

**PROVINCIAL ASSEMBLY OF KHYBER
PAKHTUNKHWA**



**REPORT
OF
PUBLIC ACCOUNTS COMMITTEE
ON THE ACCOUNTS OF
GOVERNMENT OF KHYBER PAKHTUNKHWA
FOR THE YEAR 2014-15**

CHAIR'S FOREWORD



The Public Accounts Committee (PAC) has a key role in exercising scrutiny over the execution of Budget that the legislatures approve and to assure that funds appropriated by the Assembly have been spent legally and as the Assembly intended. To achieve this goal and to have strong financial mechanism in the Departments, the PAC has played a very important role by giving guidance and recommendations from time to time. However it was noted that most of the Departments do not observe the financial discipline in its true spirit resultantly financial irregularities crop up, the Departments are therefore required to strictly adhere to the recommendations of PAC.

This Report of the Auditor General of Pakistan for the year 2014-15 was referred to the earlier PAC and it examined 22 Draft Paras out of 198 in two (02) sittings. The present Public Accounts Committee has examined all the remaining 176 Draft Paras in fifteen (15) sittings. The Committee has performed its job; however, the efforts of the Committee and Audit will be fruitless until its recommendations are implemented in its true spirit by the Administrative Departments. If the recommendations of PAC are not implemented, the whole process of Audit and financial oversight would not be more than a futile exercise.

During examination of the Audit Report it was noticed that DAC which was constituted to facilitate the job of PAC i.e. to resolve the petty issues and refer material nature Paras to the PAC, was not working properly, neither its meetings are held in time nor its recommendations are implemented resultantly the job of PAC instead of reducing is increasing.

Internal Audit is the key tool to prevent financial irregularities at the gross root level and its importance could not be ignored as it plays a vital role in management to improve performance, prevent losses, control mismanagement of public money and safeguard government assets. Being a requirement; it should be carried out regularly by each Department so that irregularities could be pointed out at an earlier stage and reduced if not avoid completely.

I extend my thanks to those Members of PAC who regularly participated in the meetings throughout the series, officers of the Administrative Departments & Auditor General's office, the representatives of Law and Finance Departments for their support in accomplishing the difficult and challenging assignment.

I especially extend my commendations to the officers and staff of the PAC Cell for their support, facilitation, guidance to the Committee, untiring efforts in arranging meetings and compiling the data in this book form.

-Sd-
(MUSHTAQ AHMAD GHANI)
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 2014-15 comprising the Audit Report, Appropriation Accounts, Financial Statements, Audit Report on Revenue Receipts and Audit Report on Public Sector Enterprises was laid before the previous Assembly and for detailed examination was referred to the Public Accounts Committee (PAC) on 15-06-2017.

This report of PAC contains one hundred & ninety eight (198) Draft Paras, Follow-Up Business, report of Inter Departmental Committee, Inquiry Reports and reports of Sub-Committees which were examined in seventeen (17) sittings of PAC meetings.

In this Report, the Audit Paras pertaining to each Department are arranged separately. In addition, the Follow-up Business, report of Inter Departmental Committee, Inquiry Reports and reports of the Sub-Committees are also arranged separately.

The Table showing details of total Paras and recommendations of PAC thereon has 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 PAC Cell who kept trying to arrange frequent meetings and timely compilation of this Report. I deeply acknowledge their active services for giving briefing/assistance to the Members. Their sincere and devoted endeavors deserve appreciation and commendation.

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.

-Sd-
(NASRULLAH KHAN KHATTAK)
Secretary,
Provincial Assembly of Khyber Pakhtunkhwa

CHAIRMAN AND MEMBERS OF THE PUBLIC ACCOUNTS COMMITTEE











TABLE OF CONTENT

S.No	Department	Date of meeting	Page No.
1.	Introduction		i-x
Audit Report			
2.	Agriculture	16-10-2017 17-10-2017	1-31
3.	Irrigation	17-10-2017	32-42
4.	Food	03-12-2018	43-61
5.	Health	04-12-2018 05-12-2018	62-100
6.	Energy & Power	05-12-2018	101-119
7.	Industries	06-12-2018	120-132
8.	Housing	06-12-2018	133-142
9.	Science & Technology	06-12-2018	143-151
10.	Relief, Rehabilitation & Settlement	06-12-2018	152-161
11.	Higher Education	10-12-2018 20-09-2019	162-199
12.	Environment	17-09-2019	200-219
13.	Home & Tribal Affairs	18-09-2019 19-09-2019	220-245
14.	Transport	19-09-2019	246-251
15.	Information	19-09-2019	252-255
16.	Planning & Development	29-10-2019	256-262

17.	Finance	29-10-2019	263-268
18.	Public Health Engineering	30-10-2019	269-281
19.	Communication & Works	05-10-2019 06-10-2019	282-318
20.	Auqaf, Hajj	29-10-2019 12-11-2019	319-332
21.	Elementary & Secondary Education	12-11-2019	333-338
22.	Reports of Sub-Committees	21-09-2019 29-10-2019	339-368
23.	Appeal	29-10-2019 12-11-2019	369-372
24.	Report of Inter Departmental Committee	21-09-2019	373-374
25.	Inquiry Reports	29-10-2019	375-378
26.	Follow-up Business	21-09-2019	379-387

INTRODUCTION

INTRODUCTION

The annual report of the Auditor General of Pakistan on the Accounts of Government of Khyber Pakhtunkhwa for the year 2014-15, received in the Assembly Secretariat on 19-05-2017, was laid before the House on 15-06-2017 in pursuance of Article 171 of the Constitution of Islamic Republic of Pakistan read with 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 earlier PAC started examination of this report and examined Audit Paras pertaining to Agriculture and Irrigation Departments in its two (02) sittings held on 16-10-2017 & 17-10-2017 in the Conference Room of the Provincial Assembly of Khyber Pakhtunkhwa.

3. The current PAC was constituted on 16-11-2018 and soon after its constitution, it decided to examine the Report of the Auditor General of Pakistan on the Accounts of Government of Khyber Pakhtunkhwa for the year 2014-15. Five sittings were held on 03-12-2018, 04-12-2018, 05-12-2018, 06-12-2018 and 10-12-2018 wherein the PAC examined ninety one (91) Audit Paras pertaining to Food, Health, Energy & Power, Industries, Housing, Science and Technology, Relief, Rehabilitation & Settlement and Higher Education Departments. Preliminary Report of PAC in this regard had been laid before the House on 28-12-2018 and was adopted by it.

4. UNDP sponsored PAC's second series of meetings consisting of five (05) sittings from 17-09-2019 to 21-09-2019 were held in Serena Hotel, Islamabad wherein forty one (41) Draft Paras pertaining to Environment, Home & Tribal Affairs, Transport, Information and Higher Education Departments were examined. In addition, the Follow-up Business pertaining to Elementary & Secondary Education, Planning & Development, Public Health Engineering, Chief Minister Secretariat, Irrigation, Energy & Power, Health, Zakat & Usher, Agriculture Departments were examined and three (03) reports of Sub-Committees were also examined and adopted by the Committee.

5. Third series of PAC meetings consisting of five (05) sittings from 29-10-2019 to 12-11-2019 were held in the Provincial Assembly Secretariat, Peshawar wherein forty five (45) Draft Paras pertaining to Planning & Development, Finance, Auqaf & Hajj, Public Health Engineering, Communication & Works and Elementary & Secondary Education Departments were examined. In addition, this Report of PAC also contains ten (10) reports of Sub-Committees, three (03) Inquiry Reports and two (02) appeals.

6. While examining the Audit Paras, the Committee observed lack of internal controls system resulting in the following short comings in the financial management system in most of the Departments:

- Loss to government due to negligence;
- Misuse of financial powers by the subordinate officials;
- Overpayments in pay & allowances;
- Non-observance of canons of financial propriety and non-compliance of rules & regulations;
- Retention of public money outside the government account;
- Waste of funds due to un-necessary purchase of store etc;
- Irregular, unauthorized and unnecessary expenditure;
- Non-recovery of government dues; and
- Excess payments to suppliers/contractors.

7. In order to overcome the above mentioned deficiencies, the Principal Accounting Officers should assess the existing internal controls and strengthen these controls in the offices and organization working under their subordination. For guidance, they needs to:

- Prevent misuse of government assets;
- Avoid keeping of public money outside the government account and prevent unnecessary drawl of funds;
- Implement directives of DAC & PAC in its true spirit;
- Regularly convene effective DAC and pre-PAC meetings;
- Maintain accurate accounting records and make it available to auditors at the time of the audit;
- Recover Government dues and timely deposit it in Government Treasury;
- Non-production of record by any person or authority responsible should be dealt with strictly by initiating disciplinary action under relevant Efficiency and Disciplinary Rules, applicable to such person in terms of section 14(3) of the Auditor General's (Functions, Powers, and Terms & Conditions of Service) Ordinance, 2001; and
- Timely investigate the cases of losses and take remedial measures.

8. In addition to the recommendations on each Draft Para, the PAC recommended the following for the improvement of financial management system in the Province.

- The departments should ensure adherence to the provisions of GFR, Procurement Rules and Government Instructions;
- The PAOs should ensure holding of DAC and Pre-PAC meetings regularly;
- Instances of making payment 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 affecting recoveries where due and taking disciplinary action against the officials involved in overpayments;
- The PAOs should give full attention on the PAC directives and improve compliance by their respective departments;
- The PAOs should ensure production of auditable record to audit and in respect of cases of non production of record take disciplinary action under E&D Rules in terms of section 14(3) of Auditor General's Ordinance, 2001;
- The PAOs should strengthen the internal control mechanism to prevent losses and repetition of similar nature of irregularities;
- Departments need to deposit the public money received by them in the Provincial Consolidated Fund and Public Account instead of depositing into unauthorized accounts in commercial banks; and
- PAOs should promptly investigate cases of embezzlements/ frauds.

9. The PAC examined one hundred & ninety eight (198) Paras in its seventeen (17) sittings consisting of four (04) series of meetings and settled unconditionally ninety five (95) Paras, where the explanation of the Departments were found plausible or relevant records were produced and duly verified by the Audit, while in twenty two (22) Draft Paras, where the Government funds were provided to have been

misappropriated or have been embezzlement, it recommended for affecting recovery after fixing responsibility on the culprits in pursuance of the relevant laws on the subject. Thirty three (33) Draft Paras, where record needed to be verified, were dropped conditionally subject to verification of record. Eleven (11) Draft Paras were referred for Departmental action/Inquiry. Two (02) Draft Para was referred to Inter Departmental Committee (IDC). Three (03) Draft Paras were kept pending. Ten (10) Draft Paras were referred to Audit Department for detailed audit/special audit. Four (04) Draft Paras were not recommended upon due to sub-judice or referred to Provincial Inspection Team for detailed inquiries.

10. Sub-Committee was also constituted to probe into the issues mentioned in eighteen (18) Draft Paras which needed detailed deliberation.

11. The following table shows the detail of total Draft Paras pertaining to the Administrative Departments and recommendations of PAC thereon:-

Department	Total DPs	Settled	VOR	Recovery	Departmental action/Inquiry	Sub- Committee	IDC	Detail/ Special Audit	Pending	Subjudice /PIT
Agriculture	15	05	04	01	03	---	01	---	---	01
Irrigation	07	02	01	---	---	03	---	---	01	---
Food	11	05	01	02	---	03	---	---	---	---
Health	27	14	02	04	---	05	---	01	---	01
Energy & Power	13	05	05	03	---	---	---	---	---	---
Industries	07	05	---	---	---	---	---	01	---	01
Housing	05	03	02	---	---	---	---	---	---	---
Science & Tech:	03	02	---	---	---	01	---	---	---	---
Relief, Rehabilitation & Settlement	06	03	01	01	---	---	---	01	---	---
Higher Education	27	07	07	08	---	02	---	03	---	---
Environment	11	04	03	01	02	...	01	...	.....
Home & Tribal Affairs	18	09	02	...	03	...	...	02	02	
Transport	02	02	...	...	...	...	...	...	.....
Information	01	...	...	...	...	...	...	01	.....
Planning & Development	03	01		01		01				
Finance	02	01			01					
Auqaf, Hajj	03	02			01					
Public Health Engineering	10	06	01	01		02				
Communication & Works	26	19	04		01	01				01
Ele: & Sec: Education	01							01		
Total	198	95	33	22	11	18	02	10	03	04

GENERAL OBSERVATIONS

Stereotype Comments.

While examining the Draft paras, the Committee noted that stereotype comments were offered by Audit and Finance Departments on the Working Paper which seems to be just an eye wash. Had both the Departments offered realistic comments with regard to latest position, the PAC would have been in a better position to examine the issues involved and precious time of the Committee would have not have been wasted in finding out petty issues. The officers deputed were also not fully prepared.

The Finance Department being the Manager of the Kitty of the Province has the responsibility to record its realistic comments on the Working Paper and avoid recording stereotype comments as these comments do not serve the purpose rather wasting the time of Departments.

The PAC directed the Finance Secretary to warn the concerned to avoid such practices in future. In case of non-compliance, he should initiate departmental proceedings against the responsible.

Non-conducting of DAC Meetings.

While examining the accounts of Health, Energy & Power, Science & Technology, Higher Education and Food Departments, it was noted that DAC meetings were not convened by the Departments in some of Draft Paras despite the reminders of Audit. The Committee was also reminded that the previous and present PAC has also time and again stressed upon convening of DAC meetings regularly but majority of the Departments usually turned deaf ears upon the directions of PAC, as a result on one side the Departments make it difficult for themselves to convince the Committee during the meeting in short time and on other side the Committee also could not reach to a just conclusion, hence, non-conducting of the DAC meetings affects both the Departments and the PAC. Directions were issued time and again to the Departments to ensure conducting of DAC meetings in time but in vain. The Committee stressed upon the importance of DAC and shown its displeasure over the non-serious attitude of the Departments in convening DAC regularly, non-recording of its detailed minutes and non- implementation of its decisions, resultantly the PAC is overburdened. The Committee directed all the

Principal Accounting Officers (PAOs) to avoid such lapses in future otherwise the officers sitting at the helm of the affairs would be held personally responsible.

Illegible working paper.

While examining the accounts of Health Department, the Committee noted that the working papers were not legible. Neither working papers were page marked nor were Draft Para numbers mentioned. Moreover, index was also not provided. In such circumstances most of the time was wasted on finding out required page. The Committee directed the Department to avoid such practice in future.

Illegal dispossession proceedings.

The Committee while examining the accounts of Cereal Crop Research Institute Pirsabak, Nowshera noted with grave concern that 437 kanal of Government holding at the said institute has been occupied by the illegal occupants with the connivance of Revenue and District establishments. The Department was directed to initiate “illegal dispossession proceedings” against the occupants. The Department was also directed to convey the displeasure/concern of the Committee to Revenue and District Administration of Nowshera. In case, the land could not be recouped, it will encourage other people to encroach the Government lands.

Projects/Schemes left incomplete by the Federal Government after the enactment of 18th Amendment.

While examining the accounts of Agriculture Department the Committee noted that the Projects /Schemes were left incomplete by the Federal Government after the enactment of 18th Amendment and no arrangement for the balance works were made by either Governments hence, huge amount already spent on the said projects is being wasted. The Committee directed the Department to initiate summary of all projects to the Finance Department for arrangements of funds, in the Public interest so that the balance work of the Projects/Schemes could be completed and the already spent amount could be saved from wastage.

Weak Financial Control System

The Committee noted that the Government was spending billions of rupees on Health Sector but on the other side, weak rather nil internal financial control system within the Department exists. In case, status quo was not removed and serious efforts were not made to improve the internal check, it was apprehended that the entire

funds would go in waste and the people would not get the desired benefit from such huge spending. The Committee was optimistic that the Department would seriously look into the matter and ensure that public money would be saved from wastage in future.

Non implementation of PAC Directives.

While checking the implementation status of the PAC directives it was noticed that the compliance is very weak and almost nil in certain Departments, resultantly the same irregularities are repeated each year, the Committee shown its grave concern over such attitude of the Departments and Directed the PAOs to mend their attitude, take the PAC directives seriously and implement the same in the allocated time frame, and to submit implementation report to the PAC Cell for placing it before the House.

Non implementation of DAC decisions.

The Committee observed that the decision of DAC are not being implemented by the Departments itself despite the fact that the DAC are being chaired by the Secretary/Head of the Departments or senior most Officer of the Department. This state of affairs is deteriorating the Internal Administrative controls within the Government Departments day by day.

Weak internal financial controls.

The Committee while examining the Paras of Environment Department observed weak rather nil financial controls within the Department. In case the Control was in place such Audit Paras would not have been framed against the Department.

Non production of record.

The Committee while examining the Accounts of Environment Department noted that the field staff of the Department has usually not produced the requisite record to Audit during the time of conducting audit. Moreover, the officers sitting at the helm of affairs of the Department also did not bother to take any departmental action against its field staff due to which the administrative control of the department over its field formation is gradually weakened.

Project assets.

The Committee noted that after completion of the projects its assets were not being properly handed over to the quarters concerned, especially the projects vehicles were being allotted either to the non entitled officers or allotted to those officers who had already been allotted with Government vehicle. The Committee, in this respect, directed all the Administrative Departments to invariably surrender project vehicles to the Administration Department and in case any Department needs Government vehicle for their official use, they should requisition vehicles as per prescribed manner.

Verifications.

While examining the accounts of Home and Tribal Affairs Department, the Committee observed that records were usually not provided for verification at DAC or Pre-PAC level and all of the sudden the same were being produced in PAC for verification. The PAC is not the forum where huge record could be verified. Therefore, the PAC directed all the Administrative Departments to invariably got their record verified from Audit before the PAC meeting.

Nomination of Officers by the Administrative Departments.

The Committee noted that every day new Officer is being nominated by the Departments to PAC meetings due to which they could not understand the mood of Committee. Therefore, the Committee directed that only one and the same Officer should be nominated for the entire series of PAC meetings by every Department and especially by Law and Finance Departments.

Incomplete working papers.

The Committee noticed with grave concern that the working paper provided by the Department was incomplete and not on the prescribed format, neither was it signed by Administrative Secretary nor fresh comments of Finance and Audit Departments were obtained, such lapses showed that the Department paid no heed to the directions given by the PAC time and again.

The Committee directed the Department that due importance must be given to the PAC affairs, complete working papers on prescribed format duly signed by the Principal Accounting Officer (PAO) alongwith supporting documents, commented

upon by the Finance and Audit Departments must be submitted to the PAC to facilitate its job.

Cash payments.

While examining the Accounts of Home and Tribal Affairs Department, the Committee observed that most of the payments were made on cash basis which was gross violation of rules. Therefore, the Committee directed to circulate instructions to all the Administrative Departments to stop forthwith cash payments and a copy thereof to Accountant General, Khyber Pakhtunkhwa.

Non Conducting DAC meeting

The PAC while examining the accounts of Public Health Engineering Department observed that the DAC meetings were not conducted in time. Had the DAC meetings conducted in time and the decisions taken therein were implemented, many petty nature issues would have been settled and the precious time of PAC would not wasted. Therefore, the PAC directed that the DAC meeting must be convened within three (03) months. The Audit was directed that in future keep sending a copy of those letters to PAC also which are issued to the Departments for summoning of DAC meetings.

Technical Sanctions:

During examination of the Accounts of Communication & Works Department the Committee noted that the executing Department usually obtaining T.Ss after completion of works which is against the provisions of CPWA Codes as well as rules invogue. The Committee directed that the Planning & Development Department should strictly confined its self to the Planning Commission rules/guidelines so that the executing Departments could follow the codes/rules applicable to them.

Non-production of record for audit

The PAC while examining the accounts of Communication & Works Department astonished to note that all the record involved in the Para was readily available with the Department but was not only produced to the Audit during the time of conducting audit but even the same was also not produced to Audit during DAC meeting. Lastly, on the direction of Pre-PAC forum, the requisite record was produced to Audit for verification. The PAC could not understand the logic behind this state of affair of the

Department however, it warned the Department to avoid such practice in future otherwise action under Section 14(3) of the Auditor-General's (Functions, Powers) Ordinance, 2001 would be initiated against the responsible.

DAC Minutes

The PAC noted that in most of the Paras, the minutes of DAC were found unclear as to which document it refers to therefore, the PAC directed that in future the name of specific document must be put in writing in the DAC minutes.

Laboratory Test

The PAC observed that despite knowing the importance of soil test before starting any construction work, the Contractors starts construction works without conducting prior soil tests which later on cause the buildings and bridges etc unsafe. The PAC directed that in future payments to the Contractors be made conditional to soil tests. In case of violation, the officer/official concerned would be personally held responsible.

Pre-PAC

The PAC while examining the accounts of C&W Department noted that most of the cases comes to PAC involve verification of record despite the fact that the DAC or Pre-PAC had already given directions thereon to carry out verification but the Department turn deaf ear on such directions. The PAC directed that in future where verification of any record is required must be carried out there & then and not be brought before the PAC for verification.

AGRICULTURE, LIVESTOCK & COOPERATION
DEPARTMENT

Total Draft Paras _____	15
Examined _____	15

Settled: 2.4.1, 2.4.9, 2.4.10, 2.4.13, 2.4.1405
VOR: 2.4.3, 2.4.5, 2.4.6, 2.4.804
Departmental Action: 2.4.7, 2.4.11, 2.4.12.....03
Recovery: 2.4.15.....01
I.D.C: 2.4.2,01
Subjudice: 2.4.4.....01

AGRICULTURE DEPARTMENT

Fifteen (15) Draft Paras, reflected in the Auditor General's Report for the year 2014-15 against the Department, were examined by the earlier Public Accounts Committee in its meeting held on 16th and 17th October, 2017. The following were present:-

PUBLIC ACCOUNTS COMMITTEE

- | | | |
|----|-----------------------------------|-----------------|
| 1. | Mr. Qurban Ali Khan, MPA | Acting Chairman |
| 2. | Syed Muhammad Ali Shah Bacha, MPA | Member |
| 3. | Arbab Waseem Hayat, MPA | Member |
| 4. | Mr. Mehmood Jan, MPA | Member |
| 5. | Mr. Samiullah Khan, MPA | Member |

LAW, PARLIAMENTARY AFFAIRS & HUMAN RIGHTS DEPARTMENT

Mr. Masood-Ul-Hassan,
Law Officer.

FINANCE DEPARTMENT

Mr. Musharraf Khan,
Additional Secretary.

AUDIT DEPARTMENT

1. Mrs. Hashmat Iqbal
Deputy Auditor General.
2. Mr. Murtaza Khan,
Director General.
3. Mr. Asad Ullah Khan
Director.
4. Mr. Zubair Arshad Khattak,
Deputy Director.

AGRICULTURE DEPARTMENT

1. Mr. Shaukat Ali Yosafzai,
Additional Secretary.
2. Mr. Muhammad Nasim,
Director General, Agriculture Extension.

3. Dr. Naveed Akhtar,
Director General, Agriculture Research,
4. Mr. Shamshad Hussain,
D.G. Agriculture, Water Management.
5. Mr. Muhammad Khurshid,
Director H.Q, Agriculture Water Management.
6. Professor Dr. Noor Khan,
V.C Agriculture University of Peshawar.
7. Dr. Alamzeb,
Director HQ, Livestock.
8. Dr. Zaheer Ulluh Khan,
Senior Director, Agriculture Research Institute (Tarnab).

PROVINCIAL ASSEMBLY SECRETARIAT

1. Mr. Nasrullah Khan,
Secretary.
 2. Mr. Amjad Ali,
Additional Secretary.
 3. Mr. Inamullah Khan,
Additional 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. 2.4.1 IRREGULAR PAYMENT ON PURCHASE OF FURNITURE Rs. 1.8 MILLION.

AUDIT VERSION

3. During the financial year 2011-12, the Director General Livestock & Dairy Development (Extension) Peshawar paid Rs.1.8 million in advance to Pak German Wood Working Centre, Peshawar out of development budget vide cheque No.717614 dated 27.06.2012 without the sanction of Finance Department Government of Khyber Pakhtunkhwa. Departmental record did not contain proof of delivery, stock entries of receipt or if so, record of furniture delivered directly to departmental units.
4. It was held that delegation of powers of the Provincial Government **Para 96 of GFR vol I and Para 397 of CTR** were willfully violated.

5. The Department did not reply when the observation was raised in 06/2013. The matter was discussed in the DAC meeting held in September, 2013. The Department replied that 50% supply had been made and the remaining was in progress. DAC directed that stock entries of the supply made may be shown for verification within 15 days. Requisite record was not produced for verification till the finalization of this report.

DEPARTMENTAL VERSION

6. The Department explained that all the furniture had been received and entered in the ledger book page No. 24, 25, 26, & 28 some of which was under use in various branches of this Directorate and the rest were distributed amongst the sub-offices of the Department and proper DRFs were obtained.

7. In compliance with the directives of DAC meeting held on 03/09/2013, the relevant record was provided to Director General Audit, Khyber Pakhtunkhwa, duly received by their representative on 13/01/2014 vide this office Memo: No. 152 dated 09/01/2014 followed by reminder No. 8800 dated 20/6/2017, No.9406 dated 17/07/2017 & No.9404 dated 17/07/2017 but the relevant verification certificate was still awaited from the Director General Audit Khyber, Pakhtunkhwa, Peshawar.

PAC RECOMMENDATIONS

8. As the stock register and relevant supporting documents showing proof of delivery, stock entries of receipt and its disbursement has been verified by Audit during Pre-PAC meeting. The Para was therefore recommended to be settled.

DP No. 2.4.2 SUSPECTED MISAPPROPRIATION OF POULTRY PRODUCE Rs.3.823 MILLION.

AUDIT VERSION

9. During the financial year 2011-12, the Director General Live Stock & Dairy Development (Extension) Peshawar maintained two species of hens in the departmental poultry house for egg laying. Specie 1 & 2 both lay 10 eggs per day per 15 hens as per norm. The Director General purchased feed worth Rs.4.4 million to feed the hens for uninterrupted laying of eggs. Record showed that 199,094

eggs had been laid per annum instead of the 581,400 eggs as per norm; the difference being 382306 eggs amounting to Rs.3.823 million as tabulated below:-

Month	Total WLH	Total FYUMI	Required Monthly Produce	Monthly Produce Shown	Monthly Difference	Rate Per egg	Amount of loss
1	2	3	4 (2+3 x 20)	5	6 (4-5)	7	8
07/2011	666	3281	78940	9255	69685	10	696850
08/2011	657	2554	64220	8953	55267	10	552670
09/2011	649	2554	64060	5616	58444	10	584440
10/2011	488	2554	60840	7201	53639	10	536390
11/2011	488	2554	60840	32463	28377	10	283770
12/2011	0	2940	58800	41398	17402	10	174020
01/2012	0	2805	56100	28628	27472	10	274720
02/2012	0	2705	54100	16984	37116	10	371160
03/2012	0	1457	29140	17220	11920	10	119200
04/2012	0	978	19560	10184	9376	10	93760
05/2012	0	905	18100	10517	7583	10	75830
06/2012	0	835	16700	10675	6025	10	60250
			Total		382306		3823060

10. Given that (1) egg laying was a natural phenomena, (2) a population as a whole behaves normally and (3) anomalous egg laying behavior may occur in a few individual hens but not in the entire population if other biological and environmental factors were normal, the shortage in eggs occurred due to less feed or misappropriation through collusion between staff. Since the value of feed stolen was likely to be less than the value of output i.e. eggs in the market, the eggs were misappropriated for personal consumption or sale in the market. At Rs.10/- per egg, the value of the missing eggs and thus the loss to Government works out to Rs.3.823 million.

11. It was held that theft occurred due to negligence or collusion of supervisory staff. The matter was pointed out in 01/2013, but the Department did not reply. The observation was discussed in the Departmental Accounts Committee meeting held in September, 2013. The Department was directed to produce record pertaining to detail of all eggs produced/ statistically international standards & production per hen. No record was produced for verification by the Department till finalization of this report.

DEPARTMENTAL VERSION

12. The Department explained that the Audit figures were not correct as chicks were brought to the Farm in July, 2011 which do not lay eggs from the day 1st.

These chicks took six (06) months to reach maturity and started laying eggs afterwards. The Farm was used for research activities and not for commercial purpose.

PAC OBSERVATION

13. The Committee observed huge difference in the contention of Audit and the Department and also variation in the amount of loss pointed out by the Audit and the one advanced by the Department.

PAC RECOMMENDATIONS

14. After detailed discussion the Committee constituted an Inter Departmental Committee (IDC) comprising the representatives of Agriculture, Audit and Finance Departments to workout actual loss and to initiate recovery proceedings against the responsible (s) within a month. Para stands. Progress be reported to PAC.

15. The Agriculture Department was nominated as convener of the IDC.

DP No. 2.4.3 UNAUTHORIZED EXPENDITURE WITHOUT APPROVAL OF COMPETENT AUTHORITY- Rs.2.655 MILLION.

AUDIT VERSION

16. During the financial year 2011-12, the Director Agriculture Research Institute Swat hired daily labour and paid them a total of Rs. 2.655 million without the sanction of Finance Department, Government of Khyber Pakhtunkhwa. The Department submitted the case for sanction to Finance Department vide letter dated 05.04.2012 which declined to sanction the expenditure vide letter No. BOVII/FD/1-2/RE-2011-12 dated 19.04.2012 as it violated the cabinet decision on the subject.

17. Willful violation of orders in the unauthorized expenditure was held. The matter was pointed out in 11/2012, but Department did not reply.

18. In the DAC meeting held in September, 2013, the Department replied that case has been taken up with the Finance Department for ex-post facto sanction. DAC directed to furnish relevant record for verification. No record was produced for verification by the Department till finalization of this report.

DEPARTMENTAL VERSION

1st Reply

19. The Department explained that Agriculture Research Institute, Mingora, Swat carrying out the research activities in the whole area of Malakand

Division having two (02) Sub-stations at Kalam & Biakan. The Sub-stations has no regular staff hence the watch & ward and field activities were carried out through daily paid labours.

20. During the financial year 2011-12 a sum of Rs.3.10 million had been allocated by the Finance Department under the Head/Code A-01277 for the engagement of casual labours for carrying out various research activities. Approval for the engagement of the casual labours was being obtained on regular basis from the Director General, Agriculture Research, Khyber Pakhtunkhwa Peshawar and later on the competent authority accord financial sanction for the expenditure incurred.

21. In addition to above this office has requested to the Director General, Agriculture Research, Khyber Pakhtunkhwa, Peshawar vide letter No. 517/DAR (N)/ARI, Swat dated 21.02.2013, to approach to the Finance Department for the grant of ex-post facto sanction, for the expenditure incurred under the head/object A-01277, for regularization the expenditure.

2nd Reply

22. The Department explained that the Director General, Agriculture Research, Khyber Pakhtunkhwa, Peshawar being Category-I officer was empowered vide Second Schedule Rules 5 (xxxvii) 2001. Power common to all Departments for the engagement of the Daily Paid/Casual Labours. And approval/ sanction were being obtained from the competent authority before the engagement of the casual labours.

23. In addition to above as per directives of the DAC meeting held on 05/09/2013 under the Chairmanship of the Special Secretary Agriculture, in the Committee room relevant record was presented to the concerned audit authorities vide this office letter No.433/DAR(N)/ARI/Mingora, Swat dated 12.02.2014.

PAC OBSERVATION

24. The PAC observed casual and irresponsible attitude of the Department as record was not produced to DAC and Pre-PAC and no effort was made to get it verified afterwards.

PAC RECOMMENDATION

25. As the Department failed to produce relevant record during the meeting therefore, the Committee referred the Para to the Verification of Record Committee already constituted for verification of record. The Department was directed to initiate disciplinary action against the person (s) who failed to produce record as per directives of DAC. Para stands. Progress be reported to PAC.

DP No. 2.4.4 LOSS DUE TO PURCHASE MACHINERY- Rs.109.672 MILLION.

AUDIT VERSION

26. During the financial year 2009-10, the Project Director, Water Conservation and Productivity Enhancement paid Rs.109.672 million to different pre-qualified firms as 20% & 40% mobilization advance for delivery of HEIS equipment at site. The machinery was not installed even after the expiry of the project in June, 2011. The Department had also not shifted the machinery for utilization elsewhere. The uninstalled machinery for this reason was subjected to depreciation, environmental and other effects causing deterioration on daily basis. The objective for which the machinery was purchased was not achieved and the payment to the contractor was unjustifiable.

27. It was held that non utilization of costly machinery had caused firstly, a direct loss to Government due to the misspent money and secondly, an economic loss due to lost water and productivity.

28. The uneconomical expenditure was pointed out in 07/2011. The Department did not reply. In the DAC meeting held in December, 2011, the Department replied that installation of machinery was the sole job of Supply Service Companies and since pre-qualification of companies and the engagement of consultants for consultancy services was purely a Federal Government subject, therefore, they were not in a position to take any action against the former or the later either in shape of disqualification or administrative action. However, there were pending liabilities of the Supply Service Companies which will not be paid and the payments for uninstalled machinery will be adjusted accordingly. DAC did not agree because advance should not have been paid if circumstances did not warrant the

purchase of the machinery and non implementation of project objectives had caused a financial and economic loss and accordingly decided to place the matter before PAC.

DEPARTMENTAL VERSION

29. The Department explained that Procurement of goods works and services rules 2003 of Khyber Pakhtunkhwa were not applicable upon the project “Water Conservation and Productivity Enhancement through High Efficiency Irrigation System” as no tender system was involved. In the approved PC-I detailed procedure of Project execution and payment etc has been given which has been mentioned by the Audit. The Provincial Project Director has implemented the Project strictly in accordance with the provision of PC-I Page No. 22 (xviii) and as such no lapse/irregularity has occurred on part of Provincial Directorate.

30. Out of 76 Nos schemes, 39 Nos schemes costing Rs. 5,35,19,811/- has been completed and verified by the consultants while the remaining 37 Nos schemes costing Rs.5,61,52,189/- were ongoing but not verified by the consultants due to discontinuation of consultancy service.

31. Eleven (11) Nos. of supply service companies has submitted their writ petitions in the Honorable Peshawar High Court for seeking payment of their liability for completed/ongoing schemes. The Peshawar High Court has decided the cases in favour of the Supply Service Companies. Now the Department has filed an appeal against the judgment of Peshawar High Court in the Honorable Supreme Court of Pakistan. The Department would implement the decision of the Honorable Supreme Court as and when received. The progress will be intimated to PAC accordingly.

PAC RECOMMENDATIONS

32. As the issue involved in the Para was Subjudice in the Court of Law therefore, the Para was kept pending till the final decision of the Court and its implementation by the Department.

DP No. 2.4.5 UNAUTHENTIC EXPENDITURE ON DAILY PAID LABOUR- Rs.6.297 MILLION.

AUDIT VERSION

33. During the financial year 2010-11, the Director General, Agriculture Research Institute Tarnab Peshawar, paid Rs. 6.297 million to daily paid labours engaged over the entire year. This labour was hired in addition to 47 laborers on the

regular strength of the local office and the fixed pay field workers and 6 to 7 daily paid labours in each of the several ADP schemes. Record substantiating the need for the daily paid labour or of the work done by them was not found thereby rendering the basis for the payment questionable.

34. It was held the expenditure of questionable probity and veracity. The unauthentic expenditure was pointed out in 11/2011, but the Department did not reply. In the DAC meeting held in July, 2013, the Department replied that the expenditure was incurred for the engagement of labours strictly in accordance with the allocation made by the Government of Khyber Pakhtunkhwa, Finance Department. DAC directed that detailed record be produced for verification. The record was not produced till finalization of this report.

DEPARTMENTAL VERSION

35. The Department explained that the expenditure of Rs.6297520/- has been incurred for the engagement of labours strictly in accordance with the allocation made by the Government of Khyber Pakhtunkhwa, Finance Department. The Para-wise justifications were given as under:-

- i. It was correct that this Institute has strength of 47 Field Workers in various 14 sections but the field activities being carried out by different sections were so much huge that cannot be dealt with the available strength of Field Workers. It was further pointed out that DPLs were engaged for different field activities in accordance with Rule-389, Chapter-VIII, Part-V of the Treasury Rules. This Institute has played a significant role in the economic prosperity of the farming community through introduction and evaluation of high yielding varieties of crops, fruits and vegetables standardization of agronomic techniques and dissemination of the latest know-how on crop husbandry, soil management, fertilizer use and plant protection measures. In order to improve the technical activities of the Institute. Daily Paid Laborers were required to be engaged regularly.

- ii. The Director General, Agriculture Research Institute, Tarnab has not run the Developmental Projects. Each Project was run by its Principal Investigator being its DDO.
- ii. The assessment of work done by the DPLs was usually and regularly indicated in the Work done sheets.
- iii. The services of DPLs were required when the No. of Field Workers were insufficient to carry out the research activities. Hence it was not the repetition but just the technical requirements.
- iv. The Progress Report of the work done was illustrated in the Technical Reports in the shape of Research Experiment conducted in the fields.
- v. The Director General Agriculture Research (DGAR) Khyber Pakhtunkhwa issued directives for making payment through crossed cheques. But due to non-availability of the Accounts in the National Bank of Pakistan, a proposal was submitted to the DGAR, Khyber Pakhtunkhwa vide this office memo. No. 3019-26/Acctt/DGA dated 06.08.2011 for obtaining approval from the Government of Khyber Pakhtunkhwa Finance Department for opening the accounts in the National Bank of Pakistan which was forwarded to the Administration Department vide Director General Agriculture Research's No.12774-75/Acctt/DGAR dated 07.10.2011. In its response, the Finance Department has regretted the proposal regarding making payment to DPLs through crossed cheques, vide its letter No. BOVII/FD/1-2/BE-2011-12; dated 06.01.2012.
- vi. Since it was an Agricultural Research Oriented Institute, conducting the research trials through-out the year containing the different seasonal experiments, therefore, the engagement of DPLs remains continue for the full year.

PAC OBSERVATION

36. The PAC observed laxity of the Department for not producing record to Audit in time.

PAC RECOMMENDATIONS

37. The Para was recommended to be settled subject to verification of record i.e No of Labours, Muster roll and Acknowledgement receipt by the Verification of Record Committee in the Provincial Assembly Secretariat of Khyber Pakhtunkhwa within one (01) month.

DP No. 2.4.6 UNAUTHORIZED EXPENDITURE DUE TO VIOLATION OF PC-1 Rs.4.078 MILLION.

AUDIT VERSION

38. During the financial year 2011-12, the Director General, Agriculture Research Institute Tarnab Peshawar incurred an expenditure of Rs.4.078 million on execution of the project “Introduction of Selected Fruits, Vegetables and Medicinal plants”. The progress report of the project disclosed that instead of berry, mulberry and chungu, Fig & Grape plants were planted in contravention of the PC –I of the project.

39. It was held that willful disregard of PC-1 had defeated the objective of the project and the economic plans of the Government.

40. The unauthorized expenditure was pointed out in 11/2011. In the DAC meeting held in July, 2013, the Department replied that the project significantly achieved the objectives and the expenditure was justified. DAC directed that detailed record in support of departmental reply should be furnished. Record was not produced for verification till finalization of this report.

DEPARTMENTAL VERSION

41. The Department explained that:-

- i) According to PC-1 objectives, the berry plantation was made on cultivable waste land. Grapes were also a berry which was planted on the farmers’ fields.
- ii) Fig was a high value medicinal plant and has very high nutritional value, which was also planted on farmer fields. Fig was widely grown in dry and sunny area and can also tolerate seasonal drought.
- iii) Chungu was planted in Urmer, Manki Sharif, Kaka Sahib and Tangi areas of the project.
- iv) The Mulberry plants were not planted because of the fact that farmers were reluctant and not willing to plant on their field.

Keeping in view of the above cited target/progress, the project significantly achieved the objectives and the expenditure incurred was justified.

PAC RECOMMENDATIONS

42. The Committee while taking lenient view recommended the Para to be settled subject to verification of record by the Verification of Record Committee. The Committee also decided to pay visit to the Agriculture Research Institute (ARI) Tarnab to examine the research activities being performed.

DP No.2.4.7 LOSS TO GOVERNMENT DUE TO LESS YIELD-Rs.1.543 MILLION.

AUDIT VERSION

43. During the financial year 2011-12, the Director, Agriculture Research Institute D.I.Khan recorded a produce of 830 maunds of sugarcane from the 10 acres of land cultivated for sugarcane crop as against the required standard per acre yield of 650 to 800 maunds per acre that should have resulted in a total yield of about 7000 maunds. Each maund is equal to 40 kgs. The value of the alleged shortfall amounted to Rs.1.543 million as worked out below:-

Crop	Area (acres)	Required Standard Yield	Actual	Difference	Rate (Rs)	Amount (Rs)
Sugarcane	10	7000 maunds	830 maunds	6170 maunds	250	15,42,500

44. It was held that the lower production was either due to negligence or misappropriation through collusion by the concerned staff for personal gain resulting into loss to Government which was violation of **Para 23 of GFR vol I.**

45. The loss was reported in 02/2013. The Department replied that land was barren and germination failed. In the DAC meeting held in September, 2013 the Department repeated their previous reply. DAC did not accept the reply because sugarcane crop requires a lot of water and there was no apparent need to plant it on barren land and directed the Department to furnish record to substantiate its claim. Requisite record was not produced for verification till finalization of the report.

DEPARTMENTAL VERSION

1st Reply

46. The Department explained that the 10 acres of Sugarcane CESS project was multiplied on the instruction of worthy Director General, Research. The 10 acre area was allotted to sugarcane 5 acres land was received from agriculture extension was barren salty and marginal land which turned to failures in germination, only 5 acres sugarcane were maintained. There 5 acres land also badly affected by the flood in July August 2010. The crop was sown in February 2010, which was reported vide letter No. 99 dated 09.08.2010. Therefore the produce received from this affected crop was satisfactory.

2nd Replay

47. According to the crop register 4 acre Sugarcane varieties was maintained as seed under "CESS" program which was 50% affected by the floods during 2010 the remaining 2 acre was harvested and amount was deposited in the Government treasury vide receipt No. 161,162,124 and 181.

PAC OBSERVATION

48. The Committee observed that the stance of the Department was different from the one advanced in DAC as well as Pre-PAC. The Department was neither able to satisfy the Committee nor could it produced relevant record pertaining to the subject Para.

PAC RECOMMENDATIONS

49. After detailed discussion on the subject Para, the Committee directed the Department to conduct inquiry into the matter and fix responsibility on the person at fault. Para stands. Progress be reported to PAC within one (01) month.

50. In compliance with the recommendations of PAC, the Department conducted an inquiry. The Inquiry Committee recommended that:-

- i. The Director General Audit, Khyber Pakhtunkhwa was advised to direct his staff for actual inspection of record instead of setting of Audit Para on verbal discussion with the Department as mentioned in their advance Para.
- ii. All the inputs relating to sugarcane crop been issued by office of Director, Sugarcane Institute Mardan & the Director ARI D.I.Khan did not maintain the accurate receipt/issued record.

- iii. Record of sugarcane section at ARI D.I.Khan is still incomplete since 2007 till to date.
- iv. The financial year and status of the Para neither explained by the Department nor Audit Department during DAC & PAC meetings.
- v. Further recommended that the Audit office may be directed to collect complete record of CESS project inputs issued by Director Sugarcane Institute Mardan to ARI D.I.Khan and conduct detail audit in presence of sugarcane experts.
- vi. The Audit office also be directed to collect the detail of funds provided under regular budget by Provincial Government to sugarcane section since 2007 to till date.
- vii. At present the responsibility of loss could not be fixed due to misunderstanding in between the concerned Department & Audit and meaningless/time wasting correspondence made by the Department

PAC FOLLOW-UP RECOMMENDATIONS

51. After detailed deliberation, the Committee observed that the Inquiry Committee did not follow the recommendations of PAC as well as the TORs mentioned in the Departmental Notification No.SO(AB&A)AD/PAC/2014-15/KC dated 17-10-2017. As the Inquiry report was not in line with the PAC recommendations as well as Notification issued by the Department in this regard therefore, the PAC recommended to conduct a de-novo inquiry into the matter coupled with initiation of disciplinary action against the officers of the Inquiry Committee. Para stands. Progress be reported to PAC within one month.

DP No.2.4.8 LOSS TO GOVERNMENT DUE TO LESS YIELD-Rs.7.246 MILLION.

AUDIT VERSION

52. During the financial year 2011-12, the Director, Agriculture Research Institute, D.I Khan recorded cultivation of rice on 14 acres out of total available 150 acres irrigated land and showed 136 acres uncultivated. Record showed production of 594 bags of 40 kg from 12 acres planted with IRRI-6 variety rice. Thus, these 12 acres produced 49.5 bags of 40 kg as against the standard expected yield of 74 bags of 40 kg per acre. No production from the basmati rice planted on the additional 2 acres was recorded. Leaving 136 acres Government land fallow despite availability of inputs and adequate budget was either unauthorized non utilization of a Government asset

earmarked for research and production of seed or it was used for private production because neither plan nor record of activity in respect of the allegedly uncultivated land was available. Given that only one crop was shown, that standards were established by research establishments and a research establishment can be expected to have the knowledge and skill to produce crops close to standard, if we extrapolate the production of rice onto the entire area available we can deduce a loss of Rs.7.246 million to have occurred as per table below:-

Crop	Area (acres)	Required Standard Yield	Actual (40 kg per bag)	Required Yield	Difference	Rate (Rs)	Amount (Rs)
Rice	150	74 bags / Acre	1036 bags	11,100 bags	10,064 bags	720 / bag	72,46,000

53. It was held that less production was either negligence on the part of local administration or misappropriation through collusion for personal gain by the concerned staff resulting into loss to Government which was violation of **Para 23 of GFR vol I.**

54. The loss was pointed out to the Department in 02/2013. In the DAC meeting held in September, 2013, the Department replied that only 71 acres of land was available for cultivation. The DAC directed that produce record of total land cultivated and statistical data in support of per acre yield be produced. No record was produced for verification till finalization of the report.

DEPARTMENTAL VERSION

1st Reply

55. The Department explained that although Audit has no concern with administration and managerial problems yet the situation was explained as under please. This institute has total land area of 196 acres. The split up of which was given as under:-

- i) Roads, colony and offices labs etc:
- ii) Allocation to 58 acre
- iii) Horticulture 58 acre

iv)	Sugarcane	33 acre
v)	Rice	3 acre
vi)	Entomology	2 acre
vii)	Agronomy	4 acre
viii)	Chemistry	2 acre
ix)	Plant Physiology	1 acre
x)	Plant Pathology	1 acre
xi)	Wheat and Millet	6 acre

56. Keeping in view the allocation of 125 acres to different sections and buildings and roads the management was left with only 71 acres of land in the year 2011-12. Out of which 14 acres of land was brought under rice seed production to meet the future requirements of the institute and demand of extension Department. Which was nil for the year 2012-13. It was also surprising that audit seems to expect in all the fields of agriculture research and has the expertise of agricultural research and can recommend the water requirements and its availability by just sitting in the office and looking through files as evident from the content of the audit Para. This office further explains that 57 acres of land left with the management was ploughed up, cleaned and left for replenishing the fertility and structure and texture of land for further good crop production which was also part of the management strategies.

57. It was also added that rice was a very high delta crop and its water requirements for such huge area was practically not possible under the existing situations, while the requirements of horticultural orchards vegetables experiments and experimental requirements of other sections were also kept in mind the auditor seems to be very ambitious but in fact ambitions were rarely fulfilled.

2nd Replay

58. In Kharif 2011 the following crops were planted at ARI, D.I Khan

S.No	CROP	SECTION	AREA (Kanal)	YIELD	PAGE No.
1	Rice	F.M	112	495 bags/40 g	1-2
2	Millet	Maize& Millet	1 marla	experiment	3-4
3	Millet	Maize& Millet	4.5	91 kg	-do

4	Sargham	Maize& Millet	8	287 kg	-do-
5	Sugarcane	Sugarcane	32 "CESS"	592 mands/acres	5-10
6	Sugarcane	Sugarcane	16	experiment	-do-
7	Entomology	Cotton	8	experiment	11
8	Rice	Rice	4.5	experiment	12
9	Nursery/ma ngo,Date Orchard	Horticulture	32	Auction of fruits	13-22
10	vegetable	Horticulture	12	experiment	-do-
			*229 Kanal & 1 Marla		

*8 kanal = 1 acre.

59. In Kharif the institute hardly maintains the area which was shown in the table above, however some high delta crops like rice, sugarcane & vegetable may affect badly due to shortage of water. The institute 100% depends on canal water there was no source of institute own irrigation system.

PAC RECOMMENDATIONS

60. The Committee recommended the Para to be settled subject to verification of total land, land cultivated and yield of each acre by the VOR Committee within one (01) month.

DP No. 2.4.9 DOUBTFUL EXPENDITURE OF Rs.1.041 MILLION.

AUDIT VERSION

61. During financial year 2010-11, the Director, Cattle Breeding & Dairy Development, Harichand did not maintain record of usage of three Tractors and two Generators for which POL worth Rs.1.041 million was purchased by him rendering veracity of the expenditure doubtful.

62. It was held that weak internal controls warranted that the veracity of the expenditure be questioned which was violation of **Para 13 of GFR vol I.**

63. The lapse was pointed out in 02/2012. The management furnished no reply. In the DAC meeting held in September, 2013, the Department owned

negligence of the drivers concerned. DAC directed that Log Books be produced for verification within 15 days. Record was not produced till finalization of this report.

DEPARTMENTAL VERSION

64. The Department explained that to comply the directives of DAC meeting held on 06/09/2013, the Director, Cattle Breeding & Dairy Farm Harichand and other sub-offices of this Department were directed vide this office Memo: No. 9237-40 dated 16/09/2013, to provide the relevant record to Director General Audit, Khyber Pakhtunkhwa, for verification and as such the record was provided to the Director General Audit, Khyber Pakhtunkhwa, for verification purpose but the verification certificate was still awaited from Director General Audit Khyber Pakhtunkhwa. The Director Cattle Breeding and Dairy Farm Harichand was strictly instructed to vigorously pursue the case with the D.G Audit, Khyber Pakhtunkhwa, and obtain the verification certificate for settlement of the audit Para. Now all the record had been verified by Audit.

PAC RECOMMENDATIONS

65. The Para was recommended to be settled as the relevant documents have already been verified by Audit during Pre-PAC meeting and no misappropriation was found.

DP No. 2.4.10 MISAPPROPRIATION OF COST OF MACHINERY-Rs.1.153 MILLION.

AUDIT VERSION

66. During financial year 2011-12, Director, Seed Agriculture Development Fund, Khyber Pakhtunkhwa, Peshawar spent Rs.1.729 million on purchase of three (03) generators. Stock entries showed purchase of three (03) generators. Record showed receipt of one (01) generator by D.I Khan Office. The remaining two (02) were neither physically available in store nor issued to another office. In the absence of a reasonable explanation, it was apprehended that the missing generators worth Rs.1.153 million might had been misappropriated.

67. It was held that weak internal controls had resulted in loss which was violation of **Para 23 of GFR vol I.**

68. The matter was pointed out in 01/2013 but the Department did not reply. In the DAC meeting held in September, 2013 the Department was directed to

furnish acknowledgement receipt and physical verification report within 15 days. No record was produced till finalization of this report.

DEPARTMENTAL VERSION

69. The Department explained that the three (03) Nos. generators of 20 KV ADG set unit AMF panel have been purchased from Millat Tractors Ltd, P.O Box. No. 1203 Sheikhpura Road Shahdara Lahore Pakistan and distributed to various Districts Director Agriculture as per detail mentioned below:-

- i) DDA DI Khan =01
- ii) DDA Mardan =01
- iii) DDA Peshawar =01

70. The generators were being using for running of the processing plants in the bulk seed stores for grading and cleaning of seed during the load shedding hours for ensuring timely supply of certified seed to the farming community.

71. The same were taken in the main stock inventory register and physically handed over to the quarter concerned.

PAC RECOMMENDATIONS

72. In view of plausible explanation duly endorsed by Audit and documentary proof provided by the Department during the meeting the Para was recommended to be settled.

DP No.2.4.11 LOSS TO GOVERNMENT OF Rs.7.904 MILLION.

AUDIT VERSION

73. During the financial year 2012-13, the Director Cereal Crops Research Institute, Pirsabak Nowshera, caused a loss of Rs.7.904 because of less production of Wheat and Maize Crop as per the detail given below:-

Crop	Area	Standard produce	Actual produce	Difference	Rate	Amount (Rs)
Wheat	129.5 acres	6475 maund	3525 mound	2950	2100	61,95,000
Maize	50 acres	1500 maunds	576 moun	924	1850	17,09,400

74. It was held that less production was either negligence on the part of local administration or misappropriation through collusion for personal gain by the concerned staff resulting into loss to Government.

75. The loss was pointed out in 10/2013. The management furnished no reply. In the DAC meeting held in April, 2014, the Department was directed to produce record showing total yield against the standard. No record was produced to audit till finalization of the report.

DEPARTMENTAL VERSION

1st Reply

76. The Department explained that:-

Farm Manager (Wheat)

77. Since CCRI deals with seed production of wheat crop not the commercial grain production therefore, the yield per acre becomes very low due to the following factors.

- i) The potential yield of a variety means that the variety has the potential to produce that much grain yield if all the ideal conditions were provided to it, which can rarely be provided due to natural hazards and climatic changes, moreover it was the potential grain yield not the seed yield because in seed production continuous rouging was required which reduce seed yield but improves seed quality and the mandate of the research institute was to provide high quality seed. It was further submitted that the average grain yield of wheat in Khyber Pakhtunkhwa was 1.679 tons/ha (MINFAL, 2012-13) while the quality seed produced in CCRI was 3.372 tons/ha.
- ii) The gross area shown under cultivation (129.5 acre) consisted of water channels, bunds, drainage, space between the verities and machinery path ways so the net harvestable area decreased due to these things.
- iii) The seed production blocks require thorough rouging of off types and diseased plants to maintain the quality of seed production, due to which the standing crop also becomes damaged and the population also becomes low from the required standard population.
- iv) The irrigation water was not supplied to the crop on proper time at critical stages due to heavy load shedding and damaged irrigation channels.

- v) Due to large area planted in the season for wheat seed production to fulfill the requirement of the quality seed of pre-basic, basic and certified seed classes, the crop harvesting was next to impossible manually. Therefore, the combined harvester was necessarily be used for harvesting this huge area, for machinery harvesting the crop needs to be over matured since the less matured crop cannot be harvested by the machinery so shattering of seed was occurred due to delayed harvesting which ultimately affect the yield.
- vi) Moreover, the 11929 men days of labours were not utilized only for wheat seed production but were also utilized for overall farm management activities of the institute including several sections like pathology, entomology, farm management and watch and ward at CCRI.

Maize Seed Production (Maize)

78. The area shown in audit Para was 50 acres, while it comes 42.5 acres, because 15% area of the sown crop comes under channels, bunds, ridges and machinery pathways (planter, welders etc.) similarly the average maize yield of Khyber Pakhtunkhwa was 1.852 tons/ha (grain) (annual research progress report 2012-13) which was very close to the yield obtained at CCRI, Pirsabak i.e 1.674 tons/ha (seed).

79. Reference to the brochure, the yield was of the grain, not seed. The yield mentioned in the brochure was potential yield which means provided by the best environment less temperature than 35°C, while the prevailing temperature maize cropping season was much higher than the required and sometime reaches to 42-47 ° C. similarly, potential yield needs fertile soil rich in organic matter and sufficient and timely irrigation. In contrast the soil of CCRI having very limited organic matter and depilated from other essential plants nutrients.

80. The cropping pattern in CCRI was intensive and for the last 3-4 decades the wheat and maize crops were sown. There was no proper crop rotation to enhance the soil fertility as the mandate of CCRI was to produce only wheat and maize seed. Furthermore, the PH of CCRI soil was alkaline and the nutrient availability was limited to the plants and we mainly use the recommended dose of fertilizer to avoid the audit Para like that one.

81. Cultural practices such as roughing in standing crops and sorting in cobs were carried out by removing the off types and disease once etc. to ensure the best quality of crop produce.

82. One of our varieties namely PAHARI a short duration and low yielding variety has decreased the average yield of maize in CCRI, but we produced seed of this variety on the basis of high demand of farmers of hilly area, like Malakand Agency and Hazara Division where the performance of this variety was excellent.

2nd Replay

83. This Para was settled after detailed discussion by the forum in the DAC meeting held on 04-04-2014 at 10:30 am under the chairmanship of Special Secretary Agriculture, in the committee room.

PAC RECOMMENDATIONS

84. The Department was directed to conduct inquiry proceedings and initiate strict departmental action against those who had not produced record to Audit in time despite the decision of DAC. Para stands. Progress be reported to PAC within a month.

DP No. 2.4.12 LOSS DUE TO DETERIORATION OF SEED- Rs.5.033 MILLION.

AUDIT VERSION

85. During financial year 2012-13, Director, Cereal Crops Research Institute, Pirsabak, Nowshera contracted for the production and purchase of 1,29,733 kg Maize hybrid seed costing Rs.6.486 million @ Rs:50 per kg from contract farmers who produced it under the project “Maize hybrid seed production through public private partnership”. Departmental record showed that the decision on quantum of seed to be produced and purchased was unjustified given that the Department had overproduced maize seed under the project in previous years that remained unsold and wasted due to absence of cold storage facility needed to prevent deterioration and lack of marketing ability. Only 29,061 kg was sold at cost for Rs.1.453 million leaving the balance 100,672 kg seed worth Rs5.033 million susceptible to deterioration. The Department was guilty of mismanagement due to repeated willful over estimation of demand without investigating whether farmers had

recourse to cheaper or better seed that had caused loss of goodwill. The failure to auction the inventory in the wake of approval by Secretary, Agriculture proved the absence of market for Government seed.

86. It was held that inefficiency had resulted in the erroneous stockpiling which was violation of **Para 10 of GFR vol I.**

87. The loss was pointed out in 10/2013. The management furnished no reply. In the DAC meeting held in April, 2014, it was decided that detailed inquiry by the Administrative Department would be conducted to fix responsibility within one month. No progress in the matter was intimated to audit till finalization of the report.

DEPARTMENTAL VERSION

1st Replay

88. The Department explained that since cereal crops research institute has no marketing cell, therefore, the maize breeder and production agronomist (deputed to the project who produced the hybrid maize seed) collectively wrote immediately after cleaning, processing and certification by FSC&RD to the Director CCRI/PI of the project vide letter No. 94/MB/DCC dated 10.4.2013 well before starting the planting season to approach to the higher authority for early disposal of the mentioned hybrid maize seed through open tender at once to ensure in time availability of good quality hybrid maize seed at affordable price to the poor farmers of the Province and also to avert the risk of any loss due to seed deterioration in the future.

2nd Replay

89. In this connection an inquiry has already been conducted vide Director Cereal Agriculture Research Khyber Pakhtunkhwa office order No.2970-73/Audit/ DGAR dated 16.04.2014 in response to Government of Khyber Pakhtunkhwa livestock & Cooperation Department letter No. SO(Acctt:) AD/DAC/2012-13/Vol-I dated 14.04.2014.

90. The said quantity i.e. 103.806 ton of the financial year 2012-13 produce was recertified by the FSC&RD to check the germination ability. According

to FSC&RD report this seed was declared “not up to the standard” and should not be sold to the farmers as it was deteriorated due to the fact that maize seed contains oil content in germ and during hot and dry months of summer during the year 2013 coupled with 18 hours of unscheduled electricity load shedding resulted in low germination standard. So for the early disposal of this deteriorated seed as mixed grain the production agronomist proposed to PI to grant sanction from the higher authority. The PI/Director then requested to DGAR to grant sanction for the disposal of these seeds lots as mixed grain as open auction to avoid further storage losses. The DGAR granted the sanction for auction of the said quantity as mixed grain. The Director CCRI, Pirsabak Nowshera wrote a letter to the Director Information for the advertisement of tender notice in the Daily Newspaper Aaj which was published on 09-03-2014, after which the DCCRI formed the an auction Committee then properly auctioned the said quantity according to the rules which was forwarded to the DGAR for approval. After which the amount from the successful bidder was deposited in the Government treasury.

91. Keeping in mind that no intentional negligence has been happened in this regard, but due to hot weather and lack of electricity proper storage was not possible and that was beyond the control of the authority and that, to save the Government from further losses of the said quantity the seed was auctioned as mixed grain.

92. During meeting the Department explained that another inquiry was conducted wherein five (05) officers of the Department including the Director General had been charge sheeted and summary in this regard has been moved to the Chief Minister Khyber Pakhtunkhwa being competent authority.

PAC RECOMMENDATIONS

93. Para stands till the decision of the Chief Minister.

DP No. 2.4.13 MISAPPROPRIATION OF Rs.2.500 MILLION.

AUDIT VERSION

94. During the financial year 2012-13, the Director Cereal, Crops Research Institute, Pirsabak, Nowshera did not record either the production or sale of

hay valuing approximately Rs.2.5 million resulting from the wheat crop on 129.5 acres of land harvested in May, 2013.

95. It was held that the missing wheat hay was misappropriated through collusion for personal gain by the concerned staff which was violation of **Para 23 of GFR vol I.**

96. The matter was pointed out in 10/2013. The management furnished no reply. In the DAC meeting held in April, 2014, the Department replied that crop was harvested through combined harvester and the hay was left in the field for soil fertility. Audit did not agree and asked the Department to produce orders of the Competent Authority and record of purchase of fertilizers for the fields harvested. No record was produced for verification till finalization of this report.

DEPARTMENTAL VERSION

1st Reply

97. The Department explained that Boosa was not sold because the crop was harvested through combined wheat harvester. It was important to mention that wheat was harvested through combined wheat harvester which harvests the crop in the middle, only the seed was collected while the threshed straw was spread over the field. This straw/boosa was incorporated in the soil for restoration of the soil fertility. In all developed countries straw /boosa was incorporated in the soil which becomes organic fertilizer and restores soil fertility, as straw has both Macro and Micro nutrients. In CCRI the soil was sandy loam and mainly wheat and maize were grown, both of which were highly exhaustive crops, so it was compulsory to incorporate straw/boosa in the soil otherwise soil would be depleted and destroyed.

2nd Reply

98. Wheat straw (Boosa) was not sold because the crop was harvested through combined wheat harvester. It was important to mention that in CCRI, Pirsabak wheat was harvested though combined wheat harvester which harvests the crop in the middle, only the seed was collected while the threshed straw was spread over the field. The remaining straw/boosa was incorporated in the soil restoration of the soil fertility. In all developed countries straw/boosa was

incorporated in the soil which becomes organic fertilizer and restores soil fertility. In CCRI the soil was sandy loam and mainly wheat and maize were grown, both of which were highly exhaustive crops so it was compulsory to incorporate straw/boosa in the soil otherwise soil would be depleted and destroyed.

PAC RECOMMENDATIONS

99. In view of plausible explanation and documentary proof provided during the meeting, the Para was recommended to be settled.

DP No. 2.4.14 LOSS DUE TO NON-DEDUCTION OF HOUSE RENT Rs.1.145 MILLION.

AUDIT VERSION

100. During the financial year 2012-13, the Director Cereal Crop Research Institute Pirsabak Nowshera allotted Government Residential Accommodations to 13 officers and other staff but house rent & 5% maintenance charges were not deducted resulting into a loss of Rs.1.145 million to Government.

101. It was held that willful disobedience had caused the loss. The matter was pointed out in 06/2013. The management replied that the officers/officials were living in 2 rooms accommodation hence 5% deduction of house rent was not admissible.

102. In the DAC meeting held in April, 2014 the Department was directed to produce requisite record in support of reply within 15 days. No record was produced for verification till finalization of the report.

DEPARTMENTAL VERSION

103. The Department explained that the Residential Colony of CCRI Pirsabak was severely hit by the massive flood during July 2010. The entire Institute as well as all the buildings including residential colony remained submerged under 10 to 15 feet flood water for the period of one week. The staff that belongs to the far-flung areas individually repaired their Government accommodations on their own cost and many of the bungalow were still laying damaged and worse condition. The Communication and Work Department Nowshera also issued a certificate in this regard describing that the residences were dangerous and not fit for residential purpose.

104. In this connection Government of Khyber Pakhtunkhwa Administrative Department has also issued a letter vide No. SOG (AD) B-16/2014-15 dated 03.04.2015 addressed to DGAR Khyber Pakhtunkhwa that to direct the residence of colony of CCRI to immediately vacate their residences as the same were declared damaged by the Communication and Works Department and were dangers for residential purpose and if any human loss occurred then the Administration Department would not be responsible. All the households were informed accordingly but due to their compulsories they retained the accommodation on their own risk.

105. In-spite of all the above, the residence has been allotted and house rent deduction has been started from each individual which would be verified from the next audit party.

PAC RECOMMENDATIONS

106. The explanation of the Department was found plausible, hence the Para was recommended to be settled.

DP No.2.4.15 MISAPPROPRIATION OF SALE PROCEEDS OF MILK Rs.2.713 MILLION.

AUDIT VERSION

107. During financial year 2012-13 in the University of Agriculture Peshawar, a quantity of 187654 liters milk valuing Rs. 11.259 million was produced in the University's Dairy Farm. A total of Rs. 8.546 million as a result of sale proceeds were deposited whereas the remaining amount of Rs.2.713 was not deposited in the University account and misappropriated.

108. It was held that the lapse was due to collusion between the staff and the daily paid labours deployed for cash collection who issued fake tokens to consumers and misappropriated the actual collected amount instead of handing over the same to the quarters concerned which was violation of **Para 26 of GFR vol I**.

109. The irregularity was pointed out in February, 2014. The Department replied that an Inquiry Committee had been constituted to probe the matter.

110. DAC meeting was held in August, 2014. DAC directed for provision of the inquiry report to audit. However, no progress was reported to audit till finalization of this report.

DEPARTMENTAL VERSION

111. The Department explained that in order to obtain factual position, the Vice Chancellor constituted a Committee comprising the following vide Notification No.203/S-I dated 18.03.2014.

- i. Dr. Tahir Sarwar, Professor
- ii. Mr. Niamatullah, Additional Director Finance.

112. The findings of the Committee were presented to the 89th Syndicate meeting held on 13.05.2014. The Syndicate decided as under:-

113. In light of the background presented to the Syndicate regarding financial mismanagement in the sale of milk pinpointed in the preliminary inquiry, the Syndicate constituted the following Committee to investigate the issue in detail and submit its report in the next Syndicate meeting.

- i. Mr. Sharafat Khan Rabbani, Additional Secy. Estt. (Convener)
- ii. Dr. Shahid Sattar, Deptt. of Plant Protection (Member)

114. In light of the Syndicate decision, the inquiry Committee was notified vide Notification No.445/S-I dated 19.06.2014. Before taking up the task, Dr. Shahid Sattar was appointed as Registrar of the University on 18.06.2014, hence could not perform the duty of inquiry officer. Whereas, due to other pressing official engagements the Establishment Department, Government of Khyber Pakhtunkhwa vide letter No.SOR.III(E&AD) 1-6/2012 dated 24.07.2014 requested that the name of Mr. Sharafat Khan Rabbani, Addl. Secy. (Reg) Establishment Department may please be excluded from the said inquiry committee and some other officer may be nominated for the said purpose.

115. The issue was brought to the notice of Secretary Establishment through Secretary Agriculture for guidance as whether to constitute another committee or place the case before Syndicate vide Letter No.5576/R/UAP dated 01.10.2014. The Agriculture Department vide No.SOE(AD)17(15)2011 dated 27.10.2014 replied that the remaining members should continue as committee if they were two or more.

116. According the case was placed before 90th Syndicate meeting held on 27.11.2014. The Syndicate decided as under:-

117. The Syndicate, after perusal of the item, reconstituted the following committee.

- i. Dr. Khalid Khan (Convener)
- ii Dr. Abbassullah Jan (Member)

118. The Syndicate directed that the committee shall take up the matter on priority and submit its findings/ recommendations to the Syndicate.

119. Accordingly the committee was notified vide Notification No.7728/ dated 30.10.2015. The Committee submitted its report to 97th meeting of the Syndicate held on 17.04.2017. The Syndicate inter-alia stated that findings of the inquiry committee were inconclusive and as such recovery cannot be made without fixing responsibility on individuals. Since, the University has no proper mechanism in place concerning investigation. Therefore, proper course would be that the case may be referred to the NAB or Ehtisab Commission, they argued. However, Prof. Dr. Talat Naseer Pasha, nominee of HEC proposed that it was internal matter and be dealt with in the University. After detailed discussion, the house unanimously concluded to constitute the following committee:

- a. Justice (R) Miftahuddin
- b. Mian Lutfur Rahman
- c. Director Finance

The Syndicate further decided that;

- a. They should review the inquiry report and determine the level of involvement and responsibility on each individual and ensure the recovery of proportionate quantum of embezzled amount, and
- b. Recommend the nature of penalty to be imposed on each individual after observance of proper procedure as per Efficiency and Discipline Statutes of the University.

120. The members of the Inquiry Committee were informed accordingly. However, Justice (R) Miftahuddin and Syed Lutfur Rahman showed their inability due to their official engagements to conduct the inquiry vide applications dated 17.05.2017 and 20.06.2017 respectively. The issue was again brought before the 98th meeting of the Syndicate held on 23.06.2017. The Syndicate decided as under:-

"Request of the Honourable members of the Syndicate was considered by the house and allowed to replace the respective members and nominated Mr. Ali Qadir Safi, Additional Secretary to the Government of Khyber Pakhtunkhwa, Establishment Department as convener of the Committee and Prof. Dr. Nazir Ahmad as its member."

121. The report of the latest constituted Committee when made available would be placed before the Syndicate for taking appropriate action. Accordingly the revised Committee was notified vide letter no.4126/Reg/UAP dated 25-07-2017.

PAC OBSERVATION

122. The Committee observed that proper charge sheet was not served upon the accused. The Committee also observed that it was straight away a criminal offence for which criminal proceedings should have been initiated, which was not done as yet.

PAC RECOMMENDATIONS

123. In view of the above, the Committee recommended to initiate action leading to recovery of the total amount coupled with strict disciplinary action according to quantum of responsibility within a month. Para stands. Progress be reported to PAC.

IRRIGATION DEPARTMENT

Total Draft Paras	_____07
Examined	_____07
Pending	_____01

Settled: 14.4.2, 14.4.6..... 02
Sub-Committee: 14.4.3, 14.4.4, 14.4.5..... 03
VOR: 14.4.1..... 01
Kept pending for report of Audit: 14.4.7.....01

IRRIGATION DEPARTMENT

Seven (07) Draft Paras, reflected in the Auditor General's Report for the year 2014-15 against the Department, were examined by the earlier Public Accounts Committee in its meeting held on 17th October, 2017. The following were present:-

PUBLIC ACCOUNTS COMMITTEE

- | | | |
|----|-----------------------------------|----------|
| 1. | Mr. Asad Qaisar/Speaker | Chairman |
| 2. | Syed Muhammad Ali Shah Bacha, MPA | Member |
| 3. | Mr. Qurban Ali Khan, MPA | Member |
| 4. | Mr. Mehmood Ahmad Khan, MPA | Member |
| 5. | Arbad Waseem Hayat, MPA | Member |

LAW, PARLIAMENTARY AFFAIRS & HUMAN RIGHTS DEPARTMENT

Mr. Masood-Ul-Hassan,
Law Officer.

FINANCE DEPARTMENT

Mr. Muhammad Sheraz,
Deputy Secretary.

AUDIT DEPARTMENT

1. Mrs. Hashmat Iqbal,
Deputy Auditor General.
2. Mr. Asad Ullah Khan,
Director.
3. Mr. Zubair Arshad Khattak,
Deputy Director.

IRRIGATION DEPARTMENT

1. Mr. Tariq Rashid,
Secretary.
2. Mr. Zahid Abbas,
Chief Engineer (South).
3. Arbab Zulfiqar Ahmad,
Chief Engineer (North).
4. Mr. Aqeel Azhar,
Xen Paharpur D.I.Khan

PROVINCIAL ASSEMBLY SECRETARIAT

1. Mr. Nasrullah Khan,
Secretary.
2. Mr. Amjad Ali,
Additional Secretary.
3. Mr. Inamullah Khan,
Additional 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. 14.4.1 UNVERIFIED EXPENDITURE OF Rs.40.327 MILLION.

AUDIT VERSION

3. During the financial year 2011-12 & 2012-13, the XEN Paharpur Irrigation Division D.I.Khan, paid Rs.3.863 million to M/s Mughtari Shah and Sons for the work under ADP-516 Phase-IV. However, the Contract Agreement, Work Order, MB and other related documents were not provided to audit.

4. Similarly, Rs.36.464 million was paid to XEN Flood Irrigation Division D.I.Khan without any supporting documents. Thus the payment of Rs.36.464 could not be verified in absence of supporting documents.

Similarly, Rs.36.464 million was paid to XEN Flood Irrigation Division D.I.Khan without any supporting documents. Thus the payment of Rs.36.464 could not be verified in absence of supporting documents.

5. It was held that in absence of the relevant documents the veracity of the expenditure could not be ascertained which was violation of **Para 17 of GFR vol I**.

6. The matter was reported to the Department in November, 2012. No reply was furnished. The DAC meeting was held in October, 2013. DAC directed the Department to produce record for verification. No progress was reported till the finalization of this report.

DEPARTMENTAL VERSION

7. The Department explained that:-

- (a) (i) There was no need of time extension as the work has been completed within the stipulated period.
- (ii) The relevant record for the ADP No.516 (Sub-Work Repair & improvement of Canal Patrol road of Shah Kot Minor by providing X-Drainage Culverts) was available for verification of audit. The Director General Audit Peshawar office has been approached vide this office No.654/126-A dated 14/04/2016 for verification of record which was awaited.
- (b). The expenditure of Rs.36.464 million was made to XEN Flood through M&R after the receipt of funds release letter No.BO-II/FD/2-9/CE(S)2011-12 dated 20/06/2012. Against the Demand Bill of XEN: Flood and instructed by the Superintending Engineer D.I.Khan Circle.

8. It further clarified, that after the restructuring of the Irrigation Department the Flood Division separated cost center was not allotted, therefore the releases under Flood Control were made to Paharpur Irrigation Division, which further re-imbursed to Flood Irrigation Division, which has made the payments against work done and the accounts of the Flood Division has already been audited.

PAC RECOMMENDATIONS

9. The first portion of Para involving Rs.3.863 million was recommended to be settled as time extension was not required to the Contractor and delay in completion was due to non-availability of funds. Regarding the second portion involving Rs.36.464 million, the Department was directed to produce complete record to the Verification of Record Committee (VOR) within one month. Para stands till verification of record by the VOR Committee.

DP No. 14.4.2 LOSS DUE TO NON-RECOVERY OF Rs.6.134 MILLION.

AUDIT VERSION

10. During the financial year 2009-10, the Executive Engineer Flood Irrigation Division D.I. Khan, paid Rs.166.057 million to the contractor for the work on Spur No 34 on Right Bank of River Indus D.I.Khan. The work was not completed in time and Rs.6.134 million was withheld as penalty. However, the

amount was released to the contractor in the 8th running bill without any justification. This resulted in loss to the Government.

11. It was held that loss occurred due to negligence of the Department. The matter was reported to the Department in November, 2012. No reply was furnished. The DAC meeting was held in October, 2013. The Department replied that the delay occurred due to non-availability of funds and case was sent to Superintending Engineer for extension. DAC directed the Department to provide detail of releases and extension orders of Chief Engineer for verification within 15 days. No progress was reported till the finalization of the report.

DEPARTMENTAL VERSION

12. The Department explained that the work was to be completed on 15-11-2010 but due to non-availability of funds it was extended up to 20-04-2011 and request for sanction of extension in time limit was accordingly submitted to the competent authority vide Superintending Engineer Flood & Drainage Circle Peshawar No-2059-60/F&D/1-M (D) dated 30-06-2011. The amount of Rs.6.134 (M) was withheld on account of non-availability of funds not as penalty for late completion of the work.

13. Detail of releases and approval of extension in time limit from 16-11-2010 to 30-06-2011(226-days) vide C.E (South) letter No. 2751/IB/WC/425-W (PSDP) dated 22-11-2013 was produced.

PAC OBSERVATION

14. The Committee observed that delay in completion of work occurred due to shortage of funds and was not contractor's fault.

PAC RECOMMENDATIONS

15. In view of the above the Committee recommended the Para to be settled.

DP No.14.4.3 FICTITIOUS EXPENDITURE ON CONSTRUCTION WORK- Rs.1.669 MILLION.

AUDIT VERSION

16. During the financial year 2011-12, the XEN Irrigation Division Swabi, paid Rs.5.058 million for the 2nd running bill dated 20.06.2012 and Rs.1.669 million for the 3rd running bill dated 21.06.2012, for the execution of work "Rehabilitation / Improvement of Canal Patrol road along Gujrat minor off track Ismaila Disty RD0900

and RD03000 and PK29". The payment of Rs.1.669 million was fictitious as the bill was presented after one day of the previous bill.

17. It was held that the fictitious payment made due to negligence of the Department which was violation of **Para-23 of GFR vol-1.**

18. The matter was reported to the Department in October, 2012. No reply was furnished. The DAC meeting was held in November 2013. The Department replied that entries were made in the MB due to mistakes and concerned officer has been warned to be careful in future. DAC held that the documents of measurement produced were fictitious because of overwriting in the Measurement Book No.1991 for the same work "Rehabilitation / Improvement of Canal Patrol road along Gujrat minor off track Ismaila Disty RD0900 and RD03000 and PK29 under the agreement No.57/2011-12" and the works executed in the three (03) running bills were separate from each other and it was directed to investigate the matter. No progress was reported till the finalization of this report.

DEPARTMENTAL VERSION

19. The Department explained that the Sub-Engineer concerned started measurement of the work on 12/06/2012 (as evident on page-52 of the MB) and at end of abstract at page-59 completed on 18/06/2012. Hence, the suspicious date i.e 25/06/2012 recorded on page-54 was an erroneous mistake.

20. On the observation of the audit party the Sub-Engineer concerned was warned by SDO Irrigation S/Division Shahbaz Garhi to be careful in maintenance of such important record (MB).

PAC RECOMMENDATIONS

21. After detailed deliberation, the Committee could not reach to a just conclusion therefore, the Para was referred for detailed probe to the Sub-Committee comprising the following:-

- | | | |
|----|----------------------------------|----------|
| 1. | Mr. Qurban Ali, MPA | Chairman |
| 2. | Syed Muhammad Ali Shah Bach, MPA | Member |

22. The Sub-Committee will submit its report to PAC with in a month.

DP No. 14.4.4 FICTITIOUS EXPENDITURE WORK - Rs.3.006 MILLION.**AUDIT VERSION**

23. During financial year 2011-12, the XEN Irrigation Division Swabi, paid Rs.3.006 million on account of 1st, 2nd and 3rd running bills dated 14.06.2012 and 20.06.2012. The 1st & 2nd running bills of the contractor were presented on the same day and 3rd running bill after 6 days.

VR No. & date	Bill No.	Amount
Dated 14.06.2012	1 st running bill	Rs.6,71,051/-
15-S dated 14.6.2012	2 nd running bill	Rs.5,97,270/-
47-S dated 20.6.2012	3 rd running bill	Rs.17,37,851/-
	Total	Rs.30,06,172/-

24. It was observed that when payment of 1st running bill was made on 14.06.2012 then on the same day and subsequent after 5 days execution of work worth Rs.2.335 million was not possible. Had the contractor actually executed the work the measurement should have been included in the 1st running bill.

25. It was held that the fictitious expenditure of Rs.3.006 million was due to negligence and collusion between the Department and the contractor which was violation of **Para-23 of GFR vol-1.**

26. The matter was reported to the Department in October 2012. No reply was furnishd.

27. The DAC meeting was held in November, 2013. Wherein the Department replied that the date of work completed and submission of bill has no relevancy. DAC held that the documents of measurement produced were fictitious because of overwriting in the Measurement Book No.1873 for the same work "Construction of causeway at Jani Lara Rustam Khwar PK30 under the agreement No.58/2011-12" and the works executed in the three (03) running bills were separate from each other. The Department was directed to investigate the matter. No progress was reported till the finalization of this report.

DEPARTMENTAL VERSION

28. The Department explained that the audit observation seems based on presumption. As already discussed in detail, it was once again clarified that the time factor was not required to be linked with the dates of issuance of cheques. The date of commencement of the work was 06-03-2012 & by the passage of time the contractor has executed the work in full swing resultantly executed work to the quantum of Rs.67,105/-, Rs.6,45,714/-,& Rs.1,73,785/- measured and verified by the dealing hands on 19-04-2012, 07-05-2012 & 18-06-2012 accordingly. The work done mentioned above paid for on the release of funds received in this office on 07-06-2012 vide SE SIC Swabi No. 3508-12/1-B, dated:07-06-2012.

PAC RECOMMENDATIONS

29. The Para was referred to the Sub-Committee constituted for Draft Para No. 14.4.3.

DP No. 14.4.5 FICTITIOUS EXPENDITURE OF Rs.3.459 MILLION.
AUDIT VERSION

30. During the financial year 2011-12, the XEN Irrigation Division Swabi paid Rs.3.459 million for the work “Rehabilitation of Canal Patrol road in Khyber Pakhtunkhwa Phase-III ADP No.514 Sub-Work Rehabilitation of Canal Patrol road along Link Channel and Shahbaz Garhi Disty”.

VR No. & date	Bill No.	Amount
43-S dated 19.6.2012	3 rd running bill	Rs.2,449,364/-
64-S dated 21.6.2012	4 th running bill	Rs.643,896/-
73-S dated 21.6.2012	5 th running bill	Rs.365,586/-
	Total	Rs.34,58,846/-

31. It was observed that when 2nd running bill for Rs.0.571 million was paid to the contractor on 19.6.2012, then the execution of work for value of Rs.2.449 million Rs.0.644 million and Rs.0.366 million on the same date and after 2 days were not possible.

32. It was held that the fictitious expenditure of Rs.3.459 million was due to negligence of the Department which was violation of **Para-23 of GFR vol-1.**

33. The matter was reported to the Department in October 2012. No reply was furnished. The DAC meeting was held in November, 2013. Wherein the Department replied that the date of work completed and submission of bill has no relevancy. DAC held that the documents of measurement produced were fictitious because of overwriting in the Measurement Book No.1987 for the same work under the agreement No.63/2011-12 and the works executed in the three (03) running bills were separate from each other. The Department was directed to investigate the matter. No progress was reported till the finalization of this report.

DEPARTMENTAL VERSION

34. The Department explained that as evident from the dates of measurements noted below no factitious measurements was involved. Furthermore, it was, also mentioned that due to the pendency of cheques in the DAO office on the same dates the cheques were issued accordingly.

VR No. & dates	Date of measurement	MB & Pages Nos
42-S, dated 19/06/2012.	02/04/2012.	1987, (75-80)
43-S,dated 19/06/2012	28/05/2012	1987, (190- 1940)
64-S,Dated 21/06/2012	20/06/2012	1987, (157- 163)
73-S, dated 21/06/2012	20/06/2012	1987, (164 – 171)

PAC RECOMMENDATIONS

35. The Para was referred to the Sub-Committee constituted for Draft Para No. 14.4.3.

DP No. 14.4.6 OVERPAYMENT DUE TO INADMISSIBLE RATES-Rs.1.278 MILLION.

AUDIT VERSION

36. During the financial year 2011-12, the Executive Engineer Swat Irrigation Division Swat, executed restoration of flood protection works under FDRD, including 33,264.64 m³ excavation in shingle, gravel formation in Rock not

requiring blasting lead upto 50 meter dry @ Rs.187.20 pm³ instead of Rs.148.78 pm³
 $(187.20-148.78 = 38.20 * 33264.64m^3) = Rs. 1.278$ million.

37. It was held that the overpayment was made due to negligence. It was reported to the management in October 2012. No reply was furnished. DAC meeting was held in December, 2013. The Department replied that the rates of NAB were applicable in case of shingle/gravel and not applicable in the instant case. The DAC did not agree and directed that recovery may be made. No progress was made till the finalization of this report.

DEPARTMENTAL VERSION

38. The Department explained that the decision of DAC needs to be reviewed as the recommended rate of Rs.148.48 PM3 was applicable for desiltation of canals only whereas in the case of Flood protection Works executed under FDRD the correct rate of Rs.187.20 PM3 (CSR-2009) has been applied for Excavation in single/gravel formation & rock not requiring blasting undressed lead upto 50 m dry (03-09-a) duly approved in the PC-1 by the PDWP as well as Technical sanction.

PAC RECOMMENDATIONS

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

DP No. 14.4.7 NON-PRODUCTION OF RECORD FOR Rs. 14.632 MILLION.

AUDIT VERSION

40. During the financial year 2011-12, the record of the office of Executive Engineer Irrigation Division Swat revealed that Rs.14.632 million was released to the newly segregated Irrigation Division Dir. The amount was released for the deposit work but record in support of utilization of the fund was not produced to audit.

41. It was held that non-production of record was the violation of the Federal Law on the subject and **Para-17 of GFR vol-I.**

42. The matter was reported to the management in October 2012. No reply was furnished. The DAC meeting was held in December, 2013. The XEN Swat Irrigation Division replied that the relevant record and vouchers has been received and

would be produced to audit. However DAC showed grave concern for non production of record to DAC and directed to place the matter before PAC.

DEPARTMENTAL VERSION

43. The Department explained that Dir Irrigation Division Timergara was under the jurisdiction of Swat Irrigation Division Swat. On establishment of Divisional Office at Timergara all the unspent balances of AM&R work were transferred to the newly created Division. All the accounts of the expenditure under the relevant Heads has been mentioned & rendered to the Accountant General Khyber Pakhtunkhwa by that Division. Besides, the Accounts of the Division has also be audited by the Audit Party of Director General Provincial Audit during 2011-12. As the transaction of the funds transferred has been utilized by the Dir Irrigation Division Timergara duly inspected by the Audit, hence the Para may be settled.

PAC RECOMMENDATIONS

44. In response to the query, the Audit explained that contention of the Department that funds had been transferred to Dir Irrigation Division was verified and it has to be checked as to whether audit of the transferred amount was carried out or otherwise. The Para was kept pending for the said report to be submitted by Audit on 23-10-2017.

FOOD DEPARTMENT

Total Draft Paras: _____	11
Examined: _____	11

Settled: 9.4.1, 9.4.2, 9.4.7, 9.4.8, 9.4.11..... 05

Recovery: 9.4.10, 9.4.12..... 02

Sub-Committee: 9.4.3, 9.4.4, 9.4.5..... 03

VOR: 9.4.9 01

FOOD DEPARTMENT

Eleven (11) Draft Paras, reflected in the Auditor General's Report for the year 2014-15 against the Department, were examined by the present Public Accounts Committee in its meeting held on 3rd December, 2018. The following were present:-

PUBLIC ACCOUNTS COMMITTEE

- | | | |
|-----|---|-------------------|
| 1. | Mr. Mushtaq Ahmad Ghani, Speaker | Chairman |
| 2. | Mr. Taimur Saleem Khan Jhagra, Minister Finance | Ex-officio Member |
| 3. | Mr. Khusdil Khan (Advocate), MPA | Member |
| 4. | Arbab Muhammad Waseem, MPA | Member |
| 5. | Mr. Inayatullah Khan, MPA | Member |
| 6. | Mr. Muhammad Idrees, MPA | Member |
| 7. | Syed Fakhar Jehan, MPA | Member |
| 8. | Mr. Babar Saleem, MPA | Member |
| 9. | Dr. Sumaira Shams, MPA | Member |
| 10. | Mst. Nighat Yasmin Orakzai, MPA | Member |

LAW, PARLIAMENTARY AFFAIRS AND HUMAN RIGHTS DEPARTMENT

Mst. Hamsheeda Begum,
ALD-II.

FINANCE DEPARTMENT

Mr. Safeer Ahmad,
Additional Secretary.

AUDIT DEPARTMENT

1. Dr. Akbar Ali Khan,
Director General.
2. Mr. Shahid Ali,
Deputy Director.
3. Mr. Masood Khan,
Deputy Director.
4. Mr. Qadir Khan,
Deputy Director, Audit.
5. Mr. Zubair Arshad Khattak,
Deputy Director.

6. Dr. Ismail,
Deputy Director.
7. Mr. Munem Khattak,
Audit Officer.
8. Mr. Khalid Zaman,
Audit Officer.
9. Mr. Mehmood-ul-Hassan Saeed,
Assistant Audit Officer.

FOOD DEPARTMENT

1. Mr. Muhammad Akbar
Khan, Secretary.
2. Mr. Saadat Hassan,
Director, Food.
3. Mr. Fazal Bari.
DFC, Chitral.
4. Mr. Adil Badshah,
DFC, Mardan.
5. Mr. Nazir Rahman,
DFC, D.I.Khan.

PROVINCIAL ASSEMBLY SECRETARIAT

1. Mr. Nasrullah Khan
Khattak, Secretary,
 2. Mr. Amjad Ali,
Additional Secretary.
 3. Mr. Muhammad Younas,
Deputy Secretary.
 4. Mr. Ibrahim Khan,
Assistant Secretary.
 5. Mr. Muhammad Ayaz,
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.9.4.1 LOSS TO GOVERNMENT - Rs. 2917.508 MILLION.**AUDIT VERSION**

3. During Audit of the financial year 2012-13, it was noticed that the Director Food, Khyber Pakhtunkhwa fixed target of 400,000 Metric tons wheat for local purchase and actually purchased 23,758 Metric tons @ Rs.1200 per 40 kg or Rs.30,000/- per Metric ton that was the procurement rate fixed by Food Department for financial year 2012-13. On verification of record of the Food department it was observed that during 2012 Khyber Pakhtunkhwa produced 10,14,948 Metric tons wheat and needed 39,78,520 Metric tons wheat to feed the population of 3,20,84,839 including FATA and Afghan Refugees @ 124 kg. per head per annum (scale fixed by Food Department). It needed an extra 29,63,572 Metric tons of wheat. Food department purchased the balance 376,242 Metric tons from PASSCO @ Rs.37,125/- per Metric Ton. Transportation cost an extra Rs.629.342 per ton. Thus, the cost of wheat at destination was Rs.37,754.342/- per ton. It cost the government of Khyber Pakhtunkhwa Rs.7,754.34/- per Metric ton more to purchase of wheat from PASSCO. This resulted into a loss of Rs. 2917.508 million.

4. In terms of volume, the department supplied 550,000 Metric tons to a market of 3,978,520 Metric tons i.e. 13.82% of the total requirement. The balance wheat 3,428,520 metric tons was purchased by the consumers from the open market. Out of this, 991,190 metric tons was available in Khyber Pakhtunkhwa and 2,437,330 metric tons was brought into the province. Food department had fixed Rs.30 per kg. as the sale price of wheat in the market. The trading account showed that Food Department claimed a subsidy of Rs.2.00 billion on its operations whereas the private sector was able to supply 3,428,520 Metric tons wheat to the market @ Rs.30040 per Metric ton inclusive of all costs and profit. There is a strong case for shutting down the Food Trading account of the government of Khyber Pakhtunkhwa and handing over its minority and insignificant role in food security @13.82% market share to the private sector.

5. It was held that the loss occurred due to weak managerial skills of Food Department.

6. The matter was reported in April, 2014. The department replied that during the year 2012-13, a target of 400,000 tones was fixed for the province for which 18 procurement centres were established throughout the province but only 23,758 tons wheat was procured. A number of factors contributed in badly hampering the procurement drive, including low yield, high sale rate of wheat in open market, bulk purchases by the stockiest of Punjab and purchase of about 6.1 million tons by Punjab Food and PASSCO.

7. In the DAC held in October, 2014 the department reiterated its previous reply. DAC directed to provide the statistical data on account of survey carried out by the department and crop of wheat produced in the province for verification by Audit Department. Requisite record was not produced for verification till the finalization of this report.

DEPARTMENTAL VERSION

8. The Department explained that the Food Department Khyber Pakhtunkhwa used to procure wheat from the growers/parties of the Province as well as from Punjab during the year 2009 to 2013. As the Province is deficit in wheat production, therefore the local growers offered limited quantity at procurement centers while the major procurement was made from the parties of Punjab who offered their surplus production to Khyber Pakhtunkhwa during these years.

9. During crop year 2013 the following factors hampered the flow of wheat from Punjab to Khyber Pakhtunkhwa despite of all out efforts by the Food Department:-

- i) High rate of wheat in open market than government rate.
- ii) Bulk purchase of wheat by the stockiest of Punjab in the hope of returns in the coming lean period.
- iii) Purchase of about 6.1 million tons wheat by Punjab Food & PASSCO which has disturbed the flow of wheat to Khyber Pakhtunkhwa.

10. As per rules of Business 1985, the function of Food Department is Procurement, rationing & distribution. During the year 2013, a quantity of 23758 m tons procured while the remaining quantity purchased from PASSCO a recognized department of Federal Government. The department has prepared annual requirement of

wheat based on local production of wheat. However survey of open market for collection of wheat rates does not come within the domain of Food Department hence no survey was conducted by department during 2013-14.

PAC OBSERVATION

11. The Committee observed that as the wheat in question was procured and utilized due to urgent requirement of the province, hence, could not be termed as loss, however, it was a procedural lapse.

PAC RECOMMENDATIONS

12. In view of the above, the Committee while taking a lenient view, recommended to settle the Para with the direction not to repeat such practice in future and to initiate appropriate disciplinary action against the person (s) at fault who failed to implement the DAC decision.

DP No. 9.4.2 LOSS TO GOVERNMENT Rs. 47.466 MILLION.

AUDIT VERSION

13. During Audit of the financial year 2012-13, it was noticed that in the office of District Food Controller, Mardan, a shortage of 7,839 bags of wheat weighing 1617.146 metric tons was noticed, resulting in loss of Rs.47.466 million. Scrutiny of record showed that 53,094.525 metric tons of wheat was received as per the FG3 register against which 50165.680 Metric tons were issued. Instead of the required balance of 2928.845 Metric tons a balance of 1311.699 Metric tons of wheat was found recorded in the FG3 register. Hence, 1617.146 metric tons wheat was found short.

14. Audit held that the loss occurred due to weak internal controls, and violation to Para-148 of GFR-VOL-1.

15. The matter was reported in November, 2013. The department replied that detailed reply would be given on scrutiny of record.

16. In the DAC meeting held in August 2014, the department stated that the figures taken during audit relate to DFC, Chitral and there is no shortage of wheat in DFC, Mardan. DAC directed that record should be produced for verification

within 10 days. Requisite record was not produced for verification till the finalization of this report.

DEPARTMENT VERSION

17. The Department explained that the calculation of audit is not based on facts for the reason that it had taken releases of wheat on PR to PR basis for Chitral up to 4/2013 instead of 30-6-2013.

18. Audit has taken total releases to Chitral for 63000 bags weighing 6300.180 m tons, while actually a quantity of 80839 bags weighing 8000.000 m/tons wheat was released to DFC Chitral during the financial year 2012-13 as per detail statement showing the receipts/released quantity of wheat along with copy of FG-3 as on (30-6-2013) attached.

PAC RECOMMENDATIONS

19. In view of plausible explanation of the Department duly endorsed by Audit, the Para was recommended to be dropped.

DP No.9.4.3 LOSS DUE TO SHORTAGE OF WHEAT - Rs.1.635 MILLION. AUDIT VERSION

20. During Audit of the financial year 2012-13, it was noticed that in the office of DFC, Chitral 58128 kgs. of wheat valuing Rs.1.635 million @ Rs.28.12 per kg was found short in the FG3 register of PR Centre, Arandu.

21. Audit held that the loss occurred due to weak internal controls, and violation of Para 23 of GFR Vol-I.

22. The matter was reported in March 2013. The department did not reply.

23. In the DAC meeting held in October, 2014. It was replied that the audit contention was correct, an inquiry committee had been constituted by Director, Food Department, Khyber Pakhtunkhwa. DAC directed that inquiry be conducted within 15 days and report submitted to Audit for verification. Requisite report was not submitted till finalization of this report.

DEPARTMENT VERSION

24. The Department explained that it was correct and as evident from the report of the incharge PRC Centre Arrandu, that 58128 Kg Wheat was physically short than the Book Balance, due to bad, whether and prolonged storage conditions.

25. However, an enquiry committee was constituted by Director Food vide letter No.6970/ PF-1145 dated 5/12/2016 to investigate the matter and submit their report based on facts and figures.

26. The Department further added that in light of the report of enquiry officer conducted under E&D Rules received vide letter No.10/ADF pesh dated 21.2.2017 the competent authority exonerated the accused official from the charges leveled against him.

PAC RECOMMENDATION

27. After detailed and hectic discussion the Committee could not reach to a just and fair conclusion, therefore, a Sub-Committee comprising of the following was constituted to probe into the matter of huge losses of wheat and to suggest remedies so that future losses could be avoided: -

- | | | |
|----|------------------------------------|----------|
| 1. | Mr. Khushdil Khan (Advocate), MPA. | Chairman |
| 2. | Mr. Inayatullah Khan, MPA. | Member |

28. The Committee will submit its report within two months.

DP No.9.4.4 LOSS TO THE GOVERNMENT OF RS.85.868 MILLION.

AUDIT VERSION

29. During Audit of financial year 2012-13, it was noticed that in the office of District Food Controller Chitral, a quantity of 3053 metric tons of wheat was lying in various PRCs/Godowns for the last 10 years. The wheat was infested, of poor quality and discolored.

30. Audit held that the loss occurred due to negligence and weak internal controls, and violation to Para 23 of GFR Vol-I.

31. The matter was reported in March, 2014. No reply was furnished.

32. In the DAC meeting held in October, 2014 the department replied that the quantity pointed out by auditors had accumulated since 2003 and a

departmental inquiry had been conducted with the recommendation that 10373 bags of wheat be auctioned and 20158 bags of wheat segregated. DAC observed that action had not been taken by the department and directed that inquiry be conducted against defaulting officers within 15 days. No progress was reported till finalization of this report.

DEPARTMENT VERSION

33. The Department submitted that an accumulated quantity of 30571 bags having poor quality/ infested and wheat rejected by the people of Chitral were lying in various PR Centers of Chitral since 2003. The competent authority has constituted a committee vide No.SOF (Food Deptt) 2-28/742 dated 12.12.2012 to find out the factual position. On the recommendations of the above committee a summary forwarded to Chief Minister Khyber Pakhtunkhwa for disposal/ auction of Poor quality/infested wheat on “ as are and where are basis” duly approved by the Chief Minster Khyber Pakhtunkhwa.

34. Accordingly a broad based committee was constituted for its auction as per laid down procedure and rules. NIT advertised in the daily News papers as per KPPRA rules and wheat was auctioned in presence of the committee members through the highest bidders and amount deposited in to government treasury as detailed below:-

S/No.	Name of bidder	Auctioned quantity	Amount
1.	M.Dawood highest bidder for poor quality wheat.	2015.800 M.ton	1,32,58,731/-
2.	M.Sardar Wali highest bidder for infested wheat.	1037.300 M.ton	41,68,598/-
Total		3053.100 M.ton	1,74,27,329/-

PAC OBSERVATIONS

35. The Committee observed that as a huge quantity of wheat had been lost due to mismanagement or lack of proper policy for distribution of wheat in the province, hence made the apprehensions worst.

PAC RECOMMENDATIONS

36. The Para was, therefore, referred to the Sub-Committee already constituted vide Draft Para No. 9.4.3.

DP No.9.4.5 LOSS TO GOVERNMENT - Rs.5.856 MILLION.**AUDIT VERSION**

37. During Audit of financial year 2012-13, it was noticed that in the office of District Food Controller Chitral, the sale price of wheat was not enhanced and sold @ 27/50 per kg till August 2013. Similarly, during the period 01.01.2013 to 31.08.2013 a quantity of 9,445,139 kgs wheat was sold at cheaper rate, resulting in a loss of Rs.5.856 million.

38. The Audit held that the loss occurred due to negligence and violation of Rules.

39. The matter was reported in March 2013. No reply was furnished.

40. DAC meeting was held in October, 2014 wherein it directed for full recovery. No progress was intimated till finalization of this report.

DEPARTMENT VERSION

41. The Department explained that enhancement order issued on 16-1-2013 has not been immediately implemented by the DFC Chitral due to some communication issues for which enquiry/investigation has been conducted and appropriate action taken against the persons at fault as per recommendation of the above committee. However, the subject order has been conveyed for forthwith implementation to all concerned PRCs as received on 23-8-2013 when the issue was highlighted by the Internal Audit Party of Food Directorate. The Incharge of concerned PRCs has also been directed to affect recovery from the consumers to whom wheat has been issued at a rate less than the required, and credited to Government Treasury as per laid down procedure.

42. The Department added that an amount of Rs. 10,08,592/- had been recovered, and efforts were in progress for recovery of remaining balance at the earliest.

PAC OBSERVATION

43. The Committee observed that recovery from the consumers was not justified and the inquiry conducted was also defective.

PAC RECOMMENDATIONS

44. In view of the above a Sub-Committee was constituted comprising of the following to probe into the matter and fix responsibility for initiating action leading to recovery of the amount involved: -

- | | | |
|----|---------------------------------|-------------|
| 1. | Mst. Nighat Yasmin Orakzai,MPA. | Chairperson |
| 2. | Dr. Sumaira Shams, MPA. | Member |

45. The Committee will submit its report within two months.

46. SUB-COMMITTEE RECOMMENDATIONS

In view of the Sub-Committee observations and opinions by the Finance, Law and Audit Departments the Committee recommended that:-

1. The process of recovery from purchasers/consumers may be stopped forthwith.
2. Action leading to recovery of outstanding dues of Rs. 4.767 million may be initiated and amount may be recovered from the responsible employees of the Department, who failed to safeguard the Government revenue and those who were responsible in making abnormal delay in finalizing disciplinary action and non implementation of DAC decision after fixing responsibility.
3. For future guidance the Department was directed to streamline the system of communication so that the irregularity due to which a huge loss to Government occurs be avoided.

47. The Report of Sub-Committee along with self explanatory appeal of Mr. Bashir Ahmad, Ex-DFC Chitral were examined by the Public Accounts Committee in detail on 29-10-2019.

48. During the meeting, the appellant informed the PAC that his pension along with other benefits have been stopped by the Department for the last four (04) years. The Committee observed that neither the Public Accounts Committee (PAC) nor the Sub-Committee of PAC has made such direction/recommendations regarding stoppage of pension and other benefits of the appellant.

49. In view of the above, the fate of the Report of Sub-Committee was kept pending by the PAC with the direction to send a copy of the appeal to the Department for

obtaining its comments upto 04-11-2019 accordingly. The Secretary of the Department was directed to attend the PAC meeting on 05-11-2019 already scheduled vide Notice No.PA/KP/PAC-165/2014-15/19/9814 dated 17-10-2019.

50. On 05-11-2019, the Secretary of the Department once again failed to attend the meeting. The representative of the Department was neither fully prepared nor could respond to the queries made by the Committee.

PAC OBSERVATION

51. During the meeting, the Committee observed the following:-
- i. that stoppage of pension and other benefits of Mr. Bashir Ahmad, Ex-DFC Chitral was in violation of the Government of Khyber Pakhtunkhwa, Finance Department letter No.FD/SOSR-II/4-36/2013 dated 28-08-2013 as well as “The Khyber Pakhtunkhwa Civil Servants Pension Rules”.
 - ii. that neither the Public Accounts Committee (PAC) nor the Sub-Committee of PAC has made any direction/recommendations regarding stoppage of pension and other benefits of the appellant.
 - iii. that the entire chain of command of the Department were responsible in the issue of communication but the Department held responsible only the Ex-DFC/appellant.
 - iv. that due to lack of communication, the letter regarding price hike was not received in time to the Ex-DFC Chitral.
 - v. that no embezzlement/mis-appropriation was involved in the Para.
 - vi. that the Department sold wheat on cheaper rate resulting loss of Rs. 5.856 million out of which recovery of Rs. 10,88,592/- was made.
 - vii. that benefit of loss to Government was availed by the general public of Chitral and recovery of the same would not be possible after passage of more than six (06) years.

PAC RECOMMENDATION

52. In view of the above, the Committee recommended to:-
- i. Release forthwith the pension and other related benefits of Ex-DFC Chitral/appellant.
 - ii. Initiate departmental action against those who stopped the pension of appellant for the last 4 years in violation of the rules in vogue.
 - iii. Move a summary to the competent forum/authority for write-off of the remaining amount pending for recovery.
 - iv. Evolve proper mechanism of communication amongst the main office and office of DFC Chitral.

COMPLIANCE REPORT

53. On 12-11-2019, the Department responded to the above recommendations of PAC made in its meeting held on 05-11-2019 as per the following details:-

- i. Pension papers of Mr. Bashir Ahmad, Ex-DFC, Chitral have been prepared, signed by the Competent Authority and send to Accountant-General's Office for release of his pension.
- ii. Inquiry proceedings have been ordered for fixing responsibility in order to initiate disciplinary action against those who stopped the pension of appellant for the last 4 years in violation of the rules in vogue.
- iii. Summary to the Honorable Chief Minister has been moved for write-off of the remaining amount pending for recovery.
- iv. The issue of communication has been addressed and Information Technology is being used for communication amongst the main office and office of DFC Chitral.

PAC RECOMMENDATION

54. In view of the above, the report of Sub-Committee in this regard was set aside and the Para was recommended to be settled subject to obtaining of write-off approval/sanction from the Honorable Chief Minister, Khyber Pakhtunkhwa.

DP No.9.4.7 FICTITIOUS DEDUCTION IN STOCK REGISTER OF Rs.3.258 MILLION.

AUDIT VERSION

55. During Audit of financial year 2012-13, it was noticed that the District Food Controller, Haripur deducted 1250 bags of 100 Kg equal to 124.570 Metric Tons indigenous wheat valuing Rs.3.258 million from the stock on 06.05.2012 without any reason from pages 16, 30, 31 & 35 of the F.G 3 register which resulted in loss to Government.

56. Audit held that the fictitious deduction was made due to weak internal controls in violation to Para 23 of GFR Vol-I.

57. The matter was reported in November 2013. The Department replied that calculation was made twice due to rush of work and the omission rectified on 16.05.2012.

58. DAC was held in August, 2014, wherein it was observed that deduction from main stock was made without corresponding receipt and valid reason. It was directed to investigate the matter within 15 days. No progress was reported till finalization of this report

DEPARTMENT VERSION

59. The Department explained that while maintaining FG-3 Register of PRC Haripur, a quantity of 1250 bags weighing 124.570 m. tons wheat has been erroneously added twice in daily/progressive receipt due to rush of work during procurement drive.

60. This omission was rectified on 16-05-2012, 30-6-2012 and the excess quantity of 1250 bags weighing 124.570 m. tons was deducted accordingly.

61. The Department further added that no extra payment made to the supplier/growers than actual as evident from purchase bill, bank statement and other relevant record of the Office.

PAC RECOMMENDATIONS

62. The explanation advanced by the Department being plausible, was accepted, hence, the Para was recommended to be settled.

DP No.9.4.8 UNAUTHORIZED EXPENDITURE OF Rs. 683.356 MILLION.

AUDIT VERSION

63. During Audit of financial year 2012-13, it was noticed that the District Food Controller D.I.Khan, procured 22778.536 metric tons wheat valuing Rs.683.356 million from local growers by making payment out of a loan obtained from Bank of Khyber. The raising of the loan was not approved by the Provincial Assembly and thus not reflected in the Provincial Budget. The payment was made by the Bank of Khyber directly to the growers on vouchers without pre-audit process. This resulted in unauthorized and illegal purchase of Rs.683.356 million.

64. Audit held that the unauthorized expenditure was due to weak financial management and violation of the Rules.

65. The matter was reported in November 2013. The department replied that the procurement was made by the department to make the payment procedure simple and to achieve the procurement target.

66. DAC meeting was held in August 2014, wherein the department repeated the same reply. DAC held that legal requirements presaging the raising of loans by the Provincial Government and procedural requirements on which the validity of the payments was contingent had not been met. Moreover, a similar objection had already been reported to PAC in the Audit Report for the year 2012-13 and Government instead of redressing the reported deviation continued to practice it.

DEPARTMENT VERSION

67. The Department submitted that procurement of wheat is a time bound activity and its payment through pre-audit counter of Accountant General Khyber Pakhtunkhwa may not yield positive results as the formers/cultivators do not wait for a long time. Therefore, payment was made on spot to local cultivator/growers through the Bank of Khyber to facilitate/ encourage them as per Government policy in a transparent manner under COF procedures, which is in vogue in all sister Provinces and PASSCO. The bidding process of obtaining loans from the Banks is made in accordance with the prevailing rules and repayment is processed on sealed authority through Accountant General Khyber Pakhtunkhwa.

68. The Department further explained that the process of procurement as observed by audit, has been discussed at length by the PAC in same nature Para No.9.4.5 for the year 2012-13 and recommended for settlement the Para with the directions that Food Department, Director General Audit, Accountant General KPK and Finance Department shall hold a joint meeting to evolve proper mechanism to avoid further complication.

69. In accordance with the above recommendation of PAC series of meetings since 29.8.2016 to 7.9.2016 was held amongst all the stock holders and discussed the issue accordingly, wherein it was decided that in order to avoid the Audit objection viz-a-viz pre-audit of the transaction made during procurement of wheat, the Food Department might utilize its available funds from Food Account-II on need basis after obtaining necessary approval of Finance Department Khyber Pakhtunkhwa for payment of wheat so procured. However, subsequent advances, if any, shall be subject to post audit of the earlier amount utilized.

PAC RECOMMENDATIONS

70. In view of the plausible explanation of the Department that the PAC direction had been implemented, the Committee recommended the Para to be settled.

**DP No.9.4.9 LOSS DUE TO NON DEDUCTION OF INCOME TAX
Rs.23.917 MILLION.**

AUDIT VERSION

71. During Audit of financial year 2012-13, it was noticed that the District Food Controller, D.I.Khan did not deduct Rs.23.917 million as income tax at source @ 3.5% from Rs.683.356 million paid to sellers for 22778.536 metric tons wheat purchased from grain dealers.

72. Audit held that the loss occurred due to weak financial management, which is violation of the Rules. The matter was reported in November 2013. However the department did not reply.

73. DAC meeting was held in August, 2014, wherein it was told that the similar nature Para had already been marked to PAC.

DEPARTMENT VERSION

74. The Department submitted that a quantity of 22778.536 m.ton wheat valuing Rs.683.356 million have only been purchased from the growers/ cultivators during 2012-13 already exempted from withholding tax vide letter No.4/3/2011 of Revenue Division Islamabad.

75. The Department further added that same nature of Para on tax deduction embodied in the Audit Report 2012-13 and 2013-14 discussed at length in PAC meetings held on 20-05-2016 and 21-07-2017 wherein the Committee recommended the Para for settlement.

PAC RECOMMENDATIONS

76. After detailed discussion, the Para was recommended to be settled subject to verification of record that the purchases had been made from the growers/cultivators by the VOR Committee.

DP No.9.4.10 LOSS DUE TO NON RECOVERY ON PROFESSIONAL TAX OF Rs. 6.913 MILLION.

AUDIT VERSION

77. During Audit of financial year 2012-13, it was noticed that in the office of District Food Controller D.I.Khan professional tax @1% amounting to Rs.6.913 million was not recovered from the suppliers and 08 flour mills for wheat valuing Rs.683.356 million, resulting in loss to the government.

78. Audit held that the loss occurred due to weak financial management, which is violation of the Rules. The matter was reported in November 2013. However the department did not reply.

79. DAC meeting was held in August, 2014, wherein the department replied that the recovery of professional tax is the responsibility of Excise and Taxation Department. DAC directed that recovery should be made by Food Department. No progress was intimated till finalization of this report.

DEPARTMENT VERSION

80. The Department explained that wheat has been purchased from the growers of the land & no Tax what so ever can be levied on Agriculture products (copy enclosed). The professional tax is collected by the Excise & Taxation Department and not by the Food department as recommended by the PAC in Para No.6.8 for the year 2008-09.

PAC OBSERVATION

81. The Committee observed that the Department failed to collect the professional tax as per clause 2 (a) of appendix II of the NWFP Finance Ordinance 2002, notified by Law Department Notification No.Legis-I (14)73 V/5020 dated 20-06-2006 wherein all the Flour Mills were required to deposit professional tax @ of Rs. 10,000/-per annum and 1% of the payment on the supplies from the Suppliers which clearly shows inefficiency of the Department.

PAC RECOMMENDATIONS

82. In view of the above, the Committee recommended to recover the amount involved in the Para from the Flour Mills within two months if not already recovered by the Excise Department. Para stands. Progress be reported to PAC Cell.

DP No.9.4.11 LOSS TO GOVERNMENT OF RS.2.500 MILLION.**AUDIT VERSION**

83. During Audit of financial year 2013-14, it was noticed that the District Food Controller Kohat, paid Rs.2.500 million to the contractor M/s Saidullah Shah on account of substandard wheat and bardana, resulting in a loss of Rs.2.500 million.

84. Audit held that loss occurred due to negligence of the management, which is violation of the Rules. The matter was reported in August 2014, followed by reminder vide No.Audit/DAC/Food/APs-1-8/2013-14/444 dated 09.10.2014 & No.Audit/DAC/Food/APs-1-8/2013-14/590 dated 24.12.2014 for arranging DAC meeting. No DAC meeting was arranged till finalization of this report.

DEPARTMENT VERSION

85. The Department explained that DAC meeting has already been conducted accordingly and minutes thereof is attached. Further added that during receipt of wheat at PRC Kohat warning / instruction was issued to carriage contractor concerned as a precautionary measure to ensure supply of FAQ wheat, and avoid chances of low quality wheat (copy attached). The received quantity which was reported as low quality has been issued to the Flour Mills and sale proceed thereof deposited into Government Treasury at government fixed rates.

86. The Department further added that the referred wheat was neither reject able nor injurious for human consumption.

PAC RECOMMENDATIONS

87. In view of the plausible explanation of the Department, the Para was recommended to be settled.

DP No.9.4.12 LOSS TO THE GOVERNMENT Rs. 1.043 MILLION.**AUDIT VERSION**

88. During Audit of financial year 2013-14, it was noticed that the District Food Controller Kohat, failed to recover disabled persons charges @ Rs.2000 per million amounting to Rs.1.043 million on account of sale proceeds and transportation charges of Rs.487.904 million.

89. Audit held that the loss occurred due to weak financial management, which is violation of the Rules.

90. The matter was reported in August 2014, followed by reminder vide No.Audit/DAC/Food/APs-1-8/2013-14/444 dated 09.10.2014 and No.Audit/DAC/Food/APs-1-8/2013-14/590 dated 24.12.2014 to arranging DAC meeting, which was not arranged till finalization of this report.

DEPARTMENT VERSION

91. The Department explained that DAC meeting has already been convened on dated 28-7-2015 to 30-07-2015. The Department further added that the Flour Mills and the carriage contractors concerned were directed to deposit the DPR fund vide letter No.733/dp dated 28.9.2017 & No.743/dp dated 28.9.2017. As & when any recovery made, audit will be informed accordingly.

PAC OBSERVATION

92. The Committee observed that the Financial Management of the Department was weak and needs improvement as neither the outstanding amount was recovered till date nor any serious effort was made to recover it.

PAC RECOMMENDATIONS

93. The Committee recommended that besides recovery of the amount as involved in the Para from the carriage contractor also initiate proceedings for black listing of the Firm.

HEALTH DEPARTMENT**Total Draft Paras: _____ 27****Examined: _ _____ 27**

Settled: 10.4.2, 10.4.5, 10.4.6, 10.4.7, 10.4.8, 10.4.9, 10.4.10, 10.4.11, 10.4.12, 10.4.13, 10.4.15, 10.4.18, 10.4.19, 10.4.27	14
Recovery: 10.4.14, 10.4.17, 10.4.23, 10.4.24.....	04
Verification: 10.4.20, 10.4.25.....	02
Sub-Committee: 10.4.1, 10.4.3, 10.4.16, 10.4.22, 10.4.26	05
Detail audit by Audit: 10.4.21.....	01
P.I.T: 10.4.4.....	01

HEALTH DEPARTMENT

Twenty seven (27) Draft Paras, reflected in the Auditor General's Report for the year 2014-15 against the Department, were examined by the present Public Accounts Committee in its meeting held on 4th and 5th December, 2018. The following were present:-

PUBLIC ACCOUNTS COMMITTEE

1.	Mr. Mushtaq Ahmad Ghani, Speaker	Chairman
2.	Mr. Inayatullah Khan, MPA	Member
3.	Mr. Baber Saleem, MPA	Member
4.	Syed Fakhar Jehan, MPA	Member
5.	Mr. Khushdil Khan, MPA	Member
6.	Dr. Sumaira Shams, MPA	Member
7.	Mst: Nighat Yasmin Orakzai, MPA	Member

LAW, PARLIAMENTARY AFFAIRS AND HUMAN RIGHTS DEPARTMENT

Mst. Hamsheeda Begum,
ALD-II.

FINANCE DEPARTMENT

Mr. Akhtar Saeed,
Additional Secretary.

AUDIT DEPARTMENT

1. Dr. Akbar Ali Khan,
Director General.
2. Mr. Shahid Ali,
Deputy Director.
3. Dr. Muhammad Ismail,
Deputy Director.
4. Mr. Khalid Zaman,
Audit Officer.
5. Mr. Fazli Moula,
Audit Officer.
6. Mr. Mehmood-ul-Hassan Saeed,
Assistant Audit Officer.

HEALTH DEPARTMENT

1. Mr. Nadir Rana,
Additional Secretary.
2. Professor Dr. Umer Farooq,
Dean, AMC Abbottabad.
3. Mr. Naeemullah,
Director Finance, (MTI Bannu).
4. Mr. Haider Ali,
FD, MTI Abbottabad.
5. Dr. Abdul Ghafar,
HD, (MTI Bannu).
6. Dr. Ather Lodhi,
Hospital Director, ATH, Abbottabad.
7. Dr. Siraj Muhammad,
MS, NRBM.
8. Dr. Niaz,
DMS, Services Hospital Peshawar.
9. Mr. Muhammad Ibrahim,
SO Budget-I.
10. Mr. Javed Iqbal,
Audit Officer, (Ayub Medical College).
11. Mr. Ihsan Khan,
Audit Officer.
12. Dr. Khalid,
H.D, (LRH).
13. Mr. Javed Afridi,
Director Finance, (LRH).
14. Dr. Naseem Khan,
M.S.
15. Mr. Waqar Ali Shah,
Head of Internal Audit.

PROVINCIAL ASSEMBLY SECRETARIAT

1. Mr. Nasrullah Khan
Khattak, Secretary.
2. Mr. Amjid Ali,
Additional Secretary.

3. Mr. Muhammad Younas,
Deputy Secretary.
4. Mr. Ibrahim Khan,
Assistant Secretary.
5. Mr. Muhammad Ayaz,
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.10.4.1 LOSS TO GOVERNMENT OF Rs 7.395 MILLION.

AUDIT VERSION

3. During the financial year 2010-2011, Chief Executive Khalifa Gul Nawaz Teaching Hospital, Bannu, paid Rs.15.053 million to M/s Burhani Enterprises, Peshawar for the supply of equipment. Initially the supplier had quoted Rs.22.203 million which was reduced by 33% to Rs.15.102 million after negotiation. Even after negotiation, the rates of supplier were higher than other bidders amounting to Rs.7.444 million. The Technical Committee has pointed out that the items were selected on the basis of specification of the Hospital which was not correct as the items were quoted in the name of the country of their origin. The management was required to have negotiated with the lowest bidders instead of highest one and the equipments should have been selected on the basis of their specification. The purchase on higher rate resulted into loss of Rs.7.395 million.

4. It was held that the loss occurred due to negligence of the Hospital Management and violation of Para 29(2) of the Khyber Pakhtunkhwa Procurement Goods and Services Rules 2003

5. The matter was reported to the Department in March 2012. No reply was submitted.

6. DAC meeting was held in August, 2014. Department replied that Procurement Rules were observed and the purchase was made on the recommendations of the Technical Committee and a high level committee was constituted to probe into the matter. Audit was not agreed. The DAC directed to provide the grounds on which the higher rates were accepted. No progress was reported till finalization of this report.

DEPARTMENTAL VERSION

7. The Department explained that all the requirements as provided vide rule-29(2) of procurement of goods and services rules 2003 had already been complied with and the purchases had been made on the recommendations of Technical Committee. The said Committee after verifying the comparative statements and quotations for medical equipments of Pathology Department and considering the same as per approved specification, unanimously decided to purchase the said equipments quoted by M/s Burhani Enterprises. The Purchase Committee on complaining the decision of the Technical Committee agreed to purchase the equipments of Pathology Department at the reduced cost i.e. to the limit of approved PC-I allocation.

PAC OBSERVATION

8. The Committee observed that rule 29 (2) of Khyber Pakhtunkhwa Procurement of Goods and Service Rules, 2003 was violated as purchases were made at higher rates and lowest rates were ignored.

9. It was also observed that the Department was neither fully prepared to explain the case nor could provide record to the Committee pertaining to subject Para.

PAC RECOMMENDATION

10. In view of the above a Sub-Committee comprising the following was constituted to examine the issue of purchases at higher rates and to suggest measures to avoid such practice in future:-

- | | | |
|----|----------------------------------|----------|
| 1. | Mr. Khushid Khan (Advocate), MPA | Chairman |
| 2. | Dr. Sumaira Shams, MPA | Member |

11. The Committee will submit its report within one month.

DP No.10.4.2 LOSS TO GOVERNMENT – Rs. 9.762 MILLION.**AUDIT VERSION**

12. During the financial year 2008-09, the Chief Executive Khalifa Gul Nawaz Teaching Hospital, Bannu, invited bids for supply of C.T Scanner. The rate of M/S Medequips Lahore of Rs.28.00 million was accepted. Supply order was issued to the firm dated 22.04.2009 which was then suspended by the Chief Executive of the Hospital vide letter dated 05.05.2009 for want of approval of PC-1. Health Department allowed the purchase of the equipment within approved cost and

specification vide letter dated 29.06.2010. Consequently, in the next financial year 2009-10 M/S Medequips Lahore was advised to make the supply at the PC-1 budgeted amount of Rs.25.00 million that was made accordingly vide delivery challan dated 20.10.2010. It was found that the same equipment of the same specification was imported in October 2010 at the assessed value of Rs.12.698 million vide transshipment permit No.184 dated 08.10.2010. The officer thus made the payment without analyzing the bid viz a viz the rates prevalent in the market at that time. If markup / premium of 20% equal to Rs.2.539 million was allowed on the above import value of the item, the cost to government would have been Rs.15.238 million. The transaction at the inflated rate thus caused an estimated loss of Rs.9.762 million.

13. It was held that loss occurred due to negligence and violation of Para 10(i) of % GFR Vol-I, read with Para 29(2) of the KP Procurement of Goods and Services Rules, 2003.

14. The matter was reported to the Health Department, Government of Khyber Pakhtunkhwa, in March, 2012. DAC in its meeting held on 26.08.2014 directed that the cost of purchase of the same item with the same specifications by other hospitals be provided for verification. There was no further response from the department.

DEPARTMENTAL VERSION

15. The Department explained that the purchase as pointed out in the Para had been made taking into consideration of Rule Para 29(2) of Khyber Pakhtunkhwa Procurement of Goods and Services Rules, 2003 and GFR 10(i) of volume-I read with GFR-31 considering the purchase to be an economical and in the public interest. Facts are that the purchase of C.T Scan machine was made/approved by the high level Committee from the supplier namely M/s Medequips at the cost of rupees 28.00 million the rate being lowest.

16. The notice of award was subsequently suspended by the then project Director Khalifa Gul Nawaz Teaching Hospital Banuu.

17. Later on during the year of 2010-11, the matter was referred to Secretary Health Peshawar & therefore, re-supply orders were placed as the equipment was required for hospital and that too with reduced cost of rupees 25.00 million i.e. into

the limit of available allocation in approved PC-I. The required machine have been purchased with a reduced cost, installed, functionalized, taken on stock, therefore, nothing found wrong/irregular. As per DAC decision comparison of rates were made with other Hospitals and the rate of KGN Hospital was found economical, hence the Para may be settled.

PAC OBSERVATION

18. The Committee observed that DAC decision was not implemented. Had the decision of DAC was implemented the Para would have been settled earlier.

PAC RECOMMENDATIONS

19. In view of the explanation advanced by the Department, the Para was recommended to be settled with the direction to the Department to initiate strict disciplinary action against the person (s) responsible for non implementation of DAC decision. The Department was also directed to take the DAC decisions seriously in future.

DP No.10.4.3 LOSS TO THE GOVERNMENT OF Rs. 1.55 MILLION.

AUDIT VERSION

20. According to Para 29(2) of the Khyber Pakhtunkhwa Procurement of Goods & Services Rules, 2003, where the lowest price is not accepted the tender awarding authority shall record reason in writing.

21. During the financial year 2010-11, the Chief Executive Khalifa Gul Nawaz Teaching Hospital, Bannu, purchased various items from M/s Paradise Export Co. The record showed that the lowest rates quoted by other bidders were rejected without any cogent reasons. Thus, the government was put into a loss of Rs.1.155 million as per details given below:-

Cheque No.	Date	Specification of	Rate Paid	Rate required	Difference	Qty	Loss
584119 &584121	24.06.11	Bed	28,000	21,900	6,100	100	610,000
-do-	-do-	Bed Side locker	6,200	4,790	1,410	100	141,000
-do-	-do-	Bed over Trolley	6,300	3,390	2,910	100	291,000
584060	23.06.11	Uniform	795	750	45	252	113,410
Total							1,155,410

22. It was held that loss to the government occurred due to weak internal controls and violation of Para 29(2) of the Khyber Pakhtunkhwa Procurement of Goods & Services Rules 2003.

23. The matter was reported to the department in March, 2012.

24. DAC meeting was held in June 2014. The DAC directed that fact finding inquiry to ascertain the reasons for purchasing the items at higher rates be conducted. No progress was reported till finalization of this report.

DEPARTMENTAL VERSION

25. The Department explained that Rules with regard to the procurement of goods and services 2003 have been complied with in letter & spirit and the purchases of Medical equipments as noted in the Para have been made with the recommendations of technical/purchase Committee after examining of samples produced & have the lowest prices. Comparative statement was prepared after analyzing the quotations of various firms received.

26. It is, further intimated that article being simple in nature, therefore, technical specifications of such like items are not provided, however, the selection of under reference articles were made after examining the samples at site vis-à-vis quoted prices.

PAC RECOMMENDATIONS

27. As the issue of purchase at higher rates was involved, the Para was, therefore, referred to Sub-Committee already constituted for the purpose vide Draft Para 10.4.1.

DP No.10.4.4 DOUBTFUL PAYMENT OF Rs. 2.144 MILLION.

AUDIT VERSION

28. During the financial year 2010-11 the Chief Executive Khalifa Gul Nawaz Teaching Hospital, paid Rs 2.144 million to suppliers on account of purchase of machinery and equipments during 2006-07 and 2008-09. Detail as below:

Cheque No	Date	Particular	Bill date	Supplier	Amount
548976	21.06.2011	Srubup unit with places	27.10.08	SMC	4,00,000
-do-	-do-	100 hospital beds	15.06.07	-do-	12,35,000
584103	24.06.11	Various M/E	19.06.07	Shaz Co	2,65,100
584074	24.06.11	Vacuum Suction Operatus /Screening Sptyator	22.04.09	Delta	2,44,000
				Total	21,44,100

29. The following observations were noticed:-

- 1) The bills were not paid during the years of purchase despite availability of funds.
- 2) Stock entries were not made.
- 3) Inspection Reports for quality and quantity were not available.
- 4) Sales Tax invoices of Rs.2,47,839/- were not available.

30. It was held that the lapses occurred was due to weak internal controls and the violation of Para 289 of the CTR Vol-1

31. The matter was reported to the department in March, 2012. No reply was furnished.

32. DAC meeting was held in June, 2014. It was replied that the payment had been made after the approval of Secretary Health, stock entry had been made and the case had been taken up with Sales Tax Department for confirmation. Audit was not agreed. The DAC directed for physical verification within 15 days. No progress was reported till finalization of this report.

DEPARTMENTAL VERSION

33. The Department explained that Rule-14 of GFR vol-I provides that delay in payment of money indisputably due by Government is contrary to the Rules and budgetary principles, while GFR-106 of vol-I provides that payment due even in excess of allotment or appropriation may be made by taking orders of the administrative Department.

34. The long outstanding liabilities of the firms SMC, Shaz Co and Delta as referred to in the Para were cleared on the repeated request of the firms and in compliance to the order of the worthy Secretary Health.

PAC OBSERVATION

35. The Committee observed that physical verification as decided by the DAC was not conducted, hence it would be difficult to ascertain the items purchased at this belated stage.

36. The Department was also not able to explain the case.

PAC RECOMMENDATIONS

37. The Draft Para was, therefore, referred to the Provincial Inspection Team for conducting enquiry into the matter of doubtful payment of Rs. 21,44,100/- and submit its report to PAC within thirty (30) days.

DP No.10.4.5 OVERPAYMENT ON ACCOUNT OF GST Rs. 1.846 MILLION.

AUDIT VERSION

38. During the financial year 2011-12, the Principal Ayub Medical College Abbottabad, paid Rs. 12.785 million to M/S Afzal Motors for the supply of 03 Dawn Buses and Rs. 0.599 million was paid to Pak Suzuki for the supply of Suzuki Bolan Carry inclusive of 16% GST amounting to Rs.1.846 million. As per government orders in respect of health institutions sales tax should not have paid. This resulted into overpayment of Rs.1.846 million.

39. It was held that the lapse was occurred due to non-observance of Government orders S.No 52-A of the sales tax 1990.

40. The matter was reported to the department in December, 2012. Department furnished no reply.

41. DAC meeting was held in December, 2014. The College management replied that the exemption of sales tax order was not for Medical Colleges. Audit was not agreed. DAC directed that clarification should be obtained from Inland Revenue Services for clarification whether medical colleges were exempted or otherwise. No progress was reported till finalization of this report.

DEPARTMENTAL VERSION

42. The Department explained that according to S/No. 52-A of the sales tax 1990, goods supplied to hospital run by the Federal or Provincial Government or charitable operating hospital of fifty beds or more or the Teaching Hospital of Statutory Universities of two hundred or more beds were exempted from the GST.

43. According to relevant clause of Sales Tax Act, 1990 reproduced above, Hospitals are exempt from the payment of GST not medical colleges.

PAC RECOMMENDATIONS

44. The Committee accepted the explanation advanced by the Department, duly supported by documentary evidence and recommended the Para to be settled.

**DP No.10.4.6 LOSS DUE TO NON RECOVERY OF UTILITY CHARGES
Rs. 2.793 MILLION.****AUDIT VERSION**

45. During the financial year 2010-11, the Principal, Ayub Medical College, Abbottabad, paid Rs. 2.792 million for Sui Gas charges during the month of 02/2011. However, the management failed to collect consumption share from the contractors of canteen and shops. The contracts were awarded on agreements signed only by the contractors and administrative officer of the college. The contracts were not approved from the management council of the college.

46. It was held that irregularity occurred due to weak internal controls and violation of Para-23 GFR Vol-1.

47. The matter was reported to Government in May, 2012. No reply was furnished.

48. DAC meeting was held in February, 2014. The college management replied that the gas charges were not recovered from Canteen and Shops as they facilitated students and their utility charges are included in their rents. Audit was not agreed and asked to furnish approval of the management council but it was not produced to DAC. The college management was directed that approval of the management council be produced or recovery may be made from private contractors. No progress was reported till finalization of this report.

DEPARTMENTAL VERSION

49. The Department explained that the Payment of bill amounting to Rs. 27,92,820/- was made for the peak season month i.e. Feb, 2011 in which consumption was the highest.

50. Students were used to pay utility charges along with hostel dues annually, Canteen and other shops were to facilitate students and their utility charges were included in rents of shops etc. as per contract.

PAC RECOMMENDATIONS

51. The Committee accepted the explanation of the Department being plausible and recommended the Para to be settled.

DP No.10.4.7 LOSS DUE TO FICTITIOUS DRAWL OF Rs 1.064 MILLION.**AUDIT VERSION**

52. During the financial year 2011-12, the Chief Executive Ayub Teaching Hospital Abbottabad, paid a sum of Rs.1.064 million for repair of 04 Dialysis Machines @ Rs.1,95,975/- and 02 @ Rs.1,40,000/-, respectively to M/S Hemo Tech. The repair of the machines was fictitious on the following grounds.

- 1- As per statement of Assistant Director EME, only one machine was out of order hence the repair of other 05 carried out was fictitious.
- 2- If all the 06 machines had remained out of order then receipt realization was required to have been nil, but receipt was Rs. 121,250/- for 7/2011, Rs.71,250/- for 8/2011 and Rs.122,750/- for 09/2011 which shows that no repair of machines took place.

53. The average monthly receipt realization of 06 machines for the month of 7/2011 to 3/2012 (09 months) were Rs. 94,028/- per month (846250/9), whereas the average monthly receipt realization of 10 including 04 newly purchased were Rs. 48,916/- per month (1467750/3) for the period of 4/2012 tpo 06/2012, which indicates that the receipt realization was decreasing instead of increasing.

54. It was held that fictitious drawl was due to weak internal controls and violation of Para-23 of GFR Vol-1.

55. The matter was reported to Government in December, 2012. No reply was furnished.

56. DAC meeting was held in February, 2014. DAC directed that inquiry should be conducted within 20 days. No progress was reported till finalization of the report.

DEPARTMENTAL VERSION

57. The Department explained that as the Ayub Teaching Hospital is the only institute which is providing services to the patients in need of dialysis through their well equipped dialysis unit, however it is important here to bring into your notice the fact that a part from the regular dialysis machine being in use, we also have machine for the patients of HBS+ive and HCV+ive respectively. Further providing you with detail along the letters that the said machines were out of order for the last couple of months, which were repaired by the Electro medical department on the instruction of Chief Executive, AMI who was directed by the Honorable Health Minister KPK in advise by Honorable Mr. Murtaza Javed Abbasi, Chairman Standing Committee for Narcotics control through reference No.F.1(1)Chairman/NC/2008 Islamabad the 13th Dec., 2010 it is interesting here to notice that the Dialysis unit of ATH doesn't have any back up machine for the patients, in case the HBS and HCV machine become out of order due to any technical or other reason. The repair of these machines will take minimum of 02 to 03 weeks time, resulting in direct suffering of the patients. One Toray TR-321 Serial No. A45846 dialysis machine is lying out of order in dialysis unit which has been previously used for HBS patients. If this machine is repaired and made properly functional it can serve as an excellent backup for the dialysis unit, In case the existing machines become out of order.

PAC RECOMMENDATIONS

58. In view of the above, the Committee recommended the Para to be settled with the direction to implement the decision of DAC in time and not to repeat such practice in future.

DP No.10.4.8 OVERPAYMENT DUE TO PAYMENT OF GST Rs. 3.148 MILLION.

AUDIT VERSION

59. During the financial year 2010-12, the Principal Saidu Medical College Swat paid Rs. 3.147 million to various firms as 4/5th of the total GST. As per government orders quoted above Saidu Medical College was exempted from the GST. Payment of undue sale tax to suppliers resulted in overpayment of Rs 3.148 million.

60. It was held that the amount overpaid was due to financial mismanagement and violation of S/No 52-A of the Sales Tax 1990.

61. The matter was reported to the Government in October 2012. No reply was furnished.

62. DAC meeting was held in August 2014. The College management replied that colleges are not exempted. Audit did not agree and DAC directed to clarify the matter from Sales Tax Department whether the college was exempted or not otherwise recovery should be made within 15 days. No progress was reported till finalization of this report.

DEPARTMENTAL VERSION

63. The Department explained that the matter was discussed with sales tax Department and according to their views the hospitals having 50 beds or more and teaching hospitals having two hundred or more beds are exempted from the GST, but the Medical Colleges are not included in it, so the GST allowed to the suppliers for payment to the Government.

64. However, if the Medical Colleges are also exempted from the GST, then this office may be informed to recover the allowed GST from the suppliers concerned and deposited into Government treasury under proper head of account. Moreover, the firms at S/No.4,6,7,8,23,25,26,27,28 and 29 has not been granted GST, as GST has been deducted from the unit prices of those firms. Actually they have not been allowed GST, so Rs.4,55,481/- should be deducted from the total GST. Total GST allowed to all firms by this office is Rs.37,16,783/- out of which Rs. 5,69,166/- has already been recovered from the firms as 1/5 at source deduction, so Rs.26,92,136/- is further recoverable from the firms, if medical college is also exempted from GST.

PAC RECOMMENDATIONS

65. In view of plausible explanation by the Department, duly supported by documentary evidence, the Para was recommended to be settled.

DP No. 10.4.9 LOSS DUE TO IGNORING LOWEST RATES OF Rs. 2.946 MILLION.**AUDIT VERSION**

66. During the financial year 2010-12, the Principal Saidu Medical College Swat, paid Rs. 3.836 million to MS Bio-Tech ignoring the lowest rate of Rs. 0.891 (USA) offered by MS Junaid without constituting any technical evaluation committee as required under rules. This resulted in loss of Rs 2.946 million.

67. It was held that the loss occurred due to weak internal controls and violation of rule-29 of procurement rules-2003.

68. The matter was reported to the department in October 2012. No reply was furnished.

69. DAC meeting was held in August 2014. The College management replied that the Technical Evaluation Committee was constituted and higher rates were accepted on technical grounds. DAC directed that technical reasons for not accepting the lowest rate should be verified within 15 days. No progress was reported till finalization of this report.

DEPARTMENTAL VERSION

70. The Department explained that the Technical Evaluation Committee of Saidu Medical College, Swat is a notified body and the end user of the equipment is the most important members of the Committee which in this case is Head of Medicines and Cardiology Department.

71. M/S junaid & Co has offered a rate of 30,06,800/- and not 8,91,000/- as stated in Para. There was no catalogue or broucher supplied and they offered only one probe, whereas three probes were needed.

72. In view of the Department's requirement and recommendation for three probes, the next lowest rate of M/S Bio Tech was approved by the purchase Committee.

73. The higher rate was accepted because of these clear cut technical reason and not because of the fact the there was provision of Rs.5 million.

PAC RECOMMENDATIONS

74. The explanation of the Department being plausible was accepted hence, the Para was recommended to be settled.

DP No.10.4.10IRREGULAR PURCHASE OF EQUIPMENT COSTING Rs. 68.107 MILLION.**AUDIT VERSION**

75. During the financial year 2010-12, the Principal Saidu Medical College Swat, floated a tender for the purchase of equipments worth Rs. 68.107 million. As the purchases were made on post qualification basis therefore two separate committees one for technical evaluation and other for financial evaluation should have been constituted. Report of the Technical evaluation committee was not available thus the expenditure was irregular.

76. DAC meeting was held in August 2014. The College management replied that colleges are not exempted. Audit did not agree and DAC directed to clarify the matter from Sales Tax Department whether the college was exempted or not otherwise recovery should be made within 15 days. No progress was reported till finalization of this report.

77. The matter was reported to the department in October 2012. The department submitted unsatisfactory reply.

78. DAC meeting was held in November 2013. It was replied that the purchase committee was approved by the Health Department and Technical Evaluation Committee has also been constituted. DAC directed to regularize the expenditure from Finance Department. No progress was reported till finalization of this report.

DEPARTMENTAL VERSION

79. The Department explained that:

1. The purchases were made on the recommendation of the Technical and Purchase Committee.
2. There is Technical Committee notified for the purchase where the end user were the most important members.

3. The technical Committee and end user of the equipment, thoroughly scrutinized all the documents for specification according to their
4. Purchase Committee finally selected item recommended by end user (Technical expert) both the recommendation of the Technical Committee and Purchase Committee duly signed by the End User and Chairman of the Committee were produced to the PAC.
5. It is, therefore, wrong to assume that the purchase Committee has decided on their own.

PAC RECOMMENDATIONS

80. In view of the explanation advanced by the Department, duly supported by the Audit, the Para was recommended to be settled.

DP No.10.4.11 LOSS TO THE GOVERNMENT OF Rs 3.916 MILLION.

AUDIT VERSION

81. During the financial year 2011-12, the Chief Executive Ayub Teaching Hospital Abbottabad, approved the rates of M/S BOC Pvt Ltd. for the supply of oxygen. The rates of the purchased gases were decreased in the market but the local office purchased the gases at higher rates. Furthermore, the same supplier had supplied the same gases to Lady Reading Hospital (LRH) Peshawar @ Rs. 360 and Rs. 23 respectively, this resulted in loss of Rs 3.916 million as per detail given below;

S/No	Item	Rate Paid	Market Rate	Diff	Qty	Loss
1.	Medical Oxygen MM 240 CFT	400	360	40	614	24560
2.	Liquid Medical Oxygen	48	23	25	155666	3891650
Total Loss						39,16,210

82. The lapse occurred due to extending undue benefit to the supplier at Government cost and clear violation of Para-23 of GFR Vol-1.

83. The matter was reported to the Management in December, 2012.

84. DAC meeting was held in February, 2014. DAC directed that inquiry should be conducted within 25 days. However, no progress was reported till finalization of this report.

DEPARTMENTAL VERSION

85. The Department explained that due to sudden death of patients in 2007 IMC the matter was investigated thoroughly and decided that in order to standardize the supply of medical gasses, Ayub Teaching Hospital would buy gasses from M/S BOC (Now linde Pak).

86. Management Council also authorized, the Medical Superintendent to deal/negotiate, whatever was deem fit with firm in future. In this regard, M/S extended the contract for further two year.

87. Moreover, after expiry of contract period so far tender was advertised two times but only one firm participated. The tender for third time is in progress.

88. During the meeting the Department stated that:-

1. The Medical Oxygen from the same supplier were not purchased at higher rates as compared to LRH as explained below:

Item	Rate of ATH	Rate of KTH. LRH
Med: Oxygen MM 240 CFT	400/-	460/-
Liquid Medical Oxygen	48/-	47/-

The difference in rate of Rs. 1/- for liquid oxygen is due to freight difference from

Karachi to Peshawar and Karachi to Abbottabad.

2. The local supplier M/S National Gas was black listed due to which no purchase of Medical oxygen could be made from him.
3. The purchase from BOC of medical gases were made after:
Three times advertisement in newspaper. Approval of Management Council.
4. The contract with BOC for supply of Medical gases was extended from 2010 to 2012 because:
 - i. To receive quality and standardized medical gases.
 - ii. Since 2007 till date the BOC is the only supplier in KP to all major hospitals.

- iii. Since 2007 till date the ATH has repeatedly floated NIT (3 time each year) and only BOC has participated.
- iv. BOC has provided the VIE facility free of cost to ATH since 2007 till date.

PAC RECOMMENDATIONS

89. In view of plausible explanation of the Department, the Para was recommended to be settled.

DP No. 10.4.12 OVERPAYMENT DUE TO NON-DEDUCTION OF GST OF Rs. 1.322MILLION.

AUDIT VERSION

90. During the financial year 2011-12, the Chief Executive Ayub Teaching Hospital, Abbottabad, paid Rs. 8.818 million to M/S BOC for the supply of BOC gases. The supply order shows that rates were inclusive of 15% GST, thereby means a sum of Rs 1.322 million was required to have been deducted as the supply to the hospital was exempted from GST. Government orders were violated which resulted in overpayment of Rs.1.322 million to the supplier.

91. The lapse was occurred due to financial mismanagement and violation of S.No 52-A of Schedule to Sales Tax Act 1990.

92. The matter was reported to the Management in December 2012. No reply was furnished.

93. DAC meeting was held in February, 2014. The Hospital management replied that the rates quoted by M/s BOC were exclusive of GST and the payment of the GST pointed out relates to the period when GST was not exempted. Audit did not agree and DAC directed that the issue be referred to Director General Sales Tax Department for clarification. No progress was reported till finalization of this report.

DEPARTMENTAL VERSION

94. The Department explained that the rates quoted by BOC were exclusive of GST as Hospital supply is exempted from GST. The reply received from RAD local Fund audit is mentioned as under:-

95. The Teaching Hospital of capacity 200 or more beds is exempted from sales tax vide finance act 1990-52-A dated 2-11-2008, the payment of the GST pointed out in the firm relates to the tender/contract for the period to the exemption. According

to the approval of tender it was inclusive in the cost hence payment of the sales tax was admitted.

PAC RECOMMENDATIONS

96. In view of plausible explanation of the Department, the Para was recommended to be settled.

DP No.10.4.13 OVERPAYMENT OF Rs. 2.480 MILLION.

AUDIT VERSION

97. During the financial year 2011-12, the Chief Executive Ayub Teaching Hospital, Abbottabad, allotted double rooms accommodations to 40 CMO's/SR's/MO's in premises of the hospital but Conveyance Allowance @ Rs. 2,480/- per month was not deducted from their pay which resulted in overpayment of Rs.2.480 million.

98. It was held that the lapse occurred due to weak internal controls.

99. The matter was reported to Government in December 2012. It was replied that recovery will be made.

100. DAC meeting was held in February, 2014. The Hospital management replied that a letter has been written to Secretary Health KPK for clarification. DAC did not decide the issue till outcome of the correspondence. No progress was reported till finalization of this report.

DEPARTMENTAL VERSION

101. The Department explained that Conveyance Allowance started to be deducted from the month of May, 2013 from the pay of all staff who were allotted room in hospital on the direction of Deputy Commissioner as well as Judgment of Peshawar High Court Abbottabad bench in writ petition No.304-P/201 In this connection a letter No.ATH/A.O/2367 dated 26-6-2013 has been written to the Secretary Health Govt of K.P for advice but the reply is still awaited.

PAC RECOMMENDATIONS

102. As the Department had started deduction of Conveyance Allowance from the employees who were allotted accommodation in the premises of the Hospital w.e.f. May, 2013, Hence, the Para was recommended to be settled.

DP No.10.4.14 UN-AUTHORIZED EXPENDITURE OF Rs. 13.660 (M).
AUDIT VERSION

103. During the financial year 2010-11, the Medical Superintendent, Services Hospital Peshawar, incurred expenditure of Rs.13.660 million on local purchase of medicines for patients of the hospital and issued free to medical camps for flood affectees without orders of the Provincial Government. The supply of medicines to the flood affectees was the responsibility of the PDMA. Further consumption record was also not available on record.

104. The unauthorized expenditure occurred due to financial indiscipline and violation of Para 11 and 12 of GFR Vol.1.

105. The matter was reported to the department in October 2011.

106. DAC in its meeting held on 23.8.2014, directed the department to provide the orders of the competent forum for the purchase and issue of medicines to the flood affectees and details of medicines issued. No record was produced. It was decided by DAC to place the Para before PAC.

DEPARTMENTAL VERSION

107. The Department explained that all the procurement made in term of local purchase amounting to Rs. 13.660 million were made on the request of provision of medicines to internal displaced persons (IDPs) in the flood affected areas from the Ministry of Health Government of Pakistan MNCH programme vide letter No.3461/PC/MNCH dated 26-10-2010.

PAC OBSERVATION

108. The Committee observed that the Para in question has already been examined by the PAC in the Audit Report for the year 2012-13 in its meeting held on 01-09-2015.

PAC RECOMMENDATIONS

109. The Committee upheld the decision of PAC and recommended to initiate action leading to recovery of the amounts of the medicines issued to the flood affectees and fix the responsibility on the dealing hands and verified the same from the Audit. Para stands progress be reported to PAC within a month.

110. The Audit was also directed to be careful and avoid such practice of duplication in future.

DP No. 10.4.15 LOSS TO GOVERNMENT OF Rs. 8.416 MILLION.

AUDIT VERSION

111. During the financial year 2010-11, the Chief Executive Khalifa Gul Nawaz Teaching Hospital, Bannu, paid Rs 49.503 million to suppliers on account of different supplies. However, Sales Tax amounting to Rs.8.416 million paid to the contractors was in violation of Government orders, resulted into loss to the Government as per detail given below:

Cheq No	Date	Suppliers	Item	Total Amount	GST
584115	24.06.11	Friend Traders Pesh	X.Ray	2,500,000	4,25,000
584118	24.06.11	Mediquips Pesh	CT Scan	25,000,000	42,50,000
584116	24.06.11	Raqubaz & Brother	Beds etc	840,0	1,42,800
584101	24.06.11	Burhani Enterprise	Equipment	15,053,0	25,59,010
584119	24.06.11	M/s Paradise Export	Beds etc	2,997,000	5,09,490
584121	24.06.11	Do	Beds etc	1,053,000	1,79,010
584120	24.06.11	Medline Technology	Equipment	1,415,000	2,40,550
548991	21.06.11	Noor Associates	O.T. Table	645,000	1,09,650
			Total	49,503,000	84,15,510

112. It was held that loss occurred due to weak financial management and violation of Sr. No 52-A of Schedule to Sales Tax Act 1990.

113. The matter was reported to the Department in March 2012. No reply was furnished.

114. DAC meeting was held in August, 2014. The Hospital management replied that the Hospital had been declared as Teaching Hospital with capacity of 600 beds on 05.09.2006 but at present it is of 210 beds. DAC directed to obtain clarification from Sales Tax Department. No progress was reported till finalization of this report.

DEPARTMENTAL VERSION

115. The Department explained that in addition to the reply made before DAC, it was further stated that Khalifa Ful Nawaz Hospital Banuu had been declared as Teaching Hospital with 600 beds vide Government of Health Department notification No.1-15(SPO)/Health/P&D/2005-06/KGN dated 05-09-2006. S/No.52-A

of Table-I of 6th schedule of Sales Tax Act 1990, read with Sales Tax Department Peshawar explanatory letter dated 02-01-2012 addressed to Frontier Surgical House Madina Market D.I.Khan allows exemption of Sales Tax on goods supplied to Federal/Provincial/Charitable Hospitals of 50 beds or more. On this very reason sales tax was not recovered from the suppliers mentioned in the Para.

PAC RECOMMENDATIONS

116. The explanation advanced by the Department was accepted, hence, the Para was recommended to be settled.

DP No.10.4.16 LOSS DUE TO ACCEPTANCE OF HIGHER RATES. Rs. 1.530 MILLION.

AUDIT VERSION

117. During the financial year 2011-12, the Chief Executive Ayub Teaching Hospital, Abbottabad, paid excess amount of Rs 1.530 million on account of accepting higher rates for equipment. The hospital management rejected the lowest rates and accepted the highest rate without any cogent reasons detail given below:-

Voucher No. & Date	Supplier	Equipment	Rate accepted	Rate Rejected	Loss Rs.
74 dt.16-11-2011	M/s Western Scientific	Digital Penoramic X- Ray unit	41,50,000	32,50,000 M/s Glow Pak	9,00,000
157 dt. 29-12-2011	M/s Med. Equips	02 Toshiba B/W Ultra Sound Machine	11,90,000	5,60,000	6,30,000
				Total	15,30,000

118. It was held that the loss occurred due to weak internal controls and violation of Para-23 of GFR Vol-1.

119. The matter was reported to Government in December 2012.

120. DAC meeting was held in February, 2014, the department was directed to conduct inquiry within 20 days. However no progress was reported till finalization of this report.

DEPARTMENTAL VERSION

121. The Department explained that from the supply order and payment record, it is clear that the Digital X-Ray machine alongwith printer were purchased

from Western Scientific Traders at a cost of Rs.41,50,000 being the lowest offered rates as per comparative statement. Furthermore the M/S Western Scientific also provided additional items and accessories free of cost. The total rate offered by M/S Glow Pak for both the items i.e. X-ray machine and printer was Rs. 42,00,000/- and not Rs. 32,50,000/- as mentioned by Audit.

122. As no loss to the govt has occurred but saving of Rs.50,000/- is clear from the documents. The Para may kindly be settled.

123. The selection committee and end-user selected the Toshiba b/w Ultrasound Machine Japan made on quality basis.

PAC RECOMMENDATIONS

124. As identical issue of purchase at higher rates was involved, the Para was, therefore, referred to Sub-Committee already constituted vide Draft Para 10.4.1.

DP No.10.4.17 UN-AUTHENTIC EXPENDITURE OF Rs.27.955 MILLION.

AUDIT VERSION

125. During the financial year 2010-11, the Medical Superintendent, Services Hospital Peshawar, incurred expenditure of Rs.27.955 million on Local Purchase of medicine, Rs.13.660 million on purchase of medicine for flood affectees & Rs.3.385 million on purchase of MCC medicine against non-demanded total budget of Rs.45.00 million. The expenditure of Rs.27.955 million incurred on the local purchase of medicine from M/S Doaba Medicos Peshawar stands unjustified/ unauthorized on the following grounds:

1. The Finance Department released funds of Rs.45.000 million to the Hospital Peshawar against demand of Rs.26.250 million provided in the estimates for 2010-2011 under purchase of medicine. The fund Finance Department under the purchase of medicine to the following institutions in Peshawar during 2010-2011 shows that release of huge Services Hospital was without prudence, ground realities & justification the overloaded institutions of 1500 beds and 1220 beds which absorb from all over the province were funded with less amounts for medicine for admitted patients whereas the hospital which has not provided with huge abnormal funds without demand for the purchase of for OPD patients and spending 27.955 million on local purchase of
2. The Finance Department did not realize that the department has allowed allowance to the employees with effect from 01-07-2010 and

- facility of local purchase of medicine for outdoor patients and the demanded funds in the original budget will be sufficient for the employees.
3. Purchases were made for Cancer, Hepatitis B & C, Anxiety and there is no specialty in the Hospital for the said diseases.
 4. M/S Doaba Medicos Peshawar has quoted 20% discount (16.50% 3.50% income tax) which was doubtful for the supply of multinational medicines as these companies offer only 15% discount.
 5. The local purchased medicine was not taken in stock register of the
 6. Expenditure of Rs.9.889 million was incurred on the local purchase of in the month of August, 2010 which relates to 2009-2010. This is invalid because when fund was not available in 2009-2010 the purchases were made for OPD patients.
 7. As per tender documents, the cost for local purchase of medicine was 27.955 million whereas actual expenditure of Rs.27.955 million was incurred.

126. The matter was reported to the management in October, 2011 & discussed in the DAC meeting held on 27-08-2014. The Department replied that the case in question is pending with NAB. DAC directed that the Para should be placed before PAC.

DEPARTMENTAL VERSION

127. The Department explained that both these observations have been investigated by National Accountability Bureau for a period of over 02 years. Despite calling in dozens of witnesses and files the Bureau could not reach any conclusion. As per the National Accountability Bureau rules the inquiry had to be concluded within 10 months. The Bureau in order to avoid embarrassment referred the case to Anti-Corruption Establishment Khyber Pakhtunkhwa. It is hoped that the Anti-Corruption Establishment shall soon conclude the inquiry and the reform shall be presented to the PAC.

PAC OBSERVATION

128. The Committee observed that the Para in question has already been examined by the PAC in the Audit Report for the year 2012-13 in its meeting held on 01-09-2015.

PAC RECOMMENDATIONS

129. The Committee upheld the decision of PAC and recommended for initiation of action leading to recovery from the dealing hands after fixing responsibility. Para stands progress be reported to PAC within a month time.

DP No.10.4.18 SUSPECTED MISAPPROPRIATION OF Rs. 12.051 MILLION.
AUDIT VERSION

130. During the financial year 2013-14, the Medical Superintendent Naseerullah Khan Baber Memorial Hospital, Peshawar, paid Rs. 11.051 million on local purchase of medicines. The purchase of medicines was suspicious on the following grounds:

- i. The supplier M/S Shah Medicos was the lowest bidder however his supply order was cancelled due to supply of suspicious medicine. Call deposit of Rs.2,00,000/- was not forfeited.
- ii. Liabilities of Pervious year in respect of Douaba Medicos were paid for Rs.1.105 million which might have been drawn during 2012-13.
- iii. Medicines were not taken on Main-Stock and Sub-Stock registers.
- iv. The suppliers were not prequalified as per rules of the government.

131. The misappropriation occurred due to weak internal controls and violation of para-10, 13 and 145 of GFR-Vol-I.

132. The matter was reported in September 2014, followed by a remainder vide No.Audit/DAC/Health/2014-15/568 dated 11.12.2014 and No. Audit/DAC /Health/2014-15/587 dated 23.12.2014 to arrange Special DAC but was not arranged till finalization of this report.

DEPARTMENTAL VERSION

1. The Department stated that the contract of M/S Shah Medicos was cancelled vide this office order No. 3063/GNBMH dated 05-09-2013 on the grounds, that the firm was not prequalified vide DGHS letter No. 1067/DD(Reg/Preq/Drugs) dated 29-08-2017. Hence the contract of LP medicine was awarded to M/S Nimra medicose Peshawar on the ground of 2nd highest discount rates.
2. Due to non availability of funds in previous year payments were not made, therefore, when funds received in the financial year 2013-14, liabilities of previous year os M/S Doaba Medicos were paid.
3. Medicines were purchase on emergency need basis for patients in various units of the hospital and were taken on sub stock register of each unit which can be examined by Audit.
4. The supplier was prequalified vide DGHS letter No. 1050-52/DD(Reg)/PREQ:/Drugs, dated 30-07-2013.

PAC OBSERVATION

133. The Committee observed that suspected misappropriation as reported by Audit without any documentary proof in its support in the Draft Para.

PAC RECOMMENDATIONS

134. In view of the above, the Para was recommended to be settled with the direction to Audit not to repeat such practice in future.

**DP No.10.4.19 LOSS DUE TO LESS DEPOSIT OF OPD FEE/CHARGES
Rs. 5.260 MILLION.****AUDIT VERSION**

135. During the financial year 2013-14, the Medical Superintendent Naseerullah Khan Baber Memorial Hospital, Peshawar, failed to deposit Rs.5.260 million into Government account. The Management showed Rs.2/- collected as OPD chit instead of Rs.10/- as per detail given below:

S.No	General OPD	Casualty OPD	Total	Fixed Rate	Rate Shown	Difference	Amount
1.	Rs.542,965	Rs.333,641	Rs.876,606	Rs. 10	Rs. 2/-	Rs. 8/-	Rs.70,128,48
Less:- Amount already deposited with Karim Khan							Rs.17,53,221
Difference							Rs.52,59,627

136. It was held that loss occurred due to financial mismanagement and violation of Para-13 of GFR Vol-I.

137. The matter was reported in September 2014, followed by a remainder vide No.Audit/DAC/Health/2014-15/568 dated 11.12.2014 and No.Audit/DAC /Health/2014-15/587 dated 23.12.2014 to arrange Special DAC meeting but was not arranged till finalization of this report.

DEPARTMENTAL VERSION

138. The Department stated that the observation raised by the Audit Party is not based on facts. Actually the rate of OPD Chit was fixed by the Government as Rs.5/- per chit and after 30-06-2016 the OPD chit fee was revised by the Government as Rs.10/- per chit. The Accounts Section of this hospital has received the same amount on account of Rs.5/- per chit from Geneal OPD and Casualty OPD Counters and deposited in the Government Treasury for Rs. 17,53,221/-.

PAC OBSERVATION

139. The Department produced notification No. SOB-I/HD/1-27/ Provincial Receipt, wherein the rates were enhanced by the Government from Rs. 2 to 10 on 27-10-2016, which was not applicable during financial year 2012-13.

PAC RECOMMENDATIONS

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

DP No. 10.4.20 MISAPPROPRIATION OF MEDICINE Rs. 2.942 MILLION.**AUDIT VERSION**

141. During the financial year 2013-14, the Medical Superintendent Naseerullah Khan Baber Memorial Hospital, Peshawar, paid Rs.1.103 million on the purchase of medicines but the medicines were not taken on main stock and sub stock register and subsequent consumption record was also not available as per detailed below:-

S/No	Cheque#	Item	Quantity	Rate	Amount	Invoice#
1.	0958089 dated 26-05-2014	Gauze Cloth	10,000	12.250	122,500	0605-2 dated 15-02-2011
2.	0953701 dated 26-05-2014	IV canola 24G	2000	27.69	55.380	8055 dated 29-04-2014
3.	0958091 dated 26-05-2014	Inj: Ortacef 500mg	10,000	19.00	190,000	15550-A dated 07-06-2013
4.	0997070 dated 20-06-2014	Chloroxylenol 4.5lj	200	800	160,000	A160 dated 02-05-2011
5	0953699 dated 26-05-2014	Disposable Syringe	100,000	5.75	5,75,000	109805 dated 09-05-2014
Total:-					Rs. 1,102,880/-	

142. Similarly, X-Ray films of Rs.2.355 million were purchased but X-Ray films of Rs. 1.839 million were neither taken on stock nor record of its further consumption was available.

143. It was held that misappropriation of medicines and X-Ray films were due to weak internal controls and violation of Para-13 of GFR Vol-I.

14. The matter was reported in September 2014, followed by a reminder vide No.Audit/DAC/Health/2014-15/568 dated 11.12.2014 and No.Audit/DAC/

Health/2014-15/587 dated 23.12.2014 to arrange Special DAC meeting but was not arranged till finalization of this report.

DEPARTMENTAL VERSION

145. The Department stated that medicines received by the hospital were properly taken on the main stock register and issued to various units of the hospital. Moreover, entry of E- ray films in main stock register was not traced as the store keeper was died. However, the same has been taken on sub stock register of X-ray Department.

PAC RECOMMENDATIONS

146. The Para was recommended to be settled, subject to verification of record of the medicine of Rs. 1.8 million by the VOR Committee.

DP No.10.4.21 NON-PRODUCTION OF RECORD.

AUDIT VERSION

147. During the financial year 2013-14, the Medical Superintendent Naseerullah Khan Baber Memorial Hospital, Peshawar, failed to produce record of Laboratory Tests, record of Cardiology, Casualty, Surgical, Paeds and Orthopedic Wards, Indent Books for MCC/Local Purchases of Medicines, Expense Books and Charts of Patients.

148. It was held that the non-production of record was violation of law and Para-17 of GFR-Vol-I.

149. The matter was reported in September 2014, followed by a reminder vide No.Audit/DAC/Health/2014-15/568 dated 11.12.2014 and No.Audit/DAC/Health/2014-15/587 dated 23.12.2014 to arrange Special DAC meeting but was not arranged till finalization of this report.

DEPARTMENTAL VERSION

150. The Department explained that in this regard it is stated that the relevant record of all units of the hospital was shown to the audit party and still available in the concerned units of the hospital, which can be examined any time.

PAC OBSERVATION

151. The Committee observed that the Department failed to conduct DAC meetings, which was the violation of PAC directives and that is inefficiency on part of the Department.

PAC RECOMMENDATIONS

152. As record was not produced till date. The Committee, therefore, directed to conduct detailed audit of the same and produce complete record pertaining to the subject Para to Audit Team. The Committee further directed the Department to take Departmental action under the (E&D) Rules, 2011 against those who failed to produce record and for not convening DAC meetings as well.

DP No. 10.4.22 FRAUDULENT DRAWL OF Rs.1.410 MILLION.**AUDIT VERSION**

153. During the financial year 2013-14, the Medical Superintendent Sarhad Hospital for Psychiatric Diseases paid Rs.1.410 million to M/s Bryon Pharma (Pvt) Ltd and FYNK Pharma Pvt. Ltd. This amount was drawn in the name of DDO and shown paid in cash to the supplier on Page 58-59 and 80-81 of cash book. On further scrutiny it was revealed that the same amount was paid to the said supplier in cash in the previous year and recorded in the cash book on Page-2-3 and 6-7 resulting in fraudulent drawl of Rs.1.410 million.

154. It was held that the fraudulent drawl was made due to negligence and weak controls which was clear violation of Para 23 of GFR Vol-1.

155. The matter was reported in September 2014, followed by reminders vide No.Audit/DAC/Health/2014-15/567 dated 11.12.2014 and No.Audit/DAC/Health/2014-15/588 dated 23.12.2014 to arrange DAC meeting but was not arranged till finalization of this report.

DEPARTMENTAL VERSION

156. The Department explained that the letter No. 663 audit 2013-14/9 date 02-09-2015 & letter No. 881 SHPD dated 11-10-2017 were sent to DGHS Khyber Pakhtunkhwa for necessary action, it is further to mention that an amount of Rs.

217,125 was deposited by M/S Fynk Pharmaceuticals supplied the Medicine and was entered in stock register on page No. 94 and payment was done but no record was available in the office and Rs 463200/- was paid to M/s Bryon Pharmaceuticals vide cheque No. 878767 dated 25-11-2013 and Medicine entered stock Register on page No. 152. A cheque No. 714435 dated 0/8-06-2012 of Rs 463200/- was drawn at the time of Dr. Mahmud Alam, MS and Mr. Irfan Majeed Senior Clerk. The Cheque was deposited in the account of Continental Enterprises Peshawar A/C BI, 0463-00195705-03 HBL Sunehri Masjid Road Peshawar on 12-06-2012. It was not given to M/S Bryon Pharmaceuticals.

157. During the meeting, the Department straight away accepted the observation of Audit and told that the recovery is in process and will be finalized soon.

PAC OBSERVATION

158. During examination of the working paper it was found that DAC meeting was not held. During the meeting the Department produced minutes of the meeting of DAC, which were not conceded by Audit even expressed their concerns over the non holding of DAC.

159. It was also observed that the Department accepted its fault, but no disciplinary and criminal proceedings were initiated against the responsible person(s).

160. It was also observed that letters were written to DG Health Services for initiating disciplinary proceedings against the responsible(s) for misappropriation of public money but no response was received from the DG Health Services Office.

PAC RECOMMENDATION

161. In view of the above observation, the Committee recommended that:-

1. With regard to the contradiction in the contention of Department and Audit for holding of DAC meeting, the issue was referred to Sub-Committee comprising the following:-
 - i. Mr. Inayatullah Khan, MPA Chairman
 - ii. Mr. Babar Saleem, MPA Member
 - iii. Syed Fakhar Jehan, MPA Member

The Committee will examine the issue in detail and submit its report to PAC within a month.

2. The Department was directed to initiate disciplinary action, make recovery coupled with criminal proceedings and lodge FIR against the then DDO and Cashier for embezzlement under intimation to PAC Cell within a week.
 3. The Chief Secretary Khyber Pakhtunkhwa should constitute an inquiry Committee to probe into the matter of embezzlement in the Sarhad Hospital for Psychiatric Diseases and take appropriate disciplinary action against the person who had not conducted inquiry against the person(s) involved in the embezzlement despite of several reminders from the Hospital Authorities. The Department should forward all corresponding to the Chief Secretary made in this regard.
162. Para stands. Progress be reported to PAC within one month.

DP No. 10.4.23 OVERPAYMENT OF Rs 2.096 MILLION.

AUDIT VERSION

163. During the financial year 2013-14, the Medical Superintendent Sarhad Hospital for Psychiatric Diseases Peshawar, called a tender for the local purchase of medicines with the condition that locally manufactured medicines will be supplied on trade price with higher discount rate. On scrutiny of the record it was revealed that payments were made on submitting bills on retail price basis instead of trade price with higher discount, this resulted into overpayment of Rs.2.096 million.

164. It was held that the overpayment occurred due to collusion of the staff with the suppliers which was clear violation of Para 23 of GFR Vol-1.

165. The matter was reported in September, 2014, followed by reminders vide No.Audit/DAC/Health/2014-15/567 dated 11.12.2014 and No.Audit/DAC/Health /2014-15/588 dated 23.12.2014 to arrange DAC meeting but it was not arranged till finalization of this report.

DEPARTMENTAL VERSION

166. The Department explained that the AC bills showed out of the total amount of Rs. 9,76,080/- the 20% discount was deducted of Rs. 1,95,216/-. Furthermore, the discount was always given on retail price and not on trade price. The mistake was in the advertisement but no corrigendum was issued by the then MS. Moreover, previously retail price discount advertisements were given.

PAC OBSERVATION

167. The Committee observed laxity on part of the Department by not issuing corrigendum. It was also observed that highest discount rates of 36% offered by MS Nimra Medicos were replaced after opening of quotation to 20%.

168. Two quotations of the same firm Nimra Medicos bearing the same date i.e.15th July, 2013 were shown by Audit, which indicated that 36% and 20% discount respectively which created doubts and favoured the Audit objection.

PAC RECOMMENDATIONS

169. In view of the above, the Committee recommended to initiate action leading to recovery of overpayment from the person (s) at fault after fixing responsibility. Para stands. Progress be reported to PAC within a month.

DP No.10.4.24 OVERPAYMENT OF Rs.1.118 MILLION.**AUDIT VERSION**

170. During the financial year 2013-14, the Medical Superintendent Sarhad Hospital for Psychiatric Diseases Peshawar, floated tender for the local purchase of medicine. The highest discount rate of 36% offered by M/s Nimra Medicos was reduced to 20% in the comparative statement. The change in the rate of discount by the Hospital management resulted into overpayment of Rs.1.118 million to the supplier.

Discount offered	Discount shown	Difference	Total payment Rs in million	Overpayment Rs. in million
36%	20%	16%	6.987	1.118

171. The loss was occurred due to collusion of the staff with the suppliers which was clear violation of Para 23 of GFR Vol-1.

172. The matter was reported in September, 2014, followed by reminders vide No.Audit/DAC/Health/2014-15/567 dated 11.12.2014 and No.Audit/DAC/Health/2014-15/588 dated 23.12.2014 to arrange DAC meeting but was not arranged till finalization of this report.

DEPARTMENTAL VERSION

173. The Department explained that as the LP medicine and Zakat medicine tenders were opened on the same date and time (16-07-2013). The 36% discount was not meant for the LP medicine. . The firm did not agree with 36% discount.

PAC OBSERVATION

174. The Committee observed laxity on part of the Department by not issuing corrigendum. It was also observed that highest discount rates of 36% offered by MS Nimra Medicos were replaced after opening of quotation to 20%.

175. Two quotations of the same firms Nimra Medicos bearing the same date i.e.15th July, 2013 were shown by Audit, which indicated that 36% and 20% discount respectively which created doubts.

PAC RECOMMENDATIONS

176. In view of the above, the Committee recommended to initiate action leading to recovery of overpayment from the person(s) at fault after fixing responsibility. Para stands. Progress be reported to PAC within a month.

DP No.10.4.25 MISAPPROPRIATION OF HOSPITAL RECEIPT OF Rs. 1.401 MILLION.**AUDIT VERSION**

177. During the financial year 2012-13, the Chief Executive, Lady Reading Hospital Peshawar realized a sum of Rs.18.068 million on account of admission and operation fee out of which Rs. 1.401 million was not deposited. This resulted into misappropriation.

178. It was held that misappropriation was made due to weak internal controls which was clear violation of Para 26 of GFR Vol-1.

179. The matter was reported to the management in April, 2014 followed by reminders No.Audit/HEALTH/SIR/340-380/2012-13/251 dated 19/05/2013 to arrange the DAC meeting, however it was not arranged till finalization of this report.

DEPARTMENTAL VERSION

180. The Department explained the factual position as under for the year 2012-13:-

S/No.	Audit Figures	Actual Position
1.	Total Admission= 120407	Total Admission= 122971
2.	Total OT= 60268 Total Admission+ OT= 180675	Total Free Patients= 15732 Net Admission + OT= 168817
	Total amount= Rs. 1,80,67,500/-	Total Amount= Rs.1,68,81,700/-

181. The total number of patients, admitted and operated were **184549** whereas, the audit had shown it as **180675** as mentioned above. Thus ignoring the number of patients falling in the following categories, decreasing the number to 15732 on which Rs. 1573200 was incurred. 1. Poor. 2. MLC. 3. Prisoner. 4. Emergency. 5. Bomb Blast. 6. Thallesemia. 7. Leprosy. 8. DATC. 9. Dialysis. 10. Entitle Free.

182. Total fee of admissions and operation charges, Rs. 1,68,81,700/-.

183. Month wise statement duly verified showing number of patients admitted and OT for the year 2012-13. A list of patients provided free admission and OT. Computerized list of patients admitted and OT both charges and treated free.

184. After deducting the expenditure incurred on poor patients remaining amount worth Rs. 1,68,81,700/- was realized and deposited in hospital fund with almoner (Rs.1,84,54,900/- Rs. 15,73,200/-). **340 (ii)**

1. After conducting proper enquiry, recoveries are being made @ Rs. 5,000/- per month from the salary of concerned regularly on monthly basis.
2. As far as the actual amount embezzled is concerned, it was only Rs.200/- admission fee of eight patients i.e.8 x 200=Rs. 1,600/-
3. The Penalty was suggested on the grounds that, the same officials are put under enquiry many times on the same complaints of embezzlements.
4. As far as penalty of Rs.10,000/- on one official is concerned, it was due to his negligence, that he left his place of duty un-protected, Giving chance to others to make use of his documents illegally.
5. The concerned officials were not permanently placed on the said counter rather they were on their rotation turn.

6. The computer system of this hospital does not allow any duplicate or manual entry, unless a patient comes through a process (due to the fact that every patient is given an identity number).

PAC OBSERVATION

185. The Committee observed that:-
1. All amounts pointed out by Audit were shown deposited in the Reserve Fund of the Hospital.
 2. The Hospital authority had penalized the concerned staff as involved in the misdeed with penalty of Rs. 1,00,000/- each and penalty of Rs. 10,000/- on another person was also imposed for his negligence. However, Hospital authority failed to initiate appropriate disciplinary action against the concerned staff involved in embezzlement as highlighted in the inquiry report i.e. removal from service.

PAC RECOMMENDATIONS

186. In view of the above, the Committee recommended that:-
1. The first portion of the Para regarding non depositing of amounts be settled subject to verification of deposited amount by Audit.
 2. In second portion of the Para, the Hospital authorities were directed to initiate action under (E&D) Rules against the concerned staff involved in embezzlement as highlighted in the inquiry report.
187. Para stands. Progress be reported to PAC within a month.

DP No. 10.4.26 LOSS DUE TO NON RECOVERY OF Rs. 21.856 MILLION. AUDIT VERSION

188. During the financial year 2012-13, the Chief Executive Lady Reading Hospital Peshawar did not recover a sum of Rs.21.856 million. On checking of record it was observed that an inquiry committee was constituted to probe regarding illegal reuse of artificial kidneys to successive patients in the dialysis unit of LRH Peshawar. The inquiry committee had established the charges against Professor Dr. Akhtar Ali head of the dialysis unit and Mr. Nasrullah Store Keeper LRH and recommended to recover the amount in equal share. The department has failed to recover the amount which resulted in loss to the hospital of Rs.21.856 million.

189. It was held that loss occurred due to negligence and weak internal controls.

190. The matter was reported to the management in April, 2014 followed by a reminder No.Audit/HEALTH/SIR/340-380/2012-13/251 dated:19/05/2013 to arrange the DAC meeting however it was not arranged till finalization of this report.

DEPARTMENTAL VERSION

191. The Department explained that:-
1. An inquiry was constituted by the Department of Health and report the Government of Khyber Pakhtunkhwa.
 2. As a result of inquiry report, Prof. Akhtar Ali (BPS-21) Head of Nephrology LRH. and Mr. Nasrullah Chief Dialysis Technician sheeted.
 3. Formal inquiry Committee was re-constituted consisting of Syed Bukhari the then, Secretary Environments/Secretary Finance along with Muzafar-ud-Din Sadiq Head of Department of Surgery LRH Peshawar.
 4. The formal inquiry Committee scrutinized all relevant record such as indents books, hospital store record.
 5. As per inquiry report no severe irregularities were proved. Hon^{''}able Chief Minister Khyber Pakhtunkhwa exonerated Prof Dr. Akhtar Ali and Mr. Nasrullah store keeper from the charges leveled against them vide Department of Health letter No.SOH-I/1-260/93 dated 3rd January, 2014.

PAC RECOMMENDATIONS

192. After detailed and hectic discussion, the Committee could not reach to a just and fair conclusion, therefore, a Sub-Committee comprising the following was constituted to probe into the matter in detail:-

- | | | |
|----|------------------------|----------|
| 1. | Mr. Khushdil Khan, MPA | Chairman |
| 2. | Mr. Inayatullah, MPA | Member |
| 3. | Syed Fakhar Jehan, MPA | Member |

193. The Committee will submit its report to PAC within a month.

194. In pursuance of the above decision of PAC, a Sub-Committee was constituted vide Notification No. PA/KP/PAC/S.C-6/2014-15/18/12924 dated 17-12-2018.

195 The Sub-Committee in its meeting held on 21st January, 2019 had thoroughly examined and discussed in detailed both the inquiries reports and made the following observations/recommendations.

OBSERVATION OF SUB-COMMITTEE

196. The Committee observed that the Audit has made/constituted the said Para on basis of information contained in 1st inquiry report. Neither all the relevant record was properly examine by the audit which was pre-requisite for the audit of the said Draft Para, nor the 2nd inquiry report, conducted on the directions of Chief Minister being competent authority, was taken in to the account /consideration, Wherein the entire allegation and charges framed in the Charge Sheet of 1st enquiry report against the accused were proved wrong and exonerated from the said charges by the 2nd Enquiry Committee. If the Audit has scrutinized all the relevant record as well the second enquiry report properly the subject matter would have been resolved at the DAC level.

SUB-COMMITTEE RECOMMENDATIONS

197. The Committee after detailed discussion recommended the Para to be settled with the direction to the Department that:-

- i. The internal audit of the store items issued to Nephrology Units since 2005 and if shortages are detected in the issuance of and receipt/utilization of the items in that unit these may be recovered from the concerned person, and
- ii. The LRH Hospital should establish an effective complaint redressed System in Hospital to timely address the public complaints and grievances.

198. The Committee also recommended that the Pre-PAC need to play its role effectively and submit its recommendations to PAC after thoroughly scrutinizing/examining the matters/issues involved in the draft Para, in light of relevant Laws, Rules and Regulations in vogue at their level.

DP No. 10.4.27 LOSS DUE TO NON RECOVERY OF INCOME TAX Rs.1.491 MILLION.

AUDIT VERSION

199. During the financial year 2012-13 the Chief Executive Lady Reading Hospital Peshawar awarded contract of CT scan to M/S Popular Diagnostic Peshawar as public private partnership. The firm was paid Rs.24.843 million as its share however income tax @ 6 % of Rs. 1.409 million was required to have been recovered from payments to the firm. Non recovery of government money resulted into loss.

200. It was held that loss occurred due to weak financial control and violation of Income Tax Ordinance, 2001.

201. The matter was reported to the management in April, 2014 followed by a reminder No. Audit/Health/SIR/340-380/2012-13/251 dated 19.05.2013 to arrange the DAC meeting but it was not held till finalization of this report.

DEPARTMENTAL VERSION

202. The Department explained that the C.T Scan of the hospital is being run through Public Private Partnership basis. According to Clause-22 of the contract agreement the 1st party (LRH) shall keep and maintained the record of C.T Scan receipts and shall pay the due share to the 2nd party on daily basis at C.T Scan premises.

203. Regarding deduction of Income Tax a self-contained case was sent to Income Tax authorities vide No. 18609/- LRH dated 09-08-2007. The Income Tax authorities clarified the matter vide letter dated 20-08-2007 and advised not to deduct Income Tax at source from the firm as the Association of Persons (A.O.P) partner cannot deduct tax from one another on payment. Therefore, income tax was not deducted.

PAC RECOMMENDATIONS

204. In view of the letter of the office of Deputy Commissioner Income Tax, vide NO. RTO/E&C-I/PR/277 dated 20-08-2007 duly endorsed by the Audit, the Para was recommended to be settled.

ENERGY AND POWER DEPARTMENT

Total Draft Paras: _____	13
Examined: _____	13

Settled: 6.4.2, 6.4.3, 6.4.7, 6.4.8, 6.4.9..... 05

Recovery: 6.4.6, 6.4.11, 6.4.13..... ..03

VOR: 6.4.1, 6.4.4, 6.4.5, 6.4.10, 6.4.12..... 05

ENERGY & POWER DEPARTMENT

Thirteen (13) Draft Paras, reflected in the Auditor General's Report for the year 2014-15 against the Department, were examined by the present Public Accounts Committee in its meeting held on 5th December, 2018. The following were present:-

PUBLIC ACCOUNTS COMMITTEE

1.	Mr. Mushtaq Ahmad Ghani, Speaker	Chairman
2.	Mr. Khushdil Khan, MPA	Member
3.	Mr. Inayatullah Khan, MPA	Member
4.	Syed Fakhar Jehan, MPA	Member
5.	Mr. Babar Saleem, MPA	Member
6.	Dr. Sumaira Shams, MPA	Member
7.	Mst. Nighat Yasmin Orakzai, MPA	Member

LAW, PARLIAMENTARY AFFAIRS AND HUMAN RIGHTS DEPARTMENT

Mst. Hamsheeda Begum,
ALD-II.

FINANCE DEPARTMENT

Mr. Musharaf Khan,
Additional Secretary.

AUDIT DEPARTMENT

1. Dr. Akbar Ali Khan,
Director General, Audit
2. Mr. Shahid Ali,
Deputy Director.
3. Dr. Muhammad Ismail,
Deputy Director,
4. Mr. Fazli Mula,
Audit Officer.
5. Mr. Khalid Zaman,
Audit Officer.
6. Mr. Aqil Shah,
Audit Officer.

7. Syed Muhammad Yehyah Shah,
Audit Officer.

ENERGY & POWER DEPARTMENT

1. Mr. Muhammad Salim,
Secretary.
2. Mr. Muhammad Asif,
Additional Secretary.
3. Syed Zain Ullah Shah,
C.E.O.
4. Mr. Mustafa Khan,
Assistant Director Audit, (PEDO).

PROVINCIAL ASSEMBLY SECRETARIAT

1. Mr. Nasrullah Khan Khattak,
Secretary.
2. Mr. Amjad Ali,
Additional Secretary.
3. Mr. Muhammad Younas,
Deputy Secretary.
4. Mr. Ibrahim Khan,
Assistant Secretary.
5. Mr. Muhammad Ayaz,
Assistant Secretary.

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

DP No. 6.4.1 NON- PAYMENT TO THE LAND OWNERS OF Rs. 8.298 MILLION.

AUDIT VERSION

3. During the financial year 2010-11, the MD PEDO paid Rs. 8.298 million to the Project Director Renolia H.P.P in May and June 2011. The amount was further paid to the D.O.R Kohistan for disbursement to the Land owners. Neither the amount was disbursed amongst the land owners nor was section 4 notified.
4. It was held that the matter was due to weak internal controls and clear violation of Para 205 and 283 of GFR Vol-I.

5. The matter was reported in September 2011. The management replied that disbursement had been made.

6. DAC meeting was held in February, 2012 wherein the department repeated the previous reply. DAC directed that actual payee receipts, mutation documents and land award statement should be produced within 15 days for verification. Audit representative was nominated in July, 2014 for verification of record, however, it was not produced.

DEPARTMENTAL VERSION

7. The Department explained that the amount paid to District Officer Revenue Kohistan has been disbursed amongst the land owners.

8. Section 4 has been notified by District Officer revenue Kohistan Record of Section 4 and sale deed 07 owners and evidence of disbursement payment is available for verification.

PAC RECOMMENDATIONS

9. In view of the plausible explanation of the Department, the Para was recommended to be settled, subject to verification of record by VOR Committee in the Provincial Assembly of Khyber Pakhtunkhwa.

DP No.6.4.2 DOUBTFUL PAYMENT TO DOR KOHISTAN OF Rs. 2.914 MILLION.

AUDIT VERSION

10. During the financial year 2010-11, the Project Director Ranolia H.P.P PEDO Peshawar paid Rs.2.914 million to D.O.R Kohistan for further payment to C&W, Agriculture & Forest Departments being compensation of forest trees and purchase of property. However Actual Payee's Receipts of DOR, assessment of the property and record of disbursement were not available. Moreover whereabouts of the demolished material and trees were also not shown to audit.

11. It was held that the doubtful payment was due to weak internal controls and violation of Para 205 and 283 of GFR Vol-I.

12. The matter was reported to the department in August 2011. It was replied that assessment was made by the concerned agencies and where about of material will be decided later on.

13. DAC meeting was held in July, 2012. The management replied that the trees and materials are available at site and disposal will be made as per ADB guidelines. DAC directed to produce relevant record within 15 days. Audit representative visited the Project Office in March 2014 wherein record was not produced to him for verification.

DEPARTMENTAL VERSION

14. The Department explained that the assessment of fruit bearing trees, Non fruit bearing trees and built up property was made by the concerned department i.e. Agriculture Department, Forest Department and C&W department Kohistan.

15. As district Officer Revenue is the disbursing agency, therefore on demand of D.O.R Kohistan, funds were transferred for further disbursement amongst the affectees.

16. Building has not been demolished and trees are available at site, and after mobilization of the contractor, disposal of building material and trees etc. will be decided as per rules/ADB guide lines.

PAC RECOMMENDATIONS

17. The explanation of the Department, was accepted, hence the Para was recommended to be settled.

DP No. 6.4.3 UNAUTHORIZED EXPENDITURE OF ON RENT OF OFFICE-Rs. 1.342 MILLION.

AUDIT VERSION

18. During the financial year 2010-11, the Project Director Daral Khwar, PEDO Peshawar, paid Rs.1.342 million as rent of building hired for consultants @ Rs.50,000/month. The Project office existed in District Swat while the office was hired at Peshawar. The consultants were working on other assignments throughout the

country. Thus hiring of office in Peshawar for the Project existing in District Swat was unjustified.

19. It was held that the unauthorized expenditure was due to mismanagement and violation of Para-10 of GFR Vol-I.

20. The matter was reported during September, 2011. The management replied that provision was available in the PC-I.

21. DAC meeting was held in July, 2012. Department replied that there was provision in the agreement made with the consultants. DAC directed that PC-1, consultancy agreement, preconstruction phase and actual construction period should be provided for verification within 15 days. Audit representative visited the Project Office in March 2014 wherein record was not produced to him for verification.

DEPARTMENTAL VERSION

22. The Department explained that the Audit Team PAC visited PEDO Office, Peshawar on February 13-14, 2018 and in accordance with the decision of the DAC, all the Documents/record were provided and re-verified by the Audit Team. The same were discussed/explained to him again and the record was handed over to them as per their satisfaction.

23. It was scrutinized and no unauthorized/ excess payment been made to the Consultants.

24. During the meeting, the Department explained that core team of the Consultants was working in Peshawar. Project activities were not started by them and they were providing help to PEDO in its preparation of bidding documents, feasibility and other relating operations pertaining to the Project.

PAC RECOMMENDATIONS

25. The explanation of the Department being plausible was accepted, hence, the Para was recommended to be settled.

DP No. 6.4.4 OUTSTANDING ELECTRICITY DUES OF Rs.1,312.265 (M).**AUDIT VERSION**

26. During the financial year 2012-13, the Managing Director PEDO, failed to recover Rs.1312.265 million outstanding against WAPDA on account of electricity supplied to them up-to 05/2013.

27. It was held that the non-recovery of the Provincial Government Revenue was due to inefficiency of the department and violation of Para 205 and 283 of GFR Vol-1.

28. The matter was reported to the management in March 2014 however they did not reply.

29. The Department was requested on 2.5.2014 followed by reminders dated 15.8.2014 and December, 2014 to arrange DAC meeting, which was not arranged till finalization of this report.

DEPARTMENTAL VERSION

30. The Department explained that the amount of Rs.1,312.265 million mentioned in the Para was recovered in the following months.

31. Bank statement of Revenue Malakand-III Account No.8241-9 shown the amount duly collected.

PAC RECOMMENDATIONS

32. In view of the explanation of the Department that the amount in question had been recovered, the Committee recommended the Para to be settled, subject to verification of record by the VOR Committee in the Provincial Assembly of Khyber Pakhtunkhwa.

DP No. 6.4.5 NON RECOVERY OF SALE PROCEEDS Rs.33.700 MILLION AND LOSS OF Rs.3.647 MILLION.**AUDIT VERSION**

33. During the financial year 2012-13, the PD SHISHI HPP, failed to recover Rs.33.701 million from PESCO on account of electricity supplied/sold. During 8/2013 and 9/2013 the production ratio was reduced by about 60% as compared with

other months though the O&M contractor, local staff and M&R expenditure were increased up-to Rs.1.700 million in August & September, 2013.

34. On comparison of the revenue and expenditure statements of the Power station it was revealed that Rs.21.58 million was expended on O&M, cost of staff and AM&R against which electricity of Rs.17.933 million was sold. Hence, the power station was in loss of Rs.3.647 million during the year 2012-13.

35. It was held that the non recovery was due to inefficiency of the Department and violation of Para 26 of GFR Vol-1.

36. The matter was reported to the management in January 2014, however they did not reply.

37. The Department was requested on 02.05.2014 followed by reminders dated 15.8.2014 and December 2014 to hold DAC meeting, which was not arranged till finalization of this report.

DEPARTMENTAL VERSION

38. The Department explained that the outstanding amount was delayed due to Generation License issues with NEPRA. After getting Generation License from NEPRA a sum of Rs.32,497,920/- & Rs. 1,1073,420/- have been recovered vide Cheque No.24511275 dated 24-04-2014, and Cheque No. 29621293 dated 28.11.2014.

39. The Department further explained that During 8/2013 and 9/2013 the power house was shut down for repair due to that generation was less and as a result revenue was decreased. Also the repair works expenditures when added to the annual operational cost the total expenses summed up to more.

PAC RECOMMENDATIONS

40. In view of the explanation of the Department that the amount in question had been recovered, the Para was recommended to be settled, subject to verification of record by VOR Committee in the Provincial Assembly of Khyber Pakhtunkhwa.

DP No. 6.4.6 NON REALIZATION OF SALE PROCEED Rs.659.368 MILLION.**AUDIT VERSION**

41. During the financial year 2012-13, the O&M Contractor Pehur PEDO, failed to recover Rs.659.368 million pending against PESCO. Electricity of Rs.836.464 million was sold to PESCO and Rs.177.278 million was recovered. The amount was outstanding due to want of approval of the rates from NEPRA which was the responsibility of O&M contractor. Record showed that neither the contractor was issued warning nor any penalty was imposed in violation of contractual agreement.

42. It was held that the non-realization was due to inefficiency of the department and violation of Para 26 of GFR Vol-1.

43. The matter was reported to the management in January 2014 however they did not reply.

44. The Department was requested on 02.05.2014 followed by reminders dated 15-08-2014 and December 2014 to hold DAC meeting, which was not arranged till finalization of this report.

DEPARTMENTAL VERSION

45. The Department explained that the Pehur Hydropower was put in commercial operation on 1st March 2010 and connected to 132 kV grid station at Gadoon Swabi for supplying power to the national Grid.

46. At the time of commercial operation the tariff for sale of power was not determined by the NEPRA, therefore, it was decided with PESCO that the energy generated would be sold to WAPDA @ Rs 1.0 per Unit as an interim tariff and once the tariff is determined by NEPRA and power purchase agreement (PPA) signed with PESCO the arrears would be claimed. NEPRA determined the tariff for Pehur on 6.12.2010. The levelized tariff for 25 years is Rs. 4.7194 / kWh.

47. Pursuant to tariff determination by NEPRA, the draft PPA was submitted to PESCO on 22.4.2011 for vetting, finalization and signing.

48. PESCO expressed its inability to execute the Power Purchase Agreement due to lack of expertise and referred the case to CPPA (Central Power Purchase Agency). Since then the issue was shuttling between these entities.

49. In a recent development, CPPA has finally initialed the PPA on 01-12-2016 and now formal signing will be done shortly. The said PPA task is followed time to time by the concerned officers of PEDO.

50. Since operation of the powerhouse till date, PEDO is receiving revenue @ Rs. 1 per unit, as such, arrears of Rs. 1.2 Billion has been accumulated against PESCO, which will be materialized after signing of the PPA.

PAC RECOMMENDATIONS

51. Para stands till complete recovery and its verification by Audit. Efforts should be made for early recovery. The Department was also directed to devise mechanism for early recovery of such dues in future.

52. The Department was also directed to expedite signing of Power purchase Agreement (PPA) and progress be reported to PAC Cell within thirty (30) days.

DP No. 6.4.7 LOSS TO THE GOVERNMENT DUE TO UNLAWFUL EXTENSION OF CONTRACT- Rs.268.835 MILLION.

AUDIT VERSION

53. During the financial year 2012-13, the MD PEDO, extended the Contract of the O&M Hydro tech MKDIII for 5 years. The contract was extended in violation of recommendation of Finance & Law Departments. The Finance & Law Department have agreed for 6 months extension with 30% increase in light of Procurement Rules 2003. But the PEDO extended the contract for 5 years with 90% increase at total cost of Rs.951.387 million. If the proposed extension of Finance Department had accepted the amount would have been Rs.682.552 million. ($525.04 \times 30\% = 157.512 = 682.552$). This resulted in excess payment of Rs.268.835 million. ($951.387 - 682.552 = 268.835$). The contractor also failed to train the PEDO staff during contract period for running the power station in future.

54. It was held that loss occurred due to unjustified extension of the contract agreement which is violation of Para 12 & 13 of the Summary for Chief Ministry Khyber Pakhtunkhwa.

55. The matter was reported to the management in March 2014 however they did not reply.

56. The Department was requested on 2.5.2014 followed by reminders dated 15.8.2014 and December 2014 to hold DAC meeting, which was not arranged till finalization of this report.

DEPARTMENTAL VERSION

57. The Department explained that the initial O&M contract was awarded to M/S Hydro Tech on 31.8.2007 for a period of 5 years (i.e. upto 31.8.2012). Before expiry of the contract, under the provisions of the contract agreement vide clause 2.2, the Contractor consented to continue providing the O&M services for the next period of 5 years and submitted its cost of Rs. 951 million. Accordingly a summary was moved for the Chief Minister KP through Finance, law and P&D Departments. After detailed deliberation on the issue, PEDO Board approved the extension in the O&M contract for three years at a negotiated cost of Rs. 430 million.

58. It is pertinent to mention that during the course of movement of the summary, Finance Department recorded its comments that since it is a “Goods Contract” therefore, extension in contract may not be more than 30% or Rs. 1 million, whichever is less.

59. The matter was referred to the Advocate General Khyber Pakhtunkhwa for soliciting his advice. The advice of Advocate General Khyber Pakhtunkhwa wherein it was clearly elucidated that O&M contract is a “Services Contract” and it can be extended with the mutual consent of both the parties.

60. Pursuant to the advice of Advocate General, the contract has been extended by the PEDO Board.

PAC RECOMMENDATIONS

61. In view of the above explanation, the Para was recommended to be settled with the direction to the Department to obtain/seek legal opinion of Law Department instead of Advocate General office in future.

DP No.6.4.8 NON-IMPOSITION OF PENALTY WORTH Rs.6.586 MILLION.

AUDIT VERSION

62. During the financial year 2012-13, the MD PEDO, awarded the contract of Feasibility Study Ghorband Nindihar HPP to M/s NDC BAK and Hydro tech (joint venture) at the cost of Rs. 65.864 million with completion period of 18-months. The work was started on 22.6.2012 with completion date 21.12.2013 (18-months). As per agreement page-40, Draft feasibility report and PC-I was required to be submitted at the end of 14-months. But PC-I was not submitted by the consultants. The study was delayed but. Penalty @ 10% of the estimated cost, Rs.6.586 million was not imposed.

63. It was held that the non-imposition of penalty was due to negligence of the department and violation of Para 2.4 of the contract Agreement.

64. The matter was reported to the management in March 2014 however they did not reply.

65. The Department was requested on 2.5.2014 followed by reminders dated 15.8.2014 and December 2014 to arrange DAC meeting, which was not arranged till finalization of this report.

DEPARTMENTAL VERSION

66. The Department explained that the contract was assigned to M/s NDC BAK and Hydro Tech (joint venture) @ 65.586 million for a period of 18 months.

67. M/s NDC BAK and Hydro Tech (joint venture) submitted the draft feasibility reports and PC-I of the Ghorband Hydro Power Project (18 MW) and Nandihar Hydro Power Project (10.3 MW) within the stipulated period on 03.01.2014. The feasibility study was finalized as per approved schedule i.e. January, 2014 therefore; no penalty was required to be imposed.

PAC RECOMMENDATIONS

68. The explanation of the Department, being plausible was accepted. Hence, the Para was recommended to be settled.

DP No. 6.4.9 LOSS OF Rs.09.000 MILLION PER ANNUM FOR USING TWO VEHICLES BY ONE PERSON.**AUDIT VERSION**

69. During the financial year 2012-13, the MD PEDO, allowed officers in the Head Office to use more than one vehicles and did not recover the amount of Rs.09.000 million as monthly rent on account of 10 vehicles used in excess of entitlement /unauthorized (The calculation of loss based on the monthly rent of vehicles, hired for Malakand-III. project) Detail as below:-

S/No	Registration No.	Make & Model	Under the Use of	Amount
1.	A-1470	Toyota Hilux	ZainUllah Shah, CFO	75,000
2.	AA-1224	Toyota Vigo	--do--	75,000
3.	A-2078	Toyota Corolla	Lajbar Khan DD Admn	75,000
4.	A-9169	Mitsubishi Double Cab	--do--	75,000
5.	A-9168	Mitsubishi Double Cab	Narindar Kumar Sr: Eng:	75,000
6.	A-1629	Suzuki APV	--do--	75,000
7.	A-9039	Double Cabin	Jawad Haider Res:Eng:	75,000
8.	A-1017	Double Cabin	--do--	75,000
9.	A-5995	Suzuki Potohar	--do--	75,000
10.	A-8706	Suzuki Baleno Car	Ex-Director (Finance)	75,000
11.	AA-2736	Toyota Vigo	Mr. Umair	75,000
12.	AA-2153	Toyota Corolla	Director (Finance)	75,000
13.	A-2779	Suzuki Margalla	PS to MD	75,000
14.	A-2430	Toyota Hilux	Director O&C	75,000
15.	A-3379	Suzuki Jeep	--do--	75,000

16.	A-3029	Nissan Pickup	--do--	75,000
TOTAL (75000x10x12 = 9,000,000)				

70. It was held that loss was occurred due to weak internal controls and violation of Para 10(i) of GFR Vol-1.

71. The matter was reported to the management in January, 2014, however, they did not reply.

72. The Department was requested on 2.5.2014 followed by reminders dated 15.8.2014 and December, 2014 to arrange DAC meeting, which was not arranged till finalization of this report.

DEPARTMENTAL VERSION

73. The Department explained that the all the officers of Head office are authorized for one vehicle for official duty, expenditure on account of POL & Repair incurred were within the limit as per entitlement for official duty. No one use extra vehicle.

74. List of vehicle under use of Head office & Projects are mentioned below:

S/No	Head Off: / Pool/off Road Vehicles	Project
1.	A-2078	A-1470
2.	A-8706	A-9169
3.	A-2153	AA-1224
4.	A-2779	A-9168
5.	A-2430	A-1629
6.	A-3379	A-9036
7.		A-1017
8.		A-5995
9.		A-3029
10.		A-9169
11.		A-2736

75. No expenditure incurred during audit era on Project vehicles on account of POL /Repair from DDO Head office as per mentioned in the above table in project column.

PAC RECOMMENDATIONS

76. Due to plausible explanation of the Department, the Para was recommended to be settled.

DP No.6.4.10 UNAUTHORIZED PAYMENT OF MOBILIZATION ADVANCE RS.69.349 MILLION & NON RECOVERY OF INTEREST Rs.5.547 MILLION.

AUDIT VERSION

77. There was no provision in the PC-I of the project for advance payment.

78. During the financial year 2012-13, the MD PEDO, paid mobilization advances of Rs.69.349 million. The payment of mobilization advances was held unauthorized in light of following observations.

- i. There was no provision in the tender documents for mobilization advance.
- ii. The mobilization advance shall only be allowed in project exceeding Rs.50.00 million however the projects for which the advance was granted were of less than Rs.50.00 million.
- iii. The amount of the mobilization advance should be determined by the administrative Secretary keeping in view the requirement of the project and in no case it should increase 2% of the project cost or Rs.3.00 million which ever less. In the instant case Rs. 24.440 million was paid instead of Rs. 3.00 million and sanction of Secretary Energy & Power was not obtained.
- iv. The contractor shall have to furnish a guarantee from the schedule bank which was not furnished.
- v. Markup at the rate of 8% per annum amounting to Rs. 1.955 million was not recovered.
- vi. The amount of advance inclusive of mark up on reducing balances shall be recovered in five equal installments from the 1st five running bills but the amount was not recovered.
- vii. The sanctioning authority granting mobilization advance shall endorse copy to FD & AG, who will keep watch on the recovery but it was not done.

79. It was held that the unauthorized advance payment was made due to financial mismanagement and violation of Finance department letter No SO.(Dev-II)2-15/2003-04/ FD Dated 28-06-2004 provides certain conditions for payment of Mobilization Advance.

80. The matter was reported to the management in January 2014 however they did not reply.

81. The Department was requested on 2.5.2014 followed by reminders dated 15.8.2014 and December 2014 to hold DAC meeting, which was not arranged till finalization of the report.

DEPARTMENTAL VERSION

82. The Department explained that the mobilization Advance was allowed to the PEDO Schemes as per provision in the Contract Agreement as per detail mentioned below;

Project	Amount (Rs)	Contractor / Consultant
Const. of Lawi HPP	24,257,500	ACE Pvt. Ltd
F.S Naran HPP	33,329,570	Mirza Associates
F.S Mujigram HPP	11,580,000	Elan Partner Consultant

83. The Department further explained that the above mentioned advances were completely recovered from the consultants subsequent bills. For execution of contract agreement Standard Bidding Documents recommended by Pakistan Engineering Council (PEC) were used in light of Govt. instructions to follow the same in letter & spirit.

84. The subject advance Paras was also discussed in DAC meeting held on 25 & 26.03.2015 where it was decided that clarification shall be sought from the finance department Khyber Pakhtunkhwa regarding letter of KPPRA dated 17-12-2014 where interest on mobilization advance has been waved off comments from Finance Department Khyber Pakhtunkhwa is awaited and would be shared with audit for further process.

PAC RECOMMENDATIONS

85. In view of the explanation advanced by the Department that the mobilization Advance was allowed to the PEDO Schemes as per provision in the Contract Agreement and was recovered afterwards as per Rules, therefore, the Para was

recommended to be settled, subject to verification of record by the VOR Committee in the Provincial Assembly of Khyber Pakhtunkhwa.

DP No.6.4.11 UN-AUTHORIZED RETENTION OF Rs.2783.623 MILLION.
AUDIT VERSION

86. During the financial year 2010-11, the Electric Inspector, Peshawar, failed to recover Rs. 2783.623 million from PESCO on account of Duty of Provincial Government realized by WAPDA/PESCO on behalf of the local office through Electricity bills from factories/Industries, commercial, domestic and Industrial consumers, etc. It was the duty of PESCO authority to deposit the whole recovery of Electricity Duty through cheque under head B-03034 within 60 days. But it was not done and at source deduction was made against the provincial government without any reconciliation.

87. It was held that the unauthorized retention was due to weak internal control, violation of Para 7(1) of CTR and Para 5(1) of the electricity duty Rule 1964.

88. The matter was reported in December 2012. The department did not reply.

89. DAC meeting was held in October, 2012, wherein the department replied that the contents of Audit Para are based on facts and case had been taken up with PEPCO Lahore. DAC directed the department to carry out reconciliation with PESCO and a committee comprising members of energy monitoring cell, Electric Inspector and Finance Department and report to Secretary Energy & Power and Audit within 30 days. No progress was reported till finalization of this report.

DEPARTMENTAL VERSION

90. The Department explained that the contents of this Para are correct and this department has exerted strenuous efforts, and on receipt of monthly statement, the D.G commercial PEPCO, Lahore, was requested to release the amount of Electricity duty but in vain. However, the audit Para relating to payment of electricity Duty by Pepco are being sent to the provincial Government for further necessary action and the action so taken will be communicated to the audit.

PAC RECOMMENDATIONS

91. The Energy & Power Department in consultation with Finance Department should devise a mechanism and take up the case with the concerned for early recovery of the long outstanding amount. Para stands till complete recovery and its verification by Audit.

DP No.6.4.12 LOSS TO THE GOVERNMENT DUE TO NON-RECOVERY OF ELECTRICITY DUTY AND INSPECTION FEE OF Rs.22.543 MILLION.

AUDIT VERSION

92. During the financial year 2010-11, the Electric Inspector, did not recover electricity duty and inspection fee valuing Rs.22.543 million from Factories, Cinemas, Electrical Work Contractors, etc, resulting in loss to the government.

93. It was held that the loss occurred due to weak internal control and clear violation of Para 26 of GFR Vol-1.

94. The matter was reported in December 2012. The department replied that detail reply will be given later on.

95. DAC meeting was held in October, 2012, wherein the department replied that efforts are being made to recover the amount. DAC directed to recover the amount within 03 months. No progress was reported till finalization of this report.

DEPARTMENTAL VERSION

96. The Department explained that Due to demographic situation, closure of hundreds of factories, financial crises and other constraints like lack of staff and other resources, load shedding, the industrial Establishment did not deposit the Electricity Duty as well as the Inspection fee on time and these are present as outstanding in their respective files. In this regard strenuous efforts are being made and also when the business atmosphere will be became conducive, the recoveries shall be made to make-up for the shortfall in revenue.

97. Further in this respect Four Nos. Regional Electric Inspectorates have been established and recovery is being affected.

PAC RECOMMENDATIONS

98. Due to plausible explanation of the Department, the Para was recommended to be settled, subject to verification of recovered amount by Audit.

DP No.6.4.13 LOSS TO THE GOVERNMENT OF Rs. 1127.761 MILLION.**AUDIT VERSION**

99. During the financial year 2010-11, the Electric Inspector Peshawar, imposed penalty of Rs.1,127.761 million on WAPDA in lieu of realized Electricity duty of Rs.1127.761 million retained by WAPDA in violation of rules quoted above. The department failed to adjust the outstanding amount in lieu of WAPDA dues against the Provincial government or its prompt recovery from WAPDA.

100. It was held that the loss occurred due to weak internal control and violation of Para 14 of the West Pakistan Finance Act 1064.

101. The matter was reported in December 2012. The management replied that WAPDA is a Federal Government Organization and this office had no authority to impose penalty.

102. DAC meeting was held in October 2012, wherein the department replied that issue will be referred to Law Department for clarification. DAC directed to furnish progress of the case to audit. No progress was intimated till finalization of this report.

DEPARTMENTAL VERSION

103. The Department explained that though the law i.e. Section-14 of the Finance Act, 1964 is very vividly expressing the imposition of penalty on the collecting Agency if it failed to transfer the amount within two months, but the law is silent about the mechanism of the penalty i.e. by whom the penalty is to be imposed and also a question arises that can a Provincial Government impose penalty on the Federal Government?

PAC RECOMMENDATION

104. The Energy & Power Department in consultation with Finance Department should device a mechanism for early recovery or adjustment of the long outstanding amount. Para stands till complete recovery and its verification by Audit.

INDUSTRIES DEPARTMENT

Total Draft Paras _____	07
Examined _____	07

Settled: 12.4.3, 12.4.4, 12.4.5, 12.4.6, 12.4.7..... 05
Detail Audit: 12.4.1..... 01
P.I.T: 12.4.2..... 01

INDUSTRIES DEPARTMENT

Seven (07) Draft Paras, reflected in the Auditor General's Report for the year 2014-15 against the Department, were examined by the present Public Accounts Committee in its meeting held on 6th December, 2018. The following were present:-

PUBLIC ACCOUNTS COMMITTEE

1.	Mr. Mushtaq Ahmad Ghani, Speaker	Chairman
2.	Mr. Khushdil Khan (Advocate), MPA	Member
3.	Syed Fakhar Jehan, MPA	Member
4.	Mr. Babar Saleem, MPA	Member
5.	Mst. Nighat Yasmin Orakzai, MPA	Member
6.	Dr. Sumaira Shams, MPA	Member

LAW, PARLIAMENTARY AFFAIRS AND HUMAN RIGHTS DEPARTMENT

Mst. Hamsheeda Begum,
ALD-II.

FINANCE DEPARTMENT

Mr. Muhammad Naseem,
Additional Secretary, (A).

AUDIT DEPARTMENT

1. Dr. Akbar Ali Khan,
Director General, AGP Office.
2. Mr. Shahid Ali,
Deputy Director.
3. Dr. Muhammad Ismail,
Deputy Director.
4. Mr. Zubair Arshid,
Deputy Director.
5. Mr. Qadir Khan,
Deputy Director.
6. Mr. Khalid Zaman,
Audit Officer.
7. Mr. Tariq Azim,
Audit Officer.

INDUSTRIES DEPARTMENT

1. Mr. Usman Yaqub,
Secretary.
2. Mr. Muhammad Anwar Khan,
Additional Secretary.
3. Mr. Munir Gul,
PD, ERKF.
4. Mr. Sohail Jan,
Manager, SMEDA.
5. Mr. Gul Rait Khan,
Section Officer, Admn.
6. Mr. Waqar Ahamad,
Procurement Specialist.

PROVINCIAL ASSEMBLY SECRETARIAT

1. Mr. Nasrullah Khan
Khattak, Secretary.
 2. Mr. Amjid Ali,
Additional Secretary.
 3. Mr. Muhammad Younas,
Deputy Secretary.
 4. Mr. Ibrahim Khan,
Assistant Secretary.
 5. Mr. Muhammad Ayaz,
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.12.4.1 NON-PRODUCTION OF AUDITABLE RECORD IN SUPPORT OF FUNDS OF Rs.41.50 MILLION.**AUDIT VERSION**

3. During the financial year 2012-13, the Project Manager Project Unit SMEDA received Rs.41.50 million in the Assignment Account No.A-77 up to 31-12-2012 against which Rs.27.40 million expenditure was made up to 31-12-2012. The transactions of SMEDA were neither reconciled with the Accountant General Khyber

Pakhtunkhwa nor incorporated in the financial statements of the ERKF project. SMEDA project unit ERKF Peshawar was asked to provide record in support of Rs.41.50 million to audit for verification however, despite repeated requests record was not provided.

4. It was held that non-production of record was due to violation of government orders.

5. The matter was reported to the management in October, 2013. The management replied that audit of SMEDA is conducted by Chartered Accountants. The reply was evasive as audit of the project was mandate of the Auditor General of Pakistan as per agreement signed with the Government of Pakistan.

6. DAC meeting was held in May 2014, department repeated the previous reply. DAC directed to produce original record within 10 days for audit. No progress was reported till finalization of this report.

DEPARTMENTAL VERSION

7. The Department's Para wise response was as under:-

8. The World Bank and the project counterparts i.e. Government of Khyber Pakhtunkhwa and FATA Secretariat have entrusted Small & Medium Enterprises Development Authority (SMEDA), Ministry of Industries for implementation of SME Development component and an operational expenditure of USD 1 million has been approved for the Project Unit SMEDA for the same purpose. This cost is reflected in two separate PC-1 for ERKF Project i.e. USD 650,000 in PC 1 of KP component and USD 350,000 in PC 1 of FATA component. There is no item wise cost break-up of the above amounts in any of the two PC 1s and the whole amount of USD 1 million will be made available to SMEDA directly by the World Bank (WB) and a cost break-up for the whole amount has been agreed with the WB and counterparts.

9. SMEDA being a Federal Government organization conducts audit of SMEDA accounts and all its projects. Likewise, audit of SMEDA's component in ERKF Project will also be done by DG Audit, Lahore. Furthermore, the audit requirement for the operational expenses are clearly stated in the „Emergency Project Paper“ Para 60 under the “Fiduciary Aspects and Arrangement” that external Audit of

the SMEDA PU component will be conducted through a private audit firm on the approval of the WB.

10. Moreover, the Audit of SMEDA operational expenditure for the year 2011-12 was also conducted by a Private audit firm with the approval of WB and this observation was not raised last year by external auditors of PMU KP. The SMEDA's audit report (Financial statements and Management Letter) for 2011-12 was approved by the WB and Economic Affairs Division, Islamabad.

11. However, on the direction of World Bank letter dated 2-4-2015, PU SMEDA not only facilitate the auditor but also provide full access to ERKF PU SMEDA record. Therefore on the basis of this access, audit of PU SMEDA was carried out for the financial year 2014-15 and 2015-16 respectively.

PAC RECOMMENDATIONS

12. As record was not produced to Audit, therefore, the Committee directed the Audit to conduct detailed Audit of the amount involved in subject Para within a month.

13. Para stands. Progress be reported to PAC.

DP No.12.4.2 LOSS TO PUBLIC EXCHEQUER OF Rs.1.000 MILLION.

AUDIT VERSION

14. During the financial year 2012-13, the Project Director, Economic Revitalization in Khyber Pakhtunkhwa and FATA (ERKF), paid Rs.1.00 million to M/s Khurram Packages, for purchase of machinery. The Company has one printing press at Nasir Pur in the environs of Peshawar and another at Industrial Estate Hayatabad, Peshawar. Correspondence between Mr. Sarmad Hussain and Mr. Misbahullah that the expenditure was doubtful on the following grounds:-

- i) Physical verification on 27th November, 2012 at the Industrial Estate Hayatabad site, revealed that the machinery was not at site. On inquiry, the factory manager related that the purchase of the machine was pending receipt of the grant. In connection there to, the Project Coordinator stated on 28th November, 2012, that the machinery has been installed at the Nasir Purr press.
- ii) The team visited the Nasir Purr press on 29th November, 2012 and was shown an old Record Roland RZK machine installed towards the end of the rectangular hall with other similar sized machines. Its location in the

hall showed that it could not have been installed without dismantling a wall for access to the spot and neither its foundation nor the surrounding walls were of recent construction. Moreover, record did not contain photographs etc of the Nasir Purr site required to have been taken prior to sanctioning of grant as pre requisite proof that the business was not in possession of assets applied for.

- iii) In the unnumbered invoice dated 1st November, 2012 the value of the 2nd hand machine shown purchased was Rs.2.450 million whereas the grant was Rs.1.00 million. The invoice predated the agreement between the SME and SMEDA dated 6th November, 2012 contrary to the approval a 2nd hand machine was allegedly purchased.

15. It was held that the loss occurred due to weak internal controls and violation of Para 23 of GFR Vol-I .

16. The matter was reported in October, 2013. The management stated that the printing machinery was costly and all industries are running on 2nd hand machinery as per practice in vogue. Reply is incorrect. No machinery of 2nd hand was purchased but shifted by the owner from its one SME at Hayatabad to another SME at Nasir purr.

17. DAC meeting was held in May 2014, the department repeated the previous reply. DAC directed that DAC members will visit the site for physical verification. However, the department failed to convene meeting of members till finalization of this report.

DEPARTMENTAL VERSION

18. The Department explained that the ERKF is the MDTF sponsored project and is being administered by the World Bank.

19. For implementation of the SMEs development component the World Bank engaged SMEDA as implementing entity for which Operational Cost has been transferred to SMEDA, as per Operational Manual and MOU.

20. Under this component, receiving of applications, assessment, review of documentation and its verification, recommendation of grant size and approval from the concerned Committee is the responsibility of SMEDA. PMU ERKF Industries Department has a limited role only to release the approved grant to

concerned SMEs through SMEDA with in time frame of 07 to 15 days as per **clause-2.4.7** Operations Manual.

PAC RECOMMENDATIONS

21. After detailed discussion, the Committee could not reach to a fair and just conclusion, hence, the Para was referred to Provincial Inspection Team to conduct facts finding enquiry and submit report to PAC within a month.

DP No.12.4.3 UNJUSTIFIED EXPENDITURE OF Rs.3.075 MILLION.

AUDIT VERSION

22. During the financial year 2012-13, the Project Director, Economic Revitalization in Khyber Pakhtunkhwa and FATA (ERKF), paid Rs.1.250 million to Mehboob Fertilizers & Seed Dealers Swat for supply of commodities to SME Sarhad Punjab Flour Mills Charsadda.

1. The commodity was purchased from the supplier in District Swat instead of nearest districts of Charsadda, Mardan and Peshawar.
2. Wheat could have purchased from District Food Controller Charsadda.
3. Supplier bill was silent about the type of commodity.
4. Survey and damage report of DOR, Charsadda was not obtained.

23. The Project Director also paid Rs.8,25,000/- to Saeed & Brothers Works on account of supply of machinery for rehabilitation of Dir Marble Tile Factory Jehangira Nowshera. DOR report about the damages, Bank Statement prior to 8/2010, invoices for the purchase of machinery, and Income Tax returns were not available on record.

24. SYS Peshawar was granted Rs.1.00 million for rehabilitation. The payment was unjustified as there was no flood in the area and units of electricity consumed after grant were not increased.

25. It was held that the unjustified grants were paid due to weak field coordination and monitoring.

26. The matter was reported in October, 2013. The management replied that all codal formalities have been completed. But record in support of reply was not furnished.

27. DAC meeting was held in May 2014 wherein the department was directed to conduct fact finding inquiry within one month. No progress was reported till finalization of this report.

DEPARTMENTAL VERSION

28. The Department explained that the ERKF is the MDTF sponsored project and is being administered by the World Bank.

29. For implementation of the SMEs development component, the World Bank engaged SMEDA as implementing entity for which Operational Cost has been transferred to SMEDA as per Operations Manual and MOU.

30. Under this component receiving of applications, assessment, review of documentation and its verification, recommendation of grant size and approval from the concerned Committees is the responsibility of SMEDA. PMU ERKF, Industries Department has a limited role only to release the approved grants to concerned SMEs through SMEDA within the time frame of 07 to 15 days as per **clause-2.4.7** of operations Manual.

PAC RECOMMENDATIONS

31. Due to plausible explanation of the Department, the Para was recommended to be settled.

DP No. 12.4.4 LOSS TO GOVERNMENT OF Rs.1.028 MILLION.

AUDIT VERSION

32. During the financial year 2012-13, the Project Director, Economic Revitalization in Khyber Pakhtunkhwa, paid Rs.7.291 million to various SMEs on account of up gradation of their business in taxable areas of the province. The payments were made for the purchase of machinery or materials from various suppliers. However, to evade taxes, the project management paid the amounts directly to the SMEs. As such, the public exchequer was deprived of money of Rs.838,482 (7,291,150 x 11.50% (8%+3.50%)) due to non deduction of Sales Tax & Income Tax.

S/No	Cheque No & dt	Amount	Sale Tax & I/Tax	Payee
1.	3550801 dt 16-1-2013	290,800	33,442	Abdullah
2.	2814800 dt 16/1/2013	130,350	14,990	Sardar Ahmad khan
3.	2814780 dt 19/12/2012	675,000	77,625	Imran saeed
4.	2814776 dt 11/12/2012	1,000,000	115,000	Khurram Siddique
5.	4060301 dt 3/4/2013	632,500	72,738	Naira Laghmani
6.	4060328 dt 6/5/2013	525,000	60,375	Kamran
7.	4060372 dt 12/6/372	1,000,000	115,000	Himayatullah
8.	3550865 dt 1/3/2013	941,000	108,215	Akhunzada Muhammad Amin
9.	4060375 dt 12/6/2013	1,000,000	115,000	Muhammad Iqbal
10.	4513348 dt 27/6/2013	121,500	13,972	Muhammad Waqar Butt
11.	4060313 dt 14-4-2013	975,000	112,125	Muhammad Gul
12.	-	1,000,000	189,400	
	Total	8,291,150	1,027,882	

33. It was held that non-recovery of taxes was the inefficiency of the project management.

34. The matter was reported to the management in October, 2013, it was replied that the payment for up gradation was made directly to SMEs, hence taxes were not deducted. Reply is incorrect. The project management intentionally paid the grants to SMEs to avoid deductions of taxes.

35. DAC meeting was held in May 2014 wherein the DAC directed the department for clarification from income tax and sale tax department .Further progress was not reported till finalization of this report.

DEPARTMENTAL VERSION

36. The Department explained that the ERKF is the MDTF sponsored project and is being administered by the World Bank.

37. For implementation of the SMEs development component, the World Bank engaged SMEDA as implementing entity for which Operational Cost has been transferred to SMEDA as per Operations Manual and MOU.

38. Under this component receiving of applications, assessment, review of documentation and its verification, recommendation of grant size and approval from the concerned Committees is the responsibility of SMEDA. PMU ERKF, Industries Department has a limited role only to release the approved grants to concerned SMEs through SMEDA within the time frame of 07 to 15 days as per **clause-2.4.7** of operations Manual.

PAC RECOMMENDATIONS

39. The explanation of the Department was found plausible, hence, the Para was recommended to be settled.

DP No.12.4.5 DOUBTFUL EXPENDITURE OF Rs.1.388 MILLION.

AUDIT VERSION

40. During the financial year 2012-13, the Project Director, Economic Revitalization in Khyber Pakhtunkhwa, paid Rs.7,50,000/- to Zaib Silk Mills Swat. The grant was doubtful as the bills of Hameed Corporation for the supply of materials to Zaib Silk Mills Swat had unmatched dates and numbers as per detail below:

S/No.	Bill No.	Date	Amount
1.	9328	07-5-2009	Rs.454,572
2.	9330	21-4-2009	Rs.632,242
3.	9339	10-5-2009	Rs.163,023
4.	9365	6-4-2009	Rs.193,202
5.	9374	12-4-2009	Rs.277,264
6.	9377	16-4-2009	Rs.12,542
7.	9387	18-4-2009	Rs.13,315
8.	9396	04-3-2009	Rs.81,686

41. Rupees 437,500 were paid to Anwar Faisal Silk mills Swat despite the fact the case was rejected by the Grant Technical Committee (GTC) of the Project. An amount of Rs.200,000 was paid to SME Lucky Panchakki for rehabilitation. The payment was not valid as the SME has not proved its ownership and existence before August, 2010 and Survey Report of DOR was not available.

42. It was held that doubtful payments were made due to undue favor to the SMEs.

43. The matter was reported in October, 2013. The management replied that all codal formalities had been fulfilled.

44. DAC meeting was held in May 2014, wherein the department repeated the previous reply. DAC directed the department to conduct fact finding inquiry within one month. No progress was reported till finalization of this report.

DEPARTMENTAL VERSION

45. The Department explained that the ERKF is the MDTF sponsored project and is being administered by the World Bank.

46. For implementation of the SMEs development component, the World Bank engaged SMEDA as implementing entity for which Operational Cost has been transferred to SMEDA as per Operations Manual and MOU.

47. Under this component receiving of applications, assessment, review of documentation and its verification, recommendation of grant size and approval from the concerned Committees is the responsibility of SMEDA. PMU ERKF, Industries Department has a limited role only to release the approved grants to concerned SMEs through SMEDA within the time frame of 07 to 15 days as per **clause-2.4.7** of operations Manual.

PAC RECOMMENDATIONS

48. After detailed discussion, the Para was recommended to be settled with the direction to the Department to implement the decision of DAC in future and action may also be taken against those failed to implement the decision of DAC.

DP No.12.4.6 UNAUTHORIZED EXPENDITURE OF RS.1.200 MILLION.

AUDIT VERSION

49. During the financial year 2012-13, the Project Director, Economic Revitalization in Khyber Pakhtunkhwa, paid Rs.5,25,000/- to Dawn Electric Co. Peshawar. The payment stands unauthorized as the business does not fall under the category outlined in the operational manual at Para 2.2.2 and the GTC rejected it. Sales

tax and income tax returns of SME and of supplier Fine Generators Nauthia Jadid were also not available.

50. An amount of Rs.6,75,000/- was paid to Taj Enterprises Peshawar for purchase of generator and insulations from NEW Power Generator and Shah Jee Saeed Khan respectively. But income tax & sales tax returns of the SME and suppliers were not available on record.

51. It was held that the unauthorized grants were paid due to negligence and collusion of the project staff with the SMEs.

52. The matter was reported in October, 2013. The department replied that cases have been processed in accordance with law.

53. DAC meeting was held in May, 2014, wherein, it was directed to refer the matter to World Bank for clarification whether services business is admissible for grant. It also decided that the issue of taxes should be taken up with Income Tax Department for clarification. No progress was reported till finalization of this report.

DEPARTMENTAL VERSION

54. The Department explained that the ERKF is the MDTF sponsored project and is being administered by the World Bank.

55. For implementation of the SMEs development component, the World Bank engaged SMEDA as implementing entity for which Operational Cost has been transferred to SMEDA as per Operations Manual and MOU.

56. Under this component receiving of applications, assessment, review of documentation and its verification, recommendation of grant size and approval from the concerned Committees was the responsibility of SMEDA. PMU ERKF, Industries Department has a limited role only to release the approved grants to concerned SMEs through SMEDA within the time frame of 07 to 15 days as per **clause-2.4.7** of operations Manual.

PAC RECOMMENDATIONS

57. In view of plausible explanation of the Department duly supported by Audit, the Para was recommended to be settled.

DP No.12.4.7 UNJUSTIFIED EXPENDITURE OF Rs.8.701 MILLION.**AUDIT VERSION**

58. During the financial year 2012-13, the Project Director, Economic Revitalization in Khyber Pakhtunkhwa, paid Rs.8.701 million to Shore Bank International (SBI) Pakistan for preparation of Pre-Feasibility Study for Diaspora Bond.

The expenditure stands unjustified on the following grounds:-

- 1) The assignment was awarded to M/S Shore Bank International at total cost of Rs.26.772 million. As the firm did not qualify for the assignment therefore the award of contract was irregular.
- 2) Payments were made to consultants without completion of the tasks and approval of Competent Authority.

59. It was held that the unjustified expenditure incurred due to negligence of the management.

60. The unjustified expenditure was reported to the project management in October, 2013. It was replied that reports have been received and approved by the competent authority.

61. DAC meeting was held in May 2014, wherein the department repeated the previous reply. DAC did not agree and directed to conduct joint inquiry by Administrative, Audit and Finance Departments within 30 days. No progress was reported till finalization of this report.

DEPARTMENTAL VERSION

62. The Department explained that the consulting firm was hired as per World Bank's Procurement Guide lines and procedure in due consultation with the relevant stake holders duly approved by the Bank therefore, the Department supports view point of the Project Director ERKF.

PAC RECOMMENDATIONS

63. The explanation of the Department was accepted, hence the Para was recommended to be settled.

HOUSING DEPARTMENT

Total Draft Paras: _____	05
Examined: _____	05

Settled: 17.4.1, 17.4.2, 17.4.5..... 03
VOR: 17.4.3, 17.4.4..... 02

HOUSING DEPARTMENT

Five (05) Draft Paras, reflected in the Auditor General's Report for the year 2014-15 against the Department, were examined by the present Public Accounts Committee in its meeting held on 6th December, 2018. The following were present:-

PUBLIC ACCOUNTS COMMITTEE

1.	Mr. Mushtaq Ahmad Ghani, Speaker	Chairman
2.	Mr. Khushdil Khan (Advocate), MPA	Member
3.	Syed Fakhar Jehan, MPA	Member
4.	Mr. Babar Saleem, MPA	Member
5.	Mst. Nighat Yasmin Orakzai, MPA	Member
6.	Dr. Sumaira Shams, MPA	Member

LAW, PARLIAMENTARY AFFAIRS AND HUMAN RIGHTS DEPARTMENT

Mst. Hamsheeda Begum,
ALD-II.

FINANCE DEPARTMENT

Mr. Muhammad Naseem,
Additional Secretary, (A).

AUDIT DEPARTMENT

1. Dr. Akbar Ali Khan,
Director General.
2. Mr. Shahid Ali, Deputy
Director.
3. Dr. Muhammad Ismail,
Deputy Director.
4. Mr. Zubair Arshid,
Deputy Director.
5. Mr. Qadir Khan,
Deputy Director.
6. Mr. Khalid Zaman,
Audit Officer.
7. Mr. Tariq Azim,
Audit Officer.

HOUSING DEPARTMENT

1. Mr. Masood Ahmad,
Secretary.
2. Mr. Najib-ur-Rehman,
Director General, PHA.
3. Mr. Imran Wazir,
Director Finance, PHA.
4. Mr. Muhammad Tufail,
Deputy Secretary.

PROVINCIAL ASSEMBLY SECRETARIAT

1. Mr. Nasrullah Khan Khattak,
Secretary.
2. Mr. Amjad Ali,
Additional Secretary.
3. Mr. Muhammad Younas,
Deputy Secretary.
4. Mr. Ibrahim Khan,
Assistant Secretary.
5. Mr. Muhammad Ayaz,
Assistant Secretary.

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

DP No.17.4.1 NON RECOVERY FROM LAND OWNERS OF Rs. 54.732 MILLION.**AUDIT VERSION**

3. During the financial year 2011-12 & 2012-13, the Director General Provincial Housing Authority Peshawar, paid Rs.863.206 million to the land owners for acquiring 9122 Kanal land for the Musazai Housing Scheme. However, revised orders were issued under Section 4 of the land Acquisition Act for 5943 kanals excluding 3178 kanals land worth Rs.863.206 million. The department recovered Rs.808.474 million leaving Rs.54.732 million unrecovered from the land owners.

4. It was held that the lapse occurred due to financial mismanagement and violation of Para 28 of GFR Vol-I.

5. The matter was reported to Government in January, 2014.

6. DAC meeting was held in October, 2014, in which the department was directed to produce the relevant record for verification. No progress was intimated till finalization of this report.

DEPARTMENTAL VERSION

7. The Department explained that the audit recommended to recover Rs.54.732 (m) and accordingly this office issued notice to the land owner vide No.DG/PHA/LAC/Surizai Bala/179 dated 20-06-2014 for recovery of the same as a result the land owner obtained stay from Peshawar High Court as well as the land owner also filed an appeal before refer Court fo enhancement of rate, which was accepted.

8. In pursuance of the clear decision this office filed an appeal in the Peshawar High Court and the land owner also filed an appeal. Both the appeals were dismissed by the Peshawar High Court.

9. The Department further filed review petition in the Supreme Court of Pakistan and also the land owners filed a review petition in the Supreme Court of Pakistan. Moreover, the Department also submitted an application in Supreme Court of Pakistan for grant of stay/stoppage of execution. The August Court in its judgment dated 18-07-2017 ordered that the payment be paid to the land owner on Yaksala basis along with 15% compulsory acquisition charges.

10. As per procedure, the land owner submitted an application for execution in the Court of Additional District Judge-VIII Peshawar for implementation of the Supreme Court of Pakistan judgment regarding enhancement of rate.

11. Amount enhanced by this Court from Rs.1,17,000/- to Rs. 1,52,219/-

PAC RECOMMENDATIONS

12. In view of the Court decision for payment to the land owners on enhanced rates alongwith 15% compulsory acquisition charges the recoverable amount was adjusted with the land owners, therefore, the Para was recommended to be settled.

DPNo.17.4.2 UNJUSTIFIED MOBILIZATION ADVANCE AND NON RECOVERY OF INTEREST Rs. 48.767 MILLION.

AUDIT VERSION

13. During the financial year 2012-13, in the Directorate General Provincial Housing Authority Peshawar, it was noticed that M/s Kasteer was paid mobilization advance of Rs.45.778 million instead of Rs.3.00 million which resulted into unjustified mobilization advance of Rs.42.778 million. The mobilization advance paid in excess of Rs. 3.00 million if invested would have earned profit of Rs. 5.989 million (Rs.42.778 X 14%).

14. It was held that lapse occurred due to financial mismanagement.

15. The matter was reported to Government in January 2014. The department replied that the advance was paid according to the PEC bidding documents.

16. DAC meeting was held in October, 2014. The department failed to produce documentary evidence in support of advance payments. DAC directed the department to produce record to audit for verification. No progress was intimated till finalization of this report.

DEPARTMENTAL VERSION

17. The Department explained that as per contract agreement the contractor was entitled for interest free mobilization advance @ 10% of the contract price, as per contract agreement clause 60.12 (Financial Assistance to contractor). First part was released within 14 days after signing of the agreement and 2nd part within 42 days from the date of payment of the 1st part.

18. The Provincial Government/KPPRA vide Notification No. KPPRA/M&E/1-2/2014-15 dated 15-06-2015 also clarified that the mobilization advance will be paid to the contractors interest free.

19. In this case, 1st part has been released according to contract agreement Clause 60.12 on production of bank guarantee from Bank of Khyber. The mobilization advance had been recovered from the contractor.

PAC RECOMMENDATIONS

20. The explanation of the Department duly endorsed by the Finance Department was accepted, hence, the Para was recommended to be settled.

DP No.17.4.3 NON PRODUCTION OF RECORD OF ACQUISITION OF LAND AND PAYMENT OF Rs. 600 MILLION.

AUDIT VERSION

21. During audit of the accounts of the Director General Provincial Housing Authority Peshawar for the financial years 2011-12 and 2012-13 it was noticed that an amount of Rs. 600 million was drawn from the Assignment Account of the PHA vide Cheque No. 107928 dated 29.05.2012 and shown paid to the Land acquisition Collector of the PHA on account of payment to land owners of the Nathia Gali ATD. The relevant record of the acquisition of land and payment to the owners, as per following details, was demanded but not produced and it was stated that the relevant record was taken by the NAB for their investigation which has not yet been returned. Therefore the record remained unaudited.

1. Cash Book of receipt and expenditure
2. Slip of deposit in Bank account
3. Approval for the opening of Bank Account
4. Statement of Bank accounts
5. Details of the payments made from the said account
6. Counterfoils of used Cheque Books
7. Total area of the land acquired.
8. Sketch of the PC-1 showing location of the land.
9. Acquisition of land.
10. Detail of the total number of the owners.
11. Detail of the total payment made to the owners.
12. Commitments between the owners and department.
13. Any other record.

22. Audit held that the irregularity occurred due to weak financial and internal control and violation of Para 28 of GFR Vol-I.

23. The matter was reported in January 2014. DAC in its meeting held on 02.10.2014 for production of record as copies of the relevant record was required to have been returned. No progress was however intimated till finalization of report.

DEPARTMENTAL VERSION

24. The Department explained that the audit pointed out that Rs.600 million was drawn from assignment account of PHA on 29-05-2012 from payment to the land owner of Nathia Gali Abbottabad. However, it merits mentioning here that Rs.600 million was granted for two Number Schemes i.e. Nathia Gali Abbottabad and Dangram Swat Housing Scheme the detail of Rs.600 million is as follows.

1.	Nathia Gali	320 million
2.	Dangram Swat Housing Scheme	87 million
3.	<u>Repayment to finance Department</u>	<u>193 million</u>
	<u>Total</u>	<u>600 million</u>

25. Moreover, Rs,193 million out of 600 million has been returned to Government of Khyber Pakhtunkhwa Finance Department vide Cross cheque No.34608744 dated 03-05-2017 and Rs.87 million is laying in LAC Account NO.228555841. While the balance of Rs.320 million belongs to Nathia Gali, the Original record of the same is with NAB authorities in pursuance of reference made in Accountability Court. During the meeting the Department stated that the relevant record was in the custody of NAB. Therefore, the record was not produced to Audit.

PAC RECOMMENDATIONS

26. The Department was directed to obtain original record or its attested copies from the NAB and produce the same before the Audit for verification.

27. Para stands. Progress be reported to PAC within one month.

DP No.17.4.4 EXCESS PAYMENT DUE TO ALLOWING EXTRA STEEL - Rs.74.564 MILLION.**AUDIT VERSION**

28. During the financial year 2012-13, the Director General Provincial Housing Authority Peshawar, paid excess amount to contractor M/s Kasteer. On verification of record it was observed that the contractor was allowed excess quantity of steel for RCC work in the construction of flats and houses at Civil Quarters Peshawar then the permissible quantity as required under the rules which resulted into excess payment of Rs.74.564 million to the contractor as per detail given below:

Particular of work	Quantity of steel allowed	Quantity of RCC executed	Quantity of Steel required @ 2.5% of RCC	Excess quantity of steel	Rate per ton Rs.	Amount Rs. in million
Main building 2600 sft/ unit civil work	430.896 ton	1. 3181.150 m3 2. 186.630 m3 3. 153.850 m3 Total 3521.63 m3	88.04 m3	342.856 m3	118397.38	40.593
Main building 2000 sft/ unit civil work	341.01 ton	2163.25 m3	54.08 m3	286.92 m3	118397.38	33.971
					Total	74.564

29. Further more the detail measurement of the use of the steel was neither carried out by the engineering staff of the local office nor reference of the MB and Page number where the entries have been recorded which could be mentioned on the body of the bill thereby means that no measurement of the use of steel was done. Moreover, TS has also not been accorded by the competent authority.

30. It was held that excess payment was allowed due to mismanagement and undue favour.

31. Audit held that the irregularity occurred due to weak financial and internal control and Para 220 of the CPWA Code.

32. The matter was reported in January 2014. DAC in its meeting held on 02.10.2014 directed for verification of record. No record in support of excess payment produced till finalization of this report.

DEPARTMENTAL VERSION

33. The Department explained that the R.C.C work has been executed as per detail engineering design.

34. The quantity calculated as per approved design and drawings.

35. The calculation of steel can be worked out as per the density of steel kg/M3. It is pertinent to mention here that the provision of steel in TS/PC-I for 2600

SFT building is 1024 Ton, while the steel executed on site as per audit Para as 430.896 ton, similarly the provision of steel in TS/PC-I for 2000 SFT building is 1061 ton, while the steel executed as per audit Para is 341.01 ton. Thus no excess has been made in execution of steel.

PAC RECOMMENDATIONS

36. The Para was recommended to be settled, subject to verification of record by VOR Committee in the Provincial Assembly of Khyber Pakhtunkhwa.

DP No.17.4.5 LOSS DUE ACCEPTANCE OF HIGHER RATES Rs. 6.621(M)

AUDIT VERSION

37. During the financial year 2011-12 and 2012-13, the Director General, Provincial Housing Authority Peshawar, paid higher rate of premium over and above the CSR 2009. On verification of record it was observed that in certain cases higher rate upto 30% against the permissible limit of 20% was paid to contractors. This resulted into loss to the public exchequer worth Rs.6.621 million as per detail given below:

Name of work	Name of	Premium Allowed	Premium admissible	Difference	Up to date Payment	Amount of Loss
Construction of Masjid at Molazai	M/S Anwar Ali	30%	20%	10%	6,376,219	0.638
Development work in Molazai	M/S Sheen Ghar	25%	20%	05%	1,841,026	0.092
30 feet road at Jarma Kohat	M/S sirajul Haq	28.50 %	20%	08.50 %	7,684,205	0.653
Development work at jarma	M/S Jamal Badsha	28.75 %	20%	08.75 %	12,050,674	1.054
Constction of t/well at Jarma	M/S Janson	28.50 %	20%	08.50 %	799,924	0.068
Overhead tank at Nasapa	M/S Sabz Ali	25.50 %	20%	5.50 %	10,103,594	0.556
Balance work Nasapa block I&J	M/S Sabz Ali	25.50 %	20%	5.50 %	12,994,894	0.715
Balance work Nasapa block G1-6	M/S Sabz Ali	25.50 %	20%	5.50 %	22,860,172	1.257
Balance work Nasapa block E & F	M/S Sabz Ali	25.50 %	20%	5.50 %	28,881,574	1.588
					Total	6.621

38. Audit held that loss was occurred due to weak internal controls.

39. The matter was reported in January 2014. DAC in its meeting held on 02.10.2014 directed that all relevant record should be produced to audit for detail verification.

DEPARTMENTAL VERSION

40. The Department explained that the PC-I of the projects were based on CSR-2009 without 20% premium in the meanwhile the Provincial Government allowed 20% premium which was accordingly included in the project cost.

41. Furthermore 10% was allowed to the contractor in the rate quoted 10% above on the BOQ and the same as under permissible limit of delegation of power.

42. Moreover, the premium allowed has been covered in the revised PC-I and technical sanction.

PAC RECOMMENDATION

43. In view of plausible explanation of the Department, the Para was recommended to be settled.

SCIENCE & TECHNOLOGY DEPARTMENT

Total Draft Paras: _____	03
Examined: _____	03

Settled: 19.4.1, 19.4.2..... 02

Sub-Committee: 19.4.3..... 01

SCIENCE & TECHNOLOGY DEPARTMENT

Three (03) Draft Paras, reflected in the Auditor General's Report for the year 2014-15 against the Department, were examined by the present Public Accounts Committee in its meeting held on 6th December, 2018. The following were present:-

PUBLIC ACCOUNTS COMMITTEE

1.	Mr. Mushtaq Ahmad Ghani, Speaker	Chairman
2.	Mr. Khushdil Khan (Advocate), MPA	Member
3.	Syed Fakhar Jehan, MPA	Member
4.	Mr. Babar Saleem, MPA	Member
5.	Mst. Nighat Yasmin Orakzai, MPA	Member
6.	Dr. Sumaira Shams, MPA	Member

LAW, PARLIAMENTARY AFFAIRS AND HUMAN RIGHTS DEPARTMENT

Mst. Hamsheeda Begum,
ALD-II.

FINANCE DEPARTMENT

Mr. Muhammad Naseem,
Additional Secretary, (A).

AUDIT DEPARTMENT

1. Dr. Akbar Ali Khan,
Director General, AGP Office.
2. Mr. Shahid Ali,
Deputy Director.
3. Dr. Muhammad Ismail,
Deputy Director.
4. Mr. Zubair Arshid,
Deputy Director.
5. Mr. Qadir Khan,
Deputy Director.
6. Mr. Khalid Zaman,
Audit Officer.
7. Mr. Tariq Azim,
Audit Officer.

SCIENCE & TECHNOLOGY DEPARTMENT

1. Mr. Zaffar Iqbal,
Secretary.
2. Dr. Khalid Khan,
Director.
3. Mr. Abid Sohail,
Deputy Director.
4. Mr. Abdul Basit, Incharge-
Planning Cell.

PROVINCIAL ASSEMBLY SECRETARIAT

1. Mr. Nasrullah Khan Khattak,
Secretary.
2. Mr. Amjad Ali,
Additional Secretary.
3. Mr. Muhammad Younas,
Deputy Secretary.
4. Mr. Ibrahim Khan,
Assistant Secretary.
5. Mr. Muhammad Ayaz,
Assistant Secretary.

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

DP No.19.4.1 LOSS TO THE GOVERNMENT OF Rs.7.67 MILLION.

AUDIT VERSION

3. During the financial year 2011-12, the Director Science & Technology, Khyber Pakhtunkhwa withdrew Rs.7.67 million vide token No.094910 dated 21.06.2011 and paid the amount to M/s Iqra Trust, Peshawar for establishment of model laboratories. A photocopy of the same invoice was re- submitted to the office of Accountant General, Khyber Pakhtunkhwa vide token No.94909 dated 21.06.2011 for payment again and re-drawn. Thus for the same transaction a fraudulent double drawl was made.

4. It was held that the fraudulent drawl occurred due to collusion of the concerned staff with the supplier.

5. The matter was reported in September 2012 however the department did not reply.

6. The Department was requested to arrange DAC meeting on 23.01.2013. Follow-up reminders were also sent for convening DAC meeting, but the same was not arranged.

DEPARTMENTAL VERSION

7. The Department explained that the Two bills each of 08 No of Labs (Total 16 No. of Labs), amounting to Rs: 8.67 million each were submitted to AG office but due to lack of accounts staff and heavy work load in the month of June, erroneously a photo copy of invoice was submitted instead of the original. It was clarified that payments were made for total 16 No of labs to the contractor.

8. It is pertinent to mentioned that the AG office didn't notice the same during the course of pre-auditing.

9. There was no malafide intention on the part of this office but simply a human error and payment to the contractor was made as per work done (for 16 No. of Labs) after fulfilling all codal formalities. Payment could be verified from AG Office.

10. During the meeting, the Department categorically stated that there is no double withdrawal as well as no double payment to the consultant for the same work done or money loss in any shape, hence, there is no need of any recovery. The Department further stated that there is really procedural irregularity and the Director ST was directed to fix the responsibility in this regard and to take action as per relevant Rules.

PAC RECOMMENDATIONS

11. As no malafide intention was proved rather negligence on part of the staff was established, the Para was recommended to be settled with the direction to the Department to initiate appropriate disciplinary action against the person(s) at fault within a month time under intimation to PAC.

DP No.19.4.2 IRREGULAR AWARD OF CONTRACT RS.259.92 MILLION.**AUDIT VERSION**

12. During the financial year 2010-11, the Director, Science & Technology, Khyber Pakhtunkhwa solicited bids for establishment of 24 Model laboratories, one in each district of the province vide tender notice dated 7-10-2010. Record showed the following irregularities:

1. It was mandatory for the firms taking part in the bid to have National Tax Number and Sales Tax number. Iqra trust had neither NTN nor STN.
2. The comparative statement mentioned only two bidders out of which Iqra Trust was selected without any justification as to why the Procurement Rules criteria for having at least 3 bids for the selection
3. Two attendance sheets of bid opening day were on record. One dated 25-10-2010 and the second dated 14-12-2010.

13. It was held that the irregularity occurred due to extension of undue collusion with the firm.

14. The matter was reported in September 2012 however the Department did not reply.

15. The Department was also requested to arrange DAC meeting followed by reminders, but no meeting was arranged till finalization of this report.

DEPARTMENTAL VERSION

16. The Department explained Para wise reply as under:

1. Even after vast advertisement in the newspapers, only three firms were un-registered that is evident that no registered local firm having the said work was available. Keeping in view the limited project relevant ADP scheme and heavy work ahead for covering 24 province, the Procurement Committee then decided to process the bids deduction of all Government taxes, prescribed by the Government registered firms i.e GST, Income Tax etc, from the successful firm. The firm was having vast relevant experience and was also fulfilling the criteria mentioned in the TORs.

All the Government taxes at the Government prescribed rates, GST, Tax, etc, have been deducted from the concerned firm.

2. Three No of bids were received for the said procurement. Among the

firm disqualified on technical grounds. The comparative Statement in reflects financial proposals of the 02 remaining firms.

3. Meeting convened on 25.10.2010 was postponed due to the un-Technical Member of the Committee. The said meeting was then 14.12.2010.

17. Due to un-availability of a permanent Secretary of the Department, DAC couldn't be arranged at that time. However the same was convene on April 15 & 18, 2016 but Department were informed that the instant Paras have already been sent to PAC without discussion at DAC level.

PAC RECOMMENDATIONS

18. The Para was recommended to be settled with the direction to Department to observe Rules and Regulation strictly and not to repeat such practice in future.

DP No.19.4.3 LOSS TO GOVERNMENT DUE TO NON-ACCEPTANCE OF LOWEST BID Rs.1.764 MILLION.

AUDIT VERSION

19. During the financial year 2011-12, the Director, Science & Technology, Khyber Pakhtunkhwa, Peshawar floated a tender for purchase of rack based computer cluster which stated that bids would be opened on 9-04-2012. The request for proposal (tender document) stated the last date for submission of bids and tender opening as 14-4-2012. Instead, the bid opening was delayed to 19-04-2012 but again postponed due to absence of two technical members. Two bidders Messrs. Shahnawaz (Pvt.) Limited and Messrs. New Horizon submitted their bids dated 13-4-2012. Attendance sheet dated 19-04-2012 showed that two firms Messrs. New Horizon and Messrs. Shahnawaz (pvt.) Limited were present. A third firm Messrs. Mirco Innovations and Technology Limited submitted its bid dated 18-4-2012. It is evident from the attendance sheet of 19-04-2012 that Messrs. Micro Innovations and Technology Limited was then not a participant in the bidding. Its bid was deliberately and falsely antedated to 18-04-2012 to show that its bid had been received prior to 19-04-2012. The bid opening was deliberately delayed to 11-05-2012 to accommodate Messrs. Micro Innovations and Technology Limited. Evaluation

sheet in respect of Messrs. Micro Innovations and Technology Limited showed that it had been given the same rating in all component criteria by members that is additional evidence of collusion to favour the firm. The chairman of the committee/Director, S&T had not signed the comparative statement. The contract was awarded to Messrs. Micro Innovations and Technology Limited at Rs7.700 million ignoring the lowest financial bid of Rs.5.936 million offered by Shahnawaz (Pvt.) Ltd. This resulted in a loss of Rs.1.764 million.

20. It was held that record was falsified to favour a firm and violation of Para 144 of GFR Vol-1.
21. The matter was reported in September 2012 but the department did not reply.
22. A letter followed by reminders in December, 2014 for convening of DAC meeting was issued to the department but the meeting was not convened.

DEPARTMENTAL VERSION

23. The Department explained that the Procurement of Rack Based Computer Cluster was based on score based selection criteria due to the fact that it was not a simple purchase of M&E but it was a complete package of Supply, Installation, training, capacity building, after sale service and warranty, these activities required a company with strong technical background and high repo in the market, for that reason the committee recommended M/S MIT. Scored based selection/ technical evaluation was made as per provisions contained in PPRA Rules 2004 and RFP designed by DoST as required under Rule 23(2) of PPRA Rules 2004.
24. As for as stipulated time and attendance sheet as concerned due to the non- availability of two technical members of the committee the meeting was postponed.
25. Bid of the MIT was received on 18.04.2012. On the first opening of the bids on 19.04.2012, representative of MIT was not present but at the same time meeting was cancelled due to non-availability of two technical members of the committee.

PAC RECOMMENDATIONS

26. As the Department was neither fully prepared nor could respond accurately to the queries made by the Committee. After detailed and hectic discussion, the Committee could not reach to a just and fair conclusion therefore, a Sub-Committee comprising of the following was constituted to trash out the issue involved in the Draft Para in detailed:-

- | | | |
|----|---------------------------------|----------|
| 1. | Mst: Nighat Yasmin Orakzai, MPA | Chairman |
| 2. | Mst: Sumaira Shams, MPA | Member |

27. The Committee will submit its report to PAC within a month.

SUB-COMMITTEE OBSERVATIONS

28. The Sub-Committee after scrutiny of the record observed that codal formalities were not fulfilled according to Public Procurement Rules (PPR) 2004, which was accepted by the Department, hence, the charges of irregularities and negligence were established.

29. It was further observed that undue favour was extended to M/S. Mirco Innovations and Technologies Pvt. Ltd by ignoring lowest rates offered by M/S Shahnawaz Pvt. Ltd. Hence loss to Government was also established.

30. It was also observed that M/S Shahnawaz Pvt. Ltd had offered two bids i.e with 8% and 16% GST, however the Audit wrongly made calculations on 8% instead of 16% GST which was not applicable. During the meeting again calculations were made by the Audit on 16% GST therefore the actual loss become Rs. 13,23,827/- and not Rs.17,64,000/-.

LEGAL OPINION OF LAW DEPARTMENT

31. The representative of Law Department opined that the Department had violated the General Financial Rules, 2016 (10&23) and Government Servants (Efficiency and Discipline) Rules 1973. He further opined that the loss occurred the Provincial Exchequer can be recovered under the West Pakistan Land Revenue Act, 1963.

SUB-COMMITTEE RECOMMENDATIONS

32. In view of the observations of the Sub-Committee and expert opinion of Law Department, the Committee recommended that action leading to recovery against the person (s) at fault as calculated amounting to Rs. 13,23,827/- may be initiated after fixing responsibility. The Committee directed the Department not to repeat such like practice in future. Para stands. Progress be reported to PAC within a month.

RELIEF, REHABILITATION AND SETTLEMENT
DEPARTMENT

Total Draft Paras: _____	06
Examined: _____	06

Settled: 15.4.1, 15.4.2, 15.4.3..... 03

Recovery: 15.4.4..... 01

VOR: 15.4.6..... 01

Detail Audit: 15.4.5..... 01

**RELIEF, REHABILITATION & SETTLEMENT
DEPARTMENT**

Six (06) Draft Paras, reflected in the Auditor General's Report for the year 2014-15 against the Department, were examined by the present Public Accounts Committee in its meeting held on 6th December, 2018. The following were present:-

PUBLIC ACCOUNTS COMMITTEE

1.	Mr. Mushtaq Ahmad Ghani, Speaker	Chairman
2.	Mr. Khushdil Khan (Advocate), MPA	Member
3.	Syed Fakhar Jehan, MPA	Member
4.	Mr. Babar Saleem, MPA	Member
5.	Mst. Nighat Yasmin Orakzai, MPA	Member
6.	Dr. Sumaira Shams, MPA	Member

LAW, PARLIAMENTARY AFFAIRS AND HUMAN RIGHTS DEPARTMENT

Mst. Hamsheeda Begum,
ALD-II.

FINANCE DEPARTMENT

Mr. Muhammad Naseem,
Additional Secretary, (A).

AUDIT DEPARTMENT

1. Dr. Akbar Ali Khan,
Director General.
2. Mr. Shahid Ali,
Deputy Director.
3. Dr. Muhammad Ismail,
Deputy Director.
4. Mr. Zubair Arshid,
Deputy Director.
5. Mr. Qadir Khan,
Deputy Director.
6. Mr. Khalid Zaman,
Audit Officer.
7. Mr. Tariq Azim,
Audit Officer.

RELIEF, REHABILITATION & SETTLEMENT DEPARTMENT

1. Mr. Asad Ali Khan,
Secretary.
2. Mr. Mofasim Billal Shah,
Director General.
3. Mr. Kifayatullah,
Project Director.
4. Mr. Sajid Imran,
PM, PARRSA.

PROVINCIAL ASSEMBLY SECRETARIAT

1. Mr. Nasrullah Khan Khattak,
Secretary.
 2. Mr. Amjad Ali,
Additional Secretary.
 3. Mr. Muhammad Younas,
Deputy Secretary.
 4. Mr. Ibrahim Khan,
Assistant Secretary.
 5. Mr. Muhammad Ayaz,
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. 15.4.1 DIFFERENCE IN BALANCES OF BOOK AND BANK- Rs 1,043.00 MILLION.**AUDIT VERSION**

3. During the financial year 2012-13, in the Malakand Reconstruction and Recovery Program PaRRSA USAID Grant No-47, there was a difference of Rs 1043.00 million between the bank account and closing balance of the cash book.
4. It was held that the difference in the two sets of figures was due to weak internal control and violation of Para 15 of the GFR vol-1.
5. The matter was reported to the management in October 2013. Department replied that the difference was due to non accountal of credit invoice by the bank.

6. DAC meeting was held in January, 2014 wherein the department was directed to produce relevant record for verification within 30 days. No record was provided even after the visit by the concerned Audit officer for the purpose.

DEPARTMENTAL VERSION

7. The Department explained that in light of DAC decision, cheque wise detail of outstanding and un credited. Cheques were provided to the office of Director General, Audit KP vide letter No.PaRRSA/USAID/Fin-112/Vol-III/2012-13/502-10, dated 24.04.2014. No response has been received so far despite of repeated reminders vide letter No.PaRRSA/USAID/Fin-112/Vol-III/2013-14/524-25, dated 17.10.2014.

8. During the meeting, the Department explained that in the pre-PAC meeting all relevant record pertaining to subject Para was produced and verified by the Audit, therefore, the Para may be settled.

PAC RECOMMENDATIONS

9. The recommendations of Pre-PAC, duly endorsed by the Audit was accepted, hence, the Para was recommended to be settled.

DP No. 15.4.2 INELIGIBLE EXPENDITURE ON POL- Rs.1.059 MILLION.

AUDIT VERSION

10. During the financial year 2012-13, the Malakand Reconstruction and Recovery Program PaRRSA USAID Grant No-47 relating to Capacity Building Budget PaRRSA, paid an amount of Rs.1.059 million for the POL of following unauthorized vehicles.

S/No	Vehicle No	User of the Vehicle	Expenditure
1	X-68-5061	Chief Secretary Khyber Pakhtunkhwa	Rs. 301,857
2	X-68-5095, BB 4229 and NY 205	Secretary Relief and Rehabilitation Department Khyber Pakhtunkhwa	Rs. 208,337
3	No X-68-5094 and No 2265	DG PDMA.	Rs. 548,656
		Total	Rs.1,058,850

11. It was held that the unauthorized allotment of project vehicles to these officers was due to non-observance of rules and violation of Para 10 of GFR Vol-I. 12. This irregularity was pointed out in October 2013. Management replied that the vehicles were in use of PARRSA duly approved by the USAID and in some cases the vehicles escorted the Chief Secretary of the province.

13. DAC meeting was held in January, 2014 wherein it was directed that relevant record should be produced for verification within 30 days. The record was not produced to the Audit Officer during his visit to the project for the purpose.

DEPARTMENTAL VERSION

14. The Department explained that in Light of DAC decision, Director General, Audit was requested vide Letter No.PaRRSA/USAID/Fin-112/Vol-III /2012-13/756-64 dated 14.05.2014 to depute the officer for verification of logbooks. However so far, no officer has been deputed by Director General, Audit. In order to resolve the issue, the Administrator, PaRRSA also visited 2-3 times to Audit office. However, the concerned officer was not available, due to which the record could not be verified.

15. During the meeting, the Department explained that in the pre-PAC meeting all relevant records pertaining to subject Para were produced and verified by the Audit.

PAC RECOMMENDATIONS

16. The Para was recommended to be settled as all the record was verified by Audit during Pre-PAC meeting.

DP No. 15.4.3 UNAUTHENTIC PAYMENT OF LIABILITIES- Rs.3.853 MILLION.

AUDIT VERSION

17. During the financial year 2012-13, the Malakand Reconstruction and Recovery Program PaRRSA USAID Grant No-47, paid Rs.3.853 million to M/S Muhammad Dawood contractor on account of pending liability. The fund was provided by the PaRRSA which had no concern with pending liabilities of the already completed schemes.

18. It was held that the unauthentic payment was made due to financial mismanagement and violation of Para 12 of GFR Vol-I.

19. The irregularity was pointed out in October 2013. However the management did not reply.

20. DAC meeting was held in January, 2014 wherein it was stated that payment was not made due to lack of funds and some discrepancies in the work done. DAC directed to produce record to ascertain whether the amount pertained to USAID or otherwise within 30 days. The record was not produced to the Audit Officer during his visit to the project for the purpose.

DEPARTMENTAL VERSION

21. The Department explained that in light of the DAC decision the concerned department were requested vide letter No.PaRRSA/ USAID/Fin-112/Vol-III/ 2012-13/43-49 dated 09.01.2014 to provide verified the relevant record from the Audit, however no response has been received so far despite of repeated reminder vide letter No.PaRRSA/USAID /Fin-112/Vol-III/ 2012-13/172-80 dated 21.01.2014. No.PaRRSA/ USAID /Fin-112/Vol-III/ 2012-13/999-10060 dated 13.03.2014, No.PaRRSA/USAID /Fin-112/ Vol-III/ 2012-13/502-10 dated 24.04.2014 and No.PaRRSA/ USAID /Fin-112/Vol-III/ 2012-13/63-72 dated 26.12.2016 and soft reminder was also communicated dated 21-07-2017 and no response receive yet.

22. During the meeting, the Department explained that in the Pre-PAC meeting all relevant records pertaining to subject Para were produced and verified by the Audit.

PAC RECOMMENDATIONS

23. The recommendations of Pre-PAC, duly endorsed by the Audit was accepted, hence, the Para was recommended to be settled.

DP No. 15.4.4 **UNAUTHORIZED PAYMENT OF ESCALATION-RS.25.168 MILLION.**

AUDIT VERSION

24. During the financial year 2012-13, the USAID funded project, executed by the PaRRSA Directorate C & W Department Swat, Rs. 25.168 million was paid. The payment on account of escalation was unauthorized due to:

1. According to S.No 5-A (3) of the contract agreement the base price for calculation of price variation shall be the price prevalent in the month during which tender is submitted. However base rate was not calculated.
2. Neither price notification of the cement and steel was available nor bulletin for change in labour rate was available.
3. S.No 5(A) (6) provides that the amount shall be calculated on the basis of quantity of the item actually consumed in the work but record of consumption was not available. 4. In some cases escalation was paid in the extended period which was not allowed.

25. It was held that the unauthorized payment of escalation was due to financial mismanagement.

26. The irregularity was reported in October 2013. Management stated that detail reply will be furnished after consulting the record.

27. DAC meeting was held in January, 2014 wherein the department stated that escalation charges have been paid as per contractual obligation and standing orders. DAC directed that record should be submitted to audit for verification within 30 days. The record was not produced to the Audit Officer during his visit to the project for the purpose.

DEPARTMENTAL VERSION

28. The Department explained that in the light of DAC decision the concerned department were requested vide letter No.PaRRSA/ USAID/Fin-112/Vol-III/ 2012-13/43-49 dated 09.01.2014 to provide verified the relevant record from the Audit, however no response has been received so far despite of repeated reminder vide letter No.PaRRSA/USAID /Fin-112/Vol-III/ 2012-13/172-80 dated 21.01.2014. No.PaRRSA/USAID/Fin-112/Vol-III/2012-13/999-10060dated13.03.2014,No. PaRRSA/USAID /Fin-112/ Vol-III/ 2012-13/502-10 dated 24.04.2014 and No. PaRRSA/ USAID /Fin-112/Vol-III/ 2012-13/63-72 dated 26.12.2016.

29. However, the concern department will produce the relevant record in the Pre PAC meeting for verification.

PAC OBSERVATION

30. The Committee observed that unauthorized payment of escalation was made but the person(s) who omitted this illegality no action had been taken by the Department against him, which clearly showed inefficiency on part of the Department.

PAC RECOMMENDATIONS

31. In view of the above, the Committee directed the Department to conduct inquiry and fix responsibility and Departmental action may also be taken against the person(s) at fault coupled with full recovery involved in the Draft Para duly verified by the Audit. Para stands. Progress be reported to PAC within two months.

DP No. 15.4.5 NON PRODUCTION OF RECORD OF Rs.5.860 MILLION.

AUDIT VERSION

32. During the financial year 2012-13, in the PaRRSA USAID funded project, executed by the PaRRSA Directorate C & W Department Swat, an amount of Rs.5.860 million was incurred on the Civil Works of the following three schools. But record in support of expenditure was not provided to audit.

<u>Name of School</u>	<u>Amount</u>
GGMS Tiligram	2,179,792
GGMS Shakardara	2,329,684
GGPS Garhai Chuprial	<u>13,51,003</u>
<u>Total</u>	<u>5,860,479</u>

33. It was held that non-production of record was violation of rules and violation of Para 17 of GFR Vol-I.

34. The irregularity was reported to the Project Management in October 2013. It was replied that the record is being consulted and reply will be given in due course of time.

35. DAC meeting was held in January, 2014 wherein the DAC showed grave concern for non production of record to DAC. The department was directed to produce original record for verification within 30 days. No progress was intimated till finalization of the report.

DEPARTMENTAL VERSION

36. The Department explained that in the light of DAC decision the concern Department were requested vide letter No.PaRRSA/ USAID/Fin-112/Vol-III/ 2012-13/43-49 dated 09.01.2014 to provide verified the relevant record from the Audit, however no response has been received so far despite of repeated reminder vide letter No.PaRRSA/USAID /Fin-112/Vol-III/ 2012-13/172-80 dated 21.01.2014, No.PaRRSA/USAID/Fin-112/Vol-III/2012-13/999-10060 dated 13.03.2014, No.PaRRSA/USAID /Fin-112/ Vol-III/ 2012-13/502-10 dated 24.04.2014 and No.PaRRSA/ USAID /Fin-112/Vol-III/ 2012-13/63-72 dated 26.12.2016.

37. However, the concern department will produce the relevant record in the Pre PAC meeting for verification.

PAC OBSERVATION

38. The Committee observed that the record was not produced to Audit Team, which clearly showed inefficiency on part of the Department.

PAC RECOMMENDATIONS

39. In view of the above, the Committee directed the Audit to conduct detailed audit of the record pertaining to the subject Para. The Department was directed to take departmental action against those who failed to produce record to Audit team. Para stands. Progress be reported to PAC within a month.

DP No.15.4.6 EXCESS INCORPORATION OF Rs.18.281 MILLION.
AUDIT VERSION

40. During the financial year 2012-13, in the Directorate General PaRRSA, under USAID Grant-47 signed PIL No 18 with USAID Mission to Pakistan on 08.05.2012 the PIL included US\$ 617,855 equal to PKR 61.786 million for provision of wireless communication system in the restoration of marginal bunds and guide bunds AT works and Amandara head works USC system. Subsequently record of the scheme was checked in the D.G FDRD wherein it was revealed that actually the scheme was approved for Rs.43.505 million thereby means Rs.18.281 million were excessively incorporated in the PIL.

41. It was held that the excess incorporation was due to financial mismanagement. The irregularity was pointed out to the management in October 2013.

42. DAC meeting was held in January, 2014 wherein the DAC directed for detail verification of technical sanction and PC-1 within 30 days. Audit officer visited and reported that PC-1 cost was Rs 55.61 million but technical sanctions were for Rs 43.500 million.

DEPARTMENTAL VERSION

43. The Department explained that in the light of DAC decision the concern department were requested vide letter No.PaRRSA/ USAID/Fin-112/Vol-III/ 2012-13/43-49 dated 09.01.2014 to provide verified the relevant record from the Audit, however no response has been received so far despite of repeated reminder vide letter No.PaRRSA/USAID /Fin-112/Vol-III/ 2012-13/172-80 dated 21.01.2014, No.PaRRSA/ USAID /Fin-112/Vol-III/ 2012- 13/999-10060 dated 13.03.2014, No.PaRRSA/USAID /Fin-112/ Vol-III/ 2012-13/502-10 dated 24.04.2014 and No.PaRRSA/ USAID /Fin-112/Vol-III/ 2012-13/63-72 dated 26.12. 2016 and soft reminder was also communicated dated 21-07-2017 and no response receive yet.

PAC RECOMMENDATIONS

44. The Para was recommended to be settled, subject to verification of record by the VOR Committee in the Provincial Assembly of Khyber Pakhtunkhwa.

HIGHER EDUCATION, ARCHIVES & LIBRARIES
DEPARTMENT

Total Draft Paras:_____ 27
Examined by the PAC:_____ 27

Settled: 5.4.2, 5.4.3, 5.4.9, 5.4.18, 5.4.26, 5.4.28, 5.4.31 07

Verification: 5.4.6, 5.4.8, 5.4.11, 5.4.15, 5.4.17, 5.4.20, 5.4.30.....07

Recovery: 5.4.4, 5.4.7, 5.4.10, 5.4.19, 5.4.22, 5.4.23, 5.4.27, 5.4.29.... 08

Sub-Committee: 5.4.5, 5.4.24..... 02

Detail Audit: 5.4.1, 5.4.21, 5.4.25..... 03

HIGHER EDUCATION DEPARTMENT

Twenty seven (27) Draft Paras as reflected in the Auditor General's Report for the year 2014-15 against the Department, were examined by the present Public Accounts Committee in its meetings held on 10th December, 2018 and 20th September 2019. The following were present:-

PUBLIC ACCOUNTS COMMITTEE

1.	Mr. Mushtaq Ahmad Ghani, Speaker	Chairman
2.	Mr. Muhammad Idrees, MPA	Member
3.	Mr. Inayatullah Khan, MPA	Member
4.	Arbab Muhammad Waseem Hayat, MPA	Member
5.	Mr. Baber Saleem, MPA	Member
6.	Mr. Khushdil Khan Advocate, MPA	Member
7.	Dr. Sumaira Shams, MPA	Member
8.	Syed Fakhar Jehan, MPA	Member
9.	Mst: Nighat Yasmin Orakzai , MPA	Member

LAW, PARLIAMENTARY AFFAIRS AND HUMAN RIGHTS DEPARTMENT

1. Mr. Shakeel Asghar,
Additional Secretary.
2. Mr. Tanwir Khan,
Deputy Secretary.

FINANCE DEPARTMENT

1. Mr. Musharaf Khan,
Additional Secretary.
2. Mr. Akhtar Saeed Turk,
Additional Secretary (Development)

AUDIT DEPARTMENT

1. Dr. Akbar Ali Khan, Director
General.
2. Mr. Asmatullah Shah,
Director General.
3. Mr. Shahid Ali,
Deputy Director.

4. Dr. Muhammad Ismail, Deputy Director.
5. Mr. Adnan Khan
Audit Officer.
6. Mr. Khalid Zaman,
Audit Officer.
7. Mr. Tariq Azim,
Audit Officer.
8. Mr. Mehmood-ul-Hassan Saeed.
Assistant Audit Officer.

HIGHER EDUCATION DEPARTMENT

1. Mr. Manzoor Ahmad,
Secretary.
2. Dr. Muhammad Sarwar,
Vice Chancellor, (Gomal University).
3. Professor Dr. Gul Zaman,
Vice Chancellor.
4. Dr. Idrees,
Vice Chancellor, (Hazara University).
5. Professor Dr. Manzar Hussain Shah,
Vice Chancellor (Hazara University).
6. Dr. Abid Farid,
Vice Chancellor, (Haripur University).
7. Dr. Muhammad Asif Khan,
Vice Chancellor, (University of Peshawar).
8. Dr. Jamil Ahmad,
Vice Chancellor, KUST, (Kohat University).
9. Professor Iftikhar Hussain,
Vice Chancellor (UET) Peshawar.
10. Professor Habib Ahmad,
Vice Chancellor (Islamia College Peshawar).
11. Profesor Dr. Noor Mohammad,
Pro Vice Chancellor, (UET, Peshawar).
12. Mr. Khuda Bakhsh,
Additional Secretary.

13. Ms. Zohra Shahzad,
Registrar (SBBWUP).
14. Miss. Sana Younas,
Treasure (SBBWUP).
15. Mr. Aamir Imam,
Project Director, (UET).
16. Mr. Israr Ullah,
Director Finance, (Malakand).
17. Mr. Muhammad Iqbal Awan,
Director Finance, (Gomal University).
18. Mr. Yorid Ahsan Zia,
Director, (University of Peshawar).
19. Mr. Shoukat Hussain,
Joint Director, (PAF-IASI).
20. Mr. Jamil-ur-Rehman,
Deputy Director, Audit, (Hazara University).
21. Mr. Khurram Jamal,
Treasurer, (Hazara University).
22. Mst. Aisha Salman,
Treasurer, (University of Peshawar).
23. Mr. Nek Muhammad Khan,
Treasurer, (UET, Peshawar).
24. Mr. Aziz Muhammad,
Section Officer (Budget & Accounts).

PROVINCIAL ASSEMBLY SECRETARIAT

1. Mr. Amjad Ali,
Additional Secretary.
2. Mr. Inamullah Khan,
Additional Secretary.
3. Mr. Ashtimand,
Deputy Secretary.
4. Mr. Muhammad Younas,
Deputy Secretary.
5. Mr. Khalid Shaheen,
Deputy Secretary.
6. Mr. Ibrahim Khan,
Assistant Secretary.

7. Mr. Haris Khan,
Assistant Secretary.
 8. Mr. Muhammad Ayaz,
Assistant Secretary.
 9. Mr. Muhammad Arif,
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.5.4.1 NON-ADJUSTMENT OF ADVANCES OF Rs.18.043 MILLION.

AUDIT VERSION

3. During the financial year 2011-12, the Vice Chancellor, University of Malakand failed to recover Rs.18.043 million outstanding against various officers/faculty members on account of advances paid to them for various purchases. The departmental heads were required to submit statements of expenditure duly supported by vouchers by closure of the financial year which was not done.
4. It was held that the irregularity occurred due to weak internal controls and the failure of management to expedite the adjustment of advances.
5. This irregularity was reported to Vice Chancellor of the University in February, 2013. In the DAC meeting held on 27th February, 2014 it was decided that adjustments should be made in full and record of all the purchases presented for verification. However, no further progress was reported till finalization of this report.

DEPARTMENTAL VERSION

6. The Department explained that the total amount of outstanding advances was Rs. 1,80,43,938/- as on 30-06-2012 out of which Rs. 43,31,453/- was adjusted during the next financial years 2012-13, while Rs. 64,30,349/- is being adjusted with the account section & RAD office and Rs. 73,82,136/- are still outstanding for which letters have been issued to the concerned staff members for timely adjustment of the balance amount.

PAC OBSERVATION

7. The PAC observed that the advances should have been adjusted within one month, as per University Rules but was not done even after the lapse of six years. Moreover, only adjustment was made with the account office but record was not produced to Audit to check its authenticity.

PAC RECOMMENDATIONS

8. After detailed discussion, the Committee decided that total amount involved in the Draft Para may be adjusted and the Department was directed to produce complete record of adjustment to Audit immediately. The Audit was directed to conduct detail Audit within one month. Para stands. Progress be reported to PAC. For future guidance the University Authorities was directed to ensure adjustment of the advances in time.

DP No.5.4.2 NON-FORFEITURE OF SECURITY WORTH Rs.3.647 MILLION.**AUDIT VERSION**

9. During the financial year 2011-12, the Vice Chancellor, University of Malakand awarded a contract for the construction of Girls Hostel to Al-Saba Construction Company at an estimated cost of Rs. 43.590 million, which was revised to Rs 63.128 million with a completion time of 18 months. The contract completion period was however extended 07 times but the contractor failed to complete the work even after a lapse of 68 months. Thus, penalty of Rs. 2.400 million was imposed on him. A fact finding committee also suggested that the contract should be rescinded along with forfeiture of his security amounting to Rs. 3.647 million. A total of Rs.6.047 million was recoverable.

10. Poor contract management and undue favour to the contractor by the University management had resulted in the delayed implementation of the project.

11. The matter was reported to the management in February, 2013. University management stated that detailed reply will be furnished after consulting the record.

12. In the DAC meeting held in February, 2014 the University management gave two contradictory statements in that approval to finish the balance work departmentally had been accorded by the competent authority and that the contract cannot be terminated. DAC did not agree and directed that recovery of penalty and forfeiture of security should be made besides black listing the contractor. No progress was intimated till finalization of this report.

DEPARTMENTAL VERSION

13. The Department explained that the contract of Girls Hostel construction was awarded to contractor M/S Al-Sabha Construction Company at an acceptance/contract price of PKRs. 48.380 million with a completion period of 18 months as per work order No. 80/works dated 01-04-2006. Liquidated damages were imposed, according to general conditions of contract clause-16, sub-clause 43 titled “compensation for delay”.

14. The following options were given as per special conditions of contract clause No.2A, to:-

1. Rescind the contract and forfeiture of deposited security.
2. Furnish balance works departmentally debiting the contractor with cost thus incurred.
3. Measure up of the work and furnish balance works through other contractor.

15. As there was no alternative faculty building, the Competent Authority accorded approval to furnish balance works departmentally. As the contract has not been terminated, therefore, according to contract clauses there is no provision for forfeiture of retained security.

PAC RECOMMENDATIONS

16. In view of circumstances for delay which were unavoidable and beyond the control of the University at that time, the Committee taking a lenient view recommended to settle the Para with the direction to the Department to avoid such lapses in future.

DP No.5.4.3 IRREGULAR RETENTION OF Rs. 148.688 MILLION.**AUDIT VERSION**

17. During the financial year 2011-12, different departments and constituent units of the University of Peshawar un-authorizedly retained the collected amount of Rs.148.688 million although they were required to deposit it in the university main account.

18. It was held that weak internal control system resulted in the irregularity and violation of Section 38(3) chapter-IV of the University of Peshawar Act.

19. The matter was pointed out in 2011-12. The University management replied that the matter was under consideration and final decision would be intimated to audit.

20. In the DAC meeting held in March, 2014 it was decided that financial rules should be implemented in letter and spirit and the amount should be deposited into the main university account. Further progress was not reported till finalization of this report.

21. It is recommended that numbered receipt books should be issued to Departments and constituent units by the University, regular returns sought from collecting units along with regular reconciliation of receipts with University and the collection cycle of collecting units watched closely to prevent mishaps.

DEPARTMENTAL VERSION

22. The Department explained that all the amounts mentioned in the Para pertaining to Private funds had been received and deposited into University account.

PAC RECOMMENDATIONS

23. As the Department had deposited all amounts into the University account, hence, the Para was recommended to be settled.

DP No.5.4.4 LOSS TO THE UNIVERSITY OF Rs. 3.772 MILLION.**AUDIT VERSION**

24. During the financial year 2011-12, Vice Chancellor, University of Peshawar did not recover house rent allowance or recovered it at lesser rates from the following Vice Chancellors residing in university accommodation which resulted into an accumulated loss of Rs.3.772 million as per detail below:-

S/No.	Name of Vice Chancellor	Amount required to be recovered	Amount recovered	Loss
1.	Dr. Ihsan Ali	Rs.839,450/-	Nil	Rs.839,450/-
2.	Dr. Rasool Jan	Rs.839,450/-	Rs.92,800/-	Rs.746,650/-
3.	Dr. Nasir Jamal	Rs.839,450/-	Rs.149,472/-	Rs.689,978/-
4.	Dr. Nasir Ali Khan	Rs.839,450/-	Rs.136,219/-	Rs.703,231/-
5.	Dr. Farooq Swati	Rs.619,400/-	Nil	Rs.619,400/-
6.	Dr. Jehanzeb Khan	Rs.220,050/-	Rs.46,584/-	Rs.173,466/-
			Total:	Rs.37,72,175/-

25. In addition, the above mentioned Vice Chancellors did not pay water charges, pension contribution and benevolent fund at the prescribed rates as well.

26. This irregularity was pointed out in February, 2014. The University Management replied that partial recovery had been made and for the balance amount reminders had been issued.

27. In the DAC meeting held in March, 2014 the University Management replied that Professor Muhammad Rasool Jan was allowed official accommodation by Governor, Khyber Pakhtunkhwa vide No. SO(HE)6(1)6/GS/10/3021-22 dated 20.12.2011 to retain his official accommodation at House No.R-9 in the University campus subject to deduction of house rent @ HRA of BPS-21 plus 5% maintenance charges. In respect of the remaining Vice Chancellors, the Higher Education department Khyber Pakhtunkhwa has been approached to provide their service terms and conditions so as to proceed further in the matter. DAC directed that recovery should be made within one month.

DEPARTMENTAL VERSION

28. The Department explained that action on the same had already been under process, partially recovery had been made and the balance amount reminders have been issued.

PAC OBERVATION

29. The Committee observed violation of the University Rules, Syndicate decision arrived at on 21-03-2009 and Housing Policy of the Government.

PAC RECOMMENDATIONS

30. In view of the above, it was recommended that the amount of Rs. 37,72,175/- may be recovered from the officers mentioned in the Draft Para. The Department was further directed to calculate the amount till 30-06-2018 and the same may be recovered. Para stands. Progress be reported to PAC within a month.

DP No.5.4.5 LOSS TO THE UNIVERSITY OF Rs.63.503 MILLION.**AUDIT VERSION**

31. During the financial year 2011-12, Vice Chancellor, University of Peshawar failed to recover Rs.63.503 million in electricity charges of police posts and residences outstanding against the Campus Peace Corps, Police Department.

32. It was held that the University management had been unable to enforce its decision.

33. The matter was reported in February, 2013. University management replied that the claim was being prepared to be sent to Secretary Home and Inspector General of Police.

34. In the DAC meeting held in December, 2014 the University Management replied that the matter had been taken up with Police Department whose response was awaited. The DAC directed that recovery should be made within one month. No progress was reported till finalization of this report.

DEPARTMENTAL VERSION

35. During the meeting, the Department explained that from February, 2018 all Universities/Institutes/Colleges on the Campus had been asked to contribute towards electricity bill of CPC. Contribution from KMC has been received and case is being followed with other Universities. However, the Provincial Government is requested to help the University of Peshawar in recovery of Electricity bill as being paid by the University.

PAC RECOMMENDATIONS

36. After detailed and hectic discussion, the Committee could not reach to a just and fair conclusion therefore, a Sub-Committee comprising of the following was constituted to probe into the matter.

1. Mr. Muhammad Idrees Khan, MPA Chairman
2. Arbab Waseem Hayat, MPA Member

37. The Committee will submit its report within a month time.

DP No.5.4.6 LOSS DUE TO NON-RECOVERY OF PENALTY–Rs.141.102 MILLION.**AUDIT VERSION**

38. During the financial year 2012-13, Vice Chancellor, University of Engineering and Technology, Peshawar paid mobilization advances of Rs.136.643 million to contractors M/s Shah Zaman, M/s Rustam Khan, M/s Abid Brothers and M/s Liaquatullah did not recover mark-up at the rate of 8% per annum which caused a loss of Rs. 10.931 million nor was the principal amount recovered in all cases in five installments. All four contractors were granted extension in contract period but could not finish the works even in the extension. The Vice Chancellor did not impose penalty of Rs.130.171 million at 10% of contract value of Rs1301.711 million for the delay in completion of work. The contractors were granted favours on non recovery of advance, non recovery of interest and non-imposition of penalty. The loss on account of interest and non imposition of penalty works out to Rs141.102 million.

39. The matter was reported to the management in August, 2013. The Department stated that reply will be furnished after scrutiny of record.

40. In the DAC meeting held in June, 2014 the University Management replied that mobilization advance is interest free as per the guidance given by Pakistan Engineering Council and extensions were granted on genuine grounds. Audit did not agree and DAC directed that record be produced. Relevant record was neither produced nor was further progress intimated till finalization of this report.

DEPARTMENTAL VERSION

41. The Department explained that the extension in time period for completion of balance works was granted to the contractors on the following genuine reasons.

42. Floods of July, August 2010 damaged huge part of under construction infrastructural works including fall structures at Flood Channel No. 01. Approach Roads to the site were badly damaged due to which supply of material was delayed tremendously. Skilled and unskilled manpower involved in the construction activities at site returned home and didn't come back for months, due to which delay occurred in completion of works.

43. Pabbi-Cherat Road is passing through site bisecting Jalozei Campus in two parts. For re-alignment of this road, concerned departments were requested and a number of meetings were held with them to resolve the issue. The same also added to the over-all delay. Explosive materials used in supply of stone pitching were not available during 2010-11 due to over all tight security and law and order situation in the province due which the works were delayed.

44. ISI logistic support Center is situated on Northern side adjacent to the site, who had encroached our site. Settlement of boundary wall issue with them was time consuming task, for which time was required and contractor could not construct boundary wall on the same side resulted in delay.

45. Boundary wall issued with Sarhad Development Authority on southern side of site also added to the delay as contractor work was on hold due to this issue. Keeping in view the above mentioned reasons, contractors were granted extension in time period for completion of construction of infrastructural works.

Hence, extension was granted on genuine reasons, therefore, imposition of penalty was not exercised which is not allowed as per FIDIC (International Federation of Consulting Engineering) Council standard bidding documents of contracts.

PAC RECOMMENDATIONS.

46. As the Department was neither fully prepared nor could it produce complete record to the Committee. Therefore, the Para was kept pending till production of record in the next meeting. Para stands.

47. The said Draft Para was taken up for examination in the meeting of PAC held on 20-09-2019 wherein the PAC has given its observation and recommendations as per following details:

PAC OBSERVATION

48. During discussion on the Para, the Committee observed that:-
- i.. whether extension in time period was granted once or time and again
 - ii. whether valid/cogent reasons were existed upon which the PAO had exercised his discretionary powers and granted extension in time period.
 - iii. how, only one (01) out of four (04) contractors, had been penalized.
 - iv. what were the reason(s) due to which penalty @ 10% of contract value for delay incompletion of work was not imposed on all contractors .

PAC RECOMMENDATION

49. The above mentioned observations of the Committee were needed verification of relevant record; therefore, the University Authorities were directed to provide relevant record to Audit for verification. The D.G Audit assure the Committee that verification would be conducted within a few days hence, the fate of Para was kept pending for verification report of Audit within a week time period.

DP No.5.4.7 LOSS TO THE UNIVERSITY Rs. 1.632 MILLION.

AUDIT VERSION

50. During 2011-12, the Vice Chancellor, University of Science & Technology, Kohat paid premium of Rs.1.632 million on the non-schedule item of work premix 2" thick on roads included in BOQ on the basis of market rate as per rate analysis in violation of standard contract documents.

51. It was held that loss occurred due to negligence and violation of rules by the university management. The matter was reported to management in February, 2013. The university did not reply.

52. In the DAC meeting held in December, 2013 the university replied that the payment was made on the basis of market rate analysis and the subject item was removed from the CSR. DAC held that Syndicate had no authority to change schedule items into non-schedule items particularly where there is clear cut loss to the government and directed for recovery. No progress was intimated till finalization of this report.

DEPARTMENTAL VERSION.

53. The Department explained that the payment of premix, 2” thick was made @ Rs.7532.50/- per ton with 15% above in the project “construction of various roads at KUST” on the basis of rate analysis of non-schedule items. The subject item was removed from CSR due to the market condition as the rates provided in the CSR were too low then the market that the award of contract was impossible which was considered to be a cause of delay in project execution which would have lead to cost overrun. The BOQ was prepared in April 2008 and the cost analysis of this item is detail below:-

Cost Analysis for 1 Ton of pre-mix (Asphalt from plant)

The cost at plant (Karak)=	Rs.3750/-
Carriage (From Karak to KUST)=	Rs.600/-
Laying charges=	<u>Rs.1600/-</u>
	Rs.5950/-
10% Contractor Profit=	<u>595/-</u>
	=Rs.6545/-
Income tax 6%=	Rs.392/-
Total=	Rs.6937/- per Ton
	=Rs.6935x2.25= Rs.15603.75/- per M ³
As per CSR 1999 the rate is Rs.3485.32/- per M ³	
Premium 90%	=Rs.3136.78/-
Total	=Rs.6622/- per M³

54. So it was not possible to tender this item as Schedule item.

55. To tender this item as Schedule item in May 2008 the only possibility was to give premium 350% ($3485.32 + 350\% = \text{Rs.}15684/-$ per M^3) on this item to make it compatible with market rates at that time which was not possible.

56. The ex-plant rate of premix material was Rs. 3,750/- per ton at that time.

57. It is added that the fluctuating rates of bitumen and crises of non-availability had forced this university to convert the rates from CSR to Non Schedule Item. The above/below on Non schedule Items was allowed to avail benefit of escalation by not allowing the same on labour, bricks, POL, Bitumen. No escalation was allowed in the tender on this award. If above/below were not allowed then escalation were required to be allowed on above mentioned items. The approximately cost of escalation for above mentioned items would have been in Millions if were allowed. KUST did not pay any escalation on Pre-mix.

PAC OBSERVATION.

58. The Committee observed that Syndicate cannot change Composite Scheduled Rates (CSR) items into Non Scheduled Items (NSI) without permission of the rates advisory Committee of the Khyber Pakhtunkhwa.

PAC RECOMMENDATIONS.

59. In view of the above, the Committee recommended action leading to recovery of Rs. 16,32,000/- as pointed out by the Audit from the responsible(s) after fixing responsibility, coupled with Departmental action against the person(s) at fault. Para stands. Progress be reported to PAC.

DP No.5.4.8 **LOSS DUE TO PAYMENT ON NON-SCHEDULE RATE INSTEAD OF CSR- Rs.7.577 MILLION.**

AUDIT VERSION

60. During the financial year 2011-12, Vice Chancellor, University of Science & Technology, Kohat paid Rs.12.436 million for 1651 tons 2" thick premix @ Rs.6,550/- per ton as non-schedule item on the basis of rate analysis although the same item was included in CSR 1999 at SNo.16-12-b @ Rs.3485.32 per M^3 . The higher rate resulted in overpayment of Rs.7.577 million as per detail given below:-

S/No.	Quantity executed	Rate available in CSR	Amount
1.	733.78 M3	3485.32 M3	Rs.2,557,458.10
		Add 90% above	Rs.2,301,712.29
			Rs.4,859,170.39
		Payment made	Rs.12,436,157.50
		Excess payment	Rs.7,576,987.11

61. It was held that the loss occurred due to adoption of unsupported and unreliable rate According to SI No.16-12-b of CSR 1999, premix 2" thick @ 3,485.32 m³ available.

62. The matter was reported in February, 2013. The university management replied that the payment was made on the basis of market rate analysis and the subject item was removed from the CSR.

63. In the DAC meeting held in December, 2013 the department repeated their earlier stance. DAC held that Syndicate had no authority to change schedule items into non-schedule items particularly where there is clear cut loss to the government and directed for recovery. No progress was intimated till finalization of this report.

DEPARTMENTAL VERSION.

64. The Department explained that the payment of premix, 2" thick was made @ Rs.6550/- per ton in the project "construction of various roads at KUST" on the basis of rate analysis of non-schedule items. The subject item was removed from CSR due to the market condition as the rates provided in the CSR were too low then the market that the award of contract was impossible which was considered to be a cause of delay in project execution which will lead to cost overrun. The ex-plant rate of premix material was Rs. 4500/- per ton at that time.

65. It is added that the fluctuating rates of bitumen and crises of non-availability had forced this university to convert the rates from CSR to Non Schedule Item. The above/below on Non schedule Items was allowed to avail benefit of escalation by not allowing the same on labour, bricks, POL, Bitumen. No escalation was allowed in the tender on this award. If above/below were not allowed then escalation were requested to be allowed on above mentioned items.

66. The approximately cost of escalation for above mentioned items is Bricks=0.5%, labour=2%, POL, 2.5%, Bitumen=3.5% Total =8.5% @ 33243310=

Rs.282568/-.The KUST syndicate has delegated the power to the Director Works/Project Director to convert any schedule item to Non Schedule item.

PAC RECOMMENDATIONS

67. Para stands, till Verification of Record in support of departmental reply by the Audit within a month.

DP No.5.4.9 LOSS TO THE UNIVERSITY- Rs.1.182 MILLION.

AUDIT VERSION

68. During the financial year 2011-12, the Vice Chancellor, University of Science & Technology, Kohat paid Rs.1.182 million in excess of CSR, 2009 for the item "P/L flooring of Booticena marble 12" x 12" with ¾ "thick" up to 8th running bill on the construction of administration block in the project "Strengthening of Kohat University of Science & Technology" as tabulated below:-

S/No.	Qty. Executed	Rates paid Rs/M3	CSR Rate Rs/M3	Differen ce Rs	Amount Rs		
1.	1197.32 M3	1426	1300.03	125.97	1,50,826		
2.	882.30 M3	1450	1300.03	149.97	1,32,319		
				Subtotal:	2,83,145		
Total Qty Executed M3	Payment due Rs	Add Cost factor 1.03	Total Rs	Less agreed rebate @ 25.01 %	Net payment required Rs	Payment made Rs	Excess Rs
2079.62 *	2,703,568	81,107	2,784,675	696,447	20,88,228	29,86,711	8,98,483
1300.03						Total	11,81,628

69. The item of work was paid as non scheduled item although it was available in CSR 2009 at S.No.10-49-C @ Rs.1300.03 M³. It was held that the overpayment occurred due to adoption of unsupported and unreliable rate.

70. The irregularity was pointed out in February, 2013. The management replied that the rate for the actual work done was not available in the CSR and was therefore paid as non- scheduled item.

71. DAC meeting was held in December 2014. DAC observed that the inclusion of the scheduled item available in CSR 2009 at S.No.10-49-C into non-scheduled was irregular, and directed for recovery of the overpayment. No progress was reported till finalization of this report.

DEPARTMENTAL VERSION.

72. The Department explained that the rates given to CSR „P/L flooring of Booticena marble 12”X12” with ¾” thick is Rs. 1426 M³. The actual work done is „P/L flooring of Booticena marble 12”X12” with 1” thick. To execute 1” thick marble there is no rate available in CSR. Therefore, the same item was placed as Non-schedule item by the consultant keeping in view the durability and sustainability of the work involved. Therefore, there involved no excess payment.

PAC RECOMMENDATIONS.

73. The explanation of the University was convincing, hence, the Para was recommended to be settled.

DP No.5.4.10 LOSS TO UNIVERSITY Rs. 1.686 MILLION.

AUDIT VERSION

74. During the financial year 2011-12, the Vice Chancellor, University of Science & Technology, Kohat overpaid Rs.1.686 million in the item of work “S/F of mild steel G-40” in the construction of two academic blocks under the infrastructure development project. Payment was made for 40.506 metric tons @ Rs.82000 per ton instead of approved rate of Rs.28742.41 per ton under S.No.6.15.a CSR 1999.

75. It was held that the overpayment occurred due to adoption of unsupported and unreliable rate which is violation of S.No.6.15.a of CSR 1999. The irregularity was pointed out in February, 2013. The University management stated that due to price fluctuations in the market, no bidders participated since 2004 and with the approval of syndicate scheduled item was changed to non-schedule.

76. In the DAC meeting held in December 2013, the University was directed to make recovery as the Syndicate had no powers to change schedule items into non-schedule ones. No progress was reported till finalization of this report.

DEPARTMENTAL VERSION.

77. The Department explained that due to market crises and fluctuation the rates of steel (Billet steel) the contractors / bidders were not participating the tender since 2004. On the demand of the contractor, a pre-bid meeting was held on 30th Nov 2004 whereat it was decided to remove the steel from CSR because at that time the average market rates was above Rs.42,000/- per ton (Ex-factory) where as the CSR rates 1999 including 15% allowed premium was Rs. 34,200/- per Ton. Further more for durability of the structure, the university is focusing to use steel manufactured from steel billet where as in the open market, the available steel is of scrap one which is not suitable for the construction of such structure. Therefore, on one side the standard and quality steel to the form of Tender FT -14 steel billet SR 24/30 Size 100x100 in General condition of contract documents Vol-I and again ensured while on the other hand, the university has availed benefit of non allowing escalation of other integral allowed items like Bricks, POL and labour which caused million of rupees if were allowed. This situation remained unchanged till 2009. Hence the university was compelled to follow the past practice in the best public interest.

PAC OBSERVATION.

78. The Committee observed that Syndicate cannot change Composite Scheduled Rates (CSR) items into Non Scheduled Items (NSI) without permission of the rates advisory Committee of the Khyber Pakhtunkhwa.

PAC RECOMMENDATIONS.

79. In view of the above, the Committee recommended action leading to recovery of Rs. 1.686 million as pointed out by the Audit from the responsible(s) after fixing responsibility coupled with departmental action against the person(s) at fault. Para stands. Progress be reported to PAC.

DP No.5.4.11 UNAUTHORIZED EXPENDITURE ON ACCOUNT OF SCIENCE TEACHING ALLOWANCE & BASIC SCIENCE ALLOWANCE Rs. 3.086 MILLION.

AUDIT VERSION

80. During the financial year 2011-12, the VC University of Science & Technology Kohat, paid Rs.3.086 million as teaching and basic science allowance to the KIMS staff during vacations, which is irregular and unauthorized.

81. It was held that the irregular payment was due to violation of rules.

82. This irregularity was pointed out in February, 2013. The management furnished no reply.

83. DAC meeting was held in December 2014 and directed for the recovery of the amount. No progress was reported till finalization of this report.

DEPARTMENTAL VERSION.

84. The Department explained that the KUST Institute of medical Sciences (KIMS) and the University remains open for all the students, administrative staff and faculty during summer and the students & faculty regularly visited college/University for research/teaching purpose. Science teaching allowance & Basic Science allowance was not paid during leave and LPR.

PAC RECOMMENDATIONS.

85. In view of plausible explanation of the Department, the Para was recommended to be settled, subject to verification of record that the University was open and regular classes were held during summer vacations, by the Audit.

DP No.5.4.15 IRREGULAR EXPENDITURE OF Rs. 3.025 MILLION.
AUDIT VERSION

86. During the financial year 2011-12, the V.C. University of Science & Technology Kohat, incurred an expenditure of Rs.3.025 million on the purchase of lab equipment and debited it to the developmental project "Development of infrastructure at KUST". The item was not approved in the PC-I of the project, which resulted in irregular and unauthorized expenditure.

87. It was held that the irregularity occurred in violation of PC-1 and Para 14.2.2 of Financial Rules 2004.

88. The matter was reported in February, 2013. The University Management did not give any reply.

89. DAC meeting was held in December 2013, which decided that PC-I may be revised from the competent forum for regularization of the expenditure. Further progress was however not reported to audit.

DEPARTMENTAL VERSION.

90. The Department explained that the HEC Islamabad has approved the project in Public Sector Development Party (PSDP) at Planning Commission Division for KUST in the name of “**Development of Infrastructure & Improved educational facilities at KUST**”. The purpose was to develop the infrastructure (class rooms, well equipped Laboratories and offices) and allied facilities for quality higher education at university.

91. The university had approved the Engineering program from its various forums (ASRB, F&PC and Syndicate etc) and started the program at the existing faculties. Being program of the university and having allocation in the project for Laboratory as per requirement of the Engineering Department, expenditure was made in best interest of public after observing all codal formalities during the procurement process.

PAC RECOMMENDATIONS.

92. The Committee taking a lenient view recommended to settle the Para, subject to verification of regularization of revised PC-I from the competent forum by the Audit. Para stands till verification. Progress be reported to PAC within a month.

DP No.5.4.17 MISAPPROPRIATION OF FUNDS OF Rs.1.293 MILLION. AUDIT VERSION

93. During the financial year 2010-11, the V.C. Hazara University, released Rs.5.293 million as secrecy fund. Out of this an amount of Rs.4.00 million was shown utilized, however Rs.1.293 million were neither taken on cash book nor utilization shown.

94. It was held that the loss occurred due to negligence on the part of University management and violation of Para 26 of the Financial Rules.

95. The matter was pointed out in March 2012. The management of the University stated that reply will be given later. Audit requested the University management repeatedly for holding of the DAC meeting however, no DAC meeting was convened till finalization of this report.

DEPARTMENTAL VERSION

96. The Department explained that all the advances issued for secrecy fund of examination are properly entered in cash book of Examination Department and audited by the audit party.

97. Amount objected by the audit party of Rs. 12,93,000/- was petty advances issued in favor of Controller of Examination for various expenditure an advance payment to supervisory staff for examination hall. All advances have since been adjusted.

PAC RECOMMENDATIONS

98. In view of plausible explanation of the Department, the Para was recommended to be settled, subject to verification of record of Rs. 1.293 million by the Audit in the Provincial Assembly of Khyber Pakhtunkhwa. Para stands. Progress be reported to PAC.

DP No.5.4.18 UN-AUTHORIZED EXPENDITURE OF Rs.19.152 MILLION.

AUDIT VERSION

99. During the financial year 2010-11, the V.C. Hazara University Mansehra, paid Rs.19.152 million on account of pay & allowances to the re-employed 19 faculty members, beyond 65 years of age. This resulted in unauthorized expenditure.

100. It was held that the lapse occurred due to violation of University Rules by the management.

101. The irregularity was pointed out in March 2012. The management of the University stated that all superannuated staff has already been terminated. Audit requested the University management repeatedly for holding of the DAC meeting, however, it was not convened till finalization of this report.

DEPARTMENTAL VERSION

102. The Department explained that the Hazara University is situated in this far flung area was facing acute shortage of experienced & qualified faculty to run its academic programs at par with the other well established universities of the country and up to the standard level as per requirements of Higher Education Commission of Pakistan. To meet this need of the university for its smooth functioning, the superannuated faculty members as mentioned in the Para were inducted whom all are on the fixed pay tenure.

103. During the meeting, the Department explained that the appointment of superannuated staff was made under Governor Secretariat letter No.So-III/6(6)7/2003/92-94 dated 20-01-2004 all of them are relieved from duties under HED letter dated 12th April, 2013.

PAC RECOMMENDATIONS

104. The explanation of the Department was found plausible duly endorsed by the Audit was accepted, hence, the Para was recommended to be settled.

DP No.5.4.19 UNAUTHORIZED EXPENDITURE OF Rs.1.36 MILLION.

AUDIT VERSION

105. During the financial year 2012-13, the Vice Chancellor University of Haripur, paid Rs.1.189 million on account of rent of a house hired for the Vice Chancellor in Islamabad @ US\$ 1000 per month on the basis of agreement executed between the owner and the occupant. The VC was paid salary on the basis of MP-II package inclusive of house rent etc. Payment of rent of the house by the university was double and wrongful benefit of the facility. Moreover the Vice Chancellor concerned had already occupied university guest house @ Rs.5,000/- per month.

106. It was held that the unauthorized payment occurred due to negligence and clear cut violation of government and the university rules.

107. The matter was pointed out in April 2014. The University management did not reply to the observation. Audit requested the University management for holding of the DAC meeting; however DAC was not convened till finalization of this report.

DEPARTMENTAL VERSION

108. The Department explained that the University of Haripur is situated adjacent to District jail Haripur which claims the presence of large number of high profile prisoners involved in serious crimes. Dr. Nasser Ali Khan assumed the charge of vice chancellor on 17.01.2014 and did used to live in single room accommodation in university guest house on payment of Rs.5,000/- pm but he was strictly advised by the security agencies to shift in a safe place preferably in Islamabad as they had some serious information of high security concerns. Resultantly an accommodation was located in Islamabad keeping in view the security concerns of the intelligence agencies, the honorable vice chancellor was shifted to hired house however the recovery of Rs.5,000/- pm remained continued inadvertently and was stopped later but no amount of over deduction was refunded to worthy vice chancellor, as far as the use of vehicle is concerned. It is the entitlement of vice chancellor to use one vehicle with no POL limit still the expense of POL of vice chancellor are very economical. It is further added that VC pay package do not include accommodation charges as all the VC have been provided furnished accommodation in addition to their pay package approved by the HEC.

109. The above story narrates that all the arrangements have been made in best university interest and nothing happened wrong or illegal.

PAC RECOMMENDATIONS

110. In view of Higher Education, Archives and Libraries Department Notification No. So(U-I) H.E/15-1/2012 dated 28-03-2012 that the salary package was all inclusive and that the Vice Chancellor had availed dual facility by getting House Rent and also acquiring accommodation at the expense of Government. The Committee

therefore, recommended to affect full recovery of Rs. 1.36 million from the officer concerned and its verification by the Audit.

111. The Department was further directed to take departmental action against the Treasurer concerned, who provided illegal facility to Vice Chancellor by ignoring Rules & Regulations.

112. Para stands. Progress be reported to PAC within a month.

DP No.5.4.20 EXCESS EXPENDITURE OF Rs.3.637 MILLION.

AUDIT VERSION

113. During the financial year 2012-13, the V.C. University of Haripur, incurred excess expenditure of Rs.3.637 million on the purchase of 20 laptops and 150 desktops in violation of the approved

PC-I as detailed below:-

S/No.	Particular	Provision in PC-I	Purchased	Difference	Rates	Amount
01	Laptop	10	20	10	81,197/-	8,11,970/-
02	Desktop	100	150	50	56,509/-	28,25,450/-
Total						36,37,420/-

114. It was held that the excess expenditure was due to violation of PC-1.

115. The matter was pointed out in April 2014. The University management did not reply to the observation. Audit requested the University management for holding of the DAC meeting, however, no DAC was convened till finalization of this report.

DEPARTMENTAL VERSION

116. The Department intimated that 10 laptops were purchased from provision of PC-1 as well as 10 laptops were purchased from own sources to cater the initial need of Faculty and management, whereas 150 desktops were purchased from PC-1 where provision of total desktop computers was 265. Since there was no irregularity made and the purchases were made as per PC-1.

PAC OBSERVATION

117. Besides, violation of rules while making purchases, the Committee also observed manipulation of office record by the concerned staff of the university which was admitted by the concerned official during the meeting.

PAC RECOMMENDATIONS

118. In view of the above, the Committee directed the Audit to verify the relevant record that all laptops and Desktop as mentioned in the Draft Para were purchased in accordance with the Rules or otherwise and physical verification of computers and laptops purchased.

119. The Department was directed to conduct inquiry into the matter of manipulation in the official document for fixing responsibility and initiation of appropriate disciplinary action against the person who manipulated the record.

120. Para stands. Progress be reported to PAC within a month.

DP No.5.4.21 NON-RECOVERY OF ADVANCES OF Rs. 2.924 MILLION.**AUDIT VERSION**

121. During the financial year 2012-13, the V.C. University of Haripur paid Rs.2.924 million to 31 staff members of the University on account of advances. Neither detail of expenditure was submitted nor the amount surrendered to the main account of the University.

122. It was held that the non-recovery of University fund was due to financial mismanagement and violation of Para 7 of GFR Vol-I.

123. The matter was pointed out in April 2014. The University management did not reply to the observation. Audit requested the University management for holding of the DAC meeting, however no DAC meeting was convened till finalization of this report.

DEPARTMENTAL VERSION

124. The Department explained that the University of Haripur was established on 04.07.2012, all the structure was in shabby condition. To make it viable for students and staff, the competent authority assigned various tasks to various

persons and for immediate and smooth functioning they were allowed limited advances. These advances were adjusted accordingly as such no amount was misused.

125. During the meeting, the Department produced a list of adjustment and stated that all advances have been adjusted and no amount was misused. However, complete record was not produced to the Committee.

PAC RECOMMENDATIONS

126. In view of the above, the Committee recommended for detailed audit of all the adjustments and the Department was directed to produce relevant record pertaining to the subject Para.

127. Para stands. Progress be reported to PAC within a month.

DP No.5.4.22. IRREGULAR EXPENDITURE OF Rs. 2.262 MILLION.

AUDIT VERSION

128. During the financial year 2012-13, in the Gomal University D.I.Khan, it was observed that an amount of Rs. 2.262 million was paid to the contractors for the work “Construction of Foreign Faculty Guest House” and “Construction of Clinical Research Health Care Centre “out of self- finance fund instead of the developmental project. The payment from irrelevant fund resulted into irregular expenditure.

129. It was held that the irregularity occurred due to violation of Para **12 of GFR Vol-I.**

130. The matter was pointed out in April 2014. It was replied that the subject pertains to Finance Section of the Gomal University. Audit requested the University management for holding of the DAC meeting however it was not convened till finalization of this report.

DEPARTMENTAL VERSION

131. The Department explained that the civil work is the main component of PC-1 of the project: Improvement & Development of Gomal University D.I.Khan, for which Rs. 142.522 (M) were allocated but due to increase of quantity the cost of building overrun the actual allocation.

132. HEC was requested to re-appropriate the allocation fund of PC-1, vide letter No. GU/VC 55641 dated 24/08/2010. The approval was accorded by HEC for proposed re- appropriation with in approved cost of Rs. 477.902 (M).

133. It was proposed by the University in revised estimates of the civil works that expenditure over and above of the buildings including Guest House for visiting Faculty & Clinical Research Health Center will be met out by University own resources. Since 2/3rd share of self finance scheme is the main source of income. Hence the expenditure was made from 2/3rd share of self finance scheme after approval and concurrence of the HEC.

134. During the meeting, the Department could not produce relevant record to the Committee in support of its contention. They were neither fully prepared nor could respond to the quarries raised by the Committee.

PAC RECOMMENDATIONS

135. The Department was not in a position to explain the case as to why the cost was enhanced and un-authorized payment was made from the Self Finance Fund, which was not meant for the purpose. Hence, it was recommended to conduct inquiry for fixing responsibility and to initiate action leading to recovery from the person(s) at fault.

136. Para stands. Progress be reported to PAC within a month.

DP No.5.4.23 IRREGULAR EXPENDITURE OF Rs.9.263 MILLION.

AUDIT VERSION

137. During the financial year 2012-13, the Gomal University D.I.Khan, incurred expenditure of Rs.9.263 million on repair & maintenance of the University and WENSUM College. The expenditure was incurred without adopting open tender system and preparation of PC-1 for the works. These works were awarded on market rates without rate analysis instead of CSR.

138. It was held that the irregular expenditure occurred due to violation of rules.

139. The matter was pointed out in April 2014. It was stated that reply will be furnished after verification of original record. Audit requested the University

management for holding of the DAC meeting however it was not convened till finalization of this report.

DEPARTMENTAL VERSION.

140. The Department explained that: -

1. The payment mentioned in the audit Para as petty repairs are actually Miscellaneous payments are made through the same cheque book.
2. M&R work has been carried out at different times after the administrative approval of the competent authority e.g. Marbling of stage of the main Hall, False ceiling of multimedia lab: white wash etc. The work has been certified by the internal purchase committee.
3. May be there are some violation of financial rules but it is ensured that there is no embezzlement. Everything has been done in the interest of
4. It may not be improper to mention that execution of M&R work and purchase through central purchase committee after fulfilling all codal formalities is a very time consuming process. It takes years instead of weeks or months, most of the times even the purpose is lost. Several

141. It was stated that for execution of petty M&R work of the University Government contractor was engaged for the period of whole financial year. The M&R works are carried over by the contractor on the approved lowest rates and expenditure incurred out of allocated fund in the Non-Development budget. No.PC-1 was prepared for the petty M&R works and no separate fund is received from HEC or Provisional Government.

142. It was further added that for the civil works the schedule rates have been applied whereas for purchase of sanitary items and electrical items proper quotations were collected by the University purchase committee and lowest rates once approved stand valid up to the expiry of financial year.

PAC OBSERVATION.

143. During the meeting, the Department could not produce relevant record to the Committee in support of its contention rather irrelevant advertisement and record was produced.

144. The Department was neither fully prepared nor could respond to the quarries raised by the Committee.

145. The Works carried out i.e. Marbling of stage of the main Hall, False ceiling of multimedia lab and white wash etc were new works and not M&R works. The works were carried out without adopting open tender system and preparation of PC-I for the works.

PAC RECOMMENDATIONS.

146. In view of the above, the Committee recommended for initiation of action leading to recovery after fixing responsibility coupled with appropriate disciplinary action against the person(s) at fault. The Department must stop such practice forthwith and deal with the responsible strictly under relevant rules instead of going to Syndicate/Senate for its regularization.

147. Para stands. Progress be reported to PAC within a month.

DP No.5.4.24 UN-VERIFIED DEBIT OF Rs.66.018MILLION.

AUDIT VERSION

148. The Audit reported that during financial year 2012-13, the Islamia College University, Peshawar that a debit of Rs.24.113 million and Rs.23.00 million was raised on 25/07/2012 and 03/06/2013 respectively and the amount was shown transferred from the current account bearing No.1917-6 to PLS account directly, however whereabouts of the sum so transferred was not known and therefore the subsequent credit into the specific account remained un-verified. Similarly an amount of Rs.18.905 million was shown debited to the Islamia Collegiate School hostel account bearing No.5238-7 directly by the management of Islamia College Peshawar and credit of the amount into specific account of the university was not known and the transaction remained un-verified.

149. It was held that the unverified debit was due to financial mismanagement and violation of Para-15 GFR Vol-I.

150. The matter was pointed out in April 2014. The university management stated that reply will be furnished after verification of original record. Audit requested for holding of the DAC meeting, however, it was not convened till finalization of this report.

DEPARTMENTAL VERSION

151. The Department explained that:

- (A). It is submitted that a sum of **Rs. 47.113** Million was transferred from Account No. 19176 UBL and was credited to Account No. 0079 UBL and

Account No. 1486-000201726259 of the Islamia College University, Peshawar.

- (B). Similarly, a sum of **Rs. 18.906** Million was credited to the Accounts of the Islamia College University, Peshawar.

PAC OBSERVATION

152. The Committee observed that whether the Government moneys could be deposited into PLS account and what were the reasons which led to transfer the amount from one account to another one. The Committee inquired from the representative of Finance Department for expert opinion but he failed to advance any opinion as he was not aware about government restriction regarding opening of official bank accounts. The Committee further observed that funds/sums were deposited in wrong type of account which was not permissible.

PAC RECOMMENDATION

153. In view of above, a Sub-Committee comprising the following was constituted to examine the issue of depositing the University revenue in PLS account.

1. Mr. Babar Saleem, MPA. Chairman
2. Mr. Inayatullah Khan, MPA Member
3. Mr. Muhammad Idrees, MPA Member
4. Mr. Khushdil Khan Advocate, MPA Member

154. The Sub-Committee shall submit its report within one month.

DP No.5.4.25 NON-ADJUSTMENT OF ADVANCES WORTH Rs.43.209 MILLION.

AUDIT VERSION

155. The Audit reported that in financial year 2012-13, the V.C. Islamia College University, Peshawar paid Rs.43.209 million to chairmen of different departments and other individuals on account of contingences, purchases and repairs. However its adjustment through statement of expenditure duly supported by vouchers was not submitted. Therefore, the amount remained unadjusted and could not be verified.

156. It was held that the irregularity occurred due to negligence and violation of rules. The matter was pointed out in April 2014. It was stated that reply will be furnished after verification of original record. Audit requested the University management for holding of the DAC meeting, however, it was not convened till finalization of the report.

Therefore, audit recommended to investigate the matter, fix responsibility and submit record for verification.

DEPARTMENTAL VERSION

157. The Department stated that an amount of **Rs. 10.00** Million has been adjusted against the total amount of **Rs. 43.209** Million leaving a balance of **Rs. 33.497** Million Un-adjusted. Efforts were being made for the adjustment of the balance amount standing against various department/Officers. The record regarding adjustment of these advances will be made available to audit when the balance amount is adjusted.

158. During the meeting, the Department updated the Committee duly supported by documentary proof that Rs. 34.00 million have adjusted so far and adjustments of the balance amount of Rs. 9.00 million is in progress

PAC OBSERVATION

159. The Committee observed that:-

- i. adjustments were started after the issue being pointed out by the Audit,
- ii. no departmental action had been initiated against the person(s) who failed to made adjustments within the same financial year.
- iii. the person(s) sitting at the helm of affairs of the University did not played their supervisory role.
- iv. the adjustments of these amounts were not audited by the Audit as no adjustments were not carried out to be produced to Audit at the time of audit.

PAC RECOMMENDATION

160. The Committee directed the Department to conduct inquiry and fix responsibility on the person (s) who did not make the requisite adjustments within the same financial year and initiate disciplinary action against them. The Committee further directed the Department to complete the adjustments process of the remaining amount of Rs. 9.00 million. The Audit was directed to conduct detail Audit of all the adjustments involved in the Para. Para Stand. Progress be reported to PAC within thirty (30) days.

DP No.5.4.26 NON-RECOVERY OF PENALTY OF Rs. 4.818 MILLION.**AUDIT VERSION**

161. The Audit reported that in financial year 2012-13, in the Islamia College University Peshawar, it was observed that four generators were required to be supplied on 10/07/2013, however one generator was supplied on 23/07/2013 and 3 on 30/08/2013. An amount of Rs. 4.818 million was required to be recovered as penalty @ 1% per day. However the penalty was not recovered.

162. It was held that the non-recovery of penalty was due to inefficiency of the University management and undue favour to the supplier. The matter was pointed out in April 2014. It was stated that reply will be furnished after verification of original record. Audit requested the University management for holding of the DAC meeting, however it was not convened till finalization of this report. Therefore, the Audit recommended to investigate the matter and recover the amount.

DEPARTMENTAL VERSION

163. It is submitted that after issuance of work order, the supplier applied for extension dated: 08-07-2013 highlighting the condition of 1% penalty and explaining the lengthening and difficult procedure of importing the machinery (Generators). He was granted extension up to 05-09-2013 keeping in view his problems. The generators were received and taken on stock register on 23-07-2013 and 30-08-2013.

PAC RECOMMENDATION

164. As extension in supply of generators was given by the Vice Chancellor, being the Competent Authority, the Para was recommended to be settled

DP No.5.4.27 NON-RECOVERY OF RENT OF SHOPS Rs. 9.502 MILLION.**AUDIT VERSION**

165. The Audit reported that in financial year 2012-13, in the Islamia College University Peshawar, it was observed that a sum of Rs. 9.502 million was outstanding on account of rent of shops as per detail given below:-

S/No.	Area	Outstanding Amount
1.	Charsadda	Rs.698,616/-
2.	College House	Rs.249,671/-
3.	Mosque	Rs.220,428/-

4.	Khyber Bazar	Rs.8,332,973/-
	Total	Rs.9,501,688

166. Audit held that the non-recovery of rent was due to inefficiency of the University management and undue favour to the shopkeepers. The matter was pointed out in April 2014. It was stated that reply will be furnished after verification of original record. Audit requested the University management for holding of the DAC meeting, however it was not convened till finalization of the report. The Audit recommended to investigate the matter and recover the amount.

DEPARTMENTAL VERSION

167. The Board Management constituted a Committee to expedite recovery process of arrears of Islamia College Peshawar. The recovery process has been expedited as directed and the result is encouraging. An amount of **Rs. 5.026** Million has been recovered and the rest will be recovered shortly.

168. Furthermore, list of defaulters has been sent to D.G.NAB KPK as well as Deputy Commissioner Charsadda for recovery under Land Revenue Act and the Tehsildar Tangi has started the recovery with the staff of Board of Management, ICP.

169. During the meeting, the Department produced record showing that the recovery has been completed except a sum of Rs.28,06,411/- from the shop keepers of Khyber Bazar.

PAC OBSERVATION

170. The Committee observed that rent agreements of shops in Khyber Bazar and land at Charsadda needs revisions according to present market value/rates.

PAC RECOMMENDATION

171. After lengthy discussion, the Committee directed the University Authorities to make efforts to enter into fresh agreements with the shopkeepers of Khyber Bazar according to present market rates.

172. The Committee further directed the University Authorities to take steps for dis-possession of tenants of land at Charsadda and then rent it out according to present market rate.

173. The Para was kept pending till recovery of the balance rent amount of shops of Khyber Bazar. Para Stands. Progress be reported to PAC Cell within two (2) months.

DP No.5.4.28 LOSS DUE TO INVESTMENT ON LOW RATE- Rs.3.00 MILLION.

AUDIT VERSION

174. The Audit reported that in financial year 2012-13, in the Islamia College University Peshawar, it was observed that a sum of Rs.122 million were invested in Habib Bank University Campus @10.15% and avoided the highest rate of 12.20% offered by Khushali Bank. Similarly an amount of Rs.43.187 million was invested in National Bank of Pakistan @ 9.65% rate of interest and avoided the highest rate of 11.25% offered by Khushali Bank, resulting into a loss of Rs.3.00 million.

175. Audit held that the loss occurred due to financial mismanagement. The matter was pointed out in April 2014. It was stated that reply will be furnished after verification of original record. The University management was requested for holding of the DAC meeting, however, it was not convened till finalization of the report. The Audit recommended to investigate the matter and recover the amount.

DEPARTMENTAL VERSION

176. The Department stated that while investing funds, two things/factors were considered in order to ensure maximum return with minimum risk. These factors are as below:

- i. the Interest rate offered.
- ii. the Credit Rating of the Bank/Financial institution issued by the credit rating company i.e. Pakistan Credit Rating Agency (PACRA) and JCR-VIS.

177. In addition to the Highest Credit Rating, The National Bank is a Public Sector Bank and Khushali Bank is Microfinance Bank.

178. Furthermore the Khushali Bank is a Non-Scheduled Bank which means that the bank is not registered in the list of the Central Bank under its charter. The Scheduled Banks are very much solvent and have high liquidity under the monitoring and strict regulations of the State Bank.

PAC RECOMMENDATION

179. In view of the convincing explanation advanced by the Department, the Committee convinced therefore, the Para was recommended to be settled.

DP No.5.4.29 NON DEPOSIT OF ADMISSION AND TUITION FEE OF Rs.4.212 MILLION.**AUDIT VERSION**

180. The Audit reported that in financial year 2012-13, the V.C. Islamia Collage University Peshawar, collected Rs.4.212 million from 222 students of different departments of the University. The management of the University failed to deposit Rs.4.212 million collected on account of admissions and tuition fee, and thus it is apprehended that the amount was retained for personal use and not deposited in the University account.

181. Audit held that the misappropriation occurred due to weak internal controls. The matter was pointed out in April 2014. It was stated that reply will be furnished after verification of original record. Audit requested the University management for holding of the DAC meeting, however, it was not convened till finalization of this report. Therefore, Audit recommended to investigate the matter, fix responsibility and recover the amount.

DEPARTMENTAL VERSION

182. The Department stated that a sum of **Rs. 33,73,250/-** has been recovered from the person at fault and credited to the University Account.

183. Recovery of the Balance amount **Rs. 8, 38,750/-** is under process @ **Rs. 20,000/-** per month as per decision of the Peshawar High Court.

184. During the meeting the Department informed that only Rs. 3,79,520/- is outstanding now.

PAC RECOMMENDATION

185. In view of the above, the Para was kept stands till the recovery is completed and its verification by Audit.

DP No.5.4.30 LOSS TO THE UNIVERSITY OF Rs.1.853 MILLION.**AUDIT VERSION**

186. The Audit reported that in financial year 2012-13, in the Islamia Collage University Peshawar, it was observed that a contractor was paid Rs.2,18,497/- for dismantling of doors, frames, windows with frames, bricks and girders etc up to 4th running bill. However, cost of the dismantled items valuing Rs.1.853 million (approx) was neither recovered from the contractor nor taken on the material at site account which resulted into loss to the university.

187. Audit held that the loss occurred due to weak internal controls. The matter was pointed out in April 2014. It was stated that reply will be furnished after verification of original record. Audit requested the University management for holding of the DAC meeting, however, it was not convened till finalization of the report. Therefore, the Audit recommended investigating the matter and recovering the amount.

DEPARTMENTAL VERSION

188. The Department stated that all the dismantled materials were taken on dead stock register and record is available for verification.

PAC RECOMMENDATION

189. The Committee endorsed the decision of Pre-PAC to stands the Para for verification of record.

190. In view of Pre-PAC decision, the Para was kept pending for report of the Verification Committee constituted by pre-PAC. Para Stands. Progress be reported to PAC within two (2) months.

DP No.5.4.31 FRAUDULENT DRAWL OF PAY AND ALLOWANCE OF Rs.1.555 MILLION.**AUDIT VERSION**

190. The Audit reported that in financial year 2012-13, in the Islamia College University Peshawar, it was observed that Mr. Mohammad Iqbal lecturer was appointed in the Department of Mathematics, where he assumed the charge on 02.12.2012 however, his recommendation was made on 17.12.2012 and later on his appointment was made on regular basis on 18.04.2013. Payroll of the Accountant General Punjab revealed that he

was a regular employee of the Government of Punjab in District Narowal drawing pay of Rs.61,276/- month. This resulted into an overpayment of Rs.1.554 million due to double drawl.

191. Audit held that fraudulent drawl occurred due to collusion of the lecturer with the University Management.

192. The matter was pointed out in April 2014. It was stated that reply will be furnished after verification of original record. Audit requested the University management for holding of the DAC meeting, however, it was not convened till finalization of this report.

193. Therefore, the Audit recommended to investigate the matter fix responsibility and recover the amount.

DEPARTMENT VERSION

194. The Department stated that Mr. Muhammad Iqbal was engaged as Lecturer on stop gap arrangement basis with effect from 17-12-2008 to 17-04-2013. He was appointed as permanent lecturer on 18-04-2013 with the approval of competent forum. He joined Islamia College Peshawar on 18-04-2013 but after a few days he submitted resignation which was accepted by making recovery of Rs. 1,11,540/-. Later on the receipt of audit observation, the matter was referred to the lecturer concerned as well as to the education Department of Punjab Government for necessary action. Moreover the case is also under trial in the court. The decision of which is still pending.

PAC RECOMMENDATION

195. As necessary action has already been taken by the Department and no loss sustained to Government, therefore, the Para was recommended to be settled.

ENVIRONMENT DEPARTMENT

Total Draft Paras _____	11
Examined _____	11

- Settled: 7.4.8, 7.4.9, 7.4.10, 7.4.11..... (04)**
- Recovery: 7.4.2.....(01)**
- VOR: 7.4.1, 7.4.3, 7.4.4.....(03)**
- Depl: Action: 7.4.5, 7.4.7.....(02)**
- I.D.C: 7.4.6..... (01)**

ENVIRONMENT DEPARTMENT

Eleven (11) Draft Paras, reflected in the Auditor General's Report for the year 2014-15 against the Department, were examined by the Public Accounts Committee in its meeting held on 17th September, 2019. The following were present:-

PUBLIC ACCOUNTS COMMITTEE

1.	Mr. Mushtaq Ahmad Ghani, Speaker	Chairman
2.	Mr. Muhammad Idrees, MPA	Member
3.	Mr. Inayatullah Khan, MPA	Member
4.	Arbab Muhammad Waseem Hayat, MPA	Member
5.	Mr. Baber Saleem, MPA	Member
6.	Syed Fakhar Jehan, MPA	Member
7.	Mst: Nighat Yasmin Orakzai , MPA	Member

FINANCE DEPARTMENT

Mian Ainullah,
Additional Secretary.

AUDIT DEPARTMENT

1. Mr. Asmatullah Shah,
Director General.
2. Dr. Ismail,
Deputy Director.
3. Mr. Shahid Ali,
Deputy Director.
4. Mr. Khalid Zaman,
Audit Officer.
5. Mr. Mehmood-ul-Hassan Saeed.
Assistant Audit Officer.

ENVIRONMENT DEPARTMENT

1. Mr. Zareef-ul-Mani,
Special Secretary
2. Mr. Muhammad Qayyum,
Director Budget & Accounts.
3. Mr. Faiz-ur-Rehman,
DFO, Upper Kohistan.

4. Mr. Mudassar Hassan,
DFO.
5. Mr. Shah Khalid,
DFO, Dir Kohistan.

PROVINCIAL ASSEMBLY SECRETARIAT

1. Mr. Amjad Ali,
Secretary.
2. Mr. Inamullah Khan,
Additional Secretary.
3. Mr. Ashtimand,
Deputy Secretary.
4. Mr. Khalid Shaheen,
Deputy Secretary.
5. Mr. Haris Khan,
Assistant Secretary.
6. Mr. Muhammad Arif,
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. 7.4.1 UNJUSTIFIED EXPENDITURE Of Rs.17.090 MILLION.

AUDIT VERSION

3. The Audit reported that during financial year 2012-13, the Directorate of Community Development, Extension, Gender Development Peshawar paid Rs.17.090 million as pay & allowances to Female Forest Extensionists posted in different Divisions. On verification of record it was observed that the female Extensionists have not submitted any feedback of the field activities that they had conducted duly authenticated by monthly returns as per job description of the employees. Therefore, the expenditure was unjustified.

4. It was held that the veracity of the expenditure could not be ascertained as the Department had no proper monitoring system to check the utilization of Female Forest Extensionists.

5. The matter was reported to Department in October, 2013. It was stated that reply would be given after consulting the record. DAC meeting was held in September,

2014 and the Department replied that the services of the staff were placed at the disposal of territorial forest divisions and their attendance and activities in the field were under the supervision of the DFOs. DAC directed to conduct an enquiry into the matter. No progress was reported till finalization of the report.

DEPARTMENTAL VERSION

6. The Department explained that the female ratio comprises 52% of the total population of Pakistan. At global level, the role of female has been recognized in every field. In the forestry sector, the women folk are also involved in firewood collection, grass cutting, NTFPs collection, grazing of livestock and other so many Natural Resources Management (NRM) related activities. Therefore, the Khyber Pakhtunkhwa Forest Policy 1999 stressed upon the involvement of female in the forestry sector for the sustainable management and conservation of NRM activities.

7. In light of the recommendations of Khyber Pakhtunkhwa Forest Policy 1999, Forest Department was restructured and five Integrated Specialized Units were created in 2001 including CDEGAD Directorate in order to involve the local communities (Male & Female) in the planning, monitoring and execution of Natural Resources Management activities. The Forest Policy under section 1.35, 1.36 and 1.44(2) calls for mainstreaming role of women folk in NRM activities. To implement the prescribed Policy directives/recommendations, Female staff was inducted in the Khyber Pakhtunkhwa Forest Department. In CDEGAD Directorate, there are 25 No. of Female Forest Extensionists (FFEs) BPS-11 posted in various forest divisions throughout the Province in order to involve the women folk in NRM related activities through awareness raising and social organization as per above Policy Instructions. The FFEs have established a number of women organizations in the Province duly registered with the KP Forest Department as per Community Participation Rules 2004 Govt. of Khyber Pakhtunkhwa. The NRM related activities are being implemented through these women organizations.

8. The female staff of the Directorate involves the women folk, female schools, NGOs and other stakeholders in forestry activities especially during Spring and Monsoon Tree Planting Campaigns.

9. Besides above, as per Forest Policy 1999 and Gender Development, involvement of women folk in forestry activities is mandatory. Therefore, all the ADP Schemes of Forest Department encourages involvement of women folk in NRM related activities and all of these NRM related women activities are implemented through female staff of the CDEGAD Directorate.

10. In the ongoing Mega Project of KP Forest Department titled “Billion Trees Aforestation Project in Khyber Pakhtunkhwa” 200 No. of women organizations have been established by FFEs CDEGAD Directorate and 960 No. of Forest Nurseries have been raised through women folk by the FFEs as per physical target of the titled PC-1.

11. Therefore, the expenditure incurred on account of Pay and Allowances of Female Forestry Extensionists is justified because they are actually conducting their jobs regarding involvement of women folk in forestry related activities which contributes to the sustainable management of natural resources in Khyber Pakhtunkhwa.

PAC OBSERVATION

12. The PAC observed with heavy heart that record required to be produced to Audit was not produced in five long years, which clearly depicts the inefficiency of the Department.

PAC RECOMMENDATIONS

13. After lengthy discussion the Committee upheld the decision of pre-PAC and recommended to issue warning to all the concerned DFOs for not submitting the monthly progress report of Female Extensionists in time and for not implementing the DAC decision.

14. The Department was further directed to produce complete record i.e progress report, attendance, activities performed and work plan to the Verification of Record Committee for verification within thirty days. Para stands till verification of record by VOR Committee.

DP No. 7.4.2 UNAUTHORIZED USE OF PROJECT VEHICLES AMOUNTING TO Rs.25.259 MILLION.

AUDIT VERSION

15. The Audit reported that during financial year 2012-13, the Director CDEGAD Forest Peshawar allotted 14 vehicles valuing Rs.25.259 million of abandoned Carbon Sequestration Project to different officers of the Department. The beneficiary officers were already availing the vehicles provided to them. The project vehicles were allotted without the approval of Transport Committee of the Provincial Government.

16. It was held that the unauthorized allotment of vehicles was due to violation of Provincial Government Instructions.

17. The matter was reported to the Department in August, 2013. It was stated that the reply would be submitted after consultation of record. DAC meeting was held in September, 2014, in which the Department replied that Forest Department has acute shortage of vehicles and the Administrative Department transferred the vehicles to the territorial offices of Forest Department. DAC directed that Administrative Department shall report the vehicles to Establishment & Administration Department for further disposal within 15 days. No progress was, reported till finalization of the report.

DEPARTMENTAL VERSION

18. The Department explained that the said 12 No. of vehicles procured under the defunct Carbon Sequestration Project has been allotted/transferred by the Administrative Department to various territorial and other offices of Khyber Pakhtunkhwa Forestry, Environment & Wildlife Department and were presently in use of these offices for Government duties.

PAC OBSERVATION

19. PAC observed that the project vehicles were unnecessarily retained by the Department instead of its handing over to Administration Department, it was illegally distributed amongst the officers without any justification. The Department failed to implement the DAC decision.

PAC RECOMMENDATIONS

20. In view of the above, the Committee endorsed the recommendations of pre-PAC and directed the Department to refer the case to Transport Committee of the Administration Department for regularization and also affect recovery in case the beneficiary officers were already availing the Government vehicle facilities. Para stands. Progress be reported to PAC within one month. The Department was also directed to initiate action against those officers who failed to implement the DAC decision.

DP No. 7.4.3 LOSS DUE TO IGNORING CLAUSES OF THE AGREEMENT DEED-Rs.4.00 MILLION.

AUDIT VERSION

21. The Audit reported that during financial year 2012-13, in the Divisional Forest office D.I.Khan, it was observed that Forest Department and the management of Lucky Cement factory signed an agreement in 1995 for leasing out 274 acre reserved forest land in Banda Ahmad Khan for mining purpose of the factory. As per clause-4(A) of the agreement Lucky Cement factory (the lessee) agreed to pay cost of one acre of land road side in D.I.Khan forest division for the establishment of permanent lessee and to pay cost of raising nursery Rs.50,000 per annum for 30 years. Record of the DFO D.I.Khan show that the land was not purchased till the date of audit. This resulted into loss of Rs.4.00 million (approx).

22. It was held that loss occurred due to inefficiency and negligence on the part of Forest Department. The matter was reported to the Department in October, 2013. The Department furnished no reply. DAC meeting was held in September, 2014, Department replied that the land has been purchased by Lucky Cement in 2014 and mutated in the name of Forest Department D.I.Khan Division. However, documentary evidence was not provided to DAC. The Department was directed to conduct enquiry for fixing responsibility & to implement the clause 4(A) of the agreement in letter and spirit. No progress was reported till finalization of the report.

DEPARTMENTAL VERSION

23. The Department explained that in light of the DAC recommendations Mr. Ejaz Qadir the then Divisional Forest Office, Malakand Forest Division Batkhela was appointed as inquiry to conduct detail inquiry into Advance Para No. 64/2012-13 on the

accounts of Divisional Forest Officer D.I.Khan. The inquiry report officer has finalized the inquiry which has been submitted to the Director General Audit, Khyber Pakhtunkhwa Peshawar vide Internal Audit Officer, Government of Khyber Pakhtunkhwa Forestry, Environment & Wildlife Department Peshawar Notification. No. B&A/2012-13/Audit/DAC/KC/7893 dated 25-05-2015.

24. During the meeting the Department further explained that the Lucky Cement Factory has transferred one acre of land along road side in D.I. Khan as per contract agreement. It added that the outstanding amount against the Lucky Cement Factory has also been recovered.

PAC RECOMMENDATIONS

25. In view of the explanation advanced by the Department during the meeting, the Committee settled the Para subject to verification of Mutation Deed and recovery of the outstanding amount by VOR Committee within one month.

DP No. 7.4.4 NON DEPOSIT OF COMPENSATION RECEIPTS Rs.1.832 MILLION.

AUDIT VERSION

26. The Audit reported that during financial year 2012-13, the Divisional Forest Officer, Agror Tanawal Mansehra, recovered Rs.1.073 million in Agror Sub-Division and Rs.0.759 million in Shergar Range as compensation from forest offenders. However, the DFO failed to deposit Rs.1.832 million into Government Treasury.

27. It was held that the non deposit of Government money was due to weak internal controls and financial mismanagement.

28. The matter was reported to the Department in January, 2014. No reply was furnished. DAC meeting was held in September, 2014. Department replied that disciplinary action has already been initiated against Mr. Sarfaraz Khan Deputy Ranger. DAC directed that case should be taken up with Anti-Corruption Department or NAB Khyber Pakhtunkhwa within ten (10) days and amount alongwith interest be recovered. Further progress was, however, not reported till finalization of the report.

DEPARTMENTAL VERSION

29. The Department explained that an amount of Rs.9,93,050/- pertaining to Compensation Cases were recoverable from Mr. Sarfaraz Khan Ex-Deputy Ranger the than I/C Agror and Mr. Sultan Mehmood, Deputy Ranger the than I/C Shergarh Sub-Divisions as per detail given below:-

Name of Sub-Division	C.C No. & Year	Total Amount of C.C	Reward Sanctioned	Balance Recoverable amount
Agror	31/2011-12 to 37/2011-12	159600	21500	138100
	1/2012-13 to 30/2012-13	802100	160550	641550
Shergarh	48/2011-12 & 51/2011-12	300000	86600	213400
Total:		1261700	268650	993050

30. Due to non-deposit of above amount, disciplinary action was initiated against the official under E&D Rules, 2011 vide DFO, Agror Tanawal letter No.2211-13/GE, dated 31/12/2013. On receipt of enquiry the DFO, A.T in capacity of "Authority" has imposed Rs1,16,863/- 14% interest. Therefore total recoverable amount came to Rs.9,93,050/- + 1,16,863/- = 11,09,913/- which has already recovered including 14% interest from the official as per following detail:-

T.C #	Date	Amount	Cr: No. & Month
26	13/11/2014	550537	3/Divl: for 11/2014
38	1/12/2014	102800	1/Divl: for 12/2014
4	13/1/2015	456576	2/Divl: for 1/2015
Total:		1109913	

31. Similarly outstanding amount of Rs.6,06,800/- has also been recovered from Mr. Sultan Mehmood, Deputy Ranger the than I/C Shergarh Sub-Division & deposited into Government treasury as per detail given below:-

C.C #	Total Amount	Reward sanctioned	Balance amount deposited	T.C #	Date
11/2012-13 to 15/2012-13	172200	32400	139800	20	01/04/14
5/2012-13	173600	37100	136500	104	17/11/14
7/2012-13	70000	12000	58000		
8/2012-13	45000	11000	34000		
9/2012-13	100000	15500	84500		
10/2012-13	200000	46000	154000		
Total:	760800	154000	606800		

32. Moreover, the Circle Officer Anti-Corruption Establishment Mansehra has also been approached vide DFO, Agror Tanawal letter No.995/B&A dated 27/10/2014 for initiating action against the accused official.

33. As explained above entire outstanding amount stands recovered and adjusted in the account.

PAC OBSERVATION

34. The Committee observed that despite clear cut instructions from the DAC the Department failed to initiate criminal proceedings against the defaulter and had not taken up the case with Anti-Corruption or NAB.

35. The Department had written only one letter to the Anti-Corruption Establishment and miserably failed to conduct its follow-up or to peruse it properly.

36. The Department delayed the case intentionally and was willfully waiting for the retirement of the defaulter.

PAC RECOMMENDATIONS

37. In view of the above, the Committee directed to convey its displeasure to the Department. However, as the defaulter was punished under E&D Rules and the amount involved was recovered with interest, hence, the Para was dropped subject to verification of the recovered amount by Audit within one month.

DP No. 7.4.5 NON-DEPOSIT OF GOVERNMENT REVENUE Rs.22.419 MILLION.

AUDIT VERSION

38. The Audit reported that during the financial year 2011-12, the DFO upper Kohistan, collected Government money of Rs.22.419 million in respect of sale value and production duty pertaining to timber obtained from Geyal Forest Compartment No.2 and price of challan. The amount was retained since 2011 and not deposited into the proper head of account.

39. It was held that non-depositing of Government money was due to financial mismanagement. The matter was reported to Department in September, 2012. It was stated that detail reply would be furnished later on. DAC meeting was held in February 2014. The Department replied that the amount was deposited in P-deposit due to Court cases. DAC directed that the amount should be transferred to its proper head of account

and recoupment claim should be sent to Finance Department if the cases were decided in favor of the petitioners. No progress was reported till finalization of the report.

DEPARTMENTAL VERSION

40. The Department explained that the said amount of Rs.22.419 million consisted of sale value and production duty pertaining to timber obtained from Geyal Forest Compartment No.2. The amount was kept in P-Deposit/ (Form No.6) in compliance with the Peshawar High Court Abbottabad bench. The matter was still subjudice therefore soon after Court's decision, amount would be booked to relevant head of revenue.

PAC RECOMMENDATIONS

41. The Committee endorsed the decision of DAC and directed the Department to transfer/deposit the amount involved in the Para into Government treasury forthwith and transmit report to this effect to the PAC within one month. If the said amount is needed after the Court decision, the same may be demanded from the Government through Finance Department.

DP No. 7.4.6 UNAUTHENTIC EXPENDITURE ON ESTABLISHMENT OF NURSERIES Rs.2.700 MILLION.

AUDIT VERSION

42. The Audit reported that during financial year 2012-13, the Divisional Forest Officer Dera Ismail Khan, incurred Rs.2.700 million on raising of tube nurseries in Derya Khan & Dhaki Mor. But the DFO failed to prepare nursery journal and nursery stock register in support of the expenditures incurred therefore, the expenditure was unauthentic.

43. It was held that in absence of nursery journal and nursery stock register the veracity of the expenditure could not be ascertained.

44. The matter was reported in October, 2013. No reply was furnished. DAC meeting was held in September, 2014. The Department replied that the relevant record was available for verification however, the same was not produced. DAC directed to produce relevant record for verification within 15 days. No progress was reported till finalization of the report.

DEPARTMENTAL VERSION

45. The Department produced the following record of Derya Khan Bridge & Dhakki Mor Forest nurseries before the PAC for perusal and verification.

1. Nursery Journal
2. Stock register
3. Distribution/utilization registers.

PAC OBSERVATION

46. The Committee observed that neither the stock registers and distribution/utilization registers were produced despite DAC decision to produce it within 15 days nor the displeasure letter was issued to the concerned for non production of record.

47. The record produced to PAC was found fictitious.

PAC RECOMMENDATIONS

48. In view of the above, the Committee directed to initiate departmental action against the concerned who failed to produce the requisite registers/record to Audit during the time of audit as well as neither in the DAC nor in pre-PAC.

49. The Committee also constituted an Inter Departmental Committee (IDC) comprising the representatives Audit, Finance and Environment Departments to conduct joint inquiry for fixing responsibility and making recovery according to quantum of responsibility from the entire chain of command. The Environments Department was nominated as convener of the IDC. Para stands. Progress be reported to PAC within a month time.

DP No. 7.4.7 UNAUTHORIZED EXPENDITURE ON REWARD TO EMPLOYEES-Rs.1.069 MILLION.**AUDIT VERSION**

50. The Audit reported that during the financial year 2012-13, the Divisional Forest Office, Agror Tanawal Mansehra, paid an amount of Rs.1.069 million as reward to employees of Forest Department from the receipts of the Government in violation of directives of PAC. The expenditure was therefore, unauthorized.

51. It was held that the unauthorized payment of reward was violation of Constitution of Pakistan and PAC directives.

52. The matter was reported to the Department in January, 2014. No reply was furnished. DAC meeting was held in September, 2014. Department replied that there were provision for reward payment in the Forest Ordinance 2002. DAC did not agree and directed that amount should be recovered and deposited into Government Treasury. No progress was reported till finalization of the report.

DEPARTMENTAL VERSION

53. The Department explained that the Constitution of Islamic Republic of Pakistan 1973 was not new.

1. Similar provisions did exist in:-

- i). Section-151 of the Indian Forest Act 1935
- ii). Article-94 of the Constitution of Pakistan-1956 and
- iii). Article-86 of the Constitution of Pakistan 1962.

Yet in presence of similar provisions in earlier Constitutions, That universal practice of giving “Reward” to the Forest Officials, informers and other Government functionaries who assist in the apprehension of case property was in vogue everywhere in the Department for more than one century.

2. Likewise, the following legal authorities allow the disbursement of reward:-

a) **Forest Act**

- i). Section-75 of the Indian Forest Act-1878.
- ii). Section-54 of the Hazara Forest Regulation-1911.
- iii). Section-76 of Pakistan Forest Act-1927.
- iv). Section-53 of the Hazara Forest Act-1936.
- v). Section-110 & 115(b) of KPK Forest Ordinance, 2002.

b). **Forest Rules**

- i). Rule-11 of Forest Rules-1879.
- ii). Rule-10 of Forest Rules-1898.
- iii). Rule-9 of Hazara Forest Manual-1924.
- v). Rule-6 of Forests-1973.
- v). Rule-5 of Reward Rules-2004.

c). **Third Schedule of delegation of Financial Powers Rules**

- i). 1981 and
- ii). 2001.

d) i). **Section-34 of the Forest Account Code-1931.**

ii). Section-7(2) of Treasury Rules-1939

iii). Section-7(2) g of Treasury Rules-1974.

3. The idea of payment of reward through budgetary allocation was not practicable, as reward being an encouraging tool, was always paid on spot as soon as possible and not after the lapse of full financial year, which kills the very purpose of giving reward.
4. However to waive off this audit observations of DAC/PAC a case had been referred to Khyber Pakhtunkhwa Law Department. The law Department vide his letter No.OP.15(162)ld/94/9370 dated 22/12/2004 opined that “views of Director General Audit cannot be accepted until Section-68 of Pakistan Forest Act 1927 and Section53(2) (B) of the Hazara Forest Act 1936, were amended.

PAC OBSERVATION

54. The Committee observed that the relevant Laws and rules of the Department regarding awarding rewards are contradictory to the provision of Article 118 of the Constitution of Islamic Republic of Pakistan.

PAC RECOMMENDATIONS

55. In view of the above, the Committee upheld the following previous recommendation of PAC given in D.P.No.71 (1997-98) and further directed the Department to initiate necessary measures for amending the relevant laws and rules in vogue in light of the said recommendation of PAC. Para stands. Progress be reported to PAC with three months:-

- i. Article 118 (1) and (2) of the Constitution are very clear to the effect that all revenues and all other moneys received should form part of the Provincial Consolidated Fund. Any law/rule, which is ultra vires of the constitution, would be void. In present case the sum received by the Forest Department is not credited to Government Treasury rather utilized in awarding rewards in gross violation of spirit of Constitution. This practice should be stopped forthwith.
- ii) The whole Forest Ordinance is silent regarding powers of Officers in awarding rewards. The Department derived the powers from Delegation of powers under the Financial Rules. These Rules provide for reward upto $\frac{1}{4}$ of the compensation and that too on funds actually released by the Finance Department. The Forest Department distributes reward upto $\frac{3}{4}$ th of the compensation from compensation

received before crediting of it to Government Treasury. So this practice of the Forest Department is against the Financial Rules also.

- iii) On perusal of all the documents/rules produced by the Department, it has nowhere been mentioned that the compensation so received should first be paid in reward and the remaining amount should be credited to Government treasury.
- iv) We are not against giving of the reward rather the procedure adopted by the Department and the actual scale of it. It is a principle of policy that no law should be violative of Constitution. By distributing the reward before crediting of money to Government Treasury the Forest Department is violating the Constitution. There should be a budgetary allocation for it and the Department should distribute reward as per financial rules.
- v) This Committee suggests to the PAC that amendments in section 110 of Forest Ordinance, 2002 be recommended in Provincial Assembly and the forest officers be made bound to deposit the whole sum received in compensation in the Government Treasury. Similarly section 115(b) may also be amended to the effect that the rules be made for regulation of reward from the actual releases from Finance Department and not directly from compensation.
- vi) Further the powers of compounding of offences by forest officers be amended in such a way that the compounding of the offence be made before Forest Magistrate.
- vii. The reward should be made subject to some gallantry effort of the forest officer. It should not be given in each and every case rather to those officers and officials only who have contributed by some gallantry efforts.

DP No. 7.4.8 LOSS TO PUBLIC EXCHEQUER OF Rs.11.279 MILLION.

AUDIT VERSION

56. The Audit reported that during the financial year 2012-13, in the office of Divisional Forest Office, Agror Tanawal Mansehra, it was observed that 153 trees of 22,558 cft valuing Rs.11.279 million (approx) were illicitly cut by forest offenders in Shergar Range. Inquiries were conducted in the matter and the concerned forest staff was either exonerated or given minor penalties, however, loss sustained to the Government remained un-recovered.

57. It was held that the loss occurred due to collusion of the staff with the offenders and weak monitoring system.

58. The matter was reported to the Department in January, 2014. No reply was furnished. DAC meeting was held in September, 2014. Department replied that inquiry has been conducted against the responsible staff and has been exonerated. DAC directed to furnish all the relevant record for verification within 15 days. No progress was reported till finalization of the report.

DEPARTMENTAL VERSION

59. The Department explained that loss calculated by the Audit Rs.500/- per Cft on standing volume was based on mis-understanding. The rate of compensation was Rs.100/- per Cft (total loss becomes Rs.2.25 million instead of Rs.11.279 million) as envisaged in Appendix-II S.No.1 (b) of Compensation for Forests Offences and value of Case Property Rules 2004.

60. Proceedings were initiated against the following officials on account of illicit damage in the forests as noted against each:-

Office order #	Date	Name of Forests	No. of trees	Volume	Name of official	Remarks
163	18/2/2013	Pabble Beat Kala Pahar C.No.7	15	1867	Abdul Zaman F.G	On the report of SDFO, Shergarh the official was charge sheeted on account of illicit damage in Pabbal Beat. Before the enquiry Committee the official intimated that he has chalked the Damage Report No.91/26 dated 6/6/2012 and D.R No.92/26 dated 30/6/2012 against the forest offenders and prosecuted in the Court of Law through P.C No.55/2012-13 and P.C No.95/2012-13 which is under trial. The accused officials exonerated from the charges vide DFO, A.T Office order No.163 dated 18/2/2013.
176	12/3/2013	Doga C-9, 10 & 12	30	4047	Mohd Saleem F.G	Mohammad saleem F.G was also charge sheeted on account of illicit damage in Doga forest. In pursuance with the recommendations of enquiry Committee and as per decision of competent authority vide office order No.176 dated 12/3/2013 an amount of Rs.25200/- was recovered from the accused official vide T.C No.143 dated 25/4/2013. Apart from above Damage Reports

						No.88/21 dt: 27/3/2012, 89/21 dt: 28/3/2012, 90/21 dt: 29/3/2012 and 91/21 dt:1/4/2012 have been chalked by the accused against the offenders. besides lodging Police F.I.R No.27 dt: 5/3/2012 against them.
187	27/3/2013	Doga Forest C.No.9, 10, 11 & 12	73	12049	Mohd Saleem F.G	In pursuance with the recommendation of Enquiry Committee and as per decision of Competent Authority vide office order No.187 dated 27/3/2013 an amount of Rs.150000/- on account of loss sustained to Government exchequer has been recovered from the accused Forest Guard vide T.C No. 142 dated 25/4/2013.
189	29/3/2013	Doga C-12	35	4595	Mohd Saleem F.G	On the report of SDFO Shergarh Show Cause notice was served upon Mohd Saleem Ex-F.G. On receipt of reply to the show cause notice the accused official was exonerated by the competent authority vide office order No.189 dated 29/3/2013.
			153	22558		

PAC OBSERVATION

61. The Committee observed that law and order situation of the area at that time was at worse due to which the concerned officials of the Department could not perform their duties properly. However, Departmental actions have been initiated in each case.

PAC RECOMMENDATIONS

62. In view of the above, the Committee taking lenient view recommended the Para to be settled.

DP No. 7.4.9 LOSS DUE TO NON-RECOVERY OF GOVERNMENT SHARE- Rs. 20.286 MILLION.

AUDIT VERSION

63. The Audit reported that during the financial year 2011-12, the royalty record of local and Government share of FDC lots in Dir Kohistan Forest Division Sheringal, revealed that an amount of Rs.33.81 million on account of local share (60%) were shown paid to DOR Dir upper. But 40% Government share amounting to Rs.20.286 million was not recovered from the FDC, resulting into loss to the Government.

64. It was held that this loss occurred due to financial mis-management which was violation of Para 8 and 26 of the GFR vol-I. The matter was reported in September, 2012. No reply was given. DAC meeting was held in February 2014, Department accepted the loss. DAC directed the Department for recovery within 15 days. No progress was reported till finalization of the report.

DEPARTMENTAL VERSION

65. The Department explained that the payment of 60% local share amounting to Rs.50.715 has been made to the local concessionists in light of the Supreme Court of Pakistan decision dated 05-05-2011, but the payment of 40% Government share of Rs.33.810 million was not paid to the Forest Department which was payable to the Department.

66. The Department has regularly requested the MFO, FDC, for payment of 40% Government share, but no payment made till date. The Manager, Forest Corporation, FDC Malakand Circle, vide his letter No.6852 dated 15-12-2011 refused payment of 40% Government share and reported that the claim of Forest Department for 40% Government share on net sale basis do not come under the purview of the apex Court decision.

67. The matter would be resolved in internal meeting between the Forest Department and FDC, shortly.

PAC RECOMMENDATIONS

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

DP No.7.4.10 OVERPAYMENT DUE TO INCORRECT CALCULATION- Rs.3.074 MILLION.

AUDIT VERSION

79. The Audit reported that during the financial year 2011-12, the Divisional Forest Officer Wild Life Peshawar, paid Rs.4.755 million for the supply and fixing of Galvanized CLM and 18 SWG Doors. As per page No.117 of the MB the correct amount to be paid was Rs.1.681 million whereas an overpayment of Rs.3.074 million was made due to incorrect calculation.

70. It was held that the loss occurred due to negligence which was violation of Para 23 of GFR vol-I. The matter was reported in March, 2013. It was replied that payment was made on the basis of voucher No.133/SA/08.2011, however, the same voucher was not provided for verification. DAC meeting was held in February, 2014. Department repeated the previous reply. DAC directed to provide relevant record for verification within 15 days. No progress was reported till finalization of the report.

DEPARTMENTAL VERSION

71. The Department explained that the codel formalities for the purchase of the requisite material have been fulfilled. The detail of the requisite purchased materials with actual payment was as under:-

S.No	Item of Work	Qty	Tender approved rate	Chq No. & Date	Total Amount (Rs.)
1.	Chain Link Mesh	34000	28/50 per Sft	284821 23-06-2010	969,000/-
2.	SWG Steel Doors	825 Sft	350 per Sft	293852 14-06-2011	288,750/-
				Total:-	12,57,750/-

72. The Department produced attested copies of the bills, Muster Rolls and MBs to the Committee.

73. It further explained that MBs were incorrectly recorded which has now been corrected and payment was made on actual work done.

PAC RECOMMENDATIONS

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

DP No. 7.4.11 NON RECOVERY OF GOVERNMENT MONEY FROM THE CONTRACTORS- Rs.1.147 MILLION.

AUDIT VERSION

75. The Audit reported that during the financial year 2010-11, in office of the Divisional Forest Officer, Chitral, it was observed that 4,682.90 cft timber was auctioned on 22/04/2010 but sale value of Rs.1.147 million was not recovered from three successful bidders.

76. It was held that non recovery of Government money was due to inefficiency of the Forest Department. The matter was reported in October, 2011. No reply was furnished. DAC meeting was held in December, 2012. Department replied that the lots put to auction were of rough and third quality timber and the bidders ran away. DAC did not agree and directed the Department to provide detailed record within 2 weeks. No progress was reported till finalization of this report.

DEPARTMENTAL VERSION

77. The Department explained that the lots mentioned in the audit Para has already been re-auctioned, sale value, Forest duty and FDF for Rs.14,76,853/- have been deposited into Government treasury.

PAC RECOMMENDATIONS

78. The Committee accepted the recommendations of Pre-PAC, hence, the Para was recommended to be settled.

HOME & TRIBAL AFFAIRS
DEPARTMENT

Total Draft Paras _____	18
Examined _____	18

Settled: 11.4.2, 11.4.3, 11.4.5, 11.4.7, 11.4.8,
11.4.11, 11.4.12, 11.4.15, 11.4.16.....(09)

VOR: 11.4.9, 11.4.10.....(02)

Deptl: Action: 11.4.6, 11.4.17, 11.4.18..... (03)

Detail/Spl: Audit: 11.4.1, 11.4.14..... (02)

Pending:11.4.4,11.4.13..... (02)

HOME & TRIBAL AFFAIRS DEPARTMENT

Eighteen (18) Draft Paras, reflected in the Auditor General's Report for the year 2014-15 against the Department, were examined by the earlier Public Accounts Committee in its meetings held on 18th and 19th September, 2019. The following were present:-

PUBLIC ACCOUNTS COMMITTEE

1.	Mr. Babar Saleem, MPA	Chairman
2.	Muhammad Idrees, MPA	Member
3.	Mr. Inayatullah Khan, MPA	Member
4.	Syed Fakhar Jehan, MPA	Member
5.	Mr. Khush Dil Khan, MPA	Member
6.	Arbab Muhammad Waseem Hayat, MPA	Member
7.	Mst: Nighat Yasmin Orakzai , MPA	Member

LAW, PARLIAMENTARY AFFAIRS & HUMAN RIGHTS DEPARTMENT

1. Mr. Baseer Ali Rehman,
Deputy Secretary.
2. Mr. Tanwir Khan,
Deputy Secretary.

FINANCE DEPARTMENT

1. Mr. Muhammad Siddique,
Additional Secretary (Budget).
2. Mr. Sardar Muhammad,
Director Finance.

AUDIT DEPARTMENT

1. Asmatullah Shah,
Director General.
2. Mr. Shahid Ali Khan,
Deputy Director.
3. Dr. Ismail,
Deputy Director.

4. Mr. Khalid Zaman,
Audit Officer.
5. Mr. Mehmood-ul-Hassan Saeed,
Assistant Audit Officer.

HOME & TRIBAL AFFAIRS DEPARTMENT

1. Dr. Ishtiaq Marwat,
Additional I.G.Head Quarter..
2. Mr. Awal Khan,
D.I.G. (Finance).
3. Mr. Kashif Zaulfiqar,
SSP, Traffic.
4. Syed Bilal Shah,
Deputy Director Accounts.
5. Mr. Khalid Khan,
DSP, Nowshera.

PROVINCIAL ASSEMBLY SECRETARIAT

1. Mr. Amjad Ali,
Additional Secretary.
 2. Mr. Inamullah Khan,
Additional Secretary.
 3. Mr. Ashtimand,
Deputy Secretary.
 4. Mr. Haris Khan,
Assistant Secretary.
 5. Mr. Muhammad Arif,
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. 11.4.1 DOUBTFUL EXPENDITURE ON PAY AND ALLOWANCES- Rs.4.803 MILLION.

AUDIT VERSION

3. The Audit reported that during financial year 2012-13, the CCPO Peshawar, paid Rs.4.803 million on account of 84 SPOs deployed on fixed pay of Rs.10,000/- per month . The expenditure was doubtful as per detail given below:

- 1- The amount was drawn on manual bills instead of directly crediting to respective vender numbers.
 - 2- Disbursement of the pay was the responsibility of the line officer (cashier) and pay officer, but both were unaware of the payments.
 - 3- No order book, where performing duty of the SPOs was produced to audit.
 - 4- Record of the SPOs struck off during the year was not provided to audit.
4. It was held that the expenditure incurred due to weak internal controls. The matter was reported to the Department in August, 2013. However, the Department did not reply.
5. DAC meeting was held in August, 2014 wherein the Department was directed to provide complete record within seven (7) days for verification. No progress was reported till finalization of the report.

DEPARTMENTAL VERSION

6. The Department explained that during the Financial Year 2012-13 the pay of the newly recruited SPOs was drawn through submission of manual bill to the AG Office for Pre Audit. The first bill requires various documents of each SPO viz Academic Certificate duly verified by the Board/University. Medical fitness certificate, police verification and sign of contract etc. the process of the verification taken sufficient time and as such the payment of salaries delayed. In order to avoid the financial hardship of newly appointed SPOs the first bill of pay was drawn through manual bill and accordingly disbursed. Thereafter, the pay of the all SPOs drawn through pay roll.

7. The disbursement of pay was made through the Lines Cashier after handing over cash by the Pay Officer.

8. All the SPOs were posted for duty. All the question of struck off order dose not arise. The original record was shown in DAC and photocopies provided to Audit. The Para was settled in the DAC meeting. The said record was also shown in the Pre-PAC meeting for verification.

PAC OBSERVATION

9. On a point raised by Mr. Khush Dil Khan Advocate, MPA, regarding deduction of departmental fund at different rates from the monthly salary of Special Police Officers (SPOs) as seen in the Acquaintance Roll of SPOs for arrears of salaries

drawn in January, 2013 vide Cheque No.0761063 for Rs.17,17,333/- and other Acquaintance Roll for the arrears of salaries drawn in October, 2012 vide Cheque No.0728135 dated 23-10-2012. The Department failed to furnish satisfactory reply and requested for time to make preparation.

10. The representative of Finance Department categorically termed such deduction from the salaries from the fixed pay employees as unjustified, unlawful and amounting to mis-appropriation.

11. The Committee also observed the negligence/laxity of the Audit Department by overlooking such serious irregularity of the Department.

PAC RECOMMENDATIONS

12. The Department produced complete record pertaining to the Para which was randomly checked and found satisfactory except the record of SPOs who were struck off during the year. Hence, the Para was kept pending till tomorrow i.e. 19-09-2019 for provision of record/list of SPOs and a certificate to this effect showing that the salary for the period was not drawn but on 19-9-2019 the Department failed to produce the relevant record and requested for 15 days time for the production of the same. The Committee accepted the request of the Department.

13. The Committee directed the Director General, Audit to conduct special audit to examine the issue of irregular and unjustified deduction from the monthly salaries of the SPOs in the name of departmental fund at different rates during the financial years 2012-2013 and its utilization as per law & rules within three (03) months, positively.

DP No. 11.4.2 DOUBTFUL EXPENDITURE ON HIRING OF VEHICLES- Rs.2.050 MILLION.

AUDIT VERSION

14. The Audit reported that during financial year 2012-13, the CCPO Peshawar, incurred expenditure of Rs.2.050 million on hiring charges of private vehicles during Muharram. The expenditure was doubtful as per detail below:-

1. The Police Department and its subordinate offices i.e. Commandant FRP, DIG Special Branch, CID Branch, Tele Communication and C.C.P.O have

sufficient vehicles on their pool which could easily be engaged for the above duty.

2. On random checking the thumb impression of the owners of the vehicles seemed to be affixed by the same person.
 3. Places of duty where these private buses engaged were not found on record.
15. It was held that the doubtful expenditure incurred due to weak internal controls. The matter was reported to the Department in August, 2013. However the Department did not reply.
16. DAC meeting was held in August 2014, wherein the Department was directed to produce attested photo copies of APRs of MTO for verification within seven (7) days. No further progress was however, reported till the finalization of the report.

DEPARTMENTAL VERSION

17. The Department explained that the vehicles were hired for the Muharam UI Haram duty. The operational duty was scheduled on facts and figures. It was not possible to leave the Police Force in the operational site without transport, a proper movement was in progress every day and for their return from the temporary site of stay.
18. Record of the amount disbursed amongst the Owner/Drivers duly signed/Thumb impression was shown to Audit. Besides, proper record of place of duty, detail of the person with name and number of the Police Personnel, order of the competent officer for the deployment of duty was also available and shown to Audit.
19. The Finance Department had provided specific fund for Muharram and accordingly expenditure was incurred.

PAC RECOMMENDATIONS

20. Due to plausible explanation advanced by the Department duly endorsed by the Audit, the Para was recommended to be settled with the direction to the Department to fulfill the requisite codel formalities in future to avoid such like audit observations.
21. The Audit was directed to carry out forensic laboratory test of the thumb impression in future if found doubtful.

**DP No. 11.4.3 UN-AUTHENTIC EXPENDITURE ON REPAIR OF TRANSPORT-
Rs.7.775 MILLION.**

AUDIT VERSION

22. The Audit reported that during financial year 2012-13, CCPO Peshawar, paid a sum of Rs.7.775 million to Tariq & Brothers Auto workshop on account of repair of transport. The payments were made in cash instead of vendor number through cross cheques.

23. It was held that the unauthentic payment occurred due to violation of rules. The matter was reported to the Department in August 2013. However the Department did not reply.

24. DAC meeting was held in August 2014, wherein it was replied that spare parts were not available with Tariq & Brothers therefore the same were purchased from open market and then recouped. DAC directed the department for production of record within 7 days for verification and scrutiny as to why Tariq & Bros failed to fulfill their contractual obligation. No progress was reported till finalization of this report.

DEPARTMENTAL VERSION

25. The Department explained that the contract of repair of various kinds of vehicles was awarded to M/S Tariq & Brothers. Due to non availability of spare parts in the work shop of the contractor, the same were arranged from the market on cash payment. The operational vehicles required immediate repair for duty. In order to make recoupment of cost of spare parts, drawal was made on the vendor number of DDO. All the payments received by the supplier including the recouped amount acknowledgment by the contractor.

PAC OBSERATION

26. The Committee observed that petty repairs were carried out in piece meal in huge number of vehicles from time to time throughout the entire financial year but the Audit took all the expenditure collectively. The Department produced all the relevant record to the Committee which was examined.

PAC RECOMMENDATIONS

27. The record produced by the Department was found satisfactory. Therefore, the Committee recommended the Para to be settled.

DP No. 11.4.4 NON RECOVERY OF OUTSTANDING DUES Rs. 63.447 MILLION.

AUDIT VERSION

28. The Audit reported that during financial year 2012-13, CCPO Peshawar did not recover Rs. 63.447 million on account of pay and allowances of the Police Guards deployed in different Government and Semi Government offices for security purpose. The expenditure was recoverable from the organizations to which services were provided. Reconciliation for the actual recoverable amount was also not carried out.

29. It was held that the non-recovery was due to weak internal controls. The matter was reported to the Department in August 2013. However the Department did not reply.

30. The DAC meeting was held in August 2014, wherein the Department replied that recovery was in progress. DAC directed the Department to recover the outstanding amount of Rs.46.159 million. No further progress was reported till the finalization of this report.

DEPARTMENTAL VERSION

31. The Department explained that the Police Guards were supplied to various Departments and the following amounts were outstanding up to 30.06.2017:-

<u>Nam of Deptt:</u>	<u>Amount</u>
Sheikh Mohammadi Grade Station	2,08,99,419/-
PTV Peshawar	4,78,23,575/-
Plant protection Peshawar	1,00,65,371/-
Radio Pakistan HPT-I Peshawar	1,46,91,142/-
Radio Pakistan HPT-II Peshawar	1,46,91,142/-
Fire Brigade Peshawar	5,14,76,103/-
TMA Town-I Peshawar	2,59,06,550/-
Total Rs.	18,35,53,302/-

32. The reconciliation has been made with the Departments to find out the actual outstanding amount against them. The Department requested the Committee to direct the Finance Department to recover the above amount at source.

PAC RECOMMENDATIONS

33. The Para was kept pending till tomorrow i.e. 19-09-2019 for provision of relevant laws about providing security to Federal/Semi Government installations on payment.

34. On 19-9-2019 the Department failed to produce the relevant laws and requested for 15 days time for the production of the same. The Committee accepted the request of the Department

DP No. 11.4.5 UN-JUSTIFIED EXPENDITURE ON HIRING OF TRANSPORT Rs.15.540 MILLION.

AUDIT VERSION

35. The Audit reported that during financial year 2012-13, the CCPO Peshawar, incurred expenditure of Rs.15.540 million on hiring of transport. The expenditure was irregular on the following grounds:

1. The area of operation was not clear.
2. Detail of persons deployed on operational duty was not available.
3. Orders of the competent authority for the Rural Operation were not available.
4. The vehicles were hired for 10 days but approval of the Competent Authority was not available.
5. The Police had 250 vehicles at their strength therefore hiring of private vehicles was not required.

36. It was held that the unjustified expenditure incurred due to weak internal controls. The matter was reported to the Department in August 2013. However the Department did not reply.

37. DAC meeting was held in August 2014 wherein the Department was directed that original record should be produced for verification within 7 days. No progress was reported till the finalization of the report.

DEPARTMENTAL VERSION

38. The Department explained that the operations against the terrorists/militants were held in the rural areas viz Badaber, Matanni, Mathra in coordination with Army and FC during the period 2012-13. The private vehicles were hired for the transportation and replacement of troops after every 6-8 hrs for a secured

movement the particular areas/points of operation were Badaber, Matanni and Mathra. The Police vehicles were not deployed due to security threats of the militants. All the records of disbursement of hiring charges duly acknowledged by the owners and drivers along with photocopies of the CNIC was produced.

PAC RECOMMENDATIONS

39. The record produced by the Department before the Committee was thoroughly examined. Keeping in view the militancy in the area at that time, the Committee taking a lenient view, recommended the Para to be settled.

DP No. 11.4.6 SUSPICIOUS EXPENDITURE ON PURCHASE OF MACHINERY- Rs.1.540 MILLION.

AUDIT VERSION

40. The Audit reported that during financial year 2012-13, the CCPO Peshawar, incurred expenditure of Rs 1.540 million under Head Purchase of Plant and Machinery. The expenditure was held suspicious due to the following reasons:

- 1- Tenders were not floated in the press as required under the Procurement Rules 2003.
- 2- Purchase Committee was not constituted for the verification of rates, specification, quality and quantity.
- 3- The work was awarded to Awami Engineering Works on the basis of handwritten quotation and the comparative statement was signed by a single officer.
- 4- The demands of sections were not obtained.
- 5- The amount was drawn by the DDO instead of cross cheques to the dealers.
- 6- Actual payee's receipts were not available on record.

41. It was held that doubtful expenditure incurred due to weak internal controls. The matter was reported to the Department in August 2013. However the Department did not reply.

42. The DAC meeting was held in August 2014. DAC directed the Department to produce record for verification within 7 days. No progress was reported till the finalization of the report.

DEPARTMENTAL VERSION

43. The Department explained that in meeting with the Police employees Darbar, the Police personnel of all the subordinates offices complained about the non availability of ceiling/pedestal fans and water coolers in the Police Lines, Police Stations and Police Posts. In order to redress the complaint, the said items were arranged immediately from the open market at a very economical rate in the month of July on loan basis due to non availability of fund. On receipt of funds in the month of August, the bill was drawn and paid to the supplier and as such the loan was cleared. All the items were taken on stock and provided to the concerned offices.

PAC RECOMMENDATIONS

44. After detailed discussion, keeping in view the genuine and urgent requirement of the items, the Committee recommended the Para to be settled subject to obtaining ex-post facto approval of the Competent Authority for waiving off the tender requirement.

**DP No. 11.4.7 IRREGULAR EXPENDITURE ON REPAIR OF TRANSPORT-
Rs.10.751 MILLION.****AUDIT VERSION**

45. The Audit reported that during financial year 2012-13, CCPO Peshawar floated a tender for the repair work of transport for Rs.10.751 million. The CCPO Peshawar constituted a committee of SP Headquarter, DSP Headquarter and R.I Police Line vide Order No 5465/PO, dated 07/08/2012. The following irregularities were noticed:

1. The work was required to be awarded after taking approval from the committee constituted for the purpose, however the chairman i.e SP Headquarter not approved the rates and other tendering process. The work was awarded to Tariq & Brothers Auto Workshop on the approval of DSP Headquarter.
2. Tenders were filled by one and the same person as is evident from the handwriting.
3. Where about of the replaced parts (Tyres, Batteries other engine parts) was not known.

4. A single repair was not carried out in the Police own MT workshop.

46. It was held that the lapse occurred due to weak internal controls. The matter was reported to the Department in August 2013. However the Department did not reply.

47. The DAC meeting was held in August 2014, where the Department was directed to produce record for verification within seven (7) days. No progress was reported till the finalization of the report.

DEPARTMENTAL VERSION

48. The Department explained that
1. Tender proceeding were duly signed by the SP HQrs, members of the purchase committee and duly approved by Capital City Police Officer.
 2. The observation for filling up tender documents by one and same handwriting was not correct.
 3. The replaced tyres, batteries and other repaired parts were taken on dead stock register.
 4. NOC of the workshop in each case was available on record.
 5. All the relevant record was produced.

PAC RECOMMENDATIONS

49. The explanation advanced by the Department against each observation of the Audit was found plausible and duly supported by the relevant record, hence, the Para was recommended to be settled.

DP No. 11.4.8 FICTITIOUS PAYMENT ON ACCOUNT OF SUI GAS CHARGES Rs.2.616 MILLION.

AUDIT VERSION

50. The Audit reported that during financial year 2012-13, the Capital City Police Officer Peshawar, incurred expenditure of Rs. 2.616 million on account of Sui Gas charges. It was observed that all payment for the whole year was made in the last month of the financial year with surcharge through a handwritten bill despite the fact that budget was available at the beginning of the year.

51. It was held that the lapse occurred due to weak internal controls. The matter was reported to the Department in August 2013. However the Department did not reply.

52. The DAC meeting was held in August 2014. DAC directed the Department to produce the record for verification within 7 days. No further progress was reported till the finalization of the report.

DEPARTMENTAL VERSION

53. The Department explained that the payment of Sui Gas Charges was made as under:-

Cheque No.	Date	Amount
731978	23.11.2012	Rs.5,44,412/-
802787	21.05.2013	Rs.10,10,258/-
836170	25.06.2013	Rs10,61,330/-
Total		Rs26,16,000/-

54. The Payment was made in various months of the Financial Year 2012-13 in accordance with the availability of funds. All payments were made through cross cheques issued by the AG Office in the name of Manager SNGPL. The hand written bills were issued by the Sui Gas Department after correction of the deposited amount. The bills were duly signed/stamped by the Sui Gas Department. The acknowledgment of Cheques were also shown.

PAC OBSERVATION

55. After checking the bills, the Committee observed that no late payment surcharge was included. The Contention of the Department was also supported/endorsed by Audit.

PAC RECOMMENDATIONS

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

**DP No. 11.4.9 SUSPICIOUS EXPENDITURE ON HIRING OF VEHICLES-
Rs. 6.890 MILLION.**

AUDIT VERSION

57. The Audit reported that during financial year 2012-13, the C.C.P.O, paid Rs. 6.890 million on the hiring charges of private vehicles for election duties in May, 2013. The expenditure was suspicious on the following grounds.

1. Vehicles were hired from 5th to 13th May, 2013 which should have been hired only for 10th and 11th May.
2. Places of duty of the vehicles were not known.
3. The hiring charges were paid up-to 13th May 2013 while no vehicles was available at the end of the election (11th May).
4. The election duties and material were issued to the staff on 10th May, 2013 so the hiring of vehicles on 5th to 9th May, 2013 was unjustified.
5. The acknowledgement receipts of drivers were all thumbes even a single signature was not available.

58. It was held that suspicious expenditure incurred due to negligence. The matter was reported to the Department in August 2013. However the Department did not reply.

59. The DAC meeting was held in August 2014. DAC directed that record should be verified within 7 days. No further progress was reported till the finalization of the report.

DEPARTMENTAL VERSION

60. The Department explained that the vehicles were hired for the deployment of Police personnel for the election duty 2013. The schedule of the duty from 5th to 13th May 2013 was approved for transportation of the staff from various stations of the Province.

61. All the Payments/receipts have been acknowledged by the vehicles owners. CNIC of drivers were also available on record and shown to audit. Specific funds were provided by the Finance Department and accordingly expenditure was incurred.

PAC RECOMMENDATIONS

62. The Para was recommended to be settled subject to verification of complete record of the vehicles rented out by the Police Department in General Election 2013 by Audit within two months.

DP No. 11.4.10 DOUBTFUL EXPENDITURE ON PURCHASE OF POL- Rs.1.222 MILLION.

AUDIT VERSION

63. The Audit reported that during financial year 2012-13, the Commandant/Additional Inspector General Elite Force Peshawar, paid Rs 1.222 million for the purchase of POL for vehicles, permanently allotted to Elite Training Centre Mansar Attock. These vehicles were on duty in the Elite Training Centre Attock during the year 2012-13. The POL in these vehicles were shown filled in “Shalimar Filling Station Hayatabad Peshawar, resulting into doubtful expenditure.

64. It was held that doubtful expenditure incurred due to weak internal controls. The matter was reported to the Department in August 2013. However the Department did not reply.

65. The DAC meeting was held in August 2014. Wherein the Department was directed to produce the contract agreement executed with Total and Shalimar Filing Stations Peshawar within 7 days. No progress was reported till the finalization of the report.

DEPARTMENTAL VERSION

66. The Department explained that the contract were executed with Total & Shalimar Filling Station Peshawar for the financial year 2012-13 in which a clause was included that the both Filling Station would provide POL to Elite Training Centre Mansar Attock through small tanker. No vehicle of EPTC was brought to Peshawar for filling of POL.

PAC OBSERVATION

67. The Committee after examining the contract agreement for supply of POL found a clause for supply of POL at Elite Training Centre, Mansar, Attock on the same rates which supported the contention of the Department.

PAC RECOMMENDATIONS

68. In view of the above, the Para was recommended to be settled subject to verification of original receipts of Filling Station by the VOR Committee within two months.

DP No. 11.4.11 SUSPICIOUS EXPENDITURE OF TA/DA- Rs.20.772 MILLION.

AUDIT VERSION

69. The Audit reported that during financial year 2012-13, Additional Inspector General Elite Force, incurred Rs. 20.772 million on the TA/DA of staff for their training in the Elite Training Centre Mansar, Attock. The expenditure was doubtful due to the following reasons:

- 1- TA bills of the staff were not verified from the Training Centre.
- 2- Attendance record of the trainees was not available.
- 3- They used Government vehicles for journeys and Government accommodation was provided at the training center therefore, payment of TA/DA was not justified.
- 4- All the staff was paid TA/DA on flat rates without deductions for absentees and public holidays.
- 5- TA/DA was paid without confirmation of movement on "ROZNAMCHA".
- 6- APRs of the payees were not available.

70. It was held that the suspicious expenditure occurred due to negligence. The matter was reported to the Department in November 2013. However the Department did not reply.

71. The DAC meeting was held in August 2014. DAC directed the Department that views of the Finance Department in light of Audit observation should be obtained and furnish for verification within 30 days. No progress was reported till the finalization of the report.

DEPARTMENTAL VERSION

72. The Department explained that:-

1. DA Bills of the Trainees/Staff was verified by Principle EPTC and available on record.

2. Attendance record of trainees dully signed by the MHC Roznamcha and attested by Line Officer are available.
3. Only half DA with economy cut were paid to the trainees as per TA/DA rules section-II due to non boarding facility in the training center and TA was not paid.
4. The Principle of EPTC was provided DA bills with detail list duly verified only for the present trainees.
5. DA bills were paid on the confirmation of Moharar Roznamcha, Line Officer and duly verified by the Principle, record is available.
6. APRs of the payees duly verified are available on record.

PAC RECOMMENDATIONS

73. In view of the plausible explanation advanced by the Department and failure of Audit to prove its contention the Para was recommended to be settled.

DP No.11.4.12 IRREGULAR PAYMENT ON ACCOUNT OF DEATH COMPENSATION Rs.18.000 MILLION.

AUDIT VERSION

74. The Audit reported that during financial year 2012-13, the Commandant/Additional Inspector General Elite Force, Peshawar, paid Rs.18.000 million as death compensation to families of Government Servants, who died during service. The payments were not supported by succession certificates, actual payee receipts, departmental reports on the deaths, attested photocopy of FIR/ Roznamcha report, post mortem report and death certificate. Some payments were made to DPOs of Districts other than Peshawar through bank drafts for onward disbursement instead of cheques being issued to beneficiaries directly.

75. It was held that the irregular payment was made due to violation of rules. The matter was reported to the Department in November 2013. However the Department did not reply.

76. The DAC meeting was held in August 2014. DAC directed that copies of documents in support of payments be produced within 10 days. No progress was reported till the finalization of the report.

DEPARTMENTAL VERSION

77. The Department explained that death compensation package was in its initial stages in the Province, all the offices as well as AG Office did not follow the process of such payment through bank to the legal heirs, all the in-question record in original was available i-e succession certificate, actual payees receipts, struck off order, FIR/Roznamcha report, post mortem report, death certificate and all the disbursement receipts were attested by concerned DSPs on behalf of DPOs. Hereafter the death compensation payment through bank to the legal heirs of martyred/diseased had been adopted.

PAC OBSERVATION.

78. The Committee observed that the Para was framed on presumption as the documents on which the Para was framed were not found available with the Audit.

PAC RECOMMENDATIONS

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

DP No. 11.4.13 NON-RECOVERY OF GOVERNMENT DUES OF Rs.69.080 MILLION.**AUDIT VERSION**

80. The Audit reported that during financial year 2011-12, the DPO Kohat, deployed Police personal to various Departments/Federal Government installations but Government dues amounting to Rs. 69.080 million on account of services rendered were not recovered.

81. It was held that the non-recovery of Government dues was due to weak internal control. The matter was pointed out in October 2012. The management did not reply.

82. DAC meeting was held in June, 2014, wherein the Department replied that Rs.23.204 million had been recovered against the outstanding balance of Rs.69.080 million. DAC directed that full amount should be recovered. No progress was intimated till finalization of the report.

DEPARTMENTAL VERSION

83. The Department explained that a sum of Rs. 1,71,10,920/- were outstanding against various Departments/Federal Government installation during the year 2011-12 in which an amount of Rs.43,72,973/- has been recovered from the concerned. The amount of Rs.12,73,947/- was still outstanding against various Departments. In this regard, correspondence was still continued with the concerned.

PAC RECOMMENDATIONS

84. The Para was kept pending till tomorrow for provision of relevant laws about providing security to Federal/Semi Government installations on payment, by the Police Department.

85. On 19-09-2019, the Department failed to produce the relevant laws and requested for 15 days time for the production of the same. The Committee accepted the request of the Department.

DP No.11.4.14 NON PRODUCTION OF RECORD - Rs.4.025 MILLION.**AUDIT VERSION**

86. The Audit reported that during financial year 2010-11, the District Police Office Mardan incurred expenditure of Rs.4.025 million on civil works but the relevant record was not produced to Audit as per following details:-

S.No	Cheque No & Date	Date of calling tender	Purpose	Amount
1	493469 dt: 28.05.2011	19-05-2011	Construction of Conference Room, Seven No rooms with Veranda, Stairs, 03 Nos Bath Rooms and a Guard Room.	1800000
2	492997 dt: 06-05-2011	23-04-2011	Construction of a room for Arms and a room for Guard in Police Station Shahbaz Garhi	425000
3	491491 dt: 08-02-2011	18-01-2011	Construction of a barak for constables in Police Station Rustam, Chura & Jabbar. Construction of Chand Mari but in Police Station shahbaz Garhi	1500000
4	491485 dt: 07-02-2011	-do-	Repair of 3/3 bath room and Electricity fitting in Police Stations Chura, Lund Khwar, Cantt, Rustum and Shahbaz Garhi.	300000
			Total Rs.	4025000

87. It was held that non production of record was violation of rules. The matter was reported to the Department in October 2011. The Department stated that reply will be given after consulting the record.

88. DAC meeting was held in May 2014, wherein the Department was directed to produce relevant record for verification. No progress was made till finalization of the report.

DEPARTMENTAL VERSION

89. The Department explained that all codal formalities have been observed. Work done could be physically checked if desired, record is available and can be examined.

PAC OBSERVATION

90. The Committee observed that the Department usually produce the requisite record to the PAC whereas it should have been produced to the DAC or Pre-PAC as per previous decision of PAC in this regard. It was also observed that not producing the requisite record to the Audit is an offence under Section 14 of the Auditor General's (Functions Powers) Ordinance, 2001.

PAC RECOMMENDATIONS

91. As record was not produced to Audit, hence, audit of the amount involved was not carried out. The Committee, therefore, recommended that complete record be provided to Audit for carrying out detailed audit of the same within two (2) months.

92. The Department was further directed to initiate departmental action against those who failed to produce record at the time of Audit, during DAC and Pre-PAC, Para stands. Progress be reported to PAC within two (2) months.

DP No. 11.4.15 MIS-APPROPRIATION OF CONFISCATED ARMS Rs. 3.480 MILLION.

AUDIT VERSION

93. The Audit reported that during financial year 2010-11, the District Police Officer Kohat, failed to recover the confiscated arms and ammunition valuing Rs.3.480 million from the departmental officers.

S.No	Particulars	Qty	Rate (approx)	Amount
1.	Ak-47	25	80000 (used)	2000000
2.	Rifle 7-8mm	20	15000 (used)	300000
3.	Shot Gun 12-bore	26	15000 (used)	390000
4.	Pistol 30-bore	12	16000 (used)	192000
5.	Pen Pistol	30	3000 (used)	90000
6.	Kalakove	03	150000 (used)	450000
7.	Ammunition (Ak-47)	1650	35 (old)	57750
Total				3479750

94. It was held that the lapse occurred due to weak internal controls. The matter was reported to Department in November 2011. The Department replied that the observation relates to PS Shakardarra and the same will be sent to them for knowing the factual position.

95. The DAC meeting was held in June 2014, wherein the DAC directed that investigation and recovery of arms and ammunition should be made. No further progress was made till the finalization of the report.

DEPARTMENTAL VERSION

96. The Department explained that according to the stock register No.19 of Police Station Shakardara statement showing entries of all confiscated Arms and Ammunition deposited by the Police Officers into Malkhana of PS Shakardara. The Department also produced the original stock register No. 19 before the Committee

PAC OBSERVATIONS

97. The Committee observed that the record produced to it at this stage should have been produced to Audit earlier. Had it been produced in DAC, the matter would have been resolved there & then and the precious time of PAC was not wasted on petty issues.

PAC RECOMMENDATIONS

98. The Stock Register produced was examined and verified by Audit, hence, the Para was recommended to be settled. The Department was directed to be careful in future and to produce record to Audit in time and not to waste the precious time of PAC on such petty issues.

**DP No. 11.4.16 UN-AUTHORIZED EXPENDITURE ON REPAIR OF BUILDING-
Rs.2.000 MILLION.**

AUDIT VERSION

99. The Audit reported that during financial year 2010-11, the District Police Office Nowshera, incurred expenditure of Rs. 2.000 million on purchase of electricity items, white wash, mud plaster, plastic sheet and replacement of door/window panes etc. through M/S Mansoor Khan. The works were awarded without adopting open tender system.

100. It was held that the unauthorized expenditure incurred due to violation of rules. The matter was reported to the Department in November 2011. The Department did not reply.

101. The DAC meeting was held in May 2014, wherein a joint physical verification was directed through a committee comprising Audit & Finance Departments. No further progress was made till finalization of the report.

DEPARTMENTAL VERSION

102. The Department explained that the torrential rain and flood badly damaged the office of DPO Nowshera which required immediate restoration. Therefore, the petty works were carried out in emergency. The payment was made on approved scheduled rates amended in 2009. The building owner, in which the Office of DPO was shifted, has requested through a notice that the building may be vacated. As such all this was done in emergency. Beside, most of the walls etc. were badly damaged due to flood and were unsafe. To secure the staff, work was done in Police Station on emergency basis.

103. It would not be out of place to mention here that the major portion of the fund was received on 5-6-2011 at the end of the financial year and there was no time for advertisement (which was required to be submitted to the Director for Information Khyber Pakhtunkhwa, Peshawar 20 days prior to the completion of process.).

104. A joint Committee comprising Audit and Finance Departments was constituted on the direction of Chairman DAC. The Committee visited the District but no

report was received. During the meeting the Department told that open tender system was adopted and the works were carried out after fulfilling the codal formalities.

PAC OBSERVATION

105. The Committee observed that the open tender system was not adopted. The work was carried out on the demand bills of the contractor. The Committee also observed that the written reply of the Department reflected in the working paper was altogether different from the one advanced during the meeting. The Department was also not fully prepared to respond to the queries of the Members. The Department accepted its fault that they have not made the requisite preparation for the meeting.

106. The Committee observed with grave concern the lack of interest, casual attitude, in-efficiency and slackness of the departmental officers towards the most important business of PAC.

PAC RECOMMENDATIONS

107. On the assurance of Additional Inspector General of Police that strict disciplinary action would be initiated against the responsible for their in-efficiency to plead their case before PAC and keeping in view the emergent situation at that time, the Para was recommended to be settled with the direction to convey its displeasure to the Principle Accounting Officer of the Department (IGP) about the lack of interest, in-efficiency, slackness and casual attitude of the departmental officers.

DP No. 11.4.17 FRAUDULENT DRAWL OF POL Rs.2.283 MILLION.

AUDIT VERSION

108. The Audit reported that during financial year 2010-11, SSP Traffic Peshawar incurred an expenditure of Rs.2.283 million on POL of 16 vehicles. But during physical verification of vehicles it was noticed that these vehicles were off road for a long period and completely out of order.

109. It was held that the lapse occurred due to weak internal controls. The matter was reported in April 2012, wherein it was stated that detail reply will be given after checking the record.

110. The DAC meeting was held in May 2014. The Department replied that vehicles were on road and POL was correctly claimed. DAC directed to furnish relevant record for verification. Further progress was not reported till finalization of the report.

DEPARTMENTAL VERSION

111. The Department explained that 16 No. vehicles have actually been on road for performing different traffic duties in Peshawar to control Law and Order situation and smooth flow of Traffic. Proper log books have been maintained to justify the claim.

PAC OBSERVATION

112. The Committee observed that there was no documentary proof available with the Audit to prove its contention and they admitted their fault during the meeting. The Director General Audit assured that Departmental action would be initiated against the concerned staff who conducted audit and physical verification of the vehicle in question and framed the Para without any documentary proof.

PAC RECOMMENDATIONS

113. As per request of Director General Audit that he needs the record of the vehicles involved in the Para for his verification in order to initiate departmental action against the responsible(s). The record involved in the Para was therefore, referred to Director General Audit for verification to ascertain that the reply of the Department was correct or otherwise. In case the departmental version was found correct then strict disciplinary action be initiate against the responsible(s) and if the departmental reply was found incorrect then the Para would be reconsidered by the PAC later on after the receipt of report from Director General Audit in this regard. The Committee directed to convey its displeasure to the Principal Accounting Officer (IGP).

DP No. 11.4.18 LOSS TO GOVERNMENT DUE TO MISSING OF CHALLAN BOOKS.

AUDIT VERSION

114. The Audit reported that during financial year 2010-11, ten (10) traffic challan books each having 100 tickets were missing from the record of SSP Traffic Peshawar as per detail given below:

S.No.	Name of Traffic Officer	Book No.
1	Liaqat Ali Khan SI 79	4604
2	Noor ul Qamar SI 124	551
3	Noor ul Qamar SI 124	6555
4	Noor ul Qamar SI 124	15293
5	Khayal Badsha SI 116	4617
6	Amin Nisar SI 1231	33522
7	Fayaz Ahmad 145	4288
8	Ashraf Khan TO 75	39746
9	Farhad Hussain ASI201	44104
10	Ghulam Mustafa 144	3381

115. Neither the challans were recovered nor was action taken against the Officer responsible. It was held that the loss occurred due to negligence and weak internal controls. The matter was reported in April 2011. The Department replied that reply will be furnished later.

116. The DAC meeting was held in May 2014, wherein the Department replied that the lost challan books had been registered in the daily diary of Traffic Lines Peshawar. DAC directed that record should be produced for verification within one month. Further progress was not reported till finalization of the report.

DEPARTMENTAL VERSION

117. The Department explained that necessary enquiry was initiated against ticketing officers with regard to missing of Challan Books and the following punishments have been awarded.

1. Awarded Punishment of withholding of promotion up to one year and they will not be posted in traffic unit in future.
2. Two Challan books vide No.4617-461601 and 461620 have been declared as damaged due to accident Vide order No.2845-47, dated 14.07.2015.
3. Two TOs have been awarded the punishment of fine at Rs.1000/- each and warned to be careful in future.

PAC OBSERVATION

118. The Committee observed that:-

1. The reply of the Department advanced during DAC was altogether different from the written reply reflected in the working paper.

2. The Department failed to produce the inquiry report(s) as mentioned in their written reply reflected in the working paper.
3. No supporting documents were found attached with the working paper.
4. The Department tried to deceive the Committee by advancing incorrect explanation that inquiry had been conducted which tantamount to breach of privilege of the Committee. The Additional Inspector General of Police accepted inefficiency, lack of interest and casual attitude of the departmental officers towards the most important business of PAC and he assured initiation of Departmental action against the concerned. He also requested for not moving privilege motion in this regard.

PAC RECOMMENDATIONS

119. In view of the assurance of Additional Inspector General of Police that departmental officers will be dealt with strictly for their in-efficiency and casual attitude shown during the meeting and in view of the fact that penalties were already imposed upon the concerned, the Para was recommended to be settled subject to departmental action and its intimation to the PAC within a month. The Committee directed to convey its displeasure to the Principle Accounting Officer of the Department (IGP) about the lack of interest, inefficiency slackness and casual attitude of the departmental officer.

TRANSPORT DEPARTMENT

Total Draft Paras _____	02
Examined _____	02

Settled: 20.4.1, 20.4.2.....(02)

TRANSPORT DEPARTMENT

Two (02) Draft Paras, reflected in the Auditor General's Report for the year 2014-15 against the Department, were examined by the earlier Public Accounts Committee in its meeting held on 19th September, 2019. The following were present:-

PUBLIC ACCOUNTS COMMITTEE

- | | | |
|----|----------------------------------|----------|
| 1. | Mr. Baber Saleem, MPA | Chairman |
| 2. | Muhammad Idrees, MPA | Member |
| 3. | Arbab Muhammad Waseem Hayat, MPA | Member |
| 4. | Mr. Khush Dil Khan, MPA | Member |
| 5. | Syed Fakhar Jehan, MPA | Member |
| 6. | Mst: Nighat Yasmin Orakzai, MPA | Member |

LAW, PARLIAMENTARY AFFAIRS & HUMAN RIGHTS DEPARTMENT

Mr. Tanwir Khan,
Deputy Secretary.

FINANCE DEPARTMENT

Mr. Sardar Muhammad.
Director Finance.

AUDIT DEPARTMENT

1. Mr. Asmatullah Shah,
Director General.
2. Dr. Ismail,
Deputy Director.
3. Mr. Shahid Ali,
Deputy Director.
4. Mr. Khalid Zaman,
Audit Officer.
5. Mr. Mehmood-ul-Hassan saeed.
Assistant Audit Officer.

TRANSPORT DEPARTMENT

1. Mr. Arshad Khan Afridi,
Additional Secretary

2. Sharif Hussain,
Director

PROVINCIAL ASSEMBLY SECRETARIAT

1. Mr. Amjad Ali,
Secretary.
 2. Mr. Inamullah Khan,
Additional Secretary.
 3. Mr. Khalid Shaheen,
Deputy Secretary.
 4. Mr. Haris Khan,
Assistant Secretary.
 5. Mr. Muhammad Arif,
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.20.4.1 UNAUTHORIZED EXPENDITURE ON PRINTING OF SECURITY PAPER Rs. 2.770 MILLION.

AUDIT VERSION

3. The Audit reported that during financial years 2010-11 and 2011-12, the Director Transport, Khyber Pakhtunkhwa, floated NIT for printing of security paper and sanctioned and paid Rs.2.770 million to M/S HSHCO Printers, Lahore for printing on security paper as per NIT but instead of seeking sanction from Finance Department as required, chose to accord sanction under serial No.5(vii)C meant for purchase of computer paper in contravention of Delegation of Powers Rules, 2001. Moreover, as per NIT, the bids were required to have been submitted up to 20th November, 2011. Record showed that the Department accepted bids received after the due of stationary and also violated the terms of NIT. The Department had thus also wrongly classified printing work as purchase of stationary. It was held that the irregularity occurred due to violation of rules.
4. The matter was reported in June, 2013. The Department replied that the computerized paper was purchased for printing of route permits on the computer system hence called computer paper.

5. In the DAC meeting held in November, 2014 the Department repeated the previous reply. DAC directed the Department to conduct inquiry within 20 days. No progress was reported till finalization of the report, therefore, Audit recommended for implementation of the DAC decision.

DEPARTMENTAL VERSION

6. The Department explained that the computerized security featured paper was purchased for issuance of computerized route permits through computer system. According to delegation of powers officer in Category-I has full powers to sanction computer stationary. The papers fall under the ambit of purchase of computer stationary. **See 5 (xiii) of the delegation of powers** under the financial rules and the powers of Re-Appropriation Rules-2001 pertains to charges for printing at private presses other than Government presses. The Audit party has wrongly quoted the relevant rules and approval of Finance Department, which is not applicable in the instant case. Rule 5 (vii)C purchase of tonners/computer ribbons/computer stationary is the relevant rule under which Officer of all categories are fully empowered to accord approval.

7. Tender notice was floated on 5th November, 2011 technical proposal were opened on 25-11-2011 and financial proposals were opened on 23-12-2011. The technical bids were evaluated by the Purchase Committee and financial bids were opened on 23-12-2011, the firm having the lowest rates was selected by the Purchas Committee. Hence, no irregularity had been committed.

PAC RECOMMENDATIONS

8. In view of plausible explanation duly supported by documentary proof and recommendations of Pre-PAC, the Para was recommended to be settled.

DP No. 20.4.2 UNECONOMICAL EXPENDITURE ON PURCHASE OF SOFTWARE OF Rs.10.253 MILLION.

AUDIT VERSION

9. The Audit reported that during financial years 2010-11 and 2011-12, the Director Transport, Khyber Pakhtunkhwa paid Rs. 7.733 million to M/S Net Sole for supply of software against the written advice of Director IT and Manager MIS at paragraphs 20 and 25 of noting, not to buy the software at the quoted price as the same firm had supplied similar software to Provincial Assembly at much cheaper rate and that

purchase of ORACLE based software instead of open source software would require payment of Rs.2.5 million license fee per annum. Contrary to technical advice, the Director Transport purchased the costly unregistered ORACLE based software and also paid Rs. 2.520 million as license fee to consultants. The expensive purchase and repetitive annual payment of license fee of Rs2.5 million are a loss to Government.

10. It was held that ignoring technical advice had caused the loss. The matter was reported in June, 2013. The Management replied that the reply will be given after consulting record. In the DAC meeting held in November, 2014 the Department replied that all codal formalities were fulfilled. DAC directed that inquiry be conducted within 15 days. No progress was intimated till finalization of the report. It recommended that the matter may be investigated, responsibility fixed and loss recovered from the person at fault.

DEPARTMENTAL VERSION

11. The Department explained that the consultant M/s Netsol was selected for development of application software on the selection criteria of 80% weight age of technical evaluation and 20% weight age of financial proposal and on the basis of combined evaluation marks, the lowest firm was found M/S Netsol and the contract was awarded to them.

12. Development of software requires a consultant for development of application software which needs to be evaluated on the basis of Technical & Financial criteria of marks.

13. The DCSC Committee comprising of the following member opened financial bids:-

1. Secretary Transport Department.
2. Additional Secretary/Chief of Section, P&D Department.
3. Additional Secretary, Works & Services Department.
4. Deputy Secretary, Irrigation & Power Department.
5. Deputy Secretary (Dev-II), Finance Department.

14. The Technical Evaluation Committee comprising of the following members opened the technical bids:-

1. Director IT, Directorate of IT.

2. Business Development Officer, Transport Department.
 3. Deputy Secretary, Transport Department.
 4. Research Officer (Coordination), P&D Department.
 5. Deputy Director, Directorate of Transport.
 6. Computer Programmer, BDU, Transport Department.
15. A meeting was held on 15-06-2011, under the Chairmanship of Secretary Transport and Mr. Amjad Shahid Afridi, Secretary ST&IT to finalize software development issue by Netsol Technologies. After a detail discussion the Chair decided that since the project was in the take off stage therefore, the developed Software in Oracle by M/S Netsol should be deployed at the central location in MIS Cell, Directorate of Transport for the use of PTA and RTAs and fitness certification in Khyber Pakhtunkhwa. The company M/S Netsol was selected as lowest bidder after fulfillment of Codal formalities.

PAC RECOMMENDATIONS

16. In view of plausible explanation advanced by the Department. The Para was recommended to be settled.

INFORMATION DEPARTMENT

Total Draft Para _____	01
Examined _____	01

Detail Audit: 13.4.1.....(01)

INFORMATION DEPARTMENT

One (01) Draft Para, reflected in the Auditor General's Report for the year 2014-15 against the Department, were examined by the earlier Public Accounts Committee in its meeting held on 19th September, 2019. The following were present:-

PUBLIC ACCOUNTS COMMITTEE

- | | | |
|----|----------------------------------|----------|
| 1. | Mr. Baber Saleem, MPA | Chairman |
| 2. | Muhammad Idrees, MPA | Member |
| 3. | Arbab Muhammad Waseem Hayat, MPA | Member |
| 4. | Mr. Khushdil Khan, MPA | Member |
| 5. | Syed Fakhar Jehan, MPA | Member |
| 6. | Mst: Nighat Yasmin Orakzai , MPA | Member |

LAW, PARLIAMENTARY AFFAIRS & HUMAN RIGHTS DEPARTMENT

Mr. Tanwir Khan,
Deputy Secretary.

FINANCE DEPARTMENT

Mr. Sardar Muhammad.
Director Finance.

AUDIT DEPARTMENT

1. Mr. Asmatullah Shah,
Director General Audit.
2. Dr. Muhammad Ismail,
Deputy Director Audit.
3. Mr. Shahid Ali,
Deputy Director Audit
4. Mr. Khalid Zaman,
Audit Officer.
5. Mr. Mehmood-ul-Hassan Saeed.
Assistant Audit Officer.

INFORMATION DEPARTMENT

Mr. Muhammad Imtiaz Ayub,
Secretary Information.

PROVINCIAL ASSEMBLY SECRETARIAT

1. Mr. Amjad Ali,
Secretary.
 2. Mr. Inamullah Khan,
Additional Secretary.
 3. Mr. Khalid Shaheen,
Deputy Secretary.
 4. Mr. Haris Khan,
Assistant Secretary.
 5. Mr. Muhammad Arif,
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.13.4.1 NON-PRODUCTION OF RECORD Rs.11.200 MILLION.

AUDIT VERSION

3. The Audit reported that during financial year 2013-14, it was noticed that the Director Information, Khyber Pakhtunkhwa paid Rs.11.200 million as grant in aid to various Press Clubs for the purchase of furniture and equipment under the object head A-05213. Fully vouched account of the expenditure was not produced for audit. Therefore, the expenditure of Rs.11.200 million remained unverified. Audit held that record may not have been maintained as per requirements of the Governments Rules, which is violation to Para 17, 207, 208 & 209 of GFR Vol-I. The matter was reported to the Department in September, 2013 but the Department did not reply.

4. In the DAC meeting held in June, 2014, the Department was directed to produce all record pertaining to Grant-in-Aid paid to different Press Clubs along-with detailed expenditure statement within 30 days. No progress was reported till finalization of the report.

DEPARTMENTAL VERSION

5. The Department explained that the Grant-in-Aid was provided to various press clubs after the announcement/approval of the Chief Minister/Minister Information on case to case basis through this Department. This Department had served the role of a facilitating agency only. However, the concerned press clubs had time & again been

requested to produce the actual expenditure along with particulars of the object for which the money was provided. They were also asked to get the expenditure accounts audited/certified by a registered chartered Accountant/recognized body. In response to our correspondence, only Peshawar Press Club has submitted the expenditure statement, while action on part of rest of the Press Clubs is still awaited despite several reminders.

6. This Directorate has vigorously been pursuing the issue with the concerned press clubs and will produce the expenditure statement to audit as and when received from them. During the meeting, the Department explained that all the Press Clubs except Kohistan, Haripur and Battagram Press Clubs have provided the statement of expenditure (Account for).

PAC OBSERVATION

7. The Committee observed that no record of any Press Club had been provided to Audit during the time of audit despite the fact that it was the responsibility of the Department to obtain statement of expenditure (Account for) from the respective Press Clubs. In case the statement were not available at the time of audit then it should have produced in DAC or even in the Pre-PAC. The statement of expenditure of only (03) Press Club i.e Bannu Peshawar and Baizai Shergarh was produced to Audit in Pre-PAC which was not enough.

PAC RECOMMENDATIONS

8. As record was neither produced nor audited by the Audit therefore, the Committee directed the Department to produce all Auditable record to Audit for conducting detail audit within two (2) months. Para stands. Progress be reported to PAC.

PLANNING & DEVELOPMENT
DEPARTMENT

Total Draft Paras _____	03
Examined _____	03

Settled: 16.4.3.....(01)

Sub-Committee: 16.4.1..... (01)

Recovery: 16.4.2.....(01)

PLANNING & DEVELOPMENT DEPARTMENT

Three (03) Draft Paras, reflected in the Auditor General's Report for the year 2014-15 against the Department, were examined by the Public Accounts Committee in its meeting held on 29th October, 2019. The following were present:-

PUBLIC ACCOUNTS COMMITTEE

1.	Mr. Mushtaq Ahmad Ghani, Speaker	Chairman
2.	Mr. Muhammad Idrees, MPA	Member
3.	Mr. Inayatullah Khan, MPA	Member
4.	Arbab Muhammad Waseem Hayat, MPA	Member
5.	Mr. Jamshaid Khan, MPA	Member
6.	Mr. Khush Dil Khan, MPA	Member
7.	Syed Fakhar Jehan, MPA	Member
8.	Dr. Sumaira Shams, MPA	Member
9.	Mst: Nighat Yasmin Orakzai, MPA	Member

LAW, PARLIAMENTARY AFFAIRS & HUMAN RIGHTS DEPARTMENT

Mr. Shakeel Asghar,
Additional Secretary.

FINANCE DEPARTMENT

1. Mian Ainullah,
Additional Secretary.
2. Sardar Muhammad,
Director (FD).
3. Mr. Ismail Gul Khattak,
Director (LFA).
4. Mr. Muhammad Aman,
Deputy Secretary (Estt:).
5. Mr. Hammad Raza,
Budget Officer.

AUDIT DEPARTMENT

1. Mr. Asmatullah Shah,
Director General.
2. Mr. Shahid Ali,
Deputy Director.

3. Mr. Khalid Zaman,
Audit Officer.
4. Mr. Mehmood-ul-Hassan Saeed,
Assistant Audit Officer.

PLANNING & DEVELOPMENT DEPARTMENT

1. Mr. Muhammad Anwar Khan,
Director General (M&E).
2. Mr. Muhammad Irfan,
Accounts Officer.

PROVINCIAL ASSEMBLY SECRETARIAT

1. Mr. Nasrullah Khan,
Secretary.
 2. Mr. Amjad Ali
Additional Secretary.
 3. Mr. Inam Ullah Khan,
Additional Secretary.
 4. Mr. Ashtimand,
Deputy Secretary.
 5. Mr. Khalid Shaheen,
Deputy Secretary.
 6. Mr. Haris Khan,
Assistant Secretary.
 7. Mr. Aamir Khan,
Assistant Secretary.
 8. Mr. Amjad Ali,
Assistant Secretary.
 9. Mr. Ibrahim 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. 16.4.1 IRREGULAR EXPENDITURE DUE TO DEFECTIVE SELECTION OF STAFF-Rs.34.923 MILLION.

AUDIT VERSION

3. The Audit reported that during the financial year 2012-13, in the office of Secretary Planning & Development, the Project Director, Capacity Building (Phase-II),

paid an amount of Rs.34.923 million as pay and allowances to the staff appointed on project posts. The selection process of the staff was defective on the following grounds.

- i. The advertisement was not made in all the leading newspapers.
- ii. Complete list of the received application was not prepared.
- iii. List of qualified candidates called for test & interview was not available.
- iv. Merit list was not prepared according to S&GAD criteria for appointment, selection & promotion.

4. It was held that the lapse occurred due to negligence of the Department. The matter was reported in December 2013. However the Department did not reply. DAC meeting was held in April, 2014 wherein the Department was directed to produce relevant record for verification. No progress was intimated till finalization of the report.

DEPARTMENTAL VERSION

5. The Department advanced Para wise comments that are as under:-
 - a. The posts were properly advertised via Information Department, which appeared in Daily Mashriq 28-09-2011, Daily Aaj 28-09-2011 and Dawn 29-09-2011.
 - b. Lists are available of each position.
 - c. These lists were scrutinized by the short listing Committee and were called for interview.
 - d. Relevant record was available for audit scrutiny.
 - e. All appointments were made in March, 2012 (2011-12). No further recruitments were made during 2012-13. The same observation was raised during 2011-12 which were settled by the DAC.

PAC OBSERVATION

6. The Committee observed that the representative of the Department was neither well conversant nor could he respond to the queries raised by the Honorable Members, therefore the Committee could not reached to a just conclusion.

7. The Committee wanted to know:-
 - i. whether the said posts were actually needed to the Department,
 - ii. whether the appointments were made lawfully, and
 - iii. whether the appointments pointed out by the Audit in the year 2012-13 are the same that had already been made by the Department in the year 2011-12 or otherwise.

PAC RECOMMENDATIONS

8. In view of the above, the PAC constituted a Sub-Committee comprising the Members to be nominated by the Hon'ble Speaker/Chairman, PAC.

9. The Sub-Committee shall submit its report to PAC within a month.

DP No. 16.4.2 IRREGULAR EXPENDITURE PURCHASE OF STATIONERY- Rs.2.698 MILLION.

AUDIT VERSION

10. The Audit reported that during the financial year 2012-13, the Project Director, Capacity Building Project, Planning & Development Department, incurred an expenditure of Rs.2.698 million on the purchase of stationery. The expenditure was irregular on the following grounds:-

- i. Tender was not floated for purchases more than Rs.40,000/-
- ii. The expenditure was split-up to avoid sanction of the competent authority.
- iii. Stock and sub-stock registers were not maintained.
- iv. Record of balance items of the previous year was not produced to Audit.
- v. Sale tax & Income tax was not deducted.

11. It was held that the irregular expenditure incurred due to negligence. The matter was reported in December 2013. No reply was furnished. DAC meeting was held in April, 2014 wherein the DAC directed to produce record for verification. No progress was intimated till finalization of the report.

DEPARTMENTAL VERSION

12. The Department explained that the expenditure was done as per actual requirement and advanced Para wise comments which are as under.

- i. After examination of record it was revealed that no advertisement was made because the purchases were made on need basis and in piece meal.
- ii. Since the Project Director being BPS-18 Category-III officer under the delegation of powers possess full powers to sanction the expenditure incurred under relevant head i.e. 5(vii) (C) of delegation of powers, therefore the issue of splitting of expenditure is not involved.

- iii. Stock register was not maintained. Stationary was purchased on demand of the section, which was duly received and verify by the section.
- iv. Since no stationary items of previous years were available in balance therefore, production of record of balance item was not involved.
- v. In the instant case though no taxes have been deducted however in future transaction all due taxes would be deducted and paid to concerned agencies.

PAC OBSERVATION

13. The Committee observed that:-
- i. the Department has accepted in its reply that Stock Register was not maintained,
 - ii. income tax was not deducted from the bills, and
 - iii. purchases were made in piece meal to avoid the tender requirement.

PAC RECOMMENDATIONS

14. In view of the above, the Committee recommended to initiate action leading to complete recovery coupled with initiation of strict disciplinary action against the person (s) at fault. Para stands. Progress be reported to PAC within a month.

DP No. 16.4.3 UNAUTHORIZED EXPENDITURE ON POL-Rs.1.688 MILLION. AUDIT VERSION

15. The Audit reported that during the financial years 2011-12 and 2012-13, the Director General (M&E) Planning & Development Department paid an amount of Rs.1.688 million for the purchase of POL & repair of pool vehicles. There was no provision for pool vehicles in the PC-1 of the Directorate M&E.

16. It was held that the unauthorized expenditure incurred due to weak internal controls. The matter was reported in December 2013. No reply was furnished. DAC meeting was held in April, 2014 wherein the DAC directed to regularize the expenditure from competent authority. No progress was intimated till finalization of the report.

DEPARTMENTAL VERSION

17. The Department explained that the Project “Establishment of M&E System in Khyber Pakhtunkhwa” was established for the purpose of Monitoring &

Evaluation of all ADP/PSDP schemes. The expenditures on POL and repair of vehicles were incurred on pool vehicles. The project has all pool vehicles except DG M&E (designated vehicle) the expenditures made was valid. These vehicles were used for monitoring, evaluation and inquiries etc.

18. In the PC-I there was provision for POL & repair of vehicle & sufficient budget was available. As per decision of DAC the office has regularized/sanctioned the expenditures from the competent authority.

PAC RECOMMENDATIONS

19. The PAC upheld the decision of Pre-PAC and recommended the Para to be settled.

FINANCE DEPARTMENT

Total Draft Paras _____	02
Examined _____	02

Settled: 8.4.1.....(01)

Depl: Action: 8.4.2..... (01)

FINANCE DEPARTMENT

Two (02) Draft Paras, reflected in the Auditor General's Report for the year 2014-15 against the Department, were examined by the Public Accounts Committee in its meeting held on 29th October, 2019. The following were present:-

PUBLIC ACCOUNTS COMMITTEE

1.	Mr. Mushtaq Ahmad Ghani, Speaker	Chairman
2.	Mr. Muhammad Idrees, MPA	Member
3.	Mr. Inayatullah Khan, MPA	Member
4.	Arbab Muhammad Waseem Hayat, MPA	Member
5.	Mr. Jamshaid Khan, MPA	Member
6.	Mr. Khush Dil Khan, MPA	Member
7.	Syed Fakhar Jehan, MPA	Member
8.	Dr. Sumaira Shams, MPA	Member
9.	Mst: Nighat Yasmin Orakzai, MPA	Member

LAW, PARLIAMENTARY AFFAIRS & HUMAN RIGHTS DEPARTMENT

Mr. Shakeel Asghar,
Additional Secretary.

FINANCE DEPARTMENT

1. Mian Ainullah,
Additional Secretary.
2. Sardar Muhammad,
Director (FD).
3. Mr. Ismail Gul Khattak,
Director (LFA).
4. Mr. Muhammad Aman,
Deputy Secretary (Estt:).
5. Mr. Hammad Raza,
Budget Officer.

AUDIT DEPARTMENT

1. Mr. Asmatullah Shah,
Director General.

2. Mr. Shahid Ali,
Deputy Director.
3. Mr. Khalid Zaman,
Audit Officer.
4. Mr. Mehmood-ul-Hassan Saeed,
Assistant Audit Officer.

PROVINCIAL ASSEMBLY SECRETARIAT

1. Mr. Nasrullah Khan,
Secretary.
 2. Mr. Amjad Ali,
Additional Secretary.
 3. Mr. Inam Ullah Khan,
Additional Secretary.
 4. Mr. Ashtimand,
Deputy Secretary.
 5. Mr. Khalid Shaheen,
Deputy Secretary.
 6. Mr. Haris Khan,
Assistant Secretary.
 7. Mr. Aamir Khan,
Assistant Secretary.
 8. Mr. Amjad Ali,
Assistant Secretary.
 9. Mr. Ibrahim 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. 8.4.1 NON UTILIZATION OF BUDGET FOR REDUCTION OF DEBT
Rs.3,973.344 MILLION.
AUDIT VERSION

20. The Audit reported that the Appropriation Accounts of Government of Khyber Pakhtunkhwa for the financial year 2013-14 compiled by the Accountant General, Khyber Pakhtunkhwa show that Rs.3,973.344 million allocated under Grant No. Nil NC 24052 for the reduction or avoidance of Debt were not utilized by the Finance Department that administers the grant and the entire fund was surrendered. Discharge of

debt is expenditure charged upon the Consolidated Fund. Once approved for discharge by the Provincial Assembly and included in the Schedule of Authorized Expenditure, it was mandatory that Finance Department should discharge the debt.

21. Non utilization of the Grant charged upon the Consolidated Fund and violation of a cardinal principle of financial management by the very Department to which the subject of finances of the Government is allocated amounts to financial mismanagement due to negligence.

22. The matter was report to the Accountant General, Khyber Pakhtunkhwa in November, 2014 who replied that response of the Department concerned shall be obtained by asking them to submit working paper to the Public Accounts Committee when required. The matter was discussed in the Departmental Accounts Committee meeting held in November, 2014. The Accountant General repeated the previous reply without giving credence to the fact that charged expenditure that is budgeted and approved by the Provincial Assembly cannot be withheld. No further explanation was made till finalization of the report.

DEPARTMENTAL VERSION

23. The Department explained that realizing the heavy debt servicing liability on the Provincial Budget, the Provincial Government decided as part of its debt management strategy, to retire expensive loans of the Federal Government. In this regard Provincial Government started repayment of Federal Government's loans from financial year 2002-03. A loan of Rs.22374.718 million was prematurely repaid to the Federal Government upto financial year 2013-14. As a result of that prematurely retirement of loans, the Provincial Government has generated saving of Rs.5125.836 million.

24. Due to that saving the amount of Rs.3,973.344 million allocated under the Grant No.Nil NC 24052 for reduction or avoidance of Debt was not utilized as such surrendered during 2013-14.

PAC OBSERVATIONS

25. The Committee observed that the savings shown by the Department was not actually the savings rather the Government money was blocked for the whole year

and at the end of financial year, the same was surrendered and shown as savings. Moreover, no value for money was shown achieved from the said suspected savings.

PAC RECOMMENDATIONS

26. The Committee taking lenient view recommended the Para to be settled with the warning to the Department to avoid such practice in future.

DP No.8.4.2 LOSS DUE TO NON-RECOVERY OF AUDIT FEE-Rs. 85.622 MILLION.

AUDIT VERSION

27. The Audit reported that during the financial year 2013-14, the Director, Local Fund Audit, Khyber Pakhtunkhwa, Peshawar failed to recover audit fee of Rs.85.622 million. It was held that departmental inefficiency had caused the loss. The matter was reported in July, 2014. The Department replied that the amount will be recovered in the next financial year. In the DAC meeting held in November, 2014, the Department admitted the irregularity and promised to ensure recovery. DAC directed for complete recovery. No progress was intimated till finalization of the report.

DEPARTMENTAL VERSION

28. The Department explained that it has made serious efforts for recovery of audit fee but the same has not been recovered due to the following reasons:-

- i. The Local Councils are facing financial constraints therefore are unable to deposit cost of audit staff and will be deposited in due course of time.
 - ii. It is worth mentioning here that due to elimination of role of Local Fund Audit Department in Local Government Act 2013 most of the Local Councils have not deposited audit fee with the plea that Auditor General has developed certain audit Paras on councils who have deposited audit fee.
29. During meeting the Department further explained that recovery is being under process as per Pre-PAC decision.

PAC RECOMMENDATIONS

30. The Committee upheld the decision of Pre-PAC i.e “The Director Local Fund Audit (LFA) will communicate the amount of outstanding to the concerned bodies/organizations for inclusion in the next financial year budget estimates which will

be deducted at source from their next year budget by the Finance Department under intimation to PAC and Audit Department”.

PUBLIC HEALTH ENGINEERING
DEPARTMENT

Total Draft Paras _____	10
Examined _____	10

Settled: 8.4.1, 18.4.2, 18.4.4, 18.4.6, 18.4.7,

18.4.9..... (06)

Recovery: 18.4.8..... (01)

VOR: 18.4.10..... (01)

Sub-Committee: 18.4.3, 18.4.5.....(02)

PUBLIC HEALTH ENGINEERING DEPARTMENT

Ten (10) Draft Paras, reflected in the Auditor General's Report for the year 2014-15 against the Department, were examined by the Public Accounts Committee in its meeting held on 30th October, 2019. The following were present:-

PUBLIC ACCOUNTS COMMITTEE

- | | | |
|----|----------------------------------|----------|
| 1. | Mr. Mushtaq Ahmad Ghani, Speaker | Chairman |
| 2. | Mr. Inayatullah Khan, MPA | Member |
| 3. | Arbab Muhammad Waseem Hayat, MPA | Member |
| 4. | Syed Fakhar Jehan, MPA | Member |
| 5. | Mr. Khush Dil Khan, MPA | Member |
| 6. | Dr. Sumaira Shams, MPA | Member |

LAW, PARLIAMENTARY AFFAIRS & HUMAN RIGHTS DEPARTMENT

Mr. Muhammad Nasir Khan,
Additional Secretary.

FINANCE DEPARTMENT

Mr. Akhtar Saeed Turk,
Assistant Secretary.

AUDIT DEPARTMENT

1. Mr. Muhammad Faheem,
Deputy Auditor General of Pakistan.
2. Mr. Asmatullah Shah,
Director General.
3. Mr. Shahid Ali,
Deputy Director.
4. Mr. Khalid Zaman,
Audit Officer.

PUBLIC HEALTH ENGINEERING DEPARTMENT

1. Mr. Bahramand Khan,
Secretary.
2. Mr. Abdos Sami,
Chief Engineer (North).
3. Mr. Nimat Ullah Khan,
Chief Engineer (South).

PROVINCIAL ASSEMBLY SECRETARIAT

1. Mr. Nasrullah Khan,
Secretary.
 2. Mr. Amjad Ali
Additional Secretary.
 3. Mr. Inam Ullah Khan,
Additional Secretary.
 4. Mr. Ashtimand,
Deputy Secretary.
 5. Mr. Haris Khan,
Assistant Secretary.
 6. Mr. Aamir 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. 18.4.1 WASTEFUL EXPENDITURE ON WATER SUPPLY SCHEMES
Rs. 86.937 MILLION.
AUDIT VERSION

3. The Audit reported that during the financial year 2013-14, the Executive Engineer, PHE, Battagram constructed Water Supply Schemes at a cost of Rs.86.936 million that were found non-functional during audit. It was held that the lapse occurred due to inefficiency. The matter was reported to the Department in September 2014. It was stated that detailed reply will be furnished later on. The Department was repeatedly requested to convene DAC meeting but without avail till the finalization of the report.

DEPARTMENTAL VERSION

4. The Department explained that water supply schemes were included in umbrella program “Construction of water supply schemes in Khyber Pakhtunkhwa” ADP # 212/120611 for the year 2013-14, approved by the DDWP on 04-12-2012, Administrative Approval was issued on 01-01-2013, tender was floated in the press on 03-01-2013 and work orders were issued on 13-02-2013 with completion time limit of twenty four (24) months. Some of these schemes were completed even before the schedule date as noted against each below:-

- | | | |
|-----|--------------------|-------------|
| i. | WSS Sosal Pashto | 24-12-2013. |
| ii. | WSS Tailous Colony | 17-12-2013. |

- iii. WSS Ashothar Gatsar 17-06-2014.
 - iv. WSS Nullah to Behari 02-01-2014.
 - v. WSS Kotwal 17-06-2014.
 - vi. WSS Trand 08-05-2014.
5. The audit Para was discussed in the DAC meeting held on 24-11-2015 and Engineer Hikmat Sher Technical Officer, Chief Engineer (North) was tasked to conduct inquiry. The inquiry report reveals that all these schemes were fully functional.

PAC RECOMMENDATIONS

6. In view of Pre-PAC decision the Para was recommended to be settled with the direction to the Department to initiate departmental action against the concerned who did not implement the DAC decision in time.

**DP No. 18.4.2 UNAUTHORIZED EXPENDITURE ON UNAPPROVED SCHEMES
Rs.69.774 MILLION.**

AUDIT VERSION

7. The Audit reported that during financial year 2013-14, the Executive Engineer, PHE, Battagram paid Rs.69.775 million to various contractors for the execution of ADP works as per detail given below, but it was noticed that the contract agreements were not approved by the Chief Engineer till the date of audit. This resulted in unauthorized expenditure of Rs. 69.775 million.

S.NO	Vr. No & Date	Particulars	Completion Date	Amount
1.	5-BM dated 24.12.13	Construction of water supply scheme at Sosal Pashto	30.7.2013	1,69,98,000
2.	3-BM dated 27.1.14	Construction of WSS Colony Tailous	17.12.13	1,78,68,785
3.	2-BM dated 27.1.14	Construction of WSS Nullah to Behri	2.1.14	1,70,73,000
4.	2-BM dated 23.6.14	Construction of WSS Ashother,Gatsar,Sur area	17.6.2014	1,78,34,736
Total				6,97,74,521

8. The lapse occurred due to non-observing of Government rules and regulations. The matter was reported to the management in September 2014, it was replied that detail reply will be furnished after going through the record. The Department was asked time and again to hold DAC meeting but no response was received till finalization of the report.

DEPARTMENTAL VERSION

9. The Department explained that the contract agreements were executed by the Executive Engineer, Public Health Engineering Battagram right at the time of issuance of work orders. However, due to oversight counter signatures of the Chief Engineer, Public Health Engineering Department were not obtained. The same were then obtained at some later stage.

PAC RECOMMENDATIONS

10. In view of adopting corrective measures by the Department later on, the Para was recommended to be settled with the direction to the Department to issue warning to the concerned to avoid such practice of not getting counter signatures from the Chief Engineer in future.

DP No. 18.4.3 EXCESS PAYMENT TO CONTRACTOR- Rs.6.087 MILLION.**AUDIT VERSION**

11. The Audit reported that during the financial year 2013-14, the Executive Engineer PHE Battagram, provided a quantity of 1,219 metre 2 inch dia G.I. pipe in the Technical Sanction and BOQ for the work “Water Supply Scheme Colony Tailous”, but the contractor was paid for a quantity of 8,535 metre @ Rs.706.78 per meter. This resulted in an overpayment of Rs.6.087 million to the contractor ($1,219 - 8,535 = 7,316 \times 706.78 \times 8\% \text{ cost factor} \times 9\%$). It was held that the lapse occurred due to extending undue benefit to the contractor. The matter was reported in September 2014. The management stated that detail reply will be furnished after going through the record. The Department was asked time and again to hold DAC meeting but no response was received till finalization of the report.

DEPARTMENTAL VERSION

12. The Department explained that the quantity of pipes approved in the Technical Sanction Cost of WSS Tailous Colony for 2 inch Dia G.I pipes was 7517 meter (supply main 6298 meters + distribution system 1219 meters) and not 1219 meters as mentioned in the audit report. The contractor has been paid an amount of Rs.17.868 million against the Technical Sanctioned Cost of Rs.17.323 million, due to actual site requirements, which was only 3% of above the TS cost. As per CPWA Code paragraph

No.71 Executive Engineer of Public Works Department was authorized to make excess payment up to 5% over and above the technically sanctioned cost.

PAC OBSERVATIONS

13. The Committee wanted to know that:-
- i. As to whether the overpayment was actually made or otherwise,
 - ii. That overpayment was actually involved or otherwise,
 - iii. Whether the contention of Audit is correct or the Department, and
 - iv. Whether the application of rules in-practical creates difficulties or otherwise.

PAC RECOMMENDATIONS

14. In view of the above, observation a Sub-Committee comprising the Members to be nominated by the Hon'able Speaker/Chairman PAC was constituted to probe into the matter.

DP No. 18.4.4 UNAUTHORIZED EXPENDITURE WITHOUT TECHNICAL SANCTION-Rs.38.390 MILLION.

AUDIT VERSION

15. The Audit reported that during the financial year 2013-14, the Executive Engineer PHE Mansehra, paid Rs.38.390 million to contractors for different works. When asked to produce the technical sanction of the works, it was replied that the technical sanction were not available. This resulted in unauthorized expenditure of Rs.38.390 million. The lapse occurred due to non-observing of Government rules and regulations. The matter was reported to the management in September 2014, it was replied that detail reply would be furnished after verification of record. The Department was asked time and again to hold DAC meeting but no response was received till finalization of the report.

DEPARTMENTAL VERSION

16. The Department explained that both original and revised technical sanctions were shown to Audit team in the course of DAC meeting held on 24-11-2015.

PAC RECOMMENDATIONS

17. As the Department accepted its fault of not getting/obtaining Technical Sanction in time, but later on adopted corrective measures, therefore the Para was recommended to be settled.

DP No.18.4.5 OVERPAYMENT TO CONTRACTOR- Rs.3.028 MILLION.**AUDIT VERSION**

18. The Audit reported that during the financial year 2013-14, the Executive Engineer PHE Mansehra, paid an amount of Rs.3.028 million to contractors for item of works which was neither provided in the original technical sanction nor in the revised. This resulted in overpayment of Rs.3.028 million. It was held that the lapse occurred due to negligence of the management. The matter was reported to management in September 2014, it was stated that detail reply will be furnished after verification of record. The Department was asked time and again to hold DAC meeting but no response was received till finalization of the report.

DEPARTMENTAL VERSION

19. The Department explained that the audit Para in question relates to 05 Nos of Water Supply Schemes (WSS) as per detail given below:-

	<u>Overpayment</u>
i. WSS Murad Pur-I	3,61,911
ii. WSS Knait	13,17,262.
iii. WSS Thakar Maira	62,443.
iv. WSS Palsala	63,882.
v. WSS Khaki	1,22,151.
Total	19,28,649

20. It was further explained that the detail works shown missing by the Audit were covered both in Final Bill and TS. The audit Para was discussed in the DAC meeting held on 24-11-2015 and on compliance of the DAC decision all the relevant records including Final Bill and Technical Sanction were delivered to Audit on 07-11-2016 and again on 09-10-2017. However, verification of record is still awaited from Audit.

PAC RECOMMENDATIONS

21. As the same issue of Technical Sanction was involved, therefore, the Para was referred to the Sub-Committee already constituted in Draft Para No.18.4.3.

DP No. 18.4.6 LOSS TO GOVERNMENT OF Rs.6.996 MILLION.**AUDIT VERSION**

22. The Audit reported that during financial year 2013-14, the XEN PHE Mansehra, did not deposit Rs.6.996 million in the Government account which was lying in 3rd & 5th deposit as 10% testing charges of various firms who supplied the pumping machinery, stabilizer or other equipment for water supply schemes since 06/2009. The amount was still lying in the 3rd & 5th deposits as on 30-06-2014, it depicts that the firms have either not supplied the said machinery or defective machinery was supplied due to which the said amount was not released to the firm. This resulted in loss to the Government of Rs.6.996 million. It was held that lapse occurred due to violation of Government Rules. The matter was reported to the management in September 2014, it was stated that detail reply will be furnished after verification of record. The Department was asked time and again to hold DAC meeting but no response was received till finalization of the report.

DEPARTMENTAL VERSION

23. The Department explained that the actual amount is Rs. 5.677 million and not Rs. 56.840 million. Secondly out of Rs. 5.677 million Rs. 3.391million has been credited to Revenue vide 03 Nos T.E.O and the remaining amount of Rs. 2.285 million has been released to concerned contractors. In fact two audit Paras i.e AP No. 18 & 19 (2013-14) have been clubbed together. The DAC in its meeting held on 24-11-2015 recommended settlement of AP No. 19, while for the Para 18 it was decided to produce relevant record to audit for verification. Accordingly the relevant record was provided to the Audit on 07.11.2016 and 09-10-2017 but verification is still awaited from Audit.

PAC OBSERVATION

24. The Department accepted that irregularity was committed but no loss sustained to Government on the other hand the Audit was of the view that the withheld amount should have been deposited in the kitty.

PAC RECOMMENDATIONS

25. After detailed deliberation, the Para was recommended to be settled with the direction to the Department to initiate departmental action against those who had not deposited the requisite 10% money in Government Kitty that had been retained from the contractor.

DP No. 18.4.7 UNAUTHORIZED RETENTION OF LAPSED DEPOSIT– Rs.5.865 MILLION.**AUDIT VERSION**

26. The Audit reported that during financial year 2013-14, the XEN PHE, Nowshera did not credit Rs.5.865 million to the Government Treasury and retained it in public works deposit-II for more than three (03) years resulting into unauthorized retention of Rs 5.865 million. It was held that the lapse occurred due to financial mismanagement. The matter was reported to the management in August, 2014. However the Department did not reply. The Department was asked time and again to hold DAC meeting but no response was received till finalization of the report.

DEPARTMENTAL VERSION

27. The Department explained that the amount under observation Rs.5.865million has been credited to Government vide Transfer Entry Number one during the month of 12-2014. However, it is pertinent to mention that often schemes were completed & could not be tested by the contractor as the power connection by the PESCO was often delayed abnormally. Since the schemes were not tested and the Department has to retain the security or testing charges of the contractor in the interest of the Government. After pointing out by the Audit the amount has been credited to the Government account.

PAC RECOMMENDATIONS

28. As the amount pointed out by the Audit has already been deposited into the Government Treasury, therefore, the Para was recommended to be settled.

DP No. 18.4.8 NON RECOVERY OF WATER CHARGES RS.120.715 MILLION.
AUDIT VERSION

29. The Audit reported that during financial year 2013-14, the XEN PHE Nowshera, did not recover Rs.120.715 million on account of water charges from the consumers till June 2014. It was held that the lapse occurred due to weak internal

controls. The matter was reported to management in August, 2014. However, the Department did not reply. The Department was asked time and again to hold DAC meeting but no response was received till finalization of the report.

DEPARTMENTAL VERSION

30. The Department explained that the PHED has taken initiatives to ensure 100% recovery of water charges including development of computerized Billing System. The manual billing system has been replaced with the computerized billing. As a result there is 100% recovery in various districts including Mansehra, Abbottabad, Haripur, Dir Lower, Malakand and Buner. Efforts are being made to enhance recovery of water charges in all other Districts. In case of PHE Division Nowshera the situation was improved as against the recovery of Rs.4,71,297/- in the financial year 2015-16, Rs.10,43,256/- was realized in the financial year 2016-17. Similarly, an amount of Rs.4,55,702/- was recovered in the first quarter of the current financial year.

PAC RECOMMENDATIONS

31. The Para was kept stands till complete recovery. Progress be reported to PAC on quarterly basis. Moreover, the Department was directed to evolve proper mechanism for the recovery of water charges in future.

DP No. 18.4.9 LOSS TO GOVERNMENT DUE TO EXECUTION OF NON-FEASIBLE SCHEME – RS.9.272 MILLION.

AUDIT VERSION

32. The Audit reported that during financial year 2013-14, the XEN Public Health Engineering Nowshera, paid an amount of Rs.7.559 million on digging of 04 Tube Wells under WSS Risalpur without analysis for site selection. The PCSIR declared the water of these Tube Wells unfit for human consumption. Accordingly, the work on these schemes was stopped and retendered later at @ additional 2.26 million for each tube well. This resulted in an aggregate loss of Rs.9.272 million to the Government. It was held that the lapse occurred due to poor planning and mismanagement. The matter was reported to management in August, 2014. However the management did not reply. The Department was asked time and again to hold DAC meeting but no response was received till finalization of the report.

DEPARTMENTAL VERSION

33. The Department explained that the scheme was approved for Rs.92.689 Million under ADP 186/120607 for the year 20-12-13 and technically sanctioned for Rs.101.429 Million on 06/8/2012 with the scope of work consisting of 2 zones with detail of T/Wells as under:-

- i. Zone A = 3 Nos T/W with allied works.(Garrison)
- ii. Zone B= 1 No T/Well with allied work. (Civilian population of Risalpur)

34. Drilling of tube well was started at Zone-A and water quality report of PCRWR declared it fit for drinking purpose, which was rejected by army authorities due to slight increase in sodium contents but according to PCRWR reports the water quality is as per Pakistan standards & fit for drinking purpose which can be utilized for Behram village. Accordingly work on another two No's tube wells in Zone-A was carried out and the water quality test reports showed higher TDS hence declared as test bores. Payment to the contractors was made for the two test bores after approval from Chief Engineer (South) PHED. There is no such mechanism to ascertain water quality without exploration.

35. Upon the directions of Chief Engineer (South) PHED, the forth trial (T/Well) for Zone-A was started and completed. The water quality test report declared it fit for drinking purposes which was earlier rejected by the Army authorities due to taste. That was still idle and can be utilized for the village Zando Banda.

36. T/Well at Zone –B has been completed water quality fit and is running for the local population. Revised PC-I/cost estimate amounting to Rs.99.351 million was submitted by including the cost of installed 2 No's tube wells/ 2 No's test bores for Rs.7.559 million and 3 Nos. additional tube wells costing Rs.2.26 million each for Zone-A which was approved by PDWP and revised Administrative Approval was issued vide No. SO (T)/PHED/3-21/2013-14 dt: 20/06/2014. Subsequently 2nd revision & 3rd revision were approved by PDWP (**Rs. 125.597**) and technically sanctioned vide Chief Engineer letter No 04/2-PHE dated 29-09-2016 amounting to Rs.125.310 million. The tender for additional tube wells and allied works were floated and work was started on site selected by Army authorities near Kalpani Nallah where PHED completed the project, which is now operated and maintained by MES.

37. Hence total 10 No's T/Well as per revised scope that were installed at Zone-A out of which 6 No's are working and handing over to MES authorities, however out of remaining 4 No's 2- T/Wells can be utilized for civil population while the other 2 No's can be meant for monitoring and analysis of the ground water potential as test wells. In view of the above mentioned facts, the matter has already been regularized.

PAC RECOMMENDATIONS

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

DP No. 18.4.10 FICTITIOUS PAYMENT TO CONTRACTOR-Rs.4.431 MILLION.

AUDIT VERSION

39. The Audit reported that during financial year 2013-14, the XEN PHE Nowshera, paid Rs.2.278 million to M/S "Eng. Riaz Khan" on account of supply of HDPE pipe 75mm and 50mm for the scheme "WSS Marooba Zone-I" and Rs.2.153 million 110mm and 50mm for "WSS Marooba Zone-II". Pages No.63, 67 & 68 of MB No.20 reveals that no such entry was made. Moreover, payment was made in both the schemes without recording of excavation in the relevant MB, which makes the payment suspicious. It was held that the lapse occurred due to weak internal controls. The matter was reported to the Department in August, 2014. However, the Department did not reply. The Department was asked time and again to hold DAC meeting but no response was received till finalization of the report.

DEPARTMENTAL VERSION

40. The Department explained that the main observation of the Audit was that 110mm & 50mm HDPE pipe has been paid to the contractor, whereas excavation for the pipe has not been paid, which make the payment as fictitious. In this regard it stated that as per PC-1 provision, there was supply & fixing of 110mm & 50mm HDPE pipe. Hence the same work has been carried out on site & accordingly payment to the contractor was made. The same is duly recorded on page No 63, 67, 68 & Measurement Book No.20. Neither there was separate provision for excavation and installation of pipes nor payment was made separately, but rather payment was made on supply & installation which covers both "excavate it & install it". Moreover it is pertinent to mention that the same scheme i.e. WSS Maroba has physically been verified on 10/11/2016 & a certificate has also been

issued by district finance officer. Hence the payment made was neither fictitious nor irregular & can be verified on site any time.

PAC RECOMMENDATIONS

41. The Para was recommended to be settled subject to verification of final Bill as to whether excavation for installation of pipes was made or otherwise.

COMMUNICATION & WORKS DEPARTMENT

Total Draft Paras _____	26
Examined _____	26

**Settled: 4.4.1, 4.4.2, 4.4.3, 4.4.5, 4.4.8, 4.4.10, 4.4.13, 4.4.14,
4.4.15, 4.4.16, 4.4.18, 4.4.19, 4.4.20, 4.4.21, 4.4.22,
4.4.23, 4.4.24, 4.4.25, 4.4.26.....(19)**

Inquiry: 4.4.17.....(01)

VOR: 4.4.6, 4.4.7, 4.4.9, 4.4.12.....(04)

Sub-Committee: 4.4.4..... (01)

Subjudice: 4.4.11..... (01)

COMMUNICATION & WORKS DEPARTMENT

Twenty Six (26) Draft Paras, reflected in the Auditor General's Report for the year 2014-15 against the Department, were examined by the Public Accounts Committee in its meeting held on 05th and 06th October, 2019. The following were present:-

PUBLIC ACCOUNTS COMMITTEE

- | | | |
|----|---------------------------------|----------|
| 1. | Mr. Muhammad Idrees Khan, MPA | Chairman |
| 2. | Mr. Inayatullah Khan, MPA | Member |
| 3. | Syed Fakhra Jehan, MPA | Member |
| 4. | Mr. Khush Dil Khan, MPA | Member |
| 5. | Mr. Jamshaid Khan, MPA | Member |
| 6. | Mst: Nighat Yasmin Orakzai, MPA | Member |
| 7. | Dr. Sumaira Shams, MPA | Member |

LAW, PARLIAMENTARY AFFAIRS & HUMAN RIGHTS DEPARTMENT

Mr. Muhammad Nasir Khan,
Additional Secretary.

FINANCE DEPARTMENT

Mr. Muhammad Siddique,
Additional Secretary.

AUDIT DEPARTMENT

1. Mr. Asmatullah Shah,
Director General.
2. Mr. Shahid Ali,
Deputy Director.
3. Mr. Khalid Zaman,
Audit Officer.
4. Mr. Mehmood-ul-Hassan Saeed,
Assistant Audit Officer.

COMMUNICATION & WORKS DEPARTMENT

1. Mr. Shahab Khattak,
Secretary.

2. Mr. Muhammad Nawaz,
Deputy Secretary.
3. Mr. Muhammad Ayub,
Chief Engineer (C)
4. Mr. Muhammad Tariq,
Chief Engineer (N)
5. Mr. Ahmad Nabi Sultan,
Managing Director, PKHA.
6. Mr. S. Qasim Noor,
Deputy Director (Finance) PKHA.
7. Mr. Muhammad Asif Imran,
XEN Highway Peshawar.
8. Mr. Inam-ul-Haq,
XEN Highway, Mardan.
9. Mr. Alamzeb Khan,
Deputy Accounts Officer Highway, Swat.
10. Mr. Siraj-ul-Haq,
Deputy Accounts Officer, Peshawar.
11. Mr. Amer Durrani,
Superintendent Engineer.
12. Mr. Saddique Akbar,
Superintendent.

PROVINCIAL ASSEMBLY SECRETARIAT

1. Mr. Nasrullah Khan Khattak,
Secretary.
2. Mr. Inam Ullah Khan,
Additional Secretary.
3. Mr. Ashtimand,
Deputy Secretary.
4. Mr. Khalid Shaheen,
Deputy Secretary.
5. Mr. Haris Khan,
Assistant Secretary.
6. Mr. Aamir 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. 4.4.1 LOSS DUE TO AWARD OF CONTRACT AT HIGHER RATE – Rs.27.724 MILLION.

AUDIT VERSION

3. The Audit reported that during the financial year 2011-12, Executive Engineer, Highway Division, Mardan awarded contract for the work “Rehabilitation and Improvement of Bakhshali Road (10.5 km)” to M/S Akhunzada Zainullah Khan & Co at par with CSR 2009. The scope of work was enhanced and the work was awarded to another contractor at 20% above CSR without permitting the existing contractor to exercise his option to execute the additional work as per the contract drawn with him. It was clearly mentioned in the work order issued to the original contractor vide No.1086/2-W dated 10-12-2010 that he will be bound to execute any other items taken from CSR-2009, if required, with the same premium. It was held that the loss occurred due to nepotism and violation of terms of contract. The matter was reported to the Department in January, 2013. In the DAC meeting held in October, 2014 the Department was directed to produce the revised approved PC-1 and approval of PDWP for retendering the work which was not produced till finalization of the report.

DEPARTMENTAL VERSION

4. The Department explained that the relevant record i.e. original/revised PC-I and Technical Sanction (T.C) has been produced to Audit for verification.

5. During the meeting the Department produced a copy of the Finance Department notification wherein, 20% above the CSR was permitted.

PAC RECOMMENDATIONS

6. In view of the explanation advanced by the Department and production Finance Department notification during the meeting, the Committee convinced and recommended the Para to be settled.

DP No. 4.4.2 DOUBTFUL EXPENDITURE-Rs.9.998 MILLION.

AUDIT VERSION

7. The Audit reported that during financial year 2010-11, the Executive Engineer, Highway Division, Swat, a provincial office, awarded contract for the work “Drinking Water Supply Schemes under People Works Program-II (PM Package 2009-

10)” to M/S Akhtar Ali & Co and paid Rs.9.998 million for 27 schemes from District Government funds although as per Rules of Business the work fell in the mandate of the PHE Department, a department devolved to District Government under the Local Government Ordinance, 2001. The budget was allocated out of district funds by the District Coordination Officer, Swat, a district official, to the provincial office in violation of law. The Bill of Quantities attached to tender and the final Bill of the work done on the schemes describe only provision and laying of pipe that cannot be construed as complete water supply schemes. It was thus apprehended that the expenditure through an unrelated and unspecialized agency in contravention of Government Rules and orders was merely a ruse to withdraw money. It was held that collusion between the District Coordination Officer, the Executive Engineer and the contractor had resulted in doubtful expenditure. The matter was reported to management in November, 2011 who stated that the Audit observations were noted for future compliance. In the DAC meeting held in February, 2014 the Department reiterated the previous reply. DAC directed that the matter be reported to PAC.

DEPARTMENTAL VERSION

8. The Department explained that the requisite quality certificate for execution of work has been signed by the then SDO/XEN vide voucher No.29HM dated 26-05-2011 and verified by Audit. Therefore no exclusive certificate can be issued at this belated stage.

PAC OBSERVATION

9. The Committee observed that written reply of the Department was not inline with Audit objection. The Committee also observed that it is correct that Drinking Water Supply Schemes were not the mandate of Communication & Works Department rather it was the mandate of Public Health Engineering Department. But in the past years the Public Health Engineering and Communication & Works Departments were merged together and Works & Services Department was created. On District level both the Departments were placed under the administrative control of one Executive Engineer that is why the Para was framed against the former Works & Services Department which after separation was again named as Communication & Works Department.

PAC RECOMMENDATIONS

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

DP No. 4.4.3 NON-RECOVERY OF TAX AND REGISTRATION FEE - Rs. 2.519 MILLION.

AUDIT VERSION

11. The Audit reported that during financial year 2011-12, Executive Engineer, C&W Highway Division, Swat failed to recover professional tax of Rs.1.552 million and registration fee of Rs. 0.967 million totaling Rs. 2.519 million from 43 contractors and thereby caused a loss to Government exchequer. It was held that negligence had caused the loss. The matter was reported to Department in November, 2012 but did not reply. In the DAC meeting held in February, 2014 the Department replied that all contractors had been directed to deposit professional tax with Excise Department and produce necessary certificate. DAC directed that recovery should be made within one month. No progress was intimated till finalization of the report.

DEPARTMENTAL VERSION

12. The Department explained that the Malakand Division was a Tax free zone and exempted from all kind of taxes. In this context some contractors have submitted replies in response of this office letters, that neither provision of the Article 247 (3) & (4) of the Constitution is enforceable in PATA as provided in Article 246 of the Constitution nor Khyber Pakhtunkhwa, Finance Act 1990 has been enforced in PATA. Therefore, application of Tax Laws to the residents of PATA was ultra constitutional. Moreover, the Excise & Taxation Officer Swat has also issued a certificate to the effect that Professional Tax Act of Pakistan has not been extended to the territorial limit of Swat vide his letter No.467/MV, dated 17-04-2018.

PAC RECOMMENDATIONS

13. In view of the above reply of the Department, the Committee convinced and recommended the Para to be settled.

DP No. 4.4.4 UNAUTHORIZED EXECUTION OF WORKS-Rs. 4,717.778 MILLION.**AUDIT VERSION**

14. The Audit reported that during financial year 2012-13, the Chief Engineer, Central (C&W), Peshawar turned down requests for technical sanction of 82 works amounting to Rs. 4,717.778 million with observations that were conveyed for correction but the schemes were nevertheless executed without technical sanction. It was held that tendering, award and execution of the works prior to technical sanction clearly meant that quality and quantity of work done in each work was questionable and any technical sanction accorded thereafter would merely have accommodated a fait accompli. The engineers in charge of the work had abused the cheque drawing authority granted to them by the Accountant General. The Chief Engineer's authority had been flouted by subordinates and the Chief Engineer had failed to implement internal controls that may point to collusion between different levels in the Department instead of the command and control arrangement laid down by Government. It was held that a breakdown of governmental arrangements had occurred that needed to be redressed. The irregularity pointed out in October, 2013 but the Department did not reply. In the DAC meeting held in February, 2014 the department replied that all Technical Sanctions have been accorded later on. DAC directed for verification of record within 15 days. Record was not produced till finalization of the report.

DEPARTMENTAL VERSION

15. The Department explained that the Technical Sanctions of 82 No schemes as referred to in Draft Para have already been accorded and as per decision of the DAC necessary verification of record has been obtained from Audit Department.

PAC OBSERVATION

16. The Committee observed that Technical Sanction was obtained after execution of work which was against the CPWA codes.

PAC RECOMMENDATIONS

17. As verification of Technical Sanction of 82 Nos. of schemes were involved, therefore a Sub-Committee was constituted to carry out verification of the said Technical Sanctions. The Chairperson and Member (s) of the Sub-Committee would be nominated by the Hon'able Speaker/Chairman PAC.

DP No.4.4.5 LOSS DUE TO USE OF SUBSTANDARD MATERIAL- Rs. 10.861 MILLION.

AUDIT VERSION

18. The Audit reported that during financial year 2011-12, the Executive Engineer, C&W Highway Division, Mardan paid Rs.10.861 million for the work "Rehabilitation & Black Topping of one km Road from Toru Guder to Mayar". During visit to the site on 5/6/2011, the SE and XEN declared the sub base course material substandard and directed the contractor to use standard materials and carry out the test for gradation and abrasion before spreading and compaction. The Executive Engineer wrote to the contractor on 9/6/2011 conveying the reservation on the work done and directed him to have the material tested in the C&W Department laboratory. Record contained two test results. Test results of the two laboratory tests carried out, one on 6/6/2011, a day after the inspection, that declared the material used according to specification and a second undated test result that also declared the material of requisite standard did not carry a sample number and the tests were not listed in the tests carried out by the laboratory in June, 2011 that are always on payment and thus recorded. The road constructed with substandard material was held to be at risk of early deterioration that will result in loss of Rs.10.861 million. It was held that staff had colluded with the contractor causing a loss due to compromised quality of work. The matter was reported in January, 2013 but the Department did not reply. In the DAC meeting held in October, 2013 the Department stated that work had been carried out according to specification.

DAC directed that verification of laboratory test should be carried out within seven days. The Audit officer deputed on the directions of DAC reported that the test was fictitious.

DEPARTMENTAL VERSION

19. The Department explained that the attested copy of laboratory test have been provided to Audit for verification.

PAC OBSERVATION

20. The Committee observed that both laboratory test reports were not the same as contended by the Audit. One report was related to Modified Proctor and other was about Sand Cone hence, the Department contention was found correct.

PAC RECOMMENDATIONS

21. As per convincing reply advanced by the Department during the meeting the Para was recommended to be settled.

DP No. 4.4.6 OVERPAYMENT Of Rs. 2.502 MILLION.

AUDIT VERSION

22. The Audit reported that during financial year 2012-13, the Managing Director, Pakhtunkhwa Highways Authority (PKHA), Peshawar overpaid Rs. 2.502 million in the works “Improvement of Chappar-Darband road km-0-30”, “Batkhela-Totakan road” and “Bizen Khel- Umarzai Road Bannu 15 Km” as per worked out below:-

Table 1

S.No	Work	Name of contractor	Steel required (tons)	Steel consumed(ton)	Difference	Rate	Amount(Rs)
1.	Chapper Darband road	M/s New Khan Co.	14.94	21.197	6.25	82234.55	5,13,966
2.	-do-	M/s Sheenghar Construction Co.	13.53	16.054	2.9	82234.55	2,38,520
3.	Construction of Bizen Khel Umarzai Road Bannu	M/s Bannu Construction	59.045	73.731	14.686	29949.91 + 98%	8,70,891
						Total	16,23,377

Table 2

S.No	Work	Name of contractor	Escalation required	Escalation paid	Overpayment
1	Improvement/Widening of Batkhela totakan road	M/S Fazal Karim & Sons	40137669	40859289	7,21,620
2	-do-	M/s New Khan Builder	12421450	12578924	1,57,474
					8,79,094
	Table 1 + 2				25,02,471

23. It was held that the overpayment made due to negligence of the Department. The matter was reported to the Department in September, 2013 who replied that correct amounts had been paid. In the DAC meeting held in September, 2014 the Department repeated its previous reply. DAC directed the Department to produce record for verification within 15 days. No progress was reported till the finalization of the report.

DEPARTMENTAL VERSION

24. The Department explained that in compliance with the decision taken in the Pre-PAC meeting held on 16, 17-11-2017 verification of record was carried out by an Audit officer on 28-02-2018 in office of the PKHA. Verification of record was carried in respect of A.P No31 & 32 and checked the consumption of excess steel quantity with the supporting documents and found that the excess steel quantity have been regularized through revised Technical Sanction. The excess amount of Rs.8,95,494/- paid on account of escalation shown in Advance ParaNo.27 has duly been recovered from security of the contractor concerned. All the relevant documents regarding recovery were provided to the Audit officer visited to the PKHA for verification.

25. As far as escalation amounting to Rs.1,24,21,450/- paid to M/S New Khan Builders, as pointed out in Advance Para No.40 is concerned, it was pertinent to mentioned herewith that the contractor concerned was entitled to Rs.1,36,91,539/- instead of Rs.1,24,21,450/-. Relevant documents with regard to escalation i.e. calculation sheet was duly provided to Audit officer for verification.

PAC OBSERVATION

26. The Committee observed that the Draft Para consists of 4 advanced Paras i.e 27, 31, 32 and 40 out of which verification of record involved in A.Ps No. 31 & 32 has

already been conducted by Audit whereas recovery made in A.P No. 27 and record involved in A.P No. 40 were yet not verified by the Audit.

PAC RECOMMENDATIONS

27. In view of the above, the Para was recommended to be settled subject to verification of recovery involved in A.P No. 27 & record involved in A.P No. 40, by Audit within a month.

DP No.4.4.7 FICTITIOUS EXPENDITURE OF Rs.186.073 MILLION.

AUDIT VERSION

28. The Audit reported that during financial year 2012-13, the Executive Engineer, Provincial Building Maintenance Cell, Peshawar incurred expenditure of Rs.186.073 million on the repair and maintenance of colonies and bungalows. The expenditure was fictitious on the following grounds:

- i. Measurement books were not produced.
- ii. Demands of the occupants were not available.
- iii. Certificates of satisfactory completion of work were not obtained from the occupants.
- iv. Repair work either not done or partially carried out.
- v. Technical Sanctions were accorded after the execution of work and in some cases not yet accorded.
- vi. During physical verification, it was observed that only 50% work was executed which was not according to the specification mentioned in the contractor bills.
- vii. All repair works were carried out through first and final bills, and most of the cases were restricted to Rs.5,00,000/- to avoid sanction from the next higher authority.

29. The matter was reported to Department in September, 2013. No reply was furnished. A follow-up letter was sent to the Principal Accounting Officer dated 24.12.2013 to arrange DAC meeting, however it was not arranged till finalization of the report.

DEPARTMENTAL VERSION

30. The Department explained that on the approval of Competent Forum DSC and releases of funds by Finance Department, PBMC was authorized to execute works as per approved PC-I:-

- i. PBMC prepared estimates for maintenance & repair of the colonies on:-
 - i. receipt of demand from the occupants.

- ii. telephonic instruction received from higher ups.
- iii. survey by PBMC staff.
- ii. Satisfactory completion certificates have already been obtained and available.
- iii. The observations not based on fact as the work was completed and payment made to the contractor according to satisfactory certificate furnished by the occupants.
- iv. The execution of work done after fulfilling all the codal formalities and availability of funds for the specific scheme, Technical Sanction of all the works have been accorded according to the work done.
- v. It was not true as the observation was not based on the record/facts.
- vi. Furnishing of satisfactory certificate by the occupants and then physical verification by the PBMC staff. No work was remained incomplete and it was completed according to the specification.
- vii. The execution of work has done after all codal formalities, codal requirement and availability of funds for specific scheme.
- vii. Refer to work execution in some specific monitor form which was permitted in code may not be deducted and XEN was competent and monitor to make and release payment of any account and did not required sanction from higher authorities.

PAC RECOMMENDATIONS

31. As verification of huge record was involved therefore, the Para was referred to Verification of Record (VOR) Committee for verification of complete record. Para stands till verification of record.

DP No. 4.4.8 LOSS DUE TO NON-INSTALLATION OF TUB WELL-Rs.3.153 MILLION.

AUDIT VERSION

32. The Audit reported that during financial year 2012-13, the Executive Engineer Provincial Building Maintenance Cell, Peshawar paid Rs.3.153 million vide voucher No.1/D dated 03/12/2012 to Sitaran Engineer Govt: Contractor for “Boring and Installation of Tube Well at Khyber Pakhtunkhwa House, Islamabad”. During physical verification, it was found that the tube well in question did not exist because the boring had failed for want of water. PVC blind pipe and shrouding with graded pack gran of 71 meters was installed in boring depth of 122 meters. It seems that boring of 51 meters was claimed in excess of actual. Against reason, pumping machinery along with accessories costing Rs. 11,25,000/- was also shown to have been purchased and installed in the

failed/demolished tube well. It was also deemed anomalous that the BOQ was based on 100% boring in shingle gravel and the executed work was so paid for with no sand or clay having been come across. As a matter of course, it would be impossible to predict the type of substrata that would be encountered in boring and the BOQ based on boring in shingle gravel was in all likelihood premeditated to overcharge government as seems the case in that the entire payment was for boring in shingle gravel. Actual measurement of strata of tube well was required to have been taken according to boring. The matter was reported to the Department in September, 2013 followed by a letter to the Principal Accounting Officer vide No.Audit/DAC/C&W/2012-13/SIR No-46 to 62/3053 dated 24/12/2013 to arrange DAC meeting. DAC meeting was however, not arranged till the finalization of the report.

DEPARTMENTAL VERSION

33. The Department explained that the on the approval of competent forum DSC and releases of funds by Finance Department, PBMC was authorized to execute works as per approved PC-I. Due to paucity of potable water and water for irrigation of lawns in Pakhtunkhwa House, Islamabad. It was decided that a separate tube well should be constructed with in the premises of the House, Resistivity survey was conducted, PC-I was prepared and approved by DSC. Tube well upto 400 feet was constructed with the intention that it will be running and water will be collected in the existing underground tank in the House for further use which will overcome the problem. The same was completed, commissioned, properly by testing and developed through compressor. It worked for about a year, later on Provincial Building Maintenance Division No.1 started construction of a new block in the House in same area and demolished the tube well. The tube well was not failed but it was demolished due to construction of new block. Further reply to the comments is as under:-

- i. Only date of the final measurement has been recorded and voucher paid to the contractor while the measurements have been recorded in different dates as per measurement book.
- ii. 122 meter boring was carried out for the search of water while PVC pipe plumping, strainer were installed in the area where it was required which was corrected as per strata chart.
- iii. Shrouding in carried out for the entire depth as specified.

- iv. Testing and development of tube well was mandatory and before installation machinery it was necessary to develop the tube well by means of air compress and the amount paid was according to the CSR 2012.
- v. Pumping machinery alongwith allied equipments has been installed for delivery of water.
- vi. Demand for the additional source of water was always there in Pakhtunkhwa House, CDA did not providing additional water connection and the entire House was running on only one connection which was not sufficient and PBMC has no alternative except to construct a new tube well and Islamabad soil is granular in nature and there is no clay and sand.
- vii. As the site of Islamabad is granular in texture therefore, BOQ was prepared of shingle granular material.
- viii. After demolishing of tube well, the machinery was removed and kept in the House which will be reused in other place, if required.

PAC RECOMMENDATIONS

34. In view of the verification certificate of Audit produced by the Department, the Para was recommended to be settled.

DP No.4.4.9 MIS-APPROPRIATION OF Rs. 612.246 MILLION.

AUDIT VERSION

35. The Audit reported that during financial year 2012-13, the Executive Engineer, Provincial Building Maintenance Cell, Peshawar spent Rs.612.246 million on replacement of Air Conditioners, Refrigerators, Washing Machines, Geysers, Sofa Set, chairs, Double beds, single Beds and other similar items. Expenditure of Rs 671.501 million was incurred on the replacement/repair and maintenance of the same items during the financial year 2011-12. The replaced items were neither taken on stock register nor auctioned. During financial year 2011-12, a mere Rs. 0.303 million was received from auction but detailed record thereof was not produced for Audit. It is apprehended that either the money withdrawn or the items replaced have been misappropriated. It was held that the fictitious expenditure occurred due to collusion and non application of internal controls. The matter was reported to Department in September, 2013. No reply was furnished. A follow-up letter was sent to the Principal Accounting Officer dated 24.12.2013 to arrange DAC meeting. It was not convened till the finalization of the report.

DEPARTMENTAL VERSION

36. The Department explained that on the approval of competent forum (DSC) and releases of funds by Finance Department, PBMC was authorized to execute works as per approved PC-I. It was clarified that PBMC was responsible till 30-06-2013 for the supply of all sort of furnishing/routine useable items to all Government residential/ non residential buildings. Later on PAC decided that the job to PBMC should be restricted to maintenance & repair of buildings and fixtures, so after receipt of orders the furnishing work has now discontinued while as per approved PC-I, PBMC had carried out the furnishing work till 30-06-2013 or till clearance of the contractor liabilities occurred during the said period.

PAC RECOMMENDATIONS

37. As verification of record was involved therefore, the Draft Para was referred to Verification of Record (VOR) Committee of verification.

**DP No. 4.4.10 UNJUSTIFIED EXPENDITURE ON CHIEF MINISTER HOUSE
Rs. 4.011 MILLION.****AUDIT VERSION**

38. The Audit reported that during financial year 2012-13, the Executive Engineer, Provincial Building Maintenance Cell, Peshawar paid Rs.4.011 million to M/S Kamil Shah, contractor, for purchase of crockery, cutlery and household consumables for Chief Minister House from the budget of M&R/special repair in violation of rules instead of meeting the expenditure from the relevant head of budget provided for the Chief Minister House. It was held that the misclassified expenditure occurred due to financial mismanagement. The matter was reported to Department in September, 2013. No reply was furnished. A follow-up letter was sent to the Principal Accounting Officer dated 24-12-2013 to convene DAC meeting that was not convened till the finalization of the report.

DEPARTMENTAL VERSION

39. The Department explained that the PC-I was prepared on the demand of Chief Minister Secretariat authority and the PC-I duly vetted vide No.COMPT/CMS/KPK/F-House/2012/17176-78. The PC-I properly approved by the DSC and

Administrative Approval (A.A) was issued to PBMC. The Finance Department properly released funds and after open tender system, the work was awarded to M/S Kamil Shah Government contractor and payment has been made on running bills and not on first & final Bill. Inventory properly maintained and all the items handed over to the Chief Minister House authority.

PAC RECOMMENDATIONS

40. In view of the verification certificate of Audit pertaining to approve PC-I, T.S, A.A, Tenders documents, work orders and stock register, the Para was recommended to be settled.

DP No.4.4.11 NON-PRODUCTION OF RECORD OF ILLEGAL PPOINTMENTS IN PBMC PESHAWAR.

AUDIT VERSION

41. The Audit reported that during financial year 2012-13, the Superintending Engineer, C&W Department, Provincial Building Maintenance Cell, Peshawar appointed 23 officials in the month of January, 2013. Record showed that the Head Clerk in a letter to the Executive Engineer of Provincial Building Maintenance Cell, Peshawar owned to having received Departmental Selection Committee minutes and appointment letters of the 23 officials from the then Superintending Engineer and submitting these to the then Executive Engineer but none of the appointees had reported for duty nor had the formalities following offers of appointment and requisite to appointment to posts been fulfilled. Subsequent correspondence between the Superintending Engineer and the Executive Engineer stated that the appointment letters and other related record were not available in their respective offices. The alleged appointees went before the Peshawar High Court for their pay and allowances. In their plaint before the Honourable Peshawar High Court it was stated that the said employees were appointed on different posts and were household staff. It is pertinent to state that household staff was not appointed by C&W Department and no such posts exist in the Government Budget. Consequently, it can be deduced that private employees were given office appointments so that they would draw pay and allowances from Government Budget while working in private households. To prevent this from happening, departmental employees had lodged a written complaint to the Secretary, C&W Department.

42. It was held that departmental controls had completely failed to prevent illegal appointments and after complaint by departmental employees, Department had also concealed record to facilitate disowning of the illegal appointments. The matter was reported to management in September, 2013 who did not reply. In the DAC meeting held in September, 2013 the Department stated that the Peshawar High Court had dismissed the case. DAC decided that decisions of the Provincial Services Tribunal and Supreme Court would be awaited and copies of departmental inquiries would be provided to Audit. Requisite record was not produced for audit till the finalization of the report.

DEPARTMENTAL VERSION

43. The Department explained that the Counsel for the appellant and Additional Audit General (AG) for respondents present. On 02-03-2018, the appeal was partly heard and the Department was directed to produce the application of Class-IV employees but the Department has not produced the application. This appeal be fixed before the same bench who heard the case on 02-03-2018. To come up for such record and further arguments before the said bench on 03-05-2018.

PAC RECOMMENDATIONS

44. As the issue involved in the Para was pending in the Court of Law for adjudication therefore, the fate of Draft Para was kept pending subject to the Court decision.

DP No. 4.4.12 OVERPAYMENT TO CONTRACTOR- Rs 3.029 MILLION.

AUDIT VERSION

45. The Audit reported that during financial year 2011-12, the XEN Highway Division Peshawar overpaid Rs. 3.029 million to M/S Manzar Hussain, contractor, in the work "Improvement/Widening of Pajjagi Chaghar Matti Road from Bacha Khan Markaz (Km 8 & 9) by paying for 585 M3 earth in loose-form than solid thus causing a loss of Rs. 236114/- and not deducting 6911 M3 earth of Rs 2.793 million which was already available from excavation. It was held that the overpayment occurred due to negligence on the part of management. The matter was reported to the Department in October, 2012 which did not reply. In the DAC meeting held in February, 2014 the Department replied that out of the total, excess payment of Rs.13, 867/- had been recovered. DAC directed

that record should be produced within fifteen (15) days for verification. Verification of record made on 21/08/2014, re-confirmed that amount overpayment had since not been recovered from the contractor.

DEPARTMENTAL VERSION

46. The Department explained that total quantity of earth work executed is detailed below:-

Part-I

<u>M.B. No</u>	<u>Page No.</u>	<u>Quantity</u>	<u>Qty: after conversion M3</u>
112	118	31132.46	$31132.46 \times 0.89 = 27707.89$
17	12	1496.57	$1496.57 \times 0.89 = 1331.94$
17	48	311.40	$311.40 \times 0.89 = 277.15$
Total: -		32940.40 M3	Total:- = 29316.98

Quantity paid was 29351.29. The excess Qty: paid was $29351.29 - 29316.98 = 34.31$
M3 excess payment = $34.31 \times 404.16 = 13867$

The amount was recovered vide T.E.O No.1 for the month of 3/2013.

Part-II

As per Audit observation 6911 M3 available earth from excavation was not deducted. In this connection it informed that excavated quality was un-suitable material and suitable material was brought from outside and used in the embankments. 50% available material was used. The detail are as under:-

Total excavation quality = 7781.62 M3 + 2586.38
= 10368 M3
50% available for filling = 5184.13 instead of 6911 M3

i) FORMATION OF EMBANKMENT

FROM BORROW EARTH : = $29351.29 - 5184 = 24167$ M3

Paid @ Rs.404/16 = 9767451.92 (A)

ii) FORMATION OF EMBANKMENT FROM ROAD WAY EXCAVATION=5185 M3
MRS – 2009 (3-61-d) @ 226.70 = $1584 \times 226.70 = 1175212.80$ (B)

(A) + (B) = (C)

Net overpayment = $9767451.92 + 1175212.80 = 10942664$

(D-C) D = $11862617 - 10942664.72$

E = 919952

Hence Rs. 9,19,952/- was over payment & recoverable. The same was recovered through Transfer Entry No-1 for the month of 11/2017

47. During the meeting the Department explained that it also recovered a sum of Rs. 3,06,098/- from the contractor which has not yet been verified from Audit.

PAC OBSERVATION

48. The Committee observed that the issue of mis-calculation of quantities was involved in the Para. Moreover, the Department has already made recovery of Rs. 12,260,50/- according to its calculation which was observed correct. Out of total recovery an amount of Rs. 9,33,819/- had already been verified by Audit whereas the remaining recovery amounting to Rs. 3,06,098/- was pending for verification by Audit.

PAC RECOMMENDATIONS

49. In view of the above, the Para was recommended to be settled subject to re-calculation of quantities and verification of recovery amounting to Rs.3,06,098/- by Audit within a month.

DP No.4.4.13 LOSS TO GOVERNMENT DUE TO GRANT OF ESCALATION- Rs. 24.406 MILLION.

AUDIT VERSION

50. The Audit reported that during financial year 2011-12, the Executive Engineer, Highway Division, Peshawar paid Rs.24.406 million in escalation charges to contractors pertaining to the period of extension granted to complete 6 works without justification and approval of the competent authority. Moreover, record underlying the escalation granted under clause 5-A of the Contract Agreement on specified construction inputs as per Pakistan Engineering Council formula was not provided for audit. It was held that in the absence of justification, Government sustained a loss of Rs.24.406 million. It was held that the loss occurred due to collusion. The matter was reported to the Department in October, 2012. No reply was furnished. In the DAC meeting in February, 2014 the Department stated that the scope of work was enhanced for which extension was necessary. It was observed by the DAC that the Department failed to justify the enhancement of work. DAC directed the Department to produce relevant record for

verification within 30 days. Record verified on 21-08-2014 revealed that extension was granted for three works only and re-confirmed the veracity of the observation.

DEPARTMENTAL VERSION

51. The Department explained that the works mentioned in the Para were enhanced from its original scope and hence the time for their completion was extended proportionally. Detail reply is as under:-

- i. Originally the letter of acceptance for Rs.76.603 (M) was issued to the contractor Prime Construction for completion period of 24 months. Later on the scope of work has been changed and enhancement from Rs.76.603 (M) to Rs.161.218 (M) accorded by the Chief Engineer vide CEC/SGE/6-4/3011 dated 21-06-2012 and time for completion has also been enhanced proportionately. The scheme was completed on 21-06-2012 Rs.98.75 (M) and escalation was paid to contractor as per PEC formula.
- ii. Originally the letter of acceptance for Rs.39.557 (M) was issued to the contractor SAK for completion period of 18 months. Later on the scope of work had been changed and enhancement from Rs.39.557 (M) to Rs.58.742 (M) accorded by the Chief Engineer vide CEC/SGE/6-4/1391 dated 29-11-2012 and time for completion has also been enhanced proportionately. The scheme was completed on 23-04-2012 Rs.59.163 (M) and escalation was paid to contractor as per PEC formula.
- iii. Originally the letter of acceptance for Rs.36.795 (M) was issued to the contractor SAK for completion period of 18 months. Later on the scope of work had been changed and enhancement from Rs.36.795 (M) to Rs.59.030 (M) accorded by the Chief Engineer vide CEC/SGE/6-4/1405 dated 30-12-2011 and time for completion has also been enhanced proportionately. The scheme was completed on 27-04-2012 Rs.59.300 (M) and escalation was paid to the contractor as per PEC formula.
- iv. Originally the letter of acceptance for Rs.75.684 (M) was issued to the contractor KARCON Pvt Ltd for completion period of 24 months. Later on the scope of work had been changed and enhancement from Rs.75.684 (M) to Rs.115.528 (M) accorded by the Chief Engineer vide CEC/SGE/6-4/2795 dated 29-05-2012 and time for completion has also been enhanced proportionately. The scheme was completed on 29-02-2012 Rs.49.9162 (M) and escalation was paid to contractor as per PEC formula.
- v. Originally the letter of acceptance for Rs.17.707 (M) was issued to the contractor Anwar Ali. The scheme completed in stipulated period of time which has already approved by the competent authority. The scheme was completed on Rs.15.987 (M) dated 21-06-2012 and escalation was paid to contractor as per PEC formula and also covered in the Technical Sanction Estimates.
- vi. Originally the letter of acceptance for Rs.70.197 (M) was issued to the contractor Manzar Hussain for completion period of 24 months. Later on the scope of work has been changed and enhancement from Rs.70.197 (M)

to Rs.87.583 (M) accorded by the Chief Engineer vide CEC/SGE/6-4/2825 dated 01-06-2012 and time for completion has also been enhanced proportionately. The scheme was completed on 16-12-2011 & Rs.45.807 (M) and escalation was paid to contractor as per PEC formula.

PAC RECOMMENDATIONS

52. The Department produced a certificate of Audit pertaining to verification of documents with respect to escalation payments therefore, the Para was recommended to be settled.

DP No. 4.4.14 NON-RECOVERY OF MISAPPROPRIATION STORE-Rs. 4.355 MILLION.

AUDIT VERSION

53. The Audit reported that during financial year 2012-13, the Chief Engineer, Central, Peshawar did not pursue departmental proceedings against Mr. Jan Muhammad, Store Keeper, charged with misappropriation of store items worth Rs.4.355 million. Record showed that the case filed in the Anti-Corruption Court in the year 2000 was decided by the Judge in 2011 with the observation that “prosecution has failed to provide evidences and material against the accused for judicial proceedings however, the same material and evidence can be taken into consideration against the accused in departmental proceedings” meaning thereby that the Department did not present its evidence before the Court. It was held that the departmental negligence and collusion had resulted in freeing the accused of charges and non recovery of the loss sustained by Government due to weak internal oversight and controls in the first place. The matter was reported to Department in October, 2013. The Department did not reply. In the DAC meeting held in February, 2014 the Department stated that the Court had acquitted the accused from the charge leveled against him and the accused had retired on 07-02-2011. DAC observed that the departmental statement was not accurate as the Court had not cleared the accused from the charges of misappropriation and had directed the Department to hold a fresh inquiry and that the Department had failed to pursue the case. DAC directed that views of Law Department should be obtained within 30 days. No further progress was intimated till finalization of the report.

DEPARTMENTAL VERSION

54. The Department explained that the then Executive Engineer, C&W Mechanical Division, Bannu reported to the Chief Engineer (Dev) C&W somewhere in 09/1991 about shortage of store held on the charge of Ex-Store Keeper Mr. Jan Muhammad. The Chief Engineer (Dev) C&W placed the said person under suspension in 11/1991 and order numerous inquiries against the Ex-Official but not finalized and remained lingering in between Inquiry Officer and Chief Engineer (Dev) C&W Department. Meanwhile the Anti-Corruption Establishment lodged an FIR No.7 on 22-07-1992 against the Ex-Store Keeper and submitted challan in Court. The record as provided depicts that the trial Court sentenced three (03) years R.I, with fine of Rs.10,000/- or in default to undergo 03 months S.I under section 109/409-PPC with further 03 years R.I under section-5 (2) on 21-07-2007. Mr. Jan Muhammad Ex-Store Keeper filed CR-98 of 2005 before the august High Court, which was remanded to trial Court for decision afresh on 13-10-2008. Thereafter, the trial Court of Additional Special Judge Anti-Corruption Southern Region HQ at Bannu acquitted the said store keeper and passed following orders on 19-02-2011:-

“Before parting with this judgment, I would like to mention here that any observations made in this judgment would not affect the mind of inquiry officer conducting any inquiry against the accused departmentally and the inquiry officer would decide the inquiry against the accused in departmentally and on the basis of record and material collected against the accused departmentally”.

55. It further explained that the said store keeper was retired on 07-02-2011 after attaining the age of superannuation. On the restructuring of C&W Department in 06/2001, the Chief Engineer (Dev) C&W Department was relieved of his control of settled Districts. The said Ex-store keeper when got acquitted from the charges in the Trial Court approached C&W Department for pay and pension. Accordingly supernumerary post of store keeper was sanctioned by the Finance Department vide No.BO.1/FD/1-1/2012-13 dated 07-02-2011 for 01-09-1999 to 06-05-2013 being the retired official. In compliance to the orders issued by Special Judge Anti-corruption Southern and follow-up DAC meeting held on 2/2014, Engineer Muhammad Tariq,

Superintending Engineer was appointed as fresh Inquiry Officer, who conducted the said inquiry which has already been forwarded to the Director General Audit (Provincial) Peshawar alongwith NOC issued by Executive Engineer C&W Division Bannu vide Secretary C&W Department letter No.SO(PAC)/IRAP-43/2012-13/Chief Executive (C)/C&WD dated 16/05/2014. The conclusion/recommendation of the inquiry officer are reproduced below: -

Conclusion

56. The accused Mr. Jan Muhammad Store Keeper has been retired on 07/02/2011 (After reaching superannuation of 60-years age). All the inquiry officers failed to conclude the inquiry because of non-availability of record (being with Anti-Corruption Establishment) before retirement of the official. Now after lapse of 03-years of retirement of Mr. Jan Muhammad, the Department has only way to start judicial proceedings against the official based on charges already established against him. But these efforts may fail and it will be only wastage of time and efforts as the Anti-Corruption Court has already acquitted the accused from the same charges leveled against him. The incharge officer was therefore of the opinion that the payment of salary made to the Store Keeper Mr. Jan Muhammad for the suspension period with effect from 01/09/1999 to 09/07/2011 was according to rules (FR-54(A), however proper NOC from the concerned Executive Engineer was required to clear the Audit's observations and to finalize the pension claim of the Store Keeper.

Recommendations

57. NOC should be obtained from the concerned Executive Engineer before finalizing the Pension Claim of the Store Keeper Mr. Jan Muhammad. Keeping in view the Audit observations and action taken by the Department, the matter has been referred to Law Department for advice on the basis of following:-

- i. The Anti-corruption Court had proceeded against the Ex-Store Keeper Mr. Jan Muhammad and also award him punishment under the Rules.
- ii. Knocking the door of High Court against the decision of Anti-corruption Court, the case was remanded to Trial Court for review.
- iii. The Anti-corruption Trial Court Bannu acquitted the accused.

- iv. DAC ordered fresh departmental inquiry and as per report of departmental inquiry nothing had been proved.

PAC RECOMMENDATIONS

58. In view of the above exhaustive explanation of the Department, the Committee convinced and recommended the Para to be settled.

DP No.4.4.15 NON-PRODUCTION OF RECORD PERTAINING TO RECEIPTS OF ROAD MATERIAL TESTING LABORATORY AND RENT OF PETROL PUMPS.

AUDIT VERSION

59. The Audit reported that during financial year 2011-12, the Executive Engineer, Highway Division, Mardan received Rs.47,200/- from Assistant Research Officer, RR&MT Laboratory, C&W Circle, Mardan and Rs.37,000/- from Askari Filling Station as installation fee and advance rent for 2011. Record pertaining to the receipts was not provided for audit. It was held that non-production of auditable record was violation of law. The matter was reported to management in January, 2013 which did not reply. In the DAC meeting held in February, 2014 the Department stated that the SDO concerned had been directed to maintain proper account of all receipts that will be presented for audit. DAC directed that record be produced for verification. The record presented for verification in July, 2014 was not relevant and the Secretary, C&W was requested to conduct inquiry against the defaulting staff under intimation to Audit Department within 30 days. No record was produced till finalization of the report.

DEPARTMENTAL VERSION

60. The Department explained that the relevant record of receipts i.e. challan, form-46, form 26/51 and certification of receipt duly signed by District Accounts Officer (DAO) Mardan has been produced to Audit for verification.

PAC RECOMMENDATIONS

61 The Department produced original challans alongwith DAO reconciliation duly verified by Audit during the meeting hence, the Para was recommended to be settled.

DP No.4.4.16 NON RECOVERY FROM CONTRACTOR-Rs.18.726 MILLION.**AUDIT VERSION**

62. The Audit reported that during financial year 2011-12, the Executive Engineer, Highways Division, Swat paid Rs.55.445 million up to 16th running bill under the contract for package-II awarded to M/S Muzaffar Mulk Khan & Co at an estimated cost of Rs.58.166 million with a completion period of nine months. It was part of the scheme “Improvement, Widening and Black Topping of Matta Fazil Banda, Bagh Dheri, Rahat Kot Road, Ghari to Lalkoo Road, Byuryum Shawar Gat Road, Gat Peochar Road in District Swat 59 Kilometers” administratively approved for Rs.415.632 million. The contractor failed to complete the work in time and the Executive Engineer reported that the work done was defective. Consequent upon the directives of the Chief Minister, an inquiry Committee was constituted to probe the matter. The Committee reported that the work was found defective and recommended that a sum of Rs.18.726 million be recovered from the contractor concerned and inquiry be conducted against 6 officers of the Department which was not done. It was held that the departmental collusion had prevented recovery and inquiry against staff. The matter was reported to management in November, 2011. The Department replied that the contractor concerned had been directed to execute the work for which advance payment had been made to him and to deposit the 50% loss on account of damaged portion. In DAC meeting held in February, 2014 DAC found that Rs.4.421 million out of Rs.18.726 million had been recovered and Rs.14.305 million was outstanding against the contractor and directed that recovery should be verified by Audit Department and the balance amount recovered failing which the observation be placed before PAC. No further progress was reported till finalization of the report.

DEPARTMENTAL VERSION

63. The Department explained that Rs.44,21,368/- has been recovered from the Contractor vide TEO No.1 for the month of April, 2013. It may be mentioned here that the case has already been decided by the NAB authorities and the remaining

recoveries have been made by them from the contractor and others vide their letter No.3/595/HQ /NAB(KP) 150 13-04-2018. Detail of the recovery is tabulated as under:-

S.#	Name of accused	Amount recovered	Govt: share	Net amount	Disbursement
a	Abdul Razaq XEN S/O Feroz Khan	51612/-	12903/-	38709	A CDR No229079 dated 27-05-2016 amounting Rs.65623183/- out of which Rs.5320572/- pertaining to the subject case has been handed over to Provincial Govt: through Mr. Akmal Khan Khattak Deputy Secretary, Finance Department KP in cheque distribution ceremony held on 20-07-2016 at the Beareu.
b	Akhtar Hussain Sub-Engineer S/o Amir Amanullah Khan	663687/-	165922/-	497765	
c	Asif Iqbal XEN S/o Karim dad	1234374/-	308595/-	925783/-	
d	Hamidullah Khan XEN s/o Mir Alam Khan	1892714/-	473179/-	1419533/-	
e	Nasrullah Sub- Engineer s/o Sultan Hjan	77418/-	19355/-	58063/-	
f	Rehmanullah SDO s/o Noor Khan	2410172/-	602543/-	1807629/-	
g	Hamid Amjad Khan XEN s/o Muhammad Ajmal Khan	100431/-	25108/-	75323/-	
h	Zahoor Ahmad SDO s/o Dawa Khan	663687/-	165922/-	497765/-	
i	Ajmal Khan contractor	6219982/-	1555000/-	4665000/-		A CDR No.229003 dated 07-10-2015 amounting to Rs.201811135/-out of which Rs.4665000/- pertaining to the subject case has been handed over to Provincial Govt: through Mr. Razaullah Additional Secretary Finance Department KP in cheque distribution ceremony held at the

					Beaureu.
	Total	13314077	3328527	9985572	

64. During the meeting the Department told that the defective work done had been got rectified upon the cost and risk of the same Contractor.

PAC RECOMMENDATIONS

65. The remaining recovery had already been made good by the NAB through Voluntary Return (VR) therefore, the Para was recommended to be settled.

DP No. 4.4.17 NON-RECOVERY FROM CONTRACTORS- Rs.1.483 MILLION.

AUDIT VERSION

66. The Audit reported that during financial year 2012-13, the Executive Engineer, Highway Division, Swat failed to recover excess payment of Rs.1.483 million comprising Rs.0.081, Rs.0.333 and Rs.0.193 million recoverable on account of voids deduction from various contractors. Similarly a sum of Rs.0.876 million was also not recovered from Syed Sardar Ali Contractor. It was held that the departmental collusion had prevented recovery. The matter was reported to the Department in January 2014. It was stated that detail reply will be given after consulting the record. DAC meeting was held in September, 2014, wherein the Department replied that recovery was in progress. DAC directed the Department to produce record of recovery for verification within 15 days. No progress was intimated till finalization of the report.

DEPARTMENTAL VERSION

67. The Department explained that the recovery has already been made vide T.E.O No.1 for the month of March 2018 and dully verified by the Audit. It is pertaining to mention here that the recoveries were being discussed/settled with the concerned contractors, therefore, took time.

PAC RECOMMENDATIONS

68. In principle the Para was recommended to be settled but the fate of it was kept pending for conducting inquiry to fix responsibility and to initiate departmental action against those who did not deducted voids and who failed to implement the decision of DAC, in time. Progress be reported to PAC within one month.

DP No. 4.4.18 UNAUTHORIZED PAYMENT OF Rs.3.364 MILLION.**AUDIT VERSION**

69. The Audit reported that during financial year 2012-13, the Executive Engineer, Highway Division, Swat paid Rs.3.364 million to a contractor for an item of work “provision, dismantling, removal or storage of structure for a lump sum quantity (LSI) for the work construction of abutments/approaches and launching of steel bridge Takhtaband bypass at Swat” although there was no provision for the said item in BOQ and T.S. It was held that the unauthorized payment was due to lack of supervisory control or collusion. The matter was reported to the Department in January 2014 which replied that detailed reply would be given later on. In the DAC meeting held in September, 2014 the Department stated that the items had been regularized in the revised PC-1 and T.S. DAC directed the Department to produce record for verification within 15 days. No progress was intimated till finalization of the report.

DEPARTMENTAL VERSION

70. The Department explained that revised Administrative Approval has been accorded vide Secretary to Government of Khyber Pakhtunkhwa, Communication & Works Department, Peshawar No.SOR/V-39/W&S/06/Vol-II, dated 16-08-2013. Similarly Technical Sanction has also been accorded by the competent authority vide C.E (N) C&W Department, Peshawar No.695/5-CD, dated 31-12-2013. It merits to mention here that necessary adjustment/ recoveries on account of dismantling material has already been made before completion of the work vide voucher No.10-SH, dated 10-02-2014 & T.E.O. No.1, for the month of 03/2018 at S.No.1. The matter has been regularized and verified by the Audit as already directed.

PAC RECOMMENDATIONS

71. Original record pertaining to recovery amounting to Rs.12,54,246/- from the Contractor in connection with dismantling material has been produced and verified by the Audit during the meeting hence, the Para was recommended to be settled.

DP No. 4.4.19 EXCESS PAYMENT DUE TO DOUBLE MEASUREMENT Rs.4.724 MILLION.

AUDIT VERSION

72. The Audit reported that during financial year 2012-13, the Executive Engineer, Provincial Building (Construction) Division-II, Peshawar paid Rs.4.724 million to M/S Sirajul Haq in excess of the quantities provided in the BOQ in the item fabrication of mild steel with comparison of RCC quantities in the scheme “Construction of Rehydration and Maternity Centre at Kohati Gate, Peshawar”. The steel bars in each column and beam were recorded twice in the relevant MB which resulted in excess payment of Rs.4.724 million. It was held that the excess claim of steel was due to weak internal controls. The matter was reported to the Department in January 2014 which did not reply. In the DAC meeting held in September, 2014 the Department stated that the quantity of steel was paid for as per actual design that had been approved in the PC-I. DAC found the reply irrelevant given that design was as per T.S and directed the Department to produce record for verification within 15 days. Department had not produced requisite record till finalization of the report.

DEPARTMENTAL VERSION

73. The Department explained that the quantity of steel to the contractor was paid as per actual design made by structural engineers based on engineering formulas and with the help of various software. The quantity of steel has already been got approved in the PC-I/BOQ & T.S.

PAC RECOMMENDATIONS

74. The Department produced the verification certificate of Audit therefore, the Para was recommended to be settled.

DP No. 4.4.20 UNAUTHORIZED PAYMENT OF ESCALATION-Rs.166.224 MILLION.

AUDIT VERSION

75. The Audit reported that during financial year 2012-13, the Executive Engineer, Provincial Building (Construction) Division-II, Peshawar paid Rs.166.224

million as escalation charges to M/S Ghulam Habib, contractor for the scheme “Establishment of Peshawar Institute of Cardiology, Phase-II at Hayatabad, Peshawar” although escalation was not allowed for work carried out during period of extension as the scheme was not completed in time. It was held that the unauthorized payment of escalation in the extension period resulted from collusion with the contractor. The matter was reported to the Department in January 2014. The Department replied that escalation was paid according to Pakistan Engineering Council formula. In the DAC meeting held in September, 2014 the Department stated that escalation existed in the PC-1 and extension was granted due to increase in scope of work. DAC held that given 10% expenditure over PC-I and 5% over T.S was allowed, escalation was not budgeted as such and directed the Department to produce record for verification within 15 days. Requisite record was not produced for verification till the finalization of the report.

DEPARTMENTAL VERSION

76. The Department explained that as the contract was awarded on CSR-1999 and the scheme was revised twice from Rs.1454.72 (M) to Rs.2638.340 (M) due to increase in the scope of work and the release of funds was also not in accordance with financial phasing of approved PC-I. The Provision of escalation also exists in the PC-I and got authorized in the Detail Cost Estimate. Furthermore it was paid in accordance to the contract agreement clause-17 of bidding documents Volume-I of the contract.

PAC RECOMMENDATIONS

77. The Committee upheld the decision of DAC and recommended the Para to be settled.

DP No. 4.4.21 EXCESS PAYMENT DUE TO DOUBLE MEASUREMENT- Rs.37.904 MILLION.

AUDIT VERSION

78. The Audit reported that during financial year 2012-13, the Executive Engineer, Provincial Building (Construction) Division-II, Peshawar made excess payment of Rs.37.903 million to M/S Sabz Ali Khan Contractor for excess quantity of mild steel reinforcement in comparison to RCC in the scheme “Construction of two hostels and allied facilities for students of KGMC, Peshawar”. The length of the steel

bars in each column and beam was shown double in the relevant MB which resulted in the excess payment. It was held that the excess payment occurred due to negligence on the part of management. The matter was reported to the Department in January 2014. No reply was furnished. DAC meeting was held in September, 2014. The Department replied that steel was used as per actual design. DAC directed the Department to produce record for verification within 15 days. No progress was intimated till finalization of the report.

DEPARTMENTAL VERSION

79. The Department explained that the quantity of steel to the contractor was paid as per actual design made by structural engineers based on engineering formulas and with the help of various software. The quantity of steel has already been got approved in the Detailed Cost Estimate.

PAC RECOMMENDATIONS

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

**DP No. 4.4.22 EXCESS PAYMENT DUE TO DOUBLE MEASUREMENT-
Rs.10.651 MILLION.**

AUDIT VERSION

81. The Audit reported that during financial year 2012-13, the Executive Engineer, Provincial Building (Construction) Division-II, Peshawar made excess payment of Rs.10.651 million to M/S Ahmadullah Khan & Co on account of excess quantity of mild steel reinforcement in comparison with RCC in the scheme "Construction of Central Library with allied office in Civil Secretariat". In each column and beam, the length of the steel bar was shown double in the relevant MB which resulted in excess payment of Rs.10.651 million. It was held that excess payment occurred due to negligence or collusion. The matter was reported to the Department in January 2014. No reply was furnished. In the DAC meeting held in September, 2014 the Department stated that the steel was used as per actual design. DAC directed the Department to produce record for verification within 15 days. Requisite record was not produced till the finalization of the report.

DEPARTMENTAL VERSION

82. The Department explained that the quantity of steel to the contractor was paid as per actual design made by structural engineers based on engineering formulas and with the help of various softwares. The quantity of steel 165.63 M.Ton has already been got approved in the PC-I/BOQ & Technical Sanction.

PAC RECOMMENDATIONS

83. The Department reply/formula as explained during the meeting, was found correct hence, the Para was recommended to be settled.

DP No. 4.4.23 LOSS TO GOVERNMENT DUE TO NON-UTILIZATION OF AVAILABLE EARTH- Rs.1.400 MILLION.**AUDIT VERSION**

84. The Audit reported that during financial year 2012-13, the Executive Engineer, Provincial Building (Construction) Division-II, Peshawar did not utilize available earth in the scheme “Construction of Doctor Hostel at KTH Peshawar” and instead paid Rs.1.400 million for it. It was held that the loss occurred due to collusion. The matter was reported to the Department in January, 2014 but no reply was furnished. In the DAC meeting held in September, 2014 the Department stated that the available earth was not suitable for reuse. DAC directed the Department to produce record for verification within 15 days. Requisite record was not produced till the finalization of the report.

DEPARTMENTAL VERSION

85. The Department explained that the proposed building of Doctors Hostel was to be constructed in the premises of Nursing Hostel where an old irrigation channel was passing along the proposed site which was totally choked. The waste water of the residential colony of Agriculture Department was disposed-off via the same channel. The slush from the site was cleared through pumping machine due to high water content, the available material was thus found unsuitable to be re-used and hence required to be disposed-off and borrow earth from outside for under floor filling.

PAC RECOMMENDATIONS

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

DP No.4.4.24 LOSS TO GOVERNMENT OF Rs. 1.733 MILLION.**AUDIT VERSION**

87. The Audit reported that during financial year 2013-14, the Executive Engineer, C&W Division, Abbottabad conducted an auction of different types of machinery duly approved by the Chief Engineer, C&W Department. The assessed/approved value for the machinery Unimog U-1700-L and Rolba Machine was fixed at Rs.0.300 and Rs.0.200 million respectively. The call deposit for the auction of machinery Unimog U-1700-L was Rs.6,000/ and for Rolba was Rs.4,000/-. The highest bid of M/s Saleh Ejaz Construction Company at Rs.1.5 million and Rs.0.233 million respectively for the aforementioned machinery was approved and they deposited Rs.4,34,000/- through cheque Nos.2702949 and 3702945 as ¼ amount of auction money was received by the SDO Building-II letter No.4274/Machinery dated 26-09-2013. The bid documents were later tampered with and the recommendation for approval of the highest bids was changed to 'approval for rejection' alongwith the proposal to forfeit his call deposit. No reason for rejecting the bid or forfeiture of call deposit was recorded. In the bid documents the recommendation for approval and the amount representing the 1/4th of bid amount was erased with ink whitener. In order to extend undue favor to the contractor, his call deposit was forfeited at the cost of Rs.1.733 million's loss to the exchequer. It was held that loss occurred due to collusion of the Department with the contractor for the latter's undue benefit. The loss was pointed out in July 2014 wherein the management stated that detail reply will be furnished later on. The Department was requested in September, 2014 with a subsequent reminder in December, 2014 to convene DAC meeting which was not arranged till finalization of the report.

DEPARTMENTAL VERSION

88. The Department explained that the certificate regarding the availability and custody of the machinery mentioned in the Para had been provided to Audit.

89. During the meeting the Department explained that the highest bidder M/S Saleh Ejaz Construction & Co, offered bid for UNIMOG No.1700 and Rolba Machine amounting to Rs. 15,00,000/- and Rs. 2,33,000/-, respectively. The total bids of both the machine came to Rs.17,33,000/- According to conditions of auction 1/4th of the total bid for 02 No. Machinery was required to be paid at spot accordingly the successful bidder handed over 1/4th of both the auctioned machine amounting to Rs. 4,34,000/- in shape of cheque bearing No.44419 dated 05/09/2013, but he stopped the bank for encashment of cheque for want of registration documents of the machinery which was not available with the Department as the road making machinery do not have such registration documents. The successful bidder, moved to Civil Court for rejection of bid without provision of registration documents. The cases were decided in favor of bidder against the Government. In the instance case as pointed out by the Audit the bid security had been withheld and the machinery in question was also in the custody/ownership of the Department.

PAC RECOMMENDATIONS

90. In view of the above, the Para was recommended to be settled with the direction to the Department to auction all the unserviceable machinery and equipments of the Department including the machinery involved in the Para.

DP No.4.4.25 OVERPAYMENT TO CONTRACTOR- Rs 2.264 MILLION.

AUDIT VERSION

91. The Audit reported that during financial year 2013-14 the Executive Engineer, C&W Division, Abbottabad, paid Rs. 65.503 million up to 10th running Bill to M/S Haji Zardad Khan, contractor for construction of pre-stressed RCC Bridge Havelian i/c Approach road 1.20 KM, District Abbottabad. During execution of Sub Structure payment was also made to the contractor for 175.743 M3 dismantling of RCC 1:2:4 but cost of 20.70 ton steel dismantled from 175.743 M3 RCC 1:2:4 was not recovered. This resulted into overpayment of Rs. 2.264 million to the contractor ($175.743 \times 35.32 \times 7.35/2204 = 20.70$ Ton (20.70 x 109371.99)). It was held that the loss occurred due to collusion. The loss was pointed out in July, 2014. The Department stated that detailed reply would be furnished later on. The Department was requested on 30th September,

2014 with subsequent reminder in December, 2014 to convene DAC meeting which was not arranged till the finalization of the report.

DEPARTMENTAL VERSION

92. The Department explained that the quantity available as per serial No. 4 to 8 of the demolishing estimate was 16.97984 and not 20.70 ton as mentioned in the Para. The recovery from contractor of the available quantity of steel was made according to the rates approved by the competent forum i.e. Secretary C&W vide No.SOR/3-25/DA/W&S/2008/Vol-I dated 06-06-2014. It further explained that calculation made by Audit regarding the value of steel at the prevailing market rate at the time of Audit during 2014-15 was not justified for a decades old steel of different dia available in broken pieces. It was further submitted that after demolition of the bridge, the cost of steel mentioned at S.No. 4 to 8 of the demolition estimates has been recovered as per following details:-

i.	TEO No.1 for the month of 6/15	=	158096/-
ii.	Voucher No.7-B dated 16-03-15	=	<u>521098/-</u>
	Total	=	679194

93. As the recovery mentioned in original Audit observation has already been made and the process of re-auction of the balance quantity of heavy steel has also been initiated in light of Pre-PAC decision. The record relating to the recovery of the above amount has also been provided to Audit for verification.

PAC OBSERVATION

94. The Committee observed that the Audit calculation was incorrect which was also accepted by the Audit during the meeting. The Committee further observed that the rate of scraped steel had also been deducted/recovered from the contractor's bill.

PAC RECOMMENDATIONS

95. In view of the above, the Para was recommended to be settled with the direction to the Department to auction the guarders/heavy steel laying on site.

DP No.4.4.26 WASTEFUL EXPENDITURE OF Rs.7.369 MILLION.**AUDIT VERSION**

96. The Audit reported that during financial year 2011-12, the Executive Engineer, PBMC Peshawar paid Rs. 7.369 million on the AM&R/special repair of Hamala House at Nathiagali. Being a seasonal tourist spot spending of huge Government money every year is tantamount to financial mismanagement as Rs. 8.223 million was spent on its repair during financial year 2010-11. The Department was asked to analyze the revenue generated and expenditure for the last 4 to 5 years of the house and where about of the replaced items be shown to Audit but neither comparison was made nor where about of replaced materials was shown to Audit. The works need to be physically verified and cost benefit analysis of the house be made. It was held that veracity of the expenditure could not be ascertained without physical verification. The matter was reported to management in July, 2012. The Department stated that detailed reply would be furnished after consulting record. In the DAC meeting held in August, 2013 the Department stated that all codal formalities had been fulfilled and the old material was auctioned by the controlling Department. DAC directed the Department to conduct inquiry. No progress was intimated till finalization of the report.

DEPARTMENTAL VERSION

97. The Department explained that the joint physical verification report as per decision of the DAC has not yet been finalized and will be submitted in due course. However, rates for all the items of work have dully been analyzed and approved by the competent authorities in the approved PC-I cost estimate as well as in the Technical Sanction estimate, procured through enlisted contractor of C&W Department. All the purchased items were handed over to the Comptroller/Caretaker of the designated House of the Speaker Provincial Assembly and the auction for unserviceable materials was done by the Administrative Department.

98. During the meeting, the Department explained that such Government installations are not meant for revenue generation.

PAC OBSERVATION

99. The Committee observed that the repair works have been carried out in the financial year 2011-12 and after passage of eight (08) years and handed over of the said House to Administration Department, the physical verification of works done about decade ago would not be possible at this stage as further large scale renovation/repair works have also been carried out now to rent out it for commercial use.

PAC RECOMMENDATIONS

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

AUQAF, HAJJ & MINORITY
AFFAIRS DEPARTMENT

Total Draft Paras _____	03
Examined _____	03

Settled: 3.4.1, 3.4.3..... (02)
Depl: Action: 3.4.2..... (01)

AUQAF, HAJJ& MINORITY AFFAIRS DEPARTMENT

Three (03) Draft Paras, reflected in the Auditor General's Report for the year 2014-15 against the Department, were examined by the Public Accounts Committee in its meeting held on 29th October, 2019. The following were present:-

PUBLIC ACCOUNTS COMMITTEE

1.	Mr. Mushtaq Ahmad Ghani, Speaker	Chairman
2.	Mr. Muhammad Idrees, MPA	Member
3.	Mr. Inayatullah Khan, MPA	Member
4.	Arbab Muhammad Waseem Hayat, MPA	Member
5.	Mr. Jamshaid Khan, MPA	Member
6.	Mr. Khush Dil Khan, MPA	Member
7.	Syed Fakhar Jehan, MPA	Member
8.	Dr. Sumaira Shams, MPA	Member
9.	Mst: Nighat Yasmin Orakzai, MPA	Member

LAW, PARLIAMENTARY AFFAIRS & HUMAN RIGHTS DEPARTMENT

Mr. Shakeel Asghar,
Additional Secretary.

FINANCE DEPARTMENT

1. Mian Ainullah,
Additional Secretary.
2. Sardar Muhammad,
Director (FD).
3. Mr. Ismail Gul Khattak,
Director (LFA).
4. Mr. Muhammad Aman,
Deputy Secretary (Estt:).
5. Mr. Hammad Raza,
Budget Officer.

AUDIT DEPARTMENT

1. Mr. Asmatullah Shah,
Director General.
2. Mr. Shahid Ali,
Deputy Director.

3. Mr. Khalid Zaman,
Audit Officer.
4. Mr. Mehmood-ul-Hassan Saeed,
Assistant Audit Officer.

AUQAF, HAJJ& MINORITY AFFAIRS DEPARTMENT

1. Mr. Jehan Zeb Khan,
Additional Secretary.
2. Mr. Sajjad Ali,
Planning Officer.
3. Mr. Ali Raza,
ADC (F&D), Peshawar

PROVINCIAL ASSEMBLY SECRETARIAT

1. Mr. Nasrullah Khan,
Secretary.
 2. Mr. Amjad Ali
Additional Secretary.
 3. Mr. Inam Ullah Khan,
Additional Secretary.
 4. Mr. Ashtimand,
Deputy Secretary.
 5. Mr. Khalid Shaheen,
Deputy Secretary.
 6. Mr. Haris Khan,
Assistant Secretary.
 7. Mr. Aamir Khan,
Assistant Secretary.
 8. Mr. Amjad Ali,
Assistant Secretary.
 9. Mr. Ibrahim 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. 3.4.1 UN-AUTHENTIC EXPENDITURE ON HIRING OF VEHICLES
Rs.5.760 MILLION.

AUDIT VERSION

3. The Audit reported that during financial year 2012-13, Secretary to Government of Khyber Pakhtunkhwa, Auqaf, Hajj, Religious & Minority Affairs Department transferred Rs.5.760 million through cheque to the District Coordination Officer, Peshawar for transportation of Hujjaj from Airport to Hajjcamp @ Rs.5000/- per trip. The expenditure stands unauthentic on the following grounds;-

- i. The cheque was deposited in a bank account and payments were made to contractors without pre-audit by Accountant General.
- ii. Tender and flights schedule were not available on record.
- iii. The payment was required to be made by the Federal Government.
- iv. Rs.5000/- per trip from Airport to Hayatabad is on high side.
- v. Total No of Hujjaj and No. of persons transported in each vehicle per trip were not known.
- vi. Income Tax of Rs.345, 600 was not deducted from the contractor.
- vii. Crossed cheque was required to be issued in the name of transporter; however, it was issued to DCO, Peshawar.

4. It was held that government rules governing withdrawal of money from the treasury were violated thus displaying weak financial control. The matter was reported to the management in March, 2014, it was replied that further payments were made by DCO. Reminder was issued in June 2014 to arrange DAC meeting. Meeting was not held till finalization of the report. Therefore the Audit recommended conducting inquiry and fixing responsibility.

DEPARTMENTAL VERSION

1st reply

5. The Department explained that requisite formalities have been followed and observed as per Flights Schedule; Supported vouchers were available with the Department.

6. The Federal Government has issued instructions for Hajj operational arrangements to the concerned agencies/ departments. So the Auqaf Department had to make payment for transportation charges. As per comparative statement Rs.5000/- per trip of Waheed Transporter from Airport to Haji Camp was the lowest rate. Some of the Hujjaj personally made arrangement due to which the exact number of hujjaj could not be reflected but arrangements were made to avoid any embarrassment at departure time.

Claim for 1152 trips are not only for pick & drop of the number of hujjaj, but also include the luggage shifting to the airport. All the correspondence was made through DCO, Peshawar but cheques were issued by AG office after observing codal formalities. The same proves that the Depdt has not issued cross-cheque to DCO, but AG Office has directly issued cheque in the name of DCO, Peshawar. Therefore, the Para may please be settled.

PAC OBSERVATION

7. The Committee observed that:-
 - i. The representative of the Department was neither well conversant nor could he respond to the queries raised by the Members.
 - ii. The letter of Government Pakistan Ministry of Religious Affairs was addressed to DCO (D.C) Peshawar for making arrangement of Busses for Transportation of Hujjaj from Air Port to Haji Camp during post Hajj operation 2012. So how come the Department released funds for the same as Hajj operations was not the mandate of the Department.

PAC RECOMMENDATIONS

8. In view of the above observation the Para was deferred to the next meeting dated 12-11-2019 with the direction that the Secretary should personally attend the meeting and respond to the observation made by the Committee alongwith documentary proofs.

DEPARTMENTAL VERSION (12-11-2019)

2nd reply

9. The Department explained that sealed tenders/quotations were invited through advertisement in newspaper by the then DCO, Peshawar. In response quotation from various transporters were received. Income Tax of Rs. 1,15,200/- was deducted from the successful contractor @ 2% according to the prevailing rate of income tax. Agreement between the contractor and DCO Peshawar was signed on proper Revenue Stamp Paper.

10. During the meeting, the Department explained that Hajj arrangements were the mandate of Ministry of Religious Affairs, Islamabad and on Provincial side the Auqaf, Hajj, Religious & Minority Affairs Department was the line Department to deal with such affairs. It was not the Hajj operations rather post Hajj operations which was

executed by the Provincial Government for the safety of Hujjaj from any terrorist activity and the Finance Department had released special grant for the purpose.

PAC OBSERVATIONS

11. The documentary proofs provided by the Department were examined in light of Audit observation/objections as per detail given below:-

- i) Audit withdrew its objection No. i being not substantial and confirmed that it was grant in aid.
- ii) Regarding objection No. ii, Tender and flights schedules were produced before the Committee.
- iii) Regarding objection No. iii, The Department explained that security of the Hujjaj was the responsibility of Provincial Government that's why the Finance Department had released special grant for the purpose.
- iv) Regarding objection No. iv, The Department explained that Rs. 5,000/- was not for each trip but was for the whole day.
- v) Regarding objection No. v, The Department explained that the numbers of flights were 89 and total trips of vehicles were 1152.
- vi) Regarding objection No. vi, The Department told that Income Tax @ 2% was deducted as per Law in vogue at that time.
- vii) Regarding objection No. vii, The Department told that the cheque was drawn by it from the A.G Office and issued it to the DCO (DC), Peshawar who further made payment to the contractor through cheque.

PAC RECOMMENDATIONS

12. In view of the above, the Para was recommended to be settled with the direction to the Department that in future every activity of Federal Government carried out by the Provincial Government must be charged immediately. The Finance Department was also directed to approach the Federal Government for the recoupment of the funds involved in the Para.

DP No.3.4.2 NON PRODUCTION OF RECORD OF EXPENDITURE OF Rs.84.350 MILLION.

AUDIT VERSION

13. The Audit reported that during financial year 2012-13, the Secretary to Government of Khyber Pakhtunkhwa, Auqaf, Hajj, Religious & Minority Affairs Department, Peshawar released Rs. 84.350 million to Communication & Works Department for 6 developmental schemes of the Auqaf Department. However, despite repeated requests the relevant record was not produced for audit. A complaint by MPA Rajesh Kumar regarding substandard work at Lamba Warhya Colony, Nowshera made

the issue of production of record more critical. It was held that government orders on production of record for audit were violated.

14. The matter was reported to the management in March, 2013 followed by a reminder No.SIR.471-483/2012-13/293 dated 10.6.2014 to arrange DAC meeting. No DAC meeting was arranged till finalization of the report. Therefore the Audit recommended that inquiry should be conducted into the non production of record and the concerned staff should be proceeded against under E&D Rules, 1973 and requisite record produced for audit.

DEPARTMENTAL VERSION

1st reply for the meeting dated 29-10-2019

15. The Department explained that all the developmental schemes were carried out by the executing agencies like Communication & Works Department, Public Health Engineering Department, Irrigation Departments and Local Government & Rural Development Department. DDWP meetings were held where PC-I/Detailed Cost Estimates of the scheme was approved.

16. The concerned executing agencies are responsible to carry out the projects as per specifications and in line with rules and regulations. These umbrella schemes were part of Annul Development Programme (ADP) main projects. These schemes were scattered in different places of the Province. All these schemes have been completed and handed over to the concerned Community sections. The Department had regularly monitored the schemes and necessary actions taken as per practice. However, the department does not have a proper Planning Cell and necessary financial / human resources to regularly visit the schemes, maintain record of Contract bills etc., the modalities for these requirements were not possible to be followed in its letter and spirit. The Concerned Executive Engineers were asked to provide all necessary record, which he provided.

PAC RECOMMENDATIONS

17. The Para was deferred till next meeting dated 12-11-2019, with the direction to the Department to obtain requisite record from the concerned executing

Departments i.e Communication & Works, Public Health Engineering, Irrigation and Local Government Departments and be presented the same before the PAC for examination on the said date.

2nd reply for the meeting dated 12-11-2019

18. The Department explained that it released an amount of Rs. 83.041 million instead of Rs. 84.350 million to C&W Building Division & Public Health Engineering Department on account of Sub-scheme of following umbrella ADP schemes during financial year 2012-13:-

S/No	Name of ADP scheme	Sub-schemes	Release amount (million)	Expenditure (million)	Surrendered
1.	Special package for Kalash Minority, Chitral	i. Construction of sitting place for spectators at Gharsu Dancing Place	9.626	9.626	Nil
		ii. Construction of Group latrine			
		iii. Construction of Steps & Pedestrian road for Charsu Dancing place at Birir & Rumboor			
		iv. Roof covering of 1 No. of existing Jastankhan size (4-x34)			
		v. Construction of 3 No. of rooms with bath for boys (Oshnurue at Bamborate, Birir & Rumboor, District Chitral			
2.	welfare package minorities Khyber Pakhtunkhwa	i. Supply & Installation of Hand Pumps/Water Pumps/pressure Mohallah Dewala, District D.I.Khan Pavement of streets.	0.50	0.50	
		ii. Installation of pressure/hand pumps, PHE Division Bannu	0.20	0.200	
		iii. Construction/repair of Balmik Mandar, Mohallah Bell Ahata, D.I Khan Cantt, C&W Division.	0.50	0.50	
			0.80	0.80	

		iv.Construction of Catholic Church, D.I.Khan				
		v.Construction of 1 room in Cathedral Church, Nowshera, C&W Division.	0.60	0.60		
		vi.Construction of Mandar in Risalpur Cantt, C&W Division Nowshera	0.50	0.50		
		vii.Construction of community hall at Chirat & construction of quarters at Tehsil Pabbi, C&W Division Nowshera	1.00	1.00	0.440	
		viii.Construction of community hall at Tehsil Gor Ghatti, Peshawar	1.00	0.189		
		ix.Development work at yousafabad, Tehkal Christian community, Peshawar	1.00	1.00		
		x.Construction of Iron Shelter at Gora Qabristan, Peshawar	0.50	0.394		
		xi.Repair of tiles on wall of mandar, Sadar, Peshawar	0.50	0.500		
		xii.Repair & maintenance of Drain system & Protection Wall at TV Colony, Christian Quarter, Peshawar	0.20	0.200		
		xiii.Construction of rooms at Christian Colony, Evangelical Church at UC Baldehri, Qalandar Abad, Abbottabad	0.50	0.500		
		i.Construction of boundary wall & iron gate at Christian graveyard at UC Baldehrai, Qalandar	0.50	0.500		

		Abad Abbottabad			
3.	Improvement & Rehabilitation of residential colonies & workshop places for minorities in Khyber Pakhtunkhwa	ii. Construction of servants quarters at cherat Cantt, Tehsil Pabbi Nowshera	1.50	0.1.00	
		iii. Construction/repair of balmik mandar, D.I.Khan	2.50	1.75	4.490
		Construction/repair of minority residential house at D.I.Khan	0.500	0.350	
		Repairs pavements of streets at D.I.Khan (PHE)	1.00	01.00	
		vi. Renovation of mandar at Dewana Sahib, D.I.Khan	0.300	00	
		v. Repair of catholic Church & pavement of street at Bannu	1.50	01.48	
		vi. Construction of work in city mandar/repair in residential quarters	1.70	0.170	
		vii. Repair of catholic church in pavement of streets at District Kohat	1.00	01.00	
		viii. Boundary walls and iron gate UC Gull Bagh, Mardan	0.500	0.500	
		ix. Construction of gallery in catholic church, the mall Peshawar	3.500	02.335	
		x. Maintenance/repair of Christian mohallah at Peshawar	1.00	0.700	
		xi. Pavement of street, footpath, step bricks, footpath in ground at st. Jhon Cathedral, Peshawar	2.00	0.0.3	
		xii. Fiber sheet & repair of class rooms at St. Michel convenient school, Peshawar	0.500	0.32	

4.	Construction/rehabilitation of existing darul ulooms at swabi & mardan	i.Construction of 3 multi-purpose rooms & 1 examination hall at Jamia Fathul-uloom, shewa, Swabi	9.115	8.998	5.000
		ii.Darul Ullom Sadat, Toru, PK-24, Mardan	10.50	8.076	
5.	Construction of boundary walls around graveyards in Khyber Pakhtunkhwa	i.Construction of Boundary Walls around Graveyards outside Yakatoo Gate	8.00	4.690	05.277
		ii.Construction of boundary walls around graveyards at sohail jabba, shaheed Abad, Zahid Abad, Shah Jee Abad & Beri Bagh, Peshawar	10.00	8.032	
		iii.Construction of boundary walls around graveyards at District Hangu	2.00		
6.	Improvement of Deeni Madaris & Masques in Khyber Pakhtunkhwa	Construction/repair work in Darul Ullom Taleem Ul Islam (Girls Section) Lund Khwar Mardan. Financial Assistance for Darul Ullom Farooqia, Lund Khwar, Mardan	1.100	1.03	
		Improvement of Deeni Madaris & Mosques in Hangu, Abbottabad, Mansehra, Swabi, Malakand, Haripur	6.900	4.473	
		Grant Total	83.041	64.743	15.207

19. In view of the above, the Department had released an amount of Rs.83.041 million for the aforementioned ADP schemes during financial year 2012-13, out of which the PHE & C&W Building Divisions had utilized an amount of Rs. 64.743 million and the balance amount of Rs. 15.207 million had been surrendered by the Department.

PAC RECOMMENDATIONS (12-11-2019)

20. As the issue of non-production of record was involved in the Para therefore, the Department was directed to obtain the relevant record from the concerned Departments and produce the same to Audit upto 30-11-2019, positively. The Audit Department was directed to conduct audit of the same upto 13-12-2019. Para Stands. Progress be reported to PAC within a month.

DP No. 3.4.3 NON-PAYMENT OF Rs. 5.553 MILLION.**AUDIT VERSION**

21. The Audit reported that during the financial year 2012-13, the Secretary to Government of Khyber Pakhtunkhwa, Auqaf, Hajj, Religious & Minority Affairs the Department paid Rs.5.553 million as tuition fee of minority students in Nowshera & Mardan to the following institutions for onward payments to the students under the Project, "Improvement of Educational Institutions in Khyber Pakhtunkhwa": -

S/No	Cheque No. & dt	Amount	Name of Payee Institution
1.	0835610 22/6/2013 dt	Rs.656,400	Saint Marry High School, Risalpur
2.	0835608 28/6/2013 dt	Rs.1,693,200	Presentation Convent High School, Risalpur
3.	0835611 22/6/2013 dt	Rs.648,000	Christ Church High School Nowshera
4.	0835609 22/6/2013 dt	Rs.1,495,500	St Joseph High School Risalpur
5.	0835607 22/6/2013 dt	Rs.617,400	St Paul Church IT school Mardan
6.	0835603 22/6/2013 dt	Rs.172,920	St Thomas Middle School Nowshera
7.	0835604 22/6/2013 dt	Rs.270,000	Pak United School Nowshera
	Total	Rs.5,553,420	

22. The payments stand unauthentic on the ground that actual payee receipts were not obtained from the Institutions concerned. It was held that irregularity occurred due to weak financial management.

23. The matter was reported to the department in March, 2013 who admitted the audit observation. The department was requested vide letter No.SIR.471-483/2012-13/293 dated 10.6.2014 to arrange DAC meeting. No DAC meeting was arranged till finalization of the report.

24. It is recommended that proof of payment to students should be obtained to complete record and presented for audit.

DEPARTMENTAL VERSION (29-10-2019)

25. The Department explained that after a lot of correspondence, the receipts of the payments to the extent of the released amount to each of the Institution supported with an affidavit duly signed by the Principal and other concerned have been obtained, which were produced before the Committee.

PAC RECOMMENDATIONS

26. The Para was deferred till next meeting dated 12-11-2019 with the direction to the Department to produce acknowledgment receipts (APRs) pertaining to the total amount pointed out/involved in the Para.

DEPARTMENTAL VERSION (12-11-2019)

27. The Department explained that an amount of Rs. 55,53,420/- was distributed amongst different schools of minorities across Khyber Pakhtunkhwa under ADP scheme namely "Text Books & Uniform" for the financial year 2012-13 wherein an amount of Rs. 42,10,725/- was verified by the Auditor General.

28. In Pre-PAC meeting, receipts of an amount of Rs. 42,10,725/- were produced and verified by Audit. Moreover, one of minority educational institute i.e. Saint Joseph High School, Risalpur Cantt, Nowshera had submitted expenditure report in original on affidavit regarding tuition fee of one month instead of twelve months (12) to this Department but it was clarified from covering letter of the institute wherein they have mentioned that an amount of Rs. 14,95,500/- was received in which an amount of Rs. 14,64,600/- was utilized and un-utilized amount of Rs. 30,900/- was returned to Department which was deposited in the Government Treasury.

29. The details statement regarding verified and unverified amount is mentioned below:

- i. Total allocated amount for the year 2012-13: Rs. 55,53,420/-
- ii. Total utilized amount in financial year 2012-13: Rs. 42,10,725/-
- iii. Difference: Rs. 13,42,275/-
- iv. One month tuition free of Saint Joseph High School: Rs. 1,22,050/-

- v. 12 month tuition fee of Saint Joseph High School: Rs. 14,64,600/-
30. The main confusing point was that the aforementioned institute has only calculated and submitted receipts of one month instead of 12 months. In the instant case amount of one month as per point (iv) i.e. Rs. 1,22,050/- was multiply with 12 months as per point (v) which comes to amount Rs. 14,64,600/-, so the issue of difference as per (iii) was settled accordingly.

PAC RECOMMENDATIONS (12-11-2019)

31. The requisite APRs were produced by the Department which were examined by the Committee and found satisfactory. Therefore, the Para was recommended to be settled.

ELEMENTARY & SECONDARY
EDUCATION DEPARTMENT

Total Draft Paras	01
Examined	01

Settled: 5.4.16.....(01)

ELEMENTARY & SECONDARY EDUCATION DEPARTMENT

One (01) Draft Para, reflected in the Auditor General's Report for the year 2014-15 against the Department, was examined by the Public Accounts Committee in its meeting held on 12th November, 2019. The following were present:-

PUBLIC ACCOUNTS COMMITTEE

1.	Mr. Muhammad Idrees, MPA	Chairperson
2.	Mr. Inayatullah Khan, MPA	Member
3.	Mr. Jamshaid Khan, MPA	Member
4.	Mr. Khush Dil Khan, MPA	Member
5.	Syed Fakhar Jehan, MPA	Member
6.	Mst: Nighat Yasmin Orakzai, MPA	Member

LAW, PARLIAMENTARY AFFAIRS & HUMAN RIGHTS DEPARTMENT

Mr. Muhammad Nasir Khan,
Additional Secretary.

FINANCE DEPARTMENT

Mr. Muhammad Aman,
Director Coordination.

AUDIT DEPARTMENT

1. Mr. Asmatullah Shah,
Director General.
2. Mr. Shahid Ali,
Deputy Director.
3. Mr. Khalid Zaman,
Audit Officer.
4. Mr. Mehmood-ul-Hassan Saeed,
Assistant Audit Officer.

ELEMENTARY & SECONDARY EDUCATION DEPARTMENT

1. Mr. Arshad Khan,
Secretary.
2. Mr. Said Gul,
S.O (Audit)

PROVINCIAL ASSEMBLY SECRETARIAT

1. Mr. Nasrullah Khan,
Secretary.
 2. Mr. Amjad Ali
Additional Secretary.
 3. Mr. Inam Ullah Khan,
Additional Secretary.
 4. Mr. Ashtimand,
Deputy Secretary.
 5. Mr. Khalid Shaheen,
Deputy Secretary.
 6. Mr. Haris Khan,
Assistant Secretary.
 7. Mr. Amjad Ali,
Assistant Secretary.
 8. Mr. Ibrahim Khan,
Assistant Secretary.
2. The PAC having considered Audit point of view and explanation advanced by the Department, made recommendations are as under:-

DP No.5.4.16 NON-PRODUCTION OF RECORD BY BOARDS OF INTERMEDIATE AND SECONDARY EDUCATION.
(2014-15)

AUDIT VERSION

3. The Audit reported that during financial year 2011-12 & 2012-13, the Secretary Board of Intermediate & Secondary Education Bannu, requested, the Director General Audit Khyber Pakhtunkhwa to conduct audit of the accounts of the Board. An Audit Team was deputed in May, 2014 for the purpose. However, production of record to the audit party was refused. The Secretary Elementary & Secondary Education was requested to intervene into the matter but he failed to convince the Board's Authority on constitutional audit and quoted advice of Finance Department that audit of the Boards by Auditor General of Pakistan does not exist in the calendar of BISEs Khyber Pakhtunkhwa. The issue was brought into the notice of Secretary Public Accounts Committee Khyber Pakhtunkhwa. The Secretary PAC requested the Secretary Elementary & Secondary Education to direct all the chairmen of the BISE Khyber Pakhtunkhwa to provide the requisite record to the representatives of Auditor General of

Pakistan for external audit. But no response was received. The Chief Secretary Government of Khyber Pakhtunkhwa was requested on 14.11.2014 to take his personal interest into the matter and direct the Administrative Secretary of Secondary Education Department but record was not produced to audit till finalization of the report. Audit held that non-production of record was the violation of the Constitution of the Islamic Republic of Pakistan and Auditor General's Ordinance 2001. Therefore, Audit recommended that the matter should be investigated and responsibility fixed against the person (s) responsible.

DEPARTMENTAL VERSION

4. The Department stated that Audit of all Boards of Khyber Pakhtunkhwa conducted regularly by the Provincial Local Fund Audit Department since its inception as authorized by the Governor of the then West Pakistan vide Notification No.SO-I-3/56/61 dated 30.01.1963. Furthermore as per Board Calendar Chapter-II Financial Rules of the Board Calendar. The accounts of the Board shall be audited once a year in conformity with the regulations & rules of the Board by the auditor appointed by the government for this purpose. Further to point out that on the request of Director General, Audit, Khyber Pakhtunkhwa for conducting audit of all BISEs by them keeping in view the Article 169-171 of the Constitution of Islamic Republic of Pakistan and Section 8-2 of the Auditor General of Pakistan (Function, powers, terms & condition of the service) Ordinance 2001, a series of correspondence made from 2014-15 between the Auditor General/D.G Audit/Secretary FD/D.G Local Fund Audit etc and finally it was decided in the note for Chief Secretary that the Audit function of the BISE may be entrusted to Auditor General on test basis until further orders. To keep the assignment manageable within limited time, the audit of the last three financial years may be undertaken in the first instance and continued onwards and backward if needed and practicable”.

5. Subsequently, the Law Department was consulted in the matter, who replied that audit of the accounts of the Federal & Provincial Government and the account of any authority, or body established by or under the control of the Federal or Provincial Government shall be conducted by the Auditor General, who shall determine the extent and nature of such audit and amendment in Section 23 of the Khyber

Pakhtunkhwa Board of Intermediate and Secondary Education Act, 1990 would be required and the Regulations of the Board to bring it in conformity with the Constitution. Keeping in view the advice of the Law Department regarding amendment in Section 23 of the Khyber Pakhtunkhwa Board of intermediate & Secondary Education Act, 1990, the Section Officer (Board) E&SE Department submitted a Draft Bill titled “the Khyber Pakhtunkhwa Board of Elementary & Secondary Education Act, 2018)” to Law Department with his letter for vetting. In this connection a meeting on the subject issue has already been held on 21.08.2017 in Law Department.

6. As the matter was under consideration with Law Department for proposed Draft Bill, enactment of which shall be carried out from the competent forum, therefore the matter is submitted for perusal of PAC & further orders please.

PAC OBSERVATION (12-11-2019)

7. During the meeting, the Committee did not agree with the contention of the Department as the same was contradictory to the provisions of Article-170(2) of the Constitution of the Islamic Republic of Pakistan which provides that:-

“ The audit of the accounts of the Federal and of the Provincial Governments and the accounts of any authority or body established by, or under the control of, the Federal or a Provincial Government shall be conducted by the Auditor-General, who shall determine the extent and nature of such audit”.

8. After examination of Article-170 (2) of the Constitution of the Islamic Republic of Pakistan, the Committee has seriously observed that the Boards of Intermediate and Secondary Education of Khyber Pakhtunkhwa are not out of purview of the Auditor-General of Pakistan. The Boards of Intermediate and Secondary Education Khyber Pakhtunkhwa were reluctant to carry out audit of their respective accounts through the office of Auditor-General of Pakistan under the clack of relevant regulations of the Boards, which is inconsistent with the provisions of Constitution as quoted above.

PAC RECOMMENDATION

9. In view of the above, the Committee after detailed deliberation directed the Department to issue a circular to all Boards of Intermediate and Secondary Education of Khyber Pakhtunkhwa to invariably conduct audit of their respective accounts through

the office of Auditor-General of Pakistan. The Committee further directed the Department to complete the process within fifteen (15) days and thereafter the Director-General, Audit also chalk out a schedule for conducting audit of all Boards of Intermediate and Secondary Education of Khyber Pakhtunkhwa within (02) months.

10. The Department was also directed to initiate amendments in Section 23 of the Khyber Pakhtunkhwa Board of Intermediate and Secondary Education Act, 1990 and Regulations made there under in order to bring the same in conformity with the provisions of the Constitution of Islamic Republic of Pakistan

11. Para stands. Progress be reported to PAC within (02) months.

REPORTS OF SUB-COMMITTEES

REPORTS OF SUB-COMMITTEES

The following seven (07) Reports of the Sub-Committees were placed before the PAC which were examined and adopted by the Committee unanimously. Details of the Reports are as under:-

REPORT OF SUB-COMMITTEE No. 7 ON DRAFT PARA No.3.4.7 FOR THE YEAR 2013-14 PERTAINING TO AGRICULTURE DEPARTMENT.

INTRODUCTION

In pursuance of the decision of Public Accounts Committee made in its meeting held on 11-07-2017 at 10:00 a.m. a Sub-Committee was constituted vide Notification No.PA/KP/PAC/SC-7/17/5286 dated 17-08-2017 comprising the following.

- | | | |
|----|-----------------------------------|----------|
| 1. | Syed Muhammad Ali Shah Bacha, MPA | Chairman |
| 2. | Mr. Qurban Ali Khan, MPA | Member |

TERMS OF REFERENCE

2. The Sub-Committee was constituted to prob the issues involved in Draft Para No.3.4.7 for the year 2013-14 pertaining to Agriculture Department and also physically check the bulldozers and relevant record as to whether the expenditure was made on operational machinery or otherwise and to submit its report to PAC within two (02) months.

PROCEEDING

3. The Sub-Committee held its meetings on 02-01-2018 at 11:00 a.m. in the Office of Assistant Agriculture Engineer, Swat wherein the issue involved in the Draft Para was thoroughly examined and recommendations were made as follows.

DP No.3.4.7 LOSS TO GOVERNMENT DUE TO REPAIR OF CONDEMN AGRICULTURAE MACHINERY - Rs. 1.500 MILLION.

AUDIT VERSION

4. During audit of the accounts of the Assistant Agricultural Engineer Swat, during the financial year 2011-12, it was noticed that an expenditure of Rs.1.500 million was incurred on the repair of agriculture machinery which was declared condemned in

2002 and again in 2007. Expenditure on the condemned agriculture machinery resulted into loss of Rs.1.500 million to the Government.

5. The Audit held that loss was due to weak financial management which was violation of **Para 23 & 167 of GFR vol I**.

6. The matter was reported to the Department in November, 2012. DAC in its meeting held on 17th July, 2013, directed to produce record of income of machinery. Further progress was, however, not reported till the finalization of the report.

DEPARTMENT VERSION DURING THE MEETING OF SUB-COMMITTEE

7. During the meeting the Department produced relevant record pertaining to the subject Para but the staff deputed by the Department was un-aware to explain the position of the Para before the Committee. However, the Deputy Director of the Department informed the Committee that 14 Nos Bulldozers were provided by the Government for three districts in which eight Nos Bulldozers are condemn and six are in running condition.

8. After examination of the record, the Committee noted that the Department spent an amount of Rs. 1.5 million on repair of six Nos John Deere Bulldozers (in running condition) instead of declared condemn Bulldozers in 2002 and Condemnation Committee approved to auction 8 Nos. condemn bulldozers in 2007. Therefore, the contention of the Audit with regard to make expenditure of Rs.15 million on the repair of condemn Agriculture Machinery was found incorrect and baseless.

9. The Committee also checked the record of the purchase of the parts of the Bulldozers of Rs. 1.5 million and verified by the Audit on the spot.

10. The Committee expressed its concern over the casual and irresponsible attitude of the Audit Officer of the Audit Department who made such like Para without looking the record against the Department and wasted the precious time of the Committee on such like petty issues. The Committee directed to issue displeasure to the D.G. Audit against the Audit Officer.

OBSERVATION OF SUB-COMMITTEE

11. After examination of the record pertaining to the subject Para and site visit, the Committee observed the following:-

- i. Condemn Bulldozers were lying in the Workshop in an open area since 2002.
- ii. The Condemnation Committee approved eight (08) Nos. Bulldozers condemn for auction in 2007, but the Department failed to conduct auction even after the passage of 10 years.
- iii. The Department using the parts of the condemned Bulldozers in the running Bulldozers which was clear cut violation of the rules and regulations.
- iv. No proper demand for replacement of condemn bulldozers was made to the high ups.

RECOMMENDATION OF SUB-COMMITTEE.

12. After detailed discussion, examination of the record and site visit, the Committee recommendation to settled the Para with the direction to conduct auction of the condemned Bulldozers immediately.

ii. REPORT OF SUB-COMMITTEE No. 7 ON DRAFT PARA No.19.4.3 FOR THE YEAR 2014-15 PERTAINING TO SCIENCE & TECHNOLOGY DEPARTMENT.

INTRODUCTION

In pursuance of the decision of Public Accounts Committee made in its meeting held on 6th December, 2018 a Sub-Committee was constituted vide Notification No.PA/KP/PAC/SC-7/2014-15/18/12931 dated 17-12-2018 comprising the following.

- | | | |
|----|---------------------------------|-------------|
| 1. | Mst. Nighat Yasmin Orakzai, MPA | Chairperson |
| 2. | Dr. Sumaira Shams, MPA | Member |

TERMS OF REFERENCE

2. The Sub-Committee was constituted to thrash out the issues in detail involved in Draft Para No.19.4.3 for the year 2014-15 pertaining to Science & Technology Department and to submit its report within a month.

PROCEEDING

3. The Sub-Committee held its meeting on 22nd January, 2019 in the Conference Room of Provincial Assembly Secretariat of Khyber Pakhtunkhwa and after thoroughly examining the records and issues pertaining to Draft Para, had finalized its recommendations as follow:-

**DP No.19.4.3 LOSS TO GOVERNMENT DUE TO NON-ACCEPTANCE OF
LOWEST BID Rs.1.764 MILLION.**

AUDIT VERSION

4. The Audit reported that during financial year 2011-12, the Director, Science & Technology, Khyber Pakhtunkhwa, Peshawar floated a tender for purchase of Rack Based Computer Cluster which stated that bids would be opened on 09-04-2012. The request for proposal (tender document) stated the last date for submission of bids and tender opening as 14-04-2012. Instead, the bid opening was delayed to 19-04-2012 but again postponed due to absence of two technical members. Two bidders M/S. Shahnawaz (Pvt.) Limited and M/S. New Horizon submitted their bids dated 13-04-2012. Attendance sheet dated 19-04-2012 showed their presence on the date. A third firm M/S. Mirco Innovations and Technologies Pvt. Ltd submitted its bid dated 18-4-2012. It was evident from the attendance sheet of 19-04-2012 that M/S. Mirco Innovations and Technologies Pvt. Ltd was then not a participant in the bidding. Its bid was deliberately and falsely antedated to 18-04-2012 to show that its bid had been received prior to 19-04-2012. The bid opening was deliberately delayed to 11-05-2012 to accommodate M/S. Mirco Innovations and Technologies Pvt. Ltd. Evaluation sheet in respect of M/S. Micro Innovations and Technologies Pvt. Ltd showed that it had been given the same rating in all component criteria by members that were additional evidence of giving favour to the firm. The Chairman of the committee/Director, S&T had not signed the comparative statement. The contract was awarded to Messrs. Micro Innovations and Technologies Pvt. Ltd at Rs.7.700 million ignoring the lowest financial bid of Rs.5.936 million offered by Shahnawaz (Pvt.) Ltd. This resulted in a loss of Rs.1.764 million.

5. It was held that record was falsified to favour a firm and violation of Para 144 of GFR Vol-1. The matter was reported in September 2012 but the Department did not reply.

6. A letter followed by reminders in December, 2014 for convening of DAC meeting was issued to the Department but the meeting was not convened.

DEPARTMENTAL VERSION

7. The Department explained that an advertisement was floated in the newspapers for purchase of Rack Based Computer Cluster, for which the last date of submission of bid was planned to be printed as 19.04.2012 instead of 09.04.2012.

8. In response to the advertisement, three (03) firms namely M/S Shahnawaz (Pvt) Ltd, M/S New-Horizon Pvt Ltd and M/S Micro Innovations & Technologies Pvt. Ltd submitted their bids on 13.04.2012, 14.04.2012 and 18.04.2012 respectively well before the bid opening (Technical) on 19.04.2012. Due to the non-availability of two technical members of the Committee, the meeting was postponed and the same was re-convened on 28.04.2012 Financial bids were opened on 11.05.2012. As far as absence of the representative of M/S. Mirco Innovations and Technologies Pvt. Ltd on 19.04.2012 was concerned, presence of representative of firm was not compulsory and at the same time their bid was present as evident.

9. It is pertinent to mention that establishment of a Super Computing Machine in the Province was first of its kind in Pakistan for which no tailored national firm was available at that time. Procurement of Rack Based Computer Cluster was based on score based selection criteria due to the fact that it was not a simple purchase of M&E but it was a complete package of supply, installation, training, capacity building, after sale service and warranty, these activities required a company with strong technical background and high repute in the market, for that reason the Committee recommended M/S MIT. Scored based selection/ technical evaluation was made as per provisions contained in PPRA Rules 2004 and RFP designed by DoST as required under Rule 23(2) of PPRA Rules 2004.

10. A satisfactory inspection report and utilization report of the Super Computing facility is available. The facility installed at Ghulam Ishaq Khan Institute, Topi Swabi is highly recommended to be physically inspected.

11. Furthermore, the matter was already inquired by the fact finding Committee as decided in the Pre-PAC meeting held on 20.10.2017 under the Chairmanship of Secretary ST&IT Department wherein the selection of M/S MIT Pvt. Ltd was found valid.

SUB-COMMITTEE OBSERVATIONS

12. The Sub-Committee after scrutiny of the record observed that codal formalities were not fulfilled according to Public Procurement Rules (PPR) 2004, which was accepted by the Department, hence, the charges of irregularities and negligence were established.

13. It was further observed that undue favour was extended to M/S. Mirco Innovations and Technologies Pvt. Ltd by ignoring lowest rates offered by M/S Shahnawaz Pvt. Ltd. Hence loss to Government was also established.

14. It was also observed that M/S Shahnawaz Pvt. Ltd had offered two bids i.e with 8% and 16% GST, however the Audit wrongly made calculations on 8% instead of 16% GST which was not applicable. During the meeting again calculations were made by the Audit on 16% GST therefore the actual loss become Rs. 13,23,827/- and not Rs.17,64,000/-.

LEGAL OPINION OF LAW DEPARTMENT

15. The representative of Law Department opined that the Department had violated the General Financial Rules, 2016 (10&23) and Government Servants (Efficiency and Discipline) Rules 1973. He further opined that the loss occurred the Provincial Exchequer can be recovered under the West Pakistan Land Revenue Act, 1963.

SUB-COMMITTEE RECOMMENDATIONS

16. In view of the observations of the Sub-Committee and expert opinion of Law Department, the Committee recommended that action leading to recovery against the person (s) at fault as calculated amounting to Rs. 13,23,827/- may be initiated after fixing responsibility. The Committee directed the Department not to repeat such like Practice in future. Para stands. Progress be reported to PAC within a month.

iii. **REPORT OF SUB-COMMITTEE No. 6 OF PAC ON THE ACCOUNTS OF GOVERNMENT OF KHYBER PAKHTUNKHWA PERTAINING TO ADMINISTRATION DEPARTMENT (2013-14).**

INTRODUCTION

In pursuance of the decision of Public Accounts Committee made in its meeting held on 10th July, 2017 a Sub-Committee was constituted vide Notification No.PA/KP/PAC/SC-6/Admn:/17/5280 dated 17-08-2017 comprising the following.

- | | | |
|----|-----------------------------------|----------|
| 1. | Mr. Mehmood Jan Khan, MPA | Chairman |
| 2. | Syed Muhammad Ali Shah Bacha, MPA | Member |
| 3. | Mr. Qurban Ali Khan, MPA | Member |
| 4. | Mr. Muhammad Idress, MPA | Member |

TERMS OF REFERENCE

2. The Sub-Committee was constituted to examine the issues involved in Draft Paras No.2.4.1 & 2.4.4 for the year 2013-14 pertaining to Administration Department in detail and to check record for the last two years of all Rest Houses in the Province and suggest measures for boosting up the revenue resources and reform the system of the allotment of the rooms in the Rest Houses.

PROCEEDING

3. The Sub-Committee held its meetings on 28th & 29th November, 2017 in Khyber Pakhtunkhwa House Islamabad, 13th & 14th March, 2018 in Khyber Pakhtunkhwa House Abbottabad & 2nd April, 2018 in Shahi Mehman Khana Peshawar and after thoroughly examining the records and issues involved pertaining to Draft Paras, the Committee finalized its recommendations as follow:-

KHYBER PAKHTUNKHWA HOUSE, ISLAMABAD

4. During the meetings held on 28th & 29th November, 2017, the Department explained that there are three blocks in Khyber Pakhtunkhwa House, Islamabad used by the guests as per following break up:-

Name of Block	Total Rooms	Designated Rooms	At the disposal to CM Secretariat	Available for reservation
Old Block	31	07	05	19
S.1 Block	21	02	Nil	19
S-2 Block	21	---	---	21 Rooms has been illegally occupied by PRO to Governor.

5. The following record pertaining to the expenditure and income generated for the last two years was produced and examined:-

S/No.	Year	Income	Expenditure
1.	2015-16	1,74,34,900/-	16,73,344/-
2.	2016-17	1,76,29,700/-	13,17,732/-
Total		3,50,64,600/-	29,91,076/-

6. The Department also briefed the Committee with regard to allotment of rooms in the Khyber Pakhtunkhwa House Islamabad as under:-

- i. One third payment of room rent is collected/received at the time of reservation by the Estate Office and the same is non-refundable while the remaining amount of the room rent is collected from the concerned person at the time of check out.
 - ii. Guest card system was launched.
 - iii. Filling of form regarding condition of the allotment of room has been in progress.
 - iv. Entry register system started.
7. After detailed discussion of such issues involved in Draft Paras as well to provide good facility to the guests, the Committee recommended the following:-

- i. Proper training be provided to Cooks and Waiters deputed in the Khyber Pakhtunkhwa House.
- ii. Proper uniform may be provided to the employee of each cadre for their identification.
- iii. Duty roster for employee of each cadre may be maintained.
- iv. Arrangement of first aid health facility may be made.
- v. Open the kitchen all the night for facilitation of the guests.

- vi. Vacant posts may be filled immediately for provision of full time service to the guests.
- vii. WiFi facility may be enhanced from 3MB to 8MB.
- viii. Electrical Kettle may be provided to each room existing in old block, S-1 and S-2 blocks to facilitate the guests.
- ix. The PBMC staff was directed to visit the rooms and washrooms of the old block of Khyber Pakhtunkhwa House and to check Wall Shower, Forte Basin, Commode, Electrical Boards and switches as well as Shelves, Tiles in the room and Veranda and replace disorder items/bad Tiles with new one to maintain look of Khyber Pakhtunkhwa House, Islamabad and to resolve the petty issues faced by the guests within a week time.
- x. The Comptroller was directed to submit demand to the Sub-Engineer for replacement of disorder items with new one in the rooms and washrooms of the old block, S-1 and S-2 blocks. The Sub-Engineer shall be made arrangement for replacing or repairing as per request of the Comptroller on priority basis.
- xi. Enhanced monthly rent rate of Tuck shop and Tandor shop from Rs. 3000 to Rs.5000 till construction of new shops for the said purpose in the KP House.
- xii. The PBMC staff was directed to make ramp at the front of old block, S.I and S.II blocks as well as on the other places pointed out by the comptroller during the meeting to facilitate disabled persons/guests.

KHYBER PAKHTUNKHWA HOUSE, ABBOTTABAD

8. During the meeting held on 13th March, 2018, the Chairman asked the Caretaker, Khyber Pakhtunkhwa House Abbottabad to brief the Committee about the House. He explained that there are total 12 rooms out of which 06 rooms are available for reservation of general guests as per rate determined by the Government of Khyber Pakhtunkhwa i.e. Rs. 1800/- per night and the remaining 06 rooms are designated for the following:-

- | | | |
|----|-----------|------------------------------------|
| 1. | Room No.1 | Governor Khyber Pakhtunkhwa. |
| 2. | Room No.2 | Chief Minister Khyber Pakhtunkhwa. |
| 3. | Room No.3 | Chief Secretary. |
| 4. | Room No.4 | PSO to Chief Minister. |
| 5. | Room No.5 | CSO to Chief Minister. |
| 6. | Room No.6 | MS to Governor. |

9. On **14-03-2018** after examination of annual statements of income and expenditure incurred by the Khyber Pakhtunkhwa House Abbottabad, the following result was produced by the Audit to the Committee:-

S/No.	Year	Income	Expenditure
1.	2015-16	2,81,200/-	80,57,494/-
2.	2016-17	2,19,100/-	70,75,690/-
Total		5,00,300/-	1,51,33,184/-

COMMITTEE RECOMMENDATION

10. In view of the above the Committee recommended the following:-
- i. Expenditure of the House is on much higher side than its revenue. Therefore, the Committee decided that Room No. 1 & 2 be reserved as designated for the Honorable Governor and the Honorable Chief Minister respectively and the remaining (10) rooms be made available for reservation of general guests as per rate fixed by the Government of Khyber Pakhtunkhwa.
 - ii. Online room reservation system may be introduced so that booking of rooms could be made more sophisticated and transparent.
 - iii. The PBMC staff was directed to conduct resistivity test for a separate tube well for the House on urgent basis as well as make arrangements for roof treatment of the whole House.
 - iv. Proper uniform may be provided to the employee of each cadre for their identification.
 - v. Duty roster for employee of each cadre may be maintained.
 - vi. Guest card system may be introduced so that particulars of guests could be properly maintained.
 - vii. The Caretaker was directed to make proper demand to PBMC for repair of the boundary wall & fences and furnishing of the camp office. Moreover, the items dumped in the garages be removed/cleaned and it be made available for car parking.
 - viii. The Department was also directed that staff bifurcation be made for all Houses so that appropriate staff could be deployed in each House.

SHAHI MEHMAN KHANA, PESHAWAR.

11. During the meeting held on 2nd April, 2018, the Caretaker briefed the Committee about the position of Shahi Mehman Khana Peshawar. He told that there are 17 rooms out of which 07 are declared as VIP rooms and 10 ordinary rooms. The room rent is Rs.2200/- for VIP and Rs. 1800/- for ordinary room per night. He further explained that a Summary was approved by the then Chief Minister Khyber Pakhtunkhwa on 30/04/2013 regarding provision of single room transitional accommodation in Shahi Mehman Khana to the Senior Officers in BPS-20 and above in lieu of their House Rent Allowance + 5% Maintenance Charges for a period of three (03) months, while another Summary was approved by the sitting Chief Minister Khyber Pakhtunkhwa on 25/12/2013 regarding provision of single room transitional accommodation in Shahi Mehman Khana to the Senior Officers in BPS-20 and above and APUG Officers in lieu of their House Rent Allowance for a period of three (03) months and allowed extension of stay for another three months at a time after the initial period is over.

12. The Committee thoroughly checked the original vouchers, Bank challans, monthly reconciliation and annual statements of income and expenditure for the last two years incurred by the Shahi Mehman Khana Peshawar and its detail are as follow:-

S/No	Year	Income	Expenditure
1.	2015-16	Rs.5,93,100/-	Rs.13,11,566/-
2.	2016-17	Rs.12,29,800/-	Rs.13,63,650/-
Total		Rs.18,22,900/-	Rs.26,75,216/-

COMMITTEE OBSERVATIONS

13. In view of the above the Committee Observations the following:-
- i. The expenditure of the Shahi Mehman Khana was higher than its revenue.
 - ii. Permanently residing Officers are not depositing their House rent.
 - iii. The facility was allowed for three (03) months only and is extendable but no proper extension orders could be shown to the committee. Officers are residing on permanent basis.

COMMITTEE RECOMMENDATIONS

14. In view of the above observations the Committee recommended the following:-

- i. The amount of house rent as mentioned in the summary approved by the Honorable Chief Minister Khyber Pakhtunkhwa from those Officers who are residing permanently in the Shahi Mehman Khana be recovered and deposited in the Government Treasury, challans be verified from Audit within a week. The Committee also directed the Department to provide the extension orders granted to the residents from time to time.
- ii. Online room reservation system may be introduced so that booking of rooms could be made more sophisticated and transparent.
- iii. Proper uniform may be provided to the employees of each cadre for their identification.
- iv. Duty roster for employees of each cadre may be maintained.
- v. The Department was directed to approach the concerned Department to remove the useless items which were dumped near the lawn i.e Iron grills, Tree Trunk etc which are losing the value with the passage of time and on the other hand badly affect the beautification of the House.
- vi. The Committee also directed the Department to approach the concerned Department for handing over the new block and to resolve the petty issues if any on priority basis so that guests could be facilitated and handsome revenue could be generated.

IV. REPORT OF THE SUB-COMMITTEE NO. 2 ON DRAFT PARA NO. 10.4.2 FOR THE YEAR 2013-14 PERTAINING TO FOOD DEPARTMENT

INTRODUCTION

In pursuance of the decision of Public Accounts Committee made in its meeting held on 21-07-2017 at 10:00 a.m while examining Draft Para No. 10.4.2 for the year 2013-14 pertaining to Food Department a Sub-Committee was constituted vide Notification No. PA/KP/PAC/SC-2/17/5144 dated 15-08-2017, comprising the following members.

- | | | |
|----|------------------------------|----------|
| 1. | Mr. Muhammad Idress, MPA | Chairman |
| 2. | Mufti Said Janan, MPA | Member |
| 3. | Arbab Waseem Hayat Khan, MPA | Member |
| 4. | Mr. Mehmood Jan Khan, MPA | Member |

TERMS OF REFERENCE

2. The Sub-Committee was constituted to probe the issues in detail involved in the Draft Para No.10.4.2 for the year 2013-14 pertaining to Food Department and to submit its report to PAC within two (2) months.

PROCEEDINGS

3. The Sub-Committee meeting was held on 19-12-2017 at 11:00 a.m in the Conference Room of the Assembly Secretariat of Khyber Pakhtunkhwa, wherein the issue involved in the Draft Para mentioned above was thoroughly examined and recommendations were made as per following details:-

DP No.10.4.2 LOSS DUE NON-LIFTING OF WHEAT - Rs.67.654 MILLION.

AUDIT VERSION

4. During audit of the accounts of Director Food, Peshawar, for the financial year 2011-12, it was noticed that an expenditure of Rs.3953.908 million was paid in advance in shape of Bank Draft of Rs.2486.155 million from Bank of Khyber and Rs.1467.753 million from the First Women Bank to the Food Department Punjab for purchase of 150000 metric tons indigenous wheat including cost of bags. A quantity of 2876.466 m.ton wheat valuing Rs.67.654 million was neither lifted nor amount recovered from Food Department Punjab. Non-lifting of the wheat resulted in loss of Rs.67.654 million to Government.

5. The Audit held that loss occurred due to negligence and weak supervisory control which was violation of Para 10 of GFR Vol-I.

88. The matter was reported to the Department in May, 2012. DAC in its meeting held on 2nd January, 2014, directed to conduct inquiry and submit report to Audit within seven days. Further progress was however, not reported till finalization of the report.

DEPARTMENTAL VERSION

6. The Department explained that as per office's record, a quantity of 150000 m.ton wheat had been purchased during 2011-12 from Food Department Punjab and advance payment allowed for Rs.3953.908 million as per MOU signed by the competent authority after approval of the Chief Minister Khyber Pakhtunkhwa. Sanction for advance

payment was accorded by the Finance Department accordingly. Initially, a quantity of 162546.600 m.ton wheat was allocated from Food Department Punjab to various PRCs of Khyber Pakhtunkhwa including un-lifted 12288.927 m.ton wheat for the year 2010-11 as given below:-

S/No	Allocation No & Date	Quantity allocated from Food Department Punjab.
1.	957/FG-433 Punjab Food Dated.23.01.2012	80,000-000 m.ton
2.	1612/FG-433 Punjab Food Dated.3.02.2012	3000.000 m.ton
3.	2557/FG-433 Punjab Food Dated.24.02.2012	79546.600 m.ton
Total		162546.600 m.ton

7. Later on the above allocations were revised to a quantity of 159669.789 m.ton on the basis of actual receipt/acknowledgment was issued by the destination center/DFCs concerned. Detail of revised allocations is as under:-

S/No.	Revised Allocation No & Date	Quantity allocated from Food Department Punjab.
1.	2366/FG-433/Punjab Food Dated.13.03.203	80,000-270 ton
2.	2373/FG-433/Punjab Food Dated.13.03.2013	3000.000 ton
3.	2380/FG-433/Punjab Food Dated.13.03.2013	76669.879 ton
Total		159670.149 ton

8. Detail of initial allocations made, actual quantity received and payment released/adjusted for 2010-11 and 2011-12 besides balance amount remaining with Punjab Food Department duly reconciled by the representatives of both Governments.

9. However, after carrying out proper reconciliation, Rs.29,20,998/-/- was found outstanding against Food Department Punjab and that would also be adjusted in the payment claim of Food Department Punjab for the year 2016-17.

SUB-COMMITTEE RECOMMENDATION

10. The explanation of the Department was found plausible duly endorsed by the Audit and Law Department, hence the Para was recommended to be **settled** with the direction to the Department to make timely reconciliation of the figures in future.

V. **REPORT OF THE SUB-COMMITTEE NO. 1 ON DRAFT PARAS NO. 5.4.1, 5.4.4, 5.4.11 AND 5.4.18 FOR THE YEAR 2013-14 PERTAINING TO HIGHER EDUCATION DEPARTMENT**

INTRODUCTION

In pursuance of the decision of Public Accounts Committee made in its meeting held on 18th and 19th of July, 2017 at 10:00 a.m a Sub-Committee was constituted vide Notification No. PA/KP/PAC/SC-1/17/5138 dated 15-08-2017, comprising the following members.

- | | | |
|----|------------------------------|----------|
| 1. | Mr. Muhammad Idress, MPA | Chairman |
| 2. | Mr. Mehmood Jan Khan, MPA | Member |
| 3. | Arbab Waseem Hayat Khan, MPA | Member |

TERMS OF REFERENCE

2. The Sub-Committee was constituted to probe the issues in detail involved in the Draft Paras No. 5.4.1, 5.4.4, 5.4.11 and 5.4.18 for the year 2013-14 pertaining to Higher Education Department and to submit its report to PAC within two (2) months.

PROCEEDINGS

3. Two meetings of the Sub-Committee were held on 19-12-2017 and 10-01-2018 respectively in the Conference Room of the Assembly Secretariat of Khyber Pakhtunkhwa, wherein the issues involved in the Draft Paras mentioned above was thoroughly examined and recommendations were made as per following detail:-

DP No. 5.4.1 **NON-PRODUCTION OF RECORD- Rs. 14.5 MILLION.**

AUDIT VERSION

4. During audit of the account of Vice Chancellor Hazara University, for the year 2010-11, it was noticed that Rs.14.5 million were paid to M/s Ali Asghar & Brothers for construction of pre-mix road and administration block on payment voucher. The auditable record such as tender documents, contract agreement, work order, MB, contractor's running & final bill were not produced to Audit for scrutiny.

5. The Audit held that non-production of record was violation of Para 17 of GFR Vol-I. The matter was reported in May, 2012. DAC in its meeting held in March,

2013, directed to submit record to audit for verification. Further progress was, however, not reported till finalization of the report.

DEPARTMENTAL VERSION

6. The Department explained that as per DAC decision all the documents were shown to Audit including MB but verification certificate is still awaiting.

SUB-COMMITTEE OBSERVATION

7. The Committee observed that if such record shown to Audit or to PAC, during its meeting held on 18-07-2017, then the Para in question would neither reflected in the Accountant General Report 2013-14, nor could be referred to Sub-Committee. Non production of record clearly has been indicated inefficiency on the part of the Department.

SUB-COMMITTEE RECOMMENDATION

8. The Committee taking a lenient view recommended to settle the Para, subject to verification of record by the VOR Committee coupled with disciplinary action against those who failed to produce relevant record to the Audit in time.

DP No. 5.4.4 LOSS DUE TO EXCESS USE OF STEEL IN R.C.C-Rs.2.261 MILLION.

AUDIT VERSION

9. During audit of the Vice Chancellor Hazara University for the year 2010-11, it was noticed that as per final bill an amount of Rs.35.812 million was paid to M/s Mumtaz Ali & Co for the construction of Girls Hostel. The BOQ provided a quantity of 1101M³ for the item of work R.C.C. for which 120m.ton was required but instead 1036.35M³ RCC work was carried and 160.309m.ton steel was consumed. Execution of less RCC work and more steel consumed over the BOQ resulted into loss of Rs.2.261 million.

10. The Audit held that loss occurred due to non-adherence to BOQ, which was violation of Paras 11 and 12 of GFR Vol-I. The matter was reported in May, 2012, DAC in its meeting held in March, 2013, directed for detail verification. Further progress was, however, not reported till finalization of the report.

DEPARTMENTAL VERSION

11. The Department explained that in earthquake plain area the percentage of steel used ranges from 2-3% upon the site of concrete quantity depending upon the site

and loading conditions. It was certified that the paid steel quantity was in strict accordance with the actual work done. Moreover, the consumed quantity of steel was within the recommended limits. As far as the consumption of steel in excess of BOQ quantities was concerned it was stated that consequent upon soil investigation test, the designer redesigned the building as the bearing capacity of soil was meager as compared to the actual bearing capacity. Hence the quantity claimed was actually consumed and no overpayment was occurred.

SUB-COMMITTEE RECOMMENDATION

12. In the light of explanation advanced by the Department, the Committee took a lenient view recommended the Para to be settled, Subject to verification of record by the VOR Committee coupled with disciplinary action against those who failed to produce relevant record to the Audit in time.

DP No.5.4.11 EXCESS PAYMENT DUE TO ALLOWING HIGHER RATES - Rs.18.565 MILLION.

AUDIT VERSION

13. During audit of the accounts of University of Peshawar, for the financial year 2010-11, it was noticed that work “Construction of Secondary Tertiary Sewerage” was awarded to a contractor M/S Cemcon Pvt Ltd Peshawar at an estimated cost of Rs.6.337 million with 87.58% premium. However, the contractor was paid Rs.32.090 million upto 5th running bill which resulted into excess expenditure of Rs.18.565 million.

14. The Audit held that excess payment occurred due to financial mismanagement. The matter was reported to the Department in March, 2012. DAC in its meeting held on 13th June, 2013, directed to produce relevant record for verification within 15 days. Further progress was, however, not reported till finalization of the report.

DEPARTMENTAL VERSION

15. The Department explained that the subject Para was repetition, as the 5th running bill of the project was checked by the Audit party and same type of observations made by them during the year 2009-10 vides Advance Para-52. The Para was then discussed in the DAC meeting held on 31st January, 2011 wherein detailed verification of the record was asked for. The Director General Audit had been requested for verification of record, which was still awaited.

SUB-COMMITTEE OBSERVATION

16. In the 1st meeting of Sub-Committee held on 19-12-2017, the Committee observed that the Department neither fully prepared nor could it respond to the following quarries raised by the Committee.

- i) Why the work was not re-tendered and fair chance of competition not provided?
- ii) Why NOCs from respective University/institutions were not obtained before tendering which resulted into abnormal delay in execution of work?
- iii) Why market rates were allowed to the contractor instead of CSR?

17. As the Department failed to respond to the above mentioned questions raised by the Committee, therefore, it was decided to convene next meeting of the Committee, which is scheduled to be held on 10-01-2018. The Department was directed to come with complete record to respond to the queries raised by the Committee.

SUB-COMMITTEE OBSERVATION

18. In the 2nd meeting of Sub-Committee held on 10-01-2018, the Committee after going through the details observed the following:-

1. The Audit Para was about Trunk Sewer estimated cost of which was 6.337 million+87.58% above i.e. 11.88 million. The remaining portion i.e. construction of secondary tertiary Sewerage and Septic Tanks was ignored.
2. That interpretation of the Department in the light of Contract Clause-42, 2(b) of the Tender Documents for Construction of Secondary, Tertiary Sewerage and Septic Tanks University of Peshawar was not based on facts, it was rather for escalation or de-escalation on rate offered by the contractor.
3. The construction work should be re-tendered and fair chance of competition should have been provided to everyone.
4. The Department should have been extended escalation on the CSR-2008 instead of giving revised rates.
5. It was the responsibility of the Department to obtain NOCs from respective University/institutions before tendering, which was not done and resulted into abnormal delay in execution of work.

SUB-COMMITTEE RECOMMENDATION

19. As the then Director Works who failed to obtain NOC in advance and responsible for abnormal delay, has been retired from service, hence the Committee, taken a lenient view recommended to settle the subject Para with the direction to the

Department not to repeat such practice in future. It should not be quoted as precedent in future.

DP No.5.4.18 BLOCKADE OF GOVERNMENT MONEY - Rs.70.924 MILLION. AUDIT VERSION

20. During audit of the accounts of Vice Chancellor University of Peshawar, for the year 2010-11, it was noticed that Rs. 20 million was provided to the University by the Chief Minister and Rs.50 million by the Senator Haji Muhammad Adeel for the “Establishment of Hakeem Abdul Jalil Nadvi Degree College for Boys”. The College was not established till the date of audit and the amount was deposited in the Bank and till the date of interest accrued upto Rs. 9,24,000/-. Thus Government funds of Rs. 70.924 million were blocked.

21. The Audit held that the blockade was due to weak financial management and violation of Para 12 of the GFR Volume I.

22. The matter was reported to the Department in March, 2012. DAC in its meeting held on 13th June, 2013, directed the Department to produce record for verification within 15 days. Further progress was however, not reported till finalization of the report.

DEPARTMENTAL VERSION

23. The Department explained that after the receipt of Technical Sanction conveyed to the Directorate of Works vide No.1506/P&D dated 24-06-2001, prequalification of contractors/firms, scrutiny of their profiles and bidding process had already been completed and work order issued vide No.552/DOW dated 08-03-2012. A letter regarding clearance of site had also been issued to Director Administration vide letter No.620/DOW dated 15-03-2012, but the site problem was yet to be resolved. Because of the site problem the work could not be started on the complaint of sportsmen/local sports club, the Governor, Khyber Pakhtunkhwa had interfered and ordered for change of the site from the originally proposed. The new site was yet to be selected.

24. In the 1st meeting of Sub-Committee held on 19-12-2017, the Committee observed that Technical Sanction conveyed to the Directorate of Works vide No.1506/P&D dated 24-06-2001, prequalification of contractors/firms, scrutiny of their

profiles and bidding process has been completed and work order and clearance of site issued on 08-03-2012 and 15-03-2012 respectively but nobody take interest to resolve the petty issue involved in the subject Para. Even in the PAC meeting held on 19-07-2017 the Department assured the Committee that the issue would be resolved as soon as possible but after passage of more than four months no steps taken by the Department.

25. The Committee also observed as long as the issue delay on the part of the Department site the rate of the construction work will enhance and total responsibility will fall on the shoulders of the University authority.

26. After detailed discussion on the subject Para it was decided to convene next meeting of the Committee, which will be held on 10-01-2018 with the direction to invite the following to attend the meeting personally.

1. Vice Chancellor, University of Peshawar.
2. Pro-Vice Chancellor.
3. Principal University Public School (UPS).

27. In the 2nd meeting of Sub-Committee held on 10-01-2018, the Officers as mentioned above attended the meeting and fully prepared with regard to the subject Para.

28. The Department stated that after the Court's decision of 8th March, 2017, PAC discussion of 19th December, 2017 and assurance of the Principal, University Public School with regard to clearance of site and no resistance on the part of teaching staff and student of the school, the Directorate of works University of Peshawar conducted three (3) meetings with M/S Ikramullah, Government Contractor, Peshawar. Thereafter the Contractor was directed by the Directorate of works University of Peshawar on 09-01-2018 to start work on the Project in accordance with the approved terms & conditions already executed in the contract agreement, so the work should be started in near future.

SUB-COMMITTEE RECOMMENDATION

29. After plausible explanation of the Department, the Para was recommended to be settled, subject to the completion of work on the Project/Hostel.

VI. REPORT OF THE SUB-COMMITTEE NO. 8 ON DRAFT PARAS NO. 3.4.2.2, 3.4.2.3 AND 3.4.2.4 FOR THE YEAR 2012-13 PERTAINING TO INDUSTRIES DEPARTMENT

INTRODUCTION

In pursuance of the decision of Public Accounts Committee made in its meeting held on 13-01-2017 at 11:00 a.m, while examining Draft Para No. 3.4.2.2, 3.4.2.3 and 3.4.2.4 for the year 2012-13 pertaining to Industries Department, a Sub-Committee was constituted vide Notification No.PA/KP/PAC/SC-8/Industries/17/5142 dated 06-02-2017 comprising the following:-

- | | | |
|----|------------------------------|----------|
| 1. | Mr. Qurban Ali Khan, | Chairman |
| 2. | Arbab Waseem Hayat Khan, MPA | Member |
| 3. | Mr. Mehmood Jan, MPA | Member |

TERMS OF REFERENCE

2. The Sub-Committee was constituted to examine the issues involved in the Draft Paras No. 3.4.2.2, 3.4.2.3 and 3.4.2.4 for the year 2012-13 pertaining to Industries Department and submit its report to PAC within a month.

PROCEEDINGS

3. The meeting of Sub-Committee was held on 20-09-2017, wherein the issues involved in the Draft Paras were thoroughly examined and recommendations were made as per following details:-

DP 3.4.2.2 (2012-13) NON-RECOVERY OF OUTSTANDING DUES FROM DEFAULTER ENTREPRENEURS Rs. 1. 65 MILLION.

AUDIT VERSION

4. Audit reported that during audit of Small Industries Development Board Peshawar (SIBD), it was found that the Management disbursed loan of Rs. 1.26 million to three parties for establishment of small scale industries during 1996-97. Parties violated the terms and conditions of loan agreement and did not deposit the due installments. The outstanding dues were accumulated to Rs. 1.65 million as on June 30, 2012.

5. The matter was reported to Management in October, 2012 and to the Department in January 2013. The Department not furnished a tenable reply. DAC in its meeting held on February 2013, directed the Management for early recovery of outstanding dues.

DEPARTMENTAL VERSION

6. **M/s Tahira Garments.** Case was filed in the Banking Court for recovery from M/s Tahira Garments where the case was decided in favor of Small Industries Development Board as well as House Building Corporation. The mortgaged property was auctioned by the Banking Court out of which a sum of Rs. 340,750/- were received vide Cheque No. 26750347 dated 14-01-2005 as Small Industries Development Board share against the principal loan of Rs. 330,000/-. And an amount of Rs. 46272/- had already been received from the laonee as per detail given below:-

Particular	Principal	Mark up	Total
Outstanding Amount	330000	324071	654071
Amount Received	262503	124519	387022
Balance	67497	199552	267049

7. In compliance to DAC the following evidence/receipts provided to Auditor for verification the detail is as under:-

S/No.	Receipt No	Date	Amount
1.	14	16-05-1997	27022
2.	58	23-08-1997	3250
3.	173	18-06-1998	10000
4.	227	14-09-1998	6000
			46272
Amount received through Cheque			340750
Total received from the party			387022

8. Since no other property of the party was available out of which the outstanding amount of Rs. 276,049/- can be recovered therefore, the matter will be placed before Small Industries Development Board, Board of Director for decision.

9. **M/S Sami Plastic Industry.** M/s Sami Plastic Industry has deposited a sum of Rs. 700,000/- as principal amount during the package announced in 2007 under the head of Working capital Rs. 150,000/- and LMM Rs. 550,000/- respectively. So the loan amount of Rs. 150,000/- on account of Working Capital was fully cleared and adjusted. Wherein the remaining amount of LMM Rs. 200,000/- was not recovered during the package duration, since Rs. 550,000/- was bifurcated/adjusted against the principal and mark-up according to rules. Further, Rs. 200,000/- was recovered through Banking Court which was also adjusted against the principal and mark-up amount. After the above adjustment Rs. 1,440 million is still outstanding the detail is given below:-

Total Principal Amount in LMM=750000			
	Principal	Mark up as on 31-12-2015	Total
Outstanding	750000.00	1439898.00	Rs. 2189898.00
Received	(353123)	(196877)	550000.00 Received during Package
	(132175)	(67825)	200000.00 Received through Banking Court
Balance	264702.00	1175196.00	1439898.00

10. The case is under trial in Peshawar High Court. The action will be taken as and when decision of the Court arrived.

133. **M/S Bilal Soap Industry Peshawar.** Detail of outstanding dues against the party as under:-

Particular	Principal	Mark up	Total
Outstanding Amount	30650	73963	104613
Balance	30650	73963	104613

11. The Small Industries Development Board Management has filed recovery suit in Civil Court against the party as and when the case decided by the Court the PAC will be informed accordingly.

12. During the meeting of Sub-Committee, the Department explained that an amount of Rs. 2,67,049/- was outstanding and required to be recovered from M/s Tahira Garments, but no other property of the party was mortgaged out of which the outstanding amount could be recovered, therefore, the matter would be placed before SIDB of Directors for decision.

13. As far as recovery against M/s Sami Plastic Industry and Bilal Soap Industry was concerned The Department explained that both the cases were under trial in the Courts of Law and action would be taken as and when decision of the Court arrived.

SUB-COMMITTEE RECOMMENDATIONS

M/s Tahira Garments

14. After detailed discussion on the issue, the Committee directed the Department to initiate action leading to recovery of the balance amount of Rs. 2,67,049/- from M/s Tahira Garments as arrear of land revenue under the Land Revenue Act. The Department was further directed to take disciplinary action against those who failed to implement the decision of DAC in time.

M/S Sami Plastic Industry and M/S Bilal Soap Industry

15. As far as recovery against M/s Sami Plastic Industry and Bilal Soap Industry was concerned, the representative of the Law Department commented that in case stay/injunction was not granted by the Court then the Department could continue the process of recovery.

16. In view of the opinion of the representative of Law Department the Committee recommended to affect complete recovery out of mortgage property of both the parties as no injunction has been granted by any Court in this regard. Para stands. Progress be reported to PAC Cell within two months.

**DP 3.4.2.3 LOSS DUE TO NOT TAKING OF LEGAL POSSESSION OF
(2012-13) CANCELLED PLOT -Rs. 1.79 MILLION.
AUDIT VERSION**

17. During audit of Small Industries Development Board Peshawar (SIDB), it was found that the plot No. 36 & 37 measuring 22,500 sp. ft were cancelled in October 2009 due to non-submission of detailed building plan as well as non- construction of the unit despite lapse of 23 year. However, possession of plots was not taken which resulted in loss of Rs. 1.79 million.

18. The matter was reported to Management in October, 2012 and to the Department in January 2013. The Department not furnished a tenable reply. DAC in its meeting held on February 2013, directed the Management to make efforts for early possession of plot.

DEPARTMENTAL VERSION

19. It was submitted that plots Nos. 36 & 37 category (A) measuring 22500 Sq. ft were allotted and leased out to Mr. Hameedullah Khan and sons for the manufacturing of arms at Small Industries Estate Kohat Road Peshawar. The plots were cancel in the year 2009 for non-operation and nonpayment of Small Industries Development Board dues amounting to Rs. 51,520/-. Due to oversight the building was also reported to have not been constructed. The commercial auditors during audit for the year 2011-12 recoded observation for the loss of Rs. 1.788 million due to not taking possession of these plots after cancellation. The subject matter (Audit Para) was placed before the DAC in its meeting held on 14.02.2013. The auditors were of the view that the

plots were cancelled due to non-operation of unit. When the working papers for the year 2012-13 were placed before the DAC including the said Para, the question of recovery amounting to Rs. 51,520/- as arrear against the project was debated. The Chairman of DAC advised to visit the site and present the factual position before the forum. Accordingly DMD (Imp) inspected the site and the factual position was submitted to the department vide letter No. DMD (P&D/Estates) 122-23 dated 15-07-2014 along with picture indicating that the unit was in operation for the last 23 year. In response the chairman, DAC visited the site and certified the existence/ construction of building and advised that the progress may be explained in the Pre-PAC meeting. Keeping in view the above position the Management directed the owner to deposit the outstanding dues Rs. 51,520/-. As the lessee has deposited the actual amount plus penalty for restoration of plot, the management has been left with no other option but to withdraw the orders of cancellation.

20. The above position was explained in a subsequent meeting of the DAC held on 24.08.2015. The DAC decided that a Committee consisting representative from industries Department, Small Industries Development Board and Audit may further enquire the matter and submit report dated 24.08.2015. The Committee has submitted its report with the following recommendations.

RECOMMENDATION OF DEPARTMENTAL COMMITTEE

21. The owner has deposited the actual penalty amount plus the restoration fee totaling Rs. 61,520/- on dated 16.01.2015 in the Small Industries Development Board account. The unit is now fully operational. It is therefore proposed that Management Director Small Industries Development Board having allotment/cancellation powers may formally restore the plots numbers 36 & 37 of category-A in Small Industries Estate Peshawar in favor of M/s Hameedullah & Sons as per past precedents. Moreover the commercial auditors may be requested to drop the audit Para No. 3.4.2.3 under the Para, there is no direct loss incurred to Small Industries Development Board. However, restoration will facilitate M/s Hameedullah & Sons to continue operation of the unit and contribute in the economic growth of the province.

22. In view of above, the PAC was requested to settle the Draft Para and allow Small Industries Development Board Management to withdraw cancellation orders of plots 36 & 37-A” Small Industries Estate Peshawar.

SUB-COMMITTEE RECOMMENDATIONS

23. After examination of the Departmental inquiry report, written reply of the Department and oral explanation advanced by the representatives of Department during the meeting, the Committee directed the Department to restore the plots No.36 and 37 of category-A in favour of M/s Hameedullah & Sons forth with and recommended the Para to be **settled**.

**DP 3.4.2.4 UNAUTHORIZED CREDIT SALE OF FINISHED PRODUCTS
(2012-13) RESULTING IN NON-RECOVERY Rs. 8.57 MILLION.
AUDIT VERSION**

24. During audit of Small Industries Development Board Pak-German Wood Working Centre Peshawar, it was found that the Management supplied furniture and other finished products to various Departments during 1990-91 to 2005-06 without full payment in advance. Resultantly an amount of Rs 8.57 million was still outstanding against these organizations.

25. The matter was reported to Management in October, 2012 and to the Department in January 2013. The Department could not furnish a tenable reply. DAC in its meeting held on February 2013, directed the Management to recover/adjust the outstanding amount.

DEPARTMENTAL VERSION

26. In compliance with the DAC decision dated 24-08-2015 an amount of Rs.0737 million out of Rs 2.419 million has been recovered. While an amount of Rs. 6.888 million out of 8.569 million which was 80% of the total amount had been recovered and we also trying to recover outstanding balance amount of Rs.1.681/- i.e. 20% will be recovered as soon as possible.

27. During the meeting of Sub-Committee, the Department explained that an amount of Rs. 85,00,000/- has been recovered while an amount of Rs.15,89,000/- is outstanding against the Government Organization and trying to recover the same from the Government Organization.

SUB-COMMITTEE RECOMMENDATIONS

28. After detailed deliberation on the issue, the Committee directed the Department to make every effort for recovery of the balance amount of Rs. 15,89,000/- Para stands. Progress be reported to PAC Cell within a month time.

VII. REPORT OF SUB-COMMITTEE NO. 6 OF PUBLIC ACCOUNTS COMMITTEE ON DRAFT PAR NO. 10.4.26 FOR THE YEAR 2014-15 PERTAINING TO HEALTH DEPARTMENT

INTRODUCTION

In pursuance of the decision of Public Accounts Committee made in its meeting held on 5th of December, 2018 while examining the Draft Para No. 10.4.26 for the year 2014-15 pertaining to Health Department , a Sub-Committee was constituted vide Notification No. PA/KP/PAC/S.C-6/2014-15/18/12924 dated 17-12-2018, comprising the following:-

- | | | |
|----|---------------------------------|----------|
| 1. | Mr. Khushdil Khan Advocate, MPA | Chairman |
| 2. | Mr. Inayatullah, MPA | Member |
| 3. | Syed Fakhar Jehan, MPA | Member |

TERMS OF REFERENCE

2. The Sub-Committee was constituted to examine in detail first and second Inquiry Report of the inquiry Committee as involved in Draft Para No. 10.4.26 and to suggest remedies as per rules.

PROCEEDING

3. The Sub-Committee in its meeting held on 21st January, 2019 had thoroughly examined and discussed in detailed both the inquiries reports and made the following observations/recommendations.

DP 10.4.26 LOSS DUE TO NON RECOVERY OF RS. 21.856 MILLION.

AUDIT VERSION

4. During financial year 2012-13, the Chief Executive Lady Reading Hospital Peshawar did not recover a sum of Rs.21.856 million. On checking of record it was observed that an inquiry committee was constituted to probe regarding illegal reuse of artificial kidneys to successive patients in the dialysis unit of LRH Peshawar. The inquiry committee had established the charges against Professor Dr. Akhtar Ali head of the dialysis unit and Mr. Nasrullah Store Keeper LRH and recommended to recover the

amount in equal share. The department has failed to recover the amount which resulted in loss to the hospital of Rs.21.856 million.

5. It was held that loss occurred due to negligence and weak internal controls.

6. The matter was reported to the management in April, 2014 followed by a reminder No .Audit/HEALTH/SIR/340-380/2012-13/251 dated: 19/05/ 2013, to arrange the DAC meeting however it was not arranged till finalization of this report.

DEPARTMENTAL VERSION

7. The Department explained that:- 1. An inquiry was constituted by the Department of Health and report submitted to the Government of Khyber Pakhtunkhwa. 2. As a result of inquiry report, Prof. Akhtar Ali (BPS-21) Head of Department of Nephrology LRH and Mr. Nasrullah Chief Dialysis Technician were charge sheeted. 3. Formal inquiry Committee was re-constituted consisting of Syed Badshah Bukhari the then, Secretary Environments/Secretary Finance along with Proff Dr. Muzafar-ud-Din Sadiq Head of Department of Surgery LRH Peshawar. 4. The formal inquiry Committee scrutinized all relevant record such as registers indents books, hospital store record. 5. As per inquiry report no severe irregularities were proved. Accordingly the Hon'able Chief Minister Khyber Pakhtunkhwa exonerated Prof Dr. Akhtar Ali and Mr. Nasrullah store keeper from the charges leveled against them vide Department of Health letter No.SOH-I/1-260/93 dated 3rd January, 2014.

OBSERVATION OF SUB-COMMITTEE

8. The Committee observed that the Audit has made/constituted the said Para on basis of information contained in 1st inquiry report. Neither all the relevant record was properly examine by the audit which was pre-requisite for the audit of the said Draft Para, nor the 2nd inquiry report, conducted on the directions of Chief Minister being competent authority, was taken in to the account /consideration, Wherein the entire allegation and charges framed in the Charge Sheet of 1st enquiry report against the accused were proved wrong and exonerated from the said charges by the 2nd Enquiry Committee. If the Audit has scrutinized all the relevant record as well the second enquiry report properly the subject matter would have been resolved at the DAC level.

SUB-COMMITTEE RECOMMENDATIONS

9. The Committee after detailed discussion recommended the Para to be settled with the direction to the Department that:-

i. The internal audit of the store items issued to Nephrology Units since 2005 and if shortages are detected in the issuance of and receipt/utilization of the items in that unit these may be recovered from the concerned person, and

iii. The LRH Hospital should establish an effective complaint redressed System in Hospital to timely address the public complaints and grievances.

10. The Committee also recommended that the Pre-PAC need to play its role effectively and submit its recommendations to PAC after thoroughly scrutinizing/examining the matters/issues involved in the draft Para, in light of relevant Laws, Rules and Regulations in vogue at their level.

APPEAL

**APPEAL OF MR. BASHIR AHMAD, EX-DFC CHITRAL, ON ACCOUNT OF
DRAFT PARA No.9.4.5 FOR THE YEAR 2014-15 PERTAINING TO
FOOD DEPARTMENT**

FOLLOW-UP PAC RECOMMENDATION

DP No.9.4.5 **LOSS TO GOVERNMENT-Rs.5.856 MILLION.**
(2014-15)

1. The Report of Sub-Committee No.3 on Draft Para No.9.4.5 for the year 2014-15 pertaining to Food Department along with self explanatory appeal of Mr. Bashir Ahmad, Ex-DFC Chitral were examined by the Public Accounts Committee in detail on 29-10-2019.
2. During the meeting, the appellant informed the PAC that his pension along with other benefits have been stopped by the Department for the last four (04) years. The Committee observed that neither the Public Accounts Committee (PAC) nor the Sub-Committee of PAC has made such direction/recommendations regarding stoppage of pension and other benefits of the appellant.
3. In view of the above, the fate of the Report of Sub-Committee was kept pending by the PAC with the direction to send a copy of the appeal to the Department for obtaining its comments upto 04-11-2019 accordingly. The Secretary of the Department was directed to attend the PAC meeting on 05-11-2019 already scheduled vide Notice No.PA/KP/PAC-165/2014-15/19/9814 dated 17-10-2019.
4. On 05-11-2019, the Secretary of the Department once again failed to attend the meeting. The representative of the Department was neither fully prepared nor could respond to the queries made by the Committee.

PAC OBSERVATION

5. During the meeting, the Committee observed the following:-
 - i. that stoppage of pension and other benefits of Mr. Bashir Ahmad, Ex-DFC Chitral was in violation of the Government of Khyber Pakhtunkhwa, Finance Department letter No.FD/SOSR-II/4-36/2013 dated 28-08-2013 as well as “The Khyber Pakhtunkhwa Civil Servants Pension Rules”.
 - ii. that neither the Public Accounts Committee (PAC) nor the Sub-Committee of PAC has made any direction/recommendations regarding stoppage of pension and other benefits of the appellant.
 - iii. that the entire chain of command of the Department were responsible in the issue of communication but the Department held responsible only the Ex-DFC/appellant.

- iv. that due to lack of communication, the letter regarding price hike was not received in time to the Ex-DFC Chitral.
- v. that no embezzlement/mis-appropriation was involved in the Para.
- vi. that the Department sold wheat on cheaper rate resulting loss of Rs. 5.856 million out of which recovery of Rs. 10,88,592/- was made.
- vii. that benefit of loss to Government was availed by the general public of Chitral and recovery of the same would not be possible after passage of more than six (06) years.

PAC RECOMMENDATION

- 6. In view of the above, the Committee recommended to:-
 - i. Release forthwith the pension and other related benefits of Ex-DFC Chitral/appellant.
 - ii. Initiate departmental action against those who stopped the pension of appellant for the last 4 years in violation of the rules in vogue.
 - iii. Move a summary to the competent forum/authority for write-off of the remaining amount pending for recovery.
 - iv. Evolve proper mechanism of communication amongst the main office and office of DFC Chitral.
- 7. Para stands. Compliance report on the above recommendations be furnished on 12-11-2019 to the PAC.

COMPLIANCE REPORT

- 8. On 12-11-2019, the Department responded to the above recommendations of PAC made in its meeting held on 05-11-2019 as per the following details:-
 - v. Pension papers of Mr. Bashir Ahmad, Ex-DFC, Chitral have been prepared, signed by the Competent Authority and send to Accountant-General's Office for release of his pension.
 - vi. Inquiry proceedings have been ordered for fixing responsibility in order to initiate disciplinary action against those who stopped the pension of appellant for the last 4 years in violation of the rules in vogue.
 - vii. Summary to the Honorable Chief Minister has been moved for write-off of the remaining amount pending for recovery.
 - viii. The issue of communication has been addressed and Information Technology is being used for communication amongst the main office and office of DFC Chitral.

PAC RECOMMENDATION

9. In view of the above, the report of Sub-Committee in this regard was set aside and the Para was recommended to be settled subject to obtaining of write-off approval/sanction from the Honorable Chief Minister, Khyber Pakhtunkhwa.

REPORT OF INTER DEPARTMENTAL
COMMITTEE

**REPORT OF INTER DEPARTMENTAL COMMITTEE (IDC) ON
DRAFT PARA No.5 FOR THE YEAR 1997-98 PERTAINING TO
PUBLIC HEALTH ENGINEERING DEPARTMENT**

The PAC in its meeting held on 14-07-2003 recommended to conduct detailed Inquiry through Inter Departmental Committee (IDC) comprising the representatives of PHE, Audit and Finance Departments. The IDC report was placed before the PAC on 21-09-2019. After detailed examination, the Committee endorsed the following recommendations of IDC:-

“The Inter Departmental Committee arrived at the conclusion that both the actions i.e purchase of pipes mentioned in the Para and its subsequent proper utilization on another scheme stand fully justified and approved in the technical sanction estimate without causing any loses or misappropriation of the Government property”.

INQUIRY REPORTS

AGRICULTURE, LIVESTOCK & DAIRY DEVELOPMENT DEPARTMENT

INQUIRY REPORTS IN RESPECT OF AGRICULTURE, LIVESTOCK & DAIRY DEVELOPMENT DEPARTMENT

**DP No. 2.4.7 LOSS TO GOVERNMENT DUE TO LESS YIELD-Rs.1.543
(2014-15) MILLION.**

1. The PAC in its meeting held on 16/10/2017 after detailed discussion on the subject Para, directed the Department to conduct inquiry into the matter and fix responsibility on the person at fault. Para stands. Progress be reported to PAC within one (01) month.
2. In compliance with the recommendations of PAC, the Department conducted an inquiry. The Inquiry Committee recommended that:-
 - i. The Director General Audit, Khyber Pakhtunkhwa was advised to direct his staff for actual inspection of record instead of setting of Audit Para on verbal discussion with the Department as mentioned in their advance Para.
 - ii. All the inputs relating to sugarcane crop been issued by office of Director, Sugarcane Institute Mardan & the Director ARI D.I.Khan did not maintain the accurate receipt/issued record.
 - iii. Record of sugarcane section at ARI D.I.Khan is still incomplete since 2007 till to date.
 - iv. The financial year and status of the Para neither explained by the Department nor Audit Department during DAC & PAC meetings.
 - v. Further recommended that the Audit office may be directed to collect complete record of CESS project inputs issued by Director Sugarcane Institute Mardan to ARI D.I.Khan and conduct detail audit in presence of sugarcane experts.
 - vi. The Audit office also be directed to collect the detail of funds provided under regular budget by Provincial Government to sugarcane section since 2007 to till date.
 - vii. At present the responsibility of loss could not be fixed due to misunderstanding in between the concerned Department & Audit and meaningless/time wasting correspondence made by the Department

PAC FOLLOW-UP RECOMMENDATIONS

3. After detailed deliberation, the Committee observed that the Inquiry Committee did not follow the recommendations of PAC as well as the TORs mentioned in the Departmental Notification No.SO(AB&A)AD/PAC/2014-15/KC dated 17-10-2017. As the Inquiry report was not in line with the PAC recommendations as well as

Notification issued by the Department in this regard therefore, the PAC recommended to conduct a de-novo inquiry into the matter coupled with initiation of disciplinary action against the officers of the Inquiry Committee. Para stands. Progress be reported to PAC within one month.

DP No. 3.4.9 NON-RECOVERY OF LIQUATED DAMAGES-Rs.8.621 (M).

(2013-14)

4. The PAC in its meeting held on 12/07/2017 directed that both the Department and Audit to sit together and clarify the actual recoverable amount.

5. In compliance with the recommendations of PAC, both the Department and Audit furnished separate reports, one Inquiry report was signed by the Audit, wherein it has been recommended recovery of Rs.49,92,296/, but the same was not signed by the other two Members i.e. Representatives of the University of Agriculture, Peshawar. Thus the University Administration has conducted another inquiry comprising two Members, wherein it has stated that the work committee review the case and imposed a penalty amounting to Rs.7,54,749/- on the remaining work and the same amount has been recovered from the Contractor and deposited. Thus reports having two different views, the purpose of PAC didn't solved, as both the parties i.e. University and the Audit didn't agree on the stance of each other.

6. During the meeting of PAC on 29-10-2019 the Department explained that penalty should be imposed on the left over work as mention in the Pakistan Engineering Council (PEC) clause No.47.2 but the Department failed to produce the contract agreement.

PAC FOLLOW-UP RECOMMENDATIONS

7. In view of the above, the Para was kept pending till tomorrow i.e 30-10-2019 for production of contract agreement.

8. On 30-10-2019 the Department produced the contract agreement before the Committee. The same was examined by the Committee wherein the contention of the University was found correct hence, the Para was recommended to be settled.

DP. No.3.9 UNAUTHORIZED AND IRREGULAR AUCTION OF TREES.
(2002-03)

9. During the PAC meeting held on 23/07/2007 the Department could not advance any plausible explanation. The Committee felt that it was a case of further inquiry to know the actual facts. It, therefore, directed that the Secretary, Agriculture himself or any other senior and honest officer nominated by him should conduct enquiry in the case and submit report to the PAC within one month.

10. In compliance with the recommendations of PAC, the Department conducted an inquiry. The following recommendations of Inquiry officer received was placed before the PAC.

“The evident reveal that the auction was done according to the Government rules and regulations. The only thing which is creating doubt is the type mistake done by the concerned clerk during preparation of auction proceeding papers which was corrected later on and attested by the concerned auction Committee members and head of the section as well. The auction plants were wild growing forest/ornamentals and were near by WAPDA line situated at the S2 Type residence of ARI Tarnab, Peshawar. Their (wild plants) removal was necessary because that would cause high power voltage electric shock during heavy storm to the human as well as animals.”

PAC FOLLOW-UP RECOMMENDATION

11. The PAC considered the recommendations of inquiry officer and recommended the Para to be settled.

FOLLOW-UP BUSINESS

ELEMENTARY AND SECONDARY EDUCATION DEPARTMENT

DP No. 5.4.2 OVERPAYMENT DUE TO VIOLATION OF PC-I & CONTRACT (2013-14) AGREEMENT – Rs.7.465 MILLION.

1. The PAC in its meeting held on 18-07-2017 directed the Department to conduct inquiry for fixing responsibility and the overpaid amount if not covered in the PC-I, may be recovered from the responsible (s).

2. In compliance with the recommendations of PAC, the Department conducted an Inquiry through Departmental Inquiry Committee. The Inquiry Report was placed before the Committee on 21-09-2019. After examination, the following recommendations of the Inquiry Committee were approved:-

“The inquiry committee recommended that the PAC may be requested to settled the Para with the condition that the amount of Rs. 7.465 million may be got regularized by the Khyber Pakhtunkhwa Textbook Board by obtaining the ex-post facto approval/sanction from Finance Department.”

DP No.2.16 WASTEFUL EXPENDITURE AMOUNTING TO Rs.1.206 (2004-05) MILLION

3. In compliance with the decision of Follow-up Committee of PAC given its meeting held on 02-05-2017, the Provincial Inspection Team (PIT) conducted in an Inquiry. The same was placed before the PAC on 21-09-2019. After examination, following recommendations of PIT were approved with the directions that land of quarters may also be auctioned:-

- a. all the officers who prepared, checked, recommended and approved the relevant PC-I containing faulty proposals of constructions of residential quarters which were not required, are responsible for loss to the government exchequer . Names of these officers could not be ascertained because of failure of the Department to present authentic approved PC-I and other documents to PIT during inquiry proceedings. It is recommended that Elementary & Secondary Education Department may be directed to once again make last ditch efforts to know the names of these responsible officers and afterward take necessary action as per rules against these officers according to their latest service status.
- b. it is also recommended that residences may be demolish as they are highly unfit for residential purpose and the material obtained thereof may be auctioned because further delay would cause more deterioration of the building and the material thereafter may fetch lesser auction value.”

PLANNING & DEVELOPMENT DEPARTMENT

DP No.12.4 NON-RECOVERY OF LOANS FROM THE COMMUNITY ORGANIZATIONS Rs.1.844 MILLION. (2008-09)

1. The issue involve in the Para was placed before the PAC on 21-09-2019 which was examined. The Committee observed that the issue involved in the Para was quite old and now the balance recovery of Rs. 9,79,965/- is neither easy enough nor cost effective. Therefore, the Department was directed to take up the case with the Finance Department for condonation of the said amount within thirty (30) days and transmit condonation certificate to PAC Cell so as to settle the Para.

PUBLIC HEALTH ENGINEERING DEPARTMENT

DP No.45 LESS RECOVERY TO RS. 209,778/- ON A/C OF INCOME TAX (1997-98)

1. The PAC in its meeting held on 14-07-2003 recommended recovery of Income Tax from the contractors.

2. In compliance with the recommendations of PAC, the Department conducted inquiry and its report was placed before the PAC on 21-09-2019 wherein it was found that recovery has already been affected but it was the failure of concerned office which did not produce record in time, otherwise the Para would have been settled long ago.

3. After detailed discussion, the Committee endorsed the following recommendations of Inquiry Officer and recommended the Para to be settled.

“the recovery as pointed out by Audit has fully been recovered and no further action under the purview of the decision of PAC is required as the record conforms it”

CHIEF MINISTER SECRETARIAT

**DP No.3.1.1 NON-DEPOSIT OF REST HOUSES INCOME INTO
(2011-12) GOVERNMENT TREASURY- Rs. 0.518 MILLION.**

1. The PAC in its meeting held on 19-08-2015 recommended to conduct inquiry for fixing responsibility on those who did not deposit the Government revenue into the treasury in time followed by initiation of disciplinary action against them.

2. In compliance with the recommendations of PAC, the Department conducted inquiry. The same inquiry report was placed before the PAC on 21-09-2019.

The following recommendations of the inquiry officer were endorsed:-

- a. The management of CM's Secretariat should be warned to show due prudence in the use of official funds and that funds marked for a specific purpose, or under a specific head of account, should not be utilized for any other activity.
- b. warning should also be issued to the concerned staff of the CM's Secretariat involved in dealing with the management/issuance of permits, to be careful in future, cautioning them that any revenue and fee realized in its wake should forthwith be deposited in Government treasury and deposit challan retained for record.
- c. that the concerned staff of PBMC, C&W Department had failed in its responsibility at the time, C&W Department should be asked to investigate the matter on its end and fix responsibility.
- d. that instead of hiring contractual staff, especially for an important position like Comptroller to CM, the same should be filled through regular employees/civil servants so that they are answerable for their action in the line of duty even after posting out, and at a much later stage.
- e. the condonation granted by the Finance Department may be considered objectively and that the PAC may drop the Para amounting to Rs. 0.518 million.

AGRICULTURE, LIVESTOCK & DAIRY DEVELOPMENT DEPARTMENT

**DP No.1.2.20 WASTEFUL EXPENDITURE-RS. 5.699 MILLION.
(2010-11)**

1. The PAC in its meeting held on 09-07-2012, recommended that an inquiry may be conducted and fix responsibility on the officer (s) responsible for the wasteful expenditure. In compliance with the directions of PAC, the Department moved summary

to the Chief Minister, Khyber Pakhtunkhwa who had referred the issue involved in the Para to the Provincial Inspection Team (PIT) for fact finding inquiry.

2. The report of PIT was placed before the PAC on 21-09-2019. After examination, the following recommendations of PIT were adopted/endorsed.

- a. Syed Nisar Hussain Shah (retired Now), the then Director, VRI, Peshawar in connivance with the supplier M/S Roshanico (Pvt.) Ltd has caused loss of US\$-93430/- to the public exchequer. Criminality has been proved against them beyond any doubt. The loss needs to be recovered from them and both of them should be taken to task under relevant laws/rules. Anti-corruption Establishment has already lodged an FIR under various section against Syed Nisar Hussain Shah, the then Director, VRI, Peshawar and Choudhry Tariq Nazir , C.E.O. M/S Roshanico (Pvt.) Ltd, Lahore, for the fraud and loss of Rs. 9,623,290/- (equivalent to amount US Dollars spent converted to Pakistani rupees at the current exchange rate).

It is therefore, recommended that the Provincial Government may direct the Prosecution Wing, Home Department , Peshawar to vigorously pursue the case and depute most vigilant and competent Prosecutor so as to recover the loss and to punish the culprits as per law.

- b. It is also recommended that the Agriculture, Live stock and Cooperative Department, Peshawar may immediately blacklist the supplier firm M/S Roshanico (Pvt.) Ltd and this blacklisting should be communicated to all the Departments throughout the Country.

IRRIGATION DEPARTMENT

DP No.10.6 IRREGULAR EXPENDITURE OF Rs.7.500 MILLION.
(2004-05)

1. The PAC in its meeting held on 16-04-2009 decided that the case may be taken up with quarter concerned for adjustment of excess amount paid by the Department and initiate action against those on whose negligence excess amount was paid to WAPDA.

2. In compliance with the recommendations of PAC, the Department conducted an inquiry. The inquiry report was placed before the PAC on 21-09-2019. After detailed deliberation, the following recommendations of the inquiry officer were endorsed.

- i. As evident from the letter issued by the Acting Member (Water) WAPDA addressed to the Chief Secretary, Khyber Pakhtunkhwa for release of Rs.

11.50 million to the Chief Engineer CRBC WAPDA for the canal closure work in January, 2002 which were endorsed to Irrigation Department for necessary action and consequently the Irrigation Department forwarded a special application for release of Rs. 7.50 million against Rs. 11.5 million and accordingly the Finance Department release Rs. 7.50 million on special application for further placing at the disposal of Chief Engineer CRBC WAPDA for incurring expenditure in 2001-02 prior to the agreement among the Khyber Pakhtunkhwa Province, Punjab and WAPDA for bearing of O&M cost of CRBC main canal on 50:50 ratio.

- ii. The Finance Department released Rs. 7.50 million prior to the agreement as the Acting Member WAPDA has clarified in his letter to the Chief Secretary, Khyber Pakhtunkhwa that if the requisite O&M fund was not provided timely on 50/50 share basis by the Provinces then the O&M of main canal will suffer and its condition will further deteriorate and therefore offered the following three (3) option for selection, one of them.
 - a. Provinces should provide the requisite fund in time but not later than June, 2002.
 - b. Deduction of fund should be made at source by the Federal Government from the share of each Province.
 - c. WAPDA should stop Irrigation supplies from Chashma Barrage into CRBC.
3. In view of the above position, incurring of expenditure of Rs. 7.5 million on payment to WAPDA on 18 -06-2002 for the O&M of CRBC main canal prior to the agreement was with the approval of the competent authority, Administrative Approval and Technical Sanction is also available therefore, expenditure of Rs. 7.50 million is not a loss to the Government.

ZAKAT, USHR, SOCIAL WELFARE & WOMEN DEVELOPMENT

DEPARTMENT

DP No.2.1 **INCORRECT MAINTENANCE OF CASH BOOK AND**
 (2002-03) **UNAUTHORIZED GRANT OF LOANS WORTH Rs. 2.311**
 MILLION.

1. The PAC in its meeting held on 23-04-2009 while discussing the report of Sub-Committee constituted in this regard, directed the Department to hold fresh inquiry regarding the points/irregularities raised in the Para.
2. In compliance with the Directives of PAC, the Department conducted an inquiry and transmitted its report to PAC Cell. The said report was placed before the

PAC on 21-09-2019 and the PAC after detailed discussion endorsed the following recommendations of inquiry officer.

“As the funds have been distributed after fulfillment of all codal formalities, within a period of four years, with no fraud/embezzlement having no loss to the Provincial exchequer. The officers (D.D.O) of that time i.e Mr. Fazal-Ur-Rehman posted during the year 1997 and Mr. Hussain Ahmad, posted during the year 2000, have already been retired from service and according to the rules no action can be taken against the retired officers. To avoid such practices of abnormal delay, the Assistant Diector (Admn) Social Welfare may be strictly warned to be careful in future.”

ENERGY & POWER DEPARTMENT

DP No.60. LOSS OF RS. 9,65,142/- TO PUBLIC EXCHEQUER.
(2003-04)

1. The PAC in its meeting held on 21-10-2008 recommended to conduct inquiry for fixing responsibility.

2. The inquiry report received was placed before the PAC on 21-09-2019 which was examined threadbare and the following recommendations of inquiry officer were endorsed.

“Since the Director (Finance & Audit) SHYDO (Mr. Madad Shah) and Budget Officer-II, Finance Department (Mr. Iqbal Qureshi) being members of the scrutiny committees stand responsible for the lapses but they are no longer in service. The Drawing & Disbursing Officer and Bill Clerk were also held responsible as they did not examine the bills/voucher before passing it. Moreover, GTZ received payment of amount over & above their actual claims which also needs justifications.”

3. It is therefore, recommended that:-

- a. GTZ may be requested to conduct similar inquiry regarding manipulation /tampering in the vouchers/bills and acceptance of excess payment made to them.
- b. recovery may be made from all the responsible officers/officials of SHYDO.

HEALTH DEPARTMENT

DP No.11.4.5 OVERPAYMENT DUE TO PURCHASE OF LOW POTENCY DRUGS–Rs.2.545 MILLION. (2013-14)

1. The PAC in its meeting held on 25-07-2017 directed the Department to conduct an inquiry into the purchase of low potency drug at higher rates and fix responsibility.

2. In compliance with the directives of PAC, the Department conducted an inquiry through Inquiry Committee and transmitted its report to PAC. The same report was placed before the PAC on 21-09-2019 which was examined in detail. After lengthy discussion, the following recommendations of the Inquiry Committee were adopted:-

“ based on the proceedings/findings it is concluded that the rectification had been made by the office of MCC although it is also a fact that advertised strength i.e. 150 mg is not registered with DRAP it that time therefore it was not possible for any firm to quote rates of Tab: Lamivodine 150 mg strength. However, the MCC before initiating process of bidding could not make preparation that led to any error resulted an Audit Para for which warning may be issued to the dealing hands to be careful in future”.

DP.10.4.8 LOSS DUE TO NON-RECOVERY OF UTILITY CHARGES AT ENHANCED RATES- RS. 5.22 MILLION. (2012-13)

1. The Committee was informed that many correspondences were made with the Department but all in vain. At last, the Department/Khyber Teaching Hospital (KTH) responded that once the TMO's after completion of training have been relieved then the KTH is left with no authority on them hence, recovery at this stage is impossible. The response of KTH was put up on file. The Hon'ble Speaker/Chairman PAC had approved that instead of issuing reminders after reminders, it would be better to place the Para before the PAC.

2. The Committee was further informed that objective of PAC and Audit has been achieved and the KTH authorities have adopted corrective measures by installing separate electricity meters to each accommodation and re-occurrence of such issue has now been stopped.

3. Detailed reply of the KTH was placed before the Committee on 21-09-2019 which was examined and the Members of PAC were of the considered

opinion that recovery from the students/trainees was not justifiable therefore, keeping in view of adoption of corrective measures by the KTH, the Para was recommended 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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(MUSHTAQ AHMAD GHANI)
Speaker/Chairman
Public Accounts Committee
Provincial Assembly of Khyber Pakhtunkhwa.