

REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE ACCOUNTS OF GOVERNMENT OF NWFP FOR THE YEAR 1997-98

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P R E F A C E

The Appropriation Accounts, Finance Accounts and the Audit Report for the year 1997-98 pertaining to Local Government Elections & Rural Development, Food, Higher Education, Archives & Libraries and Revenue Departments were discussed by the APAC constituted vide Notification No.SO(PAC)/FD/1-5/2002/(APAC) Vol-I, dated 08/06/2002.

After general election, the present Assembly Members took oath on 25/11/20002, the Public Accounts Committee was then constituted vide Notification No.PA/NWFP/PAC/2003/3069, dated 28/01/2003.

The PAC held 6-sessions consisting of total 74 days commencing from 14/07/2003 to 08/08/2003, 24/10/2003 to 10/11/2003, 04/12/2003 to 08/12/2003, 10/05/2004 to 21/05/2004 and 19/07/2004 to 17/08/2004 and discussed the Audit report for the year 1997-98 pertaining to Works & Services, Irrigation & Power, Schools & Literacy, Health, Environment, Zakat, Ushr, Social Welfare & Women Development, Agriculture, Livestock & Cooperation, Home & Tribal Affairs and Population Welfare Departments, which comprised of 1375 Draft Paras.

The PAC also constituted Sub-Committees and Inter Departmental Committees for Scrutiny of some important issues.

Major issues and committee's general recommendations on each Department have been highlighted in respective Sections for having a quick glance.

The drafting and preparation of this report has been made possible as a result of hectic and dedicated efforts of officers/officials of the PAC Cell under the close supervision, proper guidance and personal interest of Mr. Amanullah, Additional Secretary.

The Provincial Assembly Secretariat is gratefully appreciative of the motivation it received from Hon'ble Bakht-Jehan Khan, Speaker Provincial Assembly/Chairman PAC and the Members of the PAC in accomplishing the difficult and challenging assignment

NAZIR AHMAD

Secretary

Provincial Assembly of NWFP
Peshawar the 16th May, 2005

REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON
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1997 -98

1. **INTRODUCTION**

Consequent upon the suspension/dissolution of the Provincial Assembly of NWFP and in view of proclamation order No. 2-10/99-Min-1 dated 14th October, 1999, the PAC ceased to function. In order to carry on the business of accountability and securitization of Auditor General Reports, the Governor NWFP had promulgated the NWFP Adhoc Public Accounts Committee, Composition and Functions Ordinance, 2001. Pursuant to that Ordinance, the APAC was constituted vide Notification No. SO (PAC)/FD/1-5/2002 (APAC) Vol: I dated 8th June, 2002, which comprised of the following:-

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|----|-----------------------------|----------|
| 1. | Mir Naeemullah, | Chairman |
| 2. | Mr. Karim Khan Marwat, | Member |
| 3. | Mr. Nasrullah Jan, | Member |
| 4. | Mr. Muhammad Afzal Khan, | Member |
| 5. | Syed Nasir Hussain, | Member |
| 6. | Mr. Mohib-ur-Rehman Kayani, | Member |
| 7. | Dr. Nasir-ud-Din Azam Khan, | Member |

2. The Committee in its first introductory meeting held on 15th of July 2002, decided to take up report of Auditor General of Pakistan for the year 1997-98, being the latest one. It finalized report on Appropriation Accounts, Finance Accounts, Audit Report on Revenue Receipts of Government of NWFP in Twenty Five days sitting and presented the same to the Governor for his approval on 8th of October, 2002. The same was approved by the Provincial Cabinet in its meeting held on 11th November, 2002. Thereafter, the Committee in its 18 days sitting, available with it, examined the Audit Report in respect of Local Government, Board of Revenue, Higher Education, Industries and Food Departments. Last meeting of the APAC was held on 27th November, 2002. The Committee could not completely discuss the Audit Report as it was dissolved on 23rd November, 2002 in view of the NWFP Adhoc Public Accounts Committee (Constitution and Function) (Repeal) Ordinance, 2002.

3. After holding General Elections, revival of the Assemblies, Election of Mr. Speaker and Deputy Speaker and constitution of the Provincial Cabinet, in the first available opportunity, the PAC was constituted on 28th of January 2003, under rule 193 of the Provincial Assembly of NWFP Procedure and Conduct of Business Rules, 1988 consisting of the following:-

- | | | |
|----|--|-------------------|
| 1. | Mr. Bakht Jehan Khan,
Speaker. | Chairman |
| 2. | Mr. Sirajul Haq,
Minister for Finance | Ex-officio Member |
| 3. | Mr Ikramullah Shahid
Deputy Speaker. | Member |

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|-----|--------------------------------------|--------|
| 4. | Mr. Abdul Akbar Khan, MPA | Member |
| 5. | Mr. Anwar Kamal Khan, MPA | Member |
| 6. | Mr. Pir Muhammad Khan, MPA | Member |
| 7. | Shahzada Muhammad Gustasip Khan, MPA | Member |
| 8. | Mr. Shah Raz Khan, MPA | Member |
| 9. | Mr. Khalil Abbas, MPA | Member |
| 10. | Mr. Jamshed Khan, MPA | Member |
| 11. | Mr. Khalid Waqar, MPA | Member |

4. On the induction of Mr. Shah Raz Khan, Member of PAC in the provincial Cabinet, he was replaced by Mr. Muzaffar Said, MPA as Member of PAC.

5. Just after Budget Session, the Committee started its functions and took-up for consideration the un-finished work for the year 1997-98. The PAC in its Six sessions spanning over 74 days completed the left-over work of the defunct APAC. It thread bare examined the Audit paras in respect of the following departments:-

1. Works and Services
2. Irrigation & Power.
3. Schools & Literacy
4. Agriculture, Livestock & Cooperation.
5. Health.
6. Social Welfare & Women Development.
7. Environment.
8. Home & Tribal Affairs.
9. Population Welfare.

6. In this lengthy process, the Committee disposed of 1375 Audit Paras. The Audit Reports brought before the PAC include paras involving embezzlement of Government money, gross financial irregularities, culpable negligence and misuse of powers. The Committee, where could not reach logical conclusion in view of in complete or un-satisfactory reply of the Department decided to constitute Sub-Committees or referred the cases to Inter Departmental Committees for minute deliberation to get assistance. However, in certain cases where the Government money was clearly embezzled, the Committee, in order to have financial discipline amongst the Government Departments recommended for recovery after fixing responsibility on the culprits in the light of relevant law on the subject.

OBSERVATIONS/FINDINGS

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

(A) **WORKING PAPER AND INCOMPETENCY OF THE OFFICERS.**

8. The working paper presented to the PAC by some of the departments especially Agriculture, Schools & Literacy and Health Departments were totally disorganized 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, who were also ignorant of the issue. Neither the Secretary nor his subordinates were able to properly answer to the queries made by the members of the Committee.

9. 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.

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 fools 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 by passed 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.

10. 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 the job of the PAC.

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

11 The PAC time and again directed that meetings of the DACs invariably be held twice in a year and decision made therein must be implemented at all cost. The Committee noted with great unease that Principal Accounting Officer and other dealing hands were not serious about this important forum. The most pitiable aspect of the issue which has been noted by the Committee time and again with concern, was that the decision arrived at the DACs,

particularly with regards to recovery or conducting of inquiries were not being implemented. There does not seem any technicality or difficulty in implementation of the decision of DAC but still the performance of the department in this respect was very poor. It gives support to the impression that in order to protect officer involved in the misdeed; the cases were not being followed up. In such circumstance meeting of the DACs, becomes nothing, but wastage of time and Government money. The deliberations/recommendations made in the DACs meeting would not yield any fruitful results, unless and until there is a mechanism in the department to ensure follow-up of such decision. It would not be out of place to mention that pursuing/implementing the decision of the DACs, is the basic job of the Principal Accounting Officer but at the same time, the Finance and Audit being members of the DACs could not be absolved of the responsibility for not pursuing the case with the department. It is with deep regret to record that the Audit as well as Finance has also not done justice to their job in this context.

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

(C) **NON PRODUCTION OF RECORD.**

13. The Committee has noticed that some of the lower formation of the Administrative Departments did not provide auditable record to the Audit at the time of Audit. This is not only an irregularity but rather an offence under the Auditor General of Pakistan Functions and Powers Ordinance. Non production of such record gives weight to the impression that their might be some gross discrepancy, which the dealing hands did not want to disclose to save their skin. Similarly, some time record is avoided to be produced to DAC, which is not excusable at any cost. The Committee directed

that such practice should be discouraged and if any incident to that effect is brought to the notice of the Administrative Secretary, timely action must be taken against the culprits. However, the Audit Officer should not take disadvantage of such things to tease the concerned officers merely on the pretext of non production of record without having solid proof.

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

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

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

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

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

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

(F) **HUGE LOSS TO THE GOVERNMENT ON ACCOUNT OF NON ENERGIZATION OF TUBE-WELLS.**

17. 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 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.

(G) **CONSTITUTION OF INTER DEPARTMENTAL COMMITTEE.**

18 In certain cases the Committee could not reach to a just decision as it required detail investigation. The Committee directed the department for constituting Inter Departmental Committee to go into details of the DP referred to it and submit its report to assist the PAC in giving its recommendations.

(H) **TENDER RATE MORE THAN 30% BELOW SHOULD NOT BE ACCEPTED.**

19 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.

(I) **NON OBSERVANCE OF CODAL FORMALITIES NON IMPLEMENTATION OF RULES IN RESPECT OF WORK EXECUTED ON THE CHIEF MINISTER'S DIRECTIVES.**

20 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.

NON AUCTION OF UN SERVICEABLE ITEMS IN TIME.

21 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.

(K) **CASES IN THE COURT OF LAW.**

22 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 pursuation 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.

(L) **COMPLIANCE PARAS.**

23 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.

(M) **RECOVERY OF GOVERNMENT DUES.**

24. 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.

(N) **PROMPT ACTION TO BE TAKEN ON THE INQUIRY REPORTS.**

25. 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.

(O) **REPAIR FUNDS SHOULD NOT BE CHARGED TO ORIGINALWORK.**

26. 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 were not only illegal but in view of this practice, the Government assets of colossal amount was 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.

(P) **MISUSE OF GOVERNMENT VEHICLES.**

27. 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.

(Q) **NON FRAMING OF RULES AFTER THE DEVOLUTION PLANFOR TRANSACTION OF FINANCIAL BUSINESS IN THE CD&MD (PROVINCIAL URBAN DEVELOPMENT BOARD).**

28. 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 CDMDD, Local Government in consultation with the Finance and Law Departments should frame rules on priority basis to safeguard the financial system.

(R) **RELEASE OF FUNDS AT THE FAG END OF FINANCIAL YEARAND INCURRENCE OF EXPENDITURE THEREOF.**

29. 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.

(S) **NON MAINTENANCE OF WORKSHOP ACCOUNTS.**

30. The Executive Engineer Mechanical, Irrigation Division, Peshawarmaintains large workshop with special plants and machinery. The accounts of the said machinery is 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.

31. 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.

32. As laid down in para 378 of CPWA Code, for every job there must be an estimate of cost a 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:-

- a. Supervision charges.
- b. Interest on capital cost.
- c. Maintenance charges of building, plant and machinery.
- d. Establishment charges.

33. 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.

(T) **NON RECONCILIATION OF PROJECT**

ACCOUNTS.

34. 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.

35. 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 the loans/grants received from the donors in the Government accounts. The departments should take care of all such things.

(U) **NON DEPOSIT OF SURPLUS AMOUNT IN THE GOVERNMENT TREASURY UN-AUTHORIZED SPENDING.**

36. 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 violative of the law.

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

i. In pursuance of section-14 of the NWFP, 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. .

ii. Allowing the Director General Research to maintain separate fund for grant in aid received from the Provincial Government was in total disregard of section-8 of the Law. The funds were required to be credited to the University account.

iii. The recommendation of the PAC, as pointed out by the Audit was not implemented.

38. 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.

39. The Committee, therefore, recommended that:-

- a. 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.
- b. In future, unspent balance of the fund provided by the Provincial Government must be surrendered to the Finance Department in time.
- c. 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.
- d. 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.
- e. 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.
- f. 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 is not suffered for want of fund.

(V) **BLOCKADE OF HUGE MONEY WITH WAPDA AND NEGLIGENCE OF THE DEPARTMENT.**

40. 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.

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

42. 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.

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

- a. 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.
- b. 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 WAPDA particularly where funds of Provincial Government are involved.
- c. 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.
- d. Since, the problem involved 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.

(W) **CASUAL ATTITUDE OF THE ADMINISTRATIVE SECRETARIES.**

44. 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 Hon'able Members. This practice creates great disturbance and the cases remained undecided despite consuming lot of time on discussion.

45. The Departments are directed to take corrective steps in this behalf 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 unnecessary.

(Y) **VERIFICATION OF RECORD DURING PAC.**

46. 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.

47. 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.

(Z) **CONDUCTING TEST AUDIT ON ACCOUNT OF SHORTAGE OF MAN POWER.**

48. 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 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.

RECOMMENDATIONS.

49. While submitting this report to the Provincial Assembly of North West Frontier Province, the Committee finally recommends that the suggestions, recommendations and directives made by the Committee in the report and the Minutes, as annexed be adopted/approved.

(Mr. Bakht Jehan Khan)
Speaker/Chairman
Public Accounts Committee.

Ex-officio
Minister for Finance

3. Mr Ikramullah Shahid
Deputy Speaker/Member

4. Shahzada Muhammad Gustasip Khan, MPA

Member

5. Mr. Abdul Akbar Khan, MPA

Member

6. Mr. Anwar Kamal Khan, MPA

Member

7. **Mr. Pir Muhammad Khan, MPA**

Member

8. **Mr. Khalil Abbas, MPA**

Member

9. **Mr. Jamshed Khan, MPA**

Member

10. **Mr. Khalid Waqar, MPA**

Member

11. **Mr. Muzaffar Said, MPA**