

PROVINCIAL ASSEMBLY OF KHYBER PAKHTUNKHWA



**Public Accounts Committee
General Observations
1970-1971 to 2010-2011**

CHAIR'S FOREWORD

One of the primary goals of effective public financial management is to ensure that public moneys are spent to achieve public policy objectives set by the elected representatives, and executives are therefore held accountable for any deviations. Several measures have been taken in recent years to strengthen good practices in the public financial management of the province through structural reforms, improved accounting systems, better auditing methodology, and enhanced capacity of personnel. However, it is recognized that these efforts will need to be augmented by strengthened financial accountability to support expenditure effectiveness.

Issues of expenditure accountability are increasingly important in today's development environment. The good use of public resources is critical to reducing poverty and expanding growth. In this context, the role of Public Accounts Committees in Parliament (Westminster system) are critical in providing oversight and review of government performance in preparing and executing budgets and reporting on government expenditures and to make recommendations regarding improvement in the financial management system and maintaining Financial discipline of the province.

If the recommendations of the Public Accounts Committee given from time to time are effectively implemented, it would definitely help in maintaining Financial discipline amongst the organizations and developing a strong, efficient, and workable system of both external and internal controls.

It is really great pleasure and joy for me to see such a good effort of the staff of Public Accounts Committee Cell who has collected the scattered data regarding General Observations of the PAC made from time to time since its constitution i.e from 1970 to 2010 and printed it in a handbook form, which was not otherwise an easy task, and will help a lot in maintaining financial discipline of the province if implemented in true spirit by the Administrative departments. I really appreciate the efforts of PAC Cell performed under the keen supervision of Mr. Amanullah Secretary Provincial Assembly of Khyber Pakhtunkhwa, who really deserve appreciation for accomplishing this gigantic task.

(4)

Development of a handbook for PAC Members would serve as detailed rules of procedures for ready reference as well as an induction material for orientation of new PAC Members / Secretariat staff. The development of a handbook will be helpful to categorize audit paras, synchronize audit observations, help quick settlement of audit observations, and render analytical support to the PAC members in streamlining procedures so as to reduce the pressure of routine work on the PAC. It would enable PAC to discharge their responsibilities and to report to the legislature on an annual basis.



(KIRAMATULLAH KHAN)
Chairman, Public Accounts Committee
Provincial Assembly of Khyber
Pakhtunkhwa.

FOREWORD

Under Article 171 of the Constitution of the Islamic Republic of Pakistan one of the assignments of the legislatures is to discharge their duty is the Financial Accountability through Public Accounts Committee with the support of Auditor General of Pakistan.

Due to frequent break down in Parliamentary System, the accountability process was disrupted time and again, it was therefore, realized eagerly that observations made by the Public Accounts Committee from 1970 should be compiled in a booklet form. To materialize it, the task was initially assigned to Mr. Amjad Ali, Additional Secretary and shortly due to his transfer from the PAC Cell the task was left incomplete but it gives me great pleasure to express my gratitude for his efforts in collecting scattered data, making research and gathering information from various documents. It would not be out of place to appreciate the services of Mr. Tariqullah, Assistant Secretary and Mr. Baz Muhammad, Superintendent of the PAC Cell, who helped the officer in providing necessary information. I specially appreciate the services of Mr. Inamullah Khan, Deputy Secretary, who accepted the incomplete task as a challenge and accomplished it efficiently and effectively by amalgamating the same in the book form.

The preparation of this book has been made possible because of valuable and day-to-day efforts rendered by the PAC Cell under the supervision, guidance and personal interest of Mr. Nasrullah Khan Khattak, Additional Secretary and Mr. Inamullah Khan, Deputy Secretary, otherwise it was not an easy job.

The Committee's general observations and major issues regarding the Departments have been highlighted for a quick glance of the readers. This book will also help the readers to understand at first glance the available information about the business taken up by the Public Accounts Committee since 1970 from time to time.

The Provincial Assembly Secretariat is gratefully appreciative of the motivation, received from the Hon'ble Speaker, Mr. Kiramatullah Khan, as Chairman PAC as well as other Members of the Committee in accomplishing the difficult and challenging assignment in a practical form.

(AMANULLAH)

Secretary,
Provincial Assembly of NWFP

**PROVINCIAL ASSEMBLY OF KHYBER
PAKHTUNKHWA**

PUBLIC ACCOUNTS COMMITTEE

GENERAL OBSERVATIONS

1970-1971

TO

2010-2011

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INTRODUCTION

The Public Accounts Committee (PAC) is an institution by which the Parliaments exercise their role in the Parliamentary oversight of public finance. The PAC is one of the oldest Parliamentary Committees, dating back to the mid-nineteenth century in Britain, New Zealand, Canada and Australia. As former British colonies became independent and established parliaments, they were almost inevitably modeled after the British (Westminster) model and established their own respective Public Accounts Committees.

The PAC examines public finance after expenditure has taken place. This is an ex-post responsibility. The PAC works closely with the Auditor General of Pakistan.

Detail of PAC,s and Ad-hoc PAC,s
constituted from time to time

Name of the Committee	Date of Constitution	Chairman
1st PAC (Ad-hoc)	29-04-1979	Justice (Retd.) Qaisar Khan.
2nd PAC	01-07-1985	Raja Muhammad Amanullah Khan.
3rd PAC	26-07-1989	Syed Masood Kausar.
4th PAC	02-12-1992	Mr. Habibullah Khan Tareen.
5th PAC	04-08-1994	Mr. Abdul Akbar Khan.
6th PAC	08-05-1997	Mr. Hidayatullah Khan Chamkani.
7th PAC (Ad-hoc)	08-06-2002	Mr. Mir Naeemullah.
8th PAC	28-01-2003	Mr. Bakht Jehan Khan.
9th PAC	20-08-2008	Mr. Kiramatullah Khan.

REFERENCE TO PUBLIC ACCOUNTS COMMITTEE

Under Article 171 of the Constitution of the Islamic Republic of Pakistan 1973. Auditor General of Pakistan submits Annual Audit Reports to the Governor who refers them to the Provincial Assembly through the Minister for Finance, Who cause them to be laid before the Assembly. The House refers it to the Public Accounts Committee (PAC) on a motion moved by a Minister or Member under Rule-153 of the Khyber Pakhtunkhwa Assembly Procedure and Conduct of Business Rules (1988).

COMPOSITION OF PAC

Rule 159 of the N.W.F.P Assembly Procedure and Conduct of Business rules (1988).

(1) The Standing Committee on Public Accounts shall consist of the Speaker and nine other Members to be elected by the Assembly, in addition the Minister for Finance shall be its Member ex-officio.

(2) The Speaker shall be ex-officio Chairman of the Committee.

FUNCTIONS

(Rule 160 of the Khyber Pakhtunkhwa Assembly Procedure and Conduct of Business Rules (1988)).

(1) The Committee shall examine the accounts showing the appropriation of sums granted by the Assembly for the expenditure of the Government, the annual finance accounts of the Government, the report of the Auditor-General of Pakistan and such other matters as the Minister for Finance may refer to it.

(2) In scrutinizing the appropriation accounts of the Government and the reports of the Auditor-General of Pakistan thereon it shall be the duty of the Committee to satisfy itself—

- (a) that the money 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; and
- (c) that every re-appropriation has been made in accordance with such rules as may have been prescribed by Government in that behalf.

(3) 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 or 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 statute; and**
- (c) to consider the report of the Auditor-General of Pakistan in cases where the Governor may have required him to conduct the audit of any receipts or to examine the accounts of stores and stocks.**

(5) If any money has been spent on any service during a financial year in excess of the amount granted by the Assembly for that purpose, the Committee shall examine with reference to the facts of each case the circumstances leading to such an excess and make such recommendations as it may deem fit.

(6) Without prejudice to the generality of foregoing paragraphs, an annual report of any autonomous or semi-autonomous body when laid on the Table of the House under any existing law, shall be referred to the Committee for examination, scrutiny and report thereon.

SITTING OF THE COMMITTEE

- ❑ The Committee shall sit on such day and at such hour as the Chairman may, determine.
- ❑ Provided that if the Chairman of the Committee is not readily available, the Secretary may fix the date and time of a meeting. **[Rule 168(1)]**
- ❑ The sitting of a Committee shall ordinarily be held within the precincts of the Assembly. **[Rule 168(2)]**
- ❑ If a Committee is sitting whilst the Assembly is also sitting, the Chairman of the Committee shall, if a division is being called in the Assembly, suspend the proceedings of the Committee for such time as will, in his opinion, enable the Members to vote in the division. **[Rule 168(3)]**
- ❑ Subject to sub-rule (1), on a requisition made by not less than three Members of a Committee, the Chairman of the Committee shall call a meeting of the Committee within twenty-one days from the date of receipt of the requisition. **[Rule 268 (2)]**
- ❑ If the Chairman is not present at any sitting, the Committee shall choose one of its member to act as Chairman for that sitting. **[Rule 154 (3)]**

- ❑ All questions at a sitting of a Committee shall be determined by a majority of the Members present and voting. [Rule 178]
- ❑ The quorum to constitute a sitting of a Committee shall be four [Rule 172]

UNFINISHED WORK OF THE COMMITTEE

A Committee which is unable to complete its work before the expiration of its term or before the expiration of the term of the Assembly may report to the Assembly that the Committee has not been able to complete its work. Any preliminary report, memorandum or note that the Committee may have prepared or any evidence that the Committee may have recorded, shall be made available to the Committee that succeeds the Committee in question.

[Rule 192]

SUB-COMMITTEES

A Committee may appoint one or more Sub-Committees, each having the powers of the whole Committee, to examine any matter that may be referred to them. [Rule 188(1)]

REPORT OF THE SUB-COMMITTEE

The order of reference to a Sub-Committee shall clearly state the point or points for investigation. The report of the Sub-Committee shall be considered by the whole Committee and, when approved by the whole Committee, be deemed to be the report of that Committee. [Rule 188(2)]

THE REPORT OF THE COMMITTEE

The report of the Committee shall be presented within a period of one year from the date on which reference was made to it by the Assembly unless the Assembly, on a motion being made, directs that the time for the presentation of the report be extended to a date specified in the motion. [Rule 161]

DEPARTMENTAL ACCOUNTS COMMITTEE **(DAC)**

The Departmental Accounts Committees (DAC) is a forum where audit paras are discussed between the representatives of the audit office and the relevant Department for arriving on an agreed position. The meetings of DAC's are chaired by the Secretary of the Department and comprises a representative from the office of the Auditor General and Department of Finance.

(1)
ACQUAINTANCE ROLL

Preparation of duplicate copy.- With regard to acquaintance roll, the Committee directed that being important record, duplicate copies must be prepared and it must be kept by the Head of the Department in safe custody.¹

(2)
ACQUAINTANCE ROLL

Maintenance of acquaintance roll.- The PAC while discussing the accounts of the Schools & Literacy Department noted that in most of the cases acquaintance rolls were not produced to Audit. The Committee directed that in order to stream line the system acquaintance roll with regard to disbursement of salary must be obtained from the Centre incharge every month and salary of the subsequent month may not be allowed till the receipt of acquaintance roll.²

¹ PAC Report for the year 1994-95 page No. 15.

² PAC Report for the year 1997-98 page No. 693.

(3)

ADMINISTRATIVE SECRETARIES

Casual attitude.- It was observed that some time the Administrative Secretaries either did not appear before the PAC, personally, or even when they did attend the meeting they were not prepared properly. Most often they were obliged to rely upon their subordinates in getting assistance, who, too were not well versed to respond to the queries of the Honorable Members. This practice creates disturbance and the cases remained undecided despite consuming lot of time on discussion.

The Departments are directed to take corrective steps in this regard and before coming to PAC the Administrative Secretaries must prepare themselves properly so that neither they are put in awkward position nor the time of the Members is consumed unnecessarily.³

(4)

ADMINISTRATIVE SECRETARIES

Poor performance.- PAC has issued very clear instruction vide **S.NO. 2.10(4)** on the Audit Report for 1994-95. To facilitate the Hon'ble members in decision making, it is imperative that the officers should come fully prepared to the meeting with all supporting materials to properly respond to the queries during the meeting.

It was noticed with grave concern that some of the Secretaries relied upon their subordinate staffs, which are not fully familiar with the issue. Neither the Secretary nor his subordinates are able to properly answer the queries made by members of the Committee. Some time a junior officer or newly posted officer is sent to the PAC who has not yet acquainted himself with the working of the Department.⁴

(5)

ADMINISTRATIVE SECRETARIES

Non-Attendance of PAC meetings.- The PAC observed that most of the Principal Accounting Officers did not attend the meetings of the Committee and junior Officers not well conversant with the job, were deputed. It, therefore, directed that the Principal Accounting Officers being Chairmen of the DACs and who also refer paras to PAC, he must attend the meetings as they are supposed to be in a better position to explain the case before the Public Accounts Committee. In case of emergency they should depute their juniors with prior permission of the Chairman, PAC.⁵

³ PAC Report for the year 1997-98 page No. 23.

⁴ PAC Report for the year 2001-02 page No. 19.

⁵ PAC Report for the year 2002-03 page No. 7.

(6)

ADMINISTRATIVE SECRETARIES

Non-Attendance of PAC meetings.- It was noted during course of discussion that most of the Administrative Secretaries did not attend the meeting of PAC and rather depute junior officers who were not well conversant with the matter. If they did not bother to come to the meeting how one could expect they would implement the directives of PAC. On many occasions embarrassing situations arise due to their absence. Meeting of PAC regarding Environment Department was twice postponed due to absence of Secretary. The Chairman and Members of the Committee took an exceptional note of such like affairs. Similarly Secretary Finance and Secretary Law remained absent in most of the meetings.

The PAC, therefore, once again directed all the Departments that the Administrative Secretaries being the Principal Accounting Officers must attend the meeting of PAC personally to explain the accounts in proper way. In case of non availability of the Administrative Secretaries, only Special Secretary or in his absence, the Additional Secretary of the Department who is well conversant with the job may attend the meeting with the prior permission of the Hon'ble Speaker/Chairman PAC.⁶

(7)

ADMINISTRATIVE SECRETARIES

To initiate timely action against the person involved in irregularities.- Accountability and transparency in financial management can only be ensured if the Administrative Secretary takes stock of position soon after closing of the financial year and identify cases and initiate appropriate action under rules where the Disbursing Officers have exceeded their limits and report the same to PAC.

There was not a single case where the Administrative Secretary had initiated any action to address any case of irregularity that had occurred in the financial year 2003-04, despite clear instructions contained in para 247 of the Khyber Pakhtunkhwa Budget Manual which is reproduced as under:-

“ As soon as possible after the close of the financial year the head of the department should at once with cases in which allotment for individual primary unit of grant as a whole have been exceeded, or huge saving allowed to lapse without being formally surrendered. Heads of the Department should also consider what action if any, is required for enforcing responsibility against disbursing officer who have exceeded allotments or whose estimation and control have generally un-satisfactory.”

The Administrative Secretaries of the Department as Principal Accounting Officers were, therefore, directed to ensure proper financial mechanism in the Department by taking

⁶ PAC Report for the year 2003-04 page No. 12.

timely action against the concerned Officers/Officials to avoid variation of figures and incurrence of huge excess or savings in future.⁷

(8)

ADMINISTRATIVE SECRETARIES

Non-attendance of PAC meetings by Principal Accounting Officers.- The Public Accounts Committee noted that usually the Administrative Secretaries either did not appear before the PAC, personally or even when they did attend the meeting they were not prepared properly. Most often they were relaying on their subordinates who, too were not well versed to respond to the queries of the Hon'ble Members. It, therefore, directed that the Principal Accounting Officers being Chairmen of the DACs must attend the PAC meetings as they are supposed to be in a better position to explain the case before the PAC. In any case they are not in a position to attend the PAC meeting, they should depute their next senior most officer not below the rank of Additional Secretary with prior permission of the Chairman PAC.⁸

(9)

ADMINISTRATIVE SECRETARIES

Non-attendance of PAC meetings by PAOs.- The Public Accounts Committee noted that the Administrative Secretaries did not give due importance to the PAC business so much so that they avoid to appear before the PAC personally and most often rely on their subordinates. It was noticed that usually they were neither well versed to respond to the queries of the Hon'ble Members nor they were in a position to make any decision at their own during the meeting due to which many meetings of the Committee were postponed and huge expenditure on arranging meetings went all in vain as well as precious time of the Honorable Members and government officers was wasted. It, therefore, directed that the Principal Accounting Officers being Chairmen of the DACs must attend the PAC meetings as they are supposed to be in a better position to explain the case before the PAC. In any case they are not in a position to attend the PAC meeting; they should depute their next senior most officers not below the rank of Additional Secretary with prior permission of the Chairman PAC.⁹

(10)

ADMINISTRATIVE SECRETARIES

Irresponsible attitude of the executives.- Under article 120 and 124 of the Constitution of Islamic Republic of Pakistan, it is the duty of the Provincial Government to lay before the Provincial Assembly a Statement of the Estimated Receipts and Expenditure of the

⁷ PAC Report for the year 2003-04 page No. 13.

⁸ PAC Report for the year 2004-05 page No. 09.

⁹ PAC Report for the year 2005-06 page No. 4.

Provincial Government for the financial year in shape of Annual, Supplementary or Excess Budget Statements. It is the Legislature, which accepts the funds, demanded by the Provincial Government and grants the same. The spending made by the Executives during a year are audited by the representatives of the Auditor-General of Pakistan and its report is laid to the Legislature for scrutiny under Article 171 of the Constitution read with rule 159 of the Provincial Assembly of Khyber Pakhtunkhwa Procedure and Conduct of Business Rules, 1988.

Financial accountability is one of the most important functions of the Legislature. Every year the Auditor General Report is discussed by the Public Accounts Committee and the Government is given guidelines in shape of its recommendations to maintain financial discipline. Financial accountability is one of the key tools to ensure better financial management and good governance. It has been felt that this important sector is not provided due importance by the Executives.

In the reports of last couple of years, in certain serious cases, recommendations with regard to fixing responsibility, conducting inquiry or making recovery were made, but it is felt with great dismay that on most of the recommendations, even actions have not been initiated, what to say about its implementation. In this scenario, the whole exercise and efforts made by the Legislature goes in waste. This trend of the Executives is absolutely against the spirit of accountability. Instances have come that even the decision made by the DAC, which is always headed by the Principal Accounting Officer of the Department is not materialized or pursued. In such an eventuality, the meetings of the PAC or DAC become merely a futile exercise.

In order to ensure due importance to the Legislative scrutiny by the Executives and make them responsible, it is strongly suggested that the recommendations of PAC and its implementation may be linked with the Promotion Policy of the Officers and ACR dossiers like advance courses in NAM/NIPA/Staff College etc; so that recommendations are given due weightage otherwise the entire exercise, as is being experienced, would not bring material values.¹⁰

(11)

ADMINISTRATIVE SECRETARIES

Weak response to PAC directives.- It was regularly observed that the response of the Departments to the audit observations is not satisfactory. Even routine matters, which could easily have been sorted out, between the Audit and Departments concerned, do not receive timely attention. To arrive at some agreeable solutions of the issues contained in the audit paras, before the PAC meetings, an important forum of the Pre- Public Accounts Committee (Pre-PAC) was activated, which had not been proved to be very useful and helpful in accelerating the disposal of issues by the PAC. The Committee has emphasized that as the settlement of audit observations and reconciliation of accounts is the primary responsibility of the Principal Accounting Officer and should be carried out at pre-PAC level. The PAC also directed the Departments to:-

¹⁰ PAC Report for the year 2007-08 page No. 8.

- i. Take necessary action by holding the meetings of Pre-PAC seriously to review audit paras, scrutinize the record and get it verified from Audit.
- ii. Review, at regular interval, the progress of all the pending audit paras;
- iii. Initiate disciplinary action in the cases requiring time lines so as to complete enquiry & actions expeditiously and
- iv. Complete action at their end and try to settle disagreements with the Audit where possible.

Generally, it was observed that some of the Principal Accounting Officers (PAOs) either hesitate to appear before the PAC personally or when attending the meetings, they were found not fully prepared. During the meetings, they were often obliged to seek the assistance of their subordinates, sometime at a very low level. This practice has always been discouraged by the PAC.¹¹

(12)
ADVERTISEMENTS

¹¹ PAC Report for the year 2009-10 page No. 5.

Wide publicity of tenders.- It came to light that tenders involving huge amounts were published in local weekly newspapers. The department contended that the tenders were floated in the news papers by the Information Department. Moreover the cutting produced by the departments did not contain the name of any newspaper. The Committee directed that in future tenders must be floated in leading newspapers in accordance with the Government policy so that maximum participation is made and the chance of misappropriation is avoided. The Departments must produce full scale of newspaper to the PAC in future along with letter sent to Information Department.¹²

(13)

ADVERTISEMENTS

Timely advertisements.- The Committee directed that in future every advertisement must be given in National Daily Newspapers. Moreover, the information Department was directed that advertisement received from a Department must be published within a week's time, otherwise the Department would be at liberty to give the same to press directly.¹³

(14)

ADVERTISEMENTS

Wide publicity while floating NIT.- The PAC noted that most of the Departments while inviting bids did not mention the specifications of the items and prepare NIT documents in a way to extend benefit to certain blue eyed people, resultantly the practice of fair competition was badly suffered. The Committee therefore, directed the Departments to follow the prevailing Procurement and General Financial Rules in its true spirit while making procurements.¹⁴

(15)

AUCTION

¹² PAC Report for the year 1994-95 page No. 14.

¹³ PAC Report for the year 1995-96 page No. 5.

¹⁴ PAC Report for the year 2010-11 page No. 6.

Timely auction.- While discussing the accounts of SHYDO, the Committee noticed that un-serviceable items were lying in the organization for long time. Consequently the value of the items reduced day by day due to deterioration of its condition. In order to avoid loss to the Government, the PAC directed that all departments should take care of all such things and timely action should be taken in the public interest.¹⁵

(16) AUCTION

Timely auction.- While deliberating upon the Audit Paras of Food Department for the year 1997-98 it was repeatedly observed by the Committee that most of the unserviceable items particularly the gunny bags or Food items were not auctioned/disposed off in time. The auctions in certain cases were made too late after pointing it out by the Audit.

The APAC observed that why the Department waits for the directives of the Audit to dispose the unserviceable materials.

The Department was directed to look into the matter and evolve a policy so that all unserviceable articles and Food items may be disposed off in time after completion of codal formalities so that Government may not be suffered for huge loss.¹⁶

(17) AUDIT

Conducting test Audit.- The Audit, time and again, pointed out that in view of shortage of staff they conduct test Audit in respect of a Department only of two months of a financial year. The plea of the Audit might be true, but at the same time the Committee

¹⁵ PAC Report for the year 1997-98 page No. 12.

¹⁶ PAC Report for the year 1997-98 page No.173.

has noted that the Audit was quite generous in given staff to other Departments like Works & Services Department on deputation. Therefore, in order to remove the deficiency of manpower and to give qualitative and quantitative results of auditing the accounts of Government, the Auditor General of Pakistan should think over about the policy of allowing the staff on deputation to other Departments, in the interest of Audit Department.¹⁷

(18) AUDIT

Insufficient reporting by audit.- The Audit has reported that due to meager resources they only conduct test Audit of 2 months of the Departments, which too is not done regularly in each year. In order to have complete and minute Audit, the Committee recommended that the Auditor General of Pakistan may provide sufficient staff to Director General Audit in the best interest of public.¹⁸

(19) AUDIT

Special Audit regarding un-authorized bank accounts.- During the course of discussion it was pointed out by Audit that huge amount was lying in the P-deposit of various departments whereas the Government money needed to be deposited into treasury. It was also noticed that there were unauthorized accounts maintained in certain Government organizations in which huge Government money was lying without any utilization. The Committee, in order to streamline the system and to know the factual position, directed the Director General, Audit to conduct special Audit of the Government Organizations about unauthorized accounts and amount lying in P-deposit. The Director General, Audit assured that he would conduct special Audit within a period of three months.¹⁹

(20) AUDIT

Instructions to Audit Department.- The PAC observed that latest reports were not being presented by the Audit Department rather 5-6 years old reports were being laid, the scrutiny of which seemed to be a futile exercise as all the responsible for the misdeed had either been retired from service or passed away by then.

The Audit Department was therefore, directed to expedite the process of Audit and to bring the latest reports before the PAC so that better results could be achieved. During the meeting it was also noticed that the representative of Audit present in the meeting, were neither fully aware of the Audit Para under discussion nor they had any previous record of the Para to know the actual cause which lead to the framing of Para.²⁰

¹⁷ PAC Report for the year 1997-98 page No.25.

¹⁸ PAC Report for the year 1994-95 page No.17.

¹⁹ PAC Report for the year 2004-05 page No.06.

²⁰ PAC Report for the year 2004-05 page No.09.

(21)
AUDIT

Performance of Audit.- While examining the Audit Report for the year 2007-08, it was observed by the PAC that the Audit Office has made similar observation against various health institutions in the province and have been clubbed in the report giving the identical number of D.P. This has created confusion as on one nature irregularity like grant of midwifery allowance in HMC and ATH different actions altogether contrary to one another were taken. Moreover, at one time, PAC had to see different documents of different institutions to clear such objection.

Though the PAC has previously directed the Audit Department to avoid such complicated practice and to report individual D.P. against each Organization, yet no action has been taken, therefore, it once again directed that the Audit may change the complicated methodology experienced in the present case.

It has been experienced that very nominal portion (10%) of the amount granted by the legislators for a financial year is audited. Main reason for such ceremonial audit is advanced to be shortage of resources and manpower. This issue was discussed in number of PAC meetings in view of quality of Draft Paras being reported by the audit.

It is pertinent to note that importance of Auditor General's function cannot be overlooked and as such it requires further attention. The more the audit is strengthened the most chances of irregularities in financial matters can be crippled down, which will help bringing financial discipline in the system.

The Committee, at the same time, has experienced that huge number of manpower of the Audit is out on deputation in other departments/institutions; resultantly minor portion of grants are audited. Instead of lending auditors to other institution, it will be in the fitness of things to strengthen the constitutional organization itself, which will contribute to the cause of legislators in financial accountability.

Moreover, it has also been felt that ceremonial audit of spending are made highlighting the irregularities in the process of spending, but the audit is not conducted with a view as to whether value for money is achieved and public facilitated or otherwise. Such performance audit is the key tool of good governance, but the present auditing system is deficient in this regard. The Committee, while discussing Audit Report pertaining to Administration Department, observed that major portion of budget of the Province in entertainment, purchase of vehicles, POL etc was allocated to the Administration department, but no para highlighting any important issue in the entire report was seen. It showed its concern on the part of auditors and the Paras in hand were not more than filling the blanks or mere an eye wash and wastage of time. This trend of ceremonial auditing should be changed and material nature irregularities be brought out. Similarly most of D.Ps reflected in Audit Report were pertaining to non implementation of DAC decisions of previous two to three years.

It is, therefore, imperative to reconsider the practice of lending auditors to other organizations and revisit the audit system in the best public interest, so that instead of ceremonial nature paras material nature paras are reported.²¹

(22) AUDIT

Incapacity of Audit Department.- Despite new methodologies and resources, institutional deterioration is common practice amongst all the Organizations and the Audit too cannot be singled out. The role of the Audit Office in check and balance is of paramount importance and cannot be denied but it is regretted that having the most significant and crucial assignment, due importance is not being extended by Audit like other departments. Every year huge allocations are made to the Departments and accordingly amount spent but the Audit conducted does not bring qualitative or quantitative Paras for consideration of the PAC. This concern of the PAC continues for the last few years and is increasing day by day in view of the reports come across to it. The PAC feels that Audit does not pay due importance to its role and one of the reason may be that most of the Auditors do not incline to serve the Audit cause but always trying to go on deputation to other Government Departments having no charm in their parent Department. Moreover, it is reported that only 10% audit of a Department in a financial year is conducted, the reason usually advanced for such limited audit is shortage of staff on Audit side but the reason the PAC felt is not logical as great number of Auditors get deputation in other Departments in a year. If complete exercise in this regard is carried out, it will prove that heavy contingent of Auditors are out of their parent assignment. This badly affects the fate of the Auditor General's Constitutional assignment.²²

(23) AUDIT

Instructions to Audit.- The PAC generally appreciates the hard work put in by the Auditor-General of Pakistan However, there is a need for the audit staff to be more professional considering the present day challenges. The Auditors also have an obligation to constantly update and improve their skills in discharging their professional responsibilities. They must know and apply auditing, accounting and financial management standards, procedures and practices. They should also possess a good understanding of the constitutional, legal and institutional principles and standards, governing the operations of the audited entities. This will ensure the fairness, impartiality and competence of the Auditors.

²¹ PAC Report for the year 2007-08 page No.09.

²² PAC Report for the year 2008-09 page No.07.

The Committee noticed that some times the Auditors of Audit Department consolidate various paras in one heading which creates difficulties to the Committee for giving observations in respect of each para. The Audit Department was, therefore, directed to avoid this practice in future and to frame separate paras in the audit report reflecting each objection.

It was also observed that while conducting the audit the officers of the audit Department did not specifically point out the officials responsible in the misdeed. This practice always put the Department and the committee in the difficult situation while fixing responsibility, therefore, the Committee directed the audit Department that in future the officials responsible in the case must be pointed out to facilitate the job of the Committee and the Department in fixing responsibility on the respective officials.²³

(24) AUDIT

Consolidation of various paras in one heading.- The Committee noticed that some times the Auditors of Audit Department consolidate various paras in one heading which creates difficulties to the Committee for giving observations in respect of each paras. The Audit office was therefore, directed that this practice should be avoided and in future separate para may be reflected in the Audit report for each objection.

It was also observed that while conduction the Audit the officers of the Audit Department did not specifically point out the officials responsible in the misdeed. This practice always put the department and the Committee in difficult situation while fixing responsibility, therefore, the Committee directed the Audit Department that in future the officers responsible in the case must be pointed out to facilitate the job of the Committee and the department in fixing responsibility on the respective officials.²⁴

(25) AUDIT

Clubbing of Advance Paras pertaining to different organizations.- The Committee observed that contrary to its clear cut instructions to avoid clubbing the Advance Paras pertaining to different organizations into a Draft Para. The advance paras pertaining to different Institutions were clubbed which created confusion and wasted the time of the Committee. The Audit should have made separate audit paras in respect of each transaction to make examination of the accounts simple and to facilitate the job of the members of the Committee. The Members were feeling great trouble while examining different audit objection clubbed in one Para. This practice was strongly objected to by the Members. The Committee showed its displeasure over such non-responsive attitude of the Audit Department. It therefore, directed the Audit Department to stop forthwith

²³ PAC Report for the year 2009-10 page No.08.

²⁴ PAC Report for the year 1995-96 page No. 5.

such practice and to frame Draft Paras involving single issue pertaining to an organization.²⁵

(26)

BLOCKADE OF MONEY WITH WAPDA

The Director General Audit pointed out that in the LG&RDD colossal amount was shown paid to Chairman Area Electricity Board WAPDA during 1992-95 for electrification. Neither the amount has been adjusted showing the work done by WAPDA nor recovery made from the authority. Moreover, proper reconciliation with WAPDA has not been carried out to prove accuracy of accounts record.

The Department explained that the WAPDA has already been directed to produce their accounts in support of payment. This issue was also discussed in the DAC meeting held on 21.8.97, in which the WAPDA's representative was directed to render account, but they have not produced the record. The matter needs to be taken up with WAPDA at higher level so that the concerned authorities are compelled to produce adjustment record. It was added that the Department was not having the details of actual work done

²⁵ PAC Report for the year 2010-11 page No. 5.

by the WAPDA. WAPDA has never reconciled their accounts with Provincial Government, the Secretary contended.

The Committee directed that the Department must make every effort to reconcile their accounts with WAPDA by taking up the case with the WAPDA Chief or the Ministry at Federal level to resolve the issue.

It was also observed that there was genuine difficulty being faced by the Department pertaining to WAPDA. It was added that:-

The Department commissioning the work from WAPDA must institute 3 months inspection of the work given. They should not wait for completion of work rather they should periodically check the same.

Details of the work done and funds supplied to WAPDA must be submitted to the Department after every 3 months. Moreover, the representative of WAPDA must attend the meeting of PAC regarding issue concerning to WAPDA particularly where funds of Provincial Government are involved.

It was added that Finance Department while sanctioning funds for work to be executed by the autonomous bodies like WAPDA must have strict condition for making advance payment.

Since, the problem involved in the Provincial Government, therefore, the PAC suggested that the issue may be brought to the notice of Hon' able Governor by the Department to make WAPDA more responsive in such matters.²⁶

(27)

BLOCKADE OF MONEY WITH WAPDA

Non-energization of schemes.- The Committee observed that despite the fact that most of the Works & Services Schemes were completed, have not been made functional due to non energization by the WAPDA. The Department makes payments but does not pursue the case and as a result, the public is deprived of the benefit of receiving water while on the other hand the machinery so installed and civil work executed, go waste.

The PAC, therefore, decided that the procedure of payment for external electrification may hence-forth be changed and the payment be made to WAPDA through contractor instead of Department for making him responsible for the completion of work as a whole.²⁷

(28)

²⁶ PAC Report for the year 1997-98 page No. 22.

²⁷ PAC Report for the year 1997-98 page No.244-245.

BLOCKADE OF MONEY WITH WAPDA

Non-energization of schemes.- During the course of discussion, it came to the notice of the Committee that most of the schools, tube wells and B.H.U.s etc; were not energized by the WAPDA, due to which not only the amount was blocked for long time but also the Government money was wasted on one hand and the basic purpose to provide facilities to public was not achieved on the other.

The PAC directed that the concerned Department should prepare detailed list of all such schemes and sent to WAPDA for getting their comments, so that the meeting in this regard be convened by the PAC and the issue is resolved to avoid wastage of Government money.²⁸

(29)

CONTRACT AGREEMENT

Non-vetting.- The Committee took serious notice of the matter that generally the Departments enter into contract agreement without getting it vetted by the Law and cleared by the Finance Departments. Unless there was a model contract, the Departments were directed that they must consult Law and Finance Departments to avoid complications at later stage.²⁹

(30)

CONTRACT AGREEMENT

Non-observance of rules in case of foreign agencies.- While entering into contract with foreign agencies/donors it must be ensured that the rules prevailing in the Country are followed in letter and spirit unless amended or relaxed by the competent authority.³⁰

²⁸ PAC Report for the year 1997-98 page No.466-67.

²⁹ PAC Report for the year 1994-95 page No. 14.

³⁰ PAC Report for the year 1994-95 page No. 16.

(31)
COURT CASES

Non-pursuance. It has been observed that the Administrative Departments are usually negligent and slack in pursuing the civil suits filed in the courts and as a result ex-parte decrees are passed against the Departments and the Government is legally obliged to honor the same. Firstly the Departments should promptly attend to pursue the suits and secondly they should file appeals before the appellate authority in time in case there is any ex-parte decree all the subordinate offices need to be altered in this respect.

This has also been observed that in criminal cases, the Departments wait for the result of the Police inquiry and Judgment of the trial courts before initiating any action in the matter. Unless there is a clear injunction from the Civil Courts regarding the recovery of suit money, the Department is at liberty to initiate action against the defaulters under the Departmental Rules and particularly can initiate action against the Departmental Officer/Officials under the Efficiency & Discipline Rules concurrently along with the criminal proceedings. This aspect may be got examined from the Services and General Administration Department in consultation with the Law Department and suitable instructions issued to the Administrative Secretaries and Heads of Attached Departments. In case a senior officer is found negligent in taking prompt action against the defaulting subordinate action may be initiated against the senior officer to set an example.³¹

³¹ PAC Report for the year 1981-82 page No.4.

(32)
COURT CASES

Non-pursuance.- The Committee has taken serious notice of the fact that the litigation on behalf of the government is not properly contested/pursued. Therefore, it was directed that senior officers well versed with the fact of the cases must be deputed to pursue the case in the courts vigorously. The Law Department was also directed to check the efficiency/ performance of the law officers, and put the inefficient and negligent officers to task.³²

(33)
COURT CASES

Non-pursuance.- The PAC noticed that the departments usually were not serious about pursuing the cases in the Court of Law and consequently the Government had to loose such cases. Moreover, instances have come to the notice that some time the court issue ex-parte decree because of none pursuing by the department in the court. Such occasions arise, either because of, inefficiency and negligence of the departmental officers or the dealing hands purposely avoid such persuasion just to benefits other party. The Committee has taken serious notice of this state of affairs and directed that deputing officer not below the rank of BPS-17 must pursue in future all cases in the court of law. Any such laxity reported to would be dealt with seriously.³³

(34)
COURT CASES

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

The Department admitted the contention of the Audit Department adding that cases were pending in the Court for the last more than 20 years and the timber lying for decisions of Court could not be removed and hence rusted. After detailed discussion the PAC directed the Department that in order to avoid such huge losses to the Govt:, steps should be taken for proposing legislation in that regard as proposed by Audit for timely disposal of forest cases.³⁴

³² PAC Report for the year 1994-95 page No.16.

³³ PAC Report for the year 1997-98 page No. 13.

³⁴ PAC Report for the year 2001-02 page No.69.

(35)

DEPARTMENTAL ACCOUNTS COMMITTEE

Not holding the DAC meeting.- It was pointed out by the audit that 10 reports were sent to the department about the revenue receipts, out of which the first reply has not been received in respect of 5 Audit Reports and final reply in respect of 5 audit reports is still awaited. This is highly objectionable and is negligence on the part of the department. In fact, it is in the interest of the department that the over all situation of recovery is assessed. The department has failed to hold meeting of the DAC, otherwise these small matters might have sorted out. This attitude of the administrative department is highly deplorable.³⁵

(36)

DEPARTMENTAL ACCOUNTS COMMITTEE

Non-implementation of DAC decision.- It was noticed by the Committee, that in most of the cases, particularly with reference to inquirers, the decisions of the Departmental Accounts Committee, were not honored by the Departments despite the fact that the DAC was always chaired by the Administrative Secretary of the Department concerned to which Draft Para relate. Moreover sometimes, the Secretary of the Department hesitates to convene the meeting of DAC in spite of repeated correspondence from Director General Audit. The Committee directed that in future the meetings of DAC may be held at least twice in a year and the decisions made therein must be implemented at all cost.³⁶

(37)

³⁵ PAC Report for the year 1984-85 page No. 7.

³⁶ PAC Report for the year 1994-95 page No. 9.

DEPARTMENTAL ACCOUNTS COMMITTEE

Not holding the DAC meeting.- It was pointed out by the Committee that usually the Administrative Departments do not hold DAC meetings in spite of repeated requests of the Audit Office. The Committee directed that in future the meeting of the DACs should be held invariably at interval not exceeding six months.³⁷

(38)

DEPARTMENTAL ACCOUNTS COMMITTEE

Non submission of internal audit report to DAC.- It was pointed out that the Departments did not furnish the report of internal Audit in time to the Director General Audit. The I.G. Police assured that in future the internal Audit reports will invariably be sent to Audit in time. The Committee directed that internal Audit Report should also be placed before the DAC.³⁸

(39)

DEPARTMENTAL ACCOUNTS COMMITTEE

Unfair inquiries.- It came to the notice of PAC that inquiries ordered by DAC are invariably entrusted to the officers of the same Division to which the Para relates due to which fair and transparent inquiries are not conducted.

In order to have transparent and fair enquiry report, the Committee directed the Department that in future all inquiries be conducted by the officers other than the Division to which the Para is related.³⁹

(40)

DEPARTMENTAL ACCOUNTS COMMITTEE

Improper minutes.- The Committee noted that minutes of DAC were not properly recorded. The Committee directed that in future exhaustive minutes of the DAC may be prepared and the same should be attached with the working papers to facilitate the job of PAC.⁴⁰

(41)

DEPARTMENTAL ACCOUNTS COMMITTEE

Non-implementation of DAC decision.- The PAC time and again directed that meetings of the DACs invariably be held twice a year and decision made therein must be

³⁷ PAC Report for the year 1994-95 page No. 36.

³⁸ PAC Report for the year 1994-95 page No. 132.

³⁹ PAC Report for the year 1994-95 page No. 163.

⁴⁰ PAC Report for the year 1995-96 page No.4.

implemented at all cost. The Committee noted with great unease that Principal Accounting Officer and other dealing hands were not serious about this important forum. The most pitiable aspect of the issue which has been noted by the Committee time and again with concern, was that the decision arrived at the DACs, particularly with regards to recovery or conducting of inquiries were not being implemented. There does not seem any technicality or difficulty in implementation of the decision of DAC but still the performance of the department in this respect was very poor. It gives support to the impression that in order to protect officer involved in the misdeed; the cases were not being followed up. In such circumstance meeting of the DACs, becomes nil, but wastage of time and Government money. The deliberations/recommendations made in the DACs meeting would not yield any fruitful results, unless and until there is a mechanism in the Department to ensure follow-up of such decision. It would not be out of place to mention that pursuing/implementing the decision of the DACs, is the basic job of the Principal Accounting Officer but at the same time, the Finance and Audit being members of the DACs could not be absolved of the responsibility for not pursuing the case with the Department. It is with deep regret to record that the Audit as well as Finance has also not done justice to their job in this context.

In order to make DACs effective and practical, it would be advisable that the Finance Department may chalk out a yearly schedule/calendar fixing the months in which meeting of the DAC are to be held. Similarly, there might be a schedule of follow up meetings to be prepared by the respective department, so as to ensure that the decisions arrived at therein are implemented. Moreover, competent officer be nominated/deputed for DACs both by the Audit and Finance so as to play effective role in the meeting, decision made therein, are not challenged/questioned by any authority of the respective organization and there is no complication in this regard, as such instances have come to PAC that decision arrived at during DAC was not honored by the Audit. This is not a fair practice. In case where decisions are not arrived at by the DAC in view of difference of opinion, detailed minutes must be recorded having opinion of all the members and the same must invariably be submitted with the working paper to PAC to facilitate its job.⁴¹

(42)

DEPARTMENTAL ACCOUNTS COMMITTEE

Non-convening the DAC meeting.- The APAC has noted that with grave concern that despite repeated observation, made by the erstwhile PAC emphasizing DAC meetings, most of the Departments did not pay proper attention towards holding the meetings. The Director General, Audit, also showed his concern over non implementation of the recommendation/observation of the PAC.

The Committee, in order to discourage the cold attitude of the Departments shown in this regard, directed that meetings of DAC be regularly held as per schedule given by Director General, Audit, and stern action be taken against defaulting officers in this regard.⁴²

(43)

⁴¹ PAC Report for the year 1997-98 pages No. 6 to 8.

⁴² PAC Report for the year 1997-98 page No.112.

DEPARTMENTAL ACCOUNTS COMMITTEE

Improper attention to DAC decisions.- The APAC observed that proper attention were not being given to the decision of the DACs. These decisions are not followed by the Department. Moreover minutes of the meeting in respect of D.Ps which are required to be presented to PAC are not prepared and shown to PAC to know the view of the departments concerned that on what grounds the issue was not resolved. The work of DAC needs to be improved.

The Committee reiterated that in future due attention be paid to decision of DAC and it may be properly perused. Moreover exhaustive and detailed minutes of the meeting be prepared to know for and against views to facilitate the job of PAC.⁴³

(44)

DEPARTMENTAL ACCOUNTS COMMITTEE

Department do not give due importance to the DAC decisions.- The Public Accounts Committee has noted with grave concern that Department miserably failed to comply with the instructions/decision made at DAC level. It clearly transpired that Department did not give due importance to the DAC. The Committee lamented that the Department was not serious about DAC, which is always chaired by the Administrative Secretary of the Department. The PAC, therefore, directed that in future non compliance of DAC decision would be dealt with seriously.⁴⁴

(45)

DEPARTMENTAL ACCOUNTS COMMITTEE

Non-convening the DAC meeting.- The Committee noticed that most of the Departments were not serious about holding meeting of the DACs and implementation of the decisions made therein despite directions given by the Committee from time to time in this regard. It observed that if the DAC became active, it would play key role in maintaining financial management in the Department and due to such activeness, the job of Public Accounts Committee about accountability and having financial discipline in the institution can be strengthened.

The PAC, therefore, once again directed that the Administrative Secretaries must hold DAC meetings twice a year and pay serious attention towards implementation of its decision to ensure financial discipline in the Departments so that the Government money was not wasted.⁴⁵

(46)

DEPARTMENTAL ACCOUNTS COMMITTEE

⁴³ PAC Report for the year 1997-98 page No. 182.

⁴⁴ PAC Report for the year 1997-98 page No. 630.

⁴⁵ PAC Report for the year 1997-98 pages No.913-914.

Non-convening the DAC meeting.- While discussing the Auditor General Report for the year 1997-98 in respect of Works & Services Department (defunct PMU Wing), it was noted by the PAC with grave concern that in almost all cases technical sanction was not obtained before the award of contract. The expenditure incurred was managed to give cover to it in the technical sanction issued either after completion of work or after carrying out 50% work. This act of the Project Officer was in total disregard of the GFR and CPWD Code. The Committee, therefore, directed that in all such cases where technical sanctions have not been accorded before the award of contract, responsibility should be fixed and stern disciplinary action be taken against the officer responsible for the irregularity. Moreover, it was also noticed by the PAC with grave concern that none of the Draft Para was discussed in the DAC meeting, which clearly shows the irresponsible attitude of the Department towards PAC matters, which is unbearable and such practice must be avoided in future. The officer responsible for not holding/convening DAC meeting may also be proceeded against under the rules, as he has not done justice to his job.⁴⁶

(47)

DEPARTMENTAL ACCOUNTS COMMITTEE

Non-implementation of DAC directives.- The PAC time and again directed the Departments to record exhaustive minutes of the DAC meetings and attaches them with the working papers provided to PAC to facilitate the job of its Members and to strictly abide by the decision of the DAC.

The Departments are not following the instructions of the Govt: and directions of the PAC and in most cases, particularly with reference to inquiries, the Principal Accounting Officer of the Department in spite of chairing the DAC meetings, do not implement his own decision as the Principle Accounting Officer. Sometime the Secretary of the Department even turns a deaf ear towards convening the DAC meeting in spite of repeated requests from the Director General Audit. The delay creates backlogs and with the passage of time the observations lose their materiality. The Audit then has no option but to place the un-discussed paras before the PAC to fulfill their legal obligation.⁴⁷

(48)

DEPARTMENTAL ACCOUNTS COMMITTEE

Non-convening the DAC meeting.- The meetings of Departmental Accounts Committees (DACs) are not convened seriously by the Departments resultantly petty nature draft paras are referred to the Public Accounts Committee which increases its work load. It was also noticed that the Appropriation Accounts & Finance Accounts of the Departments, had not been discussed in the DAC meetings, which resulted in huge variation of figures between the Accountant General and the Departments; hence the Departments were directed to conduct DAC meetings to discuss the Appropriation accounts and Finance accounts. Moreover it was noticed that despite clear cut directives issued from time to time, the DACs' decisions were not implemented by the Departments and exhaustive minutes of the meetings were neither recorded nor sent to the quarters

⁴⁶ For details, see PAC Report for the year 1997-98 page No. 1175.

⁴⁷ PAC Report for the year 2001-02 page No. 20.

concerned. The Departments were, therefore, once again directed to conduct DAC meetings regularly, implement its directives and minutes thereof be sent to all concerned.⁴⁸

(49)

DEPARTMENTAL ACCOUNTS COMMITTEE

Non-convening the DAC meeting.- DACs are such forums which play a pivotal role in Financial Accountability system where representatives of Audit, Accountant General and concerned Department met under the Chairmanship of Secretary concerned. It is this forum which greatly facilitates the job for PAC by thrashing out the contents and sorting out contentious issues resultantly a clear picture is presented before PAC.

PAC noted with heavy heart that despite repeated reminders and clear cut instructions of PAC regarding holding of DAC meetings, the Departments failed to conduct DAC to discuss Appropriation and Finance Accounts. Only Audit reports were discussed in DAC, but its decisions are not vigorously implemented. The Department did not pursue its own decision, which is a great set back.

While discussing the Appropriation and Finance accounts, PAC faced hardships as there was difference in both sets of accounts i.e. A.G and Department. Both of the Departments had different contentions and most of the time of the Committee was wasted in sorting out the correct figures due to which the main task of PAC looking into the reasons for huge excesses and savings made by the Department was badly affected. Therefore most of the accounts were either deferred or kept pending due to shortage of time.

The Departments were, therefore, directed to hold DAC meetings seriously and discuss the Appropriation and Finance Accounts there in otherwise, their accounts would not be discussed in the PAC and Administrative Secretary concerned would be held responsible.⁴⁹

(50)

DEPARTMENTAL ACCOUNTS COMMITTEE

Non- Conducting DAC meetings.- The PAC has time and again directed the Departments to hold DAC meetings before coming to PAC so as to sort out the petty nature paras at that forum and to present a clear picture to PAC. DAC is such a forum that not only streamlines the financial discipline but also makes easy the job of PAC. It was noted that Irrigation Department had not conducted DACs as a result several paras that could have been settled earlier, were brought to PAC. The Committee therefore, could not arrive at any decision as the same were not thrashed out in DAC.⁵⁰

⁴⁸ PAC Report for the year 2002-03 page No.7.

⁴⁹ PAC Report for the year 2003-04 page No. 11.

⁵⁰ PAC Report for the year 2004-05 page No. 08.

(51)

DEPARTMENTAL ACCOUNTS COMMITTEE

Non-implementation of DAC decisions.- The Committee observed that the Departments were taking the decision of the DAC very light, so much so that decisions made are not implemented in its true spirit which is not fair on the part of the Departments. It, therefore, directed that in future all decisions made by the DAC, must be implemented in letter and spirit.

The Administrative Secretaries were directed to take note of such laxity of the concerned officers/officials for showing slackness in implementation of DAC directives and to initiate strict disciplinary actions against those responsible for non implementation of DAC directives.⁵¹

(52)

DEPARTMENTAL ACCOUNTS COMMITTEE

Delay in holding DAC meetings.- The main function of DAC is to discuss the Audit objections, raised in Advance Paras as soon as these are communicated to the Departments and to dispose off petty nature issues at that forum so that only genuine issues could be reported to PAC in time. Any delay on its part would kill the spirit of accountability process. Contrary to that abnormal delay of years was noticed by the PAC during the current series of meetings.

The PAC, therefore, directed the Departments to hold DAC meetings within sixty days after communication of the advance paras. In case of failure by the Department to hold DAC within stipulated time, the Audit department was directed to convert the same advance paras into Draft Paras and reflect it in the Auditor General's report without any delay.⁵²

(53)

DEPARTMENTAL ACCOUNTS COMMITTEE

Improper follow-up of DAC decisions.- It was observed by the Committee with heavy heart that in most cases, particularly that of conducting inquiries, affect recoveries and verification of records the decisions of DAC were not implemented by the Departments as a result these Advance Paras were converted into Draft Paras and reflected in the Audit Report for placing before PAC. On one hand this shows the inefficiency of the Principle Accounting Officers (PAO) who being the Chairman DAC made such recommendations but in practice failed to implement the same, being the Administrative Secretary/PAO he negate his own decisions on the other hand resultantly these Paras are placed before the

⁵¹ PAC Report for the year 2004-05 page No. 08.

⁵² PAC Report for the year 2005-06 page No. 4.

PAC and the valuable time of the PAC is wasted in following up the DAC directives which was otherwise required to be done by the Administrative Departments.

In such circumstances, the DAC forum becomes useless, wastage of time and government money as the decisions made in the DAC would not yield any fruitful result unless there is a mechanism of proper follow up in the Departments.⁵³

(54)

EXCESS EXPENDITURE

⁵³ PAC Report for the year 2005-06 page No. 5.

Excess expenditure against the sanctioned grants.- During the course of examination and scrutiny of the accounts, the Committee reached to the conclusion that incurring of excess expenditure against the sanctioned grant appeared to have become the rule rather than an exception. The legislature must devise a method which would make it impossible for any Government Department or the Government servants to incur expenditure in excess of the sanctioned grant. The committee is of the opinion that the simple method in the case of major spending department would be to place the grant in a personal ledger accounts or to allocate specific amounts treasury by treasury, so that no treasury officer could disburse under any head a single paisa in excess of the limit intimated to him. a natural corollary of violation such procedure would be to take drastic action against any government servant whose expenditure exceeds the amount granted to him or his Department as well as against the Treasury Officer concerned.

The Committee also endorses the views expressed by the Adhoc Public Accounts Committee appointed in 1971 (in para-12 of their report) that arbitrary and artificial distinction was provided by the 1962 Constitution between “new expenditure “ and “other than new expenditure” which was only designed to curtail the powers of the Legislature and was meaning-less and impracticable. The Committee therefore, decided that statements of excess and saving may be calculated in disregard of this artificial distinction and produced before the Committee for examination and scrutiny. Some departmental officers were found to be in the habit of arbitrary splitting up expenditure on a particular single item in order to bring the expenditure within their financial powers. The Education Department was found to be particularly guilty of this practice. This tendency must be discouraged so that an excuse is not found for violation of rules.⁵⁴

(55)

EXCESS EXPENDITURE

Avoiding excess expenditure.- It was suggested that Heads of attached Departments should make suitable arrangements for obtaining monthly figures of actual expenditure from their subordinate officers and consolidate these figures in their respected offices and keep a watch on the progress of expenditure against the budgetary allocation. In this way the chances of over expenditure would be minimized and surrender of savings would be increased. If this procedure is adopted, the correct position of the excess/saving will be available for printing in account of the Provincial Government, and it will be easier for the Department to offer explanation in each case.

It has been observed by the committee that most of the Departments draw funds in the month of June to avoid lapse of budgetary allocations. It is desired that effective steps may be taken by the Finance Department to ensure that such an irregularity be avoided, and in cases where it may not be possible to incur expenditure of the total budgetary allocations in time, the same may be made in lapsable if it is within the competency of the Provincial Government. However it is highly irregular to draw funds to avoid lapse of budget.⁵⁵

⁵⁴ PAC Report for the year 1970-71 TO 1978-79 pages No- 1 to 3.

⁵⁵ PAC Report for the year 1979-80 page No. 2.

(56)

EXCESS EXPENDITURE

Important decisions should not be left at will or whim of the Department.- The C&W Department has shown an expenditure of Rs.3,16,45,645/- under the Head "D suspense" against an anticipated recovery of Rs.21,18,950/- resulting an excess of Rs.3,37,64,995/-. This excess was explained as due to stockpiling of construction material. Detailed of material were not produced by the Department. Last year's accounts also showed a net expenditure of Rs.74,80,549/- on this account. The Department thus stockpiled material worth Rs.3,91,26,194/- during past two years without authorization involving risk of spoilage and loss through pilferage etc, as also additional expenditure on custody and storage and payment of interest on blocked funds. The Department explained that in some cases they were compelled against their will to purchase material like bitumen in excess in their normal requirement under policy of the Federal Government. This argument however did not seem to justify blocking of funds to the present extent. The Department should place before the Adhoc PAC a detailed statement of material by board categories along with there value. The Govt: after due consideration of actual requirement and available resources may fix monetary upto which the Department can stock material. In any case such important decisions should not be left at will or whim of the Department.⁵⁶

(57)

EXCESS EXPENDITURE

Excess expenditure against the sanctioned grants.- It was hoped that the lively discussion in the meeting of the committee will generate interest in the administrative departments to exercise more vigilance and control over the expenditure and minimize the financial irregularities. but the committee has noted with grave concern that the departments are still in the habit of exceeding expenditure over the financial grant without observing the codel formalities as is clear form the finance accounts of 1980-81 at appendix a and 1981-82 at appendix b. it is the duty of the drawing officer, when drawing money for public expenditure to ensure that there is a provision of the funds for the amounts to be drawn and they have also to see that expenditure does not exceed the provision in the budget. They are required to certify on the face of the bill that the amount to be drawn is available with him, in some cases the Drawing and Disbursing Officer paste false certificate on the face of the bill. Although there is double check by the Accountant General/District Accounts Officer, but the staff in those offices is less as compared to the work load which is increasing day by day and slip are thus inevitable. Moreover, according to the financial procedural rules the total responsibility devolves on the drawing and disbursing officers. The procedure for drawal of money, different in the case of works expenditure. In this case money is drawn by Divisional Officers on cheques direct from the Treasury without the intervention of the Accountant General/District Accounts officers consequently expenditure on this account exceeds the budget provision every year. For example during 1981-82 works expenditure to the tune of more than 41 million rupees were drawn by the Divisional Officers of Communication and Works and Irrigation Departments in excess of the budget provision.

Expenditure of these Departments exceeds budget provision every year. In order to check this tendency the following measures are proposed.

⁵⁶ PAC Report for the year 1979-80 page No.4.

- a. A personal Ledger Account may be opened for each Division, wherein the entire grant of the year pertaining to that Division may be credited through quarterly release. The Account may be opened as laid down in Rule 623 (c) of the Federal Treasury Rules Vo.I. The Division Officer may operate this account.
- b. The Accountant-General may determine in consultation with the Chief Engineer/Superintending Engineer concerned the amount to be credited quarterly in advance to the personal Ledger Account of a Division. He may then release the funds and send the necessary intimation to the Treasury Officer. The total amount credited to personal Deposit Account and the sum total of the debit adjusted through book transfer in a year shall not, in any case, exceed the sanctioned grant. The amount credited in the beginning of a year in anticipation of the budget grant of that year shall not exceed three months requirement of the Division based on the actual of the first quarter of the preceding financial year. The Divisional Officer will cease to exercise the powers of drawing cheques upon the Treasury. All payments will be made out of the personal Deposit Accounts.⁵⁷

(58)

EXCESS EXPENDITURE

Sanctity of budget.- The sanctity of budget is enshrined in Articles 120 to 125 of the Constitution of the Islamic Republic of Pakistan under provisions of sub-article (3) of Article 127 of the Constitution. Subject to the Constitution, no expenditure from the provincial consolidated funds shall be duly authorized unless it is specified in the schedule so authenticated and such schedule is laid before the Provincial Assembly as required in sub-clause (2) of the same Article. It is evident that no Department of the Government can incur more expenditure than the one authorized in the authenticated schedule of expenditure. This is a constitutional obligation. However, there is a provision under Article 124 that if the Provincial Government feels that the expenditure in the authorized schedule of expenditure is insufficient for any financial year, the Provincial Government shall have powers to authorize expenditure and shall cause to lay a supplementary or excess budget statement in the Assembly for approval to which Article 120 to 123 of the Constitution shall apply.

Instances have come to the notice of the Committee that the Administrative Department violate the provisions of authenticated schedule of expenditure without legal authority from the Provincial Government and in spite of the instructions of the Finance Department that the over expenditure has been disallowed, the Administrative Department care little for the advice of Finance Department and incur the expenditure on the plea of urgency. Later on, when the accounts come before the Committee, it is after a lapse of about two to three years and the Committee regrettably regularized the excess expenditure so that the accounts of the Province may be in order. This is gross financial indiscipline and the Provincial Government should take appropriate measure to stop this habit of the Administrative Departments.⁵⁸

⁵⁷ PAC Report for the year 1980-81 and 1981-82 pages No.2 To 5.

⁵⁸ PAC Report for the year 1983-84 page No. 1741.

(59)

EXCESS EXPENDITURE

Misuse of cheque drawing authority.- The Audit Report for the year 1997-98 revealed that in case of Foreign Aided Projects/WAPDA/MNA funded schemes executed through Federal Government, such as Command Water Management Project, Rehabilitation of Irrigation Workshop and Flood Management in Kalapani Nullah and ISPR, excess expenditure of Rs. 8.561 million was incurred. This excess expenditure was met out from the Provincial Exchequer and to the Misc: PW Advance for want of reimbursement from the Federal Government since 1960, whereas no budget under suspense head was available.

The Committee in the first instance observed that incurrence of such huge expenditure on deposit works was unauthorized and also misuse of cheque drawing authority. Secondly, the Department failed to make efforts for the recovery of the outstanding amount from the Federal Government. It is quite evident that the Department had showed laxity in this regard which is condemned. The Committee directed that such practices should be discontinued forthwith. It also directed the Irrigation Department to make a comprehensive case of all such expenditure and submit it to the Finance Department for taking up the issue of reimbursement of expenditure with the Ministry of Finance at demi-official level.⁵⁹

(60)

EXCESS EXPENDITURE

Excess and irregular expenditure.- During the course of discussion, the PAC observed that in most cases works are executed without any T.S, Administrative approval and PC-I. Such irregularity leads to excess and heavy expenditure and the Government money is wasted.

The Committee directed that in future all such documents i.e. technical sanction, Administrative approval and PC-I etc; should be prepared prior to execution of work and issuance of work order to avoid excess and irregular expenditure.

The Secretary Irrigation pointed out that the Finance Department releases funds directly to the Divisional Officer (XEN). This practice is illegal, he added. This contention was also supported by the Audit. Moreover, it was pointed out that releases are made by the Finance Department at the end of financial year, spending of funds leads to complication in completing codal formalities. The PAC observed that as the Administrative Secretary of the Department is the Principal Accounting Officer, therefore, direct release of funds to the Divisional Officer is against financial discipline. Such practice should be stopped in future and funds should be disbursed through the Administrative Secretary of each Department. Moreover, releases should be made in time and the practice of release at the last leg of the financial year which leads to wastage of Government Funds, should be discouraged.⁶⁰

⁵⁹ PAC Report for the year 1997-98 pages No.9 to 10.

⁶⁰ PAC Report for the year 1997-98 page No. 453

(61)

EXCESS EXPENDITURE

Excess expenditure out side the purview of A.G.- The Accountant General pointed out that there were 271 PLA's being operated by various Departments of the Provincial Government under which an expenditure of Rs.22 billion had been incurred during 2005-06. Similarly there were 21 Assignment Accounts being operated in different Departments under which a sum of Rs.2.2 billion had been spent. Details of such expenditures were out side the purview of the Accountant General. However, he added that the Finance Division, Government of Pakistan had issued instructions to all the Departments to report such expenditure to the Accountant General. On his suggestion, the PAC directed the Finance Department to issue instructions to all the Departments to report such expenditures to the Accountant General as is being done at Federal level. Similarly the PAC on the suggestion of Accountant General directed the Finance Department to arrange a briefing for the PAC Members about PLAs and Assignment Accounts being operated in the Province.⁶¹

(62)

FINANCIAL MATTERS

Violation of financial rules.- As already stated, a number of Heads of the Attached Departments used to split up expenditure on a single item so as to bring the same within the competency of their financial powers. If expenditure is to exceed the sanctioning powers of the Head of an Attached Departments, he should invariably refer the same to the Administrative Secretary of the Finance Department for sanction, as the case may be with full justification for the incurrence of the same. Final eyewash will not be condoned in future.⁶²

(63)

FINANCIAL MATTERS

Stores and subsidiary accounts.- Similarly stores and other subsidiary accounts of various Departments should be compiled early for inclusion in the new Accounts.

⁶¹ PAC Report for the year 2002-03 page No. 96.

⁶² PAC Report for the year 1970-71 to 1978-79 page No. 3.

In the pre-integration Government of Khyber Pakhtunkhwa, there was a system that all the Drawing & Disbursing Officers were required to qualify a Departmental Examination in Accounts which used to be of the standard of S.A.S. Examination of the Accountant-General's Office. Before qualifying the examination, the powers of Drawing and Disbursing Officers were not be conferred on the officers. The same system is, by now, not in vogue and the Committee is of the opinion that most of the irregularities are on account of the fact that the officers themselves are ignorant of the codel formalities and Accounts Rules and they depends on the subordinate staff which is also mostly in experienced. The Accountant-General has extended full cooperation to send his trained personnel on deputation to the Provincial Departments at the provincial level and in some Departments at the level of the Head of Attached Departments to work as Accounts Officer, but orientation in the codel formalities and Accounts Rules for the Senior Officers is also essential. The Accounts Academy located in the Office of the Accountant-General is periodically conducting orientation courses/refresher courses for the officers of the Provincial Government, but the Administrative Department usually send junior most officers of the level of Superintendents/Assistants to attend the courses which cannot serve the purpose. The Services and General Administration Department in consultation with the Accountant-General may draw a regular programme for the training of Senior Officers in keeping accounts.⁶³

(64)

FINANCIAL MATTERS

Violation of financial discipline.- It is regretted to note in spite of clear instructions issued to all the Administrative Departments in the printed report, similar cases of general financial indiscipline have been reported against the Administrative Departments and the Committee re-emphasizes the observances of the following general instructions issued earlier:-

1. The Administrative Departments should ensure that the subordinate offices furnish replies to the preliminary audit in time. There is no reason that the Department may fail to furnish Audit reports within two to three years while they are required to send the preliminary report within one month's period from the day of receipt of the Audit Report.
2. The Senior Officers should ensure that whenever a draft para is initiated by the Accountant-General's Office and communicated to the Administrative Secretary, efforts may be made to settle the same with the Accountant-General's Office at that stage so that the Draft Para is not printed in the book, because once the same is printed in the book, the same can only then be considered by the

⁶³ PAC Report for the year 1981-82 pages No.3 to 4.

PAC. A number of Draft Paras are of very technical and minor nature i.e.:-

- (a) Non-producing of vouchers to the Audit Party, which can be produced in the Audit Office at any time with permission of the Accountant General.
- (b) Non-producing of vouchers to the Audit Party, which can be produced before the Audit Office at any time with prior permission of the senior officer;
- (c) Under the Presidential order 1973, the Audit Office is authorized to check record at any place and it is not necessary that the record can only be checked in the Office of D. D. O;
- (d) Cash Books are found incorrectly posted;
- (e) Detailed Contingent Registers were found incomplete;
- (f) Stock Registers were found either incomplete or incorrectly posted;
- (g) Stock register were found not duly page marked and having a certificate to the effect that the registers comprised of so many pages which is a minor irregularity and can be remedied in the presence of the Audit party.
- (h) Physical verification was not carried out as required by GFR.
- (i) Internal checks were not made as required by GFR. If the senior officers would have been cared about the internal checks, a number of minor irregularities of technical nature would have been minimized.

These objections of technical and minor nature reflect only one thing that the D.D.Os are not interested in keeping the financial discipline. May be that the D.D.Os may not be having the desired training of accountancy. The Committee, therefore, recommended that all the D.D.Os may be imparted training in Accountancy utilizing all available resources in the province including the one available in the Accountant General Training Institute, he has generously extended invitation to the Attached Departments to depute their officers for the training courses to that Academy.⁶⁴

(65)

FINANCIAL MATTERS

Lack of supervision.- The Committee showed concern over the lack of supervision by the supervisory officer, especially in financial matters. A supervisory officer is expected to be vigilant and see that his subordinates are performing their duties in accordance with the rules. Further more he is also expected to see that his subordinates are apprised of their duties and the provisions of relevant rules which they are expected to follow.⁶⁵

(66)

FINANCIAL MATTERS

⁶⁴ PAC Report for the year 1983-84 page No.1742.

⁶⁵ PAC Report for the year 1994-95 page No. 15.

Following the GFR and treasury rules.- It was observed by the Committee that in some of the Departments particularly the C&W and Local Government, the provisions of GFR and Treasury Rules were not strictly followed. The Committee made it clear that unless the rules were amended they must be followed in letter and spirit and any deviation from the rules would lend the concerned officer in to trouble unless and until solid grounds are made available to PAC.⁶⁶

(67)

FINANCIAL MATTERS

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

The Committee directed that it would be the responsibility of DDO to deduct General Sales Tax from the bills. If General Sales Tax was not deducted, the DDO will be held responsible in future.⁶⁷

(68)

FINANCIAL MATTERS

Violation of General Financial Rules.- General Financial Rules (GFRs) were not observed by the Offices/Officials of some Departments specially the Higher Education Department while spending public funds placed at their disposal. The canons of propriety laid down in the GFRs need to be emphasized by the PAOs in respective Departments, which provide that every officer, incurring or authorizing expenditure from public funds, should be guided by the high standards of financial propriety. Among the principles, on which emphasis has been generally laid, are:-

- Every public servant should exercise the same vigilance in respect of expenditure incurred from public money, as a person of ordinary prudence would exercise in respect of expenditure of this own money.
- The expenditure should not be, prima facie, more than the demand, and
- No authority should exercise power of sanctioning expenditure to pass an order that should be directly or indirectly disadvantageous to the exchequer.

The Committee made it clear that rules must be followed in letter and spirit and any deviation from it would not be tolerated.

⁶⁶ PAC Report for the year 1995-96 page No. 5.

⁶⁷ PAC Report for the year 2001-02 page No.78.

The Administrative Secretaries were directed to get the violations of GFR regularized from the competent forums and to take prompt disciplinary action against the concerned officials so that this practice be avoided in future.⁶⁸

(69)

FRAMING THE RULES

For advance to public works.- Expenditure of Rs.40, 00,000 and Rs. 10, 80,000 has been exhibited as improvement of construction, etc, of police buildings in Grant No. 39-Dev. (Police). It was explained that the allocation in question represented advance to Public Works Department and Police Department for works to be executed departmentally. Final figures of expenditure have not been shown in the appropriation accounts. The Committee observed that it would have been more appropriate to have exhibited the aforesaid amount as advance and not final expenditure. The Committee further observed that no accounting procedure has been laid down for such works, it is , therefore, desired that the Finance Department may frame separate rules for the aforesaid works so that budget and accounts may be prepared in future accordingly. The Committee would like to examine the detailed audits accounts of such works and the same may be produced before the Ad hoc Public Accounts Committee.⁶⁹

(70)

FRAMING THE RULES

Framing of financial rules.- The Law Reforms Committee of the Provincial Assembly had examined all the financial rules applicable in the Province and had submitted a report in the Provincial Assembly on 8th March, 1987, which was unanimously adopted. The

⁶⁸ PAC Report for the year 2009-10 page No. 06.

⁶⁹ PAC Report for the year 1979-80 page No. 02.

Provincial Assembly is unanimously of the opinion that most of the financial rules are obsolete for the new socio-economic order of the country particularly to this under-developed Province.

Drastic changes are needed to revolutionaries the budget manual and other allied financial rules as required under Article 119 of the Constitution. The Committee has also observed that till such time that suitable set of financial rules are framed, the existing rules may be adapted according to the requirements of the new socio-economic order which requires rapid developmental growth in the Province to bring it at par with the other Provinces, but at the same time the Assembly is conscious of the fact that financial discipline is a must and there can not be planned and coordinated growth of development without observing financial discipline. In this respect a few recommendations of the Committee are as under:-

- (a) The financial irregularities may be clearly shown in the North-West Frontier Province Government Servants (Efficiency and Discipline) Rules, 1973 as misconduct on the part of a civil servant.
- (b) The Administrative Secretary may be declared as Authorized Officer to take cognizance of the financial irregularities.
- (c) The Administrative Secretary particularly, the Senior Member, Board of Revenue, North-West Frontier Province, may be delegated the powers to record his observations regarding, the financial responsibility in the A. C. Rs of the Commissioners and Deputy Commissioners because the aforesaid officers are primarily responsible to the Board of Revenue in financial matters.

All other Administrative Secretaries may be directed to invariably take serious notice of financial irregularities and recording the same in the A. C. Rs. of the Senior Officers where A. C. Rs. are initiated at their level and directed the Heads of Attached Departments to make it a point to record correct observations regarding the financial responsibilities of the subordinate officers in the A. C. Rs.

- (d) Due weightage may be given to this aspect of the performance of officers while considering them for promotion or considering their merits for any another purpose.
- (e) If any officer carelessly assesses a subordinate in the A.C.Rs rating him to have a good financial discipline and later on it is found that as D. D. O. he was careless and a number of financial irregularities recorded against him by the Audit office, explanation of the Senior Officer, who has wrongly assessed is to be called.
- (f) The Administrative Departments of Finance and Planning and Development are directed to devise mechanism under which the early release of the amount to the subordinate offices may be possible and question of un-even expenditure in the financial year is solved.
- (g) The Committee recommends that the Chief Secretary may take personal interest in restoring financial discipline in the Province so that the financial irregularities of technical nature are minimized.⁷⁰

⁷⁰ PAC Report for the year 1983-84 page No. 1741.

(71)
FRAMING THE RULES

For transaction of financial business.- The Audit while discussing the accounts of the defunct Provincial Urban Development Board pointed out that after the devolution plan, and establishment of CD&MD, no rules for transaction of financial business have been prepared. Financial business is being carried out in the organization without any rule of law. The Committee observed that in the absence of proper rules, the departmental officer was to act upon whatever they desire. Such situation will absolutely disturb the financial discipline of the organization. The Committee directed that CD&MD, Local Government in consultation with the Finance and Law Departments should frame rules on priority basis to safeguard the financial system.⁷¹

(72)
GOVERNMENT DUES

Recovery of government dues.- The pace of recovery of Government dues is very slow because mostly the Administrative Departments depend on the Revenue Authorities to recover their dues as arrears of land revenue. There is huge work load with the Revenue Authorities and this dependency, although provided in the law, is operationally ineffective. The Finance Department in consultation with the Board of Revenue may devise a method for the recovery of Government dues including loans and advances. Under the Land Revenue Act, 1965 the Provincial Government can confer powers of the Assistant Collectors of first grade on any officers of the Government for the purposes of recovery of Government dues. For experimental purposes, the Government had conferred powers on the Administrator Committee only for Peshawar in 1971-72, the powers of Collectors within the jurisdiction of Municipal Committee only for the recovery of dues of the Municipal Corporation which proved effective. However on the induction into the office of the elected Mayor the operation of the powers ceased because the same were conferred by the Administrator. If the same experiment is performed in other Departments particularly Communication and Works Department where the Contractors are main defaulters, it may prove effective.

Notwithstanding the observations of the Committee in the minutes as mentioned in para 3 of this report, it is recommended that the Governor, Khyber Pakhtunkhwa, may authorized the excess expenditure of all the financial years given in Appendix C to give coverage to the expenditure incurred by the Government of Khyber Pakhtunkhwa, as per provision of Article 124 & 126 of the constitution read with article of the Law (Continuance in Force) order, 1977.

Lastly the Committee wishes to place on record its warm appreciation of the services rendered by the staff of the Provincial Assembly and for their able assistance and devotion to the Committee's work. In particular, the Committee wishes to thank Mr.

⁷¹ PAC Report for the year 1997-98 pages No. 15-16.

Muhammad Yousaf Khattak, Accountant-General, Khyber Pakhtunkhwa, whose experience in finance and accounts has been a great asset to the Committee.⁷²

(73)

GOVERNMENT DUES

Non-recovery of government dues.- The Committee took serious notice of the fact that the departments had not taken timely action on audit observations to recover Government dues on account of loss, theft, embezzlement etc. Moreover, disciplinary proceedings were not initiated at appropriate time. The result was that in quite a number of cases, action had become almost impossible either on account of retirement or death of the persons concerned, or their having left the country. Even the directives of the DACs in this regard had been ignored with impunity. The PAC stressed that prompt action should always be taken in such cases.⁷³

(74)

GOVERNMENT DUES

Non-realization of government revenue.- While discussing the Audit Report on Revenue Receipt, it was noted with concern that most of the Departments failed to realize the Government dues which clearly indicates their inefficiency and casual attitude towards the task assigned to them. The Principal Accounting Officers were, therefore, directed to ensure that:-

- Steps be taken to enhance the efficiency and effectiveness of tax collecting systems.
- Efforts be focused on recovery of long outstanding arrears.
- Appropriate action be taken against the functionaries involved in loss of revenue due to their lapse.
- DAC meetings be convened regularly.
- Modern computer techniques be adopted for maintenance of record, assessment of taxes and duties.

Internal control be strengthened specially in the areas of maintenance of record and reconciliation of revenue statements with accounts offices.⁷⁴

⁷² PAC Report for the year 1980-81 and 1981-82 page No. 3.

⁷³ PAC Report for the year 1997-98 page No. 14.

⁷⁴ PAC Report for the year 2009-10 page No. 09.

(75)

INCREASED INTEREST ON BORROWING.

Recovery of loan.- It was observed that the liability of Provincial Government in respect of interest paid on its borrowing had increased from Rs. 119 Million to Rs. 417 Million during a period of 5 years from 1975-76 to 1979-80, which is almost from 13 percent to 22 percent of the total revenue receipts of the relevant year. The liability was still on the increase. The increasing trend of interest payments appears to be due to the liberal policy followed in advancing loans and the laxity in securing their repayment. It would be advisable if the Government may regulate payments of further loans and to press for payment of existing loans. It was also observed that in most of the cases neither installments of payment of principal nor annual interest due on the loans had been received by the Government during the year under review. Particularly the Provincial Government assumed responsibility for the payment of a loan of Rs.33.66 Million advanced by the Habib Bank to the Liquidator of Swat Textile Mills and sum of Rs.57,31,997 (comprising principal amount and interest on the loan) was paid to the Habib bank. The loan, is interest bearing but neither any installment of principal amount nor interest accrued thereon has been recovered. It was further observed that the chances of the loan do not appear to be bright. Government may take necessary steps to recover the loan by auction or sale of the property in question.⁷⁵

(76)

INCREASE INTEREST ON BORROWING.

Procedure for grant of loans.- It was brought to the notice of the Adhoc PAC that with effect from 1st January,1981 a new procedure for grant of loans for the Provincial Government has been introduced by the Federal Government. Under this scheme Commercial bank advances money to the Provincial Government for maximum period of 90 days at compound interest of 2.75% per quarter (90 days) which works out to around 12 % per annum. The loans are usually repeated within 15 to 30 days in most cases, but the Provincial Government is being charged interest for the full quarter. The Provincial Government are entitled to a rebate for loans repaid in such cases, but the rate and mode

⁷⁵ PAC Report for the year 1979-80 page No. 3.

of payment of rebate were not laid down by the Federal Government with the result that the Provincial Government has not received any rebate from the Commercial banks against interest over charged since introduction of the scheme. Commodity loans are retired after an average currency of 22 days. Thus the Provincial Government is paying interest for full 90 days on money retained for an average of 22 days. In money terms this works out of 4 times for actual amount of interest on such loans are around 50% per annum. The loans are financing for food grains are supposed to be allowed on concessional rates which used to be around 10.5% before introduction of the scheme, but the new arrangement have raised it to about 4 times of normal bank rate of Commercial loans which is 14% per annum. As ordinary channels of correspondence have failed to elicit a response from the Ministry of Finance the matter needs to be brought into notice of Federal Finance Minister. The Accountant General observed that as long as the problem remains unsolved the loan money for full period of 90 days and reuse the money time and again during this period for re-financing its transaction. Since this arrangement seems appropriate in the present circumstances, detailed procedure may be worked out in consultation with the Accountant General.⁷⁶

⁷⁶ PAC Report for the year 1979-80 page No. 3.

(77)
INQUIRES

Unfair inquiry.- In certain cases, junior officers were appointed to conduct inquiries, which was not fair. This state of affairs on the part of the Provincial Government Departments was quite deplorable. In order to have impartial and transparent inquiries, it may be conducted through senior officers of the division other than that in which inquiries were required. The inquiries must be completed within stipulated period.⁷⁷

(78)
INQUIRES

Delay in inquires.- The Committee emphasized on the Department that delays in inquiries be strictly avoided and in future all inquiries must be completed within stipulated period.

The Committee also directed that the recoveries ordered from various officials should not be considered as adverse entries in the service records. Provided the same are deposited within the prescribed time voluntarily.⁷⁸

(79)
INQUIRES

Action on inquiry reports.- In the Works & Services Department it was noticed that action was not taken within five years after conducting inquiry. This was a very serious lapse on the part of Administrative Department. The Committee directed that in future prompt action must be taken after finalization of inquiry report as the result of delay in such cases is quite dangerous because the required action against the culpable becomes impracticable either due to retirement or death of the person concerned.⁷⁹

⁷⁷ PAC Report for the year 1994-95 page No.9.

⁷⁸ PAC Report for the year 1994-95 page No. 54.

⁷⁹ PAC Report for the year 1997-98 page No. 14.

(80)
INTERNAL CONTROL

Weak internal control.- Several cases of fictitious drawls of Government money and embezzlement have been reported and commented upon in audit report. A few of these cases are given in Annexure-I. The Committee has observed that the factious drawls were facilitated because the Drawing and Disbursing Officers had left everything, from the preparation of Bills, maintenance of cash book, collection and encashment of cheques from Bank and reconciliation of expenditure, to one and same official. The Drawing Officers did not exercise any check, not even surprise checking of chest. This laxity might have tempted the officials to manipulate the record, and draw Government money fictitiously. Such cases could be avoided if the Drawing officers had exercised strict control. It is proposed that the system of internal audit in each Department should be effectively imposed and the senior Officer should be held responsible to ensure that internal audits are regularly conducted and reports submitted to the higher officers in time. Timely reconciliation of expenditure with the audit officer is another measure which can help in detection of fictitious observed that the department should be directed to expedite action all in the past cases and ensure remedial measures.⁸⁰

(81)
INTERNAL CONTROL

Strengthening of internal control.- This is the largest spending Department of the Provincial Government because of rapid expansion. But supply of persons trained in handling financial matters is not adequate which has resulted in financial irregularities and loss of public funds. Internal audit has obviously, failed to guard against such losses, etc. the Committee proposes the following steps to improve the financial working of the Education Department.:-

- i. Internal audit should be improved and strengthened. Each institution should be inspected once a year, during which besides scrutiny of accounts and purchases, physical verification of stocks should also be conducted.
- ii. Standard specifications for each article of school furniture and equipment should be laid down for facility of tendering firms and purchasing officers. If possible a specimen of commonly required articles should be kept in the office of District Inspector of Schools.
- iii. In view of high cost of timber, black boards in schools should be constructed of cement on walls of each class room. Purchase of wooden black boards should be resorted to only when this arrangement is not possible.

⁸⁰ PAC Report for the year 1979-80 page No. 03.

- iv. The information Department may be requested to publish advertisements calling for tenders for supply of school furniture, etc., in newspapers having widest circulation.
- v. There is a common tendency to draw cash in anticipation of requirement and to keep it in Commercial Banks. This practice should stop forthwith. All such Bank accounts should be closed and amounts lying therein deposited in Government Treasury.⁸¹

(82)

INTERNAL CONTROL

Lack of internal check.- From the report of Auditor-General it has come to light that in most of the Departments there is no arrangement for internal check. The internal check is of two types. Under paras 11 and 12 of the General Financial Rules, the officer other than Drawing and Disbursing Officer of the same Department is deputed by the Head of the Office to audit the accounts periodically including the surprise check of the cash. This arrangement is needed in all offices including the offices of the Administrative Secretaries and Head of the Attached Departments. The Second internal check is under Para 13 of the General Financial Rules. It is a duty of a controlling officer of the expenditure to depute an internal audit party to check the accounts of the subordinate offices under his control. If such internal Audit is conducted periodically it will definitely minimize the audit objections and more-over the losses to the Government come to light earlier and remedial action will be possible.⁸²

(83)

INTERNAL CONTROL

Internal audit system.- In pursuance of the provision of General Finance Rules, system of internal check plays a vital role to prevent and detect errors and irregularities in the financial proceedings of its subordinate officers and guards against waste and loss of public money and stores. While discussing the accounts of the Government, it came to light that in most of the cases the internal check system was either not available or it was very poor and the reports of the internal Audit, as required under the said rules had not been endorsed to Audit. The Committee directed that each Department must ensure about proper internal check system in future according to the spirit of the rules. Moreover, the audit should reflect the points detected during the internal audit of the Department, in the Audit report if not already settled by audit.⁸³

(84)

⁸¹ PAC Report for the year 1979-80 page No.4.

⁸² PAC Report for the year 1981-82 page No.4.

⁸³ PAC Report for the year 1994-95 page No. 13.

INTERNAL CONTROL

Weak internal control system.- The Audit pointed out time and again that internal system in almost all the Provincial Government Departments, particularly Education and Health Departments was too weak. While going through their accounts, it can be proved that there was no system of internal control. Due to poor internal control and weak financial discipline, colossal amount in lieu of house rent deduction was not made from the occupants for the last 7 years. The whereabouts of doctors transferred from one station to other was not known nor was any entry of the liability made in the LPC of those doctors. Receipts were not deposited in time and so on. The DAC decisions arrived at 7 years ago were yet waiting for implementation. Enquiry ordered was either not conducted after the lapse of years or action required to be initiated on the findings of the enquiry officer was placed in cold storage.

Internal check is so important that there is a special provision in the GFR. for sake of convenience of the dealing hands, the provision of rule 13 of GFR is reproduced as:-

“Main reason for the poor internal control and weak financial discipline was the lack of knowledge, training and non capability of the administrative officers in the field of administration and accounting, for which it was proposed that management cadre in Health Department may be separated from the professional cadre and qualified/trained officers may be included in the management cadre.”

In order to improve the system and to maintain good financial discipline, it is high time for all the Administrative Departments to think over it and evolve a mechanism in the organizations to avoid financial misdeed, and in case any financial incident was occurred, timely action could be initiated.⁸⁴

(85)

INTERNAL CONTROL

Weak internal control system.- Internal control which is the main tool of management for improving performance, safeguarding assets and preventing mis-management of public money was found either lacking or not working effectively in all the Departments and internal audit, a very essential requirement of the General Financial Rules, was also not found to be carried out as a result, a number of cases of fraud, theft and embezzlement were facilitated/encouraged. In some cases, physical verification of store/stocks to ascertain the factual position was not carried out. Due to weak administrative and financial management system, Government dues were not recovered in time and even Government receipts duly realized were not timely deposited in Government treasury.

Though financial rules have been framed and PAC directives are available, yet the Principal Accounting Officer does not implement the same. The Departments were,

⁸⁴ PAC Report for the year 1997-98 pages No.887 To 889.

therefore, directed to ensure a proper internal check system according to the spirit of the rules and to conduct internal audit regularly for obtaining fruitful results.⁸⁵

(86) INTERNAL CONTROL

Weak internal control system.- For future guidance the Agriculture, Livestock and Cooperation Department was directed to improve its internal control system and to carry out internal audit regularly. The Department was also directed to:-

- Observe codal formalities in various auctions and purchases.
- Obtain sanction of Finance Department for certain posts which were in need of sanction.
- Avoid advance payments.
- Credit and receipts realized into government treasury promptly.
- Hold DAC meeting regularly and to implement its decisions in letter and spirit.⁸⁶

(87) INTERNAL CONTROL

To improve internal control system.- For future guidance the Department was directed to improve its internal control system and to ensure that:-

- Resources are used only in accordance with laws, regulations and policies.
- Resources are safeguarded against waste, fraud, and misuse and reliable data are collected, maintained, and fairly disclosed in reports.

The Department was also directed to:-

- Review the existing accounting system, which was introduced on adhoc basis in 1963, update and bring it at par with the international public sector accounting standards.
- Pay special attention to the system of recovery of confiscated timber, its transportation and stocking for preventing future losses to the public exchequer.
- Strengthen internal control for timely depositing of public money and proper reconciliation accounts with the FDC/District Accounts Offices.
- Establish rules and procedure for operation and maintenance of Forest Development Fund.
- Transfer the unspent balances lying in the accounts of defunct Forest Cooperative Societies to the Provincial Consolidated Fund.
- Reflect budgetary provision for foreign loans and grants in the annual Appropriation Accounts.
- Make executive functionaries more responsive to audit.⁸⁷

⁸⁵ PAC Report for the year 2002-03 page No.8.

⁸⁶ PAC Report for the year 2002-03 page No.13.

(88)

INTERNAL CONTROL

Lack of internal audit and accounting control.- Internal controls and accounting controls which ensure completeness, accuracy, timeliness and reliability of accounts was found lacking and rules relating to internal audit as envisaged in para-13 of General Financial Rules were not followed. The Department was, therefore, directed to conduct internal audit which is an essential and fundamental part of internal control system and needs to be strengthened in order to ensure better financial management.⁸⁸

(89)

INTERNAL CONTROL

Inadequate internal control system.- Internal control system of the Irrigation and Power Department was evaluated with reference to statutory provisions in the Khyber Pakhtunkhwa Irrigation and Drainage Authority. Sarhad Hydel Development Organization (SHYDO) and the Sarhad Hydel Development Fund. Accounting, Financial reporting and Internal Controls were found inadequate due to inaccurate and incomplete data in Irrigation and Power Department in general and in Sarhad Hydel Development Organization in particular. The Department was, therefore, directed to improve its internal control system.⁸⁹

(90)

INTERNAL CONTROL

Lack of internal control.- The PAC noted that internal control which provides a system of checks and balances and plays a pivotal role to monitor continuously the organizational activity through especially trained personnel under the administrative and functional control of the Principal Accounting Officer. Internal audit ensures that rules of business are in place and are being enforced effectively to avoid errors of omissions and commissions in the Organization, but unfortunately it was found lacking in almost all of the Departments.

The Departments were therefore directed to ensure existence and operation of an effective system of internal control including internal audit so that systemic issues relating to an internal control framework are addressed.⁹⁰

(91)

INTERNAL CONTROL

⁸⁷ PAC Report for the year 2002-03 page No. 20.

⁸⁸ PAC Report for the year 2002-03 page No. 45.

⁸⁹ PAC Report for the year 2002-03 page No. 50.

⁹⁰ PAC Report for the year 2003-04 page No. 15.

No internal audit conducted.- While examining accounts of Auqaf Department, it was pointed out that despite repeated reminders to the Audit Department for deputing Audit party to conduct the Audit of the Accounts for the financial year 2003-04 but no Audit has yet been conducted. The Department requested PAC to direct the D.G, Audit to carry out Audit of the Accounts of the Department on priority basis. The Chairman appreciated the efforts of the Department and directed the Assembly Secretariat to approach the D.G, Audit Department to do the needful.⁹¹

(92)

INTERNAL CONTROL

Non-Conducting Internal Audit.- Internal Audit is one of the requirements of general financial rules. It plays a vital role to prevent and detect financial irregularities in an Institution. In various reports of the PAC, its importance was highlighted but the Departments do not pay any heed to the Committee directives/recommendations. It was therefore, once again directed that the Administrative Secretaries must ensure internal audit in all its subordinate offices and copy of the observations raised during internal Audit invariably be sent to Audit Department as required. The respective officer who conducted the Internal Audit must also attend meetings of PAC in future.⁹²

(93)

INTERNAL CONTROL

Ineffective monitoring and evaluation of government operations.- In a significant number of Departments, it has been observed that structured internal control system which is a tool for management to improve performance, prevent losses, control mismanagement of public money and safeguard Government assets, either do not exist or is ineffective leads to repetitive wide spread irregularities, both procedural and substantive.

For effective management and achievement of the objectives, various types of internal controls should be in place. Accounting controls ensure completeness, accuracy, timeliness and reliability of accounts. Financial controls help in budgeting and accurate forecasting. Administrative controls help in preventing unauthorized payments, losses and misappropriations, etc;

In most of the Provincial Government Departments, lack of internal control is evident from the following short comings in the financial management system:-

- i. Non-observance of canons of financial propriety and non-compliance of rules & regulations.
- ii. Non-recovery of Government dues.

⁹¹ PAC Report for the year 2003-04 page No.83.

⁹² PAC Report for the year 2004-05 page No.07.

- iii. Overpayments in pay & allowances and contracts.
- iv. Loss to Government due to negligence.
- v. Misuse of financial powers by the subordinate officials.
- vi. Waste of funds due to un-necessary purchase of store etc.
- vii. Retention of public money outside the Government accounts.
- viii. Non-preparation of financial statements.

The Principal Accounting Officer should evaluate the existing internal controls and reinforce these controls in the offices and organizations working under their control. They should also ensure:-

- i. To maintain accurate accounting records and made it available to auditors at the time of the audit. Non-production of record by any person or authority should be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person in terms of section 14 (3) of the Auditor General's (Functions, Powers and Terms & Conditions of Services) Ordinance 2001.
- ii. To recover Government dues and deposit it in Government treasury.
- iii. To avoid keeping of public money outside the Government account and prevent unnecessary drawing of funds.
- iv. To prevent misuse of Government assets.
- v. To investigate the cases of losses and take remedial measures.
- vi. To regularly convene DAC meetings and:
- vii. To pursue directives of PAC.⁹³

(94)

INTERNAL CONTROL

Poor financial management and internal control system.- While examining the accounts of Agriculture Department, PAC observed poor financial management and negligible internal control system in the Agriculture Research Wing, resultantly number of cases of embezzlement, misappropriation, fraud, etc; were reported in the Auditor General's Report, which involved loss of millions of rupees to public ex-chequer. Main reason for such irregularities was the defective and non transparent procedure adopted by the Department contrary to the procurement rules. In most of the cases, the ex-Director

⁹³ PAC Report for the year 2009-10 page No.6.

General has reportedly shown as the principal accused, who has already been retired from service.⁹⁴

(95)
M & R

Repair funds should not be charged to original work.- The Committee noticed that in the Works & Services Department in particular the funds allocated for maintenance and repair work were charged to original work. This transfer of funds was not only illegal but in view of this practice, the Government assets of colossal amount were badly suffered. The Committee emphasized that this practice being violative of law and disadvantageous to the cause of nation need to be discouraged and the Finance Department should issue strict instructions not to repeat such practice by any Department.⁹⁵

⁹⁴ PAC Report for the year 2010-11 page No.7.

⁹⁵ PAC Report for the year 1997-98 pages No. 14-15.

(96)
M & R

Repair funds should not be charged to original work.- While discussing the accounts of Works and Services (C&W Wing). It was noticed that in certain cases M&R funds were diverted to original work, which was irregular/illegal expenditure.

The PAC directed that such practice should be stopped forth with and in future M&R funds should not at all be spent on original work.⁹⁶

(97)
M & R

Incurrence of excess expenditure on M&R.- As regards the incurrence of excess expenditure on M&R by enhancing the scope of work, the PAC directed that the Finance Department, Audit, Law Department and Administrative Department should sit together and frame rules in this regard. Working paper is to be prepared by the Administrative Department and meeting should be convened by Finance Department.⁹⁷

(98)
M & R

Misuse of M&R fund.- While discussing the accounts of C&W Department, the issue of misuse of M&R Fund in each financial year on the residences of the Government officers/officials was discussed. It was pointed out that every year huge allocations in this sector are made and in the name of utilization on maintenance, the funds are wasted and went to the hands of individuals. Millions of rupees are allocated to each colony but not properly utilized. For certain houses in M&R Sector, a sum of Rs. 20 lacs to 50 lacs is allocated for 10 marlas houses, which is equal to its purchase cost in open market.

The committee showed its concern about PBMC for preparing PC-I on very high side. At this juncture, the Secretary of the Department endorsing the concern of the committee added that after taking charge at the end of June, such concern about the working of PBMC officers was conveyed to him not only by the Secretary Administration and Chief Secretary, but by the Chief Minister as well. He vowed that initiative has been taken to streamline the affairs of the PBMC and put hands on the officers involved in the misdeeds.

The committee directed the Department to make every effort to streamline the affairs of the PBMC to avoid wastage of public spending.⁹⁸

⁹⁶ PAC Report for the year 1997-98 pages No.373-374.

⁹⁷ PAC Report for the year 1997-98 page No.497.

⁹⁸ PAC Report for the year 2007-08 pages No. 11.

(99)

MAINTENANCE OF ACCOUNTS

Poor maintenance of accounts.- The major cause of bad financial management in Government Departments is poor accounting. The Controlling Officers of the expenditure and Drawing and Disbursing Officers do not observe due care and vigilance for reconciliation of accounts with the office of the Accountant-General, N.W.F.P. in time, which is a must for keeping good and up-to-date accounts. According to the Budget Manual, the Finance Department is not to accept any excess and surrender statements whether it is the first excess/surrender statements or the second excess/surrender statements or the final accounts of the last year unless these are supported by a certificate from the Administrative Department that the figures contained therein were reconciled and were found correct. In spite of clear instructions, a number of irregularities were attributed to Non- reconciliation of figures. It is surprising to note that such irregularities could occur in spite of measures for strict checking and re-checking. The committee therefore, recommends that all Administrative Secretaries may please appoint vigilance officers/officials to see that the accounts are regularly reconciled and then submitted to

the Committee. It will be then duty of the Administrative Secretaries to bring with them the files showing a statement of the reconciled figures and also a list of the names of the officers/officials appointed for checking and reconciliation of accounts at various levels. It has been found that many Secretaries have left the accounting work entirely at the mercy of their Accounts and do not realize that it is they (the Secretaries) and not the Accountants who are answerable to the Public Accounts Committee.

The Ad-hoc Public Accounts Committee appointed in 1971 had recommended in para 45 of their report to the Auditor General that all outstanding draft paras relating to any transaction effected prior to 1-1-1970 should be incorporated in the audit reports for the succeeding years to show as to whether or not replies have been received from the Department concerned, so that all outstanding matters should be brought up-to-date. The Audit Department accordingly reported outstanding paras in the Auditor-General's reports and it was surprising to note that some of the audit paras were pending for final settlement since 1951 and the Departments have not taken any effective steps. For example, there were outstanding para against the Irrigation Department for the loss of Departmental revenue due to under assessment to the tune of Rs.2,32,055/- pending since 1950-51. There was an outstanding para against the Food Department on account of loss occurred to Government in 1955 to the tune of Rs.8,09,871/-. Similarly there was audit objection against the Education Department for Un-necessary blocking of Government money to the tune of Rs.5, 53,859/- Since 1964-65. These are just a few examples out of many. It shows that since receipt of report of the Ad-hoc Public Accounts Committee, the Administrative Departments, Attached Departments and the subordinate offices have paid scant attention to the directives regarding final settlement of the audit paras. In the working papers presented before the Committee, incomplete replies were furnished like "case is still under correspondence with the Accountant-General's Office", "case is under correspondence with the Finance Department". Such replies did not serve any useful purpose in settling the accounts. The Committee has, therefore, issued a directive that such incompletes replies would not be acceptable to the Committee and that the replies should be in specific and concrete terms. If the Departments have failed to settle the matter earlier, cases may be prepared with full justification and presented to the Committee for final settlement once for all.⁹⁹

(100)

MAINTENANCE OF ACCOUNTS

Non-maintenance of workshop accounts.- The Executive Engineer Mechanical, Irrigation Division, Peshawar maintains large workshop with special plants and machinery. The accounts of the said machinery are being operated on the basis of Manufacture Accounts. This has resulted in under estimation of Government income and less recovery of the Government dues of Rs. 13.863 million.

According to Para 371 and 377 of CPWA Code, where a workshop with special plant or machinery is established and such workshops are of the character of quasi-commercial or run mainly for departmental purposes, its accounts will be maintained on the basis of workshop accounts vide Chapter XIV Para 275 to 385 of the CPWA Code.

⁹⁹ PAC Report for the year 1970-71 to 1978-79 page No. 2.

As laid down in Para 378 of CPWA Code, for every job there must be an estimate of cost providing all charges including the prescribed percentages for indirect charges vide Para 384 of CPWA Code, sanctioned by the competent authority. The indirect charges are enumerated below:-

1. Supervision charges.
2. Interest on capital cost.
3. Maintenance charges of building, plant and machinery.
4. Establishment charges.

The accounts of the machinery may be maintained in the light of rules quoted above so as to avoid the losses and under estimation of Government revenues in future as pointed out in the Audit Report under discussion.¹⁰⁰

(101)

MISUSE OF GOVERNMENT VEHICLES

Unauthorized use of government vehicles.- It came to the notice of the Committee that the Minister/Advisor etc get vehicles from the respective departments under their control despite the fact that they have been provided vehicle for duty by the Administration Department. Huge expenditure is incurred on the wear and tear of the vehicle obtained from the subordinate offices. The Committee observed that use of such vehicles without authorization was not fair job, therefore, it needed to be fettered. The PAC directed that the Chief Secretary may issue instructions to all Administrative Secretaries so that the misuse of vehicles by such dignitaries or any other persons, who are not authorized to use it, is discouraged.¹⁰¹

(102)

MISUSE OF GOVERNMENT VEHICLES

Utilizing ambulances for private purposes.- It was observed that the ambulances provided to the Hospitals and other subordinate Institutions for patients care and emergency duty were being misused for private use by the officers at the helm of affairs.

¹⁰⁰ PAC Report for the year 1997-98 page No. 17.

¹⁰¹ PAC Report for the year 1997-98 page No. 15.

No proper log book showing the details of transportation was maintained to know as to whether the vehicles were actually used for poor patients or otherwise.

In order to discourage the misuse of the ambulances, the PAC directed the Department that some fool proof mechanism may be devised by the Department. It would be advisable that record showing name of patient, Admission No, address, nature of disease, place of transportation, and mileage must be maintained and entered in the log book and properly checked by the In charge of the Units¹⁰².

(103) OVER PAYMENT

Unjustified expenditure.- The accounts showed a lump sum provision of Rs.54,07,670/- for the scheme of Small Industries Development Board, whereas a sum of Rs.48,00,000/- was also paid to the Board during the last year. No detail of the schemes in which these amounts were intended to be spent was given in the Appropriation Accounts. In addition a sum of Rs.31,52,000/- was also spend on Small Industries under grant No. 39-Development, details whereof were also not shown schemes wise. Such a huge expenditure needs to be justified rendition of proper accounts and report of the result achieved.¹⁰³

(104) OVER PAYMENT

Over payments due to contract agreement.- The appropriation accounts under grant No.24- show a payment of Rs.16,00,000/- as Grant-in-aid to Sarhad Development Authority. For repayment of Austro mineral loan an amount of Rs.1,55,900/- was also paid during the previous year. It was explained that the grant-in-aid was allowed to Sarhad Development Authority to make compulsory to the foreign firm without receiving any services or material is lieu of these payments in pursuance of certain terms of the

¹⁰² PAC Report for the year 1997-98 page No. 888.

¹⁰³ PAC Report for the year 1979-80 page No.4.

contract, which were disadvantageous to Government. It needs to be determined as how such disadvantageous clauses were included in the contract and who was responsible for it. The legal aspect of the relevant clauses may also be examined by the Law Department, to ascertain whether the payments were actually inevitable.¹⁰⁴

(105) OVER PAYMENT

Allowing premium above the scheduled rates.- The Committee noticed that in Works & Services and Irrigation Departments certain works were executed and the contractors were allowed premium over and above the scheduled rates fixed by the Provincial Development Working Party being a competent forum for the purpose. Allowing higher rates above the schedule rate was just to benefit the contractor, the Audit contended. It strongly objected to such deviation from the scheduled rates, which was also endorsed by the PAC. The Committee directed that such practice of allowing premium above the scheduled rates needed to be discouraged as it tantamount to transgress the authority of the PDWP a highest forum, to avoid loss to provincial exchequer.¹⁰⁵

(106) OVER PAYMENT

Over payment made to the contractor.- It was noticed that in several cases payment to a contractor was made at a rate higher than that admissible. In some cases this dereliction appeared quite deliberate. Action to recover the amount from the contractor was initiated on being pointed out to recover the amount from the contractor was initiated on being pointed out by the Audit, but no action was taken against the officers responsible for overpayment. Disciplinary action, as prescribed under the rules, should be taken against the defaulting officer in all such cases. Audit should report each case to the Chief Engineer to ensure action. It was also noticed that action taken in most cases was inadequate or delayed or was taken merely against a subordinate.¹⁰⁶

¹⁰⁴ PAC Report for the year 1979-89 page No.4.

¹⁰⁵ PAC Report for the year 1997-98 page No. 9.

¹⁰⁶ PAC Report for the year 1979-80 page No.3.

(107)
PAC'S DIRECTIVES

Non-implementation of PAC's directives.- Non implementation of PAC's directives by the Departments was very seriously noticed by the Committee as the departments miserably failed to follow the directives of PAC and their implementation required to be completed with-in two or three months were not implemented even after the lapse of 3-4 years. Hence lists of all actionable paras were handed over to the administrative Secretaries with the direction to implement it and submit implementation report to the PAC cell within a month time otherwise action would be initiated against those responsible for non implementation of PAC directives.¹⁰⁷

(108)
PAC'S DIRECTIVES

Non-compliance of PAC's directives.- The PACs observed that in a number of cases, audit paras were settled subject to certain actions to be taken by the departments concerned. Unfortunately, even after years, the departments have not cared to take the requisite action, with the result that such paras could not be finally settled. Government should take measures so that the directives of the PACs are implemented expeditiously within the time given to the departments.¹⁰⁸

(109)
PAC'S DIRECTIVES

¹⁰⁷ PAC Report for the year 2003-04 pages No.14 to 15.

¹⁰⁸ PAC Report for the year 1997-98 page No. 13.

Non-compliance of PAC's directives.- Non implementation of PAC's directives by the Departments was noticed by the Committee with heavy heart as the departments miserably failed to follow the directives of PAC and their implementation required to be completed with-in two or three months were not implemented even after the lapse of 3-4 years.

The Departments were also failed to initiate disciplinary actions in the cases where required. Moreover, proper attention was not given to the pending audit paras. Hence it was recommended that the Departments should follow the directives of the PAC in letter and spirit, to review the pending audit paras at regular intervals and to report progress in this regard to the PAC Cell of the Provincial Assembly of Khyber Pakhtunkhwa at regular intervals.

During the course of discussion, it was pointed out that certain Departments did not take interest in verifying record by Audit as ordered by the PAC. Resultantly, the cases of verification were lingered on and not disposed off. The PAC, therefore, decided that in future, all such verifications should be made in the Assembly Secretariat under the Chairmanship of one of the Honorable Members of the PAC.¹⁰⁹

(110) PENSION AND G.P. FUND CASES

Prompt action on pension and G.P fund cases.- There are several cases of excess and saving indicating defective control of the Department over the budget. The Department is directed to take steps to streamline the procedure for maintenance of Departmental Accounts with particular for emphasis on reconciliation with the Audit and to get the expenditure within the final grant. In future even excess of loss than 1% is to be explained to the satisfaction of APAC. The Administrative Department has not yet communicated the names of the Officer responsible for reconciliation of accounts with the Audit. The name should immediately be communicated to Finance Department with a copy to Accountant General. The Administrative Department is directed to submit immediately replies to the outstanding audit reports. The Department is further directed to examine as to how many pension cases are lying pending and should expedite action on the same. The Department should further ensure to comply with the instructions under Pension Rules strictly.

The G.P. Fund cases of the employees, whether it is the correctness of accounts or missing credits or payment should be expedited. The Department should arrange for internal as required under the general financial rules.

The Department is further directed to conduct the meeting of DAC regularly.¹¹⁰

(111) PENSION AND G.P. FUND CASES

¹⁰⁹ PAC Report for the year 2002-03 page No.8.

¹¹⁰ PAC Report for the year 1980-81 to 1981-82 page No.78.

Delay in pension and G.P fund cases.-It was observed by the Committee with grave concern that the Departments commit such irregularities which can be categorized as crimes on humanitarian ground i.e.:-

- (a) Delay in Pension Cases;
- (b) Delay in payment of G. P. Fund;
- (c) Delay in payment of emolument of deceased civil servants who died during service.

As per rule, the Departments are required to prepare the Pension papers one year ahead of the retirement of the civil servant so that all aspects are checked by the Audit office and at the time of the retirement the Civil Servant is not to face any difficulty. Similarly the G.P. Fund encashment papers are to be prepared six months ahead of retirement so that the account of the incumbent is checked and it is ensured that there is no missing in the G.P. Fund account on the contrary.

It has come to the notice of the Committee that the Pension Papers have been delayed from one year to three years after the retirement of the civil servants and in some cases to the deceased families which is almost criminal. As a pre-cautionary measure, the Government has authorized all the Administrative Secretaries that if there is any discrepancy in the Pension Papers, which is time consumable, the Administrative Secretary may sanction provincial pension so that the pensioner is not put in financial difficulties. The Administrative Secretaries are directed that in case they feel any difficulty in preparation of Pension Papers i.e., some Administrative Secretaries advanced reasons that the service Books of certain Members of establishment were misplaced or not traceable, in such like cases anticipated pension should be ordered immediately and an enquiry may be constituted as to why the available documents like the Service Book was misplaced or un traceable, because that show height of negligence, irresponsibility and inefficiency on the part of the custodian of the documents. The Committee was informed that for the purpose of the safeguard of these important documents i.e Services Book etc, the Government has issued instruction that duplicate Service Book may be maintained each one in all respect., so that if one is missing or misplaced, the another one may be used. It has been observed that the Departments are not following the Government instructions in letter and spirit. Such irregularity should constitute a charged of misconduct/inefficiency against the officer in charged/Head of the office and should be dealt with the Khyber Pakhtunkhwa Government Servant (Efficiency and Discipline) Rules, 1973. If such a clear provision is not available in the aforesaid rules, either the rules may be amended or clarification may be added in the relevant rules so that it is cleared to all Heads of office that financial irregularity constitutes a charged of misconduct.¹¹¹

(112) PENSION AND G.P. FUND CASES

Delay in finalization of pension and G.P fund cases.- The Pubic Accounts Committee observed that in spite of repeated instructions; the Departments were not paying attention to the finalization of Pension and GP Fund cases of the retiring/deceased Government

¹¹¹ PAC Report for the year 1983-84 Pages No.1742 to 1743.

Servants. The Committee showed grave concern over the delay in the final payment/disposal of Pension and GP Fund cases in spite of the fact that rules stipulated that pension cases would be initiated one year before the date of retirement and submitted to the Audit office within six months. The Committee directed that in future if the cases are delayed the concerned Head of Department will be held personally responsible. It was also decided that the Secretary Assembly may notify in the Press, asking the retired/retiring officials to bring the delays in the finalization of their pension cases into the notice of PAC.¹¹²

(113)

PERFORMANCE OF DEPARTMENTAL OFFICERS

Lack of interest on the part of senior officers.- From the format of the accounts presented to the Committee, it was apparent that most of the Administrative Secretaries did not apply their own mind to the replies furnished by the subordinate offices and forwarded those replies to the Committee without even caring to read them. This state of affairs is not desirable. The Committee, therefore, issued a directive that comments offered by the subordinate offices would not be acceptable to the Committee. The Administrative Secretary concerned will have to apply his own mind and will have to furnish his own comments to the Committee. The Committee has also issued a directive that the Administrative Secretary will make it convenient to appear personally before the Committee and that in cases where it might not be possible for him to attend personally; he might appoint a competent representative with prior approval of the Ad-hoc Public Accounts Committee. Both these directives appear to have been honored more in the breach than in the observance.

It was noted that most of the Administrative Secretaries who appeared before the Committee personally, were not well prepared and well conversant with the accounts of the subordinate Offices. Even Heads of Attached Departments who were present to explain their account to the Committee used to rely on the subordinate officers like accounts officers and Administrative officers and even joked to their advice during the proceedings of the Committee. This state of affair could not be appreciated. The main object of requesting the Administrative Secretaries to appear in person before the Committee is that they should devote some time to orientate themselves in the accounts maintained by offices under their supervision and to take remedial measures at their own and to appear before the Committee and explain any remedial measures taken by him before hand. A number of problems could be solved at the level of Administrative Secretary; for instance any irregular expenditure which can be regularized by ex-post-fact sanction of the Administrative Secretary can be got regularized before submitting working papers to the Committee. If an inquiry is to be conducted in respect of certain irregularities, such inquiry could be conducted before submission of the working paper and the result of the inquiry could be communicated for the information of the Committee. This will improve the working of the Department on the one hand and decrease work load of the Committee on the other.

The Ad-hoc Public Accounts Committee desires that Administrative Secretaries should hold meetings with the Heads of attached Departments etc, every months and asses the

¹¹² PAC Report for the year 1989-90 pages No.6 to 7.

progress made towards reconciliation of figures and ensure that reconciled figures are sent to the Finance Department in time in accordance with the instructions issued by that Department.

Adequate security should be taken from the officer/officials handling cash and stores. Similarly where an inquiry/audit para is outstanding against retiring Government servant no Demand Certificate should not be issued to him till the final decision of the inquiry/audit para etc.¹¹³

(114)

PERFORMANCE OF DEPARTMENTAL OFFICERS

Improper reply to the queries.- The Committee noticed that certain officers of the Departments were not adequately prepared to answer the queries raised by the members and usually had to cut sorry figure. So it was directed that in future the officers should come up fully prepared to the meeting with all supporting materials to properly reply to the queries raised during the meeting so that the precious time of the committee may not be wasted.¹¹⁴

(115)

PERFORMANCE OF DEPARTMENTAL OFFICERS

Lack of knowledge.- It was noted with concern that the officers, in majority cases, who are entrusted the supervision of the accounts, lacked the knowledge of the G.F.R and not properly trained. When an officer has been entrusted with any Job especially dealing in financial matters, it must be ensured, that he is fully acquainted with the knowledge of the relevant rules and conscious of his responsibility. For this purpose in-service training and refresher courses should be arranged. The existing arrangement of training may be expanded and energized.¹¹⁵

¹¹³ PAC Report for the year 1970-71 to 1978-79 page No. 2.

¹¹⁴ PAC Report for the year 1994-95 page No.10 to 11.

¹¹⁵ PAC Report for the year 1994-95 page No.16.

(116)
PRE-PAC

Misuse of DAC/Pre-PAC forums.- It was noted by the PAC that the Departments did not take to hold meetings of DAC seriously and did not pursue/implement the decisions made therein properly, despite the fact that the PAC has issued its observations time and again in this regard. The PAC therefore, once again directed the departments to ensure holding of pre-PAC meetings to facilitate the job of PAC.

Basically, the purpose of Pre-PAC is that the Department should come updated to PAC and to see as to whether decisions of DAC such as verification of record and recovery etc were implemented or otherwise. In case of Appropriation and Finance Accounts the departments are required to ensure reconciliation of figures with Finance Department and Accountant General Office that would not only help the PAC but also the departments in settling Audit objections.

It was also observed by the PAC that the departments had developed a new trend by coming up with a new version at pre-PAC level all together ignoring the decisions made by the DAC. It was once again clarified that Pre-PAC meetings are preparatory meetings for the main PAC therefore, it should not reopen the issue contradictory to that has already been decided by the DAC as it creates a lot of unnecessary complications.¹¹⁶

(117)
PRE-PAC

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

¹¹⁶ PAC Report for the year 2004-05 page No.06.

proper signature should be obtained to whom the record is produced and as such no verbal claims on the part of either would be accepted in future.¹¹⁷

(118) RECONCILIATION

Poor accounting and non-reconciliation of accounts.- The major cause of bad financial management in Government Departments is poor accounting. The Controlling Officers of the expenditure and Drawing and Disbursing Officers do not observe due care and vigilance for reconciliation of accounts with the office of the Accountant-General, N.W.F.P. in time, which is a must for keeping good and upto date accounts. According to the budget manual, the Finance Department is not to accept any excess and surrender statements whether it is the first excess/surrender statements or the second excess/surrender statements or the final accounts of the last year unless these are supported by a certificate from the Administrative Department that the figures contained therein were reconciled and were found correct. In spite of clear instructions, a number of irregularities were attributed to Non- reconciliation of figures. It is surprising to note that such irregularities could occur in spite of measures for strict checking and re-checking. The Committee therefore, recommends that all Administrative Secretaries to appoint vigilance officers/officials to see that the accounts are regularly reconciled and then submitted to the Committee. It will be then the duty of the Administrative Secretaries to bring with them the files showing a statement of the reconciled figures and also a list of the names of the officers/officials appointed for checking and reconciliation of accounts at various levels. It has been found that many Secretaries have left the accounting work entirely at the mercy of their Accounts and do not realize that it is they (the Secretaries) and not the Accountants who are answerable to the Public Accounts Committee.

The Adhoc Public Accounts Committee appointed in 1971 had recommended in para 45 of their report to the Auditor General that all outstanding draft paras relating to any transaction effected prior to 1-1-1970 should be incorporated in the audit reports for the succeeding years to show as to whether or not replies have been received from the Department concerned, so that all outstanding matters should be brought upto date. The Audit Department accordingly reported outstanding paras in the Auditor-General's reports and it was surprising to note that some of the audit paras were pending for final settlement since 1951 and the Departments have not taken any effective steps. For example, there were outstanding para against the Irrigation Department for the loss of Departmental revenue due to under assessment to the tune of Rs.2,32,055/- pending since 1950. There was an outstanding para against the Food Department on account of loss occurred to Government in 1955 to the tune of Rs.8,09,871/-. Similarly there was audit objection against the Education Department for Un-necessary blocking of Government money to the tune of Rs.5, 53,859/- since 1964-65. These are just few examples out of many. It shows that since receipt of report of the Adhoc Public Accounts Committee, the Administrative Departments, Attached Departments and the subordinate offices have paid scant attention to the directives regarding final settlement of the audit paras. In the working papers presented before the Committee, incomplete replies were furnished like "case is still under correspondence with the Accountant-General's Office", "case is under correspondence with the Finance Department". Such replies did not serve any useful purpose in settling the accounts. The Committee has, therefore, issued a directive that

¹¹⁷ PAC Report for the year 2008-09 pages No.07.

such incomplete replies would not be acceptable to the Committee and that the replies should be in specific and concrete terms. If the Departments have failed to settle the matter earlier, cases may be prepared with full justification and presented to the Committee for final settlement once for all.¹¹⁸

(119) RECONCILIATION

Non-reconciliation of figures.- The Board of Revenue should bring agreed and reconciled figures for the financial years 1975-76 and 1976-77, and produce these before the Committee in the next meeting. The Committee will not accept this excuse that figures have wrongly been booked in the Accountant General's office. The Committee will take serious action against those officers who do not carry out reconciliation of figures.¹¹⁹

(120) RECONCILIATION

Non-preparation of accounts.- The Ad hoc Public Accounts Committee has reached the conclusion that this department has not attached due importance to the preparation of accounts, reconciliation of figures and replies to the queries of the A.P.A.C. It was also noted that the requirement of financial rules and codes had not been followed. The Committee had taken serious view of this state of affairs and has decided that for 1976-77 such explanations as have hitherto been provided will not be accepted.¹²⁰

(121) RECONCILIATION

Excess expenditure.- The Department explained that the excess expenditure was due to increase in the rates of electricity charges of the lift irrigation scheme and that the expenditure was un-avoidable. There was an excess of Rs.56,871,61/- over final grant of Rs.1,34,41,500/-. The Department should have demanded additional grant from the Finance Department before incurring excess expenditure. The figures of expenditure of the department also did not tally with figures of the Audit office. The Department should have carried out re-conciliation with the Audit office.¹²¹

¹¹⁸ PAC Report for the year 1970-71 to 1978-79 page No. 2.

¹¹⁹ PAC Report for the year 1970-71 to 1978-79 page No.154.

¹²⁰ PAC Report for the year 1970-71 to 1978-79 page No.161.

¹²¹ PAC Report for the year 1970-71 to 1978-79 page No.196.

(122)
RECONCILIATION

Excess expenditure.- Under this grant the Department incurred the excess expenditure for all most every minor allocation, without any budgetary cover. The total excess expenditure under this grant was more than Rs.45,00,000/- according to the Departmental figures whereas it is more than Rs.52,00,000/- according to the Audit figures. This excess was more than doubles the actual grant. The Department should not have incurred such a huge excess expenditure without any budget allocation. It was also observed that reconciliation had not been done.¹²²

(123)
RECONCILIATION

Finance department to devise procedure for reconciliation.- In spite of repeated instructions, the Administrative Departments/ Heads of Attached Departments have taken the works of reconciliation of accounts with the office of Accountant General as routine measure, and the Committee noticed difference between the Accounts produced by the Department and those of Accountant General. If it is ensured that the Accounts are regularly reconciled with the office of Accountant General/ District Account Officers, the possibility of difference in the compiled accounts of both the offices will be minimize. It is suggested that the Finance Department may devise some procedure devolving responsibility on the senior officers in respect of reconciliation of accounts i.e Administrative Secretaries/ Heads of the Attached Departments.¹²³

(124)
RECONCILIATION

Non-reconciliation of accounts.- Notes below the Appropriation Accounts of some grants indicate that figures of actual expenditure as booked by the Accountant-General have not accepted by the concerned Administrative Departments. The importance of reconciliation has been stressed repeatedly from time to time. The Department should ensure that the expenditure figures as booked by the Accountant-General are reconciled monthly so that agreed figures appear in the Appropriation Accounts.¹²⁴

(125)
RECONCILIATION

¹²² PAC Report for the year 1970-71 to 1978-79 page No.205.

¹²³ PAC Report for the year 1979-80 page No. 2.

¹²⁴ PAC Report for the year 1980-81 AND 1981-82 page No. 3.

Timely reconciliation.- The Heads of the Departments should participate in the preparation of Budget themselves. All the Departments should review the specified amounts of current year in the month of March and if they have surplus amounts, they should not lapse such amounts, but surrender them in time, so that it may be possible that the surplus amounts may be utilized by any other Department or Departments for any productive purpose, they should approach the Finance Department for the provision to protect themselves from excess, as perpetration of excess is contrary to financial regulation. If they defray their surplus demands by re-appropriation, it should be intimated timely to the Finance Department. The modified grant of each Department for the past year

should be got verified/reconciled with the record of Finance Department upto 31 August on the expiry of fiscal year. Similarly the annual expenditure incurred by the Department should be reconciled with the record of the Accountant General's office, immediately after the close of the financial year.¹²⁵

(126)

RECONCILIATION

Reconciliation immediately after the close of financial year.- The PAC directed that the Administrative Departments shall carry out reconciliation of the appropriation accounts with the AG's office immediately after the close of the financial year.

The PAC observed that in future the variation i.e. excesses/savings shown by the Departments in their appropriation accounts will also be compared with the report of Auditor General, so as to ensure that the objection to this effect has also been raised by the Auditor General office in the draft paras.

The PAC directed that all the Administrative Departments should reconcile/confirm their respective modified grants with the Finance Department by 31st August each year.¹²⁶

(127)

RECONCILIATION

Non-reconciliation of project accounts.- It came to the notice of the PAC that the Administrative Department had executed projects, through donor assistance or Federal Government, in the Province from time to time, but their accounts have neither been reconciled with the donor nor with the Federal Government, Finance Department and Accountant General. Because of non reconciliation of accounts and non adjustment, the quantum of amount received from donor, its spending on the project activities, and saving or excess is not exactly known. Moreover, it was also pointed out by the Audit that some time expenditure had been incurred from the project accounts after its closure, hence it was termed unauthorized. The Committee was informed that accounts on foreign aided project were required to be reconciled and necessary adjustment made in the Government accounts.

¹²⁵ PAC Report for the year 1989-90 page No. 8.

¹²⁶ PAC Report for the year 1989-90 page No. 165.

The PAC feels that reconciliation is one of the basic elements for authenticating the accounts. In its absence, the accounts of the Province will not present correct position of liability on account of foreign debt. In order to avoid future complications, the Chief Secretary has already been advised to issue necessary instruction to all Administrative Secretaries to properly maintain accounts of all foreign aided projects and ensure timely reconciliation of receipt and expenditure and adjustment of all loans/grants received from the donors in the Government accounts. The departments should take care of all such things.¹²⁷

(128) RECONCILIATION

Non-reconciliation of foreign aided projects account.- While discussing the Audit Report for the year 1997-98, by the Public Accounts Committee in series of meeting held from 10th May, to 21st May, 2004, the Audit Department pointed out time and again that the Administrative Departments have executed projects, but their accounts have neither been reconciled with the donors nor with the Federal Government, Finance Department and Accountant General, Khyber Pakhtunkhwa. Because of non reconciliation of accounts and adjustments, it could not be exactly known that how much amount was received from donors and how much was spent on the projects executed by the Provincial Government and what happened to balance amount, if any. It was also pointed out that in certain cases expenditure has been incurred from the project accounts after the close of the project, which was termed as un-authorized expenditure.

The Public Accounts Committee was informed that the accounts of all the foreign aided projects were required to be reconciled and necessary adjustments made in the Government Accounts under head 230000-Public Debt, 2330000-Foreign Debt (Permanent, 2332000-Foreign Debt) (ADB/IDA/IBRD) in view of letters of Finance Division No. F2 (3)-B(S)/84-1250/93 dated 23.10.1993 and No. F.2 (4) B.S/2000-11446 dated 25.11.2002. In case reconciliation was not carried out and necessary adjustments not made in time, it would lead to many complication and in such eventualities the accounts of the Province would not present correct position of liabilities on account of foreign debt.

The Public Accounts Committee while deliberating upon the issue has noted this state of affairs with dismay and observed that reconciliation of accounts was one of the basic element which shows the details of an account, both receipt and expenditure required to be maintained amongst the concerned organizations and in case of any variation of figures, corrective steps could be taken in time. .

The PAC, therefore, directed that the issue may be brought into the notice of the Chief Secretary, Khyber Pakhtunkhwa, for necessary action.¹²⁸

(129) RECONCILIATION

¹²⁷ PAC Report for the year 1997-98 page No. 18.

¹²⁸ PAC Report for the year 1997-98 pages No.1025-1026.

Non-reconciliation with finance department.-While discussing the Appropriation Accounts of the Works and Services Department, it was found that the figures of actual expenditure and the final grant under certain Heads did not tally between the respective organizations.

The PAC in order to stream line the system and to avoid such like complications/confusions, directed the Finance Department that, while confirming the figures of final grant, the respective Department of the Govt: may also be invited to the meeting so that if there is any disparity in figures of the final grant, among the Department and the Finance Department and A.G., the same could be clarified on the spot. This would not only facilitate the job of PAC but also the respective organizations.¹²⁹

(130) RECONCILIATION

Incorporation of agreed upon figures by the A.G.- The Khyber Pakhtunkhwa Budget Manual lays down that only the agreed upon figures will be incorporated by the Accountant General in the Appropriation Accounts. It was noted with deep unease by the Committee that the Accountant General, the Finance Department and the concerned Administrative Departments have not strictly adhered to these instructions in framing of the Appropriation Accounts and a great deal of valuable time of the Committee was wasted in trying to resolve the differences between the two sets of accounts and the core issue of seeking reasons for excess and saving was greatly suffered.

The Committee was informed by the Accountant General and the Finance Department that since 1998, the process of reconciliation had greatly been improved and currently great attention was being given to the issue but in the present working paper of Appropriation Accounts no improvement was noticed.

The PAC, therefore, once again directed all the Departments to give due importance to the matter and to reflect mutually agreed figures in the Appropriation and Finance Accounts in future.¹³⁰

(131) RECONCILIATION

Poor performance of finance department.- While examining the Appropriation Accounts of Health Department it was observed by the PAC that the Finance Department had confirmed different figures in final Grant on one side to Accountant General and on the other side to the Department documentary proof was found available with both the quarters for establishing their stance. The PAC noted this casual attitude of the Finance Department with heavy heart. The Members remarked that though it is a primary

¹²⁹ PAC Report for the year 2002-03 page No.104.

¹³⁰ PAC Report for the year 2003-04 page No.12.

responsibility of the Finance Department to maintain financial discipline in the Province, yet the performance shown by the Finance Department during the PAC meeting speaks otherwise. If this remains the situation, the expectation from Finance Department to maintain financial discipline will be nothing but living in fools paradise. The officers of the Finance Department sitting at the helm of affair must see the situation and adopt corrective measure to streamline the system.

During the course of discussion on Appropriation Accounts, the Director General Health pointed out that the Accountant General used to stop honoring the claims of the Department for not carrying out reconciliation at district level. He added that Health is a devolved Department and the Headquarter is not responsible for the accounts matters of district level. He therefore, requested PAC that the Accountant General may be directed not to stop passing the bills for not carrying out reconciliation at district level. The Committee accepted the contention of the Department and directed the Accountant General that in future the bills of the Department may not be stopped for the above mentioned reason.¹³¹

(132) NON-PRODUCTION OF RECORD

Non-production of record to audit in time.- The Committee observed that a number of audit paras were due to the fact that the relevant document were not produced before the Audit Party at the appropriate time of Audit. All the Administrative Department should ensure that the relevant documents are produced to the Audit Party at the time of Audit, or at least the same are produced before the Departmental Accounts Committee.¹³²

¹³¹ PAC Report for the year 2003-04 page No. 77.

¹³² PAC Report for the year 1980-81 to 1981-82 page No.51.

(133)

NON-PRODUCTION OF RECORD

Non-production of record to audit.- The audit had pointed out that some times the Departments did not provide the auditable record to the audit party due to which the documents could not be examined and scrutinized and discrepancy if any could not be reported in detail, which was a gross irregularity. The committee directed that in future such record must be produced to the Audit Party and in case of any such complaint, a draft para may be framed against the officer at fault and the Administrative Secretary must take disciplinary action against the official who failed to produce the record.¹³³

(134)

NON-PRODUCTION OF RECORD

Non-production of record on the pretext being in the custody of Anti Corruption Establishment.- It was noticed that the Departments delayed inquiry and verification of the record on the pretext that the relevant record had been taken into custody by the anti corrupting establishments/court. The Committee observed that certified copies of any documents unless, it was a privileged one, can be obtained from any Court. The Committee directed that while delivering record to the anti corrupting establishments, duplicate copies duly attested by a responsible officer may be retained in the office for record.¹³⁴

(135)

NON-PRODUCTION OF RECORD

Non-production of record to audit at DAC.- The Committee noted that usually the Departments did not supply the documents to the audit in time and even in DAC level. The Committee directed that in future all such documentary proofs must be made available to the Audit without any delay otherwise inference would be drawn that all the documents were prepared afterwards and the efforts would be treated as after thought.¹³⁵

(136)

NON-PRODUCTION OF RECORD

Non-production of record to audit.- The Committee has noticed that some of the lower formation of the Administrative Departments did not provide auditable record to the Audit at the time of Audit. This is not only an irregularity but rather an offence under the Auditor General of Pakistan Functions and Powers Ordinance. Non production of such record gives weight to the impression that their might be some gross discrepancy, which the dealing hands did not want to disclose to save their skin. Similarly, some time record is avoided to be produced to DAC, which is not excusable at any cost. The Committee directed that such practice should be discouraged and if any incident to that effect is brought to the notice of the Administrative Secretary, timely action must be taken against

¹³³ PAC Report for the year 1994-95 page No. 11.

¹³⁴ PAC Report for the year 1994-95 page No. 15.

¹³⁵ PAC Report for the year 1995-96 page No. 4.

the culprits. However, the Audit Officer should not take disadvantage of such things to tease the concerned officers merely on the pretext of non production of record without having solid proof.¹³⁶

(137)

NON-PRODUCTION OF RECORD

Non-production of auditable record.- The PAC has noted with grave concern the non production of auditable record to audit. With regard to non production of such record by certain Departments, the PAC directed that on such matters, the Audit Officer should bring the facts into the notice of Director General, Audit who should immediately take up the case with Chief Secretary and Administrative Secretary of the concerned Department for necessary action. No delay in such matters would be tolerated in future.¹³⁷

(138)

NON-PRODUCTION OF RECORD

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

The Public Accounts Committee while discussing Draft Para pertaining to Board of Revenue, Irrigation, Home & Tribal Affairs, Administration and Planning & Development Departments took very serious view of this sort of delaying tactics by the department and further directed that record must invariably be produced to the Audit Party at the time of audit. In case of any such complaint, a draft para may be framed against the officer at fault and the Principal Accounting Officer must take disciplinary action against the official who fails to produce the record.¹³⁸

(139)

NON-PRODUCTION OF RECORD

Non production of record.- The Committee has noticed that some of the Administrative Departments did not provide auditable record to the Audit at the time of Audit. This is not only an irregularity but rather an offence under the Auditor General of Pakistan Functions and Powers Ordinance. Non production of such record gives weight to the impression that there might be some gross discrepancy, which the dealing hands did not want to disclose to save their skin. The Committee directed that such practice should be discouraged and strict disciplinary action may be initiated against the responsible persons for not producing record to Audit for verification.

¹³⁶ PAC Report for the year 1997-98 page No.8.

¹³⁷ PAC Report for the year 1997-98 page No. 191.

¹³⁸ PAC Report for the year 2001-02 page No.19.

For future guideline, the Administrative Secretaries, were directed to take timely action against the concerned officials so that this practice could be discouraged.¹³⁹

(140)

RELEASE OF FUNDS

Release of funds at the fag end of the year.- The Committee noticed that the Finance Department usually release fund at the fag end of the financial year. The department always advanced the reason of not fulfilling codal formalities in view of shortage of time. Some time in order to save the fund from being lapsed, the departments draw the amount from the Provincial exchequer on fake vouchers in anticipation of expenditure. The only reason which the departments offer for such malpractice was the late receipt of funds from the Finance Department. The Committee felt that drawal of amount in anticipation of expenditure and non completion of codal formalities were not fair. It needed to be streamlined because hasty expenditure at the lost legs of financial year provides every opportunity of wastage of Government money. The Finance Department is required to streamline the system of release of funds to protect misuse of Government funds.¹⁴⁰

(141)

RELEASE OF FUNDS

Direct release of funds to the divisional officer.- During the course of discussion, the PAC observed that in most cases works are executed without any T.S, Administrative

¹³⁹ PAC Report for the year 2009-10 page No.08.

¹⁴⁰ PAC Report for the year 1997-98 page No. 16.

Approval and PC-I. Such irregularity leads to excess and heavy expenditure and the Government money is wasted.

The Committee directed that in future all such documents i.e. technical sanction, Administrative Approval and PC-I etc; should be prepared prior to execution of work and issuance of work order to avoid excess and irregular expenditure.

The Secretary Irrigation pointed out that the Finance Department releases funds directly to the Divisional Officer (XEN). This practice is illegal, he added. His contention was also supported by the Audit. Moreover, it was pointed out that releases are made by the Finance Department at the end of financial year, spending of funds leads to complication in completing codal formalities. The PAC observed that as the Administrative Secretary of the department is the Principal Accounting Officer, therefore, direct release of funds to the Divisional Officer is against financial discipline. Such practice should be stopped in future and funds should be disbursed through the Administrative Secretary of each department. Moreover, releases should be made in time and the practice of release at the last leg of the financial year which leads to wastage of Government funds should be discouraged.¹⁴¹

(142)

STOCK REGISTER

Stock & store.- The Committee observed with great concern that the stock registers were not properly maintained by the Departments. The registers were normally not produced before the Audit at the time of audit. This was, the Committee observed, violation of GFR. It was held that it was the duty of the in charge Officer to maintain proper record, made necessary entries in the stock register immediately, after the purchase. Ignoring this is a gross negligence, lack of financial discipline on the part of the concerned officer and entailed disciplinary action under the E&D Rules.

All the Departments dealing in stores would prepare the statements and complete its record, which will be verified by the Audit party before 31/12/1994.¹⁴²

(143)

STOCK REGISTER

Maintenance of stock register.- It was noticed that the stock and store registers were not properly maintained by the Departments. In certain cases plain registers were used instead of that prescribed by Government. It was also noticed that in some cases the registers were taken away by the absconded store keepers, because of which, the inquiry into the missing articles could not be conducted/finalized. The Committee directed the

¹⁴¹ PAC Report for the year 1997-98 page No.453.

¹⁴² PAC Report for the year 1989-90 page No. 6.

Departments that in order to avoid such embarrassing situation, a duplicate register may be maintained as well and it may be kept in safe custody.¹⁴³

(144) SURRENDERS

Issues relating to excess and surrenders.- According to the existing rules, final excess and surrenders statement is required up to 31st March, each year. The same is analyzed by the Finance Department and if the Department is of the opinion that certain Departments are really in need of excess expenditure, the same is provided by way of re-appropriation. Such an amount is received in that Departments in the month of May or June and sometime in the last week of June and it is practically not possible for the Departments concern to utilize the same according to the codal formalities. Under the circumstances the Department is forced to adopt a fictitious way to save the amount from lapse and such a fictitious codal formalities were observed which constituted gross financial irregularities. It is in the noticed of the Government that codal formalities can not be completed on presumption when the Finance Department, still defiantly growing the excess amount, nor the same can be completed within the short span at the disposal of the Department. The Committee therefore, recommended that the Government may evolve a mechanism to relieve the Government Department from fictitious working. One of the suggestions can be that the Government may allow that any amount released to any Department after the second excess and surrendered statement for purchase or clearance or arrears can be kept open by the Audit Office and the annual accounts can be reconciled with the Audit Office at the final stage. The correct excess and saving can be much known to the Government and the Provincial Accounts will be in a correct form.

Moreover, as the savings are to go to the Provincial Ex-chequer the Finance Department may extend the date of accepting savings to 15th of June each year and after that the account may be reconciled with the Audit Office because the final accounts are not authorized till 30th September by the Audit Office and as such the objections in respect of

¹⁴³ PAC Report for the year 1994-95 page No. 11.

the savings will be waived. However, the Finance Department may make it a point to obtain explanation of the Department who may surrender the amount on 15th June as to why the same could not be surrendered on 31st March and if cogent reasons are not advanced, the matter may be brought to the personal notice of the Honorable Chief Minister to initiate action against the Administrative Departments. Such mechanism will minimize audit objections and constitution of draft para against the Department on account of fictitious completion of codal formalities.¹⁴⁴

(145) SURRENDERS

Non-surrendering savings.- As G.F.R. has been adopted by the Provincial Government and it was amended in 1986 and para 95 was substituted as under:-

“95.” All anticipated savings should be surrendered to Government immediately these are foreseen but not later than 15th May of each year in any case, unless they are required to meet excesses under some other unit or units which are definitely foreseen at the time (see paragraph 98). However, savings accruing from funds provided through supplementary grant after 15th May shall be surrendered to the Government immediately these are foreseen but not later than 30th June of each year. No saving should be held in reserve for possible future excesses.

The Finance Department is directed to circulate this amendment to all Administrative Departments and accept surrenders accordingly.¹⁴⁵

(146) SURRENDERS

Non-deposit of surplus amount in government treasury and unauthorized spending.- The Director Audit drew the attention of the PAC that the Director General, Agriculture Research did not surrender the unspent balance of the fund allocated to them in the financial year. Moreover, the amount was kept in bank accounts and profit earned on the same was not deposited to Government. The said fund was being utilized as revolving fund. In addition, the Grant-in-Aid released by the Provincial Government was not credited to the account of the Agriculture University which was volatile of the law.

The Committee observed the following irregularities committed by the Department:-

1. In pursuance of section-14 of the Khyber Pakhtunkhwa, Agriculture Research System (Handing Over) Act, 1986, the Government was required to frame rules for carrying out the purposes of the Act, which was not done even after the lapse of almost 17 years.

¹⁴⁴ PAC Report for the year 1983-84 page No. 1743.

¹⁴⁵ PAC Report for the year 1984-85 page No. 45.

2. Allowing the Director General Research to maintain separate fund for grant in aid received from the Provincial Government was in total disregard of the Law. The funds were required to be credited to the University account.
3. The recommendation of the PAC, as pointed out by the Audit was not implemented;-
4. The Committee showed its dismay over this state of affairs going on in the Agriculture Department. It observed that if the system was not streamlined, it would create further complications. It also observed that the Finance Department, which was basically responsible for maintaining financial discipline in the Provincial Government Departments had not, fulfilled the responsibility about the incurrence of expenditure from grant in aid by the department as such expenditures are being carried out in an irregular way.

The Committee, therefore, recommended that:-

1. The profit earned by the Director General Research on the funds of grant in aid from time to time must be calculated and deposited in the treasury.
2. In future, unspent balance of the fund provided by the Provincial Government must be surrendered to the Finance Department in time.
3. Annual Statement of Accounts of the funds provided by the Government to Agriculture Research System (both current development) since 1994 to June 2003 may be prepared and submitted to Government, Director General, Audit and PAC for further necessary action.
4. Rules as required by the Law on the subject may be framed by the Government within three months and the same must be submitted to Sub-Committee of the PAC constituted for the purpose.
5. Unspent balances lying in the accounts of Director General Research and its field formations must be worked out by the Administrative Department and in case the procedure for revolving funds was approved by the Finance Department, the requirement of pay and allowances of the employees of the research system for first 3 months of the financial year shall be retained in the said fund and the balance amount, if any, shall be credited to the Government account. This process must be completed within 3 months. However, if the Department failed to frame rules and regulation for maintenance and operation of revolving funds, within the stipulated period the entire amount should be deposited in Government account.

For timely release of funds for research purpose, the Department should take up case with the Finance Department on sound footings so that the activities of the research are not suffered for want of fund.¹⁴⁶

¹⁴⁶ PAC Report for the year 1997-98 page No. 19-21.

(147)
TECHNICAL SANCTION

Non-obtaining technical sanction.- While discussing the Auditor General Report for the year 1997-98 in respect of Works & Services Department (defunct PMU Wing), it was noted by the PAC with grave concern that in almost all cases technical sanction was not obtained before the award of contract. The expenditure incurred was managed to give cover to it in the technical sanction issued either after completion of work or after carrying out 50% work. This act of the Project Officer was in total disregard of the GFR and CPWD Code. The Committee, therefore, directed that in all such cases where technical sanctions have not been accorded before the award of contract, responsibility should be fixed and stern disciplinary action be taken against the officer responsible for the irregularity. Moreover, it was also noticed by the PAC with grave concern that none of the draft para was discussed in the DAC meeting, which clearly shows the irresponsible attitude of the Department towards PAC matters, which is unbearable and such practice must be avoided in future. The officer responsible for not holding/convening DAC meeting may also be proceeded against under the rules, as he has not done justice to his job.¹⁴⁷

(148)
TECHNICAL SANCTION

Non-obtaining technical sanction.- All the Administrative Departments are directed to post the expenditure in such a manner that there should be even pace of expenditure through out the financial year from the date the budget is placed at the disposal of Administrative Departments. The subordinate offices should be directed to prepare feasibility report and technical sanction should be issued immediately on receipt of the feasibility reports and this should not be delayed.¹⁴⁸

¹⁴⁷ PAC Report for the year 1997-98 pages No.1175-1176.

¹⁴⁸ PAC Report for the year 1984-85 page No. 10.

(149)
WORKING PAPER

Without A.G comments.- The Working paper supplied by the Communication and Works Department was not sent by them to the A.G's. office for their comments. Hence it could not be taken up for consideration. Moreover, the outstanding audit objections had also not been commented upon by the Administrative Department. The A.P.A.C. ordered that the working paper of the Communication and Works Department for the financial year, 1974-75 and pending audit objections be considered in the meeting to be held in the next month alongwith their accounts for the financial year 1975-76.¹⁴⁹

(150)
WORKING PAPER

Poor working paper.- The Committee observed with concern that the quality of working papers was poor. Certain working papers were not legible. The Chairman directed that directives may be issued to the Departments that the working papers, to be presented to the PAC, should be in proper format and clearly legible and PAC would not tolerate the repetition in future. The Administrative Secretaries should personally ensure that the working papers are legible and in presentable form. The Committee further observed with concern that the Department does not take the Audit Paras very seriously. In majority cases the relevant supporting record documents were not produced at the time of Audit. The record was produced when the para was converted into draft para. The production of record at the time of Audit would avert the conversion of Advance para into draft para, thereby saving the precious time of PAC. Replies to the observations of the Audit, in majority cases, were incomplete, sketchy and unreliable. Not only this, the Committee noted that the officers of the Department were not adequately prepared to answer the queries of the Members. The Committee observed that in future the Committee would not tolerate this sort of practice. The Committee also observed that the quality of the Audit was not upto mark. Report should focus on gross misappropriation and deliberate violation of the financial rules. It was noted that certain paras as a consequence of "Follow up action" of the decision of the DAC, would have dropped and not incorporated as draft paras in the report.¹⁵⁰

¹⁴⁹ PAC Report for the year 1971-1979 page No.130.

¹⁵⁰ PAC Report for the year 1989-90 pages No.43-44.

(151)
WORKING PAPER

Poor working paper.- The Chairman observed that details of the paras have not been given in the Auditor General's Report and only a consolidated statement has been given, although details have furnished to the individual Department. The Accountant General is requested to make it convenient to furnish the details to the A.P.A.C also so that the work of scrutiny of the audit paras is facilitated.

The working paper prepared by the Department was not found according to the paras recorded in the Auditor General's Report in the consolidated form. The Chairman observed that a list of the paras will be furnished by the Accountant General's Office to the Secretary, A.P.A.C., place the same before the Members and the Administrative Department will resubmit the working paper according to the draft paras in the list of the Accountant General's report so that each para is scrutinized and considered on its own merit.¹⁵¹

(152)
WORKING PAPER

Substandard & illegible working paper.- Despite repeated instructions from PAC, in number of occasions, it was found that the quality of working papers was very poor, so much so that certain papers placed before the committee by the departments were not readable. In certain cases the documents shown to have been attached with working papers, were found missing. Besides, some times the reply of the departments during discussion was totally different from that given in the annotated form in working paper, which made the issue confusing and incomprehensible. Moreover, comments of the Finance and Audit Departments were not found up to the mark. Therefore, it was again directed that the administrative Secretaries should ensure that in future the working paper must be complete in all respects and arranged according to the audit report. The Finance Department was specifically directed that irrelevant type of comments may be avoided in future, and detailed comments must be endorsed. Similarly, the audit office should give their detailed comments on the working papers of the departments.¹⁵²

(153)
WORKING PAPER

Poor working paper.- The Committee noted with grave concern that the working paper furnished by the Health Department was not signed by the Administrative Secretary nor it was prepared according to the sequence of the Audit Report which resulted great inconvenience to all the participants in searching the draft paras. Similarly the documents attached to the working paper were not legible despite the fact that the Assembly Secretariat had time and again directed the Departments that the working paper must be

¹⁵¹ PAC Report for the year 1980-81 to 1981-82 page No.41.

¹⁵² PAC Report for the year 1994-95 page No. 10.

legible. Similarly the late coming of Secretary, Health to such an important meeting was noted by the Committee Members with grave concern.

The Committee after hectic debate directed that in future the working paper must invariably be signed by the Administrative Secretary himself and prepared according to the sequence of Audit Report to avoid inconvenience. The Administrative Secretary must attend the meeting himself in time and in case of any exigency or emergency, he must sought prior permission of the Chairman. Public Accounts Committee for nominating a Senior Officer of the Department well conversant with the job.¹⁵³

(154) WORKING PAPER

Poor working paper.- The Committee noted that the condition of working papers of some of the departments particularly the Education and C&W were very poor so much so that certain documents were not readable. Besides it was also found that the documents mentioned in the paras shown to have been attached with the working papers were found missing. In the C & W Department in particular, the reply of the Secretary was found totally different from the one given in the working papers. Therefore all the Departments were directed that the working papers must be completed in all respect and submitted in presentable shape.¹⁵⁴

(155) WORKING PAPER

Poor working paper.- The working paper presented to the PAC by some of the departments especially Agriculture, Schools & Literacy and Health Departments were totally dis-organized as the replies incorporated therein by the departments were evasive. The documents required in support of the contention of the department were not annexed, most often the replies mentioned in the document were totally different from the one presented before the PAC and all the times when objections were raised by the members in this regard, the department had to cut a sorry figure. Such things created complications and most of the time of the Committee was wasted trying to reach a clear and fair conclusion. It would not be out of place to record that some of the Secretaries mostly relied upon their subordinate staff, which was also ignorant of the issue. Neither the Secretary nor his subordinates were able to properly answer to the queries made by the members of the Committee.

It was interestingly noted that one of the Administrative Secretary of the Department was so ignorant that he was not aware as to who had prepared the working paper. He stressed that the working paper was prepared by the Audit. The Secretary was informed that preparation of the working paper was the job of the Administrative Department. The working paper presented before the PAC was sent by his respective department.

¹⁵³ PAC Report for the year 1994-95 page No.110.

¹⁵⁴ PAC Report for the year 1995-96 page No. 4.

This really showed the inefficiency and in-competency of the Principal Accounting Officer. If a Secretary of a Department was so ignorant, not knowing his basic-initial job of preparation of working paper, how one can expect maintaining financial discipline from him in his department. Moreover, if an officer could not prepare a clear and fair working paper, expecting maintain financial discipline in his lower formation is nothing but living in fool's paradise. On another occasion when a Member of the PAC during the meeting pointed out poor performance of another department particularly with regard to the preparation of the working paper, the Secretary of that Department said that the working paper provided to the PAC were not perused by him as the same were not submitted to him. He said that he had been bypassed by his lower formation. The Committee was surprised to hear such reply of the Administrative Secretary. In such circumstances there was no alternative with the PAC but to postpone the meeting as on one hand the Administrative Secretary was not fully prepared and on the other the working paper was evasive too. The PAC considered it advisable not to disclose the name of the Administrative Secretaries concerned, merely on the apprehension that some one may not question the impartiality of this august forum. However, the PAC places it on record with heavy heart that on account of such in competency, huge amount was embezzled. The most troublesome point is that despite digging out famous case of embezzlement of Mansehra Education Scandal by the Special Committee of the Assembly, and subsequently coming to the surface Nowshera Education Scandal and fraudulent drawal of pension and GP Fund cases in Education Department, no thoughtful steps have been taken to fetter such embezzlement by devising a mechanism and to improve the system. This is high time for the Government to seriously think over the mismanagement so as to curb such things. This is really very teasing situation and the Government is required to think over it.

The Committee directed that due importance must be given to the PAC affairs. Complete working papers duly signed by the Administrative Secretary with upto-date reply to Audit Paras alongwith supporting material and minutes of the DAC must be submitted to the PAC to facilitate its job.¹⁵⁵

(156) WORKING PAPER

Verification of record.- It was observed by the PAC that the Department did not verify the record from Audit pertaining to recoveries etc in time. of and on, the Department presents the vouchers/challans to Audit during meeting of PAC. The Audit always showed their inability of verifying the record at that time as object-wise details of the amount deposited are required. In such circumstance, although the para is dropped conditionally, yet later on the cases of verification of records are not finalized due to one reason or the other.

In order to avoid any complication and to facilitate the job of the PAC, the departments were directed that in future, verification of record must invariably be carried out before the meeting of the Committee and it must also be recorded in the working papers.¹⁵⁶

¹⁵⁵ PAC Report for the year 1997-98 pages No. 4 to 6.

¹⁵⁶ PAC Report for the year 1997-98 page No.24.

(157)
WORKING PAPER

Poor & incomplete working paper.- The PAC, for the first time observed that in the Health Department working papers, in most of the paras, reply of the subordinate office i.e. D.H.O, or M.S. was recorded, whereas before the PAC, the Department (Principal Accounting officer) was responsible. Moreover, the working paper was so poor that most of the time of the Committee was spent on searching the respective Audit Paras because it was not properly page marked despite clear direction from the PAC on the subject. In most of the cases, documents shown to have been attached were missing and neither the minutes of the meeting of the DAC were attached with the working paper or the decisions of the DAC were implemented. The replies recorded in the working paper and that presented before the PAC were totally different. All these showed that the department was deliberately trying to confuse the PAC to put shelter on their misdeed committed.

The PAC, therefore, once again directed that Principal Accounting Officer of Administrative Department was responsible before the Committee and in future the reply of the department and not of the subordinate office should be recorded in the working paper. Moreover, working paper must be in proper format, duly page marked with supporting documents. Evasive reply and poor working paper would not be accepted in future which would land the Principal Accounting Officer in awkward position. The Chief Secretary should issue instructions to the Administrative Secretaries in this regard to pay due importance to the PAC business.¹⁵⁷

(158)
WORKING PAPER

Disorganized & evasive working paper.- It was noticed that the working paper presented to the PAC by some of the departments especially Health Department and Home & Tribal Affairs Department was totally disorganized as the replies incorporated therein by the departments were evasive. The supporting documents were not annexed, most often the replies mentioned in the document were totally different from the one presented before the PAC. Such things created complications and most of the time of the Committee was wasted trying to reach a just and fair conclusion.

The Committee directed that due importance must be given to the PAC affairs. Complete working papers on the prescribed format duly signed by the Administrative Secretary with upto-date reply to Audit Paras alongwith supporting material, minutes of the DAC and duly commented upon by Finance and Audit must be submitted to the PAC preferably 15 days before the PAC so that it could be distributed amongst the members of the Committee. to facilitate the job of the PAC.¹⁵⁸

(159)
WORKING PAPER

¹⁵⁷ PAC Report for the year 1997-98 pages No. 887 to 889.

¹⁵⁸ PAC Report for the year 2001-2002 page No. 18.

Incomplete working paper.- The Committee noted it with grave concern that in most cases the working papers were incomplete as the annexure shown in the columns were not attached thereto. The Committee also directed that an officer not below the rank of SP should attend the meeting of PAC in addition to the Administrative Secretary whenever their DPs come under consideration.¹⁵⁹

(160)
WORKING PAPER

Poor working paper.- Most of the Department especially Health and Excise & Taxation were found failed to submit working paper in time. Moreover, the supporting documents on which the Departments rely were also not found attached with the working paper and in some cases the working papers provided were not on the prescribed format.

The Committee directed that due importance must be given to the PAC affairs. Complete working papers on the prescribed format duly signed by the Administrative Secretary with up to date reply to Audit paras along with supporting material, minutes of the DAC duly commented upon the Finance and Audit, must be submitted to the PAC preferably fifteen (15) days before the meeting so that it could be distributed amongst the member of the committee in time to facilitate the job of the PAC.¹⁶⁰

(161)
WORKING PAPER

Incomplete working paper.- The Committee noted with grave concern that the Department has not provided any supporting material with the working paper. This clearly shows the non interest of the Department towards the PAC which is the highest forum of scrutinizing the expenditure incurred by the Government functionary.

The Committee, therefore, once again directed the Departments that the PAC observations, as reported in different reports, must be followed in letter and spirit in future. All supporting materials, annexed with the working paper must be submitted to PAC.¹⁶¹

(162)
WORKING PAPER

Poor working paper.- The PAC noted with grave concern that the Administrative Departments of the Provincial Government did not give due importance to the business of the Committee. So much so the working papers complete in all respect were not provided

¹⁵⁹ PAC Report for the year 2001-02 page No. 96.

¹⁶⁰ PAC Report for the year 2002-2003 page No. 8.

¹⁶¹ PAC Report for the year 2002-03 page No.25.

to the Assembly Secretariat within stipulated time for distribution amongst the Members. Moreover, the documents attached to the working paper in certain cases were found illegible.

The PAC observed that instructions for timely submission of working paper had been issued to the Departments from time to time, but they had not complied with the same. The Committee, therefore, reiterated and emphasized on all the Departments to submit working papers on proper format, duly commented by the quarters concerned to the Assembly Secretariat at least 15 days before the schedule of meeting. In case of non-compliance with the instructions of PAC, the Principal Accounting Officers would be considered as responsible for the lapse and his case would be reported to the Chief Secretary for initiating appropriate action.¹⁶²

(163) **WORKING PAPER**

Comments of finance department on working paper.- The Comments of Finance Department on the working paper were found unsatisfactory and looked like a rubber stamp as in most of the cases the words “Position may be explained to PAC” were recorded. They had been directed by the earlier PAC to give detailed comments and avoid vagueness but no improvement was noticed. The PAC therefore directed the Finance and Audit departments to avoid such practice and give detailed comments on each draft para to facilitate the job of PAC.¹⁶³

(164) **WORKING PAPER**

Lack of interest of finance department.- The PAC noted with grave concern that the Finance Department did not put due importance to examine the working paper minutely. Consequently representative of the department can not properly respond to the queries made by the Members. The Committee therefore, directed the Finance Department that for future they should come prepared to the meeting to respond to the points/questions made during the meeting.¹⁶⁴

(165) **WORKING PAPER**

Poor working paper.- It was noted by the Committee with grave concern that the working papers provided by the Department were poorly drafted. Supporting documents were not at all annexed with any para. All the time, the Department had to search the supporting materials i.e. vouchers, letters, actual payee receipts, enquiry reports, or court decisions in the file, which not only created inconvenience to the Committee but the

¹⁶² PAC Report for the year 2003-04 pages No.13-14.

¹⁶³ PAC Report for the year 2003-04 page No.14.

¹⁶⁴ PAC Report for the year 2003-04 page No. 85.

Department also had to face embarrassing situation. In most of the cases, the reply of the Department before the Committee was totally different than the one contained in the working paper. At one occasion the Deputy Inspector General of Police admitted himself that the reply mentioned in the working paper was incorrect. When asked by the Chairman, that it had been signed by the DIG and Secretary Home & Tribal Affairs, one had to cut sorry figure for the incorrect reply. The PAC in such circumstances directed the departments to prepare the working paper in proper way, annexing all supporting materials enabling the Committee to arrive at a just conclusion. Moreover, reply other than the one incorporated in the working paper would not be acceptable, therefore, the Department should carefully prepare all the replies and would not be allowed to back track from the one, before the Committee.¹⁶⁵

(166) WORKING PAPER

Comments of the Finance Department.- While discussing the appropriation accounts it was noticed that the comments of the Finance Department on the working paper was just a rubber stamp that “position may be explained before PAC” hence the department was directed to record proper comments keeping in view the nature of the issue.¹⁶⁶

(167) WORKING PAPER

Vague comments of Finance Department. - The PAC noted with grave concern that the comments of the Finance Department recorded in the working paper regarding Draft Paras of each Department were vague and not more than an eye washes, as it was not carrying any solid observation. It, therefore, directed the Finance Department to record proper comments according to the nature of the case to facilitate the job of the Committee in future.¹⁶⁷

(168) WORKING PAPER

Improper comments of Finance Department. - The PAC noted with grave concern that the comments of the Finance Department recorded in the working paper regarding Draft Paras of each Department were vague and not more than an eye washes as it was not carrying any solid observation. It was also noticed that in most of the cases the comments recorded in the working papers were totally different from the one advanced during the meeting. The committee, therefore, directed the Finance Department to record proper comments according to the nature of the case to facilitate the job of the Committee in future.¹⁶⁸

¹⁶⁵ PAC Report for the year 2004-05 page No. 07.

¹⁶⁶ PAC Report for the year 2004-05 page No. 09.

¹⁶⁷ PAC Report for the year 2005-06 page No. 4.

¹⁶⁸ PAC Report for the year 2007-08 page No. 10.

(169)
WORKING PAPER

Poor working paper.- While discussing the accounts of the Health Department for the year 2007-08, it was found that the working papers of Health Institutions were poorly prepared, having no comments of Audit and Finance and even not on proper format. The Administrative Department was supposed to have consolidated the same and submitted it to PAC, but it was regretfully noted that the Administrative Department has merely acted just a forwarding agency for the Hospitals/institutions. The Secretary of Department while observing such state of affairs of the Health Institutions conceded the fact, cut sorry figure and vowed that he would evolve a mechanism in this regard so that in future he could not face such awkward situation.¹⁶⁹

(170)
WORKING PAPER

Poor working paper.- The working papers supplied by few Departments were found very poor as it was not on proper format neither properly binded in a book form nor accompanied by supporting documents resultantly most of the time of the PAC was wasted to search out the relevant documents. Most of the documents asked for by the Committee during the meeting were not found available which created embarrassing situation. The Department was therefore, directed to avoid such laxity in future while furnishing working paper to the PAC being the highest forum dealing with the financial oversight of the Government.¹⁷⁰

(171)
WORKING PAPER

Non-submission of working paper in time.- Non submission of working paper by the Higher Education Department to the Committee in time was noted with grave concern. The Department was directed to conduct enquiry and initiate action within one month against all those officers who failed to prepare and submit the working to the PAC in time i.e. 10 days before the meeting as instructed by the PAC from time to time and asked for by the PAC Cell of the Provincial Assembly since the Auditor General's Report is laid before the House.¹⁷¹

(172)
WORKING PAPER

Un-authentic working paper.- The PAC noted with grave concern that despite clear-cut instructions from time to time the Health Department failed to submit working paper

¹⁶⁹ PAC Report for the year 2007-08 page No. 11.

¹⁷⁰ PAC Report for the year 2010-11 page No. 6.

¹⁷¹ PAC Report for the year 2010-11 page No. 7.

in time and on proper format. The working paper was neither signed by the Administrative Secretary nor Chief Executive concerned. The text of Draft Para exhibited in the working paper was not in conformity with the Audit Report rather the text of Advance Para instead of Draft Para was reflected in the working paper. The working paper was therefore, termed as faulty. The Members strongly objected to such casual attitude of the Department. The Department was directed to avoid such attitude and to provide working paper on proper format in time to the Assembly Secretariat in future otherwise strict disciplinary action will be recommended against the responsible.¹⁷²

¹⁷² PAC Report for the year 2010-11 page No. 8.

Miscellaneous

(173)

ABUSE OF POWERS-PARALLEL BUDGETING

The committee noticed that most of Departments at the close of financial year prepared fake documents on the basis of which they saved the amount from being lapsed and placed it in various banks and afterwards utilized it in the next year on the work other than that for which it was drawn. This amounts to parallel budgeting using the powers of the Assembly, whereas in fact the Department should have surrendered the amounts and demanded in the next financial year for the works for which it was required. This is a serious irregularity and against the spirit of the Constitution. This shows that either there is lack of financial management in the Departments or the funds are not released in time. Therefore the Committee directed that the Departments should not transgress the limits drawn by the Constitution. Moreover, the Committee directed that Finance Department should release funds in time to avoid such problems in future.¹⁷³

¹⁷³ PAC Report for the year 1994-95 page No. 13.

(174)

ATTENDANCE OF FINANCE MINISTER

As whole, in view of the previous observation, this time the Administrative Secretaries were more prepared and showed more interest in Draft Paras and explaining excess expenditure/savings. The result of the previous observation of the PAC were positive, but not to the desired extent. The PAC appreciated the efforts of the Administrative Secretaries who have improved the situation within a span of one year, but yet much more is to be achieved to restore the desired standard of financial discipline. The PAC is grateful for the cooperation and technical advice of the Accountant General and his staff and is also grateful to the Secretary to Government of Khyber Pakhtunkhwa Finance Department and his staff for extending cooperation and expert advice.

The Committee placed on record that the Honorable Minister for Finance, who is Ex-Officio Member of the Committee did not make it possible to attend the meeting on single day and the Committee missed his expert advice. His presence may have been of value particularly of the Administrative Departments because he was to represent the view of the Provincial Government. The Committee expects that next time he may spare his valuable time at least to casually attend the meetings of the PAC to show that the Provincial Government is interested in the proceedings and financial discipline is as necessary as Law and Order situation.

The Committee recommends that in order to regularize the accounts of the Provincial Government, the Assembly may sanction the re-appropriation given in the appendix to enable the Hon able Chief Minister to present the authorized schedule of expenditure in respect of the aforesaid amount. It may be pointed out for the information of the Assembly that there is over all saving in budget of 1983-84 to the extent of Rs.107,168,762/- and as such the excess expenditure incurred by some Departments has been met out by the way of re-appropriation out of the saving.¹⁷⁴

(175)

CHEQUE SYSTEM

The cheque system may be introduced for the distribution of salaries in the Education Department in order to avoid misappropriation of Government money.¹⁷⁵

(176)

ENGAGEMENT OF CONSULTANTS

During the meeting, the Committee noticed with great concern that the Government Departments, particularly those concerned with developmental works engaged consultants for various projects undertaken by them, as a result colossal expenditure is incurred on consultancy despite the fact that in most cases the consultancy has been proved deficient. Moreover, while fixing responsibility of any ir-regulatory or miss-

¹⁷⁴ PAC Report for the year 1983-84 page No. 1744.

¹⁷⁵ PAC Report for the year 1989-90 page No.8 to 9.

appropriation, the department shifts its responsibility to the consultants. The committee was of the view that technical staff of the department was fully competent to perform the job, desired to initiate their expertise. By this way, the committee opined that huge expenditure accrued on consultancy could be saved and spent on the developmental work.¹⁷⁶

(177)

HEAVY ACCUMULATIONS UNDER THE HEAD “SUSPENSE”

The head “suspense” in government accounts is intended to accommodate temporarily such transactions as cannot be initially accounted for under the final head of account. These transactions are required to be transferred to final head of account at the earliest. It has been noticed that in the appropriation accounts of communication and works department, relating to grant no. “42-highways, roads and bridges (construction)” and grant no. “43-building and structures”. provision for credit of 12,86,030/- was made in the budget for 1981-82 in grant no.42 whereas actually debits aggregating rs.1,17,37,066/- have been accounted for, resulting in un-covered excess of rs.1,30,23,096/- placing of fresh debits amounting to rs.1,17,37,066/- under this head was clearly against the intention of the grant, and as such this expenditure was not legally available. Similarly in the case of grant no.43, expenditure of rs.67,69,989/- has been incurred and classified under “suspense” against the provision of rs.1,89,260/- in the budget. In this case the un-authorized expenditure amounts to rs.65,80,719/-. The total un-authorized expenditure during 1981-82 under “suspense” of both these grants amounts to more than 18 crore. The committee does not consider this expenditure as valid. Comments on the accumulation of balances under this head have been made from time to time but unfortunately the same irregularity is being repeated from year to year. A detailed report about the accumulation from year to year of huge balances under “suspense” has already been called for vide minutes of the meeting of the committee held on 21st, August, 1984. The committee hereby directs that all balances under this head should be cleared at the earliest, and the report already called for, expedited. If these balances represent value of stock, full details of such stock should be produced. As regards incurrence of un-authorized expenditure during 1981-82 contrary to the intention and scope of the grant, the Department should justify the same by explaining their position in detail.¹⁷⁷

(178)

INDIGENOUS WHEAT SUPPLY TO CHITRAL AND PROBLEM ACCRUED THEREIN.

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

- (a) Shortage of wheat;
- (b) the wheat is rusted and infested; or

¹⁷⁶ PAC Report for the year 1994-95 page No. 12.

¹⁷⁷ PAC Report for the year 1980-81 to 1981-82 page No.03.

(c) Embezzlement in auctioning empty gunny bags.

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

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

The Department has never thought of evolving a mechanism to address the route cause of the issue in view of peculiar circumstances of the area. There is no proper godown system and no systematic dispatch i.e. handing/taking over and maintaining of stock register at every point. Unless the route cause is addressed, one will be living in a fool paradise to address the issue of short supply or infested wheat in the area. It is high time that the Department may plan for systematic and transparent mechanism in this regard and submit proper case to the cabinet for its consideration otherwise every year the Government money would be wasted.¹⁷⁸

(179)

**LETHARGIC ATTITUDE OF SARHAD DEVELOPMENT
AUTHORITY**

During examination of the accounts of Government of Khyber Pakhtunkhwa on Public Sector Enterprises, the PAC observed with grave concern the slow pace of establishing new industries and held the lethargic attitude of SDA responsible for the present state of affairs. The PAC told that SDA was established for Industrialization in the province and Khazana Sugar Mills, Peshawar was its first successful project. Hattar Industrial Estate was also amongst its achievements but due to its inefficiency, it could not be extended and even its new sector could not be started.¹⁷⁹

(180)

**LOSS TO THE GOVERNMENT DUE TO NON-
ENERGIZATION OF TUBE-WELLS**

¹⁷⁸ PAC Report for the year 2008-09 page No.08.

¹⁷⁹ PAC Report for the year 2008-09 page No. 08.

The Committee noticed that huge expenditure was incurred on the digging of tube-wells in the Province but the schemes were not energized in time. In certain cases it took years for energization and in such circumstances the fund utilized on the construction of the tube-wells are wasted. The basic object for which tube-wells were constructed was not achieved. The Committee observed that there did not seem any technicality in energizing a scheme but it required the interest and personal attention of the officers concerned with the issue. Due to their lack of interest and negligence, colossal amount was drowned, which can not be overlooked. The PAC showed dissatisfaction on the performance of the officers responsible for the job and directed that due importance must be given to such issues so that the basic object of providing relief to the nation is achieved and the amount is saved from wasting.¹⁸⁰

(181)

MIS-APPROPRIATION OF GOVERNMENT MONEY

The PAC observed that in number of cases, receipts were embezzled and misappropriated which should have been credited to Government accounts. It was observed that in all these cases, the controlling officers failed to watch these activities and as a result the public money was misappropriated. The Finance Department was directed to issue notices to all the Departments to avoid such practice in future otherwise the controlling officers would be held responsible and recovery would be made from them.¹⁸¹

(182)

M S D

The Hospitals and the basic health units be authorized to purchase medicines locally within their budgetary allocation because it was noticed that the purchase of medicines by MSD was a lengthy process and consumed at least five months and during this period the Hospitals and basic health units remained without medicines. The Committee also recommends that the MSD is un-necessary and needed to be done away with.¹⁸²

(183)

NO RESEARCH IN ANIMALS BREEDING etc.

The Committee while examining the Audit Report pertaining to Directorate of Livestock & Dairy Development of Agriculture Department was astonished to know that no new bread of animals has been introduced by the Directorate since its creation. Neither the local breads of animals have been improved nor did it properly handle the imported breads despite utilization of funds in millions being allocated in every year's budget. The Committee was of the considered opinion that such laxity of the Directorate towards its

¹⁸⁰ PAC Report for the year 1997-98 page No. 10.

¹⁸¹ PAC Report for the year 2004-05 page No. 08.

¹⁸² PAC Report for the year 1989-90 pages No.9 -10.

job assignment is not tolerable. The Department was therefore, directed to focus on its assigned job so that better results and value for public money could be achieved.¹⁸³

(184)
**NON SUBMISSION OF ACCOUNTS-EXPENDITURE
MADE FROM THE PROVINCIAL BUDGET**

It was pointed out that payments made by a Provincial Government Department to Federal agencies specially WAPDA, and local bodies were not submitting their accounts to the department concerned regarding expenditure from Provincial Budget. The concerned agencies were directed to make available the audit accounts regarding those schemes sponsored by the Provincial Government Departments to Accountant General, Audit as well as to the Department concerned regularly.¹⁸⁴

(185)
PAK-GERMAN PROJECT

The Provincial Government should exempt the Education Department from the purchase of furniture from Pak-German only and may be allowed to purchase furniture from the open market, because despite of payment the Pak-German has failed to provide furniture to the Education Department.¹⁸⁵

(186)
PRESUMPTIVE LOSSES

The Committee has observed that in a number of cases the Audit office has shown presumptive losses as head lines, while the Audit party moves through out the Province. The D.D.O is confined to one District and once he floats open tender in the paper he is to apply his own mind to the rates received by him and to asses it according to the rates prevailing in the markets of that District. He is to accept the lowest rate available to him. The decentralization of the powers means that each officer is to use his own discretion. It is not desirable that the rate of the one District may be compared with the rates of another District and in undeveloped country changes in the market rates takes no time and even if tender are called in different months, due to different shipment produced, the rates may be different. Moreover it is the responsibility of the Government to developed local commerce in local markets, not only for the Government officers to make available the marketable commodities to the residents of the area. The Government offices constitute small portion as compared to the masses of that District where the development of market is a dire necessity.

The Committee recommended that the Audit party may only compare the rare with the rates prevalent in that particular district or the rates tendered by various firms to the

¹⁸³ PAC Report for the year 2010-11 pages No.07.

¹⁸⁴ PAC Report for the year 1994-95 page No. 12.

¹⁸⁵ PAC Report for the year 1989-90 page No.9.

offices in that particular District where there may be a number of factors for quoting higher rates i.e., transport, bad roads and lesser market facility etc.

If this is embodied in a rule or circular that the rates of the particular District should be compared with the rates of the provincial level with any other District, either the relevant rules may be changed or periodical circular may be issued to the D.D.Os informing them of the rates prevalent at various district. In the later case the District markets will be deprived from development because it may not be possible for the trader in the far flung areas to compete with the capitalists in the market of the prosperous District. The examination of this aspect is very much important from the overall economic development of the Province.¹⁸⁶

(187)

RENTING OUT GOVERNMENT ACCOMMODATIONS.

While examining the accounts of Administration Department, the Committee noted that Government accommodations meant to facilitate the Government servants in discharge of their duties were allotted to un-authorized persons on market rates. It therefore, directed the Department to stop forthwith such practice of renting out the Government accommodation to un-authorized person (s) on market rates as the Government was not in the business of real estate.¹⁸⁷

(188)

RESTORATION OF STORE.

The Public Accounts Committee reconsidered restoring of stores in the C&W Department in order to overcome the problems faced by the contractors. However, it is recommended that the stores should be in the charge of responsible officers instead of storekeepers and may be checked periodically.¹⁸⁸

(189)

STATE TRADING SCHEMES

The running accounts of state trading schemes have not been furnished to the accountant-general for inclusion in the appropriation accounts. As these schemes involve large sums of money and their financial state of affairs cannot be ascertained in the absence of the accounts, the Food Department should get these completed for inclusion in the appropriation accounts.¹⁸⁹

¹⁸⁶ PAC Report for the year 1983-84 page No. 1743.

¹⁸⁷ PAC Report for the year 2010-11 page No. 08.

¹⁸⁸ PAC Report for the year 1989-90 page No.10.

¹⁸⁹ PAC Report for the year 1981-82 page No.3.

(190)
STATEMENT BEFORE THE PAC

The Committee directed that in future if false or wrong statements, verbal or written are made before the Committee, the Secretary of the Department would be held responsible. It was the duty of the Administrative Secretary to make sure that the statement before coming to the Committee is supported by documentary proofs, and based on correct information. The Secretary should hold meetings with the Head of concerned Departments in order to ensure that the documents being brought before the Committee are factual. It was also decided that if the documents are not signed by the Secretary, would not be accepted by the Committee in future.¹⁹⁰

(191)
SUBMISSION OF FULL REQUIREMENT TO C & W

The Committee noted that while constructing the Polytechnic Institute Bannu the Education Department failed to provide their full requirement to the C&W due to which huge expenditure was incurred at a later stage. The Committee, therefore, directed that in future while submitting a case to C&W and any other department for construction of building, the requirement must be provided to the construction department before floating tender in the press. The PAC remarked that in case of failure subsequent changes unless and until they are really essential would not be acceptable to the PAC.¹⁹¹

(192)
TENDER BELOW 30%

It came to the notice that tender have been accepted at the rate of more than 30% below. The Committee observed that 30% below rate was really unworkable, as it would definitely affect the quality/standard of the work to be carried out by the contractor and as such the Government money would be wasted. The Committee, therefore, decided in principle to protect the cause of the nation and directed that in future rates of tender more than 30% below should not be accepted.¹⁹²

(193)
UN-EVEN EXPENDITURE.

Invariably each Department has incurred un-even expenditure. It is not practicable that the expenditure incurred each month may tally with another month, because in certain months the development works can not carried out either due to hot weather scarcity or rainy season or very cold weather and blockade of roads, but effort can be made that major portion of the expenditure should not be incurred in the last months of the financial year. The un-even expenditure mostly appears due to lack of bad planning. The amount is

¹⁹⁰ PAC Report for the year 1989-90 page No. 7.

¹⁹¹ PAC Report for the year 1995-96 page No. 6.

¹⁹² PAC Report for the year 1997-98 page No. 10.

released late or not received by the Administrative Secretaries in time, the technical sanction are not received in time, the site for construction has not been approved before the planning and in certain cases disputes arise in respect of the construction sites. In order to overcome this difficulty the Provincial Assembly has enacted the Khyber Pakhtunkhwa District Planning Advisory Committee Act, 1987. Under this act the District Committee comprising of the members of the Provincial Assembly will assist the entire nation building department in correct location of the project and will apprise them of the felt needs of the residents of the area. The Committee is also to extend cooperation to the nation building Departments where they may require such cooperation, but still the Finance Department is to do a lot far to overcoming the problem of the un-even expenditure during the financial year. The Committee is of the opinion that in a rapidly growing society creating a new socio economic order, in view of the plausible explanation, there may not be any objection to the un- even expenditure provided there is malafide on the part of the field officers. Actions taken in good faith and in the public interest always stand protected.¹⁹³

(194)
WORK EXECUTED ON THE CHIEF MINISTER'S
DIRECTIVES

It came to the notice of the Committee that in certain cases work was executed without fulfilling codal formalities and due regard was not given to the implementation of rules merely on the pretext that the work was carried out on the directives of Chief Minister. The PAC during the course of proceedings observed that the directive of the Chief Minister did not mean that either the rules should be violated or codal formalities should be left aside. Such plea for violating rules is not at all justified. The Committee, therefore, directed that in future no leniency would be extended if such cases are reported and PAC would be compelled to recommend strong action against the responsible officer.¹⁹⁴

¹⁹³ PAC Report for the year 1983-84 page No.1743.

¹⁹⁴ PAC Report for the year 1997-98 page No. 12.