

Report(1992-93)

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Preface

Under the Constitution of the Islamic Republic of Pakistan, the disbursement from the Provincial Consolidated Fund requires approval by the Provincial Assembly of the Punjab. While authorizing huge sums of the tax-payers' money, the Assembly has a right to reassure itself that the moneys so granted were steered to the intended purpose and were spent prudently and in accordance with law and rules. The Assembly oversees expenditure through its Public Accounts Committees (PACs), on the basis of Appropriation Accounts, Finance Accounts and Audit Reports prepared by the Auditor-General. The said reports are laid in the Assembly under orders of the Governor.

2. As a rule, no money can be spent on any service over and above the money granted by the Assembly for the purpose. Excess expenditure, if any, is viewed seriously. The PACs examine with reference to the facts of each case, the circumstances leading to any excess expenditure, or immoderate saving and make appropriate recommendations.

3. As required under Article 171 of the Constitution of the Islamic Republic of Pakistan, Appropriation Accounts and Finance Accounts of the Government of the Punjab and Reports of the Auditor-General of Pakistan for the year 1992-93 were laid in the Provincial Assembly of the Punjab on 27 June 1995. The Assembly referred the Reports to Public Accounts Committee-II (PAC-II), for consideration.

4. These, along with the Reports of former and succeeding years, remained under consideration of that Committee as well as the *ad hoc* PAC from 1995 to 2002.

5. PAC-II, constituted on 25 June 1994, consisted of Mr Muhammad Arif Chatha (*Chairman*), Mian Intisar Hussain Bhatti, Mian Manazir Ali Ranjha, Malik Muhammad Ishaq Bucha, Mr Khalid Pervez Virk, Mian Ata Muhammad Khan Manika, Mr S.A. Hameed, Chaudhry Muhammad Riaz, Chaudhry Muhammad Iqbal and Syed Akhtar Hussain Rizvi. The Committee considered the reports in a series of meetings; however, before it could proceed further, the Assembly was dissolved on 17 November 1996.

6. The unfinished work was then taken up by the successor PAC-II, constituted on 14 October 1997. It consisted of Ch Muhammad Safdar Shakir (*Chairman*), Mr Mansoor Ahmad Khan, Khawaja Saad Rafique, Mr Akhtar Mehmood, Ch Zafar Ullah Cheema, Sardar Naeemullah Khan Shahani, Sardar Amjad Hameed Khan Dasti, Haji Muhammad Nawaz, Mian Imran Masood and Rana Sana Ullah Khan. The Committee further considered the reports in about nine meetings; however, it ceased to function with the suspension of the Assembly with effect from 12 October 1999 under the Proclamation of Emergency.

7. At that time, the defunct Public Accounts Committees had been seized of a heavy backlog of Audit Reports. To clear the unfinished work, Governor of the Punjab, pursuant to the powers

conferred under Chief Executive of Pakistan letter No.1(74)SO(C-2)/2000 dated 31 July 2000, read with Article 2 of the Powers and Functions of the Governors Order 19 (5 of 1999), constituted an *ad hoc* Public Accounts Committee of the Punjab *vide* Finance Department Notification No.FD/Acctts:/(A&A)/V-7/69 dated 20 October 2000 (*Annexure*).

8. The Committee initially consisted of eleven members; *viz.* – Mr Riyaz Hussain Bokhari (*Chairman*), Prof (Retd) Dr Khalid Hameed Sheikh, Prof (Retd) Dr Ejaz Ahsan, Major General (Retd) Muhammad Akram, Mr Muzaffar Mahmood Qureshi, Mian Abdul Qayyum, Mr Aftab Ahmad Khan, Ch Muhammad Aslam, Mr Ali Kazim, Mr Muhammad Ahmad Bhatti and Mr Ahmad Raza Khan. However, for personal reasons, Mr Ali Kazim showed his inability to serve on the Committee, and Prof (Retd) Ejaz Ahsan resigned after a few meetings.

9. The *ad hoc* PAC considered the reports for the year 1992-93 in its special meetings held on 29 June, 4 & 18 July 2002.

10. This Report is based on the decisions taken by the former PAC-II, as well as the *ad hoc* PAC. The Committee, in its meeting on 29 August 2002, approved the Report.

11. This Report is arranged in 19 Chapters. Chapter 1 contains a summary of the deliberations of the PAC about the Appropriation Accounts. The remaining Chapters deal with the audit paras/ observations separately arranged for each department. A synopsis for each department has been added for ready reference.

12. It is hoped that suggestions and recommendations of the Committees would encourage and assist the Government in refurbishing the system and procedures for constructive financial management.

29 August 2002

(Dr Syed Abul Hassan Najmee)

Secretary
Provincial Assembly of the Punjab

Abstract

APPROPRIATION ACCOUNTS

Total Grants	Grants Finally Settled	Grants Settled subject to approval of Excess Budget Statement	Grants Pended
47	14	4	29

AUDIT PARAS

Total Paras	Paras Noted	Paras Finally Settled	Paras Conditionally Settled	Paras Pended
744	8	253	445	38

Introduction

Among the tasks entrusted to the *ad hoc* Public Accounts Committee (PAC) constituted in October 2000, is to deal with the unfinished business of the Standing Committees on Public Accounts of the suspended Assembly of the Punjab. The PAC is required to clear the backlog of Audit Reports passed on to it and to submit to the Finance Minister for approval the recommendations made by the previous PACs.

2. The Provincial Assembly's Public Accounts Committee-II considered the Appropriation Accounts and the Auditor General's Reports on the Accounts (1992-93) of the Government of the Punjab; however, it ceased to function on the suspension of the Assembly on 12 October 1999.

3. To clear the backlog, the *ad hoc* PAC considered the report on the Accounts (1992-93) in its special meetings. Based on the minutes of the meetings of the previous PACs as well as those of the present *ad hoc* PAC, the Report on the Accounts (1992-93) has now been compiled.

4. In its meeting held on 29 August 2002, the *ad hoc* PAC approved the submission of the Report to the Finance Minister.

5. It is recommended that the Departments and Organizations concerned should take note of the various directives and suggestions in this Report. Appropriate action should be initiated for the improvement of financial discipline and for the enforcement of strict accountability. The monitoring wing of the Finance Department may watch and report on the compliance of the directives.

6. The *ad hoc* PAC avails itself of this opportunity to place on record its deep appreciation of the hard work put in and dedication displayed by the Assembly's Secretariat in assisting the Committee and compiling the Report.

29 August 2002

(Riyaz H. Bokhari)
Chairman
Ad hoc Public Accounts Committee

Appropriation Accounts (1992-93) Overview

Total No. of Grants	Settled	Pended
47	18	29

Abstract

Status	Number and Title of Grant	Details
Grants Finally Settled 14	1. Opium 2. Land Revenue 3. Provincial Excise 4. Stamps 12. Jails and Convict Settlements 13. Police 16. Health Services 17. Public Health 18. Agriculture 20. Veterinary 30. Subsidies 32. Civil Defence 33. State Trading in Food Grain and Sugar Nil —Permanent Debt	Table I
Grants Settled subject to approval of Excess Budget Statement 4	5. Forest 6. Registration 19. Fisheries Nil —Floating Debt	Table II
Grants Pended 29	7. Charges on account of Motor Vehicles Act 8. Other Taxes & Duties 9. Irrigation & Land Reclamation 10. General Administration (c), (v) 11. Administration of Justice (c), (v) 14. Museums 15. Education 21. Co-operation 22. Industries 23. Miscellaneous 24. Civil Works (c), (v) 25. Communications 26. H&PP 27. Relief 28. Pensions 29. Stationery & Printing 31. Miscellaneous 34. Schemes of State Trading in Medical Stores & Coal 35. Loans to Government Servants 36. Development, Forests 37. Irrigation Works 38. Agriculture Improvement & Research 39. Industrial Development 40. Town Development 41. Roads and Bridges 42. Government Buildings 43. Loans to Municipalities and Autonomous Bodies Nil —Repayment of Loans from Federal Government Nil —Interest on Debt and other obligations	Table III

TABLE I

Grants Settled

The following Grants were settled either because the saving was within the permissible limit or the explanation of the Department for higher saving was accepted –

Grant No & Title	Final Grant	Expenditure	Saving/Excess	Remarks
1. Opium	923,970	917,517	(-) 6,453 (0.70%)	Minutes dated 17-10-1995, issued vide No. PAC/92-93/95/6645 dated 10-12-1995.
2. Land Revenue	310,489,110	309,159,345	(-) 1,329,765 (0.43%)	Minutes dated 18-9-1995, issued vide No. PAC/92-93/95/6079 dated 5-11-1995.
3. Provincial Excise	37,580,470	32,447,412	(-) 5,133,058 (13.66%)	Minutes dated 17-10-1995, issued vide No. PAC/92-93/95/6645 dated 10-12-1995.
4. Stamps	16,268,900	15,663,870	(-) 605,030 (3.72%)	Minutes dated 18-9-1995, issued vide No. PAC/92-93/95/6079 dated 5-11-1995.
12. Jails and Convict Settlements	300,946,110 *305,446,110	305,405,660 *305,405,660	(+) 4,459,550 (1.48%) (-)* 40,450 (0.01%)	Minutes dated 19-9-1995, issued vide No. PAC/92-93/95/6429 dated 22-11-1995.
13. Police	3,613,123,410	3,593,462,673	(-) 19,660,737	Minutes dated 19-9-1995, issued vide No. PAC/92-

		*3,589,508,190	*3,569,977,741	(0.54%) (-) *19,530,449 (0.54%)	93/95/6429 dated 22-11-1995.
16. Health Services		3,560,000,010	3,213,796,865	(-) 346,203,145 (9.72%)	Minutes dated 28-4-99, issued vide No. PAC/92-93/99/7909 dated 16-6-1999 and Minutes dated 21-9-1999, issued vide No. PAC/92-93/99/11769 dated 23-11-1999.
17. Public Health		330,446,010	252,280,309	(-) 78,165,701 (23.65%)	Minutes dated 26-8-1996, issued vide No. PAC/92-93/96/6154 dated 24-12-1996.
18. Agriculture		897,997,440	894,260,822	(-) 3,736,618 (0.42%)	Minutes dated 22-11-1995, issued vide No. PAC/92-93/95/764 dated 22-12-1995.
20. Veterinary		455,740,950	455,720,681	(-) 20,269 (0.01%)	Minutes dated 22-11-1995, issued vide No. PAC/92-93/95/764 dated 22-12-1995.
30. Subsidies		1,080,846,840	532,119,162	(-) 548,727,678 (50.77%)	Minutes dated 17-10-1995, issued vide No. PAC/92-93/95/6645 dated 10-12-1995.
32. Civil Defence		21,475,710	20,582,467	(-) 893,243 (4.16%)	Minutes dated 19-9-1995, issued vide No. PAC/92-93/95/6429 dated 22-11-1995.
33. State Trading in Food Grain & Sugar	(c)	388,574,000	352,444,966	(-) 36,129,034 (9.30%)	Minutes dated 17-10-1995, issued vide No. PAC/92-93/95/6645 dated 10-12-1995.
	(v)	11,673,064,140	10,208,861,445	(-) 1,464,202,695 (12.54%)	Minutes dated 17-10-1995, issued vide No. PAC/92-93/95/6645 dated 10-12-1995.
Nil. Permanent Debt	(c)	91,451,600	90,548,550	(-) 903,050 (0.98%)	Minutes dated 24-7-1996, issued vide No. PAC/92-93/95/5247 dated 20-10-1996.

*After reconciliation

TABLE II

The following Grants were settled subject to the approval of Excess Budget Statement–

Grant No & Title	Final Grant	Expenditure	Saving/Excess	Remarks
5. Forest	277,212,240	284,433,529	(+) 7,221,289 (2.60%)	Minutes dated 20-9-1995, issued vide No. PAC/92-93/95/6352 dated 18-11-1995.
6. Registration	6,936,950	6,939,951	(+) 3,001 (0.04%)	Minutes dated 18-9-1995, issued vide No. PAC/92-93/95/6079 dated 5-11-1995.
19. Fisheries	52,581,300	53,169,916	(+) 588,616 (1.12%)	Minutes dated 20-9-1995, issued vide No. PAC/92-93/95/6352 dated 18-11-1995.
Nil. Floating Debt	(c) 8,604,918,000	9,486,301,000	(+) 881,383,000 (10.24%)	Minutes dated 24-7-1996, issued vide No. PAC/92-93/95/5247 dated 20-10-1996.

TABLE III Grants Pended

The following Grants were either partly settled, or settled subject to verification, or pended, or not discussed, as indicated against each–

Grant No & Title	Final Grant	Expenditure	Saving/Excess	Remarks
7. Charges on account of Motor Vehicles Act	23,021,980	21,789,014	(-) 1,232,966 (5.35%)	Partly settled. Minutes dated 17-10-1995, issued vide No. PAC/92-93/95/6645 dated 10-12-1995.
8. Other Taxes and Duties	62,547,230	60,652,591	(-) 1,894,639 (3.02%)	Partly settled. Minutes dated 17-10-1995, issued vide No. PAC/92-93/95/6645 dated 10-12-1995.
9. Irrigation and Land Reclamation	3,126,202,010	2,563,482,331	(-) 562,719,679 (18.00%)	Partly settled. Minutes dated 17-10-1995, issued vide No. PAC/92-93/95/6645 dated 10-12-1995.
10. General Admn.	(c) 56,006,150	57,233,731	(+) 1,227,581	Partly settled. Minutes dated 17-10-1995, issued

			(2.19%)	vide No. PAC/92-93/95/6645 dated 10-12-1995.	
	(v)	1,559,810,470	1,281,530,795	(-) 278,279,675 (17.84%)	Partly settled. Minutes dated 17-10-1995, issued vide No. PAC/92-93/95/6645 dated 10-12-1995.
11. Admn. of Justice	(c)	102,597,430	99,104,857	(-) 3,492,573 (3.40%)	Partly settled. Minutes dated 24-7-1996, issued vide No. PAC/92-93/95/5247 dated 20-10-1996.
	(v)	244,463,410	250,299,756	(+) 5,836,346 (2.39%)	Minutes dated 24-7-1996, issued vide No. PAC/92-93/95/5247 dated 20-10-1996.
14. Museums		7,083,310	6,692,789	(-) 390,521 (5.51%)	Not discussed
15. Education		12,117,029,210	11,207,038,010	(-) 909,991,200 (7.51%)	Partly settled. Minutes dated 19-10-1995, issued vide No. PAC/92-93/95/92 dated 7-1-1995 and Minutes dated 23-9-1999, issued vide No. PAC/92-93/99/11858 dated 1-12-1999.
21. Co-operation		107,832,980	109,103,595	(+) 1,270,615 (1.18%)	Not discussed.
22. Industries		109,517,620	110,014,723	(+) 497,103 (0.45%)	Not discussed.
23. Miscellaneous		357,408,910	356,183,504	(-) 1,225,406 (0.34%)	Partly settled. Minutes dated 20-9-1995, issued vide No. PAC/92-93/95/6352 dated 18-11-1995.
24. Civil Works	(c)	1,234,500	1,783,645	(+) 549,145 (44.48%)	Partly settled. Minutes dated 20-9-1995, issued vide No. PAC/92-93/95/6352 dated 18-11-1995.
	(v)	1,071,131,010	939,957,744	(-) 131,173,266 (12.25%)	Minutes dated 23-1-1996, issued vide No. PAC/92-93/95/1338 dated 20-3-1996.
25. Communications		1,079,455,200	964,375,822	(-) 115,079,378 (10.66%)	Partly settled. Minutes dated 20-9-1995, issued vide No. PAC/92-93/95/6352 dated 18-11-1995.
26. Housing &PP		185,217,200	114,613,913	(-) 70,603,287 (38.12%)	Partly settled. Minutes dated 20-9-1995, issued vide No. PAC/92-93/95/6352 dated 18-11-1995.
27. Relief		169,765,600	169,674,968	(-) 90,632 (0.053%)	Not discussed.
28. Pensions		2,735,305,000	3,064,416,523	(+) 329,111,523 (12.03%)	Not discussed.
29. Stationery & Printing		86,254,510	72,217,041	(-) 14,037,469 (16.59%)	Partly settled. Minutes dated 18-9-1995, issued vide No. PAC/92-93/95/6079 dated 5-11-1995.
31. Miscellaneous		1,134,316,120	884,051,581	(-) 250,264,539 (22.06%)	Partly settled. Minutes dated 18-9-1995, issued vide No. PAC/92-93/95/6079 dated 5-11-1995.
34. Schemes of State Trading in Medical Stores & Coal		321,100,670	240,399,272	(-) 80,701,398 (25.13%)	Partly settled. Minutes dated 18-9-1995, issued vide No. PAC/92-93/95/6079 dated 5-11-1995.
35. Loans to Government Servants		5,000	--	(-) 5,000 (100%)	Not discussed.
36. Development		5,326,582,010	5,343,807,921	(-) 2,982,774,089 (55.99%)	Partly settled. Minutes dated 20-9-1995, issued vide No. PAC/92-93/95/6352 dated 18-11-1995, Minutes dated 24-10-1995, issued vide No. PAC/92-93/95/6647 dated 10-12-1995 and Minutes dated 23-9-1999, issued vide No. PAC/92-93/99/11858 dated 1-12-1999.
	Forest	79,800,000	72,791,923	(-) 7,008,077 (8.78%)	Settled subject to verification. Minutes dated 20-9-1995, issued vide No. PAC/92-93/95/6352 dated 18-11-1995.
		*70,786,310	*72,791,923	(+) *2,005,613 (2.83%)	
37. Irrigation Works		1,044,318,190	1,144,892,274	(+) 100,574,084 (9.63%)	Pended. Minutes dated 25-10-1995, issued vide No. PAC/92-93/95/6792 dated 13-12-1995.
38. Agriculture Improvement & Research		256,470,000	209,809,728	(-) 46,660,272 (18.19%)	Partly settled. Minutes dated 22-11-1995, issued vide No. PAC/92-93/95/764 dated 22-12-1995.
39. Industrial Development		1,176,000	---	(-) 1,176,000 (100%)	Not discussed.
40. Town Development		82,100,010	66,328,224	(-) 15,763,786 (19.20%)	Partly settled. Minutes dated 25-9-1995, issued vide No. PAC/92-93/95/6266 dated 14-11-1995.
41. Roads and Bridges		2,213,690,740	2,524,657,347	(+) 310,966,607 (14.04%)	Partly settled. Minutes dated 25-9-1995, issued vide No. PAC/92-93/95/6266 dated 14-11-1995.
42. Government Buildings		2,600,076,010	1,710,370,875	(-) 889,705,135 (34.21%)	Partly settled. Minutes dated 25-9-1995, issued vide No. PAC/92-93/95/6266 dated 14-11-1995.

43. Loans to Municipalities, Autonomous Bodies	1,173,119,220	1,101,807,518	(-) 71,311,702 (6.07%)	Partly settled. Minutes dated 25-9-1995, issued vide No. PAC/92-93/95/6266 dated 14-11-1995.
Nil Repayment of Loans from the Federal Govt. (c)	<i>1,001,041,000</i>	<i>1,000,786,080</i>	(-) 254,920 (0.25%)	Partly settled. Minutes dated 25-9-1995, issued vide No. PAC/92-93/95/6266 dated 14-11-1995.
Nil. Interest on Debt & other obligations (c)	<i>10,495,744,000</i>	<i>10,519,759,914</i>	(+) 24,015,914 (0.23%)	Partly settled. Minutes dated 25-9-1995, issued vide No. PAC/92-93/95/6266 dated 14-11-1995.

*[After reconciliation](#)

Agriculture Department

Overview

Total Paras	Civil	Commercial
63	26	37

Abstract

Status	Decision	Para Nos.	Total
Paras Finally Settled 38	Paras finally settled as the requisite action had been taken.	Civil: 1.4, 1.5, 1.6, 1.7, 1.8, 1.9, 1.12, 1.15, 1.16, 2.1, 2.4, 2.5, 2.6	13
		Commercial: 3, 7, 20, 21, 24, 25, 26, 27, 28, 29, 30, 33, 34, 35, 36, 37, 38, 40, 45, 47, 48, 49, 50, 51, 52	25
Paras Conditionally Settled 23	Paras settled with the direction that the Department shall implement the directives of the Committee and the Finance Department shall monitor the same. Both the Departments shall report compliance to the Public Accounts Committee every six months.	Civil: 1.1, 1.2, 1.3, 1.10, 1.11, 1.13, 1.14, 2.3, 2.7, 3.5, 16.1, 16.2	12
		Commercial: 22, 23, 31, 32, 39, 41, 42, 43, 44, 46, 53	11
Paras Pended 2	The paras were pended because the Committee desired to have Working Papers for consideration.	Civil: 2.2	1
		Commercial: 6	1

Discussed on 24 August, 18 September, 22 November 1995, 17 October 1996, 27 July 1999, 29 June and 18 July 2002.

Civil Audit

1. Para 1.1: Page 19 – Rent of Store of Expired Pesticides – Rs.50,376

Audit had observed: “An amount Rs.50,376 was paid on account of rent of store for expired pesticides which was in violation of Rule 15.18 read with 15.3 of PFR Vol.I.”

22-11-95: The Department explained that rent of the pesticides stores was paid upto 1/94 and after 1/94 the pesticides were buried in accordance of the orders of Government. No rent was paid after 1/94.

The PAC directed the Department to move the case for the write-off sanction of the loss by the Finance Department.

The **para was settled, subject to** the said write-off sanction by the Finance Department and verification of the same by Audit.

2. Para 1.2: Page 19 – Wasteful Expenditure on Rent of Stores – Rs.133,900

Audit had observed: “Pesticides were found stored since 1979 which had neither been sold to farmers nor disposed of till 7/92. Apparently, the pesticides had lost their utility. Rent of store acquired for this purpose amounting to Rs.133,900 had been paid from 7/79 to 6/92 which was without any bonafide purpose and as such was wasteful.

22-11-95: The Department explained that the No. of stores had been reduced from 8 to 1. This one store would also be vacated as and when the expired pesticides were buried.

The PAC directed that a write-off case for the loss might be moved to Finance Department and **the para was settled subject to** write-off sanction of the loss by Finance Department.

3. Para 1.3: Page 19 – Wasteful Expenditure on Rent of Godowns – Rs.60,950

Audit had observed: “An amount of Rs.60,950 was paid on account of rent of godown for storage of obsolete pesticides. Under Rule 15.18 of PFR Vol. I, pesticides should have been disposed off immediately, but these were retained for 14 years causing a loss to Government.”

22-11-95: The Department explained that all the stores had since been vacated and no rent was being paid since 1-1-1994.

The PAC directed that loss might be got written off by the Finance Department and **the para was settled subject to** write off sanction of loss by Finance Department and its verification by Audit.

4. Para 1.4: Page 20 – Irregular Expenditure Incurred in Excess of the Revised Budget Allotment for the year 1991-92 – Cotton Development Project– Rs.445,394

Audit had observed: “The Deputy Directors Agriculture (Ext.), Multan, Muzaffargarh and Bahawalpur under Director Agriculture (Ext.), Multan incurred expenditure in excess of budget allocation during 1991-92 under head 36- Agriculture Cotton Development Project.”

22-11-95: The explanation of the Department was accepted and **the para was settled.**

5. Para 1.5: Page 20 – Irregular Expenditure on Works– Rs.79,979

Audit had observed: “As laid down in rule 16.2 of P.F.R Vol. I, the constructional work for the value of more than Rs.10,000 should not be entrusted to the outside firm or contractor other than Public Works Department without prior consultation of Finance Department. But in violation of above rule, the works to the above extent as shown below were entrusted to a private contractor without the advice of the Finance Department.”

22-11-95: The expenditure incurred by the Department was found in order under the Delegation of Financial Power Rules, 1990. The explanation of the Department was accepted and **the para was settled.**

6. Para 1.6: Page 21 – Recovery of House Rent Allowance Amounting to Rs.80,517

Audit had observed:

“(i) Mr. Khadim Hussain Agriculture Officer was drawing house rent allowance and also not paying 5% of his pay during July, 1990 to September, 1992 although he was occupying Government accommodation. The amount of Rs.26,999 was thus overpaid which needs to be recovered.

(ii) Field Assistants of Tehsil Khanpur, were drawing house rent allowance although occupying residential Government quarters. Thus they were overpaid a sum of Rs.53,518 upto June, 1992 which may be recovered. There are instructions on record from Director Agriculture (Ext.) Multan requiring deduction/recovery of house rent allowance from all those who are beneficiaries of Government accommodation. This has had no effect on local management or the defaulters. Suitable disciplinary action against wilful defaulters is also recommended.”

22-11-95: The explanation of the Department was accepted and **the para was settled.**

7. Para 1.7: Page 21 – Recovery of Rs.43,922 on Account of Sale Proceeds of Seeds

Audit had observed: “Amount to the above tune on account of sale proceeds of seeds was outstanding.”

22-11-95: The Department explained that the recovery had been effected and got verified by Audit. **The para was settled.**

8. Para 1.8: Page 22 – Outstanding Recovery of Rs.168,815 Not Made

Audit had observed: “An amount of Rs.168,815 was outstanding against patadars for the last two years upto 13-9-1992. Same is needed to be recovered immediately.”

22-11-95: The explanation of the Department was accepted and **the para was settled.**

9. Para 1.9: Page 22 – Misappropriation of Daily Wages – Rs.32,640

Audit had observed: “An amount of Rs.32,640 was paid on account of (daily paid) labour charges under the project of Multiplication and Intensification of Research on Saffron at sub station Kanabti garden. But no record relating to sowing Saffron and for the payment of labour charges was produced for inspection. It is apprehended that the amount was misappropriated which needs to be recovered.”

22-11-95: The record had since been verified by Audit. **The para was settled.**

10. Para 1.10: Page 22 – Misappropriation of Construction Material of Water Courses Valuing– Rs.18,550 & Rs.70,375

Audit had observed: “Construction material of water courses valuing Rs.18,550 & Rs.70,375 was misappropriated by a Supervisor.”

22-11-95: The Department explained that defaulter supervisor, who mis-appropriated the material had absconded and resultantly he was removed from service. The Deputy Commissioner, Hafizabad had also been asked to effect recovery as arrears of land revenue. A case had also been registered with the police.

The Department was directed to pursue the recovery as arrears of land revenue and the para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction–**

The Department shall implement the directive of the PAC dated 22 November 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

11. Para 1.11: Page 23 – Likely Misappropriation of Account of Stipend Paid to Farmers– Rs.41,044

Audit had observed: “Above amount was stated to have been paid to farmers during training course. Even cursory comparison of their thumb impressions or signatures on Acquittance Roll in token of receipt of money do not tally with those on attendances roll. Payment to non payees is thus, suspected and it appears to be case of misappropriation.”

22-11-95: The Department explained that payment was made to the farmers under close supervision of A.O. concerned (a Grade-17 Officer) and then the payment was verified by the Deputy Director of Agriculture (Trg.) the Incharge of course.

The PAC was apprised that in most of the cases the signatures/thumb impression of the incumbents on roll call and acquittance roll for payment did not tally with each other, which made the

payments doubtful.

The PAC directed that matter might be inquired into and factual position explained to the PAC in the next meeting. The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction–**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

12. Para 1.12: Page 23 – Suspected Misappropriation of Saffron Corn Worth Rs.88,040

Audit had observed: “Expenditure of Rs.88,040 was incurred on the import of saffron corn from Spain and 64 cartons containing 639 K.G corn were shown given to the sub-stations. But the crop register of each sub-station neither showed the area cultivated nor the yield obtained therefrom was accounted for in the record. The amount to the above extent appeared to have been misappropriated and needs recovery.”

22-11-95: The record had been verified by Audit. **The para was settled.**

13. Para 1.13: Page 24 – Un-Authorised Payment of Salary– Rs.32,968 Due to Retention in Service

Audit had observed: “Loss to the tune of Rs.32,968 was caused to Government by making payment of salary beyond the superannuation date to Mr. Muhammad Yousaf, Beldar by making alteration in his date of birth from 19-3-1930 to 19-3-1932 in his service book without any lawful authority.”

22-11-95: The explanation of the Department was accepted and **the para was settled subject to** verification of departmental contention by Audit.

14. Para 1.14: Page 24 – Expenditure of– Rs.53,748 Without Provision of Funds

Audit had observed: “Under Cotton Development Project for the year 1990-91, the Extra Assistant

Directors, Agriculture (Ext.) under the administrative control of Director, Agriculture Ext., Multan incurred expenditure of Rs.53,748 for repair of vehicles and hiring of furniture under Sub-head 598-others and 420-repair of machinery whereas no provision of funds was available to meet and said expenditure.”

22-11-95: The Department explained that revised budget was received during 6/91, which was less than the original allocation and therefore, excess expenditure was incurred.

The Department was directed to get the excess expenditure regularised by the Finance Department and **the para was settled subject to** the said regularization.

15. Para 1.15: Page 25 – Un-Authorised Expenditure of– Rs.56,848 in Non-Project Districts in Deviation of P.C-I

Audit had observed: “In PC-I of National Oil Seed Development Project, the location of the project was provided and establishment of demonstration plots in these districts along with budget provision to meet expenditure was fixed accordingly but in deviation of such provisions of PC.I, the expenditure of Rs.568,448 for seed, fertilizer and TA/DA was incurred for installing demonstration plots in non-project area. The expenditure was, therefore, unauthorised.”

22-11-95: The explanation of the Department was accepted and **the para was settled.**

16. Para 1.16: Page 25 – Overpayment on Account of House Rent/Conveyance Allowance – Rs.54,082

Audit had observed: The officials residing in the Govt. residences within boundary wall of the office were being paid House Rent & Conveyance allowance which was in violation of the orders of the Govt. of the Punjab, Finance Deptt. contained in its letter No.FD/PC(I)-12/63 dated 2-3-1963. The irregular payments were primarily due to management’s negligence.”

22-11-95: The explanation of the Department was accepted and **the para was settled.**

17. Para 2.1: Page 29 – Non-deduction of Income Tax Amounting to– Rs.330,450

Audit had observed: “As per Income Tax Ordinance, 1979, amended from time to time advance income tax @ 2½ % was required to be recovered while making payment to the firms on account of supply, of materials but income tax for Rs.330,450 was not deducted from the firms bill.”

22-11-95: The explanation of the Department was accepted and **the para was settled.**

18. Para 2.2: Page 29 – Shortage of Naccas and Machinery Amounting to– Rs.113,025

Audit had observed: “Shortage of ‘Naccas’ and machinery amounting to Rs.113,025 was pointed out during audit of accounts for the years 1987-88 & 1989-90 against Mr. Rashid Hameed Zafar, Water management Specialist who on transfer did not hand over charge of these items.”

22-11-95: The Department explained that defaulting officer had been charge sheeted under E&D Rules 1975 and case had not yet been finalized.

The PAC observed that department initiated the case after a lapse of about 5 years which was not a good state of affairs and therefore, the Department was asked to explain the delayed action against the defaulter. The Department was also directed to finalize disciplinary proceedings within one month. The para was kept pending.

29-6-02: The Committee decided that the facts of the case required further examination. For the purpose, the Department shall **submit the requisite working paper**, containing the comments of the Audit.

19. Para 2.3: Page 30 – Excess Masonry Volume of Work Claimed. Recovery of Rs.244,021

Audit had observed: “Water courses construction material valuing Rs.244,021 was shown used in excess of that required for the completed masonry work according to volume of completed works certified by NES Pak.”

22-11-95: The Department explained that actual amount was Rs.232,856 and not Rs.244,021 as pointed out by Audit. An amount of Rs.131,124 had been recovered leaving a balance of Rs.101,731. Inquiry against the defaulter was under process.

The Department was directed to complete the recovery of balance amount along with action against official responsible for excess payment.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction–**

The Department shall implement the directive of the PAC dated 22 November 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

20. Para 2.4: Page 30 – Drawal of– Rs.24,235 for Repair of Vehicle Through Fictitious Vouchers

Audit had observed: “Rs.24,235 were drawn though bill No.2 dated 8-8-1991 for repair of vehicle No.LOF-6208 whereas the vehicle was continuously under use from the date of obtaining quotation i.e. 18-7-91 to the claim of amount by firm i.e. 8-8-91 and N.O.C was also not obtained from Government workshop as required under S&GAD letter No.TR 772/SO-119-2/75, dated 11-3-80. Therefore, payment appeared to be fictitious.”

22-11-95: The explanation of the Department was accepted and **the para was settled.**

21. Para 2.5: Page 31 – Likely Mis-Appropriation of Construction Material Worth Rs.46,993

Audit had observed: “As per completion reports, of water courses, construction material valuing Rs.46,993 was issued in excess of consumption but the same was neither received back nor stated amount as value was recovered from the officer concerned. As the water courses have since been completed, there is every likelihood that the material found surplus has been misappropriated.”

22-11-95: The explanation of the Department was accepted and **the para was settled.**

22. Para 2.6: Page 31 – Likely Mis-Appropriation of– Rs.23,890 by Showing Excess Consumption of P.O.L. During Winter

Audit had observed: “P.O.L valuing Rs.23,890 was misappropriated by showing excess consumption of P.O.L during winter for the vehicles fitted with A.C as compared to the average consumption of P.O.L during summer.”

22-11-95: The explanation of the Department was accepted and **the para was settled.**

23. Para 2.7: Page 32 – Mis-Appropriation of Surplus Material of Previous Years for Rs.713,599 Not Received Back

Audit had observed: “The surplus material after the finalization of civil works on water courses during the years 1988-89 to 1991-92 (completion reports of which have since been verified by NES-PAK Engineers) was not received back which is indicative of the fact that the material issued on water courses in excess of actual requirements was not available at the site and appears to have been

misappropriated.”

22-11-95: The Department explained that material worth Rs.540,168 was utilised in additional works on water courses and this fact had also been verified by Audit. An amount of Rs.145,787 had been recovered and got verified by Audit leaving a balance of Rs.27,645.

The Department was directed to effect the remaining recovery within one month. The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction–**

The Department shall implement the directive of the PAC dated 22 November 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

24. Para 3.5: Page 36 – Shortage/Leakage of Pesticides– Rs.80,044

Audit had observed: “Pesticides worth Rs.80,044 were deducted from store book on the pretext of leakage without sanction/orders of competent authority.”

18-9-95: This para pertains to the Agriculture Department. The para stands transferred to the Agriculture Department.

22-11-95: The Department explained that write off sanction of Rs.5,517 had been accorded by Government and verified by Audit. The case for the write off sanction of the remaining amount of Rs.74,526 was under process.

The para was kept pending for the write off sanction of the remaining amount and verification of the same by Audit.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction–**

The Department shall implement the directive of the PAC dated 22 November 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

25. Para 16.1: Page 159 – Pending Recovery of Loan Amounting to Rs.17,891,405 from Market Committees in the Punjab

Audit had observed: “As per verification of the record of the Chairman, Market Committee’s Board, Provincial Fund Punjab, the loans advanced to market Committees during 7/88 to 5/92 were not being recovered regularly causing a huge amount of outstanding loans of Rs.17,891,405 against the Market Committees.”

22-11-95: The Department explained that every effort was under way for the recovery of outstanding amount of loan from the Market Committees. The Market Committees Board discussed the matter in its last meeting and decided to ask the Market Committees concerned for the early return of loan. As a result of strenuous efforts an amount of Rs.3,738,225 had been recovered and verified by Audit leaving a balance of Rs.15,817,505.

The Department was directed to expedite recovery and the para was kept pending for complete recovery.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction–**

The Department shall implement the directive of the PAC dated 22 November 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

26. Para 16.2: Page 159 – Contribution of Lacs of Rupees Not Recovered from the Market Committees (Recovery Thereof)

Audit had observed: “According to the Board Rules all the Market Committees in the Punjab are required to contribute 10% of their annual income to the Board’s Fund as Government share. A large number of Market Committees in the Punjab were not paying their share and no action was taken by the Board to recover the Government dues.”

22-11-95: The Department explained that strenuous efforts were being made for the recovery from Market Committees. In fact the recovery from the Market Committees was a routine matter and always in process.

The PAC directed the Department to expedite recovery and the para was kept pending for complete recovery.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction–**

The Department shall implement the directive of the PAC dated 22 November 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

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27. Para 3: Page 5 – Account of the Agricultural Engineering Divisions for the Year 1992-93

“(i) Agricultural Engineering, Bahawalpur Division, Bahawalpur.	1992-93
(ii) Agricultural Engineering, D.G.Khan Division, D.G.Khan.	1992-93
(iii) Agricultural Engineering, Faisalabad Division, Faisalabad.	1992-93
(iv) Agricultural Engineering, Gujranwala Division, Gujranwala.	1992-93
(v) Agricultural Engineering, Jhelum Division, Jhelum.	1992-93
(vi) Agricultural Engineering, Lahore Division, Lahore.	1992-93
(vii) Agricultural Engineering, Multan Division, Multan.	1992-93
(viii) Agricultural Engineering, Rawalpindi Division, Rawalpindi.	1992-93
(ix) Agricultural Engineering, Sargodha Division, Sargodha.	1992-93
(x) Agricultural Engineering, Talagang.	1992-93
(xi) Punjab Agricultural Development and Supplies Corporation, Lahore.	1992-93”

24-8-95: As all the account of the Agricultural Engineering Divisions for the year 1992-93 had been received and were being included in the Audit Report for the year 1992-93, **the para was settled.**

28. Para 6: Page 13 – Expected loss of Rs 0.274 million due to non-recovery of credit sale of Potato Seed (Sahiwal)

Audit had observed: “Punjab Seed Corporation Sahiwal sold Potato Seed of Rs.338,500 to a party on credit in September, 1987. Only an amount of Rs.65,000 could be recovered uptill 1988-89 leaving an outstanding balance of Rs.0.274 million. The party gave a cheque to discharge his liability which was dishonoured by the bank.”

24-8-95: The corporation informed the Committee that the defaulter, Asad-ur-Rehman, had deposited Rs.50,000 on 16-8-1995 and had given a written under-taking that he would clear the balance by 31st December, 1995. The Committee observed that when the cheque was bounced

back, it was the duty of the concerned officer to lodge a criminal case against the defaulter but the corporation had been negligent in their duties. It was directed that, in future, whenever a cheque, not backed by money, was presented, criminal case should always be got registered. It was further directed that in case payment of the balance amount was not made by 31st December, 1995, department should take legal action against the defaulter. The para was kept pending.

17-10-96: The Department explained that the person who had made credit sales of Potato Seed (Mr. Asad-ur-Rehman) had retired from service. He was asked to deposit the recoverable amount with the Punjab Seed Corporation upto 31-12-1995. He requested for further three months' time to comply with the orders of recovery. After three months, he again requested for the extension of the period. Despite the grace period he did not deposit the recoverable amount. Now, he had been served with a final notice. However, efforts were being made to decide the matter outside the court as the legal proceedings would take a long time.

The PAC directed that the Department should try its best to effect the recovery from the defaulter within one month. In addition a criminal case should also be lodged against the defaulter. The para was kept pending.

27-7-99: The Department explained that concerned party to whom the potato seed had been sold gave a cheque to the Corporation. The Corporation could not present the cheque in the Bank at the proper time and the same was dishonoured due to late submission. Anyhow, as per previous directive of PAC dated 10/1996, the Corporation intended to lodge a criminal case against the defaulter. But the defaulter party deposited the whole amount with the Corporation. Therefore, the criminal case was not got registered. Total recovery had since been effected and got verified by Audit.

The PAC was not satisfied with the explanation and directed that the matter may be enquired into and responsibility may be fixed as to who was responsible for non-compliance of PAC's previous directive dated 10/96. Why the criminal case was not got registered against the defaulter and who was responsible for it. The PAC also directed that a criminal case be got registered under intimation to PAC. The para was kept pending.

18-7-02: The Committee directed that the Department should implement the previous directive of the PAC and **submit the working paper** with comments of the Audit by 31 December 2002 for further consideration by the Committee.

29. Para 7: Page 13 – Shortages of Stores/Stock – Rs. 79,291

Audit had observed: "In Punjab Seed Corporation, shortages of stocks valuing Rs.108,059 were detected at the close of the financial year 1989-90 on their annual physical verification.

Audit would suggest the following:-

- (i) Investigate the remaining shortages worth Rs.79,291 expeditiously;
- (ii) Fix responsibility; and
- (iii) Tighten the internal control system.”

24-8-95: The Committee was informed that shortage of stores/stock had been made good. **The para was settled.**

30. Para 20: Page 25 – Working Results

With reference to the working results, Audit had suggested: “The abnormal increase in subsidy despite decrease in working hours needs justification in Audit.

24-8-95: The explanation of the Department was accepted and **the para was settled.**

31. Para 21: Page 26 – Recovery of Outstanding Dues

Audit had observed: “The income has been accounted for on cash basis whereas subsidy was calculated on accrual basis which is against the accounting principle. Accountal of income on accrual basis is, therefore, stressed upon the management.”

24-8-95: The instruction of the Audit Department had been complied with by the Department and **the para was settled.**

32. Para 22: Page 26 – Recovery of Outstanding Dues

Audit had observed: “Recoverable amount of Rs.821,027 as on June 30, 1992 includes shortages of Rs.592,812 outstanding against the employees which were lying unrecovered from the year 1990-91. No records showing the details of outstanding i.e. age wise/person wise was maintained and shown to Audit. The preparation of age wise/person wise details of outstanding and need for taking effective steps for recovery from the defaulters is stressed upon the management.”

24-8-95: The Committee directed that:-

- (i) Verification of the recovery of Rs.244,002 should be got done by Audit.
- (ii) Write off case for Rs.47,951 should be expedited.
- (iii) Case against Ghulam Rasul for recovery of Rs.529,074 should be pursued with the Anti-Corruption Department.

27-7-99: The Department explained that as per directive of PAC dated 24-8-95 the recovery of Rs.244,002 had been got verified by Audit. The case for the write off sanction of Rs.47,951 had been referred to the Govt: for obtaining the requisite sanction. The case of recovery of Rs.529,074 from Mr. Ghulam Rasool was still pending with the Anti-Corruption Department.

The PAC directed the Department that the case for write off sanction of Rs.47,951 may be got finalized at the earliest. The case of recovery of Rs.529,074 from Mr. Ghulam Rasool may be pursued with the Anti corruption Department at personal level and amount of Rs.529,074 may be recovered from Mr. Ghulam Rasool. Progress in this regard may be reported to PAC The para was kept pending.

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction–**

The Department shall implement the directive of the PAC dated 27 July 1999 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

33. Para 23: Page 26 – Maintenance of Accounts on Commercial Pattern

Audit had observed: “The figures appearing in the accounts are based partly on the subsidiary ledgers/registers and partly on the statements and Cash Book because the General Ledger was not prepared even this year, in the absence of which the authenticity of the figures appearing in the accounts is doubtful. Maintenance of accounts records on commercial pattern is again stressed upon the management.”

24-8-95: Commercial Accounts should be completed by 30th September, 1995. The para was settled.

27-7-99: The department explained that S.A.S. Accountants were acquired from the Auditor General of Pakistan for the maintenance of accounts on Commercial Pattern. Some of these Accountants were of the view that present pattern of Accounts was correct and should not be changed. Anyhow efforts had been made to comply with the requirement of Audit.

The PAC directed the Department to maintain the Accounts on Commercial pattern during the current financial year.

18-7-02: The Committee **settled the para with the direction** that the Finance Department, in consultation with the Administrative Department and the Audit, should decide within two months whether or not there was need for maintaining commercial accounts in this field of activity.

34. Para 24: Page 27 – Working Results

With reference to the working results, Audit had suggested: “Steps may be taken to (i) reduce the surplus staff by adjustment against future vacancies (ii) increase the efficiency of workshop to avoid the delay in repair and (iii) control the repair expenditure so that the Division may become at least a self sustaining unit.”

24-8-95: The Committee directed that spot inspection of Faisalabad and Gujranwala Divisions would be conducted by the Sub-Committee already constituted. The para was kept pending.

27-7-99: The Department explained that spot inspection was carried out by the Sub-Committee of the PAC on 10-4-96 and recommended the para for settlement.

The PAC accepted the explanation and **the para was settled.**

35. Para 25: Page 28 – Working Results

Audit had observed: “Stores worth Rs.612,351 and Rs.925,057 were received from and issued to other Workshops during the year under review but no confirmation/ acknowledgement was received from the concerned Workshops. Needful may be done now.”

24-8-95: The record had been verified by the Audit. **The para was settled.**

36. Para 26: Page 28 – Reconciliation

Audit had observed: “The figures of expenditure appearing in the accounts had not been reconciled with the concerned District Accounts Office in the absence of which the figures appearing in the accounts are unauthentic. The reconciliation of these figures may be conducted now.”

24-8-95: The record had been verified by the Audit. **The para was settled.**

37. Para 27: Page 28 – Maintenance of Consolidated Register

Audit had observed: “The consolidated Register of Fixed Assets at Divisional level has not been maintained. Thus the historical cost of each asset, their date of acquisition, accumulated depreciation and written down value could not be ascertained. The needful may be done.”

24-8-95: The compliance had been verified by the Audit. **The para was settled.**

38. Para 28: Page 28 – Maintenance of Books of Accounts

Audit had observed: “The books of accounts have not been maintained on Commercial pattern.

The accounts have been prepared from various statements and returns. Thus the authenticity of accounts is open to doubt. Maintenance of books of accounts on Commercial pattern is stressed upon the Management.”

24-8-95: The para was settled with the direction that the Commercial Accounts should be compiled by 30th September, 1995.

39. Para 29: Page 29 – Working Results

With reference to the working results, Audit had suggested: “Heavy expenditure on Pay and Allowances needs to be reduced by transferring excess staff to other Divisions/workshops. Side by side operational efficiency also needs to be improved so as to avoid losses in coming years.”

24-8-95: Settled subject to the observation that working results should be improved.

40. Para 30: Page 30 – Adjustment of Accounts

Audit had observed: “As pointed out in the previous accounts the provision for leave salary and pensionary contribution has again been made on adhoc basis instead of in accordance with the prescribed formula. Actual charges on this account in respect of all previous years need to be worked out and necessary adjustments made in the subsequent accounts.”

24-8-95: The Compliance had been assured by the Department. **The para was settled.**

41. Para 31: Page 30 – Recovery of Outstanding Dues

Audit had observed: “A sum of Rs.76,785 was outstanding against various parties as on June 30, 1992 which pertained to the years 1975-76 to 1979-80. Early realization of outstanding amounts is stressed upon the Management so that they are not turned into bad debts with the passage of time.”

24-8-95: Settled, with the direction that outstanding recoveries be pursued.

42. Para 32: Page 30 – Maintenance of General Ledger

Audit had observed: “The workshop has not so far maintained General Ledger, Journal Vouchers and subsidiary Ledgers. The accounts under review have been prepared on the basis of figures appearing in various returns and statements. Thus the accuracy of the accounts is open to doubt. Maintenance of books of accounts on commercial pattern and preparation of annual accounts therefrom is again stressed upon the Management.”

24-8-95: Settled subject to the fulfillment of the commitment that accounts would be completed by 30 September, 1995.

43. Para 33: Page 31 – Working Results

With reference to the working results, Audit had suggested: “Efforts may therefore, be made to increase the efficiency of the machines by keeping them for longer period in working order and reduce the expenditure so that the dependence on the subsidy is reduced to the barest minimum.”

24-8-95: As the division was showing profit, **the para was settled.**

44. Para 34: Page 32 – Maintenance of Accounts on Actual Basis

Audit had observed: “The subsidy has been worked out on accrual basis whereas the income accounted for on cash basis which is against the accounting principles. Necessity of account of income on accrual basis is also stressed upon the Management.”

24-8-95: The Department was directed that accrual of income on actual basis should be maintained. The para was kept pending.

27-7-99: The Department explained that requirement of Audit had been complied with in the accounts for the year 1993-94.

The Audit also confirmed the position explained by the Department. The PAC accepted the explanation and **settled the para.**

45. Para 35: Page 32 – Reconciliation of Accounts

Audit had observed: “Stores of Rs.263,687 were received from other Divisions during the year 1991-92 but no reconciliation with the issue of other Divisions from where these stores were received has been made as yet. The needful may be done now.”

24-8-95: The para was settled.

46. Paras 36, 37 and 38: Page 32 – Maintenance of Record

Para 36:

Audit had observed: “The Asset Register showing the historical cost of each asset, its depreciation for the year, accumulated depreciated and written down value has not been maintained. The necessity of maintaining Asset Register is stressed upon the management.”

Para 37:

Audit had observed: “Annual reconciliation of expenditure figures appearing in the accounts has not been carried out with the concerned District Accounts offices. The needful may be done now.”

Para 38:

Audit had observed: “No books of accounts on commercial pattern have been maintained. The accounts have been prepared from various statements and returns. Thus the authenticity of these accounts is open to doubt. Necessity of maintaining the accounts on commercial pattern is stressed upon the Management.”

24-8-95: The paras were settled.

47. Para 39: Page 33 – Working Results

Audit had observed: “The working results of the workshop for the year 1991-92 as compared with those for the proceeding year 1990-91 are as in the given table. The table shows that the bulldozers were operated for 2748 hours more in 1991-92 than the previous year 1990-91. The income increased by Rs.2.665 million but the expenditure also increased by Rs.2.955 million. As a result the loss of the workshop increased from Rs.7.282 million in 1990-91 to Rs.7.572 million in 1991-92.”

27-7-99: The Department explained that loss in the operation of bulldozers had been increasing due to:

- (i) The bulldozers had gone old and required frequent repairs which was not possible due to non-availability of spare parts and sufficient funds.
- (ii) The hiring rates of bulldozers fixed by the Government was very low as compared to their operational cost.
- (iii) There was also a problem of transport vehicles.
- (iv) P.O.L. supply by the Organization of Federal Government was inadequate.

These losses could be curtailed by providing new bulldozers and adequate funds. Anyhow, as a remedial measures some posts had been surrendered and further steps would be taken to minimize the losses.

The PAC directed that effective steps may be taken to minimize the losses and to make the organization profitable. The case about subsidy may be referred to the Finance Department for advice whether the subsidy should be accounted for on the basis of commercial rates or on full rates. The para was kept pending.

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction–**

The Department shall implement the directive of the PAC dated 27 July 1999 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

48. Para 40: Page 34 – Auction of Spare Parts

Audit had observed: “The workshop sustained loss of Rs.846,031 during the year 1991-92 on account of auction of obsolete spare parts valuing Rs.1,203,965 for Rs.357,934. The loss needs to be justified and got written off from the competent authority after full justification.”

27-7-99: The Department explained that spare parts which were auctioned were of Zadrugar Tractors which were not available with the organization as well as in the market. A case had been referred to the Finance Department in this regard. The Finance Department clarified that Authority competent to sell/dispose of the stores was competent to fix the reserve price. As a matter of fact the fixation of reserve price is a part of the process of disposal. Accordingly the obsolete spare parts were auctioned by the competent Authority after observing the necessary formalities.

The PAC accepted the explanation and **settled the para.**

49. Para 41: Page 34 – Assets Register

Audit had observed: “The Assets Registers of the Division are incomplete. The same needs to be written up fully.”

27-7-99: The Department explained that Assets Registers had been got printed and were being written/maintained. Previously these registers were not maintained due to non-availability of trained staff.

The PAC directed that Assets Registers of the Division may be completed and got verified by the Audit within one month.

The para was settled subject to verification of Assets Registers by Audit within one month.

50. Para 42: Page 34 – Maintenance of Accounts on Commercial Pattern

Audit had observed: “The Division has not so far maintained its books of accounts on commercial pattern. The accounts for the year under review have been prepared with the help of various statements and schedules. The need for the preparation of books of accounts on commercial pattern is again stressed upon the management.”

27-7-99: The Department explained that every effort had been made in consultation with experts to maintain the accounts on commercial pattern as required by the Audit.

The PAC **settled the para subject to** the maintenance of accounts on commercial pattern and verification of the same by Audit.

51. Para 43: Page 34 – Sundry Debtors

Audit had observed: “Sundry debtors increased from Rs.124,238 as on June 30, 1991 to Rs.413,966 as on June 30, 1992 due to addition of Rs.289,728 recoverable from the Deputy Commissioner, Okara. Steps taken for recovery of the old sundry debts need to be stated.”

27-7-99: The Department explained that during 1991-92 a crash Program for desilting of canals in the Punjab was carried out in accordance with the instructions of Chief Minister. The payment of the desilting work was to be made by the Distt. Administration. So far a sum of Rs.49,000 had been recovered from the D.C. Okara and efforts had been made for the balance recovery.

The PAC directed that strenuous efforts may be made at personal level to make good the balance amount. The para was kept pending.

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction–**

The Department shall implement the directive of the PAC dated 27 July 1999 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

52. Para 44: Page 35 – Working Results

Audit had observed: “ The working results of the workshop for the year 1991-92 as compared with the previous year are as in the given table. The decline in net profit was due to decrease in Nos. of bulldozers from 57 in 1990-91 to 29 in 1991-92. The administrative control of Agricultural Engineering Workshop, Chakwal was transferred to the Agricultural Engineer, Jhelum with effect from 1-2-1992 and the bulldozers pertaining to the A.E. Workshop, Chakwal were accordingly transferred to the Agricultural Engineering Workshop, Jhelum. Like previous year the subsidy has been worked out on Commercial rates which were more than 70% of the full rates.”

27-7-99: The Department explained that accounts had been prepared on commercial pattern and the government had fixed the Commercial hire rates on the bulldozers. Therefore, the subsidy accounted for on commercial rates was justified. All out efforts were under way to repair the machines and to keep them operative with the available resources. The accounts were prepared on the Commercial pattern.

The PAC directed that effective steps may be taken to minimize the losses and to make the organization profitable. Case about subsidy may be referred to the Finance Department for advice whether the subsidy should be accounted for on the basis of commercial rates or on full rates. The para was kept pending.

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction–**

The Department shall implement the directive of the PAC dated 27 July 1999 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

53. Para 45: Page 36 – Accounting of Shortages

Audit had observed: “As already pointed out in para-35 of Audit Report, Vol-IV, Public Sector Enterprises, Government of the Punjab for 1991-92, the shortages recoverable from the employees have not been shown in the Balance Sheet. The omission is again brought to notice.”

27-7-99: The Department explained that shortage recoverable from the employees was shown in the accounts for the year under report and as such there was no necessity to record the same in the Balance Sheet.

The PAC accepted the explanation and **settled the para.**

54. Para 46: Page 36 – Maintenance of Accounts on Commercial Pattern

Audit had observed: “The books of accounts have not been maintained on commercial pattern. The accounts have been prepared from different statements and returns. Thus the accuracy of accounts is open to doubt. Necessity for preparation of accounts on commercial pattern is again stressed upon the Management.”

27-7-99: The Department explained that every effort had been made in consultation with experts to maintain the accounts on commercial pattern as required by the Audit.

The PAC **settled the para subject to** the maintenance of accounts on commercial pattern and verification of the same by Audit.

55. Para 47: Page 37 – Working Results of the Corporation

With reference to the working results, the Audit had suggested: “In order to attain satisfactory rate of profit the need for controlling the direct and operating expenses to the barest possible limit is stressed upon the Management.”

24-8-95: Since the corporation had shown better working results, **the para was settled.**

56. Para 48: Page 37 – Operations Results

Audit had observed: “The grants amounting to Rs.236.423 million have been provided by the Government up to June 30, 1993 for which Corporation is not paying any interest. If the financial cost of these grants from Government and rental of Farm Land are taken into account the profit shown in the Accounts, would turn into huge loss. Management may, therefore, improve the operational results of the Corporation to attain profitability.”

24-8-95: The explanation of the Department was accepted and **the para was settled.**

57. Para 49: Page 38 – Justification of Investment

Audit had observed: “Corporation made investment of its funds to the tune of Rs.20.768 million as on June 30, 1993 but no income has been derived therefrom. The unremuncrative investment be justified.”

24-8-95: The explanation of the Department was accepted and **the para was settled.**

58. Para 50: Page 38 – Improvement of Marketing

Audit had observed: “Stock in trade stood at Rs.220.780 million as on June 30, 1993 as against Rs.198.732 million in the preceding year. Included in these the wheat seed stock increased to Rs.205.535 million as on June 30, 1993 from Rs.159.796 million in the preceding year. Similarly cotton seed stock also increased to Rs.6.663 million on June 30, 1993 from Rs.2.117 million in the year 1991-92. The huge accumulation of seed stock is indicative of the improper marketability and procurement policy of the Corporation. Need for improvement in marketing and procurement system to avoid blockage of funds, is stressed.”

24-8-95: The explanation of the Department was accepted and **the para was settled.**

59. Para 51: Page 38 – Justification of Accounts

Audit had observed: “Cash and Bank balances amounted to Rs.56.618 million as on June 30, 1993 as against Rs.21.215 million in the last year. Out of the balances an amount of Rs.50.481 million was shown in current account. Keeping large amount in current account instead of profit bearing scheme needs justification.”

24-8-95: The explanation of the Department was accepted and **the para was settled.**

60. Para 52: Page 38 – Excessive Purchases

Audit had observed: "Packing material stores increased from Rs.21.942 million on June 30, 1992 to Rs.30.393 million on June 30, 1993. Pesticides stock also increased from Rs.6.244 million on June 30, 1992 to Rs.9.059 million on June 30, 1993. The packing material was purchased abundantly as the stock on June 30, 1993 was sufficient to meet the requirement for one year. In order to avoid blockage of funds in stores, the need for proper inventory management is stressed. Proper store accounting procedure need also be adopted."

24-8-95: The Administrative Secretary admitted that excessive purchases had been made and he would like to look into the matter personally. The Committee directed the Administrative Secretary to make a thorough probe personally and complete inquiry/action and fix responsibility within three months. The para was kept pending.

17-10-96: The Department explained that the packing material was purchased as per assessed requirements. Necessary stops had also been taken for proper inventory management and adoption of stores accounting procedure as suggested by Audit.

The explanation of the Department was accepted and **the para was settled.**

61. Para 53: Page 38 – Recovery of Outstanding Dues

Audit had observed: "Other receivable increased from Rs.2.929 million on June 30, 1992 to Rs.37.915 million on June 30, 1993. Steps need be taken to recover the outstanding balance."

24-8-95: The Department explained that air ticket had been lost by Ch.Amjad Goraya, therefore bill could not be prepared. The Department assured the Committee that the bill would now be presented to the Accountant General for payment. Regarding the arbitration case involving an amount of Rs.1,414,267, the Department explained that next date of hearing had been fixed for 25-9-1995. The Committee observed that the Department had shown negligence in the case and should try to get an early decision. The para was kept pending.

17-10-96: It was explained by the Department that an amount of Rs.1,414,267 was recoverable from M/S Mustafa Construction Co. which had been adjusted against the award of Arbitration leaving a balance of Rs.41,454 recoverable from other two parties. The Department assured the Committee that all out efforts would be made to recover the amount without further delay. The Committee directed the Corporation to recover the balance amount at the earliest and get it verified by Audit.

The para was kept pending for balance recovery and verification of the same by Audit.

27-7-99: The Department explained that out of Rs.41,454 a sum of Rs.13,364 had been recovered. The remaining amount of Rs.28,090 may either be recovered from Mr. Amjad Joiya Ex-MPA or the same may be adjusted against his T.A./D.A. bill. The Finance Department had been requested for sanction of time barred T.A./D.A. claim of the said MPA.

The PAC directed that balance amount may be recovered from Mr. Amjad Joiya Ex-MPA within two months or the same may be adjusted against the T.A./D.A. bill of the Ex M.P. A. The para was kept pending.

18-7-02: Pursuant to the observation of the PAC dated 27 July 1999, **the Committee settled the para with the following direction–**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

Board of Revenue

Overview

Total Paras	Civil	Revenue Receipts
17	15	2

Abstract

Status	Decision	Para Nos.	Total
Paras Finally Settled 6	Paras finally settled as the requisite action had been taken.	Civil: 3.6, 3.9, 3.10, 3.12, 3.13, 3.15	6
Paras Conditionally Settled 11	Paras settled with the direction that the Department shall implement the directives of the Committee and the Finance Department shall monitor the same. Both the Departments shall report compliance to the Public Accounts Committee every six months.	Civil: 3.1, 3.2, 3.3, 3.4, 3.7, 3.8, 3.11, 3.14, 3.16 (3.5 transferred to Agriculture Dept.),	9
		Revenue Receipts: 7.1, 7.2	2

Discussed on 18, 27 September 1995, 21 April 1996, 29 June and 4 July 2002.

Civil Audit

1. Para 3.1: Page 35 – Payment of Residential Telephone/Installation Charges in Excess of Prescribed Limits – Rs.714,163

Audit had observed: “Residential telephone charges amounting as in the given cases were paid out of Govt. funds in violation of instructions, contained in Govt. of the Punjab, Finance Department memo No.F. D.(PW-II)2-I (Tele) 82, dated 10.7.1988. These charges were in excess of the ceiling limits.”

18-9-95: The Department explained that the case of excess paid residential telephone charges had already been sent to the Finance Department for regularization.

The PAC directed that a case to probe might be made to fix responsibility for recovery of the charges incurred beyond ceiling and where the excess in genuine the same might be got regularized by the competent authority. The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 18 September 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

2. Para 3.2: Page 35 – Recovery on Account of Katchery Compound Rent – Rs.92,562

Audit had observed: “The amount of Rs.92,562 outstanding against canteen contractor/stationery & Form vendors on account of Katchery Compound rent had not been recovered and deposited into Government Account.”

18-9-95: The Department explained that no contract valuing Rs.48,000 was executed. Out of the remaining amount of Rs.44,562 an amount of Rs.36,772 had been recovered and deposited in the treasury. The Department was directed to produce the Katchery Compound Rent Register to Audit for scrutiny and verification of their contention.

The para was kept pending for said verification and balance recovery of Rs.7,790

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 18 September 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

3. Para 3.3: Page 36 – Outstanding Rent for Occupying Circuit House – Rs.256,396

Audit had observed: “The Circuit House was occupied by the officers during 11/87 to 31.7.92, but the rent amounting to Rs.256,396 was not paid by them.”

18-9-95: An amount of Rs.256,396 was recoverable from different officers who resided in the Circuit House, while they were posted at that station.

The PAC directed that matter might be got inquired into by the Deputy Commissioner to ascertain the actual amount of rent against each officer. The recovery might be effected from the responsible Officers alongwith disciplinary action against them. The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 18 September 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

4. Para 3.4: Page 36 – Non-Recovery of Rent – Rs.43,200

Audit had observed: “The amount of Rs.43,200 on account of rent for two shops located with the mosque of Katchery compound @ Rs.1800 p.m. per shop was not recovered for 1-7-91 to 30-06-92 from the tenants.”

18-9-95: The para was kept pending for report of the Sub-Committee about affairs of the Mosque in Katchery Compound, Faisalabad.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

5. Para 3.5: Page 36 – Shortage/Leakage of Pesticides – Rs.80,044

18-9-95: As the para pertained to the Agriculture Department, **it was transferred** to that Department.

6. Para 3.6: Page 37 – Government Dues Outstanding – Rs.4,570,977

Audit had observed: “Amount of Rs.4,570,977 was outstanding against various persons as per consolidated report of DRA branch for 6/92.”

18-9-95: The explanation of the Department was accepted and **the para was settled.**

7. Para 3.7: Page 37 – Recoveries Outstanding from the Contractors – Rs.541,785

Audit had observed: “Amount of Rs.541,785 was outstanding against the contractors of Katchery Compound.”

18-9-95: The Department explained that out of the total of Rs.541,785 an amount of Rs.284,633 had been recovered.

The PAC directed the Administrative Department to expedite the remaining recovery. The Department should also proceed against the officials/officers who could not effect recovery in time. The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 18 September 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

8. Para 3.8: Page 37 – Non-Recovery of Rent from the Contractors of Katchery Compound – Rs.777,320

Audit had observed: “The scrutiny of Katchery compound register revealed an amount of rent fixed as a result of contract of different kinds of shops, stalls, stands and other places had not so far been recovered from the contractors for the years 1991-92 and 1992-93 resulting in financial loss to Government. Rs.777,320 may please be recovered to make good the Government loss.”

18-9-95: The Department explained that out of the total Rs.777,320 an amount of Rs.562,320 had been recovered. The Department was directed to get the recovery of Rs.136,000 verified by Audit and vigorous efforts be made for remaining recovery.

The para was kept pending for said verification and balance recovery as well as action against the officers/officials responsible for not making prompt recovery.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 18 September 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

9. Para 3.9: Page 38 – Payment of Compensation to Non-Deserving Persons – Rs.3,335,000

Audit had observed: “An amount of Rs.3,335,000 in 29 Mauzas was paid to non-deserving persons as noticed and pointed out on re-checking by the various officers deputed for the purposes by the Deputy Commissioner, Bahawalpur.”

18-9-95: The explanation of the Department was accepted and **the para was settled.**

10. Para 3.10: Page 38 – Payment Double Payment of Rs.40,000 Out of Flood Relief

Audit had observed: “Double payments were received by persons showing some variation in their particulars. An amount of Rs.40,000 @ Rs.5,000 each may be recovered & deposited into govt. account. The action taken against official responsible may be intimated to audit.”

18-9-95: The Department explained that on scrutiny of the relevant record, it had been found that no double payment was made and this fact can be verified.

The explanation of the Department was accepted and **the para was settled.**

11. Para 3.11: Page 38 – Misuse of Flood Relief Funds – Rs.135,726

Audit had observed: “Telephone No.75600 was installed in the year 1990 in the office of Deputy Commissioner, Sahiwal for the flood seasons only. The use of this telephone was to be discontinued/ disconnected after the expiry of flood season. Instead the telephone was continuously used from 12/90 to 7/92 and an amount of Rs.136,726 was expended.”

18-9-95: A telephone connection was allowed in the office of Deputy Commissioner, Sahiwal, provisionally to meet the flood emergency. The same was to be discontinued after the flood emergency, but it was kept operative till now. It was the misuse of telephone and Government money of Rs.135,726 paid for the bill of the said telephone.

The PAC directed to conduct an inquiry for ascertaining the facts of the matter as to why the temporary telephone kept operative even after the flood emergency. Also to fix responsibility

for misuse of the said telephone and recovery from the Colony Assistant if the use of telephone was not justified. The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 18 September 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

12. Para 3.12: Page 39 – Recovery of Rs.258,768 on Account of Irregular Appointments

Audit had observed: “The appointments of NaibTehsildars were made during period of ban imposed vide Govt. of the Punjab notification No. S.O.R-III-2/22/89 dated 27-11-90, without obtaining N.O.C.”

18-9-95: The explanation of the Department was accepted and **the para was settled.**

13. Para 3.13: Page 39 – Irregular Expenditure of Rs.558,625 and Loss of Rs.1,33,625

Audit had observed: “Administrative approval for the purchase of Nissan Sunny 1000 CC car for Rs.425,000 was accorded. But after thirteen months, a Toyota Corolla Car was purchased for Rs.558,625 causing a loss of Rs.133,625 to Govt.”

18-9-95: The matter had been got regularized by the Finance Department and verified by Audit. **The para was settled.**

14. Para 3.14: Page 39 – Disposal of Condemned Government Vehicles Costing Rs.103,700

Audit had observed: “Auction of ten Govt. vehicles (condemned) lying in the Katchery and Tehsil Compound was held for which the lowest bid was for Rs.103,700. The auction was however not approved. As the vehicles are lying since the last so many years, their further retention would certainly result in their deterioration and ultimately reduction in their sales value. Circumstances under which no attention towards their early disposal has been paid needs to be explained.”

18-9-95: The Department assured that the auction of vehicles will be finalised within one month. The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 18 September 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

15. Para 3.15: Page 40 – Suspected Loss of Arms and Ammunition – Rs.33,870

Audit had observed: “The Arms and Ammunition valuing Rs.33,870 entered in Malkana Register at S.No. 1 to 111 were not handed over to Mr. Muhammad Munir at the time of handing over charge by his predecessor. It is apprehended that the articles in question were misappropriated.”

18-9-95: The Department explained that all the relevant entries regarding arms and ammunition had been got verified by Audit. **The para was settled.**

16. Para 3.16: Page 40 – Recovery of Income Tax Not Deducted – Rs.134,132

Audit had observed: “Contrary to the provisions of section 50(4) of Income Tax Ordinance of 1979 Income Tax of Rs.134,132 was not deducted while making payment to suppliers during 1986-87 to 1990-91.”

18-9-95: The para was kept pending for recovery/production of Exemption certificate to Audit for verification.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 18 September 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

Revenue Receipts Audit

1. Para 7.1: Page 37 – Stamp Duty and Registration Fee

A. Non-realization of Government Dues – Rs.166,142,409

1. Due to Irregular Exemption of Stamp Duty and Registration Fee – Rs.98,596,691

(a) Non-realization of Stamp Duty and Registration Fee – Rs.90,611,408:

(i) to (vii)

Audit had observed: “According to notification No.2781-F dated 23-10-1919 exemption of stamp duty is available to the instrument executed by or on behalf of co-operative societies. Similarly, the instruments executed by the co-operative credit

societies are exempt from registration fee under Government of the Punjab notification No.1210-ST-I dated 7-8-1976. Contrary to the above provisions of law, the exemption of stamp duty and registration fee was allowed in the cases where neither the instruments were executed by or on behalf of the cooperative societies nor were they co-operative credit societies. The omission caused non-realisation of stamp duty and registration fee of Rs.90,611,408 during the period upto 30-6-1992 in the following cases:-

(i) Stamp duty and registration fee of Rs.74,244,541 was not realized in 529 cases by Join/Sub Registrar, City, Lahore during the years 1990-91 and 1991-92.

(ii) Stamp duty of Rs.9,712,975 was not realized in 102 cases by Assistant Commissioner (Sub Registrar), Sadar Sub Division, Faisalabad during the year 1990-91.

(iii) Stamp duty and registration fee of Rs.4,171,595 was not recovered in 11 cases detailed below:-

<u>Name of formation</u>		<u>No.of cases</u>	<u>Amount (Rs.)</u>
Sub Registrar, Urban-II, Rawalpindi	1	170,020	
Sub Registrar, Urban-I, Rawalpindi	6	2,297,245	
Sub Registrar, Urban-I, Rawalpindi	4	1,704,330	

Total:

4,171,595

(iv) Stamp duty and registration fee of Rs.1,276,112 was not recovered in 33 cases as detailed below:-

<u>Name of formation</u>		<u>No. of Cases</u>	<u>Amount (Rs)</u>
Sub Registrar, Sheikhpura	8	1,105,615	
A.C., Sadar, Sheikhpura	25	170,497	
Total:	<u>33</u>	<u>1,276,112</u>	

(v) Stamp duty and registration fee of Rs.432,163 was not realized in 3 cases by Assistant Commissioner, Sargodha during the period May, 1990 to July, 1990.

(vi) Registration fee of Rs.718,272 was not recovered in 18 cases by

Sub-Registrar, Sadar Sub-Division, Faisalabad during the period 1989-90 to 1990-91.

(vii) Registration fee of Rs.55,750 was not realized in 223 cases by Assistant Commissioner, Sargodha during the period from March, 1991 to July, 1991.”

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. Disciplinary action shall also be taken against the persons at fault. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

(b) Non-realization of Stamp Duty – Rs.785,170

Audit had observed: “Exemption from payment of stamp duty available to co-operative societies, was withdrawn vide Government of the Punjab, Revenue Department notification No. 2366-911831-ST(1) dated 6-7-1991. Stamp duty of Rs.785,170 was, however, not charged and recovered by Assistant Commissioner (Sub Registrar), Sargodha in 3 instruments of societies registered during the month of February, 1992.”

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. Disciplinary action shall also be taken against the persons at fault. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

(c) Non-realization of Stamp Duty and Registration Fee – Rs.214,375

Audit had observed: “Under section 29(e) of the Stamp Act, 1899, stamp duty is payable by the parties in equal shares in case of instruments of exchange. The co-operative societies are, however, exempt from the payment of stamp duty and registration fee vide notification No. 2781-F dated 23-10-1919 and No.2818-73/2103-St dated 23-6-

1973. The share of stamp duty and registration fee of Rs.214,375 payable by the private person, in respect of an instrument of exchange executed between a co-operative society and a private person was however not realized by Sub- Registrar, Model Town, Lahore.”

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. Disciplinary action shall also be taken against the persons at fault. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

(d) Non-realization of Stamp Duty – Rs.194,630: (i) & (ii)

Audit had observed: “(i) Under the provisions of section 3(i) of the August, 1993 but Stamp Act, 1899, any instrument executed by or on behalf of or in favour of the government are exempt from the payment of stamp duty. Contrary to this, stamp duty of Rs.194,630 was not realised in 5 sale deeds executed in favour of the Pakistan Telecommunication Corporation which is an autonomous body as detailed below:

<u>Name of formation</u>	<u>No. of Cases</u>	<u>Amount (Rs.)</u>
Assistant Commissioner, Sadar, Sargodha	2	55,190
Sub-Registrar, Bhai Pheru	2	117,840
Assistant Commissioner, Chunian	1	21,600
Total:	<u>5</u>	<u>194,630</u>

(ii) Similarly, stamp duty and registration fee of Rs.42,630 was not realized in a case by the Assistant Commissioner, Safdarabad during May, 1992.”

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. Disciplinary action shall also be taken against the persons at fault. The action taken shall be reported to the Finance Department and the Assembly

Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

(e) Non-realization of Stamp Duty and Registration Fee – Rs.204,110

Audit had observed: “Tamleek (gift in favour of legal heirs) upto 25 acres of agricultural land in rural areas is exempt from payment of stamp duty and registration fee as notified vide Government of the Punjab notification No.3763-74/1626-St-I dated 2-1-1978. Contrary to the aforementioned provisions of law, stamp duty and registration fee of Rs.204,110 was not recovered in 12 cases where tamleek was made in favour of persons other than legal heirs as detailed below:-

<u>Name of formation</u>	<u>No. of cases</u>	<u>Amount (Rs)</u>
Assistant Commissioner, Cantt, Lahore	2	72,490
A.C., Nowshera Virkan.	3	16,920
Sub-Registrar, Pattoki.	4	49,200
A.C., Chunian	3	65,500
Total	<u>12</u>	<u>204,110”</u>

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. Disciplinary action shall also be taken against the persons at fault. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

(f) Non-realization of Stamp Duty – Rs.147,220

Audit had observed: “According to Article 23 of Schedule-I of the Stamp Act 1899, baih nama (sale deed) in urban area is chargeable to stamp duty at the rate of Rs.8.5% of the value. Stamp duty of Rs.147,220 was not charged by Sub-Registrar, Urban, Multan in case of registration of a baih nama treating the same as a surrender deed which is exempt from the payment .”

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. Disciplinary action shall also be taken against the persons at fault. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

(g) Non-realization of Stamp Duty – Rs.85,000

Audit had observed: “According to Article 23 of Schedule I of the Stamp Act, 1899 sale deed in case of immovable property in an urban area is liable to stamp duty at the rate of 8.5% of the value. Stamp duty of Rs.85,000 was not recovered by Sub-Registrar, Urban-I Rawalpindi in a case of property sold out by the owner to his co-sharer treating the same as surrender deed which is exempt from the levy of stamp duty.”

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. Disciplinary action shall also be taken against the persons at fault. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

(h) Non-realization of Stamp Duty and Registration Fee: (i), (ii), & (iii)

Audit had observed: “Under section 2(17) N.15 of Stamp Act, 1899 a trust deed has been defined as mortgage deed and chargeable to stamp duty at the rate of Rs.20 per thousand in terms of Article 40(b) of the said Act and registration fee at the rate of Rs.10 per thousand as laid down in schedule of the Registration Act. Contrary to this, stamp duty and registration fee was not realized in the following cases treating them as exempt from the payment of stamp duty and registration fee:-

(i) Stamp duty and registration fee of Rs.690,000 was not realized in a case by Assistant Commissioner, City, Multan in April, 1991.

(ii) Stamp duty of Rs.5,562,218 was not realized in 9 cases by

Sub-Registrar, Sheikhpura during 1990-91 and 1991-92.

(iii) Stamp duty of Rs.59,930 was not realized in a case by Sub-Registrar, Urban-II, Rawalpindi during 1991-92.”

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. Disciplinary action shall also be taken against the persons at fault. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

2. Due to Non-recovery of Arrears – Rs.67,545,718: (i), (ii), & (iii)

Audit had observed: “According to the provisions of section 48 of the Stamp Act, 1899, all sums due on account of duties, penalties etc, if not paid by the due dates, are required to be recovered by the collector by distress and sale of the movable property of the person from whom the same are due, or by any other process for the time being in force for the recovery of arrears of land revenue. The above provisions of law were, however, not invoked by the departmental authorities for the recovery of the outstanding government dues causing huge accumulation of arrears of Rs.67,545,718 upto June, 1992 in the following cases.

(i) Arrears of Rs.2,401,449 were not recovered by Sub Registrar, Urban-II, Rawalpindi upto June, 1992.

(ii) Differential government dues of Rs.63,931,569 on account of discrepancies pointed out in the collection of stamp duty and registration fee by the internal auditors were not recovered by the departmental authorities upto the year 1991-92 in the following cases:-

Name of formation	Amount(Rs)
A.C.Sadar, Lahore	34,823,433
Sub-Registrar (Urban), Multan	5,889,081
Sub-Registrar, Model Town, Lahore	13,439,740
Sub-Registrar, City, Lahore.	<u>9,779,315</u>
Total:	<u>63,931,569</u>

(iii) Arrears of Rs.1,212,700 were not recovered by Assistant Commissioner, Sargodha upto 31-7-92.”

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. Disciplinary action shall also be taken against the persons at fault. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

(B) Short Realization of Stamp Duty and Registration Fee – Rs.11,867,427

(1) Due to Under-valuation – Rs.8,784,573: (i) to (iv)

Audit had observed: “According to the provisions contained in section 27-A of the Stamp Act, 1899, where any Instrument chargeable with advalorem duty relates to urban land only with any building or structure thereon, the value of the land shall be calculated according to the valuation table notified by the collector in respect of land situated in the area of locality concerned. Contrary to this, the value of the land etc. was accepted at lower rate than notified by the district collector causing short, realization of stamp duty and registration fee amounting to Rs.4,741,220 in 1139 cases upto June, 1992 as detailed below:-

<u>Name of formation</u>	<u>No.of cases</u>	<u>Amount (Rs)</u>
Sub-Registrar, Urban-II, Gujranwala	1047	3,165,272
Joint Sub-Registrar, City Division, Lahore.	7	75,256
Sub-Registrars, Model Town & Lahore Cantt:	51	687,243
Assistant Commissioner, Ferozewala	32	756,669
Sub-Registrar, Sheikhpura	2	56,780
Total:	<u>1139</u>	<u>4,741,220</u>

(ii) Stamp duty and registration fee of Rs.422,746 were short realised by Assistant Commissioner, Sargodha in case of 49 properties during 1991-92 besides the levy of penalty.

(iii) Stamp duty of Rs.3,449,142 was short realized in 54 cases by Sub-Registrar (Urban), Multan during 1991-92.

(iv) Stamp duty of Rs.171,465 was short realized in the following 2 cases during the year 1991-92.

<u>Name of formation</u>	<u>No. of cases</u>	<u>Amount (Rs)</u>
Sub-Registrar, Urban-I, Rawalpindi	1	160,565
Sub-Registrar, Urban-II, Rawalpindi	1	10,900
Total:	<u>2</u>	<u>171,465”</u>

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. Disciplinary action shall also be taken against the persons at fault. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

(2) Due to Application of Incorrect Rate – Rs.2,490,748: (i) to (x)

Audit had observed: “. (i) Rate of stamp duty on instruments of conveyance having consideration exceeding rupees three lacs was enhanced from 8.5% to 10% with effect from 1.7.1992 vide Board of Revenue's letter No.3081-93 dated 1-7-1992. Stamp duty of Rs.86,415 was, however, short realized in the following 10 cases registered during the period from July, 1992 to October, 1992 due to application of ordinary rates:

<u>Name of formation</u>	<u>No. of cases</u>	<u>Amount (Rs)</u>
Sub-Registrar, City, Lahore	8	74,415
Sub-registrar, Urban, Multan	2	12,000

Total:**10****86,415**

(ii) Concessionary rate of stamp duty was available in respect of mortgage deeds executed in favour of banking companies by their customer in pursuance of finance given on non-interest basis as provided in notification No, 5190-84/2566-ST dated 31.2.1984. Contrary to the above provisions of law, stamp duty of Rs.161,200 was short realized due to application of the aforementioned concessionary rate in respect of the following two deeds executed by customers in favour of banking companies for the finance given on interest basis:

<u>Name of formation</u>	<u>No. of cases</u>	<u>Amount (Rs)</u>
Assistant Commissioner, Kasur	1	109,300
Assistant Commissioner, Multan	1	51,900
Total:	<u>2</u>	<u>161,200</u>

(iii) According to the schedule of the Registration Act, 1908, registration fee is charged at the rate of Rs.20 per deed in case of sale deeds in respect of properties located within the municipal limits and at the rate of Rs.10 per thousand or part thereof of the value of the property in case of other deeds such as gift deeds, mortgage deeds and surrender deed. Registration fee of Rs.53,410 was, however, short realized by Sub-Registrar, Urban, Rawalpindi in 15 rural cases during the year 1991-92 due to application of the urban rate of Rs.20 per deed instead of the rate applicable to deeds of rural areas.

(iv) According to the provisions of section 33 of the Registration Act, 1908 an instrument of gift is liable to compulsory registration and is required to be charged to stamp duty under article 33 of the schedule to the Stamp Act. Stamp duty and registration fee of Rs.181,856 was realized short in 2 such cases by the Assistant Commissioner, Model Town, Lahore during 1991-92 by applying the nominal rates which were lower than the applicable one.

(v) According to article 48 (e) of 1st Schedule to the Stamp Act, 1899 a power of attorney given for consideration and authority given for sale of any immovable property is chargeable to stamp duty as is leviable on a conveyance for the amount of consideration vide article 23 of the said schedule. Contrary to the above provisions of law, stamp duty of

Rs.121,875 was short realized in 2 cases by Sub- Registrar, Model Town, Lahore as a result of application of incorrect rate of Rs.50 per each case instead of the correct rate of Rs.85 per thousand of the value in terms of above mentioned Article 23.

(vi) Under article 58 of the 1st schedule to the Stamp Act 1899, stamp duty is chargeable at the rate of Rs 2 for every rupees one hundred on the value of the property settled in respect of the instruments of settlement where the settlement is made for a religious or charitable purpose. In contravention of the above provisions of law stamp duty and registration fee were charged and recovered in 13 cases at lower rates than the applicable ones by Sub-Registrar, Model Town, Lahore causing short-realization of revenue of Rs.322,122 during the period 1990-91 and 1991-92.

(vii) The instruments of conveyance are chargeable to stamp duty under section 3 of the Stamp Act, 1899 at the rates specified in article 23 of the schedule to the said Act. Stamp duty of Rs.286,960 was short realized in 30 cases by the Assistant Commissioner, Model Town, Lahore during the period 1990-91 and 1991-92. due to application of lower rates than the applicable rates.

(viii) Under article 35 c(ii) read with article 23 of schedule-I of the Stamp Act, 1899 where lease is granted for a fine or premium in addition to rent reserved, stamp duty is leviable @ Rs.8.50 for every rupees one hundred or part thereof. Besides, registration fee is charged at the rate of 5/8 of the stamp duty due. Contrary to this, Sub-Registrar, Urban II, Rawalpindi charged and recovered stamp duty and registration fee on two lease deeds at the rate of 6% and 1 % respectively causing short realization of Rs.59,900 during 991-92.

(ix) According to article 35 (b) (i) of schedule-I to the Stamp Act, 1899, lease is granted for money advanced and where no rent is reserved, stamp duty is charged and recovered as on a conveyance for a consideration equal to the amount of such advance as set forth in the lease deed. Stamp duty and registration fee was charged and recovered at lower rates than the applicable in 11 cases where the amount of rent was paid in advance and no rent was reserved causing short-realization of stamp duty and registration fee of Rs.951,882 by Assistant Commissioners, Model Town and Cantt. Lahore during the years 1990-91 and 1991-92.

(x) According to article 35 c(ii) of Schedule to the Stamp Act, 1899 where lease is granted for a fine or premium in addition to rent reserved, stamp duty is charged and recovered as on a conveyance for a consideration equal to the amount of such premium as set forth in lease in addition to the duty which would have been payable on such lease if no fine or premium was paid or delivered. Contrary to the above provisions of law, stamp duty and registration fee was realized otherwise in respect of three lease deeds granted for premium in addition to rent reserved causing short-realization of stamp duty and registration fee of Rs.265,128 by Assistant Commissioner Cantt. Lahore during 1991-92.”

18-7-02: On consideration of the facts of the case, the Committee settled the

para subject to the following direction –

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. Disciplinary action shall also be taken against the persons at fault. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

(3) Due to Misclassification – Rs.78,000

Audit had observed: “According to article 23 of schedules-I of the Stamp Act, 1899 sale deed in respect of agricultural land is chargeable to stamp duty at the rate of 5% of the value. Stamp duty of Rs.78,000 was short-realized during July, 1990 by Sub-Registrar, Model Town, Lahore as a result of classification of a sale deed as an “Award” causing application of lower rate than the applicable rate.”

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. Disciplinary action shall also be taken against the persons at fault. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

(4) Due to Miscalculation – Rs.229,969

Audit had observed: “According to article 23 K, of 1st schedule to the Stamp Act, 1899 stamp duty was payable at the rate of Rs.60 per thousand in respect of a conveyance deed and registration fee at the rate of Rs.10 per thousand vide schedule of the Registration Act, which was miscalculated to the extent of Rs.229,969 in one case having consideration of Rs.15,331,250 in August, 1990 by the Joint/Sub-Registrar, City Sub-Division, Lahore.”

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. Disciplinary action shall also be taken against the persons at fault. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

(5) Due to Adoption of Lesser Values – Rs.145,850 (i) & (ii)

Audit had observed: “According to article 23 of the Stamp Act, 1899 stamp duty is charged on the value of the property at the rate of Rs.85 for every Rs.1000 of the value of the

land in case of urban land and @ 5% in case of agricultural land. Stamp duty of Rs.145,850 was short realized during 1991-92 as a result of adoption of lesser values than declared in the relevant instruments in the following cases.-

(i) Stamp duty of Rs.85,850 was short realized by Sub- Registrar, Urban-II, Rawalpindi in one case during 1991-92.

(ii) Stamp duty of Rs.60,000 was short realized by Assistant Commissioner, Cantt., Lahore in one case during 1991-92.”

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. Disciplinary action shall also be taken against the persons at fault. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

(6) Due to Adoption of Values of Rural Areas in case of Urban Areas – Rs.138,287

Audit had observed: “Value of urban land in respect of instruments chargeable with ad-valorem duty is to be calculated according to the valuation table notified by the collector in respect of properties situated in a particular area or locality as laid down under the provision of section 27-A of the Stamp Act, 1899. According to 1st schedule to the Stamp Act, the rate applicable to conveyance deeds in urban area is higher than the rate applicable to the rural area. Stamp duty and capital value tax of Rs.138,287 was short- realized by Sub-Registrar, Rural, Sargodha in 20 cases during 1990-91 and 1991-92 as a result of application of lower rates of rural areas to urban areas and also adoption of lesser values as compared with the valuation table.”

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. Disciplinary action shall also be taken against the persons at fault. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

2. Para 7.2: Page 56 – Collection of Abiana

(A) Non-recovery of Occupier's rate (Abiana) – Rs.346,250,157

(a) Due to Non-recovery as Arrears of Land Revenue – Rs.328,767,860

Audit had observed: “According to section 36 of the Canal and Drainage Act, 1873 the occupier's rate is levied and recoverable from the occupiers of land for canal water supplied for purposes of irrigation. Occupier's rate is primarily assessed by the Divisional Canal Officers of the Irrigation Department, who furnish a demand statement (33-C Statement) alongwith relevant Khataunis to the concerned district collectors for the purpose of recovery from the occupiers. Thus the non-recovery of the captioned Government dues on account of abiana led to huge accumulation of arrears of Rs.328,767,860 as on 30.06.1992, the formation wise details of which is given below:-

<u>Sr.No.</u>	<u>Name of formation</u>	<u>Amount of arrears (Rs)</u>
1.	Assistant Commissioner, Ferozewala	69,175,406
2.	Assistant Commissioner, Rural, Multan	6,674,654
3.	Assistant commissioners, Shujabad	1,679,116
4.	Deputy Commissioner, Sheikhupura	189,923,164
5.	Assistant Commissioner, City, Multan	498,721
6.	Assistant Commissioner, Sagrodha	20,692,475
7.	Assistant Commissioner, Kasur	205,536
8.	Deputy Commissioner, Gujranwala	2,916,496
9.	Assistant Commissioner, Lkahre Cantt:	22,545,125
10.	Assistant Commissioner, City Div, Lahore.	8,473,926
11.	Assistant Commissioner, Sillanwali	5,983,241
Total:-		<u>328,767,860”</u>

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. Disciplinary action shall also be taken against the persons at fault. The action taken shall be

reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

(b) Due to Omission in Carrying Forward of Arrears of Abiana (Water Rate) – Rs.16,117,660

Audit had observed: “Occupier's rate charged in terms of section 36 of the Canal and Drainage Act, 1873 was to be realized by the collector (Tehsildar) as prescribed under rule-67 of the Canal and Drainage Rules. Certain revenue authorities failed to recover the demand in full for the crops for the period upto 1991-92 but the outstanding balances of Rs.16,117,660 appearing in the old demand registers were not brought forward to the subsequent years/crop demand register. Resultantly, the amount involved was not accounted for escaping recovery action and remaining unrealized in the following cases:-

<u>Name of formation</u>	<u>Amount (Rs)</u>
Tehsildar, Safdarabad	6,427,606
Assistant Commissioner, Shujabad	264,730
Assistant Commissioner, Sadar, Multan	711,314
Assistant Commissioner, Kasur	2,245,689
Assistant Commissioner, Ferozewala	6,468,321
Total:	<u>16,117,660”</u>

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. Disciplinary action shall also be taken against the persons at fault. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

(c) Due to Alleged Loss of Record – Rs.1,364,637

Audit had observed: “According to the provisions of rule-67 of The Canal and Drainage Rules, the amount demandable for occupiers' rate was to be determined and apportioned by the Divisional Canal Officer and the Collector was to realize the sums dues. Divisional Canal Officer was to forward the relevant khataunis (Demand Statement 33-C) to the concerned Tehsildar at the latest by 15th December for Kharif and by the 1st June for Rabi for the purpose of recovery. On receipt of khatauni from canal division by Tehsildar, recovery statement i.e. Dhal Bachh is prepared by the Revenue Patwari and sent to lambardars for collection by the end of February and July respectively. Collectors were to submit a realization statement in Form VI (Realization) to the Division, Canal Officer who watches the recovery district wise.”

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. Disciplinary action shall also be taken against the persons at fault. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

(B) Excess Payment of Lambardar's Fee – Rs.1,948,243

Audit had observed: “According to rule 37 of the Canal and Drainage Rules, 1873 the allowance of lambardar or other person collecting revenue from cultivators was 3 per cent on the amount collected. Contrary to this, the authorities of the Revenue Department allowed the payment of fee to Lambardars @ 6% causing excess payment of Rs.1,948,243 upto the year 1991-92 in the following cases:-

<u>Name of formation</u>	<u>Amount of arrears (Rs)</u>
(i) Assistant Commissioner, Rural Multan	480,555
(ii) Deputy Commissioner, Gujranwala (including A.C., Nawshera Virkan)	419,163
(iii) Assistant Commissioners, Shujabad	143,567
(iv) Assistant Commissioner, Sargodha and Assistant Commissioner, Sillanwali	386,437
(v) Assistant Commissioner, Ferozewala	288,343

(vi) Tehsildar, Safdarabad

196,322

(vii) Tehsildar, City Division, Lahore

33;856

Total:**1,948,243”**

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

(C) Inadmissible Allowance of Lambardar Fee – Rs.892,761

Audit had observed: “According to rule 37 of the Canal and Drainage Rule, 1873 the allowance of lambardar or other person collecting revenue from cultivators was admissible at the rate of 3% of the amount collected on the condition that the full amount due has been paid by the date fixed by the Financial Commissioner. Contrary to the above provisions of law, Assistant Commissioner, Kasur allowed the payment of allowances in 23 cases during 1976 to 1987 where neither the amounts due were recovered in full nor deposited by the prescribed dates causing inadmissible allowances of lambardar fee of Rs.892,761.”

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

Communications and Works Department

Overview

Total Paras	Works
133	133

Abstract

Status	Decision	Para Nos.	Total
Paras Finally Settled 26	Paras finally settled as the requisite action had been taken.	Buildings Deptt: Works: I-A.1, I-A.2(ii), I-B.1, I-B.2, I-B.3, I-B.5, I-B.6, I-C.1, II-A.1, II-B.1(i), III.1, III.2, III.3, III.5, IV.1 Highways Deptt. Works: I-B.7, I-C.5(ii), I.C.7, II.B.5, III.A.5, III. A.7, III.B.7, IV.2(ii), IV.3, IV.5, V.2	26
Paras Conditionally Settled 102	Paras settled with the direction that the Department shall implement the directives of the Committee and the Finance Department shall monitor the same. Both the Departments shall report compliance to the Public Accounts Committee every six months.	Buildings Deptt: Works: I-A.2 (i), I-A.3, I-A.4, I-A.5, I-A.6, I-A.7, I-B.4, I-B.7, I-C.2, I-C.3, I-D.1(i & ii), I-E.1, II-A.2(ii), II-A.3, II-A.4, II-A.5, II-A.6, II-A.7, II-B.1, II-B.2, II-B.3, II-B.4, III.4, V.1, V.2 Highways Deptt. Works: I.A.1, I.A.2, I.A.3, I.A.4, I.A.5, I.A.6, I. A.7, I.A.8, I.A.9, I.A.10, I.A.11, I.A.12, I.A.13, I. A.14, I.B.1, I.B.2, I.B.3, I.B.4, I.B.5, I.B.6, I.C.1, I.C.2, I.C.3, I.C.4, I.C.5(i), I.C.6, I.D.1, 1.D.2, 1. D.3, I.E.1, 1.E.2, 1.E.3, 1.F.1, 1.F.2, II.A.1, II.A.2, II.A.3, II.A.4, II.A.5, II.A.6, II.A.7, II.B.1, II.B.2, II.B.3, II.B.4, II.B.6, II.B.7, II.C.1, II-C.2, II.D.1, II.D.2, II.E.1, II.F.1, III.A.1, III.A.2, III.A.3, III. A.6, III.B.1, III.B.2, III.B.3, III.B.4, III.B.5, III. B.6, III.B.8, III.C.3, III.C.4, III.D.1, III.D.2, III. E.1, IV.1, IV.2(i), IV.4, IV.7, V.1, V.3, VI.1	102
Paras Pended 5	The paras were pended because the Committee decided to have Working Papers for consideration.	Buildings Deptt: Works: II-A.2(I) Highways Deptt. Works: III.A.4, III.C.1, III.C.2, IV.6	5

Discussed on 23 January, 15, 27 March, 17 April, 27 August 1996, 29 June and 4 July 2002.

Buildings Department

Works Audit

1. Para I-A.1: Page 11 – 1st Provincial Buildings Division Rawalpindi – Excess Payment of Rs.43,877

Audit had observed: “A formation made payment for disposal of 55626 cft earth against the quantity of only 17781 cft surplus earth available at site received from foundation against the provisions of agreement/estimate. This resulted in an excess payment of Rs.43,877 to a contractor in February 1987.”

15-2-96: The explanation of the Department was accepted and the **para was settled.**

2. Para I-A.2: Page 12 – (i) Medical Construction Division Faisalabad – Overpayment of Rs.58,171 and (ii) Provincial Buildings Division Sargodha

Audit had observed: “A formation measured and paid a quantity of 6921 (3848+3073) sft instead of the admissible quantity of 6270(3425+2845) sft for an item of sterling door leaves including the thickness of chowkat which had already been paid as a schedule item. While another formation paid a quantity of 1381 cft of pacca brick work instead of the admissible quantity of 1029 cft. This resulted in an overpayment of Rs.58,171 (29,338+28,833) to the contractors in June and November 1992.”

23-1-96: The **para was settled subject to** completion of remaining recovery and verification of the same by Audit within one month.

15-2-96: (i) **Rs.29,338 MCD Faisalabad:**

To be dealt with South Zone.

(ii) **Rs.28,833 PB.Div: Sargodha:**

The explanation of the Department was accepted and **the para was settled.**

3. Para I-A.3: Page 12 – Second Medical Provincial Buildings Division Lahore – Excess Payment of Rs.246,209

Audit had observed: “A formation measured and paid a quantity of 17137 kilogram steel in excess of the approved consumption factor by the Planning & Design Department and provided in the detailed technically sanctioned estimate. This resulted in an excess payment of Rs.246,209 to a contractor in October 1992.”

15-2-96: The Department explained that no factor for steel consumption has been prescribed by Planning & Development Department. Work was started in 1989, T.S. has yet to be issued. Actual consumption of steel depends on detailed drawing and bar bending schedule. The Department asked 60

days time for T.S. & its verification. PAC allowed 2 months accordingly for this purpose. The para was kept pending.

27-8-96: The Department explained that the revised T.S. had been approved by the Chief Engineer. **The para was settled subject to** verification of revised T.S. by Audit.

4. Para I-A.4: Page 13 – 5th Provincial Buildings Division Lahore – Excess Payment of Rs.146,535

Audit had observed: “A formation executed the item of mild steel and paid a quantity of 198582 kilogram instead of the admissible quantity of 187897 kilogram as provided in the detailed estimate, approved design and drawings. This resulted in an excess payment of Rs.146,535 to a contractor in June 1992.”

15-2-96: The Department explained that payment of fabrication of mild steel was correctly made according to the detailed entries recorded in the M.B. and actual consumption of steel at site. A detailed estimate has since been prepared and would be got sanctioned shortly.

The Chief Engineer asked for time for Technical Sanction and its verification. PAC allowed two month for this purpose and made it clear that if this action was not completed within stipulated period then the Department may fix responsibility for overpayment pointed out in the Draft Para and to make recovery accordingly before the next meeting. The para was kept pending.

27-8-96: The Department explained that the revised T.S. had been issued by the Chief Engineer. **The Committee settled the para subject to** verification of revised T.S. by the Audit.

5. Para I-A.5: Page 13 – Provincial Buildings Division No.II Faislabad – Excessive measurement – Rs.95,953

Audit had observed: “A formation measured earth work in black topped road and paid a quantity of 250804 cft instead of the admissible quantity of 110725 cft computed on the basis of cross section in the technical sanctioned estimate. This resulted in an overpayment of rs.95,953 to a contractor in January 1992.”

23-1-96: The Department explained that during the execution of work it was found essential that the approach of Godown should be constructed higher than the private buildings, otherwise it would be a pond of rain water as well as drain’s water of private buildings. Consequently the earth filling was increased.

The PAC directed that relevant record along with revised approved X-Section deviation statement and detailed reasons for deviation might be produced to Audit for verification of facts. **The para was settled subject to** verification of record by Audit within one month.

6. Para I-A.6: Page 13 – 1st Provincial Buildings Division Faislabad – Excessive measurement – Rs.60,840

Audit had observed: “A formation measured and paid the item of sterling door leaves including the thickness of chowkat which had already been paid separately as a schedule item. This resulted in an

overpayment of Rs.60,840 to the contractors in June 1991 and 1992.”

23-1-96: The Department informed that the entire amount of the para had been recovered from the contractor. **The para was settled subject to** verification of recovery by Audit within one month.

7. Para I-A.7: Page 14 – Provincial Buildings Division Pakpattan – Excess Payment to Contractor – Rs.71,273

Audit had observed: “A formation paid a quantity of 7096 kilogram instead of the admissible quantity of 3460 kilogram for steel in excess of provision the technically sanctioned estimate. This resulted in an overpayment Rs.71,273 to a contractor in 1992.”

23-1-96: The Department explained that actual quantity of M.S.Bar was 6020 K.G. and not 7096 K.G. as worked out by Audit. The original quantity fixed in the original estimate was revised according to the design requirement in the revised estimate sanctioned by the Competent Authority.

The Department was directed to produce all the relevant record to Audit for verification. **The para was settled, subject to** the verification of record within one month.

8. Para I-B.1: Page 14 – Overpayment of Rs.58,348

Audit had observed: “A formation executed the item of mild steel flat grill and paid rate of Rs.13.95 per sft without deduction of Rs.1.90 per sft as per Finance Department letter of October 6, 1988 as the grills were fixed without hold fast and rates were paid in excess of technical sanctioned estimate. This resulted in an overpayment of Rs.58,348 (24,450+33,898) to the contractors in April, June and December 1992.”

15-2-96: The Department informed that the entire amount of the para had been recovered and got verified by Audit. **The para was settled.**

9. Para I-B.2: Page 15 – First Provincial Buildings Division Gujranwala-Overpayment of Rs.57,462

Audit had observed: “A formation paid the rate of Rs.21.05 per cft for the item of Providing/laying reinforced cement concrete for plinth beams of buildings/compound walls against the admissible rate of Rs.15.70 per cft as per item No.5(a)(ii)(3) page 53 of Composite Schedule of Rates 1979. This resulted in an overpayment of Rs.57,462 to the contractor in June and November 1992.”

15-2-96: The Department explained that the entire amount had been recovered.

The para was settled subject to verification of recovery by Audit.

27-8-96: The Department explained that all the relevant record pertaining to the recovery including the final bill had been got verified by Audit.

The explanation was accepted and **the para was settled.**

10. Para I-B.3: Page 15 – Provincial Buildings Division Narowal – Overpayment of Rs.81,275

Audit had observed: “A formation executed the item of single layer of tiles over the thermopore sheet

one inch thick and paid rate of Rs.567 per % sft instead of the admissible item of single layer of tiles with bitumen coating and polythene sheet at the rate of Rs.279.70 per % provided in the technical sanctioned estimate the agreement. This resulted in an overpayment of Rs.81,275 to the contractors in October and November 1992.”

15-2-96: The Department explained that the variation statement for Rs.81,275 had since been approved by the competent authority.

The explanation of the Department was accepted and **the para was settled.**

11. Para I-B.4: Page 16 – 1st Medical Provincial Buildings Division Lahore – Excess Payment of Rs.126,674

Audit had observed: “A formation paid a rate of Rs.21.05 instead of the admissible rate Rs.15.70 per cubic feet for the item of reinforced cement concrete (RCC) the foundation of retaining walls, beams requiring no horizontal shuttering. This resulted in an overpayment of Rs.126,674 from March 1987 to January 1992.”

15-2-96: The Department explained that an amount of Rs.82,717 had been recovered and got verified by Audit leaving a balance of Rs.43,967.

The Department was directed to complete the balance recovery within one month and para was settled subject to balance recovery and verification of the same by Audit.

27-8-96: The Department explained that full recovery had been effected and shown to Audit. The Audit however, stated that the balance amount of Rs.43,967 was yet to be verified.

The Committee **settled the para subject to** verification of the balance recovery of Rs.43,967 by Audit.

12. Para I-B.5: Page 16 – 1st Medical Provincial Buildings Division Lahore – Excess Payment of Rs.67,316

Audit had observed: “A formation paid for an item of “providing/laying reinforced cement concrete (1:2:4) in column foundation, footings etc” at the rate of Rs.21.05 per cft instead of payable rate of Rs.15.70 per cft. This resulted in an excess payment of Rs.67,316 to the contractors in June and July 1992.”

15-2-96: The Department explained that the amount had been recovered and verified. Therefore, **the para was settled.**

13. Para I-B.6: Page 17 – 2nd Provincial Buildings Division Lahore – Overpayment of Rs.152,797

Audit had observed: “In a formation a contractor as per agreement undertook to execute some items of work at par with the schedule rates but the Department paid him premium over and above the schedule rates in violation of the agreement. This resulted in an over payment of Rs.152,797 in November 1989.”

15-2-96: The explanation of the Department was accepted and **the para was settled.**

14. Para I-B.7: Page 17 – Provincial Buildings Division Dera Ghazi Khan – High incorrect rates – Rs.110,172

Audit had observed: “A formation executed the item of mild steel flat grill including mild steel flat frame and made payment at Rs.13.95 per sft without making deduction of Rs.1.90 per sft as per decision of the Finance Department of October 6, 1988. This resulted in an excess payment of Rs.110,172 (78,891 +31,281) in 1991-92.”

23-1-96: The PAC directed the Department to produce all the relevant record to Audit for verification within one month. The para was kept pending.

29-6-02: Reiterating the decision of the PAC dated 23 January 1996, **the Committee settled the para subject to the following direction –**

The Department shall produce the relevant record for verification by the Audit and take further necessary action including recovery, if any, as per observation of the Audit after such verification. The action shall be completed, and reported to the Finance Department and the Assembly Secretariat by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

15. Para I-C.1: Page 18 – Provincial Buildings Division Sheikhpura – Excess Payment of Rs.184,488

Audit had observed: “A formation made payment of Rs.4,833,755 and deducted an amount of Rs.57,200 on account of 5% rebate instead of the actual deduction of Rs.241,688 as required under agreement. This resulted in an excess payment of Rs.184,488 to a contractor in March 1993.”

15-2-96: The Department explained that full recovery had been effected and got verified by Audit. **The para was settled.**

16. Para I-C.2: Page 18 – Excess Payment of Rs.143,658

Audit had observed: “The formation did not consume a quantity of 118548 (91198+27350) cft earth available at site and made payment for 85781 (60235+25546) cft earth brought from outside for filling under floors. This resulted in an excess payment of Rs.143,658(103,510+40,148) in August and November 1992.”

(i) 2nd Medical Provincial Buildings Division Lahore **15-2-96:**

(i) The Audit Department apprised the Committee that while making entries in the M.B. the earth was classified as hard soil while payment was made for ordinary soil. The concerned contractor could claim difference on this account at any time.

The Department explained that soil was ordinary and not hard. The record entry in the M.B. for hard soil was incorrectly made by mistake. Anyhow, they would get an undertaking from the contractor that he would not claim any difference.

Subject to the said undertaking of the contractor and its verification by Audit, the para was settled.

27-8-96: The Department explained that necessary undertaking had been obtained from the Contractor and produced to the Audit for verification and got verified.

The Committee accepted the explanation of the department and **settled the para.**

(ii) 5th Provincial Buildings Division Lahore

(ii) The Department contended that available excavated earth was used. The para was settled subject to verification of record by Audit within two months.

27-8-96: The Department informed the Committee that the estimate had been revised and had been sanctioned technically by the Chief Engineer which would be shown to the Audit.

The para was settled subject to verification of revised T.S. by Audit.

17. Para I-C.3: Page 18 – Provincial Buildings Division Dera Ghazi Khan – Non-Deduction of Available Earth – Rs.53,694

Audit had observed: “A formation did not deduct a quantity of 42979 cft earth available at site from the quantity brought from outside. This resulted in an excess payment of Rs.53,694 in May and June 1993.”

23-1-96: The PAC directed the Department to produce all the relevant record to Audit for verification of the recovery made and justification for non-recovery of the balance amount within one month. The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 23 January 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

18. Para I-D.1: (i) 2nd Construction Buildings Division Rawalpindi – Excessive lead – Rs.111,135 (ii) Provincial Buildings Division Khanewal

Audit had observed: “A formation paid 20 miles lead for carriage of stone against the provision of the sanctioned estimate while another formation made payment for one mile lead for the item of earth filling without provision in the agreement an estimate. This resulted in an overpayment of Rs.111,135 (37,147 + 73,988) to the contractors in September 1992 and May 1993.”

23-1-96: The Department explained, work in question involved two development schemes. Both the schemes were located in the congested area of the city and no earth was available there at site. Therefore, the required earth was thus brought from a distance of one mile. The payment was made after personal verification by the concerned XEN of actual lead.

The Department was directed to produce the relevant record to Audit for verification of factual position. The para was kept pending.

15-2-96: In respect of part (i) of the para amounting to Rs.37,147 relating to 2nd CBD Rawalpindi, the explanation of the Department was accepted and the para was settled.

Part (ii) of the para amounting to Rs.73,988 relating to P.B. Div: Khanewal will be dealt with when C. E. South will be taken up.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall take appropriate action to settle the matter. The action taken shall be reported to the Finance Department, the Assembly Secretariat and the Audit by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

19. Para I-E.1: Page 19 – Provincial Buildings Division Sargodha – Overpayment of Rs.96,948

Audit had observed: “A formation paid Rs.96,918 for “price variation” of steel on which secured advance was already paid to the contractor. This was violation of sub clause 9 of clause 55 of the agreement. This resulted in an overpayment of Rs.96,948 in January 1988.”

15-2-96: The Department explained that full recovery has been made from the security deposits of the contractor.

The para was settled subject to verification of the final bill of the work from where recovery has been made.

27-8-96: The Department explained that over paid amount of Rs.96,948 had been recovered from the running bill of the contractor. **The para was settled subject to** verification of recovery of Rs.96,948 by Audit.

20. Para II-A.1: Page 20 – Risk & Cost – Rs.2,537,755

Audit had observed: “The formation did not recover the amount of risk and cost of Rs.102,263 (72,557 +29,706) from the original contractors as they abandoned the works in May 1988 and 1989 and the Department got executed the balance work from the other contractors at risk and cost.”

(i) Provincial Buildings Division Chackwal – Rs.72,557

15-2-96: The explanation of the Department was accepted and the **item was settled.**

(ii) Provincial Buildings Division Khushab – Rs.29,706

15-2-96: The amount had been recovered and verified. This **item was also settled.**

21. Para II-A.2: Page 21 – Non-Recovery of Rs.289,196

Audit had observed: “In the formations the contractors abandoned the work, but the additional cost of Rs.289,196 (260,909+28,287) on account of risk and cost of the remaining work re-allotted to the other contractors in April 1991 and May 1992 under clause 3(c) of the agreement, was not recovered from them since September 1992.”

(i) Provincial Buildings Division Gujrat – Rs.260,909

15-2-96: The Department explained that an amount of Rs.69,424 had been recovered leaving a balance of Rs.191,485.

The para was reduced to the balance amount of Rs.191,485 and **kept pending** for the balance recovery.

(ii) Provincial Buildings Division Narowal – Rs.28,287

15-2-96: Kept pending for verification of recovery of Rs.19,346 and balance recovery of Rs.8,941.

27-8-96:

(i) The Department informed the Committee that matter had been taken up with the D.C. Gujrat for effecting recovery as arrears of land revenue. The Department further informed the Committee that it was a case of risk and cost.

The Audit pointed out that the para was reduced to Rs.191,424 in the PAC meeting held on 15-2-1996 and the record for verification of Rs.69,424 had been produced to Audit.

The PAC directed the Department to pursue the balance recovery vigorously as arrears of land revenue.

The para was kept pending for balance recovery and its verification by Audit.

(ii) The Department explained that balance recovery of Rs.8,941 was being pursued as arrears of land revenue with the Deputy Commissioner, Narowal.

The Audit apprised the PAC that incomplete record was produced by the Department for verification of recovery of Rs.19,346.

The Committee directed that recovery of Rs.19,346 may be got verified by Audit. The balance recovery may be pursued vigorously for early finalization of the same.

The para was kept pending for verification of recovered amount of Rs.19,346 and finalization of the balance recovery.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 15 February 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

22. Para II-A.3: Page 21 – Provincial Buildings Division Sheikhpura – Non-Recovery of Rs.341,553

Audit had observed: “A formation re-allotted the balance works to other contractors in May 1992 at the risk and cost of the original contractors under clause 3(c) of the agreement, but did not recover the additional expenditure of Rs.341,553 from the original contractors.”

15-2-96: It was stated by the Department that the original contractor has gone to the arbitration against the recoveries. Final decision of the arbitrator is awaited.

The Department admitted that inordinate delay had occurred in the finalization of decision by the arbitration and informed that now Kh.Khalid Latif S.E. has been appointed as arbitrator. He was present in

the meeting and asked 3 months time to finalise the arbitration. The Committee allowed 3 months time accordingly. The para was kept pending.

27-8-96: The Committee was informed that as to part-I of the para, the award given by the arbitrator was yet to be made rule of the court and in case of part-II, the contractor had gone to the court of Law against the decision of recovery made from him. The Committee directed to pursue the case in the court vigorously.

The para was kept pending till the decision of court in both parts of the para.

29-6-02: The Committee settled the para with the direction that subject to the decision of the court, the recovery shall be effected and reported to the Audit for verification, the Finance Department and the Assembly Secretariat by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

23. Para II-A.4: Provincial Buildings Division Sargodha – Non-Recovery of Rs.59,276

Audit had observed: “In a formation a contractor abandoned the work but did not recover the additional expenditure of Rs.59,276 on account o risk and cost of the remaining work re-allotted to another contractor in December 1991 under clause 3(c) of the agreement. This resulted in non-recovery of Rs.59,276 since 1992.”

15-2-96: After verification of recovery of Rs.18,852 the para was reduced to Rs.36,935. The Department explained that the balance recovery from contractor is being pursued through Deputy Commissioner, Sargodha.

The para was kept pending for balance recovery and its verification.

27-8-96: The Department explained that the matter had been taken up with the D.C. Sargodha for effecting the balance recovery of Rs.36,935 as arrears of land revenue.

The Department was directed to pursue the case vigorously for the balance recovery of Rs.36,935 as arrears of land revenue and the para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 27 August 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

24. Para II-A.5: Page 22 – 8th Provincial Buildings Division Lahore – Non-Recovery of Rs.489,132

Audit had observed: “In a formation a contractor abandoned the work in September 1989 but the additional cost of Rs.489,132 on account of risk and cost of the remaining work re-allotted to another contractor in February 1990 under clause 3(c) of the agreement, was not recovered form him.”

15-2-96: The Department explained that the case was with the arbitration and the arbitrator had not yet

announced the award. Anyhow, the department assured that matter would be got finalized within three months.

The PAC directed the Department to get the award of arbitration within three months positively and the para was kept pending.

27-8-96: The Department informed the Committee that presently the case was under process with the Arbitrator i.e. Superintending Engineer, Ist Provincial Building Circle, Lahore. Moreover, the plaintiff did not attend the proceedings and it is likely that an ex-parte decision may be given by the Arbitrator. The Department requested the Committee that three months time may be given to finalize the case.

The Audit pointed out that it was the case of risk and cost. Up till now, no recovery had been made.

The Committee directed the Department that the case be decided within two months and submit its report to the Committee. The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

25. Para II-A.6: Page 22 – Provincial Buildings Division Dara Ghazi Khan – Non-Recovery of Government dues – Rs.1,206,506

Audit had observed: “In a formation the contractor abandoned the works but the additional cost of Rs.1,206,506 on account of risk and cost of the remaining work re-allotted to other contractors in February & March 1991 and February 1993 under Clause 3(c) of the agreements, was not recovered from them since April 1992 and 1993.”

23-1-96: The Department had admitted the recovery and an amount of Rs.141,100 had been recovered from the security deposits of the defaulting contractor. For the balance amount of Rs.1,065,406, the D.C. had been asked to recover the same as arrears of land revenue. The Finance Department suggested that a detailed inquiry into the whole affair and especially whether the application of clause 3(a) instead of clause 3(c) was bona-fide or mala-fide.

The Public Accounts Committee directed the Administrative Secretary to conduct a detailed inquiry of the case as suggested by the Finance Department.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

26. Para II-A.7 Page 23 – Provincial Buildings Division Bahawalpur – Non-Recovery of Government

Dues of Rs.49,829

Audit had observed: “A formation re-allotted the balance work to another contractor in April 1989 at the risk and cost of the original contractor, but did not recover the additional expenditure of Rs.49,829 incurred on behalf of the original contractor.”

23-1-96: The Department explained that the amount had since been recovered.

The para was settled subject to verification of final bills of both the contractors and M.Bs.

27. Para II-B.1: Page 23 – Non-Recovery of Rs.72,581

Audit had observed: “A formation incurred an expenditure of Rs.30,037 in April 1988 on account of Zakat quarter but did not recover from Deputy Commissioner Sialkot. The amount involved was placed in “Misc:P.W.Advances” irregularly. While another formation did not recover the cost of the dismantling material as per agreemental provisions. The contractor completed dismantling up to March 1992 and received payment for dismantling. This resulted in non recovery of Rs.72,581(30,037+42,544) since April 1988 and September 1992.”

(i) Provincial Buildings Division Sargodha – Rs.42,544

15-2-96: The Department explained that an amount of Rs.42,544 had been recovered and verified by Audit. **This item was settled.**

(ii) Provincial Buildings Division Narowal – Rs.30,037

15-2-96: The Department was directed to ask the Deputy Commissioner, Sialkot, with reference to the directive of PAC, to adjust the amount of Rs.30,037 from his PLA of Zakat Fund to the XEN Buildings Department, Sialkot, with copy to S.E.Gujranwala. The para was kept pending.

27-8-96: The Department explained that full recovery of Rs.42,287 pertaining to Provincial Buildings Division, Sargodha had been recovered and got verified by Audit. The remaining amount of Rs.30,037 pertained to Provincial Buildings Division, Narowal and the Deputy Commissioner, Sialkot had been reminded to release the amount of Rs.30,037 out of the Zakat Fund and the release of the said amount of Rs.30,037 was awaited.

The Department was directed to pursue the balance recovery and the para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 27 August 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

28. Para II-B.2: Page 24 – Provincial Buildings Division Pak Patan – Non-Recovery of Minus Bill and Dismantled Material – Rs.7,000,000

Audit had observed: “A formation issued a cheque amounting to Rs.7,000,000 to the Chairman Evacuee Trust Property Board Lahore in December 1991 for purchase of land for construction of district office complex at Pakpattan. Neither the land was purchased nor Rs.7,000,000 were refunded.”

23-1-96: The Department explained that an amount of Rs.7,000,000 was deposited with Evacuee Property Trust Board for purchase of land. An amount of Rs.6,989,495 was received back in 12/93 after deducting Rs.10,505 as Bank clearance charges.

The Public Accounts Committee directed that the amount should be credited from the deposit account, to the Government Account. Moreover, it may be inquired from the EPTB whether any interest has accrued on the deposit of Rs.7,000,000 with the Bank, if so the amount of interest may be claimed by the Department. The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 23 January 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

29. Para II-B.3: Page 24 – 1st Provincial Buildings Division Faisalabad – Non-Recovery of Minus Bill and Dismantled Material – Rs.404,778

Audit had observed: “In a formation a contractor abandoned the work after receiving mobilization advance, secured advance, excessive measured work and price variation in August 1990. The last bill prepared on the measurement book turned into minus for Rs.404,778. This resulted in non-recovery of minus amount of Rs.404,778 from a contractor since May 1991.”

23-1-96: The Department explained that an inquiry would be conducted to ascertain the factual position that whether any mala-fide was involved or not. Anyhow, an amount of Rs.509,968/52 had been recovered/adjusted leaving a balance of Rs.153,021 for which the contractor had gone to arbitration.

The Public Accounts Committee directed the Department to produce all the relevant record pertaining to recovery of Rs.509,968/52 for verification. After verification the para would be reduced to the amount of Rs.153,021. The PAC further directed that XEN responsible for the irregularities pointed out in this para may be served with a show-cause notice. The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The directive of the PAC dated 23 January 1996 shall be implemented; the outstanding amount shall be recovered; and disciplinary action shall be taken against the persons including XEN found responsible for the irregularities. Compliance shall be reported to the Finance Department, the Assembly Secretariat and the Audit by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

30. Para II-B.4: Page 25 – Provincial Buildings Division Muzaffargarh – Non-Recovery of Minus Bill and Dismantled Material – Rs.105,105

Audit had observed: “A formation made an excess payment of Rs.105,105 to the contractors in running bills as the final bill came to minus. This resulted in non-recovery of Rs.105,105 in May 1992.”

23-1-96: The Department admitted the recovery and explained that an amount of Rs.84,933 had been recovered and balance recovery was being pursued as arrears of land revenue.

The PAC directed to produce all the record pertaining to recovery of Rs.84,933 to Audit for verification and pursue the balance recovery vigorously. The para was kept pending.

29-6-02: Reiterating the decision of the PAC dated 23 January 1996, **the Committee settled the para subject to the following direction –**

The Department shall produce the relevant record for verification by the Audit and take further necessary action including recovery, if any, as per observation of the Audit after such verification. The action shall be completed, and reported to the Finance Department and the Assembly Secretariat by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

31. Para III.1 Page 25 – Provincial Buildings Division Narowal – Loss of Rs.58,856

Audit had observed: “A formation executed the item of filling earth around the building and made payment of Rs.58,856 without any provision in the technically sanctioned estimate as well as contact agreement. This resulted in a loss of Rs.58,856 to government in May 1992.”

15-2-96: The Department stated that variation statement was prepared and approved by the Competent Authority. The earth was filled around the buildings to save them from the flood water and rains.

The explanation of the Department was accepted and **the para was settled.**

32. Para III.2: Page 26 – 1st Medical Provincial Buildings Division Lahore – Excess Payment of Rs.49,847

Audit had observed: “A formation made payment of Rs.49,847 for the item of cutting hard rock (greynite hard line stone etc.)” as per instructions at page-25 to the chapter for the “Excavation” in Composite Schedule of Rates 1979 for which the approval of the Superintending Engineer was not obtained. This resulted in a loss of Rs.49,847 to the government in February 1992.”

15-2-96: The Department explained that requisite recovery had been effected and verified by Audit.

The Department was directed to produce the final bill to Audit for verification. The para was settled subject to verification of final bill by Audit.

27-8-96: The Department explained that the recovery of Rs.49,847 had been made from the running bill of the contractor. The final bill had not yet been prepared as the contractor had gone to the court and the matter is, as such, sub-judice. The Department however, assured the Committee that recovery so far effected would not be refunded to the contractor.

In view of the assurance of the Department, **the para was settled.**

33. Para III.3: Page 26 – 1st Medical Provincial Buildings Division Lahore – Excess Payment of Rs.81,106

Audit had observed: “A formation made payment for items which were disallowed by the Superintending Engineer while approving the technical estimate in March 1986. This resulted in a loss of Rs.81,106 to government in June 1986.”

15-2-96: The explanation of the Department was accepted and the **para was settled.**

34. Para III.4: Page 27 – 3rd Provincial Buildings Division Lahore – Loss of Rs.589,675

Audit had observed: “A formation executed an item of weather shield paint and made payment @ Rs.475 per % sft instead of the admissible items of duracem paint @ Rs.112.62 per % sft as provided in

the estimate and approved in the Draft for Notice Inviting Tenders (DNIT)/agreement. This un-authorized change resulted in a loss to government worth Rs.589,675 in September 1991.”

15-2-96: The Department explained that weather shield paint was used which was quite justified as the scheme was revised by the Planning & Development Department. Anyhow, the T.S. was not yet prepared. The amount of Rs.327,587 was miscalculated by Audit as no premium was paid. Thus amount of para was reduced to Rs.262,070.

The PAC directed that Administrative Secretary should probe the matter to ascertain the facts within three months. The para was kept pending.

27-8-96: The Department explained that the rate was paid correctly and weather shield paint was provided in the approved scheme. The Secretary, Communications & Works had also looked into the matter and found that the rate paid was reasonable.

The para was settled subject to verification by Audit, the decision of Secretary, C&W about the rate.

35. Para III.5: Page 27 – (i) 5th Provincial Buildings Division Lahore – Loss of Rs.54,893 (ii) Allama Iqbal Medical College Division Lahore

Audit had observed: “A formation measured and paid the item of “extra for dressing or chamfering brick” which was not admissible as in the office building and there was no such item of work which involved circular masonry of construction of piers etc. While another formation executed certain items costing Rs.27,500 which were deleted from the detailed estimate of a work by the competent authority. This resulted in a loss of Rs.54,893(27,373+27,520) to government in June and September 1992.”

15-2-96: The explanation of the Department was accepted and the **para was settled.**

36. Para IV.1: Page 28 – Provincial Buildings Division Mianwali – Shortage of Ceiling/Exhaust Fans for an Amount of Rs.31,521

Audit had observed: “A formation received 39 Nos. fans and regulators as defective and failed to watch the interest of the government by allowing 100% cost of fans regulators without testing the material as per requirement during 1979. The material found defective was returned to the firm for replacement as full cost was already released. But whereabouts of the fans/regulators in question were not forthcoming which meant either the fans were received short or were misappropriated.”

15-2-96: The Department explained that the amount was recoverable from a firm which no longer existed, **the para was settled.**

37. Para V.1: Page 28 – Medical College Construction Division Faisalabad – Un-Authorised/Irregular Payment – Rs.353,976

Audit had observed: “A formation incurred an expenditure of Rs.771,618 on annual and special repair of the buildings instead of the admissible expenditure of Rs.471,642 by ignoring the ceiling fixed by the Government of the Punjab Finance Department as per sft area of the building without technically sanctioned estimate. This resulted in an un-authorised payment of Rs.353,976 in November and December 1992.”

23-1-96: The Department explained that the works in question were executed during two consecutive years 1991-92 & 1992-93. In each case the expenditure remained within the T.S. estimate.

The Department was directed to produce the record to Audit as required by them. The para was kept pending for record verification by Audit.

29-6-02: Reiterating the decision of the PAC dated 23 January 1996, **the Committee settled the para subject to the following direction –**

The Department shall produce the relevant record for verification by the Audit and take further necessary action including recovery, if any, as per observation of the Audit after such verification. The action shall be completed, and reported to the Finance Department and the Assembly Secretariat by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

38. Para V.2: Page 29 – Provincial Buildings Division D.G.Khan – Un-Authorised/ Irregular Payment of Rs.5,484,000

Audit had observed: “As per Delegation of Financial Powers 1990 the Superintending Engineer in the Buildings Department can accord technical sanction to the estimate upto Rs.5,000,000. The Superintending Engineer accorded technical sanction for Rs.5,484,800 by splitting the work into 3 separate groups against the administratively approved amount of Rs.5,221,000 instead of obtaining technical sanction from the Chief Engineer. This resulted in an irregular sanction of Rs.5,484,000 in June, November and December 1991.”

23-1-96: The Department explained that consolidated case for technical sanction for Rs.5,484,000 had been sent to Chief Engineer, Building, for according sanction.

The para was settled subject to technical sanction and its verification by Audit.

Highways Department Works Audit

39. Para I-A-1: Page 35 –Excessive Measurement – (i) Highways Division Gujrat – Rs.48,721; (ii) Highways Division Gujranwala – Rs.30,975

Audit had observed: “A formation executed the item of sinking of well and paid a depth of 35 feet instead of the admissible depth of 30 feet as per approved drawings. While another formation measured and paid the items of sub-base, base course and road edging in a length of 200 rft (820+00 to 822 +00) reserved for motorway. This resulted in an overpayment of R.79,696 (48,721 + 30,975) to the contractors in January 1992 and March 1993.”

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

40. Para I-A-2: Pages 35-36 – Excessive Measurement – Highways Division Gujranwala – Rs.108,892

Audit had observed: “A formation measured and paid 6” thick crushed stone water bound macadam base course in a length of 3650 rft instead of the designed thickness of 4” as provided in the technical sanctioned estimate. This resulted in an overpayment of Rs.108,892 to a contractor in January 1993.”

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

41. Para I-A-3: Page 36 – Excessive Measurement – Highways Division Sialkot – Rs.129,659

Audit had observed: “A formation executed and paid in excess the item of sub base course and base course in a width of 18 to 20 feet whereas the item of premix carpeting was done in a designed width of 15 to 20 feet, which resulted in excessive calculation of the quantities by 4223 cft and 3918 cft respectively. This led to an overpayment of Rs.129,659 to the contractor in May 1992.”

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

42. Para I-A-4: Pages 36-37 – Excessive Measurement – Highways Division Sialkot – Rs.236,223

Audit had observed: “A formation measured and paid a quantity of 3454 cft reinforced cement concrete (R.C.C.) slab in excess of design width of 4 feet without leaving the off-set of 6 inch either side of slab. This resulted in an overpayment of Rs.236,223 to the contractor in May 1992.”

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

43. Para I-A-5: Page 37 – Excessive Measurement – Highways Division Sialkot – Rs.122,400

Audit had observed: “Technical estimate sanctioned by the competent authority in April 1988 provided for earth work quantity of 2154456 cft on the basis of cross sections worked out by the Department. A formation executed the earth work of 2834583 cft from two contractors (i.e. a quantity of 229583 cft from the second contractor executing the work on risk and cost of the original contractor and 2605000 cft by the original contractor). The Department recorded excessive measurements of 680127 cft in violation of technical estimate and made overpayment of Rs.122,400 in June 1987.”

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

44. Para I-A-6: Pages 37-38 – Excessive Measurement – Highways Division Narowal – Rs.71,985

Audit had observed: “A formation measured and paid a quantity of 251034 cft earth in road embankment work for 7 feet height against the approved height of 3 feet as per cross section. While in another case the Department made payment for unloading and stacking of bitumen to the petty contractors which was the liability of the carriage contractor. This resulted in an excess payment of Rs.71,985(25,103 +46,882) to the contractors from September 1992 to March 1993.”

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall investigate the matter, recover the loss, if any, and get it verified by the Audit. Disciplinary action shall also be taken against the persons at fault. The action taken shall be reported to the Assembly Secretariat, the Audit and the Finance Department by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

45. Para I-A-7: Page 38 – Excessive Measurement – Highways Division Narowal – Rs.68,400

Audit had observed: “A formation measured and paid excessive quantity of 15200 sft on account of Triple Surface Treatment (TST) for 20 feet width of road, whereas the base course had been executed, measured and paid for width of 12 feet only. Thus, excessive measurement of Triple Surface Treatment (TST) resulted in an overpayment of Rs.68,400 to the contractor in March 1993.”

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall take appropriate action to settle the matter. The action taken shall be reported to the Finance Department, the Assembly Secretariat and the Audit by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

46. Para I-A-8: Pages 38-39 – Excessive Measurement – Highways Division Sargodha – Rs.324,421

Audit had observed: “A formation executed the item of deformed mild steel and paid conversion factor of 3.38 lbs per rft instead of the admissible factor of 3.23 lbs per rft as revealed by the laboratory test report. This resulted in an overpayment of Rs.324,421 in November 1992.”

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

47. Para I-A-9: Page 39 – Excessive Measurement – Highways Division Sheikhpura – Rs.89,298

Audit had observed: “A formation recorded measurement for the item of base course and Triple Surface Treatment (T.S.T) in excess of the approved width of the road which resulted in an excess payment of Rs.89,298 to the contractor in May 1993.”

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall investigate the matter, recover the loss, if any, and get it verified by the Audit. Disciplinary action shall also be taken against the persons at fault. The action taken shall be reported to the Assembly Secretariat, the Audit and the Finance Department by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

48. Para I-A-10: Page 39 – Excessive Measurement – Highways Division Sheikhupura – Rs.170,611

Audit had observed: “A formation did not make deduction of road crust from the quantities of earth work paid to the contractors. This resulted in an excess payment of Rs.170,611 in September 1988. The matter was reported to the Administrative Secretary in May 1991 and also discussed in the Departmental Accounts Committee meeting in February 1993. The Committee directed the Department to finalise the accounts of contractors and effect recovery upto February 1993, but was not done.”

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The decision of the DAC, as reported in the para, shall be implemented, recovery effected and reported to the Audit for verification. The action taken shall be reported to the Assembly Secretariat and the Finance Department by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

49. Para I-A-11: Page 39 – Excessive Measurement – Road Construction Division Lahore – Rs.228,243

Audit had observed: “A formation widened the road from 12 to 24 feet. As per approved plan/design, the sub-base was not required to be laid on the existing portion of the road. The payment for the sub-base and also non deduction of the area covered by the brick edging resulted in an excess payment of Rs.228,243 to a contractor in November 1992.”

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

50. Para I-A-12: Page 40 – Excessive Measurement – Highways Division Lahore – Rs.770,018

Audit had observed: “A formation made payment for an item of sub-base course 9” thick on the widened portion of the road, but did not deduct the area covered by the road edging from the measurement made for sub-base. This resulted in an excess payment of Rs.770,018 to the contractors in August and September 1992.”

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

51. Para I-A.13: Page 40 – Highways Division Sahiwal – Overpayment of Rs.543,776

Audit had observed: “A formation paid excessive quantities for dismantling of existing pavement to the contractors without provision in the technically sanctioned estimate. This resulted in an overpayment of Rs.543,776 in 1992.”

17-4-96: The Department explained that relevant record was available at Sahiwal which was checked in detail. As a result it was observed that excess payment was made but not to the extent as pointed out by the Audit. Therefore, the Department sought time to send the XEN concerned to the Audit with relevant record to explain the position in detail.

The PAC directed that concerned XEN should produce the relevant record to the Audit for verification within one month. The XEN may explain the position to the Audit and verification report be submitted to PAC in its next meeting. The para was kept pending.

29-6-02: Reiterating the decision of the PAC dated 17 April 1996, **the Committee settled the para subject to the following direction –**

The Department shall produce the relevant record for verification by the Audit and take further necessary action including recovery, if any, as per observation of the Audit after such verification. The action shall be completed, and reported to the Finance Department and the Assembly Secretariat by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

52. Para 1-A.14: Page 40 – Highways Division Rajanpur – Excess Payment of Rs.58,234 (This item pertains to Rs.28,642)

Audit had observed: “A formation paid a quantity of 119342 cft in excess in four cases as the cross sections were worked out by measuring excessive bottom breadth of road formation for the item of “earth work making embankment”. While in another case the formation measured and paid the formation height for the earth work making embankment in RD 29700 to 30600 as 7.5 feet instead of specific height of 4 feet provided in sanctioned estimate. This resulted in an excess payment of Rs.58,234 (28,642 + 29,592) in April 1992.”

27-3-96:

(i) The Department explained that recovery of Rs.28,642 had been effected from the contractor concerned.

The Audit apprised that no security was found on record and work was already completed. The recovery was made from other work and therefore, there was every possibility that

the recovered amount would be refunded to the contractor at a later stage.

The Department explained that recovery was made from the concerned contractor. Anyhow, a formal inquiry was also conducted by the S.E who had been asked to conduct a comprehensive inquiry. Therefore, a sufficient time period might be allowed to complete the inquiry.

The PAC allowed the period of one month to complete the said inquiry. The para was kept pending.

27-3-96:

(ii) The Department explained that an inquiry was being conducted and requested for time period to complete the inquiry.

The PAC directed the Department to complete the inquiry within one month. The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall take appropriate action to settle the matter. The action taken shall be reported to the Finance Department, the Assembly Secretariat and the Audit by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

53. Para I-B-1: Page 41 – Higher/Incorrect Rate – Highways Division Gujrat – Rs.67,690

Audit had observed: “A formation paid the rate of Rs.181.62 per % cft for an extra item of providing/ laying of sand cushion between sub grade and sub-base against the admissible rate of Rs.94.77 per % cft as per clause 12 of the contract agreement. This resulted in an overpayment of Rs.67,690 in March 1993.”

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

54. Para I-B-2: Pages 41-42 – Higher/Incorrect Rate – (i) Highways Division Sialkot – Rs.31,259; (ii) Highways Division Gujrat – Rs.35,762

Audit had observed: “As per agreement and technical estimate sanctioned by the competent authority, the contractor was to dismantle the existing soling and then reuse it as sub-base of a road at the tendered rate of Rs.100 per hundred cft against the estimated rate of Rs.213.19 per hundred cft. A formation, however, did not get the existing soling dismantled as per provision of the agreement and the technical estimate but made payment for the item of sub base at the rate of Rs.521 per hundred cft (rate for sub-base by crush stone) instead of the agreemental rate of Rs.100 per % cft. While another formation made

payment for the item of laying stone aggregate for base course @ Rs.1,165 per % cft instead of the admissible rate of Rs.350 per % cft. This resulted in an excess payment of Rs.67,021 (31,259 + 35,762) in June 1989 and October 1992.”

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

55. Para I-B-3: Page 42 – Higher/Incorrect Rate – Highways Division Sialkot – Rs.68,310

Audit had observed: “A formation made payment for 9900 cft crush stone at the rate Rs.790 per % cft instead of reusing dismantled material in sub base course be paid at the rate of Rs.100 per % cft. This was in violation of the provisions of agreement and the estimate, and resulted in an excess payment Rs.68,310 to a contractor in October 1988. The matter was brought to the notice of the Administrative Secretary in April 1990 and also discussed in the Departmental Accounts Committee (DAC) meeting in April 1991. The Department informed the Committee that the original contractor had abandoned the work and rescinded the contract under clause 3(a) of the Agreement. The balance work was allotted to another contractor. The recovery would be effected on finalisation of the accounts. The Committee directed to finalise the accounts of both the contractors and effect the recovery upto 30th June 1991, but this was not done.”

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The decision of the DAC, as reported in the para, shall be implemented, recovery effected and reported to the Audit for verification. The action taken shall be reported to the Assembly Secretariat and the Finance Department by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

56. Para I-B-4: Page 43 – Higher/Incorrect Rate – Highways Division Sialkot – Rs.433,446

Audit had observed: “In a formation the contractor quoted premia from 17 percent to 50 percent above the estimated rates for the items of road work and 19.91 percent below for the items of road structure. The Department executed the items of road work carrying high rates in a width more than that approved/sanctioned design of 10 feet which was undue favour to the contractor as he did not complete the road structure for which rates were below the estimate. This resulted in an excess payment of Rs.433,446 in June 1989.”

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the

directive of the PAC.

57. Para 1-B.5: Pages 43-44 – Higher/Incorrect Rate – Highways Division Gujranwala – Rs.121,419

Audit had observed: “A formation executed the item of reinforced cement concrete (R.C.C.) pile and paid the depth of 15 feet beyond 70 feet (provided in the approved drawing and design) at the rate of Rs.1,000 per cft instead of the admissible rate of Rs.324.10 per rft as per contractual provisions. This resulted in an overpayment of Rs.121,419 to a contractor in March 1993.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

58. Para 1-B.6: Page 44 – Higher/Incorrect Rate – Highways Division Sheikhpura – Rs.61,606

Audit had observed: “A formation executed the item of reinforced cement concrete (R.C.C.) for bed plates and wheel guards and made payment at the rate of Rs.21.05 per cft instead of the admissible rate of Rs.15.70 per cft vide item No.5(a)(11)(3) page-53 of the Composite Schedule of Rates 1979. While in another case the formation used 3600 cft dismantled material as sub-base course and paid the rate of Rs.1,500 per % cft instead of the admissible rate of Rs.600 per % cft. This resulted in an excess payment of Rs.61,606 (29,206+32,400) to the contractors in March and May 1993.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall take appropriate action to settle the matter. The action taken shall be reported to the Finance Department, the Assembly Secretariat and the Audit by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

59. Para I-B.7: Page 45 – Highways Division Multan – Excess Payment of Rs.152,520

Audit had observed: “A formation made payment for sub base course at full rate of Rs.1,296 per % cft instead of labour rate of Rs.25 per % cft as provided in the acceptance letter. The contractor was to use 1500 cft sub base course material lying at site and allowed labour rate of Rs.25 per % cft. Thus excessive rate allowed resulted in an excess payment of Rs.152,520 in June 1992.”

17-4-96: The Department explained that the facts had been verified by Audit.

The explanation of the Department was accepted and the **para was settled.**

60. Para: 1-C.1 (i) & (ii): Page 45 – Non-deduction of Dismantled Material – (i) Highways Division Gujrat – (ii) Highways Division Sargodha – Rs.78,229

Audit had observed: “A formation did not deduct the area of culverts and causeway from the quantities of item of sub-base/base course and road edging. While another formation executed the item of reinforced cement concrete (RCC) 1:1:2 and paid the full length without deducting the quantity of 492,82 cft for holes of tensile steel wire. This resulted in an overpayment of Rs.78,229 (46,196+32,033) to the contractors in November 1992.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

61. Para 1-C.2: Page 46 – Non-deduction of Dismantled Material – Highways Division Sialkot – Rs.301,750

Audit had observed: “A formation did not deduct the quantity of 35500 cft of the existing brick soling dismantled and re-laid from the payment of sub-base quantity required under the provisions of estimate and agreement. This resulted in an overpayment of Rs.301,750 to the contractor in March 1993.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

62. Para 1-C.3: Page 46 – Non-deduction of Dismantled Material – Highways Division Sialkot – Rs.70,050

Audit had observed: “According to the specification No.411.9 of Roads and Bridges construction, 1971 “all the suitable material received from the excavation shall be used in the formation of the embankment”. In a formation a quantity of 75730 cft earth received from the excavation of road structure was used in the formation of road embankment, but while making payment for the embankment work the

quantity of earth available was not deducted, which resulted in an overpayment of Rs.70,050 to the contractor in December 1992.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

63. Para 1-C.4: Page 46 – Non-deduction of Dismantled Material – Highways Division Gujranwala – Rs.93,000

Audit had observed: “A formation did not deduct the area of various spans of culverts and road edging from sub base course. This resulted in an overpayment of Rs.93,000 to the contractors in 1992-93.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

64. Para I-C.5 (i): Page 47 – Highways Division Toba Take Sing – Excess Payment of Rs.91,285 (This item – Rs.70,483)

Audit had observed: “A formation did not deduct road crust from the quantity of earth work for embankment while another formation widened the existing road by 4 feet both sides and measured sub-base on the road without deducting the area covered by the road edging. This resulted in an excess payment of Rs.91,285 (70,483+20,802) to the contractors in 1988 and September 1992¹/₄¹/₄¹/₄. The matter was reported to the Administrative Secretary in July 1989 and February 1993 and also discussed in the Departmental Accounts Committee(DAC) meetings in May 1991, January 1992 and July 1993. The Department failed to produce the relevant measurement book as the same was lost. The committee decided that excess payment should be recovered after fixing responsibility. The Department incurred and expenditure of Rs.3,381,342 against the administratively approved amount of Rs.2,872,000 which was in excess of permissible limit of 15%.”

27-3-96: The Department explained that deduction on account of road crust was made while making payment to the contractor. Unfortunately the factual position could not be get verified by Audit as the relevant M.B. was misplaced and despite the best efforts the same could not be traced. The concerned Sub Engineer had also been expired.

The PAC observed that the Department should had lodged an F.I.R for the loss of M.B which was not done and it was a lapse on the part of Department. The matter might be inquired into fix responsibility and excess paid amount be recovered from the defaulter besides the disciplinary action under E&D rules against the defaulter. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 27 March 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

65. Para I-C.5(ii): Page 47 – Highways Division Faisalabad – Excess Payment of Rs.91,285

Audit had observed: “A formation did not deduct road crust from the quantity of earth work for embankment while another formation widened the existing road by 4 feet both sides and measured sub-base on the road without deducting the area covered by the road edging. This resulted in an excess payment of Rs.91,285 (70,483+20,802) to the contractors in 1988 and September 1992. The matter was discussed in the Departmental Accounts Committee (DAC) meetings in May 1991, January 1992 and July 1993. The Department failed to produce the relevant measurement book as the same was lost. The committee decided that excess payment should be recovered after fixing responsibility. The Department incurred an expenditure of Rs.3,381,342 against the administratively approved amount of Rs.2,872,000 which was in excess of permissible limit of 15%.”

27-3-96: The Department explained that actual recoverable amount was Rs.16,096 and not Rs.20,802 as worked out by Audit. The recovery of Rs.16,096 had since been effected and produced to Audit for verification. The explanation of the Department was accepted and **the para was settled.**

66. Para I-C.6: Page 47 – Highways Division Khanewal – Excess Payment of Rs.208,826

Audit had observed: “A formation paid Rs.208,826 to a contractor due to non-deduction of road crust from the item of making embankment. This resulted in an excess payment of Rs.208,826 to the contractor in 1992.”

17-4-96: The Audit apprised the PAC that during verification of record, it was observed that actual recoverable amount was Rs.251,383 instead of Rs.208,826. The Department explained that an amount of Rs.212,961 had been recovered and verified by Audit leaving a balance of Rs.38,422.

The **para was settled subject to** the balance recovery and its verification by Audit.

67. Para I-C.7: Page 48 – Highways Division Khanewal – Overpayment of Rs.132,581

Audit had observed: “A formation paid for the item of work “making embankment including cost of earth all lead and lift complete in all respect” without deducting the quantity of road crust to the contractors which resulted in an overpayment of Rs.132,581 in January 1993.”

17-4-96: The Department explained that actual recovery from the final bill of the contractor had been effected for Rs.205,441 and not Rs.132,581 as pointed out by Audit. This had been verified by the Audit. The explanation of the Department was accepted and **the para was settled.**

68. Para 1-D.1: Page 48 – Miscalculation/Incorrect Calculation – Highways Division Gujranwala – Rs.56,000

Audit had observed: “A formation executed the item of stone aggregate sub-base course (R.D 325+00 to 344+00) and paid a length of 2600 feet instead of the admissible length of 1900 feet due to incorrect calculation. This resulted in an overpayment of Rs.56,000 to a contractor in April 1993.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

69. Para 1-D.2: Page 48 – Miscalculation/Incorrect Calculation – Highways Division Sialkot – Rs.60,398

Audit had observed: “A formation measured and paid 8054 cft for the item of base course due to wrong calculation of contents of record entry. This resulted in an overpayment of Rs.60,398 to a contractor in December 1992.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

70. Para 1-D.3: Page 49 – Miscalculation/Incorrect Calculation – Highways Division Lahore – Rs.440,000

Audit had observed: “A formation executed the item of crush stone bound macadam base course 8” thick but calculated the contents with 8 feet thickness instead of 8 inch. The incorrect calculation resulted in an excessive quantity of 22000 cft and overpayment of Rs.440,000 to a contractor in October 1992.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

71. Para 1-E.1: Page 49 – Double Measurement – Highways Division Attock -Rs.48,530

Audit had observed: “A formation recorded double measurements of sub base and base courses in reaches 177 & 178 in measurement book No.2198 and made payment of the quantity of 4510 cft twice leading to excess payment of Rs.24,860. Moreover, the Department made entries for making embankment, sub base and base course in the locations/ places occupied by nullahs/culverts on record, which led to an excessive quantity of 49070 cft costing Rs.23,670. Thus incorrect and double measurements resulted in an overall excess payment of Rs.48,530 in 1989¼. The case was also discussed in the Departmental Accounts Committee (DAC) meeting in March 1991. The committee did not accept the contention of the Department as it was not supported by its own record, and directed to initiate disciplinary action against the sub-engineer and the sub-divisional officer concerned who were responsible for double and incorrect measurements. The Department did not take any action to comply with the directives of the Departmental Accounts Committee since March 1991.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The decision of the DAC, as reported in the para, shall be implemented, recovery effected and reported to the Audit for verification. The action taken shall be reported to the Assembly Secretariat and the Finance Department by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

72. Para 1-E.2: Page 50 – Double Measurement – Highways Division Sialkot – Rs.59,135

Audit had observed: “In a formation field staff recorded measurements of earth work twice in some reaches, which resulted in an excess payment of Rs.59,135 in November 1989¼¼ The matter was brought to the notice of the Administrative Secretary in April 1990 and also discussed in the Department Account Committee (DAC) meeting in April 1991. The Department replied that the original contractor had abandoned the work and the Department rescinded this contract under clause 3(a) of the agreement. The Department further informed the Committee that the balance work had yet to be allotted and executed. The explanation of the Department was not tenable because the payment of double measurements had no concerned with the rescission of the agreement. The field staff failed to exercise the prescribed checks while recording measurements and making payment.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

73. Para 1-E.3 (i) & (ii): Page 50 – Double Measurement – (i) Highways Division Sialkot – (ii) Highways Division Narowal – Rs.252,783

Audit had observed: “The formations measured and paid the item of sub-base course, brick edging and triple surface treatment twice in a length of 1800 rft and 1500 rft respectively. This resulted in an excess payment of Rs.252,783 (24,003+228,780) to the contractors in November 1989 & 1992 and February 1993¼....The matter was also reported to the administrative Department in April 1990 and September 1993, and also discussed in the Departmental Account Committee meeting in April 1991. The Department replied in respect of an amount of Rs.24,003 that the original contractor had left the work and the Department rescinded his contract under clause 3(a) of the agreement. The Department further informed the committee that the balance work had yet to be allotted and executed. The reply was not justified because the payment of double measurements had no concern with the rescission of the agreement. The field staff failed to exercise the prescribed checks while making payment to the contractor who received payment which was not due to him.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

74. Para 1-F.1: Page 51 – Price Variation – Highways Division Narowal – Rs.139,603

Audit had observed: “A formation made payment for difference of Rs.813 (10,313-9,500) per metric ton to the contractors on account of price variation of steel as no notification for price variation required under clause –55(5) of agreement, was issued during the month of execution. This resulted in an excess payment of Rs.139,603 to the contractors in November & December 1992 and February 1993.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

75. Para 1-F.2: Page 51 – Price Variation – Highways Division Sialkot – Rs.1,258,500

Audit had observed: “In a formation a contractor was allowed payment on account of price variation of steel at higher rates than admissible under the instructions of Government of Punjab, Finance Department letter issued in March 1992. This resulted in an excess payment of Rs.1,258,500 to the

contractor in May 1992.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

76. Para II-A.1: Page 52 – Risk and Cost – Highways Division Jhelum – Rs.505,453

Audit had observed: “A formation allotted the balance work to another contractor in March 1992 as the contractor abandoned the work, but did not recover the additional cost of Rs.505,453 on account of risk and cost of the remaining work under clause 3(c) of the agreement from the original contractor. This resulted in non-recovery of Rs.505,453.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

77. Para II-A.2: Pages 52-53 – Risk and Cost – Highways Division Jhelum – Rs.1,379,131

Audit had observed: “A formation re-allotted the balance work to another contractor in 1992 after the contractor abandoned the work, but did not recover the additional cost of Rs.1,379,131 on account of risk and cost under clause 3(c) of the agreement from the original contractor. This resulted in non-recovery of Rs.1,379,131.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

78. Para II-A.3: Page 53 – Risk and Cost – Highways Division Sialkot – Rs.649,566

Audit had observed: “In a formation a contractor abandoned the work in November 1989 but the additional expenditure on account of risk and cost of the balance work re-allotted to another contractor in November 1990 under clause 3(c) of the agreement, was not recovered from the original contractor. This resulted in non-recovery of Rs.649,566 in November 1990.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31

December 2002. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

79. Para II-A.4: Page 53 – Risk and Cost – Highways Division Sialkot – Rs.232,977

Audit had observed: “In a formation contractor abandoned the work but the additional cost on account of risk and cost of the remaining work re-allotted to another contractor in March 1992 under clause 3(c) of the agreement, was not recovered from the original contractor. This resulted in non-recovery of Rs.232,977 in March 1992.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

80. Para II-A.5: Page 54 – Risk and Cost – Highways Division Lahore – Rs.722,292

Audit had observed: “A formation granted secured/mobilization advance of Rs.722,292 to a contractor who became defaulter in September 1991. The Department re-allotted his balance work to another contractor at his risk and cost but did not make recovery of secured advance of Rs.722,292 along with interest amount of Rs.91,914 at the rate of 12% upto February 1992 under clause 7 of Indenture Bond for secured advance.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

81. Para II-A.6: Page 54 – Risk and Cost – Highways Division Kasur – Rs.202,496

Audit had observed: “In a formation the original contractor abandoned the work and the balance work re-allotted to another contractor at the risk and cost of the original contractor. After adjusting the amount of risk and cost of Rs.774,789 an amount of Rs.202,496 was still recoverable from the contractor as per his final bill which was not recovered¼¼The mater was reported to the Administrative Secretary in June 1989 and also discussed in the Departmental Accounts Committee meeting in June 1992. The committee directed the Department to work out the actual risk and cost amount and got verified from Audit up to 31 August 1992. The Department replied in May, 1993 that actual amount of risk and cost came to Rs.774,789 and after adjustment the net amount of recovery worked out to Rs.202,496 which would be

recovered as “arrear of land revenue” but the position had not been got verified.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

82. Para II-A.7: Page 55 – Risk and Cost – Highways Division Okara – Rs.460,077

Audit had observed: “In a formation the contractors abandoned the works and the remaining works were re-allotted to other contractors at the risk and cost of the original contractors. The final bills of the contractors ran into minus due to risk and cost amount which were placed in “Miscellaneous P.W. Advances” in February 1991 and December 1992, but did not take any action to effect recoveries as “Arrear of Land Revenue”. This resulted in non-recovery of Rs.460,077.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. Disciplinary action shall also be taken against the persons at fault. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

83. Para II-B.1: Page 55 – Recovery of Bitumen/Dismantled Material – Highways Division Jhelum – Rs.241,480

Audit had observed: “A formation made recovery of only 26 metric ton against the consumed quantity of 74.78 metric ton bitumen on execution of the items of Triple Surface Treatment (TST). This resulted in non-recovery of the balance quantity of 48.78 metric ton bitumen costing Rs.241,480 in 1991.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

84. Para II-B.2: Page 56 – Recovery of Bitumen/Dismantled Material – Highways Division Jhelum – Rs.76,537

Audit had observed: “A formation issued 14.43 metric ton bitumen to the contractor but did not make recovery of cost of bitumen of Rs.76,537 although the item of Triple Surface Treatment (T.S.T.) was completed and paid in June 1992. This resulted in non-recovery of Rs.76,537 from a contractor.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

85. Para II-B.3: Page 56 – Recovery of Bitumen/Dismantled Material – Highways Division Sheikhpura – Rs.118,807

Audit had observed: “A formation issued 23.55 metric tons bitumen to contractors in August 1987 and June 1988 but did not make recovery of Rs.118,807 due from them on this account....The matter was brought to the notice of the Administrative Secretary in May 1991 and also discussed in the Departmental Accounts Committee meeting in February 1993. The committee directed to finalize the account of the contractors by the end of February 1993 and effect recovery up to April 1993, but this was not done.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

86. Para II-B.4: Pages 56-57 – Highways Division Faisalabad – Non-Recovery of Rs.124,833 on Account of Cost of Bitumen

Audit had observed: “A formation issued 13.64 metric ton bitumen costing Rs.124,833 in excess of requirement of 83.36 metric ton from October 1986 to April 1990. The contractor having already been declared a defaulter, recovery of government dues were yet to be made good by the Department.”

27-3-96: The Department explained that final bill of the contractor had been prepared and amount had been deducted from that bill. Anyhow, that bill of the contractor was still pending due to want of funds and funds were being arranged.

The para was settled subject to verification by Audit.

87. Para II-B.5: Page 57 – Highways Division Khanewal – Non-Deduction of Rs.92,000 being Cost of Dismantled Material

Audit had observed: “In a formation a contractor was overpaid of Rs.92,000 due to non deduction of the cost of dismantled material in November 1992.”

17-4-96: The Department explained that the recovery of Rs.92,000 had been effected and verified by Audit. **The para was settled.**

88. Para II-B.6: Page 57 – Highways Division Multan – Non-Recovery of Rs.554,639

Audit had observed: “A formation issued 122 metric ton bitumen to a contractor for Triple Surface Treatment of a road. The contractor executed Triple Surface Treatment (TST) and used 48.01 metric ton bitumen and abandoned the work. The remaining work was awarded to the second contractor in July 1990 and 13.80 metric ton bitumen was transferred to him. The balance of 60.19 metric ton bitumen was taken away by the original contractor which resulted in non-recovery of Rs.554,639 in June 1989.”

17-4-96: The Department explained that 60.19 M.Ton bitumen had been recovered and could be verified.

The PAC observed that name of the XEN was mentioned wrongly in the working paper and this lapse was viewed seriously by the PAC. The Department was directed to inquire about this mis-statement and defaulter may be proceeded against under E&D Rules.

The PAC further observed that as the issuance of bitumen in bulk was irregular, therefore, the concerned oversea, S.D.O. and XEN may be proceeded against under E&D Rules.

The Administrative Secretary assured the PAC that in addition to the recovery of Rs.23,590 disciplinary action would be taken against the concerned officers/officials under E&D Rules as directed by the Committee.

On the assurance of the Department, the **para was settled subject to** recovery and its verification by Audit.

89. Para II-B.7: Page 58 – Highways Division Jhang – Non-Recovery of Rs.66,643 on Account of Hire Charges of Machinery

Audit had observed: “A formation made recovery of bitumen at a rate of Rs.6,065 plus 4% storage charges instead of agreement rate of Rs.6,425 plus 4% storage charges per matric ton. This resulted in short recovery of Rs.66,643 from the contractors in June 1992.”

27-3-96: The **para was settled subject to** verification of recovery and record by Audit.

90. Para II-C.1: Page 58 – Bridge Construction Division Bahawalnagar – Rs 904,957

Audit had observed: “A formation lent out machinery to a contractor but did not recover hire charges in advance as per para 4.16(v) of the Buildings and Roads Department Code. This resulted in non-recovery of Government dues of Rs.904,957 (2,238,596 – 1,333,639) in September 1990.”

27-3-96: The Committee was informed that the Department lent out machinery to a contractor but did not recover hire charges in advance as per B&R Code which resulted in non-recovery of Rs.904,957.

The Department explained that an amount of Rs.66,967 had been recovered from the contractor. The contractor went to the court and court had appointed arbitration. The concerned XEN had been served with a show cause notice.

The PAC observed that it was the responsibility of the contractor to arrange the requisite machinery and if the same was provided by the Department, the hire charges of machinery should had been received in advance. It was not understood as to how such a huge amount was accumulated and why it was not recovered from the bills of the contractor while making payments. Therefore, the PAC directed the Department to probe into the matter for ascertaining as to who was responsible for the accumulation of arrears of such a huge amount of hire charges of machines and amount of hire charges might be recovered from him and also pursue the Arbitration case vigorously. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 27 March 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

91. Para II-C.2: Page 59 – Highways Division Rahim Yarkhan – Non-Recovery of Rs.3,738,180 on Account of P.W. Miscellaneous Advance

Audit had observed: “A formation did not make recovery of Rs.3,738,180 from various officials/officers since June 1960 placed in schedule of “Misc: P.W.Advances.”

27-3-96: The Department explained that actual amount of the para was Rs.3,778,180 and not Rs.3,738,180 as calculated by Audit. A sum of Rs.3,733,267 had since been adjusted/cleared leaving a balance of Rs.44,912.

The **para was settled subject to** balance recovery and verification of record pertaining to adjustment/clearance of Rs.3,733,267

92. Para II-D.1: Page 59 – Non-recovery of Income/Professional Tax – Highways Division Gujrat – Rs.188,772

Audit had observed: “A formation did not recover an amount of Rs.188,772 on account of income tax and fine for late deposit of income tax from the contractor as per clause 22(b) of the contract agreement. This resulted in non-recovery of Rs.188,772 (137,790 + 50,982) in 1992-93.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall inform the Income Tax Department about the lesser/non-deduction of income tax. The action taken shall be reported to the Assembly Secretariat, the Audit and the Finance Department by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

93. Para II-D.2: Page 59 – Non-Recovery of Income/Professional Tax – Highways Division Sheikhpura – Rs.274,400

Audit had observed: “A formation did not make recovery on account of deduction of 3% income tax at source. This resulted in non-recovery of Rs.274,400 from the contractor in August 1992^{1/4}”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall inform the Income Tax Department about the lesser/non-deduction of income tax. The action taken shall be reported to the Assembly Secretariat, the Audit and the Finance Department by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

94. Para II-E.1: Page 60 – Non-recovery of Secured Advance – Highways Division Jhelum –

Rs.169,948

Audit had observed: “A formation made payment of secured advance of Rs.281,409 for 127913 cft stone boulder and made recovery of Rs.111,461 for 50664 cft stone up to June 1992. This resulted in non-recovery of balance secured advance of Rs.169,948 from a contractor.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

95. Para II-F.1: Pages 60-61 – Minus Bill – Highways Division Kasur – Rs.71,330

Audit had observed: “In a formation Audit pointed out the recovery of Rs.61,442 from a contractor. The Department showed the amount recovered from the 6th and final bill which actually turned into a minus of over all recovery of Rs.71,330 which is still outstanding against him since 1988.....The matter was reported to the Administrative Secretary in June 1989 and also discussed in the Departmental Accounts Committee meeting in June 1992. The Department replied that recovery had been effected from the final bill of the contractor prepared as minus for Rs.71,330. The Department took no action actually to recover the outstanding dues. The committee, however, directed the Department to effect recovery and got verified from Audit up to 30 September 1992 but this was not done.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The decision of the DAC, as reported in the para, shall be implemented, recovery effected and reported to the Audit for verification. The action taken shall be reported to the Assembly Secretariat and the Finance Department by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

96. Para III-A.1: Page 61 – Non-recovery of Hire Charges – Highways Division Sargodha – Rs.148,223

Audit had observed: “A formation made an advance payment of Rs.148,223 in July and August 1990 on account of hire charges of machines borrowed from another division on behalf of a contractor. The Department not only provided an undue aid to the contractor but also did not make any recovery of the dues from the contractor as required by para 4.16(b)(v) of the Buildings and Roads Department Code.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

97. Para III-A.2: Page 62 – Non-recovery of Hire Charges – Highways Division Narowal – Rs.82,530

Audit had observed: “A formation lent out a machine to a contractor but did not recover crew charges of Rs.82,530 along with charges of machine from the contractor. This resulted in a loss of Rs.82,530 to the Government from March to November 1981.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

98. Para III-A.3: Page 62 – Non-recovery of Hire Charges – Machinery Maintenance Division Lahore – Rs.667,578

Audit had observed: “A formation prepared the working estimates of the earth moving machinery without depreciation and establishment charges. The machines were rented out to a contractor working in an autonomous body. Neither departmental charges nor the full hire rate including depreciation/ establishment charges were recovered. This resulted in a loss of Rs.667,578 from March to September 1992.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

99. Para III-A.4: Page 63 – Non-Recovery of Hire Charges – Machinery Maintenance Division Lahore – Rs.458,070

Audit had observed: “A formation rented out earth moving machinery directly to the contractors working in other civil divisions and Autonomous bodies without involvement of the concerned divisions and drawing up agreement with them. The establishment and Departmental charges were not recovered which resulted in loss of Rs.458,070 to the Government from January to September 1992.”

4-7-02: The Committee decided that the facts of the case required further examination. For the purpose, the Department shall **submit the requisite working paper**, containing the comments of the Audit.

100. Para III-A.5: Page 63 – (i) Highways Division Faisalabad – Loss on Account of Hire Charges of Machinery – Rs.81,852 (This item – Rs.45,936) (ii) Highways Division Khanewal (This Item – Rs.35,916)

Audit had observed: “A formation recovered hire charges of a machine at the rate of Rs.200 per

hour instead of the approved rate of Rs.258 per hour. While an other formation did not complete the log books of machinery for November 1989, July and August 1990 that remained in operation on works allotted to the contractors. This resulted in a loss of Rs.81,852 (45,936+35,916) in November 1992.”

27-3-96: The Department explained that working charges of Motor grader was recovered @ Rs.200 P.H. as per technical sanction of the working estimate. There was no authority for the rate of Rs.258 P.H. quoted by the Audit. The explanation of the Department was accepted and the **item was settled.**

17-4-96: The Department explained that recovery of (Rs.45,936) had been effected which had been verified by the Audit. **The item was settled.**

101. Para III-A.6: Page 64 – Highways Division Multan – Loss of Rs.348,200

Audit had observed: “In a formation lease money from the owners of petrol pumps was recovered at the rate of Rs.600 instead of the revised rate of Rs.5,000 per annum as per Government of the Punjab letter No. SOE-II(C&W) 1-12/85 of 9 June 1990. This resulted in a loss of Rs.348,200 to the Government during 1991-92.”

17-4-96: The Department explained that Oil Companies had filed a writ petition in the Court of Law against the enhanced rent rate and the decision of court was awaited.

The PAC wanted to know the date of the filing of the court case and also the date from which the rates of rent were enhanced, but the Department could not apprise the PAC about it. Therefore, the Department was directed for a detailed inquiry into the matter to ascertain as to when the rent rate was enhanced and when the writ was filed. The PAC may be apprised about the factual position in its next meeting. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

102. Para III-A-7: Pages 64-65 – Highways Division Multan – Loss of Rs.64,695 due to Non-Recovery of Hire Charges of Machinery

Audit had observed: “A formation did not make recovery of hire charges of machinery in advance as required under para No.4.16(b)(v) of Buildings and Roads Department Code. This resulted in a loss of Rs.64,695 in June 1989.”

17-4-96: The Department explained that the recovery had been effected and got verified by Audit. **The para was settled.**

103. Para III-B.1: Page 65 – Non-accountal/Shortage of Material – Highways Division Narowal – Rs.159,312

Audit had observed: “A formation got dismantled the existing soling to the extent of 21600 cft to

be used as sub base by the contractor at his quoted rate of Rs.100 per hundred cft. The Department instead of using the dismantled material, allowed the contractor to use crush stone at the rate of Rs.947.50 per % cft instead of the dismantled material, which resulted in a loss of Rs.159,312 to the Government in 1990...The matter was reported to the administrative Department in April 1990 and also discussed in the Departmental Accounts Committee (D.A.C.) meeting in April 1991. The Department effected recovery of only Rs.23,784 instead of Rs.159,312. The Department argued that only the material costing Rs.23,784 was received from dismantling, which was used in the sub-base and recovery made accordingly. Audit did not agree to the version of the Department because the contractor had originally quoted rate of Rs.300 subsequently reduced to Rs.100 per % cft by him. The contractor would have received meagre amount, if he had used the dismantled material. The Department not only favoured the contractor but also caused a loss of Rs.159, 312 to the Government by allowing the contractor to use crushed stone instead of the dismantled material.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

104. Para III-B.2: Page 66 – Non-accountal/Shortage of Material – Highways Division Narowal – Rs.120,000

Audit had observed: “A formation paid Rs.120,000 to the Land Acquisition Collector on account of compensation of standing trees, but the trees were not accounted for. This resulted in a loss of Rs.120,000 to the Government in February 1993.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

105. Para III-B.3: Page 66 – Non-Accountal/Shortage of Material – Highways Division Sialkot – Rs.51,500

Audit had observed: “A formation issued 10 metric ton bitumen to a contractor in February 1988 whose account had already been finalized regarding the scheme “Sialkot-Gondal-Saidpur road” in June 1986. This resulted in a loss of Rs.51,500 due to misappropriation of the Government material.....The

matter was brought in the notice of the Administrative Secretary in April 1990 and also discussed in the Departmental Accounts Committee (DAC) meeting in April 1991. The Department replied that the bitumen had not been received by the contractor but rather it was charged to the work by the Sub Engineer concerned. The Department further informed that the Sub-Engineer had been directed to deposit the cost of the material. The explanation of the Department was not satisfactory because the official had issued the material from stock and did not maintain the accounts as required by the rules. Moreover, the Department had taken no action against him uptill now.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. Disciplinary action shall also be taken against the persons at fault. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

106. Para III-B.4: Pages 66-67 – Non-accountal/Shortage of Material – Machinery Maintenance Division Lahore – Rs.5,904,702

Audit had observed: “A formation did not recover an amount of Rs.5,904,702 from different officials/officers on account of shortage of stock articles from April 1982 to January 1985. This resulted in a loss of Rs.5,904,702 to the Government.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall investigate the matter, recover the loss, if any, and get it verified by the Audit. Disciplinary action shall also be taken against the persons at fault. The action taken shall be reported to the Assembly Secretariat, the Audit and the Finance Department by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

107. Para III-B.5: Page 67 – Non-accountal/Shortage of Material – Machinery Maintenance Division Lahore – Rs.57,857

Audit had observed: “A formation got dispatched 312 drums of bitumen from Karachi for Highways Sub Division, Chicha Watni which were received short by 24 drums valuing Rs.57,857 in October 1992. This resulted in a loss of Rs.57,857 to the Government.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

108. Para III-B.6: Page 67 – Non-Accountal/Shortage of Material – Machinery Maintenance

Division Lahore – Rs.49,311

Audit had observed: “A formation showed stock material valuing Rs.49,311 as surplus on physical verification in June 1991. The surplus material was not accounted for at the time of its coming notice as required under article 6.61 of Departmental Financial Rules (D.F.R). This resulted in a loss of Rs.49,311 to the Government.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall take appropriate action to settle the matter. The action taken shall be reported to the Finance Department, the Assembly Secretariat and the Audit by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

109. Para III-B.7: Page 68 – Highways Division Faisalabad – Loss to Government Amounting to – Rs.71,400

Audit had observed: “A formation issued 109.85 metric ton bitumen to a contractor but the Department neither got back the empty drums nor effected any recovery towards cost of the drums. This resulted in a loss to government of Rs.71,400 in 1987.”

27-3-96: The Committee was informed that verification of 343 empty drums had been done but verification of the remaining 371 empty drums was not possible as the Sub-Engineer concerned had expired. The Department explained that verification of the remaining empty drums could not be obtained as the record was in the custody of the late Sub Engineer. The deceased’s widow had been approached but she had expressed her ignorance about the record. The pension of the deceased had been withheld due to this para.

The Committee accepted the explanation of the Department and directed that pension of the widow might be released immediately and the **para was settled** accordingly.

110. Para III-B.8: Page 68 – Highways Division Sahiwal-Non-accountal of Empty Drums Amounting to – Rs.188,200

Audit had observed: “A formation issued 1882 tar drums containing 289.63 metric ton bitumen direct to a work from July 1988 to October 1989. The bitumen was used in the work but 1882 empty tar drums valuing Rs.188,200 were not accounted for and received back as revealed from the record of the division. Mis-appropriation of the Government material could not be ruled out.”

17-4-96: The Department explained that 40.41 M.Ton bitumen involving about 263 drums was issued on construction works and therefore, no ETD’s become due. After deducting 263 drums the total reduced to 1619 drums and accordingly the loss was reduced to Rs.161,900. The disposal of remaining 1619 drums was being traced out.

The PAC was not satisfied with the explanation and observed that the irregularity was evident and therefore, the person responsible for maintaining the receipt of the empty drums be proceeded against under the rules for recovery of the loss and also a criminal case be got registered against him immediately. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 17 April 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

111. Para III-C.1: Pages 68-69 – Highways Division Faisalabad – Loss of Rs.3,919,170

Audit had observed: “A formation did not accept the lowest tender of a work. The Department re-invited the tenders after one year and accepted the lowest rate offered by the same firm which was higher than the previous one. This resulted in a loss of Rs.3,919,170 in October 1990.”

27-3-96: The Committee was informed that the Department did not accept the lowest bidder and re-invited tenders after one year and accepted the bid of the same bidder on higher rates than the previous ones. This resulted in a loss of Rs.3,919,170. In case the first bid of the lowest bidder had been accepted this loss would not have occurred. The Department explained that the lowest bidder was not accepted because he refused to decrease the cost amount in negotiation. The second bidder was also negotiated and agreed to reduce the amount by rupees two million and he was recommended for acceptance but the loaning agency, i.e. the Asian Development Bank did not agree on the ground that negotiation with the contractor was against their working procedure and therefore, should not had been made with the second bidder.

The Committee directed that the Department should produce complete record to Audit for scrutiny. It was further directed that the NESPAK should be approached to depute their officer to attend the next meeting of the Public Account Committee. The para was kept pending.

4-7-02: Pursuant to the decision of the PAC dated 27 March 1996, the Committee decided that the facts of the case required further examination. For the purpose, the Department shall **submit the requisite working paper**, containing the comments of the Audit.

112. Para III-C.2: Page 69 – Acceptance of Tender at Higher Rates – Highways Division Faisalabad – Rs.3,402,392

Audit had observed: “A formation did not accept the lowest tender of a work. The Department re-invited the tenders after one year and accepted the lowest rate offered by the same firm which was quite higher than the previous one. This resulted in a loss of Rs.3,402,392 in October 1990.”

4-7-02: The Committee decided that the facts of the case required further examination. For the purpose, the Department shall **submit the requisite working paper**, containing the comments of the Audit.

113. Para III-C.3: Pages 69-70 – Highways Division Vehari – Loss of Rs.848,676 to Government Due to Extra Expenditure

Audit had observed: “Delegation of Financial Powers 1990 authorizes engineering Departments to accept tenders within 4.5% above the amount of technical sanctioned estimate. In a formation a Chief Engineer accepted tenders in June 1991 at 12.61% above the estimated cost by including 10% cushion in the comparative statement of tenders in violation of the ceiling fixed by the Government. This resulted in a loss of Rs.848,676 to Government due to extra expenditure.”

17-4-96: The Department explained that the loss calculated by Audit in pursuance of Finance Department’s instructions dated 7-1-1992 was not correct as the work order was given prior to the issuance of these instructions in June 1991. The Chief Engineer/Director General was fully competent to allow any premium over and above CSR 1979.

The PAC was not satisfied and observed that prima facie it was a case of financial irregularity. Therefore, it may be got regularised from the Finance Department within 3 months and progress reported to the PAC. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 17 April 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

114. Para III-C.4: Page 70 – Highways Division Vehari – Loss of Rs.1,114,410

Audit had observed: “Delegation of Financial Powers 1990 authorizes engineering departments to accept tenders within 4.5% above the amount of technical sanction. In a formation Chief Engineer accepted tenders in June 1991 at 14.57% higher than amount of technical sanction estimate by including 10% built in escalation in the comparative statement of tenders in violation of the ceiling fixed by the Government. This resulted in a loss of Rs.1,114,410 to Government due to extra expenditure.”

17-4-96: The Department explained that the loss calculated by Audit in pursuance of Finance Department’s instructions dated 7-1-1992 was not correct as the work order was given prior to the issuance of these instructions in June 1991. The Chief Engineer/Director General was fully competent to allow any premium over and above CSR 1979.

The PAC was not satisfied with the reply and observed that prima facie it was a case of financial irregularity. Therefore, it may be got regularised from the Finance Department within 3 months and progress reported to the PAC. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 17 April 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

115. Para III-D.1: Page 71 – Misappropriation of Government Material – Highways Division Narowal – Rs.36,050

Audit had observed: “A formation issued 6 metric ton bitumen for patch work of 4.83(3.22 + 1.61) kilometer roads instead of the admissible quantity of 2.5 metric ton bitumen as per approved yard stick of 0.50 metric ton per kilometer. This resulted in misappropriation of bitumen worth Rs.36,050 in October 1991.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall produce the relevant record for verification by the Audit and take further necessary action including recovery, if any, as per observation of the Audit after such verification. The action shall be completed, and reported to the Finance Department and the Assembly Secretariat by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

116. Para III-D.2: Page 71 – Highways Division Sahiwal – Misappropriation of Bitumen Costing – Rs.735,543

Audit had observed: “A formation issued 100.58 metric ton bitumen worth Rs.735,543 against various indents, but the consumption shown against these indents did not appear to be genuine. The Department did not account for the issued quantity in the monthly accounts of the division. This led to likely misappropriation of bitumen costing Rs.735,543 in 1990.”

17-4-96: The Department explained that S.D.O. and Sub Engineer concerned had been charge sheeted.

The PAC directed the Department to hold inquiry into the matter and the defaulters be proceeded against. The recovery of the amount be effected and a criminal proceedings against the person(s) at fault be initiated. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 17 April 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

117. Para III-E.1: Page 72 – Highways Division Muzaffargarh – Loss of Rs.25,359 Due to Non-Forfeiture of Earnest Money

Audit had observed: “A formation awarded the work of “Resurfacing of roads” to the contractors in May and October 1990. The contractors could not start the work even up to June 1993. According to memorandum of Draft for Notice Inviting Tenders (DNIT) the earnest money was to be forfeited. Due to non-forfeiture of earnest money Government sustained a loss of Rs.25,359 in 1990.”

27-3-96: The Department explained that the earnest money amounting to Rs.25,359 had been recovered.

The Committee was apprised that an amount of Rs.990,103 was allocated for the work which was not utilized and therefore, the ultimate fate of these funds was not known. These funds were for specific work and could not be utilized at any other work.

The PAC directed that following points may be got verified by Audit.

- (i) Utilization of funds of Rs.990,103
- (ii) Why the Department could not rescind the agreement within the prescribed time limit.
- (iii) Why the Department could not take action itself instead of contractor's request.
- (iv) What was the fate of funds allotted during 1990-91.
- (v) When the works were allotted to other contractor.

The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

118. Para IV.1: Pages 72-73 – Irregular/Unjustified Payments – Highways Division Narowal – Rs.605,781

Audit had observed: “A formation executed the agreements and made payment to different contractors for detour facilities of road and bridge work which were being executed by main contractors who were not declared defaulter for not providing and maintaining the aforesaid facilities as per their agreements. This resulted in an unjustified payment of Rs.605,781 in 1990-91 for an item of work not provided in the approved estimate and agreements.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

119. Para IV.2: Pages 73-74 – (i) Highways Division Sialkot – Irregular/Unjustified Payment – Rs.74,244

Audit had observed: “A formation executed and paid for an item of cement concrete plain 1:2:4 for a quantity of 3347 cft in the bed of Nullah for which no provision was available in the design and detailed estimate. While another formation issued bitumen costing Rs.30,527 and charged to annual

repair of a road in March 1989 for which tenders for resurfacing had already been invited on 15 March 1989. There was no justification of issuing material unnecessarily on a work for which resurfacing tenders were already under process. This resulted in an irregular payment/expenditure of Rs.74,244 (43,717 + 30,527) to the contractors in March 1989 and May 1992.....The case involving Rs.30,527 was also discussed in the Departmental Accounts Committee meeting in February 1992. The committee was not satisfied with the over-written and tampered record entries. The committee directed the Department to initiate disciplinary action under Efficiency and Discipline Rules against the officials responsible for tampering in record and effect recovery pointed out by Audit from them. No progress of the case was intimated.”

(i) Highways Division Sialkot – Rs 43,717

4-7-02: On consideration of the facts of the case, **the Committee settled the item subject to the following direction –**

The decision of the DAC, as reported in the para, shall be implemented, recovery effected and reported to the Audit for verification. The action taken shall be reported to the Assembly Secretariat and the Finance Department by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

(ii) Highways Division Faisalabad – Rs.30,257

17-4-96: The Department explained that Audit observation was raised due to misconception of facts. In fact, there were 2 separate works i.e. (I) A/R from mile 0.00 to mile 2/0 (ii) Widening/improvement of Faisalabad Sargodha Road mile 2.00 to mile 12.41. The bitumen and bajri costing Rs.30,527 was issued for the Annual Repair work and tenders were floated for the other T.P.P. Work. The condition of road in the thickly populated city area from mile 0.00 to 2.00 was miserable and therefore, repair was un-avoidable. The factual position was also got verified by Audit.

The explanation was accepted and **the item was settled.**

120. Para IV.3: Page 74 – Highways Division Jhang – Unjustified/Wasteful Expenditure of Rs.73,409

Audit had observed: “A formation made payment for supply of 57860 cft of sand under item of the Schedule of Rates “supplying and filling sand under floor or plugging in well” in order to check the leakage of bitumen drums lying in the open store. This resulted in an unjustified/wasteful expenditure of Rs.73,409 from February to September 1990.”

17-4-96: The explanation of the Department was accepted and the **para was settled.**

121. Para IV.4: Page 75 – Highways Division Faisalabad – Irregular/ Unauthorised Expenditure of Rs.15,497,904

Audit had observed: “Delegation of Financial Powers authorises engineering Departments to incur expenditure within 15% above the amount of administrative approval. A formation incurred an expenditure of Rs.27,366,904 against the administratively approved amount of Rs.11,869,000 which was 130% above instead of the admissible limit of 15%. This resulted in an un-authorized expenditure of Rs.15,497,904 in September 1978....The matter was reported to the Administrative Secretary in

September 1979 and also discussed in the Departmental Accounts Committee (DAC) meetings in December 1989, February 1992 and July 1993. The committee decided that the inquiry should be conducted by the Chief Engineer (South) for fixing responsibility against the concerned officer upto September 15, 1993 but no progress was intimated.”

17-4-96: The Department explained that the relevant record had been destroyed by burning out.

The Department informed the Public Accounts Committee that the inquiry was conducted by the S.D.O. The case had been forwarded to the concerned authorities for approval of the T.S. which was awaited. Technical sanction was prepared and sent for approval which was not yet approved.

The PAC was not satisfied with the explanation and observed that inquiry should have been conducted by the Chief Engineer and payment to the contractor should not had been made without Administrative Approval. On the request of department the PAC granted 2 months period to conduct a detailed inquiry by the Chief Engineer regarding the irregular payment and to trace out the relevant record.

The Public Accounts Committee also directed the Department to get the revised T.S. approved and Administrative approval be also obtained. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 17 April 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

122. Para IV.5: Pages 75-76 – Highways Division Khanewal – Un-authorised Expenditure of Rs.61,803

Audit had observed: “A formation executed the curve in a length of 125 feet in reach 30050 and made payment for which no provision was available in technical estimate sanctioned by the competent authority in September 1987. This resulted in an un-authorised expenditure of Rs.61,803 in February 1991.”

17-4-96: The explanation of the Department was accepted and the **para was settled.**

123. Para IV.6: Page 76 – Highways Division Lodhran – Unauthorised Payment of Rs.232,119

Audit had observed: “A formation made payment of 6.148 inch for base-course of road instead of the designed thickness of 6 inch in violation of the provision of approved PC-I and agreement which resulted in an un-authorised payment of Rs.232,119 in September 1990.....The matter was brought to the notice of the administrative Department in April 1991 and also discussed in the Departmental Accounts Committee (DAC) meeting in May 1992. The technical estimate sanctioned on work done basis shown to the committee during meeting was not accepted by Audit. Audit maintained that the payment of the designed thickness of the base course should have been made according to the approved design in PC-1 and agreement.”

17-4-96: The Department explained that the pits were measured excluding the TST. The detailed estimate had been got sanctioned, on work done basis with increased thickness, from the competent authority.

The PAC directed the Department to get the excess payment regularised from the Finance Department or the department may inquire into the matter afresh and report be submitted to PAC in its next meeting. The para was kept pending.

4-7-02: The Committee decided that the Department shall implement the directive of the PAC dated 17 April 1996 by 31 December 2002, and report compliance to the PAC for further consideration. **The para was kept pending.**

124. Para IV.7: Pages 76-77 – Highways Division Bahawalnagar – Unreliable Measurement Involving Excess Payment of Rs.60,389

Audit had observed: “In a formation the field staff did not record Natural Surface Level (N.S.L) before start of work as required under rules. As per record entries upto 15th running bill, the Department executed and paid for the item of making embankment upto the length of 14700 rft and the items of sub-base course and triple surface treatment upto the length of 26400 rft (5 miles). In the overall measurement in the 16th and final bill, the Department paid the item of earth work making embankment for remaining length of 11700 rft where sub base, base course and triple surface treatment had already been laid and paid in the 15th running bill. Thus without recording the exact locations and after the laying of sub base, base and triple surface treatment resulted in unreliable measurement leading to un-authorized payment of Rs.60,389 in June 1990.....The matter was reported to the administrative Department in April 1992 and also discussed in the Departmental Accounts Committee (DAC) meeting in August 1992. The Department failed to produce any record to Audit for verification and satisfy the committee.”

27-3-96: The Department explained that items of earth work was also included in the work which was accordingly executed. Anyhow, while making entries in the relevant M.B. the sequence of work was not observed and entry of the earth work was made in the M.B. after recording the work Sub-Base, Base and T.S.T. while the earth work was to be recorded before the entry of Sub Base, Base and T.S.T. It was a mistake of sequence of work.

The PAC was not satisfied and observed that actually the earth work was neither required nor executed and entry in the M.B. was made at a later stage with mala-fide intention. Therefore, the Department was directed to recover the excess paid amount of Rs.60,389 from the XEN, S.D.O, Sub-Engineer and Divisional Accountant concerned.

The para was kept pending for recovery and verification by Audit.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 27 March 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

125. Para V.1: Pages 77-78 – Fictitious Payment – Highways Division Narowal – Rs.202,780

Audit had observed: “A formation made payment of Rs.202,780 to a contractor on account of supply and fixing of 190 Nos. kilometer stones and 1000 Nos. boundary pillar by charging to the annual repair of roads, but neither there was any record entry for the fixing nor these were accounted for in the Road Metal Returns (RMR). This resulted in fictitious payment of Rs.202,780 in 1992.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

126. Para V.2: Page 78 – Highways Division Multan – Fictitious Payment of Rs.45,696

Audit had observed: “A formation executed the items of sub base, base course and road edging from RD 0+00 to 35+00 on 18th December, 1989 and made payment for the item of earth work for making embankment from RD 0+00 to 160+00 on 3rd March, 1990. This resulted in fictitious payment of Rs.45,696 to a contractor in June 1992.”

17-4-96: The Department explained that the amount involved had been recovered from the contractor.

The Audit apprised the Committee that fictitious entries had been made in the record which resulted in over-payment.

The Department was directed that action may be taken against the sub Engineer responsible for making fictitious entries in the record under intimation to PAC. **The para was settled.**

127. Para V.3: Pages 78-79 – Mechanical Maintenance Division Bahawalpur – Doubtful Payment of Rs.178,400

Audit had observed: “A formation made payment of Rs.178,400 (151,252 + 27,148) from October to December 1986 and January to June 1988 to work charged establishment/daily labour but no muster rolls and record showing the work done by daily labour were available with the division. This payment to the daily labour without maintaining muster rolls and recording the work done by the labour in the measurement book as required by rules was doubtful.....The matter was reported to the administrative Department in 1988 & May 1991 and also discussed in the Departmental Accounts Committee (DAC) meetings in December 1991 and August 1992. The Department failed to produce any record i.e. muster rolls, measurement books etc. to Audit for verification. Even the committee was not satisfied with the explanation of the Department. The committee directed to effect recovery of the amount pointed out by the Audit up to 15 February 1992 but this was not done.”

27-3-96: Audit brought to the notice of the Committee that, according to T.S. 10 persons were to

be employed on work-charge basis and each one of them had to be paid at the rate of Rs.24 for daily labour but, in violation of the T.S, the Department recruited 16 persons and paid them at the rate of Rs.32. Neither the muster roll was maintained nor the work done by the labour was recorded in the M. B. which was a serious irregularity.

The Administrative Secretary requested that one month's time might be given to him for checking the record according to the objections raised by the Audit.

The PAC directed the Administrative Secretary to complete the Scrutiny/Checking of record upto next meeting. The para was kept pending.

4-7-02: Reiterating the decision of the PAC dated 27 March 1996, **the Committee settled the para subject to the following direction –**

The Department shall produce the relevant record for verification by the Audit and take further necessary action including recovery, if any, as per observation of the Audit after such verification. The action shall be completed, and reported to the Finance Department and the Assembly Secretariat by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

128. Para VI.1: Page 79 – Highways Division Sahiwal – Loss of Rs.66,045

Audit had observed: “A formation reconstructed some of the reinforced cement concrete (R.C.C.) culverts as the original culverts collapsed due to substandard construction. The re-construction was got done through another agency. Therefore, the acceptance of sub-standard work and negligence and poor technical supervision, resulted in a loss of Rs.66,045 to the Government in 1988.”

17-4-96: The Department explained that XEN, SDO, Road Inspector Sub-Engineer and other Sub-Engineers had been charge sheeted. The PAC was not satisfied with this action and directed the department that recovery may also be effected from the defaulters in addition to the disciplinary action against them. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 17 April 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

Education Department

Overview

Total Paras	Civil	Works
45	41	4

Abstract

Status	Decision	Para Nos.	Total
Paras Finally Settled 19	Paras finally settled as the requisite action had been taken.	Civil: 4.2, 4.3, 4.4(1), 4.4(2), 4.4(3), 4.4(4), 5.1, 5.3, 5.7, 5.8, 5.9, 5.14, 5.16, 5.20, 5.26, 5.27, 5.28, 5.31, 5.34	19
Paras Conditionally Settled 18	Paras settled with the direction that the Department shall implement the directives of the Committee and the Finance Department shall monitor the same. Both the Departments shall report compliance to the Public Accounts Committee every six months.	Civil: 4.1, 5.2, 5.10, 5.13, 5.15, 5.17, 5.18, 5.19, 5.21, 5.22, 5.29, 5.30, 5.32, 5.33, 5.35	15
		Works: 1-A.1, 1-B.1, II.1	3
Paras Pended 8	The paras were pended because the Committee desired to have Working Papers for consideration.	Civil: 5.4, 5.5, 5.6, 5.11, 5.12, 5.24, 5.25. (5.23 transferred to Health Deptt.),	7
		Works: II.2	1

Discussed on 19 October 1995, 17 July 1996 and 29 June 2002.

Civil Audit

1. Para 4.1: Page 43 – Recovery/Deposit of Rent of Shops – Rs.690,062

Audit had observed: “Rent from 1.10.1972 to 30.6.92 relating to the shops located in the premises of school had not been recovered and deposited into Government treasury, resulting in loss of public money, to the tune of Rs.690,062.”

19-10-95: The Department explained that as per decision for Supreme Court ownership of the property in which the school was situated had been returned to the owners and it was causing problems for the department. The tenants had refused to pay rent and had gone in appeal in the civil court on the plea that the department was not eligible to receive rent of the shops. The case was sub-judice and next date of hearing had been fixed for 3-12-1995.

The Committee directed that a detailed report about the progress pursuance of the case from 1985 to 1995, alongwith a copy of the Court decision, should be supplied in the next meeting. The para was kept pending.

23-9-99: The Department explained that property had been transferred to the department in 1985 but the occupants filed a case in the Civil Court and as such the matter was sub-judice.

The PAC directed that case may be pursued vigorously in the court for early decision. The para was kept pending.

29-6-02: The Committee settled the para with the direction that subject to the decision of the court, the recovery shall be effected and reported to the Audit for verification, the Finance Department and the Assembly Secretariat by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

2. Para 4.2: Page 43 – Un-justified Purchase of Material for Industrial Arts – Rs.74,448

Audit had observed: “The following three trades were introduced (i) Wood Work (ii) Metal and (iii) Electricity. Amount of Rs.74,448 was spent from 1980-81 to 1990-91 for purchase of raw material for these trades. Neither these trades were recognised by the Board of Intermediate and Secondary Education nor students were prepared to take examination in these trades.

The articles prepared during training of these trades were also not found in school stock. The entire expenditure was wastage of public money. The matter be investigated for making good the loss to the Government & to protect state interest in future.”

19-10-95: The explanation of the Department was accepted and the **para was settled.**

3. Para 4.3: Page 44 – Irregular Retention of Government Money – Rs.93,500

Audit had observed: “Above stated amount was drawn on 30-6-87 for the purchase of three seater desks and the amount was deposited in U.B.L in violation of Rule 2-10 (b)(5) of PFR Vol. I and the payment was shown made in parts.”

19-10-95: The explanation of the Department was accepted and **the para was settled.**

4. Para 4.4(1): Page 44 – Wasteful Expenditure on Salaries of Laboratory Attendants – Rs. 88,802

Audit had observed: The pay and allowances as noted below were drawn regularly by the drawing and disbursing officers where no science teachers were ever posted and no students remained on rolls so much so, no science laboratory was functioning. The drawal of pay & allowances was wastage of public money as the concerned officials did not perform duties for which they were appointed. Similarly pay to three belders was also drawn, although no ground was attached to the college.”

19-10-95: The explanation of the Department was accepted and **the para was settled.**

5. Para 4.4(2): Page 44 – Wasteful Expenditure on Salaries of Laboratory Attendants – Rs.105,668

Audit had observed: The pay and allowances as noted below were drawn regularly by the drawing and disbursing officers where no science teachers were ever posted and no students remained on rolls so much so, no science laboratory was functioning. The drawal of pay & allowances was wastage of public money as the concerned officials did not perform duties for which they were appointed. Similarly pay to three belders was also drawn, although no ground was attached to the college.”

19-10-95: The explanation of the Department was accepted and **the para was settled.**

6. Para 4.4(3): Page 44 – Wasteful Expenditure on Salaries of Laboratory Attendants – Rs.354,709

Audit had observed: The pay and allowances as noted below were drawn regularly by the drawing and disbursing officers where no science teachers were ever posted and no students remained on rolls so much so, no science laboratory was functioning. The drawal of pay & allowances was wastage of public money as the concerned officials did not perform duties for which they were appointed. Similarly pay to three belders was also drawn, although no ground was attached to the college.”

19-10-95: The explanation of the Department was accepted and **the para was settled.**

7. Para 4.4(4): Page 44 – Wasteful Expenditure on Salaries of Laboratory Attendants – Rs.73,223

Audit had observed: The pay and allowances as noted below were drawn regularly by the drawing and disbursing officers where no science teachers were ever posted and no students

remained on rolls so much so, no science laboratory was functioning. The drawal of pay & allowances was wastage of public money as the concerned officials did not perform duties for which they were appointed. Similarly pay to three belders was also drawn, although no ground was attached to the college.”

19-10-95: The explanation of the Department was accepted and **the para was settled.**

8. Para 5.1: Page 47 – Irregular Payments of Rs.73,160

Audit had observed: “As required vide Government of Punjab S&GAD (Welfare Wing) letter No. SO.WF-III (S&GAD) 1-97/89, dated 12-7-89, the posts of Naib Qasids should not have been filled in without N.O.C from S&GAD. But two Naib Qasids were appointed in violation of above letter resulting in irregular payment of Rs.73,160.”

19-10-95: The explanation of the Department was accepted and **the para was settled.**

9. Para 5.2: Page 47 – Un-Authorised and Irregular Payment of Pay and Allowances Amounting to Rs.316,951

Audit had observed: “During the checking of pay bills and Acquittance Rolls, it was observed that teachers had been appointed by the DEO Okara on the condition that the appointment was purely temporary on contract basis up to 30.6.83 or start of summer vacations which ever was earlier and their services stood terminated w.e.f 30.6.1983. The said 3 teachers were however still serving and drawing pay and allowances without extension of their services by competent authority or any fresh orders to continue in service. As such the pay and allowances drawn for the period 1-7-1983 to 31-10-1992 amounting to Rs.316,951.50 were irregular and unauthorized. The recovery of the unauthorized pay and allowances may be made from the officials at fault.”

19-10-95: The Department explained that according to Government Policy retired teachers were appointed under the Nai Roshni Programme on purely temporary basis and their contract period was upto 30-6-1983 but they were allowed to continue till 30-6-1992 when their services were terminated. The teachers were asked to refund the illegal drawl of salary but they went into the court. Hence, the case was sub-judice.

The Committee took serious notice of the lapse on the part of the Department and directed that liability should be fixed against the person responsible for allowing the purely temporary teachers to continue beyond their contractual period i.e. from 1/7/1983 to 30/6/1992. It was also

directed that disciplinary action should also be taken against the D.A.O., who allowed the illegal drawl of pay by the Finance Department. Report by the Department and the Finance Department to be submitted within one month. The para was kept pending.

17-7-96: The Administrative Secretary explained that the responsibility had now been fixed on the D.D.O's for making irregular payments and they were being directed to deposit the amount paid by them without authority. The Secretary Education Department assured the PAC that previous directive of the Committee dated 19/10/1995 regarding recovery and disciplinary action against the defaulters would be acted upon within one month.

The PAC directed the Department to complete the action within one month. The PAC also directed the Finance Department to take action against those D.A.O's who were responsible for making wrong payments. The para was kept pending.

23-9-99: The department explained that recovery was in process.

The PAC directed that D.D.O. concerned may be proceeded against for disciplinary action and recovery may also be made from the D.D.O. PAC also directed the Finance Department that D.A.O. concerned may also be proceeded against for accepting in irregular expenditure on pre-audit window. The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 23 September 1999 by 31 December 2002, and shall also recover the outstanding amount, if any. Compliance shall be reported to the Finance Department, the Assembly Secretariat and the Audit by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

10. Para 5.3: Page 48 – Irregular Drawl of Pay and Allowances Amounting to Rs.67,870 Recovery of Balance thereof – Rs.30,484

Audit had observed: "Scrutiny of the pay rolls of Headmistress, Government Middle Schools for Girls, Karim Park, Ravi Road, Lahore revealed that the pay in respect of Mst. Riaz Akhtar (retired J. V teacher) was drawn even after her retirement. As per orders issued by the D.E.O (W), Lahore city bearing No.2766/E-1, dated 30-10-90 she stood retired with effect from 1-10-90 but her salary had been drawn upto 30-11-92."

19-10-95: The explanation of the Department was accepted and **the para was settled.**

11. Para 5.4: Page 48 – Irregular Payment of Honorarium out of Sports Board Funds –

Rs.575,128

Audit had observed: “Under the instructions issued by the Government of the Punjab, Finance Department vide their notification No.FD-SR-iii-12-31/82, dated 15.5.88, the Administrative Department was empowered to sanction honorarium up to one month’s pay of Government servant, subject to a maximum of Rs.2500 during a financial year. As Sports Board, Punjab is an Autonomous Body, the Government employees working there cannot receive honorarium out of Sports Board Funds without obtaining prior permission/sanction from the Government. But the honorarium was sanctioned to the Government employees as well as sports Board employees in violation of Government rules & orders. Recovery needs to be effected.”

19-10-95: The para was settled subject to verification of departmental contention by Audit.

23-9-99: The Department explained that a case for regularization of the expenditure had been sent to the Finance Department on 17/9/1999 and decision of the Finance Department was awaited.

The PAC was not satisfied with the pace of action of the department and observed that previous directive of the PAC was arrived at on 19/10/1995 wherein the department was directed to get verified the relevant record by Audit. After the issuance of PAC’s directive the department should have finalized the matter by complying with the PAC’s directives. Contrary to this the case was dumped up to 17-9-1999 which was then initiated for regularization of expenditure. The PAC therefore, directed that inquiry may be conducted to ascertain as to who was responsible for the delay of about 4 years. The said inquiry may be completed within two months under intimation to PAC. Meanwhile the regularization of expenditure may be got finalized by pursuing the case at personal level. The para was kept pending.

29-6-02: The Committee decided that the facts of the case required further examination. For the purpose, the Department shall **submit the requisite working paper**, containing the comments of the Audit.

12. Para 5.5: Page 48 – Un-Authorised Appointments – Rs.52,466

Audit had observed: “The Government of Punjab had imposed a complete ban on fresh appointments vide letter No.SOR-III(S&GAD/2-90, dated 12.12.90, but the Deputy District Education Officer, Female, Chunian made appointments inspite of the ban and without getting relaxation from the Government. Matter may be investigated & recovery effected from defaulting officers.”

19-10-95: The Department explained that appointments were made by the then District Education Officer. The concerned appointees were relieved of their duties after expiry of the period of leave vacancies against which they were appointed. The D.E.O. concerned had been asked for the recovery

of Rs.52,466.

The Committee directed that recovery should be effected from the D.E.O.(F) who was responsible for unauthorised appointments, during ban on recruitment. The para was kept pending.

17-7-96: It was stated by the Department that the concerned D.E.O (F) retired in 2/1993. Efforts were made to effect recovery from the concerned teachers who were no more in service but they were reluctant to pay back the money wrongly paid to them. The concerned D.E.O (F) was also approached time and again for recovery but without any fruitful result. Now, it was being proposed to the Competent Authority to proceed against the retired D.E.O. under the pension Rules, for recovery.

The PAC directed the Department to adopt all possible measures for effecting recovery from D.E.O.(F) within one month. If there was any hitch, then a criminal case be got registered against the defaulting officer. The officer who wrongly issued NOC/NDC in favour of retiring defaulter should also be proceeded against for gross negligence on his part. The para was kept pending.

23-9-99: The Department explained that Deputy Commissioner Kasur had been requested to effect recovery as arrears of land revenue.

The PAC was not satisfied with the explanation and observed that previous directive was issued by the PAC on 17/7/1996 and the case for recovery as arrears of land revenue had been moved on 6/8/1999 after about three years. The officer responsible for the lapse may be proceeded against. The recovery may be made good either from the pension of the defaulter or as arrears of land revenue. The para was kept pending.

29-6-02: The Committee decided that the facts of the case required further examination. For the purpose, the Department shall **submit the requisite working paper**, containing the comments of the Audit.

13. Para 5.6: Page 49 – Drawl of Rs.1,518,360 on Account of Irregular Appointment of the Teachers

Audit had observed: “A sum of Rs.1,518,360 was drawn on account of arrears of salaries of the teachers from the dates of their appointment. The drawal & disbursement of arrears of the salaries was not carried out according to rules.”

17-7-96: The Department admitted that orders of appointments of the teachers were bogus and without lawful authority.

The PAC observed that prima facie it appeared that this fraudulent act was committed by the concerned officers/officials of Education Department, Finance Department and Accountant General’s Office in collusion with each other.

The PAC directed that the Director General Audit Punjab should probe into the matter afresh, and their findings be brought to the notice of Education Department, the Finance Department and the Accountant General Punjab.

On the basis of the findings, the Education Department, Finance Department and the Accountant General Punjab would proceed against the defaulters. The PAC recommended initiation of criminal proceedings against the defaulters in addition to the recovery of Government money. The para was kept pending.

23-9-99: The Department explained that relevant inquiry report and other record had been collected and would be produced to Director General Audit.

Audit apprised the PAC that neither the D.D.O. was aware of the case nor any record was produced to Audit for scrutiny.

The PAC was not satisfied with the explanation and observed that previous directive had been given by the PAC on 17-7-1996. After the lapse of about three year nothing had been done for compliance of the directive of PAC given three years back and the matter was on the same stage as it was three years before. The PAC therefore, directed that the officer who did not produce the record to Audit for scrutiny/verification of facts may be proceeded against for severe disciplinary action. Previous directive of PAC dated 17-7-1996 may be complied with in letter and spirit. The entire action should be completed within four months. The Administrative Secretary assured compliance of the P.A.C Directive. The para was kept pending.

29-6-02: The Committee decided that the facts of the case required further examination. For the purpose, the Department shall **submit the requisite working paper**, containing the comments of the Audit.

14. Para 5.7: Page 49 – Irregular Purchase of Stores Worth Rs.343,498

Audit had observed: “Expenditure amounting to Rs.343,498 was incurred on sports material, wall clocks, cotton durries but requirements of Rule 15.2 (d) of P.F.R Vol.I were not fulfilled. Actually whole material was purchased from one firm M/S Gondal Sports, Sargodha who have got themselves registered in the name

19-10-95: The explanation of the Department was accepted and **the para was settled.**

15. Para 5.8: Page 50 – Irregular Expenditure of Rs.143,000 on Local Purchase of Science Equipment

Audit had observed: “Funds amounting to Rs.143,000 were allocated in 6/89 by the Education Department Govt. of Punjab for the reconstruction of upgradation units. Instead these funds were utilized towards the local purchase of science articles when there was no science teacher in the school.”

19-10-95: As the record had been verified by Audit, **the para was settled.**

16. Para 5.9: Page 50 – Irregular Expenditure of Rs.149,839

Audit had observed: “Expenditure of Rs.149,839 was incurred the D.E.O (M) on the purchase of sports/Teaching material without obtaining the sanction of the competent authority. Sanction accorded by the above officer under S.No.3(a) of Delegation of Financial Powers Rules, 1990 was not accepted by Audit as the items purchased were not specifically shown in detail in Budget Estimates.”

19-10-95: The Committee was informed that the Director Education, Sargodha Division, accorded sanction to incur expenditure of Rs.1,49,839 beyond his powers.

The Committee directed that the expenditure should be got regularised by the Finance Department.

The para was kept pending for the regularisation of expenditure by Finance Department.

23-9-99: The Department explained that the expenditure had since been regularized by the Finance Department and also verified by the Audit.

The PAC accepted the explanation and **settled the para.**

17. Para 5.10: Page 51 – Misappropriation of Rs.686,976 on Account of Pay of Closed Schools (Ghost Schools)

Audit had observed: “Payment to teacheresses of 16 closed schools had been shown made. The amount of Rs.686,976 (at average minimum of Rs.1783 per teacher per month for minimum 2 teachers in a school, was actually drawn which appeared to have been misappropriated. Matter deserves investigation to determine extent of loss, fixing responsibility and taking disciplinary action against the defaulters.”

17-7-96: The Department explained that in fact 12 schools were closed and the vacant posts of P. T.C. teachers in the 12 closed schools remained vacant due to ban. No amount was drawn from the

Treasury against those vacant posts of closed schools. However, 4 schools remained opened and salary of teachers was being drawn and disbursed.

The representative of the Finance Department demanded a certificate from the concerned D.A. O. to the effect that 12 schools were actually closed and no amount was drawn against those schools. A similar certificate should be furnished by the Department in respect of 4 schools which remained open.

The PAC further directed that the Secretary Education should conduct an inquiry to ascertain the factual position. The inquiry should be completed within 2 months. Copies of the said inquiry report should also be provided to Audit & the Finance Department. The para was kept pending.

23-9-99: The Department explained that as per directive of PAC dated 17-7-1996 inquiry had been conducted and as a result no irregularity had been found.

The PAC directed that all the relevant record may be produced to Audit for verification and **the para was settled subject to** verification of the record.

18. Para 5.11: Page 51 – Misappropriation of Pay and Allowances of the Teachers of Closed Schools (Ghost Schools) – Rs.1,116,336

Audit had observed: “26 girls primary schools remained closed during 1991-92 and are so closed to date. However pay of the teacheresses average per school numbering 52 teacheresses continued to be drawn against the closed schools. The amount of Rs.1,116,336 (at average minimum of 1,789 per teacher per month) thus appeared to have been embezzled.”

17-7-96: The Department explained that schools did not remain closed. The teachers were still working in those schools and were accordingly being paid.

The PAC directed that the Department should conduct an inquiry and ascertain the factual position. The report of the said inquiry should also be provided to the Audit & the Finance Department for further action. The Department should also furnish a certificate that these schools remained open. The para was kept pending.

23-9-99: The Department explained that as per directive of the PAC dated 17/7/1996 on inquiry was conducted and as a result no irregularity had been found.

The P.A.C. directed that inquiry report and all other relevant record may be produced to Audit and Finance Department for verification. The Audit and Finance Department would decide about the further line of action in the light of said verification of record. The para was kept pending.

29-6-02: The Committee decided that the facts of the case required further examination. For the purpose, the Department shall **submit the requisite working paper**, containing the comments of the Audit.

19. Para 5.12: Page 52 – Mis-Appropriation of Pay & Allowances – Rs.2,052,930

Audit had observed: “Some amounts included in the schedules of payment issued by District Accounts Officer were not accounted for on the receipt side of the cash book. In some cases the amounts were less disbursed. Acquittance rolls in support of these amounts were also not shown. The Government funds to the tune of Rs.2,052,930 stood unaccounted for. There are prima facie grounds of misappropriation.”

17-7-96: It was stated by the Department that the requisite entries were made by the D.D.O’s concerned in the Cash Book and disbursed the amounts shown in the Acquittance Rolls.

The PAC observed that D.D.O’s concerned did not perform their duties efficiently and did not make the requisite entries in the cash book promptly. Further, they did not produce the relevant record to the Audit for scrutiny. Moreover, although the D.E.O. and Deputy D.E.O. were provided with motor vehicle for regular inspection of the schools/record, it appeared as if the inspections were not made. The Department was directed that relevant record be got scrutinized by Director General Audit upto 15/8/1996. Disciplinary action should also be taken against the officials responsible for not producing the record to the Audit. The para was kept pending.

23-9-99: The Department explained that relevant record was produced to Local Audit Party time and again but no verification of record was carried out.

The Audit apprised the PAC that an Audit Party was deputed on 3-10-1996 and on 12-8-99 but complete record was not produced for verification.

The PAC kept the para pending for the compliance of directive of PAC dated 17-7-1999 in letter and spirit.

29-6-02: The Committee decided that the facts of the case required further examination. For the purpose, the Department shall **submit the requisite working paper**, containing the comments of the Audit.

20. Para 5.13: Page 52 – Mis-Appropriation of Stores/Stock Worth Rs.67,825

Audit had observed: “The store/stock issued by the Deputy District Education Officer (Women) had not been accounted for by the schools resulting in misappropriation of these articles valuing

Rs.67,825 during 1991-92.”

17-7-96: The Department explained that the store/stock valuing Rs.67,825 had been got accounted for from the respective schools.

The PAC directed that Administrative Secretary should himself conduct an inquiry into the matter to decide whether the consumption and accountal of store/stock articles was bonafide. The para was kept pending.

23-9-99: The Department explained that as per directive of PAC dated 17-7-1996 the matter was under inquiry and further action would be taken on completion of inquiry.

The PAC was not satisfied with the explanation and pace of departmental action as despite the lapse of three years the requisite inquiry had not been completed as yet. The PAC, therefore, directed that inquiry may be completed within one month positively. Relevant record may also be produced to Audit for verification. The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

21. Para 5.14: Page 53 – Misappropriation of Government Money – Rs.100,128

Audit had observed: “An amount of Rs.100,128 was drawn on account of pay and allowances for 10/92 of the staff of a Government Middle School and attached primary schools by the Head Master Government Middle School. The said amount had not been taken in Cash Book on its receipt side. It had been stated as lost. Under Rule 2.33 of P.F.R Vol-I. Every government servant is personally responsible for any loss sustained through fraud or negligence. The official was required to report the loss with a statement of the steps taken, to the Deputy Commissioner for onward transmission to the A.G. Punjab, Lahore. But no such step had been taken by the concerned Head Master. Early steps may be taken to make good the loss of Rs.100,128 sustained by the Government by effecting recovery from the defaulters.”

23-9-99: The Department explained that the amount of Rs.100,128 had since been recovered and got verified by Audit.

The PAC accepted the explanation and **settled the para.**

22. Para 5.15: Page 53 – Misappropriation of Store Stock – Rs.78,612

Audit had observed: “Store/Stock valuing Rs.78,612 received by the Headmasters Assistant Education Officers from the Deputy Distt. Education Officer had either not been accounted for or less accounted for in their books.”

23-9-99: The Department explained that an inquiry had been conducted and it had been found that no loss had been sustained to Government as everything in the stock was in good condition.

The PAC **settled the para subject to the verification** whether the entries of consumable articles had been made at any later stage or immediately on the receipt of the same. The physical existence of the articles shall also be got verified by Audit.

23. Para 5.16: Page 54 – Misappropriation of Tuition Fee – Rs.22,970

Audit had observed: “During comparison of tuition fee accounts with the statement of deposits supplied by the Sub-Treasury Officer, Kamalia it was noticed that tuition fee collected by Assistant Education Officer (W) Pir Mehal, from Centre Head mistresses was either not deposited or less deposited.”

23-9-99: The Department explained that total amount of Rs.22,970 had been recovered and deposited into Treasury. The fact had also been verified by Audit.

The PAC accepted the explanation and **settled the para.**

24. Para 5.17: Page 54 – Appointment of P.T.C. Teachers with Fictitious Bogus Certificates and Irregular Payment of Rs.694,287

Audit had observed: “33 teachers were appointed with fictitious/bogus certificates of P.T.C. and this caused a loss amounting to Rs.694,287 to public exchequer during the period 1991-92.”

23-9-99: The Department explained that to fix responsibility the matter was investigated at two stages. Both the investigations concluded that A.E.O. concerned was responsible for the loss of money. Had he acted upon the orders of the Deputy District Education Officer not to draw/disburse the salary without affidavit for repayment of the same, the Department could have been saved from the said loss. Action against the A.E.O. had been initiated.

The PAC directed that inquiry reports alongwith other relevant record may be produced to Audit for verification. Disciplinary action under E & D Rules against the A.E.O. may be completed without further delay. The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 23 September 1999 by 31

December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

25. Para 5.18: Page 55 – Appointments of P.T.C. Teachers with Bogus/False Certificates – Loss of Rs.808,229

Audit had observed: “A number of teachers with fake/bogus certificates of P.T.C were appointed in various schools. The appointing authority thus failed to verify and establish authenticity of certificates and caused loss to Government, to the extent of Rs.808,229.”

23-9-99: The Department explained that to fix responsibility the matter was investigated at two stages. Both the investigations that A.E.O. concerned was responsible for the loss of money. Had he acted upon the orders of the Deputy District Education Officer not to draw/disburse the salary without affidavit for repayment of the same, the Department could have been saved from the said loss. Action against the A.E.O. had been initiated.

The PAC directed that inquiry reports alongwith other relevant record may be produced to Audit for verification. Disciplinary action under E & D Rules against the A.E.O. may be completed without further delay. The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 23 September 1999 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

26. Para 5.19: Page 55 – Fraudulent Drawl of Rs.149,228

Audit had observed: “The Distt. Accounts officer Kasur sent the pay rolls on account of pay of the staff of the Government Middle Schools Sarai Cheemba and Dina Nath for the month of 6/92 payable on 1.7.92 duly passed for payment in favour of headmasters concerned at Sub Treasury Chunian. The bills were taken away from the office of the Sub Treasury Officer Chunian by some body and the payment of these bills was drawn from the bank fraudulently. In reply to the preliminary observation Deputy Distt. Education Officer intimated that the case had been got

registered with the police authority and the case was under investigation with the Crime Branch Lahore. But the amount had not so far been recovered even after the lapse of 6 months.”

23-9-99: The Department explained that Bank Authorities as well as Treasury were the main defaulters in making payment to the un-authorized person. Case had also been registered with police. The P.A.C. directed that:-

- (i) S.P. Kasur should attend the next meeting of PAC to brief the PAC about the progress of the Police investigation and latest position of the case –
- (ii) Salary of teachers for the month of 6/92 may be disbursed – and
- (iii) Finance Department would also investigate the matter to fix responsibility on the Sub Treasury Officer within one month. Bank authorities may also be involved as they made payment without proper identification. The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

27. Para 5.20: Page 56 – Embezzlement of Rs.188,165

Audit had observed: “As per Schedules of payments issued by the Distt. Accounts Office, Rahim Yar Khan, a sum of Rs.188,165 was drawn from the Distt. Accounts Officer/Sub Treasury Liaquat Pur by various Astt. Education officers of Tehsil Liaquatpur but neither this amount was entered in the cash book nor shown disbursed according to Acquittance Rolls. The amount has been embezzled which may be recovered from the perpetrators and disciplinary action also taken.”

23-9-99: The Department explained that the matter had thoroughly been checked and found that either the amounts involved were not paid by the Treasury or the amounts were paid to the authorized person if drawn from Treasury. Therefore, no embezzlement was involved.

The PAC accepted the explanation and **settled the para.**

28. Para 5.21: Page 56 – Fraudulent Drawl of Pension & Commutation – Rs.152,970

Audit had observed: “The amount of Rs.152,970 on account of pension & commutation in respect of Izzat Malook, P.T.C lady teacher was drawn fraudulently by preparing fictitious pension papers as the official remained out of Pakistan from 1980 to 1992. The matter needs to be investigated & defaulting officers proceeded against.”

23-9-99: The Department explained that the amount involved had been recovered. The Director (SE) Lahore Division had been requested to proceed against the defaulters under E & D Rules.

The PAC settled the para subject to verification of disciplinary action by Audit against the defaulter who fraudulently drew the pension by making fictitious entries in the Service Book.

The PAC directed the department to produce all the relevant record to Audit for verification. The para was kept pending.

29-6-02: Reiterating the decision of the PAC dated 23 September 1999, **the Committee settled the para subject to the following direction –**

The Department shall produce the relevant record for verification by the Audit and take further necessary action including recovery, if any, as per observation of the Audit after such verification. The action shall be completed, and reported to the Finance Department and the Assembly Secretariat by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

29. Para 5.22: Page 57 – Embezzlement of Rs.1,678,357

Audit had observed: “The amounts detailed in original para were drawn from the Treasury. Cash book, bills and actual payee’s receipts were not produced to Audit. These payments thus appeared to be dubious.”

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall produce the relevant record for verification by the Audit and take further necessary action including recovery, if any, as per observation of the Audit after such verification. The action shall be completed, and reported to the Finance Department and the Assembly Secretariat by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

30. Para 5.23: Page 57 – Embezzlement of Students Funds – Rs.41,560

Audit had observed: “An amount of Rs.24,440 was realized vide receipt No.22 to 25, 27 to 31, 32, 33 and 34 to 100 of book No.5 in 9/91 and 11/91. An amount of Rs.12,240 only was deposited on 18-11-91 in account No.178 and balance of Rs.12,200 stood not accounted for.

Similarly, an amount of Rs.46,260 was recovered from students vide receipts No. 1 to 13, 14, 15, 16 to 36, 37 to 73, 74 to 80 and 81 of book No.7 in 11/91, 1/92 and 9/92. Out of it an amount of Rs.16,900 only was deposited in 9/92 and balance of Rs.29,360 was suspected embezzled. The amount of Rs.41,560 may be recovered from the officials at fault after inquiry and disciplinary action.”

19-10-95: The Department explained that this para was not relating to Education Department. The Government Tibbia College, Bahawalpur was under the Administrative control of the Health Department. The **para was accordingly transferred to the Health Department.**

31. Para 5.24: Page 58 – Non-Production of Record Relating to Suspected Fraud

Audit had observed: “A case of fraudulent drawal of arrears of pay of the teachers appointed irregularly during the period from 7/88 to 6/91 by Deputy Distt. Education Officer (M), Lahore Cantt. Was found under investigation of the Education Department.”

23-9-99: The Department explained that the relevant file/record had been collected and would be produced to Audit.

The Audit apprised the PAC that neither the D.D.O. was aware of the case nor any record was produced to Audit.

The PAC was not satisfied with the explanation of the Department and observed that previous directive was issued by the PAC on 17-7-1996. After the lapse of about three years the requirement of PAC had not been complied with. The matter was at the same stage as it was three years back. The PAC therefore, directed that the officer who did not produce the record to Audit may be proceeded against for severe disciplinary action. Previous directive of PAC dated 17-7-1996 may be complied with in letter and spirit. The entire action should be completed within four months. The Administrative Secretary assured compliance. The para was kept pending.

29-6-02: The Committee decided that the facts of the case required further examination. For the purpose, the Department shall **submit the requisite working paper**, containing the comments of the Audit.

32. Para 5.25: Page 58 – Loss of – Rs.711,340 on Account of Payment of Salaries to Teachers

Employed on False Bogus Result Cards

Audit had observed: “20 P.T.C teachers were found to have obtained employment on the production of fake and bogus result cards in April, 1989. After detection, their services were subsequently terminated vide No.3023/Dy, dated 19.10.91. Due to non-checking of validity of result cards at the time of recruitment of the said teachers, Government was put to loss for Rs.711,340 on account of payment of salaries to this staff.”

23-9-99: The Department explained that 16 teachers were found recruited on bogus documents. An F.I.R. had been lodged against them. Recently it had been learnt that SHO City Daska had cancelled the F.I.R.

The PAC directed that disciplinary action against the AEO concerned may be initiated. The S. P. Sialkot should attend the next meeting of PAC-II alongwith complete relevant record to brief the PAC in the matter as to why the case had been cancelled. The para was kept pending.

29-6-02: The Committee decided that the facts of the case required further examination. For the purpose, the Department shall **submit the requisite working paper**, containing the comments of the Audit.

33. Para 5.26: Page 59 – Loss of Rs.189,300 being sustained by Government Due to Non-allotment of Rooms Constructed for Lady Lectures

Audit had observed: “It was observed that a building containing six rooms had been constructed for the residence of single lady lecturers in the college premises. The rooms had not been allotted to any lady lecturer, but instead they had been reported to have been residing in the college hostels resulting in a loss of Rs.189,300.”

19-10-95: The Department explained that no non-local lady teachers were appointed in the college and new constructed single room accommodation were also not allotted to any teacher. This fact had also been verified by Audit.

The explanation was accepted and **the para was settled.**

34. Para 5.27: Page 59 – Advance Payment of – Rs.444,000 Out of Bank Account No.3582 Without Sanction of Competent Authority

Audit had observed: “Project Director, Science Education Project, Lahore had drawn Rs.444,000 through cheques dated 12/91, 2/92 & 4/92 in advance for payment of TA & DA to the trainees but sanction of competent authority for drawing the amount out of bank account in advance was not obtained.”

19-10-95: The Department explained that amount under objection was given by the A.D.B. and Director, Science Education Project was competent to draw and disburse the amount. This fact had also been verified by Audit.

The explanation was accepted and **the para was settled.**

35. Para 5.28: Page 60 – Over Payment of House Rent Allowance Amounting to Rs.44,682

Audit had observed: “It was noticed that Mrs. Kishwar Qureshi, the Principal was residing in college premises and had occupied two-room accommodation with all other facilities. She was drawing house rent allowance and paying house rent of building at nominal rates. She is entitled to free accommodation in the college premises. The house rent drawn by her is recoverable.”

19-10-95: The explanation of the Department was accepted and **the para was settled.**

36. Para 5.29: Page 60 – Overpayment of Pay and Allowances Amounting to Rs.94,639

Audit had observed: “Pay and allowances were paid to the staff although they did not remain in the concerned schools/office as per attendance register. No leave was also found to have been sanctioned. Similarly conveyance allowance was paid for leave spells summer vacation, which is required to be recovered. Overpayment of Rs.94,639 has thus resulted which needs to be recovered.”

23-9-99: The Department explained that a sum of Rs.16,156 had been recovered and got verified by Audit. Remaining recovery was in process.

The PAC directed that recovery so far made may be got verified by Audit. Balance amount may be recovered under intimation to Audit. The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 23 September 1999 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

37. Para 5.30: Page 61 – Overpayment Due to wrong Fixation/Drawal of Pay

Audit had observed: “Overpayment of Rs.46,809 due to wrong fixation of pay had been made which may be recovered and deposited into the Govt. Treasury.”

23-9-99: The Department explained that balance amount of Rs.11,044 had been recovered and deposited with the Government.

The PAC **settled the para subject to** the verification of recovery by Audit.

38. Para 5.31: Page 61 – Overpayment Made to Un-Trained Teachers – Rs.52,008

Audit had observed: “The amount of Rs.52,008 was over paid to un-trained teachers by granting annual increments which was against instructions issued by the Govt. of the Punjab. The amount needs to be recovered and disciplinary action initiated against the defaulting supervisory staff.”

23-9-99: The Department explained that the amount of Rs.52,008 had been recovered and deposited in the Treasury. The fact had also been verified by Audit.

The PAC accepted the explanation and **settled the para.**

39. Para 5.32: Page 62 – Overpayment of Rs.43,342

Audit had observed:

“(i) The annual increments are not admissible to untrained teachers under the rules. However it was observed that the pay of untrained staff was fixed on 1-6-91 on revision of pay scales irregularly after allowing annual increments. The matter needs investigation, disciplinary action and recovery to make good loss to the Govt. exchequer.

(ii) Payment was also made to some officials although on E.O.L. This also needs action as recommended above.”

23-9-99: The balance recovery of Rs.5,405 stressed by the Audit was not valid as all the teachers to whom it pertained were awarded regular grade. Only a sum of Rs.360 was recoverable which had been made good and deposited in the Government Treasury.

The PAC **settled the para subject to** verification of relevant record by Audit.

40. Para 5.33: Page 62 – Recovery of Conveyance Allowance Amounting to Rs.100,616

Audit had observed: “During summer vacation the teachers were paid conveyance allowance amounting to Rs.100,464 to which they were not entitled. In this way above over-payment is required to be recovered from the teachers concerned. Action may also be taken against the controlling officer whose negligence caused loss to the Government.”

23-9-99: The Department explained that total amount of Rs.100,464 had been recovered and deposited in the Government.

The PAC **settled the para subject to** verification of original record by Audit.

41. Para 5.34: Page 63 – Non-Deposit of Rs.1,819,014 into the Government Account

Audit had observed: “Admission fee, tuition fee and hostel fee amounting to Rs.1,819,014 collected from the students for the period from August, 1990 to June, 1991 was neither found appearing in the cash book nor was it found deposited into Government account. This was in violation of instructions contained in rule 2.10(2) of PFR Vol.I and 7(1) of S.T.R. Punjab. The said amount had been kept in the private account of the bank and this was done soon after the college was declared as autonomous body whereas the payments upto 30-6-1991 had been drawn from the Accountant General, Punjab, Lahore. The non deposit of Rs.1,819,014 into Government account was seriously irregular. Efforts may be made to deposit the same into Government account.”

19-10-95: The explanation of the Department and recommendation of the Audit was accepted and **the para was settled.**

42. Para 5.35: Page 63 – Hon-Maintenance of Stocks – Rs.56,503

Audit had observed: “DEO(w) Muzaffargarh purchased sports and crockery articles during 12/91 and 2/92 and shown distributed to various AEOs/Middle Schools. Scrutiny of the stock registers of various DEO’s Middle Schools, however, revealed that nothing was received and accounted for in their relevant stock registers and all AEO’s/Middle Schools certified that nothing was received. Misappropriation of Stocks is apprehended. The matter be urgently investigated and suitable remedial and disciplinary measures taken.”

23-9-99: The Department explained that the amount of Rs.56,503 had been recovered and got verified by Audit. The higher authorities had been requested for disciplinary action against the officers/officials involved.

The PAC **settled the para subject to** completion of disciplinary action under intimation to the PAC.

Works Audit

43. Para I-A.1: Page 4 – Non-recovery of Dismantled Material – Education Buildings Division Sargodha – Rs.75,276

Audit had observed: “A formation did not recover the cost of the dismantled material from the

contractors as per provisions of the agreement. The contractor completed the work of dismantling and received payment for work done. This resulted in non-recovery of Rs.75,276 from the contractors in June 1990 and 1992.”

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall investigate the matter, recover the loss, if any, and get it verified by the Audit. Disciplinary action shall also be taken against the persons at fault. The action taken shall be reported to the Assembly Secretariat, the Audit and the Finance Department by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

44. Para I-B.1: Pages 4-5 – Non-recovery of Advance Payments – Education Buildings Division Gujranwala – Rs.112,062

Audit had observed: “A formation issued a cheque of Rs.492,700 in August 1989 to a headmaster of a school for special repair of the school building. The Sub Divisional Officer only certified the amount of Rs.380,638 for work done at site, but the balance amount of Rs.112,062 was not got refunded.”

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

45. Para II-1: Pages 5-6 – Un-authorised Payments - Education Buildings Division Rawalpindi – Rs.4,677,310

Audit had observed: “A formation made advance payments of Rs.4,677,310 to the heads of educational institutions and officers of the Education Department since August 1989 for construction and repair of educational institutions. The amount was placed in the “Misc:P.W.Advances” (un-authorisedly recoverable from them) which resulted in non-recovery of Rs.4,677,310.”

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

46. Para II-2: Page 6 – Unauthorised Payments – Education Buildings Division Faisalabad – Rs.11,216,307

Audit had observed: “A formation made advance payments of Rs.11,216,307 in November 1988 and February 1990 in violation of the instructions issued by the Education Department in March 1988, but no vouched accounts of work done were available. The engineering staff was required to follow the public works procedure, record and measure the work done at site before making any payment to the contractors, but this was not done. Flagrant violation of the prescribed procedure is likely to lead to misappropriation of public funds.”

29-6-02: The Committee decided that the facts of the case required further examination. For the purpose, the Department shall **submit the requisite working paper**, containing the comments of the Audit.

Excise and Taxation Department

Overview

Total Paras	Civil	Commercial	Receipts Revenue
17	1	3	13

Abstract

Status	Decision	Para Nos.	Total
Paras Finally Settled 3	Paras finally settled as the requisite action had been taken.	Commercial: 54, 55, 56	3
Paras Conditionally Settled 14	Paras settled with the direction that the Department shall implement the directives of the Committee and the Finance Department shall monitor the same. Both the Departments shall report compliance to the Public Accounts Committee every six months.	Civil: 6.1 Revenue Receipts: 4.1.A(a), 4.1.A(b), 4.1.A(c), 4.1.A(d), 4.1.B(a), 4.1.B(b), 4.1.B(c), 4.1.B(d), 4.1.B(e), 4.2(a), 4.2(b), 4.2(c), 4.3	1 13

Discussed on 17 October & 22 August 1995, 29 June & 18 July 2002.

Civil Audit

1. Para 6.1: Page 67 – Irregular Payment of – Rs.80,210

Audit had observed: “The amount was paid on account of salaries to drivers who had been appointed during ban period without obtaining N.O.C from (S & GAD). Instructions contained in letter No.SOW-F-III (S & GAD) 1(a)/89 dated 12-07-89, had thereby been violated.”

17-10-95: The Department explained that drivers were appointed on the recommendation of Divisional Recruitment Committee dated 4-8-1990 and appointment orders were issued on 23-8-

1990. Therefore, these appointments were quite in order as the ban was imposed on 12-12-1990.

The Public Accounts Committee was not satisfied with the explanation and observed that those appointments were made in contravention of S&GAD instructions contained in letter No. SOW-F-III (S&GAD) 1(a)/89 dated 12-7-1989. The Department was directed to get it regularised by the Finance Department. The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 17 October 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

Commercial Audit

2. Para 54: Page 39 – Government Opium Alkaloid Factory, Lahore

Audit had observed: “The Government Opium Alkaloid Factory, Lahore earned a net profit of Rs.3,235,599, Rs.4,032,565 and Rs.4,318,733, during the years 1990-91, 1991-92 and 1992-93 respectively as compared to the profit of Rs.2,796,389 during the previous year 1989-90.”

22-8-95: The Committee was informed that it was an introductory para; and, in fact, the factory had been earning profit. **The para was settled.**

3. Para 55: Page 39 – Government Opium Alkaloid Factory, Lahore

Audit had observed: “An amount of Rs.2,971,216 has been shown recoverable on account of Opium issued for tablets during 1992-93, but no concrete efforts were made to effect the recovery. The necessary recovery may be made from the quarters concerned under intimation to audit.”

22-8-95: The amount of Rs.29,17,216 had been received during the year 1993-94 and duly verified by Accountant General, Punjab. **The para was settled.**

4. Para 56: Page 39 – Government Opium Alkaloid Factory, Lahore

Audit had observed: “A sum of Rs.2,000 per year has continuously been shown on account of Audit and Accounts charges as a liability upon factory, but there appears no justification for this amount as no audit has been conducted from any agency for the last so many years. The matter may be looked into and factual position of this charge be intimated to Audit.”

22-8-95: The Committee was informed that the provision of Audit & Accounts Charges had been dispensed with. **The para was settled.**

Revenue Receipts Audit

1. Para 4.1: Pages 15-28 – Property Tax

A. Non-realization of Property Tax – Rs.6,262,248

(a) Due to Non-recovery of Arrears – Rs.4,049,464

Audit had observed: “Under section 16 of the Punjab Urban Immovable Property Tax Act, 1958 read with rule 19 of the rules framed thereunder, any sum due on account of property tax which remains unpaid after due date allowed for its payment without sufficient cause to the satisfaction of the collector is required to be recovered as arrears of land revenue. The above provisions were not enforced by the Excise and Taxation Officer, Zone-IV, Lahore against 4 assesses. who had failed to pay the tax within the prescribed limit of time. Resultantly, property tax of Rs.4,049,464 for the period upto 1992-93 remained unrecovered.”

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. Disciplinary action shall also be taken against the persons at fault. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

(b) Due to unlawful Exemptions – Rs.813,262: (i) to (v)

Audit had observed:

“(i) Under section 4(a) of the Urban Immoveable Property Tax Act, 1958 buildings and land other than those leased in perpetuity, owned by the Federal Government are exempt from property tax. Contrary to this, five property units owned by certain autonomous bodies were exempted from property tax during 1986-87 to 1992-93 by the Excise and Taxation Officer, Zone-III, Lahore causing loss of property tax of Rs.549,819.

(ii) Excise & Taxation Officer, Zone-IV, Lahore allowed exemption of property tax in respect of three property units owned by Pakistan Telecommunication Corporation treating the same incorrectly as government owned property units. This resulted in a loss of government revenue of Rs.144,540 during 1991-92 & 1992-93.

(iii) Improvement Trust Rawalpindi is neither a government Department nor a local body but property tax in respect of three property units owned by it was not realised by the Excise & Taxation Office-I, Rawalpindi treating the same government property units. In this way property tax of Rs.78,686 remained unrealised during 1988-89 & 1991-92.

(iv) Two property units owned by Pakistan Postal Services Corporation were irregularly exempted from property tax by the Excise & Taxation Officer, Zone- IV, Lahore thus causing loss of government revenue of Rs.20,237 during 1992-93.

(v) Under section 4(g) of the Urban Immovable Property Tax Act, 1958 exemption from property tax is available in respect of buildings and lands owned by

widows. Excise & Taxation Officer, Zone-V, Lahore allowed exemption to a widow during 1991-92 & 1992-93 although she had died before 1991- 92. The grant of inadmissible exemption resulted in non-realisation of property tax of Rs.19,980.”

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

(c) Due to Omission in Carrying Forward of Arrears – Rs.707,731: (i) & (ii)

Audit had observed: “ Arrears of Rs.370,321 outstanding in 199 cases were not brought forward from the previous to the next/current year’s demand registers as detailed below:

Sr.No.	Name of formation	No.of cases	Amount	Remarks
			1. E.T.O, Zone-I, Lahore	
		134	212,901	
			2. E.T.O., Circle-I, LHR	
		13	57,062	Recovery of Rs.3,124 was reported, leaving a balance of Rs.53,938.
			3. E.T.O.Zone-II, LHR.	
		36	49,432	
			4. E.T.O. Zone-III, LHR	
		14	39,168	
			5. E.T.O. Zone-IV, LHR	
		2	11,758	
		<u>199</u>	<u>370,321</u>	

(ii) Property tax arrears of Rs.400,324 outstanding in 17 cases were not brought forward by the Excise and Taxation Officer-I, Faisalabad to the current year’s demand registers.

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. Disciplinary action shall also be taken against the persons at fault. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

(d) Due to Non-assessment of Tax and Non-issuance of Demand Notices –

Rs.691,791: (i) & (ii)

Audit had observed:

“(i) Under section 3(2) of the Urban Immovable Property Tax Act, 1958 there shall be levied, charged and paid, a tax on the annual value of buildings and lands in a rating area at the rate of twenty percent of such annual value. Exemption from tax is available under section 4(a) of the Act *ibid* to the buildings and lands owned by the Federal Government. Pakistan Telegraph and Telephone Department was exempt from property tax under the above provisions of law. On being converted into corporation with effect from 15-12-90 Pakistan Telecommunication Corporation became liable to tax. Accordingly the particulars of a property unit owned by the corporation were transfer from the property register (PT -I) to the tax demand and receipt register (PT-8). But neither the property tax leviable thereon was assessed nor was demand notice as required under rule 15 of the Urban Immoveable Property Tax Rules, 1958 issued by the Excise and Taxation Officer-I, Rawalpindi with the result that property tax to the tune of Rs.618,860 for the period January, 1991 to June, 1992 remained un-realised.

(ii) In accordance with the provisions of rule 15 of the Urban Immovable Property Tax Rules, 1958, the assessing authority is required to maintain for each rating area a tax demand and receipt register in Form PT-8 and send a demand for payment of the tax. The tax shall be paid on or before the last day of the month next following the month in which the demand notice is served on an assessee. In contravention of this, the departmental authorities failed to issue demand notices in respect of 98 taxable property units during 1988-89 to 1992-93. Consequently, property tax of Rs.72,931 as detailed below remained un-realised:-

Sr.No.	Name of formation	No.of cases	Amount
1.	E.T.O., Zone-I, LHR	54	53,926
2.	E.T.O., Zone-II, LHR	44	19,005”
		<u>98</u>	<u>72,931</u>

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. Disciplinary action shall also be taken against the persons at fault. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

B. Short Realization of Property Tax – Rs.634,208

(a) Due to Short-carrying Forward of Annual Values – Rs.233,090: (i) & (ii)

Audit had observed: “ (i) Property tax of Rs.205,945 was short-realized in 67 cases during 1991-92 and 1992-93 as detailed below:-

Sr.No.	Name of formation	No.of cases	Amount
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121,603	1.	E.T.O., Zone-II, LHR	37	
31,569	2.	E.T.O., Zone-I, LHR	22	
18,096	3.	E.T.O., Zone-IV, LHR	3	
17,833	4.	E.T.O., Zone-III, LHR	4	
16,844	5.	E.T.O., Zone-V, LHR	1	
	Total:		67	205,945

(ii) In 9 cases property tax of Rs.27,145 was short-realised during 1988-89 to 1992-93 as detailed below:

	Sr.No.	Name of formation	No.of cases	Amount
13,046	1.	E.T.O-I, Rawalpindi	1	
14,099	2.	E.T.O., Zone-VII, LHR	8	
	Total:		9	27,145"

18-7-02: On consideration of the facts of the case, the Committee settled the para subject to the following direction –

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. Disciplinary action shall also be taken against the persons at fault. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

(b) Due to Non-aggregation of the Properties Owned by the Same Persons – Rs.156,630

Audit had observed: “According to the explanation given below section 3 of the Punjab Urban Immovable Property Tax Act, 1958 the annual value for the purpose of levy of property tax shall be the aggregate annual value of all buildings and lands owned by the same person in a rating area. Contrary to this, annual values of properties owned by certain assesses had not been aggregated causing under-assessment of property tax leading towards short-realisation of government revenue of Rs.156,740 during 1987-88 to 1992-93 as detailed below:-

<u>Sr.No.</u>	<u>Name of formation</u>	<u>No.of cases</u>	<u>Amount</u>
1.	E.T.O,Zone-I, LHR	91	98,862
2.	E.T.O., Zone-II, LHR	59	41,488

3. E.T.O., Circle-I, LHR

19

16,390

Total:**169****156,740”**

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

(c) Due to Omission in Giving Effect to Orders of Enhancement of Annual Value – Rs.110,700

Audit had observed: “The annual rental value of a property unit was enhanced from Rs.48,600 to Rs.270,000 with effect from 01-07-1991. The Excise & Taxation Officer, Zone-V, Lahore, however, failed to give effect to these orders in the tax demand and receipt register (PT-8). The omission resulted in short-assessment of property tax of Rs 110,700 consequently resulting into short-realisation of government revenue to that extent during 1991-92 and 1992-93.”

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

(d) Due to Calculation Mistakes – Rs.81,423

Audit had observed: “Under section 3(2) of the Urban Immovable Property Tax Act, 1958 there shall be levied, charged and paid, a tax on the annual value of buildings and lands in a rating area at the rate of twenty percent of such annual value. While making assessment of government dues, property tax in 25 cases was not calculated by the departmental authorities according to their annual values. The miscalculations led to short-assessment of property tax of Rs.94,241 consequently resulting into short-realisation of tax to that extent during 1991-92 and 1992-93 as detailed below:

	Sr.No.	Name of cases	
		No. of cases	Amount
			Remarks
	1.		E.T.O, Zone-IV, LHR
9		37,154	

	2.	E.T.O., Circle-I, LHR
15	29,674	Recovery of Rs.12,818 in two cases has since been reported leaving a balance of Rs.16,856.
	3.	E.T.O.Zone-II, LHR.
4	14,714	
	4.	E.T.O. Zone-III, LHR
5	12,699	
	Total:	
25	94,241	

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. Disciplinary action shall also be taken against the persons at fault. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

(e) Due to Incorrect Effect of Orders Passed u/s 9 (c)(iii) – Rs.52,365

Audit had observed: “According to para 4.8 of the Punjab Tax Manual Vol.II, orders passed under section 9c(iii) of the Urban Immovable Property Tax Act, 1958 are required to be given effect from the first of January or July, as the case may be, following the date of such orders. Contrary to this, orders passed under section 9c (iii) reducing the annual rental value of a property unit were given retrospective effect by the Excise & Taxation Officer, Zone-V, Lahore. This caused short-realisation of property tax of Rs.52,365 during 1991-92 and 1992-93.”

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

2. Para 4.2: Page 28-31 – Motor Vehicles Tax

(a) Non-recovery of Token Tax – Rs.1,910,176: (i) & (ii)

Audit had observed: “According to section 3 of the Motor Vehicles Taxation Act, 1958 motor vehicle tax commonly known as token tax is payable by their owners on quarterly basis. Failure to pay the tax within the fixed period without sufficient cause attracts levy of penalty under section 9 of the Act *ibid*. The unpaid tax together with penalty are recoverable under section 11 as arrears of land revenue. Besides, the registration certificate of the defaulting vehicle is liable to suspension/ cancellation in terms of sections 34(1) and 35 of Motor Vehicles

Ordinance, 1965. For payment of the tax, two schemes namely "Tie-up Scheme" and "Non Tie-up Scheme" or "Postal Scheme" are operative in the province. Under tie-up scheme, buses including stage carriages, trucks/loaders, wagons and other vehicles plying on commercial basis are tied-up in a particular district for the purpose of collection of token tax. Each District Officer is responsible to recover token tax from tied up vehicles and to chase the defaulters with notices and coercive procedure according to law. He is accountable for such outstanding amount for enforcing recoveries unless he has satisfied himself of their transfer to other district(s) whereupon he has to record in his register a "Closure Entry". Any violation of instructions of tie-up scheme facilities evasion of motor tax. Therefore, a strict notice of the violation has been proposed to be taken and the lapse is to be treated as misconduct with which officer concerned will be charged under the Efficiency and Discipline Rules.

(i) Excise and Taxation Officer, Tie-up, Lahore failed to recover token tax of Rs.1,228,172 from the owners of 283 tied-up vehicles during July, 1984 to June, 1993 besides levy of penalty.

(ii) Token tax of Rs.682,004 for the period July, 1985 to June, 1992 was not recovered by the Excise & Taxation Officer- II, Rawalpindi from the owners of 64 defaulting vehicles besides levy of penalty."

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

(b) Non-assessment and Non-realization of Token Tax from PRTB and Police Department – Rs.1,229,235

Audit had observed: "Token tax of Rs.1,229,235 leviable under section 3 of the Motor Vehicles Taxation 1958 in respect of 33 motor vehicles recorded as owned by the Punjab Road Transport Board and the Police Department was neither assessed nor realised by the Excise & Taxation Officer-II, Rawalpindi during October, 1986 to June, 1992."

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

(c) Short-realization of Token Tax – Rs.815,998

Audit had observed: “Token tax on motor vehicles with seating capacity of more than six persons plying for hire is recoverable @ Rs.168 per seat per annum or Rs.42 per seat per quarter. Concessionary rate of Rs.88 per seat per annum (Rs.22 per seat per quarter) is admissible in respect of buses plying for hire with at least sixty percent of their route within the limits of a corporation, municipality or cantonment. Contrary to this, Excise and Taxation Officer-II, Rawalpindi charged token tax in respect of Volvo/Fiat buses owned by the Punjab Road Transport Corporation (Urban) which go beyond the prescribed limits of municipality/ cantonment at concessionary rate instead of at the normal rate. This resulted in short-realisation of token tax of Rs.815,998.”

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

3. Para 4.3: Pages 31-32 – Education Cess Short-realization of Education Cess – Rs.269,075

Audit had observed: “Under section 3(I) of the Worker’s Children (Education) Ordinance, 1972 every employer of an establishment in which the number of workers employed at any time during a year is ten or more shall pay to the Provincial Government an education cess at the rate of one hundred rupees per worker per annum. To facilitate the collection vide section 3(I), the section 3(2) provides for a quarterly return showing the number of workers employed and section 3(3) states that the levy of education cess shall be on the number of workers shown in the return. Excise & Taxation Officer-I, Faisalabad, however, failed to charge the full amount of cess i.e. @ Rs.100 per worker for the whole year in respect of ten establishments. This resulted in short-realisation of education cess of Rs.269,075 during 1990-91 and 1991-92.”

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

Finance Department

Overview

Total Paras	Civil
4	4

Abstract

Status	Decision	Para Nos.	Total
Paras Finally Settled 1	Paras finally settled as the requisite action had been taken.	Civil: 8.2	1
Paras Conditionally Settled 3	Paras settled with the direction that the Department shall implement the directives of the Committee and the Finance Department shall monitor the same. Both the Departments shall report compliance to the Public Accounts Committee every six months.	Civil: 8.1, 8.3, 8.4	3

Discussed on 24 July 1996 and 29 June 2002.

Civil Audit

1. Para 8.1: Page 85 – Overpayment of Rs.1,554,073 on Account of Pension Payment. Balance Recovery – Rs.332,861

Audit had observed: “During internal audit of the various branches of the National Bank of Pakistan, carried out by the treasury staff, an overpayment on account of pension payment of Rs.1,554,073 was pointed out up to 31-7-1992. In this connection recovery of Rs.1,221,212 has so

far been effected leaving a balance of Rs.332,861 which is still outstanding. The same may be recovered immediately. Disciplinary action may be initiated against the defaulters.”

24-7-96: It was stated by the Department that an amount of Rs.1,317,075.66 had been recovered from the pensioners. The balance recoverable amount was only Rs.232,318 which was being recovered in installments. The position had also been verified by Audit.

The PAC directed the Department to complete the balance recovery. The para was reduced to the balance amount of Rs.232,318 and was kept pending for recovery.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 24 July 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department (Monitoring Wing) shall monitor the implementation of the directive of the PAC.

2. Para 8.2: Page 85 – Recoveries not Effected – Rs.39,999

Audit had observed: “Amount stated above on account of overpayment of pay due to re-fixation during 79-80 to 90-91 pointed out by Audit was not recovered despite the lapse of three years.”

24-7-96: The entire amount of the para had been recovered and got verified. **The para was settled.**

3. Para 8.3: Page 85 – Overpayment to the tune of Rs.86,492

Audit had observed: “Scrutiny of audit registers and personal files of the officers revealed that some officers already on the maximum of B.P.S 18 in move over capacity, on their promotion to B.P.S-18 on regular basis, were allowed the benefit of premature increment in shape of personal pay beyond the maximum of B.P.S.18 although they were not entitled to such premature increment. In this way an over payment of Rs.86,492 had been made, which may be recovered and action against delinquent officers initiated.”

24-7-96: The Department explained that an amount of Rs.76,966 had been recovered and verified by D.A.O./Audit. Mr. Abdul Ghani, Assistant Professor Government College, Kasur had

since expired against whom a balance of Rs.430/55 was outstanding. The balance would be recovered from his family pension. In reply to the Audit observation the Department explained that salary slip of Dr. Muhammad Afzal, D.H.O. Kasur had been revised and as such no overpayment was made to him.

The PAC recommended that the balance recovery from Mr. Abdul Ghani, deceased, Assistant Professor Government College, Kasur, may be written off. The Department was directed that the revised salary slip of Dr. Muhammad Afzal be got verified from Audit.

The PAC also directed to effect the balance recovery from all the officers to whom the overpayment was made. The D.A.O. be also proceeded against as he was responsible for the said overpayment.

The para was kept pending for balance recovery and action against the concerned officers and the D.A.O.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 24 July 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department (Monitoring Wing) shall monitor the implementation of the directive of the PAC.

4. Para 8.4: Page 86 – Irregular and Unjustified Payment of House Rent Allowance – Rs.812,343

Audit had observed: “The overpayments on account of house rent allowance/conveyance allowance were made in contravention of F.D’s circular letter No.F.D-SRI-9-4/86 dated 21-3-92 and Bahawalpur Corporation letter dated 23-5-92.

The payment of H.R.A @45% and conveyance allowance made for the period 1-12-1991 to 30-11-92 instead of H.R.A @ 30% has been worked out on the basis of passed arrear bills. The irregular payment made may be recovered and deposited in Govt. treasury. Departmental action is recommended against the controlling officer for his negligence which put the public exchequer to loss.”

24-7-96: The Department explained that all the amount of overpayment had been recovered except the amount of Rs.472,187 pertaining to Agriculture Department which had also been waived off by the Finance Department.

The para was settled subject to verification of recovery and the waive off sanction by Audit.

General Observation

The Accountant General, Punjab was not present. The absence of the Accountant General was noticed by the PAC seriously. The PAC directed that in future the Heads of the Departments should attend the meeting of PAC, as already emphasised by the PAC time and again.

The Public Account Committee directed the Secretary of the Finance Department to submit to the Committee a brief/report pertaining to the proper handling of budgetary allocations and problems/difficulties being faced in maintaining financial discipline. The report should indicate the remedial measures which could possibly be taken to improve the system.

Food Department

Overview

Total Paras	Civil	Revenue Receipts
32	31	1

Abstract

Status	Decision	Para Nos.	Total
Paras Finally Settled 4	Paras finally settled as the requisite action had been taken.	Civil: 7.8, 7.11, 7.13, 7.19(4)	4
Paras Conditionally Settled 26	Paras settled with the direction that the Department shall implement the directives of the Committee and the Finance Department shall monitor the same. Both the Departments shall report compliance to the Public Accounts Committee every six months.	Civil: 7.1, 7.2, 7.3, 7.4, 7.5, 7.9, 7.10, 7.12, 7.14, 7.15, 7.16, 7.17, 7.18, 7.19(1-3 & 5-10), 7.20, 7.21, 7.22	25
		Revenue Receipts: 6	1
Paras Pended 2	The paras were pended because the Committee desired to have Working Papers for consideration.	Civil: 7.6, 7.7.	2

Discussed on 17 October, 21 November 1995 & 18 July 1996 and 29 June & 18 July 2002.

Civil Audit

1. Para 7.1: Page 71 – Loss of 5683.979 M.T. Wheat Due to Godown Shortage – Rs.15,233,063

Audit had observed: “During the audit inspection of wheat accounts it was noticed that the incharge of various P.R. Centres of Bahawalnagar District in respect of scheme 1987-88 & 1988-89

indicated shortage of wheat to the extent of 5683-979 MT as a result of godown clearance causing a loss of Rs.15,233,063 to the Government due to misappropriation of wheat. The loss may therefore, be made good through recovery from the defaulters.”

(i) Haroonabad 2459.630 M.T. 87-88

17-10-95: The Department explained that actual shortage was 2573.560 M.T. instead of 2459.630. A quantity of 1090.630 M.T. had been decided by imposing recovery of Rs.2,921,628.80 upon M/s. Akhtar Ali FGI & M. Ajmal, FGS. They were also dismissed from service. A criminal case was also lodged against them. The case against these accused officials was also under process in Supreme Court.

The Department was directed to thrash the case for the balance wheat of 1483.400 M.T. and report to Public Accounts Committee within one month. The para was kept pending.

18-7-96: The Department explained that M/s Akhtar Ali, Food Grain Inspector & M. Ajmal, Food Grain Supervisor were held responsible for the shortage of wheat during the Departmental inquiry. They were dismissed from service, and recovery was imposed on them. Moreover, a criminal case was also registered against them.

On their appeal the Services Tribunal set aside the dismissal orders and recovery from them. The Department had filed an appeal in the Supreme Court and case was still pending.

The PAC directed the Department to pursue the case vigorously in the Supreme Court. The item was kept pending.

29-6-02: The Committee settled the item with the direction that subject to the decision of the court, the recovery shall be effected and reported to the Audit for verification, the Finance Department and the Assembly Secretariat by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

(ii) Haroonabad 575.100 M.T. Scheme 88-89

17-10-95: The Department explained that recovery of Rs.1,587,276 was imposed. The case was also under process in the Supreme Court. A Write off case was also moved for write off sanction by the Competent Authority. The para was kept pending for recovery/write off/ sanction.

18-7-96: The Department explained that 2 officials (M/s. Akhtar Ali, Food Grain Inspector & M.Ajmal, Food Grain Supervisor) were held responsible for the shortage during the departmental inquiry. They were dismissed from service and recovery was imposed on them. Moreover, a criminal case was also registered against them.

On their appeal the Services Tribunal set aside the dismissal orders and recovery from them. The Department had filed an appeal in the Supreme Court and case was still pending.

The PAC directed the Department to pursue the case vigorously in the Supreme Court. The item was kept pending.

29-6-02: The Committee settled the item with the direction that subject to the decision of the court, the recovery shall be effected and reported to the Audit for verification, the Finance Department and the Assembly Secretariat by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

(iii) Faqirwali 86.700 M.T

17-10-95: The Department explained that shortage occurred due to dampness and rainy season as the wheat was stored in open place and the case for write off had been moved. The para was kept pending for decision of the write off case.

18-7-96: The Department explained that a case for write off sanction of the loss had been sent to the Finance Department and decision was awaited. The item was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the item subject to the following direction –**

The Department shall take appropriate action to settle the matter. The action taken shall be reported to the Finance Department, the Assembly Secretariat and the Audit by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

(iv) Latifabad 75.000 M.T

17-10-95: The Department explained that an amount of Rs.80,293 had been recovered. A write off case for balance wheat of 20.896 M.T. was moved.

The para was kept pending for verification of recovery and write off sanction of the loss.

18-7-96: The Department explained that an amount of Rs.77,443 had been recovered and got verified by Audit. A write off case for the remaining amount of Rs.1,32,557 had been initiated and the decision of the Finance Department is awaited. The item was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the item subject to the following direction –**

The Department shall take appropriate action to settle the matter. The action taken shall be reported to the Finance Department, the Assembly Secretariat and the Audit by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

(v) 60-4R 114.800 M.T

17-10-95: The Department explained that recovery of Rs.6,2491.98 was imposed upon two officials. An amount of Rs.31,245 was recovered from one of the accused. The

other accused had been expired and recovery from him was under process as arrears of land revenue. The remaining loss of 91.482 Tons had been written off.

The Public Accounts Committee directed the Secretary Food to thrash the case to ascertain the actual loss and recovery of the same. The para was kept pending.

18-7-96: The Department explained that recovery of Rs.62,491 being the cost of 423 M.T. shortage of wheat was imposed upon two officials namely Mr.Ahmad Shah and Mr.Muhammad Abid Piracha (deceased). An amount of Rs.31,245 had been recovered from Mr.Ahmad Shah. The recovery of Rs.31,245 from late Mr. Muhammad Abid Piracha as arrears of land revenue was in process. The remaining loss of 91.482 M.T. was the result of infestation due to prolonged open storage and the same had been got written off by the Competent Authority.

The PAC decided to condone recovery of Rs.31,245 from the family of deceased Muhammad Abid Piracha on compassionate grounds.

The Department was directed to get the recovery of Rs.31,245 effected from Mr. Ahmad Shah and write off sanction pertaining to 91.482 M.T. wheat, verified by Audit.

The item was settled subject to verification of recovery of Rs.31,245 and write off sanction of 91.482 M.T. wheat by Audit.

(vi) Fortabbas 123.488 M.T

17-10-95: The Department explained that a recovery of Rs.26,264 being cost of 9.800 M.T. wheat had been effected and deposited in the treasury. A further recovery of Rs.239,134 was also imposed upon one AFG and two FGS. The recovery was also under process. The remaining shortage of wheat i.e. 23.099 M.T. was written off by the Competent Authority. The para was kept pending for the recovery of Rs.239,134.

18-7-96: The Department explained that an amount of Rs.71,264 (26,264 + 45,000) had been recovered and deposited into Government Treasury, Loss of Rs.61,904 being cost of 23.099 M.T. wheat was written off by D.D.F. Bahawalpur. A balance of Rs.194,155 was left to be recovered.

The item was settled subject to balance recovery of Rs.1,94,155 and verification of the same by Audit. The Department was also directed to get the write off sanction of loss of Rs.61,904 verified by Audit.

(vii) Fortabbas 14.100 M.T. - Scheme 88-89

17-10-95: The Department explained that full recovery of Rs.38,916 being cost of 14.100 M.T. was imposed upon one F.G.I. who was being pressed to deposit the recovery of Rs.38,916. The para was kept pending for recovery of Rs.38,916.

18-7-96: The Department explained that recovery had been made and got verified by Audit. Therefore, **the item was settled.**

(viii) Khichiwala 1984.361 M.T

17-10-95: The Department explained that actually a quantity of 221.400 M.T. wheat was short instead of 1984.361 worked out by Audit. A recovery of Rs.304,374 was

imposed upon A.F.G. He got a stay against the recovery from punjab Service Tribunal.

The Public Accounts Committee directed that difference of shortage might be reconciled with Audit and Committee also be apprised of that on what grounds the culprit had gone to the Service Tribunal. The para was kept pending.

18-7-96: The Department explained that actual shortage was 221.500 M.T. instead of 1984.361 M.T. as pointed out by Audit. Accordingly, recovery of Rs.304,374 was imposed upon Mr. Munir Ahmad, A.F.C. He got a stay order from the Services Tribunal against the said recovery.

The PAC directed the department to reconcile the figures of loss/shortage with Audit within one month and to pursue the case in the Service Tribunal vigorously. The item was kept pending till the decision of the court.

29-6-02: Reiterating the decision of the PAC dated 18 July 1996, **the Committee settled the item subject to the following direction –**

Subject to the decision of the Punjab Services Tribunal, the recovery shall be effected and reported to the Audit for verification, the Finance Department and the Assembly Secretariat by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

(ix) 311/HR 112.900

17-10-95: The para was kept pending for recovery of Rs.70,912 and write off sanction of Rs.165,463.

18-7-96: The Department explained that recovery of Rs.70,912 had been effected and got verified by Audit. A case for the write off sanction of loss of Rs.165,463 had also been initiated.

The Committee directed that the case for write off sanction of the amount of Rs.165,463 be got finalized early and shown to Audit for verification. The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the item subject to the following direction –**

The Department shall implement the directive of the PAC dated 18 July 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

(x) 107/6-R 92.700 M.T

17-10-95: The para was kept pending for recovery of loss as arrears of land revenue.

18-7-96: The Department explained that the defaulter Mr.Khalid Mehmud F.G.I. was proceeded against and a recovery of Rs.81,470 was imposed upon him and was being

pursued. For the remaining loss of Rs.166,966 an inquiry had been conducted and as per inquiry report M/s Ahmed Mahmood Bhatti, D.F.C. and Muhammad Saleem Nazar, F.G.S. had been held responsible. The inquiry report had been sent to the Competent Authority for orders. The D.D.F. Bahawalpur assured the PAC that recovery of Rs.81,470 would be effected from the defaulter.

The PAC directed the department for the recovery of Rs.81,470 and Rs.1,66,966 without further delay. The item was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the item subject to the following direction –**

The Department shall implement the directive of the PAC dated 18 July 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

(xi) CHIBIANA 38.200 M.T

17-10-95: The Department explained that an amount of Rs.24,150 had been recovered and deposited in the Treasury.

The remaining loss was processed for write off sanction which was not yet finalized.

The para was kept pending for write off sanction and verification of the same by Audit.

18-7-96: The Department explained that an amount of Rs.24,150 had been recovered. A loss of Rs.24,150 had been written off by D.D.F. Bahawalpur. A case for the write off sanction of Rs.48,300 had also been initiated.

The PAC directed that write off case of Rs.48,300 may be got finalized expeditiously. The recovery of Rs.24,150 may be got verified by Audit. Also the write off sanction of Rs.24,150 accorded by D.D.F. Bahawalpur may be shown to Audit for verification. The item was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the item subject to the following direction –**

The Department shall implement the directive of the PAC dated 18 July 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

(xii) Amrooka 7.000 M.T

17-10-95: The para was settled subject to verification of record by Audit.

18-7-96: The Department explained that the damaged wheat had been auctioned for Rs.10,000 and for the remaining loss the case was being initiated for write off sanction.

The PAC directed that the recovery of Rs.10,000 may be got verified. The

remaining loss be got written off and shown to Audit for verification. This action should be completed within one month. The item was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the item subject to the following direction –**

The Department shall implement the directive of the PAC dated 18 July 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

2. Para 7.2: Page 71 – Godown Shortage of 969 M.Tons Wheat – Rs.2,752,141

Audit had observed: “Godown shortage of 969.064 M. Tons of wheat was found at P.R Centre 63 P Sahja. A case on account of godown shortage of 969 M. Tons of wheat had already been got registered with the Anti-Corruption Department. Loss may be made good by effecting recovery from the defaulter.”

17-10-95: The Department explained that a case on account of godown shortage of wheat was registered with Anti-Corruption Department, against an F.G.I. The said case was not yet finalized.

The Public Accounts Committee directed to pursue the case vigorously. The PAC further directed that a copy of the Departmental inquiry report which exonerated the accused may be supplied to Deputy Secretary (Monitoring) Finance Department. The para was kept pending.

18-7-96: The Department explained that according to the departmental inquiry the D.F.C. concerned was exonerated while Mian Muhammad Qasim, Ex F.G.I. was held responsible who had absconded and did not appear before the inquiry Committee for personal hearing. The copy of the inquiry report had also been provided to the Deputy Secretary (Monitoring), Finance Department, as directed by the PAC. Recovery of Rs.3,416,166 had been imposed upon the defaulting F.G.I. Mr. Muhammad Qasim.

The PAC directed the Department to make strenuous efforts for recovery of the loss. The para was kept pending.

29-6-02: Pursuant to the decision of the PAC dated 18 July 1996, **the committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

3. Para 7.3: Page 71 – Recoverable Amount of Rs.146,448 as Cost of 8136 A-Class Gunny Bags

Audit had observed: “Cost of 8136 A-class empty gunny bags issued during the scheme 1987-88 were still recoverable from the officials/parties. As such the amount of Rs.146,448 should be recovered from the parties or officials at fault & deposited into Government account. Matter was reported to Department vide No.DGA/LZ/AP/CD/597, dated 4.5.1992 but no reply has so far been received.”

17-10-95: The Department explained that two F.G.I. were held responsible for the loss and they had been dismissed from service. Cost of 375 bags was recovered and all out efforts are under to recover the remaining loss of 6761 bags.

The para was kept pending for verification of the amount recovered and recovery of the balance.

18-7-96: The Department explained that an amount of Rs.7,560 being the cost of 540 A-class bags and Rs.3,200 being the cost of 400 B-class bags (Total Rs.10,760) had been deposited into Government Treasury. 366 bags (270+96) had been accounted for at P.R. Centre, Dad Fatiana. The loss of 3830 bags had occurred due to the negligence of Mr.Mukhtar Hussain, Ex-F.G.I. who had been dismissed and a criminal case had also been lodged against him. A case for effecting recovery as arrears of land revenue was also under process. The loss of 3000 bags was found due to the negligence of Mr.Said Muhammad F.G.I. who had been dismissed from service and a case for recovery of the loss was pending with District Collector for action as arrears of land revenue.

The Committee directed that all the relevant records may be produced to Audit for verification and recovery case be pursued vigorously. The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 18 July 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

4. Para 7.4: Page 72 – Irregular Weighing Adjustment of Enroute Shortage of Wheat 84.860 M.T. Valuing Rs.292,767

Audit had observed: “84.860 M.T. of wheat valuing Rs.292,767 acknowledged less by the receiving centre, was adjusted subsequently by equalizing the receipt with the despatched quantity which is irregular in the light of instructions issued by Director Food, Punjab vide his circular dated 6.4.1985. Deviation from the instructions issued by the above authority needs to be justified besides making good the recovery from the defaulters.”

17-10-95: The composite para pertaining to irregular weighing adjustment of enroute shortage of wheat 84.860 M.T. valuing Rs.292,767 was kept pending for reconciliation of shortage figures with Audit, in all cases.

18-7-96: This was a composite para and the Department explained the position as under:-

(i) Gondal to Sargodha

The Department explained that 1581.500 M.T. wheat was dispatched and 1581.200 M.T. wheat was received at the recipient end with shortage of 0.300 M.T. wheat costing Rs.780 which had been deducted from the Incidental Charges bill. The position had also been verified by Audit. **The item was settled.**

(ii) Shah Nikdar to Sargodha

The Department explained that 295.500 M.T. wheat was dispatched and only a quantity of 300 K.G. was found short. The cost of short quantity of Rs.804 had been deducted and also verified by Audit. **This item was settled.**

(iii) Shah Nikdar to Sargodha-II

& (iv) The PAC was apprised that Muhammad Zakir, Ex-FGS, was responsible for the shortage of 2.755 M.T. of wheat. The defaulter was tried in the court of Special Judge, Anti Corruption, Sargodha and was awarded with punishment of four years R.I. alongwith a fine of Rs.250,000. He was also removed from service by the competent authority, and recovery was also imposed on him. Efforts were being made to make the recovery as arrears of land revenue. He filed a civil suit against the recovery proceedings and, as such, the case was sub-judice.

The Committee directed that the Department should pursue the case vigorously and make efforts to recover the loss. Both the items were kept pending.

29-6-02: The Committee settled the items with the direction that subject to the decision of the court, the recovery shall be effected and reported to the Audit for verification, the Finance Department and the Assembly Secretariat by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

(v) Sargodha-II to PR Centre, Lahore

The Department explained that the price of 3.000 M.T. wheat which was found short due to enroute shortage amounting to Rs.7,920 had been deposited through two challans and also verified by the DAO, Sargodha. **The item was settled.**

(vi) Assianwala to Various Stations

The Committee was apprised that enroute shortage of wheat had occurred between Assianwala to various stations resulting in a loss of Rs.20,108. The full amount of the loss had been recovered and credited to the government account. Verification had also been done by Audit. **The item was settled.**

(vii) Chak Jodh to Assianwala

The Department explained that no loss had occurred as actually 1698.900 M. T. wheat was dispatched from Chak Jodh to Assianwala and the full quantity was received by the recipient centre. The position had also been verified by Audit. **The item was settled.**

(viii) Sillwanwali to Lahore

The Department explained that the Audit had pointed out enroute shortage of wheat as 0.3000 M.Ts. whereas actual shortage was calculated by the department as 7.753 M.Ts. which was more than the calculation made by the Audit. The Department had deposited the full cost of the actual shortage which amounted to Rs.20,606 with the government. The position had also been verified by Audit. **The item was settled.**

(ix) Sillwanwali to Assianwala

The Department explained that no shortage of wheat occurred during enroute transit from Sillanwali to Assianwala. The position had been verified by Audit. **The item was settled.**

(x) Sillwanwali to Assianwala

The Department explained that a quantity of 1.710 M.T. wheat was found short while in transit from Sillanwali to Assianwala. The cost of the said short received wheat was Rs.3,987 which had been recovered and deposited in the government accounts. The position had been verified by Audit. **The item was settled.**

(xi) Shahpur to Chaklala

The Department explained that a quantity of 2.780 M.T. was found short at recipient centre. The cost of short received wheat, amounting to Rs.7,550/40, had been recovered and deposited with the government. The position had also been verified by Audit. **The item was settled.**

(xii) Shahpur to Mari Indus

The Department explained that a quantity of 3.595 M.T. of wheat had been found short at recipient centre Mari Indus and its price, amounting to Rs.9,634/60, had been recovered from the defaulter. Recovery of Rs.9,634 had also been verified by Audit. **The item was settled** accordingly.

(xiii) Farook to Shahpur

The Department explained that there was no shortage and this position had also been verified by Audit. **The item was settled.**

5. Para 7.5: Page 72 – Loss of Rs.1,780,971 Due to Enroute Shortage of 665.967 M.T of Wheat

Audit had observed: “665.967 M.T of wheat was shown as enroute shortage by the receiving P.R. Centres relating to scheme 1987-88 and 1988-89. This resulted in a loss of Rs.1,780,971 to Govt.”

(i) Haroonabad Scheme 87-88 & 88-89

21-11-95: The Department explained that the officials responsible for en-route shortage had been dismissed from service and demand for recovery as arrears of land revenue had been made. Cases against the dismissed officials were also pending with the Anti-Corruption. The Department was directed to pursue the court cases and recovery vigorously. The item was kept pending.

18-7-96: The Department explained that actual shortage was 79.413 M.T. and not 294.413 M.T. as calculated by Audit. The Department further informed the Committee that two officials namely Akhtar Ali, FGI, and Ajmal F.G.S. were responsible for the enroute shortage of wheat. Both the defaulters had absconded, they had been dismissed from service. It was also brought to the notice of the Committee that case for the recovery of loss had been referred to the District Collector, Bahawalpur to effect recovery as arrears of land revenue in 1991, where it was still pending.

The Committee directed that discrepancy of quantity may be reconciled with the Audit and the recovery be pursued vigorously. The item was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the item subject to the following direction –**

The Department shall implement the directive of the PAC dated 18 July 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

(ii) Latifabad 87-88 Scheme

21-11-95: The deposit of Rs.63,972 in the Government Treasury had been verified by Audit. **The item was settled.**

(iii) Khichiwala 87-88 Scheme 46.326 M.T

21-11-95: The recovery and deposit of Rs.128,000 in the Government Treasury had been verified by Audit and the **item was settled.**

(iv) 311/H.R. 87-88 Scheme

21-11-95: The Committee was informed that an amount of Rs.28,467 had been recovered and deposited into Treasury. The Department was directed to get the recovery verified by Audit and remaining recovery be pursued vigorously. The item was kept pending for verification by Audit and balance recovery.

18-7-96: The Department explained that full recovery of the amount of Rs.232,940 had been effected and verified by Audit. Therefore, **the item was settled.**

(v) Qureshi 87-88 Scheme- Rs.129,980

21-11-95: The Department explained that actual en-route shortage was 3.500 M.T. and not 506.00 M.T. The price of 3.5 M.Ts. of wheat, amounting to Rs.9,380 had been recovered and deposited in the Government Treasury. Subject to verification of record relating to reduction of en-route shortage and deposit of the amount of Rs.9,380 by Audit. The item was settled.

18-7-96: The Audit brought to the notice of the Committee that there were discrepancies in the figures of the shortage of wheat calculated by Audit and the Department. The Department had failed to reconcile the figures so far.

The Committee directed the Department that reconciliation of figures should be done by the Department within one month. The item was kept pending.

29-6-02: Reiterating the decision of the PAC dated 18 July 1996, **the Committee settled the item subject to the following direction –**

The Department shall produce the relevant record for verification by the Audit and take further necessary action including recovery, if any, as per observation of the Audit after such verification. The action shall be completed, and reported to the Finance Department and the Assembly Secretariat by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

(vi) Haroonabad Scheme 88-89

21-11-95: The Department informed the Committee that the case was sub-judice. The Committee directed that the case should be pursued vigorously and the Department should try to get an early decision. The item was kept pending.

18-7-96: The Department explained that this item had already been discussed in an earlier meeting of the PAC vide para No.7.1. The Committee decided to **delete the item from here.**

(vii) 60-4R 88-89 Scheme

21-11-95: The Department explained that price of en-route shortage of wheat, amounting to Rs.1,340 had been deposited in the Government Treasury and got verified by Audit. **The item was settled.**

(viii) Fort Abbas 88-89 Scheme

21-11-95: The Department explained that an amount of Rs.60,274 had been recovered and deposited the same into the Government Treasury and got verified by Audit. **The item was settled.**

(ix) Chishtian 88-89 Scheme

21-11-95: The Committee was informed that the actual en-route shortage of wheat was 21-681 M.Tons instead of 24-681 M.Tons as calculated by Audit. The recovery of Rs.59,840 being cost of 21.681 M.T wheat had been effected and deposited into Government Treasury. The reduction of wheat quantity and the deposit had also been verified by the D.A.O. Bahawalpur. **The item was settled.**

(x) 12-Gijani 88-89 Scheme

21-11-95: The Department explained that the actual en-route shortage of wheat pertaining to 12-Gijani Centre was 10.657 M.T. instead of 199.557 M.T. as calculated by the Audit. It was further explained that price of wheat, amounting to Rs.30,372, had been recovered from the contractor concerned through Incidental Charges Bill and its deposit had been verified by the D.A.O. Bahawalnagar. **The item was settled.**

6. Para 7.6: Page 73 – Non-Production of Record Involving Expenditure of Rs.43,482,924

Audit had observed: “The record was not produced inspite of repeated written and verbal requests. The record in question involved expenditure of Rs.43,482,924.”

21-11-95: The Department explained that the requisite record had been shown to the D.A. O. Bahawalnagar and no discrepancy had been found therein. The PAC observed that the D.F. C. did not produced the record to Audit despite repeated request till now and production of record to D.A.O. was not sufficient and satisfactory. The non-production of record to Audit was a serious lapse on the part of the Department and officer responsible for this lapse should be proceeded against with strict disciplinary action against him.

Keeping in view the utter negligence of the Department's officers, the Committee decided to submit a copy each of their directive to the Chief Minister, Punjab and the Chief Secretary, Punjab, for information. The para was kept pending.

18-7-96: The Committee was apprised by Audit that the Department had not produced the relevant record for verification inspite of the passage of a long time and directives of PAC. The Department explained that two DFCs had been charge-sheeted for non-production of record by the Administrative Secretary. The Administrative Secretary assured the Committee that the record was complete and available for verification by Audit.

The Committee directed that the Audit team should visit the site and verify the record within two months. The Committee warned the Department that this was their last chance for getting the record verified failing which strict action under the E&D Rules would be recommended against the negligent officials. The para was kept pending.

29-6-02: The Committee decided that the facts of the case required further examination. For the purpose, the Department shall **submit the requisite working paper**, containing the comments of the Audit.

7. Para 7.7: Page 73 – Non-Production of Record Involving Expenditure of

Rs.100,393,440

Audit had observed: “The entire record was not produced inspite of verbal and written requests. The quantity of wheat purchased is given against each centre. The disposal of 44436.500 M.Ton wheat valuing Rs.100,393,400 could not, therefore, be verified.”

21-11-95: The Audit informed the Committee that the Department did not produce the relevant record inspite of verbal and written requests. The Audit party remained in the locality but the D.F.C. did not bother to show the record to Audit.

The Committee observed that the non-production of record was a serious lapse rather tantamount to create hurdles in the procedure of financial control. The Administrative Secretary was directed that the then DFCs, who failed to produce the relevant record during regular Audit Inspection, from 8-4-1992 to 4-11-1992, should be suspended forthwith and proceed against under the E&D Rules. The para was kept pending.

18-7-96: The Audit brought to the notice of the Committee that despite repeated verbal and written requests and directives of PAC the Department had failed to produce the relevant record for verification. According to them it was a serious matter as a sum of Rs.10 crore was involved. The Department explained that three of the defaulting officers/officials had since expired and remaining defaulters had been asked to explain the negligence.

The Department assured the Committee that they would produce the relevant record to Audit for verification with the request that where direct evidence of record was not available, collateral evidence may be accepted by the Audit. The Audit agreed to the suggestion of the Department.

The Committee directed that verification should be completed within three months. The para was kept pending.

29-6-02: The Committee decided that the facts of the case required further examination. For the purpose, the Department shall **submit the requisite working paper**, containing the comments of the Audit.

8. Para 7.8: Page 74 – Non-Production of Record on Account of Local Sale of 28005.700 M.T. Wheat Worth Rs.62,127,654

Audit had observed: “28005-700 M.T wheat filled in 280057 bags sold to various Flour Mills by P.R Centre Sahiwal during the period from 2-10-88 to 31-3-89 appeared to be doubtful as neither the Bank credit scrolls for verification/ authentication of treasury challans were available in the record of the said P.R Centre nor the deposits for the said period amounting to Rs.62,127,654 were got verified from the District Accounts Officer, Sahiwal. The matter needs justification and Bank credit scrolls for the period from 2-10-88 to 31-3-89 may be produced to audit to verify the authentication of the said treasury challans. Deposits for the said period may also be got verified from the District Accounts Officer, Sahiwal.”

21-11-95: The Committee was informed that the Treasury Challans and credit verification certificates issued by the D.A.O. Sahiwal, amounting to Rs.62,172,654 had been verified by Audit. **The para was settled.**

9. Para 7.9: Page 74 – Excess Charges of Residential Telephone – Rs.51,250

Audit had observed: “Vide Government letter No.SO(PW-1) 2-1/Tele/82 (Provl.) dated 4.9.85 and 10.7.88 the Deputy Director, Food was entitled to 600 local calls at Government expense. Charges in excess of admissibility were drawn from Government to the above said extent.”

21-11-95: The para was kept pending for the regularization of the excess telephone charges by the Finance Department.

18-7-96: The Department explained that an amount of Rs.6,720 had been deposited by Mr. Rais Abbas, Ex-DDF Gujranwala in government accounts and got verified by Audit. An amount of Rs.44,530 was left to be recovered and efforts were being made for the balance recovery.

The PAC directed the Department either to recover the amount of Rs.44,530 from the concerned officer or got it regularised by the Finance Department. Action should be finalized within three months. The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 18 July 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

10. Para 7.10: Page 75 – Recovery of Rs.54,500 on Account of Declassification of Gunny Bags

Audit had observed: Recovery of Rs.54,500 was imposed on the officials of District Food Controller, Sahiwal for irregularly converting B-class gunny bags into D-class vide Deputy Director Food, Multan Region letter No.GB-87-149/109, dated 9-1-88 but the said recovery had not been effected so far. The same should be effected without any further loss of time and deposited into Government account.”

21-11-95: The Department explained that an inquiry was conducted. The findings of the inquiry officer were found defective. Therefore, a fresh inquiry had been ordered.

The PAC observed that why the inquiry was not completed early and the matter delayed badly. The Committee directed that final decision in the case should be taken within one month. The para was kept pending.

18-7-96: The Department explained that actual recoverable amount was Rs.54,385 and not Rs.54,500 as calculated by the Audit. The Department further explained that the said amount of Rs.54,385 had been recovered from the official concerned and would be got verified by Audit. **The para was settled** subject to verification of recovery by Audit.

11. Para 7.11: Page 75 – Loss of Rs.2,768,920 Due to Declassification of 138446 A-Class

Bags

Audit had observed: “During the inspection of bardana account of P.R Centres Bahawalnagar District, it was noticed that 138446-A-class gunny bags were converted into D-class (unserviceable) by the incharge of centres without any authority. The sanction of competent authority to de-classify the bags were not obtained.

The loss of Rs.2,768,920 sustained by the Government be made good by recovering the amounts from the officials concerned.”

21-11-95: The Department informed the Committee that recovery of Rs.2,514,600 had been effected and got verified by Audit, leaving a balance of Rs.254,280.

The Committee directed that the balance of Rs.254,280 should be recovered as early as possible and got verified by Audit. The para was kept pending.

18-7-96: The item wise position of the para was as under:-

Item No.1-107/6-R 3535 bags-87-88

The record regarding auction survey reports had been verified by Audit and therefore, **the item was settled.**

Item No.2&3-Haroonabad-87-88 & 88-89

The Department explained that the survey reports, challans & credit verification were shown to the Audit. **The items were settled.**

Item No.4(i&ii) Latifabad 7955 bags 87-88

The necessary record was verified by Audit and therefore, **the item was settled.**

Item No.4(iii)

The Department explained that the verification of survey reports of declassification of bags, deposit challans and credit verification were shown to Audit. Therefore, **the item was settled** accordingly.

Item No.5 to 15(15-A.I)

The Department explained that survey reports of de-classification of bags, deposit challans and credit verification were shown to the Audit. **The items were settled.**

Item No.15(A-II) Faqir Wali 87-88

The Department explained that the relevant record had been verified by the Audit. **The item was settled.**

12. Para 7.12: Page 76 – Loss of Rs.315,318 on Account of Declassification of 23,899 B-Class Gunny Bags

Audit had observed: “23899 B-class empty gunny bags were converted into D-class by the incharge of the centres without any approval of the competent authority. The action of the incharge resulted in a loss of Rs.315,318 which may please be recovered from the official responsible.”

21-11-95: The Committee was informed that recovery of Rs.303,044 had been effected, leaving a balance of Rs.12,974.

The Committee directed that the Department should recover the balance amount of Rs.12,974 and the para was kept pending for balance recovery.

18-7-96: The Department explained that out of the remaining 931 bags, 927 bags were declared declassified and un-serviceable. Therefore, the same were auctioned for Rs.2,085. The amount had been deposited in the Government Treasury.

The PAC was not satisfied with the explanation of the Department and observed that it had already been decided by the PAC in the meeting held on 21-11-1995 that full recovery of Rs.12,974 should be effected. Therefore, the Committee directed that recovery of the balance of Rs.10,889 (Rs.12,974 - Rs.2,085) may be effected within one month and got verified by the Audit. The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 18 July 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

13. Para 7.13: Page 76 – Excess Payment of Rs.139,054 on Account of Carriage Charges due to Excess Distance

Audit had observed: “542 M.Tons wheat of scheme 1989-90 and 7387 M.tons wheat of scheme 1990-91 were despatched from Machka centre to PR Liaqatpur. The actual distance from Machka to Liaqatpur was 172.9 K.M, but the contractor was paid carriage charges for the distances of 179.9 K. M, 183 km, 187 km, and 197.4 km. In this way the contractor was over paid an amount of Rs.139,054.

The amount may be recovered and disciplinary action under E&D rules may be taken against the defaulters.”

21-11-95: The explanation of the Department, which had been verified by the Audit, was accepted and **the para was settled.**

14. Para 7.14: Page 77 – Double Payment/Excess Payment of Rs.683,236 through Additional Bills

Audit had observed: “Additional payments for extra distances were made without any

justification, the contractor had already been paid more than the actual distance. Moreover in most of the cases the figures regarding distance were quite incorrect. In some bills the distances for which payment made were excessive. The incorrect payment of Rs.683,236 may be recovered along with interest. Disciplinary action under E & D Rules may be taken against the officials responsible for this wrong payment.”

21-11-95: The Department explained that in most of the cases distance was correctly covered. Anyhow, in a few cases the roads were either closed for repair or so badly damaged that vehicles could not travel there. Therefore, the alternative routs were adopted which resulted in excess mileage.

The PAC was not satisfied and directed that Audit should conduct the spot verification of distances of the cases involved in this para to ascertain the factual position. The para was kept pending.

18-7-96: The Department explained that alternative routes were adopted because either the roads were closed for repair or so badly damaged that vehicles could not travel there. Therefore, additional payment was made to the contractor for extra distance.

The Committee re-iterated its previous decision of 21-11-95 and directed the Audit Department to comply with the said decision, so as to arrange the spot verification of the distances claimed. The Department was directed to provide assistance to the Audit.

The Committee directed that the matter should be finalised within two months. The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

15. Para 7.15: Page 77 – Loss of Rs.245,266 Due to Double Payment Drawn for Extra/ Bogus Distances

Audit had observed: “The payments to contractors for additional distances in connection with carriage of wheat were found bogus as they had already been paid for these additional distances in the original vouchers. This was in connivance with the officials concerned. The excess payments made to the contractors may be recovered and deposited into Government treasury. Action under E & D rules may also be initiated against the defaulters.”

21-11-95: The Department explained that in most of the cases distance was correctly covered. Anyhow, in a few cases the roads were either closed for repair or so badly damaged that vehicles could not travel there. Therefore, the alternative routs were adopted which resulted in excess mileage.

The PAC was not satisfied and directed that Audit should conduct the spot verification of distance of the cases involved in this para to ascertain the factual position. The para was kept pending.

18-7-96: The Department explained that alternative routes were adopted because either the roads were closed for repair or so badly damaged that vehicles could not travel there. Therefore, additional payment was made to the contractor for extra distances.

The Committee re-iterated its previous decision of 21-11-95 and directed the Audit Department to comply with the said decision so as to arrange the spot verification of distances claimed.

The Department was directed to provide assistance to the Audit. The Committee further directed that the matter should be finalised within two months. The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

16. Para 7.16: Page 78 – Excess Payment of Rs.561,907 through Higher Rates Relating to Centre Sadiqabad, Bangla Icha and Bhutta Wahan

Audit had observed: “The rates for transportation of wheat stock for the period from 1.8.88 to 31.7.89 of the above centres were approved by the Deputy Director, Food Bahawalpur Region vide No.TM-88-89 T.R.V.K.273/859-861, dated 2.8.88. The transportation work was carried out according to the approved rates by the contractors for the period from 1.8.88 to 31.7.89. Thereafter, with the concurrence of Director, Food, Punjab Lahore, vide letter No. ADF-111-21 (BWP)-1/89, dated 13.9.89 the rates were extended for a further period from 1.8.89 to 31.7.90 by the Deputy Director Food, Bahawalpur Region vide letter No.TM-88-89. T.R.YK-273/202, dated 12.10.89. Higher rates were shown instead of approved rates deliberately by the Deputy Director Food, Bahawalpur. Payments were made at higher rates intentionally. Hence the contractors were over paid Rs.561,907 which should be recovered. The matter should be investigated regarding unauthorised change of rates and action taken against the defaulters.”

21-11-95: The Department explained that in most of the cases distance was correctly covered. Anyhow, in a few cases the roads were either closed for repair or so badly damaged that vehicles could not travel there. Therefore, the alternative routs were adopted which resulted in excess mileage.

The PAC was not satisfied and directed that Audit should conduct the spot verification of distance of the cases involved in this para to ascertain the factual position. The para was kept pending.

18-7-96: The Department explained that alternative routes were adopted because either the roads were closed for repair or so badly damaged that vehicles could not travel there. Therefore, additional payment was made to the contractor for extra distances.

The Committee re-iterated its previous decision of 21-11-95 and directed the Audit Department to comply with the said decision so as to arrange the spot verification of distances with the assistance of the Department.

The Committee directed that the matter should be finalised within two months. The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

17. Para 7.17: Page 78 – Excess Payment of Rs.835,362 Through Additional Bill for Extra Distances

Audit had observed: “The amount of Rs.835,362 was drawn vide voucher No.116 dated 4.6.91 on account of transportation charges through additional bills for extra distance and paid to the contractor. The incidental charges bills attached with the voucher revealed that additional distances have been claimed in the bill without justification, as the transportation charges for actual distances had already been paid to the contractor. The excess payment may be recovered and deposited into Government treasury under intimation to audit.”

21-11-95: The department explained that in most of the cases distance was correctly covered. Anyhow, in a few cases the roads were either closed for repair or so badly damaged that vehicles could not travel there. Therefore, the alternative routes were adopted which resulted in excess mileage.

The PAC was not satisfied and directed that Audit should conduct the spot verification of distance of the cases involved in this para to ascertain the factual position. The para was kept pending.

18-7-96: The Department explained that alternative routes adopted because either the roads were closed for repair or so badly damaged that vehicles could not travel there. Therefore, additional payment was made to the contractor for extra distances.

The Committee re-iterated its previous decision of 21-11-95 and directed the Audit Department to comply with the said decision so as to arrange the spot verification of distances claimed. The Department was directed to provide assistance to the Audit.

The Committee further directed that the matter should be finalised within two months. The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

18. Para 7.18: Page 79 – Loss of Rs.1,490,894 Due to Double Payment to Contractors on Account of Carriage Charges of Wheat Stocks

Audit had observed: “Claims of the incidental charges of carriage of wheat stocks were found made more than the quantity actually despatched from one centre to another. The matter may be investigated and disciplinary action against the officials/ officers at fault may be taken under E & D rules.”

21-11-95: The Department explained that in most of the cases distance was correctly covered. Anyhow, in a few cases the roads were either closed for repair or so badly damaged that vehicles could not travel there. Therefore, the alternative routs were adopted which resulted in excess mileage.

The PAC was not satisfied and directed that Audit should conduct the spot verification of distances of the cases involved in this para to ascertain the factual position. The para was kept pending.

18-7-96: The Department explained that alternative routes were adopted because either the roads were closed for repair or so badly damaged that vehicles could not travel there.

The Committee re-iterated its previous decision of 21-11-95 and directed the Audit Department to comply with the said decision so as to arrange the spot verification of distances claimed. The Department was directed to provide assistance to the Audit.

The Committee further directed that the matter should be finalised within two months. The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

19. Para 7.19: Page 79 – Likely Misappropriation of Wheat, Gunny Bags and Stock Articles Worth Rs.15,151,861

Audit had observed: “During the audit of A/Cs of gunny bags and wheat, it was observed that no acknowledgements thereof were shown to audit. Neither S.F.21 nor any other document from which it could be ascertained that the sale proceeds were remitted into govt. treasury were shown to audit. Sale of huge quantity of wheat without keeping any record thereof did not hold good. No documents pertaining to sale proceeds of wheat were shown to Audit. During the inspection of bardana A/c it was noticed that a huge number of gunny bags, despatched from centres were not received at the recipient centres and thus were misappropriated by staff.”

Para: 7.19(1)

For Audit observation, *see* S.No.19 above.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

Para: 7.19(2)

For Audit observation, *see* S.No.19 above.

21-11-95: The Department informed the Committee that the amount of Rs.15,151,261 had been recovered and deposited in the Treasury. The para was kept pending for verification by Audit.

29-6-02: Reiterating the decision of the PAC dated 21 November 1995, **the Committee settled the para subject to the following direction –**

The Department shall produce the relevant record for verification by the Audit and take further necessary action including recovery, if any, as per observation of the Audit after such verification. The action shall be completed, and reported to the Finance Department and the Assembly Secretariat by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

Para: 7.19(3)

For Audit observation, *see* S.No.19 above.

21-11-95: The Department explained that Mr.Austin Nathaniel, FGI, who was responsible for the likely misappropriation of wheat, gunny bags and stock articles worth Rs.15,151,861 had been dismissed from service and he was absconding. A case was subjudice in the Anti-Corruption Court and the District Collector had been asked to effect recovery as arrears of land revenue. The para was kept pending.

29-6-02: **The Committee settled the item with the direction** that subject to the decision of the court, the recovery shall be effected and reported to the Audit for verification, the Finance Department and the Assembly Secretariat by 31 December 2002. Finance Department shall monitor

the implementation of the directive of the PAC.

Para: 7.19(4)

For Audit observation, *see* S.No.19 above.

21-11-95: The Department explained that the relevant record had been verified by Audit and therefore, **the para was settled.**

Para: 7.19(5 to 10)

For Audit observation, *see* S.No.19 above.

21-11-95: The Audit apprised the PAC that the Department had not produced the relevant record for verification so far. Subject to verification by Audit, **the paras were settled.**

20. Para 7.20: Page 80 – Theft of Bardana Worth Rs.499,500

Audit had observed: “Scrutiny of the bardana for scheme 1988-89 revealed that 14 bales and 23550 A class bags were declared to have been stolen. Neither any F.I.R was got registered with the police nor any Departmental inquiry was held to pin-point the responsibility which was violation of the instruction contained in Rule 2.33 of P.F.R. Vol. I read with part-I of appendix 2 of P.F.R Vol.II. Non-observance of codal provision needs justification. Immediate steps need to be taken to make good the loss to the state.”

21-11-95: The Committee directed that Department should reconcile the year of scheme and names of I.R. centres where the theft of bardana occurred with the Director General, Audit, Punjab, Lahore. The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

21. Para 7.21: Page 81 – Loss of Rs.401,084 Due to Non-Accountal of 16,169 Gunny Bags

Audit had observed: “Gunny bags were despatched from one centre to another and even after a lapse of more than two years these gunny bags were not accounted for in the inventory register of recipient centres. Acknowledgement was also not produced to audit by the incharge of despatching centres. The gunny bags were thus suspected to have been misappropriated. Details are embodied in the Audit & Inspection Report.”

21-11-95: The Committee was informed that recovery of Rs.330,294 had been verified by Audit. The verification of the recovery of balance amount of Rs.80,790 could not be done due to non-production of inventory register of PR Centre Sadiqabad and 158/P.

Subject to verification of balance recovery by Audit, **the para was settled.**

22. Para 7.22: Page 81 – Sale of Wheat at Reduced Rate, Loss of Rs.55,051

Audit had observed: “Scrutiny of Sale Register (SF-21) of P.R Centre Okara for the scheme 1986-87 indicated that sale rate of Rs.169.34 per hundred k.g. instead of Rs.173.42 per hundred k.g for wheat had been applied to Habib Flour Mills Okara. The D.F.C had nothing to say in clarification of his position.”

21-11-95: The Committee was informed that the Food Department had vide letter dated 27-7-1983, fixed the price of wheat to be released to flour mills for grinding of whole meal atta as 169/34 per 100 K.G. and for the atta as Rs.173/42 per 100 K.G. through some misunderstanding the Audit had miscalculated the difference. **The para was settled subject to verification of relevant record by Audit.**

Revenue Receipts Audit

23. Para 6: Page 35 – Non-realization of Sugarcane (Development) Cess Fund - Rs.2,318,211

Audit had observed: “According to clause 2-A of the Punjab Finance Act, 1964 inserted vide the Punjab Finance (Amendment) Ordinance, 1983 read with the Directorate of Food, Punjab (Reconciliation Cell) letter No.Recon.Cell(2) 33/1991-92, sugarcane (development) cess fund is payable by the sugar mill @ Rs.2.10 per quintal (5% of the price of sugarcane). The cess is shared equally by the sugar mills and the growers/persons selling the sugarcane. A sugar mills situated in the NWFP purchased sugarcane from the growers/sellers of the Punjab but sugarcane (development) cess fund of Rs.2,318,211 was neither paid by it during 1991-92 nor demanded and recovered by the Cane Commissioner/Director-Food, Government of the Punjab, Lahore.”

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall take appropriate action to settle the matter. The action taken shall be reported to the Finance Department, the Assembly Secretariat and the Audit by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

General Observation

The Committee observed that the Working Papers were not being supplied to the members well in time which is a serious lapse. The Committee made the Administrative Secretaries responsible to send positively the working papers of their Departments, complete in all respects including the Audit comments, at least seven days before the commencement of the PAC meeting to the Assembly Secretariat. The Administrative Secretaries would reconcile matters with the Audit Department much

earlier before attending the meeting of the Committee so that time of the PAC is not wasted in discussing half-baked issues.

The Committee directed that the Chief Secretary may be requested to issue instructions to all Administrative Secretaries of the Government of the Punjab to comply with the directives of the PAC in letter and spirit otherwise the PAC would be constrained to take serious action against the defaulting Departments.”

Forestry, Wildlife, Fisheries and Tourism Department

Overview

Total Paras	Civil	Commercial
23	10	13

Abstract

Status	Decision	Para Nos.	Total
Paras Finally Settled 13	Paras finally settled as the requisite action had been taken.	Civil: 9.1, 9.4, 9.6, 9.7, 9.8, 9.10	6
		Commercial: 58, 61, 63, 65, 66, 68, 69	7
Paras Conditionally Settled 8	Paras settled with the direction that the Department shall implement the directives of the Committee and the Finance Department shall monitor the same. Both the Departments shall report compliance to the Public Accounts Committee every six months.	Civil: 9.2, 9.5, 9.9	3
		Commercial: 57, 59, 60, 64, 67	5
Paras Pended 2	The paras were pended because the Committee desired to have Working Papers for consideration.	Civil: 9.3	1
		Commercial: 62	1

Discussed on 20 September 1995, 19 August, 16 October 1996, 28 July 1999, 29 June & 18 July 2002.

Civil Audit

1. Para 9.1: Page 89 – Irregular Expenditure of Rs.31,800 for Purchase of Furniture

Audit had observed: “The Divisional Forest Officer purchased furniture amounting to Rs.31,800 for Range Office, Shakargarh without (i) having any provision of funds, (ii) sanction of competent authority

and by obtaining quotations by hand etc. in violation of rule 15.2 e & d of PFR Vol-I.”

20-9-95: The Department explained that the necessary record regarding the purchase of furniture and other items of store amounting to Rs.31,800 had been verified by Audit. **The para was settled.**

2. Para 9.2: Page 89 – Likely loss of Rs.115,033 on Account of Cost of Fish, Seed and Fertilizer issued to the Farmers without Adequate Prospects of Recovery

Audit had observed: “In accordance with PC-I of the project, the owners of the approved model farms were to be provided with inputs viz. Fish Seed, Fish feed and fertilizers etc., besides technical assistance for better production. Cost of such inputs was to be recovered from the farmers out of sale proceeds of their 1st Harvest upto a maximum period of 20 months but contrary to the above provision inputs valuing Rs.115,033 were issued to the farmers without any agreement. In the absence of a written undertaking the recovery appears to be jeopardized resulting in a loss to the Government.”

20-9-95: The Department explained that an amount of Rs.83,000 had been recovered. The para was kept pending for balance recovery.

19-8-96: The Department explained that total recovery had been completed except a minor balance of Rs.60 only.

The PAC appreciated the efficiency of the Department **and settled the para subject to the verification of recovery by Audit.**

3. Para 9.3: Page 90 – Loss of Rs.1,872,180 on Account of Illicit Removal of Shisham Trees

Audit had observed: “Shisham trees valuing Rs.1,872,180 (approximately) were removed unlawfully from the canal side plantation, sub-division Lahore during 7/88 to 6/92. As per record of the Department the cases were also got registered to the relevant police stations but no efforts appear to have been made to get the cases finalized and recover the loss sustained by the Govt.”

20-9-95: The para was kept pending for a comprehensive report within two months after scrutiny of each theft case as to whether officials were involved and whether cases were properly prosecuted.

19-8-96: The Department explained that 49 cases of unauthorised removal of shisham wood were detected. All the 49 cases were got registered with the police. Out of these 49 cases, the 10 cases involving the loss of Rs.258,900 were still under trial in the court of law. The persons involved in 35 cases valuing Rs.1,537,680 were acquitted and persons involved in 4 cases valuing Rs.75,600 were punished. The police authorities recovered the stolen wood but the same was misappropriated while in police custody.

The PAC observed that 35 cases were not pursued properly in the court by the Department and as a result, thereof the accused were acquitted. It was a serious negligence on the part of the concerned Departments. The stolen wood recovered by the police was not collected by the Department on “Supardari” from the police. As such the D.F.O. concerned was directed to prepare a report about the present position of the stolen wood and submit the same to PAC within one month. The para was kept pending.

29-6-02: The Committee decided that the facts of the case required further examination. For the purpose, the Department shall **submit the requisite working paper**, containing the comments of the Audit.

4. Para 9.4: Page 90 – (A) Unauthorised and lavish furnishing of the Consultants Residence at Lahore at the cost of Rs.107,643 (B) Rest House at Kali Matti Murree for Rs.41,790

Audit had observed: “An expenditure of Rs.107,643 was incurred for unusual and novel items like washing machine, cooking range, utensils, crockery and geysers etc. for furnishing the consultants residence at Lahore without sanction of Finance Department. The expenditure was incurred without any provision in the PC-I budget estimate for 1991-92 for the purpose.

Similarly, an amount of Rs.41,790 was spent on the furnishing of the rest house located at the site of trout hatchery in January, 1992 to accommodate to trout culturist who was to stay for 3 months for the improvement of trout hatchery.”

20-9-95: It was explained by the Administrative Secretary that the purchases were made in order to provide well furnished family accommodation to the foreign consultants as per terms and conditions of the contract in an economical way. Had the Department accommodated them in a hotel the cost incurred would have been manifolds. The explanation of the Department was accepted. **The para was settled.**

5. Para 9.5: Page 91 – Incurring of wasteful expenditure on account of payment of pay and allowances to staff maintained without requirement – Rs.612,365

Audit had observed: “An expenditure of Rs.612,365 was incurred by the project officers on account of pay and allowances to the field staff like Drivers, Electricians, Pump Operators and Beldars etc. who were posted against the posts needed at the nurseries to be established under the control of Assistant Director (Ext.) in every Division, but the drivers were without vehicles, pump operators without tube well, electricians without electricity and beldars without nurseries. The expenditure was wasteful and highly irregular.”

20-9-95: The Department could not justify the appointments. The Public Accounts Committee directed the department to fix responsibility on those officers ordering wasteful payments of Rs.612,365 and accordingly make recovery take criminal action. The para was kept pending.

19-8-96: The Department explained that 55 appointments were made from 11/90 to 11/91 in the Scale No.1 to 5. The project for which the appointments were made was aided by the Asian Development Bank. As it was obligatory to start the project according to the fixed programme, therefore, the staff was appointed. The staff was given assignments at 4 existing stations.

The PAC was not satisfied with the explanation and observed that the Department did not comply with the directives of PAC dated 20-9-95, wherein the Department was directed to fix responsibility on the officers responsible for the wasteful expenditure of Rs.612,365 and accordingly to make recovery. The Department was again directed to comply with the directive of PAC-II dated 20/9/95. The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 19 August 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

6. Para 9.6: Page 91 – Wasteful Expenditure of Hiring of Office Building to the tune of Rs.57,500

Audit had observed: “The office of the Deputy Director Hatchery was established in 1987 at Munawan, Lahore. Thereafter, the post of Deputy Director was upgraded with effect from 15-9-88 & the Director continued working in the same Government building upto 15-8-90. After 15-8-90 the office of the Director was unnecessarily shifted to 506 Raza Block, Allama Iqbal Town, Lahore where it remained from 16-8-90 to 31-7-91 & a sum of Rs.57,500 was paid as rent @ Rs.5,000 P. M.

(i) Shifting the Director’s office to Raza Block, Allama Iqbal Town from Munawan, Lahore was quite unnecessary when the Government building was available there. The duty of the Director was also to supervise the staff at the spot.

(ii) The efficiency of the hatchery at Munawan, Lahore was also badly affected due to non-presence of the Director on the spot.”

20-9-95: The Department explained that sanction of the Director General for hiring the office building was available. Moreover, the officer who used this office had also died. **The para was settled.**

7. Para 9.7: Page 92 – Wasteful Irregular Expenditure on Account of House Rent Allowance, Amounting to Rs.182,638

Audit had observed: “In accordance with the instructions issued by the Govt. of the Punjab Finance Department, house rent is not admissible to the govt. servants, residing in govt. accommodation. It has been noticed, that H.Rent allowance @30% of the initial pay was allowed to 4. Watchmen and officers/officials occupying govt. accommodations at Kotthi Araipyan, which resulted in excess payment to the stated extent. 5% deduction of the pay drawn, in lieu of govt. accommodation, may also be recovered and deposited into govt. treasury.”

20-9-95: Item a. Involving Rs.123,638 was settled.

Item b. PAC stressed on balance recovery. The para was kept pending for balance recovery.

19-8-96: The Department explained that the requisite recovery had been effected and got verified by Audit. Accordingly **the para was settled.**

8. Para 9.8: Page 92 – Suspected Embezzlement of Rs.153,000

Audit had observed: “During the scrutiny of the cash book it revealed that the amounts were shown as deposited into Government Treasury and the entries were signed in cash book by the drawing and disbursing officer. But the treasury challans were not shown to audit for verification when the deposits of these amounts were got verified from the Distt. Accounts office. It was noticed that the amount of Rs.153,000 had been embezzled by the cash book.”

20-9-95: The Department explained that the entire amount of the para had been recovered and deposited into the Government Accounts. Copies of challans and verifications statement of District Accounts Officer, Kasur authenticating the deposit of the said amount had been verified by Audit. **The para was settled.**

9. Para 9.9: Page 93 – Non-Recovery of Government Receipts – Rs.53,400

Audit had observed: “Mr Shaukat Ali S/o Muhammad Ishaq took part in then open auction of River Ravi down stream Tehsil Chunian and offered a bid of Rs.240,600 for the lease of Fishing rights and he deposited Rs.80,200 i.e. 1/3 of bid at the time of auction and contract was approved by the competent authority. But the contractor neither furnished bank guarantee nor deposited the balance i.e. Rs.160,400. Hence the water was put to re-auction and fetched a bid of Rs.107,000. In this way Government was put to loss of Rs.53,400 which was required to be recovered from the defaulter as land revenue as required under condition No.8 (b) of lease deed and under section 4(2) of the west Pakistan Fisheries Ordinance 1961. Efforts need to be made to recover the amount of Rs.53,400 from the defaulter.”

20-9-95: The case, being *sub judice*, was kept pending.

19-8-96: The Department informed the Committee that the case was under trial in the court of law and the next date of hearing was 3-10-1996.

The PAC directed the Department to pursue the case vigorously in the court so that it could be decided as early as possible. The para, being *sub judice*, was kept pending.

29-6-02: The Committee settled the para with the direction that subject to the decision of the court, the recovery shall be effected and reported to the Audit for verification, the Finance Department and the Assembly Secretariat by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

10. Para 9.10: Page 93 – Misuse of Government Vehicle – Rs.154,270

Audit had observed: “A vehicle No.LHN-8457 borne on the charge of Director, Fisheries (R&T), Manawan, Lahore was under the use of Provincial Minister. Its administrative control was transferred to Project Director, Acquaculture Development Project to charge the expenditure of running and maintenance to the project funds. Entries in log book were made as Minister’s duty or local duty and in this way 102842 KM distance was made which does not fall under the provision of Government duty in terms of Staff Vehicle Rules, 1969.”

20-9-95: The Department explained that this para was also included in the report of 1990-91 which was discussed/settled by the Public Accounts Committee No.II in its meeting held at Murree on 25-5-1995. The explanation of the Department was accepted **the para was settled.**

Commercial Audit

11. Para 57: Page 40 – Closure of the Factory

Audit had observed: “The Factory which stopped its operation in 1988-89 sustained losses of Rs.440,719 in 1988-89, Rs.328,380 in 1989-90, Rs.386,457 in 1990-91, Rs.436,359 in 1991-92 and Rs.456,437 in 1992-93. These losses consist of pay and allowances of Factory establishment, depreciation of fixed assets and interest on government capital accounts.”

16-10-96: The Department explained that losses shown in the accounts consisted of pay and allowances of factory establishment, depreciation of fixed assets and interest on Government Capital Account. Pay and allowances were being paid to the factory staff under the orders of the court. The factory had been closed and was not functioning.

The PAC directed the Department to pursue the case in court vigorously to get an early decision. The para was kept pending.

28-7-99: The Department explained that stay order of the court had been vacated on 16-7-1999. All the staff had been adjusted/absorbed except 4 official i.e. one Assistant, one electrician, one Naib Qasid and one Gate Keeper. Action for the absorption of these 4 officials was also underway.

The PAC directed that sale of the factory and absorption of 4 officials may be completed within three months. The para was kept pending.

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 28 July 1999 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

12. Para 58: Page 40 – Rate of Interest

Audit had observed: “Interest on capital is being charged @ 5.25% per annum which is far below the current rates for the years. The rate of interest for the years need to be ascertained and provision thereof be made accordingly.”

16-10-96: The explanation of the Department was accepted and **the para was settled.**

13. Para 59: Page 40 – Disposal of Stock

Audit had observed: “Stock and spares of Rs.1,237,318 stood at June 30, 1988 which remained static up to date. The reasons as to why these stocks and spares were not disposed of so far may be stated especially when it consisted of Rosin (Rs.360), Turpentine oil (Rs.25,500) and stores (Rs.1,211,458). It is apprehended that the stock and stores have perished with the passage of time.”

16-10-96: It was explained by the Department that the stock and stores of Jallo Rosin Factory i.e. Stores and Spares will be disposed of along with the machinery when the case is decided by the Court.

The PAC directed the Department to pursue the Court case vigorously and in the meantime take steps for the disposal of the stone etc after meeting all the legal requirements. The para was

kept pending.

28-7-99: The Department explained that the issue of disposal of store and stock of Jallo Rosin Factory was *sub judice*. Every effort was being made to get the stay, awarded by the court, vacated. The previous directive of PAC dated 16/10/96 would be complied with after the decision of the court.

The PAC directed that the previous directive of PAC dated 16-10-96, wherein the Department was directed to pursue the court case vigorously and also to take steps for the disposal of store and stock, may be complied with within three months. The para was kept pending.

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 28 July 1999 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

14. Para 60: Page 40 – Depreciation Cost

Audit had observed: “The Factory is not in operation since 1988-89 but depreciation is being charged on fixed assets continuously. The reasons as to why the depreciation is being charged when the assets are not in use be stated.”

16-10-96: The Department explained that although the assets were not being utilized yet the depreciation was there and therefore the depreciation had rightly been shown in the account.

The Audit did not agree with the views of the Department and contended that depreciation was always charged on assets when in operation.

The PAC directed that the matter may be looked into again by Department in consultation with the Finance Department and report submitted to PAC in its next meeting. The para was kept pending.

28-7-99: The Department explained that closure of factory was causing depreciation to the machinery more than while the same was in operation.

The PAC directed that matter may be looked into again in consultation with the Finance Department under intimation to PAC as directed by the PAC previously on 16-10-96. Action may be completed within 15 days. The para was kept pending.

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 28 July 1999 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

Tourism Department

Commercial Audit

1. Para 61: Page 41 – Working Results

With reference to the working results, the Audit had suggested: “The company is entirely depending on financial assistance through grant/loans from Govt. of Punjab, the company may, therefore, take effective steps to attain self sufficiency as on going concern.”

16-10-96: The Department explained that T.D.C.P. was incorporated in 1996 to promote and develop tourism in the Punjab. The Corporation remain in loss due to different factors e.g. over staffing, unnecessary expenditure in different Departments of the Corporation, excessively use of P.O.L., telephone, fleet of old buses, helicopter of the Corporation etc. Drastic steps had been taken to cure this sick organization. The Helicopter which was responsible for a major loss had been returned to the Punjab Government. The position of over staffing was controlled by implementing a “Golden Shakehand Scheme”. Under this scheme 207 employees voluntarily got retirement. With remedial step salary bill came down from 33.00 lac P.M. to Rs.19.00 lac P.M. Patriata Chairlift was leased out at the highest bid of Rs.2.40 crone per annum against previous lease of Rs.40 lac per annum only. Excessive expenditure of P.O.L. and telephone was controlled by fixing a ceiling of such expenditure. Old buses which were proving expensive were sold at in open auction and private sector buses were inducted on fixed commission basis. In this way transportation system was made profitable which was previously running into huge loss. Besides these remedial steps numerous new ideas were being put into practice to increase the income of the corporation. Along with the ongoing projects, some new projects had also been worked out to increase the income of the Corporation.

The PAC accepted the explanation and settled the para, and stressed that efforts be continued to make T.D.C.P. a profitable undertaking.

28-7-99: The Department explained that despite the inflationary pressures and competition with private transporters the Tourism Development Corporation Punjab had successfully maintained its income during 1992-93. Direct expenses had also been controlled. The increase in operating expenses during 1992-93 was mainly due to accounting for Bell Helicopter to which the Tourism Development Corporation Punjab was charging depreciation of 13.475 million which was effecting the operating results adversely. Following corrective measures had been adopted.:-

- (i) 300 employees had been retired under Golden Handshake Scheme.
- (ii) Buses of T.D.C.P. had been disposed off through auction.
- (iii) Some of the water sports equipments and staff cars had been auctioned.
- (iv) Surplus air-conditioners had been removed and auctioned.
- (v) Austerity measures had been adopted to control the utility bills.
- (vi) Tourists Information Centers running in loss had been closed.
- (vii) New transport routes had been opened.
- (viii) Resorts owned by the T.D.C.P. had been leased out.

In this way now, the T.D.C.P. was now a self sufficient and viable entity. Hence there was no more burden on the Government. The PAC accepted the explanation and **the para was settled.**

2. Para 62: Page 42 – Adjustment of Publicity Charges

Audit had observed: Publicity and promotion expenses amounting to Rs.79.247 million has been adjusted against the loans from Govt. of Punjab. The adjustment of these expenses in the absence of approval of Govt. of Punjab, is held irregular.”

16-10-96: The Department explained that consequent upon formation of the T.D.C.P. as a company it was decided that all administrative, publicity and promotion expenses would be met by the Government. With a view to bring the company a viable organization, proposals for financial re-structuring were submitted to the Punjab Government. It was *inter alia* decided that all publicity and promotion expenses should be borne by the Government. The said proposal had been accepted in principle pending formal orders. Therefore, the expenses incurred on publicity and promotion had been adjusted against the funds received area the Government.

The PAC directed that the matter regarding the orders of the government in the Finance Department in connection with the publicity and promotion expenditure to be borne by the Government in the Finance Department and adjustment of such expenditure against the funds received from the Government in that Department may be pursued vigorously for early decision. The para was kept pending.

28-7-99: The Department explained that adjustment of Publicity and Promotion expenses against the Government loans had been reversed and charged to Tourism Development Corporation Punjab accounts for 1995-96 which resulted in increase of Government loans to T.D.C.P. correspondingly. It also increased the losses of T.D.C.P. which further deteriorated the financial position.

The PAC directed the Department to take the case with the Government for conversion of loans into equity. The para was kept pending.

18-7-02: The Committee decided that the facts of the case required further examination. For the purpose, the Department shall **submit the requisite working paper**, containing the comments of the Audit.

3. Para 63: Page 42 – Conversion of Grant-in-Aid into Loan

Audit had observed: “The Corporation received loan amounting to Rs.182.936 million during the year 1986-87 to 1989-90 but no repayment of loans has been made so far and the payment of interest on these loans has neither been paid nor provision thereof made in the Accounts which caused under-statement of loss as “interest” should have been charged to profit and loss account.”

16-10-96: The PAC was apprised that the same para was included in the Audit Report for the year 1989-90 which was discussed by the PAC on 19-7-95. The explanation of the Department therein was accepted and the para was settled. This para being the duplication of the said para of 1989-90 may also be dropped.

The explanation of the Department was accepted and the para was dropped.

28-7-99: The para was deferred.

18-7-02: The para was dropped in the meeting on 16 October 1996. However, somehow the working paper was again submitted to the PAC on 28.7.1999. There is no record that the para was reconsidered or the decision was revised. As such the minutes of the meeting dated 28.7.1999 have had no effect. **The para stands settled.**

4. Para 64: Page 42 – Repayment of Loan to Government

Audit had observed: “The company received Development Schemes loans amounting to Rs.30 million during the year 1990-91 but neither principal amount has been repaid nor provision for interest payable was made as such non-provision of interest liability caused under statement of loss.”

16-10-96: The Department explained that financial re-structuring had been proposed according to which all the loans were to be converted into equity of the Government of the Punjab. The proposal was under consideration of the Government in the Finance Department and the decision was awaited. The para was kept pending.

28-7-99: The para was deferred.

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the direction that** the Finance Department should take immediate necessary action in the matter. Compliance be reported to the Assembly Secretariat by 31 December 2002.

5. Para 65: Page 43 – Investment in Sheraton Tower Project

Audit had observed: “Long term investment amounting to Rs.24.832 million as on June 30, 1993 represented the cost of shops acquired in the year 1989 in Sheraton Towers Project which after having gone through a short period of construction was stopped some times back. Due to stoppage of construction work the shops which were to be handed over to the company upto 31 December 1991 have not been handed over so far.”

16-10-96: The Department explained that T.D.C.P. decided to construct a 5-Star Hotel of international standard in Lahore. Accordingly, the land was acquired and construction contract was given to M/s Saif Farooq Ltd. Unfortunately, the project could not be completed. Therefore, according to the provisions of contract the matter was referred to the Arbitrator and an award was obtained in favour of T.D.C.P. The Court ordered for the attachment of property of the contractor for public auction.

The PAC settled the para subject to the condition that recovery should be effected through auction of the property of the contractor and got verified by Audit.

28-7-99: The para was deferred.

18-7-02: The para was settled in the meeting on 16 October 1996. However, somehow the working paper was again submitted to the PAC on 28.7.1999. There is no record that the para was reconsidered or the decision was revised. As such the minutes of the meeting dated 28.7.1999 have had no effect. **The para stands settled.**

6. Para 66: Page 43 – Completion of Capital Work

Audit had observed: “Capital work in progress amounted to Rs.41,522 million as on June 30, 1993 increased from Rs.40.730 million in the preceding year. Need for early completion of projects and capitalization of cost is stressed upon the management.”

16-10-96: The Department explained that projects appearing as capital work in progress as on 30-6-1993 had since been completed and capitalized. Presently only one major project at Sahiwal was in hand and was expected to be completed by 31-12-1996. The explanation of the Department was accepted and the para was settled.

28-7-99: The para was deferred.

18-7-02: The para was settled in the meeting on 16 October 1996. However, somehow the working paper was again submitted to the PAC on 28.7.1999. There is no record that the para was reconsidered or the decision was revised. As such the minutes of the meeting dated 28.7.1999 have had no effect. **The para stands settled.**

7. Para 67: Page 43 – Transfer of Helicopter to Government

Audit had observed: “Helicopter valuing Rs.134.751 million was taken as an asset of the company during the year 1992-93. Although the depreciation amounting to Rs.26.950 million pertaining to the year 1990-91 and 1991-92 on this asset has been adjusted through prior year adjustment yet income.”

16-10-96: The Department explained that the Helicopter was being maintained at Government expenses. Therefore, the expenditure on the maintenance etc of the Helicopter were being met by Government of the Punjab. Later on the Helicopter was transferred to Government of the Punjab, Services and General Administration Department. The matter regarding account of income of the Helicopter was being reconciled with the Finance Department. The para was kept pending for reconciliation of accounts with the Finance Department.

28-7-99: The para was deferred.

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to** reconciliation of accounts with the Finance Department. Compliance shall be reported to the Assembly Secretariat and the Audit by 31 December 2002. Finance Department (Monitoring Wing) shall monitor the implementation of the directive of the PAC.

8. Para 68: Page 43 – Recovery of Advances

Audit had observed: “Advances, deposits, prepayments and other receivables increased to Rs.23.783 million as on June 30, 1993 as against Rs.17.345 million in the previous year. The advances, and deposits are on increasing trend, and need for early adjustment of advances and recovery of receivable is stressed.”

16-10-96: The Department explained that almost all the amounts of advanced deposits, prepayments and other receivables had been adjusted/recovered. The outstanding balance pertained to the compulsory Security deposits etc with Telephone Department, Sui Gas and WAPDA. The explanation was accepted and the para was settled.

28-7-99: The para was deferred.

18-7-02: The para was settled in the meeting on 16 October 1996. However, somehow the working paper was again submitted to the PAC on 28.7.1999. There is no record that the para was reconsidered or the decision was revised. As such the minutes of the meeting dated 28.7.1999 have had no effect. **The para stands settled.**

9. Para 69: Page 43 – Future Prospects of the Corporation

Audit had observed: “The company is sustaining continuous losses since its inception and loss has been accumulated to the tune of Rs.112.071 million as on June 30,1993. Owing to huge losses the capital of the company for Rs.0.150 million and funds amounting to Rs.65.843 million provided by Govt. of Punjab have completely been eroded and consequently showed negative figure of Rs.46.077 million as on June 30, 1993.”

16-10-96: The Department explained that T.D.C.P. had now acquired potential to survive without the financial help from the Government. The Government of the Punjab had allocated Rs.5.5 million for development scheme during the year 1996-97. However, no financial support for salaries and other establishment expenses was required from the Government after June, 1996. The explanation was accepted and the para was settled.

28-7-99: The para was deferred.

18-7-02: The para was settled in the meeting on 16 October 1996. However, somehow the working paper was again submitted to the PAC on 28.7.1999. There is no record that the para was reconsidered or the decision was revised. As such the minutes of the meeting dated 28.7.1999 have had no effect. **The para stands settled.**

Health Department

Overview

Total Paras	Civil	Commercial
77	71	6

Abstract

Status	Decision	Para Nos.	Total
Para Noted 1	The para was noted as no further action was required because it contained Accounts.	Commercial: 3(xii)	1
Paras Finally Settled 47	Paras finally settled as the requisite action had been taken.	Civil: 5.23, 10.1, 10.2, 10.3, 10.4, 10.5, 10.6, 10.7, 10.8, 10.9, 10.10, 10.12, 10.13, 10.14, 10.16, 10.17, 10.18, 10.19, 10.20, 10.22, 10.25, 10.27, 10.28, 10.29, 10.30, 10.34, 10.36, 10.37, 10.38, 10.40, 10.41, 10.42, 10.43, 10.46, 10.47, 10.48, 10.49, 10.53, 10.56, 10.59, 10.61, 10.67, 10.68, 10.70	44
		Commercial: 70, 71, 74	3
Paras Conditionally Settled 25	Paras settled with the direction that the Department shall implement the directives of the Committee and the Finance Department shall monitor the same. Both the Departments shall report compliance to the Public Accounts Committee every six months.	Civil: 10.11, 10.15, 10.21, 10.23, 10.31, 10.32, 10.33, 10.35, 10.39, 10.44, 10.45, 10.50, 10.51, 10.52, 10.54, 10.55, 10.57, 10.58, 10.60, 10.63, 10.64, 10.65, 10.66, 10.69	24
		Commercial: 73	1
Paras Pended 4	The paras were pended because the Committee desired to have Working Papers for consideration.	Civil: 10.24, 10.26, 10.62	3
		Commercial: 72	1

Discussed on 18 October, 1, 20 November 1995, 31 July 1996, 28 April, 28 July, 21, 22 September 1999, 29 June and 18 July 2002

Civil Audit

1. Para 10.1: Page 97 – Over-Payment of Rs.58,009 Due to Un-authorised and Irregular Drawal of House Rent Allowance

Audit had observed: “The officials/officers residing in Govt. accommodation were also drawing house rent allowance and were not paying 5% of their pay in lieu of their residing in Govt. accommodation. Thus amount of Rs.58,009 had been over paid.”

18-10-95: Over-payment of Rs.58,009 was made due to unauthorised and irregular house rent allowance allowed to the officials/officers residing in Government accommodation. The Department explained that Rs.9,489 had been recovered from the concerned employees and efforts were being made to recover the balance. It was further explained that the balance pertained to two doctors. One of them Dr. Saeed had retired and recovery from him would be effected as arrears of land revenue.

The Committee did not agree with the explanation of the Department and directed that recovery due to Dr. Saeed might be effected from his gratuity. The Committee further directed that recovery of Rs.9,849 should be got verified by Audit. The para was kept pending.

28-4-99: The Department explained that inquiry had been conducted and found that actual recoverable amount stood at Rs.37,893 out of which a sum of Rs.31,839 had been recovered. An amount of Rs.6,054 had been adjusted in P.P.O. of Dr. Saeed.

The PAC settled the para subject to verification of recovered amount of Rs.31,839 and adjustment of Rs.6,054.

21-9-99: The Department apprised the Committee that recovery of Rs.31,839 and adjustment of overpaid amount of Rs.6,054 alongwith relevant record had been got verified by Audit. The explanation of the Department was accepted **and the para was settled.**

2. Para 10.2: Page 97 – Irregular Payment of House Rent to Nursing Staff Residing in Government Accommodation – Rs.308,974

Audit had observed: “Nursing sisters, staff Nursees/Charge nurses were residing in the hospital/ Govt. accommodations attached to the hospital. In accordance with the instructions contained in Finance Department circular letter No.FD/PR-21-1/90 dated 13-2-90 also read with FD(PC) 21-1/77 dated 16-5-77 they were not entitled to house rent allowance which was being drawn irregularly by them. Besides 5% deduction of pay drawn may also be recovered.”

18-10-95: The Committee was informed that the entire recovery had been effected and verified by Audit. **The para was settled.**

3. Para 10.3: Page 98 – Irregular Drawal of House Rent Allowance – Rs.81,288

Audit had observed: “In accordance with the instructions contained in Govt. of Punjab Finance Deptt. letter No.FD/PR-21-1-90 dated 13-2-90 read with No.FD(PC)21-1/77 dated 16-5-77 House Rent Allowance is not admissible to employees who are residing in Govt. accommodation. Some officials who were provided with Govt. accommodation, were drawing house rent allowance. As a result, the un-authorised and irregular payment was made to them, on account of House Rent Allowance.”

18-10-95: The Department explained that an amount of Rs.1,800 had been recovered and verified by Audit. A further amount of Rs.9,180 shown against L.H.V. was not drawn by her and this fact has also been verified by Audit.

The PAC directed the Department to recover the balance amount and got verified by Audit. The para was kept pending.

28-4-99: The Department explained that the matter had been probed into and it had been transpired that the actual recovery was Rs.20,142. The remaining amount of Rs.61,146 was unjustified. The said amount of Rs.20,142 had been recovered and got verified by Audit. The PAC accepted the explanation **and settled the para.**

4. Para 10.4: Page 98 – Irregular Purchase of Medicines for Rs.97,072

Audit had observed: “As per S.No.2 of special powers of Health Department in Delegation of Financial Powers Rules, 1990, the District Health Officer being an officer of category-II was competent to accord sanction to purchase of medicines for value upto Rs.10,000, but the amount of Rs.97,072 drawn vide T.No.1385 dated 30.6.92 was spent by him for the purchase of medicines without the sanction of the higher authority and without quotations which was in violation of rule 15.2(d) of PFR Vol.I. The reply of the Department that medicines were purchased due to flood emergency was not accepted as there was no flood in June, 1992.”

18-10-95: As the Audit had verified the record, **the para was settled.**

5. Para 10.5: Page 99 – Irregular Expenditure on Purchase of Medicines for Rs.298,459

Audit had observed: “As per Finance Department U.O.No. SOS/4(6)79, dated 31-8-88, 40% of the Budget grant for local purchase of medicines can be spent by the Medical Superintendent whereas remaining 60% is to be utilized through purchase committee headed by Medical Superintendent and other two members nominated by the Secretary, Health Department.”

18-10-95: Subject to verification of record by Audit. The para was settled.

28-4-99: The Department apprised the PAC that as per directive of PAC dated 18-10-95 the record had been got verified by Audit. The PAC accepted the explanation **and settled the para.**

6. Para 10.6: Pages 99-100 – Irregular Purchase of two sets of Hitachi Model 1100 UV-VIS Single Beam Spectro Photo Meters – Rs.352,500

Audit had observed: “The office had purchased two set of Hitachi Model 4-1100 UV-VIS Single Beam spectrophotometers fully microprocessor from M/s Noor (PTE) Limited vide its bills

C-1104/121 dated 28-6-92 and No.C-1105/123 dated 29-6-92 and the payment was drawn from A. G Office vide cheque No.B 913011 dated 30-6-92. The expenditure was irregular.

The office had purchased two sets of same article by splitting up demand by violating Provisions of Rules 15.2 (a) of Punjab Financial Rule Vol.I. into two bills two sanctions.

2. The bill of Rs.140,000 was drawn out of budget allocation of Rs.175,000 re-appropriated from pay of officers and regular allowances to repair and maintenance of durable goods and 2nd bill of Rs.140,000 was drawn from the budget allocation allowed by F.D for repair/replacement of existing equipment. This is a flagrant violation of the financial rules.

3. The 3rd bill of 32,500 was drawn for the purchase for accessories of these equipments, which are normally to be provided with the original supply, as the cost of these accessories is included in the original bills.

4. The 4th bill of Rs.40,000 had been drawn for the purchase of accessories which are normally included in the original bills of the equipments. It appeared that Rs.72,500 had been excess paid which could have been saved if proper attention was paid while making the purchases.

The re-appropriation from Pay and allowances to other contingencies could not be made at all. The irregularities be got regularised with the sanction of competent authority. The loss sustained by the exchequer be got made good from officers who because of indifferent conduct while making purchases, caused excess payments, by double drawing of accessories mentioned above.”

18-10-95: The Department was directed to get the expenditure regularised. Subject to regularization, the para was settled.

28-4-99: The Department explained that a case for regularization of expenditure had been referred to the F.D. but the F.D. had returned the case with the remarks that responsibility may be fixed for the irregular purchase. The Dean who made the purchases had been retired long ago. The case had again been referred to the Finance Department for advice.

The PAC directed the Department to get the expenditure regularized by the Finance Department and the para was kept pending.

21-9-99: The Department explained that Finance Department had regularized expenditure of Rs.352,500 incurred on the irregular purchase vide letter No.AAC/HD/8-25/95(P-6) dated 2-7-99 which had been got verified by Audit. The PAC accepted the explanation of the Department and **settled the para.**

7. Para 10.7: Page 100 – Irregular Expenditure of Rs.180,000 on Equipment

Audit had observed: “The office purchased two steam sterilizers with Sterilizing Pressure Model HL-30 AC “HIRAYAMA” Japan from M/s Latif Brothers 14-Commercial Building Lahore for Rs.180,000. The office had taken two bills of same article from the same dealer. Two separate sanctions and bills were prepared and two cheques No.911538 dated 29-6-92 & 909778 dated 27-6-92 of Rs.90,000 each had been drawn and paid to the same firm. As contained in the Purchase Manual, purchase of the instrument for value exceeding Rs.150,000 should have been processed through the purchase cell by placing indent with it. But the deptt. purchased from the market by collecting quotations by hands by violating the financial rules contained in chapter 15 of PFR Vol-I. The indent was split up into two bills by keeping it below the competence of the, Dean, thus

deliberately violating the rules 15.2 (c) of PFR Vol-I.”

18-10-95: The Department was directed to get the expenditure regularised. Subject to regularization, the para was settled.

28-4-99: The Department explained that a case for regularization of expenditure had been referred to the F.D. but the F.D. had returned the case with the remarks that responsibility may be fixed for the irregular purchase. The Dean who made the purchases had been retired long ago. The case had again been referred to the Finance Department for advice.

The PAC directed the Department to get the expenditure regularized by the Finance Department and the para was kept pending.

21-9-99: The Department explained that expenditure incurred on irregular purchase of equipment of Rs.180,000 had been regularized by the Finance Department and got verified by Audit. The PAC accepted the explanation and **settled the para.**

8. Para 10.8: Pages 100-101 – Irregular Purchase of One Set of Teaching Film Coloured, Human Embryology Series – Rs.145,000

Audit had observed: “The office has purchased Human Embryology series from M/s Reezan Trading Company 32-Maclagon Road, Lahore vide its bill No.777 dated 24-6-92. The expenditure was incurred out of budget allocation made by Finance Department vide U.O No.S.O. H 4-16/82 dated 2-5-92 wherein under para 2 it had been stressed that the funds had been allocated for repair/ replacement of existing equipment during the year 1991-92. The purchase of Human Embryology series neither pertained to repair nor replacement of the existing equipment for which the Funds were allocated. The expenditure has not been incurred for the object for which the funds were allocated but a new equipment was procured against the spirit of financial rules.”

18-10-95: The Department was directed to get the expenditure regularised. Subject to regularization, the para was settled.

28-4-99: The Department explained that a case for regularization of expenditure had been referred to the F.D. but the F.D. had returned the case with the remarks that responsibility may be fixed for the irregular purchase. The Dean who made the purchases had been retired long ago. The case had again been referred to the Finance Department for advice.

The PAC directed the Department to get the expenditure regularized by the Finance Department and the para was kept pending.

21-9-99: The Department explained that according to the directive of PAC dated 28-4-99 irregular expenditure of Rs.145,000 had been regularized by the Finance Department and got verified by Audit. The PAC accepted the explanation and **settled the para.**

9. Para 10.9: Page 101 – Irregular Purchase of Colour Television and VCR etc. – Rs.119,100

Audit had observed: “The office had purchased Sony Colour Television 21”, Video Cassette Recorder Model 122 National, Video Cassette Super V.H.S.T.V Trolley Pak made and video

Camera from M/s Brite Fotos and Multi Trading Co. Rs.119,100 vide its bills No.599 dated 24-6-92 and 58 dated 24-6-92. The payment was drawn from A.G Punjab vide cheque No.Rs.911,537 dated 29-6-92.”

The expenditure had been made out of budget allocation sanctioned by the Finance Department for replacement of existing equipments for the year 1991-92 vide U.O No.80(H) 4-16/82 dated 2-5-92.”

18-10-95: The Department was directed to get the expenditure regularised. Subject to regularization, the para was settled.

28-4-99: The Department apprised the PAC that the expenditure had been got regularized by the Finance Department and got verified by Audit. The PAC accepted the explanation **and settled the para.**

10. Para 10.10: Pages 101-102 – Irregular Purchase of Various Models of Human Structure for Rs.148,700

Audit had observed: “The Institute had purchased various Models of Human Structures from M/s Scientific Technical Corporation Mozang Road, Lahore vide its bill No.STC-131 dated 21-6-92 for Rs.148,700. The payment was drawn from A.G’s Office vide cheque No.B-909776 dated 27-6-92. The expenditure was made from the budget allocation of Rs.60,000 sanctioned under A.D.P grant for the year 91-92 which is not clear. “

18-10-95: As the record had been verified by Audit, **the para was settled.**

11. Para 10.11: Page 102 – Irregular Award of Contracts for Local Purchase of Medicines Excess Payment of Rs.780,772

Audit had observed: “The stated amount was excess paid to the contractors due to acceptance of tenders for local purchase of medicines of the contractors offering lower discounts than those offering higher ones.”

18-10-95: The Committee directed the Administrative Secretary to make a thorough probe into these purchases to ensure that no malafide was involved and to make a report within one month. The para was kept pending.

28-4-99: The Department explained that inquiry had been conducted in which it was found that the decision of the purchase committee was correct and realistic. The intention of the purchase committee was to provide medicines to the patients in good quality and quantity.

The PAC did not feel satisfied with the explanation of the Department as the inquiry committee comprised officers of lower grades and the findings of the inquiry were not found to be convincing. Therefore, the PAC directed that thorough probe into the purchase may be made by the

high level inquiry committee afresh. Report of the inquiry may be submitted to the PAC within a month. The para was kept pending.

21-9-99: The Department explained that the matter had been probed by the high level Inquiry Committee in which it had been found as under:-

1. Decision of the purchase Committee was based upon reality (discount of 9% was accepted instead of 20% offered by the other firm).
2. Discount of 20% on M.R.P. was quite un-realistic.

The Audit pointed out that inquiry report was not correct as the purchases made during 1988-89 had been investigated while the purchases made during 1986-87 had not been considered. The Department admitted that only procedural irregularities had been committed during the local purchase of medicines. The PAC **settled the para subject to** regularization by the Finance Department.

12. Para 10.12: Pages 102-103 – Irregular Purchase of 500 MA X-Ray Apparatus for M.S Nishter Hospital Multan of Rs.1,722,592 and Amount of Rs.43,065 as Additional Charges Not Recovered from the Firm

Audit had observed: “The Government of Punjab Health Department purchased 500 M.A X-Ray apparatus on FOB basis from M.S Medequips for Rs.1,722,592 after floating the tender enquiry in the press. The three firms submitted their tenders.

The Technical Scrutiny Committee rejected the 1st lowest tender of M/s Akbar Brothers on the grounds that M/s Akbar brothers were offering a system without the required Image intensifier, T.V Camera and T.V Chain. This view was not correct as the firm had already offered such accessories in their papers submitted with the tender. But the TSC had rejected this offer without recording any cogent reason, which requires elucidation. Moreover, the Finance Department has directed that 2½ % additional security charges may be recovered from the supplying firm. The same had not been charged. Recovery of Rs.382,511 (1,722,592 minus 1,340,081) may be effected from the officers responsible for loss to Government.”

18-10-95: The Committee directed that thorough probe should be made by the Administrative Secretary and a detailed report should be submitted to them within one month. The para was kept pending.

28-4-99: The Department explained that inquiry had been conducted in which it was found that the purchase was made according to the tender specifications. Therefore, the public exchequer was not put to loss. The department accepted the findings of the inquiry. The PAC accepted the explanation **and settled the para.**

13. Para 10.13: Page 103 – Irregular Purchase of Equipment Rs.50,153

Audit had observed: “A contract for the supply of following items was awarded to M/s Western Scientific Traders 69-B Jail Road Lahore, by the purchase cell of the Govt. of Punjab Health Department vide No. So (P-III) 17-21/90 dated 6-5-91. Purchase was however made from the local market instead of the above firm and also at rates higher than those of the contract rates.”

18-10-95: The Department explained that the firm of M/s Western Scientific Traders failed to supply the store and, resultantly, the equipment had to be purchased from local market. Anyhow, the defaulting supplier was being proceeded against.

The PAC was not satisfied with the pace of action against the defaulter firm and observed the security of the firm should have been forfeited immediately. The Department was directed to complete the action against the firm within one month. The para was kept pending.

28-4-99: The Department explained that full recovery had been made. The PAC settled the para subject to verification of recovery of Rs.50,153 by Audit.

21-9-99: The Department explained that security of supplying firm amounting to Rs.35,067 had been forfeited and balance recovery of Rs.15,085 had also been made. The Audit had verified the relevant record relating to deposit of Rs.15,085 into Government treasury. The explanation of the Department was accepted and **the para was settled.**

14. Para 10.14: Page 103 – Loss of Rs.4,562,500 Due to Unauthorised Occupation of Private Rooms

Audit had observed: “15 rooms having capacity of 25 beds were converted into residences of doctors/medical officers without sanction of the competent authority. These doctors were also not entitled to such free accommodation. Thus the Govt. was deprived of legal income of Rs.4,562,500 which could be derived through private patients.

The staff could have been accommodated in the vacant rooms of Nursing Hostel and Govt. revenue could have been saved.”

18-10-95: The explanation of the Department was accepted and **the para was settled.**

15. Para 10.15: Page 104 – Irregular Drawal of Conveyance Allowance During Vacation Period – Rs.233,340

Audit had observed: “The teaching staff had drawn conveyance allowance to the tune of Rs.233,340 during the vacation, to which they were not entitled. Sixty-three days of vacation had been taken as an average availed by an officer during one year including December as well as spring holidays. However, the exact number of vacations availed by each staff member may please be ascertained from their personal files maintained in the Institute. The recovery be effected from the officials.”

18-10-95: The Department agreed to effect recovery of the full amount from the teaching staff who had drawn irregular conveyance allowance during the vacation.

The Committee directed that full recovery should be effected within two months. The para was kept pending.

28-4-99: The Department explained that actual recoverable amount was Rs.180,222 instead of Rs.233,340. A sum of Rs.142,784 had already been recovered and balance recovery was in active process.

The PAC directed that:

- (i) reduction of recovery from Rs.233,340 to Rs.180,222 –
- (ii) recovery of Rs.142,784 and
- (iii) recovery of balance amount may be got verified by Audit.

The para was kept pending.

21-9-99: The Department explained that an amount of Rs.150,961 had been effected out of actual recovery of Rs.180,222 leaving a balance recovery of Rs.29,261. Vigorous efforts were being made to recover the balance amount. The PAC **settled the para subject to the following requirements:-**

1. Justification of reduction in amount from Rs.233,340 to Rs.180,222
2. Recovery of Rs.15,961 may be got verified by Audit.
3. Balance recovery and its verification.

16. Para 10.16: Page 104 – Illegal Drawal of Conveyance Allowance During Summer Vacation – Rs.139,776

Audit had observed: “The amount to the above extent which was drawn on account of conveyance allowance during summer vacation for 1990 to 1992. The said amount drawn illegally may be recovered from the persons concerned at any early date and deposited into Government treasury. Disciplinary action is also stressed against officer who was responsible for this illegal drawal causing loss to the Government.

18-10-95: As the recovery had been verified by Audit, **the para was settled.**

17. Para 10.17: Page 104 – Irregular Payment of Surcharge and Electricity Duty Amounting to Rs.118,493

Audit had observed: “The stated amount was paid to Wapda on account of Electric Surcharge and Electricity duty which was irregular as Government offices are exempt from the payment of the Surcharge and Electricity duty. The matter was referred to the department in 3/92 but no reply has so far been received. The amount excess paid may be got adjusted or recovered from the person responsible.

18-10-95: As the record had been verified by Audit, **the para was settled.**

18. Para 10.18: Page 105 – Irregular Payments of Rs.88,050 on Account of Irregular Appointments

Audit had observed: “Appointments were made during the ban period of 9/89 to 6/90 on fresh appointments. No. N.O.C from S & GAD was also obtained which was a violation of their letter No. SOWF-III(S&GAD) 1(9)/89, dated 12.7.1989. The case was brought to the notice of the Administrative Department in December, 1993 but no reply was received.”

18-10-95: The explanation of the Department was accepted and **the para was settled.**

19. Para 10.19: Page 105 – Expenditure Incurred Without Sanction and by Side- Stepping Purchase Committee – Rs.14,776,834

Audit had observed: “Against the provisions of rule 2.10 (b) (i) of PFR Vol.I expenditure to the above extent was incurred without any sanction. Moreover no purchase committee was constituted for the purchase of stock articles which is also a violation of para 5 of Purchase Manual. Any loss coming to notice may be recovered from the defaulting officers.”

18-10-95: The Department explained that miscellaneous purchases amounting to rupees three lac only was made without formal sanction but the bulk of purchase was obtained through Government agencies like the M.S.D. and the Weaving Factory, Shahdara. The explanation of the Department was accepted and **the para was settled.**

20. Para 10.20: Page 106 – Irregular Payment of Salary – Rs.191,874

Audit had observed: “Loss of Rs.191,874 on account of irregular payment of salary to a bullman and a bearer, has been caused to public exchequer, as there is no longer requirement of bullman after installation of tubewell and no arrangement of feeding the patients is operative, justifying the appointment of a bearer. This has resulted in wasteful expenditure of Rs.191,874.”

18-10-95: The Department explained that parts of Bullman and Bearer are being used against the duties of Naib Qasids.

The PAC directed that parts of Bullman and Bearer might be re-designated. **The para was settled.**

21. Para 10.21: Page 106 – Irregular Expenditure on Advertisement Amounting to Rs.738,205

Audit had observed: “During the course of scrutiny of the record of the office, it has been noticed that an expenditure of Rs.738,205 has been made on advertisement without the concurrence of Director-General, Public Relations Department. It appears that payments have been made to the agencies/magazine with relatively little reputation and publicity. It defeats the very purpose and requires justification. A comprehensive and conclusive policy of the Department in regard to publicity be got approved by the Competent Authority and shown to Audit. The expenditure cannot be considered as regular.”

18-10-95: The Committee was informed that an irregular expenditure of Rs.738,205 had been incurred on advertisement without the concurrence of the Director General, Public Relation Department.

The Committee took serious notice of the irregularity and directed that preliminary inquiry should be held responsibility fixed and recovery made. This should be completed within 2 months. The para was kept pending.

28-4-99: The Department explained that inquiry had been conducted in which it was found that all the expenditures had been incurred in strict compliance with the rules and regulations on the subject except an amount of Rs.3,000 paid to an advertising agency and Rs.9,400 paid for the purchase of a camera. These two amounts of Rs.3,000 and Rs.9,400 were expended in disregard of

relevant rules and regulations.

The PAC directed the Department to get verified all the expenditure incurred for the payments made to the private agencies by Audit. Expenditure of Rs.12,400 may also be got regularized by the Competent Authority. The para was kept pending.

21-9-99: The Department explained that Inquiry Committee observed that all the expenditure had been incurred in accordance with the rules and regulation except an amount of Rs.3,000 paid to advertising agency and Rs.9.040 paid for the purchase of Camera. These expenditures were charges to head 500-Commodities and Services/ 595 advertisement charges. The PAC was not satisfied with the explanation of the Department and directed to:-

1. Get the irregular expenditure regularized by the competent authority.
2. Complete record be produced to Audit for verification.

The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 21 September 1999 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

22. Para 10.22: Page 107 – Un-Lawful and Irregular Drawal/Payment of Consultancy Fee of Rs.71,400

Audit had observed: “The Government of the Punjab, Health Department appointed two consultants M/s Republic Engineering Consortium and International consultant Engineers to execute the work on new Development scheme of Rural Health Programme in Dera Ghazi Khan & Gujranwala Division for upgradation of Rural Health Units/Basic Health Units vide No.RO(Dev. IV)8-1/87(Pt-I), dated 24-1-1988. As required in rule 16.2 of PFR Vol.I a constructional work, the estimated cost of which exceeds Rs.10,000, should not be entrusted for execution to outside firms or contractors by the Department other than PWD without previously consulting the Finance Department. Hence the appointment of consultants was irregular & unlawful. Moreover the Department could not show any record Engineers were paid Rs.71,400 as fee vide its receipt No. Nil, dated 29-5-91. The payment of the fee was thus un-lawful.”

18-10-95: The Department explained that the matter was under investigation and PAC would be apprised of the results very soon. The Department was directed to complete the said investigation within two months. The para was kept pending.

28-4-99: The Department explained that matter had been thrashed out in detail and found that the consultants M/s International Engineering and M/s Republic Engineering were appointed to execute the work of new Development schemes of Rural Health Programme in D.G. Khan & Gujranwala for up-gradation of Rural Health Centers. Finance Department was consulted before

the work had been started as required under the rules. Therefore, no irregularity had been committed. The PAC accepted the explanation and **settled the para.**

23. Para 10.23: Pages 107-108 – Infertuous Expenditure of Rs.770,321 on Account of Addition or Repair of Equipment and Instruments in Radio Therapy Department

Audit had observed: "After collecting lower estimates, matter was referred to the Government of the Punjab, Health Department vide No.254/MH, dated 18.11.90 for the release of funds worth Rs.3,739,432 in connection with addition to and repair of equipment in Radio Therapy Department. The case was not actively followed up. The funds were released in May, 1991. Then again fresh quotations were obtained which turned out to be more than the previous quotations, to the tune of Rs.770,321. Funds were drawn in advance and the payment was made to firm before the close of financial year 1990-91. It is worth mentioning that the delivery period was 3-4 months and the funds could easily have been arranged with follow up at personal level. It was, however, physically checked that the equipments had not been installed till January, 1993, although the installation period was 3-4 months starting from June, 1991 and the firm had received payment about 1 ½ year in advance. The hospital management as well as Administrative Department was equally responsible for the loss sustained by Government through indifference and red-tapism. The matter needs thorough investigation to fix responsibility for loss sustained by public exchequer and recovery from the officers responsible for the loss."

18-10-95: The PAC appointed a Sub-Committee No.10 consisting of (1) Mr.S.A. Hameed, MPA, (2) Ch. Muhammad Iqbal, MPA and (3) Mr.Khalid Pervez Virk, MPA, for detailed examination of the matter, especially as to who was responsible for the payment of additional amount of Rs.770,000 (b) how the advance payment was made in full without the sanction of the Finance Department. The Sub-Committee was directed to complete the inquiry within two months. The para was kept pending.

28-4-99: The Department explained that para had been referred to a Sub-Committee by the previous PAC which could not complete its assignment.

The PAC referred the para to the Sub-Committee consisting of Rana Sana Ullah Khan, MPA Convener and Mr. Zafarullah Cheema MPA as member. The para was kept pending.

22-9-99: The Department apprised the Committee that the matter had been referred to Sub-Committee for consideration. The report/recommendation was still awaited. The para was kept pending for want of report/recommendation of the Sub-Committee.

16-10-99: The Department explained that funds to the tune of Rs.3,739,432 were released in May, 1991 for repair/replacement of defective parts of equipments in Radio Therapy Department for the treatment of cancer patients. The Department entered into an agreement with a firm namely MEDEQUIPS of Lahore for carrying out the work within 20 to 30 days. Before the firm could carry out the work the validity period of the agreement expired as the Department could not issue the acceptance letter to the firm due to late release of funds by the Finance Department. Thereafter a fresh estimate for Rs.4,423,753 was provided by the firm due to escalation factor of value of Dollars. But, the Hospital approved the estimate for Rs.2,964,143. The Department further apprised

the PAC that actual expenditure was Rs.2,719,289 instead of Rs.4,464,143 and the repair work had been properly verified by the head of the Department on invoices and had been entered in the Stock Register. Advance payment was made with the approval of Finance Department, yet 50% security for the payment of parts was retained in the public interest.

After considering the explanation of the Department, the Sub-Committee recommended that the para may be settled with the observation that delivery period of equipments should always be mentioned by the firms in the contract agreement in future to avoid any complication.

29-6-02: The Committee considered the following report of the Sub Committee–

“The Department explained that funds to the tune of Rs.3,739,432 were released in May 1991 for repair/replacement of defective parts of equipments in Radio Therapy Department for the treatment of cancer patients. The Department entered into an agreement with a firm namely MEDEQUIPS of Lahore for carrying out the work within 20 to 30 days. Before the firm could carry out the work the validity period of the agreement expired as the Department could not issue the acceptance letter to the firm due to late release of funds by the Finance Department. Thereafter a fresh estimate for Rs.4,423,753 was provided by the firm due to escalation factor of value of Dollars. But the Hospital approved the estimate for Rs.2,964,143. The Department further apprized the PAC that actual expenditure was Rs.2,719,289 instead of Rs.4,464,143 and the repair work had been properly verified by the head of the Department on invoices and had been entered in the Stock Register. Advance payment was made with the approval of Finance Department, yet 50% security for the payment of parts was retained in the public interest.

After considering the explanation of the Department, the Sub Committee recommended that the para may be settled with the observation that delivery period of equipments should always be mentioned by the firms in the contract agreement in future to avoid any complication.”

In the light of the Report of the Sub Committee, **the Committee settled the para with the direction** that the observations of the Sub Committee shall be meticulously implemented in future.

24. Para 10.24: Page 108 – Wasteful Expenditure Amounting to Rs.91,310,528

25. Para 10.26: Page 109 --Wasteful Expenditure (Purchases Without Immediate Requirement) – Rs.151,907,285

Audit observation for para No.10.24

Audit had observed: “The machinery and equipment was purchased by the Health Department for various Hospitals, RHC etc. The equipment was not in running state for various reasons. The machinery worth Rs.50,119,560 was not installed as the infrastructure required was not built up and the same could not be installed. In certain cases the firms which supplied the machinery did not cooperate with the Department in installation. No action was initiated against those firms. Machinery costing Rs.3,948,000 was also not installed by the firm.”

Audit observation for para No.10.26

Audit had observed: “The equipment worth Rs.43,101,175 was lying in MSD Gulberg on 1-6-

92 after shown as issued. It was noticed that the equipment was received in the Department since 12/86 onward, and was not got issued by the Indenters for whom it was purchased. The unnecessary purchased had blocked the Government money in the form of equipment which might have become obsolete in certain cases and lost its utility in face of the latest innovations/addition to the same type of equipment. The stock worth Rs.65,896,831 was also in balance on 1-6-92 which was received in MSD as far as since 8/71, the purchase of which without necessity required justification. Electrical equipment costing Rs.42,909,279 which was purchased unnecessarily was lying without claim by the Indenting Officer. The officials responsible for the loss due to certain interior motives of their own must be brought to book.”

18-10-95: The Committee directed that a detailed report should be submitted to them on 1-11-1995 on the following queries:-

1. Names of the Purchase Cell at that time.
2. Date of placing the order.
3. Why buildings could not be completed in time. If the building was not completed why equipment was sent there to rot in sun and rain.
4. Whether the equipment was needed in the field units and indents for the same was recovered in Administrative Department.
5. Was the material purchased for the first time.
6. Whether it was within the competency of Administrative/Department or of Medical Superintendents to make the purchases.

The paras were kept pending.

1-11-95: This special meeting had been convened for consideration of Draft Paras No.10.24 and 10.26 of the Audit Report for the year 1992-93 pertaining to the Health Department. Both paras related to the wasteful expenditure on the purchase of medical equipment during the period from 1985-86 to 1992-93. As directed by the Public Accounts Committee in its meeting held on 18-10-1995 the Health Department had supplied statements showing the contracts placed during the financial year 1985-86 to 1992-93 which contained contract No., description of Articles, Name of Indenter, Name of Supplier and value of the contract. The Department also provided a list of equipment and laboratory material purchased during the period from 1986-87 to 1991 showing the nomenclature of the equipment, receipt No. and date, Contract No. and date with name of Supplier, Rate per Unit, Quantity received, total value, quantities issued to the hospitals during the period from 1986-87 to 1995-96 and the present balance of the unutilised equipment and its value.

The Department explained that the equipment to the tune of Rs.1,56,28,05,597 was purchased during the period from 1985-86 to 1991-92 and the present residual balance of undistributed equipment was to the tune of Rs.7,83,72,639 and efforts were being made to distribute the same to the hospitals for utilization.

However, from the perusal of the statements provided by the department it was observed that certain costly material purchased during 1986-87 was still lying undistributed and unutilised. The Committee ordered that a detailed inquiry may be held into the purchases made by the Health

Department MSD during the year 1985-86 to 1992-93. The Inquiry Committee shall comprise the following:-

1. Director Audit, Punjab.
2. Deputy Secretary (Monitoring), Finance Department.
3. Deputy Secretary (Purchase), Health Department.
4. Incharge, Medical Stores Depot, Lahore.

It shall be a comprehensive inquiry and will inter alia include the scrutiny of indenting, procurement, contracts, distribution, installation and present working condition of the equipment and fixation of responsibility at each stage of the irregularity/lapse observed. The Inquiry Committee will also co-opt a relevant Technical Officer to report on the present working condition of the equipment according to its category. The Inquiry Committee will submit its report to the Public Account Committee within two months.

31-7-96: As a result of discussion on the above said draft paras on 1-11-95 the PAC-II observed that serious irregularities had been committed in the purchases made by the Purchase Cell of the Health Department during the period 1985-86 and 1992-93. It was therefore, decided that the matter should be thoroughly investigated to find out the facts. The extract of the relevant directive of the PAC was as follows:-

“It shall be a comprehensive inquiry and will inter alia include the scrutiny of indenting, procurement, contracts, distributions, installation and present working condition of the equipment and fixation of responsibility at each stage of the irregularity/lapse observed. The Inquiry Committee will also co-opt a relevant Technical Officer to report on the present working condition of the equipment according to the category. The Inquiry Committee, will submit its report to the Public Account Committee within two months.”

The first Inquiry Committee appointed on 1-11-95 presented its report to the PAC-II on 26-5-1996. The PAC, however, was not satisfied with the inquiry report and decided to include the following two officers in the Inquiry Committee for examining the issues afresh:-

1. Mr. Muhammad Anser Khan Kakar Hanefi, (Chairman)
Additional Secretary (General), Health Department
2. Dr. Tahir Mir, (Member)
Additional Secretary (Technical), Health Department.

The reconstituted Inquiry Committee held a number of meetings and examined voluminous record with regard to the points at issue. After inquiring into the facts, the Inquiry Committee presented an interim report to the PAC with the following findings:-

- (i) Although the original protocol stressed on international competitive prices, yet procurement was made under single tender without advertisement which cannot be termed a fair competition.
- (ii) The demand was not based on actual requirement sent by the field offices or on average of previous three years, rather it was created to utilize barter allocation at the will of

sole agent, which resulted in blockade of public funds and deterioration in the efficacy of the stores without any benefit/utility.

(iii) Normally estimates provided in the indents are based upon prevalent market price and last purchase rate but these were unrealistic. Apparently these were provided by the sole agent as there was very little difference between his offer and the estimates.

(iv) The original protocol stipulates standard specifications yet specifications of choice of the sole agent were adopted by way of expansion of PVMS without approval of the Competent Authority.

(v) The articles were suggested by the sole agent whereas it should have been done by the Health Department after careful scrutiny by a Committee of Specialists.

(vi) The demand was tailored to avoid Standing Purchase Committee as indents were kept below Rs.30 lac. Indents of the articles have been repeated without any acceptable excuse.

(vii) The offer was vetted by the Kemira instead of the concerned Embassy.

(viii) The price reasonability certificate was provided by Kemira whereas it should have been from the Chamber of Commerce of the country of origin through their Embassy as equipment of third country was provided except mortuary refrigerators.

(ix) The proprietary certificate was not obtained from the Competent Authority.

(x) No care was given to the import policy as various stores which were being locally manufactured, were also imported, and resultantly were retained at the port for years resulting in imposition of demurrage charges and deterioration.

(xi) Even such items were imported/purchased under this barter as were not provided in the protocol like, chemicals and X-Ray accessories.

(xii) The Chief Purchase Officer/Secretary Health remained dissociated with all this process except for signing two D.O. letters opposing the allocation of barter funds and the appointment of sole agent, and failed to pursue the matter to its logical end.

(xiii) Finance Department did not discharge its liability properly. A certificate of price reasonability was demanded from the Indenting Officer and undetermined reduction in commission of firm was desired, upon which the firm gave \$.200 discount regardless of the amount/value of transaction as 10% commission was already high and after reduction a sum of Rs.1,11,96,526 was charged as firm's commission for simply handling documents.

(xiv) The capacity of the sole agent/firm was not evaluated as to repair, maintenance and after sale service, at the time of purchase. Resultantly, most of the equipment remained uninstalled or non-operational because of lack of technical expertise, missing parts etc.

(xv) Bureaucracy of both the countries connived with the sole agent to work against national interests.

(xvi) The Health Department should have refused to accept unrequired stores on unilateral terms and conditions, as valuable foreign exchange of crores of rupees was involved.

(xvii) Officers primarily responsible for the loss are Officer Incharge Govt. Medical Store Depot and the Director Health Services. Then comes the turn of concerned officers of Health Secretariat and Finance Department. The then Secretary Health has yet to clarify his position.

(xviii) Gross irregularities regarding observance of Purchase Manual have been noticed, glaring example of which is purchase of furniture worth Rs.3,57,93,190 without advertisement, at exorbitant rates.

(xix) Numerous cases require proper attention to know the fate of the supplies although payments have already been made. Non-existence of appropriate follow-up caused levy of heavy demurrages at port, duties, delayed installation etc.

(xx) The functioning of equipment is required to be monitored as valuable equipment at various places is non-operative due to one or the other reason necessitating immediate attention.

(xxi) Complete specification and other details are not exhibited in the voucher/ delivery challan of Medical Store Depot due to which proper entry is not made in the stock register by the concerned office. Moreover, no counter check of acknowledgement of store is in vogue.

(xxii) Cases of shortage, non-installation and non-separation of equipment and non-maintenance of stock register in prescribed manner have been noticed requiring remedial measures.

(xxiii) A huge quantity of articles worth Rs.8,24,32,381/17 are still lying at the Government Medical Store Depot.

(xxiv) A large quantity of expired stores worth Rs.2,62,45,788/92 requires replacement.

(xxv) Proper audit of the procurement process of Purchase Cell has not been conducted.

(xxvi) The real fault lies with the Ministry of Commerce Government of Pakistan for finalizing the barter protocols. Mr. Chulam Yazdani Deputy Secretary Commerce issued a vague advice resulting in confusion.

In order to meet the situation, the Inquiry Committee recommended the following course of action to be adopted by the Government to check such mal-practices in future and to improve the system:-

(a) Federal Government should be approached not to accept credits/barters with unilateral terms and conditions preventing open competition and violating standardized specifications.

(b) Drastic reforms should be introduced to improve the functioning of the Purchase Cell regarding procurement and follow up process to avoid delay in supply/installation.

(c) In order to ensure optimum utilization of existing facilities, an independent Monitoring Cell should be established to evaluate status of equipment on monthly basis.

(d) The level of equipment and yardstick for various formations should be determined to avoid unnecessary demand/requisitions.

(e) An effort should be made to issue the stores available at MSD according to the genuine demands and necessary funds may be made available to the respective institutions.

(f) Strict punitive action should be taken against firms which are evading their contractual obligations.

(g) The record of Purchase Cell should be computerized.

(h) Detailed audit of the Purchase Cell for the period of last five years should be conducted.

The PAC after taking into consideration the interim Inquiry Report observed that although the PAC commands the hard work done by the Inquiry Committee in preparing the interim report yet it is felt that the inquiry report was deficient in as much as it did not perceive to pinpoint specifically the officers/officials responsible for the marathon loss of public exchequer and recommending suitable action against them.

In view of the above, the Committee directed that the Inquiry Committee may study and

scrutinize the issues once again in the light of the discussion and may submit its report within 7 days specifically fixing the responsibility at each stage of irregularity/ lapse committed by the officers and recoveries to be effected.

The PAC stressed that the revised report must be submitted before the PAC at its meeting to be held at Murree on 20-8-96 & 21-8-96 for final decision.

22-9-99: The Department explained that an inquiry had been conducted and responsibility had been fixed on the defaulters. The case had been referred to the Administration Wing for disciplinary action and recovery. Notice was issued to the firm M/s Akbar Brothers for effecting recovery of Rs.1,44,56,865 but the firm had filed a case in court. The Audit pointed out that inquiry Committee had considered two points viz. commission allowed to firms and purchase of steel almirahs but no concrete action had been taken by the department according to the recommendation of the inquiry Committee.

The PAC was not satisfied with the explanation of the department and referred the paras to the following Sub Committee for consideration and report to the PAC:-

- | | |
|-------------------------------|----------|
| 1. Rana Sanaullah Khan, MPA | Convener |
| 2. Ch. Zafarullah Cheema, MPA | Member |

The PAC further directed that:-

1. Progress of recovery and disciplinary action may be sent to Sub Committee on monthly basis.
2. Audit Department should submit Audit Report to Sub Committee in its next meeting.
3. The court case be pursued vigorously and report sent to the Sub Committee.

The paras were kept pending.

29-6-02: The Committee decided that the facts of the case required further examination. For the purpose, the Department shall **submit the requisite working paper**, containing the comments of the Audit.

26. Para 10.25: Page 109 – Wasteful/Irregular Expenditure of Rs.60,000

Audit had observed: “As per serial No. 2 of special powers of Health Department in Delegation of Financial Powers Rules, 1990, the District Health Officer being an officer of category-II was competent to purchase medicines upto Rs.10,000, but he incurred expenditure to the above extent on the purchase on strylenine H.P powder without obtaining sanction from higher authority. Moreover, the said powder was not found included in the approved list of medicines issued by the Government of the Punjab, Health Department. The reply of the Audittee that H.P. powder was purchased for the destruction of dogs was not convincing as the work of killing the dogs has been assigned to Municipal Committees. The matter was brought to the notice of the administrative department in December, 1993 but no reply was received. Expenditure requires regularization from Finance Department.”

20-11-95: As the competence to incur expenditure had been verified by the Audit, **the para was settled.**

27. Para 10.27: Page 110 – Embezzlement of Hospital Receipts for Rs.93,269

Audit had observed: “An amount of Rs.126,719 was embezzled by the staff of the hospitals during realization of hospital receipts from the patients. Out of the said amount, a sum of Rs.33,450 was recovered from the officials during the course of audit and deposited into the treasury but the remaining amount of Rs.93,269 was yet recoverable. Matter needs to be investigated, amount recovered from the defaulters and deposited into Government account. Disciplinary action may also be taken against them.”

20-11-95: The Department explained that the deposits of Rs.74,045 had been verified by Audit. All out efforts are being made to recover the balance amount of Rs.19,223. The PAC directed that the balance recovery be expedited.

The PAC observed that next above supervisory officer has also shown negligence in supervision. The Department should take action against him and he should not be posted on administrative posts. The para was kept pending.

22-9-99: The Department explained that total recovery had been effected and got verified by Audit. The next supervisory officers Dr. Zafar Iqbal and Dr. Muhammad Iqbal, A.D.H.O. Khanpur had since been debarred from posting against Administrative Posts.

The explanation was accepted by the Public Accounts Committee and **the para was settled.**

28. Para 10.28: Page 110 – Non-Accountal of Storable Articles Worth Rs.1,848,467

Audit had observed: “Equipments/Instruments etc. worth Rs.1,848,467 were purchased during the period 1990-92. The articles were found issued from the Chemical Store but not taken on stock in the concerned department. No reply was furnished during the course of audit. The matter be investigated and recovery effected from defaulters based on the enquiry. Assistance & advice of audit may also be solicited at enquiry.”

20-11-95: The PAC directed that the Medical Superintendent should himself conduct physical inspection of the equipment involved and give certificate that the equipment is presently installed and being used. Subject to above certification, the para was settled.

22-9-99: The Department explained that the Medical Superintendent Services Hospital had conducted physical inspection and certified that equipment/machinery involved, had been installed and was under use. The explanation was accepted and **the para was settled.**

29. Para 10.29: Page 110 – Non-Accountal of Rs.1,423,617 in the Cash Book

Audit had observed: “During the course of audit cheques of Rs.1,423,617 received from A.G Punjab, Lahore had not been entered on the receipt side of the cash book for the month of 5/91 and 5/92. The hospital management failed to clarify the position. The matter being of serious nature needs investigation by the Administrative Department.”

20-11-95: As the record had been verified by Audit, **the para was settled.**

30. Para 10.30: Page 111 – Loss on Account of Purchase of Furniture Exorbitant Rates – Rs.151,506

Audit had observed: “Ascertaining of rates from market and their comparison with paid vouchers revealed most of the furniture items having been purchased at exorbitantly higher rates causing loss of public money. Quotations were not received through sealed covers. The purchases were also not made through purchase committee and without any sanction in violation of para 4 of Purchase Manual and Rule 2.10 (b)(i) of PFR Vol-I. Further the furniture should have been purchased from Wood Works Servicing Centre, Gujrat as per Government instructions. No. N.O.C from that center was obtained before making purchased of furniture.”

20-11-95: The explanation of the Department was accepted and **the para was settled.**

31. Para 10.31: Page 111 – Loss Sustained Worth Rs.71,935 Due to Expiry of Medicines

Audit had observed: “The scrutiny of stock register of main medical store revealed that the medicines worth Rs.71,935 had expired while lying in the store. The indent books of various operation theatres and wards were compared. These medicines had not been found issued even on demand.”

20-11-95: The explanation of the Department was accepted and **the para was settled with the direction** that the replacement of the expired medicines be expedited.

32. Para 10.32: Page 112 – Loss of Rs.88,234 Through Expired Medicines

Audit had observed: “Medicines worth Rs.88,234 were purchased during the period 1987-88 by the Mayo Hospital management from the Medical Store Depot. Most of medicines got expired while lying in the main medical store. In reply to preliminary audit observation it was stated that the efforts are being made to get these medicines replaced from the M.S.D. The reply does not hold good as the medicines had been lying in the main medical store of the hospital long enough and absolve the M.S.D of its responsibility for the expired medicines. During these years the hospital should have got the medicines turned over at the M.S.D. The authorities are requested to order inquiry into the matter to fix responsibility & apportion blame for loss to the Government. Recoveries from defaulting officers are iterated.”

20-11-95: The explanation of the Department was accepted and **the para was settled with the direction** that the replacement of the expired medicines be expedited.

33. Para 10.33: Page 112 – Purchase of Laundry Plant – Rs.8,000,000

Audit had observed: “One costly Laundry Plant valuing Rs.8,000,000 was purchased during 1986-87 vide contract No.PO-II/I/L209/FEX/182, dated 6.8.1986. The plant in question has not so far been installed as the building wherein it was required to be installed had not yet been

constructed. Thus the purchase resulted in blockade of amount. It needs to be taken notice of by administrative authorities, for regularization.”

20-11-95: The Department explained that the laundry plant could not be installed due to insufficient building.

The Committee was not satisfied and observed that matter might be inquired into keeping in view the following points and fix responsibility within two months:-

- (i) Who ordered the purchase of laundry plant.
- (ii) Why the building condition was not anticipated.
- (iii) If it was a Development scheme then who approved the PC-I.

The para was kept pending for inquiry.

22-9-99: The Department explained that an inquiry had been conducted, the Inquiry Committee concluded that:-

1. Special Budget was not given for the purchase of a new Laundry Plant.
2. The Building where the plant had to be installed was not timely planned and constructed.
3. The Laundry Plant had been installed on 2-8-94 due to late provision of electricity and gas.
4. Supplying firm used delaying tactics in order to expire the warranty period.
5. The hospital authorities were primarily and the supplying firm was ordinarily responsible for delayed installation of new Laundry Plant which caused loss to the public money.

The Department further apprised the Committee that action for taking disciplinary action against the defaulting officers was in progress.

The PAC directed the Department that disciplinary action against the defaulters may be completed at the earliest and recovery of this loss be effected after observing the rules and procedure. The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 22 September 1999 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

34. Para 10.34: Page 113 – Purchase of Equipments Beyond Competency – Rs.332,535

Audit had observed: “As per Serial No. 3(b) (ii) of Delegation of Financial Powers Rules, 1990, the Principal of Allama Iqbal Medical College, Lahore being an officer of category-I was competent to incur expenditure on the purchase of equipments only upto Rs.20,000 in each case. But it was noticed that he had purchased equipments out of grant No. 16 beyond his competency. This is willful violation of financial discipline merely to spend money mostly towards the closure of financial year. Audit would request formal enquiry & rectification of the situation.”

20-11-95: As the verification of record had been done by Audit, **the para was settled.**

35. Para 10.35: Page 113 – Un-necessary Purchase of Mortuary Refrigerators without Immediate Requirements – Rs.862,000

Audit had observed: “The institute had received two Mortuary Refrigerators costing Rs.862,000 from MSD vide indent No.15 of 7/90, one for preserving two bodies and the other for four bodies, for use in Anatomy Department. Physical verification revealed that machines had not been installed for want of space for them. The refrigerators had been purchased without requirement causing blockade of scarce resources and their denial to more urgent utilization in this vital field of life saving and pain-ameliorating social service. The responsibility for futile and wasteful purchase be fixed and disciplinary action be taken against the state officers responsible.”

20-11-95: The Department explained that Mortuary Refrigerators were indented from Government Store Depot and not purchased from local market.

The PAC was not satisfied with the explanation and directed that a comprehensive inquiry should be conducted into the matter from requisition of the equipment to its installation and to fix responsibility for making un-necessary purchase without any immediate requirement. Inquiry and action should be completed within two months time. The para was kept pending.

22-9-99: The Department explained that the matter had been inquired into. The Inquiry Committee concluded that Mortuary Plant costing Rs.862,000 was lifted from M.S.D. on 17-7-90 and installed and made functional in January, 1997 i.e. after seven years. The irregularity was categorized as blockade of Public money without benefit. The Department further apprised the Committee that Mortuary Plant was purchased by the M.S.D. and the Building in which the Mortuary Plant had to be installed was constructed late due to non-availability of funds.

The PAC directed the Department that the matter may be re-enquired and actual facts in respect of late installation of Mortuary Plant may be brought before the Committee in its next meeting as the Inquiry Committee had observed that the plant was purchased without immediate requirement. The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

36. Para 10.36: Page 114 – Excess Payment on the Purchase of Four Ambulances for Services Hospital – Rs.180,000

Audit had observed: “The M.S. Services Hospital, Lahore placed an indent with the purchase cell for purchase of two Ambulances out of ADP grant. The indent should have been placed much earlier for the process of purchase of the item to be indent for purchase of four Ambulances on 21-4-92. After scrutinizing the indent by the technical Committee, the tender was floated in the press. After observing codal formalities the order of the supply of ambulances was given to M/s Sahara Motors being the first lowest tenderer. Meanwhile, the case was referred to Finance Department for concurrence of the purchase proposal on 28-5-92. The F.D. sent back the case with certain observation.”

20-11-95: The explanation of the Department was accepted and **the para was settled.**

37. Para 10.37: Page 114 – Amount Excess Paid on Purchase of Stationery and Other Items – Rs.75,452

Audit had observed: “The stationery and other items were purchased at rates higher than those prevalent in the market in the commensurate period during the year 91.92 causing loss to Government. The rates of purchases have been compared with the maximum retail price with maximum profit margin prevailing in the market at the relevant time. The matter needs to be investigated to ascertain facts, extent of loss to Government persons responsible for the loss. Recoveries be accordingly effected & disciplinary action taken against defaulters.”

20-11-95: As the Audit verified that this amount is included in Para 10.19 which has already been settled, **this para, too, was settled.**

38. Para 10.38: Page 115 – Excess Payment of Rs.132,283 on Account of Purchase of Cotton

Audit had observed: “57967 packets cotton wool weights 500 grams each were purchased during 1990-91-93. The linen store was physically checked and a roll at random got weighed which was found of 450 grms. On 2.2.1993 Deputy Medical Supdt. (Admn.) against brought some rolls which were weighed and also found under weight ranging from 435 to 450 grms. The hospital authorities then failed to reply the audit observation. The matter may therefore, be probed into and the loss sustained by Government worth Rs.132,283 as detailed below may be made good.”

20-11-95: The explanation of the Department was accepted and **the para was settled.**

39. Para 10.39: Page 115 – Blockade of Funds to the Tune of Rs.13,193,222

Audit had observed: “Amount of 13,193,222 was utilized by the Purchase Cell in the Health Department for the procurement of high tech. Sophisticated equipment and instruments for Mayo Hospital. The concerned staff remained inactive in this respect for the whole financial year and only three to five days before the close of financial year placed an order for shipment up to 11/92. This period had also been elapsed but the articles in question had not so far been received by the consignee.”

20-11-95: The Department explained that all the equipment had been received the PAC was not

satisfied and directed the Administrative Department to calculate the penalty for the late receipt of said equipment and amount of penalty so calculated might be recovered either from the contractor or from the defaulting officer. This action should be completed within two months. The para was kept pending.

22-9-99: The Department explained that the matter regarding the late receipt of equipment was under investigation and further some time was required for its completion. The PAC accepted the request of the Department and directed to calculate the penalty for the late receipt of equipment and penalty may be recovered either from the contractor or from the defaulting officer as early as possible. The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 22 September 1999 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

40. Para 10.40: Page 116 – Fictitious Expenditure of Rs.126,199 on Furniture

Audit had observed: “The expenditure to the above extent was shown as incurred on repair and repolish of furniture. Major work (to the extent of Rs.110,908) was shown as got done within only two days i.e. 27-6-92 and 29-6-92 which makes the expenditure dubious. On verification of furniture, no difference between repolished and non-repolished furniture was noticed. All the expenditure appeared as doubtful.”

20-11-95: The explanation of the Department was accepted and **the para was settled.**

41. Para 10.41: Page 116 – Recoveries of Rs.127,864 for Non Supply of Kits

Audit had observed: “Chemical kits for experimental purposes by the students were purchased from M/S Omar Trading Co. vide bill No. OTC/B/P/G/M/I/1078/92 dated 27-06-92 and made to the firm vide receipt No. 741 dated 30-07-92. The head of the Pathology Department vide letter No.597/Path dt. 13-08-92 rejected stuff as its expiry date was very short. The firm had taken back the kits. These kits had not so far been supplied nor the amount of Rs.127,864 had been recovered from the firm. Effective efforts may be made for the recovery of the amount or securing the chemical kits from the firm, failing which recovery may be imposed on dealing officer/s officials whose negligence had put the public money to loss and the institute to functional difficulties.”

20-11-95: As the record had been verified by Audit, **the para was settled.**

42. Para 10.42: Page 117 – Irregular Purchase of Stationery and Printed Material from

Private Agencies for Rs.121,086

Audit had observed: “The stated amount was spent on local purchase of stationery and printed material without obtaining NAC/NOC from the Manager Printing & Stationery Department Lahore. The expenditure was also split up to avoid the sanction of Competent Authority. The matter was referred to the department but no reply has so far been received.”

20-11-95: The explanation of the Department was accepted and **the para was settled.**

43. Para 10.43: Page 117 – Recovery on Account of Surcharge on Purchase of Bus valuing Rs.54,075

Audit had observed: “The Government of Punjab, Finance Department sanctioned an amount of Rs.618,000 for the purchase of bus for Fatima Jinnah Medical College, Lahore vide memo No. SO(P-III)3-13/89, dated 2.5.1990 from the firm named M/S Atlantic Motors. The payment was made to the firm on 27.5.90 and the bus was delivered to the college on 21.1.91. It was specified against S.No.6 of the terms and conditions contained in the aforesaid letter that delivery will be made within 3 weeks after payment failing which the firm shall pay 15% P.A to the Government of Punjab for each day of delay in delivery. The delivery of the bus was delayed by about seven months from the due date. Hence the firm was to pay to Government of Punjab 15% P.A surcharge, which works out to Rs.54,075. The matter was brought to the notice of the Government in October, 1991 but no reply was received. It is requested that the amount of Rs.54,075 may be collected from the firm concerned & credited to Government. The action taken by the department to protect the interest of public money of the Punjab Government since expiry of three weeks from date of payment to the firm may also be intimated.”

20-11-95: The explanation of the Department was accepted and **the para was settled.**

44. Para 10.44: Page 118 – Non-Recovery of Electricity Charges – Rs.132,000

Audit had observed: “According to the letter No.SO(BA)1-1/91-92 dated 12.5.93 issued by the Government of Punjab Health Department it was decided that all Government servants provided with rent free residential accommodation in the institute/Hospital premises would arrange separate Meters. The occupant of residential accommodation in the Hospital, who did not arrange the installation of separate electricity meter (not sub Meters) in their houses and getting electricity from the main supply of the institute were required to pay the Electricity charges at the rate of Rs.500 and 200 p.m. It was learnt that the officers/officials residing in the premises of Rural Health Centres and getting Electricity from the main supply were not paying the electricity charges. The irregularity may be justified and the amount of Rs.132,000 may be recovered and deposited into Government.”

20-11-95: The Department explained that recoverable amount was Rs.56,850 instead of Rs.1,32,000 as worked out by Audit. An amount of Rs.31,000 had been recovered and verified by Audit. The remaining recovery was also in progress. The para was settled subject to the balance recovery and verification of the same by Audit.

22-9-99: The Department explained that strenuous efforts were being made for effecting balance recovery. The PAC kept the para pending for balance recovery and its verification by

Audit at the earliest.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 22 September 1999 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

45. Para 10.45: Page 118 – Non-Realization of Room Rent/Recovery of Rs.242,200

Audit had observed: “Officers of the Provincial Govt. and ‘in service’ officers of Federal Government are entitled for free admission in the private/officers ward of the hospital, but the patients remained admitted in the private ward who were not entitled to avail free admission/treatment. An amount of Rs.242,200 required to be recovered was not realized from the non-entitled patients on account of room rent.”

20-11-95: The Department explained that in all the cases officers of Federal Government were admitted in the officers ward according to their entitlement.

The PAC directed to inquire all the cases and ascertain the cases which were without entitlement. The recovery from the non-entitled persons shall be effected. The para was kept pending.

22-9-99: The Department explained that Rs.20,200 had been recovered and deposited into Government Treasury. After detailed scrutiny of patient charts, recovery of Rs.152,000 was not found recoverable being entitled cases. One case for Rs.11,100 was under write off sanction. The remaining recovery of Rs.58,900 was under process.

The Public Accounts Committee directed that:-

1. Balance recovery of Rs.58,900 be effected and recovery so far made may be got verified by Audit.
2. Rs.11,100 may be got written off by the competent authority.
3. Relevant record relating to non recoverable amount of Rs.152,000 may be shown to Audit for verification.

The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 22 September 1999 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

46. Para 10.46: Page 119 – Outstanding Charges of Laboratory Tests on Credit Basis Amounting to Rs.56,365

Audit had observed: “The Incharge/Pathologist of the Hospital Laboratory could no recovery Rs.56365 for tests from the patients which were done in the laboratory on credit basis and testing material was consumed from the hospital store. The Pathologist of the hospital laboratory was not competent to allow clinical tests on credit basis. The laboratory charges should have been collected while receiving specimen samples as is done in all other laboratories. The matter was referred to the department in 3/92 but no reply had so far been received. Stated mount needs to be recovered from the defaulter who permitted these tests.”

20-11-95: The explanation of the Department was accepted and **the para was settled.**

47. Para 10.47: Page 119 – Non-Realization of Diet Charges/Recovery of Rs.118,220 Thereof

Audit had observed: “Diet charges were to be recovered from each patient admitted in private/officer ward of the hospital at the rate of Rs.10 per day.”

20-11-95: As the record had been verified by Audit, **the para was settled.**

48. Para 10.48: Page 119 – Overpayment of Rs.69,816 on Account of Salary – Recovery Thereof

Audit had observed: “The pay of staff nurses was fixed at higher stages which resulted in overpayment amounting to Rs.69816.”

20-11-95: The Department explained that an amount of Rs.35,000 had been recovered and verified by Audit.

The para was kept pending for balance recovery of Rs.34,816 and verification of the same by Audit.

22-9-99: The Department explained that balance recovery of Rs.34,816 had been effected and got verified by Audit. The explanation of the Department was accepted and **the para was settled.**

49. Para 10.49: Page 120 – Recovery of Conveyance Allowance Drawn During Summer Vacation – Rs.142,332

Audit had observed: “The maintenance of conveyance by Government servants for which the conveyance allowance is claimed is meant to cover expenses for travelling from residence to place of duty and back. As such, the conveyance allowance should not be drawn by the staff who do not attend college during summer vacation but it was however noticed that the staff of the college drew conveyance allowance during vacation during 1991 and 1992. The amount of conveyance allowance may please be recovered from them and deposited into Govt. treasury under intimation to audit.”

20-11-95: The Department explained that recovery from 160 officers amounting to Rs.90,135 had been recovered and verified by Audit leaving a balance of Rs.52,197. All efforts were underway for balance recovery.

The para was kept pending for balance recovery and verification of the same by Audit.

22-9-99: The Department explained that total recovery of Rs.142,332 had been made and got verified by Audit. The explanation of the Department was accepted and **the para was settled.**

50. Para 10.50: Page 120 – Over-Drawal of Pay and Allowances to the Tune of Rs.174,183 – Recovery Thereof

Audit had observed: “Rule 2.31 of the Punjab Finance Rules Vol.I provides that drawer of a bill for pay & allowance, contingent and other expenses will be held responsible for any over charge frauds and misappropriation.”

20-11-95: The Department explained that on transfer of the officers change was not timely feeded in the computer and the pay was not made inactive.

The PAC was not satisfied and directed that D.D.O. and doctor concerned were responsible for the over drawal of pay and allowances. Therefore, all the concerned Doctors alongwith the D.D. O. might be proceeded against. Over paid amount also be recovered from them. The para was kept pending.

22-9-99: The Department explained that it was a matter of adjustment of pay at the concerned section of A.G. Punjab, Lahore. Double salary was not paid to the officers. Efforts were being made to get the record from A.G. Office. The PAC **settled the para subject to** verification of the record in support of the contention of the Department.

51. Para 10.51: Page 121 – Non-Recovery of Government Dues Amounting to Rs.89,040

Audit had observed: “As laid down in letter No.SO(BA)1-1-/91-92 dated 12.5.92 issued by the Government of Punjab, Health Department, the electricity charges from the officers/officials who had been provided with residential accommodation within the premises of the institute and getting electric supply from the Hospital were to be recovered at the rates mentioned therein. But the electricity charges had not been recovered. The non recovery of the amount needs to be justified and same also needs to be recovered and deposited in to Government Treasury.”

20-11-95: The Department explained that an amount of Rs.15,000 was recoverable from the officers who filed a representation against the recovery of electricity charges in the court of Senior Civil Judge, Kasur. An amount of Rs.13,907 was recoverable from the officials of BPS 1 to 9. Their rate of recovery was reduced by the Government from Rs.200 per month to Rs.100 P.M. Therefore, nothing was outstanding from them. An amount of Rs.54,700 was recoverable as electricity charges of Air Conditioners and Desert Coolers out of which an amount of Rs.8,000 had been recovered. The remaining recovery would be effected after the decision of court. The amount of Rs.4,433 pertaining to the contract of Cycle Stand which was recoverable.

The PAC observed that M.S. concerned should had been prompt for recovery and therefore, he might be asked to explain the slackness on his part and he should be warned for his negligence. The Department was directed to pursue the recovery vigorously. The para was kept pending.

22-9-99: The Department explained that out of Rs.15,000 pertaining to electricity charges an amount of Rs.12,500 would be effected after the decision of the court. Recovery of Rs.13,907 from the officials of BPS 1 to 9 was not genuine and the same had been verified by Audit. An amount of Rs.54,700 was recoverable as electricity charges of A.C. and desert coolers, out of which a sum of Rs.46,500 had been recovered. The PAC directed that total recovery alongwith relevant record may be got verified by Audit. The para was kept pending.

29-6-02: Reiterating the decision of the PAC dated 22 September 1999, **the Committee settled the para subject to the following direction –**

The Department shall produce the relevant record for verification by the Audit and take further necessary action including recovery, if any, as per observation of the Audit after such verification. The action shall be completed, and reported to the Finance Department and the Assembly Secretariat by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

52. Para 10.52: Page 121 – Likely Non-Accountal of Drugs/Chemicals Worth Rs.56,970

Audit had observed: “The medicines/chemicals in issued from main medicines/sub stores were not properly accounted for in wards and operation theatres according to chart and registration entries. Similarly these medicines/chemicals were less accounted for in the expense registers maintained in wards/operation theatres. Under the circumstances misappropriation of the medicines worth Rs.56,970 can not be ruled out, for 5/91 & 5/92 causing loss to Govt. & denial of these medicines to needy patients.”

20-11-95: The Department explained that an Inquiry Committee had been appointed to probe the matter.

The PAC directed that inquiry might be completed within two months. The para was kept pending.

22-9-99: The Department explained that an inquiry had been conducted by the Inquiry Committee. Chairman of the Inquiry Committee recommended recovery of Rs.57,169 out of which a sum of Rs.28,546 had been recovered. Efforts were being made for balance recovery.

The PAC **settled the para subject to:-**

1. making of balance recovery and its verification by Audit; and
2. the defaulters may be “Censured” and the penalty be recorded in their service books under verification by Audit.

53. Para 10.53: Page 121 – Likely Mis-Appropriation of Government Money – Rs.39,270

Audit had observed: “During the course of audit of receipts, it was noticed that in violation of the rule 2.7 of PRF, Vol-I Purchase Fee, X-Ray Fee, Admission fee and Ambulance charges collected to the extent of Rs.39,270 in the Rural Health Centre, Kahna were not deposited into Govt. account. The amount be recovered from the defaulters and suitable action taken against them.”

20-11-95: The Department explained that an amount of Rs.21,423 had been recovered and verified by Audit leaving a balance of Rs.17,847. The para was kept pending for balance recovery within one month.

22-9-99: The Department explained that entire recovery had been effected and verified by Audit. The explanation of the Department was accepted and **the para was settled.**

54. Para 10.54: Page 122 – Mis-Appropriation of Drugs/Chemicals Worth Rs.332,489

Audit had observed: “Medicines received from main medicines/sub store and chemical stores were not consumed in Operation theatres and wards. In some cases medicines were shown spent much earlier even after the death/discharge of patients. This indicated that the medicines might have been misappropriated. No check was ever found exercised by the Supervisory Officers in this regards. The doubtful expenditure needs thorough investigation & recovery. Disciplinary action is also required to be initiated against defaulting officers/officials.”

20-11-95: The record of medicines issued from Sub Store to wards/operation theatres was not tallying with each other particularly with the patient tickets.

The PAC directed the Department to hold inquiry to probe the discrepancies of medicines/chemicals accountal record within one month. The para was kept pending for the results of the said inquiry.

22-9-99: The Department explained that matter of misappropriation of Drugs/Chemicals had been scrutinised thoroughly. Most of the items of drugs were consumed in the operation theatres such as Health and, Spirit, Dettol, Gauze, Sticking Plaster etc. Therefore, the quantity of these items consumed on each patient/operation cannot be ascertained patient wise. The Audit apprised the Committee that the Department did not hold an inquiry as directed by the PAC on 20-11-95.

The PAC re-iterated its previous decision and directed to hold the inquiry to probe discrepancies of accountal of record within one month positively. The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall investigate the matter, recover the loss, if any, and get it verified by the Audit. Disciplinary action shall also be taken against the persons at fault. The action taken shall be reported to the Assembly Secretariat, the Audit and the Finance Department by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

55. Para 10.55: Page 122 – Suspected Misappropriation of Scholarship of Rs.84,660

Audit had observed: “An amount of Rs.84,660 on account of scholarships was drawn from Distt. Accounts Office, Sailkot in February, 1991 and shown disbursed, but the signatures of actual payees in taken of receipt of the same did not tally with their signatures available on record and thus appeared to be fictitious. The amount of Rs.84,660 thus appeared to have been misappropriated.”

20-11-95: The Department explained that scholarships were not misappropriated, anyhow, the relevant scholarship distribution register was misplaced which made matter doubtful. The official responsible for the misplacement of Scholarship Register was punished with (i) reversion from Senior Clerk to Junior Clerk and (ii) stoppage of three annual increments.

The PAC was not satisfied and directed that recovery of the amount involved might be effected from the defaulter official and a criminal case be got registered against him for theft of the register. The para was kept pending.

22-9-99: The Department explained that a case had been got registered against the defaulter Mr. Zafar Iqbal, Junior Clerk with the police and his case was under trial in the Anti Corruption Department.

The PAC directed that the case may be pursued in the Anti-Corruption Department vigorously and latest progress of the case may be brought before the Committee in its next meeting. The para was kept pending.

29-6-02: The Committee settled the para with the direction that subject to the decision of the court, the recovery shall be effected and reported to the Audit for verification, the Finance Department and the Assembly Secretariat by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

56. Para 10.56: Page 123 – Misappropriation of Dehydrated Skimmed Milk Worth Rs.258,129

Audit had observed: “From the stock/issue register of storekeeper of the Distt Health Office the quantities of the Dehydrated Skimmed Milk were issued to the M.C.H. Centres from time to time for free distribution. These quantities were neither traceable in the stock registers of the L.H.Vs nor the acknowledgement of the L.H.Vs were available. Thus “D.S.M” weighing 8901 kg. Costing Rs.258,129 was mis-appropriated before reaching the beneficiaries i.e. pregnant/nursing mothers and school going children.”

20-11-95: As the recovery and disciplinary proceedings had been verified by Audit, **the para was settled.**

57. Para 10.57: Page 123 – Suspected Misappropriation of Rs.601,600 on Account of Room Rent

Audit had observed: “Room rent was either not recovered or amounts recovered were misappropriated as rooms in Private Ward could not remain vacant in such a busy hospital for consecutive days ranging from 4 to 193. Issue of diet to the rooms shown as vacant was also

sufficient evidence that rooms did not remain vacant. Rooms/beds in the private/officers ward were however shown as remained vacant. Matter needs investigation and recovery of the amount.”

20-11-95: The Department explained that an inquiry was held which could not be completed due to misplacement of admission/discharge register. A Departmental Inquiry was also conducted and Inquiry Officer concluded the misplacement of Admission/ Discharge Register was due to negligence of concerned Nursing Staff. Director General, Nursing was directed to initiate disciplinary action against concerned Nursing Staff. Further action in the matter was still awaited. A police case was also registered for the misplacement of said register which was filed by the police authorities.

The PAC was not satisfied and directed that a comprehensive inquiry might be conducted to fix responsibility for the misappropriation Rs.601,600/-. Recovery be effected from the person held responsible as a result of inquiry. The action should be completed within 2 months. The para was kept pending.

22-9-99: The Department explained that matter was inquired into by the Director General Nursing which concluded that responsibility of misappropriation of Rs.200,533 had been fixed on each of Mst. Nusrat Aziz, Mst. Robina Sammual and Mst Fairy Asia. The case had been referred to D.G. Nursing for initiating the disciplinary action to effect the recovery. The concerned officials claimed that they had traced the relevant record and had filed an appeal which was time barred under the rules.

The PAC directed that time barred appeal of the defaulting officials may be rejected forthwith and recovery be made from them. Punishment imposed on the officials may also be recorded in their Service Books. The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 22 September 1999 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

58. Para 10.58: Page 124 – Likely Mis-Appropriation of Malathian (Spray Medicine) – Rs.375,750

Audit had observed: “According to the rule 15.1 of PFR Vol.I the Departmental officers entrusted are responsible for maintaining correct record. During the scrutiny of stock register it was noticed that a quantity of 100 kg Malathian had been misappropriated by working out wrong totals.

(i) 3750 kg of Malathian were dispatched by the Director Malaria Control Karachi and some quantity was received at recipient end as per acknowledgement recorded on the voucher. But in stock register the quantity had been entered as 3150 kg instead of 3750 kg which resulted in misappropriation of 600 kg valuing Rs.27,000. The matter may be investigated and the cost recovered.

(ii) During the scrutiny of record it was noticed that Malathian was received less than that

despatched by the Director Malaria Karachi. It had been established that Malathian 7650 kg valuing Rs.344,250 had been misappropriated. The drawing and disbursing officer offered no comments on preliminary observations. The matter may be investigated and amount may be recovered.”

20-11-95: The PAC directed the Audit Department to conduct a comprehensive verification of the relevant record with reference to the contention of the Department. The said verification should be completed within 2 months. The para was kept pending.

22-9-99: The Audit apprised the PAC that despite the repeated requests, the Department did not produce the complete record for verification as directed by the Committee on 20-11-95.

The PAC again directed the Department to produce the complete record to Audit for verification within two months positively. The para was kept pending.

29-6-02: Reiterating the decision of the PAC dated 22 September 1999, **the Committee settled the para subject to the following direction –**

The Department shall produce the relevant record for verification by the Audit and take further necessary action including recovery, if any, as per observation of the Audit after such verification. The action shall be completed, and reported to the Finance Department and the Assembly Secretariat by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

59. Para 10.59: Page 124 – Recovery of Rs.152,875 on Account of Residential Telephones

Audit had observed: “An amount of Rs.152,875 had been incurred on residential telephones in excess of the prescribed limit fixed by Govt. of Punjab. Finance Department vide its menu No.FD-PW-III/2-1/Tele/82/dated 10-7-88.”

22-9-99: The Department explained that recoverable amount was Rs.101,710 instead of Rs.152,875 as calculated by Audit. The entire amount had been recovered and got verified by Audit. The explanation of the Department was accepted **and the para was settled.**

60. Para 10.60: Page 125 – Recovery of Excess Calls Over and Above the Prescribed Limit/ Private Calls in Respect of Residential Telephones – Rs.164,865

Audit had observed: “The Government of the Punjab, Finance Department in its letter No.FD (PW.II)2-1 Tele/82 (Provl.), dated 10.7.1988 had prescribed a limit of 600 calls per month on the telephones installed at the residence of the Head of attached Department and 400 calls per month for all other officers. The calls made in excess of the limit in involving amount of Rs.164,865 may be justified and deposited into Government Treasury.”

22-9-99: The Department explained that after verification of record thoroughly the actual recovery was Rs.162,001 instead of Rs.164,865 as calculated by Audit. Out of the recoverable amount a sum of Rs.97,255 related to telephone No.306232 which had been installed at the residence of the then D.G.(H.S.)Dr. Mazahir Ali Hashmi by making calls over and above his entitlement who had been directed to deposit the said amount into Government Treasury. The remaining amount of Rs.64,745 related to telephones installed in the offices of Directorate and no private calls were made from these telephones.

The PAC directed that recovery of Rs.97,256 may be made from Dr. Mazahir Ali Hashmi, the then D.G.(H.S.) at the earliest and record pertaining to NWD calls to Karachi, Quetta, Mirpur and Hyderabad etc. amounting to Rs.64,745 may be shown to Audit for verification. The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 22 September 1999 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

61. Para 10.61: Page 125 – Recovery on Account of Calls on Residential Telephones Beyond Ceiling – Rs.255,404

Audit had observed: “During scrutiny of telephone bills, it was noticed that recoveries on account of residential telephones from the clinical professors to the extent of Rs.255,404 had not been made. In reply to observation, the college management accepted the audit contention and agreed to effect the recoveries.”

22-9-99: The Department explained that the entire recovery of Rs.255,404 had been made, deposited into Government Treasury and got verified by Audit. The explanation was accepted and **the para was settled.**

62. Para 10.62: Page 126 – Non-Submission of Accounts Worth Rs.9,408,314 for Medical Treatment Abroad

Audit had observed: “Certain patients proceeded abroad for medical treatment, foreign exchange worth Rs.9,408,314 was provided as per details given here:-

1. Govt. Servants and their family members	Rs. 5,521,835
2. MNAs/MPAs/Councillors	Rs. 1,775,383
3. Private patients	Rs. 2,111,096
Total:	<u>Rs. 9,408,314”</u>

22-9-99: The Department explained that 155 persons were sent abroad for treatment during

1990-91 on Government expenses with the approval of Chief Minister Punjab. Out of 155 persons only 73 persons had submitted the vouched accounts. Despite repeated written requests 82 persons did not care to submit their complete vouched accounts or to deposit the dues in Government exchequer.

The PAC referred the para to Sub Committee No.2 for submission of report/ recommendation before the PAC-II for final decision after detailed scrutiny. The PAC also directed that list of 82 persons who did not clear their accounts, showing their names and addresses alongwith all the relevant record i.e. vouchers etc. may be provided with working papers to Sub Committee for examination. The para was kept pending.

29-6-02: The Committee decided that the facts of the case required further examination. For the purpose, the Department shall **submit the requisite working paper**, containing the comments of the Audit.

63. Para 10.63: Page 126 – Advance Payment Made without Receipt of Equipment Worth Rs.10,653,789

Audit had observed: “Advance payments worth Rs.10,653,789 made during 1981-82 without receipts of hospital equipments and instruments. Since the relevant equipments and instruments have not been taken in stock despite follow up through regular audit & inspection reports, it is apprehended that the relevant stock might have been misappropriated. Since huge Govt. funds are involved, the matter needs to be followed up at administrative level for enforcing suitable compliance at the earliest. An inquiry into the matter is also proposed. Assistance & advice of audit in this regard would be available, if required.”

22-9-99: The Department explained that physical inspection of equipment involved had been conducted. It was concluded that the said equipment had been installed and were being used in the Eye Department and entered in the stock register. The PAC **settled the para subject to** verification of original stock register and other relevant record by Audit.

64. Para 10.64: Page 127 – Non-Imposition of Penalty @ 15% due to Breach of Contract of Purchase of Mazda Van Beyond the Delivery Period – Rs.66,975

Audit had observed: “A sum of Rs.1,500,000 was placed under grant No.36 at the disposal of Principal, King Edward Medical College, Lahore for the purchase of various types of transport. Out of these, one Mazda 22 seater was purchased through advance payment. A period of about one year has elapsed but the transport in question has not still been handed over by the firm whereas the delivery was agreed upon within 2 to 3 months. According to penal clause a sum of Rs.66,975 as 15% penalty has accrued up to June, 1993 (which may increase). The Department is required to impose actual penalty at the time of delivery. The matter may be actively followed up and matter be finalized early.”

22-9-99: The Department explained that the concerned firm namely M/s Rana Motors was asked to pay a sum of Rs.66,975 as penalty on account of late delivery of vehicle but the firm refused to pay the said amount on the plea that the vehicle was to be supplied by M/s Sind Engineering Ltd. As mentioned by M/s Rana Motors in their quotation.

The Audit informed the Committee that Departmental justification was not convincing as the agreement was made between the Government and M/s Rana Motors that the firm would deliver the vehicle within two to three weeks. But the firm could not arrange delivery within the stipulated period.

The PAC was not satisfied with the explanation of the Department and directed that original contract agreement of the vehicle may be shown to Audit for verification. The para was kept pending.

29-6-02: Reiterating the decision of the PAC dated 22 September 1999, **the Committee settled the para subject to the following direction –**

The Department shall produce the relevant record for verification by the Audit and take further necessary action including recovery, if any, as per observation of the Audit after such verification. The action shall be completed, and reported to the Finance Department and the Assembly Secretariat by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

65. Para 10.65: Page 127 – Missing Valves Vascular Graft Worth Rs.147,160

Audit had observed: “The stock register maintained in the cardiac surgery Department was checked and compared with the operation register. It was observed that nine heart valves of various types and two vascular grafts valuing Rs.147,160 had been shown used with incomplete description, but their actual expense in the operation theatre register was not recorded.”

22-9-99: The Department explained that the matter was probed into by the inquiry Committee and it was concluded that heart valves/vascular grafts had been properly used. Record pertaining to the consumption of heart valves and vascular grafts i.e. operation theater register, expense book and stock register indicating the consumption of said items was available except the patient charts.

The PAC directed that relevant record may be produced to Audit for verification. The para was kept pending.

29-6-02: Reiterating the decision of the PAC dated 22 September 1999, **the Committee settled the para subject to the following direction –**

The Department shall produce the relevant record for verification by the Audit and take further necessary action including recovery, if any, as per observation of the Audit after such verification. The action shall be completed, and reported to the Finance Department and the Assembly Secretariat by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

66. Para 10.66: Page 128 – Blockade of Government Money of Rs.1,014,977

Audit had observed: “Equipment items of the stated value were purchased and were lying unutilized since their receipts in the hospital. The costly items were unnecessarily purchased and

stored merely to utilize the budget grant.”

22-9-99: The Department apprised the PAC that the matter had been investigated twice and concluded that the delay in the issue of equipment was due to non-completion of building because of certain technical difficulties.

The PAC directed the Department that the case may be referred to the Finance Department for condonation of irregularity. The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 22 September 1999 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

67. Para 10.67: Page 128 – Non Production of Record – Rs.1,842,622

Audit had observed: “During the financial year 1991-92 a sum of Rs.1,842,622 was sanctioned for the treatment of family of Doctors posted in Mayo Hospital out of Pakistan. Record showing the actual expenses incurred was not produced to audit for scrutiny despite insistence. The hospital management also failed to reply to the audit observations.”

22-9-99: The Department explained that Dr. Muhammad Tahir drew an amount of Rs.119,120 against the head of T.A. for treatment abroad. The actual expenditure was Rs.84,245 and officer deposited the balance amount of Rs.34,875 into Government Treasury. Dr. Muhammad Javaid Rashid drew the reimbursement of medical charges of Rs.275,500. It was not a case of advance payment which had been verified by Audit. A sum of Rs.434,071 was sanctioned in favour of Dr. Amir Ijaz for his treatment in U.S.A. He submitted his detailed account of expenditure to A.G. Punjab for scrutiny and clearance. The A.G. Punjab had cleared his accounts and verified that nothing was due against him. The explanation of the Department was accepted and **the para was settled.**

68. Para 10.68: Page 129 – Journals Worth Rs.708,715 Not Received During 1988-92

Audit had observed: “Journals worth Rs.708,715 had not been received from the Supplier inspite of making him advance payment. As per agreement with the book companies, the supply was to start within three months from the date of payment. The journals had not been supplied even after the lapse of a period of one to five years.

- (a) Catalogues were not produced to make comparisons of the prices for ascertaining economical purchases;
- (b) The benefit of discount was not taken from the bookseller, as he had received from foreign publishers;
- (c) Messers Parapak returned on account of Rs.45,000 to the cashier of the institute

as price of books not supplied during 1990.”

22-9-99: The Department explained that actual amount of the para was Rs.503,638 instead of Rs.708,715. Out of Rs.503,638 a sum of Rs.385,980 had been recovered and the remaining amount of Rs.117,658 had been written off by the Finance Department. The PAC accepted the explanation of the Department and **the para was settled.**

69. Para 10.69: Page 129 – Shortage of Equipment and Stock Articles – Rs.104,507

Audit had observed: “According to rule 15.1 of P.F.R. Vol.I the Departmental officers entrusted with the care, use or consumption of stores are responsible for maintaining correct record, keeping them in proper condition and should take proper precautions to prevent loss of public stores. The scrutiny of stock registers of moveable property, instruments register and other stock registers of Basic Health Unit and Rural Health Centre revealed that the instruments and stock articles had been misappropriated by non-accountal of instruments, working out wrong balances. In certain cases balances were not carried forward in the next expense books. The record was scrutinised in the presence of the dealing officials.”

22-9-99: The Department explained that the matter had been inquired into to find out the factual position about the shortage of equipment and stock articles. According to the inquiry report in respect of Basic Health Unit Shehara the items of Rs.3,670 were available. Only Rs.1,650 were assessed as actual recovery which had been recovered, deposited into Government Treasury and verified by Audit. So far as the shortage of equipment and stock articles in Basic Health Unit Dev Sial was concerned, recovery of Rs.3,531 had been made. Inquiry about the remaining shortage of this center was still under process.

The PAC directed that inquiry may be completed as early as possible, balance recovery be effected and got verified by Audit with relevant record. The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 22 September 1999 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

70. Para 10.70: Page 130 – Irregular Purchase of ACs Worth Rs.83,890

Audit had observed: “As per instructions issued by Govt. of Punjab, Service, General Admn and Information Deptt; (Procurement Wing) vide their letter No. (S and GAD) /A-C/2120 dated 21-5-92, A.Cs of 1 ½ ton capacity were to be purchased at a price of not more than Rs.25,000 each from any one of the firms stated in the said letter. But it had observed that two A.Cs of 2 tons capacity split Type (Sabro) were purchased @ Rs.41945 each vide bill No.73 dated 29-6-92.”

22-9-99: The Department explained that two Air Conditioners of two tons were purchased on the recommendation of consultants after obtaining the quotations. The said Air Conditioners were

installed in conference room as a very special case. The explanation of the Department was accepted and **the para was settled.**

71. Para 5.23: Page 57 – Embezzlement of Students Funds – Rs.41,560

Audit had observed: “An amount of Rs.24440.00 was realized vide receipt No.22 to 25, 27 to 31, 32, 33, and 34 to 100 of book No.5 in 9/91 and 11/91. An amount of Rs.12,240 only was deposited on 18-11-91 in account No.178 and balance of Rs.12,200 stood not accounted for. Similarly, an amount of Rs.46,260 was recovered from students vide Receipt No.1 to 13, 14, 15, 16, to 36, 37 to 73, 74 to 80 and 81 of Book No.7 in 11/91, 1/92 and 9/92 and balance of Rs.29,360 was suspected embezzled. The amount of Rs.41,560 may be recovered from the officials at fault after inquiry and disciplinary action.”

19-10-95: The Department explained that this para was not relating to Education Department. The Government Tibbia College, Bahawalpur was under the Administrative control of the Health Department. The para was accordingly transferred to the Health Department.

22-09-99: The Department explained that entire amount of Rs 41,560 had been recovered, deposited into Government treasury and got verified by Audit.

The PAC accepted the explanation of the Department and **settled the para.**

Commercial Audit

72. Para 3(xii): Page 5 – Government Medical Stores Depot, Lahore

28-7-99: The Department explained that accounts for the year 1987-88, 1990-91 had since been verified/certified by the Audit. The accounts for the year 1988-89, 1989-90, 1991-92 and 1992-93 had been compiled and sent to Audit for necessary verification/certification.

The P.A.C. kept the para pending for necessary verification/certification of Accounts by Audit.

18-7-02: The Committee **noted** the para.

73. Para 70: Page 44 – Decrease in Income from Examination Fee

With reference to the working results, the Audit had suggested: “Necessity of increasing

income by examination fee is stressed upon the Management.”

28-7-99: The Department explained that income from examination had been decreased to Rs.53,980 due to non-conducting of examination of Pharmacy Assistant due to litigation. However, Punjab Pharmacy Council has increased examination fee from Rs.200 to Rs.500 and other additional charges in order to enhance the resources.

The PAC accepted the explanation **and settled the para.**

74. Para 71: Page 44 – Maintenance of Accounts on Accrual Basis

Audit had observed: “The expenditure is accounted for in the accounts on accrual basis whereas the income is credited on cash basis. Thus the expenditure for the year does not match with the income and the results are always misleading. The necessity of accounting for income on accrual basis is stressed upon the Management.”

28-7-99: The Department explained that as per requirement of Audit the accounts had been maintained on accrual basis.

The PAC accepted the explanation **and settled the para.**

75. Para 72: Page 45 – Enrollment of Apprentices

Audit had observed: “According to Pharmacy Act, 1967 applications are invited from the candidates for enrollment as category “C” apprentices after every two years. After 1980 no applications were called for enrollment as apprentices in Pharmacy and therefore 250 students filed a writ in Punjab High Court for allowing them to appear in the examination of B-Pharmacy. The High Court in its interim orders allowed these students to appear in the examination with the direction that the result of these candidates should not be declared till further orders. It is learnt that the decision of the High Court has since been announced in favour of the students and the Pharmacy Council is planning to go into appeal in Supreme Court. The Pharmacy Council could not obtain an attested copy of the decision due to which the appeal could not be filed. The circumstances under which the enrollment of candidates for “C” category apprentices after two years could not be made in contravention of Pharmacy Act 1967 may be stated.

28-7-99: The Department explained that after 1981 fresh applications had not been invited as previous enrollment of apprentices already stood very high at 8000. Anyhow, the Pharmacy Council went into inter court appeal on 22-01-94 and thus the matter was subjudice.

The PAC directed the Department to pursue the case vigorously in court and the **para was kept pending.**

18-7-02: The Committee **settled the para with the direction that** subject to the decision of the court, the recovery shall be effected and reported to the Audit for verification, the Finance Department and the Assembly Secretariat by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

76. Para 73: Page 45 – Illegal Payment of Secretariat Allowance to Employees

Audit had observed: “The Pharmacy Council paid secretariat allowance of Rs.60,592 and Rs.67,773 to its staff under the guise of secretariat allowance during the year 1991-92 and 1992-93. Since the secretariat allowance is admissible to those officers/officials who work in the secretariat, the grant of this allowance to the employees of Pharmacy Council was not admissible. The payment of secretariat allowance may be discontinued and over payment already made be recovered from them.”

28-7-99: The Department explained that no Secretariat Allowance was paid to the employees rather Council Allowance had been paid to the employees.

The PAC directed the Department to intimate whether Pharmacy Council had adopted Punjab Pay Revision Rules or not. The para was kept pending for submission of the said information by the Department.

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall take appropriate action to settle the matter. The action taken shall be reported to the Finance Department, the Assembly Secretariat and the Audit by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

77. Para 74: Page 45 – Production of Bank Statements

Audit had observed: “Cash at Bank stood at Rs.438,711 and Rs.263,027 on June 30, 1992 and June 30, 1993 out of which no Bank statements were obtained as under:-

As on 30 June 1992

Punjab Bank
National Bank of Pakistan
Muslim Commercial Bank, Garhi Shahu

As on 30 June 1993

331,911.55	38,335.73
6,903.78	7,433.78
2,533.54	3,539.54
<u>341,348.87</u>	<u>49,309.05</u>

As such the above balances stands unreconciled.”

28-7-99: The Department explained that as per requirement of Audit, Bank Statements had been made available to Audit and accounts had since been reconciled. The PAC accepted the explanation and **the para was settled.**

Home Department

Overview

Total Paras	Civil
19	19

Abstract

Status	Decision	Para Nos.	Total
Paras Finally Settled 7	Paras finally settled as the requisite action had been taken.	Civil: 12.7, 12.8, 12.9, 12.10, 12.11, 12.16, 12.17	7
Paras Conditionally Settled 12	Paras settled with the direction that the Department shall implement the directives of the Committee and the Finance Department shall monitor the same. Both the Departments shall report compliance to the Public Accounts Committee every six months.	Civil: 12.1, 12.2, 12.3, 12.4, 12.5, 12.6, 12.12, 12.13, 12.14, 12.15, 12.18, 12.19	12

Discussed on 19 September 1995, 29 June 2002.

Civil Audit

1. Para 12.1: Page 137 – Non-Deduction of Income Tax Amounting to Rs.70,524

Audit had observed: “Income Tax amounting to Rs.70,524 required to be deducted at source under section 50(4) of Income Tax Ordinance 1979 was either not deducted or less

deducted during 1991-92 from the contractors.”

19-9-95: The Committee directed that the amounts recovered so far be got verified and the balance recovery be completed within two months. The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 19 September 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

2. Para 12.2: Page 137 – Non-Deduction of Income Tax of Rs.147,339 from Bills of Suppliers

Audit had observed: “In accordance with the instructions contained in circular No.11 of 1991 issued under Central Board of Revenue, Islamabad No.ITJI-1(7)/84-Vol-II dated 30-6-91 Income Tax was required to be deducted while making the payments to the concerned parties. It was observed that the Income tax was not deducted before making the payments and thus the state was put to loss of Rs.147,339.”

19-9-95: The Department informed the Committee that the actual balance of Rs.11,800 had been recovered. Subject to verification of the recovery by Audit, **the para was settled.**

3. Para 12.3: Page 137 – Recoveries on Account of Excess Telephone Calls not Effectuated – Rs.77,259

Audit had observed: “Residential telephone charges amounting to Rs.77,259 were paid over and above the ceiling limit fixed by Government of Punjab Finance Department in its letter No.FD(PW-11) 2-1/Tele./82, dated 10.7.1988.”

19-9-95: The Committee observed that the Department should approach the proper authorities and get the ceiling of residential telephone charges enhanced. Meanwhile the concerned officers should abide by the prevailing rules & regulations. The department assured the Committee that either the expenditure would be got regularised or recovered from the officers concerned. The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 19 September 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

4. Para 12.4: Page 138 – Excess Expenditure on Residential Telephone – Rs.130,396

Audit had observed: “An amount of Rs.159,796 was paid on account of telephone charges against telephone No.3190 installed at residence of Deputy Commissioner, Pakpattan who was entitled to free calls up to Rs.2,450/- P.M. or Rs.29,400 per annum as per Government instructions. Excess expenditure of Rs.130,396 was recoverable from the officer.”

18-9-95: The Department was directed either to recover the telephone expenditures from the officer concerned or to get the same regularised by Finance Department. The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 18 September 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

5. Para 12.5: Page 138 – Expenditure over and above the ceiling fixed on Residential Telephone paid out of Government Accounts – Rs.186,718

Audit had observed: “Expenditure of Rs.186,718, on account of telephone charges out of Government account over and above the ceiling limit fixed by the Finance Department, was paid by office.

In reply to the preliminary observation, it was stated that the calls were made for the maintenance of Law and order situation, but no record of the same was maintained for regularisation of the excess use of telephone, from the Finance Department.”

19-9-95: The Committee accepted the explanation of the Department and **settled the para subject to** the condition that it should not be quoted as precedent in such other cases.

6. Para 12.6: Page 139 – Recovery on Account of Over and Excess Payment of Telephone Calls on Residential Phones – Rs.36,736

Audit had observed: “Vide Government of Punjab letter No.FD(PW-II)2-1/Tele./82, dated 10.7.88, limits of local calls on residential telephones had been fixed (as detailed below):-

Superintendent of Police	= 1000 calls P.M.
Addl. Supdt. of Police	= 900 “ “
Other officers	= 400 “ “

Recovery of amounts in respect of calls beyond their respective ceiling, but paid from public money is stressed.”

19-9-95: The Committee directed that either the expenditure should be got regularised within one month or its recovery should be effected. The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 19 September 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

7. Para 12.7: Page 139 – Likely Mis-Appropriation/Non Accountal of Stocks Worth Rs.127,113

Audit had observed: “Various items of material purchased were not accounted for in the relevant registers and its disposal was also not shown. Items worth Rs.127,113 thus appeared to have been misappropriated.”

19-9-95: The Committee was informed that stock entries worth Rs.15,910 and recovery of Rs.4,409 had been verified by Audit. For the balance stock worth Rs.103,550, the explanation of the department was accepted and **the para was settled.**

8. Para 12.8: Page 140 – Mis-Appropriation of Store Articles Worth Rs.381,261

Audit had observed: “The material was shown purchased during 1989-90 and 1990-91. The same was neither taken on stock nor its consumption was shown to audit. The material was thus suspected to have been misappropriated.”

19-9-95: The explanation of the Department was accepted and **the para was settled.**

9. Para 12.9: Page 140 – Mis-Appropriation of Store Articles Costing Rs.410,151

Audit had observed: “The different store articles valuing Rs.410,151 were purchased during 4/90 and 4/91 but the receipt of material was not found to have been accounted for in relevant stock registers which was in contravention of rule 15.4(a) P.F.R Vol.I. Consumption of material was also not shown. The items were thus appeared to be misappropriated.”

19-9-95: The explanation of the department was accepted and **the para was settled.**

10. Para 12.10: Page 141 – Expenditure on Works – Rs.371,325

Audit had observed: “As laid down against S.No.3 of “Special Powers to Police Department” of delegation of Financial Powers Rules 1990, the Superintendent of Police was empowered to give technical sanction upto Rs.10,000 for repairs work. S.P.Sheikhupura had incurred expenditure exceeding Rs.10,000 in each case without obtaining technical sanction from higher authority.”

19-9-95: After hearing the Department, the Committee observed that although technicalities had not been observed in this case but the expenditure was bonafide. It was directed that the SP’s concerned should be directed that they should abide by the rules/regulations in future and any expenditure incurred by them should be justifiable by rules and regulations. **The para was settled.**

11. Para 12.11: Page 141 – Irregular Expenditure on the Installation of Sui Gas – Rs.212,600

Audit had observed: “As laid down in para 34 of appendix 14 of P.F.R Vol.II, the expenditure exceeding Rs.2,500 on account of installation of electricity meter and GAS should be debited to P.W.D. The expenditure to the above extent was debited to the budget of S.P. Sheikhpura instead of Building Department.”

19-9-95: After hearing the Department, the Committee observed that although technicalities had not been observed in this case but the expenditure was bonafide. It was directed that the SP’s concerned should be directed that they should abide by the rules/regulations in future and any expenditure incurred by them should be justifiable by rules and regulations. **The para was settled.**

12. Para 12.12: Page 141 – Recovery Amounting to Rs.63,320 on Account of Rent of Machinery/ Hall not effected from the Contractor

Audit had observed: “Rent of machinery and Hall of Pottery Shop amounting to Rs.63,320 due from Mr. Haroon Rashid Contractor had not so far been recovered and deposited into Govt. Account.”

19-9-95: The Committee directed that the actual recoverable amount be reconciled with Audit and recovery should be pursued as arrears of land revenue. The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 19 September 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

13. Para 12.13: Page 142 – Recovery of Rs.441,335 not effected from M/s R.G.A

Audit had observed: “Rent of factory due from M/S R.G.A. amounting to Rs.441,335 had not yet been recovered and deposited into Govt. Account as per Rent Register.”

19-9-95: The Department stated that efforts were being made to effect recovery of the amount from R.G.A as arrears of land revenue through District Collector, Lahore. It was also stated that sufficient machinery, TV sets and other parts were available in the sealed jail factory which could also be auctioned in case the Collector failed to recover the amount.

The Committee directed that the Department should do vigorous efforts to effect recovery of the amount. The para was kept pending.

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 19 September 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

14. Para 12.14: Page 142 – Recovery of Rs.1,113,085 not effected from other Jails on Account of Credit Sale

Audit had observed: “Sale proceeds of Jail products worth Rs.1,113,085 sold to other Jails on credit basis have not yet been recovered, which may be done expeditiously.”

19-9-95: The Department explained that adjustment of the goods manufactured in Central Jail, Lahore and supplied to other jails had been received from 2 jails. The same would be shown to Audit. **The para was settled subject to verification of record by Audit.**

15. Para 12.15: Page 142 – Non-Recovery of Jail Manufactured Articles Costing Rs.819,051

Audit had observed: “Manufactured articles worth Rs.819,051 as were sent to the I.G Office and other jails for sale. But despite the lapse of so many years, neither acknowledgements nor the sale proceeds of the same were received in the Central Jail, Mianwali. It is apprehended that the items have been misappropriated.”

19-9-95: The Department explained that the actual reconciled amount of the para was Rs.685,793. Articles worth Rs.548,805 were sold out and items worth Rs.136,975 were not sold and were available at the display centre. **Subject to verification of the contention of the Department by Audit, the para was settled.**

16. Para 12.16: Page 143 – Loss of Rs.65,339 Due to Excess Payment for Dietary Articles

Audit had observed:

“1. The contract for the supply of milk @ Rs.6/98 per litre was approved by the I.G. Prison vide his memo No.CT/37049 dated 22-10-91 in favour of Mr. Inam-ul-Haq of Sargodha. Later on, this contract was revoked without any reason and was awarded to M/S Ravi Agriculture Dairies for supply of milk @ Rs.8/73 per litre resulting in a loss of Rs.40,334 for purchase of 23048 litres of milk.

2. Similarly the rates for the supply of flour approved as Rs.255 per bag vide I.G Prison letter No.CT/29473 dated 18-8-90 were enhanced to Rs.284 per bag and enhanced rates were applied w.e.f 1-7-90 resulting in loss of Rs.25,005 to Govt.”

19-9-95: Compliance of the Department regarding purchase of milk having been verified by Audit, **the para was settled.**

17. Para 12.17: Page 143 – Loss on Account of Un-Economical Purchase of Stores – Rs.220,760

Audit had observed: “As required vide Rule 15.2 (d) of PFR Vol-I, when stores are purchased from the open market, the system of competitive tenders should be adopted and purchases should be made from the lowest tenderer unless there are any special reasons to the contrary which should be recorded in writing. But the highest tenders were accepted by simply recording words “accepted being superior quality” without pin-pointing any defect in the samples of lower tenders. Negotiation was also required to be made with successful tenderers for bringing rates at par with the lowest

tenderers which was also not done. As a result thereof the Govt. sustained loss of Rs.220,760. The amount of loss may be recovered from the officer concerned.”

19-9-95: After hearing the Department, the Committee observed that although technicalities had not been observed in this case but the expenditure was bonafide. It was directed that the SP’s concerned should be directed that they should abide by the rules/regulations in future and any expenditure incurred by them should be justifiable by rules and regulations. **The para was settled.**

18. Para 12.18: Page 144 – Overpayment of Rs.58,104 Due to Purchase of Fire Wood at Higher Rates

Audit had observed: “Against the contract rate of Rs.97/98 per 100 kg of the approved contractor for 1990-91, 64200 k.g. fire wood was purchased, from another contractor @ Rs.110 per 100 k.g. resulting in overpayment of Rs.7,717 as an amount of Rs.50,387 was also overpaid in 1991-92 on account of purchase of fire wood at higher rates.”

19-9-95: The Department explained that recovery of rs.54,780 had been effected and got verified by Audit leaving a balance amount of Rs.3,323. The Department was directed to effect balance recovery. **Subject to verification of remaining recovery by Audit, the para was settled.**

19. Para 12.19: Page 144 – Misuse of Government Vehicle No.GAD/3643-Recovery of Rs.57,784

Audit had observed: “The log book of vehicle No.GAD 3643 contained no entries of the journey from 30-4-89 to 25-6-91 against meter reading from 39066 K.M to 67958 K.M. The vehicle was misused for 28892 K.M resulting in a loss of Rs.57,784.”

19-9-95: The Department informed the Committee that log book for vehicle No. GAD/3643, which was used for official purposes, was now available. **Subject to verification by Audit, the para was settled.**

Housing, Urban Development and Public Health Engineering Department

Overview

Total Paras	Civil	Works
142	1	141

Abstract

Status	Decision	Para Nos.	Total
Paras Finally Settled	Paras finally settled as the requisite action had been taken.	Civil: 13.1	1
37		Works: FDA II.A.2, II.A.3, II.C.1 PHED I.A.1(ii), I.A.4, I.A.6, I.A.7, I.A.12, I.A.14, I.A.18, I.A.19, I.B.4(i), I.B.4(ii), I.B.7, I.B.10, I.B.12, I.B.13, I.C.1, I.C.2, II.A.1, III.A.3, III.C.2, IV.A.1, IV.A.5 LDA I.A.6(A), II.1, III.1(ii), III.1, III.7 MDA I.A.1, I.B.1, II.A.1, II.C.1, III.A.1, III.B.1, III.C.1	36
Paras Conditionally Settled	Paras settled with the direction that the Department shall implement the directives of the Committee and the Finance Department shall monitor the same. Both the Departments shall report compliance to the Public Accounts Committee every six months.	Works: H&P I.A.1, I.A.2, I.A.3, I.B.1, I.B.2, I.C.1, II.A.1, II.B.1, III.1, IV.1 FDA I.A.1, I.A.2, I.A.3, I.B.1, I.C.1, I.C.2, I.C.3, I.D.1, I.D.2, I.E.1, I.F.1, II.A.1, II.A.4, II.B.1, III.B.1, III.D.1, III.E.1, III.E.2 PHED I.A.1(I), I.A.2, I.A.3, I.A.5, I.A.8, I.A.9, I.A.10, I.A.11, I.A.13, I.A.15, I.A.16, I.A.17, I.A.19, I.B.1, I.B.2, I.B.3, I.B.5, I.B.6, I.B.8, I.B.9, I.B.11, I.B.13, I.B.14, I.C.3, I.D.1, I.D.2, I.D.3, I.E.1, II.B.1, II.C.1, II.D.1, III.A.1, III.A.2, III.B.1, III.B.2, III.B.3, III.B.4, III.B.5, III.C.1(ii), III.D.1, III.D.2, III.E.1, III.F.1, III.F.2, III.F.3, III.F.4, III.G.1, IV.A.2, IV.A.4, IV.B.1 LDA I.A.1, I.A.2, I.A.3, I.A.4, I.A.5, I.A.6(B), I.A.7, I.B.1, I.B.2, I.B.3, III.2, III.3, III.4, III.5, III.6 MDA II.A.2, II.A.3, II.B.1, II.B.2, II.D.1, IV.1	99

Paras Pended	The paras were pended because the Committee decided to have Working Papers for consideration.	Works: FDA (III.C.1) PHED (III.C.1(i), IV.A.3, IV.B.2, IV.B.3, IV.B.4)	6
6			

Discussed on 25-27 September, 24 October, 28-30 November 1995,
18 April, 24 July, 26 August 1996, 20 July 1999 and 4 July 2002

Housing and Physical Planning

Civil Audit

1. Para 13.1: Page 147 – Irregular Purchase of Pajero Jeep Worth Rs.773,500

Audit had observed: “The Department purchased a Pajero Jeep worth Rs.773,500 for the use of the Minister without getting the strength of vehicles revised from the Government (S&GA Deptt.). The Finance Department’s provisions vide their No.AA/II-4/67, dated 17-5-70 were violated. Moreover Prime Minister had banned the purchase of vehicles having more than 1000 cc capacity of the engine.”

24-7-96: The Department explained that a jeep was purchased for the use of the then Minister for Housing Physical & Environmental Planning Department Punjab after obtaining the approval of the Chief Minister Punjab who was the Competent Authority in the matter. The explanation of the Department was accepted and **the para was settled.**

Public Health Engineering Department

Works Audit

2. Para I.A.1(i): Pages 139-140 – Excess Payment of Rs.67,800 (This Item: Rs.34,186) (Public Health Engineering Division No.II Mianwali)

Audit had observed: “A formation executed the item of laying of G.I. pipe and paid a quantity of 9260 rft against the admissible quantity of 8600 rft provided in the detailed estimate submitted to the competent authority for sanction in March 1991 and shown in the material at site account register. While another formation executed an item of tubewell boring and paid 485 rft boring instead of the admissible length of 351 rft. This resulted in an excess payment of Rs.67,800 (34,186 +33,614) to the contractors in November 1990 and May 1991.”

26-8-96: The Department explained that efforts were made to dig out the relevant record i.e. TS./Indent book and final bill of the work done but in vain. However, 910 RFT pipe was transferred from one rural water supply scheme to another rural water supply scheme without any malafide intention. Provision of 9680-RFT G.I. pipe was there in the Technical Sanction.

The Audit apprised the PAC that the pipe was fitted earlier and transfer entry in the

transferring Division was recorded after three months of the execution of work. As such the same was a fictitious entry.

The PAC directed that inquiry be conducted to ascertain the factual position. The inquiry should be completed within two months. the para was kept pending.

29-11-95: The Department explained that a quantity 910 RST Pipe was transferred from a Rural Water Supply Scheme. Thus there was no overpayment involved. The Department was directed to produce the record i.e. (i) T.S. estimate original & revised (ii) M.S. Accounts for R.W. S. Scheme Motoo Khol and Miserwala to Audit for scrutiny, and also produce explanation on further Audit comments. The para was kept pending.

4-7-02: Reiterating the decision of the PAC dated 29 November 1995, **the Committee settled the item subject to the following direction –**

The Department shall produce the relevant record for verification by the Audit and take further necessary action including recovery, if any, as per observation of the Audit after such verification. The action shall be completed, and reported to the Finance Department and the Assembly Secretariat by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

3. Para I.A.1(ii): Pages 139-140 – Overpayment of Rs.33,614: (Public Health Engineering Division Khushab)

Audit had observed: “A formation executed the item of laying of G.I. pipe and paid a quantity of 9260 rft against the admissible quantity of 8600 rft provided in the detailed estimate submitted to the competent authority for sanction in March 1991 and shown in the material at site account register. While another formation executed an item of tubewell boring and paid 485 rft boring instead of the admissible length of 351 rft. This resulted in an excess payment of Rs.67,800 (34,186 +33,614) to the contractors in November 1990 and May 1991.”

29-11-95: The explanation of the Department was accepted and **the item was settled.**

4. Para I.A.2: Page 140 – Excess Payment of Rs.225,634: (Public Health Engineering Division Gujrat)

Audit had observed: “ A formation measured width 7.5 to 24.38 feet and length 4324 rft of streets for brick payments/soiling instead of the admissible width of 4 to 8 feet and length of 2050 rft provided in the drawing/design and detailed technical sanctioned estimate. While in other case the formation measured brick masonry and port land cement concrete (PCC) 1:6:12 in drains and paid a quantity of 36713 cft instead of the admissible quantity of 34244 cft as per specifications. This resulted in an excess payment of Rs.225,634 (196,281+29,353) to the contractors in May and August 1993.”

24-10-95: The Explanation of the Department was accepted and **the para was settled subject to verification of relevant record by Audit.**

5. Para I.A.3: Pages 140-141 – Extra Payment of Rs.129,107 to the Contractors: (Public Health Engineering Division Hafizabad)

Audit had observed: “A formation made payment for the item of providing and fixing of cast iron specials instead of admissible of PVC specials provided in the technically sanctioned estimates and contract agreements. This resulted in an extra payment of Rs.129,107 to the contractors in November 1992 and February 1993.”

28-11-95: The explanation of the Department was accepted **the para was settled subject to** verification of relevant record by Audit within one month.

6. Para I.A.4: Page 141 – Over Payment of Rs.127,273 Various Contractors: (Public Health Engineering Division Hafizabad)

Audit had observed: “A formation paid width of streets from 10 to 18 feet instead of the admissible width of 6 to 8 feet provided in the approved site plan and design/drawings for the items of soling/brick pavements. This resulted in an overpayment of Rs.127,273 to various contractors from April to September 1992.”

28-11-95: It was explained by the Department that Audit Department had pointed out certain deviations from the Technical Sections Estimates. During the execution of work at site it is not possible to rigidly adhere to the estimates due to site conditions. In this case the deviations were covered in the approved scope of the scheme.

The PAC directed that relevant record might be produced to Audit for scrutiny with reference to the explanation of the Department. The scrutiny of the record should be completed within one month. The para was kept pending.

26-8-96: The Department explained that the record had been got verified by Audit in compliance with the directive of PAC dated 28-11-1995. The explanation of the Department was accepted and **the para was settled.**

7. Para I.A.5: Page 141-142 – Excess Payment of Rs.69,463: (Public Health Engineering Division Sialkot)

Audit had observed: “A formation made payment for 7.50 to 13.50 feet width of soling/brick pavement in streets instead of the admissible width of 2 to 7 feet provided in the approved site plan, drawings attached with the detailed technical sanctioned estimate. This resulted in an excess payment of Rs.69,463 to the contractors in March 1993.”

24-10-95: The explanation of the Department that the T.S. had been revised was accepted and **the para was settled subject to** verification of the relevant record by Audit.

8. Para I.A.6: Page 142 – Excess Payment of Rs.132,549: (Public Health Engineering Division Narowal)

Audit had observed: “A formation executed the item of brick work and paid a quantity of 12077 cft instead of the admissible quantity of 6009 cft without indicating exact site/location, street

No, etc. and against the provision of approved design. This resulted in an excess payment of Rs.132,549 to the contractors in April 1992.”

24-10-95: The Department explained that estimate of this scheme had been prepared for revised technical sanction. The Public Accounts Committee directed the Department to get the record completed alongwith the revised T.S. and produce the same to Audit for necessary verification. The para was kept pending.

26-8-96: The Department explained that revised T.S. estimate alongwith other connected record i.e. statement explaining reasons of excess masonry work were shown to audit for verification in compliance with the PAC’s directive dated 28-11-95. The Audit after checking the said record demanded some further record which was also shown to them. The Committee accepted the explanation and **settled the para.**

9. Para I.A.7: Pages 142-143 – Excess Payment of Rs.98,821: (Public Health Engineering Division Narowal)

Audit had observed: “A formation paid a quantity of 25514 cft instead of the admissible quantity of 19118 cft provided in the sanctioned estimate and in contravention to the para No.11 of chapter 17 of Public Health Engineering Specification for the items of cement concrete 1:6:12. This resulted in an overpayment of Rs.98,821 to the contractors in April 1992 to May 1993.”

28-11-95:

i) Over Payment of Rs.10,945 R.D.S. Chilli, Gulla Moharan

Explanation of the Department was accepted and this item of **para was settled.**

ii) Over Payment of Rs.16,540 R.D.S. Sadiqabad Saddowal

Explanation of the Department was accepted and this item of **para was settled.**

iii) Over Payment of Rs.71,335/97 R.D.S. Sayal, Tibla Tarapur, Chandowal Mohais Kalan, Khan Khesa Azood Afghana

The explanation of the Department was not convincing in respect of this item of work.

The PAC directed the Department to submit item-wise details to Audit for scrutiny. **The item was kept pending.**

26-8-96: The Department explained that in compliance with the directives of PAC the record and the item-wise details of payment of Rs.71,335/97 had been got verified by Audit. The explanation was accepted and **the para was settled.**

10. Para I.A.8: Page 143 – Over Payment of Rs.49,244 to the Contractor: (Public Health Engineering Division Narowal)

Audit had observed: “A formation paid 350 feet length of streets and drains instead of the admissible length of 100 feet and in excess of that provided in the site plans, drawings etc. This resulted in an overpayment of Rs.49,244 to the contractors in December 1990 and June 1992.”

28-11-95: The Department explained that the work was executed according to site requirement and T.S. was also revised. **The para was settled subject to** verification of the record by Audit within 15 days.

11. Para I.A.9: Page 143 – Over Payment of Rs.76,950 to the Contractor: (Public Health

Engineering Division Narowal)

Audit had observed: “A formation measured thickness of base course 0.5 foot instead of the admissible thickness of 0.333 foot as provided in the technical sanctioned estimate. This resulted in an overpayment of Rs.76,950 to a contractor in November 1991.”

28-11-95: The Department explained that initially base course was 0.33 ft which was changed to 0.50 ft on the technical advice of XEN Highways Division, Sialkot. Subsequently the Technical Sanction for 0.50 ft base course was approved.

The PAC was not satisfied and directed the Administrative Secretary to investigate the matter and submit a comprehensive report in the next meeting. The para was kept pending.

26-8-96: The Department informed the Committee that the matter was thoroughly inquired into in the light of the previous decision of the PAC dated 28-11-95. The inquiry report revealed that the work was carried out in accordance with the parameters fixed by the Highway Department.

The Committee directed that inquiry report prepared and submitted by the Public Health Engineering Division Narowal may be examined by the Administrative Secretary and he should give his recommendation in the matter. The recommendation of the Administrative Secretary may be submitted to PAC in the next meeting. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

12. Para I.A.10: Page 144 – Over Payment of Rs.52,192 to the Contractor: (Public Health Engineering Division Narowal)

Audit had observed: “A formation measured and paid height of the earth embankment of a road from 2 to 3.5 feet without preparing cross section instead of the admissible height of 1.5 feet. This resulted in an excess payment of Rs.52,192 to a contractor in November 1991.”

28-11-95: The explanation of the Department was not convincing. The PAC directed the Department’s Secretary to hold inquiry in the matter of excess payment to the contractor. The relevant record from the beginning to end might be produced to Audit for verification and report. The para was kept pending.

26-8-96: The Department explained that the inquiry with regard to the excess payment to the contractor was under process and would be completed very soon. The PAC directed that inquiry be completed within two months positively and report be submitted to PAC in the next meeting. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

13. Para I.A.11: Page 144 – Over Payment of Rs.51,290 to a Contractor: (Public Health Engineering Division Narowal)

Audit had observed: “A formation paid the width more than 3 feet and thickness of re-inforced cement concrete (RCC) slabs more than 0.375 foot laid on Type-I drain instead of the admissible width of 3 feet and thickness of 0.375 foot as provided in the approved design and technically sanctioned estimate. This resulted in an overpayment of Rs.51,290 to a contractor in 1992.”

28-11-95: The Department was directed to produce the complete record to the Audit for verification of the facts. The verification should be completed within one month. The para was kept pending for said verification.

26-8-96: The Department explained that the record pertaining to the work had been verified by Audit. Accordingly, the recoverable amount had been reduced from R.51,289 to Rs.26,355.

The explanation of the Department was accepted and the para was reduced to Rs.26,355. The para was kept pending for recovery of balance amount and verification of the same by Audit.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

14. Para I.A.12: Page 145 – Excess Payment of Rs.46,839: (Public Health Engineering Division Sheikhpura)

Audit had observed: “A formation laid a reinforced cement concrete (RCC) slab over the sullage carrier (Drain) in front of an ice factory without any provisions in the detailed estimate sanctioned by the competent authority. This resulted in an excess payment of Rs.46,839 to a contractor in November 1992.”

24-10-95: The explanation of the Department was accepted by the PAC and **the para was settled.**

15. Para I.A.13: Pages 145-146 – Excess Payment to Contractor – Rs.137,684: (Public Health Engineering Division Sheikhpura)

Audit had observed: “A formation dismantled brick soling of 7044 sft, but made payment for quantity of 67018 sft for restoration of brick soling instead of the admissible quantity of 7044 sft. This resulted in an excess payment of Rs.137,684 to a contractor in August 1991.”

24-10-95: The Department explained that actually 6,70,18 sft (59,974+7,044) soling was dismantled and the same restored.

The PAC directed the Department to produce the relevant record to Audit for scrutiny and to ascertain the factual position of loss. The para was kept pending.

26-8-96: The Department explained that actually 67018 SFT brick soling was dismantled (7044 SFT by the first contractor and 59974 SFT by the second contractor) and the same had since been restored in accordance with the provisions of T.S. estimate and revised T.S. estimate. **The para was settled subject to verification of relevant record by the Audit.**

16. Para I.A.14: Page 146 – Over Payment Due to Wrong Measurement of Earth – Rs.110,212: (Public Health Engineering Division Sahiwal)

Audit had observed: “A formation measured the depth of earth filling in street from 1.46 to 3.62 feet against the admissible depth of one foot provided in the cross-sections attached with the detailed technically sanctioned estimate. This resulted in an overpayment of Rs.110,212 to a contractor in August 1992.”

29-11-95: The Committee directed that the relevant record including Technical Sanction, Administrative approval and revised Technical Sanction in support of the Department’s explanation might be produced to Audit for verification. Subject to said verification by Audit, the para was settled.

26-8-96: The Department explained that the necessary record had been got verified by Audit. The explanation was accepted and **the para was settled.**

17. Para I.A.15: Pages 146-147 – Over Payment of Rs.85,777: (Public Health Engineering Division Sahiwal)

Audit had observed: “A formation paid a quantity of 378133 (348199+29934) cft instead of the admissible quantity of 277775(250539+27236) cft computed in the technically sanctioned estimate on the basis of cross-sectional area for the items of 348199 cft earth brought from outside for filling in the streets and dry brick pavement/ soling. This resulted in an overpayment of Rs.85,777 (52,088 +33,689) to the contractors in August 1992.”

29-11-95: The Committee directed that the excess expenditure of Rs.37,234 might be got regularised by the competent authority. The para was kept pending for regularization of said excess expenditure.

26-8-96: The Department explained that excess expenditure had been got regularized by arranging revised T.S. of the estimate from the SE concerned and by modifying the agreement accordingly.

The Audit apprised the Committee that the Department neither produced the record for verification nor got the Audit comments. The PAC directed the Department to produce the relevant record to Audit for verification. The para was kept pending for verification of record by Audit.

4-7-02: Reiterating the decision of the PAC dated 26 August 1996, **the Committee settled the para subject to the following direction –**

The Department shall produce the relevant record for verification by the Audit and take further necessary action including recovery, if any, as per observation of the Audit after such verification. The action shall be completed, and reported to the Finance Department and the Assembly Secretariat by 31

December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

18. Para I.A.16: Pages 147-148 – Over Payment of Rs.115,967: (Public Health Engineering Division Khanewal)

Audit had observed: “A formation made payment for 10550 rft of brick pavement in streets instead of the admissible length of 8125 rft provided in the detailed technical sanctioned estimate. This resulted in an overpayment of Rs.115,967 to a contractor in 1992.”

29-11-95: The Department explained that the Sub-Engineer through an oversight made an incorrect entry in the measurement Book which was rectified later and no overpayment was involved.

The Committee directed that action should be taken against the S.D.O. and Sub-Engineer responsible for wrong measurement and their tempering with this record, under intimation to Audit. The para was settled subject to above observation.

26-8-96: The Department explained that the concerned S.D.O. and Sub-Engineer, were proceeded against under E&D Rules.

The PAC directed that the action to finalised and the record showing action taken against the concerned S.D.O. and Sub-Engineer be produced before the PAC. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

19. Para I.A.17: Page 148 – Excess Payment of Rs.89,066: (Public Health Engineering Division No.1 D.G.Khan)

Audit had observed: “A formation executed the item of providing and laying of PVC pipe and paid a quantity of 37605 rft instead of the admissible quantity of 35900 rft provided in the revised technical sanctioned estimates, approved design & drawings. While in another case the formation executed and paid 73879 rft pvc pipe in trenches of 72332 rft PVC ipe showed as laid in excess of the length of trenches. This resulted in an excess payment of Rs.89,066 (41,543+47,523) to the contractors in June 1992.”

29-11-95: The Department explained that the record entry of the excavation of trenches showed that excavation of trenches was more than the length of PVC pipe laid at site. The facts could be verified from the relevant record.

The Department was directed to produce all the relevant record to Audit for verification within one month. In case there was any recovery due, it should be effected without further delay. The para was kept pending.

26-8-96: The para was kept pending for want of Audit comments.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

20. Para I.A.18: Page 148 – Excess Payment of Rs.174,900: (Public Health Engineering Division No.1 D.G.Khan)

Audit had observed: “A formation paid quantities of 3500 kilogram for mild steel bar and 15000 cft for crushed bajri instead of the admissible quantities of 26300 kilogram and 2250 cft respectively by carry forwarding incorrect quantities and wrong calculations. This resulted in an excess payment of Rs.174,900 to a contractor in March 1993.”

29-11-95: The Department explained that all the quantities of M.S. Steel Bar was correctly brought forward from the previous pages of M.B. The contractor was paid secured advance which had also been recovered from the contractor.

The Department was directed that relevant record pertaining to recovery of secured advance and entries in the M.B. alongwith other relevant record might be produced to Audit for verification. The para was kept pending.

26-8-96: The Department explained that secured advance given to the contractor had since been recovered. The explanation of the Department was accepted by the Audit. **The para was settled.**

21. Para I.A.19: Page 149 – Over Payment of Rs.67,570: (Public Health Engineering Division Bahawalnagar)

Audit had observed: “A formation executed the item of G.I pipe instead of the admissible item of A.C pipe provided in the technical sanctioned estimate and measured the depth for cement concrete 1:6:12 as 0.25 foot against the admissible depth of 0.21 foot as provided in the cross-section and standard design. While in another case the formation paid a quantity of 3189 rft instead of the admissible quantity of 225 rft provided in the technically sanctioned estimate for the item of PVC pipe 4” internal dia. This resulted in an overall overpayment of Rs.67,570 (20,074+15,149 +32,347) in June and December 1992.”

29-11-95: The para was settled subject to the verification of recovery and record by Audit.

26-8-96: The Department explained that total recovery had been effected and got verified by Audit.

The Audit apprised the PAC that the working papers were not presented to them for Audit comments and as such the working papers supplied to PAC were without Audit comments.

The PAC observed that it was a negligence on the part of Department and in future the Audit comments must be incorporated in the working papers. In future the working papers would

not be accepted without the Audit comments. **The para was settled with the above observation.**

22. Para I.B.1: Pages 149-150 – Excess Payment to Contractor – Rs.204,633: (Public Health Engineering Division Sargodha)

Audit had observed: “A formation paid a non-schedule rate for supplying river sand (Chenab River) including cost of loading and un-loading etc. to the contractor whereas the item “Supplying clean and screened river or pit sand within 5 chain” existed in the Composite Schedule of Rates (CSR) 1979. The contractor should have been paid the composite scheduled rate for the item alongwith cost of carriage from source of supply (River Chenab) to site of work instead of converting it into a “non-schedule” item. This resulted in an excess payment of Rs.204,633 to the contractor in May 1991.”

29-11-95: The Committee was informed that non-schedule rate was paid to a contractor for supply of river sand, including cost of loading and unloading etc, instead of rate given in the composite schedule rate which resulted in excess payment of Rs.204,633. The Department admitted that copy of non-scheduled rate was not forwarded to the Standing Rates Committee. The Finance Department objected as to why non-schedule item was paid, when schedule-item was available.

The Committee directed that the matter should be referred to the Standing Rates Committee for decision at this stage. The para was kept pending for the decision of the Standing Rate Committee.

26-8-96: While explaining the reasons of excess payment, the Department stated that the sand required in the execution of the work was not of ordinary river sand which generally contains 4 to 6% clay/silt rather a special kind of sand was required to be used for filter bed. Therefore, non-schedule rate was paid. However, the case had been referred to the Standing Rates Committee whose decision was awaited.

The PAC directed that case may be pursued vigorously with the S.R.C. for early decision. The representative of the Finance Department was also directed to check as to when the case was referred to the S.R.C. and what was the latest position. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

23. Para I.B.2: Page 150 – Excess Payment of Rs.1,067,896 to the Contractor: (Public Health Engineering Division Khushab)

Audit had observed: “A formation executed the item of A.C pipe and paid premia of 78% above the Composite Schedule of Rates (CSR) 1979 instead of the admissible premia of 55%

which was approved by the competent authority in September 1990. This resulted in an excess payment of Rs.1,067,896 to the contractors in September 1990.”

29-11-95: The Department explained that recovery of Rs.614,277 had been effected. The Administrative Secretary assured that the officer concerned would make the balance recovery within two months and got it verified by Audit.

The Committee directed that if the recovery is not effected then the officer responsible for excess payment might be proceeded against and strict action should be taken against him. The para was kept pending.

26-8-96: The Department explained that an amount of Rs.676,223 (614,277 previously recovered + 61,946 fresh recovery) had been recovered and verified by Audit. Balance of Rs.321,673 was still to be recovered.

The PAC directed that the balance recovery may be completed within two months positively. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

24. Para I.B.3: Pages 150-151 – Loss of Rs.4,182,373 to the Government: (Public Health Engineering Division Khushab)

Audit had observed: “A formation accepted tenders for providing and laying A.C./G.I pipes on composite rates instead of labour rates as the pipe was to be supplied by the Department as per instructions of the Chief Engineer (North) Public Health Engineering Department, Lahore. This resulted in loss of Rs.4,182,373 to the government and excess payment to the contractors in 1990-91.”

29-11-95: The Audit was of the view that when the Department had itself provided pipe to the contractors, then the Department should have paid only the labour charges and not the composite rate minus the price of the pipe. Because in this way the contractor has been benefited on the counts by paying higher rates as well as by providing him pipe at a cheaper rate. The representative of the Finance Department requested for time to consult the Standing Rates Committee before further discussion. The para was kept pending for advice of the Standing Rates Committee on the issue involved.

26-8-96: The composite rates allowed to the contractors were worked out on the basis of labour rates and other items of work involved in the completion of work.

The representative of Finance Department apprised the PAC that as per decision of PAC dated 29-11-95 he contacted the S.O. (Technical) for clarification. The S.O. (Technical) endorsed the viewpoint of the Department.

The PAC directed the Department to produce the relevant record to Audit for verification of the factual position. **The para was settled subject to** verification of record by Audit.

25. Para I.B.4(i): Page 151 – Over Payment of Rs.62,515: (Public Health Engineering Division Gujrat)

Audit had observed: “The formation executed an item of reinforced cement concrete (RCC) in slabs over one foot drains/type-I and paid the rate of Rs.21.05 per cft instead of the admissible rate of Rs.15.70 per cft as per item No.5(a)(ii)(3) page 53 of Composite Schedule of Rates 1979. This resulted in an overpayment of Rs.62,515(35,522+26,993) to the contractors in January 1992 to February 1993.”

24-10-95: The Department was directed to refer the para to Standing Rate Committee and kept pending.

26-8-96: The Committee was informed by the Department that full recovery had been made and got verified by Audit.

The Committee was satisfied with the explanation of the Department and **the para was settled.**

26. Para I.B.4(ii): Page 151 – Over Payment of Rs.26,993: (Public Health Engineering Division Narowal)

Audit had observed: “The formation executed an item of reinforced cement concrete (RCC) in slabs over one foot drains/type-I and paid the rate of Rs.21.05 per cft instead of the admissible rate of Rs.15.70 per cft as per item No.5(a)(ii)(3) page 53 of Composite Schedule of Rates 1979. This resulted in an overpayment of Rs.62,515(35,522+26,993) to the contractors in January 1992 to February 1993.”

24-10-95: The Department was directed to refer the para to Standing Rate Committee and kept pending.

26-8-96: The Department explained that an amount of Rs.26,993 had been recovered and record had been verified by the Audit. The Committee was satisfied with the explanation of the Department and **the para was settled.**

27. Para I.B.5: Pages 151-152 – Excess Payment of Rs.178,973: (Public Health Engineering Division Hafizabad)

Audit had observed: “A formation paid @ Rs.113.65 per % ct instead of the admissible rate of Rs.49.20 per % cft provided in the technically sanctioned estimate and contract agreement for an item of restoration of brick pavement. This resulted in an excess payment of Rs.178,973 to the contractors in October & November 1992 and February 1993.”

29-11-95: The Administrative Department admitted that prior approval of higher authorities is required for making may change in a scheme after its technical sanction. In this case the justification given by the Department for charge in the specifications of the scheme was accepted and **the para was settled subject to the observation** that the Administrative Secretary shall issue instructions to all concerned not to repeat such irregularities in future.

28. Para I.B.6: Page 152 – Over Payment of Rs.62,543: (Public Health Engineering Division Sialkot)

Audit had observed: “A formation executed the items of excavation of surface drain and C.I. flanges and paid @ Rs.139.60 per % cft and Rs.11.70 per kilogram instead of the admissible rates of Rs.124.05 per % cft and Rs.8.90 per kilogram respectively. While in another case the formation made payment for tubewell bore of 20” to 26” dia instead of the admissible bore of 15” to 18” dia as provided in the technical sanctioned estimate, approved design of the tubewell and contract agreement. Consequently not only the contractor was paid high rates for tubewell boring but also the consumption of shrouding material was increased. This resulted in an overpayment of Rs.62,543 (14,607+11,365+36,571) to the contractors in February 1992 to January 1993.”

28-11-95: The Department admitted the recovery and explained that an amount of Rs.47,847 has been effected and the balance of Rs.14,694 is being recovered.

The PAC observed the XEN and D.A. concerned were responsible for the over payment to the contractor and therefore, they should be proceeded against for disciplinary action. The PAC also directed to effect the balance recovery without delay and recovery so far effected might be got verified by Audit. The para was kept pending.

26-8-96: The Department explained that an amount of Rs.45,988 had been recovered and verified by Audit leaving the balance of Rs.16,555.

The Committee was not satisfied with the explanation of the Department. It was observed that disciplinary action against defaulters i.e. XEN and D.A. concerned, had not been taken as per directive of PAC-II dated 29-11-95. The PAC therefore, directed that disciplinary action be taken against the officers/officials responsible for overpayment. The balance recovery should also be completed and got verified by Audit. The para was kept pending for taking disciplinary action and balance recovery.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 26 August 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

29. Para I.B.7: Page 153 – Excess Payment of Rs.126,255 to the Contractor: (Public Health Engineering Division Narowal)

Audit had observed: “A formation executed the item of tubewell bores and paid holes of 20” to 26” dia for various tubewells instead of the admissible holes of 15” to 18” estimate. Consequently, not only the Department paid higher rate for tubewell boring but also consumed a quantity of 3776 cft shrouding material instead of the admissible quantity of 2621 cft. This resulted in an excess payment of Rs.126,255 to the contractors from February to April 1992.”

28-11-95: Explanation of the Department was accepted and **the para was settled.**

30. Para I.B.8: Pages 153-154 – Excess Payment of Rs.41,087: (Public Health Engineering Division Sheikhpura)

Audit had observed: “A formation made payment for an item of reinforced cement concrete (RCC) over one foot wide and 0.75 foot high drain @ Rs.21.05 per cft instead of the admissible rate of Rs.15.70 per cft. This resulted in an excess payment of Rs.41,087 to a contractor in August 1992.”

24-10-95: The Public Accounts Committee directed the Department to refer the case to standing Rate Committee for decision with special reference to the shuttering of slabs (whether shuttering was necessary or not). The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 24 October 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

31. Para I.B.9: Page 154 – Excess Payment of Rs.53,512: (Public Health Engineering Division Lahore)

Audit had observed: “A formation executed an item of reinforced cement concrete (RCC) slab on drains and paid the rate of Rs.21.05 instead of the admissible rate of Rs.15.70 per cft vide item 5 (a)(ii)(3) page 53 of the Composite Schedule of Rates (CSR) 1979. This resulted in an excess payment of Rs.53,512 between January and November 1991.”

24-10-95: The Public Accounts Committee directed the Department to refer the case to standing Rate Committee for decision with special reference to the shuttering of slabs (whether shuttering was necessary or not). The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 24 October 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

32. Para I.B.10: Page 154 – Excess Payment of Rs.66,487: (Public Health Engineering Division Khushab)

Audit had observed: “A formation executed the items of earth work portland cement concrete (PCC 1:6:12), flat flooring and cement pointing and made payment of Rs.373,828 instead of the admissible payment of Rs.307,341 as provided in the detailed estimate. This resulted in an excess payment of Rs.66,487 to a contractor in June 1991.”

26-8-96: The Department explained that quantity of work was increased as a result of an Administrative directive. However, the approval of S.E. PHE. Sargodha was also obtained. No excess payment was therefore, made. Neither any loss was sustained to the Government exchequer. The position had also been verified by Audit. The explanation was accepted and **the para was**

settled.

33. Para I.B.11: Page 155 – Excess Payment of Rs.204,633: (Public Health Engineering Division Sargodha)

Audit had observed: “A formation paid a non-schedule rate for supplying river sand (Chenab River) including cost of loading and un-loading etc. to the contractor. Whereas the item “Supplying clean and screened river or pit sand within 5 chain” existed in the Composite Schedule of Rates (CSR) 1979. The contractor should have been paid the composite scheduled rate for the item alongwith cost of carriage from source of supply (River Chenab) to site of work instead of converting it into a “non-schedule” item. This resulted in an excess payment of Rs.204,633 to the contractor in May 1991.”

4-07-2002: On consideration of the facts of the case, **the committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

34. Para I.B.12: Page 155 – Excess Payment of Rs.46,525: (Public Health Engineering Division Sahiwal)

Audit had observed: “A formation executed an item of back filling of earth in trenches and paid @ Rs.81.40 per % cft instead of the admissible rate of Rs.37.80 per % cft provided in technical sanctioned estimate. This resulted in an overpayment of Rs.46,525 to the contractor in April 1993.”

29-11-95: The para was settled subject to revised Technical Sanction by the Chief Engineer and its verification by Audit.

26-8-96: The Department explained that necessary record had been got verified by Audit. The explanation was accepted and **the para was settled.**

35. Para I.B.13: Page 156 – Excess Payment of Rs.93,659: (Public Health Engineering Division No.1 D.G.Khan)

Audit had observed: “A formation executed a non schedule item of A.C. pipe “B” class 14” internal dia and paid @ Rs.699.73 (319+119% premium) per rft instead of the admissible rate of Rs.319 per rft. This resulted in an overpayment of Rs.93,659 to the contractor in 1992.”

29-11-95: The Department informed the Committee that full recovery of Rs.46,525 had been made good from the running bill of the contractor and it had also been verified by Audit. **The para was settled.**

36. Para I.B.14: Page 156 – Excess Payment of Rs.104,820: (i) Public Health Engineering Division Bahawalnagar; (ii) Public Health Engineering Division R.Y.Khan

Audit had observed: “The formations made payment for the item of reinforced cement concrete

(RCC) in slab and back filling of earth in trenches @ Rs.21.05 per cft and Rs.58.70 per % cft instead of the admissible rate of Rs.15.70 per cft and Rs.37.80 per % respectively vide item No.13 (a) and 5(a)(ii)(3) pages-29 & 53 of the Composite Schedule of Rates (CSR) 1979. This resulted in an excess payment of Rs.104,820(34,512+70,308) to the contractors from July 1990 to February 1993.”

26-8-96: The Department explained that the amount of Rs.34,512 had been recovered and got verified by the Audit.

The PAC reduced the para to the extent of Rs.70,308 and kept it pending for balance recovery of Rs.70,308 and verification of the same by Audit.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

37. Para I.C.1: Page 157 – Excess Payment of Rs.65,286 to the Contractors: (i) Public Health Engineering Division No.1 Gujranwala; (ii) Public Health Engineering Division Jhang

Audit had observed: “A formation did not deduct the area of 13 Nos. manholes from reinforced cement concrete (RCC) pipes and plain cement concrete (PCC). While another formation did not deduct a quantity of 21581 cft earth available from the quantity of earth brought from outside for filling in streets. This resulted in an excess payment of Rs.65,286 (38,787+26,499) to the contractors in March, May and June 1993.”

29-11-95: Item No. (i) The Department was directed that contention of the Department about factual position might be got verified by Audit within one month.

Item No. (ii) The Department explained that the payment had been made for sewer pipeline from manhole to manhole and not at a stretch. Hence, no excess payment was involved. Subject to verification by Audit, the item was settled.

26-8-96: The Department explained that necessary recovery had been made and got verified by Audit. The explanation of the Department was accepted and **the para was settled.**

38. Para I.C.2: Page 157 – Over Payment of Rs.54,605 to the Contractor: (Public Health Engineering Division Khanewal)

Audit had observed: “A formation did not deduct 10% shrinkage allowance from the earth work as required under Note-2 of Composite Schedule of Rates 1979. This resulted in an over payment of Rs.54,605 to the contractors in 1992.”

26-8-96: The Department explained that full recovery had been effected and verified by the Audit. The Committee accepted the explanation and **the para was settled.**

39. Para I.C.3: Page 158 – Over Payment of Rs.73,453: (Public Health Engineering Division Rahimyar Khan)

Audit had observed: “A formation did not deduct the quantity of 4091 cft for core wall from the quantity of pacca brick work as required under technically sanctioned estimate. This resulted in an over payment of Rs.73,453 to the contractors in February 1993.”

26-8-96: The Audit apprised the PAC that the amount of para had been increased to Rs.86,000.

The Department explained that the recovery had been effected from the contractor. **The para was settled subject to** verification of recovery by Audit within two months.

40. Para I.D.1: Page 158 – Over Payment of Rs.82,444: (Public Health Engineering Division Gujrat)

Audit had observed: “A formation made separate payment for a trail bore which was subsequently converted into tubewells in violation of the provisions of the acceptance letter/ agreement. This resulted in an overpayment of Rs.82,444 to the contractor in March 1991 and June 1992.”

28-11-95: The **para was settled subject to verification** of record relating to trial boring and provision thereof in the estimate, within one month.

41. Para I.D.2: Pages 158-159 – Doubtful/Irregular Payment of Rs.621,947: (Public Health Engineering Division Sialkot)

Audit had observed: “A formation made a payment of Rs.621,947 on work order basis to various contractors for items of work, “bailing out water and earth filling”. No provision existed in technical sanctioned estimate. Exact location of site of work was not recorded in work order and measurement book. This resulted in an excess payment of Rs.621,947 due to irregular and doubtful measurement in December 1992 and January 1993.”

28-11-95: After hearing the Department explanation the PAC directed that the Secretary Administrative Department should conduct detailed inquiry into this para within one month. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

42. Para I.D.3: Page 159 – Over Payment of Rs.27,814: (Public Health Engineering Division Rahimyar Khan)

Audit had observed: “A formation manipulated record entries of earth work excavation, providing and fixing P.V.C. pipe and added the figure “10” to left hand side of the figure of 50 feet making to read 1050. The contents changed to 6300 cft and 1050 rft from 300 cft and 50 rft. Manipulation in the original record entries resulted in an excess payment of Rs.27,814 to a contractor in June 1989.”

26-8-96: The Department explained that as a result of inquiry it was found that overwriting was done just to correct the mistakes as the work was actually done at site. It was further found that no loss was sustained to the Government. However, the Sub-Engineer concerned had since expired.

The PAC directed the Department to produce the relevant record to Audit for verification of the factual position. **The para was settled subject to** verification of record by Audit.

43. Para I.E.1: Page 159-160 – Over Payment of Rs.89,193: (Public Health Engineering Division Khanewal)

Audit had observed: “A formation measured and paid the item of brick pavement twice in street No.1. This resulted in an overpayment of Rs.89,193 to a contractor in 1992.”

26-8-96: The Department explained that recovery had been effected and got verified by Audit.

The PAC observed that an inquiry be conducted to ascertain whether the overpayment was made due to the negligence or with intention. The inquiry may be completed within two months. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 26 August 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

44. Para II.A.1: Page 160 – Non-Recovery of Water Charges Amounting to Rs.112,915: (Public Health Engineering Division Khanewal)

Audit had observed: “A formation supplied water to various persons from January 1992 to June 1993 but did not recover water charges amounting to Rs.112,915 from them.”

26-8-96: The Department explained that recovery had been effected and got verified by Audit. **The para was settled.**

45. Para II-B.1: Page 161 – Non-recovery of Secured Advance – Public Health Engineering Division Khushab – Rs.210,811

Audit had observed: “A formation granted secured advance of Rs.96,600 to a contractor in May 1987 who abandoned the work in June 1990 after receiving the payment of Rs.618,199. The Department did not recover the secured advance of Rs.96,600 and interest amount of Rs.47,334 (11-5-87 to 10-6-1991) @ of 12% under clause 7 of the indenture bond vide Rule 7.34 of the Departmental Financial Rules along with 10% security of Rs.66,877. This resulted in non-recovery of Rs.210,811 from the contractor.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to**

the following direction –

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

46. Para II.C.1: Pages 161-162 – Irregular Expenditure of Rs.2,357,929: (Public Health Engineering Division No.1 Gujranwala)

Audit had observed: “A formation incurred an expenditure of Rs.2,357,929 upto December 1992 on annual repair and maintenance of water supply schemes without obtaining deposit from the Municipal Corporation concerned in contravention of the provisions of Rule 7.130 of the Departmental Financial Rules. The Department neither effected recovery nor placed the outstanding dues in the “Misc. P.W. Advances” to watch their recovery.”

29-11-95: The Committee was informed that an expenditure of Rs.2,357,929 had been incurred on the annual repair and maintenance of water supply schemes without obtaining deposit from the Municipal Corporation concerned. The Department explained that recovery of Rs.1,065,000 had been effected and verified by Audit and efforts were being made to recover the balance amount.

The Committee directed that the deduction should be made at source from the funds of concerned Local Body through the Finance Department and Department should move a case to Finance Department in this regard. The para was kept pending.

4-7-02: On consideration of the facts of the case, the Committee settled the para subject to the following direction –

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

47. Para II.D.1: Page 162 – Non-Recovery of Rs.564,483: (Public Health Engineering Division Jhang)

Audit had observed: “A formation made advance payments of Rs.564,483 to different agencies/ Government officials from July 1982 to April 1992, but these advances had not been recovered/ adjusted since then.”

26-8-96: The para was kept pending for want of audit comments.

4-7-02: On consideration of the facts of the case, the Committee settled the para subject to the following direction –

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

48. Para III.A.1: Page 163 – Loss of Rs.690,350: (Public Health Engineering Division Sialkot)

Audit had observed: “A formation did not utilize stock articles worth Rs.690,350 being in the stock since long and with the passage of time, these might go out of use. This resulted in a loss of Rs.690,350 to the Government.”

28-11-95: The Department explained that items had been circulated to other Divisions to ascertain their requirements. Accordingly these items would be disposed off according to requirement of other Divisions.

The PAC was not satisfied and observed that stock articles were lying un-used since 10 years and it seemed that these were purchased without any immediate requirement. As such the PAC directed that the Secretary of the Department should inquire into the matter to ascertain whether these articles were purchased without any requirement or not. If there was any immediate requirement then why these articles were not used. Inquiry should be completed within one month. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall take appropriate action to settle the matter. The action taken shall be reported to the Finance Department, the Assembly Secretariat and the Audit by 31 December 2002.

Finance Department shall monitor the implementation of the directive of the PAC.

49. Para III.A.2: Page 163 – Losses to Government – Rs.213,800: (Public Health Engineering Division Sialkot)

Audit had observed: “A formation purchased leveling instruments costing Rs.213,800 on work order basis from November 1992 to March 1993 and charged the expenditure to different drainage schemes which were already near completion. Moreover, neither the leveling instruments were purchased after obtaining approval of the competent authority as required under paragraph 4.38(2) of Buildings and Roads (B&R) Code nor were properly accounted for. This resulted in a loss of Rs.213,800 to the Government.”

28-11-95: The explanation of the Department that the instruments were purchased from the contingencies to carry out the survey work and charged to the schemes. The instruments were being utilised.

The PAC observed that purchases of leveling instruments involving huge amounts were made and charged to works while these instruments being T&P articles should have been charged to T&P accounts. The expenditure was splitted upto to avoid the sanction of higher authorities and open competition. The purchases had been made from two contractors prima facie the XEN/DDO concerned seemed to be responsible for the irregular purchases and splitting up the total purchase. The Administrative Secretary was directed to conduct inquiry against the XEN/DDO concerned and fix responsibility for disciplinary proceedings. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 28 November 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

50. Para III.A.3: Pages 163-164 – Losses of Rs.52,812 Due to Non-Utilization of Stock Articles: (Public Health Engineering Division Narowal)

Audit had observed: “A formation did not utilize stock articles worth Rs.52,812 since December 1985. With the passage of time these might have gone out of use resulting a loss of Rs.52,812 to the government.”

28-11-95: The Department explained that articles were consisting of 6” i/d strainer and A.C. pipes. The use of 6” i/d strainers was not in practice and case for their auction had been moved. The A.C. pipe had since been consumed.

The PAC was not satisfied with explanation and observed that these articles were lying unused since 12/1985 and when these articles were not required for immediate use then why these were purchased. Besides this by passage of time these articles might have become obsolete. The PAC directed that the following record pertaining to these articles might be produced to Audit for scrutiny and to ascertain:-

- (i) Why the stock was purchased without immediate requirement.
- (ii) Who was responsible for this un-necessary purchase.
- (iii) Whether the stock articles were existing or not.

The action should be completed within one month. The para was kept pending.

26-8-96: The Department explained that material was not purchased rather it was transferred from PHE Store Lahore to PHE Division Sialkot. The consumption/ accountal of the same had been shown to Audit. The explanation of the Department was accepted and **the para was settled.**

51. Para III.B.1: Page 164 – Non-Recovery of Income Tax – Rs.60,499: (i) (Public Health Engineering Division No.1 Mianwali); (ii) (Public Health Engineering Division Sargodha)

Audit had observed: “A formation did not recover 3% income tax on gross payments made to various contractors while another formation made payment of Rs.2,029,722 and deducted the income tax of Rs.31,883 instead of Rs.60,892 @ 3% on the gross amount payable to contractors as required under section 50(4) of Income Tax Ordinance 1979. This resulted in a loss of Rs.60,499 (31,490+29,009) to the government in 1990-91.”

26-8-96: The Department explained that the full amount of Income Tax had already deducted and there was no need of further recovery of Income Tax.

The Department was directed to produce the relevant record to the Audit for verification of factual position. **The para was settled subject to verification of record by Audit.**

52. Para III.B.2: Pages 164-165 – Loss of Rs.76,368: (Public Health Engineering Division Mianwali)

Audit had observed: “A formation made payment of Rs.4,857,671 and deducted income tax of Rs.69,362 instead of Rs.145,730 @ 3% on the gross value of work done payable to the contractors as required under section 50(4) of Income Tax Ordinance 1979. This resulted in a loss of Rs.76,368 to the government due to short recovery in 1990-91.”

26-8-96: The Department explained that the full amount of Income Tax had already deducted and there was no need of further recovery of Income Tax.

The Department was directed to produce the relevant record to the Audit for verification of factual position. **The para was settled subject to** verification of record by Audit.

53. Para III.B.3: Page 165 – Less Recovery of Income Tax of Rs.55,179: (Public Health Engineering Division Khushab)

Audit had observed: “A formation did not deduct income tax @ 3% as required under section 50(4) of Income tax Ordinance 1979 and deducted an amount of Rs.33,576 at lesser rates instead of Rs.88,755 against payments made to various contractors in December 1990, February and April 1991. This resulted in a loss of Rs.55,179 to the government.”

26-8-96: The Department explained that the full amount of Income Tax had already been deducted and there was no need of further recovery of Income Tax.

The PAC directed the Department to produce the relevant record to the Audit for verification of factual position. **The para was settled subject to** verification of record by Audit.

54. Para III.B.4: Pages 165-166 – Less Recovery of Income Tax of Rs.365,100: (Public Health Engineering Division Khushab)

Audit had observed: “A formation made payment of Rs.19,038,272 to various contractors during 1990-91 and deducted income tax of Rs.205,989 @ 3% on the net amount of bills payable instead of the gross amount of bills as required under section 50(4) of Income Tax Ordinance 1979. This resulted in a loss of Rs.365,100 (571,089-205,989) to the government.”

26-8-96: The Department explained that the full amount of Income Tax had already been deducted and there was no need of further recovery of Income Tax.

The PAC directed the Department to produce the relevant record to the Audit for verification of factual position. **The para was settled subject to** verification of record by Audit.

55. Para III.B.5: Page 166 – Loss to Government of Rs.108,021: (Public Health Engineering Division Sargodha)

Audit had observed: “A formation deducted income tax @ 3% on the amounts which were less than the actual payments made to various contractors during the period 1990-91. This resulted in a loss of Rs.108,021 to the government.”

26-8-96: The Department explained that the full amount of Income Tax had already been deducted and there was no need of further recovery of Income Tax.

The PAC directed the Department to produce the relevant record to the Audit for verification of factual position. **The para was settled subject to** verification of record by Audit.

56. Para III.C.1: Pages 166-167 – Loss of Rs.65,154: (i) Public Health Engineering Division Hafizabad; (ii) Public Health Engineering Division No.1 Gujranwala)

Audit had observed: “In a formation a contractor abandoned the work since October 1991, but neither the secured advance of Rs.31,275 plus Rs.5,629 interest thereon was recovered/adjusted from him nor the material for which secured advance paid was taken into account. While another formation did not forfeit the security deposit and additional earnest money as per decision of the competent authority. This resulted in a loss of Rs.65,154 (31,275+5,629+28,250) to the Government in November 1992.”

24-10-95: Necessary adjustment of forfeited security of the contractor was verified by the Audit and therefore, the para was settled.

29-11-95: The Department explained the position as under:-

Item No.(i)

Partial recovery of Rs.4,947 had been made from the security of the contractor leaving a balance of Rs.31,957. In the meantime the contractor went into arbitration and the next date had been fixed for 5-12-1995. **The item was kept pending for balance recovery.**

4-7-02: On consideration of the facts of the case, **the Committee settled the item subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

Item No.(ii)

Recovery of Rs.28,250 had been effected and verified by Audit. **The item was settled.**

57. Para III.C.2: Page 167 – Losses to Government – Rs.258,720: (Public Health Engineering Division Hafizabad)

Audit had observed: “A formation paid secured advance of Rs.206,250 for burnt bricks in May 1991 but neither the same was recovered from the contractor nor the material for which secured advance paid, was taken into account by the Department. This resulted in a loss of Rs.258,720 (206,250 plus 12% interest) to the government.”

24-10-95: The Department explained that an amount of Rs.111,260 had been recovered. The para was reduced to Rs.115,053 and kept pending for the recovery of same.

26-8-96: The Department explained that necessary recovery had been effected and got verified by Audit. The explanation of the Department was accepted and **the para was settled.**

58. Para III-D.1 (i) & (ii): Page 167 – Payments Made at Higher Rates – (i) Public Health Engineering Division Sargodha – (ii) Public Health Engineering Division Mianwali I&II – Rs.2,170,523

Audit had observed: “The formation paid the item of work providing and laying A.C pipe/G.I. pipe complete item on composite rates instead of labour rate as the pipe was to be supplied by the Department as per instructions of the Chief Engineer (North), Public Health Engineering Department Lahore of January 1990. Thus, the violation of the orders of the competent authority and incorrect orders of the mode of inviting tenders resulted in a loss of Rs.2,170,523 to the Government on account of excess payments to the contractors in 1990-91.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

59. Para III-D.2: Page 168 – Payments Made at Higher Rates – Public Health Engineering Division Sargodha – Rs.159,322

Audit had observed: “A formation accepted the tenders for providing and laying A.C. pipe line on composite schedule of rates instead of labour rates as the A.C pipe was available with the Department and was issued to the contractor. This resulted in a loss of Rs.159,322 to the Government in May 1990.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall investigate the matter and take disciplinary action, if necessary. The action taken shall be reported to the Assembly Secretariat, the Audit and the Finance Department by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

60. Para III.E.1: Pages 168-169 – Loss of Rs.152,114: (Public Health Engineering Division Narowal)

Audit had observed: “A formation allotted the balance work to another contractor at a high premia of 100%, 135%, 163% and 170% instead of the admissible premia of 65%, 85%, 101% and 135% respectively by ignoring the undertaking of the original contractor or by finalizing the original contract. This resulted in a loss of Rs.152,114 (128,968 + 23,146) to the Government in March 1989 and November 1991.”

28-11-95: The Department explained that under clause 42 of the agreement contractor was not bound to execute the work beyond 20% of allotted work. If more work was required the consent of the contractor was required. In this case the contractor did apply for enhancement of work, but before issuance of approval he withdrew his request.

The PAC was not convinced with the explanation and observed that contractor was willing for the enhancement of work upto 70,000 on the same rate and he did apply for the approved of the enhancement of work. The Department did not accept the request of the contractor and camouflage the irregularity placed an un-dated and un-diarised letter on the record to show the withdrawal of the contractor. The PAC directed the Secretary, Housing, Physical and Environmental Planning Department to hold an inquiry for fixing responsibility, effecting recovery of loss and necessary disciplinary action. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 28 November 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

61. Para III.F.1: Pages 169-170 – Loss of Rs.486,590: (Public Health Engineering Division Gujarat)

Audit had observed: “A formation accepted the tenders for the five works at 23.62, 25.12, 34.63, 37.65 and 38.10% above the cost of the technically sanctioned estimate against the admissible limit of 4.5% as laid down in para 2(ii) of the preface of Delegation of Financial Powers 1990. This resulted in a loss of Rs.486,590 to the Government from December 1991 to February 1993”

28-11-95: The para was kept pending for verification by Audit within one month.

4-7-02: Reiterating the decision of the PAC dated 28 November 1995, **the Committee settled the para subject to the following direction –**

The Department shall produce the relevant record for verification by the Audit and take further necessary action including recovery, if any, as per observation of the Audit after such verification. The action shall be completed, and reported to the Finance Department and the Assembly Secretariat by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

62. Para III.F.2: Page 170 – Loss to Government of Rs.191,855: (Public Health Engineering Division Gujarat)

Audit had observed: “A formation accepted the tenders from 9% to 40% higher than technically sanctioned estimates in violation of the ceiling fixed by the Government of 4.5% above as required under Delegation of Financial Powers 1990. This resulted in a loss of Rs.191,855 to the Government in 1991-92.”

24-10-95: The Public Accounts Committee directed the Department to seek the clarification from the Secretary Finance over the issue involved. It should be personally decided by the Finance Secretary. The para was kept pending for the decision of Secretary Finance Department.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

63. Para III-F.3: Page 170 – Acceptance of Tender at Higher Rates – Public Health Engineering Division Sargodha – Rs.86,756

Audit had observed: “Delegation of Financial Powers authorizes engineering Departments to accept tenders within 4.5% above the amount of technical sanctioned estimate. A formation accepted the tenders in August 1992 at 9.79% higher than technical sanctioned estimate in violation of the ceiling fixed by the Government of 4.5%. This resulted in a loss of Rs.86,756 to Government in August 1992.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall investigate the matter, recover the loss, if any, and get it verified by the Audit. Disciplinary action shall also be taken against the persons at fault. The action taken shall be reported to the Assembly Secretariat, the Audit and the Finance Department by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

64. Para III.F.4: Page 171 – Loss to Government of Rs.135,822: (Public Health Engineering Division Muzaffargarh)

Audit had observed: “A formation accepted the tenders at 25.2% above the technically sanctioned estimate against admissible limit of 4.5% as required under para 2(ii) of the preface to the Delegation of Financial Powers 1990. This resulted in a loss of Rs.135,822 to the Government in October 1991.”

26-8-96: The Department explained that scheme spread over the period from 89 to 91. The funds were released on yearly basis, therefore, the cost had gone up due to price escalation. However, the rate accepted by the Department were well within the permissible limit of excess of 4.5% over the rate notified by the Competent Authority for the preparation of estimate at the time of calling tenders. The estimate of the scheme was also revised. Technical sanction was issued accordingly. No loss was sustained to the government. The Department requested the PAC to condone the omission for not getting approval of the Competent Authority prior to the execution of the work.

The PAC observed that the Department, while executing any work and incurring the expenditure out of Government exchequer, should abide by the rules & regulations framed by the government. No work should be executed without getting the approval of the Competent Authority. The Department was directed to enquire about the reasons leading to the increase of T.S. by 25.20% over and above the Administrative Approval. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

65. Para III.G.1: Pages 171-172 – Loss of Rs.59,322: (Public Health Engineering Division Sialkot)

Audit had observed: “A formation unauthorisedly split up a work into eleven groups without obtaining orders of the Chief Engineer. Four groups were awarded after calling the tenders whereas the remaining seven groups were allotted to seven contractors on work order basis for Rs.50,000 each which were subsequently enhanced to Rs.500,000 by the divisional officer. This resulted in a loss of Rs.59,322 to the Government in November 1992.”

28-11-95: The Department explained that XEN concerned was being proceeded against. He had been charge sheeted and further action was with the competent authorities. On receipt of report from the competent authorities the action would be completed against the defaulters.

The Department was directed to complete the inquiry/action within 2 months. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 28 November 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

66. Para IV.A.1: Page 172 – Irregular/Unauthorised Payments- Rs.343,986: (Public Health Engineering Division No.1 Rawalpindi)

Audit had observed: “A formation executed an item of coursed rubble masonry dressed and paid @ Rs.763.45 per % cft instead of the admissible item of dry masonry (without cement and sand mortar) @ Rs.371.45 per % cft as provided in the detailed technical sanctioned estimate. This resulted in an un-authorised payment of Rs.343,986 to a contractor in January 1993.”

29-11-95: The Committee directed that all the record i.e. (i) original T.S. estimate (ii) original Administrative approval and (iii) DNIT. BOQ, contract agreement & related M.Bs might be produced to Audit for verification within one month. **The para was kept pending.**

26-8-96: The Department explained that as per directive of PAC, the requisite record had been got verified by Audit. The explanation was accepted and **the para was settled.**

67. Para IV.A.2: Page 173 – Irregular/Unauthorised Payments- Rs.43,746: (Public Health Engineering Division Narowal)

Audit had observed: “A formation made payment to a contractor on account of PVC sockets in contravention of Chief Engineers orders of January 1985. This resulted in an un-authorised payment of Rs.43,746 to the contractor in August and October 1986.”

28-11-95: **The para was settled subject to verification** of relevant record by Audit with reference to the contention of the Department.

68. Para IV.A.3: Page 173 – Irregular/Unauthorised Payments- Rs.450,450: (Public Health Engineering Division Sialkot)

Audit had observed: “A formation purchased chain pullies, centrifugal sullage pumps and diesel engines on work orders basis for which no provision was made in the detailed technical sanctioned estimates of the schemes. This resulted in an irregular expenditure of Rs.450,450 in November and December 1992.”

28-11-95: The Department explained that purchases were not made from the local market. The purchases were made after adopting proper procedure by calling competitive tenders. The expenditure had been charged to the contingency of the work.

The PAC was not satisfied and directed that a joint inquiry might be held by Chief Engineer South and Director General, Audit (Works). The inquiry should be completed within 3 months. The PAC also directed that Department would provide Secretariat services for the inquiry. The para was kept pending.

4-7-02: The Committee decided that the facts of the case required further examination. For the purpose, the Department shall **submit the requisite working paper**, containing the comments of the Audit.

69. Para IV.A.4: Pages 173-174 – Irregular/Unauthorised Payments – Rs.216,373: (Public Health Engineering Division Multan)

Audit had observed: “A formation paid such items of work which were not provided in the original scope of work technically sanctioned by the competent authority. This resulted in an unauthorized expenditure of Rs.216,373 in June and September 1992.”

26-8-96: The Committee kept the para pending till next meeting for want of Audit comments.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

70. Para IV.A.5: Page 174 – Irregular/Un-Authorised Payments- Rs.252,928: (Public Health Engineering Division Muzaffargarh)

Audit had observed: “A formation got executed such items of works which were not provided in the original scope of work duly technically sanctioned by the competent authority. This resulted in an un-authorised expenditure of Rs.252,928 in November 1991 and October 1992.”

26-8-96: The Department explained that expenditure was incurred by arranging revised Technical sanction. The record in this regard had also been verified by Audit. Anyhow, the sanction of the Competent Authority prior to execution of work could not be arranged which may be condoned.

The PAC directed the Department to issue instructions to all concerned that in future no work would be executed without Administrative Approval and Technical Sanction. In case of any change in the work to be executed, the Technical Sanction and Administrative Approval should be revised prior to the execution of work. With these instructions, **the para was settled.**

71. Para IV-B.1: Page 174 – Irregular Enhancement of Agreement – Public Health Engineering Division Mianwali – Rs.711,000

Audit had observed: “A formation executed a contract for Rs.275,192 which was subsequently enhanced upto Rs.986,192 without obtaining approval of the competent authority. This resulted in an un-authorized expenditure of Rs.711,000 in January 1992.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

72. Para IV.B.2: Page 175 – Irregular/Un-Authorised Payments- Rs.22,038,400: (Public Health Engineering Division No.1 Gujranwala)

Audit had observed: “A formation executed 89 agreements with various contractors during 1991-92 with agreed amounts ranging from Rs.49,673 to Rs.313,459 which were subsequently enhanced for amounts ranging from Rs.70,000 to Rs.560,000 without the approval of the competent authority. This resulted in an un-authorized expenditure of Rs.22,038,400.”

29-11-95: The Administrative Secretary felt that the para needed detailed inquiry. The Department was accordingly directed to hold a detailed inquiry in the matter and take action accordingly. Para was kept pending.

4-7-02: The Committee decided that the facts of the case required further examination. For the purpose, the Department shall **submit the requisite working paper**, containing the comments of the Audit.

73. Para IV.B.3: Page 176 – Irregular/Un-Authorised Payments- Rs.15,549,625: (Public Health Engineering Division Sheikhpura)

Audit had observed: “A formation executed agreements with the various contractors during 1990 and 1991-92 with agreed amounts ranging from Rs.51,600 to Rs.502,350 which were subsequently enhanced ranging from Rs.150,000 to Rs.2,000,000 without the approval of the competent authority. This resulted in an un-authorized expenditure of Rs.15,549,625.”

24-10-95: The Department explained that S.E. was competent to enhance the rate/work and enhancement under objection was made under his order. Therefore, the same was quite in order.

The PAC observed that regardless of the competency of the S.E. the enhancement was made time and again and therefore, seemed unreasonable. The PAC desired that the Finance Department should thrash out the matter, take a policy decision and amend the rules.

The PAC further decided that all paras relating to “enhancement” will be considered in the personal presence of the Finance Secretary in the next meeting for which he will be specially invited. The para was kept pending.

4-7-02: The Committee decided that the facts of the case required further examination. For the purpose, the Department shall **submit the requisite working paper**, containing the comments of the Audit.

74. Para IV.B.4: Page 176 – Irregular/Un-Authorised Payments- Rs.1,204,000: (Public Health Engineering Division Okara)

Audit had observed: “A formation enhanced the agreement of a work twice firstly in October 1991 from Rs.62,416 to Rs.480,000 and secondly from Rs.480,000 to Rs.1,204,000 without formal approval of the competent authority. This resulted in an irregular expenditure of Rs.1,204,000 in 1991.”

24-10-95: This para also involved the enhancement of tender/agreement cost without formal

approval of the Competent Authority.

The PAC kept the para pending and decided to invite the Secretary, Finance Department for his views about the above 3 paras i.e. Para No.III-F.2, Para No.IV.B.3 and Para No.IV.B.4 involving the enhancement of amounts of agreements.

4-7-02: The Committee decided that the facts of the case required further examination. For the purpose, the Department shall **submit the requisite working paper**, containing the comments of the Audit.

Housing and Physical Planning Works Audit

75. Para I.A.1: Page 181 – Excess Payment to Contractor – Rs.58,538: (Housing and Physical Planning Division Rawalpindi)

Audit had observed: “A formation measured and paid a quantity of 562336 cft of earth work instead of the admissible quantity of 401562 cft computed on the basis of cross section duly approved by the competent authority. This resulted in an excess payment of Rs.58,538 to a contractor in March 1993.”

25-9-95: The para was settled subject to verification of revised Technical Sanction, Agreement and other documents by Audit.

76. Para I.A.2: Pages 181-182 – Excess Payment to Contractor – Rs.53,600: (Housing and Physical Planning Division Township Lahore)

Audit had observed: “A formation laid 150 Nos pipe lines for making new connection with existing manholes and made payment for 335 Nos. connections instead of the admissible connections of 201 Nos. This resulted in an excess payment of Rs.53,600 to the contractors in February and March 1992.”

25-9-95: The para was settled subject to verification of PC-I, Technical Sanction Estimate, relevant M.Bs, Final Bill and analysis of the total number of connections by Audit.

77. Para I.A.3: Page 182 – Excess Payment to Contractor – Rs.76,594: (Housing and Physical Planning Division D.G.Khan)

Audit had observed: “A formation failed to recover an excess payment of Rs.76,594 from a contractor in November 1985. This resulted in non-recovery of Rs.76,594 of Government dues for more than eight years.”

25-9-95: The Department explained that an amount of Rs.44,638 had been recovered and for the balance recovery of Rs.31,956 all out efforts are under way to made good the same as arrears of land revenue.

The PAC directed that officer who made the overpayment might be proceeded against as he was responsible for the loss. Balance recovery might be imposed upon him and recovery be effected from him. This action should be completed within 2 months. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 25 September 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

78. Para I.B.1: Pages 182-183 – Excess Payment to Contractor – Rs.43,977: (Housing and Physical Planning Division Rawalpindi)

Audit had observed: “A formation executed the item of laying of asbestos cement pipe 3 & 4 inch dia and paid labour rate of Rs.18 and Rs.22 per rft as non-schedule item instead of scheduled rate of Rs.1.90 and Rs.2.19 per rft respectively vide item No.21 page 192 of the Composite Schedule of Rates 1979. This resulted in an excess payment of Rs.43,977 to a contractor in March 1992.”

25-9-95: The Department explained that excess paid amount was Rs.11,000 and not Rs.43,977 as mentioned by Audit. The Department was directed to reconcile the figures with Audit and effect recovery. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 25 September 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

79. Para I.B.2: Page 183 – Excess Payment to Contractor – Rs.183,422: (Housing and Physical Planning Division Township Lahore)

Audit had observed: “A formation executed the item of mild steel pipe 4, 6, 15, 16 and 18 inches dia and paid non-schedule rates of Rs.140, Rs.175 and Rs.1,150 per rft instead of the admissible rate of Rs.64.35, Rs.111.83 and Rs.366.60 per rft available in the Composite Schedule of Rates 1979. This resulted in an excess payment of Rs.183,422 to the contractors in December 1991.”

25-9-95: Explanation of the Department was accepted, **the para was settled. Subject to** verification of record relating to Standing Rate Committee by Audit.

80. Para I.C.1: Pages 183-184 – Excess Payment to Contractor – Rs.36,362: (Housing and Physical Planning Division Rawalpindi)

Audit had observed: “A formation made payment of Rs.707,630 for work done instead of the

admissible amount of Rs.671,268 due to mis-calculation. This resulted in an overpayment of Rs.36,362 in March 1993.”

25-9-95: The Department explained that after verification the amount of the para had increased to Rs.178,693 which had been adjusted in the running bills. **The para was settled subject to verification of the final bill by Audit.**

81. Para II.A.1: Page 184 – Non-Recovery of Government Dues – Rs.33,302,356: (Housing and Physical Planning Division Rawalpindi)

Audit had observed: “A formation did not recover a sum of Rs.33,302,356 on account of sale of plots and water charges during 1992-93. This resulted in non-recovery of government dues of Rs.33,302,356.”

25-9-95: The para was settled subject to verification of record relating to recovery by Audit.

82. Para II.B.1: Pages 184-185 – Non-Recovery of Government Dues – Rs.8,272,487: (Housing and Physical Planning Division Gujranwala)

Audit had observed: “A formation made advance payments to different divisions from December 1986 to October 1991 on account of cost of bitumen. Neither the bitumen received nor the advance payments were taken back. This resulted in non-recovery of Rs.8,272,487 since December 1986.”

25-9-95: The Department explained that actual amount recoverable was Rs.4,043,380 and not Rs.8,272,487 as pointed out by Audit. An amount of Rs.525,478 has already been adjusted in the monthly account for 6/1993. The remaining recoverable amount was Rs.3,517,881. Bitumen issued to Area Development Scheme was also lying un-used there since 1986 cost of which was also to be adjusted against the recoverable amount.

The PAC directed to reconcile the figures of recoverable amount with Audit and recovery so far effected might be verified by Audit. Both the action should be completed within one month. Remaining recovery/adjustment should be finalized without further loss of time.

The PAC also decided that bitumen laying at Rawalpindi since 1986 and related record would physically be checked by Mr. S.A.Hameed, MPA. The para was kept pending.

4-7-02: Pursuant to the directive of the PAC dated 25 September 1995, **the Committee settled the para with the direction that** the figures be reconciled with Audit, recovery be effected, adjustments be made and got verified from the Audit by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

83. Para III.1: Page 185 – Non-Accountal of Government Material – Rs.109,100: (Housing and Physical Planning Division Township Lahore)

Audit had observed: “A formation purchased material worth Rs.109,100 in August and September 1992, but its accountal and consumption was not forthcoming from the record. The possibility of its mis-appropriation in the absence of bonafide consumption could not be ruled out.”

25-9-95: The Department promised to produce relevant record to Audit for verification. **The PAC settled the para subject to** verification of record by Audit.

84. Para IV.1: Pages 185-186 – Extra Expenditure – Rs.235,313: (Housing and Physical Planning Division Faisalabad)

Audit had observed: “A formation awarded the remaining work of a defaulting contractor to another contractor in June 1992 at the higher rates without taking any action under clause 3 of the contract agreement in September 1990. This resulted in an extra expenditure of Rs.235,313 in June 1992.”

25-9-95: The Department explained that 98% work was done by the first contractor M/s Ch. Traders and remaining work was awarded to another contractor considering the same a separate unit of work.

The Audit pointed out that work awarded to the 2nd contractor was not a separate unit of work rather part and parcel of the major work. Therefore, the same should had been got completed by the 1st contractor and if he was not willing then the same should had been awarded to the 2nd contractor on the risk and cost of 1st contractor. Therefore, the excess paid amount might be recovered from the officer who set free the first contractor of his responsibility and awarded the remaining work to another contractor on higher rates.

The PAC was not satisfied with the explanation of the Department and observed that the amount of extra expenditure of Rs.235,313 be recovered from the officer responsible besides taking disciplinary action against him.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 25 September 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

Lahore Development Authority Works Audit

85. Para I.A.1: Page 190 – Excess Payment to Contractors – Rs.212,847: (ADS-I LDA U.D. Wing)

Audit had observed: “A formation made an excess payment of Rs.212,847 due to excessive measurements for the item providing/laying base course and sub-base course to the contractor in 1992.”

30-11-95: The Department explained that during the execution of work the plan of the area of Group-V was revised which increased the length of road. As per revised Technical Sanction estimate sanctioned by the Competent Authority there was no double entry and contractor was paid for the actual work done.

The PAC was not satisfied and observed that final bill of the contractor had gone into minus of Rs.91,403 which decided that advance payment was made to the contractor.

The Department apprised the PAC that amount of Rs.91,403 pertaining to hire charges of machinery given to the contractor by another Division. The said amount of Rs.91,403 had been recovered from the security of the contractor.

The PAC directed the Director General, LDA to probe the matter to ascertain the factual position about the excess measurement of work and final bill of the contractor being minus. The factual position so ascertained might be got verified by Audit. The para was kept pending.

20-7-99: The Department explained that recovery had been made from the security of the contractor.

The PAC did not feel satisfied with the Departmental explanation as previous directive of the PAC dated 30-11-95 had not been complied with wherein the Department had been directed to probe into the matter to ascertain the factual position about the excess measurement of work because the final bill of the contractor was minus. But, the report of the probe into the matter by the D.G. LDA had not been presented to the PAC. Therefore, the PAC directed the Department to comply with the previous directive of PAC dated 30-11-95 in letter & spirit. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

86. Para I.A.2: Pages 190-191 – Excess Payment to Contractors -Rs.70,976: (Road Division No.II LDA U.D.Wing)

Audit had observed: “A formation made excessive measurements for an item of work “deep patching” than provided in the technically sanctioned estimate, double measurement of same quantities of sub-base and base course and miscalculation of contents of certain items of work. This resulted in an excess payment of Rs.70,976 (46,650 + 24,416) to the contractors in 1992.”

30-11-95: Item (a) The Department explained that provision of 5% area of the existing road for deep patching clearly indicated that quantity of work was approximate. The area under deep patching was measured/paid according to the site conditions/requirement. The para was kept pending for verification by Audit.

Item (b) The Department explained that the over payment pointed out by Audit had been made due to mis-calculation and not due to wrong record entries. The bill of the contractor had been rechecked and calculations had been corrected accordingly. Hence no over-payment was made. The para was kept pending for verification by Audit.

4-7-02: Reiterating the decision of the PAC dated 30 November 1995, **the Committee settled the para subject to the following direction –**

The Department shall produce the relevant record for verification by the Audit and take further necessary action including recovery, if any, as per observation of the Audit after such verification. The action shall be completed, and reported to the Finance Department and the Assembly Secretariat by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

87. Para I.A.3: Page 191 – Excess Payment to Contractors -Rs.70,204: (Road Division No.II LDA U.D.Wing)

Audit had observed: “A formation made an over payment of Rs.70,204 due to non-deduction of the area/volume of existing manholes from the new constructed road crust in 1992.”

30-11-95: The representative of the Department explained that the recovery amounting to Rs.70,204 objected to by Audit would be recovered from the final bill of the contractor which will be paid when funds would be available.

The para was settled subject to verification of final bill of the contractor and recovery there from by Audit.

88. Para I.A.4: Page 191 – Excess Payment to Contractors – Rs.103,432: (Road Directorate LDA U.D.Wing)

Audit had observed: “A formation made a payment of Rs.103,432 due to excessive measurement for the item of “providing/laying tack coat and 1.5 inch thick carpeting” without the provision in the technical sanctioned estimate. This resulted in an excess payment of Rs.103,432 to a contractor in 1992.”

30-11-95: The Department explained that additional work executed was covered in the revised Technical Sanction. The additional work was done as per orders of the Director General and covered by revised Technical Sanction. The para was kept pending for complete verification of record by Audit, within a week.

4-7-02: Reiterating the decision of the PAC dated 30 November 1995, **the Committee settled the para subject to the following direction –**

The Department shall produce the relevant record for verification by the Audit and take further necessary action including recovery, if any, as per observation of the Audit after such verification. The action shall be completed, and reported to the Finance Department and the Assembly Secretariat by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

89. Para I.A.5: Page 192 – Excess Payment to Contractors – Rs.61,144 (This item Rs.27,700): (i) Mechanical Division LDA U.D.Wing; (ii) Deputy Director Engineering-ICMP Cell LDA UD Wing)

Audit had observed: “A formation made short recovery of Rs.33,442 from the contractor due to miscalculation of working hours of the pre-mixed plant. While another formation did not deduct the quantity of 138.31 cubic meter granular bedding under reinforced cement concrete pipe from the area of manholes constructed by brick masonry. This resulted in an over payment of Rs.61,144 (27,702+23,205+10,237) in January 1991 and 1992.”

30-11-95: Item A The Department explained that recovery amounting to Rs.27,702

had been effected from the contractor. **The item was settled subject to verification of record relating to recovery by Audit.**

Item C The Department explained that recovery amounting to Rs.10,237 had been effected and verified by Audit. **The item was settled.**

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount (Rs. 23,205) shall be recovered and reported to the Audit for verification by 31 December 2002. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

90. Para I.A.6: Page 192 – Excess Payment to Contractors – Rs.20,318: (A.D.S.II Division No. II Lda UD Wing)

Audit had observed: “A formation measured and paid the items of sub-base, base course and earth work twice in a length of 960 rft. This resulted in an overpayment of Rs.40,572 (20,318 +20,254) in 1992.”

30-11-95:

Part-A

The Department explained that amount of Rs.20,318 had been effected and verified by Audit. **Therefore, the item was settled.**

Part-B Over Payment of Rs.20,254

The item was settled subject to verification of final bill.

91. Para I.A.7: Pages 192-193 – Excess Payment to Contractors – Rs.122,711: (Road Division No.II LDA U.D.Wing)

Audit had observed: “A formation measured and paid the item of tack coat and 1.5 inch thick carpeting twice in a length of 991 rft in Ahmed block. This resulted in an overpayment of Rs.122,711 to a contractor in June 1992.”

30-11-95: The Department was directed to produce the relevant record to Audit i.e. M.B. No. 2,092/5573 containing pages from 42 to 49 and Technical Sanction Estimate for verification. **The para was settled subject to verification of record by Audit.**

92. Para I.B.1: Page 193 – Higher/Incorrect Rates of Rs.236,366 (Rs.210,102 + Rs.26,264): (i) Director Administration LDA U.D.Wing; (ii) Electrical Division No.I LDA U.D.Wing)

Audit had observed: “A formation made an over payment of Rs.210,102 due to execution of an item of work on item rate/tender rate instead of Composite Schedule of Rates (CSR) 1979, in contravention to the instructions contained in the preface of Composite Schedule Rates. While another formation allowed deputation allowance at higher rate than admissible rate. This resulted in an over payment of Rs.236,366 (210,102+26,264) in 1991-92.”

30-11-95: The para was settled subject to verification of record pertaining to recovery by Audit.

93. Para I.B.2: Pages 193-194 – Higher/Incorrect Rates of Rs.1,066,502: (ADS-II LDA UD Wing)

Audit had observed: “A formation made an over payment of Rs.1,066,502 due to allowing incorrect rate for dressing of earth in addition to the compaction rate. This resulted in a overpayment of Rs.1,066,502 to the contractor.”

30-11-95: The Department was directed to produce the complete relevant record to Audit for detailed scrutiny of the same within one month. The para was kept pending.

4-7-02: Reiterating the decision of the PAC dated 30 November 1995, **the Committee settled the para subject to the following direction –**

The Department shall produce the relevant record for verification by the Audit and take further necessary action including recovery, if any, as per observation of the Audit after such verification. The action shall be completed, and reported to the Finance Department and the Assembly Secretariat by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

94. Para I.B.3: Page 194 – Higher/Incorrect Rates of Rs.91,467: (Buildings Division No.I LDA UD Wing)

Audit had observed: “A formation executed an item of providing and fixing deodar wood almirah and paid a rate of Rs.91.75 per sft instead of the admissible rate of Rs.60.49 per sft. This resulted in an overpayment of Rs.91,467 to a contractor in 1992.”

30-11-95: The Department explained that recovery of Rs.91,467 had been effected.

The PAC was not satisfied with mere recovery of the over paid amount. Therefore, the Department was directed that responsibility for the over payment might be fixed and defaulter be proceeded against for disciplinary action. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 30 November 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

95. Para II.1: Page 194 – Non-Recovery of Government Dues – Rs.11,060,355: (i) Mechanical Division LDA UD Wing; (ii) Project Director Race Course Park LDA UD Wing)

Audit had observed: “The formation did not recover Rs.11,028,848 from various agencies/contractors on account of hire charges for different kinds of machinery lent out to them and rent of a canteen for the period of lease (10 October to 24 November, 1992) from the lessees. This resulted in non-recovery of Rs.11,060,355 (11,028,848 + 31,507) in 1991-92.”

30-11-95: The Department explained that the total recovery had been effected and verified by Audit. **The para was settled.**

96. Para III.1: Page 195 – Un-Authorised Payments- Rs.44,695: (Road Division No.III LDA UD Wing)

Audit had observed: “A formation executed the items of sub-base course and road edging and made payment for a quantity of 3990 cft and 100 rft respectively without any provision in the typical cross section/drawing and in the detailed estimates of these streets. This resulted in an irregular payment of Rs.44,695 to a contractor in 1991.”

30-11-95: The factual position was verified by Audit and found correct. **The para was settled.**

97. Para III.2: Page 196 – Un-Authorised Payments – Rs.105,235: (Road Division No.III LDA UD Wing)

Audit had observed: “A formation executed the item of sub-base course and made payment for a quantity of 10534 cft without any provision in the typical cross section/drawing and in the detailed estimates. This resulted in an un-authorised payment of rs.105,235 to a contractor in 1991.”

30-11-95: The para was settled subject to verification of relevant record by Audit.

98. Para III.3: Page 196 – Unauthorised Payments – Rs.480,066: (Buildings Division No.I LDA UD Wing)

Audit had observed: “A formation made payment for re-carriage of material separately for which separate payment was made on the Composite Schedule of Rates (CSR) 1979 as finished item. This resulted in an irregular payment of Rs.480,066 to a contractor in August 1992.”

30-11-95: The Department explained that work was executed for the construction of a school in side the walled city. Since the work was to be executed inside the walled city, the 10% difference of premium on work was incorporated in terms of rehandling of material in accordance with the circular of Chief Engineer issued in 8/1991.

The PAC directed the Director General, LDA to inquire the matter for ascertaining the factual position, to fix responsibility and recovery from the defaulter. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 30 November 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

99. Para III.4: Page 197 – Unauthorised Payments – Rs.104,337: (Buildings Division No.I LDA UD Wing)

Audit had observed: “A formation made payment for removal of dismantled material which was the responsibility of the contractor as per agreement. This resulted in an un-authorised payment of Rs.104,337 to a contractor in August 1992.”

30-11-95: The Department explained that recovery of Rs.104,337 had been effected and verified by Audit.

The PAC was not satisfied with the mere recovery and directed that person responsible for un-authorised payment might be proceeded against for disciplinary action on the charge of temporary embezzlement. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 30 November 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

100. Para III.5: Page 197 – Un-Authorised Payments- Rs.80,964: (Katchi Abadies (Engineering) LDA UD Wing)

Audit had observed: “A formation made payment of Rs.777,835 instead of the admissible payment of Rs.696,871 against the instructions of the Finance Department’s letter of 27 March, 1990. This resulted in a loss of Rs.80,964 in December 1991.”

30-11-95: The Department explained that work was executed for the construction of a school inside the walled city. Since the work was to be executed inside the walled city, the 10% difference of premium on work was incorporated in terms of rehandling of material in accordance with the circular of Chief Engineer issued in 8/1991.

The PAC directed the Director General, LDA to inquire the matter for ascertaining the factual position, to fix responsibility and recovery from the defaulter. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 30 November 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

101. Para III.6: Page 197 – Un-Authorised Payments – Rs.87,240: (Administration Directorate LDA UD Wing)

Audit had observed: “A formation made payment of Rs.87,240 on account of encashment of Leave on Full Pay (LFP) to deputationist in contravention to the Finance Department’s notification of 13 July 1991. This resulted in an un-authorised payment of Rs.87,240 in 1992.”

30-11-95: The Department made payment of Rs.87,240 on account of encashment of Leave on Full Pay to deputationist in contravention to the Finance Department’s standing orders

on the subject.

The PAC directed the Department to effect recovery from the person concerned. The recovery be made by Accountant General, Punjab, at source. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 30 November 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

102. Para III.7: Page 198 – Un-Authorised Payments- Rs.109,614: (Administration Directorate LDA UD Wing)

Audit had observed: “A formation made advance payment of rs.109,614 to the Director Estate Management, a non-technical officer on account of travelling and daily allowance for visit to United Kindom from 28 December 1992 to 6 January 1993 on study tour of conservation projects instead of an Engineer already deputed/posted on the conservation projects. This deputation of a non-technical officer for study was mis-utilizations of Human/Financial resources worth Rs.109,614.”

30-11-95: The explanation of the Department was accepted and **the para was settled.**

Faisalabad Development Authority, Faisalabad Works Audit

103. Para I.A.1: Page 203 – Excess Payment to Contractors – Rs.59,357: (Deputy Director Construction-I DC-II FDA)

Audit had observed: “A formation did not deduct the areas of 380 Nos. manholes from the total quantity of pipe paid to the contractor. This resulted in an excess payment of Rs.59,357 in February and September 1990.”

26-9-95: The Department explained that recovery of the excess payment had been effected. The Committee did not consider the recovery sufficient and directed that criminal proceedings should be initiated with the Anti-Corruption Department against the officer responsible for the over-payment. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 26 September 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and

the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

104. Para I.A.2: Pages 203-204 – Excess Payment to Contractors – Rs.67,814: (Deputy Director UD-III FDA)

Audit had observed: “A formation did not make deduction @ Rs.8.10 for each 100mm for L.T. structure from the contractor’s bill as required under remarks against item No.61 page-218 of Composite Schedule of Rates (CSR) 1979. While in another case the formation executed the item of reinforced cement concrete (RCC) and paid RCC pipes of various size in excess of the length of trenches excavated for the purpose. This resulted in an overpayment of Rs.67,814 (24,536+43,278) in January and June 1990.”

26-9-95: The Committee directed that–

- (i) Recovery of Rs.24,536 should be effected from the contractor within one month and got verified by Audit.
- (ii) The record should be produced to Audit for verification.

The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 26 September 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

105. Para I.A.3: Page 204 – Excess Payment to Contractors – Rs.105,682: (Deputy Director O&M (East) WASA FDA)

Audit had observed: “A formation did not deduct the length occupied by 896 manholes from the quantity of reinforced cement concrete (RCC) pipe. This resulted in an excess payment of Rs.105,682 to the contractors in March 1989 and October 1990....The matter was brought to the notice of the Administrative Secretary in January 1991 and also discussed in the Departmental Accounts Committee (DAC) meeting in June 1993. The recovery of Rs.14,802 was verified and amount of para was reduced to Rs.105,626 (120,428 – 14,802). No further progress of recovery was intimated.”

26-9-95: The break-up of the amount was as under:-

Para:2, Rs.61,751/11	The Committee directed that the recovery of Rs.69,305/79 be got verified by Audit. Moreover the officers/officials responsible for this over-payment may be proceeded against under E&D Rules.
Para:2A, Rs.1,408/08	
Para:2B, Rs.1,146/60	
Para:2C, Rs.43,876/00	
Para:2D, Rs.12,246/00	

The Departmental contention that no over-payment is involved, may be got verified by Audit. If, however, over payment is established, the officers/officials responsible for over-payment might be proceeded against under E&D Rules, besides making the recovery.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 26 September 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

106. Para I.B.1: Pages 204-205 – Excess Payment to Contractors – Rs.56,419: (Deputy Director Hydrology WASA FDA)

Audit had observed: “A formation allowed escalation for steel in January 1992 for which secured advance was also allowed in violation of Finance Department’s instructions of May 1987 and terms of the agreement. This resulted in an excess payment of rs.56,419 in June 1989.”

26-9-95: The Department contended that the escalation was paid according to the contract agreement approved by Asian Development Bank.

The para was settled, subject to verification of the contention of the Department by Audit.

107. Para I.C.1: Page 205 – Excess Payment to Contractors – Rs.35,571: (Deputy Director Hydrology WASA FDA)

Audit had observed: “A formation paid cost escalation on steel @ Rs.8,600 and Rs.8,700 per metric ton instead of the admissible rate of Rs.6,900 and Rs.7,000 per metric ton in 1988-89. This resulted in an excess payment of Rs.35,571 to a contractor.”

26-9-95: The Department contended that the price variation was to be calculated on the base price prevalent during the month of last day of submission of tenders.

The para was settled, subject to verification of the contention of the Department by Audit.

108. Para I.C.2: Pages 205-206 – Excess Payment to Contractors – Rs.1,37,042: (Construction-I WASA FDA)

Audit had observed: “A formation executed the item of reinforced cement concrete 1:1.5:3 in base slabs of pump house and paid a rate of Rs.22.65 per cft instead of the admissible rate of Rs.17.65 per cft as per item No.5(a)(ii) page 53 of the Composite Schedule of Rates 1979. This resulted in an overpayment of Rs.137,042 to a contractor in 1992”

26-9-95: The Audit pointed out that an over-payment of Rs.58,870 had been made to the contractor due to higher rates pertaining to base slab with shuttering. The Committee directed that recovery of Rs.58,870 should be effected and criminal proceedings should also be initiated against the officer responsible for the excess payment.

As per the side-walls and the amount involved was concerned, the explanation of the Department was accepted and the amount of the para was reduced to the above amount. The

para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 26 September 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

109. Para I.C.3: Page 206 – Excess Payment to Contractors – Rs.53,796: (Deputy Director II WASA FDA)

Audit had observed: “A formation made payment of Rs.97,158 for an additional work installation of tubewell for fire fighting purpose instead of the admissible payment of Rs.43,362 as per contract agreement and the Composite Schedule of Rates 1979. This resulted in an excess payment of Rs.53,796 to a contractor in 1992.”

26-9-95: The Department was directed to refer the matter to the Standing Rates Committee for clarification. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para with the direction** that the Department should take appropriate action in the light of the decision of the Standing Rates Committee. The action taken shall be reported to the Finance Department, the Assembly Secretariat and the Audit by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

110. Para I.D.1: Pages 206-207 – Excess Payment to Contractors – Rs.115,809: (Deputy Director Roads FDA)

Audit had observed: “A formation executed the item of triple surface treatment and paid a quantity of 70589 sft instead of the admissible quantity of 22335 sft provided in the sanctioned estimate. This resulted in an excess payment of Rs.115,809 to a contractor in December 1989.”

26-9-95: The para was settled subject to verification of relevant record by Audit.

111. Para I.D.2: Page 207 – Excess Payment to Contractors – Rs.415,000: (Deputy Director -II WASA FDA)

Audit had observed: “A formation deducted an amount of Rs.415,000 from the running bill of a contractor paid in April 1991 due to difference in thickness of mild steel sheet used by the contractor in casing pipe for crossing under canals/drains. The contractor used 10 mm thick sheet instead of 12mm thick sheet provided in the contract/technical sanctioned estimate, but the amount of Rs.415,000 was released in the next bill. This resulted in an overpayment of Rs.415,000 to a contractor in September 1991.”

26-9-95: The Committee directed that the escalation allowed to the contractor may be got verified by Audit. The para was kept pending for verification by Audit.

4-7-02: Reiterating the decision of the PAC dated 26 September 1995, the Committee settled the para subject to the following direction –

The Department shall produce the relevant record for verification by the Audit and take further necessary action including recovery, if any, as per observation of the Audit after such verification. The action shall be completed, and reported to the Finance Department and the Assembly Secretariat by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

112. Para I.E.1: Pages 207-208 – Excess Payment to Contractors – Rs.214,087: (Deputy Director -II WASA FDA)

Audit had observed: “A formation paid weighted premia of 159.20% instead of the admissible weighted premia of 41.31% as calculated by the Planning and Design Wing while awarding the contract. This resulted in an excess payment of Rs.214,087 to a contractor in January 1993.”

26-9-95: The Department was directed to produce relevant documents to Audit to substantiate their contention. The para was kept pending.

4-7-02: Reiterating the decision of the PAC dated 26 September 1995, the Committee settled the para subject to the following direction –

The Department shall produce the relevant record for verification by the Audit and take further necessary action including recovery, if any, as per observation of the Audit after such verification. The action shall be completed, and reported to the Finance Department and the Assembly Secretariat by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

113. Para I.F.1 Page 208 – Excess Payment to Contractors – Rs.66,082: (Deputy Director UD-I FDA)

Audit had observed: “According to clause 55(1) of the agreement “no price variation shall be paid if the increase in price is less than 5%”. A formation paid price variation on steel despite the fact that the increase in price was less than 5%. This resulted in an excess payment of Rs.66,082 in July 1991.”

26-9-95: The para was settled subject to verification of relevant record by Audit.

114. Para II.A.1: Page 209 – Non-Recovery of Government Dues – Rs.168,306: (Deputy Director E&M FDA UD Wing)

Audit had observed: “In a formation the flats allotted to various widows in February 1987 were occupied illegally by the officials/officers of the authority since 1990. This resulted in non-recovery of Government dues worth Rs.168,306 from the illegal occupants.”

26-9-95: The Department explained that only six flats were occupied by the staff and now they vacated the possession. Recovery of rent, amounting to Rs.168,000 was being effected at the rate of Rs.200 per month from their salaries because the defaulters belonged to the lower cadres. Departmental proceedings had also been initiated against them. The Committee directed that recovery at the rate of 33% of the pay per month from the salary of each defaulter should be

effected. In case any of them did not have sufficient service to cover the amount of recovery, then it would be deducted from his gratuity, etc. It was further directed that allotment of the said flats should be made immediately to avoid further unauthorised possession. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 25 September 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

115. Para II.A.2: Pages 209-210 – Non-Recovery of Government Dues – Rs.935,67: (Deputy Director E&M FDA UD Wing)

Audit had observed: “A formation auctioned/allotted flats to different persons, but did not make recovery of cost of flats from them. This resulted in non-recovery of government dues amounting to Rs.935,670 in 1992.”

26-9-95: The explanation of the Department was accepted and **the para was settled.**

116. Para II.A.3: Page 210 – Non-Recovery of Government Dues – Rs.1,066,646: (Deputy Director E&M FDA UD Wing)

Audit had observed: “A formation allotted plots to different persons in 1985 but did not make recovery of cost of land alongwith interest. This resulted in non-recovery of government dues worth Rs.1,066,646 since 1985.”

26-9-95: The explanation of the Department was accepted and **the para was settled.**

117. Para II.A.4: Page 210 – Non-Recovery of Government Dues – Rs.2,364,277: (Director Estate Management FDA)

Audit had observed: “A formation allotted plots to various allottees since 1983 but did not take effective steps either to recover the dues or to cancel the allotment. This resulted in non-recovery of Rs.2,364,277.”

26-9-95: Subject to verification by Audit, the para was settled.

118. Para II.B.1: Pages 210-211 – Non-Recovery of Government Dues – Rs.46,151: (Administration & Co-Ordination Directorate)

Audit had observed: “A formation did not deduct the conveyance allowance from the officers who had been allotted official cars/motor cycles. This resulted in non-recovery of Government dues amounting to Rs.46,151 since 1990.”

26-9-95: The Administrative Secretary was directed to effect recovery of Conveyance Allowance within one month, from those who were provided official Vehicle/Motor Cycles. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 26 September 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

119. Para II.C.1: Page 211 – Non-Recovery of Renewal Fee – Rs.32,500: (Deputy Director - II (DC.II) WASA FDA)

Audit had observed: “A formation did not recover renewal fee for the year 1991-92. This resulted in non-recovery of Rs.32,500 from various contractors in June 1992.”

26-9-95: Subject to verification of relevant record by Audit, **the para was settled.**

120. Para III.A.1: Page 212 – Non-Auction of Material – Rs.110,019: (Deputy Director O&M (West) FDA)

Audit had observed: “A formation did not auction old stock material and scrap worth Rs.110,019. This resulted in a loss of Rs.110,019 to the government in 1992.”

26-9-95: The Department informed the Committee that the old stock material and scrap had been auctioned for Rs.167,082. The Committee directed that verification might be got done by Audit. **Subject to verification by Audit, the para was settled.**

121. Para III.B.1: Page 212 – Acceptance of Tender at Higher Rate – Rs.213,092: (Deputy Director Construction-II WASA FDA)

Audit had observed: “Delegation of Financial Powers authorises engineering Departments to accept tenders within 4.5% above the amount of technical sanctioned estimate. A formation accepted the tenders at 12.30% higher rates than technical sanctioned estimate in violation of the ceiling fixed by the Government. This resulted in a loss of Rs.213,092 to the Government in October 1992.”

26-9-95: The Administrative Department conceded to the contention of the Audit and Finance Department that anything paid more than 4 1/2% of the Technical Sanction was recoverable.

The Committee directed that recovery of the amount, paid over and above four and a half percent of the technical sanction, should be effected from the officer responsible for accepting the tender alongwith necessary disciplinary action. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 26 September 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

122. Para III.C.1: Pages 212-213 – Theft of Material – Rs.3,030,087: (Deputy Director P&S WASA FDA)

Audit had observed: “In a formation 70 Nos pilot system volves were stolen in October 1991 and new 70 pilot valves amounting to Rs.3,030,087 were again purchased for repair of Greater Water Supply Scheme. According to rule 2.34 of the Punjab Financial Rules Volume-I, the authority was required to report the matter to Audit also, but this was not done.”

26-9-95: The Administrative Secretary stated that he felt that a fresh inquiry was needed into this para.

The Committee directed that Mr. Arshad Bin Ahmed, Deputy Secretary (Admn), of the Department should hold an inquiry and submit his report within six months. The scope of inquiry would include the causes of the loss, fixation of responsibility of the loss and lapses in the store-keeping system. The Faisalabad Development Authority was directed to produce complete record to the inquiry officer as and when required by him. The inquiry report will then be considered by a Sub-Committee No.9 comprising Mian Manazar Ali Ranjha, MPA and Mr. S. A.Hameed, MPA. The para was kept pending.

4-7-02: The Committee decided that the facts of the case required further examination. For the purpose, the Department shall **submit the requisite working paper**, containing the comments of the Audit.

123. Para III.D.1: Page 213 – Illegal Occupation – Rs.288,000: (Director Estate Management FDA)

Audit had observed: “A formation allotted 48 flats to orphans/widows in 1986 and 1987 but did not hand over the flats to the allottees. The employees of the authority had not only occupied those quarters illegally but also drawn House Rent Allowance from authority since long. This resulted in a loss of Rs.288,000 per year to the authority.”

26-9-95: The para was kept pending for the disposal of flats vacated by the FDA employees and recovery of rent from them alongwith recovery of 38 flats allotted to widows. The recovery be made @ 1/3 of the pay from whom it is due.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 26 September 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

124. Para III.E.1: Pages 213-214 – Losses to Government -Rs.12,292,279: (Director Finance WASA FDA)

Audit had observed: “A formation made payment of escalation amounting to Rs.12,292,279 to different contractors on POL and Labour against clear decision/certification of Finance Department communicated to the agency in April 1988. This resulted in a loss of Rs.12,292,279 to the authority in January and February 1993.”

26-9-95: The Department explained that the projects pertained to Asian Development Bank and, in all, five tenders were floated having identical agreements. The Audit had accepted

the payments with regard to two tenders but were objecting to the remaining three although these were of similar nature. The Committee directed that the contention of the Department be got verified by the Finance Department and Audit. The para was kept pending.

4-7-02: Reiterating the decision of the PAC dated 26 September 1995, **the Committee settled the para subject to the following direction –**

The Department shall produce the relevant record for verification by the Audit and take further necessary action including recovery, if any, as per observation of the Audit after such verification. The action shall be completed, and reported to the Finance Department and the Assembly Secretariat by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

125. Para III.E.2: Page 214 – Loss of Rs.444,392: (Deputy Director-I WASA FDA)

Audit had observed: “A formation paid escalation on steel, cement, POL and Labour on lump sum contract against the instructions of the Government issued and clarified vide Government of Punjab, Finance Department’s letter of 12 June 1991. This resulted in a loss of Rs.444,372 to Government in 1992.”

26-9-95: The Committee directed the Department to get their contention verified by the Finance Department and Audit. The para was kept pending.

4-7-02: Reiterating the decision of the PAC dated 26 September 1995, **the Committee settled the para subject to the following direction –**

The Department shall produce the relevant record for verification by the Audit and take further necessary action including recovery, if any, as per observation of the Audit after such verification. The action shall be completed, and reported to the Finance Department and the Assembly Secretariat by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

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126. Para I.A.1: Page 219 – Higher/Incorrect Rate Rs.36,406: (Sewerage W/S Construction Division No.I WASA)

Audit had observed: “A formation paid the rate of Rs.230 per rft instead of the admissible rate of Rs.121 per rft for the item of furnishing and installing mild steel grill. This resulted in an overpayment of Rs.36,406 to the contractor in January 1990.”

27-9-95: It was explained by the Department that grill installed was of different and better specification and rates in this respect were approved before starting the work. Therefore, the higher rates were paid.

The Public Accounts Committee directed the Director General, MDA to inquire into the whole matter to see that no mala-fide was involved and report to the Committee within one month. The para was kept pending.

18-4-96: The Department explained that in compliance with PAC's directive dated 27-9-95 the Director General, MDA checked all the relevant record. He also visited the site where the steel grill was installed. He observed that all the work was done according to the approved specification and all payments were correctly made. The Director General, MDA stated that he was satisfied that no malafide was involved and that all such cases would in future be referred to the Standing Rate Committee for approval.

The PAC accepted the explanation of the Department and **settled the para with the remarks** that in future all such cases must be got approved from the Standing Rate Committee.

127. Para I.B.1: Pages 219-220 – Non-Deduction of Available Earth – Rs.74,833: (Sewerage and W/S Construction Division No.I WASA MDA)

Audit had observed: "A formation did not deduct a quantity of 34756 ct (152752-117996) surplus earth available at site from the quantity of earth filling which was neither disposed off nor used at site. This resulted in an excess payment of Rs.74,833 to a contractor in 1991."

27-9-95: The explanation of the Department was accepted and **the para was settled.**

128. Para II.A.1: Page 220 – Non-Recovery of Development/Hire Charges Rs.29,546: (Division No.III Buildings & Roads MDA)

Audit had observed: "A formation did not recover the hire charges of machinery supplied to the contractors for various works in 1987. This resulted in non-recovery of Rs.29,546 from the contractors."

27-9-95: The para was settled subject to verification of recovery by Audit.

18-4-96: The Department explained that the recovery had been effected and got verified by Audit. **The para was settled.**

129. Para II.A.2: Page 221 – Non-Recovery of Development/Hire Charges Rs.963,743: (Director Land Management MDA)

Audit had observed: "A formation did not recover development charges (inclusive of penalties) from ex-land owners on account of plots allotted to them in December 1985. This resulted in non-recovery of Rs.963,743 due since April 1986."

27-9-95: The Department did not recover the Development charges inclusive of penalties from the ex-land owners on account of plots allotted to them in December, 1985.

The Department explained that the allottees protested to the Chief Minister where the Chief Minister directed to stop further action by the Department with regard to recovery. In this regard a summary had been sent to the Chief Minister by the Department for approval. The para

was kept pending.

18-4-96: It was explained by the Department that some plots of Shah Rukn-e-Alam Colony were allotted to ex-land owners. These plots were occupied by unauthorised persons illegally. Until and unless the said illegal possession was got vacated and plots were handed over to legitimate owners, the recovery could not be effected. The Department was however, making efforts to get the illegal occupation vacated. Meanwhile, after strenuous efforts an amount of Rs.36,704 had been recovered.

The Department was directed to do their best for the balance recovery and the para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee pended the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 18 April 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

130. Para II.A.3: Page 221 – Non-Recovery of Development/Hire Charges Rs.453,553: (Director Land MDA)

Audit had observed: “A formation did not recover the cost of plots and development charges from the occupants of Katchi Abadies since 1981-82. This resulted in non-recovery of Rs.453,553.... The matter was brought to the notice of the Administrative Secretary in May 1992 and also discussed in the Departmental Accounts Committee (DAC) meeting in September 1993 but no further progress towards recovery was intimated.”

27-9-95: The Department explained that an amount of Rs.19,811 had been recovered leaving a balance of Rs.433,742.

The PAC directed to complete the balance recovery at the earliest and to get recovered amount verified by Audit. The para was kept pending.

18-4-96: The Department explained that an amount of Rs.19,811 had been recovered leaving a balance of Rs.433,742. The action to recover the balance amount as arrears of land revenue was under process.

The PAC directed that the Department should pursue the matter vigorously. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee pended the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 18 April 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

131. Para II.B.1: Pages 221-222 – Non-Recovery of Water Charges Rs.4,710,640: (Sewerage and W/S Construction Division-I MDA)

Audit had observed: “A formation did not recover an amount of Rs.5,116,369 from the consumers on account of service connection & sewerage/water supply charges up to 30 September 1992. Against the outstanding amount of Rs.5,116,369, only Rs.405,760(7.93%) were recovered. This resulted in non-recovery of the balance amount of Rs.4,710,640.”

27-9-95: The Department explained that recovery on account of service connection/ sewerage/water supply could not be effected due to the fact that public remained reluctant to pay the said charges as they were not habitual of these charges. Anyhow, the position was improving day by day.

The Public Accounts Committee directed the Department to expedite the recovery by applying best efforts and progress of recovery be submitted to Public Accounts Committee after 3 months. The para was kept pending.

18-4-96: The Department explained that out efforts were made to effect recovery from the consumers. The total outstanding amount was Rs.8,600,000 and an amount of Rs.6,033,298 had been recovered including the amount of Rs.430,800 which was recovered earlier after the PAC directive issued in its meeting held on 27-9-95. A balance of Rs.2,600,000 was still recoverable.

The PAC directed the Department that balance amount should also be recovered expeditiously and the recovery so far effected be got verified by Audit. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee pended the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 18 April 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

132. Para II.B.2: Page 222 – Non-Recovery of Water Charges Rs.3,567,135: (Sewerage W/ S Construction Division-II WASA MDA)

Audit had observed: “A formation did not recover an amount of Rs.3,781,238 from the consumers on account of sewerage/water supply charges upto 30 September 1992. Against the outstanding dues of Rs.3,781,238, only Rs.214,073 were subsequently recovered. This resulted in non-recovery of balance amount of Rs.3,567,135 since September 1992.”

27-9-95: The Public Accounts Committee directed the Department to expedite recovery and report progress to PAC within three months. The para was kept pending.

18-4-96: The Department explained that out efforts were made to effect recovery from the consumers. The total outstanding amount was Rs.8,600,000 and an amount of Rs.5,602,498 had been recovered including the amount of Rs.430,800 which was recovered earlier after the PAC directive issued in its meeting dated 27-9-95. A balance of Rs.2,600,000 was still recoverable.

The PAC directed the Department that balance amount should also be recovered expeditiously and the recovery so far effected be got verified by Audit. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee pended the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 18 April 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

133. Para II.C.1: Page 222 – Non-Recovery of Cost of Material Rs.47,133: (Buildings and Roads Division MDA)

Audit had observed: “A formation did not recover full cost of G.I. pipe issued to various contractors for use in execution of work. The Department recovered only Rs.4,892 instead of Rs.52,025 as the cost of the material issued. This resulted in non-recovery of Rs.47,133.”

18-4-96: The Department explained that full recovery had been effected and verified by Audit. The explanation of the Department was accepted **and the para was settled.**

134. Para II.D.1: Pages 222-223 – Non-Adjustment/Recovery of Advances Rs.1,014,084: (Buildings and Roads Maintenance Division MDA)

Audit had observed: “A formation made advance payments of Rs.1,014,084 to the various Departments/officers from April 1983 to August 1989, but these advances had not been adjusted/recovered since then.”

27-9-95: The para was settled subject to verification of adjustment of the amount by Audit.

18-4-96: The Department that an amount of Rs.941,084 had been adjusted leaving a balance of Rs.73,000.

The Para was, therefore, reduced to Rs.73,000 and the Department was directed that balance amount of Rs.73,000 might be adjusted. **The para was settled subject to** adjustment of balance amount and its verification by Audit.

135. Para III.A.1: Page 223 – Incorrect/Higher Rate Rs.606,314

Audit had observed: “A formation executed an item of crushed stone sub-base course mixed with local sand below specification but paid at the higher rate of Rs.1,450 per % cft against the permissible item of pit run gravel provided in the agreement/technical sanctioned estimate at the rate of Rs.1,216 per % cft. This resulted in a loss of Rs.606,314 to the authority in 1992.”

27-9-95: The Public Accounts Committee was not satisfied with explanation of the Department. The Department was directed to get the record rechecked by Audit within one month. The para was kept pending.

18-4-96: The Department explained that urgency of work required quick supply of crushed stone and sand while the Ghazi Ghat Bridge which was a short route was closed for heavy traffic. Therefore, alternative route was chosen due to which the higher rate had to be paid to the contractor. The Audit had since rechecked the record to their satisfaction.

The explanation of the Department was accepted and **the para was settled** with the remarks that this decision should not be quoted as precedent in future.

136. Para III.B.1: Page 224 – Non-Recovery of Earnest Money – Rs.59,000

Audit had observed: “A formation forfeited the earnest money of a contractor amounting to Rs.59,000 as the firm did not commence work within one month as per clause-4 of instructions to bidders. This was done on the orders of Superintending Engineer-II, Multan Development Authority. Subsequently the orders of forfeiture were with-drawn and the earnest money of Rs.59,000 was released to the firm. This resulted in a loss to the authority in August 1988.”

27-9-95: The Public Accounts Committee directed the Department to expedite the recovery as assured by the Director General, Multan Development Authority, Multan. The para was kept pending.

18-4-96: The Department explained that an amount of Rs.57,000 had been recovered and got verified from audit. They assured the Committee that they would also recover the balance amount of Rs.3,000 shortly. The explanation of the Department was accepted and **the para was settled.**

137. Para III.C.1: Pages 224-225 – Losses to Government – Rs.184,444

Audit had observed: “A formation made provision for raft foundation of a shopping center in the Draft for Notice Inviting Tender, technical sanctioned estimate and agreement, but raft foundation was replaced by pile foundation which involved excess expenditure of more than six times and was in contravention of the approval of the Director General, MDA. Moreover, the contract was finalized just after completing the pile foundation only. This resulted in a wasteful expenditure of Rs.184,444 in May 1991.”

27-9-95: The explanation of the Department was accepted **and the para was settled.**

138. Para IV.1: Page 225 – Embezzlement of Public Money – Rs.125,500

Audit had observed: “The sale proceeds of residential/commercial plots allotted/sold to the public was not actually remitted, in some cases fully, in others partially, by the establishment of a formation who showed them as having been remitted in the bank by way of disfiguring/signing fictitiously and tampering with the remittance challans. This resulted in embezzlement of public money amounting to Rs.125,500 in 1991 and 1992.”

27-9-95: The Department explained that an amount of Rs.78,971 had been recovered. The remaining amount could not be recovered as the concerned Junior Clerk, from whom this amount was recoverable had gone abroad. Anyhow, a case had been registered against him with the Anti-Corruption Department. The culprit has been apprehended and the amount will be recovered.

The Department was directed to produce the record of recovered amount and police

case to Audit for verification. The para was kept pending.

18-4-96: The representative of the Department told the Committee that an amount of Rs.78,000 had been recovered leaving a balance of Rs.47,500. The defaulting official had been arrested and was under trial. All out efforts were being made to recover the balance amount.

The PAC reduced the para to the balance amount of Rs.47,500 and kept the para pending till decision of the court and recovery of the balance amount.

4-7-02: The Committee settled the para with the direction that subject to the decision of the court, the recovery shall be effected and reported to the Audit for verification, the Finance Department and the Assembly Secretariat by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

General Observation

18-4-96: The Managing Director WASA, Multan explained before the committee that total income of WASA was only Rs.20 Lac per month and the expenditure amounted to Rs.50 Lac to 70 Lac per month. After discussing various aspects it was observed unanimously that WASA Multan was running into loss continuously and was most likely to remain in loss in future as well.

Under the circumstances, the Committee recommended that WASA Multan might be wound up and its work transferred to Municipal Corporation, Multan in the public interest. The Committee further decided that the position may be brought to the notice of the Chief Minister, Punjab for necessary action on the recommendation of the Public Accounts Committee.

26-8-1996: The Audit Department expressed that there was a general practice of irregular utilization of funds through internal cheques e.g. An expenditure of Rs.1,187,077,681 was incurred under grant No.36-Development Sub head-32300-Works Rural. The said expenditure of Rs.1,187,077,681 was inclusive of Rs.31,457,729 utilized by way of internal cheques. The amount of Rs.31,457,729 had not actually been incurred but the same was covered by way of internal cheques. Internal cheques could not be issued without work done, supplies made or services rendered from one Division to other, while in this case no services, supplies or work was done. This tantamount to financial irregularity.

Industries and Mineral Development Department

Overview

Total Paras	Commercial
35	35

Abstract

Status	Decision	Para Nos.	Total
Paras Noted 4	The paras were noted as no further action was required because they contained Accounts.	Commercial: 3(xiii), 3(xiv), 3(xv), 3(xvi)	4
Paras Finally Settled 28	Paras finally settled as the requisite action had been taken.	Commercial: 3(xvii), 3(xviii), 3(xix), 3(xx), 8, 9, 75, 76, 77, 78, 79, 80, 81, 82, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97	28
Paras Conditionally Settled 3	Paras settled with the direction that the Department shall implement the directives of the Committee and the Finance Department shall monitor the same. Both the Departments shall report compliance to the Public Accounts Committee every six months.	Commercial: 10, 83, 98	3

Discussed on 22 August 1995, 28 July 1999 and 18 July 2002.

Commercial Audit

1. Para 3(xiii): Punjab Government Printing Press, Bahawalpur

Audit had observed: “The Punjab Government Printing Press, Bahawalpur had not submitted accounts for 1992-93.”

18-7-02: The Committee **noted** the para.

2. Para 3(xiv): Punjab Government Printing Press, Lahore – 1983-84

Audit had observed: “The Punjab Government Printing Press, Lahore had not submitted accounts for 1992-93.”

18-7-02: The Committee **noted** the para.

3. Para 3(xv): Stationery Depot, Punjab Government Press, Bahawalpur

Audit had observed: “The Punjab Government Printing Press, Bahawalpur had not submitted accounts for 1992-93.”

18-7-02: The Committee **noted** the para.

4. Para 3(xvi): Provincial Stationery Office, Punjab, Lahore

Audit had observed: “The Provincial Stationery Office, Punjab, Lahore had not submitted accounts for 1989-90 to 1992-93.”

18-7-02: The Committee **noted** the para.

5. Para 3(xvii): Page 6 – Government Weaving and Finishing Centre, Shahdara, Lahore

Audit had observed: “Government Weaving and Finishing Centre, Shahdara, Lahore had not submitted accounts for 1990-91 to 1992-93.”

22-8-95: The accounts for the year 1990-91 & 1991-92 had since been submitted to Audit. **The para was settled.**

6. Para 3(xviii): Page 6 – Government Wool Spinning and Weaving Development-cum-Training Centre, Jhang

Audit had observed: “Government Wool Spinning and Weaving Development-cum-Training Centre, Jhang had not submitted accounts for 1989-90 to 1992-93.”

22-8-95: The accounts for the year 1990-91 & 1991-92 had since been submitted to Audit. **The para was settled.**

7. Para 3(xix): Page 6 – Punjab Mineral Development Corporation, Lahore

Audit had observed: “Punjab Mineral Development Corporation, Lahore had not submitted the accounts for 1990-91 to 1992-93.”

22-8-95: The accounts for the year 1990-91 & 1991-92 had already been submitted to Audit. **The para was settled.**

8. Para 3(xx): Page 6 – Punjab Small Industries Corporation, Ltd.

Audit had observed: “Punjab Small Industries Corporation Lahore had not submitted for 1991-92 to 1992-93.”

22-8-95: The accounts of the PSIC for the year 1991-92 & 1992-93 had since been submitted to Audit. **The para was settled.**

9. Para 8: Page 14 – Unnecessary Requirement of Employees Recurring Expenditure of Rs.1.556 million per annum

Audit had observed: “In Punjab Government Press, Lahore, recruitment was made during 1989-90 after a fire in July 1989 in which out of 37 printing machines, 19 were destroyed. Due to this mishap, not only heavy financial loss was sustained by the Government but also the work of the Press decreased considerably. Instead of initiating any proposal for a reduction in the work force, or at least a halt in the recruitment against vacant posts, fresh recruitment was made in various cadres. The fresh recruitment of 71 employees in relaxation of all rules and regulations caused additional financial burden of Rs.1.556 million per annum.

Audit would suggest the following:-

- (i) Take steps to absorb the surplus staff against vacancies; and
- (ii) Steps taken by the management to avoid such irregularity in future.”

22-8-95: The explanation of the Department was accepted and **the para was settled.**

10. Para 9: Page 14 – Unnecessary Procurement of a New Generator Set Blocking of Funds of Rs.0.290 million

Audit had observed: “Punjab Small Industries Corporation. (H.O) purchased a new generator set for Rs.290,000 for the Pottery Development Centre, Shahdara, prior to June 30, 1986. The generator was not installed upto June 30, 1986 when it was damaged in the flood and heavy expenditure was required for its repair. Thus the purchase of the generator shows that it was procured unnecessarily which caused a blockade of funds amounting to Rs.290,000.

Audit would suggest the following:-

- (i) Fix responsibility for unnecessary purchase of a generator which could not be installed even after a lapse of four years.
- (ii) Recover interest charges from the persons at fault for blocking the funds; and
- (iii) Take necessary measures to avoid such purchases in future.”

22-8-95: The explanation of the Corporation was accepted **and the para was settled.**

11. Para 10: Page 15 – Mis-Appropriation of Handicrafts Worth Rs.178,622 Issued for Exhibitions and Export Purpose

Audit had observed: “Different items of handicraft worth Rs.328,622 were issued from a shop of the Punjab Small Industries Corporation to the Director (Handicrafts) and Director (Export) Punjab Small Industries Corporation (HO) in August, 1984 for exhibitions and export during the year 1983-84-85 out of which an amount of Rs.150,000 has been received leaving a balance of Rs.178,622. Neither the handicrafts were returned nor the value thereof has been received despite lapse of a period of more than six years. The irregularity was pointed out in December, 1988, but no plausible reply has been furnished by the Management.”

22-8-95: Subject to the verification of the position by Audit, the para was settled.

28-7-99: The Department explained that loss occurred was Rs.125,352 which had been charged to the profit and loss accounts of the organization for the year 1996-97.

The PAC directed the Department to move a case for the write off sanction of the loss by the Competent Authority. The para was kept pending.

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 28 July 1999 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

12. Para 75: Page 46 – Working Results

Audit had observed: “The working results of Government Weaving Centre, Shahdara for the year 1988-89 and 1989-90 as compared to the previous year are as in the given table. The cost of sales to sales increased from 88.31% in 1987-88 to 112.81% in 1988-89 and again decreased to 93.51% in 1989-90. Consequently the centre which earned gross profit of Rs.1.193 million in 1987-88 sustained gross loss of Rs.0.973 million in 1988-89. However the centre earned gross profit of Rs.0.518 million in 1989-90. Thus the Factory could not recover even the cost of inputs in 1988-89. The operating expenses increased from Rs.1.401 million in 1987-88 to Rs.1.807 million in 1988-90 and decreased to Rs.1.327 million in 1989-90.”

22-8-95: The para was settled with the direction that all out efforts may be made to improve the working results of the Government Weaving and Finishing Centre, Shahdara.

28-7-99: The Department explained that Shahdara Weaving Factory was established for training purposes. Now the factory was giving production. Efforts had been made to control the operational expenses. A proposal to allow Golden Handshake benefit to 85 surplus employees had been sent to the Finance Department. Administrative Head (GM) had been appointed through Public Service Commission. As a result of the steps the working as well as sale had been increased.

PAC directed that:-

(i) Details of all steps taken by the Department to improve the working results may be brought before the PAC in black and white.

(ii) Latest position of court case about the sale of Institution including the efforts made by the Department to resolve the court case may be presented to the PAC

(iii) Yearwise detail of income/losses may be shown to the PAC

The para was kept pending.

18-7-02: The PAC settled the para *inter alia* because the accounts would be examined with reference to the latest Audit Reports.

13. Para 76: Page 47 – Depreciation on Residential Building

Audit had observed: “No depreciation on residential building was charged in the accounts under review. The depreciation on building at the approved rates may be charged in the next years accounts.”

22-8-95: The para was kept pending.

28-7-99: The Department explained that depreciation on residential building had been charged at the rate of 5% in Commercial year from 1-7-92 onward. The PAC accepted the explanation and **settled the para.**

14. Para 77: Page 47 – Purchase of Chemicals Amounting to Rs.22000

Audit had observed: “Cheque No.425174 dated 24-10-88 for Rs.22,000 was issued to M/s Ittehad Chemicals Ltd. Kala Shah Kaku for the purchase of Chemicals. The amount of the

cheque did not appear in the Treasury schedules for the month of October 1988 which needs to be reconciled with the T.O.Lahore.”

22-8-95: The receipt of the cheque had been verified by the recipient. **The para was settled.**

15. Para 78: Page 47 – Refund of Excess Paid Sale Tax of Rs.1200

Audit had observed: “Sale Tax of Rs.1200 was excess paid in previous years. The refund of the same may be obtained from the quarter concerned and adjusted into Government accounts of the Centre.”

22-8-95: The report had been verified by Audit. **The para was settled.**

16. Para 79: Page 47 – Non-Recovery from Debtors

Audit had observed: “Sundry Debtors increased from Rs.172,713 as on June 30, 1988 increased to Rs.217,271 on June 30, 1990. Early recovery of these debtors is stressed upon the management.”

22-8-95: The explanation of the Department was accepted. **The para was settled.**

17. Para 80: Page 47 – Preparation of Accounts in Comparative Form

Audit had observed: “The accounts have not been prepared in the comparative form. Necessity for preparation of accounts in comparative form is stressed upon the management.”

22-8-95: The para, being of advisory nature, **was settled.**

18. Para 81: Page 48 – Working Results

With reference to the working results, the Audit had suggested: “The decrease in administrative and general expenses is appreciable which needs to be further controlled and reduced to the possible extent.”

22-8-95: The Public Accounts Committee observed that the present expenditure of the PIDB (Head Office) and its strength of officers and officials were too large to run only two mills. Moreover, the expenditure required for research and development activities may be separated. The detailed accounts of three dis-invested units may also be given to Public Accounts Committee. The Department was allowed one month to submit its reply on the above mentioned points. The para was kept pending.

28-7-99: The Department explained that Punjab Industrial Development Board had completely been wound up. Only 12 employees were working at present. The PAC accepted the explanation and **the para was settled.**

19. Para 82: Page 49 – Liability in Respect of Dis-Invested Projects.

Audit had observed: “There was a contingent liability of Rs.371.65 million as on 30 June, 1993 on account of claims lodged by the Principal Institutions in respect of disinvested Textile projects. Progress towards settlement or acknowledgement of the claims may be stated.”

22-8-95: The Board was directed to complete the settlement within one month and submit a report to the Committee. The para was kept pending.

28-7-99: The Department explained that as decided by the Board of Directors of PIDB settlement had already been reached with the NDFC and one of the Bank of Consortium. The full settlement had been underway alongwith the reconciliation of the accounts with the Consortium. The PAC accepted the explanation and **settled the para.**

20. Para 83: Page 49 – Recovery of Dues

Audit had observed: “Other receivables as on 30 June, 1993 included Rs.20.759 million and Rs.5.958 million recoverable from Pasrur Sugar Mills Limited and Rahwali Sugar Mills Limited respectively. Progress and prospects of recovery of these amounts may be stated.”

22-8-95: The Committee directed that the recovery may be pursued and a detailed report about the recovery of the amounts with regard to Pasrur Sugar Mills and Rahwali Sugar Mills be supplied to them. The para was kept pending.

28-7-99: The Department explained that Pasrur Sugar Mills and Rahwali Sugar Mills had since been sold out through open auction. Anyhow, presently the cases of both the Sugar Mills were in the court. The PAC directed the Department to pursue the court cases vigorously and the para was kept pending.

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall take appropriate action to settle the matter. The action taken shall be reported to the Finance Department, the Assembly Secretariat and the Audit by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

21. Para 84: Page 50 – Kamalia Sugar Mills Limited

Audit had observed: “The Company was incorporated on March 25, 1976 as a public company. It is a wholly owned subsidiary of Punjab Industrial Development Board. It is principally engaged in production and sale of white sugar. The company sustained a loss of Rs.28.521 million in 1988-89 and earned profits of Rs.36.351 million in 1989-90. Rs.12.686 million in 1990-91, Rs.26.655 million in 1991-92 and Rs.15.895 million in 1992-93.”

22-8-95: The para, being of introductory nature, **was settled.**

22. Para 85: Page 50 – Working Results

With reference to the working results, the Audit had observed: “The circumstances leading to less crushing, less sugar production, fall in average recovery of sugar and lesser decrease in the cost of sales, need to be stated and justified.”

22-8-95: The Board was directed to make all out efforts to improve its working results. The para was settled.

28-7-99: The Department apprised the PAC that Sugar Mills (Kamalia Sugar Mills) had since been privatized. Therefore, there was no need to pursue the Audit observation any further. The PAC accepted the explanation and **settled the para.**

23. Para 86: Page 51 – Increase in Transport Subsidy

Audit had observed: “Sugar Cane transport subsidy charged to the cost of sales increased from Rs.4.305 million 1990-91 to Rs.26.651 million in 1991-92 and further increased to Rs.42.487 million in 1992-93 although sugar cane procurement decreased by 41,397 M. Ton in 1992-93 over the previous year 1991-92. Further increase in transport subsidy by Rs.15.836

million in 1992-93 needs to be justified.”

22-8-95: The explanation of the Board was accepted and the **para was settled.**

24. Para 87: Page 51 – Power & Fuel Expenses

Audit had observed: “Cane crushed in 1990-91 was 588,164 M. Tons, 534,045 M.Ton in 1991-92 and 492,648 M.Tons in 1992-93. Power and fuel expenses included in the cost of sales amounted to Rs.21.454 million in 1990-91, Rs.11.093 million in 1991-92 and Rs.7.982 million in 1992-93. Thus per M.Ton power and fuel expenses worked out to Rs.36.48 in 1990-91, Rs.20.77 in 1991-92 and Rs.16.20 per M.Ton in 1992-93.”

22-8-95: The explanation of the Board was accepted and **the para was settled.**

25. Para 88 Page 51 Stores and Spares Inventory

Audit had observed: “Stores and spares inventory valuing Rs.30.090 million as on September 30, 1993 included slow moving items aggregating Rs.7.557 million (1991: Rs.10.641 million and 1992: Rs.8.297 million) against which no provision has been made in the accounts. The consideration due to which no provision for slow moving items, has been made may be stated. The reasons for decrease in the value of slow moving items may also be stated.”

22-8-95: The explanation of the Board was accepted and **the para was settled.**

26. Para 89: Page 51 – Adjustment of Advances

Audit had observed: “Advances, deposits, prepayments and other receivables increased from Rs.16.964 million as on September 30, 1992 to Rs.30.625 million as on September 30, 1993. These included advance income tax and tax deducted at source which increased from Rs.9.463 million as on September, 1992 to Rs.21.934 million as on September, 1993. The need for early recovery/adjustment of advance income tax and other advances and receivables, is stressed upon the management.”

22-8-95: Audit pointed out to the Committee that recovery position was not co-relating with the advances. The Committee directed that the Board should supply details of the sums to be adjusted with the Income-Tax Department, advance taxes and deferred taxes within one month. The para was kept pending.

28-7-99: The Department explained that the amount pertaining to advance deposits, prepayment and other receivable had increased to Rs.30,624,874 in 1992-93. The main increase was in the item of Advance Tax. As per accounting practice and principle the amount of advance income tax was debited to the personal account of income tax authorities which was to be adjusted on finalization of appeal lodged with the appellate authorities. The income tax deducted at source had to be adjusted against the assessment of the Companies income tax

return. So far as other advances were concerned the same would be adjusted against supplies and work done. The PAC accepted the explanation and **settled the para.**

27. Para 90: Page 52 – The Company Sustained Loss

Audit had observed: “The Company was incorporated on August 29, 1975 as a Public limited Company. It is wholly owned subsidiary of Punjab Industrial Development Board. It is principal engaged in production and sale of white sugar. The Company sustained loss of Rs.1.173 million in 1988-89 and thereafter earned profit of Rs.7.622 million in 1989-90, Rs.20.672 million in 1990-91 and Rs.7.006 million in 1991-92 and again sustained loss Rs.11.727 million in 1992-93.”

22-8-95: The para being of introductory nature, it was settled.

28-7-99: The Department explained that other Sugar Mills installed in the area of Nankana Sahib procured the Sugar cane from the area of Pattoki Sugar Mills by paying higher price. This caused shortage of cane. Therefore, to operate the mills to its full capacity and to avoid major losses the sugar cane was purchased at higher prices which resulted in loss in 1992-93. The PAC accepted the explanation and **settled the para.**

28. Para 91: Pages 52-53 – Working Results

With reference to the working results, the Audit had observed: “The decrease in the rate of recovery of sugar and increase in the cost of sales to 92.23% of sales need to be explained and justified. Necessary steps also need to be taken for improving the percentage of recovery of sugar and controlling the cost of sales so as to avoid the losses in the coming years.”

22-8-95: The para was settled with the direction that the Board should make all out efforts to improve its working results.

29. Para 92 Page 53 – Power and Fuel Expenses

Audit had observed: “Power and fuel expenses included in the cost of sales increased from Rs.11.517 million in 1991-92 to Rs.14.057 million in 1992-93 whereas cane crushing decreased by 0.92% in 1992-93. Increase in power and fuel expenses needs justification.”

22-8-95: The Board was directed to ensure that variation in power and fuel expenses was not malafide. Subject to this direction, the para was settled.

28-7-99: The Department explained that frequent stoppage of sugar Mills during 1992-93 due to short supply of sugar cane resulted in higher fuel expenses. The higher fuel expenses were also attributed to increase in the prices of furnace oil. The PAC accepted the explanation and **settled the para.**

30. Para 93: Page 53 – Stores and Spares Inventory

Audit had observed: “Stores and spares inventory increased from Rs.33.899 million as on September 30, 1992 to Rs.41.417 million as on September 30, 1993. Included therein were the stores valuing Rs.24.850 million as on September 30, 1992 which increased to Rs.32.978 million as on September 30, 1993. The provision for slow moving item amounted to Rs.6.214 million as on September 30, 1993 due to writing back the provision to the extent of Rs.1.547 million in 1992-93. Increase in the inventory of stores needs justification. Reasons of writing back the provision also need to be stated.”

22-8-95: The explanation of the Board was accepted and **the para was settled.**

31. Para 94 Page 54 – Working Results

With reference to the working results, the Audit had observed: “The need for making further improvements in the working results of the Corporation is stressed upon the management so as to cover the remaining accumulated loss of Rs.2.311 million.”

22-8-95: In view of the profits earned by the Corporation in subsequent years. **The para was settled.**

32. Para 95: Page 54 – Trade Debts

Audit had observed: “Trade debtors of the Corporation increased from Rs.5.725 million on June 30, 1989 to Rs.13.076 million on June 30, 1990 thus registering an increase of 128% over the previous year. Major amount of Rs.9.680 million was recoverable from Pakistan Steel Mills Corporation on account of regular sales of dolomite to them. In order to minimize the burden of financial charges which amounted to Rs.47.939 million during the year under review, arrangements need to be made for realizing such heavy amounts of the Corporation from the Pakistan Steel Mills.”

22-8-95: The explanation of the Department was accepted and **the para was settled.**

33. Para 96: Page 55 – Doubtful Debts

Audit had observed: “The Corporation charged an amount of Rs.313,194 to profit and loss Account for doubtful debts besides a provision of Rs.355,494 for doubtful debts during the year under review. The reasons for which the amount became doubtful of recovery need to be investigated.”

22-8-95: The recovery had been verified by the Audit. **The para was settled.**

34. Para 97: Page 55 – Increase in Consumables

Audit had observed: “Cost of sales included an item of expenditure namely “Site Supplies

and consumable” which increased from Rs.0.689 million in the previous year to Rs.2.614 million during the year under review. The increase of 279% in these expenses over the previous year needs justification.”

22-8-95: Subject to verification by Audit, the para was settled.

28-7-99: The Department explained that increase in “Consumption of site supplies and consumables” had increased as detailed below:-

(i) Dandot Coal Project

Development of sub unit of production titled Main Incline.

(ii) Pandhrar Coal Project (Unit-I)

Major portion of site supplies were used to develop production galleries.

(iii) Dolomite

Major repair of machinery worth Rs.0.170 million was carried out which had been capitalized for amortisation in the ensuing year.

(iv) Cooking Salt

The expenditure had been incurred on the advertisement for the sale of cooking salt.

In view of the above position it was clear that expenses under the Head Site Supplies had been inadvertently over-stated due to misclassification of the heads of accounts. The PAC accepted the explanation and **the para was settled.**

35. Para 98: Page 55 – Working Results

Audit had observed: “The given projects of the Corporation are running continuously in losses. The accumulated losses up to June 30, 1990 sustained by these projects are as in the

given table. The justification for running these projects continuously at losses need to be furnished and steps taken either to make the projects viable or to disinvest them.”

22-8-95: The Department explained that all the units were now earning profits. Subject to verification by Audit, the para was settled.

28-7-99: The Department explained the project-wise position as under:-

PCP-II-Khushab

High excavation rate for excavation were paid as coal seam was thin and intercalated with shale. Also the price of coal remained low. However, it was hoped that project will start earning profit in the coming years.

Khushab Drilling

Punjmin had set up drilling units to cater drilling requirement and also to hire out these drilling units to private parties. During 1991-92 to 1993-94 less orders from the private sector were received which resulted in loss. The project, however, started earning profits from 1994-95 onwards.

Quaidabad Salt

The mines were lying along the rainy Nala and heavy rains effected the mines which were collapsed. Rehabilitation of mines consumed a reasonable time and money production remained suspended. So the project sustained loss. Now the project had started earning profit.

Mianwali Gypsum

The project being in its initial years sustained loss. Now the project had started earning profit.

Mianwali Silie Sand Project

The project was based on low cost mineral. Now the heavy over-burden had been removed and as a result the project was in profit.

D.G. Khan Gypsum

The project remained in loss due to suppressed market. Anyhow, the project had been closed.

Cooking Salt

The project initially sustained a nominal loss of Rs.0.081 million. Anyhow, the project was now earning profit.

The PAC directed the Department to get verified the position that all the projects were earning profit by Audit. The para was kept pending.

18-7-02: On consideration of the facts of the case, the Committee settled the para subject to the following direction –

The Department shall implement the directive of the PAC dated 28 July 1999 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

Irrigation & Power Department

Overview

Total Paras	Civil	Works	Commercial	Revenue Recovery
102	1	97	1	3

Abstract

Status	Decision	Para Nos.	Total
Para Noted 1	The para was noted as no further action was required because it contained Accounts.	Commercial: 3(xxi)	1
Paras Finally Settled 10	Paras finally settled as the requisite action had been taken.	Civil: 14.1	1
		Works: 1.B.17, 1.E.1, II.A.3, III.A.1, III.A.6, III.B.2, III.B.4, V.1, V.3	9
Paras Conditionally Settled 84	Paras settled with the direction that the Department shall implement the directives of the Committee and the Finance Department shall monitor the same. Both the Departments shall report compliance to the Public Accounts Committee every six months.	Works: I.A.1, I.A.2, I.A.3, I.A.4, I.A.5, I.A.6, I.A.7, I.A.8, I.A.9, I.A.10, I.A.11, I.A.12, I.A.13, I.A.14, I.A.15, I.A.16, I.A.17, I.A.18, I.A.19, I.B.1, I.B.2, I.B.3, I.B.4, I.B.5, I.B.6, I.B.7, I.B.8, I.B.9, I.B.10, I.B.11, I.B.12, I.B.13, I.B.14, I.B.15, I.B.16, I.B.18, I.B.19, I.B.20, I.C.1, I.C.2, I.C.3, I.C.4, I.C.5, I.C.7, I.D.1, II.A.1, II.A.4, II.A.5, II.B.1(I & II), II.C.1, II.D.1, III.A.2, III.A.3, III.A.4, III.A.5, III.A.7, III.A.8, III.B.3, III.B.5, III.C.1, III.D.1, IV.A.2, IV.A.3, IV.A.4, IV.A.5, IV.A.6, IV.B.1, IV.C.1, IV.C.2, V.2, V.4, V.5, V.6(i & ii), V.7, V.8, VI.B.1, VI.B.2, VI.B.3, VI.C.1	81
		Revenue Receipts: 8.1 (A, B, & C)	3
Paras Pended 7	The paras were pended because the Committee desired to have Working Papers for consideration.	Works: 1.C.6, II.A.2, III.B.1, III.B.6, IV.A.1, VI.A.1, VI.A.2	7

Discussed on 25, 26 October 1995, 24, 25 January, 21 April, 24 July 1996 and 4 & 18 July 2002.

Civil Audit

1. Para 14.1: Page 151 – Non-Deposit of Electricity Duty Amounting to Rs.187,373,049

Audit had observed: “Electricity duty amounting to Rs.187,373,049 on electricity bills levied by the Government of West Pakistan under the Electricity Act. XXXIV, 1964 was received by WAPDA authorities on bills of the consumers on behalf of Government of the Punjab, during the period 1990-91 and 1991-92. However it was not deposited into Government Account.”

24-7-96. The Department explained that the electricity duty was levied on consumption of electricity in the Province under the West Pakistan Finance Act 1964. WAPDA being the licensee collected the electricity duty from its consumers and deposited in the treasury. In January 1989 WAPDA stopped payment to the Punjab Government and started adjusting the same against the arrears of electricity charges regarding SCARP and non-SCARP Tubewells maintained by the Irrigation and Power Department.

The PAC directed that non-depositing of the electricity duty by the WAPDA into the Punjab Government receipt accounts since 1.1.89 was an issue required to be reported to the Federal Government for consideration and necessary action. **The para was settled.**

Works Audit

2. Para I.A.I: Page 85 – Excess Payment to Contractor- Rs.51,637: (Khushab Irrigation Division Mianwali)

Audit had observed: “A formation made payment of Rs.46,237 on muster roll without recording the progress of work. Moreover, the Department also made excessive measurement of earth work and compaction thereof amounting to Rs.5,400. This resulted in bogus/excess payment of Rs.51,637 (46,237 + 5,400) in June 1986.”

26-10-95: The para was settled subject to verification of recovery by Audit.

3. Para I.A.2: Page 86 – Excess Payment to Contractor- Rs.477,157: (Tubewell Operation Division Lalian Sargodha)

Audit had observed: “A formation paid the electric charges to WAPDA for 26 tubewells which remained closed for the whole month of September, October 1991 and January 1992. This resulted in an overpayment of Rs.477,157.”

26-10-95: The para was settled subject to verification of recovery and relevant record by Audit.

4. Para I.A.3: Page 86 – Excessive Measurement – Rechna Drainage Division, Sheikhpura – Rs.103,203

Audit had observed: “A formation executed the item of dry brick pavement and measured thickness of brick and width of brick pavement as 0.65 foot and 14 feet instead of the admissible thickness and width of 0.375 foot and 12 feet respectively. This resulted in an excess payment of Rs.103,203 to the contractors in August 1991.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall take appropriate action to settle the matter. The action taken shall be reported to the Finance Department, the Assembly Secretariat and the Audit by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

5. Para I.A.4: Page 86 – Excess Payment to Contractor – Rs.572,638: (River Survey Division Lahore)

Audit had observed: “A formation paid carriage charges for 8038606 cft stone on the basis of stack measurements of loose stone and paid the same quantity as finished item instead of 7307825 cft without allowing deduction factor of 110 cft against 100 cft on account of voids for the item of “filling stone in wire crates/trangers and dumping stone without boat” in violation of rate analysis approved by the Standing Rates Committee under item No.15(a) and 19(i) page-132 of the Composite Schedule of Rates 1979. This resulted in an overpayment of Rs.572,638 in July 1991”

24-1-96: The Department was directed to refer the case to Standing Rate Committee for decision in the matter. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

6. Para I.A.5: Page 87 – Excess Payment to Contractor – Rs.79,804: (River Survey Division Lahore)

Audit had observed: “According to the analysis of rates approved by the Standing Rates Committee for the item No.15(a) page 132 of the Composite Schedule of Rates 1979, “Dumping of stone without boat” 110 cft of loose stone was required for 100 cft complete item of work. A formation made payment for quantity of 1072756 cft of loose stone as the finished item instead of the admissible quantity of 975231 cft without applying deduction factor. This resulted in an excess payment of Rs.79,804 to the contractors in February 1992.”

24-1-96: The Department was directed to refer the case to the Standing Rate Committee for decision in the matter. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

7. Para I.A.6: Page 87 – Excessive Measurement – Flood Bund Division Lahore – Rs.150,544

Audit had observed: “A formation paid for 382376 cft carriage of stone on stack measurement. According to analysis of rate of Standing Rates Committee for item No.19(i) page 132 of the Composite Schedule of Rates (CSR) 1979 regarding “filling stone in wire crates/ trangers” 110 cft stacked stone was required to be measured and paid as 100 cft filling stone in trangers. Accordingly against 382376 cft stacked stone 347614 cft stone was required to be paid for the filling of 115871 trangers (one trangers being 3 cft capacity) instead of 126605 Nos trangers. The excess measurement of 10734 trangers resulted in an overpayment of Rs.150,544 in August 1991”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

8. Para I.A.7: Page 88 – Excessive Measurement – Flood Bund Division Lahore – Rs.131,448

Audit had observed: “A formation made payment to the contractors for the earth works on the basis of bank measurements but the shrinkage of 6% was not deducted as required vide note 2(b) page 25 of Composite Schedule of Rates (CSR) 1979. This resulted in an overpayment of Rs.131,448 in 1985...The matter was brought to the notice of the administrative Department in July 1986 and also discussed in the Departmental Accounts Committee (DAC) meeting in September 1992. The Department promised to effect recovery, but no progress was intimated.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of

the PAC.

9. Para I.A.8: Pages 88-89 – Excessive Measurement – Flood Bund Division Lahore – Rs.94,441

Audit had observed: “According to analysis of rates approved by the Standing Rates Committee for the item No.15(a) and 19(i) page 132 of Composite Schedule of Rates 1979, “Dumping of stone without boat and filling stone in Munj Trangers” 110 cft of loose stone was required for 100 cft completed items of work. A formation made payment for quantity of 1557820 cft of loose stone instead of the admissible quantity of 1407513 cft without applying deduction factor. This resulted in an overpayment of Rs.94,441(45,316+49,125) in June 1987, March 1989 and August 1991.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

10. Para I.A.9: Page 89 – Excessive Measurement – Flood Bund Division Lahore – Rs.103,411

Audit had observed: “A formation deducted shrinkage of 3% from earth work measured in banks instead of 5% require as per Addendum & Corrigendum No.1 dated 20 May 1969 of specification No.17.1 of Book of Specification for execution of works Vol-I. This resulted in an overpayment of Rs.103,411 in February 1990.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall take appropriate action to settle the matter. The action taken shall be reported to the Finance Department, the Assembly Secretariat and the Audit by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

11. Para I.A.10: Pages 89-90 – Excess Payment to Contractor – Rs.74,053: (Depalpur Canal Division Kasur)

Audit had observed: “A formation paid for the quantity of 735661 cft completed item of work instead of 659171 cft without applying deduction factor. According to the rate analysis approved by the Standing Rates Committee for the item No.15(a), 27 and 29(a) page-132, 133, 134 of the Composite Schedule of Rates (CSR) 1979 for item of “dumping stone without boat, filling stone in munj trangers, laying stone pitching for top layers and laying stone dry hand packed,” 110, 120 and 135 cft loose stone was required for making payment for 100 cft of completed/finished item of work. While in another case the formation executed the item of dumping stone by boat and paid a quantity of 27000 cft and again the same quantity measured and paid for tipping by boat

separately. This resulted in an overpayment of Rs.74,053 (45,248+28,805) to various contractors in June 1987, August, September and October 1990.....The matter was reported to the Administrative Secretary in February 1988 and November 1991 and also discussed in the Departmental Accounts Committee (DAC) meeting in March 1993. Audit stressed that overpayment was pointed out on the basis of analysis of rates given by the Standing Rates Committee. In the 2nd case the Department was of the view that matter would be got clarified by the Standing Rates Committee before taking any action. Hence, recovery should be made upto 30 April 1993, but this was not done.”

25-1-96: The Department admitted over-payment to the extent of Rs.28,805 on account of tipping and assured that it will be recovered within three months. The balance amount relating to the application of deduction factor, it will be resolved in accordance with the decision of the Standing Rates Committee. The para was accordingly kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 25 January 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

12. Para 1.A.11: Page 91 – Excess Payment to Contractor – Rs.138,805: (i) I.S.R.P Division Multan; (ii) Shujabad Canal Division Multan)

Audit had observed: “A formation measured thickness of brick lining as 0.38 foot instead of 0.375 foot in violation of note 3 page-125 of the Composite Schedule of Rates 1979 and administrative Department’s instructions of 16th July, 1988. While another formation measured and paid a quantity of 147607 cft for the item of stone pitching instead of the admissible quantity of 144600 cft due to incorrect calculation of the contents. This resulted in an excess payment of Rs.138,805 (111,556+27,249) to the contractors in June & December 1992 and March 1993.”

26-10-95: The Department explained that the recovery of Rs.27,249 pointed out by audit had been effected which was verified by Audit.

The Public Accounts Committee reduced the para to the balance amount of Rs.111,556 and directed the department to recover the balance amount and get it verified by Audit. The Audit para was kept pending.

24.1.96. The Department explained that full recovery had been effected. **The para was settled subject to** verification by Audit within two months.

13. Para 1.A.12: Page 91 – Excess Payment to Contractor – Rs.408,581: (Muzaffargarh Canal Division Muzaffargarh)

Audit had observed: “According to the analysis of rate approved by the Standing Rates Committee for the item of work “Supply and dumping of stone at site without boat etc” 110 cft loose stone was required for 100 cft of completed item of work. A formation carted 2361934 cft

loose stone and paid the quantity of 2393894 cft as the completed item instead of the admissible quantity of 2147213 cft without applying deduction factor as required vide item No.15(a) page 132 of the Composite Schedule of Rates 1979. This resulted in an excess payment of Rs.408,581 to a contractor in June 1992.”

25-10-95: The para was settled subject to verification of the recovery by Audit.

14. Para 1.A.13: Page 92 – Excess Payment to Contractor – Rs.74,608: (Muzaffargarh Canal Division Muzaffargarh)

Audit had observed: “A formation executed the item of brick lining and measured the thickness of brick as 0.38 foot instead of 0.375 foot in violation of note 3 of page 125 of the Composite Schedule of Rates 1979 and administrative Department’s letter of July 16,1988. This resulted in an excess payment of Rs.74,608 to a contractor in June 1992.”

25-10-95: The Department explained that overpaid amount of Rs.74,608 had been recovered. The para was settled subject to verification of recovery by Audit.

15. Para 1.A.14: Page 92 – Excess Payment to Contractor – Rs.139,573: (Dera Ghazi Khan Canal Division Dera Ghazi Khan)

Audit had observed: “A formation measured and paid for the quantity of 366188 cft of stone completed item of work instead of 332898 cft without applying deduction factor. According to the rates analysis approved by the Standing Rates Committee vide item No.19(i) page 132 of the Composite Schedule of Rates 1979 for the item of work “supplying and filling stone in wire crates etc.” 100 cft of completed item of work was required to be paid for 110 cft of loose stone. This resulted in an excess payment of Rs.139,573 to a contractor in November 1991.”

25-10-95: The Department explained that overpaid amount had been recovered from the 3rd and final bill of the contractor concerned and officer responsible for the excess payment was suspended for further disciplinary action.

The PAC directed that case might be referred to the Standing Rate Committee for clarification whether the rates analysis included in the composite schedule of Rates 1979 was circulated to all concerned by the Committee or not. The department was also directed to get the recovery effected and verified by Audit. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 25 October 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

16. Para 1.A.15: Pages 92-93 – Excess Payment to Contractor – Rs.262,301: (Dera Ghazi Khan Canal Division, Dera Ghazi Khan)

Audit had observed: “A formation measured and paid for 704529 cft of loose stone instead of 640481 cft of completed/finished item of work. According to the rate analysis approved by the Standing Rates Committee vide item No.19(i) page 132 of the Composite Schedule of Rate for the item of work “supplying and filling stone in wire crates/trangers” 100 cft completed/finished item of work was required to be paid for 110 cft of loose stone. This resulted in an excess payment of Rs.262,301 to the contractor in July 1993.”

25-10-95: The Department explained that excess paid amount of Rs.262,301 had been recovered from the 4th and final bill of the contractor.

The PAC directed that recovery so effected may be got verified by Audit and the officer responsible for over-payment be proceeded against for disciplinary action.

Anyhow, there was a difference of opinion between the Audit and the Department about the rate analysis of Standing Rate Committee.

The PAC directed that matter might be referred to the Standing Rate Committee of clarification whether the rate analysis contained in the Composite Schedule of Rate 1979 was circulated to all concerned by the Committee or not. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 25 October 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

17. Para 1.A.16: Page 93 – Excess Payment to Contractor – Rs.70,722 (Rs.30,036 + Rs.40,686): (Dera Ghazi Khan Canal Division Dera Ghazi Khan)

Audit had observed: “A formation measured and paid 636738 cft of loose stone instead of 578853 cft of completed/finished item of work. According to the rate analysis approved by the Standing Rates Committee vide item No.19(i) page 132 of the Composite Schedule of Rates for the item of work “supplying and filling stone in wire crates etc” wherein 100 cft completed/finished item of work was required to be paid for 110 cft of loose stone. While in another case the formation executed an item of G.I.Wire crates and paid a quantity of 46200 sft instead of the admissible quantity of 36300 sft. This resulted in an overpayment of Rs.70,722 (30,036+40,686) to the contractors in November 1991 and June 1992.”

25-10-95: The Department explained that stone consumption was correct as worked out by the Department. The overpaid amount had been recovered.

So far as consumption of Trangers was concerned it was stated that actually 8,900. Trangers were consumed and not 9500 as worked out by Audit.

Anyhow, there was difference of opinion between the Department and the Audit about the rate-analysis of Standing Rates Committee. The PAC directed that the matter to the extent of consumption of

stone should be referred to the Standing Rates Committee for clarification whether rate-analysis, contained in the Composite Schedule of Rates 1979, were published or not for information of the concerned quarter. The factual position with regard to the consumption of Trangers may be got verified by Audit. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 25 October 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

18. Para 1.A.17: Pages 93-94 – Excess Payment to Contractor – Rs.105,960: (Dera Ghazi Khan Canal Division Dera Ghazi Khan)

Audit had observed: “A formation measured 7 Nos. pier caps (Pile caps) whereas only 2 Nos. Pier caps were to be got constructed as per provision of the PC-I. In another case the formation executed the item of brick lining and paid a length of 3.70 and 3.90 feet of the slope instead of the admissible length of 3.40 and 3.78 feet. This resulted in an excess payment of Rs.105,960 (69,781 +36,179) to the contractors in December 1992.”

25-10-95: The Department informed the Committee that full recovery of the amount had been effected. **Subject to verification of recovery by Audit, within a week, the para was settled.**

19. Para 1.A.18: Page 94 – Excess Payment to Contractor – Rs.391,408: (Dera Ghazi Khan Canal Division Dera Ghazi Khan)

Audit had observed: “According to the rate analysis approved by the Standing Rates Committee for the item of work “supplying and filling stone in wire crates etc.” 100 cft completed stone was required to be paid for 110 cft of loose stone vide item 19(i) page 132 of the composite Schedule of Rates 1979. A formation measured and paid a quantity of 1051967 cft stone filled in wire crates instead of the admissible quantity of 956334 cft without applying deduction factor of 110 cft loose stone for 100 cft finished item. This resulted in an excess payment of Rs.391,408 to a contractor in 1992.”

25-10-95: Audit contended that the department did not deduct 10 cft loose stone for 100 cft finished which resulted in excess payment. The Department explained that since they had paid lower rates for the loose stone, therefore, 10 cft deduction was not necessary.

The Audit was of the view that despite the cheaper rate a sum of Rs.48,000 was overpaid. The Committee directed that a detailed inquiry might be conducted in the matter to ascertain the actual overpayment and recovery also be effected. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 25 October 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

20. Para I.A.19: Pages 94-95 – Excess Payment to Contractor – Rs.91,184: (Bahawalpur Canal Division Bahawalpur)

Audit had observed: “A formation executed the items of brick lining and cement plaster in bed and paid 5.62 feet width instead of the admissible width of 4.50 feet provided in design and technical sanctioned estimate. Moreover, the formation executed an item of dry brick pavement and paid a quantity of 2240 cft instead of the admissible quantity of 829 cft while in an other case the Department increased and paid the depth of earth filling from one foot to 9 feet as given in the technical sanctioned estimate. This resulted in an excess payment of Rs.91,184 (61,542+20,989 +8,653) to the contractors in May 1992.”

26-10-95: The Department was directed that relevant record support of their contention might be produced to Audit for verification of the factual position. The para was kept pending.

21-4-96: The Department explained that the estimate was corrected as per approved drawing and sanction. The work was carried out as per approved drawing and payment was made accordingly. However, the Department accepted an overpayment of Rs. 12, 073 and undertook to effect recovery.

The PAC observed that the Department was directed on 26-10-1995 to produce the relevant record to the Audit for verification of the actual position. Despite the lapse of about seven months no record had been shown to Audit. The PAC took serious view of this lapse on the part of the Department and directed that the officer who failed to comply with the directive of PAC dated 26-10-1995 be proceeded against and record produced to Audit for verification within one month without fail. The para was kept pending.

4-7-02: Reiterating the decision of the PAC dated 21 April 1995, **the Committee settled the para with the direction** that the directive of the PAC shall be implemented. The Committee further directed that the Department shall produce the relevant record for verification by the Audit and take necessary action including recovery, if any, as per observation of the Audit after such verification. The action taken shall be completed, and reported to the Finance Department and the Assembly Secretariat by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

21. Para I.B.1: Page 95 – Excess Payment to Contractor- Rs.124,567: (Khushab Irrigation Division, Mianwali)

Audit had observed: “According to Standing Rates Committee’s decision of 24 April 1976 the dressing of earth was not to be paid for in addition to compaction. A formation however made payment for dressing of earth in addition to the rate of compaction in violation of item No.24(a) page 32 of Composite Schedule of Rates (CSR) 1979 which included the rate of dressing. This resulted in an overpayment of Rs.124,567 to the contractors in 1985 and 1986.....The matter was brought to the notice of the Administrative Secretary in March 1987 and also discussed in the Departmental Accounts Committee meeting in December 1992. The Department promised to

effect recovery of overpayment upto 28 February 1993 but this was not done.”

26-10-95: The Department accepted the irregularity. Anyhow it was contended that 2 contractors had died and therefore, a case for write off of their portion of recovery had been submitted to the Competent Authority. For recovery from the remaining contractors the D.C. Mianwali had been requested to effect recovery as arrears of land revenue.

The PAC was not satisfied with the above explanation and observed that it was least concerned about the contractors as they accepted the payment what was offered to them. Therefore, recovery might be effected from the engineer who measured the work and made the payment. Alongwith recovery disciplinary action should also be initiated against him. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 26 October 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

22. Para I.B.2: Page 96 – Excess Payment to Contractor-Rs.116,050: (Kalabagh Irrigation Division Daud Khel)

Audit had observed: “A formation executed the item of earth work compaction, mixing moistening and made payment at the rate of Rs.61 and Rs.115.10 per % cft. The Department also made payment of Rs.10.90 per % cft for dressing and leveling earth in addition to the rate of Rs.61 and Rs.115.10 for compaction etc. in violation of item No.24(a) page 32 of the Composite Schedule Rates 1979 and Finance Department’s decision of March 1988 and January 1990. This resulted in an overpayment of Rs.116,050 to the contractors in April, November and December 1986.....The matter was also brought to the notice of the Administrative Secretary in January 1987 and also discussed in the Departmental Accounts Committee meeting in December 1992. The committee decided to effect the recovery of overpayment but no progress towards recovery was intimated.”

26-10-95: The Department admitted that full amount will be recovered. The PAC directed that the amount may be recovered from the XEN & S.D.O. responsible for overpayment. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 26 October 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

23. Para I.B.3: Page 96 – Higher/Incorrect Rate – Balloki Sulemanki Link Division Lahore – Rs.62,414

Audit had observed: “A formation allowed extra/short carriage of stone and spawl just to give undue benefit to the contractor on higher rates for Ist to 9 chains. The resulted in an excess payment of Rs.62,414 to him in August 1990.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall investigate the matter, recover the loss, if any, and get it verified by the Audit. Disciplinary action shall also be taken against the persons at fault. The action taken shall be reported to the Assembly Secretariat, the Audit and the Finance Department by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

24. Para I.B.4: Page 97 – Excess Payment to Contractor – Rs.58,218: (Central Bari Doab Canal Division Lahore)

Audit had observed: “A formation paid for the items of “excavation in foundation and rehandling of earth work” and “earth work excavation berm cutting of channel in very hard soil” at the rate of Rs.190.95, Rs.144.40 and Rs.183.15 per % cft instead of the admissible rate of Rs.159.15, Rs.106.05 and Rs.157.45 per % cft respectively. This resulted in an excess payment of Rs.58,218 (31,066+27,152) in June 1992.”

25-1-96. The Department explained that full amount had been recovered. **The para was settled subject to verification of stated recovery by Audit.**

25. Para I.B.5: Page 97 – Excess Payment to Contractor – Rs.164,539: (Central Bari Doab Canal Division Lahore)

Audit had observed: “A formation made payment to the contractors for compaction of earth work @ Rs.20.90 per % cft in addition to the payments for formation, dressing and preparation of sub-grade required for lining of canals in contravention of the provisions of Public Works Specification No.28.2(9). This resulted in an excess payment of Rs.164,539 to various contractors from May to December 1988.”

25-1-96. The Department explained that no excess payment was made as the T.S. and estimate was duly approved and work was done accordingly. The work was done at Lahore canal.

The department was directed to produce the relevant record to Audit for scrutiny. The para was kept pending for said verification of record.

4-7-02: Reiterating the decision of the PAC dated 25 January 1996, **the Committee settled the para subject to the following direction –**

The Department shall produce the relevant record for verification by the Audit and take further necessary action including recovery, if any, as per observation of the Audit after such verification. The action shall be completed, and reported to the Finance Department and the Assembly Secretariat by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

26. Para I.B.6: Pages 97-98 – Higher/Incorrect Rate – Flood Bund Division Lahore – Rs.191,634

Audit had observed: “A formation executed the item of “Supply and filling new jute bags 4 to 5 cft capacity” and paid @ Rs.17.28 per bag instead of the admissible rate of Rs.11.52 per bag. This resulted in an overpayment of Rs.191,634 to a contractor in June 1992.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall take appropriate action to settle the matter. The action taken shall be reported to the Finance Department, the Assembly Secretariat and the Audit by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

27. Para I.B.7: Page 98 – Higher/Incorrect Rate – Flood Bund Division Lahore – Rs.129,750

Audit had observed: “In a formation the contractor quoted rate for supply of ballies as 150% below of the Composite Schedule of Rates 1979 and the Department issued acceptance letter to the contractor for supply of ballies @ Rs.150 each without any authentic correction in the Draft for Notice Inviting Tenders (DNIT)/tender documents. This resulted in an excess payment of Rs.129,750 in June 1992.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

28. Para I.B.8: Pages 98-99 – Higher/Incorrect Rate – Flood Bund Division Lahore – Rs.103,414

Audit had observed: “A formation executed an item of earth work excavation from outside borrow pits with 1000 feet lead and paid @ Rs.199.60 per % cft instead of the admissible rate of Rs.162.80 per % cft for 600 feet lead provided in the technical sanctioned estimate and agreement. This resulted in an excess payment of Rs.103,414 to a contractor in October 1988... The matter was brought to the notice of the administrative Department in July 1989 and also discussed in the Departmental Accounts Committee in September 1992. The Department promised to effect the recovery”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The decision of the DAC, as reported in the para, shall be implemented, recovery effected and reported to the Audit for verification. The action taken shall be reported to the Assembly Secretariat and the Finance Department by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

29. Para I.B.9: Page 99 – Higher/Incorrect Rate – Chak Bandi Division Lahore – Rs.171,888

Audit had observed: “A formation made payment of Rs.1,087,512 to Irrigation Machinery Division Lahore for execution of 1737240 cft earth work by scrapers @ Rs.626 per % cft approved by the committee of the Department in October 1990. Further extra payment for Rs.171,888 for deploying two dozer and one scraper was made for this work. This resulted in an excess payment of Rs.171,888 in September 1991.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

30. Para I.B.10: Page 99 – Excess Payment to Contractor – Rs.66,062: (Flood Bund Division Lahore)

Audit had observed: “A formation paid the rate of Rs.246.90 per % cft instead of the admissible rate of Rs.161.10 per % cft for the item of earth work excavation. This resulted in an overpayment of Rs.66,062 in December 1990 by allowing excessive lead of 1000 feet....The matter was brought to the notice of the Administrative Secretary in November 1991 and also discussed in the Departmental Accounts Committee (DAC) in March 1993. Neither the Department justified the excessive lead nor any documentary evidence was produced.”

25-1-96: The Department explained that nearest place was under depression and therefore, earth was taken from another place about 100 feet away. The payment was made according to actual lead involved at site.

The Finance Department apprised the Committee that according to the orders dated 27.3.1990 no work could be executed without T.S. and in this case the T.S. was approved on work done basis. As such the execution of work was quite irregular.

The explanation of the Department was not accepted and PAC directed the department that excess paid amount of Rs.66,062 might be recovered from the XEN, SDO and Overseers concerned. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 25 January 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the

PAC.

31. Para I.B.11: Page 100 – Excess Payment to Contractor – Rs.993,703: (Command Water Management Project Division Lahore)

Audit had observed: “A formation executed the item of formation, dressing and preparing sub grade for brick lining in new channel and paid rates of Rs.17.65 and Rs.24.20 per % sft meant for old channel in violation of Specification for preparation of formation and dressing of sub grade, page 530. This resulted in an overpayment of Rs.993,703 in March 1992.”

24-1-96: The Committee deferred the consideration of Para to 25-1-1996. On 25-1-1996 the para was again considered. The Department was directed to get the relevant record verified by Audit for verification of Departmental contention alongwith the site inspection. The para was kept pending.

4-7-02: Reiterating the decision of the PAC on 25 January 1996, **the Committee settled the para subject to the following direction –**

The Department shall produce the relevant record for verification by the Audit and take further necessary action including recovery, if any, as per observation of the Audit after such verification. The action shall be completed, and reported to the Finance Department and the Assembly Secretariat by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

32. Para I.B.12: Pages 100-101 – Excess Payment to Contractor – Rs.96,818: (Drainage Division Faisalabad)

Audit had observed: “A formation put to tender an item of dewatering as non-schedule item at a lump-sum cost of Rs.234,288 against which the contractor quoted his rate as 15% below of the tendered/estimated cost. The Department made payment of Rs.295,693 instead of the admissible amount of Rs.199,145 as per tendered rates. This resulted in an overpayment of Rs.96,818 to a contractor in March 1992.”

24-1-96: The Department admitted the recovery but stated that legally justified recovery is only Rs.47,838 and not Rs.96,818 and the XEN and Divisional Accountant are responsible for the same. The Finance Department enquired why S.E. gave T.S. for Rs.319,050.

The PAC directed that full amount of Rs.96,818 may be recovered from the persons responsible for sanctioning T.S. and making payment. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 24 January 1996 by 31

December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

33. Para I.B.13 (i & ii): Page 101 – Higher/Incorrect Rate – (i) Khanwah Irrigation Division Sahiwal – (ii) Sukhrawa Drainage Division Sahiwal – Rs.69,221

Audit had observed: “A formation paid a rate of Rs.61 per % cft computed for a density of 95% compaction instead of the admissible rate of Rs.55.51 per % cft for density of 82% compaction actually work executed at site. While another formation made a separate payment of Rs.10.90 per % cft in addition to the rate for compaction of earth @ Rs.20.90 per % cft which was not admissible. This resulted in an overpayment of Rs.69,221 (37,254 + 31,967) to the contractors in November & December 1986 and May 1987.....The matter was brought to the notice of the Administrative Secretary in October 1987 and also discussed in the Departmental Accounts Committee (DAC) meetings in September 1992 and March 1993. Audit stressed to make recovery of overpayment within a month while in other case the Department promised to effect admitted recovery within two months. No progress in this regard was intimated.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

34. Para I.B.14: Page 102 – Excess Payment to Contractor – Rs.167,546: (i) Irrigation Division, Layyah; (ii) Bhakhar Irrigation Division Bhakhar)

Audit had observed: “The formations made payment for the item of work “compaction, mixing, moistening” at the rate of Rs.182.40 per % cft instead of the admissible rate of Rs.171.50 per % cft. The Department also paid for dressing of earth work @ Rs.10.90 per % cft in addition to payment made for mixing, moistening of earth in layers for compaction in violation of the decision of the Standing Rates Committee held in April 1976 and provisions in the Composite Schedule of Rates 1979. This resulted in an overpayment of Rs.167,546 (127,913 + 39,633) to the contractors in February & March 1984, November 1985 and May 1986.....The matter was brought to the notice of the Administrative Secretary in January 1985 and April 1987 and also discussed in the Departmental Accounts Committee (DAC) meetings in December 1992. The Department promised to effect recovery up to 28 February, 1993 but this was not done.”

26-10-95: The Department explained that the D.C. Bhakar had been moved for making recovery from the contractor as arrears of land revenue. The PAC was not satisfied with the explanation of the Department and directed that full recovery be made from the XEN & S.D.O. responsible for making overpayment, besides disciplinary action. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to**

the following direction –

The Department shall implement the directive of the PAC dated 26 October 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

35. Para I.B.15: Pages 102-103 – Excess Payment to Contractor – Rs.77,869: (i) Forwah Canal Division Bahawal Nagar; (ii) Shujabad Canal Division Multan)

Audit had observed: “A formation made payment of Rs.52.25 per % cft for extra carriage of stone from stack to site of work lead upto 3800 feet instead of the admissible rate of Rs.25 per % cft. While another formation executed the item of berm cutting lead 150 feet and paid @ Rs.128.65 per % cft instead of the admissible rate of Rs.122.35 per % cft. This resulted in an overpayment of Rs.77,869 (37,772 + 40,097) to the contractors in January and February 1993.”

26-10-95: The Department explained that Rs.40,097 had already been recovered while Rs.37,772 will be recovered from the final bill of the contractor.

The para was settled subject to verification of the recovery by Audit.

21-4-96: This para consisted of 2 parts as under:-

Part-I- (Rs. 37,772) This part of the para pertained to overpayment of Rs. 37,772. It was kept pending as no recovery was effected by the Department.

Part-II- (Rs. 40,097). The Department explained that full recovery of Rs. 40,097 had been effected and got verified by Audit. This part of the para was settled.

4-7-02: On consideration of the facts of the case, **the Committee settled Part I of the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

36. Para 1.B.16: Page 103 – Excess Payment to Contractor – Rs.56,728: (Muzaffargarh Canal Division Muzaffargarh)

Audit had observed: “A formation executed the masonry work for the bund of brick lining and paid at Rs.871.75% per % cft instead of the admissible rate of Rs.852.10 per % cft meant for other than building. Furthermore, the Department measured the thickness of brick lining in excess of admissible thickness of 0.375 feet. This resulted in an excess payment of Rs.56,728 to the contractor in June 1992.”

25-10-95: The para was settled subject to verification of recovery by Audit.

37. Para I.B.17: Pages 103-104 – Excess Payment to Contractor – Rs.1,16,845: (Sadiqia Canal Division Bahawalnagar)

Audit had observed: “A formation paid the rate of Rs.61 per thousand cft instead of the admissible rate of Rs.56.78 per thousand cft sanctioned by the competent authority for the items of compaction of earth work by rolling with animal driven roller in ordinary soil. This resulted in an overpayment of Rs.116,845 in November 1992 and January 1993.”

26-10-95: The para was settled subject to verification of recovery by Audit.

21-4-96: The full recovery was effected and verified by Audit. **The para was settled.**

38. Para I.B.18: Page 104 – Excess Payment to Contractor – Rs.49,145: (Dallas Division Rahim Yar Khan)

Audit had observed: “A formation executed the item of work “Pucca brick work in cement mortar 1:3 in foundation and plinth” and made payment @ Rs.852.10 per % cft instead of the admissible rate of Rs.827.45 per % cft vide item No.4 page 63 of the Composite Schedule of Rates 1979. This resulted in an overpayment of Rs.49,145 to a contractor in February 1993.”

26-10-95: The Department explained that rate provided and paid for the rehabilitation of channels (Lining of channels) was quite in accordance with CSR-1979 i.e. “Pacca Brick work other than Buildings”.

The PAC directed the Department to refer the case to the Standing Rates Committee to get necessary clarification for rates allowed to the contractor for the work under objection. The para was kept pending.

21-4-96: The Department explained that as per directive of the PAC dated 26-10-1995 the case had been referred to the Standing Rate Committee in 11/1995 for clarification. The follow up action was taken for securing early decision of the standing Rate Committee but the requisite clarification from the Standing Rate Committee was still awaited.

The PAC directed the Department to pursue the matter with the Standing Rate Committee meticulously and the committee be asked to take early decision with reference to the direction of the PAC. The Department may locate the cause of delay in the decision of the rate committee and intimate PAC accordingly for further action. It was further directed that all such cases should be finalized within 3 months positively. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 21 April 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

39. Para I.B.19: Page 104 – Higher/Incorrect Rate – Flood Bund Division Lahore – Rs.51,065

Audit had observed: “A formation paid premium of 125 percent instead of permissible

premium of 90 percent sanctioned by the competent authority for the item of dewatering by pump in November 1991. This resulted in an overpayment of Rs.51,065 to a contractor in November 1991.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

40. Para I.B.20: Pages 104-105 – Excess Payment to Contractor – Rs.92,273: (Lower Gugera Division Faisalabad)

Audit had observed: “A formation paid excessive rate of Rs.105,90 per % cft for rehandling of earth against the admissible rate of Rs.57.55 per % cft vide item No.13(b) and 16(i) pages 29-30 of the Composite Schedule of Rates 1979. This resulted in an overpayment of Rs.92,273 to a contractor in September 1990.”

24-1-96: The Department explained that work was executed according to PCI and payment was correctly made. Anyhow, the Superintending Engineer, Q.B. Link, Farooqabad had been assigned to conduct an enquiry into the matter and fix responsibility for the irregularity if any. Final action would be taken after the enquiry. The Committee observed that despite the passage of nine months, the concerned Superintending Engineer had not completed the inquiry which showed his lack of interest in the matter.

The Chief Engineer assured the Committee that final report of the inquiry would be finalised within ten days. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

41. Para I.C.I: Page 105 – Excess Payment to Contractor – Rs.337,592: (Qadirabad Balloki Link Division Farooqabad)

Audit had observed: “A formation paid Rs.337,592 to the contractors on account of extra carriage charges for rehandling of stone whereas it was clearly mentioned in the acceptance letter that additional rehandling of stone would be the responsibility of the contractor without additional charges. This resulted in an overpayment of Rs.337,592 in May, June and December 1991.”

24-1-96. The Committee directed the department to show the relevant record to Audit within one month for verification whether the extra carriage has been paid to the same contractor or to a different contractor. If it was made to the same contractor, then it was malafide and will be

recovered from the officer responsible for making payment. But if it was made to a different persons then the explanation of the department may be considered. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 24 January 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

42. Para I.C.2: Page 105 – Higher Premia/Lead – Chakbandi Division Lahore – Rs.102,429

Audit had observed: “A formation allowed a premium of 89% over the non-schedule item rate for supplying of 10140 Nos. used ploythene urea bags of 100 kilogram capacity which was not admissible on non-schedule item rate. This resulted in an overpayment of Rs.102,429 to a contractor in September 1991.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

43. Para I.C.3: Page 106 – Higher Premia/Lead – Central Bari Doab Canal Division Lahore – Rs.55,937

Audit had observed: “A formation paid premia of 100% above Composite Schedule of Rates 1979 instead of the admissible premia of 70% as approved by the competent authority for the item of earth work excavation in January 1991. This resulted in an overpayment of Rs.55,937 to a contractor in June 1992.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall investigate the matter, recover the loss, if any, and get it verified by the Audit. Disciplinary action shall also be taken against the persons at fault. The action taken shall be reported to the Assembly Secretariat, the Audit and the Finance Department by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

44. Para I.C.4: Pages 106-107 – Excess Payment to Contractor – Rs.100,200: (Lodhran Canal Division Multan)

Audit had observed: “A formation executed the item of formation, dressing and preparation of sub-grade and paid premia of 150% meant for pucca work instead of the admissible premia of

69% approved for earth work. This resulted in an overpayment of Rs.100,200 to various contractors from January 1990 to February 1991.....The matter was brought to the notice of the Administrative Secretary in April 1991 and April 1987 and also discussed in the Departmental Accounts Committee (DAC) meeting in December 1992. The Department promised to effect recovery within a month but this was not done.”

26-10-95: The Department explained premium @ Rs.150% above C.S.R. 1979 was paid to the contractor with the approval of Chief Engineer concerned as this item of working was existing in the CSR-1979. Therefore, the payment was quite in order.

The Audit pointed out that the Department admitted the overpayment in D.A.C. in 12/92 and promised to effect recovery and now Department was again changing its stand in the matter. The irregularity was quite evident and the engineer/officer who did not effect the requisite recovery showed indiscipline as he did not comply with the orders of Administrative Secretary for recovery.

The PAC directed that strict disciplinary action may be taken against the persons responsible for excess payment, besides the recovery of the excess payment. Action should also be taken against the officers who had failed so far in implementing the DAC decision. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 26 October 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

45. Para I.C.5 Page 107 – Excess Payment to Contractor – Rs.90,317: (Dera Ghazi Khan Canal Division Dera Ghazi Khan)

Audit had observed: “A formation allowed and paid a lead of 1.5 mile for earth brought from outside borrowpits instead of the admissible lead of 1.25 mile. While in another case the formation paid 110 % premium instead of the admissible premia of 100 and 105% to the contractors. This resulted in an excess payment of Rs.90,317 (33,407+56,910) to the contractors in 1992.”

25-10-95: The Department explained that full recovery had been effected from the 3rd and final bill of the contractor. Subject to verification of recovery by Audit, **the para was settled.**

46. Para I.C.6: Page 107 – Excess Payment to Contractor – Rs.251,650: (Sadqia Canal Division Bahawalnagar)

Audit had observed: “A formation measured and paid for a lead of 3 miles for earth work instead of one mile as provided in the PC-I/Draft for Notice Inviting Tenders (DNIT) approved by the competent authority. This resulted in an overpayment of Rs.251,650 to the contractor in September 1992.”

26-10-95: The Department explained that during execution of work in same reaches earth was not available within one mile as provided in the agreement. Therefore, in the best interest of work the excessive lead was paid. The excessive leads had been allowed as per estimate sanctioned by Chief Engineer, Bahawalpur.

The Finance Department pointed out that as per instructions issued on 27-3-1990, no work would be put to tender before T.S. This work had been executed before T.S, against the rules. The PAC observed that the persons who were responsible for inviting tenders and executing the work before T.S. were at fault and directed that inquiry be held, responsibility fixed and action taken besides the recovery. The para was kept pending.

21-4-96: The Department explained that inquiry was conducted by the S.E. on 19-4-1966 at the spot. The Audit showed dissatisfaction about the result of the inquiry.

The Department could not convince the PAC with its explanation. The PAC observed that the Department did not comply with the directives of PAC dated 26-10-1995, particularly, the Administrative Secretary did not care to take action on the directives of the PAC because the inquiry was conducted in April, 1996, i.e. after about 6 months just to show so called progress in the next meeting of the PAC held on 21-4-1996. Neither the responsibility for the overpayment of Rs. 2,51,650 was fixed nor any recovery of the loss was effected. The Administrative Secretary was required to act in a more responsible manner in paying proper attention towards the PAC directive. The PAC reiterated the directives of 26-10-1995 and strictly directed the Department to implement these directives within 2 months. The PAC also directed that Chief Minister, Punjab and the Chief Secretary may be apprised of the indifferent attitude of the Department towards the directives of the Public Accounts Committee. The para was kept pending.

4-7-02: The Committee decided that the facts of the case required further examination. For the purpose, the Department shall **submit the requisite working paper**, containing the comments of the Audit.

47. Para I.C.7: Page 108 – Excess Payment to Contractor – Rs.164,561: (Punjad Headworks Division Punjnad)

Audit had observed: “A formation measured and paid the item of “cutting pilchi frash or sarkanda within one mile” and “carriage of pilchi frash or sarkanda lead 6 miles” which were neither provided in sanctioned estimate nor in the agreement. Moreover, in another case the formation measured and paid for the lead of 3500 feet instead of the admissible lead of 1500 feet originally provided in the technical sanctioned estimate and contract agreement. This resulted in an overpayment of Rs.164,561 (38,357 + 126,204) to the sanctioned contractors in March 1992.”

26-10-95: The Department explained that due to rain, earth was not available within the provided lead of 1500 feet and therefore, lead of 3500 feet was allowed. Similarly the extra carriage of pilchi frash or sarkanda with lead of 6 miles was genuine due to carriage on slop. Anyhow, a recovery of Rs.14,813 had been effected.

The PAC was not convinced and directed the Administrative Department to enquire the matter to ascertain whether the work was genuine and payment was correctly made. If so the relevant record might be got verified by Audit, otherwise effect recovery before coming to the PAC next time. Recovery of Rs.14,813 might be got verified by Audit. The para was kept pending.

21-4-96: The Department explained that in pursuance of the PAC's decision dated 26-10-1995 the Additional Secretary, Irrigation & Power Department inspected the site to ascertain the facts of the case. He found that the work was executed in the interest of state ensure the safety of channels/National Highways Bridge over PML. Therefore, no wasteful expenditure was incurred.

The PAC accepted the above explanation but observed that the concerned XEN had not deposited the recovered amount of Rs. 14, 813 into Government Treasury forthwith. He kept the said amount with him for four months. This aspect of the irregularity should be inquired into and Departmental action be initiated against the defaulter. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 21 April 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

48. Para I.D.1(ii): Pages 108-109 – Excess Payment to Contractor – Rs.82,216: (Taunsa Barrage Division Kot Addu)

Audit had observed: "A formation did not take into account the unit and capacity of the electric motor of tubewells while calculating the factor for non-metered tubewells. This resulted into incorrect application of factor of 300 units per horsepower instead of 280 units. While another formation measured and paid a quantity of 313200 cft by miscalculating the contents instead of the admissible quantity of 243000 cft. This resulted in an overpayment of Rs.82,216 (44,537+37,679) to WAPDA in November 1991."

25-10-95: The Department admitted the overpayment and promised to recover the same in due course of time.

The PAC directed the Department to effect recovery at the earliest and get the same verified by Audit. The para was kept pending.

26-10-95: The para was settled subject to verification of relevant record by Audit.

4-7-02: Reiterating the decision of the PAC dated 26 October 1995, **the Committee settled the para subject to the following direction –**

The Department shall produce the relevant record for verification by the Audit and take further necessary action including recovery, if any, as per observation of the Audit after such verification. The action shall be completed, and reported to the Finance Department and the Assembly Secretariat by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

49. Para I.E.1: Page 109 – Excess Payment to Contractor – Rs.105,254: (Ground Water

Management ISPR-I Lahore)

Audit had observed: “A formation did not deduct a quantity of 155379 cft earth available at site from the quantity brought from outside borrowpits at a lead of 6 miles. This resulted in an excess payment of Rs.105,254 to a contractor in October 1992.”

24-1-96: The explanation of the department as verified by Audit was accepted and the para was settled.

50. Para II.A.1: page 110 – Non-Recovery of Rent, Professional/Income Tax – Rs.104,284: (Director Land Reclamation Lahore)

Audit had observed: “A formation auctioned crop produce in 1990 and 1991, but did not make recovery of income tax @ 3 percent as required by section 50(7A) of the Income Tax Ordinance 1979. This resulted in non-recovery of Government dues of Rs.104,284 in 1990-91.”

24-1-96. The Department explained that recovery of Rs.54,000 had been effected but had not been got verified by Audit and efforts to recover the balance amount were under progress.

The Committee observed that, according to the provisions of Income Tax Act, deduction of Income Tax at source was the responsibility of the D.D.O. and, as such, he was responsible for the loss. The Department was directed to complete the recovery within 2 months from the persons concerned. Otherwise the balance amount might be recovered from the D.D.O. concerned. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 24 January 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

51. Para II.A.2: Page 110 – Non-Recovery of Rent, Professional/Income Tax – Rs.1,377,197: (Director Land Reclamation Lahore)

Audit had observed: “A formation allotted agricultural farms to various tenants but did not recover the cost of produce amounting to Rs.1,377,197 of sugar cane, fodder, citrus garden, bhusa and vegetables from them up to 1991. This resulted in non-recovery of Government dues of Rs.1,377,197 since 1991.”

24-1-96: The Committee was informed that due to non recovery of the cost of Produce from various tenants there was a loss of Rs.1,377,197. The Department explained that the amount did not relate to the cost of produce but to the cost of “Parali”. It was further explained that recovery of Rs.776,000 had been effected. On assurance given by the department that the balance amount would be recovered till 30-6-1996, the Committee deferred the para subject to the condition that if the department failed to complete the recovery upto 30th June, 1996, then the amount should be recovered from the concerned Farm Manager. The para was kept pending.

4-7-02: The Committee decided that the facts of the case required further examination. For the purpose, the Department shall **submit the requisite working paper**, containing the comments of the Audit.

52. Para II.A.3: Page 110 – Non-recovery of Rent, Professional/Income Tax – Flood Bund Division Lahore – Rs.194,000

Audit had observed: “A formation did not recover professional tax amounting to Rs.194,000 from the contractors for 1984-85. This resulted in non-recovery of Government dues of Rs.194,000 since 1984-85.....The matter was brought to the notice of the Administrative Secretary in July 1985 and also discussed in the Departmental Accounts Committee meeting in September 1992. The Department failed to show any progress of recovery.”

4-7-02: The Committee observed that the payment of professional tax was the liability of the assessee and there was no legal obligation on the Departments to have deducted the same at source. **The para was settled.**

53. Para II.A.4: Page 111 – Non-Recovery of Government Dues – Rs.39,500: (i) Central Bari Doab Canal Division Lahore; (ii) Ground Water Management ISRP-II Lahore

Audit had observed: “A formation auctioned Government trees for Rs.1,644,200 from February 1986 to May 1986 but did not collect income tax @ 3% of the sale price as required under rule 50 (7A) of Income Tax Ordinance 1979. While another formation did not recover professional tax amounting to Rs.39,500 from various contractors from July 1992 to June 1993. This resulted in non-recovery of Rs.88,826 (49,326+39,500) in 1986 and 1992-93.”

24-1-96: The Department explained that an amount of Rs.14,000 had been recovered. The Department was directed to recover the balance amount within three months. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 24 January 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

54. Para II.A.5: Pages 111-112 – Non-Recovery of Government Dues – Rs.81,254: (Depalpur Canal Division Kasur)

Audit had observed: “A formation did not recover income tax on auction money of Rs.2,708,485 under section 50(7A) of Income Tax Ordinance 1979 which requires the income tax be deducted at source on auction of any property belonging to the Government. Non-deduction of income tax resulted in non-recovery of Rs.81,254 from November 1983 to April 1985.....The matter was brought to the notice of the Administrative Secretary in May 1986 and also discussed

in the Departmental Accounts Committee meeting in March 1993. The Department promised to effect recovery through Income Tax Department up to 30 April 1993, but this was not done.”

25-1-96: The Department explained the person from whom the income tax was to be deducted was not traceable and therefore, the said deduction of income tax was not possible.

The P.A.C was not satisfied with the explanation of the Department and directed that requisite recovery might be effected from the person who was working as D.D.O. at that time. The para was kept pending for recovery within two months.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 25 January 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

55. Para II.B.I(i): Page 112 – Non-Recovery of Electricity/Water Charges – Rs.108,078 + Rs.34,447 = Rs.142,525: (Qadirabad Balloki Link Division Farooqabad)

Audit had observed: “A formation did not recover water and electricity charges amounting to Rs.108,078 from various officials/officers from July 1982 to February 1991. While another formation made payment of Rs.34,447 in April 1989 to LDA/WASA on account of water charges of officer’s residences but did not recover the same from the occupants. This resulted in a non-recovery of Rs.142,525(108,078+34,447) of Government dues.”

24-1-96. The Department explained that as a result of inquiry, certain persons had been held responsible for non-payment of the water and electricity charges and recovery of Rs.31,000 had been effected from them. Recovery of the balance amount was under progress from their salaries.

The PAC observed that it was the responsibility of the D.D.O. to make timely deduction from the salaries.

The Committee directed that recovery should be completed within one month failing which it would be recovered from the D.D.O. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 24 January 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

56. Para II-B.1 (ii): Page 112 – Non-recovery of Electricity/Water Charges – (ii) Central Bari Doab Canal Division, Lahore – Rs.142,525

Audit had observed: “A formation did not recover water and electricity charges amounting to Rs.108,078 from various officials/officers from July 1982 to February 1991. While another formation made payment of Rs.34,447 in April 1989 to LDA/WASA on account of water charges

of officer's residences but did not recover the same from the occupants. This resulted in a non-recovery of Rs.142,525 (108,078+34,447) of Government dues."

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. Disciplinary action shall also be taken against the persons at fault. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

57. Para II-C.1: Page 113 – Risk and Cost – Rechna Drainage Division Sheikhpura – Rs.53,543

Audit had observed: "A formation got executed a left over work of a contractor at higher rates through sister division without taking any action under clause 3 of the agreement against the defaulting contractor who abandoned the work in June 1992. This resulted in non-recovery of extra expenditure of Rs.53,543."

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

58. Para II.D.I: Page 113 – Non-Recovery of Government Dues – Rs.2,770,698: (Small Dams Division Jhelum)

Audit had observed: "A formation made advance payment of Rs.2,770,698 to different officers/officials/agencies from January 1979 to January 1989, but these advances had not been recovered/adjusted since long. In the absence of non-adjustment of advances and non-submission of vouched accounts, it was not known whether the advances were spent on the object for which these were given."

25-1-96: The Department explained that Audit objection was relating to P.W. Misc: Advances. An amount of Rs.2,636,005 had been recovered/adjusted and get verified by Audit. The remaining adjustment was also in process.

The Department was directed to pursue the balance recovery/adjustment vigorously. **The para was settled** subject to recovery/adjustment of the balance amount and verification of the same by Audit.

59. Para III.A.1: Page 114 – Losses to Government – Rs.169,270

Audit had observed: "In a formation some un-known persons stole various components of tubewells during 1991-92. According to Rule 2.34 of the Punjab Financial Rules volume-I, the

Department was required to report the matter to audit, but this was not done. This resulted in a loss of Rs.169,270 to government.”

24-1-96:

(A) Theft Case Relating to WAPDA Property – Rs.1,041,000

The Department explained that accessories of transformers installed on Tubewell No.16-SD were stolen. The said transformers was property of WAPDA and WAPDA replaced the parts without any cost and therefore, no loss to Department. The explanation of the department was accepted and the **para was settled.**

(B) Theft Cases wherein FIRs Registered by the Local Police – Rs.20,400

The Department explained that write off case had been moved as the cases were declared un-traceable by police. The explanation of the Department was accepted and the **para was settled.**

(C) Theft Cases wherein Reports Made by the Department but FIR were not Registered – Rs.44,770

The Department explained that theft cases had been declared un-traceable and therefore required to be written off. The explanation was accepted **and the para was settled.**

60. Para III.A.2: Page 114 – Theft of Govt Material/Trees – Central Bari Doab Canal Division Lahore – Rs.86,910

Audit had observed: “In a formation 114 Nos Government trees worth Rs.77,600 were stolen in September and October 1987. The Department neither reported the theft to Audit as required by Rule 2.34 of the Punjab Financial rules nor to the police. The Department also imposed a fine of Rs.19,250 from May 1986 to February 1987 on different persons for cutting/theft of trees, but did not effect any recovery. This resulted in non-realization of Government due of Rs.86,910 (19,250+77,660)..... The matter was reported to the Administrative Secretary in January 1984 and June 1987 and also discussed in the Departmental Accounts Committee meeting in August 1987 but no progress towards recovery was intimated.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. Disciplinary action shall also be taken against the persons at fault. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

61. Para III.A.3: Page 115 – Losses to Government – Rs.346,305: (Depalpur Canal Division Kasur)

Audit had observed: “In a formation some unknown persons cut down/stole Government trees

worth Rs.346,305 from January 1985 to December 1989. The Department failed to get the cases of thefts registered with the Police and reported to Audit as required under rule 2.34 of Punjab Financial Rules. This resulted in a loss of Rs.346,305 to the Government.....The matter was reported to the Administrative Secretary in March 1987 to December 1990 and also discussed in the Departmental Accounts Committee meeting in March 1993. The Department promised that divisional officer Kasur would contact the police authorities and would conduct Departmental inquiry to fix the responsibility regarding these cases and submit report up to 30 April, 1993 but this was not done.”

25-1-96: The Department explained that XENs concerned were being reminded constantly to furnish the latest position F.I.R's and police investigation but they had not yet responded.

The PAC directed that loss may be recovered from the 5 S.D.O's concerned as they were neither making recovery nor they were responding to higher authorities, correspondence. Disciplinary action against these officers should also be taken. This action should be completed within three months. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 25 January 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

62. Para III.A.4: Pages 115-116 – Losses to Government – Rs.218,000: (Hafizabad Irrigation Division Faisalabad)

Audit had observed: “In a formation fifty two (52) Government trees worth Rs.218,000 were stolen from the canal plantation from December 1992 to February 1993. The Department neither reported the loss to Audit nor to the police as required by rules 2.34 of the Punjab Financial Rules.”

24-1-96: The Department informed the Committee that two Sub-Engineers had been held responsible for the loss and charge-sheeted. Regular inquiry under the E & D Rules was under progress against them. FIR had also been lodged with the police.

The Committee directed the Department to complete inquiry/action within three months. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 24 January 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

63. Para III.A.5: Page 116 – Losses to Government – Rs.309,350: (Lower Gugera Division Faisalabad)

Audit had observed: “In a formation 13 Nos fallen trees were burnt by fire and 51 trees were stolen due to negligence of the staff which resulted in a loss of Rs.309,350 to the Government in May 1992. The Department failed to get registered the cases of theft with the police and reported

to Audit as required by Rule 2.34 of the Punjab Financial Rules.”

24-1-96: The Department explained that an inquiry has been ordered to fix the responsibility for loss of Rs.3,09,350 and further action will be taken after finalization of the inquiry.

The para was kept pending for recovery and disciplinary action after inquiry. The Committee observed that if the initial report made by the Sub Engineer about the burning of trees was incorrect then he may be suspended and proceeded against.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 24 January 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

64. Para III.A.6: Pages 116-117 – Losses to Government – Rs.60,000: (Excavator Division Faisalabad)

Audit had observed: “In a formation some unknown persons stole bucket-jack of banati hydraulic excavator worth Rs.60,000 in January 1992. According to Rule 2.34 of the Punjab Financial Rules the Department was required to report the loss to audit, but this was not done.”

25-1-96: Explanation of the Department was accepted and the para was settled.

65. Para III.A.7: Page 117 – Theft of Govt Material/Trees – Khanwah Irrigation Division Sahiwal – Rs.392,650

Audit had observed: “In a formation 163 Nos trees worth Rs.392,650 were stolen in April 1989. The Department neither reported the loss to Audit as required by rule 2.34 of the Punjab Financial Rules nor conducted any Departmental inquiry to fix responsibility for the loss.....The matter was brought to the notice of the Administrative Secretary in March 1990 and also discussed in the Departmental Accounts Committee meeting in March 1993. The committee decided that the divisional officer Khanwah would contact the police authorities at personal level and also hold Departmental inquiry to fix the responsibility of any Government officer/official found guilty in these cases and submit the report to Audit up to 30 April, 1993 but this was not done.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The decision of the DAC, as reported in the para, shall be implemented, recovery effected and reported to the Audit for verification. The action taken shall be reported to the Assembly Secretariat and the Finance Department by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

66. Para III.A.8: Pages 117-118 – Losses to Government – Rs.205,000: (Punjad Headworks Division Punjad)

Audit had observed: “In a formation some unknown persons stole 41 Nos trees from April 1992 to March 1993. According to Rule 2.34 of the Punjab Financial Rules, the Department was required to report the loss to Audit, but this was not done. This resulted in a loss of Rs.205,000 to

Government.”

26-10-95: The Administrative Department explained that reports of theft of trees were sent to police but no F.I.R. had been registered. The Finance Department pointed out that government had already issued instructions, on the instance of PAC, that in cases of loss/theft of material, departmental inquiry must invariably be held besides lodging of F.I.R. In this case both actions have not been taken. The Administrative Department assured that recovery will be made from the S.D.O. concerned within 3 months.

The Committee directed that as assured by Administrative Department the recovery be made within 3 months besides disciplinary action. The para was kept pending.

21-4-96: The Department explained that S.D.O responsible for the loss had been charge sheeted and report of inquiry had been submitted to the higher authorities.

The PAC observed that Department was not prompt enough to comply with the directive of the PAC given on 26-10-1995 wherein the Department was required to effect recovery from the SDO concerned within 3 months. Unfortunately, despite the lapse of about 7 months the Department had not shown any progress towards the recovery of loss from the SDO. The Department was again directed to effect recovery from the SDO concerned within one month without fail. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 21 April 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

67. Para III.B.1: Page 118 – Loss to Government – Rs.73,950: (Small Dams Division Islamabad)

Audit had observed: “In a formation a contractor failed to complete the work within stipulated period. Although the work was in progress but the sub-engineer incharge of the work recorded the certificate of completion of the work in the measurement book in order to avoid recovery of compensation for delay in completion of work amounting to Rs.73,950 as per terms and conditions of his agreement. This resulted in a loss of Rs.73,950 to the Government in June 1982....The matter was brought to the notice of the Administrative Secretary in February 1986 and also discussed in the Departmental Accounts Committee meeting in October 1990 and January 1992. It was established that the work was not completed by the contractor up to 7 June 1982 the stipulated date of completion, but the sub-engineer had recorded incorrect certificate in this regard in an important record like measurement book. It was further decided that the Department should take action to recover the amount of compensation for delay in the work from the contractor and initiate disciplinary action against the sub-engineer responsible for recording incorrect certificate of completion of work. No action in this regard was intimated.”

25-1-96: The Audit pointed out that the DAC had decided in October, 1990 that penalty be imposed @ 10% on the contractor and action be taken against the Sub-Engineer who made

incorrect entry in M.B. of completion of work which was executed later.

The PAC re-iterated the decision of the DAC and further directed that the Sub-Engineer may be suspended from service forthwith. The para was kept pending.

4-7-02: The Committee decided that the facts of the case required further examination. For the purpose, the Department shall **submit the requisite working paper**, containing the comments of the Audit.

68. Para III.B.2: Pages 118-119 – Losses to Government – Rs.1,596,114: (Store & Workshop Division Sheikhpura)

Audit had observed: “A formation did not dispose off 40926 kilograms burnt copper wire obtained from repair of electric motors from November 1991 to March 1993. This resulted in a loss of Rs.1,596,114 to the government due to non disposal of material.”

24-1-96: The explanation of the Department, as verified by Audit, was accepted and **the para was settled.**

69. Para III.B.3 Page 119 – Non-Receipt of Government Revenue – Rs.320,000: (Burala Division Faisalabad)

Audit had observed: “In a formation 64 Acre agricultural land belonging to the Department was unauthorisedly occupied by the influential people. The Department did not collect any revenue from the people nor the land got vacated since long. The public exchequer was deprived from the receipts of revenue amounting to Rs.320,000 during the last five years.”

24-1-96: The Department explained that actually area of 2.15 acres and 8.66 acres was under unauthorised occupation. An amount of Rs.13,500 had been recovered. The Assistant Commissioner, Jaranwala and Tandilian Wala had been requested time and again for the removal of encroachment. Further an area of 14.4 acres was being used by the Forest Department.

The PAC directed to reconcile the figures of land area with Audit and also to get verified the recovery of Rs.13,500 by Audit. The para was kept pending.

4-7-02: Reiterating the decision of the PAC dated 24 January 1996, **the Committee settled the para subject to the following direction –**

The Department shall produce the relevant record for verification by the Audit and take further necessary action including recovery, if any, as per observation of the Audit after such verification. The action shall be completed, and reported to the Finance Department and the Assembly Secretariat by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

70. Para III.B.4: Page 119 – Loss to Government – Rs.108,976: (Excavator Division Faisalabad)

Audit had observed: “A formation purchased stock material including paint without requirement and

emergency in May and June 1986. The material was becoming unserviceable due to weather effects. This resulted in a loss of Rs.108,976 to the government.”

25-1-96: The explanation of the Department was accepted and the para was settled.

71. Para III.B.5: Negligence – Khanwah Irrigation Division Sahiwal – Rs.41,624

Audit had observed: “A formation did not carry forward stock, tools and plant articles valuing Rs.41,624 since February 1989 in the new stock/tools and plants register opened in May 1989. Thus misappropriation of Government material could not be ruled out which resulted in the loss to Government.... The matter was brought to the notice of the Administrative Secretary in March 1990 and also discussed in the Departmental Accounts Committee meeting in March 1993. The Department informed the committee that the case was under investigation. No further progress was intimated.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall take appropriate action to settle the matter. The action taken shall be reported to the Finance Department, the Assembly Secretariat and the Audit by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

72. Para III.B.6: Page 120 – Loss to Government – Rs.740,600: (Bahawalpur Canal Division Bahawalpur)

Audit had observed: “In a formation 1058 Nos Government dead and fallen trees worth Rs.740,600 were lying to be auctioned since 1986. There was every apprehension that these would either be stolen or misappropriated resulting in loss to Government.....The matter was brought to the notice of the Administrative Secretary in December 1987 and also discussed in the Departmental Accounts Committee meeting in May 1992. The Department promised to finalize the enquiry proceedings, but no progress was intimated.”

26-10-95: The Department explained that dead & fallen trees were recorded and neither stolen nor lost. Now, all these trees had been handed over to Forest Department and Forest Department was responsible for their safe custody.

The PAC directed that a team consisting of D.F.O. concerned, representative of Irrigation & Power Department and an Officer of Audit should jointly visit the site for physical verification of the facts. If the physical verification showed any sort of malafide then the responsible officer might be proceeded against for recovery and disciplinary action. The para was kept pending.

21-4-96: The Department explained that in pursuance of PAC’s directive dated 26-10-1995 a joint inquiry by D.F.O, XEN Canal Division, Bahawalpur and representative of Audit was conducted. The report of inquiry was awaited.

The Audit apprised the Committee that joint team did visit the Bahawalpur Irrigation office but the relevant record was not produced for inquiry/verification. The PAC took serious view of this non-cooperative attitude of the Department and directed that relevant record be produced to Audit for

verification within 3 months without fail. In case of failure to do so, the PAC directed that criminal case be got registered against the concerned officers/officials in addition to the recovery of loss from them. The para was kept pending.

4-7-02: The Committee decided that the facts of the case required further examination. For the purpose, the Department shall **submit the requisite working paper**, containing the comments of the Audit.

73. Para III.C.I: Pages 120-121 – Acceptance of Tenders at Higher Rates – Rs.117,995: (Bahawalpur Canal Division Bahawalpur)

Audit had observed: “A formation accepted tenders of work 14.72% above the technical sanction against admissible limit of 4.50% as required under Delegation of Financial Powers Rules 1990. The acceptance of tenders beyond the competency resulted in a loss of Rs.117,995 to Government in October 1991.”

26-10-95: The Department explained that tenders for the work were called on rough cost estimate. The estimate was revised and got sanctioned on the basis of tenders, rates quoted by the contractor. The payment was made accordingly involving neither excess nor above payment.

The PAC was not satisfied and expressed that execution of work without T.S. was quite irregular and against the Rules/Regulations. XEN concerned exceeded his competency. Therefore, the relevant record might be taken in custody forthwith to probe the matter in detail and initiate recovery from the officer who started the work without T.S. The para was kept pending.

21-4-96: On its explanation that necessary action for effecting recovery was in hand, the Department was directed to take speedy action. The Para was kept pending for recovery and verification of the same by Audit.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 21 April 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

74. Para III.D.1: Page 121 – Loss to Government – Rs.177,840: (Small Dams Division Islamabad)

Audit had observed: “In a formation a quantity of 120000 cft stone worth Rs.177,840 showed as washed away due to flood in July 1985. Neither any report regarding flood and washing away of such a huge quantity of stone was made to higher authorities nor to Audit as required under rule 2.34 of Punjab Financial Rules Volume-I. This resulted in a loss of Rs.177,840 to Government in July 1985.....The matter was brought to the notice of the Administrative Secretary in August 1988 and also discussed in the Departmental Accounts Committee meeting in January 1992. The Department did not investigate the case for fixing responsibility.”

25-1-96: The Department explained that an enquiry was conducted and negligence of 5 persons was proved and they were held responsible for loss (1 XEN+2 SDO+2 Overseers). Recovery from one person had been completed and remaining recovery was under process. The Department assured that remaining recovery would be completed upto 15.2.1996. The para was kept pending for remaining recovery.

4-7-02: Pursuant to the decision of the PAC dated 25 January 1996, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

75. Para IV.A.I: Page 122 – Non-Accountal of Government Material – Rs.1,113,575: (Tubewell Operation Division Lalian Sargodha)

Audit had observed: “In a formation material (fixed Tools and Plants) worth Rs.1,113,575 was found short against a sub-engineer on handing/taking over charge in May 1992. The Department did not conduct any inquiry into the case for fixing responsibility for the shortage and its recovery.”

26-10-95. The Department explained that enquiry was conducted and Sub-Engineer (Now SDO) was held responsible for the loss. He had been called for personal hearing on 2-11-1995. The PAC directed that the case be finalised expeditiously. Moreover, the accused should be suspended forthwith. The para was kept pending.

4-7-02: The Committee decided that the facts of the case required further examination. For the purpose, the Department shall **submit the requisite working paper**, containing the comments of the Audit.

76. Para IV.A.2: Pages 122-123 – Non-Accountal of Government Material – Rs.127,592: (Tubewell Operation Division Mandi Bahauddin)

Audit had observed: “In a formation stock material worth Rs.127,592 was found short against a sub-engineer in May 1992. The Department did not conduct any Departmental inquiry into the case for fixing responsibility for the shortage and its recovery.”

26-10-95: The Department explained that a disciplinary case for not handing over the stock/store and record to the successor was under process against the Sub Engineer concerned. Further action would be taken on receipt of orders from the higher authorities.

The PAC directed that concerned Engineer might be suspended and posted in Head office. Loss also be made good from him. Action should be completed within 2 months. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 26 October 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

77. Para IV.A.3: Page 123 – Non-Accountal of Government Material – Rs.1,471,164: (Tubewell Operation Division Mandi Bahauddin)

Audit had observed: “In a formation store/tools and plants articles were found short against four sub-engineers during handing/taking over charge in August 1992. This resulted in a loss of Rs.1,471,164 to Government.”

26-10-95: The Department explained that necessary inquiry was in process.

The PAC was not satisfied with the pace of action and directed to effect recovery from the defaulter within 2 months. Moreover, the accused Sub Engineers be suspended forthwith. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 26 October 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

78. Para IV.A.4: Pages 123-124 – Non-Accountal of Government Material of Rs.98,994: (Tubewell Operation Division Mandi Bahauddin)

Audit had observed: “In a formation stock/tools and plants articles worth Rs.98,994 were found short against the sub-engineers on handing/taking over charge in May 1984. The Department did not make any concrete efforts to investigate the matter.”

25-1-96: The Department explained that the recovery is being effected from the Pension of retired officials and from the pay of the officials who were still in service. The para was kept pending for complete recovery.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 25 January 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

79. Para IV.A.5: Page 124 – Non-Accountal of Government Material – Rs.50,000: (River Survey Division Lahore)

Audit had observed: “During handing/taking over charge between two sub-engineers in a formation one the odolite costing Rs.50,000 was found short against an official in August 1991. No effective efforts appeared to have been made by the Department to recover the shortage.”

24-1-96: The para was settled subject to verification of relevant record by Audit.

80. Para IV.A.6: Page 124 – Non-Accountal of Government Material – Rs.39,432: (Depalpur Canal Division Kasur)

Audit had observed: “In a formation stock/tools and plants articles worth Rs.39,432 were found short against various sub-engineers in handing/taking over charge in November 1987 and 1989. The Department did not conduct any Departmental inquiry into the cases for fixing responsibility for the shortage of tools and plants and its recovery.....The matter was brought to the notice of the Administrative Secretary in February 1988 & 1990 and also discussed in the Departmental Accounts Committee meeting in March 1993. In one case the Department promised to finalize the enquiry up to 30 April 1993. In other case the Department replied that the Divisional Officer Kasur would contact the police authorities at personal level and also hold Departmental inquiry to fix the responsibility of any officer/official found guilty in the case and submit the report up to 30 April 1993 but this was not done.”

25-1-96: The Department explained that necessary enquiry had been ordered and report from the enquiry officer was awaited.

The PAC was not satisfied and ordered that recovery might be effected from 9 officials involved and disciplinary action should also be taken against them. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 25 January 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

81. Para IV.B.1: Page 125 – Shortage of Material Against Firm Manager – Rs.355,922: (Director Land Reclamation Lahore)

Audit had observed: “During joint physical verification of stock in February 1991 a formation detected shortage of bhusa, wheat, fertilizer, raya and cotton costing Rs.355,922 against a Farm Manager. Recovery of this amount was, however, not made.”

24-1-96: The Department explained that actual shortage was of Rs.96,990 and not Rs.355,922 as worked out by Audit.

The Department was directed to show the relevant record to Audit to reconcile the actual amount within 2 months and the same may be recovered from the pensionary dues of the officer. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to**

the following direction –

The Department shall implement the directive of the PAC dated 24 January 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

82. Para IV.C.I: Pages 125-126 – Non-Accountal of Government Material – Rs.165,000: (Tubewell Operation Division Mandi Bahauddin)

Audit had observed: “A formation purchased 550 litre thinner for use in residential colony and Khuthala Sheikhan section of a fifty (50) tubewells in June and November 1992, but accountal/ consumption thereof was not forthcoming from the record. This resulted in likely misappropriation of material amounting to Rs.165,000.”

26-10-95: The Department explained that higher authorities had been requested to hold an inquiry and same had not yet been materialized.

The PAC was not satisfied with the explanation and directed that all the actions including enquiry, disciplinary action and recovery might be completed within 2 months. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 26 October 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

83. Para IV.C.2: Page 126 – Non-Accountal of Government Material – Rs.125,000: (Tubewell Operation Division Mandi Bahauddin)

Audit had observed: “A formation issued 10 Nos bearings in November 1992 on an indent of a sub-engineer, but did not produce the accountal and consumption of the material with reference to measurement book and technical sanctioned estimate. Flagrant violation of the prescribed procedure was likely to lead to misappropriation of Government material amounting to Rs.125,000.”

26-10-95: The Department was directed to get the record verified by Audit to prove their contention. The Administrative Department assured that if their contention is not verified by Audit, the recovery will be made accordingly. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 26 October 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

84. Para V.I: Page 127 – Un-Authorised Payments – Rs.625,000: (Small Dams Division Islamabad)

Audit had observed: “According to the provision of the para 2.67 of Public Works Department code tenders for a work were required to be invited in most open and public manner possible, whether by advertisement in the government gazette or local newspaper or by notice in English and the vernacular posted in the public places. A formation awarded a work to a contractor for Rs.626,000 in February 1990 without calling any tenders and made advance payment of Rs.625,000. This resulted in an irregular expenditure of Rs.625,000 in February 1990.”

25-1-96: The explanation of the Department was accepted and the para was settled.

85. Para V.2: Page 128 – Un-Authorised Payments – Rs. 134,888: (Tubewell Operation Division Mandi Bahauddin)

Audit had observed: “A formation purchased various items for rest house without preparation/ approval of any special/sub/main technical sanctioned estimate. The accountal/consumption of articles purchased was also not forthcoming from the record. This resulted in incurring of unjustified expenditure of Rs.134,888 from February to October 1992.”

26-10-95: The Administrative Department explained that record was available and would be got verified by Audit and if Audit is not satisfied, the recovery will be made accordingly.

The PAC directed that the above actions be completed within 2 months. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 26 October 1995 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

86. Para V.3: Page 128 – Un-Authorised Payments – Rs.20,800: (Tubewell Operation Division Mandi Bahauddin)

Audit had observed: “A formation engaged an advocate to proceed the court cases on work charged basis without any provision in the detailed estimate which was still under sanction. Post of work charged advocate was not covered under the schedule of wages introduced by the government of the Punjab, Finance Department. This resulted in an irregular/ unauthorized expenditure of Rs.20,800 from January 1992 to February 1993.”

26-10-95: The explanation of the Department was accepted and the para was settled.

87. Para V.4: Page 129 – Un-Authorised Payments – Rs. 54,278: (Tubewell Operation Division (South) Sheikhpura)

Audit had observed: “A formation purchased and made payment for liveries and uniforms without the provision in the technical estimate sanctioned by the competent authority. This resulted in an irregular expenditure of Rs.54,278 in 1991-92.”

24-1-96: The Committee was informed that payment of Rs.54,278 was made for the purchase of liveries/uniforms without provision in the Technical Estimate despite the fact that the Chief Engineer had refused permission for the said purchase. The Department explained that provision of liveries/uniforms has been made in the detailed estimate. The purchase was made from the Sundry charges. The PAC observed that purchase was made with the approval of the Chief Engineer concerned. The expenditure of Rs.54,278 stated to have been met out of Sundry charges while there was only an amount of Rs.27,000 in that Head of Account. Also the Sundry Charges were not meant for purchase liveries/uniforms. Therefore, the purchase of liveries/uniform was quite irregular. The Department was directed to recover the amount of irregular expenditure from the D.D.O. concerned under intimation to PAC The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 24 January 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

88. Para V.5: Page 129 – Violation of Technical Estimate and Financial Rules – Flood Bund Division Lahore – Rs.222,479

Audit had observed: “A formation overpaid Rs.222,479 to a contractor in March 1992 for rehandling of 2626051 cft earth @ Rs.52.95 per % cft plus 60% above which was neither provided in the estimate nor in the agreement of the contractor. Moreover, the measurement of 2626051 cft rehandling of earth was not recorded in the measurement book. Therefore, the payment for rehandling of earth was not admissible under specification No.17.1(A) Excavation and Embankment (Earth Work General) serial No.20(b) of Standing Rates Committee.”

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

89. Para V.6(i): Pages 129-130 – Un-Authorised Payments – Rs.66,511 (32,478+34,033): (Excavator Division Faisalabad)

Audit had observed: “A formation consumed POL for the running of heavy machinery in excess of that provided in the sanctioned estimate of the relevant machine. While another formation measured the

depth of irrigation channel for earth work excavation in excess of the designed depth of the channel as per cross-section attached with the technically sanctioned estimate. This resulted in an irregular payment of Rs.66,511(32,478+34,033) in 1987-88 and May 1992....The matter was brought to the notice of the Administrative Secretary in May 1989 & March 1993 and also discussed in the Departmental Accounts Committee meeting in April 1993. The Department promised to effect recovery of Rs.32,478 from the persons at fault. No further progress towards recovery was intimated.”

25-1-96: The Public Accounts Committee re-iterated the decision of PAC held in April, 1993, that the recovery of Rs.32,478 be effected from the persons at fault. The recovery be made within two months. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 25 January 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

90. Para V.6(ii): Pages 129-130 – Un-Authorised Payments – Rs.34,033: (Bahawalpur Canal Division Bahawalpur)

Audit had observed: “A formation consumed POL for the running of heavy machinery in excess of that provided in the sanctioned estimate of the relevant machine. While another formation measured the depth of irrigation channel for earth work excavation in excess of the designed depth of the channel as per cross-section attached with the technically sanctioned estimate. This resulted in an irregular payment of Rs.66,511(32,478+34,033) in 1987-88 and May 1992....The matter was brought to the notice of the Administrative Secretary in May 1989 & March 1993 and also discussed in the Departmental Accounts Committee meeting in April 1993. The Department promised to effect recovery of Rs.32,478 from the persons at fault. No further progress towards recovery was intimated.”

26-10-95: The Department was directed to produce the relevant record to audit for scrutiny and verification of the Departmental Contention. The para was kept pending.

21-4-96: The Department explained that in pursuance of PAC decision dated 26-10-1995, steps were being taken to get the record verified by the Audit. The PAC noticed the delay seriously and directed that relevant record be got verified by Audit within one month positively.

4-7-02: Reiterating the decision of the PAC dated 21 April 1996, **the Committee settled the para subject to the following direction –**

The Department shall produce the relevant record for verification by the Audit and take further necessary action including recovery, if any, as per observation of the Audit after such verification. The action shall be completed, and reported to the Finance Department and the Assembly Secretariat by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

91. Para V.7: Page 130 – Un-Authorised Payments – Rs.55,617: (Tubewell Operation Division Khairpur)

Audit had observed: “A formation executed the item of bed clearance and dressing slopes of drain and paid a quantity of 1592730 cft instead of the admissible quantity of 1401680 cft provided in the technical sanctioned estimate. This resulted in an irregular payment of Rs.55,617 to the contractor in October 1992.”

26-10-95: The Department accepted the irregularity and apprised the PAC that they had already initiated the action for recovery from the contractor concerned who was presently working in Punjnad Division. The para was kept pending to effect recovery within three months.

21-4-96: The Department explained that the XEN Punjnad Head Works Division, Punjnad, had been asked to effect recovery from the contractor who was stated to be working there. The said XEN had not responded and therefore, no recovery could be effected so far. The Department was therefore, constrained to request the Deputy Commissioner/Collector Rahim Yar Khan for enforcing recovery as arrears of land revenue.

The PAC was not satisfied with the explanation of the Department and observed that responsibility did not solely rest upon the contractor for the loss to the Government, rather the officer who allowed the irregular payment was equally responsible for the loss. Therefore, recovery be effected from him. The officer at fault should also be proceeded against for departmental action in addition to the recovery to be effected from him. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 21 April 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

92. Para V.8 – Page 131 – Un-Authorised Payments – Rs.518,500: (Tubewell Operation Division Sargodha)

Audit had observed: “A formation made payment for electricity charges on account of running of 87 tubewells from January 1991 to May 1992 which remain closed for the whole month. This resulted in an un-authorised payment of Rs.518,500.”

26-10-95: The para was settled subject to verification of relevant record of adjustment/ reconciliation with WAPDA by Audit.

93. Para VI.A.1: Page 131 – Payment Without Pre-Audit- Central Bari Doab Canal Division Lahore – Rs.11,574,821

Audit had observed: “A formation made payments of Rs.11,574,821 to contractors between June 1989 and October 1990 without pre-Audit in violation of para 4.311(i)(ii) and rule 2.14(a)(ii) of Manual of Instructions of Irrigation and Power Department and Departmental Financial Rules. This resulted in an unauthorised payment of Rs.11,574,821.”

4-7-02: The Committee decided that the facts of the case required further examination. For the

purpose, the Department shall **submit the requisite working paper**, containing the comments of the Audit.

94. Para VI.A.2: Page 132 – Fictitious Payment – Rs.317,981: (Depalpur Canal Division Kasur)

Audit had observed: “A formation placed an amount of Rs.317,981 in the schedule of “Misc: P.W.Advances” against various officers/officials in May and June 1988 as they made payment without pre-Audit and agreements. An amount of Rs.23,218 was cleared. However, a balance of Rs.294,763 still outstanding in the schedule of “Misc:P.W.Advances”....The matter was brought to the notice of the Administrative Secretary in February 1990 and also discussed in the Departmental Accounts Committee meeting in March 1993. The committee decided that the action should be finalized up to 30 April 1993 but this was not done. The latest progress made in the matter had not been reported.”

25-1-96: The Department explained that person who made the payment without pre-audit had been enquired against and censured. The amount had been placed in P.W. Misc: Advance.

The PAC was not satisfied and observed that original record was not produced to enquiry officer. Therefore, the Department was directed that a fresh enquiry might be conducted and responsibility be fixed for overpayment. This action should be completed within three months. The para was kept pending.

4-7-02: The Committee decided that the facts of the case required further examination. For the purpose, the Department shall **submit the requisite working paper**, containing the comments of the Audit.

95. Para VI.B.1: Pages 132-133 – Fraudulent Drawal of Cash – Rs.35,250: (Tubewell Operation Division-II Kot Adu)

Audit had observed: “In a formation some person stole blank cheques from a cheque book and withdrew Rs.35,250 fraudulently from the Bank in April 1982. The fraud came into the notice of the Department on 2 May 1982 and it was accordingly reported to the police and Audit on 4 May 1982.”

25-10-95: The Department explained that the case was sub-judice. The Committee directed the Department to pursue the case vigorously in the court. The para was kept pending.

4-7-02: The Committee settled the para with the direction that subject to the decision of the court, the recovery shall be effected and disciplinary action taken. The action taken shall be reported to the Finance Department, the Assembly Secretariat and the Audit by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

96. Para VI.B.2: Page 133 – Fraudulent Drawal of Cash –Rs.173,052: (Director Land Reclamation Lahore)

Audit had observed: “In a formation the officer incharge did not account for the receipt of auction money in the cash book nor deposited it in the treasury as required under the rules. This resulted in an embezzlement of Rs.173,052 between November and December 1990.”

24-1-96: The Department explained that report regarding the embezzlement of cash had since been sent to Chief Engineer concerned and recovery was being effected from the pension of the defaulter. The para was kept pending for the finalization of recovery and decision of the Chief Engineer.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to the Audit for verification by 31 December 2002. The action taken shall be reported to the Finance Department and the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

97. Para VI.B.3: Page 134 – Fraudulent Drawal of Cash – Rs.560,076: (Upper Chenab Canal Division Sheikhpura)

Audit had observed: “In a formation an amount of Rs.560,076 was drawn from the National Bank of Pakistan fraudulently in 1984. The Department neither took any disciplinary action against the officer nor made the loss good from the officer. The Department placed the said amount in “Misc:P.W.Advances” in February 1984. This resulted in a loss to Government of Rs.560,076....The matter was brought to the notice of the Administrative Secretary in September 1990 and also discussed in the Departmental Accounts Committee meeting in October 1992. The Department informed that the matter was under trial in Special Banking Court Lahore. No further progress was intimated.”

25-1-96: The Department explained that the case was under trial in Banking Court. The matter being subjudice was kept pending, with the direction that the court case be pursued properly.

4-7-02: **The Committee settled the para with the direction** that subject to the decision of the court, the recovery shall be effected and disciplinary action taken. The action taken shall be reported to the Finance Department, the Assembly Secretariat and the Audit by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

98. Para VI.C.I: Page 134 – Theft of Money – Rs.1,510,521: (Tubewell Operation Division

(South) Sheikhpura)

Audit had observed: “In a formation some unknown persons stole Government money amounting to Rs.1,510,521 salary of the staff members for the month of March 1993 from the chest on the evening of 21 March 1993. According to Rule 2.34 of the Punjab Financial Rules the Department was required to report the matter to Audit also but this was not done.”

24-1-96: The Department explained that FIR was lodged against an Accounts Clerk who was responsible for theft. He was arrested by the Police and during investigation an amount of Rs.12,92,000 was recovered from him. That amount of Rs.1,292,000 was still lying with the police. The accused was suspended and he was still in service.

The PAC was not satisfied with the explanation and showed concern over the Departmental negligence and indifference towards the Government money. The Department was directed to get the amount of Rs.1,292,000 from police on “Supardari”, and the balance recovery should also be made and the disciplinary action against him should also be made and the disciplinary action against him should also be finalized. The officer who allowed pay to the official, after the stolen money had been recovered from him by the police, should also be proceeded against and report submitted within one month. The said inquiry and action should be completed within one month. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

Commercial Audit

99. Para 3(xxi): Page 5 – Irrigation Workshops Division, Moghalpura, Lahore

Audit had observed: “The Irrigation Workshop Division, Moghalpura, Lahore had not maintained accounts for 1992-93.”

18-7-02: The Committee **noted** the para.

Revenue Receipts Audit

1. Para 8.1: Page 63 – Demands for Recovery

A. Non-realization of Government Dues of Rs.9,909,671

Audit had observed:

“(a) Divisional Canal Officer, Hafizabad Division (L.C.C., West), Faisalabad failed to recover the amount of Rs.3,783,081 in 23 cases due to non-issuance of demands etc. for the year upto 1991-92. Cases for the

levy of special charges for unauthorized supply after the expiry of agreements were also not intimated.

(b) Fifteen-Seventeen years ago, two sanctions for bulk supply of canal water were accorded by Superintending Engineer (West) under his Nos. CE.FSD-26185/10-1/73/267/5, dated 10-12-73 and 6854/85-WP.II, dated 15-5-79 but the Divisional Canal Officer, Hafizabad Division, Faisalabad failed to complete the subsequent formalities of issuing Form-A, Naqsha No.18 etc. Consequently, demands could not be raised too-causing non-realization of government dues of Rs.3,432,759 for the period 1974-75 to 1991-92. Charges in respect of floating water back into canal in respect of sanction dated 10-12-73 and water supply prior to January 1979 in respect of sanction dated 15-5-79 were also not demanded and recovered.

(c) Charges of Rs.1,568,437 for bulk supply of canal water could not be realized due to non-issuance of demands and non-renewal of expired agreements etc. by the divisional Canal Officer, Faisalabad Division, Faisalabad pertaining to the period January, 1984 to May, 1992.

(d) Divisional Canal Officer, Sargodha Division, Sargodha did not recover the sale proceeds of water of Rs.971,480 from 4 different agencies pertaining to the period 1976 to 1992.

(e) Due to non-issuance of bills/demands, Divisional Canal Officer Sargodha failed to charge and recover the bulk supply water charges of Rs.159,982 relating to the period 1976 to 1990.

(f) Water charges of Rs.19,554 on account of bulk water supply made to District Council, Sargodha were not recovered by the Divisional Canal Officer, Sargodha during the period from October, 1985 to January, 1992.”

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The outstanding amount shall be recovered and reported to Audit for verification by 31 December 2002. Disciplinary action shall also be taken against the persons at fault. Finance Department shall monitor the implementation of the directive of the PAC.

B. Short-realization of Government Dues of Rs.280,788 Due to Short-accountal of Special Charges

Audit had observed: “Special charges leviable vide rule-32 and 33 of canal and Drainage Rules for using the canal water in an unauthorized manner were levied to the extent of Rs.879,001 and Rs.1,591,784 in 436 and 593 cases but the corresponding increase in the relevant demand statements (33-C Statement) for Kharif 1991 and Rabi 1991-92 respectively was made short to a tune of Rs.148,545 and Rs.132,243 by the Divisional Canal Officer, U.C. C. Gujranwala. Thus the differential amount of Rs.280,788 remained un-demanded and escaped from recovery.”

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall take appropriate action to settle the matter. The action

taken shall be reported to the Assembly Secretariat, Audit and the Finance Department by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

C. Miscellaneous

(a) Blockade of Government Revenue of Rs.27,025,645 Due to Non-finalization of Cases of Special Charges

Audit had observed: “According to the provisions of section 33 of the Canal and Drainage Act, 1873, when the water of canal be used in an un-authorized manner, the Divisional Canal officer shall, after holding an enquiry or causing the enquiry to be held etc. levy charges in such cases as prescribed under rule 32 and 33 of The Canal and Drainage Rules. However, 2124 cases for the levy of special charges of Rs.27,025,645 equal to 6 times of the amount involved were reported and verified by the filed staff but were lying pending with the Divisional Canal Officer causing un-due blockade of govt. dues to such a large extent.”

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall investigate the matter; recover the loss, if any, and get it verified by Audit. Disciplinary action shall also be taken against the persons at fault. The action taken shall be reported to the Assembly Secretariat, Audit and the Finance Department by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

(b) Excessive Assessment of Lambardar's Fee – Rs.2,803,783

Audit had observed:

“(i) Divisional Canal Officer, Gujranwala assessed the lambardar's fee in excess to a tune of Rs.1,010,255 for the crops Rabi 1990-91 and 1991-92, Kharif 1991 & 1992.

(ii) An amount of Rs.922,321 was assessed in excess by the Divisional Canal Officer, C.B.D.C., Lahore for Rabi 1990-91 & 1991-92 and Kharif 1991.

(iii) Divisional Canal Officer, Faisalabad assessed the amount of lambardar's fee excess to the extent of Rs.577,752 for Rabi 1990-91, 1991-92 and Kharif 1990 and 1991.

(iv) Similarly lambardar's fee of Rs.293,455 was assessed in excess by the Divisional Canal Officer, Kasur for Rabi 1990-91, 1991-92 and Kharif 1990 and 1991.”

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

General Observation

The Public Accounts Committee observed that the rail tracks leading from the Railways Terminals to the barrages and dams, have since been abandoned and auctioned but the land has not been surrendered to the Board of Revenue. The track land, especially which passes through the cities, has become valuable and unscrupulous elements are creating encroachments of the said state land with the connivance of the officers/officials of the Irrigation and Power Department.

The Department should pay immediate attention to this matter and take action to surrender the land to Board of Revenue.”

Lahore High Court Department

Overview

Total Paras	Civil	Works	Commercial
1	1	-	-

Abstract

Status	Decision	Para Nos.	Total
Paras Finally Settled 1	Paras finally settled as the requisite action had been taken.	Civil: 11.1	1

Discussed on 24 July 1996

Civil Audit

1. Para 11.1: Page 133 – Expenditure in Excess of Budget Provision to the Tune of Rs.346,371

Audit had observed: “Expenditure to the above extent under various objects was incurred in excess of budget provision and in violation of Rule 17.15 of PFR Vol-I. The irregularity was reported to the Administrative Department in 11/92, but no reply was received. Expenditure needs regularization from Finance Department.”

24-7-96: The explanation of the Department was accepted and **the para was settled.**

Special Observation

The PAC was apprised by the Audit that for the last 3 years the Audit of the High Court could not be conducted as the record was not made available by the authority to Audit for audit purposes. The PAC directed the Registrar Lahore High Court, that the relevant record should be made available to the Audit for scrutiny without further delay.

Livestock & Dairy Development Department

Overview

Total Paras	Civil	Commercial
10	4	6

Abstract

Status	Decision	Para Nos.	Total
Para Noted 1	The para was noted as no further action was required because it was of commercial accounts.	Commercial: 3(xxii)	1
Paras Finally Settled 8	Paras finally settled as the requisite action had been taken.	Civil: 15.1, 15.2, 15.3, 15.4	4
		Commercial: 11, 99, 100, 102	4
Paras Conditionally Settled 1	Paras settled with the direction that the Department shall implement the directives of the Committee and the Finance Department shall monitor the same. Both the Departments shall report compliance to the Public Accounts Committee every six months.	Commercial: 101	1

Discussed on 23 August, 20 September 1995, 28 July 1999 and 18 July 2002.

Civil Audit

1. Para 15.1: Page 155 – Likely Misappropriation of Rs.60,236

Audit had observed: “It was noticed that Rs.60,236 were collected by the members of staff as rent of land from the tenants for deposit into Govt. Account as is evident from two applications of patedars. But the amount had not been found deposited into Govt. treasury.”

20-9-95: The recovery of Rs.56,238 had been verified by the Audit. The balance of Rs.4,000

related to Mst Sakina Bibi. The Audit had verified that her name was included in the register of patedars.

The explanation of the Department was accepted and **the para was settled.**

2. Para 15.2: Page 155 – Non-Recovery of House Rent from Veterinary Officers – Rs.124,658

Audit had observed: “As required vide instructions contained in Appendix 6 of CSR Vol. I, Part. I deduction @ 5% of the pay was not made from salaries of Veterinary officers serving under the control of Assistant Director on account of availing the Govt. accommodation.”

20-9-95: The Administrative Secretary explained that the accommodation provided to the veterinary doctors was owned by the concerned Zila Council without involving the Government Funds. These doctors were also not paid House Rent Allowance.

The explanation of the Department was accepted and **the para was settled.**

3. Para 15.3: Page 155 – Un-Necessary Purchase of Liquid Nitrogen Refrigerator worth Rs.86,288

Audit had observed: “A liquid nitrogen refrigerator worth Rs.86,288 was purchased during 1979-80 for the refrigeration of Vaccine, but the same was still lying un-used in the store section of the Institute. As a matter of fact the said purchase was made without any immediate requirement and indicated a blockade of Govt. money. Further with the passage of time the said liquid nitrogen is likely to have lost critically its effectiveness. The matter is serious, needs to be probed and responsibility to be fixed for the loss and unnecessary purchase of liquid nitrogen worth Rs.86,288.”

20-9-95: The Department explained that Liquid Nitrogen Refrigerator was not purchased. It was provided by the F.A.O. free of cost. It was not put into operation soon due to lack of technical know-how. Later on it was installed and started functioning.

The explanation of the Department was accepted and **the para was settled.**

4. Para 15.4: Page 156 – Irregular Expenditure of Rs.298,400 on purchase of Refrigerators

Audit had observed: “As per foot not under item No.3(b)(xxvii) of Delegation of Powers under Financial Rules 1962, corrected upto 30-4-83, no expenditure on the purchase of unusual and novel items is to be incurred without the prior approval of the Finance Department. 34 refrigerators being items of novel and unusual nature were purchased for above amount without the approval of Finance Department.”

20-9-95: On the assurance of the Administrative Secretary that he would scrutinise and regularise the purchases **the para was settled.**

Commercial Audit

5. Para 3(xxii): Page 5 – Punjab Livestock and Dairy Development Department

Audit had observed: The Punjab Livestock and Dairy Department had not submitted the accounts for 1986-87.”

18-7-02: The Committee **noted** the para.

6. Para 11: Page 16 – Non-Recovery of Advances of Rs.49,804 from M/s Zaman Corporation

Audit had observed: “The Punjab Dairy Corporation paid a sum of Rs.79,274 to M/s Zaman Corporation, clearing and forwarding agent, in May, 1988 to clear the imported consignment of recodan and dried skimmed milk. After clearance of the consignment the agents provided adjustment vouchers of Rs.29,470 with the remarks that Rs.49,804 could not be adjusted. The agent neither refunded the unspent balance to the Corporation nor the chances of adjustment in future are bright due to the imprudent financial approach exercised by the management by giving such a huge advance to the clearing agent without considering its justification.

Audit would suggest the following:

- (i) Fix responsibility for grant of advance to the clearing agents in excess of requirement.”
- (ii) Intimate the prospects of recovery; and
- (iii) adopt remedial measures to avoid such irregularity in future.

23-8-95: As far as the recovery of Rs.79,274 from Messrs Zaman corporation is concerned they are sure to recover the amount from the amount lying with the Department. They pointed out a sum of Rs.4.00 lac is lying with the Department pending settlement. They would recover the amount/ adjust the amount before final settlement of the dues. The para was kept pending for recovery.

28-7-99: The Department explained that the amount of Rs.49,804 had since been recovered and got verified by Audit. The PAC accepted the explanation **and settled the para.**

7. Para 99: Page 56 – Working Results/Trading Losses

With reference to the working results, the Audit had suggested: “The charging of depreciation on idle plant needs justification.”

23-8-95: The explanation of the Department was accepted. The para was settled with the observation that depreciation should not be charged on their idle assets which reduces their book value.

28-7-99: The Department explained that the plant remained closed from 1990-91 to 1992-93 and there was loss due to damage to machinery during closure period on account of absoluteness. Changes were made in the machinery by the manufacturer. The packing machinery manufactured by the Tetra Pack had been changed from Hexagon Packs to Brick Pack System and due to this change the manufactures stopped the production of spare parts for Hexagon Packs. Similarly the electronic system for automatic processing/packing of milk had become obsolete. Hence the depreciation had been calculated accordingly. The PAC accepted the explanation and **settled the para.**

8. Para 100: Page 57 – Closure of the Plant

Audit had observed: “Since the plant is deteriorating due to its idleness for the last four years Audit would stress on the Punjab Govt. to decide the fate of the plant as early as possible.”

23-8-95: Livestock Department is making efforts to take a decision for privatization of the Lahore Milk Plant. The para was settled.

28-7-99: The Department explained that the Lahore Milk Plant had been closed in 3/1990 to save the P.D.C. from losses and the staff was sent to the surplus pool. The plant remained closed till a joint venture agreement between P.D.C. and Idare Kisan was signed on 3-11-96 with the 65% profit to the corporation (Government) and 35% to the society (Idare Kisan). The plant started operation from 5/98 and was running successfully. The PAC accepted the explanation and **settled the para.**

5. Para 101: Page 57 – Recovery of Debts

Audit had observed: “Trade debtors decreased from Rs.2.941 million on June 30, 1991 to Rs.1.212 million on June 30, 1993. The reduction in trade debtors was not due to recovery of debts but it was mainly due to making of provision of Rs.1.331 million for doubtful debts which increased to Rs.3.655 million on June 30, 1993 from Rs.2.324 million on June 30, 1991. The reason for which such a heavy amount of Rs.3.655 million could not be recovered from trade debtors, need to be investigated with a view to make recovery.”

23-8-95: The Administrative Secretary explained to the Committee that at present cases are in court of law at different stages for recovery of outstanding dues. These cases have already been decided in department’s favour. Recoveries from staff would be effected when last payment is made to them. Claims of the employees are with the Department and those claims would be considered at the finalization of their accounts. The Public Accounts Committee directed that a policy may be formulated to recover the dues and where the amounts are not recoverable, the same may be written off. The para was kept pending for recovery write off.

28-7-99: The Department explained that an amount of Rs.625,936 (Rs.20,125 from District Jail

Multan + Rs.190,734 from Services Hospital and Rs.415,077/51 from ex-employees) had been recovered. Some cases of recovery were in the court.

The PAC directed that strenuous efforts may be made for the balance recovery at the earliest. The para was kept pending.

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 28 July 1999 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

9. Para 102: Page 57 – Reduction in Stores

Audit had observed: “During the year 1992-93 the Stores, spares and stock in trade was reduced from Rs.769,093 to Rs.381,639 as provision for obsolete stock was shown in the accounts which need to be looked into.”

23-8-95: The explanation of the Department was accepted and the **para was settled.**

Planning & Development Department

Overview

Total Paras	Works
7	7

Abstract

Status	Decision	Para Nos.	Total
Paras Finally Settled 2	Paras finally settled as the requisite action had been taken.	Works: I.1, IV.B.1	2
Paras Conditionally Settled 3	Paras settled with the direction that the Department shall implement the directives of the Committee and the Finance Department shall monitor the same. Both the Departments shall report compliance to the Public Accounts Committee every six months.	Works: IV.A.1, IV.A.2, IV.A.3	3
Paras Pended 2	The paras were pended because the Committee desired to have Working Papers for consideration.	Works: II.1, III.1	2

Discussed on 27 September 1995, 21 April 1996 and 4 July 2002.

Works Audit Cholistan Development Authority

1. Para I.1: Page 230 – Excess Payment to the Contractors – Rs.112,500: (Managing Director CDA Bahawalpur)

Audit had observed: “A formation paid for a superfluous item of floating arms 15 Nos. at the rate of Rs.7,500 each which were not finally fixed on diggies. This resulted in an overpayment of Rs.112,500 in 1992.”

27-9-95: The para was settled subject to verification of recovery effected and other record by Audit.

21-4-96: The Department explained that recovery and adjustment had been made leaving a balance of Rs.22,500 as recoverable. The Department assured the PAC that in future a separate account would be opened in respect of such recoveries with the approval of the Finance Department and amount so recovered would not be deposited in the P.L.A.

The explanation of the Department was accepted and **the para was settled.**

2. Para II.1: Page 230 – Non-Recovery of Government Dues – Rs.639,809: (Managing Director CDA Bahawalpur)

Audit had observed: “A formation did not recover water charges of Rs.639,809 from the consumers. This resulted in non-recovery of Rs.639,809 from 1986 to 1992.”

27-9-95: The Department explained that they would make strenuous efforts to recover the outstanding amounts and the irrecoverable would be got written off. The para was kept pending.

21-4-96: The Department explained that arrears of Rs.639,809 pertained to the recovery of canal water charges from some un-authorised occupants who were ejected from the land about 10 years ago. It was observed that although the said land was owned by the C.D.A. yet the water to the un-authorised occupants was supplied by the Irrigation & Power Department without permission of the C.D.A. and as such the irregularity related to the Irrigation & Power Department. It was further observed that the para should be transferred to Irrigation & Lower Department for necessary explanation before the P.A.C.

The Irrigation & Power Department was directed to hold an inquiry as to why the canal water was supplied to un-authorised occupants without seeking permission from the owner of land i.e. C.D.A. Responsibility should be fixed for irregular supply of canal water and immediate action be taken for recovery of water charges from the defaulters. The para was kept pending.

4-7-02: The Committee decided that the facts of the case required further examination. For the purpose, the Department shall **submit the requisite working paper**, containing the comments of the Audit.

3. Para III.1: Pages 230-231 – Mis-Appropriation – Rs.5,589,929: (Managing Director CDA Bahawalpur)

Audit had observed: “A formation made advance payments of Rs.10,252,040 to various chairmen of Union Councils during 1989-90 and 1990-91 for construction of Kunds and diggies. They only submitted vouched accounts for Rs.4,662,111. Flagrant violation of the prescribed procedure resulted in misappropriation of public funds of Rs.5,589,929.”

27-9-95: The Committee was informed that vouched accounts have since been submitted to Audit except for the account of Rs.12.00 lac. The para was reduced to the balance amount of Rs.12.00 lac and Department directed to submit this accounts to the Audit. The para was kept pending.

21-4-96: The Department explained that out of the amount of Rs.1,200,000 an amount of Rs.886,990 was held under objection by Audit due to misunderstanding (either by way of

repetition or calculation mistake). An amount of Rs.219,280 had been recovered from the defaulter and adjusted. An amount of Rs.93,731 was still recoverable and a notice had been issued to the defaulter for recovery of the same. The Anti-Corruption Department also conducted a detailed survey.

The PAC observed that neither the codal formalities were properly adopted by the SDO/ Sub Engineer concerned nor measurement books were properly maintained. As such the Department was directed to produce the following record to Audit for verification:-

- (i) Vouched Account
- (ii) Measurement Books
- (iii) Muster Roll
- (iv) Inspection Note
- (v) Progress Report of Work as per Muster Roll
- (vi) Completion certificate of the work by C.D.A.

The para was kept pending.

4-7-02: The Committee decided that the facts of the case required further examination. For the purpose, the Department shall **submit the requisite working paper**, containing the comments of the Audit.

4. Para IV.A.1: Page 231 – Undue/Fictitious Payments – Rs.77,850: (Managing Director CDA Bahawalpur)

Audit had observed: “A formation withdrew an amount of Rs.643,854 from the Personal Ledger Account (PLA) against the actual billing for an amount of Rs.570,211 from July 1986 to July 1991. Moreover, pay of patwari (whose resignation was accepted from Dec., 1990) was also withdrawn from December 1990 to July 1991. This resulted in an embezzlement of Rs.77,850 (65,642 +12,208) in July 1991.”

27-9-95: The Department explained that defaulter official was dismissed from service. Later on he was reinstated in appeal on legal grounds. The matter was again inquired into and the official concerned was suspended. Then he filed a Writ in High Court and obtained a stay order. The Department was trying to get the stay vacated from High Court. The Department was directed to pursue the case. The para was kept pending.

21-4-96: The Department explained that the concerned official was proceeded against under E&D Rules but he filed a writ petition against the disciplinary proceedings and got a stay order from the court. However, an amount of Rs.12,209 was recovered and deposited into P.L.A. of M.D. CDA, Bahawalpur. The remaining amount of Rs.65,642 was also adjusted and got verified by Audit.

The Department was directed to pursue the case in the court efficiently. The Department was further directed to open a separate account with the approval of the Finance Department and deposit the said recovered amount of Rs.12,209 in that account instead of keeping the same in P.L. A. which is not regular. **The para was settled subject to the above directions.**

5. Para IV.A.2: Page 232 – Embezzlement of Rs.259,635: (Managing Director CDA Bahawalpur)

Audit had observed: “A formation withdrew Cheques amounting to Rs.259,635 from the Personal Ledger Accounts (PLA) and did not record/account for the same in the cash book. This resulted in an embezzlement of Rs.259,635 in June 1987.”

27-9-95: The Department explained that defaulter official was dismissed from service. Later on he was reinstated in appeal on legal grounds. The matter was again inquired into and the official concerned was suspended. Then he filed a Writ in High Court and obtained a stay order. The Department was trying to get the stay vacated from High Court. The Department was directed to pursue the case. The para was kept pending.

21-4-96: The Department explained that the case was pending in the High Court. However, no embezzlement was involved as the amount was paid on account of the pay of officers/officials and towards other contingent expenditure etc. The relevant vouchers had been produced to Audit for verification.

The PAC observed that evidently the relevant Financial Rule had not been observed in the proper management of the amount involved. The total amount was required to be entered in the Cash Book before disbursement. The Public Accounts Committee directed the Department that:-

- (1) The official responsible for the irregularity should be proceeded against under E&D Rules.
- (2) Proper record entries may be made in the cash book and be got verified by Audit.
- (3) The payment of salaries be got verified by Audit.
- (4) The above action should be completed and be got verified by Audit.

The para was settled subject to compliance of the above mentioned directives and verification of the same by Audit.

6. Para IV.A.3: Page 232 – Embezzlement of Rs.211,833: (Managing Director CDA Bahawalpur)

Audit had observed: “An official withdrew a sum of Rs.346,440 from the Personal Ledger Account (PLA) through cheques from August 1987 to August 1991 for the payment of pension contribution of officers/officials who were on deputation in the authority, but actually deposited an amount of Rs.134,607 into treasury. This resulted in embezzlement of Rs.211,833.”

27-9-95: The Public Accounts Committee directed that the recovery and disciplinary proceedings may be expedited. Moreover, stay order may also be got vacated. The para was kept

pending.

21-4-96: It was explained by the Department that the accused official was dismissed by the MD, CDA, Bahawalpur for serious financial irregularities. The official was reinstated and as a result of fresh inquiry he was suspended and charge sheeted. The inquiry was entrusted to an Inquiry Committee. The accused Official filed a writ petition against the Departmental disciplinary proceedings and obtained a stay order. The matter was being pursued in the court to get the stay vacated.

The PAC directed the Department to make vigorous efforts for vacation of the stay order and then effecting the recovery of the recoverable amount. The para was kept pending.

4-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall implement the directive of the PAC dated 21 April 1996 by 31 December 2002, and report compliance to the Finance Department, the Assembly Secretariat and the Audit. Finance Department shall monitor the implementation of the directive of the PAC.

7. Para IV.B.1: Page 233 – Loss of Rs.127,305 Due to Defective Work: (Managing Director CDA Bahawalpur)

Audit had observed: “A formation made payment of Rs.127,305 from January 1990 to November 1990 for the construction of incomplete Kund which fell on account of rain fall. The defective execution of Kund resulted in a loss of Rs.127,305 in 1990.”

27-9-95: The Department assured to recover the amount within a week. The para was settled subject to verification of the recovery as assured by Managing Director, C.D.A.

21-4-96: The Department explained that the entire amount had been recovered which had been verified by Audit. The Department assured the PAC that in future such recovery would not be deposited in P.L.A. and a separate account would be opened for this purpose with the approval of the Finance Department.

The explanation of the Department was accepted and **settled the para.**

Services and General Administration Department

Overview

Total Paras	<u>Civil</u>	Commercial
2	1	1

Abstract

Status	Decision	Para Nos.	<u>Total</u>
Para Noted 1	The para was noted as no further action was required because it was of descriptive nature.	Commercial: 3(xxiii).	1
Paras Conditionally Settled 1	Paras settled with the direction that the Department shall implement the directives of the Committee and the Finance Department shall monitor the same. Both the Departments shall report compliance to the Public Accounts Committee every six months.	Civil: 17.1	1

Discussed on 24 August 1995, 28 July 1999, 29 June and 18 July 2002.

Civil Audit

1. Para 17.1: Page 163 – Irregular Purchase of Computer – Blockade of Govt. Money – Rs.752,775

Audit had observed: “The Department purchased computer worth Rs.752,775 from M/S Computer Marketing Company (Private) Ltd. Lahore. The supplier was required to provide (i) sealed pack soft ware, novel net ware version 2.2(ii) provide import documents at the time of inspection and licence of the company in the name of the PPSC, (iii) the net working cards should have seen made ‘USA’ but were made the Taiwan (iv) Monitor manufactured by AIR Company. These requirements were not complied with by the company. The Department did not purchase powers supply units as per provision in PC-I and without this unit the computer cannot achieve the objective as in the event of power shut down due to loadshedding the information being fed at that time is washed away and the whole process is to be repeated. Due to this the Government money has been blocked.”

29-6-02: On consideration of the facts of the case, **the Committee settled the para subject to**

the following direction –

The matter shall be decided by the SDAC and further necessary action shall be taken by 31 December 2002 in the light of the decision of the SDAC. The action taken in the matter shall be reported to the Assembly Secretariat. Finance Department shall monitor the implementation of the directive of the PAC.

Commercial Audit

2. Para 3(xxiii): Page 6 – Thal Industries Corporation Ltd.

Audit had observed: “Thal Industries Corporation Limited had not maintained accounts for 1990-91 to 1992-93.”

24-8-95: Audit brought to the notice of the Committee that they had intimated the Corporation that they intended to take up their Audit because as per Pakistan (Audit and Accounts) Order, 1973, it was the duty of the Auditor General to Audit all trading, manufacturing and profit and loss accounts and balance sheets kept by order of Governor in any Department of the Province. But the Corporation had refused to do so with the contention that the Corporation was incorporated under Companies Law and was not an authority or body established by the Government of the Punjab. Therefore, its Audit did not fall within the ambit of Auditor-General. The Committee did not agree with the stand taken by the Corporation and observed that out of the paid up capital of rupees ten crore, Government held 85 percent shares; therefore, interest of Government money had to be watched. It was further observed that out of the nine Directors, seven were Senior Government Officers including the Chief Secretary to Government of Punjab who was the Chairman of the Board of Directors. The Committee was of the firm view that, keeping in view their above very pertinent observations, the Corporation fell within the ambit and purview of the Punjab Public Accounts Committee and, as such, its accounts were Auditable by the Auditor-General. However, if there was any lacuna it could be rectified by making necessary amendment. If necessary, legal opinion should be obtained in the matter.

The para was kept pending.

28-7-99: The Department explained that Thal Industries Corporation had completely been disinvested. All the shares of Government had been sold out to private investors and also the record of the Corporation had been transferred to the private management. Therefore, at this stage the record could not be produced to Audit. The PAC accepted the explanation and **settled the para.**

Transport Department

Overview

Total Paras	Commercial	Revenue Receipts
15	14	1

Abstract

Status	Decision	Para Nos.	Total
Paras Finally Settled 3	Paras finally settled as the requisite action had been taken.	Commercial: 3, 14, 107	3
Paras Conditionally Settled 12	Paras settled with the direction that the Department shall implement the directives of the Committee and the Finance Department shall monitor the same. Both the Departments shall report compliance to the Public Accounts Committee every six months.	Commercial: 12, 13, 15, 16, 17, 18, 103, 104, 105, 106, 108	11
		Revenue Receipts: 5.1	1

Discussed on 23 August 1998, 27 July 1999 and 18 July 2002.

Commercial Audit

1. Para 3: Page 5 – Non-Compilation of Accounts – Punjab Road Transport Corporation (Pvt) Ltd.

23-8-95: The accounts for the year 1992-93 had been received. **The para was settled.**

2. Para 12: Page 17 – Infuctuous Expenditure of Rs.3.665 million on the Import of Machines

Audit had observed: “Punjab Road Transport Corporation purchased/imported certain machines in 1980-81 to equip its Central repair workshop. The machines are neither installed nor used even after 9 years and were lying in stores. Audit is of the view that these machines were purchased without any proper planning as they were not required at all. Thus the expenditure so incurred was rendered infuctuous.”

23-8-95: The Department was given one month’s time to (i) implement previous Public Accounts

Committee decision (ii) fix responsibility for non-implementation of previous Public Accounts Committee decision and (iii) fix responsibility for initial purchases. The para was kept pending.

27-7-99: The Department explained that the affairs of the P.R.T.C. had completely been upset. The fleet of buses had almost been destroyed one way or the other. Only a few buses had been left on the roads. In the face of such a pathetic position 12000 employees were there to draw monthly salaries which was amounted to Rs.42.00 crore per annum. Taking cognizance of the position the Government decided to wind up the P.R.T.C. and employees were offered to avail retirement under the Golden Hand Shake Scheme. Out of the total 9649 employees 8751 personnel opted for voluntary retirement under the said scheme. Almost all these employees had been paid their dues. A few employees had gone into appeal in the Court. In most of the cases the record was not traceable.

All immoveable/moveable property of the PRTC had been taken over by the Government Punjab Privatization Board who was arranging the auction of the same.

In view of the above position the Department requested to drop all the out standing draft paras of the PRTC.

The PAC decided that Chairman PAC-I, Chairman PAC-II and Mr.S.A.Hameed, MPA would sit together to decide the fate of the draft paras pertaining to the P.R.T.C. after going through the note of the P.R.T.C. afresh.

The para was kept pending till the findings of the said meeting of Chairman PAC-I & II and Mr. S. A. Hameed were reported to the Committee.

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall take appropriate action to settle the matter. The action taken shall be reported to the Finance Department, the Assembly Secretariat and the Audit by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

3. Para 13: Page 17 – Loss of Rs.0.865 million due to Purchase of Unnecessary Parts and Loss of Interest Income of Rs.605,426

Audit had observed: “In Punjab Road Transport Corporation (HO) 600 rods for Fiat buses valuing Rs.864,894 were purchased against the indented quantity of 50 rods in 1983. The material in question was purchased without any requirement, and consequently it was not utilized nor there is any likelihood of its utilization in future. Thus, a sum of Rs.864,894 was un-necessarily blocked due to ill-planned purchases.”

23-8-95: The Public Accounts Committee directed that a fresh inquiry be held and responsibility fixed for unnecessary purchases and why the lowest bidder was ignored. The para was kept pending for report within three months.

27-7-99: The Department explained that the affairs of the P.R.T.C. had completely been upset. The fleet of buses had almost been destroyed one way or the other. Only a few buses had been left on the roads. In the face of such a pathetic position 12000 employees were there to draw monthly salaries which was amounted to Rs.42.00 crore per annum. Taking cognizance of the position the Government decided to wind up the P.R.T.C. and employees were offered to avail retirement under the Golden Hand Shake Scheme. Out of the total 9649 employees 8751 personnel opted for voluntary retirement under the said scheme. Almost all these employees had been paid their dues. A few employees had gone into appeal in the Court. In most of the cases the record was not traceable.

All immoveable/moveable property of the PRTC had been taken over by the Government Punjab

Privatization Board who was arranging the auction of the same.

In view of the above position the Department requested to drop all the out standing draft paras of the PRTC.

The PAC decided that Chairman PAC-I, Chairman PAC-II and Mr.S.A.Hameed, MPA would sit together to decide the fate of the draft paras pertaining to the P.R.T.C. after going through the note of the P.R.T.C. afresh.

The para was kept pending till the findings of the said meeting of Chairman PAC-I & II and Mr. S. A. Hameed were reported to the Committee.

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall take appropriate action to settle the matter. The action taken shall be reported to the Finance Department, the Assembly Secretariat and the Audit by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

4. Para 14: Page 18 – Loss of Rs.635,665 Due to Excess Consumption of Diesel than Fixed Yard Stick

Audit has observed: “In Punjab Road Transport Corporation Shalimar Depot, Lahore 163,495 litres of diesel valuing Rs.635,665 was consumed in excess of the fixed yard stick of 2.5 K.M.per litre for Urban routes during the year 1985-86 to 1987-88. The excess consumption was due to lack of control and proper check over the issue and consumption of oils.”

23-8-95: The explanation of the Department was accepted and **the para was settled.**

5. Para 15: Page 19 – Non-recovery of Rs.393,215/69 from Sundry Debtors

Audit had observed: “In Punjab Road Transport Corporation (U) Rawalpindi a huge amount of Rs.393,215.69 was outstanding against sundry debtors since long.”

23-8-95: The para was kept pending with the directive that the recovery be expedited.

27-7-99: The Department explained that the affairs of the P.R.T.C. had completely been upset. The fleet of buses had almost been destroyed one way or the other. Only a few buses had been left on the roads. In the face of such a pathetic position 12000 employees were there to draw monthly salaries which was amounted to Rs.42.00 crore per annum. Taking cognizance of the position the Government decided to wind up the P.R.T.C. and employees were offered to avail retirement under the Golden Hand Shake Scheme. Out of the total 9649 employees 8751 personnel opted for voluntary retirement under the said scheme. Almost all these employees had been paid their dues. A few employees had gone into appeal in the Court. In most of the cases the record was not traceable.

All immoveable/moveable property of the PRTC had been taken over by the Government Punjab Privatization Board who was arranging the auction of the same.

In view of the above position the Department requested to drop all the out standing draft paras of the PRTC.

The PAC decided that Chairman PAC-I, Chairman PAC-II and Mr.S.A.Hameed, MPA would sit together to decide the fate of the draft paras pertaining to the P.R.T.C. after going through the note of the P.R.T.C. afresh.

The para was kept pending till the findings of the said meeting of Chairman PAC-I & II and Mr. S. A. Hameed were reported to the Committee.

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall take appropriate action to settle the matter. The action taken shall be reported to the Finance Department, the Assembly Secretariat and the Audit by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

6. Para 16: Page 19 – Non-recovery of Rs.250,000 on Account of Fabrication of Defective Bus Bodies

Audit had observed: “Punjab Road Transport Corporation Body Building workshop, Lahore fabricated five bus bodies for Punjab University at the rate of Rs.120,000 per bus and delivered them during the period from March, 1974 to February, 1975. Out of the total fabricating cost of Rs.600,000 a sum of Rs.350,000 was realized from the Punjab University in July, 1974 and the balance amount of Rs.250,000 was withheld by them to adjust the amount of Rs.17,143 incurred on repair of defective fabricated bus bodies due to use of sub-standard material. In spite of a lapse of 15 years the balance amount could not be recovered.”

23-8-95: The para was kept pending with the directive that the recovery be expedited.

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall take appropriate action to settle the matter. The action taken shall be reported to the Finance Department, the Assembly Secretariat and the Audit by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

7. Para 17: Page 20 – Unjustified Payment of Rs.173,617 on Account of Incentive to Workshop Staff

Audit had observed: “In a certain Unit of Punjab Road Transport Corporation an amount of Rs.173,617 was paid to workshop staff as an incentive to maintain the mileage schedule and for bringing improvement in the activities of the service. However, the desired results could not be achieved due to large number of off road buses which could not be repaired and put on road in spite of the grant of incentives to the workshop staff.”

23-8-95: The para was kept pending for recovery or write off of the amount involved.

27-7-99: The Department explained that the affairs of the P.R.T.C. had completely been upset. The fleet of buses had almost been destroyed one way or the other. Only a few buses had been left on the roads. In the face of such a pathetic position 12000 employees were there to draw monthly salaries which was amounted to Rs.42.00 crore per annum. Taking cognizance of the position the Government decided to wind up the P.R.T.C. and employees were offered to avail retirement under the Golden Hand Shake Scheme. Out of the total 9649 employees 8751 personnel opted for voluntary retirement under the said scheme. Almost all these employees had been paid their dues. A few employees had gone into appeal in the Court. In most of the cases the record was not traceable.

All immovable/movable property of the PRTC had been taken over by the Government Punjab

Privatization Board who was arranging the auction of the same.

In view of the above position the Department requested to drop all the out standing draft paras of the PRTC.

The PAC decided that Chairman PAC-I, Chairman PAC-II and Mr.S.A.Hameed, MPA would sit together to decide the fate of the draft paras pertaining to the P.R.T.C. after going through the note of the P.R.T.C. afresh.

The para was kept pending till the findings of the said meeting of Chairman PAC-I & II and Mr. S. A. Hameed were reported to the Committee.

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall take appropriate action to settle the matter. The action taken shall be reported to the Finance Department, the Assembly Secretariat and the Audit by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

8. Para 18: Page 20 – Import of un-useable Spare Parts of Buses – Loss Rs.152,074

Audit had observed: “The defunct Punjab Urban Transport Corporation imported spares in 1982-83 for rehabilitation of Isuzu buses at its Body Building Workshop, Multan Road. On receipt of the imported consignment, it was found that spare parts worth Rs.152,074 were un-useable. They were lying in stock for the last ten years. Neither was replacement of these spare parts made nor was recovery of their cost made from the suppliers.”

23-8-95: The amount involved is to be written off by the Board of Directors. The para was kept pending.

27-7-99: The Department explained that the affairs of the P.R.T.C. had completely been upset. The fleet of buses had almost been destroyed one way or the other. Only a few buses had been left on the roads. In the face of such a pathetic position 12000 employees were there to draw monthly salaries which was amounted to Rs.42.00 crore per annum. Taking cognizance of the position the Government decided to wind up the P.R.T.C. and employees were offered to avail retirement under the Golden Hand Shake Scheme. Out of the total 9649 employees 8751 personnel opted for voluntary retirement under the said scheme. Almost all these employees had been paid their dues. A few employees had gone into appeal in the Court. In most of the cases the record was not traceable.

All immoveable/moveable property of the PRTC had been taken over by the Government Punjab Privatization Board who was arranging the auction of the same.

In view of the above position the Department requested to drop all the out standing draft paras of the PRTC.

The PAC decided that Chairman PAC-I, Chairman PAC-II and Mr.S.A.Hameed, MPA would sit together to decide the fate of the draft paras pertaining to the P.R.T.C. after going through the note of the P.R.T.C. afresh.

The para was kept pending till the findings of the said meeting of Chairman PAC-I & II and Mr. S. A. Hameed were reported to the Committee.

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall take appropriate action to settle the matter. The action taken shall be reported to the Finance Department, the Assembly Secretariat and the Audit by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

9. Para 103: Page 58 – Continuous Heavy Losses and Financial Position of the Corporation

Audit had observed: “The accounts of the Corporation for the year 1986-87 to 1992-93 were in arrear. In 1993-94 the management prepared its six arrear accounts from 1986-87 to 1991-92 and submitted the same to Audit in April, 1994. Year-wise data in respect of Kilo meters covered, fleet of buses held and number of buses operated by each depot, was neither furnished by the management alongwith the accounts nor provided on demand.... Corporation has been continuously running in heavy losses since the very beginning and its accumulated loss increased to Rs.4745.964 million on June 30, 1992 from Rs.2232.664 million as on June 30, 1987.”

23-8-95: The Audit Department brought this matter before the Public Accounts Committee that the financial position of the Corporation was deteriorated to such an extent that survival of the Corporation is not possible even with more loans and new buses. The performance of the Corporation was discussed in Public Accounts Committee on different occasions. All the members unanimously agreed that the survival of the Corporation is not possible and the winding up the Corporation is in the interest of the Nation. Its accumulated losses upto 30-6-1992 stood at Rs.4,745,964,000.

The para was kept pending, for policy decision by the Government about the date of the Corporation.

27-7-99: The Department explained that the affairs of the P.R.T.C. had completely been upset. The fleet of buses had almost been destroyed one way or the other. Only a few buses had been left on the roads. In the face of such a pathetic position 12000 employees were there to draw monthly salaries which was amounted to Rs.42.00 crore per annum. Taking cognizance of the position the Government decided to wind up the P.R.T.C. and employees were offered to avail retirement under the Golden Hand Shake Scheme. Out of the total 9649 employees 8751 personnel opted for voluntary retirement under the said scheme. Almost all these employees had been paid their dues. A few employees had gone into appeal in the Court. In most of the cases the record was not traceable.

All immovable/movable property of the PRTC had been taken over by the Government Punjab Privatization Board who was arranging the auction of the same.

In view of the above position the Department requested to drop all the out standing draft paras of the PRTC.

The PAC decided that Chairman PAC-I, Chairman PAC-II and Mr.S.A.Hameed, MPA would sit together to decide the fate of the draft paras pertaining to the P.R.T.C. after going through the note of the P.R.T.C. afresh.

The para was kept pending till the findings of the said meeting of Chairman PAC-I & II and Mr. S. A. Hameed were reported to the Committee.

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall take appropriate action to settle the matter. The action taken shall be reported to the Finance Department, the Assembly Secretariat and the Audit by 31 December 2002.

Finance Department shall monitor the implementation of the directive of the PAC.

10. Para 104: Page 58 – Working Results

Audit had observed: “The financial position of the corporation has deteriorated to such an extent that survival of the corporation is not possible even with more loans and new busses. It will, therefore, be in the national interest to wind up the corporation and to get rid of this white elephant as early as possible.”

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall take appropriate action to settle the matter. The action taken shall be reported to the Finance Department, the Assembly Secretariat and the Audit by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

11. Para 105: Page 59 – Working Results

Audit had observed: “M/s Riaz and Company, Chartered Accountants conducted detailed audit of the accounts of 19 intercity depots and 13 urban depots of the corporation for the years 1986-87 to 1991-92 and gave long form reports to the Managements on each year’s audit in respect of each depot. Their reports contained irregularities observed by them during the course of audit in each depot and management was required to rectify the same.”

23-8-95: The para was kept pending for verification by Audit.

27-7-99: The Department explained that the affairs of the P.R.T.C. had completely been upset. The fleet of buses had almost been destroyed one way or the other. Only a few buses had been left on the roads. In the face of such a pathetic position 12000 employees were there to draw monthly salaries which was amounted to Rs.42.00 crore per annum. Taking cognizance of the position the Government decided to wind up the P.R.T.C. and employees were offered to avail retirement under the Golden Hand Shake Scheme. Out of the total 9649 employees 8751 personnel opted for voluntary retirement under the said scheme. Almost all these employees had been paid their dues. A few employees had gone into appeal in the Court. In most of the cases the record was not traceable.

All immovable/movable property of the PRTC had been taken over by the Government Punjab Privatization Board who was arranging the auction of the same.

In view of the above position the Department requested to drop all the out standing draft paras of the PRTC.

The PAC decided that Chairman PAC-I, Chairman PAC-II and Mr.S.A.Hameed, MPA would sit together to decide the fate of the draft paras pertaining to the P.R.T.C. after going through the note of the P.R.T.C. afresh.

The para was kept pending till the findings of the said meeting of Chairman PAC-I & II and Mr. S. A. Hameed were reported to the Committee.

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall take appropriate action to settle the matter. The action taken shall be reported to the Finance Department, the Assembly Secretariat and the Audit by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

12. Para 106: Page 59 – The Loss under-stated by the Corporation to the Extent of Rs.101.761 million and Rs.48.877 million

Audit had observed: “The loss for the years 1990-91 and 1991-92 has been under-stated by the Corporation to the extent of Rs.101.761 million and Rs.48.877 million respectively due to making no provision for interest payment on long term loans of the Provincial Government.”

23-8-95: The Public Accounts Committee directed that until rate of interest is determined by the Government, provision of interest be made on ad-hoc basis. The para was kept pending.

27-7-99: The Department explained that the affairs of the P.R.T.C. had completely been upset. The fleet of buses had almost been destroyed one way or the other. Only a few buses had been left on the roads. In the face of such a pathetic position 12000 employees were there to draw monthly salaries which was amounted to Rs.42.00 crore per annum. Taking cognizance of the position the Government decided to wind up the P.R.T.C. and employees were offered to avail retirement under the Golden Hand Shake Scheme. Out of the total 9649 employees 8751 personnel opted for voluntary retirement under the said scheme. Almost all these employees had been paid their dues. A few employees had gone into appeal in the Court. In most of the cases the record was not traceable.

All immovable/movable property of the PRTC had been taken over by the Government Punjab Privatization Board who was arranging the auction of the same.

In view of the above position the Department requested to drop all the out standing draft paras of the PRTC.

The PAC decided that Chairman PAC-I, Chairman PAC-II and Mr.S.A.Hameed, MPA would sit together to decide the fate of the draft paras pertaining to the P.R.T.C. after going through the note of the P.R.T.C. afresh.

The para was kept pending till the findings of the said meeting of Chairman PAC-I & II and Mr. S. A. Hameed were reported to the Committee.

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall take appropriate action to settle the matter. The action taken shall be reported to the Finance Department, the Assembly Secretariat and the Audit by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

13. Para 107: Page 59 – Obsolete Stores and Spares Worth Rs.2.377 million

Audit had observed: “Store and spares of Rs.46.941 million on June 30, 1992 included obsolete stores and spares worth Rs.2.377 million for which no provision had been made in the accounts under review. The reasons for which the stores and spares became obsolete need to be investigated with a view to making the resultant loss good.”

23-8-95: The Department was directed to make provision for obsolete stores in the accounts. **The para was settled.**

14. Para 108: Page 59 – Shortage of Stores Worth Rs.1.482 million, Stores Theft Worth Rs.0.543 million and Misappropriation of Cash Amounting to Rs.0.592 million

Audit had observed: “Shortage of stores worth Rs.1.482 million, stores theft worth Rs.0.543 million and misappropriation of cash amounting to Rs.0.592 million appearing in the books of accounts on June 30, 1992 need to be investigated with a view to regularizing the same by making recovery from the concerned officials.”

23-8-95: The Administrative Department stated that shortage of worth Rs.1.482 m. pertains to the different Punjab Road Transport Corporation units which have already been discussed in Public Accounts Committee meetings i.e. Para 18/87-88, Para 42/88-89 and para 190/88-89. Cases of defaultation got registered and results of court proceedings are still awaited. The Department was directed to pursue the theft case and the cases of misappropriation. The para was kept pending.

27-7-99: The Department explained that the affairs of the P.R.T.C. had completely been upset. The fleet of buses had almost been destroyed one way or the other. Only a few buses had been left on the roads. In the face of such a pathetic position 12000 employees were there to draw monthly salaries which was amounted to Rs.42.00 crore per annum. Taking cognizance of the position the Government decided to wind up the P.R.T.C. and employees were offered to avail retirement under the Golden Hand Shake Scheme. Out of the total 9649 employees 8751 personnel opted for voluntary retirement under the said scheme. Almost all these employees had been paid their dues. A few employees had gone into appeal in the Court. In most of the cases the record was not traceable.

All immovable/movable property of the PRTC had been taken over by the Government Punjab Privatization Board who was arranging the auction of the same.

In view of the above position the Department requested to drop all the out standing draft paras of the PRTC.

The PAC decided that Chairman PAC-I, Chairman PAC-II and Mr.S.A.Hameed, MPA would sit together to decide the fate of the draft paras pertaining to the P.R.T.C. after going through the note of the P.R.T.C. afresh.

The para was kept pending till the findings of the said meeting of Chairman PAC-I & II and Mr. S. A. Hameed were reported to the Committee.

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall take appropriate action to settle the matter. The action taken shall be reported to the Finance Department, the Assembly Secretariat and the Audit by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

Revenue Receipts Audit

15. Para 5.1: Non-realization of Government Revenue Due to Non-Renewal of Route Permits (i) to (iv) – Rs.1,542,330

Audit had observed:

“(i) Government revenue of Rs.1,295,220 on account of route permit renewal fee was not realised by the Secretary, Regional Transport Authority, Lahore from 494 permit holders during October, 1989 to February, 1993.

(ii) Route permit renewal fee of Rs.122,170 was not realised but the Secretary, Regional Transport Authority, Faisalabad from 48 defaulters during June, 1991 to October, 1992.

(iii) Secretary Regional Transport Authority, Rawalpindi failed to realise route permit renewal fee of Rs.119,260 from 69 permit holders during May, 1991 to September, 1992.

(iv) Route permit renewal fee of Rs.44,490 was not realised by the Secretary, Punjab Provincial Transport Authority, Lahore from 24 permit holders during September, 1991 to March, 1993.”

18-7-02: On consideration of the facts of the case, **the Committee settled the para subject to the following direction –**

The Department shall take appropriate action to settle the matter. The action taken shall be reported to the Finance Department, the Assembly Secretariat and the Audit by 31 December 2002. Finance Department shall monitor the implementation of the directive of the PAC.

Annexure

GOVERNMENT OF THE PUNJAB FINANCE DEPARTMENT

NOTIFICATION

Dated: Lahore the 20 October 2000

No.FD/Acctts:/(A&A)/V-7/69. In exercise of the powers conferred upon him under the order of the Chief Executive of Pakistan contained in letter No.1(74)SO(C-2)/2000 dated 31st July 2000 read with Article 2 of the Powers and Functions of the Governors Order 19 (No.5 of 1999), the Governor of the Punjab is pleased to constitute, until further orders, an ad hoc Public Accounts Committee for examining the appropriation and other accounts of the Government of the Punjab and the reports of the Auditor General thereon and for dealing with the unfinished business of the Standing Committees on Public Accounts of the Provincial Assembly of the Punjab suspended on the twelfth day of October 1999, consisting of the following namely:

- | | |
|--|--------|
| 1. Mr Aftab Ahmad
(Retd. Secretary C&W) | Member |
| 2. Mr Ahmad Raza Khan
(Retd. Addl. Secretary) | Member |
| 3. Mr Ali Kazim, Advocate
(Retd. Civil Servant) | Member |
| 4. Ch Muhammad Aslam
(Retd. Provincial Secretary) | Member |
| 5. Prof. (R) Dr Ejaz Ahsan
(Retd. Principal KEMC) | Member |
| 6. Prof. (R) Dr Khalid Hameed Sheikh
(Retd. Vice Chancellor, Punjab University) | Member |
| 7. Mian Abdul Qayyum
(Retd. Federal Secretary) | Member |
| 8. Mr Muhammad Ahmad Bhatti
(Retd. Provincial Secretary) | Member |
| 9. Major General (Retd) Muhammad Akram
461-CC, Phase IV, DHA, Lahore | Member |
| 10. Mr Muzaffar Mahmood Qureshi
(Retd. Federal Secretary) | Member |
| 11. Mr Riaz Hussain Bokhari,
(Retd. Auditor General of Pakistan) | Member |

2. Mr Riaz Hussain Bokhari, will act as Chairman of the ad hoc Public Accounts Committee, until further orders.

3. (1) In scrutinizing the appropriation and other accounts of the government and the reports, including special audit reports and performance audit reports of the Auditor General of Pakistan thereon, it shall be the duty of the ad hoc Public Accounts Committee, hereinafter referred to as Committee, to satisfy itself:

- (a) that the moneys shown in the accounts as having been disbursed were legally available for and applicable to, the service or purpose to which they have been applied or charged.
- (b) that the expenditure conforms to the authority which governs it.
- (c) that every re-appropriation has been made in accordance with the provisions made in this behalf under the rules framed by the Finance Department.
- (d) that the money shown in the accounts was spent with due regard to regularity, propriety, economy, efficiency and effectiveness.

(2) It shall also be the duty of the Committee:-

- (a) to examine the statement of accounts showing the income and expenditure of state corporations, trading and manufacturing schemes, concerns and projects together with the balance sheets and statements of profit and loss accounts which the Governor may have required to be prepared or are prepared under the provisions of the statutory rules regulating the financing of a particular corporation, trading of manufacturing scheme or concern or project and the report of the Auditor General of Pakistan thereon;
- (b) to examine the statement of accounts showing the income and expenditure of autonomous and semi-autonomous bodies, the audit of which may be conducted by the Auditor General of Pakistan either under the directions of the Governor or under an Act of Assembly; and
- (c) to consider the report of the Auditor General of Pakistan in case where the Governor may have required him to conduct the audit of any receipts or to examine the accounts of stores and stocks.

(3) If any money has been spent on any service during a financial year in excess of the authorized grant or appropriation for that purpose, the Committee shall examine with reference to the facts of each case the circumstance leading to such an excess and make such recommendations as it may deem fit.

4. The Committee will make arrangements for clearance of backlog of audit reports passed on to it as unfinished business of the aforesaid Standing Committees of the Provincial Assembly. Recommendations of the Committee shall be submitted for final approval to the Minister for Finance Punjab within one year positively.

5. The recommendations made by the aforesaid Standing Committees of Provincial Assembly of the Punjab in the finalized reports for the previous years shall be submitted by the Committee to the Finance Minister for approval. The Committee shall also oversee implementation of its approved recommendations.

6. The Provincial Assembly Secretariat will function as the Secretariat of the Ad hoc Public Accounts Committee.

Sd/-
(M. AKRAM MALIK)
Secretary to Government of the Punjab
Finance Department

No. FD/Accts:/(A&A)/V-7/69

Dated Lahore the, 20th October 2000

Copy forwarded for information to:-

- 1) All Administrative Secretaries to Government of the Punjab.
- 2) All Heads of Departments in the Punjab.
- 3) Secretary, Provincial Assembly of the Punjab, Lahore.

Sd/-
(Muhammad Anwar Cheema)
Under Secretary (M-1)
Government of the Punjab
Finance Department

No. FD/Accts:/(A&A)/V-7/69

Dated Lahore the, 20th October 2000

Copy forwarded for information to the:-

- 1) Auditor General of Pakistan, Constitution Avenue, Islamabad.
- 2) Accountant General, Punjab, Lahore.
- 3) Director General, Audit (Works), Punjab, Lahore.
- 4) Director General, Audit, Punjab, Lahore.
- 5) Director General, Commercial Audit, Lahore.
- 6) Director General, Revenue Receipt Audit, Punjab, Lahore.
- 7) Director General, Accounts (Works), Lahore.

Sd/-
(Muhammad Anwar Cheema)
Under Secretary (M-1)
Government of the Punjab
Finance Department

No. FD/Acctts:/(A&A)/V-7/69

Dated Lahore the, 20th October 2000

A copy is forwarded to the Superintendent Government Printing Punjab, Lahore, for publication in the Punjab Gazette and for supplying 10 printed copies to this Department for record.

Sd/-
(Muhammad Anwar Cheema)
Under Secretary (M-1)
Government of the Punjab
Finance Department