

**PROVINCIAL ASSEMBLY OF KHYBER  
PAKHTUNKHWA**



**REPORT**

**PUBLIC ACCOUNTS COMMITTEE  
ON THE ACCOUNTS OF  
GOVERNMENT OF KHYBER PAKHTUNKHWA  
FOR THE YEAR 2013-14**

# CHAIRS FOREWORD

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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.

The Report of Auditor General of Pakistan for the year 2013-14 was the third report that has been successfully examined by the present PAC. 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.

A few Departments have shown improvement in implementation of PAC directives by holding DAC/pre-PAC meetings in time; while most of the Departments have shown no improvement at all and taken the said forums as a formality.

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 avoided 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--  
**(ASAD QAISAR)**  
Speaker/Chairman  
Public Accounts Committee

# P R E F A C E

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The Report of the Auditor General of Islamic Republic of Pakistan on the accounts of Government of Khyber Pakhtunkhwa Province for the year 2013-14 comprising the Audit Report, Appropriation Accounts, Financial Statements, Audit Report on Revenue Receipts and Audit Report on Public Sector Enterprises. The Assembly referred it to the Public Accounts Committee (PAC) for detailed examination on 14-04-2017.

The PAC examined the Audit Report in series of meetings spanning over nineteen (19) sittings held in the Khyber Pakhtunkhwa House, Abbottabad. In this Report the Audit Paras/observations pertaining to each Department of the Government of Khyber Pakhtunkhwa are arranged separately. Tables showing details of total Paras and recommendations of PAC thereon have also been added for ready reference.

The drafting and preparation of this report has been made possible due to the determined hard work of the officers and staff of the PAC Cell. Besides keep trying to arrange frequent meetings and timely compilation of this Report, I deeply acknowledge the active services of Mr. Amjad Ali, Additional Secretary and Mr. Inamullah Khan, Deputy Secretary for giving briefing to the Members on daily basis till late night on working papers of the subsequent day. Their sincere and devoted endeavours 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









# MEMBERS OF THE PUBLIC ACCOUNTS COMMITTEE





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# Introduction

## **INTRODUCTION**

In pursuance of Article 171 of the Constitution of Islamic Republic of Pakistan, the annual report of the Auditor General of Pakistan on the Accounts of Government of Khyber Pakhtunkhwa for the year 2013-14, received in the Assembly Secretariat on 01-02-2017, was laid before the House on 14-04-2017 under rule 198 of the Provincial Assembly of Khyber Pakhtunkhwa Procedure and Conduct of Business Rules, 1988. The House referred it to the Public Accounts Committee (PAC) on the same day for detailed examination.

2. The PAC examined the Audit Report for the year 2013-14 for which necessary Working Papers and other formalities were finalised. It conducted a series of meetings spanning over nineteen (19) sittings from 10-07-2017 to 04-08-2017 in the Khyber Pakhtunkhwa House, Abbottabad.

3. Out of total expenditure of the Provincial Government for the financial year 2012-13, the PAC examined an expenditure of Rs.162.517 billion which, in terms of percentage, was fifty four. Recovery of Rs 396.479 million was reported. The recovery of Rs 229.242 million was affected during the year 2013-14 at the time of compilation of Audit Report.

4. Despite the fact that no changes were made in the rules, practices and internal control systems during the year but still similar nature Draft Paras of previous years were repeated. For effective management and achievement of the objectives, various types of internal controls need to be in place. Accounting controls ensure completeness, accuracy, timeliness and reliability of accounts. Financial controls help in budgeting and accurate forecasting. Administrative controls help in preventing unauthorized payments, losses and misappropriations etc.

5. During the course of examination of the Audit Report, internal controls were found lacking as a result the following short comings in the financial management system in most of the Provincial Government Departments were observed:

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

- Retention of public money outside the government account.

6. To overcome the above mentioned short comings, the Principal Accounting Officers should evaluate the existing internal controls and reinforce these controls in the offices and organization working under their control. For future guidance, they were asked to:

- Maintain accurate accounting records and make it available to auditors at the time of the audit.
- 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, 20011.
- Recover Government dues and timely deposit it in Government treasury.
- Avoid keeping of public money outside the government account and prevent unnecessary drawl of funds.
- Prevent misuse of government assets.
- Timely investigate the cases of losses and take remedial measures.
- Regularly convene effective DAC and pre-PAC meetings and'
- Implement directives of DAC & PAC in its true spirit.

7. Total 202 Draft Paras reflected in the Auditor-General report were examined. During examination of each Draft Para, the following were noticed:-

- Misappropriation of public money of Rs.4.815 million was noticed in 2 cases.
- Fraudulent drawl on account of POL of Rs.1.100 million was noticed in 1 case.
- Non-production of record of Rs.617.063 million was noticed in 9 cases.
- Overpayment of Rs.176.316 million was noticed in 26 cases.
- Loss to government of Rs.1264.144 million was noticed in 70 cases.
- Non- recovery of government dues of Rs.2,899.453 million was noticed in 15 cases.
- Non- imposition of penalty of Rs.100.497 million was noticed in 4 cases.
- Non-deposit of government money of Rs.41.002 million was noticed in 7 cases.
- Excess expenditure of Rs.8,844.548 million was noticed in 11 cases.
- Unauthorized expenditure of Rs.438.579 million was noticed in 18 cases.
- Unauthentic expenditure of Rs.38.784 million was noticed in 2 cases.

- Irregular expenditure/Payment of Rs.267.732 million was noticed in 19 cases.
- Blockage of government funds of Rs.2,519.893 million was noticed in 12 cases.
- Non-accountal of store of Rs.4.332 million was noticed in 2 cases.
- Sub-standard execution of RCC of Rs.9.918 million was noticed in 1 case.
- Wasteful expenditure of Rs.197.327 million was noticed in 4 cases.

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 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.
- The PAOs should ensure holding of DAC and Pre-PAC meetings regularly.
- PAOs should promptly investigate cases of embezzlements/ frauds.
- The departments should ensure adherence to the provisions of GFR, Procurement Rules and Government Instructions.
- 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.
- 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.

## **GENERAL OBSERVATIONS**

### **Stereotype Comments.**

While examining the accounts of Administration Department, the Committee noted that stereotype comments were offered by Audit and Finance

Departments on the Working Paper which was of no use. 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 been saved.

#### **Non-conducting DAC Meeting.**

While examining the accounts of Administration Department, it was noted that DAC meetings was not convened by the Department in the majority of Draft Paras despite the reminder of Audit. The Committee was also reminded that the previous and present PAC has also time and again stressed upon convening DAC meetings regularly but majority of the Departments usually turn deaf ears upon the directions of PAC which on one side make it difficult for the Departments itself 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 the DAC meetings affects both the Department (s) and the PAC. Directions were issued to the Department not to repeat such practice in future.

#### **Illegible working paper.**

While examining the accounts of Agriculture Department, the Committee noted that the working paper was not legible even the page marking was not made. Moreover, index was also not provided. In such circumstances most of the time was wasted on finding of requisite page.

#### **Late submission of Working Paper.**

The Committee noted that the working paper was supplied two days before the meeting date despite the fact that all the Government Departments was time and again urged by the PAC Cell to transmit working papers atleast 15 days prior to the meeting date so that it can be distributed amongst the Members for study in advance.

#### **Representation of PAC Cell in Pre-PAC.**

While examining the accounts of the Administration and Agriculture Departments, the Committee noted that no facilitation work was made in the Pre-PAC meeting only stereotype decisions were made on the Pre-PAC level such as "Position may be explained before the PAC" which was not sufficient. The aim of the creation of Pre-PAC forum was to make preparation before coming to PAC as to whether some action or documents that needs to be produced before the PAC could be collected and such other short comings could be fulfilled. Keeping in view the poor performance of Pre-PAC forum, the Committee decided that in addition to the present membership one representative of PAC Cell may be added.

## **APPRECIATION FOR SECRETARY ENVIRONMENT.**

Before concluding the meeting, all the Members were unanimously appreciated the best efforts made by Secretary of the Department in preparing the working papers alongwith supporting material and promptly responding to each and every question raised during the proceedings either from the Members or any other officer. Because of being well prepared, the heavy agenda of the meeting was timely disposed of and precious time of the Committee was not wasted in irrelevant discussion or digging out issues.

In view of such best efforts and efficiently responding to every point, the Committee directed that appreciation in respect of Secretary of the Department may be brought on record, and should also be conveyed to the Chief Secretary with the direction that all other Principal Accounting Officers should follow the same in the public interest.

## **Investment of un-utilized funds in violation of rules.**

While examining the accounts of Finance Department for the year 2013-14, the Committee observed that some Departments used to invest their un-utilized funds without the permission of Finance Department. Therefore, the Audit Department was asked to dig out such practice while conducting the audit of the Department, so that these un-utilized funds could be timely retrieved and made part of the Provincial Consolidated Fund for utilizing the same in the best public interest.

## **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 was observed. 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 spendings. The Committee was optimistic that the present Secretary of the Department would seriously look into the matter and ensure that public money would not be wasted in future.

## **Verification of Record by Audit.**

While examining the Accounts of Health Department, the Committee noted that both the Department and Audit blaming each other for not conducting verification of record. In such situation, the PAC was of the view that the Audit

Department should bring the issue before the Auditor General of Pakistan and obtain his approval that in future when the Audit Party used to visit the Department for conducting audit, they should also make verification of record of the previous year so that blame game could be avoided in future.

**Comments of Finance Department.**

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.



Department	Total DPs	Settled	VOR	Recovery	Deptt Action	Sub- Committee	IDC	Detail Audit	SubJudice	Pending
Administration	12	04	04	02	***	02	***	***	***	***
Agriculture	17	05	04	01	03	03	***	01	***	***
Excise & Taxation	03	***	***	***	***	***	03	***	***	***
Communication & Works	26	10	15	***	***	01	***	***	***	***
Higher Education	16	03	04	03	02	04	***	***	***	***
Elementary & Secondary Education	03	02	***	***	01	***	***	***	***	***
Energy & Power	01	01	***	***	***	***	***	***	***	***
Environment	14	02	09	02	01	***	***	***	***	***
Food	10	05	***	01	01	01	***	***	02	***
Finance	08	07	***	***	***	01	***	***	***	***
Planning & Development	02	01	***	***	01 (referred to Anti- Corruption)	***	***	***	***	***
Health	46	20	05	03	04	12	***	02	***	***
Home & Tribal Affairs	19	08	04	02	***	04	***	***	***	01
Law, Parliamentary Affairs	01	***	***	***	***	***	***	01	***	***
Irrigation	14	09	01	***	01	03	***	***	***	***
Housing	04	03	***	***	***	01	***	***	***	***
Relief, Rehabilitation and Settlement	06	01	04	01	***	***	***	***	***	***
<b>Total</b>	<b>202</b>	<b>81</b>	<b>49</b>	<b>16</b>	<b>14</b>	<b>32</b>	<b>03</b>	<b>04</b>	<b>02</b>	<b>01</b>

# Report

## ADMINISTRATION DEPARTMENT

Total Draft Paras \_\_\_\_\_ 12

Examined \_\_\_\_\_ 12

Pending \_\_\_\_\_ Nil

Settled: 2.4.3, 2.4.10, 2.4.11, 2.4.12.....(04)

Recovery: 2.4.6, 2.4.8.....(02)

Sub-Committee: 2.4.1, 2.4.4.....(02)

VOR: 2.4.2, 2.4.5, 2.4.7, 2.4.9.....(04)

## **ADMINISTRATION DEPARTMENT**

Twelve (12) Draft Paras reflected in the Auditor General's Report for the year 2013-14 against the Department were examined by the Committee in its meeting held on Monday the 10<sup>th</sup> of July 2017. The following were present:-

### **PUBLIC ACCOUNTS COMMITTEE**

- |    |                                      |             |
|----|--------------------------------------|-------------|
| 1. | Dr. Mehr Taj Roghani, Acting Speaker | Chairperson |
| 2. | Syed Muhammad Ali Shah Bacha, MPA    | Member      |
| 3. | Mr. Muhammad Idrees Khan, MPA        | Member      |
| 4. | Mr. Qurban Ali Khan, MPA             | Member      |
| 5. | Mr. Mehmood Jan Khan, MPA            | Member      |

### **LAW, PARLIAMENTARY AFFAIRS & HUMAN RIGHTS DEPARTMENT**

Mr. Rizwanullah,  
Deputy Secretary.

### **FINANCE DEPARTMENT**

1. Mr. Musharraf Khan,  
Additional Secretary.
2. Ms. Shahana Irfan,  
Deputy Secretary.

### **AUDIT DEPARTMENT**

1. Mr. Asadaullah Khan,  
Director.
2. Mr. Shahid Ali,  
Deputy Director.
3. Dr. Ismail Khan,  
Deputy Director.

### **ADMINISTRATION DEPARTMENT**

Mr. Hassan Yousafzai,  
Secretary.

### **PROVINCIAL ASSEMBLY SECRETARIAT**

1. Mr. Amanullah,  
Secretary.
2. Mr. Amjad Ali,  
Additional Secretary.

3. Mr. Inamullah Khan,  
Deputy Secretary.
  4. Mr. Ibrahim Khan,  
Assistant Secretary.
  5. 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 MISAPPROPRIATION OF ROOM RENT - Rs.2.555 MILLION**

**AUDIT VERSION**

3. During audit of the accounts of Secretary to Government of Khyber Pakhtunkhwa Administration Department for the financial year 2011-12, it was noticed that old block of Khyber Pakhtunkhwa House Islamabad consists of 31 rooms while the list provided 26-rooms are reflected. As such 05-rooms were neither shown in the list nor was their occupancy shown to Audit. Furthermore, during the year 2011-12, no receipt on account of room rent of these rooms was shown realized which indicates that either these rooms were illegally occupied or the room rent realized amounting to Rs.2.555 million (365 days x 5 rooms @Rs.1400 per day) was misappropriated by the dealing hands.

4. The misappropriation occurred due to financial mismanagement and weak internal control which was violation of **Para 26 of GFR vol I**.

5. The matter was reported to the Department in August, 2012. DAC in its meeting held on 17<sup>th</sup> December, 2012, did not decide the issue and referred the para to PAC.

**DEPARTMENTAL VERSION**

6. The Department explained that since the inception of the House in 1981, rooms No.26-30 were staff block and were not reserved for guests. In 1995 on handing over the House to Administration Department, the practice was continued and these rooms were utilized as offices because no other facility of offices existed. Offices of C&W Department Engineer, Information Department, Comptroller and Assistant Comptroller were housed in these rooms.

7. On 09/03/2011, the Chief Minister was pleased to approve the placement of these 5 rooms i.e. Room 26-30 Khyber Pakhtunkhwa House, Islamabad at the disposal of Chief Minister Secretariat for official use. Therefore, the rooms were placed at the disposal of Chief Minister Secretariat vide letter No.SO(Admn)CMs/KPK/2011/3350, dated 9.3.2011 for official business.

8. During the meeting the Department explained that these rooms were placed at the disposal of Chief Minister's Secretariat which were allotted by

them. The Administration Department only took care of it. The Department further explained that the rate of reservation was about 60%. Now, 72 rooms are available for guests.

### **PAC OBSERVATION**

9. The PAC observed that the issue of Rooms No. 26 to 30 occupied by the government officers and later on placed at the disposal of Chief Minister's Secretariat needs detailed examination as to whether the officers/officials residing in these rooms have drawn TA/DA on the dates the rooms were occupied and as to whether house rent allowance was allowed to permanent residents during that period or otherwise.

10. The Committee also observed that there was shortage of accommodation and in such circumstances, allotting rooms free of cost will not only suffer the revenue receipt but also suffer the visiting guests.

11. The Committee further noted that large number of rooms have been occupied by different officers in the name of designated room (s) in various Houses due to which the Government is deprived of handsome revenue.

### **PAC RECOMMENDATIONS**

12. In view of the above the PAC constituted a Sub-Committee to examine the issue in detail, check record for the last two years of all Rest Houses in the Province, so that on one side revenue resources of the Province are boosted up and on the other hand the system of the allotment of Rest Houses are reformed.

13. The Sub-Committee will consist of the following members: -

- |    |                                   |          |
|----|-----------------------------------|----------|
| 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 Idrees, MPA          | Member   |

14. The Sub-Committee shall submit its report within two months.

### **DP No.2.4.2 FRAUDULENT DRAWL ON ACCOUNT OF POL - Rs.1.091 MILLION.**

### **AUDIT VERSION**

15. During the audit of the accounts of Director Anti-Corruption, Khyber Pakhtunkhwa for the financial year 2012-13, it was noticed that an expenditure of Rs.1.091 million was incurred on the POL of vehicles of various circles and Police stations other than Peshawar. The POL was provided by petrol stations located at Peshawar. Moreover, the POL shown filled at Peshawar was not found in the log books of these vehicles and payments were also made to

those petrol pumps located in Peshawar resulted into fraudulent drawl of Rs.1.091 million.

16. The Audit held that fraudulent drawl was due to weak financial controlin violation of **Para 23 of GFR vol I.**

17. The matter was reported to the Department in August, 2013, followed by letter to Principal Accounting Officer dated 12<sup>th</sup> September, 2013, to convene DAC meeting, which was not arranged till finalization of the report for the year 2013-14.

### **DEPARTMENTAL VERSION**

18. The Department explained that, the Anti-Corruption Establishment has one centralized DDO Code for the whole Province, where payment of POL consumed for official duty in Head Quarter as well as in District was made from the same cost center. The vehicles of District took POL locally, payment of which was made from Peshawar Head Quarter.

19. The vehicles of some Districts were retrenched due to security concern in the Districts like Tank, Hangu and Dir-Upper and allotted to officer in the Head Quarter, therefore, their POL was obviously consumed and paid at Peshawar Head Quarter through cross cheque in the name of Al-Rahman Filling Station, Peshawar.

20. Besides the above, on the direction of Peshawar High Court, the Anti-Corruption Establishment staff frequently visited Peshawar in connection with suo-moto action taken by the Honourable Court.

21. These officers while going back refueled there vehicles at Peshawar since a common cost center, their payment of such fuel was made to Petrol Pump through cross cheque in the name of Al-Rehman Filling Station Peshawar. In view of the above facts no embezzlement of fund has occurred.

### **PAC OBSERVATION**

22. The reply of the Department, prima-facie, was not convincing as under what peculiar circumstances, the vehicles of outside districts were refueled at Peshawar of and on. Date wise details of refueling, purpose of journey alongwith log books are required to be verified.

### **PAC RECOMMENDATIONS**

23. The Department was directed to provide vehicles list, retrenchment orders, Log Books and all other relevant record to Audit for verification during the current series of PAC meetings, Para stands till verification of record by the Audit.

**DP No. 2.4.3 NON-PRODUCTION OF RECORD OF DISCRETIONARY GRANT**  
**Rs. 6.450 MILLION.**

**AUDIT VERSION**

24. During the audit of the accounts of Secretary Administration Department for the financial year 2012-13, it was noticed that an amount of Rs.6.450 million was drawn on account of discretionary grant of the Ministers and shown paid to the Ministers for further disbursement. The auditable record was not produced to audit for scrutiny.

25. The Audit held that non-production of auditable record was violation of Auditor General's Ordinance. The matter was reported to Department in September, 2013, followed by a letter to the Principal Accounting Officer dated 28.11.2013 to arrange DAC meeting, which was however, not arranged till the finalization of this report.

**DEPARTMENTAL VERSION**

26. The Department explained that, during the financial year 2012-13, amount to the tune of Rs.75,000/- per quarter has been paid to each Minister as discretionary grant, as per provision of NWFP Ministers (Salaries Allowances and Privileges) Act, 1975. Further disbursement of discretionary grant was the prerogative of the Provincial Ministers.

27. Maintaining the record of disbursement of said amount was the responsibility of staff/ Private Secretary of the Minister concerned. The Department has requested all the concerned Private Secretaries to provide the disbursement details of the discretionary grant which was still awaited.

28. During the meeting the Secretary categorically stated that earlier record of such discretionary grants was not maintained. By now the system has been improved and complete record is maintained as required under the rules.

**PAC RECOMMENDATIONS**

29. As maintaining record of utilization of discretionary fund was already started, hence, the Committee taking lenient view recommended the Para to be settled with the direction that instructions should be issued to all concerned to strictly maintain such record to avoid future complications.

**DP No.2.4.4 LOSS TO THE GOVERNMENT DUE TO ILLEGAL OCCUPATION**  
**OF ROOMS - Rs. 5.110 MILLION.**

**AUDIT VERSION**

30. During audit of the accounts of Secretary Administration Department, for the financial year 2012-13, it was noticed that an amount of



Rs.5.110 million was not realized as room rent charges @ Rs.1400 per day per room (Rs.1400 x 10 rooms x 365 days=Rs.5,110,000) as per detail given below:-

<b>S-I Block</b>	
<b>Room No.</b>	<b>Allotted to</b>
14	Assistant controller Khyber Pakhtunkhwa House Islamabad
15 & 16	Information Department
19	DSP Security
20	Chief Minister Squad
21	Sub Engineer C&W
22	Squad of Asfandiyar Wali Khan
<b>Old Block</b>	
21,25,30	Not allotted to any visitor

31. The Audit held that the loss occurred due to weak internal control which was violation of **Para 23 of GFR vol I**.

32. The matter was reported to Department in September, 2013, followed by a letter to the Principal Accounting Officer dated 28.11.2013 to convene DAC meeting, which was however, not arranged till the finalization of this report.

#### **DEPARTMENTAL VERSION**

33. The Department explained that, previously rooms no. 26-30 old block were part of the staff block and accommodated offices. However on 09.03.2011, these rooms were taken over by Chief Minister Secretariat, therefore, officers were shifted to alternate room in S-I Block.

34. The following statement shows the detail justification of rooms pointed out in audit para.

<b>Room</b>	<b>Status</b>
14	Under the use of Assistant Comptroller for official purpose in lieu of Room No.27 Old block taken over by the C.M Secretariat.

15+16	These rooms were provided for official use of the Regional Information Office in place of room No.29 Old block.
19	<p>Due to high security threats in the wake over all security situation in the country especially VIP areas, DSP security was posted in the K.P House vide CM order No.SO-VI/CM/NWFP/6-1/2009/960, dated 17-04-2009.</p> <p>Due to non-availability of office accommodation for DSP security room No.19 was allotted to him vide order No.EO(Admn)89-M/KC, dated 26-01-2010 till construction of staff block and later the officer was accommodated in staff block room No.28.</p>
20	As explained earlier in order to ensure security of KP House specially C.M block, C.M security squad were permanently deployed in the K.P House, Islamabad thus room no.20 was temporarily given to C.M Secretariat for the security staff posted for the purpose.
21	This room was provided to the Sub-Engineer PBMC permanently placed at the House for supervising the maintenance activities in lieu of room No.26 Old block for use as office as per past practice.
22	This room was normally utilized by the guests as per record.
21,25,30 Old block	Room no.30 was at the disposal of C.M secretariat while room no.21 was also taken by the C.M secretariat for personal staff. However room no.25 remained under normal use of guests.

### **PAC OBSERVATION**

35. The Chair expressed her concern over non convening of DAC meetings regularly. She directed the Department that DAC meeting must be held on time in future to facilitate the job of PAC and to maintain financial discipline in the Department.

### **PAC RECOMMENDATIONS**

36. The Para was clubbed with Draft Para 2.4.1 having similar nature of issue involved, and referred the Para in question for detail examination to the Sub-Committee already constituted.

#### **DP No.2.4.5 LOSS DUE TO MISSING OF PERMITS - RS. 2.600 MILLION.**

##### **AUDIT VERSION**

37. During audit of the accounts record of Secretary Administration Department for the Year 2012-13 it was noticed that a sum of Rs.2.600 Million was less realized on account of 1/3 advance room rent of Khyber Pakhtunkhwa House Islamabad and Nathiagali, Shahi Mehman Khana etc. Neither the permits were available on record nor challans of deposit were shown to Audit for the period from 22.04.2013 to 30.06.2013. Thus the Government sustained a loss of Rs.2.600 million.

38. The Audit held that loss occurred due to financial mismanagement and weak internal control which was violation of **Para 23 of GFR vol I.**

39. The matter was reported to Department in September, 2013, followed by a letter to the Principal Accounting Officer dated 28.11.2013 to convene DAC meeting, which was however, not arranged till the finalization of this report.

##### **DEPARTMENTAL VERSION**

40. The Department explained that, Estate Office received Rs. 651,600, 1/3 advance room rent of the Houses in the month of April, May and June 2013 and the same were deposited into Government Treasury.

41. During the meeting, the Department explained that the amount calculated by the Audit was about 100% occupancy in the whole year.

##### **PAC OBSERVATION**

42. The PAC observed that the figures shown by Audit and that of the Department did not tally with each other. On a question raised by the Committee to know the difference, the Secretary of the Department contended that the figures shown by them were based on actual occupancy and the figures shown by the Audit are based on presumption. The Audit categorically admitted the contention of the Department.

##### **PAC RECOMMENDATIONS**

43. The explanation of the Department was accepted, hence the Para was recommended to be settled subject to verification of occupancy record, permits and challan to the extent of Rs. 6,51,600/- only. Verification may be made within 15 days and report be submitted to PAC Cell.

**DP No.2.4.6 NON-RECOVERY OF RENT OF RESIDENTIAL ACCOMMODATION - Rs.10.193 MILLION**

**AUDIT VERSION**

44. During the audit of the accounts of Secretary Administration Department for the financial year 2012-13, it was noticed that residential accommodations were provided to different categories of the Government employees. However, rent at prescribed commercial rates amounting to Rs.10.193 million was not recovered from them despite the fact that the officers were transferred either to other District or Province.

45. The Audit held that non recovery was due to weak internal control which was violation of **Para 26 of GFR vol I.**

46. The matter was reported to Department in September, 2013, followed by a letter to the Principal Accounting Officer dated 28.11.2013 to arrange DAC meeting, which was however, not arranged till the finalization of this report.

**DEPARTMENTAL VERSION**

47. The Department explained that, this para was against the following 11 numbers Officers:-

#	Name	House No	Period	Total Rent on market rate (as calculated by audit department)	Recovered	Outstanding amount	Department efforts
1	Khalid Khan Umarzai, Commissioner Kohat	13-RCG	5-12-2008 to 30.6.2013	25,80,000/-	540,000/-	2040000/-	-
2	Amjid Ali khan, Political Agent, Mohmand Agency	6/9 Jheel Raod	23.11.2009 to 30.6.2013	16,00,000/-	100000/-	1500000/-	Fresh reminder issued.
3	Muhammad Bashir Khan, D & S Judge,	17-OJR	10.9.2009 to 30.6.2013	2070,000/-	-	2070,000/-	Fresh reminder issued.

	Chitral						
4	Shahidullah Khan, DCO Kohat	71-C ADA Hayat abad	30.5.2009 to 30.5.2013	1110000/-	-	1110000/-	Fresh reminder issued.
5	Kamran Rehman, DCO Sawat	22- OJR	12.12.2009 to 30.6.2013	1395000/-	315000/-	1080000/-	Fresh reminder issued.
6	Mubarik Zeb, DPO Kohat	C-II/40 Hayat abad	5.1.2011 to 30.6.2012	630000/-	127642/-	502358/-	Fresh reminder issued.
7	Feroz Shah, DIG	15- Gunner Lane	1.7.2012 to 30.6.2013	360000/-	-	360000/-	Fresh reminder issued.
8	Shakeel Qadir	19- SAQ	1.3.2013 to 30.6.2013	120000/-	120000/-	0	
9	Usman Gul	24- OJR	1.3.2013 to 30.6.2013	120000/-	120000/-	0	
10	Ishtiaq Ahmad Marwat, DIG Police Kohat.	25- OJR	1.3.2013 to 30.6.2013	120000/-	-	120000/-	
11	Dr. Shams ul Haq	106- NC Flat	1.3.2013 to 30.6.2013	88000/-	No amount is outstanding against him	-	
	Total Amount			<b>10.193 Million</b>	<b>1322642</b>	<b>8432358</b>	

48. All these Officers were issued letters to deposit the Government dues. Three reminders were also issued. The market rate of residential accommodation from December 2004 to March 2010 and April 2010 onward duly notified by PBMC, Communication and Works Department. The amount calculated by Audit Department as in 5 of the Para above was different from the actual amount. The reply of Officers was explained placed below:-

- i. Mr. Khalid Khan Umarzai, Ex-Secretary replied that he has deposited Rs. 540,000/- in 3 challans for the period 01.09.2012 to 31.05.2013 and Government has given waiver of dues before this period up to 31.08. 2012. It was submitted that waiver was later on withdrawn by Government on 30.06.2013 and the

officer was asked to deposit the dues but he filed writ petition in Peshawar High Court (PHC) and PHC decided the case in his favour. Now the Department has filed CPLA in Supreme Court. As the case was sub-judice in the Court of Law hence, Audit / PAC were requested to drop his name from the Para.

- ii. Mr. Amjid Ali Khan, Ex-Political Agent has deposited the amount Rs. 100000/-.
- iii. Muhammad Bashir Khan, Ex-Judge Anti-Terrorism Court Malakand replied that Honourable PHC has granted him retention of accommodation as he was serving as Judge Anti-Terrorism Court in a Terrorist hit area in Malakand.
- iv. No reply.
- v. Mr. Kamran Rehman Ex- DCO Swat has deposited Rs. 315000/-.
- vi. Mr. Mubarik Zeb Ex-DPO Kohat has replied that the amount of 5% maintenance charges amounting to Rs.1,27642/- with effect from 01/01/2011 to 30/06/2012 has already been deposited in Government Treasury, duly verified by Accountant General KPK.
- vii. No reply.
- viii. Mr. Shakeel Qadir, Ex-Commissioner has deposited complete amount in the Government Treasury. The Audit was requested to drop his name from the Para.
- ix. Mr. Usman Gul, Ex-Commissioner has deposited complete amount. The Audit was requested to drop the Para.
- x. Mr. Ishtiaq Marwat Ex-DIG Kohat has replied that House Rent plus maintenance were regularly deducted from his salary as per Government policy. He requested to drop his name from the Para.
- xi. Dr. Shams-ul-Haq, Ex-MS DHQ Dir Upper has replied that although he assumed the charge as MS Upper Dir with effect from 01/04/2013 not from 01/03/2013.

49. The Department further told that, as per Allotment Policy 2011 “two months from the date of relinquishing / handing over the charge, provided that those who were transferred during the last quarter of the academic year may retain houses at Peshawar for three months at normal rent even if they have designated houses at their place of posting”.

### **PAC OBSERVATION**

50. The PAC observed with heavy heart that recovery was pending since 2008 has not yet been made, which shows inefficiency on part of the Department.

### **PAC RECOMMENDATIONS**

51. The Committee directed that recovery already made may be got verified by the Audit within 15 days and that rest of the recovery must be made within two months by the Department through final notice to the concerned officers. In case recovery is not made within the prescribed time period, the amount in question may be recovered from their pay/pension through Accountant General's Office. The outstanding amount relating to the retired officers may be recovered from them as arrears of land revenue under the Land Revenue Act. Para stands till complete recovery. Progress be reported to PAC Cell.

### **DP No.2.4.7 NON-RECOVERY OF HOUSE RENT & MAINTENANCE CHARGES - RS.2.520 MILLION.**

#### **AUDIT VERSION**

52. During audit of the accounts of Secretary Administration Department for the financial year 2012-13, it was noticed that Bungalow-1 Khyber Road was occupied by the Minister of Information, for five years. The occupant was also drawing house rent allowance @ Rs.40,000/- per month. The outstanding amount of house rent and 5% maintenance charges amounting to Rs.2.520 million was outstanding against the occupant. The outstanding amount was required to be recovered from the occupant.

53. The Audit held that non-recovery of house rent and maintenance charges was due to weak internal control which was violation of **Para 10(iv) of GFR vol I.**

54. The matter was reported to Department in September, 2013, followed by a letter to the Principal Accounting Officer dated 28.11.2013 to convene DAC meeting, which was however, not arranged till the finalization of this report.

#### **DEPARTMENTAL VERSION**

55. The Department explained that, Mian Iftikhar Hussain, the then Minister for Information & Public Relations Department, Khyber Pakhtunkhwa resided in House No 1-B Fort Road Peshawar instead of 1-Khyber Road. House was allotted to him on 06/08/2010 which he vacated on 15/03/2013. Thus total occupancy period was two years seven months and five days. The amount of House Rent Allowance for the period comes out to be Rs. 1,246,666/- (1.246 Million) instead of Rs 2,5,20000/- (2.520 Million) @ 40,000/- per month. As the Ministers, Advisors and Judges of High Court were not provided House Rent

Allowance @ basic pay, rather they were provided lump sum amount of House Rent Allowance (HRA), hence 5% maintenance charges were not being made from them. The Honourable Minister although has drawn HRA during occupancy period of Government residence, but he deposited the amount of Rs. 1,246,666/- on challan for the period w.e.f 10/8/2010 to 15/3/2013.

### **PAC RECOMMENDATIONS**

56. As the amount had already been recovered, the para was recommended to be settled subject to verification of record by the Audit.

### **DP No.2.4.8 NON-RECOVERY ON ACCOUNT OF ROOM RENT - Rs.2.478 MILLION.**

#### **AUDIT VERSION**

57. During audit of the accounts record of Secretary Administration Department for the year 2012-13, it was noticed, that room no.12 of the Shahi Mehman Khana was occupied by Mr. Majeed Niazi with effect from July 2008 to March 2013, but room rent amounting to Rs.2.478 million for the period from July, 2008 to March 2013 @ Rs.1400 per day was not deposited.

58. The Audit held that the lapse was occurred due to weak internal control which was violation of **Para 26 of GFR vol I.**

59. The matter was reported to Department in September, 2013, followed by a letter to the Principal Accounting Officer dated 28.11.2013 to convene DAC meeting, which was however, not arranged till the finalization of this report.

#### **DEPARTMENTAL VERSION**

60. The Department explained that, as per record of Administration Department no reservation / allotment of room was made to Mr. Majeed Niazi the then PSO to Chief Minister Khyber Pakhtunkhwa. However the Caretaker Shahi Mahman Khana , Peshawar, has reported that Mr. Abdul Majeed Niazi used to reside in Shahi Mahman Khana, during his tenure as PSO to Chief Minister Khyber Pakhtunkhwa.

61. When the concerned officer was consulted, he replied that two rooms i.e 6 & 12 in Shahi Memhan Khan, were declared Chief Minister Camp Office. The same record was provided to Administration Department which was not shown to Audit.

62. The above position shows that Mr. Majeed Niazi has utilized two rooms in Shahi Mehman Khana however, neither he has paid rent of the room



nor has produced any record to show that the room were declared Camp Office of the Chief Minister, Khyber Pakhtunkhwa.

### **PAC OBSERVATION**

63. The PAC observed with heavy heart the mis-use of powers/authority by the concerned officer by occupying the room for a long period without any lawful authority or official order in this regard.

### **PAC RECOMMENDATIONS**

64. The Department conceded the Audit observation and consequently it was directed to recover the amount in question from the concerned officer within two months. Para stands. Progress be reported to PAC.

### **DP No.2.4.9 NON RECOVERY OF THE MEMBERSHIP FEE - Rs.2.185 MILLION**

#### **AUDIT VERSION**

65. During audit of the accounts of Secretary to Government of Khyber Pakhtunkhwa, Administration Department, for the year 2011-12, it was noticed, that a sum of Rs.2.185 million was outstanding against the members of Civil Officer's Mess upto April, 2012. The outstanding amount was required to be recovered.

66. The non-recovery was occurred due to weak internal control which was violation of **Para 26 of GFR vol I.**

67. The matter was reported to the Department in August, 2012. DAC in its meeting held on 17<sup>th</sup> December, 2012, directed the Department to expedite the recovery. Further progress was, however, not reported till finalization of this report.

#### **DEPARTMENTAL VERSION**

68. The Department explained that, the matter was discussed in detail in DAC meeting held on 12-12-2012 under the Chairmanship of Chief Secretary, Khyber Pakhtunkhwa and A.P No.56 (2011-2012) was dropped with the direction to the Department to expedite recovery.

69. Accordingly the matter regarding recovery of outstanding dues against members of Civil Officers Mess was taken up in numerous meeting of the Management Committee Civil Officers Mess headed by the Chief Secretary, Khyber Pakhtunkhwa. On the direction of Management Committee notices were served on each defaulting member to clear the outstanding amount. against Rs.2.185 million a sum of one million, has been recovered. The matter regarding recovery of outstanding dues from remaining defaulting officers was placed before the Management Committee Meeting Civil Officers Mess held on 13-01-

2013 and the forum after detailed deliberation decided that the membership of such defaulting members would be cancelled who has not paid their monthly subscription for more than five years in spite of frequent reminder while others will be requested for clearance of the liabilities failing which their membership will be cancelled. In furtherance of the decision of Management Committee Meeting held on 13-01-2013, the membership of the defaulting members had been cancelled.

70. It was pertinent to mention here that the outstanding amount relates to monthly subscription of members and not required to be credited in the public account.

### **PAC RECOMMENDATIONS**

71. In view of plausible explanation advanced by the Department that membership of certain defaulters has been cancelled as punishment under the bye laws. However, the bye laws are silent about recovery from such members was accepted and the Para was recommended to be settled subject to verification of record of the recovered amount and cancellation of the Membership as punishment.

#### **DP No.2.4.10 IRREGULAR PAYMENT WITHOUT OPEN TENDER SYSTEM – Rs. 67.369 MILLION.**

### **AUDIT VERSION**

72. During the audit of the accounts of Secretary to Government of Khyber Pakhtunkhwa Administration Department for the financial year 2012-13, it was noticed that an expenditure of Rs. 67.369 million was incurred and paid to M/S Askari Aviation Pvt Ltd. on account of fixed and variable charges for the maintenance and operation of the two helicopters. The firm was neither pre-qualified nor registered with the Government. Thus, payment of Rs.67.369 million was irregular.

73. The Audit held that the payment was not covered under the rules. The matter was reported to Department in September, 2013, followed by a letter to the Principal Accounting Officer dated 28.11.2013 to convene DAC meeting, which was however, not arranged till the finalization of this report.

### **DEPARTMENTAL VERSION**

74. The Department explained that, the process of outsourcing of operation and maintenance of aviation assets of Government of Khyber Pakhtunkhwa was undertaken under Government of N.W.F.P. (Khyber Pakhtunkhwa) Procurement of Goods, Works & Services Rules, 2003 though an Evaluation Committee in a transparent way. A tender notice was floated in leading newspapers on 26<sup>th</sup> May 2007 where only one contractor i.e. Askari

Aviation submitted bid which was cancelled being non-competitive. The outsourcing process was re-tender on 5<sup>th</sup> July, 2007 for the second time. Again only Askari Aviation submitted bid, which was evaluated by the evaluation committee.

75. Rules 34(2) of the Bid Rules authorizes the head of the procurement entity to evaluate less than three tenders after publishing a notice inviting tenders for a second time in the newspapers. In light of the above rules, the tender received from Askari Aviation was evaluated after following due process. It is further submitted that the Askari Aviation was a registered firm.

76. The DAC in its meeting held on 16.04.2014 showed satisfaction that all the process was transparent and recommended the para to be dropped after consideration of the Public Accounts Committee.

77. The above transpires that payment of variable and fixed charges were made to the Askari Aviation in according to rules and agreed modalities and no irregularities were committed.

### **PAC RECOMMENDATIONS**

78. The Audit accepted the contention of the Department that it was a specialized job and similar nature of Draft Para No.2.4.4. (2012-13) had already been settled by the Committee. Hence, the Para in question was recommended to be settled.

**DP No.2.4.11            IRREGULAR PAYMENT WITHOUT PRE-QUALIFICATION**  
**- Rs. 41.938 MILLION.**

### **AUDIT VERSION**

79. During the audit of the accounts of Secretary to Government of Khyber Pakhtunkhwa Administration Department for the financial year 2011-12, it was noticed that an expenditure of Rs. 41.938 million was incurred and paid to M/S Askari Aviation Pvt Ltd. on account of fixed and variable charges for the maintenance and operation of the two helicopters. The firm was neither pre-qualified nor registered with the Government. Thus, payment of Rs.41.938 million was irregular.

80. The Audit held that the payment was not covered under the rules. The matter was reported to the Department in August, 2012. DAC in its meeting held on 17<sup>th</sup> December, 2012, directed that though payments were made as per terms and conditions of agreement, however, as the issue was already under consideration of PAC, hence the position may be explained to that Forum.

### **DEPARTMENTAL VERSION**

81. The Department explained that, whole process of out sourcing of operation and maintenance of the aviation assets of Government of Khyber Pakhtunkhwa has been completed through evaluation committee. The tender notice approved by evaluation committee was twice floated/advertised in National Newspapers but only one firm i.e. Askari Aviation (Pvt) Ltd: Rawalpindi has responded which was a registered firm. The firm was selected after due process.

82. Moreover the payment of MFC as well as variable charges of the helicopters were made month wise under agreed modalities and no over payment was made to the firm.

83. It was further submitted that a similar audit observation was made in advance para-16 for the year 2011-12 about which DAC mentioned that “though payment made as per terms and conditions of the agreement, however, the issue was under consideration of the PAC hence the position may be explained to that forum, Para stand”.

84. The PAC in its meeting held on 20-8-2015 has discussed a similar Draft Para 2.4.4 and recommended to be settled.

#### **PAC RECOMMENDATIONS**

85. The explanation advanced by the Department, being plausible, was accepted and the para was recommended to be settled as similar nature of Draft Para No.2.4.5. (2012-13) had already been settled by the Committee.

#### **DP No.2.4.12      IRREGULAR EXPENDITURE ON HELICOPTER - Rs.9.609 MILLION.**

#### **AUDIT VERSION**

86. During the audit of Secretary Administration Department, for the year 2012-13, it was noticed that a sum of Rs.25.978 million paid on account of variable charges for the use of MI-171 and Ecureuil Helicopter for visit of official delegation. In this connection it was pointed out that the Governor & Chief Minister can only use the Helicopter as declared VVIPs, whereas the same were used by other resulting into an irregular expenditure of Rs.9.609 million.

87. The Audit held that irregular expenditure occurred due to financial mismanagement which was violation of **Para 10 of GFR vol I.**

88. The matter was reported to Department in September, 2013. Followed by a letter to the Principal Accounting Officer dated 28.11.2013 to convene DAC meeting, which was not arranged till the finalization of this report.

#### **DEPARTMENTAL VERSION**

89. The Department explained that, helicopters were Government machinery and were used for Government work of public interest. There were no

such rules/notifications with regard to authorization of the helicopters for VVIP only. The helicopters were used on need basis by various Government functionaries for public interest duties in accordance with the exigency of the situation. The flights of the helicopters were arranged by for Government duties and requisition in this regard was made by the PSO to Chief Minister and Military Secretary to Governor. Moreover the passengers on board were also decided by them. The PSO to Chief Minister has been designated as the focal person for operation and mission coordination of the helicopters. The Administration Department, however pay the operational expenditures of the helicopters after verifying the same from the PSO to Chief Minister.

90. A similar Para was discussed in the PAC on 20.08.2015 and was settled as the audit could not prove that the helicopters were not unauthorizedly used.

### **PAC RECOMMENDATIONS**

91. The explanation advanced by the Department, being plausible was accepted and the para was recommended to be settled.

**AGRICULTURE, LIVESTOCK & COOPERATION**  
**DEPARTMENT**

Total Draft Paras \_\_\_\_\_ 17

Examined \_\_\_\_\_ 17

Pending \_\_\_\_\_ Nil

**Settled: 3.4.3, 3.4.13, 3.4.15, 3.4.2, 3.4.4..... (05)**

**VOR: 3.4.6, 3.4.12, 3.4.16, 3.4.10..... (04)**

**Sub-Committee: 3.4.7, 3.4.8, 3.4.17.....(03)**

**Detail Audit:3.4.1.....(01)**

**Departmental Action: 3.4.5, 3.4.9, 3.4.14.....(03)**

**Recovery: 3.4.11.....(01)**

## **AGRICULTURE DEPARTMENT**

Seventeen (17) Draft Paras reflected in the Auditor General's Report for the year 2013-14 against the Department were examined by the Committee in its meetings held on the 11<sup>th</sup> and 12<sup>th</sup> of July 2017. The following were present:-

### **PUBLIC ACCOUNTS COMMITTEE**

- |    |                                      |             |
|----|--------------------------------------|-------------|
| 1. | Dr. Mehr Taj Roghani, Acting Speaker | Chairperson |
| 2. | Syed Muhammad Ali Shah Bacha, MPA    | Member      |
| 3. | Mr. Muhammad Idrees Khan, MPA        | Member      |
| 4. | Mr. Qurban Ali Khan, MPA             | Member      |
| 5. | Mr. Mehmood Jan Khan, MPA            | Member      |

### **LAW, PARLIAMENTARY AFFAIRS & HUMAN RIGHTS DEPARTMENT**

Mr. Rizwanullah Khan Abdaali,  
Deputy Secretary.

### **FINANCE DEPARTMENT**

1. Mr. Muhammad Siddique,  
Additional Secretary.
2. Ms. Shahana Irfan,  
Deputy Secretary.
3. Mr. Mushtaq Ahmad,  
Budget Officer.

### **AUDIT DEPARTMENT**

1. Mr. Asad Ullah Khan,  
Director.
2. Mr. Zubair Arshad,  
Deputy Director.
3. Mr. Muhammad Ismail Khan,  
Deputy Director.
4. Mr. Asad Ullah,  
Audit Officer.
5. Mr. Muhammad Zakir,  
Audit Officer.

### **AGRICULTURE DEPARTMENT**

1. Mr. Shaukat Ali Yousafzai,  
Additional Secretary.

2. Dr. Saifullah,  
Vice-Chancellor, Agricultural University, Peshawar.
3. Mr. Faseeh-ur- Rehman,  
D.G. Agriculture Extension.
4. Dr. Sher Muhammad,  
D.G. Livestock.
5. Dr. Malik Ayaz Wazir,  
Director, Livestock.
6. Dr. Alamzeb,  
Director (HQ), Livestock.
7. Mr. Mahmood Jan Babar,  
Director, Agricultural Engineering.
8. Mr. Muhammad Khurshid,  
Director H.Q, OFWM.
9. Mr. Mujahidud Din, Director (Finance),  
Agricultural University, Peshawar.
10. Mr. Niamatullah, Additional Director (Finance),  
Agricultural University, Peshawar.

#### **PROVINCIAL ASSEMBLY SECRETARIAT**

1. Mr. Amanullah,  
Secretary.
  2. Mr. Amjad Ali,  
Additional Secretary.
  3. Mr. Inamullah Khan,  
Deputy Secretary.
  4. Mr. Ibrahim Khan,  
Assistant Secretary.
  5. 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.3.4.1 NON-PRODUCTION OF RECORD OF PERMITS FOR ANIMALS TRANSPORTATION TO FATA –Rs.9.5 MILLION.**

#### **AUDIT VERSION**



3. During audit of the accounts of the Director General (Extension) Livestock and Dairy Development Peshawar, for the financial year 2011-12, auditable record of permits issued for transportation of animals to FATA was demanded but not produced for verification despite repeated requests. Similar activity in the year 2010-11 was carried out and an amount of Rs.9.5 million was realized and kept in commercial account instead of depositing it in Government revenue.

4. The Audit held that non-production of record was due to violation of Auditor General's Ordinance. The matter was reported to the Department in January, 2013. DAC in its meeting on 3<sup>rd</sup> September, 2013, directed to conduct inquiry and fix responsibility within 07 days. Further progress was, however, not reported till finalization of the report.

### **DEPARTMENTAL VERSION**

5. Since the Para has been settled in the PAC meeting held on 20/08/2015, hence no further action was required in the instant case.

6. During the meeting the Department explained that the head, under which the amount was realized, was not allotted, hence the amount was deposited in the designated account. Record of which was available and can be verified. Moreover, the head of account was created by the Finance Department through CGA in classification of chart of account in March 2015. It was also pointed out that the Para was once settled by the PAC in the year 2010-11.

### **PAC RECOMMENDATIONS**

7. Since record was not produced to Audit, therefore, the Department was directed to provide complete record relating to the Para to Audit for carrying out detail audit in the Assembly Secretariat and submit report to PAC within two months.

### **DP No. 3.4.2 OVERPAYMENT ON ACCOUNT OF HIGHER PREMIUM ON CSR 1999 - Rs.4.904 MILLION.**

### **AUDIT VERSION**

8. During audit of accounts of Agricultural University Peshawar for the financial year 2011-12, it was noticed that construction of 300 students Girls Hostel was awarded to M/S Ahmad Ullah & Co. on 30<sup>th</sup> January, 2008 at a cost of Rs.57.470 million at a premium higher than the permissible limit of 75% for Civil/Public Health Work & 58% for Internal Electrification which resulted into loss of Rs.8.968 million.

9. The Audit held that the loss occurred due to non observance of provisions approved by Finance Department. The matter was reported to the

Department in December, 2011. DAC in its meeting held on 18<sup>th</sup> July, 2013, directed the Department for justification and production of record to audit within 15 days. Further progress, however was not reported till finalization of the report.

### **DEPARTMENTAL VERSION**

10. The Department explained that first time only 02 bidders participated in the bid with lowest bid position as under:

- i. Civil work= 126% above CSR-1999
- ii. Public Health & Electrical work= 115% above
- iii. NSI = 30% above

11. Tenders were rejected due to high bid & lack of competition. In the 2<sup>nd</sup> time 04 contractors participated in the bid with bid position as under:-

#### M/s Rehman Construction Co.

- a. Civil, Public Health & Electrical Work= 108.40% above CSR-99
- b. NSI = 10% above on estimated rate

#### M/s Liaqat Ullah & Co.

- a. Civil work = 129.50% above CSR-99
- b. Public Health= 218% above
- c. Electrical = 133% above
- d. NSI = at par on estimated rate

#### M/s Upright Engg. Pvt. Ltd.

- a. Civil & Public Health Work = 120% above CSR-1999
- b. Electrical = 90% above
- c. Non schedule item
- i. Civil & Public Health Work = 30% above estimated rate
- ii. Electrical = 20% above on estimated rate

#### M/s Abid Brothers

- a. Civil & Public Health Work= 112.98% above on CSR-1999
- b. Electrical 96.50% above CSR-1999
- c. Non schedule item
- i. Civil work= 7% on estimated rate
- ii. Public Health = 6.50% above on estimated rate
- iii. Electrical = 9.50% above on estimate rate

12. The contractors were requested through correspondence for review of rates for Supervisory Committee consideration.

13. In Technical Committee meeting held on 18.12.2007 it was recommended that the contractor with lowest bid may be asked for review of rates to bring it within permissible limit of CSR-1999 as per Government rules and in case the lowest bidder did not agree for the requested rebate, the second lowest bidder may be called for review of their bid, but the contractor did not agree for rebate.

14. A note dated 07.12.2007 was submitted to Authority for:-

- i. Refloating of tenders of Boys & Girls Hostels
- ii. Approval of lowest negotiated rate

15. The work for 3<sup>rd</sup> time was re-advertised in December, 2007 in the following leading Dailies:-

- i. The Daily Dawn
- ii. The Daily News
- iii. The Daily Jung
- iv. The Daily Mashriq

16. All pre-qualified contractors were informed through letters for participation in the bid. 06 Nos. tender forms were issued to prequalified & eligible contractors in category C-3 of Pakistan Engineering Council, only 02 contractors participated in the bid with bid position as under:-

S #	Description	Est. amount as per CSR-99	M/s Rehman construction Co.		M/sAhmadullah Khan & Co.	
			Bid %age	Bid amount	Bid %age	Bid amount
i.	Civil & PH	27614136.40	115 % above	59370392.40	89% on all items except steel  137% above on steel (9170770.83)	36553987.58  21734748.15

ii.	Electrical	897378	115 % above	19293 62.70	83.80% above	1649380.76
	Sub total	28511514		61299 755.10		59938116.49
iii.	NSI	2942541	At par	29425 41	At par	2942541
	Grand estimated amount	31454055	Grand bid amount	64242 296.10		62880657

17. The lowest bidder M/s Ahmad Ullah Khan & Co. was called for negotiation on 23.01.2008 in presence of Director Finance, Deputy Director Planning & Development Departments and was asked for review of rate, but he did not agree at that time and requested for some time to rework his rates and later on he agreed with following rates:-

- i. Civil & Public Health Work = 89% above on CSR-1999
- ii. Steel = 96.50% above
- iii. Electrical = 83.80% above

18. With bid position as under:-

S #	Description	Bid %age	Add bid amount (Rs.)	Total bid amount (Rs.)
i.	Civil & PH work (-) Reinforcement Rs.18443356.17	89%	16414586.99	34457943.16
ii.	Reinforcement steel Rs.9170779.83	96.50%	8849802.53	18020582.36
iii.	Electrical work Rs.897378	83.80%	752002.76	1649380.76
iv.	NSI Rs.2942541	At par	-	2942541.2

				8
	Grand total		26016392. 28	57470447. 28

19. From above, it was evident that this office has made efforts to bring down the rates to minimum. It was pointed out that the accepted bid was within the PC-I provision, however, 9.60% above the estimated cost.

20. During the meeting the Department explained that the funds were allocated for construction of Girls Hostel. For this purposes three (3) times tenders were floated in the press and in the last tender rates were negotiated with the lowest bidders. The rate so negotiated was within the permissible limit upto 30% above/below. Moreover, proper authorization was made by the H.E.C and the funds were utilized in the public interest.

### **PAC RECOMMENDATIONS**

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

### **DP No.3.4.3 LOSS DUE TO LESS REALIZATION OF REVENUE – Rs. 28.107 MILLION.**

### **AUDIT VERSION**

22. During audit of the accounts of the Agriculture Engineer Tarnab Peshawar for the financial year 2011-12, it was noticed that a sum of Rs.30.577 million was spent on the POL, maintenance and salaries of the concerned staff of the agriculture machinery, while an amount of Rs.2.470 million was realized as income from use of the machinery. The less realization of revenue resulted into loss to Government amounting to Rs.28.107 million.

23. The Audit held that loss occurred due to negligence and weak financial control which was violation of Para 23 of GFR vol I.

24. The matter was reported to the Department in November, 2012. The DAC in its meeting held on 12<sup>th</sup> November, 2013, directed to conduct detailed inquiry and to fix responsibility. Further progress was however, not reported till finalization of the report.

### **DEPARTMENTAL VERSION**

25. The Department explained that the overall total figure of expenditure during the fiscal 2011-12 exhibited in the Draft Para (30.577 million)

was correct. The distribution of expenditure figure under major codes was as follows:

- i. Establishment charges = 23.352 (million)
- ii. Operational charges of = 07.225 (million)

Agriculture Machinery (POL, Transport, Mach&Equip):

**Total expenditure =30.577**

26. The major functions of Agricultural Engineering Department were to:-

- a) Reclamation and development of culturable waste land for improving its productivity (through rental operation of bulldozers).
- b) Augmentation of irrigation water supplies by sinking privately owned irrigation tube-wells (through rental operation of drilling machinery).

27. The expenditure exhibited at S.No.ii was 7.225 million were spent on operation, maintenance & repair of old/obsolete Agriculture Machinery to reclaim culturable waste land and as a result in direct income through deposite of operation high rates of Agriculture Machinery in State Bank. In addition an indirect income, resulting from development of approximate 100 hectares of land in shape of growing different crops was as follows:

- a) Indirect income @rate of Rs.32,250 per hectare  $32,250 \times 100 =$  Rs.32,25,000 say Rs.3.225 million per year
- b) Indirect income during last five (5) years with effect from 2012-13 to 2016-17) =  $5 \times 3.225 =$  Rs.16.125 millions

28. Thus the gross income resulting from operation of Agriculture Machinery in-fact was (2.47 + 16.125) Rs.18.595 millions not 2.470 million only. The indirect income will continue for years to come.

29. It was further clarified that Agricultural Engineering Department was not a revenue generating Department. It was basically provides welfare services to farming community to promote Agriculture Sector of the Province.

30. The operation of Agriculture Machinery was adding desperately required land for Agriculture purpose to the Province of Khyber Pakhtunkhwa in view of food and fiber requirements for population growth of 2.1 % per Annum. Addition of Agriculture Land involves creation of employment opportunity in otherwise neglected Rural Areas of the Province.

31. As for figures of  $30.577 - 7.225 = 23.352$  million were concerned, these were basically Establishment Charges of apporx: 98 Nos. of staff of

different grades/scales. The disproportionate staff in relation to the number of Machine was due to the fact that no new Machines were added during last 23 years (1990-91 to 2011-12) to the Department. Only 19 Nos. of Bulldozers were procured in December, 2014 to supplement old and obsolete fleet of 30 Nos. of Bulldozers. However, the Department was trying its level best to add new fleet of machines to the existing fleet of Department through introduction of developmental schemes, which would create a balance between the income and establishment charges of the Department.

32. During the meeting the Director General, On Farm Water Management through light on the working and mandate of the Department as under: -

- a. Reclamation and development of culturable waste land for improving its productivity (through rental operation of Bulldozers).
- b. Augmentation of irrigation water supplies by sinking privately owned irrigation tube-wells (through rental operation of drilling machinery).

33. He said that it was not commercial or money earning Department. Mainly the Department job is reclamation of agricultural land. The Department all the time has tried its best to achieve the target fixed by the Finance Department.

### **PAC RECOMMENDATIONS**

34. The contention of the Department advanced during the meeting was duly accepted by the Audit hence the Para was recommended to be settled.

### **DP No. 3.4.4 LOSS DUE TO ALLOWING HIGHER PREMIUM ON CSR 1999 – Rs.8.968 MILLION.**

### **AUDIT VERSION**

35. During audit of accounts of Agricultural University Peshawar, for the financial year 2011-12, it was noticed that construction of 400 students Boys Hostel was awarded to M/S Liaqat Ullah & Co. on 30<sup>th</sup> January, 2008 at a cost of Rs.90.446 million @ 98.42 % above premium on CSR 1999. The Finance Department had allowed maximum premium upto 75% for the said period, which resulted into loss of Rs.8.968 million.

36. The Audit held that the loss occurred due to non observance of provisions approved by Finance Department. The matter was reported to the Department in December, 2011. DAC in its meeting held on 18<sup>th</sup> July, 2013, directed the Department for justification and production of record to audit within 15 days. Further progress, however was not reported till finalization of the report.

### **DEPARTMENTAL VERSION**

37. The Department explained that, the work in reference was tendered twice. Four (04) number contractors participated in the bid with lowest bid position as under:-

Description	Est. amount	Premium over CSR-1999	Amount (Rs.)
Civil work	42832948	103.21%	7040833/-
Public Health	1310874	189%	788425/-
Electrical work	3368037	119%	376001/-
Sub total	47511859		8205259/-
Non Schedule Items			
Civil work	2864223	At par	864223/-
Public Health	292000	//	92000/-
Electrical work	1757550/-	//	913773/-
Grand total			03119032/-

38. All intended contractors were informed vide letter dated 10.9.2007 for review of rates. The lowest bidder was also called for negotiation in presence of Director Finance & Director Planning & Development, Departments for review of rates, but he was reluctant for review and pointed out that their quoted rates were based on minimum marginal profit.

39. In a meeting dated 20.07.2007 under the Chairmanship of the Vice Chancellor, it was decided to make another attempt to all the bidders for review of rates and submit rate analysis in support of tendered rates for Consultant's examination.



40. The contractors/bidders were informed accordingly vide letter dated 24.09.2007, only one contractor M/s Liaqat Ullah & Co. submitted rate analysis in support of their quoted rates which were sent to Consultant for examination and views.

41. The Consultant vide letter dated 11.10 pointed out that average percentage above/below of 13 Nos. civil items came out to 130.15% above CSR-1999 03 Nos. Public Health items 232% above and 05 Nos. Electrical items to 188.03% above on CSR-1999 with overall average of 21 Nos. items i/c Civil, Public Health & Electrical was 158.59% above CSR-1999.

42. During the period, Member Operation & Planning HEC Islamabad was informed vide letter dated 11.10.2007 wherein it was requested to kindly guide as in view of the following and but their reply was not received.

43. The matter was then discussed in Technical Committee meeting held on 18.12.2007 with guest member Engineer Usman Khan, Director Building & Works (Provincial) Peshawar.

44. The following recommendations were made:-

- i. Consultant may be asked for proper bid evaluation
- ii. The contractors with lowest bid may be asked for review of bid to bring it within permissible limit of CSR-1999 as per Government rule.
- iii. There should not be any premium on non schedule items
- iv. If the contractor did not respond, the bids/statement may be sent to Provincial rate Committee for their consideration and advice or recall the tender.

45. Tenders were recalled in January, 2008 through advertisement in 04 National Dailies and all prequalified contractors were also asked through registered mail for participation in the bid. Three (03) Nos. contractors participated in the bid with bid position as under:-

PC-I cost = Rs.93504000

Estimated cost = Rs.88346675

Escriptio n	St. amount as per CSR-99	M/s Rehman Construction Co.		M/s Sikandari Construction Co.		M/s Liaqatullah & Co.	
		remium on CSR	ender amount	remium on CSR-99	ender amount	remium on CSR-99	ender amount

Civil & PH	4143822	04.90%	045069 1.27	8%	7404767. 56	8.42%	7590171.6 1
lectrical work	368037	04.90%	901107 .81	8%	668713.2 6	t par	368037.00
ub total	7511859		735179 99.08		4073480. 82		0958208.0 0
SI	769488	t par	769488	t par	769488	t par	769488.00
total	3281347		031212 87.09		9842968. 82		6727696.6 1
above on CSR-99			04.90%		8%		1.44%
above on Estimate			6.72%		3.01%		.48%

46. From the statement, it was evident that the lowest rate allowed was 9.48% above the estimated cost and as such it was within the limit of approving authority under Delegation of Power under Financial Rule & Power of Re-appropriation Rule-2001 (third schedule) special powers. Hence no unauthorized premium of Rs.8967704/- was allowed.

### **PAC RECOMMENDATIONS**

47. In view of convincing reply given by the Department the Para was recommended to be settled.

### **DP No. 3.4.5 LOSS DUE TO ALLOWING ESCALATION – Rs. 2.678 MILLION.**

### **AUDIT VERSION**

48. During audit of the Agricultural University Peshawar for the financial year 2011-12, it was noticed that a project “Construction of 300 students Hostel Agricultural University Peshawar” was to be completed on 08<sup>th</sup> September, 2011.

The completion was delayed by the contractor and instead of penalizing him for delaying the project he was given escalation of Rs.2.678 million resulting into loss to the Government.

49. The Audit held that loss occurred due to violation of the rules. The matter was reported to the Department in December, 2011. DAC in its meeting held on 18<sup>th</sup> July, 2013, directed that to produce justification for payment of escalation within 15 days. Further progress, was, however not reported till finalization of the report.

### **DEPARTMENTAL VERSION**

50. The Department explained that the escalation worked out and paid to M/s Ahmad Ullah Khan & Co. contractor for Girls Hostel was of the contract period i.e. for the period June, 2008 to August, 2010 and no escalation was allowed for the extended period as per Government notification No.SO(4)W&S/11-129/2005 dated 02.01.2009.

### **PAC OBSERVATION**

51. During the meeting the Department denied that chargers of escalation were given in the extended period of contract. The Audit pleaded that payment was made during the extended period as per a bill available on record with them.

### **PAC RECOMMENDATIONS**

52. In view of the above, the Committee directed both the Audit and Department to sit together and to work out as to whether charges of escalation was granted for the extended period or otherwise. Para stands. Progress be reported to PAC Cell within a month time.

### **DP No.3.4.6 LOSS DUE TO NON RECOVERY OF COST OF MISSING VEHICLES – Rs. 2.308 MILLION.**

### **AUDIT VERSION**

53. During the audit of the accounts of the D.G On Farm Water Management Khyber Pakhtunkhwa Peshawar, for the year 2011-12, it was noticed that two vehicles valuing Rs.2.308 million allotted to consultants were found missing. According to the inquiry report the cost of vehicle was required to be recovered from the consultants, which was not done.

54. The Audit held that loss occurred due to negligence of the management. The matter was reported to the Department in September, 2012. DAC in its meeting held on 11<sup>th</sup> February, 2013, directed to place the para before PAC.

## **DEPARTMENTAL VERSION**

55. The Department explained that the theft case of Government vehicle No.A-1204 Toyota Hilux (S/Cabin) was reported in Police Station (East) Peshawar Cantt.

56. A detail enquiry has been conducted by Mr. Abdul Ghafoor Baig, Controller, Government Printing & Stationery Department Khyber Pakhtunkhwa (Enquiry Officer).

57. The enquiry was submitted to the Chief Secretary, Khyber Pakhtunkhwa. The enquiry officer recommended to recover the cost of Government vehicle from the concerned firm (NESPAK).

58. On the recommendation of Inquiry officer, a sum of Rs.343943/- being depreciated cost has been recovered from the concerned firm.

59. The Department further told that official vehicle No.A-1083 MAZDA (D/Cab) was provided to the DHV Consultants for their official duty on 21/12/2006 a team of DHV Consultants was on routine inspection of water channels near Fateh Khan Khel in Bannu. On their back way to Bannu, the vehicle was snatched by some unknown persons. An FIR was lodged against the unknown person in Police Station Havaid Bannu on 21/12/2006.

60. A detailed enquiry was conducted by Mr. Abdul Ghafoor Baig, Controller Government Printing & Stationary Department Khyber Pakhtunkhwa (Enquiry Officer). The enquiry officer recommended to recover the cost of Government vehicle from the Consultants charges of the concerned firm (DHV Consultants) if the vehicle was not recovered till the expiry of the contract. The said recommendation was duly approved by Chief Secretary Khyber Pakhtunkhwa on 12/4/2007. The Project NWFP On Farm Water Management Phase-IV World Bank Assisted was closed on 31/3/2007.

61. Now the depreciated value of Rs.152189/- has been recovered from the concerned Firms and deposited into Government Treasury vide challan No.3038 dated 25/11/2016.

## **PAC RECOMMENDATIONS**

62. As explained by the Department that recovery at depreciated value has already been made and deposited in the Government Treasury, hence the Para was recommended to be settled subject to verification of recovery made.

## **DP No.3.4.7 LOSS TO GOVERNMENT DUE TO REPAIR OF CONDEMN AGRICULTURAL MACHINERY - Rs. 1.500 MILLION.**

## **AUDIT VERSION**

63. 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.

64. The Audit held that loss was due to weak financial management which was violation of **Para 23 & 167 of GFR vol I.**

65. The matter was reported to the Department in November, 2012. DAC in its meeting held on 17<sup>th</sup> July, 2013, directed to produce record of income of machinery. Further progress was, however, not reported till the finalization of the report.

### **DEPARTMENTAL VERSION**

66. The Department explained that the office of the Assistant Agricultural Engineer, Swat was abolished on June 30, 2002 due to restructuring of the Department and re-established with effect from 01.12.2005.

67. Correct to the instant that an amount of Rs.1.5 million was spent on repair of John Deere Bulldozers, but not the one which was declared condemned in the year 2007 were following:-

<b>S.No</b>	<b>Dozer Engine No.</b>
.	
1.	JD-018
2.	JD-112
3.	JD -157
4.	JD-197
5.	JD-314
6.	JD-398
7.	JD-401
8.	JD-651

68. The fact of the matter was that an amount of Rs.1.500 million was spent on repair during fiscal year 2011-12 on John Deere Bulldozers bearing following Engine Nos.

S.No	Dozer Engine No.
1.	JD-111
2.	JD-652
3.	JD -693
4.	JD-820
5.	JD-825
6.	JD-938

69. The expenditure 1.500 million was spent for operation, maintenance & repair of above mentioned running bulldozer to reclaim culturable waste land and as a result in direct income of Rs.4.358 million through deposit of operation high rates of bulldozers in the National Bank of Pakistan. In addition an indirect income, resulting from development of approx: 191 Hectares of land in shape of growing different crops was as follows:

a) Indirect income @rate of Rs.32,250 per hectare  $32,250 \times 191 =$   
Rs.6,159,750

Say Rs.6.160 million per year

b) Indirect income during last five (5) years with effect from 2012-13 to 2016-17) =  $5 \times 6.160 =$  Rs.30.800 millions

70. Thus the gross income resulting from operation of Agriculture Machinery in-fact was  $(4.358 + 30.800)$  Rs.35.158 millions. The indirect income will continue for years to come.

71. It was further clarified that Agricultural Engineering Department was not a revenue generating Department. It was basically provides welfare services to farming community to promote Agriculture Sector of the Province.

72. The operation of Agriculture Machinery was adding desperately required land for Agriculture purpose to the Province of Khyber Pakhtunkhwa in view of food and fiber requirements for population growth of 2.1 % per Annum. Addition of Agriculture Land involves creation of employment opportunity in otherwise neglected Rural Areas of the Province.

73. During the meeting the Department contended that the amount has not been spent on condemned Dozzers at all and the audit objection was based on presumption. The amount was spent on the machinery which was in working

condition. Details of bifurcation of the two condemned Dozzers and operational Dozzers was shown to the Committee.

### **PAC OBSERVATIONS**

74. The PAC observed with heavy heart that the bulldozers were declared condemned in 2002 and 2007 but no effort was made for its auction as required under the rules.

### **PAC RECOMMENDATIONS**

75. After detailed discussion the Committee could not reach to a fair and just conclusion as the issue involved physical verification of the Dozzers concerned. The Para was therefore referred to the Sub-Committee comprising the following:-

1. Mr. Muhammad Ali Shah Bacha, MPA Chairman
2. Mr. Qurban Ali Khan, MPA Member

76. The Sub-Committee was assigned the task to physically check the bulldozers and relevant record as to whether the expenditure was made on operational machinery or otherwise, as contended by the Department.

77. The Sub-Committee will submit its report to the PAC within two months.

### **DP No.3.4.8 LOSS DUE TO MISSING COWS - Rs. 1.060 MILLION.**

#### **AUDIT VERSION**

78. During audit of the account of Director Cattle Breeding & Dairy Farm Harichand, for the financial year 2010-11, it was noticed that during the month of 10/2010, 11/2010 and 12/2010 a quantity of 16 Achai cows and 1 Fresian cow were subtracted from the stock in excess of the auctioned number of cows or without recording any solid reason resulting into loss of Rs.1.060 million to the public exchequer.

79. The Audit held that loss occurred due to negligence and weak internal control which was violation of **Para 23 of GFR vol I.**

80. The matter was reported to the Department in Feb, 2010. DAC in its meeting held on 6<sup>th</sup> September, 2013, directed to conduct inquiry for fixing responsibility within 15 days. Further progress was, however, not reported till finalization of the report.

#### **DEPARTMENTAL VERSION**

81. The Department explained that as per decision of the DAC, the Administrative Department vide Notification No. SO (Acctt) AD/DAC/2011-12 Vol-

It dated 29-01-2014 has conducted detailed inquiry regarding advance Para No.173 through Director General Agriculture (Extension) Khyber Pakhtunkhwa Peshawar and as such findings of the inquiry report has already been submitted to the Director General Audit, vide Section Officer (A&C), Govt. of Khyber Pakhtunkhwa, Agriculture, Livestock & Cooperative Department letter No. SO (Acctt) AD/DAC/2011-12/Vol-II dated 05-03-2014 respectively. There was no pending action on the part of the Department.

### **PAC OBSERVATION**

82. The Committee observed that first cows were missing and now in addition to the cows, inquiry report was also missing as the inquiry report was not available with the Department.

83. The Committee also observed that no effort was made in the pre-PAC meeting to narrow down the issue for the convenience of PAC.

### **PAC RECOMMENDATIONS**

84. In view of the above, the Committee constituted a Sub-Committee to probe the issue involved in all centres of the Province. The Sub-Committee will consist of the following:-

- |    |                               |          |
|----|-------------------------------|----------|
| 1. | Mr. Mehmood Jan Khan, MPA     | Chairman |
| 2. | Mr. Muhammad Idrees Khan, MPA | Member   |

85. The Sub-Committee will submit its report to the PAC within two months.

### **DP No. 3.4.9 NON-RECOVERY OF LIQUATED DAMAGES - Rs.8.621 MILLION.**

### **AUDIT VERSION**

86. During audit of accounts of Agriculture University Peshawar, for the financial year 2011-12, it was noticed that a work named "Construction of 300 Students Girls Hostel" was awarded to Mr. Ahmad Ullah and Co. Peshawar at a contract price of Rs. 57.470 million and he was issued work order No. 612/S&D AUP dated 30.01.2008 the period for completion of work was 13.08.2010 which was extended up to 08.08.2011. The actual date for completion as per work order was 30.07.2011, however, there occurred a delay of 300 days in completion of work. Therefore he was liable to pay 0.05% per day of the contract price worth Rs.8.621 million.



87. The Audit held that non-recovery occurred due to weak internal control. The matter was reported to the Department in December, 2011. DAC in its meeting held on 18<sup>th</sup> July, 2013, directed the Department for complete recovery and production of work completion certificate etc for verification within 15 days. Further progress, however was not reported till finalization of the report.

### **DEPARTMENTAL VERSION**

88. The Department explained that, the works “Construction of Girls Hostel comprising of two separate blocks, the one block i.e Block-B was completed in due time i.e. in September 2011 and the contractor has “informed this office vide their letter dated 29-05-2011 to take over building..

89. It was further pointed out that in Block-A, minor works like finishing of mosaic & marble floor, sanitary fittings, fixing of leftover glass pan to windows and final coat of paint to doors and energizing of transformer were left unfinished after the extended time. This office understands that as the one block was completed and taken over in schedule time, penalty on unfinished /balance amount of works would be imposed.

90. Detail of payment after the extended time was given and damages @ 0.05% were produced below which would be recovered from contractor’s security:-

-Vide intermediate bill No. 31 =1136999/-

-Vide intermediate bill NO. 32=3667801/-

-Vide intermediate bill No. 33=3647711/-

=Rs.51,69,511/-

91. Liquidated damages of Rs.754,749/- (5169511X0.05X292/-100) for 09 months & 22 days would be recovered from the contractor.

### **PAC OBSERVATION**

92. During the meeting the Department explained that as per decision of DAC, the recovery has been made. However, there was difference of figures shown recovered by the Department and the figures shown to be recovered by the Audit.

### **PAC RECOMMENDATIONS**

93. The Committee directed that both the Department and Audit to sit together and clarify the actual recoverable amount. Para stands. Progress be reported to PAC Cell within two (2) months.

**DP No. 3.4.10      NON RECOVERY OF LIQUIDATED DAMAGES FOR DELAY IN COMPLETION OF WORK - Rs. 3.944 MILLION.**

## **AUDIT VERSION**

94. During audit of accounts of Agriculture University Peshawar for the year 2011-12, it was noticed that a work construction of multipurpose sports Gymnasium Project was awarded to M/S Jansons Co. Peshawar at contract cost of Rs. 39.439 million to be completed within 24 months w.e.f. 16.06.2009. The work was not completed even within extended period of one year i.e. 30.06.2012 therefore the contractor was liable to pay liquidated damages of Rs. 3.944 million which was neither imposed nor recovered.

95. The Audit held that the non recovery was due to weak internal control. The matter was reported to the Department in December, 2011. DAC in its meeting held on 18-07-2013 directed the Department for complete recovery and production of work completion certificate etc for verification within 15 days. Further progress, however had not been reported till finalization of the report.

## **DEPARTMENTAL VERSION**

96. The Department explained that reference work was awarded to M/s Janson Construction Co. vide work order No.1525/S&D/AUP dated 16.06.2009 with 24 months completion time, however, the contractor could not complete the work in stipulated time and extension of time was granted from time to time on valid grounds upto 30.12.2012. The main reason of delay was deferring of scheme in PSDP 2010-11 which adversely effected progress of work.

97. It was stated that Ancillary Buildings i.e. Reception office, Store and Fitness Club has been occupied by Directorate of Sports since September, 2012 however, finishing and polishing of wooden flooring and other odd item of work were still remaining. The Liquidated damages as per clause GCC-9.13(c) would be imposed beyond the extended period till handing over of the building.

## **PAC RECOMMENDATIONS**

98. As the outstanding amount has been recovered by the Department and deposited in the Government Treasury, therefore, the Draft Para was recommended to be settled subject to verification of Treasury Challan by Verification of Record Committee.

**DP No. 3.4.11      NON DEPOSIT OF HOSTEL ADMISSION FEE IN THE UNIVERSITY ACCOUNT - Rs.1.299 MILLION.**

## **AUDIT VERSION**

99. During audit of accounts of Agricultural University Peshawar for the financial year 2011-12, it was noticed that the warden of Outreach Hostel realized a sum of Rs.2.598 million on account of hostel admission fee from 203 students for the year 2009, 2010, 2011 and 2012 out of it 50% share amounting

to Rs.1.299 million was required to be deposited into the University Account which was not deposited.

100. The Audit held that non deposit was occurred due to non observance of rules which was violation of **Para 5 of GFR vol I**.

101. The matter was reported to the department in December, 2011. DAC in its meeting held on 18<sup>th</sup> July, 2013, directed the department for recovery of amount within 15 days. Further progress, was however not reported till finalization of the report.

### **DEPARTMENTAL VERSION**

102. The Department explained that, in 2010 the Rs.3300/- recovered from 05 Agricultural University Students @Rs.660/- per student and Rs.1,11,000/- from 111 Agricultural University Students @ Rs./1000/- per student for the academic year 2-111. The total amount Rs.1,14,300/- recovered from Agricultural University Students as admission fee for both the academic years 2010 and 2011 were corrected, however the amount recovered from the Agricultural University students was not payable to the University account because the Agricultural University Students has already been deposited border fee in the University account at the time of their admission therefore, the mentioned amount has not been paid in the University account. The less deposit shown in the Para was one of the said amount, which was incorrect.

103. As regard the IBMS Students (self finance) fee the year 2010 and 2011, the figure was correct and was not paid to the University account (i.e 50%) share after proper deduction of Sui Gas charges form IBMS student admission fee for 02 consecutive academic year 2010 and 2011, but it has now been paid even for the 04 consecutive year i.e the academic year 2009, 2010,2011 and 2012 @ 50% share after deduction of Sui Gas charges of IBMS Students vide cross cheque No . 0474615, dated 22-3-2013 , cleared on 08-04-2013.

### **PAC OBSERVATION**

104. The University authorities advanced totally different stance before the Committee from the one mentioned in the working paper. It was contended that though proper record available with them was not produced to the respective forums yet it was requested to the Committee to settle the para.

105. The Committee noted with grave concern the laxity of the university authorities in this regard and observed that audit was conducted in 2011-12 and since then different opportunities were available with them but regretfully no spade work and serious efforts were made to search out and produce record to Audit, or DAC or at Pre PAC meetings, and now coming with such new version itself badly negates the efficiency of the dealing hands and in such

circumstances the new version being advanced was not at all acceptable as the working paper placed before the Committee received two days back from the department also denied such new version. In such circumstances there was no alternative for the Committee but to uphold the decision of the DAC with further direction to initiate action against dealing hands of not submitting proper record to the respective forums.

### **PAC RECOMMENDATIONS**

106. In view of the above observation, the Committee recommended that recovery must be made as decided in the DAC meeting with three months and action may also be initiated against the concerned dealing hands for not producing record to the respective forums. Para stands. Progress be submitted to PAC.

### **DP No.3.4.12 IRREGULAR EXPENDITURE WITHOUT OPEN TENDER SYSTEM - Rs.4.500 MILLION.**

#### **AUDIT VERSION**

107. During audit of the accounts of Director General (Extension) Livestock and Dairy Development Peshawar, for the financial year 2011-12, it was noticed that an expenditure of Rs.4.499 million was incurred on the purchase of ration/ feed for the poultry farm established in the office premises on quotation basis. Open tender system was not adopted. Thus the expenditure was irregular.

108. The Audit held that irregular expenditure was occurred due to violation of rules. The matter was reported to the Department in Jan, 2013. DAC in its meeting held on 3<sup>rd</sup> Sept, 2013, directed to produce the relevant record for verification by audit within 15 days. Further progress was however, not reported till finalization of the report.

#### **DEPARTMENTAL VERSION**

109. The Department explained that as per decision of the DAC and Director General Audit letter No.Audit /DAC/Agri/ 2012-13 /3039-40 dated 16/12/2013, the relevant of record was produced to Director General Audit vide this office Memo. No.152 dated 09/01/2014 duly received by the representative of Director General Audit on 13/01/2014 for favor of verification but the verification certificate was still awaited from DG Audit Khyber Pakhtunkhwa, Peshawar.

#### **PAC OBSERVATION**

110. The Committee observed variation between the contentions of Audit and Department. The Audit was of the view that open tender system was not adopted whereas the Department contended that the same was adopted. In support of its contention, the Department produced copies of NIT during the meeting.

### **PAC RECOMMENDATIONS**

111. The Para was referred to verification of record Committee to verify the Tender Notice, Supply Order, supply made, Stock Entry and Consumption Account and as to whether purchases were made through open tender system or quotation, and in case of quotation, under what peculiar circumstances.

### **DP No.3.4.13 IRREGULAR EXPENDITURE ON PURCHASE OF MAIZE SEED - Rs.1.364 MILLION.**

### **AUDIT VERSION**

112. During audit of the accounts of the Director Seed Agriculture Development Fund Khyber-Pakhtunkhwa Peshawar, for financial year 2011-12, it was noticed that an expenditure of Rs.1.364 million was incurred on the purchase of maize seeds without adopting open tender system. Thus the expenditure of Rs.1.364 million was irregular.

113. The Audit held that irregular expenditure occurred due to violation of Rule **144 of GFR vol I.**

114. The matter was reported to the Department in January, 2013. DAC in its meeting held on 6<sup>th</sup> September, 2013 directed to conduct an inquiry within 30 days. Further progress was, however, not reported till finalization of the report.

### **DEPARTMENTAL VERSION**

115. The Department explained that no tender system was applicable in the case. The prices for various varieties of seeds fixed by an authorized Technical Committee mentioned in the approved PC-1 of "Establishment of Seed Industry in NWFP".

116. The rates fixed by the Technical Committee for the year 2011-12 vide letter No. CPO(AD)Ext-89/2011 dated Peshawar the 27-10-2011.

117. During the meeting detailed discussions was made on the subject Para and there after the Department contended that the certified seed was purchased from Government Department and not from private person.

### **PAC RECOMMENDATIONS**

118. In view of the plausible explanation, the Para was recommended to be settled. However, in case of purchases from private person, the Department should take up the case with Finance Department for waiving of open tender system so as to avoid audit objection in future.

**DP No. 3.4.14 IRREGULAR EXPENDITURE WITHOUT OPEN TENDER SYSTEM – Rs. 1.442 MILLION.**

**AUDIT VERSION**

119. During audit of accounts of Agricultural University Peshawar for the year 2011-12 it was observed that a sum of Rs.1.442 million was incurred on account of purchase of sanitary, Gas hardware and electric items etc: vide voucher No. 6526 dated 20-4-2012. The expenditure incurred was held irregular as the procurements rules 2003 were not followed and as such the University was deprived of the benefit of competitive rates.

120. The Audit held that the irregularity occurred due non observance of rules which was violation of **Para 144 of GFR vol I.**

121. The matter was reported to the Department in December, 2011. DAC in its meeting held on 18<sup>th</sup> July, 2013, directed the Department to produce NIT documents, Committee's minutes, Comparative Statement and stock register for verification within 15 days. Further progress, was however not reported till finalization of the report.

**DEPARTMENTAL VERSION**

122. The Department explained that a sum of Rs.14,42,177/- was incurred for purchase of Sanitary, Gas, Hardware, Electric & Telephone items for Works Directorate at University of Agriculture Peshawar. In this regards it was stated that work was twice advertised through press but the rate acquired were too high in comparison with the estimate. It was worthwhile that only two firms participated in the 2<sup>nd</sup> time tender. Keeping in view the day to day needs it was decided to make arrangements for purchase of these items departmentally.

123. Comparison of Rates:-

<b>1<sup>st</sup> time Tender</b>	<b>2<sup>nd</sup> time Tender</b>	<b>Actual</b>
17,29,664/-	15,97,434/-	14,42,177/-

(Only Two Participants)

124. The University made full efforts for getting competitive rates through proper tender procedure, and purchase advertised through press two times but higher rates were achieved, hence, keeping in view the need, purchase

was made departmentally. Proper Quotations has been collected and comparative statement was approved by the competent authority.

### **PAC OBSERVATION**

125. The Committee observed that it was not a good practice by making expenditure without open tender system. In case of unavoidable circumstances, proper approval from the competent authority for relaxing the provisions of open tender system, as per rules needs to be detained, which was not done in the instant case.

### **PAC RECOMMENDATIONS**

126. The Committee taking lenient view directed the Department to obtain ex-post-facto approval from the competent forum for relaxing of provisions of open tender system to regularize the amount as well as to verify the Stock Register of purchase items from Audit. Para stands. Progress be reported to PAC Cell within a month time.

### **DP No.3.4.15 UN-AUTHORIZED EXPENDITURE ON CLOSED SCHEME - Rs. 2.140 MILLION.**

#### **AUDIT VERSION**

127. According to Para 207(2) of GFR that only so much grant should be granted during financial year as is likely to be expended during that year.

128. During audit of the accounts of the District Officer Water Management Kohistan under D.G ON Farm Water Management Khyber Pakhtunkhwa Peshawar for the financial year 2011-12, it was revealed that a sum of Rs. 2.798 million was released for Development scheme to be incurred in financial year. However, the amount was carried forwarded to next financial and incurred on the already closed scheme of 2011-12. The expenditure on closed scheme was unauthorized.

129. The Audit held that unauthorized expenditure was due to violation of **Rule 207(2) of GFR vol I.**

130. The matter was reported to the Department in September, 2012. DAC in its meeting held on 11<sup>th</sup> February, 2013, decided that the expenditure after 30<sup>th</sup> June, 2012 was unauthorized and para may be placed before PAC.

#### **DEPARTMENTAL VERSION**

131. The Department explained that the cheque No. A-156919 dated 22-06-2012 issued by the DG NPIWC was received on 27/6/2012 and deposited in NBP of Pakistan Dassu on the same very day. This amount was related for

clearing liabilities of watercourses which work already completed & verified. Being a holiday on 30/06/2012 we had got only two days (28/6/2012 and 29/6/2012) for clearing the cheque from National Bank of Pakistan, Peshawar and then to disburse to the Water User Associations in far flung areas. The Communication with the associations was the main problem in Kohistan District. No doubts the amount was required to be surrendered but NPI water course Program was completed on 30/06/2012, surrender was not possible. That entire amount was meant for clearance the liabilities accrued on work done.

132. During the meeting the Department explained that the amount was released at the fag end of financial year and pending liabilities were required to be cleared. Moreover, the cheque was received in the respective Sub-office at Dassu on 27-06-2012. 30<sup>th</sup> June and 1<sup>st</sup> July 2012 was Saturday and Sunday. The cheque was cleared on 10<sup>th</sup> July 2012.

### **PAC RECOMMENDATIONS**

133. In view of the peculiar circumstances confronted with the Department, the Para was recommended to be settled with the direction to the Department not to make it a regular practice in future.

### **DP No.3.4.16      WASTEFUL EXPENDITURE ON THE PURCHASE OF MEDICINES – Rs. 36.552 MILLION.**

### **AUDIT VERSION**

134. During audit of the accounts of Director General Live Stock and Diary Development (Extension) Peshawar, for the financial year 2012-13, it was noticed that expenditure of Rs.36.552 “million was incurred on the purchase of Veterinary medicines and furniture for developmental scheme Construction and Establishment of 200 Civil Veterinary Dispensaries in the Province”. During the test check of District Director Live Stock Charsadda and Nowshera, it was found that the medicines and equipments were neither issued nor consumed by the dispensaries. It was worth mentioning that 90% of the expenditure was made in the month of June, 2013 which was closing month of the project.

135. The Audit held that wasteful expenditure was due to financial mismanagement which was violation of **Para 12 of GFR vol I.**

136. The matter was reported to the Department in October, 2013. Department was requested vide letter dated 18.12.2013 to arrange DAC within 10 days which was not convened till finalization of the report.

### **DEPARTMENTAL VERSION**

137. The Department explained that in compliance of the decision of the DAC, the office has constituted inquiry committee vide office order No. 6754-56



dated 20-08-2012. The inquiry committee has submitted its report which would be produced to PAC for consideration, however, in view of the recommendations of the inquiry committee there was no fault on the part of any officer.

138. During the meeting, the Department categorically admitted that medicines & equipments were purchased in accordance with the laid down procedure. The same were received, disburse and utilized. Record of the same is available and can be produced at any time.

### **PAC OBSERVATION**

139. The Committee observed that the funds were released at the fag end of the financial year due to which sufficient time was not available to the Department for further process under the law.

### **PAC RECOMMENDATIONS**

140. The Para was referred to Verification of Record Committee for verification of receipt and issuance of medicines with reference to stock register and late release of the Budget.

## **DP No.3.4.17      NON-ACCOUNTAL OF MEDICINES - Rs.1.288 MILLION.**

### **AUDIT VERSION**

141. During the audit of the accounts of Director General Extension, for the financial year 2011-12, it was noticed that veterinary medicines valuing Rs.1.288 million were issued to various MVC. The record of MVC Mardan was verified on test check basis and it was found that the medicine issued from head office were neither accounted for in the stock register, indents were also not available nor its consumption was available in the OPD register. Non-maintenance of the record resulted in non-accountal of medicines worth Rs.1.288 million.

142. The Audit held that non-accountal of medicines was due to weak supervisory check which was violation of **Para 23 of GFR vol I.**

143. The matter was reported to the Department in January, 2013. DAC in its meeting held on 3<sup>rd</sup> September, 2012, directed to produce the relevant record for verification by audit within 15 days. Further progress was, however, not reported till finalization of the report.

### **DEPARTMENTAL VERSION**

144. The Department explained that, as per decision of the DAC and Director General Audit letter No. Audit /DAC/Agri/ 2012-13 /3039-40 dated 16/12/2013 the relevant of record was produced to Director General Audit vide

this office Memo. No.152 dated 09/01/2014 duly received by the representative of Director General Audit on 13/01/2014 for favor of verification but the verification certificate was still awaited from DG Audit Khyber Pakhtunkhwa, Peshawar.

### **PAC RECOMMENDATIONS**

145. The matter was referred to the Sub-Committee already constituted in Draft Para No. 3.4.8 for verification and examination of the issue involved in the subject Para.

**EXCISE & TAXATION DEPARTMENT**

**Total Draft Paras \_\_\_\_\_ 03**

**Total Draft Paras examined by the PAC \_\_\_\_\_ 03**

**Pending \_\_\_\_\_ Nil**

**Referred to IDC:8.4.1, 8.4.2 &8.4.3.....(03)**

## **EXCISE AND TAXATION DEPARTMENT**

Three (03) Draft Paras reflected in the Auditor General's Report for the year 2013-14 against the Department were examined by the Committee in its meetings held on 12<sup>th</sup> of July 2017. The following were present:-

### **PUBLIC ACCOUNTS COMMITTEE**

- |    |                                      |             |
|----|--------------------------------------|-------------|
| 1. | Dr. Mehr Taj Roghani, Acting Speaker | Chairperson |
| 2. | Syed Muhammad Ali Shah Bacha, MPA    | Member      |
| 3. | Mr. Qurban Ali Khan, MPA             | Member      |
| 4. | Mr. Mehmood Jan Khan, MPA            | Member      |

### **LAW, PARLIAMENTARY AFFAIRS & HUMAN RIGHTS DEPARTMENT**

Mr. Rizwanullah Khan Abdaali,  
Deputy Secretary.

### **FINANCE DEPARTMENT**

1. Ms. Shahana Irfan,  
Deputy Secretary.
2. Mr. Mushtaq Ahmad,  
Budget Officer.

### **AUDIT DEPARTMENT**

1. Mr. Asad Ullah Khan,  
Director.
2. Mr. Zubair Arshad,  
Deputy Director.
3. Mr. Muhammad Ismail Khan,  
Deputy Director

### **EXCISE & TAXATION DEPARTMENT**

1. Mr. Javed Marwat,  
Secretary.
2. Mr. Nadir Rana,  
Additional Secretary.

### **PROVINCIAL ASSEMBLY SECRETARIAT**

1. Mr. Amanullah,  
Secretary.
2. Mr. Amjad Ali,  
Additional Secretary.

3. Mr. Inamullah Khan,  
Deputy Secretary.
4. Mr. Ibrahim Khan,  
Assistant Secretary.
5. 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. 8.4.1      LOSS DUE TO NON AUCTION OF CONFISCATED VEHICLES - Rs.124.493 MILLION.**

**AUDIT VERSION**

3. During audit of accounts of Director General Excise & Taxation Department Peshawar, for the financial year 2011-12, it was noticed that 182 vehicles were confiscated. Some of these vehicles were allotted to non entitled persons and some vehicles were parked in warehouse. Non auction of the confiscated vehicles resulted in loss to the Government of Rs.124.493 million.

4. The Audit held that loss occurred due to violation of rules. The matter was reported to the Department April, 2013, followed by a letter to the Principal Accounting Officer dated 29<sup>th</sup> July, 2013, and dated 22<sup>nd</sup> August, 2013 to convene DAC meeting, which was not arranged till finalization of the report.

**DEPARTMENTAL VERSION**

5. The Department explained that 182 vehicles as reported by the Audit were not actually confiscated vehicles but were impounded/seized vehicles consisting of case property vehicles & Court cases vehicles etc. Out of that impounded vehicles some vehicles have already been released to the owners and other Provinces through Home Department. The remaining/ confiscated vehicles have also been processed under the Khyber Pakhtunkhwa (Road Checking Seizers & Disposal of Motor Vehicles) Rules, 2015 and the Committee notified by the Provincial Government.

6. The Department has provided 38 vehicles to the Administration Department on 19.03.2013 for auction. Another list of 28 vehicles was communicated to Administration Department on 15.07.2014.

7. Furthermore, 129 vehicles were provided to the Administration Department on 11.09.2014 on the direction of the Provincial Government for further processing as per rules.

8. Moreover, 109 vehicles were provided to the Administration Department for auction and Revenue generated in this regard has accordingly been deposited in the Provincial exchequer under the relevant head of account.

### **PAC OBSERVATION**

9. Details of 182 vehicles were required to be checked and factual position needs to be placed before the PAC. However, the PAC noted with grave concern that DAC was not conducted. The PAC, therefore, directed that DAC should be regularly conducted, so that such issues are thoroughly examined.

### **PAC RECOMMENDATIONS**

10. After detailed deliberation on the subject Para, the Committee could not reach to a just conclusion therefore an Inter Departmental Committee (IDC) comprising the representatives of Excise & Taxation, Audit Department and PAC Cell under the Chairmanship of Mr. Mehmood Jan Khan, MPA was constituted to examine the details of 182 vehicles and its present position. The IDC will submit its report to PAC within a period of two months. Para stands.

11. The Excise and Taxation Department was nominated as convener of an I.D.C.

### **DP No. 8.4.2 LOSS TO THE PUBLIC EXCHEQUER BY NON CONFIRMATION OF THE CONFISCATED PARKED VEHICLES PRESENCE IN THE WAREHOUSE - Rs. 18.200 MILLION.**

### **AUDIT VERSION**

12. During audit of accounts of Director General Excise & Taxation Department Peshawar, for the financial year 2011-12, it was noticed that out of the confiscated 182 vehicles, 14 Nos vehicles shown at Sr. No. 154, 161 to 165, 167, 168 and 170 to 175 of list of the confiscated vehicles valuing Rs.18.200 million were found missing on physical verification in the presence of ASI Mr. Waheed Akbar on 19<sup>th</sup> April, 13. Missing vehicles resulted in loss to Government of Rs.18.200 million.

13. The Audit held that loss occurred due to negligence and non auction of the confiscated vehicles. The matter was reported to the Department on April, 2013 and followed by a letter to the Principal Accounting Officer dated 29<sup>th</sup> July, 2013, and dated 22<sup>nd</sup> August, 2013, to arrange DAC which was not convened till finalization of the report.

### **DEPARTMENTAL VERSION**

14. The Department explained that, 14 vehicles out of 182 vehicles as reported by the Audit as missing at the time of physical verification. The Department was of the view that no vehicle was missing.

### **PAC RECOMMENDATIONS**

15. The Para was referred to I.D.C already constituted in D.P.No. 8.4.1 to verify the details of 14 vehicles involved in the Para.

### **DP No. 8.4.3 LOSS TO THE PUBLIC EXCHEQUER BY UNAUTHORIZED RETENTION OF CONFISCATED VEHICLES IN OTHER DISTRICTS -Rs. 6.60 MILLION.**

### **AUDIT VERSION**

16. During audit of accounts of Director General Excise & Taxation Warehouse Peshawar, for the financial year 2011-12, it was noticed that 182 vehicles were confiscated out of which the following vehicles were retained by the Excise & Taxation Officers in other districts, resulting into loss of Rs. 6.60 million.

<b>Sr. No.</b>	<b>Vehicle No.</b>	<b>Class</b>	<b>Make/Model</b>	<b>District where retained</b>	<b>Approximate value</b>
1	M-8774 Pesh	M. Car	Corolla 1987	ETO Charsadda	398,000
2	K-5533 Pesh	Hiace	Toyota Hiace 2009	ETO Mardan	1,050,000
3	IDE-3948	M. Car	Suzuki Mehran 1991	ETO Nowshera	250,000
4	B-2714 NSR	-do-	Corolla 2008	ETO Charsadda	1,000,000
5	U-3144 Pesh	-do-	Corolla 2006	ETO Mardan	900,000
6	LEC-11-4737	-do-	Suzuki Alto	ETO Swabi	175,000
7	LZC-7085	-do-	Suzuki Cultus 2004	ETO Nowshera	330,000
8	LEE-08-4764	-do-	Suzuki Mehran 2008	ETO Mardan	400,000
9	P-8058	-do-	Suzuki Mehran 1995	ETO Nowshera	100,000

10	LO-3637	-do-	Corolla Xli	ETO Mansehra	850,000
11	LES-08-2630	Pick Up	Suzuki Pickup	ETO Abbottabad	100,000
12	APL-012	-do-	Toyota Surf	-do-	1,047,000
				<b>Total</b>	<b>6,600,000</b>

17. The Audit held that loss occurred due to negligence and non auction of the confiscated vehicles. The matter was reported to the Department on April, 2013 and followed by a letter to the Principal Accounting Officer dated 29<sup>th</sup> July, 2013, and dated 22<sup>nd</sup> August, 2013, to convene DAC meeting, which was not convened till finalization of the report.

### **DEPARTMENTAL VERSION**

18. The Department explained that, 12 Vehicles out of 182 vehicles were reported by the Audit were retained by various Excise & Taxation Officers. The Department clarifies the position as under:-

1	M-8774	ETO Charsadda	Court case. Release to owner by District Courts Charsadda
2	K-5533	ETO Mardan	Auctioned by KP-PAC dated 11-03-2014
3	IDE-3946	ETO Nowshera	Released to Owner by ETO Nowshera.
4	B-2714	ETO Charsadda	Released to owner vide ETO Charsadda order dated 12-12-2011
5	U-3144	ETO Mardan	Released to owner vide ETO Mardan order dated 21-12-2011
6	LEC-4737	ETO Swabi	Released to owner by ETO Swabi.
7	LZC-7085	ETO Nowshera	9.c CNSA Narcotics case District Court Nowshera
8	LEE-4764	ETO Mardan	Auctioned by KP-PAC on 30-05-2017
9	P-8058	ETO Nowshera	Auctioned by KP-PAC on 30-05-2017



1 0	LOZ- 3637	ETO Mansehra	Released to owner vide ETO Mansehra order 08-03-2010
1 1	LES- 2630	ETO Abbottabad	UIP & Professional Tax recovery vehicle
1 2	APL-012	ETO Abbottabad	Road Checking Mobile squad vehicle

### **PAC RECOMMENDATIONS**

19. The Para was referred to I.D.C. already constituted in D.P.No. 8.4.1 to verify details of vehicles involved in the Para.

## **COMMUNICATION & WORKS DEPARTMENT**

Thirty (30) Draft Paras were reflected in the Auditor General's Report for the year 2013-14 against the Department but during examination of the Draft Paras, it was observed that four (04) Draft Paras bearing Nos. 4.4.11, 4.4.16, 4.4.25 and 4.4.29 pertaining to RR&S Department have erroneously been posted by the Audit against the Department, therefore, the Committee took up for examination twenty six (26) Draft Paras in its meetings held on the 13<sup>th</sup>, 14<sup>th</sup> and 17<sup>th</sup> of July and 4<sup>th</sup> of August 2017. The following were present:-

### **PUBLIC ACCOUNTS COMMITTEE**

1. Dr. Mehr Taj Roghani, Acting Speaker Chairperson 13-07-2017 & 14-07-2017.
2. Mr. Qurban Ali Khan, MPA Chairperson 17-07-2017 & 04-08-2017.
3. Syed Muhammad Ali Shah Bacha, MPA Member.
4. Mr. Mehmood Jan Khan, MPA Member.
5. Mr. Muhammad Idress, MPA Member.
6. Arbab Waseem Hayat, MPA Member.

### **LAW, PARLIAMENTARY AFFAIRS & HUMAN RIGHTS DEPARTMENT**

Mr. Rizwanullah Khan Abdaali,  
Deputy Secretary.

### **FINANCE DEPARTMENT**

1. Mr. Muhammad Siddique,  
Additional Secretary.
2. Mr. Muhammad Bashir,  
Additional Secretary.
3. Mr. Adeel Shah,  
Additional Secretary.
4. Ms. Shahana Irfan,  
Deputy Secretary.
5. Mr. Mushtaq Ahmad,  
Budget Officer.

### **AUDIT DEPARTMENT**

1. Mr. Asad Ullah Khan,  
Director.

2. Mr. Zubair Arshad,  
Deputy Director.
3. Mr. Muhammad Ismail Khan,  
Deputy Director

### **COMMUNICATION & WORKS DEPARTMENT**

1. Mr. Imad Ali,  
Additional Secretary.
2. Engr. Muhammad Uzair,  
Managing Director, PKHA.
3. Mr. Muhammad Ayub,  
Chief Engineer.
4. Mr. Muhammad Nawab,  
Superintending Engineer, PBC.
5. Mr. Muhammad Nawaz,  
Superintending Engineer.
6. Eng: Amir Jamal,  
Director (Construction) PKHA.
7. Mr. Shahab Khattak,  
Project Director (PMU).
8. Mr. Qudratullah Khan,  
XEN, Highways, Mardan.
9. Mr. Asif Imran,  
XEN, Karak.
10. Mr. Naveed Iqbal,  
XEN (PBC).
11. Mr. Muhammad Shoaib,  
XEN, C&W, Tank.
12. Sahibzada Qasim Noor,  
Deputy Director (Finance), PKHA.

### **PROVINCIAL ASSEMBLY SECRETARIAT**

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

4. Mr. Ibrahim Khan,  
Assistant Secretary.
5. 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.4.4.1 OVERPAYMENT DUE TO ALLOWING HIGHER RATES-  
Rs.46.298 MILLION.**

**AUDIT VERSION**

3. During audit of the accounts of Project Director Road Development Sector Project Peshawar, for the financial year 2010-11, it was noticed that the work, "Construction & Improvement of Timergara Munda Road Sector I.C.B 12" was awarded to the National Logistic Cell and payment of Rs.49.720 million was made for 3273 M<sup>3</sup> @ Rs.15,191 PM<sup>3</sup> for the item of work, "Asphalt concrete measuring course class B" vide IPC No.26. rate of Rs. 1046.10 PM<sup>3</sup> was provided in the bidding documents (BOQ) and the contractor was paid higher rates which resulted in overpayment of Rs.46.298 million.

4. The Audit held that the overpayment was due to deviation from the contract agreement. The matter was reported to the Department in August, 2011. DAC in its meeting held in April, 2012, observed that the Department ignored the lowest rate and allowed higher rates resulting in overpayment which may be recovered. Further progress was, however, not reported till finalization of the report.

**DEPARTMENTAL VERSION**

5. The Department explained that observation of the Audit officer was incorrect. In the original design the road surface was to be TST. However, Frontier Highways Authority (FHA) requested Asian Development Bank (ADB) to allow it to lay hot mix asphalt concrete. The ADB agreed to the proposal and then CSR rate for Asphalt after the approval of Secretary Communication & Works Department was allowed. Furthermore, the rate was also approved in the revised PC-1 approved by ECNEC.

6. On a query by the Committee as to why TST was selected if it was not suitable and economical, the Department explained that project was designed in 2005-06 and at that time Asphalt Plant was not available in District Dir, therefore, TST was followed. But later on in 2010-11 when the project was executed, Asphalt Plant was established in Chakdarra District by the NLC. Being very important road, it was decided to change the scope of work from TST to Asphalt Premix. The ECNEC, Donor, Steering and PDWP Committees had approved the change in scope of work.

7. The Audit showed its satisfaction over explanation of the Department advanced in view of FIDIC documents with the condition that the difference of amount, in view of such documents, are required to be checked.

### **PAC OBSERVATION**

8. The Committee noted with grave concern that DAC was not conducted seriously. Pre-PAC was not held at all. If the DAC was conducted the issue would have been resolved earlier and precious time of the Committee would have not been wasted.

### **PAC RECOMMENDATIONS**

9. Para stands till verification of record in view of FIDIC documents by the Audit.

10. The Department was further directed to conduct meetings of DAC and Pre-PAC seriously before coming to PAC meeting so as to facilitate the job of this forum.

### **DP No.4.4.2 OVERPAYMENT DUE TO NON-UTILIZATION OF AVAILABLE EARTH - Rs.17.00 MILLION.**

#### **AUDIT VERSION**

11. During audit of accounts of XEN Communication & Works Highway Division Mardan for the financial year 2011-12, it was noticed that an item of work, "Formation of embankment from borrow pit excavation" in different works were paid at composite rate. As the earth was available from excavation, hence payment should have been made at labour rate only. The payment at higher rate resulted into overpayment of Rs.17.00 million.

12. The Audit held that the overpayment was due to weak internal control. The matter was reported to the Department in January, 2013. DAC in its meeting held on 23<sup>rd</sup> October, 2013 directed that overpayment may be recovered from the contractor. Further, progress was however not reported till finalization of the report.

#### **DEPARTMENTAL VERSION**

13. The Department explained that the payments to the contractors have been made for the item of Work "filling of earth brought from outside after utilization of the available earth. No payment on account of labour for the available earth used in the works has been made to the contractors.

### **PAC OBSERVATION**

14. The Committee observed that it was Bridge work and record showed that total excavation was 2302 M<sup>3</sup> and filling was 23079 M<sup>3</sup> for which an

amount of Rs. 39M and Rs. 6.4M was respectively paid to the contractor. There was huge difference in the figures of the Department and the overpayment reported by the Audit, which created confusion and needed clarity.

### **PAC RECOMMENDATIONS**

15. The Committee could not reach to a just and fair conclusion, the Para was, therefore, referred to Sub-Committee comprising the following to check complete record involved in the Draft Para and decide the issue on merit:-

- |    |                                  |          |
|----|----------------------------------|----------|
| 1. | Mr. Muhammad Idress, MPA         | Chairman |
| 2. | Mr. Muhammad Ali Shah Bacha, MPA | Member   |

16. The Committee will submit its report to PAC Cell within two months.

### **DP No.4.4.3 OVERPAYMENT DUE TO ALLOWING INCORRECT ESCALATION- Rs.16.552 MILLION.**

#### **AUDIT VERSION**

17. During audit of the accounts of Project Director Road Development Sector Project C&W Department Peshawar, for the financial year 2010-11, it was noticed that escalation of Rs.16.552 million was paid to the contractors after the expiry of time allowed for completion of works vide final bills of June 2011 which resulted in overpayment of Rs.16.552 million as per detail below:-

Works	Contractors	Date of commencement	Date of completion	Total escalation	Escalation paid after completion period in June 2011
Manki Kunda Morr Sector	M/s Nasrullah jan	07/2008	06/2009	100.082	4.108
	M/s Karcon Pvt Ltd	07/2008	06/2009	136.221	12.444
<b>Total</b>				<b>236.221</b>	<b>16.552</b>

18. The Audit held that the overpayment was due to mismanagement and weak internal control which was violation of **Para 23 of GFR vol I.**

19. The matter was reported to the Department in August, 2011. DAC in its meeting held in April, 2012, directed that approval of the ADB and other relevant record for the payment of escalation may be provided for verification.

Further progress was, however, not reported till finalization of the report.

### **DEPARTMENTAL VERSION**

20. The Department explained that the payment referred to by the Audit Department pertains to escalation allowed under clause 13.8 of the contract agreement. The Civil work was completed within the specified time of completion and no such over payment has been made to the contractor. The said escalation was approved in the revised PC-1 approved by ECNEC.

### **PAC OBSERVATION**

21. The Committee noted with grave concern that DAC was not conducted seriously. Pre-PAC was not held at all. If the DAC was conducted before the PAC meeting, the issue would have been resolved earlier and the precious time of the Committee would not have been wasted.

### **PAC RECOMMENDATIONS**

22. The explanation of the Department was duly accepted by the Audit during the meeting, hence the Para was recommended to be settled.

### **DP No.4.4.4 OVERPAYMENT DUE TO VIOLATION OF CSR & BOQ - Rs.15.622 MILLION.**

### **AUDIT VERSION**

23. During audit of the accounts of Project Director Road Development Sector Project Communication & Works Department Peshawar, for the financial year 2010-11, it was noticed that the work "Widening & Improvement of Jehangira Mankai Sector I.C.B 7" was awarded to the M/S Karcon Pvt Ltd. In the BOQ an item of work removal of 13 trees were mentioned, but in the final bill payment for removal of 743 trees were shown. Moreover, rate for removal of tree was paid @ Rs.22,500 per tree instead of CSR rate of Rs.1099.85 per tree, which resulted into overpayment of Rs.15.622 million (Rs.22,500 – Rs.1099.85 = Rs.21,400.15) (743 trees – 13 trees = 730 x Rs.21400.15 = Rs.15.622 million).

24. The Audit held that the overpayment was due to non-adherence to BOQ and CSR. The matter was reported to the Department in July, 2011. DAC in its meeting held in April, 2012, directed that relevant record may be provided to audit for verification. Further progress was, however, not reported till finalization of the report.

### **DEPARTMENTAL VERSION**

25. During the meeting, the Department explained that the work was done as per BOQ based on items rates. The trees were properly marked and after cutting they were handed over to the Forest Department, which auctioned

the same. The Department produced necessary documents in support of its contention.

### **PAC RECOMMENDATIONS**

26. The explanation advanced by the Department was accepted and necessary record verified by Audit, hence the Para was recommended to be settled.

### **DP No.4.4. 5 OVERPAYMENT DUE TO ALLOWING HIGHER RATES - Rs.6.699 MILLION.**

#### **AUDIT VERSION**

27. During audit of the accounts of Project Director Road Development Sector Project Communication & Works Department Peshawar for the financial year 2010-11, it was noticed that the Work, "Gulo Bandi Mong Road Haripur LCB-19" was awarded to M/S Badiazaman contractor who was overpaid Rs.6.699 million in the following items due to allowing higher rates as compared to his quoted rates.

<b>Item</b>	<b>Rate Quoted (Rs)</b>	<b>Quantity (M<sup>3</sup>)</b>	<b>Amount paid (Rs.in million)</b>	<b>Rate paid (Rs)</b>	<b>Payment (Rs.in million)</b>	<b>Difference (Rs.in million)</b>
Capillary cut of layer	220	16140	3.551	450	7.263	3.713
Grangalar sub base	575	5069	2.914	700	3.549	0.635
Water bound macadam	1100	4076	4.484	1,200	4.891	0.408
TST	200	18635	3.727	280	5.218	1.491
Stone masonry dressed	2500	904	2.260	3,000	2.712	0.452
<b>Total</b>						<b>6.699</b>

28. The Audit held that the overpayment was due to violation of rules. The matter was reported to the Department in August, 2011. DAC in its meeting held in April, 2012, recommended to nominate Deputy Director, Frontier Highway Authority as Inquiry Officer to probe the matter within 15 days and submit report



to the Secretary Communication & Works and Director General Provincial Audit. Further progress was, however, not reported till finalization of the report.

**DEPARTMENTAL VERSION**

29. The Department explained that the payment was made to the contractor on their approved rate in the contract. The quoted rate provided in the Audit Para was offered by the contractor in 2006, but were rejected by the competent authority as single tender was received and fresh tenders for third time were called in 2007. The inquiry was conducted on the recommendation of the DAC. The inquiry officer authenticates / confirmed the rate allowed by the Department. The Audit observation regarding overpayment to the contractor pointed out in Para could not be established as per inquiry report.

**PAC OBSERVATION**

30. The PAC observed difference in opinion of Audit and Department, which was required to be clarified.

**PAC RECOMMENDATIONS**

31. The Para was, therefore, referred to the Verification of Record Committee for verification of cancellation of first and second tender documents with grounds and BOQ. Para stands for verification of record within two months.

**DP No.4.4.6 OVERPAYMENT DUE TO ALLOWING PREMIUM INSTEAD OF REBATE - Rs.5.913 MILLION.**

**AUDIT VERSION**

32. During audit of the accounts of Project Director Road Development Sector Project C&W Department Peshawar for the financial year 2010-11, it was noticed that the work, “Gulo Bandi Main Road Haripur LCB-19” was awarded to M/S Badiuzaman contractor at 11% below the BOQ excluding miscellaneous items. The final bill paid during June, 2011 revealed that payment was made at 5% above instead 11% below resulting overpayment of Rs. 5.913 million to the contractor as detail below:-

<b>Total Payment</b>	<b>Less Misc. Item</b>	<b>Net</b>	<b>Less Below</b>	<b>11% Add Above</b>	<b>5% Overpayment</b>
40.061	3.103	36.958	4.065	1.848	5.913

33. The Audit held that the overpayment was due to mismanagement. The matter was reported to the Department in August, 2011. DAC in its meeting held in April, 2012, recommended to nominate Deputy Director Frontier High Authority as Inquiry Officer to probe the matter within 15 days and submit report

to the Secretary Communication & Works and Director General Provincial Audit. Further progress was, however, not reported till finalization of the report.

### **DEPARTMENTAL VERSION**

34. The Department explained that 11% below rate quoted by the Contractor in 2006 was rejected by the competent authority due to a single tender. The tender was recalled on third time and the same contractor stood 1<sup>st</sup> lowest, the rate was reasonable and approved by the competent authority. However, a fact finding inquiry conducted in the light of DAC direction. The inquiry Officer confirmed / authenticate the premium i.e. a 5% above on all time except of General Item (Bill No. 7). The Audit observation regarding overpayment to the contractor pointed out in the Para could not be established.

### **PAC OBSERVATION**

35. The PAC observed difference in opinion of Audit and Department, which was required to be clarified.

### **PAC RECOMMENDATIONS**

36. The Para was, therefore, referred to the Verification of Record Committee for verification of cancellation of first and second tender documents with grounds and BOQ. Para stands for verification of record within two months.

### **DP No.4.4.7 OVERPAYMENT DUE TO ALLOWING INCORRECT PRICE ADJUSTMENT- Rs. 4.601 MILLION.**

### **AUDIT VERSION**

37. During audit of the accounts of Project Director Road Development Sector Project C&W Department Peshawar, for the financial year 2010-11, it was noticed that the work, "Umarzai Dargai Sector-I District Charsadda" was awarded to M/S Shah Zaman (Pvt) contractor on 1<sup>st</sup> December 2006 with the completion period upto 30<sup>th</sup> November 2008. The contractor however, did not complete the work within stipulated period and was penalized in IPC No.22 final bill. The contractor was paid Rs.17.616 million being price adjustment as per relevant clause of the contract due to inflation in the market, which includes Rs.4.601 million paid in the final bill during the month of June, 2011 for which the contractor was not entitled as the price adjustment/escalation was to be paid within contract period and not after extension and cutoff date of the project i.e. March, 2011.

38. The Audit held that the overpayment was due to deviation from the contract agreement. The matter was reported to the Department in August, 2011. DAC in its meeting held in April, 2012, directed that relevant record may be

produced to audit for verification within 15 days. Further, progress was, however, not reported till finalization of the report.

### **DEPARTMENTAL VERSION**

39. The Department explained that the work was substantially completed on 11-2008 and the road was open for the traffic however, some minor works were executed by the contractor after substantial completion in the light of Clause 10-1 (a), and the payment was made accordingly. The escalation of the final IPC comes to Rs. 20,37,852/- instead of 4.60 million as pointed out by Audit. Due to Final IPC (22) the overall escalation was recalculated and the total escalation comes to Rs. 1,76,15,217/- including the escalation of IPC No.22. After deduction of the already paid escalation the net escalation due was Rs. 42,40,000/-.

40. The current rate allowed to the contractor in IPCs 17, 18 & 22 were less than the current rate before completion of the project. For the comparison

purpose the rate of the IPCs 17, 18 & 22 was calculated on the basis of the current rate during the completion comes to Rs. 82,93,315/- whereas, the Department allowed Rs.64,43,560/- for IPCs 17,18 & 22. Hence Rs. 18,49,755/- (82,93,315 – 64,43,560) were saved to the Government Exchequer.

### **PAC OBSERVATION**

41. The PAC after going through the record observed that no penalty was imposed on the contractor in IPC No. 22 and the Audit accepted its own fault. It was also observed that payment after completion of the project was required to be verified.

### **PAC RECOMMENDATIONS**

42. The Para was, therefore, referred to the Verification of Record Committee for verification of complete record of the payment made and auxiliary work. Para stands for verification of record within two months.

### **DP No.4.4.8 OVERPAYMENT TO THE CONSULTANT - Rs. 4.244 MILLION.**

### **AUDIT VERSION**

43. During audit of the accounts of Managing Director Pakhtunkhwa Highways Authority, Peshawar for the financial year 2012-13, it was noticed that feasibility study and design work of “Up-gradation/Rehabilitation of road from Chakdarra to Madyan on the right bank of river Swat (95 km)” was awarded to M/S ACE at a cost of Rs. 10.499 million. The same road was previously awarded for 56.60 KM to the same consultant, resulting into overpayment amounting to Rs. 4.244 million (95-56.60 = 38.40KM) @ Rs.110,520 per km.

44. The Audit held that the lapse was occurred due to weak internal control which was violation of Para 23 of GFR vol I. The matter was reported to Department in September, 2013 followed by a letter dated 25.11.2013 to arrange DAC meeting, which was not arranged till the finalization of the report.

#### **DEPARTMENTAL VERSION**

45. The Department explained that originally the work of "Feasibility Study and Design of road from Chakdara to Madyan" was awarded to M/S A.C.E. (Pvt) Ltd for 95 Km vide Work Order No.FHA/Consultants/No.89/2010 dated 24-02-2010 at a cost of Rs.9,205,390/- but later on the contract was enhanced by Rs.1.294 million for assigning of an additional work i.e. Resettlement Action Plan(RAC) for package-I and phase-I. Thus the revised contract cost was Rs.10.499 million well within the approved PC-II cost of Rs.14.250 million. The task was accomplished by the Consultant within extended time limit upto 30-09-2011 and payment made accordingly. The audit point of 56 Km road was not based on fact because neither any work of 56.60 Km was previously awarded nor any payment made to the

consultant. If it had been awarded as pointed out in the Para, then evidence of the same may be provided to proceed further in the matter accordingly. The total expenditure of Rs.10,499,390/- was within the approved PC-II cost of Rs.14.250 million.

#### **PAC OBSERVATION**

46. The PAC observed that the Department had made every effort to convene meeting of DAC and even in this Para, DAC meeting was held in 2014 and minutes were sent to Audit for vetting, but the same were still to be returned. The PAC noted this state of affairs with grave concern and directed Audit to take notice of this state of affairs to avoid future embarrassment.

#### **PAC RECOMMENDATIONS**

47. During the meeting, the Director General Audit had frankly admitted that material/evidence to establish the Audit objection was not available and as such reply of the Department was plausible.

48. In view of above explanation of the Department, the Para was recommended to be settled.

#### **DP No.4.4.9 OVERPAYMENT DUE TO ALLOWING MISCELLANEOUS ITEMS - Rs.4.240 MILLION.**

#### **AUDIT VERSION**

49. During audit of the accounts of Project Director Road Development

Sector Project C&W Department Peshawar for the financial year 2010-11, it was noticed that the work, "Patriak Kal Kot Thall Badgoc Km 10 to 19 LCB 6" was awarded to Bannu Construction Pvt, Ltd. The contractor quoted rate of Rs.5.750 million for miscellaneous items like provision of vehicle, heavy equipments, POL, repair of vehicle for handing over to the consultant to facilitate him in supervision etc. However, the contractor was paid Rs.9. 990 million for the hiring of rental vehicle etc, resulting overpayment of Rs.4.240 million.

50. The Audit held that the overpayment was due to non-adherence to BOQ. The matter was reported to the Department in August, 2011. DAC in its meeting held in April, 2012, agreed to the audit observation as PC-1 approval of ECNEC was awaited and recommended to place the para before PAC.

#### **DEPARTMENTAL VERSION**

51. The estimate provision of the general item were made in the BOQ of the contractor later on the requirement was more than provisional sum provided in the BOQ therefore, the amount was provided in the revised PC-I which was approved by the ECNEC. It was added that the Audit shown 9.990 million on the rental charges which is not correct actually during starting of the project 03 Nos vehicle were hired for the Resident Engineer and his Staff to supervise the roads project and the vehicle were rented for 37 months approximately. The cost of rental charges during 2010-11 was 2.360 million.

#### **PAC OBSERVATION**

52. The Committee observed that approval of ECNEC for hiring the vehicles, revised PC-I and contract with owner was required to be carried out by Audit.

#### **PAC RECOMMENDATIONS**

53. Para stands for verification within two months by the Verification of Record Committee comprising the following :-

- |    |                           |          |
|----|---------------------------|----------|
| 1. | Mr. Mehmood Jan Khan, MPA | Chairman |
| 2. | Arbab Waseem Hayat, MPA.  | Member   |

**DP No.4.4.10**      **OVERPAYMENT TO CONTRACTOR DUE TO ALLOWING EXCESS QUANTITY OF FORM WORK - OF Rs. 2.644 MILLION.**

#### **AUDIT VERSION**

54. During audit of the accounts of the Managing Director Pakhtunkhwa Highways Authority (PHA), for the year 2012-13, it was noticed that a work "Up-gradation/Rehabilitation of road from Kanju to Madyan phase-II SH Lot-I i.e. Kanju to Sambat (21.076 kms)" was awarded vide work order No.

FHA/C.C/140/2011 dated 30.03.2011 to NLC Engineer. 7234.20m<sup>3</sup> PCC (1:3:6) was approved in the TS for which 10851.30m<sup>2</sup> form work was also provided in the TS, however, the actual work done upto 11<sup>th</sup> running bill of PCC of 1988.16m<sup>3</sup> for which 11052m<sup>2</sup> form work was paid. This indicates that an amount of Rs.2.643 million was overpaid to the Contractor as per detail below: -

**Calculation for quantity**

Quantity of PCC (1:3:6) provided in TS	7234.20M <sup>3</sup>
Form work for PCC in TS	10851.59M <sup>2</sup>
Actual work done of PCC (1:3:6) upto 11 <sup>th</sup> Running bill	1982.16M <sup>3</sup>
Form work paid	11052M <sup>2</sup>

**Calculation for overpayment**

Required to be paid 10851.59M <sup>2</sup> x1982.16/7234.20	2973.32M <sup>2</sup>
Difference 11052M <sup>2</sup> - 2973.32M <sup>2</sup>	8078.68M <sup>2</sup>
Difference @ 306.59	24,76,843
Add premium 6.99%	173.131
Sub-total	26,49,974
Less rebate 0.24%	6,360
Net Overpayment	26,43,614

55. The Audit held that overpayment was due to weak financial management which was violation of Para 23 of GFR vol I.

56. The matter was reported to the Department in August, 2013, followed by reminder dated 23.09.2013 and 28.10.2013 to convene DAC meeting, which was not arranged till finalization of the report.

**DEPARTMENTAL VERSION**

57. The Department explained that the quantity of Formwork, worked out by the audit i.e 2973 M<sup>2</sup> was not correct. In fact the unit for the measurement of the form work was M<sup>2</sup>, where as unit for the measurement of PCC was M<sup>3</sup>. The Audit however, multiplied the M<sup>2</sup> (form work) with M<sup>3</sup> (PCC) & further divided the form work quantity with that of PCC. The procedure applied by Audit was not

accordance with the engineering practice as both the units of measurement were different and needs to be taken in their respective aspects.

58. It was clarified that the Form work was provided as per actual measurement of the structure involved on the site. It was never paid in proportion to the quantum of PCC as worked out by the audit. For example, the Formwork for 30 cm thick drain side wall of 2m height and 100 m length will be  $100 \times 2 = 200 \text{ m}^2$  for P.C.C quantity of  $100 \times 2 \times 0.3 = 60 \text{ m}^3$  whereas the formwork of 90 cm thick retaining wall for the same height and length will  $200 \text{ m}^2$  for a P.C.C quantity of  $100 \times 2 \times 0.9 = 180 \text{ M}^3$ . Thus both the items cannot be correlated on simple proportionate basis as done by the Audit. The measurement on the site was duly verified by the supervisory Consultants and paid as per provision in T.S estimate of the work. Measurement sheet of P.C.C and Formwork duly verified by Supervisory Consultants were available for ready reference. In the instant case, the paid quantity of Formwork was 11052 m<sup>2</sup> against the T.S. quantity of 10852 m<sup>2</sup> which was only 1.85% above well within permissible limit of 5%.

### **PAC RECOMMENDATIONS**

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

### **DP No.4.4.12 OVERPAYMENT DUE TO ALLOWING PAYMENT ON INCORRECT ITEMS - Rs. 1.709 MILLION.**

#### **AUDIT VERSION**

60. During audit of the accounts of the Project Director Road Development Sector Project C&W Department Peshawar for the financial year 2010-11, it was noticed that the work Rehabilitation & Up-gradation of road Harichand to Dargai Sector-II Charsadda LCB2 was awarded to M/S A.M Association and he was paid Rs.1.709 million for 67807.50 M<sup>2</sup> @ Rs.25.20 "item prime coat" inspite of the fact that Rs.13.601 million was also paid for triple surface treatment and there was no need of executing prim coat hence, no provision in the BOQ estimate was made which was prepared by a qualified consultant. Thus Rs.1.709 million was overpaid to the contractor.

61. The Audit held that the overpayment was due to deviation from the contract agreement. The matter was reported to the Department in August, 2011. DAC in its meeting held in April, 2012, directed the Department to provide proof explaining the circumstance in which this item of work had been executed by the contractor within 15 days otherwise the amount may be recovered. Further progress was, however, not reported till finalization of the report.

#### **DEPARTMENTAL VERSION**

62. The National Highway Authority (NHA) general specifications 1998, being part of the contract of the caption work reveals that Prime Coat was to be executed on the completed Base Course before the application of triple surface treatment to avoid surface damages due to plying of the vehicles. In the said specifications Prime Coat was designated as item 302. Hence Prime Coat and triple surface treatment were two separate items of work which had been paid in accordance with the specifications of the work. However, the item of Prime Coat has been approved in the revised PC-I as well as in TS.

**PAC OBSERVATION**

63. It was observed that technical specifications and Interim Payment Certificate (IPC) were required to be examined, which was not found available with the Department during the meeting.

**PAC RECOMMENDATIONS**

64. The Committee, therefore, decided that the said documents be checked by the Verification of Record Committee under the Chairmanship of Mr. Mehmood Jan Khan, MPA within two months. The Committee was also given the task to physically check the work Rehabilitation & Up-gradation of road Harichand to Dargai Sector-II Charsadda LCB2. Para stands.

**DP No.4.4.13      OVERPAYMENT DUE TO ALLOWING HIGHER RATES THAN CSR - RS.1.184 MILLION.**

**AUDIT VERSION**

65. During audit of the Executive Engineer Provincial Building Construction Division-I, for the year 2011-12, it was noticed that in the construction of additional hostel for Doctors/Nurses at LRH higher rates were incorporated in the BOQ by ignoring the CSR 2009 rates resulting into overpayment of Rs.1.184 million as per detail given below:-

(Rs.)

S. No.	Item of Work	BOQ rate	CSR rate	Diff.	Qty.	Total
1	RCC main hole covers (SR 23-28-b)	12762.35	11713.86	1048.49	50+105	1,62,515
2	S/F of 12" pvc pipe class D working pressure	8338.16	3882.23	4455.93	229.28	10,21,655



	(24-18-c-10)					
<b>Total</b>						<b>11,84,170</b>

66. The Audit held that overpayment was made to the contractor due to non-adherence to CSR 2009.

67. The matter was reported to the Department in Jan, 2013, followed by a letter to the Principal Accounting Officer dated 18.03.2013 to convene DAC meeting, which was however, not arranged till finalization of the report.

### **DEPARTMENTAL VERSION**

68. The Department explained that the work construction of additional Hostel for Doctors/Nurses was approved on CSR 2008 and work order was issued to the Contractor accordingly. The rates as shown in the observation were of CSR 2009, whereas payment was made on CSR 2008, as per approved tender and work order. Hence No Excess payment was involved in this case.

69. As per Finance Department Notification No.BO.I/FD/1-7/208-09/CSR dated 30.03.2009 and keeping in view Clause 5-A of the agreement regarding escalation/de-escalation. The Contractor had submitted complete bill of the said scheme as mentioned in the Para according to the running bills and execution of work measured and entered in the MB. The bill was scrutinized in the Divisional Office where certain items of work have been escalated and certain deescalated as well, according to the market fluctuation. The net result of the bill as shown was positive in term of escalation or negative in term of de-escalation.

### **PAC RECOMMENDATIONS**

70. In view of the plausible explanation of the Department duly endorsed by Audit during the Pre-PAC meeting, the Para was recommended to be settled subject to verification of record by the Verification of Record Committee within two (02) months.

**DP No.4.4.14      LOSS DUE TO EXECUTION OF SUB-STANDARD WORK - RS. 80.00 MILLION.**

### **AUDIT VERSION**

71. During audit of the accounts of XEN Communication & Works Highway Division Mardan for the financial year 2011-12, the work, "Rehabilitation of Sheikh Maltoon Toru Road to Nawan Killa Bridge 5.30 Km" awarded to M/s Karcon Pvt: Ltd for completion within 06 months. The work was not completed

during the financial year as evident from letter No.2526/2-C dated 06.06.2011 wherein the contractor was directed to resume the work. However, the work was not completed and the amount was drawn on fake entries made in the MB and kept in PW 2<sup>nd</sup> Deposit to avoid lapse of funds. However, the work was carried out in the next financial year. The work was physically verified and found that the road had developed trenches, sittings and pits and was completely in dilapidated condition. The laboratory tests of the material and compaction were demanded but the Department failed to produce the same.

72. The Audit held that sub-standard work was executed due to weak supervisory control. Which was violation of **Para 23 of GFR vol I.**

73. The matter was reported to the Department in January, 2013. DAC in its meeting held on 23<sup>rd</sup> October, 2013, directed that report of Anticorruption Department and laboratory test of material and compaction be produced to audit within 07 days. Further, progress was however not reported till finalization of the report.

#### **DEPARTMENTAL VERSION**

74. The Department explained that the actual recovery on account of Substandard Works of Rs. 825503/- has been worked out by the Anti-corruption Technical Team, Khyber Pakhtunkhwa, which has been recovered & adjusted vide TEO No 1 and accounted for in the monthly accounts for 4/2013.

#### **PAC RECOMMENDATION**

75. As recovery fixed by the Anti-Corruption Establishment, had already been made and verified, the Para was recommended to be settled subject to verification of completion certificate of the project.

**DP No.4.4.15      LOSS DUE TO NON-IMPOSITION AND RECOVERY OF LIQUIDATED DAMAGES – RS.60.193 MILLION.**

#### **AUDIT VERSION**

76. During audit of the accounts of the Managing Director Pakhtunkhwa Highways Authority (PHA), for the financial year 2012-13, it was noticed that a work “Up-gradation/Rehabilitation of road from Kanju to Madyan phase-II SH Lot-I i.e. Kanju to Sambat (21.076 kms) was awarded vide work order dated 30.3.2011 to NLC Engineer at a cost of Rs.601.935 million with commencement/completion from 14.04.2011 to 13.04.2013. The Contractor was

paid Rs.433.551 million up to 11<sup>th</sup> running bill paid dated 25.06.2013. The work was not completed upto 30.06.2013. Liquidated damages @ 10% amounting to Rs.60.193 million was neither imposed nor recovered, resulting loss to the Government.

77. The Audit held that loss occurred due to weak financial management. The matter was reported to the Department in August, 2013, followed by reminder dated 23.09.2013 and 28.10.2013 to convene DAC meeting, which was not arranged till finalization of the report.

#### **DEPARTMENTAL VERSION**

78. The Department explained that the work could not be completed in its stipulated time limit due to certain reasons beyond the control of the Contractor such as non-shifting of utility lines, local land issues, non-availability of funds and de-launching of existing steel bridge by Pak Army.

79. Based on the aforementioned cogent reasons, proper time extension was granted by the competent authority under the agreement. In light of proper time extension granted by the competent authority under the agreement, liquidated damages (L.D) cannot be imposed on the Contractor being not at fault.

#### **PAC RECOMMENDATIONS**

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

**DP No.4.4.17      LOSS DUE TO ALLOWING HIGHER RATES - Rs.24.375 MILLION.**

#### **AUDIT VERSION**

81. During audit of the Executive Engineer Provincial Building Construction Division-I, for the year 2011-12, it was noticed that an item of work excavation and transportation of earth all type in the construction of additional ward at Lady Reading Hospital (LRH) in the 1<sup>st</sup> running bill was paid to M/S Rehman Construction @ Rs.105.10 per m<sup>3</sup> & Rs.270.98 per m<sup>3</sup> respectively. However, in the 6<sup>th</sup> Running bill the same item was allowed on higher rates which resulted into loss Rs.24.375 million as per detail given below:-

(Rs)

Item No	Name of item	Rate paid	Rate required	Diff	Qty m3	Total
6	Earth excavation in open cut 1.5 m depth	71.16+330=401.16	376.08	25.08	1939	48,630
7	1.5 to3m	98.53+330=428.06	376.08	51.98	6009	3,12,348
8	3 to 6m	197.06+330=527.06	376.08	150.98	22007	33,22,616
9	6 to 9m	295.59+330=625.59	376.08	249.51	27536	68,70,505
18	9 to 12m	394.12+330=724.12	376.08	348.04	27883	97,04,399
19	12 to 15m	492.65+330=822.65	376.08	446.57	9217	41,16,035
<b>Total</b>						<b>2,43,74,533</b>

82. The Audit held that loss occurred due to non-adherence to BOQ which was violation of Para 23 of GFR vol I.

83. The matter was reported to Department in Jan, 2013, followed by a letter to the Principal Accounting Officer dated 18.03.2013 to arrange DAC meeting, which was not convened till the finalization of the report.

### **DEPARTMENTAL VERSION**

84. The Department explained that originally the earth excavation in open cut with 5 km lead was approved, on commencement of work, it was observed that the space on ring road within 5 km was not available and the disposal was diverted to Charsadda Road. The issue was again agitated by the contractor that space within 5 km, was not available to dispose off the surplus material. The issue was taken up by the Contractor with the Department and consultant. A joint survey was carried out and an open space near Shah Alam Bridge was selected and agreed. The material was disposed off in the vicinity which was more than 8 km however payment was made for 8 km after obtaining Revised Administrative Approval from PDWP.

## **PAC RECOMMENDATIONS**

85. The Para was recommended to be settled subject to verification of record by the Verification of Record Committee within two (02) months.

**DP No.4.4.18      LOSS DUE TO UNNECESSARY HIRING OF VEHICLES -  
Rs.13.394 MILLION.**

### **AUDIT VERSION**

86. During the audit of the accounts of Project Director Road Development Sector Project C&W Department Peshawar for the financial year 2010-11, it was noticed that an expenditure of Rs.13.394 million was incurred on the hiring of rental cars and payment made to the ACE consultants despite the fact that double cabin, single cabin, Toyota Corolla Cars were already available with the project management, which resulted into loss of Rs.13.394 million.

87. The loss was due to weak financial management which was violation of **Para 23 of GFR vol I.**

88. The matter was reported to Department August, 2011. DAC in its meeting held in April, 2012, directed that supporting documents of the expenditure of Rs.13.394 million incurred on the subject may be provided to Audit within 15 days otherwise Para stands for recovery. Further progress was, however, not reported till finalization of the report.

## **DEPARTMENTAL VERSION**

89. The Department explained that Para 6 (iii) of Section-C of the consultancy agreement for designing and construction supervision for Rural Access Road Package-B reveals that procurement, registration, insurance, operation and maintenance of vehicles was to be provided by the client (Communication & Works Department) to "The Engineer" (Team Leader) and his staff for the purposes of the services under the civil works contracts. The Consultants established the main office at Peshawar headed by the Team Leader/Chief Resident Engineer and site office at Swat, Buner, Dir and Haripur to provide adequate coverage of the civil works contracts. The main office was responsible for the detail design, design review and overall coordination. The site offices were responsible for day to day implementation of the civil works contracts.

90. It was pertinent to mention that only one single Cabin Toyota Pickup was purchased for the Consultants Staff of Haripur residency, whereas rental vehicles were arranged by the contractors on need basis for day to day supervision of work in District Swat, Malakand, Buner, Dir Lower, & Dir Upper.

91. The rental vehicles were preferred due to adverse law & order situation in Malakand Division during the span of the project. Due to Foreign aided project bomb blast was accord at Resident Engineer office Shringal Dir Upper.

92. The incurred expenditure was covered in the technical sanction estimates of each sub-projects beside provision in the revised PC-I approved by the ECNEC and all the expenditure incurred on the rental vehicles was stands regularized.

## **PAC RECOMMENDATIONS**

93. Similar to Para 4.4.9., therefore, the Paras were clubbed together. Record to be examined by the Verification of Record Committee.

**DP No.4.4.19      LOSS DUE TO IGNORING THE DE-ESCALATION CLAUSE - Rs.7.740 MILLION.**

## **AUDIT VERSION**

94. During audit of the Executive Engineer Provincial Building (construction) Division-I, for the year 2011-12, it was noticed that an item of work fabrication of mild steel grade-40 in the project "establishment of accident, emergency Department in Lady Reading Hospital (LRH) main building" for a quantity of 336.12 ton was paid @ Rs.105,261.67 per ton in accordance with CSR-2008 instead of Rs.82,234.55 per ton as approved in CSR-2009 without

applying the de-escalation Clause to rationalize the cost of the scheme resulting into loss of Rs.7.740 million.

95. The Audit held that loss occurred due to non-adherence to the instruction of Finance Department.

96. The matter was reported to Department in Jan, 2013, followed by a letter to the Principal Accounting Officer dated 18.03.2013 to arrange DAC meeting, which was, however not convened till the finalization of the report.

### **DEPARTMENTAL VERSION**

97. The Department explained that the work "Construction of Establishment of Accident & Emergency Department in LRH Main Building" put to tender on 11.02.2009 and work order was issued on the basis of CSR-2008 as per approval by CE on 07.04.2009.

98. As per Finance Department Notification No.BO.I/FD/1-7/208-09/CSR dated 30.03.2009 and keeping in view Clause 5-A of the agreement regarding escalation/de-escalation. The Contractor had submitted complete bill of the said scheme as mentioned in the Para according to the running bills and execution of work measured and entered in the MB. The bill was scrutinized in the Divisional Office where certain items of work had been escalated and certain deescalated as well, according to the market fluctuation. The net result of the bill as shown was positive in term of escalation or negative in term of de-escalation.

### **PAC OBSERVATION**

99. In the Pre-PAC meeting it was established that work was awarded on CSR 2008, therefore, escalation/de-escalation bill as shown the Department needs verification.

### **PAC RECOMMENDATIONS**

100. In view of the above the Para was referred to Verification of Record Committee (VOR) for verification of Escalation bill, final bill, Work Order and Measurement Book. The VOR Committee was directed to carry out verification within two (02) months.

**DP No 4.4.20            LOSS DUE TO IGNORING THE DE-ESCALATION CLAUSE - Rs.4.426 MILLION.**

### **AUDIT VERSION**

101. During audit of the Executive Engineer Provincial Building Construction Division-I, for the year 2011-12, it was noticed that in the construction of surgical ward at Hayatabad Medical Complex (HMC) rate for fabrication of mild steel was paid @ Rs.105,261.67 per ton in accordance with

CSR-2008 instead of Rs.82,234.55 per ton as approved in CSR-2009 without applying the de-escalation Clause to rationalize the cost of the scheme resulting into loss of Rs.4.426 million.

102. The Audit held that loss occurred due to non-adherence to the instruction of Finance Department.

103. The matter was reported to Department in Jan, 2013, followed by a letter to the Principal Accounting Officer dated 18.03.2013 to arrange DAC meeting, which was however, not arranged till the finalization of the report.

#### **DEPARTMENTAL VERSION**

104. The Department explained that the work construction of surgical ward at HMC put to tender on 14.02.2009 and work order was issued on the bases of CSR-2008 on 26.03.2009 before the implementation of CSR-2009 on 30.03.2009.

105. As such Payment was made to the contractor duly covered as per T.S by the competent authority. No excess/ over payment was involved.

106. As per Finance Department Notification No.BO.I/FD/1-7/208-09/CSR dated 30.03.2009 and keeping in view Clause 5-A of the agreement regarding escalation/de-escalation. The Contractor has submitted complete bill of the said scheme as mentioned in the Para according to the running bills and execution of work measured and entered in the MB. The bill was scrutinized in the Divisional Office where certain items of work had been escalated and certain deescalated as well, according to the market fluctuation. The net result of the bill as shown was positive in term of escalation or negative in term of de-escalation.

#### **PAC OBSERVATION**

107. During the Pre-PAC meeting Audit agreed to the fact that work was awarded on CSR 2008, therefore, escalation/de-escalation bill as shown the Department needs verification.

#### **PAC RECOMMENDATIONS**

108. In view of the above, the Para was recommended to be settled subject to verification of Escalation bill, Final bill and Work Order by the Verification of Record Committee within two (02) months.

**DP No 4.4.21      LOSS DUE TO IGNORING THE DE-ESCALATION CLAUSE - Rs.4.368 MILLION.**

#### **AUDIT VERSION**



109. During audit of the Executive Engineer Provincial Building (construction) Division-I, for the year 2011-12, it was noticed that in the construction of additional Hostel for Doctors/Nurses at Lady Reading Hospital (LRH) rates in accordance with CSR-2008 were paid instead of as approved in CSR-2009 without applying the de-escalation Clause to rationalize the cost of the scheme in the following cases resulting into loss of Rs.4.368 million.

S. No	Item of work	CSR 2008 Rate	CSR 2009 Rate	Diff.	Qty.	Loss (Rs)
1	PCC 1:4:8 in foundation	2967.22	2890.30	16.92	184.13	14,163
2	Fabrication of m steel	105261.86	82234	23027	185.59	4,27,305
3	RCC 1:2:4 in Raft.	4770.46	4699.15	71.31	501.66	35,773
4	PCC 1:2:4 in beam	5342.06	5261.51	80.55	555.07	44,718
<b>Total</b>						<b>43,68,351</b>

110. The Audit held that loss occurred due to non-implementation of the instruction of Finance Department. The matter was reported to Department in Jan, 2013, followed by a letter to the Principal Accounting Officer dated 18.03.2013 to convene DAC meeting, which was however, not arranged till the finalization of the report.

#### **DEPARTMENTAL VERSION**

111. The Department explained that the cost of additional Hostel for Doctors/Nurses and renovation of existing Hostel at LRH approved on CSR-2008 in the PDWP meeting held on 05.01.2009, tenders were called for the work on 11.02.2009 and recommended by Director B&W (P) Peshawar on 07.04.2009 was accordingly, approved by the Chief Engineer on 11.04.2009

112. As per Finance Department Notification No.BO.I/FD/1-7/208-09/CSR dated 30.03.2009 and keeping in view Clause 5-A of the agreement regarding escalation/de-escalation. The Contractor has submitted complete bill of the said scheme as mentioned in the Para according to the running bills and execution of work measured and entered in the MB. The bill was scrutinized in the Divisional Office where certain items of work had been escalated and certain deescalated as well, according to the market fluctuation. The net result of the bill as shown was positive in term of escalation or negative in term of de-escalation.

## **PAC OBSERVATION**

113. During the Pre-PAC meeting Audit agreed to the fact that work was awarded on CSR 2008, therefore, escalation/de-escalation bill as shown the Department needs verification.

## **PAC RECOMMENDATIONS**

114. In view of the above, the Para was recommended to be settled subject to verification of Escalation bill, Final bill and Work Order by the Verification of Record Committee within two (02) months.

**DP No 4.4.22      LOSS TO GOVERNMENT DUE TO HIGHER RATES – Rs.3.716 MILLION.**

## **AUDIT VERSION**

115. During audit of the Executive Engineer Provincial Building Construction Division-I, for the year 2011-12, it was noticed that public exchequer was put to sustain loss of Rs.3.716 million due to acceptance of higher rate in the following cases: -

- i. 270 number of 2X2 florescent light @ Rs.5,900 per light was paid instead of Rs.1939 as per CSR item 15-76-A, resulting into loss of Rs.1.069 million.
- ii. 100 KVA Diesel Generator Siemens brand was installed in the Nishtar Hall in the same year @ Rs.2.400 million, while in the LRH @ Rs.2.900 million, resulting into loss of Rs.0.500 million.
- iii. providing and fixing of lead sheet wall was paid for a quantity of 2371 sft against the BOQ quantity of 419 resulting into loss of Rs.2.147 million due to allowing excess quantity.

116. The Audit held that the loss occurred due to non-observance of the rules which was violation of Para 144 of GFR vol I.

117. The matter was reported to Department in Jan, 2013, followed by a letter to the Principal Accounting Officer dated 18-03-2013 to convene DAC meeting. DAC meeting was however, not arranged till the finalization of the report.

## **DEPARTMENTAL VERSION**

118. The Department advanced Para wise replies to the observations as under:-

- a) The item mentioned in the CSR was not suitable for the area where more light was required, such like hospital etc, therefore the branded set of four tube lights having size 2 x 2 ft in frame of false ceiling manufacture by Philips complete with aluminum reflector and other accessories have been provided and installed. The rate was properly covered in T.S estimate as well as included in BOQ of the balance Tender was reasonable in the interest of work.
- b) The payment made to the Contractor according to their competitive/open tender rate, as well as mentioned in the T.S estimate, hence no loss to the Government.
- c) However the excess of the lead sheet wall mentioned in the Para pointed out on single item, but the over all on T.S has no excess, hence no loss to Government.

### **PAC RECOMMENDATIONS**

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

**DP No 4.4.23      LOSS DUE TO ALLOWING HIGHER RATES – Rs.3.202 MILLION.**

### **AUDIT VERSION**

120. During audit of the Executive Engineer Provincial Building Construction Division-I, for the year 2011-12, it was noticed from the work order and BOQ that deodar wood joinery was approved @ Rs.4838.16 PM<sup>2</sup> at serial No.36, while in the bills the said item was paid @ Rs.7440 p.sft resulting into loss of Rs.2.577 million. (Conversion of sft into M<sup>2</sup> (rate per sft. Rs.7440X9.4 = rate per M<sup>2</sup> Rs.69,936) (Qty. sft. 372.12 sft/ 9.4 =39.59M<sup>2</sup>) which resulted an over payment of Rs.69936-Rs.4838 = Rs.65098PM<sup>2</sup> x 39.59M<sup>2</sup> = Rs.2.577 million).

121. Similarly, a sum of Rs.625,910 was paid to M/S Abid Bros. for the item of work Chemical Polishing of marble flooring in the scheme Construction of Residential Staff Quarters at Khyber Pakhtunkhwa House, Islamabad vide Vr.No.19/2 dated 20.06.2012. The cost of the chemical polishing was not required as it was in built in the item No.10-26-a-CSR-2009.

122. The Audit held that loss occurred due to non-adherence to the BOQ and CSR. The matter was reported to Department in Jan, 2013, followed by a letter to the Principal Accounting Officer dated 18.03.2013 to convene DAC meeting, which was however, not arranged till the finalization of the report.

## DEPARTMENTAL VERSION

123. The Department explained that two (02) tenders for the same work were floated at different time as per following details.

- I. administrative approval was accorded by PDWP and issued vide No.SO(B)/11-1/2001-02/W&SD dated 03.10.2006 tenders were floated and work order was issued vide No.02/ T-1, dated 21-02-2009. Consisted the wooden joinery P/F of 1.75” thick Deodar Wooden joinery as in doors i/c dooly frame and 1.75” thick deodar wooden shutter with 17mm thick Malaysia Lassani as in planks i/c router finished ornamental work complete with heavy type iron monger at serial No.36 at Rs.4838.16 P M<sup>2</sup>. Accordingly work was commenced but later on the specification of joinery was changed to ornamental type of doors consisted of steel box type chowkat and complete Deodar Wood, Paneled shutters.
- II. the scheme was revised and approved by the PDWP on 19-03-2011 with all item needed at site including the wooden joinery with revised rate of Rs.7440 P.M<sup>2</sup> P/F of 1.75” thick deodar wood joinery i/c steel dolly frame chowkhat of 16 gauge and 1.75” thick Deodar Wood frame with 0.75” Deodar Wood panels i/c router finished ornamental work complete etc. was approved and accordingly tender was awarded vide work order No.04/T-1, dated 02-06-2011. The rate of Rs.7440 P.M<sup>2</sup> was properly analyzed. Where as during the audit of work 1<sup>st</sup> work order was compared with the vouchers of 2<sup>nd</sup> contract which was not correct.
  1. The payment for item of work “Providing & Fixing of 175” thick Deodar wood door joinery an NSI item of the BOQ was made to the Contractor @ Rs.7440/P.M2 which has wrongly typed as P.S ft instead of PM2.

Moreover, Record entry of the said item vide MB No.270/SDO page No.170 clearly shows that the quantity converted into square meter from per square feet.
  2. The rate of chemical polishing was not included in the CSR item but wax polish was included in the cost of the item “providing of marble flooring”, therefore payment for the chemical polishing was made separately.

However cost of wax polishing i.e. Rs.99,000/- had been recovered vide TEO No.2 for 4/2013.

## **PAC RECOMMENDATIONS**

124. The Para was recommended to be settled subject to verification of recovered amount of Rs. 99,000/- by the Verification of Record Committee.

### **DP No 4.4.24 LOSS DUE TO IGNORING THE DE-ESCALATION CLAUSE - Rs.2.100 MILLION.**

#### **AUDIT VERSION**

125. During audit of the Executive Engineer Provincial Building Construction Division-I, for the year 2011-12, it was noticed that in the construction of ward block at Hayatabad Medical Complex (HMC) rate in accordance with CSR-2008 was paid instead of as approved in CSR-2009 without applying the de-escalation Clause to rationalize the cost of the scheme in the following cases resulting into loss of Rs.2.100 million.

<b>S.No</b>	<b>Item of work</b>	<b>CSR 2008 Rate</b>	<b>CSR 2009 Rate</b>	<b>Diff.</b>	<b>Qty.</b>	<b>Loss (Rs)</b>
1	Fabrication of mild steel	105261.86	82234	23027	81.559	18,78,059
2	RCC 1:2:4	5760.76	5261.51	499.25	445.49	2,22,410
					Total	<b>21,00,469</b>

126. The Audit held that loss occurred due to non-adherence to the instruction of Finance Department and non-observance of BOQ.

127. The matter was reported to Department in Jan, 2013, followed by a letter to the Principal Accounting Officer dated 18.03.2013 to convene DAC meeting, which was however, not arranged till the finalization of the report.

#### **DEPARTMENTAL VERSION**

128. The Department explained that the work "construction of wards block at HMC Peshawar" was approved by the PDWP meeting held on 05.01.2009. The work put to tender on 14.02.2009 and approved by the Chief Engineer on 19.03.2009 before the implementation of the CSR-2009.

129. As per Finance Department Notification No.BO.I/FD/1-7/208-09/CSR dated 30.03.2009 and keeping in view Clause 5-A of the agreement regarding escalation/de-escalation. The Contractor has submitted complete bill of

the said scheme as mentioned in the Para according to the running bills and execution of work measured and entered in the MB. The bill was scrutinized in the Divisional Office where certain items of work have been escalated and certain deescalated as well, according to the market fluctuation. The net result of the bill as shown was positive in term of escalation or negative in term of de-escalation.

### **PAC OBSERVATION**

130. During the Pre-PAC meeting Audit agreed to the fact that work was awarded on CSR 2008, therefore, escalation/de-escalation bill as shown the Department needs verification.

### **PAC RECOMMENDATIONS**

131. In view of the above, the Para was recommended to be settled subject to verification of Escalation bill, Final bill and Work Order by the Verification of Record Committee within two (02) months.

**DP No 4.4.26            NON-IMPOSITION & RECOVERY OF PENALTY DUE TO DELAY IN COMPLETION – Rs. 38.990 MILLION.**

### **AUDIT VERSION**

132. During Audit of the Executive Engineer Provincial Building Construction Division-I, for the year 2011-12, it was noticed that penalty worth Rs.38.99 million of 10 schemes of delayed completion was neither imposed nor recovered. The penalty was required to be recovered from the Contractors.

133. The Audit held that non-imposition of penalty was due to weak internal control. The matter was reported to Department in Jan, 2013, followed by a letter to the Principal Accounting Officer dated 18.03.2013 to arrange DAC meeting, which was however, not arranged till the finalization of the report.

### **DEPARTMENTAL VERSION**

134. The Department explained that:-

- 1) the office record of this office shows that all the Contractors have applied for extension in time. The extensions of time case were under the process of approval. Further action could be taken as per Clause-2 of the contract agreement if the competent authority disagreed with the reason for allowing the extension of time.
- 2) the extension in time limit allowed for the work construction of Residence for staff quarters at Islamabad up to 30.6.2012.

- 3) the security of Cemcon Contractor Rs.836120/- already credited to Government Revenue vide TE No.1 for 5/2016.

### **PAC RECOMMENDATIONS**

135. In view of plausible explanation of the Department, duly endorsed by the Audit in Pre-PAC, the Para was recommended to be settled.

**DP No 4.4.27            UNAUTHORIZED PAYMENT FOR AN ITEM OF WORK NOT PROVIDED IN THE TECHNICAL SANCTION - Rs. 49.867 MILLION.**

### **AUDIT VERSION**

136. During audit of the Managing Director Pakhtunkhwa Highways Authority Peshawar for year 2012-13, it was noticed that Rs.49.867 million was paid to Pakistan Railways for an item of work "NOC for railway track crossing" in the construction of Western by Pass road starting from Mohabatabad to Jandai on (16.35 km) though not provided in the Technical Sanction, which resulted in unauthorized payment.

137. The Audit held that unauthorized payment was due to non-adherence to rules & procedures. The matter was reported to Department in September, 2013 followed by a letter dated 25.11.2013 to convene DAC meeting, which was not arranged till the finalization of the report.

### **DEPARTMENTAL VERSION**

138. The Department explained that the payment of Rs.49.86 million made to Pakistan Railway for Railway track crossing at five points has duly been covered in the revised Administrative Approval and subsequently sanctioned in the revised T.S of the scheme. Since the payment was duly covered in the revised Administrative Approval and revised T.S of the scheme therefore no irregularity was involved.

### **PAC OBSERVATION**

139. The PAC observed that consultancy was not properly conducted as they had not properly observed the five points of Railway tracks being crossed. Later on payments of such points were made to Railway. Had the consultancy been properly conducted, the missing points would have been included in the PC-I documents. The Department also failed to minutely examine the PC-I documents before vetting.

### **PAC RECOMMENDATIONS**

140. The Committee while taking lenient view recommended to settle the Para with the direction to issue displeasure of the Committee to the dealing

hands who had not minutely studied the PC-I, feasibility studies and design. In future all such things should be seriously looked into.

**DP No 4.4.28      IRREGULAR EXPENDITURE - Rs. 12.826 MILLION.**

**AUDIT VERSION**

141.            During audit of the accounts of Managing Director Pakhtunkhwa Highways Authority Peshawar for the financial year 2012-13, it was noticed that a sum of Rs.12.826 million was drawn & paid to Sui-Northern gas pipelines for shifting of 4”distribution gas pipeline 4000 meter for the work dualization of Mardan-Charsadda road on their simple demand bill instead of actual work done, completion report and measurement book of the utilization of funds and shifting work. The expenditure was thus irregular.

142.            The Audit held that the lapse was occurred due to weak internal control. The matter was reported to Department in September, 2013 followed by a letter dated 25.11.2013 to convene DAC meeting, which was not arranged till the finalization of the report.

**DEPARTMENTAL VERSION**

143.            The Department explained that no work can be started unless SNGPL pipelines, PESCO poles and water supply pipelines etc were relocated from the site. Under the agreement, the Department was bound to hand over encumbrance free land to the contractor for completion of its work within stipulated time period. In the instant case, payment was made to SNGPL for shifting of their main pipeline on the basis of their demand bill as per procedure in- vogue.

144.            The Department further told that the relocation work of the main pipeline has since been completed by the SNGPL enabling the PKHA to complete the project. Since the shifting work has not been undertaken by the PKHA, therefore, the detail of MB as per actual work done was not available with PKHA to provide the same to the audit. However a request had been made to the SNGPL to provide the payment details vide PKHA letter dated 28.06.2013 but the same could not be provided so far. However, SNGPL completed the shifting work to the entire satisfaction of PKHA enabling the contractor to complete the work as per approved drawing and design.

**PAC RECOMMENDATIONS**



145. The explanation of the Department was found plausible, hence the Para was recommended to be settled with the direction to the Department to take up the case properly after receiving demand notice so that factual amount is paid to the Federal Government and overpayment is avoided.

**DP No 4.4.30            SUB-STANDARD EXECUTION OF RCC WORK INVOLVING – Rs.9.918 MILLION.**

**AUDIT VERSION**

146. During audit of the accounts of Managing Director Pakhtunkhwa Highways Authority Peshawar for the financial year 2012-13, it was noticed that in the T.S of the work construction of Mardan Western Bypass starting from Mohatabad N-45 package-III a quantity of 67.558 M.Ton was used instead of 82 M.Tons steel in the RCC, resulting into less utilization of steel 14.442 ton. Therefore, 680.938 M<sup>3</sup> RCC work valuing Rs.9.918 million was sub-standard.

147. The Audit held that the lapse was occurred due to weak internal control which was violation of Para 23 of GFR vol I.

148. The matter was reported to Department in September, 2013 followed by a letter dated 25.11.2013 to convene DAC meeting, which was not arranged till the finalization of the report.

**DEPARTMENTAL VERSION**

149. The Department explained that the scheme construction of Mardan Western Bypass was designed by M/S DMC renowned consultants. The structural design was usually done by an expert designer having specialty in the respective field. The thumb rules of percentage were usually used to work out the quantities of steel for estimation purpose only. However for implementation purpose, the construction drawings were based on detailed analysis and design calculation which needs extensive courses of structural engineering. The paid quantities of steel were based on construction drawings and bar bending schedule prepared by design consultant and implemented by supervisory consultants. The Bridges, culverts and other RCC structures provided in the Western Bypass were fairly safe and well tested during the last five year under the running traffic.

150. As per direction of the DAC, a Technical Committee verified the case and submitted its report. The Technical Committee has concluded that proper steel reinforcement has been provided in all the structures as per construction drawing and Bar Bending Schedule (BBS) of the Design.

## **PAC RECOMMENDATIONS**

151. In view of explanation of the Department, duly supported by the Audit during the meeting, the Para was recommended to be settled.

**HIGHER EDUCATION, ARCHIVES & LIBRARIES**

**DEPARTMENT**

Total Draft Paras \_\_\_\_\_ 16

Total Draft Paras examined by the PAC\_ 16

Pending \_\_\_\_\_ Nil

Settled: 5.4.10, 5.4.12 & 5.4.16 ..... (03)

Verification: 5.4.7, 5.4.14, 5.4.15 & 5.4.17..... (04)

Recovery: 5.4.3, 5.4.5 & 5.4.13 ..... (03)

Referred to Sub-Committee: 5.4.1, 5.4.4, 5.4.11 & 5.4.18....(04)

Departmental action: 5.4.8 & 5.4.9 ..... (02)

## **HIGHER EDUCATION DEPARTMENT**

Sixteen (16) Draft Paras reflected in the Auditor General's Report for the year 2013-14 against the Department were examined by the Committee in its meetings held on the 18<sup>th</sup> and 19<sup>th</sup> of July 2017. The following were present:-

### **PUBLIC ACCOUNTS COMMITTEE**

- |    |                           |                 |
|----|---------------------------|-----------------|
| 1. | Mr. Qurban Ali Khan, MPA  | Acting Chairman |
| 2. | Arbab Waseem Hayat, MPA   | Member          |
| 3. | Mr. Mehmood Jan Khan, MPA | Member          |
| 4. | Mr. Muhammad Idress, MPA  | Member          |

### **LAW, PARLIAMENTARY AFFAIRS & HUMAN RIGHTS DEPARTMENT**

Mr. Rizwanullah Khan Abdaali,  
Deputy Secretary.

### **FINANCE DEPARTMENT**

1. Mr. Musharraf Khan,  
Additional Secretary.
2. Mr. Muhammad Javed,  
Budget Officer.

### **AUDIT DEPARTMENT**

1. Mr. Asad Ullah Khan,  
Director.
2. Mr. Muhammad Ismail Khan,  
Deputy Director

### **HIGHER EDUCATION DEPARTMENT**

1. Mr. Abdul Ghafoor Baig,  
Special Secretary.
2. Prof: M. Idrees,  
V.C. Hazara University.
3. Ms. Razia Sultana,  
V.C. Shaheed Benazir Bhutto Women University, Peshawar.
4. Mr. Mohammad Abid,  
Pro-VC, University of Peshawar.
5. Mr. Muhammad Sohail Alamgir,  
Additional Director, Hazara University.
6. Ms. Aisha Salman,  
Treasurer, University of Peshawar.
7. Ms. Zohra Shahzad,  
Registrar, Shaheed Benazir Bhutto Women University, Peshawar.

8. Engr: Saleem Raz,  
Director (Works), Hazara University.
9. Mr. Abdul Wahid,  
Audit Officer, University of Peshawar.

#### **PROVINCIAL ASSEMBLY SECRETARIAT**

1. Mr. Amanullah,  
Secretary.
2. Mr. Amjad Ali,  
Additional Secretary.
3. Mr. Inamullah Khan,  
Deputy Secretary.
4. Mr. Ibrahim Khan,  
Assistant Secretary.
5. 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 5.4.1 NON-PRODUCTION OF RECORD - Rs. 14.5 MILLION.**

##### **AUDIT VERSION**

3. 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.

4. 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**

5. The Department explained that as per DAC decision all the documents were shown to Audit including MB but verification certificate is still awaiting.

##### **PAC RECOMMENDATION**

6. As complete record was not available during the meeting i.e. MB, TS, BOQ, estimate, revised TS and consultancy documents etc; which was required to be scrutinized and as such the Committee could not reach to any logical conclusion in the absence of all such documents. Hence a Sub-

Committee consisting of the following was constituted to look into the matter and check the relevant record: -

- |    |                           |          |
|----|---------------------------|----------|
| 1. | Mr. Muhammad Idress, MPA  | Chairman |
| 2. | Mr. Mehmood Jan Khan, MPA | Member   |
| 3. | Arbab Waseem Hayat, MPA   | Member   |

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

**DP 5.4.3 LOSS DUE TO INADMISSIBLE PAYMENT OF ESCALATION – Rs.5.609 MILLION.**

**AUDIT VERSION**

8. During audit of the accounts of the Vice Chancellor Shaheed Benazir Bhutto Women University for financial year 2011-12, it was noticed that an amount of Rs.5.609 million was paid to the contractor M/S Gul Construction Company as escalation on steel and bricks for which mobilization advance amounting to Rs.15.269 million was already paid in 2008-09. The payment of escalation on steel and bricks for which mobilization advance was given before the commencement of work was inadmissible which resulted into loss.

9. The Audit held that loss occurred due to financial mismanagement. The matter was reported to the Department in March, 2013. DAC in its meeting held on 19<sup>th</sup> August, 2013, decided to submit record to Audit for verification within 15 days. Further progress was however, not reported till finalization of the report.

**DEPARTMENTAL VERSION**

10. The Department explained that it was advance i.e. 'Mobilization advance' and not secured advance, this was not for the purchase of steel, bricks or cement as given in special stipulation, item No. 10.

11. Moreover escalation was a separate item and cannot be mixed with the advance released to the Contractor, as given in page 1 of the contract agreement. Moreover, it was price adjustment and not typically escalation that has been paid.

**PAC OBSERVATION**

12. The Committee observed that the items on which escalation was granted were purchased on the mobilization advance extended to the contractor, hence the question of escalation do not arise.

**PAC RECOMMENDATION**

13. The PAC lamented this state of affairs going on in the University and directed that the illegal escalation allowed to contractor, may be recovered from the responsible officer(s) alongwith disciplinary action against the dealing hands within two (2) months.

14. Para stands. Progress be reported to PAC. Moreover, the PAC apprehended that in other projects in the University such practice of allowing escalation could also not be ruled out, therefore, the Audit was directed to conduct detailed audit of all such projects in the University carried out during the financial year 2011-12 and to submit report in this regard to PAC within two (2) months.

**DP 5.4.4 LOSS DUE TO EXCESS USE OF STEEL IN R.C.C-Rs.2.261 MILLION.**

**AUDIT VERSION**

15. 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 1101M<sup>3</sup> for the item of work R.C.C. for which 120m.ton was required but instead 1036.35M<sup>3</sup> 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.

16. 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**

17. 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 baring capacity of soil was meager as compared to the actual bearing capacity. Hence the quantity claimed was actually consumed and no overpayment was occurred.

**PAC RECOMMENDATION**

18. The Para was clubbed with Draft Para 5.4.1 having similar nature of issue involved, and referred the Para in question for detail scrutiny to the Sub-Committee already constituted in DP No.5.4.1.

**DP 5.4.5 LOSS DUE TO TEMPERING IN THE BOQ RATES - Rs. 1.601 MILLION.**

**AUDIT VERSION**

19. During audit of the accounts of Vice Chancellor Hazara University, for the year 2010-11, it was noticed that the contractor quoted the rate of 80% but the payment was made by enhancing the quoted rate to 90% i.e. 10% above the rate quoted as detail given below. Tampering in the documents resulted in loss of Rs.1.601 million to the Government:-

(Rs.)

Item of work	Rate paid	Rate quoted	Diff	Total payment	Loss
Civil Work	90%	80%	10%	15,239,164	1,523,916
Public Health	90%	80%	10%	769,044	76,904
				<b>Total</b>	<b>1,600,820</b>

20. The Audit held that loss occurred due to financial mismanagement and weak internal control which was violation to Para 23 of the GFR vol-I. The matter was reported to the Department in May, 2012. DAC in its meeting held in March, 2013, directed to submit record for verification. Further progress, was however, not reported till finalization of the report.

**DEPARTMENTAL VERSION**

21. The Department explained that there were two distinctly separate projects having individual PC-I and separate process of tendering etc one of the project i.e. construction of 100 Girls Hostel was carried out under the project titled Hazara University Phase-I and the other one was under the caption of construction of 100 Girls Hostel under Prime Minister Directives.

22. The project was awarded @ 80% above and no overpayment has been made.

**PAC RECOMMENDATION**

23. The documents provided proved apparent tempering of rates from 80% to 90%. Consequently, loss of Rs.1.601 million was established. The department could not advance any justification of such tempering. Therefore the Committee recommended recovery of the amount involved, after fixing the responsibility, from the concerned officer (s) who were responsible for approving the tender rates within two (2) months. Para stands. Progress be reported to PAC.



**DP 5.4.7 NON-RECOVERY OF OUTSTANDING DUES – RS.9.763 MILLION.**

**AUDIT VERSION**

24. During audit of the accounts of Vice Chancellor, University of Peshawar, for the financial year 2010-11, it was observed that a sum of Rs.9.763 million was outstanding against various students as on 30<sup>th</sup> June, 2011. However, no efforts were made for its early recovery.

25. The Audit held that non recovery was due to weak financial management. The matter was reported to the authority in March, 2012. DAC in its meeting held on 13<sup>th</sup> June, 2013, directed for recovery of dues. Further progress was, however, not reported till finalization of the report.

**DEPARTMENTAL VERSION**

26. The Department explained that actual outstanding against the students, pointed out by Audit were Rs.95,52,450/- as on 30-06-2011, out of which an amount of Rs. 14,85,200/- had been recovered and amount of Rs.80,67,250/- was still outstanding. However, it was clarified that full recovery of outstanding dues were made from every student before appearing in their final examinations.

27. During the meeting the Department explained that full recovery has been made.

**PAC RECOMMENDATION**

28. The Para was recommended to be settled subject to verification of record within two (2) months. The University authorities were directed to devise mechanism for getting timely receipt of fees from the students to avoid complications in future.

**DP 5.4.8 UNAUTHORIZED PAYMENT ON ACCOUNT OF MEDICAL ALLOWANCE - Rs.1.586 MILLION.**

**AUDIT VERSION**

29. During audit of the accounts of the Vice Chancellor, Shaheed Benazir Woman University Peshawar, for the financial year 2011-12, it was noticed that medical allowance @ 35% was paid to married and 17.5% to unmarried employees whereas as per rules 15% to gazetted and 20% to non gazetted employees were admissible which resulted into loss of Rs.1.586 million due to allowing inadmissible allowance.

30. The Audit held that loss occurred due to violation of rules. The matter was reported to the Department in March, 2013. DAC in its meeting held

on 19<sup>th</sup> August, 2013, directed to recover the amount. Further progress was however, not reported till finalization of the report.

### **DEPARTMENTAL VERSION**

31. The Department explained that according to section 51 of the Frontier Women University Act-2004, the University has followed the Statutes, Rules & Regulations of the University of Peshawar. As such the medical allowance was paid according to medical attendant rules of the said University.

32. According to section 48(2)(c) of the Khyber Pakhtunkhwa Universities Act-2012: “any Statutes, Regulations, or Rules made or deemed to have been made under the repealed Acts, Ordinances or other legislative instruments shall, if not inconsistent with the provisions of this Act, be deemed to be Statutes, Regulations or Rules made under the Act having regard to the various matters which by this Act have to be regulated or prescribed by Statutes, Regulations and Rules respectively and shall continue to be in force until they are repealed, rescinded or modified in accordance with the provisions of this Act.”

33. Further according to section 6(iv) of the said Act the University shall have the power to:-

“Prescribe the terms and conditions of employment of the Officers Teachers and other employees of the University and to lay down terms and conditions that may be different from those applicable to Government servants in general.

### **PAC OBSERVATION**

34. The Committee observed that allowing such medical allowance over and above the established policy of the Government tantamount to misuse of Authority and look like Government within the Government. All such things were made in the garb of financial autonomy which did not seem fair as if such practice was allowed, other institutions having such financial autonomy would also come up with the same practice as a precedent.

### **PAC RECOMMENDATION**

35. In view of the above, the Committee directed that the practice of unauthorized payment on account of medical allowance may be stopped forthwith with further direction that the amount of allowances already paid may be regularized from Finance Division. Moreover, the Finance Department was directed to take up the case with the Chancellor in order to remove the anomaly of “financial autonomy”. Para stands. Progress be reported to PAC.

**DP 5.4.9 EXCESS EXPENDITURE DUE TO PAYMENT OF ALLOWANCES AT HIGHER RATE - Rs. 56.246 MILLION.**

**AUDIT VERSION**

36. During audit of the accounts of Vice Chancellor Hazara University, for the year 2010-11, it was noticed that higher rate of HRA, unattractive area allowance and medical allowance were allowed to the employees on higher rates as compared to the admissible rate, resulting into excess expenditure of Rs.56.246 million as per detail given below:-

House Rent allowance	=	10.616 million
Unattractive area allowance	=	38.394 million
Medical allowance	=	<u>7.236 million</u>
<b>Total</b>	<b>=</b>	<b><u>56.246 million</u></b>

37. The Audit held that excess payment occurred due to weak financial control. The matter was reported to the Department in May, 2012. DAC in its meeting held on 22 March, 2013, observed that similar nature observation under the review with the PAC.

**DEPARTMENTAL VERSION**

38. The Department explained that matter of admissibility of the medical, unattractive area and medical allowance was placed before the Finance Committee and Syndicate. The Finance Committee and Syndicate again reviewed/recommended the admissibility of the allowance in their 14<sup>th</sup> and 20<sup>th</sup> meetings held on July 08, 2010 and 22-10-2010 respectively.

39. It was also approved in the 8<sup>th</sup> meeting of Senate held on 14<sup>th</sup> of December, 2010. University was established under the Act of Parliament and has its own Competent Authorities to frame and implement its Statutes, Rules and Regulations. Therefore, the bodies have approved the allowances under the power vested in them.

40. The bodies again granted ex-post facto approval of the admissibility of allowances with clarification that the allowances were and is admissible to all the employees.

41. The matter was already discussed in the PAC meeting held on 24-09-2012 and decided that the case may be kept pending for convening a separate meeting to examine the issue threadbare.

**PAC OBSERVATION**

42. While discussing the audit report in respect of Hazara University for the year 2013-14 it was observed by the Committee that like wise past practice, the University authorities in the wake of “financial autonomy’ and “approval of Syndicate or Senate” has allowed certain allowances i.e House Rent, Medical etc

at the rate other than the one allowed to the employees of other Institutions of the government performing duties in Hazara Division. The Audit was of the view that Universities could not by pass the pay and package policy of the Provincial or the Federal Government. Similar stance was also advanced by the Finance Department which being member in the Syndicate, raised such objections from time to time but due to majority voting such objections were over ruled. The university authorities pleaded that the Act of the Assembly has allowed financial autonomy and with the approval of the relevant forum i.e. the Senate or Syndicate duly approved by the Chancellor such allowances were allowed.

43. The issue in hand was not confronted to PAC for the first time, but it is a continuous practice in almost every University and have been continuously reported in almost every report of the Auditor General of Pakistan since one decade and the recommendations of the PAC made have not been fully implemented, which also under mines the sanctity of this forum. The crucial issue before this forum is as to whether the University authorities in the garb of financial autonomy and power of syndicate or Senate or any statute of the Universities can override the pay and package or financial policy made for civil servants or government servants or otherwise and if so what will be its impact on other institutions having such financial autonomy i.e. Local Government institutions, health institution or any other such institution and will it not embarrass the whole financial structure as other government institution/department would emerge to follow such practice which would lead to further financial mismanagement and ultimately the kitty of the government would be badly disturbed. The Committee felt this state of affairs with heavy heart and held it imperative that the Finance department being Manager of the Kitty should immediately take up all such issues with the Chancellor of the Universities to resolve the issue once for all.

#### **PAC RECOMMENDATION**

44. The University Authorities were directed to take up the case with the Finance Division for regularization of the expenditure. Moreover, in order to avoid such Audit objection in future, the Finance Department was directed to take up such financial issues with the Chancellor or Finance Division or Higher Education Commission so that the issue could be settled once for all. Para stands. Progress be reported to PAC Cell.

**DP 5.4.10 EXCESS PAYMENT DUE TO VIOLATION OF BOQ - Rs.5.303 MILLION.**

#### **AUDIT VERSION**

45. During audit of the accounts of Vice Chancellor Hazara University, for the year 2010-11, it was noticed that the contractor was allowed beneficial item in excess of the BOQ while less-beneficial and lesser quantities as

compared to BOQ. Non-adherence to the BOQ resulted into excess payment to contractor as per detail given below: -

(Rs.)

<b>Particular of work</b>	<b>Tender cost</b>	<b>Total expenditure</b>	<b>Excess</b>
1. Civil Work	25,112,950	29,951,754	4,838,804
2. Public Health	1,095,584	1,559,684	464,100
<b>Total</b>	<b>26,208,534</b>	<b>3,15,11,438</b>	<b>53,02,904</b>

46. The Audit held that excess payment was due to non-adherence to BOQ and undue favour to contractor, which was violation to Paras 11 and 12 of GFR Vol-I. The matter was reported to the Department in May, 2012. DAC in its meeting held on 22<sup>nd</sup> March, 2013, directed to produce relevant record to Audit for detail verification. Further, progress was, however, not reported till finalization of the report.

#### **DEPARTMENTAL VERSION**

47. The Department explained that prior approval of the extended scope of work was duly maintained by the competent authority. As a matter of fact in addition to other mandatory works, internet cafe/computer hall was also constructed. The same was not included in BOQ. The point was worth mentioning that by fault of PC-I preparers, items of the internet cafe were not included but the covered area of the same infrastructure was not affected in the space requirement/required covered area.

48. Keeping in view the urgent need of the same facility approval was granted. Main cause of the cost overrun was the same item.

#### **PAC RECOMMENDATION**

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

#### **DP 5.4.11 EXCESS PAYMENT DUE TO ALLOWING HIGHER RATES - Rs.18.565 MILLION.**

#### **AUDIT VERSION**

50. 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 5<sup>th</sup> running bill which resulted into excess expenditure of Rs.18.565 million.

51. 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 13<sup>th</sup> 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**

52. The Department explained that the subject para was repetition, as the 5<sup>th</sup> 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 31<sup>st</sup> 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.

### **PAC OBSERVATION**

53. During the meeting, it was observed that the University authorities could not advance any plausible explanation as:-

- i) why the work was not re-tendered and fair chance of competition not provided?
- ii) why N.O.Cs 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?

### **PAC RECOMMENDATION**

54. As the Committee could not reach to a just and fair conclusion, therefore, a Sub-Committee comprising the following was constituted to thrash out the issue involved in the Draft Para:-

- |    |                           |          |
|----|---------------------------|----------|
| 1. | Mr. Muhammad Idress, MPA  | Chairman |
| 2. | Mr. Mehmood Jan Khan, MPA | Member   |
| 3. | Arbab Waseem Hayat, MPA   | Member   |

55. The Committee will submit its report to PAC within two months.

### **DP 5.4.12 IRREGULAR EXPENDITURE ON PURCHASE OF VEHICLES - Rs.6.599 MILLION.**

### **AUDIT VERSION**

56. During audit of the accounts of Vice Chancellor, Shaheed Benazir Bhutto Women University Peshawar for the financial year 2011-12, it was noticed that an amount of Rs.6.599 million was spent on the purchase of three (03) vehicles despite the ban imposed on the purchase of vehicles. Thus the expenditure was irregular.

57. The audit held that irregular expenditure occurred due to violation of rules. The matter was reported to the Department in March, 2013. DAC in its meeting held on 19<sup>th</sup> August, 2013, directed to submit record to Audit for detail verification. Further progress was however, not reported till finalization of the report.

#### **DEPARTMENTAL VERSION**

58. The Department explained that the university spent 6.599(m) on purchase of vehicles because of the following reasons:-

- i. Tractor Trolley and water tank were approved in PC-1 of Frontier Women University Peshawar. It was purchased for main Campus Larama for smoothening of land and preparation of lawn/field.
- ii. Hino bus was purchased on sole proprietary rights with proper approval of competent authority. It was bought just because of the shifting to the main Campus Larama because university had only two buses and had three branches "City, Town and Larama". Larama Campus was situated at far flung area of Peshawar.
- iii. At S.No.3, it was not Suzuki Bolan worth Rs.198400/-, it was Suzuki APV (CNG). It was purchased with proper recommendation of Finance & Planning Committee and final approval of Syndicate.

#### **PAC RECOMMENDATION**

59. The explanation of the University was found plausible, hence the Para was recommended to be settled.

#### **DP 5.4.13 IRREGULAR PAYMENT - RS 5.00 MILLION.**

#### **AUDIT VERSION**

60. During audit of the Vice Chancellor Hazara University for the year 2010-11, it was noticed that an expenditure of Rs.5.00 million was incurred on Renovation of Multipurpose Hall without inviting tenders and Technical Sanction. The work was awarded on three quotations on 100% above CSR 1999. Expenditure without calling open tender and non-schedule items resulted into irregular payment of Rs.5.00 million.

61. The Audit held that irregular payment occurred due to financial mismanagement. The matter was reported to the Department 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**

62. The Department explained that internal work was executed in multipurpose hall for effective sound proofing and minimizing the echo problem. Keeping in view the urgent requirement of the University at the eve of convocation, clause 11.2.1(b) of the Hazara University Financial Rules was exercised by the Competent Authority. The condition of calling of tenders was dispensed and the quotations were called from the contractors working within the University premises. Rates offered by M/S Raja Adalat & Co being lowest were accepted.

### **PAC RECOMMENDATION**

63. After detailed discussion the Committee decided to carry out physical verification of site to ascertain the actual work done. On 18-07-2017 after the meeting of PAC, the Committee Members visited the Hazara University wherein it was noted with concern that the work paneling and ceiling was performed which was not of Rs. 5.00 million. Moreover, rules/regulations were ignored as the work was performed without adopting open tender system.

64. After detailed discussion on the subject Para, the Committee directed the Vice Chancellor to conduct departmental Inquiry into the matter through an Inquiry Committee comprising of representatives of Higher Education Department and Hazara University for fixing responsibility against the person(s) at fault and affect full recovery according to the quantum of responsibility within two months. Para stands. Progress be reported to PAC Cell.

### **DP 5.4.14 IRREGULAR EXPENDITURE - Rs.2.133 MILLION.**

### **AUDIT VERSION**

65. During audit of the accounts of the Vice Chancellor, Shaheed Benazir Bhutto Women University, for the financial year 2011-12, it was noticed that an expenditure of Rs.2.133 million was incurred on the purchase of various items required for convocation but open tender system was not adopted.

66. The Audit held that irregular expenditure occurred due to violation of rules. The matter was reported to the Department in March, 2013. DAC in its meeting held on 19<sup>th</sup> August, 2013, directed to fix responsibility against the person responsible. Further progress was however, not reported till finalization of the report.

### **DEPARTMENTAL VERSION**

67. The Department explained that the subject expenditure was carried out in pursuance of PPRA Rules 2004 by adopting the procedure of Negotiating tendering because the time limits laid down for open tendering could not be met.



68. The subject expenditure was not of Rs.2.133 and university was not attributable for itself rather it was carried out in the university interest.

69. Furthermore, the calculation carried by the Audit team was not correct as the audit team has combined the different head expenses in one head.

- i. The breakup of expenditure of Rs.2.133 million
- ii. Advance sanctioned for convocation Rs.1.5 million
- iii. Amount adjusted: Rs.1.598 million
- iv Other arrangements for convocation expenses Rs. 5,35,000/-

70. The breakup and vouchers are available for verification of Audit.

### **PAC RECOMMENDATION**

71. The Para was recommended to be settled subject to verification of vouchers of Rs. 5,35,000/- by the Verification of Record Committee.

### **DP 5.4.15 IRREGULAR PAYMENT TO CONTRACTOR-Rs.1.291 MILLION.**

#### **AUDIT VERSION**

72. During audit of the accounts of the Vice Chancellor, Shaheed Benazir Bhutto Women University, Peshawar for the financial year 2011-12, it was noticed that an amount of Rs.1.291 million was paid to M/S Parcon Associates for carrying out non BOQ items in the construction of road in the University. Expenditure on the non BOQ item resulted into unauthorized payment of Rs. 1.291 million.

73. The Audit held that unauthorized payment was made due to carrying out non BOQ items, which was violation of Para-10 of GFR Vol-I.

74. The matter was reported to the Department in March, 2013. DAC in its meeting held on 19<sup>th</sup> August, 2013, decided to produce record to audit for verification within 15 days. Further progress was however, not reported till finalization of the report.

#### **DEPARTMENTAL VERSION**

75. The observation is not based on facts. The contractors for academic blocks, hostels and others were required to do the layout in making of access roads that may involve cutting and dressing of non scheduled items, just to make a temporary access to construction sites for supervision staff, material transport. Whereas M/S Parcon Associates were required to construct a permanent Asphaltic Road as per specifications of master plan which involves proper natural ground compaction, cutting, scrubbing, compaction of proper material etc which are part of BOQ. The master plan shows the layout of both permanent and temporary access paths items mentioned are necessary items for

road construction which was duly missed by the consultant in the BOQ. These were therefore analyzed and the contractor was accordingly paid for these items duly carried out on site.

### **PAC RECOMMENDATION**

76. In view of the explanation advanced by the Department the Para was recommended to be settled subject to physical verification of work done by the PAC as well as verification of related record by the Verification of Record Committee within two (2) months

### **DP 5.4.16 IRREGULAR EXPENDITURE WITHOUT ADOPTING OPEN TENDER - Rs.1.200 MILLION.**

#### **AUDIT VERSION**

77. During audit of the accounts of Vice Chancellor University of Peshawar, for the financial year 2010-11, it was noticed that Rs.1.200 million was paid to M/S Sahib Zada Bricks & Co on account of supply of Bricks @ Rs.6400/1000 without adopting open tender system as required under the rules, thus the expenditure was irregular. The Audit held that irregular expenditure was violation of Para 144 of GFR vol I.

78. The matter was reported to the Department in March, 2012 and DAC in its meeting held on 13<sup>th</sup> 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**

79. The Department explained that it was clearly mentioned in the conditions of contract that the bricks would be purchased from Sahib Zada Bricks Company. As the amount was recovered from the Contractor's bill and all taxes were included in that bill so Income Tax etc were not deducted at that stage.

### **PAC RECOMMENDATION**

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

### **DP 5.4.17 UNAUTHENTIC PAYMENT WITHOUT MEASUREMENT BOOK - Rs.11.200 MILLION.**

#### **AUDIT VERSION**

81. During audit of accounts of Vice Chancellor Hazara University for the year 2010-11, it was noticed that an expenditure of Rs.11.200 million was incurred on the construction of 200 students hostel. No entries of work done were

made in the measurement book (MB). Non recording of entries of work done in the MB resulted into unauthentic payment of Rs.11.200 million.

82. The Audit held that unauthentic payment occurred due to non-adherence to the University own financial rules.

83. The matter was reported to the Department 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**

84. The Department explained that the actual work done had been duly measured/verified by the consultants. All the paid advances against work done have been duly recovered. The work was duly measured and was recorded in the MB.

85. During the meeting, the Director (Works), Hazara University stated that wordings of advance payment were used wrongly by the Department. The entire payment was made against the work done and no advance payment was made to the contractor and the work done was duly measured and recorded in the MB.

#### **PAC RECOMMENDATION**

86. In view of the above the Committee could not reach to a just and fair conclusion, therefore, the Para was referred to Verification of Record Committee to verify vouchers, MB and work order etc and to examine as to whether advance payment was made and afterwards adjusted or the payment was made as per work done, within two (2) months.

87. Para stands till verification of relevant record by the Verification of Record Committee.

#### **DP 5.4.18 BLOCKADE OF GOVERNMENT MONEY - Rs.70.924 MILLION.**

#### **AUDIT VERSION**

88. 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.924,000. Thus Government funds of Rs. 70.924 million were blocked.

89. The Audit held that the blockade was due to weak financial management and violation of Para 12 of the GFR Volume I

90. The matter was reported to the Department in March, 2012. DAC in its meeting held on 13<sup>th</sup> 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**

91. 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.

### **PAC OBSERVATION**

92. The Committee observed that funds of deposit work were used for salaries under self evolved mechanism i.e. "Bridge Financing" which was not permissible under the rules. It was added that on one hand in the wake of financial autonomy and competency of Syndicate or Senate, non developmental expenditure in almost all the universities were increasing day by day without any fear and on the other hand due to lack of financial resources, the developmental funds were allowed to be spent on non developmental activities, which was not at all a fair practice in view of general financial rules. It was appropriate time that the Finance as well as Higher Education Departments should seriously take cognizance of all such issues to streamline the financial system in all the universities and issue model instructions to all.

### **PAC RECOMMENDATION**

93. The Para was clubbed with DP 5.4.11. Hence the Para was referred to the Sub-Committee.

**ELEMENTARY & SECONDARY EDUCATION DEPARTMENT**

**Total Draft Paras \_\_\_\_\_ 03**

**Total Draft Paras examined by the PAC\_\_03**

**Pending \_\_\_\_\_ Nil**

**Settled: 5.4.6 & 5.4.19 ..... (02)**

**Departmental Action: 5.4.2 ..... (01)**

## **ELEMENTARY & SECONDARY EDUCATION DEPARTMENT**

Three (03) Draft Paras reflected in the Auditor General's Report for the year 2013-14 against the Department were examined by the Committee in its meeting held on the 18<sup>th</sup> of July 2017. The following were present:-

### **PUBLIC ACCOUNTS COMMITTEE**

- |    |                           |                 |
|----|---------------------------|-----------------|
| 1. | Mr. Qurban Ali Khan, MPA  | Acting Chairman |
| 2. | Arbab Waseem Hayat, MPA   | Member          |
| 3. | Mr. Mehmood Jan Khan, MPA | Member          |
| 4. | Mr. Muhammad Idress, MPA  | Member          |

### **LAW, PARLIAMENTARY AFFAIRS & HUMAN RIGHTS DEPARTMENT**

Mr. Rizwanullah Khan Abdaali,  
Deputy Secretary.

### **FINANCE DEPARTMENT**

1. Mr. Musharraf Khan,  
Additional Secretary.
3. Mr. Muhammad Javed,  
Budget Officer.

### **AUDIT DEPARTMENT**

1. Mr. Asad Ullah Khan,  
Director.
2. Mr. Muhammad Ismail Khan,  
Deputy Director

### **ELEMENTARY & SECONDARY EDUCATION DEPARTMENT**

1. Mr. Shahzad Khan Bangash,  
Secretary.
2. Mr. Asghar Ali,  
Chairman, Text Book Board.

### **PROVINCIAL ASSEMBLY SECRETARIAT**

1. Mr. Amanullah,  
Secretary.
2. Mr. Amjad Ali,  
Additional Secretary.
3. Mr. Inamullah Khan,

Deputy Secretary.

4. Mr. Ibrahim Khan,  
Assistant Secretary.
5. 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 5.4.2 OVERPAYMENT DUE TO VIOLATION OF PC-I & CONTRACT AGREEMENT – Rs.7.465 MILLION.**

**AUDIT VERSION**

3. During audit of the accounts of Chairman Text Book Board, for the financial year 2011-12, it was noticed that printing of books for supplementary reading materials in Government Schools in Khyber Pakhtunkhwa was awarded by Project Director, “Supplementary Reading Material” to M/S Nasir Printing Press Shiwa Adda Swabi at a cost of Rs.173.853 million. The payment of Rs.181.318 million was made to the Firm, resulting into an overpayment of Rs.7.465 million.

4. The Audit held that overpayment was occurred due to violation of PC-I and contract agreement which was violation to Paras 12 and 19 (iv) of GFR Vol-I.

5. The matter was reported to the Department in April, 2013, DAC in its meeting held on 7<sup>th</sup> August, 2013, directed to produce relevant record to Audit for verification within seven (7) days. Further progress was, however, not reported till finalization of the report.

**DEPARTMENTAL VERSION**

6. The Department explained that although the printing of inner title pages was not included in the work order of printing. But later on at the stage of development it was decided to add credits in the inner page of the title and to print some important social messages of educative value may also be printed on the inner page of the back title in the booklets. Instead of giving extra pages for printing credits and social messages the back of the title pages were used for the purpose so as to avoid extra expenditure. The printing cost of two extra pages was not covered in tender documents and the printing cost was adjusted afterwards on the request of the Printer.

7. Furthermore clause 7 of the agreement states that the Board would have to pay the Printer according the actual number of pages printed.

8. As per PC-1, Para 10 states that “The Chairman Khyber Pakhtunkhwa Textbook Board will further disburse the funds on the basis of actual work done as per Khyber Pakhtunkhwa Textbook Board’s approved Financial Rules Procedure”. The clause 11 of the Textbook Board’s Ordinance gives power to the Board to incur any expenditure. Further the payment against two extra inner title pages was paid after getting it approved by the Board.

9. During the meeting the Department briefly explained that approval of the overpayment which was over and above the PC-I approved by Steering Committee and Technical Committee. However, revised PC-I was not approved.

### **PAC OBSERVATION**

10. The PAC observed that even the cost of the title page incorporating only one message was on higher side.

### **PAC RECOMMENDATION**

11. After detailed discussion, the Department was directed that enquiry may be conducted for fixing responsibility and the amount overpaid if not covered in the PCI may be recovered from the responsible (s) within three (3) months.

12. Para stands. Progress be reported to PAC.

### **DP 5.4.6 LOSS DUE TO NON-RETURN OF PRINTING MATERIALS – Rs.1.00 MILLION.**

### **AUDIT VERSION**

13. During audit of the accounts of Chairman Textbook Board, for the financial year 2011-12, it was noticed that 60 booklets, 11 posters, CD, plates and films were provided by the Project Director, “Supplementary Reading Material” to M/S Nasir Printing Press Shiwa Adda Swabi for printing. The printing material was not returned by the Firm after printing resulting into loss of Rs.1.000 million.

14. The Audit held that loss occurred due to negligence and weak internal control. The matter was reported to the Department in April, 2013, DAC in its meeting held on 7<sup>th</sup> August, 2013, directed to recover the material or cost thereof from Firm within a month. Further progress was, however, not reported till finalization of the report.

### **DEPARTMENTAL VERSION**



15. The Department explained that notice in this regard had already been served to Printer i.e. M/S Nasir Printing Press Swabi and the Auditor concerned would be informed on the receipt of actual material from Printer.

### **PAC RECOMMENDATION**

16. In view of explanation of the Department that the supplementary reading material was received back, the Para was recommended to be settled.

### **DP 5.4.19 BLOCKAGE OF FUNDS DUE TO CLOSED PROJECT – Rs.12.046 MILLION.**

### **AUDIT VERSION**

17. During audit of the accounts of Chairman Textbook Board, for the financial year 2011-12, it was noticed that funds amounting to Rs.203.248 million was provided for the program Supplementary Reading Material in Government Schools in Khyber Pakhtunkhwa. An amount of Rs.91.202 million was utilized on the program. The project was closed in Feb, 2012. The remaining amount of Rs.12.046 million was not credited to the Government Treasury. Non-crediting of the funds of Rs.12.046 million resulted in blockage of Government funds.

18. The Audit held that blockage occurred due to weak supervisory control, which was violated to Para 12 of GFR Vol-I.

19. The matter was reported to the Department in April, 2013, DAC in its meeting held on 7<sup>th</sup> August, 2013, directed to deposit the amount with profit into the Government Treasury within 15 days. Further progress was, however, not reported till finalization of the report.

### **DEPARTMENTAL VERSION**

20. The Department explained that the current audit for the financial year 2011-12, while some of the major activities of the project i.e. packing of SRM material and distribution of SRM to 25 District of Khyber Pakhtunkhwa, carried out in the month of August 2012. The cost of distribution was Rs.16,46,053/- while cost of packing was Rs. 4,46,538/-. Further the monitoring and evaluation of SRM was yet to be carried out.

21. Moreover, keeping in view the interest of children in creative writing and other competitions, these activities were in the pipeline. So non-utilization of funds of Rs. 12.046 million was not realistic, as the Board has saved handsome amount of Rs. 10.268 million, which was still lying in the SRM designated account.

### **PAC RECOMMENDATION**

22. The amount alongwith profit has been deposited duly verified by the Audit, hence the Para was recommended to be settled with the direction to the Department that in future the Government money should not be deposited in PLS Account to avoid any anticipated loss to the Government.

## ENERGY AND POWER

Total Draft Paras \_\_\_\_\_ 01

Examined \_\_\_\_\_ 01

Pending \_\_\_\_\_ Nil

Settled:6.4.1..... (01)

## **ENERGY AND POWER DEPARTMENT.**

One (01) Draft Para reflected in the Auditor General's Report for the year 2013-14 against the Department were examined by the Committee in its meeting held on the 19<sup>th</sup> of July 2017. The following were present:-

### **PUBLIC ACCOUNTS COMMITTEE**

- |    |                           |                 |
|----|---------------------------|-----------------|
| 1. | Mr. Qurban Ali Khan, MPA  | Acting Chairman |
| 2. | Arbab Waseem Hayat, MPA   | Member          |
| 3. | Mr. Mehmood Jan Khan, MPA | Member          |
| 4. | Mr. Muhammad Idress, MPA  | Member          |

### **LAW, PARLIAMENTARY AFFAIRS & HUMAN RIGHTS DEPARTMENT**

Mr. Rizwanullah Khan Abdaali,  
Deputy Secretary.

### **FINANCE DEPARTMENT**

1. Mr. Musharraf Khan,  
Additional Secretary.
2. Mr. Muhammad Javed,  
Budget Officer.

### **AUDIT DEPARTMENT**

1. Mr. Asad Ullah Khan,  
Director.
2. Mr. Muhammad Ismail Khan,  
Deputy Director

### **ENERGY AND POWER DEPARTMENT**

Mr. Muhammad Naeem,  
Secretary.

### **PROVINCIAL ASSEMBLY SECRETARIAT**

1. Mr. Amanullah,  
Secretary.
2. Mr. Amjad Ali,  
Additional Secretary.
3. Mr. Inamullah Khan,  
Deputy Secretary.
4. Mr. Ibrahim Khan,  
Assistant Secretary.
5. 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 6.4.1 LOSS DUE TO CATERING SERVICE ON CANCELLED FUNCTION - Rs.1.010 MILLION.**

**AUDIT VERSION**

3. During audit of accounts of Project Director Machai HPP PHYDO Peshawar for the financial year 2010-11, it was noticed that Rs.1.010 million were paid to M/S Haqqania Tents Service Peshawar for the inauguration ceremony for Hydro Power Project Mardan to be held on 8<sup>th</sup> Jan, 2011 while Tenders were not invited for catering facility and the function was also cancelled, which resulted into loss of Rs.1.010 million.

4. The Audit held that loss occurred due to financial mismanagement which was violation of Para 10 of GFR vol I,

5. The matter was reported to the Department in September, 2011 and DAC in its meeting held on 17<sup>th</sup> July, 2012 directed that evidence in support of cancellation of inauguration ceremony and Write off Sanction of the competent authority may be obtained. Further progress was, however, not reported till finalization of the report.

**DEPARTMENTAL VERSION**

6. The Department explained that the scheme was inaugurated by the Secretary Energy & Power Department on the same date. The evidence shows that arrangements made and inaugurated by Secretary Energy & Power.

7. The Expenditure incurred was within the PC-I Budget and was duly sanctioned by the competent authority under Chapter 14, Clause 33 of the PEDO Revised Accounting Manual 2003.

8. Hence no Write off Sanction was required as the inauguration/ground breaking ceremony was successfully carried out.

**PAC RECOMMENDATION**

9. In view of explanation advanced by the Department with documentary evidence that function was actually held and tendering requirement was relaxed in view of emergent nature event, the Para was recommended to be settled.

## **ENVIRONMENT DEPARTMENT**

Fourteen (14) Draft Para reflected in the Auditor General's Report for the year 2013-14 against the Department were examined by the Committee in its meeting held on the 20<sup>th</sup> of July 2017. The following were present:-

### **PUBLIC ACCOUNTS COMMITTEE**

- |    |                           |                 |
|----|---------------------------|-----------------|
| 1. | Mr. Qurban Ali Khan, MPA  | Acting Chairman |
| 2. | Arbab Waseem Hayat, MPA   | Member          |
| 3. | Mr. Mehmood Jan Khan, MPA | Member          |
| 4. | Mr. Muhammad Idress, MPA  | Member          |

### **LAW, PARLIAMENTARY AFFAIRS & HUMAN RIGHTS DEPARTMENT**

Mr. Rizwanullah Khan Abdaali,  
Deputy Secretary.

### **FINANCE DEPARTMENT**

Mr. Muhammad Naseem,  
Additional Secretary.

### **AUDIT DEPARTMENT**

- |    |                                                |
|----|------------------------------------------------|
| 1. | Mr. Asad Ullah Khan,<br>Director.              |
| 2. | Mr. Muhammad Ismail Khan,<br>Deputy Director.  |
| 3. | Mr. Zubair Arshad Khattak,<br>Deputy Director. |

### **ENVIRONMENT DEPARTMENT**

- |    |                                                            |
|----|------------------------------------------------------------|
| 1. | Mr. Nazar Hussain Shah,<br>Secretary.                      |
| 2. | Mr. Muhammad Siddique Kha,<br>Chief Conservator Forests-I. |
| 3. | Mr. Safdar Ali Shah,<br>Chief Conservator, Wildlife.       |
| 4. | Mr. Ali Hassan,<br>GM (Ops), FDC.                          |
| 5. | Mr. Muhammad Qayyum,<br>Director.                          |

6. Mr. Ejaz ur Rehman,  
DFO, Dir Kohistan.
7. Mr. Muhammad Riaz,  
DFO, Siran.
8. Mr. Raees Khan,  
DFO, Dir Upper.

#### **PROVINCIAL ASSEMBLY SECRETARIAT**

1. Mr. Amanullah,  
Secretary.
  2. Mr. Amjad Ali,  
Additional Secretary.
  3. Mr. Inamullah Khan,  
Deputy Secretary.
  4. Mr. Ibrahim Khan,  
Assistant Secretary.
  5. 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.7.4.1 NON PRODUCTION OF AUDITABLE RECORD IN SUPPORT OF PAYMENT - Rs.230.177 MILLION.**

#### **AUDIT VERSION**

3. During audit of the accounts of Divisional Forest Officer Dir Kohistan Sheringal, for the financial year 2008-2012, it was noticed that a sum of Rs.230.177 million was shown paid to the District Officer Revenue Dir on account of 60% local share to be disbursed amongst the royalty holders. The disbursement certificates along with payee receipts of the royalty holder were not produced to Audit for scrutiny. Thus the payment remained un-audited.

4. The Audit held that non-production of record was violation of Para 17 of GFR Vol-I.

5. The matter was reported to the Department in September, 2012. DAC in its meeting held on 26<sup>th</sup> August, 2013, directed the Department to produce record for re-audit.

#### **DEPARTMENTAL VERSION**

6. The Department explained that the office had vigorously pursued District Officer Revenue Office for supply and provision of acquaintance rolls,

vide letter No.1752/G, dated 02-05-2011 and No.456/G dated 29-08-2012 and lastly reminded vide letter No.4567/G dated 26-05-2016.

7. The acquaintance rolls amounting to Rs.217.695 million has been obtained from the DOR office whereas an amount of Rs.12.482 million was still pending due to local dispute over royalty distribution as per certificate of DOR Dir Upper please.

### **PAC RECOMMENDATIONS**

8. In view of the reply of the Department the PAC directed that the amount of Rs.217.695 million already been disbursed, may be verified by the Audit. Para stands till disbursement of the remaining whole as and when decided by the Court of Law.

### **DP No.7.4.2 LOSS DUE TO NON-RECOVERY OF FINE - Rs. 20.596 MILLION.**

### **AUDIT VERSION**

9. During audit of the accounts of DFO Dir Upper, for financial year 2011-12, it was noticed that the DFO imposed a penalty amounting to Rs.20.596 million on FDC Lot No.613/M Comptt No.Ushera 39, vide office order No.4 dated 01.08.2011, but the same was not recovered, hence resulted into loss of Rs.20.596 million as per detail given below:-

<b>S.No</b>	<b>Species</b>	<b>No of scants</b>	<b>Volume CFT</b>	<b>Rate/time</b>	<b>Fine imposed (Rs.)</b>
1	Deodar	9	44.75	2200x5	492,250
2	F/spurce	411	6073.54	662x5	20,103,418
<b>Total</b>					<b>20,595,668</b>

10. The Audit held that the loss occurred due to negligence which was violation of Para 26 of GFR vol I. The matter was reported to the Department in September, 2012. DAC in its meeting held in August, 2013, observed that the case was subjudice.

### **DEPARTMENTAL VERSION**

11. The Department explained that the contractor of FDC lot No. 613M Ushera 39 compartment No.39 has filled Civil Suit against the fine which was still under litigation in the Court of Additional District Judge Dir Upper. Meanwhile, FDC has also requested for arbitration as per agreement.



12. The arbitration was in progress. 1<sup>st</sup> meeting was held on 10<sup>th</sup> May, 2017 and final meeting was to be held shortly under the Chairmanship of Secretary Forestry Environment & Wildlife Department Khyber Pakhtunkhwa. When decided, the matter will be reported accordingly.

13. During the meeting the Department explained that recently arbitration was made by the Secretary, being competent authority and it was felt that penalty imposed by the D.F.O. was on higher side that was five (05) times of the total cost, the Secretary during arbitration assessed the penalty and imposed penalty as per actual loss i.e. on one time basis. The amount would be recovered within thirty (30) days from F.D.C. The amount recovered and deposited would be intimated to PAC.

### **PAC RECOMMENDATIONS**

14. In view of the above explanation advanced by the Department the Para was recommended to be settled subject to complete recovery and verification of amount deposited into Government Treasury.

### **DP No.7.4.3 LOSS TO GOVERNMENT DUE TO NON-AUCTION OF TIMBER - RS.11.125 MILLION**

#### **AUDIT VERSION**

15. During audit of the accounts of Divisional Forest Officer Siren Mansehra, it was noticed that as per timber Form No.7 register of Goharabad Sale Depot a quantity of 1797 log/scants = 111.124 cft timber of different species was lying in depot up till July, 2012, resulting into blockage of Government revenue amounting to Rs. 11.125 million.

16. The Audit held that the money was blocked due to non-observance of rules which was violation of Para 167 of GFR vol I.

17. The matter was reported to the Department in July, 2012. DAC in its meeting held on 28<sup>th</sup> August, 2013, directed for verification of record within 15 days. Further progress was, however, not reported till finalization of the report.

#### **DEPARTMENTAL VERSION**

18. The Department explained that volume of 9000.19 Cft has been disposed off through open auction realizing a sum of Rs. 5,876,050/- whereas, a volume of 2123.25 Cft pertaining to Kund Devli Forest Cooperative Society (defunct) which was purely private property was still subjudice in Supreme Court of Pakistan and was lying in Depot and nothing to do with the Department.

## **PAC RECOMMENDATIONS**

19. The explanation of the Department was considered as plausible and the Para was recommended to be settled subject to verification of the amount deposited in Government Treasury, by the Verification of Record Committee.

### **DP No.7.4.4 LOSS DUE TO NON ACCOUNTAL OF TIMBER - Rs. 8.847 MILLION.**

#### **AUDIT VERSION**

20. During audit of the DFO Siren Forest Division Mansehra, for the financial year 2011-12, it was noticed that Forest Magistrate decided 35 cases of forest offense in favour of the Government, offender and the case property valuing Rs. 8.847 million was confiscated in favour of Government. However, the case property i.e. timber was not taken on the relevant Timber Form-7. Non-accountal of timber in the forms resulted into loss to the Government.

21. The Audit held that loss occurred due to negligence and non-accountal of timber which was violation of Para 23 of GFR vol I.

22. The matter was reported to the Department July, 2012. DAC in its meeting held on 28<sup>th</sup> August, 2013, directed to submit complete record to audit for verification within seven days. Further progress was, however, not reported till finalization of the report.

#### **DEPARTMENTAL VERSION**

23. The Department explained that all the case property involved in Prosecution Cases decided by the Court during the year 2011-12 has been entered in relevant Timber Forms of respective Forest Sub-Division/Range as per detail given below:-

Prosecution Case No.	Damage Report No.	Date	Scants/ Logs	Volume (Cft)	Detail entry of case property	Month of entry	Form-D No. under which transported to CSD	Lot No. under which disposed off	Annex
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<b>Lower Siran Forest Sub-Division</b>									
21/2009-10	35/23	25.10.2009	6	17.00	Form No.07	10/2009	65/11	20/2010-11	<b>I</b>
5/2009-10	64/10	6.9.2009	4	16.10	Form-07	09/2009	65/11	20/2010-11	<b>I</b>
2/2009-10	62/10	25.8.2009	4	8.00	Form No.17	04/2011	78/11	99/2010-11	<b>II</b>
8/2009-10	66/10	13.2.2009	8	28.16	Form No.07	09/2009	65/11	20/2010-11	<b>I</b>
18/2010-11	11/1	13.10.2010	2	2.75	Form No.17	11/2010	78/11	99/2010-11	<b>III</b>
23/2010-11	15/1	7.11.2010	2	2.06	Form No.17	12/2010	78/11	99/2010-11	<b>III</b>
76/2010-11	41/1	30.5.2011	1	1.17	Form No.17	05/2011	83/11	47/2011-12	<b>IV</b>
5/2011-12	46/1	18.7.2011	1	2.33	Form No.17	07/2011	83/11	47/2011-12	<b>IV</b>
71/2010-11	38/1	11.5.2011	2	1.60	Form No.17	05/2011	78/11	99/2011-12	<b>IV</b>
74/2010-11	39/1	8.5.2011	1	1.50	Form No.17	05/2011	83/11	47/2011-12	<b>IV</b>
52/2011-12	53/1	20.8.2011	3	5.25	Form No.17	08/2011	83/11	47/2011-12	<b>IV</b>
68/2010-11	35/5	16.11.2011	4	3.15	Form No.17	04/2011	78/11	99/2010-11	<b>II</b>
66/2010-11	33/5	30.5.2010	2	5.00	Form No.17	04/2011	78/11	99/2010-11	<b>II</b>
23/2009-10	27/5	29.10.2009	6	20.60	Form No.17	10/2009	65/11	20/2010-11	<b>V</b>
35/2011-12	72/1	24.11.2011	1	2.00	Form No.17	04/2012	83/11	47/2011-12	<b>VI</b>
5/2010-	39/75	8.5.201	10	39.0	Form	05/20	83/11	47/2011-	<b>IV</b>

11		1		6	No.17	11		12	
41/2011-12	55/26	16.12.2011	3	6.86	Form No.17	04/2012	84/11	47/2011-12	<b>VI</b>
42/2011-12	56/26	20.12.2011	4	8.40	Form No.17	04/2012	84/11	47/2011-12	<b>VI</b>
14/2011-12	30/46	30.10.2011	98	408.00	Form No.07	03/2012	81/11	31 & 32/11-12	<b>VII</b>
38/2011-12	40/5	27.12.2011	2	3.00	Form No.17	04/2012	83/11	47/2011-12	<b>VI</b>
48/2011-12	80/1	1.1.2012	8	24.18	Form No.17	03/2012	82/11	45/2011-12	<b>VI</b>
<b>Mansehra Forest Sub Division</b>									
7/2003-04	45/12	29.7.2003	Nil	Nil	-	-	-	-	
4/2010-11	12/220	13.1.2011	12 Dundijat	-	-	-	-	Mean one head load F.W used by staff locally	
9/2011-12	20/3	21.4.2011	Walnut Bark	120 Kg	Form No.7	05/2011	46/12	Transported to Haripur	<b>VIII</b>
9/2011-12	91/15	20.5.2012	16	65.55	Form No.07	09/2012	-	49/2011-12	<b>IX</b>
<b>Upper Siran Forest Sub-Division</b>									
10/2011-12	81/7	29.12.2011	Swan timber	15 Cft Deodar	Form 17	12/2011	-	-	<b>X</b>
17/2011-12	12/31	26.11.2011	08 Kail	18x8	Form No.17	11/2011	-	-	<b>X</b>

			Rafter						
42/2011-12	65/36	7.4.2012	01 Chain Saw  Deodar tree in Forest , 10 Scant s= 30.30 Cft	30.30 Cft	Form No.17	05/2012	-	-	<b>XI</b>
<b>Hilkot Range</b>									
22/2008-09	92/21	14.12.2008	Nil	Nil	Nil	Nil	Nil	Nil	
32/2009-10	94/21	24.1.2010	Nil	Nil	Nil	Nil	Nil	Nil	
17/2011-12	5/12	14.9.2011	12 Pieces Firewood	Nil	Form No.17	12/2012	Nil	Mean one head load used by staff locally	<b>XII</b>
25/2011-12	7/12	18.11.2011	Half chir tree	Nil	Form No.17	12/2012	-	-	<b>XII</b>
27/2011-12	9/12	24.11.2011	Nil	Nil	Nil	Nil	Nil	Nil	
28/2011-12	5/17	22.8.2013	05	23	Form No.07	1/2012	79/16	27/2011-12	<b>XIII</b>
43/2011-12	79/22	26.11.2011	12 Pieces	Nil	Form No.17	12/2012	Nil	Mean one head	<b>XII</b>

			firewo od					load used by staff locally	
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24. All the seized/confiscated forest produce has been entered in relevant Timber Forms. No irregularity occurred. No loss sustained by the Government as the case property has been disposed off according to the rules/procedure.

25. However, in compliance of the decision of DAC meeting, all the relevant record was kept ready for verification of audit and on receipt of minutes of DAC meeting vide CF Lower Hazara Forest Circle endst. No. 5331/B&A dated 14.2.2014, the Deputy Director Audit was approached vide letter No. 1940/B&A dated 13.3.2014, No. 8807/B&A dated 02-06-2014, and letter No. 11138/B&A dated 26-05-2015, but the record could not be verified.

### **PAC RECOMMENDATIONS**

26. In view of the above, the Para was recommended to be settled subject to verification that the amount realized from auction of confiscated items had been deposited into Government Treasury.

### **DP No.7.4.5 LOSS DUE TO MISSING DAMAGE REPORTS - Rs.1.738 MILLION.**

### **AUDIT VERSION**

27. During audit of the DFO Siren Forest Division Mansehra, for the financial year 2011-12, it was noticed that Upper siren Sub Divisional Office issued seven damage reports against the offenders on account of illicit cutting involving 6475 cft standing trees valuing Rs. 1,738 million. However, the said damage reports were neither entered in the Divisional Compensation Cases register nor the amount of compensation was deposited into the Government account, which resulted into loss of Rs.1.738 million to Government as detail given below:-

<b>C.C. No</b>	<b>Damage report No</b>	<b>Date</b>	<b>Amount</b>
14/ for the year 2010-11	38/8	27.02.2011	32,610
15/ for the year 2010-11	79/11	05.04.2011	298,110
16/ for the year 2010-11	78/11	10.04.2011	265,110
17/ for the year 2010-11	33/18	10.06.2011	157,110
18/ for the year 2010-11	34/18	19.06.2011	123,860
19/ for the year 2010-11	31/36	19.06.2011	836,610

20/ for the year 2010-11	39/8	10.06.2011	24,400
		<b>Total</b>	<b>1,737,810</b>

28. The Audit held that loss occurred due to negligence and weak supervisory control which was violation of Para 26 of GFR vol I.

29. The matter was reported to the Department July, 2012, DAC meeting held on 28<sup>th</sup> August, 2013, observed that the case was subjudice.

### **DEPARTMENTAL VERSION**

30. The Department explained that all the damage reports mentioned in the Draft Para were not compounded as mentioned in the Audit observation. These damage reports were prosecuted in the Court of Law after completion of all required codal and legal formalities. The detail was given as under:-

<b>Dam age repo rt #</b>	<b>Date</b>	<b>Stan ding volu me illicit ly cut</b>	<b>Value of Case proper ty</b>	<b>Prosecut ion # tough which challane d in the Court</b>	<b>Remarks</b>
38/8	27.2.20 11	325	32610	14/2010- 11	The case was still subjudice
79/1 1	5.4.201 1	675	29811 0	15/2010- 11	Case decided vide order dated 08.02.2013. Case property i.e 80 Kail scants=272-Cft obtained from illicit cut trees and seized was taken on Timber Form-7 of Upper Siran Forest Sub-Division for the month of 07/02011 subsequently confiscated in favor of Government by the Court was disposed off through lot No.

					11/2011-12 and released to the purchaser vide TP No. 253 dated 28.10.2011 after transportation to Central Sale Depot Mansehra.
78/11	10.4.2011	530	265110	16/2010-11	The case was subjudice
33/18	10.6.2011	628	157110	17/2010-11	The case was subjudice
38/18	19.6.2011	495	123860	18/2010-11	The case was subjudice
31/36	19.6.2011	1755	836610	19/2010-11	Case decided vide order dated 12.2.2014. Though the Court confiscated the case property in favor of state but in fact nothing was seized on spot which indicates that all the forest produce was lifted from the spot.
39/8	10.6.2011	175	24400	20/2010-11	The case was subjudice
<b>Total</b>		<b>4583</b>	<b>1737810</b>		



31. The Department further clarified that the actual standing volume of all the above damage reports were 4583-Cft whereas Audit has shown 6475-Cft which was not correct. Moreover, most of the mentioned damage reports were issued during the month of June 2011 whereas, according to the provision of rules, at least one month was required for investigation about the offence and completion of Prosecution Challan. It was further added that delay in institution of Prosecution Challan in the Court occurred due to the reason that according to the directives of respective Court, the forest offenders charged in the damage reports must be produced before the Court along with challan due to which the concerned staff conducted raids at numerous occasions independently as well as with the assistance of local Police for apprehension of nominated forest offenders but could not succeeded.

32. However, in compliance of the decision of DAC meeting, all the relevant record was kept ready for verification of audit and on receipt of minutes of DAC meeting vide CF Lower Hazara Forest Circle endst. No. 5331/B&A dated 14-02-2014, the Deputy Director Audit was approached vide letter No. 1940/B&A dated 13-3-2014, No. 8807/B&A dated 02-06-2014, and letter No. 11138/B&A dated 26-05-2015, but the record could not be verified.

33. The Department briefly explained that two (02) cases out of seven (07) had been decided and the timber had been disposed off and the amount deposited in the Government Treasury. The rest of five cases were pending in the Trial Court.

### **PAC RECOMMENDATIONS**

34. In view of the above the Department was directed to produce record of sales of two (02) decided cases and the actual quantity of timber involved for verification to the VOR Committee as there was difference in the contention of Audit and Department. The Department was further directed that the rest of five cases should be vigorously pursued in the Court of Law through a responsible officer.

### **DP No.7.4.6 LOSS DUE TO USE OF MATERIAL AND LABOUR CHARGES – Rs.1.00 MILLION.**

### **AUDIT VERSION**

35. During audit of the accounts of Divisional Forest Officer Galies Forest Division Abbottabad, for the financial year 2010-11, it was noticed that an expenditure of Rs.1.00 million was incurred on purchase of building material and labour under the scheme “Development of Trail/Tracks and Rehabilitation of Inspection Huts in Northern Khyber Pakhtunkhwa Province”. The material valuing Rs.612,700 was not taken on the material Form-7, and therefore, Rs.387,300 as

labour charges shown engaged on the use of these materials was fake, which resulted into a loss of Rs.1.00 million to the Government.

36. The Audit held that loss occurred due to weak supervisory control which was violation of Para 148 of GFR vol I.

37. The matter was reported to the Department in July, 2012. DAC meeting held in August, 2013, directed to submit record for verification within 15 days. Further progress was, however, not reported till finalization of the report.

#### **DEPARTMENTAL VERSION**

38. The Department explained that the material valuing Rs.6,12,700/- was purchased during the year 2010-11 due to heavy burden of works, the entry was not recorded in proper Form-7 at that time, however after conducting audit the record was completed and entries were made in the proper Form-7.

#### **PAC RECOMMENDATIONS**

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

#### **DP No.7.4.7 NON-DEPOSIT OF GOVERNMENT REVENUE - Rs. 22.175 MILLION.**

#### **AUDIT VERSION**

40. During audit of the accounts of Divisional Forest Officer Upper Dir, for the year 2011-12, it was noticed that Government revenue amounting to Rs.22.175 million was lying in the P-Deposit and was not credited to the proper head of account, which resulted into non-deposit of Government revenue as per detail given below:-

<b>Name of organization</b>	<b>Particulars of revenue</b>	<b>Amount (Rs)</b>
MFO FDC Swat	Lot No. 244 M	24,800
-do-	Lot No. 156	31,395
-do-	Lot No. 107 M	9,54,054
Private Land	Nargah Private land	2,56,584
MFO FDC	Lot No. 537	2,89,100
Various persons	Revenue	2,06,19,724

<b>Total</b>	<b>2,21,75,657</b>
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41. The Audit held that non-clearance of the P-deposit was due to weak supervisory control which was violation of Para 38 of GFR vol I.

42. The matter was reported to the Department in September, 2012. DAC in its meeting held in August, 2013, directed to transfer to proper head of account within 15 days. Further progress was, however, not reported till finalization of the report.

### **DEPARTMENTAL VERSION**

43. The Department explained that out of the reported revenue amount lying in P.Deposit, Rs.2,06,75,919/- has been transferred to proper revenue head during the month of 7/2012 and Statement of actual for the month of 7/2012. While remaining Rs.14,99,738/- was lying as P.Deposit due to Court cases under litigation.

### **PAC RECOMMENDATIONS**

44. In view of the plausible reply of the Department, the Para was recommended to be settled subject to verification of Treasury Challan by the Verification of Record Committee.

### **DP No. 7.4.8 NON-RECOVERY OF OUTSTANDING GOVERNMENT DUES- Rs. 10.644 MILLION.**

### **AUDIT VERSION**

45. During audit of the accounts of DFO Siren Forest Division Mansehra, for the financial year 2011-12, it was noticed that an amount of Rs.10.644 million was outstanding against different quarters, which was not recovered as per detail given below:-

<b>S.No.</b>	<b>Outstanding on account of</b>	<b>Amount (Rs.)</b>
1	Amount under litigation/Stay order	77,78,612
2	Under recovery of arrear of land revenue	10,03,446
3	Amounts to be written off	6,28,045
4	Outstanding against PIDC	7,66,181
5	Outstanding against FDC	2,87,674
6	Against Rosin & Turpentine factory	1,79,995
	<b>Total Outstanding</b>	<b>1,06,43,962</b>

46. The Audit held that non-recovery was due to weak supervisory control which was violation of Para 26 of GFR vol I.

47. The matter was reported to the Department in July, 2012. DAC in its meeting held in August, 2013, directed to place the Para before PAC.

### **DEPARTMENTAL VERSION**

48. The Department explained the present position as under:-

<b>S.No.</b>	<b>Outstanding on account of</b>	<b>Amount (Rs.)</b>
1	Amount under litigation/stay order	3,81,302
2	Amount under recovery of Arrear of Land Revenue	38,08,455
3	Amount to be written off	7,07,918
4	Amount Outstanding against PID	7,66,181
5	Amount outstanding against Rosin & Turpentine Factory	1,79,995
6	Amount recoverable from the concerned defaulters	3,95,835
	<b>Total</b>	<b>62,39,686</b>

1. Rs.22,46,202/- reduced vide Award Announced by Secretary Environment Department Khyber Pakhtunkhwa Award No. SO(Tech) ED/V-366/2008/PC dated 07-06-2013 & No. SO(Tech) ED/V-366/2008/PC/ 3085 dated 06-05-2014 and an amount of Rs.18,64,900/- has been remitted into Government Treasury vide T.C.No.198 dated 31-3-2014 and T.C.No.56 dated 04-04-2014 by Haji Faridoon Khan Chairman JFMC Chappar Mandaguchha. An amount of Rs.5,000/- has remitted by Mr. Muhammad Asif s/o Wali Jan of Mandaguchha vide T.C. No.180 dated 22.04.2015.
2. An amount of Rs.38,08,455/- was recoverable from the defaulter contractors as arrears of land Revenue. The Revenue Authorities (Deputy Commissioner Mansehra, Abbottabad and Battagram) were reminded repeatedly but no positive result till date. However,

each and every case was being pursued separately and regularly with Revenue Authority. The PAC was requested to issue specific instruction to Deputy Commissioner Mansehra, Abbottabad and Battagram to conduct special raids for apprehension of mentioned defaulters and ensure recovery of Government outstanding dues as arrear of Land Revenue under the law at earliest convenience.

3. The competent authority has already been approached for Write off the irrecoverable amount worth Rs.7,07,918/- in the following cases finally decided against the Department but except the case title "Chairman JFMC Chapper Mandaguchha versus Government of Khyber Pakhtunkhwa" the decision of competent authority was awaited. However competent authority was reminded regularly.

S.#	Title of Case	Amount (Rs.)
1	Sultan Mehmood of Hilkot	2,26,394
2	Saddat Khan of Bedra Mansehra	56,674
3	Ali Akbar Khan of Havellian	3,44,977
4	Ghulam Nabi of Abbottabad	79,873
	Total:-	7,07,918

4. An amount of Rs.946176/- (766,181+179995) was recoverable from Forest Development Corporation on account of price of resin. In PAC meeting dated 09-08-1997 in Para No.693 for the year 1997-98 held at Frontier House Abbottabad, it was decided that the amount should be recovered from Forest Development Corporation within 4 months and progress must be intimated. In compliance of the PAC directives, case for recovery of the amount form FDC was reoffered vide this office letter No.7630/B&A dated 02-06-1998. In response Deputy Manager (Admn) FDC vide No.13/FDC/Admn/6706 dated 30-11-20002 replied that "Your claim pertains to the SDA tenure and the liability was not shifted to the FDC" .Therefore, the SDA was requested to clear the outstanding amount of 9,45,298/83 vide this office letter No.3701/GB dated 10-01-2003. The SDA/Fin/MIS/865 dated 09-10-2003 replied that:-

**"The only Project for which we used resin in the past was Rosin and Turpentine Factory Haripur which we disinvested/handed over to FDC on 01-11-1981 for their bid Rs.10.100 million on "As is where is basis". All the record of the unit was delivered to the new buyer on the same day. It may be appreciated that claim after lapse of**

**more than 22 years and also in the absence of relevant records is not entertained”.**

Again the FDC was requested vide this office letter No.2066/GB dated 24.10.2003 to provide the relevant record to SDA and also arrange payment of the above outstanding dues, but FDC vide letter No.13/8/Admn/FDC/3887-88 dated 21.11.2003 replied that “the FDC has purchased the fixed assets of HRTF without any liabilities therefore, FDC has not concern with the liabilities of PIDC and SDA period”. Regarding provision of record the FDC vide letter No.FDC/Admn/4770 dated 27.12.2003 replied that the record of HRTF was not available in FDC head office Peshawar, the Incharge HRTF Haripur may be approached for the relevant record if available with him.

The Incharge HRTF was accordingly requested for supply of the relevant record to SDA vide this office letter No.3574/GB dated 07.01.2004. The letter was returned by the authorities with the remarks that the “Factory was closed”.

Therefore the Conservator of Forests Abbottabad Circle Abbottabad was requested vide this office correspondence to bring the matter in the notice of competent forum. Since the matter was under correspondence with higher ups.

5. An amount of Rs.287674/- was recoverable form FDC on account of 14% interest of price of resin. The FDC was requested vide this office letter No.3224/GB dated 5.12.2005 to arrange payment of the interest amount. The FDC vide letter No.23/108/FDC/Works/3335 dated 29.12.2005 supplied photo copy of the minutes of PAC meeting dated 03.09.1998, wherein Draft Para No.710 captioned “Non recovery of interest of Rs.0.332 million on account of royalty of timber” has already been dropped. Hence the amount of interest i.e. Rs.287674/- would not be recovered and the amount has been deleted now from the progress report.

49. The matter was being pursued properly with the quarters concerned to settle the issues. The Deputy Commissioner Mansehra, Abbottabad and Battagram may be bounded to launch a program to ensure recovery of outstanding Government dues as arrear of Land Revenue.

50. The Department stated that the Para was complicated one and requested that a period of four (4) months may be given, so that possible recovery could be made and in case of any deadlock, the same would be reported to PAC.

**PAC RECOMMENDATIONS**

51. The request of the Department was accepted with the direction that every effort be made to recover the outstanding amount and to deposit the same into the Government Treasury. Para stands. Progress be reported to PAC Cell within four (4) months.

**DP No.7.4.9 NON-DEPOSIT OF GOVERNMENT REVENUE - Rs.8.294 MILLION.**

**AUDIT VERSION**

52. During audit of the accounts of Divisional Forest Officer Galies Forest Division Abbottabad for the year 2011-12, it was noticed that Government revenue amounting to Rs.8.294 million was lying in the P-Deposit and was not credited to the proper head of account, which resulted into non-deposit of Government revenue as detail given below: -

<b>S.#</b>	<b>Particulars</b>	<b>Amount</b>
1	Income Tax	22,443
2	Sale Tax	84,089
3	1/10 <sup>th</sup> of Lots	37,43,144
4	MFO FDC	3,51,122
5	JFMC	6,78,761
6	1261 Revenue	32,94,866
7	Rent of Timber Sale Depot Goharabad	1,19,283
	<b>Total</b>	<b>82,93,708</b>

53. The Audit held that the non-clearance of P-deposit was due to weak supervisory control which was violation of Para 7 of CTR.

54. The matter was reported to the Department in July, 2012. DAC in its meeting held in August, 2013, directed to produce relevant record to audit for verification within 15 days. Further Progress was, however, not reported till finalization of the report.

**DEPARTMENTAL VERSION**

55. The Department explained that a sum of Rs.82,93,708/- was recovered from various persons under various head and kept in the account of P-

Deposit for its further transfer, adjustment or refund after completion of codal formalities. Out of above the following amount has been paid, transferred or refunded during the month of 07/02012:-

S.#	Particulars	Transfer to revenue deptt: or refunded during the month of 7/2012	
		Cr No.	Amount
1	Income Tax	1/Div (Paid to I/Tax Deptt)	46,315.00
2-	Sale Tax	2/Div (Paid to S/Tax deptt)	1,93,217.00
3-	1/10 <sup>th</sup> of Lots	2/Div (transfer to revenue)	37,43,144.00
4-	Exploitation of trees	3/Div (transfer to revenue)	98.00
5-	Exploitation of tees	3/Div (transfer to revenue)	450.00
6-	Rent of sale depot	144/Div (to Goharabad depot)	1,19,283.00
7-	Exploitation of trees	3/Div (transfer to revenue)	475.00
8-	Compensation cases	4/Div( transfer to revenue)	32,94,866.00
		Total	73,97,848.00
9-	MFO FDC	Rs.3,51,122, was being paid to GDA/ cantonment after deduction of managerial charges.	
10	JFMC	Rs.6,78,761/- was pertaining to developmental activities which was being utilize in the area or transferred to proper head..	



## **PAC RECOMMENDATIONS**

56. In view of plausible explanation of the Department duly endorsed by the Law and Finance Departments, the Para was recommended to be settled subject to verification that all the amount had been credited except at S. No. 5 JFMC (Audit version).

### **DP No.7.4.10 NON RECOVERY OF OUTSTANDING GOVERNMENT DUES - Rs.4.257 MILLION.**

#### **AUDIT VERSION**

57. During audit of the accounts of DFO Galies Forest Division Abbottabad for the financial year 2011-12, it was noticed that an amount of Rs. 4.257 million was outstanding against Forest Development Corporation on account of interest and fine on different lots which was not recovered despite the fact that it was outstanding since January 2001. The detail as under:-

<b>S.#</b>	<b>Forest/Compartment No.</b>	<b>Interest (Rs.)</b>	<b>Fine etc (Rs.)</b>	<b>Total (Rs)</b>
1	Inderseri RF 2(i)(ii)(iii)(iv)	18,28,366	0	18,28,366
2	Lehri RF-1, 3(i)(ii)	7,95,305	1,91,693	9,86,998
3	Lehri RF-I (iii) Maira RF-I (iii)	9,57,766	4,387	9,62,153
4	Bagan RF 7,9(iv) II (i) 12 (ii)	4,58,025	0	4,58,025
5	Birangali Bagnotar Road	12,488	1,498	21,401
	<b>Total</b>	<b>40,51,950</b>	<b>1,97,578</b>	<b>42,56,943</b>

58. The Audit held that non-recovery was due to weak financial control which was violation of Para 26 of GFR vol I.

59. The matter was reported to the Department in July, 2012. DAC in its meeting held in August, 2013, directed the Department to produce record for verification of the within 15 days. Further, progress was, however, not reported till finalization of the report.

#### **DEPARTMENTAL VERSION**

60. The Department explained that the Conservator of Forest Lower Hazara Forest Circle Abbottabad vide his office order No.129, dated 09.06.2010 constituted a committee comprising upon DFO Galis and DFM, FDC to examine

and reconcile relevant record of Galis Forest Division Abbottabad and point out exact outstanding against FDC.

61. As per recommendations of the said committee the actual outstanding against the FDC was Rs.74,108. of lot No.243 was recovered from the FDC authority vide T.C No.26, dated 23.08.2013 whereas the remaining amount was shown on ocular estimation and need to be deleted as outstanding against FDC. As the matter was under process and expected to be finalized soon through arbitration process.

**PAC RECOMMENDATIONS**

62. The explanation of the Department was found plausible as the amount had been reduced by the competent authority in view of arbitration. Subject to verification of actual Sale Proceeds and that the amount had been deposited, the Para was recommended to be settled.

**DP No.7.4.11 UNAUTHORIZED RETENTION OF GOVERNMENT REVENUE IN P-DEPOSIT - Rs. 10.638 MILLION.**

**AUDIT VERSION**

63. During audit of the accounts of Divisional Forest Officer Siren Mansehra, for the year 2011-12, it was noticed that Government revenue amounting to Rs.10.638 million was lying in the P-Deposit and was not credited to the proper head of account, which resulted into non-deposit of Government revenue.

64. The Audit held that the non-clearance of P-deposit was due to weak supervisory control which was violation of Para 7 of CTR.

65. The matter was reported to the Department in July, 2012. DAC in its meeting held on 28<sup>th</sup> August, 2013, directed to produce relevant record to audit for verification within 15 days. Further Progress was, however, not reported till finalization of the report.

**DEPARTMENTAL VERSION**

66. The Department explained that in compliance of the audit observations the entire amount of Rs.10.640 million has been transferred/credited as under:-

S.	CR. No. of	Amount transferred / refunded to			
		Mont	Reven	Sales	G124

#	Cash Book	h	ue head	Tax & Other Deptt;	17 FDF
1.	117 & 94/ Divi	7/20 12	14330 33	0	0
2.	42,43 & 46/Divi	9/20 12	0	36555 91	32975 07
3.	14,19,16,15 & 18/Divi	1/20 13	0	19465 67	30804 0

1. Revenue	=	Rs. 14,33,033/-
2. Sales Tax etc	=	Rs. 56,02,158/-
3. FDF	=	Rs. 36,05,547/-
<b>G.TOTAL:-</b>	<b>=</b>	<b>Rs. 1,06,40,738/-</b>

### **PAC RECOMMENDATIONS**

67. Since the entire amount was deposited and challan produced, therefore, the Para was recommended to be settled.

#### **DP No.7.4.12      IRREGULAR ALLOTMENT AND NON AUCTION OF FOREST**

#### **LAND VALUING Rs. 3.860 MILLION.**

#### **AUDIT VERSION**

68. During audit of the account of D.F.O Siran Mansahera, for the financial year 2011-12, it was noticed that 24 cabins were constructed on 9 kanal 13 marla of forest land bearing Khasra No.866 and 868 at Shinkiari. These cabins were rented out @ Rs.200 to Rs.500 per month. The Chief Minister approved a summary for auction of this land. The land valuing Rs. 3.860 million (193 marlas @ Rs. 20000 per marla) was not auctioned and therefore, the

objective of raising of permanent forest nursery was also not achieved in violation of the approved summary.

69. The Audit held that non-auction was due to financial mismanagement. The matter was reported to the Department in July, 2012. DAC in its meeting held in August, 2013, directed to produce record for verification within 15 days. Further progress was, however, not reported till finalization of the report.

### **DEPARTMENTAL VERSION**

70. The Department explained that the land in question was situated in mid of Shinkiari Bazar, which was illegally occupied by the local inhabitants by establishing ordinary cabins/khokhas. In order to remove unauthorized occupation, hectic efforts were made by the Department during 2005 and succeeded to collect rent from the illegal occupants. The rent rate was assessed by a committee constituted vide office order No. 288 dated 21-6-2005. Since then the rent was accordingly collected and remitted into Government Treasury, which has been checked each year by the audit parties during the course of audit.

71. The cabins were allotted just to take/keep possession of the Government land which was illegally occupied by the encroachers. However, these cabins were burnt due to accidental fire during 07/2014 as per report of SDFO Lower Siran vide No. 7/LS dated 11.7.2014. Since then efforts were made to remove the illegal occupation and lastly a successful operation was made during 12/2015, when all the cabins/khokhas has been removed from the Government land and boundary wall has been constructed.

72. A case for disposal of said land through open auction has already been processed vide this office letter No. 4799 dated 31.12.2015 for fresh approval of the present Government. Moreover, draft map/plan regarding construction of residential rooms and shops on said land have also been prepared and submitted to higher ups vide letter No. 628/B&A dated 28.7.2015.

73. The matter was being pursued regularly for getting approval of the present Government for auction of the said land through an Auction Committee and the land will accordingly be disposed off/auctioned as and when approval of Government is arrived.

74. However, in compliance of the decision of DAC meeting, all the relevant record was kept ready for verification of audit and on receipt of minutes of DAC meeting vide CF Lower Hazara Forest Circle endst. No. 5331/B&A dated 14.02.2014, the Deputy Director Audit was approached vide letter No. 1940/B&A dated 13.03.2014, No. 8807/B&A dated 02.06.2014, and letter No. 11138/B&A dated 26.05.2015, but the record would not be verified.

## **PAC RECOMMENDATIONS**

75. The Para was recommended to be settled, subject to verification of record as per DAC decision.

### **DP No.7.4.13 UNAUTHENTIC PAYMENT TO VARIOUS CHAIRMEN JFMC AND UNAUTHORIZED OPENING OF BANK ACCOUNT - RS.27.584 MILLION.**

#### **AUDIT VERSION**

76. During audit of the accounts of Divisional Forest Officer Siran Mansehara, for the financial year 2011-12, it was noticed that an amount of Rs.27.584 million were transferred to various bank accounts of the Chairmen's Joint Forest Management Committees. Neither approval of the competent authority for the opening of accounts in commercial banks was obtained nor the amounts were disbursed to the owners as no Actual Payee's Receipts of the disbursement were available. Thus the transfer of amount to the bank accounts and its subsequent disbursement were thus unauthorized and blockage of the Government money.

77. The Audit held that unauthorized opening of account and blockage of money was due to financial mismanagement which was violation of CTR 283.

78. The matter was reported to the Department in July, 2012. DAC in its meeting held on 28<sup>th</sup> August, 2013, directed the Department to provide record for verification to audit within 15 days. Further Progress was, however, not reported till finalization of the report.

#### **DEPARTMENTAL VERSION**

79. The Department explained that the an amount of 80% owners share has never been transferred to the accounts mentioned in the observation. These accounts pertains to Guzara Development Fund of JFMCs, wherein GDF "Rs.10% collected on sale of JFMCs timber was credited as provided under Clause-19(ii) of the vetted agreement of Law Department. However, approval of Finance Department for opening the GDF account has been solicited vide this office letter No.2959/GB dated 06.12.2012.

80. In the meanwhile Conservator of Forests Lower Hazara Abbottabad vide No.5286/B&A dated 20.11.2014, has directed to transfer the whole amount of GDF to Provincial FDF account No.011470008-7. In compliance the amount of various JFMC transferred to Provincial FDF account.

81. As regard authenticity of payment, the Joint Forest Management Committees was responsible to disburse 80% owner share amongst the owners

as per revenue record as provided under Clause-14(c) and 19(iv)(v) of the agreement executed with the JFMCs By- Laws and Revised Procedure.

82. However, all concerned JFMCs were directed for production of paid batches/acquaintance roll vide letter No.2417-28/GB dated 14.11.2009.

83. In response the Chairman JFMC Devli East of Mouza Jabbar has produced copy of letter dated 09.08.2011 addressed to District Officer Revenue & Estate Mansehra requesting for preparation of paid batches and reply of DOR vide No.3676.HCR dated 12.8.5010 alongwith report of Tehsildar and Halqa Patwari wherein the revenue authorities have shown their inability to prepare botches till the decision of a Court case titled "Muhammad Alam versus Mudassar Shah". In this civil suit the plaintiff has challenged the Wajb-ul-Arez of Moza Jabbar area under which the local inhabitant were entitled for owners share. Now the case in shape of C.R. No.459-A/2012 was subjudice before the High Court Abbottabad Bench.

84. Since all these JFMC relate to Moza Jabbar, therefore, as per letter of District Officer Revenue & Estate Mansehra and report of Tehsildar the acquaintance roles cannot be collected till final decision of the above Court case filed by Muhammad Alam against Syed Mudassar Shah Chairman JFMC Jabbar. The same will be collected and produced before Audit after Court decision. However, sales proceed/owner share has been distributed/paid by the Chairman JFMCs amongst the owner as per their share in this regard an affidavit for the disbursement of owner share has been furnished by the concerned Chairman of JFMC. No single complaint for non payment of owner's shares has been received from any owners till date, which confirmed that they have received their owner share.

85. The Chairmen of JFMCs Balimang and Titri has provided paid Batches. However, in compliance of the decision of DAC meeting, all the relevant record was kept ready for verification of audit and on receipt of minutes of DAC meeting vide CF Lower Hazara Forest Circle endst. No. 5331/B&A dated 14.02.2014, the Deputy Director Audit was approached vide letter No. 1940/B&A dated 13.03.2014, No. 8807/B&A dated 02.06.2014 and letter No. 11138/B&A dated 26.05.2015, but the record would not be verified

86. During the meeting the Department explained that the whole amount was transferred to the concerned quarter.

### **PAC RECOMMENDATIONS**

87. The Para was therefore, recommended to be settled subject to verification of amount transferred, disbursement/acknowledgement of the owners share, correspondence with DOR and record of JFMC by the Verification of Record Committee.

**AUDIT VERSION**

88. During audit of accounts of Divisional Forest Officer Galies Forest Division Abbottabad, for the financial year 2011-12, it was observed that as per timber Form No. 7 Register of Goharabad Sale depot a quantity of 648 log/scants = 6786.42 cft timber of different species was lying in depot up till July, 2012. Non-auction resulting into blockage of Government revenue amounting to Rs. 3.393 million.

89. The Audit held that the money was blocked due to non-observance of rules which was violation of Para 167 of GFR vol I.

90. The matter was reported to the Department in July, 2012. DAC in its meeting held on 30<sup>th</sup> August, 2013, directed for verification of record within 15 days. Further progress was, however, no reported till finalization of the report.

**DEPARTMENTAL VERSION**

91. The Department explained that the audit party has taken balance timber to the quantity of 648 logs/scants=6786.42 closing balance on 30.06.2012. During 07/2012 onward the quantum of timber in the market has been accumulated and till 12/2012 the following timber has been auctioned/disposed off as per T.P narrated against each:-

Month	opening balance	received during month	Total	disposed off	closing balance	Detail of timber dispose off through TPs
7.20 12	648=678 6.42	667=37 63.36	1351=10 550.39	35=341 .17	1280=1020 9.22	7, dt:26.7.2012
8.20 12	1280=10 209	83=423. 87	1363=10 633.07	49=598 .18	1314=1003 4.89	12 dated 8.8.2012 & 14, dated 13.8.2012
9.20 12	1314=10 034.89	94=557	1408=10 602.78	355=32 15.61	1053=7387 .17	15,16,dated 5.9.2012, 18,21,22, dated

						11.9.2012,24, 25, dated 18.9.2012, 26, dated 25.9.2012,27 dated  26.9.2012 and 29, dated 27,9,2012
10.2 012	1053=73 87.17	0	1053=73 87.17	166=12 20.23	887=6166. 94	30, dated 15.10.2012 & 31,32, dated 19/10/2012
11.2 012	887=616 6.94	98=467. 02	985=663 3.96	100=57 4.91	885=6059. 05	34, dated 6/11/2012
12.2 012	885=605 9.05	8=44.24	893=610 3.29	211=10 32.32	682=5070. 97	40, dated 6.12.2012,43, dated 14.12.2012
<b>Total</b>				<b>916=698 2.43</b>		

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92. The Department explained that the quantity of timber had been auctioned almost on double price as compared to the assessment made by the Audit.

93. Subject to verification of auction money and quantity of timber auctioned, the Para was recommended to be settled.



## FOOD DEPARTMENT

Total Draft Paras \_\_\_\_\_ **10**

Total Draft Paras examined by the PAC \_\_\_\_\_ **10**

Pending \_\_\_\_\_ **Nil**

**Settled: 10.4.1, 10.4.3, 10.4.4, 10.4.6 & 10.4.8 .....(05)**

**Recovery: 10.4.9 ..... (01)**

**Subjudice: 10.4.5 & 10.4.10 ..... (02)**

**Referred to Sub-Committee: 10.4.2 ..... (01)**

**Departmental action: 10.4.7 ..... (01)**

# **FOOD DEPARTMENT**

Ten (10) Draft Paras reflected in the Auditor General's Report for the year 2013-14 against the Department were examined by the Committee in its meeting held on the 21<sup>st</sup> of July 2017. The following were present:-

## **PUBLIC ACCOUNTS COMMITTEE**

- |    |                           |                 |
|----|---------------------------|-----------------|
| 1. | Mr. Qurban Ali Khan, MPA  | Acting Chairman |
| 2. | Arbab Waseem Hayat, MPA   | Member          |
| 3. | Mr. Mehmood Jan Khan, MPA | Member          |
| 4. | Mr. Muhammad Idress, MPA  | Member          |
| 5. | Mufti Said Janan, MPA     | Member          |

## **LAW, PARLIAMENTARY AFFAIRS & HUMAN RIGHTS DEPARTMENT**

Mr. Rizwanullah Khan Abdaali,  
Deputy Secretary.

## **FINANCE DEPARTMENT**

Mr. Muhammad Bashir,  
Additional Secretary.

## **AUDIT DEPARTMENT**

- |    |                                                |
|----|------------------------------------------------|
| 1. | Mr. Asad Ullah Khan,<br>Director.              |
| 2. | Mr. Muhammad Ismail Khan,<br>Deputy Director.  |
| 3. | Mr. Zubair Arshad Khattak,<br>Deputy Director. |

## **FOOD DEPARTMENT**

- |    |                                                |
|----|------------------------------------------------|
| 1. | Mr. Asmatullah Khan,<br>Secretary.             |
| 2. | Mr. S. Munir Hussain Shah,<br>Deputy Director. |
| 3. | Mr. Shabbir Azam Qureshi,<br>Deputy Director.  |

## **PROVINCIAL ASSEMBLY SECRETARIAT**

- |    |                |
|----|----------------|
| 1. | Mr. Amanullah, |
|----|----------------|

Secretary.

2. Mr. Amjad Ali,  
Additional Secretary.
3. Mr. Inamullah Khan,  
Deputy Secretary.
4. Mr. Ibrahim Khan,  
Assistant Secretary.
5. Mr. Haris Khan,  
Assistant Secretary.

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

**DP 10.4.1 OVERPAYMENT TO THE CARRIAGE CONTRACTORS AMOUNTING TO RS. 6.139 MILLION.**

**AUDIT VERSION**

3. During audit of the accounts of District Food Controller Abbottabad, for the financial year 2011-12, it was noticed that a sum of Rs. 6.139 million was overpaid to the carriage contractors due to payment at the enhanced rates beyond the approved rates in the contract agreements. The relevant detail record of arrears bill i.e. previous bill dispatch reports, detail statement and weigh record etc to show actual distance and weight were also not provided to Audit.

4. The Audit held that overpayment was made due to negligence and mismanagement which was violation of Para-10 of GFR Vol-I.

5. The matter was reported to the Department in July 2012. DAC in its meeting held on 27<sup>th</sup> Feb, 2013, did not agree to the contention of the Department and decided to place the Para before PAC.

**DEPARTMENTAL VERSION**

6. The Department explained that it was correct that payment was made to the contractor on enhanced rates. The Chief Minister Khyber Pakhtunkhwa being a competent authority allowed enhanced rates due to increase in POL rates vide Section Officer Food letter No.SOF (Food Deptt)2-50/347 dated 21-05-2012.

**PAC RECOMMENDATION**

7. The explanation of the Department was found plausible, duly supported by documentary proof, hence the Para was recommended to be settled.

## **DP 10.4.2 LOSS DUE NON-LIFTING OF WHEAT - Rs.67.654 MILLION.**

### **AUDIT VERSION**

8. 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.

9. The Audit held that loss occurred due to negligence and weak supervisory control which was violation of Para 10 of GFR Vol-I.

10. The matter was reported to the Department in May, 2012. DAC in its meeting held on 2<sup>nd</sup> 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**

11. 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

12. 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

13. 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.

14. However, after carrying out proper reconciliation, Rs.2920998/-/- 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.

### **PAC OBSERVATIONS**

15. The PAC observed that there was a great variation in the figures shown by the Audit and Department, which could not be cleared during meeting. Moreover, the amount was pending with the Province of Punjab for the last five years.

### **PAC RECOMMENDATION**

16. In order to reach to a just and fair decision, the Para was referred to the Sub-Committee consisting of the following for detailed probe: -

- |    |                           |          |
|----|---------------------------|----------|
| 1. | Mr. Muhammad Idress, MPA  | Chairman |
| 2. | Mufti Said Janan, MPA     | Member   |
| 3. | Arbab Waseem Hayat, MPA   | Member   |
| 4. | Mr. Mehmood Jan Khan, MPA | Member   |

17. Quorum of the Committee will be two. Report shall be submitted within a month time.

### **DP 10.4.3 LOSS DUE TO NON-DEDUCTION OF INCOME TAX - Rs.59.719 MILLION.**

#### **AUDIT VERSION**

18. During audit of the accounts of Storage and Enforcement Officer Peshawar and District Food Controller Bannu, for the financial year 2011-12, it was noticed that Rs. 17,062.250 million were paid to various parties/suppliers for local procurement of 65,000 m.tons of wheat, however, income tax @ 3.5% was not deducted, which resulted into loss of Rs.59.719 million.

19. The Audit held that loss occurred due to negligence and non-adherence to rules. The matter was reported to the Department in March and April 2012. DAC in its meeting held on 1<sup>st</sup> Jan, 2013, directed the Department that statistical data of land under wheat crop and growers alongwith the names be submitted to Audit for verification or income tax be recovered from the suppliers. Further progress was, however, not reported till finalization of the report.

#### **DEPARTMENTAL VERSION**

20. The Department explained that a quantity of 45000 m.ton wheat valuing Rs.1181.249 million and 20000 m.ton amounting to Rs.525 million had been purchased only from the growers/cultivators during 2011-12 already exempted from withholding tax vide letter No.4/3/2011 of Revenue Division Islamabad.

21. The Department further added that same nature of Para on tax deduction embodied in the Audit Report 2012-13 had recently been discussed at

length during PAC Review meeting held on 20-05-2016 wherein the Committee recommended the Para for settlement.

### **PAC OBSERVATION**

22. The Committee observed that the Khyber Pakhtunkhwa being food deficit Province always depends on the Province of Punjab. Last year after detailed discussion, the PAC recommended to settle such like Draft Paras No. 9.4.1, 9.4.2, 9.4.3 and 9.4.4. (2012-13). The Department had truly followed the said decision and all such purchases were made from growers who were being exempted from income tax under the law. However, Mr. Mehmood Jan Khan, MPA showed his reservation that certain people showed themselves as growers while they were not actually growers and needed to be verified.

### **PAC RECOMMENDATION**

23. In view of the above, the PAC recommended the Para to be settled.

**DP 10.4.4 LOSS DUE TO NON RECOVERY OF WITHHOLDING TAX - Rs.22.968 MILLION.**

### **AUDIT VERSION**

24. During audit of the accounts of District Food Controller Abbottabad, for the financial year 2011-12, it was noticed that a quantity of 25000 m.tons wheat valuing Rs.22.968 million was purchased from 15 grain dealers of various areas instead of growers. 3.5% withholding tax of Rs. 22.968 million was not recovered from the dealers, which resulted into loss.

25. The Audit held that the loss occurred due to weak internal control. The matter was reported to the Department in July, 2012. The DAC in its meeting held on 27<sup>th</sup> Feb, 2013, decided to produce record to Audit for verification within 30 days. Further progress was however, not reported till finalization of the report.

### **DEPARTMENTAL VERSION**

26. The Department explained that a quantity of 25000 m.ton wheat valuing Rs.656.250 million had been purchased only from the growers/cultivators during 2011-12 already exempted from withholding tax vide letter No.4/3/2011 of Revenue Division Islamabad.

27. The Department further added that same nature Para on tax deduction embodied in the Audit Report 2012-13 had recently been discussed at length during PAC Review meeting held on 20-05-2016 wherein the Committee recommended the Para for settlement.

### **PAC RECOMMENDATION**

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

**DP 10.4.5 LOSS DUE SHORTAGE OF WHEAT AND EMPTY GUNNY BAGS  
RS. 13.903 MILLION.**

**AUDIT VERSION**

29. During audit of the accounts of DFC Chitral, for the financial year 2011-12, it was noticed that a quantity of 489.780 m.ton of wheat valuing Rs.13.469 million and 3621 empty gunny bags valuing Rs.4,34,520/- were found short in the handing/taking over of charge at PR centre Bang Yar Khoon, which resulted into loss of Rs.13.903 million.

30. The Audit held that loss occurred due to weak internal control which was violation of Para 23 of GFR vol-1.

31. The matter was reported to the Department in November 2012, DAC in its meeting held on 27<sup>th</sup> Feb, 2013, directed the Department to recover the amount. Further progress was however, not reported till finalization of the report.

**DEPARTMENTAL VERSION**

32. The Department explained that handing/taking over charge of PR Center Bang Yarkhoon under the supervision of Assistant Food Controller (Head Quarter) Chitral and Incharge Sub-Division Mastuj, a quantity of 3443 bags weighing 489.780 ton wheat and 3621 empty gunny bags was short detected against Mr. Bahramud Din Ex-Incharge PR Center Bang Yarkhoon, an official of District Administration Chitral, who was working in Food Department on deputation basis. The District Administration Chitral, being parent Department of the accused, was requested to take appropriate action against the defaulter for recovery of the observed amount. The case was also sent to Anti-Corruption Establishment Chitral to probe the issue and lodge FIR as per prevailing rules. Subsequently, an enquiry was constituted by the Deputy Commissioner, Chitral and the accused was suspended. Similarly, a departmental enquiry of Food Department was also conducted, and FIR was lodged by the Anti-Corruption Establishment against Bahramud Din and arrested him. The proceedings started in the Court of Special Judge Anti-Corruption Swat, and the accused was released from Jail on 15/09/2015 on expiry of his sentence and the Honorable Court ordered to recover the cost of 2200/2300 bags of wheat instead of 3443 bags. An appeal against the above decision had been lodged in the Honorable High Court Peshawar on 06-02-2016 for which Court proceeding was awaited.

**PAC RECOMMENDATION**



33. The case being subjudice the Department was, therefore, directed to vigorously pursue the case through Advocate General in the Court of Law for early hearing of the appeal filed by the Department. Para stands till decision of the Court of law.

**DP 10.4.6 LOSS TO GOVT. DUE TO NON-DEDUCTION OF STAMP DUTY-  
Rs.3.310 MILLION.**

**AUDIT VERSION**

34. During audit of the accounts of Director Food, Peshawar, for the financial year 2011-12, it was noticed that an expenditure of Rs.331.028 million was incurred on the purchase of empty gunny bags. The Stamp duty @ 1% was not deducted, which resulted in loss of Rs.3.310 million to the public exchequer.

35. The Audit held that loss occurred due to negligence and non-adherence to rules. The matter was reported to the Department in May, 2012. The DAC in its meeting held on 2<sup>nd</sup> January, 2013, directed the Department to recover the amount. Further progress was, however, not reported till finalization of the report.

**DEPARTMENTAL VERSION**

36. The Department explained that no such stamp duty was applicable on the purchase of empty Jute bags as per Para-3 Sec-29 Chapter-II of Stamp Duty Act.

**PAC OBSERVATIONS**

37. The PAC observed that executive order by the Finance Department was issued after execution of the agreement, therefore, the said Notification was not applicable on the said procurement, which was duly endorsed by the Finance Department.

**PAC RECOMMENDATION**

38. In view of above explanation advanced by the Department, the Para was recommended to be settled. However, as the Food Department had made certain reservations about the said Notification issued by the Finance Department, it should take up the case with the Finance Department, so that such complications are avoided in future.

**DP 10.4.7 LOSS DUE TO NON-UTILIZATION OF A-CLASS EMPTY GUNNY  
BAGS - Rs.1.47 MILLION.**

**AUDIT VERSION**

39. During audit of the District Food Controller D.I. Khan for the financial year 2010-11, it was noticed that a quantity of 25524 bags valuing Rs.1.47 million was sealed in the store by the NAB being substandard of low rap and woof lying unutilized and were neither utilized nor put to auction as they were losing their value with the passage of time, resulting in loss to Government.

40. The Audit held that loss occurred due to weak internal control and violation to Para 23 of GFR Vol-I.

41. The matter was reported to the Department in November, 2011. DAC in its meeting held on 22<sup>nd</sup> Dec, 2011, observed that case was subjudice in the Accountability Court.

### **DEPARTMENTAL VERSION**

42. The Department explained that as per closing balance of FG-13 Register of D.I.Khan as on 01.07.2011, a quantity of 25524 empty gunny bags was available with following detail/classification.

A-Class	B-Class	D-Class	Total
13025	11575	924	25524

43. Out of the 25524, a quantity of 13025 empty gunny bags had been sealed by the NAB authorities Peshawar during 2009-10. Recently, the subject enquiry of NAB had been completed/closed with the direction to the Department for further necessary action vide letter No.1/472 /IW-II/NAB (KP) dated 20.05.2016. In pursuance of NAB's directive, de-sealing process of the aforementioned empty gunny bags had been conducted and reports submitted accordingly. It was worth mentioning that appropriate action had been taken against the then DFC for accepting substandard empty gunny bags and he had been compulsory retired from Government Service under E&D rules.

44. Whereas, a quantity of 11575 empty gunny bags (B-Class) had been utilized in the subsequent years as per laid down procedure, and 924 empty gunny bags (D-class) were auctioned and amount deposited into Government Treasury accordingly.

45. The Department added that the case regarding de-sealing of empty gunny bags was presently under investigation of Provincial Inspection Team (PIT) and any progress in that regard would be communicated accordingly.

### **PAC RECOMMENDATION**

46. Since the case was under enquiry with Provincial Inspection Team (PIT), therefore, the Para was kept pending till the receipt of findings of PIT and action by the Department thereon. Para stands.

**DP 10.4.8 LOSS TO PUBLIC EXCHEQUER BY TRANSFER OF WHEAT FROM PRC ARRANDU TO PRC DAROSH – Rs.1.122 MILLION.**

**AUDIT VERSION**

47. During audit of the accounts of DFC Chitral, for the financial year 2010-11, it was noticed that an expenditure of Rs.1.122 million was incurred on transportation of 340 m.ton wheat from PRC Arrandu to PRC Darosh where got damaged and re-transported back to dispatching point. The transportation rates from Darosh to Arrandu were not approved by the Director Food, which resulted into loss of Rs.1.122 million.

48. The Audit held that loss occurred due to the ill-planning of the Department which was violation of Para 12 of GFR Vol-I.

49. The matter was reported to the Department in October, 2011. DAC in its meeting held on 17<sup>th</sup> Jan, 2012, decided to place the Para before PAC.

**DEPARTMENTAL VERSION**

50. The Department explained that as per past practice/precautionary measure and to ensure the availability of wheat during winter season, particularly during expected closure of Lawari Top for six months, a quantity of 700 m.ton wheat was allocated from down District to PR Center Arrandu during 2009-10 which was received and taken on stock register accordingly. In the meantime, the Government temporarily opened the Lawari Tunnel during closure period of Lawari Top and as such supply of wheat (Atta) started from open market to District Chitral including PRC Arrandu. As the rate of Atta was less than the Government wheat, therefore, local populations were not willing to purchase wheat at Government fixed rates. Hence, the wheat at PR Center Arrandu remained not utilized during the subsequent year. Arrandu was the hottest area of the District, so a quantity of 351.500 ton wheat was shifted from Arrandu to PR Center Drosh for onward transportation to coldest PR Centers to minimize the risk of hot weather damages in the best public interest. Hence, the stock of wheat valuing Rs.87,87,500/- i.e (351.500x25000) was saved by incurring of Rs.11,22,000/- under transportation charges. It was pertinent to mention that rates for transportation of wheat from Arrandu to Drosh and vice-versa had been approved by the competent authority.

**PAC RECOMMENDATION**

51. In view of plausible explanation advanced by the Department, recommendation of Pre-PAC and satisfaction of Audit, the Para was recommended to be settled.

**DP 10.4.9 NON-RECOVERY OF SUBSIDY ON WHEAT FROM FEDERAL GOVERNMENT - Rs.2,819.533 MILLION.**

**AUDIT VERSION**

52. During audit of the accounts of Director Food Khyber Pakhtunkhwa Peshawar, it was observed that a sum of Rs.2819.533 million was found outstanding against Federal Government for the period from 1990 to 2011 and no serious efforts were made to recover the outstanding amount resulting into non recovery of Government dues.

53. The Audit held that non recovery was due to weak financial controls which was violation of Para 26 of GFR Vol-I.

54. The matter was reported to the Department in August, 2011. DAC in its meeting held on 21<sup>st</sup> Dec, 2011, directed the Department to expedite the recovery from the Federal Government. Further Progress was, however, not reported till finalization of the report.

**DEPARTMENTAL VERSION**

55. The Department explained that as per office record the outstanding subsidy against FATA (Federal Government) as on 2011-12 was Rs. 2465.981 million, out of which, an amount of Rs.1648.547 million had been released by the FATA Secretariat and credited into Food Account-II, duly reconciled by Accountant General, Khyber Pakhtunkhwa.

56. The remaining balance of Rs.817.434 million was in process and would be recouped accordingly in the coming financial years as FATA Secretariat was regularly adjusting the outstanding amount through Budgetary Provision under the relevant head of account.

**PAC RECOMMENDATION**

57. The PAC directed the Department to make every effort to recover the outstanding amount. Para stands till complete recovery.

**DP 10.4.10 NON-DEPOSIT OF SALE PROCEEDS OF WHEAT - Rs. 1.47 MILLION.**

**AUDIT VERSION**

58. During audit of the accounts of DFC Chitral, for the financial year 2011-12, it was noticed that a quantity of wheat weighing 58838 kgs valuing Rs. 1.47 million was sold by the Food grain Inspector in charge PR centre Drosh at various sale points. The sale proceeds amounting to Rs.1.47 million were not deposited.

59. The Audit held that non-deposit was occurred due to financial mismanagement which was violation of Para 23 of GFR.

60. The matter was reported to the Department in November 2012, DAC in its meeting held on 27<sup>th</sup> Feb, 2013, directed to recover the amount. Further progress was, however, not reported till finalization of the report.

### **DEPARTMENTAL VERSION**

61. The Department explained that during physical verification and handing/taking over charge of PR Center Drosh as on 04/08/2011, a quantity of 58838 kg wheat valuing Rs.1472075/- was short detected against Mr. Mukhtar Ahmad, ex-Incharge PR Center Drosh. Notices were issued to him for recovery of observed amount at the earliest. Upon non-submission of the observed amount the case was sent to Anti-Corruption/Establishment Chitral requesting them to probe the case and recover the outstanding amount. Subsequently, FIR was lodged and the accused was arrested. The Anti-Corruption Court decided the case on 05/11/2015 and acquitted the accused of the charges leveled against him. An appeal against the above cited judgment had been lodged in the Peshawar High Court with last hearing attended in the Court (Darul Qaza Swat) on 24/10/2016.

62. The Department further added that the accused was suspended on 07/01/2013 by the Director Food. A Departmental enquiry was conducted and he was removed from Government Service on 21/04/2015 under E&D Rules.

### **PAC RECOMMENDATION**

63. The Para was kept pending being subjudice in the Court of Law, and the Department was directed to vigorously pursue the case. Para stands till decision of the Court of Law.

# **FINANCE DEPARTMENT**

Eight (08) Draft Paras reflected in the Auditor General's Report for the year 2013-14 against the Department were examined by the Committee in its meeting held on the 24<sup>th</sup> of July 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. | Mr. Muhammad Idress, MPA          | Member          |
| 4. | Mufti Said Janan, MPA             | Member          |

## **LAW, PARLIAMENTARY AFFAIRS & HUMAN RIGHTS DEPARTMENT**

Mr. Rizwanullah Khan Abdaali,  
Deputy Secretary.

## **FINANCE DEPARTMENT**

1. Mr. Shakeel Qadir Khan,  
Secretary.
2. Mr. Muhammad Idrees Khan,  
Special Secretary.
3. Mr. Muhammad Naseem,  
Additional Secretary (Admn:).

## **ADMINISTRATION DEPARTMENT**

Mr. Umar Nawaz Khan,  
Section Officer (Budget).

## **AUDIT DEPARTMENT**

1. Mr. Asad Ullah Khan,  
Director.
2. Mr. Shahid Ali,  
Deputy Director.

## **PROVINCIAL ASSEMBLY SECRETARIAT**

1. Mr. Amanullah,  
Secretary.
2. Mr. Amjad Ali,  
Additional Secretary.
3. Mr. Inamullah Khan,

Deputy Secretary.

4. Mr. Ibrahim Khan,  
Assistant Secretary.
5. 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.9.4.1 LOSS DUE TO MISSING PRINCIPLE AMOUNT OF INVESTMENT**  
**- Rs. 164.791 MILLION.**

**AUDIT VERSION**

3. During audit of the Secretary Finance Department for the year 2012-13, it was noticed that an amount of Rs.1493.213 million was invested in T.Bills on 12.07.2012. On maturity Rs.1328.421 million was reinvested in T.Bills while the balance amount of Rs.164.791 million was neither reinvested nor transferred to Provincial Account-I which resulted into loss of Rs.164.791 million to Government.

4. The Audit held that loss was due to negligence and financial mismanagement which was violation of Para 23 of GFR vol I.

5. The matter was reported to the Department in July, 2013. DAC in its meeting held on 21<sup>st</sup> November, 2013, directed to produce complete record of investment for verification within one (01) week. Further progress, was, however not reported till finalization of the report.

**DEPARTMENTAL VERSION**

6. The Department explained that as per record, nothing was missing as mentioned in the Audit Para. The factual position was that a sum of Rs.1493.213 million was re-invested on 12.07.2012 in 27<sup>th</sup> deal on maturity of investment of Rs.1328.421 million which was invested on 14.07.2011 in 25<sup>th</sup> deal.

7. As per Audit Para the date of investment of Rs.1328.421 had wrongly been shown as 26.07.2012 instead of 14.07.2011, which created confusion and misleading.

8. The amount of Rs.1493.213 million (27<sup>th</sup> deal) was invested on 12.07.2012 in T-Bills for 14 days which includes principal as well as profit amount as detailed below:-

- |    |                                          |                     |
|----|------------------------------------------|---------------------|
| i) | Principal amount (25 <sup>th</sup> deal) | Rs.1328.421 million |
|----|------------------------------------------|---------------------|

ii)	Profit earned on 25 <sup>th</sup> deal	Rs.
	<u>164.792 million</u>	
Total	Rs. <u>1493.213 million</u>	

9. If the above investment was taken on chronological order, it reveals that re-investment of funds amounting to Rs.1493.213 million also includes profit amount of Rs.164.791 million, hence no loss occurred to Provincial Government. As such contention of Audit Team was not valid/correct.

### **PAC RECOMMENDATIONS**

10. The explanation of the Department was found plausible, duly supported by Audit, hence the Para was recommended to be settled.

### **DP No.9.4.2 LOSS TO GOVERNMENT DUE TO HIRING OF PRIVATE COUNSEL - RS. 1.650 MILLION**

#### **AUDIT VERSION**

11. During audit of accounts of Secretary Finance Department for the financial year 2012-13, it was noticed that Rs.1.650 million was paid to Barrister Zahoor ul Haq, private counsel, Peshawar as fee to contest the writ petition No 1098/2010 in the Peshawar High Court despite the fact that the services of Mr. Shumail Ahmad Butt Advocate Peshawar was already hired as Legal Counsel of the Department on fixed monthly payment of Rs.300,000 and it was his duty to defend and file all cases in the Courts. Furthermore, the private council finally withdrew the case on the written apology of the Secretary Finance; therefore the hiring of private council and payment of Rs. 1.650 million resulted into loss to the Government.

12. The Audit held that the loss occurred due to the financial indiscipline which was violation of Para 23 of GFR vol I.

13. The matter was reported to the Department in July, 2013. DAC in its meeting held on 21<sup>st</sup> November, 2013, requested to settle the Para however Audit did not agree with the Department stating that agreement clause did not provide for legal counsel, Secretary Finance was absolved after his unconditional apology and the petition was disposed of.

#### **DEPARTMENTAL VERSION**

14. The Department explained that the services of Mr. Shumail Ahmad Butt had been hired as private counsel Mr. Shumail Ahmad Butt also spearheaded the policy dialogue with the Ministry of Petroleum and Natural Resources and represented the Provincial cause dexterously enough to ensure



that the Province's rights are protected to the fullest in a post 18<sup>th</sup> amendment scenario in the new Petroleum Policy 2012. The Finance Department regularly requires continuous inputs, advice and support of an experienced legal expert. This legal assistance and counsel was required not only during litigations at various judicial and quasi judicial fora but was more often necessitated in day to day dealings with different other federation units such as Federation or Provinces, other entities and authorities, especially in matters of corporate affairs, taxes and other areas of public finance involving legal frame work, policies and incidental issues. To ensure proper capacity and necessary representation, The Finance Department has been retaining the services of Mr. Shumail Ahmad Butt as legal counsel. The counsel was appointed by the Finance Department exclusively for its own functions and activities, the counsel immensely assisted the Provincial Government on the matters of Energy and Power by extending full support and cooperation to Energy & Power Department in their different deliberations at various forums including PPIB, AEDB and MW&P Federal Government etc. The counsel also assisted the Provincial Government in budget making especially in making drafts legislative instruments especially the draft finance bill and other allied matters. The counsel also assists Energy Monitoring Cell (EMC), Finance Department in matters of different Tariff Petitions. Whereas in the instant case contempt of Court was lodged against the Finance Secretary due to which the services of a senior most lawyer was required which did not fall under the purview of the private counsel. However the Legal Counsel was made bound to assist the Private Counsel as mentioned in the summary. Therefore, the expenditure so made was authorized and well justified.

15. During the meeting, the Department explained that the Judicial Officers wanted to grant them three (03) times of Judicial Allowance of their respective Basic Pay, which was endorsed by the Court. However, the Finance Department did not agree with the provision of such allowance. The matter was settled outside the Court between the Finance Department and Judicial Officers @ of 1.5 times of their Basic Pay and accordingly the case was withdrawn.

### **PAC RECOMMENDATIONS**

16. In view of plausible explanation of the Department that private Counsel was engaged with prior approval of the Chief Minister, which was duly supported by Audit and Law, the Para was recommended to be settled.

### **DP No.9.4.3 UN-AUTHORIZED SUPPORT IN SHAPE OF INVESTMENT - Rs.266.950 MILLION.**

### **AUDIT VERSION**

17. During audit of accounts of the Secretary Finance Department for the year 2012-13, it was noticed that an amount of Rs.266.950 million was re-

invested with HBL at markup rate of 9.54%. No competitive rates were obtained before the investment of the amount with the HBL. The amount was invested with the same bank at the markup of 12.25% during the previous year. The reinvestment with HBL without obtaining competitive rates from other institutions and approval of the competent forum resulted into unauthorized investment.

18. The Audit held that unauthorized re-investment occurred due to weak internal controls and financial mismanagement.

19. The matter was reported to the Department in July, 2013. DAC in its meeting held on 21<sup>st</sup> November, 2013, directed the Department to produce the authority to re-open and keep the money and reinvest it in the same bank on reduced markup without crediting to Provincial Account-I for verification. Further progress, was however, not reported till finalization of the report.

### **DEPARTMENTAL VERSION**

20. The Department explained that the amount of Rs.266.950 million was earlier invested for one year at the profit rate of 12.25% as per following details:-

S.No	Name of Bank	Amount	Profit Rates
1.	HBL Police Road, Branch.	105,000,000	12.25%
2.	Habib Metropolitan Bank	100,000,000	
3.	Faysal Bank Ltd.	61,950,000	

21. To roll over/re-investment of above amounts, profit rates were obtained from the following reputed Banks which offered the yield rates for one year as noted against each.

S.No	Name of Bank	Period of Investment	Profit rates
1.	BOK, Civil Sectt. branch	1 year	8.75%
2.	Faysal Bank Ltd. Peshawar Br.	1 year	8.86%

3.	Habib Metropolitan Bank Ltd Peshawar Branch	1 year	9.30%
4.	HBL Police Road, Branch, Pesh	1 year	<b>9.54%</b>

22. The amount of Rs.266.950 million was re-invested with HBL for one year which offered higher rate of 9.54% then the other Banks.

23. It was further added that the rates of return were decreased in the market, hence the amount was re-invested at the rate of 9.54% duly approved by the competent authority.

### **PAC RECOMMENDATIONS**

24. The explanation of the Department, duly supported by Audit, was found plausible and the Para was recommended to be settled.

### **DP No.9.4.4 UN-AUTHORIZED PAYMENT ON ACCOUNT OF AUDIT FEE - Rs. 9.00 MILLION.**

### **AUDIT VERSION**

25. During audit of accounts of Secretary Finance Department for the financial year 2012-13, it was noticed that an amount of Rs. 9.00 million was paid to M/s Yousuf Adil Saleem & Co. as audit fee for conducting audit of the grant of the 2 million Great Britain Pounds provided to Provincial Government in Health and Education Sectors. The Finance Department as per S.No.5(xx) of the delegation of powers was competent to accord sanction upto Rs.2000 only as fee. Thus the expenditure was un-authorized.

26. The Audit held that un-authorized payment was violation of S.NO.5 of the delegation of powers rules 2001.

27. The matter was reported to the Department in July, 2013. DAC in its meeting held on 21<sup>st</sup> November, 2013, directed to produce relevant record justifying the payment to audit for verification. Further progress, was however, not reported till finalization of the report.

### **DEPARTMENTAL VERSION**

28. The Department explained that payment of fee of Rs.9.000 million to audit firm had been brought into the notice of competent authority through

initiation of summary to Chief Minister and ex-post facto approval from competent authority was obtained.

### **PAC RECOMMENDATIONS**

29. Since ex-post approval was accorded by the competent authority, therefore, the Para was recommended to be settled.

### **DP No.9.4.5 UNAUTHORIZED PAYMENT OF ENTERTAINMENT CHARGES – Rs. 7.158 MILLION.**

#### **AUDIT VERSION**

30. During audit of accounts of the Secretary Finance Department for the year 2012-13, it was noticed that an amount of Rs 7.158 million was paid to the officials as food charges for late sitting. The entertainment charges for food were allowed for official meetings only.

31. The Audit held that unauthorized payment was violation of S.No.22 of the Delegation of Powers Rules 2001.

32. The matter was reported to the Department in July, 2013. DAC in its meeting held on 21<sup>st</sup> November, 2013, directed the Department to approach Administration Department to waive off the expenditure on late sitting and in case of non approval, recovery may be made within 7 days. Further progress, was, however not reported till finalization of the report.

#### **DEPARTMENTAL VERSION**

33. The Department explained that staff of Finance Department observed late sitting for the preparation of Annual budget for the whole Province which was a laborious and difficult task and could not be completed during normal working hours as such late sitting were observed to complete the task well in time. In this regard, all staff of Finance Department were given food charges for the purpose, duly approved by the competent authority i.e. Chief Secretary Khyber Pakhtunkhwa and marked to Administration Department for further necessary action.

### **PAC RECOMMENDATIONS**

34. The explanation of the Department that proper approval of the Chief Secretary was accorded and waive off of the excess expenditure also obtained was accepted, hence the Para was recommended to be settled.

### **DP No.9.4.6 EXCESS EXPENDITURE ON ACCOUNT OF GRANT OF HONORARIA - Rs.1.695 MILLION.**

#### **AUDIT VERSION**

35. During audit the accounts of Secretary Finance Department for the year 2012-13, it was noticed that an amount of Rs.11.00 million was approved by Chief Minister however, instead honoraria amounting to Rs.12.695 million was drawn which resulted in excess expenditure of Rs.1.695 million.

36. The Audit held that the excess was occurred due to non adherence to the approved summary of the Chief Minister which was violation of Para 12 of GFR vol I.

37. The matter was reported to the Department in July, 2013. DAC in its meeting held on 21<sup>st</sup> November, 2013, directed the Department to approach Administration Department to waive off the expenditure on honoraria and in case of non approval to recover the amount within 7 days. Further progress, however was not reported till finalization of the report.

### **DEPARTMENTAL VERSION**

38. The Department explained that a summary for grant of Honoraria to the staff of Finance Department was approved by the competent authority for the amount equal to two (02) months basic pay approximately. The amount of Rs.11.00 million was shown approximately in the summary moved by the Minister Finance being in-charge of Finance Department and during actual calculation the amount would have either increased or decreased. However, the amount of Honoraria was drawn according to the actual sanction.

### **PAC RECOMMENDATIONS**

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

### **DP No.9.4.7 IRREGULAR EXPENDITURE ON PAY AND ALLOWANCES – Rs.7.00 MILLION.**

### **AUDIT VERSION**

40. During the audit of the accounts of the Director Treasuries Peshawar for the year 2012-13, it was noticed that the post of District Accounts Officer (B-18) was upgraded to the District Comptroller of Accounts Peshawar (B-19) vide Finance Department notification No. NO.SO (ESTT)FD/5-41/06 dated 10.02.2007. The post of DAO was basically created for pre-audit functions which was the mandate of Controller General of Accounts. Therefore, the up-gradation of the post was illegal and expenditure of Rs.7.00 million on its pay and allowances was irregular.

41. The Audit held that irregularity occurred due to violation of constitution of the Islamic Republic of Pakistan and CGA Ordinance.

42. The matter was reported to the Department in July 2013. DAC in its meeting held on 11<sup>th</sup> November, 2013, deliberated that Finance Department has the authority to create posts in the Provincial Departments and Provincial Governments under article 119 of the constitution of Islamic Republic of Pakistan has the full authority to deposit into and withdraw funds from the Provincial consolidated fund. However audit did not agree with the plea of the Finance Department as article 119 of the constitution gives full financial authority to the Provincial Finance Department and it should not be confused with the accounting functions which under article 169-171 of the constitution (1973), Auditor General of Pakistan Powers and Functions Ordinance and Controller General of Accounts Ordinance was the sole responsibility of the Auditor General of Pakistan and Controller General of Accounts. The para was placed before the PAC.

### **DEPARTMENTAL VERSION**

43. The Department explained that:-

1. Under Article 119 of the Constitution of Islamic Republic of Pakistan, 1973 the authority to deposit into the Provincial Consolidated fund and its withdrawal is vested with the Provincial Government "The Custody of the Provincial Consolidated fund, the payment of money into that fund, the withdrawal of money there from, the Custody of other money received by or on behalf of the Provincial Government, there payment into, and withdrawal from, the Public Account of the Province, and all matters connected with or ancillary to the matter aforesaid, shall be regulated by the Act of Provincial Assembly or until provision in that behalf is so made, by rules made by the Governor."
2. Provision of section 6(2) of CGA ordinance is subject to provision of section 6(1) which provide that CGA shall have control of those DAOs etc which may be so notified by concerned Provincial Government, whereas KHYBER PAKHTUNKHWA Government has not yet notified placement of its DAOs/DCAs under the control of CGA.
3. All the DAOs and DCAs in Khyber PAKHTUNKHWA including DCA Peshawar continue to submit a/c reports to CGA through AG KHYBER PAKHTUNKHWA. No. instance of infringement in this regard by DCA Peshawar or any other DCA/ DAO has been quoted in the Advance Para.

Pursuant to Treasury Rule 6(2) the KHYBER PAKHTUNKHWA Government has entrusted only a limited and prescribed part of its Treasury Functions to AG KHYBER PAKHTUNKHWA for Provincial Headquarter Peshawar. So far as reference to item No.2.2.2.7 of draft APPM is concerned, this document in present form is at stage of comments and suggestions before moving towards implementation/Approval. This position has invariably been admitted by Auditor General of Pakistan in the preface to the said draft APPM dated 06/2006.

4. Under Article 139 of the Constituent and Rule of Business 1985, the Executive Authority i-e; creation /Up gradation, Re-Designation of the posts etc is also vested with the Provincial Government. It is incorrect that post of DCA Peshawar was created in 2007. In fact, the post of Sr. DAO Peshawar was created by the KHYBER PAKHTUNKHWA Finance Department in 2002. One Mr. Jamil Ahmad, an employee of AG office was posted as first senior DAO, Peshawar. Thereafter in February 2007, the post of Sr.DAO Peshawar was Upgraded to B-19 and re-designated as DCA along with such other Sr. DAOs at Abbottabad, Bannu, D.I.Khan, Kohat, Mardan and Swat;

Accordingly following officers of AG's office remained posted as Sr.DAO/DCA Peshawar for the period noted against each, and were paid from Provincial Budget.

1. Mr.Jamil Ahmad Sr.DAO  
08/2003 To 01/2004
2. Mr.Amanat Khan Sr.DAO  
02/2004 To 06/2005
3. Mr.Unab Gul Sr. DAO  
07/2005 To 08/2005
4. Mr.Amanat Khan Sr.DAO  
09/2005 To 03/2007
5. Mr.Ayub Sr.DAO  
04/2007 To 11/2007
6. M.Tariq Afridi DCA  
11/2007 To 05/2008
7. Shaheen Shah DCA  
07/2009 To 09/2010

44. In 09/2010 Additional Charge of the post of DCA Peshawar was also remained with Mr. Asmatullah Shah, Additional Accountant General. Due to some un-avoidable circumstances the P.S.B of the Treasury Establishment could not be scheduled, hence the post of DCA. In October 2012, Mr. Fazle Raziq

Treasury Officer was promoted and posted as DCA, Peshawar on 13.11.2012. As indicated above, this position was not only accepted by AG KHYBER PAKHTUNKHWA, being delegate of CGA but he also posted his employees against various such posts, during the said course.

45. DCA post in Peshawar and drawal of money for the said post declared irregular in advance Para was a glaring example of personalizing the matter. Hence, prima facie, the intensions behind the irrelevant Para would only be for reasons other than auditoria function.

46. It was entrenched principle that power to create, abolish, upgrade or down grade and re-designate a post was sole and absolute domain of executive Government. The Audit in no way can range over administrative function of executive. Therefore, it has been implicitly laid down in art 25 to 28 of Audit Code that it was not the duty of Audit to range over Administrative function of executive to suggest that how a Government best manage its affairs and abolish/create a particular post etc. its function was limited to see that the post for which pay has been drawn was sanctioned by the competent authority and that pay has been drawn according the sanctioned post.

47. The advance Para under discussion has stretched over completely to Administrative domain of Provincial Government having no relaxation with function of audit. Therefore, the expenditure i.e, pay and Allowances being drawn against the said post was regular.

### **PAC RECOMMENDATIONS**

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

### **DP No.9.4.8 BLOCKAGE OF FUNDS - RS. 600 MILLION**

#### **AUDIT VERSION**

49. During audit of accounts of Secretary Finance Department, for the year 2012-13, it was noticed that Rs.200 million per year for the last three financial years amounting to Rs.600 million was released to Secretary Agriculture Department with the objective of the revival of the Frontier Provincial Co-operative Bank Ltd. It was further confirmed from the office of the Secretary Agriculture Department that the amount was not expended on the object to which it was provided and was invested in TDRs and saving accounts. The terms and conditions of the loan were also not settled which resulted in blockage of the Government money.

50. The Audit held that blockage of funds was due to financial mismanagement which was violation of Para 290 of CTR Vol-I.



51. The matter was reported to the Department in July, 2013. DAC in its meeting held on 21<sup>st</sup> November, 2013, directed that progress may be intimated to audit for verification. Further progress, was however, not reported till finalization of the report.

**DEPARTMENTAL VERSION**

52. The Department explained that on the revival of the Frontier Cooperative Bank Provincial Government agreed to provide a sum of Rs.1000.000 million to the Cooperative Bank as interest free loan in five equal installments i.e. Rs.200.000 million each from the financial year 2010-11 to 2014-15. In this regard, a sum of Rs.800.000 million (in four equal Installments of Rs.200.000 million) was released to the Agriculture Department for operationalization of the Provincial Frontier Cooperative Bank Ltd during financial year 2010-11 to 2013-14 as per following detail:-

(Rs. in million)

S.No	Original Loan	Year of release	Loan installment	Released by FD
1	1000.000	2010-11	200.000	200.000
2	800.000	2011-12	200.000	400.000
3	600.000	2012-13	200.000	600.000
4	400.000	2013-14	200.000	800.000
5	200.000	2014-15	200.000	Not released

53. Draft loan agreement alongwith repayment schedule for loan of Rs.1000.000 million was already sent to Agriculture Department for signing on the stamp, however action not taken as Cabinet in its meeting held on 19.03.2015 decided that “the amount of Rs.800.000 millions of Agriculture Cooperative Bank be transferred to Finance Department for further disbursement in Bank of Khyber (BoK).

54. In pursuance of Provincial Cabinet's decision dated 19.03.2015, Provincial Cooperative Bank Ltd through Agriculture Department forwarded cheque of Rs.910.000 million (principal & profit) to the Finance Department for depositing in the Provincial Account No.1 (Non-Food) which was deposited / credited under relevant head of account on 22.4.2015.

55. Since entire amount of Rs.800.000 million alongwith profit amount of Rs.110.000 million was transferred/credited to the Government Treasury i.e. Account No.I, therefore, the contention of Audit party regarding blockage of Government money was not valid.

### **PAC RECOMMENDATIONS**

56. The main portion of the Para related to Agriculture Department as to why the funds given for Cooperative Bank were not utilized in time and later on retrieved by the Finance Department.

57. The Committee therefore, decided to refer the Para to Sub-Committee consisting of the following to discuss all anomalies involved in the subject Para:-

- |    |                                   |          |
|----|-----------------------------------|----------|
| 1. | Mr. Qurban Ali Khan, MPA          | Chairman |
| 2. | Mr. Muhammad Idrees, MPA          | Member   |
| 3. | Syed Muhammad Ali Shah Bacha, MPA | Member   |
| 4. | Mr. Mehmood Jan Khan, MPA         | Member   |

58. The Sub-Committee shall invite the Planning & Development, Agriculture and Finance Departments alongwith Audit for examination of the issue. The Sub-Committee shall submit its report to the PAC within two (2) months.

# **PLANNING & DEVELOPMENT DEPARTMENT**

Two (02) Draft Para reflected in the Auditor General's Report for the year 2013-14 against the Department were examined by the Committee in its meeting held on the 24<sup>th</sup> of July 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. | Mr. Muhammad Idress, MPA          | Member          |
| 4. | Mufti Said Janan, MPA             | Member          |

## **LAW, PARLIAMENTARY AFFAIRS & HUMAN RIGHTS DEPARTMENT**

Mr. Rizwanullah Khan Abdaali,  
Deputy Secretary.

## **FINANCE DEPARTMENT**

1. Mr. Shakeel Qadir Khan,  
Secretary.
2. Mr. Muhammad Idrees Khan,  
Special Secretary.
3. Mr. Muhammad Naseem,  
Additional Secretary (Admn:).

## **ADMINISTRATION DEPARTMENT**

Mr. Umar Nawaz Khan,  
Section Officer (Budget).

## **AUDIT DEPARTMENT**

1. Mr. Asad Ullah Khan,  
Director.
2. Mr. Shahid Ali,  
Deputy Director.

## **PLANNING & DEVELOPMENT DEPARTMENT**

1. Ms. Tanzeela Sabahat,  
Additional Secretary.
2. Mr. Afrasiyab Khattak,  
SS (Economics).
3. Mr. Badshah Gul,

Assistant Chief.

**PROVINCIAL ASSEMBLY SECRETARIAT**

1. Mr. Amanullah,  
Secretary.
2. Mr. Amjad Ali,  
Additional Secretary.
3. Mr. Inamullah Khan,  
Deputy Secretary.
4. Mr. Ibrahim Khan,  
Assistant Secretary.
5. 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.16.4.1      LOSS DUE TO MISSING OF THE PROJECT ASSETS - Rs. 1.340 MILLION.**

**AUDIT VERSION**

3. During audit of the accounts of Secretary Planning and Development Department for the financial year 2011-12, it was noticed that the project (PRSP) operated by Planning and Development Department closed on 30.06.2012. During handing/taking over of the project assets valuing Rs.1.340 million were found missing resulted into loss to the Government as per detail given below:

<b>S.No</b>	<b>Name</b>	<b>No</b>	<b>Status</b>	<b>Cost Approximate</b>
1	Toyota Corolla 2009 Model	01	Missing from the date of purchase	1,200,000
2	Computer (Core 2 Duo)	01	Do	50,000
3	Printer (HP Laser Jet 2055)	01	Do	30,000
4	Monitor (Dell 17 inches LCD)	01	Do	20,000
5	Centre Tables	04	Do	40,000

<b>Total</b>	<b>13,40,000</b>
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4. The Audit held that loss occurred due to weak internal controls. The matter was reported to the Department in January, 2013. DAC in its meeting held on 17<sup>th</sup> September, 2013, it was decided that recovery may be made within a month. Further progress, however was not reported till finalization of the report.

**DEPARTMENTAL VERSION**

5. The Department explained that at the time of handing/taking over the process of the assets of “PRSP”, some items were reported missing since the date of their purchase including a vehicle “Toyota Corolla”. The special audit of the project was conducted. The issue of missing of assets was investigated through Secretary Agriculture. Statements of all employees of the project including Project Director were recorded by the Enquiry Officer. The statements were exhibiting the involvement of an officer of the Project in the matter. Before proceeding against the officer and concluding the enquiry report, the missing vehicle was found parked near Police Station East, Peshawar Cantt: and was taken into custody by the Police. A chit was left in the vehicle, stating therein that “the vehicle pertains to Planning & Development Department and its original registration No. is “A9339”. The Police handed over the vehicle to Planning & Development Department and was now under the use of Chief of Section (RD), Planning & Development Department. The remaining items i.e. 1 Computer, 1 Printer, 1 Monitor and 4 centre tables valuing for Rs.1,40,000/- were still missing.

6. The Department added that in the meeting of Pre-PAC held on 15/06/2017, it recommended to conduct an enquiry into the matter and fix responsibility against the person(s) involved in the matter. Besides, recovery of the remaining items may also be made forthwith.

**PAC OBSERVATION**

7. The PAC observed with heavy heart the inefficiency, negligence or a calculated effort to hush-up the misdeed as reported in the Audit Para. No serious efforts were made by the Department to deal with the issue under consideration. Interestingly, all the items including the vehicle were found missing from the date of their purchase and the dealing hand(s) acted as silent spectator(s).

8. It was noticed that the enquiry conducted was just a formality to cover the gap pretending that no loss occurred to Government and that too just after convening the meeting of the PAC meaning thereby that officer(s) sitting at the helm of affairs were not at all serious to take note of such an important case.

9. The Committee apprehended that on the face of the issue under consideration, it appears that the situation of other projects also needs a thorough probe in the public interest.

10. Therefore, the PAC raised the following questions: -

- i) When were the items as mentioned in the Para purchased?
- ii) When was the amount paid to the firm or the bidder?
- iii) When were the items received from the firm/bidder?
- iv) When and by whom was the entry of the same made in the Stock Register?
- v) Who signed the entry regarding receipt of the items?
- vi) When did these items get missing?
- vii) When did report of missing items lodged and to whom?
- viii) What action was taken by the officer on receipt of such report, if any?
- ix) Why an F.I.R., for the missing items was not properly lodged?
- x) Why was the matter not reported to Accountant General as required under Para-20 of General Financial Rules?
- xi) Why was Departmental action not initiated in time against the dealing hand(s)?
- xii) When were the vehicle and other items received back by the Department and from whom?
- xiii) How much expenditure was incurred in shape of POL and maintenance on the missing vehicle during the missing period?
- xiv) How much expenditure was incurred on the maintenance of computer equipments during missing period?
- xv) Why the officer sitting at the helm of affairs did not bother to take serious efforts to deal with the matter under consideration?
- xvi) Who was responsible for the missing items?

### **PAC RECOMMENDATIONS**

11. The PAC in view of its observations and questions, directed the Department to refer the case in hand within a week time to Anti-Corruption Department with complete record for making enquiry and initiating criminal proceeding against the dealing hand(s) in view of quantum of responsibilities.

12. The PAC also recommended that the Department should be vigilant in dealing all such projects, so that such criminal negligence as was observed is strictly avoided in future. Para stands. Progress be reported to PAC Cell.

**DP No.16.4.2      UNAUTHORIZED PAYMENT OF ENTERTAINMENT CHARGES - Rs. 11.150 MILLION.**

**AUDIT VERSION**

13. During audit of accounts of the Secretary Planning and Development Department for the year 2011-12, it was noticed that an amount of Rs 11.150 million was paid to the officers/officials as food charges for late sitting. The entertainment charges were allowed for official meetings only.

14. The Audit held that unauthorized payment was violation of S.No.22 of the Delegation of Powers Rules 2001.

15. The matter was reported to the Department in July, 2012. DAC in its meeting held on 17<sup>th</sup> September, 2013, directed to produce relevant record for verification to audit within a month. Further progress, however was not reported till finalization of the report.

**DEPARTMENTAL VERSION**

16. The Department explained that the "Food Charges" during the years 2010-11 and 2011-12 remained Rs.9.592 M, while the rest of expenditure i.e. Rs.1.558 M pertained to the routine office "entertainment charges".

17. The staff of Finance Department and Planning & Development Department observed late sitting and attended office on closed holidays for preparation of budgetary publications and Annual Development Programme during the months of April to June every year, for which they were being paid food charges, by specific orders of late sitting were being issued.

18. The Finance Department determined rates of food charges for its staff, which were being followed by Planning & Development Department also. Those who remained in the office up to 5.00 PM, they were decided to be paid Rs.300/- for lunch and further Rs.300/- for dinner, who sit late up to 8.00 PM. While for attending office on closed holidays, Rs.800/- were fixed.

19. The Finance Department releases funds under head "Entertainment Charges" to Planning & Development Department for the purpose. On release of funds, claim was submitted to the Accountant General Office for clearance through pre-audit system, which were accordingly honoured and payment made to the staff.

**PAC RECOMMENDATIONS**

20. The explanation of the Department was found plausible duly endorsed by the Finance and Law Departments, hence the Para was recommended to be settled.



## HEALTH DEPARTMENT

Total Draft Paras \_\_\_\_\_ 46

Total Draft Paras examined by the PAC\_\_ 46

Pending\_\_\_\_\_ Nil

Settled:11.4.6,11.4.8,11.4.10,11.4.12,11.4.16,11.4.20,11.4.21,11.4.24,11.4.25,11.4.27,11.4.30,11.4.32,11.4.33,11.4.37,11.4.38,11.4.40,11.4.41,11.4.43,11.4.44 & 11.4.46 ..... (20)

Recovery: 11.4.4, 11.4.9 & 11.4.22 ..... (03)

Verification: 11.4.1, 11.4.7, 11.4.29, 11.4.34 & 11.4.45 ..... (05)

Sub-Committee: 11.4.11, 11.4.14, 11.4.15, 11.4.17, 11.4.19, 11.4.23, 11.4.26 11.4.28, 11.4.31, 11.4.35, 11.4.39 & 11.4.42 ..... (12)

Departmental Action: 11.4.5, 11.4.13, 11.4.18 & 11.4.36 ..... (04)

Detail audit by Audit: 11.4.2 & 11.4.3 ..... (02)

# **HEALTH DEPARTMENT**

Forty six (46) Draft Para reflected in the Auditor General's Report for the year 2013-14 against the Department were examined by the Committee in its meeting held on the 25<sup>th</sup>, 26<sup>th</sup>, 27<sup>th</sup> and 28<sup>th</sup> of July 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. | Mr. Muhammad Idress, MPA          | Member          |
| 4. | Mr. Mehmood Jan Khan, MPA         | Member          |
| 5. | Arbab Waseem Hayat, MPA           | Member          |

## **LAW, PARLIAMENTARY AFFAIRS & HUMAN RIGHTS DEPARTMENT**

Mr. Rizwanullah Khan Abdaali,  
Deputy Secretary.

## **FINANCE DEPARTMENT**

1. Mr. Muhammad Naseem,  
Additional Secretary.
2. Mr. Musharraf Khan,  
Additional Secretary.

## **AUDIT DEPARTMENT**

1. Mr. Asad Ullah Khan,  
Director.
2. Mr. Zubair Arshad,  
Deputy Director.
3. Mr. Muhammad Ismail,  
Deputy Director.

## **HEALTH DEPARTMENT**

1. Mr. Abid Majeed,  
Secretary.
2. Mr. Masood Younas,  
Additional Secretary.
3. Mr. Arshad Javed,  
Vice Chancellor, KMU.

4. Syed Tariq Ali Shah,  
Chief Accounts Officer.
5. Mr. M. Fayaz,  
Deputy Director (Accounts).
6. Mr. Gulzar Ahmad,  
D.F. MTI, KTH.
7. Mr. Arshad Ali Khan,  
Deputy Director Audit, KMU.
8. Mr. Younas Fahim Shah,  
Director, Finance (HMC).
9. Dr. Kalimullah Khan,  
PC-HCP, KP.
10. Brig: (Rtd) Muhammad Ajmal,  
Hospital Director, ATH.
11. Prof: Dr. Taj Muhammad Khan,  
Principal, Saidu Medical College, Swat.
12. Dr. Javed Pervez,  
MS, Naseerullah Babar Hospital Peshawar.
13. Mr. Jehangir Khan,  
MS, Saidu Group of Teaching Hospitals, Swat.
14. Mr. Gul Afzal Khan,  
Dir. Finance, MTI, DI Khan.
15. Mr. Abdul Ghafar,  
MS, DHQ, Lakki Marwat.
16. Dr. Khalid Masood,  
M.D. LRH.

#### **PROVINCIAL ASSEMBLY SECRETARIAT**

1. Mr. Amanullah,  
Secretary.
2. Mr. Amjad Ali,  
Additional Secretary.
3. Mr. Inamullah Khan,

Deputy Secretary.

4. Mr. Ibrahim Khan,  
Assistant Secretary.
5. 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.11.4.1      MISAPPROPRIATION OF HOSPITAL RECEIPTS-Rs.2.260 MILLION.**

**AUDIT VERSION**

3. During audit of the accounts of Chief Executive Khyber Teaching Hospital Peshawar, for the financial year 2011-12, it was noticed that 10,75,500 OPD chits were issued according to the stock register, against which the user charges Rs.10.775 million were required to be deposited as these chits were used in OPD but the record showed that 849236 patients visited the OPD counters and an amount of Rs.8.492 million was realized. The 226049 OPD chits valuing Rs.2.260 million (@ Rs.10) was less realized, resulting into loss to the institution.

4. The Audit held that loss occurred due to financial mismanagement and weak internal control system and violation to Para 23 of GFR Vol-I.

5. The matter was reported to the Department in October, 2012. DAC in its meeting held on 26<sup>th</sup> September, 2013, directed to provide original record for verification within 15 days. Further progress, was however, not reported till finalization of the report.

**DEPARTMENTAL VERSION**

6. The Department explained that under existing practice OPD Chits in large number were received from main stationery section on proper indent book by the computer supervisor and according to the requirement these chits were issued to the Computer Operators working in the OPD.

7. The registration process was computerized and when the chit was processed through computer then Rs. 10/- were charged from patients visiting the institute. The inspector officer had not checked the chits available with the computer supervisor and Computer Operator at receipt point. The amount received from Registration Assistant was properly deposited into Fund Account of the institute. No stationery papers were short which would be verified any time.

The Para was explained in detail in the DAC meeting and it was decided that original record may be verified from audit. The Audit office was required to depute officer for verification. No short deposits existed.

8. During the meeting, the Department explained that at the time of strike, power break-down, computer fault etc, the OPD chits had been issued manually and the record of which was available for consideration and verification of the Committee.

### **PAC OBSERVATION**

9. The Hospital administration explained that the Audit had taken into account of the pads issued by the main store to OPD or casualty wings, whereas actual record of patient should have been checked. In view of this explanation, the Committee observed that actual record of patients was required to be verified so that actual number of patients and amount realized could properly be assessed. Moreover issuance of heavy stock to such wings, which had created ambiguity also needed to be looked into as under what circumstances, such abnormal stock was issued.

10. The Committee lamented that decision of the DAC was not implemented. The Department as well as Audit was throwing mud on each other for not implementing the DAC decision.

### **PAC RECOMMENDATION**

11. In view of the above observations, the Para was referred to Verification of Record Committee to verify the actual number of patients, OPD chits issued/utilized and amount realized against those chits.

12. The Verification of Record Committee was also directed to probe into the matter and fix responsibility on the person(s) who had not implemented the decision of DAC on time.

**DP No.11.4.2      NON PRODUCTION OF AUDITABLE RECORD–Rs.320 MILLION.**

### **AUDIT VERSION**

13. During audit of the accounts of Director General Health Services Khyber Pakhtunkhwa Peshawar, for financial year 2012-13, it was noticed that an amount of Rs.320 million was incurred by the Project Director Hepatitis Control Program for Hepatitis C for the purchase of Hepatitis C vaccine. Auditable record was not produced for scrutiny.

14. The Audit held that non production of record was occurred due to violation of Auditor General's Ordinance. The matter was reported to the

Department in August, 2013, followed by reminder dated 29.10.2013 to convene DAC meeting which was not arranged till finalization of the report.

### **DEPARTMENTAL VERSION**

15. The Department explained that during the mentioned period most of the official record was under investigation process of the Anti-Corruption Department and under Suo-moto action taken by the Honorable Chief Justice High Court Peshawar. Now complete record was available.

### **PAC OBSERVATION**

16. The PAC observed that record was not produced to Audit due to the fact that it was taken away by the Anti-Corruption Department for the purpose of investigation and some of the record was in the Court of Law in connection with suo-moto action taken by the Chief Justice, Peshawar High Court.

### **PAC RECOMMENDATION**

17. In view of the above, the PAC directed the Audit Department to conduct detailed audit of the said record within a period of four (04) months and submit report to PAC.

### **DP 11.4.3 NON-PRODUCTION OF AUDITABLE RECORD - RS.11.695 MILLION.**

### **AUDIT VERSION**

18. During audit of the accounts of Chief Executive of Ayub Teaching Hospital Abbottabad for the financial year 2009-10, it was noticed that Rs.11.695 million were incurred on the activities of Field Services Units Oghi, Swabi, and Bisham. The expenditure also included Rs.4.000 million provided by the Relief Commissioner with the instruction to open a separate account, instead, these funds were deposited in the reserved fund. The auditable record was not produced for detail scrutiny.

19. The Audit held that non-production of record was due to violation of Auditor General's Ordinance.

20. The matter was reported to the Department in April, 2011, DAC in its meeting held on 20<sup>th</sup>& 21<sup>st</sup> Feb, 2013, directed the Department to enquire the matter within 30 days. Further progress was, however, not reported till the finalization of the report.

### **DEPARTMENTAL VERSION**

21. The Department explained that:-
- i. during the disaster of Swat under directives of Minister Health Government of Khyber Pakhtunkhawa letter No.PS / Min i-Health/NWFP/Misc/Op dated 21-6-2009 Field Hospital Swabi (Shahmansoor) had started function. The sanction order of Chief Executive vide AMI/PS-CE/09/194-97 dated 23-01-2010 was available.
  - ii. the copy of other sanction like Oghi and IDP Besham was available.
  - iii. all IDPs OPD and admission were free of cost with medicines.
  - iv. the amount utilized from receipt account not re-compared till date.
  - v. the copy of enquiry report was available.

### **Present status.**

22. The matter was inquired as per decision of DAC. The inquiry committee recommended as under:-

“It is recommended that detail audit of the entire expenditure on the subject field hospitals through accounts expert be ordered”.

23. Furthermore, as the original Para pertained to non-production of record, therefore, it was submitted that complete record of the transactions of the Field Hospitals was available that may be audited by deputing an Audit Team for the purpose.

### **PAC RECOMMENDATION**

24. The Committee directed the Department to produce all such auditable record to Audit for conducting detailed Audit within two (02) months. Moreover, departmental action be initiated against those who had not provided record to Audit in time. Para stands. Progress be report to PAC.

### **DP 11.4.4 OVERPAYMENT ON ACCOUNT OF HOUSING SUBSIDY - Rs. 4.707 MILLION.**

### **AUDIT VERSION**

25. During audit of the accounts of Chief Executive of Ayub Teaching Hospital Abbottabad, for the financial year 2009-10, it was noticed that Housing Subsidy was paid to various employees at the higher rates than the approved, which resulted into an overpayment of Rs.4.707 million as per detail given below:-

No. of employees	Scale	Rate required	Rate allowed	Difference	Period (months)	Total (Rs.)
2	19	8,988	12,840	3,852	12	92,448
42	17, 18	6,891	9,845	2,954	12	14,88,816
24	16	5,208	7,440	2,232	12	6,42,816
37	14, 15	5,208	7,440	2,232	12	9,91,008
12	15	4,119	5,885	1,766	12	2,54,304
58	7, 9	2,817	4,025	1,208	12	8,40,768
30	3, 6	1,817	2,645	794	12	2,85,840
17	2	1,263	1,805	547	12	1,10,568
<b>Total</b>						<b>47,06,568</b>

26. The overpayment occurred due to non-adherence to rules referred to above.

27. The matter was reported to the Department in April, 2011. DAC in its meeting held on 21<sup>st</sup> Feb, 2013, directed the Department to produce final outcome of the court case. Further progress was however, not reported till the finalization of the report.

### **DEPARTMENTAL VERSION**

28. The Department explained that the housing subsidy/rent to the employees of A.M.C and allied units was allowed at the rate of Peshawar in light of decision of Finance Committee of the institution on 30.04.1983 and approval by the Board of Governors on 10.04.1979.

29. The Ayub Medical College being an autonomous body/institute and working since 1979 under the administrative control of Board of Governors/Management Council which is empowered in all respects.

30. In response to recovery order in Draft Para No. 6.2 (PAC year 2007-08) on the advise of PAC meeting dated 11-7-2011, the affectees lodged a writ petition in Peshawar High Court vide writ petition No. 805-A. The Peshawar High Court suspended the recovery and lastly referred the case to Board of Governors for decision.

### **Present status**



31. The decision of the Peshawar High Court is as under:-

“refer the same to the Board of Governors of the institutions to consider the grievance of the petitioners and decide the same in accordance with law within a period of one month if not earlier from the date of receipt of this judgment” .

32. In pursuance of High Court decision dated 04.04.2013, the case was again placed before the Board of Governors in its meeting held on 02.10.2014, the Board approved the Housing Subsidy @ 75%.

### **PAC OBSERVATION**

33. The PAC observed that the previous decision of the PAC was not implemented in the garb of Court decision or the Board of Governors approval. The Committee apprehended that complete facts were not brought before the said forum, therefore, a blanket approval was given. If such financial matter in contrast with the pay and package policy of the government or violation of the government policies is allowed, it will create financial mess and will lead to further complications as other institutions would follow such precedence.

### **PAC RECOMMENDATION**

34. The PAC upheld its previous decision given in Draft Para No.6.2. (2007-08) and directed that the present practice might be stopped forthwith. Moreover, the Finance Department should examine the said issue and circulate clear-cut-instructions so that such issues are not repeated in future.

### **DP No.11.4.5      OVERPAYMENT DUE TO PURCHASE OF LOW POTENCY DRUGS—Rs.2.545 MILLION.**

### **AUDIT VERSION**

35. During audit of the accounts of Director General Health Services Khyber Pakhtunkhwa, for the financial year 2010-11, it was noticed that Project Director Prevention & Control of Hepatitis paid an amount of Rs.7.637 million to M/S NOVA Med Pharmaceutical Lahore for the supply of lumidin 100mg tablets @ Rs.204 per strip of 10's without inviting tenders despite the fact that MCC rate for higher potency of the 150mg was already approved @ Rs.204 per 10 tablet. The purchase of low potency drugs resulted into an overpayment of Rs.2.545 million.

36. The Audit held that overpayment occurred due to negligence and violation of the Para 144 & 145 of GFR Vol-I.

37. The matter was reported to the Department in July, 2012, followed by reminders dated 07<sup>th</sup> September, 2012, 10<sup>th</sup> Dec, 2012, 5<sup>th</sup> March, 2013 and

13<sup>th</sup> June, 2013 to convene DAC meeting which was not arranged till finalization of the report.

### **DEPARTMENTAL VERSION**

38. The Department explained that tab. Limudin 100mg @ Rs. 204/- per strip of 10 tablets was purchased which was the only drug available for hepatitis-B treatment in the MCC list. As far as the audit objection that at the same rate Limudin of 150mg was also available whose strength was higher than 100mg Limudin it was stated that according to MCC it was typographical mistake & tab. Limudin of 150mg strength was not produced by the manufacturer.

### **PAC OBSERVATION**

39. The Committee observed that the document provided by the Department itself negates the version of the Department. The Secretary of the Department asked the dealing hand(s) to clarify the position. The only response was that it was typographical mistake as verified in Director General letter dated 01-06-2017.

40. The Members coupled with Audit viewed that had it been typographical mistake, the subsequent document at page-7 of the Working Paper should also have been corrected which was not done and created doubts in the minds.

### **PAC RECOMMENDATION**

41. In view of the above observations, the PAC directed the Department to conduct enquiry into the purchase of low potency drug at higher rate and fix responsibility within a period of one (01) month. Para stands. Progress be reported to PAC.

### **DP No.11.4.6 OVERPAYMENT DUE TO PURCHASE AT HIGHER RATES– Rs.2.437 MILLION**

### **AUDIT VERSION**

42. During audit of the accounts of Director General Health Services Khyber Pakhtunkhwa, for the financial year 2010-11, it was noticed that Project Director Prevention & Control of Hepatitis purchased hepatitis C diagnostic kits and vaccine, overpaid an amount of Rs.2.437 million in the following cases: -

1. HCV and HBV rapid kits were purchased from M/S Tahir Scientific Supplier at higher rates and lowest rate ignored, resulting into an overpayment of Rs.9,65,995.

2. 20 PCR genotyping kits purchased from Tahir Scientific Supplier @ Rs.1,47,755 per kit of 50 tests and rate of Rs.2,42,000 per kit of 100 tests was ignored resulting into an overpayment of Rs.8,99,500.
3. 20419 vials of Ravac B + IMC (20mg) @ Rs.97.95 per vial purchased from M/S Sindh Medical Store as against the approved rate of Rs.69.97 per vial by MCC resulting into an overpayment of Rs.5,71,323/-.

43. The Audit held that overpayment occurred due to negligence and violation of Para 23 of GFR Vol-I.

44. The matter was reported to the Department in July, 2012, followed by reminders dated 07<sup>th</sup> September, 2012, 10<sup>th</sup> Dec, 2012, 5<sup>th</sup> March, 2013 and 13<sup>th</sup> June, 2013 to convene DAC meeting which was not arranged till finalization of the report.

### **DEPARTMENTAL VERSION**

#### **HCV and HBV Rapid kits**

45. The Department explained that as was evident from the Technical Committee report the specification mentioned very clearly indicated that the said kits must be FDA, CE or WHO evaluated to ensure the quality of product.

46. The two bidders (Zafar Enterprise and Mian Scientific) were not having any of the above mentioned certificates or the WHO evaluated report although their rates were lower than Tahir Scientific so they were not selected/recommended while the third lowest i.e. Tahir Scientific kits were WHO evaluated.

47. Moreover, as evident from Technical Committee report /recommendation the Accumulative rate of Tahir Scientific quoted for equipments & kits was found the best and the lowest rate amongst all the five firms applied for the bid.

48. It was stated that the Revac B vaccine @ Rs. 97.95/ vial was purchased from M/S Sind Medical Store on the approved rates of MCC i.e. Rs. 97.95 and it could be verified from Corrigendum list issued by Government MCC. The supply order was given after the issuance of the corrigendum.

### **PAC RECOMMENDATION**

49. In view of plausible explanation of the Department that purchases were made on quality basis, the Para was recommended to be settled.

**DP 11.4.7 OVERPAYMENT DUE TO NON-DEDUCTION OF UTILITY CHARGES AND CONVEYANCE ALLOWANCE - RS. 1.247 MILLION.**

**AUDIT VERSION**

50. During audit of the accounts of Chief Executive Hayatabad Medical Complex Peshawar, for the financial year 2010-11, it was noticed that residential accommodation was provided to Charge Nurses and Doctors in the premises of the institution. Electricity, Gas Charges, Room Rent were not deducted from the salary and Conveyance Allowance was also allowed which was not admissible. This resulted in overpayment of Rs.1.247 million.

51. The Audit held that the overpayment was due to financial mismanagement. The matter was reported to the Department in July, 2011. DAC in its meeting held on 16<sup>th</sup> July, 2013, directed to recover the amount within 30 days. Further progress was however, not reported till the finalization of the report.

**DEPARTMENTAL VERSION**

52. The Department explained that deductions had been made from each employee of the institution. Moreover, Payrolls showed that recovery had been made from the salaries of the employees.

**PAC RECOMMENDATION**

53. The Para was recommended to be settled subject to verification of recovery by Verification of Record Committee, The PAC further directed the Department that a circular might be issued to all subordinate offices to avoid such illegal allowances in future.

**DP No.11.4.8 LOSS DUE TO PURCHASE AT HIGHER RATES- Rs.34.336 MILLION.**

**AUDIT VERSION**

54. During audit of the accounts of Director General Health Services Khyber Pakhtunkhwa, for the financial year 2010-11, it was noticed that centralized procurement of machinery & equipment was made for different RHCs and Civil Hospitals under ADP 121, 197 & 120. The lowest rate offered for supply of various x-ray equipments, bidding items etc; by different suppliers were ignored and higher rates accepted. The purchases at higher rates resulted into loss of Rs.34.336 million.

55. The Audit held that loss occurred due to negligence and violation of Para 23 of GFR Vol-I. The matter was reported to the Department in July, 2012, followed by reminders dated 07<sup>th</sup> September, 2012, 10<sup>th</sup> Dec, 2012, 5<sup>th</sup> March,

2013 and 13<sup>th</sup> June, 2013 to convene DAC meeting which was not arranged till finalization of the report.

### **DEPARTMENTAL VERSION**

56. The Department explained that the specification and report of Technical/Purchase Committee in respect of all those 13 items including X-Ray cassettes which indicated that all the equipments were purchased according to the specifications and as per procurement rules, 2003. All justifications had been given in the detail assessment of Technical Committee Report. Hence, no loss given to the Government by purchasing those sophisticated equipments for the Districts in the best interest of patient care.

### **PAC RECOMMENDATION**

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

### **DP 11.4.9 LOSS DUE TO NON RECOVERY OF AFFILIATION FEES- Rs.31.375 MILLION.**

### **AUDIT VERSION**

58. During audit of the accounts of Khyber Medical University for financial year 2011-12, it was noticed that affiliation fees amounting to Rs.31.375 million were not recovered from various public & private Medical Colleges and Institutions in violation of statutes of University resulting into loss of Rs.31.375 million.

59. The Audit held that loss occurred due to financial mismanagement and violation of statutes.

60. The matter was reported to the University in March, 2013. DAC in its meeting held on 24<sup>th</sup> Dec, 2013, directed to recover the amount from concerned Colleges/Institutions. Further progress was however, not reported till finalization of the report.

### **DEPARTMENTAL VERSION**

61. The Department explained that the said Audit Para was previously reported to Khyber Medical University in audit for financial year 2009-10 and was referred to PAC. The PAC in its meeting on Audit Report for the year 2012-13 recommended that the student's fee be deducted from the total amount involved in the Para and the remaining amount be recovered from the Colleges concerned.

62. In line of the PAC recommendation, detail summary of the amount due against Medical Colleges was sent to Government of Khyber Pakhtunkhwa, Health Department for onward submission to Government of Khyber Pakhtunkhwa Finance Department, however, no payment has yet been made and the amount was still outstanding.

63. In line of DAC recommendation, time and again letters to verify the record have been sent to Director General Audit, however no person has been deputed and the record was still not verified.

64. During the meeting, the Department explained that the outstanding amount pertains only to Public Sector Medical Colleges as Private Medical Colleges were not established at that time. Moreover, the Khyber Medical University was also newly established.

65. The Department also categorically admitted that recoverable amount would be calculated and summary would be moved to the Finance Department for recovery of the said amount.

### **PAC RECOMMENDATION**

66. In view of the above, the PAC upheld its previous decision given in Draft Para No.10.4.1 (2012-13) wherein it was decided that the Student's fee be deducted from the total amount involved in the Para and the remaining amount be recovered from the concerned colleges. Para stands till complete recovery within a month time.

### **DP.11.4.10 LOSS DUE TO PURCHASE AT HIGHER RATE—Rs.13.200 MILLION.**

### **AUDIT VERSION**

67. During audit of the accounts of Director General Health Services Khyber Pakhtunkhwa, for the financial year 2010-11, it was noticed that centralized procurement of machinery & equipment was made for different RHCs and Civil Hospitals under ADP 197 & 120. The lowest rate offered for supply of ultrasound machine by M/S Tahir Scientific Supplier & Biotech services amounting to Rs.7,80,000 and Rs.10,49,490 respectively were not included in the comparative statement and purchase was made from M/S Mediline Technology @ Rs.12,20,000 per ultrasound machine. The ignoring of the lowest

rate resulted into loss of Rs.13.200 million on the purchase of 30 ultrasound machines.

68. The Audit held that loss occurred due to negligence and violation of Para 23 of GFR Vol-I.

69. The matter was reported to the Department in July, 2012, followed by reminders dated 07<sup>th</sup> September, 2012, 10<sup>th</sup> Dec, 2012, 5<sup>th</sup> March, 2013 and 13<sup>th</sup> June, 2013 to convene DAC meeting which was not arranged till finalization of the report.

Particular	Purchase rate	Lowest rate	Difference	Quantity	Amount
X-ray cassettes (12x15)	14327	8880	5447	540	29,41,380
X-ray cassettes (10x12)	11462	7880	3582	540	19,34,280
X-ray cassettes (8x10)	10282	6880	3402	540	18,37,080
<b>Total</b>					<b>67,12,740</b>

### **DEPARTMENTAL VERSION**

70. The Department explained that the first tender was floated in newspaper on 03-04-2011. Quotations were opened on 28-04-2011, while evaluating the tenders, the Technical Committee decided to re-advertise Ultrasound because the specification given by the Department to the bidders was found deficient and faulty. M/S Tahir participated in the first tender but it was decided to re-advertise.

71. The second tender was opened on 23-05-2011. M/S Bio Tech submitted their quotation during the opening process of the quotation. It was found that the Firm did not submit 2% CDRs with quotation as per advertisement of the tender and notification class 15 of the procurement rules 2003. Therefore his quotation was rejected due to non-fulfillment of pre-requisite. The Technical Committee/Purchase Committee recommended the first lowest M/S Mediline Technology for the Ultrasound. Later on M/S Bio Tech Service lodged a Civil Suit in the Court of Honourable Senior Civil Judge Peshawar against the decision of Technical/Purchase Committee which was dismissed by the Civil Court. The

case was further scrutinized by the Director Anti-Corruption. After investigation, it was reported the following remarks:-

1. The available relevant record checked and reveals all codal formalities have been fulfilled.
2. No mis-appropriation/fraud/embezzlement loss to Government has been observed in the entire process. Hence all the codal formalities have been fulfilled in the purchase of Ultrasound and no loss occurred to Government.

### **PAC RECOMMENDATION**

72. In view of Court decision, the Para was recommended to be settled.

### **DP 11.4.11 LOSS TO GOVERNMENT DUE TO PURCHASE OF EQUIPMENT ON HIGHER RATES - Rs. 8.433 MILLION.**

### **AUDIT VERSION**

73. During audit of the accounts of Saidu Medical College Swat, for the financial years 2010-12, it was noticed that for the purchase of video endoscopic system lowest rate of Rs.2.007 million (Germany) quoted by M/S Junaid and Company Peshawar was ignored. The purchase was re-advertised on 19<sup>th</sup> January, 2012 and video endoscopic system (Olympus Japan) @ Rs.10.440 million quoted by M/S Faisal Scientific Traders Swat was made at higher price. The purchase at higher rate resulted into loss of Rs.8.433 million.

74. The Audit held that loss occurred due to improper procurement planning and violation of rules.

75. The matter was reported to the Management in October, 2012. DAC in its meeting held on 08<sup>th</sup> November, 2013, directed to regularize the expenditure within 30 days otherwise recovery may be made. Further progress was however, not reported till the finalization of the report.

### **DEPARTMENTAL VERSION**

76. The Department explained that:-

- (i) in the first comparative statement, the Video Endoscopy System quoted by all the four Firms was referred to Technical Evaluation Committees/End user (Medicine and Gastroenterology Department. According to their expert opinion, as referred on the comparative statement, the advertisement in itself was incomplete in not describing the specifications of the equipment in detail. Modern Video Endoscopy System was fully integrated highly sophisticated equipment which should meet the requirements of the Department



in terms of therapeutic and diagnostic facility. The quotation offered in response to the subject advertisement did not offer any of these modern facilities. None of the Firm had offered a comprehensive branded system and was lacking in one or more of the specifications. There was no quotation for any original and standard brand like Pentox, Nikon, Tosheba, Olympus etc. As such per recommendation of the end user, the Purchase Committee decided unanimously to re-advertise this very important equipment in clear words and definitions to purchase standard equipment for the newly established Department ensuring durable, sustained and quality service to the patients.

- (ii) in the second advertisement the lowest rate of M/S Platinum Co. i.e. Rs.2.8 million was approved by the Committee as reflected in the comparative statement. However, it became clear that the said Firm was not registered with Health Department Government of Khyber Pakhtunkhwa. M/S Platinum Co. was contacted telephonically twice for provision of registration certificate. He promised to do so in one week, however, he would not provide the subject certificate even in six weeks time and finally informed telephonically that he did not have registration certificate. The next lower rate was offered by SL-No.4 M/S High Tech. Their papers were scrutinized which revealed that they had just submitted a price list only. There was neither brochure nor details of the system to be supplied. The Firm also did not have a certification of registration with Health Department Khyber Pakhtunkhwa or any other relevant document.
- (iii) in view of the above, the Purchase Committee unanimously selected the next lower bidder M/S Faisal Scientific as reflected on the original comparative statement. The equipment offered/supplied by M/S Faisal Scientific was original Olympus brand from Japan. According to the expert opinion of Gastroenterologist, it was well reputed international brand which was reliable and durable. It offered comprehensive after sale service and was time tested being used by many Gastroenterologists in the Province and rest of the country. Moreover, it met and fulfilled all the requirements of our newly established Department including facilities for interventional procedures.

### **PAC OBSERVATION**

77. The Committee observed that instead of pre-qualification, post-qualification was made. Moreover, the bid having incomplete record/documents

should not have been entertained and was required to be straight away rejected. Furthermore, the un-registered contractor should not have been issued tender form and its rate should not have been mentioned in the comparative list.

### **PAC RECOMMENDATION**

78. Detailed record was required to be scrutinized, therefore, the Para was referred to the Sub-Committee consisting of the following: -

- |    |                                   |          |
|----|-----------------------------------|----------|
| 1. | Mr. Qurban Ali Khan, MPA          | Chairman |
| 2. | Syed Muhammad Ali Shah Bacha, MPA | Member   |
| 3. | Mr. Muhammad Idress, MPA          | Member   |
| 4. | Mr. Mehmood Jan Khan, MPA         | Member   |

79. The quorum of the Sub-Committee will be two (02). Moreover, physical verification of the equipment may also be carried out by the Sub-Committee, if required. Para stands.

### **DP 11.4.12 LOSS DUE TO PURCHASE AT HIGHER RATES-RS.6.713 MILLION.**

### **AUDIT VERSION**

80. During audit of the Accounts of Director General Health Services, Khyber Pakhtunkhwa for the financial year 2010-11, it was noticed that Technical Committee recommended the lowest rate of X-Ray Cassettes from M/S Medico Peshawar, ignoring the recommendation of Technical Committee for lowest rate resulted into loss of Rs.6.713 million as per detail given below:-

<b>Particular</b>	<b>Purchase rate (Rs)</b>	<b>Lowest rate (Rs)</b>	<b>Difference (Rs)</b>	<b>Quantity</b>	<b>Amount (Rs)</b>
X-Ray Cassettes (12x15)	14,327	8,880	5,447	540	29,41,380
X-Ray Cassettes (10x12)	11,462	7,880	3,582	540	19,34,080
X-Ray Cassettes	10,282	6,880	3,402	540	18,37,080

(8x10)					
Total					67,12,740

81. The Audit held that loss occurred due to negligence and violation of Para 23 of GFR Vol-I.

82. The matter was reported to the Department in July 2012, followed by reminders dated 07<sup>th</sup> September, 2012, 10<sup>th</sup> December, 2012, 5<sup>th</sup> March, 2013 and 13<sup>th</sup> June, 2013 to convene DAC meeting which was not arranged till finalization of the Report.

**DEPARTMENTAL VERSION**

83. The Department explained that quotations of both the Firms applied for X-Ray Cassettes were analyzed by the Technical Committee and the quotation of first lowest M/S Paradise was found according to specification in the initial assessments of the bids with the remarks that the final approval would be given after assessment of the sample. Samples were provided by both the firms and assessed by the Senior Specialist of the item by the Technical Committee with the following remarks:-

1. 1<sup>st</sup> lowest firm M/S Paradise Export Company Sialkot quoting Cassettes from China was not recommended as there was no company name, no serial number on cassette and inner locks were of metal. Screens were also having no company name.
2. 2<sup>nd</sup> lowest firm M/S MEDCO Medical Peshawar quoting cassettes from Korea/Japan and bearing serial number and company name. Similarly, locks were made of stainless steel, Korea were from JPI Company Japan. 2<sup>nd</sup> lowest firm M/S MEDCO quoting Cassettes and screen from Korea and screen from Japan were recommended.

84. No loss was involved to the Government as the item was purchased according to the quality duly recommended and approved by all members of the committee.

**PAC RECOMMENDATION**

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

**DP 11.4.13 LOSS DUE TO ACCEPTANCE OF HIGHER RATES - Rs. 5.690 MILLION.**

## **AUDIT VERSION**

86. During audit of the accounts of Vice Chancellor Khyber Medical University Peshawar, for the financial year 2011-12, it was noticed that higher rates were accepted and paid to the supplier than the rates approved in PC-1, resulting into loss of Rs.5.690 million as per detail given below: -

<b>Cheque No</b>	<b>Date</b>	<b>Supplier</b>	<b>Equipment</b>	<b>Rate paid</b>	<b>Rate as per PC-1</b>	<b>Loss</b>
8875725	19.06.2012	M/sVantage	Automated blood	4,260,000	700,000	3,560,000
8875725	19.06.2012	M/sVantage	-Do-	2,100,000	500,000	1,600,000
0843096	10.03.2012	M/s Chemitec	Photometer	580,000	50,000	530,000
<b>Total</b>						<b>5,690,000</b>

87. The Audit held that loss occurred due to non observance of rules and weak financial control.

88. The matter was reported to the University in March, 2013. DAC in its meeting held on 24<sup>th</sup> Dec, 2013, directed to produce record for verification within 15 days. Further, progress was however, not reported till finalization of the report.

## **DEPARTMENTAL VERSION**

89. The Department explained that PC-1 rates were estimated rates which were based on existing market rate of that time. The PC-1 was approved on 20.10.2010, while purchases of the said items were made on 27.08.2011.

90. All these items were required to the concerned institute for some specific research purposes. Therefore, these were advertised with higher specification and quality. Comparatively the rates which have been received from

bidder were higher than the rates approved in PC-1. All these items were purchased after fulfilling all the codal formalities.

91. The second point was that all the said items were imported and their prices were comparatively higher than local item/product price.

92. In line of DAC recommendation, time and again letters to verify the record have been sent to Director General Audit, Khyber Pakhtunkhwa, however no person has yet been deputed and record was still not verified.

### **PAC OBSERVATION**

93. The PAC observed that due to price hike of Automatic Blood Analyzer the PC-I should have been revised to cover the excess expenditure. There was huge difference in the amount mentioned in the PC-I and the rates of actual purchase. Prima facie, it appeared that the proper home work was not carried out at the time of drafting PC-I as there was huge difference of estimated rate and actual cost of purchase.

### **PAC RECOMMENDATION**

94. Taking lenient view of irregularity made by the Department, the Para was recommended to be settled subject to obtaining of Ex-Post-Facto approval of the revised PC-I.

### **DP 11.4.14 LOSS DUE TO PURCHASE OF EQUIPMENT AT HIGHER RATES - Rs. 5.242 MILLION.**

### **AUDIT VERSION**

95. During audit of the accounts of Chief Executive Khyber Teaching Hospital Peshawar, for the financial year 2011-12, it was noticed that an expenditure of Rs.13.515 million was incurred on the purchase of eight (8) medical equipments by ignoring the lowest rate of Rs.8.273 million offered by different suppliers. Purchase of equipments at higher rate resulted in loss of Rs.5.242 million.

96. The Audit held that loss occurred due to weak financial management and violation of para-23 of GFR Vol-I.

97. The matter was reported to the Department in October, 2012. DAC in its meeting held on 2<sup>nd</sup> October, 2013, directed to provide original record for

verification. Further progress was however, not reported till finalization of the report.

### **DEPARTMENTAL VERSION**

98. The Department explained that Draft Para was about eight (8) equipments. The Digital & Slit Lamp was purchased from M/S Latif Brother at the lowest rate. The comparison was given below: -

Name of Equipment	Name of Firm	Rate
Video Slit Lamp Topcon SI-D7	M/S Latif Brother	Rs.17,26,000/-
	M/S Paradise Expert	Rs.21,30,000/-

99. The remaining equipments were purchased on quality basis on the recommendation of end user, because according to Rule 29 of the Procurement of Goods Works and Service rule 2003 as were applicable during the period that where the lowest price or the lowest evaluated price was not accepted the tender accepting authority would record reason in writing. Sufficient justification was given by the end user for the item selected on quality basis. The Para was explained in detail in the DAC meeting and according to the DAC decision attested photo copies of the meeting of the Purchase Committee were forwarded to Director General Audit with the minutes of the DAC meeting. Neither Government Rules were violated nor was any loss to Government involved.

### **PAC RECOMMENDATION**

100. The Committee could not reach to a logical conclusion as the Department could not advance any plausible explanation. Therefore, a Sub-Committee comprising the following was constituted to probe the issue in detail and to examine documents relating to bid and submit its report to PAC within two months:-

- |    |                                   |          |
|----|-----------------------------------|----------|
| 1. | Mr. Qurban Ali Khan, MPA          | Chairman |
| 2. | Syed Muhammad Ali Shah Bacha, MPA | Member   |
| 3. | Mr. Muhammad Idress, MPA          | Member   |
| 4. | Mr. Mehmood Jan Khan, MPA         | Member   |

101. The quorum of the Sub-Committee will be two (02). Progress be reported to PAC.

**DP 11.4.15 LOSS DUE TO PURCHASE OF MEDICINES AT HIGHER RATES**  
**Rs. 3.425 MILLION.**

**AUDIT VERSION**

102. During audit of the accounts of Chief Executive, Lady Reading Hospital Peshawar, for the financial year 2011-12, it was noticed that medicines worth Rs.52.843 million were purchased on the basis of local advertisement. However, it was observed that higher rates were accepted and paid as compared to the rates approved by the MCC, resulting into loss of Rs.3.425 million.

103. The Audit held that loss occurred due to non-adherence to rules.

104. The matter was reported to the Department in August, 2012. DAC in its meeting held on 27<sup>th</sup> August, 2013, observed that Government directives regarding purchase from MCC were violated and referred the Para to PAC.

**DEPARTMENTAL VERSION**

105. The institution had floated tenders for the purchase of medicine, surgical disposable & dressing cotton as practiced since the year 2001. All such items which are not approved by the Govt. MCC have been always being purchased in bulk through the purchase committee of the hospital, whereas the items for which the Govt. MCC rates become available the institution had always gone for the comparatively lower rate items of the hospital Vs MCC.

106. Similarly in the year 2011-12 the purchases were made from July 2011 to 29<sup>th</sup> March 2012 on the same principle of following the lowest rates irrespective of the fact whether it was from MCC or LRH rates because in both the cases the sources were in Govt. approved pre-qualified ones. It was on the request of the hospital on the direction of the management council in its 48<sup>th</sup> meeting to ask for the consent of the Govt. as to why the hospital shall not go for purchase at its own level fulfilling the legal/codal formalities.

107. There have been hectic correspondence with the Govt. on the subject matter, where references were given of the LRH approved rates from the manufacturers/importers where the rates of LRH were lower than Govt. MCC rates.

108. On 2<sup>nd</sup> March 2012 the competent authority of the Govt. of KPK Health Department issued orders for immediate stoppage of the purchase at the LRH approved rates and to furnish compliance also.

109. Since this office has purchased medicines/medical equipments and dressing cotton etc at the MCC approved rates, hence no irregularities had been committed.

### **PAC RECOMMENDATION**

110. Since there was confusion in the statement of Audit and Department, the Para was therefore referred to the Sub-Committee already constituted in D.P. 11.4.42 for detailed scrutiny.

### **DP 11.4.16 LOSS DUE TO NON-IMPOSITION AND RECOVERY OF PENALTY – OF Rs. 2.722 MILLION.**

#### **AUDIT VERSION**

111. During audit of the accounts of Saidu Medical College Swat, for the financial years 2010-12, it was noticed that the supplier had failed to supply the equipment costing Rs.54.444 million as per time schedule provided in the NIT. Neither 5% penalty amounting to Rs. 2.722 million was imposed nor recovered from the supplier resulting into loss to the Government.

112. The Audit held that loss was occurred due to non observance of condition of the NIT.

113. The matter was reported to the Management in October, 2012. DAC in its meeting held on 08<sup>th</sup> November, 2013, directed to recover the amount. Further progress was however, not reported till the finalization of the report.

#### **DEPARTMENTAL VERSION**

114. The Department explained that:-

- (i) the statement regarding S.Nos.24,26,32,33,39,40,42,43 and 46 was incorrect, as the supply was made by those firms within two months.
- (ii) the period of supply has not been correctly considered in imposing penalty.
- (iii) the period for the supply of equipment was placed in the tender condition less than the authorization period of the Procurement Rules-2003 to ensure complete supply well in time and within the relevant financial year. Keeping the present day law and order situation in the area as all the supplies were not so late to impose penalty on it.

115. The Law and Order situation of Swat District especially in those days were critical and worst. Most of the times, due to imposition of curfew



supply of some of the items was affected. However, the supply of all the remaining items had been completed within the financial year.

### **PAC RECOMMENDATION**

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

### **DP 11.4.17 LOSS DUE TO IGNORING THE LOWEST RATE - Rs. 1.806 MILLION.**

### **AUDIT VERSION**

117. During audit of the accounts of the Vice Chancellor Khyber Medical University Peshawar, for the financial year 2011-12, it was noticed that an amount of Rs.4.00 million was incurred on purchase of real time PCR from M/S Analytical Measuring System by ignoring the rate of Rs.2.194 million quoted by M/S Diagnostics Technologies resulting into loss. The record revealed that order for the supply of Real Time PCR with the tender cost of Rs.2.194 million was placed to M/S Diagnostics Technologies vide supply order dated 27.08.2011 which was held in abeyance and subsequently withdrawn on the plea that funds were not available despite the fact that sufficient funds were available. Purchases at higher rate resulted into a loss of Rs.1.806 million to the University.

118. The Audit held that loss occurred due to ignoring the lowest rate and violation of Para 144 & 145 of GFR Vol-I.

119. The matter was reported to the Department in March, 2013. DAC in its meeting held on 24<sup>th</sup> Dec, 2013, directed to provide complete record for verification within a week. Further progress was however, not reported till the finalization of the report.

### **DEPARTMENTAL VERSION**

120. The Department explained that on the recommendation of Khyber Medical University Purchase Committee on 27.08.2011, order was placed to M/S Diagnostic Technologies for supply of Real Time PCR for amounting to Rs.2.194 million. Later on in a meeting held on 15.09.2011 chaired by Vice Chancellor, the Director IBMS pointed out that some of the items including Real Time PCR for which supply order had already been placed would not meet the relevant requirements and it was further added that they were in need for Real Time PCR System which had the feature of Analysis Software with five dyes. The Vice Chancellor agreed with Director IBMS and directed to cancel supply order which was already placed. Then the supply order was cancelled on 10.10.2011 and the equipment was re-advertised on 03.01.2012. The Purchase Committee

recommended to purchase the PCR Model No.7500 specified for HID in line of recommendation of Technical Committee and end user requirements.

121. In line of DAC recommendation, time and again letters to verify the record have been sent to Director General Audit, Khyber Pakhtunkhwa, however no person has yet been deputed and record was still not verified.

122. During the meeting, the Department told that the tender/supply order was withdrawn on the pretext that sufficient funds were not available, which was wrong. Actually software amounting to Rs.1.9 million was not asked for in the tender as without the requisite software, the PCR was useless that's why the equipment alongwith software was re-advertised.

### **PAC RECOMMENDATION**

123. The Para was clubbed with DP 11.4.14 and referred to the Sub-Committee already constituted.

### **DP 11.4.18 LOSS DUE TONON RECOVERY OF STAMP DUTY – Rs. 1.731 MILLION.**

### **AUDIT VERSION**

124. During audit of the accounts of Chief Executive of Hayatabad Medical Complex Peshawar, for the financial year 2010-11, it was noticed that an expenditure of Rs.173.104 million was incurred on the purchase of various store items, however, stamp duty @ 1% amounting to Rs.1.731 million was not deducted from the bills of the suppliers resulting into loss to Government.

125. The Audit held that loss was occurred due to financial mismanagement. The matter was reported to the Department in July, 2011. DAC in its meeting held on 16<sup>th</sup> July, 2013, directed to recover the loss. Further progress was however, not reported till the finalization of the report.

### **DEPARTMENTAL VERSION**

126. The Department explained that an amount of Rs. 471,455/- had been made from the suppliers bills. Moreover, during process of recovery of 1% stamp duty, Suppliers/Contractors provided the exemption certificate/letter No. AS(S) 240/E/9974-10047 dated 30.04.2012 which clarified that no agreement to the contrary had been entered between the parties in respect of purchase property, then stamp duty was to be paid by the purchaser, irrespective of the fact that the purchaser was Government Department and liability to pay stamp duty came upon the Government Department being purchaser of the property of stamp duty.

### **PAC OBSERVATION**

127. The Committee wanted to know that in view of Stamp Act, 1899 whether 01% duty was supposed to be recovered from Supplier or Purchaser. The opinion of the Law Department annexed with Working Paper was vague, which needed clarity.

### **PAC RECOMMENDATION**

128. In view of the above observation, the Committee directed the Audit, Law, Revenue, Finance and Health Departments to sit together and to come up with clear version so as to decide the case fairly.

129. Para stands till final opinion of the above forum.

### **DP 11.4.19 LOSS DUE TO ACCEPTANCE OF HIGHER RATES - Rs.1.431 MILLION.**

### **AUDIT VERSION**

130. During audit of the accounts of Chief Executive Lady Reading Hospital Peshawar, for the financial year 2011-12, it was noticed that various articles for the Dialysis Unit were purchased at higher rates and lowest were ignored without any reason, resulting into loss of Rs. 1.431 million.

131. The Audit held that loss was occurred due to violation of rules.

132. The matter was reported to the Department in August, 2012. DAC in its meeting held on August, 2013, directed the Department that record may be provided for verification to audit within 15 days. Further progress was however, not reported till finalization of the report.

### **DEPARTMENTAL VERSION**

133. It was clearly mentioned in the NIT terms and conditions that samples of the required items should be produced by the bidder on the date of selection/meeting for testing/trial and in case of failure, the tender of the firm will not be considered.

134. In light of above referred condition the firms who have not submitted samples of dialyzer was rejected by the purchase committee. The rates of Rs.1400/- for double lumen catheter quoted by two firms was rejected due to non-supply of samples by one firm whereas the sample of other firm was declared sub-standard by the purchase committee.

### **PAC OBSERVATION**

135. The Committee observed that Pre-PAC meeting was not held, rather the PAC forum was misled by the Department/Hospital Authorities by saying that the Para was discussed in the Pre-PAC meeting.

### **PAC RECOMMENDATION**

136. The Para was referred to the Sub-Committee already constituted in D.P. 11.4.42. The Department was directed that before coming to Sub-Committee, the issues be sorted out in Pre-PAC meeting so as to facilitate the job of Sub-Committee.

137. The Department was further directed to take necessary action against the dealing hands, who attempted to deceive the PAC.

### **DP 11.4.20 LOSS DUE TO PURCHASE OF MEDICINE ON HIGHER RATES – Rs. 1.424 MILLION.**

### **AUDIT VERSION**

138. During audit of accounts of M.S Saidu Group of Teaching Hospitals Swat for the financial year 2011-12, it was noticed that a sum of Rs. 1.890 million was shown paid to M/S Medisave Pharma for the supply of 10,000 each injection Ceftizoxime 1gm @ Rs.120 per injection and 500mg @ Rs.69/- per injection during May, 2012. Previously, the same injections were purchased from M/S Astellas Pharmaceuticals during Feb, 2012 @ Rs.27.57 and Rs.19.93 respectively, despite the fact that sufficient quantity was available on stock. Purchases were made by 300% higher rates, which resulted into loss to Government.

139. The Audit held that loss was occurred due weak financial management and violation of Para-23 of GFR.

140. The matter was reported to the Department in October, 2012. DAC in its meeting held on 2<sup>nd</sup> Dec, 2013, directed the Department to conduct inquiry and submit report within 15 days. Further progress was however, not reported till the finalization of the report.

### **DEPARTMENTAL VERSION**

141. The Department explained that Inj. Ceftizoxime 1 gm and 500 mg (Mifozox) placed at Sr. No. 38 and 37 of MCC list 2011-12 had been purchased on the demand of user units by the recommendation of Purchase Committee.

142. Further, the stock position of the said inj was nil on 17/11/2012 & 22/12/2012 respectively which could be verified for ready reference.

143. During the meeting, the Director General Audit categorically admitted that the Para was not based on correct evidence.

### **PAC OBSERVATION**

144. The reply of the Department advanced during the meeting was quite justified as medicines taken into account by the Audit were different from the one available in the stock. The Committee observed that if the Department had advanced the present justification to DAC, the para would have been easily settled. It was apprehended that DAC has not been taken seriously therefore an incorrect decision of conducting enquiry was made.

### **PAC RECOMMENDATION**

145. The explanation of the Department was found plausible, hence the Para was recommended to be settled. The Committee, in view of the version advanced by the Audit, directed that Departmental action be taken against the concerned Audit Officer who had framed wrong Para. Moreover role of the DAC should be strengthened and its proceedings should be seriously conducted, as this forum is to assist the PAC in reaching a just decision.

### **DP 11.4.21 LOSS DUE TO ACCEPTANCE OF HIGHER RATES – Rs.1.301 MILLION.**

### **AUDIT VERSION**

146. During audit of the accounts of Chief Executive Khyber Teaching Hospital Peshawar, for the financial year 2011-12, it was noticed that an expenditure of Rs.3.650 million was incurred on the purchase of Video Bronchoscope system from M/S M.M. & Co. The lowest rate of Rs.2.349 million offered by M/S Allmed Solution was rejected on the very flimsy grounds that the equipment was not demonstrated not auto clavable and not compatible with the existing equipment. Ignoring the lowest rate resulted in a loss of Rs.1.301 million.

147. The Audit held that loss occurred due to non-observance of rules and violation of Para 23 of GFR Vol-I.

148. The matter was reported to the Department in October, 2012. DAC in its meeting held on 26<sup>th</sup> September, 2013, directed the Department to produce

relevant record to audit for verification within 15 days. Further progress was, however, not reported till finalization of the report.

### **DEPARTMENTAL VERSION**

149. The Department explained that the video Bronchoscope System was purchased on lowest rates basis on the recommendation of end user and as per required specification detailed:-

1. M/S M.M.& CO.
  - a) Actera Bronchovideoscope Model BF-IT 150 @ Rs.17,55,000/-
  - b) Video System Center Model CV-150 @Rs.17,50,000/-
  - c) Compatible LED Color TV/Monitor 12" @Rs.35,000/-
  - d) PC Base Recording and Editing System with Colour Desk Jet Printer. @Rs.60,000/-
  - e) VIVA-3+ (Smart) Local Auto Disinfector @Rs.4,00,000/-
  - f) Video Trolley (local) @Rs.60,000/-

Total Price Rs.40,60,000/-  
Negotiated Price Rs.36,50,000/-

2. M/S NEUCON (PRIVATE) LTD:-
  - 1) Video Bronchoscope Set PAL including a mounted Suction Device 11900AE @ Rs.25,16,550/-
  - 2) ELE Pack PAL Endoscopic CCU Video Unit. @ Rs.17,02,650/-

Total Price: 42,19,200/-

3. M/S ALLMED SOLUTIONS
  - 1) Video Bronchoscope Model 11900BP 20043012-020 TELE Pack PAL @ Rs. 23,48,780/-
  - 2) Endoscopic CCU Video Unit @Rs. 15,89,140/-

Total Price: Rs.39,37,920/-

150. During posting auditing of the record, the price of main unit viz Rs.25,16,550/- and Rs.23,48,780/- were picked up for comparison for prices whereas the video system offered by all the above three firms was ignored. The following comparison of prices was submitted as under:-

#### **S.No. Description of items**

S.No.	Description of items	M/S M.M. & CO.	M/S Neucon.	M/S Allmed.
1.	Bronscope			
2.	Rs. 17,55,000/-		Rs.25,16,550/-	Rs. 23,48,780/-
3.	Video System			

4.	<u>Rs.17,50,000/-</u>	<u>Rs.17,02,650/-</u>	<u>Rs. 15,89,140/-</u>
Total:	Rs.35,05,000/	Rs.42,19,200/-	Rs.39,37,920/-

151. Since the equipment offered by M.M. & CO was compatible with the existing equipment, therefore, compatible TV Monitor, Recording and Editing System, local Auto Dis-infecter and video trolley were also purchased as prescribed in Table –A. These facilities made the system completely comprehensive for better diagnostic, therapeutic and teaching results being a teaching hospital. The 02 offers of M/S Neucon and Allmed were thoroughly examined and rejected on the following grounds by the Committee:-

- 1) Compatibility with the existing equipment which was essential and unavoidable.
- 2) Non-availability of sterilization equipment being necessary components.
- 3) Failure of the firms for demonstrating the equipment for checking suitability of the equipment with the needs of the end user.

152. The selected firm had supplied 36 bushes, Camera head, colour laser jet printers which had been properly entered in the stock register.

153. As per written statement of Senior Registrar Pulmonology Unit, the M/S Endo Kare Company had provided us 21” LCD but it was not working properly. So they promised to replace the 17” LCD with 21” LCD soon, which they had provided. Moreover, the simple printer was replaced by colour printer.

154. In the DAC meeting, the Audit Department agreed with the explanation of the Department and directed to provide attested copies of the minutes of Purchase Committee which were provided with the minutes of the DAC meeting.

### **PAC RECOMMENDATION**

155. The Director General Audit admitted that the Para was framed by the Audit Officer without any documentary proof. The explanation of the Department was found plausible, hence the Para was recommended to be settled with the direction to the Director General Audit to initiate appropriate action against the concerned Audit Officer.

### **DP 11.4.22 LOSS DUE TO EXPIRY OF MEDICINES - RS. 1.260 MILLION.**

### **AUDIT VERSION**

156. During audit of the accounts of District Head Quarter Hospital Dera Ismail Khan, for the year 2012-13, it was noticed from the scrutiny of the Stock Register that medicines valuing Rs.1.260 million were expired. The medicines

purchased were over the required need and were short shelf life. Expiry of the medicines resulted in loss of Rs.1.260 million.

157. The Audit held that loss occurred due to negligence and weak supervisory control and violation of Para-23 of GFR volume-I.

158. The matter was reported to the Department in Oct, 2013, followed by reminders dated 29.11.2013 to convene DAC meeting which was not arranged till finalization of the report.

### **DEPARTMENTAL VERSION**

159. The Department explained that the medicines were purchased in the year 2010-11 pointed out by Mr. Khalid Zaman Store Keeper DHQT Hospital D.I.Khan vide his application dated 14-07-2012.

160. At the time Dr. Misal Khan Bittani was Medical Superintendent and Nazir Hussain Dispenser was working as Store Keeper. On transfer from the seats, they took away the record of store of period of their posting.

161. Nazir Hussain Store Keeper was repeatedly asked through letter No.6736-39/PF dated 16-09-2011 and No.6997-99/PF dated 22-09-2011 to handover all the relevant record i.e. Stock registers, vouchers, supply orders, contingent bills regarding purchase of medicine, disposables etc to the then DMS (Store) Dr. Azizullah. Despite repeated reminders he failed to provide the record.

162. Both Dr. Missal Khan and Nazir Hussain Dispenser were facing many enquiries regarding corruption and loss to the Government exchequer. Resultantly both of them were removed from services with recovery of Rs.18.758 million and 17.411 million respectively vide Health Department Notification No.SOH(E-V)2-161/2007 dated 27-02-2013.

### **PAC RECOMMENDATION**

163. After detailed discussion on the subject Para, the Committee recommended to affect complete recovery from the responsible(s) according to the Health Department Notification No.SOH(E.V)2-16/2007 dated 27-02-2013 within a period of two (02) months.

### **DP 11.4.23 LOSS DUE TO PURCHASE AT HIGHER RATES – Rs.1.092 MILLION.**

### **AUDIT VERSION**

164. During audit of the accounts of Principal Gomal Medical College DIKhan, for the financial year 2010-11, it was noticed that an expenditure of Rs.5.195 million was incurred on the purchase of 3 generators (27 KVA) with



installation charges from M/S Mediline Peshawar. The rate of Rs.1.444 million per generator with imported canopy was accepted and the lowest rates of Rs.1.080 million offered by M/S Lakha Trading Corporation Peshawar were ignored on the plea that it has local made canopy. However, the supplier also provided a local made canopy with generators. Thus ignoring the lowest rate resulted into a loss of Rs.1.092 million.

165. The Audit held that loss occurred due to negligence and weak supervisory control and violation of Para 144 & 145 of GFR Vol-I.

166. The matter was reported to the Department in March, 2012. DAC in its meeting held on 25<sup>th</sup> Feb, 2013, directed the Department to submit record to audit for verification. Further progress was, however, not reported till finalization of the report

### **DEPARTMENTAL VERSION**

167. The Department explained that the original bid documents were processed at Peshawar and not by Principal office. The rates were approved by the Purchase Committee duly signed by all concerned. However, at the time of inspection by the Sub-Committee it was feared that the canopy was local made. But respective "Learned Engineer" of the said Sub-Committee after its verification from shipment documents and other materials, submitted its satisfactory report alongwith Technical Evaluation Report.

168. The relevant record could be shown to PAC. No loss seemed to have been sustained to Government in view of quality basis as approved by the Purchase Committee including Chairman viz Secretary Health Government of Khyber Pakhtunkhwa.

169. During the meeting, the Department explained that total ten (10) Generators were purchased for different seven (07) Medical Colleges and centralized purchase was made in Peshawar.

### **PAC RECOMMENDATION**

170. The Committee could not reach to a just and fair conclusion, therefore, the Para was referred to the Sub-committee already constituted in D.P. 11.4.11 for detailed scrutiny of record and inspection of Generator (s), if required, as two (02) different models of Generator were observed i.e. Model P-27 and P-25.

**DP 11.4.24 LOSS TO THE INSTITUTION DUE TO ACCEPTANCE OF HIGHER RATES - Rs.1.006 MILLION.**

### **AUDIT VERSION**

171. During audit of the accounts of Chief Executive Lady Reading Hospital Peshawar, for the financial year 2011-12, it was noticed that 40 Air Conditioners were purchased from M/S AYS Electronics at the rate of Rs.65,500/- and lowest rate of Rs.40,340/- quoted by the same supplier was ignored without any reason, resulting into loss of Rs.1.006 million.

172. The Audit held that loss was occurred due to violation of rules.

173. The matter was reported to the Department in August, 2012. DAC in its meeting held on August, 2013, directed the Department that record may be provided for verification to audit within 15 days. Further progress was however, not reported till finalization of the report.

#### **DEPARTMENTAL VERSION**

174. Initially the purchase committee approved the lowest rate of Rs.35,934/- for Success Brand Air conditioners with the condition that the firm will install one A.C on trial basis. The firm installed the Success Brand A.C but the same could not work properly and the same was replaced by another unit which also did not work. So the committee decided to go for quality and heavy duty A.C's for hospital & observed that the other local brand A.C's did not meet requirements of the hospital

175. Thus the purchase was made on the basis of quality in the interest of hospital and patient care.

#### **PAC RECOMMENDATION**

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

#### **DP 11.4.25 NON RECOVERY OF 10% SHARE OF MRI - Rs.4.12 MILLION.**

#### **AUDIT VERSION**

177. During audit of the accounts of Chief Executive of Ayub Teaching Hospital Abbottabad for the financial year 2009-10, it was noticed that an agreement was executed between the Chief Executive and Dr. Manzoor Ejaz for installation and operation of MRI System in the premises of the Institute. 10% share of the Institution amounting to Rs.4.12 million was not recovered from the 2<sup>nd</sup> party.

178. The Audit held that non-recovery was due to violation of contract agreement.

179. The matter was reported to the Department in April, 2011, DAC in its meeting held on 21<sup>st</sup> Dec, 2013, directed the Department to recover the amount. Further progress was however, not reported till the finalization of the report.

### **DEPARTMENTAL VERSION**

180. The Department explained that the entire amount had been recovered from the contractor.

### **Present status**

181. The details of reconciled amount with treasury were as under:-

The total number of scans at our facility from September,06 to 31<sup>st</sup> May, 2011 were 10493 and the total revenue collected was Rs. 46,670,550/-.

10% Government share recoverable was Rs. 4,667, 055/-.

The amount had duly been recovered from the contractor and deposited in Treasury account vide challan No.98 dated 11.07.2011.

182. The interest could not be recovered from the contractor as the case was in the Court of Law during the period. The details of the case were as under:-

The agreement between AMI and M/S Aero Tech was executed on 22/2/2006 after the approval of Management Council regarding installation of MRI machine within the premises of institution for a period of ten (10) years.

Subsequently, the Government of Khyber Pakhtunkhwa, Health Department vide No.S.O (B)HD/Misc/2006 dated 02-06-2006 objected the said agreement and directed for cancellation of same. In compliance with Health Department letter No.6602-03 dated 06-06-2006 was issued to firm by the M.S. ATH to stop the work on MRI.

In response to this office letter the contractor filed Civil Suit No.189/1 on 15-09-2006 against the closure of MRI in the Court of Civil Judge-I Abbotabad. After contested the case by the

Department, the degree was issued in favour of Aero Tech and order announced on 20-11-2009.

The ATH lodged an appeal No.01/13 before District Judge Abbottabad on 21-01-2010 against above decision. The learned District and Session Judge Abbottabad announced the decision on 3-3-2010 with the direction that both the parties should submit their grievances in Management Council AMI as per relevant clause of agreement.

M/S Aero Tech did not agree with the same and filed the Civil Review Petition No.114/10 in Peshawar High Court Abbottabad Bench by challenging the decision of District and Session Judge Abbottabad. The High Court accepted the appeal, set aside the impugned judgment of the appellate court and sent back the matter to the appellate Court for deciding the appeal on merit. Upon referring of the case from High Court to the District and Session Judge Abbottabad the following proceeding took place:

- i. The contractor paid 10% Government share w.e.f. 17.09.2006 to 31.05.2011 amounting to Rs.46,67,055/-.
- ii. The matter was patched up between the parties.

183. The appeal was dismissed as withdrawn.

#### **PAC RECOMMENDATION**

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

#### **DP 11.4.26 NON DEPOSIT OF USER CHARGES – Rs. 3.977 MILLION.**

#### **AUDIT VERSION**

185. During audit of the accounts of Chief Executive Hayatabad Medical Complex Peshawar, for the financial year 2010-11, it was noticed that an amount of Rs.55.739 million was realized as user charges from various units of the institution. Out of which an amount of Rs.51.762 million was deposited in the Reserve Fund, Research & Training and Revolving Fund accounts of the institution. The remaining amount of Rs.3.977 million was not deposited.

186. The Audit held that non deposit was due to financial mismanagement and violation to Para 26 of GFR Vol.I.

187. The matter was reported to the Department in July, 2011. DAC in its meeting held on 16<sup>th</sup> July, 2013, directed the Department to recover the amount from the person (s) at fault within 30 days. Further progress was however, not reported till the finalization of the report.

### **DEPARTMENTAL VERSION**

188. The Department explained that the Inquiry Committee had conducted the inquiry and as per conclusion/recommendation of the Inquiry Committee, the matter was subjudice and the inquiry proceedings were held in abeyance till the Court decision.

189. Moreover, on 27.09.2014 the Honorable High Court Peshawar (Mingora Branch Swat) dismissed the petition. The institution made various correspondence to Ex-Almoner regarding submission of original record in his custody and submission of replies to the Audit Paras related to his period but neither the Ex-almoner provided the record nor submitted the replies for the Audit Paras. The institution was left with no option than taking legal action against him.

### **PAC OBSERVATION**

190. The Committee observed that no supervisory role was played by the concerned authority. Moreover, decision of the Court dated 14/09/2011 was not implemented despite the fact that application of the petitioner for interim relief was rejected by the Peshawar High Court, Peshawar on 24/09/2014.

### **PAC RECOMMENDATION**

191. The Committee referred the Para to the Sub-Committee consisting the following:-

- |    |                                   |          |
|----|-----------------------------------|----------|
| 1. | Mr. Qurban Ali Khan, MPA          | Chairman |
| 2. | Syed Muhammad Ali Shah Bacha, MPA | Member   |
| 3. | Mr. Muhammad Idress, MPA          | Member   |
| 4. | Mr. Mehmood Jan Khan, MPA         | Member   |

192. The Committee will examine as to how an official record was taken by one person, what efforts had been made by the Department? Why the Accountant General had not taken action against the said officer on the complaint of Health Department and why was he allowed safe exit.

193. The quorum for the meeting will be two. The Sub-Committee will submit its report to the PAC within (02) months.

**DP 11.4.27 NON-RECOVERY OF RENT OF PHARMACY SHOP - Rs. 3.927 MILLION.**

**AUDIT VERSION**

194. During audit of the accounts of Chief Executive of Ayub Teaching Hospital Abbottabad, for the financial year 2009-10, it was noticed that Pharmacy Shop situated in the premises of Hospital was allotted a contractor @ Rs.7,40,000/- per month. Only a sum of Rs.4.953 million was deposited into Reserved Fund of the hospital against the due amount of Rs.8.880 million, which resulted in non-recovery of Rs.3.927 million.

195. The Audit held that non-recovery occurred due to weak financial management and violation of the rules referred to above.

196. The matter was reported to the Department in April, 2011, DAC in its meeting held on 21<sup>st</sup> Feb, 2013, directed the Department to provide the enquiry report of Provincial Inspection Team and action taken thereon. Further progress was, however, not reported till finalization of the report.

**DEPARTMENTAL VERSION**

197. The Department explained that the contract of pharmacy shop was awarded to M/S Zia Bros on monthly rent of Rs.7,04,000/- per month while the Audit Party had taken wrong figure as Rs.7,40,000/-. Secondly the Audit calculated the amount for 12 months @ Rs.7,40,000/- instead of 7,04,000/- per month.

198. As the contract was terminated on 05-12-2009, therefore, the rent was applicable for 5 months (i.e 01.07.09 to 05.12.09). The actual amount payable by the contractor during the contract period had been deposited by the contractor as detailed below:-

Month	Challan No & Dated	Deposited Amount
July 2009	91 dated 14.09.09	2,00,000/-
August	69 dated	7,60,000/-

2009	2.10.09	
September 09	12 dated 05.09.09	20,00,000/-
September 2009	113 dated November 2009	50,000/-
December 2009	143 dated 02.02.2010	19,42,874/-
		<b>49,52,874/-</b>

199. Keeping in view the above, no amount was outstanding against the contractor till completion of contract.

#### **Present status**

200. The decision of the Provincial Inspection Team against the then Chief Executive is as under:-

“the allegation 1(f) also proved to the extent that pursuance to the orders of the then Chief Executive the pharmacy of the hospital remained closed for more than 10 months causing financial loss to the institution and deprived the ailing community from such a facility”.

201. The Health Department referred the case to Auditor General of Pakistan for necessary action vide letter No.SOE-H/HD/11-321/2011 dated 30.04.2011.

202. The institution was not in position to take action against the officer as he was on deputation from Federal Government.

#### **PAC RECOMMENDATION**

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

#### **DP 11.4.28 NON-DEPOSIT OF RECEIPT – Rs. 2.384 MILLION.**

#### **AUDIT VERSION**

204. During audit of the account of the Chief Executive Hayatabad Medical Complex for the financial year 2011-12, it was noticed that an amount of

Rs. 2.984 million was realized on account of HCV/HBS procedure through microbiology Laboratory/Blood Bank during the period from 7/2011 to 4/2012, however the amount was not deposited into the fund of the hospital, resulted into non-deposit of receipts.

205. The Audit held that non deposit occurred due to weak financial management and violation to Para-26 of GFR.

206. The matter was reported to the Department in January 2013. DAC in its meeting held on 17<sup>th</sup> July, 2013, directed to produce the relevant record for verification. Further progress was however, not reported till finalization of the report.

### **DEPARTMENTAL VERSION**

207. The Department explained that an amount of Rs 2.384 million had been transferred to the proper head of account No 1762 i.e. revolving fund.

### **PAC RECOMMENDATION**

208. The Committee after detailed discussion could not reach to a just and fair decision, therefore, the Para was clubbed with DP 11.4.26 and referred to the Sub-Committee already constituted.

### **DP 11.4.29 NON-RECOVERY ON ACCOUNT OF RENT OF CANTEEN - RS. 1.575 MILLION.**

### **AUDIT VERSION**

209. During audit of the accounts of Chief Executive of Ayub Teaching Hospital Abbottabad for the financial year 2009-10, it was noticed that the contract of Main Canteen was awarded to the contractor, Muhammad Fayaz S/O Ghulam Rabani at a monthly rent of Rs.2,40,100/-. The contractor has deposited Rs.1.785 million for the period May, 2009 to June, 2010. Thus Rs.1.575 million remained un-recovered.

210. The Audit held that non-recovery occurred due to weak internal control and violation of the rules.

211. The matter was reported to the Department in April, 2011, DAC in its meeting held on 21<sup>st</sup> Feb, 2013, directed the Department to conduct enquiry within one month. Further progress was however, not reported till finalization of the report.

### **DEPARTMENTAL VERSION**



212. The Department explained that the duration of the contract was from July, 2009 to 21<sup>st</sup> December, 2009 whereas the amount was calculated on the basis of annual income. The original amount equal to contract period was rightly deposited by the contractor.

### **Present status**

213. The Departmental enquiry has been conducted. The finding of the Enquiry Report is as under:-

- i. In the Audit Para the Audit Party pointed out that the rent of M/S Fayaz was due from May 2009 but the contractor took over the charge in July 2009 hence the rent is due from July.
- ii. According to figures taken by the Audit, the rent was shown deposited as Rs.17,85,000/- but as shown in accounts statement a sum of Rs.34,17,274/- in the relevant period wherein the security deposit of M/S Zain ullah is laying in security account.

214. An amount of Rs.34,17,274/- has been recovered against Rs.33,60,000 as mentioned by Audit .

### **PAC RECOMMENDATION**

215. The Para was recommended to be settled subject to verification of recovered amount by Verification of Record Committee.

### **DP 11.4.30 NON RECOVERY OF OUTSTANDING FEES-Rs.1.427 MILLION.**

#### **AUDIT VERSION**

216. During audit of the accounts of Vice Chancellor Khyber Medical University Peshawar for the financial year 2011-12, it was noticed that an amount of Rs.1.427 million was outstanding against 37 students of different disciplines/programs. No strenuous efforts for its recovery were made, resulting into non recovery of outstanding dues amounting to Rs.1.427 million.

217. The Audit held that non recovery was occurred due to financial mismanagement and violation to Para-26 of GFR Vol-I.

218. The matter was reported to the University in March, 2013. DAC in its meeting held on 24<sup>th</sup> Dec, 2013, directed to produce record for verification within 15 days. Further, progress was however, not reported till finalization of the report.

#### **DEPARTMENTAL VERSION**

219. The Department explained that upon the struck off notification, fee of Rs.10,00,473/- had been deposited by students and accordingly they had been

reinstated . Rest of the students who had not deposited their fee had permanently been struck-off from the roll of the University.

220. In line of DAC recommendation, time and again letters to verify the record have been sent to Director General Audit, Khyber Pakhtunkhwa, however no person has yet been deputed and record was still not verified.

### **PAC RECOMMENDATION**

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

### **DP 11.4.31 NON DEPOSIT OF USER CHARGES – Rs.1.421 MILLION.**

### **AUDIT VERSION**

222. During audit of the accounts of Chief Executive Hayatabad Medical Complex Peshawar, for the financial year 2010-11, it was noticed that a sum of Rs.63.420 million was received as user charges by the institution, however, the cash book and treasury challans revealed that Rs.61.999 million had been deposited while the remaining amount of Rs.1.421 million was not deposited.

223. The Audit held that non deposit was due to financial mismanagement and violation to Para 26 of GFR Vol.I.

224. The matter was reported to the Department in July, 2011. DAC in its meeting held on 16<sup>th</sup> July, 2013, directed to recover the amount from the person (s) at fault within 30 days. Further progress was however, not reported till the finalization of the report.

### **DEPARTMENTAL VERSION**

225. The Department explained that the Inquiry Committee had conducted the inquiry and as per conclusion/ recommendation of the Inquiry Committee, the matter was being subjudice and the inquiry proceedings held in abeyance till the Court decision.

226. Moreover, on 27.09.2014 the Honorable High Court Peshawar (Mingora Branch Swat) dismissed the petition. The institution made various correspondence to Ex-Almoner regarding submission of original record in his custody and submission of replies to the Audit Paras related to his period but neither the Ex-almoner provided the record nor submitted the replies for the Audit Paras. The institution left no option instead lodging of FIR against him.

### **PAC RECOMMENDATION**

227. The Committee could not reach to a just and fair decision, therefore, the Para was clubbed with DP 11.4.26 and referred to the Sub-Committee already constituted.

**DP 11.4.32 UNAUTHORIZED EXPENDITURE ON FOREIGN TRAINING – Rs. 20.975 MILLION.**

**AUDIT VERSION**

228. During audit of the accounts of Vice Chancellor Khyber Medical University Peshawar, for the financial year 2011-12, it was noticed that an expenditure of Rs. 20.975 million was incurred on the foreign studies of scholars in the disciplines not provided in the PC-1, resulting into unauthorized expenditure of Rs.20.975 million

229. The Audit held that unauthorized expenditure was due to violation of PC-1.

230. The matter was reported to the University in March, 2013. DAC in its meeting held on 24<sup>th</sup> Dec, 2013, did not decide the fate of observation till the revision of the PC-1. Further progress was, however, not reported till finalization of the report.

**DEPARTMENTAL VERSION**

231. The Department explained that KMU was established in 2007 under the Khyber Medical University Act 2006 (N.W.F.P Act No.1 of 2007) with five public sector medical/ dental colleges/ institutes as its constituents units but due to the amendments in KMU Act in 2006, these Colleges / Institutes were reverted back to Health Department Khyber Pakhtunkhwa. So in the new scenario KMU had to change the specialty for Ph.D. scholars. In that regard the Higher Education Commission Islamabad was requested to revise the specialty. The HEC has accepted the proposal. The new specialty had also been incorporated in the revised PC-1 which had duly been approved by the CDWP.

232. In line of DAC recommendation, time and again letters to verify the record have been sent to Director General Audit, Khyber Pakhtunkhwa, however no person had yet been deputed and record was still not verified.

**PAC RECOMMENDATION**

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

**DP 11.4.33 UNAUTHORIZED PAYMENT OF BASIC SCIENCE AND SPECIAL ALLOWANCE WORTH Rs. 8.118 MILLION**

**AUDIT VERSION**

234. During audit of the accounts of Vice Chancellor Khyber Medical University Peshawar, for the financial year 2011-12, it was noticed that an

amount of Rs.8.118 million was allowed to the employees as Basic Science and Special Allowance who were not entitled, resulting into unauthorized payment of Rs.8.118 million.

235. The Audit held that unauthorized payment was due to violation of rules.

236. The matter was reported to the University in March, 2013. DAC in its meeting held on 24<sup>th</sup> Dec, 2013, directed that opinion of Finance Department be obtained within one week. Further progress was, however, not reported till finalization of the report.

### **DEPARTMENTAL VERSION**

237. The Department explained that all the Public & Private Medical Colleges have the Department of Community Medicine and all faculty working were declared as teaching faculty and were eligible for teaching and basic sciences allowance permissible by the Government.

238. The text book widely used describing the nomenclature, Public Health and Community Medicine was one and the same thing and used interchangeably.

239. All the staff working in the community medicine or Public Health bear the same qualification (Both Basic Medical & Post Graduation) and making them eligible not only for allowance but for the purpose of promotion also.

240. The said allowance was also admissible to the Faculty of the Department of Community Medicine at Khyber Girls Medical College.

241. As per section (2) of the Khyber Medical University Employees Pay Scales Statutes 2008 whereas it had mentioned that“ the running pay scales of the Government of North-West Frontier Province along with all perks and privileges admissible therewith, shall mutatis mutandis be applicable to all employees of Khyber Medical University according to their corresponding scales”. In light of these statutes the faculty of IPH&SS was also entitled for the said allowance.

242. The admissibility of the said allowance has also been cleared by the Resident Assistant Director from the Local Fund Audit Department, Khyber Pakhtunkhwa.

243. In line of DAC recommendation, time and again letters to verify the record have been sent to Director General Audit, Khyber Pakhtunkhwa, however no person had yet been deputed and record was still not verified.

### **PAC RECOMMENDATION**

244. The Department produced a copy of the Gazette of Pakistan Notification dated 18-07-2011 wherein Community Medicine and Public Health were enlisted in the basic subjects for postgraduate studies by PM&DC. Moreover, the Department obtained approval of Special Allowances from the Senate and Syndicate of the University and duly endorsed by the Audit, hence the Para was recommended to be settled.

**DP 11.4.34 UNAUTHORIZED RETENTION OF INCOME TAX & STAMP DUTY - Rs. 7.051 MILLION.**

**AUDIT VERSION**

245. During audit of the accounts of Chief Executive of Ayub Teaching Hospital Abbottabad, for the financial year 2009-10, it was noticed that a sum of Rs.11.568 million was deducted from various contractors on account of Income Tax, out of which a sum of Rs.6.837 million was credited to Income Tax Department and the remaining amount of Rs.4.731 million was un-authorizedly retained by the Institution. Further, a sum of Rs.2.445 million was deducted from various contractors on account of stamp duty, out of which a sum of Rs.124,660/- was credited to Provincial Treasury and the remaining amount of Rs.2.320 million was un-authorizedly retained by the Institution.

246. The Audit held that unauthorized retention was due to financial mismanagement and violation of the rules.

247. The matter was reported to the Department in April, 2011. DAC in its meeting held on 21<sup>st</sup> Feb, 2013, directed the Department to provide the confirmation certificate from Income Tax Department and Bank reconciliation certificate and to transfer the amount to its proper head of account. Further progress was, however, not reported till finalization of the report.

**DEPARTMENTAL VERSION**

248. The Income Tax for the year 2009-10 was not totally transferred due to heavy load of work which had been transferred to Income Tax Department vide Challan No.40 dated 17-06-2011 amounting to Rs.41,25,518/-.

249. The stamp duty amounting to Rs.6,54,157/- was also deposited vide Challan No.80 dated 17-06-2011.

**Present status**

250. It was clarified that in the year 2009-10 a sum of Rs.1,26,34,648/- have been deducted as Income Tax by the Department, that have been deposited into Government Treasury as per following detail:-

Admitted by the Audit	Rs. <b>68,36,797/-</b>
Further deposited vide cheque No. 053324 dated 10.03.2010	Rs. <b>16,72,333/-</b>
Further deposited vide cheque No.095726 dated 17.06.2011	Rs. <b><u>41,25,518/-</u></b>
<b>Total</b>	<b>1,26,34,648/-</b>

251. As far as the stamp duty is concerned, a total of Rs.8,30,695/- for the year 2009-10 have been deducted and deposited into Government Treasury as per following detail:-

Admitted by audit	<b>Rs.1,24,640/-</b>
Deposited vide cheque No.053325 dated 10.03.2010	<b>Rs.51,878/-</b>
Further deposited vide cheque No 095726 dated 13.06.2011	<b><u>Rs.6,54,157/-</u></b>
Total	8,30,695/-

### **PAC RECOMMENDATION**

252. The Para was recommended to be settled subject to verification of record of deposited amount by the Verification of Record Committee.

### **DP 11.4.35 UN-AUTHORIZED DRAWAL OF CONVEYANCE ALLOWANCE - Rs. 1.161 MILLION.**

### **AUDIT VERSION**

253. During audit of accounts of M.S Saidu Group of Teaching Hospitals Swat for the financial year 2011-12, it was noticed that 39 Staff Nurses drew Conveyance Allowance despite the fact that they were provided rooms in the 2 hostels. They were not entitled to draw Conveyance Allowance which resulted in unauthorized drawl of Rs.1.161 million.

254. The Audit held unauthorized drawl occurred due to non-observance Government instruction and violation of the rules.

255. The matter was reported to the Department in October, 2012. DAC in its meeting held on 2<sup>nd</sup> Dec, 2013, directed the Department to recover the amount from the concerned staff. Further progress was however, not reported till the finalization of the report.

#### **DEPARTMENTAL VERSION**

256. The Department explained that though the hostel was situated in Central Wing, however, the Nurses performed their duties not only in Central Wing but their duties were frequently changed from Central to Saidu & Saidu to Central Wing and the deduction of Conveyance Allowance from the Nursing staff/Doctors would not be justified.

257. During the meeting, the Department told that distance between the two compounds was one (01) K.M. and the Nurses used to travel between both compounds according to their Duty Roster.

#### **PAC OBSERVATION**

258. The PAC observed that it was a delicate issue to be considered seriously as on one hand the question of violation of rules applicable to Conveyance Allowance was involved and on the other the nature of duty of the Female Nurses could not be ignored. Moreover, the Nurses were said to have been performing duties one kilometer far from the place of their residence. All such issues needed to be taken into consideration as in case of abrupt recommendation of the Committee, its impact on other such Departments would make precedence and open a flood gate for the Finance department.

#### **PAC RECOMMENDATION**

259. The Committee could not reach to a just and fair conclusion, therefore, the Para was referred to the Sub-Committee already constituted in D.P. 11.4.11 for detailed deliberation to examine all pros and cons of the issue of paying Conveyance Allowance to the Nurses performing duty either in the Hospital premises where they resided or nearby Hospital outside the premises of the Hostel.

260. Para stands. Progress be reported to PAC.

### **DP 11.4.36 EXCESS PAYMENT OF MEDICAL ALLOWANCE - Rs.2.432 MILLION.**

#### **AUDIT VERSION**

261. During audit of the accounts of Vice Chancellor Khyber Medical University Peshawar, for the financial year 2011-12 it was noticed that the employees were allowed medical allowance in excess of the rates admissible to them resulting into excess payment of Rs.2.432 million.

262. The Audit held that excess payment was due to violation of rules.

263. The matter was reported to the University in March, 2013. DAC in its meeting held on 24<sup>th</sup> Dec, 2013, directed that opinion of Finance Department be obtained within one week and relevant record be produced to audit for verification. Further, progress was however, not reported till finalization of the report.

### **DEPARTMENTAL VERSION**

264. The Department explained that the medical allowance was recommended by F&PC in its 1<sup>st</sup> meeting held on 24<sup>th</sup> July, 2008 which was approved by the Senate in its 2<sup>nd</sup> Meeting on 02.09.2008 at the following rates.

- (i) For married employees @ of 35% of the pay subject to minimum of Rs.1750/- per month and maximum of Rs.3500/per month.
- (ii) For un-married employees @ of 17.5% of the pay subject to minimum of Rs.875/- per month and maximum of Rs.1750/- per month.

265. It was further clarified that Government of Khyber Pakhtunkhwa vide letter No. FD(PRC)1-1/2010 dated 15<sup>th</sup> July 2010 allowed medical allowance to BPS-17 to BPS-22, with effect from 01-07-2010 in lieu of outdoor treatment, purchase of medicine & local purchase of medicines whereas these facilities were not entertained by the university employees.

266. Besides, the medical allowance was admissible to all public sector universities on the same rates including the employees of Higher Education Commission.

267. Furthermore, medical allowance was revised by syndicate in its 8<sup>th</sup> meeting on 06-02-2012 on the analogy of HEC which was notified vide No.KMU(SA&A)/20103-1/16109 on 08-02-2012 w.e.f 01-07-2011 at the following rates.

- (i) For married employees @ of 35% of the pay subject to minimum of Rs:2000/- per month and maximum of Rs:8320/- per month.



- (ii) For un-married employees @ of 17.5% of the pay subject to minimum of Rs.1000/- per month and maximum of Rs.4160/- per month.

268. Hence, no excess payments were made during financial year 2011-2012.

269. In line of DAC recommendation, time and again letters to verify the record have been sent to Director General Audit, Khyber Pakhtunkhwa, however no person has yet been deputed and record was still not verified.

### **PAC OBSERVATION**

270. While discussing the audit report in respect of Khyber Medical University for the year 2013-14 it was observed by the Committee that like wise past practice, the University authorities in the wake of “financial autonomy’ and “approval of Syndicate or Senate” has allowed certain allowances i.e House Rent, Medical etc at the rate other than the one allowed to the employees of other Institutions of the Government. The Audit was of the view that Universities could not by pass the pay and package policy of the Provincial or the Federal Government. Similar stance was also advanced by the Finance Department and being member in the Syndicate, such objections were raised from time to time but due to majority voting such objections were over ruled. The university authorities pleaded that the Act of the Assembly has allowed financial autonomy and with the approval of the relevant forum i.e. the Senate or Syndicate duly approved by the Chancellor such allowances were allowed.

271. The issue in hand was not confronted to PAC for the first time, but it was a continuous practice in almost every University and it has been continuously reported in almost every report of the Auditor General of Pakistan since one decade and the recommendation of the PAC made has not been fully implemented, which also under mines the sanctity of this forum. The crucial issue before the PAC forum was as to whether the University authorities in the garb of financial autonomy and power of Syndicate or Senate or any statute of the Universities can override the pay & package and financial policy made for Civil Servants/Government Servants or not and if so what will be its impact on other institutions having such financial autonomy i.e. Local Government institutions, health institution or any other such institution and will it not embarrass the whole financial structure as other Government Institutions/Departments would emerge to follow such practice which would lead to further financial mismanagement and ultimately the kitty of the Government would be badly disturbed. This practice of allowing such allowances in contrast with the Government Pay and Pension Policy was not going on in this University alone, but other universities did not leave such opportunities. The Committee felt this state of affairs with heavy heart

and held it imperative that the Finance Department being Manager of the Kitty should immediately take up all such issues with the Chancellors of the Universities to resolve the issue once for all.

272. The Department agreed with the contention of the PAC.

**PAC RECOMMENDATION**

273. The University Authorities were directed to take up the case with the Finance Division/Finance Department for regularization of the expenditure. Moreover, in order to avoid such Audit objection in future, the Finance Department was directed to take up such financial issues with the Chancellor or Finance Division or Higher Education Commission so that the issue could be settled once for all. Para Stands. Progress be reported to PAC Cell within two (02) months.

**DP 11.4.37 IRREGULAR EXPENDITURE DUE TO OVER EXERCISING FINANCIAL DELEGATED POWERS - Rs. 10.885 MILLION.**

**AUDIT VERSION**

274. During audit of the accounts of Chief Executive Khyber Teaching Hospital Peshawar, for the financial year 2011-12, it was noticed that an expenditure of Rs.10.885 million was incurred on the purchase of following equipments without the approval of Management Council. The expenditure was thus unauthorized: -

<b>Cheque No</b>	<b>Date</b>	<b>Particular</b>	<b>Value (Rs.)</b>
152025	16.02.2012	Video Bronchoscope	3,650,000
149425	19.08.2011	Dopler Ultrasound Machine	2,500,000
149936	22.10.2011	C.Arm Image Intensifier Radius S.9 Italy	4,735,000
		<b>Total</b>	<b>10,885,000</b>

275. The Audit held that the unauthorized expenditure was due to violation of financial rules and over exercising of financial powers.

276. The matter was reported to the Department in October, 2012. DAC in its meeting held on 26<sup>th</sup> September, 2013, directed the Department to provide

original record within 15 days. Further progress was however, not reported till the finalization of the report.

### **DEPARTMENTAL VERSION**

277. The Department explained that payment was made after observing all the codal formalities. The Chief Executive being the Chairman of IMC had signed the sanction order. However, due to oversight approval of IMC was not obtained. Therefore, Ex-Post Facto approval of IMC has been obtained. As no financial loss was involved.

### **PAC RECOMMENDATION**

278. Since Ex-Post Facto approval was obtained by the Department, hence the Para was recommended to be settled with the direction to avoid such practice in future.

### **DP 11.4.38 IRREGULAR EXPENDITURE ON THE PURCHASE OF EQUIPMENTS - Rs.10.305 MILLION.**

### **AUDIT VERSION**

279. During audit of the accounts of Chief Executive Ayub Teaching Hospital Abbottabad, for the financial year 2009-10, it was noticed that an expenditure of Rs.10.305 million was incurred on the purchase of equipments. Endoscopy System valuing Rs.5.700 million was purchased on propriety basis without advertisement. Similarly, Ophthalmology Instruments valuing Rs. 4.605 million were purchased without publishing detail specification of the equipments. Neither approval of Management Council nor the report of Technical Advisory Committee was available. The expenditure was thus irregular.

280. The Audit held that irregularity occurred due to violation of the rules.

281. The matter was reported to the Department in April, 2011. DAC in its meeting held on 20<sup>th</sup> Feb, 2013, directed the Department to regularize the expenditure. Further progress was however, not reported till the finalization of the report.

### **DEPARTMENTAL VERSION**

282. The Department explained that the purchases were made with the approval of then Chief Executive AMI.

S.No	Cheque No.	Date	Amount
.			

1.	000207	14-7-09	1,4,137,330
2.	000208	14-7-09	79,05,568
3.	99615	23/12/09	32,13,790
4.	999376	1-12-09	46,05,000
5.	999007	1-12-09	57,00,000
		Total	4,55,61,688

The items at S.No.1 and 2 were included in the tender opened on 2-8-2008 and were purchased on 30-5-2009 after getting approval of the Purchase Committee as well as end user who selected on quality and lowest basis.

Sr. No.3 tender opened on 2-8-2008 and purchase on 24-4-2009 selected by the Purchase Committee and end user on quality basis.

Sr. No. 5 proprietor item single quotation opened on 23-4-2008 approved by the end User and Purchase Committee at negotiated price Rs.57,00,000/-.

Tender floated in 04 News papers instead of 02 Newspaper (03 Urdu and 01 English) the publicity through Director information vide letter No.7555 dated 2-6-2008.

### **Present status**

283. The justification for purchase of Endoscopy item and ophthalmology instrument is as under:-

The Endoscopy item of Rs. 5.7 million was purchased on proprietary basis as previous Endoscopy machines were from Olympus and their scopes(upper G.L Lower G.I,Colono scopes) that cost approx Rs.6.0 million were compatible with new Endoscopy machine model Exera-ii. Hence the same machine was purchased from the Sole Distributor of Olympus M.S Endoscope on proprietary basis.

284. The specification for ophthalmology instruments were given in the bidding documents/quotation that were approved by the TAC /Purchase Committee.

### **PAC RECOMMENDATION**

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

### **DP 11.4.39 IRREGULAR EXPENDITURE ON MEDICAL GASES – Rs. 3.564 MILLION.**

#### **AUDIT VERSION**

286. During audit of accounts of M.S Saidu Group of Teaching Hospitals Swat for the financial year 2011-12, it was noticed that an expenditure of Rs. 3.564 million was incurred on the purchase of Medical Gas without inviting tenders. The purchases were made on hand collected local quotations. Moreover, neither the supplied items were taken on the stock of the hospital nor its consumption account was available. Thus the expenditure was irregular.

287. The Audit held that irregular expenditure was due to weak internal control and violation of Para-148 of the GFR Vol-I.

288. The matter was reported to the Department in October 2012. DAC in its meeting held on 7<sup>th</sup> Dec, 2013, directed the Department to conduct inquiry and submit report within 15 days. Further progress was however, not reported till the finalization of the report.

#### **DEPARTMENTAL VERSION**

289. The Department explained that each and every cylinder's pressure gauge was oftenly checked in routine by the receiving unit/Department and found correct as no complaint was received from any unit/users.

290. Further the rates of the supplier for the year, 2011-12 were accepted by the Purchase Committee in the light of rates tendered by different supplier being lowest.

### **PAC RECOMMENDATION**

291. The Hospital administration failed to produce complete documents i.e. tenders, bills etc, in support of the subject Para, therefore, the Committee

could not reach to a just and fair conclusion. Hence, the Para was referred to the Sub-Committee already constituted in D.P. 11.4.11 for detailed scrutiny.

292. Para stands. Progress be reported to PAC.

**DP 11.4.40 NON-ACCOUNTAL OF MEDICINES IN STOCK-Rs.3.044 MILLION.**

**AUDIT VERSION**

293. During audit of the accounts of MS Naseerullah Khan Babar Memorial Hospital Peshawar, for the financial year 2012-13, it was noticed that medicines valuing Rs.3.044 million were procured on local purchase basis (LP). The medicines purchased were neither accounted for in the relevant Stock Register nor further consumption thereof was available on record. This resulted into non-accountal of medicines valuing Rs.3.044 million.

294. The Audit held that non-accountal was due to negligence and weak supervisory control and violation of Para 148 of GFR Vol-I.

295. The matter was reported to the Department in Sep, 2013, followed by reminder dated 28.11.2013 to convene DAC meeting, which was not arranged till finalization of the report.

**DEPARTMENTAL VERSION**

296. The Department explained that the medicines were purchased on emergency need basis for patients in various units of the hospital. The medicines were taken on stock register of the concerned units and issued to the patients at that time.

**PAC RECOMMENDATION**

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

**DP 11.4.41 BLOCKAGE OF FUNDS – Rs.407.29 MILLION.**

**AUDIT VERSION**

298. During audit of accounts record of Director General Health Services Khyber Pakhtunkhwa, for financial year 2012-13, it was noticed that an amount of Rs. 407.29 million meant for Polio Eradication Program in Khyber Pakhtunkhwa was drawn and kept in the designated account No.19602-0 in the name of Director General Health without its utilization in the purpose resulting into blockage of Government money.

299. The Audit held that blockage of funds was due to negligence and financial indiscipline and violation to Rule-290 of CTR.

300. The matter was reported to the Department in August, 2013, followed by reminder dated 29.10.2013 to convene DAC meeting, which was not arranged till finalization of the report.

#### **DEPARTMENTAL VERSION**

301. The Department explained that the Grant in Aid Rs.407.29 (million) meant for Polio Eradication Program in Khyber Pakhtunkhwa during the year 2012-13 was received and kept in the designated Current Account at NBP Main Branch Cantt No. 19602-0 of DG Health Services duly approved by the Finance Department. According to expenditure to the tune of Rs.396.880 (million) had been incurred leaving balance of Rs.10.406 (million). As far delayed utilization, pointed out by the Audit, it was worth to mention that transfer of funds on the demands from 25 Districts through DHO/DC and subsequent transfer of funds takes time for the fulfillment of codal formalities which had caused delay in utilization of funds which was regretted.

#### **PAC RECOMMENDATION**

302. The explanation of the Department was considered as plausible, hence the Para was recommended to be settled.

#### **DP 11.4.42 BLOCKAGE OF FUNDS - Rs.149.104 MILLION.**

#### **AUDIT VERSION**

303. During audit of the accounts of Chief Executive Lady Reading Hospital Peshawar for the financial year 2011-12, it was noticed that a sum of Rs.149.104 million released by the Finance Department during 2010-11, for two ADP Schemes was lying unutilized in the Revolving Fund upto August, 2011, resulting into blockage of funds.

304. The Audit held that the blockage of fund was due to financial mismanagement and violation of the rules.

305. The matter was reported to the Department in July 2011. DAC in its meeting held in January, 2013, directed the Institution to provide record for verification. An Audit Officer was deputed on 13.12.2013 for verification of record but no record was produced.

#### **DEPARTMENTAL VERSION**

306. The Finance Department Govt. of Khyber Pakhtunkhwa released 149.104 Million under the following A.D.P Schemes on the dates mentioned against each.

S.#	ADP No.	Date of release/transfer	Amount	Name of A.D.P Scheme
1.	142	11.05.2011	10.887 Million	Construction of Add: ward in LRH.
2.	143	11.05.2011	104.490 Million	Establishment of A&E Deptt at LRH.
3.	144	11.05.2011	3.727 Million	Construction of Add: Hostel for Doctor/Nurses.
4.	---	10.06.2011	10.00 Million	Provision of sleep study Laboratory in Pulmonology Unit.
5.	---	10.06.2011	20.00 Million	Grant-In-Aid to C.V. Unit.
			<b>149.104 M</b>	

307. It would be seen from the above details that the funds were released/transferred in May, June 2011 i.e. near to the closure of Financial Year 2010-11. Soon after receipt of the funds necessary advertisement for procurement of machinery/medical equipments were released through press.

308. The latest position of the above schemes are as follows:-

S.#	Schemes	Amount	Expenditure Till date	Balance
1.	ADP-142	10.887	10.700	0.100 Million
2.	ADP-143	104.490	93.580	10.910 Million
3.	ADP-144	3.727	2.879	0.848 Million
4.	---	10.000	6.600	3.400 Million
5.	---	20.000	20.000	Nil
<b>Total:</b>		<b>149.104</b>	<b>133.759</b>	<b>15.258 M</b>



309. The above table clearly indicate that major portion of the released amount has been utilized whereas necessary steps for utilization of the balance amounts was in process.

### **PAC RECOMMENDATION**

310. The Department could not show detailed break-up of the funds utilized on different items. The reply advanced in the Working Paper was not fresh rather the old one was forwarded which could not serve the purpose.

311. Therefore, the Para was referred to the Sub-Committee comprising the following for detail examination of the funds utilized: -

- |    |                             |          |
|----|-----------------------------|----------|
| 1. | Mr. Mehmood Jan Khan, MPA   | Chairman |
| 2. | Mr. Mehmood Ahmad Khan, MPA | Member   |
| 3. | Mr. Muhammad Idress, MPA    | Member   |

312. The quorum of the Sub-Committee will be two (02). The Sub-Committee will submit its report within one (01) month.

### **DP 11.4.43 BLOCKAGE OF FUNDS - Rs. 32.447 MILLION.**

#### **AUDIT VERSION**

313. During audit of the accounts of Vice Chancellor Khyber Medical University Peshawar for the financial year 2011-12, it was noticed that fund amounting to Rs.30 million were provided to the University by Senator Haji Adeel for establishment of the Hakim Abdul Jalil Nadvi Research Centre for Herbal Medicines during 2010-11. Instead of utilization of the funds, it was deposited into Commercial Bank Account, resulting into blockage of funds of Rs. 32.447 million (including profit).

314. The Audit held that blockage of fund was due to financial mismanagement.

315. The matter was reported to the University in March, 2013. DAC in its meeting held on 24<sup>th</sup> Dec, 2013, directed that record may be produced for verification within one week. Further, progress was however, not reported till finalization of the report.

#### **DEPARTMENTAL VERSION**

316. The Department explained that the Project titled "Hakim Abdul Jalil Nadvi Research Centre for Herbal Medicines" was approved by the District Development Committee in its meeting held on 16.06.2010 and subsequently administrative approval had also been awarded on 24.06.2010. However the

fund of Rs. 30.00 million for the project was released on 11/04/2011 and then consultant was hired accordingly. The consultant had submitted the detail drawing & design on 26/07/2011. Pre-qualification and inviting of tenders of the contractors were asked on 29/10/2011 and 14.11.2011 respectively and opened on 20.01.2012. Work order to the contractor "M/S Paider & Co" was issued on 27.02.2012. Ground breaking ceremony was held on 22.03.2012. The work on project was started on 13.06.2012. The project has now been completed. As it was a kind of deposit work, therefore, fund was deposited in a daily product bank account and not invested.

317. In line of DAC recommendation, time and again letters to verify the record have been sent to Director General Audit, Khyber Pakhtunkhwa, however no person has yet been deputed and record was still not verified.

### **PAC RECOMMENDATION**

318. The reply of the Department was found convincing, therefore, the Para was recommended to be settled.

### **DP 11.4.44 BLOCKAGE OF FUNDS DUE TO UN-NECESSARY DRAWL– Rs. 15.280 MILLION.**

### **AUDIT VERSION**

319. During audit of the accounts of Saidu Medical College Swat, for the financial years 2010-12, it was noticed that a sum of Rs.15.280 million was drawn from the Treasury for the purchase of equipment in the name of Principal and instead of paying to the supplier, converted into bank draft and retained. The funds were drawn on the AC bill having stock taking certificate duly recommended by the Inspection Committee. The funds were drawn in anticipation of supply on fake certificates which not only resulted in unnecessary drawl but blockage of funds as well.

320. The Audit held that the blockage of fund was due to financial mismanagement and violation of rules.

321. The matter was reported to the Department in October, 2012. DAC in its meeting held on 08<sup>th</sup> November, 2013, directed the Department to conduct inquiry and submit report within 15 days. Further progress was however, not reported till the finalization of the report.

### **DEPARTMENTAL VERSION**

322. The Department explained that supply of all the equipment was completed before the financial year 2011-12 closed. So the Department was bound to draw money from the Government Treasury for the payment to the concerned firm/supplier. The District Accounts Officer concerned released/passed the claims in the last week of June 2012 even in the last working day and it was not possible to clear the cheque by the concerned firms well in time. To avoid the lapse of fund, the amount was retained in shape of Bank Draft.

323. As some equipment has not been fully installed by Firms or the supply was not according to the specification, the payment has not been released in order to protect the Government money till the complete needful was done by the firms. The action of the office was according to the rules.

### **PAC RECOMMENDATION**

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

### **DP 11.4.45 BLOCKAGE OF FUNDS – RS.7.423 MILLION.**

### **AUDIT VERSION**

325. During audit of accounts of M.S Saidu Group of Teaching Hospitals Swat for the financial year 2011-12, it was noticed that a sum of Rs.7.423 million was drawn for payment to the suppliers for the purchase of medicines. The amount was converted and retained as a Bank Draft and was not disbursed to the suppliers, which resulted into blockage of funds amounting to Rs.7.423 million.

326. The Audit held that blockage of funds was due to non-observing of rules.

327. The matter was reported to the Department in October, 2012. DAC in its meeting held on 2<sup>nd</sup> Dec, 2013, directed the Department to conduct inquiry and submit report within 15 days. Further progress was however, not reported till the finalization of the report.

### **DEPARTMENTAL VERSION**

328. The Department explained that each and every payment has been recorded on cash book and actual payee receipt / cash book was available for verification of Audit/PAC.

### **PAC RECOMMENDATION**

329. The Para was recommended to be settled subject to verification of record by the Verification of Record Committee.

**DP 11.4.46 BLOCKAGE OF FUNDS DUE TO UN-NECESSARY DRAWL–  
Rs. 3.220 MILLION.**

**AUDIT VERSION**

330. During the audit of the accounts of Saidu Medical College Swat, for the financial years 2010-12, it was noticed that a sum of Rs.3.220 million was drawn from the Treasury for the purchase of equipment in the name of Principal and instead of paying to the supplier, kept in the College fund account. The funds were drawn on the AC bills having stock taking certificate duly recommended by the Inspection Committee. The amount was drawn in anticipation of supply on fake certificates which not only resulted in unnecessary drawl but blockage of funds as well.

331. The Audit held that the blockage of fund was due to financial mismanagement and violation of rules.

332. The matter was reported to the Department in October, 2012. DAC in its meeting held on 08<sup>th</sup> November, 2013, directed the Department to conduct inquiry and submit report within 15 days. Further progress was however, not reported till the finalization of the report.

**DEPARTMENTAL VERSION**

333. The Department explained that supply of all the equipment was completed by the concerned firms/suppliers before closing of the financial year 2011-12. So the Department was bound to draw money from the Government Treasury for the payment to them. As the relevant bills were passed by the concerned Accounts Office in last week of June 2012 and even in the last working day of the year, it was not possible to clear the cheque by the concerned firms in time. To avoid the lapse of funds, the amount was retained in the College Private Fund.

334. The payment was released after the complete installation of the equipment and needful done by the firm. The action of the office was for the correct use of Government money.

**PAC RECOMMENDATION**

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

**PAC RECOMMENDATION**

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

# **HOME AND TRIBAL AFFAIRS DEPARTMENT**

Nineteen (19) Draft Paras reflected in the Auditor General's Report for the year 2013-14 against the Department were examined by the Committee in its meetings held on 1<sup>st</sup> of August 2017. The following were present:-

## **PUBLIC ACCOUNTS COMMITTEE**

- |    |                           |                 |
|----|---------------------------|-----------------|
| 1. | Mr. Qurban Ali Khan, MPA  | Acting Chairman |
| 2. | Arbab Waseem Hayat, MPA   | Member          |
| 3. | Mr. Muhammad Idress, MPA  | Member          |
| 4. | Mr. Mehmood Jan Khan, MPA | Member          |

## **LAW, PARLIAMENTARY AFFAIRS & HUMAN RIGHTS DEPARTMENT**

1. Mr. Mukhtar Ahmad,  
Secretary.
2. Mr. Rizwanullah Khan Abdaali,  
Deputy Secretary.

## **FINANCE DEPARTMENT**

Mr. Adeel Shah,  
Additional Secretary.

## **AUDIT DEPARTMENT**

1. Mr. Asad Ullah Khan,  
Director.
2. Mr. Shahid Ali,  
Deputy Director.
3. Mr. Muhammad Ismail,  
Deputy Director.

## **HOME AND TRIBAL AFFAIRS DEPARTMENT**

1. Mr. Shahid Mehmood,  
Deputy Secretary.
2. Mr. Muhammad Ashraf Noor,  
Additional I.G. (HQ).
3. Mr. Salim Marwat,  
D.I.G. Finance.
4. Mr. Rahatullah,  
DPO, Shangla.

5. Dr. Masood Salim,  
Commandant, FRP.
6. Mr. Sabz Ali Khan,  
Budget Officer, Police.
7. Hafiz Ataul Munim,  
ADC, Hangu.

#### **PROVINCIAL ASSEMBLY SECRETARIAT**

1. Mr. Amanullah,  
Secretary.
2. Mr. Amjad Ali,  
Additional Secretary.
3. Mr. Inamullah Khan,  
Deputy Secretary.
4. Mr. Ibrahim Khan,  
Assistant Secretary.
5. 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.12.4.1      NON PRODUCTION OF RECORD OF SECRET SERVICE CHARGES – Rs.11.253 MILLION.**

#### **AUDIT VERSION**

3. During audit of the accounts of Provincial Police Officer for the financial year 2012-13, it was noticed that an amount of Rs.11.283 million was drawn on account of Secret Services charges, however, auditable record was not produced to audit for scrutiny.

4. The Audit held that non production of record was violation of Para 17 of GFR Vol I.

5. The matter was reported to the Department in January, 2013, followed by reminders dated 06<sup>th</sup> March, 15<sup>th</sup> April and 17<sup>th</sup> May, 2013 to convene DAC meeting, which was not arranged till finalization of the report.

## **DEPARTMENTAL VERSION**

6. The Department explained that Honorable Apex Court vide its judgment CMAs 3330, 3471, 3594/13 in Constitution Petition No. 105/12, Para 27 mentioned that:-

"In light of the discussion above, we hold, declare and direct that:-  
d) The Auditor General shall prescribe procedure that permit audit of accounts labeled as "Secret" but do not compromise the secrecy of such accounts. The Auditor General shall have (04) months to establish such procedure".

7. Accounts record in accordance with the GFR has been maintained. As regard procedure statement by the Supreme Court, the Auditor General of Pakistan has not been circulated so far.

## **PAC RECOMMENDATIONS**

8. While relying on the judgment of Supreme Court in Constitutional Petition No.105/12, the Para was kept pending till the Auditor General shall prescribe procedure that permit audit of accounts labeled as "Secret" within four (04) months.

### **DP No.12.4.2      NON-PRODUCTION OF RECORD – Rs. 2.788 MILLION.**

## **AUDIT VERSION**

9. During audit the accounts of Commandant Frontier Reserve Police, during 2011-12, it was noticed that Rs.2.788 million was paid on account of Regimental Store and Mess. However, auditable record was not produced for scrutiny.

10. The Audit held that non-production of record was the violation of Auditor General's Ordinance.

11. The matter was reported to the Department in January, 2013, followed by reminders dated 06.03, 15.04 and 17.05.2013 to convene DAC meeting, which was not arranged till finalization of the report.

## **DEPARTMENTAL VERSION**

12. The Department explained that like in every big unit of Police Department in FRP Khyber Pakhtunkhwa Headquarters, two private funds had been established for the welfare and betterment of the Force personnel. One was called the Mess Fund, which was initially created on membership basis paid by the members. The accumulated membership fee was used for the purchase of flour and vegetables etc. Those members used the facility of the mess, their list was prepared with detail of Mess used and the come out so expended were sent



to accounts branch for the recovery of Mess charges from the salary of those personal for the recoupment of the Fund at the end of each month and the same was credited back to Mess Fund shown in the distribution register.

13. Similarly another Fund namely Regimental Fund was also created from the money of the members of the Fund. The main purpose for creating this fund was to provide the members different articles on simple monthly instatement basis on a subsidized rate without payment in cash. Just like the Mess Fund, the Incharge Regimental clerk submitted a list to account branch for the recoupment of Fund, which was deducted from the salaries of those members, who had been given this facility.

14. During the Financial year 2011-12, in the entire financial year Rs.2.788 million Funds were deducted from the salaries of the facilitators and credited back to these private Funds for the recoupment of private Funds. No Financial irregularity committed.

### **PAC RECOMMENDATIONS**

15. The Committee noted that the amount was not part of Provincial Consolidated Fund, hence the Para was recommended to be settled.

**DP No.12.4.3            OVERPAYMENT DUE TO ALLOWING HIGHER RATES – Rs.5.445 MILLION.**

### **AUDIT VERSION**

9. During audit of the accounts of the Provincial Police Officer Khyber Pakhtunkhwa, for the financial year 2011-12, it was noticed that an expenditure of Rs.22.275 million was incurred on purchases of 495 strobe lights dated 21.06.2012. The lowest rate offered @ Rs.34,000/- each was ignored without recording any reason on the comparative statement and the purchases were made at higher rates of Rs.45,000/- each . This resulted into overpayment of Rs.5.445 million.

10. The Audit held that the overpayment was due to ignoring the lowest rates without assigning any reason which was violation of Para 144 & 145 of GFR vol- I.

11. The matter was reported to the Department in January, 2013, followed by reminders dated 06.03, 15.04 and 17.05.2013 to convene DAC meeting, which was not arranged till finalization of the report.

### **DEPARTMENTAL VERSION**

12. The Department explained that the Technical Evaluation Committee has recommended LFT 51L (05w) with XF-K Series PA System with the following conditions @ Rs. 45000/- per unit:-

- i. Product warranty would be for one (01) year.
- ii. 10 Nos. of complete PA System with total order i.e. 495 pieces
- iii. With LED light bar the Firm would provide 50 panel of blue and 50 panel of red extra.

13. The 2<sup>nd</sup> lowest rate of Rs, 34000/- was offered by the same Firm for LFT21R (Rotating Bulb) with XF or JD PA system which was not recommended by the Technical Committee.

### **PAC RECOMMENDATIONS**

14. After detailed discussion, the Committee could not reach to any conclusion, the Para was, therefore, referred to the Sub-Committee comprising the following to examine all bidding documents, specification of the Strobe Lights Bar, basic requirement of the Department, comparative statements and reasons for accepting the highest bid rates: -

- |    |                           |          |
|----|---------------------------|----------|
| 1. | Mr. Qurban Ali Khan, MPA  | Chairman |
| 2. | Arbab Waseem Hayat, MPA   | Member   |
| 3. | Mr. Muhammad Idress, MPA  | Member   |
| 4. | Mr. Mehmood Jan Khan, MPA | Member   |

15. The quorum of the Committee shall be two (02). The Sub-Committee shall submit its report within a month.

### **DP No.12.4.4 OVERPAYMENT DUE TO ALLOWING EXCESS RATES – Rs.3.528 MILLION.**

### **AUDIT VERSION**

16. During audit of accounts of the Director General Project Coordination Unit (PCU), Police Department, for the financial year 2010-11, it was noticed that an expenditure of Rs.43.791 million was incurred on construction of Police Station Kanju Swat upto 7<sup>th</sup> running bill on the basis of item rate instead of CSR 2009. The difference in rate resulted into overpayment of Rs.3.528 million to the contractor.

17. The Audit held that the overpayment was due to non-observance of CSR 2009 and was violation of Para 144 & 145 of GFR vol I.

18. The matter was reported to the Department in October, 2011. DAC in its meeting held on 5<sup>th</sup> September, 2012, directed the Department to recover

the amount. Further progress was, however, not reported till finalization of the report.

### **DEPARTMENTAL VERSION**

19. The Department explained that the administrative approval for umbrella PC-I amounting to Rs.4500.00 million including Rs.2500.00 million for Development of Police Infrastructure was issued and accordingly the detailed PC-I for the sub-work "Construction of Police Station Kanju, Swat" under umbrella PC-I for Special Development Support Program for NWFP (SDSP-I). The said Police Station project was discussed and approved by PDWP meeting held on 23/01/2010 under the chairmanship of Additional Chief Secretary with the following remarks by the Secretary Planning and Development Department:-

"All these Police Stations have been destroyed due to subversive activities and that, there was serious Law and Order situation in these areas, therefore, further delay in the approval process was not desirable".

20. Accordingly, administrative approval was issued for an amount of Rs.82.055 million for Police Station Kanju Swat by the competent authority and the bidding process was initiated on emergent basis due to Law and Order Situation in the militant hit District Swat to establish writ of the Government. A pre-bid meeting was held dated 12/11/2009 and minutes were recorded. The decision by the competent authority regarding item rate bidding was issued in shape of office order on dated 13/11/2009 as reproduced below:-

"Keeping in view the demand of the Contractors, current Law and Order situation in the Province and recommendations of the Consultants it was hereby notified that the tendering process of the ensuing projects of this office will be on item rate basis till further order"

21. The decision to float the tenders on item rate basis was based on the following justifications:-

1. The entire Province of Khyber Pakhtunkhwa was passing through extreme wave of militancy and specifically the Malakand Region wherein the world's largest Internally Displaced People (IDPs) movement was observed in the year 2008-09.
2. The Kanju Police Station Swat was destroyed by the militants into rubbles and the staff of Police Station was forced to perform their duty without any building/shelter under the open sky in the best of public interest.
3. The Police Personnel were not only on the hit list of militants but the civilians including Contractors/Consultants etc. were also being

targeted for supporting Police or any other Law Enforcement Agency. Therefore, almost all the Contractors engaged by Police Department had shown their extreme unwillingness to work for the development of Police Infrastructure.

4. The contractors expressed their concern regarding potential threats by the militants during sustained period as most of the Police Buildings which were proposed to be constructed under the Project had been destroyed during act of terrorism and were located in far flung areas where grip of law was quite weak and militancy was at its highest level.

S#	S-No	Description	Unit	T. Rate	CSR Rate/ Approved Rate
1	10-03-a	Providing and filling of approved quality sand	CFT	15.00	20.187
2	11-33	Expended matter	RFT	15.00	18.22
3	NSI	Electric Geyser 30 Gallons	Each	20000	25000
4	15-02-a-02	PVC Conduit 20 mm	RFT	20.00	31.81
5	15-02-a-03	PVC Conduit 25 mm	RFT	30.00	75.2
6	NSI	Flash Type Switch 5 Pin	Each	400.00	500.00
7	NSI	Flash Type Switch 3 Pin	Each	450.00	500.00
8	NSI	Two pair Telephone	M	10.00	25.00

		Cable			
9	CSR	Housing Pipe 6 inch	RFT	500.00	721.48
10		Brass Strainer	RFT	700.00	2136.84
11	24-14	Shrouding	RFT	50.00	129.77
12	CSR	Testing of Tube Well	Per Hour	400.00	496.1
13	NSI	Solar System	Per KVA	400,000.00	600,000.00

22. Furthermore, the contractors quoted their rates for each and every item wherein following were the items for which the rates quoted by the Contractor were less than or equivalent to CSR 2009/Approved PC-I Rate as tabulated below:-

23. Furthermore, the administrative approval for Police Station Kanju Swat was accorded for an amount of Rs. 82.55 million whereas the scheme was completed in all respects with final amount of Rs. 81.570 million when a comparison of rates of CSR 2009 was carried out with quoted item rates of the Contractor and accordingly the scheme was successfully completed with a saving of 0.60% as compared to the original approved cost.

### **PAC RECOMMENDATIONS**

24. After detailed discussion, the Committee while taking lenient view due to Law and Order situation in the area, recommended to settle the subject Para with the direction to the Department not to repeat such practice in future.

**DP No.12.4.5      OVERPAYMENT DUE TO ALLOWING EXCESS  
QUANTITY THAN ACTUAL WORK DONE Rs.3.517  
MILLION.**

### **AUDIT VERSION**

25. During audit of the accounts of Director General PCU Police Peshawar for the financial year 2010-11, incurred an expenditure of Rs.27.694 million on construction of Police Station Gagra District Buner upto 4<sup>th</sup> running bill vide voucher No 79 dated 02-02-2011. A scrutiny of the bill with reference to IPC No 3 & 4 revealed that payment was made in excess of the quantity actually executed under the following items of work. This resulted into overpayment of Rs.3.517 million.

(Rs.)

S No	IPC No & Date	Item of Work	Quantity paid	Quantity executed	Difference	Rate	Amount
1	3/37,42	Excav: in foundation	722.91 M3	290.662 M3	432.48 M3	133.56 M3	57,762
2	3/19	RCC (1:2:4) in foundation	241.35 M3	186.47 M3	54.88 M3	4695.95 M3	257,713
3	3/Nil	Excav: undressed	2870 M3	Nil	2870 M3	246.32 M3	7,06,938
4	4/10,11	RCC (1:2:4) in roof, slab, beam column etc	543.559 M3	200.770 M3	342.789 M3	5261.51 M3	18,03,588
5	4/14	RCC (1:1.5:3) in roof slabe and other structural work	77.69 M3	41.38 M3	36.31 M3	5986.87 M3	2,17,383
<b>Sub Total</b>							<b>30,43,573</b>
<b>Cost Factor 1.09</b>							<b>2,73,922</b>
<b>Sub Total</b>							<b>33,17,495</b>
<b>Add 6% above</b>							<b>1,99,050</b>
<b>Grand Total</b>							<b>35,16,645</b>

26. The Audit held that overpayment was due to mismanagement and weak internal control which was violation of Para-209 (d) of CPWA Code.

27. The matter was reported to the Department in October, 2011. DAC in its meeting held on 5<sup>th</sup> September, 2012, directed the Department to make adjustment and recover the amount within a month. Further progress was, however, not reported till the finalization of the report.

#### **DEPARTMENTAL VERSION**

28. The Department explained that all the payments made to the Contractor through running bills were "Interim Payments" as per clause No.60.4 "Correction of Certificates" and No.60.8 "Final Payment Certificate" of the

contract agreement for Construction of Police Station Gagra Buner as reproduced below respectively:-

**CLAUSE NO.60.4, CORRECTION OF CERTIFICATES:**

“The Engineer may by any Interim Payment Certificate make any correction or modification in any previous certificate which shall have been issued by him and shall have authority, if any work is not being carried out to his satisfaction, to omit or reduce the value of such work in any Interim Payment Certificate”

**CLAUSE NO.60.8, FINAL PAYMENT CERTIFICATE:**

“Within 28 days after received of the Final Statement, and the written discharge, the Engineer shall issue to the employer (with a copy to the contractor) a Final Payment Certificate stating:

- (a) The amount which, in the opinion of the Engineer, is finally due under the contract or otherwise, and
- (b) After giving credit to the Employer for all amounts previously paid by the Employer and for all sums to which the Employer is entitled other than under clause 47, the balance, if any, due from the Employer to the Contractor or from the Contractor to the Employer as the case may be.

29. In view of above, all the quantities executed by the Contractor were checked/ verified at site by the Consultants being “The Engineer” of the project and adjustments, if any, were made in the “Final Payment Certificate” vide above referred clause.

**PAC RECOMMENDATIONS**

30. The Para was recommended to be settled subject to verification of record by the Audit with one (01) month.

**DP No.12.4.6      LOSS DUE TO NON RECOVERY - Rs.176.160 MILLION.**

**AUDIT VERSION**

31. During audit of the accounts of Provincial Police Officer for the financial year 2012-13, it was found that 734 Police Guards were provided to 169 non-entitled persons/political workers in 18 Districts of Khyber Pakhtunkhwa and pay & allowances of Rs.675.84 million were paid from Government exchequer, however, recoveries were not made from the persons/political workers to whom the services of Police Guards were provided.

(Rs.)

District	Nos of Persons To whom Guard Provided	Nos of gaurds	Average Pay Per constable	Period	Amount
Peshawar	29	131	20,000	07.2012 to 06.2013	31,440,000
Charsadda	45	133	20,000	-do-	31,920,000
Nowshera	9	39	20,000	-do-	9,360,000
Kohat	14	30	20,000	-do-	7,200,000
Upper Dir	9	35	20,000	-do-	8,400,000
Mardan	13	211	20,000	-do-	50,640,000
Bannu	5	15	20,000	-do-	3,600,000
Tank	6	13	20,000	-do-	3,120,000
Swat	12	38	20,000	-do-	9,120,000
Chitral	3	5	20,000	-do-	1,200,000
Karak	2	9	20,000	-do-	2,160,000
Hariput	2	16	20,000	-do-	3,840,000
Mansehra	1	2	20,000	-do-	480,000
Abbotabad	3	5	20,000	-do-	1,200,000
Battagram	3	7	20,000	-do-	1,680,000
Lakki	4	4	20,000	-do-	960,000
D.I.Khan	1	11	20,000	-do-	2,640,000
Shangla	8	30	20,000	-do-	7,200,000
<b>Total</b>	<b>169</b>	<b>734</b>			<b>176,160,000</b>

32. The Audit held that loss was occurred due to financial indiscipline in violation of Para 26 of GFR vol I.

33. The matter was reported to the Department in October, 2013 for convening DAC meeting as the issue was of very emergent nature involving



huge amount and required immediate attention of the Government to stop illegal deployment of Government resources, however, DAC meeting could not be arranged till finalization of the report.

### **DEPARTMENTAL VERSION**

34. The Department explained that the Police Force of Districts/Units of Khyber Pakhtunkhwa had almost been deployed with Government owned Departments/Organizations & Private Companies and the figures were reconciled accordingly. Moreover, the Provincial Government had already fixed Budget estimates and revised budget estimate under relevant head CO 2634-Police supplied to Public Department/Pvt. Co: for the year 2012-13 and the police receipt during the year was in excess than the targeted estimates.

35. As regard the deployment of Police personnel provided to the non-entitled persons/political workers, the concerned Districts/Units informed that police force was supplied to the Judges, DCOs, MPAs and various Government Departments/Organizations to perform the security duty in accordance with the Police Rules, which was the responsibility of the Police Force. No Police Guard was provided to non entitled or private person.

### **PAC RECOMMENDATIONS**

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

**DP No.12.4.7      LOSS DUE TO ALLOWING HIGHER RATES – RS.109.981 MILLION.**

### **AUDIT VERSION**

37. During audit of the accounts of Provincial Police Officer Khyber Pakhtunkhwa, Peshawar for the financial year 2011-12, it was noticed that Wah Industries Ltd (WIL) offered the rate of Rs.33,000/- and Rs.30/- for pistol PK-9 CAL9x19mm and ammunition 9x19mm respectively, which was ignored and purchase was made on import basis @ Rs.53,487.32 and Rs.42.58 for the same items. The non-acceptance of local rate resulted into loss of Rs.109.981 million as per detail given below:-

<b>S.No</b>	<b>Item</b>	<b>WIL rate (Rs.)</b>	<b>Import rate (Rs)</b>	<b>Difference (Rs)</b>	<b>Quantity</b>	<b>Amount (Rs)</b>
1	Pistol 9x19 mm	33,000	53,486.32	20,486.32	5,000	10,24,31,600

2	Ammunition 9x19mm	30	42.58	12.58	6,00,000	75,49,200
<b>Total</b>						<b>10,99,80,800</b>

38. The Audit held that loss was due to weak financial management. The matter was reported to the Department in January, 2013, followed by reminders dated 06.03.2013, 15.04.2013 and 17.05.2013 to convene DAC meeting, which was not arranged till finalization of the report

### **DEPARTMENTAL VERSION**

39. The Department explained that tender for the purchase of Arms/Ammunition was called during the year 2011-12. Supply order was issued to the approved firms after observation of all codal formalities.

40. As per terms and conditions of the contract agreement the shipment date was required to be quoted after getting of import license. As per report of the Firm, case was under process for obtaining import license. Supply order for the purchase of 5000 Nos pistols 9mm Glock-17 was issued vide No. 342/LC dated 19.03.2012. Unfortunately, a complaint was lodged by M/S Caracal Abu Dhabi, who participated in the tender. All technical proposals of the participated Firms including M/S Caracal Abu Dhabi were examined by the Technical Committee. All the technical proposals except Glock-17 declared not recommended by the Committee, therefore, financial proposals of non-recommended firms were not opened as enshrined in NWFP Procurement Rules 2003 Para-40 sub section (2).

41. The Provincial Government had started an enquiry in the matter. The enquiry committee recommended that the Police Department would re-advertise the tender and cancel the supply order.

42. The recommendation was also approved by the Chief Minister Khyber Pakhtunkhwa. In this connection, the Provincial Government was addressed for guidance of Law Department and Finance Department in case of cancellation and re-advertisement. Notice was issued to the Firm for cancellation of contract. The contract was cancelled. The amount of Rs.12,89,21,915/- was lying in G05112 Head which was transferred to Provincial Consolidated Fund.

### **PAC OBSERVATION**

43. The pistols (9mm Glock-17) were not purchased due to some objections by M/S Caracal Abu Dhabi hence the amount was deposited back in the Treasury.

## **PAC RECOMMENDATIONS**

44. . In view of the above, to the extent of Pistol purchase, the Para was settled. However, with regard to ammunition purchase, the detail was required to be checked. Hence, the Para was referred to the Sub-Committee already constituted in D.P. 12.4.3 for detailed scrutiny.

**DP No.12.4.8      LOSS DUE TO NON DEDUCTION OF STAMP DUTY –**  
**Rs.14.092 MILLION.**

### **AUDIT VERSION**

45.            During audit of accounts of Provincial Police Officer for the financial years 2011-12 & 2012-13, it was noticed that Stamp Duty amounting to Rs.14.092 million was not deducted from the bills of suppliers, which put the Government into loss.

46.            The Audit held that loss occurred due to weak financial management. The matter was reported to the Department in January and October, 2013, followed by reminders dated 6<sup>th</sup> March, 15<sup>th</sup> April, 17<sup>th</sup> May and 06<sup>th</sup> Dec, 2013 to convene DAC meeting, which was not arranged till finalization of the report.

### **DEPARTMENTAL VERSION**

47.            The Department explained that the observation raised by the Audit Party was communicated to the Board of Revenue for guidance. The Board of Revenue through their letter dated 30.04.2012 informed that the case was referred to Law Department for opinion and stated that in future for the purchase of store and material written contract/agreement be executed with seller/supplier and liability of payment of stamp duty may be clearly defined.

48.            It was worth mentioning that after the receipt of the above instructions stamp duty @ 1% of the contract cost had regularly been deducted at source from the claims of suppliers, however, deduction of stamp duty had not been made from the contracts earlier to the receipt of Board of Revenue instructions as the clause of stamp duty was not included in these agreements.

49.            In the instant case DESTO, Wah Industries and Pak German Wood Working Centre were Government owned Organizations, hence stamp duty had not been deducted.

## **PAC RECOMMENDATIONS**

50.            The Para was recommended to be settled subject to verification that Stamp duty was recovered from private firms and amount in question was deposited into Government Treasury within a period of fifteen (15) days.

**AUDIT VERSION**

51. During audit of the accounts of Provincial Police Officer for the financial year 2012-13, it was noticed that an expenditure of Rs.127.522 million was incurred on the purchase of different items from various suppliers and supply orders were accordingly issued with the specified dates for completion of supply which was required to be completed within the stipulated period of time. However, the Firms failed and delayed the supply as such penalty ranging from 2% to 8% on different suppliers amounting to Rs.4.397 million was neither imposed nor recovered from the defaulters/suppliers.

52. The matter was reported to the Department in October 2013, followed by reminders dated 06<sup>th</sup> Dec, 2013 to convene DAC meeting, which was not arranged till finalization of the report.

**DEPARTMENTAL VERSION**

53. The Department explained that contract of 4800 Nos. Rain Suits was awarded to M/S Safwa Trading Company Peshawar as per following detail:-

Firm	Item/Qty:	Supply order No & Date	Target date	Date of supply	Delay
Safwa Trading Co.	Rain Suit (4800)	1907/C-I, dt: 31.3.2012	31.7.2012	27.8.2012	27 days

54. The Firm made supply to Centralized Godown on 27.8.2012 but due to engagement of officers of the Inspection Committee, the inspection was carried out on 13.09.2012. According to the report of Incharge Centralized Godown, the supply was delayed for about 27 days, which was less than one (01) month.

**PAC RECOMMENDATIONS**

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

**DP No.12.4.10 LOSS DUE TO IGNORING THE LOWEST RATE –**  
**RS.2.119**  
**MILLION.**

**AUDIT VERSION**

56. During audit of accounts of Central Police Officer Khyber Pakhtunkhwa, for the financial year 2011-12, it was noticed that two suppliers offered bids. M/S Sami & Sami has offered rate of Rs.22,786/- for base wireless set which was incorporated in the comparative statement and minutes of the Purchase Committee meeting dated 28.12.2011 as Rs.62,786 bringing M/S Micro Electronics as lowest whose rate was Rs.43,979, resulting into loss of Rs.2.119 million on the supply of 100 base wireless set (Rs.43,979 – Rs.22,786 = Rs.21,193).

57. The Audit held that loss occurred due to weak financial management which was violation of Paras 144 & 145 of GFR Vol-I.

58. The matter was reported to the Department in January, 2013, followed by reminders dated 06.03, 15.04 and 17.05.2013 to convene DAC meeting, which was not arranged till finalization of the report.

**DEPARTMENTAL VERSION**

59. The Department explained that M/S Sami & Sami offered the rate of Motorola USA Model CM-160, made in Malaysia for only Mobile Base Set @ Rs. 22786 without the following accessories which was the need of the Department:-

1. VHF Base Antenna Diamond F-22, Japan -Rs. 12000/-
2. VHF Base Antenna Local -Rs. 4000/-
3. Power Supply Diamond GZV2500 -Rs. 15000/-
4. Power Supply Local -Rs. 6500/-
5. 100ft RF Cable with Connector -Rs. 2500/-
6. **Total Rs. 40000/-**  
Rs. 22786/-

Rates Comes:-

Rs. 62786/-

60. The rate offered by approved Firm included the following accessories @ Rs.43979/- which was the lowest rate.

Fist Mic 2. Mic Clip 3. DC Lead 4. Installation Kit 4. Mounting Plate  
5. Operating Manual 6. Base Antenna 7. Coaxial Cable RG 213 x 100 ft  
8. Power Supply 9. Programming tool.

### **PAC RECOMMENDATIONS**

61. The Committee after detailed discussion could not reach to a logical conclusion, therefore, the Para was referred to the Sub-Committee already constituted in D.P.12.4.3 for detail scrutiny of item rates. Para stands.

### **DP No.12.4.11 NON-RECOVERY OF DUES FROM GOVERNMENT ORGANIZATIONS – Rs.14.266 MILLION.**

#### **AUDIT VERSION**

62. During audit of accounts of DPO D.I.Khan, for the financial year 2011-12, it was noticed that Rs.14.266 million was not recovered from various Government Organizations for providing security guards.

63. The Audit held that non-recovery was due to the weak internal control which was violation of Paras 28 of GFR Vol-I.

64. The matter was reported to the Department in October, 2012. DAC in its meeting held on 30<sup>th</sup> August, 2013, the Department was directed for recovery from the concerned Organizations. Further progress was, however, not reported till finalization of the report.

#### **DEPARTMENTAL VERSION**

65. The Department explained that efforts were continuing for early recovery of outstanding dues. Written and verbal correspondence had been made. However, strict action would be taken against all defaulter Department i.e Civil Suit , closed all Police Guards up to the clearance of all outstanding dues.

### **PAC OBSERVATION**

66. The Committee noted with heavy heart that neither previous recommendation of PAC in all such Paras had been implemented nor any mechanism of allowing Police Contingent for private purpose or Government Organizations was evolved. The Police Department was required to make proper contract agreement with the concerned quarter at the time of allowing Police Contingents. From the above state of affairs it was quite evident that the Police Department was not at all serious to set out a proper procedure of allowing police personnel to such quarters and as such in every Audit Report similar Paras had

been reflected. The Committee observed that the Police Department was not willing to address the issue, which was purely in their interest.

### **PAC RECOMMENDATIONS**

67. In view of the above, the PAC directed that complete recovery be ensured from the respective quarters. The Police Department was directed that in future before providing Police Contingent to any quarter on request, proper agreement must be executed. The concerned District Police Officer (DPO) would be held responsible for recovery pertaining to his District in future. Para stands. Progress be reported to PAC.

### **DP No.12.4.12      NON-IMPOSITION AND RECOVERY OF PENALTY – Rs.14.618 MILLION.**

### **AUDIT VERSION**

68. During audit of the accounts of Provincial Police Officer, for the financial year 2011-12, it was noticed that Rs. 730.903 million was paid to M/S Good Asia Perfect Riffed Hong Kong through LC No.342,343 & 344/LC/2011-12 (Import). According to letter of credit the supply was to be completed upto 19.10.2012 and 18.11.2012. The supplier failed to complete his contractual obligation till Dec, 2012. Penalty of Rs.14.618 million was required to be imposed and recovered from the defaulter, which was not done.

69. The Audit held that non-imposition and recovery of penalty was due to weak internal control. The matter was reported to the Department in January, 2013, followed by reminders dated 06.03, 15.04 and 17.05.2013 to convene DAC meeting, which was not arranged till finalization of the report.

### **DEPARTMENTAL VERSION**

70. The Department explained that: -

- i. contract No Logistics / 342,343 & 344 / LC ( Import) Arms& Ammo/2011-12 were made between Provincial Police Officer & Glock Asia- Pacific Limited, Unit 3, LG/F Office Block 1, DB North Plaza, 92, Sienna Avenue, Discovery Bay, Lantau, N.T., Hong Kong, M/S Taser International Incorporated, 17800 N.858<sup>TH</sup>, Street Scottsdale, Arizona 85255, United States Of America ( USA), China North Industries Corp. 12a Guang An Men Nan jie, Beijing, China, respectively.
- ii. no contract was executed with M/S Good Asia Perfect Riffed, Hong Kong, through LC No 342, 343 & 344 as pointed out in Para.
- iii. contracts No 342,343 & 344 were for the delivery of

- a. Glock Pistol (5000 Nos)
  - b. Arms & Ammunition
  - c. Taser Guns
- iv. Glock Pistol (5000) was not materialized due to legal ramifications within the Government of USA. Fact can be ascertained from the letters of MD Glock USA whereby he has shown his inability to operationalize letter of credit.
- v. delivery period for Arms & Ammunition as per contract was 180 days from receipt of confirmed letter of credit. Bill of landing was issued on 5<sup>TH</sup> November 2012, whereas delivery date is 25/11/2012 at Lahore Airport.

71. Taser Gun was delivered on 18/10/2012 at Lahore for onward shipment to Peshawar.

### **PAC RECOMMENDATIONS**

72. In view of explanation of the Department, the Committee recommended to settle the portion of Para pertaining to purchase of pistols. The issue with regard to the purchase of Taser Gun, Ammunition and its destination of delivery was referred to the Sub-Committee already constituted in D.P. 12.4.3 for detailed scrutiny as the Department could not advance any plausible explanation.

**DP No.12.4.13      NON-IMPOSITION AND RECOVERY OF PENALTY –**  
**RS.8.452MILLION.**

### **AUDIT VERSION**

73. During audit of the accounts of Provincial Police Officer for the financial year 2011-12, it was noticed that an expenditure of Rs.268.760 million was incurred on purchases of clothing uniform and various Koth articles. The supply was required to be completed within 90 days of the issue of supply order but it was delayed beyond the stipulated period. As such, penalty amounting to Rs.8.452 million was required to be imposed and recovered from the defaulting supplier, which was not done.

74. The matter was reported to the Department in January, 2013, followed by reminders dated 06<sup>th</sup> March, 15<sup>th</sup> April and 17<sup>th</sup> May, 2013 to convene DAC meeting, which was not arranged till finalization of the report.

### **DEPARTMENTAL VERSION**

75. That Department explained that: -



- i. penalty had been imposed on firms at different rates after the deliberations carried out in TEDPC meeting i.e. 0.5%, 1% & 2%.
- ii. M/S. Majeed & Sons had been Black Listed, therefore, penalty imposed on the Firm amounting to Rs.19,18,432/- (1,859,000 + 59,432) at different periods was yet to be recovered.
- iii. M/S. Saleem Trading Corporation Rawalpindi had also been penalized for Rs.17,47,417/-
- iv. the remaining recoveries record i.e. Rs.29,76,525/- was available for ready reference in this regard.

### **PAC RECOMMENDATIONS**

76. After detailed discussion on the subject Para, the Committee directed the Department to affect full recovery and initiate Departmental action against the responsible(s) who had not affected recovery in time from the contractors and acted as silent spectators.

77. Para stands. Progress be reported to PAC Cell within one (01) month.

### **DP No.12.4.14      UNAUTHORIZED PAYMENT OF CONVEYANCE ALLOWANCE - Rs.11.489MILLION.**

### **AUDIT VERSION**

78. During audit of the accounts of DPO Shangla, for the financial year 2011-12, it was noticed that conveyance allowance amounting to Rs.11.489 million was paid to Sub-Inspectors, Assistant Sub-Inspectors, Head Constables and Constables despite the fact that they were residing in the office premises and were not entitled for the conveyance allowance, thus the payment was unauthorized.

79. The Audit held that unauthorized payment was due to non-observance of the instruction of Finance Department. The matter was reported to the Department in January, 2013. DAC in its meeting held on 13<sup>th</sup> Dec, 2013, directed the Department that recovery may be made. Further progress was, however, not reported till finalization of the report.

### **DEPARTMENTAL VERSION**

80. The Department explained that:-

**Reply by DPO:** It was submitted that conveyance allowance was admissible to all the Government Servants from BPS-1 to 15 under the Rules except those Gazatted Government Servant who were availing/provided facility of vehicles as mentioned in chapter-6 Para (a) Clause (i) (ii) of compendium of Service & Financial Rules Government of Khyber Pakhtunkhwa as amended in January 2011.

**Reply by DIG:**The observation of audit was not to the point because there was no such accommodation in PS for all Police staff. Also those officers who were allowed official vehicles were not authorized for conveyance allowance while the rest of Government Servants were authorized for conveyance allowance.

### **PAC RECOMMENDATIONS**

81. The explanation of the Department was found plausible, therefore, the Para was recommended to be settled.

### **DP No.12.4.15 UNAUTHORIZED PAYMENT OF CONVEYANCE ALLOWANCE - RS.1.149 MILLION.**

#### **AUDIT VERSION**

82. During audit of the accounts of Superintendent of Police (Investigation) Kohistan, for the financial year 2011-12, it was noticed that conveyance allowance amounting to Rs.1.149 million was paid to Sub-Inspectors, Assistant Sub-Inspectors, Head Constables and Constables despite the fact that they were residing in the office premises and were not entitled for the conveyance allowance, thus the payment was unauthorized.

83. The Audit held that unauthorized payment was due to non-observance of the instruction of Finance Department. The matter was reported to the Department in September, 2012. DAC in its meeting held on 30<sup>th</sup> August, 2013, the Department was directed for recovery. Further progress was however, not reported till the finalization of the report.

#### **DEPARTMENTAL VERSION**

84. The Department explained that conveyance allowance was sanctioned by the Government of Khyber Pakhtunkhwa for all employees vide No .FD(PRC)/1-1/2011 dated 07-02-2011 excluding those officers who were allotted Government Vehicles as there was no ban for the grant of such allowance to the employees of Police Department. This allowance was extended to the employees throughout the Province.

### **PAC RECOMMENDATIONS**

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

**DP No.12.4.16      EXCESS PAYMENT DUE TO ALLOWING SALE TAX – Rs.4.544 MILLION.**

**AUDIT VERSION**

86. During audit of the accounts of Provincial Police Officer for the financial year 2011-12, it was noticed that an expenditure of Rs.95.416 million was incurred on the purchases of Khaki drill cloth vide cheque No.0714486 dated 11.6.2012. The rates paid include 5% sale tax while the particular item was exempted under FBR circular quoted above. As such the excess payment of Rs.4.544 million was made to the supplier.

87. The Audit held that excess payment was due to weak financial controls. The matter was reported to the Department in January, 2013, followed by reminders dated 06<sup>th</sup> March, 15<sup>th</sup> April and 17<sup>th</sup> May, 2013 to convene DAC meeting, which was not arranged till finalization of the report.

**DEPARTMENTAL VERSION**

88. The Department explained that the SRO No. 283(1)/2011 pertained to the financial year 2010-11 as the same had been circulated on 01.04.2011 while the claim under reference pertained to financial year 2011-12 and the Sales Tax @ 5% had been deducted in light of SRO 1125(1)/2011 dated 31.12.2011.

**PAC RECOMMENDATIONS**

89. The Para was recommended to be settled subject to verification of 5% Sales Tax deduction from Contractor and its deposit into Government Treasury.

**DP No.12.4.17      IRREGULAR EXPENDITURE ON PURCHASE OF GENERATORS – Rs.15.304 MILLION.**

**AUDIT VERSION**

90. During audit of accounts of Provincial Police Officer Khyber Pakhtunkhwa Peshawar, for the financial year 2011-12, it was noticed that an expenditure of Rs.15.304 million was incurred on purchases of generators. The evaluation committee recommended the specification other than that mentioned in the NIT. The supplier did not supply the generators according to the specification approved by the committee as well. Moreover, the lowest rates quoted were also ignored without assigning any reason. The purchases were thus made below specification and by ignoring the lowest rates, resulting into irregular expenditure of Rs.15.304 million as per detail given below:-

Specification approved by the committee	Specification of item supplied	Rate per generator	Quantity	Amount
Honda Elimax Model SHX1000 Japan	1 KVA Elimax Japan	105,880	50	52,94,000
Honda Elimax Model SH3900EX Japan	2.8 KVA Elimax Japan	147,418	10	14,74,180
Honda Elimax Model SH6500EX Japan	5 KVA Elimax Japan	243,885	35	85,35,975
			<b>Total</b>	<b>1,53,04,155</b>

91. The Audit held that the loss was due to weak internal control which was violation of Para 144 & 145 of GFR vol I.

92. The matter was reported to the Department in January, 2013, followed by reminders dated 06<sup>th</sup> March, 15<sup>th</sup> April and 17<sup>th</sup> May, 2013 to convene DAC meeting, which was not arranged till finalization of the report.

#### **DEPARTMENTAL VERSION**

93. The Department explained that the Technical Committee recommended only One Firm, therefore, the rates of recommended Firm were approved.

94. As to the fact that the Evaluation Committee recommended specification other than mentioned, it was stated that there was no substantial difference between a generator of 2.8 KVA and 3KVA.

#### **PAC RECOMMENDATIONS**

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

#### **DP No.12.4.18 IRREGULAR PAYMENT ON NON-SUPPLIED ITEMS - Rs.61.543 MILLION.**

#### **AUDIT VERSION**

96. During audit of the accounts of Provincial Police Officer for the financial year 2012-13, it was noticed that an expenditure of Rs.61.543 million was incurred as advance payment to M/S DESTO Chaklala Cantonment for supply of Anti Roit and Tear Gas vide cheque No. 0824061 & 0824063 dated 17.06.2013. However, the items valuing Rs.61.543 million were not supplied till the date of audit. The payment was thus irregular.

97. The Audit held that irregularity occurred due to weak financial management which was violation of Rule 29(2) of the Federal Treasury Rule Vol-I.

98. The matter was reported to the Department in August, 2013, followed by a letter to Principal Accounting Officer dated 6<sup>th</sup> Dec, 2013 to convene DAC meeting, which was not arranged till finalization of the report.

### **DEPARTMENTAL VERSION**

99. The Department explained that supply orders for purchases of the following items were issued vide No. 948/LC (Import) dated 05.06.2013 to DESTO Rawalpindi. Advance payment was made vide Cheque No. 824061, dated 17.06.2013 after approval of Finance Department.

<b>S#</b>	<b>Description</b>	<b>Quantity</b>
<b>1</b>	Stun Grenades (Six Bang)	4569
<b>2</b>	Pepper Spray (Police Guard)	2400
<b>3</b>	Tear Gas Shells (Long Rang)	2647
<b>4</b>	Tear Gas Shells (Short Rang)	2647

100. The store would be supplied as per terms & conditions of the contract agreement clause No. 3 as detail given below:-

- 3.1 Supplier would provide all deliverable goods to the consignee within 12 months from the date of receipt of payment, which may be adjusted on technical ground through mutual consent of both parties.
- 3.2 The supplier would provide all deliverable goods to the consignee Provincial Police Officer Khyber Pakhtunkhwa Peshawar Pakistan.
- 3.3 The contract would remain valid up till final execution and supply of the contracted stores.
- 3.4 Owing to expiry period of riot control equipment, the demand would be met in phases so that the items were timely consumed and were not time barred without use.

It was submitted that supply all the items had been completed.

### **PAC RECOMMENDATIONS**

101. The Para was recommended to be settled subject to verification of record by Audit.

### **DP No.12.4.19 BLOCKAGE OF PUBLIC MONEY - US\$ 1745000 (Rs.174.500 MILLION).**

#### **AUDIT VERSION**

102. During audit of the accounts of Provincial Police Officer, it was noticed that a letter of Credit (LC) against contract agreement No.Logistic/342/LC(IMPORT)Arms and Ammunition/2011-12 dated 19-03-2012 was opened for the supply of 5000 Glock-17 9mm pistol amounting to US\$ 1745000 , but the supply was not made till August, 2013, resulting into blockage of public money.

103. The Audit held that blockage of public money occurred due to financial mismanagement. The matter was reported to the Department in October 2013, followed by a letter to Principal Accounting Officer (PAO) dated 6<sup>th</sup> Dec, 2013 to convene DAC meeting, which was not arranged till finalization of the report.

#### **DEPARTMENTAL VERSION**

104. The Department explained that tender for the purchase of Arms/ammunition was called during the year 2011-12. The supply order was issued to the approved firms after observation of all codal formalities.

105. All technical proposals of the participated Firms including M/S Caracal Abu Dhabi were examined by the Technical Committee. All the technical proposals except Glock-17 were declared not recommended by the Committee, therefore financial proposals of non recommended Firms were not opened as enshrined in NWFP Procurement Rules 2003 Para 40 sub section (2), however, resultantly a complaint was lodged by M/S Caracal Abu Dhabi questioning the tender process.

106. The Provincial Government then started an enquiry in the matter. The Enquiry Committee recommended that the Police Department would re-advertise the tender and cancel the supply order.

107. Notice was issued to the Firm for cancellation of contract. The contract was canceled and amount was surrendered to the Government vide DOC No.1600011992 dated: 30.06.2014.

## **PAC RECOMMENDATIONS**

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

## **LAW, PARLIAMENTARY AFFAIRS & HUMAN RIGHTS DEPARTMENT**

One (10) Draft Para reflected in the Auditor General's Report for the year 2013-14 against the Department were examined by the Committee in its meetings held on 1<sup>st</sup> of August 2017. The following were present:-

### **PUBLIC ACCOUNTS COMMITTEE**

- |    |                           |                 |
|----|---------------------------|-----------------|
| 1. | Mr. Qurban Ali Khan, MPA  | Acting Chairman |
| 2. | Arbab Waseem Hayat, MPA   | Member          |
| 3. | Mr. Muhammad Idress, MPA  | Member          |
| 4. | Mr. Mehmood Jan Khan, MPA | Member          |

### **LAW, PARLIAMENTARY AFFAIRS & HUMAN RIGHTS DEPARTMENT**

1. Mr. Mukhtar Ahmad,  
Secretary.
2. Mr. Rizwanullah Khan Abdaali,  
Deputy Secretary.

### **FINANCE DEPARTMENT**

Mr. Adeel Shah,  
Additional Secretary.

### **AUDIT DEPARTMENT**

1. Mr. Asad Ullah Khan,  
Director.
2. Mr. Shahid Ali,  
Deputy Director.
3. Mr. Muhammad Ismail,  
Deputy Director.

### **PROVINCIAL ASSEMBLY SECRETARIAT**

1. Mr. Amanullah,  
Secretary.
2. Mr. Amjad Ali,  
Additional Secretary.

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

**DP No.15.4.1            NON PRODUCTION OF RECORD OF GRANT-IN-AID –  
Rs.10.700 MILLION.**

**AUDIT VERSION**

3. During audit of the accounts of the Secretary Law, Parliamentary Affairs and Human Rights Department, Peshawar for the year 2010-2011, it was noticed that a sum of Rs.10.700 million was drawn on simple receipts from the Government exchequer and shown paid to District bars on accounts of Grant-in-Aid but no detail account in support of payment was available.

4. The Audit held that non production of record was violation of Auditor General's Ordinance.

5. The matter was reported to the Department in April 2012. DAC in its meeting held on 15<sup>th</sup> November, 2012, the Department replied that letters had been issued to the concerned bar associations but their replies were still awaited. No progress however was intimated till finalization of the report.

**DEPARTMENTAL VERSION**

6. The Department explained that the Grant-in-Aid was utilized by the following Districts Bar Associations:-

i.	District Bar Association Abbottabad.	Rs.25,00,000/-
ii.	High Court Bar Association Abbottabad.	Rs.35,00,000/-
iii.	District Bar Association Dir Lower.	Rs.2,00,000/-
iv.	District Bar Association Malakand.	Rs.5,00,000/-
v.	District Bar Association Nowshera.	Rs.10,00,000/-
vi.	District Bar Association Karak.	Rs.10,00,000/-
vii.	District Bar Association D.I.Khan	Rs.5,00,000/-
viii.	District Bar Association Lakki Marwat.	Rs.10,00,000/-
ix.	Tehsil Bar Association Dir Lower.	Rs.5,00,000/-



**Total:**

**Rs.1,07,00,000/-**

7. Under Section 18(2) of the legal practitioners and Bar Councils Act, 1973, the account of Bar Council would be audited by the Chartered Accountant.

8. All Bar Councils of Khyber Pakhtunkhwa excluding District Bar Association Lakki Marwat had provided copy of audited accounts.

**PAC RECOMMENDATIONS**

9. After detailed discussion on the subject Para, the Committee directed the Department to produce all auditable record to Audit for conducting detailed audit within a month time. Para stands. Progress be reported to PAC.

# **IRRIGATION DEPARTMENT**

Fourteen (14) Draft Paras reflected in the Auditor General's Report for the year 2013-14 against the Department were examined by the Committee in its meetings held on 2<sup>nd</sup> of August 2017. The following were present:-

## **PUBLIC ACCOUNTS COMMITTEE**

- |    |                           |                 |
|----|---------------------------|-----------------|
| 1. | Mr. Qurban Ali Khan, MPA  | Acting Chairman |
| 2. | Mr. Muhammad Idress, MPA  | Member          |
| 3. | Mr. Mehmood Jan Khan, MPA | Member          |
| 4. | Arbab Waseem Hayat, MPA   | Member          |

## **LAW, PARLIAMENTARY AFFAIRS & HUMAN RIGHTS DEPARTMENT**

Mr. Rizwanullah Khan Abdaali,  
Deputy Secretary.

## **FINANCE DEPARTMENT**

Mr. Adeel Shah,  
Additional Secretary.

## **AUDIT DEPARTMENT**

1. Mr. Asad Ullah Khan,  
Director.
2. Mr. M. Ismail Khan,  
Deputy Director.

## **IRRIGATION DEPARTMENT**

1. Mr. Tariq Rashid,  
Secretary.
2. Mr. Zahid Abbas,  
Chief Engineer (S).
3. Syed Mujahid Saeed,  
Chief Engineer (N).
4. Mr. Muhammad Shuaib,  
S.E, Bannu.
5. Sh. M. Jalil,  
S.E.
6. Mr. Shafiq ur Rehman,  
S.E.

7. Mr. Ghulam Ishaq Khan,  
XEN, Swat.
8. Mr. Zahoor Muhammad,  
XEN.
9. Mr. Aftab Ahmad,  
XEN.
10. Mr. M. Aqeel Azhar,  
XEN, CRBC, D.I.Khan.
11. Mr. Wajid Ali Shah,  
XEN, Swabi-I.
12. Mr. Muhammad Javed,  
XEN, Chitral.
13. Mr. M. Zubair Khan,  
XEN, Abbottabad.

#### **PROVINCIAL ASSEMBLY SECRETARIAT**

1. Mr. Amanullah,  
Secretary.
2. Mr. Amjad Ali,  
Additional Secretary.
3. Mr. Inamullah Khan,  
Deputy Secretary.
4. Mr. Ibrahim Khan,  
Assistant Secretary.
5. 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 OVERPAYMENT DUE TO ALLOWING HIGHER RATES – Rs.3.032 MILLION.**

#### **AUDIT VERSION**

3. During audit of the accounts of Project Manager Bazai Irrigation Project Mardan for the financial years 2008 to 2011, it was noticed that higher rates of Rs.7,885 PM<sup>2</sup> instead of approved rate of Rs.2,192 PM<sup>2</sup> was paid to M/S Karcon Pvt Ltd in the Package-A Tunnel and Canal System from RD 0+00 to

14+00 KM, which resulted in overpayment of Rs.2.902 million. Similarly, according to measurement sheet, a quantity of 88.102 M<sup>2</sup> of underground excavation in rock requiring blasting type-E was executed but payment was made of type "C & D" to same contractor, which also resulted into overpayment of Rs.0.130 million. Thus an overpayment of Rs.3.032 million was made to the contractor.

4. The Audit held that overpayment was made due to non-adherence to the BOQ. The matter was reported to the Department in January, 2012. DAC in its meeting held on 28<sup>th</sup> to 30<sup>th</sup> September, 2012, directed the Department to submit record to audit for verification. On verification the overpayment was established for recovery. Further progress was however, not intimated till finalization of the report.

### **DEPARTMENTAL VERSION**

5. The Department explained that: -

#### **PART-A**

- 1- The rate for underground excavation in rock requiring blasting had never been enhanced as stated by the Audit Officer.
- 2- The rate of Rs.7885/M3 for the above item was market rate & proper analysis had been done & approved by the competent forum & was made part of the BOQ/ Bidding document.
- 3- The rate of Rs.7885/M3 was also approved in estimate.
- 4- Evaluation of the contract cost has been made by the Evaluation Committee on the rate Rs.7885/M3 and not as Rs.2192/M3.
- 5- The rate of Rs.2192/M3 with no quantity has been shown in the contract document is meaningless and was actually a useless page, with Rs.2192/M3 & with zero quantity has been made part of the contract documents, which does not contribute towards evaluation & cost of the project.
- 6- Rate of Rs.7885/M3 for tunnel excavation was still less as compared to other projects, for example Rs.347.7/ft<sup>3</sup> =(Rs.12278.68/M3) for the same item has been approved in the PC-I of Kabul River & Warsak Canal System approved on 03/09/2009 by ECNEC.

6. Moreover, all the original record was ready & would to be presented to PAC/ Audit Authorities.

#### **PART-B**

7. A mistake in IPC#03 was made & the Contractor was overpaid Rs.1,30,391/-. Necessary recovery from the Contractor had already been made vide IPC#83.

8. The record related to the Para was presented to Mr. Bahadar Shah Deputy Director Audit and he had shown satisfaction over the record.

### **PAC OBSERVATION**

9. The PAC observed that huge record pertaining to the Para, produced by the Department in support of its contention was required to be checked in detail.

### **PAC RECOMMENDATIONS**

10. Para stands for detailed verification of record and recovery already made by the Verification of Record Committee.

### **DP No.14.4.2 OVERPAYMENT DUE TO ALLOWING HIGHER RATES- Rs.1.32MILLION.**

### **AUDIT VERSION**

11. During audit of the accounts of Executive Engineer Paharpur Irrigation Division D.I.Khan for the financial year 2010-11, it was noticed that an expenditure of Rs.11.977 million was incurred on the scheme Extension Down Stream Nose of Auxiliary T-head of spur No.20. An item of work Supply and Dumping at site was executed @ Rs.1219.62 PM<sup>3</sup> instead of the approved rate of Rs.1016.35 PM<sup>3</sup>, which resulted in overpayment of Rs.1.32 million.

12. The Audit held that overpayment occurred due to non-adherence to the approved rate which was violation of Para-220 of CPWA Code.

13. The matter was reported to the Department in November 2011. DAC in its meeting held on 18<sup>th</sup> Dec, 2012, directed the Department to conduct inquiry. Further progress was however, not reported till the finalization of the report.

### **DEPARTMENTAL VERSION**

14. The Department explained that as per inquiry officer Engr: Muhammad Iqbal Khan D.G.Small Dams reported vide his letter No.4371/SD/DG/57-PF, dated 25-7-2017, the scheme had been tendered on 09/05/2011 and the Finance Department had issued notification of approval of 20% above premium to be applicable from 01/04/2011, therefore, the audit observation of the application of the rate Rs.1219.69 PM<sup>3</sup> instead of the Rate Rs.1016.35PM<sup>3</sup>, which resulted an over payment of Rs.1.32(M) could not be established.

## **PAC RECOMMENDATIONS**

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

**DP No.14.4.3      LOSS DUE TO ACCEPTANCE OF HIGHER RATES–  
Rs.3.271 MILLION.**

### **AUDIT VERSION**

16. During audit of the accounts of the Executive Engineer Warsak Canal Division Peshawar for the financial year 2010-11, it was found that the rate of Rs.20% below offered by M/S Raja Muhammad Nawaz & Sons was ignored and work was awarded AT PAR offered by M/S CEMCON Pvt Ltd, resulting into a loss of Rs.3.271 million.

17. The Audit held that the loss was due to acceptance of higher rates which was violation of Para 11 of GFR Vol I.

18. The matter was reported to the Department in December 2011. DAC in its meeting held on 19<sup>th</sup> Dec, 2012, directed the Department to constitute joint enquiry and submit enquiry report within 15 days. Further progress was however, not reported till the finalization of the report.

### **DEPARTMENTAL VERSION**

19. The Department explained that the evaluation report showed 20% below instead of 20% above due to type/clerical mistake which was duly attested by competent authority as verified from comparative statement. As per DAC decision/direction Mr. Mujahid Saeed, Superintending Engineer (Head Quarter South) had been nominated as Enquiry Officer vide Secretary Government of Khyber Pakhtunkhwa Irrigation Department letter No.6-AO/IRR/PAC/2011-2012, dated 30/9/2013. Mr. Mujahid Saeed Chief Engineer (North) the then Superintending Engineer, Head Qaurter South Irrigation Department Peshawar conducted inquiry vide No.2019/North dated Peshawar 14-07-2017 as per conclusion/findings of inquiry that the award of contract @ “at par” was correct according to rules hence no loss to Government had been made.

## **PAC RECOMMENDATIONS**

20. All original record was produced before the Committee during the meeting which was verified, hence the Para was recommended to be settled.

**DP No.14.4.4      NON-IMPOSITION AND RECOVERY OF PENALTY –  
Rs.38.437 MILLION.**

## **AUDIT VERSION**

21. During audit of the accounts of Executive Engineer Swat Irrigation Division for the financial year 2011-12, it was noticed that works were awarded to various Contractors but the Contractors failed to complete the works within stipulated time. However, the penalty amounting to Rs.38.437 million was neither imposed nor recovered from the Contractors.

22. The Audit held that the lapse occurred due to extending undue favour to the Contractors and non-implementing the clauses of the bid documents. The matter was reported to the Department in October, 2012. DAC in its meeting held on 5<sup>th</sup> Dec, 2013, directed the Department that recovery may be made. Further progress was, however, not reported till finalization of the report.

## **DEPARTMENTAL VERSION**

23. The Department explained that the decision made by the DAC was not based on facts and in accordance with the agreed terms and condition of the Contract Agreements. The decision of the DAC, therefore, needs re-consideration. As per Clause 44.1 of the Contract Agreements “the extension in time limit could be granted and the penalty could only be imposed when the Contractor was at fault”. In the instant case, the competent authority had granted extension in time limits in the event of adverse climatic conditions and other special circumstances including Law and Order situation and as such no penalty could be imposed as the delay was not on part of the Contractors.

24. During the meeting the Department in nut shell explained that there was no fault of the contractor hence penalty was not imposed. The XEN being employer of the Project was entitled to grant extension in time period. Moreover, the concerned XEN who granted extension has been passed away.

## **PAC OBSERVATION**

25. Had the DAC been conducted seriously and cogent reasons of insurgency, snow bound, limited time for work etc advanced to it, the DAC would have definitely recommended for settlement of the Para.

## **PAC RECOMMENDATIONS**

26. In view of the above, the Para was recommended to be settled subject to fixing responsibility as to who had not conducted DAC seriously.

**DP No.14.4.5      UN-AUTHORIZED RETENTION OF FUNDS - Rs.18.967 MILLION.**

## **AUDIT VERSION**

27. During audit of the accounts record of the Executive Engineer Swat Irrigation Division Swat for the financial year 2011-12, it was noticed that the cheques in the name of various Contractors amounting to Rs.18.967 million were drawn from FDRD in the month June without execution of any work and were kept in Deposit-III to avoid lapse of funds. The drawl from the FDRD account and its retention in deposit-III was thus unauthorized.

28. The Audit held that the retention of funds to avoid lapse was violation of Para 7 of GFR Vol I.

29. The matter was reported to the Department in October, 2012. DAC in its meeting held on 5<sup>th</sup> Dec, 2013, directed the Department to conduct detail inquiry and fix responsibility. Further progress was however not reported till finalization of the report.

## **DEPARTMENTAL VERSION**

30. The Department explained that an enquiry had been conducted by Engr: Attaur Rehman Superintending Engineer, Mardan Irrigation Circle Mardan. After considering of Prose & cons, the Enquiry Officer recommended that no loss was involved, however, warning may be issued to the following Officers:-

- 1) Muhammad Shuaib Xen Irrigation Swat
- 2) Mr Bakhtiar Khan SDO Irrigation Swat
- 3) Mr. Najib Ullah DAO Irrigation Swat on the recommendation of the enquiry report the competent authority has issued displeasure to the concerned officers

## **PAC RECOMMENDATIONS**

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

**DP No.14.4.6      UNAUTHORIZED EXPENDITURE ON WORK CONTRARY TO APPROVED SPECIFICATION AND DESIGN - Rs.8.409 MILLION.**

## **AUDIT VERSION**

32. During audit of the account of the Executive Engineer Paharpur Irrigation Division D.I.Khan for the financial year 2010-11, it was noticed that an expenditure of Rs.8.409 million was incurred on the restoration of flood damage to Spur No.21,21-A,24,29,30 and Guide Bund (RD 6400 to 8175). The work was



not executed according to the approved design, specifications. The expenditure was thus unauthorized.

33. The Audit held that unauthorized expenditure was due to weak internal control. The matter was reported to the Department in November 2011. DAC in its meeting held on 18<sup>th</sup> Dec, 2012, directed the Department for verification. Further progress was however, not reported till the finalization of the report.

#### **DEPARTMENTAL VERSION**

34. The Department explained that the work during execution was duly verified by the consultant NESPAK and flood Damages Restoration Directorate Staff, however in light of DAC meeting held on 18-12-2012 all relevant documents has been submitted to Director General Audit for verification which were duly verified.

#### **PAC RECOMMENDATIONS**

35. The explanation of the Department was found plausible duly endorsed by the Audit, the Para was, therefore, recommended to be settled.

**DP No.14.4.7      UNAUTHORIZED EXPENDITURE – Rs.1.745 MILLION.**

#### **AUDIT VERSION**

36. During audit of the accounts of XEN Irrigation Swat for the financial year 2008-09, it was noticed that in Dir Sub-Division the expenditure of Rs.1.945 million was incurred on annual maintenance and repair against the tender cost of Rs.0.200 million. Excess expenditure over the tender cost resulted into unauthorized expenditure of Rs.1.745 million.

37. The Audit held that the unauthorized expenditure was due to weak financial controls which was violation of Para-19(iv) of GFR Vol-I

38. The matter was reported to the Department in April, 2010, DAC in its meeting held on 2<sup>nd</sup> December, 2013, directed the Department to recover the amount. Further progress was however, not reported till the finalization of the report.

#### **DEPARTMENTAL VERSION**

39. The Department explained that decision of the DAC was not based on facts as the competent authority had accorded approval to the enhancement of contract under the provision of Clause-12 of the Contract Agreement vide No.519/C/2008-09 dated 24-03-2009, and accordingly physical work had been executed at site to the tune of Rs.1.945 (M), hence no loss was involved.

40. During the meeting, the Department explained that the contractors were being hired for the entire year for M&R works but the works were being granted on actual and the Department could not advertise M&R works beyond the allocated funds.

### **PAC RECOMMENDATIONS**

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

### **DP No.14.4.8 UNAUTHORIZED EXPENDITURE WITHOUT PROVISION IN PC-1 - Rs.1.026 MILLION.**

#### **AUDIT VERSION**

42. During audit of the accounts of XEN Hazara Irrigation Division Abbottabad for the financial year 2010-11, incurred expenditure of Rs.1.026 million on various item not approved in the PC-1 and BOQ of the work, resulting into unauthorized expenditure.

43. The Audit held that unauthorized expenditure was due to non-adherence to PC-1 and BOQ which was violation of Para-89(e) of CPWA Code.

44. The matter was reported to the Department in June, 2012. DAC in its meeting held on 17<sup>th</sup> December, 2013, directed the Department to recover the amount. Further progress was however, not reported till the finalization of the report.

#### **DEPARTMENTAL VERSION**

45. The Department explained that the decision of DAC regarding recovery of Rs.1.026 (million) was not justified on the following grounds:-

- A) A sum of Rs.0.85 (M) paid as pointed out by Audit Party for the work "Restoration of Flood Protection Work Village Kharbara Tehsil Ghazi District Haipur" (Proposed by Ishtiaq Haripur Kharbara) was included at S.No.86 in Abstract of Cost (Work Wise) duly approved in the Umbrella PC-I of ADP No.518 (90459) 2009-10 "Extension & Restoration of existing Flood Protection Work in NWFP".
- B) In this part of the Para an amount of Rs.1,76,032/- paid as pointed out by Audit Party for PVC Pipes in the work "Construction of Sump well for Monra Kalawan, District Haripur was included in the Revised Technical Sanction duly approved on 04-09-2009.

## **PAC RECOMMENDATIONS**

46. Complete record in support of the contention of the Department was produced before the Committee during the meeting which was verified by Audit, hence the Para was recommended to be settled.

### **DP No.14.4.9 EXCESS EXPENDITURE OVER APPROVED COST- Rs.6.566 MILLION.**

#### **AUDIT VERSION**

47. During audit of the accounts of the Executive Engineer Paharpur Irrigation Division D.I.Khan for financial year 2010-11, it was noticed that an expenditure of Rs.7.565 million was incurred on Emergency Protection of Spur No.24 & Guide Bund up to 3<sup>rd</sup> running bill against the approved cost of Rs.1 million, which resulted in excess expenditure of Rs.6.566 million.

48. The Audit held that expenditure was due to weak internal controls and financial mismanagement which was violation of Para-89 of CPWD Code.

49. The matter was reported to the Department in November 2011. DAC in its meeting held on 18<sup>th</sup> Dec, 2012, directed the Department to conduct inquiry and to submit report. Further progress was however, not reported till the finalization of the report.

#### **DEPARTMENTAL VERSION**

50. The Department explained that as per Inquiry Officer Engr: Muhammad Iqbal Khan, Director General, Small Dams reported vide his letter No.4371/SD/DG/57-PF dated 25-07-2017, concluded that "since there was no irregularity occurred, therefore, no responsibility for loss to the Government can be fixed on any officer/official of Paharpur Irrigation Division D.I.Khan".

## **PAC RECOMMENDATIONS**

51. The Committee after detailed discussion could not reach to a just and fair conclusion, therefore, a Sub-Committee comprising the following was constituted to thrash out the issue as to whether the Department was empowered to grant 1000% increase in expenditure above the PC-I cost or otherwise:-

- |    |                           |          |
|----|---------------------------|----------|
| 1. | Mr. Qurban Ali Khan, MPA  | Chairman |
| 2. | Mr. Muhammad Idress, MPA  | Member   |
| 3. | Mr. Mehmood Jan Khan, MPA | Member   |
| 4. | Arbab Waseem Hayat, MPA   | Member   |

52. The quorum of the Sub-Committee shall be two (02). The Sub-Committee shall submit its report to the PAC within a month time.

**DP No.14.4.10      EXCESS EXPENDITURE OVER APPROVED PC-I COST-  
Rs.6.021 MILLION.**

**AUDIT VERSION**

53.            During audit of the accounts of Executive Engineer Paharpur Irrigation Division D.I.Khan, for the financial year 2010-11, it was noticed that an expenditure of Rs.11.021 million was incurred on Construction of lining of Puran minor RD-00 to tail in reach upto 1<sup>st</sup> running bill vide voucher No.2 dated 21.2.2011 against the approved PC-I cost of Rs.5 million resulting into excess expenditure of Rs.6.021 million.

54.            The Audit held that excess expenditure was due to weak internal control which was violation of Para-89 of CPWD Code.

55.            The matter was reported to the Department in November, 2011. DAC in its meeting in 18<sup>th</sup> Dec, 2012, directed the Department to obtain the approval for the revised PC-I from ECNEC. Further progress was however, not reported till the finalization of the report.

**DEPARTMENTAL VERSION**

56.            The Department explained that Revised Umbrella PC-I of the Scheme "lining of Irrigation Channels in Khyber Pakhtunkhwa" for the whole Province had since been approved by the ECNEC including the expenditure incurred by the Paharpur Irrigation Division D.I.Khan for the Revised cost Rs.2898(M) vide A.A No.DW-3(3) /2014 dated 5-11-2014.

**PAC RECOMMENDATIONS**

57.            In view of the approval of ECNEC, the Para was recommended to be settled.

**DP No.14.4.11      EXCESS PAYMENT TO CONTRACTORS - Rs.2.486  
MILLION.**

**AUDIT VERSION**

58.            During audit of the accounts of XEN Mardan Irrigation Division Mardan for the financial year 2011-12, it was noticed that excess payment of Rs.2.486 million was made to various Contractors due to allowing payment of excess quantity of stone as compared to the quantity required in BOQ of works.

59.            The Audit held that excess payment was due to non-adherence to BOQ which was violation of Para-89(e) of CPWD Code.

60. The matter was reported to the Department in October, 2012. DAC in its meeting held on 26<sup>th</sup> November, 2013, directed the Department to recover the excess payment. Further progress was however, not reported till the finalization of the report.

### **DEPARTMENTAL VERSION**

61. The Department explained that the DAC decision of recovering of excess payment of Rs.2.486 million was not justified on the following ground:-

- 1- The PC-I was prepared/based on rough cost estimate for taking Administrative Approval whereas the work was executed according to the detail estimate sanctioned by the competent authority after proper surveying design and quantity calculation.
- 2- Although there was a little variation in the quantities of different items of work wherein quantities of some items were increased while other decreased as per requirement of site. These variations in quantities were incorporated in sanctioned/approved estimates. Furthermore, the payment was made on the actual measured quantities (i.e) work done at site and the project was finalized within the administratively approved cost. Hence, no excess payment had been made, the variation was within the permissible limit covered by sanctioned estimate and had no impact on the cost of projects.

### **PAC RECOMMENDATIONS**

62. The explanation of the Department was found plausible, duly endorsed by Audit, hence, the Para was recommended to be settled.

**DP No.14.4.12      EXCESS PAYMENT TO CONTRACTOR - Rs.1.77 MILLION.**

### **AUDIT VERSION**

63. During audit of the accounts of XEN Mardan Irrigation Division Mardan for the financial year 2011-12, it was noticed that in the project "Construction of Canal Patrol Road Phase-III" an excess payment of Rs.1.77 million was made to M/S Royal Builders Contractor in 2 BOQ items of the work for carrying excess quantities than provided in the BOQ.

64. The Audit held that excess payment was due to non-adherence to BOQ which was violation of Para-89(e) of CPWD Code.

65. The matter was reported to the Department in October, 2012. DAC in its meeting held on 26<sup>th</sup> November, 2013, directed the Department to recover the amount from the contractor. Further progress was however, not reported till the finalization of the report.

## **DEPARTMENTAL VERSION**

66. The Department explained that the DAC decision of recovering of excess payment of Rs.1.177 million was not justified on the following ground:-

- 1- The PC-I was prepared/based on rough cost estimate for taking administrative approval whereas the work was executed according to the detail estimate sanctioned by the competent authority after proper surveying design and quantity calculation.
- 2- Although there was a little variation in the quantities of different items of work wherein quantities of some items were increased while other decreased as per requirement of site. These variations in quantities were incorporated in sanctioned/approved estimates. Furthermore, the payment was made on the actual measured quantities (i.e) work done at site and the project was finalized within the administratively approved cost. Hence, no excess payment had been made, the variation was within the permissible limit covered by sanctioned estimate and had no impact on the cost of projects.

## **PAC RECOMMENDATIONS**

67. The explanation of the Department was found plausible and Audit admitted its own mistake stating that the Para was not based on facts, hence the Para was recommended to be settled.

**DP No.14.4.13      WASTEFUL EXPENDITURE ON NON FEASIBLE PROJECT –**  
**Rs.140.311 MILLION.**

## **AUDIT VERSION**

68. During audit of accounts of Executive Engineer Irrigation Division Chitral, for the financial year 2010-2011, it was noticed that an expenditure of Rs.140.311 million was incurred on the scheme construction of “Trichan to Attahk Irrigation Schemes Tehsil Molkow District Chitral” during the period from 2001 to 2009 including the cost of Rs.1.757 million of feasibility study of the scheme carried out through a consultant M/S M.M Pakistan Ltd. Later on the scheme was abandoned and declared as not feasible by the Department. The Planning and Development Department had also inquired the project and declared expenditure of Rs.140.311 million wasteful.

69. The Audit held that the wasteful expenditure occurred due to faulty design and feasibility report which was violation of Para-23 of GFR Vol-I.

70. The matter was reported to the Department in October, 2011, DAC in its meeting held on 21<sup>st</sup> November, 2013, the Department told that revised feasibility study was in process w.e.f. 01.07.2013. The feasibility study when

completed, the work would be started. DAC did not agree and referred the Para to PAC.

### **DEPARTMENTAL VERSION**

71. The Department explained that the scheme under audit observation was started on the recommendation of M/S MMP (Pvt.) Ltd: Consultant, who carried out feasibility. Later on, another consultancy M/S MR consultant and Geo Construct (Austria) was also engaged by the competent authority for the scheme. Now a high level inquiry vide No .SO(E)/IRR/7-5/07/Vol-II/Inquiry Trichan dated 19<sup>th</sup> May 2017 had been notified whose findings to the extent of responsibility on consultants were being investigated. The findings of the Inquiry Committee would be communicated to PAC.

### **PAC RECOMMENDATIONS**

72. After detailed discussion, the Committee could not reach to a logical conclusion therefore, the Para was referred to the Sub-Committee already constituted in DP 14.4.9 for detailed scrutiny.

### **DP No.14.4.14 WASTEFUL EXPENDITURE - Rs. 6.314 MILLION.**

#### **AUDIT VERSION**

73. During audit of the accounts of XEN Tube well Irrigation Division Peshawar for the financial year 2010-11, it was noticed that two (02) Tube Wells installed at the cost Rs.6.314 million were not made functional even after a lapse of two years and the objectives of installing the Tube Wells were not achieved which resulted in wasteful expenditure.

74. The Audit held that wasteful expenditure was due to negligence and ill planning. The matter was reported to the Department in September, 2012. DAC in its meeting held on 18<sup>th</sup> November, 2013, observed that the Tube Wells were not functional due to non-energizing by PESCO and decided to place the Para before PAC.

### **DEPARTMENTAL VERSION**

75. The Department explained that the Tube Well Meraji 201 was constructed under the privatization policy and after installation of Transformer and Electric Meter was made functional and handed over to the beneficiaries dated 13-2-2013 for further operation and maintenance.

76. The undertaking between the Department and beneficiaries was produced for ready reference. The Tube Well Shobra-I had been constructed on Pabbi minor for the augmentation of the canal. The Tube Well was energized on

26-03-2013 on the installation of transformers etc. the Tube well was put into operation.

77. The augmentation Tube Well was maintained by Department. The electric charges bill exhibited the operation of Tube Well.

### **PAC RECOMMENDATIONS**

78. During the meeting Mr. Muhammad Idrees, MPA said that the scheme had not yet been materialized. Moreover, handing/taking over had not been made. The handing/taking over shown to have been duly signed by Mr. Waheed-ur-Rehman was challenged by the Committee to be fake. Therefore, the PAC directed that physical verification should be carried out by the Sub-Committee already constituted in DP No.14.4.9. Para stands. Progress be reported to PAC.



**HOUSING DEPARTMENT**

**Total Draft Paras\_\_\_\_\_ 04**

**Total Draft Paras examined by the PAC\_\_ 04**

**Pending\_\_\_\_\_ Nil**

**Settled during meeting: 13.4.2, 13.4.3 & 13.4.4 ..... (03)**

**Sub-Committee: 13.4.1..... (01)**

# **HOUSING DEPARTMENT**

Four (04) Draft Paras reflected in the Auditor General's Report for the year 2013-14 against the Department were examined by the Committee in its meetings held on 3<sup>rd</sup> of August 2017. The following were present:-

## **PUBLIC ACCOUNTS COMMITTEE**

- |    |                           |                 |
|----|---------------------------|-----------------|
| 1. | Mr. Qurban Ali Khan, MPA  | Acting Chairman |
| 2. | Mr. Muhammad Idress, MPA  | Member          |
| 3. | Mr. Mehmood Jan Khan, MPA | Member          |
| 4. | Arbab Waseem Hayat, MPA   | Member          |

## **LAW, PARLIAMENTARY AFFAIRS & HUMAN RIGHTS DEPARTMENT**

Mr. Rizwanullah Khan Abdaali,  
Deputy Secretary.

## **FINANCE DEPARTMENT**

Mr. Muhammad Bashir,  
Additional Secretary.

## **AUDIT DEPARTMENT**

1. Mr. Asad Ullah Khan,  
Director.
2. Mr. M. Ismail Khan,  
Deputy Director.
3. Mr. Shahid Ali,  
Deputy Director.
4. Mr. Zubair Arshad Khattak,  
Deputy Director.

## **HOUSING DEPARTMENT**

1. Mr. Waqar ul Hassan,  
Secretary.
2. Mr. Ijaz Afzal,  
Director General.
3. Mr. Imran Wazir,  
D.F. PHA.

## **PROVINCIAL ASSEMBLY SECRETARIAT**

1. Mr. Amanullah,  
Secretary.
  2. Mr. Amjad Ali,  
Additional Secretary.
  3. Mr. Inamullah Khan,  
Deputy Secretary.
  4. Mr. Ibrahim Khan,  
Assistant Secretary.
  5. 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. 13.4.1            OVERPAYMENT ON ALLOWING INCORRECT RATES -**  
**RS.1.401 MILLION.**

### **AUDIT VERSION**

3. During audit of the accounts of Director General Provincial Housing Authority (PHA) Peshawar for the financial year 2006-07 to 2010-11, it was noticed that a sum of Rs.1.401 million was overpaid to contractors in the Balance Work of Nasapa Payan due to allowing different rates to different contractors for the same item of work which resulted into overpayment of Rs.1.401 million.

4. The Audit held that overpayment was due to extending undue benefit to the contractors.

5. The matter was reported to the Department in February, 2012. DAC in its meeting held on 23<sup>rd</sup> May, 2012, directed the Department for verification of record. The record was further verified on 11<sup>th</sup> June, 2013 it was confirmed that different rates for the same item of work were paid to the contractors.

### **DEPARTMENTAL VERSION**

6. The Department explained that Provincial Housing Authority (PHA) Federal (F) had a project of 216 flats at Nasapa Payan Charsadda Road Peshawar and sold in bulk to the Provincial Government with the condition to complete the work in all respects but the flats would not be completed by the PHA (F) with the reason best known to them. On 09/03/2009 those flats which were taken over by the Provincial Government on as was where basis and balance work for completion was had been handed over to Provincial Housing

Authority (PHA) Provincial (P) with the direction not to alter any specification of the item of work.

7. While taken over the flats from Provincial Housing Authority (F) a PC-I was prepared by PBMC Administration Department on CSR-1999 for the balance work. The PC-I was also vetted by the Works and Services Department but later on the PC-I was reframed on CSR-2009.

8. The PBMC had taken in PC-I full new steel doors as per CSR item No.12-47 while at site the work was changed as Provincial Housing Authority (F) left the work incomplete and provided the joinery in Block A, B,C,D,E and F as per following in different places:-

1. Complete doors comprising steel chowkat and steel shutter with lassani sheet used as panels in the door shutter was provided by PHA (F) and nothing was required to do by PHA (P) except finishing and painting.
2. Only steel chowkat was provided by PHA (F) while complete shutter with lassani sheet panels provided by PHA (P).
3. Steel chowkat with incomplete shutter was provided by PHA (F) while lassani panels were provided by PHA (P).
4. Steel chowkat with incomplete shutter was provided by PHA (F) while wire gauze was provided by PHA (P).

9. As per decision arrived at in the meeting on 09/03/2009 and to safeguard the Government Property Provincial Housing Authority (P) utilized the available incomplete doors and complete the balance work required at site. Being the non-schedule item during the tender the rate was left open to the Contractor and before awarding the work, it was properly analyzed with the consultation of focal manufacturer and during discussion it was revealed that similar nature of component of work was to be utilized in different places in different shape, therefore, during analysis of each item of work different rates had been provided by manufacturer was correct as per work at site and after full satisfaction the work was awarded to the Contractor.

10. It was requested that:-

1. the item of work i.e. steel doors provided at site was too rich in specification and stylish than the similar nature of item vide No. 12-47 in CSR 2009 and lesser in cost.
2. rather to remove the incomplete available doors it had been completed and save the Government property in lesser cost available at site.

3. payment was made as per approved tender rates and no overpayment was involved.
4. no undue benefit was extended towards the Contractor and the work was carried out as required at site.

11. The item of work was properly covered in the Technical Sanction of the Scheme and also within the permissible limit of the financial power and no loss occurred to the Government.

### **PAC OBSERVATION**

12. The Committee observed that 5.5.% above rates were offered by the contractor on the rates mentioned in the PC-I for non-schedule items. Whereas, payment was made on the rates quoted by the contractor afterwards. Premium was not applicable on non-schedule items in the Finance Department Notification No.BC1/FD/1-7/2010/11 dated 02-02-2011.

### **PAC RECOMMENDATIONS**

13. In view of the above, the Para was referred to the Sub-Committee comprising the following to examine the issue of over payment in detail:-

- |    |                           |          |
|----|---------------------------|----------|
| 1. | Mr. Muhammad Idrees, MPA  | Chairman |
| 2. | Mr. Mehmood Jan Khan, MPA | Member   |
| 3. | Arbab Waseem Hayat, MPA   | Member   |

14. Para stands. Progress be reported to PAC within two (02) months.

**DP No. 13.4.2      LOSS TO THE GOVERNMENT Rs. 9.578 MILLION.**

### **AUDIT VERSION**

15. During audit of the accounts of Director General Provincial Housing Authority Peshawar for the financial years 2006-07 to 2010-11, it was noticed that a scheme for construction of High Rise Flats was sanctioned with estimated cost of Rs.270.00 million and a consultant firm was hired for preparation of feasibility study @ 4% of the project cost. The consultant was paid Rs.9.578 million but the report prepared was not accepted and the project was abandoned which resulted into loss to the Government.

16. The Audit held that loss occurred due to financial mismanagement. The matter was reported to the Department in February, 2012. DAC in its meeting held on 23<sup>rd</sup> May, 2012, directed the Department for verification of record. The record was further verified on 10<sup>th</sup> June, 2013 it was found that the project was not feasible due to high cost and abandoned.

### **DEPARTMENTAL VERSION**

17. The Department explained that the Scheme had been prepared by the Consultant at a total cost of Rs.9.578 million as the consultancy was approved by DCSC vide Notification NO.SOT/Housing/1-29/2005-B/8398-03 dated 16/12/2008. After detailed Planning & Designing of the Scheme, PC-I amounting to Rs.840.579 million was prepared and approved by PDWP in its meeting held on 19/01/2011 and was advertised through print and electronic media with the last date fixed as on 15/03/2012. 120 No of applications for 140 flats had been received which was in process for allotment of flats. Hopefully the scheme would be colonized. No lapse was occurred and transparently the process was carried on.

### **PAC RECOMMENDATIONS**

18. The explanation of the Department, duly supported by Audit, was found plausible, hence, the Para was recommended to be settled.

**DP No. 13.4.3                    LOSS DUE TO NON SUPPLY OF SATELLITE IMAGES -**  
**RS.5.87 MILLION.**

### **AUDIT VERSION**

19. During audit of the accounts of Project Management Unit of Director General Provincial Housing Authority Peshawar for the financial years 2006-07 to 2010-11, it was noticed that payment of Rs.5.87 million was made to a consultant on 27.06.2011 for the provision of "Satellite Land Images" but the required land images were not provided till February, 2012.

20. The Audit held that the lapse occurred due to extending undue benefits to the consultant.

21. The matter was reported to the Department in February, 2012. DAC in its meeting held on 23<sup>rd</sup> May, 2012, directed the Department for verification of record. The record was further verified on 11<sup>th</sup> June, 2013 it was found that the required satellite images were not provided and the supplied images were declared to be copied from Google Images and not accepted as per minutes of the meeting dated 11<sup>th</sup> January, 2012.

### **DEPARTMENTAL VERSION**

22. The Department explained that: -

1. images had been provided by the Consultant which could be verified from soft copy available at PMU.
2. as far as recruitment of Deputy Managers was concerned, PC-I had the provision and their appointments were made basically to supervise the implementation of Land use plan in five Districts not to collect data of the Land use which was

the primary responsibility of the consultant. It was also pertinent to mention that consultancy of Land use plan was awarded to Izhar Consortium before the appointment of Deputy Managers.

23. The purchase of images by the Consultant and the award of the consultancy were evident from the fact that the PC-I was already a provision therein.

24. During the meeting, the representative of the Department told the Committee that images had been provided by the Consultant, which could be verified from the soft copy. The Department provided soft copy of the same to the Committee.

### **PAC RECOMMENDATIONS**

25. In view of plausible explanation of the Department and owing to Pre-PAC recommendation, the Para was recommended to be settled.

### **DP No.13.4.4 WASTEFUL EXPENDITURE - OF RS. 14.150 MILLION.**

#### **AUDIT VERSION**

26. During audit of accounts of the Director General Provincial Housing Authority (PHA) Peshawar for the financial years 2009-10 and 2010-11, it was noticed that an expenditure of Rs.14.150 million was incurred on developmental works like fencing of Poles, Barbed wire and Road Construction in the Mulazai Housing Scheme measuring 190 Kanal. Land was transferred to PHA. The National Highway Authority (NHA) has already marked the said land for construction of Northern Bypass. The expenditure was thus wasteful.

27. The Audit held that wasteful expenditure was due to poor planning.

28. The matter was reported to the Department in February, 2012. DAC in its meeting held on 25<sup>th</sup> May, 2012, directed the Department to produce the NHA certificate showing that the said scheme was not covered in NHA road. Verification of record was carried on 11.06.2013 however no certificate was available on record.

#### **DEPARTMENTAL VERSION**

29. The Department explained that Mulazai Housing Scheme was in the advance stage of completion and no body including NHA could be entered into land whether belonged to Government or Private property before notification of the Section-4 under the Land Acquisition Act 1894 and in present case no notification was issued on the land till date. However, NHA was in the process of

fixation of alignment as Phase-III of the Northern Bypass and at the moment there was nothing at site regarding construction of road on the said land.

**PAC RECOMMENDATIONS**

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



**RELIEF, REHABILITATION AND SETTLEMENT**  
**DEPARTMENT**

Total Draft Paras \_\_\_\_\_ 06

Examined \_\_\_\_\_ 06

Pending \_\_\_\_\_ Nil

**Settled: 17.4.1..... (01)**

**Recovery: 17.4.2..... (01)**

**VOR: 4.4.11, 4,4.16, 4,4,25, 4,4.29..... (04)**

# **RELIEF, REHABILITATION & SETTLEMENT DEPARTMENT**

Two (02) Draft Paras were reflected in the Auditor General's Report for the year 2013-14 against the Department. Four (04) Draft Paras pertaining to the Department were erroneously booked against the C&W Department. Therefore, the Committee examined six (06) Draft Paras in its meetings held on 3<sup>rd</sup> of August 2017. The following were present:-

## **PUBLIC ACCOUNTS COMMITTEE**

- |    |                           |                 |
|----|---------------------------|-----------------|
| 1. | Mr. Qurban Ali Khan, MPA  | Acting Chairman |
| 2. | Mr. Muhammad Idress, MPA  | Member          |
| 3. | Mr. Mehmood Jan Khan, MPA | Member          |
| 4. | Arbab Waseem Hayat, MPA   | Member          |

## **LAW, PARLIAMENTARY AFFAIRS & HUMAN RIGHTS DEPARTMENT**

Mr. Rizwanullah Khan Abdaali,  
Deputy Secretary.

## **FINANCE DEPARTMENT**

Mr. Muhammad Bashir,  
Additional Secretary.

## **AUDIT DEPARTMENT**

1. Mr. Asad Ullah Khan,  
Director.
2. Mr. M. Ismail Khan,  
Deputy Director.
3. Mr. Shahid Ali,  
Deputy Director.
4. Mr. Zubair Arshad Khattak,  
Deputy Director.

## **PROVINCIAL ASSEMBLY SECRETARIAT**

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

4. Mr. Ibrahim Khan,  
Assistant Secretary.
5. 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.17.4.1      LOSS TO GOVERNMENT EXCHEQUER - Rs.1.118 MILLION.**

**AUDIT VERSION**

3. During audit of the accounts of Provincial Disaster Management Authority (PDMA) Peshawar, it was noticed that 10,000 Nos sand bags @ Rs.150 per bag were purchased from Azmat Khan & Brothers. Out of which 3750 bags were shown issued to various offices on 23.06.2010 while according to stock register the 10,000 bags were received and taken on charge on 19.07.2010. The issuance of sand bags before their receipts was fake. On physical verification of the stock it was found that 4,450 bags were badly damaged and not fit to be transported. The fake issue of 3,750 bags and damaged 4450 bags put the Government to a loss of Rs.1.230 million.

4. The Audit held that loss was due to weak internal controls which was violation of Para 10 (i) and 162 of GFR vol-I.

5. The matter was reported to Department in August, 2012. DAC in its meeting held on 31<sup>st</sup> Dec, 2012, directed the Department that enquiry may be conducted and its findings be intimated to audit within one (01) month. Further progress, however has not been reported till finalization of the report.

**DEPARTMENTAL VERSION**

6. The Department explained that in light of DAC decisions, Director HR/Admn, PDMA was appointed as Enquiry Officer by the Secretary Relief Rehabilitation & Settlement (RR&S) Department to probe in to the matter and conduct a fact finding report.

7. The Enquiry Officer had conducted the enquiry on 17.01.2014 with the following recommendations:-

- i) In future, purchase of sand bags filled with sand should not be allowed as this costs a lot during transportation to the required places on one hand and created problem of storage on the other.
- ii) With a word of caution as in (i), the Para may be settled as no irregularity was found in receipt and issue of the items at warehouse.

8. The Enquiry Report was also forwarded to Director General Audit Khyber Pakhtunkhwa by the RR&S Department vide letter No RR&SD (Admn) 2-12/2013-14 dated 31/01/2014.

### **PAC RECOMMENDATIONS**

9. The Para was recommended to be settled as the practice of purchasing filled sand bags has now been abandoned.

**DP NO.17.4.2      LOSS DUE TO NON RECOVERY OF STAMP DUTY, PROFESSIONAL TAX AND INCOME TAX - RS. 1.133 MILLION.**

### **AUDIT VERSION**

10. During audit of the accounts of Director General Provincial Disaster Management Authority, Peshawar for the financial year 2011-12, it was revealed that various items were supplied by various suppliers to Director General Provincial Disaster Management Authority (PDMA), Peshawar. But no Stamp Duty, Professional Tax and Income Tax deducted resulting into loss to Government worth Rs.1.133 million.

11. The Audit held that the loss was due to non adherence of prescribed rules. The matter was reported to the Department in August, 2012. DAC in its meeting held on 31<sup>st</sup> Dec, 2012, directed the Department that relevant record be produced for verification within 7 days. Further progress, however has not been reported till finalization of the report.

### **DEPARTMENTAL VERSION**

12. The Department explained that the Audit pointed out a total recovery of Rs. 1.133 million on account of non-deduction of Stamp Duty, Income Tax & Professional Tax. The detail of recovery under each head was as under:-

#### **1) Stamp Duty**

The Audit pointed out recovery of Rs.1,83,411/- on account of Stamp Duty out of which a sum of Rs.1,78,083/- had already been made by the Department vide cheques No. A052753 dated 04.10.2011 and A052770 dated 22.11.2011 and fresh recovery amounting to Rs.1829/- had been made by the Department in light of the DAC decision. The remaining amount of Rs. 3,209/- on account on non-deduction of Stamp Duty would be deducted under intimation to Audit.

#### **2) Income Tax**

The Audit pointed out recovery of Rs.9,48,793/- on account of Income Tax. The concerned supplier was directed to deposit Income Tax pointed out by the Audit. However, the supplier intimated vide letter dated 03.03.2016 that he had already paid Income Tax of Rs. 12,81,763/- at the time of importing the YAMAHA OBMS under Section-148 of Income Tax Ordinance therefore, no Income Tax was required to be deducted in light of Clause (a) Section 153 of Income Tax Ordinance.

### **3) Professional Tax**

The Audit pointed out recovery of Rs.40,000/- on account of Professional Tax, out of which a sum of Rs.20,000/- had been recovered by the Department from M/S Bilal Traders and M/S Qureshi Goods & Transport Company. Moreover, M/S Business and Engineering Trends produced clearance certificate of Professional Tax for the year 2011-12 & 2012-13 therefore, question regarding recovery of Professional Tax from M/S Business and Engineering Trends did not arise. The remaining amount of Rs.10,000/- on account on non-deduction of Professional Tax would be deducted under intimation to Audit.

## **PAC RECOMMENDATIONS**

13. In view of the action taken by the Department, the Para was recommended to be settled with the direction to recover the balance amount of Rs. 13,209/- within one (01) month.

### **DP No.4.4.11 OVERPAYMENT DUE TO ALLOWING HIGHER RATES THAN CSR 2009 – RS.1.923 MILLION.**

## **AUDIT VERSION**

14. During audit of the accounts of Project Director PaRRSA/USAID Project Unit Communication and & Works Department, Swat for financial year 2011-12, it was noticed that 18 items were paid over and above the scheduled rates in the construction of GPS Shen, which resulted in an overpayment of Rs.1.923 million.

15. The Audit held that overpayment occurred due to non-observance of the CSR which was violation of Para 23 of GFR vol I.

16. The matter was reported to the Department in October, 2012. DAC in its meeting held on 4<sup>th</sup> April, 2013, directed to produce the relevant record to audit for verification. Further progress was, however, not reported till finalization of the report.

## **DEPARTMENTAL VERSION**

17. The Department explained that in light of the DAC decision the Project Director PU C&W Division was requested vide letter dated 08.05.2013 to verify the relevant record from the Audit. Accordingly, Original record was also provided to Audit for verification by the Project Director PU C&W Division Swat vide letter dated 13.05.2013 but no verification was made by Audit.

18. The Program Manager PaRRSA also requested to Project Director PU C&W Division Swat vide letter dated 18.06.2013 and 04.07.2013 to verify the record in light of the DAC decisions.

19. The Project Director PU C&W Division Swat requested Director General Audit Khyber Pakhtunkhwa vide letter dated 14.06.2013 to depute an Audit Party so that the record could be verified. Moreover, Section Officer (PAC) Communication and Works Department also requested Director General Audit Khyber Pakhtunkhwa vide letter dated 04.07.2013 to depute an Audit Party for verification of record.

20. Despite of the above mentioned extensive correspondence between the PaRRSA, Project Director PU C&W Division Swat and Director General Audit Khyber Pakhtunkhwa, the record could not be verified due to some reason or the other. However, the concerned Project Director PU C&W Division Swat was directed vide letter dated 26.07.2017 to bring the original record in the PAC meeting so that the same could be verified.

21. Moreover, the Draft Para was mistakenly reflected against the Communication and Works Department in the Audit Report for the year 2013-14 and referred to this Department at the eleventh hours due to which neither Pre-PAC meeting could be arranged nor comments could be obtained from Audit and Finance Department.

### **PAC RECOMMENDATIONS**

22. After plausible explanation of the Department, the Para was recommended to be settled subject to verification of PC-I, BOQ, TS, Work Order, Comparative Statement and Bid Evaluation by Verification of Record Committee.

**DP No.4.4.16      LOSS DUE TO NON-RECOVERY OF LIQUIDATED DAMAGES – Rs.14.625 MILLION.**

### **AUDIT VERSION**

23. During audit of the accounts of Project Director PaRRSA/USAID Project Unit, C&W Department Unit Swat for financial year 2011-12, it was noticed that liquidated damages for delay in completion of work amounting to Rs.14.625 million was neither imposed nor recovered from the Contractors as detail given below: -

(Rs.in million)

Name of work	Commencement date	Required Completion date	Actual date of completion	Estimated value	Amount of penalty
GMS Nawagai	29.11.2010	28.11.2011	30.06.2012	18.030	1.803
GPS GMS Charbagh	25.01.2011	24.01.2012	18.05.2012	32.62	3.262
GPS Shin	27.01.2011	26.01.2012	31.05.2012	31.41	3.141
GPS Molyano Banda	09.07.2010	08.07.2011	16.05.2012	12.866	1.286
GCMS Moranai	09.07.2010	08.07.2011	09.05.2012	19.060	1.906
GMS Kunber	09.07.2010	08.07.2011	17.05.2012	10.242	1.024
GPS Takatak	09.07.2010	08.07.2011	31.05.2012	11.088	1.108
GPS Gumbati	09.07.2010	08.07.2011	04.05.2012	10.957	1.095
<b>Total</b>					<b>14.625</b>

24. The Audit held that the loss occurred due to weak financial management. The matter was reported to the Department in October, 2012. DAC in its meeting held on 4<sup>th</sup> April, 2013, directed the Project Director to produce extension in time limit to Audit for verification or impose penalty for delay in completion of works. Further progress was, however, not reported till finalization of the report.

**DEPARTMENTAL VERSION**

25. The Department explained that in light of the DAC decision the Project Director PU C&W Division was requested vide letter dated 08.05.2013 (copy attached) to verify the relevant record from the Audit. Accordingly, Original record was also provided to Audit for verification by the Project Director PU C&W Division Swat vide letter dated 13.05.2013 (copy attached) but no verification was made by Audit.

26. The Program Manager PaRRSA also requested to Project Director PU C&W Division Swat vide letter dated 18.06.2013 and 04.07.2013 to verify the record in light of the DAC decisions.

27. The Project Director PU C&W Division Swat requested Director General Audit Khyber Pakhtunkhwa vide letter dated 14.06.2013 to depute an Audit Party so that the record could be verified. Moreover, Section Officer (PAC) Communication and Works Department also requested Director General Audit Khyber Pakhtunkhwa vide letter dated 04.07.2013 to depute an Audit Party for verification of record.

28. Despite of the above mentioned extensive correspondence between the PaRRSA, Project Director PU C&W Division Swat and Director General Audit Khyber Pakhtunkhwa, the record could not be verified due to some reason or the other. However, the concerned Project Director PU C&W Division Swat was directed vide letter dated 26.07.2017 to bring the original record in the PAC meeting so that the same could be verified.

29. Moreover, the Draft Para was mistakenly reflected under the Communication and Works Department in the Audit Report 2013-14 and referred to this Department at the eleventh hours due to which neither Pre-PAC meeting could be arranged nor comments could be obtained from Audit and Finance Department.

### **PAC RECOMMENDATIONS**

30. The Para was recommended to be settled subject to verification of extension in time limit by Verification of Record Committee.

**DP No 4.4.25      LOSS DUE TO ALLOWING ESCALATION TO THE CONTRACTOR – Rs.1.761 MILLION.**

### **AUDIT VERSION**

31. During audit of the accounts of Director General PaRRSA Provincial Disaster Management Authority (PDMA) for financial year 2011-12, it was noticed that Rs.1.761 million was paid to M/S Sher Ali & Co Contractor in the construction of GMS Nawagai as escalation in the extended period of time despite of the fact that extension of the competent authority was neither obtained



nor the work was finalized in the stipulated period, which resulted into loss of Rs.1.761 million to the Government.

32. The Audit held that loss occurred due to violation of the agreement. The matter was reported to the Department in October, 2012. DAC in its meeting held on 4<sup>th</sup> April, 2013 directed that relevant record may be produced to audit for verification. Further progress was, however, not reported till finalization of the report.

### **DEPARTMENTAL VERSION**

33. The Department explained that in light of the DAC decision the Project Director PU C&W Division was requested vide letter dated 08.05.2013 to verify the relevant record from the Audit. Accordingly, original record was also provided to Audit for verification by the Project Director PU C&W Division Swat vide letter dated 13.05.2013 but no verification was made by Audit.

34. The Program Manager PaRRSA also requested to Project Director PU C&W Division Swat vide letter dated 18.06.2013 and 04.07.2013 to verify the record in light of the DAC decisions.

35. The Project Director PU C&W Division Swat requested Director General Audit Khyber Pakhtunkhwa vide letter dated 14.06.2013 to depute an Audit Party so that the record could be verified. Moreover, Section Officer (PAC) Communication and Works Department also requested Director General Audit Khyber Pakhtunkhwa vide letter dated 04.07.2013 to depute an Audit Party for verification of record.

36. Despite of the above mentioned extensive correspondence between the PaRRSA, Project Director PU C&W Division Swat and Director General Audit Khyber Pakhtunkhwa, the record could not be verified due to some reason or the other. However, the concerned Project Director PU C&W Division Swat was directed vide letter dated 26.07.2017 to bring the original record in the PAC meeting so that the same could be verified.

37. Moreover, the Draft Para was mistakenly reflected under the Communication and Works Department in the Audit Report 2013-14 and referred to this Department at the eleventh hours due to which neither Pre-PAC meeting could be arranged nor comments could be obtained from Audit and Finance Department.

### **PAC RECOMMENDATIONS**

38. The Para was recommended to be settled subject to verification of relevant record by the Verification of Record Committee within two (02) months.

**AUDIT VERSION**

39. During audit of the accounts of Malakand Reconstruction and Recovery Program PaRRSA USAID Grant No- 6 relating to releases made to the Director General FDRD for the Restoration of Amandara and Munda Head works during the financial year 2012-13, it was noticed that an amount of Rs.1144.989.00 million was released to the executing authority without any immediate requirement because the same was deposited by the Project authority into a current account opened in the NBP and an amount of Rs. 1044.266 million was still lying in the said account un utilized upto August, 2013. The details of release of funds were as under:-

S. No	Cheque No	Date	Amount (Rs)
1	7147736	15.10.2012	93,67,65,000
2	7147739	11.01.2013	20,82,24,000
<b>Total</b>			<b>11,449,89,000</b>

40. The Audit held that the blockage of funds occurred due to weak financial management. The matter was reported to the Department in August, 2013, followed by reminder dated 23.09.2013 and 28.10.2013 to convene DAC meeting, which was not arranged till finalization of the report.

**DEPARTMENTAL VERSION**

41. During the meeting it was informed that the subject Para related to the Relief, Rehabilitation and Settlement Department as per clarification made by the Irrigation Department in the meeting held on 02-08-2017 which was accepted by the Department.

**PAC RECOMMENDATIONS**

42. In view of the above, the Committee directed the Department to produce relevant record of the subject Para to Verification of Record Committee for verification in the Provincial Assembly Secretariat of Khyber Pakhtunkhwa. Para stands.

# **Reports of Sub Committees**

**REPORT OF SUB-COMMITTEE NO.10 ON THE DRAFT PARA  
NO.8.2.13 FOR THE YEAR 2010-11 PERTAINING TO FOOD  
DEPARTMENT**

**INTRODUCTION**

In pursuance of the decision of Public Accounts Committee made in its meeting held on 11-01-2017 at 11:00 a.m while examining Draft Para No.8.2.13 for the year 2010-11 pertaining to Food Department a Sub-Committee was constituted vide Notification No.PA/KP/PAC/SC-10/17/14554 dated 06-02-2017 comprising the following members.

- |    |                              |          |
|----|------------------------------|----------|
| 1. | Arbab Waseem Hayat Khan, MPA | Chairman |
| 2. | Mr. Mehmood Jan, MPA         | Member   |

**TERMS OF REFERENCE**

2. The Sub-Committee was constituted to highlight irregularities involved in the Draft Para No.8.2.13 for the year 2010-11 pertaining to Food Department and to submit its report to PAC within a month time.

**PROCEEDINGS**

3. The Sub-Committee meetings were held on 22-05-2017 and 30-05-2017 wherein the issue involved in the Draft Para was thoroughly examined and recommendations were made as follows:-

**DP No.8.2.13      LOSS DUE TO ALLOWING HIGHER RATES Rs.4.464 MILLION.**

**AUDIT VERSION**

4. The Audit reported that Director Food Khyber Pakhtunkhwa awarded contract for the transportation of wheat from various Districts of Punjab to District Dir at Timergara @ Rs.1.67 per ton per km. Earlier four tenders were called wherein the higher rates of Rs. 1.67 per ton per km offered in the last tender was accepted while the lower rate of Rs.1.435 and Rs.1.599 per ton per km offered in the other two earlier called tenders were rejected. The acceptance of higher rates resulted into a loss of Rs.4.464 million to the Government. Audit held that loss occurred due to accepting higher rates instead of lower rates to extend undue benefit by the management to the contractor. The loss was pointed

out October, 2007. The management replied that the rates had been accepted by the Provincial Food Committee.

5. In the DAC meeting held in November, 2009, the Department replied that the case was proceed as per rules. The rates so received were placed before the Provincial Food Committee for approval but they rejected the rates offered in three tenders being on higher side while accepted the rate of Rs.1.67 per ton per km offered in the last tender. The DAC did not agree and decided to place the Para before PAC.

### **PROCEEDINGS OF THE SUB-COMMITTEE MEETINGS**

6. During the first meeting held on 22-05-2017, the issue was discussed thread bare and after a lengthy discussion on the issue it was noticed that the Department was neither fully prepared nor could it produce complete record before the Committee, hence the Committee asked the Department to produce the following record to the Committee in its next meeting, which was scheduled for 30-05-2017.

1. Rates offered by the bidders after advertisement for transportation contract three times and reasons for its rejection by the Provincial Food Committee along with minutes and justification.
2. Rates offered by the bidders on 4<sup>th</sup> time and reasons of its acceptance by the Provincial Food Committee along with minutes and justification.
3. Minutes of the DAC meeting.

7. In the second meeting, the Department produced the above mentioned record before the Committee and informed that the transportation contract was advertised four times. The rates offered for District Dir in first tender were 19.42% higher than the rates of previous year which were turned down being on higher side and the tender was re-advertised. For the second time the lowest rates were found 7.16% higher than the rates of previous year which were also rejected being on higher side. Third advertisement was made in which the rates went up by 43% of the previous year. The Provincial Food Committee this time also decided to call fresh tenders for the services of transportation of wheat from Punjab to Dir, Swat and Havelian on emergency basis, as the present rates were on the higher side. According to the decision of Provincial Food Committee

the tender for transportation was re-advertised for the forth time. The lowest rates were found 24% above the previous year, which were accepted by the Provincial Food Committee on the grounds that Ramzan Sharif was getting nearer whereas the stock position at Dir and Swat was not satisfactory.

#### **SUB-COMMITTEE OBSERVATION**

8. After examination of the record produced by the Department, it was observed that some signatures of the bidders and the Member of the tender opening Committee were found missing on the comparative statement, which clearly showed inefficiency on the part of the Department.

9. It was also observed that in the first tender upto 15% above the previous years rates were accepted for other Districts but 7.16% above the previous years rate was not accepted for District Dir in the 2<sup>nd</sup> tender, which was not understandable.

#### **SUB-COMMITTEE RECOMMENDATION**

10. Keeping in view the emergent situation of shortage of wheat in the market, the Committee reluctantly accepted the explanation/justification of the Department and recommended the Para in question to be settled with the direction to the Department not to repeat such practice in future as it is clearly shows that the emergent situation was intentionally created. The date on which Ramazan falls was predefined hence, the Department should have taken steps to provide wheat in time to the masses.

11. The Department was further directed to provide relief to the masses in wheat and other items related to it in future.

12. The report is, therefore, submitted for approval of Public Accounts Committee please.

**Reports of  
Inter Departmental Committees**

## **REPORTS OF INTER DEPARTMENTAL COMMITTEES (IDCs)**

1. The report of the Inter Departmental Committees were laid before the PAC in its meeting held on 21-07-2017 and 24-07-2017 which were examined and adopted.

### **REPORT OF INTER DEPARTMENTAL COMMITTEE (IDC) ON DRAFT PARA No. 10.4.9 FOR THE YEAR 2011-12 PERTAINING TO FOOD DEPARTMENT**

2. In the light of verification of record as well as recovery of Rs. 14,31,280/-, the IDC in its report recommended the Para to be settled.

### **REPORT OF INTER DEPARTMENTAL COMMITTEE (IDC) ON DRAFT PARA No. 17.3.4 FOR THE YEAR 2011-12 PERTAINING TO PROVINCIAL DISASTER MANAGEMENT AUTHORITY DEPARTMENT**

1. The report of the Inter Departmental Committee was laid before the PAC in its meeting held on 03-08-2017, which was examined and recommended as under:-

2. After detailed discussion on the subject Para, the Department was directed to affect recovery from the bidders subject to non-production of Exemption Certificate of Income Tax, if any. The Department should promptly take up the case with the concerned vendors.

## **ADMINISTRATION DEPARTMENT**



**DP.2.4.1 MISAPPROPRIATION OF DISCRETIONARY GRANT WORTH Rs. (2012-13) 2.55 MILLION.**

1. The Committee in its meeting held on 10-07-2017 examined the inquiry report produced by the Department and after detailed discussion the Para was recommended to be settled.

**C&W DEPARTMENT**

**DP. No.13.6 UN-VERIFIED EXPENDITURE DUE TO NON-PRODUCTION OF (2008-09) RECORD RS.22.676 MILLION.**

2. During the meeting of PAC held on 13-07-2017 the Department produced special Audit Report alongwith working paper which was examined by the Committee and verified by the Audit, hence the Para was recommended to be settled.

**D.P. No. 9.15 NON-RECOVERY OF HIRING CHARGES-Rs. 305,722 (2005-06)**

3. During the meeting of PAC held on 13-07-2017 the Department produced relevant record to the Committee which was examined by the Committee and verified by the Audit, hence the Para was recommended to be settled.

**D.P. No.132 MISCLASSIFICATION EXPENDITURE WORTH RS. 1.150 MILLION. (1997-98)**

4. During the meeting of PAC held on 14-07-2017 the Department produced Working Paper which was examined by the Committee. After detailed discussion on the subject Para, the Committee recommended the Para in question to be settled.

**D.P. 14.4. NON-RECOVERY OF BID MONEY – RS.44.250 MILLION. (2004-05)**

5. The Public Accounts Committee in its meeting held on 17-07-2017 examined the Railway Authorities Notification No.635-W/Toll Tax (W.IV) dated 20-09-2000 addressed to the Divisional Superintendent Pakistan Railways, Peshawar about 50% share authorizing the Department to claim the said amount, the Department was directed to take up the case with Railway Authorities at high level to recover/adjust the amount involved in the Para.

6. Para stands for settlement of issue of recovery or its adjustment with the quarter concerned. Progress be reported to PAC.

## **ELEMENTARY & SECONDARY EDUCATION DEPARTMENT**

### **D.P. 2.2      UNAUTHORIZED EXPENDITURE – RS. 10.00 MILLION.** **(2005-06)**

7.            During the meeting of PAC held on 18-07-2017, the Department produced the facts finding Inquiry Report conducted by the Inquiry Committee in which it was recommended that:-

“Virtually, every officer associated with the Free Text Book Project during its transitional phase made hectic efforts to make the project successful in the best interest of the students. They burnt mid night oil to carry out/monitor the distribution of free text book in their presence in the every nook and corner of the Province. It is recommended that the Draft Para under reference may be settled on the basis of PAC revised decision in the similar nature Para.”

8.            The Committee examined and accepted the recommendations of the Inquiry Committee.

9.            Hence, the Para was recommended to be settled.

## **HIGHER EDUCATION DEPARTMENT**

### **DP.3.2.29.    UN-ECONOMICAL PURCHASE OF STORE ITEMS RS.177.016** **(2010-11)    MILLION.**

10.          During the PAC meeting held on 18-07-2017, the Committee directed the Department, to take departmental action against the concerned staff who failed to produce record to the VOR Committee in five years.

11.          The Department was further directed to produce relevant record to Verification of Record Committee in the Provincial Assembly Secretariat for verification within a month time. Para stands till verification of record.

## **ENVIRONMENT DEPARTMENT**

### **D.P. 6.4.4.    UN AUTHORIZED EXPENDITURE ON FOUR TIME WATERING** **OF** **(2012-13)    PLANTS= 1.89 MILLION**

12. During the meeting of PAC held on 20-07-2017, the Department briefly explained the four times watering of plants and said that the plants/trees were still intact. After detailed discussion, the Para was recommended to be settled.

**D.P. 5.2.6 UNAUTHORIZED EXPENDITURE ON A/C OF PURCHASE OF FEEDSRS.1.510 MILLION. NON-DEDUCTION OF SALES TAX RS. 37,640/-**  
(2010-11)

13. During the meeting of PAC held on 20-07-2017, the Department explained that summary moved to Chief Minister for obtaining condonation, relaxation or regularization, which was in progress as and when decided, result would be communicated to the PAC. The explanation, being plausible, was accepted and the Para was recommended to be settled.

**D.P.3.2 UN-AUTHENTIC EXPENDITURE OF RS.13.242 MILLION**  
(2004-05)

14. During the meeting of PAC held on 20-07-2017, the Department briefly explained the case and after detailed discussion, the Para was recommended to be settled.

**D.P. 22 NON-PRODUCTION OF RECORD PERTAINING TO EXPENDITURE (2003-04) FORRS.4.460 MILLION ON ACCOUNT OF FOOD STAMPS.**

15. During the meeting of PAC held on 20-07-2017, the Department explained the case and after detailed discussion, the Para was recommended to be settled.

## **FOOD DEPARTMENT**

**D.P.8.2.3 MISAPPROPRIATION OF WHEAT RS.10.176 MILLION**  
(2010-11)

16. During the meeting of PAC held on 21-07-2017, the Department produced detailed inquiry report conducted by Mr. Saif-ur-Rehman Usmani, Director Finance, which was examined. It was told to the Committee that the case was investigated by NAB Khyber Pakhtunkhwa and the accused officials of Food Department and the carriage contractor were arrested. NAB filed reference No. 05/20-12 against Mr. Riaz-ul-Karim, the then S&EO Azakhel and others. The Accountability Court No. IV, Peshawar vide its judgment dated 11-12-2013 held that prosecution had failed to prove its case against the accused, therefore, by extending benefit of doubt all the three accused facing trial i.e. Riaz-ul-Karim, Jawad Ali and Abid Ullah Jan were acquitted from the charges leveled against

them. Against the judgment, NAB had filed appeal in Peshawar High Court on 21/12/2013, which is still subjudice in the Court of Law.

17. The Para was kept pending being subjudice, the Department was directed to vigorously pursue the case in the Court. Para stands till decision of the Court.

**D.P.8.2.26 IRREGULAR PAYMENT DUE TO NON-FULFILLMENT OF**  
**(2010-11) CODAL FORMALITIES – RS. 19.052 MILLION.**

18. During the meeting of PAC held on 21-07-2017, the Department produced Inquiry Report which was examined and accepted, hence the Para was recommended to be settled. The Department was directed to conduct Inquiry against the officer concerned who put the Government at risk and violated Procurement Rules and showing lethargic and unprofessional approach in performing his duties under intimation to PAC Cell within a month time.

**D.P.6.1 NON RECOVERY OF SHORTAGE OF WHEAT AND EMPTY**  
**(2008-09) GUNNY BAGS RS. 19.836 MILLION.**

19. During the meeting of PAC held on 21-07-2017, it was told to the Committee that the appeal in question against the subject Para could not be considered as the applicant failed to attend the meeting. Hence, the appeal was deferred for next meeting.

**D.P.6.11 UNAUTHORIZED EXPENDITURE OF PAY AND ALLOWANCE**  
**(2004-05) RS. 1,07,638/-.**

20. During the meeting of PAC held on 21-07-2017, it was told the Committee that in view of the direction of PAC, the Department obtained opinion from the Establishment Department and ex-post-facto sanction was granted. Hence, the Para was recommended to be settled.

## **HEALTH DEPARTMENT**

**D.P.10.4.9 LOSS DUE TO NON RECOVERY OF MRI SHARE RS.2.59**  
**(2012-13) MILLION**

21. During the meeting held on 25-07-2017, it was told to the Committee that the Department conducted enquiry as per recommendation of the PAC made in its meeting held on 18/09/2012, which was not in line with the recommendation of PAC. Therefore, the Department was directed to conduct de-novo enquiry in the subject Para. Subsequently, de-novo enquiry was conducted and its conclusion and recommendation were explained before the PAC.

22. After examination of the Enquiry Report, the Para was recommended to be settled and the Department was directed to adopt the prescribed procedure at the time of making purchase in future.

**D.P.9.2.1 LOSS DUE TO EXPIRY OF HBV, HCV, MTB & RNA KITS**  
**(2010-11) RS. 15.756 MILLION.**

23. During the meeting held on 25-07-2017, the Para was examined by the PAC and the Department explained the reasons of not producing the month-wise break-up of the relevant record, which was accepted, hence the Para was recommended to be settled.

**D.P.8.9 NON-RECOVERY OF GOVERNMENT DUES. Rs. 11.137**  
**MILLION.**  
**(2009-10)**

24. During the meeting of PAC held on 26-07-2017, the Committee upheld the decision of the Verification of Record Committee meeting held on 07/08/2012 and directed the Department to affect recovery of Rs.18,92,400/- from the responsible (s) according to the quantum of their responsibility within a period of three (03) months. Para stands.

**D.P.8.10 NON-RECOVERY OF SALES TAX – Rs. 3.939 MILLION.**  
**(2009-10)**

25. During the meeting held on 26-07-2017, the Committee was informed that the Department conducted an enquiry on the recommendations of PAC and fixed responsibility. The case was submitted to the Honourable Chief Minister being the competent authority. The Honourable Chief Minister Charge Sheeted the responsible and further action under the E&D Rules was initiated.

26. The Enquiry Committee constituted under E&D Rules recommended that allegations leveled against the responsible were without any proof. Upon the recommendations of Enquiry Committee the Honourable Chief Minister exonerated the alleged responsible.

27. In view of the Honourable Chief Minister's decision, the Para was recommended to be settled.

**D.P. No. 6.4 UN-VERIFIED EXPENDITURE DUE TO NON-PRODUCTION OF**  
**(2007-08) RECORD - Rs.7.555 MILLION.**

28. During the meeting held on 27-07-2017, the PAC noted with heavy heart that the Hospital administration was not at all serious to produce record to Audit at initial stage, later on to PAC and even to Verification of Record Committee. It was observed that record of Rs.23,99,950/- was still missing and the Director Finance did not advance any plausible explanation rather saying that they would again check the record. The Committee was astonished that how the record of finances in a department could be wasted as it was not an ordinary record. All such thing leads to different doubts in the minds of every one. The Secretary of the Department also noted this inefficiency and irresponsible attitude with grave concern.

29. The PAC, therefore, directed to initiate action leading to recovery of the balance amount of Rs.23,99,950/- from the officer (s) responsible coupled with strict disciplinary action against the dealing hand (s) for not keeping the record in safe custody. Para stands.

**DP No. 8.17 OVER-PAYMENT DUE TO PURCHASE ON HIGHER RATES**  
**(2009-10) Rs. 1.700 MILLION.**

30. During the meeting held on 27-07-2017, it was told to the Committee that on the recommendation of the Public Accounts Committee in its meeting held on 20/04/2011, the Department constituted Enquiry Committee under the Chairmanship of Director General Health Services comprising representatives of Law, Audit and Finance Departments. The Enquiry Committee recommended that no loss occurred.

31. In light of the Enquiry Report, the Para was recommended to be settled.

**DP No. 8.20 OVER-PAYMENT ON ACCOUNT OF PURCHASE ON HIGHER**  
**(2009-10) RATES - Rs.5,36,500/-.**

32. During the meeting held on 28-07-2017, it was told that on the directions of Public Accounts Committee given in its meeting held on 20-04-2012 the Department constituted a Committee consisting of the representatives of Audit, Law and Finance Departments under the Chairmanship of Director General Health Services. Subsequently three (03) meetings of the Committee held on 04-11-2013, 18-11-2013 and 22-01-2014, however, the Department did not produce relevant record pertaining to the subject Para.

33. After detailed discussion the Para was referred to the Verification of Record Committee for detail scrutiny. The Committee will submit its report to PAC within (2) months.

**DP.No.8.15 LOSS DUE TO THEFT OF PUBLIC PROPERTY AMOUNTING**  
**(2004-05) TO Rs.1.623 MILLION.**

34. During the meeting held on 28-07-2017, it was told to the Committee that on the recommendation of the Public Accounts Committee in its meeting held on 09/04/2017, the Provincial Inspection Team (PIT) conducted enquiry into the matter and recommended that the-then Dr. Taj Muhammad, District Health Officer was responsible for selecting an unsuitable site for construction of the four (04) residences. The PIT further recommended that as he has passed away, therefore, no action can be taken against him.

35. After detailed discussion, the subject Para was recommended to be settled on humanitarian grounds.

**DP.No.8.22 LOSS DUE TO PURCHASES AT HIGHER RATES WORTH**  
**(2004-05) Rs.5,76,050/-**

36. During the meeting held on 28-07-2017, it was told to the Committee that the Audit had included three (3) different Hospitals (DHQ Charsadda, Ayub Teaching Hospital Abbottabad and DHQ Mardan into one (01) Draft Para. The PAC in its meeting held on 04-05-2009, directed the Audit to bifurcate the accounts of each Hospital.

37. The Audit bifurcated the subject Para into three (03) Districts vide letter No.PAC/DP8.22(Health)/AR-2004-05/2014-15/234-236 dated 10-09-2015, however the representative of the concerned Districts except Ayub Teaching Hospital were found absent. Therefore, the Committee deferred the subject Para for next meeting of PAC.

## **HOME AND TRIBAL AFFAIRS DEPARTMENT**

### **DP 11.4.12 UNAUTHORIZED EXPENDITURE - RS. 255.11 MILLION AND LOSS (2012-13) DUE TO NON RECOVERY OF PENALTY-Rs. 14.32 MILLION.**

38. During the meeting held on 01-08-2017, it was told to the Committee that in the meeting of PAC held on 26/08/2015, the Para was recommended to be settled subject to verification of complete recovery by Audit within fifteen (15) days. It was also told to the Committee that three consecutive meetings of Verification of Record Committee were held on 26/10/2015, 01/02/2017 and 02/02/2017 wherein the Department failed to produce record of recoverable amount before the Committee. The Committee showed its grave concern over the casual and irresponsible attitude of the Department. However, the Department assured that complete record was available and could be verified.

39. The Committee directed the Department to produce record of recovered amount before the Verification of Record Committee within a week time, positively.

### **DP.No.9.2 IRREGULAR PAYMENT OF INTERNAL SECURITY FUND (2004-05) AMOUNTING TO Rs. 40.00 MILLION.**

40. During the meeting held on 01-08-2017, it was told that in the meeting of PAC held on 13/04/2009, the Audit was directed to conduct special audit in respect of Draft Para under consideration but the Department failed to produce relevant record to Audit in time even after the lapse of eight (08) years three (03) months and eighteen (18) days.

41. The Committee showed its grave concern over the casual and irresponsible attitude of the Department towards the PAC recommendations. The Committee directed the PAC Cell to inform the Secretary to Government of Khyber Pakhtunkhwa, Home & Tribal Affairs Department about the casual and irresponsible attitude of the Department.

42. The Department assured the Committee that record pertaining to the subject Para would be produced to Audit within ten (10) days, which was accepted. The Committee recommended that record must be produced for verification to Audit and in case of failure, Departmental action be initiated against the dealing hands.

43. Para stands. Progress be reported to PAC Cell within stipulated time.



**DP No.9.3 IRREGULAR EXPENDITURE ON ACCOUNT OF ASSESSMENT OF (2009-10) LOSSES TO PROPERTIES/LIVES ETC, Rs. 106.551 MILLION.**

44. During the meeting held on 01-08-2017, it was told to the Committee that in the meeting of PAC held on 24/04/2012, the Department was directed to conduct detailed enquiry. The Department conducted enquiry through Provincial Inspection Team (PIT), Khyber Pakhtunkhwa, duly approved by the Chief Minister. The recommendation of PIT is reproduced as under: -

“Although, NIC numbers and cheque numbers for some of the affectees were not enlisted in the acquaintance rolls, but their signatures/thumb impressions, verification/counter verification of members of the distributing committee, counter-files of cheques issued, and bank statements shows that the amounts were transferred to the individual accounts of the affectees through cross cheques. It is, therefore, recommended that the Audit Para may be dropped.”

45. After detailed discussion, the Para was recommended to be settled on the recommendation of the PIT report.

**DP NO. 134 BLOCKADE OF GOVERNMENT MONEY AMOUNTING TO (1997-98) RS. 15,42,623/- DUE TO NON-RECEIPT OF AMMUNITIONS.**

46. During the meeting held on 01-08-2017, it was told to the Committee that in the meeting of PAC held on 16-03-2005, the Department was directed to get verified the invoice of GST amounting to Rs. 15,42,622/-, but the Department failed to produce the requisite invoice of GST in five consecutive meetings of Verification of Record Committee held on 10/07/2006, 16/04/2009, 20/04/2009, 19/07/2010 and 02/02/2002. The Department strongly made a very evasive reply then, saying that the GST record was destroyed by the WAH Laboratory and was not traceable. The Audit coupled with the Assembly Secretariat did not agree to the explanation of the Department saying that such record was supposed to have been kept in the Police Department as they had authorized payment to the concerned quarter. The Committee noted this state of irresponsible attitude of the officer dealing with financial business with dismay and lamented on it. The explanation of the Department was turned down by the Committee and, therefore, directed the Department to produce the invoice of GST amounting to Rs.15,42,623/- within a week to Audit and at the same moment Departmental action may also be initiated against the dealing hand(s) who had not done his/their job efficiently and coming to PAC with irresponsible explanation.

## **IRRIGATION DEPARTMENT**

### **DP NO.11.1 UN-AUTHORIZED EXPENDITURE DUE TO VIOLATION OF PC-I (2009-10) RS.31.709 MILLION.**

47. During the meeting held on 02-08-2017, it was told that in the meeting of Public Accounts Committee held on 18-11-2011, the Department was directed to obtain approval of revised PC-I and change in the scope of work from the ECNEC. The Department produced both the approvals which were accepted, hence the Para was recommended to be settled.

### **DP NO.11.6 LOSS DUE TO ACCEPTANCE OF HIGHER RATES RS.8.782 (2009-10) MILLION.**

48. During the meeting held on 02-08-2017, it was told that in the meeting of Public Accounts Committee held on 18-11-2011, the Department was directed to obtain approval of revised PC-I and change in the scope of work from the ECNEC. The Department produced both the approvals which were accepted, hence the Para was recommended to be settled.

### **DP.No.8.5 OVERPAYMENT DUE TO ALLOWING UN-AUTHORIZED PREMIUM (2007-08) -Rs.2.082 MILLION.**

49. During the meeting held on 02-08-2017, it was told that in the meeting of Public Accounts Committee held on 07-07-2011, the Department was directed to obtain detailed opinion of the Finance Department as to whether the BOQ for lining works was prepared on CSR1999 with 45% premium and 10% premium was allowed by the competent authority or otherwise. The Department explained the position which was endorsed by the Finance Department.

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

## **LOCAL GOVERNMENT DEPARTMENT**

### **DP No.13.2.3 UN-AUTHORIZED EXPENDITURE DUE TO NON- (2010-11) PRODUCTION OF RECORD Rs. 11.758 MILLION.**

51. During the meeting held on 03-08-2017, it was told that in the meeting of PAC held on 12/07/2012, the Department was directed to carry out Joint Physical Verification of schemes by Audit, PAC Cell, Department and Finance followed by conducting detailed audit by Audit.

52. The physical verification of CCBs schemes at TMA Town-I Peshawar was carried out on 13<sup>th</sup> and 17<sup>th</sup> of October, 2016 by the Joint Team and their relevant record verified by Audit in the Provincial Assembly Secretariat of Khyber Pakhtunkhwa.

53. In view of physical verification report and position explained above, the Para was recommended to be settled.

## **PUBLIC HEALTH ENGINEERING DEPARTMENT**

### **DP No.15.1 NON-PRODUCTION OF RECORD-RS.10.499 MILLION. (2009-10)**

54. The Department briefly explained during the meeting held on 04-08-2017 that all record except MB, NIT and TS were available. It was added that respective Sub-Engineer had been dismissed from service. However the entire record might be available with the C&W department being parent department

### **PAC OBSERVATION AND RECOMMENDATION.**

55. The Committee noted with heavy heart that the Department (PHE) still failed to produce relevant record, which led to many doubts. While examining the available record it was observed strangely that the Sub-Engineer was dismissed on 01/11/2008 and bills prepared by him later and subsequently payments were made. Apparently the concerned XEN, SDO and Sub-Engineer were main dealing hands, and prima facie they are responsible for the whole mess. The PAC directed that FIR may be lodged by the Department for missing of record against the responsible officer(s) and full recovery of the amount involved in the subject Para may also be affected from all dealing hands according to quantum of responsibility to be fixed by the Department. The PHE and C&W Departments should make a close liaison with each other in providing record and fixing responsibility as ample time has already been lapsed and the issue of record is not yet settled between the two government departments. Para stands. Progress be reported to PAC.

## **CONCLUDING REMARKS**

While presenting this report before the Assembly under rule 161 of the Provincial Assembly of Khyber Pakhtunkhwa Procedure and Conduct of Business Rules, 1988 the Public Accounts Committee recommends that suggestions, recommendations and directives made by it in this report be adopted/approved.

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**(ASAD QAISAR)**

Speaker/Chairman

Public Accounts Committee

Provincial Assembly of Khyber Pakhtunkhwa.