

REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE ACCOUNTS OF GOVERNMENT OF NWFP FOR THE YEAR 2001-2002

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FOR THE YEAR 2001-2002

INTRODUCTION

The present PAC was constituted on 28th of January 2003, under rule 193 of the Provincial Assembly of NWFP Procedure and Conduct of Business Rules, 1988 consisting of the following:-

1.	Mr. Bakht Jehan Khan, Speaker.	Chairman
2.	Mr. Sirajul Haq, Minister for Finance	Ex-officio Member
3.	Mr Ikramullah Shahid,MPA	Member
4.	Mr. Abdul Akbar Khan, MPA	Member
5.	Mr. Anwar Kamal Khan, MPA	Member
6.	Mr. Pir Muhammad Khan, MPA	Member
7.	Shahzada Muhammad Gustasip Khan, MPA,	Member
8.	Mr. Muzaffar Said, MPA	Member
9.	Mr. Khalil Abbas, MPA	Member
10.	Mr. Jamshed Khan, MPA	Member
11.	Mr. Khalid Waqar, MPA	Member

On 14/07/2003 just after Budget Session was over, the Committee started its functions and took-up for consideration the un-finished work for the year 1997-98. The PAC held 6-sessions consisting of total 74 days and finalized the report of the Auditor General of Pakistan for the year 1997-98 which comprised of 1375 Draft Paras.

In order to clear the huge backlog pending before it, the PAC decided to commence the meetings of the Committee regularly and it was decided to take up the fresh audit report for the year 2001-2002 laid before the Assembly on 29/06/2004 and was referred to PAC. So, a series of meetings of the Committee was held from 24/07/2006 to 30/08/2006 in the Conference Room of the Provincial Assembly Secretariat, Peshawar in which the above-mentioned report was scrutinized and discussed in detail.

The following table shown the detail of the Departments, Total paras noted against each, pending paras and numbers of Draft Paras scrutinized by the Committee:-

The Hon, ble Chairman over emphasized the non attendance of the PAC meetings by the Administrative Secretaries and Secretary Finance. He said that Administrative Secretary of the Department is the Principal Accounting Officer and being the Chairman of DAC forwarded the paras to PAC and take any decision on behalf of department and he was supposed to be in better position to explain the case. He therefore clarified that their absence from meeting of the committee without any cogent reason would not be excused, In case it was not possible for them to attend, then this should be intimated to the Assembly Secretariat alongwith the name of the officer, who would represent them.

The Audit Report for the year 2001-2002 brought before the PAC include paras involving

S.No	DEPARTMENT	TOTAL DP,s	DISCUSSED	PENDING
1.	Agriculture	20	20	00
2.	Board of Revenue	26	26	00
3.	Works & Services	40	40	00
4.	Industries	08	08	00
5.	Schools & Literacy	08	08	00
6.	Environment	31	31	00
7.	Health	31	29	02
8.	Food	21	21	00
9.	Home & T.A's	36	36	00
10.	Administration	13	13	00
11.	Establishment	01	01	00
12.	High Court	01	01	00
13.	Higher Education	41	41	00
14.	Irrigation & Power	31	21	10
15.	P&D	07	07	00
16.	CD&MD/Housing	29	29	00
17.	Local Government	22	11	11

embezzlement of Government money, gross financial irregularities, culpable negligence and misuse of powers. The Committee, where could not reach to a logical conclusion in view of in complete or un-satisfactory reply of the Department decided to constitute Sub-Committees or referred the cases to Inter Departmental Committees for minute deliberation to get assistance.

However, in certain cases where the Government money was clearly embezzled, the Committee, in order to have financial discipline amongst the Government Departments recommended for recovery after fixing responsibility on the culprits in the light of relevant law on the subject.

Following is the brief sketch of the irregularities committed by each Department.

1. Works and services department.

In this Department the cases of award of contracts on abnormal excessive rates then the scheduled rates, excess execution of work over and above the deposit, non recovery of long outstanding Government dues, purchase of store at higher rates, manipulation in the measurement books, irregular auction of machinery, unauthorized and unauthentic expenditure on repair of Government buildings, deviation from technical sanctions, non observance of transparency in tenders, non imposition of penalty, miss classification of expenditure and over payment to the consultants and contractors were unearthed by the committee with the assistance of Audit and Finance Departments.

In the Audit Report total 40 draft paras were noted against the Department that were discussed by the PAC on 26th and 27th of July 2006. The PAC in 19-paras where minor irregularities were involved and it was found that no financial loss accrued and the explanation of the Department was found plausible, the Committee recommended the draft paras to be dropped, yet the Department was issued directives to avoid such practices in future, failing which such type of irregularities would be taken up by the Public Accounts Committee seriously. Out of the remaining 21-paras in 7-paras the Department was directed to recover a total amount Rs.3.849 (M) from the defaulters, in 9-draft paras the Department was directed to produce record to Audit for verification, in 2-paras the Department was directed to get condonation sanction and adjustment of amount with Finance Department and in 1-para pertaining to excess execution of work over the deposit, joint inquiry by Department, Finance and Benevolent Fund authorities was ordered.

The Department was also directed that in order to have a fair competition and transparency, the system of open tender in awarding contracts must be adopted as provided under the rules.

2. Schools & Literacy

Total 8-Number draft paras were noted against the Department, which includes irregularities like excess drawal over and above the budget allocation, unauthorized and irregular expenditures and irregularity in pay and allowances. Keeping in view the plausible explanations advanced by the Department in the working paper and before the committee, 6-draft paras were dropped unconditionally, 1-draft para was referred to Sub-Committee and 1-draft para regarding over payment was dropped with the condition to refund the amount to the individual concerned under intimation to PAC.

3. Board of Revenue

In this Department the cases of non recovery of abyana, loss due to non receipt of Agricultural Land Product, excess payment on account of pay and allowances, purchase of land at higher rates, irregular expenditure on account of stationary charges, non deduction of Income Tax, double payment to WAPDA, non realization of lease money, double payment to flood affectees

and non production of auditable record, were unearthed by the committee with the assistance of Audit and Finance Departments.

Total 26-paras were noted against the Department, most of the paras related to non recovery of Abyana and Agriculture Tax, the department was therefore directed that the outstanding amount on account of Abyana should in- variably be assessed and recovered in time. The department was to recover the same from the users and also get the amount already recovered verified by Audit and report progress to Assembly Secretariat in stipulated period. 6-draft paras, where the explanation of the Department advanced before the Committee was found plausible were dropped unconditionally, A para regarding non realization of lease money was referred to Sub- Committee for detailed scrutiny.

4. Environment

The report contains cases of mis-appropriation, over payment, losses to government and violation of rules etc.

In the Audit Report total 31 draft paras were noted against the Department that were discussed by the PAC on 1st and 2nd of August 2006. The PAC in 16-paras where minor irregularities were involved and it was found that no financial loss accrued or the explanation of the Department was found plausible, recommended the draft paras to be dropped, yet the Department was issued directives to avoid such practices in future, failing which such type of irregularities would be taken up by the Public Accounts Committee seriously. Out of the remaining 15-paras in 5-paras the Department was directed to recover a total amount Rs.11.606 (M) from the defaulters, in 8-draft paras the Department was directed to produce record to Audit for verification, in 2-paras pertaining to Non recovery of outstanding Govt. dues joint inquiry by Department and Audit was ordered.

While discussing draft Para No.22 in respect of the Environment Department incorporated in report of 2001-2002, it was observed by the audit that the colossal amount was recoverable from various Agencies/Contractors. Since the cases are in Court, it takes long time to decide, and as such the Govt: revenue is badly affected. It was contended that if the amount was recovered after (10) years it did not carry the same value. The losses mainly occur to Government exchequer due to slow court process. The audit suggested that Special Administrative Law may be enacted with special administrative Judge having exclusive jurisdiction to deal with forest cases.

The department admitted the contention of the Audit Department adding that cases were pending in the court for the last more than 20 years and the timber lying for decisions of court could not be removed and hence rusted. After detailed discussion the PAC directed the department that in order to avoid such huge losses to the Govt:, steps should be taken for proposing legislation in that regard as proposed by Audit for timely disposal of forest cases.

Local Government

Total 22 pares were noted against the Department in the Audit Report which includes in Irrigation like over payment due to allowing higher rates, non deduction of voids, interpolation in tender documents, execution of work below specification, unauthorized drawal of pay and allowances, non-crediting of Government money, irregular advance payments, non recovery of out standing dues and non realization of road making machinery.

Only 11 paras could be discussed by the PAC, as the Department had not submitted working paper for the remaining 11 paras with the pretext that 5-paras where the explanation of the Department was found plausible were dropped unconditionally.

In 3-draft paras where overpayment and non recovery was involved the Department was directed to recover the same from the persons at fault after fixing responsibility.

One draft para regarding change in rates through interpolation in technical sanction was referred to IDC for detailed scrutiny and in 2-draft paras verification of record by Audit, PAC Cell of the Assembly was ordered by the PAC.

Food

The Audit report consisted of 21-paras significant value highlighting the cases of mis appropriation, recoverable over payments, negligence, violation of rules and violation of propriety, which were violations of para 5,11,23,26,148,151,158,159,167,273 & 274 of GFR, treasury rules and contract agreement made with the contractors.

Only 4-draft paras where the explanation of the Department was found plausible and record produced in support of reply was up to the satisfaction of PAC were dropped unconditionally.

In four cases of mis appropriation of Government money resulting from non deposit of Government money received account of sale of wheat.

For misappropriation of such heavy amount; only one clerk was held responsible. It was added that a clerk can not misappropriate such huge money alone unless and until he has some backing from the supervisory officer. The amount was not misappropriated within a day or a month. This clearly shows that the department officers have miserably failed to carry out periodical check of store and heavy store was left at the mercy of a clerk. The Audit was also of the contention that store enforcement officer, supervisor, DFC and all other officers/officials were responsible for periodical check and had miserably failed to perform their duties, thereby occurring a heavy loss to the Government.

The PAC, therefore, directed that a detailed inquiry may be conducted and apart from the clerk, the senior officers who had not done justice to their job should also be put to task by taking stern action.

A few cases where the Department had recovered the amount in question was referred to Audit Department for verification of recovery made and the Department was also directed to make efforts for early recovery of the balance amount.

Health

The Audit Report consisted of 31-draft paras which includes irregularities like non production of auditable record, unauthorized investment from College receipt, non

deposit in to Government treasury, un authorized retention of Government dues, non production of APR non deduction of income/sales tax purchases at higher rates over payment, irregular expenditure mis appropriation of Government money and unjustified payment to PESCO.

Out of which 29-paras were discussed by the PAC while the remaining 2-draft paras were not discussed due to non production of working paper by the Department, hence were kept pending.

10-draft paras involving minor irregularities or where the explanation of he Department was found plausible were dropped unconditionally.13-draft paras were referred to Audit Department for verification of record in 3-draft paras recovery was ordered. In one draft para the Department was directed to regularize the excess expenditure from Finance Department in one draft para Joint inquiry was ordered by the DAC and draft para No.13 was kept pending for want of record of receipts and expenditure and authorization of room charges over and above the one fixed by Finance Department.

General

The Audit has pointed out time and again that sales tax at the prescribed rate was not deducted from the bills of the suppliers which is a clear violation of the instructions of Government.

The Committee directed that it would be the responsibility of DDO to deduct the General Sales Tax from the bills. If General Sales Tax was not deducted, the DDO will be held responsible in future.

Irrigation

The Audit report contained cases overpayment made due to allowing incorrect rates, due to non deduction of voids, on account of land acquisition.

Non recovery of Govt: dues.

Non deposit of Govt: money.

Non recovery of excess expenditure 93 CFTon deposit work.

Non deposit of professional tax.

Manipulation in tenders.

Non pleading of case.

Irregular expenditure.

Non production of Auditable record.

Unjustified award of contract.

Total 31 paras were noted against the department and of which 10 paras for which working paper was not submitted were kept pending. Out of the discussed 21 paras 10 paras were the explanation of the department was found plausible were dropped unconditionally. 2 paras were settled subject to verification of record by Audit.

In 2 paras where the amount was referred on the special directive on Finance department, the FD was therefore directed to take up the case with 11 crops for obtaining undoable record for the expenditure on question.

1 para was referred to Sub-Committee for detailed scrutiny.

Agriculture

Total paras 20

Discussed paras 20

The audit report contains cases of un-authorized and irregular expenditure, purchase of medicine on single quotation, unauthorized drawl of pay and allowances, Non production of APR, non recovery of discount on purchase of medicine and non recovery of House rent allowance.

12-Paras involving minor irregularities and where the explanation of the department was found plausible were dropped unconditionally.

4-Paras were referred to audit for verification of record.

4-Paras were referred to IDC for detailed scrutiny.

Higher Education:-

The report contained cases of irregularities, like non accountal of Government money, irregular expenditure on account of repair of vehicles, double drawal of electricity charges, alteration/addition in account books overpayments in medical allowances, irregular drawal of pay and allowances, un-authorized drawal of house rent allowance, uneconomical and un-authorized expenditure, non deduction of sales tax, non recovery of house building advances and training charges, non recovery of loans and advances, irregular purchase transformers, non receipt of furniture, blockage of public funds, unauthentic distribution of funds and non accountal of profit.

The report consisted of 41-paras which were discussed completely by the Public Accounts Committee.

24-paras involving minor irregularities and where the explanation of the Department was found plausible were unconditionally dropped.

6-paras where record needed to be verified and where the amount was recovered were referred for verification of record and recovery by the Audit.

In 4-draft paras which needed detailed probe were referred to Sub-Committee and 1-para was referred to Inter Departmental Committee.

In 2-paras recovery of an amount of Rs.12.325 (M) was recommended.

In 3-paras joint enquiry was ordered 1-para which was reported to be subjudice was kept pending till the decision of Government of law.

Administration & Establishment.

The report contains irregularities like non accountal of Government money, irregular auction of vehicles, non deposit of room rent/telephone charges, irregular and un-authorized retention of Government money irregular and un-authorized expenditure on purchase of store, waste full expenditure on purchase of cars and non production of auditable record.

Most of the paras were dropped as a result of plausible explanation of the Department.

In some cases where the Department explained that he action required had already been taken, verification of record by Audit was ordered

High Court

One para regarding the irregular purchase of vehicle was noted against the Department, which was dropped with the observation to avoid such practice and to fulfill all codal formalities and adopt proper procedure in future.

Establishment

Only one draft para regarding the waste full expenditure on service reforms commission noted against the Department which was dropped due to plausible explanation of the Department and production of relevant record.

PE&D

The report contains irregularities like loss due to theft, irregular purchase of vehicles, non production of auditable record and non accountal of machinery and equipment, most of the para were dropped due to plausible explanation the remaining were referred for reconciliation, write off sanction and verification of record by Audit.

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Home & Tribal Affairs.

Total number of (36) thirty six draft paras were discussed by the Public Accounts Committee in its two meetings held on 9th and 10th August, 2006, highlighting non accountal of huge amount, non deduction of income tax/sales tax, non recovery of the cost of police guards supplied to others Departments, non recovery of rent of shops and cabins, non recovery of Arms and Ammunitions, non sale/auction of manufactured goods, loss to Government due to purchase at higher rates, irregular expenditure on account of telephone charges, non production of APRS, un-economical purchase unjustified accumulation, deposit and expenditure and non-availability of auditable record.

(16) sixteen draft paras were unconditionally recommended to be dropped while (09) nine were recommended to be dropped subject to verification of reconciliation certificate/record.

Draft paras No.3, 4, 7 & 8 were referred to Sub-Committee to be headed by Mr. Anwar Kamal Khan, MPA while draft paras No.10, 17, 24 & 29 were referred to an other Sub-Committee to be headed by Mr. Khalil Abbas Khan, MPA.

Draft para No.20 stands till production of certificate to Audit to effect that no excess drawal had been made by the Department while the decision of Sub-Committee under the Chairmanship of Mr. Khalil Abbas Khan, MPA will also apply to draft para No.9.

The Committee while examining draft para No.1 decided that not only recovery be made but an enquiry should also be conducted within two months so that the defaulters could be brought to book.

The Committee noted with grave concern that in most cases the working papers were incomplete as the annexures shown in the columns were not attached thereto. It also directed that an officer not below the rank of SP should attend the meeting of Public Accounts Committee in addition to the Administrative Secretary whenever their Draft paras com under consideration.

OBSERVATIONS/FINDINGS

7. In addition to the observation incorporated in the minutes annexed with this report, the following general observations were made by the PAC during its deliberation.

(A) **POORWORKING PAPER**

8. The working paper presented to the PAC by some of the departments especially Health Department was totally disorganized as the replies incorporated therein by the departments were evasive. The supporting documents were not annexed, most often the replies mentioned in the document were totally different from the one presented before the PAC. Such things created complications and most of the time of the Committee was wasted trying to reach a just and fair conclusion. It would not be out of place to record that some of the Secretaries mostly relied upon their subordinate staff, who were also ignorant of the issue. Neither the Secretary nor his subordinates were able to properly answer to the queries made by the members of the Committee.

This is high time for the Government to seriously think over the mismanagement so as to curb such things. This is really very teasing situation and the Government is required to think over it.

10. The Committee directed that due importance must be given to the PAC affairs. Complete working papers on the prescribed format duly signed by the Administrative Secretary with upto-date reply to Audit paras alongwith supporting material , minutes of the DAC and duly commented upon by Finance and Audit must be submitted to the PAC preferably 15 days before the PAC so that it could be distributed amongst the members of the Committee. to facilitate the job of the PAC.

(B) **NON-IMPLEMENTATION OF THE DECISION OF THE DAC.**

11 The PAC time and again directed that meetings of the DACs invariably be held twice in a year and decision made therein must be implemented at all cost. The Committee noted with great unease that Principal Accounting Officer and other dealing hands were not serious about this important forum. The most pitiable aspect of the issue which has been noted by the Committee time and again with concern, was that the decision arrived at the DACs, particularly with regards to recovery or conducting of inquiries were not being implemented. There does not seem any technicality or difficulty in implementation of the decision of DAC but still the performance of the department in this respect was very poor. It gives support to the impression that in order to protect officer involved in the misdeed; the cases were not being followed up. In such circumstance meeting of the DACs, becomes nothing, but wastage of time and Government money. The deliberations/recommendations made in the DACs meeting would not yield any fruitful results, unless and until there is a mechanism in the department to ensure follow-up of such decision. It would not be out of place to mention that pursuing/implementing the decision of the DACs, is the basic job of the Principal Accounting Officer but at the same time, the Finance and Audit being members of the DACs could not be absolved of the responsibility for not pursuing the case with the

department. It is with deep regret to record that the Audit as well as Finance has also not done justice to their job in this context.

12. In order to make DACs effective practical, it would be advisable that the Finance Department may chalk out an yearly schedule/calendar fixing the months in which meeting of the DAC are to be held. Similarly, there might be a schedule of follow up meetings to be prepared by the respective department, so as to ensure that the decisions arrived at therein are implemented. Moreover, competent officer be nominated/deputed for DACs both by the Audit and Finance so as to play effective role in the meeting, decision made therein, are not challenged/questioned by any authority of the respective organization and there is no complication in this regard, as such instances have come to PAC that decision arrived at during DAC was not honoured by the Audit. This is not a fair practice. In case where decisions are not arrived at by the DAC in view of difference of opinion, detailed minutes must be recorded having opinion of all the members and the same must invariably be submitted with the working paper to PAC to facilitate its job.

(C) NON PRODUCTION OF RECORD.

Para-17 of the General Financial Rules read with Clause 14(2) & (3) of the Auditor General's Ordinance 2000, requires the officer in charge of any office or department to afford all facilities and provide record for audit inspection and comply with requests for information in as complete form as possible and with all reasonable expedition. Moreover any person or authority hindering the auditorial function of the Auditor-General regarding inspection of the accounts shall be subject to disciplinary action under the relevant Efficiency & disciplinary Rules applicable to such person.

Certain Drawing & Disbursing Officers in the departments do not provide the auditable record to the Audit Party and avoid it on one pretext or the other. Such attitude on the part of Drawing & Disbursing Officer's was not only a clear violation of the Ordinance quoted *ibid*, but also leads to conceal fraud, theft, embezzlement & other irregularities. At the time of audit, the audit team has to check some very important points, which are left due to non-production of record.

The Public Accounts Committee while discussing Draft Para No.12, 14, 88 and 121 for the year 1994-95 took very serious view of this sort of delaying tactics by the department and further directed that record must invariably be produced to the Audit Party at the time of audit. In case of any such complaint, a draft para may be framed against the officer at fault and the Principal Accounting Officer must take disciplinary action against the official who fails to produce the record.

Laws/Rules, and the PAC directions with regard to production of auditable record, are not followed in letter and spirit. A few instances of such irregularities as reported by the audit in the Audit Report are attached at Annexure

13. The Committee has noticed that some of the lower formation of the Administrative Departments did not provide auditable record to the Audit at the time of Audit. This is not only an irregularity but rather an offence under the Auditor General of Pakistan Functions and Powers Ordinance. Non production of such record gives weight to the impression that their might be some gross discrepancy, which the dealing hands did not want to disclose to save their skin. Similarly, some time record is avoided to be produced to DAC, which is not excusable at any cost. The Committee directed that such practice should be discouraged and if any incident to that effect is brought to the notice of the Administrative Secretary, timely action must be taken against the culprits. However, the Audit Officer should not take disadvantage of such things to tease the concerned officers merely on the pretext of non production of record without having solid proof.

(D) **PREMIUM OVER AND ABOVE SCHEDULE RATES APPROVED BY PDWP IS HIGHLY OBJECTIONABLE.**

14 The Committee noticed that in Works & Services and Irrigation Departments certain works were executed and the contractors were allowed premium over and above the scheduled rates fixed by the Provincial Development Working Party being a competent forum for the purpose. Allowing higher rates above the schedule rate was just to benefit the contractor, the Audit contended. It strongly objected to such deviation from the scheduled rates, which was also endorsed by the PAC. The Committee directed that such practice of allowing premium above the scheduled rates needed to be discouraged as it tantamounts to transgress the authority of the PDWP a highest forum, to avoid loss to provincial exchequer.

(E) **EXCESS EXPENDITURE OVER DEPOSITS RESULTING IN MISUSE OF CHEQUE DRAWING AUTHORITY.**

15 The Audit Report for the year 1997-98 revealed that in case of Foreign Aided Projects/WAPDA/MNA funded schemes executed through Federal Government, such as Command Water

Management Project, Rehabilitation of Irrigation Workshop and Flood Management in Kalapani Nullah and ISPR, excess expenditure of Rs. 8.561 million was incurred. This excess expenditure was met out from the Provincial Exchequer and to the Misc: PW Advance for want of reimbursement from the Federal Government since 1960, whereas no budget under suspense head was available.

16. The Committee in the first instance observed that incurrence of such huge expenditure on deposit works was unauthorized and also misuse of cheque drawing authority. Secondly, the department failed to make efforts for the recovery of the outstanding amount from the Federal Government. It is quite evident that the department had showed laxity in this regard which is condemned. The Committee directed that such practices should be discontinued forthwith. It also directed the Irrigation Department to make a comprehensive case of all such expenditure and submit it to the Finance Department for taking up the issue of reimbursement of expenditure with the Ministry of Finance at demi-official level.

PROVINCIAL ASSEMBLY OF NWFP

MONDAY, 24th JULY, 2006

1st Sitting

The Public Accounts Committee assembled at 10.00 A.M in the Conference Room of the Provincial Assembly Secretariat, Peshawar to examine the Audit Report on Accounts of Government of NWFP, for the year 2001-02 pertaining to Agriculture Department. The following were present:-

Public Accounts Committee.

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|----|--------------------------------------|----------|
| 1. | Mr. Bakht Jehan Khan, Speaker. | Chairman |
| 2. | Shahzada Muhammad Gustasip Khan, MPA | Member |
| 3. | Mr. Anwar Kamal Khan, MPA | Member |
| 4. | Mr. Jamshed Khan, MPA | Member |
| 5. | Mr. Khalid Waqar, MPA | Member |
| 6. | Mr. Muzaffar Said, MPA | Member |
| 7. | Mr. Abdul Akbar Khan, MPA | Member |

8. Mr. Pir Muhammad Khan, MPA

Member

Finance Department.

Mr. Kamran Shah,
Deputy Secretary.

Law, Parliamentary Affairs and Human Rights Deptt:

Mr. Muhammad Saleem Khan,
Deputy Secretary.

Auditor General Office.

1. **Mr. Sikandar Khan,**
Director General.

2. **Mr. Zahir Alam,**
Deputy Director.

3. **Syed Zafar Iqbal,**
Deputy Director.

4. **Mr. Mutahir Shah,**
Audit Officer.

Agriculture Department.

1. **Dr. Nawab Khan,**
Director General Research.

2. **Mr. Allah Dad Khan,**
Director General Agriculture (Extension).

3. **Mr. Olass Khan,**
Chief Planning Officer.

4. **Dr. Nasir-ud-Din,**
Director, Agri: Research.

5. **Mr. Muqarrab Ali,**
Director, L&DD.

Provincial Assembly of NWFP.

1. **Mr. Nazir Ahmad,**
Secretary.

2. **Mr. Amanullah,**
Addl: Secretary-I.

3. **Mr. Javaid Latif,**
Additional Secretary-II.

4. **Mr. Dost Muhammad,**
Deputy Secretary.

2. The meeting commenced with recitation from the Holy Qura'n.

3. In his opening remarks, the Chairman welcomed the participants, saying that the Public Accounts Committee was a constitutional body meant for taking stock of the expenditure incurred from tax payers money. It examines the legality of expenditure incurred by the respective departments. Pointing out the performance of the PAC, he added that this Assembly has the privilege of constituting PAC just after it came into being. He said that the working of PAC of the NWFP Assembly had been appreciated by the World Bank Consultants. He shared his views of having an occasion to visit House of Commons, where the members of PAC met with their counter-parts. He said that 95% of the recommendations of the Public Accounts Committee in the House of Commons are implemented. He stressed upon all concerned to maintain financial discipline, as we all are first accountable to Almighty Allah and then the people of this poor Province. The Committee then took up for consideration the Audit Report.

AGRICULTURE DEPARTMENT

DP No.1 Un-authorized expenditure of Rs. 1,687,492/- (on a/c of labour charges) without provision of funds.

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4. The Audit mainly reported that a sum of Rs.16,87,492/- as labours charges was spent without authorization, having no provision of funds. Moreover, the services of labourers were hired despite the fact that 23 field workers were available in the local office whose services were not utilized.

5. The department, rebutting the Audit allegation, contended that an amount of Rs.25,16,900/- was available under head 03000-other allowances. The labours charges were met out from that fund. As regards engagement of labourers, it was contended that labourers were engaged over and above the field workers available in the local office in view of utmost necessity. In their absence the public interest would suffer. The PAC questioned that when the funds were available in the budget, why they were not brought before the DACs chaired by the Administrative Secretary, which had admitted the incurrence of expenditure without specific allocation in the Budget code, and directed getting regularization of Finance Department. The department could not advance any plausible explanation.

6. The Committee noted that neither the Administrative Secretary of the Agriculture Department as Principal Accounting Officer, nor Administrative Secretary of the Finance Department attended the meeting without any intimation. The Committee as a protest deferred taking stock of Accounts of the Agriculture Department to 25th July, 2006, directing the Government that both the Administrative Secretaries must attend the meeting personally.

7. The meeting was adjourned and will meet again on 25/07/2006.

-Sd-
(BAKHT JEHAN KHAN)
Speaker/Chairman,
Public Accounts Committee.
PROVINCIAL ASSEMBLY OF NWFP

TUESDAY, 25th JULY, 2006

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2nd Sitting

Revenue Department.

The Public Accounts Committee assembled at 10.00 A.M in the Conference Room of the Provincial Assembly Secretariat of NWFP, Khyber Road, Peshawar to examine the Audit Report on Accounts of Government of NWFP, for the year 2001-02 pertaining to Revenue Department. The following were present:-

Public Accounts Committee.

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|----|--------------------------------------|----------|
| 1. | Mr. Bakht Jehan Khan, Speaker. | Chairman |
| 2. | Shahzada Muhammad Gustasip Khan, MPA | Member |
| 3. | Mr. Anwar Kamal Khan, MPA | Member |
| 4. | Mr. Jamshed Khan, MPA | Member |
| 5. | Mr. Khalid Waqar, MPA | Member |

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|----|----------------------------|--------|
| 6. | Mr. Muzaffar Said, MPA | Member |
| 7. | Mr. Pir Muhammad Khan, MPA | Member |

Finance Department.

Mr. Zainullah Khan,
Additional Secretary.

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Law, Parliamentary Affairs and Human Rights Department.

Mr. Muhammad Saleem Khan,
Deputy Secretary.

Audit Department.

1. **Mr. Sikandar Khan,**
Director General.

2. **Mr. Zahir Alam,**
Deputy Director.

3. **Syed Zafar Iqbal,**
Deputy Director.

Board of Revenue, NWFP.

1. Mr. Muhammad Tayyab,
Secretary.

2. Mr. Khial Gul,
Budget and Accounts Officer.

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Provincial Assembly of NWFP.

2. Mr. Nazir Ahmad,
Secretary.

2. Mr. Amanullah,
Additional Secretary-I.

3. Mr. Javaid Latif,
Additional Secretary-II.

2. The meeting commenced with recitation from the Holy Qura'n.

D.P NO.1 Non recovery of Abyana worth Rs. 94.332 (M).

3. The Audit mainly reported that charges of abyana amounting to Rs. 94.332(M) were not recovered during the year 1997-98. It further added that the amount reported in the audit para relates to the year as back as 1997-98 and by now, the quantum of figure might have raised to a higher level.

4. The department explained that so far a sum of Rs. 72,29,450/- had been recovered. It was also pointed out that the Govt: has recently, made some concession in this regard while announcing Agriculture Policy. However, it added that recovery of abyana was a continuous process.

5. The Public Accounts Committee after detailed discussion directed that the amount of Rs.72,29,450/- contended to have been recovered by the department must be verified by the audit. Complete record of recovery to this effect may be submitted to the audit at an early date and progress to that effect be reported to PAC

Cell within one month. As regards balance recovery, the Committee impressed upon the department to expedite the same. Para stands.

DP NO.2 Non recovery of rent of shops Rs. 2,00,600/-

6. The Audit reported that a sum of Rs. 2,00,600/- on account of rent of shops was not recovered.

7. Explaining the latest position, the department said that the total amount as reported in the audit para had been recovered.

8. The Public Accounts Committee thereby directed that documentary proof with regard to recovery may be provided to the audit for verification. Subject to verification by the audit the para was recommended to be dropped.

DP NO.3 Non recovery of outstanding Govt: dues amounting to Rs.11.988 (M).

9. The Audit reported non recovery of outstanding Govt: dues on a/c of Abyana and Agriculture Tax against the farmers in District Lakki.

10. The department explained that a sum of Rs. 1, 80,000/- had so far been recovered. With regard to balance amount on account of Abyana worth Rs.1,76,000/-. It was explained that a summary had been sent to the Hon'ble Chief Minister, NWFP for remission in view of his visit to Distt: Lakki on 23-01-2003. On receipt of the same, proper notification for remission of the amount outstanding, would be issued accordingly.

11. The explanation of the department was accepted and the Public Accounts Committee recommended that the para may be dropped.

DP NO. 4 Non recovery of Govt: receipt worth Rs. 48,000/- on account of rent of canteen and shops.

12. The Audit reported non recovery of Govt: dues worth Rs. 48,000/- as rent charges. The department explained that full amount had been recovered and record to that effect could be shown to audit for verification.

13. The Public Account Committee directed that record to that effect may be submitted to audit for verification. Subject to verification by the audit, the para was recommended to be dropped.

DP NO.5 Outstanding Govt: dues worth Rs. 9,63,000/-

14. The department explained that full amount as reported by the audit in the para had been recovered. Subject to verification, the para was recommended to be dropped.

D P NO.6 Non recovery of outstanding Govt: dues worth Rs. 97,000/- and non reconciliation of Rs. 2,60,000/- with Treasury.

15. The Audit reported non-recovery of outstanding Govt: dues worth Rs.97,000/- and non reconciliation of Rs. 2,60,000/- with the Treasury.

16. The department explained that the outstanding dues pertaining to Abyana had been recovered. Moreover, reconciliation of Rs. 2,60,000/- had also been carried out with the Treasury. Subject to verification of recovery and reconciliation certificate, the para was recommended to be dropped.

DP NO.7 Non recovery of outstanding Govt: dues amounting to Rs.39.640(M).

17. The Audit reported non recovery of Govt: dues amounting to Rs.39.640(M).

18. The department explained that a sum of Rs.1,88,08,561/- had been recovered. Moreover, a huge amount under this head had been remitted.

19. Accepting the explanation of the department, the Public Accounts Committee directed that the amount shown to have been recovered by the department may be verified by the audit. Subject to verification by the audit, the para was recommended to be dropped.

DP No. 8 Non recovery of land revenue/rent of Rs. 2,08,000/-.

20. The Audit reported non recovery of land revenue/rent amounting to Rs.2,08,000/- in District Mardan. Stating the factual position, the department said that the refugees to whom the evacuee land was allotted on temporary basis for sake of subsistence since 1949 to 1957-58, disappeared as soon as the work of permanent allotment of the evacuee land to the rightful refugees was taken in hand by the settlement and rehabilitation scheme. The refugees to whom land was given for subsistence were not traceable.

21. After thread bare discussion, the PAC observed that it was an old case of 1957, therefore, it was a lost cause. It therefore recommended that the para, in view of the circumstances, may be dropped.

DP No. 9 Loss of Rs. 9.07 (M) on account of non receipt of Agricultural Land Products.

22. The Audit reported loss of Rs. 9.07 million on account of non-receipt of Agricultural Land Products. The department explained that according to their record, sum of Rs. 1,11,638/- had been worked out as recoverable in view of the decision of the

DAC which would be recovered shortly. The PAC directed that the amount worked out by the department may be recovered from the user within three months and progress to that effect may be intimated to PAC. Para stands.

DP No. 10. Non-recovery of Govt: dues worth Rs. 5.099 (M).

23. The Audit reported that a sum of Rs. 5.099 (M) relating to rent of property price of agricultural land and rent revenue were not recovered during 97-98. It contended that the DAC in its meeting held on 12/99 directed that the amount should be recovered immediately and deposited into Government Treasury. The Audit termed non-recovery of the Government dues in-efficiency of the revenue staff and weak financial control.

24. The department explained that the allottees were accommodated on rental basis long ago. Later on, after the allotment they disappeared because of which such a huge amount remained outstanding. The department added that being untraceable, the recovery could not be affected.

25. Mr. Khalid Waqar, MPA termed the explanation of the Department as in-competency and in-efficiency on their part. He proposed that the officers responsible for such allotment should be put to task. The Committee observed that the explanation advanced before this forum was not accepted earlier at DAC level as well, therefore, the DAC had asked for immediate recovery. The PAC up-held the decision of the DAC and directed that it should be implemented in letter and spirit and progress to that effect should be reported to PAC. Para stands.

DP No. 11 Excess payment of Rs. 96,000/- on account of pay and allowances.

26. The Audit reported excess payment of Rs. 96,000/- on a/c of pay and allowances to two N/Qasids and one J/Clerk. The department could not explain the position properly as no supporting documents were available with them. In order to know the factual position, the PAC directed that the department should sit together with the Finance Department to examine the issue thread bare and submit report to that effect within two days to PAC.

DP No. 12 Overpayment of Rs. 13,905/- due to non deduction of 5% House Rent

27. In view of the satisfaction of the Audit about the explanation given by the department, the para was recommended to be dropped.

DP No. 13 Loss of Rs. 3, 97,232/- on a/c of purchase/assessment of land at higher rates.

28. In view of the satisfaction of the Audit about the explanation given by the department, the para was recommended to be dropped.

DP No. 14 Irregular expenditure of Rs. 0.077 (M) on account of stationery charges.

29. The explanation of the department about purchase of stationery amounting to Rs. 0.077(M) in view of supply of NOC by the Government Press was accepted. The para was recommended to be dropped.

DP No. 15 Non-deduction of Income Tax/ excise duty worth Rs. 0.039 million.

30. The department explained that full amount as reported in Audit Para had been recovered. Subject to verification by the Audit, the para was recommended to be dropped.

DP No. 16 Double payment of Rs. 0.613 million to WAPDA and non-recovery of Rs. 1.722 million from WAPDA.

31. The Audit reported double payment of Rs. 0.613 million to WAPDA and non-recovery of Rs. 1.722 million from WAPDA. The background as stated by the Audit was that advance payment of Rs. 2.335 million was made to WAPDA on account of electricity charges during 93-94 and 95-96 by the Finance Department. Despite that payment, local office also made payment of Rs. 6,13,185/- to WAPDA which resulted in double payment. The department explained that the payment was made by the Finance Department at source to WAPDA in respect of Provincial Government Department and not the local office of Ex-Deputy Commissioner Kohat. The Audit contended if the reconcile statement from WAPDA and subsequent bills in respect of the said office were produced, it would help to know as to whether the amount had been adjusted or not. One of the members of the Committee observed that the Finance Department had made direct payment to WAPDA without informing the local office, hence it could not be absolved of the responsibility.

32. The PAC after detailed discussion directed the department to produce reconciliation statement of WAPDA and subsequent bills to Audit Office for verification to know the factual position of adjustment. Subject to verification of reconciliation certificate and subsequent adjustment of the amount, the para was recommended to be dropped.

DP No. 17 Irregular expenditure of Rs. 0.111 million on account of pay and allowances.

33. The Audit reported irregular expenditure of Rs. 0.111 million on account of pay and allowances. It was pointed out that the DAC had decided recovery which was still awaited.

34. The department could not advance any plausible explanation to the Audit objection whereby the PAC upheld the decision of the DAC directing that it be implemented in letter and spirit and recovery may be made within two months.

DP No. 18 Loss of Rs. 4.067 million due to non realization of lease money on above rate.

35. The Audit reported loss of Rs. 4.067 million due to non-realization of lease money. The background as reported was that in the office of Deputy Commissioner Swat land measuring 8290.4 kanals leased out @ Rs. 58 per kanal in 1998-1999 without adopting open tender system. The department explained that land situated in various Tehsils of Swat District was leased out by the Provincial Government. It was added that most of the land was situated in remote hilly areas and being un-irrigated and un-cultivable it was used only for grazing purpose. The Committee after thread bare discussion observed that the rate of Rs. 58/- per kanal was too nominal. The situation therefore warranted that it needed detail enquiry as to how the land was leased out at such a nominal price. The Sub-Committee consisting of the following members was framed to probe into the matter and submit its report within two months to the PAC:-

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| 1. | Mr. Jamshed Khan, MPA | Chairman |
| 2. | Mr. Muzaffar Said, MPA | Member |
| 3. | Mr. Khalid Waqar, MPA | Member |

DP No. 19 Irregular expenditure of Rs. 0.57 million on account of electricity charges.

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

DP No. 20 Un-authorized expenditure of Rs. 11.972 million from the Government Revenue.

37. The Audit reported incurrence of un-authorized expenditure of Rs. 11.972 million from the Government Revenue. The Department explained that the expenditure was incurred on salaries of the settlement staff. The Finance Department said that salaries of settlement staff were reflected in the budget therefore payment from revenue receipt was not only objectionable but it also gave birth to double payment.

38. After detailed discussion, the PAC directed that Inter Departmental Committee consisting of representatives of Audit, Finance and Board of Revenue under the Chairmanship of Mr. Khalid Waqar, MPA would probe into the matter and submit its report within two months. The meeting of the Committee would be convened by the Board of Revenue.

DP No. 21 Double payment of Rs. 0.330 million to the flood affectees.

39. The Audit reported double payment of Rs. 0.330 million to the flood affectees. No record to that effect was stated to have been maintained. The DAC directed enquiry which was still awaited.

40. The department explained that a sum of Rs. 3,62,500/- was placed at the disposal of Deputy Commissioner, Charsadda for compensation of the flood/heavy rain affectees. Payment to the tune of Rs. 3,37,500/- was made and the balance amount of Rs. 25,000/- was returned to Government. Acquaintance roll and list of the payment were available on record. The PAC observed that when record was available, why it was not brought before the DAC. It was, therefore, directed that Inter Departmental Committee consisting of Law, Finance, Audit and Revenue Departments may be constituted to know the factual position as to why the record and Cash Book was not maintained and how the amount was disbursed. The meeting would be presided by the representative of Revenue Department who would also be the convener

DP No. 22 Doubtful expenditure of Rs. 0.300 million.

DP No. 23 Doubtful expenditure of Rs. 0.943 million due to non-production of auditable record.

DP No. 24 Non production of auditable record worth Rs.280.189 (M).

DP No. 25 Non-production of auditable record.

DP No. 26 Non-Production of record worth Rs. 0.854 million.

41. The department was directed to produce complete record to Audit for verification by 3rd August, 2006. It must be ensured that record must be complete in all respects.

42. The meeting was adjourned and will meet again on 26th July, 2006 at 10:00 A.M.

-Sd-
(BAKHT JEHAN KHAN)
Speaker/Chairman,
Public Accounts Committee.

PROVINCIAL ASSEMBLY OF NWFP

WEDNESDAY, 26th JULY, 2006

3rd Sitting of PAC

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Works & Services Department.

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The Public Accounts Committee assembled at 10.00 A.M in the Conference Room of the Provincial Assembly Secretariat of NWFP, Khyber Road, Peshawar to examine the Audit Report on Accounts of Government of NWFP, for the year 2001-02 pertaining to Works & Services Department. The following were present:-

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Public Accounts Committee.

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| 1. | Mr. Bakht Jehan Khan, Speaker. | Chairman |
| 2. | Shahzada Muhammad Gustasip Khan | Member |
| 3. | Mr. Anwar Kamal Khan, MPA | Member |
| 4. | Mr. Jamshed Khan, MPA | Member |
| 5. | Mr. Khalid Waqar, MPA | Member |
| 6. | Mr. Muzaffar Said, MPA | Member |
| 7. | Mr. Pir Muhammad Khan, MPA | Member |
| 8. | Mr. Abdul Akbar Khan, MPA | Member |
| 9. | Mr. Ikramullah Shahid, MPA | Member |

Finance Department.

1. Mr. Zainullah Khan,

Additional Secretary.

2. Mr. Ahmad Hanif Orakzai,
Additional Secretary.

Law, Parliamentary Affairs and Human Rights Deptt:

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Mr. Muhammad Saleem Khan,
Deputy Secretary.

Audit Department.

1. Mr. Sikandar Khan,
Director General.

2. **Mr. Zahir Alam,**
Deputy Director.

Works & Services Department, NWFP.

1. Mr. Mohammad Riaz,
Secretary.

2. Mr. Bakhtiar Khan,
Additional Secretary.

3. Mr. Khan Zeb,
Deputy Secretary.

4. Mr. Habib Ali,
Chief Engineer.

Provincial Assembly of NWFP.

3. Mr. Nazir Ahmad,
Secretary.

2. Mr. Amanullah,
Additional Secretary-I.

3. Mr. Javaid Latif,
Additional Secretary-II.

4. Mr. Dost Mohammad,
Deputy Secretary.

2. The meeting commenced with recitation from the Holy Qura'n.

DP NO.2 Loss of Rs. 4.968 million due to award of contract on abnormal excessive rates.

3. The Audit reported loss of Rs.4.968 million due to award of contracts on abnormal excessive rates in Distt: Nowshera.

4. The Department explained that contracts were awarded at different times having a gap of almost seven months between one contract and the other, therefore, the rates could not remain one and the same and hence the discrepancy. Moreover, different portions were awarded to different contractors, and one contractor could not be compelled to offer the same rate on which the first bid was awarded.

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

DP No.24 Excess execution of work amounting to Rs. 3.770 million over the deposit.

6. The Audit reported excess execution amounting to Rs.3.770 million over the deposit work in the office of Executive Engineer, W & S, Peshawar Division.

7. Explaining the background, the department contended that the excess execution was carried out on the orders of the then Governor, late Fazl-e-Haq purely in the interest of public. If the work was not executed in excess, the entire project would have gone in waste and as a result the Govt: money would have been wasted.

8. The PAC observed that being a deposit work, the executing agency should have demanded excess amount before doing the work. However, in the circumstances explained by the department, the Committee directed that the administrative department, Benevolent Fund Authorities and Finance Department to sit together and make settlement of the outstanding amount and submit a report to PAC within one month. Para stands and progress should be submitted to PAC Cell.

DP No.35 Non recovery of outstanding Govt: dues amounting to Rs.1.926 million.

9. The Audit reported non recovery of outstanding Govt: dues amounting to Rs.1.926 million. The department explained that the entire amount as reported in the audit para had been recovered. Subject to verification of record in respect of recovery, the para was recommended to be dropped.

DP No.36 Non recovery of Govt: dues amounting to Rs. 9.342 million.

10. The Audit reported non-recovery of Govt: dues amounting to Rs.9.342 million by the Executive Engineer, Works & Services, Peshawar Division.

11. The department explained that the whole amount except Rs.6,04,100/- had been recovered. This was an old case, however, the department was taking steps for obtaining write off sanction of the balance amount, it stated. PAC thereby directed that the recovery already made may be verified by the Audit. As regard write off sanction, the PAC directed the department to expedite the case. Para stands.

12. During the course of discussion it was pointed out by the Works & Services Department that while examining the audit report for the year 1997-98, the PAC in DP No.78 relating to defunct Highway Division Peshawar decided that the administrative department should make accounting adjustment of Rs. 7,43,15,598/- through Finance Department.

13. The case was taken up by the administrative department with the Finance Department. The Finance Department showed inability to make accounting adjustment.

14. The PAC showed its dismay over the negative attitude of the Finance Department not honouring the earlier decision of PAC. The PAC once again directed that adjustment may be made by the Finance Department within one month. The

administrative department would submit complete case to Finance Department in this regard to resolve the issue.

DP No.1 Non accountal of Government receipts worth Rs.1.078 million.

15. The Audit reported loss of Rs.10, 78,245/- on account of missing road roller. It was added that the para was discussed in DAC meeting held on 15th March 2001, which directed an inquiry in the case. A joint inquiry was conducted and the audit objection/point of view was established.

16 The department explained that as result of inquiry, the following officers of the department were held responsible:

1. Mr. Farman Ali, the then Executive Engineer.
2. Mr. Abdur Rauf Khilji, the then Sub-Engineer
3. Mr. Tariq, the then Sub-Engineer

17. It was pointed out by the department that officer at S.No.1 has since been retired. The Finance Department contended that the amount can be recovered from a retired officer as land revenue.

18. The Committee showed its concern over the attitude of supervisory officer dealing with the matter. If they were serious, the loss made to the Govt: would have been recovered from all concerned before allowing them benefits of retirement. The Committee after detailed deliberation directed that the amount may be recovered from the responsible official/officer on proportionate basis, according to their quantum of responsibility within three months. Para stands, progress to this effect be reported to PAC.

DP No.3 Loss of Rs. 2.521 million to Govt: exchequer on account of purchase of store at high rates and its auction at reduced rate.

19. The Audit reported loss of Rs. 2.521 million to Govt: Exchequer on account of purchase of store items at high rates and its auction at lower rates.

20. The department explained that as per decision of the Govt: all stores have since been closed. A Committee was constituted for auction of balance items of stores i.e. bitumen, gabion and steel.

21. After a detailed discussion the department was directed by the Committee to prepare a case for write off sanction with cogent reasons and sit together with the Finance Department to examine and decide the same on merit. Report to this effect be submitted within six days to PAC.

DP No.4 Loss of Rs. 0.282 million to Govt: due to allowing higher premium without authority.

22. The Audit reported loss of Rs.0.282 million of Govt: dues allowing higher premium without authority. The department explained that no loss was given to the Govt. The premium was allowed in view of the powers conferred under the delegation and B&R Code. The explanation of the department being plausible was accepted, hence the para was recommended to be dropped.

DP No.13 Over payment of Rs. 0.104 million to contractor due to manipulation in measurement book.

23. The Audit reported overpayment of Rs.0.104 million to a contractor due to manipulation in the measurement book. The department explained that the para was discussed in the DAC meeting and pursuant to its decision an enquiry was conducted. The inquiry officer in his report concluded that no overpayment was involved.

24. In view of the inquiry report, the para was recommended to be dropped.

DP No.14 Overpayment of Rs. 0.179 million to contractor by allowing enhancement rates.

25. The Audit reported over payment of Rs.0.179 million to a contractor by allowing enhanced rates. It was added that the para was discussed in the DAC meeting wherein, it was decided that over payment should be recovered but no recovery was reported.

26. The department could not advance any plausible explanation to the audit objection, hence the PAC, upholding the decision of DAC directed the department that action may be taken against responsible officer/officials for recovery of the amount. Recovery be made within 2 months and progress reported to PAC Cell.

DP No.20 Unauthorized expenditure of Rs. 1.805 million.

27. The Audit reported unauthorized expenditure of Rs.1.805 million in the office of Executive Engineer, W&S Division, Haripur. The department explained that as per audit direction the requisite ex post facto sanction had been obtained.

28. The para was, therefore, recommended to be dropped.

DP No.27 Irregular auction of machinery for Rs. 0.852 million.

29. The Audit reported irregularity in the auction of machinery worth Rs. 0.852 million. The department explained that as per decision of the Govt: all surplus/unserviceable machinery was to be auctioned after completion of all codal formalities.

30. Subject to verification by the audit of the documentary evidence with regard to codal formalities, the para was recommended to be dropped.

DP No.29 Non recovery of outstanding Govt: dues on sale of stores worth

Rs. 0.117 million.

31. The Audit reported non-recovery of outstanding dues on sale of stores worth Rs. 0.117 million in the office of Executive Engineer C& W Division, Haripur. It was added that the para was discussed in the DAC meeting, which directed recovery.

32. At the outset, the department admitted the contention of the audit and assured that recovery would be made with in one month.

33. The PAC, therefore, directed that the recovery be made within the stipulated period i.e. one month and progress reported to PAC Cell.

DP No.40 Unauthorized and unauthentic expenditure of Rs. 1.662 million on the repair of Govt: buildings.

34. The Audit reported unauthorized expenditure of Rs.1.662 million on account of repair of Govt: buildings.

35. The department explained that ex post facto sanction had been obtained from the Superintending Engineer, being competent authority. The para was recommended to be dropped subject to verification of the ex post facto sanction.

DP No.5 Loss of Rs. 0.100 million due to allowing premium at higher rates.

36. The Audit reported loss of Rs. 0.100 million due to allowing premium at higher rate. The department explained that rates allowed to different contractors were according to the approved and revised PC-I and were within permissible limit of 10%.

37. The explanation of the department being plausible was accepted, hence the para was recommended to be dropped with the observation that while allowing higher premium in exceptional cases, plausible justification must be recorded in future.

DP No.6 Loss of Rs. 0.384 million due to deviation from technical sanction.

38. In view of the enquiry report the para was recommended to be dropped.

DP No.7 Loss of Rs. 1.086 million to Govt: due to non deposit of receipt in Govt: account

39. Subject to verification of original challan, the para was recommended to be dropped.

DP No.22 Irregular expenditure of Rs. 1 million on special repair.

40. Subject to verification of administrative approval and technical sanction, the para was recommended to be dropped.

DP No.23 Uneconomical expenditure of Rs. 3.193 million due to non observance of transparency in the tenders.

41. The Audit reported un-economical expenditure of Rs. 3.193 million due to non-observance of transparency in the tender. The department explained that tender was invited on composite schedule rate. It contended that rates on CSR were much more beneficial than the BOQ items.

42. After detailed discussion, the PAC directed that in order to have a fair competition and transparency, open tender should be made as provided under the rules. The para was recommended to be dropped with the observation that it should not be quoted as a precedent.

43. The meeting was adjourned till tomorrow on 27/07/2006 at 10:00 A.M.

(BAKHT JEHAN KHAN)
Speaker/Chairman,
Public Accounts Committee.

PROVINCIAL ASSEMBLY OF NWFP

THURSDAY, 27th JULY, 2006

4th Sitting of the PAC

Works and Services Department.

The Public Accounts Committee assembled at 10.00 a.m. in the Conference Room of the Assembly Secretariat of NWFP, Peshawar to examine the Audit Report on Accounts of Government of NWFP, for the year 2001-02 pertaining to Works and Services Deptt:. The following attended the meeting:-

Public Accounts Committee.

1. Mr. Bakht Jehan Khan, Speaker. Chairman
2. Shahzada Muhammad Gustasip Khan, MPA Member
3. Mr. Anwar Kamal Khan, MPA Member

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| 4. | Mr. Jamshed Khan, MPA | Member |
| 5. | Mr. Khalid Waqar, MPA | Member |
| 6. | Mr. Pir Muhammad Khan, MPA | Member |
| 7. | Mr. Abdul Akbar Khan, MPA | Member |

Finance Department.

Mr. Zainullah Khan,
Additional Secretary.

Law, Parliamentary Affairs and Human Rights Department.

Mr. Muhammad Saleem Khan,
Deputy Secretary.

Audit Department.

1. **Mr. Sikandar Khan,**
Director General.
2. **Mr. Muhammad Asif Khan,**
Director.
3. **Mr. Zahir Alam,**
Deputy Director.

Works and Services Department, NWFP.

1. Mr. Muhammad Riaz Khan,
Secretary
2. Mr. Bakhtiar Khan,
Additional Secretary

Provincial Assembly of NWFP.

4. Mr. Nazir Ahmad,
Secretary
2. Mr. Amanullah,
Additional Secretary-I
3. Mr. Javaid Latif,
Additional Secretary-II
4. Mr. Dost Muhammad,
Deputy Secretary-VI.

2. The meeting commenced with recitation from the Holy Qura'n.

D P No.12 Overpayment of Rs. 2.635 (M) to contractor.

3. The audit reported loss of Rs. 2.635 (M) due to over payment to the contractor. The department explained that the para was discussed earlier in the DAC

meeting held in April, 2004 which decided holding of an enquiry. Consequently an enquiry was conducted and no officer was held responsible. Report of the enquiry was submitted to audit in March, 2005 for settlement of the issue, but with no response. Documentary evidence in support of their contention was put forth by the department. In view of the enquiry report and explanation given by the department, the para was recommended to be dropped.

D P No.28 Non recovery of room rent of Rs. 0.197 (M).

4. The audit reported non recovery of Rs. 0.197 (M) from various Ex-Ministers occupying rooms in the MPA Hostel. The department explained that an enquiry in this case was conducted wherein it was found that the amount as reported in the audit para has been recovered. However, the department failed to provide any receipt or challan so as to verify the recovery. The department only relied on a letter by the Ex-Caretaker addressed to the Deputy Director, Provincial Building Maintenance Cell, NWFP, wherein it was mentioned that according to the knowledge of the Caretaker the amount of Rs. 1,97,010/- was recovered by the S&GAD. The audit objected to the letter as to why it was written by the Ex-Caretaker instead of the present one. Moreover, subsequent correspondence made by the department with the Estate Officer, S&GAD regarding verification of the recovery reported to have been made give birth to the impression that the issue had not been finalized. It was therefore, felt necessary to ask the department for verification of the recovery and its deposit into Govt: Treasury from the S&GAD. Verification documents i.e. original challan etc may be submitted to the PAC within (15) days. Para stands till verification by the audit.

D P NO.38 Misclassification of expenditure of Rs. 0.894 (M).

5. The audit reported irregularity of misclassification of expenditure worth Rs.0.894 (M) incurred on account of repair of residential buildings without any budgetary provision. The department explained that the Finance Department had released funds in bulk to then C&W Department. It denied any mis-classification. The explanation of the department being plausible was accepted, hence the para was recommended to be dropped.

D P NO.09. Loss of Rs. 1.604 (M) sustained by the Govt: due to change/manipulation in rates.

6. The audit reported loss of Rs. 1.604 (M) to Govt: due to change in rates and manipulation. The department could not advance any plausible explanation regarding manipulation in the documents and change in rates on higher side.

7. The Public Accounts Committee after going through the documents advanced by the audit observed that manipulation was obvious. The rates and revised technical sanctions were abnormally enhanced for which no plausible explanation was given by the department. Such manipulation and enhancement of rates give support to the contention that the same was done just to give advantage to the contractor. In such circumstances the Public Accounts Committee recommended that action leading to

recovery against the officer responsible for manipulation and enhancement of rates through revised technical sanction, may be initiated immediately. Recovery should be made within two months & progress must be reported to PAC. Para stands.

D P NO.30 Non recovery of outstanding store/Government dues amounting to Rs.0.611 (M).

8. The audit reported non recovery of outstanding Govt: dues worth Rs.0.611(M). The department explained that a sum of Rs. 4,12,662/- has been recovered and the balance amount would be recovered shortly. The department was directed that the amount as contended to have been recovered may be verified by the audit within one month and the balance amount may be recovered within two months and progress to that effect be reported to Public Accounts Committee. Para stands.

D P NO.33 Non recovery of outstanding dues amounting to Rs. 4.567 (M).

9. The audit reported non recovery of outstanding dues amounting to Rs. 4.567 (M) by the then C&W Division Mardan. The department explained that the entire amount has been recovered which will be shown to audit. Subject to verification of recovery, the para was recommended to be dropped.

D P NO.34 Less recovery of Rs. 0.046 (M) on account of cost of tender forms and stamp duty.

10. The audit reported less recovery of Rs. 0.046 (M) on account of cost of tender forms and stamp duty. The department explained that recovery as reported by the audit has been made good and credited to Govt: revenue. Subject to verification by the audit, the para was recommended to be dropped.

D P NO.11 Overpayment of Rs. 0.64 (M) due to allowing higher premium.

11. The audit reported over payment of Rs. 6,37,587/- due to allowing 78% above the scheduled rate during 2000-01. Explaining the background, the department said that the first contractor started work and ran away. Subsequently the other contractor started work and he too left the same. Earnest money amounting to Rs.1,15,000/- and Rs. 1,35,520/- was forfeited by the XEN, Karak from the respective contractors. The work was re-tendered and the rates of Rs. 78% on CSR 1993 were approved by the Chief Engineer. The scheme was completed within the limit of technical sanction. The explanation of the department being plausible was accepted, hence the para was recommended to be dropped.

D P NO.25 Irregular expenditure of Rs. 1.2 (M) on works executed without bill of quantity.

12. The audit reported that in the office of XEN Karak, work was carried out through a contractor. The main objection was that bill of Quantity was not provided and

hence the contractor was given a free hand. The department explained that tenders were invited as per CSR 1993 and not on item rates. The contractor quoted their premium on CSR on the estimated cost of the scheme and hence no separate item/quantity wise BOQ was required.

13. The Public Accounts Committee directed that in future BOQ. should be floated with the tenders to avoid such audit objection. In the present case the explanation of the department was accepted and the para was recommended to be dropped.

D P NO.31 Non recovery of Rs. 5.21 (M).

14. The audit reported non recovery of Rs. 5.21 (M) on account of excess expenditure incurred above the budget allocation. The department explained that due to amalgamation and changes in certain divisions and further due to devolution, record was not traceable. The Additional Secretary of the department proposed that the issue needs to be probed by an Inter Departmental Committee. The Committee agreeing with his proposal directed that an Inter Departmental Committee under the Chairmanship of Mr. Khalid Waqar, MPA consisting of representative of Finance, Audit and Law Departments and Administrative Department may be constituted by the department immediately to conduct a proper enquiry in this case and submit its report within one month. The Administrative Department will be responsible for convening the meeting. Para stands.

D P NO.37. Misclassification of expenditure of Rs. .086 (M).

15. The audit reported misclassification of expenditure amounting to Rs. 0.086 (M) in the office of XEN, Karak incurred on the construction of rooms on C&W Godown and Sub-Jail Karak. The work was charged to Inter College, Banda Dawood Shah. The department explained that the work was carried out purely in the best interest of public and as proper funds were not available for the respective schemes, therefore, the same were charged to other projects. In view of the circumstances explained, the para was recommended to be dropped. However, the department was directed not to repeat incurrence of expenditure without proper authorization in future. It also directed the Administrative Department that displeasure of Public Accounts Committee may be conveyed to the Officer responsible for the misclassification.

D P NO.15 Overpayment of Rs. 0.116 (M) on account of allowing higher rates than the schedule rates of CSR 1993.

16. The audit reported over payment of Rs. 0.116 (M) by allowing higher rates than the scheduled rates. The deptt: explained that the case was enquired into in view of the decision of the DAC. According to the enquiry report the audit objection was not tenable, it was pointed out. The Committee, in view of the enquiry report accepted the explanation of the department, hence the para was recommended to be dropped.

D P NO.16 Overpayment of Rs. 0.055 (M) to consultant.

17. The audit reported over payment of Rs. 55,000/- to the contractor. The department explained that in pursuance of the meeting of the DAC, an enquiry was conducted and the following three officers were declared responsible.

1. Mian Zahid Shah, XEN.
2. Mr. Hamidullah, SDO.
3. Mr. Akbar Jan, Sub-Engineer.

18. It was added that a major portion has been recovered and only a sum of Rs.19,000/- was outstanding. It was pointed out that one of the officers held responsible, whose proportionate share was determined as Rs. 9,000/- was dead by now. The Committee on humanitarian grounds condoned recovery pertaining to the deceased. As regards the other amount of Rs. 10,000/- outstanding against the employees the Public Accounts Committee directed that the same may be recovered within (2) months positively. Moreover, recovery stated to have been made by the department may be verified by the audit. Para stands. Progress to be reported to Public Accounts Committee.

D P NO.32 Non recovery of Rs. 0.171 (M) outstanding against the Petrol Pumps.

19. The audit reported non recovery of Rs. 0.171 (M) outstanding against the Petrol Pumps. The department explained that a sum of Rs. 25,000/- has been recovered from M/S Shell Pak Pvt Ltd. Moreover, as regards balance amount, it was contended that the highways on which the filling stations were situated have been transferred to NHA and as such they did not exist in the jurisdiction of the W&S department. The Public Accounts Committee directed that Rs. 25,000/- as reported to have been recovered may be verified by the audit. Subject to verification of challan and debit documents, the para was recommended to be dropped.

D P NO.17 Overpayment of Rs. 0.063 (M) to Telephone Department.

20. The audit reported overpayment of Rs. 0.063 (M) to the PTCL. The department submitted that the advance payment of Rs. 63406/- had accordingly been adjusted by the PTCL. Subject to verification of the adjustment, the para was recommended to be dropped.

D P NO.19 Unauthorized expenditure of Rs. 0.223 (M) in the absence of budget provision.

21. The audit reported unauthorized expenditure of Rs. 0.223 (M) in absence of budget provision. The department explained that the expenditure was incurred in

Govt: Middle School, Dheri Allahdand for external electrification as electricity was not provided to the school. In view of the circumstances explained by the department that the expenditure was incurred in the best public interest, the para was recommended to be dropped.

D P NO.26 Non recovery of outstanding Govt: dues amounting to Rs. 0.205 (M).

22. The audit reported non recovery of outstanding Govt: dues amounting to Rs. 0.205 (M). The department explained that a sum of Rs. 64,585/- had been recovered. It was assured that balance amount would be recovered within one month. The Public Accounts Committee thereby directed that documentary evidence with regard to recovery may be provided to audit for verification and report to that effect may be submitted to the PAC Cell. Moreover, balance recovery may be made within one month as assured by the department, the progress would be submitted to PAC.

D P NO.10 Overpayment of Rs. 4.046 (M) and Rs. 0.241 (M) due to non-deduction of 25% allowance for preparing premix on mini plants.

23. The audit reported overpayment of Rs. 0.241 (M) due to non deduction of 25% allowance for preparing premix on mini plants. The department contended that the observation made by the audit was based on presumption. The premix was supplied from Asphalt Plants and 25% deduction was not applicable. It was added that such deduction was mandatory when premix was carried out through Mobile Plants.

24. The explanation of the department supported by documentary evidence was found justifiable. Hence the para was recommended to be dropped.

DP No.39 Non-imposition of penalty worth Rs. 1.094 million.

25. The Audit reported loss of Rs.1.094 million on account of non-imposition of penalty for non-completion of work within the stipulated period mentioned in the work order and agreement. Explaining the position, the department said that basically three works as observed by the Audit were involved. The first work remained incomplete due to death of contractor. Consequently, the contract was re-tendered and the balance work was awarded to another contractor who completed the same within the stipulated period. The second work was completed in time therefore the audit objection to that effect is void. As regards the third work it was admitted that the same was not completed in time however extension was given by the Competent Authority to the Contractor for completion of work.

26. The explanation advanced by the department being plausible was accepted by the Committee, hence the para was recommended to be dropped.

DP No.8 Loss of Rs.1.711 (M) to Government due to allowing higher premium.

27. The Audit reported loss of Rs. 1.711 million due to allowing higher premium @ 83-85 % of scheduled rates of 1993. The department explained that the

work relates to reconstruction of new block for S&GAD in the Civil Secretariat. The urgency of work and its importance and rates to the extent of 83-85% premium was discussed by a Committee consisting of representatives of the Finance, P&DD and Administrative Departments. The rates were approved by that Committee and the work was executed accordingly.

28. In view of the explanation of the deptt: duly supported by the documentary evidence, the para was recommended to be dropped, however, utmost care should be exercised not to cross the limit allowed over and above the premium in future.

D P NO.18 Overpayment of Rs. 0.040 (M) to Contractors.

29. The audit reported overpayment of Rs. 0.040 (M) to contractor by allowing high premium on non BOQ items. The department explained that premium above the scheduled rates was within the permissible limit, hence no irregularity was involved. The explanation of the department was accepted and the para was recommended to be dropped.

D P NO.21 Unauthorized expenditure of Rs. 2.028 (M) on a/c of substandard work.

30. The audit reported unauthorized expenditure of Rs. 2.028 (M) on account of sub standard work regarding improvement of service road at Lady Reading Hospital, Peshawar. It was added that according to Control Research and Material Testing Laboratory, road compaction was not according to the specification thus the expenditure on sub standard work was unjustified.

31. The department admitted that certain portion of the work was declared sub standard by the Laboratory & the deficiency pointed out in its report was removed subsequently through the contractor. After removing deficiencies, the road was examined by the Laboratory technical staff and issued it an OK certificate. Thus certificate was shown to PAC. In view of such documentary evidence, the explanation of the department was accepted, hence the para was recommended to be dropped.

32. The meeting was adjourned with a vote of thanks till 31st July, 2006.

-Sd-
(BAKHT JEHAN KHAN)
Speaker/Chairman,
Public Accounts Committee.

PROVINCIAL ASSEMBLY OF NWFP

Monday, 31st JULY, 2006

5th Sitting of the PAC

Industries and School & literacy Departments.

The Public Accounts Committee assembled at 10.00 A.M in the Conference Room of the Provincial Assembly Secretariat of NWFP, Khyber Road, Peshawar to examine the Audit Report on Accounts of Government of NWFP, for the year 2001-02 pertaining to Industries & Schools and Literacy Departments. The following were present:-

Public Accounts Committee.

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|----|---------------------------------------|----------|
| 1. | Mr. Bakht Jehan Khan, Speaker. | Chairman |
| 2. | Mr. Anwar Kamal Khan, MPA | Member |
| 3. | Shahzada Mohammad Gustasip Khan, MPA, | Member |
| 4. | Mr. Khalid Waqar, MPA | Member |
| 5. | Mr. Muzaffar Said, MPA | Member |
| 6. | Mr. Pir Muhammad Khan, MPA | Member |
| 7. | Mr. Abdul Akbar Khan, MPA | Member |
| 8. | Mr. Ikramullah Shahid, MPA | Member |
| 9. | Mr. Khalil Abbas, MPA | Member |

Finance Department.

1. Mr. Zainullah Khan,
Additional Secretary.

3. Mr. Ahmad Hanif Orakzai,
Additional Secretary.

Law, Parliamentary Affairs and Human Rights Deptt:

Mr. Muhammad Saleem Khan,
Deputy Secretary.

Audit Department.

1. Mr. Sikandar Khan,
Director General.
2. **Mr. Zahir Alam,**
Deputy Director.

Industries, Commerce, Labours, Mineral Development & Technical Education and Man Power Training Department.

2. Mr. Abdul Khaliq,
Secretary.
2. Mr. Aziz Khan,
Deputy Secretary.
3. Mian Farooq Iqbal,
Director General, Industries.

5. Mr.Khalid Durrani,
Director, Industries.

Schools & Literacy Department.

1. Mr. Amjad Shahid Afridi,
Secretary.
2. Mr. Shafi Ullah Khan,
Special Secretary.

Provincial Assembly of NWFP.

1. Mr. Amanullah,
Addl: Secretary-I.
2. Mr. Javaid Latif,
Additional Secretary-II.
3. Mr. Dost Mohammad,
Deputy Secretary.
2. The meeting commenced with recitation from the Holy Qur'an.

INDUSTRIES, COMMERCE, LABOUR, MINERAL
DEVELOPMENT AND TECHNICAL EDUCATION DEPARTMENT.

DP No.1 Loss of Rs. 2,54,102/46 on account of theft.

3. The Audit reported that a sum of Rs.2,54,102/- was found cash in hand on 2.5.1998 in the cash book. The balance was not carried over to the next page of the cash book. Another cash book was started. The money as shown in the para was allegedly stolen.

4. The department admitted irregularity. It contended that a sum of Rs.1,40,000/- had so far been recovered from the three officials in pursuance of the inquiry report who were held responsible for the theft. The process of recovery is continuing on monthly basis and it was hoped that the entire amount would be recovered up to the end of 2008 at maximum. As regards the disputed amount of Rs. 45,000/-, the Secretary explained that an inquiry had been ordered for knowing the factual position and fixing responsibility. The result would be intimated to audit and PAC.

5. The department was directed that the amount recovered so far may be verified by the audit. Moreover, quarterly verification of balance recovery may also be carried out through audit and the progress reported to PAC. Para stands.

DP No.7 Non-accountal of Govt: money worth Rs. 59,971/-.

6. The audit reported non accountal of Govt: money amounting to Rs.59,971/- incurred on one air conditioner and computer with accessories. The department explained that it had purchased the computer with accessories out of savings. The amount was spent on productive items instead of utilizing the same on non-productive activities. The para was discussed thread bare and the administrative department was directed to submit a case complete in all respects to the Finance Department for getting condonation on merit basis. Para stands.

DP No.10 Loss to Govt: due to excess expenditure of Rs. 7,69,330/-.

7. The audit reported loss of Rs.7,69,330/- due to excess expenditure on account of rent charges. The department explained that the area acquired was 6822.29 and not 682.29 sft. The measurement was incorrectly typed as 688.29 in the sanction order. In support of their contention, the dept: presented documentary evidence, which was accepted by the audit.

8. In view of satisfaction of audit and PAC the Para was recommended to be dropped.

DP NO.11 LOSS OF RS. 7,17,750/- DUE TO NON RECOVERY OF INCOME TAX.

9. The audit reported loss of Rs. 7,17,750/- on account of non-recovery of Income Tax. The department explained that major portion of the income tax has been recovered. Only the balance of Rs. 1,25,000/- was yet to be recovered. The department produced Income Tax exemption documents in respect of one of the contractors. Explaining the reason of less recovery it was said that at the time of deduction, the Income Tax deduction rate was 3% which was enhanced to 5% but due to a gap in communication, the increased rate was not communicated to the lower formation, hence less recovery was made.

10. The department was directed that the balance amount of Rs. 1,25,000/- may be recovered from contractor within four months and the amount already recovered may be verified by the audit. Para stands, progress to be reported to PAC.

DP NO.25 NON RECOVERY OF RS 8.80 MILLION DUE TO EXTENSION OF FREE HAND TO FIRM.

11. The audit reported non-recovery of Rs. 8.80 million due to extension on free hand to the firm.

12. The deptt: explained that instead of Rs. 8.80 (m) a sum of Rs. 1,00,50,000/- was taken from contractor meaning thereby that Rs. 12,00,000/- have been taken as additional over and above, as reported by the audit. As regards the issue of SDRs, the department assured that they were in contact with the concerned authorities of the bank and have been assured of the claim. However, it was pointed out that the matter of SDRs had been referred to the Director General, National Accountability Bureau for recovery of Govt: dues. Para stands. Progress be reported to PAC.

13. The explanation of the department being plausible was accepted and the para was recommended to be dropped with the direction that the department should expeditiously pursue the case with the NAB.

DP No.26 Non recovery of Govt: dues worth Rs. 2.877 million.

14. The audit reported non-recovery of Govt: dues worth Rs.2.877 million.

15. The department explained that the para was discussed in the DAC meeting held on 23.11.1996 and was settled. The audit did not agree with the explanation of the department and stressed on recovery. The para was kept pending with the direction that the department will sit together with the audit and thrash out the issue and submit report to the PAC within 3 days.

DP No.27 Blockage of Govt: money due to unnecessary drawal amounting to Rs.3,00,000/-.

16. The audit reported blockage of Govt: money due to unnecessary drawl of amount of Rs.3,00,000/-.

17. The department explained that store items mentioned in the draft para had already been received and taken on stock register.

18. The PAC during the course of discussion noted that the store items were received by the department after a lapse of 5 years. Such an abnormal delay could not be overlooked, it remarked. The department should have evolved mechanism to have safeguarded Govt: interest by getting the items on time, just after releasing payment. After a detailed discussion the para was recommended to be dropped with the observation that in future such glaring negligence should not be repeated.

DP NO.16 IRREGULAR PAYMENT OF RS. 10.20 MILLION ON ACQUISITION OF BUILDING.

19. The audit mainly reported that land was provided to Bank of Oman Ltd for construction of building on the condition that all rights of ownership of property and construction made thereon shall vest in the Department. It was alleged that later on the Bank of Oman sold the land and structure erected to the Sarhad Development Authority, which caused loss of Rs. 10.20 million to the Govt:.

20. The department explained that no violation of contract agreement was involved. However, necessary documents about the contract agreement were not readily available with the department.

21. The para was kept pending for production of agreement deed to the audit within three days.

SCHOOLS & LITERACY DEPARTMENT.

DP No.3 Irregularities of Rs. 8,29,237/- in pay and allowances.

22. The audit reported non production of pay rolls and other record in the office of DEO, Mansehra for Rs. 8,29,237/-. It was pointed out that the para was discussed in the DAC meeting in August, 1998 wherein it was decided that the issue would be probed by the higher authorities and result thereof would be intimated to audit within one month but no progress was reported.

23. The department explained that complete record was available and could be shown to audit for verification. On a question by the Chairman that if the department could not maintain record of pay and allowances what would be the position about other things. The Secretary termed it as criminal negligence on part of the department. The PAC showed surprise why the record was not produced to audit at the time of auditing and subsequently in DAC. The members of the Committee apprehended that such irregularities lead to huge embezzlement as was done in Mansehra in a very famous

case of "Mansehra Scandal". In view of such apprehension, the PAC decided to constitute a Sub- Committee consisting of the following to probe into the matter of non production of record and entries in the cash book, the circumstances leading to it and pin point officials responsible for this mis- deed:-

1. Mr. Khalil Abbas, MPA Chairman
2. Mr. Muzzafar Said, MPA Member

24. The Sub-Committee would submit its report within one month. Para stands.

DP No.18 Excesses Drawal of Rs. 2,12,244/- over and above the Budget allocation.

25. In view of the plausible explanation of the department, the Para was recommended to be dropped.

DP No.21 Unauthorized payment of Rs. 1,44,000/- on account of rent of office building.

26. In view of the plausible explanation of the department and with the satisfaction of the audit the para was recommended to be dropped, however, the PAC observed that in future a representative of the Accountant General's Office must be present in the meeting of the PAC, so as to know the role and responsibility of their office for allowing unauthorized payment.

DP No.36 Over payment of Rs. 2,82,000/-on a/c of office rent.

27. The audit reported over payment of Rs. 2,82,000/- on a/c of office rent. Monthly rent of Rs. 5,000/- was stated to be enhanced to Rs. 7,000/- resulting huge loss and over payment of Rs. 2,82,000/-.

28. The department explained that out of Rs.2,82,000/- an over payment of Rs. 36,000/- was pointed out after inquiry which has been recovered. Mr. Abdul Akbar Khan, MPA after going through the documents strongly objected to the recovery made, as under the rent law, 25% of the rent was to be increased automatically after 3 years. His contention was also supported by the representative of the law department. The amount was found to have been recovered without any justification. The PAC in such circumstances directed that the amount recovered may be refunded to the individual under intimation to PAC. The para was recommended to be dropped.

DP No.39 Unauthorized expenditure of Rs. 56,000/- on account of rent of office building.

29. In view of ex post facto sanction obtained by the department, the para was recommended to be dropped.

DP No.42 Irregular expenditure of Rs. 75,763/- out of student funds.

30. Since the entire amount was recouped by the department and verified by the audit, the para was recommended to be dropped.

DP No. 46 Dacoity of Rs. 48,736/-.

31. The audit reported loss of Rs. 48,736/- on account of dacoity.

32. The department explained that FIR was lodged with the police department and the case being untraceable was filed. However, non reporting of the incidence to the audit was regretted by the department. During the course of deliberation it was pointed out that amount taken away pertain to salaries of the staff which was not yet paid to them. The Members of the PAC showed their concern that what was the fault of the employees to whom payments were not arranged. The PAC, therefore, directed the department to take up the case immediately with the Finance Department so that the salaries should be paid to the individuals. The Finance Department would provide necessary funds to the department to clear the arrears.

33. With the above observations, the para was recommended to be dropped.

DP No.41 Un authorized expenditure of Rs. 2,01,335/- in excess of Budget Grant.

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

35. The meeting was adjourned till tomorrow on 1/08/2006 at 10:00 A.M.

(BAKHT JEHAN KHAN)
Speaker/Chairman,
Public Accounts Committee.

PROVINCIAL ASSEMBLY OF WNFP

Tuesday, 1st August, 2006.

6th Sitting of PAC

Environment Department.

The Public Accounts Committee assembled at 10:00 A.M. in the Conference Room of the Provincial Assembly Secretariat, Peshawar to examine the Audit Report on Accounts of Government of NWFP for the year 2001-2002 pertaining to Environment Department. The following were present:-

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Public Accounts Committee.

- | | |
|-----------------------------------------|----------|
| 1. Mr. Bakht Jehan Khan, Speaker. | Chairman |
| 2. Shahzada Muhammad Gustasip Khan, MPA | Member |
| 3. Mr. Anwar Kamal Khan, MPA | Member |
| 4. Mr. Abdul Akbar Khan, MPA | Member |
| 5. Mr. Pir Muhammad Khan, MPA | Member |
| 6. Mr. Khalid Waqar, MPA | Member |
| 7. Mr. Jamshed Khan, MPA | Member |
| 8. Mr. Muzaffar Said, MPA | Member |
| 9. Mr. Khalil Abbas, MPA | Member |

Finance Department

Mr. Zainullah Khan,

Additional Secretary.

Law, Parliamentary Affairs and Human Rights Deptt:

Mr. Muhammad Saleem Khan,
Deputy Secretary.

Audit Department.

1. Mr. Sikandar Khan,
Director General.

2. . Mr. Asif Khan,
Director.

3. Mr. Tasawar Ali,
Dy: Director.

4. .Mr. Mutahir Shah,
Audit Officer

Environment Department.

1. Mr. Noor-ul-Haq,
Secretary.

2. Mr. Iqbal Swati,
Managing Director, FDC.

3. Mr. Abdur Rashid Awan,
General Manager, FDC.

3. Mr. Lal Muhammad,

Director.

Provincial Assembly of NWFP.

1. Mr. Nazir Ahmad,
Secretary.

2. Mr. Amanullah,
Additional Secretary-I.

3. Mr. Javed Latif,
Additional Secretary-II

4. Dost Mohammad
Deputy Secretary.

2. The meeting commenced with recitation from the Holy Qura'n

DP No. 1 Non accountal of Timber valuing Rs.0.371 million.

3. The Audit reported that in the office of Divisional Forests Officer Swat, a quantity of 1489-77 Sq ft timber valuing Rs. 0.447 million was confiscated during 1998-99, which was neither taken on stock register nor where about of the same was shown to Audit. During DAC meeting the department replied that a quantity of 254.55 Sq: ft timber valuing Rs. 76,365/- was available on stock and duly verified in Form-V while the balance timber valuing Rs. 0.371 million was neither found present on site nor in stock.

4. The department explained that out of 1489.77 Sq:ft timber as reported by Audit, 254.55 Sq:ft had been verified in the DAC meeting. As regards the rest of timber, it was contended that the Audit had wrongly considered the timber in question, confiscated. The timber of illegally cut trees, shown in damage reports, could neither be taken into custody nor confiscated in favour of Government. It was forcefully taken away from the spot by the offender, so damage reports were accordingly issued and cases had been instituted in the court to recover the losses. Moreover, it was added that these far-flung forests were out of effective police control. The limited armless forests staff was not in a position of taking physical custody of illegally cut timber from offenders having latest automatic weapons.

5. After a detailed discussion and in view of ground realities, the Committee recommended that the para may be dropped, however, the department was directed to pursue the cases in courts of law.

DP No. 2 Improper expenditure of Rs. 0.042 million.

6. The Audit reported that in the office of DFO, Lower Kaghan a sum of Rs.0.042 million had been paid to a contractor on account of repair of office/residential buildings, however in the Environment Department, all repair works were done departmentally and no contractor was involved. At the time of auditing no advertisement, comparative statement, quotation & bill of actual work-done were available on record. In light of DAC meeting, the department was directed to produce the court decision for arbitration and arbitration award, but the department could not provide the same.

7. The department explained that the contract for construction of office and residential buildings was awarded to a contractor after fulfilling all codal formalities. But in occurrence of a dispute amongst the contractor and the department on the grounds of excess payment of Rs. 36,165/- and difference in measurement of work done, the case was filed in the Civil Court. The Hon,ble Court directed arbitration between the contractor and the department. The arbitration was carried out accordingly and consequent thereof joint re-measurement was carried out and accordingly a sum of Rs. 41,961/- was paid to the contractor. A document to that effect was produced before the Committee.

8. In view of arbitration award shown to and accepted by the Audit, the para was recommended to be dropped.

DP No. 3 Non-accountal of timber valuing Rs. 0.226 million.

9. The Audit reported non accountal of timber valuing Rs. 0.226 million. The department admitted the Audit objection. It was explained that an enquiry was conducted wherein it was recommended that recovery may be affected from the depot holder Mr. Khizar Hayat. Secondly stoppage of annual increments with accumulative effect be made from the official held responsible. Thirdly censure may be awarded to the accused Forest Guard. It was pointed out that the Competent Authority had kept the case pending as the depot holder had gone to Court. ___

10. The Committee asked the department that when the court had not issued any stay order about the Forest Guard, why action was not taken against him. The department could not advance any plausible explanation.

11. After detailed discussion, and in view of the decision of DAC, it was decided that the amount may be recovered from Forest Guard along-with initiating disciplinary action. The recovery may be made within two months & progress be reported to PAC.

DP No. 4 Overpayment of Rs. 0.491 million in Royalty Payment.

12. The Audit reported overpayment of Rs. 0.491 million in Royalty payment. The department at the outset admitted overpayment to FDC, however, it was contended that the overpayment as reported by the Audit was later adjusted. Documentary proof to that effect was shown to Audit during the PAC meeting. In view of the evidence produced, the para was recommended to be dropped, However the department was directed that monitoring system may be established and internal Audit strengthened to point out such irregularities.

DP No. 5 Non-recovery of outstanding dues worth Rs. 2.262 million.

13. The Audit reported non recovery of outstanding dues worth Rs. 2.262 million. The department explained that the amount has been recovered from FDC. Challans to that effect were shown to PAC in support of its contention.

14. In view of explanation of the department, the para was recommended to be dropped subject to verification by the Audit within one week.

DP No. 6 Non-recovery of outstanding Government dues to Rs. 4.803 (M).

15. The Audit reported non-recovery of Rs. 4.803 million. The department contended that full amount except 14% interest was recovered and challan to that effect was available.

16. Mr. Abdul Akbar Khan, MPA in support of Audit strongly objected to non recovery of 14% interest as per contract agreement. It was contended that the agreement was binding on both parties and because of a delay on the part of FDC, it was liable to pay the interest. The department contended that the mode of payment was changed in the interest of Government and consequent thereto the public was given great benefit. However, it was admitted by the dept: that in view of change of mode of payment the agreement should have been revised which was not done.

17. Clarifying the position, the DFO, Kalam said that basically a sum of Rs.1,16,790/- was outstanding against FDC which has already been recovered. The interest on the amount comes to Rs. 16,350/-.

18. Since varying and warring contention was made both by the department and the Audit, therefore, the PAC directed that both the departments should sit together to reconcile the figures and specify the lot and amount of interest involved if any and submit the report within two days to PAC.

DP No. 7 Non-recovery of interest of Rs. 2.466 million from the Forest Dev: Corporation.

19. The Audit reported non recovery of interest of Rs. 2.466 million from FDC. It was pointed out that the issue was discussed in DAC meeting which ordered recovery of the interest. The department could not advance any justified explanation for

non recovery of interest. The PAC, therefore, upheld decision of the DAC directing the department that the recovery may be made within two months. PAC asked for progress report. Para stands.

DP No. 8 Less realization of Rs. 9.557 million due to poor performance in achievement of receipt target.

20. In view of the plausible explanation, the para was settled. The Finance Department was directed that realistic target should be fixed in future.

DP No. 9 Non-deposit of Rs. 0.200 million realized as rent from shops.

21. The Audit reported non-deposit of Rs. 0.200 million as rent from shops. The department explained that neither the shop was available nor constructed in Forest Hut Shogran. It was contended by the department that the audit objection was absolutely baseless.

22. The Audit could not provide any documentary proof to support their observations as made in the Audit Para. The PAC noted with grave concern the reporting of such baseless objection by the Audit Department.

23. The para in view of circumstances was dropped.

DP No. 10 Non recovery of Rs. 8.603 million.

24. The Audit reported non recovery of Rs. 8.603 million. The department explained that arbitration was made and the amount was due to be recovered. However, it was pointed out that some of the amount has been recovered and efforts are being made to recover the remaining amount. After detailed discussion the PAC directed that the amount already recovered may be verified by the Audit and the balance amount may be recovered from the concerned person within two months as land revenue. Progress be reported to PAC. Para stands

DP No. 11 Non recovery of Government dues amounting to Rs. 0.105 million.

25. The Audit reported non recovery of Government dues amounting to Rs. 0.105 million. The department explained that out of recoverable amount of Rs. 1,05,000/- an amount of Rs. 36,423/- has been recovered from various departments. Efforts are being made to recover the balance amount. The PAC directed that the balance adjustment/recovery be made within two months. Progress should be reported to Audit and PAC. As regard adjustment already made, it was directed that the same may be verified by the Audit. Para stands.

DP No. 12 Loss of Rs. 0.206 million due to non compliance of Court Decision.

26. The Audit reported loss of Rs. 0.206 million on account of non compliance of court decision. The para was discussed in the DAC meeting which directed recovery of the amount. The department could not give any plausible

explanation to rebut the Audit observation, hence the PAC upheld the decision of DAC and directed that the amount may be recovered from the responsible officer within two months.

DP No. 13 Non realization of Government receipts of Rs. 0.125 million.

27. The Audit reported non realization of Government receipts of Rs. 0.125 million. The department explained that the owners involved have filed civil suit against the department challenging the rules on the subject matter claiming that their timber trade did not come under the purview of the rules in vogue. However, it was pointed out that the owners of Timber Depot: have not been allowed to carry out their business.

28. After detailed discussion, the department was directed to vigorously pursue the case in the court of law and progress be reported to PAC. Para stands.

DP No. 14 Loss of Rs. 0.162 million sustained by Government.

29. The Audit reported loss of Rs. 0.162 million sustained by the Government on account of supply of plants free of cost to the armed forces etc.

30. The department explained that the plants has been supplied free of cost to the Armed Forces on directives of the Provincial Government. The explanation of the department was accepted and the para was recommended to be dropped.

DP No.15 Loss of Rs. 0.173 million due to less realization of value of forest produced.

31. The Audit reported loss of Rs. 0.173 million due to less realization of value of forest produced.

32. The dept: explained that out of recoverable amount of Rs. 1,84,620/-, an amount of Rs. 9,125/- has been recovered from Forest Guard and the rest of the amount is being deducted from his salary on installment basis. The DFO concerned during the course of discussion appreciated the efforts of the Forest Guard and requested the Committee for waiving off the balance recovery. The Committee after detailed discussion agreed with the contention of the DFO and directed that the rest of the recovery may be waived off and the amount already recovered may be verified by the Audit. In view of the explanation of the DFO, the para was recommended to be dropped.

DP N. 16 Loss of Rs. 10.667 million due to non Reconciliation.

33. The Audit reported loss of Rs. 10.667 million due to non reconciliation. The department explained that amount involved in the Audit Para has already been recovered by DFO Swat and no amount remained un-reconciled. The department

produced documentary evidence to Audit. However, the Audit showed its inability to verify the same during the meeting as it would require detail scrutiny.

34. Subject to verification by the Audit within four days, the para was recommended to be dropped.

DP No. 17 Loss of Rs. 0.741 (M) to Govt: due to non registration of Saw Mills.

35. The Audit reported loss of Rs. 0.741 million to Government due to non registration of Saw Mills. The department explained that all Saw Mills/Machines dealing with timber and wood of species maintained under the NWFP Sale and Sawing of Timber Rules-1997 required to be properly registered. In fact non of the Units in the jurisdiction of Forest Division except one saw unit at Bannu City, has been registered.

36. In view of the plausible explanation of the department and keeping in view the ground realities i.e. the pressure by the public for non registering Saw Mills, the para was recommended to be dropped.

DP No. 18 Loss of Rs. 10.059 million.

37. The Audit reported loss of Rs. 10.059 million. The department explained in detail that the loss was sustained due to poor registration which was beyond the control of the department. A decision was made by the High Court in this regard wherein it was declared that the losses were made due to mob agitation which was beyond the control of the department, hence the penalty was not justified.

38. After detailed discussion and in view of the High Court decision, the para was recommended to be dropped.

DP No. 19 Loss of Rs. 14.678 million due to non disposal of dry/wind fallen trees.

39. The Audit reported loss of Rs. 14.678 million due to non disposal of dry/wind fallen trees.

40. The department explained that on account of complete ban on harvesting imposed by the Federal Government, dry/wind fallen trees could not be lifted at that time. The explanation of the department has been accepted and the para was recommended to be dropped. However, the department was directed that the carriage of wind fallen trees in view of the recent decision of the Cabinet as referred to by the department, may be expedited. _

DP No. 20 Loss of Rs. 0.332 million to Government due to transportation of retrieved timber through contractors instead of Government owned trucks.

41. The Audit reported loss of Rs. 0.332 million to Government due to transportation of retrieved timber through contractors instead of Government owned trucks.

42. The department explained that basically truck was available with the DFO but in view of its poor condition it was not usable in hilly areas particularly for transporting of heavy timber. The department produced certificate of the respective organization showing the poor condition of the truck. The explanation of the department being plausible was accepted and the para was recommended to be dropped with the observation that in future all codal formalities for award of such contract should be completed in order to have transparency and avoid Audit objection.

43. The meeting was adjourned with a vote of thanks and will meet again on 2nd August, 2006 at 10:00 A.M.

(BAKHT JEHAN KHAN)
Speaker/Chairman,
Public Accounts Committee.

PROVINCIAL ASSEMBLY OF NWFP

Wednesday, 2nd August, 2006

7th Sitting of PAC

Environment Department.

The Public Accounts Committee assembled at 10.00 A.M in the conference room of the Provincial Assembly Secretariat of NWFP, Khyber Road, Peshawar to examine the Audit Report on Accounts of Government of NWFP, for the year 2001-02 pertaining to Environment Department. The following were present:-

Public Accounts Committee.

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| 1. | Mr. Bakht Jehan Khan, Speaker. | Chairman |
| 2. | Shahzada Mohammad Gustasip Khan, MPA | Member |
| 3. | Mr. Khalid Waqar, MPA | Member |
| 4. | Mr. Muzaffar Said, MPA | Member |
| 5. | Mr. Jamshid Khan, MPA. | Member |
| 6. | Mr. Ikramullah Shahid, MPA | Member |
| 7. | Mr. Khalil Abbas, MPA | Member |

Finance Department.

Sahibzada Fazal Amin,

Additional Secretary.

Law, Parliamentary Affairs and Human Rights Deptt:

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Mr. Muhammad Saleem Khan,

Deputy Secretary.

Audit Department.

1. Mr. Sikandar Khan,

Director General.

2. Mr. Mohammad Asif Khan,

Director.

3. Mr. Tasawar Ali,

Deputy Director.

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Environment Department, NWFP.

1. Mr. Noor ul Haq

Secretary.

2. Dr. M. Iqbal Sial ,

Chief Conservator Forests.

3. Mr. Mohammad Iqbal Swati,

MD, FDC.

4. Mr. Abdur Rashid Awan,

GM (ops), FDC.

5. Mr. Sanaullah Khan

DFO, Swat.

6. Mr. Mohammad Ikram,

DFO, Kohistan.

7. Mr. Mohammad Younas,

DFO, Mardan.

8. Raja Imtiaz Ahmad

DFO, Lower Dir.

9. Mr. Gulzar Rehman,

DFO, KDP.

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Provincial Assembly of NWFP.

1. Mr. Nazir Ahmad,

Secretary.

2. Mr. Amanullah,

Addl: Secretary-I.

3. Mr. Javaid Latif,

Additional Secretary-II.

4. Mr. Dost Mohammad,

Deputy Secretary.

2. The meeting commenced with recitation from the Holy Qura'n.

DP No.21 Loss of Rs. 5.996 (M) to Govt: due to non payment by Forest Development Corporation.

3. The audit reported loss of Rs. 5.996 million to Govt: on account of non payment by the FDC.

4. The department explained that the entire amount involved in the draft para had been recovered and the original challan was produced to the PAC. As regards 14% interest, the department explained that the mode of payment from prefixed value was changed to net sale purely in the interest of public. However, the contract agreement should have been revised while changing the mode of payment which was not done, the department explained. The administrative department admitted the fault on their behalf for not revising the contract agreement.

5. After detailed discussion, the PAC directed that the department and audit should sit together to verify and reconcile the figures and report to the PAC whether or not loss was sustained to the Government. Para kept pending.

DP No.22 Loss of Rs. 263.942 (M) due to pending court cases.

6. The audit reported loss of Rs. 263.942 million due to pending court cases. The department explained that a huge amount had been recovered which can be shown to audit for verification and efforts are being made to recover the balance amount shortly. The department was directed that the amount already recovered may be verified by the audit and the balance amount may be recovered expeditiously. Para stands. Progress to be reported to PAC

DP No.23. Loss of Rs.0.561 (M) to Govt: due to shortage of timber in Lot No.321/01.

7. The audit reported loss of Rs.0.561 million due to shortage of timber in lot No.321/01.

8. The department explained that the timber in question had already been transported by the FDC & there was no shortage at all. The department produced documentary evidence in support of transportation by the FDC.

9. The audit was not ready to verify the documents at this point and requested for some time. PAC directed that the documents may be got verified by the audit within 4 days. Subject to verification, the Para was recommended to be dropped.

DP No.24 Wastage/loss of public resources valuing Rs. 56.791 (M) approximately.

10. The audit reported wastage/loss of public resources valuing Rs. 56.791 million. The Para was discussed in DAC meeting, which decided that the Para will stand till final transportation.

11. The department explained that final transportation has since been completed. The Para was recommended to be dropped subject to verification to the effect of transportation of timber within 4 days.

DP No.25 Un-authorized expenditure of Rs. 0.200 million on A/C of Conservancy.

12. The audit reported un-authorized expenditure of Rs. 0.200 million on account of conservancy. The case was discussed in DAC meeting wherein it was decided to get condonation of the Finance Department.

13. The Para was discussed in detail. It was contended by the department that plants were purchased from the nearest society. Purchase from suspended societies was not forbidden. The plants purchased at the rate of Rs.4/- per plant was justified in view of age of the plant. The only irregularity admitted by the department was the delay in payment. After detailed discussion, the PAC upheld the decision of the DAC, directing the department to get the condonation sanction from the Finance Department within one month and in case of failure recovery be made from the responsible officer/officials within 2 months. Para stands and progress should be reported to PAC.

DP No.26 Blockage of Govt: Money to Rs. 11.019 (M).

14. The audit reported blockage of Govt: money amounting to Rs. 11.019 million. The department explained that the contention of audit about involvement of Govt: money was incorrect. It was not Govt: money. It was recovered from Forest Cooperative Societies on account of 20% developmental fund in view of policy of the Govt. The amount will be utilized on developmental works of the area. It was however added that arbitration of the societies was in progress. The case has been sent to the Registrar, Cooperative Societies for liquidation. Moreover liabilities have been recovered from societies and the amount deposited in the PLS account, which, after completion of liquidation will be spent on developmental activities. After detailed discussion, the Para was recommended to be dropped with the observation that the department would vigorously pursue the case of liquidation with the Registrar Cooperative Societies.

DP No.27 Blockage of Govt: Money to Rs. 3.691 (M).

15. The explanation of the department regarding lifting of timber and its carriage to timber sale depot was found plausible. Hence the Para was considered as dropped.

DP No.28 Un-authorized retention of Rs. 3.630 (M) out of public account.

16. The audit reported unauthorized retention of Rs. 3.630 million out of public account. The Para was discussed in the DAC meeting where it was directed that the Para would stand for regularization by the Finance Department which was not done. After detailed discussion, the Committee directed that the amount may be regularized from Finance Deptt: within one month. The para was recommended to be dropped.

DP No.29 Un-justified expenditure of Rs. 0.497 (M) on A/C of purchase of fish seed.

17. In view of the documentary evidence provided to audit as per decision of DAC regarding import of fish seeds, the Para was recommended to be dropped.

DP No.30 Excess Expenditure of Rs. 1.976 (M) over and above the budget allotment.

18. The audit reported excess expenditure of Rs. 1.976 million over and above the budget allotment. This Para relates to appropriation accounts, which was wrongly taken in the audit report, hence the audit may refer it to the Accountant General for appropriate action.

DP No.31 Excess draw of Rs.0.213 million over and above the sanctioned strength

19. The audit reported Excess draw of Rs.0.213 (m) over and above the sanctioned amount. The Para was discussed in detail. It was noted with grave concern that the excess amount drawn was not regularized from the competent authority within one month as directed by the DAC.

20. The department could not advance any plausible explanation for non-implementation of the decision of the DAC. The Committee therefore, directed that the issue may be got regularized from the competent authority within one month & report to that effect may be sent to PAC.

GENERAL

21. While discussing draft Para No.22 in respect of the Environment Department incorporated in report of 2001-2002, it was observed by the audit that the colossal amount was recoverable from various Agencies/Contractors. Since the cases are in Court, it takes long time to decide, and as such the Govt: revenue is badly affected. It was contended that if the amount was recovered after (10) years it did not carry the same value. The losses mainly occur to Government exchequer due to slow court process. The audit suggested that Special Administrative Law may be enacted with special administrative Judge having exclusive jurisdiction to deal with forest cases.

22. The department admitted the contention of the Audit Department adding that cases were pending in the court for the last more than 20 years and the timber lying for decisions of court could not be removed and hence rusted. After detailed discussion the PAC directed the department that in order to avoid such huge losses to the Govt:, steps should be taken for proposing legislation in that regard as proposed by Audit for timely disposal of forest cases.

23. The meeting was adjourned with a vote of thanks and will meet again on 3/08/2006 at 10:00 A.M.

(BAKHT JEHAN KHAN)

SPEAKER/CHAIRMAN,

PUBLIC ACCOUNTS COMMITTEE.

PROVINCIAL ASSEMBLY OF NWFP

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Thursday, 3rd August 2006.

8th sitting of the PAC

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Health Department.

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The Public Accounts Committee assembled at 10.00 a.m. in the Conference Room of the Assembly Secretariat of NWFP, Peshawar to examine the Audit Report on Accounts of Government of NWFP, for the year 2001-02 pertaining to Health Department, NWFP. The following attended the meeting:-

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Public Accounts Committee.

1. Mr. Bakht Jehan Khan, Speaker. Chairman

2. Shahzada Muhammad Gustasip Khan, MPA Member
- 3 Mr. Anwar Kamal Khan, MPA Member
4. Mr. Jamshed Khan, MPA Member
5. Mr. Khalid Waqar, MPA Member
6. Mr. Pir Muhammad Khan, MPA Member
7. Mr. Abdul Akbar Khan, MPA Member
8. Mr. Khalil Abbas, MPA Member
9. Mr. Muzaffar Said, MPA Member

Finance Department.

Mr. Aurangzeb Haq,

Special Secretary.

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Law, Parliamentary Affairs and Human Rights Department.

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Mr. Muhammad Saleem Khan,

Deputy Secretary.

Audit Department.

1. Mr. Sikandar Khan,

Director General.

2. Mr. Muhammad Asif Khan,

Director.

3. Mr. Zahir Alam,

Deputy Director.

Health Department, NWFP.

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1. Mr. Abdus Samad Khan,

Secretary

2. Dr. Jalil-ur-Rehman,

Director General.

3. Dr. Abdul Sabooh,

Medical Superintendent, HMC.

4. Dr. Muhammad Sher Khan,

Medical Superintendent, KTH.

5. Prof: Jaffar Khan,

Chief Executive, AMI.

Provincial Assembly of NWFP.

5. Mr. Nazir Ahmad,

Secretary

2. Mr. Amanullah,

Additional Secretary-I

3. Mr. Javaid Latif,

Additional Secretary-II

4. Mr. Dost Muhammad,

Deputy Secretary-VI.

2. The meeting commenced with recitation from the Holy Qura'n.

D P NO-25 Non production of auditable record worth Rs. 26,24,604/-

3. The audit reported non production of auditable record worth Rs.26,24,604/-. The para was discussed in the DAC meeting wherein it was directed that original record may be shown to audit. The department explained that complete record was available and each and every payment had been entered in the documents. After a detailed discussion, the department was directed to reconcile receipt documents etc, with the audit department. Para stands till the position is cleared.

D P NO. 14 Unauthorized investment of Rs. 28,70,000/- from college receipt.

4. The audit mainly objected to the unauthorized payment from utility charges received from the students. The department explained that there were two types of funds in the medical colleges .i.e. "Govt: fund" and "private fund". The Govt: fund is deposited in the treasury whereas the private fund, which is not part of the colleges receipt, is kept separately in a bank account. The private fund was used for the welfare of the students. It was added that the Board of Governors has given general approval of maintaining private fund and its utilization. In view of general approval of the Board of Governor, the para was recommended to be dropped.

D P NO. 9 Nonpayment of Rs. 43,831/- to Provincial Government on account of collection charges and non acknowledgement of Rs. 8,76,632/- on account of Income Tax.

5. The audit reported non payment of Rs. 43,831/- to Provincial Govt: on account of collection charges and non acknowledgement of Rs. 8,76,632/- on account of Income Tax. The department could not advance any plausible explanation for non payment of Rs. 43,131/- to Provincial Government on account of collection charges, and admitted they were at fault. In view of clear admission of the Administrative Secretary, the PAC recommended that action leading to recovery may be initiated against the responsible officer and recovery may be made within two months. As regards less deduction of Income Tax, the explanation of the department was accepted by the PAC. Para stands till the recovery of the amount.

D P NO. 3 Non deposit of Rs. 34,47,805/- in Govt: Treasury.

6. The audit reported non deposit of Rs. 34,47,805/- in Govt: Treasury. The department explained that the amount has already been deposited into Govt: Treasury and requested that the para may be settled. Subject to verification of challan and cash book, the para was recommended to be dropped.

D P NO. 10 Unauthorized retention of Govt: money of Rs. 55,10,000/-.

7. The audit reported unauthorized retention of Govt: money amounting to Rs. 55,10,000/- realized from patients. The department explained factual position and ground reality and showed documentary evidence with regard to depositing amount in the treasury. In view of the documentary proof and plausible explanation of the department, the para was recommended to be dropped.

D P NO. 22 Non recovery of Rs. 12,42,565/- on account of rent.

8. The audit reported non recovery of Rs. 12,42,565/- on account of rent. The deptt: explained that the amount has already been recovered & deposited in Govt: Treasury.

9. Mr. Abdul Akbar Khan, MPA remarked, if the audit did not report the matter, the amount would have been misappropriated. The PAC appreciated the observation of the Hon,ble Member and directed the department to strengthen internal control system to avoid such like occurrences. Subject to the above observation, the para was recommended to be dropped.

D P NO. 13 Illegal retention of Govt: receipt amounting to Rs. 2,17,521/- and deposited in commercial bank.

10. The audit reported illegal retention of Govt: receipts amounting to Rs.2,17,521/- which was deposited in commercial banks. The department explained that in 1976 the Finance Department had fixed private room charges. The hospital authorities ordered at their own level for deduction of 10% above the room charges from the patients for petty repair of private rooms. The PAC strongly objected to the practice of imposition of charges higher than the one fixed by the Finance Department. The charges were termed as unauthorized and illegal. To a question, the department explained that the order of imposing high charges was issued by the hospital administration and not by the administrative department. Detailed discussion was held and finally the department was directed to produce record of receipts and expenditure under this head and authorization of room charges over and above the one fixed by the Finance Department. Para stands.

D P NO. 18 i. Non recovery of Rs. 31,544/- from the cafeteria contractor

ii. Irregular award of contractor of cafeteria.

11. The audit mainly reported non recovery of Rs. 31,544/- from the cafeteria contractor. The department explained that the recovery has already been made, hence the para was recommended to be dropped.

D P NO. 23 Non production of actual payee receipts worth Rs. 52,493/-

12. The audit reported non production of actual payee receipt worth Rs. 52,493/-. The department explained that complete record of recovery was available. Subject to verification of original challan, the para was recommended to be dropped.

D P NO. 20 I. Non achievement of receipt target of Rs. 7,80,000/- on account of out patient deptt: (OPD) fee.

II. Non deposit of Rs. 27,000/- into Govt: Treasury.

13. In view of plausible explanation of the department and production of challan, the para was recommended to be dropped.

14. The meeting was adjourned with a vote of thanks till 4th August, 2006.

(BAKHT JEHAN KHAN)

SPEAKER/CHAIRMAN

PUBLIC ACCOUNTS COMMITTEE.

PROVINCIAL ASSEMBLY OF NWFP

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Friday, 4th August, 2006

9th Sitting of PAC.

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Health Department.

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The Public Accounts Committee assembled at 10.00 A.M in the Conference Room of the Provincial Assembly Secretariat of NWFP, Khyber Road, Peshawar to examine the Audit Report on Accounts of Government of NWFP, for the year 2001-02 pertaining to Health Department. The following were present:-

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Public Accounts Committee.

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1. Mr. Bakht Jehan Khan, Speaker. Chairman
2. Shahzada Muhammad Gustasip Khan, MPA Member
3. Mr. Khalid Waqar, MPA Member
4. Mr. Jamshaid Khan, MPA Member
5. Mr. Ikramullah Shahid, MPA Member
6. Mr. Anwar Kamal Khan, MPA Member
7. Mr. Abdul Akbar Khan, MPA Member

Finance Department.

Mr. Ahmad Hanif Orakzai,

Additional Secretary.

Law, Parliamentary Affairs and Human Rights Deptt:

Mr. Muhammad Saleem Khan,

Deputy Secretary.

Audit Department.

1. Mr. Sikandar Khan,

Director General.

2. **Mr. Mohammad Asif Khan,**

Director.

3. Mr. Zahir Alam,

Deputy Director.

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Accountant General Office.

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Mr. Humayun,

Deputy Accountant General.

Health Department, NWFP.

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1. Mr. Abdus Samad Khan,

Secretary.

2. Mr. Khalid Ilyas,

Section Officer (Budget).

3. Dr. Mohammad Sher,

MS, Kohat.

4. Dr. Qaim Shah,

Mardan Medical Complex.

5. Dr. Fazli Maula,

MS, AHQ Hospital, Batkhela.

6. Dr. Syed Shah Nam Badshah,

MS, DHQ Hospital, Charsadda.

7. Dr. M. Younas,

MS, DHQ Hospital, Nowshera.

8. Dr. Ibne Amin,

MS, DHQ Hospital, Nowshera.

9. Dr. Abdullah,

MS, DHQ Hospital, D.I.Khan

10. Dr. Abdur Rahim,

SMO, Govt: Mental Hospital, Peshawar.

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Provincial Assembly of NWFP.

-

1. Mr. Nazir Ahmad,

Secretary.

2. Mr. Javaid Latif,

Additional Secretary-II.

3. Mr. Dost Mohammad,

Deputy Secretary.

2. The meeting commenced with recitation from the Holy Qura'n.

DP No.8 Irregular expenditure of Rs.4,14,657/- incurred in excess of provision.

3. The audit reported that in the office of M.S. DHQ, Hospital, Chitral, expenditure to the extent of Rs. 40,54,050/- was incurred against the provision of Rs.44,68,707/-. Thus the expenditure of Rs. 4,14,657/- was incurred in excess of the provision in violation of rules. The para was discussed in the DAC meeting held on 6.11.2002 with the directives to regularize the excess expenditure from Finance Department, but progress was not intimated to audit till March, 2003.

4. The department explained that the case had been referred to Finance Department but with no response so far. The Committee, therefore, recommended that the excess expenditure may be regularized from Finance Department and progress reported to PAC. Para stands.

DP No.26 I. Losses amounting to Rs. 0.691 (M).

II. Loss of Rs. 96,089/- to public exchequer due to non deduction of Income/Sales Taxes & cost of Anti Sera.

5. The audit reported that in the office of Medical Superintendent, DHQ, Hospital, Chitral payment of Rs. 4,86,933/- was made to suppliers for the supply of equipment, medical gas, X-ray film, spirit and laboratory chemicals but 3.5% Income Tax and 16% sale tax amounting to Rs. 95,201/- were not deducted from their bills. Moreover, cost of Rs. 888/- of Anti Sera A+B+D was not recovered from the income before appropriation.

6. The department explained that the para was discussed in DAC meeting held on 5.11.2002 under the Chairmanship of D.C.O Chitral. After the meeting all the relevant documents were produced before the Committee for perusal. After a thorough verification of records and plausible explanation, the para was recommended to be dropped.

7. Reply of the department was not convincing. The Committee, therefore, directed that Income Tax, Sales Tax and cost of Anti Sera to be recovered after fixing responsibility and progress reported to PAC.

DP NO.29 Loss of Rs. 45,220/- sustained by Govt: due to purchase at higher rates.

8. The audit reported that in the office of M.S. DHQ, Hospital, Chitral expenditure to the tune of Rs. 6,95,735/- was incurred on the purchase of various equipments during 2000-2001. However, the purchases were made at higher rates ignoring the lowest rate which led to a loss of Rs. 45, 220/-.

9. The department explained that the expenditure to the tune of Rs.6,95,735/- on account of purchase of Hospital appliances was incurred after fulfilling all codal formalities. The required equipment and instruments were purchased on lowest rates after advertisement through the leading newspaper.

10. The explanation of the department, being plausible, was accepted. Hence the para was recommended to be dropped.

DP No.5 Overpayment of Rs. 1,36,182/- on account of shares.

11. The audit reported that in the office of Medical Supdt: DHQ, Hospital, Chitral, Rs. 1,36,182/- were claimed as 25% of the total income on account of laboratory, blood bank, ECG and Ultrasound, Private Rooms, Operations and X-ray shares by the Medical Supdt: though the post was declared as a non-practicing one. Hence the with drawl was unauthorized.

12. The department explained that the M.S. had received only the amount of share for Doctors, which he was entitled to as the post of Medical Supdt: was non-practicing post contrary to the point raised by the audit party.

13. The para stands till recovery of Rs. 5,011/- of private room share from the M.S concerned as he was not entitled to private room share.

DP No.28 Non recovery of penalty for Rs.72,266/- on account of delay in supply of medicines.

14. The audit reported that according to contract agreement the supply of the stock was required to be completed within 30 days after the receipt of orders. In case the supply could not be completed within the stipulated period, the competent authority could extend the period for further 15 days with 2% penalty and further 15 days with 5% penalty respectively at the cost of non-supplied items.

15. The department explained that recovery of penalty from M/S Nadeem Traders, Peshawar and M/S Khalid Medicines Company, Peshawar for late supply of medicine had been made and deposited into Govt: Treasury while the remaining ten firms had been directed to deposit the amount of penalty before 31-7-2006.

16. The Committee directed that the amount already recovered and deposited into Govt: Treasury may be verified from audit and the remaining amount may be recovered within (2) months. Progress should be reported to PAC. Para stands.

DP No.27 Loss to Government due to non deduction of sales tax amounting to Rs.77,269/-.

17. The audit reported that in the office of Medical Supdt: DHQ, Hospital Batagram, sales tax at the prescribed rate was not deducted from the supplier of Medicine in violation of instructions of Government as well order of the Director General, Health Services, NWFP, which resulted in a loss of Rs. 77,269/-.

18. The department explained that there were four firms out of twelve, which came under the purview of deducting sales tax. The rest of the eight firms, being supplier of medicine only, were exempted from sales tax deduction. Hence out of 4 firms M/S Medicamp Distributor & Fuji Firms Pakistan submitted sales tax paid invoice/exemption certificates copies and the rest of 2 firms i.e. M/S Madina Traders & Seven Brothers were informed in writing to provide the same immediately.

19. After verification of the record the Committee recommended that the para may be dropped.

GENERAL.

20. The Audit has pointed out time and again that sales tax at the prescribed rate was not deducted from the bills of the suppliers which is a clear violation of the instructions of Government.

21. The Committee directed that it would be the responsibility of DDO to deduct the General Sales Tax from the bills. If General Sales Tax was not deducted, the DDO will be held responsible in future.

DP NO.31 Irregular expenditure of Rs. 4,99,966/- incurred on the purchase of furniture.

22. The audit reported that furniture worth Rs. 4, 99,966/- was purchased in violation of the financial powers during the financial year 1999-2000.

23. The department explained that the case had been taken up with Finance Department for clarification regarding financial powers but the same are still awaited. No mis-appropriation had been made but only an irregularity had been committed which may please be condoned, the department requested.

24. The Committee, after detailed discussion, condoned the irregularity with the directive that violation of financial powers should not be repeated and strict financial discipline may be observed in future.

DP No.4 Suspected mis-appropriation of Rs. 53,523/- realized on account of 2% and 3%.

25. The audit reported that a sum of Rs. 53, 523/- was not realized on account of 2% & 3% out of the hospital income during 1999-2000.

26. The department explained that 2% amount had been received by the concerned Head Clerk as allowed per rules, and 3% amount had been spent on minor repairs under the supervision of the Head of concerned unit with the approval of Medical Superintendent the amount had not been deposited in the Government Treasury and the same practice is continuing at present, it was added.

27. The Committee directed that responsibility may be fixed and record of expenditure on minor repairs may be produce to audit within two months. In case the record was not produce to audit within stipulated period the recovery of 3% may be made from responsible person. Para stands. Progress should be reported to PAC.

DP No.15 Irregular expenditure of Rs. 62,680/-.

28. The audit reported that expenditure of Rs. 99,646/- was incurred on contingency items during 1999-2000. Expenditure exceeding Rs.25,000/- required wide publicity through press under para 144 of GFR Vol:-I, but it was incurred in violation of rules in piece meal on the pretext that on first instance the same was advertised in daily Mashriq dated 17.7.1999, which was responded by one M/S "Durani Brothers but neither the supply was made from that supplier nor put to re-tender.

29. The department explained that tenders were called through Newspapers but only one quotation was received. Again tenders were called and four quotations were received with reasonable rates and the lowest rate was accepted. It was added that no loss to the Govt: Exchequer had been made. The Secretary of the department admitted the irregularity of none re-tendering the items and requested the Committee to take a lenient view.

30. The Para was recommended to be dropped as per request of the Secretary Health. However, the Committee directed that disciplinary action should be taken against the officer who failed to re-tender the items and all codal formalities be observed in future.

DP No-16 Unauthorized expenditure of Rs. 5,35,354/- on account of electricity charges.

31. The audit reported expenditure of Rs. 5,35,354/- on account of electricity charges. The expenditure was incurred on electricity charges of residential accommodation, which was not the liability of Govt: nor covered under the rules.

32. The department explained that the residential bill was not adjusted from Govt: account. The occupants were having their own meters and were regularly depositing their bills. The residence so claimed was old TBC Ward utilized for female medical ward and old paramedical ward utilized for equipment & medicine stores & duty room of ambulance drivers who should have been present there round the clock.

33. The para was recommended to be dropped subject to verification of certificate from WAPDA.

DP No.12 Unjustified payment of Rs. 6,38,138/- to PESCO.

34. The audit reported that in the office of Medical Supdt: AHQ Hospital, Batkhela a sum of Rs. 7,04,281/- was paid to PESCO on account of electricity charges, which included arrears of Rs. 6,38,138/- pertaining to previous months, though payments for those months had already been made. Thus the payment of Rs.6,38,138/- was unjustified.

35. The department replied that the payment so made was for the financial year 1999-2000 and no arrears for the last year were included in the bill. The Secretary, Health explained that no double payment had been made

36. The Committee recommended to drop the para subject to verification of bills within one week.

DP No.17 Irregular and unauthorized expenditure of Rs. 5,27,591/-.

37. The audit reported that in the office of Medical Superintendent, AHQ, Hospital, Batkhela, an amount of Rs. 5,27,591/- was spent on the purchase of essential drugs despite the fact that enough quantities of those items were available in the stock which were sufficient to meet the requirements to the year 1999-2000.

38. The department explained that AHQ Hospital, Batkhela provided services to population about 0.7 million and availability of those essential drugs etc. were the need of the time. It was a fact that the hospital authorities purchased more items in addition to the available stock just to cover the requirements and not to prevent the lapse of budget.

39. After detailed discussion, the para was recommended to be dropped subject to verification of stock register by the audit within one month.

DP No.30 Loss of Rs. 4,00,000/- to Government.

40. The audit reported that in the office of Medical Supdt: Agency Headquarter Hospital, Batkhela two Nos Anesthesia Machines valuing Rs. 4,00,000/- were stolen at midnight from the main operation theatre by unknown persons.

41. The department explained that the stolen items had been recovered by the local administration.

42. The Committee directed to conduct an enquiry to fix responsibility and physical verification of stolen items may also be carried to know the factual position. Progress should be reported to PAC within one month. Para stands.

DP No.11 Non deposit of Rs. 3,02,964/- into Government Treasury.

43. The audit reported Rs. 3,02,964/- realized on various accounts during 1999-2000, were not deposited into Govt: Treasury.

44. The department explained that the figures of actual receipt deposited into Government Treasury and receipt calculated by the Audit Officer were different from each other. The figures shown by audit were incorrect, it was contended.

45. The Para was recommended to be dropped subject to verification of record within one week.

DP No.24 Non production of record worth Rs.12,39,956/-

46. The audit reported that expenditure of Rs. 12,39,956/- was incurred on different accounts during 1999-2000. The department explained that the amount had been deposited in the Government Treasury.

47. Subject to verification within one week by the audit, the para was recommended to be dropped.

DP No.6 Over payment of Rs. 3,16,719/- on account of two advance increments.

48. The audit reported that Rs. 3,16,719/- were paid to various Charge Nurses on account of two advance increments in the office of Medical Supdt: DHQ Hospital D.I. Khan. These were paid to those Charge Nurses who had passed the Midwifery Examination during their service which was part and parcel of their nursing course and were not entitled to advance increments.

49. The department explained that recovery from 11 Nurses had already been started from their pay in easy installments since 11/2005. M.S, DHQ, Hospital D.I.Khan explained that recovery to the tune of Rs. 61,000/- has been made and assured that the remaining amount will also be recovered.

50. The Committee directed that recovery from the concerned Nurses may be doubled and disciplinary action taken against the officer who allowed advance increments to the Nurses. Progress should be reported to PAC. Para stands.

DP No.21 Non deduction of General Sales Tax of Rs. 60,024/-.

51. The audit reported that in the office of Medical Superintendent, Government Mental Hospital, Peshawar bedding, clothing and Laboratory chemicals worth Rs.4,10,594/- were delivered by the firms but 15% GST amounting to Rs.60,024/- was not deducted.

52. The department explained that the firm had been registered with General Sales Tax Department and Sales Tax amounting to Rs. 10,433/-, Rs. 9,528/- and Rs.274/- had been deposited. Sales Tax Department registration certificates were shown to the Committee.

53. Subject to verification of record by the audit, the para was recommended to be dropped.

DP No.7 Non achievement of receipt target less realization of hospital receipt by Rs. 12,76,972/-

54. The audit reported that in the office of M.S, DHQ Hospital, D.I.Khan receipt target for the financial year 1999-2000 was not achieved. The local MS was given a receipt target of Rs. 31,10,000/- for the year 1999-2000, whereas only Rs. 18,33,028/- were shown realized on account of Hospital receipt, hence Rs.12,76,972/- were less realized.

55. The department explained that receipt target was usually based on the assessment and it was not necessary to achieve the required target especially when the DHQ Hospital D.I. Khan was short of funds and could not even meet the requirements of patients on payment and the patients preferred to go to private

hospitals as no free test facilities were available at DHQ Hospital D.I. Khan under the standing instructions of the Government.

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

DP NO. 19 Loss of Rs. 4,71,522/- due to non deduction of Sales Tax.

57. The audit reported that sales tax was not deducted from the suppliers' bills which caused a huge loss of Rs. 4,71,522/- to public revenue. In addition to that, sales tax on some of the suppliers' bills claimed thereof had also been paid to them instead of deduction.

58. The department explained that the medicines were exempted from sales tax under the sales tax ordinance. Other than medicines, all the concerned firms were directed to submit their original challan of sales tax, it was added. The para was recommended to be dropped subject to verification of record.

General:

59. The audit pointed out that 2 draft paras pertaining to the office of M.S, Charsadda have not been included in the working paper sent by the Health department. The Committee directed that the paras in question may be sent to this Secretariat immediately.

60. The meeting was adjourned with a vote of thanks till 7.8.2006.

(BAKHT JEHAN KHAN)

Speaker/Chairman

Public Accounts Committee

PROVINCIAL ASSEMBLY OF N.-W.F.P.

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Monday the 7th August, 2006

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10th Sitting of PAC

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Industries and Food Departments

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The Public Accounts Committee assembled at 10:00 A.M. in the Conference Room of the Provincial Assembly Secretariat, Peshawar to examine the Audit Report on Accounts of Government of NWFP for the year 2001-2002 pertaining to Industries and Food Departments. The following were present:-

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Public Accounts Committee.

1. Mr. Bakht Jehan Khan, Speaker. Chairman
2. Shahzada Muhammad Gustasip Khan, MPA Member
3. Mr. Abdul Akbar Khan, MPA Member
4. Mr. Anwar Kamal Khan, MPA Member
5. Mr. Pir Muhammad Khan, MPA Member
6. Mr. Khalid Waqar, MPA Member
7. Mr. Jamshed Khan, MPA Member
8. Mr. Muzaffar Said, MPA Member
9. Mr. Khalil Abbas, MPA Member

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Finance Department

Mr. Zainullah Khan,
Additional Secretary.

Law, Parliamentary Affairs and Human Rights Deptt:

Mr. Muhammad Saleem Khan,
Deputy Secretary.

Audit Department.

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1. Mr. Sikandar Khan,
Director General.

2. Mr. Asif Khan,
Director.

3. Mr. Jan Israr,
Audit Officer.

4. Mr. Mutahir Shah,

Audit Officer

Food Department.

Mr. Jamal-ud-Din,

Secretary

Industries Department.

Mr. Abdul Khaliq,

Secretary.

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Provincial Assembly of NWFP.

1. Mr. Amanullah,

Additional Secretary-I.

2. Mr. Javaid Latif,

Additional Secretary-II.

3. Mr. Dost Muhammad,

Deputy Secretary.

2. The meeting commenced with recitation from the Holy Qura'n.

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INDUSTRIES DEPARTMENT.

DP No. 26 **Non-recovery of Government dues worth Rs. 2.877 (M).**

3. This para was discussed in the last meeting held on 31st July, 2006 and was kept pending with the direction that the department will sit together with the Audit to thrash out the issue and submit report to the PAC.

4. On 7/8/2006 the department submitted that the amount was recoverable from various departments on account of equipments/goods. Originally an amount of Rs.03.40 (M) was recoverable. In pursuance of DAC decision Finance Department has partially made at source deduction from the respective organizations. A sum of Rs.7,00,000/- has been recovered so far, leaving a balance of Rs. 28,77,560/-. It was contended that the only

way out is that the Finance Department may be directed to deduct the amount at source from the respective organizations. The Finance Deptt: assured at source deduction subject to the condition that the Administrative Deptt: would provide details of outstanding amount bills against each organization.

5. After detailed discussion, the PAC directed the department to provide detailed list as asked for by the Finance Department for at source deduction from the respective departments. Para stands till the amount is recovered. Progress be reported to PAC.

DP No. 16 **Irregular payment of Rs. 10.20 (M) on acquisition of building.**

6. This para was kept pending for production of agreement by the Industries Department. No agreement deed was provided to PAC. Terms and conditions for provision of land with the Bank of Oman rights of ownership of property were not provided. However, the department was of the view that no loss was made to the Government whereas the Audit did not accept the contention saying that a loss of Rs.1,00,00,000/- was sustained by the Govt: due to Varying agreements put forth from both the sides.

7. After detailed discussion, the PAC observed that the issue needs authenticated probe as to whether loss was accrued to Government or not and how the deal was made with the Bank of Oman. When the land was given, what were the conditions when the agreement was made etc. The PAC, therefore, directed that an Inter Departmental Committee consisting of representatives of the Administrative Department, Finance Department, Audit Department and Law Department under the Chairmanship of a Member of the Committee, will probe the matter and submit its report to the PAC within three months. Para stands.

FOOD DEPARTMENT.

DP No. 1 **Non deposit of Rs. 13,14,317/- on account of sale of wheat.**

8. The Audit reported non deposit of Rs. 13,14,317/- on account of sale of wheat.

9. The department explained that the storekeeper involved in the misdeed had been dismissed from service. Moreover, a criminal case was initiated against him and he remained behind the bars for three years. Now he has bailed out. The case was in the Anti-Corruption Court.

10. The PAC members observed with great uneasy surprise that for misappropriation of such heavy amount; only one clerk was held responsible. It was added that a clerk can not misappropriate such huge money alone unless and until he has some backing from the supervisory officer. The amount was not misappropriated within a day or a month. This clearly shows that the department officers have miserably failed to carry out periodical check of store and heavy store was left at the mercy of a clerk. The Audit was also of the contention that store enforcement officer, supervisor, DFC and all other officers/officials were responsible for periodical check and had miserably failed to perform their duties, thereby occurring a heavy loss to the Government.

11. After detailed discussion, the PAC directed that a detailed inquiry may be conducted and apart from the clerk, the senior officers who had not done justice to their job should also be put to task by taking stern action. Para stands. Progress be reported to PAC within two months.

DP No. 2 **Non-realization of sale proceed amounting to Rs. 1, 14,51,372/-.**

12. The Audit reported huge embezzlement in various stores and PR Centres in the purchase of wheat, sugar and empty gunny bags. The department explained that three storekeepers were dismissed from service. A sum of Rs. 18,670/- has been recovered so far. For the balance recovery, DRO has been approached who has declared the officials defaulters. The Secretary assured that the case is being processed for recovery from the defaulting officials as land revenue.

13. The PAC members observed with great uneasy surprise that for misappropriation of such heavy amount, only one clerk had been held responsible. It was added that a clerk can not misappropriate such huge money alone unless and until he has some backing from the supervisory officer. The amount was not misappropriated within one day or within a month. This clearly shows that the department officers have miserably failed to carry out periodical check of the store and heavy store was left at the mercy of a clerk. The Audit was also of the contention that store enforcement officer, supervisor, DFC and all other officers/officials were responsible for periodical check and had miserably failed to perform their duties, thereby occurring a heavy loss to the Government.

14. After detailed discussion, the PAC directed that a detailed inquiry may be conducted and apart from the clerk, the senior officers who had not done justice to their job, should also be put to task by taking stern action. Para stands. Progress be reported to PAC within two months.

DP No. 3 **Non-recovery of subsidy amounting to Rs. 14,14,975/-.**

15. The Audit reported loss of subsidy amounting to Rs. 14,14,975/-. The department explained that full amount has been recovered to be deposited into Government Treasury. Subject to verification by the Audit, the para was recommended to be dropped.

DP No. 4 **Non-recovery of short store worth Rs. 5,79,215/-.**

16. The Audit reported loss of Rs. 5,79,215/- due to mis-appropriation of wheat and empty gunny bags. The department explained that the case had been registered against the official involved. The Anti-Corruption Court had decided the case in favour of the accused official. An appeal was filed against the judgment of the Anti-Corruption Court, which was also dismissed by the Peshawar High Court Peshawar being time bared. The PAC desired to know the reasons that why an appeal was not filed on time. The department could not advance any plausible explanation.

17. After detailed discussion, the PAC directed that a detailed inquiry may be conducted and responsible person(s) may be put to task by taking stern action. Progress should be reported to PAC .Para stands.

DP No. 5 **Non-deposit of Rs. 54,890/- into Govt: Treasury on a/c of sale proceeds.**

18. The Audit reported loss of Rs. 54,890/- to the public fund on account of non crediting the auctioned money into the Government Treasury and selling of sugar @ Rs. 13.25 per kg instead of the prevailing of Rs. 19.78 per kg.

19. As regards recovery of auction money, the department explained that full amount has been recovered and deposited into the Government Treasury. With regards to selling of Sugar @ of Rs. 13.25 per kg instead of the prevailing rate of Rs.19.78 per kg, it was contented that special rate was fixed for Chitral by the Government.

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

DP No. 6 **Non-depositing of Rs. 13.200 (M) into Government Treasury.**

21. The Audit reported that securities and earnest money were deposited in the Bank of Khyber on which Rs. 13.200 (M) profit was earned. The profit was not deposited into Government Treasury.

22. The department explained that profit earned from the securities and earnest money comes to Rs. 90,24,934/- instead of Rs. 13.200 (M). The proceeds of the profit have already been deposited in the Govt: Treasury. Moreover, adjustment of Rs.4, 50,000/- has been carried out, it was added.

23. Subject to verification of the documents within one month, the para was recommended to be dropped.

DP No. 7 **Non-recovery of Rs. 1.249 (M) as cash security from Flour Mills.**

24. The Audit reported non recovery of Rs. 1.249 (M) as cash security from Flour Mills.

25. The department explained that a sum of Rs. 33,00,000/- has been recovered which can be verified by the Audit. This includes the amount involved in the para.

26. Subject to verification by the Audit within one month, the para was recommended to be dropped.

DP No. 8 **Non-realization of cash security worth Rs.9,00,000/- from Mills owners.**

27. The Audit reported non realizing of cash security worth Rs. 900,000/- from Mill owners.

28. The department explained that full recovery from the Mills functionary has been carried out.

29. The explanation by the department was accepted and the para was recommended to be dropped.

DP No. 9 **Non-recovery of Railway freight amounting to Rs. 0.854 (M).**

30. The Audit reported non recovery of Railway freight amounting to Rs. 0.854 Million.

31. The department explained that total recoverable amount against SAFRON, has been worked out as Rs. 11,49,80,156/- out of which major portion of Rs.11,05,00,000/- has since been recovered leaving a balance of Rs.44,80,156/-. The Administrative Secretary added that they were in active correspondence with the quarter concerned and assured that being Government to Government transaction; the same would be recovered shortly.

32. The department was directed that the amount already recovered may be got verified by the Audit within one month. Moreover, efforts for balance recovery may be expedited. Para stands.

DP No. 10 **Recovery of excess payment made to Railway Rs. 6,00,100/-.**

33. The Audit reported non recovery of excess payment made to Railway amounting to Rs. 6,00,100/-.

34. The department explained that the case was in active correspondence with the Railway authorities. The Railway authorities have a counter claim of paying rent of the godown constructed by the Food Department on the Railway land. The counter claim of the Railway was much more than the amount paid to Railway in excess. As reported by the Audit, various meetings were held with the Railway authorities and the Secretary assured that the matter would be resolved.

35. Para stands till the clearance of the excess payment outstanding against Railway. Progress to be reported to PAC.

DP No. 11 **Non-recovery of Rs. 3,61,623/- on account of carriage charges of Wheat Seed. .**

36. The Audit reported non-recovery of Rs. 3,61,623/- on account of carriage charges of wheat seed.

37. The department explained that total recovery has been made.

38. Subject to verification within one month, the para was recommended to be dropped.

DP No. 12 **Non-recovery of incidental charges of Rs. 1,45,722/- from Assistant Director, Local Government.**

39. The Audit reported loss of Rs. 1, 45,722/- to Government on account of issuing wheat to Assistant Director, Local Government and RDD, Kohistan.

40. The department explained that they were in active correspondence with Secretary, Local Council Board and assured that it being Government to Government transaction would be resolved shortly.

41. The PAC thereby directed that the recovery may be made from the respective department within three months. Para stands and progress be reported to PAC.

DP No. 13 **Non-collection of security amounting to Rs. 110,000/- from Flour Mills.**

42. The Audit reported non collection of security amounting to Rs. 1,10,000/- from Flour Mills.

43. The department explained that full amount has been recovered from the Flour Mills which are functionary.

44. Subject to verification of recovery within one month, the para was recommended to be dropped.

DP No. 14 **Loss of Rs. 33,29,242/- by not imposing penalty on contractors.**

45. The Audit reported non recovery of Rs. 33,29,242/- from contractor on account of non completion of carriage of wheat in time.

46. The department explained that no fault of the carriage contractor was involved. Because of limited capacity at the recipient end, the speedy dispatches would have created storage problem.

47. In light of the factual position explained by the department and as per ground realities the para was recommended to be dropped.

DP No. 15 **Loss of Rs. 61,45,755/- being cost of Rs. 4,09,717/- empty gunny bags.**

48. The Audit reported loss of Rs. 6,145,755/- as cost of empty gunny bags.

49. The department explained that the entire stock of empty gunny bags lying at PRC Chitral has since been disposed of through open auction. The proceeds of the auction comes to Rs. 53, 89,777/- instead of Rs. 61, 45,755/- as reported by the Audit.

50. Subject to verification within one month of Rs. 53,89,777/- as recovered by the department, the para was recommended to be dropped.

DP No. 16 **Loss of Rs. 535,040/- due to shortage of wheat.**

51. The Audit reported loss of Rs. 5,35,040/- due to shortage of wheat. The department explained that the loss was due to un-necessary and illegal interference of Khidmat Committee. Facts finding enquiry was conducted and the Chairman Khidmat Committee was found involved in closing the Godown by force which caused 704 bags of wheat infested.

52. After detailed discussion and pointing factual position by the department the PAC recommended that write off sanction from the Finance Department for 704 bags, may be obtained. Subject to getting write off sanction, the para was recommended to be dropped.

DP No. 17 **Loss of Rs. 485,834/- due to allowing excess distance.**

53. The Audit reported loss of Rs. 4,85,834/- due to allowing excess distance. The department explained that payment was made in accordance with distance provided by the W&S Deptt: and Survey of Pakistan and no excess payment for excess distance was carried out. It provided documentary evidence to PAC.

54. The explanation of the department, duly supported by documentary evidence and in view of the satisfaction of the Audit, the para was recommended to be dropped.

DP No. 18 **Loss of Rs. 1.009 Million due to non lifting of allocated quota.**

55. The Audit reported loss of Rs. 1.009 million due to non lifting of allocated quota from Punjab.

56. The department briefly explained that in view of suspension of supply of wheat from Punjab, the supply was made from Azakhel National Reserve Centre. The contractor was paid carriage charges from Azakhel to Swat.

57. The explanation of the department, being plausible, was accepted and the para was recommended to be dropped, subject to verification that the supply was made from Azakhel at a rate less than the one fixed for supply from the Punjab.

DP No. 19 **Non-accountal of Rs. 30,75,885/- in PRC Gohkir and Kosht.**

58. The Audit reported non accountal of Rs. 30,75,885/- in PRC Gohkir and Kosht.

59. The department explained that the case was filed by the defaulting official which is pending in the Peshawar High Court. The PAC directed that the case may be vigorously pursued legally.

60. The PAC Members observed with great uneasy surprise that for misappropriation of such heavy amount, only one clerk was held responsible. It was added that a clerk can not misappropriate such huge money alone unless and until he has some backing from the supervisory officer. The amount was not misappropriated within one day or within a month. This clearly shows that the department officers were miserably failed to carry out periodical check of the store and heavy store was left at the mercy of a clerk. The Audit was also of the contention that Store Enforcement Officer, Supervisor, DFC and all other officers/officials responsible for periodical check, had miserably failed to perform their duties thereby heavy loss to the Government was incurred.

61. After detailed discussion, the PAC directed that a detailed inquiry may be conducted and apart from the clerk, the senior officers who had not done justice to their job, should also be put to task by taking stern action. Para stands. Progress should be reported to PAC within two months.

DP No. 20 **Excess payment of Rs. 1,17,459/- on transportation of Wheat.**

62. The Audit reported excess payment of Rs. 1,17,459/- on account of Transportation of wheat due to excess distance.

63. The department explained that the payment has been made in accordance with the distance provided by the W&S Department and duly certified by the Finance Department.

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

DP No. 21 **Excess payment of carriage charges amounting to Rs. 18,10,370/- due to wrong distance from Punjab to Mansehra.**

65. The Audit reported excess payment of carriage charges amounting to Rs.18,10,370/- due to wrong distance.

66. The department explained that the payment has been made in accordance with the distance provided by the W&S Department and duly certified by the Finance Department.

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

68. The meeting was adjourned till 9th August, 2006 at 10:00 a.m.

(BAKHT JEHAN KHAN)

Speaker/Chairman,

Public Accounts Committee

PROVINCIAL ASSEMBLY OF NWFP

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Wednesday, 9th August, 2006.

11th Sitting of PAC

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The Public Accounts Committee assembled at 10.00 A.M in the Conference Room of the Provincial Assembly Secretariat of NWFP, Peshawar to examine the Audit Report on Accounts of Government of NWFP, for the year 2001-02 pertaining to Home and Tribal Affairs Department. The following were present:-

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Public Accounts Committee.

1. Mr. Bakht Jehan Khan, Speaker Chairman.
2. Shahzada Muhammad Gustasip Khan, MPA Member.
3. Mr. Khalid Waqar, MPA Member.
4. Mr. Muzaffar Said, MPA Member.
5. Mr. Jamshed Khan, MPA. Member.
6. Mr. Ikramullah Shahid, MPA Member.
7. Mr. Khalil Abbas, MPA Member.
8. Mr. Pir Muhammad Khan, MPA Member.
9. Mr. Anwar Kamal Khan, MPA Member.

Finance Department.

Mr. Zainullah,

Additional Secretary.

Law, Parliamentary Affairs and Human Rights Department.

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Mr. Muhammad Saleem Khan,

Deputy Secretary.

Audit Department.

1. Mr. Sikandar Khan,

Director General.

2. **Mr. Mohammad Asif Khan,**

Director.

3. Mr. Tasawar Ali,

Deputy Director.

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Home & Tribal Affairs Department, NWFP.

1. Mr. Faza-ul-Rehman,

Secretary/Inspector General (Prison), NWFP.

2. Mr. Khurshed Alam,
Deputy Inspector General (Prison).

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Provincial Assembly of NWFP.

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1. Mr. Muhammad Mushtaq,
Senior Additional Secretary.

2. Mr. Javaid Latif,
Additional Secretary-II.

3. Mr. Dost Mohammad,
Deputy Secretary.

2. The meeting commenced with recitation from the Holy Qura'n.

DP No. 1 **Non-Accountal of Rs. 2,48,000/-.**

3. The audit reported loss of Rs. 2,48,000/- drawn from Government Treasury and shown paid to various vehicle owners on account of transportation charges of Frontier Constabulary from one place to other, but receipts were found un-dated and in one journey and number of persons transported were not shown.

4. The department explained that the vehicles as asked by the Pak Army were engaged on different dates at different stations for transportation of troops according to the requirement. So far provisions of vehicles by FC Lines, the strength was stationed at different stations not in FC Lines, therefore, the troops of different agencies have been transported in hired vehicles from different places.

5. The Committee did not agree with the contention of the department and directed that disciplinary action may be taken against the officials/officer at fault and responsibility be fixed accordingly. Recovery also be made within two months and progress be reported to PAC. Para stands.

DP No.2 **Non Accountal of Rs. 1,63,097/-.**

6. The audit reported loss of Rs. 1,63,097/- drawn on account of electricity charges of various Police Stations without having reconciliation with WAPDA.

7. The department explained that the payment had been made after reconciliation with PESCO and no excess drawal was involved.

8. After detailed discussion and verification of the reconciled statement by the audit, the para was recommended to be dropped.

DP No-3. Non Accountal of Rs. 1,34,839.

9. The audit reported loss of Rs. 1,34,839/- drawn on account of Contingency, Salary and GP Fund but documentary proof in support of the actual payment was not produced to audit.

10. The department explained that FIR has been lodged, but no enquiry has been conducted as directed in the DAC meeting.

11. The Public Accounts Committee constituted a Sub-Committee to probe into the matter comprising the following Members.

1. Mr. Anwar Kamal Khan, MPA Chairman.
2. Ikramullah Shahid, MPA Member.
3. Mr. Jamshed Khan, MPA Member.

12. The Sub-Committee will submit its report within two months to PAC. Para stands.

DP No.4 Non Accountal of Rs. 1,05,000/-.

13. The audit reported that in District Charsadda out of Rs. 15.560 (M) drawn for the construction of Police Stations and Police Posts, a sum of Rs. 40,000/- was paid to Personal Assistant to Deputy Commissioner, Charsadda besides a sum of Rs. 65,000/-. The amount has not been received in S.P. Office as the same has not been confirmed by the staff of SP Office.

14. The department explained that Rs. 65,000/- were sent through PA to DC, Charsadda to SP, Charsadda for construction of Check Post at Yakka Ghond, Charsadda, but no acknowledgement has been received regarding Rs.40,000/- which were returned as loan to DC, Charsadda. The same was received by Mr. Dalil Khan PA to DC, Charsadda. The Finance Department remarked that loan can not be given to anyone out of developmental fund.

15. After detailed discussion the para was referred to Sub-Committee already constituted in DP No-3. Para stands.

DP No-5 Non Accountal of Rs. 45,089/- on account of telephone charges.

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DP No-6 Non deduction of income tax/sales tax Rs. 2,82,346/-.

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DP No-7 Non recovery of cost of police guards supplied to other department worth Rs. 7,22,064/-.

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16. Draft Para Nos-5, 6 and 7 were deferred till tomorrow 10-8-2006 for production of relevant record by the department.

DP No.8 Loss of Rs. 6,95,904 due to non recovery of long outstanding Government dues.

17. The audit reported that a huge amount of Rs. 6,95,904/- is lying against T.I.P, Haripur since long in District Haripur.

18. The Committee recommended that an Inter Departmental Committee under the Chairmanship of Mr. Pir Muhammad Khan, MPA is to be constituted to probe into the matter. The Committee will be assisted by the representatives of Finance Department, law Department and audit Departments. The Committee will submit its report within two months. Para stands.

DP No.9 Non recovery of Rs. 6,84,000/- approx: on account of rent of Shops and Cabins.

19. The audit reported that in the Office of S.P, Dir (Lower) at Timergara 54 Nos. Shops and 06 Cabins have been constructed round the Police Station, Balambat. Monthly rent Rs. 1000/- per shop and Rs. 500/- per cabin amounting to Rs. 6,84,000/- at market rate, could not be recovered.

20. The department explained that neither these shops had been constructed on Government Land nor on Government Fund but had been constructed under welfare schemes of the police department. The agreement with the occupants/shops keepers were made on nominal basis which were too less than shown in the audit report.

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

DP No.10 Non recovery of Rs. 1,44,000/- in Government Treasury.

22. The audit reported that in the office of DPO, Swat, 12 shops belonging to various police stations were rented to private parties on a nominal rent of Rs. 1100/- per month. But rent of these shops were not collected due to which an amount of Rs.1,44,000/- could not be recovered.

23. The department explained that the shops had been constructed from the Police Welfare Fund of Swat police, hence its income would be spent on the welfare of swat police.

24. Mr. Anwar Kamal Khan, MPA raised the point whether the audit department can carry out audit of the welfare projects, but the response from the audit side was negative.

25. After detailed discussion the PAC constituted the following sub-committee with the direction to examine whether welfare projects are auditable or not.

1. Mr. Khalil Abbas, MPA Chairman
2. Mr. Muzaffar Said, MPA Member
3. Mr. Khalid Waqar, MPA Member

26. The Sub-Committee will submit its report within two months to PAC. Para stand.

DP No.11 **Non recovery of excess expenditure of Rs. 1,29,152/- on account of telephone charges.**

27. The audit reported that in the office of SP Kohat neither the residential telephone charges were restricted to the monthly entitlement nor was 5% deduction made. Thus an expenditure of Rs. 1,29,152/- was incurred in excess of prescribed calling.

28. The department explained that actually the police officer work round the clock and they use residential telephones for official purposes. Beside in most bills heavy arrears of previous months were cleared, which auditing party considered as of one month, and recovery has been shown.

29. Mr. Khalil Abbas, MPA pointed out that the amount in question pertains to the whole district not to a single office. The ground reality is that the police officers perform their duties round the clock and the existing ceiling policy fixed for police department is not feasible.

30. Mr. Anwar Kamal Khan, MPA proposed that the department should initiate the case with Finance Department, so that present ceiling allowed to police officers be enhanced and audit objection might not come in future. However, the department may be directed to be careful in future and this issue may be condoned.

31. The Committee agreeing with the proposal of Mr. Anwar Kamal Khan, MPA recommended that the limit/ceiling of telephone for police officers may be revised/enhanced so, the para was recommended to be dropped.

DP No.12 **Non deduction of income tax amounting to Rs. 32,107/-**

32. The audit reported that in the office of DIG Special Branch Peshawar a sum of Rs. 3,30,769/- was paid on account of repair of Govt: vehicles during 1999-2000. Income tax amounting to Rs. 16,358/- was not deducted as required under the rules.

33. The department explained that no bulk purchase of spare parts had been made. As and when necessity arisen, repair work was done. The payment was not exceeded to Rs. 25,000/- as such income tax was not deducted.

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

DP No.13 **Non recovery of Arms and Ammunitions.**

35. The audit reported that in the office of SSP, Peshawar pistols, SMG etc were issued from Kot to several officers/officials but the same were not recovered as most of the persons have proceeded on retirement or transfer to other districts. The department admitted and promised to recover the outstanding arms and ammunitions in full.

36. The department explained that total 79 pistol had been issued to different police officers/officials out of which 68 pistols had been recovered whereas recovery of 11 was still outstanding as they were retired from service or passed away. Subject to verification of record by the audit the para was recommended to be dropped.

DP No.14 **Non sale/auction of manufactured goods worth Rs. 2,67,744/-**

37. The audit reported that during scrutiny of the stock register of manufactured items and burnt articles worth Rs. 1,04,838/- were lying in stock as on 30-6-2000. No efforts were made by the local office to put these articles to sale/auction to safeguard the Govt: property and to written off the burnt articles.

38. The Inspector General (Prison), NWFP explained that all the items were burnt in District Jail, Peshawar. In view of the plausible explanation of the department the para was recommended to be dropped.

DP No. 15 **Loss of Rs. 11.83 (M) to Government due to purchase made at higher rates.**

39. The audit reported that during the course of audit of IG, Prison office clothing articles were purchased during 1995-96. These were purchased on very high rates and the lowest rates offered by the suppliers were initially ignored which resulted into huge loss of Rs.1,18,38,823/- to Government.

40. The department explained that all the items of high quality were purchased on the recommendation of the Purchase Committee and no irregularity has been committed.

41. Mr. Anwar Kamal Khan, MPA observed that the department should not make it a practice to purchase items on higher rates. Efforts should be made to purchase the items on lowest rates.

42. Subject to explanation of the department and with the above observation, the para was recommended to be dropped.

43. The meeting was adjourned with a vote of thanks and will meet again on 10/08/2006 at 10:00 A.M.

(BAKHT JEHAN KHAN)

SPEAKER/CHAIRMAN,

PUBLIC ACCOUNTS COMMITTEE.

PROVINCIAL ASSEMBLY OF N.-W.F.P.

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Thursday the 10th August, 2006

12th Sitting of PAC

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Home and Tribal Affairs Department.

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The Public Accounts Committee assembled at 10:00 A.M. in the Conference Room of the Provincial Assembly Secretariat, Peshawar to examine the Audit Report on Accounts of Government of NWFP for the year 2001-2002 pertaining to Home & Tribal Affairs Department. The following were present:-

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Public Accounts Committee.

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1. Mr. Bakht Jehan Khan, Speaker. Chairman
2. Shahzada Muhammad Gustasip Khan, MPA Member
3. Mr. Anwar Kamal Khan, MPA Member
4. Mr. Pir Muhammad Khan, MPA Member
5. Mr. Khalid Waqar, MPA Member
6. Mr. Jamshed Khan, MPA Member
7. Mr. Muzaffar Said, MPA Member
9. Mr. Khalil Abbas Khan, MPA Member

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Finance Department.

Mr. Zainullah Khan,
Additional Secretary.

Law, Parliamentary Affairs and Human Rights Deptt:

Mr. Muhammad Saleem Khan,
Deputy Secretary.

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Audit Office.

4. Mr. Sikandar Khan,
Director General.

5. Mr. Asif Khan,
Director.

3. Mr. Mutahir Shah,
Audit Officer

4. Mr. Jan Israr,
Audit Officer.

Home & Tribal Affairs Department.

1. Mr. Fazl-ur-Rehman,

Additional Secretary.

2. Mr. Asmat ullah Shah,

D.D.A.

3. Mr. Javed Khan,

Budget Officer.

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Provincial Assembly of NWFP.

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1. Mr. Nazir Ahmad,

Secretary.

2. Mr. Javaid Latif,

Additional Secretary-II.

6. Mr. Dost Muhammad,

Deputy Secretary.

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2. The meeting commenced with recitation from the Holy Qura'n.

DP No-5 **Non Accountal of Rs. 45,089/- on account of telephone charges.**

DP No-6 **Non deduction of Income Tax/Sales Tax amounting to Rs. 2,82,346/-.**

3. The relevant record was produced to audit which was verified, the paras were therefore recommended to be dropped.

DP No-7 **Non recovery of cost of police guards supplied to other department worth Rs. 7,22,064/-.**

4. The audit reported that services of 2 Head Constables were provided by Police Department to the Railway for security of Railway Lines and Bridges, but the cost of services rendered by the Police Department worth Rs. 7,22,074/- has not been paid by the Railway Authority.

5. The department explained that the case for the recovery of cost of Police Guards supplied to Railway was under process with the Federal Government.

6. After detailed discussion the PAC referred the para to Sub-Committee already constituted on D P No-3 to find out solution/recommendations for recovery of arrear. The Sub-Committee will submit its report within two months to PAC. Para stands.

DP No.16 Irregular expenditure of Rs.3,11,168/- on account of Telephone charges.

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7. The Audit reported that in the office of S.P, Kohat expenditure to the tune of Rs.3,11,168/- was incurred on account of telephone charges. It was further observed that:-

- i. the name of the office was not recorded on certain bills;
- ii. the bills were hand-written and not on computerized form;
- iii. the bills were neither certified by the using officers nor attested/passed by the D.D.O;
- iv. most of the bills were too old and were pertaining to the financial year 97-98 and 98-99;
- v. in the DAC meeting it was decided to verify the position within two weeks, but with no progress.

8. The Department explained that:-

- i. after reconciliation of R.O, Telephone Kohat, the arrear bills had been drawn which were written by hand. Computer printed bills were also available.
- ii. names had already been recorded by Telephone Department on the bills. However, on arrear bills only places had been recorded;
- iii. the D.D.O had signed payment orders of each bill;
- iv. due to less allotment/misplacement of original bills, the bills had been cleared after proper reconciliation.

9. Subject to verification of original bills within two-weeks by the Audit, the para was recommended to be dropped.

10. The Committee however, showed its dismay over non compliance of DAC decision and directed the Department to give due weightage to directives of the DAC in future.

DP No. 17 i. Loss of Rs.2, 04,000/-.

ii. Non-production of A.P. Rs for Rs.16,900/-.

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11. The Audit reported that in the office of S.P. Mardan a sum of Rs.60, 000/- as rent of petrol pumps on regimental land @ Rs. 5,000/- per month was not recovered during 1999-2000. Similarly 20 Kanals land at Katlang and Shahbaz Garhi was not given on lease resulting loss of Rs. 1,44,000/- per annum to Government. Moreover, actual payee receipts for Rs.16, 900/- were not shown to Audit.

12. The Addl: I.G Police said that the land in question belonged to welfare project and the Audit had no powers to carry out audit of a welfare project.

13. Since the question of Audit jurisdiction was involved, which needed to be thrashed out, therefore the Committee directed that the para may be referred to Sub-Committee already constituted on DP No.10 to further probe the issue and ascertain as to whether Audit can carry out audit of a welfare property or not. Para stands.

DP No.18 Loss of Rs.1, 25,000/- to public revenue by non-deduction of Income Tax from contractors.

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14. The Audit reported that in the office of S.P. Charsadda, a sum of Rs.2.500 million was paid to various contractors but Income Tax at the prescribed rate amounting to Rs.1,25,000/- was not deducted which was a clear violation of Income Tax Ordinance.

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15. The Department explained that Income Tax from all the contractors bills had been deducted by the D.C. Charsadda.

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

DP No. 19 loss of Rs.1,23,774/- due to excess expenditure on telephone calls over the entitlement.

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17. The Audit reported that in the office of D.I.G Special Branch for the period 1999-2000, the officer of the local office had exceeded the limit of telephone calls fixed by the Government causing a loss of Rs.1,23,774/-.

18. The Department explained that there was no restriction on the use of office telephone for the office of DIG, SP & DSP. In support of their contention a notification bearing No.DSA&G/S&GAD) 6-2198 dated 30/05/1998 was produced.

19. In view of the plausible explanation of the Department and notification issued by the Govt: in this respect, the para was recommended to be dropped.

DP No.20 Loss of Rs.1,11,152/- due to excess drawal of posts.

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20. The Audit reported that in the office of S.P Haripur, during the financial year 1999-2000, pay of 18 posts of Sub Inspectors and 11 posts of A.S.I. was drawn in excess during various months, which caused a heavy loss of Rs.1,11,152/-.

21. The department explained that the posts were transferred vide endst: No.1791-25/A-III dated 07/12/1999. Later on this order was withdrawn vide No.7364-77/A-III dated 23/06/2000.

22. Para stands till production of certificate to audit to the effect that no excess drawal had been made by the Department. Progress be reported to PAC.

DP No. 21 Un-economical purchase of tyres worth Rs.1,03,000/-.

23. The Audit reported that in the office of S.S.P. Mansehra, tender for the purchase of 4 sizes of tyres, foreign and country made were called. The local officers purchased Japan made tyres, the cost of which was double as compared to the country made tyres. Thus the Government was deprived of economical rates.

24. The Department explained that there was variation in the rates quotations offered by different dealers in the cost of tyres of same category but the lowest rates of the dealer were approved in competition. The tyres of "General" did not cover the prescribed distance i.e. 55,000 K.Ms, on pacca

road and 45,000 K.Ms, on kacha road as compared to the "Dunlop" Japan made tyres covers more than 55,000 K.Ms. The area of Mansehra District is hilly and rugged, hence the purchase of "General" tyres was not economical due to which the tyres of "Dunlop" Japan was purchased.

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

DP No. 22 Irregular expenditure of Rs.16,10,155/- on account of repair of vehicles.

26. The Audit reported that in the office of S.S.P. Peshawar, tenders were floated in Daily Khabrain but no comparative statement was prepared and no work was done on the basis of these items. The repair was carried out through quotations obtained by hand according to their own will. Repair works carried out were un-dated and actual payee receipts were also not available. An amount of Rs.16, 10,155/- was drawn through fictitious documents for repair of vehicles, which was irregular and unlawful.

27. The Department explained that tender for the repair works was floated in the newspaper but no one had responded to the tender, therefore quotations were obtained and the repair work was carried out on the lowest economical rates approved by the competent authority. Observances of codal formalities have been adopted after that.

28. The Audit objected saying that the Department was required to re-tender it under para 144 of G.F.R which was not done.

29. The Committee directed the Department that in future all purchases should be made, keeping in view fulfillment of all codal formalities as required under GFR. With the above observation, the para was recommended to be dropped.

DP No. 23 Un-justified accumulation of arrear in the electricity charges (bills) amounting to Rs.12,84,923/-.

30. The Audit reported that in the office of S.P. Haripur a sum of Rs.12,84,923/- as arrears and current charges amounting to Rs.1,14,587/- was paid to WAPDA out of total amount of Rs.13,99,510/-. Actually the electricity bills for those months were irregularly drawn and paid. Therefore, there was no justification for payment of arrears, resulting loss of Rs.12, 84,923/- to Government, it was added.

31. The Department explained that as per record no double payment was made. Payment was made according to actual consumption of electricity. Arrears mentioned in the bill drawn and paid to the WAPDA were due to non-receipt of bills regularly on monthly basis. The payment in respect of the bills which were not received during current month were made on its receipt in the next month collectively.

32. The Department produced reconciliation certificate before Audit and in view of satisfaction of Audit, the para was recommended to be dropped.

DP No. 24 Un-justified deposit of Rs.8, 90,659/- and expenditure there against.

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33. The Audit reported that in the office of S.P. Mardan, various funds i.e. Benevolent Fund, Medical Fund, Sports Fund, Welfare Fund, Education Fund, National Police Foundation Fund, amounting to Rs.8,90,659/- have been deducted from the pay bills of the police employees but no proper account i.e. opening balance, receipt, payments and closing balance was maintained. Moreover, it was not confirmed as to whether the funds had been utilized on the respective purpose or otherwise. Non-maintenance of requisite accounts clearly indicates that proper accounting system had not been adopted and record of payments there against had not been maintained. Hence the deposit of Rs .8, 90,659/- was treated as unjustified.

34. The department explained that it was the police department internal arrangement & Audit was not authorized to carry out audit of police welfare project.

35. The Committee referred the para to Sub-Committee already constituted on Draft Para No.10. Para stands.

DP No. 25 Un-authorized expenditure of Rs.5,40,942/- over and above the entitlement.

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36. The Audit reported that in the office of S.S.P. Peshawar, an expenditure of Rs.5,40,942/- was incurred on account of POL charges over and above the entitlement/ceiling fixed by the Government. Such expenditure, incurred in excess of the ceiling, was to be borne by the officer concerned and not by the Government. In DAC meeting it was decided that the payment may be got condoned by the Finance Department.

37. The department explained that Peshawar being Provincial Headquarters of Police always remained in tense situation. The Police vehicles of Peshawar District remained on road round the clock in connection with patrolling/investigation duties/ raids/security and escorts duties of VIPs and VVIPs, Foreign Delegations, which was not possible in the allocated ceiling of POL.

38. Mr. Anwar Kamal Khan, MPA supported contention of the Department and proposed that either excess made may be condoned by the Finance Department or the ceiling may be enhanced. The Committee agreed with the proposal of Mr. Anwar Kamal Khan, MPA, and recommended to drop the para.

DP No. 26 Unauthorized expenditure of Rs.4,89,016/- on account of rent of building.

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39. The Audit reported that in the office of the D.I.G. Special Branch a sum of Rs.4,89,016/- was drawn and paid as rent of building hired for different A.G.Os, throughout the Province but agreements, rent assessment and NOC's had not been shown to Audit.

40. The department explained that payments were made on the basis of rent assessment certificate of 1997-98. In support of their contention a notification was produced before the Committee.

41. In view of the satisfaction of Audit, the para was recommended to be dropped.

DP No.27 Irregular Drawal of H.R.A amounting to Rs.2,29,055/- and non deduction of 5% maintenance charges amounting to Rs.11,521/-.

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42. The Audit reported that a Government Servant who was residing in a Government accommodation will not be entitled for the drawal of House Rent Allowance beside the facts that 5% House Rent deduction was required to be made under F.R.45 (B).

43. The Department explained that the Superintendent Jail, Mardan has intimated that out of the total amount a sum of Rs.3,720/- had already been recovered from Warder Javed Nasim and deposited into Government Treasury vide Challan No.31 dated 24/07/2004. As regard recovery on account of 5% deduction from the officers/officials, the same was not required to be deducted/recovered as per provision contained in PPR No.937.

44. The department produced the relevant record in support of their contention, the para was therefore recommended to be dropped.

DP No. 28 Un-justified drawals of Rs.2,34,041/- on account of Honoraria Allowance.

45. The Audit reported that an amount of Rs. 2,34,041/- was drawn in the office of the S.S.P, Peshawar which was unjustified due to the reasons that neither their names were mentioned nor recommended by any officer without giving any reason in their support.

46. The department explained that it was not possible to draw the honoraria bill from A.G. Office through pre-audit, without proper sanction of the Competent Authority. The honoraria was granted to the Police Staff posted at Chief Minister's Secretariat and Finance Department has issued proper sanction in that respect.

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

DP No. 29 Irregular expenditure of Rs.1, 32,380/- drawn on Engine overhauling.

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48. The Audit reported that an expenditure of Rs.1,32,380/- has been incurred in the office of S.P, Kohat during the year 1999-2000 on engine overhauling of vehicles on the dates on which these were on patrolling duties. Besides this NOC from S&GAD, Transport Committee was also not obtained as required under the standing orders of the Government. As such the amount was drawn on fake bills.

49. The department explained that the vehicles were parked for overhauling but in place of the Government vehicles, private vehicles were being used for general duty and the amount was adjusted through POL charges of the parked vehicles, as it was compulsion of the SHO concerned in the public interest.

50. The para was referred to Sub-committee already constituted on DP No.10. Para stands.

DP No.30 Un-authentic payment of Rs.51,200/-.

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51. The Audit reported that in the office of S.P, Mardan, an amount of Rs.51,200/- was drawn on account of rewards to public in the names of those persons whose names were not recommended by any officer. Moreover, their addresses were also not mentioned. Therefore, the grant of reward was treated as un-authentic.

52. The Department explained that S.P. was competent to sanction reward of Rs.1,000/- in each case, under the delegation of Powers Rules 1981, as revised in 1992 second schedule 5(XIV). Full particulars of the informers cannot be shown in the best interest of Police Department.

53. In view of the plausible explanation of the Department and production of record, the para was recommended to be dropped.

DP N. 31 Excess expenditure of Rs.74,690/- on account of telephone charges in excess of ceiling.

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54. The Audit reported that in the office of S.P. Charsadda, an expenditure of Rs.74,690/- was incurred in excess of the ceiling fixed by the Government.

55. The department explained that as per Government instructions issued on 30/05/1998, the S.P. was authorized to make 2000 calls per month from residential telephone and D.S.P. was entitled for 300 calls.

56. The Committee did not agree with the reply given by the Department, as the facility was for offices and not for residences and directed the department that full recovery may be made within two months from the concerned officers & progress may be reported to PAC. Para stands.

DP No. 32 Non-availability of driving licenses receipt of Rs.1.296 million.

DP No. 33 Un-Authentic Deposit of Rs.8,26,345/-.

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DP No.34 Non-availability of A.P. Rs for Rs.3,21,374/- and non-production of record.

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DP No.35 Non-availability of auditable record of Rs.1,28,548/- on account of electricity charges.

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DP No.36 Non-production of record Rs. 67,323/- on account of telephone and electricity charges.

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57. Subject to verification of reconciliation certificates by Audit within (2) weeks, the paras were recommended to be dropped.

58. The meeting was adjourned with a vote of thanks and will meet again on 11th August, 2006 at 10:00 A.M.

(BAKHT JEHAN KHAN)

Speaker/Chairman,

Public Accounts Committee

PROVINCIAL ASSEMBLY OF NWFP

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Friday, 11th August, 2006

13th Sitting of PAC

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I. Establishment & Administration Department.

II. Peshawar High Court, Peshawar.

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The Public Accounts Committee assembled at 10.00 A.M in the Conference Room of the Provincial Assembly Secretariat of NWFP, Khyber Road, Peshawar to examine the Audit Report on Accounts of Government of NWFP, for the year 2001-02 pertaining to Establishment & Administration Department & Peshawar High Court, Peshawar. The following were present:-

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Public Accounts Committee.

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| 1. | Mr. Bakht Jehan Khan, Speaker. | Chairman |
| 2. | Shahzada Muhammad Gustasip Khan, MPA | Member |
| 3. | Mr. Khalid Waqar, MPA | Member |
| 4. | Mr. Jamshed Khan, MPA | Member |
| 5. | Mr. Ikramullah Shahid, MPA | Member |
| 6. | Mr. Anwar Kamal Khan, MPA | Member |
| 7. | Mr. Khalil Abbas Khan, MPA | Member |
| 8. | Mr. Muzaffar Said, MPA | Member. |
| 9. | Mr. Pir Muhammad Khan, MPA | Member |

Finance Department.

1. Mr. Zainullah Khan,
Additional Secretary.

2. Mr. Ahmad Hanif Orakzai,
Additional Secretary.

Law, Parliamentary Affairs and Human Rights Deptt:

- Mr. Muhammad Saleem Khan,
Deputy Secretary.

Peshawar High Court Peshawar.

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- Mr. Niaz Muhammad Khan,

Additional Member Inspection team.

Audit Department.

1. Mr. Sikandar Khan,

Director General.

2. **Mr. Muhammad Asif Khan,**

Director.

3. **Mr. Zahir Alam,**

Deputy Director.

4. Mr. Jan Israr,

Audit Officer.

Administration Department

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1. Col: (Rtd) Ghulam Hussain,

Secretary.

2. Mr. Khushal Khan,

Deputy Secretary.

3. Mr. Shahid Sohail Khan,

Estate Officer.

Establishment Department.

Mr. Naeem Anjum,

Additional Secretary.

Provincial Assembly of NWFP.

1. Mr. Nazir Ahmad,

Secretary.

2. Mr. Javaid Latif,

Additional Secretary-II.

3. Mr. Dost Mohammad,

Deputy Secretary.

2. The meeting commenced with recitation from the Holy Qura'n.

DP No.3 Non accountal of Govt: property worth Rs. 5,14,937/-.

3. The audit reported that a sum of Rs. 5,14,937/- was incurred on the purchase of carpets, antique, rifles and other items for Chief Minister House, Peshawar, but these items were not taken on stock and seem to have been misappropriated. The para was also discussed in the DAC meeting in which it was decided to produce the record.

4. The department explained that the items in question purchased for Chief Minister, House, NWFP were properly entered in the stock register, which can be checked by the Audit.

5. Subject to verification of stock register, the para was recommended to be dropped.

DP No.4 Non accountal of Rs. 4,31,067/- on account of purchase of oil for vehicles.

6. The audit reported that an expenditure of Rs. 4,31,067/- was incurred by S&GAD on the purchase of mobil oil and oil filters for different types of vehicles during 1998-90. All such purchases were made from repair head and was entered in the main stock register and subsequently issued to the different vehicles. But actually no entry was made in the respective Log Books of vehicles.

7. The department explained that entries in the Log Books had already been made and this practice was a continuous process. All the entries had been shown to audit party during the audit 2001-02 & 2002-03.

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

DP NO.5 Non accountal of Rs. 0.320 million on account of short deposit of Govt: receipts of Frontier House, Islamabad.

9. The audit reported that room permits for Frontier House, Islamabad were issued by Estate Officer, Peshawar in the name of various officers/visitors and thus total room rent amounting to Rs. 8,72,350/- was realized from them. Out of the total amount a sum of Rs. 5,51,400/- was deposited into the Govt: Treasury leaving balance of Rs. 3,20,950/- was not deposited into the Govt: Treasury which led to the misappropriation of the public fund.

10. The department explained that an amount of Rs. 8,61,600/- had been realized by issuance of room permits to various officers/visitors for Frontier House, Islamabad during the period for 1998-99 & 1999-2000 which had been reconciled with treasury office Peshawar. Out of the above amount, a sum of Rs. 5, 51, 4000/- had been deposited into the Govt: Treasury from time to time during the above period as verified by the audit party. With regards to remaining amount of Rs. 3,10,200/-, it was explained that the room permits were issued to some officers/visitors and members of the Provincial Assembly who could not proceed to Islamabad due to certain unavoidable circumstances and subsequently claimed for re-imbursment of the room rent deposited by them. The room permits were subsequently cancelled and amounts of room rent were repaid to them.

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

DP No.6 Non accountal of Rs. 1, 71,000/-.

12. The audit reported that (4) vehicles were put to auction at a total cost of Rs.19,18,000/- out of which Rs. 17,47,000/- were deposited in the Govt: Treasury, leaving un-deposited balance amounting to Rs. 1,71,000/-.

13. The department explained that the vehicles had been auctioned in the presence of Auction Committee in various phases and there was no shortfall of Rs. 1, 71,000/- which was clear from the auction proceedings duly signed by the Auction Committee and verified by the Chairman.

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

DP No.8 I. Loss amounting to Rs. 9.529 (M) to Govt: exchequer due to Irregular auction of vehicles valuing Rs. 6.800 (M).

II. Loss due to non-recovery of Rs. 15, 00,000/-.

15. The audit reported that in the office of Secretary, S&GAD, a vehicle Mercedes Benz-93 No PRP-7289 met an accident on 26-2-94, while on official duty to Islamabad with the then CM and a Provincial Minister. Subsequently, both were asked to pay the damages of Rs. 1.5 million. However, they went to the court in 1994. An expenditure of Rs. 1.2 million was incurred on repair of the vehicle. The vehicle met another accident in 1996 and had to be auctioned in November, 1997 against a sum of Rs. 1.1 million. The audit held that auction of the vehicle for Rs. 1.1 million was not matching even the repair costs i.e. 1.2 million and auctioning the vehicle was already subjudice.

16. The department explained that in light of the inquiry committee it was recommended that a sum of Rs. 1, 50,000/- be recovered from the then CM and Provincial Minister. However, they approached the Court and the PHC, Peshawar accepted their writ petition. Thus a sum of Rs. 9, 87,850/- was incurred on its repair. When the vehicle met another accident, it was checked by various workshops owners who reported that the repair of the vehicle with a huge cost would not be in public interest and accordingly the vehicle was auctioned with a total cost of Rs. 11,35,000/-

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

DP No.9 Loss of Rs. 1.9 (M) due to non deduction of collection of tax on Federal Govt: with-holding tax

18. The audit reported that Income Tax amounting to Rs. 37.657 (M) was deducted from the suppliers for various supplies. The Govt: of NWFP was required to retain/deduct 5% of Rs. 37.657 (M) on account of collection charges, which comes to Rs. 1.9 (M) and deposit the balance amount into Govt: accounts being Federal share. However, the department credited the entire amount of Rs. 37.657 (M) to Federal Govt: which was incorrect.

19. The deptt: explained that the case is under process with Federal Govt.; but no reply had been received so far. However, an amount of Rs. 8,62,575/- realized on account of Income Tax being the share of Federal Govt: has been deducted at source and adjusted/deposited in the provincial exchequer.

20. Subject to verification of the recovery already made, the Committee recommended that the para may be dropped.

DP NO.12 Loss of Rs. 0.324 (M) due to non-deposit of room rent/telephone charges.

21. The audit reported that a sum of Rs. 4, 85,380/- was realized as room rent and telephone charges of Shahi Mehman Khana Peshawar. The amount in question was, however, not deposited into Govt: Treasury. Further an expenditure of Rs. 1, 61,144/- was incurred out of the said amount in violation of rules. Thus the net receipt came to Rs. 2, 34,236/- which had also not been credited into Govt: Treasury. It was also observed that the department had drawn an advance of Rs. 75,741/- to make up the shortfall and the record was not shown to audit.

22. The department explained that the amount in question was incurred on the purchase of day to day requirements of miscellaneous consumable items, crockery/ cutlery and other emergent nature of expenditure on minor repair etc. It further added that the outstanding amount had already been deposited into Govt: Treasury.

23. The Committee directed that the recovery already made may be got verified by the audit and the remaining amount may be recovered within two months. Progress be reported to PAC. Para stands.

DP No.14 Loss of Rs. 1,07,300/- to Govt: due to non recovery of room rent.

24. The audit reported that no recovery has been made as room rent from the Provincial Ministers, MPAs and their relatives for having accommodate in Frontier House Islamabad.

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25. The deptt: explained that according to the provisions of the Privileges Act of Members of the Provincial Assembly of NWFP, MPAs are entitled to free of charges accommodation in all circuit houses/rest houses, dak bungalows or any other accommodation maintained by Govt: or any Local Council or other authority under the control of the Govt: for a period of three days. As regard recovery from the relatives of Ministers and MPAs, the same had been made.

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

DP No.17 Irregular and unauthorized retention of Govt: money amounting to Rs. 22, 36,376/- in Private Bank & incurring of expenditure there from by Frontier House, Islamabad.

27. The audit reported that a sum of Rs.22, 36,376/- was realized on account of room rent and telephone charges in Frontier House, Islamabad. According to Financial Rules, it was the responsibility of the controlling authority to adjust recovery of telephone charges towards payment of bills and to credit room rent in public accounts. On the contrary, the amount was kept in a private account No-2814-7 opened in the National Bank of Pakistan without the permission of the Finance Department. Moreover, a sum of Rs.3,31,596/- was drawn for petty repairs without the approval of competent authority, although necessary funds for the purpose were provided in the budget. The said amount was kept in private bank since 1995 but the amount of interest occurred thereon was also not credited to Govt: Treasury, which comes to Rs. 8, 05,095/- @ 12% per annum as simple interest.

28. The department explained that PLS account was opened with the approval of the Secretary, Administration Department. According to Policy of the Government, the profit @ 5.5% amounting to Rs. 1, 56,002/- was also included in the principal amount.

29. Subject to verification of record within two weeks by the audit, the para was recommended to be dropped.

DP No-20 Irregular and unauthorized expenditure of Rs. 2,96,325/- on purchase of store for Frontier House, Islamabad.

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30. The audit reported that blankets and bed sheets worth Rs. 2,96,325/- were purchased for Frontier House, Islamabad, but open tender system was not adopted and the purchases were made on quotation basis, from M/S Al-Kousar Islamabad in small quantities at different dates.

31. The department explained that the above named items were purchased with the approval of the Purchase Committee comprising the Deputy Secretary (Admn), Section Officer and Estate Officer, during 1997-99 at a total cost of Rs. 2,00,924/- and not Rs. 2,96,325/-.

32. Subject to verification of stock register by the audit, the para was recommended to be dropped. Progress be reported to PAC.

DP No.23 Wasteful expenditure of Rs. 20.725(M) due to purchase of 25 new cars for Provincial Ministers.

33. The audit reported that a sum of Rs. 20.725 (M) was spent on the purchase of new cars for Ministers, although S&GAD Pool held a good number of vehicles.

34. The department replied that cars were purchased after the approval of the then Chief Minister, NWFP, being Competent Authority and after fulfillment of all codal formalities.

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

DP No.24 Wasteful expenditure of Rs. 2, 32,000/- incurred on service reforms commission with no result.

36. The audit reported that a sum of Rs. 2,32,000/- was incurred on hiring a consultant of Service Reforms Commission at the rate of Rs.20,000/- per month as consultancy charges but no record and report of the consultant was shown to the audit party.

37. The department produce TOR contract agreement and showed present state of the project. It was farther added that Mr. Tanzimul Haq Halimi, Ex-Secretary Provincial Assembly of NWFP, had been appointed as consultant & worked as Secretary / Member of NWFP Services Reforms Commission.

38. After satisfactory reply of the department, the para was recommended to be dropped subject to production of record to audit for verification.

39. Subject to production of record and plausible explanation of the department, the para was recommended to be dropped.

DP No.28 Non production of auditable record in support of Rs. 10.00(M).

41. The audit reported that a sum of Rs. 10.00(M) was paid in 4/99 to establishment division as donation for Muslims of Kosovo on the direction of Chief Minister, but in support thereof no accounts were produced to audit.

42. The department explained that Govt: of NWFP, Finance Department released grant in aid amounting to Rs. 10.00(M), as donation for Muslims of Kosovo through re-appropriation from sub-head 59900 to sub-head-64900 grant in aid vide FD Advice dated 13-04-1999.

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

DP No.29 Non production of auditable record/auction papers amounting to Rs. 33,51,000/-.

44. The audit reported that vehicles valueing Rs. 33, 51,000/- were auctioned but the relevant record was not produced to the audit for verification.

45. The department explained that at that time there was some mis-printing in the booklet, however, record would be produced to audit party.

46. The Para was recommended to be dropped subject to verification of original challan within one week. Progress be reported to PAC.

Peshawar High Court Peshawar.

DP No.18 Irregular incurrence of Rs. 10,75,000/- on account of purchase of vehicles.

47. The audit reported that a sum of Rs. 10,75,000/- was spent on the purchase of 2nd hand car instead of new car and without fulfilling all codal formalities.

48. The Committee directed that in future procedure and all codal formalities may be observed in letter and spirit. With the above observation, the para was recommended to be dropped.

49. The meeting was adjourned with a vote of thanks till 15.8.2006.

(BAKHT JEHAN KHAN)

Speaker/Chairman

Public Accounts Committee.

PROVINCIAL ASSEMBLY OF N.-W.F.P.

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Tuesday the 15th August, 2006

14th Sitting of PAC

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Higher Education, Achieves and Libraries Department.

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The Public Accounts Committee assembled at 10:00 A.M. in the Conference Room of the Provincial Assembly Secretariat, Peshawar to examine the Audit Report on Accounts of Government of NWFP for the year 2001-2002 pertaining to Higher Education, Archives and Libraries Department. The following were present:-

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Public Accounts Committee.

1. Mr. Bakht Jehan Khan, Speaker Chairman
2. Shahzada Muhammad Gustasip Khan, MPA member.
3. Mr. Abdul Akbar Khan, MPA Member
4. Mr. Anwar Kamal, MPA Member
5. Mr. Pir Muhammad Khan, MPA Member
6. Mr. Khalid Waqar, MPA Member
7. Mr. Khalil Abbas, MPA Member
8. Mr. Muzaffar Said, MPA Member

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Finance Department

Mr. Zainullah Khan,
Additional Secretary.

Law, Parliamentary Affairs and Human Rights Deptt:

Mr. Muhammad Saleem Khan,
Deputy Secretary.

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Auditor General Office.

7. Mr. Sikandar Khan,
Director General.

8. Mr. Zahir Alam,
Deputy Director.

9. Mr. Muhammad Humayun,
Deputy Accountant General.

4. Mr. Mutahir Shah,
Audit Officer

Higher Education, Archives and Libraries Department.

1. Mr. Tariq Jamil,
Secretary.

2. Mr. Gul Zeb Khan,
Additional Secretary

3. Prof: Ahmad Ali,
Vice Chancellor, University of Peshawar.

4. Mr. Imtiaz Gillani,
Vice Chancellor, University of Engineering and Technology, Peshawar

5. Mr. Ajmal Khan,
Vice Chancellor, Gomal University D.I.Khan

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Provincial Assembly of NWFP.

1. Mr. Nazir Ahmad,
Secretary.

2. Mr. Amanullah,
Additional Secretary-I.

3. Mr. Javed Latif,
Additional Secretary-II.

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2. The meeting commenced with recitation from the Holy Quran.

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Higher Education, Archives and Libraries Department.

DP No. 1 **Non-accountal of Rs. 1,23,580/-.**

3. The Audit reported non accountal/deposit of Rs. 1,23,580/- recovered from the retired employees on account of House Building Advance/MCA during 1997-98. The department explained that full amount has been recovered and deposited into Government Treasury. Report of recovery was produced to PAC. In view of documentary support with regard to recovery of Rs. 1,23,580/- and deposited into Government Treasury, the para was recommended to be dropped.

DP No. 2 **Non-accountal of Rs. 90,393/-.**

4. The Audit reported misappropriation of Rs. 90,393/- in the University of Peshawar. The department explained that the figure pertains to examination fee. The amount was not collected in cash but was made through Allied Bank Limited, Board Branch. The full amount has been deposited by the Bank in University Account. Copy of Bank Statement was shown to PAC.

5. Since total amount was deposited and reflected in subsidiary cash book, hence the para was recommended to be dropped.

DP No. 4 **Irregular expenditure of Rs. 1,49,754/- on account of repair of the vehicles during 1999-2000.**

6. The Audit reported irregular expenditure to the tune of Rs. 1,49,749/- on account of repair of two vehicles during 1999-2000. The para was discussed in the DAC meeting, which directed to conduct inquiry. The department explained that expenditure was correctly incurred on the repair of vehicles. Moreover, an enquiry as ordered by the DAC was conducted which observed that the repair work was on emergency repairs and it was not possible to observe open tender system. The repair was carried out by accepting lowest quotation out of three and the work was carried out. Moreover, Ex-post facto sanction for incurrence of expenditure has already been obtained.

7. In view of plausible explanation of the department that Ex-post facto sanction was obtained and enquiry conducted in view of findings of enquiry the para was recommended to be dropped.

DP No. 5 **Irregularity of Rs. 20,722/- on account of double drawal of electricity**

charges.

8. The Audit reported that the irregularity of Rs. 20,722/- on account of double drawal of electricity charges. The department admitted the irregularity. However, it was explained that WAPDA authorities were approached and the amount of double drawal of electricity charges was adjusted in subsequent Bill.

9. The explanation of the department being plausible was accepted. Hence the para was recommended to be dropped. With the observation that strict vigil may be observed so that such lapse may not occur in future.

DP No. 6 **Established loss of Rs. 2, 47,508/- as a result of additional/alteration in the accounts books.**

10. The Audit reported embezzlement of Rs. 2, 47, 508/- during 1997-98 due to addition/alteration in the cash book & bank pass book of private fund by Mr. Sher Wali Khan, Junior Clerk. The department admitted the embezzlement. It was explained that the misdeed was pointed out by the Internal Audit Party and consequently disciplinary proceeding were initiated immediately. Beside recovery of full amount, a penalty of withholding three increments was imposed.

11. The explanation of the department was accepted and the para was recommended to be dropped subject to verification of recovery from the defaulting official.

DP No. 7 **Non-recovery of amount of Rs. 43,948/-**

12. The Audit reported embezzlement of Rs. 43,948/- in the office of the Principal, Government College Swabi. The para was discussed in the DAC meeting which directed recovery from the person at fault. The department explained that the Principal of the College, who was held responsible, has retired in 1984. The Revenue Department was approached to recover the amount from him as land revenue. The BOR in return informed that no land existed in his name. Therefore on their advice the Bank authorities from where the accused person was drawing his pension, was approached for recovery of the amount from his pension. The retired Principal has filed a suit against the recovery which was under process in the Court of Senior Civil Judge Abbottabad. After detailed discussion, the PAC directed the department to vigorously pursue the case in Court of law

DP No. 8 **Overpayment of Rs. 28,37,680/- due to Grant of Medical Allowance to** **Gazetted Employees and at higher rates**
to Non-Gazetted Employees.

13. The Audit reported overpayment of Rs. 28,37,680/- on account of deviation from the Rules allowing higher Medical Allowance. The department explained that Medical Allowance @ Rs. 250/- per month was allowed by the University Syndicate on 1/7/1987 and later on the adoption of Pakistan Universities Employees Uniform Medical Rules 1997, approved by the Government Ministry of Education and notified by the Higher Education Commission, enhanced the same to Rs. 350/- per month by the Gomal University Syndicate. It was further added that the University employees were entitled to the Medical Allowance at the rate prescribed by the University from time to time vide Gomal University, Administrative Staff/Teachers Scales of Pay Statutes, 1992 under rule 10 duly approved by the Chancellor. The Audit coupled with the Finance Department were of the view that the University must follow Provincial Government Pay and package and other financial policies and must not adopt unilaterally any policy without the concurrence of the Provincial Government.

14. The para was discussed thread bare and the recommendation of the PAC while discussing Audit report 1997-98 was quoted wherein and it was directed that recovery from the person involved are getting regularization of the explanation. Varying and warring arguments were put forth Higher Education, University, Audit and Finance Departments. After detailed discussion it was decided that a Sub-Committee may be constituted to thoroughly examine as to whether the syndicate was competent to authorize the expenditure of Medical, House Rent etc to the employees of the University contrary to the Provincial Finance Department policy. The Committee will submit its report within one month.

DP No. 9 **Irregular and un-authorized payment of orderly allowance amounting**

To Rs. 4,06,500/-.

15. The same observation as per DP No. 8

DP No. 10 **Loss of Rs. 5.529 (M) due to irregular drawal of Pay & Allowances.**

16. The Audit reported loss of Rs. 5.529 (M) due to irregular drawal of Pay and Allowances on account of food management. The department explained that no contactor was engaged for running Hostel Mess. The mess Committee comprising students etc used to run the system. The explanation of the department was found plausible, hence the para was recommended to be dropped.

DP No.11 **Un-authorized drawal of House Rent Allowance of Rs. 78,959/-.**

17. The Audit reported unauthorized drawal of House Rent Allowance of Rs.78,959/- on a/c of availability of designated bungalows in the college premises. The department: explained that the residence was in very deplorable condition which required major repair work but due to paucity of fund the work could be executed. Moreover, the C&W authority had issued a certificate to the effect that the residence could not be used for living. Documentary evidence was also provided to PAC.

18. The explanation of the department along with supporting material was found genuine, hence the para was recommended to be dropped.

DP No. 12 **Un-authorized payment of Rs. 2.676 (M) due to fee subsidy.**

19. The same observation as per Para No. 8

DP No. 13 **Non-deposit of Rs. 5.805 (M) to Government Account.**

20. The Audit could not produce the basic documents on which the draft para was framed. The PAC recommended that the para may be dropped.

DP No. 14 I. **Irregular/un-authorized retention of Rs. 25.851 (M) being**

Share of self finance scheme by the department/institution.

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II. **Loss of million of rupees on account of education fee and other charges of the University employees children and award of contracts without adopting open tender system/open auction.**

21. The Audit could not produce the basic documents on which the draft para was framed. The PAC recommended that the para may be dropped.

DP No. 15 **Non-deposit of Rs. 29,862/- into Government Treasury.**

22. The Audit reported non deposit of Rs. 29,862/- into Government Treasury. The department explained that the para was discussed in the DAC meeting and considered as settled on the basis of detailed statement of actual deposit. The explanation of the department was accepted, hence the para was recommended to be dropped.

DP No. 16 **Non-deposit of Rs. 1,70,974/- into Government Treasury.**

23. The Audit reported that an amount of Rs. 1,70,974/- collected from students was kept in a college private fund account in the National Bank of Pakistan Swabi Branch. The said amount was required to be deposited in the Government Treasury but it was not done so.

24. The department explained that the amount reported by the Audit pertains to late admission, fine fund and examination fee. As regards late admission it was explained that the amount as prescribed by the respective Board/University are collected from students and sent to the concerned organization. About fine charges it was stated that the same was collected from the student on account of expenses from class misbehavior or any other violation of college discipline and the same is deposited in the college private fund and spent on the welfare of the students. With regard to examination fee it was submitted that the same was charged by the respective Board/University. The explanation of the department being plausible was accepted, hence the para was recommended to be dropped.

DP No. 17 **Irregular expenditure of Rs. 4,92,900/-.**

25. The Audit reported irregular expenditure of Rs. 4,92,900/- on account of purchase of Computers and Air-conditioners without adopting open tender system by the University of Peshawar. The department miserably failed to advance any plausible explanation with regard to none observing of open tender system as required under the Rules.

26. The PAC, therefore, directed that enquiry may be conducted for fixing responsibility for not observing the codal formalities of open tender system. Progress be reported to PAC within one month. It was further observed by the PAC that in future all codal formalities in making purchase must be completed. Para stands.

DP No. 19 **Expenditure of Rs. 2,79,276/- over the budget provision.**

27. The Audit reported excess expenditure of Rs. 2,79,276/- over the budget provision on account of pay and allowances. The department explained that due to allowing selection grade, promotion and consequent to increase of pay and allowances, the excess was incurred. After detailed discussion the PAC observed that due to poor financial control therefore, it was recommended that Administrative control should be strengthened to avoid such omission. With the above observation, the para was recommended to be dropped.

DP No. 20 **Un-authorized investment to the tune of Rs. 55.650 (M).**

28. The same observation as per DP No. 8

DP No. 22 I. **Un-Economical and un-authorized expenditure of Rs. 5,81,420/-**

II. **Non-deduction of general sales tax amounting to Rs. 78,870/-.**

29. Since the para was recommended to be dropped by the DAC meeting hence no action was required.

DP No. 23 **Non-deposit of Rs. 1.243 (M).**

30. The Audit reported non deposit of Rs.1.243 Million realized on account of various sources was not deposited into Government Treasury. The department explained that the amounts realized from various sources related to private funds were not required to be remitted to the University of Peshawar. However, the issue was discussed in the DAC meeting wherein it was observed that investment have been made with the approval of syndicate in profit on the same amount was to be returned. The department further explained that the amount has not been transferred to University main fund. The explanation of the department being plausible was accepted, hence the para was recommended to be dropped.

DP No. 24 **Non-recovery of Rs. 50,000/- from the Ex-Vice Chancellor.**

31. The Audit reported non recovery of Rs. 50,000/- from Ex-Vice Chancellor. The department explained that the amount in question has now been recovered and deposited in University account. Documentary evidence was also shown to the PAC, hence the para was recommended to be dropped.

DP No. 25 **Loss of Rs. 98,708/- due to non recovery of House Building Advance.**

32. The Audit reported loss of Rs. 98,708/- due to non recovery of House Building Advance. The department explained that actual outstanding House Building Advance has been recovered and deposited into University receipts on various dates. Subject to verification of receipt of House Building Advance, the para was recommended to be dropped.

DP No. 26 **Non-recovery of Rs. 12.189 (M) on account of training charges.**

33. The Audit reported non recovery of Rs. 12.189 million on account of training charges etc. The department explained that a sum of Rs. 6,60,000/- has so far been recovered which can be verified by the Audit. Further more legal notices have already been served on the surety of the defaulters and the case was being vigorously pursued.

34. After detailed discussion the PAC recommended that the balance amount may be recovered from the defaulters within six months and progress be reported to PAC. Moreover, a fool proof mechanism should be adopted by the University to stop brain drain of intellectuals particularly of those proceeding abroad for Higher Education at the cost of the public. Para stands. Progress be reported to PAC.

DP No. 27 **Non-recovery of dues worth Rs. 1.622 (M).**

35. The Audit reported non recovery of dues worth Rs. 1.622 million from the students by the Principal University Public School. The Principal U.P.S explained that the institution start recovery due from student at the beginning of new session from 1st April ending on 31st March. This practice goes till the end of academic session. No student is allowed to sit in the annual examination without clearing the outstanding dues if any. He termed the Audit objection baseless. The explanation being plausible was accepted hence the para was recommended to be dropped.

DP No. 28 **Overpayment of Rs. 48,262/- to non deduction of 5% House Rent.**

36. The Audit reported overpayment of Rs. 48,262/- due to non-deduction of 5% House Rent Allowance. The department explained that the concerned Principal had not drawn any House Rent Allowance during the period as reported in the Audit para. Moreover, deduction of 5% from the Principal is not allowed in view of the order of the Provincial Government instructions. The explanation of the department was found plausible, hence the para was recommended to be dropped.

DP No. 29 **Non-recovery of loan worth Rs. 3,44,560/-**

37. The Audit reported non recovery of loan worth Rs. 3,44,560/- on account of loan awarded to University employees for purchase of plot. The department explained that full recovery has been affected from individual. Subject to verification of recovery by the Audit, the para was recommended to be dropped.

DP No. 30 **Non-recovery of unauthorized loan and advances of Rs. 2,75,276/-**

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38. The Audit reported non recovery of un-authorized loan and advance of Rs.2,75,276/- from private fund. The department explained that the amount in question was not granted as loan to the staff. Actually a sum of Rs. 1,88,000/- was spent on the establishment of the Computer Department with prior approval of the Competent Authority whereas Rs. 36,000/- were incurred on sport machines. Only a sum of Rs. 50,276/- were granted as loan to staff which has been recovered. Explanation of the department was accepted subject to verification of recovery of Rs.50,276/- from the Audit, the para was recommended to be dropped.

DP No 38 **Irregular purchase of transformer and meters costing Rs. 2,24,311/-.**

39. The Audit reported that purchase of transformer and meter costing Rs.2,24,311/-. The department explained that transformer and meter was purchased from the amount available in respective Heads. The account has been authorized by the syndicate being competent authority. The explanation of the department was accepted, hence the para was recommended to be dropped.

DP No. 40 **Un-authorized advance payment of Rs. 4.353 (M).**

40. The Audit reported un-authorized advance payment of Rs. 4.353 (M). The department explained that advance to the extent of Rs. 42,16,230/- has been adjusted which can be verified by the Audit. It was admitted that the sum of Rs. 1,36,770/- was outstanding which will be shortly adjusted. Moreover, an inquiry in this case has been conducted and responsibility has been fixed. The department was directed to provide necessary documents to the Audit for verification within six days. Moreover, the balance amount was Rs. 1,36,770/- may be recovered. Para stands. Progress be reported to PAC.

41. The meeting was adjourned with a vote of thanks and will meet again on 16th August, 2006 at 10:00 A.M.

(BAKHT JEHAN KHAN)

Speaker/Chairman,

Public Accounts Committee

PROVINCIAL ASSEMBLY OF N.-W.F.P.

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Wednesday the 16th August, 2006

15th Sitting of PAC

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Higher Education, Archives and Libraries Department.

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The Public Accounts Committee assembled at 10:00 A.M. in the Conference Room of the Provincial Assembly Secretariat, Peshawar to examine the Audit Report on Accounts of Government of NWFP for the year 2001-2002 pertaining to Higher Education, Archives and Libraries Department. The following were present:-

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Public Accounts Committee.

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| 1. | Mr. Bakht Jehan Khan, Speaker | Chairman |
| 2. | Shahzada Muhammad Gustasip, MPA | Member |
| 3. | Mr. Abdul Akbar Khan, MPA | Member |
| 4. | Mr. Anwar Kamal Khan, MPA | Member |
| 5. | Mr. Pir Muhammad Khan, MPA | Member |
| 6. | Mr. Khalid Waqar, MPA | Member |
| 7. | Mr. Jamshed Khan, MPA | Member |
| 8. | Mr. Muzaffar Said, MPA | Member |
| 9. | Mr. Ikramullah Shahid, MPA | Member |
| 10. | Mr. Khalil Abbas, MPA | Member |

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Finance Department

Mr. Zainullah Khan,
Additional Secretary.

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Law, Parliamentary Affairs and Human Rights Department.

Mr. Muhammad Saleem Khan,
Deputy Secretary.

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Auditor General Office.

1. Mr. Sikandar Khan,
Director General.

2. Mr. Zahir Alam,
Deputy Director.

3. Mr. Muhammad Humayun,
Deputy Accountant General.

4. Mr. Mutahir Shah,
Audit Officer

Higher Education, Archives and Libraries Department.

3. Mr. Gul Zeb Khan,
Additional Secretary

2. Prof: Ahmad Ali,
Vice Chancellor University of Peshawar.

Provincial Assembly of NWFP.

2. Mr. Nazir Ahmad,
Secretary.

2. Mr. Amanullah,
Additional Secretary-I.

3. Mr. Javed Latif,
Additional Secretary-II.

4. Mr. Dost Muhammad,
Deputy Secretary.

2. The meeting commenced with recitation from the Holy Qura'n.

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DP No. 31 **Non-deduction of House Rent Allowances worth Rs. 3,81,548/-.**

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3. The Audit reported non deduction of House Rent Allowance from the Principal and other staff residing in Government accommodation. The recoverable amount as reported by Audit was Rs. 3,81,548/-. The department explained that the rooms of bachelor hostel had been assessed by Works & Services Department and the deduction has been/being made from the occupants @ Rs.150/- per month accordingly.

4. The explanation of the department, in view of supporting material of rent assessment, was found genuine. Hence the para was recommended to be dropped.

DP No. 32 **Un-justified payment of Rs. 5.720 (M).**

5. The Audit reported unjustified payment of Rs. 5.720 (M) on account of purchase of one kanal and 8 marlas land without getting any possession and finalizing mutation. The department explained that payment was made in 1996, and actual possession of the land was obtained on 17/2/2001. Construction has already been carried out but the mutation was still under process with the Revenue Department.

6. The PAC observed that prior to getting physical possession and transfer of ownership, payment made by the department was objectionable. However, the Administrative Department was directed to expedite the issue of transfer of property and finalize the same with Revenue Department immediately to safeguard the Government rights. Progress to that effect may be intimated to the PAC. Para stands till finalization of mutation.

DP No. 33 **Non-recovery of room rent of Rs. 17,280/-.**

7. The Audit reported non recovery of room rent amounting to Rs. 17,280/- on account of residential charges. The department explained that the amount had already been recovered which was also agreed to by the Audit; hence the para was recommended to be dropped.

DP No. 34 **Non-receipt of Rs. 1,20,000/- on account of non lease of canteen.**

8. The Audit reported non receipt of Rs. 1,20,000/- on account of non lease of canteen. The department explained that the Canteen was given to a contractor which was run by a female. Separate electric meter was installed and the utility bill was paid by the contractor. However, it was admitted that open tender system was not adopted.

9. After detailed discussion, the PAC directed that in order to avoid such objection and to have transparency in the system, the procedure of open tender system must be adopted in future. With the above observation the para was recommended to be dropped.

DP No. 35 **Non-receipt of furniture costing Rs. 2,24,374/- from Pak German Firm.**

10. The Audit reported non receipt of furniture costing Rs. 2,24,374/- from Pak German Wood Company, Peshawar since 1986-87.

11. The department explained that furniture against which payment was made has been received. As regards non receipt of complete furniture, it was explained that due to non payment to the firm the remaining items were not provided. The attention of the department was drawn to the decision of DAC wherein it was directed to recover the amount from the person at fault or efforts for supply of furniture may be accelerated with disciplinary action against the Officer making advance payment. The department could not advance any clarification and was unable to produce any solid documentary

evidence about receipt of furniture. Therefore, it was decided that an Inter Departmental Committee under the Chairmanship of Mr. Muzaffar Said, MPA consisting of representative of the Finance, Audit, Law and Higher Education Department may be constituted to examine as to whether the furniture was supplied or not, who was responsible for advance payment and late supply/receipt of the items. The Committee will make physical verification of the items and will submit its report within one month. Para Stands.

DP No. 37 **Non-deposit of Rs. 80,000/- of Agriculture Land rent.**

12. The Audit reported non receipt of Rs.80,000/- of Agriculture land rent of Government College, Kotha, Swabi where 20 kanal of agricultural land located in college premises was used for agricultural purpose but the amount realized has not been deposited in to Government Treasury. The department explained that the college land was rugged and not plain with no irrigation facility. The Principal of the College who was serving the Institution for the last seventeen years appeared before the Committee and explained the ground realities. It was stated that in order to bring the land under cultivation, it would require labour which would cost Rs. 20 to 30 lac. Presently land was under the occupation of wild shrubs which rendered it un-cultivable. It was further pointed out that adjacent to the college land there is a private land which is being cultivated and the Audit Party has misunderstood the same as the College land.

13. The explanation given by the Principal was found plausible, hence the para was recommended to be dropped.

DP No. 43 I. **Uneconomical purchase of Computer, Equipment and Furniture**

valuing Rs. 4.000 (M).

II. **Blockage of Public Funds.**

14. The Audit reported un-economical purchase of computer, equipment and furniture valuing Rs. 4.000 (M) without involving the Inter Departmental Purchase Committee. The department explained that the purchase process was carried out through Inter Departmental Purchase Committee consisting of Secretary Education (Chairman), Secretary Finance, Director of Education (Colleges) Assistant Director (Colleges) Principal Government Postgraduate College Kohat, Principal KDA Township Kohat, Principal, Government College, Hangu and tenders were invited through Information Department.

15. Subject to verification of record by the Audit within three days the para was recommended to be dropped.

DP No. 44 **Non-deposit of Rs. 3.656 (M) on account of Admission Fee.**

16. The Audit reported non deposit of Rs. 3.656 (M) on account of Admission Fee into Government Treasury. The department explained that there were two kinds of admission fees received from students in UPS. Type No. 1 is Rs. 50/- per month which belong to the University and has been regularly deposited in its accounts. Type No. 2 which belongs to private funds of the school which were regularly audited by the Local Fund Audit Department. The vice Chancellor during the course of deliberation pointed out that this is a very serious problem in the University Subordinate Department and now they had decided to bring them under the net by streamlining the accounting procedure in due course so as to ensure good governance. He agreed that all money realized by the subordinate offices should come to the University Account. The PAC directed that while bringing the subordinate institution under the net of University and to streamline the accounting procedure the University authorities must associate the Finance Department, Law Department, Higher Education Department and representative of the subordinate institutions so that the interest of the teaching institution is also safeguarded. The system must be streamlined within six months progress be reported to PAC. Para stands.

DP No. 45 **Irregular expenditure of Rs. 19.676(M) on account of Pay and Allowances.**

17. The Audit reported irregular expenditure of Rs. 19.676 (M) on account of Pay and Allowances. The department explained that the Audit observation regarding drawal of Pay and Allowance without sanction was incorrect. Documentary evidence of permanent/temporary posts of the college was provided.

18. The explanation of the department was accepted hence the para was recommended to be dropped.

DP No. 47 **Non-production of auditable record amounting to Rs. 26.847/- (M).**

19. The Audit reported non production of auditable record amounting to Rs.26.847 (M). The department explained that the para was discussed in the DAC meeting held on 7/1/2003 wherein it was considered as settled. The explanation of the department was accepted hence the para was recommended to be dropped.

DP No. 48 **Unauthentic distribution of funds of Rs. 1.100 (M) on account of Merit Scholarships.**

20. The Audit reported unauthentic distribution of scholarship amounting to Rs.1.100 (M). The department explained that complete record of distribution of scholarships amongst the students was available which was also provided to DAC. Subject to verification of the said record within two days by the Audit the para was recommended to be dropped.

DP No. 49 **Non-accountal of profit worth Rs. 8.510 (M).**

21. The Audit reported non accountal of profit worth Rs. 8.510 (M). The University authorities honestly explained the factual position. The actual amount booked in the cashbook and shown in the budget for 1999-2000 was Rs. 31.591 million. Separate profit amount was usually maintained in respect of investment account. The explanation of the University being plausible was accepted hence the para was recommended to be dropped.

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22. The meeting was adjourned with a vote of thanks and will held again on 17th August, 2006 at 10:00 A.M.

(BAKHT JEHAN KHAN)

Speaker/Chairman,

Public Accounts Committee

PROVINCIAL ASSEMBLY OF N.-W.F.P.

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Thursday the 17th August, 2006

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16th Sitting of PAC

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The Public Accounts Committee assembled at 10:00 A.M. in the Conference Room of the Provincial Assembly Secretariat, Peshawar to examine the Audit Report on Accounts of Government of NWFP for the year 2001-2002 pertaining to Irrigation and Power Department. The following were present:-

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Public Accounts Committee.

1. Mr. Bakht Jehan Khan, Speaker. Chairman
2. Shahzada Muhammad Gustasip Khan, MPA Member
3. Mr. Anwar Kamal Khan, MPA Member
4. Mr. Pir Muhammad Khan, MPA Member
5. Mr. Ikramullah Shahid, MPA Member
6. Mr. Jamshed Khan, MPA Member
7. Mr. Muzaffar Said, MPA Member
8. Mr. Khalil Abbas Khan, MPA Member

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Finance Department

Mr. Zainullah Khan,
Additional Secretary.

Law, Parliamentary Affairs and Human Rights Department.

Mr. Muhammad Saleem Khan,
Deputy Secretary.

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Audit Office.

5. Mr. Sikandar Khan,
Director General.

2. Mr. Mutahir Shah,
Audit Officer

3. Mr. Jan Israr,
Audit Officer.

Irrigation and Power Department.

4. Syed Khalid Gillani,

Secretary.

5. Mr. Muhammad Karim Khan,

CE (Dev).

6. Mr. Javed Khan,

Budget Officer.

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Provincial Assembly of NWFP.

3. Mr. Nazir Ahmad,

Secretary.

2. Mr. Amanullah,

Additional Secretary-I.

3. Mr. Javed Latif,

Additional Secretary-II.

4. Mr. Dost Muhammad,

Deputy Secretary.

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2. The meeting commenced with recitation from the Holy Qura'n.

DP No.15 Non-recovery of Rs 0.902 (M) on account of Abiana. Non recovery of the assessed Abiana.

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3. The Audit reported non recovery of abiana amounting to Rs. 0.902 (M) as pointed out while auditing the record of XEN, Irrigation Division, Kohat for the financial year 2000-2001.

4. The department explained that previously, abiana was collected by the Board of Revenue till 2002. The task of collection of abiana was assigned to Irrigation Department during 2003, therefore, the arrears prior to the year 2003 were the responsibility of Board of Revenue. Since, the collection of the abiana was not the responsibility of the Irrigation Department in 2000-2001, therefore, the Audit Department was required to have framed the draft para against Board of Revenue instead of Irrigation Department. However, it was contended that after 2003, both the assessment and

collection of abiana became the responsibility of the Irrigation Department. On a question, the Secretary Irrigation informed that the ratio of recovery of abiana has been increased after the task of collecting abiana was assigned to Irrigation Department.

5. After detailed discussion the PAC directed that the arrears of abiana should be cleared by the Board of Revenue. Para stands against Board of Revenue. The Irrigation Department will forward this recommendation of PAC to the Board of Revenue. Progress may be reported to PAC

DP No. 27 Un-authorized retention of Rs.0.182 (M) in suspense Account.

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6. The Audit reported that in the office of XEN, Irrigation Division Kohat, a sum of Rs.0.128 (M) realized as auction money and an old desalting machine was improperly accounted-for in suspense stock.

7. The department explained that in view of Audit observations the amount was credited to Government Treasury. The accounting mistake was admitted by the Department.

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

DP No.4 Over payment of Rs.5,61,263/- due to application of incorrect rate.

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9. The Audit reported over payment of Rs. 5,61,263/- made to contractor due to application of incorrect rate.

10. Explaining the factual position the department said that in view of the best public interest, the work was executed at a lower rate of Rs. 120 per m², after making proper rate analysis.

11. The CSR rate of Rs.249 per m² of GI wire in 1999 schedule was on higher side, therefore, the Irrigation Department referred the case to the Finance Department for reduction of rate of GI wire fixed in the CSR 1999, but no response was received from Finance Department after the lapse of one year.

12. The Finance Department could not advance any plausible explanation to this effect. Mr. Khalil Abbas, MPA, appreciated the efforts of the Irrigation Department for suggesting reduction in rate.

13. The plausible explanation advanced by the department was accepted hence the para was recommended to be dropped. However, the role of the Finance Department was found unsatisfactory by the PAC.

DP No. 23 Unauthorized and unverified expenditure of Rs.61.199 (M) and non production of Auditable record for verification.

14. The Audit reported that in Peshawar Canal Division Peshawar, a sum of Rs.61.199 (M) was paid to 11 Corps (Engineering Hq), Peshawar Cantt: on account of desalting and closure works during 2000-01. The local office could not produce any documents in support of the expenditure.

15. The Department explained that the amount in question was placed at the disposal of XEN Peshawar Canal Division Peshawar by Finance Department specifically directing for making payment of the said amount to 11 Corps.

16. The XEN pointed out that as per written directives of the Secretaries to Government of NWFP, Irrigation and Finance Departments; he had issued Rs.61.199 (M) to the 11 Corps.

17. On a query from Mr. Abdul Akbar Khan, MPA as to whether the amount earmarked for desalting in the entire Province can be released to one XEN; the response of the Department was negative. He then commented that why the amount of the whole Province was released to XEN, Irrigation Peshawar and termed it highly objectionable.

18. After thread-bare discussion the PAC directed that as the amount in question had been released on the special directives of the Finance Department, therefore, the Finance Department should take up this matter with the 11Corps and obtain auditable record of the expenditure in respect of the amount in question and submit the same to Audit for carrying out proper Audit. Para stands.

DP No.22 Irregular expenditure of Rs.78.00 (M) and non production of auditable record for verification.

19. The Audit reported that irregular expenditure of Rs. 0.78 (M) for the canals transferring desalting the amount to 11 Corps.

20. The same observation as per draft para No. 23.

DP No.1 Over payment of Rs.3.882 (M) on account of land acquisition.

21. The Audit reported over payment of Rs.3.882 (M) on account of land acquisition.

22. The department explained that on the advice of DAC, the balance amount of Rs. 38,81,775/- has been recovered and kept in PW deposit. However, it was pointed out that the land owners have filed a suit against the award. The court has announced the degree in their favour, appeal against the decision of the lower court has been filed in Peshawar High Court, Peshawar.

23. Since the matter was subjudice, therefore, it was kept pending till the decision of the court of law.

DP No. 14 Non-Recovery of Government Revenue of Rs.54.19 (M).

24. The Audit reported that in the office of the XEN, Irrigation, Division Malakand, while the audit party was conducting the audit of the accounts for the financial year 1999-2000, an amount of Rs.54.19 million was noticed outstanding against the farmers.

25. The same observation as per draft para No.15.

DP No. 10 Over payment of Rs.0.451 (M) to the contractors .

26. The Audit reported over payment of Rs.0.451 million to the contractor, contrary to the contract agreement.

27. The department explained that the recovery of Abiana prior to January 2003, was the responsibility of BOR and the Irrigation Department was charged with the duty of assessment only the amount of Rs. 54.19 (M) including arrear of previous year. Later on the para was deleted from the report of Irrigation Department as per minutes of the DAC meeting issued vide Secretary to Government of NWFP, Irrigation Department Peshawar No.1-D/DAC/ 2001/261-261 dated, 03/2002.

28. The explanation of the department being plausible was accepted hence the para was recommended to be dropped.

DP No. 29 Irregular expenditure of Rs.12,88,143/-

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29. The Audit reported irregular expenditure of Rs.12,88,143/- by revising the technically sanctioned estimate regarding "Improvement and extension in Gromit Gol, Birir Irrigation Channel".

30. The department explained that ex-post facto sanction has been obtained from Superintending Engineer being competent authority. The explanation of the department being plausible was accepted and the para was recommended to be dropped.

DP No.6 Overpayment of Rs. 0.450 (M) to contractor due to allowing incorrect rates.

31. The Audit reported an over payment of Rs. 0.450 (M) to contractor due to allowing in-correct rates.

32. The department explained that original and revised PC-I were duly approved by the PWDP being a competent forum. The revised Administrative approval was accorded with the observation that the cost of the scheme shall be firmed up by a Committee comprising representative of Finance Department, Irrigation Department and P&D Department, the technical sanction was accorded by the competent authority which also includes the rates provided in the approved PC-I.

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

DP No.18 Loss of Rs. 1.721 (M) to Government due to manipulation in tenders.

34. The Audit reported loss of Rs. 1.721 (M) to Government due to manipulation in tender for the works construction of "Sherakot and Kuz Sheryal Irrigation Channel".

35. The department admitted manipulation in the tender form by increasing the rates from 16% and 22% to 46% and 32.2 %. However, it was contended that manipulation was done by the contractor in the form prior to submitting the same to the department. Moreover, the contractor who had quoted 46% above rate in his bid was not accepted. The Secretary of the Department clarified that there was manipulation only in the tender form and not in the tender register and comparative statement which supports that the manipulation was made by the contractor prior to submitting the tender form in the office.

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

DP No.24 Un-authorized expenditure of Rs. 0.666 (M).

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37. The Audit reported un-authorized expenditure of Rs. 0.666 (M) by executing abnormal quantities of 6,11,430 cft executed through a contractor with out any lawful authority.

38. The department admitted the enhancement of quantities of earth work. The members of the PAC observed that the abnormal enhancement of work was not justified as the whole nature of the scheme was changed. This clearly proved that the survey carried out by the department for executing the scheme was all together defective.

39. After detailed discussion, the PAC constituted a Sub-Committee consisting of Mr. Khalil Abbas, MPA, (Chairman) and Mr. Muzaffar Said, MPA, (Member) to examine the whole issue and submit report within one month. Para Stands. Progress to be reported to PAC.

40. The meeting was adjourned with a vote of thanks and will meet again on 18th August, 2006 at 10:00 A.M.

(BAKHT JEHAN KHAN)

Speaker/Chairman,

Public Accounts Committee

PROVINCIAL ASSEMBLY OF NWFP

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Thursday, 18th August, 2006

17th Sitting of PAC

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Irrigation and Power Department.

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The Public Accounts Committee assembled at 10.00 A.M in the Conference Room of the Provincial Assembly Secretariat of NWFP, Khyber Road, Peshawar to examine the Audit Report on Accounts of Government of NWFP, for the year 2001-02 pertaining to Irrigation and Power Department. The following were present:-

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Public Accounts Committee.

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| 1. | Mr. Bakht Jehan Khan, Speaker. | Chairman |
| 2. | Shahzada Muhammad Gustasip Khan, MPA | Member |
| 3. | Mr. Muzaffar Said, MPA | Member |
| 4. | Mr. Ikramullah Shahid, MPA | Member |
| 5. | Mr. Anwar Kamal Khan, MPA | Member |
| 6. | Mr. Pir Muhammad Khan, MPA | Member |

Finance Department.

Mr. Zainullah Khan,

Additional Secretary.

Law, Parliamentary Affairs and Human Rights Deptt:

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Mr. Muhammad Saleem Khan,

Deputy Secretary.

Audit Department.

1. Mr. Sikandar Khan,

Director General.

- 2. Mr. Tasawar Ali,**

Deputy Director.

3. Mr. Zahir Alam,

Deputy Director.

Accountant General Office.

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Mr. Humayun,

Deputy Accountant General.

Irrigation and Power Department.

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2. Syed Khalid Hussain Gillani,

Secretary.

2. Engineer Wazir Khan,

Chief Engineer (O&M).

3. Engineer Muhammad Karim Khan,

Chief Engineer(Dev).

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Provincial Assembly of NWFP.

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2. Mr. Nazir Ahmad,

Secretary.

3. Mr. Amanullah,

Additional Secretary-I.

3. Mr. Javaid Latif,

Additional Secretary-II.

4. Mr. Dost Mohammad,

Deputy Secretary.

2. The meeting commenced with recitation from the Holy Qura'n.

DP No.11 Non-recovery of Govt: dues of Rs. 1.552 million.

3. The audit reported that in Paharpur Irrigation Division, D.I. Khan, Rs.1.552 (M) were outstanding against various persons in miscellaneous P.W advance since long but no efforts were made to recover the amount or get it written off.

4. The Department explained that:

a). against the total outstanding amount of Rs. 1.552(M) sanction for write off expenditure of Rs. 10,52,002/- in respect of ISRP works was taken up with the Finance Department. It was assured that write off sanction would be obtained shortly. The PAC directed the Finance Department to examine as to whether the write off sanction can be given on merit.

b). sanction for write off book losses of machinery against M/S Rashid Forooq for Rs. 3,38,870/- has been accorded by the Finance Department in view of advice of Accountant General after conducting proper inquiry by the department. The PAC directed that inquiry report should be submitted within one month.

c). The balance amount of Rs. 1,61,300/- on account of book losses of vehicles and motor boots will be cleared by obtaining write off sanction or recovery. The PAC directed the Administrative Department either to get the losses written off by the Finance Department within one month, or the same may be recovered from the officer responsible of the loss within two months. Para stands. Progress be reported to PAC.

DP No.19 Loss of Rs. 1.308 (M) sustained by Govt: due to non pleading of case.

5. The audit reported loss of Rs. 1.308 million sustained by Govt: due to non filing appeal within the limitation period.

6. The department admitted the audit observation, however, it was pointed out that delay in filing appeal in the High Court was not because of the fault of the Department. It was alleged that delay in filing the appeal was occurred by the Advocate General Office. After detailed discussion the PAC directed that in view of the observation of the Peshawar High Court, Peshawar, action may be taken against the person who failed to file appeal in time causing huge loss to the Government. The Administrative Department was directed to take up the case with the Law Department for implementation the verdict of the High Court. Para stands. Progress be reported to PAC.

DP NO.20 Loss of Rs. 0.143 million to Govt: due to over valuation of Stone/Boulders.

7. The audit reported loss of Rs. 0.143 (M) to Govt: due to over valuation of stones in Paharpur Irrigation Division, D.I. Khan. The department did not agree with the contention of audit. It was explained that in light of the decision of DAC, the department and audit carried out physical inspection of the site jointly, and the department contention was proven correct.

8. After detailed discussion the PAC agreeing with the verification report, recommended that the para may be dropped.

DP No.26 Un-authorized & unjustified expenditure of Rs. 0.615 (M).

9. The audit reported un-authorized and unjustified expenditure of Rs.0.615 (M) in Paharpur Irrigation, D.I. Khan. The department in a nut shell explained that the stones were not supplied as reserve stock, rather, it was a restoration work and the stones were directly supplied to the said work. Moreover, physical verification of the site was carried out jointly by the audit team and the department representatives. According to their report the contention of the department was proven correct.

10. In view of physical verification of the site conducted by the audit and the department representatives and in light of the decision of the DAC, the para was recommended to be dropped.

DP No.31 Non issuance of stone amounting to Rs. 0.628 (M) in violation of Rules.

11. The audit reported non issuance of stones amounting to Rs. 0.628(M) in violation of Rules in Paharpur Irrigation Division, D.I. Khan. The department explained that proper utilization of stones from available stock of reserve and MAS account were made, complete record to that effect was available. Moreover, site inspection was carried out by the audit and department jointly. The inspection party conveyed that the expenditure was genuine. On the request of the Deputy Director Audit that record of indent etc. pertaining to this para needs to be scrutinized. The PAC recommended to drop the para subject to verification of record by the audit.

DP No.16 Non recovery of excess expenditure of Rs. Rs. 1.449(M) incurred on deposit work.

12. The audit reported non recovery of excess expenditure of Rs. 1.449(M) incurred on deposit work in Bannu Division. The para was discussed thread bare and the PAC observed that laxity was shown by the department in executing excess work and not recovering the amount from the respective organization in time. Such cases were also reported while discussing the report of the Auditor General of Pakistan for the year 1997-98 and the PAC had taken notice of non recovery of excess expenditure on deposit work. The Committee once again observed with heavy heart that incurrence of such huge expenditure on deposit work was absolutely un authorized. The issue of recovery in such like cases particularly from the Federal Government is not an easy task, as such cases are pending since 1960. The laxity of the department in this regard was condemned by the Committee. The attitude of the Finance Department for not-taking up the case with the Federal Government for recovery of outstanding dues against Federal Government also came under fire by the Committee Members.

13. The Public Accounts Committee after detailed discussion directed that the practice of incurrence of excess expenditure over deposit work must be discontinued forthwith. Moreover, if any excess expenditure in deposit work repeated in future, the excess expenditure will be recovered from the officers responsible for this practice.

14. The Committee finally directed the Irrigation Department to prepare a comprehensive case of all such expenditure and submit it to the Finance Department for taking up the issue of re-imbusement with the Ministry of Finance at high level to resolve the long outstanding cases. Para stands, progress be reported to PAC.

DP NO.2 Over payment of Rs. 0.894 (M) to contractor due to non-deduction for voids.

15. The audit reported over payment of Rs. 0.854(M) to contractor due to non-deduction of 15% of Voids.

16. The department explained that the said payment was made on the basis of X-Sectional way of measurement without deduction of 15% Void as explicitly provided in the contract agreement. It was contended that if the payment was made on stack measurement basis with 15% deduction of Voids, the government would have been put to a loss of Rs. 0.635(M).

17. The explanation of the department being plausible and agreed to by the audit was accepted, hence the para was recommended to be dropped.

DP No.3 Over payment of Rs. 1.121 (M) to contractor due to allowing incorrect rate.

18. The audit reported over payment of Rs. 1.421(M) to contractor due to allowing incorrect rate. The department explained that in the best interest of public, the work was executed on a lower rate of Rs. 120/- per sft instead of CSR rate of Rs. 249/- in 1999 schedule.

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

DP No.5 Over payment of Rs. 0.204 (M) to contractor due to non deduction for Voids.

20. The audit reported overpayment of Rs. 0.204(M) to contractor due to non deduction for Voids.

21. The department explained that payment was made on the basis of X-Sectional way of measurement without deduction of 15% Voids as explicitly provided in the contract agreement. It was contended that if the payment was made on stock measurement basis with 15% deduction of Voids the government would have been put to heavy loss.

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

23. The meeting was adjourned with a vote of thanks till 21.8.2006.

(BAKHT JEHAN KHAN)

Speaker/Chairman

Public Accounts Committee

PROVINCIAL ASSEMBLY OF N.-W.F.P.

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Monday the 21st August, 2006

18th sitting of PAC

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Planning and Development Department.

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The Public Accounts Committee assembled at 10:00 A.M. in the Conference Room of the Provincial Assembly Secretariat, Peshawar, to examine the Audit Report on Accounts of Government of NWFP for the year 2001-2002 pertaining to P&D Department. The following were present:-

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Public Accounts Committee.

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| 1. | Mr. Bakht Jehan Khan, Speaker | Chairman |
| 2. | Shahzada Muhammad Gustasip Khan, | Member |
| 3. | Mr. Abdul Akbar Khan, MPA | Member |
| 4. | Mr. Anwar Kamal Khan, MPA | Member |
| 5. | Mr. Pir Muhammad Khan, MPA | Member |
| 6. | Mr. Khalid Waqar, MPA | Member |
| 7. | Mr. Jamshed Khan, MPA | Member |
| 8. | Mr. Muzaffar Said, MPA | Member |

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Finance Department

Mr. Zainullah Khan,

Additional Secretary.

Law, Parliamentary Affairs and Human Rights Deptt:

Mr. Muhammad Saleem Khan,

Deputy Secretary.

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Auditor General Office.

6. Mr. Sikandar Khan,

Director General.

7. Mr. Zahir Alam,

Deputy Director.

3. Mr. Tasawar Ali,

Dy: Director.

4. Mr. Mutahir Shah,

Audit Officer

Accountant General Office.

Mr. Muhammad Humayun ,

Deputy Accountant General.

Planning and Development Department.

4. Syed Manzoor Ali Shah,

Secretary

2. Mr. Mumtaz Gul,

Deputy Secretary Admn.:

3. Mr. Badshah Gul,

Section Officer, B&A.

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Provincial Assembly of NWFP.

4. Mr. Nazir Ahmad,

Secretary.

2. Mr. Amanullah,

Additional Secretary-I.

3. Mr. Javed Latif,

Additional Secretary-II.

4. Mr. Dost Muhammad,

Deputy Secretary.

2. The meeting commenced with recitation from the Holy Qura'n.

DP No. 2 Loss due to theft of cash Rs.72,055/-.

3. The Audit reported that in the office of Director, Bureau of Statistics NWFP, Peshawar, a sum of Rs. 72,055/- was shown paid to the firm concerned in cashbook and on the other hand was shown stolen in the night falling between 29th and 30th July, 1990. Neither departmental responsibility was fixed nor was the loss sustained to Government was written off through Finance Department. The department explained that a theft case was registered with the Police against un-known culprits. Simultaneously departmental enquiry was conducted wherein it was established that it was a case of embezzlement of Government money instead of a theft case. Consequently the case was referred to Anti-Corruption Department by registering FIRs against the accused officials who were arrested. Later on they were bailed out by the Court. The case of embezzlement of Government money remained under trial in the Court of Special Anti-Corruption Judge against Mr. Nadeem Ahmad, Assistant Director/DDO, Mr. Shah Zeb, Accountant Mr. Saeedullah, Junior Clerk and Mr. Bachazada, Chowkidar. All the accused have been acquitted by the Court. The case for write off sanction was stated to have been under process with the Finance Department.

4. After detailed discussion, the PAC directed the Finance Department to accord write-off sanction for the said losses and progress reported to PAC. The Administrative Department was directed to pursue the case with the Finance Department. Subject to getting write off sanction from the Finance Department, the para was recommended to be dropped.

DP No. 13 Loss of Government money due to non accountal of plain paper copier worth Rs. 0.297 (M).

5. The Audit reported loss of Government money due to non accountal of plain paper copier worth Rs. 0.297 million on stock register. The department explained that entry of the photocopier "Sharp Model SF 2540" was made on Page 17 of the register maintained in the department. The entry was shown to the Audit Party, but they held it irregular as it was not on the prescribed Stock Register rather it was made on a register devised for typewriters. The department admitted the Audit observation but contended that since several entries were made in the said register duly signed by the ex-officials (retired/transferred) therefore, conversion of those entries into new stock register would cause another complication. However, the department assured that the Audit point of view has been taken and will be followed in future.

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

DP No 19 Irregular purchase of vehicle worth Rs. 4,35,000/-.

7. The Audit reported irregular purchase of vehicle worth Rs. 4,35,000/- with the observation that the specification of vehicle was not published in the newspaper. Moreover, supply was ordered on 12/1/1996 before the receipt of tender i.e. 29/1/1996 and call deposit was not collected from the firm. The department explained that the observation of the Audit was not based on facts. The last date of receipt of tenders was 29/1/1996 and supply order was issued on 12/2/1996 after approval of the lowest rate of the firm by the Competent Authority. Full specification was given in the advertisement. Call deposit was obtained from the firm and after supply the same was released. The defects as pointed out by the Audit have already been removed by the firm.

8. It was further explained that the date mentioned in the supply order was incorrectly typed. However, comparative statement and approval of Competent Authority obtained for acceptance of tender clearly shows that the supply order was issued after receipt of tender.

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

DP No. 22 Wasteful and un-accounted expenditure of Rs. 2.32 (M).

10. The Audit reported wasteful and un-accounted expenditure of Rs. 2.32 million on account of purchase of valuable stock. The particular order under which the project was closed was not produced to audit. After the closure of the project the stock register was not known as to whether the same

was retained in PE&DD or otherwise. Moreover, the stock was not accounted in the stock register maintained for the purpose. The department explained that entries to the effect of stock were available in the stock register. On closure of the project, its assets have properly been taken over by the Administrative Department which can be verified.

11. It was further pointed out by the Administrative Department that a vehicle of the same project was provided to Director General, Audit which has not yet been returned. The Audit officer showed ignorance of receipt of any such vehicle.

12. After detailed discussion, the department was directed to get the inventory of the items entered in the stock register and acknowledgement of subsequent issue of items verified by the Audit. The issue of vehicle may also be clarified. Para stands till verification by the Audit.

DP No. 30 Non-production of auditable record and non entering of

Rs. 1.639 (M) in the cashbook.

13. The Audit reported non production of auditable record and non entering of Rs. 1.639 million in the cash book. The department explained that the issue of reconciliation has been taken up with the Accountant General but has not yet been resolved. The PAC directed that as decided in the meeting of DAC, the reconciliation should be carried out with the Accountant General within two months positively. Para stands till reconciliation.

DP No. 31 Non production of auction file in support of Rs. 44,000/-.

14. The Audit reported non production of auction file in support of Rs. 44,000/-. The department explained that proper file for auctioning and disposing of un-serviceable furniture and equipments was maintained in the department, but due to frequent shifting of record from one building to other due to construction work, some of the record had become disarranged. The file reported by the Audit was also missing. The audit contended that record might be available with the Members of Auction Committee. Subject to verification of record, the para was recommended to be dropped.

DP No. 15 Non-accountal of machinery and equipment worth Rs. 70,205/-.

15. The Audit reported non accountal of machinery and equipment worth Rs.70,205/- in the stock register. The para was discussed in the DAC meeting held on 3/7/2001 with the decision to produce the record for verification, which had not been produced after lapse of years.

16. The department explained that proper entries of equipments were available in the relevant stock register which can be verified by the Audit. Subject to verification of record, the para was recommended to be dropped.

ENVIRONMENT DEPARTMENT

DP No. 21 1. Irregular expenditure of Rs. 250,777/- due to appointment of staff.

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2. Loss of Rs. 96,200/- due to misuse of telephone.

17. The Audit reported irregular expenditure of Rs.2,50,777/- due to appointment of staff and loss of Rs.96,200/- due to misuse of telephone in the office of the Director General Environmental Protection and Resources Conservation Project Peshawar. The department explained that staff in BPS-1 to BPS-16 was appointed on contract basis strictly in accordance with the posts appearing in the approved PC-I. Later on objections were made by the Finance Department and accordingly the services of employees were terminated. As regards loss of Rs. 96200/- due to misuse of telephone, it was explained that correct figure was Rs. 98,282/- and not Rs. 1,06,900/- as reported by the Audit. The department had spent the same on three telephones. In this amount arrears of four months were also included. The explanation of the department being plausible was accepted hence the para was recommended to be dropped.

18. The meeting was adjourned with a vote of thanks and will meet again on 23rd August, 2006 at 10:00 A.M.

(BAKHT JEHAN KHAN)

Speaker/Chairman,

Public Accounts Committee

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PROVINCIAL ASSEMBLY OF N.-W.F.P.

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Wednesday the 23rd August, 2006

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19th Sitting of PAC

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The Public Accounts Committee assembled at 10:00 A.M. in the Conference Room of the Provincial Assembly Secretariat, Peshawar to examine the Audit Report on Accounts of Government of NWFP for the year 2001-2002 pertaining PP&H (defunct) to CD&MD Department. The following were present:-

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Public Accounts Committee.

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|----|--------------------------------------|----------|
| 1. | Mr. Bakht Jehan Khan, Speaker | Chairman |
| 2. | Shahzada Muhammad Gustasip Khan, MPA | Member |
| 3. | Mr. Abdul Akbar Khan, MPA | Member |
| 4. | Mr. Anwar Kamal Khan, MPA | Member |
| 5. | Mr. Pir Muhammad Khan, MPA | Member |
| 6. | Mr. Khalid Waqar, MPA | Member |
| 7. | Mr. Jamshed Khan, MPA | Member |
| 8. | Mr. Muzaffar Said, MPA | Member |
| 9. | Mr. Ikramullah Shahid, MPA | Member |

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Finance Department

Mr. Zainullah Khan,
Additional Secretary.

Law, Parliamentary Affairs and Human Rights Deptt:

Mr. Muhammad Saleem Khan,
Deputy Secretary.

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Audit Department.

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8. Mr. Sikandar Khan,
Director General.

9. Mr. Zahir Alam,
Deputy Director.

3. Mr. Tasawar Ali,
Deputy Director.

CD&MD Department.

1. Mr. Sareer Muhammad,
Director General.

2. Fazal Ahmad Khan,
Director Finance.

3. Mr.Amin-ud-Din,
Director.

4. Mr. Alam Zeb,
Deputy Director.

Provincial Assembly of NWFP.

5. Mr. Nazir Ahmad,
Secretary.

2. Mr. Amanullah,
Additional Secretary-I.

3. Mr. Javaid Latif,
Additional Secretary-II.

4. Mr. Dost Muhammad,
Deputy Secretary.

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2. The meeting commenced with recitation from the Holy Qura'n.

DP No.1 Non-accountal of Government stores worth Rs. 1.016 (M).

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3. The Audit reported non accountal of Government stores worth Rs. 1.0161 million. It was contended that 33 Garbage Drums were purchased at a total cost of Rs. 0.492 million at Rs.14,900/- each, while 100 Garbage Drums were shown repaired at Rs. 0.524 million at the rate of Rs. 5,243/- each. No documentary proof in respect of expenditure was produced to audit.

4. The department explained that 500 drums were purchased in 1990 out of which 100 drums became damaged which were repaired. The Audit had taken flat rate of Rs.5,243/- per each drum which was not correct. The repair charges for each drum were different. The Audit was of the view that physically the drums were not available on the site and no stock entry was made in stock register.

5. The department further explained that works were executed after approval of PC-I by the competent forum and fulfilling all codal formalities. The 33 Nos. garbage drum, were also taken in stock register at page 244 and were placed for use at various locations in Hayatabad. All codal formalities were fulfilled. Documentary evidence to that effect was shown to the PAC.

6. The explanation of the department was found justified, hence the para was recommended to be dropped.

DP No. 2 **Non-visible expenditure amounting to Rs. 1.400 (M).**

7. The Audit reported non visible expenditure amounting to Rs. 1.400 million incurred in connection with newly bored holes into the existing distribution system, external electrification and pumping machinery for water supply schemes. The department explained that the tube wells were completely out of order, hence new bores were carried out and new machinery was installed. The old machinery of the old tube wells was not available. The same was not the property of CD&MD, rather the property of Municipal Corporation.

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

DP No. 3 **Non-utilization of available bricks worth Rs. 3,39,688/-.**

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9. The Audit reported non utilization of available bricks worth Rs.3,39,688/-. The department briefly explained that the old bricks were reused and no payment was made to the contractors for the bricks except the labour charges. Final payment bill was produced to PAC by the department.

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

DP No. 4 **Non-accountal of equipments worth Rs. 1,49,750/-.**

11. The Audit reported non accountal of equipment worth Rs. 149,750/- on the purchase of computer without adopting open tender system. Moreover, the items were not taken on stock register. The department explained that as per defunct PUDB Accounting Manual, no advertisement was required for the purchase of items worth upto Rs.200,000/-. Moreover, the computer was physically available and taken on stock register. Documentary evidence in support of this was provided by the Director General, CD&MD.

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

DP No. 5 **Recovery of Rs. 43.013 (M)**

13. The Audit reported non recovery of Rs. 43.013 million on account of sale of plots during 1991 and 1995-1996 in Phase-II, III, IV, V and VI at Hayatabad. The department explained that the recovery has already been made from the allottees. No outstanding amount was involved except the following five cases which were subjudice:-

<u>S.No.</u>	<u>Plot/Sector</u>	<u>In the Court of</u>
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1.	46/K-5/1-Kanal	Civil Judge, Peshawar
2.	126/K-5/1-Kanal	-do-
3.	115/H-2/2-Kanal	-do-
4.	138/G-1/2-Kanal	-do-
5.	094/G-2/2-Kanal	-do-

14. The Audit objected that the plots mentioned as subjudice, were not included in the audit list. The Audit was shown a different list of plots auctioned by the department but the money was not realized.

15. After detailed discussion, it was found that this being a serious matter needs to be investigated, to know the factual position. The Hon,ble Speaker directed that a Sub-committee be constituted to probe into the matter of auctioning of 74 plots as reported by the Audit. The Sub-Committee will submit its report within one month. Para Stands.

DP No. 7 **1. Non-payment of interest of Rs. 44.363 (M) to Government of NWFP.**

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2. Non-recovery of loan amounting to Rs. 219.757 (M).

16. The Audit reported non payment of interest worth Rs. 44.363 million and non recovery of loan amounting to Rs. 219.757 million from PUDB. The department explained that the figures as reported in the Audit Para were absolutely incorrect. According to reconciled figures with Finance Department, only an amount of Rs.8,77,95,000/- was the principal amount, out of which a sum of Rs. 167.1 (M) had been repaid by the PUDB. Only a balance of about 2,00,00,000/- was outstanding. It was contended by the department that the outstanding balance would require reconciliation in view of the repayment made much ahead of the scheduled date.

17. After detailed discussion, the PAC directed that the actual loan and interest be reconciled jointly by the CD&MD, Finance and Audit and produce factual position to PAC within one month. Para was kept pending.

DP No. 8 **Recovery of Rs. 1.434 (M) due to incorrect measurement with interest of Rs. 1.253 (M).**

18. The Audit reported non recovery of Rs. 1.434 million due to incorrect measurement with interest of Rs. 1.253 million on account of overpayment made to the contractor due to incorrect recording of measurement in the MB. The para was discussed in the DAC meeting held on 15/11/2000 wherein recovery was ordered coupled with inquiry for fixing responsibility. The department could not advance any plausible explanation for non implementation of the decision of the DAC nor advance any reason for non recovery of the reported amount. In such circumstances the PAC upheld the decision of the DAC directing that responsibility for overpayment may be fixed and the amount be recovered within one month. Para stands. Progress to be reported to PAC.

DP No. 15 **Non-forfeiture of security of Rs. 2,39,540/-.**

19. The Audit reported non forfeiture of security of Rs. 2,39,540/- against the contractor as a result of incomplete work left out by the said contractor. The department explained that the work was abandoned by the contractor. In view of contract agreement the remaining work was to be completed at the risk and cost of the defaulting contractor with no additional cost to Government. The para was discussed in detail and the department, time and again, clarified that no additional cost was involved and the work was completed within the estimated cost of Rs. 18,60,601/-. Subject to verification as to whether the work was completed within the estimated cost, the para was recommended to be dropped. However, if it was established that the work was not completed within the estimated cost and overpayment was established, then the overpayment would to be recovered from the officer at fault after fixing responsibility. Progress to be reported to PAC. Para stands.

DP No. 16 **Non-recovery of Rs. 1,86,060/- as penalty.**

20. The Audit reported non recovery of Rs. 1,86,060/- as penalty for non completion of work on time. The department explained that delay was not on the part of the contractor but it was due to firing incident. The imposition of penalty for no fault of the contractor was un-justified. The explanation of the department being plausible was accepted, hence the para was recommended to be dropped.

DP No. 17 **Consumption of excess steel causing loss of Rs. 2, 82,009/-.**

21. The Audit reported consumption of excess steel causing loss of Rs.2,82,009/-. It was contended that quantity of 9924.31 cft RCC work using 41.267 Tons steel was carried out at the ratio of 7.35 (L b) steel per cft. According to authenticated calculation a quantity of 32.563 M. Tones steel was required to be used in the RCC work. The department has consumed excess steel than the PC-I. The department explained that PC-I was based on rough cost estimate and not the actual one in such issue the detail resolving which contained each and every item in detail is the most authentic document. Mr. Abdul Akbar Khan, MPA and Mr. Khalid Waqar, MPA observed that if the covered area had been increased then the department was justified for using excess steel but if the covered area had not been increased or changed then using of excess steel became un-justified. The department proposed that the Audit should physically inspect the site to know as to whether the excess quantity of steel was used or otherwise. It was pointed out that the site can be inspected through scanning.

22. After detailed discussion it was decided that the verification of actual utilization of steel by the Audit should be carried out within one month. Para stands till verification and submission of final report to PAC.

DP No. 18 **Non-imposition of penalty of Rs. 3,20,240/-.**

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

DP No. 19 **Loss of Rs. 3,46,871/- due to excess consumption of POL.**

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

DP No. 20 **Loss of Rs. 118.800 (M) due to Mis-Management.**

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

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26. The meeting was adjourned and will meet again on 24th August, 2006 at 10:00 A.M.

(BAKHT JEHAN KHAN)

Speaker/Chairman,

Public Accounts Committee

PROVINCIAL ASSEMBLY OF N.-W.F.P.

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Thursday the 24th August, 2006

20th Sitting of PAC

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The Public Accounts Committee assembled at 10:00 A.M. in the Conference Room of the Provincial Assembly Secretariat, Peshawar to examine the Audit Report on Accounts of Government of NWFP for the year 2001-2002 pertaining to Physical Planning and Housing Department (defunct) CD&MD. The following were present: –

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Public Accounts Committee.

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1. Mr. Bakht Jehan Khan, Speaker Chairman
2. Shahzada Muhammad Gustasip Khan, MPA Member.
3. Mr. Jamshed Khan, MPA Member
4. Mr. Anwar Kamal, MPA Member
5. Mr. Pir Muhammad Khan, MPA Member
6. Mr. Khalid Waqar, MPA Member

7. Mr. Muzaffar Said, MPA Member

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Finance Department

Mr. Zainullah Khan,
Additional Secretary.

Law, Parliamentary Affairs and Human Rights Deptt:

Mr. Muhammad Saleem Khan,
Deputy Secretary.

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Auditor General Office.

10. Mr. Muhammad Asif Khan,
Director General.

11. Mr. Tasawar Ali,
Deputy Director.

12. Mr. Zahir Alam,
Deputy Director.

4. Mr. Farm Ali,
Audit Officer

City Development and Municipal Department.

5. Mr. Fazal Ahmad Khan,
Director (Finance).

6. Mr. Muhammad Saleem,
Director.

3. Mr. Amin-ud-Din,
Director.

13. Mr. Muhammad Tariq,

General Manager.

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Provincial Assembly of NWFP.

1. Mr. Nazir Ahmad,

Secretary.

2. Mr. Amanullah,

Additional Secretary-I.

3. Mr. Javed Latif,

Additional Secretary-II.

4. Mr. Amjad Ali,

Deputy Secretary

2. The meeting commenced with recitation from the Holy Qura'n.

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DP No. 22 **Un-economical expenditure of Rs. 3.788 (M) on account of Pumping Machinery and loss of Rs. 2.416 (M).**

3. The Audit reported un-economical expenditure worth Rs. 3.788 (M) on account of Pumping Machinery and loss of Rs. 2.416 (M). The audit was of the view that the rate of machinery provided through contractor was on the high side as compared to the manufacturer's rate.

4. The department explained that the Audit had made comparison of rates of Pumping Machinery with the PHED about their bulk purchase orders. The supply of machinery to PHED and PDA differed in specification. The rate difference was mainly due to higher discharge requirement of PDA etc.

5. The PAC directed that joint verification for comparison of rates and specification of machinery may be carried out by the audit and Administrative department within one month. Para stands for report of verification.

DP No. 23 **Irregular expenditure of Rs.1,39,708/-.**

6. The Audit reported irregular expenditure of Rs. 1, 39,708/- incurred on two water supply schemes. The department explained that in view of General Financial Rules, detailed estimates for schemes were prepared and technically sanctioned prior to the commencement of execution of work. A

tentative provision of 70 ft each for "Strainer Blind Pipe" was made. Clarifying the position it was contended that actual quantity of Blind Pipe and Strainer could only be assessed after drilling of bore hole on the basis of strata chart. It was contended that there was no increase in the overall cost of the scheme and the same was completed at a cost less than the amount provided in the technical sanction.

7. The explanation of the department was accepted, hence the para was recommended to be dropped.

DP No. 24 **Irregular expenditure of Rs. 4,98,100/-.**

8. The Audit reported irregular expenditure to the tune of Rs. 4,98,100/-. The department explained that revised technical sanction for each work had been obtained from the competent authority. Subject to verification of technical sanction by the audit, the para was recommended to be dropped.

DP No. 25 **Irregularity payment of Rs. 2.889 (M) due to un-economical insurance of Project Management Unit vehicles.**

9. The Audit reported irregular payment of Rs. 2.889(M) due to un-economical insurance of Project Management Unit. The following irregularities were pointed out:-

I. competition of services amongst various insurance companies was not made.

II. the Government property was not required to be insured without the approval of the Finance Department. Two vehicles No PRO-2263 and PRN-6997 were stolen long ago but the company did not pay the risk cost of the vehicle as yet.

10. The department explained that quotations were invited by the defunct PUDB,s from approved Insurance Companies at the start of the project. The rate quoted by M/S East West Insurance Company being lowest, was approved. The services of the company were quite satisfactory. As regards the claim in respect of stolen vehicles , it was contended that these vehicles were not insured. The audit did not accept the contention of the department and stuck to their point that the vehicles in question were insured.

11. After detailed discussion, the PAC directed the department to get a list from the audit in respect of the reported vehicles and take up the case with the Insurance Companies, so as to know whether the stolen vehicles were insured. If it was established that the vehicles were insured then recovery should be made from the respective Insurance Companies. Moreover, approval from the Finance Department for Rs. 28,89,399/- as paid to the Insurance Companies may also be obtained from the Finance Department. Para stands and progress be reported to PAC.

DP No. 26 **Irregular and unauthorized expenditure of Rs. 30,699/-.**

12. The Audit reported irregular and unauthorized expenditure of Rs. 30,699/-. The department admitted the irregularity. However, it was assured that the observations made by the audit had been noted for future guidance and compliance.

13. Subject to regularization of expenditure by the Director General, CD&MD, the para was recommended to be dropped.

DP No. 27 **Irregular payment of Rs. 21.309 (M) without proper demand.**

14. The Audit reported irregular payment of Rs. 21.309 (M) without proper demand. It was pointed out that the amount was shown to have been paid to different agencies at the close of financial year just to avoid lapse of funds.

15. The department explained that the amount was released at the end of the financial year i.e. on 28-06-1999. The amount could not be utilized within two days. A sum of Rs. 17.695(M) was released to LAC against demand of Rs. 462 (M) besides, Rs. 1.2 (M) was paid to Excise and Taxation department on account of Property Tax and Rs. 2.414 (M) to PUDB on account of staff gratuity which was later on adjusted.

16. Subject to verification of demand to whom payment was made the para was recommended to be dropped.

DP No. 28 **Irregular and Uneconomical purchase of 2-Nos Photocopies Machines costing Rs. 7, 50,000/-.**

17. The Audit reported irregular and un-economical purchase of 2-Nos photocopier costing Rs. 7, 50,000/- without adopting open tender system. The Director General, CD&MD admitted procedural irregularity of non-tendering the machinery. However, it was assured that in future all codal formalities would be fulfilled. The PAC directed the department to warn the officer responsible for this procedural irregularity and avoid such Deal in future.

DP No. 29 **Infructuous payment of Rs. 11, 61,000/- for house No-225-C sector K/3, Phase-III, Hayatabad..**

18. The Audit reported infructuous payment of Rs, 11, 61,000/- incurred on payment of compensation to the owner of house constructed in green belt.

19. The department explained that in the original planning the site was earmarked for construction of school. The plot was allotted to UBL for carrying out the construction and establishment of school but despite repeated notices, the Bank Authorities failed to undertake construction of school building. The plot was therefore, cancelled. As a result of re-planning on the advice of the Chief Executive of the Province, the area was converted into Green Belt. Since a house was constructed in the said area, therefore, there was no alternative for the PDA but to pay the cost of construction to the owner.

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

DP No.30 **Irregular and Uneconomical expenditure of Rs. 4.362 (M) without adopting open tender system..**

21. The Audit reported irregular and uneconomical expenditure of Rs. 4.362 (M) without adopting open tender system. The main objection of the audit was that the work was split up to avoid publicity through press.

22. The department explained that the work was carried out in Arbab Niaz Cricket Stadium, Peshawar. The works were properly advertised through press. The estimated cost of the work, which was less than Rs. 2,00,000/-, was not advertised in view of Clause 3 & 4 of Account Manual of PUDB.

23. The para was discussed threadbare and it was directed that audit should verify as to whether the works were carried out by one contractor or more than one contractor. Result of verification should be submitted to PAC within one month. Para stands.

DP No.33 **Overpayment of Rs. 23,835/- due to accepting higher rates.**

24. The Audit reported overpayment of Rs. 23,835/- due to allowing higher rates. The department presented record, which showed that the lowest rates were accepted and no overpayment was established. In view of the explanation of the department being plausible, the para was recommended to be dropped.

DP No. 34 **Excess payment of Rs. 80,808/- to contractor.**

25. The audit reported excess payment of Rs. 80,808/- to contractor. The department proposed that the site should be physically checked by the audit to know the factual position.

26. Subject to joint physical verification of the site by the audit and departmental representative to know the total utilization of earth filling and assessment the excess if any the para was recommended to be dropped. Progress be reported to PAC within one month.

DP No. 35 **Excess of Rs. 2,16,101/- over and above the estimates.**

27. The audit reported excess payment of Rs. 2,16,101/- over and above the estimate. The department explained that technical sanction as suggested by the audit has been revised, the para was therefore, recommended to be dropped.

DP No. 36 **Excess expenditure of Rs. 5,60,585/- incurred on plastic emulsion instead of distemper.**

28. The audit reported excess expenditure of Rs. 5,60,585/- incurred on plastic emulsion instead of distemper. The department explained that the work was executed through approved PC-I, the plastic emulsion was more durable than distemper. The explanation of the department being plausible was accepted and the para was recommended to be dropped.

DP No. 37 **Unauthorized excess expenditure of Rs. 72,903/-.**

29. The Audit reported un-authorized expenditure of Rs. 72,903/-. The department explained that the quantity of steel was used as per design. Moreover the expenditure was within the permissible limit of 5%. However it was suggested that audit may physically inspect the site to know the factual position. The PAC directed that joint physical verification of the site may be carried out by the audit and departmental representative.

DP No. 38 **Overpayment of Rs. 5,89,348/- to contractor due to excess execution of work and change of unit of work.**

30. The Audit reported overpayment of Rs. 5,89,348/- to contractor due to excess execution of work and change of unit of work. The main objection of the audit was that rate per sft was changed to 31515 and 31136 sft which abnormally increased the quantity of work almost to 255%. The para was discussed in the DAC meeting wherein overpayment was proved.

31. The department could not advance any plausible explanation for changing the rates from cft to sft. The PAC, therefore, observed that executing department was responsible for the misdeed.

32. After detailed discussion the PAC directed that the person(s) responsible for the misdeed may be proceeded against and the amount over paid be recovered from them within (1) month. Para stands and progress to be reported to PAC.

DP No. 40 **Non production of auditable record in support of payment of Rs.1,10,47,756/-.**

33. The Audit reported non-production of auditable record in support of payment of Rs. 1,10,47,756/-. The department explained that complete record was available which can be verified by the audit.

34. The department was directed to provide complete record to audit for carrying out audit of the expenditure within (2) months and the out come should be intimated to PAC. Para stands and progress be reported to PAC.

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35. The meeting was adjourned with a vote of thanks and will meet again on 25th August, 2006 at 10:00 A.M.

(BAKHT JEHAN KHAN)

Speaker/Chairman,

Public Accounts Committee

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PROVINCIAL ASSEMBLY OF N.-W.F.P.

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Monday the 28th August, 2006

21st Sitting of PAC

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Local Government and Rural Development Department.

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The Public Accounts Committee assembled at 10:00 A.M. in the Conference Room of the Provincial Assembly Secretariat, Peshawar to examine the Audit Report on Accounts of Government of NWFP for the year 2001-2002 pertaining to Local Government and Rural Development Department. The following were present:-

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Public Accounts Committee.

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1. Mr. Bakht Jehan Khan, Speaker Chairman
2. Shahzada Muhammad Gustasip Khan, MPA Member
3. Mr. Abdul Akbar Khan, MPA Member
4. Mr. Anwar Kamal Khan, MPA Member
5. Mr. Pir Muhammad Khan, MPA Member
6. Mr. Khalid Waqar, MPA Member

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Finance Department

Mr. Zainullah Khan,
Additional Secretary.

Law, Parliamentary Affairs and Human Rights Department.

Mr. Muhammad Saleem Khan,
Deputy Secretary.

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Audit Department.

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14. Mr. Sikandar Khan,
Director General.

15. Mr. Zahir Alam,
Deputy Director.

3. Mr. Tasawar Ali,
Deputy Director.

4. Mr. Muhammad Humayun,
Deputy Accountant General.

5. Mr. Farhad Ali,
Audit Officer.

LG&RD Department.

3. Mr. Aftab Akbar Durrani,
Additional Secretary.

4. Mr. Abdul Jabbar,
Section Officer-III.

Provincial Assembly of NWFP.

6. Mr. Nazir Ahmad,
Secretary.

2. Mr. Amanullah,
Additional Secretary-I.

3. Mr. Javed Latif,
Additional Secretary-II.

4. Mr. Amjad Ali,
Deputy Secretary.

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2. The meeting commenced with recitation from the Holy Qura'n.

3. The Audit reported overpayment of Rs. 2,50,429/- due to allowing incorrect premium of 75% above the CSR 93 instead of 50% above as allowed by the Finance Department. The Department explained that as the construction of bridge falls in the building category for which 75% above premium on the scheduled rates was allowed, thus the premium of 75% above was in accordance with Government Rules. The Audit objected that 75% premium was not applicable in the case of suspension bridge which could not be termed as building. The PAC observed that premium over and above 50% on CSR was not allowed on the scheme. The Committee therefore directed that an inquiry may be conducted and responsibility may be fixed and the amount of overpayment may be recovered from the person at fault within two months. Para stands. Progress to be reported to PAC.

DP No. 4 **Overpayment of Rs. 0.230 (M) due to non-deduction of voids.**

4. The Audit reported overpayment of Rs. 0.230 million due to non deduction of voids. The department explained that technical sanction accorded by the Competent Authority transpired that the rates analyzed include voids. Void deduction is always made in loose materials whereas the payment has been made for construction of roads and streets where no void deduction was required as per CSR 83/99.

5. The PAC after detailed discussion directed that as decided in the DAC meeting, an inquiry may be conducted and if overpayment was established then the same may be recovered from the persons at fault within two months. Progress should be reported to PAC. Para stands.

DP No. 7 **Loss of Rs. 3,15,964/- to the Government due to change in rates through interpolation.**

6. The Audit reported loss of Rs. 3,15,964/- as overpayment to the contractor due to interpolating rate in technical sanction of the works. The rate was enhanced and interpolated without getting the same attested by the Competent Authority. The para was discussed in the DAC meeting in 12/1997 wherein the department contended that inquiry was being conducted. No report was provided to Audit. The department explained that an inquiry was conducted by the Divisional Director, Local Government, Hazara Division Abbottabad, according to which a sum of Rs. 10,680/- was established to have been overpaid. The said amount has been recovered from the Assistant Engineer and Sub-Engineer and deposited into Government Treasury.

7. After detailed discussion, the PAC directed that Inter Departmental Inquiry Committee consisting of representatives of the Administrative Department, Audit, Finance and Law, may be constituted by the Department to probe into the matter. Report of the Committee must be finalized within one month. Para stands. Progress to be reported to PAC.

DP No. 8 **Wastage of Government Money worth Rs. 2,50,000/- due to execution of work below specification.**

8. The Audit reported wastage of Government money worth Rs. 2,50,000/- due to execution of work below specification. The para was discussed in the DAC meeting held on 27/11/2000, wherein it was replied that the work was completed according to the revised estimate. It was decided that the Director Technical may conduct inquiry, but no report was yet received. The department explained that Audit objection was based on a letter of Sub-Engineer, who has complained that estimate was not prepared in proper manner and that stone metal was not used in the construction of patch work. In fact a proper revised detail cost estimate was prepared and approved by the Director Technical being Competent Authority. In the revised technical sanction there was no provision of stone metal, because there was no need to use the item in question. It was contended that the road still exists and could be verified physically. It was further added that infact there were some patches in the resurfaced layer which were rectified before payment of security to the contractor. The Engineer Incharge after visiting the site declared the road OK. As regards non conducting of inquiry, it was contended that in view of dissolution of the offices of Director General, Local Government RDD and its field offices, no inquiry could be initiated. However, the department regretted this lapse.

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

DP No. 10 **Un-authorized drawal of Rs. 0.635 (M) as Pay and Allowances of a Training Officer.**

10. The Audit reported un-authorized drawal of Rs. 0.635 million as Pay and Allowances of a Training Officer by the Provincial Services Academy, Peshawar. The department explained that the promotion was accorded by the Board of Governors and the appointment was made purely on merit as

the candidate was having rich academic background holding Master Degrees in Political Science and History besides being a law graduate. He was also involved in pre services training courses over two decades.

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

DP No. 12 **Non-crediting of Rs. 12,43,863/- in the Government Revenue.**

12. The Audit reported non crediting of Rs. 12,43,863/- realized from road making machinery and purchase of tender forms along with profit which was not credited to Government Revenue, but instead it was kept in the Commercial Bank. The department explained that the road making machinery was transferred from the District Council, Chitral to the office of the Assistant Director, LG&RDD Chitral on 22/12/1992. Cost of tender form and registration fee of Rs. 49,600/- has been credited to the Government Revenue which was agreed by the Audit. The issue of Rs. 5,07,246/- on account of profit on deposit could not be resolved as no documentary evidence was available in the department.

13. The PAC after detailed discussion directed that the Audit, concerned office and the PAC Cell should jointly check the record to know as to whether the Government receipt was credited to Government or not and whether the amount of interest was actually spent on the developmental work or otherwise. Complete record to this effect would be produced by the department to the verification party. In case record was not produced or during the course of explanation of the office, the Audit contention was established, the recovery may be made from the defaulting officers within two months. Para stands. Progress be reported to PAC.

DP No. 13 **Loss of Rs. 0.120 (M) due to non deduction of stamp duty.**

14. The Audit reported non crediting of Rs. 0.120 million due to non deduction of stamp duty from contractor. The department explained that the work was executed through Project Committee Leaders. They were not regular contractors like other works executors of the department. As such there was no clause in the Works Rules to impose stamp duty on the Project Leaders.

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

DP No. 14 **Irregular advance payment of Rs. 2,99,898/-.**

16. The Audit reported irregular advance payment of Rs. 2,99,898/-. The department explained that Administrative approval and technical sanction for the schemes as reported by the Audit para, was accorded by the Director General, LG&RDD being Competent Authority. Moreover, regarding authorization of payment from 1st running bill, it was explained that the contractor had supplied material which was entered in the MB. The explanation of the department duly supported with documentary evidence was accepted, hence the para was recommended to be dropped.

DP No. 20 **Un-authorized payment of Rs. 6.281 (M) on account of advances.**

17. The Audit reported un-authorized payment of Rs. 6.281 million on account of advances to various Project Leaders in contravention of the instructions contained in the CUP Guidelines. The department explained that advance payments were made to the Project Leaders of the schemes on account of supply of material at site. The works had since been completed and amount paid for the material as secured advance had been adjusted.

18. Subject to production of adjustment record to Audit, the para was recommended to be dropped.

DP No. 21 **Non-recovery of outstanding dues of Rs. 4.533 (M).**

19. The Audit reported non recovery of outstanding dues of Rs. 4.533 million which were outstanding against the Sindh and Balochistan Governments. The department explained that the matter was under correspondence with the quarters concerned for expeditious recovery of the amount.

20. The PAC after detailed discussion, directed the department that the case may be taken up at the higher level to recover the outstanding dues from the respective Governments. Para stands till recovery of the dues. Progress be reported to PAC.

DP No. 22 **Non-realization of Rs. 3,45,015/- on account of hire charges of Road Making Machinery and irregular deposit of Rs.1,34,985/-.**

21. The Audit reported non realization of Rs. 3,45,015/- on account of hire charges of Road Making Machinery and irregular deposit of Rs. 1,34,985/-. The department explained that the machine was given to a company on fixed rate for Rs. 40,000/- per month on the request of the firm. Agreement deed was executed. The Motor grader was used by the Company for a period of three months and three days during the year 1997-98. An amount of Rs. 1,34,983/- was received for the use period and taken on cashbook. It was added that as the machine was not used by the company during the whole year as calculated by the Audit, recovery of amount was not justified.

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

23. The meeting was adjourned and will meet again on 29th August, 2006 at 10:00 A.M.

(BAKHT JEHAN KHAN)

Speaker/Chairman,

Public Accounts Committee

PROVINCIAL ASSEMBLY OF N.-W.F.P.

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Monday the 29th August 2006

22nd Sitting of PAC

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Agriculture, Livestock and Cooperation Departments

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The Public Accounts Committee assembled at 10:00 A.M. in the Conference Room of the Provincial Assembly Secretariat, Peshawar to examine the Audit Report on Accounts of Government of NWFP for the year 2001-2002 pertaining to Agriculture, Livestock and Cooperation Departments. The following were present: –

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Public Accounts Committee.

1. Mr. Bakht Jehan Khan, Speaker. Chairman
2. Shahzada Muhammad Gustasip Khan, MPA Member
3. Mr. Abdul Akbar Khan, MPA Member
4. Mr. Anwar Kamal Khan, MPA Member
5. Mr. Pir Muhammad Khan, MPA Member
6. Mr. Khalid Waqar, MPA Member
7. Mr. Jamshed Khan, MPA Member
8. Mr. Muzaffar Said, MPA Member
9. Mr. Khalil Abbas, MPA Member

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Finance Department

Mr. Zainullah Khan,
Additional Secretary.

Law, Parliamentary Affairs and Human Rights Deptt:

Mr. Muhammad Saleem Khan,
Deputy Secretary.

Audit Department.

16. Mr. Sikandar Khan,
Director General.

17. Mr. Zahir Alam,
Deputy Director.

18. Mr. Azam Khan,
Audit Officer.

Agriculture Livestock and Cooperation Department.

1. Mr. Shahrukh Arbab,
Secretary.

2. Mr. Muqarrab Ali Khan,
Director (livestock)

3. Dr. Syed Nasir Hussain Shah,
Director (V.R.I).

Accountant General Office.

Mr. Muhammad Hammayun,
Deputy Accountant General.

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Provincial Assembly of NWFP.

1. Mr. Nazir Ahmad,
Secretary.

2. Amanullah,
Additional Secretary-I.

3. Mr. Javaid Latif,
Additional Secretary-II.

4. Mr. Amjad Ali,
Deputy Secretary.

2. The meeting commenced with recitation from the Holy Qura'n.

DP No. 1 **Un-authorized expenditure of Rs. 16,87,492/- (on account of labours charges) with out provision of funds.**

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3. The audit reported un-authorized expenditure of Rs. 16,87,492/- on account of labours charges without provision of funds despite the fact that (23) field workers were on the strength of the local office.

4. The department explained that the labours were engaged by the Cereal Crops Research Institute (CCRI), Pirsabaq for highly valuable research work. The engagement of such labours were inevitable at all stages of growth to maintain best quality of seed purely in the public interest. Moreover the expenditure were met out from the Head-0300-"Labours charges" and as such the contention of audit regarding unauthorized expenditure without provision of funds was not correct.

5. In view of break-up provided by the department and agreed to by the audit the para was recommended to be dropped.

DP No. 2 **Un-authorized/irregular drawal of pay and allowances Rs. 6,33,866/-**

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6. The audit reported un-authorized drawal of pay and allowances worth Rs. 6,33,866/- for (19) Gawalas during 1999-2000, whereas, there was no animal existed on record. The department explained that the post of Gawalas were permanent posts sanctioned since the establishment of the Organization. It was pointed out that the said employees were basically Animal Attendants responsible for feeding, watering, cleaning of sheds and management of animals. The explanation of the department being plausible was accepted and the para was recommended to be dropped. However in order to avoid such audit objections, the department was directed to take up the case with Finance Department for change of nomenclature of the said posts.

DP No. 3 **Irregular expenditure of Rs. 27.575 Million.**

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7. The Audit reported irregular expenditure of Rs. 27.575 (M) paid to Peshawar Development Authority for construction of Fruit and Vegetables Market. The para was discussed in the DAC meeting wherein, it was decided that a certificate regarding expenditure should be obtained.

8. The department explained that in view of the decision of the DAC certificate of expenditure has been obtained and attached with the working paper. In view of production of the desired documents the para was recommended to be dropped.

DP No.4 **Un-realized expenditure of Rs. 58,500/- from receipt.**

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9. The Audit reported un-authorized expenditure of Rs. 58,500/- from receipt instead of depositing into Government Treasury.

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10. The department explained that Rs. 10/- per vial were charged from the farmers as cost of the vaccination, out of which Rs. 6/- per vial were paid to Veterinary Research Institute, Peshawar as cost per vial and Rs. 4/- per vial were deposited in Government Treasury. As such the cost of vaccine (NDV) amounting to Rs. 58,500/- was paid to V.R.I., Peshawar.

11. Subject to verification by the audit of Rs. 58,500/- paid to V.R.I, Peshawar the para was recommended to be dropped.

DP No. 5 **loss of Rs. 5,16,664/- to the Government**

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12. The Audit reported loss of Rs. 5,16,664/- to the government on account of auctioning of Seed at very nominal rate of Rs. 6.80 per K.G. The department explained that Cereal Crops Research Institute Pirsabaq has sown Maize Seed Hybrid on the directive of Director, Pakistan Oil Seed Development Board with commitment that the later would purchase the same for joint venture projects. The quarter concerned purchased major portion but left certain portion. The audit coupled with the Members of the PAC were of the opinion that if there would have been an agreement between the two departments, the Government interest would have been safeguarded. Moreover, it was not clear as to how much expenditure was incurred on the production of the seed sown for the Pakistan Oil Seed Development Board.

13. The department was not ready to provide any documentary evidence regarding the whole issue. In such circumstances it was felt necessary that the whole deal may be probed into by an Inter Departmental Committee consisting of Representative of the Department, Audit, Finance and Law department and submit their findings to the PAC within (1) month. The committee is to be notified by the Administrative Department who will also be the convener of the meeting. Para stands and progress be reported to PAC.

DP No. 6 **Irregular and un-economical purchase of chemicals causing loss of Rs.81,920/- to government Kitty.**

14. The Audit reported irregular and un-economical purchase of chemicals causing loss of Rs. 81,920/- to government. The main audit objection was that lowest rate of Ms Yasir for Rs. 1230/- per pound was ignored and the highest rate of Rs. 3790/- per 500 gms offered by M/s Imran was accepted.

15. The department explained that the purchase was made strictly with specification of chemicals, as mentioned in the tender documents. The purchase was made on quality basis. The department could not advanced detail documentary evidence i.e. Comparative Statements, Note of D.P.C. regarding rejection of lower rate, Tender documents etc.

16. After detailed discussion the PAC directed that an Inter Departmental Committee under the Chairmanship of Mr. Pir Muhammad Khan, MPA consisting of representative of the Agriculture department, Audit Finance and Law may be constituted/notified by the department to examine the whole issue and submit its report to PAC within (1) month. The meeting of the Committee will be convened by the department. Para stands. Progress be reported to PAC.

D.P No.7 I. **Non depositing of Rs. 0.361(M) into Government Treasury.**

II. **Irregular expenditure incurred of Rs. 0.084 (M) out of receipt.**

17. The audit reported non-depositing of Rs. 0.361(M) into Government treasury and irregular expenditure incurred out of receipt fund. The department explained that according to PC-I the income realized from the project was to be accumulated in the revolving funds for the purchase of inputs etc. Moreover, direct income from rent of Agriculture machinery would accrue to the centre and would be used for future promotion of the programme. The department produced PC-I to the Committee. The explanation of the department being plausible was accepted, hence the para was recommended to be dropped.

DP No. 8 **Irregular expenditure of Rs. 1,91,684/- on account of purchase of** **various items.**

18. The audit reported irregular expenditure of Rs. 1,91,684/- on account of purchase of various items without adopting open tender system. The department explained that the purchase were made on quotation basis as the same were not within the prescribed limit of tenders. However, with regard to purchase of fertilizer costing to Rs. 50,580/- it was contended that the purchase was made after wide publicity through news paper and approving the lowest rate.

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

D P No. 9 **Irregular purchase of medicines on single quotation worth** **Rs.7,94,344/-.**

20. The audit reported irregular purchase of medicine on single quotation worth Rs. 7,94,344/-. The department could not advance any plausible explanation for the purchase of medicine on single quotation. The documents relied upon were also not found related to this para. The date and the amount mentioned in the tender documents were different from the one as reported in the audit para.

21. The PAC therefore, directed that the whole issue of purchase may be probed into by an Inter Departmental Committee consisting of the representative of Audit, Finance, Agriculture and Law Department. The Committee is to be notified by the Administrative Department. The report of the Committee should be submitted within (1) month to PAC. Para stands.

DP No. 10 **Non-Accountal of Seed valuing Rs. 95,625/- in stock register resulting loss to Government.**

DP No. 11 **Irregular drawal of Rs. 2,04,539/- on account of pay and allowances of** **Five (5) Drivers.**

DP No. 13 **Irregular/Un-authorized expenditure of Rs. 64,800/- on account of** **repair of Government vehicle.**

DP No. 14 **Non-production of actual payee receipts worth Rs. 0.425/- Million.**

22. In view of the plausible explanations of the department the paras were recommended to be dropped.

DP No. 12 **Non surrendering of saving amounting to Rs. 8,72,099/-**

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23. This para relates to appropriation accounts and does not come within the purview of audit.

DP No. 15 **Non-maintenance of stocks register in support of purchases valuing** **Rs.3, 93,227/-.**

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24. The audit reported non-maintenance of stock register, in various sub offices to

which medicines worth Rs.3, 93,227/- was issued.

25. The department explained that stock registers were available and can be shown to audit on proper notice. As the same were to be obtained from the subordinate offices functioning at district level. Subject to verification of stock registers by the audit within (1) month the para was recommended to be dropped.

DP No. 16 **Irregular and unauthorized expenditure of Rs. 1,02,232/- on POL and** **repair charges of vehicles.**

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26. The Audit reported irregular expenditure of Rs. 1,02,232/- on POL and repair of vehicles used by the Private Secretary of Agriculture Department who was not entitled to use the vehicle.

27. The para was referred to Inter Departmental Committee under the Chairmanship of Mr. Pir Muhammad Khan, MPA and consisting of representative of Audit, Finance, Law and Administrative Department to examine the whole issue and submit its report to PAC within (2) months. The meeting would be convened by the Administrative Department. Para stands.

DP No. 17 **Loss of Rs. 4,53,991/- to Government due to non-recovery of discount** **on purchase of medicines.**

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DP No. 18 **Violation of prosperity Rs. 1.00 (M) waste expenditure of 10,00,000/- and its non-utilization.**

on construction of residential building

28. In view of plausible explanation of the department, the draft paras No.17 & 18 were recommended to be dropped.

DP No. 19 **Non-recovery of Rs. 57,196/- on account of House Rent allowance.**

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29. The Audit reported non recovery of Rs. 57,196/- on account of house Rent Allowance from the officer who was given Government accommodation. The department explained that the issue was investigated through an enquiry officer who reported that no House Rent allowance was paid to the occupant. As regard deduction of 5% charges it was contended that quarters having two Rooms were exempted from 5% deduction.

30. Subject to verification of payroll that House Rent Allowance was not paid to the officers, the para was recommended to be dropped.

DP No. 20 **Non-recovery of House Rent allowance amounting to Rs. 46,641/-.**

31. The audit reported non-recovery of House Rent allowance amounting to Rs. 46,641/-. The department explained that House Rent has not been paid to the employees who have occupied the residence. Moreover, 5% charges have also been deducted from the pay of the respective occupants.

32. Subject to verification of the payroll the para was recommended to be dropped.

33. The meeting was adjourned with a vote of thanks till 30th August, 2006 at 10:00 a.m.

(BAKHT JEHAN KHAN)

Speaker/Chairman,

Public Accounts Committee

PROVINCIAL ASSEMBLY OF N.-W.F.P.

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Wednesday the 30th August, 2006

23rd Sitting of PAC

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The Public Accounts Committee assembled at 10:00 A.M. in the Conference Room of the Provincial Assembly Secretariat, Peshawar to examine the Reports of Sub Committees and Inter Departmental Committees on Accounts of Government of NWFP for the year 1997-98 pertaining to various Departments. The following were present:-

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Public Accounts Committee.

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| 1. | Mr. Bakht Jehan Khan, Speaker | Chairman |
| 2. | Shahzada Muhammad Gustasip Khan, MPA | Member |
| 3. | Mr. Anwar Kamal Khan, MPA | Member |
| 4. | Mr. Pir Muhammad Khan, MPA | Member |

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|----|------------------------|--------|
| 5. | Mr. Khalid Waqar, MPA | Member |
| 6. | Mr. Jamshed Khan, MPA | Member |
| 7. | Mr. Muzaffar Said, MPA | Member |

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Finance Department

1. Mr. Aurangzeb Haque,
Special Secretary

2. Zainullah Khan,
Additional Secretary.

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Law, Parliamentary Affairs and Human Rights Deptt:

Mr. Muhammad Saleem Khan,
Deputy Secretary.

Audit Department.

19. Mr. Sikander Khan,
Director General, Audit.

2. Mr. Zahir Alam,
Deputy Director.

3. Mr. Tasawar Ali,
Deputy Director.

Provincial Assembly of NWFP.

7. Mr. Nazir Ahmad,
Secretary.

2. Mr. Amanullah,
Additional Secretary-I.

3. Mr. Javaid Latif,

Additional Secretary-II.

4. Mr. Amjad Ali,

Deputy Secretary.

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2. The meeting commenced with recitation from the Holy Qura'n.

3. The Committee took up for consideration the reports of the Sub-Committees of the Public Accounts Committees and Inter Developmental Committees constituted from time to time.

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Agriculture, Livestock, and Co-Operation Department.

4. The first report in respect of DP No. 15 and DP No. 43 relating to the Accounts of Agriculture, Livestock & Co-operation Department was presented by Mr. Muzaffar Said, MPA. In view of the findings of the Sub-Committee, the PAC recommended that para No. 15 and para No. 43 may please be dropped. The Committee examined the NWFP, Agriculture Research System Accounting Procedure Draft Rules and agreed with the recommendation made by the Sub-Committee.

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HEALTH DEPARTMENT

5. Mr. Khalil Abbas, MPA presented report of the Sub-Committee of the PAC on Health Department. The following paras were included in the said report:-

DP No. 251 **Excess payment of Rs. 92,892/- due to charging of rates in excess of retail prices.**

6. The PAC in view of findings of the Sub-Committee recommended that the para may be dropped.

DP No. 252 **Less realization of Rs. 5,33,594/- from Laboratory, X-Ray, ECG and Ultrasound.**

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7. The PAC agreeing with the findings of the Sub-Committee recommended that recovery may be made from the respective officers/officials responsible for less realization of Rs. 5,33,594/-. The recovery may be made within two months. Para stands. Progress be reported to PAC.

DP No. 244 **Misappropriation of store/hospital receipt of Rs. 3,66,773/-.**

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8. In view of the findings of the Sub-Committee, the para was recommended to be dropped.

DP No. 249 Excess payment of Rs. 4,96,951/- on account of medicines supplied in excess of retail prices.

9. The PAC agreed with the recommendations of the Sub-Committee and directed the department that recovery may be made within three months after fixing responsibility. Progress may be reported to PAC. Para stands.

DP No. 170 Misappropriation of medicines costing Rs. 20,00,000/- approximately.

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10. In view of the findings of the Sub-Committee that the record was verified by Audit and was satisfied, the para was recommended to be dropped.

DP No. 169 Mis-appropriation of Rs. 74,151 on account of excess payment to the supplier/dealers.

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11. In view of the findings of the Sub-Committee, the PAC recommended that the amount may be recovered from the officials at fault after fixing responsibility for purchasing the medicines at the higher rate than the market value. Para stands. Progress be reported to PAC.

DP No. 132 Mis-appropriation of Rs. 3,02,090/-.

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12. The PAC accepting the findings of the Sub-Committee recommended that action leading to recovery may be initiated against the defaulter (s) and the amount may be recovered within three months. Para stands. Progress be reported to PAC.

DP No. 235 Illegal diversion of provision for bulk purchase of medicine towards local purchase resulting minimum loss of Rs. 64,049/- to Government Revenue.

13. In view of the recommendation of the Sub-Committee, the para was recommended to be dropped.

DP No. 236 1. Mis-appropriation of Rs. 10,48,870/- on local purchase of medicines.

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II. Un-authorized expenditure of Rs. 1,217 million on local purchase of medicines and loss Rs. 64,049/- due local purchase of medicines.

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14. The PAC endorsed the findings of the Sub-Committee, and recommended that action in the light of departmental enquiry may be initiated against officers/officials at fault. Para stands, progress be reported to PAC.

DP No. 56 **Suspected misappropriation of Rs. 5.726 million.**

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15. In view of the findings of the Sub-Committee, the PAC recommended that the para may be dropped with the direction that directives issued by the DAC must be implemented in future.

DP No. 95 **Loss of Rs. 3.43.955/- due to non collection of Government Revenue.**

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16. In view of the findings of the Sub-Committee, the para was recommended to be dropped.

DP No. 20 **Blockage of Government Money of Rs. 3.72,000/-.**

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17. In view of the findings of the Sub-Committee, the para was recommended to be dropped.

18. The report of the Sub-Committee of PAC on Health Department relating to following Draft Paras was presented by Mr. Anwar Kamal Khan, MPA as Chairman of the Sub-Committee.

DP No. 185 **Loss of Rs. 3,97,580/- to Government due to excess payment on account of cost of medicines.**

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19. During the deliberation of the Sub-Committee it was established that out of total amount of Rs. 3,97,580/- record for Rs. 1,45,636/- was verified by the Audit. With regard to the remaining amount the PAC agreeing with the recommendation of the Sub-Committee recommended that the same may be recovered from the officer/official at fault within three months after fixing responsibility. Para stands. Progress be reported to PAC.

DP No. 168 **Mis-appropriation of Rs. 56,370/- due to non receipt of medicines.**

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20. In view of the recommendation of the Sub-Committee, the PAC recommended that Rs. 18,900/- may be recovered from the officer at fault after fixing responsibility within three months. Moreover, record pertaining to Drosh and Garam Cheshma, Hospitals may be produced to Audit for verification.

DP No. 133 **Fictitious purchase of Charcoal amounting to Rs. 4,67,541/-.**

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21. The Committee agreeing with the findings of the Sub-Committee recommended that the para may be dropped.

DP No. 149 **Loss of Rs. 1,00,000/- due to accident of vehicle.**

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22. In view of the recommendation of the Sub-Committee, it was recommended that in light of the inquiry conducted by the department action should be taken accordingly and progress be reported to PAC within three months.

DP No. 135 **Un-authentic expenditure worth Rs. 7,78,651/- on account of the diet charges.**

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23. In view of the findings of the Sub-Committee, the PAC recommended that responsibility may be fixed and recovery be made from the defaulter within three months. Para stands. Progress be reported to PAC.

DP No. 199 **Irregular/un-authorized expenditure of Rs. 16,65,000/-.**

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24. In view of the findings of the Sub-Committee that the sub-standard items have been replaced in the vehicle and were still in working condition, the para was recommended to be dropped.

DP No. 204 **Loss of Rs. 58,92,766/- due to supply of Sub-standard equipments.**

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25. In view of the recommendation of the Sub-Committee the para was recommended to be dropped with the direction that in future all the equipments may be purchased according to specification and payment should only be made to the firm after examining the equipments by the Inspection Committee & getting NOC from it.

DP No. 58 **Fictitious expenditure of Rs. 12,04,763/- on the repair of Hospital.**

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DP No. 61 **Un-justified expenditure worth Rs. 17,57,716/- on account of supply of Electrical and Sui Gas items.**

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DP No. 202 **Loss of Rs. 4,87,500/- due to purchase of T & P items on higher rates.**

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DP No. 211 **Loss of Rs. 91,000/- due to purchase of suction machine on higher rate.**

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DP No. 212 **Loss of Rs. 14,49,712/- due to purchase of medicines at higher rates.**

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DP No. 213 Loss of Rs. 4,14,710/- due to acceptance of higher rates.

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DP No. 216 Loss of Rs. 5,46,500/- due to acceptance of higher rates.

26. In view of the recommendation of the Sub-Committee, the paras were recommended to be dropped.

DP No. 208 Overpayment of Rs. 2,95,890/- due to doubtful/sub-standard supply of X-Ray/ECG Units.

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27. In view of the recommendation of the Sub-Committee, the PAC recommended that Rs. 2,95,890/- may be recovered from the concerned DDO, Kohat who has made payment of such an item which was not received nor taken on stock register. Para stands. Progress be reported to PAC.

DP No. 214 Loss of Rs. 6,04,175/- due to purchase of Hospital beds at higher rates.

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28. In view of the findings of the Sub-Committee, the PAC recommended that recovery of Rs 5,890/- as loss to Government for accepting higher rates above the lowest rate of M/S Lakha Traders may be initiated under the law from the officer at fault and progress be reported to PAC. Para stands.

ENVIRONMENT DEPARTMENT

29. The report of the Sub-Committee pertaining to Environment Department was presented by Mr. Anwar Kamal Khan, MPA in respect of the following paras:-

DP No. 2 Heavy expenditure of Rs. 24,80,820/- on account of nursery without showing products.

30. In view of the recommendation of the Sub-Committee the para was recommended to be dropped.

DP No. 200 Un-justified expenditure of Rs. 53,160/- on account of showing afforestation in off season.

-

DP No. 113 Mis-appropriation of Rs. 7.626 million by less sale of timber against the greater balance on stock.

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DP No. 116 Mis-appropriation of 121 cft chir and 109 cft kail timber valuing Rs.37,878/- from 17-Sherqarh Range.

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DP No. 153 Loss of Rs. 3.959 million due to excess issue of plants free of cost.

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DP No. 154 Suspected embezzlement of Rs. 50,680/- on account of polythene bags.

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DP No. 161 Suspected misappropriation of plants worth Rs. 7,15,200/-.

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DP No. 42 Blockage of Government money due to non auction of timber amounting to Rs. 62,48,946/-

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DP No. 173 Un-justified drawal of Rs. 0.978 million as self instead of forest advance.

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DP No. 174 Inefficiency in achieving physical targets for Rs. 3.139 million.

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31. In view of the report of the Sub-Committee, the paras were recommended to be dropped.

DP No. 17 Loss of Rs. 3.513 million to Government and concessionist due to delay in lifting of timber from forest.

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DP No. 19 Suspected loss of Rs. 8.564 million due to damage of timber of 28548 cft.

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32. In view of the recommendation of the Sub-Committee the paras were recommended to be dropped subject to verification of recovery showing that payment of penalty imposed had been deposited into Government Treasury.

DP No. 86 Irregular expenditure of Rs.1,00,800/- on account of repair maintenance of residential building.

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33. In view of the findings of the Sub-Committee, the PAC recommended that action leading to recovery may be initiated against the officer at fault after fixing responsibility for misuse of Govt: money. Para stands. Progress be reported to PAC.

DP No. 53 Non-recovery of outstanding dues against FDC worth Rs. 1,48,41,898/-.

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34. In view of the findings of the Sub-Committee, the PAC recommended that the amount already recovered may be got verified by the Audit and balance recovery may be expedited. Moreover, strict disciplinary action against the officer for not imposing penalty @ 14% in time may be initiated against the officer at fault. Para stands. Progress be reported to PAC.

DP No. 58 **Loss of Rs. 27,70,040/- (approx) on account of illicit damage to trees.**

-

35. In view of the findings of the Sub-Committee, the PAC recommended that the department to take disciplinary action against the officer at fault according to the inquiry report conducted by the deptt.. Para stands. Progress be reported to PAC.

DP No. 76 **Loss of Rs. 27, 42,936/- due to non recovery of Government dues.**

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36. In view of the recommendation of the Sub-Committee, the PAC recommended that:-

a. FDC (Rs. 18,42,696/93)

The recovered amount be got verified by Audit and the remaining amount may be recovered as soon as possible.

b. PIDC (Rs. 1,74,642/17)

Action leading to recovery of the total amount after fixing responsibility may be initiated against the officer at fault for not recovering the amount in time.

c. Amount under litigation (Rs. 1,46,198/41)

The department was directed to expedite the said recovery and submit report within two months. Para stands.

D P No. 38 **Loss of Rs. 42.941 million to Government due to non recovery of fine imposed on FDC.**

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37. Since the case was subjudice therefore, the PAC accepting the findings of the Sub-Committee, decided that it may be kept pending till the decision of the court of Law. However, the department was directed to vigorously pursue the case.

D P No. 47 **Non-imposing of interest of Rs. 4,35,401/- on account of royalty of lot No. K-93.**

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38. In view of the recommendation of the Sub-Committee, the PAC recommended that responsibility may be fixed and recovery may be made from the official at fault for not imposing fine. Para stands. Progress be reported to PAC.

DP No. 141 **Excess drawal of Rs. 2,16,920/- in Gazatted/Eid Holidays.**

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39. In view of the findings of the Sub-Committee, the PAC recommended that the entire amount may be recovered from the concerned official/officer within three months. Para stands. Progress be reported to PAC.

DP No. 13 **Irregular payment of Rs. 2,17,300/- on account of reward.**

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DP No. 23 **Loss of Rs. 2,65,656/- sustained by Government on account of reward in each and every case.**

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DP No. 34 Irregular payment of Rs. 5,42,400/- on account of reward.

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DP No. 24 Fictitious payment of Rs. 66,850/- on account of reward.

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DP No. 78 Illegal payment of Rs. 7,78,900/- on account of reward.

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DP No. 43 Illegal payment of reward amounting to Rs. 3,28,750/-.

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DP No. 103 Irregular expenditure of Rs. 1,06,200/- on payment of reward.

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DP No. 71 Violation of rules illegal expenditure of Rs. 1,86,900/- from receipts directly in the shape of reward.

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40. The Report of the Sub-Committee on payment of reward was discussed in detail. The PAC after going through the report in question did not agree with the recommendation of the Sub-Committee regarding recovery. It is therefore, recommended that the para may be dropped, however, for future guidelines; the following observations made by the Sub-Committee, may be followed by the department to avoid such complication:-

i) Article 118 (1) and (2) of the Constitution are very clear to the effect that all revenues and all other moneys received should form part of the Provincial Consolidated Fund. Any law/rule, which is ultra vires of the constitution, would be void. In present case the sum received by the Forest Department is not credited to Government Treasury rather utilized in awarding rewards in gross violation of spirit of Constitution. This practice should be stopped forthwith.

ii) The whole Forest Ordinance is silent regarding powers of Officers in awarding rewards. The Department derived the powers from Delegation of powers under the Financial Rules. These Rules provide for reward upto 1/4 of the compensation and that too on funds actually released by the Finance Department. The Forest Department distributes reward upto 3/4th of the compensation from compensation received before crediting of it to Government Treasury. So this practice of the Forest Department is against the Financial Rules also.

iii) On perusal of all the documents/rules produced by the Department, it has nowhere been mentioned that the compensation so received should first be paid in reward and the remaining amount should be credited to Government treasury.

iv) We are not against giving of the reward rather the procedure adopted by the Department and the actual scale of it. It is a principle of policy that no law should be violative of Constitution. By distributing the reward before crediting of money to Government Treasury the Forest Department is violating the Constitution. There should be a budgetary allocation for it and the Department should distribute reward as per financial rules.

v) This Committee suggests to the PAC that amendments in section 110 of Forest Ordinance, 2002 be recommended in Provincial Assembly and the forest officers be made bound to deposit the whole sum received in compensation in the Government Treasury. Similarly section 115(b) may also be amended to the effect that the rules be made for regulation of reward from the actual releases from Finance Department and not directly from compensation.

vi) Further the powers of compounding of offences by forest officers be amended in such a way that the compounding of the offence be made before Forest Magistrate.

vii. The reward should be made subject to some gallantry effort of the forest officer. It should not be given in each and every case rather to those officers and officials only who have contributed by some gallantry efforts.

HOME AND TRIBAL AFFAIRS DEPARTMENT

41. Mr. Abdul Akbar Khan, MPA presented the report of the Sub-Committee of the PAC in respect of the following paras pertaining to Home and Tribal Affairs Department DP Nos. 32, 131,151,153.for the 97-98.

42. In view of the recommendation of the Sub-Committee the above paras were recommended to be dropped.

DP No. 130 Doubtful payment of Rs. one million.

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43. After detailed discussion the PAC recommended that action may be taken against the concerned officer under the law who committed irregularity of spending the amount of repair on the construction of a new residence for DIG, Police. With the above observation, the para was recommended to be dropped.

REPORT OF INTER DEVELOPMENTAL COMMITTEE

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44. Mr. Khalid Waqar, MPA as Chairman of the IDC presented report on the draft paras No. 31, 36 and 83 (97-98) pertaining to Schools & Literacy Department.

45. Since the case as reported by the IDC was subjudice and pending before the Anti-Corruption Court, therefore it was recommended to keep the paras pending till decision of the Court. Para stand. However, the department was directed to vigorously pursue the case in the court of law.

DP No. 23 Loss of Rs. 1,29,300/- to Government due to shortage in supply jute tats.

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46. In view of the findings of the IDC, the para was recommended to be dropped.

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POPULATION WELFARE DEPARTMENT

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DP No. 8 Report of IDC to probe into the matter of irregular expenditure of Rs.24,55,200/- by the DPWO, Mansehra during 1996-97.

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47. In view of the report of the IDC consisting of Director Population Welfare, Deputy Secretary Law, Assistant Director Audit and Budget Examiner, the para was recommended to be dropped.

IRRIGATION DEPARTMENT

DP No. 105 **Wasteful expenditure of Rs.11,05,685/-Due to Execution of work below Specification.**

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48. In view of the recommendation of the IDC the para was recommended to be dropped. However the department was directed to follow the under mentioned observations made by the IDC:-.

i) The department was strictly warned to be very careful and to ensure by all means that all the relevant rules, regulations are strictly abided by in future.

ii) The Chairman also desired that in future the department should ensure that while preparing replies of the paras and discussing it at various levels by the different relevant committees i.e. DAC/PAC the relevant officers who are responsible for the work done may be associated and kept fully posted so that dispensation of justice is ensured.

DP No. 10 **Un-authorized expenditure Rs. 4,15,44,100/- on excess of works for the year 1997-98.**

49. In view of the recommendation of the IDC, the para was recommended to be dropped.

DP No. 65. **Un-authorized expenditure of Rs. 11,82,071.**

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50. In view of the recommendation of the IDC, the para was recommended to be dropped.

DP No. 66 **Incurrence of excess expenditure of Rs. 7,86,568/-.**

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51. In view of the recommendation of the IDC, the para was recommended to be dropped.

DP No. 62 **Loss of Rs. 0.167 million due to poor planning and non-execution of work within closure periods.**

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52. In view of the recommendation of the IDC, the para was recommended to be dropped.

IRRIGATION DEPARTMENT

53. DP Nos. 45, 46, 48 and 49. In view of the recommendation of the IDC the paras were recommended to be dropped.

DP No. 41 **Loss of Rs.3.601 (M) to Government Due to Misuse and Defective estimation of Government Machineries.**

54. In view of the recommendation of the IDC the department was directed to obtain ex-post facto sanction of the Finance Department as these figures involved in the para were based on estimated working hours and not on actual working hour and there was no financial/operational loss.

DP No. 3 **Illegal Appointments of Guage Readers.**

DP No. 4 **Non- Recovery of Outstanding Amount of Rs.5.01.802/-**

55. The report of IDC was examined wherein the Chairman has contended that accounts record relating to DP No. 4 was examined and the Audit Officer have made certain observation. Moreover, as regards DP No. 3 it was held by the IDC that record involved in these paras was more than the amount spent by the Ex-Deputy Commissioner, after devolution, the office of defunct DCs has since been abolished and its staff well versant with the record have either retired or transferred, moreover the record relating to five Districts being not traceable could not be produced. The IDC in such circumstances recommended that the para may be dropped.

56. The Committee did not agree with the finding of the IDC Chairman. It was observed that on transfer or retirement of person handing and taking over charge is made and question of missing of record can not be accepted and justified. Moreover, if such contention of the department is accepted then every one will come with the same plea and in such a way financial discipline can not be maintained. The PAC therefore, directed that a Sub-Committee may be constituted by the Speaker to re-examine both the paras and the issue involved therein.

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WORKS AND SERVICES DEPARTMENT.

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DP No. 21 **Loss of Rs. 27.06,896/- on account of sinking and installation of tube well.**

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DP No. 28 **Loss worth Rs. 10.918 million.**

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DP No. 29 **Loss of Rs. 2.704 million to Government due to non-utilization of tube well machinery/vehicles.**

57. The PAC examined the report of IDC wherein it was concluded that:-

"The Chairman of IDC showed great concern over non production of

agreements regarding three No. Rigs and it was recommended that due

to non production of documents IDC can not reach to the conclusion, however, the subject draft paras may be treated as stand".

58. The PAC noted with grave concern, non production of desired documents to IDC despite the fact that the meeting was held in the Irrigation Department, which clearly transpired that the department was deliberately avoiding production of record which might not be in their favour. The PAC also showed its concern that three No Rigs were provided to a contractor by the department for a period of about 20 years without getting any charges. This was termed as a hell of irresponsible and inefficient attitude

59. In view of such circumstances the PAC recommended that the entire amount involved in the para as reported by the Audit may be recovered from the officer/official involved during the entire period after fixing responsibility. Moreover, strict action may also be initiated against the present officer who has not produced agreement deed to IDC. Para stands. Progress be reported to PAC.

DP No. 36 **Loss of Rs. 1886 million to Government machinery.**

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60. The Committee examined the report submitted by Mr. Saboor Usmani Convener of the Committee, wherein it was concluded that after discussion, the Chairman decided that as there was no embezzlement so the para was dropped. The Committee noticed that the report was not signed by the Chairman. It was therefore decided that the report may be sent back to the IDC for recording clear decision. Moreover, it should be signed by the Chairman of the Committee. Para stands. Progress be reported to PAC.

DP No. 70 **i) Over payment of Rs.1.424 million.**

ii) Wasteful Expenditure of Rs.2.700 million.

iii) Non imposition of penalty.

iv) Non deduction of Incom Tax Rs.1,35,000/-

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61. In view of the recommendation of the IDC, the para was recommended to be dropped.

DP No. 127 **Less Recovery of Rs.2.562 million for Store Issue to the Contractor.**

62. In view of the findings and conclusion of the IDC the PAC recommended that the amount may be recovered from the officer at fault within three months. Para stands. Progress be reported to PAC.

DP No. 73 **Over Payment of Rs.1,57,300/ by Replacing Sanctioned MS Pipe by Fiber Glass.**

63. In view of the recommendation of the IDC, the para was recommended to be dropped.

64. The meeting was adjourned with a vote of thanks from the Chair.

(BAKHT JEHAN KHAN)

Speaker/Chairman

Public Accounts Committee.