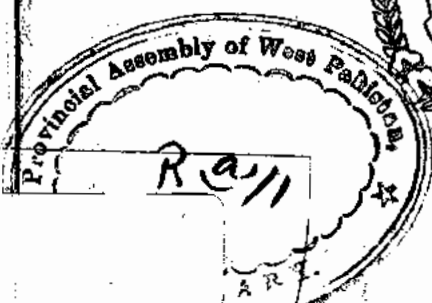


Report of the
COMMITTEE ON PUBLIC
ACCOUNTS

on the Appropriation Accounts and Finance
Accounts of the Punjab Government
1951-52



351-7232

PUN-REP

Lahore
Published by the Superintendent, Government Printing West Pakistan
1963

● **Report of the Public Accounts Committee on the Appropriation Accounts and Finance Accounts of the Punjab Government for the year 1951-52.**

These reports have, at various stages, been dealt with by two Committees. The first Committee was constituted by notification No. 31, dated the 23rd September, 1957, under Rule 139 of the Rules of Procedure of the Provincial Assembly of West Pakistan. It consisted of the following members :—

- (1) Pirzada Abdus Sattar, Finance Minister (*Ex-officio*).
- (2) Al-Haj Muhammad Hashim Gazdar, "Qasr-e-Naz", Garden Lane, behind Gandhi Gardens, Karachi.
- (3) Begum Tahira Aijaz Hussain Agha, Rasal Road, Hyderabad.
- (4) Chaudhri Muhammad Ahsan, C/o Chaudhri Abdul Majid, B. A., LL.B., Pleader, Katchery Road, Gujrat.
- (5) Major Sardar Ghaus Bakhsh, "Raisani House", Quetta.
- (6) Khan Abdul Ghani Khan Khattak, Advocate, Mardan.
- (7) Allama Rehmatullah Arshad, "Azad Manzil", Bahawalpur.
- (8) Sardar Muhammad Hussain, 121, Ferozepur Road, Ichhra, Lahore.
- (9) Mr. Madhavji Dharsibhai, Swami Narain Temple Estate, Bunder Road, Karachi.
- (10) Mir Ali Mardan Khan Ghulam Raza Khan, Talpur, M. A., LL. B., "Raza Manzil", Khairpur Mirs.
- (11) Mr. Shafqat Hussain Shah Atta Hussain Shah Musavi, B.A., LL. B., Advocate, Rohri.
- (12) Syed Nazar Hussain Shah, Koriawala, Ward No. 2, Leiah, District Muzaffargarh.
- (13) Begum Zeenat Fida Hassan, 50-Gulberg Colony, Lahore.
- (14) Lieut. Khan Muhammad Yousaf Khan Qasam Khel Tarakzai Mohmand, village Pir Qilla, P. O. Shabkadar, Mohmand Agency.
- (15) Haji Muhammad Nazif Khan, village Ghoriwala, District Bannu.
- (16) Khan Muhammad Aslam Khan, village and P. O. Turbela, Tehsil Haripur, District Hazara.
- (17) Mir Abdul Qayyum, B. A., L.L. B., Advocate, Lyallpur.

2. The second Committee (present) was constituted with notification No. BI-9 (1)/58, dated the 16th October, 1959 and consisted of the following members :—

- (1) Governor, West Pakistan (Chairman).
- (2) Syed Yaqub Shah, retired Auditor-General of Pakistan, 11-C, Warris Road, Lahore.
- (3) Maulvi Ghulam Mohyuddin Khan Kasuri, Advocate, 61, Temple Road, Lahore.
- (4) Mr. Yar Muhammad A. Memon, retired Secretary to Government of former Sind, "Mah-e-Manzil", 4, Lalchand Hassomal Road, Jamshad Quarter-1, Karachi-3.
- (5) Mirza Fazal Rahman Khan, retired Member, Public Service Commission, West Pakistan, 67, Ferozpur Road, Lahore.

3. One meeting was held by the first Committee on the 19th December, 1957, and four meetings were held by the present Committee on the 25th and 27th November, 1959, 18th to 23rd January, 1960, 24th to 26th November, 1960, and 4th to 6th December, 1961, for the consideration of Appropriation Accounts and Finance Accounts for the year, 1951-52. The proceedings of these meetings are contained in Annexure I of this report. Mr. Abdus Sattar Pirzada, Finance Minister of the West Pakistan Government, was unanimously elected Chairman of the first Committee.

4. It was decided in the meeting of the first Committee that the limits below which the discrepancy between the final figures of the grant or the Appropriation for a sub-head of the actual expenditure incurred, may be regarded as trivial and, therefore, not requiring explanation, should be as mentioned on page 21 of the Appropriation Accounts for the year 1951-52, *i. e.*,—

- (1) In the case of divergencies between the grant of appropriation for the sub-head as originally authorised or sanctioned and its final figures as modified by supplementary provisions, surrenders and re-appropriations, no explanation should be given —
 - (a) if the modification is less than Rs. 500 ; and
 - (b) if it is for Rs. 500 or more but is less than 15 per cent of the original provisions.
- (2) In the case of divergencies between the figures of final grant or appropriation and the actual expenditure—
 - (a) no explanation should be given where the saving is less than Rs. 100 ; and

(b) no explanation should be furnished—

if the saving is less than— and is also less than—per cent of the final appropriation.

Rs.			Per cent
500	..	..	20
1,000	..	..	10
5,000	..	..	5
10,000	..	..	3
Other cases	..	..	2

if the excess is less than and is also less than—per cent of the final appropriation.

Rs.			Per cent
500	..	..	5
1,000	..	..	2
Other cases	..	..	1

A preliminary examination of the Appropriation Accounts for the years 1951-52 and Finance Accounts, 1951-52 was also carried out. In regard to the matters which required further elucidation, it was decided to call for explanatory notes and examined the Heads of Department concerned where necessary.

5. The actual expenditure during the year under review with original and final grants or appropriations under the main sections of the Budget is compared in the following table :—

(In lakhs of rupees)

	Original grant or appropriation	Final grant or appropriation	Actual Expenditure	Saving (—) or Excess (+) over the final grant
1. Expenditure charged to Revenue (Voted).	23,40	26,79	26,14	—65
2. Expenditure charged to Capital (Voted).	14,69	15,78	7,27	—8,51
3. Disbursement of loans and advances.	4,00	4,00	2,59	—1,41
Total (Voted) ..	42,09	46,57	36,00	—10,57
Surrenders or withdrawals within the grant.	..	7,23	..	+7,23
Net (Voted) ..	42,09	39,34	36,00	—3,3 ₄

(In lakhs of rupees)

	Original grant or appropriation	Final grant or appropriation	Actual Expenditure	Saving(-) or Excess(+) over the final grant
1. Expenditure charged to Revenue (Charged)	2.29	2.39	2.28	-11
2. Expenditure charged to Capital (Charged)	..	..	..	..
Total (Charged)	2.29	2.39	2.28	-11
Surrenders and withdrawals	..	13	..	+13
Net (Charged)	2.29	2.26	2.28	+2
1. Total Expenditure charged to Revenue	25.69	29.18	28.42	-76
2. Total Expenditure charged to Capital	14.69	15.78	7.27	-8.51
3. Total disbursement of Loans and Advances	4.00	4.00	2.59	-1.41
Grand Total	44.38	48.96	38.28	-10.68
Surrenders and withdrawals within grant or Appropriation.	..	7.36	..	+7.36
Net	44.38	41.60	38.28	-3.32

The total saving amounted to Rs. 10.68 lakhs or 21.81 per cent of the final grant. Taking into account the amounts under surrenders or withdrawals within grants or appropriations the net saving works out to Rs. 3.32 lakhs which is 7.98 per cent of the final grant. This percentage of saving is distributed over the following main sections of the Budget in the following table which also indicates the total percentage of the savings during the year 1948-49, 1949-50 and 1950-51 :-

Saving(-)
or
Excess(+)

	1948-49	1949-50	1950-51	1951-52
	Rs.	Rs.	Rs.	Rs.
Expenditure charged to Revenue	-8.53	-3.05	-2.60	-2.60
Expenditure charged to Capital	-53.13	-6.14	-60.99	-53.92
Disbursement of Loans and Advances	-19.04	-12.72	-25.58	-35.25
Combined percentage	-22.73	-4.31	(Gross) -18.67 (Net) -12.52	Gross -21.81 (Net) -7.98

6. Taking the voted and charged expenditure separately the result of budgeting during the year under review is shown in the table below—

(In thousands of rupees)

Year		Final Appropriations and grants	Excess (+) or Savings (—)	Percentage of Savings(—) Excess (+)
1948-49	{ (Charged)	1,34,44	—38,05	—19.55
	{ (Voted)	34,86,80	—7,98,42	—22.90
	Total	36,70,74	—8,34,47	—22.73
1949-50	{ (Charged)	2,06,15	—20,80	—10.09
	{ (Voted)	36,59,03	—1,45,73	—3.98
	Total	38,65,18	—1,66,53	—4.31
1950-51	{ (Charged)	2,20,41	—16,46	—7.18
	{ (Voted)	34,98,58	—6,79,45	—19.42
	Total	37,27,98	—6,95,91	—18.6
1951-52	{ (Charged)	2,39,11	—11,22	—4.69
	{ (Voted)	46,56,41	—10,56,58	—22.69
	Total	48,95,52	—10,67,80	—21.81

7. The Accountant-General, Punjab has reported in paragraphs 8 and 9 of the Appropriation Accounts, the following excesses over the voted grants and charged appropriations.—

No.	Name of grant	Final grant and appropriation	Expenditure	Excess
		Rs.	Rs.	Rs.
	(Voted Grants)			
3	Stamps	1,23,700	1,23,889	189
8	Irrigation—Capital	5,76,93,960	5,78,47,260	1,53,800
12	Jails and Convict Settlements	48,20,450	56,29,265	8,08,815
14	Scientific and Miscellaneous Department	4,97,720	4,98,861	1,141
15	Education	3,09,85,610	3,15,05,002	5,39,492

Name of grant		Final grant and appropriation	Expenditure	Excess
		Rs.	Rs.	Rs.
(Voted Grants)				
..	Capital Outlay on Schemes of Agricultural Improvement and Research.	1,54,000	3,76,170	2,22,170
23	Civil Works	1,66,43,900	2,53,75,321	87,31,421
24	Charges on Public Works Department, Buildings and Roads Establishment.	41,73,300	42,14,123	35,823
25	Charges on Electricity Establishment ..	45,82,400	48,21,035	2,38,635
..	Payments of commuted value of Pensions—Capital.	62,130	1,24,650	62,520
(Charged Appropriations)				
..	Debt Services	—60,76,700	—51,29,421	9,47,279
11	Administration of Justice	9,03,630	9,40,950	37,320
21	Industries	6,960	6,057	97
23	Civil Works	1,10,270	1,19,832	9,562

These excesses were examined and further explanations were called for from the Heads of Departments concerned, where necessary. The Committees were generally satisfied with the explanations given and recommended these excess be regularized. The necessary grants to regularise the excesses over the voted grants and charged appropriations have been authorised by the Governor, West Pakistan,—*vide* Law Department's notification No. Leg. 3/(18)/60, dated the 25th May, 1960.

8. Important instances of defective control over expenditure detailed in paragraph 12 of the Appropriation Accounts, 1951-52, were also examined and the Committees were generally satisfied with the explanations of the Heads of Departments concerned. Some suggestions, have, however, been made in certain cases and they are contained in the proceedings of the meetings (Annexure I).

9. The Accountant-General, Punjab, has reported the following cases of financial irregularities, losses etc. etc. —

- (i) Misappropriation of Rs. 1,900-7-0 in a Sub-Division of Irrigation Branch.
- (ii) Utilization of departmental receipts towards expenditure by the Industries Department.
- (iii) Loss of Rs. 900-9-0 due to robbery.
- (iv) Mis-appropriation of Rs. 4,229-2-3 by a peon of a Rationing Controller's Office.

- (v) Mis-appropriation of Rs. 6,820-9.0 by a Senior Clerk of a District Food Controller's Office.

The Committee have gone into all these cases with care and were satisfied that no further action was called for in the matter of these irregularities and losses.

10. The recommendations made are contained in the proceedings of the meetings attached with this report as Annexure (I).

11. The Committee has examined the various sections of the Finance Accounts, 1951-52 particularly the revenue account. The revenue position of the Punjab Government during the year under report was satisfactory. The actual revenue receipts amounted to Rs. 26,23 lakhs against the original budget of Rs. 21,63 lakhs. The actual revenue expenditure was Rs. 23,34 lakhs against the original budget of Rs. 21,63 lakhs. These figures reveal a rise in revenue of Rs. 4,60 lakhs and an increase in expenditure of Rs. 1,71 lakhs, resulting in a net surplus of Rs. 2,89 lakhs.

12. The public debt of the undivided Punjab Government, at the time of partition, was as follows:—
(In lacs of rupees)

(i) Debt due to the Government of India—

	Rs.
(a) Consolidated Debt ..	7,70
(b) Development Loan ..	4,69
Total ..	12,39
(ii) Loans raised in the market ..	19,09
(iii) Interest up to the date of partition	33
Total ..	31,81

The above debt has not yet been allocated between the West Pakistan and Punjab (India) Governments. Pending financial settlement between the two Governments, the initial liability to discharge debt obligations (including the payment of interest) is that of the West Pakistan Government,—vide Article 9 of the Indian Independence (Rights, Property and Liabilities) Order, 1947.

13. During the year, 1947-48 (post-partition), the repayment made towards the principal (Loans from the Central Government) was of Rs. 5.27 lakhs, during the year 1948-49 was of Rs. 10.87 lakhs, during the year 1949-50 was of Rs. 11.30 lakhs, during the year 1950-51 was Rs. 11.76 lakhs, and during the year under report was Rs. 12.24 lakhs.

14. The debt position of the Punjab Government as it stood at the beginning and the close of the year 1951-52, is summarised in the statement below—

(In thousands of rupees)

Nature of Debts	AMOUNT OF DEBT		
	On the 1st April, 1951	On the 31st March 1952	Difference (+) or (-)
Permanent Debt	—3,18,54	79,54	+3,98,08
Floating Debt .. .. .	..	..	..
Loans from the Central Government	28,09,80	30,77,56	+2,67,76
Unfunded Debt	1,95,79	2,05,74	+9,95
Gross Total Debt	26,87,05	33,62,84	+6,75,79
Deduct—Outstanding Loans and Advances made by the Government.	2,91,80	4,93,40	2,01,60
Net Debt	23,95,25	28,69,44	+4,74,19

*This does not include the debt on the 14th August 1947.

The balances on 1st April, 1951, in the statement under "Unfunded Debt" and "Loans and Advances made by the Government", include provincial opening balances on 15th August, 1947 of 2,11,28 and 80,07, respectively, as adopted provisionally pending financial settlement with the Punjab (India) Government—

(i) A new loan of 4,00,00 lakhs bearing interest at 3½ per cent per annum payable in 1963 was floated in the open market on the 27th November, 1951 for financing productive capital expenditure on Irrigation Works and Electricity Scheme, Provincial Loans and Advances, Nation Building Scheme, Satellite Town and Roads and Buildings. The Government have under taken to set a side annually a sum equal to 2 per cent of the total amount of the loan to be used for purchasing the securities of the loan for cancellation. For this purpose a Depreciation Fund has been constituted from the date of floatation of the loan. The Permanent Debt of the undivided Government of the Punjab stood at 19,03,08 lakhs on the 14th August, 1947. It was decided that this liability should be shared between the Punjab (Pakistan) and Punjab (India) in the agreed ratio, 60 per cent Punjab (Pakistan) and 40 per cent Punjab (India) but no allocation has been made so far. The total debt discharged during the year 1951-52 amounted to 1,92 lakhs.

(ii) The total liability of the undivided Government of the Punjab on the date of partition in respect of loans due to the undivided Government of India amounted to 12,39,25. This liability has not been allocated between the West Pakistan and the Punjab (India). The actual repayment of principal out of this debt to the Pakistan Government amounted to 12,24 during the year under report. This brought the total repayment made after partition to 51,44. The balance on 31st March 1952, comprises the outstanding long-term and short term loans taken from the Pakistan Government reduced by 51,44 explained above. Long-term loans consist of (i) a loan of 5,00,00 taken on the 3rd February, 1949 at the rate of 3 per cent for Development Schemes, (ii) a loan of 2,88,00 taken on the 1st September, 1948 for repayment of the 4 per cent Punjab Bonds, 1948, (iii) a loan of 1,00,00 taken on the 13th August, 1949 for repayment of 3 per cent Punjab Bonds, 1949, (iv) loans of 5,00,00 and 25,00 taken on the 25th and the 30th March, 1950 respectively at the rate of 3 per cent for Provincial Development Schemes, (v) loans of 1,00,00 ; 2,00,00 and 1,00,00 taken on 12th August, 1950, 24th January, 1951 and 31st March, 1951, respectively at the rate of 3 per cent for Development Schemes, and (vi) loan of 1,00,00 and 3,50,00 taken on the 19th February 1952 and 25th March 1952, respectively at 3 % for Development Schemes. No repayment has been made so far.

Outstanding short-term loans consisting of Ways and Means Advances taken from the Central Government during the year 1948-49 and 1949-50 amounted to 10,36,00. Repayments made during the year under report amounted to Rs. 1,70,00.

(iii) The figure of Rs. 2,05,74 represents the Provident Fund balances of Government servants. The increase of Rs. 9,95 represents the excess of deposit over withdrawals during the year under report.

(iv) The increase of Rs. 2,01,60 is mainly due to the payment of loans for Improvements of Thal Area, and Taccavi Advances to cultivators necessitated by heavy floods.

15. The Committees had the advantage of the advice of the Accountant-General at all its meetings. The Accountant-General's report on the Appropriation Accounts has been of value. The Committee places on record its sense of appreciation for the valuable assistance given by him. It also express its appreciation of the assistance given to it by the various Heads of Departments during their oral examination.

ANNEXURE I

PROCEEDINGS OF THE FOURTH MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD IN THE COMMITTEE ROOM OF THE WEST PAKISTAN SECRETARIAT AT 11-00 A.M. ON THURSDAY, THE 19TH DECEMBER 1957.

Present—

- (1) Mr. Abdus Sattar Pirzada.
- (2) Al-Haj Muhammad Hashim Gazdar, M. P. A.
- (3) Chaudhri Muhammad Ahsan, M. P. A.
- (4) Mr. Nadhavji Dharsibhai, M. P. A.
- (5) Mir. Ali Mardan Khan Ghulam Raza Khan, Talpur, M.A., LL. B. M.P.A.
- (6) Mr. Shafqat Hussain Shah Atta Hussain Shah, Musavi, B.A., LL. B. M. P. A.
- (7) Syed Nazar Hussain Shah, M.P.A.
- (8) Lieut. Khan Muhammad Yousaf Khan Qasam Khel Tarakzai Mohmand, M. P. A.
- (9) Haji Muhammad Nazif Khan, M.P.A.
- (10) Khan Muhammad Aslam Khan, M.P.A.
- (11) Mir Abdul Qayyum, B.A. LL. B., M.P.A.
- (12) A.G. N. Kazi, Esquire, C.S.P., Secretary to the Government of West Pakistan, Finance Department. (By invitation.)
- (13) Muhammad Fazal-i-Haq, Esquire, P.A., and A.S., Accountant-General, West Pakistan, Lahore. (By invitation.)
- (14) N.A. Jafarey, Esquire, P.A., & A. S. Director of Audit (Works), West Pakistan (By invitation.)
- (15) A.H. Butt, Esquire, P.A. and A.S., Comptroller, Northern Area, West Pakistan, Peshawar. (By invitation.)
- (16) M. Anwar Sheikh, Esquire, P.A., and A. S., Comptroller, Southern Area, West Pakistan, Karachi. (By invitation.)
- (17) S. Fazli Hossain, Esquire, Deputy Secretary (Budget) to the Government of West Pakistan, Finance Department (By invitation.)

PROCEEDINGS

* * * * *

APPROPRIATION ACCOUNT OF THE FORMER PUNJAB GOVERNMENT FOR THE YEAR 1951-52

Paragraphs 8 and 9 Audit Report—The Committee decided to recommend that the excesses over voted grants and charged appropriations should be regularised. It also wanted to have the explanation for the excesses mentioned below:—

<i>Head of Account</i>	<i>Excess</i> Rs.
(1) Grant No. 12—Jails and Convict Settlements ..	8,08,815
(2) Grant No. 15—Education	5,39,492
(3) Grant No. 23—Civil Works	87,31,421

While considering the excess under grant No. 23—Civil Works, the Committee observed that the state of accounts in Public Works Department was generally far from being satisfactory. In order to improve the matters, the

Committee decided to recommend that Government should set up a Committee to be known as the Public Works Department Accounts Committee which should periodically review the state of Public Works Department Accounts and other matters connected therewith. The Committee should consist of the following :—

- (1) Secretary, Power Development and Irrigation Department.
- (2) Secretary, Communications and Works Department.
- (3) Chief Engineers of all Branches.
- (4) Finance Department's representative.
- (5) Audit Officers (to be associated by invitation).

Page 12 of the Audit Report—

(5) *Cases of unremedied and uncovered excesses*—The Committee decided to ask for the explanations in respect of all cases of unremedied and uncovered excesses.

Page 15 of the Audit Report—The Committee decided to ask for the explanations of the departments for the financial irregularities mentioned against the following grants:—

- (1) Grant No.8—Charges on Irrigation Establishment.
- (2) Capital Outlay on Provincial Schemes of State Trading.
- (3) Capital Outlay on Provincial Schemes of State Trading—Note 5.
- (4) Capital Outlay on Provincial Schemes of State Trading—Note 6.

Pages 16 to 24 of the Audit Report—The Committee decided to ask for the explanation of all excess and irregularities mentioned on these pages.

ABDUL SATTAR PIRZADA
Chairman, Public Account Committee.

MINUTES OF THE FIRST MEETING OF THE *ad hoc* PUBLIC ACCOUNTS COMMITTEE,
HELD IN THE GOVERNOR'S HOUSE (CONFERENCE ROOM) ON WEDNESDAY,
THE 25TH NOVEMBER 1959 AT 5-00 P.M.

Present—

- (1) Akhtar Hussain, Esquire, Governor, West Pakistan. (Chairman).
- (2) Syed Yaqub Shah Retired Auditor-General of Pakistan (Member).
- (3) Mirza Fazal Rehman Khan, Retired Member, West Pakistan Public Service Commission (Member).
- (4) Yar Muhammad A. Memon, Esquire, Retired Secretary to the Government of former Sind (Member).
- (5) A. G. N. Kazi, Esquire, C.S.P., Secretary to the Government of West Pakistan, Finance Department. (By invitation.)
- (6) Muhammad Fazal-i-Haq, Esquire, P.A. and A.S., Accountant-General, West Pakistan, Lahore. (By invitation).
- (7) S. Ahmad Ali Shah, Esquire, P.A and A.S., Director of Audit and Accounts (Works), West Pakistan (By invitation).
- (8) M. Anwar Sheikh, Esquire, P. A & A.S., Comptroller, Southern Area, West Pakistan Karachi. (By invitation).
- (9) Nazir Ahmad Chaudhri, Esquire, P.A. & A.S., Comptroller, Northern Area, West Pakistan, Peshawar. (By invitation).
- (10) S. Fazli Hossain, Esquire, Deputy Secretary (Budget) to the Government of West Pakistan, Finance Department, Lahore. (By invitation.)
- (11) Heads of Departments concerned (By invitation).

1. *Outstanding items in the Appropriation Accounts of the former Integrating Provinces*—The Committee considered the question of examining the explanations received from the Head of Departments on outstanding items arising from the Appropriation Accounts and took the following decision:—

- (i) All excesses over grants or appropriations pertaining to pre-integration period (including those recommended by the previous Public Accounts Committee) should be regularised ;
- (ii) Cases pertaining to Appropriate Accounts examined by the former Public Accounts Committee in which there had been variations between the expenditure and grants or appropriations and other cases of defective budgeting not involving loss of Government money should be dropped and need not be pursued any further ;
- (iii) The Committee should confine their examination to those cases only in which there have been serious irregularities and/or loss of Government money is involved ; and
- (iv) Finance Department, in collaboration with the Audit Department should examine the Heads of Departments and drop those items where Finance Department/Audit is satisfied with the explanations of the Heads of Departments. Other cases should be submitted to the Committee for consideration.

2. *Outstanding items in the Appropriation Accounts, relating to the Public Works Department, Buildings and Roads Branch*—The Committee, after examining

the Chief Engineer, West Pakistan, Public Works Department, Buildings and Roads Branch, decided to drop further action on items mentioned below:—

APPROPRIATION ACCOUNTS OF THE FORMER PUNJAB GOVERNMENT FOR THE
YEAR 1951-52

Grant No. 23—Civil Works—

Paragraph 8—Item No. 7—Excess over authorised or voted grants.

Grant No. 27—Civil Works—

Item No. V—Sub-head—Miscellaneous.

Paragraph 17—Sub-paragraph 17 (iii)—Incurring of expenditure in the absence of sanction.

Sub-paragraph 17 (3) (ii)—Irregular payments.

Sub-paragraph 17 (7) (ii)—Irregular payments.

*Sub-paragraph 17 (9)—Misappropriation of stores costing Rs. 3,743.6.0.
(Chief Engineer reported that recovery has been effected and action is being taken against the Overseer concerned).*

v

**MINUTES OF THE 2ND MEETING OF THE *ad hoc* PUBLIC ACCOUNTS COMMITTEE HELD
IN THE GOVERNOR'S HOUSE, AT 9.00 A.M. ON THE 27TH NOVEMBER, 1959**

Present—

- (1) Akhtar Husain, Esquire, Governor, West Pakistan (Chairman).
- (2) S. Yaqub Shah, Esquire, Retired Auditor-General of Pakistan (Member).
- (3) Mirza Fazal Rahman Khan, Retired Member, West Pakistan Public Service Commission (Member).
- (4) Yar Muhammad A. Memon, Esquire, Retired Secretary to the Government of former Sind (Member).
- (5) A. G. N. Kazi, Esquire, C.S.P., Secretary to the Government of West Pakistan, Finance Department, Lahore (By invitation).
- (6) Muhammad Fazli-Haq, Esquire, P.A. and A.S., Accountant-General, West Pakistan, Lahore (By invitation).
- (7) S. Ahmad Ali Shah, Esquire, P. A. and A. S., Director of Audit and Accounts (Works) West Pakistan, Lahore (By invitation).
- (8) M. Anwar Sheikh, Esquire, P. A. and A. S., Comptroller, Southern Area, West Pakistan, Karachi (By invitation.)
- (9) Nazir Ahmad Chaudhry, Esquire, P. A. & A. S., Comptroller, Northern Area, West Pakistan, Peshawar (By invitation).
- (10) S. Fazli Hossain, Esquire, Deputy Secretary (Budget) to the Government of West Pakistan, Finance Department, Lahore (By invitation.)

x x x x

III—FINANCE ACCOUNTS

The Committee noted the Finance Accounts named below—

- (1) Finance Accounts of the former Punjab Government for the years, 1951-52.

x x x x

PROCEEDINGS OF THE MEETINGS HELD WITH THE AUDIT OFFICERS AND THE HEAD OF ATTACHED DEPARTMENTS CONCERNED IN CONNECTIONS WITH THE EXAMINATION OF OUTSTANDING APPROPRIATION ACCOUNTS OF THE FORMER PROVINCES, HELD ON THE 18TH, 19TH, 20TH, 21ST, 22ND AND 23RD JANUARY, 1960, IN THE COMMITTEE ROOM OF THE WEST PAKISTAN CIVIL SECRETARIAT, LAHORE.

Present :

- (1) Finance Secretary/Joint Secretary, Finance.
- (2) Accountant-General, West Pakistan, Lahore.
- (3) Comptroller, Southern Area, West Pakistan, Karachi.
- (4) Director of Audit and Accounts, Works, West Pakistan, Lahore.
- (5) Comptroller, Northern Area, West Pakistan, Peshawar.
- (6) Head of the Attached Department concerned or his representative.
- (7) Deputy Secretary (Budget), Finance Department.

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APPROPRIATION ACCOUNTS OF THE FORMER PUNJAB GOVERNMENT FOR THE YEAR, 1951-52

Page 24 of the Appropriation Accounts—Points outstanding from previous reports—(d) Audit Report, 1952—Paragraph 1 (ii)—Loss not yet regularised.

The Deputy Director of Agriculture stated that this item related to the Food Department. To stay on the agenda for the Public Accounts Committee.

Page 15 of the Appropriation Accounts—Paragraph 14—Note 6—Financial irregularities, losses, etc.

It was explained that the misappropriation of Rs. 1,900-7-0 was rendered possible in the disturbed state of affairs prevailing immediately after Independence. As the Executive Engineer concerned had already retired, it was decided to drop this item.

Pages 16-17 of the Appropriation Accounts—Paragraph 17—Local Audit and Inspections—sub-paragraph 17 (1) (a)—Ravi Bedian Link, 17 (1) (b)—Thal Project and 17 (ii) (a)—Remodelling Burewala Branch from head to tail and further extension up to Head Kallan Minor.

Decided that Finance Department should satisfy itself as regards the amount of the final estimates reported to be put up to Government with reference to the detailed estimates, and then decide whether this item should stay on the agenda for the *ad hoc* Public Accounts Committee.

Page 18 of the Appropriation Accounts—Sub-paragraph 17 (3) (i)—Payment of demurrage charges to the Railway Department.

It was explained that the demurrage charges had been levied erroneously by the Railway Department. It was decided that the Department should check up as to whether a claim for the refund of the demurrage charges has been preferred against the Railway Department and if so whether the claim has been met. Meanwhile, the item should stay on the agenda for the *ad hoc* Public Accounts Committee.

Page 18 of the Appropriation Accounts—Sub-paragraph 17 (5)—Premium allowed in excess of tender rates.

It was explained that the premium of Rs. 175 per cent in question was allowed for flood works of an extraordinary magnitude as a result of unanimous decision taken by a Committee consisting of the Deputy Commissioner of the District Brigadier Commander, 114 Brigade, the Superintending Engineer, Lower Bari Doab Canal Circle and other Civil and Military Officers. The Section Officer, Development, Works, Finance Department, was called in and asked to check up the powers of the Chief Engineer, Irrigation in the matter of grant of premium. The idea was that if the Chief Engineer was competent to allow the premium in question, the item should be dropped.

Page 19 of the Appropriation Accounts—Sub-paragraph 17 (6)—Stocks issued to utilize savings in the Budget.

It was explained that the excess payment of Rs. 3,825 had since been recovered by the Superintending Engineer, Thal Circle. It was decided that the recovery should be verified by Audit. The item was dropped provisionally.

Page 19 of the Appropriation Accounts—Sub-paragraphs 17 (8) and 17 (10)—Shortage of stores—

Sub-paragraph 17 (8)—It was explained that stock material (bricks) was stolen of refugees. It was decided that the Department should verify whether any action was taken against the officials concerned who were responsible for not reporting immediately the theft of the bricks in time. The item to stay on the agenda for the *ad hoc* Public Accounts Committee.

Sub-paragraph 17(10)—Decided that the Director of Audit and Accounts (Works) should conduct special audit of the accounts of the charcoal, as his point raised, during the discussion as to why was charcoal manufactured in excess of requirement could not be answered by the Department to his satisfaction. The item to stay on the agenda for the *ad-hoc* Public Accounts Committee.

MINUTES OF THE MEETINGS OF THE *ad-hoc* PUBLIC ACCOUNTS COMMITTEE HELD IN THE GOVERNOR'S HOUSE, ON THURSDAY, FRIDAY AND SATURDAY, THE 24TH, 25TH AND 26TH NOVEMBER, 1960.

Present—

- (1) Malik Amir Mohammad Khan Governor, West Pakistan (Chairman).
- (2) Maulvi Ghulam Mohy-ud-Din Khan Kasuri, Advocate, Supreme Court of Pakistan, Lahore (Member).
- (3) Mirza Fazal Rehman Khan, Retired Member, West Pakistan, Public Service Commission (Member).
- (4) Mr. Yar Muhammad A. Memon Retired Secretary to the Government of former Sind (Member).
- (5) Mr. M. Khurshid, C.S.P., Chief Secretary to Government, West Pakistan (By invitation).
- (6) Mir. A. G. N. Kazi, C. S. P., Secretary to Government, West Pakistan, Finance Department (By invitation).
- (7) Mr. Medhi Hasan, C.S.P., Additional Secretary to Government, West Pakistan, Finance Department (By invitation).
- (8) Mr. Muhammad Fazal-i-Haq, P. A. & A.S., Accountant-General, West Pakistan, Lahore (By invitation).
- (9) Mr. K. Hafeezullah, P.A. & A.S., Director, Audit and Accounts (Works), West Pakistan Lahore (By invitation).
- (10) Mr. M. A. Khan, P. A. & A. S., Comptroller, Northern Area, West Pakistan, Peshawar (By invitation).
- (11) Mr. Nazir Ahmad Chaudhry, P. A. & A. S., Comptroller, Southern Area, West Pakistan, Karachi (By invitation).
- (12) Mr. Sikandar Khan, Deputy Secretary (Budget) to Government, West Pakistan, Finance Department, Lahore (By invitation).
- (13) Heads of Attached Departments concerned.

Mr. Yaqub Shah, Retired Comptroller and Audit-General of Pakistan (Member), did not attend the meetings.

2. The Finance Secretary at the outset explained that at the last meeting of the *ad-hoc* Public Accounts Committee held in the Governor's House on the 25th November 1959, to discuss the Appropriation Accounts and Audit Reports of the former Provinces relating to the pre-integration period, it was decided that the

Finance Department should in collaboration with the Audit Department, examine the Heads of Departments and drop those items where Finance Department/Audit Department was satisfied with the explanations of the Heads of Departments; and that other cases should be submitted to the Committee for consideration at the next meeting. As a consequence, a series of departmental meetings attended by the officers of the Audit Department, Finance Department and departmental representatives were held on the 18th to the 23rd January, 1960. About 50 per cent of the items previously presented to the *ad-hoc* Public Accounts Committee were settled at the departmental level. A working paper consisting of the remaining 50 per cent unsettled items was prepared by the Finance Department and presented at the meeting of the *ad-hoc* Public Accounts Committee on the 24th November, 1960.

3. The Committee then took up the examination of the unsettled item of the Audit Reports of the former Provinces relating to the pre-integration period. The following decisions were taken :—

Appropriation Accounts of the former Punjab Government for the year 1951-52

Pages 16-17—

Paragraph 17—*Local Audit and Inspections—Public Works Inspections—*

Sub-paragraph 17 (I) (i) (a)—Ravi Bedian Link—

Sub-paragraph 17 (I) (i) (b)—Thal Project—

Sub-paragraph 17 (I) (ii) (a)—Remodelling Burewala Branch from Head to Tail and further extension up to Head Kallan Minor—

The written explanations of the departments in respect of these three items were not received in time and as such could not be included in the working papers the Committee was, however, satisfied with the verbal explanations advanced by the Chief Engineer, Irrigation, and decided to drop these items.

Page 18—

Sub-paragraph 17 (3) (i)—Payment of demurrage charges to the Railway Department—

It was explained that the demurrage of Rs. 583-12-0 had been waived by the Railways. The question regarding the waiving of the wharfage charges was being pursued with the Railways as ever since 1952, i.e., soon after the charges were originally levied by the Railways. In view of this the Committee decided to drop the item from the agenda.

Page 19—

Sub-paragraph 17 (8)—Shortage of stores—

The Committee after considering the explanation of the department recommended that pension of the compulsorily retired Sub-Divisional Officer, Khan Muhammad Hanif Khan, if not yet sanctioned, should be suitably reduced. Steps should also be taken by the department to write off the remaining amount of Rs. 602-8-0.

Page 19—

Sub-paragraph 17 (10)—Shortage of stores—

The Chief Engineer stated that the responsibility for the loss lay on the Superintendent Engineer, Mr. Muhammad Ismail, who had cancelled the agreement of the contractor. The Superintendent Engineer, had since retired long ago. No further action was, therefore, possible. The department should take action to get the loss of Rs. 10,805 written off.

MINUTES OF THE MEETINGS OF THE *ad ho* PUBLIC ACCOUNTS COMMITTEE HELD IN THE GOVERNOR'S HOUSE, ON MONDAY AND TUESDAY, THE 4TH AND 5TH DECEMBER, 1961, AND IN THE COMMITTEE ROOM OF THE WEST PAKISTAN CIVIL SECRETARIAT, ON WEDNESDAY, THE 6TH DECEMBER, 1961.

Present—

- (1) Malik Amir Mohammad Khan, Governor, West Pakistan .. Chairman
- (2) Mirza Fazal Rehman Khan .. Member
- (3) Mr. Yar Muhammad A. Memon .. Member.
- (4) Syed Yaqub Shah .. Member.
- (5) S. Fida Hassan, S.Pk. C.S.P., Chief Secretary to Government of West Pakistan (By invitation).
- (6) M. A. G. N. Kazi, S.K., C.S.P., Secretary to Government of West Pakistan, Finance Department. (By invitation).
- (7) Mr. Mehdi Hasan, C.S.P., Additional Secretary to Government of West Pakistan, Finance Department. (By invitation.)
- (8) M. A. I. Osmany, P. A. & A. S., Accountant-General, West Pakistan, Lahore. (By invitation.)
- (9) Mr. K. Hafezullah, P.A. & A.S., Director of Audit and Accounts (Works), West Pakistan, Lahore (By invitation).
- (10) Mr. M. A. Khan, P.A., & A.S., Comptroller, Northern Area, West Pakistan, Peshawar. (By invitation).
- (11) Mr. Nazir Ahmad Chaudhry, P. A. & A.S., Comptroller, Southern Area, West Pakistan, Karachi (By invitation).
- (12) Mr. S. M. A. Subzwari, P.A. & A.S., Director of Commercial Audit, West Pakistan, Karachi. (By invitation).
- (13) Mr. Saeed Ahmad, C.S.P., Deputy Secretary (Budget) to Government of West Pakistan, Finance Department, Lahore. (By invitation).
- (14) Heads of Attached Departments concerned.

Maulvi Ghulam Mohy-ud-Din Khan Kasuri, Member did not attend the meetings.

2. The Committee took up the examination of the unsettled items of the Audit Reports of the former Provinces relating to the pre-integration period. The following decisions were taken :—

Appropriation Accounts of the former Punjab Government for the year 1951-52

Page 19—

Paragraph 17 (8)—*Shortage of stores—*

Action by
Chief
Engineer,
Irrigation
and Direc-
tor, Audit
and
Accounts
(Works).

The Chief Engineer stated that the pension case of the retired Sub-Divisional Officer, Khan Muhammad Hanif Khan has already been referred to Government for suitable action. Steps are being taken by the department to recover the balance amount from the officials concerned. The Committee was satisfied with the explanation advanced by the Chief Engineer, and decided to drop the item. The Audit should, however, the recovery.

Page 19--

Paragraph 17 (10)—Shortage of stores—

The Chief Engineer explained that the actual responsibility for the loss was Action by that of the Executive Engineer and not of the Superintending Engineer Ch. Muham- Chief En-
 mad Ismail, as had been stated earlier and that the warning had been issued to the gineer.
 Executive Engineer. Irriga'on.

The Committee considered that the punishment awarded to the Executive Engineer found responsible was not adequate and directed that it should be reviewed.

The action taken against the Executive Engineer may be intimated to Audit. The department should get the loss written off as decided by the Public Accounts Committee last year. The item was removed from the agenda.

ANNEXURE II
**STATEMENT SHOWING THE ACTION TAKEN ON THE RECOMMENDATIONS OF THE P. A. C. MADE IN ITS REPORT
 ON THE APPROPRIATION ACCOUNTS OF FINANCE ACCOUNTS OF THE FORMER GOVERNMENT OF PUNJAB FOR THE
 YEAR, 1951-52**

Serial No.	Recommendation by P.A.C.	Reference to reports	Action taken or proposed to be taken on the points noticed
1	<p>The Committee recommended that the excess over noted grants and charged appropriations should be regularised.</p>	<p>Paragraphs 8 and 9 at page 5—Appropriation Accounts</p>	<p>Excess over the grants have since been authorised by the Governor of West Pakistan,—vide Law Department's notification No. Leg 3 (18/60, dated the 28th May, 1960. The Public Works Department Account's Committee was set up according to the recommendations.</p>
2	<p>While considering the excess of Rs. 87,31,421 under grant No. 23 of Public Works, the Committee observed that the state of accounts of Public Works Department was generally far from being satisfactory. In order to improve the matters, the Committee decided to recommend that Government should set up a Committee to be known as Public Works Department Accounts Committee which should periodically review the state of Public Works Department accounts and other matters connected therewith. The Committee should consist of the following :—</p> <ol style="list-style-type: none"> (1) The Secretary, Power Development and Irrigation Department. (2) The Secretary, Communication and Works Department. (3) Chief Engineer of all branches. (4) Finance Department's representative. (5) Audit Department (to be associated by invitation). 		<p>The decision of the Committee was given effect to with effect from the year 1959-60.</p>

4
expenditures are being printed in the budget in bold type in addition to the regular items which are in ordinary type. There is thus duplication in the case of almost all primary units. This duplication can be easily avoided, especially when the details of schedules of new expenditure items can be found in a separate volume, which is also presented to the Legislature. Finance Secretary estimated that the volume of the budget will be reduced by about 1/15th if it was decided to eliminate bold type printing of Schedule of New Expenditure items. The Committee agreed to the proposal of the Finance Secretary.

5
Schedule of New Expenditure Volume—Finance Secretary stated that in the Schedule of New Expenditure volume there are a large number of items which are repeated from year to year. These items are technically new and have to appear in the volume as the sanction in their case is given from year to year, so that these items may come under review annually. The revision will be carried out by the Finance Department, but these items need not be printed in the Schedule of New Expenditure volume presented to the Assembly. The Committee agreed to the proposal of the Finance Secretary.

6
Major Roads and Works—Finance Secretary stated that it is proposed to show major roads and other works individually in the budget to make it more informative. At present only lump sum provision is shown. The Committee agreed with the Finance Secretary and suggested that the decision should be given effect to in the budget for the year 1959-60.

7
The Committee decided that the Finance Department, in collaboration with the Audit Department should examine the Heads of Departments and drop those items where Finance Department/Audit is satisfied with the explanations of the Heads of Departments.

8
The decision of the Committee was given effect to in the Budget Estimates.

9
The decision of the Committee was given effect to in the Budget Estimates, 1959-60.

10
According to the decision of the Committee a series of meetings were held by the Finance Department with the Audit/Heads of Attached Departments concerns in connection with the examination of outstanding Appropriation Accounts of the former Provinces on the 18th to 23rd January 1960. The items with which Finance Department/Audit was satisfied, were dropped.

Serial No.	Recommendations made by P. A. C.	Reference to reports	Action taken or proposed to be noticed
7	<p>During the course of examination of the Audit Reports the Committee noticed that in several cases the final savings or excesses in grants were due to the fact that reconciliation of departmental and audit figures was not carried out by the departments concerned as required by the Government Rules. The Committee recommended that on the analogy of the Central Government the Provincial Government in the Finance Department should create a post of an officer, who should be entrusted with the work of supervising and ensuring prompt reconciliation of the audit and departmental figures. It will be the duty of this officer to act as liaison officer between the Audit Departments and the Administrative Departments concerned and ensure regular reconciliation.</p>		<p>According to the decision of the Committee a post of section Officer (Reconciliation) along with complementary staff were created in Finance Department who had been entrusted with the work of Supervising and ensuring prompt reconciliation of figures.</p>
8	<p>The Committee noticed during the course of the examination of accounts that several irregularities due to the fact that Divisional Officers of the Public Works Department Branches are not familiar with the basic knowledge of Government system of accounts. They recommended that in order to improve matters in this behalf, an additional column should be provided in the Confidential Reports of the Executive Engineers in which information should be supplied as to whether the officer concerned has been keeping the accounts of his Division satisfactory or not.</p>		<p>The decision of the Committee was communicated to the Services and General Administration Department, for providing an additional column in the Confidential report Forms of the Executive Engineer. An additional column has since been provided in the Confidential Report Forms</p>
9	<p>During the general discussion it was pointed out to the Committee that under existing order a period of six weeks is allowed to the departments for furnishing their comments on the Audit paragraphs. It was also stated that the extent to which excesses and savings can be ignored by Audit is prescribed in the rules. The Committee was of the view that in case any department fails to respond in time, the matter should be brought to the notice of the Finance Department which should take prompt and effective steps to see that the department gives the required explanation without further delay so that Audit could either withdraw the objection or be in a position to say that satisfactory explanation has been received.</p>		<p>The decision of the Committee was communicated to the audit for compliance in future</p>