

REPORT FOR THE YEAR 2003-2004

REPORT

Consequent upon holding of General Elections,2008, the Members took oath on 28-03-2008. After the election of Mr. Speaker / Deputy Speaker and constitution of the Provincial Cabinet, the present Public Accounts Committee (PAC) was constituted on 20/08/2008, in the first available opportunity, under rule 193 of the Provincial Assembly of NWFP Procedure and Conduct of Business Rules, 1988 comprising the following:-

1. Mr. Kiramat Ullah Khan, Chairman
Speaker.
2. Minister for Finance officio Member
3. Mr. Alamzeb, MPA Member
4. Mr. Abdul Akbar Khan, MPA Member
5. Mr. Mukhtiar Ali, MPA Member
6. Syed Muhammad Sabir Shah, MPA Member
7. Mr. Muhammad Zamin Khan, MPA Member
8. Syed Muhammad Ali Shah Bacha , MPA Member
9. Mr. Ziyad Akram Durrani Advocate, MPA Member
10. Mr. Fazal Shakoor Khan, MPA Member
11. Malik Tamash Khan, MPA Member

2. The Committee started its functions and took-up for consideration the Auditor General of Pakistan report on the accounts of Government of NWFP for the year 2003-04. The PAC in a series of meetings held from 23-10-2008 to 01-12-2008 spanning over twenty nine (29) working days, completed the task. It examined the whole report thread bare which consisted of the following volumes:-

1. Audit report
2. Appropriation Accounts.
3. Finance Accounts.
4. Audit Report on Revenue receipts, and
5. Audit Report on Public Sector Enterprises.

3. In the first meeting, Mr. Kiramat Ullah Khan, Speaker / Chairman PAC, in his inaugural speech highlighted the role of the Public Accounts Committee in improving the financial management system of the Province, and said that the Public Accounts Committee was meant for taking stock of the expenditure incurred from huge sums of tax payer's money, which is reported annually by the Auditor General of Pakistan and helps the Parliament by holding the Government to account for its use of public funds and effectiveness of the programs in achieving their objectives. Examination of all reports of the Auditor General of Pakistan by the PAC on behalf of the Provincial Assembly plays a very important role in improving the financial management system and ensures that the

moneys so granted were steered to the intended purpose and were spent prudently in accordance with law and rules by the respective Departments or otherwise.

4. He stressed on the members that PAC is an important Committee assigned with great responsibility of eliminating irregularities and to ensure strict financial discipline in all the administrative Departments; therefore, we should start with new vision and new spirit so as to utilize the precious time of PAC in improvement of the deteriorating financial situation of the country specially the province of NWFP. He further told that PAC should work beyond its traditional role and should take the latest reports i.e. 2007-2008 for consideration, which would have made the accountability system more effective but the same was not yet laid before the House, he therefore directed the Audit Department to expedite the process as to discuss the old reports of the Auditor General of Pakistan would be a futile exercise because all the responsible for the misdeed would have either been retired from service or passed away by then.

5. He also emphasized the follow up of PAC directives, which plays a very important role in implementing the PAC directives and said that those responsible for non implementation of PAC directives would be dealt with strictly and would also be put to task.

6. It was made clear that the Committee was not biased and would therefore; examine the reports of the Auditor General of Pakistan without any fear and favour.

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AUDIT REPORT.

7. The Committee at first instant took up for consideration the Audit Report for the year 2003-04 comprising eighty seven (87) draft paras. The draft paras were regarding irregularities like embezzlement of Government money, gross financial irregularities, violation of rules, non production of record, negligence, unauthorized and irregular expenditure and misuse of powers etc.

8. The PAC discussed all the draft paras in its nine sittings. The Committee dropped twenty four (24) draft paras unconditionally where the explanation advanced by the Department was found plausible, while in twenty one (21) draft para where the Government money was proved to have been embezzled, recommended for recovery after fixing responsibility on the culprits in pursuance of relevant law on the subject. Twenty three (23) draft paras where record needed to be verified were dropped subject to verification of record by Audit. Five (05) draft paras were referred for Departmental action, in four (04) draft paras joint inquiry by the Department and Finance was ordered, and one (04) draft paras being subjudice were kept pending till the decision of court with the direction to the Department to pursue the cases vigorously in the court of law. Sub-Committees were also constituted to probe into the issues mentioned in six (06) draft paras, which needed detailed deliberations.

8. The following table shows the detail of total draft paras and recommendations of PAC thereon pertaining to all Administrative Departments, which were discussed during the meeting of PAC:-

Department	Total paras	Dropped	Verification of record	Recovery	Deptt: Action	Sub-Committees	J/Inquiry/	Subjudice
Agriculture	06	3	1	2	-	-	-	-
E&A	6	5	-	1	-	-	-	-
E&S	5	2	-	3	-	-	-	-
Environment	12	4	3	4	-	1	-	-
Food	2	-	-	2	-	-	-	-

Health	11	3	2	4	–	2	–	–
Higher Education	1	1	–	–	–	–	–	–
Home &T.A	12	1	6	1	–	3	1	–
Irrigation	7	1	3	1	–	–	1	1
Industries	1	1	–	–	–	–	–	–
P & D	4	–	2	–	–	–	2	–
W & S	20	3	6	3	5	–	–	3
Total	87	24	23	21	5	6	4	4

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APPROPRIATION ACCOUNTS

9. Appropriation Accounts were discussed by the Public Accounts Committee (PAC) in its nine sittings held from 27-10-2008 to 05-11-2008, 26-11-2008 and 01-12-2008. During examination of Appropriation accounts, it was observed by the PAC that:-

- a. Various Departments incurred expenditure to the tune of Rs. 3.5 billions over and above the budgetary allocations.
- b. Huge amounts were re-appropriated to certain heads of accounts where no original / supplementary budgetary provisions were provided.
- c. Expenditure in millions was incurred by some Departments without budgetary allocations.
- d. Huge saving in billions were not surrendered by various Department as required under para 95 of General Financial Rules.
- e. The figures of final grants and actual expenditures as recorded in the Appropriation Accounts did not tally with the figures shown by the Departments in the working paper, due to which a great deal of time was wasted in trying to work out mutually accepted figures and the main job of the PAC to examine the reasons for excesses/savings in the appropriation, was badly suffered.

10. In most cases the Departments were directed to sit down with the Accountant General NWFP and the Finance Department to carry out reconciliation and submit mutually agreed figures in the working paper.

11. The Committee condoned the nominal savings or excesses with the direction that the excesses made by the Department may be reflected in the excess budget statement and the savings made by the Departments may be surrendered in time so that the same could be utilized by other Departments.

14. Some of the accounts were deferred due to late submission of working paper. The PAC observed that instructions for timely submission of working paper had been issued to the Departments from time to time, but they had not complied with the same. The Committee, therefore, reiterated and emphasized on all the Departments to submit working papers to the quarter concerned for getting their comments at least 15 days before the schedule of meeting. In case of non-compliance with the instructions of PAC, the

Principle Accounting Officers would be considered as responsible for the lapse and his case would be reported to the Chief Secretary for initiating appropriate action.

FINANCE ACCOUNTS

Finance accounts were discussed by the Public Accounts Committee (PAC) in its five (5) sittings held from 10 to 13-11-2008 and 24-11-2008. During examination of accounts, it was observed by the PAC that:-

a. An amount of Rs.11,326 billions appears as minus balances under various head of accounts.

b. An amount of Rs.9.577 billions have been booked under various heads of accounts, where no estimates of receipts were proposed in the budget, like 0112900-Tax from Registered Firms assigned to Provinces, 0121900-Wealth tax shares of net proceeds assigned to Provinces, 0225000-Sales Tax on services share of net proceeds from Federal Govt. 0226000-Sales Tax on services share of net proceeds from Federal Govt. 0236900-Food & Beverages share of net proceeds assigned to Provinces, 2312000-Domestic Debt,

2331000-Foreign Debt (Permanent) etc.

c. Estimates of receipts of Rs.2653 billion were proposed under various heads of accounts for the year 2003-04, but no actual realization had been booked against

0231900-POL Share,

0231901-Net proceeds of royalty on crude oil assigned to Provinces, 0249200-Net proceeds of royalty on natural gas transferred to Provinces, 1134000-Interest on loan to Non Financial Institutions,

1142000-Dividends from Govt. Investments to Non-Financial Institutions, 2100000-Recoveries Investment,

2231000-Cash loan to Agriculture Development Bank etc.

The Committee noticed that fixing of targets were unrealistic in most of the cases. The representative of Finance Department has vehemently insisted that targets are set in consultation with the concerned Departments but huge differences in targets and actual collection shows that consultations in the Finance Department was done as an annual ritual without thorough and rigorous examination of all the factors which determine the realistic volume of revenue that can be collected.

It was also noticed that the figures of actual receipts and revised target as recorded in the Finance Accounts did not tally with the figures shown by the Departments in the working paper, due to which a great deal of time was wasted in trying to work out mutually accepted figures and the main job of the PAC to examine the reasons for less receipt was badly suffered.

Some of the accounts were deferred due to late submission of working paper.

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AUDIT REPORT ON REVENUE RECEIPTS.

18. The Committee also examined the Audit Report on Revenue Receipts of Government of NWFP prepared by the Auditor General of Pakistan for the year 2003-2004 in its two sittings held on 17 and 18-11-2008. The PAC showed its concern over the repetition of similar irregularities committed by the administrative departments reported by the audit Department each year, hence directed the departments to adhere to the difference between the figures of the Department and Accountant General office. The reconciliation of the two sets of figures was a serious problem which needed to be addressed.

19. The findings indicate the need for adherence to the regulatory framework besides instituting and strengthening internal controls to avoid recurrence to similar type of violations and irregularities year after year. These are repeatedly reported by Audit Department, but the revenue collecting agencies of the Government seldom take them seriously.

RECOMMENDATIONS

- Systemic and chronic impediments pertaining to revenue collection, which are being reported year after year during audits, need to be addressed by revenue collecting Departments of NWFP Government.
- A vigorous campaign needs to be undertaken for recovery of arrears by enforcing effective measures provided in the law.
- There is a need to establish internal audit organization in revenue collecting Departments to check irregularities/lapses causing revenue/losses.
- A system of accountability needs to be introduced in revenue collecting Department to guard against loss to revenue through incorrect assessment of taxes and inefficiencies in their recovery.
- Principal Accounting Officer should take adequate and timely action for disposal of audit observations through DAC meetings.

INTERNAL CONTROL

20. Internal controls provide a system of checks and balances. Internal Audit being a major component of internal control plays a pivotal role to monitor continuously the organizational activity through personnel especially trained for the purpose under the administrative and functional control of the Principal Accounting Officer. Internal Audit ensures that rules of business are in place and are being enforced effectively to avoid errors of omissions and commissions in the Organization.

22. External Audit being a sample audit, the irregularities and short-comings pointed out by it are illustrative in nature based upon the principle of selective audit. It is then the responsibility of Departmental authorities to ensure existence and operation of an effective system of internal control including internal audit so that systemic issues relating to an internal control framework are addressed. An effective internal audit also lessens the burden of external audit. The PAC observed that internal controls were not in place in the revenue earning Departments of Government of NWFP. Following are few examples observed during current meetings.

a. As per previous procedure, assessment of Abiana was done by Irrigation Department while recovery was to be effected by the Board of Revenue. It had been observed that millions of rupees on account of Abiana were pending recovery and neither of the two Departments was taking the issue seriously to recover the Government revenues. One of the important reasons for this failure was non-implementation of monitoring system between internal controls and performance of Internal Audit. Since January, 2003 function of assessment and collection of Abiana has been entrusted to the Irrigation Department. It is hoped that Irrigation Department will take care of recovery of current Abiana as well as arrears thereof.

b. In Excise & Taxation Department, it has been noticed that Token Tax collection was not being watched and monitored. Property Tax was being under assessed by applying lower rates. Similarly 15% Provincial Government share was not being recovered from the Cantonment Boards within the Province. These lapses could have been easily avoided, had there been proper internal control system in the Department.

23. The findings in the audit report are the result of 5% test check. It had shown un-recovered amount of Rs.199.057 million. It is obvious that total volume of un-recovered amount could be much higher and can be detected and recovered by improving internal controls and internal audit.

24. Keeping in view the aforementioned objectives, and in order to assess the effectiveness of internal controls including internal audit, Director General, Revenue Receipts Audit called for information relating to planning execution of internal audit and reporting the results thereof. Further, list of formations audited, amounts pointed out, amounts recovered there-against, number of officers/officials reminded involved, expenditure incurred on audit activities, copies of audit reports, copies of Departmental instructions/executive orders etc. was called from the Administrative Secretaries concerned. Despite follow up, the requisite information/data was not supplied by the administrative Department.

25. It is concluded that these Departments are functioning without an elaborative and practicable internal control system and the state of financial discipline needs improvement. There is a need to establish internal audit in all these Departments and staff should be given training to know the relevant rules and regulations.

19. During the deliberation it was noticed that the tax collecting Departments were found able to achieve targets of budget estimates in respect of transfer of property tax, Provincial excise and electricity duty. The revenue collecting Departments, however, could not achieve targets under heads-urban immovable property tax, stamp duty, motor vehicle tax, entertainment duty, education cess, agricultural income tax and land revenue.

20. It was also noticed that budget estimates in respect of taxes from urban immovable property tax, fitness fee, education cess and agricultural income tax were subsequently reduced through revised estimates but the revenue Departments could not meet even reduced targets of urban immovable property tax, fitness fee and education cess. This clearly shows that the Departments concerned did not make concrete efforts to achieve the targets.

OBSERVATIONS/FINDINGS

7. In addition to the Department wise observations incorporated in this report, the following general observations were also made by the PAC during its deliberation.

District Audit System. It was noted that there were anomalies in the District Audit system and so far the progress on District Audit report was nil as the Zila accounts Committee and DACs are not either constituted or if constitution have not yet dispose off their function and so there is a lot of pendency in this regard. A special meeting was convened by Speaker on 30/10/2008 in which DCO Charsada, Peshawar and Nowshera and Secretary Law and Local Government participated. Issues pertaining to District Audit were discussed in detail and D.G Audit and Secretary Local Government highlight the main issues Chairman PAC were directed DCOs to dispose off their function well in time and moreover Secretary Local Government and Secretary Law were also directed come with mechanism so as to produce a linkage between Provincial PAC and ZAC.

Appropriation Accounts.

Mr. Abdul Akbar Khan pointed out sum is appropriated for different Heads by the Assembly. But later on the Department re appropriate them according to there own sweet will which change the very nature of budget. In this whole process of re appropriation Assembly is by passed which is indeed a violation. It happen so that intentionally an un realistic demand is made for a certain head and Assembly so authoresses it. But later on this whole is re appropriated to a different heads.

He further pointed out that re appropriation must be made and authorities by PAC and Assembly.

Mr. Abdul Akbar Khan pointed out that budget is prepared by the Administrative Department a copy is submitted here and with in short spin of time budget is passed. He pointed out that there is need to include Assembly in the preparation of budget and promised to introduce a bill in this regard.

Meeting of DAC

DACs are such forums that play a pivotal role in Financial accountability system. Here representative of Audit, A.G and concerned Department met with Secretary as principal accounting officer and Chairmen of DAC. It is this fourm which greatly facilitated the job for APC by thrashing out the contents by sorting out contentious issues and thus a clear picture is presented before PAC which help to save the previous time of PAC.

PAC noted with heavy heart that in spite of repeated reminders and clear cut instruction from PAC regard holding of DAC meeting, so far no meeting of DAC are held for Appropriation and Finance Accounts. Audit repot was discussed in DAC which greatly facilitated the job of PAC. While discussing the Appropriation and Finance account PAC faced hardship as there was difference in both sets of accounts i.e. A.G and Department. Both of these had difference contortion and most the time was wasted during their discussion. Therefore most of the accounts were either differed or kept pending.

Absence of Administrative Secretary.

Administrative Secretaries are the Principal Accounting officer and Chairman of DACs. They then are the Administrative heads of their respective and are supposed to implement the direction and recommendation of PAC. It was noted during course of discussion the most of the Administrative do not attend the meeting of PAC and rather depute a junior officer who are not well conversant on the matter. If they do not bother to come to the meeting how one can expect they would implement the decision of PAC. Most of the time embarrassing station arised due their absence. Meeting of PAC regarding Environment Department was twice postponed due to absence of Secretary. Chairman took an exceptional and wrote a latter to Chief Secretary in this regard. Similarly Secretary, Finance law remained absent for most of the time.

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Accountant general should report agreed upon figures

Administrative secretary should initiate action soon after

Working paper should be provided 15 days earliar then PAC meeting

DAC pendency be removed

1. **PRESENTATION/BRIEF ON PUBLIC ACCOUNTS COMMITTEE'S FUNCTIONS/WORKING.**
2. **PRESENTATION ABOUT AUDIT REPORTS.**
3. **APPROVAL OF PENDING REPORT FOR THE YEAR 2002-03.**

3. At the outset the Hon'ble Speaker after welcoming the participants in his inaugural speech threw light on the importance of PAC and lamented the deteriorating financial situation of the country specially the province of NWFP. He said that PAC is an important Committee assigned with great responsibility, therefore, we should start with new vision and new spirit so as to utilize the precious time of PAC and make improvement of financial discipline. He further told that the PAC should have taken latest report i.e. 2007-2008 for consideration, which would have made the accountability system more effective. He added that to discuss the old reports of the Auditor General of Pakistan is a futile exercise as all the responsible for the misdeed would have either retired or passed away.

4. The Director General, Audit explained that reports for the years 2005-06 and 2006-07 were in pipe line and pending before the Auditor General of Pakistan for his approval.

5. Syed Muhammad Sabir Shah, MPA said that institutions in Pakistan are at the verge of collapse, people have lost confidence in institutions, and we are facing a head-on collision. Therefore, we should strengthen PAC which is pulling the strings of whole financial accountability system and it was also main point of charter of democracy. If the PAC is strengthened there would be no need of institutions like NAB, RAB etc. He further told that the members of PAC are usually influenced by the concerned officers to show leniency. We should take our duty honestly and to deal strictly with those involved in misappropriation, embezzlement, damaging the institutions etc, so as to regain the confidence of people.

6. Mr. Abdul Akbar Khan, MPA said that PAC should not only emphasize on the Audit Report as its functions are very much vast and it should work beyond its traditional role. He also emphasized the follow up of PAC directives, which plays a very important role in implementing the PAC directives.

7. Mr. Amanullh Khan, Senior Additional Secretary, presented a comprehensive briefing regarding role of PAC in improvement of financial discipline, the background of PAC in NWFP, its functions and composition, back log pending before PAC and problems faced by the PAC with reference to rules of Provincial Assembly of NWFP and Constitution of Islamic Republic of Pakistan.

8. The Director General, Audit made presentation regarding the structure and functions of the Audit Department Powers and function of the Auditor General of Pakistan Organizational structure of the DG Audit, Human resources and Budget of DG Audit, Position of Advance Paras, Recoveries made at the instance of Audit, Position of DAC meetings and Work load of PAC. He pointed out that 3804 advance paras for the years 2003-04 to 2006-07 (detail annexed) are pending for discussion by the DAC. and 4029 draft paras pertaining to the years 1985-86 to 1988-89, 1990-91, 1992-93, 1993-94, 1996-97, 1998-99, 1999-2000, 2000-2001, 2003-04- and 2004-05 are pending before PAC.

9. The PAC noted with grave concern the casual attitude of the Administrative Departments towards DAC meetings and directed the Secretariat staff to approach the Chief Secretary, Government of NWFP to direct all the Administrative Departments for early disposal of pending advance paras with in one month positively. The Committee also felt that proper mechanism should be devised for early disposal of pending business before it.

10. Report of the Public Accounts Committee for the year 2002-03 finalized by the previous PAC was placed and approved.

AGRICULTURE, LIVESTOCK AND COOPERATION DEPARTMENT

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DP No.1 **NON RECOVERY OF Rs.39.194 MILLION**

3. The Audit reported that on account of loan agreement between the Pakistan and Asian Development bank, 25% shares of the cost of materials for construction and improvement of water courses were supposed to be recovered from water users over a five years period. However, the same has not been recovered despite expiry of the recovery period and as such a sum of Rs. 39.194 million was outstanding as recoverable amount.

4. The Department admitted observation made by the audit and explained that the amount was to be recovered from the beneficiaries as arrears of land revenue and as such case has been taken up with the Board of Revenue for recovery. The PAC after detailed discussion directed that the para may be kept pending and the Board of Revenue, DCO, D.I.Khan and the Agriculture Department may be invited to the meeting on 17th October, 2008 so as to examine the case and resolve the issue of recoverable amount.

DP No.2 **UN-AUTHORIZED TRANSFER OF Rs.2.384 MILLION FROM THE PLA.**

5. The audit reported un-authorized transfer of Rs.2.384 million from PLA to the PLS account in violation of the Accountant General instructions issued on 25th February 2002. The Department explained that due to non receipt of PLA cheque the amount was spent from PLS account on payment of salary to staff being inevitable. On receipt of regular fund from PLA, the amount was recouped to the PLS account.

6. The PAC observed that the Department has violated the instructions issued by the A.G, as fund can not be transferred from PLA to private account. However, as the amount was spent on inevitable items like salary of staff, therefore, taking lenient view, it was recommended to condone the irregularity with strict warning to the Department not to repeat such practice. With the above observation the para was recommended to be dropped.

DP No.3 **LESS RECOVERY OF INCOME TAX OF Rs. 7.92,089/-**

7. Since the para was settled in the DAC meeting hence no action was required by the PAC. Hence the para was recommended to be dropped.

DP No.1.4 **UN-AUTHORIZED EXPENDITURE OF Rs. 3,46,270.**

8. The audit reported that a sum of Rs. 346,270 allocated for the purchase of wheat seeds was spent on unrelated items. The Department explained that seed house was handed over to the institution on 1.7.2001 by the Agriculture Development Authority. The same was in deplorable condition, therefore, certain amount was required to be utilized on electrification and white washing of the house. Moreover, certain amount was spent on purchase of plastic bags, weighment, loading and unloading charges of wheat. The para was discussed in DAC meeting wherein it was decided to produce record for verification to the audit, however the same was not yet produced.

9. The PAC directed that the Department should produce record for verification to audit today positively. Record verified hence para was recommended to be dropped.

DP No.5 **OVERPAYMENT OF Rs.2,01,249/-**

10. The audit reported that in Pehur High Level Canal Project the contract employees were allowed annual increments and special additional allowance which involved Rs. 201,149/-. The employees were not entitled for getting the annual increments etc. The overpayment was required to be recovered. The Department explained that in view of decision of DAC, further payment being made to the staff was stopped immediately and subsequently the case was taken with the Finance Department for condonation of the over paid amount. The Finance Department contended that no reference had been received from the Agriculture Department for condonation of the overpayment by the Department.

11. After detailed discussion, the PAC directed that Finance Department may examine the case for condonation of the overpayment. In case condonation was regretted by the Finance Department then the amount be recovered from the individuals to whom overpayment was made. Para stands. Progress be reported to PAC within 3 months.

DP No.6 **NON-PRODUCTION OF RECORD IN SUPPORT OF EXPENDITURE OF Rs. 22.015 MILLION.**

12. The audit reported non-production of record in support of expenditure of Rs. 22.015 million. During the course of discussion it was observed that the para was settled by the DAC subject to the condition that the accounts pertaining to the para will be checked during the next audit. However, the record has not yet been checked by the audit.

13. The PAC noted with grave concern the issue of non-production of record to the audit in time and directed that the Department must produced such records to the audit during the course of inspection by the audit party. As regards the issue raised

by the audit in the present para the PAC directed that record must be produced to the audit within a week time for scrutiny. Para stands. Progress be reported with in 2 weeks.

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ESTABLISHMENT AND ADMINISTRATION DEPARTMENT

DP No.7 Non-Recovery of Rs. 18.00 Million from NAB as rental charges.

14. The audit reported non-recovery of Rs. 18.00 million from NAB as rental charges of the MPA Hostel. The Department explained that the issue remained under consideration of the Provincial Government and resultantly rent of Rs. 5,50,000/- per month was fixed in a meeting held under the Chairmanship of Colonel Staff NAB, Peshawar. Request has already been made to the NAB authority for payment to Rs. 16 million.

15. After detailed discussion, the PAC directed that every effort be made by the provincial Government to recover the outstanding amount to Rs.16 million from the NAB as agreed to between both the quarters within 6 months positively. Para Stands. Progress be reported to PAC.

DP No.8 UNJUSTIFIED PAYMENT OF Rs. 5.00 MILLION.

16. The audit reported unjustified payment of Rs.5.00 million. The basic issue was that a sum of Rs. 5.00 million was provided by the Finance Department to Director, PBMC for establishment of NAB office in the PDA building with the condition that on receipt of fund from the NAB it should be repaid to the Finance Department. However, the fund received from the NAB was not refunded to the Finance Department, rather it was utilized by the Director, PBMC on four different M&R works without lawful authority.

17. The Department admitted the contention of the D.G, Audit and explained that the amount was utilized by the PBMC in consultation with the Deputy Secretary, Budget, Finance Department on emergent nature of works.

18. After threadbare discussion the PAC recommended that the para may be dropped with the observation that in future proper procedure should be adopted to avoid such type of unjustified payments.

DP N.9 LESS DEPOSIT OF Rs.2.544 MILLION IN BANK ACCOUNT OF FRONTIER HOUSE, ISLAMABAD.

19. The audit reported less deposit of Rs. 2.544 million in bank account of Frontier House, Islamabad. The Department explained that the entire amount has been deposited and in view of documentary evidence and plausible explanation, the para was recommended to be dropped.

DP No.10 WASTEFUL EXPENDITURE OF Rs.1.00 MILLION.

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

DP No.11 NON-RECOVERY OF GENERAL SALES TAX OF Rs. 865,300/-.

21. Para was settled by the DAC meeting hence no action was required.

DP No.12 OVERPAYMENT OF Rs. 0.16 MILLION.

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

ENVIRONMENT DEPARTMENT.

DP.No.24 BLOCKAGE OF FUNDS OF Rs.1.40 MILLION ON UNNECESSARY PURCHASE OF STORE.

3. The Audit reported that in 1999, Divisional Forest Officer Wildlife Peshawar purchased various items like steel girder, chain links etc valuing Rs.1.40 million for development of Kund Park but these articles are lying unutilized.

4. The Department explained that store items i.e. steel girders and chain link mesh were purchased for the improvement and development of various Wildlife parks in the NWFP, during the month of June, 1999 and stored in Kund Wildlife Park. The said items were utilized after wards. The Department produced record.

5. The PAC noted with heavy heart and showed dissatisfaction over the performance of Wildlife Department that why these items remained unutilized for such a long time and if not required why these were purchased in violation of para 145 of GFR Vol-I. Therefore, a Sub Committee consisting of the following Members was constituted:-

i. Mr. Mukhtiar Ali, MPA Chairman

ii. Syed Muhammad Ali Shah Bacha, MPA Member

6. The Sub Committee was assigned the task to investigate the matter in detail and report back to PAC within one month.

DP.No.19 NON-RECOVERY OF Rs.11.439 MILLION ON ACCOUNT OF ROYALTY AND INTEREST FROM FOREST DEVELOPMENT CORPORATION.

7. The Audit reported that in the office of Divisional Forest Officer Kaghan, 40% Government share plus accrued interest of Rs.11.439 million were not recovered from Forest Development Corporation.

8. The Department explained that an amount of Rs.9.491 million regarding royalty has been recovered from FDC and produced challans. So far as the recovery of interest amounting to Rs.2.020 million was concerned the matter was already under correspondence with FDC the Department added.

9. The para was, therefore, recommended to be dropped, subject to verification of record by Audit within a week time.

DP.No.20 UNAUTHORIZED UTILIZATION OF Rs.9.071 MILLION OUT OF CLOSED PROJECT FUND.

10. The Audit reported that Environmental Rehabilitation Project Swat was closed on 30.6.2000, but the unspent balance of Rs.9.071 million was not credited to the Government account.

11. The Department explained that the Donor Agency i.e. World Food Programme Country Director vide his letter No.PRO-4659/320/104 dated 31/05/2000 advised the then Project Director Environment Rehabilitation Project that on closure of the project the balance cash funds and World Food Programme food stamps may be handed over to his representative i.e. Senior Technical Advisor. So, in compliance with the directives food stamps worth Rs.8.546 million handed over to Pakistan Baitul Mal. Further more the balance amount of Rs.0.525 cash funds were utilized by the Senior Technical Advisor of the said project during the extension period from 7/2000. to 10/2000.

12. The explanation of the Department being plausible was accepted and the para was recommended to be dropped with the direction to the Department to come fully prepared alongwith complete record in future.

DP.No.21 NON-RECOVERY OF GOVERNMENT DUES OF Rs.8.183 (M).

13. The Audit reported that in various offices of Environment Department, Rs.8.183 million were outstanding on account of arbitration award, shortage of timber, interest of non-payment of harvested timber cost and timber duty against Forest Development Corporation.

14. The Department was unable to explain the position hence the para alongwith the remaining paras were kept pending till 23/10/2008, with the direction that the Administrative Secretary must attend the meeting alongwith complete details of the paras.

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HIGHER EDUCATION, ARCHIVES & LIBRARIES DEPARTMENT

DP. No.15 **NON-ACCOUNTAL OF BOOKS COSTING Rs.2.04 MILLION AND NON-RECOVERY OF COST OF MISSING BOOKS FOR Rs.70,000/-.**

3. The Audit reported that in Directorate of Archives and Libraries Peshawar, books valuing Rs.2.04 million were not taken on stock register. Moreover, 93 books valuing Rs.70,000 were missing since March 2001.

4. The Director General, Audit, added that there was no system of stock conducting verification, physical verification and internal audit in the Department as a result of which such type of irregularities are occurred.

5. The Department explained that all the books valuing Rs.2.04 million are properly entered in the stock register and produced complete record. Regarding matter of stolen books, the Department explained that out of 93 missing books, 75 books have been recovered from the defaulters, and efforts were being made to recover the remaining books, but the same seemed to be impossible. So the Department requested that amount involved missing of 18 books may be written off.

6. The explanation of the Department being plausible was accepted and the para was recommended to be dropped with the direction to the Finance Department to write off the amount involved in missing of (18) books. The Department was also directed to carry out stock taking/physical verification of books on annual basis and submit its report to the authority. The report of stock taking already carried out by the Department, may also be submitted.

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ELEMENTARY AND SECONDARY EDUCATION DEPARTMENT.

DP. No.13 **UNAUTHORIZED RETENTION OF Rs.47.938 MILLION.**

7. The Audit reported that in the "Construction Advisory Unit Project" of Primary Education Program Rs.47.853 million were kept in Grindlays Bank and Khyber Bank Peshawar after closure of the project on 30.6.2001 instead of crediting to Government Account, which is violation of para 95 of GFR Vol-I.

8. The Department explained that the amount involved in the para was grant-in-aid purely for NWFP Primary Education Project as per MOU signed between the Government of Pakistan and the Federal Republic of Germany and there was no precedent to deposit the foreign grant money into Government treasury. It added that utilization of balance money was in planning phase for Debt SWAP IV Project meant for earthquake affected schools in NWFP as per directive of the donor.

9. The representative of the Finance Department clarified that the balance amount should have been credited to the Government treasury instead of keeping it in Bank account for such a long period.

10. After thread-bare discussion the para was kept pending till 20/10/2008 with the direction to the Department, Finance & Audit to come fully prepared alongwith complete record in support of their contention. Para stands. progress be reported to PAC.

DP. No 14 **UNAUTHORIZED EXPENDITURE OF Rs.2.341 MILLION DUE TO NON-OBSERVANCE OF STIPULATED RATIO CHARGED TO THE OPEC/GDP FUNDS**

11. The Audit reported that in Middle Girls Schools Project II, Rs.2.341 million were charged in excess of prescribed ratio of expenditure relating to Government of Pakistan and Organization of Petroleum Exporting Countries shares, as per detail given below :-

Particular	Expenditure incurred	GOP Share	OPEC Share	Actual Expenditure	Difference
O&M	2,11,01,150	2,10,115 (10%)		16,96,000	14,85,885
Civil Works	29,09,130	2,32,730 (8%)		5,58,792	3,26,062
Civil Works	29,09,130	—	9,89,104 (34%)	15,18,561	5,29,456
				Total	23,41,403

12. The Department explained that in the MOU signed with the donors by the Government of Pakistan, the following shares were agreed to:-

ADB 60%

OPEC 32%

GOP 8%

13. There was difficulty in getting loan from OPEC to meet running expenses, therefore, payment from the GOP share was made with the hope that adjustment would be made from the OPEC shares when received, so the irregularity was occurred. When the OPEC authorities were approached for replenishment, they ordered liquidation of the project funds.

14. The Department when asked by the Committee, failed to produce any documentary proof in support of their contention, therefore, the para was kept pending till Monday 20th October, 2008, with the direction to the Department to come fully prepared alongwith fresh working paper as the working paper provided to the Committee was not found on proper format and lacking comments of Audit and DAC decision.

DP. No.16 NON-RECOVERY OF PROFESSIONAL TAX OF Rs.4,33,000/-.

15. The Audit reported that in Construction Advisory Unit in the Primary Education Project NWFP Peshawar, professional tax amounting to Rs.4,33,000/- was not recovered from contractors during 1999-2000.

16. The Department explained that the contractors who worked in Construction Advisory Unit in the Primary Education Project NWFP, were enlisted in so many Government Work Departments, having their National Tax Numbers and were regular payees' of Income Tax, hence there was no question to deduct Professional Tax at source.

17. On a query, the Finance Department clarified that the same was required to be affected from the concerned contractors by the Department.

18. The Committee, therefore, recommended that action leading to recovery of the total amount of professional tax may be initiated against the contractors. If not possible the responsible Officers/Officials may be put to task. Para stands. Progress be reported to PAC.

DP. No.17 UNAUTHORIZED PAYMENT OF Rs.2,00,000/-.

19. The Audit reported that for construction of Government Girls Primary School Risalpur, a contractor was paid Rs.1.609 million upto 8th running bill. The contractor did not complete the work, however his security of Rs.2,00,000/- was not forfeited.

20. The Department explained that due to the death of contractor as reported by his son, the contract was awarded to another contractor on the same terms and conditions.

21. The Committee observed that the contract was awarded to alternate contractor and release of performance bond as well as security of the first contractor was made without obtaining any proof which was irregularity on the part of the Department.

22. After detailed discussion, the PAC upheld the decision of DAC and recommended recovery of the amount from the defaulter after fixing responsibility. Para stands. Progress be reported to PAC.

DP. No.18 **OVERPAYMENT OF Rs.1,87,794/-.**

23. The Audit reported that in Science Education Project-II, it was noticed that actual work done and measured was for Rs.5,43,670/- whereas the project authority paid Rs.6,83,898/- without any justification. This resulted in overpayment of Rs.1,40,228/- to the contractor.

24. Similarly another contractor was overpaid a sum of Rs.47,566/- due to allowing 5% premium above the scheduled rates instead of 5% below as quoted by him in the tenders for the work "Construction of Science Laboratory at Government High School Shewaki Kohat". As such, an overpayment of Rs.1,87,794/- was made to contractor.

25. Regarding the first part of the para the Department explained that the work construction of Science Laboratory at Government High School Adina, Swabi was administratively approved for Rs.7,87,400/- against which a sum of Rs.6,38,898/- has been released. An expenditure of Rs.5,39,445/- has already been paid/booked to contractor and a balance of Rs.1,44,453/- was on the books of this Division, which will be adjusted against MRR under intimation to Audit/Second Science Education Project.

26. Regarding the second part of para, it was told that premium had been allowed by the PCC in its meeting held on 30/01/2006.

27. After detailed discussion, the PAC upheld the decision of DAC and recommended to affect recovery of the total amount involved, from the defaulters after fixing responsibility. Para stands. Progress be reported to PAC.

AGRICULTURE DEPARTMENT

DP No.1 **NON RECOVERY OF Rs.39.194 MILLION.**

3. The Audit reported that according to loan agreement between the Pakistan and Asian Development Bank, 25% shares of the cost of materials for construction and improvement of Water Courses were supposed to be recovered from water users over a five years period. However, the same has not been recovered despite expiry of the recovery period and as such a sum of Rs. 39.194 million was outstanding as recoverable amount.

4. The Secretary, Agriculture explained that proper notification as per requirement of Recovery Ordinance, 1962 has been issued, and all the amount involved in the para will be recovered from the defaulters as arrears of land revenue under the Revenue Recoveries Act 1890. The Assistant Coordination Officer and the representative of Revenue Department endorsed the statement of Secretary Agriculture and told the Committee, that they have been provided with complete list of the defaulters and they will initiate the recoveries very soon.

5. The Secretary assured that all the amount will be recovered with in three months.

6. The PAC after detailed discussion recommended recovery from the defaulters with in (3) month. Para stands till complete recovery. Progress be reported to PAC.

FOOD DEPARTMENT

DP. No.31 **NON-RECOVERY OF PENALTY OF Rs.1,77,901/- ON A/C OF SHORT DELIVERY OF WHEAT.**

7. The Audit reported that carriage contractor lifted wheat weighing 22 metric tons, from Amir Sharif Punjab which was not delivered to District Food Controller Nowshera. Director Food NWFP directed to recover Rs.2,95,623 being the cost of store but Rs.1,17,722 were recovered, leaving a balance of Rs.1,77,901.

8. The Department explained that actual cost and incidental charges of said quantity of wheat has been recovered from the relevant carriage contractor.

9. The PAC did not agree with the explanation advanced by the Department and referred to the contract agreement signed between Mr. Jan Israr Khan carriage contractor and the Governor NWFP on 15th September, 1994 according to clause 7 of the agreement the contractor was liable to pay double the cost of quantity short delivered at the destination.

10. The PAC therefore upheld the decision of DAC and recommended to recover the balance amount within one month. Para stands. Progress be reported to PAC. For future guidance Department was directed to carry out reconciliation regularly with PASCO to avoid such instances in future.

DP. No.32 **NON-RECOVERY OF Rs.1,09,287/- ON ACCOUNT OF EXCESS PAYMENT OF FREIGHT CHARGES.**

11. The Audit reported that in the office of District Food Controller Haripur Rs.1,09,287/- were outstanding against Pakistan Railways on account of excess payment of freight charges during 2002-03. The Department was directed to recover the amount from Railways Department in DAC meeting held in May, 2005.

12. The Department explained that the refund claim for an amount of Rs.1,09,287/- against the Pakistan Railways for transit shortage have been lodged well in time. The matter has been vigorously pursued with Pakistan Railways, but no fruitful result were achieved.

13. After detailed discussion the PAC upheld the decision of DAC and recommended recovery of full amount from Railways Department within three months. Para stands. Progress be reported to PAC.

HEALTH DEPARTMENT

DP. No.33 NON-RECOVERY OF Rs.1.24 MILLION ON ACCOUNT OF RENT

14. The Audit reported that in Lady Reading Hospital Peshawar, Rs.1.24 million were not recovered from various contractors on account of rent i.e. Doctor's Canteen, Cabin of OPD and Car Parking Canteen.

15. The Department explained that LRH being an autonomous body has made different agreements. While signing contract of Doctors Canteen with Mr. Muhammad Ashaq & Co: it was agreed that payment of rent will not be charged during renovation and construction period up to maximum of one month, as the rent in question relates to that one month construction period, hence was not charge. It was also decided that rent from khoka would be spent on OPD and would not be deposited in to Government Treasury, as far as recovery of Rs.10,19,449/- regarding car parking and canteen is concerned the Department explained that amount of Rs.43,495/-has been shown in D.P.No.34 leaving the actual dues of Rs.975,954/- out of which 489,000/- has been recovered leaving balance of Rs.486,954/- Efforts are being made to recover the balance amount..

16. Finance Department commented that the above agreements were against Financial Rules and before inking these agreements LRH should have sought opinion of Finance and Law Departments as required under para 19 (ii) of GFR Vol-I.

17. The PAC after thread bare discussion upheld the decision of DAC and recommended action leading to recovery from the defaulters. Para stands. Progress be reported to PAC.

DP. No.34 NON-DEDUCTION OF SALES TAX AND INCOME TAX AMOUNTING TO Rs.1.07 MILLION.

18. The Audit reported that in various offices of Health Department, Rs.1.07 million were not recovered on account of sales tax and income tax from contractors and suppliers.

19. The Department explained that purchase of emergent nature drugs were made from local market from time to time, therefore, sales tax was not recovered. It was further added that these items being life saving drugs were exempted from Sales Tax. As far as the case of Income Tax deduction, the detail about the contracts and contractors were communicated to the Income Tax Department. Final action taken by the Income Tax Department has not been intimated to the Hospital, it added.

20. In view of plausible explanation of the Department the para was recommended to be dropped to the extent of Sales Tax while as far as amount of Income Tax was concerned, the Department was directed to recover the same from the contractors. Para stands. Progress be reported to PAC.

DP. No.36 SHORTAGE OF STORE WORTH Rs.8,29,772/-

21. The Audit reported that in Lady Reading Hospital Peshawar, non-consumable stores items worth Rs.8,29,772 were found short in different wards.

22. The Department replied that short fall was due to four items with the following detail.

S.No.	Items	Quantity	Amount
1.	Operation towel	950 Nos.	16,815

2.	Operation Gown	367 Nos.	27,892
3.	Laproscope	1 No.	76,673
4.	Diff: size container	5 Nos.	6,57,756
Total			7,79,136

23. The Department further added that towels and gowns were consumable items, which loose utility after utilization. Enquiry was conducted regarding laproscope in which two officials were found guilty one of them was dead by then. Moreover there was difference in rates of container shown by Audit and Department.

24. PAC after detailed deliberation recommended that:-

I) Amount involved in consumable goods (Sr.No.1,2) may be condoned.

II) Recovery against Mr. Navid Iqbal being dead may be waived off on humanitarian grounds while rest of recovery may be affected.

III) As far as rate of container was concerned (Sr.No.4) Audit should check the price of container from vouchers and the amount involved may be recovered from the concerned officials after fixing responsibility within three months, Para stands. Progress be reported to PAC.

DP. No.38 BLOCKAGE OF Rs.4,66,000/- ON ACCOUNT OF NON-RECRUITMENT OF OPERATIONAL STAFF FOR ECG AND ULTRASOUND MACHINES.

25. The Audit reported that in Children Hospital Peshawar, ECG and Ultrasound machines for Rs.4,66,000 were purchased. The equipment was dumped in store due to non-availability of operational staff.

26. The Department admitted irregularity and added that there was no embezzlement involved. Now ECG and Ultrasound machine have been shifted to DHQ Hospital Timargara Dir Lower and Police Services Hospital Peshawar respectively and are in working condition.

27. The PAC noted with grave concern that why these equipments were kept unused for such a long time where as other Hospitals of this province were lacking such like facility, hence the poor patients were deprived of their basic right of getting Health facility

28. However, taking a lenient view as no malafide intention was involved, para was recommended to be dropped with strong direction that the same would not be repeated in future.

29. Due to non submission of working paper pertaining to draft Paras No.35, 37, 39, 40, 41, 42 & 43, these Paras were kept pending till 23/10/2008.

ELEMENTARY AND SECONDARY EDUCATION DEPARTMENT

DP No.13 UNAUTHORIZED RETENTION OF RS. 47.938 MILLION

3. The Audit reported unauthorized retention of Rs. 47.938 million. The Department explained that under article 7 of the contract agreement made between the Federal Government and Government of Germany, it was clearly envisaged that the Agreement shall be governed by the law of German Government. In view of plausible explanation of the Department, the Para was recommended to be dropped with the observation that the available amount may be utilized on the purchase of furniture for those schools which were included in the project.

DP No.14 UN-AUTHORIZED EXPENDITURE OF RS. 2.341 MILLION DUE TO THE NON OBSERVANCE OF STIPULATED RATIO CHARGED TO THE OPEC/GOP FUNDS.

4. The Audit reported unauthorized expenditure of Rs.2.341 million due to non observance of stipulated ratio charged to the OPEC/GoP fund. The Department admitted procedural lapse of payments from Government of Pakistan shares instead of OPEC. Explaining the reason for procedure lapse, it was contended that getting OPEC shares was a lengthy process and as such there was no such option with the department but to pay the outstanding liabilities out of available shares of Government of Pakistan to keep the project activities intact.

5. The explanation of the Department, being plausible was accepted, hence the para was recommended to be dropped.

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HOME AND TRIBAL AFFAIRS DEPARTMENT.

DP No.44 NON RECOVERY OF OUTSTANDING DUES AMOUNTING TO RS.102.796 MILLION.

6. The Audit reported non recovery of outstanding dues amounting to Rs.102.796 million on account of services rendered to certain organizations. The Department admitted the contention of the Audit. However, it was added that the issue is under active consideration with the Federal Government and efforts are being made to recover the outstanding amount. After detailed discussion, it was decided, that in order to find out mechanism to resolve the issue of such outstanding dues, a Sub-Committee consisting of Mr. Alamzeb Khan (Chairman) and Malik Tamash Khan (Member) was constituted to trash out the issue within one month. Para stands. Progress be reported to PAC.

DP No.45 IRREGULAR ALLOTMENT OF SHOPS AND CABINS NON TRANSFER OF RS.10.85 MILLION TO GOVT: ACCOUNT.

7. The Audit reported that in Kohat, 54 Shops and 20 Cabins were constructed on Government land by Police Welfare Project. The Shops/Cabins were rented out but the amount of rent/security was not deposited into Government Treasury. The Department explained that the shops cabins were constructed out of welfare fund and not from government money. The amount realized has been used for the welfare of Police personnel.

8. The main Audit objection was that since the land was owned by the Government, therefore, certain shares must be given to it. The Law Department also supported the contention of Audit. After detailed discussion, the para was referred to Sub-Committee already constituted in DP No.44 for detail scrutiny. Para stands. Progress be reported to PAC within one month.

DP No.46 IRREGULAR EXPENDITURE OF RS.2.684 MILLION INCURRED WITHOUT CALLING OPEN TENDERS.

9. The Audit reported that an expenditure of Rs. 2.684 million was incurred on the purchase of equipments etc without observance of codal formalities. The issue was discussed in the DAC meeting wherein it was decided to enquire into the matter and fix responsibility, but no action was taken as yet. The Department could not advance any plausible explanation for not taking action as ordered by the DAC. The Committee noted this state of affairs with heavy heart. The Chairman observed that, if the officers of Department could not take action against their own employees who committed the irregularity what they would deliver for the public at large.

10. The Committee directed the Department to fix responsibility against the Officers/Officials who have not observed codal formalities while purchasing the equipments. Responsibility may be fixed within one month. Para stands. Progress be reported to PAC.

DP No.47 NON DEPOSIT OF RS. 2.268 MILLION INTO GOVERNMENT TREASURY.

11. The Audit reported that the Government dues amounting to Rs.2.268 million on account of traffic fine/penalty were kept in Bank of Khyber instead of crediting the same to the treasury. The Department explained that in view of rules instructions available on the subject matter, the amount was deposited in the authorized bank which was later on credited to the treasury. Subject to reconciliation/verification that the amount in question was transferred to treasury, the para was recommended to be dropped.

DP No.48 IRREGULAR EXPENDITURE OF RS. 1.445 MILLION ON RECRUITMENT OF FOOT CONSTABLES AGAINST THE POSTS RESERVED FOR PROMOTION OF HEAD CONSTABLES.

12. The Audit reported irregular expenditure of Rs. 1.445 million on recruitment of Foot Constables against the vacancies of Head Constables in violation of rules. In view of the explanation of the Department given in the working paper the para was recommended to be dropped with the observation that in future rules must be observed in letter and spirit.

DP No.49 MISAPPROPRIATION OF DRIVING LICENSE FEE AMOUNTING TO RS.1.297 MILLION.

13. Since enquiry reports were not produced, therefore, the para was referred to the Sub-Committee already constituted in DP No.44 to trash out the issue.

DP No.50 **NON RECONCILIATION OF DRIVING LICENSE RECEIPTS OF Rs. 1.195 MILLION AND VEHICLES FEE RS. 3.68,980/-**

14. Subject to verification of reconciliation certificates, the para was recommended to be dropped.

DP No.51 **IRREGULAR EXPENDITURE OF RS. 501.971 ON ACCOUNT OF PAY & ALLOWANCES.**

15. Subject to production of rules regarding condonation/relaxation in educational qualification, the para was recommended to be dropped.

DP No.52 **OVERPAYMENT OF RS.4,71,607/- BY ALLOWING HIGHER PAY.**

16. Subject to verification that recovery has been made, the para was recommended to be dropped.

DP No.53 **NON RECOVERY OF G.P.FUND ADVANCE AMOUNTING TO RS.2, 48,070/-.**

17. The Audit reported non recovery of G.P.Fund advance amounting to Rs.2, 48,070/-. The Department explained that recovery was in process. The PAC directed the Department to ensure that outstanding amount must be recovered from the individuals. With the above observation, the para was recommended to be dropped.

DP No.54 **NON RECOVERY OF INCOME TAX AMOUNTING TO RS.2,05,835/-.**

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

DP No.55 **NON-PRODUCTION OF AUDITABLE RECORD FOR RS.19.67 MILLION.**

19. The Audit reported non production of auditable record for Rs. 19.67 million. The PAC directed that a special audit party may be deputed to check the record and submit its report within 15 days. The Department was directed to produce all documents relating to the amount to audit party to finalize the audit in time. Para stands. Progress be reported to PAC.

IRRIGATION AND POWER DEPARTMENT

DP No.57 **NON CREDITING OF LAPSED DEPOSITS OF RS.1.512 MILLION INTO GOVERNMENT TREASURY.**

3. The Audit reported that a sum of Rs.1.512 million was lying in PW Deposit as unclaimed security deposit of contractors since March 1990 to January 1996.

4. The Department explained that security deposits have now been cleared/adjusted. It was contended that adjustment could be produced to the Audit for verification.

5. The PAC directed that verification may be made today to settle the issue. Subject to verification of record, the para was recommended to be dropped.

DP No.58 **OVERPAYMENT OF RS.1.18 MILLION.**

6. The Audit reported overpayment of Rs.1.18 million to the contractor due to non deduction of voids.

7. The Department explained that under clause 20 (F), no deduction of voids could be made in respect of the material specified particularly in composite works when they were supplied by the contractor and used by him.

8. After detailed discussion, the PAC directed that the Audit should verify as to whether the work for which payment was made, was composite work and payment was made on composite rates or otherwise. If it was established that it was composite work and payment was accordingly made, the para would be considered as settled otherwise recovery be affected. Para stands, progress be reported to PAC.

DP No. 61 **LOSS OF RS.6,43,200/- TO PUBLIC EXCHEQUER DUE TO CHANGE IN REBATE AND NON RECOVERY OF SUPERVISION CHARGES.**

9. The Audit reported para 58, 89 & III of CPWD code read with para 19 and 93 of GFR Vol-I and terms of notice Inviting Tender provides that work shall be awarded in the most transparent manner after proper technical sanction, in case of deposit works of local fund, provision must be made for recovery of establishment charges.

10. In view of plausible explanation of the Department given in the working paper the para was recommended to be dropped. However the PAC noted with grave concern that the Department did not convene meetings of the DAC despite intimation by the Audit.

11. The PAC, therefore, directed that in future due importance must be given to the DAC and meetings there of be convened to thrash out audit objections, otherwise the Administrative Secretary of the Department being Principal Accounting Officer would be held responsible.

SHYDO

DP No.59 NON DEDUCTION OF SALES TAX AMOUNTING TO RS.1.133 MILLION AND SPLITTING OF PURCHASE ORDER

12. Subject to verification of record that GST was deducted at source and deposited with the sales tax by the Department, the para was recommended to be dropped.

DP No.60 LOSS OF RS.9,65,142/- TO PUBLIC EXCHEQUER.

13. The Audit reported loss of Rs.9,65,142/- to public exchequer due to tempering the figures and payments made on unverified vouchers. It was added that the issue was discussed in DAC meeting wherein it was decided to conduct inquiry and fix responsibility but no progress was reported as yet.

14. The Public Accounts Committee upholding the DAC decision, directed that Enquiry may be conducted to fix responsibility. Para stands, progress be reported to PAC.

DP No.62 MISAPPROPRIATION OF RS.3,33,467/-

15. The Audit reported misappropriation of Rs.3,33,467/- The Department admitted the misappropriation saying that FIR had already been lodged against the main accused, the accused was behind the bars and the case was under investigation with the NAB.

16. Since the case was subjudice, hence the para was kept pending with the direction to the Department that it may be pursue vigorously. Para stands, progress be reported to PAC.

DP No.63 IRREGULAR DRAWAL OF RS.2,13,479/- ON ACCOUNT OF ELECTRICITY CHARGES PAYABLE TO WAPDA.

17. The Audit reported irregular drawal of Rs.2,13,479/- on account of electricity charges payable to WAPDA.

18. The Department explained that payment was made to WAPDA through First Women Bank. Relevant documents confirming that the payment was made to WAPDA was available with the Department, it was added.

19. Subject to verification of counter file of record the para was recommended to be dropped.

WORKS & SERVICES DEPARTMENT

D.P. No.68 NON-PREPARATION OF ANNUAL FINANCIAL STATEMENTS FOR RS.1007.863 MILLION.

20. The Audit reported that non-preparation of annual financial statements for Rs.1007.863 million due to non-prevalence of financial rules of Frontier Highway Authority.

21. The Department explained that rules have been drafted. The same were vetted by the Accountant General Office and now forwarded to the Finance Department. After clearance from the Finance Department, the same would be transmitted to Controller General. After detailed discussion the PAC directed the Finance Department to finalize the comments on the rules within one week so as to settle the issue and streamline the financial system of the authority. Para stands till finalization of Rules.

DP. No.69 UN-NECESSARY DRAWAL OF RS.723.66 MILLION FROM PUBLIC EXCHEQUER.

22. The Audit reported un-necessary drawal of Rs.723.66 million from public exchequer.

23. The Department explained that in view of the ordinance promulgated by the Governor regarding establishment of the authority wherein it was clearly provided that funds of the authority would be non-lapsable, hence the amount was not supposed to be surrendered. Moreover, Rules would be finalized shortly.

24. The explanation was found plausible, hence the Para was recommended to be dropped.

DP.No.72 **PAYMENT FOR NON-EXECUTED WORKS VALUING RS.50.824 MILLION.**

25. The Audit reported that the Frontier Highway Authority paid Rs.50.824 million in advance to WAPDA and PTCL for shifting of poles etc but the work was not carried out.

26. In view of factual position explained by the Department, the para was recommended to be dropped.

DP. No.75 **LOSS OF RS.6.648 MILLION DUE TO MANIPULATION OF PREMIUM IN THE TENDER DOCUMENTS.**

27. In Frontier Highway Authority Peshawar, a contractor's rate 2 to 10% below (lowest offer of Rs.98.71 million) was enhanced to Rs.111.05 million by adding a premium of 12.5% above and the work was awarded to a contractor at 6% above the schedule rates with contract value of Rs.108.84 million.

28. In view of joint Enquiry report conducted by the Deputy Director audit and Director Building & works, the Para was recommended to be dropped.

INDUSTRIES DEPARTMENT.

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DP No.56 **NON-REALIZATION OF RENEWAL FEE-RS.2.080 MILLION.**

3. The Audit reported that 208 stone crushing power machines were not registered with the Directorate of Industries. Hence, the annual renewal fee @ Rs.2000/- per machine was not recovered since 1998 resulting in loss of Rs.2.080 million.

4. In view of plausible explanation of the Department supported by rules framed by the Government on the subject matter, the para was recommended to be dropped.

PLANNING AND DEVELOPMENT DEPARTMENT.

DP No.64 **NON-REFUND OF RS.21.592 MILLION TO GOVERNMENT ACCOUNT.**

5. The Audit reported that in Sarhad Rural Support Corporation Scheme under Mansehra Village Support Project of P&D Deptt, saving amounting to Rs.21.592 million was not credited to Government account.

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

DP No. 65 **UN-AUTHORIZED TRANSFER OF PROJECT FUNDS WORTH RS.11.30 MILLION.**

7. The Audit reported unauthorized transfer of Project funds worth Rs.11.30 million.

8. The Department admitted the audit objection frankly saying that the amount should not be transferred from the Project. It was added that although the amount was temporarily transferred but the same was then recouped, however prior permission of the Government was not obtained.

9. After detailed discussion, the PAC directed the Planning and Development Department to issue strict warning to the Officers of SRSP, who have committed the irregularity. Subject to verification that the amount was recouped, the para was recommended to be dropped.

DP No.67 **NON-CREDITING OF RS.2.942 MILLION TO GOVERNMENT ACCOUNT.**

10. The Audit reported that in Mansehra Village Support Project, Rs.2.942 million were paid to Sarhad Rural Support Corporation Mansehra for various schemes. However, neither the schemes were undertaken nor the said amount was credited to Government.

11. In view of non availability of documentary proof and difference in figures claimed by the Audit and replied by the Department, the para was deferred for one month for clearance of the figures by the Department.

DP No. 66 **OVERPAYMENT OF RS.4.010 MILLION TO CONTRACTOR ON A/C OF ESCALATION.**

12. In view of non availability of documentary proof in difference of figures claimed by the Audit and replied by the Department, the para was deferred for one month for clearance of the figures by the Department.

WORKS & SERVICES DEPARTMENT

DP No.70 **UN-NECESSARY RETENTION OF RS.72.459 MILLION.**

13. The Audit reported that in C&W Division Mardan, unspent balances of Rs.67.360 and Rs.5.099 million were lying in 3rd and 5th Deposit during 2000-01 without any justification.

14. Subject to verification of record within two days, the para was recommended to be dropped.

DP No.76 **UNAUTHORIZED EXPENDITURE OF RS.5.041 MILLION.**

15. The Audit reported that as per progress report of C&W Division Mardan for June 2001, Rs.15.780 million were incurred on 24 developmental schemes in excess of 10% to 100% against administrative approval of Rs.10.739 million.

16. Subject to verification of record within two days the para was recommended to be dropped.

DP No.80 **NON-RECOVERY OF RS.418,000/- FROM THE PETROL PUMPS/FILLING STATION OWNERS**

17. The Audit reported that in the C&W Division Mardan, Rs.418,000 were recoverable from various petrol pumps/filling stations owners for 1999-2000 and 2000-01.

18. Subject to verification of record within two days the para was recommended to be dropped.

DP.No.81 **NON-RECOVERY OF REGISTRATION/RENEWAL FEE OF RS.4,10,000/-.**

19. The Audit reported that in C&W Division Mardan, registration/renewal fee amounting to Rs.410,000 was not recovered from 41 contractors during 2000-01.

20. Subject to verification of record within two days the para was recommended to be dropped.

DP.No.83 **OVERPAYMENT OF RS.2,93,760/- ON ACCOUNT OF ALLOWING PREMIUM ON NON-BOQ ITEMS**

21. The Audit reported overpayment of Rs.2,93,760/- on account of allowing premium on non BOQ items.

22. The Department explained that fact finding inquiry was conducted in the instant case wherein it was recommended that the concerned XEN and his staff has got no malafida intention to allow the premium of 48% above.

23. After going through the inquiry report, it was observed that approval of allowing 48% premium was granted by the Chief Engineer on his own and as such no formal request was made by the lower office.

24. The Committee noted with grave concern that how the Chief Engineer on his own initiated the case and accorded approval which gave birth to the impression that the same was done on malafida intention.

25. In view of the inquiry report, the Committee recommended that overpayment of Rs.2,93,760/- may be recovered from Ex-Chief Engineer concerned within three months. Para stands. Progress be reported to PAC.

DP.No.71 **UNAUTHORIZED EXPENDITURE OF RS.69.83 MILLION.**

26. The Audit reported that the Deputy Director, Works & Services Division Lower Dir, incurred an expenditure of Rs.69.83 million on construction work in various Government primary schools. Modified administrative approval was accorded for

Rs.60.70 million which had no provision in CPW Codes nor in revised technical sanctions and sanctions to the enhancement of contract cost were obtained.

27. Since the case was pending in the Court of Law, therefore, the para being subjudice was kept pending till the decision of the Court.

DP.No.73 **IRREGULAR EXPENDITURE OF RS.8.27 MILLION.**

28. The Audit reported the Dy: Director Works & Services, Lower Dir, incurred an expenditure of Rs.8.27 million on various works after change of site without preparation of fresh administrative approval, BOQ and re-tendering. Moreover, the expenditure exceeded 10% above the administrative approval.

29. Since the case was pending in the Court of Law, therefore, the para was kept pending till the decision of the Court.

DP.No.79 **UNAUTHORIZED EXPENDITURE OF RS.4,44,000/- FROM SAVINGS OF DEPOSIT WORKS FUNDS.**

30. The Audit reported that the Deputy Director, W&S Division, Lower Dir, incurred Rs.444,000 on supply of POL, repair of vehicles and other miscellaneous items during 2000-01 out of the savings of closed deposits works which was unauthorized.

31. The PAC upheld the decision of DAC with the direction to convene the meeting of all concerned to resolve the issue. Moreover, the Department was directed to approach the NAB to return the record to the DAC or Department.

DP.No.85 **OVERPAYMENT OF RS.1,97,295/- DUE TO INCORRECT CALCULATIONS.**

32. The Audit reported that in the office of the Deputy Director W&S Department Lower Dir, Rs.1,481,289 were paid on two items of works while actual calculation comes to Rs.1,283,994. Hence, Rs.197,295 were overpaid to contractor.

33. Since the case was subjudice, therefore, it was kept pending till the decision of the Court. However, particular recovery made by the Department may be got verified by Audit.

DP.No.74 **NON-RECOVERY OF PENALTY OF RS.7.071 MILLION.**

34. The Audit reported that in the C&W Division Swabi, penalty of Rs.8.582 million was imposed on consultant M/S NESPAK for unsound engineering practices out of which Rs.1.511 million were adjusted and Rs.7.071 million remained unrecovered.

35. The PAC upheld the decision of the DAC and directed the Department to implement the same at an early date.

DP.No.82 **OVERPAYMENT OF RS.3,78,000/- TO A CONTRACTOR ON ACCOUNT OF PAYMENT OF CARRIAGE CHARGES FOR EXTRA DISTANCE.**

36. The Audit reported that in C&W Division Swabi, Rs.3,78,000/- were overpaid to a contractor on account of transportation charges by claiming excess distance than the actual.

37. Subject to verification within one week, the para was recommended to be dropped.

DP.No.84 **LOSS OF RS.2,36,916/- ON ACCOUNT OF INCORRECT-APPLICATION OF FORMULA**

38. The Audit reported that in C&W Division Swabi, 1645.81 tons of asphalt was supplied instead of 1507.99 resulting in 137.82 ton excess premix asphalt due to incorrect application of formula, so the Government sustained a loss of Rs.2,36,916/-.

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

DP.No.86 **NON-CREDITING OF RECEIPTS TO GOVERNMENT ACCOUNT RS.1,25,000/-**

40. The Audit reported non-crediting of receipts to Government account amounting to Rs.1,25,000/-.

41. The issue was discussed in DAC meeting wherein it was decided that recovery from contractor may be made and deposited into Government treasury.

42. The Department could not provide any plausible explanation of non-crediting the receipts. The PAC after detailed discussion, directed that the amount must be deposited in Government Treasury and action may also be initiated against the officer who was responsible for non-crediting the receipt. Para stands. Progress be reported to PAC.

DP.No.87 **NON PRODUCTION OF AUDITABLE RECORD OF EXPENDITURE OF Rs.599.532 MILLION**

43. Since the issue was not discussed in the DAC, hence the PAC ordered that the issue may be thrashed out by the DAC and report submitted to PAC.

DP.No.77 **NON-RECOVERY OF INCOME TAX OF Rs.1.399 MILLION.**

44. The Audit reported non-recovery of income tax for Rs.1.399 million.

45. The Department explained that a sum of Rs.2,53,610/- has been affected and paid to the Income Tax authorities and a balance of Rs.2,32,273/- was outstanding against the responsible Officer. During the case of examination of record, it was observed by the Committee that in certain cases, recovery was made from the Officers with out any justification, as the income tax law was not applicable.

46. The PAC, therefore, recommended that the para may be dropped with the observation that unjustified recovery made by the Department from the Officers, may be re-examined and returned to the respective Officers.

DP.No.78 **UNJUSTIFIED PAYMENT OF RS.6,68,000/- FOR NON-EXECUTED WORK**

47. The Audit reported unjustified payment of Rs.6,68,000/- for non-executed work.

48. The Department explained that in pursuance to decision of the DAC, an inquiry was conducted wherein it was revealed that the contractor left the work incomplete and a sum of Rs.6,67,577/- was paid to the contractor. Later on an amount of Rs.6,14,000/- was deducted from the contractor, but the contractor filed an appeal in the Court. The Court appointed a Commission which inspected the work done and after proper measurement, a sum of Rs.1,41,792/- was fixed for the contractor.

49. The PAC after detailed discussion, directed that action may be taken against Officers/Officials in the light of Court decision for making fake entries. Para stands. Progress be reported to PAC.

HEALTH DEPARTMENT

DP No.35 **NON-REALIZATION OF SIDE ROOM CHARGES AMOUNTING TO Rs.1.04 MILLION.**

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3. The Audit reported non realization of side room charges amounting to Rs.1.04 million in Hayat Abad Medical Complex.

4. The Department explained that the Audit para is based on presumptive calculation and not based on facts.

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

DP No.37 **NON-SUPPLY OF MEDICINES/EQUIPMENTS WORTH Rs.6,74,622/-**

6. The Audit reported non supply of medicine/equipment worth Rs.6,74,622/-. The issue was discussed in the DAC meeting wherein it was decided that record may be produced for verification, but the same was not yet provided, it was added.

7. The Department explained that the record was available and can be provided to Audit at any time convenient to them.

8. The PAC directed that relevant record may be provided to Audit within one week time. Subject to verification of record, the para was recommended to be dropped.

DP No.39 **UNAUTHORIZED EXPENDITURE OF Rs.4,10,569/- ON ACCOUNT OF ENTERTAINMENT**

9. The Audit reported unauthorized expenditure of Rs.4,10,569/- on account of entertainment in Hayatabad Medical Complex. The expenditure was met out from amenity receipts and Hospital receipts .

10. The Department could not advance any plausible explanation for incurrence of the said expenditure.

11. The PAC, therefore, upheld the decision of the DAC and directed that recovery may be made from the Officers responsible for unauthorized expenditure. Warning may also be issued to the Officers who failed to implement the decision of the DAC. Para stands. Progress be reported to PAC.

DP No.40 **LESS-DEPOSIT OF OPD RECEIPTS AMOUNTING TO Rs.3,83,667/-.**

12. The Audit reported less deposit of OPD receipts worth Rs.3,83,667/-.

13. The Department explained that OPD registers were thoroughly examined and payment was found correct, which can be shown to Audit for verification.

14. Subject to verification of record within a week time the para was recommended to be dropped.

DP No.41 **LOSS OF Rs.2,64,503/- ON ACCOUNT OF EXPIRED MEDICINES.**

15. The Audit reported loss of Rs.2,64,503/- on account of expired Medicines in Hayatabad Medical Complex.

16. The Department explained that the Medicines in question were not purchased by the Hospital rather it was supplied by the MSD at their own. During those days the Hospital was partially functioning, hence all these medicines could not be utilized. However, proper inquiry was conducted and no fault of the Hospital Administration was established.

17. In view of the findings of the inquiry report the para was recommended to be dropped.

DP No. 42 **NON-SUPPLY OF EQUIPMENTS WORTH Rs.1,02,795/-.**

18. The Audit reported short supply of 11 Nos. shunts worth Rs.1,02,795/- in Hayatabad Medial Complex. .

19. It was added that the issue was discussed in the DAC meeting held in 2002, wherein it was decided to conduct inquiry but no action was taken as yet. The Department could not advance any plausible explanation for non conducting inquiry as ordered by the DAC.

20. The Committee noted with heavy heart such state of affairs and declared it as negligence on the part of the Department, that why decision of the DAC was not implemented within four (4) years as for as the draft para was concerned, the PAC decided to constitute a Sub-Committee comprising Mr. Alamzeb Khan, MPA, as a Chairman, Mr. Fazal Shakoor, MPA and Mr. Ziyad Akram Durrani, MPA, Members to investigate into the issue and submit its report to PAC within one month.

DP No.43 **NON-PRODUCTION OF RECORD AMOUNTING TO Rs.7.51 MILLION.**

21. The Audit reported non-production of record amounting worth Rs.7.51 million

22. It was added that the issue was discussed in the DAC meeting, wherein Department was directed to produce record for verification within fifteen (15) days, but no such record was produced as yet.

23. The Department explained that complete record was available.

24. The PAC, therefore, referred this para to the Sub Committee already constituted in the preceding para to verify the record.

25. Discussion on Audit Report pertaining to Environment Department was deferred due to absence of Administrative Secretary.

ENVIRONMENT DEPARTMENT.

DP.No.19 **Non-recovery of Rs.11.439 million on account of royalty and interest from Forest Development Corporation (DFC).**

3. The Audit reported non-recovery of Rs.11.439 million on account of royalty and interest from Forest Development Corporation.

4. The Draft para was discussed in meeting of PAC held on 15/10/2008 wherein it was referred to Audit for verification of record.

5. The Director Audit told the Committee that out of total 18 lots the record of only 2 lots could be verified, while the remaining record could not be verified.

6. The Department explained that as there was no further transaction in the 2 lots hence it was verified. As far as the record for the remaining lots are concerned it was produced to Audit, but due to sale proceeds from time to time the amount deposited was shown on higher side which was not accepted by Audit, regarding 14% interest it was told that the recovery as per agreement has already been made. The lot actually relates to the system of recovery of royalty and Government share on net sales basis, and the entire amount has been recovered from the FDC, therefore, the question of recovery of interest did not arise.

7. The PAC after detailed discussion recommended that complete record of all the lots showing the total estimated amount and the amount deposited may be verified by Audit and recommended that the amount of interest to be waived off as per plausible explanation of the Department.

8. Subject to verification of record by Audit the para was recommended to be dropped.

DP.No.21 **Non recovery of Government dues of Rs.8.183 million.**

9. The Audit reported non recovery of Government dues of Rs.8.183 million.

10. The Department explained that the amount was outstanding against the following Divisions:-

Ø **DFO, SWAT:-**

10. The Department explained that according to original audit para No.4 of the Audit Note an amount of Rs.21,97,110/- outstanding as on 30/06/2003, out of which outstanding amount of Rs.10,22,125/- has been recovered on account of royalty, interest and duty while the amount of fine worth Rs.11,74,985/- was recoverable from FDC. The FDC referred it for arbitration to the Secretary Environment which was decided in favour of Department. The FDC was aggrieved with the decision and filed a civil suit in the Court. Hearing of the case was fixed on 05/11/2008. The latest position of the recovery of Rs.11,74,985/- will be shown as and when decided by the Court.

11. After detailed discussion the PAC directed the FDC to withdraw the case and deposit the amount into Government Treasury.

Ø **DFO, ALPURI:-**

12. The Department explained that as far as fines of Rs.17,14,630/- is concerned, the said has already been recovered from the FDC vide T.C.No.4 dated 07/02/2005 and No.55 dated 24/06/2005, where as the balance amount of Rs.3,00,000/- which relates to interest, this Department has to act according to agreement deed which do not provide any clause of levying interest on belated payment of fines/penalties. Therefore, the interest was not recoverable, moreover the payment to the Department was made on net sale basis which is always greater than the estimated amount hence the interest was not required to be recovered.

13. The explanation of the Department being plausible was accepted and the para was recommended to be dropped, subject to verification of record.

Ø **DFO, KALAM:-**

14. The Department explained that in the instant case re-arbitration was conducted by the Secretary Environment on 22/07/2004 where in the penalty was reduced to Rs.7,96,142/- on the basis of actual shortage in lot No.328/M Beshigram compartment No.17,18,19 & 20. The amount of Rs.7,96,142/- has been recovered from the FDC vide T.C No.105 dated 22/03/2005. The explanation of the Department being plausible was accepted and the para was recommended to be dropped, subject to verification of record.

Ø **DFO, AGROR TANAWAL:-**

15. The Department explained that the recovery as per agreement has already been made. The lot actually relates to the system of recovery of royalty and Government share on net sales basis and the entire amount has been recovered from the FDC, therefore, the question of recovery of interest did not arise. It added that a similar nature para on the recovery of interest was previously discussed in the PAC on 30/09/1998 and was dropped with the technical reason that Department has recovered the amount in excess from the FDC.

16. Due to plausible explanation of the Department the para was recommended to be dropped.

Ø **DFO, KALAM:-**

17. The Department explained that the amount shown in the original para is Rs.1,16,890/- on account of outstanding royalty of lot No.206 & 277/M out of which an amount of Rs.1,16,789/- has already been recovered from FDC vide TC No.67 dated 18/04/20005.

18. Due to plausible explanation of the Department, the para was recommended to be dropped.

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Ø **DFO, KALAM:-**

19. The Department explained that the amount shown in the original para is Rs.1,68,183/- on account of 10% interest on outstanding amount of Rs.16,01,837/-. The amount of Rs.15,64,947/- relates to fines which has been reduced to Rs.7,96,142/- in the arbitration and has already been recovered. While the rest of the amount of Rs.47,199/- + 1,16,790/- has also been recovered. This is the duplication of the above para.

20. In view of the above explanation of the Department being plausible, the para was recommended to be dropped.

DP.No.22 **Non production of record pertaining to expenditure for Rs.4.460 million on account of food stamps.**

21. The Audit reported non production of record pertaining to expenditure for Rs.4.460 million on account of food stamps.

22. The Department explained that the project has been winded up and all the record of STA has been shifted to World Food Programme, Islamabad which cannot be produced at this stage.

23. The PAC did not agree the advance explanation of the Department and upheld the decision of the DAC and recommended that record may be produced to Audit for verification within three months. Para stands. Progress be reported to PAC.

DP.No.23 **Non-recovery of Rs.3.09 million outstanding against Cooperative Societies..**

24. The Audit reported non-recovery of Rs.3.09 million outstanding against cooperative societies on account of :-

- a. Managing Director of defunct Rashing Gangwal Forest Cooperative Society had to refund Rs.90,000/-.
- b. Managing Director of the society was bound to transfer Rs.2.06 million to special account of DFO.
- c. Amount of Rs.1.62 million being bank guarantee was to be encashed and credited to the DFO accounts.

25. The DFO Batagram ensured complete recovery with in a week time. Para stands till complete recovery.

DP.No.25 **Non deduction of Departmental charges of Rs.9.80.981/-.**

26. The Audit reported non deduction of Departmental charges of Rs.9,80,981/-.

27. The Department produced the relevant record to Audit and was verified. The para was recommended to be dropped.

DP.No.26 **Non recovery of loan amounting to Rs.5,52,300/-.**

28. The Audit reported non recovery of loan amounting to Rs.5,52,300/-.

29. The Department explained that the Project has been winded up on 31/12/2004. The original records have been sent to the concerned donors. This office have timely and again reminded to concern Agriculture Extension Workers/Live Stock Extension Workers in connection with immediate recovery of remaining outstanding loan, but no fruitful result received so far. Due to closing of Project, most of the beneficiaries were not willing to re-pay the loan to this office and were requested for exemption of the remaining outstanding amount.

30. The PAC after detailed discussion taking a lenient view keeping in mind the backwardness of the area recommended that the outstanding amount may be waived off with the directions that such practice may be avoided in future.

DP.No.27 **Overpayment of Rs.5,10,000/- on account of reward.**

31. The Audit reported that overpayment of Rs.5,10,000/- on account of reward.

32. The Department explained that in the light of provision contained in chapter XIV-115 (b) of Forest Ordinance 2002 duty and power rules of office and Delegation of Power 2001, the sanctioning authority was empowered to grant such reward.

33. The PAC did not agree with the explanation of the Department and upheld the DAC decision and recommended that full recovery may be made with in Three (3) months. Para stands. Progress be reported to PAC.

DP.No.28 **Non deposit of Rs.3,15,932/- in special account.**

34. The Audit reported non deposit of Rs.3,15,932/- in special account by the Managing Director of the Society to Divisional Forest Officer Battagram.

35. The DFO Battagram assured the recovery with in 10-days. Para stands till complete recovery, progress be reported to PAC.

DP.No.29 **Loss of Rs.2,80,000/- to Government.**

36. The Audit reported loss of Rs.2,80,000/- to Government due to non revision of lease agreement.

37. The Department explained that in response to clause-2 of the agreement executed with PTDC Motel, a meeting was held under the Chairmanship of Conservator of Forests, Hazara Circle, Abbottabad on 25/07/2005 wherein it was agreed upon to enhance the rent rate @ 15% keeping in view the present slumps of Tourism Industry. Accordingly the PTDC Motel Authority has made payment of Rs.2,53,528/- on account of arrear due to revision of lease rent.

38. The PAC noted with grave concern that as per agreement the rates of lease were required to be revised but due to negligence of the Department the same was not done till 2004. It was, therefore, recommended to revise the agreement and make recovery of the total amount. Para stands.

DP.No.30 **Non disposal of 40% of Government share of Rs.2,18,636/-.**

39. The Audit reported that the Divisional Forest Officer Kalam allowed the FDC to cut/harvest 545 trees i.e. Deodar, Kail Fir/Spruce from Gurnai forests Lot No.511/M 1093.18 cft timber obtained from these trees was used in the construction of bridges with the consultation of locals by the Forest Development Corporation. The locals submitted their consent for non demanding of 60% local share however, 40% Government share of Rs.21,86,636/- for 1093 cft timber was not recovered from FDC

40. The Department explained that the Bridge was dismantled and the timber used in the construction of Bridge i.e. 151=1092.71 Cft, was transported to Market and sold. Royalty i.e. 60% Government share has been paid by the FDC relevant record was produced which was verified by Audit. Hence the para was recommended to be dropped.