# ANNUAL REPORT

## YEAR 2020-21




## DEPARTMENT OF THE AUDITOR GENERAL OF PAKISTAN

SERVING THE NATION BY PROMOTING ACCOUNTABILITY, TRANSPARENCY, AND GOOD GOVERNANCE IN THE MANAGEMENT AND USE OF PUBLIC RESOURCES



“IN THE NAME OF ALLAH THE MOST BENEFICENT THE MOST MERCIFUL”

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# Acronyms

| | |
|---|---|
| ACCA | Association of Chartered Certified Accountants |
| ADB | Asian Development Bank |
| AEPAM | Academy of Educational Planning & Management |
| AGP | Auditor General of Pakistan |
| AJ&K | Azad Jammu & Kashmir |
| AMIS | Audit Management Information System |
| AQMF | Audit Quality Management Frame Work |
| ASOSAI | Asian Organization of Supreme Audit Institutions |
| BPS | Basic Pay Scale |
| C&E | Corporate & Energy |
| CA&E | Commercial Audit & Evaluation |
| CAGC | Commonwealth Auditor-Generals Conference |
| CAP | Corporate Audit Plan |
| CGA | Controller General of Accounts |
| CIAP | Certified Internal Auditors of Pakistan |
| CIMA | Chartered Institute of Management Accountants |
| CISA | Certification - Information Systems Auditor |
| CPD | Continuous Professional Development |
| CSS | Central Superior Service |
| DAG | Deputy Auditor-General |
| DAGP | Department of the Auditor General of Pakistan |
| DGA | Director-General Audit |
| DSA | Defence Services Audit |
| EAD | Economic Affairs Division |
| ECOSAI | Economic Co-operation Organization's Supreme Audit Institutions |
| EDB | Engineering Development Board |
| F&I | Foreign Audit & Inspection |
| FAM | Financial Audit Manual |
| FAO | Field Audit Office/ Federal Audit Operations |
| FPSC | Federal Public Service Commission |
| FY | Fiscal Year |
| GB | Gilgit Baltistan |
| GCISC | Global Change Impact Studies Centre |
| HQ | Headquarters |
| HR | Human Resource |
| HRM | Human Resource Management |
| HRMIS | Human Resource Management Information System |
| I&M | Inspection & Monitoring |
| IBCC | Inter Board Committee of Chairmen |
| ICAP | Institute of Chartered Accountants of Pakistan |
| ICGFM | International Consortium on Governmental Financial Management |
| ICMAP | Institute of Cost and Management Accountants of Pakistan |
| ICT | Information and Communications Technology |
| IFAC | International Federation of Accountants |
| IFRS | International Financial Reporting Standards |
| INTERPOL | The International Criminal Police Organization |
| INTOSAI | International Organization of Supreme Audit Institutions |
| IPSAS | International Public Sector Accounting Standards |
| IR | International Relations |
| IRC | Inland Revenue & Customs |
| ISSAI | International Standards of Supreme Audit Institutions |
| IT | Information Technology |
| KP | Khyber Pakhtunkhwa |
| MCC | Mandatory Clearance Certificate |
| MCMC | Mid-Career Management Course |
| NCSW | National Commission on the Status of Women |
| NDU | National Defence University |
| NEAS | National Education Assessment System |
| NIH | National Institute of Health |
| NMC | National Management Course |
| NTC | National Telecommunication Corporation |
| OSD | Officer on Special Duty |
| P&NR | Petroleum and Natural Resources |
| PA&AS | Pakistan Audit and Account Service |
| PAAA | Pakistan Audit and Accounts Academy |

| | |
|---|---|
| PAC | Public Accounts Committee |
| PAO | Principal Accounting Officer |
| PAW | Performance Audit Wing |
| PFM | Public Finance Management |
| PIPFA | Pakistan Institute of Public Finance Accountants |
| PMDU | Prime Minister Performance Delivery Unit |
| PNAC | Pakistan National Accreditation Council |
| PPMI | Pakistan Planning and Management Institute |
| PT&T | Postal and Telecommunication |
| QA&IM | Quality Assurance Inspection & Monitoring |
| QAF | Quaid e Azam Foundation |
| QCC | Quality Control Committee |
| QMF | Quality Management Framework |
| RRA | Revenue Receipts Audit |
| SAARC | South Asian Association for Regional Cooperation |
| SAI | Supreme Audit Institution |
| SBA | System Based Approach |
| SCEI | Supervisory Committee on Emerging Issues |
| SCO | Shanghai Cooperation Organization |
| SMC | Senior Management Course |
| SOP | Standard Operating Procedure |
| SPMR | Strategy, Performance Measurement and Reporting |
| SRO | Statutory Regulatory Order |
| SSA | Special Sectors Audit |
| SSN | Social Safety Nets |
| TA | Technical Assistance |
| TA/ DA | Travelling Allowance/ Daily Allowance |
| TOR | Terms of Reference |
| VFM | Value for Money |
| WGBD | Working Group on Big Data |
| WGEA | Working Group on Environmental Audit |
| WGEI | Working group on Audit of Extractive Industries |
| WGEPPP | Working Group on Programme Evaluation and Public Policies and Programs |
| WGFACML | Working Group on Fight Against Corruption and Money Laundering |
| WGFMRR | Working Group on Financial Modernization and Regulatory Reform |
| WGISTA | Working Group on Impact of Science and Technology on Auditing |
| WGITA | Working Group on IT Audit |
| WGPD | Working Group on Public Debt |
| WGPPA | Working Group on Public Procurement Audit |
| WGSDGs | Working Group on SDGs and Key Sustainable Development |
| WGVBS | Working Group on Value and Benefits of SAIs |



# Message of the
# Auditor General of Pakistan

The Office of the Auditor General of Pakistan (OAGP) has always endeavoured to augment the culture of professionalism and quality in the organization. The aim is to integrate the international auditing standards, approaches and methodologies in our auditing practices for bringing about a qualitative change in our output and equip us to support the legislature in its function of parliamentary oversight over receipt and disbursement of public funds in a professional manner. Our reports also assist the executive departments to improve their internal controls and structures to plug the loopholes leading to repeated procedural errors and violation of rules.

With the introduction of Public Finance Act 2019, increasing demand for effective transparency and accountability and a proactive Public Accounts Committee (PAC), the responsibility of OAGP has increased significantly and requires performance evaluation along with traditional reporting. We have accepted this challenge by following the core values of Integrity, Quality and Partnership. Our endeavours resulted in the submission of audit reports to the legislature in a record period of 6 to 8 months for certification and compliance with authority audits respectively. We are creating value for the nation, being fully cognizant of the need for efficient utilization of resources from the public exchequer. Conformity with international best audit practices will raise the level of reliability of our output with all the stakeholders including the legislators, taxpayers, public servants, media and the nation as a whole.

I would like to reiterate the resolve to work in tandem with all stakeholders by aligning the goals of SAI Pakistan with the government's reform agenda to promote transparency and good governance. The OAGP is focused on improving communication and a better working relationship with the executive departments by providing them timely and quality feedback in public financial management. This will help them achieve their objectives economically, efficiently and effectively. This improvement has been achieved through an incremental process, for which we owe a lot to our predecessors.

This annual report is a manifestation of our resolve to present the performance of the department for public scrutiny which is in line with the government's policy of ensuring transparency, accountability, and good governance.



Muhammad Ajmal Gondal
Auditor General of Pakistan



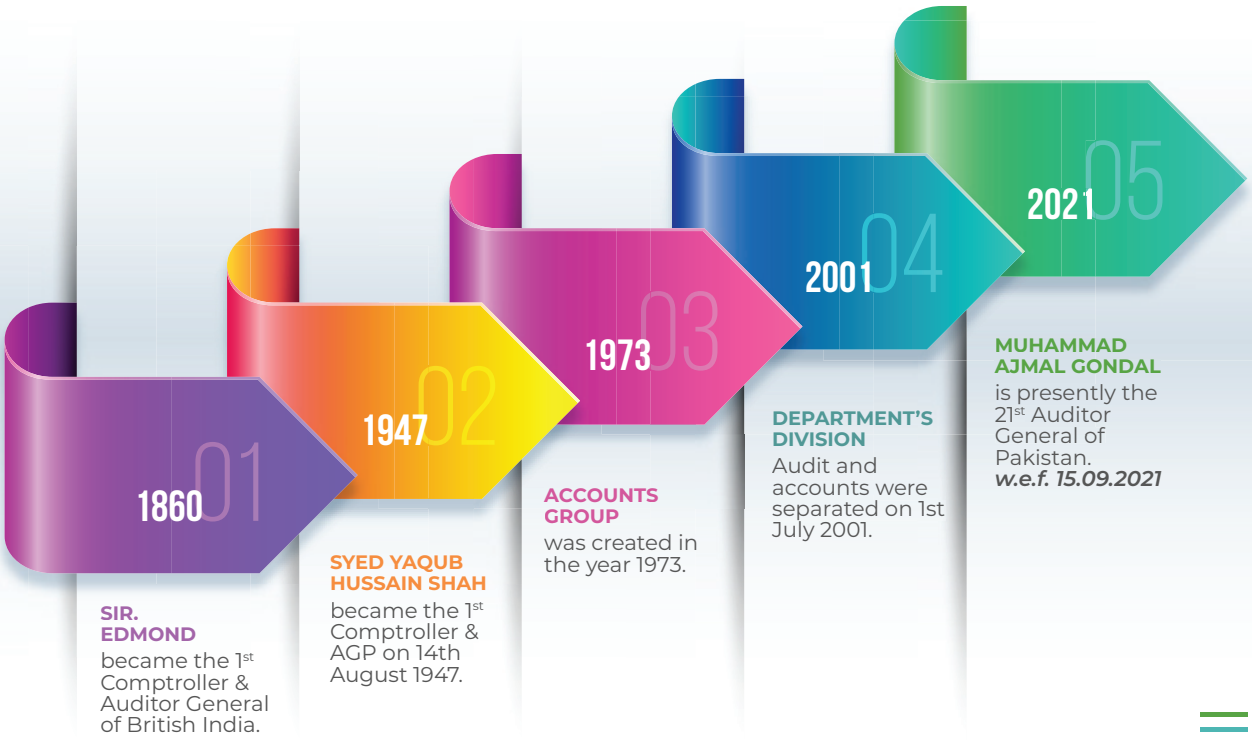
# Public Accountability in Pakistan

## Genesis of the SAI Pakistan

The Supreme Audit Institution (SAI) Pakistan has a long history of being at the centre of public accountability that goes back to the 19th century when the financial codes and manuals for public financial management in the region were first drafted in the pre-independence era. Since the independence of the country, the SAI Pakistan enjoys a constitutional status that ensures continuity of its operations for promoting transparency in government business.

The system of financial control and accountability in Pakistan follows the Westminster model under which four institutions exercise financial control over public resources. These are the Parliament, the Treasury, the Principal Accounting Officer (PAO) – who is the head of a government department, and the AGP. The OAGP plays a pivotal role in the process of accountability.

# GLIMPSES OF 157 YEARS OF THE INSTITUTION OF AGP




## The Auditor General as the Pivot of Accountability

According to the constitution of the Islamic Republic of Pakistan, Parliament and Provincial Assemblies have the final word over the issuance of public funds from the Consolidated Fund and the Public Accounts of the Federal and Provincial Governments. Control over these funds is exercised by the Parliament through the office of the Auditor General who ensures conformity to the determination of the legislature. His mandate, given in the Constitution of the country and supported by subsidiary legislation, enables him to develop independent and objective assessments of the Process of Governance which augments the legislative oversight of the people's representatives on governmental operations.

## Constitutional Mandate and Status of AGP

The mandate and status of the AGP have been given in articles 168-171 of the Constitution and the AGP's (Functions, Powers and Terms & Conditions of Service) Ordinance, 2001. The powers and functions of the AGP were governed by Pakistan (Audit & Accounts) Order 1973, till 30th June 2001. A new Ordinance was promulgated in 2001 to replace the Order of 1973.

Since the AGP heads the SAI Pakistan and acts as the lynchpin of public accountability, he is appointed by the President of the Islamic Republic of Pakistan under article 168 of the Constitution. To develop an independent and objective assessment of the process of governance and to augment the legislative oversight of the people's representative on governmental operations, the AGP has been provided with a secure tenure in office (a fixed term of 4 years or 65 years of age whichever occurs earlier). He can only be removed from the office in a manner similar to the judge of the Supreme Court.

The enactment of the 18th amendment as a part of the Constitution has enhanced the powers of the AGP and now the scope of audit extends to every single entity where spending from the national exchequer is involved.

**Functions of the AGP**

AGP performs the following functions:

- Determining, with the approval of the president, such forms, principles and methods in which the accounts of the Federation and the Provinces shall be kept
- Certifying the accounts, compiled and prepared by the Controller General of Accounts (CGA) or any person authorized on that behalf for each financial year, showing under the respective heads the annual receipts and disbursements for the purpose of the Federation, each Province and each District
- Submitting the certified accounts with such notes/ comments or recommendations as he may consider necessary to the President or the Governor of a province or the designated district or any authority
- Preparing reports relating to the accounts of the Federation/ Provinces and submitting them to the President/ Governor, who shall cause them to be laid before the National/ Provincial Assemblies

**Scope and Jurisdiction of AGP**

Scope and jurisdiction of AGP emanate from article 170(2) of the Constitution of Pakistan. The constitution mandates AGP to audit the accounts of the Federal and the Provincial Governments and the accounts of any authority or body established by or under the control of the Federal or a Provincial Government. This jurisdiction is further elaborated in sections 08 and 09 of the AGP Ordinance 2001 that the Auditor General shall:

- Audit all expenditures from the Consolidated Fund and Public Accounts of the Federation and each Province.
- Audit all receipts which are payable into the Consolidated Fund or Public Accounts of the Federal Government and each province and in the accounts of each District, and to assure that these were payable, have been properly and correctly deposited, and internal controls are in place for their proper assessment and collection.
- Audit accounts of stores and stock kept in any office or department of the Federation, Provinces, or Districts.
- Audit all trading, manufacturing, profit and loss accounts, balance sheets and other subsidiary accounts in any Federal or Provincial department and public-sector enterprises.
- Audit the accounts of anybody or authority substantially financed by loans or grants from the Consolidated Fund of the Federal or Provincial or District Government and to assure as to the fulfilment of the conditions subject to which such grants or loans were given.

## Auditing Standards and Types of Audits

The AGP has adopted the International Organization of Supreme Audit Institutions (INTOSAI) code of ethics and auditing standards. The Financial Audit Manual (FAM) and twenty audit guidelines prepared and adopted for public sector auditing in Pakistan are consistent with the International Standards of Supreme Audit Institutions (ISSAIs) and cover all stages of the audit cycle. The guidelines for performance audits used by the AGP are comprehensive and they are regularly updated to keep them consistent with international best practices. The Asian Organization of Supreme Audit Institutions (ASOSAI) guidelines on audit quality management systems are practised by the AGP in its audit reports.

The AGP conduct various types of audits including:

- Financial Attest Audit focusing on audit opinion on the financial statements and the state of internal controls in the audited entities
- Compliance with authority audit encompasses observance of laws, rules, regulations, and prescribed procedures by the audited entities and leads to reports on their non-compliance
- Value for money or Performance Audit reports on the economy, efficiency and effectiveness in the management of Public Funds
- Environment Audit, Information Security audit, Forensic Audit, Special Studies and Evaluation of Projects, and Programs of public importance

In addition to the above, special audits are conducted on the directives of the AGP, the Public Accounts Committee (PAC), and on the requests of the heads of the executive departments. Instances of grave financial indiscipline highlighted by media or public complaints also become a basis for initiating a special audit.

## Role of the PAC in Public Accountability

Under the Westminster model, the parliament divides itself into various committees to efficiently undertake its wide range of oversight responsibilities. From its earlier days, the model saw the need for a committee to oversee the government's financial operations and from this, the Public Accounts Committee (PAC) evolved. It is the 150 odd years of Westminster parliamentary history that has been the foundation of the PAC in Pakistan.

The PAC is one of the most important institutions to ensure legislative accountability. Its role and responsibilities have been laid out in the "Rules of Procedures and Conduct of Business in the National Assembly". These rules specify that the PAC should look into the legality and regularity of income and expenditure of government departments along with the reports of the Auditor-

General. As per his constitutional mandate, the AGP submits audit reports on the accounts of the federation and Provinces to the President and Governors respectively. The President/ Governor causes them to be laid before the National/ Provincial assemblies, which in turn refer these reports to the respective PAC. The PAOs are called upon to appear before these committees to satisfy the public representatives concerning the observations of the AGP made in his reports about the public spending incurred through them. The PACs are required to submit annual reports for the deliberation, and consideration of the respective assemblies.

The Parliament, through its PAC, is reliant on the AGP for most of the information it requires to carry out its particular mandate. There are many examples across several countries where an Auditor General has extended the scope of his work to accommodate the PAC's needs, which go beyond the conventional financial audit. This has given rise to various types of compliance and performance audits. While a PAC might not have the powers to instruct the government, by becoming 'formidable' in the eyes of the public it gains an authority that causes the government to nonetheless treat its directives as instructions. However, there is a need to further expand the oversight role of the PAC, its legislative mandate to enforce the implementation of its recommendations.




# Auditor General's Organization

## Introduction

Article 170 (2) of the Constitution of Pakistan requires that the Auditor General of Pakistan (AGP) shall conduct the audit of the accounts of the Federal Government's ministries, divisions, attached departments, subordinate offices, and autonomous/ semi-autonomous organizations and the accounts of the Provincial departments, organisations and their subsidiaries, accounts of the District/ Local Governments and its organizations, bodies, authorities' subordinate offices subsidiaries, etc. OAGP assists the AGP in executing this constitutional function.

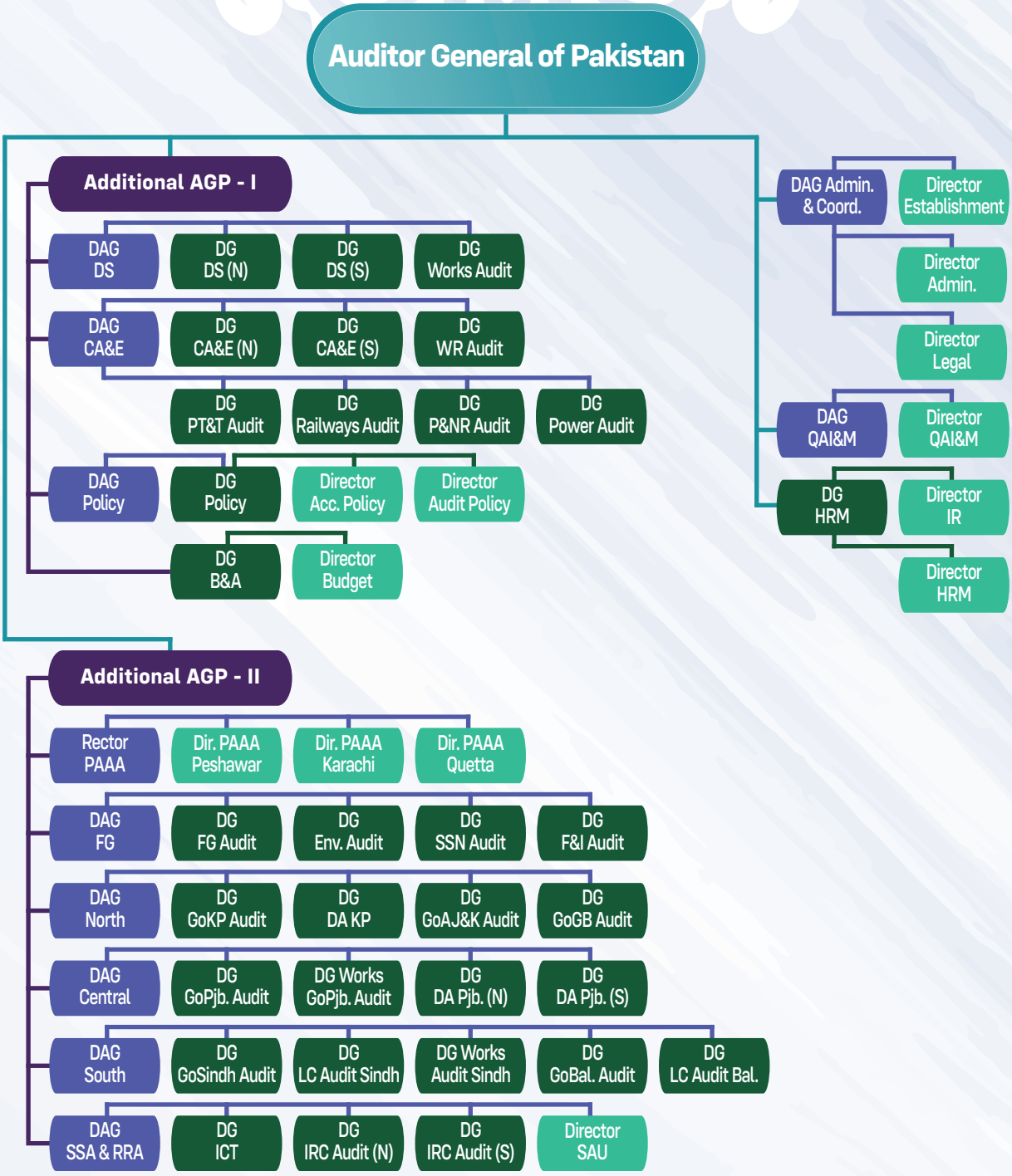
At the apex of the OAGP is the AGP who has a fixed term of four years, which is non-extendable. The AGP is assisted by two Additional Auditors Generals who oversee the audit execution and other wings. There are ten wings in OAGP. Each wing is headed by Deputy Auditor General reporting to Additional Auditor General I or II. The exception to this principle is the Deputy Auditor General (Quality Assurance Inspection and Monitoring), whose wing carries out the inspection of all FAOs and wings on behalf of the Auditor General of Pakistan, conducts Internal Audit and quality control function and directly reports to AGP. The fundamental role of this wing is to report to the Auditor General on the integrity and compliance aspects of DAGP operations.

There are 30 Field Audit Offices (FAOs) with clearly delineated audit jurisdiction of 47,264 entities and formations distributed across Pakistan. The FAOs conduct audits according to the audit plan approved by the AGP. The FAOs also conduct audits of foreign aided projects funded by the World Bank, Asian Development Bank, and other bilateral and multilateral donors. These FAOs are organized under six audit wings. Each audit wing is headed by a Deputy Auditor General who report to the Additional Auditor-General. The Deputy Auditor General directs, controls and coordinates the work of the field offices under his/ her wing. There is also a separate wing for policy function headed by Deputy Auditor General (Policy) and another wing monitoring audits of Special Sectors like Environment, Forensic, Information System and other such audits.

## Personnel

The number of core professional officers of the AGP, also known as the Pakistan Audit and Account Service (PA&AS) is 606, working against the sanctioned strength of 838. The PA&AS provides frontline, middle and top leadership to the AGP in its audit operations, government accounting, and other financial management activities at federal, provincial and district levels. Currently, 267 Officers of PA&AS serve as auditors and 198 performs accounting functions under Controller General of Accounts. The Officers of PA&AS are appointed based on a national competitive examination namely - CSS (Central Superior Service) conducted by Federal Public Service Commission (FPSC). The selected officers undergo a rigorous pre-service training program of 18 months. The number of support staff in the audit offices is 3,365 working against sanctioned strength of 4,829.

The AGP is an equal opportunity employer and does not discriminate on the basis of immutable traits such as minority, gender and disability. It ensures fairness in the employment process and also equal treatment and respect during employment, especially for women. This is evident from the significant number of women working in the department.




| | |
|---|---|
| Acc. | Accounting |
| AGP | Auditor General of Pakistan |
| B&A | Budget & Administration |
| CA&E | Commercial Audit & Evaluation |
| DA | District Audit |
| DAG | Deputy Auditor General |
| DG | Director General |
| DS | Defence Services |
| Env. | Environment |
| F&I | Foreign & International |
| FG | Federal Government |
| GoAJ&K | Government of Azad Jammu & Kashmir |
| GoBal. | Government of Balochistan |
| GoGB | Government of Gilgit Baltistan |
| GoKP | Government of Khyber Pakhtunkhwa |
| GoPjb. | Government of Punjab |
| GoSindh | Government of Sindh |
| HRM | Human Resource Management |
| ICT | Information & Communications Technology |
| IRC | Inland Revenue & Customs |
| LC | Local Council |
| N | North |
| P&NR | Petroleum & Natural Resources |
| PAAA | Pakistan Audit and Accounts Academy |
| PT&T | Postal and Telecommunication |
| RRA | Revenue Receipt Audit |
| S | South |
| SAU | Special Audit Unit |
| SSA | Special Sector Audit |
| SSN | Social Safety Nets |
| WR | Water Resource |

# HRM Wing

The DAGP is cognizant of continuous professional development of its human resource to address the challenges of new audit methodologies and emerging audit areas. The following capacity building activities were performed during the year.

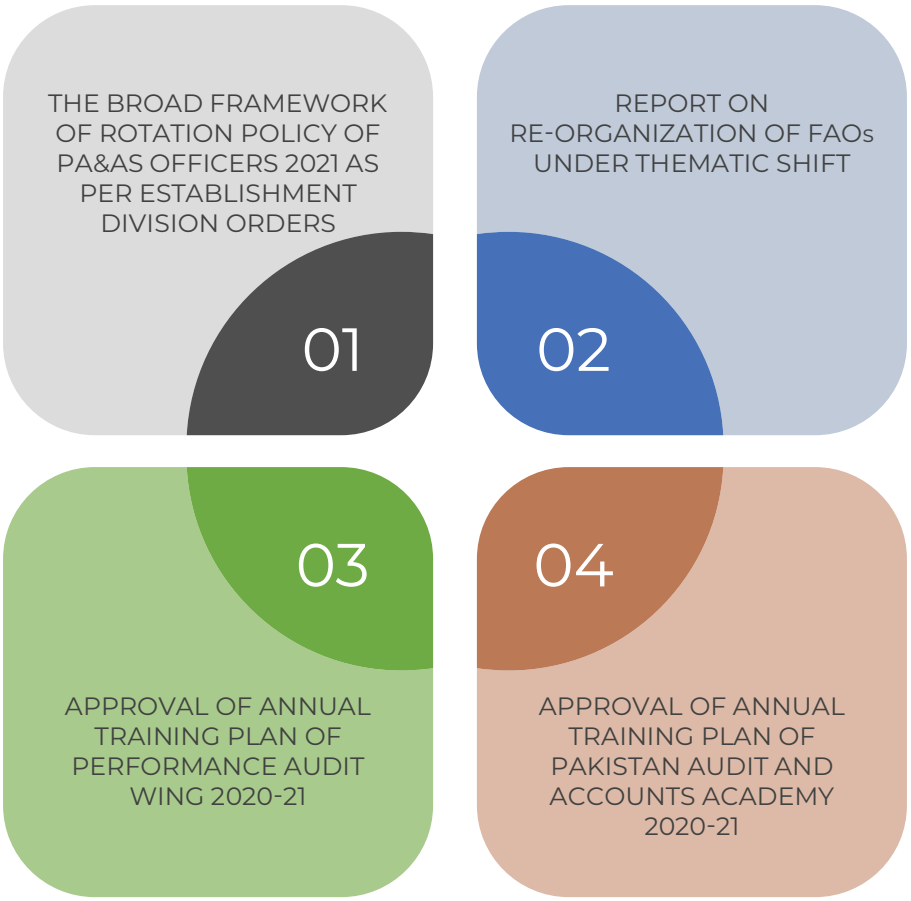
**NOCs Issued to Pursue Studies Under Incentive Scheme**

| S. # | Course | Number | S. # | Scholarship | Number |
|---|---|---|---|---|---|
| 1 | ICMAP | 03 | 1 | Australia Award Scholarship | 16 |
| 2 | ACCA | 01 | 2 | Hubert H. Humphrey Fellowship | 07 |
| 3 | CIMA | 03 | 3 | Fulbright Scholarship | 05 |
| 4 | CISA | 05 | 4 | Misc. (China, etc.) | 15 |
| 5 | CIA | 04 | 5 | British Chevening | 21 |

**NOCs Issued to Pursue Studies Under Incentive Scheme**

| S. # | Short Course | Number |
|---|---|---|
| 1 | EAD Short Courses (China, Singapore) | 01 |

## SPECIAL ASSIGNMENT ACCOMPLISHED



| Nomination for Foreign Postings 2020-21 | | |
|---|---|---|
| S. # | Designation | Number |
| 1 | Economic Minister | 13 |
| 2 | Community Welfare Attaché | 16 |
| 3 | Education Attaché, China | 01 |

| Creation of OSD Posts | | |
|---|---|---|
| S. # | Posts | Number |
| 1 | OSD posts for officers proceeding for study abroad | 05 |

| Inland Trainings & Mission Audit Assignment 2020-21 | | |
|---|---|---|
| S. # | Scholarship | Number |
| 1 | Officers trained in PAAA (including CPD trainings) | 988 |
| 2 | Officers trained in PAAA under CPD trainings | 412 |
| 3 | NOCs issued to officers/ officials to pursue local degrees | 09 |
| 4 | Officers selected in Mission Audit Exam 2020-21 | 17 |

| PIPFA Activities 2020-21 | | |
|---|---|---|
| S. # | Particulars | Number |
| 1 | Students appeared in Foundation Level | 71 |
| 2 | Students appeared in Intermediate level | 305 |
| 3 | Students appeared in Final level | 968 |

| Pakistan Audit & Accounts Academy 2020-21 | | | | |
|---|---|---|---|---|
| S. # | PAAA | Courses | Participants | Days |
| 1 | Lahore | 28 | 604 | 89 |
| 2 | Islamabad | 14 | 197 | 76 |
| 3 | Karachi | 23 | 360 | 71 |
| 4 | Peshawar | 13 | 152 | 39 |
| 5 | Quetta | 30 | 483 | 154 |
| - | **Total** | **108** | **1,796** | **429** |

| IT Courses 2020-21 | | | | |
|---|---|---|---|---|
| S. # | PAAA | Courses | Participants | Days |
| 1 | Islamabad | 06 | 76 | 42 |
| 2 | Lahore | 30 | 617 | 169 |
| 3 | Karachi | 12 | 224 | 58 |
| 4 | Peshawar | 14 | 71 | 104 |
| - | **Total** | **62** | **988** | **373** |

DAGP has signed a memorandum of understanding with institute of Chartered Accountants Pakistan whereby officers of PA&AS would be exempt from attachment with a Chartered Accountant firm. DAGP was also an approved employer for ACCA certification and its renewal is being negotiated. DAGP is a founding member of Pakistan Institution of Public Finance Accountants (PIPFA), an IFAC recognised accounting body. AGP is the Patron in Chief of PIPFA with 03 Permanent members on it's Board. The officers of DAGP on qualifying Final Passing Out examination are admitted as Fellow Public Accountants (FPA) by PIPFA. The acceptance of training and work experience by professional accounting bodies is testimony to our continuously developing professionalism. Policy Board of AGP has representation from ICAP, ICMA and ACCA.

# Administration Wing

Major activities of Administration Wing during 2020-21 are as under:

**Promotion and Recruitment of Officers**

| S. # | Description | BPS / Post | Number |
|---|---|---|---|
| 1 | New Recruitment | BS-17 | 17 |
| 2 | Promotions | BS-18 | 19 |
| | | BS-19 | 15 |
| | | BS-20 | 19 |
| | | BS-21 | 08 |
| | | BS-22 | 01 |

**Courses Attended by Officers**

| S. # | Course | 2020-21 | 2019-20 |
|---|---|---|---|
| 1 | MCMC | 19 | 20 |
| 2 | SMC | 32 | 20 |
| 3 | NMC | 10 | 09 |
| 4 | NDU | 03 | 04 |
| - | **Total** | **64** | **53** |

# Establishment Wing

Major activities performed, initiated and achievements made by the Establishment Section during 2020-21 are as under:

**Summary of New Recruitments**

| S. # | Post/ BPS | 2020 Number | 2020 Status | 2021 Number | 2021 Status |
|---|---|---|---|---|---|
| 1 | Senior Auditor (BPS-16) | 125 | In process with FPSC | - | - |
| 2 | Junior Auditor (BPS-11) | 18 | Finalized | 35 | In process |
| 3 | Driver (BPS-04) | 8 | Finalized | - | - |
| 4 | Naib Qasid (BPS-01) | 25 | Finalized | 25 | In process |

**Summary of Officials Sent on Deputation**

| S. # | Post/ BPS | Number |
|---|---|---|
| 1 | Senior Private Secretary (BPS-19) | 1 |
| 2 | Audit Officer (BPS-18) | 22 |
| 3 | Assistant Audit Officer (BPS-17) | 3 |
| 4 | Senior Auditors (BPS-16) | 3 |
| 5 | Assistant Private Secretary (BPS-16) | 1 |
| 6 | Steno-typist (BPS-14) | 1 |
| 7 | Junior Auditor (BPS-11) | Nil |
| 8 | Driver (BPS-04) | 4 |
| 9 | Naib Qasid (BPS-01) | 2 |

**Summary of Disciplinary Cases**

| S. # | Post/ BPS | Cases | Finalised |
|---|---|---|---|
| 1 | Audit Officer / BPS-18 | 02 | -- |
| 2 | Assistant Audit Officer / BPS-17 | 04 | 01 |
| 3 | Senior Auditor / BPS-16 | 01 | -- |
| - | **Total** | **07** | **01** |

**Summary of Promotion Cases**

| S. # | Post/ BPS | Cases |
|---|---|---|
| 1 | AAO to A.O / BPS-17 to BPS-18 | 54 |
| 2 | Sr. Auditor to AAO / BPS-16 to BPS-17 | 19 |
| 3 | Jr. Auditor to Sr. Auditor / BPS-11 to BPS-16 | 09 |
| 4 | N/Q, Drivers to Jr. Auditor / BPS-01 to BPS-11 | 21 |
| 5 | Total Promotions Finalized | 103 |

# Regulation Wing

**A Brief View of Regulation Section**

- Regulation Section was part of IRV Wing till 1st Quarter of 2019
- On 19-04-2019, Regulation Section was merged/ transferred to the Policy Wing with approval of the AGP vide letter No.132/AP&SS/158-C/2016 dated 19-04-2019

**Tasks performed by Regulation Section**

***Internal Tasks***

The regulation section disposed-off several cases forwarded by:

- All local wings of AGP HQ i.e., Admin. (I, II, III), HR, PAAS-I, PAAS-II, Confidential Section, Pension Cell, Establishment Wing, Budget Wing, Legal Wing etc for advice/ comments on matters of Hiring of Accommodation, Pension, Pay Fixation, TA/ DA, Medical reimbursement, telephone allowances, Transfer/ Posting, recruitments, deputations, Promotions, seniority matters, leave cases and various other miscellaneous, administrative and financial matters.
- All Field Offices of the AGP from all over Pakistan (dealing in all the above-mentioned matters).

***External Tasks***

- Not only the matters of Pakistan Audit Department are dealt with in the regulation section but also of Federal Ministries, Divisions and departments as well, normally through Finance Division for interpretation of rules, comments, views, advice on various administrative and financial issues and other service-related matters as discussed in the preceding paras.
- Besides performing the above discussed routine tasks, another most important task is assigned to the Regulation Section during the recent years i.e., Vetting of Employees Service Rules and Acts/ Bills/ Ordinances of Federal Departments, forwarded normally through Finance Division. In this regard, detail is given below:

**Employees Service Rules Vetted by Regulation Section (2020-21)**

1. Employees Service Rules of Global Change Impact Studies Centre (GCISC), Islamabad
2. Vetting/ approval of the amendments in the existing Statutory Notification (SRO) for the appointment of Executive Director, GCISC
3. Amendments in Pakistan Aeronautical Complex (PAC) Employees Service Rules- 2020
4. Iqbal Academy Pakistan, Service Rules 2020
5. Islamabad Wildlife Management Board Employees (Terms & Conditions of Services) Rules, 2020
6. Revised Draft Rules for BS-01 to BS-20 of AJ&K Audit Department
7. Pakistan Ordnance Factory Board Employees (Service) Rules-2019
8. Engineering Development Board (EDB) Employees Service Rules-2016 & Promotion Policy, 2019
9. Amendments in Recruitment rules of National Institute of Health (NIH)
10. Updating/ Revision of Wafaqi Mohtasib (Ombudsman) Secretariat Officer Service Rules 2009
11. Amendment in National Police Academy Employees (Service) Rules, 1990
12. Amendment in NTC Service Regulations 2020

13. Draft Service By-Laws of Pharmacy Council of Pakistan 2020
14. Draft Notification of the Privatization (Board Member's Privileges) 2020
15. Recruitment Rules of IBCC: Employees (Service) Regulations 2020
16. National Commission on the Status of Women (Terms and Conditions) of Service Rules 2018

**Acts/ Bills/ Ordinances Vetted by Regulation Section (2020-21)**

1. China Pakistan Economic Corridor Authority Act, 2020
2. National Institute of Electronics (Amendment) Bill
3. Pakistan Commissions of Inquiry (Amendment) Bill 2020 to be introduced by Senator M. Javed Abbasi (Private Member)
4. Pakistan Planning and Management Institute (PPMI) Bill 2020
5. National Language Promotion Authority Act 2020
6. Pakistan National Accreditation Council (PNAC) Act No. VI 2017.
7. National Commission on the Status of Women's (NCSW) Act 2012
8. Hajj and Umrah (Service Regulations) Act, 2020
9. Pakistan Council for Scientific and Industrial Research (Amendment) Bill 2020
10. Draft Iqbal Academy of Pakistan Act 2020
11. Draft Quaid e Azam Foundation (QAF) Act, 2020
12. Draft National Museum of Pakistan Act 2020
13. Pakistan Institute of Education Act 2020: Merger of National Education Assessment System (NEAS) with the Academy of Educational Planning & Management (AEPAM)

## Performance Audit Wing

Performance Audit Wing (PAW) is a specialized international training institute entrusted with the responsibility of imparting training to officers of the Department and audit managers of other Supreme Audit Institutions (SAIs) in Performance Auditing and such management disciplines to enhance analytical skills and inculcate professional development for exercising due professional care in conducting and supervising the audit and in preparing their reports.

During the financial year 2020-21, PAW conducted two ITPs one local and one International. The contribution of the wing for promoting Performance Auditing through capacity building of auditors among the international community was highly appreciated by the course participants. Moreover, during the financial year 2020-21, PAW has conducted 14 training courses wherein 201 officers have been trained including 42 international participants from 14 countries.

| Courses During 2020-21 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| S. # | Course Title | Date(s) | Grade-wise | | | | | | Total Trained |
| | | | 16 | 17 | 18 | 19 | 20 | 21 | |
| 1 | Performance Auditing: Strategic Planning<br>• Steps in strategic planning<br>• Topic selection criteria<br>• Prioritizing and scoring topics (Virtual Mode) | 01.07.2020 to 02.07.2020 | | | 17 | 4 | 1 | | 22 |
| 2 | Performance Auditing Cycle: (A) Planning Phase<br>• Preliminary survey report<br>• Audit Assignment Plan (Virtual Mode) | 13.07.2020 to 15.07.2020 | | 6 | 12 | 3 | | | 21 |
| 3 | Performance Auditing Cycle: (B) Execution Phase<br>• Audit Cycle<br>• Audit Program<br>• Audit Evidence (Virtual Mode) | 05.08.2020 to 07.08.2020 | 1 | 11 | 10 | 1 | | | 23 |
| 4 | Data Analysis in Performance Auditing (Virtual Mode) | 19.08.2020 to 21.08.2020 | 3 | 6 | 9 | 2 | | | 20 |
| 5 | Performance Auditing Cycle: (C) Reporting Phase<br>• Detailed Audit report<br>• Quality Management Framework<br>• Follow-up (Virtual Mode) | 16.09.2020 to 18.09.2020 | 1 | 7 | 4 | 1 | | | 13 |
| 6 (a) | Improving Value for Money (VFM)Course for the Officers of Executive Departments of Government of Punjab (Classroom Mode) | 28.09.2020 to 30.09.2020 | | 10 | 17 | 3 | 1 | | 31 |
| 6 (b) | Improving Value for Money (VFM) Course (Virtual Mode) | 28.09.2020 to 30.09.2020 | | 8 | 8 | 1 | | | 17 |
| 7 | Improving Value for Money (VFM)Course for the Officers of Executive Departments, Government of Khyber Pakhtunkhwa (Classroom Mode) | 12.10.2020 to 14.10.2020 | | 5 | 10 | 2 | 1 | 1 | 19 |
| 8 | Improving Value for Money (VFM)Course for the Officers of Executive Departments,Government of AJ&K, Muzaffarabad (Classroom Mode) | 09.11.2020 to 11.11.2020 | | 10 | 11 | 4 | | | 25 |
| 9 | Improving Value for Money (VFM)Course for the Officers of Executive Departments, Government of Sindh & Balochistan (Virtual Mode) | 23.11.2020 to 5.11.2020 | 1 | 2 | 15 | 4 | | | 22 |
| 10 | The report writing process in Performance Auditing (Virtual Mode) | 07.12.2020 to 09.12.2020 | | 10 | 9 | | | | 19 |
| 11 | 104 ITP (local)<br>(Virtual Mode) | 21.12.2020 to 8.01.2020 | | 16 | 4 | | | | 20 |
| 12 | 2 days virtual workshop on public procurement rules & contract management in the context of performance auditing (Virtual Mode) | 08.02.2021 to 09.02.2021 | | 5 | 4 | 3 | 5 | | 17 |
| 13 | 105 ITP(International)<br>(Virtual Mode) | 15.02.2021 to 05.03.2021 | 6 | 8 | 25 | 3 | | | 42 |
| 14 | Refresher course on Performance Auditing for PAAS Officers (Virtual Mode) | 29.03.2021 to 02.04.2021 | | 4 | 8 | | 1 | | 13 |
| 15 | Data Analysis in Performance Auditing (Virtual Mode) | 19.05.2021 to 21.05.2021 | | 12 | 17 | | | | 29 |
| 16 | Three Days Course on Report Writing in Performance Auditing | 31.05.2021 to 02.06.2021 | | 8 | 8 | | | | 16 |
| 17 | Refresher course on Performance Auditing for AAOs | 14.06.2021 to 18.06.2021 | | 18 | 7 | | | | 25 |
| - | **Total** | - | **12** | **146** | **195** | **31** | **9** | **1** | **394** |

| Courses During 2020-21 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| S. # | Course Type | Total Trainees | | Grade-wise | | | | | |
| | | Local | International | 16 | 17 | 18 | 19 | 20 | 21 |
| 1 | Short Courses | 332 | - | 12 | 122 | 166 | 31 | 9 | 1 |
| 2 | ITPs (Local + International) | 20 | 42 | - | 24 | 29 | - | - | - |
| - | **Total** | **352** | **42** | **12** | **146** | **195** | **31** | **9** | **1** |
| - | **Grand Total** | **394** | | | | | | | |

# Budget Wing

The budget of the OAGP is charged upon the Federal Consolidated Fund and is not required to be voted in the Parliament. During the fiscal year 2020-21, Rs. 5,592.629 million was provided to meet the expenditure of the OAGP. The following table gives the budget outlay of the OAGP for FY 2020-21:

| S. # | Head of Account | Final Budget Grant 2021-22 |
|---|---|---|
| 1 | Employee related expenses | 3,634.69 |
| 2 | Operating Expenses | 1,487.90 |
| 3 | Employee retirement Benefits | 162.70 |
| 4 | Financial Assistance to Deceased Civil servants | 204.70 |
| 5 | Transfers | 1.10 |
| 6 | Physical Assets | 60.21 |
| 7 | Repair and Maintenance | 41.40 |
| - | **Total (Rs. in million)** | **5,592.63** |

# Policy Wing

### Strategic Partnership and Professional Memberships

The OAGP also referred to as Supreme Audit Institution for Pakistan (SAI), maintains strategic and professional liaisons with recognized domestic and international accounting and auditing bodies across the globe. The OAGP is the member/ director at:

- Permanent Secretary-General of the Economic Co-operation Organization's Supreme Audit Institutions (ECOSAI)
- International Consortium on Governmental Financial Management (ICGFM)
- Asian Organization of Supreme Audit Institutions (ASOSAI)
- Council of the Institute of Chartered Accountants of Pakistan
- Council of the Institute of Cost and Management Accountants Pakistan
- Constituent Body of the Pakistan Institute of Public Finance Accountants, which is an associate member of the IFAC

Officers of the OAGP also represent the AGP at Accounting Standards Board, Audit Standards and Ethics Committee and Public Sector Committee of ICAP dealing with Private Sector Accounting and IFRS in Pakistan.

### Journey Towards Thematic Audit

The AGP opened a new horizon of 'Thematic Audit' and in this regard held a Director General's Conference at Muzaffarabad (AJ&K) during the year 2020-21. The thematic audit has now become a part of Audit Plan 2021-22 to be implemented by all FAOs and the outcome will be included in their annual audit reports. The policy wing developed the detailed audit methodology and template for this innovative issue-based auditing.

A thematic audit is an in-depth examination of a selected area, which may involve more than one public sector entities. Such in-depth examination enables AGP to report on good practices in financial governance and internal controls that it may come across in the course of the audit, in addition to lapses. For the selection of areas/ fields of Thematic Audit, a risk-based approach is adopted in determining the area to be covered in an audit. The government's key areas of expenditure, key programmes and issues of national significance were reviewed, and selection was made considering the factors such as risk, impact, level of internal controls, and materiality.

**Creating a Partnership Culture with Clients**

The AGP endeavours to create a partnership culture with auditees to have maximum impact of its products and services on the governance system of the country. Thus, FAOs are required to be in touch with auditees during audit engagement at all stages of the audit cycle. Audit engagement begins after intimation has been given to the auditees and after the field audit activity the preliminary reports are discussed and management views are taken before issuing the final reports. Subsequently, before the finalization of the audit reports, the PAOs are apprised of the major findings so that they can either initiate remedial actions or satisfy the auditors with valid explanations for managerial actions that lead to the audit findings. After the finalization of the audit reports, the PAOs are requested to organize meetings of the Departmental Accounts Committees (DACs). The DACs in Pakistan deal with the audit-related functions usually performed by the audit committees and provide a platform for addressing the concerns of the auditors before they are reported to the legislature. This arrangement increases the cost-effectiveness of the audit process because the adjudication of the legislature is required only in cases that are significant in terms of their financial and systemic implications.

**Policy Board**

The revival and constitution of the Policy Board as a think tank and an advisory body to the OAGP is an effort to make this office more effective with the collective wisdom and creative ideas crystallized into pragmatic actions. Policy Board is an important step towards promoting partnership culture and seeking stakeholder input for policy formulation by the OAGP. Board was constituted primarily to streamline the public sector accounting and auditing with the collective vision of all stakeholders. Valuable inputs from key stakeholders are the need of the hour to reposition the working of the OAGP to deliver up to the expectations of the government in terms of accountability, transparency and good governance. What is direly needed is a more proactive but responsible and quality reporting on the accounts by adding value to the overall accountability process.

The policy board has 14 members that include representation from the executive, civil society organisation and members of professional bodies such as ICAP, ICMAP, PIPFA and ACCA Pakistan. The Board meets biannually. The last Policy Board meeting was held on 23rd October 2018. The Board in this meeting discussed the implementation of the New Accounting Model (NAM) and transition strategy from IPSAS accruals in Pakistan. The Board resolved that the transition of accounts from cash to IPSAS accruals requires all the stakeholders to be taken on board for successful implementation. The Board discussed that nearly 40 countries around the world were implementing the accrual basis of accounting. A recent example is Malaysia. It was discussed that though it's a very complex initiative involving huge change management at all levels and the implementation accruals accounting in government operations may take more than 5 years and that pilot on a limited scale may be a better option than a full-fledged implementation. The Board resolved that a committee shall be constituted to carry out a gap analysis of the New Accounting model and its implementation in Pakistan by interacting with all the stakeholders.

The board also deliberated the OAGP strategic plan 2015-2019. All the board members were invited to share their input for the next four-year strategic plan 2020-2024. The then AGP while concluding the 6th policy board appreciated the contributions of all the members during the meeting and requested all the members to share their input for strategic plan 2020-2024. With regards to transition strategy, AGP decided that the CGA office and policy wing of AGP may sit together and firm up proper TORs and timelines. AGP desired that after the committee deliberates the strategy the same may be shared in the next policy board meeting.

**OAGP – Operational Targets 2021-22**

| S. # | FAO | Certification Audit | FAP Audit | Performance Audit | Regularity Compliance Audit | Special/ Environment/ IS/ Forensic/ Thematic | Special Study | Total Planned |
|---|---|---|---|---|---|---|---|---|
| | **Deputy Auditor General (CA&E)** | | | | | | | |
| 1 | DG (CA&E), North, Islamabad | 02 | 02 | 0 | 39 | 04 | 0 | 47 |
| 2 | DG (CA&E), South, Karachi | 0 | 0 | 01 | 29 | 01 | 0 | 31 |
| 3 | DG Audit (WR), Lahore | 0 | 16 | 01 | 41 | 0 | 01 | 59 |
| 4 | DG Audit Power, Lahore | 0 | 23 | 01 | 67 | 03 | 0 | 94 |
| 5 | DG Audit P&TS, Lahore | 01 | 0 | 02 | 02 | 03 | 0 | 08 |
| 6 | DG Audit Railways, Lahore | 35 | 0 | 0 | 29 | 02 | 01 | 67 |
| 7 | DG Audit (P&NR), Lahore | 07 | 0 | 0 | 31 | 06 | 02 | 46 |
| | **Deputy Auditor General (DA)** | | | | | | | |
| 8 | DG Audit (DS), North, Rawalpindi | 02 | 0 | 0 | 378 | 05 | 01 | 386 |
| 9 | DG Audit (DS), South, Karachi | 03 | 0 | 0 | 52 | 0 | 02 | 57 |
| 10 | DG Audit Works (Federal), Islamabad | 01 | 12 | 03 | 100 | 05 | 0 | 121 |
| | **Deputy Auditor General (FAO)** | | | | | | | |
| 11 | DG Audit (FG), Islamabad | 3 | 19 | 2 | 300 | 06 | 0 | 330 |
| 12 | DG Audit(F&I), Islamabad | 1 | 0 | 0 | 45 | 0 | 0 | 46 |
| 13 | DGA Climate Change &Environment | 3 | 15 | 1 | 47 | 1 | 1 | 68 |
| 14 | DG Audit (SSN) Islamabad | 0 | 11 | 1 | 100 | 1 | 0 | 113 |
| | **Deputy Auditor General (SSA &RRA)** | | | | | | | |
| 15 | DG Audit (IRC), Lahore | 1 | 0 | 1 | 154 | 3 | 0 | 159 |
| 16 | DG Audit (IRC), Karachi | 19 | 0 | 0 | 147 | 2 | 2 | 170 |
| | **Deputy Auditor General (Central)** | | | | | | | |
| 17 | DG Audit Punjab, Lahore | 2 | 8 | 2 | 318 | 28 | 0 | 358 |
| 18 | DG Audit Works, Lahore | 1 | 11 | 1 | 129 | 7 | 0 | 149 |
| 19 | DG Audit North, Lahore | 51 | 7 | 3 | 335 | 117 | 1 | 514 |
| 20 | DG Audit South, Multan | 34 | 9 | 4 | 220 | 39* | 0 | 271 |
| | *220 Compliance Audits includes 39 Thematic Audit | | | | | | | |
| | **Deputy Auditor General (North)** | | | | | | | |
| 21 | DG Audit, KP, Peshawar | 02 | 36 | 02 | 349 | 03 | 0 | 392 |
| 22 | DG Audit (GB), Gilgit | 02 | 04 | 02 | 256 | 02 | 0 | 266 |
| 23 | DGA(DG) KPK, Peshawar | 35 | 03 | 07 | 395 | 36 | 07 | 483 |
| 24 | DGA(AJ&K), Muzaffarabad | 01 | 05 | 02 | 384 | 03 | 0 | 395 |
| | **Deputy Auditor General (South)** | | | | | | | |
| 25 | DG Audit Sindh, Karachi | 2 | 27 | 1 | 450* | 73 | 1 | 554 |
| 26 | DG Audit (LC), Sindh, Karachi | 0 | 0 | 1 | 315 | 2 | 1 | 319 |
| 27 | DG Audit Balochistan, Quetta | 1 | 4 | 1 | 440 | 31 | 0 | 477 |
| 28 | DG Audit (LC) Balochistan, Quetta | 0 | 0 | 0 | 480 | 0 | 1 | 481 |

**Strategic Plan**

AGP's Strategic Plan is medium-term planning for composite progression. The plan is being executed to achieve five goals during 2015 – 2021 which are:

i. Improving Financial and Organizational Independence

ii. Development of Professional and Institutional Capacity

iii. Development of Communication & Cooperation with stakeholders

iv. Use of Modern Audit Techniques and Technologies

v. Improving Internal Governance

To achieve the goals of the strategic plan the OAGP has achieved the pre-requisites by Equipping with necessary IT software and hardware, capabilities of Computer Assisted Audit Techniques developing sectoral Audit guidelines and adopting risk-based audit methodologies.

**Corporate Audit Plan 2021-22**

As its regular annual feature, the AGP involves all the FAOs in the preparation of a Corporate Audit Plan (CAP) for carrying out its audit mandate. The CAP seeks to achieve the following:

- Timely, reliable and relevant reporting for the stakeholders vis-à-vis legislature, government and the public
- Addressing high-risk areas and system weaknesses in the financial system
- Value Addition by assessing key performance indicators
- Identifying emerging challenges

The annual audit planning takes into account the concept of the audit cycle under which audited entities are categorized according to their importance and risk. The AGP's audit cycle provides for the audit coverage of all the entities of the federal and provincial governments and their subsidiaries in a three-year period; but keeping in view the risk parameters, some entities are audited annually or biennially.

The CAP aggregates annual audit plans of all FAOs. Once audit plans are approved, FAOs begin to carry out planned audits under the supervision of the heads of the audit wings. The audit wings provide an update on the implementation status of their respective audit plans to the Policy Wing of the AGP. It is worth adding that the plan is a dynamic document and is amended keeping in view the requirements of various stakeholders.

**Formations selected for thematic audit are also part of the list of entities prepared for the compliance audit.*

# Quality Assurance, Inspection & Monitoring Wing

**Introduction**

Quality Assurance, Inspection and Monitoring (QAI&M) Wing was established in April 2019, under the vision of the AGP. The primary intent behind the establishment of the wing is to strengthen the quality management function and subsequently produce audit reports in line with International Standards of Supreme Audit Institutions. Since April, 2021 QAIM wing is spearheading a thorough review of existing audit routines under the Quality Management Framework (QMF) 2011; working diligently to identify the intervention areas wherein process improvement is warranted and work alongside the above-stated FAOs, throughout the entire audit cycle.

The formations of the QAI&M Wing, through a detailed consultative process, are commensurate with the ongoing audit reforms that are currently underway at the DAGP. The selection of Pilot FAOs was based on organization-wide intensive workload analysis and the development of systematic criterion of choice for the Pilot phase. This reform effort aims at creating a single focal agency for audit administration in SAI Pakistan responsible for the quality of both the process and product of audit.

The main functions of the QAI&M Wing include:

i. Archival and Documentation of Quality Monitoring and act as Central Quality Office of the Organization.

ii. Editorial function (through specialized editorial staff hired from the market). Till such time Editors are engaged, a few officers [on an additional charge basis] will be nominated by the QAI&M wing from within DAGP for the pilot phase as editors

iii. Independent Monitoring of Quality of Audit Procedures and Policies to provide Reasonable Assurance on Quality of Audit Process-Examination of the Assurance Function at FAO level

iv. Quality Improvement and Follow-up of Inspection & Monitoring Reports and implementation of Simplified QMF proformas at pilot scale

v. Annual Administrative Inspection of all Officers of DAGP

vi. To act as a focal wing for peer Review, Self-Assessment Review and External Auditor

vii. Produce Biannual Reports on the status of Permanent and Planning files and other working paper files etc at FAOs for DAG concerned and Auditor General Office.

viii. Coordinate effective conduct of External QCC meetings for two offices at Islamabad and One Provincial Office as Pilot for Six Months. After Six Months effects of such intervention will be evaluated for a further way forward. External QCC of the remaining offices may continue with existing arrangements. QAI&M wing will notify SOP for the pilot phase, the approved list of officers for Centralized External QCC separately.

ix. Any other work assigned by the AGP

QAI&M Wing also acts as the internal auditor of the department providing reasonable assurance on the propriety and probity of the working within the AGP's organization. This Wing directly reports to the AGP and assures that audit operations meet the standards of financial and administrative discipline prescribed by law and best practices. The Inspection cell of the Wing conducts administrative inspections of FAOs of the AGP as per the approved plan. The Inspection Section carries out inspections of the FAOs whereas, Vigilance Section deals with cases of complaints received from the public regarding loss to the public exchequer. It also conducts enquiries in cases of fraud, embezzlement and losses, and reports its findings to the AGP.

**Achievements of QAI&M Wing**

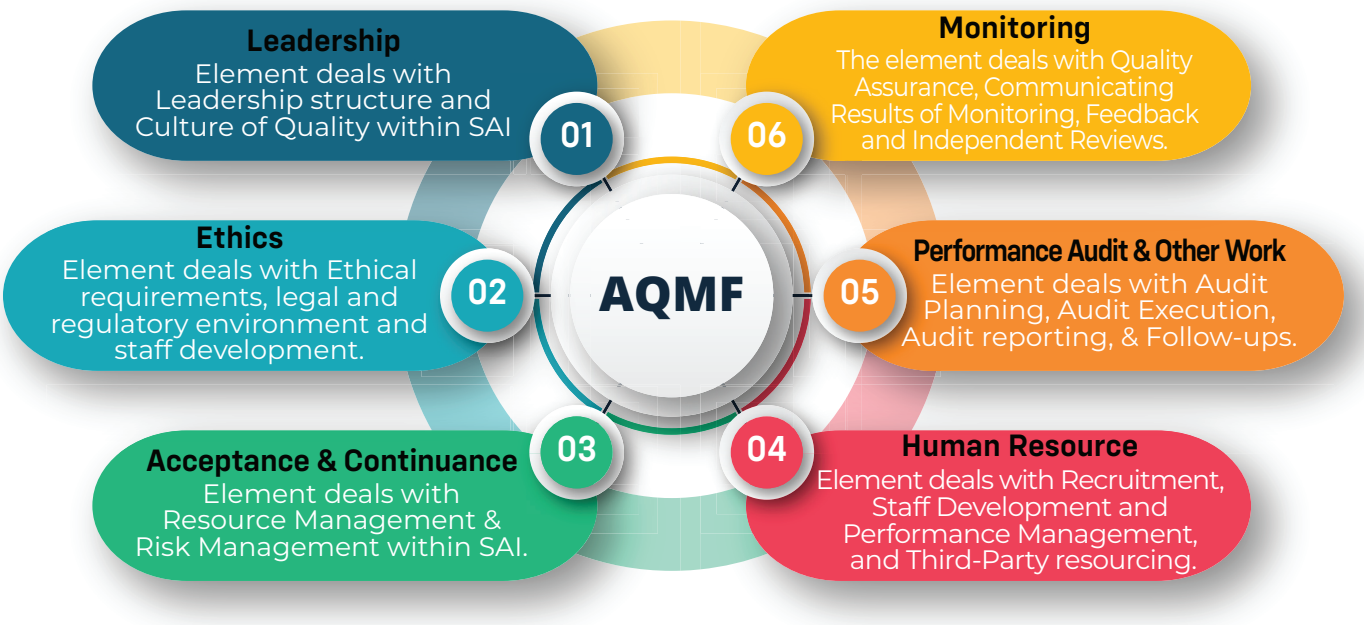
**i. Finalization of Audit Quality Management Framework (AQMF)**

QAI&M Wing has conducted a comprehensive review of the Audit Quality Management Framework (AQMF) under - the project of "Technical Assistance (TA) for implementation of the AQMF in DAGP with the collaboration of ADB. AQMF is under the process of approval. Salient features of AQMF are as under:

a. As required in the ISSAI 140, the AQMF gives an appropriate system of quality control that covers the entire cycle of work of DAGP. The AQMF is structured to elaborate, implementable requirements of each element of ISSAI 140 in the context of the organizational structure of DAGP and its audit cycle.

b. The AQMF distinctly separates the Quality Control and Quality Assurance functions between FAOs, head office, and QAI&M wing.

c. The framework constitutes six chapters based on elements of ISSAI 140 besides an introductory chapter. The six chapters based on elements of ISSAI 140 along with a brief description are as under:




d. The Framework analyses the standard requirements in the context of prevailing practices in the DAGP and gives a way forward as required under the ISSAI 140.

e. Quality Control and Quality Assurance processes have been supported by specific tools to be used in the entire cycle of audit planning, execution and reporting.

f. The AQMF envisages the QAI&M wing as the core wing for Quality Assurance and requires all Quality Assurance processes including the External QAC to be performed by the QAI&M wing.

**ii. Developing Annual Plan for Administrative Inspection of FAOs and Inspection Audit Committee Meetings**

QAI&M Wing prepared a comprehensive Annual Plan for Administrative Inspection of the FAOs of DAGP and to convene Inspection Audit Committee meetings to clear the backlog of pending inspections paras regularly and made significant Improvements in addressing pendency of long-standing Administration Inspection observations. The wing has made substantive efforts to address the long-standing pendency in the resolution of Audit Inspection observations of different FAOs. QAI&M Wing is holding continuous meetings, verification of records of long-standing audit inspection observations raised against different officers, officials and offices.

**iii. Reconstitution of Ethics Committees, Developing their SOPs**

The Ethics Committees at Regional Offices as well as Headquarter level have been reconstituted and functional. A Standard Operating Procedure of Ethics Committee has also been issued. TORs for Ethics Committees are as under:

a. The Ethics Committees will be responsible to promote the ethical values and principles in the department as stipulated in the DAGP's code of Ethics/Financial Audit Manual

b. Ethics Committees shall be responsible for establishing and setting monitoring processes and mechanisms for the complete implementation of ethical values and principles in the DAGP as given in the Financial Audit Manual (FAM).

c. Ethics Committees shall follow the ethical standards in line with the principles given in Financial Audit Manual, Government Servants Conduct Rules 1964 standards given by International Organization of Supreme Audit Institutions (INTOSAI) other international professional ethics standards and as per ISSAI 140, element 2 given in DAGP Audit Quality Management Framework.

d. Ethics Committees shall meet at least once quarterly and at such other times as the Chair of the Committees may require. The minutes of the meeting will be reported to the AGP through the QAI&M wing for information and further directions from the AGP.

e. Ethics Committees shall follow the policy of Prime Minister Citizen Portal for not processing the complaints further and quote the relevant clauses in case they want to do so. The complaints should be disposed-off accordingly to the timelines given in the "Reporting Findings Section".

f. Ethics Committees shall promote competence and integrity through recommending trainings/ lectures on the topic of ethical behaviour and ethical dilemmas in audit, in collaboration with the Rector, Pakistan Audit and Accounts Academy, Lahore

g. Ethics Committees may point out the hindrances, obstacles and barriers for adopting the ethical principles and values, and will suggest measures to overcome such hindrances.

h. Ethics Committees will submit monthly reports and reports on cases referred to it with complete details. Detailed Minutes of the meetings will also be drawn and shared.

i. Ethics Committees shall assess Risk Area for ethics as low, medium and high risk and will also be responsible for changes and continuous improvement in Risk Assessment of Ethics in the above areas Ethics Committees shall also intimate to FAOs for highlighting Risk Assessment of Ethics in their Annual Audit Plans.

**iv. Establishment of an effective mechanism for the Prime Minister Performance Delivery Unit (PMDU)**

QAI&M Wing is entrusted to deal with complaints and queries received through the PMDU web portal. For this purpose, the wing has put in place an effective mechanism to monitor the progress of addressing the complaints received through the portal. Also, the wing has shortened the complaint- address time to one week for which its services have been lauded at the Federal Government level. Action on around 1,000 complaints has been taken by the DAGP, received through PCP.

**v. Streamlining the process of Issuance of Mandatory Clearance Certificate (MCC)**

QAI&M Wing has developed SOPs for streamlining the process of issuance of MCC to the officers/officials on retirement and finalization of their pension cases timely.

**vi. Development of Tool Kit to analyse and evaluate the audit administration of FAOs**

QAI&M Wing has developed this in-house Tool Kit to evaluate the audit administration of FAOs. QAI&M Wing has undertaken a comprehensive analysis of the existing audit administration practice, review the implementation of QA processes analytically and make concrete recommendations to improve the subsequent audit process. The tool kit was first put into practice whilst conducting QA Inspection of three offices and has now been scaled at the organization level. This tool kit encompasses almost the complete audit cycle including the formulation of Annual Audit Plans, Maintenance of Audit registers, Audit execution process, QMF-2011 implementation status and identification of HR capacity analysis of a respective FAO.

**vii. New Annual Administration Inspection Report Format**

QAI&M Wing, in this report, has adopted a different reporting template. The template enables the wing to comment on issues of significance in different sections like payroll administration, procurement operations, contract management activities, human resource management, and administrative and function of the FAOs.

**Quality Control and Quality Assurance**

QAI&M wing in the selected FAOs will spearhead a thorough review of existing audit routines under the Quality Management Framework (QMF) 2011; identify the intervention areas wherein process improvement is warranted and work alongside these field offices, throughout the entire audit cycle. This reform effort aims at creating a single focal agency for audit administration in SAI Pakistan responsible for the quality of both the process and product of audit.

The existing Quality Management Framework (QMF) 2011 which comprises Quality Assurance Mechanism, Quality Control Mechanism and Quality Improvement Mechanism is meant to ensure the quality of every report before its approval. This framework, consistent with the INTOSAI and ASOSAI standards and guidelines, captures all dimensions of audit quality and applies to all stages of the audit cycle It established two levels of committees to inspect each audit report. The Internal Quality Control Committee (IQCC) is headed by the Deputy Auditor General of the dealing audit wing.

Each head of the audit wing rates audit reports of its field office against instructions given in the QMF. After the internal QCC, the report is submitted to an external DAG for External QCC. QAI&M wing has been assigned external QCCs of five offices on a pilot basis in 2019.

**Achievements**

**i. Production of three Audit Administration reports of Pilot FAOs**

QAI&M wing, in a short span of six months, has produced three high-quality audit administration reports of DG DSA, Federal Audit (works) and Social Safety Nets. The unique features of reports are:

a. Identification of best practices in audit administration of different FAOs
b. Suggestions on thematic areas for the audit reports
c. Gap-analysis in implementation of QMF-2011

**II. Development of SOPs for Publishing Audit reports online and addressing Right to Information queries/ complaints**

QAI&M Wing, in September 2019, developed the SOP that outlines the procedure of publishing audit reports online. This SOP will enable DAGPs to publish audit reports through an integrated framework.

**III. Focus over data-driven work**

QAI&M Wing in November 2019 developed a computerized database of the annual audit plan of DAGP. This database provides first-hand information on the number and type of audit reports each FAO has to produce during 2019-20 and Phase-wise categorization of audit activities.

## Audit Management Information System

DAGP being the supreme audit institution of the country has a critical role in improving Public Financial Management (PFM) systems through ensuring transparency and accountability and thereby contributing to good governance in the country. Audit Management Information System (AMIS) was conceived and initiated for building the capacity of the DAGP through the use of technology, training of human resources and hiring of experts from the market to enable the DAGP to play its desired role.

The project will benefit DAGP and the Government by:

i. Digitizing the whole end to end audit execution and management process in the DAGP, through effective use of IT systems in conducting various types of audits.
ii. Ensuring that all audit-related working papers, reports, data, evidence and follow up actions are automated and interlinked for easy and quick access and retrieval.
iii. Enabling comprehensive performance reporting capability to compare the performance of either all or part of any audit plan with the system.
iv. Digital interface with PAC secretariat.

Performance monitoring mechanism to be established under AMIS would reflect:

i. Planned vs actual time for any audit.
ii. The number of audits at any stage (e.g., completed) by month
iii. The number of live audits at the end of each month.
iv. The achievements of key milestones by the audit team/ FAO
v. The achievements of key dates/ milestones by the audit universe
vi. The number of overdue actions on audit observations.
vii. Overdue milestones/ key dates for audit.
viii. Upcoming PAC meetings and the number of paras that will be discussed.
ix. Status of PAC directives.

# International Relations and Coordination Wing

**International Engagements and Activities (2020-21)**

DAGP meets a range of international and professional obligations and frequently interacts with the international audit fraternity. International activities of DAGP keep it abreast of the latest developments in public auditing and help in identifying and benefiting from learning opportunities through international cooperation. The International Relations and Coordination (IR&C) Wing transacts business in these areas and keeps a close liaison with its counterparts.

The DAGP is an active member of several multilateral professional organizations including the International Organization of Supreme Audit Institutions (INTOSAI), the Asian Organization of Supreme Audit Institutions (ASOSAI), Economic Cooperation Organization Supreme Audit Institutions (ECOSAI) and International Consortium on Governmental Financial Management (ICGFM), South Asian Association for Regional Cooperation (SAARC), Commonwealth Auditor-Generals Conference (CAGC) and Shanghai Cooperation Organization (SCO). SAI Pakistan, the AGP is the permanent Secretary General of ECOSAI. The Department actively participates in the assemblies, seminars, workshops, conferences and symposia organized by these bodies.

**SAI Pakistan Contribution to International Organization of Supreme Audit Institutions (INTOSAI) During 2020-2021**

INTOSAI working groups are formed as a result of INCOSAI themes and recommendations to address SAI interests in specific technical issues. Pakistan's SAI is currently a member of twelve INTOSAI working groups, and the liaison officers of these groups have been appreciated for their concept papers, continuous professional engagement with these groups and different initiatives which take place before the Working Group's annual meetings. The detail of the working groups is as under:

i. Working Group on IT Audit (WGITA)
ii. Working Group on Programme Evaluation and Public Policies and Programs (WGEPPP)
iii. Working Group on Environmental Audit (WGEA)
iv. Working Group on SDGs and Key Sustainable Development (WGSDGs)
v. Working Group on Fight Against Corruption and Money Laundering (WGFACML)
vi. Working Group on Value and Benefits of SAIs (WGVBS)
vii. Working Group on Financial Modernization and Regulatory Reform (WGFMRR)
viii. Working Group on Big Data (WGBD)
ix. Working Group on Public Procurement Audit (WGPPA)
x. Working Group on Impact of Science and Technology on Auditing (WGISTA)
xi. Working Group on Public Debt (WGPD)
xii. Working group on Audit of Extractive Industries (WGEI)

During 2020-21, SAI Pakistan joined the INTOSAI Working Group on Audit of Extractive Industries (WGEI).

A brief description of the activities of SAI Pakistan concerning INTOSAI is given below:

| Event | Date | Webinar attended by |
|---|---|---|
| Supervisory Committee on Emerging Issues (SCEI) Webinar | 15th Jun. 2020 | Mr. Jamil Afaqi – AAG-I<br>Mr. M. Nasir Ali – DAG (Central) Lahore<br>Mr. Arshad Liaqat Chaudry – DGA Railways Lahore<br>Mr. Mehfooz Ahmad Bhatti – DGA (Climate Change & Environment) |
| INTOSAI WGPD, to be held virtually | 22nd Jun. 2020 | Mr. Muhammad Afnan Alam – Dir. (IR&C) |
| Meeting notice i.r.o. working committee to develop grant documents for INTOSAI development initiative (101) announcement of Saudi Arabia for improved SAI performance (Saudi FISP) for developing Countries of the ASOSAI Region | 26th Aug. 2020 | Mr. Sheraz Manzoor Haider – DG (B&A) Local<br>Mr. Ahmar Elahi – DG F&I Islamabad<br>Mr. M. Afnan Alam, Dir. (IR&C) |
| INTOSAI Working Group on Value and Benefit of SAIs virtual meeting | 3rd Sep. 2020 | Mr. Shahzad Aziz Khan – Dir. Audit (Water), Lahore |
| E-Learning Course of SPMR Strategy, Performance Measurement and Reporting (SPMR) Initiative -Operational Planning Module | 23rd Sep. 2020 | Mr. Raza Shah – DG Policy<br>Mr. Alif Jan Afridi – Dir. Budget<br>Mr. Aamir Fayyaz – Director HRM<br>Ms. Eirij Rubbani – Dy. Dir.<br>Mrs. Shandana Noman Khan – Dy. Dir. IR&C<br>Mr. Liaquat – Dy. Dir. SSA |
| WAGISTA Inaugural Online Meeting | 14th Sep. 2020 | Mr. Kamran Khan – AAG, Sindh<br>Mr. Sammer Ahmed – Dir. (SSA), Local<br>Mr. Muhammad Imran – Asst. Dir. IS-Audit, Local<br>Mr. Javed Masood – Dir. Audit (LC) Baluchistan (Liaison Officer) |
| SCEI Webinar on "Openness of SAIs and Ensuring Inclusiveness in Emergency Conditions", | 16 Sep. 2020 | As per Serial 2 above |
| 4th INTOSAI WGBD meeting | 17th Sep. 2020 | Liaison Officer |
| WGITA webinar | 24th Sep. 2020 | Liaison Officer |
| ICGFM inaugural meeting launching a Community of Practice in Public Financial Management | 16th Oct. 2020 | Mr. Ammar Naqvi – DAG SSA Wing Islamabad |
| The final webinar of the SCEI Expert Group | 19th Oct. 2020 | Mr. M. Nasir Ali – DAG (Central) Lahore<br>Mr. Arshad Liaqat Chaudry – DG Audit Railways Lhr.<br>Mr. Mehfooz Ahmad Bhatti – DG Audit (Climate Change & Environment).<br>Mr. Tafakhar Ali – Asdi, DG Audit, Federal Isb. |
| 3rd Bilateral SAI Pakistan and China | 20th Oct. 2020 | Auditor General of Pakistan<br>Mr. Farrukh Ahmad Hamidi – AAG-I<br>Mr. Khurram Reza Qureshi – DG Audit (Climate Change & Environment)<br>Mr. Jawad Zaka Khan – DG (Quality Assurance, Inspection & Monitoring)<br>Mr. Hasan Masood – DG (MIS Wing)<br>Mr. M. Afnan Alam – Dir. (IR&C Wing) |
| WGSDG KSDI – GIZ – AFROSAI - E webinar | 3rd & 24th Nov. 2020 | Liaison Officer |
| 74th INTOSAI WGFACML Governing Board Meeting | 30th Oct. 2020 | Liaison Officer |
| 14th WGFACML Meeting Virtually | 10th Nov. 2020 | Liaison Officer |
| SAI Innovations Series 2020 – Innovations SAIs Going Far | 24 & 25th Nov. 2020 | Mr. Zulfiqar Ahmad Bajwa – DG (DM&E)<br>Mr. Kashif Rasheed – Dir. Audit (Defence Services) Rwp.<br>Mrs. Bismah Farrukh Khan – CMA(OP) Rwp. |
| INTOSAI WGFMRR Virtual Session<br>CNAO will host a Zoom test session | Jan. 2021 | Liaison Officer |
| 2nd Quarterly WGITA webinar on the topic "Enterprise-wide Audit Process and Knowledge Management IT System (OIOS Project)" | 15th Mar. 2021 | Liaison Officer |
| WGEI Secretariat international training programme on the audit of extractive industries based on the Extractive Industries Training Framework. | 15th to 19th Mar. 2021 | Liaison Officer |
| WGSDG KSDI annual meeting | 30th Mar. 2021 | Liaison Officer |
| 2021 Annual Meeting WGPD | 19-20th May 2021 | Liaison Officer |
| 13th WGVBS Meeting | 20th May 2021 | Liaison Officer |
| DeMPA Training for auditors and debt managers (WGPD) | 11-17th Jun. 2021 | Liaison Officer |

**Proposal of Bid for Appointment of External Auditor of INTERPOL**

The General Secretariat of INTERPOL approached the office AGP to submit expressions of interest for the selection of an external auditor of INTERPOL for the audit period 2022 to 2024. SAI Pakistan after getting approval from the Prime Minister of Pakistan prepared a bid for the appointment of an external auditor of INTERPOL and sent it to the General Secretariat of INTERPOL on 12-03-2021 for evaluation/ selection.

**Auditor Generals of Pakistan & China Attend the Virtual Bilateral Seminar on Improving the Audit Quality**

The DAGP and the National Audit Office of China jointly hosted the video-conference Seminar on Audit Quality Control and Assurance on 22 October 2020. The Seminar marked continuity of the tradition and practice of technical cooperation between the Auditor General Offices of both countries in the areas of public sector auditing, which has helped both institutions in knowledge development and continued professional growth of public sector auditors.

The then AGP was the head of the Pakistan delegation. Pakistan delegation comprised of Additional Auditor General, Mr. Farrukh Hamidi, Deputy Auditor General Mr. Sardar Azmat Shafi, Director Generals Mr. Jawad Zaka Khan and Mr. Hasan Masud and Mr. Muhammad Afnan Alam, Director International Relations. The Auditor General of China Hou Kai was the head of the Chinese delegation. The Chinese delegation consisted of Hu Jiajun, Director General of Department of Audit Quality Review, Jiang Haiying, Director General of Department of International Cooperation, Zhang Xinfang, Deputy Director-General, Zhang Xin, Director and Deputy Directors Wang Rui and Ding Yue. Deputy Auditor General of China Qin Boyong and Additional Auditor General Farrukh Hamid co- moderated the opening session.

The then AGP in his inaugural address reiterated that the ongoing collaboration between two institutions is a model of state-to-state relations with different social systems and historical backgrounds. He congratulated Mr. Hou Kai on his appointment as Chinese Auditor General and expressed his confidence that under the new Auditor General's stewardship, the relations will continue to foster in years to come.

The then AGP briefed the Chinese Auditor General about the progress on the ongoing institutional reform process in the country's Supreme Audit Institution. Pakistan's delegation made a comprehensive presentation on the agenda of reforms to improve the quality of its audit reports. The AGP further stressed that the improvements during the last three years have mainly been possible owing to the government's continuous support to strengthen the accountability and transparency of public spending.

The Auditor General of China said in his opening speech that the SAIs of China and Pakistan have long maintained good relations. The mutual support and help have yielded positive results. During the COVID-19 pandemic both SAIs have overcome various difficulties to attend the bilateral seminar virtually, concrete action to strengthen friendship. The Auditor General of China appreciated Pakistan's government's efforts in controlling the pandemic.

The Auditor General of China also emphasized that rapid economic and social developments have exerted higher requirements for SAIs. At the same time, the scope of work is expanded and audited entities become more complicated, which brings more pressure and new risks to audit quality control. Furthermore, audit methodology and practices have been evolving rapidly, and the application of big data analytics have brought both opportunities and challenges to quality management. It is of great significance for auditors of both countries to share experience on quality control and assurance.

The Chinese delegation presented on government audit quality control systems in China from the perspectives of relevant rules and National Auditing Standards, a multi-level quality control system, operation mechanisms, and external oversight. The Auditor General of China stressed the significance of audit quality as a lifeline for audit work that is critical to its success.

Pakistan's delegation reiterated the role of Supreme Audit Institutions (SAIs) as crucial to supporting the government response mechanisms through maintaining public financial management discipline and ensuring transparency and accountability. Supreme Audit Institutions (SAIs) demonstrate ongoing relevance to their citizens, parliament and other stakeholders by being responsive to changing environments and emerging risks. The current situation of Covid- 19 has altered the environment of SAIs and resulted in new threats. SAIs need to respond to such a case, in the short, medium and long term. SAI Pakistan is also undertaking an audit of the "Whole of the Government Approach" in COVID-19 including the unprecedented fiscal stimulus plan launched by the Government of Pakistan.

Both Auditor-Generals maintained that SAIs could help assure the public that the massive increases in expenditure are being managed well, which builds trust between citizens and their governments. SAIs have a vital role in efforts to ensure that rules aren't bent in ways that fuel fraud and corruption. They also reaffirmed that China and Pakistan will continue to hold high the banner of friendship and cooperation and jointly build a China-Pakistan community of shared prosperity in the new era, to make China-Pakistan relations always at the forefront of relations between nations.

**02 Days Online Training Course on "Risk-Based Auditing" for SAI Tajikistan and ECOSAI Members/ Observer SAIs**

DAGP conducted a 2-day online course from 27-28 January 2021 for Auditors from seven countries. The course was conducted in Auditor General's Performance audit wing facility at Lahore, and 42 Auditors from seven countries including Turkey, Iran, Qatar, Tajikistan, Kazakhstan, Palestine and Belarus participated in the online training session on Risk-Based Auditing.

The online course is aligned with the AGP's office Digital Education Initiative. The office has invested in solutions and developed staff competencies to facilitate an effective, inclusive, flexible and agile Digital Education.

Ms. Ayesha Siddiq, Director General and director Mr. Muhammad Bilal Akram being expert trainers from SAI Pakistan, deliberated on Risk-Based Auditing issues by delivering presentations and interactive sessions followed by a case study session. On day first, 20 participants from the Accounts Chamber of the Republic of Tajikistan attended the e-learning training session while 20 representatives from Turkey, Iran, Qatar, Tajikistan, Kazakhstan, Palestine and Belarus and 12 from SAI Pakistan participated in the training session on the second day.

The then AGP appreciated the effort of the management of course and participants and discussed Audit institutions' vital role in improving public service delivery. He said that Audit offices play a critical role in producing information on whether public resources are used with efficiency, effectiveness, and integrity and that public programmes generate impact. He further stated that Supreme Audit Institutions worldwide need to continue monitoring that the public funds and public services are delivered correctly.

The DAGP is undertaking a major Automation and Digital transformation initiative aligned with the government's bid to promote e-governance, improve transparency and accountability of public sector organizations. With the World Bank's assistance, AGP's office is implementing a state-of-the-art software platform for building audit plans, preparing audits, analysing relevant information, documenting results, forming an audit opinion, communicating results, and monitoring the progress of the audit parties. These initiatives will radically change the core auditing processes and the entire audit process would be built around modern techniques and technologies.



# Performance Report on Audit Activities

## Audit Reports of the AGP

The AGP prepares various types of audit reports to fulfil its audit mandate. These include:

- Certification audit reports express an opinion on financial statements
- Compliance with Authority reports ensure that the public operations are in accordance with relevant primary and secondary legislation, and focus on deviations from norms, good practices and regulations
- Performance audit reports deal with the VFM issues
- Special audit reports address special interest areas of certain stakeholders

Besides identifying cases of financial irregularities and internal control weaknesses in a particular audited organization, an audit report also identifies areas of financial management that need improvement. It also reports on the compliance to the PAC's directives relating to the previous audit reports on the same audited entity.

The audit findings of the FAOs that depict financial irregularities, internal control weaknesses and other areas of vulnerability are generally grouped in the following categories for reporting purposes:

i. Violation of Rules and regulations, including reported cases of fraud, thefts, misuse of public resources and weaknesses of internal control systems

ii. Accounting Errors that are significant but are not material enough to result in the qualification of audit opinions on the financial statements

iii. Violation of the principles of propriety and probity in public operations

iv. Recoveries and overpayments, representing cases of established overpayments or misappropriations of public monies

v. Non-Production of Records

vi. Others, including cases of accidents, negligence, etc.

**Audits Planned and Achieved During the Audit Year 2020-21**

| S. # | FAO | Status | Compliance Audit | Special Audit | Performance Audit | Environment/ Forensic/ Project Audit | IS Audit | Special Study | Certification Audit | FAP Audit | Total Planned |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Deputy Auditor General (North)** | | | | | | | | | | | |
| **1** | DGA (KP) | Planned | 370 | 4 | 1 | 0 | 1 | 0 | 2 | 34 | 412 |
| | | Achieved | 370 | 4 | 1 | 0 | 1 | 0 | 2 | 34 | 412 |
| **2** | DGA (DG) KP | Planned | 631 | 0 | 2 | 1 | 0 | 7 | 35 | 1 | 677 |
| | | Achieved | 631 | 0 | 2 | 1 | 0 | 7 | 35 | 1 | 677 |
| **3** | DGA (GB) | Planned | 268 | 0 | 2 | 0 | 0 | 0 | 2 | 2 | 274 |
| | | Achieved | 262 | 0 | 2 | 0 | 0 | 0 | 2 | 2 | 268 |
| **4** | DGA (AJ&K) | Planned | 436 | 2 | 2 | 0 | 1 | 1 | 1 | 4 | 447 |
| | | Achieved | 382 | 2 | 1 | 0 | 1 | 0 | 1 | 5 | 392 |
| **Deputy Auditor General (Central)** | | | | | | | | | | | |
| **5** | DGA (Works) | Planned | 164 | 5 | 2 | 1 | 1 | 1 | 1 | 13 | 188 |
| | | Achieved | 164 | 5 | 2 | 1 | 1 | 1 | 1 | 12 | 187 |
| **6** | DGA (Punjab), Lahore | Planned | 471 | 3 | 2 | 0 | 1 | 0 | 2 | 11 | 490 |
| | | Achieved | 458 | 2 | 1 | 0 | 1 | 0 | 2 | 9 | 473 |
| **7** | DGA (North), Lahore | Planned | 448 | 1 | 4 | 0 | 0 | 3 | 45 | 0 | 501 |
| | | Achieved | 448 | 1 | 4 | 0 | 0 | 3 | 45 | 0 | 501 |
| **8** | DGA (South), Multan | Planned | 271 | 1 | 3 | 0 | 0 | 3 | 34 | 27 | 339 |
| | | Achieved | 271 | 1 | 3 | 0 | 0 | 3 | 34 | 27 | 339 |
| **9** | DGA (IRC) North | Planned | 134 | 2 | 1 | 0 | 0 | 0 | 1 | 1 | 139 |
| | | Achieved | 134 | 2 | 1 | 1 | 0 | 0 | 1 | 1 | 139 |
| **10** | DGA (IRC) South | Planned | 158 | 0 | 1 | 0 | 0 | 4 | 19 | 0 | 182 |
| | | Achieved | 158 | 0 | 1 | 0 | 0 | 4 | 19 | 0 | 182 |
| **Deputy Auditor General (FAO)** | | | | | | | | | | | |
| **11** | DGA (FG) | Planned | 394 | 7 | 3 | 0 | 1 | 0 | 3 | 20 | 428 |
| | | Achieved | 415 | 11 | 2 | 0 | 1 | 0 | 3 | 20 | 452 |
| **12** | DGA (F&I) | Planned | 43 | 0 | 0 | 0 | 0 | 1 | 1 | 0 | 45 |
| | | Achieved | 19 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 20 |
| **13** | DGA (CC&E) | Planned | 53 | 0 | 2 | 3 | 0 | 1 | 3 | 15 | 77 |
| | | Achieved | 53 | 0 | 2 | 3 | 0 | 0 | 3 | 14 | 75 |
| **14** | DGA (SSN) | Planned | 118 | 2 | 1 | 0 | 0 | 0 | 0 | 10 | 131 |
| | | Achieved | 117 | 0 | 1 | 0 | 0 | 0 | 0 | 10 | 128 |

| Audits Planned and Achieved During the Audit Year 2020-21 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| S. # | FAO | Status | Compliance Audit | Special Audit | Performance Audit | Environment/ Forensic/ Project Audit | IS Audit | Special Study | Certification Audit | FAP Audit | Total Planned |
| **Deputy Auditor General (DSA)** | | | | | | | | | | | |
| **15** | DGA (Works) Federal - Director CPEC (3) | Planned | 122 | 05 | 0 | 0 | 01 | 02 | 01 | 10 | 141 |
| | | Achieved | 115 | 05 | 0 | 0 | 0 | 02 | 01 | 10 | 133 |
| **16** | DGA (DS) North, Rawalpindi | Planned | 386 | 06 | 0 | 0 | 0 | 0 | 02 | 0 | 394 |
| | | Achieved | 332 | 06 | 0 | 0 | 0 | 0 | 02 | 0 | 340 |
| **17** | DGA (DS) South, Karachi | Planned | 93 | 03 | 0 | 0 | 0 | 01 | 03 | 0 | 100 |
| | | Achieved | 85 | 03 | 0 | 0 | 0 | 01 | 03 | 0 | 92 |
| **Deputy Auditor General (South)** | | | | | | | | | | | |
| **18** | DGA (Sindh) | Planned | 750 | 9 | 2 | 0 | 0 | 2 | 2 | 25 | 790 |
| | | Achieved | 737 | 8 | 2 | 0 | 0 | 1 | 2 | 19 | 769 |
| **19** | DGA (LC) Sindh | Planned | 350 | 2 | 2 | 0 | 0 | 2 | 0 | 0 | 356 |
| | | Achieved | 335 | 2 | 2 | 0 | 0 | 1 | 0 | 0 | 340 |
| **20** | DGA (Balochistan) | Planned | 627 | 2 | 2 | 0 | 0 | 0 | 1 | 6 | 638 |
| | | Achieved | 593 | 3 | 2 | 0 | 0 | 0 | 1 | 7 | 606 |
| **21** | DGA (LC) Balochistan | Planned | 500 | 0 | 0 | 0 | 0 | 3 | 0 | 0 | 503 |
| | | Achieved | 495 | 0 | 0 | 0 | 0 | 2 | 0 | 0 | 497 |
| **Deputy Auditor General (CA&E)** | | | | | | | | | | | |
| **22** | DG (CA&E) North | Planned | 51 | 5 | 5 | 0 | 0 | 0 | 2 | 1 | 64 |
| | | Achieved | 49 | 3 | 3 | 0 | 0 | 1 | 2 | 2 | 60 |
| **23** | DG (CA&E) South | Planned | 37 | 4 | 2 | 0 | 0 | 0 | 0 | 0 | 43 |
| | | Achieved | 33 | 3 | 1 | 0 | 0 | 0 | 0 | 0 | 37 |
| **24** | DGA (Railways) | Planned | 50 | 0 | 2 | 0 | 0 | 2 | 35 | 0 | 89 |
| | | Achieved | 50 | 0 | 2 | 0 | 0 | 2 | 35 | 0 | 89 |
| **25** | DGA (P&TS) | Planned | 2 | 4 | 1 | 1 | 0 | 0 | 0 | 1 | 9 |
| | | Achieved | 2 | 3 | 1 | 1 | 0 | 0 | 0 | 1 | 8 |
| **26** | DGA (Power) | Planned | 73 | 1 | 2 | 2 | 1 | 2 | 0 | 21 | 102 |
| | | Achieved | 73 | 0 | 2 | 2 | 1 | 2 | 0 | 21 | 101 |
| **27** | DGA (WR) | Planned | 50 | 0 | 1 | 0 | 0 | 2 | 0 | 19 | 72 |
| | | Achieved | 50 | 0 | 1 | 0 | 0 | 1 | 0 | 19 | 71 |
| **28** | DGA (P&NR) | Planned | 42 | 1 | 1 | 0 | 0 | 2 | 7 | 0 | 53 |
| | | Achieved | 39 | 0 | 1 | 0 | 0 | 0 | 7 | 0 | 47 |
| **-** | **Total** | **Planned** | **7,092** | **69** | **44** | **8** | **7** | **37** | **202** | **221** | **7,680** |
| | | **Achieved** | **6,870** | **67** | **40** | **9** | **6** | **31** | **202** | **224** | **7,439** |

# Financial Attest

Section 7 of the Auditor-General Ordinance 2001 provides that the Auditor General shall "on the basis of such audit as he may consider appropriate and necessary, certify the accounts, compiled and prepared by Controller General of Accounts or any other person authorized in that behalf, for each financial year, showing under the respective heads the annual receipts and disbursements for the purpose of the Federation, of each Province and of each district, and shall submit the certified accounts with such notes, comments or recommendations as he may consider necessary to the President or the Governor of a Province or the designated District Authority, as the case may be." (Emphasis added)

The annual financial statements of the Federal Government consist of the Appropriation Accounts and the Finance Accounts. These accounts are prepared by the Controller General of Accounts (CGA) under the provisions of the CGA Ordinance, 2001 and in accordance with the principles and forms of accounts prescribed by the Auditor General.

There is a centralized pre-audit system prevalent in Pakistan, which requires the Ministries, and Departments of the Federal, Provincial and District Governments to get their payments processed from the pre-audit offices that work under the supervision of the Controller General of Accounts (CGA) and the control of the Ministry of Finance. Since the payments are processed in the pre-audit offices, the accounts are also prepared by them and consolidated in the offices of the Accountants General, which are the field offices of the CGA. In cases where certain departments of the Federal and Provincial Governments are authorized to maintain accounts, they are required to prepare detailed accounts of their payments and receipts, which are merged with the central accounts prepared by the Accountants General.

The financial statements of the Federal and Provincial Governments are certified under a System Based Approach (SBA) to Financial Attest. The objective of SBA is to enable the government auditors to plan their activities economically and efficiently so that they can collect the required evidence regarding the health of government accounts. Under this approach, the auditors first evaluate and test the systems of internal controls involved in the processing and recording of the transactions. If they find that these systems are dependable, they place reliance on them and carry out an appropriately reduced level of substantive testing of details.

The following table gives the results and extent of coverage during certification of appropriation and financial attest audit.

| S. # | Government | No. of Accounts Certified | Size of Accounts | Audit Opinion |
|---|---|---|---|---|
| 1 | Federal | 2 | 23,917.12 | 2 Unqualified |
| 2 | Self-Accounting Entities | 8 | | 5 Unqualified<br>2 Qualified<br>1 Adverse |
| 3 | Provincial- Punjab + Punjab Health + Punjab Education | 147 | 14.43 | Unqualified |
| 4 | Provincial- Sindh | 3 | 896.65 | Unqualified |
| 5 | Provincial- KP + Distt. KP | 73 | 694.56 | Provincial Appropriation Accounts Unqualified<br>Provincial Financial Statement Unqualified<br>Dist. Gov. Appropriation Accounts Qualified<br>Dis. Gov. Financial Statement Disclaimer |
| 6 | Provincial- Balochistan | 2 | 345.99 | Unqualified |
| 7 | ERRA | 1 | 0.0028 | Qualified |
| 8 | AJ&K Government | 2 | 134.49 | Unqualified |
| 9 | Gilgit Baltistan Council | 2 | 0.62 | Unqualified |
| 10 | Gilgit Baltistan Govt. | 2 | 59.43 | Unqualified |
| 11 | National Disaster Management Authority | 0 | - | - |
| 12 | Provincial Disaster Management Authority Sindh | 0 | - | - |
| - | **Total – Rs. in billion** | **242** | **26,063.29** | **-** |

# Compliance with Authority and Other Audits

The reports of the AGP on Compliance with Authority and Performance Audits are distinct from the financial attest of accounts because they relate to the executive departments who, in the prevalent centralized system of payments and accounting, are not responsible for maintaining their accounts. The results of such audits are given in the following section of this report.

During the audit year 2020-21, the FAOs working under the supervision and control of various audit wings of the AGP carried out the audit of 6,848 formations of Federal and Provincial Governments along with entities of districts and PSEs. The audited outlays representing revenue receipts, disbursements and expenditure is presented against each wing's report.

The table below provides nationwide figures of the total amounts audited, recoveries made based on the audit findings and values of transactions placed under audit observations reported in Audit Reports laid before Parliament/ Provincial Assemblies.

| S. # | Description | Total Rs. in billion |
|---|---|---|
| 1 | Total audited amount | 19,149.49 |
| 2 | Recovery made at the instance of audit | 487.24<br>USD 0.037 mil.<br>Euro 0.003 mil. |
| 3 | Amount placed under audit observation | 10,104.73 |

The audit wing wise detail is as under:

| S. # | Description | Total Audited Amount | Recovery made at the instance of audit | Amount placed under audit observations |
|---|---|---|---|---|
| 1 | DAG (FAO) | 2,599.38 | 4.65 | 411.27 |
| 2 | DAG (CA&E) | 12,561.39 | 442.68 | 7,399.57 |
| 3 | DAG (DSA) | 1,310.33 | 3.81<br>USD 0.037 mil.<br>Euro 0.003 mil. | 738.09 |
| 4 | DAG (North) | 392.42 | 1.38 | 143.95 |
| 5 | DAG (South) | 1,118.92 | 1.26 | 293.69 |
| 6 | DAG (SSA & RRA) | 592.37 | 27.83 | 133.50 |
| 7 | DAG (Central) | 574.67 | 5.63 | 984.67 |
| - | **Total (Rs. in billion)** | **19,149.49** | **487.24 & USD 0.037 mil. Euro 0.003 mil.** | **10,104.73** |

The FAOs produced audit reports based on the audit of entities receiving funds from the Federal, Provincial and District budgets and PSEs. The audit findings pointed out overpayments and facilitated the recovery of a total of Rs. 487.24 billion along with USD $0.037 and Euro 0.003 million.

The following table provides nation-wide figures of audit reports issued in the audit year 2020-21:

| S. # | Description | Reports |
|---|---|---|
| 1 | Audit Reports | 1 |
| 2 | Special Audit Reports | 0 |
| 3 | Performance Audit Reports | 1 |
| 4 | Other Audit Reports (Foreign Funded Projects, IT & Environment/ Special Study) | 5 |
| - | **Total** | **7** |

The audit wing wise detail is as under:

| S. # | Description | DAG (FAO) | DAG (CA&E) | DAG (DSA) | DAG (Central) | DAG (RRA) | DAG (South) | DAG (North) | Total |
|---|---|---|---|---|---|---|---|---|---|
| 1 | Audit Reports | 9 | 12 | 3 | 11 | 1 | 4 | 40 | 80 |
| 2 | Special Audit Reports | 8 | 8 | 9 | 7 | 0 | 13 | 8 | 53 |
| 3 | Performance Audit Reports | 2 | 9 | 0 | 6 | 1 | 4 | 13 | 35 |
| 4 | Foreign Aided Project | 37 | 43 | 10 | 21 | 1 | 25 | 41 | 178 |
| 5 | IT/ IS Report / others | 1 | 1 | 0 | 2 | 0 | 1 | 2 | 7 |
| 6 | Environment Audit Reports | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 |
| 7 | Special Studies Reports | 0 | 7 | 1 | 4 | 4 | 5 | 8 | 29 |
| 8 | Certification/ Project / Forensic Audit Reports | 9 | 8 | 0 | 1 | 0 | 0 | - | 18 |
| - | **Total** | **66** | **88** | **23** | **52** | **7** | **52** | **113** | **401** |

Following is the summary of violations in audit reports in all wings.

| Summary of Violations in Audit Reports in All Wings – All Wings (Rs. in million) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| S. # | DAG (FAO) | DAG (CA&E) | DAG (DSA) | DAG (Central) | DAG (RRA) | DAG (South) | DAG (North) | Total |
| 1 | Violation of rules & regulations as well as the principle of propriety & probity in public operations | | | | | | | |
| | 13,954.81 | 1,218,902.21 | 453,792.22 | 467,611.06 | 133,501.88 | 15,204.06 | 34,082.06 | 2,337,048.31 |
| 2 | Reported cases of fraud, embezzlement, thefts and misuse of public resources | | | | | | | |
| | 1,387.71 | 44,446.43 | 38.38 | 228.66 | - | 9,306.99 | 372.41 | 9,679.40 |
| 3 | Accounting Errors | | | | | | | |
| | 775.53 | 7,756.12 | 3,829.43 | - | - | 1,726.70 | 36,953.20 | 38,679.90 |
| 4 | Weaknesses of internal control systems | | | | | | | |
| | 204,194.47 | 295,209.42 | 156,260.75 | 123,537.72 | - | 42,339.45 | 15,352.41 | 57,691.86 |
| 5 | Recoveries and overpayments | | | | | | | |
| | 98,444.47 | 4,464,812.29 | 54,765.05 | 24,957.94 | - | 15,348.09 | 23,969.68 | 39,317.77 |
| 6 | Non-production of record | | | | | | | |
| | 711.47 | 73.20 | 33,879.08 | 319,971.77 | - | 84,990.01 | 9,364.99 | 94,355.00 |
| 7 | Others | | | | | | | |
| | 91,801.24 | 1,209,452.89 | 35,521.46 | 48,259.48 | - | 124,776.26 | 23,782.19 | 148,558.45 |
| 8 | Irregularities | | | | | | | |
| | - | 18.55 | - | 0 | - | - | - | 18.55 |
| A | HR/ Employees related irregularities | | | | | | | |
| | - | 3453.47 | - | 0 | - | - | - | 3,453.47 |
| B | Procurement related irregularities | | | | | | | |
| | - | 83,929.63 | - | 0 | - | - | - | 83,929.63 |
| C | Management of Accounts with Commercial Banks | | | | | | | |
| | - | 65,703.00 | - | 0 | - | - | - | 65,703.00 |
| 9 | Value of Money and service delivery issues | | | | | | | |
| | - | 5810.98 | - | 0 | - | - | - | 5,810.98 |

The following section outlines the performance of the seven (07) audit wings of the DAGP for conducting Compliance-with-Authority and Value-for-Money audits.

## I. Federal Audit Operations (FAO) Wing- Federal Government

FAO wing comprises four FAOs dealing with Federal Government Ministries and Divisions and its attached departments (except defence services and revenue divisions and authorities/bodies and PSEs dealt by a separate audit wing). These four FAOs are Director General Audit Federal Government, Director General Audit (Climate Change & Environment), Director General Audit (Social Safety Nets), and Director General Audit Foreign& International.

The details of the total amount audited by the FAO Wing (Four FAOs), recoveries made at the instance of audit and the total amount placed under audit observations have been given below:

| S. # | Description | Rs. in million | | | | |
|---|---|---|---|---|---|---|
| | | DGA (FG) | DGA (F&I) | DGA (CC&E) | DGA (SSN) | Total |
| 1 | Total amount audited | 2,289,651.00 | 5,752.15 | 15,088.91 | 288,891.00 | 2,599,383.06 |
| 2 | Recovery made at the instance of audit | 4,506.00 | 19.638 | 0.954 | 127.657 | 4,654.25 |
| 3 | Amount placed under audit observations | 237,067.24 | 2,214.24 | 6,284.21 | 165,703.01 | 411,268.70 |

The breakup of the amounts placed under audit observation are given in the table that follows:

| S. # | Description | Amount placed under Audit Observation (Rs. in million) | | | | |
|---|---|---|---|---|---|---|
| | | DGA (FG) | DGA (F&I) | DGA (CC&E) | DGA (SSN) | Total |
| 1 | Violation of rules & regulations as well as the principle of propriety & probity in public operations | 940.19 | - | 3,436.85 | 9,577.76 | 13,954.81 |
| 2 | Reported cases of fraud, embezzlement, thefts & misuse of public resources | 1,382.11 | - | 5.60 | - | 1,387.71 |
| 3 | Accounting Errors | 775.53 | - | - | - | 775.53 |
| 4 | Weaknesses of internal control systems | 184,903.63 | - | 150.08 | 19,140.76 | 204,194.47 |
| 5 | Recoveries & overpayments | 41,958.17 | 54.16 | - | 56,432.14 | 98,444.47 |
| 6 | Non-production of record | 711.47 | - | - | - | 711.47 |
| 7 | Others | 6,397.14 | 2160.08 | 2,691.68 | 80,552.35 | 91,801.24 |
| - | **Total** | **237,067.24** | **2,214.24** | **6,284.21** | **165,703.01** | **411,268.70** |

The wing issued 66 Audit Reports. Details of breakup according to the type of audit are as under:

| S. # | Description | Number of Reports | | | | |
|---|---|---|---|---|---|---|
| | | DGA (FG) | DGA (F&I) | DGA (CC&E) | DGA (SSN) | Total |
| 1 | Audit Reports | 01 | 01 | 05 | 02 | 09 |
| 2 | Special Audit Reports | 07 | 01 | 0 | 0 | 08 |
| 3 | Performance Audit Reports | 02 | 0 | 0 | 0 | 02 |
| 4 | Foreign Aided Project | 20 | 0 | 07 | 10 | 37 |
| 5 | IT/ IS Report | 01 | 0 | 0 | 0 | 01 |
| 6 | Environment Audit Reports | 0 | 0 | 0 | 0 | 0 |
| 7 | Special Studies Reports | 0 | 0 | 0 | 0 | 0 |
| 8 | Certification/ Forensic Audit Reports | 05 | 01 | 03 | 0 | 09 |
| - | **Total** | **36** | **03** | **15** | **12** | **66** |

## II. Corporate and Energy (C&E) Wing

C&E wing comprises seven FAOs dealing with Authorities/ Bodies and Public Sector Enterprises. These seven FAOs are Director-General Corporate Audit & Evaluation North, Director General Corporate Audit & Evaluation South, Director General Audit Petroleum and Natural Resources, Director General Audit (Power), Director General Audit (Water Resources), Director General Audit Postal and Telecommunication Services, and Director General Audit Railways.

The details of the total amount audited by the C&E wing, recoveries made at the instance of audit and the total amount placed under audit observations have been given in the table below:

| S. # | Description | Rs. in million | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | DG CA&E (N) | DG CA&E (S) | DGA Railways | DGA P&TS | DGA Power | DGA WR | DGA PNR |
| 1 | Total amount audited | 1,253,234.00 | 1,996,460.83 | 89,365.09 | 88,940.00 | 919,510.00 | 225,750.00 | 7,988,132.15 |
| 2 | Recovery made at the instance of audit | 9,343.50 | 9,054.34 | 13,086.15 | 5,227.55 | 95,558.54 | 972.73 | 309,439.42 |
| 3 | Amount placed under audit observations | 211,806.54 | 962,866.27 | 164,935.32 | 43,771.60 | 36,79,520.86 | 792,855.88 | 1,543,811.71 |

The breakup of the amounts placed under audit observations are given in the table that follows:

| Summary of Violations in Audit Reports – All Wings (Rs. in million) | | | | | | | |
|---|---|---|---|---|---|---|---|
| S. # | DG CA&E (N) | DG CA&E (S) | DGA Railways | DGA P&TS | DGA Power | DGA WR | DGA PNR |
| 1 | Violation of rules & regulations as well as the principle of propriety & probity in public operations | | | | | | |
| | 73,775.75 | 0.00 | 100,206.17 | 4,201.36 | 249,038.73 | 484,156.34 | 307,523.87 |
| 2 | Reported cases of fraud, embezzlement, thefts and misuse of public resources | | | | | | |
| | 37,599.12 | 5,530.92 | 1,102.09 | 131.88 | 78.54 | 0.00 | 3.88 |
| 3 | Accounting Errors | | | | | | |
| | 6,002.77 | 0.00 | 1,753.35 | 0.00 | 0.00 | 0.00 | 0.00 |
| 4 | Weaknesses of internal control systems | | | | | | |
| | 67,058.59 | 0.00 | 52,455.78 | 1,227.99 | 31,003.48 | 6,483.63 | 136,979.94 |
| 5 | Recoveries and overpayments | | | | | | |
| | 27,370.30 | 0.00 | 5,759.81 | 3,053.30 | 3,254,896.00 | 266,131.84 | 7,601.03 |
| 6 | Non-production of record | | | | | | |
| | 0.00 | 0.00 | 73.20 | 0.00 | 0.00 | 0.00 | 0.00 |
| 7 | Others | | | | | | |
| | 0.00 | 798,419.73 | 3,584.92 | 35,157.07 | 144,504.11 | 36,084.07 | 191,702.99 |
| 8 | Irregularities | | | | | | |
| | 0.00 | 18.55 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| A | HR/Employees related irregularities | | | | | | |
| | 0.00 | 3,453.47 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| B | Procurement related irregularities | | | | | | |
| | 0.00 | 83,929.63 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| C | Management of Accounts with Commercial Banks | | | | | | |
| | 0.00 | 65,703.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 9 | Value of Money and service delivery issues | | | | | | |
| | 0.00 | 5,810.98 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

The wing issued eighty-eight (88) audit reports. Details of breakup according to the type of audit are as under:

| S. # | Description | Number of Reports | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | DG CA&E (N) | DG CA&E (S) | DGA Railways | DGA P&TS | DGA Power | DGA WR | DGA PNR |
| 1 | Audit Reports | 3 | 3 | 1 | 2 | 1 | 1 | 1 |
| 2 | Special Audit Reports | 3 | 2 | 0 | 3 | 0 | 0 | 0 |
| 3 | Performance Audit Reports | 3 | 0 | 2 | 0 | 2 | 1 | 1 |
| 4 | Foreign Aided Project Reports | 2 | 0 | 0 | 1 | 21 | 19 | 0 |
| 5 | IT/ IS / Forensic Audit Reports | 0 | 0 | 0 | 1 | 3 | 0 | 0 |
| 6 | Environment Audit Reports | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7 | Special Studies Reports | 1 | 0 | 2 | 0 | 2 | 2 | 0 |
| 8 | Certification Audit Report | 2 | 0 | 1 | 1 | 0 | 0 | 1 |
| 9 | Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - | **Total** | **14** | **05** | **06** | **08** | **29** | **23** | **03** |

## III. Defence Services Audit (DSA) Wing

DSA wing comprises of three FAOs dealing with Defence Division and its attached Departments and Federal Government Audit (Works). These three FAOs are Director General Audit Defence Services South, Director General Audit Defence Services North, and Director General Audit Federal Works.

| S. # | Description | Rs. in million | | | |
|---|---|---|---|---|---|
| | | DGA (Works) Fed. | DGA (DS) North | DGA (DS) South | Total |
| 1 | Total amount audited | 235,703.00 | 993,887.89 | 80,738.00 | 1,310,328.89 |
| 2 | Recovery made at the instance of audit | 1,047.71 | 675.99<br>US$0.037<br>Euro 0.003 | 2,083.43 | 3,807.13<br>US$0.037<br>Euro 0.003 |
| 3 | Amount placed under audit observations | 140,386.40 | 475,941.33<br>USD$2,584.39<br>Euro 9.81<br>RMB 2,884.44<br>GB 13.02<br>SEK 61.90<br>AED 34.00<br>CY 10.77 | 121,758.65 | 738,086.38<br>USD$2,584.39<br>Euro 9.81<br>RMB 2,884.44<br>GB 13.02<br>SEK 61.90<br>AED 34.00<br>CY 10.77 |
| - | **Total** | **377,137.10** | **1470,505.22<br>USD $ 2,584.43<br>Euro 9.81<br>RMB 2,884.44<br>GB 13.02<br>SEK 61.90<br>AED34.00<br>CY 10.770** | **204,580.08** | **2,052,222.40<br>USD$2,584.43<br>Euro 9.81<br>RMB 2,884.44<br>GB 13.02<br>SEK 61.90<br>AED 34.00<br>CY 10.77** |

The details of the total amount audited by the DSA Wing, recoveries made at the instance of audit and the total amount placed under audit observations have been given in the table below.

The breakup of the amounts placed under audit observation are given in the table that follows:

| S. # | Description | Rs. in million | | | |
|---|---|---|---|---|---|
| | | DGA (Works) Fed. | DGA (DS) North | DGA (DS) South | Total |
| 1 | Violation of Rules & regulations as well as principle of propriety & probity in public operations | 21,579.11 | 324,386.88 | 107,826.23 | 453,792.22 |
| 2 | Reported cases of fraud, embezzlement, thefts & misuse of public resources | 0.00 | 38.38 | 0.00 | 38.38 |
| 3 | Accounting Errors | 0.00 | 3,829.43 | 0.00 | 3,829.43 |
| 4 | Weaknesses of internal control systems | 104,839.11 | 49,344.35 | 2,077.29 | 156,260.75 |
| 5 | Recoveries & overpayments | 13,968.17 | 29,025.53 | 11,771.34 | 54,765.05 |
| 6 | Non-production of record | 0.00 | 33,795.30 | 83.78 | 33,879.08 |
| 7 | Others | 0.00 | 35,521.46 | 0.00 | 35,521.46 |
| - | **Total** | **140,386.40** | **475,941.33** | **121,758.65** | **738,086.38** |

The wing issued twenty-three (23) Audit Reports. Details of breakup according to the type of audit are as under:

| S. # | Description | Number of Reports | | | |
|---|---|---|---|---|---|
| | | DGA (Works) Fed. | DGA (DS) North | DGA (DS) South | Total |
| 1 | Audit Reports | 01 | 01 | 01 | 03 |
| 2 | Special Audit Reports | 0 | 06 | 03 | 09 |
| 3 | Foreign Aided Project Reports | 10 | 0 | 0 | 10 |
| 4 | Special Studies Reports | 0 | 0 | 01 | 01 |
| - | **Total** | **11** | **07** | **05** | **23** |

## IV. Revenue Receipt and Special Sectors Audit (RRA &SSA) Wing

RRA & SSA Wing comprises of two FAOs dealing with the Federal Board of Revenue (Inland Revenue & Customs). These two FAOs are Director General Audit Inland Revenue & Customs (South), and Director General Audit Inland Revenue & Customs (North), Lahore.

The details of the total amount audited by the Wing, recoveries made at the instance of audit and the total amount placed under audit observations have been given in the table below:

| S. # | Description | Rs. in million |
|---|---|---|
| 1 | Total amount audited | 592,373.00 |
| 2 | Recovery made at the instance of audit | 27,832.33 |
| 3 | Amount placed under audit observations | 133,501.88 |
| - | **Total** | **753,707.21** |

The breakup of the amounts placed under audit Observations are given in the table that follows:

| S. # | Description | Rs. in million |
|---|---|---|
| 1 | Violation of Rules & regulations as well as principle of propriety & probity in public operations | 133,501.88 |
| 2 | Reported cases of fraud, embezzlement, thefts & misuse of public resources | - |
| 3 | Recoveries & overpayments | - |
| 4 | Non-production of record | - |
| - | **Total** | **133,501.88** |

The wing issued seven (07) Audit Reports. Details of breakup according to the type of audit are as under:

| S. # | Description | Number of Reports | | |
|---|---|---|---|---|
| | | DG Audit IR&C, Lahore | DG Audit, IR&C, Karachi | Total |
| 1 | Audit Reports | 01 | Report merged with DGA, IRC(N), Lahore | 01 |
| 2 | Special Audit Reports | 0 | 0 | 0 |
| 3 | Performance Audit Reports & Others | 01 | 05 | 06 |
| - | **Total** | **02** | **05** | **07** |

## V. DAG North Wing-KP, GB and AJ&K

DAG North Wing comprises of four FAOs which are Director General Audit KP, Director General Audit (District Govt.) KP, Director General Audit (GB) and Director General Audit (AJ&K).

The details of the total amount audited by the DAG North Wing, recoveries made at the instance of audit and the total amount placed under audit observations have been given in the following table:

| S. # | Description | Rs. in million | | | | | |
|---|---|---|---|---|---|---|---|
| | | DGA KP | | DGA Dist. Gov. KP | DGA GB | DGA AJ&K | Total |
| | | Exp. Audit | RRA | | | | |
| 1 | Total amount audited | 214,822.00 | 3,312.67 | 95,578.84 | 2,896.50 | 75,811.82 | 392,421.82 |
| 2 | Recovery made at the instance of audit | 366.74 | 74.71 | 132.69 | 213.40 | 587.60 | 1,375.15 |
| 3 | Amount placed under audit observations | 65,693.38 | 392.92 | 41,190.70 | 8,578.25 | 28,094.50 | 143,949.75 |
| - | **Total** | **280,882.12** | **3,780.30** | **136,902.23** | **11,688.16** | **104,493.93** | **537,746.73** |

The breakup of the amounts placed under audit Observations are given in the table that follows:

| S. # | Description | Amount placed under Audit Observation (Rs. in million) | | | | | |
|---|---|---|---|---|---|---|---|
| | | DGA KP | | DGA Dist. Gov. KP | DGA GB | DGA AJ&K | Total |
| | | Exp. Audit | RRA | | | | |
| 1 | Violation of rules & regulations and principle of propriety & probity in public operations | 9,344.55 | 47.20 | 21,811.88 | 1,059.06 | 1,819.37 | 34,082.06 |
| 2 | Reported cases of fraud, embezzlement, thefts & misuse of public resources | 287.66 | 11.63 | 73.12 | - | - | 372.41 |
| 3 | Accounting Errors | 36,953.20 | - | - | - | - | 36,953.20 |
| 4 | Weaknesses of internal control | 8,772.56 | - | - | 92.96 | 6,486.89 | 15,352.40 |
| 5 | Recoveries & overpayments | 2,525.67 | 334.09 | - | 7,088.74 | 28,094.50 | 38,043.00 |
| 6 | Non-production of record | 3,506.86 | - | 91.07 | - | 5,767.06 | 9,364.99 |
| 7 | Others | 4,302.90 | - | 19,141.79 | 337.50 | - | 23,782.19 |
| - | **Total** | **65,693.40** | **392.92** | **41,117.86** | **8,578.25** | **42,167.82** | **157,950.26** |

The wing issued 113 audit reports. Details of breakup according to the type of audit are as under:

| S. # | Description | Number of Reports | | | | |
|---|---|---|---|---|---|---|
| | | DGA KP | DGA Dist. Gov. KP | DGA GB | DGA AJ&K | Total |
| 1 | Audit Reports | 2 | 35 | 2 | 1 | 40 |
| 2 | Special Audit Reports | 6 | 0 | 0 | 2 | 8 |
| 3 | Performance Audit Reports | 1 | 8 | 2 | 2 | 13 |
| 4 | Foreign Aided Project | 34 | 1 | 2 | 4 | 41 |
| 5 | IT/ IS Audit Report | 1 | 0 | 0 | 1 | 2 |
| 6 | Environment Audit Reports | 0 | 1 | 0 | 0 | 1 |
| 7 | Special Studies Reports | 0 | 7 | 0 | 1 | 8 |
| - | **Total** | **44** | **52** | **6** | **11** | **113** |

## VI. DAG Central Wing-Punjab

DAG (Central) Wing comprises of four FAOs which are DG Audit Punjab, DG Audit (District Govt) North, DG Audit (District Govt.) South and DG Audit Works.

The details of the total amount audited by the DAG Central Wing, recoveries made at the instance of audit and the total amount placed under audit observations have been given in the following table:

| S. # | Description | Rs. in million | | | | |
|---|---|---|---|---|---|---|
| | | DGA Works Punjab | DGA Punjab | DGA Dist. Gov. North Punjab | DGA Dist. Gov. South Punjab | Total |
| 1 | Total amount audited | 49,750.00 | 839,429.00 | 52,614.46 | 129,976.05 | 1,071,769.50 |
| 2 | Recovery made at the instance of audit | 1,236.95 | 468.99 | 727.20 | 31.89 | 2,465.03 |
| 3 | Amount placed under audit observations | 33,638.56 | 1,287,748.26 | 24,123.62 | 267,528.86 | 1,613,038.82 |

The breakup of the amounts placed under audit Observations are given in the table that follows:

| S. # | Description | Rs. in million | | | | |
|---|---|---|---|---|---|---|
| | | DGA Works Punjab | DGA Punjab | DGA Dist. Gov. North Punjab | DGA Dist. Gov. South Punjab | Total |
| 1 | Violation of Rules & regulations as well as principle of propriety & probity in public operations | 31,931.02 | 531,772.10 | 11,981.74 | 97,212.72 | 672,897.58 |
| 2 | Reported cases of fraud, embezzlement, thefts & misuse of public resources | 71.28 | 735.59 | 79.77 | 116.99 | 1,003.63 |
| 3 | Accounting Errors | - | - | - | - | - |
| 4 | Weaknesses of internal control systems | - | - | 3,254.01 | 6,972.82 | 10,226.84 |
| 5 | Recoveries & overpayments | | 64,860.11 | 3,085.47 | 40,607.61 | 108,553.19 |
| 6 | Non-production of record | 482.48 | 535,071.32 | 687.54 | 37,757.03 | 573,998.37 |
| 7 | Others | 1,153.77 | 155,309.14 | 5,035.08 | 84,853.69 | 246,351.68 |
| - | **Total** | **33,638.56** | **1,287,748.26** | **24,123.62** | **267,520.86** | **1,613,031.29** |

The wing issued 47 Audit Reports. Details of breakup according to the type of audit are as under:

| S. # | Description | Number of Reports | | | | |
|---|---|---|---|---|---|---|
| | | DGA Works Punjab | DGA Punjab | DGA Dist. Gov. North Punjab | DGA Dist. Gov. South Punjab | Total |
| 1 | Audit Reports | 1 | 2 | 2 | 7 | 12 |
| 2 | Special Audit Reports | 1 | 3 | - | 1 | 5 |
| 3 | Performance Audit Reports | 1 | 1 | - | 4 | 6 |
| 4 | Foreign Aided Project | 9 | 10 | - | - | 19 |
| 5 | IT/ IS Report | 1 | 1 | - | - | 2 |
| 6 | Environment Audit Reports | - | - | - | - | - |
| 7 | Special Studies Reports | - | - | - | 3 | 3 |
| - | **Total** | **13** | **17** | **2** | **15** | **47** |

## VII. DAG South Wing - (Sindh and Balochistan)

DAG (South)Wing comprises of four FAOs) which are Director General Audit Sindh, Director General Audit (Local Council) Sindh, Director General Audit Balochistan, and Director General Audit (Local Council) Balochistan

The details of the total amount audited by the DAG South Wing, recoveries made at the instance of audit and the total amount placed under audit observations have been given in the table below:

| S. # | Description | Rs. in million | | | | |
|---|---|---|---|---|---|---|
| | | DGA Sindh | DGA LC Sindh | DGA Balochistan | DGA LC Balochistan | Total |
| 1 | Total amount audited | 845,110.00 | 164,113.41 | 97,596.00 | 12,105.00 | 1,118,924.41 |
| 2 | Recovery made at the instance of audit | 242.84 | 13.54 | 726.32 | 273.82 | 1,256.52 |
| 3 | Amount placed under audit observations | 252,681.75 | 21,930.77 | 14,418.89 | 4,660.16 | 293,691.57 |

The breakup of the amounts placed under audit Observations are given in the table that follows:

| S. # | Description | Rs. in million | | | | |
|---|---|---|---|---|---|---|
| | | DGA Sindh | DGA LC Sindh | DGA Balochistan | DGA LC Balochistan | Total |
| 1 | Violation of Rules & regulations as well as principle of propriety & probity in public operations | 5,270.33 | 3,119.02 | 5,480.25 | 1,334.46 | 15,204.06 |
| 2 | Reported cases of fraud, embezzlement, thefts & misuse of public resources | 9,242.13 | 4.34 | 39.82 | 20.70 | 9,306.99 |
| 3 | Accounting Errors | 1,726.70 | 0.00 | 0.00 | 0.00 | 1,726.70 |
| 4 | Weaknesses of internal control systems | 41,985.32 | 62.07 | 31.86 | 260.20 | 42,339.45 |
| 5 | Recoveries & overpayments | 315.56 | 7,297.32 | 5,638.74 | 2,096.47 | 15,348.09 |
| 6 | Non-production of record | 71,263.59 | 10,097.70 | 3,062.81 | 565.91 | 84,990.01 |
| 7 | Others | 122,878.11 | 1,350.32 | 165.41 | 382.42 | 124,776.26 |
| - | **Total** | **252,681.75** | **21,930.77** | **14,418.89** | **4,660.16** | **293,691.57** |

The wing issued 51 Audit Reports. Details of breakup according to the type of audit are as under:

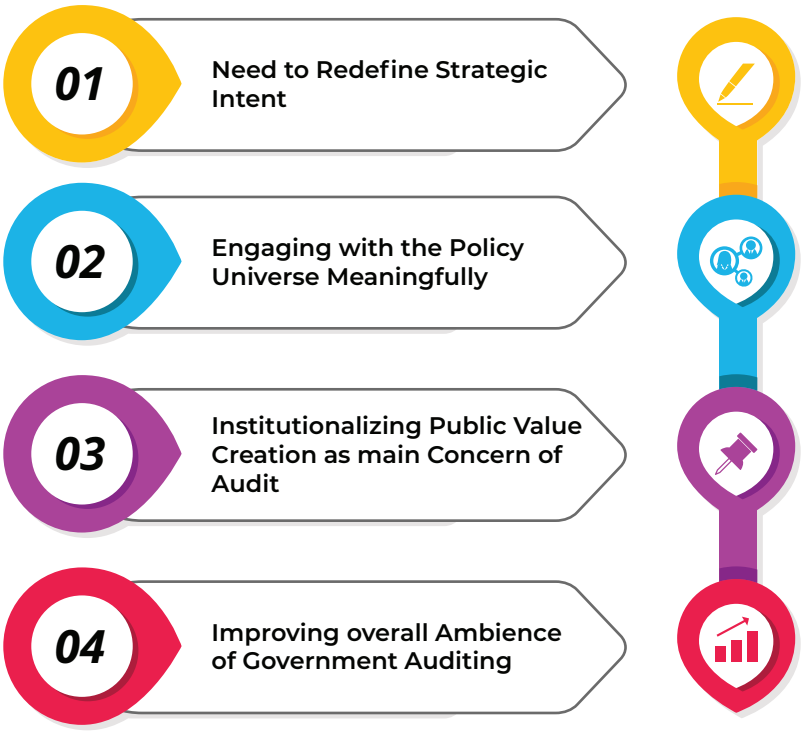
| S. # | Description | Number of Reports | | | | |
|---|---|---|---|---|---|---|
| | | DGA Sindh | DGA LC Sindh | DGA Balochistan | DGA LC Balochistan | Total |
| 1 | Audit Reports | 1 | 1 | 1 | 1 | 4 |
| 2 | Special Audit Reports | 9 | 2 | 2 | 0 | 13 |
| 3 | Performance Audit Reports | 2 | 0 | 2 | 0 | 4 |
| 4 | Foreign Aided Project Reports | 19 | 0 | 6 | 0 | 25 |
| 5 | Special Studies Reports | 2 | 0 | 0 | 3 | 5 |
| - | **Total** | **34** | **3** | **11** | **4** | **51** |



# Our Challenges and Way Forward

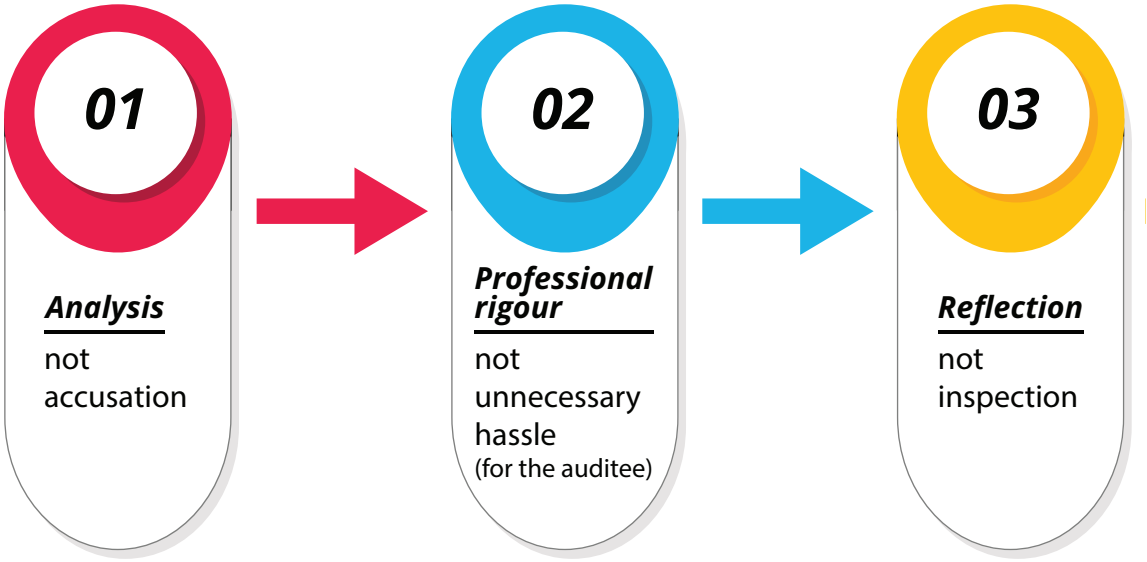
Pakistan is one of the ten countries most affected by climate change, it maintains one of the highest population growth rates and its economy while scrambling to broaden its tax base is simultaneously confronted with the challenge of creating millions of new jobs for an expanding youth bulge, at the same time a sizable proportion of its child population remains out of schools and similarly, a large number of the population does not have access to health coverage. These facts are quoted in public debate as an indictment of public policy followed over the past seven decades. However, on an honest note, there is also a moment of reflection in these facts for the SAI of the country. For, as they say, if age is characterized by the writing of bad poetry, it is not just the poets who are to be blamed but also the critics who tolerated such bad verification. We at OAGP, while setting our eyes on challenges for the future are deeply conscious of this old maxim.

The nature of challenges facing OAGP is both conceptual and practical. Hence drawing, just a random list of tasks to be undertaken in a normal course and dressing them up as challenges will not serve the purpose. One has to be selective to pinpoint problems that are chronic and need to be thought through before attempting a resolution through an innovative approach. In the following lines we talk about the four main concerns facing OAGP over a short to the medium-term horizon:




## Redefining Strategic Intent

Strategic intent, in the corporate literature, refers to a crisp slogan or a set of slogans adopted by an organization to provide its workforce with a clear sense of targeting a competitor. A proverbial example is Komatsu's slogan in the 1990s with regard to its main competitor Caterpillar "Encircle Caterpillar." OAGP has decided to spell out its strategic intent in a set of following three slogans corresponding to its core values i.e., truth, propriety and partnership:




The core objective of these three slogans is to inculcate a work ethic based on professional integrity and respect for the customer. By demonstrating these two abilities we hope to be able to enhance the quality of answerability of public functionaries to the taxpayer. Adoption of these slogans however requires a cultural and attitudinal change which constitutes a major challenge for the leadership tiers in the OAGP.

## Engaging with the Policy Universe with the Backing of a Strengthened R&D Capacity

A crucial question for an SAI is to define its practical terms of engagement with the state and society at the level of routine audit observations seeking piecemeal remedies as well as engaging with the universe of public policy and thereby making a difference to the life of the common man.

To engage with the policy universe meaningfully OAGP's own understanding has to be informed by a comprehensive critique of the past policies. OAGP's annual audit reports document such a critique of past public policy in a systematic manner. In order to develop and organize this material in the form of a comprehensive database — a few steps are required down the road:

1. Developing a digital archive of audit reports and comments of the past seventy-two years
2. Forming an evidence-based historical view on the public policy formulation process through the identification of structural gaps.
3. The following three questions may serve as main lenses to decipher historical archives and develop a diagnosis of main flaws in Pakistan's policy thinking:
    a. Is Pakistan's main problem economic or moral?
    b. Does the country mainly suffer from the deficiency of resources or lack of focus and commitment?
    c. Is bureaucratic decision making plagued by a lack of capacity (as often claimed) or insufficiency of intent and objective orientation?
    d. Do we need borrowed solutions or strategies coming out of a diligent thought process grounded in our own reality?
4. Vibes generated through the search for answers to the above questions will provide a vibrant knowledge base to assess the efficacy of future reform, the need for legislative interventions and general policy advice to the government.
5. Later on, this "Think Tank" role may be institutionalized in the form of a separate knowledge organization under the canopy of the OAGP. The present PAAA and network of AATIs as well as the planned Centre of Excellence on financial reporting, auditing and accounting can be consolidated under this umbrella. This arrangement will also resonate with the administrative reform agenda of the present government which envisages Specialized Training Institutions (STIs) to be made autonomous with their own BoGs.

## Institutionalizing Public Value: A Paradigm Shift in Audit Methodology

With the public debate centred on the quality of public service delivery to the common man, any institution aspiring for public legitimacy has to lay out a clear thread that links its professional aims to the central concerns of public welfare. OAGP has to work for institutionalizing public value creation as the basic criterion of assessment of agency performance. To move forward on this front, we plan to complete the following steps incrementally:

1. Anticipation of the emerging business process model of government agencies in the wake of the structural reforms on the anvil
2. Adopting performance auditing as the prime lens to analyse the chain of service delivery starting from policies and programs to projects and operations and across the sectoral spectrum involving trade, development, infrastructure, regulation, and ICT provision.
3. Devising a framework for developing KPIs for government agencies
4. Developing a comprehensive set of proposals for reforming both upstream and downstream processes in the government (e.g. rule structures, institutional mandates and organizational norms, operational regulations).

## Engaging with the PAC Meaningfully

PAC will be the crucial bridge for translating OAGP's evidence-based policy proposals into the legislative agenda. Co-opting PAC's active support and patronage will therefore be essential. A realistic and balanced set of proposals to strengthen legislative oversight over the executive and a more effective liaison and cooperation between the audit and the PAC, aligning audit's work plans and methodologies with PAC's priorities and directions is extremely important.

## Improving Overall Ambience of Government Auditing

This is perhaps the most crucial challenge facing the OAGP. In a rank and status-conscious society such as Pakistan professional pursuits based on knowledge and research-driven analyses do not enjoy the same stock of social visibility that is bestowed on an operational job carrying executive authority. In a country traditionally run by a strong executive, for an SAI, creating a dignified presence for itself is not an easy task.

To graduate from this treasury-based ethos and develop the orientation and culture of a knowledge-based organization OAGP plans to embark upon a change-management process with the following main contours:

**Raising Capacity, Morale and Ethical Standards of its Workforce**

Competent auditors analyse while incompetent ones accuse and scandalize. An SAI can ill afford to keep its workforce ignorant of the latest techniques of auditing and analysis, even lesser can it tolerate their drift toward lower motivation and least of all an erosion of values among their ranks. OAGP has prepared a comprehensive plan for raising the competency profile of its workforce, raising their morale through appropriate incentive structures, and anchoring their working with a set of professional values encouraging voluntary self-regulation. To this end, INTOSAI auditing standards provide a useful set of principles for us.

**Provision of Infrastructure and Improving the Ambience of Audit Culture**

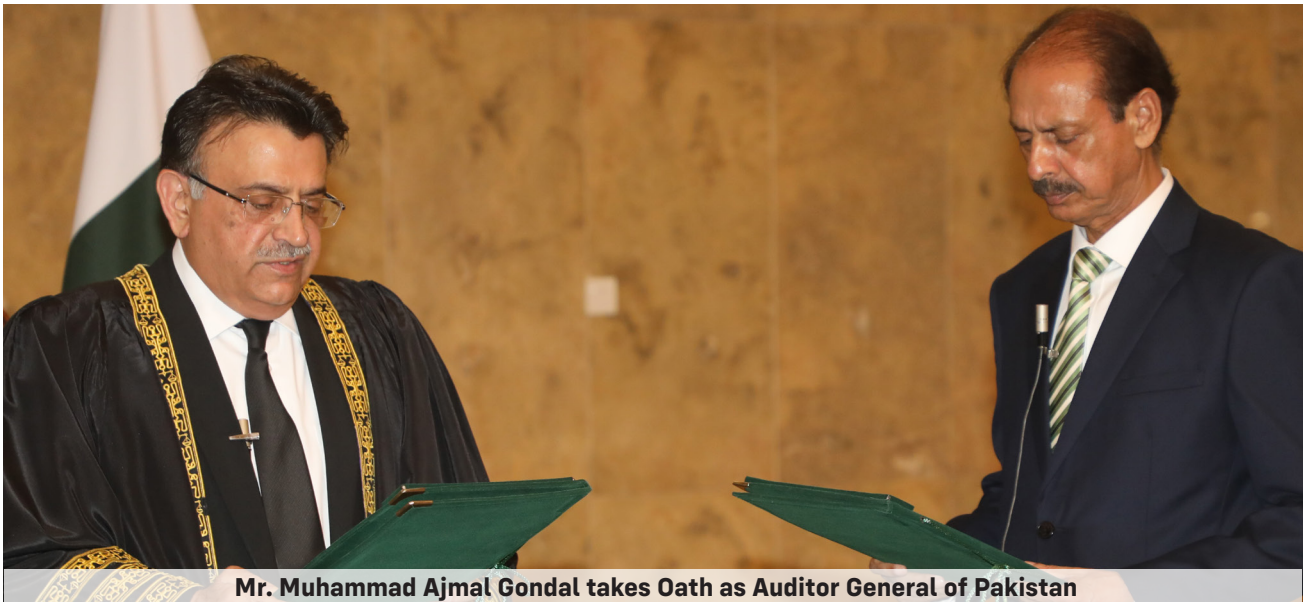
A healthy work ethic can only survive and flourish in a healthy work environment. An auditor will behave confidently and in a dignified manner only when she/he has a dignified existence supported by a respectable environment. Currently, the state of OAGP's buildings, transport, and other hardware is not befitting of a vibrant SAI and needs refurbishing. OAGP has prepared a plan to upgrade its infrastructure and ambience in phases. Dwindling fiscal space with the government is a challenge though.

**Achieving Greater Harmony among its Workforce**

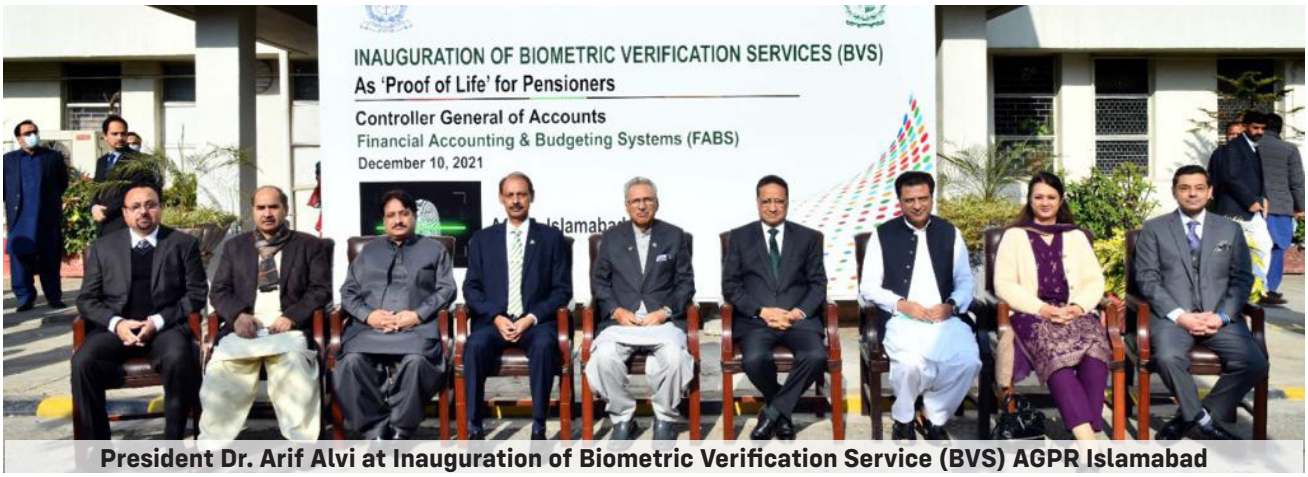
OAGP's workforce consists of a leadership tier of officers of the Pakistan Audit and Accounts Service (PA&AS) and officers and rank and file namely the departmental cadre. These two cadres have traditionally focused on two different work domains—while the basic technical job is handled by the officers of the DC and the supervision, refinement and presentation of this work is mainly the domain of the IDC. OAGP plans to enhance harmony within the department by nudging these two cadres toward a concordance based on greater respect for each other's professional roles.

With a clear sense of challenges facing OAGP and a vision to bring a qualitative cultural change in the Organization, the present leadership of OAGP is determined to work assiduously on a roadmap that leads to a solid and meaningful contribution, befitting the role of a vibrant SAI, toward the goal of democratic good governance in our country.

# Photo Gallery



Mr. Muhammad Ajmal Gondal takes Oath as Auditor General of Pakistan




President Dr. Arif Alvi at Inauguration of Biometric Verification Service (BVS) AGPR Islamabad




Auditor General of Pakistan Mr. Muhammad Ajmal Gondal (Secretary General of ECOSAI) is attending 25th ECOSAI Governing Board and 20th Training Committee Meetings at BAKU (Azerbaijan)



The Chinese delegation presented on government audit quality control systems in China



Auditor General of Pakistan Mr. Muhammad Ajmal Gondal at PAAA Lahore



Senior Officers of SAI Pakistan bidding farewell to PA&AS Officers upon completion of illustrious career in service.




Foundation stone laying ceremony at Federal Audit Complex Islamabad

صداقت
امانت
دیانت
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DEPARTMENT

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