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Chair's Foreword

The present PAC started its function three years earlier with a new vision and vigor since then it has accomplished its challenging task to a larger extent. The Committee in a short span of time has so far completed examination of five reports i.e. Audit Report for the years 2003-04, 2004-05, 2005-06, 2007-08 and 2008-09.

Interest of PAC has created a conducive environment and now the Departments are paying some heed towards financial matters as a result it is hoped that the financial discipline would improve in the Province. As compared to past, DAC has become more active and its meetings are held regularly but still performance of some Departments is not up to the mark. Pre PAC meetings are also not regularly held and some petty nature issues like verification of record and non-production of record to Audit are being brought to PAC which waste its time.

Observance of financial discipline by the Departments is the need of time. To achieve this goal, PAC has played a very important role by giving guidance and recommendations from time to time to have strong financial mechanism in the Departments. It is universal fact that strict observance of financial discipline and codal formalities by the Departments reduce financial irregularities.

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.

(KIRAMAT ULLAH KHAN)

Speaker/Chairman,

Public Accounts Committee.

P R E F A C E

The Report of the Auditor General of Islamic Republic of Pakistan on the accounts of Government of Khyber Pakhtunkhwa Province for the year 2008-09 was laid on 27/09/2010 in the Provincial Assembly of Khyber Pakhtunkhwa under rule 198 of the Provincial Assembly of Khyber Pakhtunkhwa Procedure and Conduct of Business Rules, 1988 and in pursuance of Article 171 of the Constitution of the Islamic Republic of Pakistan. The Report consisted of the Audit Report, Appropriation Accounts, Financial Statements, Audit Report on Revenue Receipts and Audit Report on Public Sector Enterprises. The Assembly referred the same to the Public Accounts Committee for detailed examination on the same day.

The Public Accounts Committee (PAC) examined the Audit Report, Audit Report on Revenue Receipts and Audit Report on Public Sector Enterprises in series of meetings spanning over twenty (20) sittings held in the Conference room of Assembly Secretariat, Peshawar and Khyber Pakhtunkhwa House, Abbottabad.

In this Report the Audit Paras/observations pertaining to each Department of 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 Provincial Assembly Secretariat is appreciative of the motivation received from the Members of the Committee which helped us to publish the report in hand.

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

(AMANULLAH)

Secretary,

Provincial Assembly of Khyber Pakhtunkhwa

Peshawar, the 1st October, 2011

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 2008-09, received in the Assembly Secretariat on 03-09-2010, was laid before the House on 27-09-2010 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 2008-09 being the latest one pending for examination. It conducted a series of meetings spanning over thirteen (13) sittings which commenced from 2nd to 4th November 2010, 22nd February to 2nd March, 2011 in the Conference room of Assembly Secretariat, Peshawar and 4th, 7th & 12th July 2011 at Khyber Pakhtunkhwa House, Abbottabad. The Audit Report on Revenue Receipts and Audit Report on the accounts of Public Sector Enterprises for the year 2008-09, were also examined by the PAC in its seven (07) sittings commencing from 7th to 10th March, 2011, 16th March, 14th and 15th July, 2011.

AUDIT REPORT

3. The Committee examined the Audit Report for the year 2008-09 consisting of one hundred and four (104) Draft Paras, the detail of which is as under:-

Ø Twelve cases of overpayments in various contracts, pay & allowances etc involving Rs.40.918 million.

Ø Sixteen cases of un-authorized expenditure due to violation of rules, procedure and propriety involving Rs.306.143 million.

Ø Thirty two cases of non-recovery and non-deposit of Government dues including sales tax, income tax and fines amounting to Rs.223.979 million.

Ø Two cases of unverified expenditure due to non-production of record amounting to Rs.126.533 million.

Ø Twenty three cases of loss to Government due to investment at reduced mark up, illegal cutting of timber and short supply of wheat etc involving Rs.112.858 million.

Ø Eight cases of un-authentic expenditure by non execution of loans, mortgage deed, non establishment of CBOs by NGOs etc amounting to Rs.2113.377 million.

Ø Two cases of mis-appropriation by non-accountal of machinery and furniture etc of Rs.7.624 million.

Ø One case of non-submission of annual financial statement by Frontier Women University.

Ø One case of non-reconciliation of receipt & expenditure by Finance Department and Divisional Forest Officer Mardan involving Rs.4.1 billion.

Ø One case of non-reporting of investment by Finance Department in Bank of Khyber involving Rs.2042.00 million.

Ø One case of blockage of Government money amounting to Rs.44.690 million by Police Department.

Ø One case of excess expenditure of Rs.0.576 million in Dir Area Support Project.

Ø One case of embezzlement of Government money amounting to Rs.1.499 million by Establishment & Administration Department.

Ø One case of non-accountal of Government vehicles by Establishment & Administration Department involving Rs.24.080 million.

Ø Two cases of wasteful expenditure of Rs.9.431 million.

4. The said violations/irregularities indicated that the Principal Accounting Officers did not have the adequate institutional capacity required to address financial management and control issues and the Principal Accounting Officers need to take

necessary steps to institute, evaluate and strengthen the management, budgeting and accounting controls to achieve the following objectives;

- Adherence to the regulatory framework and canons of financial propriety which require the public officers to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money;
- Prompt recovery of Government dues, wherever applicable, and their deposit into the Government Treasury;
- Non-recurrence of irregularities of the same nature;
 - Training of staff on management of financial affairs, capacity building and;
 - Strengthening of supervisory capacity at DDO level;

ii. The concerned Principal Accounting Officers also need to take immediate steps to:-

- Effect recoveries of Government dues as pointed out in the report;
- Ensure production of relevant record for audit in respect of cases of non-production of record pointed out in the report;
- Ensure compliance with canons of financial propriety, rules and regulations, especially in autonomous institutions;
- Deposit in the Government account the funds kept outside by the departmental functionaries and fix responsibility for disciplinary action;
- Investigate cases of losses and non-accounting of cash as pointed out in this report, to take necessary remedial/preventive measures;

iii. The Finance Department needs to:

- Take cognizance of the failure of the internal controls in different departments of the Government and take effective steps to prevent recurrence of such violations/irregularities;
- Seriously consider building the institutional capacity of each Department and appoint qualified internal auditors.

5. The Committee examined the Audit Report in its thirteen (13) sittings and dropped unconditionally thirty four (34) Draft Paras, where the explanation of the Department was found plausible or relevant record was produced and duly verified by

the Audit, while in twenty (20) Draft Paras, where the Government funds were proved to have been mis-appropriated or have been embezzled, it recommended for affecting recovery after fixing responsibility on the culprits in pursuance of the relevant laws on the subject. Fifteen (15) Draft Paras, where record needed to be verified by Audit, were dropped conditionally subject to verification of record by Audit. Thirteen (13) Draft Paras were referred for departmental action and nine (09) Draft Paras pertaining to various Departments were kept pending either for special audit or enquiry whereas one (01) Draft Para pertaining to Finance Department being related to financial statement was kept pending for discussion with financial statements.

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

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

Department	Total DPs	Dropped	VOR/Ph. verification	Recovery	Depttl: Action	Sub-Committee	IDC	Pending
Agriculture	06	—	03	—	01	01	—	01
Higher Education	06	01	—	01	01	03	—	—
C&W	06	03	—	—	—	02	—	1 Special Audit
Planning and Development	08	02	03	—	01	02	—	—
Industries	02	—	—	02	—	—	—	—
Food	10	07	01	01	01	—	—	—

Establishment & Administration	14	03	01	01	03	—	01	05
Local Government	04	—	01	02	01	—	—	—
Irrigation	01	—	—	—	—	01	—	—
Energy & Power	07	05	—	01	01	—	—	—
Health	16	06	03	06	01	—	—	—
Home & T.As	12	05	01	02	01	02	—	01
Environment	09	01	02	03	02	—	—	01
Finance	03	01	—	01	—	—	—	01
Total	104	34	15	20	13	11	01	10

AUDIT REPORT ON REVENUE RECEIPTS

8. The audit of revenue receipts aggregating to Rs. 2481.66 million was conducted on sample basis, observations involving Rs. 295.612 million (11.91 %) were incorporated in the report for the year 2008-09 which was examined by the PAC in its four (04) sittings.

9. It was noticed with heavy heart that the Audit Paras pertaining to Irrigation Department were discussed in the DAC meetings whereas Excise & Taxation, Revenue & Estate and Transport Departments failed to convene DAC meetings despite repeated instructions issued by PAC in this regard at various occasions.

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

Department	Total DPs	Dropped	VOR/Phy. verification	Recovery	Depttl: Action	Sub-Committee	Pending
Excise & Taxation	10	—	—	10	—	—	—
Revenue & Estate	13	04	06	01	01	—	01 Special audit
Transport	02	—	—	02	—	—	—
Total	25	04	06	13	01	—	01

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AUDIT REPORT ON PUBLIC SECTOR ENTERPRISES (PSEs)

11. While examining the report it was noticed that out of thirteen (13) formations of PSEs of Khyber Pakhtunkhwa Province, only three (3) formations submitted their annual audited accounts whereas the remaining ten (10) formations failed to submit their annual audited accounts to the Directorate General of Commercial Audit and Evaluation, Lahore. The PAC Cell was therefore, directed to approach these formations for getting their explanations for non-submission of their audited accounts in time and to convey the instructions for making every effort to finalize and provide the accounts by due date to the quarters concerned in future.

12. The following table shows the detail of total draft paras pertaining to the PSEs of Khyber Pakhtunkhwa Province and recommendations of PAC thereon:-

Department	Total	Dropped	VOR/Phy. verification	Recover	Depttl	Sub-Committe	ID	Pendin
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	DPs		n	y	:	e	C	g
					Action			
Agriculture	03	01	—	—	01	01	—	—
Environment	07	04	—	01	01	—	—	01 Special audit
Industries) Pres s	04	—	—	01	01	—	02	—
ii) SDA	33	—	—	—	—	—	—	33
C & W	04	01	—	02	01	—	—	—
Sports, Tourism	06	—	—	—	—	—	—	06
Total	57	06	—	04	04	01	02	40

GENERAL OBSERVATIONS/RECOMMENDATIONS.

13. During examination of Audit Report for the year 2008-2009, in addition to the observations/recommendations on each Para incorporated in this report, the PAC made the following general observations/recommendations.

INCAPACITY OF AUDIT DEPARTMENT

14. Despite new methodologies and resources, institutional deterioration is common practice amongst all the Organizations and the Audit too cannot be singled

out. The role of the Audit Office in check and balance is of paramount importance and cannot be denied but it is regretted that having the most significant and crucial assignment, due importance is not being extended by Audit like other departments. Every year huge allocations are made to the Departments and accordingly amount spent but the Audit conducted does not bring qualitative or quantitative Paras for consideration of the PAC. This concern of the PAC continues for the last few years and is increasing day by day in view of the reports come across to it. The PAC feels that Audit does not pay due importance to its role and one of the reason may be that most of the Auditors do not incline to serve the Audit cause but always trying to go on deputation to other Government Departments having no charm in their parent Department. Moreover, it is reported that only 10% audit of a Department in a financial year is conducted, the reason usually advanced for such limited audit is shortage of staff on Audit side but the reason the PAC felt is not logical as great number of Auditors get deputation in other Departments in a year. If complete exercise in this regard is carried out, it will prove that heavy contingent of Auditors are out of their parent assignment. This badly affects the fate of the Auditor General's Constitutional assignment.

NON-CONDUCTING OF PRE-PAC MEETINGS

15. While examining the Audit Report pertaining to Agriculture Department, it was noticed that DAC has ordered Verification of Record in almost all the cases. In response to the query of the Committee that why record was not verified before coming to PAC, both the Audit and Department started blaming each other and shifting responsibility on either side which not only wasted the time of PAC but created embarrassing situation during the meeting. The Committee noted this state of affairs with heavy heart that pre-PAC meetings were not held despite clear cut instructions of PAC from time to time which would have facilitated the job of PAC by sorting out these issues like verification of record and so on. The PAC, therefore, directed that pre-PAC meeting must be held invariably and no laxity on the part of the Department would be tolerated in future. Moreover, Department was directed that record must be produced to Audit after formal correspondence with the Director General, Audit and proper signature should be obtained to whom the record is produced and as such no verbal claims on the part of either would be accepted in future.

LETHARGIC ATTITUDE OF SARHAD DEVELOPMENT AUTHORITY

16. During examination of the accounts of Government of Khyber Pakhtunkhwa on Public Sector Enterprises, the PAC observed with grave concern the slow pace of establishing new industries and held the lethargic attitude of SDA responsible for the present state of affairs. The PAC told that SDA was established for Industrialization in the province and Khazana Sugar Mills, Peshawar was its first successful project. Hattar Industrial Estate was also amongst its achievements but due to its inefficiency, it could not be extended and even its new sector could not be started.

INDIGENOUS WHEAT SUPPLY TO CHITRAL AND PROBLEM ACCRUED THEREIN.

17. Every year a colossal amount is spent on purchase of wheat for Chitral and simultaneously heavy amount is wasted due to: –

- (a) Shortage of wheat;
- (b) the wheat is rusted and infested; or
- (c) Embezzlement in auctioning empty gunny bags.

18. Such like cases are regularly reported without any interval in every report of the Auditor General of Pakistan in view of 10% test audit for the last few years which shows that a huge quantum of money is being wasted in this sector. The quantum of wastage of government money in this sector might be much more if 100% audit is conducted.

19. The PAC has regretfully realized that the Executives were not bent upon to give due importance to observations or recommendations made by the Committee, resultantly, wastage of money in this sector increased day by day as no material action is taken against the responsible officers. The DFC Chitral is not effectively exercising his supervisory role as a periodical check is one of his prime responsibilities under the financial rules. Even other senior officers sitting at the helm of affairs like Director, Food and Secretary, Food have never taken any step to eradicate the menace of wastage. Similar is the case of auction of gunny bags, in which every year bungling are reported by Audit. Usually junior officials are held responsible. Government should put hands on the big fishes instead of making the clerks escape goats.

20. The Department has never thought of evolving a mechanism to address the route cause of the issue in view of peculiar circumstances of the area. There is no proper godown system and no systematic dispatch i.e. handing/taking over and maintaining of stock register at every point. Unless the route cause is addressed, one will be living in a fool paradise to address the issue of short supply or infested wheat in the area. It is high time that the Department may plan for systematic and transparent mechanism in this regard and submit proper case to the cabinet for its consideration otherwise every year the Government money would be wasted.

AGRICULTURE, LIVESTOCK AND COOPERATION DEPARTMENT

Six (06) Draft Paras reflected in the Audit Report for the year 2008-09 were taken up for examination by the PAC in its meeting held on 2nd November, 2010. The following were present:-

Public Accounts Committee.

- | | | |
|----|--------------------------------|-----------|
| 1. | Mr. Kiramatullah Khan, Speaker | Chairman. |
| 2. | Mr. Abdul Akber Khan, MPA | Member. |
| 3. | Mr. Mukhtiar Ali, MPA | Member. |
| 4. | Mr. Saqib-Ullah Khan, MPA | Member. |
| 5. | Mr. Fazal Shakoor Khan, MPA | Member. |
| 6. | Mr. Muhammad Zamin Khan, MPA | Member |
| 7. | Malik Tamash Khan, MPA | Member |

Finance Department.

Mr. Mohammad Bashir Khan,

Additional Secretary.

Law, Parliamentary Affairs and Human Rights Department.

Mr. Muhammad Ibrahim,

Additional Secretary.

Audit Department.

1. Mst. Hashmat Iqbal,
Director General Audit.
2. Mr. Jan Israr,
Deputy Director.
3. Mr. Asif Naveed,
Deputy Director.

Agriculture, Livestock and Cooperation Department.

1. Mr. Attaullah Khan,
Secretary.
2. Mr. Fateh Ullah Khan,
D.G. Agriculture Research.
3. Dr. Fida Muhammad,
D. G. Livestock.
4. Mr. Muhammad Khurshid,
D. G. Water Management.

Communication & Works Department.

Mr. Pervez Khan,

XEN (C&W).

Provincial Assembly of Khyber Paktunkhwa.

1. Mr. Amanullah,

Secretary.

2. Mr. Amjad Ali,

Additional Secretary.

3. Mr. Inamullah,

Deputy 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.1.1 **UN-AUTHORIZED DRAWAL OF Rs.12.668 MILLION.**

AUDIT VERSION.

3. The Audit reported un-authorized drawl of Rs.12.668 million, contending that under Treasury Rule-299 no money shall be drawn from the Treasury unless it is required for immediate disbursement. In the present case the amount mentioned above was drawn from PLA on 25/06/2005 and placed in current account at Khyber Bank, Peshawar, without any justification. The issue was discussed in DAC meeting which directed to regularize the case from Finance Department but no action has been taken as yet.

DEPARTMENTAL VERSION.

4. The Department admitted the irregularity only advancing the reason that the amount was released at the fake end of financial year i.e. 25/06/2005. The Secretary of the Department highlighted that the whole Financial System needs to be revisited in order to avoid such type of irregularity. However, he contended that in the present case no financial embezzlement or misappropriation was involved.

PAC OBSERVATION.

5. The PAC observed that if the amount could not be utilized during the currency of financial year, it should have been surrendered and could have been utilized for another purpose and if there was any need in lieu of such surrender it should have been separately demanded from the Finance Department in the subsequent year. Moreover, the PAC also found that the Bank statement and the receipts in certain cases did not tally and in one voucher bearing No.2953, the date was manipulated.

PAC RECOMMENDATION.

6. In view of such circumstances, the PAC recommended that the Department should fix responsibility followed by appropriate action against the concerned within 2-months. Para stands, progress be reported to PAC.

DP.No.1.2 **MIS-APPROPRIATION OF Rs.6.975 MILLION.**

AUDIT VERSION.

7. The Audit reported that during year 2004-05, in the office of Director, Livestock Research and Development mis-appropriated an amount of Rs.6.975 million in purchase of machinery without fulfilling codal formalities hence, violated para 9 of GFR Volume-1. Moreover the machinery was not taken on stock. The para was discussed in DAC wherein Department was directed to produce the relevant record for verification to Audit but no progress has been intimated so far.

DEPARTMENTAL VERSION.

8. Department explained that the purchase was made after completion of all codal formalities by the competent forum and the machinery and equipment have been recorded and entries made in the relevant registers and the record is ready which can be verified by Audit.

PAC RECOMMENDATION.

9. The PAC lamented that the decision of DAC for verification of record within one month was not yet implemented. It was, therefore, directed that record should be verified by Audit today just after the meeting.

DP.No.1.3 **WASTEFUL EXPENDITURE ON DRIP AND SPRINKLER IRRIGATION SYSTEM WORTH Rs.3.800 MILLION.**

AUDIT VERSION.

10. The Audit reported that the Director On-Farm Water Management Project incurred wasteful expenditure amounting to Rs.3.800 million on drip and sprinkler irrigation system. The identification and implementation of the schemes were defective as the survey report, applications and completion reports were not approved by the Competent Authority. Moreover the schemes were found non-functional during physical verification on 26/07/2009. In the DAC meeting Department was directed to produce the relevant record to Audit for verification with in a month time. No progress has been intimated so far.

DEPARTMENTAL VERSION.

11. The Department contended that the material used for installation of drip/sprinkler system was received, examined and after checking transported to the farmers sites by the firms, the items have already been taken in the stock register.

PAC RECOMMENDATION.

12. The Committee desired to carry out physical verification of the sprinkler and the drip irrigation system during the current PAC meetings. Moreover, the PAC directed that stock register, comparative statement, completion report and technical sanction may be provided to Audit for verification immediately. Para stands till verification of record.

DP.No.1.4 **LOSS TO PUBLIC EXCHEQUER- Rs.1.235 MILLION.**

AUDIT VERSION.

13. The Audit reported loss of Rs.1.235 million to public exchequer due to manipulation in original quoted rate of five different works. The para was discussed in the DAC meeting wherein the Department was directed to produce original record to Audit within a month, which was not yet produced.

DEPARTMENTAL VERSION.

14. The Department contended that the work was executed by Irrigation Department and consequently record was produced to Audit in view of decision of DAC, but it was not verified.

PAC RECOMMENDATION.

15. The PAC examined the available record, wherein it was found that it did not match with the copies provided by Audit, therefore, it was directed that it may be thoroughly examined by Sub-Committee consisting of the following:-

1. Mr. Saqib Ullah Khan Chamkani, MPA Chairman
2. Mr. Mukhtiar Ali, MPA Member

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

DP.No.1.5 **NON-RECOVERY OF INCOME TAX Rs.6,01,958/-.**

PAC RECOMMENDATION.

16. In view of absence of Vice Chancellor, Agriculture University, Peshawar during the meeting, examination of the Para was deferred.

DP.No.1.6 **UNVERIFIED EXPENDITURE DUE TO NON-PRODUCTION OF RECORD Rs.103.857 MILLION.**

AUDIT VERSION.

17. The Audit reported unverified expenditure due to non production of record involving Rs.103.857 million on the following two projects:-

- i. Enhancement of Livestock Productivity

in Khyber Pakhtunkhwa : Rs.19.857 million

- ii. Expansion in breed improvement services

in Khyber Pakhtunkhwa : Rs.84.000 million

Total: **Rs.103.857 million**

18. In the DAC meeting held in April, 2007, the Department was directed to produce record for verification within a month, but no record was furnished till finalization of the report.

DEPARTMENTAL VERSION.

19. The Deputy Director, Communication & Works contended that the entire record was available, which can be verified by Audit.

PAC OBSERVATION.

20. The Committee strongly objected the attitude of the Department for not producing the record to Audit in time. It, therefore, directed that this laxity should be discouraged as timely verification of record would facilitate the job of the Committee and disposing off the business.

PAC RECOMMENDATION.

21. The PAC directed that the record for verification should be produced to Audit by today. Para stands till verification of record.

HIGHER EDUCATION, ARCHIVES & LIBRARIES DEPARTMENT

Six (06) Draft Paras reflected in the Audit Report for the year 2008-09 were taken up for examination by the PAC in its meeting held on 2nd November, 2010. The following were present:-

Public Accounts Committee.

- | | | |
|----|--------------------------------|-----------|
| 1. | Mr. Kiramatullah Khan, Speaker | Chairman. |
| 2. | Mr. Abdul Akber Khan, MPA | Member. |
| 3. | Mr. Mukhtiar Ali, MPA | Member. |

4. Mr. Saqib-Ullah Khan, MPA Member.
5. Mr. Fazal Shakoor Khan, MPA Member.
6. Mr. Muhammad Zamin Khan, MPA Member
7. Malik Tamash Khan, MPA Member

Finance Department.

Mr. Mohammad Bashir Khan,
Additional Secretary.

Law, Parliamentary Affairs and Human Rights Department.

Mr. Muhammad Ibrahim,
Additional Secretary.

Audit Department.

1. Mst. Hashmat Iqbal,
Director General Audit.
2. Mr. Jan Israr,
Deputy Director.
3. Mr. Asif Naveed,
Deputy Director.

Higher Education, Archives & Libraries Department.

1. Mrs. Farah Hammid Khan,
Secretary.
2. Mr. Imtiaz Gilani,

V.C Peshawar University, Peshawar.

3. Mrs.Farhana Jahangir,

V.C Frontier Women University, Peshawar.

Communication & Works Department.

Mr. Pervez Khan,

XEN (C&W).

Provincial Assembly of Khyber Pakhtunkhwa.

1. Mr. Amanullah,

Secretary.

2. Mr. Amjad Ali,

Additional Secretary.

3. Mr. Inamullah,

Deputy 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.2.1 **UNAUTHORIZED PAYMENT OF MEDICAL ALLOWANCES-Rs.5.843 MILLION.**

DP.No.2.2 **UNAUTHORIZED EXPENDITURE ON MEDICAL ALLOWANCE-Rs.9,78,466/-.**

DP.No.2.3 **UNAUTHORIZED EXPENDITURE ON REIMBURSEMENT OF MEDICAL CHARGES-Rs.4,24,807/-**

PAC RECOMMENDATION.

3. After detailed discussion it was decided to refer these paras to Sub-Committee already constituted on draft para No.2.1 (2005-06) pertaining to Higher Education Department being similar nature. Moreover, Mr. Abdul Akbar Khan, MPA, Mr. Mukhtiar Ali, MPA and Mr. Muhammad Zamin Khan, MPA were also included as Members of the said Sub-Committee

DP.No.2.4 **UNAUTHORIZED EXPENDITURE WITHOUT ADOPTING OPEN TENDER SYSTEM-Rs.3,90,000/-.**

AUDIT VERSION.

4. The Audit reported that Frontier Women University, Peshawar incurred un-authorized expenditure of Rs.3,90,000/- by not adopting open tender system in purchase of generator. The para was discussed by DAC in June 2009, wherein the Department was directed to obtain relaxation of rules from the Finance Department.

DEPARTMENTAL VERSION.

5. The Department explained that the purchase of generator was made by the Purchase Committee on the basis of proprietary rights of the firm duly sanctioned by Vice Chancellor and as such open tender system was not required. The Department pleaded leniency on the pretext that it was a newly established University at that time and no loss was occurred to Government.

PAC RECOMMENDATION.

6. After detailed discussion the PAC taking a lenient view recommended to drop the para with the direction to the Department to be careful in future and follow the General Financial rules strictly.

DP.No.2.5 **UN-AUTHORIZED PAYMENT OF CONVEYANCE ALLOWANCE DURING VACATIONS-Rs.1,93,440/-**

AUDIT VERSION.

7. The Audit reported unauthorized payment of conveyance allowance amounting to Rs.1,93,000/- to Assistant Professors and Lecturers of Frontier Women University, Peshawar, during summer vacations in violation of Finance Department letter No.FD(SRV)2-122/83 dated 23/11/1994 read with Frontier Women University office order No.103/FWUP dated 15/06/2007. The matter was discussed in DAC meeting held in June, 2009 wherein the Department was directed to recover the amount in question.

DEPARTMENTAL VERSION.

8. The Department explained that Frontier Women University, Peshawar had adopted statutes of the Peshawar University, which allows the same during summer vacations, hence, Conveyance allowance was paid accordingly during vacations and as such no un-authorized payment was involved.

PAC RECOMMENDATION.

9. The PAC endorsed the DAC decision and directed to recover the amount involved from the concerned within three months. Para stands, progress be reported to PAC Cell.

DP.No.2.6 NON-SUBMISSION OF ANNUAL FINANCIAL STATEMENTS FOR THE YEARS 2005-07.

AUDIT VERSION.

10. The Audit reported non-submission of Annual Financial Statements for the years 2005-07 by Frontier Women University, Peshawar in violation of item No.3 of Chapter-7 of the Frontier Women University Act 2004. The matter was discussed by DAC in July 2008, wherein the Department was directed to follow the Frontier Women University, Act in letter in spirit.

PAC RECOMMENDATION.

11. The PAC after detailed discussion directed that same may be produced to Audit as per decision of DAC. The Department was also directed to follow the rules and regulation strictly.

INDUSTRIES, MANPOWER TRAINING & TECHNICAL EDUCATION DEPARTMENT.

Two (02) Draft Paras reflected in the Audit Report for the year 2008-09 were taken up for examination by the PAC in its meeting held on 4th November, 2010. The following were present:-

Public Accounts Committee.

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|----|-----------------------------------|-----------|
| 1. | Mr. Kiramatullah Khan, Speaker | Chairman. |
| 2. | Mr. Abdul Akbar Khan, MPA | Member. |
| 3. | Mr. Mukhtiar Ali, MPA | Member. |
| 4. | Malik Tamash Khan, MPA | Member. |
| 5. | Mr. Muhammad Zamin Khan, MPA | Member |
| 6. | Syed Muhammad Ali Shah Bacha, MPA | Member |

Finance Department.

Mr. Saif-Ur-Rehman Usmani,

Director.

Law, Parliamentary Affairs and Human Rights Department.

Mr. Muhammad Ibrahim,

Additional Secretary.

Audit Department.

1. Mst. Hashmat Iqbal,
Director General.

2. Mr. Jan Israr,
Deputy Director.

Industries, Manpower Training & Technical Education Department.

1. Mr. Mumtaz Khan,
Special Secretary

2. Mr. Iqbal Shad,
Director General (T.E).

Provincial Assembly of Khyber Pakhtunkhwa.

1. Mr. Amanullah,
Secretary.

2. Mr. Amjad Ali,
Additional Secretary.

3. Mr. Inamullah Khan,
Deputy 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.9.1 **NON-RECOVERY OF PAY & REMUNERATION RS.5,31,000/-.**

AUDIT VERSION.

3. The Audit reported that during the year 2007-08, three gazetted officers of Directorate Technical Education and Manpower rendered services in the International

Labour Organization project received Rs.1,593,000/-during the period from July, 2005 to 30th June, 2008 as extra remuneration without sanction of the competent Authority and same was not recovered and deposited into Government Treasury. In the DAC meeting the Department was directed that the opinion of the Finance Department may be obtained in this regard.

DEPARTMENTAL VERSION.

4. The Department explained that the remuneration received by the officers was justified as they were performing the services in addition to their own duties with proper approval by the competent authority.

PAC OBSERVATION.

5. The Finance Department clarified during the meeting that they were full time Government Servants and could not perform additional duties without proper approval of the Competent Authority under the rule in vogue and termed this an extraordinary remuneration.

PAC RECOMMENDATION.

6. The PAC therefore recommended action leading to recovery of the amount involved from the concerned within three months. Para stands progress be reported to PAC.

DP No.9.2 **NON-RECOVERY OF HOUSE RENT ALLOWANCE RS.139, 864/-.**

AUDIT VERSION.

7. The Audit reported that during the year 2006-07, Director Technical Education & Manpower Training NWFP Peshawar, availed Government accommodation facility but House rent allowance and 5% maintenance charges amounting to Rs.139, 864/- were not deducted from his salary. DAC agreed with the contention of the Audit and directed to recover the amount but no progress has been intimated so far.

PAC OBSERVATION.

8. The Department produced record of recovery of house rent allowance in respect of the Ex-Director Technical Education from April, 2005 to June, 2007, but failed to produce record for the period May, 2003 to March, 2005 and record of 5% deduction for the whole period.

PAC RECOMMENDATION.

9. In view of the above, the PAC, recommended that action leading to recovery of total amount of Rs.1, 39,864 from the pension of the concerned officer may be initiated or FIR may be lodged against him. Para stands, progress be reported to PAC.

ESTABLISHMENT & ADMINISTRATION DEPARTMENT

Fourteen (14) Draft Paras reflected in the Audit Report for the year 2008-09 were taken up for examination by the PAC in its meeting held on 22nd February, 2011. The following were present:-

Public Accounts Committee.

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| 1. | Mr. Abdul Akbar Khan, MPA | Acting Chairman. |
| 2. | Mr. Mukhtiar Ali, MPA | Member. |
| 3. | Mr. Saqib Ullah Khan, MPA | Member. |
| 4. | Syed Muhammad Ali Shah Bach, MPA | Member. |
| 5. | Mr. Muhammad Zamin Khan, MPA | Member |
| 6. | Mr. Fazal Shakoor, MPA | Member |
| 7. | Malik Tamash Khan, MPA | Member |
| 8. | Mr. Ziyad Akram Durani, MPA | Member |

Finance Department.

Mr. Shahab Ali Shah,
Provincial Finance Controller.

Law, Parliamentary Affairs and Human Rights Department.

Mr. Muhammad Ibrahim,
Additional Secretary

Audit Department.

1. Mr.Javed Iqbal,
Director.

2. Mr.Jan Israr,
Deputy Director.

3. Mr.Saiful Islam,
Assistant Director.

Administration Department.

Mr. Hifzur Rahman,
Secretary.

Provincial Assembly of Khyber Pakhtunkhwa.

1. Mr. Amanullah,
Secretary.

2. Mr. Amjad Ali,
Additional Secretary.

3. Mr. Inamullah Khan,

Deputy Secretary.

4. Mr. Ashtimand,

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.4.1 UN-AUTHORISED EXPENDITURE ON THE PURCHASE OF HELICOPTER RS. 126.267 MILLION.

AUDIT VERSION.

3. The Audit reported that the office of Secretary Administration Department incurred an expenditure of Rs.124.561 million in June, 2006, Rs.1.007 million in April, 2006 and Rs.0.529 million in June, 2006 for purchase of helicopters, computers, printers and Photostat machines for the helicopters wing respectively. The amount was drawn and instead of payment to the helicopter supply company it was deposited in account No.013825-4 National Bank of Pakistan, Main Branch, Peshawar Cantt:. Besides, the helicopter cost of Rs.124.561 million was excess charged for a sum of Rs.6.191 million as compared to the helicopters cost of Rs.118.309 million as shown on the debit note of the Insurance Company. The expenditure was thus unauthorized. In the DAC meeting, the Department was directed to produce copy of the letter of credit and obtain opinion of the Finance Department.

DEPARTMENTAL VERSION.

4. The Department explained that the contract agreement with MNA Technologies, for the purchase of two Alt-III helicopters was cancelled no letter of credit has been established and the amounts were deposited in current account in the National Bank of Pakistan, Main Branch, Peshawar Cantt: which were soon utilized for the purchase of MI-171 helicopter from Ulan Ude Aviation Plant, Russia, during the year 2007-08.

PAC OBSERVATION.

5. The PAC observed that the Department released the amount of Rs.12,55,66,160/- for purchasing two helicopters but the said amount was kept in private account for two and half years and could be not utilized during the financial year. Hence, Rule 290 of the Federal Treasury Rules Vol.:I was violated. It was also observed that payment was made to the Insurance Company prior to purchase of helicopters. The Secretary admitted the lapse on part of the Department for not surrendering the amount to the Finance Department on time. Regarding payment to Insurance Company he explained that it was required for opening L.C. later on it was re-couped as the MNA Technologies were not fulfilling the contractual obligations. Hence the agreement was cancelled on 29/08/2006. As multiple issues were involved in the Para, the PAC therefore, observed that detailed Audit of the case is required.

PAC RECOMMENDATION.

6. The PAC recommended for Special Audit within a month. Para stands. Progress be reported to PAC.

DP.No.4.2 **LOSS DUE NON-AUCTION OF CONDEMNED VEHICLES RS.54.300 MILLION (Apporx:).**

AUDIT VERSION.

7. Audit reported that the office of Secretary Administration Department collected hundreds of unserviceable vehicles from various departments which were parked in the General Car Park for auction. These Vehicles were deteriorating with the passage of time and most of the essential parts were also missing. Non-auction of the Government Vehicles resulted in loss of Rs.54.300 million.

DEPARTMENTAL VERSION.

8. The Department explained that under Provincial Govt: policy all auctionable vehicles which were received/collected from different Departments throughout the Province have been auctioned in various phases. Moreover, some vehicles were not custom paid therefore, it could not be auctioned. Repairable vehicles were handed over to the needy Departments after necessary repair and only non-

custom paid vehicles were parked in the General Car Park. He added that Departmental action against the staff/officers of that time involved in the irregularities had been initiated resultantly some of the officer/officials lost their jobs.

PAC OBSERVATION.

9. The PAC was astonished to know that how non-custom paid vehicles were parked in the General Car Park of the Administration Department rather these should have been parked in the custom Department's Car Park. The Secretary Administration explained that the non-custom paid vehicles were received from various projects after closing of the projects. He added that the Departments and projects used to park the condemned vehicles in the General Car Park without fulfilling the requisite codal formalities, in the past but now a system has been devised and the condemned vehicles are being taken in custody after fulfilling all codal formalities. The Committee appreciated the efforts of the Department for evolving system to avoid complications in future.

PAC RECOMMENDATION.

10. The Committee after detailed examination, recommended to conduct inquiry by the Department to dig out complete detail/facts of the vehicles pointed out by the Audit in the para along-with its latest position within a month. Para stands. Progress be reported to PAC.

DP.No.4.3 UN-AUTHORIZED EXPENDITURE ON PURCHASE OF VEHICLES Rs.30.944 MILLION.

AUDIT VERSION.

11. The Audit reported that the office of Secretary Administration Department incurred an expenditure of Rs.30.944 million on the purchase of (28) No's Toyota Corolla 1300 CC cars, a Land cruiser and a Land Rover Jeep without adopting open tender system. Moreover, the where about of the two jeeps were not available. The expenditure was thus unauthorized. DAC directed to produce certificate that the vehicles were on the strength of Chief Minister Secretariat.

DEPARTMENTAL VERSION.

12. The Department explained that the said vehicles were purchased from authorized dealers as per decision of Provincial Cabinet after fulfilling codal formalities and now the vehicles are on the strength of Chief Minister Secretariat.

PAC OBSERVATION.

13. The Committee observed that the reply of the Department was not convincing as Toyota Frontier Motors is only the authorized dealer of Indus Motors dealing in Toyota Cars and not the Land Cruiser and land Rover Jeeps. Moreover the Department also failed to produce the decision of the Provincial Cabinet in this regard as asked for by the Committee.

PAC RECOMMENDATION.

14. The PAC kept the para pending with the direction to the Department to come up with complete details/record along with Cabinet decision regarding purchase of vehicles. Para stands. Progress be reported to PAC within a month.

DP.No 4.4 **NON-ACCOUNTAL OF GOVERNMENT VEHICLES Rs.24.08 MILLION.**

AUDIT VERSION.

15. The Audit reported that the office of Secretary Administration Department incurred an expenditure of Rs.24.08 million on purchase of vehicles. Neither the vehicles were taken on main stock register nor had its distribution been recorded. Hence Para 148 of GFR Vol-I was violated. DAC directed to produce stock register within 15 days.

DEPARTMENTAL VERSION.

16. The Department explained that the vehicles had been taken on stock register and record could be verified by audit.

PAC RECOMMENDATION.

17. Subject to verification of record, the para was recommended to be dropped.

DP.No.4.5 **UN-AUTHENTIC EXPENDITURE ON THE REPAIR AND MAINTENANCE OF VEHICLES Rs.21.713 MILLION.**

AUDIT VERSION.

18. The Audit reported that the office of Secretary Administration Department incurred an expenditure of Rs.21.713 million on the maintenance of 161 Government Vehicles. However stock register, History Sheet and allotment orders of the Vehicles were not shown to audit. The expenditure was thus unauthentic hence, Rule 21 of the Transport Rules 1978 was violated.

DEPARTMENTAL VERSION.

19. The Department explained that the vehicles were placed at the disposal of the Officers and Provincial Ministers besides the repair of vehicles of Minister, advisors and CM Secretariat, surplus vehicles were also received from different Departments which were subsequently placed at the disposal of the needy Departments, after its repair.

PAC OBSERVATION.

20. The Committee observed that the Department had not shown the record at DAC and Pre-PAC level which clearly indicates the laxity of the responsible of that time.

PAC RECOMMENDATION.

21. The PAC directed the Department to conduct detailed inquiry in the case. Para stands. Progress be reported to PAC within a month time.

DP.No.4.6 **NON-DEPOSIT IN THE GOVERNMENT TREASURY Rs.10.897 MILLION.**

AUDIT VERSION.

22. The Audit reported that the office of Secretary Administration Department received Rs.10.897 million on account of auction of Government Vehicles and other bills. Neither the auction money was deposited in Government Treasury nor was the payment on account of different bills made to the suppliers. Hence, para 7 (1) of Federal Treasury Rules Vol-I was violated.

DEPARTMENTAL VERSION.

23. The Department explained that in order to ascertain the facts regarding misappropriation of Govt: money realized from the auction of Govt: Vehicles, POL and repair of Vehicles, the competent authority has appointed inquiry committee to probe in to the matter. Resultantly the responsible officers/officials have been removed from their services and recovery is in progress.

PAC RECOMMENDATION.

24. The PAC recommended affecting complete recovery from the defaulters. Para stands. Progress be reported to PAC.

DP.No.4.7 **NON-DEPOSIT OF GOVERNMENT REVENUE Rs.8.125 MILLION.**

AUDIT VERSION.

25. The Audit reported that the office of Secretary Administration Department received Rs.8.125 million as sale proceeds from auction of forty five (45) vehicles on 13-03-2006. Neither the sale proceeds were taken on cash book nor deposited in Government Treasury. During the meeting of DAC held in August 2008, the Department replied that Rs.8.125 million were realized and credited to Government revenue. The reply was not tenable as documentary evidence was not provided. DAC directed to show original treasury challan.

DEPARTMENTAL VERSION.

26. The Department explained that all sale proceeds from auction of forty five (45) vehicles have been deposited in the Government treasury and produced the requisite challans before the Committee.

PAC RECOMMENDATION.

27. The record produced by the Department was verified hence, the para was recommended to be dropped.

DP.No.4.8 **UN-AUTHORIZED UTILIZATION OF RECIEPT Rs.5.135 MILLION.**

AUDIT VERSION.

28. The Audit reported that the office of Secretary Administration Department collected Rs.5.135 million by imposing tax on the transit of timber, for celebration of golden jubilee of Pakistan. No documentary evidence in support of levying tax was produced to audit. The amount were kept in a private bank and later on defense saving certificates were purchased under regular monthly income scheme. The money was subsequently paid to various madrassas and sport boards on the directives of Chief Minister. Hence the explanation was un-authorized under para 12 of GFR Vol-1. The issue was discussed in the DAC meeting held in August, 2008, Department replied that the funds were utilized on directives of the Chief Minister. The DAC directed to produce authorization for levying of tax and utilization on the purpose other than golden jubilee.

DEPARTMENTAL VERSION.

29. The Department explained that Golden Jubilee Fund was established in 1997 under the orders of the competent authority to defray the additional expenses on the Golden Jubilee of Pakistan Celebrations. The income from tax imposed on Afghan Timber was deposited.

30. A sum of Rs.68,912/- was paid to the Director Information on account of advertisement charges in connection with Golden Jubilee Celebrations. No further requirements for the Golden Jubilee were received to the department for utilization of

the said fund. However, In order to safeguard the public money and to earn the maximum interest on that amount, Defense Saving Certificates were purchased under Regular Monthly Income Scheme. The interest paid under the scheme was also deposited in the Golden Jubilee Account, with these arrangements, the Golden Jubilee Fund was doubled. When the National Saving Centre informed that Government amount cannot be retained in the said scheme, the entire amount was drawn.

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PAC OBSERVATION.

31. The Committee observed that the authority levied tax vested in the Provincial Assembly as such the tax was levied by executive orders which violates the Constitutional provisions in this regard.

PAC RECOMMENDATION.

32. The PAC in order to reach to a fair and just conclusion directed the Audit to conduct special Audit of the fund and to work out as to whether collection of the said tax is still in vogue or otherwise.

DP.No.4.9 UN-AUTHORIZED EXPENDITURE ON VEHICLES NOT ON THE STRENGTH OF DEPARTMENT Rs.1.886 MILLION.

AUDIT VERSION.

33. The Audit reported that the office of Secretary Administration Department incurred an expenditure of Rs.1.080 million on the repair and Rs.8,06,222/- on purchase of POL for 12 vehicles, which were not on the strength of Department. Hence the expenditure was un-authorized. The issue was discussed in the DAC meeting held in August, 2008 the Department was directed to provide justification of maintenance on unauthorized vehicles.

DEPARTMENTAL VERSION.

34. The Department explained that as per record expenditure was incurred on the repair and POL of only those vehicles which were on the strength of E&A

Department and on these vehicles which were used for protocol duties and were on the strength of the Administration Department.

PAC RECOMMENDATION.

35. In order to know complete details as factual position of the case the para was referred to Inter Departmental Committee consisting of Audit, Finance and the Administration Department for detailed scrutiny. Para stands. Progress be reported to PAC within a month.

DP.No.4.10 **UN-AUTHORIZED EXPENDITURE ON REPAIR OF VEHICLES Rs.1.797 MILLION.**

AUDIT VERSION.

36. The Audit reported that in the office of Secretary Administration Department an expenditure of Rs.1.797 million was incurred on the repair of vehicles on the sanction of Section Officer, Transport instead of the Administrative Secretary. In the DAC meeting held in August, 2008, Department replied that the expenditure was incurred under S.No.4 of the Delegation of Financial Power Rules 2001. The reply was not tenable. The Administration Department falls under S.No.1 of the 3rd Schedule of the Delegation of Financial Power Rules where no such power has been delegated to the Section Officer. DAC directed to conduct a fact finding inquiry and fix responsibility and to submit report to Audit.

DEPARTMENTAL VERSION.

37. The Department explained that the expenditure was incurred after observing all codal formalities.

PAC OBSERVATION.

38. The Committee observed that the reply of the Department was not convincing and satisfactory as codal formalities were not fulfilled.

PAC RECOMMENDATION.

39. The PAC directed the Department to conduct an enquiry and fix responsibility within one month. Para stands. Progress be reported to PAC.

DP.No.4.11 **UN-AUTHORIZED EXPENDITURE Rs.1.174 MILLION.**

AUDIT VERSION.

40. The Audit report that the office of Secretary Administration Department incurred an expenditure of Rs.1.174 million on POL and pay and allowances of the driver of vehicle No.A-1200 from 15-08-2002 to 17-02-2006. The officer who used the vehicle had been retired from service on 15-08-2002. Hence, the expenditure was unauthorized. During the DAC meeting held in August, 2008, the Department replied that the vehicle was allotted in the Public interest.

DEPARTMENTAL VERSION.

41. The Department explained that the vehicles was placed at the disposal of the Senior Officer who was given special task regarding Pak-Afghan Refugees, in the National interest therefore, the expenditure incurred on POL and pay & allowances of driver was regular and justified.

PAC OBSERVATION.

42. The Committee observed that:-

- i. The delegation assigned the task was consisted of 8 people in which only one person was given the facility of Government vehicle.
- ii. The vehicle was not allotted under any written orders of the Competent Authority.
- iii. In the DAC, the Department itself recommended for recovery at standard rent of vehicle.

43. In view of the above, reply of the department was found un-satisfactory.

PAC RECOMMENDATION.

44. The para was kept pending and the Department was directed to come up with complete detail of the case along-with documentary proofs.

DP.No.4.12 **UN-AUTHORIZED EXPENDITURE Rs.1.014 MILLION.**

AUDIT VERSION.

45. The Audit reported that in the office of Secretary Administration Department an expenditure of Rs.7,58,399/- during the year 2004-05 and 2005-06, was incurred on providing vehicle (Inter Cooler Jeep) to MNA, Rs.64,236/- on the selection of candidates for ISSB by HG 11 Corps Rs.36,482/- as surcharge on electricity bills of Minister Local Government and Rs.1,54,758/- & Rs.1,30,847/- on two electricity meters for residence of Minister for Information.

DEPARTMENTAL VERSION.

46. The Department explained that the vehicle which was provided to the MNA on need basis, it is the responsibility of the Administration Department to provide as per provision of transport to VIPs and for Protocol. It further stated that the Audit objection was made on the surcharge of two electricity meters connection which were installed at the residence of Minister for information.

PAC OBSERVATION.

47. PAC wanted to know complete details and documentary proof for allotment of vehicle to MNA and other issues involved in the para.

PAC RECOMMENDATION.

48. The para was kept pending and the Department was directed to come up with complete detail of the case along-with documentary proofs.

DP.No.4.13 **UN-AUTHENTIC EXPENDITURE ON REPAIR OF GOVERNMENT VEHICLES Rs.4,76,533/-**

AUDIT VERSION.

49. The Audit reported that in the office of Secretary Administration Department an expenditure of Rs.4,76,533/- was incurred during the year 2004-05, on the dent/paint of Government vehicles which met accident. Neither FIR lodged nor inquiry was conducted to fix responsibility. Loss was not reported to audit and actual payee's receipts were also not available on record. The para was discussed in the DAC meeting held in August, 2008. Department replied that the minor dent/paint were carried out under routine repair. The DAC after going to facts directed to produce record for verification to audit.

DEPARTMENTAL VERSION.

50. The Department explained that all relevant record as per directive of DAC was provided to Audit and was verified.

PAC RECOMMENDATION.

51. In view of plausible explanation of the Department the para was recommended to be dropped.

DP.No.4.14 **OVERPAYMENT DUE TO INCORRECT CALCULATION Rs.2,39,904/-**

AUDIT VERSION.

52. The audit reported that in the office of Secretary Administration Department, an expenditure of Rs.13.064 million was incurred on hiring of air craft from flying club which was calculated on incorrect un-flown hours resulting in overpayment of Rs.2,39,904/-. The issue was discussed in the DAC meeting held in August, 2007. The DAC directed to provide analysis sheet to audit within a week.

DEPARTMENTAL VERSION.

53. The Department explained that all relevant record/analysis sheet as per directive of DAC was provided to Audit and was verified.

PAC RECOMMENDATION.

54. In view of plausible explanation of the Department the para was recommended to be dropped.

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LOCAL GOVERNMENT, ELECTIONS & RURAL DEVELOPMENT DEPARTMENT

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Four (04) Draft Paras reflected in the Audit Report for the year 2008-09 were taken up for examination by the PAC in its meetings held on 23rd February and 7th July 2011. The following were present:-

Public Accounts Committee.

1. Mr. Abdul Akbar Khan, MPA Acting Chairman
2. Mr. Mukhtiar Ali, MPA Member
3. Syed Muhammad Ali Shah Bacha, MPA Member
4. Mr. Muhammad Zamin Khan, MPA Member
5. Mr. Saqib Ullah Khan Chamkani, MPA Member
6. Mr. Fazal Shakoor, MPA Member
7. Mr Ziyad Akram Durrani, MPA Member
8. Malik Tamash Khan, MPA Member

Law, Parliamentary Affairs and Human Rights Department.

1. Mr. Muhammad Ibrahim,
Additional Secretary.

2. Mr. Jamshid Khan,
Law Officer

Finance Department.

1. Mr. Muhammad Bashir Khan,

Additional Secretary.

2. Mr. Saif- ur-Rehman Usmani,

Director.

Audit Department.

1. Syed Muhammad Ayub,

Director General

2. Mr. Javed Iqbal,

Director.

3. Mr. Jan Israr,

Deputy Director.

4. Mr. Saif-ul-Islam

Assistant Director.

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Local Government Department.

1. Mr. Zakiullah,

Additional Secretary.

2. Mr. Saleem Khan,

Project Director, NUDP.

Provincial Assembly Secretariat.

1. Mr. Amanullah ,

Secretary.

2. Mr. Amjad Ali,

Additional Secretary.

3. Mr. Inamullah Khan,

Deputy Secretary.

4. Mr. Wakil Khan,

Assistant Secretary.

5. Mr. Tariqullah,

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.11.1 NON-RECOVERY OF ADVANCE PAYMENTS Rs. 15.357 MILLION.

AUDIT VERSION.

3. The Audit reported that Project Director NUDP Peshawar, paid mobilization advance of Rs.4.485 million to a contractor out of which Rs.2.283 million was not recovered, besides, Rs.11.369 million were paid as 75% secured advance for supply of pipes without certificate of the Consultant. Sales Tax of Rs.1.705 million was also not recovered, thus Rs.15.357 million was not also recovered. In the DAC meeting held in November 2008, department was directed to conduct inquiry and fix responsibility within 15 days. No progress was intimated till finalization of the Report.

PAC RECOMMENDATION.

4. As the Department was neither fully prepared to respond to the queries of the Committee's Members and Audit nor working paper was supported by documentary evidences, therefore, consideration on the Paras was deferred with direction to the Department to submit fresh working papers along with requisite documents and to come up fully prepared for the next meeting.

5. The Para was again placed before the Committee in its meeting held on 07-07-2011.

DEPARTMENTAL VERSION.

6. The Department explained that as per decision of pre-PAC an inquiry was conducted. The inquiry officer was produced proof of the bills alongwith the whole record who after examination of the record, found that nothing was outstanding against the contractor

PAC RECOMMENDATION.

7. In view of the plausible explanation advanced by the Department, the Para was recommended to be dropped subject to verification of record by Audit.

DP.No.11.2 **UN-AUTHENTIC PAYMENT TO THE NGOs Rs.6.579 MILLION.**

AUDIT VERSION.

8. The Audit reported that the Project Director, NUDDP, Peshawar incurred an expenditure of Rs.6.579 million on appointment of NGOs, however, the objectives for which amount was spent could not be achieved which resulted in loss to Government. In the DAC meeting held in November 2008, it recommended to place the Para before PAC.

PAC RECOMMENDATION.

9. Deferred for seven (7) days with the direction to the Department to come up fully prepared for the next meeting alongwith the requisite documents.

10. The Para was again placed before the Committee in its meeting held on 07-07-2011.

DEPARTMENTAL VERSION.

11. The Department explained that the payment was made to NGO's working in 23 towns under NUDP as per agreement for the services rendered. The NGO's services had been started from September 2005. The CDA consultant monitored and coordinated all the activities of NGO's and reported accordingly which could be shown to the Committee. It further explained that participation of NGO in the donor's fund was compulsory to make aware the community about the development of urban water and sanitation schemes in the area for which the framed 465 numbers CCB's in the area.

PAC OBSERVATION.

12. The Committee wanted to know as why the work was executed through NGOs. Was it binding on the Department? Project proposal with complete budgeting was also required.

13. In response, the Department explained that involvement of NGO was must according to ADB commitment. Proper monitoring of budgeting was made. Works were carried out properly. This was not a grant but a loan, which has its own conditions and the project was extended according to the said condition.

14. Mr. Saqib Ullah Khan Chamkani, MPA pointed out that there is deference between grant and loan. In the grant conditions are chalked out by the donor, as grant is returned, where as loan is returned to the donor with interest, therefore, conditions of the donor should not be accepted.

PAC RECOMMENDATION.

15. The PAC directed that Department and Audit should sit together to investigate the issue of hiring NGO for execution of the project and to workout the excess expenditure made in this regard within three months. Para stands. Progress be reported to PAC within three months.

D.P. No.11.3 **OVERPAYMENT DUE TO DEVIATION FROM THE CONSULTANCY AGREEMENT Rs. 1.045 MILLION.**

AUDIT VERSION.

16. The Audit reported that in the office of Project Director NUDP Peshawar, the consultants were not paid as per agreed ceiling of the consultancy agreement, which resulted in overpayment of Rs.1.045 million. In the DAC meeting held in November 2008, department replied that the overpayment had been charged to the Provincial sub-head. DAC directed to recover the overpayment. No progress of recovery was intimated.

DEPARTMENTAL VERSION.

17. The Department explained that originally the consultancy contract was awarded for 24 months but later on the same was extended upto thirty months and payment was made for the extra period i.e. six (6) months to the consultant which resulted in the overpayment . Hence recovery was not justified.

PAC OBSERVATION.

18. The Committee noted difference in the reply of the Department during the course of meeting and the one incorporated in the working paper. It was a total deviation from the Departmental reply, DAC and Pre-PAC decision. Different explanations were incorporated in different columns which showed the casual attitude of the Department. Moreover, Department was unable to produce documentary evidence in the support of its contention. However, the Department assured that all the necessary documents would be furnished within seven (7) days.

PAC RECOMMENDATION.

19. On the assurance of the Department that all necessary documents would be provided within seven (7) days, the PAC kept the Para pending for seven (7) days with the direction to the Department to submit fresh working papers along with requisite documents and to come up fully prepared for the next meeting.

20. The Para was again placed before the Committee in its meeting held on 07-07-2011.

DEPARTMENTAL VERSION.

21. The Department explained that originally the consultancy contract was awarded for 24 months but later on the same was extended upto thirty months and payment was made for the extra period i.e. six (6) months to the consultant which resulted in the overpayment. However, as per decision of DAC, the DOR concerned had been requested to make recovery of Rs.3,48,537/- as land revenue under the Revenue Act.

PAC RECOMMENDATION.

22. The Committee recommended the Para to be dropped subject to realization of full recovery.

D.P. No.11.4 **UN-AUTHORIZED PAYMENT OF Rs. 9,05,558/-.**

AUDIT VERSION.

23. The Audit reported that Project Director NUDP, paid Rs.9,05,558/- to a consultant who's MBA degree was not recognized by the Higher Education Commission. The expenditure was thus un-authorized. It was pointed out in December 2007, Department stated that the case would be placed before the Departmental Consultants Selection Committee for reconsideration. In the DAC meeting held in November 2008, the Department replied that the overpayment of Rs.2,34,566/- had been recovered. DAC directed to recover full amount. No progress was intimated till finalization of the Report.

DEPARTMENTAL VERSION.

24. The Department explained that it issued a letter to M/S ACE to provide a copy of degree duly verified by HEC, but they provided the authentication of Preston University Kohat. The Department has then made request to Preston University Kohat for verification of degree followed by reminder but the reply is still awaited. The Department further explained that excess amount of Rs.2,34,566/- has already been recovered, recovery of full amount was not justified as the individual has performed duty at that period.

PAC OBSERVATION.

25. The Committee did not agree with the contention of the Department that Preston University was recognized as the Audit observation was based on the degree of the consultant and not that of the University status. Moreover, copy of the degree furnished with the working paper was mere a course completion certificate. The fact, that Department has failed to verify the degree in five years cast doubts about the authenticity of the degree. The Committee also noted that consultant was not the only guilty person rather the person who awarded consultation with out verifying the document was also responsible in this regard. The Department failed to respond properly to above observations and pleaded that another opportunity may be provided to it for clarification and assured that the Degree would be verified within seven (7) days.

PAC RECOMMENDATION.

26. The PAC accepted to the request of the Department and directed to submit fresh working papers and come fully prepared along with verification of degree from Preston University Kohat within seven (7) days. Para stands.

27. The Para was again placed before the Committee in its meeting held on 07-07-2011.

DEPARTMENTAL VERSION.

28. It further explained that the Higher Education Commission had not verified the degree of Mr. Asim Ali, Consultant as per recommendation of PAC given in its previous meeting held on 23/02/2011.

PAC OBSERVATION.

29. The Committee observed from the perusal of the documents produced that it is crystal clear that no degree was awarded rather a certificate for completion of course was given. Moreover the consultant, who hired the person having no authentic degree, was basically responsible. The department added that action leading to recovery has already been taken up with the DRO. The Committee also observed that action should have been initiated against the consultant.

PAC RECOMMENDATION.

30. The Committee recommended that action may be taken against the Consultant for recovery of the unauthorized payment within two months, positively. Para stands progress be reported to PAC.

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PLANNING & DEVELOPMENT DEPARTMENT

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Eight (08) Draft Paras reflected in the Audit Report for the year 2008-09 were taken up for examination by the PAC in its meeting held on 23rd February, 2011. The following were present:-

Public Accounts Committee.

- | | | |
|----|------------------------------------|-----------------|
| 1. | Mr. Abdul Akbar Khan, MPA | Acting Chairman |
| 2. | Syed Muhammad Sabir Shah, MPA | Member |
| 3. | Mr. Mukhtiar Ali, MPA | Member |
| 4. | Syed Muhammad Ali Shah Bacha, MPA | Member |
| 5. | Mr. Muhammad Zamin Khan, MPA | Member |
| 6. | Mr. Saqib Ullah Khan Chamkani, MPA | Member |
| 7. | Mr. Fazal Shakoor, MPA | Member |
| 8. | Mr Ziyad Akram Durrani, MPA | Member |
| 9. | Malik Tamash Khan, MPA | Member |

Law, Parliamentary Affairs and Human Rights Department.

Mr. Muhammad Ibrahim,

Additional Secretary.

Finance Department.

Mr. Muhammad Bashir Khan,

Additional Secretary.

Audit Department.

1. Mr. Javed Iqbal,

Director.

2. Mr. Jan Israr,

Deputy Director.

3. Mr. Saif-ul-Islam

Assistant Director.

Planning and Development Department.

1. Mr. Muhammad Salim,

Secretary.

2. Mrs. Saadia Sarwat,

DG (SDU).

3. Mr. Muhammad Abdul Amir Khattak,

Chief (SDU).

4. Mr. Rahim Ullah,

Ex-Project Director (DASP).

5. Mr. Qaizar Khan,

Planning Officer.

6. Mr. Wasim-ul-Haq,
Programmer.

Environment Department.

Mr. Ahmad Jalil,
D.F.O. Dir.

Communication & Works Department.

Syed Atiq-Ur-Rehman
S.D.O. Upper Dir.

Provincial Assembly Secretariat.

1. Mr. Amanullah ,
Secretary.

2. Mr. Amjad Ali,
Additional Secretary.

3. Mr. Inamullah Khan,
Deputy Secretary.

4. Mr. Wakil Khan,
Assistant Secretary.

5. Mr. Tariqullah,
Assistant Secretary.

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

D.P No.12.1 OVERPAYMENT DUE TO EXECUTION OF SUB-STANDARD WORKS
Rs.29.707 MILLION.

AUDIT VERSION.

3. The Audit reported that in Dir Area Support Project the Communication & Works Department Upper Dir along with the technical staff of the Project carried out smith hammer test of the following roads in July 2007. The works could not qualify the required strength. Execution of the substandard work resulted in overpayment of Rs.29.707 million to the contractor.

S.No	Name of Road	Item of Works	Amount	<u>DEPARTM</u> <u>ENTAL</u> <u>VERSION.</u>
1.	Alla Salam Kot	PCC 1:3:6	34,01,532	4. The Department explained that a technical team of the Project & Department visited various component of the road project. They executed
2.	Bind Dara	PCC 1:3::6 & RCC1:2:4	13,92,285	
3.	Dir Bakarai	PCC 1:3:6	21,35,719	
4.	Nusrat Dara	PCC 1:3::6 & RCC 1:2:4	61,23,725	
5.	Shingara Dara	-do-	81,25,908	
6.	Shaltaloo to Sanai	PCC 1:3:6	25,69,141	
7.	Hattan Dara	-do-	59,58,458	
	Total		29,706,768	

field test at various locations of all the projects. The structure was found below standard and the payment already made was straight away recovered from the contractors as per detail below:-

S.No	Bill No	Item of Works	Name of Contractor	Recovery
1.	6 th R Bill	Dir Bakarai	Penda Khel	Rs.1,38,078/-
2.	19 th R Bill	Nusrat Dara	M/S Shuaib	Rs.4,64,172/-
3.	9 th R Bill	Shaltaloo to Sunai	Malak Baharamand	Rs.1,64,911/-
4.	23 rd R/Bill	Hattan Dara	M/S Noor Khan	Rs.5,80,105/-
5.	13 th R/Bill	Alla Salam Kot	M/S Lawari	Rs.5,94,103/-
6.	20 th R/Bill	Shingara Road	A.K Fazal Jamil	Rs.2,40,937/-
	Total			Rs.21,82,306/-

PAC OBSERVATION.

5. The Committee observed that despite recovery made from the contractors, the Department did not bother to pin point the persons involved in payment for defective works which show the laxity of the Department.

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PAC RECOMMENDATION.

6. After detailed discussion, the Committee recommended to hold proper Departmental inquiry in the matter and to appropriate action initiate against the person(s) involved in payment for defective works.

DP No.12.2 **LOSS DUE TO NON-REDUCTION OF RATES Rs.7.496 MILLION.**

AUDIT VERSION.

7. The Audit reported that the Project Manager, Dir Area Support Project paid Rs.149.905 million to the contractor for the construction of black topped roads and bridges. All these contractors belonged to Malakand Division and neither Income Tax Ordinance has been extended to Malakand Division nor these contractors pay income tax, therefore, their rates should have been reduced by 5% which was not done, therefore, the Government was put to sustain a loss of Rs.7.496 million.

DEPARTMENTAL VERSION.

8. The Department explained that Malakand Division is exempted from Income Tax, therefore, Income Tax has not been deducted from the concerned contractors for the works. There is no irregularity in the payment made by the project.

PAC RECOMMENDATION.

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

DP No.12.3 LOSS DUE TO NON-SUPPLY OF PLANTS Rs.2.852 MILLION.

AUDIT VERSION.

10. The Audit reported that office of the Project Manager, Dir Area Support Project paid Rs.2.125 million to Divisional Forest Officer Upper Dir for rising of 1.500 million plants. The plants were shown issued to various village organizations, however, on the complaint of village organization Maroofa Lojbok Dara. The plants issue statements of the Forest Department were verified from the village organization by an Inquiry Committee. The Inquiry Committee pointed out that out of 1.500 million plants, 340,000 plants were distributed to the community organizations and recommended that the balance of 1.160 million plants be recovered and distributed among the community organizations in presence of social organizations unit staff. Neither the plants were issued nor was the loss of Rs.2.852 million recovered.

DEPARTMENTAL VERSION.

11. The Department explained that as per decision of DAC taken in its meeting held in January 2009, a Joint Inquiry Committee consisting of members of P&D, Project authorities and Forest Department, was constituted to conduct enquiry in the matter which could not submit its report. Later on the Department constituted two enquiry Committees to hold enquiry in the matter but the Inquiry Committees also could not finalize its reports due to law and order situation in the area. The Department further explained that as per decision of pre-PAC, a fresh enquiry Committee was constituted which reported that as per record, plants raised in the nursery under the project had been distributed among the local community members in Dir Upper according to laid down procedure and mechanism of Social Forestry.

PAC OBSERVATION.

12. The PAC observed that almost four Inquiry Committees were constituted which could either submit defective reports or could not finalize the matter. The issue concerned relates to matter of public importance and needs in-depth scrutiny.

PAC RECOMMENDATION.

13. A Sub-Committee comprising Mr. Muhammad Zamin Khan and Mr. Mukhtiar Ali, MPAs, was constituted to probe into the matter, visit the site and submit its report within a month time. Para stands.

D.P No.12.4 NON-RECOVERY OF LOANS FROM THE COMMUNITY ORGANIZATIONS Rs.1.844 MILLION.

AUDIT VERSION.

14. The Audit reported that the office of the Project Director Dir Area Support Project granted loan of Rs.1.844 million to various individual through social organizations units in the following localities. The loans were not recovered from the community members as per detail given below:-

S.No	Locations	Principal Amount	Recoverable Amount	Recovered Amount	Remaining Amount
1.	Timergara	3,832,000	4,142,920	3,592,016	550,904

2.	Summer Bagh	289,000	308,135	2,448,691	579,444
3.	Dir	253,000	2,770,217	2,056,494	713,723
	Total				1,844,071

DEPARTMENTAL VERSION.

15. The Department explained that actual remaining loan was Rs.1.6 million out of which Rs.864,106 had been recovered and efforts are being made to recover the balance amount.

PAC RECOMMENDATION.

16. Subject to verification of full recovery by Audit, the Para was recommended to be dropped.

D.P No.12.5 OVER-PAYMENT DUE TO INADMISSIBLE ALLOWANCE Rs.1.464 MILLION.

AUDIT VERSION.

17. The Audit reported that Project Manager Dir Area Support Project paid annual increments and allowances i.e. Special Additional, Adhoc Relief and Dearness Allowance to the Project Employees which resulted in overpayment of Rs.1.464 million as per detail given below:-

S.No	Financial Year	Particulars of Payment	Amount
1.	2005-06	Annual increment	238,354
2.	-do-	Special Additional Allowance	71,506
3.	-do-	Adhoc Relief	71,506
4.	-do-	Special Additional Allowance (PMU Staff)	256,212

5.	2006-07	Dearness Allowance (PMU Staff)	513,565
6.	-do-	Special Add: Allowance	313,281
	Total		1,464,424

DEPARTMENTAL VERSION.

18. The Department explained that according to PC-I of the Project, the staff recruited was required to be paid according to Government basic scales. The graded staff were recruited in the Project & paid emoluments admissible under the pay scales of Government except pension & gratuity. The Project Review Board in its meeting held on 05-11-2009 regularized/approved the expenditure.

PAC RECOMMENDATION.

19. Subject to verification as to whether the Project Review Board was competent to regularize the expenditure, the para was recommended to be dropped.

D.P No.12.6 OVERPAYMENT DUE TO LESS UTILIZATION OF AVAILABLE STONE Rs.1.300 MILLION.

AUDIT VERSION.

20. The Audit reported that Dir Area Support Project paid two (2) contractors for an item of work "Excavation requiring blasting" which resulted in availability of stone. But ignoring the availability of stone these contractors were paid for another item of work RR masonry dry and the available stone was not utilized which resulted in overpayment of Rs.1.3 million.

DEPARTMENTAL VERSION.

21. The Department explained that different classification of blasting were carried out at site, in which only 11.69 cubic meter (M3) material was found useful which had been used in the R.R masonry. During blasting it happened that some of the material were wasted due to rolling down to the down side hill slopes, Nallah, River &

some of the material were broken in small pieces which were not used in masonry work. Therefore the balance materials were brought from out side.

PAC OBSERVATION.

22. The Committee did not agree with the explanation of the Department and was astonished that how only 11.69 cubic meter stone was found useable.

PAC RECOMMENDATION.

23. The Committee referred the para to Sub-Committee already constituted in D.P No.12.3 for detailed scrutiny after site inspection within a month.

D.P No.12.7 EXCESS EXPENDITURE OVER PRESCRIBED LIMIT

Rs.5,75, 859/-.

AUDIT VERSION.

24. The Audit reported that Dir Area Support Project incurred expenditure of Rs.5, 75, 859/- over the provision in the PC-I on the following works as per detail given below: -

S.No	Name of Black Topped Road	Length in K.m.	Expenditure incurred (Rs.)	Required (Rs.)	Excess (Rs.)
1.	Giro	1.47	1,888,956	1,617,000	271,956
2.	Ghuzano Band	1.29	1,510,293	1,419,000	91,293
3.	Bimaro Band	1.18	1,510,610	1,289,000	212,610
	Total				575,859

DEPARTMENTAL VERSION.

25. The Department explained that the unit cost of the Black Topped Road as per work plan was Rs.18, 00,000/- per km which was duly approved by the Project Review Board in its meeting held on 30-09-2006. The payment in all the above mentioned roads was made as per actual work done on the site and no excess payment had been made.

PAC RECOMMENDATION.

26. In view of the plausible explanation advanced by the Department, the para was recommended to be dropped.

D.P No.12.8 UN-AUTHENTIC EXPENDITURE ON PURCHASE OF SEEDS AND FERTILIZER Rs.2,22, 270/-

AUDIT VERSION.

27. The Audit reported that Project Director Barani Area Development Project incurred expenditure of Rs.2, 22,270/- on purchase of seeds and fertilizers by Agriculture Research Station Ahmad Wala Karak. The items were shown issued to farmers but acknowledgement receipts from the farmers were not available. The expenditure was thus un-authentic.

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DEPARTMENTAL VERSION.

28. The Department explained that as per decision of pre-PAC, an enquiry was conducted in the matter and it was found that only acknowledgement receipts of Rs.22,603/- were not available out of the total amount of Rs.2,22,270/-,which could be shown to Audit for verification.

PAC RECOMMENDATION.

29. The Department was directed to produce the remaining acknowledgement receipts of Rs.22, 603/- to Audit for verification within seven days. If

the receipts were not produced to Audit for verification within the stipulated time, then recovery be made from the responsible. Para stands. Progress to be reported to PAC.

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IRRIGATION DEPARTMENT

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One (01) Draft Para reflected in the Audit Report for the year 2008-09 was taken up for examination by the PAC in its meeting held on 24th February, 2011. The following were present:-

Public Accounts Committee.

- | | | |
|----|------------------------------------|-----------------|
| 1. | Mr. Abdul Akbar Khan, MPA | Acting Chairman |
| 2. | Mr. Mukhtiar Ali, MPA | Member |
| 3. | Syed Muhammad Ali Shah Bacha, MPA | Member |
| 4. | Mr. Muhammad Zamin Khan, MPA | Member |
| 5. | Mr. Saqib Ullah Khan Chamkani, MPA | Member |
| 6. | Mr Ziyad Akram Durrani, MPA | Member |

Law, Parliamentary Affairs and Human Rights Department.

Mr. Muhammad Ibrahim,

Additional Secretary.

Finance Department.

Mr. Muhammad Idress Khan,

Additional Secretary.

Audit Department.

1. Syed Muhammad Ayub,

Director General.

2. Mr. Javed Iqbal,

Director.

3. Mr. Jan Israr,

Deputy Director.

Irrigation Department.

1. Mr. Muhammad Ishfaq Khan,

Secretary.

2. Mr. Riaz Ahmad,

Chief Engineer.

Provincial Assembly Secretariat.

1. Mr. Amanullah,

Secretary.

2. Mr. Amjad Ali,

Additional Secretary.

3. Mr. Inamullah Khan,

Deputy Secretary.

4. Mr. Wakil 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:-

D.P No.10.2 **NON-DEPOSIT IN GOVERNMENT ACCOUNT Rs.2.391 MILLION**

AUDIT VERSION.

3. The Audit reported that during the year 2005-06, in the office of Executive Engineer, Irrigation Division, Chitral, more than three years old unclaimed balances of Rs.2.391 million as lapsed deposits were not credited to Government Account. Hence Para 399 (iii) of CPWA Code was violated.

DEPARTMENTAL VERSION.

4. The Department explained that out of the total amount, a sum of Rs.1, 38,746/- had been received from MMP Pakistan Pvt Lahore for the work and had been credited to Government revenue. The remaining amount of Rs.22,57,666/- pertained to DERA-I project had also been credited into Government revenue in the month of October, 2010.

PAC OBSERVATION.

5. The Committee noted that the un claimed balance which should have been deposited in the Government treasury within three years as provided under the rules, were not credited to the Government account after the expiry of stipulated period. Though it had been deposited at a later stage, yet the dealing hands had committed irregularity of non crediting the same in time. Had it not been pointed out by Audit, the amount would have remained in the account for much longer period.

6. In such circumstances the Committee wanted to know the reasons/ justification for non-crediting the amount in Government treasury in time, but the Department was not in a position to advance justification for un-due delay in this case.

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PAC RECOMMENDATION.

7. The Committee referred the para to Sub-Committee comprising the following for detailed examination:-

1. Mr.Muhammad Zamin Khan, MPA Chairman
2. Mr.Mukhtiar Ali, MPA Member
3. Syed Muhammad Ali Shah Bacha, MPA Member

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

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COMMUNICATION & WORKS DEPARTMENT

Six (06) Draft Paras reflected in the Audit Report for the year 2008-09 were taken up for examination by the PAC in its meeting held on 24th February, 2011. The following were present:-

Public Accounts Committee.

1. Mr. Abdul Akbar Khan, MPA Acting Chairman
2. Mr. Mukhtiar Ali, MPA Member
3. Syed Muhammad Ali Shah Bacha, MPA Member
4. Mr. Muhammad Zamin Khan, MPA Member
5. Mr. Saqib Ullah Khan Chamkani, MPA Member
6. Mr Ziyad Akram Durrani, MPA Member

Law, Parliamentary Affairs and Human Rights Department.

Mr. Muhammad Ibrahim,

Additional Secretary.

Finance Department.

Mr. Muhammad Idress Khan,

Additional Secretary.

Audit Department.

1. Syed Muhammad Ayub,

Director General.

2. Mr. Javed Iqbal,

Director.

3. Mr. Jan Israr,

Deputy Director.

Communication & Works Department.

1. Mr. Habib Ali,

Secretary.

2. Eng: Zahid Arif,

Managing Director, FHA.

3. Mr. Amin-ul-Din,

Director, PDA.

Provincial Assembly Secretariat.

1. Mr. Amanullah,

Secretary.

2. Mr. Amjad Ali,

Additional Secretary.

3. Mr. Inamullah Khan,

Deputy Secretary.

4. Mr. Wakil Khan,

Assistant Secretary.

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

D.P No.13.1 **NON-RECOVERY OF MOBILIZATION ADVANCE & INTEREST Rs.10.250 MILLION.**

AUDIT VERSION.

3. The Audit reported that during the year 2006-07, Managing Director, Frontier Highways Authority paid Rs.10.250 million as mobilization advance to various contractors. Neither the principal amount was recovered nor interest of Rs.8,37,509/- was recovered from the contractors.

DEPARTMENTAL VERSION.

4. The Department explained that the entire amount along with interest had been recovered which have been verified by Audit.

PAC RECOMMENDATION.

5. In view of explanation advanced by the Department duly endorsed by Audit, the para was recommended to be dropped.

D.P No.13.2 **LOSS DUE TO NON RECOVERY OF SECURED ADVANCE Rs.5.139 MILLION.**

AUDIT VERSION.

6. The Audit reported that during the year 2006-07, Managing Director Frontier Highways Authority granted secured advance of Rs.2.050 million for crush

aggregate in work “Road from Daratang to Punjab Border” and Rs.3.088 for steel in work “Bridge over Gambila River” to contractor. The secured advance was not recovered from the contractor.

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DEPARTMENTAL VERSION.

7. The Department explained that secured advance was granted to firm in term of provision of Para 228 (a) of CPWA code. Besides, the provision for grant of secured advance to the contractor also existed in the bidding documents vide Clause-60 (3) (d) of the condition of contract Vol-I. The Department further explained that secured advance as pointed out by the Audit, had already been recovered from the contractors.

PAC RECOMMENDATION.

8. Since the amount had already been recovered, the para was, therefore, recommended to be dropped.

D.P No.13.3 OVERPAYMENT DUE TO INCORRECT RATES OF Rs.1.164 MILLION.

AUDIT VERSION.

9. The Audit reported that during the year 2006-07, Managing Director, Frontier Highways Authority awarded the work “Construction of Timergara by pass Road” to a contractor for Rs.51.329 million on the basis of scheduled rates of 1999. Some items of work were paid in excess than CSR 1999 which resulted in overpayment of Rs.1.164 million in two items of work namely (i) Excavate and disposal of unsuitable/unclassified materials (ii) Formations of embankment from unclassified field excavation. The CSR rate for the same work was Rs.64.59 and Rs.82.018/m³ respectively but the Department has paid Rs.198.87 and Rs.223.72/m³ respectively.

DEPARTMENTAL VERSION.

10. The Department contented that in the whole work, rock and soil grounds both were involved and the rate for rock was Rs.317/- but instead of applying the same rate, the contractors were paid only at the un-classified rate of Rs.198.87/m³.

PAC RECOMMENDATION.

11. The Committee wanted to physically check the area to arrive at a just decision, therefore, it was referred to the Sub-Committee already constituted on D.P No.10.2 of Irrigation Department to know the grounds reality.

D.P No.13.4 **LOSS DUE TO NON-UTILIZATION OF AVAILABLE EARTH Rs.7,67,319/-.**

AUDIT VERSION.

12. The Audit reported that during the year 2006-07, Managing Director Frontier Highways Authority ignored available excavated material of 18375.824 m³ @ 68.89 per m³ from the work "Construction of road for highway to Gambila bridge via Mangeola" for utilization in the work "Formation of Embankment from Roadway Excavation" which resulted in loss of Rs.767,319/-.

DEPARTMENTAL VERSION.

13. The Department explained that the Suitable Earth quantity of 11138.333 m³ available from cutting has been deducted from the overall filling. The quantity of earth cut of 18375.824 m³ pointed out by Audit, was declared unsuitable on the basis of soil tests and therefore could not be utilized in the road embankment. Therefore, no over payment was made.

PAC RECOMMENDATION.

14. The Committee did not agree with the explanation of the Department, it therefore, referred the para to Sub-Committee already constituted in draft para No.10.2 of Irrigation Department for detailed examination, after physical verification of site within a month time.

D.P No.13.5 **UN-AUTHORIZED EXPENDITURE OF Rs.6,58, 017/-**

AUDIT VERSION.

15. The Audit reported that during the year 2006-07, Managing Director Frontier Highways Authority incurred expenditure of Rs.6,58,017/- on non-BOQ item in

the work, “Topi by Pass Road” as per detail given below. Variation orders of the competent authority were also not obtained, the expenditure was thus un-authorized:-

S.No	Particular	Quantities	Rates	Amount
1.	RRM 1:3 (FIP)	758.18	165.111 m3	12,583,09
2.	PCC 1:3:6	1,754,66	118.423 m3	207,732,88
3.	Pipe Sewer	1,496,87	126 m	188,605,62
			Sub-TotalAdd 41% Above on item (1&2)	521,522 136,495
			Total	658,017

DEPARTMENTAL VERSION.

16. The Department explained that the items of work were executed according to site requirement. As provided in the work order/BOQ Clause-3 (iv) that “any item not covered in the BOQ shall be paid in accordance with CSR-1999 with approved premium. The execution of these items was also regularized through revised Administrative Approval, Technical Sanction and variation orders.

PAC RECOMMENDATION.

17. In view of plausible explanation advanced by the Department, the para was recommended to be dropped.

D.P No.13.6 **UN-VERIFIED EXPENDITURE DUE TO NON-PRODUCTION OF RECORD RS.22.676 MILLION.**

AUDIT VERSION

18. The Audit reported that during the year 2006-07, Secretary Communication & Works Department, incurred expenditure of Rs.22.556 million as grant-in-aid to CD&MD/PDA and Rs.0.120 million on printing charges, however adjustment account of the expenditure was not provided to audit.

19. In the DAC meeting held in March 2009, the department replied that the amount of Rs.22.556 million had been transferred to CD&MD/PDA for utilization. The record would be provided to audit as and when received. DAC directed to produce record within a week time. No progress was intimated till finalization of the Report.

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DEPARTMENTAL VERSION.

20. The Department explained that as per directions of PAC given in its previous meeting held on 13-11-2010, the relevant record of Rs.22.556 million pertaining to CD&MD/PDA, was produced to Audit for verification. After examination of the record, the Audit raised certain observations which has been communicated to the Communication & Works Department. As regards record of Rs.0.120 million pertaining to Communication and Works Department, it was explained that record was produced to Audit which was verified.

21. The Secretary, Communication and Works Department clarified that funds of Rs.22.556 million were only placed at the disposal of C&W to transfer the same to CD&MD for utilization. He had no concern with the funds and requested time and again to Finance Department to place such funds at the disposal of Secretary, Local Government who being its P.A.O would be in a better position to ask about the utilization of funds from CD&MD authorities.

22. The Director, PDA revealed that after devolution plan the Audit of PDA was being conducted by the D.G, District Audit and the expenditure in question has already been audited by them. Therefore, carrying out audit at Provincial level would be duplication and is not justified.

PAC OBSERVATION.

23. The Committee did not agree with the contention of Director, PDA and stressed for production of record as the amount in question was part of the Provincial Consolidated fund duly granted by Provincial Assembly, hence taking its cognizance falls with in the purview of Provincial Audit and the Assembly.

PAC RECOMMENDATION.

24. After detailed discussion the PAC recommended that special Audit of the record of Rs.22.556 million pertaining to CD&MD may be carried out by the Director General, Audit and submit report within a month. As regards record of Rs.0.120 million pertaining to C&W Department, the explanation of the Department was accepted and this portion of the para was recommended to be dropped.

ENERGY AND POWER DEPARTMENT

Seven (07) Draft Paras reflected in the Audit Report for the year 2008-09 were taken up for examination by the PAC in its meeting held on 24th February, 2011. The following were present:-

Public Accounts Committee.

- | | | |
|----|------------------------------------|-----------------|
| 1. | Mr. Abdul Akbar Khan, MPA | Acting Chairman |
| 2. | Mr. Mukhtiar Ali, MPA | Member |
| 3. | Syed Muhammad Ali Shah Bacha, MPA | Member |
| 4. | Mr. Muhammad Zamin Khan, MPA | Member |
| 5. | Mr. Saqib Ullah Khan Chamkani, MPA | Member |
| 6. | Mr Ziyad Akram Durrani, MPA | Member |

Law, Parliamentary Affairs and Human Rights Department.

Mr. Muhammad Ibrahim,

Additional Secretary.

Finance Department.

Mr. Muhammad Idress Khan,

Additional Secretary.

Audit Department.

1. Syed Muhammad Ayub,

Director General.

2. Mr. Javed Iqbal,

Director.

3. Mr. Jan Israr,

Deputy Director..

Energy & Power Department.

1. Mr. Muhammad Salim,

Secretary.

2. Mr. Ishtiaq Hussain Shah,

Managing Director, Shydo.

Provincial Assembly Secretariat.

1. Mr. Amanullah ,

Secretary.

2. Mr. Amjad Ali,

Additional Secretary.

3. Mr. Inamullah Khan,

Deputy Secretary.

4. Mr. Wakil Khan,

Assistant Secretary.

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

D.P No.10.1 **LOSS DUE TO NON-ACCEPTANCE OF LOWEST RATES Rs.7.897 MILLION.**

AUDIT VERSION.

3. The Audit reported that during 2005-06, Managing Director, Sarhad Hydel Development Organization, rejected lowest rate of Rs.788.251 million for the work "Pehur Hydropower Project" without any reasons and awarded contract at the higher rate of Rs.796.148 million to another contractor, which resulted in loss of Rs.7.897 million.

4. It was pointed out in June 2007, Department stated that all the bids were technically and financially evaluated and approved by the Management Committee. The lowest bid was non-responsive and therefore, was not accepted.

DEPARTMENTAL VERSION.

5. The Department explained that contract on higher rate was awarded on the following three points:-

1. The rate analysis was made by the Consultants,

2. Powers of approval lie on the SHYDO Board and,

3. There were some hidden costs in the bid of lowest bidder which could not be ignored.

6. It further explained that no irregularity had been committed in this case.

7. The PAC wanted to know complete facts about the aforementioned version of the Department.

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PAC RECOMMENDATION.

8. The Committee, therefore, recommended that the Department, Audit and Finance should sit together and verify the contention of the Department within a month. Para stands. Progress be reported to PAC.

D.P No.10.3 **OVERPAYMENT DUE TO MAKING PAYMENT AT INCORRECT RATES Rs.1.698 MILLION.**

AUDIT VERSION.

9. The Audit reported that during the year 2005-06 Managing Director Sarhad Hydel Development Organization, released payment to contractor for supply & erection of Dog Conductor, Gopher Conductor and ANT Conductor at the rates of Rs.1,00,000/- Rs.50,000/- and Rs.60,000/- per km instead of his quoted rate of Rs.100 per km, Rs.50 per km and Rs.60 per km, respectively which resulted in overpayment of Rs.1.698 million.

DEPARTMENTAL VERSION.

10. The Department explained that the quoted rates were Rs.100, Rs.50 and Rs.60 per meter, for DOG, Gopher and ANT Conductors respectively. The Audit had wrongly quoted these rates as per km. The calculation of amount was correct and no overpayment was involved.

PAC RECOMMENDATION.

11. The explanation of the Department being plausible was accepted and the Para was recommended to be dropped.

D.P No.10.4 **NON-RECOVERY OF SALES TAX RS.1.164 MILLION.**

AUDIT VERSION.

12. The Audit reported that during the year 2005-06, Managing Director Sarhad hydel Development Organization, incurred expenditure of Rs.7.758 million on

supply of HT and LT Poles. Sales Tax of Rs.1.164 million was not recovered from the contractor.

DEPARTMENTAL VERSION.

13. The Department explained that in light of the decision of DAC, the case was taken up with GST Directorate and it was certified that M/S Wazir & Brothers was a Sales Tax registered firm. It produced proof of deduction of GST from the contractor.

PAC RECOMMENDATION.

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

D.P No.10.5 **NON-RECOVERY ON ACCOUNT OF ELECTRICITY METERS Rs.1.120 MILLION.**

AUDIT VERSION.

15. The Audit reported that during the year 2005-06, Managing Director Sarhad Hydrel Development Organization issued 320 electricity meters to the electricity consumers free of cost instead of charging them on the prescribed rate of Rs.3, 500/- per meter which resulted in loss of Rs.1.120 million.

DEPARTMENTAL VERSION.

16. The Department explained that defective meters were replaced which were damaged due to severe weather conditions, hence no charges were required to be paid by the consumers.

PAC RECOMMENDATION.

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

D.P No.10.6 **LESS RECOVERY ON ACCOUNT OF CAPITAL COST OF METERS RS.9, 63,144/-.**

AUDIT VERSION.

18. The Audit reported that during the year 2005-06, Managing Director Sarhad Hydel Development Organization, charged 1638 Nos. electric connections @ Rs.3,500/- per connection instead of the approved cost of Rs.4,088/- per connection which resulted in loss of Rs.9,63,144/-.

19. It was pointed out in June 2007, Department stated that the demand notices were issued to the consumers @ Rs.3,500/- per connection according to the notification of WAPDA.

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DEPARTMENTAL VERSION.

20. The Department explained that SHYDO was charging Rs.3,500/- per electricity connection fee, the breakup of cost is as follow:-

PVC 40 m = Rs.1568/-

Energy Meter = Rs.1440/-

Service Charges = Rs.492/-

Total = Rs.3, 500/-

21. As such, there was no loss to SHYDO for charging Rs.3,500/- as per connection fee from consumers.

PAC RECOMMENDATION.

22. In view of plausible explanation advanced by the Department, the para was recommended to be dropped.

D.P No.10.7 **NON-RECOVERY OF ACCOUNT OF ELECTRICITY CHARGES**
RS.6,04,105/-

AUDIT VERSION.

23. The Audit reported that during 2005-06, Sarhad Hydel Development Organization could not recover Rs.10.777 million as electricity charges from the consumers of Kohistan and Chitral Districts respectively. Moreover, Reshun Hydro Power Project, generated 7.560 million units electricity out of which cost of 6.007 million units was recovered from the consumers. However, cost of the remaining 1.553 million units amounting Rs.4.660 million was not recovered.

24. It was pointed out in June 2007, Department stated that total arrears against the Kohistan Sub Division was Rs.3.106 million and not Rs.10.173 million. The amount of Rs.10.173 million related to all Hydel Stations.

DEPARTMENTAL VERSION.

25. The Department explained that the Audit observation pertained to three Hydel Stations in Kohistan i.e. Jalkot, Keyal & Dubair and Reshun Hydel Station in Chitral. As regards Hydel Stations in Kohistan, recovery of dues from consumers was virtually impossible as SHYDO did not have powers to impose penalties. The District Government also could not help out SHYDO in this matter.

26. In view of this situation, SHYDO Board decided to handover Jalkot Hydel Station to the District Government of Kohistan. SHYDO Board also decided to dispose of Keyal and Bubair Hydel Stations through Provincial Privatization Committee (PPC).

27. As regards recovery of dues from the consumers of Reshun Hydel Station, it was a rolling on process i.e. the dues were charged in the subsequent bills. If a consumer does not pay the bill or requests for installment of the bill then the balance amount is included in the next bill. As such arrears cannot be brought to zero level at any date.

PAC OBSERVATION.

28. The Committee observed that non recovery of the arrears was a lapse on the part of the Department and told that if the arrears were not recovered, then how the Department would run its expenditure.

PAC RECOMMENDATION.

29. The PAC, therefore, recommended that the Department may work out all the outstanding dues and recover from individuals on emergent basis. Para stands. Progress be reported to PAC.

D.P No.10.8 **RECOVERY ON ACCOUNT OF COST OF TENDER Rs.1,78,318/.**

AUDIT VERSION.

30. The Audit reported that during the year 2005-06, in the office of Managing Director Sarhad Hydro Development Organization, tender forms fee was not recovered at the prescribed rates which resulted in non-recovery of Rs.1,78,318/-

DEPARTMENTAL VERSION.

31. The Department explained that in the instant case the rates approved by the Chief Minister notified by the Works and Services Department were charged. However, in future tender documents fee would be recovered on the rates notified by the Secretary Energy & Power Department.

PAC RECOMMENDATION.

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

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FOOD DEPARTMENT

Ten (10) Draft Paras reflected in the Audit Report for the year 2008-09 were taken up for examination by the PAC in its meetings held on 25th February and 4th July, 2011. The following were present:-

Public Accounts Committee.

- | | | |
|----|------------------------------------|----------|
| 1. | Mr. Kiramatullah Khan, | Chairman |
| 2. | Mr. Mukhtiar Ali, MPA | Member |
| 3. | Mr. Saqib Ullah Khan Chamkani, MPA | Member |

4. Syed Muhammad Ali Shah Bacha, MPA Member
5. Mr. Fazal Shakoor Khan, MPA Member
6. Mr. Ziyad Akram Khan Durrani, MPA Member

Law, Parliamentary Affairs and Human Rights Department.

Mr. Jamshid Khan,

Law Officer

Finance Department.

Mr. Saif-ur-Rehman Usmani,

Director.

Audit Department.

1. Syed Muhammad Ayub,

Director General.

2. Mr. Javed Iqbal,

Director.

3. Mr. Jan Israr,

Deputy Director.

Food Department.

1. Syed Khalid Gilani,

Secretary.

2. Mr. Tariq Saeed,

Director.

Provincial Assembly Secretariat.

1. Mr. Amanullah ,

Secretary.

2. Mr. Amjad Ali,

Additional Secretary.

3. Mr. Inamullah Khan,

Deputy Secretary.

4. Mr. Wakil Khan,

Assistant Secretary.

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

DP.No.6.1 **NON RECOVERY OF SHORTAGE OF WHEAT AND EMPTY GUNNY BAGS Rs.19.836 MILLION.**

AUDIT VERSION.

3. The Audit reported that during the year 2005-06, office of District Food Controller Chitral auctioned 368.469 m. tons wheat, out of which 146.969 m tons valuing Rs.1.837 million was not available. Similarly in July, 2007 physical verification of store was carried out which revealed shortage of 1157.356 m. tons wheat valuing Rs.13.309 million. Besides 28257 empty gunny bags valuing Rs.4.690 million were also found short during handing/taking over charge between storekeepers on 12-07-2006. Thus an aggregated sum of Rs.19.836 million was not recovered.

4. When pointed out in June, 2007, the Department stated that the matter was in Court of Senior Civil Judge and result would be intimated as and when decided.

5. In DAC meeting held in August 2008, the department replied that Rs.3,33,486 had been recovered in auction of wheat, for the remaining amount the ex-

incharge Khot had been declared as defaulter. Civil suits had been lodged in the Court of Senior Civil Judge Chitral against the defaulters. DAC directed to pursue the case vigorously. No progress was intimated till finalization of the report.

DEPARTMENTAL VERSION.

6. The Department explained that against the total outstanding recovery of 1295.065 m. tons wheat cost of 613.825 m tons wheat have been recovered and credited to Government Treasury. This partial recovery has been verified by audit during DAC meeting as per detail given below:-.

S/No	Name of Individual	Cost of Quantity Received
1	Mr.Zar Muhammad, Ex-FGS PRC Susoom.	387.882 m tons
2	Mr. Bashir Ahmad Ex-Incharge PRC Resun	10.202 m tons
3	Mr.Fateh Ud-Din Incharge Yarkhoon	192.224 m tons
4	Mr. Ibrahim Khan Ex-Incharge Rech	14.517 m tons
5	Distt: Amn: Chitral	9.000 m tons

Total	613.825
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7. Balance quantity of wheat to be recovered is 681.240 metric tons. Cases of which are under trial as per detail below:-

(i). The case was under trial against the defaulter Usman Ali shah ex-godown clerk in the court of Additional Session Judge Chitral. The leaned court has decided the case against the defaulter on 14-07-2010. This office has requested to District Officer Revenue & Estate Chitral for recovery the Government dues from the defaulter. The recovery process is in progress.

(ii). The case is under trial in the court of Additional Session Judge, Chitral. The next hearing date has been fixed on 27-10-2010.

8. It further explained that the plea of audit regarding non provision of 146.969 m. tons wheat to the highest bidder by the Incharge of the Centre is not based on facts for the reason that out of 146.969 metric tons cost of 80.044 metric tons infested wheat at PRC Torkkow, Rech and Khot have been recovered and credited into Government treasury vide challan No.1 dated 07-07-2007 and challan No.2

dated 07-07-2007.

9. For the remaining quantity of infested wheat of 66.925 metric ton and short fall of 2534 bags wheat and 28257 empty gunny bags, detected during physical verification case was under trial in the Court of Senior Civil Judge, Chitral. The case has been decided against the defaulter Hasil Murad ex-Godown Clerk. Against the decision of Senior Civil Judge Chitral, the accused has lodged an appeal in the Courts of Additional Session Judge, Chitral, where the case is under trial.

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PAC OBSERVATION.

10. The Committee observed that:-

i. The DFC has not taken care of the godown initially. Had he actively taken care of his supervisory role, either the loss would have not been accrued to the

Government or the quantum of loss, if any would have been much lesser than the one accrued.

ii. No timely action for recovery of losses has been taken by the DFC. Had he taken timely action, the loss made to the Government would have been recovered long ago.

iii. The Director, Food has not played his role actively when the case for non-recovery of shortage of wheat and empty gunny bags was reported by the DFC to him despite the fact that under para 13 of G.F.R. he was bound to take action in the case. Such negligence leads to create numbers of doubts as to whether the loss was made with his connivance or he was irresponsible officer sitting at the helm of the affairs.

iv. It was felt that in similar nature cases only junior officials i.e. godown clerk were put to task and the officers who were responsible for the supervision, has attributed no role which is not a fair practice on the part of the Department.

v. In such like cases action against the delinquent is stretched to such an extent that either the accused official on attaining the age of superannuation stood retired or is dead.

vi. The reply of the Department given in the working paper was not at all satisfactory. The documents attached with the working paper were misleading as the Draft Para related to the year 2005-06 and the appeal of one accused M/S Usman Ali Shah and Hasil Murad, pertained to some embezzlement prior to 2001, which has no Annexes with the present para.

PAC RECOMMENDATION.

11. In view of the above observation and detailed discussion on the subject matter, it was unanimously agreed that F.I.R. in the case of misappropriation of Government money as mentioned in the Para may be registered within three days against the then Director and other concerned officers/officials.

12. Further, the Secretary of the Department was directed that recoverable amount as worked-out by the Audit may be recovered from all concerned after fixing

responsibility in view of their quantum of responsibility alongwith interest and report submitted to PAC within one month. Para stands.

13. After submitting appeal by the Department for review of the decision/recommendations of the Committee in the instant case, the Para was discussed again on 4th July, 2011.

DEPARTMENTAL VERSION FOR REVIEW.

14. During the current meeting the Department explained that such paras were being reported since 1999 and the present Para was the culmination of the last year's reports. The Secretary of the department added that the supply of wheat to Chitral was very complicated and cumbersome process and ground realities could not be ignored while making any decision. He suggested that the entire system of wheat supply and its distribution in Chitral needs to be revisited.

COMMITTEE OBSERVATION ON REVIEW.

15. The Committee made the following new observations:-

i. The facts furnished by the Department for review of PAC recommendations in the instant case was required to be shown to DAC & PAC during earlier discussion on Para which was not done, which clearly shows the laxity and causal attitude of the Department towards PAC Business. The Department should have submitted the current reply earlier.

ii. It appears from the present reply of the Department that the stock register is not properly maintained by the Storekeepers. The wheat/gunny bags auctioned are not deducted from the total, rather the items received later on are accumulation with the existing balance, therefore, the Para is reoccurring in each report.

iii. There is no proper Godown/storage system with the Food Department in Chital because of which huge quantity of wheat is infested every year. Moreover, it is an admitted fact that the Godown have been left purely at the mercy of Junior or Senior clerks and whenever any shortage is reported, responsibility is usually attributed to the clerks and not more than that such like cases have been experienced by the PAC since

1981 and recommendation in this regard were made to the Government from time to time but with no action at all.

iv. If this remains the situation the Government money would go in a waste without any fear because of not evolving any proper strategy or making planning to streamline the system with particular reference to Chitral.

v. In order to avoid future losses, the Department is required to constitute a Committee to carry out complete exercise, address the issue and to avoid recurring loss to the Government.

vi. PAC also observed that the inhabitants of area do not like the indigenous wheat they rather prefer white imported wheat. It is also an issue that when the imported wheat is available in the local market at the same rate or even cheaper as compared to indigenous wheat that's why the inhabitants prefer to buy the same.

PAC RECOMMENDATION ON REVIEW.

16. The PAC recommended that:–

i. The recommendation already made by the PAC regarding lodging of FIR and recovery were upheld. However, for futuristic remedy, the following new recommendation was also added.

ii. In order to avoid future losses, the Department is required to carry out complete exercise, revisit the whole system of godwns, supply of wheat to Chitral, distribution system and address the route cause in view of its peculiar circumstances to avoid recurring loss to the Government each year. Para stands. Progress be reported to PAC.

DP No.6.2 **LOSS DUE TO SHORT SUPPLY OF WHEAT Rs.6.917 MILLION.**

AUDIT VERSION.

17. The Audit reported that during the year 2006-07, office of Director Food Khyber Pakhtunkhwa Peshawar paid Rs.1231.021 million to PASSCO in advance for supply of 2,00,000 tons wheat. Out of which 561.917 m. tons wheat valuing Rs.6.917 million were not received which resulted in loss to Government.

18. When pointed out in October 2007, the Department stated that the quantity dispatched to District Food Controller Kohistan was under trial in the National Accountability Court.

19. In the DAC meeting held in August 2008, the Department replied that wheat was received by DFC Kohistan after closing of financial year 2006-07. No payment was made for the supply of wheat during that year. DAC directed to produce record for verification. No record was produced till finalization of the report.

DEPARTMENTAL VERSION.

20. The Department explained that the plea of audit regarding receipt of 561.917 metric tons and sustaining loss to Government exchequer of Rs.69,17,316/- was not based on facts. A quantity of 1000 tons was received in DFC Kohistan and taken on stock that included 561.917 metric tons, after the closing of financial year 2006-07, duly acknowledged by DFC Kohistan. It was also explained that no payment had been made to PASSCO. As regard verification of record the same was in custody of NAB and would be produced for verification on return from NAB. In the meeting of Pre PAC, a table on the advice of the Audit was carried out, wherein it was decided that the quantum of wheat supplied by PASSCO should be reconciled which will be verified by the Audit.

PAC OBSERVATION.

21. The Committee observed that the Department had time and again submitted different version other than the one advanced to DAC or pre-PAC, which is not a fair practice. This shows that the department is not giving due importance to the PAC affairs and try to defend every wrong doings on one way or the other, which is some thing very unprofessional for a government servant. One should come to PAC with clear hands to facilitate the Committee and not defend unjustified things.

PAC RECOMMENDATION.

22. The PAC recommended that the quantum of wheat may be reconciled with the PASSCO as decided in the pre-PAC meeting and may be got verified by the Audit through verification Committee headed by Mr. Saqib Ullah Khan Chamkani, M.P.A. subject to verification the para was recommended to be dropped.

DP.No.6.3 **LOSS DUE TO SHORT RECEIPT OF 390.783 M TONS TURKISH FLOUR Rs.6.253 MILLION.**

AUDIT VERSION.

23. The Audit reported that during the year 2005-06, the office of District Food Controller Mansehra received 4,609 metric tons flour against the allocated quantity of 5,000 tons. Thus 390.783 metric tons flour valuing Rs.6.253 million was not received resulting in loss to Government.

24. In the DAC meeting held in August 2008, Department replied that the case had been taken up with the concerned authorities. DAC directed to re-coup the short supply of flour or recover the amount. No progress was intimated till finalization of the report.

DEPARTMENTAL VERSION.

25. The Department explained that the case for shortage of donated Turkish wheat Atta was taken up with the Era and they clarified that at this stage any sort of recoveries without investigation would be inappropriate, and the matter may not be processed at this belated stage. The Goods were donated and there was no proper means to exactly quantify of weight of goods/atta being dispatched at that time because of its volumes. The department referred to a letter of Prime Minister Secretariat wherein it was emphasized that the matter of recoveries may not be processed at this belated stage.

PAC OBSERVATION.

26. The Committee observed that Food department has actively acted upon bringing the issue of short supply to the notice of ERRRA, but the later has not taken proper action.

PAC RECOMMENDATION.

27. Since the Food Department has no role as the ERRRA is Federal Agency, hence the Para was recommended to be dropped.

DP.No.6.4 **LOSS DUE TO SALE OF WHEAT AT LESSER RATE Rs. 3.580 MILLION.**

AUDIT VERSION.

28. The Audit reported that during the year 2005-06, the office of the District Food Controller Chitral in violation of approved rate of Rs.1112/50 and Rs.1150/- per 100 kg, released 460 metric tons wheat at a lesser price of Rs.310/- Rs.650/- and Rs.800/- Rs.820/-Rs.925/- Rs.995/- Rs.1062/50 per 100 Kg without gunny bag which resulted in loss of Rs.3.580 million.

29. When pointed out in June 2007, the Department stated that wheat issued pertained to Ramzan Package and detail reply would be submitted after verification of record.

30. In the DAC meeting held in August 2008, the Department repeated the pervious reply. The reply was not tenable as the "Ramazan was in September 2005 and wheat was issued from December 2005 to June 2006. DAC directed to produce record for verification. No record was produced till finalization of the Report.

DEPARTMENTAL VERSION.

31. The Department explained that:-

1. Ramzan was observed from 25th October to 24th November 2005. The Ramzan package was issued during the month of Oct and November. The detail of issued quantity could be shown to Audit for verification.

2. A quantity of 3494023 kg wheat had been issued to the general public for the period from 01/11/2005 to 13/11/2005 at the rate of Rs.9/25 per Kg and credited in to Government treasury up to 18/11/2005. Detail of issued quantity for the above period could be shown to Audit. No a single bag had been issued after enhancement of rate of Rs.10/62 per kg.

3. During the year 2001, the said quantity was short detected at PR Centre Yarkhoon. At that time the price of wheat was Rs.8/20 per kg. Recovery had been made from the Incharge PR Centre according to the fixed rate.

4. Actual quantity in question had been issued to the general public during the period from 01/12/2005 to 05/12/2005 but the cost had been credited into Government Treasury upto 13/12/2005.

5. The short quantity of wheat was detected during 1995, at PRC Khot, Rech. At that time the price of wheat was Rs.3/10 per kg. Hence according to the decision of court, the accused deposited the Government dues @ Rs.3/10 per kg.

6. At the time of issuing wheat to the District Administration Chitral on differed payment basis, the rate of wheat was Rs.6/50 per kg and Rs.8/- per Kg, hence recoveries had been made according to fixed rate. It was also clarified that the wheat had been issued to flood affectees.

7. The cost of wheat had been recovered from In-charge PR Centre Susoom which was short detected. The recoveries had been made according to the fixed rate at that time.

32. The Department further explained that the whole record was ready for verification by Audit.

PAC OBSERVATION.

33. The Committee observed that verification of record is required in the present case.

PAC RECOMMENDATION.

34. The PAC recommended that verification of record may be carried out and in case the record is verified, the para would be considered as dropped. On the same day, record was verified by Audit, hence the para was recommended to be dropped.

DP.No.6.5 **LOSS DUE TO SHORTAGE OF FLOUR Rs.3.227 MILLION.**

AUDIT VERSION.

35. The Audit reported that during the year 2005-06, the office of District Food Controller Mansehra, incurred expenditure of Rs.234.982 on transportation of

7,646 bags (195.963 metric tons) Turkish flour valuing Rs.2.993 million which was loss to Government as the wheat was not supplied by the handling agent.

36. When pointed out in May 2007 the Department stated that the matter had been taken up with the concerned authority and recovery would be made.

37. In the DAC meeting held in August 2008, the Department replied that the case of shortage was being pursued with the district coordination Officer Karachi, Chief Commercial Manager, Freight business Karachi and Railways Headquarters Lahore. DAC directed to recoup shortages or recover the cost of flour and transportation charges. No progress was intimated till finalization of the report.

DEPARTMENTAL VERSION.

38. The Department explained that the case for shortage of donated Turkish wheat Atta was taken up with the Era and they clarified that at this stage any sort of recoveries without investigation would be inappropriate, and the matter may not be processed at this belated stage. The Goods were donated and there was no proper means to exactly quantify of weight of goods/atta being dispatched at that time because of its volumes.

PAC OBSERVATION.

39. The Committee observed that Food department has actively acted upon bringing the issue of short supply to the notice of ERRRA, but the later has not taken proper action.

PAC RECOMMENDATION.

40. Since the Food Department has no role and the ERRRA being Federal Agency, hence the para was recommended to be dropped.

DP.No.6.6 **NON DEPOSIT OF FORFEITED SECURITY AND CALL DEPOSIT Rs. 2.240 MILLION.**

AUDIT VERSION.

41. The Audit reported that during the year 2005-06, in the office of District Food Controller Chitral, security of Rs.0.4 million and call deposit of Rs.1.840 million total Rs.2.240 million were not forfeited from the contractor who failed to lift the auctioned gunny bags within the stipulated period.

42. When pointed out in June 2007, the Department stated that security and call deposit of successful bidder had been forfeited.

43. In DAC meeting held in August 2008, the Department replied that the issue was sub-judice and being pursued in the Court of Law. DAC directed to pursue the case vigorously. No progress was intimated till finalization of the report.

DEPARTMENTAL VERSION.

44. The Department explained that being the highest bidder Mr. Jaffar Shah had been directed for the lifting of auctioned empty gunny bags but he failed to lift the same within stipulated period. There was no alternate except forfeiture of earnest money valuing Rs.1,839,814/- and Rs.400,000/-. The security had been forfeited and deposited in to Government Treasury. Against the forfeiture order, the bidder filed a Civil Suit in the Court of Civil Judge Peshawar and the case was still under trial.

PAC OBSERVATION.

45. The Committee observed that verification of record is needed.

PAC RECOMMENDATION.

46. The PAC recommended that verification of record may be carried out subject to verification of the record the para was recommended to be dropped. On the same day verification by Audit was carried out and certificate was received, hence the para was recommended to be dropped.

DP.No.6.7 **LOSS DUE TO DAMAGE AND INFESTATION OF WHEAT**
Rs.9,31,450/-.

AUDIT VERSION.

47. The Audit reported that during the year 2005-06, in the office of District Food Controller Chitral, 75,516 m tons wheat valuing Rs.931,450/- was found infested/damaged in PRC Store during handing/taking over charge report between Assistant Food Controller (Retired) and Food Grain Inspector. The Government was put to sustain a loss of Rs.931,450/-

48. When pointed out in June 2007, the Department stated that the case was under process between Food Directorate and Finance Department for disposal of damaged quantity of wheat.

49. In the DAC meeting held in August 2008, the Department repeated the previous reply. DAC directed to pursue the case with the Finance Department. No progress was intimated till finalization of the report.

DEPARTMENTAL VERSION.

50. The Department explained that case regarding obtaining of write off pertaining to 738 bags of infested wheat unfit for human/animals consumption at PRC Danin Chital was under active process with Finance Department. As and when write off sanction is accorded by the Finance Department, PAC and Audit would be informed accordingly.

PAC OBSERVATION.

51. The Committee observed with heavy heart that Finance Department has not taken any action on dozen of letters produced by the Food department. It is strange that still the Finance department denied receipt of any request from the department, which was proved wrong. The statement of the representative of the Finance Department was totally different from the one which was recorded in the working paper. It also observed that A.G. has also not taken any action for the last two years after the request was made by the Food Department and Finance for getting certain information for issuance of write off sanction. The laxity of A.G. in this regard was condemned by the Committee.

PAC RECOMMENDATION.

52 The PAC recommended that issuance of write off sanction may be expedited by the Finance Department. The A.G. office should also expedite action on its part subject to obtaining write off sanction, the para was recommended to be dropped.

DP.No.6.8 **NON RECOVERY OF PROFESSIONAL TAX Rs.8,50,000/-**

AUDIT VERSION.

53. The Audit reported that during the years 2005-07, in the offices of District Food Controller Abbottabad, Mansehra and Haripur, Professional Tax of Rs.400,000/- from 20 Flour Mills, Rs.360,000/- from 18 Flour Mills and Rs.90,000/- from 08 Flour Mills (Rs.850,000/-) respectively were not recovered.

54. When pointed out in August 2007, the Department stated that the Flour Mills would be directed to deposit the required Professional Tax.

55. In the DAC meeting held in August 2008, the Department replied that in case of Abbottabad and Mansehra, efforts were being made to recover the Professional Tax and in case of Haripur Professional Tax of Rs.60,000/- had been recovered and the remaining amount would be recovered. DAC directed to expedite the recovery of the Government dues. No progress was intimated till finalization of the report.

DEPARTMENTAL VERSION.

56. The Department explained that recovery of Professional Tax from the Companies/Industries/Factories and other Agencies was the statutory obligation of the Excise and Taxation officers Abbottabad, Mansehra and Haripur. Lists of flour mills in the concerned Districts were furnished to the Excise and Taxation Officers with the request to recover the professional tax of Rs.10,000/- per annum from the functioning Flour Mills. The District Officer Excise and Taxation Haripur had recovered Rs.60,000/- out of 90,000/-.

57. The Department further explained that the DFC Mansehra had also recovered a sum of Rs.113,000/- through Excise & Taxation Department Mansehra from the functioning flour mills in Mansehra District out of the total amount of Rs.360,000/-. However, the Department was in constant touch with Excise and Taxation Officers to recover the out standing professional tax

PAC OBSERVATION.

58. The Committee observed that collection of profession tax is not the job of the Food Department rather it is the mandate of Excise Department. The Food department under the law cannot deduct the Professional Tax from the flour mills.

PAC RECOMMENDATION.

59. The PAC recommended that para does not relate to Food Department rather it may be referred by the Audit to Excise Department being the relevant Department.

DP.No.6.9 **LOSS DUE TO ACCEPTANCE OF HIGHER RATES – Rs.7,48,574/-**

AUDIT VERSION.

60. The Audit reported that during the year 2006-07, in the office of Director Food Khyber Pakhtunkhwa Peshawar, tenders were invited on 07/06/2006 for transportation of wheat from various Districts of Punjab to Provincial Reserve Centre Bannu. Four bidders participated and quoted their rates. The lowest rate i.e. Rs.1.4640 per ton per km offered by a contractor was rejected without recording any reason. Tenders were re-invited on 26-07-2006 and two bidders participated and offered their rates which were also rejected without assigning any reason. Tenders were invited for the 3rd time on 18-08-2006 and four bidders participated and offered their rates. The lowest rate of Rs.1.5656 per ton per km was accepted, which resulted in loss of Rs.748,574/- to Government as compared to first time rate of Rs.1.4640 per ton per km.

61. When pointed out in October 2007, the Department stated that lowest rate has been approved by the Provincial Food Committee.

62. In the DAC meeting held in August 2008, the Department replied that the rates of Rs.1.4640/- were placed before the Provincial Food Committee on 19-07-2006 and the Committee decided to re-advertise. The 2nd time rates were rejected as to two bidders participated. The 3rd time rate was approved by the Committee. The reply was not tenable as reasons for rejection of 1st time rates were not recorded. DAC recommended to place the para before PAC.

DEPARTMENTAL VERSION.

63. The Department explained that during 2006-07 tenders for transportation of indigenous wheat from Punjab to Khyber Pakhtunkhwa were floated in the press and opened on 27-06-2006, the rates offered for 1st time viz Rs.1.4640 were placed before the Provincial Food Committee on 19/07/2006. The Committee considered the re-advertisement in respect of PRC Bannu being exorbitant and the same were re-advertised and opened on 09/08/2006. It was correct that rate for 2nd time was offered viz Rs.1.3495 but at that time 2 bidders offered their rates. The Committee decided that as the No of tenders was less than three, the services were re-advertised for the 3rd time. The rates were offered on 29/08/2006 (3rd time). There were four participants in competition and the lowest rate of Haji Banoor Khan viz Rs.1.5656 was approved by the Provincial Food Committee, keeping in view the situation that the release of wheat would be started with effect from 01-09-2006. Efforts for a better rate were scrupulously made and all codal formalities and procedure adopted. The action was taken in accordance with the rules and regulation.

PAC RECOMMENDATION.

64. In view of plausible explanation of the Department during the meeting, the para was recommended to be dropped.

DP.No.6.10 **LOSS DUE TO SHORT RECEIPT OF FLOUR Rs.4,06,838/-**

AUDIT VERSION.

65. The Audit reported that during the year 2005-06, in the office of District Food Controller Abbottabad, 27.025 m tons Turkish Flour valuing Rs.4,06,838/- were short delivered which resulted in loss to Government.

66. When pointed out in April 2007, the Department stated that recovery would be made.

67. In the DAC meeting held in August 2008, the Department replied that the short supply claim was under correspondence with quarter concerned. DAC directed to

recoup the shortage or recover cost of the flour. No progress was intimated till finalization of the report.

DEPARTMENTAL VERSION.

68. The Department explained that the case for shortage of donated Turkish wheat Atta was taken up with the ERRA and they clarified that at this stage any sort of recoveries without investigation would be in-appropriate, and the matter may not be processed at this belated stage. The Goods were donated and there was no proper means to exactly quantify of weight of goods/atta being dispatched at that time because of its volumes.

PAC OBSERVATION.

69. The Committee observed that Food Department has actively acted upon bringing the issue of short supply to the notice of ERRA, but the later has not taken proper action.

PAC RECOMMENDATION.

70. Since the Food Department has no role as the ERRA being Federal Agency, hence the para was recommended to be dropped.

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HEALTH DEPARTMENT

Sixteen (16) Draft Paras reflected in the Audit Report for the year 2008-09 were taken up for examination by the PAC in its meetings held on 28th February and 12th July, 2011. The following were present:-

Public Accounts Committee.

- | | | |
|----|--------------------------------|----------|
| 1. | Mr. Kiramatullah Khan, Speaker | Chairman |
| 2. | Mr. Abdul Akbar Khan, MPA | Member |
| 3. | Mr. Mukhtiar Ali, MPA | Member |

4. Mr. Saqib Ullah Khan Chamkani, MPA Member
5. Mr. Ziyad Akram Durrani, MPA Member

Law, Parliamentary Affairs and Human Rights Department.

Mr. Jamshid Ali,

Law Officer.

Finance Department.

Mr. Muhammad Idrees Khan,

Additional Secretary (Regulation).

Audit Department.

1. Syed Muhammad Ayub,

Director General.

2. Mr. Javed Iqbal,

Director.

3. Syed Bahadar Shah,

Deputy Director.

Health Department.

1. Mr. Munir Azam,

Secretary.

2. Mr. Zahir Alam

Additional Secretary.

3. Dr. Muhammad Ali,

Director General Health Services.

4. Dr. Shah Jehan,

M.S, DHQ Hospital, D.I. Khan.

5. Dr. Abdul Khalil,

RMO, LRH, Peshawar.

6. Prof: Dr. Jaffar Shah,

Principal (AMC)

Provincial Assembly Secretariat.

1. Mr. Amanullah,

Secretary.

2. Mr. Amjad Ali,

Additional Secretary.

3. Mr. Inamullah Khan,

Deputy Secretary.

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

D.P No. 7.1 **LOSS OF Rs. 5.20 MILLION DUE TO PURCHASE AT HIGHER RATES.**

AUDIT VERSION.

3. The Audit reported that Accounts record of Director General Health Services Peshawar for the year 2005-06 revealed that a sum of Rs. 25.00 million were provided for the purchase of ambulances for various Hospitals. Tenders were floated in the press on 02.01.2006 with last date of submission of tenders on 17.01.2006.

4. Four firms offered their rates, out of which rates of Mitsubishi Motors of Rs.18,69,000/- were the lowest but the Purchase Committee approved rate of M/S Noor Enterprises of Rs. 24,91,000/- for Toyota Hiace (being the second lowest) on the grounds that the offer was unconditional and Toyota is more durable than Mitsubishi. The Technical Committee comprising of Section Officer Transport of E&A Department examined the sample provided by Noor Enterprises and approved it. Supply order was accordingly issued to the contractor according to which the contractor was given 3-4 months time for the supply of ambulances. But on 21/05/2006 the supply order was cancelled on the plea that the DC Defibrillator was not supplied in time. However the contractor has not refused to supply the same but requested for the extension of 15 days time to import the DC Defibrillators. The matter was re-advertised on 03/06/2006 with last date of 06/06/2006 and the contract was awarded to M/S Mitsubishi Motors @ Rs.22,69,000/- per ambulance. No additional facilities/items were included in the specification and the rate was enhanced from Rs.18,69,000/- to Rs.22,69,000/-. Thus the Govt. sustained a loss of Rs.52,00,000/-.

DEPARTMENTAL VERSION.

5. Department explained that Inquiry Committee after going through all the relevant record has found that all the codal formalities were completed and the purchase was made on the following grounds:-

- (1) i. M/S Toyota Frontier Motors Rate. 26,70,000/-
- ii. M/S Mitsubishi Motors Rate. Rs. 22,68,000/-
- (2) Period of Warranty of Toyota Haice was one year or 20,000 /-km
- (3) Period of Warranty of Mitsubishi was two year or 50,000 /-km
- (4) The delivery period was 3-4 months for Toyota Haice and for Mitsubishi was 30-40 days.

6. It further explained that the Audit has given comparison of the previous rate quoted by M/S Mitsubishi i.e. Rs. 18,69,000/- with the fresh tender Rs.22,68,000/- quoted by the same firm but as a matter of fact previous tender was cancelled by the competent authority as such no comparison can be made with the cancelled tender.

PAC OBSERVATION.

7. The committee noted that inquiry referred to by Department was defective as Additional Secretary Health and Finance were not included in Inquiry Team as ordered by the DAC. The presence of representative of Finance Department would have provided substance to it and would have been accomplished in a more transparent manner. This willful departure from the decision of DAC indicates that Department was providing cover to irregularity as it was impossible for the junior officer to fix responsibility on senior officer of rank of D.G. Health. Department admitted the irregularity but meanwhile it forcefully argued that that the ambulances were purchased in hurry because the amount earmarked for the same was going to be lapsed as M/S Noor Enterprises Toyota Hiace were unable to fulfill the contractual obligations with in stipulated period. Therefore contract was cancelled and it was awarded to M/S Mitsubishi Motors. On the query of Committee that why it was not awarded initially to M/S Mitsubishi Motors, Department replied that initially they were demanding 100% advance which was impossible for the Department but in the second competition, no such demand was made. After detailed discussion Department convinced the Committee members and Audit that no loss was occurred to Government and that same was purchased in the best interest of the Public.

PAC RECOMMENDATION.

8. In view of plausible explanation of the Department the Para was recommended to be dropped.

D.P. No. 7.2 **OVERPAYMENT ON ACCOUNT OF HOUSING SUBSIDY–Rs.3.474 MILLION.**

AUDIT VERSION.

9. The Audit reported that during the year 2007-08, office of the Principal Ayub Medical College Abbottabad, paid housing subsidy to the employees at the rates fixed for the employees at Peshawar instead of the approved rates of housing subsidy for Abbottabad, which resulted in overpayment of Rs. 3.474 million.

10. In the DAC meeting held in April 2009, the Department replied that the housing subsidy was approved by the Board of Governors. DAC directed to get

approval of the Finance Department. No progress was intimated till finalization of the report.

DEPARTMENTAL VERSION.

11. The Department explained that Ayub Medical College was established in 1979. The Government of Khyber Pakhtunkhwa constituted its Board of Governors to make administrative and financial decisions. This institution was an autonomous body and Board of Governors/MC was empowered in all respects. The housing subsidy/rent to the employees of Ayub Medical College was allowed on the rates of Peshawar in light of the decision of Finance Committee of the institution, duly approved by the Board of Governors. The facility was allowed to attract qualified persons from the country to join the institution.

PAC OBSERVATION.

12 The Institution produced a letter of the Finance department in support of their contention, but the Finance department representative has challenged the authenticity and genuineness of the said letter. This state of affair was noted with grave concern. The Audit department produced a letter No. BVI/FD/8-25/2009-10 dated 23rd December. 2010, which clearly stipulated that contention of Ayub Medical College Abbottabad about drawing/allowing the house subsidy at the rate allowed for Peshawar is quite contrary to the policy of the Provincial Government and as such cannot be endorsed/agreed.

PAC RECOMMENDATION.

13. The PAC endorsing the decision of the Pre-PAC, recommended that the amount may be recovered from all concerned within 3 months positively. In case of failure the amount shall be recovered from the officer sitting at the helm of affairs of the Institution.

D.P. No. 7.3 **LOSS TO GOVERNMENT BY IGNORING THE LOWEST RATES – Rs. 2.684 MILLION.**

AUDIT VERSION.

14. The Audit reported that during the year 2005-06, in the office of Medical Superintendent Mufti Mehmood Memorial Teaching Hospital D.I. Khan, out of 46 different medical equipment/instrument, 25 instruments (50%) were purchased by ignoring the lowest rates which resulted in loss of Rs. 2.684 million.

15. In the DAC meeting held in April 2009, the Department replied that the higher rates were accepted by the Secretary Health. DAC directed to conduct inquiry and submit report to Audit within a month. Audit was also of the opinion that proper original equipment manufacturing (OEM) certificate be produced for verification. No progress was intimated till finalization of the Report.

DEPARTMENTAL VERSION.

16. The Department explained that the items of higher rates were accepted by the worthy Secretary Health, keeping in view comments of Technical Committee on the basis of quality, durability performance and their spare parts availability.

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PAC RECOMMENDATION.

17. The para was recommended to be dropped subject to verification of the signatures of Technical Committee's members by the Secretary, Health personally.

D.P. No. 7.4 **EMBEZZLEMENT BY DRAWAL OF MONEY ON FAKE BILLS Rs. 1.499 MILLION.**

AUDIT VERSION.

18. The Audit reported that during the year 2005-06, Medical Superintendent Mufti Mehmood Teaching Hospital D.I. Khan, incurred expenditure of Rs. 1.499 million on purchase of medicines. The funds were drawn on fake bills as neither the medicines were received in the store nor stock register was produced to Audit which resulted in embezzlement of the public money.

19. In the DAC meeting held in April 2009, the Department replied that due to non-availability of dispenser, the stock register was not produced to Audit and disciplinary action had been initiated against the person responsible. DAC directed to

conduct inquiry and fix responsibility. No progress was intimated till finalization of the Report.

DEPARTMENTAL VERSION.

20. The Department explained that the stock register/issue register medicines were not shown to the Audit party due to non availability of Mr. Nazir Hussain, Dispenser at local level at D.I. Khan. Later on Mr. Nazir Hussain, Dispenser was directed to do the needful and disciplinary action by Director General Health Services Peshawar was under process against him.

PAC OBSERVATION.

21. The Committee questioned as to whether only storekeeper was responsible, what was the role of the entire chain of command. Dr Shah Jehan, M.S DHQ Hospital DIK conceded that the storekeeper involved in the misdeed is influential having political backing. He is reportedly the most problematic person and still holding the position of storekeeper. The incumbent is so much influential that at Pre-PAC level, the decision was changed and it was maneuvered that the DDO having been retired was held responsible. Plenty of evidence is available in his personal file about conduct of officer, which are sufficient for done away with the services of the official. The person who is now sitting at the post, is not legally capable to be posted as Storekeeper who has created mess, therefore his further retention will create much bigger problem than the one being experienced in the present case.

PAC RECOMMENDATION.

22. In view of the above, the PAC directed that the concerned person may be removed from the post of storekeeper, kept under suspension, record may be taken in safe custody forthwith and he may not be posted in future against such post which involve financial dealing to avoid further embezzlement. It also directed that for non production of record criminal case may be instituted against him immediately. Moreover, it was also directed that a detailed enquiry may be conducted by the Secretary Health himself for fixing responsibility followed by action leading to recovery in view quantum of responsibility and disciplinary action may also be taken against the responsible (s) and

drastic action be taken to have a lesson for others to come. Para stands. Progress be reported to PAC.

D.P. No. 7.5 **LOSS DUE TO PURCHASE AT HIGHER RATES – Rs. 1.200 MILLION.**

AUDIT VERSION.

23. The Audit reported that during the year 2006-07, Medical Superintendent Lady Reading Hospital Peshawar, floated tender notice in the Daily Mashriq dated 27/12/2005 for purchase of equipments to be opened on 12/01/2006 indicating the validity of rate up-to 30/06/2006. Neither the specification nor the make and model of equipment were advertised. On negotiation two ultra sound machines were purchased @ Rs. 1,400,000/- per machine from M/S Friends Traders Peshawar on 31.07.2006 by ignoring the lowest rate of Rs. 800,000/- which resulted in loss of Rs. 1.200 million.

24. In the DAC meeting held in April 2009, the Department replied that the supplier was not registered with the Director General Health Services and his rates were rejected. DAC observed that the 1st to 4th lowest rates were ignored. The DAC directed DGHS to conduct inquiry and fix responsibility within six weeks. No progress was intimated till finalization of the Report.

DEPARTMENTAL VERSION.

25. The Department explained that the first lowest rate of Rs.8,00,000/- quoted by M/S Malik Medical System was initially rejected on the plea that the firm quoted their rates on the pad M/s Malik Medical System and stamp affixed of M/s Muqam International Pvt. Ltd. Further study of the quotation disclosed that the firm quoted the rate of general purpose ultrasound system with one convex probe as against two probes i.e. one convex probe and other endovaginal probe with two probe connectors. The photocopy of the brochures attached with the quotation did not depict complete specification of the quoted machine. The quoted machine was image memory of only 64 frames as against the required specification of 100 frames. Moreover the firms had no workshop/backup service facility and they quoted the backup workshop facility of M/s Muqam International Pvt. Ltd. Therefore, the offer was not according to specification.

26. The 2nd, 3rd and 4th lowest rates of Rs.8,45,000/-, Rs.12,00,000/- and Rs.13,25,000/- quoted by M/s S.M.C, M/s Mediquips and M/s Friend Traders respectively was ignored on the plea that all the quoted machines were of China origin and light duty machines which could not perform heavy duty load. China made machines were less durable and image quality was not upto mark.

27. The purchase order for ultrasound system of Japan made was placed on negotiated rate of Rs.1.400 million as against the quoted price of Rs.1.800 million.

28. In light of DAC directive, an enquiry was also constituted by DGHS vide letter dated 08/02/2010. The Inquiry Committee also confirmed the above facts.

PAC OBSERVATION.

29. The Committee observed that reason (s) for rejecting the lowest bid was not recorded.

PAC RECOMMENDATION.

30. In view the acceptance of Department's plea by Finance and Audit in the Pre-PAC meeting, the para was recommended to be dropped.

D.P. No. 7.6 **NON-RECOVERY OF STAMP DUTY – Rs. 9,48,920/-.**

AUDIT VERSION.

31. The Audit reported that during the year 2006-07, Secretary Health, incurred expenditure of Rs. 94,892,000/- on the purchase of various items. However, stamp duty @ 1% amounting to Rs. 789,000/- from seven suppliers was not recovered.

32. In the DAC meeting held in April 2009, the Department replied that stamp duty was deductible on agreement and as such no agreement was signed therefore, stamp duty was not deducted. DAC directed to recover the stamp duty from the suppliers. No progress was intimated till finalization of the Report.

DEPARTMENTAL VERSION.

33. The Department explained that the amount in question had been incurred on the purchase of following items as per break up given below:-

S.No.	Name of Firm	Nature of supply	of	Amount Rs.	Stamp Duty	Remarks
1.	Rehman Technology	Supply of computer/printer	of	5,20,000	5,200	Secy Health
2.	Universal Business equipments	Supply of Photostat Machine	of	2,94,000	2,940	-do-
3.	O&A business machine	Supply of Laptop		1,94,000	1,940	-do-
4.	Matora Diagnosis	Supply of MRI Machine		7,39,00,000	7,39,000	KTH
5.	Mediquipt Lahore	Supply of CT Scan Machine		1,80,00,000	1,80,000	-do-
6.	Suzuki Motor company	Supply of Cultus, VXR CNG (Black)		11,95,000	11,950	Chief HSRU
7.	Suzuki Motor company	One No.1300 CC Suzuki		7,89,000	7,890	-do-
		G. Total		9,48,92,000	9,48,920	

34. The purchases at S.No.1, 2 & 3, had been made by the Health Secretariat and all the firms had deposited the stamp duty @ of 1% in Government treasury. The purchase at S.No.4 & 5 had been made by the KTH authorities from the endowment fund provided by the Finance Department through Health Department. Similarly, the matter regarding recovery of stamp duty had been taken up with the firms at S.No.6 &7. The firms concerned failed to give any response. However, the matter was vigorously being perused for recovery of the amount.

35. As per reply received from the firms at S.No.4, they had stated that provision of Stamp Duty Act, 1899 had been carefully perused by their legal advisor and

there was no loss to the Government Exchequer. Furthermore, the payment of stamp duty was the responsibility of Government and not the seller.

PAC RECOMMENDATION.

36. In view of explanation of the department, the para was recommended to be dropped subject to complete recovery duly verified by Audit.

D.P. No. 7.7 **MISAPPROPRIATION – Rs. 649,425/-.**

AUDIT VERSION.

37. The Audit reported that during the year 2003-04, Medical Superintendent Sarhad Hospital for Psychiatric Disease Peshawar, incurred expenditure of Rs. 649,425/- on the purchase of medicines from M/S Noor Enterprises. Medicines were not taken on proper stock register. Rough stock register for each medicine purchased was maintained to conceal the misappropriation. The funds were drawn on fake bills as detailed given below.

S.No.	Name of medicine	Quantity	Rate Rs	Amount Rs
1	Inj. Flucate 25 mg	20,000	30/-	600,000/-
2	Tabs. Daizepham	5,000	0.085/-	425/-
3	Tabs. Phenobarbeton	18,000	0.50/-	9,000/-
4	Tabs. Phenobarbeton	80,000	0.50/-	40,000/-
			Total	649,425/-

38. In the DAC meeting held in February 2008, the Department replied that the medicines had been issued after proper authorization. DAC directed to conduct inquiry and fix responsibility within a month. No progress was intimated till finalization of the Report.

DEPARTMENTAL VERSION.

39. The Department explained that supply order of Injection. Flucate 50000 Nos. was placed to M/S Noor Enterprises according to the MCC list of 1999-2000, the approved rate of Injection. Flucate of M/S Noor Enterprises was Rs. 30/- per injection. The injections were supplied and taken on medicines stock register. It was also explained that Tab: Phenobareton were available in the stock at the time of audit, so audit observation did not stand good. It was further explained that no physical verification was made by the audit party but observations were made on hypothetical assumptions.

PAC OBSERVATION.

40. The M.S. explained that the enquiry was conducted and the storekeeper was held responsible. Action was taken and he was forcibly retired. The Committee questioned as to whether the only storekeeper was responsible and what was the role of the M.S. being supervisory officer? The M.S. responded that having a supervisory role, he was also responsible. However he is by then retired. M.S. did not agree to the said recoverable amount, rather contended that it is not more than Rs. Sixty three thousand.

PAC RECOMMENDATION.

41. In view of the above, the decision of Pre-PAC was upheld i.e. to recover the loss from the DDO after calculating the exact recoverable amount. Para stands. Progress be reported to PAC.

D.P. No. 7.8 OVERPAYMENT OF INADMISSIBLE ALLOWANCES DURING SUMMER VACATIONS – Rs.342,000/-.

AUDIT VERSION.

42. The Audit reported that during the year 2006-07, Principal Gomal Medical College D.I. Khan, during the summer vacation, allowances i.e. non-practicing, teaching and conveyance of Rs. 200,000/- were paid to the Officers/Doctors. Similarly three doctors remained on training from 01/01/06 to 31/12/2007 and were allowed Science Teaching allowance, which resulted in overpayment of Rs. 342,000/-.

43. In the DAC meeting held in April 2009, the Department replied that according to the duty roaster, doctors were allowed to avail summer vacations on turn basis and allowances were not paid to those doctors who availed summer vacations. DAC directed to get clarification from Finance Department regarding the admissibility of allowances. No progress was intimated till finalization of the Report.

DEPARTMENTAL VERSION.

44. The Department explained that upon receipts of clarification from Finance Department, the recovery on a/c of Science Teaching Allowance/Basic Science Teaching Allowance drawn by three doctors during the period of training had since been started w.e.f. 05/2010 except one Dr. Tariq Mehmood who had been dismissed from service. Regarding drawal of Science Teaching Allowance/Basic Science Allowance/NPA during summer vacation, proper clarification had been asked from Finance Department in terms of DAC decision. However, as per Duty Roster, the Doctors who did not avail summer vacation were paid these allowances in their salaries and those who availed summer vacation were not allowed these allowances in their salaries. Apparently this Science Teaching Allowance was given under special package for Basic Medical Teachers of GMC, SMC as an incentive "irrespective of college open or closed" to attract them to join/retain serving in these colleges for recognition by the PM&DC which was at stake for 08 years.

PAC RECOMMENDATION.

45. The committee recommended that recovery may be made within 3 months positively. Para stands. Progress be reported to PAC.

D.P. No. 7.9 **OVERPAYMENT OF INADMISSIBLE ALLOWANCES DURING WINTER VACATIONS – Rs.2,46,709/-.**

AUDIT VERSION.

46. The Audit reported that during the year 2006-07, Principal Ayub Medical College Abbottabad paid allowances i.e. basic science teaching and non-practicing to Professors/Assistant Professors and lecturers who availed the winter seasonal vacations @ Rs. 2,000/- and Rs 700/- per month respectively which resulted in overpayment of Rs. 246,709/-.

47. In the DAC meeting held in April 2009, the Department replied that staff were entitled for these allowances as they were regular and full time employees and therefore, were not availing vacations. DAC directed to recover the allowances. No progress was intimated till finalization of the Report.

DEPARTMENTAL VERSION.

48. The Department explained that science teaching allowance was paid to those doctors who were in basic Department i.e. Anatomy, Physiology, Biochemistry, Pharmacology, Pathology, Community Medicine and Forensic Medicine Departments. The teaching staff of this institution usually engaged in exams of various classes held during the winter/summer vacation so they remained present during that period. As they were regular and whole time employees and were not availing full vacation, thus they were entitled for science teaching allowance. However, this office had stopped payment of teaching allowance during leave period since April, 2008.

PAC RECOMMENDATION.

49. The committee recommended that recovery may be made within 3 months positively. Para stands. Progress be reported to PAC.

D.P. No. 7.10 **NON-DEPOSIT OF USER CHARGES – Rs. 223,925/-.**

AUDIT VERSION.

50. The Audit reported that during the year 2006-07, Teaching Hospital D.I. Khan OPD user charges of Rs.2,23,925/- were collected from 44,785 patients @ Rs. 5/- per patient which were not deposited in the Government treasury.

51. In the DAC meeting held in April 2009, the Department replied that user charges were not collected from the patients and the matter had been referred to the Director General Health Services. DAC directed the DGHS to conduct inquiry and fix responsibility within a month. No progress was intimated till finalization of the Report.

DEPARTMENTAL VERSION.

52. The Department explained that in the light of DAC decision, the Enquiry Committee was constituted by DGHS and its report had since been submitted. As a

matter of fact, the charging of Rs.5/- per patient at Casualty Department/Emergency was neither in vogue nor mentioned in the original Notification. However, the final verdict by the Provincial Government upon recommendation of the Enquiry Committee would be implemented in future. The recovery of amount pointed out by Audit either from "Treated Patients" or from defaulters was impossible which needs to be waved off.

PAC OBSERVATION.

53. The Secretary Health conceded that recovery has already been ordered by the Department, therefore, it must be done.

PAC RECOMMENDATION.

54. The PAC recommended that recovery as conceded by the department may be made within two months positively and progress be reported to PAC. In case of failure, within the stipulated period the amount may be recovered from the respective M.S of the hospital and action for laxity may also be initiated against him. Para stands. Progress be reported to PAC.

D.P. No. 7.11 **UNAUTHENTIC EXPENDITURE ON ACCOUNT OF REPAIR OF X-RAY MACHINE OF Rs. 195,000/-.**

AUDIT VERSION.

55. The Audit reported that during the year 2006-07, Medical Superintendent Saidu Teaching Hospital, Saidu Sharif Swat, incurred expenditure of Rs. 195,000/- on the repair of X-Ray 300 MA machine, cardiac monitor and autoclave which was found fictitious as tenders were invited for repair of X-Ray machine "Tushiba-500 MA 2.0/1.0/125 KV" and expenditure was incurred on repair of "Tushiba-300 MA 2.0/1.0/125 KV".

56. In the DAC meeting held in March 2008, the Department replied that the tenders were invited on the advice of engineer electro medical work shop. DAC directed to conduct inquiry and produce history sheet and expert report to Audit within 15 days. No progress was intimated till finalization of the Report.

DEPARTMENTAL VERSION.

57. The Department explained that this office called quotations through press for the repair of 300 MA X-Ray Plant, China, after the inspection report of the plant by the electro-medical engineer Batkhela stating that the tube insert and combination switch be arranged.

58. In this regard 5 firms quoted their rates but some of the firms quoted rates for the tube head (Toshiba) wherein the lowest rates were of the Master Sales & Services, GT Road Mingora Swat which were accepted by the Purchase Committee. After verification from the Electro-Medical Engineer, Batkhela, it remarked that if the tube head to be replaced was compliable with the machine, it may be installed on the machine with a warranty of two years from the supplier and the needful was done accordingly.

59. In view of the above facts, it was clarified that the X-ray Plant 300 MA China had been repaired and not X-ray Plant Toshiba, but the tube head had been replaced by Toshiba Tube Head in the same X-Ray Plant, being economical and as such was not fictitious.

PAC RECOMMENDATION.

60. In view of plausible explanation of the department, the para was recommended to be dropped.

D.P. No. 7.12 **NON-DEPOSIT OF RENT AND KIT CHARGES –**

Rs. 148,528/-.

AUDIT VERSION.

61. The Audit reported during the year 2007-08, Principal Ayub Medical College Abbottabad, Rs. 136,800/- and Rs. 11,728/- as rent of tuck shop, tandoor, canteen and 10% kit charges respectively were not deposited in Government Treasury.

62. In the DAC meeting held in April 2009, the Department replied that Rs. 97,728/- had been recovered from the contractor. DAC directed to recover full amount. No progress was intimated till finalization of the Report.

DEPARTMENTAL VERSION.

67. In view of plausible explanation of the Department and documentary proof provided, the Para was recommended to be dropped

D.P. No.7.14 **LOSS DUE TO UNAUTHORIZED USE OF VEHICLES – Rs.1,01,580/-.**

AUDIT VERSION.

68. The Audit reported that during the year 2005-06, Secretary Health Khyber Pakhtunkhwa incurred expenditure of Rs. 101,580/- on the repair of vehicles bearing registration No.s. A-1644 and A-2770. The vehicles were not on the sanctioned strength of the department which resulted in loss to the Government.

69. In the DAC meeting held in March 2009, the Department repeated the previous reply. DAC directed to produce authority for use of extra vehicle. No progress was intimated till finalization of the Report.

DEPARTMENTAL VERSION.

70. The Department explained that in 2005-06, six vehicles were allowed under Transport Committee Report, 2005 and the case for the remaining official vehicles had been under process/consideration. The same had also been authorized and the expenditure was now authorized.

PAC RECOMMENDATION.

71. The explanation advanced by the Department was found plausible hence, the Para was recommended to be dropped.

D.P. No.7.15 **LOSS DUE TO NON-RECOVERY OF INCOME TAX AND SALES TAX – Rs. 101,181/-.**

AUDIT VERSION.

72. The Audit reported that during the year 2004-05, Medical Superintendent Sarhad Hospital for Psychiatric Diseases, did not recover income tax of Rs. 6,942/- and sales tax of Rs. 94,239/- from the suppliers of bedding and clothing items which resulted in loss to the Government.

73. In the DAC meeting held in February 2008, the Department replied that taxes had been recovered, however, evidence of the recovery was not furnished. DAC directed to recover the amount. No progress was intimated till finalization of the Report.

DEPARTMENTAL VERSION.

74. The Department explained that the para pertaining to period 2004-05, was ambiguous because according to the details of the para M/S Akhtar & Co. was not black listed in 2003-04. Regarding income tax and sales tax deduction, the same had been deducted from the said firm.

PAC RECOMMENDATION.

75. Subject to verification of recovery, the para was recommended to be dropped.

D.P. No.7.16 **NON-RECOVERY OF STAMP DUTY AMOUNTING TO Rs.69,547/-.**

AUDIT VERSION.

76. The Audit reported that during the year 2006-07, Medical Superintendent Saidu Teaching Hospital Saidu Sharif Swat, expenditure of Rs.6.955 million was incurred on the purchase of material and equipment from various suppliers. However, stamp duty @ 1% amounting to Rs. 69,547/- was not recovered.

77. In the DAC meeting held in March 2009, the Department replied that no such notification had been received in this office. DAC directed to recover the amount. No progress was intimated till finalization of the Report.

DEPARTMENTAL VERSION.

78. The Department explained that all the Firms were repeatedly directed to deposit the amount outstanding against the firms on account of 1% stamp duty, but after a lapse of two years the firms failed to deposit the same amount except Hashir Surgical Services Peshawar, which deposited Rs.23,322/-.

79. In this regard the Director General Health Services, Khyber Pakhtunkhwa, Peshawar had also been requested to take appropriate action against the firms, but the action was still awaited.

PAC RECOMMENDATION.

80. The PAC recommended that the firm be black listed in the entire Province, progress in this regard may be communicated to PAC. With this observation, the para was recommended to be dropped.

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HOME & TRIBAL AFFAIRS DEPARTMENT

Twelve (12) Draft Paras reflected in the Audit Report for the year 2008-09 were taken up for examination by the PAC in its meetings held on 1st March and 13th July, 2011. The following were present:-

Public Accounts Committee.

- | | | |
|----|------------------------------|-----------|
| 1. | Mr. Khush Dil Khan, | Chairman. |
| 2. | Mr. Mukhtiar Ali, MPA | Member. |
| 3. | Mr. Saqib-Ullah Khan, MPA | Member. |
| 4. | Mr. Muhammad Zamin Khan, MPA | Member. |

Finance Department.

Mr. Mohammad Bashir Khan,
Additional Secretary.

Law, Parliamentary Affairs and Human Rights Department.

Mr. Muhammad Ibrahim,
Additional Secretary

Audit Department.

1. Syed Muhammad Ayub,
Director General .
2. Mr.Javed Iqbal,
Director.
3. Mr. Muhammad Asif Rasheed,
Deputy Director.

Home & Tribal Affairs Department

1. Mr. Sajid Ali Khan,
DIG, HQ.
2. Mr. Muhammad Ayub,
Deputy Director (Audit).
3. Mr. Muntazir Khan,
Deputy Secretary.

Provincial Assembly of Khyber Pakhtunkhwa.

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

4. Mr. Ashtimand,

Assistant Secretary.

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

DP.No.8.1 **NON-RECOVERY OF GOVERNMENT DUES Rs.110.333 MILLION**

AUDIT VERSION.

3. During the year 2006-07, in the office of Capital City Police Officer, Peshawar, Rs.110.333 million on account of Police guard's charges were not recovered from Pakistan Broadcasting Corporation (PBC), Pakistan Television Corporation (PTV), Pakistan Telecommunication Limited (PTCL), General Post Office (GPO) and State Bank of Pakistan, Peshawar etc. In the DAC meeting held in January 2009, the Department was directed to recover the amount. No progress was intimated till finalization of the report.

DEPARTMENTAL VERSION.

4. The Department explained that after re-conciliation with the concerned quarters, the recoverable amount worked out was Rs.97.987 million instead of Rs.110.333 million as pointed out by Audit.

5. The Department explained that the outstanding amount of Rs.35.957 million against PTCL, PTV and State Bank upto 2009-2010 has been fully recovered, whereas recovery of the remaining amount of Rs.62.01 million is under active correspondence and the same will be recovered shortly.

6. The Department informed that the Federal institutions have intimated that the outstanding against them will shortly been cleared as and when they receive the funds.

PAC RECOMMENDATION.

7. The Committee recommended that:-

- i) Recovery already made may be verified by Audit.
- ii) The issue of balance recovery was referred to the Sub-Committee No.2 for the year 2003-04 dealing with similar nature paras.

DP.No.8.2 **BLOCKAGE OF GOVERNMENT MONEY ON ACCOUNT OF PURCHASE OF RIFLES-Rs.44.690 MILLION**

AUDIT VERSION.

8. The office of Inspector General of Police, Peshawar incurred an expenditure of Rs.30.00 million on purchase of 2,500 Nos. SMG AK 47-7.62×39 mm rifles @ Rs.12,000/ per rifle and Rs.14.690 million on purchase of 1,399 Nos. SMG AK 47-7.62 mm rifles Russian made @ 10,500 each. The rifles were not received till the date of Audit (March 2008). During the DAC meeting held in January 2009, the Department was directed to conduct inquiry and fix responsibility. No progress was intimated till finalization of the report.

DEPARTMENTAL VERSION.

9. The Department explained that an amount of Rs.30 million was drawn and kept in the current account for payment to the contractor on completion of supply. The contractor failed to supply the requisite items due to prevailing law and order situation in Khyber Pakhtunkhwa. In the meanwhile correspondence was made with Finance department to re-utilize the amount in the next financial year. Finance Department did not agree with the proposal. Therefore, the said amount has been deposited into Government Treasury.

10. The Department further explained that:-

- i. M/S Norinco (China) refused to supply the rifles to third party (contractor) with the fear that it might reach the militants.

ii. Supply of the Russian rifles could not be made due to attack of Israel on Hizb-Ullah and the U.S imposed general embargo on ships transportation in that area.

iii. The funds was drawn with a view that it was going lapse in June however, no money was paid to the contractor due to non-supply of the rifles.

PAC OBSERVATION.

11. The PAC observed that the rates of rifles mentioned in the working paper are much lesser than the local market rates, the Department replied that their rates may not be compared with the open market as they are purchasing rifles in bulk and in a legal manner.

12. The Committee noted with concern that funds were withdrawn from the treasury and was not utilized by the department during the relevant financial year 2006-07, the same was repeated in the next financial year also. It also observed contradiction between the contentions of Audit and Department as the Audit was contending that the Department has given certificate that stock/store has been received, entered in the stock register, disbursed cheque to the contractor and obtained receipt from the contractor but the Department contradicted the statement of Audit and told that no payment was made to the contractor and inquiry was conducted but no malafide intentions of any one was found, which created doubts therefore, the Committee wanted to have indepth scrutiny of the issue involved in the Para.

PAC RECOMMENDATION.

13. The Draft Para was referred to Sub-Committee comprising the following for detailed probe into the issue.

i. Mr. Saqib Ullah Khan, MPA Chairman.

ii. Mr. Mukhtiar Ali, MPA Member.

iii. Mr. Muhammad Zamin Khan, MPA Member.

14. The Sub-Committee will submit its report with in a month.

DP.No.8.3 **WASTEFUL EXPENDITURE ON SECURITY GUARD OF EX-CHIEF MINISTER- Rs.5.631 MILLION**

AUDIT VERSION.

15. During the year 2006-07 Rs.5.632 million was incurred on the Pay and Allowances of 32 Constables /Head Constables deployed at Mewa Khel House, Bannu the residence of Ex-Chief Minister. The DAC directed to produce notification for declaring Mewa Khel House as camp office.

DEPARTMENTAL VERSION.

16. The Department explained that the security was provided to the Ex-Chief Minister House at Mewa Khel due to bad law and order situation in that area. The District Administration and DPO were bound to provide protection to the Chief Minister during his visit to his native House and some staff was also deployed on his house being VVIP.

PAC RECOMMENDATION.

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

DP.No.8.4 **UN-AUTHENTIC EXPENDITURE ON HIRING OF VEHICLES- Rs.1.995 MILLION.**

AUDIT VERSION.

18. During the year 2006-07, the District Police Officer, Kohat incurred an expenditure of Rs.1.995 million on hiring of vehicles for shifting of Police Personnel in the Province despite the availability of sufficient number of vehicles with the Department. Moreover, demand bills and actual payee receipts were found signed by the dealing hands of the local office instead of the vehicle drivers. Income Tax of Rs.1,19,719/- was also not deducted. Thus the expenditure was unauthentic.

DEPARTMENTAL VERSION.

19. The Department explained that extra vehicles for the deployment of Police Force at sensitive places during Moharram was required for which private vehicles were hired on emergency basis. Specific funds were allocated by the Finance Department for the purpose which was utilized in accordance with the rules. All the payment was made to drivers/owners of the vehicles. Photo copies of their National Identity Cards/Driving licenses have been obtained and attached with the Acquaintance rolls. Hence, no misappropriation occurred. Moreover, income tax deduction was not required from the payment less than Rs.25,000/-. However, income tax of Rs.10,380/- has already been recovered in cases where the payment of the owner of vehicles exceeded Rs.25,000/- challan already produced to Audit during Pre-PAC meeting held on 24.11.2010 and was verified.

PAC RECOMMENDATION.

20. Subject to verification of income tax assessment and actual pay receipts by the Sub-Committee constituted for verification of Record, the Para was recommended to be dropped.

DP.No.8.5 **UN-AUTHENTIC EXPENDITURE Rs.1.197 MILLION.**

AUDIT VERSION.

21. During the year 2006-07, the District Police Officer, Kohat incurred an expenditure of Rs.9,18,000/- on special repair of police lines/stations after inviting tenders appeared in the Daily Ajj on 5/6/2007. The money was received by Reserve Inspector Police line instead of making payment to the contactor(s). Demand bills and measurement books were also not on the record. The expenditure was thus unauthentic. During the DAC meeting held in January 2009, the Department was directed to produce record for verification but was not produced till finalization of the report.

DEPARTMENTAL VERSION.

22. The Department explained that the entire work was executed on self held basis and the expenditure was incurred on the repair of various Police

Stations/Police Line of the District in accordance with laid down procedure. Tender was floated through press appeared in daily Ajj on 05.06.2007 but no contractor participated therefore, keeping in view short time in closing of financial year, the work was executed departmentally with the help of Private Sub Engineer. All vouchers/bills estimate of work and MB is available. The Sub Engineer of CPO had checked the works physically.

PAC OBSERVATION.

23. The Committee observed that the Department incurred an expenditure on self held basis on the repair of various Police Station/Police Lines of the District and the work was done without fulfilling the codal formalities and without any justification.

PAC RECOMMENDATION.

24. The Committee recommended that the DDO or other competent authority in whose period/tenure the work was carried out without fulfilling the codal formalities, be proceeded under Removal from Services (Special Powers) Ordinance, 2000 and if found guilty, the amount may also be recovered from him with in three (03) months. Para stands. Progress be reported to PAC.

DP.No.8.6 **LOSS TO GOVERNMENT Rs.1.119 MILLION.**

AUDIT VERSION.

25. During the year 2005-06, the Inspector General of Police Khyber Pakhtunkhwa, incurred an expenditure of Rs.7,85,000/- and Rs.3,32,900/- on supply of 1,80,000/ meters mazri clothes and 5000 blue barrette caps and 13,316 pairs of socks from M/S Shaber Hussain and Ali & Brothers respectively. However the supplies were not taken on stock which resulted in loss to government. During the DAC meeting held in January 2009, the Department replied that criminal cases had been registered against the ASI and was dismissed from service. DAC directed to recover the amount from the person at fault.

DEPARTMENTAL VERSION.

26. The Department explained that the payment was made on the directions of the High Court. The action against the ASI Abbas Khan was taken and he was

dismissed from service, being incharge of Clothing godown, he received the articles from the suppliers but was not taken on the stock nor distributed to District SPs. Resultantly 5 criminal cases were registered against the ASI. His cases are under trail in the Court of Law.

PAC OBSERVATION.

27. The Committee observed that the Department has miserably failed to implement its own decision taken in DAC meeting. It further observed that the Department is saving its skin on the pretext that the case is subjudice with knowing the latest position of the case. The ex-parte decision of the Court could not be without the connivance of the Department. The Department also failed to produce any documentary proof that the Court has ordered not affect recovery from the person(s) at fault.

PAC RECOMMENDATION.

28. The PAC unanimously upheld the decision of DAC and recommended to affect recovery from the person(s) at fault within a month. Para stands, progress be reported to PAC.

DP.No.8.7 **NON-DEPOSIT OF GOVERNMENT DUES/RECEIPT Rs.5,65,296/- MILLION.**

AUDIT VERSION.

29. During the year 2006-07, the DPO Bannu received Rs.5,65,296/- from leased shops located in the premises of Police Station City and Saddar. The amount was deposited in the private PLS account No.2031-1 in The Bank of Khyber, Bannu instead of Government Treasury. Hence violated Rule-7 (1) of Federal Treasury Rules Vol-I.

DEPARTMENTAL VERSION.

30. The Department explained that the shops were constructed out of Police Welfare Fund raised by the Police Department. The source of the fund is fixed subscription collected from the employees; therefore the income received from the

investment of Employee's Funds is credited into the Police Welfare Fund Account in accordance with Police Rules.

PAC OBSERVATION.

31. The Committee observed that earlier in identical case the Department was directed to be careful in future and avoid such practices of constructing building on Government land and that report was also adopted by the House unanimously.

PAC RECOMMENDATION.

32. The Committee therefore recommended that in future the revenue received from the shops and other buildings constructed on the Government land should be deposited in the Government treasury and this illegal and irregular practice be stopped immediately. With the above observations, the para was recommended to be dropped.

DP.No.8.8 **NON-DEPOSIT OF GOVERNMENT DUES/RECEIPT Rs.4,63,608/-.**

AUDIT VERSION.

33. During the year 2006-07, the office of CCP Peshawar received Rs.4,63,608/- from auction of old spare parts of vehicles, un-disbursed pay, rent of tandoor shop and canteen which was not deposited in Government Treasury. The issue was discussed in the DAC meeting held in January 2009, the Department replied that the matter regarding auction of old parts of vehicles and un-disbursed pay was being inquired into and that rent was being utilized for the welfare of Police personnel. DAC directed to get the opinion of Finance Department.

DEPARTMENTAL VERSION.

34. The Department explained that the amount of Rs.1,20,252/- on account of auction money has been deposited into Government Treasury. As regard income from Tandoor and Tailor shop, the same related to earning of regimental fund which has been deposited in the relevant head of account to be utilized for the welfare of employees in accordance with Police rules.

PAC RECOMMENDATION.

35. In view of the explanation of the Department, duly supported by documentary evidence, the para was recommended to be dropped.

DP.No 8.9 **LOSS DUE TO NON RETURN OF WEAPONS Rs.3,51,980/-.**

AUDIT VERSION.

36. The Audit reported that the office of District Police Officer, Bannu issued weapons valuing Rs. 3,51,980/- to officer/officials who had been transferred to other districts. Neither the weapons were received back, nor its cost recovered. Besides 1415 Mark 3,4,5 (3x3) bore rifles, 30 Breguns, 59 Stenguns 9 mm etc alongwith bullets were dumped in Kothe for the last 20 years. In DAC meeting held in January 2009, the Department replied that inquiry would be conducted and weapons or its cost would be recovered from the concerned. DAC directed to expedite the inquiry for fixing responsibility within a month. No progress was intimated till finalization of the report.

DEPARTMENTAL VERSION.

37. The Department explained that all the weapons have been recovered except from SP Abu Bakar Shekhani for which a representative has been deputed to collect the weapon.

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PAC RECOMMENDATION.

38. The Para was recommended to be dropped subject to recovery of weapon from SP Abu Bakar Shekhani.

DP. No 8.10 **NON RECOVERY OF HOUSE RENT ALLOWANCE & MAINTENANCE CHARGES Rs.3,48,421/-.**

AUDIT VERSION.

39. The Audit reported that the office of DPO, D.I. Khan, provided government accommodation to five officers and 15 other police Personnel. In violation of the above house rent allowance and 5% maintenance charges of Rs.3,48,421/- were not recovered from the occupants. In the DAC meeting held in January 2009, the

Department replied that due to increase in strength the available accommodation was not sufficient and the entire accommodation was being used as Barrack. DAC directed to start deduction of house rent allowance and recover the overpaid amount.

DEPARTMENTAL VERSION.

40. The Department explained that the amount recoverable from the than DPO Imtiaz Shah Rs.13,164/-, Rs.35,145/- from DPO Gul Afzal Khan and Rs.18,887/- from Dar Ali Khattack has been recovered and credited into Government Treasury vide challan No.1,2 dated 13.10.2010 and 7 dated 21.10.2010. Recovery from Ex DPO Mr.Abdur Rashid Khan has also been made. However, the residential accommodations in Police Lines were in very deplorable condition and not suitable for living of the families of Police Officials. The same has been utilized as barracks after petty repair due to increase in strength.

PAC RECOMMENDATION.

41. In view of the prevailing law and order situation in the Province, taking a lenient view, the para was recommended to be dropped.

DP.No 8.11 **LOSS DUE TO NON-RECOVERY OF GOVERNMENT WEAPONS**
Rs.2,80,000/-.

AUDIT VERSION.

42. The Audit reported that the office of District Police Officer, Kohat issued the weapons valuing Rs.2,80,000/- to seven constables on their deployment to the DPO Hangu for "Moharam"duty but they failed to deposit the same on return from Hangu. The Government was thus put to sustain a loss of Rs.2,80,000/. In the DAC meeting held in January 2009, Department replied that the weapons had been recovered however, evidence of stock receipt was not produced. DAC directed to recover the weapons or its cost from the concerned officials.

DEPARTMENTAL VERSION.

43. The Department explained that 7 Nos. SMG Rifles were snatched by shias during blast in Hangu. The case is under trial in the court of ATC Kohat.

PAC OBSERVATION.

44. The Committee noted with grave concern the irresponsible attitude of the Department as it accepted in the DAC meeting that the weapons had been recovered and now the Department is contending that the weapons were snatched by the shias during bomb blast at Hangu, FIR lodged and the case is under trial.

PAC RECOMMENDATION.

45. As detailed investigation in the issue was required therefore, the para was kept pending with the direction to the Department to come up with complete record and to direct the DDO and Deputy Director (Accounts) concerned to attend the next meeting of PAC.

46. The Para was again placed before the PAC in its meeting held on 13th July, 2011 wherein the following proceeding took place.

DEPARTMENTAL VERSION.

47. The Department explained that 7 Nos. SMG Rifles were snatched by shias during blast in Hangu. The case was under trial in the court of ATC Kohat. FIR could be shown.

PAC OBSERVATION.

48. The PAC observed with heavy heart that now the department has come up with a different version that the FIR has been lodged and the case is in the Court. However, the misleading statement given to DAC and PAC previously that recovery of the rifles has been made, was condemned. This misleading statement was termed as deliberate.

PAC RECOMMENDATION.

49. Since the Department apologized for the act of advancing mis-statement, the Committee, therefore, taking lenient view directed that warning may be issued by the Department to respective responsible officers under intimation to PAC. Para stands till decision of the Court.

DP.No 8.12 **OVERPAYMENT ON ACCOUNT OF PAY AND ALLOWANCE**
Rs.1,17,070/-.

AUDIT VERSION.

50. The Audit reported that the SP FRP Kohat appointed 67 Constables on 2nd June, 2006. The incumbents having less than six months of service on first day of December 2006 were not entitled to annual increment falling on 01/12/2006. However the increment was allowed which resulted in over payment of Rs.1,07,870/-. Similarly two increments of the officials were stopped. Neither entries to this effect were made in their service rolls nor annual increments stopped, resulting in overpayment of Rs.9,200/- . In the DAC meeting held in January 2009, the Department replied that recovery was in progress however, evidence of recovery was not produced. DAC directed to recover full amount.

DEPARTMENTAL VERSION.

51. The Department explained that the recovery has been completed from 65 officials and 2 officials were transferred to Karak District. Their revised LPCs issued to DAO Karak with copy to Director General Audit Khyber Pakhtunkhwa Peshawar.

PAC RECOMMENDATION.

52. In view of the plausible explanation of the Department, the para was recommended to be dropped.

ENVIRONMENT DEPARTMENT.

Nine (09) Draft Paras reflected in the Audit Report for the year 2008-09 were taken up for examination by the PAC in its meetings held on 2nd

March, 2011. The following were present:-

Public Accounts Committee.

1. Mr. Khush Dil Khan, Chairman.

2. Mr. Mukhtiar Ali, MPA Member.
3. Mr. Saqib-Ullah Khan, MPA Member.
4. Mr. Muhammad Zamin Khan, MPA Member.
5. Mr. Ziyad Akram Durani, MPA Member

Finance Department.

1. Mr. Masood Ahmad,
Special Secretary.

2. Mr. Nadeem Bashir,
Additional Secretary.

Law, Parliamentary Affairs and Human Rights Department.

Mr. Muhammad Ibrahim,
Additional Secretary

Audit Department.

1. Syed Muhammad Ayub,
Director General.

2. Mr. Javed Iqbal,
Director.

3. Mr. Muhammad Asif Rasheed,
Deputy Director.

Environment Department.

1. Mr. Zahur Ahmad Khan Khalil,

Secretary.

2. Mr. Lal Muhammad,

Director (B/A)

Provincial Assembly of Khyber Pakhtunkhwa.

1. Mr. Amanullah,

Secretary.

2. Mr. Amjad Ali,

Additional Secretary.

3. Mr. Inamullah Khan,

Deputy Secretary.

4. Mr. Ashtimand,

Assistant Secretary.

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

DP.No 3.1 **NON-RECOVERY OF FINE Rs.18.637 MILLION.**

AUDIT VERSION.

3. During the year 2006-07, office of the Divisional Forest Officer Upper Kohistan recovered forest duty and Forest Development Fund from various offenders on illegal cutting of 97.310 cft timbers. However, fine @ Rs.200/-per cft on Deodar and Rs.150/-per cft on Kail amounting to Rs.18.637 million was not recovered. During DAC

meeting held in December, 2008, Department replied that Rs.18.637 million had been recovered. However, no evidence in support of recovery was produced. The DAC directed to produce the relevant evidence for verification to Audit with in fifteen (15) days. No progress was intimated till finalization of the report.

DEPARTMENTAL VERSION.

4. The Department explained that the amount of fine on the timber has already been recovered and adjusted in the Government Account and nothing is outstanding against any forest offender.

PAC RECOMMENDATION.

5. In view of verification of record made by the Audit, the para was recommended to be dropped.

DP.No.3.2 **NON-RECOVERY ON ACCOUNT OF ROYALTY OF TIMBER Rs.6.723 MILLION.**

AUDIT VERSION.

6. During the year 2006-07, the office of DFO Kaghan did not recover Rs.6.723 million from the Forest Development Corporation on account of royalty of timbers of lots Nos.5/2006-07, 7/H/2006-07, 8/H/2006-07, 6/H/2006-07, 2/H/2006-07 and 15/H/2006-07, hence, para 26 of GFR read with rule 7 of Federal Treasury Rules Vol-I was violated. The issue was discussed in the DAC meeting held in December, 2008, wherein the Department replied that Rs.5.270 million had been recovered and the remaining amount of Rs.1.453 million was being recovered. The DAC directed to recover the remaining amount and furnish evidence of full recovery with in fifteen days. No progress of recovery was intimated till finalization of the report.

DEPARTMENTAL VERSION.

7. The Department produced the details of recoverable amount of Rs.6.723 million as under:-

i. Recovery of Rs. 66,48,362/- from FDC had been affected duly verified by Audit Department during Pre-PAC meeting.

- ii. Rs. 22,240/- will be adjusted in the next claim of FDC.
- iii. Timber valuing Rs. 52,724/- has been rotten for which write off sanction of Finance Department would be obtained.

PAC OBSERVATION.

8. The Committee observed that recovery has already been made and duly verified by Audit but no efforts were made for obtaining write off sanction of the Finance Department for rotten timber. The Committee also observed the laxity on part of the Department for not affecting recovery of Government outstanding dues in time. If the Audit had not pointed it out, the same would have not been recovered.

PAC RECOMMENDATION.

9. Para stands till obtaining write off sanction of Finance Department and adjustment of Rs. 22,240/- with the FDC. Progress be reported to PAC.

DP.No.3.3 **NON-RECOVERY OF GOVERNMENT DUES Rs.2.904 MILLION.**

AUDIT VERSION.

10. In the office of Divisional Forest Officer, Swat Rs.2.904 million were recoverable from Forest Development Corporation on account of various lots and fines against forest offenders. No efforts were made for recovery of Government dues so far. Hence, para 28 of GFR Vol-I was violated. During DAC meeting held in December, 2008 Department replied that out of the total amount of Rs.2.904 million, Rs.2.519 million was subjudice in various Courts whereas Rs.5,385/- related to defunct KIDP was proposed for write-off. The remaining amount of Rs.3,80,412/- was being regularly pursued with the FDC for recovery. The reply was not tenable as no recovery was made. The DAC directed to recover full amount and pursue court cases.

DEPARTMENTAL VERSION.

11. The Department explained that the exact outstanding amount was Rs.2.815 million and not Rs.2.904 million. However, against the actual outstanding amount of Rs.2.815 million, an amount of Rs.2,59,427/- and Rs. 11,74,985/- had been recovered from FDC. Moreover, the amount of Rs.13,44,042/- is subjudice in Peshawar

High Court. Furthermore, a self contained case has since been reported to higher ups for write off the amount of Rs.5,385/- related to defunct KIDP.

PAC OBSERVATION.

12. The PAC observed that all the amount except the fine of Rs.13,44,042/- has been recovered. However, it showed its concern that the Department was not at all aware about the fate of the case pending in the Court of Law, as according to the Department only one hearing took place in 2005. The Committee was anguished about the negligence of the Department not knowing about the present status of the case what to say about its pursuance in the Court of Law.

PAC RECOMMENDATION.

13. After detailed discussion it was recommended to recover the amount within two months and to pursue the case in the Court of Law vigorously. Para stands. Progress be reported to PAC.

DP.No.3.4 NON-RECOVERY OF COST OF TREES Rs.2.450 MILLION.

AUDIT VERSION.

14. In the office of Divisional Forest Officer, Buner 980 chir trees measuring 24315 cft valuing Rs.2.450 million were cut for widening/construction of "Bar Gokand to Kalail Kandow road" and " Battaai to Bikand (Kalail) road". The amount was not recovered from the Project Director, Foreign Aided Project Works & Services Department. DAC directed to expedite recovery.

DEPARTMENTAL VERSION.

15. The Department explained that the case of recovery under section-116 of Forest Ordinance as arrears of Government dues has already been taken-up with Revenue Department viz: District Officer Revenue, Buner/Commissioner Malakand Division, from the Project Director, Foreign Aided Project, C&W Department Peshawar. However, no recovery has been affected up-till now.

16. It further explained that the issue had been taken up with the C & W Department for resolution well before PAC meeting scheduled for 02-03-2011,

accordingly, the C&W Department vide its letter No.SO(PAC)V/%\$/2008-09/C&WD dated 21-02-2011 directed the Project Director, Foreign Aided Project, C&W Department to examine the case and intimate factual position to Environment Department well before the PAC meeting with further direction to attend the scheduled PAC meeting alongwith relevant record.

PAC OBSERVATION.

17. The Committee observed that pursuant to the request of Environment Department, the C&W Department asked the Project Director, Foreign Aided Project, C&WD to do the needful, but is lamented that neither he attended the meeting nor nominated any other responsible officer nor produced any record to PAC. The deliberate absence of the Project Director under mined the sanctity of the PAC that plays an important role in the financial discipline of the Province. This state of affair is not at all excusable, the Committee observed.

PAC RECOMMENDATION.

18. The Para was kept pending till Monday the 7th of March, 2011 due to non attendance of meeting by the Project Director concerned and directed to ensure his presence along with relevant record, in the next meeting re-scheduled for 07-03-2011. The Committee also directed to approach the Chief Secretary, Government of Khyber Pakhtunkhwa to initiate stern action against the said Project Director for giving no weightage to the important forum of PAC.

19. In the meeting held on 07-03-2011, the Project Director (Foreign Aided Project) produced record before the Committee and explained that there was difference in the amount as the Environment Department was contending Rs.24,50,000/- where as the actual amount comes to Rs.11,27,000/-, which is calculated as per approved policy of the Environment Department.

20. The Committee recommended that Rs.11,27,000/- may be paid to Environment Department not later then tomorrow, regarding the balance amount, the Audit, Environment and Project Director should sit together and work out the recoverable amount as per Government policy and the same be paid to Environment

Department within a week under intimation to this Secretariat. Para stands, progress be reported to PAC.

DP.No.3.5 **UN-AUTHORIZED EXPENDITURE FROM THE FROZEN ACCOUNT
Rs.1.845 MILLION.**

AUDIT VERSION.

21. The Audit reported that an amount of Rs.1.845 million was drawn from frozen accounts of the societies by the Managing Directors Cooperative Societies under the jurisdiction of the Divisional Forest Officer Abbottabad, resulting in unauthorized expenditure. In the DAC meeting held in December 2008, department replied that the funds were utilized on the directives of Chief Minister. DAC directed to conduct inquiry and fix responsibility within a month.

DEPARTMENTAL VERSION.

22. The Department explained that at the time of suspension of Forest Cooperative Societies in October 1992, all types of accounts of Forest Cooperative Societies/Federation were frozen by the Finance Department. In spite of the directives of Finance Department, the managing Directors of Battal and Kalamaira Forest Cooperative Societies have illegally withdrawn the amount of Rs.1.845 million from Frontier Cooperative Bank, Mansehra. The case was vigorously pursued with the Manager for fixing of responsibility regarding illegal withdrawal of amount who has reported that the then Manager of Frontier Cooperative Bank Mansehra and concerned Managing Directors are responsible for the same.

23. DAC in its meeting held in December 2008 directed to conduct inquiry for fixing responsibility by the Administrative Department within one month in light of DAC decision, Inquiry had been conducted and responsibility fixed.

PAC OBSERVATION.

24. The Committee observed that Inquiry required to be completed within a month was finalized in twenty six months, it noted that timely action was not taken by the Department which was absolute negligence on its part.

PAC RECOMMENDATION.

25. The PAC directed that FIR may be lodged against the defaulters within three (3) days under intimation to the PAC. Para stands for recovery and institution of criminal case against the culprits.

DP.No.3.6 **NON-RECOVERY OF LIABILITY & TRANSFER OF FUND FROM FROZEN ACCOUNT Rs.1.634 MILLION.**

AUDIT VERSION.

26. In the office of Divisional Forest Officer Battagram, Forest Management Society Batyala Allai Forest was declared defunct in 1993. Liabilities of Rs.3,15,932/- were not recovered from the Managing Director of defunct Society. Moreover, Rs.1.318 million as closing balance was also not transferred from the joint account of this Society to the special account of Divisional Forest Officer Hazara Tribal Forest Division Battagram which resulted in non-recovery of the Government dues.

DEPARTMENTAL VERSION.

27. The Department explained that all the amount has been transferred to the special account of Divisional Forest Officer Hazara Tribal Forest Division Battagram.

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PAC RECOMMENDATION.

28. Subject to verification of Record by the Sub Committee constituted for verification of record, the para was recommended to be dropped.

DP.No.3.7 **NON-RECOVERY OF OUTSTANDING DUES RS.6,55,083/-.**

AUDIT VERSION.

29. The Audit reported that during the year 2006-07 in the office of Director Human Resource development (HRD) Peshawar, Rs.6,55,083/- were not recovered from the Senior Instructor as house rent allowance and utility charges who retained the

Government accommodation up to February 2007 after removal from service in April 2005.

30. In the DAC meeting held in December 2008, the Department was directed to recover the Government dues. No progress of recovery was intimated till finalization of the Report.

DEPARTMENTAL VERSION.

31. As already intimated that the FDC had them self allotted the resident Building/Bungalow to the concerned official without getting consent of this Directorate. Neither the FDC authority had informed this office about the allotment of resident Bungalow nor the allottee. The FDC authority filed a case in the court of Senior Civil Judge Peshawar against the recovery, which was subsequently decided by the learned court in favour of the FDC but the concerned is reluctant to pay the outstanding dues, FDC has re-approached the Court for execution of decree.

PAC OBSERVATION.

32. The Committee noted with concern that how the Senior Instructor who was removed from service in 2005 was residing in Government accommodation till 2007, to which the department could not advance any plausible explanation.

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PAC RECOMMENDATION.

33. As the case was pending in the Court of Law, the Committee directed the Department to pursue the case vigorously in the Court of Law. Para stands.

DP.No.3.8 **NON-CREDITING OF LAPSED DEPOSIT INTO GOVERNMENT TREASURY RS.6,28,991/-.**

AUDIT VERSION.

34. The Audit reported that during the year 2006-07, in the office of Principal Sarhad Forest School Abbottabad, Rs.6,28,991 were not credited to Government treasury as lapsed deposit remained unclaimed for more than three years.

35. In the DAC meeting held in December 2008, the Department replied that the amount had been kept in P-deposit. DAC directed to deposit the amount within a month. No progress was intimated.

DEPARTMENTAL VERSION.

36. The Department explained that as per decision of DAC the amount had been credited into Government treasury.

PAC RECOMMENDATION.

37. Subject to verification of record by the Verification of Record Committee, the para was recommended to be dropped.

DP.No.3.9 **NON-RECOVERY OF GOVERNMENT DUES RS.2,23, 030/-.**

AUDIT VERSION.

38. During the year 2006-07, to the office of Divisional Forest Officer Agror Tanawal Forest Division Mansehra, the court ordered recovery of government dues of Rs.2,23,030/- from forest offenders which was not done. Non-implementation of court orders resulted in non-recovery of government dues.

39. In December 2008, DAC directed to recover the amount. No progress was intimated till finalization of the Report.

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DEPARTMENTAL VERSION.

40. The Department explained that the case with Senior Member Board of Revenue for advice about the recovery of outstanding dues has been taken up and has regularly been perused but is still awaited. Therefore, on receipt of advice further necessary action/recovery will be affected accordingly.

PAC OBSERVATION.

41. The Committee noted with concern that recovery amounting to Rs.2.23 million outstanding against different persons was decided by the Court in 2001, but the Department particularly the D.F.O concerned miserably failed to recover the outstanding amount, this negligence on the part of the Departmental officers sitting at the helm of affairs is not at all tolerable and under the Law tantamount to misconduct. The Committee also showed concern over the fact that the decision of the DAC chaired by the administrative Secretary has neither been implemented and nor pursued. The Secretary of the Department was also found responsible for such negligence.

PAC RECOMMENDATION.

42. After detailed discussion the Department was directed that the amount may be recovered within 2-months and responsibility may also be fixed against those officers who miserably failed to implement decision of the DAC arrived in 2008, and they may be put to task. Para stands, progress be reported to PAC.

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FINANCE DEPARTMENT

Three (03) Draft Paras reflected in the Audit Report for the year 2008-09 were taken up for examination by the PAC in its meetings held on 2nd March, 2011. The following were present:-

Public Accounts Committee.

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|----|------------------------------|-----------|
| 1. | Mr. Khush Dil Khan, | Chairman. |
| 2. | Mr. Mukhtiar Ali, MPA | Member. |
| 3. | Mr. Saqib-Ullah Khan, MPA | Member. |
| 4. | Mr. Muhammad Zamin Khan, MPA | Member. |

5. Mr. Ziyad Akram Durani, MPA Member

Finance Department.

1. Mr. Masood Ahmad,
Special Secretary.

2. Mr. Nadeem Bashir,
Additional Secretary.

Law, Parliamentary Affairs and Human Rights Department.

Mr. Muhammad Ibrahim,
Additional Secretary

Audit Department.

1. Syed Muhammad Ayub,
Director General.

2. Mr. Javed Iqbal,
Director.

3. Mr. Muhammad Asif Rasheed,
Deputy Director.

Provincial Assembly of Khyber Pakhtunkhwa.

1. Mr. Amanullah,
Secretary.

2. Mr. Amjad Ali,
Additional Secretary.

3. Mr. Inamullah Khan,

Deputy Secretary.

4. Mr. Ashtimand,

Assistant Secretary.

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

DP.No.5.1 **UN-RECONCILED DIFFERENCE OF Rs.4.1 BILLION BETWEEN BOOK AND BANK BALANCES.**

AUDIT VERSION.

3. During the year 2008-09 in the Finance Department's Provincial account book balance on 30/06/2008 was Rs.6.268 billion and the bank balance was Rs.2.062 billion indicating a difference of Rs.4.21 billion. Neither reconciliation for verification of difference was made with the State Bank of Pakistan, National Bank of Pakistan and District Accounts Offices nor reasons for variation between the two sets of accounts were recorded. As such accounting data could not be considered as valid, accurate and complete. During the DAC meeting held in September 2008, the Department replied that the cases would be examined and reconciliation would be carried out with the banks. The DAC directed to reconcile the accounts.

DEPARTMENTAL VERSION.

4. The Department explained that actually the observation pertains to the financial year 2007-08 but it has been reported in the Audit report for the year 2008-09. The office of Accountant General, Khyber Pakhtunkhwa has shown book balance of Rs.6.302 billion in its financial statements as on 30-06-2008. Against this book balance of Rs.6.302 billion, the State Bank of Pakistan has provided closing cash balance of Rs.2.062 billion as on 30/06/2008 to the Provincial Government. The Accounts Officer carries out reconciliation of accounts on regular basis with the State Bank of Pakistan, National Bank of Pakistan, Head Office, Karachi and District Accounts Offices.

5. The above discrepancy was in the overall position of Accounts including figures of Account No.I (Non-Food) and Account No.II(Food) and the figures of Public Accounts. It was not known whether, the difference was due to the unidentified overall less or more receipts and expenditure booked in the Accounts. However, office of the AG, Khyber Pakhtunkhwa was in constant touch with the reconciliation of accounts with the State Bank of Pakistan, National Bank of Pakistan and District Accounts Offices and has reduced the variation of Rs.9.917 billion in Financial Year 2005-06 to Rs.4.1 billion in the year 2007-08. Accordingly, office of the AG may dig out the discrepancy in Accounts and rectify the difference of Rs.4.1 billion between Book and Bank Balances.

PAC OBSERVATION.

6. The PAC observed such laxity of the Department with grave concern that cause of huge difference in both sets of the accounts was not known to it as yet, Its reply is based on presumption that as to whether it was due to the unidentified overall less or more receipts or the expenditure was wrongly booked in the Accounts. DAC meeting was held in September 2008 during which the Department stated that the cases would be examined and reconciliation would be carried out with the Banks but no effort from the Department was initiated so far.

PAC RECOMMENDATION.

7. The Department was directed to avoid such casual attitude and to be vigilant and careful in reconciliation of the figures with the concerned quarters to avoid any mis-booking in future. The Finance Department being custodian of the Provincial kitty, should see that reconciliation made for verification of difference of the figures by the AG, is correct and no variation is involved, and must record reasons for variation between the two sets of accounts, as such accounting data could not be considered as valid, with these observations, the para was recommended to be dropped.

DP.No.5.2 **UN-AUTHENTICATED LOAN BALANCES AMOUNTING TO RS.2.081 BILLION.**

AUDIT VERSION.

8. On 30/06/2008 loan of Rs.2.018 billion appearing in the Financial Statement of Government was not recovered from various institutions by the Finance

Department. Moreover loan agreements, repayment schedules and terms of interest rate were also not made available to Audit. Non-collection and reporting of loan balances made the accounting data un-authentic. During the DAC meeting held in September 2008, the Department replied that the cases would be examined with Accountant General. The DAC directed to reconcile the loan figures and recover the loans.

DEPARTMENTAL VERSION.

9. The Department explained that it was having no detail of outstanding loan of Rs.2.081 billion, therefore the Audit was requested to provide the same. The Audit provided the relevant breakup. The detail of said record has been checked from the Finance Accounts of the previous years and observed that most of loans against various Organization/Institutions pertains to period of more than 30 years and no proper record is available in the Section. The loan of Rs.5.732 million shown against Swat Textile Mills has already been recovered through Court Order. Moreover, amount of Rs.282.797 million has already been repaid to the Provincial Government by the Sarhad Development Authority, thus leaving a balance of Rs.33.847 million for which the SDA has been requested to repay the same.

10. The Department requested the PAC to defer this para so that in the meanwhile they should request the concerned Organization/Institutions to repay the outstanding loans against them and in case they have already repaid it, they should provide the proof, otherwise the loan will be recovered from them at source.

PAC RECOMMENDATION.

11. After detailed discussion the PAC recommended that amount already recovered may be got verified by Audit.

12. As regard the recoverable amount pertaining to WAPDA the figure may be authenticated and the case may be taken up with the quarter concerned for early recovery at source of the amount in question. Para stands till complete recovery except the amount of Rs.0.117 million pertaining to Abbottabad fire sufferers and Rs.0.265 million of Flood sufferers of Peshawar District, within three months. Progress be reported to PAC.

DP.No.5.3 **NON REPORTING OF KHYBER BANK INVESTMENTS IN FINANCIAL STATEMENT Rs.2.042 BILLION.**

AUDIT VERSION.

13. The Finance Department made equity investment of Rs.2.042 billion in Bank of Khyber (BOK) which was not reported in the financial statement on 30/06/2008. Furthermore, records of share certificate of investment in the bank's equity were also not made available. Due to non-recognition of investments in financial institution's equity, assets of the Government have been understated.

DEPARTMENTAL VERSION.

14. The Department explained that actually the observation pertains to the financial year 2007-08 but it has been reported in the Audit Report for the year 2008-09. The Government of Khyber Pakhtunkhwa has purchased 2.042 billion of ordinary share each of Rs.10 (face value). Thus the Government of Khyber Pakhtunkhwa has a capital investment of Rs.2.042 billion in the Bank of Khyber. As the accounts for the financial year 2007-08 has already been closed, therefore, the recording of the said investment in the financial statement for the said year was practically impossible at this belated stage. Moreover, share certification in respect of Government of Khyber Pakhtunkhwa equity investment in the bank have been kept in locker for safe custody at the BOK Saddar Road Branch as is evident from BOK letter.

PAC RECOMMENDATION.

15. The Committee observed that the said Para related to the Financial Statement therefore, the para was kept pending and will be discussed in the meeting of PAC to be convened in the near future for discussing Financial Statement of the Khyber Pakhtunkhwa Province.

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EXCISE & TAXATION DEPARTMENT

Ten (10) Draft Paras reflected in the Audit Report on Revenue Receipts for the year 2008-09 were taken up for examination by the PAC in its meeting held on 7th March, 2011. The following were present:-

Public Accounts Committee.

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|----|------------------------------|-----------|
| 1. | Mr. Khush Dil Khan, | Chairman. |
| 2. | Mr. Mukhtiar Ali, MPA | Member. |
| 3. | Mr. Saqib Ullah Khan, MPA | Member. |
| 4. | Mr. Muhammad Zamin Khan, MPA | Member. |
| 5. | Mr. Fazal Shakoor Khan, MPA | Member |

Finance Department.

Mr. Muhammad Bashir Khan,

Additional Secretary.

Audit Department.

1. Syed Muhammad Ayub,

Director General.

2. Mr. Javed Iqbal,

Director.

3. Mr. Dilawar Khan,

Deputy Director.

Excise & Taxation Department.

1. Mr. Sajid Khan,

Secretary.

2. Mr. Nazar Shah,

Director General.

Provincial Assembly of Khyber Pakhtunkhwa.

1. Mr. Amanullah,

Secretary.

2. Mr. Amjad Ali,

Additional Secretary.

3. Mr. Inamullah Khan,

Deputy Secretary.

4. Mr. Khalid Shaheen,

Assistant Secretary.

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

D.P No.1.1 **NON/SHORT REALIZATION OF PROPERTY TAX Rs.25.871 MILLION.**

AUDIT VERSION.

3. Unpaid property tax is to be recovered as arrears of land revenue under section 16 of the Khyber Pakhtunkhwa, Urban Immovable Property Tax Act, 1958. This provision of law was not enforced by six Excise and Taxation Offices in 529 cases. This caused non/short realization of Government revenue amounting to Rs.25.980 million during the year 2007-08 as detailed below:-

S.No	Excise & Taxation office	No of Cases	Amount Pointed out	Amount Recovered	Balance
1.	Swabi	31	Rs.17,02,563/-	Rs.26,871/-	Rs.16,75,692/-
		20	Rs.7,60,896/-	Rs.82,399/-	Rs.6,78,497/-
2.	Peshawar-II	95	Rs.5,630,758/-	Nil	Rs.56,30,758/-
		82	Rs.51,93,707/-	-do-	Rs.5,193,707/-
3.	Mardan	53	Rs.19,92,675/-	-do-	Rs.19,92,675/-
		46	Rs.17,33,660/-	-do-	Rs.17,33,660/-
4.	Nowshera	29	Rs.12,19,034/-	-do-	Rs.12,19,034/-
		29	Rs.7,73,110/-	-do-	Rs.7,73,110/-

5.	Peshawar-III	49	Rs.19,44,236/-	-do-	Rs.19,44,236/-
		47	Rs.6,48,722/-	-do-	Rs.6,48,722/-
		3	Rs.3,84,046/-	-do-	Rs.3,84,046/-
6.	Kohat	45	Rs.39,96,509/-	-do-	Rs.39,96,509/-
	Total	529	Rs.2,59,79,916	Rs.1,09,270	Rs.25,870,646

DEPARTMENTAL VERSION.

4. The Department explained that total amount involved in paras is Rs.2,59,79,916/- out of which Rs.72,25,912/- has already been recovered and efforts are under way for the recovery of balance amount of Rs.1,87,54,004/-.

PAC OBSERVATION.

5. The Committee noted that :-

i. There was no active and practical mechanism with the Department to timely recover the recoverable amount.

ii. The legal process as provided under section 16 of the NWFP Urban Immovable Property Tax Act, 1958 has not been attracted in view of the fact that there was no judicial lock up available in the Province since enforcement of devolution plan.

PAC RECOMMENDATION.

6. The Department was directed to exhaust all legal ways to pave way for recovery of the balance amount within a month. Para stands, progress be reported to PAC.

D.P No.1.2 **NON-REALIZATION OF PROPERTY TAX FROM AUTONOMOUS BODIES WORTH Rs.10.623 MILLION.**

AUDIT VERSION.

7. During the year 2007-08, four Excise and Taxation offices had not recovered property tax of Rs.10.623 million from autonomous bodies as per detail given below:-

S.No	Excise and Taxation Office	Amount Pointed out
1.	Peshawar-II	Rs.74,72,049/-
2.	Nowshetra	Rs.9,23,160/-
		Rs.1,13,307/-
3.	Peshawar-III	Rs.5,57,742/-
4.	Kohat	Rs.15,57,143/-
	Total	Rs.1,06,23,401/-

DEPARTMENTAL VERSION.

8. The Department explained that recovery pertaining to Peshawar Rs.74,72,049/-, Rs.5,57,742/- and Rs.15,57,143/- pertaining to Kohat has been recovered and duly verified by the Audit, moreover, amount of Rs.9,23,160/- pertaining to Nowshera could not be recovered being exempted, only amount of Rs.1,13,307/- related to Municipal Committee, Akora was outstanding for recovery efforts are under way to recover the balance amount.

PAC RECOMMENDATION.

9. The PAC accepted the explanation advanced by the Department and recommended to expedite recovery of Rs.1,13,307/- from Municipal Committee Akora Khattak. Para stands till complete recovery, progress be reported to PAC.

D.P No.1.3 **NON/SHORT REALIZATION OF 15% PROVINCIAL GOVERNMENT SHARE OF PROPERTY TAX FROM CANTONMENT BOARD Rs.2.880 MILLION.**

AUDIT VERSION.

10. Three Excise & Taxation offices did not recover or less recovered 15 per cent share of the Provincial Government amounting to Rs.2.880 million from three cantonment boards, during the year 2007-08 in disregard of Presidential Order No.13 of 1979 dated 22nd August, 1979, as per detail given below:-

S.No	Excise and Taxation Office	Amount pointed out
1.	Peshawar-II	Rs.17,33,000/-
2.	Nowshera	Rs.5,30,659/-
3.	Kohat	Rs.6,16,366/-
	Total	Rs.28,80,025/-

DEPARTMENTAL VERSION.

11. The Department explained that total balance amount involved in paras is Rs.28, 80,025/- out of which Rs.17,33,000/- has been recovered as per detail given below and duly verified by Audit. However, it explained that the Cantonment Authorities of Nowshera and Kohat are reluctant to pay 15% Provincial Government share while ETO Nowshera did not report their recoveries as current devastated flood had destroyed their record.

S.No	Excise & Taxation Office	Amount Pointed out	Amount Recovered	Balance
1.	Peshawar-II	Rs.17,33,000/-	Rs.17,33,000/-	Nil
2.	Nowshera	Rs.5,30,659/-	Nil	Rs.5,30,659/-
3.	Kohat	Rs.6,16,366/-	-do-	Rs.6,16,366/-
	Total	Rs.28,80,025/-	Rs.17,33,000/-	Rs.11,47,025/-

PAC RECOMMENDATION.

12. The Department was directed to take up the case of all recoverable amount with Finance Department for making at source deduction from the concerned organizations. Para stands till complete recovery, progress be reported to PAC.

D.P No.1.4 **NON/SHORT REALIZATION OF HOTEL TAX Rs.9.415 MILLION.**

AUDIT VERSION.

13. The Audit reported that Hotel tax is leviable at the rate of five percent of the room rent per lodging unit per day, on the basis of fifty percent of the total number of lodging units available in the hotel concerned, under section 4 of the NWFP, Finance Ordinance, 2002. Contrary to this, management of 17 hotels running under the jurisdiction of two Excise and Taxation Offices did not deposit or less deposited hotel tax. This caused loss of Government revenue of Rs.9.415 million during 2007-08 as detail below:-

S.No	Excise & Taxation Office	No. of Cases	Amount pointed out
1.	Peshawar-IV	12	Rs.93,39,293/-
		04	Rs.53,062/-
2.	Haripur	01	Rs.22,813/-
	Total	17	Rs.94,15,168/-

DEPARTMENTAL VERSION.

14. The Department explained that the total amount pointed out was Rs.94,15,168/-, out of which Rs.3,46,543/- has been recovered and duly verified by Audit. The balance amount of Rs.90,68,625/- pertains to Pearl Continental Hotel, Peshawar. The calculation of Bed Tax, made by the ETO, under the expanded provision of rule 4 of N.W.F.P. Hotel Tax Rule, was challenged by the management of PC hotel in the Supreme Court of Pakistan under civil Appeal No.2720 of 2004. The case has been decided by the Court in favour of Pearl Continental Hotel, Peshawar. Hence could not be recovered.

PAC RECOMMENDATION.

15. The Committee recommended that recovery at prescribed rate after recalculating the exact amount recoverable may be made from the Pearl Continental Hotel, Peshawar. Para stands till complete recovery, progress be reported to PAC.

D.P No.1.5 **NON/SHORT REALIZATION OF PROFESSIONAL TAX WORTH Rs.1.872 MILLION.**

AUDIT VERSION.

16. Contrary to Section 7 of the NWFP Finance Act, 1990 as amended by NWFP Finance Ordinance, 2002, five Excise and Taxation officers did not recovered/short recovered professional tax of Rs.1.912 million in 277 cases during 2007-08 as per detail given below:

S.No	Excise & Taxation office	No. of cases	Total amount pointed out	Amount recovered	Balance
1.	Swabi	22	Rs.1,30,500/-	Rs.40,500/-	Rs.90,000/-
2.	Mardan	28	Rs.1,90,500/-	Nil	Rs.1,90,500/-
3.	Nowshera	37	Rs.4,52,000/-	-do-	Rs.4,52,000/-
4.	Kohat	10	Rs.47,500/-	-do-	Rs.47,500?/-
5.					

Peshawar-IV118Rs.5,37,500/-do-Rs.5,37,500/-25Rs.4,02,500/-do-Rs.4,02,500/-22Rs.84,000/-do-Rs.84,000/-10Rs.42,500/-do-Rs.42,500/-05Rs.25,000/-do-Rs.25,000/- **Total277Rs.19,12,000/-Rs.40,500/-Rs.18,71,500/-**

DEPARTMENTAL VERSION.

17. The Department explained that the total amount involved in the para was Rs.19,12,000/- out of which Rs.4,48,000/- have yet been recovered and the balance amount of Rs.14,64,000/- remained un-recovered, which will be recovered shortly.

PAC RECOMMENDATION.

18. The Department was directed to exhaust all legal ways to pave way for recovery of the balance amount within a month. Para stands, progress be reported to PAC.

D.P No.1.6 **NON REALIZATION OF TOKEN TAX Rs.0.488 MILLION.**

AUDIT VERSION.

19. Contrary to section 11 of the Motor Vehicles Taxation Act, 1958 and Section 34 & 35 of the Motor Vehicles Ordinance, 1965, token tax of Rs.0.488 million was not recovered from the owners of 94 vehicles by five Excise and Taxation offices during 2007-08 as per detail given below:

S.No	Excise & Taxation office	No. of Cases	Amount pointed out
1.	Swabi	26	Rs.56,600/-
2.	Mardan	25	Rs.1,30,650/-
3.	Nowshera	12	Rs.55,150/-
4.	Kohat	05	Rs.69,500/-
5.	Peshawar-IV	26	Rs.1,75,815/-
	Total	94	Rs.4,87,715/-

DEPARTMENTAL VERSION.

20. The Department explained that the total amount involved in paras was Rs.4,87,715/- out of which Rs.1,26,050/- has already been recovered and the balance amount of Rs.3,61,665/- remained un-recovered which will be recovered shortly.

PAC RECOMMENDATION.

21. The Department was directed to affect complete recovery at its earliest. Para stands, progress be reported to PAC.

D.P No.1.7 SHORT REALIZATION OF MOTOR VEHICLE REGISTRATION FEE DUE TO MISCALCULATION OF VALUE OF IMPORTED MOTOR VEHICLES Rs.0.195 MILLION.

AUDIT VERSION.

22. During the year 2007-08, contrary to Section 42 of the Motor Vehicle Rules, 1969 read with schedule-I of the Finance Act, 2000, the Excise and Taxation Officer, Nowshera short realized registration fee in six cases due to miscalculation of the value of imported motor vehicles resultantly short realization of Government revenue amounting to Rs.0.195 million was made.

DEPARTMENTAL VERSION.

23. The Department explained that the office record of ETO Nowshera was completely destroyed in the torrential flood of July, 2010. However, the ETO has been directed to accumulate/maintain the record through other possible sources and recover the amount of Rs.1,94,850/-.

PAC RECOMMENDATION.

24. The Committee accepted the explanation of the Department and recommended for full recovery followed by verification by Audit otherwise Departmental action may be initiated against the official(s) at fault who had made wrong assessment. Para stands, progress be reported to PAC.

D.P No.1.8 NON/SHORT REALIZATION OF ANNUAL RENEWAL FEE FROM REAL ESTATE AGENTS & MOTOR VEHICLE DEALERS Rs.0.306 MILLION.

AUDIT VERSION.

25. Contrary to the NWFP, Finance Act, 1995, five Excise and Taxation offices during March to May, 2009 did not realize Rs.0.311 million on account of annual renewal fee in 73 cases during 2007-08 from the Real Estate Agents and Motor Vehicles dealers as per detail given below:

S.No	Excise & Taxation office	No. of Cases	Total Amount pointed out	Amount recovered	Balance
1.	Swabi	04	Rs.15,000/-	Rs.5,000/-	Rs.10,000/-
2.	Mardan	13	Rs.36,000/-	Nil	Rs.36,000/-
3.	Nowshera	13	Rs.1,02,000/-	-do-	Rs.1,02,000/-
4.	Kohat	09	Rs.18,000/-	-do-	Rs.18,000/-
5.	Peshawar-IV	34	Rs.1,40,000/-	-do-	Rs.1,40,000/-
	Total	73	Rs.3,11,000/-	Rs.5,000/-	Rs.3,06,000/-

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DEPARTMENTAL VERSION.

26. The Department explained that the total amount pointed out was Rs.3,11,000/- out of which Rs.85,500/- has been recovered and verified by Audit where as **Rs.2,25,500/-** is pending for recovery by five Excise & Taxation Officers as per detail given below:-

S.No	Excise & Taxation office	Amount pointed out	Amount Recovered	Balance
1.	Swabi	Rs.15,000/-	Rs.5,000/-	Rs.10,000/-
2.	Mardan	Rs.36,000/-	Rs.6,500/-	Rs.29,500/-
3.	Nowshera	Rs.1,02,000/-	Nil	Rs.1,02,000/-
4.	Kohat	Rs.18,000/-	Rs.6,000/-	Rs.12,000/-
5.	Peshawar-IV	Rs.1,40,000/-	Rs.68,000/-	Rs.72,000/-
	Total	Rs.3,11,000/-	Rs.85,500/-	Rs.2,25,500/-

27. During the pre-PAC meeting all the concerned ETOs were directed to forfeit the security deposits of the closed units and affect the recovery through legal procedures against the defaulters at the earliest possible.

PAC RECOMMENDATION.

28. The Committee up held the decision of pre-PAC with the recommendation to complete the task within a month. Para stands, progress be reported to PAC.

D.P No.1.9 **NON/SHORT REALIZATION OF SECURITY DEPOSIT FROM REAL ESTATE AGENTS & MOTOR VEHICLES DEALER FOR RS.0.269 MILLION.**

AUDIT VERSION.

29. The Real Estate Agents and Motor Vehicle Dealers are required to deposit security and registration fee for their business and to pay renewal fee by the end of each year under NWFP, Finance Act, 1995. Contrary to this, two Excise and Taxation offices did not realize Rs.0.269 million on account of security deposit from Real Estate Agents and Motor Vehicle Dealers in 21 cases during 2007-08 as per details below:-

S.No	Excise & Taxation office	No. of cases	Amount pointed out
1.	Mardan	19	Rs.2,46,000/-
2.	Nowshera	02	Rs.23,000/-
	Total	21	Rs.2,69,000/-

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DEPARTMENTAL VERSION.

30. The Department admitting the contention of Audit told that no recovery has been affected so far. However, during the pre-PAC meeting the concerned Excise & Taxation Officers have been directed to affect recovery by following the legal actions against the defaulters as early as possible.

PAC RECOMMENDATION.

31. The Committee recommended that recovery be made followed by conducting inquiry for fixing responsibility against the staff to ascertain whether non-affecting recovery was deliberate or other wise.

D.P No.1.10 NON/SHORT REALIZATION OF TOBACCO DEVELOPMENT CESS AND PENALTY Rs.5.369 MILLION.

AUDIT VERSION.

32. In April, 2009, contrary to the provisions of Section 11 of Finance Act 1996, the Excise and Taxation Office, Mardan failed to recover or less recovered

tobacco development cess and penalty amounting to Rs.5.369 million during the year 2007-08.

DEPARTMENTAL VERSION.

33. The Excise and Taxation Officer Mardan has made their efforts to recover the outstanding Government dues from the defaulters. The ETO Mardan office has also approached the Chairman Pakistan Tobacco Board for collection of outstanding dues.

PAC RECOMMENDATION.

34. The Committee recommended that recovery should be made and in case of failure legal actions be initiated against the defaulters. Para stands till complete recovery.

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REVENUE & ESTATE DEPARTMENT.

Thirteen (13) Draft Paras reflected in the Audit Report on Revenue Receipts for the year 2008-09 were taken up for examination by the PAC in its meeting held on 16th March, 2011. The following were present:-

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Public Accounts Committee.

- | | | |
|----|------------------------------|------------------|
| 1. | Mr. Abdul Akbar Khan, MPA | Acting/Chairman. |
| 2. | Mr. Mukhtiar Ali, MPA | Member. |
| 3. | Mr. Ziyad Akram Durrani, MPA | Member |
| 4. | Malik Tamash Khan, MPA | Member |
| 5. | Mr. Fazal Shakoor, MPA | Member |

Finance Department.

Mr. Muhammad Idrees Khan,

Additional Secretary.

Audit Department.

1. Mr. Javed Iqbal,

Director.

2. Mr. Dilawar Khan,

Deputy Director.

3. Mr. Sher Aman,

Audit Officer.

Law Department.

Mr. Azmat Ullah,

Section Officer (OP).

Revenue & Estate Department.

1. Syed Mubashir Hussain Shah,

Secretary, BOR.

2. Mr. Subhan Ullah,

D.O.R, Nowshera.

3. Mr. Ihsan,

D.O.R, Peshawar.

4. Mr. Liaqat,
Tehsildar, Nowshera.

5. Mr. Hamid Gigyani,
Tehsildar Peshawar.

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Provincial Assembly of Khyber Pakhtunkhwa.

1. Mr. Amjad Ali,
Additional Secretary.

2. Mr. Inamullah Khan,
Deputy Secretary.

3. Mr. Wakil Khan,
Assistant Secretary.

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

D.P No.3.1 **NON-REALIZATION OF MUTATION FEE DUE TO APPLICATION OF INCORRECT RATE Rs.1.380 MILLION.**

AUDIT VERSION.

3. The Audit reported that Tehsildar, Nowshera charged mutation fee at the rate of 2% instead of 3% during the month of July & August, 2007 in violation of Notification No.879/- TOSD/MF, dated 29-09-2006 issued in this regard which resulted in short realization of Rs.1.380 million during 2007-08.

DEPARTMENTAL VERSION.

4. The Department explained that an amount Rs.3,27,735/- had been recovered & deposited in the Treasury. Efforts for recovery of balance amount i.e. Rs.10,52,815/- were in progress, but it is facing hurdles due to the fact that the entire record of Tehsildar Nowshera Office had been washed away in the recent flood.

PAC OBSERVATION.

5. The Committee observed with grave concern that the Department had collected 2% mutation fee instead of 3%, thus causing loss to Government exchequer. Moreover, instead of accepting its fault, the Department was concealing facts on the pretext that all the relevant record had been washed away in July/August 2010, during devastating flood.

6. It also observed that no departmental action had been initiated against the responsible (s) for causing loss to the Government rather the Department is intimating the position of the recovery. If the Audit Department had not pointed it out, the Government exchequer should have been deprived of huge legal revenue, which shows lack of internal control system in the Department. The Committee also observed that two months' record had been scrutinized by Audit, due to shortage of time wherein short realization of Rs.1.38 million had been pointed out, if record of the whole year was scrutinized, there would have been more/huge short realization.

PAC RECOMMENDATION.

7. The Committee recommended for conducting special audit of Tehsildar Nowshera office for the whole year by the Audit Department within a month. The Department was directed to hold inquiry in the matter and to initiate disciplinary/ punitive action against the responsible officers/officials. Para stands. Progress be reported to PAC. _

D.P No.3.2 SHORT REALIZATION OF MUTATION FEE DUE TO UNDER VALUATION OF LAND Rs.0.772 MILLION.

AUDIT VERSION.

8. Mutation fee was required to be charged on the recorded value or on the value notified by the District Collector which ever is higher, Contrary to this, six

Tehsildars accepted the value of the land at rates lower than those notified by the District Collector, which resulted in short realization of Rs.0.772 million in 175 cases during 2007-08.

DEPARTMENTAL VERSION.

9. The Department explained that full recovery except the amount related to Tehsildar Peshawar i.e. Rs.5,09,341/- had been made which has already been verified by Audit.

PAC OBSERVATION.

10. The Committee observed that internal control system was lacking in the Department which needs to be strengthened and the Department was miserably failed to initiate any disciplinary action against the officers/officials at fault.

PAC RECOMMENDATION.

11. The Committee after detailed discussion recommended that recovery of the balance amount may be made and verified by Audit within one month. The Department was also directed to hold enquiry in the matter, fix responsibility and initiate action against the responsible officers/officials for their inefficiency, negligence and irresponsible attitude. Para stands. Progress be reported to PAC.

D.P No.3.3 **SHORT/NON REALIZATION OF MUTATION FEE DUE TO SHORT/NON ACCOUNTAL FOR IN MUTATION FEE REGISTER Rs.0.315 MILLION.**

AUDIT VERSION.

12. In violation of Notification No.879/TOSD/MF dated 06/03/2008, the Tehsildar Peshawar, during the year 2007-08, accepted and attested mutations, but entries of mutation fee had not been made or less made in mutation fee register. This resulted into short/non realization of Government revenue amounting to Rs.3,14,745/-

DEPARTMENTAL VERSION.

13. The Tehsildar, Peshawar requested for provision of list of the recoverable amount so that the exact amount could be recovered.

PAC OBSERVATION.

14. The Committee observed that non realization of mutation fee was a lapse on the part of Department for which it could not advance any cogent reason and the concerned Tehsildar was still ignorant of the recoverable amount.

PAC RECOMMENDATION.

15. The Committee, recommended that detail audit of the Tehsildar Peshawar office may be carried out by the Audit and report be submitted for consideration of PAC, within a month. Para stands. Progress be reported to PAC.

D.P No.3.4 **NON-REALIZATION OF MUTATION FEE Rs.0.0221 MILLION.**

AUDIT VERSION.

16. The Tehsildar, Tangi (Charsadda) accepted and attested a mutation but prescribed fee was not realized from the concerned which resulted into non realization of Government revenue of Rs.22,062/- during 2007-08.

DEPARTMENTAL VERSION.

17. The Department explained that total amount of Rs.22,100/- had been recovered and deposited in to Government treasury.

PAC RECOMMENDATION.

18. In view of the reply of the Department duly endorsed by Audit, the para was recommended to be dropped, with the direction to avoid such lapses in future.

D.P No.3.5 **NON-REALIZATION OF MUTATION FEE ON GIFT MUTATION TO OTHER THAN GEGAL HEIR WORTH Rs.0.017 MILLION.**

AUDIT VERSION.

19. Mutation fee was chargeable at the rate of 3% on the transactions of transfer of property made to persons other than legal heirs under Board of Revenue Notification but contrary to this, the Tehsildar, Peshawar accepted and attested a

mutation in favour of a person other than legal heir without charging mutation fee, which resulted loss of Government revenue of Rs.17,400/- during 2007-08.

DEPARTMENTAL VERSION.

20. The Department explained that the whole amount had been recovered and could be verified by Audit.

PAC RECOMMENDATION.

21. In view of the reply of the Department, the para was recommended to be dropped subject to verification of complete recovery by Audit.

D.P No.3.6 **SHORT REALIZATION OF STAMP DUTY & REGISTRATION FEE ON LEASE DEEDS WORTH Rs.0.180 MILLION.**

AUDIT VERSION.

22. Contrary to Article-35 (a) of schedule-I to the stamp Act, 1899. , two sub-Registrars had not worked out value for the purpose of charging stamp duty, resultantly Government revenue on account of stamp duty of Rs.11.990/- and registration fee of Rs.69,369/- aggregating to Rs.1,80,359/- had been short realized during 2007-08.

DEPARTMENTAL VERSION.

23. The Department explained that all the amount had been recovered. The amount pertaining to Abbottabad had been verified by audit whereas verification of the amount pertaining to Peshawar was yet to be made.

PAC RECOMMENDATION.

24. The Committee recommended the para to be dropped subject to verification of recovery pertaining to Peshawar within one week. Para stands.

D.P No.3.7 **SHORT REALIZATION OF STAMP DUTY DUE TO UNDER-VALUATION OF LAND Rs.0.047 MILLION.**

AUDIT VERSION.

25. Contrary to Section-27-A of the stamp Act, 1899, Sub Registrar, Peshawar accepted the value of land at the rates lower than those notified by the Distt: collector, which resulted in short realization of Rs.47,185/- in 15 cases during the year, 2007-08.

DEPARTMENTAL VERSION.

26. The Department explained that total amount as pointed out had been recovered and deposited into the Government treasury.

PAC OBSERVATION.

27. The Committee observed that short realization of stamp duty was a lapse on the part of the Departmental officers for which the Department had neither taken any action till date nor it could advance any cogent reason in this regard.

PAC RECOMMENDATION.

28. Subject to verification of treasury challan and recovery statement by Audit, the para was recommended to be dropped with the direction to the Department to initiate appropriate disciplinary action against the responsible (s) with in a month.

D.P No.3.8 **NON/SHORT REALIZATION OF CAPITAL VALUE TAX WORTH Rs.1.510 MILLION.**

AUDIT VERSION.

29. Contrary to Section-7 of the Federal Finance Act, 1989 as amended by the Federal Finance Act, 2006, in the offices of four Tehsildars/Sub-Registrars, CVT was not/short realized in 53 cases resultantly the Federal Government revenue of Rs.1.510 million was not/short realized during the year, 2007-08.

DEPARTMENTAL VERSION.

30. The Department explained that out of the total amount of Rs.15,10,000/-, Rs.13,87,610/- had been recovered whereas the balance amount of Rs.1,22,390/- were being recovered.

PAC OBSERVATION.

31. The Committee observed that the recoverable amount of CVT related to Federal Consolidated Fund and could not be examined by the Provincial PAC.

PAC RECOMMENDATION.

32. The Committee recommended referring the para to Federal PAC.

D.P No.3.9 **NON RETENTION OF 5% COLLECTION CHARGES FOR RECOVERY OF CVT WORTH Rs.3.519 MILLION.**

AUDIT VERSION.

33. Collection charges at the rate of 5% was recoverable on taxes collected on behalf of Federal Government under Khyber Pakhtunkhwa, Finance Department Notification No.SOR-III (FD) 2-64/98/Fed:/Tax, dated 16-03-1998. However, the same Notification was withdrawn vide F.D Notification No.BO (RES) FD/2-64/2007, dated 28-02-2008 with immediate effect. During the year 2006-07, Eight Tehsildar & Sub-Registrars collected Rs.70.386 million on accounts of CVT on behalf of Federal Government, but did not retain collection charges at the rate of 5% of the amount collected. This resulted into loss of Provincial Government revenue Rs.3.519 million.

DEPARTMENTAL VERSION.

34. The Department explained that the Constitution of Islamic Republic of Pakistan, 1973 and Income Tax Ordinance, 2001, do not permit any withholding Agent to retain 5% services charges while discharging his duty. Moreover, the Finance Department had also withdrawn its Notification referred to above.

PAC RECOMMENDATION.

35. In view of the plausible reply of the Department, the para was recommended to be dropped.

D.P No.3.10 **NON/SHORT REALIZATION OF AGRICULTURAL INCOME TAX & LAND TAX RS.0.005 MILLION.**

AUDIT VERSION.

36. Contrary to the rates proscribed under First & Second Schedule to the Khyber Pakhtunkhwa, Land Tax & Agricultural Income Tax (AIT) ordinance, 2000. Two (2) Tehsildars had not/less recovered AIT & Land Tax. This resulted in non/short realization of Government revenue of Rs.1.005 million during the year, 2007-08.

DEPARTMENTAL VERSION.

37. The Department explained that all the amount except Rs.7,06,860/-, had been recovered and efforts are under way to recover the balance amount at an earliest.

PAC RECOMMENDATION.

38. Subject to verification of complete recovery the para was recommended to be dropped.

D.P No.3.11 **NON/SHORT REALIZATION OF LOCAL RATE WORTH Rs.0.026 MILLION.**

AUDIT VERSION.

39. Contrary to Government of Khyber Pakhtunkhwa, Local Government & Rural Development Department Notification No. SO (LG-III) LG-7-33/80, dated 17/06/1980. Tehsildar, Peshawar had not/less recovered local rate. This resulted in non/short realization of Government Revenue of Rs.26,540/- during the year, 2007-08.

DEPARTMENTAL VERSION.

40. The Department explained that the entire amount had been recovered, record could be verified by Audit.

PAC RECOMMENDATION.

41. Subject to verification of recovery, the para was recommended to be dropped.

D.P No.3.12 **EMBEZZLEMENT OF GOVERNMENT REVENUE WORTH Rs.1.353 MILLION.**

AUDIT VERSION.

42. During the year, 2007-08, Eight Tehsildar/Sub-Registrars failed to deposit/short deposit the amount collected on account of mutation fee, registration fee and CVT into the Government treasury. This resulted into embezzlement of Government Revenue of Rs.1.353 million.

DEPARTMENTAL VERSION.

43. The whole amount was properly deducted & deposited into Government Treasury and duly verified by Audit except the amount pertaining to Tehsildar, Mardan, Peshawar and Sub-Registrar, Peshawar, which had not been verified as yet.

PAC OBSERVATION.

44. The Committee observed with grave concern that Tehsildars being responsible officers had not deposited the realized amount into the Government Treasury in violation of Treasury Rules and Rule 26 of GFR Vol-I and wanted to know the reasons for such irresponsible behavior of the Departmental Officers for which the Department could not advance any plausible explanation and termed it as a fault on the part of the officers concerned.

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PAC RECOMMENDATION.

45. Subject to verification of recovery within a month, the para was recommended to be dropped, if the amount is not got verified, recovery may be made from the concerned officer(s). The Department was also directed to initiate disciplinary action against the concerned officers for their inefficiency, negligence and irresponsible attitude and to submit report to PAC within a month.

DP No.3.13 **LATE DEPOSIT OF MUTATION FEE INTO GOVERNMENT TREASURY.**

AUDIT VERSION.

46. During the year, 2007-08, two Tehsildars did not deposit mutation fee well in time into the Government treasury, in violation of Treasury Rules and Rule 26 of GFR Vol-I.

DEPARTMENTAL VERSION.

47. The Department explained that all the amount has been deposited into Government Treasury, the instructions regarding the deposit of Government Revenue in time had been issued to the concerned staff with strict warning to be careful and to avoid such like practice in future. Moreover, necessary changes in the proforma of monthly statement will be made and a column for recovery made during the month and its deposit will be added into the proforma.

PAC RECOMMENDATION.

48. In view of the plausible explanation advanced by the Department, the para was recommended to be dropped, with the direction to the Department to avoid such lapses in future to improve its internal control and to initiate appropriate disciplinary/punitive actions against the officers at fault in time.

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TRANSPORT DEPARTMENT

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Two (02) Draft Paras reflected in the Audit Report on Revenue Receipts for the year 2008-09 were taken up for examination by the PAC in its meeting held on 14th July, 2011. The following were present:-

1. Mr. Abdul Akbar Khan, MPA Acting Chairman
2. Syed Muhammad Ali Shah Bacha, MPA Member
3. Mr. Saqib Ullah Khan Chamkani, MPA Member
4. Mr. Ziyad Akram Durrani, MPA Member

Law, Parliamentary Affairs and Human Rights Department.

Mr. Azamatullah Khan,

Law Officer.

Finance Department

Mr. Muhammad Idrees Khan,

A.S Regulation.

Audit Department

1. Syed Muhammad Ayub,

Director General.

2. Syed Bahadar Shah,

Deputy Director.

Transport Department.

1. Mr. Azmat Hanif,

Secretary.

2. Mr. Imad Ali

Director.

Provincial Assembly Secretariat.

1. Mr. Amanullah,

Secretary.

2. Mr. Amjad Ali,

Additional Secretary.

3. Mr. Inamullah Khan,

Deputy Secretary.

4. Mr. Wakil Khan,

Assistant Secretary.

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

DP.No.4.1 **NON-REALIZATION OF ROUTE PERMITS FEE-Rs. 1.458 MILLION.**

AUDIT VERSION.

3. The Audit reported that three Regional Transport Authorities did not take any action to recover the route permits renewal fee of Rs.1.458 million from 196 defaulters during 2007-08.

4. The lapse was pointed out by Audit in May & June 2009. The Department was requested to convene DAC meeting which was not arranged till finalization of the report.

DEPARTMENTAL VERSION.

5. The Department explained that amount involved in the DP is Rs.14,58,240/-, out of which Rs.3,42,885/- had been recovered, leaving a balance of Rs.11,15,355/-.

PAC RECOMMENDATION.

6 The para was kept stands till complete recovery.

DP.No.4.2. **NON-REALIAZATION OF LICENCE RENEWAL FEE FROM BUS STANDS – Rs. 0.03 MILLION.**

AUDIT VERSION.

7. The Audit reported that Regional Transport Authority Hazara, Abbottabad did not recover licence renewal fee of Rs. 30,000/- from three defaulters during 2007-08.

8. The lapse was pointed out by Audit in June 2009. The Department was requested to convene DAC meeting which was not arrange till finalization of the report.

DEPARTMENTAL VERSION.

9. The Department explained that Secretary Transport/chairman PTA Khyber Pakhtunkhwa had directed the Secretary RTA Abbottabad to redouble their efforts for recovery/recollecting the outstanding Government dues well in time.

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PAC OBSERVATION.

10. The PAC observed that the Department did nothing for the recovery of outstanding since 2009.

PAC RECOMMENDATION.

11. The para was kept stand till complete recovery.

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ENVIRONMENT DEPARTMENT.

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Seven (07) Draft Paras reflected in the Audit Report on Public Sector Enterprises for the year 2008-09 were taken up for examination by the PAC in its meeting held on 8th March, 2011. The following were present:-

Public Accounts Committee.

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|----|------------------------------|------------------|
| 1. | Mr. Abdul Akbar Khan, MPA | Acting Chairman. |
| 2. | Mr. Mukhtiar Ali, MPA | Member. |
| 3. | Mr. Saqib-Ullah Khan, MPA | Member. |
| 4. | Mr. Muhammad Zamin Khan, MPA | Member. |

5. Mr. Fazal Shakoor, MPA Member.
6. Mr. Malik Tamash Khan, MPA Member

Finance Department.

Mr. Muhammad Idrees Khan,
Additional Secretary.

Law, Parliamentary Affairs and Human Rights Department.

Mr. Muhammad Ibrahim,
Additional Secretary.

Audit Department.

1. Mr. Muhammad Asaf Khan,
Director, Commercial Audit.
2. Mr. Afzal Khan,
Audit Officer, Commercial Audit.

Environment Department.

1. Mr. Zahur Ahmad Khan Khalil,
Secretary.
2. Mr. Lal Muhammad,
Director (B/A)

Provincial Assembly of Khyber Pakhtunkhwa.

1. Mr. Amanullah,
Secretary.

2. Mr. Amjad Ali,

Additional Secretary.

3. Mr. Inamullah,

Deputy Secretary.

4. Mr. Ashtimand,

Assistant Secretary.

5. Mr. Wakeel Khan,

Assistant Secretary.

6. Mr. Khalid Shaheen,

Assistant Secretary.

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

Para No.4.1 **AUDIT VERSION.**

3. The Director Commercial Audit gave a detail of working results of the Forest Development Corporation (FDC) for the year 2007-08 as compared to the previous years as given below:-

	2007-08	%age Inc/Dec	2006-07	%age Inc/Dec	2005-06	%age Inc/Dec	2004-05
Sales	385.349	54.20	249.900	3.53	289.007	11.632	327.050
Cost of sales	358.437	51.59	236.454	13.17	272.332	10.611	304.661
Gross profit/loss	26.912	100.15	13.446	19.37	16.676	25.517	22.389
Operating expenses	32.628	15.04	28.363	1.36	28.755	27.477	22.557

Operating loss	5.716	61.68	14.917	23.49	12.080	70.90.	0.168
Other income	28.685	5.97	27.068	58.42	17.086	99.790	8.552
Profit	22.969	89.05	12.150	142.71	5.006	40.251	8.384
WPP fund	1.148	88.82	0.608	143.20	0.225	—	0.419
FDF	15.274	89.03	8.080	142.72	3.329	—	5.575
Profit/loss before taxation							

6.546

89.03

3.463

142.68

1.427

40.292

2.390 Taxation 2.07065.601.25013.491.445-0.708 Profit/loss

taxation 4.476102.262.213-0.01899.4183.098 Prior years

after adjustment 1.834-

4.49231.696.5765.336.243 Net rofit/loss before dividend

6.310

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2.279

65.44

6.594

109.67

3.145 Surplus B/F 410.1080.55412.3861.57418.9810.745422.126 Accumulated surplus
C/F 416.4181.54410.1080.55412.3861.574418.981

4. Sales of Corporation increased by 54.20% from Rs.249.900 million in 2006-07 to Rs.385.349 million in 2007-08. As a result gross profit increased from Rs.13.446 million in 2006-07 to Rs.26.912 million in 2007-08. The gross profit could not absorb the operating expenses which increased by 15.04 % from Rs.28.363 million in 2006-07 to Rs.32.628 million in 2007-08. Resultantly, Corporation sustained operating loss of Rs.5.716 million in 2007-08. Strenuous efforts need to be made to increase sale and control expenses.

DEPARTMENTAL VERSION.

5. The Department explained that the observations of audit regarding increase of 15.04 % in the operating expenses was due to increase in prices of materials, utilities, services and revision of pay scales of officers and staff with effect from 01-7-2007, even then the Corporation has succeeded to reduce the operating loss from Rs.14.917 million of 2006-07 to Rs.5.716 million during 2007-08 and earned net profit of Rs.22.969 million during 2007-08 as compared to Rs.12.151 million in 2006-07. The increase is 89.03 %. However, instructions of Audit to increase sale and to control the expenses have been noted for compliance in future.

PAC RECOMMENDATION.

6. The Committee was not satisfied with the performance of the Department, as losses were reported every year. The Committee wanted to know detailed reasons for such huge losses to the Government, therefore, the Audit was directed to conduct Special Audit of the Forest Development Corporation and report back to PAC within a month. Para stands, progress be reported to PAC.

Para No.4.2

AUDIT VERSION.

7. The Director Commercial Audit reported that Physical verification of assets and stores & spares was not carried out at the close of the year, 2007-08 which was required to be done.

DEPARTMENTAL VERSION.

8. Physical verification of Forest Development Corporation fixed assets, stock and store items have been carried out upto 30-6-2008 except some field units of Malakand Circle which are pending due to bad law and order situation in Malakand Division.

PAC RECOMMENDATION.

9. The explanation being plausible was accepted and the para was recommended to be dropped.

Para No.4.3

AUDIT VERSION.

10. The Director Commercial Audit reported that the closing stock of finished goods stood at Rs.233.096 million on June 30, 2008 against Rs.118.345 million of the previous year. The abnormal increase by 97% in stock in trade was due to accumulation of timber on roadside depots in the forest, which needs to be elucidated.

DEPARTMENTAL VERSION.

11. The Forest Development Corporation management explained that due to worst law and order situation in Malakand, timber merchants were reluctant to visit for timber purchase that is why the closing stock was increased.

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PAC RECOMMENDATION.

12. The explanation being plausible was accepted and the para was recommended to be dropped.

D.P No.4.4

AUDIT VERSION.

13. The Director, Commercial Audit reported that the trade debtors increased from Rs.25.495 million in 2006-07 to Rs.29.365 million in 2007-08. Efforts for realization of trade debts need to be made.

DEPARTMENTAL VERSION.

14. The Department explained that the entire trade debtors as on 30-06-2008 have been realized in full and nothing is outstanding in this regard.

PAC RECOMMENDATION.

15. The explanation being plausible was accepted and the para was recommended to be dropped.

D.P No.4.5

AUDIT VERSION.

16. The Director, Commercial Audit reported a sum of Rs.22.639 million was outstanding against Forest Department (Watershed Management Project and Aforestation) since long. Strenuous efforts for recovery/ adjustment of advances need to be made.

DEPARTMENTAL VERSION.

17. The Department explained that the matter regarding recovery of outstanding amount against Forest Department (Watershed Management Project Abbottabad) is under active correspondences. As and when the amount is released by the Forest Department, it will be adjusted.

PAC RECOMMENDATION.

18. The Committee after detailed discussion directed the Department to send a comprehensive case in this regard to Finance Department, for affecting deduction at source from the budget of Forest Department and make subsequent adjustment with Forest Development Corporation. If the Federal Government Ministry

was found involved, the Finance Department was directed to approach the Finance Division to make at source deduction from the concerned Ministry and credit it to Provincial Government for crediting it into the account of Forest Development Corporation. Para stands, progress be reported to PAC.

D.P No.4.6

AUDIT VERSION.

19. The Director, Commercial Audit reported that a sum of Rs.21.004 million was outstanding against “others” on June 30, 2008 as compared to Rs.21.492 million of the pervious year representing the penalty imposed on defaulting contractors. Steps may be taken for recovery of penalty imposed.

DEPARTMENTAL VERSION.

20. Against the outstanding amount, a sum of Rs.6.412 million has been recovered/adjusted from the contractors. As the recoveries through normal course were not possible, therefore, suits have been filed in different courts for recovery of the balance amount.

PAC RECOMMENDATION.

21. The PAC directed the Department to recover the amount and pursue the cases vigorously in the Court of law through a responsible officer not below BPS 17. Para stands, progress be reported to PAC.

D.P No.5 UN-AUTHORIZED EXPENDITURE INCURRED ON POL AND MAINTENANCE OF A VEHICLE Rs.0.682 MILLION.

AUDIT VERSION.

22. The Director, Commercial Audit reported that the management of Forest Development Corporation provided a vehicle to the Minister for Environment, Government of Khyber Pakhtunkhwa and incurred a sum of Rs.0.682 million on its POL & repair from July 2003 to June, 2007. It further reported that the allocation of vehicle to the Minister was the responsibility of S&GAD Government of Khyber Pakhtunkhwa, hence, the provision of vehicle by the FDC was violation of said instruction.

DEPARTMENTAL VERSION.

23. The Department explained that the Khyber Pakhtunkhwa, FDC is a corporate body and had been established through Khyber Pakhtunkhwa, FDC Act, 1977 and re-constituted through Khyber Pakhtunkhwa, FDC Ordinance 1980. The General direction, control and administration affairs of the Corporation vests in the Board of Directors, which is governing body of the Corporation.

24. It further clarified that the FDC Board of Directors in its 22nd meeting held on 18-12-1994 had agreed to purchase 1300 CC Car for the Chairman FDC Board of Directors. Accordingly funds were provided in the revised Budget of the Corporation for the year 1994-95 and a car was purchased.

25. Since BOD is the competent and legal forum to run the affair of the Corporation, has already granted the approval, which is sufficient and there is hardly any need to get the approval from any other Government department/agency.

26. Moreover, it was added that out of total expenditures of Rs.6,81,735/- (from July 2003 to June 2007) on the POL and repair and maintenance of the vehicle, a sum of Rs.3,72,072/- has been incurred on the purchase of POL/CNG and the balance amount of Rs.3,09,663/- has been incurred on the repair and maintenance of vehicle. The expenditures on POL to the extent of Rs.3,72,072/- at the average of Rs.93,000/- per annum are not on higher side in connection with inspection of Corporation activities spread over in Malakand and Hazara Divisions of Khyber Pakhtunkhwa.

27. As regard the amount of Rs.3,09,663/- incurred on the repair and maintenance of the vehicle is concerned, the same was also justified as it would have been incurred, irrespective of the fact that the vehicle remained under the use of the Chairman FDC Board of Directors or any other officer of the Corporation.

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PAC RECOMMENDATION.

28. In view of plausible explanation of the Department, the para was recommended to be dropped.

AGRICULTURE, LIVESTOCK & COOPERATION

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Three (03) Draft Paras reflected in the Audit Report on Public Sector Enterprises for the year 2008-09 were taken up for examination by the PAC in its meeting held on 8th March, 2011. The following were present:-

Public Accounts Committee.

- | | | |
|----|------------------------------|------------------|
| 1. | Mr. Abdul Akbar Khan, MPA | Acting Chairman. |
| 2. | Mr. Mukhtiar Ali, MPA | Member. |
| 3. | Mr. Saqib-Ullah Khan, MPA | Member. |
| 4. | Mr. Muhammad Zamin Khan, MPA | Member. |
| 5. | Mr. Fazal Shakoor, MPA | Member. |
| 6. | Mr. Malik Tamash Khan, MPA | Member |

Finance Department.

Mr. Muhammad Idrees Khan,

Additional Secretary.

Law, Parliamentary Affairs and Human Rights Department.

Mr. Muhammad Ibrahim,

Additional Secretary.

Audit Department.

1. Mr. Muhammad Asaf Khan,

Director, Commercial Audit.

2. Mr. Afzal Khan,

Audit Officer, Commercial Audit.

Agriculture, Livestock & Cooperation Department.

1. Mr. Muhammad Israr,

Additional Secretary.

2. Mr. Khan Bahadar,

Vice Chancellor, Agriculture University Peshawar.

Provincial Assembly of Khyber Pakhtunkhwa.

1. Mr. Amanullah,

Secretary.

2. Mr. Amjad Ali,

Additional Secretary.

3. Mr. Inamullah,

Deputy Secretary.

4. Mr. Ashtimand,

Assistant Secretary.

5. Mr. Wakeel Khan,

Assistant Secretary.

6. Mr. Khalid Shaheen,

Assistant Secretary.

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

D.P No.1 **LOSS DUE TO PURCHASE OF LUBRICANTS AT HIGHER RATES**
Rs.0.302 MILLION.

AUDIT VERSION.

3. During the year 2007-08 the office of Agricultural Engineering, Tarnab floated a tender in News Papers on July 06, 2008 for the purchase of lubricants. M/S Jadda Autos Nowshera was the lowest out of five bidders with Rs.135 per liter for Shell Petroleum and Rs.120 per liter for Narvoc quality. The offer was rejected by the Purchase Committee on plea that the rates offered were much lesser than open market; therefore quality of the lubricant may not be compromised. Subsequently, the lubricants were purchased at higher rates through hand collected quotations and supply orders were restricted to Rs.39,000/- to avoid open tendering. Consequently, the Department sustained a loss of Rs.3,02,332/- due to rejection of 1st lowest bid, purchased at higher rates and splitting purchase orders.

DEPARTMENTAL VERSION.

4. The Department explained that as per decision of the DAC an inquiry was conducted in the subject case and its report was sent to the Audit Office as well as Administration Department on April 04, 2010. The said inquiry was not considered by the Audit Office and advised that a fresh/independent inquiry be conducted. This department has conducted another enquiry as advised by the Audit Office and has furnished to the Administration Department and Audit Office on November 01, 2010. The result/response of Audit Office is awaited.

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PAC OBSERVATION.

5. The PAC observed that lowest bid was rejected by the Department and lubricants were purchased on higher rates through hand collected quotations instead of

adopting open tender system in violation of GFR. Moreover, defective inquiries were conducted just to provide shelter to the defaulting officials; the issue therefore, needs detailed investigation as the Department was unable to satisfy the Committee.

PAC RECOMMENDATION.

6. The PAC recommended that the case may be probed into by the Sub-Committee comprising the following.

1. Mr. Abdul Akbar Khan, MPA Chairman
2. Mr. Saqib Ullah Khan, MPA Member

7. The Sub-Committee will examine the issue in detail and submit its report to PAC within a month. Para stands.

D.P No.2 **UN-AUTHORIZED WITHDRAWAL OF POL BY THE DIRECTORATE OFFICE FROM ASSISTANT AGRICULTURAL ENGINEER BUDGET Rs.0.229 MILLION.**

AUDIT VERSION.

8. The Director, Commercial Audit reported that in Assistant Agricultural Engineer Field Offices as well as Directorate Office Tarnab, separate budget of Rs.4.200 million in POL/lubricant was allocated for the operation of field offices during 2007-08. However a quantity of 3,824 liters POL valuing Rs.2,29,440/- was issued to Directorate Office Tarnab in violation of para 9 of GFR Vol-I. Thus the budget of one unit was utilized for other unit without proper re-appropriation by Finance Department.

DEPARTMENTAL VERSION.

9. The Department explained as per decision of DAC Finance Department was approached for condonation of the irregularity which was condoned by Finance Department.

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PAC RECOMMENDATION.

10. The explanation of the Department was accepted and the para was recommended to be dropped with the direction to avoid such lapses in future.

D.P No.3 **IRREGULAR WITHDRAWAL OF SUBSIDY FROM TREASURY Rs.0.100 MILLION.**

AUDIT VERSION.

11. The Director, Commercial Audit reported that in Assistant Agricultural Engineering Tarnab office, a zamindar applied for boring/installation of a tube-well under the cost sharing scheme. His request was approved on January 29, 2008 and work order was issued to the operator (Power Winch No.7) on March 24, 2008. The Sub-Committee issued completion certificate in June, 2008 that was responsible for the verification/physical achievement and completion of tube-well. The payment of Rs.1,00,000/- was released to the farmer on June 28, 2008 by giving certificate in the treasury that the work had been completed according to PC-I. However, as per Progress Report of SP-563, the machine was shifted to the farmer on June 01, 2008 and only 130 feet bore/drilling was done upto August 31, 2008 and the work was under process. Thus the withdrawal and disbursement of Rs.1,00,000/- was made on fake completion certificate.

DEPARTMENTAL VERSION.

12. The Department explained that the amount was withdrawn to avoid lapse of funds and payment was made to the zamindar after completion of tube-well.

PAC OBSERVATION.

13. The Committee observed the irresponsible attitude of the Department for issuing completion certificate prior to the completion of the work and withdrawal & disbursement of Rs.1,00,000/- on fake completion certificate.

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PAC RECOMMENDATION.

14. After detailed discussion the Committee directed the Department to hold an inquiry in the matter and fix responsibility on the persons involved in issuing fake completion certificate. The Department was also directed to take up the case with Finance Department for obtaining condonation. Para stands, progress be reported to PAC.

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COMMUNICATION & WORKS

Four (04) Draft Paras reflected in the Audit Report on Public Sector Enterprises for the year 2008-09 were taken up for examination by the PAC in its meeting held on 8th March, 2011. The following were present:-

Public Accounts Committee.

- | | | |
|----|------------------------------|------------------|
| 1. | Mr. Abdul Akbar Khan, MPA | Acting Chairman. |
| 2. | Mr. Mukhtiar Ali, MPA | Member. |
| 3. | Mr. Saqib-Ullah Khan, MPA | Member. |
| 4. | Mr. Muhammad Zamin Khan, MPA | Member. |
| 5. | Mr. Fazal Shakoor, MPA | Member. |

6. Mr. Malik Tamash Khan, MPA Member

Finance Department.

Mr. Muhammad Idrees Khan,
Additional Secretary.

Law, Parliamentary Affairs and Human Rights Department.

Mr. Muhammad Ibrahim,
Additional Secretary.

Audit Department.

1. Mr. Muhammad Asaf Khan,
Director, Commercial Audit.

2. Mr. Afzal Khan,
Audit Officer, Commercial Audit.

Communication & Works Department.

1. Mr. Habib Ali,
Secretary.

2. Mr. Nawab Ali,
XEN.

Provincial Assembly of Khyber Pakhtunkhwa.

1. Mr. Amanullah,
Secretary.

2. Mr. Amjad Ali,

Additional Secretary.

3. Mr.Inamullah,

Deputy Secretary.

4. Mr.Ashtimand,

Assistant Secretary.

5. Mr. Wakeel Khan,

Assistant Secretary.

6. Mr. Khalid Shaheen,

Assistant Secretary.

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

D.P No.23 **NON-RECOVERY OF HIRE CHARGES OF MACHINERY FROM A LEASEE Rs.3.678 MILLION.**

AUDIT VERSION.

3. The Machinery Pool Park (MPP) Abaseen Construction Corporation Peshawar leased out heavy road making machinery to M/s. Ikram & Co. for the construction of black topped road from Jawar to Karakar for a period of six months without obtaining advance hire charges on monthly basis. The machinery remained in use of leasee up to August 31,2006 despite the fact that lease agreement expired in November 2004. The leasee utilized road making machinery without paying hire in advance charges. Against the total hire charges of Rs.5.018 million, the MPP Peshawar recovered an amount of Rs.1.340 million, leaving a balance amount of Rs.3.678 million as on May 31st 2008.

DEPARTMENTAL VERSION.

4. The Department explained that out of the total outstanding amount of Rs.36,78,000/-, an amount of Rs.8,39,755/- had been recovered and efforts were being made to recover the balance amount. It further explained that the balance amount needed to be reconciled with the audit in order to work out actual amount and affect its recovery. It therefore, requested for some time for carrying out reconciliation and recovery of the balance amount.

PAC RECOMMENDATION.

5. The Committee accepting the request of the Department, recommended that reconciliation may be carried out and recovery of the balance amount may be made with in one month. Para stands till complete recovery.

D.P No.24 **NON RECOVERY OF ADVANCE DUE TO HANDING OVER OF ASPHALT PLANT TO THE LEASEES Rs.2.461 MILLION.**

AUDIT VERSION.

6. The management of Abaseen Construction Corporation could not recover the advance payment of Rs.2.461 million from the two contractors as they neither deposited advance of Rs.2,00,000/- each before the commencement of asphalt concrete production, nor deposited monthly advance payment of Rs.66,000/- each on regular basis for the period 22-09-2005 to 25-04-2006. Moreover, the plant remained under utilization of the contractor beyond contractual period. The management did not shut down the plant despite non-payment of advance hire charges.

DEPARTMENTAL VERSION.

7. The Department explained that there was duplication in the outstanding amount and needed to be reconciled with the Audit. It requested the Committee to give it some time so that the amount could be reconciled with the audit and recovery of the actual balance amount could be made.

PAC RECOMMENDATION.

8. The Committee accepting the request of the Department, recommended that reconciliation may be carried out and recovery of the actual outstanding amount may be made within one month. Para stands till complete recovery.

D.P No.25. **NON RECOVERY OF RENTAL CHARGES FROM LESSEES WORTH Rs.2.011 MILLION.**

AUDIT VERSION.

9. In Abaseen construction Corporation (AAC), Machinery Pool Park (MPP), Batkhela (Malakand), different machines were leased out to various contractors during 2004-05 to 2006-07 without obtaining monthly lease/hire charges in advance. Further more, the agreements executed with the leasees were defective as no clause regarding imposition/recovery of penalty/liquidated damages and forfeiture of security in case of non payment of advance rent or delayed payments of rent or default in payment of Government dues etc. existed therein. Resultantly the outstanding hire charges accumulated to Rs.2.011 million against the four parties.

DEPARTMENTAL VERSION.

10. The Department explained that out of the total outstanding amount of Rs.20,10,651/-, a sum of Rs.3,47,651/- and Rs.75,000/- were affected prior to DAC meeting held on 02-11-2009. After DAC meeting, an amount of Rs.12,40,000/- and Rs.3,48,328/- had also been affected from the concerned contractors through Executive Engineer Highways Division Swat.

PAC RECOMMENDATION.

11. As total outstanding amount had been recovered, duly verified by Director Commercial Audit, the para was recommended to be dropped.

D.P No.26 **NON RECOVERY ON ACCOUNT OF SNOW CLEARANCE CHARGES OF ROADS Rs.0.389 MILLION.**

AUDIT VERSION.

12. The office of Abbaseen Construction Corporation (ACC) carried out snow clearance on Galiyat roads during January 01, 2006 in compliance with the

instructions given by the District Nazim and DCO Abbottabad communicated by the Director General Galiyat Development Authority (GDA). The Management sent demand bill for Rs.3, 89,179/- on the basis of per hour rate of machinery deployed on snow clearance but no payment has been received so far. The Assistant Director machinery Pool Park ACC Abbottabad had neither executed agreement nor terms and conditions containing payment clause or penalty clause for delayed payment of Corporation's dues were settled with GDA. Resultantly the amount of Rs.3,89,179/- on account of snow clearance charges remained outstanding against GDA.

DEPARTMENTAL VERSION.

13. The Department explained that machinery was supplied for snow clearance of the roads on the pressing demand of local administration for a short period. The work was of urgent nature and unavoidable and could not be delayed for want of execution of agreement.

14. It further explained that case for recovery of outstanding dues was vigorously pursued with the Director General Galiyat Development Authority. The amount, when recovered, would be credited to relevant Head of Account.

PAC RECOMMENDATION.

15. After detailed discussion, the Department was directed to submit complete case showing details of outstanding amount against Galiyat Development Authority to Finance Department immediately so that the Finance Department could make at source deduction within a month. Para stands, progress be reported to PAC.

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SPORTS, CULTURE, TOURISM, ARCHAEOLOGY & MUSEUMS DEPARTMENT

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Six (06) Draft Paras reflected in the Audit Report on Public Sector Enterprises for the year 2008-09 were taken up for examination by the PAC in its meeting held on 8th March, 2011. The following were present:-

Public Accounts Committee.

1. Mr. Abdul Akbar Khan, MPA Acting Chairman.
2. Mr. Mukhtiar Ali, MPA Member.
3. Mr. Saqib-Ullah Khan, MPA Member.
4. Mr. Muhammad Zamin Khan, MPA Member.
5. Mr. Fazal Shakoor, MPA Member.
6. Mr. Malik Tamash Khan, MPA Member

Finance Department.

Mr. Muhammad Idrees Khan,
Additional Secretary.

Law, Parliamentary Affairs and Human Rights Department.

Mr. Muhammad Ibrahim,
Additional Secretary.

Audit Department.

1. Mr. Muhammad Asaf Khan,
Director, Commercial Audit.
2. Mr. Afzal Khan,
Audit Officer, Commercial Audit.

Sports, Culture, Tourism, Archaeology & Museums Department.

Mr. Qamar Ali,

Deputy Secretary.

Provincial Assembly of Khyber Pakhtunkhwa.

1. Mr. Amanullah,

Secretary.

2. Mr. Amjad Ali,

Additional Secretary.

3 Mr.Inamullah,

Deputy Secretary.

4. Mr.Ashtimand,

Assistant Secretary.

5. Mr. Wakeel Khan,

Assistant Secretary.

6. Mr. Khalid Shaheen,

Assistant Secretary.

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

Sarhad Tourism Corporation

3. The Secretary to the Committee informed that the Administrative Department did not give due importance to the business of Public Accounts Committee as the Department furnished the working papers just before the meeting which was neither complete in all respect, nor commented upon by Audit & Finance and pre-PAC was also not conducted on the Draft Paras, despite the fact that the Provincial Assembly, PAC Cell has already issued notices, reminders for holding pre-PAC meeting and providing working papers 10 days before the PAC meeting.

4. The Committee taking notice of the said facts directed the Department to give proper attention to the most important business of PAC and to fix responsibility on the concerned officers who were not serious with their job and failed to implement the directives of PAC under intimation to PAC cell. Consideration on all the Draft Paras was deferred as a protest.

INDUSTRIES, COMMERCE, MAN POWER TRAINING & TECHNICAL EDUCATION DEPARTMENT

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Forty eight (48) Draft Paras reflected in the Audit Report on Public Sector Enterprises for the year 2008-09 were taken up for examination by the PAC in its meeting held on 9th March, 2011. The following were present:-

Public Accounts Committee.

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|----|-------------------------------|-----------|
| 1. | Mr. Kiramatullah Khan, | Chairman. |
| 2. | Syed Muhammad Sabir Shah, MPA | Member |
| 3. | Mr. Abdul Akbar Khan, MPA | Member |
| 4. | Mr. Saqib Ullah Khan, MPA | Member |
| 5. | Mr. Muhammad Zamin Khan, MPA | Member |
| 6. | Mr. Fazal Shakoor Khan, MPA | Member |

Audit Department.

1. Mr. Muhammad Asaf Khan,
Director Commercial Audit.
2. Mr. Afzal Khan,
Accounts Officer.

Law Department.

Mr. Azmatullah,

Section Officer.

Industries, Commerce, Man Power Training &

Technical Education Department.

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1. Mr. Mumtaz Khan,

Special Secretary.

2. Mr. Amanullah,

General Manager.

3. Mr. Zulfiqar Ali Shah,

General Manager.

4. Mr. Adeel Shah,

Controller.

Provincial Assembly of Khyber Pakhtunkhwa.

1. Mr. Amanullah,

Secretary.

2. Mr. Amjad Ali,

Additional Secretary.

3. Mr. Inamullah Khan,

Deputy Secretary.

4. Mr. Tariqullah,

Assistant Secretary.

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

DP.No.6.1

AUDIT VERSION.

3. In the working results of the Government Printing Press for the year 2007-08 compared to the previous years as per details given below:-

	2007-08	%Inc/
--	----------------	--------------

Dec

2006-07

%Inc/

Dec

2005-06%Inc/

Dec

2004-05

Sales

32.391

(4)

33.590

23

27.236

4

28.339

Store Consumed

18.856

19

15.789

19

13.714

(12)

15.59.3

Pay & Allowance

23.828

07

22.246

5

21.239

16

18.315

Total cost of sales

42.684

12

38.035

10

34.953

3

33.908

Gross loss

10.293

131

4.445

35

7.717

39

5.569

Other expenses General Overhead charges

1.326

40

2.209

88

1.177

6

1.113

Depreciation

0.317

4

0.306

4

0.319

5

0.305

Interest on capital

0.728

(4)

0.755

18

0.920

16

1.096

Total other expenses

2.371

27

3.270

35

2.416

4

2.514

Net loss

12.664

64

7.715

18

10.133

25

8.083

Percentage of material consumed to sales.

58.29

—

47.00

—

50.35

—
55.01

4. It was found that sales of the Government Press decreased from Rs.33.590 million to Rs.32.391 million while cost of sales increased from Rs.38.035 million in 2006-07 to Rs.42.684 million in 2007-08. Resultantly the gross loss increased by 89% over previous year. The Department was continuously running into loss since long. The net loss stood at Rs.8.015 million, Rs.10.133 million, 8.297 million & Rs.12.664 million during the years ended, 2004-05 to 2007-08 respectively. Efforts are required to increase sales and control expenditure.

DEPARTMENTAL VERSION.

5. The Department while explaining the reasons of decrease in the sales, stated that less funds were allocated to departments for printing and due to decentralization of stationary items most of the Departments got their work done from private presses without obtaining NOC as they could not distinguish between the stationary items and printing items. Moreover due to the introduction of cheque system by A.G office in 2008, most of the Departments failed to provide cheque in time. Regarding the increase in cost of sale, it was contended that increase was due to revision of pay scale, up gradation of certain posts and increase in the cost of raw material.

PAC OBSERVATIONS.

6. The Committee while going through the working results observed with heavy heart that against total cost of 42.686 million only sales of 32.391million was made and there was a steady increase in the cost of sales and consequent decrease in sales. Similarly net loss was also increased to 12.664 million during the year 2007-08. The Committee could not find any substance in the reply of the Department and lamented that why such huge corporation was constantly going into losses inspite of sufficient budget and presence of huge staff. It was also observed that no meeting of DAC was conducted as a result all the audit objections were incorporated in Audit report.

PAC RECOMMENDATION.

7. After detailed discussion, an Inter Departmental Committee was constituted under the Chairmanship of Mr. Saqib Ullah Khan, MPA with the direction to visit the Printing press, dig out the main issue (s), fix responsibility for the losses and come up with concrete suggestions for improving the performance of the Government Printing Press. Moreover, it showed displeasure over failure of the Secretary to hold DAC meeting inspite of repeated instructions from PAC and directed the PAC Cell to approach Chief Secretary of Khyber Pakhtunkhwa in this regard and convey the displeasure of the Committee to initiate appropriate disciplinary action against the responsible for not holding meeting of DAC.

8. Consideration and examination on the rest of Paras was deferred and the Department was directed to hold DAC meeting within three days.

9. The Paras were again taken up for examination by the PAC in its meeting held on 15th July, 2011. The following were present:-

- | | | |
|----|------------------------------------|----------|
| 1. | Mr. Kiramatullah Khan, Speaker | Chairman |
| 2. | Mr. Abdul Akbar Khan, MPA | Member |
| 3. | Syed Muhammad Ali Shah Bacha, MPA | Member |
| 4. | Mr. Saqib Ullah Khan Chamkani, MPA | Member |
| 5. | Mr. Ziyad Akram Durrani, MPA | Member |

Law, Parliamentary Affairs and Human Rights Department.

Mr. Azmatullah,

Law Officer.

Finance Department.

Mr. Muhammad Idrees Khan,

Additional Secretary.

Audit Department.

1. Mr. M.B.Z.K.Qazi,

Deputy Director.

2. Mr. Afzal Khan,

Audit Officer.

Industries, Commerce, Labour & Technical Education Department.

1. Arbab Shahrukh,

Secretary.

2. Mr. Muhammad Akbar Khan,

Chairman, SDA.

3. Dr. Akhtar Hussain Shah,

Managing Director.

4. Syed Zulfiqar Ali Shah,

General Manger (Admn), SDA.

5. Mr. Muhammad Nawaz Khan,

Director, Finance, SDA.

6. Mr. Qaiser Zahir Shah,

Director.

7. Syed Adeel Shah,

Controller, Printing Press.

Provincial Assembly Secretariat.

1. Mr. Amanullah,
Secretary.

2. Mr. Amjad Ali,
Additional Secretary.

3. Mr. Inamullah Khan,
Deputy Secretary.

DP NO. 6.2

AUDIT VERSION.

10. The Audit reported that sundry debtors increased from Rs.15.903 million to Rs.20.539 million registering an increase of 29.15% over the previous year. Efforts for recovery of old outstanding dues from the parties needed to be made.

DEPARTMENTAL VERSION.

11. The Department explained that Government Departments got their printing work done without having sufficient budget under the head "Printing" and as such the outstanding amount was always increasing. All possible efforts had been made to recover the dues by issuing regular reminders, DO/letters to the concerned Departments. Finance Department, Government of Khyber Pakhtunkhwa was also requested to allocate funds to them so that the dues could be cleared. However, this Department succeeded in recovery of Rs.70,80,644/- during the financial year 2008-09 due to better efforts made by the Department.

PAC RECOMMENDATION.

12. The PAC directed the Department to take up the case with Finance Department for making at source deduction from the defaulting Departments. Para stands. Progress be reported to PAC.

DP NO.6.3

AUDIT VERSION.

13. The Audit reported that sundry creditor stood at Rs.1.000 million as on June 30, 2008. This represented cost of sub-standard mono metal lying unconsumed since 1996-97. Neither payment had so far been released, nor the supplier demanded payment of this mono metal. In order to avoid unlawful liability, the mono metal was required to be excluded from the store ledger but no such action had been initiated so far. Matter needed proper investigation.

DEPARTMENTAL VERSION.

14. The Department explained that the case was still under trial in the court of Anti Corruption Department, Peshawar. The action would be taken after finalization of the case.

PAC OBSERVATION.

15. The PAC observed that the Department had no mechanism of internal checks. Had the Department took timely action in the matter, the case would not have been registered by the Anti-Corruption Authorities.

PAC RECOMMENDATION.

16. The PAC therefore, referred the matter to Inter Departmental Committee to be constituted by the Department comprising representatives of Law, Finance, Audit and concerned Administrative Departments to conduct impartial inquiry, fix responsibility followed by Departmental action against the responsible (s) with in one month. Para stands. Progress be reported to PAC.

DP.NO. 07 NON RECOVERY OF EMBEZZLED AMOUNT FROM EX-EMPLOYEES – RS. 6.575 MILLION.

AUDIT VERSION.

17. The Audit reported that in Government Stationery & Printing Department, Peshawar, three officers/officials were proceeded under E&D Rules 1973 for embezzlement/misappropriation of stores worth Rs. 5.10 million, besides other irregularities in purchases during the period from 1992-96. Mr. Saleem Khan OSD, S&GAD inquired the matter in which charges were proved against them. Accordingly they were penalized with removal from service and recovery of embezzled amount. The accused filed their appeal in the Supreme Court of Pakistan as well as in Services Tribunal, which were dismissed on August 26, 2003. No recovery had so far been affected. Audit was of the view that management extended undue favour to the accused due to which Government was likely to sustain a loss of Rs.6.575/- million.

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DEPARTMENTAL VERSION.

18. The Department explained that after the decision of Supreme Court, the Department immediately approached Mr. Javaid Iqbal, Ex-Controller, Rao Abdul Aziz, Ex-Manager, Mr. Abdul Haleem, Ex-Senior Clerk and Mr. Sadullah Khan, Ex-Junior Clerk for depositing the embezzled amount in the Government Treasury forthwith. In addition, Law Department had also been approached for seeking advice regarding the mode of recovery, as the same case was also being trialed in Anti Corruption Court. The decision of the Supreme Court was also communicated to Special Judge, Anti-Corruption for early disposal.

19. The Department further explained that Law Department advised to approach Government Pleader for filing the recovery suit in the Civil Court. Accordingly, the Department provided all the relevant documents and copies of the judgment to Additional Government Pleader for filing the recovery suit. The case was with Government Pleader and Department was making efforts for recovery of embezzled amount. The Anti Corruption Court had not yet completed the trial of the same case.

PAC OBSERVATION.

20. The PAC observed with grave concern that the Department has not at all made any serious efforts to recover the out standing dues. The case of recovery is in Anticorruption court. The Committee held that in case of weak evidence, the Department will not be in a position to win the case.

PAC RECOMMENDATION.

21. In view of the above, the Department was directed to initiate action for recovery from the culprits as arrears of land revenue. Para stands till complete recovery.

22. Consideration and examination of all the remaining Draft Paras was deferred.

IRRIGATION DEPARTMENT (2005-06)

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DISCUSSED BY THE PAC ON 07-07-2011

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INQUIRY REPORT IN THEFT CASES OF TWO VEHICLES REGISTRATION NO. MRA-1052 AND MRA-1055 INVOLVED IN DP.NO.8.3 FOR THE YEAR 2005-06, PERTAINING TO IRRIGATION DEPARTMENT.

The PAC in its earlier meeting held on 15/07/2010, while examining DP No.8.3 for the year 2005-06 pertaining to Irrigation Department, had directed the Department to conduct fresh inquiry in the matter within one month and report be submitted to PAC. The Committee considered the inquiry reports regarding theft of above two Government vehicles and unanimously agreed to the following recommendations of the inquiry officers:-

i. That depreciated cost of vehicle No.MRA-1052 i.e. Rs.1.05.000/- may be recovered from Mr. Jan Afzal retired Canal Collector within one month, positively.

ii. That average depreciated cost of vehicle No.MRA-1055 i.e. 1,91,743/- may be recovered from Mr. Kamal Jehangir, the then SE, MIC, Swat now holding the post of DG, Small Dams Organization, Peshawar within one month, positively.

AGRICULTURE DEPARTMENT (2005-06)

DISCUSSED BY THE PAC ON 13-07-2011

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DP No.1.1 **UNAUTHORIZED EXPENDITURE OF RS.541,552/-**

AUDIT VERSION.

1. The Audit reported that during the year 2001-02 the Director General Research Institute, Pirsabak Nowshera, incurred an expenditure of Rs.541,552/- without adopting open tender system on the purchase of pesticides and chemicals from a supplier.

2. In the DAC meeting held in April 2005, it was replied that purchases were made according to the requirements at different items. DAC noted that piecemeal purchases were made to avoid open tender system, therefore, it recommended to place the para before PAC. In spite of repeated reminders, no progress was intimated till finalization of the report. The incurrance of expenditure without wide publicity through press, deprived the Government of the benefits to purchase the items at economical rates. Audit commented that the person (s) at fault be identified for fixing responsibility.

DEPARTMENTAL VERSION.

3. The Department explained that as per direction of PAC given in its meeting held on 21st February, 2011, it conducted an enquiry, report of which had been submitted to PAC for consideration.

PAC OBSERVATION.

4. The Committee considered the request of the Department to review its earlier decision/recommendation in view of the inquiry report with the following observations:-

i. The inquiry report was nothing but mere an eye wash just to protect the misdeed in the whole purchase process. Para 1 of the inquiry report which is supportive to the Department, states that purchase to the tune of Rs.1,60,000/- was made through open tender system of Oil & Seed Development Board but with regard to the piecemeal purchases to the tune of Rs.4,25,552/-, the Department has taken shelter of the previous devastating flood by saying that the documents are washed away. It was noted with grave concern that two contradictory statements have been made by the inquiry officer and, therefore, a question arises that how in one case record was available and in the other plea flood washed away the said record. The Department could not advance any rational reply in support of two versions.

ii. Similarly in para-2 of the findings, the Inquiry Committee admitted that purchases in piecemeal were actually done due to time bound activities. The Committee was at a last to understand that when the record was not available how the Inquiry Committee established the piecemeal purchases.

iii. Para-3 of the conclusion by itself is defective and confusing which says that purchases of relevant pesticides in piecemeal is not irregularity, if proper codal formalities were followed. The PAC did not understand that on one side the Inquiry Committee supports piecemeal purchases but subject to codal formalities, what does codal formalities means in this case.

iv. Moreover, the record given by the Inquiry Committee is in conflict with the findings and conclusion of the report rather it supports the Audit observation and the decision made by the PAC. The Committee with heavy heart felt that the Inquiry Committee has not done justice to its job and just wanted to hush up the embezzlement.

PAC RECOMMENDATION.

5. The PAC, therefore, directed the Department to fix responsibility as to who has made purchases in piecemeal and not completed codal formalities. In view of

quantum of responsibility, the recovery may be made within a month positively. Para stands. Progress be reported to PAC.

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.

(KIRAMAT ULLAH KHAN)

Speaker/Chairman

Public Accounts Committee

Provincial Assembly of Khyber Pakhtunkhwa.

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