMITTEE OBSERVATION

47. The Committee observed that the same issue involved in the Para was under investigation with the National Accountability Bureau (NAB) Authorities.

COMMITTEE RECOMMENDATION

48. In view of the above, the Para was kept pending till the decision of NAB Court.

DP 11.4.9 UNAUTHORIZED PAYMENT OF Rs. 3.92 MILLION.

AUDIT VERSION

49. During audit of the Provincial Police Officer Peshawar, for the year 2007-08, it was found that an expenditure of Rs. 3.92 million was incurred on purchase of arms and ammunitions, however, the items were not supplied by the firms, resulting into unauthorized payment. Unauthorized payment occurred due to violation of prescribed rules & procedures.

50. The matter was reported to the Department in Jan, 2009. DAC in its meeting held on 9th May 2012, directed the Department to form a high level committee to probe into the matter. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

51. The matter was discussed in the meeting of TE/Departmental Purchase Committee meeting. The contract of 50 No arms rack and 15000 No sling SMG was cancelled and the amount had been recovered from the firm M/S Subhan Trading Corporation and deposited into Government Treasury vide challan dated 23.12.2011. Further, security of the firm had also been deposited into Government Treasury vide challan dated. 21.02.2011. The firm had also been blacklisted.

COMMITTEE RECOMMENDATION

52. The Para was recommended to be settled subject to verification recovery, black listing of Contractor/Firm and depositing of recovered amount into the Government

Treasury along with forfeiture of earnest money and security of the Contractor by Audit within fifteen (15) days.

DP 11.4.10 UNAUTHENTIC PAYMENT OF SECURED ADVANCE–Rs.28.77 MILLION

AUDIT VERSION

53. During audit of the Director General Project Coordination Unit Peshawar, for the year 2008-09, it was revealed that secured advance of Rs. 28.77 million was granted to a contractor. However, relevant record regarding the receipt of the materials actually brought to the site of the scheme and consumed was not maintained to ascertain the authenticity of the advance granted to the contractor. The irregularity occurred due to non-adherence of prescribed rules & procedures.

54. The matter was reported to the Department in Aug, 2009. DAC in its meeting held on 22nd Dec 2009, directed the Department to produce record for verification within three days. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

55. The secured advance bill amounting to Rs. 55409778/- was submitted by M/S Stone Guard on dated 15-04-2009 vide letter No STG/PK/AS/0103, for the following items of works.

S. No	Description	Annexure	Amount
1	Light Gauge cold rolled galvanized Steel	A	19537678/-
2	Fasteners & Fixings	B	9690000/-
3	Smart Cards	C	14784000/-
4	Block ties	D	3540000/-
5	Deformed Steel		3392600/-
6	Electrical Materials		2189900/-
7	Hollow Blocks		75600/-
8	Cladding Boards		2200000/-
		Total	55409778/-

56. The consultant M/S Architectural System Lahore, verified the bill for 05 Nos materials at S.No 1,2,4,5& 7 amounting to Rs. 38360278/- vide his letter No Nil, dated 22-04-2009 with a certificate that the materials had been evaluated and taken on stock register and recommended 75% of the total amount of Rs. 28770208/- for payment to the contractor against secured advance of the following materials supplied at site.

S. No	Description	Annexure	Amount
1	Light Gauge cold rolled galvanized Steel	A	19537678/-
2	Fasteners & Fixings	B	9690000/-
3	Block ties	D	3540000/-
4	Deformed Steel		3392600/-
5	Cladding Boards		2200000/-
		Total	38360278/-

57. All the materials were consumed and recovery had been made in the first running bill of the Contractor. The relevant record/receipts of material actually brought at site had been properly maintained and no irregularity ascertained to the authenticity of the advance granted to the contractor.

COMMITTEE RECOMMENDATION

58. As deduction has already been made good from the first running bill of the contractor therefore, the Para was recommended to be settled subject to verification of recovery by Audit within one month.

DP 11.4.11 UNAUTHORIZED EXPENDITURE ON HIRING OF PRIVATE VEHICLES – Rs. 5.35 MILLION **AUDIT VERSION**

69. During audit of the Capital City Police Officer Peshawar, for the year 2008-09, it was found that an expenditure of Rs. 5.35 million was incurred on hiring of private vehicles despite the fact that a fleet of 200 Government vehicles in running condition was available as was evident from the expenditure of Rs.47.0 million made on the POL of the vehicles, resulting into unauthorized expenditure. The unauthorized expenditure occurred due to financial indiscipline.

70. The matter was reported to the Department in Oct 2009. DAC in its meeting held on 22nd Dec 2009, directed the Department to produce justification for hired vehicle within 15 days. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

71. The expenditure was incurred during the period for the following purpose when Police Station and Police Posts were in the grip of terrorism and the deployment of Police Force in the Government vehicles was totally risky for traveling one place to another place. It worth mentioned that Police target killing was also at the high ratio and their Jawans were being martyred by militants, therefore keeping in view of the above circumstances and to avoid further incontinence, the vehicles were hired in the best interest of Police Jawans as under:-

Vehicles hired for Special Duty of PS Mathra on 15-06-2008 to 28-06-2008	RS=500000/-
Vehicle hired for Special Duty PS Mathra & Matanni on 15-06-2008 to 02-07-2008	RS=500000/-
Vehicle hired for emergency/ Special Duty PS Mathra & Matanni on 15-06-2008 to 02-07-2008	RS=540000/-
Vehicle hired for Operation Duty PS Mathra on 11-11-2008 to 26-11-2008.	RS=2000000/-
Vehicle hired for Emergency Duty PS Mathra & Matanni on 15-06-2008 to 02-07-2008.	RS=150000/-
Vehicle hired for Rural Operation Duty Police Stations on 06-02-2009 to 19-02-2009.	RS=924000/-
Vehicle hired for Emergency Duty to District Bunir on 09-04-2009.	RS=386000/-
Vehicle hired for Emergency Duty to District Bunir on 09-04-2009.	RS=350000/-

COMMITTEE RECOMMENDATION

72. In view of plausible explanation advanced by the Department during the meeting and keeping in view the then ground realities, the Para was recommended to be settled.

DP 11.4.12 UNAUTHORIZED EXPENDITURE - RS.255.11 MILLION AND LOSS DUE TO NON RECOVERY OF PENALTY-Rs.14.32 MILLION.

AUDIT VERSION

73. During audit of the Provincial Police Officer Peshawar, for the year 2010-11, it was found that Rs. 286.51 million was paid to various firms for the supply of uniform articles. The firm failed to supply items valuing Rs.255.11 million, resulting into unauthorized payment to the stated extent. Furthermore, the supply was not completed within stipulated time and penalty @ 5% amounting to Rs. 14.32 million was not recovered, resulting into loss. The unauthorized expenditure & loss occurred due to non-adherence of prescribed rules & procedures.

74. The matter was reported to the Department in Oct, 2011. DAC in its meeting held on 13th Dec 2012, could not give any directive for recovery of unauthorized payment/loss and referred the Para to PAC.

DEPARTMENTAL VERSION

75. The penalty had been imposed upon late supply and the firm M/S Suleman Corporation had been directed to deposit the penalty amount into Government Treasury.

76. In the case of penalty upon late supply of M/S Saleem Trading Corporation, it submitted that the firm had requested for waive off of the penalty amount which was turn down by the competent authority. The firm had now approached KPPRA in the subject matter. The Department had furnished the reply to KPPRA however the decision of KPPRA was still awaited.

77. The contract with the firm M/S Aamir Enterprises had been rescinded and the firm had approached the Court of Law. The decision of Honorable Court will be implemented in letter and spirit as and when received.

COMMITTEE RECOMMENDATION

78. The Para was recommended to be settled subject to verification of complete recovery by Audit within fifteen (15) days.

LOCAL GOVERNMENT AND RURAL DEVELOPMENT
DEPARTMENT

Total Draft Paras _____ 06

Examined _____ 06

Pending _____ Nil

Settled: 14.4.4.....01

Departmental Action: 14.4.2.....01

Verification: 14.4.3, 14.4.5, 14.4.6.....03

Sub-Committee: 14.4.1.....01

LOCAL GOVERNMENT & RURAL DEVELOPMENT

DEPARTMENT

Six (06) Draft Paras reflected in the Auditor General's Report for the year 2012-13 against the Department were examined by the Committee in its meeting held on 27th of August 2015. The following were present:-

PUBLIC ACCOUNTS COMMITTEE

- | | | |
|----|---|-------------------|
| 1. | Mr. Shaukat Ali Yousafzai, MPA | Acting Chairman |
| 2. | Mr. Muzaffar Said, Minister for Finance | Ex-Officio Member |
| 3. | Mufti Syed Janan, MPA | Member |
| 4. | Mr. Qurban Ali Khan, MPA | Member |
| 5. | Arbab Akbar Hayat Khan, MPA | Member |

LAW, PARLIAMENTARY AFFAIRS AND HUMAN RIGHTS DEPARTMENT

Mr. Umar Ali,
Legal Drafter.

FINANCE DEPARTMENT

Mr. Perwaiz Sabatkhel,
Deputy Secretary.

AUDIT DEPARTMENT

1. Mr. Javed Iqbal,
Director General.
2. Mr. Asad Ullah Khan,
Director.
3. Mr. Jehan Rose,
Deputy Director.

LOCAL GOVERNMENT, ELECTION & RURAL DEVELOPMENT DEPARTMENT

1. Mr. Asghar Ali,
Special Secretary.
2. Mr. Saleem Khan,
Ex-Manager Finance, CIP-II.
3. Mr. Muhammad Anwar,
Section Officer, Budget.

PROVINCIAL ASSEMBLY SECRETARIAT

1. Mr. Amjad Ali,
Additional Secretary.
 2. Mr. Inamullah Khan
Deputy Secretary.
 3. Mr. Haris Khan
Assistant Secretary.
 4. Mr. Shahid Rehman,
Assistant Secretary.
2. The PAC having considered Audit point of view and explanation advanced by the Department, made recommendation on each Para as under:-

**DP.14.4.1 LOSS TO GOVERNMENT OF RS.20.14 MILLION
AUDIT VERSION**

3. During audit of the Director General, Community Infrastructure Project-II (CIP-II) Peshawar, for the year 2009-10, it was revealed that 30 vehicles costing Rs.20.14 million purchased for the project were not handed over to P&D Department, Government of Khyber Pakhtunkhwa at the closer of Project on 30th June 2009, resulting into loss to the stated extent. The loss occurred due to mismanagement.

4. The matter was reported to the Principal Accounting Officer in July 2010 and on 20th Aug, 2010 to arrange DAC meeting followed by DO letters dated 10th Dec, 2010, 10th March 2011 and 30th April 2012, however, the Department failed to convene the DAC meeting till finalization of this report.

DEPARTMENTAL VERSION

5. On the closing of Project, all the vehicles were handed over to the Administrative Department. Moreover, the Administrative Department had handed over some of the vehicles to the Transport Department and some were retained by the Department on need basis and had issued the same to TMAs, PDA and RDD, Khyber Pakhtunkhwa etc on their demand. All the vehicles were available and nothing was missed so no embezzlement in the instant case had been involved.

PAC OBSERVATION

6. The Committee observed that on the closing of Project, the Department utilized the assets of Project by their own leaving the liability on the shoulders of the Government.

7. The Committee also observed that no DAC meeting had been convened despite the fact that repeated reminders were issued by Audit to the Local Government Department.

PAC RECOMMENDATION

8. As detail probe was required in the matter therefore, a Sub-Committee comprising the following was constituted to work out the prevailing status of each and every vehicle in question.

- | | | |
|----|-----------------------------|----------|
| 1. | Mr. Qurban Ali Khan, MPA | Chairman |
| 2. | Arbab Akbar Hayat Khan, MPA | Member |

The Sub-Committee will submit its report to PAC within a month time.

DP.14.4.2 LOSS TO GOVERNMENT OF RS.1.42 MILLION AUDIT VERSION

9. During audit of the Director General, CIP-II Peshawar, for the year 2009-10, it was revealed that items costing Rs. 1.42 million were issued to TMO Chitral during April, 2008 were not reached to the destination and captured by NAB. FIR was lodged against the receiver and case decided by Accountability Court with the directions to return the items to Project authorities, however, the items were not returned, resulting into loss to the stated extent. The loss occurred due to mismanagement.

10. The matter was reported to the Principal Accounting Officer in July 2010 and on 20th Aug, 2010 to arrange DAC meeting followed by DO letters dated 10th Dec, 2010, 10th March 2011 and 30th April 2012, however, the Department failed to convene the DAC meeting till finalization of this report.

DEPARTMENTAL VERSION

11. The items in question were recovered by the NAB authorities from a private shop and lodged an FIR against Mr. Karim Ullah, TMO Chitral, but Mr. Khabir Ullah Auditor CIP-II and the shop keeper. The persons arrested by the NAB were bailed out and the NAB authorities were directed by the Court to dispose off the photo copier etc after the expiry of the appeal period. The Department approached NAB vide letter No.SOB (LG)/5-34/2012-13/Vol-I, dated 02-03-2015 to hand over the items in question. In response, the NAB authorities informed vide letter No. 2/8/IW-II.NAB (KPK)/362, Dated 02-04-2015 that the Auditor CIP-II, Mr. Khabir Ullah had submitted written

statement that the same photo copier was not the property of CIP-II. Mr. Khabir Ullah, Auditor CIP-II denied such statement given to NAB and stated that the same was the property of CIP-II and issued by the Auditor CIP-II and recovered by the NAB authorities which was still in their custody. In the circumstances given above, it was difficult to ascertain, that which one was true.

PAC OBSERVATION

12. The Committee noted that once the TMO Chitral had received the item (s) then it was his responsibility to keep it in his safe custody for official use but the same photo copier was found for sale in the market hence, clear-cut case of theft was observed.

13. The Committee also observed with heavy heart that no action had been taken by the Administrative Department on its part which shows their lack of interest towards official duty.

PAC RECOMMENDATION

14. The Committee recommended to conduct an inquiry leading to initiation of criminal proceedings against the then TMO, Chitral. Para stand. Progress be reported to PAC Cell within a month time.

DP.14.4.3 LOSS TO GOVERNMENT - RS.1.00 MILLION AUDIT VERSION

15. During audit of the Director General, CIP-II Peshawar, for the year 2009-10, it was revealed from comparison of the summary prepared on 12th July, 2010 with the list of items available, that items valuing Rs.1.00 million were short, resulting into loss to the stated extent as detailed below:

S.No.	Items	Qty	Cost	Amount (Rs)
1	Photo Copier (Sharp)	04	70,000 each	280,000
2	Laptop (Toshiba)	6	120,000 each	720,000
Total				1,000,000

16. The loss occurred due to mismanagement. The matter was reported to the Principal Accounting Officer in July 2010 and on 20th Aug, 2010 to arrange DAC meeting followed by DO letters dated 10th Dec, 2010, 10th March 2011 and 30th April 2012, however, the Department failed to convene the DAC meeting till finalization of this report.

DEPARTMENTAL VERSION

17. The items reported were physically placed as per detail below and handed over to Administrative Department vide letter No. CIP-II/DIR/18550 dated 12-07-2010 in the compliance of the Secretary Local Government Notification dated 29/06/2016.

S.No	Location (Page No.)	Brand	Annex
1	12	Photostat sharp	A
2	18	Photostat sharp	B
3	27	Photostat sharp	C
4	28	Photostat sharp	D
5	28	Photostat sharp	E
6	28	Photostat sharp	F
7	28	Photostat sharp	G
8	33	Photostat sharp	H
9	36	Photostat sharp	I

All the above items were available and could be verified physically by the Ex-Project functionaries if needed.

PAC RECOMMENDATION

18. In view of the details provided by the Department during the meeting, the Para was recommended to be settled subject to physical verification of the items in question by Audit. Para stands. Progress be reported to PAC Cell within a month time.

DP.14.4.4 **LOSS DUE TO NON-DEPOSIT OF CLOSING BALANCE IN THE GOVERNMENT TREASURY- RS. 22.14 MILLION**

AUDIT VERSION

19. During audit of the Director General, CIP-II Peshawar, for the year 2009-10, it was found that on winding up of the project, closing balance of Rs.22.14 million was paid to Secretary LG&RDD, Government of Khyber Pakhtunkhwa instead of depositing into Government Treasury, resulting into loss to the stated extent. The loss occurred due to financial indiscipline.

20. The matter was reported to the Principal Accounting Officer in July 2010 and on 20th Aug, 2010 to arrange DAC meeting followed by D.O letters dated 10th Dec, 2010, 10th March 2011 and 30th April 2012, however, the Department failed to convene the DAC meeting till finalization of this report.

DEPARTMENTAL VERSION

21. An amount of Rs. 52.00 million was left unspent at the closing of CIP-II Project and not Rs. 22.16 million which was handed over to Administrative Department and Finance Department as per detail given below:-

Sr. No.	Name	Cheque No.	Date	Amount (in Million)
1.	Secy, LG	189364	10.6-2010	16.885
2.	Secy, Finance	189365	-do-	25.115
3.	Secy, Finance through letter No.	9600	-do-	10.00

22. An amount of Rs. 16.885 million was paid to the Secretary, LG &RDD to meet the expenditure of Court cases and as per the decisions of Hon'ble Court, the same was disbursed amongst the employees of CIP-II. So no embezzlement or miss appropriation of fund was involved in the instant case.

PAC RECOMMENDATION

23. In view of the plausible explanation advanced by the Department during meeting, the Para was recommended to be settled.

DP.14.4.5 **LOSS DUE TO NON-RECOVERY OF ADVANCES - RS.1.42 MILLION**

AUDIT VERSION

24. During audit of the Director General, CIP-II Peshawar, for the year 2009-10, it was found that advances of Rs.1.42 million was outstanding against various TMAs/persons at the closing of Project on 30th June 2010, resulting into loss to the stated extent, as detailed below:

S.No	Particulars	outstanding advance
1.	Advances to TMAs for Social Activities	497,156
2.	Advances to TMAs for Social Activities	410,555
3.	Staff Advances	154,146
4.	Imprest Advance to RCU/PCSU	267,426
5.	Security advances to Petrol pumps	40,000
6.	Imprest advances to RCSU/PCSU	50,000
Total		1,419,283

24. The loss occurred due to financial indiscipline. The matter was reported to the Principal Accounting Officer in July 2010 and on 20th Aug, 2010 to arrange DAC meeting followed by D.O letters dated 10th Dec, 2010, 10th March 2011 and 30th April

2012, however, the Department failed to convene the DAC meeting till finalization of this report.

DEPARTMENTAL VERSION

25. Detail of advances paid was not available when asked from the Audit authorities, they sent the Trial Balance wherein the names of TMAs, CCBs, RCSU were not mention and for that very reason no action had been taken by the Department. However, the DG, Audit had been requested vide letter No. SOB/LG/5-34/2012-13/Vol-I, dated 27-02-2015 followed by reminder dated July 15, 2015 to intimate the names of TMAs, RCSU, CCBS, so that action could be taken accordingly. Moreover efforts were made to clear the advances released to TMAs on A/C of physical work and social activities when the Audit cleared the names of RCSU persons and TMAs along with CCBs the amount will be recovered and will be shown to the PAC/Audit.

PAC OBSERVATION

26. The Committee observed that had the DAC been convened in time such issue (s) would have been settled therein or narrowed down and would have not been reflected in such shape.

PAC RECOMMENDATION

27. The Para was recommended to be settled subject to verification of record by Audit within fifteen (15) days.

DP.14.4.6 LOSS DUE TO NON-ADJUSTMENT OF ADVANCES - RS.2.89 MILLION

AUDIT VERSION

28. During audit of the Director General, CIP-II Peshawar, for the year 2009-10, it was found that an advance of Rs.22.87 million was paid to Town-I Bannu, Serai-Naurang and Swabi for execution of civil works. However, the balance advances of Rs.2.89 million were not adjusted/ recovered, resulting into loss to the stated extent. The loss occurred due to financial indiscipline.

29. The matter was reported to the Principal Accounting Officer in July 2010 and on 20th Aug, 2010 to arrange DAC meeting followed by DO letters dated 10th Dec, 2010, 10th March 2011 and 30th April 2012, however, the Department failed to convene the DAC meeting till finalization of this report.

DEPARTMENTAL VERSION

30. An amount of Rs. 16.48 million was released to TMA Town-I Bannu, Serai-Naurang and Swabi and raising total advance upto Rs. 22.868 million. At the closing of Project, the CIP-II management had inform the Administrative Department vide letter No. 907-10 dated 19/07/2010 and had shown outstanding amount against Town-I Bannu and Swabi as Nil. However an amount of Rs. 1737392/- was shown outstanding against TMA Serai-Naurang. This amount had already been adjusted.

PAC RECOMMENDATION

31. The Para was recommended to be settled subject to verification of record by Audit within fifteen (15) days.

RELIEF, REHABILITATION AND SETTLEMENT
DEPARTMENT

Total Draft Paras _____ 05
Examined _____ 05
Pending _____ Nil

Settled: 16.4.2, 16.4.4.....02
Departmental Action: 16.4.1, 16.5.....02
Verification: 16.4.3.....01

RELIEF, REHABILITATION AND SETTLEMENT

DEPARTMENT

Five (05) Draft Paras reflected in the Auditor General's Report for the year 2012-13 against the Department were examined by the Committee in its meeting held on 27th of August 2015. The following were present:-

PUBLIC ACCOUNTS COMMITTEE

- | | | |
|----|---|-------------------|
| 1. | Mr. Shaukat Ali Yousafzai, MPA | Acting Chairman |
| 2. | Mr. Muzaffar Said, Minister for Finance | Ex-Officio Member |
| 3. | Mufti Syed Janan, MPA | Member |
| 4. | Mr. Qurban Ali Khan, MPA | Member |
| 5. | Arbab Akbar Hayat Khan, MPA | Member |

LAW, PARLIAMENTARY AFFAIRS AND HUMAN RIGHTS DEPARTMENT

Mr. Umar Ali,
Legal Drafter.

FINANCE DEPARTMENT

Mr. Perwaiz Sabatkhel,
Deputy Secretary.

AUDIT DEPARTMENT

1. Mr. Javed Iqbal,
Director General.
2. Mr. Asad Ullah Khan,
Director.
3. Mr. Jehan Rose,
Deputy Director.

RELIEF, REHABILITATION AND SETTLEMENT DEPARTMENT

1. Mr. Tariq Rashid,
Secretary.
2. Mr. Jan Israr,
Deputy Director, Finance.
3. Mr. Shahzad Ameer
Assistant Director (B&R).

PROVINCIAL ASSEMBLY SECRETARIAT

1. Mr. Amjad Ali,
Additional Secretary.

2. Mr. Inamullah Khan
Deputy Secretary.
 3. Mr. Haris Khan
Assistant Secretary.
 4. Mr. Shahid Rehman,
Assistant Secretary.
2. The PAC having considered Audit point of view and explanation advanced by the Department, made recommendation on each Para as under:-

**DP 16.4.1 MISAPPROPRIATION OF Rs.3.07 MILLION
AUDIT VERSION**

3. During audit of the Director General Provincial Disaster Management Authority, for the year 2010-11, it was revealed that an amount of Rs.4.64 million was paid to M/S S.K Cargo for the transportation of 306 trucks of goods and emergency food items etc from warehouse to other districts. The report attached with bills showed that 205 trucks were missing as such transportation charges of 205 missing trucks amounting to Rs.3.07 million was misappropriated. Misappropriation occurred due to financial mismanagement.

4. The matter was reported to the Department in May 2012. DAC in its meeting held on 8th Nov, 2012, directed the Department to conduct joint inquiry within one month. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

5 In light of DAC decision, the Secretary Relief, Rehabilitation & Settlement Department appointed Mr. Muhammad Masood, Deputy Director (Training & Awareness) as enquiry officer vide No RR&S Department (Admn)2-12/2012 dated 10.12.2012.

6. A meeting was held in this regard on 19 & 20.12.2012 by the enquiry officer vide his letters No PA/DD (T&A)/PDMA/KP/Audit Inq.I dated 18 & 19 .12.2012 and endorsed its copy to the Director General Audit.

7. The Enquiry Officer reported that after consultation of record, all the stakeholders of the enquiry were convinced that it was wrong to conclude that any truck had gone missing or any goods misappropriated and had recommended that the Para may be dropped.

8. The Enquiry Report was also submitted to the Director General Audit for necessary actions vide this office No PDMA/Accounts/Relief/4-17/2012-13 dated 23.02.2013.

9. In the light of Pre-PAC directives, a meeting was convened on 18.12.2014 of the representative of the Audit and Finance Department to verify the finding of the previous enquiry report vide Section Officer (Admn) RR&S Department No. PDMA/Account/PAC/4-85/2014-15 dated 12.12.2014.

10. The findings of the previous enquiry report accompanied by all supporting and relevant documents were submitted to the Director General Audit vide letter No. PDMA/17-II/2014-15 dated 09.02.2015 to verify the findings of the previous enquiry report.

11. The matter was being vigorously pursued with all the stakeholders and the PAC will be informed accordingly.

COMMITTEE RECOMMENDATION

12. In view of the reply advanced by the Department, the Committee convinced and recommended the Para to be settled with the direction to the Department to conduct internal inquiry about three (03) disputed trucks and transmit the same to PAC Cell within a month time.

DP 16.4.2 UNAUTHORIZED RETENTION OF Rs.173.92 MILLION AND NON RECOVERY OF INTEREST- Rs.24.35 MILLION.

AUDIT VERSION

13. During audit of the Director General Provincial Disaster Management Authority, for the year 2010-11, it was revealed that Rs.2905.52 million was paid to United Bank Ltd Islamabad for Watan Card. However, the unspent balance of Rs.173.92 million was un-authorizedly retained by the bank for more than one year, therefore interest @ 14% amounting to Rs.24.35 million (173,920,000 x 14% (KIBOR rate) was required to be recovered, however, recovery could not be made. The irregularity occurred due to financial indiscipline.

14. The matter was reported to the Department in May 2012. DAC in its meeting held on 8th Nov 2012, directed the Department that the balance amount along with interest be recovered from UBL. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

15. The Citizen's Damage Compensation Program (CDCP) Phase-I was launched by the Federal Government for rehabilitation of flood affectees of 2010. According to funds composition, 50% was provided by Federal Government and 50% contributed by each Province. In the said funds, the share of Khyber Pakhtunkhwa was Rs. 2905.52 million.

16. The Secretary Cabinet Division Islamabad had intimated all the Finance Secretaries of the four Provinces vide letter No 3/29/2011-CDCP/FMS dated 10-05-2012 that the competent authority has approved the formal closure of CDCP Phase-I and the Finance Department was requested to intimate the appropriate mechanism/ head of account for return and deposit of the unspent amounts of Rs. 173.92 million being the share of Khyber Pakhtunkhwa.

17. The unspent amount of Rs.173.92 million was returned by the United Bank Limited (UBL) Islamabad through cheque No 2804998 dated 19.06.2012 in favour of Secretary Finance Department Khyber Pakhtunkhwa vide Cabinet Division letter No 3/29/2011-CDCP-Vol-II dated 22.06.2012 for depositing it into Government Treasury i.e. Government Account No I (Non-food).

18. The amount of Rs.173.92 million had been deposited into the Government Treasury by the Khyber Pakhtunkhwa Finance Department vide Challan No.413 dated 26.06.2012. The project had been closed by the Cabinet Division Islamabad on 10.05.2012. The Finance Department Khyber Pakhtunkhwa has intimated to the Cabinet Division vide letter dated 25.05.2012 that the unspent amount of Rs. 173.920 million may be transferred to Government of Khyber Pakhtunkhwa by way of issuing cheque in favor of Finance Department for depositing it into the Government Treasury.

19. The surplus funds of Rs. 173.920 million were refunded by the Bank on 19.06.2012 to Finance Department. Therefore, the surplus funds had been retained by the bank for about one month and not one year as reported in the Audit Para and therefore the question of recovery of interest of Rs. 24.35 million does not arise. The amount retained by the Bank for about one month was due to correspondence between the Cabinet Division Islamabad and Finance Department Khyber Pakhtunkhwa.

20. The Audit observation was referred to the Additional Secretary Government of Pakistan Cabinet Division Islamabad vide letter dated 07th June 2013 with the request that clarification to the effect that UBL Islamabad did not retain the amount unnecessarily and that no interest was chargeable, may please be issued to the Director General Audit Khyber Pakhtunkhwa under intimation to this office so that the Audit observation could be settled accordingly.

21. The Cabinet Division Islamabad had clarified vide letter No3/38/2013-CDGP/164 dated 28.06.2013 that all the partner banks provided the facilities to the affectees without charging any amount. The Cabinet Division Islamabad had further stated that the partner banks performed Know Your Customer (KYC) obligation of each individual of flood affectees and operate extended business hours including public holidays for providing service and there was no provision in the agreement entered with the partner banks regarding imposing of any interest on the amounts released to the partner banks.

22. In the light of Pre-PAC directives, the matter was again taken up with the Additional Secretary (CS&M) Government of Pakistan, Cabinet Division ERC (AC) Post Code 44000, Islamabad vide letter No. PDMA/Account/PAC/4-17-II/2014-15 dated 19.12.2014. However no response had been received so far.

COMMITTEE RECOMMENDATION

23. In view of the decision of Pre-PAC and satisfaction of Audit thereupon, the Committee recommended the Para to be settled.

DP 16.4.3 NON-PRODUCTION OF RECORD - Rs. 52.50 MILLION

AUDIT VERSION

24. During audit of the Director General Provincial Disaster Management Authority Peshawar, for the year 2010-11, it was revealed that Rs.52.50 million was released to Director General Health Services Khyber Pakhtunkhwa for the purchase of medicine for relief purposes. Secretary Health submitted a note to the Chief Secretary Khyber Pakhtunkhwa for the release of funds with the commitments that purchases would be made before 30-06-2011, however, no expenditure was made. The following shortcomings were also found:-

1. The DG Health provided a list wherein he showed expenditure of Rs.47.975 million and the remaining funds of Rs.5.004 million remained unspent in National Bank of Pakistan (NBP) account No.19602-0.
 2. The detail account in support of expenditure of Rs.47.975 million was not provided to Audit.
25. The non-production of record occurred due to violation of prescribed rules & procedures. The matter was reported to the Department in May 2012. DAC in its meeting held on 8th Nov 2012, directed the Department to produce record to Audit and to deposit the balance amount in the Government account within one month. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

26. The Secretary Health submitted a note to the Chief Secretary Khyber Pakhtunkhwa that:
- i. A high level meeting was held on 7-06-2011 in HQ 11 Corps, in which the Chief Minister Khyber Pakhtunkhwa directed the Health Department for provision of medicines to the high risk districts during monsoon.
 - ii. The Director General, Health Services, in consultation with all EDOs (Health) had identified/prepared a list of emergency medicines and requested for provision of funds amounting to Rs. 52.00 million at a rate of Rs. 4.00 million per district based on current MCC rates for 13 high risk districts so as to purchase the same on emergency basis before 30-06-2011.
 - iii. The Chief Secretary Khyber Pakhtunkhwa approved on 20-06-2011 to release Rs. 52.00 million to the Director General, Health Services, Peshawar which was accordingly released by PDMA vide cheque No. 052727 dated 23-06-2011.
27. The Director General Health was also intimated vide letter No. PDMA/Fil-52/cheque/2010 dated 23-06-2011 to provide the relevant record, stock register and vouchers for onward submission to Audit.
28. The Director General Health Services, Peshawar intimated vide letter No. 126/Acctt dated 09-10-2012 that out of Rs. 52.00 million allocated for monsoon season

during the year 2010-11, expenditure of Rs. 47.948 million had been incurred and a cross cheque bearing No. 5168066 dated 09-10-2012 for Rs. 4.052 million on account of unspent balance was also sent to PDMA which was deposited into Government Treasury vide challan dated 06-12-2012.

29. The Director General Health Services, Peshawar was again requested vide this office letter No. PDMA/Accounts/4-18 dated 16-07-2013 to provide the relevant record to Audit for verification immediately and also provide photocopy to PDMA. However, no response was received.

30. In the light of Pre-PAC directives, the Secretary Government of Khyber Pakhtunkhwa, Health Department was requested vide letter dated 11-12-2014, dated 01-01-2015 and dated 29-01-2015 to direct the Director General Health Khyber Pakhtunkhwa to provide the relevant record to the Director General, Audit for verification and provide clearance/verification report to PDMA for onward submission to the PAC. The matter was being vigorously pursued with the quarter concerned and the PAC would be informed accordingly.

COMMITTEE RECOMMENDATION

31. As the record was the property of Health Department therefore, both the Relief, Rehabilitation & Settlement and Health Departments were directed to get verified the relevant record from Audit in a meeting to be convened in the Provincial Assembly Secretariat.

DP 16.4.4 UNAUTHORIZED PAYMENT - Rs.22.58 MILLION.

AUDIT VERSION

32. During audit of the Director General Provincial Disaster Management Authority Peshawar, for the year 2010-11, it was found that funds of Rs.22.58 million meant for flood affectees was released to DCOs of District Dir Upper, Lower, Shangla and Mansehra which were not affected by flood, resulting into unauthorized payment. The unauthorized payment occurred due to financial indiscipline.

33. The matter was reported to the Department in May 2012. DAC in its meeting held on 8th Nov, 2012, directed the Department that Rs.5.82 million paid to lawyers and to the concerned DCOs may be recovered within a month. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

34. All the funds had been released on the approval of competent authority for disaster management and relief measures. The details are as under:

35. The Pakistan Army had suggested the following rehabilitation and reconstruction projects in Dir Upper. Keeping in view that the area had already been badly affected by militancy and also need special attention for reconstruction of flood damages in Swat, the Chief Minister approved Rs 15.50 million to be paid to DCO Dir Upper for onward release to the authorities of Pak Army for the proposed schemes. The payment was made by the PDMA accordingly vide cheque No. 047657 dated 22.01.2011.

S#	Name of Project	Amount
1	Repair of Hydel Project Kalkot	3.00
2	Water supply scheme at Bariket	2.50
3	Army Public School /FCPS Middle School Barawala	10.00
	Total	15.500

36. The Chief Minister had also approved financial assistance of Rs 5.820 million @ Rs 30,000/- each for 194 lawyers of Malakand Division who were dislocated during the operation of law enforcing agencies vide letter No SOV/CMS/NWFP/IDPs/2009 dated 26.03.2010. In this regard, a ceremony was held on 02.11.2010 in the Chief Minister's House Peshawar & cheques were distributed amongst the affected Lawyers of Division by the Chief Minister himself.

37. Similarly Chief Minister again approved Rs 870,000/- as compensation for 29 affected Lawyers of Wari & Timergara Bar Associations.

38. No irregular payment had been made to Deputy Commissioner Shangla on account of death compensation to coal mine blast. In light of verbal directives of Honorable Chief Minister Khyber Pakhtunkhwa, a summary was submitted by PDMA to Chief Minister Khyber Pakhtunkhwa for the approval of funds amounting to Rs. 3,800,000/- @ Rs. 100,000/- per head as a special grant which had duly been approved by the Chief Minister Khyber Pakhtunkhwa and Finance Department had specifically released the said funds vide letter dated 10.06.2011.

39. During the meeting, the Department explained that the previous practice had been stopped now and proper mechanism had been evolved.

COMMITTEE RECOMMENDATION

40. In view of the corrective measures adopted by the Department, the Para was recommended to be settled.

DP 16.4.5 UNAUTHORIZED RETENTION OF GOVERNMENT MONEY- Rs.9.82 MILLION.

AUDIT VERSION

41. During audit of the Director General Provincial Disaster Management Authority Peshawar, for the year 2010-11, it was found that cheques were issued to various DCOs for compensation/relief activities, however, DCO Kohat and Lower Dir did not spent Rs. 9.82 million during the financial year, resulting into unauthorized retention of Government money. The unauthorized retention occurred due to financial indiscipline.

42. The matter was reported to the Department in May 2012. DAC in its meeting held on 8th Nov, 2012, directed the Department that amount may be deposited into Government account within one month. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

43. The concerned DCOs had already been intimated to implement the decision of the DAC accordingly vide letters dated 25.07.2015.

44. In the light of Pre-PAC directives, the DCO Kohat had deposited Rs. 500,000/- into the Government Treasury vide chalan dated 31.12.2014 whereas DC Dir Upper and DC Karak had been directed vide this Department letters, dated 11.12.2014, dated 01.01.2015 and dated 29.01.2015 to provide the relevant record to

Audit for verification. They were pursuing the matter with the Audit Department and PAC will be informed accordingly.

COMMITTEE OBSERVATION

45. The Committee observed that sufficient amount of funds needs to be placed at the disposal each Deputy Commissioner on need basis.

COMMITTEE RECOMMENDATION

46. The Para was recommended to be settled with the direction to the Department to take up the issue with Finance Department to bifurcate the disaster funds from normal budgeting system.

IRRIGATION DEPARTMENT

Total Draft Paras _____ 10

Examined _____ 10

Pending _____ Nil

Settled: 13.4.1, 13.4.2, 13.4.3, 13.4.6, 13.4.7, 13.4.10.....06

Verification: 13.4.9.....01

Recovery: 13.4.5, 13.4.8..... 02

Inter Departmental Committee: 13.4.4.....01

IRRIGATION DEPARTMENT

Ten (10) Draft Paras reflected in the Auditor General's Report for the year 2012-13 against the Department were examined by the Committee in its meeting held on 28th of August 2015. The following were present:-

PUBLIC ACCOUNTS COMMITTEE

- | | | |
|----|---|-------------------|
| 1. | Mr. Shaukat Ali Yousafzai, MPA | Acting Chairman |
| 2. | Mr. Muzaffar Said, Minister for Finance | Ex-Officio Member |
| 3. | Mr. Qurban Ali Khan, MPA | Member |
| 4. | Arbab Akbar Hayat, MPA | Member |

LAW, PARLIAMENTARY AFFAIRS & HUMAN RIGHTS DEPARTMENT

Mr. Umar Ali,
Assistant Legal Drafter

FINANCE DEPARTMENT

Mr. Arshad khan Afridi,
Deputy Secretary

AUDIT DEPARTMENT

1. Mr. Javed Iqbal,
Director General,
2. Mr. Asad Ullah Khan,
Director.
3. Mr. Mohabat Shah,
Audit Officer.

IRRIGATION DEPARTMENT

1. Mr. Muhammad Naeem,
Secretary
2. Mr. Riaz Ahmad Khan,
Chief Engineer (North)
3. Mr. Kamal Jehangir Khan,
Chief Engineer (South)
4. Mr. Amjad Khan
XEN

PROVINCIAL ASSEMBLY SECRETARIAT

1. Mr. Amjad Ali,
Additional Secretary.

2. Mr. Inamullah Khan,
Deputy Secretary.
3. Mr. Haris Khan,
Assistant Secretary.

2. The PAC having considered Audit point of view and explanation advanced by the Department, made recommendation on each Para as under:-

DP 13.4.1 LOSS TO GOVERNMENT – Rs.1.38 MILLION

AUDIT VERSION

3. During audit of Executive Engineer, Peshawar Canal Irrigation Division, Peshawar, for the year 2009-10, it was revealed that contract of annual maintenance and repair of irrigation works in Kabul River was awarded @ 48% below the CSR. The contractor failed to execute the scheme and his earnest money of Rs.60,000/- was forfeited. Instead of award of contract to the 2nd lowest bidder, the work was re-advertised and awarded to another contractor at par, resulting into a loss of Rs.1.38 million. Loss occurred due to violation of prescribed rules & procedures.

4. The matter was reported to the Department in Nov 2010. DAC in its meeting held on 27th Dec, 2012, directed the Department that as rules were not implemented therefore, recovery may be made. No progress was, however, reported till finalization of this report.

DEPARTMENT VERSION

5. The bidder/contractor who quoted unreasonable rates was penalized and his 2% earnest money amounting to Rs.60,000/- was forfeited in favour of Government during October 2009. Since, during the process, valuable period had already been lost therefore, afresh tenders were requisitioned.

COMMITTEE OBSERVATION

6. The Committee observed that only one (01) bidder was punished who offered rates 48% below against the yardstick of 30% below while the earnest money of other Contractors were not forfeited. The Department accepted its fault.

COMMITTEE RECOMMENDATION

7. In view of the explanation given by the Department, the Committee taking lenient view recommended the Para to be settled with the direction to the Department to avoid such practice and to strictly follow the relevant rules and regulations in future.

DP 13.4.2 OVERPAYMENT OF Rs. 1.32 MILLION**AUDIT VERSION**

8. During audit of the Executive Engineer, Peshawar Canal Irrigation Division, for the year 2010-11, it was found that an amount of Rs.1.32 million was paid to M/S Asif Nawaz Contractor for work 'restoration of washed away section of Doaba Canal RD 0 to 9000'. The payment for the said work was also made to M/S Dawar Khan, resulting into an overpayment to the stated extent. Overpayment occurred due to financial indiscipline.

9. The matter was reported to the Department in June, 2012 followed by letter to the Principal Accounting Officer vide No.Audit/DAC/Irri/2010-11/SIR 244-258/2160-62 dated 8.8.2012 to arrange DAC meeting. He was further requested vide DO No.PA/DGA/2012-13/Audit/791 dated 07.01.2013, DAC meeting was, however, not arranged till the finalization of this report.

DEPARTMENT VERSION

10. The observed works were of two (02) different quantum, cost and procurement of contractors, carried out in the different reaches of Doaba Canal.

11. The first work nomenclature was "restoration of washed away section Doaba Canal from RD 0-9000", awarded to M/S Asif Nawaz Governemnt contractors, as evident from the Contract Agreement No.30/Xen / PC/2010-11 and MB No.63 page 166-176.

12. Whereas, the second work namely "removal of slips/flood deposition RD.9000-tail, Doaba Canal in reaches was awarded to M/S Dawar Khan, Government Contractors, vide contract agreement No.36/XEN PC 2009-10 and MB No.55 page 81-84. It was hence substantiated that both the works relates to diverse reaches of Doaba Canal, therefore no over payment was involved.

13. During meeting, the Department explained that DAC meeting was conducted which wrongly decided that recovery of overpayment may be made, as no overpayment was involved.

COMMITTEE OBSERVATION

14. The Committee observed that DAC was conducted in a very casual way and without checking the record, recovery was ordered. The Committee showed its displeasure over the in-correct decisions/recommendations of DAC.

COMMITTEE RECOMMENDATION

15. The Committee taking lenient view recommended the Para to be settled with the direction to the Department to conduct the DAC meetings seriously in future.

DP 13.4.3 OVERPAYMENT OF Rs. 2.68 MILLION**AUDIT VERSION**

16. During audit of the Executive Engineer, Peshawar Canal Irrigation Division for the year 2010-11, it was found that an amount of Rs.2.68 million was overpaid to M/S Ali & Co for an item of work RCC/PCC as in vertical in the work 'Rehabilitation/Improvement of canal petrol road along with Kabul River Canal R.D.s 32000 to 40000' for a quantity of 949.83 M² at the higher rate of 589.18 P/M² instead of Rs.306.59 P/M² available in BOQ, resulting into an overpayment to the stated extent. The overpayment occurred due to non-adherence to prescribed rules.

17. The matter was reported to the Department in June 2012 followed by a letter to the Principal Accounting Officer vide No.Audit/DAC/Irri/2010-11/SIR 244-258/2160-62 dated 08.08.2012 to arrange DAC meeting. He was further requested vide DO No.PA/DGA/2012-13/Audit/791 dated 07.01.2013, DAC meeting was, however, not arranged till the finalization of this report.

DEPARTMENT VERSION

18. While preparing the B.O.Q. of the work, the observed item of work was taken in the wooden formwork description, whereas, during the physical implementation of the work, it was noticed that keeping the height of the retaining wall along the road was high, which cannot be erected with the wooden formwork, rather switching to the steel formwork would be practicable and structurally as well as aesthetically viable. Hence, the same was executed as per actual site requirement in order to acquire smooth finished surface. Similarly, the item was incorporated in the detailed estimate and technically sanctioned by the competent authority.

COMMITTEE RECOMMENDATION

19. In view of the convincing explanation advanced by the Department, the Para was recommended to be settled.

DP 13.4.4 LOSS TO GOVERNMENT -Rs.11.35 MILLION**AUDIT VERSION**

20. During audit of the Office of Executive Engineer, Peshawar Canal Irrigation Division, for the year 2010-11, it was revealed that an item 'earth excavation in ashes, sand, soil or silt clearance undressed lead upto 25 M with extra in wet earth work' was awarded @ Rs.88.67 P/M³, for which rate of Rs.54.19 P/M³ was available as composite rate in CSR 2009, however, an additional item 'extra in wet earth work' @ Rs.34.48 P/M³ was allowed to the contractor unauthorizedly, resulting into loss of Rs.11.35 million as detailed below:

S/No.	CSR No.	Particular	Rate (Rs) P/M ³
1.	3-2	Excavation in ashes, sand, soft soil or silt clearance undressed lead upto 25 M	54.19
2.	3-28	Extra for wet earth work	34.48
Total			88.67

21. The loss occurred due to non-adherence of prescribed rules. The matter was reported to the Department in June, 2012 followed by a letter to the Principal Accounting Officer vide No.Audit/DAC/Irri/2010-11/SIR 244-258/2160-62 dated 08.08.2012 for arranging DAC meeting. He was further requested vide DO No.PA/DGA/2012-13/Audit/791 dated 07.01.2013, DAC meeting was, however, not arranged till the finalization of this report.

DEPARTMENT VERSION

22. The item of work as held under objection had been exercised while preparing and presenting the B.O.Q and accordingly allowed for payment according to the site condition.

23. Certain canals in the domain of Irrigation Department routes through the urban and built-up area of the Peshawar city. As several sewerage and drainage disposal drains had outfall in these canals, therefore, during the canal closure period, the urban stretches of these canals do not attain dry conditions, therefore, supplementation of CSR item "extra for wet earth work" was imperative. It was further added that the item of work, in amalgamated form, had been presented in the B.O.Q and detailed estimate, technically sanctioned by the competent authority.

COMMITTEE RECOMMENDATION

24. After detailed deliberation, the Committee could not reach to a just conclusion therefore, an Inter Departmental Committee (IDC) comprising the

representative of C & W, Law, Finance, Audit and Irrigation Departments was constituted to probe the issue and submit its report to PAC within a month time.

25. The Irrigation Department was nominated as convener of an IDC.

DP 13.4.5 LOSS TO GOVERNMENT - Rs.13.97 MILLION

AUDIT VERSION

26. During audit of the Executive Engineer Warsak Canal Irrigation Division Peshawar, for the year 2009-10, it was found that the work ‘construction work of footpath on both sides of canal patrol road at RD 58000-74400’ was awarded to a contractor at a cost of Rs.23.63 million instead of Rs.9.66 million offered by M/S Dawood Construction during the year 2006-07, resulting into a loss of Rs. 13.97 million. The loss occurred due to financial indiscipline.

27. The matter was reported to the Department in Dec, 2011. DAC in its meeting held on 16th Jan, 2012, directed the Department to recover the amount. Further progress was, however, not reported till finalization of this report.

DEPARTMENT VERSION

28. The work namely “construction of foot paths at RD 58000-74400 right side of Warsak Gravity Canal “ was awarded to M/S Dawood Construction & Co. but certain changes in the scope of work were recommended by the M&E of P&D Department vide letter No.P&D/M&E/2-4-1/2007-08 dated 24/01/2008 i.e road side drain was required to be provided. The said drain would be constructed beneath the foot path, but the position of foot path has been changed from edge of canal prism to outer side of road on both sides, The original section of foot path along the canal prism side would have created hindrance for free movement of heavy machinery used for desiltation of the canal that runs in deep cutting. This explanation was already provided in the abstract of cost of sub-work of revised PC-1. As the revised PC-I /BOQ of cost was put to tender during 2009-10 after lapse of about 2 years and as validity of previous tender was expired, therefore the 8%+2% earnest money was released to the contractor.

COMMITTEE OBSERVATION

29. The Committee observed that defective PC-I was prepared by the officer concerned who did not foresee the actual requirement on ground.

COMMITTEE RECOMMENDATION

30. In view of the above, the Committee recommended to conduct inquiry for fixing responsibility, work out the actual amount required to be recovered and initiate action leading recovery of the actual amount from the responsible(s). Para Stands. Progress be reported to PAC Cell with in a month time.

DP 13.4.6 LOSS TO GOVERNMENT - Rs.3.5 MILLION

AUDIT VERSION

31. During audit of the Executive Engineer Warsak Canal Irrigation Division Peshawar, for the year 2009-10, it was found that extension in lease agreement to a contractor for rent of cabins was granted on the condition that Rs.3.5 million as premium would be deposited by the contractor however, premium was not recovered, resulting into loss to the stated extent. The loss occurred due to financial indiscipline.

32. The matter was reported to the Department in Dec, 2011. DAC in its meeting held on 16th Jan, 2012, directed the Department to recover the amount of premium from contractor. Further progress was, however, not reported till finalization of this report.

DEPARTMENT VERSION

33. The pagri amount had already been deposited by the lessee under the notified Para of NIT(3) in the proper agreement entered with contractor. Condition for obtaining 3.5 (M) as premium/pagri for extended period was neither existed in the extension agreement nor in the approved summary by the Minister for Irrigation Khyber Pakhtunkhwa.

COMMITTEE RECOMMENDATION

34. In view of the reasonable reply of the Department, the Para was recommended to be settled.

DP 13.4.7 LOSS DUE TO NON RECOVERY OF SALE TAX-Rs.1.22 MILLION

AUDIT VERSION

35. During audit of the Executive Engineer Hazara Irrigation Division Abbottabad, for the year 2009-10, it was found that an expenditure of Rs.7.64 million was incurred on purchase of submersible motors with pumping machineries. However, sales tax @ Rs.16% amounting to Rs.1.22 million was not deducted from supplier, resulting into loss to the stated extent. Loss was occurred due to non-adherence of prescribed rules & procedures.

36. The matter was reported to the Department in May, 2011. DAC in its meeting held on 16th Jan 2012, directed the Department to recover full amount. Further progress was, however, not reported till finalization of this report.

DEPARTMENT VERSION

SALES TAX

37. The process of purchase was made under PPRA Rules, 2004 by adopting open tender system through sales tax registered firms. The submersible motors with pumping machineries procured in 2009-10.

38. This office being withholding agent had deducted 1/5th amounting to Rs.2,45,440/- of the amount accrued as Sales Tax and remitted to FBR vide their letter No.03(RTO/ST & FE) W.Agent/09/1375, dated 29-10-2009. Consequent upon decision of DAC communicated vide Chief Engineer (North) Irrigation Department Peshawar No.6178-81/North/35-B dated 13-6-2013 the Chief Commissioner Regional Tax Office Peshawar had been requested for his good solid decision in the matter.

STAMP DUTY

39. Stamp duty at prescribed rates on the above observed submersible motors and pumping machinery had been collected and credited into Government Revenue vide this office CR No. as detail below:-

S.No	Name of Firm	Amount of S/duty	CR No. & date
1	HMA Pump Pvt.Ltd	5550	7/2632 dt: 10-10-2009 & 91/4632 dt: 1-6-2010
2	TSK Engineering	1850	5/4632 dt: 10-10-2009
3	KSB Pump	3700	8/4632 dt: 10-10-2009
4	MAK Pump	5550	6/4632 dt: 10-10-2009

COMMITTEE RECOMMENDATION

40. In view of the plausible explanation advanced by the Department and satisfaction of Audit during the meeting, the Para was recommended to be settled.

DP 13.4.8 LOSS DUE TO NON RECOVERY - Rs.16.43 MILLION

AUDIT VERSION

41. During audit of the Executive Engineer Hazara Irrigation Division Abbottabad, for the year 2009-10, it was revealed that water rate of Rs.16.43 million was

not recovered from various farmers, resulting into loss to the stated extent. The loss occurred due to non-adherence to the prescribed rules & procedures.

42. The matter was reported to the Department in May, 2011. DAC in its meeting held on 16th Jan, 2012, directed the Department to verify the recovered amount from Audit within a month and complete the remaining recovery. Further progress was, however, not reported till finalization of this report.

DEPARTMENT VERSION

43. Against the total outstanding amount of Rs. 1,64,28,541/- a sum of Rs. 30,69,942/- had been recovered from the farmers on account of Abiana upto 6/2015. Hard efforts were being made by involving local Administration (D.C/Police) to recover the balance amount as and when recovered the position would be intimated to Audit for verification. The recovery already made could be verified by the Audit any time.

COMMITTEE RECOMMENDATION

44. The Para was kept pending till complete recovery. Apart, the Department was directed to lodge F.I.R within a week time against those who were repeatedly denying the payment of Abiana.

DP 13.4.9 OVERPAYMENT OF Rs.4.35 MILLION.

AUDIT VERSION

45. During audit of the Executive Engineer, Swat Irrigation Division, Swat, for the year 2010-11, it was found from the comparison of bill and tender register that scheme was approved @ 30% below of the estimated cost, the expenditure was also required to be restricted to that extent. However, payments were allowed more than the estimated cost resulting into an overpayment of Rs.4.35 million to contractor. Agreements and MB's of the works were not provided to Audit for scrutiny. The detail of overpayment was as under:

Vr.No & Date	Name of Scheme	NIT Date	E/Cost	Rate Approved	Payment Made	Payment Admissible	Excess Payment Rs. In Million
80/S 22/6/11	E/R of existing Flood protection work PF-84	2/6/10	3.00	30% below	3.00	2.1	0.9
81/S-do-	-do-PF-87	25/5/10	3.00	-do-	2.999	2.1	0.899
83/S-do-	-do- PF-81	2/6/10	3.5	-do-	3.5	2.45	1.05
84/S-do-	PF-88	25/5/10	5.00	-do-	5.00	3.5	1.5
						Total	4.349

46. The overpayment occurred due to financial indiscipline. The matter was reported to the Department in July, 2011. DAC in its meeting held on 16th Jan, 2012, could not give any directive for recovery of the amounts and referred the Para to PAC.

DEPARTMENT VERSION

47. During the course of execution of the work, some additional scope of work cropped up. In order to realize full benefits from the work, it was very much essential to execute the additional work amounting to Rs.4.349 (M). The additional amount was met from the available 30% saving of the work arising due to the low premium of the contractor.

COMMITTEE RECOMMENDATION

48. With the direction to the Department not to repeat such practice in future, the Para was recommended to be settled subject to verification of Technical Sanction, Administrative Approval, Measurement Book and revised PC-I by Audit within a month time.

DP 13.4.10 LOSS DUE TO ALLOWING HIGHER RATES-Rs.21.91 MILLION

AUDIT VERSION

49. During audit of the Executive Engineer Swat Irrigation Division, for the year 2010-11, it was found that an expenditure of Rs.365.18 million was incurred on various developmental works on the basis of CSR which includes 6% Income Tax, however, deduction of the Income Tax was not made being tax free zone, resulting into loss of Rs.21.91 million. The loss was occurred due to financial indiscipline.

50. The matter was reported to the Department in July, 2011. DAC in its meeting held on 16th Jan, 2012, directed the Department to seek advice of the Finance Department. Further progress was, however, not reported till finalization of this report.

DEPARTMENT VERSION

51. Malakand Division was exempted from Income Tax. In this connection the exemption certificate issued by the Assistant Commissioner, Babozai Swat letter No.1536, dated 3/2/2015 was produced.

COMMITTEE RECOMMENDATION

52. In view of the production of exemption certificate by the Department, the Para was recommended to be settled.

HEALTH DEPARTMENT

Total Draft Paras _____ 14
Examined _____ 14
Pending _____ Nil

Settled: 10.4.3, 10.4.5, 10.4.6, 10.4.7, 10.4.10, 10.4.11, 10.4.12, 10.4.13....08

Recovery: 10.4.1, 10.4.8.....02

Verification: 10.4.14, 10.4.9.....02

Sub-Committee: 10.4.2, 10.4.4.....02

HEALTH DEPARTMENT

Fourteen (14) Draft Paras reflected in the Auditor General's Report for the year 2012-13 against the Department were examined by the Committee in its meeting held on 1st of September 2015. The following were present:-

PUBLIC ACCOUNTS COMMITTEE

- | | | |
|----|----------------------------------|-----------------|
| 1. | Mr. Shaukat Ali Yousafzai, MPA | Acting Chairman |
| 2. | Mufti Syed Janan, MPA | Member |
| 3. | Mr. Qurban Ali Khan, MPA | Member |
| 4. | Mr. Muhammad Idrees Khattak, MPA | Member |

LAW, PARLIAMENTARY AFFAIRS AND HUMAN RIGHTS DEPARTMENT

Mr. Aqal Badshah,
Additional Secretary.

FINANCE DEPARTMENT

Mr. Taj Muhammad,
Deputy Secretary.

AUDIT DEPARTMENT

1. Mr. Javed Iqbal,
Director General,
2. Mr. Asad Ullah Khan,
Director.

HEALTH DEPARTMENT

1. Prof. Shahid Sultan,
Principal, Ayub Medical College Abbottabad.
2. Dr. Siddiq-ur-Rehman,
Director, Ayub Teaching Hospital Abbottabad.
3. Dr. Jamil Ahmad,
Director, Khyber Medical University Peshawar.
4. Dr. Shaukat Amir Zada,
MS (MNBM) Hospital Peshawar.

PROVINCIAL ASSEMBLY SECRETARIAT

1. Mr. Amjad Ali,
Additional Secretary.
2. Mr. Inamullah Khan
Deputy Secretary

3. Mr. Shahid Rehman,
Assistant Secretary.
4. Mr. Haris Khan,
Assistant Secretary
2. The PAC having considered Audit point of view and explanation advanced by the Department, made recommendation on each Para as under:-

DP.10.4.1 **KHYBER MEDICAL UNIVERSITY PESHAWAR**
LOSS DUE TO NON-RECOVERY OF UNIVERSITY FEE -
RS.57.92 MILLION

AUDIT VERSION

3. During audit of the Principal Khyber Medical University, Peshawar, for the year 2009-2010, it was found that affiliation and application processing fees of Rs.57.92 million was not recovered from the public and private institutions affiliated with the University, resulting into loss to Government. Loss occurred due to non-adherence of prescribed rules & procedures.

4. The matter was reported to the Department in April, 2011. DAC in its meeting held on 11th Oct, 2011, directed the Department to recover the amount. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

5. When Khyber Medical University (KMU) was established in January, 2007 all the public sector medical colleges were made its constituent institutions, so no affiliation retention fee was imposed on those colleges. After amendments in the Act, those colleges were made affiliated. As per KMU fee and other charges statutes, those colleges were supposed to pay affiliation retention fee @ Rs.5,000/- per student per annum and in this regard time and again they had been informed. As per recommendation of the DAC, the issue was also raised with the Government of Khyber Pakhtunkhwa, Health Department. Finally the same was included in prospectus of the session 2012-13 and was inline with all the public sector Medical Colleges.

PAC RECOMMENDATION

6. After detailed deliberation, the Committee recommended that the Student's fee be deducted from the total amount involved in the Para and the remaining of amount be

recovered from the concerned colleges. Para stands till complete recovery within a month time.

7. As many issues cropped up during deliberation on fee etc of Private Medical Colleges therefore, the Committee decided that a special meeting will be convened on 10-09-2015 for detailed consideration on issue (s).

DP.10.4.7 **NON-ADJUSTMENT OF ADVANCES RS. 20.39 MILLION**

AUDIT VERSION

8. During audit of the Principal Khyber Medical University, for the years 2007-08 to 2009-10, it was revealed that advances of Rs.20.39 million were granted to the officers for incurring expenditure however, the advances were neither adjusted nor refunded to the university fund. Non-adjustment of advances was due to financial indiscipline.

9. The matter was reported to the Department in April, 2011. DAC in its meeting held on 26th Jan 2012, directed the Department to recover full amount. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

10. The total amount of outstanding advance was Rs. 1,50,96,873/- and not Rs. 2,03,90,849/- The difference of Rs. 5,293,876/- was the results of those amounts which were erroneously included twice in the detailed list of advances, in line of the DAC recommendation, all the advances had been adjusted and could be verified. **(20390849 - 15096873 = 5293876)**

PAC RECOMMENDATION

11. In view of convincing explanation advanced by the Department, the Para was recommended to be settled.

DP.10.4.14 **NON-PRODUCTION OF RECORD - RS. 3.48 MILLION**

AUDIT VERSION

12. During audit of the Principal Khyber Medical University, Peshawar for the year 2007-08 & 2008-09, it was revealed that Rs.3.48 million was spent on research work. However, research report of the experts was not produced to Audit. Non-production of record occurred due to mismanagement and indiscipline.

13. The matter was reported to the Department in April, 2011. DAC in its meeting held on 22nd Nov 2011, directed the Department to provide the record without further delay. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

14. Various reports of the R & D Section which highlighted the different research activities of the R & D Section during the period 2007-08 and 2008-09 were available on record which can be verified. It may be noted that KMU was still in a very embryonic stage at that period and the R&D Section was purely involved in establishing research linkages and developing a research culture in the then constituent institutions. A major chunk of the money spent, went towards establishment of research cells in the constituent institutions i.e. (Rs. 3.00 Million) and the same had also been adjusted hence, it was not correct that the public funds were misused.

PAC RECOMMENDATION

15. In view of the plausible explanation advanced by the Department, the Para was recommended to be settled subject to verification of relevant record by Audit within a week time.

CITY (NASIRULLAH KHAN BABAR) HOSPITAL, PESHAWAR

DP.10.4.2 UNAUTHORIZED EXPENDITURE ON PURCHASE OF MEDICINE - RS.12.45 MILLION AUDIT VERSION

16. During audit of the Medical Superintendent, City Hospital Peshawar, for the year 2010-11, it was revealed that an expenditure of Rs.12.45 million was incurred on local purchase of medicines for patients of the hospital and issued to free medical camps at Nowshera and Charsadda for flood affectees, resulting into unauthorized expenditure to the stated extent. The unauthorized expenditure occurred due to financial indiscipline.

17. The matter was reported to the Department in Aug, 2012. DAC in its meeting held on 27th Dec 2012, directed the Department to produce documentary proof of the issue of medicine to flood affectees. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

18. Documentary proof i.e. stock register was available, in which necessary entries for the issuance of medicines to emergency medical camps at Nowshera, Charsadda had already been made and the remaining medicines had been issued to OPD / different wards of this hospital.

PAC OBSERVATION

19. The Committee observed that amongst the entire hospitals of the Province, how come the authorities of the then City Hospital, Peshawar only made purchases for the flood affectees.

PAC RECOMMENDATION

20. As numerous issues were involved in the Para therefore, a Sub-Committee comprising the following was constituted to probe into the details of every issue (s).

- | | | |
|----|--------------------------------|----------|
| 1. | Mr. Shaukat Ali Yousafzai, MPA | Chairman |
| 2. | Mr. Qurban Ali Khan, MPA | Member |
| 3. | Mufti Sayed Janan, MPA | Member |
| 4. | Arbab Akbar Hayat Khan, MPA | Member |
| 5. | Mr. Mohammad Idrees Khan, MPA | Member |

21. The Sub-Committee will submit its report to PAC within a month time.

DP.10.4.4 **MISAPPROPRIATION OF MEDICINES VALUING RS.2.58 MILLION**

AUDIT VERSION

22. During audit of the Medical Superintendent, City Hospital Peshawar, for the year 2010-11, it was found that medicines/medical gases valuing Rs.2.58 million were either manipulated in the stock register and enhanced the quantity of medicine by cutting/adding digit or not taken on stock register/sub-stock register of the hospital, resulting into misappropriation of funds to the stated extent. The misappropriation occurred due to financial indiscipline.

23. The misappropriation was reported to the Department in Aug 2012. DAC in its meeting held on 27th Dec, 2012, directed the Department to get verified the relevant

record from Audit within one week. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

24. No over writing/cutting was made in the Stock Register of injections Profal, Norcuran, Frane, Ceftazime, Adalan, Stigma, Nexocrine, Helothenen and Proliesuture as evident from it. Moreover, no purchase of Ketamin Injections were made by the Hospital, therefore objection of the Audit was invalid. 48 numbers of medical gas oxygen cylinders were purchased and issued to Operation Theater (OT), Casualty, different wards and Labour Room of the Hospital. Record also revealed that there was no overwriting nor enhanced in issue nor added one digit to the actual issue in excess.

PAC RECOMMENDATION

25. The Para was clubbed with the Draft Para No. 10.4.2 and referred it to the Sub-Committee already constituted in the said Para.

KHYBER GIRLS MEDICAL COLLEGE, PESHAWAR

DP.10.4.6 **LOSS DUE TO NON- IMPOSITION OF PENALTY FOR
DELAYED SUPPLY- RS.1.12 MILLION**

AUDIT VERSION

26. During audit of the Principal Khyber Girls Medical College Peshawar, for the year 2010-11, it was revealed that payment of Rs.7.99 million was made to a firm for the supply of generators, however, the firm failed to supply the generators within stipulated time. Penalty amounting to Rs.1.12 million was not imposed on the firm for delayed supply, resulting into loss to the stated extent. Loss occurred due to financial indiscipline.

27. The matter was reported to the Department in July 2011. DAC in its meeting held on 5th June 2012, directed the Department to conduct inquiry within one month. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

28. Supply had been made well in time but due to the involvement of civil work, the generators could not be installed in time, whereas the generators were lying

since long in the premises of Khyber Girls Medical College Hayatabad, Peshawar. An inquiry was also conducted on the direction of DAC to look into the case in detail.

29. During the meeting, the Department explained that supply order was issued on 26-05-2010. Being imported items, the supplier requested for extension in time of supply therefore, 90 days of extension in supply was granted hence, supply was made well in time on 12-07-2010. A Committee constituted by the Secretary to Government of Khyber Pakhtunkhwa, Health Department which carried out inspection of the said items on 25-01-2011.

PAC RECOMMENDATION

30. In view of plausible explanation advanced by the Department and verification of delivery invoice by the Committee, the Para was therefore, recommended to be settled.

DP.10.4.13 **UN-AUTHORIZED PAYMENT - RS 3.41 MILLION**

AUDIT VERSION

31. During audit of the Principal Khyber Girls Medical College Peshawar, for the year 2010-11, it was found that Rs. 3.41 million was paid as Basic Science Allowance, Science Teaching Allowance and NPA during summer and spring vacations. As these allowances were not admissible during the vacations hence, resulting into unauthorized payment. Unauthorized payment of allowances occurred due to financial indiscipline.

32. The matter was reported to the Department in July, 2011. DAC in its meeting held on 5th June 2012, directed the Department to recover the amount. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

33. Science Teaching Allowance was previously deducted from the salaries but the teaching staff filed a writ petition against the Institution in the Court. The Honorable Peshawar High Court, Abbottabad Bench Vide writ petition No.654-A of 2012 dated 30-04-2013 decided that "the recovery of the special allowance already received by the Petitioners should not be recovered from them unless the Secretary to Government of Khyber Pakhtunkhwa, Health Department found that the said

Petitioners had obtained the said relief on the basis of fraud or misrepresentation”. In light of the decision of Honorable Court, a meeting was held under the Chairmanship of the Secretary Health, which was attended by representatives of Law, Finance and AG Khyber Pakhtunkhwa and concerned DAO/ Director Finance of various Hospitals where in it was unanimously agreed that the said allowance already received by the Petitioners should not be recovered as no fraud or misrepresentation was witnessed. Similarly in writ petition No. 2068-P / 2012 of Dr. Khan Nawaz and others versus Government of Khyber Pakhtunkhwa and others, the Honorable High Court concluded that keeping in view “retio decidendi” of the judgments of this Court, the writ petition was disposed off in term of judgment delivered in writ petition No. 654-A of 2012 dated 30-04-2013 and writ petition No. 1673 of 2013 dated 16-05-2013 therefore, the Non-Practicing Allowance could not be recovered. In this regard, a letter bearing No.SHO-I/HD/ 60-19/2014 dated Peshawar the 6th November 2014 was issued by the Government of Khyber Pakhtunkhwa, Health Department. The same nature Draft Para 11.4.23 on Audit Report for the year 2011-12 was discussed in the PAC on 17-02-2015. The Committee directed the Department i.e. KGMC to take the case with their competent authority for corrective measures and regularize the allowance in question within two (2) months, in case of failure the said allowance be stopped and recovery be affected since decision of Court i.e. 16-05-2013. According to the Honorable Court decision, the recovery of Special Allowances should not be recovered from the petitioner because the recovery involved in this Draft Para was also related to the period before the decision of Honorable Court i.e. 16-05-2013. In light of the Court decision, the recovery of allowance cannot be made.

PAC RECOMMENDATION

34. In view of the decision of Peshawar High Court, Peshawar the Para was recommended to be settled with the direction to the Department to stop forthwith Science Teaching Allowance during vacations in future.

KHYBER TEACHING HOSPITAL PESHAWAR
 DP.10.4.8 **LOSS DUE TO NON-RECOVERY OF UTILITY CHARGES AT**
ENHANCED RATES- RS. 5.22 MILLION

AUDIT VERSION

35. During audit of the Medical Superintendent, Khyber Teaching Hospital Peshawar, for the year 2010-11, it was found that Rs.5.22 million was recoverable as

utility charges on the revised rates from 189 occupants of the hospital accommodation; however, the same was not recovered, resulting into loss to Government. The loss occurred due to financial indiscipline.

36. The matter was reported to the Department in Jan, 2012. DAC in its meeting held on 10th July 2012, directed the Department to recover the amount of utility charges. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

37. The Institute had started the deduction of utility charges at the revised rate but the Doctors, nurses and paramedic community residing in the hostel had strongly resisted and observed strike. The matter was once again discussed in the Management Council meeting held on 12-02-2015 and had decided to submit report regarding consumption of utility charges. Similar nature Draft Para No. 11.4.27 for the year 2011-12 was discussed in the PAC meeting held on 17-02-2015 and it was recommended that only in the flats, utilities charges on actual consumption on meter reading basis may be recovered in future.

38. During the meeting, the Department told that as per previous decision of PAC separate meters had been installed and charges would be recovered on actual consumption from the next month.

PAC RECOMMENDATION

39. In view of action taken by the Department regarding installation of separate meters, the Para was recommended to be settled subject to complete recovery of the arrears.

INSTITUTE OF KIDNEY DISEASE HAYATABAD, PESHAWAR

DP.10.4.12 UNAUTHORIZED EXPENDITURE - RS. 8.08 MILLION

AUDIT VERSION

40. During audit of the Director Institute of Kidney Diseases, Hayatabad Peshawar, for the year 2009-10 it was found that an expenditure of Rs. 8.08 million was incurred on the purchase of different items/pay and allowances from the available receipts. However, utilization of receipts without approval of legislature and adopting

pre-audit system was unauthorized. The unauthorized expenditure occurred due to non adherence to the prescribed rules and procedures.

41. The matter was reported to the Department in Nov, 2010. DAC in its meeting held on 23rd Feb, 2011, directed to conduct inquiry within one month. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

42. Sufficient fund was not provided by the Finance Department in the object wise Budget/Grant-in-Aid for the year 2009-10 to cover all these expenditure/dues.

43. The fund was released by the WWB for the recurring expenditure of the Institute. The fund neither was lapsable nor was refundable after closing of the financial year 2008-09. As the fund was not provided by the Finance Department hence, sanction of the Finance Department for expenditure from the said fund after June, 2009 was not required.

44. The expenditure in question was undertaken from the WWB Fund provided for the recurring expenditure under proper head of account hence, question of recoupment did not arise. As the fund was not provided by the Finance Department hence, the expenditure could not be booked in Annual Government Account.

45. The Accountant General's Office pre-audited only those claims which were being accepted in their system i.e. when the Finance Department releases the budget under proper head of account hence, the institute cleared all the claims in question out of the available balance of WWB funds in the best interest of patients.

PAC RECOMMENDATION

46. As no embezzlement was noticed therefore, the Para was recommended to be settled.

MOTHER & NEWBORN CHILD HEALTH PROGRAM (MNCH), PESHAWAR

DP.10.4.10 **UNAUTHORIZED EXPENDITURE OF RS.73.53 MILLION**

AUDIT VERSION

47. During audit of the Provincial Coordinator, National MNCH Program Peshawar, for the years 2008-09 and 2009-10, it was revealed that an expenditure of Rs. 142.41 million was incurred on employee related expenses against the budget provision of Rs. 68.88 million, resulting into unauthorized expenditure of Rs.73.53 million. Unauthorized expenditure occurred due to financial indiscipline.

48. The matter was reported to the Department in Aug, 2010. DAC in its meeting held on 25th April 2011, directed the Department to conduct inquiry. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

49. According to PC-I page 187, the total allocation for Pay and Allowances of employees was Rs. 261.499 million and actual expenditure was Rs. 142.406 million which neither exceeded from the total allocation nor was from PC-I provision.

50. During the meeting, the Department explained that one line budget was being granted to the MNCH Program.

PAC RECOMMENDATION

51. After detailed discussion, no misappropriation was found, the Committee therefore, recommended the Para to be settled with the direction to the Department not to repeat such practice in future.

DP.10.4.11 UNAUTHORIZED EXPENDITURE - RS. 19.68 MILLION

AUDIT VERSION

52. During audit of the Provincial Co-coordinator Maternal, Newborn & Child Health (MNCH) Project Peshawar for the year 2010-11 it was found that payment of Rs.19.68 million was made to project employees who were appointed in excess of the sanctioned strength resulting into un-authorized expenditure. The unauthorized expenditure occurred due to financial indiscipline.

53. The matter was reported to the Department in Sep, 2011. DAC in its meeting held in Oct, 2012 directed the Department to conduct fact finding inquiry within one month. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

54. Detailed list of the excess posts drawn claimed by the Audit had not been found attached with the original observation. However, it was stated that some posts not available in the PC-I were reflected in the Provincial Support PC-I and also some posts were got sanctioned from the Steering Committee. The said posts had been included in the Revised PC-I on the direction of Audit in Para No 4.1.1 of financial year 2011-12, which was approved by the PDWP.

PAC RECOMMENDATION

55. In light of the explanation given by the Department, the Committee took a lenient view and recommended the Para to be settled.

AYUB MEDICAL COLLEGE, ABBOTTABAD**DP.10.4.3 UNAUTHORIZED EXPENDITURE OF RS. 3.06 MILLION****AUDIT VERSION**

56. During audit of the Principal Ayub Medical College, Abbottabad for the year 2008-09, it was revealed that an amount of Rs.3.06 million was paid as basic Science Allowance and Special Allowance to the Professors of Dentistry who were not eligible, resulting into unauthorized expenditure to the stated extent. The unauthorized expenditure occurred due to financial indiscipline.

57. The matter was reported to the Department in June, 2010. DAC in its meeting held in 19th Oct, 2011, directed the Department to recover the amount. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

58. In pursuance of DAC decision, the said allowances were stopped immediately. All concerned were informed to make settlement for the recovery of said amount resultantly, they decided to go to the Court and filed writ petitions in the Peshawar High Court, Abbottabad Bench i.e. Writ Petition No. 763-A/2012 by Prof. Dr. Abdul Wahid, Writ Petition No. 658-A/2012 by Prof. Dr. Iram Abbass, Writ Petition No. 891-A/2012 by Prof. Dr. Shamsheer Ali Khan and Dr. Jamil. Writ Petition No. 891-A /2012 were clubbed with the earlier petitions No. 769-A/2012 and 658-A /2012. Status quo was granted by the Honorable Court in the favour of petitioners.

Prof. Dr. Abdul Wahid had been retired from the services of AMC from 04-01-2014.

His pension case was pending due to the said Audit Paras and being Court case.

PAC RECOMMENDATION

59. In view of the decision of Peshawar High Court, Abbottabad Bench given in Writ Petition No. 654-A of 2012 dated 30-04-2013, the Para was recommended to be settled with the direction to the Department to stop forthwith such allowances in future.

DP.10.4.5 LOSS DUE TO NON-RECOVERY OF RS. 2.79 MILLION

AUDIT VERSION

60. During audit of the Principal Ayub Medical College, Abbottabad for the year 2008-09, it was found that Rs.2.79 million was paid to WAPDA as electricity charges of tube wells of Ayub Teaching Hospital and Ayub Medical College. The facility was extended to INOR, MRI, residential colony and construction contractors, however, proportionate amount was not recovered, resulting into loss to the stated extent. Loss occurred due to financial mismanagement.

61. The matter was reported to the Department in June, 2010. DAC in its meeting held on 19th Oct, 2011, directed the Department to recover the amount from the concerned. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

62. The annual Budget allocation for the payment of electricity charges was being made by the Finance Department to the College and the College administration was responsible for the payment of electricity in respect of both the institutions i.e. AMC and ATH. No budget allocation was made under the utilities head in the other institutions situated within the boundary wall of Ayub Medical College and Teaching Hospital i.e. ATH, Nursing School and Paramedical Institute. There were two tube wells at Stoney Jheel Habib Ullah Colony for AMC and ATH to overcome the water shortage. As the utility charges head was under the control of the Principal, AMC and the electricity meters of the tube well were in the name of Principal, AMC, therefore, all payments were made through Principal, AMC. The construction projects of Gyne/Paeds and Dentistry College were started on 21-08-2009 and 08-03-2011 respectively. Projects did not come in the period of financial audit for the year 2008-09. However, the electricity charges had been submitted by both the projects in the Accounts Branch of AMC and ATH,

No water facilities had been extended to those projects by the AMC and ATH. The WAPDA Colony had its own tube well and borings, no water connection had been given to them from the institution. The contract of MRI was awarded to the concerned contractor on 24-09-2009 and was ended on 30-04-2012. The water facilities were not extended to the MRI. Furthermore, the contractor had deposited all the electricity charges. The INOR administration was regularly depositing its electricity charges in the Accounts Branch of AMC and Rs. 31, 33,902/- had been deposited during the financial year 2008-09.

PAC RECOMMENDATION

63. In view of the fact that recovery was made good by the Department in time, the Committee recommended the Para to be settled.

AYUB TEACHING HOSPITAL, ABBOTTABAD

DP.10.4.9 LOSS DUE TO NON RECOVERY OF MRI SHARE - RS.2.59 MILLION AUDIT VERSION

64. During audit of the Chief Executive Ayub Teaching Hospital, Abbottabad for the year 2008-09 and 2009-10, it was found that contract for MRI was awarded to M/s Aero Tech Medical System without adopting open tender system. Cheque for 10% share amounting to Rs. 2.59 million could not be en-cashed and some receipt books for collection of share was not found reflected in the statement and that fictitious record was maintained which was not monitored by Supervisory Committee, resulting into loss to Government. Loss occurred due to non-implementation of clause of the agreement.

65. The matter was reported to the Department in April, 2010. DAC in its meeting held on 18th Oct 2011, directed the Department to recover the amount of share. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL VERSION

66. The agreement between AMI and M/s Aero Tech was executed on 22-02-2006 after the approval of Management Council regarding installation of MRI machine within the premises of institution for a period of ten years. Subsequently the Health Department vide SO (B) HD/Misc/2006 dated 02-06-2006 objected the said agreement and directed for cancellation of the same. In compliance with the Institution &

Health Department, a letter No. 6602-03 dated 06-06-2006 was issued to firm by the M.S ATH to stop the work on MRI. In response to above letter the contractor filed Civil Suit No. 189/1 on 15-09-2006 against the closure of MRI in the Court of Civil Judge-I Abbottabad, after detailed arguments of the case by this Department the decree was issued in favour of Aero Tech and order announced on 22-11-2009. The Department lodged an appeal No. 01/13 before District Judge Abbottabad on 21-01-2010 against above decision. The learned District and Sessions Judge Abbottabad announced the decision on 03-03-2010 that both the parties should submit their grievances in Management Council, AMI as per relevant clause of agreement. The Aero Tech did not agree with the same and filed the Civil Revision No. 114/10 in Peshawar High Court, Abbottabad Bench by challenging the decision of District and Sessions Judge Abbottabad, the learned High Court remanded the case to D&S Judge, Abbottabad for decision of the same by touching the merits of case. Upon remand from High Court the D&S Judge Abbottabad dismissed the appeal of the Department on 22-12-2011, which was challenged in PHC Abbottabad Bench under revision / appellate jurisdiction. The Health Department was also defending / party in the said suit up to High Court but not contested the proceedings of the suit. Due to installation of new MRI in the premises of ATH donated by Earthquake Rehabilitation & Reconstruction Authority (ERRA) and after detail negotiation / correspondence, the firm removed the MRI machine and deposited all dues i.e. as per agreement. The total deposit for the period was Rs. 60, 21,075/- since 17-09-2006 to 30-04-2012. From the last working day and consequent upon that patch up, the firm also withdrawn the execution petition pending before ADJ-III Abbottabad.

PAC OBSERVATION

67. The Committee observed that the Management Council of Ayub Teaching Hospital (ATH), Abbottabad was authorized to make contract for installation of MRI machine.

PAC RECOMMENDATION

68. As verification of record was required in the issue therefore, the Para was recommended to be settled subject to verification of record to be carried out in the Assembly Secretariat.

ENVIRONMENT DEPARTMENT

Total Draft Paras _____ 05

Examined _____ 05

Pending _____ Nil

Settled: 6.4.5.....01

Verification: 6.4.2, 6.4.3, 6.4.4.....03

Recovery: 6.4.1..... 01

ENVIRONMENT DEPARTMENT

Five (05) Draft Paras reflected in the Auditor General's Report for the year 2012-13 against the Department were examined by the Committee in its meeting held on 1st of September 2015. The following were present:-

PUBLIC ACCOUNTS COMMITTEE

- | | | |
|----|----------------------------------|-----------------|
| 1. | Mr. Shaukat Ali Yousafzai, MPA | Acting Chairman |
| 2. | Mufti Syed Janan, MPA | Member |
| 3. | Mr. Qurban Ali Khan, MPA | Member |
| 4. | Mr. Muhammad Idrees Khattak, MPA | Member |

LAW, PARLIAMENTARY AFFAIRS AND HUMAN RIGHTS DEPARTMENT

Mr. Aqal Badshah,
Additional Secretary.

FINANCE DEPARTMENT

Mr. Taj Muhammad,
Deputy Secretary.

AUDIT DEPARTMENT

1. Mr. Javed Iqbal,
Director General,
2. Mr. Asad Ullah Khan,
Director.

ENVIRONMENT DEPARTMENT

1. Mr. Nazar Hussain,
Secretary
2. Mr. Afsar Ullah Wazir,
Chief Conservator
3. Mr. Iftikhar Ahmad
Deputy Director, NTFP

PROVINCIAL ASSEMBLY SECRETARIAT

1. Mr. Amjad Ali,
Additional Secretary.
2. Mr. Inamullah Khan
Deputy Secretary
3. Mr. Shahid Rehman,
Assistant Secretary.

4. Mr. Haris Khan,
Assistant Secretary
2. The PAC having considered Audit point of view and explanation advanced by the Department, made recommendation on each Para as under:-

DP No. 6.4.1 **LOSS DUE TO NON-RECOVERY OF OUTSTANDING ROYALTY**
Rs.12.18 MILLION

AUDIT VERSION

3. During audit of the Divisional Forest Officer Swat, for the year 2010-11, it was found that royalty of Rs.12.18 million was not recovered from the Forest Development Corporation (FDC) resulting into loss to the stated extent. Loss occurred due to the financial indiscipline.

4. The matter was reported to the Department in Nov, 2011. DAC in its meeting held in Dec, 2012, directed the Department to recover the amount from the FDC within one month. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL REPLY

5. Against the total outstanding amount of Rs.12.183 million an amount of Rs.21.596 million had been recovered from FDC as per detail given below:

Lot No.	Balance amount as per Audit Para (Rs.)	Amount Recovered (Rs.)	Balance amount to be recovered (Rs.)	T/C No. and date	Remarks
549/M	18,49,392/-	13,86,056/-	4,63,336/-	T/C No.166, dated 17/01/20112	The outstanding amount of Rs.4,63,336/- relates to the timber either snatched by the militants or taken away by the security forces. The said amount was under dispute amongst the Forest Department and FDC. The outstanding amount would be recovered from FDC after final decision of competent forum.
566/M	15,89,076/-	--	15,89,076/-	--	As per decision under Item No.8(i) of the minutes of the meeting of the FDC Executive Committee held on 10/11/2008 under the Chairmanship of Secretary to Government of

					Khyber Pakhtunkhwa, Forestry, Environment and Wildlife Department Peshawar, royalty shall be payable after the transportation of all the timber from FDC roadside depot to timber market Chakdara.
587/M	11,37,449/-	--	11,47,449/ -	--	As per decision under Item No.8(i) arrived in the minutes of the meeting of the FDC Executive Committee held on 10/11/2008 under the Chairmanship of Secretary to Government of Khyber Pakhtunkhwa, Forestry, Environment and Wildlife Department Peshawar, royalty shall be payable after the transportation of all the timber from FDC roadside depot to timber market Chakdara.
575/M	73,102/-	--	73,102/-	--	The balance outstanding amount of Rs.73,102/- was thus outstanding against FDC due to difference in volume of marking list. After rectification and correction of marking the amount of Rs.3,593,585/- was reduced to Rs. 35,20,484/-, which had subsequently been recovered from FDC vide T/C No.42, dated 29/1/2009, No.01, dated 29/6/2009, No.16, dated 04/11/2009, No.37, dated 14/11/2009 and No.118, dated 09/6/2010
588/M	49,84,410/-	31,80,000/-	(+) 11,630,790 /-	T/C No.266, dated 16/04/2012	Over and above payment had been made by FDC, due to the reason that, the timber had been sold on net sale procedure as per Claus-6 (a) of the agreement.
		15,85,000/-		T/C No.36, dated 02/11/2012	
		30,70,000/-		T/C No.60, dated 29/08/2013	
		50,30,000/-		T/C No.192, dated	

		37,50,000/-		17/12/2013 T/C No.34, dated 21/08/2014	
Total:-	.49,84,410/-	1,66,15,000 /-			
589/M	25,49,500/-	2,20,000/-	(+) 1,045,500/ -	T/C No.58, dated 290/09/2012	Over and above payment had been made by FDC, due to the reason that, the timber had been sold on net sale procedure as per Claus-6 (a) of the agreement.
		1,150,000/-		T/C No.89, dated 01/4/2013	
		1,625,000/-		T/C No.59, dated 26/06/2013	
		60,000/-		T/C No.34, dated 02/08/2013	
Total:-	25,49,500/-	39,59,000/-			
G. Total	1,21,82,929	2,19,42,056			

COMMITTEE RECOMMENDATION

6. As recovery was in progress therefore, the Para was recommended to be settled subject to completion of full recovery within two (02) months.

DP 6.4.2 UNAUTHORIZED EXPENDITURE OF Rs. 2.50 MILLION.

AUDIT VERSION

7. During audit of the Director Non Timber Forest Produce, Peshawar, for the year 2010-11, it was found that expenditure of Rs. 2.50 million was incurred on demolition work. However, measurement of the demolished work was not recorded in the MB, resulting into unauthorized expenditure. Unauthorized expenditure occurred due to non-adherence to prescribed rules and procedures.

8. The matter was reported to the Department in March, 2012. DAC in its meeting held in Dec, 2012, directed the Department to recover the amount within one (1) month. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL REPLY

9. The expenditure of Rs. 2.50 million was incurred / paid to the contractor bearing bill No. 04, MB No. 01. This amount was paid as half job of non schedule items as mentioned in BOQ.

10. On payment of half job work @ Rs. 2.50 million the Audit party raised objection that the amount of Rs. 2.50 million incurred on demolition work only. However, measurement of demolition work was not recorded in the MB.

11. The amount paid to the contractor was not only for demolition work but also included boundary wall, brick masonry work, retaining wall, cutting of debris, grill, and steel. The same entry was mentioned in MB No. 1, Page 196 to 200. Hence, no extra payment / unauthorized expenditure incurred.

COMMITTEE RECOMMENDATION

12. As the Department had affected complete recovery but had not verified the same from Audit. The Committee therefore, recommended the Para to be settled subject to verification of record to be carried out in the Assembly Secretariat, Peshawar.

DP No. 6.4.3 UNAUTHORIZED EXPENDITURE OF Rs. 2.00 MILLION.

AUDIT VERSION

13. During audit of the Chief Conservator Wild Life Peshawar, for the year 2009-11, it was found that an amount of Rs.2.00 million was paid to M/S Consulting Association Peshawar for feasibility study. The firm was required to complete and submit feasibility study within 45 days, however, the firm failed to submit the feasibility study in time, resulting into unauthorized payment to the stated extent. The unauthorized payment occurred due to non-adherence of the prescribed rules and procedures.

14. The matter was reported to the Department in Feb, 2012. DAC in its meeting held on 2nd Jan 2013, directed the Department to conduct inquiry and recover the amount. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL REPLY

15. The submission of final feasibility report was not delayed by the consulting firm rather was delayed due to non finalization of the site selection. The Department had therefore extended the agreement period upto 30.06.2012 vide this office order No.82 dated 18.04.2011.

16. As regard violation of payment schedule, it had not been in favour of the consultant. Instead the payment of 2nd installment of 40% was delayed and was paid with 3rd installment (40% + 30%= 70%) in June, 2011 on submission of final report. However neither the Government had sustained any loss nor was any favour extended to the consultant. Moreover the Para was discussed in DAC meeting held on 02.01.2013 and

was marked to PAC and not for departmental enquiry or recovery of the amount according to decision of minutes of the meeting.

COMMITTEE RECOMMENDATION

17. The Committee upheld the decision of Pre-PAC and recommended the Para to be settled subject to verification of record to be carried out in the Assembly Secretariat, Peshawar.

DP No. 6.4.4 UNAUTHORIZED EXPENDITURE ON FOUR TIMES WATERING OF PLANTS – Rs.1.89 MILLION.

AUDIT VERSION

18. During audit of the Divisional Forest Officer Mardan, for the year 2010-11, it was revealed that an expenditure of Rs.1.89 million was incurred on four (04) times watering & watch and ward of plants in one kilometer linear plantation in the range offices without maintaining activity wise record, resulting into unauthorized expenditure. The unauthorized expenditure occurred due to violation of prescribed rules and procedures.

19. The matter was reported to the Department in Oct, 2011. DAC in its meeting held in Dec, 2012, directed the Department to conduct inquiry and fix responsibility. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL REPLY

20. The detail of watering as well as watch and ward had been recorded on each month basis. However, the watering of young planted saplings was the top priority of Forest Department because the success of plantation in the form of their conversion into trees mostly depends upon watering as well as watch and ward in order to save these saplings from grazing. During hot and drought season, these young saplings become fade due to scorching heat. Owing to this, sometimes the number of watering had to be increased. However, the overall expenditure on this account had been confined to the PC-I provision and no deviation there from had been made.

COMMITTEE RECOMMENDATION

21. The Para was recommended to be settled subject to verification of record to be carried out in the Assembly Secretariat, Peshawar.

DP No. 6.4.5 UNECONOMICAL EXPENDITURE OF Rs. 1.32 MILLION**AUDIT VERSION**

22. During audit of the Divisional Forest Officer Wildlife Mansehra, for the year 2010-11, it was found that an expenditure of Rs. 1.32 million was incurred on purchase of feed for birds without adopting open tendering, resulting into uneconomical expenditure. The uneconomical expenditure occurred due to non-adherence of prescribed rules and procedures.

23. The matter was reported to the Department in Nov, 2011. DAC in its meeting held in Dec, 2012, could not give any directive for recovery of the amounts spent uneconomically and referred the Para to PAC.

DEPARTMENTAL REPLY

24. The expenditure of Rs.1.32 million was incurred on purchase of feed for birds in piecemeal on need basis to get fresh feed and to avoid any fungal or bacterial as the feed was perishable item and cannot be stored for long period. Moreover, the prices of the feed are fixed throughout the country. However the Government of Khyber Pakhtunkhwa Forestry, Environment and Wildlife Department had also considered the case in this regard and exempted the poultry feed from the tender system being perishable item vide Secretary to Government of Khyber Pakhtunkhwa Environment Department order No.B&A /2010-2011/Audit/PAC/1712-16, dated 16-10-2012, received vide Chief Conservator Wildlife Khyber Pakhtunkhwa Peshawar endorsement No.1569-70/WL (B&A) dated 17.10.2012.

COMMITTEE RECOMMENDATION

25. The Committee while taking lenient view recommended the Para to be settled as no serious issue was involved in the Para.

PLANNING AND DEVELOPMENT DEPARTMENT

Total Draft Paras _____ 20

Examined _____ 20

Pending _____ Nil

Settled: 15.4.5, 15.4.10, 15.4.16, 15.4.18, 15.4.23, 15.4.24.....06

Departmental Action: 15.4.13, 15.4.17.....02

Recovery: 15.4.3, 15.4.6, 15.4.11.....03

Sub-Committee: 15.4.2, 15.4.12, 15.4.14, 15.4.19, 15.4.20, 15.4.21.....06

Verification: 15.4.1, 15.4.8, 15.4.22.....03

PLANNING AND DEVELOPMENT DEPARTMENT

Twenty Four (24) Draft Paras reflected in the Auditor General's Report for the year 2012-13 against the Department but during examination of the Draft Paras, it was observed that four (04) Draft Paras namely 15.4.4, 15.4.7, 15.4.9 and 15.4.15 have erroneously been posted by the Audit against the Department therefore, the Committee took up for examination **Twenty (20)** Draft Paras in its meetings held on 2nd and 3rd of September 2015. The following were present:-

PUBLIC ACCOUNTS COMMITTEE ON 02-09-2015

- | | | |
|----|-------------------------------|-----------------|
| 1. | Arbab Akbar Hayat Khan, MPA | Acting Chairman |
| 2. | Mr. Qurban Ali Khan, MPA | Member |
| 3. | Mr. Muhammad Idrees Khan, MPA | Member |
| 4. | Mufti Syed Janan, MPA | Member |

PUBLIC ACCOUNTS COMMITTEE ON 03-09-2015

- | | | |
|----|--------------------------------|-----------------|
| 1. | Mr. Shaukat Ali Yousafzai, MPA | Acting Chairman |
| 2. | Arbab Akbar Hayat Khan, MPA | Member |
| 3. | Mr. Qurban Ali Khan, MPA | Member |
| 4. | Mufti Syed Janan, MPA | Member |

LAW, PARLIAMENTARY AFFAIRS & HUMAN RIGHTS DEPARTMENT

Mr. Israr Muhammad,
Additional Secretary.

FINANCE DEPARTMENT

Mr. Parwaiz Sabatkhel,
Additional Secretary.

AUDIT DEPARTMENT

1. Mr. Javed Iqbal,
Director General.
2. Mr. Asad Ullah,
Director.
3. Mr. Jehan Roze,
Deputy Director.

PLANNING AND DEVELOPMENT DEPARTMENT

1. Mr. Shah Rehman,
Director General, SDU.

2. Mr. Hameed Ullah,
Deputy Secretary.
3. Mr. Badshah Gul,
Assistant Chief.
4. Syed Yousaf Shah,
XEN, C&W, Abbottabad.
5. Engineer Jamil Ahmad,
XEN, C&W, Bannu.
6. Mr. Munir Hussain,
XEN, C&W, Battagram.
7. Mr. Muhammad Arif Khan,
XEN (C &W), Mansehra.

PROVINCIAL ASSEMBLY SECRETARIAT

1. Mr. Amjad Ali,
Additional Secretary.
2. Mr. Inamullah Khan,
Deputy Secretary.
3. Mr. Haris Khan,
Assistant Secretary.

2. The PAC having considered Audit point of view and explanation advanced by the Department, made recommendation on each Para as under:-

D.P No. 15.4.1 LOSS TO GOVERNMENT - RS. 27.90 MILLION **AUDIT VERSION**

3. During audit of the Deputy Director Works & Services Mansehra, for the year 2008-09, it was found that the work '10 shingle/black topped roads' out of funds released by Kala Dhaka Area Development Project was not completed by the contractor within stipulated period of time, however, penalty of Rs. 27.90 million was not recovered from the Contractor, resulting into loss to the stated extent.

4. The loss occurred due to non-adherence of prescribed rules & procedures. The matter was reported to the Department in Dec, 2009. DAC in its meeting held on 4th Feb, 2011, directed the Department to recover the amount of penalty. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL REPLY

5. The extension in time limit had been granted by the competent authority. Whereas time extension for the road work Maira Mada Khel to Dadam K.M 5 to 8 was

not required as the work had been completed within the time period of twenty one (21) months. However the approval of case of time extension of Zeezari to Shingaldar K.M 1 to 3 was under process which would be provided to Audit as and when granted by the competent authority.

COMMITTEE RECOMMENDATION

6. As extension in time limit was granted by the competent authority therefore, the Para was recommended to be settled subject to verification of record by Audit within a month time.

DP No. 15.4.2 LOSS TO GOVERNMENT - RS.5.78 MILLION **AUDIT VERSION**

7. During audit of the Project Director Barani Area Development Project-II, for the year 2009-10, it was found that Executive Engineer C&W Division Abbottabad awarded the work “construction of black topped road” from “Dobhyian to Chammand’ to M/S Muhammad Irfan Khan & Co. at the higher rate of Rs.44.30 million instead of lowest rate of Rs.38.52 million offered by Muhammad Iqbal & Co, resulting into loss of Rs.5.78 million. The loss occurred due to violation of prescribed rules & procedures.

8. The matter was reported to the Principal Accounting Officer in April 2011, 10th Sep 2011 and 22nd Sept, 2011 followed by D.O letter dated 27th March, 2012 to the Chief Secretary Government of Khyber Pakhtunkhwa to arrange DAC meeting, however DAC meeting could not be arranged till the finalization of this report.

DEPARTMENTAL REPLY

9. The comparative statement & tender register revealed that M/S Iqbal Khan & Co. had quoted his rate 26 % above on CSR- 1999 due to which his bid cost comes to Rs. 48.532 million instead of Rs. 38.517 million and Mr. Muhammad Irfan was lowest bidder with a cost of Rs. 44.296 million, therefore no loss to the Government as pointed out by audit.

COMMITTEE OBSERVATION

10. The Committee observed that no DAC meeting had been convened by the Department. Had the DAC been conducted, the Para would have been decided therein and the time of PAC would not have been wasted. The Committee while examining the original record of the Department found cutting and over writing in the comparative statement which made the whole process of tendering dubious.

COMMITTEE RECOMMENDATION

11. In view of the above, a Sub-Committee comprising the following was constituted to probe into the matter.

- | | | |
|----|--------------------------|----------|
| 1. | Mr. Idress Khattak, MPA | Chairman |
| 2. | Mr. Qurban Ali Khan, MPA | Member |
| 3. | Mufti Syed Janan, MPA | Member |

The Sub-Committee will submit its report within a month time.

DP No. 15.4.3 **LOSS TO THE GOVERNMENT- RS.4.01 MILLION**
AUDIT VERSION

12. During audit of the Project Director Barani Area Development Project-II, for the year 2009-10, it was found that Executive Engineer C&W Division Kohistan, paid Rs.10.08 million to a contractor for the work 'construction of 3 km Feeder road Doga Valley'. The work carried out was recorded twice on pages 1 to 7 & 19 to 25 of MB No.105 and payment for the second time for the same item was made to the contractor resulting into loss of Rs.1.02 million. Moreover, the quantity of item of work excavation in hard rock was increased from 3656.80 M³ to 26848 M³, by re-measuring the item of work already measured resulted into loss of Rs.2.99 million. The loss occurred due to financial indiscipline.

13. The matter was reported to the Principal Accounting Officer in April 2011, 10th Sep 2011 and 22nd Sept, 2011 followed by D.O letter dated 27th March, 2012 to the Chief Secretary Government of Khyber Pakhtunkhwa to arrange DAC meeting, however DAC meeting could not be arranged till the finalization of this report.

DEPARTMENTAL REPLY

14. Soil classification was made by the Engineer incharge, as per site condition and the same was not referred to Geology Department as the same was not required, nor such provision existed in the PC-I in MB No.105, re-measurement of the earth work quantities was carried out and while making payments, the quantities of MB No. 105 were deducted from the gross quantities and no double payment was made. The quantities of shingle gravel and hard rock were changed, as per site measurements in the final payment. Hence, no irregularity had been committed.

COMMITTEE OBSERVATION

15. The Committee observed that cushion had been authorized in unforeseen items and not seen items so how come the Department authorized the quantity from 3656.80 M³ to 26848 M³.

COMMITTEE RECOMMENDATION

16. The Department and Audit was directed to sit together, workout the excess quantity, double payment and recover the same from the concerned. Para stands. Progress be reported to PAC Cell within a month time.

DP No. 15.4.5 **LOSS TO GOVERNMENT DUE TO ACCEPTANCE OF HIGHER RATES-RS.1.42 MILLION**

AUDIT VERSION

17. During audit of the Project Director Barani Area Development Project-II, for the year 2009-10, it was found that Deputy Director Water Supply & Sanitation Lakki Marwat awarded the water supply scheme 'Abdul Khel' to M/S Sarwar Jan at higher rates of 75% above the estimated cost of Rs.4.72 million ignoring the lowest rate of 30% below, offered by M/S Inayatullah, resulting into loss of Rs.1.42 million. The loss occurred due to financial indiscipline.

18. The matter was reported to the Principal Accounting Officer in April 2011, 10th Sep 2011 and 22nd Sept, 2011 followed by D.O letter dated 27th March, 2012 to the Chief Secretary Government of Khyber Pakhtunkhwa to arrange DAC meeting, however DAC meeting could not be arranged till finalization of this report.

DEPARTMENTAL REPLY

19. Mr. Inayatullah Khan Dallo Khel Government Contractor offered 30% below rate on CSR 1999 and work order was issued accordingly for drilling of tube well at Abdul Khel. He was not in position to start the tube well in time. Therefore, his earnest money amounting Rs. 38500/- was forfeited and credited to receipt vide TEO No. I for 02/2009 and the work was assigned to the second lowest, Mr. Haji Sarwar Jan Government Contractor who completed the work satisfactorily. As far as payment of Rs. 19,65,830/- was concerned which was paid to M/S Inayatullah & Co. on Water Supply Scheme (WSS) Abdul Khel, these were two (02) contractors, one was Mr. Inayatullah of Dallo Khel and another is M/S Inayatullah & Co Lakki Marwat. As far as completion of the work on risk and cost of contractor was concerned M/S Inayatullah & Co relates to

Lakki Marwat. While Mr. Inayatullah of Dallo Khel who failed to start the work relates to Dallo Khel.

COMMITTEE RECOMMENDATION

20. In view of convincing reply advanced by the Department during meeting, the Committee recommended the Para to be settled.

DP No. 15.4.6 **OVERPAYMENT OF Rs. 9.06 MILLION** **AUDIT VERSION**

21. During audit of the Project Director Barani Area Development Project-II (BADP-II), for the year 2009-10, it was found that Executive Engineer C&W Division Kohistan allowed payment for the item of work 'excavation of surplus material' for a quantity of 74443 M³ @ of Rs. 227.50 P/M³ instead of Rs. 105.80 P/M³ as provided in the CSR 1999 for the scheme 'BTR Pattan to Garbech road 9 km', resulting into overpayment of Rs. 9.06 million. The overpayment occurred due to non-adherence of prescribed rules & procedures.

22. The matter was reported to the Principal Accounting Officer in April 2011, 10th Sep 2011 and 22nd Sept, 2011 followed by D.O letter dated 27th March, 2012 to the Chief Secretary Government of Khyber Pakhtunkhwa to arrange DAC meeting, however DAC meeting could not be arrange till finalization of this report.

DEPARTMENTAL REPLY

23. Detail cost estimates were based on CSR 1999 with approved government premium while tender was floated on item rate and accordingly approved and payments was made.

COMMITTEE OBSERVATION

24. The Committee observed that contractor was having only one Engineer for on going works in three (03) Divisions which was humanly not possible for one (01) person to oversee all the schemes in three (03) Divisions. For this the Contractor should have been black listed by the Department.

COMMITTEE RECOMMENDATION

25. The Department and Audit was directed to sit together, work out the actual amount of overpayment and recover the same from the concerned.

26. The Department was further directed to initiate action against the Consultant, Contractor and departmental officers who intentionally overlooked the entire schemes of Project. Para Stands. Progress be reported to PAC Cell within a month time.

D.P No.15.4.8 **LOSS DUE TO NON-DEPOSIT OF RS.11.14 MILLION**
AUDIT VERSION

27. During audit of the Project Manager, Dir Area Support, for the year 2009-10, it was revealed that Rs.11.14 million was transferred from the project account to designated account of the Director General, Special Development Unit (SDU) in Nov 2009 for utilization by the apex body. However, no apex body had been formed. The project had since been closed therefore, the retention of project money by the DG SDU was unwarranted and resulted into loss.

28. The loss occurred due to financial indiscipline. The matter was reported to the Department in October, 2010. DAC in its meeting held on 30th March, 2012, directed the Department to deposit the amount into Government account. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL REPLY

29. The Department had already deposited the said amount into Government Treasury through treasury challan.

COMMITTEE RECOMMENDATION

30. In view of explanation of the Department, the Para was recommended to be settled subject to verification of Treasury Challan by Audit within a month time.

D.P No.15.4.10 **UNAUTHORIZED EXPENDITURE - RS. 288.21 MILLION.**
AUDIT VERSION

31. During audit of the Project Director/DCO Kala Dhaka Area Development Project Mansehra, for the year 2009-10, it was revealed that expenditure aggregating to Rs. 288.21 million was incurred on the schemes for which technical sanctions exceeding Rs. 20 million was accorded by the Director General instead of Administrative Secretary, resulting into unauthorized expenditure.

32. The unauthorized expenditure occurred due to non-adherence of prescribed rules & procedures. The matter was reported to the Department in March 2011. DAC in its meeting held on 30th March 2012, directed the Department to regularize the expenditure from Project Review Board (PRB) within fifteen (15) days. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL REPLY

33. Being foreign aided Project, the schemes with its cost were to be approved by the Project Review Board (PRB) in the meeting of Kala Dhaka Area Development

Project to be held under the Chairmanship of Additional Chief Secretary. As per policy of the foreign aided Project (NAS) and in light of the formal approval/decision of the PRB meeting, further administrative approval to be accorded by the District Co-ordination Officer, Mansehra declared as Project Director Kala Dhaka Area Development Project with no limit of the amount of the administrative approval cost.

COMMITTEE RECOMMENDATION

34. In view of the decision of DAC and satisfaction of Audit during the meeting, the Para was recommended to be settled.

DP No. 15.4.11 **UNAUTHORIZED EXPENDITURE - RS.40.42 MILLION**

AUDIT VERSION

35. During audit of the Project Director Barani Area Development Project-II, for the year 2009-10, it was found that Executive Engineer C&W Division Kohistan, awarded 'construction of black topped road from Pattan to Garbech 9-km' at an estimated cost of Rs.65.01 million. Only the item of 'earth work' was executed and contractor was paid Rs.40.42 million and the remaining items of works were not executed resulting the expenditure unauthorized. The unauthorized expenditure occurred due to violation of prescribed rules & procedures.

36. The matter was reported to the Principal Accounting Officer in April 2011, 10th Sep 2011 and 22nd Sept, 2011 followed by D.O letter dated 27th March, 2012 to the Chief Secretary Government of Khyber Pakhtunkhwa to arrange DAC meeting, however DAC meeting could not be arranged till the finalization of this report.

DEPARTMENTAL REPLY

37. The road was approved as a black topped road but later on abnormal delay was made in the execution of work due to litigation, between Consultants and Department Contractor, and when the Project i.e BADP-II was going to winding up, all such roads, under execution, not also in Kohistan, but in other Districts also were declared by the SDU (Client) to be completed as shingle roads, instead of black topped. Accordingly Technical Sanction (TS) estimates had been sanctioned and payment made.

COMMITTEE RECOMMENDATION

38. As similar nature of work of the same road was involved in both Paras therefore, the Committee directed to club it with Draft Para No. 15.4.6.

DP No. 15.4.12 **UNAUTHORIZED EXPENDITURE - RS.36.85**
MILLION

AUDIT VERSION

39. During audit of the Project Director Barani Area Development Project-II, for the year 2009-10, it was found that Executive Engineer C&W Division Battagram awarded construction of black topped road from Bana to Pashto 9 km at an estimated cost of Rs.57.99 million. The contractor executed only earth work for Rs. 36.85 million while the remaining items of work were not executed, resulting into unauthorized expenditure. Moreover the contractor failed to complete the work within the stipulated time, however, penalty of Rs.5.80 million was not recovered. The unauthorized expenditure occurred due to violation of prescribed rules & procedures.

40. The matter was reported to the Principal Accounting Officer in April 2011, 10th Sep 2011 and 22nd Sept, 2011 followed by D.O letter dated 27th March, 2012 to the Chief Secretary Government of Khyber Pakhtunkhwa to arrange DAC meeting, however DAC meeting could not be arranged till the finalization of this report.

DEPARTMENTAL REPLY

41. The delay in completion of work was due to the following reasons. Repeated disputes arose over the BOQ items / soil classifications due to faulty survey / Engineer's Estimate submitted by Consultants during execution of project it was realized that survey of the scheme and BOQ submitted by the Consultants (M/S Indus Associates) was erroneous and did not commensurate the site conditions (refer to District Director BADP-II DIU Battagram NO DD/BADP / information / 73-74- dated 15-11-2007) Due to the said faulty survey / BOQs / Engineer's estimate submitted by the Consultants, the Technical Sanction could not be obtained in time as it caused disputes / Courts cases over the earth work, classification of soil, delay in timely releases on interim of bill from Consultants (who was also entrusted the detail supervision role in the project) and the client i.e. Barani Area Development Project (refer to District Director BADP-II DIU Battagram No DD/BADP/ information / 73-74 dated 15-11-2007). In order to resolve the issue, a joint survey was carried out as per actual site requirement in presence of all stake holders i.e representative of Director Barani Area Consultant Contractor and C&W Department and detail estimate was submitted to Chief Engineer for his Technical Sanction. The excessive quantity mentioned the Para was covered in the Administrative Approval as well as in Technical Sanction by the competent authority.

Abnormal delays had been occurring on the part of consultants while clearance of contractor's payments which adversely affected prescribed time for completion of work. (For instance, refer to voucher (22nd R/bill) paid in 10/04/2010 and for which funds received after 4 months of submission of bill) .As a result the contractor had to lodge Civil Suit against the Department/ Consultants / Client for delays in payments of work done, and wrong provision of soil classification in the Engineer's Estimate / BOQ during the period work remained stopped. The issue regarding in capacity of the Consultant had also been discussed in the review meeting held on 20-01-2009 with Additional Chief Secretary, which ultimately resulted in removal of Consultant from all projects due to his poor performance, slackness in Barani Area Projects of the Province. An other constraint of a Hydel Project (at lower level) in vicinity along with the road alignment was being executed by a foreign company, due to which the contractor M/S Khan Baz & Sons had to carry out controlled blasting and disposal of material problem with in 2 km long which also resulted in additional time. Due to dead line given by the Donor Agencies and uncertain funding conditions prevailed during the prescribed limit of contract, it was decided by the Additional Chief Secretary P&D Department during his meeting held on 20th January, 2005 that work should be completed by December 2008 with out black topping, as it was not possible to execute black topping before due time in view of the snowfall and unfavorable season of the area during the period. The limited working season of the area coupled with the said problems adversely effected the project completion with in prescribed time. Thus a shingle road constructed through a hard rock strata, which was quite stable, sustainable and no likelihood of its washing away in future. As such no favorable items executed by contractor. As far as wasteful expenditure of 36.853 million over and above the BOQ quantities was concerned, the said quantities were covered under the Technical Sanction, Moreover the constructed road was intact, functioning and providing sustainable communication facility to the area since its completion, hence there was no such wasteful expenditure. In view of the reasons explained above, the contractor was not at fault in delaying the completion of work. However realizing the facts, the competent authority had granted time extension with imposition of fine vide Chief Engineer (North) C&W Department Peshawar No. 13-G/extension/Battagram / 356 dated 09-03-2010 adjusted vide transfer entry order No. 01 for the month of 03/02/2010.

COMMITTEE RECOMMENDATION

42. After detailed deliberation, the Committee could not reach to a just conclusion therefore, the Para was referred to the Sub-committee already constituted in Draft Para No.15.4.2 with the direction to carry out physical verification of site, if required.

DP No. 15.4.13 **UNAUTHORIZED TRANSFER OF FUNDS TO THE DESIGNATED ACCOUNT- RS.36.67 MILLION**
AUDIT VERSION

43. During audit of the Project Director Barani Area Development Project-II, for the year 2009-10, it was found that funds of Rs.36.67 million were drawn from the project account and deposited into the designated account of D.G. Special Development Unit without the approval of the Finance Department. On the closure of the project, the amount was required to had been deposited into Government Treasury, however, the amount could not be surrendered to Government. The unauthorized transfer of funds occurred due to financial indiscipline.

44. The matter was reported to the Principal Accounting Officer in April 2011, 10th Sep 2011 and 22nd Sept, 2011 followed by D.O letter dated 27th March, 2012 to the Chief Secretary Government of Khyber Pakhtunkhwa to arrange DAC meeting, however DAC meeting could not be arranged till the finalization of this report.

DEPARTMENTAL REPLY

45. The FATA Secretariat had released the funds to BADP-II on 28-06-2010, so it was impossible for project to utilize / release the funds with in two (2) days i.e upto 30-06-2010. Therefore the funds were transferred to current account of DG SDU P&D Department after getting proper approval from Additional Chief Secretary Government of Khyber Pakhtunkhwa in order to clear the balance liabilities of BADP-II and also to minimize financial burden on Provincial Government. The cases for payment of balance liabilities of BADP-II were in process as and when the same was decided the amount would be released and balance if any would be deposited into Government Treasury.

COMMITTEE OBSERVATION

46. The Committee observed that no liabilities was pending that could be cleared hence, the amount was laying dormant in the bank account of D.G, SDU.

COMMITTEE RECOMMENDATION

47. The Committee directed the Department to surrender forthwith all the balance amount laying in the current account of D.G, SDU into the Government Treasury and report compliance to PAC Cell within a week time.

DP No. 15.4.14 **UNAUTHORIZED EXPENDITURE- RS.21.96 MILLION
& NON RECOVERY OF PENALTY RS.3.24 MILLION**

AUDIT VERSION

48. During audit of the Project Director Barani Area Development Project-II for the year 2009-10, it was found that Executive Engineer C&W Division Battagram awarded 'construction of black topped road from Banna to Bateel' with an estimated cost of Rs.32.43 million. The contractor executed only earth work at a cost of Rs.21.96 million and the remaining items of works were not executed resulting into unauthorized expenditure. Moreover, the contractor failed to complete the work within the stipulated time, however penalty amounting to Rs.3.24 million was not recovered, resulting into loss to Government. The unauthorized expenditure occurred due to financial indiscipline.

49. The matter was reported to the Principal Accounting Officer in April 2011, 10th Sep 2011 and 22nd Sept, 2011 followed by D.O letter dated 27th March, 2012 to the Chief Secretary Government of Khyber Pakhtunkhwa to arrange DAC meeting, however DAC meeting could not be arranged till the finalization of this report.

DEPARTMENTAL REPLY

50. The delay in completion work was due to the following reasons. Repeated disputes arose over the BOQ items/ soil classifications due to faulty survey / Engineer's estimate submitted by Consultants. During execution of project it was realized that survey of the scheme and BOQ submitted by the Consultants (M/S Indus Associates) was erroneous and did not commensurate the site conditions (refer to District Director BADP-I: DIU Battagram No DD/BADP/ information / 73-74 dated 15/11/2007). Due to said faulty survey / BOQs / Engineer's estimate submitted by the Consultant, the Technical Sanction could not be obtained in time as it caused disputes / Court cases over the Earth work, classification of soil, delays in timely releases on interim of bills from Consultant (who was also entrusted the detail supervision role in the project) and the client i.e Barani Area Development Project (refer to District Director BADP-II DIU Battagram) No DD/BADP/ information / 73-74 dated 15-11-2007). In order to resolve the issue, a joint survey was carried out as per actual site requirement in presence of all stake holders i.e

representative of Director Barani Area Consultant contractor and C&W Department and detail estimate was submitted to Chief Engineer for its Technical Sanction. The excessive quantity mentioned the Para was covered in the Administrative approval as well as in Technical Sanction by the competent authority. Abnormal delays had been occurring on the part of Consultants while clearance of contractor's payments which adversely affected prescribed time for completion of work. For instance, refer to voucher 22nd R/bill paid in 10/04/2010 and for which funds received after 4 months of submission of bill. As a result the contractor had to lodge Civil Suit against the Department / Consultants / client for delays in payment of work done, and wrong provision of soil classification in the Engineer's estimate / BOQ during the period work remained stopped. The issue regarding in capacity of the Consultant had also been discussed in the review meeting held on 20-01-2009 with Additional Chief Secretary, which ultimately resulted in removal of Consultant from all project due to his poor performance, slackness in all Barani Area Projects of the Province. Due to dead line given by the Donor Agencies and uncertain funding conditions prevailed during the prescribed limit of contract which expired on 05-06-2009. It was decided by the Additional Chief Secretary P&D Department during his meeting held on 20th January, 2008 that work should be completed by December 2008 with out black topping, as it was not possible to execute black topping before due time in view of the snowfall and unfavorable season of the area during the period. The limited working season of the area coupled with the said problems adversely effected the project completion with in prescribed time. Thus a shingle road constructed through a hard rock strata, which is quite stable, sustainable and no likelihood of its washing away in future. As such no favorable items executed by contractor. As far as wasteful expenditure of 21-961 (M) over and above the BOQ quantities was concerned, the said quantities were covered under the Technical Sanction. Moreover the constructed road in intact, functioning and providing a sustainable communication facility to the area since its completion, hence there was no such wasteful expenditure. In view of the reasons explained above, the contractor was not at fault in delaying the completion of work. However realizing the facts, the competent authority had granted the time extension vide Executive District Officer Works & Services Department Battagram No. 622/15-W dated 01-09-2009.

COMMITTEE RECOMMENDATION

51. After detailed deliberation the Committee could not reach to a just conclusion as the Para involved similar nature of issue that had already been incorporated in the previous Paras therefore, the Para in question was referred to the Sub-Committee already constituted in D.P No. 15.4.2 for detailed probe and physical verification of site.

D.P No.15.4.16 UNAUTHORIZED EXPENDITURE OF RS. 10.35 MILLION **AUDIT VERSION**

52. During audit of the Project Manager Kala Dhaka Area Development Project, for the year 2008-09, it was found that Rs.1.10 million lying in Provincial PLA and Rs.9.25 million in Central PLA was utilized in the next financial year resulting into unauthorized expenditure of Rs.10.35 million. Unauthorized expenditure occurred due to violation of prescribed rules & procedures.

53. The matter was reported to the Department in Dec, 2009. DAC in its meeting held on 4th Feb 2011, directed the Department to regularize the expenditure from the Finance Department. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL REPLY

54. The Para relates to certification accounts which were required to be incorporated in certification audit. Hence the Para was wrongly posted in the Provincial Audit.

55. Moreover, the amount was lapsable which was required to be surrendered at the end of June but the Department had no authority over the funds rather the District Accounts Officer of Accountant-General Office was supposed to be asked for as the funds were lying in Central PLA.

COMMITTEE RECOMMENDATION

56. In view of the plausible explanation advanced by the Department during the meeting duly supported by the Finance Department, the Para was recommended to be settled.

DP No. 15.4.17 UNAUTHORIZED PAYMENT OF RS.7.15 MILLION **AUDIT VERSION**

57. During audit of the Project Director Barani Area Development Project-II, for the year 2009-10, it was found that Executive Engineer C&W Division Bannu paid Rs.4.70 million for the item 'triple surface treatment' instead of the 5 mm premix carpet

@ Rs.165 M² in the scheme ‘construction of black topped road from Indus Highway link road to Murghali Pirkhahel via Sanzar Khel District Bannu without approval of the competent authority, resulting into unauthorized expenditure. Similarly, the payment of Rs.2.45 million for ‘formation embankment’ in the 11th running bill instead of 1st was unauthorized. The unauthorized payment occurred due to financial indiscipline.

58. The matter was reported to the Principal Accounting Officer in April 2011, 10th Sep 2011 and 22nd Sept, 2011 followed by D.O letter dated 27th March, 2012 to the Chief Secretary Government of Khyber Pakhtunkhwa to arrange DAC meeting however, DAC meeting could not be arranged till the finalization of this report.

DEPARTMENTAL REPLY

59. The approved item of “construction of BT road from Indus Highways, link road to Murghali Pirkhahel” was TST. The reason for TST was very limited at the rate of TST in BOQ i-e Rs. 165/- per Sft, the contractor carried out 5mm premix carpeting duly approved and technically sanctioned. No Profit/loss consideration was involved and recovery or irregularity was not there.

60. Detailed supervision of work was entrusted to Indus constructions and embankment formation was carried out under their supervision, hence the recovery mentioned was not possible.

61. The NAB and Department enquiry had not been intimated. However, in the infrastructure coordination, the anticorruption authority had pointed out some defective work for which a sum of Rs.7,48,648/-had been transferred from deposit-II of the contractor to deposit III on the direction of them vide TEO No.1 for 12/2012.

COMMITTEE RECOMMENDATION

62. In view of convincing reply advanced by the Department during the meeting, the Para was recommended to be settled with the direction to the Department to transfer the recovered amount of Rs. 7,48,648/- from deposit-III to Government Treasury under intimation to PAC Cell within a week time.

DP No. 15.4.18 OVERPAYMENT OF RS.1.32 MILLION **AUDIT VERSION**

63. During audit of the Project Director Barani Area Development Project-II, for the year 2009-10, it was found that Executive Engineer C&W Division Bannu incurred an expenditure of Rs.1.32 million on the double surface treatment instead of triple surface treatment as approved in the BOQ/TS in black topping of road Jandu Khel

road to Kamari Killi', resulting into an overpayment. The overpayment occurred due to violation of prescribed rules & procedures.

64. The matter was reported to the Principal Accounting Officer in April 2011, 10th Sep 2011 and 22nd Sept, 2011 followed by DO letter dated 27th March, 2012 to the Chief Secretary Government of Khyber Pakhtunkhwa to arrange DAC meeting, however DAC meeting could not be arranged till the finalization of this report.

DEPARTMENTAL REPLY

65. The Triple Surface Treatment (TST) was carried out as per approved provision in the BOQ & Technical sanctioned estimate which was evident from measurement as recorded on page No.61 MB No.10 and abstract of cost record on page No.69 MB No.10.

COMMITTEE RECOMMENDATION

66. In view of plausible explanation advanced by the Department during the meeting duly supported/verified by Audit, the Para was recommended to be settled.

D.P No. 15.4.19 **UNAUTHORIZED PAYMENT OF RS. 32.26 MILLION**

AUDIT VERSION

67. During audit of the Project Director Barani Area Development Project-II, for the year 2009-10, it was found that a quantity of earth work for 213799 M³ @ 180 P/M³ was paid to contractor instead of quantity of 34562 M³ approved in BOQ, resulting into an unauthorized payment to Rs.32.26 million for excess quantity of 179237 M³.

68. The unauthorized payment occurred due to financial indiscipline. The matter was reported to the Principal Accounting Officer in April 2011, 10th Sep 2011 and 22nd Sept, 2011 followed by D.O letter dated 27th March, 2012 to the Chief Secretary Government of Khyber Pakhtunkhwa to arrange DAC meeting, however DAC meeting could not be arranged till the finalization of this report.

DEPARTMENTAL REPLY

69. The earth work was shown in the BOQ as per approved PC-I but later on it was realized that the alignment set by the consultant was not fit to the site and new alignment was fixed to avoid steep slope, which resulting in increase of earth work quantity. The same had been admitted in the Executive Committee meeting, Khyber Pakhtunkhwa Barani Area Development Project held on 06-09-2008 under the Chairmanship of Director General, SDU. It further added that during execution of work

revised PC-I amounting to Rs. 62.081 (M) was submitted to District Director, District Implementation Unit (DIU), Abbottabad on dated 16-07-2010. The excess quantity mentioned in the Para was approved in the technically sanction estimate. The premix had been executed at site and the premix bill could not be paid to contractor for the work done as per original provision in the PC-I due to non-payment of contractor liability, contractor had lodge civil suit in Peshawar High Court, Circuit Bench Abbottabad. However, a revised detail cost estimate amounting to Rs. 62.081 (M) covering the overall excess also sent to Special Development Unit which was still pending for want of Administrative Approval with client Department.

COMMITTEE OBSERVATION

70. The Committee observed that faulty survey and mis-calculation was made by the consultant in the original P.C-1. The Committee also observed that expenditure was made on the authorization of Special Development Unit but the revised P.C-1 submitted to it had not been approved so far.

COMMITTEE RECOMMENDATION

71. The Para was recommended to be settled subject to physical verification of road at site by Mufti Sayed Janan, MPA, Arbab Akbar Hayat Khan, MPA and representative of Audit to confirm as to whether the road had actually been constructed or otherwise.

72. After the meeting of PAC, the said Hon'ble Members along with the representatives of Audit and C & W Departments visited the road site and found that the road was actually constructed and was in good condition.

73. Report of the said physical verification was presented by the Hon'ble Members and approved by the Committee in its meeting held on 4th of September 2015. After lengthy discussion, the Para was referred to the Sub-Committee already constituted in Draft Para 15.4.2 for detailed examination as both the Paras involved similar nature of issue(s) relating to Barani Area Development Project-II.

D.P No. 15.4.20 UNAUTHORIZED EXPENDITURE OF Rs. 21.06 MILLION **AUDIT VERSION**

74. During audit of the Project Director Barani Area Development Project-II, for the year 2009-10, it was found that an unauthorized expenditure of Rs. 21.06 million was incurred on 'construction of black topping of road Banna to Pashto 9 km' by the

Executive Engineer C&W Division Battagram, over & above than the approved contract agreement / BOQ of earth work as per detail given below:

Name of Item	Quantity Paid	Quantity as per BOQ	Difference	Rate	Excess amount (Rs.in million)
Excavation in shingle gravel	103540 m ³	11547 m ³	91993 m ³	195 per m ³	17.938
Excavation in Rock requiring blasting	26762 m ³	11547 m ³	15215 m ³	205 per m ³	3.119
Total					21.06

75. The unauthorized expenditure occurred due to financial indiscipline. The matter was reported to the Principal Accounting Officer in April 2011, 10th Sep 2011 and 22nd Sept, 2011 followed by D.O letter dated 27th March, 2012 to the Chief Secretary Government of Khyber Pakhtunkhwa to arrange DAC meeting, however DAC meeting could not be arranged till the finalization of this report.

DEPARTMENTAL REPLY

76. The consultant M/S Indus Associates, Lahore had submitted engineer estimate and BOQ based on faulty survey in the field, for the construction of roads in Battagram including the instant case, based on which, the tender was floated and work started at site. During the execution of Project, it was realized, after the repeated disputes with contractor/consultant who did not commensurate with site condition (for instance referred to District Director BADP-II DIU Battagram letter No. DD/BADP/ information / 73-74 dated 15/11/2007). Resultantly, contractor had lodge a case against the Project Director Barani Area Development, Consultant M/S Indus Associates and C&W Department in Court of Civil Judge Battagram for faulty survey/soil classification and erroneous B.O.Q along with delays in release of payment problem. Hence, subsequently in order to solve the site problem, the said dispute and to go ahead with the scheme, a joint survey was carried out on 09-09-2007, in the presence of all stack holders, i.e representatives of contractor, Director Barani Area Development Project, C&W Department and the Consultant, at the result of which, a corrected estimate was submitted to the Chief Engineer as per actual site requirements. The said corrected estimate (jointly verified) was technically sanctioned by the Chief Engineer which covered actual site requirements and anomalies in originally submitted estimate by the Consultant. The excess quantities mentioned in the Para (executed at site for completion of road) were got

technically sanctioned by the competent authority and the scheme was completed with in the limit of administrative approval and the technical sanction costs.

COMMITTEE RECOMMENDATION

77. After detailed deliberation, the Committee could not reach to a just conclusion therefore, the Para was referred to Sub- Committee already constituted in Draft Para No.15.4.2 for detailed probe.

D.P No.15.4.21 UNAUTHORIZED PAYMENT OF Rs. 2.19 Million AUDIT VERSION

78. During audit of the Project Director Barani Area Development Project-II, for the year 2009-10, it was found that Executive Engineer C&W Division Bannu made unauthorized payment of Rs. 2.19 million for excavation in common material than the quantity approved in contract agreement/BOQ in 'construction of black topping of road from Indus Highway to Murghali Pribakhel', as per detail given below:

Name of Item	Quantity Paid	Quantity as per BOQ	Difference	Rate	Excess amount (Rs. in million)
Excavation in common material	47859.81 m ³	40036 m ³	7823.81 m ³	280 per m ³	2.19

79. The unauthorized payment occurred due to financial indiscipline. The matter was reported to the Principal Accounting Officer in April 2011, 10th Sep 2011 and 22nd Sept, 2011 followed by D.O letter dated 27th March, 2012 to the Chief Secretary Government of Khyber Pakhtunkhwa to arrange DAC meeting, however DAC meeting could not be arranged till finalization of this report.

DEPARTMENTAL REPLY

80. The BOQ of embankment formation in common material from borrow pit was 40036 M³ whereas physically carried out quantity was 47859 M³. The item wise excess was 9% which was 4% in excess of the permissible limit of 5% on technical sanction. The cost impact of 4% comes to Rs. 4,88,759/- as excess item wise. The excess happened due to saving of road way excavation due to site condition and a sum of Rs. 2,83,890/- had been paid against the provision of Rs. 18,65,347/- which resulted a saving of Rs. 15,81,456/-. However the excess in the item was within the overall approved cost since consultant had on idea of limitation for variation, therefore the road was constructed according to site situation. Further to above the Audit had made a very

valid observation for cutting of trees 190 Nos. 300-600 girth and the approximate value as per audit assessment was Rs. 19,00,000/- but the contractor had not been paid for cutting of trees at all which was evident from the paid vouchers. It also brought into notice that if payment for cutting had been made to contractor even then the trees were not a Government property and the owners had take it because the same belong to them by inheritance.

COMMITTEE RECOMMENDATION

81. After detailed deliberation, the Committee could not reach to a just conclusion therefore, the Para was referred to Sub- Committee already constituted in Draft Para No.15.4.2 for detailed probe.

D.P No.15.4.22 UNAUTHORIZED EXPENDITURE OF RS. 19.22 MILLION **AUDIT VERSION**

82. During audit of the Project Director Barani Area Development Project-II, for the year 2009-10, it was found that District Implementation Unit, Hangu paid an amount of Rs.19.22 million to various Community Organizations for the construction of shingle roads and water ponds, however, the expenditure was unauthorized on the following grounds: -

1. Resolutions of the Community Organizations were not available.
2. Feasibility reports of the Infrastructure Coordinators were not available.
3. Schemes file and PC-1/ estimates were not prepared.
4. Approvals of the schemes were not available.
5. MBs were not maintained and payments were made on simple receipts.
6. All the payments were made in cash instead of crossed cheques in the name of Community Organizations.
7. Acknowledgments of payments were not available.

83. The unauthorized payment occurred due to mismanagement. The matter was reported to the Principal Accounting Officer in April 2011, 10th Sep 2011 and 22nd Sept, 2011 followed by D.O letter dated 27th March, 2012 to the Chief Secretary Government of Khyber Pakhtunkhwa to arrange DAC meeting, however DAC meeting could not be arranged till the finalization of this report.

DEPARTMENTAL REPLY

84. As per procedure there was a designed voucher which was duly recognized/designed by the project authorities and was used accordingly in all the 11 Districts under BADP and the same was followed in DIU Hangu. As regards to MB (items of work), the practice of maintaining the MB was not adopted by BADP in

community schemes, executed by the community itself, however the practice, was prevalent in the schemes executed by the line departments (C&W, Public Health etc). Schemes files PC-1 was part of a respective scheme file and at that time some of the files were lying with Anti Corruption Establishment, Hangu for site verification under open enquiry # 11/10. These files were later on shown to the second Audit team. Cash payments could never be made as they were clearly detected in bank statements. Supporting this argument the bank statements for the Districts were shown to the second Audit team wherein the Para was partly dropped. That was true for some of the cases as again the files were lying with the Anti corruption Establishment Hangu and were later on produced to the second Audit team. Moreover feasibility reports were the primary pre-requisite for the approval of the scheme before presenting to SRAB.

COMMITTEE RECOMMENDATION

85. In view of the explanation advanced by the Department during the meeting the Para was recommended to be settled subject to physical verification of schemes at site by Mufti Syed Janan being local MPA.

D.P No.15.4.23 NON-PRODUCTION OF RECORD FOR RS. 161.63 (M). **AUDIT VERSION**

86. During audit of the Director Kala Dhaka Area Development Project, for the year 2009-10, it was found that XEN C&W Division Haripur, incurred an expenditure of Rs.161.63 million on the construction of following roads however, relevant record in support of expenditure was not provided to audit.

(Rs.in million)		
Name of Work	Sub Work	Amount
BTR Gali to Kinary 9 Km	KM 1 to 4	28.885
	KM 5 to 9	14.707
BTR Shangi to Shaldar 4 KM	---	28.817
BTR from Gali Kawal Darra Kala Dhaka via Bait GLI 8 Km	---	38.126
BTR from Kund Kher to Ganda Wala via Purba 19 Km	Package 1	08.646
	Package 2	21.639
	Package 3	20.805
Total		161.626

87. Non-production of record occurred due to mismanagement. The matter was reported to the Department in March, 2011. DAC in its meeting held on 30th March

2012, directed the Department to produce the record for verification within one month. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL REPLY

88. The audit was conducted at the office of Project Manager Kala Dhaka Area Development Project Mansehra and not in the office of XEN C&W Division Haripur. The requisite record was available in the office of Project Manager Kala Dhaka Area Development Project, Mansehra which should have been produced to Audit at the time of inspection.

COMMITTEE RECOMMENDATION

89. In view of the reply advanced by the Department during the meeting, the Para was recommended to be settled.

D.P No.15.4.24 **NON-PRODUCTION OF RECORD OF RS. 53.45 MILLION AUDIT VERSION**

90. During audit of the Project Director BADP-II, for the year 2007-08, it was found that Rs. 42.71 million was paid to Works & Services Department, Orakzai Agency for construction of roads and Rs.10.74 million to Irrigation Department, Orakzai Agency for execution of drinking water schemes, however, the relevant record could not be produced to Audit. Non-production of record occurred due to mismanagement.

91. The matter was reported to the Department in Feb, 2009. DAC in its meeting held in Nov, 2009, directed the Department that the schemes were funded by Provincial Government and audit Paras to be produced to Provincial PAC and record be produced to Director General Provincial Audit within 15 days. Further progress was, however, not reported till finalization of this report.

DEPARTMENTAL REPLY

92. Audit for the year 2009-10 & 2010-11 had already been conducted by the Federal Audit, however if any record of the projects was required to Provincial Audit, will be provided when and where desired.

COMMITTEE OBSERVATION

93. The Committee observed that funds were released by SAFRON and the Federal Audit had provided a certificate that audit of the accounts of XEN, W&S (C&W), Orakzai Agency had been conducted by them.

COMMITTEE RECOMMENDATION

94. In view of the above, the Para was recommended to be settled.

FINANCE DEPARTMENT

Total Draft Paras _____ 04
Examined _____ 04
Pending _____ Nil

Settled: 8.4.1, 8.4.2, 8.4.3, 8.4.4.....04

FINANCE DEPARTMENT

Four (04) Draft Paras reflected in the Auditor General's Report for the year 2012-13 against the Department were examined by the Committee in its meeting held on 4th of September 2015. The following were present:-

PUBLIC ACCOUNTS COMMITTEE

- | | | |
|----|----------------------------------|-----------------|
| 1. | Mr. Shaukat Ali Yousafzai, MPA | Acting Chairman |
| 2. | Arbab Akbar Hayat Khan, MPA | Member |
| 3. | Mufti Syed Janan, MPA | Member |
| 4. | Mr. Qurban Ali Khan, MPA | Member |
| 5. | Mr. Muhammad Idress Khattak, MPA | Member |

LAW, PARLIAMENTARY AFFAIRS & HUMAN RIGHTS DEPARTMENT

Mr. Israr Mohammad,
Additional Secretary.

FINANCE DEPARTMENT

Mr. Kamran Rehman Khan,
Special Secretary.

AUDIT DEPARTMENT

1. Mr. Javed Iqbal,
Director General,
2. Mr. Asad Ullah Khan,
Director.
3. Mr. Mohabat Shah,
Audit Officer.

PROVINCIAL ASSEMBLY SECRETARIAT

1. Mr. Amjad Ali,
Additional Secretary.
 2. Mr. Inamullah Khan,
Deputy Secretary.
 3. Mr. Shahid Rehman,
Assistant Secretary.
2. The PAC having considered Audit point of view and explanation advanced by the Department, made recommendation on each Para as under:-

D.P.8.4.1 **UNAUTHORIZED INVESTMENT OF FUNDS - Rs.13804.15 MILLION.**

AUDIT VERSION

3. During audit of the Secretary to Government of Khyber Pakhtunkhwa, Finance Department for the year 2010-11, it was found that an amount of Rs.13804.15 million was drawn from the G.P Fund account of the Provincial Government employees maintained by the Accountant General, Khyber Pakhtunkhwa and invested the same in various schemes without the consent of the G.P.Fund account holders, resulting into unauthorized investment as detailed below:

S/No.	Unit of investment	Amount of investment
1.	Banks	5,161,391,530
2.	National Saving Certificate	1,411,569,500
3.	Trading Account	425,000,000
4.	Equity Share in PSL	93,000,000
5.	Bonds	6,272,269,185
6.	TFC/Corporate Bonds	299,250,080
7.	Mutual Funds	83,339,309
8.	Advances	58,333,335
	Total	13,804,152,939

4. The unauthorized investment occurred due to non-adherence to rules & procedures in vogue for the drawl of money from the G.P.Fund account.

5. The Secretary Finance vide letter No.Audit/DAC/Misc/SIR No.12-38/2010-11/1468 dated 15-09-2011 followed by DO letter No.PA/DGA/2012-13/Audit/790 dated 07-01-2013 was requested for convening DAC meeting, however, it was not arranged till the finalization of this report.

DEPARTMENT VERSION

6. The contention of the Audit that funds had been drawn from the GP Fund accounts of the Provincial Government employees was not correct. Equity towards Funds was drawn from provincial exchequer under investment head in Grant No. 36.

7. The observation/objection of Director General Audit, Khyber Pakhtunkhwa did not fall under jurisdiction of Provincial Audit.

8. The Audit of funds had been assigned by the Auditor General of Pakistan to Director General (Commercial) Audit vide letter No. 42/13-P&C/I-C/2009 dated 19-02-2009.

9. The said office had conducted the audit upto June 2011 and held DAC meeting. Therefore, next audit was expected in September, 2015.

COMMITTEE RECOMMENDATION

10. In view of Auditor General of Pakistan clarification vide letter No. 42/13-P&C/I-C/2009 dated 19-02-2009 that the issue of Provident Investment etc was the mandate of the Director General, Commercial Audit. The Committee decided that the same nature of issue (s) would be taken up during examination of Auditor General of Pakistan Report on Commercial Audit.

11. In view of the above, the Committee recommended the Para in question to be settled.

D.P.8.4.2 NON PRODUCTION OF RECORD OF INVESTMENT– Rs. 39734.69 MILLION.

AUDIT VERSION

12. During audit of the Secretary to Government of Khyber Pakhtunkhwa, Finance Department for the year 2010-11, it was found that Rs.39, 734.69 million was invested in various financial institutions, however the auditable record was not provided despite repeated verbal and written requests as detailed below:

Unit of investm-ent	GPF	Pension Fund	Hydel Dev: Fund	C.D.I.F	Total
1.Banks	5,161,391,530	3,518,792,131	491,000,000	1,527,753,411	10,698,937,072
2. National Savings Certificate	1,411,569,500	1,433,757,499	0	0	2,845,326,999
3. Trading Account	425,000,000	283,000,000		0	708,000,000
4. Equity Share in PSL	93,000,000	0	0	0	93,000,000
5. Bonds	6,272,269,185	3,456,884,920	14,503,531,910	0	24,232,686,015
6. TFC/ Corporate Bonds	299,250,080	63,331,800	0	0	362,581,880
7. Mutual Funds	83,339,309	230,269,440	0	0	313,608,749
8. Advances	58,333,335	0	422,222,301	0	480,555,636
Total	13,804,152,939	8,986,035,790	14,925,754,211	1,527,753,411	39,734,696,351

13. The unauthorized investment occurred due non-adherence of prescribed rules and procedures. The Secretary Finance was requested vide letter No.Audit/DAC/Misc/SIR No.12-38/2010-11/1468 dated 15-09-2011 followed by DO

letter No.PA/DGA/2012-13/Audit/790 dated 07-01-2013 for convening DAC meeting, however, DAC meeting was not arranged till the finalization of this report.

DEPARTMENT VERSION

14. The observation/objection did not fall in the jurisdiction of Director General Audit, Khyber Pakhtunkhwa. The position was explained to the Audit team by providing a copy of Auditor General of Pakistan's letter No. 42/13-P&C/I-C/2009 dated 19-02-2009. The audit of funds was assigned by the Auditor General of Pakistan vide letter quoted above.

COMMITTEE RECOMMENDATION

15. In view of the convincing explanation advanced by the Department during the meeting, the Committee recommended the Para to be settled.

D.P.8.4.3 LOSS TO GOVERNMENT FOR Rs.1147.21 MILLION.

AUDIT VERSION

16. During audit of the Secretary to Government of Khyber Pakhtunkhwa, Finance Department for the year 2010-11, it was found that markup of Rs.201.14 million was paid to the State Bank of Pakistan at 13.2542 % per annum up to June 2011, as markup on loan of Rs.3,000 million for five years from December 2010 to December 2015, which was aggregating to Rs.1,147.21 million, resulting into loss to Government. The loss occurred due to financial indiscipline.

17. The Secretary Finance was requested vide letter No.Audit/DAC/Misc/SIR No.12-38/2010-11/1468 dated 15-09-2011 followed by DO letter No.PA/DGA/2012-13/Audit/790 dated 07-01-2013 for convening DAC meeting, however, DAC meeting was not arranged till the finalization of this report.

DEPARTMENT VERSION

18. To meet the requirements of State Bank of Pakistan (SBP) regarding minimum paid up capital/equity, Rs.3 billion were required to be injected as equity upto 31st December 2010 by the private shareholders. Upon their refusal, the Provincial Government being major shareholder, assumed responsibility for meeting Bank's equity requirement by obtaining loan of Rs.03 billion from SBP on markup rate of average three (3) months T-Bill. By substantial change in equity investments, the Government had 70.19% share in the Bank of Khyber. After increase in the paid-up capital the profitability of bank increased, as a result dividend amount more than Rs.700 million would be

received to Government during current financial year 2014-15. Against loan amount of Rs.03 billion, an amount of Rs.2.625 billion had been repaid on which markup of Rs.974 million (@ 9.4789% to 13.0351%) paid by the Provincial Government to SBP so far. The action taken by the Government was beneficial in both ways i.e. reduced cash outflow of Rs.03 billion from provincial exchequer and yielding dividend over the equity shares. All the inflows and outflows of cash was documented and acknowledged.

COMMITTEE RECOMMENDATION

19. In view of the plausible explanation advanced by the Department during the meeting, the Committee recommended the Para to be settled.

D.P.8.4.4 UNNECESSARY RETENTION OF GOVERNMENT FUND- Rs.1286.43 MILLION.

AUDIT VERSION

20. During audit of the District Comptroller of Accounts Abbottabad, for the year 2010-11, it was found that stamps/tickets worth Rs.1286.43 million were retained as balance on 30-06-2011 against which the total sale value of the stamps was Rs.42.00 million, resulting into unnecessary retention of Government fund. The unnecessary retention of stamps occurred due to financial indiscipline.

21. The matter was reported to the Department in June 2012. DAC in its meeting held on 12th Sep, 2012, directed the Department to sent back surplus stamps to the Chief Stamps Karachi. Further progress was, however, not reported till finalization of this report.

DEPARTMENT VERSION

22. District Treasury Abbottabad being Divisional Head Quarter, was one of the heavy sale point of stamps papers. In order to meet demands of the public, it was the responsibility of Treasury Officer to ensure sufficient stock of stamps available in the office. Detail of Annual sale w.e.f. 2011-2012 till 03/2015 are as under:

<u>Financial Year</u>	<u>Total Sale</u>
2011-2012	8,55,67,705/-
2012-2013	19,69,68,851/-
2013-2014	30,46,18,440/-
2014-03/2015	6,40,38,475/-

23. An abnormal increase in the stock reported in the subject case was due to huge supply of stamps having face value Rs. 10,000/- each by the Chief Controller of Stamps, Karachi without demand. In the light of decision of DAC held on 12-09-2012,

the Chief Controller of stamps Karachi was asked to ensure supply of stamps to the District Treasury Offices according to their demands in future. As far as disposal of excess stamps from the Treasury Office Abbottabad was concerned, all the District Treasury Offices of the Province were directed to submit their demand of stamps having face value Rs. 10,000/- to the DCA Abbottabad instead of Chief Controller of Stamps Karachi. Accordingly, major portion of the stock from Abbottabad Treasury had been issued to other Treasury Offices of the Province. Available stock at Treasury Office Abbottabad on 31-03-2015 was Rs.795, 466,638/-

24. During the meeting, the Department explained that the issue of stamp papers pertains to the Revenue & Estate Department under Rule 11 of the Khyber Pakhtunkhwa Government Rules of Business, 1985.

COMMITTEE RECOMMENDATION

25. In view of the explanation given by the Department during the meeting, the Committee recommended the Para to be settled.

CONCLUDING REMARKS

While presenting this report before the Assembly under rule 161 of the Provincial Assembly of Khyber Pakhtunkhwa Procedure and Conduct of Business Rules, 1988 the Public Accounts Committee recommends that suggestions, recommendations and directives made by it in this report be adopted/approved.

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(ASAD QAISAR)
Speaker/Chairman
Public Accounts Committee
Provincial Assembly of Khyber Pakhtunkhwa.