REPORT

OF THE

PUBLIC ACCOUNTS COMMITTEE

(1975-76)

AND

PROCEEDINGS

OF

14-10-1979

LAW DIVISION PARLIAMENTARY AFFAIRS DIVISION
SUPREME COURT OF PAKISTAN ELECTION COMMISSION
OF PAKISTAN CULTURE SPORTS AND YOUTH AFFAIRS
DIVISION TOURISM DIVISION MINISTRY OF INTERIOR
STATES AND FRONTIER REGIONS DIVISION
KASHMIR AFFAIRS AND NORTHERN AFFAIRS DIVISION
MINISTRY OF RAILWAYS

بسم اللہ الرحمن الرحیم

NATIONAL ASSEMBLY SECRETARIAT

REPORT OF THE *AD-HOC* PUBLIC ACCOUNTS COMMITTEE ON THE ACCOUNTS OF THE FEDERAL GOVERNMENT FOR THE YEAR 1975-76.

Meetings of the Committee

The Sixth Report of the *Ad-hoc* Public Accounts Committee, set up by the President on the 25th March, 1978, relates to their examination of the Appropriation and other Accounts of the Federal Government for the Financial year 1975-76 and the Audit Reports thereon. The Committee examined the said Accounts in its 8th session, held in the National Assembly Secretariat, State Bank Building, Islamabad from the 13th to 18th October, 1979, which was attended by the Chairman and other Members, except Messrs Yusuf Bhai Mian and Mushtaq Ahmad, Members, who could not participate in it because of being respectively abroad and indisposed.

Up-to-date progress made by the Committee

2. The Committee are glad to report that, with the help and co-operation of the Auditor-General, Finance Division, National Assembly Secretariat and the Ministries|Divisions, their efforts to liquidate the back-log were met with a considerable measure of success in that, within the span of a little more than a year, they could complete the examination of the Federal Accounts for as many as six years, from 1970-71 to 1975-76. The examination of the Accounts for 1976-77 was also held from January 12, 1980.

3. Now that the Committee will be going over the Federal Accounts for the more recent past, a more effective enforcement of accountability may well be within reach, as most of those found guilty of committing irregularities are likely to be still in service and action can be taken against them.

Examination of Accounts 1975-76 by the Committee

4. The Committee carried out the examination of the Appropriation and other Accounts etc. for 1975-76, listed in Annexure I, on the basis of the Auditor-General's Reports thereon, submitted to the President in terms of Article 171 of the Constitution, and the

written and oral replies, furnished by the Ministries|Divisions regarding the points raised in them. As stated by him, the financial irregularities etc. brought out by the Auditor-General in his Reports represent the outcome of test audit of a small percentage of transactions during the year. The short-comings so depicted and coming to notice were, therefore, only illustrative and not exhaustive.

5. The deliberations of the Committee during the examination of the individual Appropriations and financial irregularities in respect thereof, pointed out by the Auditor-General, are summarised in the Proceedings at Annexure II. Similarly, the recommendations and observations made and the directions given by the Committee, while examining the Accounts, have also been incorporated in the Proceedings and may be deemed to form part of this Report.

The over-all Financial Accounts for 1975-76 summarised

6. The picture of Federal Accounts that emerged from the Reports of the Auditor-General on the APPROPRIATIONS for Civil, Defence, Railways, Post Office and Telegraph and Telephone Departments, is summarised below :—

Final grants appropriations and actual expenditure.

Appropriation Accounts	Final Grants/ Appropriations	Expenditure	Variation over Final Grants (+)Excess (—)Saving
	Rs.	Rs.	Rs.
(*i*) Civil	62,848,137,000	59,646,946,037	(—)3,201,190,963
(*ii*) Defence Services	7,530,000,000	8,625,530,580	(+)1,095,530,580
(*iii*) Pak. Railways	2,529,413,000	2,262,026,534	(—)267,386,466
(*iv*) Post Office	234,528,000	234,004,628	(—)523,372
(*v*) Telegraph & Telephone ..	704,569,000	61,141,164,887	(+)436,595,887
	73,846,647,000	71, 909,672,666	(—)1,936,974,334

(Pages 13, 1, 1, 22 & 61 of respective Appropriation Accounts).

Matters highlighted in this Report

7. The financial irregularities and losses etc. cited in the Reports of the Auditor-General on the Accounts for 1975-76 again betrayed, as in the previous years, a wide incidence of financial indiscipline and irregularities, lack of effective internal control and inaccurate budgeting on the part of Ministries|Divisions. These have been dealt with under relevant heads below.

(1) FINANCIAL INDISCIPLINE

8. The cardinal need for financial discipline, particularly in Government and public sector institutions, can hardly be over-emphasised. Financial discipline entails an accurate estimate of expenditure for budgeting, through an objective visualization of requirements and priorities for funds, advance planning, co-ordination, an efficient system of accounting and an effective control over expenditure. It also calls for the closest possible approximation of expenditure to sanctioned grants and timely surrender of anticipated savings, for their possible utilization elsewhere. Incurring of excess expenditure without a matching grant, therefore, militates, against the very concept of financial discipline.

9. The other factors which could have an important bearing on the enforcement of financial discipline in Ministries|Divisions are a realistic appreciation, by the Ministry of Finance, of the genuine needs of Ministries|Divisions for funds, an up-to-date maintenance of expenditure accounts by the departments and Accounts Offices and due ascertainment by the Audit and Accounting agencies of the actual availability of funds in the grants, before releasing the asked for amounts against them.

10. While examining the Federal Accounts since 1970-71, the Committee noticed the prevalance of a wide-spread lack of financial discipline in Ministries|Divisions in the fields of budgeting and spending and of proper control over expenditure and dilatoriness in taking prompt action for financial lapses, even if involving losses to Government due to negligence, carelessness or deliberate disregard of rules. The main responsibility for incurring expenditure in excess of grants, inevitably, devolved on the spending agencies who seemed, at times, to forget that they would have ultimately to account for the irregularity and to realise that, once allocations had been made, expenditures, under the rules, had to be within the allocations, unless sanction for matching supplementary funds had been obtained from the competent authority before-hand.

11. A halt, therefore, needs to be cried to the tendency on the part of Ministries|Departments to disregard budgetary allocations while incurring expenditure. Wherever excess expenditure is found to have been incurred over and above the sanctioned grant, the Committee recommend that the same must, as a rule, be properly investigated for fixing responsibility and the concerned defaulters suitably dealt with. So far, the Committee, in their previous Reports, have been making this recommendation in individual cases of excess

expenditure. The problem deserves to be dealt with on an overall basis, by reiterating the instructions to all concerned and enforcing strict compliance therewith.

12. The Committee has, in particular, to make the following observations in regard to various types of irregularities, found to have been committed :—

(i) *Budgeting and control over expenditure.*—Large savings/excesses, occurring under various grants, are indicative of unrealistic budgeting formulation of demand on unreliable data or scanty information and lack of proper planning and execution of projects and|or co-ordination. The object of budget-making is to keep expenditure as close as possible to the final grants. The Reports of the Auditor-General contained many instances of the following nature, denoting inaccurate budgeting—

(a) Excess expenditure was incurred over approved grants|appropriations.

(b) Budget provisions remained un-utilized resulting in savings.

(c) Excessive supplementary grants and appropriations were obtained without genuine requirements.

(d) Surrender|withdrawals were made even in the absence of savings

The position of control over expenditure, during the year under review, thus continued to be unsatisfactory. In fact, almost all the irregularities, noted in the previous years, were found recurring in the Accounts for 1975-76. It is hoped that, after the examination of the Federal Accounts for past several years by the Committee in such quick succession, drumming of common irregularities during the above deliberations and the emphasis laid by the Government on economy and strict observance of rules, a marked improvement in financial discipline should be visible as from the Accounts for the Financial year 1978-79.

(ii) *Excess expenditure over approved grants.*—The Auditor-General has cited 35 cases (Annexure III) in which expenditure exceeded the final grants by Rs. 763,888,205, in addition to an exess, amounting to

Rs. 1,095,530,580, in the case of Defence Services. Similarly, the T & T Department incurred an excess expenditure of Rs. 436,595,887. Under Article 84 of the Constitution, these excesses are required to be regularised through an Excess Budget Statement. Such huge excesses seemed to defeat the very object of the arduous exercise undertaken each year for the preparation of Budget and could be only indicative of the malaise of financial indiscipline, failure of the Principal Accounting Officers to exercise proper and effective control over expenditure and defective system of keeping up-to-date Accounts and presenting them, periodically, to the Principal Accounting Officers.

(iii) *Responsibility of Accounts Offices vis-a-vis excesses.*—The responsibility for over-spendings must primarily rest on the spending agencies because, under the law, no authority is empowered to incur expenditure beyond the provisions in the Budget. As a corollary, the Accounts Offices have also to ensure, before releasing funds from the Consolidated Fund, that the amounts asked to be drawn are available in the Budgetary allocation of the Ministry|Division concerned. A greater vigilance on the part of Audit|Accounts Offices and even holding back payments by them against grants, found in their records to have been already exhausted, could help to minimise excess of expenditure over and above the approved grants and impel the Departments, depending on the importance and urgency of their requirement, to either have reconciliations carried out to establish the availability of funds, or find additional funds in time, through matching supplementary grants, re-appropriation or postponement|cutting down of unnecessary expenditure.

(iv) *Expenditure incurred against 'NIL' Budget provision.*—The Committee was surprised to find that the T & T Department had incurred an expenditure of about Rs. 165 million, against a "NIL" provision, on the purchase of stores during 1975-76. The Department's explanation for this irregularity was neither convincing nor acceptable. The Committee, therefore, recommend that necessary action may be initiated for fixing the responsibility for the above lapse. The accounting procedures of the T & T Department need also to be reviewed, in order to prevent the recurrence of such an irregularity in the future.

(v) *Non-surrender of savings.*—There were numerous instances of non-surrender of savings from the sanctioned grants during 1975-76, despite clear instructions to the contrary on the subject. Some of these could be seen in paras 146, 280, 307, 309, 311, 395, 410, 426, 457, 467, 468 and 500 of Annexure II.

(vi) *Adjustment for economy cut in final Grant.*—It was observed that economy cuts, imposed by the Government in the past were, as in paras 41 and 311 of Annexure II, generally not surrendered by the Ministries|Divisions through formal orders. Consequently, the Accounts Offices got no notice of such surrenders and could not show these in the Accounts. The Committee have, therefore, requested the Ministry of Finance to issue instructions to the effect that amounts, equal to those of the economy cuts, must be promptly and formally surrendered by the Ministries|Divisions, from their sanctioned allocations, with intimation to the Accounts Offices wherever such cuts are imposed during the financial year.

(2) ACCOUNTING IRREGULARITIES|DEFECTS

13. The irregularities, detected by Audit, relate to only about two months of transactions during the year under review. The total number of financial irregularities during the year could, therefore be manifold. Some of the notable irregularities have been touched upon in the succeeding paras.

(i) Non-reconciliation and incorrect posting in Accounts

14. As in the Accounts of previous years, non-reconciliation and| or incorrect posting of Accounts were frequently noticeable in the Accounts of Ministries|Divisions during the year under review. In most cases, variations over sanctioned grants, involving excess saving, were explained as having taken place either due to non-reconciliation of departmental figures with those of the Accounts Offices or incorrect posting of expenditure by the latter. Some instances of non-reconciliation etc., may be seen in the following paras of Annexure II of this Report :—

(a) *Non-reconciliation* :

Paras 13, 14, 165, 166, 185, 195, 197, 205, 211, 213, 255, 258, 301, 302, 507, 512 and 517.

(b) *Incorrect postings :*

Paras 90, 194, 323 and 340.

(c) *Variations between departmental and Audit figures :*

Paras 9, 14, 81, 144, 185, 204, 216, 283, 309, 342, 400, 453, 454, 468 and 469.

15. The above discrepancies rendered a good number of Appropriation Accounts susceptible to alterations|amendments, after verification etc. In the absence of any other agreed figures between the Audit and the Departments, the Committee were obliged in such cases to take the figures, exhibited in the Appropriation Accounts by Audit, as the final figures of expenditure. However, it was made known to the Auditor-General that if and when, as a result of reconciliation etc., any alteration in the Appropriation Accounts presented by Audit are found to be warranted, the proposed amendments therein shall be placed before the Committee, for their direction.

16. As for non-reconciliation, the Ministries|Divisions purported to make the following suggestions in this behalf :—

(i) Dates for the work of re-conciliation of Accounts of each department should be fixed by the concerned Account Offices three to four months ahead, so that this work could be carried out smoothly, with due preparation by all concerned.

(ii) Since a number of variations, located as a result of non-reconciliation, were attributed to non-receipt of debits| credits from other Audit Offices, the Audit Offices concerned should pursue this matter with their counter-parts to get the wanting credits|debits transmitted by the latter expeditiously. In such cases, the Accounts in question may be finalised after obtaining the missing debits| credits, or a suitable note to this effect, be inserted in the Appropriation Accounts, to facilitate the work of the Public Accounts Committee.

17. The Auditor-General informed the Committee that they had now streamlined the procedure for carrying out reconciliations and Reconciliation Officers were being nominated in Accounts Offices, specially for this work. He was hopeful that, under the revised system, the departments will encounter lesser problems in this regard.

as the departmental representatives will only need to contact the concerned Accounts Officers directly and will not have to deal with the lower officials only.

18. The result of the new procedure for reconciliation, being introduced by the Auditor-General, should get reflected in the future Accounts. The Committee would, however, recommend that, in view of the importance of this matter, the departments should also consider raising the level of their representatives, to be sent by them to the Audit Offices for reconciliation work. It is also recommended that, once the above-mentioned procedure has been enforced, a serious view should be taken of any laxity in the observance thereof and suitable departmental action initiated against anyone found negligent in its observance or tending to disregard it.

(ii) Departmental Explanations not found to be satisfactory

19. In a number of cases, as in paras 71, 79, 95, 240, 242, 249, 260, 307, 338, 342, 358, 367, 372, 374 and 376 in Annexure II, departmental replies were not found to be satisfactory. Even supplementary oral answers could not help in all cases to furnish the required information to the Committee. The latter were, therefore, mostly obliged to direct the departmental representatives to send to them the needed additional information, material or fresh report later, to enable them to arrive at conclusions regarding the irregularities pointed out by Audit. It should, hence, be once again impressed upon the Principal Accounting Officers that, before replies are submitted by the Ministries|Divisions to the Committee on the points emanating from the Appropriation Accounts or the Report of the Auditor-General thereon, they must personally go through the same, to ensure, among others, that the cases of variations brought out in the Appropriation Accounts were correctly and adequately incorporated therein.

(iii) Expenditure against Foreign Aid

20. As desired by them in a previous session, the Economic Affairs Division submitted a note to the Committee, setting out in detail the accounting procedures relating to Foreign Aid and the difficulties experienced by them in maintaining the same up-to-date. The Committee considered it to be a useful informative note and asked the Economic Affairs Division to circulate it to all the Ministries|Divisions, for their guidance.

21. It is recommended that the Ministries|Divisions, in respect of Foreign Aid, should base their Budget Estimates and|or demands

for Supplementary Grants on information, directly obtained from the designated Banks. They must also be asked to promptly convey to the EAD the requisite information about disbursements, so that the latter are in a position to advise the Audit about the same in time.

(iv) Systems|procedures of accounting to be reviewed

22. During their examination of the Accounts, the Committee came across flaws in Systems|Procedures relating to specific problems in several Organizations and would, therefore, recommend the review of the same—

(i) in respect of recovery of establishment charges from other Departments by the Works Division,

(ii) in respect of recoveries under Major Head—" Amount met from Workers' Welfare Fund ",

(iii) for bringing the Authorities in WAPDA more quickly into the picture about important financial irregularities than at present,

(iv) the House Building Finance Corporation, in consultation with the Ministry of Finance, to evolve an agreed procedure to segregate and keep, separately, the accounts relating to former East Pakistan.

(3) FINANCIAL LOSSES

(i) Irregular payment of Rs. 220,760 to a Clearing Agent not covered by the Agreement. (Production Division)

23. The department paid overtime allowances, amounting to Rs. 220,760, without the same being covered by any agreement. The explanation furnished for this payment was not considered to be satisfactory. The departmental representative was, therefore, asked to submit a detailed report on it to the Committee.

(Para 471)

(ii) Irregularities relating to payments of compensation for land|property acquired for Tarbela Dam (Para 1, page 3-Audit Report—WAPDA).

24. It was explained that the irregularities were committed by the Land Acquisition Collectors, who were appointed by the Provincial Government and worked under the administrative control of the Deputy Commissioners, Hazara and Mardan. The Committee

were informed that the awards of Land Acquisition Collectors were binding on WAPDA. However, the irregularities committed by the LACs were brought to the notice of the Martial Law Authorities and as many as 17 cases were got registered with the FIA against them. These were also brought to the notice of the Governor of the Province. The former Prime Minister had ordered that the appeals, already filed against the decisions of lower courts by WAPDA, should be withdrawn and no further such appeal be lodged. This was a political decision, against which WAPDA was helpless. Though the irregularities in assessment and payment of compensation have cost the Government a larger amount, possible remedial measures bristle with legal and political difficulties.

25. Nevertheless, the Committee would like to bring the above position to the notice of the Government for such action as they may deem fit to take in this case.

(iii) Loss due to acceptance of tender other than lowest

26. A certain formation entered into two tailoring contracts with an old contractor for periods 1970—1972 and 1972—1974, in preference to the lowest tenderer, on the plea that the latter could not fulfil the service requirements and quality. This resulted in a loss of Rs. 36,997 (Rs. 3,790 in the first contract and Rs. 33,207 in the second) to the exchequer.

27. It was contended before the Committee that, though the lowest bidder was a pre-qualified one, it was estimated that, as his rates were impossibly low, he so quoted merely to secure the contracts, and that he would not have been able to discharge his contractual obligations under the Local Services Tailoring Contract, *vis-a-vis* an important major training institution of the Pakistan Air Force at Kohat, which required large-scale alterations of recruits' uniforms within very limited periods.

28. The main point here was that someone had failed to make the necessary enquiries at the time of pre-qualification of the Contractor in question. It is, accordingly, recommended that it should be first found out as to how was the contractor in question prequalified for contracts which he was, later, considered to be incapable of executing properly. The responsibility for it should then be fixed for suitable action, to avoid the recurrence of such defaults in the future.

(Paras 579—81)

(iv) Defective planning in stores movement—Loss of Rs. 15,000

29. The Committee came across a case in which the available wagon capacity was not fully utilised for the transport of stores, resulting in a payment of extra freight charges for six wagons. The consequential financial loss to Government could be ascribed to defective planning of movement. All concerned should be suitably instructed to guard against the recurrence of this lapse in the future.

(Para 590)

(v) Time-barred recovery cases, due to abnormal delay in processing, causing financial loss.

30. The Committee also came across several instances in which the departments took years to arrive at decisions about recovery of over-payments. Taking a technical advantage of the delay, the contractors refused payment on the plea that recovery had become time-barred. The Committee would suggest that a suitable procedure should be evolved by which decisions on such matters must become available more promptly and in time. Where the recovery from a contractor becomes impossible due to lapse on the part of any Government functionary, the responsibility therefor should be fixed and suitable action taken against him, including the making good of the loss.

(Paras 576-77)

(vi) Unsatisfactory progress of recovery of dues etc.

31. The cases cited in paras 27, 33, 34, 53, 97 and 122 etc. of Annexure II to this Report will show that the progress of recoveries of Government arrears was not satisfactory. The Audit Department has been requested to keep watch over the realisation of outstandings. The Ministries|Divisions must also be asked to exercise their influence, to ensure prompt recoveries from all concerned.

(vii) Fixing responsibility for irregularities and action therefor

32. The Committee came across several instances, as in paras 48, 54, 253, 256 of Annexure II, in which, despite the lapse of inordinately long periods, the department did not see fit to fix responsibility for various irregularities. It is necessary that, in all cases of irregularities involving financial losses, action to fix responsibility is initiated by the Departments promptly. Suitable instructions to realise the above objective may be issued accordingly.

(4) MISCELLANEOUS

(i) Explanation to be 'Group' Head-wise and not on basis of total final grant.

33. The Committee noted that, instead of furnishing explanations group head-wise, some Ministries|Divisions had based their explanation on the TOTAL FINAL grant *vis-a-vis* the Actual expenditure. On the above assumption, the position taken in regard to 'excess' etc., under various grants was that, since the overall excess|saving was within the permissible limit of 5%, no explanation was called for. The above explanation was based on a misunderstanding of the issue. Every Ministry|Division is required to explain each excess|saving, Group head-wise, notwithstanding the percentage that the total expenditure bore to their overall sanctioned allocation.

34. The Committee, accordingly, recommend that the Ministry of Finance should issue clear instructions to Ministries|Divisions, so that the latter keep the same in view, for the purpose of explaining excesses|savings, in the future.

(Paras 672-73)

(ii) Standardised denomination of large amounts

35. It was noticed that Ministries|Divisions were not using a uniform denomination for exhibiting large amounts involved in their Accounts and were doing so, in crores, millions and|or lakhs of rupees. Instructions exist that all amounts should be spelt out uniformly in millions of rupees. Another circular should, therefore, be issued to Ministries|Divisions, reiterating the previous instructions, for strict compliance in the future.

(iii) Joint study of certain procedures by Audit and Finance Division

36. The Committee recommend that there should be a joint study by Audit and the Finance Division to work out an agreed procedure as to how expenditure, in the cases cited below, should be estimated and reflected in the Government Accounts—

(a) *Pensions.*—In the case of provision for Superannuation Allowances and Pensions, the Committee noted that a saving of Rs. 2,033,315 was exhibited under the 'Charged' section and an excess of Rs. 42,548,000 under 'Other than Charged ', betraying a lack of correct assessment of the anticipated expenditure.

(b) *Federal Miscellaneous Investment.*—There was a saving of Rs. 66,730,590 under this Grant, which was ascribed to the State Bank having been asked by the Finance Division to increase its share capital from Rs. 30 millions to Rs. 100 millions, by transferring Rs. 70 millions, from its Reserve Fund Account. Accordingly, a provision of Rs. 70 millions was made by the Bank under this demand. No expenditure was formally incurred against this provision.

(c) *Development Loans and Advances by the Federal Government.*—The entire system concerning development loans and advances by the Federal Government was not correctly reflected in the accounts. This was also noted while examining the accounts for previous years. A suitable procedure should be prescribed to avoid this.

(iv) Frequent transfer of subjects

37. It was noted that, at times, subjects under the administrative control of one Ministry|Division were transferred over-night to another. This invariably resulted in a lot of confusion pertaining to the Accounts relating to the transferred subject. From the Accounting view-point, such changes should be resorted to as sparingly as possible. The Committee, therefore, recommend that, before deciding to transfer a subject, due consideration may be given to this aspect of the matter also and particularly about allowing adequate time for the records etc. to be properly transferred to the new Administrative Ministry|Division. A Minister can hold charge of more than one Division or he can hold charge of a part of a Division. It should not be necessary to make changes in the Divisions merely to make them co-extensive with the portfolio of a Minister.

(Para 663)

(v) Roti Plants

38. The Committee were informed that the Roti Plants had incurred a loss of about Rs. 30 million. This was largely due to overstaffing and, to some extent, to ' Paki Pakai Roti ' not having gained the popularity expected of it in some regions. The snag basically seemed to be the eating habit of the people, as in Peshawar, where people wanted hot roti from ' Tandoors ' or from

their own kitchens. Besides, the quality of Paki Pakai Roti has also deteriorated. The overheads were very high and contributed to losses. It was, therefore, a matter for consideration of Government whether to continue with the running of the roti plants under the above conditions in certain areas and, if so, what modifications be brought about in the operations and procedures, so as to reduce the losses to the minimum. The overstaffing should also be looked into. It is better that numbers should be reduced rather than all the employees be thrown out by closing down units.

Final Recommendations of the Committee

39. The following statements are appended to the Report as Annexure IV :—

STATEMENTS

No. 1—Summary of Results of the Appropriation Audit.

No. 2—Analysis of savings and excesses by main Departments.

No. 3—Analysis of savings and excesses under Revenue, Capital and Loans and Advances.

No. 4—Statement showing Excesses over Grants, which require to be regularised.

No. 5—Statement showing Excesses over Charged Appropriations, which required to be regularised.

40. While submitting this Report to the President the Committee recommend that—

(i) the suggestions and recommendations made by the Committee in the foregoing paragraphs and in Annexure II be accepted, and

(ii) the excess in expenditure, contained in the statements referred to in para 39 (4) and (5) above and appended to the Report as Annexure IV, be regularised, in accordance with the provisions of the Constitution.

41. Concluding, the Committee would like to record their thanks to the Auditor-General, his officers and staff and the officers

and staff of the National Assembly Secretariat for the help rendered by them to the Committee in conducting their deliberations.

M. A. HAQ,
Secretary,
National Assembly
Secretariat.

A. G. N. KAZI,
Chairman.

MASARRAT HUSSAIN ZUBERI,
Member.

ABDUL QADIR,
Member.

Islamabad, the 13th May, 1980.

NATIONAL ASSEMBLY SECRETARIAT

Sunday, the 14th October, 1979

2nd Meeting

139. The *Ad-hoc* Public Accounts Committee resumed its examination of the Federal Accounts for 1975-76 in the State Bank Building, Islamabad, at 9.00 A.M. The following were present :—

Ad-hoc *P.A.C.*

1.	Mr. A. G. N. Kazi, Governor, State Bank of Pakistan.	*Chairman.*
2.	Mr. Masarrat Hussain Zuberi, former Secretary to the Government of Pakistan.	*Member.*
3.	Mr. Abdul Qadir, former Chairman, Railway Board.	*Member.*

National Assembly Secretariat :

1. Mr. M. A. Haq, Secretary.
2. Mr. M. A. Suri, Joint Secretary.
3. Mr. Inayat Ali, Assistant Secretary.

Audit :

1. Mr. Abdur Raouf, Auditor-General of Pakistan.
2. Mr. M. A. Muid Khan, Deputy Auditor-General (Senior).
3. Mr. Khalid Rafique, Deputy Auditor-General (A&R).
4. Syed Shaukat Hussain, Accountant General, Pakistan Revenue.
5. Mr. A. Majid Khan, Director, Railway Audit.
6. Syed Jamil Ahmed Zaidi, Director, Audit and Accounts (Works).
7. Mr. Alley Imam Malik, Joint Director, Commercial Audit.

Ministry of Finance :

1. Mr. Adnan A. Ahmad, Joint Secretary.
2. Mr. Aish Bahadur Khan, F.A. (Law and Culture).
3. Mr. Aziz-ur-Rehman, F.A. (Int., S&F R&K.A. Divisions).
4. Mr. Irtiza Zaidi, F.A. (Railways).
5. Ch. Mahmood Ahmad, DFA (Law).
6. Mr. Mumtaz A. Burney, DFA (Culture).
7. Mr. Vakil Ahmad, DFA (Int., S&F.R.).
8. Mr. Fayaz Akhtar, DFA (Int., and K.A. Division).

140. *Accounts considered.*—The Accounts of the following Ministries| Divisions were considered by the Committee during the course of the day :—

1. Ministry of Law and Parliamentary Affairs :
   (a) Law Division.
   (b) Parliamentary Affairs Division.
2. Supreme Court of Pakistan.
3. Election Commission of Pakistan.
4. Ministry of Culture and Tourism :
   (a) Culture, Sports and Youth Affairs Division.
   (b) Tourism Division.
5. Ministry of Interior.
6. Ministry of States and Frontier Regions and Kashmir Affairs :
   (a) States and Frontier Regions Division.
   (b) Kashmir Affairs and Northern Affairs Division.
7. Ministry of Railways.

LAW DIVISION

141. The Committee first took up examination of the Appropriation Accounts and the Report of the Auditor-General thereon, pertaining to the Law Division. Mr. G. S. Ghanghro, Joint Secretary, represented the department in the absence of Secretary abroad.

142. This Division controlled the following grants :

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Law and Parliamentary Affairs (Group-heads A & D).	93
2.	Other expenditure of Ministry of Law and Parliamentary Affairs.	94

APPROPRIATION ACCOUNTS

143. *Grant No. 93 (Page 109 AA).*—Contesting the saving of Rs. 236,759 shown against the group head "A—Law Division", the departmental representative submitted that Audit had not taken into account the payment authority for Rs. 236,758, issued by the Division on account of printing charges. Audit accepted the position.

144. *Grant No. 94 (Page 110—AA).*—A saving of Rs. 1,030,312 was shown by the Audit against the group head "B—Law Officers" whereas, according to the departmental figures, the actual saving under this group head worked out to Rs. 135,656 only, for the following reasons :—

(a) heavy expenditure was anticipated in connection with the NAP Reference Case.

(b) some bills from the Advocates engaged for Federal Cases were due for payment, but the same could not be finalised, and

(c) telephone bills relating to the office|residence in respect of Attorney-General, Deputy Attorney-Generals and Standing Counsels were not received. The amount was left unsurrendered, to accommodate the said expenditure.

145. The Audit representative requested the departmental representative to send a copy of the reconciliation statement as the same was not available with them. The Audit representative added that, at the end of the year, it was known to the department that the money was not needed. As such, it could have been surrendered. The departmental representative submitted that the Court was functioning at Hyderabad, manned by the High Court people. Funds were at their disposal and the D.D.O. was also from the High Court. Hence whatever unutilised amount lay at the disposal of the Division was surrendered, but the High Court people could not provide the final figures to them. Similarly, in the case of telephone bills of the Special Court, there were three Judges having telephones at Karachi, the Rest House and at Hyderabad and timely information in respect of those telephones was not received.

146. *Group head "D—Insurance Appellate Tribunal" (Page 110—AA).*—The saving of Rs. 15,796 against this group head was explained as having been due to less expenditure than anticipated. The saving could not be surrendered, as the exact position came to knowledge only after the close of the financial year. Replying to a query, the departmental representative said that, when this Tribunal was created, there was a totally new staff and the department could not anticipate as to what would be the expenditure|saving.

147. *Compliance reports on the points contained in PAC's report for 1971-72.*—There was no material point for consideration by the Committee under the compliance reports.

PARLIAMENTARY AFFAIRS DIVISION

148. Thereafter, the Committee took up examination of Appropriation Accounts pertaining to the Parliamentary Affairs Division and the Report of the Auditor-General thereon. Mr. G. S. Ghanghro, Joint Secretary, represented the department.

149. This Division controlled Grant No. 93—Ministry of Law and Parliamentary Affairs (Group head "B" only).

APPROPRIATION ACCOUNTS

150. *Grant No. 93 (Page 109 AA).*—A saving of Rs. 350,644 occurred against group head "B—Parliamentary Affairs Division". It was explained that, out of this saving, a sum of Rs. 292,096 was surrendered during the year, leaving an amount of Rs. 58,548. This was due to debits, relating to payments made to Parliamentary Secretaries, not having been received by Audit from the respective Treasuries. Audit confirmed the position.

SUPREME COURT OF PAKISTAN

151. Examination of Appropriation Accounts and the Report of the Auditor-General thereon in respect of Supreme Court was taken up next. Mr. Nur Said, Deputy Registrar, represented the Supreme Court.

152. The Supreme Court controlled Appropriation "Supreme Court".

APPROPRIATION ACCOUNTS

153. *Appropriation—Supreme Court (Page 197—AA).*—Savings of Rs. 60,506 and Rs. 75,713 were exhibited against the group heads "A-Pay of Officers" and "B-Pay of Establishment" respectively. Explaining the non-surrender of these savings, the departmental representative stated that they did not orginally expect the resultant saving. The Chairman, thereupon, referred to the departmental explanation which stated that the saving was due to two posts of judges and few posts of officers of the Court having remained vacant for quite some time. One of the two explanations offered was, therefore, not correct. It seemed that the Accounts Branch in the Supreme Court was not doing its job properly. Therefore, it should be organised a little better and a more competent hand should be put in charge to manage it. Replying to a query, the departmental representative informed the committee that no qualified Accountant was available. They were, however, making efforts to get an experienced hand. The Chairman stressed the need for employing a qualified Accountant, who could maintain the accounts of the Supreme Court better.

154. *Compliance reports on the points contained in PAC's Report for 1971-72.*—There was no material point for consideration by the Committee under the compliance reports.

ELECTION COMMISSION OF PAKISTAN

155. The Appropriation Accounts for the year 1975-76 pertaining to the Election Commission of Pakistan, and the Report of the Auditor-General thereon, were then taken up by the Committee. The following departmental representatives were present :—

1. Mr. S. A. Wahab, Deputy Secretary.
2. Mr. A. H. Siddiqi, A. O.

156. The Election Commission controlled Appropriation "Elections".

APPROPRIATION ACCOUNTS

157. *Appropriation—Elections.*—An overall saving of Rs. 990,721 appeared in the Accounts, which was explained as having been due to non-receipt of debits from the Accountants-General Punjab, NWFP and Sind relating to printing charges of the electoral rolls, etc. When called upon by the Committee to state whether the Provincial Election Commissions were still in existence, the departmental representative replied in the affirmative and added that these were permanent posts and they continued to pay for them.

158. *Submission of replies in proper form.*—It was observed that the replies submitted by the Election Commission were not in the proper form. The departmental representative was directed to furnish replies in the prescribed form in future. The departmental representative undertook to do so.

159. *Compliance report in respect of points contained in PAC's Report for 1971-72.*—Ther was no material point for consideration by the Committee under the compliance reports.

CULTURE, SPORTS AND YOUTH AFFAIRS DIVISION

160. Thereafter the Committee took up the examination of the Appropriation and other Accounts pertaining to the Culture, Sports and Youth Affairs Division and the Report of the Auditor-General thereon. The following departmental representatives were present :—

1. Mr. Iqbal Masud, Secretary.
2. Mr. M. A. Beg, Joint Secretary.
3. Mr. Asghar Butt, Joint Secretary.

161. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Education Division (Group heads 'C' and 'J')	29
2.	Archaeology and Museums	40
3.	Development Expenditure of Education Division (Group head 'K')	129
4.	Capital Outlay of Education Division (Sub-head A-1 (1)-Sports Complex)	15

APPROPRIATION ACCOUNTS

162. *Grant No. 29 (Page 40—AA).*—There was a saving of Rs. 330,192 against the group head "C-Directorate of Archives". It was stated that this group head related to two Departments, *viz.* Department of Archives and Department of Libraries. So far as the department of Archives was concerned, there was a savings of Rs. 89 only. Apparently, the surrender of an amount of Rs. 300,000 had not been accounted for. The Audit representative denied having received any order in this respect and requested the departmental representative to supply a copy thereof, who undertook to do so.

163. *Group head "J-Central Board of Film Censors" (Page 40—AA).*—According to Audit there was a saving of Rs. 70,607 against this group head whereas the departmental figures showed the saving to be of Rs. 19,707 only. The difference in the two sets of figures was due to the fact that Audit had not taken into account the surrender of Rs. 40,800, made by the department, and the *ad hoc* cut of Rs. 10,000 applied to the Grant. Audit accepted the position.

164. On being questioned, the departmental representative informed the Committee that the establishment of the Board consisted of a Chairman, three Secretaries and eight Inspectors—all paid. Only the members of the Censor

Board were honorary. The Committee asked the departmental representative to send a report to the Committee about the Film Censor Board, including details about its staff and the justification therefor.

165. *Grant No. 30 (Page 41—AA).*—An overall excess of Rs. 122,482 was shown against this grant. But, according to the department, there was a saving of Rs. 6,620, which could not be surrendered due to the late receipt of intimation from the subordinate offices, located at different places. The Audit representative pointed out that the accounts had been reconciled only upto June, 1976. Thereafter, some adjustments must have taken place, leading to the difference in the figures. The department did not seem to have taken into account the adjustments made after the reconciliation.

166. *Grant No. 129 (Page 147—AA).*—A saving of Rs. 13,987,330 was depicted against the group head " K—Scientific Departments ". It was explained that, according to the departmental figures, the final Appropriation amounted to Rs. 2,500,000 and not Rs. 19,000,000, as shown by the Audit. Against this, the actual expenditure was Rs. 2,499,725, resulting in a minor saving of Rs. 275. Audit was requested to verify and correct the figures.

167. *Grant No. 156 (Page 172—AA).*—A saving of Rs. 69,800,000 was exhibited by Audit against the group head " A-Sports Complex " which, according to the departmental representative, was surendered by the Education Division. As Audit desired the supply of a copy of the surrendered order, the Education Division undertook to supply a copy thereof to the Audit.

COMMERCIAL ACCOUNTS 1974-75

National Film Development Corporation Ltd.

168. *Working results (Para 404 (i), page 458—CA—1974-75).*—During the year 1974-75 the Corporation earned operating revenues amounting to Rs. 2,313,322 as against the operating expenses of Rs. 1,890,668, resulting in an operating profit of Rs. 422,654. Taking into account the administrative and other expenses of Rs. 1,366,807, there was a loss of Rs. 944,153. The Committee advised the Department to take suitable steps to increase the operating revenues of the Corporation, in order to bring it on a sound commercial footing.

169. The departmental representative informed the Committee that they had already taken some steps in this behalf, which had yielded a net profit of Rs. 8 lacs during the financial year 1978-79.

170. *Working results (Para 404 (ii), page 458—CA—1974-75).* It was pointed out that the amount of royalties, paid to non-resident persons for the import of foreign films was taxable in Pakistan under the Income-tax Act. Due to non-deduction of income-tax from the amount of royalties, at the sources, the Corporation had rendered itself liable to be assessed in default. The amount of income-tax *plus* additional charges at 2% thereon during the year 1974-75 worked out to Rs. 729,911. No provision for income-tax on the amount of royalties having been made in the 1974-75 Accounts, the exhibition of a net profit of Rs. 193,695 was not correct. In fact, the Accounts should have shown a net loss of Rs. 536,216.

171. Replying to the above objection, it was stated that the Corporation had already lodged a representation with the Central Board of Revenue. Moreover, the income-tax assessment of NAFDEC had been finalised up to the financial year 1975-76 and there was no such demand of tax from the Income-tax authorities. Apparently, the Income-tax authorities seemed to have agreed with the Corporation's stand in the matter. The Auditor-General suggested that the Corporation must insist on a formal reply from the CBR, because it was possible that after a few years, they might send a demand for the same. As such, obtaining a categorical reply from the CBR would be in the Corporation's interest. The departmental representative stated that they had been after the CBR for about two years, but no formal decision had come forth from them. He undertook to request them again and try his best.

172. The Chairman added that the basic question was whether income-tax was chargeable on royalty. The departmental representative replied that, factually, it had never been charged before NAFDEC took over this function. Moreover, films were being imported by private importers and they had also not been assessed any income-ttax for such imports. The Chairman observed that this was the exact point which needed a clarification. The representative of Finance Division was directed to make note of it and have the matter clarified to the NAFDEC authorities as soon as possible.

173. *Sundry Debtors (Para 405 (i), page 458—CA).*—It was pointed out that Trade Debtors stood at Rs. 521,488 at the close of the year 1974-75. Of the total debts, an amount of Rs. 87,233 had been realised up to the 30th June, 1976, thereby leaving a balance of Rs. 434,811.

174. It was explained, on behalf of the Department, that these amounts related to film production advance, and the running accounts of third party advances. Most of the advances had been settled and adjusted by now. The Chairman enquired if these amounts had also been recovered and asked the departmental representative to have their settlement expedited. The departmental representative conceded that there were some bad debts. The Audit representative requested that the exact figures of advances, which might have been recovered, be made available to them. The Committee endorsed the request.

175. *Current account with Commercial Banks (Para 407, page 458—CA).*—According to the Government instructions, if current Accounts are kept with more than one bank, 60 per cent of the total amount in such Account should be reserved for the National Bank. However, the Corporation had not been following these instructions strictly.

176. It was argued by the Department that all banks having been nationalised there was little to choose for the purposes of Current Account between the National and any other nationalised Bank. The reason for keeping major deposits with the Habib Bank in this case was that only that Bank had agreed to finance the Cinema Project of NAFDEC for constructing twin Theatres by sanctioning a loan of Rs. 1 crore. The previous management of NAFDEC had given an undertaking to the Habib Bank Limited that, if they sanctioned a loan for this project, NAFDEC would have no objection to keep its major deposits with them. Moreover, the services of Habib Bank had been found to be far better than those of the National Bank. Being a commercial organization, NAFDEC needed a better banking service.

177. Thereupon, the Audit representative drew the attention of the departmental representative to the fact that these orders had been issued before the nationalization of banks. They could report back the exact position after verification. The Chairman observed that it seemed appropriate that the Ministry of Finance reviewed their pre-nationalisation orders, if this had not been done already. In case it was still desired to give a pre-eminent position to the National Bank in the matter of deposits by Government and autonomous Organisations, then a considered decision, should be made to that effect, for strict compliance by all concerned.

COMMERCIAL ACCOUNTS 1975-76

National Film Development Corporation Ltd.

178. The Audit representative informed the Committee that, since they had received the replies a short while ago they could not examine the same. The Chairman observed that Audit should look through them and report back, if necessary.

179. *Compliance reports on the points contained in PAC's Report for 1971-72.*—There was no point for consideration by the Committee under the compliance reports.

180. *Points|paras not discussed to be treated as settled.*—The Committee did not make any observation on the other points|paras in the Appropriation|Commercial Accounts or the Audit Report. These would be deemed settled subject to such regularising action as might be necessary under the rules.

TOURISM DIVISION

181. The Appropriation and other Accounts for the year 1975-76 pertaining to the Tourism Division and the Report of the Auditor-General thereon then came up for consideration. The following departmental representatives were present :—

1. Mr. Iqbal Masud, Secretary.
2. Mr. Muhammad Jameel-ur-Rehman Khan, Joint Secretary.
3. Mr. Aftab Ahmed, Finance Director, P.T.D.C.
4. Mr. M. Ahmad, OSD (F&A).

182. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Minorities Affairs and Tourism (Group heads A & B)	95
2.	Other Expenditure of Ministry of Minorities Affairs and Tourism	96
3.	Development Expenditure of Ministry of Minorities Affairs and Tourism	416

APPROPRIATION ACCOUNTS

183. *Grant No. 95 (Page 111—AA).*—There was an overall excess of Rs. 86,763 against this grant. It was explained that this was a combined grant pertaining to (i) Minorities Affairs Division and (ii) Tourism Division. Group head "A-Secretariat" was common to both, while group head "B-Bureau of Tourism" related to the Tourism Division. So far as the Tourism Division was concerned, against the final grant of Rs. 4,438,600 actual expenditure amounted to Rs. 4,106,896, leaving a saving of Rs. 331,704, which was duly surrendered on 30th June, 1976. The Audit representative confirmed the statement, but observed that there was still some difference between the departmental and Audit figures. The departmental representative informed the Committee that what they were giving were duly reconciled figures and they had got the reconciliation statement. The Committee directed that a copy of the statement of reconciliation be supplied to Audit who should correct the figures accordingly.

184. *Grant No. 96 (Page 112—AA).*—There was no material point for consideration by the Committee under this grant.

185. *Grant No. 146 (Page 164—AA).*—The saving of Rs. 12,009,846, shown under this grant was contested on the ground that, according to departmental figures, the actual expenditure against the final grant of Rs. 30,170,000 amounted to Rs. 19,170,000, resulting in a saving of Rs. 11,000,000. The saving was duly surrendered, under intimation to all concerned. The Chairman observed that, apparently, the department had not carried out the reconciliation. Audit was requested to check the figures.

COMMERCIAL ACCOUNTS

Pakistan Tourism Development Corporation

186. There was no material for consideration by the Committee under these accounts.

187. *Compliance reports on the points contained in PAC's Report for 1971-72.*—There was no material point for consideration by the Committee under the compliance reports.

188. *Points/paras not discussed to be treated as settled.*—The Committee did not make any observation on the other points/paras in the Appropriation/Commercial Accounts or the Audit Report. These would be deemed settled subject to such regularising action as might be necessary under the rules.

MINISTRY OF INTERIOR

189. After the Accounts of the Tourism Division, the Appropriation and other Accounts of the Ministry of Interior for the year 1975-76 and the Report of the Auditor-General thereon, were taken up for examination. The following departmental representatives were present :—

1. Mr. M. Z. A. Temuri, Additional Secretary.
2. Mr. Abdul Hameed, Joint Secretary.
3. Mr. Abdul Wahab, Joint Secretary.
4. Mr. Faiz Mohammad, Deputy Secretary.

190. This Ministry controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Interior Division	75
2.	Passport Organisation	76
3.	Civil Armed Forces (excluding Accounts II)	77
4.	Registration Organisation	78
5.	Civil Defence	79
6.	Other Expenditure of Interior Division (excluding Grouphead 'H')	80
7.	Frontier Regions (Group-head 'A'-partly)	82
8.	Development Expenditure of Interior Division	139
9.	Development Expenditure of States & Frontier Regions Division (Group-head 'I' partly)	140
10.	Capital Expenditure of Interior Division	164-A

APPROPRIATION ACCOUNTS

191. *Grant No. 75 (Page 90—AA).*—An excess of Rs. 5,888,074 was reported by Audit under the group head "B-Pakistan Narcotics Control Board". But, according to the department the excess amounted to Rs. 6,448,074. The difference was explained as being due to Audit not having taken the surrender of Rs. 560,000 by the Ministry into account. It was further explained that the excess in question occurred due to the adjustment of Rs. 6,884,233 in respect of Foreign Aid and which had to be accounted for against the Foreign Aid Deposit Accounts, as shown in the Appropriation Accounts, by reduction of expenditure. After deducting this amount, there would be a net saving of Rs. 436,159, which was within the permissible limit.

192. The Chairman asked that when the department knew that some adjustment had to be made, why did they not ask for supplementary demand, to cover the excess. The departmental representative then invited attention of the Committee to the procedure laid down by the Finance Division under their letter, dated 12th May, 1971—Appendix II (letter was read to the Committee). The Chairman observed that, in the circumstances, the department could do nothing more about this.

193. *Grant No. 76 (Page 91—AA).*—There was no material point for consideration by the Committee under this grant, except that reconciliation was to be effected so that Audit could, if necessary, correct their figures.

194. *Grant No. 77 (Page 92—AA).*—An excess of Rs. 1,073,706 appeared in the Accounts against the group head "A—West Pakistan Coast Guards". The Committee was informed that the excess mounted to Rs. 413,334 only

and the difference was due to the debit of Rs. 660,272, relating to the purchase of rations from SSD, having been wrongly adjusted by the CMA, although payment therefor was made in cash. The Chairman remarked that this was a mistake on the part of the CMA.

195. *Group head "E—Miscellaneous" (Page 92—AA).*—Audit had shown a saving of Rs. 233,787 against this group head, instead of an excess of Rs. 117,631, claimed by the department. The difference in figures was due to Audit not having taken the re-appropriation order, amounting to Rs. 241,501 and the cut of Rs. 13,599, into account. A member observed that the only requirement was that reconciliation should be effected promptly. On the departmental representative saying that excess was within the permissible limit, a member added that reconciliation must be done even if the saving|excess was within the permissible limits.

196. *Grant No. 78 (Page 94—AA).*—There was no material point for consideration by the Committee under this grant.

197. *Grant No. 79 (Page 95—AA).*—The Committee again noted the absence of reconciliation under this grant and observed that the department should take greater care and ensure timely reconciliation in the future.

198. *Grant No. 80 (Page 96—AA).*—The saving of Rs. 2,302,333 against group head "A—Federal Investigation Agency" was explained as due to Audit not having taken into account the surrender of Rs. 4,898,900 and a wrong booking of Rs. 2,100,460. After taking into account the above amount, the grant closed with an excess of Rs. 496,107, and not with saving, as shown by Audit.

199. After some discussion Audit was requested to check and correct the figures.

200. *Grant No. 82 (Page 98—AA).*—There was no material point for consideration by the Committee under this grant.

201. *Grant No. 139 (Page 157—AA).*—According to Audit, there was a saving of Rs. 1,510,000 against the sub-head "F—1 (1) Major Works and Buildings". It was stated that the Ministry of Finance had imposed a cut of Rs. 1,510,000, but the same had not been reflected in the Appropriation Accounts. The Chairman remarked that it should have been surrendered by a formal order with copy to the Audit authorities, because imposing any cut (unless it is shown in the printed Budget) does not mean an automatic reduction in the grant. The departmental representative submitted that they had apprised the Audit as well as the spending departments about the cut on the development expenditure and advised them to keep their expenditure on the projects restricted to the reduced grant of Rs. 1,000,000 only. The letter was addressed to the D. G., Rangers and the Audit, Lahore. The Audit representative said that this was in their knowledge as well as the department concerned but, unless the cut was formally surrendered to the Government, it was not for them to take that into account for the purpose of Appropriation figures.

202. The Chairman observed that the Ministry of Finance should issue general instructions to the effect that, as and when any cut is applied on a sanctioned grant, the Ministry|Division concerned with the grant should immediately surrender the funds to the extent of reduction to the Government through a formal letter of surrender addressed to the Accountant General.

203. *Grant No. 140 (Page 158—AA).*—There was no material point for consideration by the Committee under this grant except that reconciliation should be effected at the earliest possible.

204. *Grant No. 164—A (Page 187—AA).*—Audit had shown a 'Nil' expenditure against the group head "A—Original Works—Buildings". But the departmental representative stated that the entire provision had been spent and there was neither any excess nor saving. Audit was requested to verify and correct the figures.

205. *General observation.*—The Chairman observed that an examination of the Accounts of Ministries|Divisions for 1975-76 had revealed that there had been little reconciliation of Accounts with Audit. This had created a very unsatisfactory situation. Necessary directions in this behalf should, therefore, be issued by the Finance Division, in consultation with the Auditor-General. The Auditor-General informed the Committee that they had now streamlined the procedure for reconciliation and Reconciliation Officers were being nominated in Accounts Offices for this purpose. In the future, reconciliation will not be conducted at lower levels only. It would also be supervised by the higher officers. He was hopeful that, under the revised system, there would be lesser reconciliation problems. The departmental representative said that they were not getting full co-operation from the Audit Offices. The Auditor-General submitted that, according to the new procedure, departmental representatives would contact their Accounts Officer directly and would not have to deal with lower officials only.

206. *Compliance reports on the points contained in PAC's Report for 1971-72.*—Audit was requested to go through these reports for bringing to the Committee's notice any point, needing its attention.

207. *Points|paras not discussed to be treated as settled.*—The Committee did not make any observation on other points|paras in the Appropriation Accounts or the Audit Report. These would be deemed settled subject to such regularising action as might be necessary under the rules.

STATES AND FRONTIER REGIONS DIVISION

208. Thereafter, the Committee took up the examination of Appropriation and other Accounts for the year 1975-76 pertaining to the States and Frontier Regions Division and the Report of the Auditor-General thereon. The following departmental representatives were present :—

1. Mr. S. M. Niazi, Secretary.
2. Lt. Col. A. M. Babar, Joint Secretary.
3. Mr. Ramizul Haq, Deputy Secretary
4. Mr. Muzaffar Mahmood Qureshi, Secretary Finance, Government of NWFP.
5. Mr. Osman Shah, Chairman, T.A.D.C.

209. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	States & Frontier Regions Division	81
2.	Frontier Regions	82
3.	Federally Administered Tribal Areas	83
4.	Maintenance Allowance to *Ex*-Rulers	84
5.	Other Expenditure of States & Frontier Regions Division ..	85
6.	Development Expenditure of States & Frontier Regions Division	140
7.	Development Expenditure of Federally Administered Tribal Areas	141
8.	Capital Outlay on Development of Tribal Areas	165

APPROPRIATION ACCOUNTS

210. *Grant No. 81 (Page 97—AA).*—An overall excess of Rs. 201,698 was shown under this grant. It was explained that, according to the departmental figures, the actual expenditure was Rs. 1,789,672 and not Rs. 1,935,698 as shown by Audit, resulting in an excess of Rs. 55,672, which was due to the purchase of a Toyota Crown Car for the then Minister of State without specific provision therefor in the budget. The Ministry of Finance was requested to sanction a supplementary grant of Rs. 187,000 for this purpose. That Ministry authorised the purchase of the car with the condition that the expenditure be met by reappropriation of savings accurring within the sanctioned grant. Accordingly, a car was purchased at a cost of Rs. 186,502 and the excess represented the amount, which could not be covered by re-appropriations. The Audit representative pointed out that this was a new item and a token supplementary grant should have been obtained in this case.

211. The Committee noted that Audit and departmental figures against all the three group heads under this grant differed and came to the conclusion that there was no reconciliation and nothing could be done at this stage. The Audit representative was directed to check the figures and correct the accounts.

212. *Grant No. 82 (Page 98—AA).*—There was no material point for consideration by the Committee under this grant.

213. *Grant No. 83 (Page 99—AA).*—Excess of Rs. 1,955,295 and Rs. 17,105,236 were reported by Audit against the group heads "A—Political and Administrative Charges" and "B—Buildings and Communications" respectively. The figures were contested by the departmental representative, who submitted that, according to the department, excesses amounted to Rs. 382,573 and Rs. 4,323,417 respectively. The Audit representative informed the Committee that there had been no reconciliation at all and, according to the rules, the figures arrived at by the Accounts Offices were to be taken as final, unless proved otherwise. The Chairman observed that, even on the basis of departmental figures, there were excesses under both the group heads. He asked for the departmental representative's explanation for it, who replied that, under the group head "Political and Administrative Charges", the excess was

mainly due to the payment of certain allowances. Thereupon, the Chairman remarked that the department should have asked for a supplementary grant to cover this excess. He enquired if the department had no information as to what was happening and whether monthly accounts were being received by them ?

214. The departmental representative explained that there was a time-lag of one and-a-half months, after the end of the month, for the receipt of the monthly accounts. Moreover, the budget estimates were formulated at the level of the Political Agent. He further stated that they had now taken steps to ensure that the estimates were broken down, so that they were susceptible to verification and checking at all the stages. Details of every excess, relating to the group head "B—Buildings and Communications" were available with him. In this case, the expenditure fell into two parts, namely establishment charges and works. As far as works were concerned, the excess was trifling. Under 'Communications' there was an excess, for which re-appropriation was proposed, but it was too late. Hence the amount was surrendered. But there was a bigger excess on account of regular establishment. To prevent the recurrence of this default in the future, they had gone into each division of the department to see as to how many people were actually in position and what should have been provided for them. They had since been able to identify the precise reasons for the excess and steps had been taken to ensure that budgeting was done on the basis of actuals and not on the last year's budget (+) 5%. Consequently, budget was being printed on Agency basis in the Revised Estimates. They had thus learnt a useful lesson from this exercise.

215. A member remarked that usually, the departmental representative put the blame for all this, before the Committee, on the Provincial Government. The departmental representative replied that they were right in doing so, because the Province was responsible to feed them with the requisite information. They had, however, their own problems and the exercise, now being carried out, had at least helped to identify the problems. The Chairman remarked that there was a two-folds laxity. Firstly, what was actually happening in the Province was not known to the Ministry. Secondly, on the Ministry's side, reconciliation was not being done. In this situation, discrepancies were unavailable. Nothing much could be done at this stage. The Committee hoped that, in future, the Accounts would show a marked improvement in so far as variations and reconciliation were concerned.

216. *Grant No. 85 (Page 101—AA).*—An excess of Rs. 1,591,349 was depicted by Audit under group head 'A' of this grant. The Committee was informed that there was neither saving nor excess under this group-head and discrepancy of Rs. 1,591,349 had been duly explained to Audit on the 16th May, 1979. Audit was asked to check and correct the figures.

217. *Grant No. 140 (Page 158—AA).*—The overall saving of Rs. 13,994,506, shown by Audit under this grant, was explained as being due to the original grant of Rs. 20,000,000 having been reduced to Rs. 15,000,000 by the Ministry of Finance on account of financial strigency. Moreover, an additional sum of Rs. 1,000,000 had been surrendered. The allocation of the balance amount of Rs. 14,000,000 was as follows :—

		Rs.
(*i*) Development Schemes for Baluchistan Constabulary	..	7,500,000
(*ii*) Development Schemes for Frontier Constabulary	..	6,500,000
Total	..	14,000,000

Audit accepted the position stated by the Department. However, they pointed out that the department had retained the money for spending to their own wishes, which was not correct.

218. In reply to a query, the departmental representative explained that they had got a number of roads for construction in the Frontier Regions and this was being got done through the Provincial Government. The expenditure was being incurred by the Provincial Government exclusively because Roads as a subject was with them. But they had also a Development Corporation called FATA, which handles water, minerals and industries in the Tribal Areas. Recounting the Corporation's achievement, it was stated that they were going mostly for flow irrigation schemes, which were very limited in number. Already, substantial funds had been spent on such schemes under the Works Programme. The other major item which they were undertaking now was ground water. There were schemes worth about Rs. 60 millions in Bajur. Similarly, they had some schemes, in the Khyber Agency. This work was being done on a limited scale, because basic survey, which should have been carried out more methodically and in greater detail, had not been carried out as yet and such a survey is essential before embarking upon any tube-well schemes. FATA were, therefore, undertaking irrigation schemes in the Agencies where there were facilities. There were however, vast possibilities in these areas. Replying to a question, the departmental representative stated that Bajur was now accessible and electricity had reached a number of villages there.

219. *Grants No. 84, 141 and 165 (Pages 100, 159 and 188—AA).*—There was no material point for consideration by the Committee under these grants.

COMMERCIAL ACCOUNTS

Federally Administered Tribals Areas Development Corporation

220. *Paras 293—95—CA.*—Replying to a question about the present position of the Corporation, the departmental representative stated that it was doing much better. There had been set up two industries in the Khyber Agency. One had been handed over to the Ghee Corporation and the other was a Tobacco Factory. There was also a Fruit Canning and Vegetable Processing Factory in the Kurram Agency. Besides, they had got two units in Miran Shah and two in Waziristan Agency, viz., Shoe-making and a Tannery Unit. The departmental representative further stated that, on the whole, they were running at a loss.

221. *Compliance reports on the points contained in PAC's Report for 1971-72.*—Audit was requested to go through these reports and report in case there was any material point to be brought to the notice of the Committee.

222. *Points|paras not discussed to be treated as settled.*—The Committee did not make any observation on other points|paras contained in the Appropriation|Commercial Accounts or the Audit Report. These would be treated as settled subject to such regularising action as might be necessary under the rules.

KASHMIR AFFAIRS AND NORTHERN AFFAIRS DIVISION

223. The examination of Appropriation and other Accounts pertaining to the Kashmir Affairs and Northern Affairs Division and the Report of the Auditor-General thereon was then taken up by the Committee. The following departmental representatives were present :—

1. Mr. H. M. Chohan, Additional Secretary.
2. Mr. Muhammad Shafiq, Joint Secretary.

3. Chaudhry Zafarullah, D.C.S. & T.

4. Col. Malik Akhtar, Commandant, Northern Light Infantry.

224. This Division controlled the following grants :—

Sl. No.	Name of Grant.	Grant No.
1.	Kashmir Affairs Division (excluding Group-head 'D')	13
2.	Federally Administered Northern Areas (excluding Group-head 'B')	14
3.	Other Expenditure of Kashmir Affairs Division	15
4.	Rehabilitation of Displaced Persons and protection of Evacuee Property (Group-head 'B' only)	63
5.	Capital Outlay on purchases by Kashmir Affairs Division ..	110
6.	Development Expenditure of Kashmir Affairs Division [Sub-head Y-1(1) only]	126

APPROPRIATION ACCOUNTS

225. *Grants No. 13, 14, 15 and 63 (Pages 27—29 and 78—AA).*—The Committee noted that reconciliation had not been carried out by the department under these grants for which departmental representative laid the blame on both the department and the Accounts people. The Audit representative vehemently affirmed that the departmental people did not visit the Accounts Offices for this purpose. He further stated that they had sent to the department skeleton statement of the Appropriation Accounts, but did not receive any comments from them about the figures. The department was reminded for carrying out reconciliation thereafter, but there was no positive response. Had the department paid a little more attention, the figures would have been reconciled.

226. *Grant No. 110 (Page 126—AA).*—Less recovery to the tune of Rs. 15,487,812 was exhibited against the sub-head " Purchases by Gilgit Agency " which was attributed to wide discrepancies in the figures of recovery. The Martial Law Headquarter Zone 'E', who were requested to hold a detailed enquiry were now to have initiated action in the matter. It was further stated that Rs. 10.2 million had, so far, been accounted for, by leaving a short fall of 5 millions. The enquiry was expected to be completed within one month. The Auditor-General suggested that a copy of the enquiry report may be made available to Audit. The departmental representative promised to do so.

227. *Grant No. 126 (Page 144—AA).*—According to Audit, there was an excess of Rs. 5,732,004 against the sub-head " YI (1) Grants for Rural Works Programme in Northern Areas ". But the departmental figures showed an actual expenditure of Rs. 3,164,822 against the final grant of Rs. 3,500,000, resulting in a saving of Rs. 3,35,178. The Audit representative pointed out that the expenditure had been reconciled, but there were subsequent adjustments, whose details could not be found out by them.

228. The Chairman observed that there was nothing that the PAC could do at this stage. The Audit representative added that they would again request that reconciliation should take place in time.

229. *Compliance reports in respect of points contained in PAC's Report for 1971-72.*—Audit was requested to go through them and report back if there was any material point, meriting the attention of the Committee.

230. *Points|paras not discussed to be treated as settled.*—The Committee did not make any observation on the other points|paras in the Appropriation Accounts or Audit Report. These would be deemed settled subject to such regularising action as might be necessary under the rules.

MINISTRY OF RAILWAYS

231. The examination of Appropriation and other Accounts pertaining to the Ministry of Railways and the Report of the Auditor-General thereon were the last to be taken up for examination by the Committee on this date. The following departmental representatives were present :—

1. Mr. Anwar Sheikh, Joint Secretary.
2. Mr. Gulzar Ahmed, Chairman, Railway Board.
3. Mr. Ghulam Mustafa, Deputy Secretary.
4. Mr. K. Shafqat Ali, Member, Finance.
5. Mr. M. Siddique, Member, Engineering.
6. Mr. M. Y. Khan, Member, Traffic.
7. Mr. Farogh Ahmed, Chief Engineer.
8. Mr. K. M. Arshad, C. C. M.
9. Mr. Z. A. Puri, Member, Mech. Engg.

232. This Ministry controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
Civil		
1.	Ministry of Railways	107
2.	Capital outlay on investment in Railways	123
3.	Capital outlay on Railways	168
Appropriation Accounts Pakistan Railway		
1.	Ordinary working expenses-General Administration	1
2.	Ordinary Working expenses—Repairs & Maintenance ..	2
3.	Ordinary Working expenses—Operational expenses ..	3
4.	Improvement and Welfare	4
5.	Appropriation to funds and payment of Return on Federal/Provincial Government Capital investment and Miscellaneous other expenditure	5
6.	Expenditure not met from Revenue	6

APPROPRIATION ACCOUNTS (CIVIL)

233. *Grant No. 107 (Page 123—AA).*—The departmental representative could not explain to the satisfaction of the Committee as to why the excess of Rs. 65,018 shown by Audit against the group head "C—Railway Regional Training Centre" was not covered in time by a matching supplementary grant. Explaining the position about the Training Centre, where students from other countries of the region were also receiving training, the departmental representative informed the Committee that it was originally run by the UNO and then handed over to the Government. Now, it was being run by the Ministry of Railways. The Chairman asked as to why was this Institution being kept with the Government. The departmental representative submitted that it was kept with the Railways Ministry, because there were two Railways at that time. This was a UNO Project, financed and supported by the World Bank. They were seriously considering the transfer of the Centre to the Railways. The question of transfer of liabilities and the expenditure being incurred on the Centre would also be then sorted out.

234. The Committee approved the idea because it looked rather odd that this small thing should remain with the Government. The Chairman, Railway Board further informed the Committee that, about six months back, his opinion in the matter had been sought for and he expressed his willingness to take over the Centre.

235. *Grant No. 123 (Page 141—AA).*—A saving of Rs. 10,982,402 was exhibited by Audit against the group head "A—Investment in Railways". The departmental representative contested the figures and stated that, according to the departmental figures there was a saving of Rs. 10,884,825. The departmental representative submitted that they had advised an adjustment of Rs. 97,576, which had not been taken into account by Audit. Audit accepted this position.

236. A big discrepancy between the final appropriation and the actual expenditure was noticeable. The departmental representative explained that recoveries had not been effected on re-lending terms from the Railway. The Budget was prepared and sent to the Economic Affairs Division at the beginning of the year, but they did not effect any recovery. That Division intimated on the 20th October, 1976 that they would not take the money.

237. *Grant No. 168 (Page 191—AA).*—There was no material point for consideration by the Committee under this grant.

238. *Standardisation of figures.*—A member pointed out that denomination of figures had not been standardised. In some places, these were being shown in crores and in others in millions. The Audit representative informed the Committee that Government had already ruled that all the figures should be in millions. The Committee directed that the Finance Division should issue another circular to all the Ministries|Divisions reminding them that, in future, all the figures should be in million of rupees.

APPROPRIATION ACCOUNTS (RAILWAY BOARD)

239. *Grand Summary of Appropriation Accounts by Grants and Appropriation (Pages 2-3—AA—Railways).*—There was an excess of Rs. 5,460,170 against the item "Interest on Foreign Loans", under the "charged" section. The Chairman remarked that interest on foreign loans could have been easily and accurately estimated. A sum of Rs. 11,299,000 was re-appropriated by the department, from the item "Interest on Foreign Loans" to the item "Other Interest Charges", and, consequently, there was an excess of Rs. 5,460,170 at the end of the year.

240. The departmental representative could not satisfy the Committee on all the points raised by the Members and was directed to send a written statement in respect of this item, also clarifying as to what was the rate of interest on foreign Loans for each item, separately. The departmental representative promised to do the needful.

241. *General Administration (Pages 2-3—AA—Railways).*—There were excesses of Rs. 653,015, Rs. 587,718 and Rs. 2,309,628 against the items "Administration", "Executive Departments" and "General Departments", respectively. The Chairman remarked that these three categories of expenditure were susceptible to estimation and a supplementary grant should have been obtained to cover the excess. The departmental representative could not furnish a satisfactory reply and informed the Committee that their Financial Adviser and Chief Accounts Officer, who had come prepared for all this, had to be admitted in the hospital the night before due to heart attack. That is why they were not able to give answers to various queries of the Committee in details. The Auditor-General pointed out that the FA & CAO had joined very recently. His Deputy should be able to answer. The departmental representative informed the Committee that his deputy, too, was not readily available in Islamabad, as he was at Lahore. The Committee did not feel happy over this state of affairs.

242. Attention of the departmental representative was also invited to the saving of Rs. 2,275,596 under the item "Miscellaneous advances" and excess of Rs. 40,710,504 under the item "A—Permanent Way and Other Engineering and Structural Works" against the head "Repairs and Maintenance" (Pages 2-3 of Appropriation Accounts—Railways), as well as some other excesses, appearing in the Appropriation Accounts of the Railways. The Chairman observed that, since the F.A. & Chief Accounts Officer was not present and the department was handicapped due to his absence, he would suggest that correct explanations in respect of all the excesses, appearing against various items in the Appropriation Accounts (Railways), should be furnished. Besides giving details of the items on which the excess expenditure was incurred, the explanation should also give reasons as to why the excess could not be foreseen at the time of applying for supplementary demand. The departmental representative undertook to supply fresh explanations, on the lines indicated by the Committee.

AUDIT REPORT

243. *Wasteful expenditure of Rs. 393,000 (Para 6.1, page 16—Audit Report—Railways).*—After hearing the explanation of the departmental representative, the Chairman observed that, first of all, it should be decided whether the spectograph was at all useful and what for was it actually ordered. When the Government could do without it for 13|14 years, why was it deemed necessary to order it at all?

244. The departmental representative conceded that it was a bad case and explained that the original model was electronic and was purchased in 1966 for analysis of steel samples. It was installed and commissioned in 1971. After sometimes it began to develop defects and became in-operative. Meantime, the local agents wound up their business and the manufacturers, when approached, informed the department that they no longer manufactured that model. In the beginning, the suppliers used to furnish the various requirements of the instrument. The first and fore-most requirement was uninterrupted electric supply. When Director of the firm came in 1971, he said that, since the variations in the voltage of WAPDA electric supply was not within the permissible limits, three diesel Generators would have to be purchased. The second requirement

was that temperature had to be maintained between 19 to 30 degree round the clock throughout the year. Only one Chemist and one electrical supervisor could be trained during the period the equipment remained in operation. Calling of the employer's service-man would entail a lot of expenditure. The departmental representative further informed the Committee that the person, who ordered this machine or who could be held responsible, had already retired. However, the machine was a must. The Republic of China have got similar machines and they were negotiating with them. They had also approached the Nuclear Research Institute, Islamabad, and the response from the Institute was encouraging. He also made it clear that the Railways wanted to make use of the instrument, but he was not sure whether they would be able to do so. There would be, however, difficulty in selling it off on "as is where is" basis.

245. A member observed that such machines should never be purchased without a prior training of the staff. He also advised the departmental representative to contact the Shipyard and enquire from them if they could use this machine, because they were already using such machines. The Audit representative added that the department should not have taken 13 years to know whether they were going to use it or not. The departmental representative replied that technical knowledge was making rapid strides and other technical organisations might also be facing similar problems. In the last 4|5 years, electrical technology had advanced so much that all these machines were getting out of date.

246. The Chairman observed that the department should order and buy a new machine if it really needed one. The deparmental representative submitted that, if the negotiations with China and Nuclear Research Institute, to restart the machine did not prove fruitful within the next six months, they would definitely take a decision for its disposal. A member pointed out that the T & T was going into electronics. The Railways would also have to adopt the same technology. Replying to a query the departmental representative informed the Committee that they were training their people regularly.

247. *Loss of material worth Rs. 280,000 due to non-receipt at destination (Para 6.2, page 16—Audit Report—Railways).*—After hearing the departmental reply, the Chairman remarked that the wagon was duly loaded and despatched, but, strangely enough, it had disappeared. A report about it was sent to the Divisional Superintendent, Rawalpindi, but no action appears to have been taken by the D.S. The departmental representative submitted that, in fact, a wrong procedure was followed in this case. According to the Railway Rules, if a wagon was lost, then a report had to be submitted to the Commercial Manager of Railways. Here, a Red Issue Note was issued, which is meant to report the loss of material only and not of the wagon. The entire case, thereafter, was processed on the basis of the Red Issue Note, which should not have been issued, instead, a loss report should have been sent to the headquarters. Thereupon, the Chairman remarked that, when the intimation was received by the D.S., Rawalpindi, it was his duty to see carefully as to what it really involved. After that, he should have followed the correct procedure or told those concerned to do the same. A member added that a report was sent by the Permanent Way Inspector, Kohat and what happened thereafter has not been explained in the reply. The departmental representative explained that it was referred to the Commercial Manager, who said that as it was time-barred, and they could not take any action on it.

248. Replying to certain queries, the departmental representative informed the Committee that the Traffic Department had become responsible for the payment of compensation, in respect of the Red Issue Note, because in this case

the Station Master had also sent a Red Issue Note. It was thought at that stage that as the Station Master had accepted the Note, compensation for the loss would be paid by the Commercial Manager. The departmental representative admitted that the case was not dealt with on the correct lines strictly in accordance with the Railway Code. The Chairman observed that, notwithstanding the explanation, the position was that when the report was sent to D.S. saying that the wagon had disappeared, somebody should have taken action. Replying to a question, the departmental representative stated that the wagon was there but the material was lost.

249. The Chairman, finally, observed that it should be checked as to what orders were passed on the Red Issue Note by the Divisional Superintendent and a report submitted to the Committee through the Audit, who should initially verify the facts from the records.

250. *Loss of Rs. 85,000 due to defect in new rails (Para 6.3, page 17—Audit Report—Railways).*—As the departmental representative failed to explain the position to the satisfaction of the Committee, he was directed to find out as to why rails were sent to other places when these were not ordered, and why were they not inspected? The departmental representative was also directed to supply a copy of the instructions, mentioned in their written reply, to Audit.

251. *Loss due to purchase of defective flooring compensation (Para 6.4, page 17—Audit Report—Railways).*—After hearing the departmental representative, the Audit representative remarked that certain material was supplied by a firm. The department should have insisted on the quality of the material. He also wanted to know if the quantity supplied was adequate to cover the entire area. The departmental representative replied in the affirmative. Audit representative added that, according to their analysis, the material supplied was inadequate. As such, they would like to send their Auditor to the field, to satisfy himself as to whether the material was adequate. The Committee agreed to this course of action.

252. *Loss of Rs. 23,000 due to defective supply of wooden sleepers (Para 6.5, page 18—Audit Report—Railways).*—Replying to a query, the departmental representative explained that the sleepers were inspected by the Foreign Trade Department of Australia and, because Government was involved, there was no provision that the Railway Inspectors will be penalised on that basis in Karachi. There was no independent check of the sleepers by the Railways. Now, sleepers were being imported from Brazil, Ghana, Nepal, Malaysia etc. The deal would be on a Government to Government basis. The para was treated as settled.

253. *Extra expenditure of Rs. 180,000 due to delay in the execution of a work (Para 6.6, page 18—Audit Report—Railways).*—The Chairman remarked that it had been admitted that there was a loss and that delay occurred in redesigning, but there was no indication as to who was responsible for these in the Design Office. The departmental representative was directed to have the responsibility for this delay located for suitable action. The departmental representative undertook to do the needful.

254. *Un-remunerative capital expenditure of about Rs. 900,000 on a work due to lack of proper planning (Para 6.7, page 19—Audit Report—Railways).*—The departmental explanation was found to be satisfactory and the para was treated as settled.

255. *Infructuous expenditure of about Rs. 18,000 on pay and allowances of trollymen without a trolly (Para 6.8, page 19—Audit Report—Railways).*—After hearing the explanation of the departmental representative and seeking some clarifications, the Committee requested Audit to verify as to who sanctioned the posts of Trollymen, *i.e.*, who was the sanctioning authority, and whether the trolly, which was obtained on loan, also carried any crew.

256. *Irregular payment of overtime and daily allowance amounting to Rs. 33,718 (Para 6.9, page 20—Audit Report—Railways) (a) Overtime allowance.*—After going through the departmental reply, a member observed that this was a case of fraud. The person responsible for preparing these bogus bills in the Divisional Superintendent's Office, should have been sacked. The Audit representative added that they had checked that even the recovery was not being made after February, 1979. The Chairman remarked that, firstly there was the question of entry because, according to the departmental reply, the record had been falsified. The Audit representative added that the volume of transactions has also to be looked into. The department should check that the incidence of fraud was not larger than what Audit had pointed out. The Auditor-General intervened to say that this might be setting an impossible task for the department. He would, therefore, suggest that those, who had been caught, should be given deterrent punishments. The Committee agreed with the Auditor-General.

(b) *Daily Allowance.*—The Chairman remarked that this was also a case of fraud. A member added that, although punishments had been awarded in 127 cases, only 3 or 4 ring leaders must have masterminded it. This also called for some action, as suggested in the case of over-time allowance. This racket was going on and would not be possible without the collusion of somebody sitting in the main office. He was the person who should be caught and punished severely. The departmental representative promised to look into it further.

257. *Under-charging in traffic earnings (Para 7.2, page 21—Audit Report—Railways).*—It was explained that, out of the total outstanding of Rs. 3,897,704 as on 30-6-1976, an amount of Rs. 3,275,094 had since been cleared, leaving a balance of Rs. 622,610 only. Necessary action for the clearance of residual balance was already underway. A member remarked that these cases were perhaps detected in the Audit office, otherwise this would have been a total loss to the Railways. The member added that, in this case, mere recovery was not enough, because the fellow who did not charge the goods or consignment correctly, resulting in loss to the Railways, should have been awarded some punishment. It was not simply a question of recovery. There was also a possibility that the number of undetected cases may be more than those detected. The departmental representative said that recovery had been made from the defaulting persons and proper watch was also being kept. The Auditor-General added that genuine mistakes could be viewed leniently, but any deliberate attempts of under-charging must be punished.

258. *Improvement funds (Para 7.9, page 25—Audit Report—Railways).*—It was explained that the advances would be repaid, when the financial position of the Pakistan Railways improved. The Chairman remarked that, in this case, the department had transferred an amount of improvement fund to meet the deficits in the working of the Railways which was completely irregular and they must rectify the situation. This correction should be made and the deficit shown as such. The departmental representative explained that Government, when finalising the revised estimates, had said that the department should temporarily

borrow from the Improvement Fund. The Chairman observed that these advances were unwarranted. The departmental representative added that Improvement Fund advances were re-paid in 1978-79. The Chairman said that the Improvement Fund should show the correct amount in it. The departmental representative said that there was an excess of Rs. 50 million expenditure during 1975-76. This was the first year in which this fund was fully made use of, otherwise there were always surpluses.

259. *Delay in disposal of Audit Notes, Inspection Reports and Specific Reports (Para 7.10, page 26—Audit Report—Railways).*—It was explained that 1,057 Audit objections had since been cleared, leaving a balance of 824. Audit had pointed out that out of 931 Audit objections, the first reply in case of 269 had not been sent as yet. The departmental representative stated that efforts were being made to do the needful at the earliest. A member suggested that the old ones, pertaining to 1971-72 and 1972-73, should be cleared first, then the later ones. The departmental representative undertook to do accordingly.

260. *Statement showing balances outstanding under suspense [Para 7.11 (d), Page 27—Audit Report—Railways).*—It was pointed out by Audit that credits, amounting to Rs. 33.7 million, and debits of Rs. 27.4 million pertaining to the period prior to 1974-75 under the head "Purchases" were shown as lying unlinked due to insufficient particulars. Special measures for a prompt clearance of these outstanding balances, therefore, needed to be taken immediately because with the passage of time, it would become increasingly difficult to trace out the old records and link the corresponding transactions. The departmental representative explained that special efforts were being made to effect the clearance. The Chairman remarked that the question was as to how far had it been cleared during the current year and what was the latest position, because the total amount to be linked was about 33 million. The departmental representative promised to check it up.

261. *Compliance Report in respect of points contained in PAC's Report for 1971-72.*—Audit was requested to go through them and report back to the Committee if there was any point worth bringing to its notice.

262. *Points|paras not discussed to be treated as settled.*—The Committee did not make any observation on the other points contained in the Appropriation Accounts (Civil and Railways) and Auditor-General's Report (Railways). These would be deemed settled subject to such regularising action as might be called for.

263. The Committee then adjourned to meet at 9.00 a.m. on Monday, the 15th October, 1979.

Islamabad, the 10th March, 1980.

M. A. HAQ,
Secretary.