Auditor - General of Pakistan



AGP's Annual Report
2019-2020

Issued by:
Office of the Auditor General of Pakistan
Government of Pakistan, Islamabad.

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Mr Javaid Jehangir
Auditor General of Pakistan

Message From Auditor General of Pakistan

Office of Auditor General of Pakistan (OAGP) has always endeavored to augment the culture of professionalism and quality in the organization. The aim is to integrate the current auditing standards, approaches and methodologies in our auditing practices for bringing about a qualitative change in our output, and to equip us better in helping the legislature in its function of parliamentary oversight over receipt and disbursement of public funds.

With the evolving reform process and increasing demand for effective transparency and accountability and a proactive Public Accounts Committee, the responsibility of OAGP has increased significantly. We have accepted this challenge by following the core values of Integrity, Quality and Partnership. Our endeavors resulted in 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 that include the legislators, taxpayers, public servants, media and the nation as a whole.

We would like to reiterate our resolve to work in tandem with all stakeholders by aligning the goals of the SAI Pakistan with the Government's reform agenda in order to promote transparency and good governance. We are improving communication as well as 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 of the Department 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.

Javaid Jehangir
Auditor General of Pakistan

1

PUBLIC ACCOUNTABILITY IN PAKISTAN

PUBLIC ACCOUNTABILITY IN PAKISTAN

Glimpses of 157 Years of Institution of Auditor General of Pakistan

- Sir Edmond Drummond 1st Comptroller & Auditor General of United India 1860
- Syed Yaqub Hussain Shah 1st Comptroller & Auditor General of Pakistan 14th August 1947
- Accounts Group created in 1973
- Present Auditor General is 20th Auditor General of Pakistan
- Audit and Accounts Separated w.e.f 1st July 2001

Genesis of the SAI Pakistan

The 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 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 governmental operations.

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 Auditor General. The Auditor General plays a pivotal role in the process of accountability.

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 Funds 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 augment the legislative oversight of the peoples' representative on governmental operations.

Constitutional Mandate and Status of AGP

The mandate and status of the Auditor-General of Pakistan (AGP) have been given in Articles 168 – 171 of the Constitution and the Auditor General's (Functions, Powers and Terms &Conditions of Service) Ordinance, 2001. The powers and functions of the Auditor General 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 Auditor General of Pakistan heads the SAI Pakistan and acts as the lynchpin of public accountability, he is appointed by the President under Article 168 of the Constitution. In order 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 Auditor General has been provided 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 office in a manner similar to the Judge of the Supreme Court.

The enactment of 18th amendment as part of constitution has enhanced the powers of AGP and now the scope of audit extends to every single entity and body where spending from 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 of the Provinces shall be kept,
- Certifying the accounts, compiled and prepared by the Controller General of Accounts 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 submit 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 emanates from Article 170 (2) of the Constitution of Pakistan. The Constitution mandates Auditor General of Pakistan to audit the accounts of the Federal and of 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 AGP ordinance 2001 Section 08 and 09 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 of each Province and in the accounts of each district; and to provide assurance 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 or of a Province or of 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 provide assurance as to the fulfillment of the conditions subject to which such grants or loans were given.

Auditing Standards and Types of Audit

The AGP has adopted the 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 audit cycle. The Guidelines for Performance Audit used by the AGP are comprehensive and they are regularly updated to keep them consistent with international best practices. The ASOSAI Guidelines on Audit Quality Management System are practiced by the AGP in its Audit Reports.
The Auditor General of Pakistan conducts various types of audit including:

- Financial attest focuses 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, programs of public importance

In addition to the above, special audits are conducted on the directives of the Auditor General, the PAC and on the requests of the heads of 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 government's financial operations and from this the PAC evolved. It is the 150-odd years of Westminster parliamentary history which has been the foundation of the Public Accounts Committee in Pakistan.

The Public Accounts Committee (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 Auditor-General of Pakistan submits audit reports on the accounts of the Federation and Provinces to the President and Governors respectively. The President/ Governor cause them to be laid before the National/Provincial Assemblies, which in turn refer these reports to the respective Public Accounts Committees. The Principal Accounting Officers are called upon to appear before these Committees to satisfy the public representatives with reference to the observations of the Auditor General made in his reports with regard to the public spending incurred through them. The Public Accounts Committees are required to submit annual reports for the deliberation, and consideration of the respective assemblies.

The Parliament, through its PAC, is reliant on the Auditor General for most of the information it requires to carry out its particular mandate. There are many examples across many countries where an Auditor General has extended the scope of his work in order 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 government, by becoming 'formidable' in the eyes of the public it gains an authority that causes 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.

2

AUDITOR GENERAL'S ORGANIZATION

AUDITOR GENERAL'S ORGANIZATION

Introduction

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

At the apex of the OAGP is the Auditor General of Pakistan 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&II. The exception to this principle is 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 as 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 our operations.

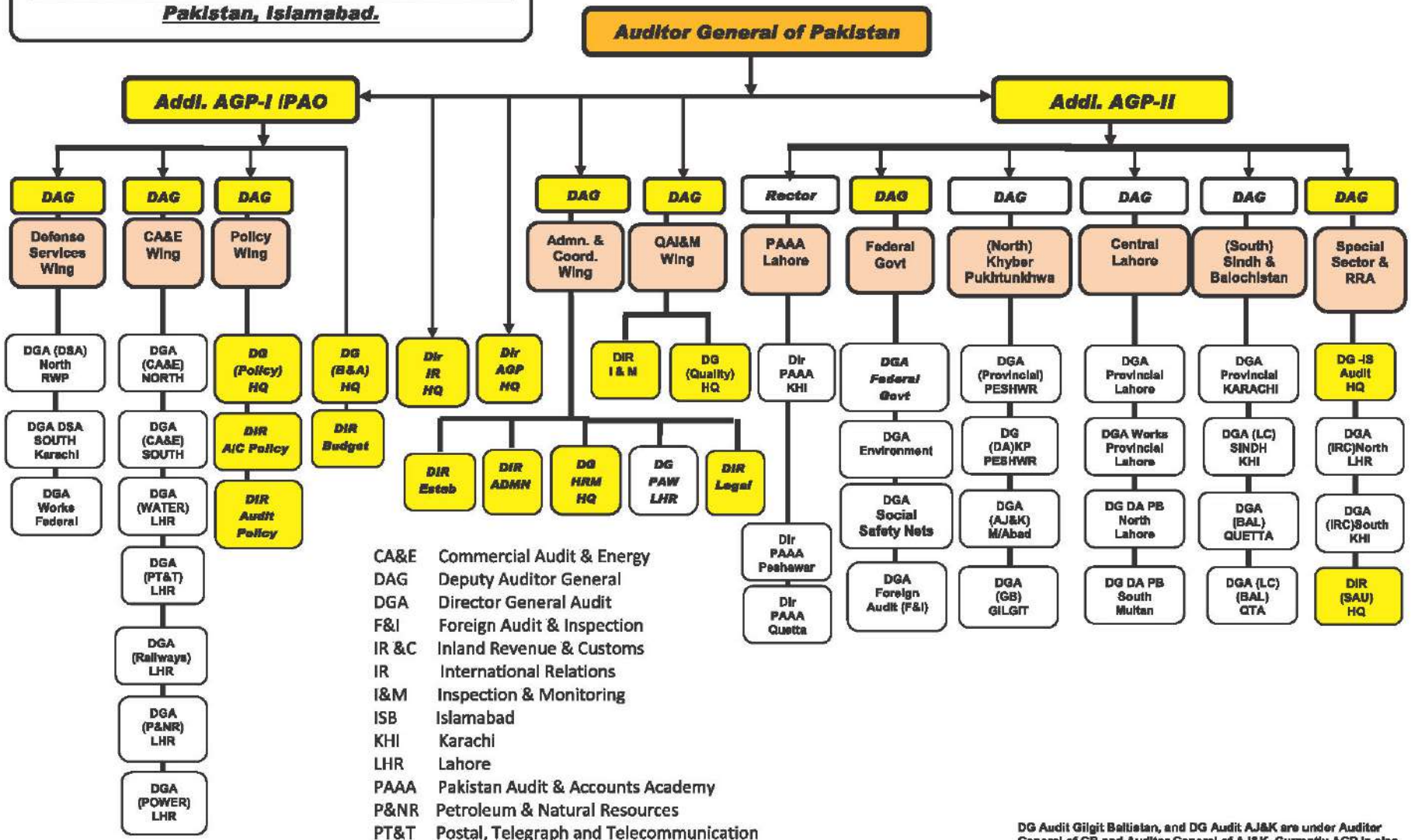
There are **30 Field Audit Offices** (FAOs) with clearly delineated audit jurisdiction of **47,264** entities and formations distributed across Pakistan. FAOs conduct audit according to audit plan approved by Auditor General of Pakistan. FAOs also conduct audit of foreign aided projects funded by the 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 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 separate wing for Policy Function namely Deputy Auditor General (Policy) and Special Sectors Audit Wing dealing with Donor funded project.

Personnel

The number of core professional officers of the AGP, also known as the Pakistan Audit and Account Service (PA&AS) is 562, working against the sanction 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 261 Officer of PA&AS serve as auditors and 237 performs accounting function under Controller General of Accounts. The Officers of PA&AS are appointed on the basis of a national competitive examination namely- CSS Examination (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 3620 working against sanctioned strength of 4940.

The AGP is an equal opportunity employer and does not discriminate on the basis of immutable traits such as minority, sex 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.

Organogram of Office of the Auditor General of Pakistan, Islamabad.



CA&E	Commercial Audit & Energy
DAG	Deputy Auditor General
DGA	Director General Audit
F&I	Foreign Audit & Inspection
IR &C	Inland Revenue & Customs
IR	International Relations
I&M	Inspection & Monitoring
ISB	Islamabad
KHI	Karachi
LHR	Lahore
PAAA	Pakistan Audit & Accounts Academy
P&NR	Petroleum & Natural Resources
PT&T	Postal, Telegraph and Telecommunication
QA&IM	Quality Assurance Inspections & Monitoring
SSN	Social Safety Nets
QTA	Quetta

DG Audit Gilgit Baltistan, and DG Audit AJ&K are under Auditor General of GB and Auditor General of AJ&K. Currently AGP is also Auditor General of GB &AJK therefore these offices are mentioned under DAG North setup for supervision purposes

HRM Wing

Activities Performed by HRM Wing

- Process of Selection of Mission Audit Exam 2020.HRM Wing conducted written exam of 53 Candidates in Islamabad, Lahore and Karachi on June 08, 2020 during COVID-19 Pandemic.
- Training and professional development of DAGP's employees.
- Coordination with PIPFA and other professional bodies.
- Liaison with PAAA and PAW.
- Monitoring and review of training activities.
- Identifying areas of intervention for effective HRD.
- Processing of cases for posting in international organizations.
- HRM facilitated various professional trainings & courses and foreign studies.

Sr. #	Course	Number
1	ICMAP	02
2	ACCA	01
3	CIMA	01
4	CISA	01
5	CIA	01

Sr. #	Scholarship	Number
1	Australia Award Scholarship	06
2	Hubert H. Humphrey Fellowship	01
3	Fulbright Scholarship	01
4	Misc.(China, GRIPS Others)	17
5	British Chevening	21

Sr. #	Short Course	Number
1	EAD Short Courses (China, Singapore)	37

Continuous Professional Development Program

- 70 Courses were finalized in CPD Program
- Two workshops held at PAAA, Islamabad on 23rd & 24th January and 6th & 7th February 2020 by HRM Wing for Islamabad based officers to design courses for CPD Program.
- 24 Courses of CPD Plan were included in the Annual Training Plan 2020-21.
- During Audit Year 2019-20, 27 new Courses designed, which will be run during Audit Year 2020-21.

Pakistan Audit & Accounts Academy

For the Period 01-07-2019 to 30-06- 2020

PAAA	No. of Courses	No. of Participants	No. of Days
Lahore	48	814	194
Islamabad	23	406	102
Karachi	22	619	111
Peshawar	19	271	80
Quetta	23	466	130
Total	**135**	**2576**	**617**

PAAA, Lahore has successfully conducted 04-Days online training on "Project Management/Project Audit & Accounting". 29 Participants have attended the training.

Administration Wing:

Major activities of Administration Wing during 2019-20 are as under: -

Promotion and Recruitment of Officers

Sr. #	Description	BPS / Post	No's
1	New Recruitment	BS-17	26
2	Promotions	BS-18	18
		BS-19	35
		BS-20	10
		BS-21	05
		BS-22	04

COURSES ATTENDED BY OFFICERS

Sr. #	Course Name	Year 2019-20
1	MCMC	16
2	SMC	20
3	NMC	10
4	NDU	01
	Total	**47**

Establishment Wing:

Major activities performed, initiated and achievements made by the Establishment Section during 2019-20 are as under: -

Sr #	Description	BPS/Post	No.
1	New Recruitment **(Under Process)**	Senior Auditor (BPS-16) Junior Auditor (BPS-11) Naib Qasid (BPS-04) Driver (BPS-02)	125 18 25 08
2	Promotion	AAO as AO Senior Auditor as AAO PS to SPS Antedated promotion & Selection Grade cases Junior Auditor as Senior Auditor	94 28 04 05 04
3	Complaints resolved on Pakistan Citizen Portal (PCP)	All complaints resolved	17

Regulation Section:

Regulation Section not only deals with the matters of Pakistan Audit Department but also the cases of Establishment Division, Federal Ministries & Departments normally through Finance Division for interpretation of rules, comments, views, advice regarding Pay & Allowances and other similar issues.

Further, Acts/Bills of Federal Departments are also forwarded to Regulation Section through Finance Division for vetting/comments/advice of Auditor General of Pakistan before final approval.

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 2019-20, 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 financial year 2019-20, PAW has conducted 14 training courses wherein 201 officers have been trained.

Participants trained during 2019-20

Courses	Participants trained			Grade- Wise*			
	Local	International	BPS-16	BPS-17	BPS-18	BPS-19	BPS-20
Short courses	163	-	03	60	86	12	02
ITPs (Local + International)	28	10	0	14	12	02	0
Total	191	10	03	74	98	14	02
Grand Total				201			

* The grade-wise total does not include the international participants.

Performance Audit Wing planned twenty-two (22) courses starting from July 2019 onwards and was able to conduct fourteen (14) courses as per the revised ATP-2019-20. Some of the courses were conducted with slight modifications due to non- receipt of nominations while other was cancelled due to d non- availability of developed course contents. Consequently, the training plan coverage remained 64%.

Virtual Training Courses

Owing to the global health crisis, the conventional classroom mod of learning was disbanded. However, to ensure undisrupted dissemination of training sessions, the virtual mode of training was adopted. Performance Audit Wing started E-training and successfully conducted three (3) courses through Zoom application during FY 2019-20

Annual Training Plan 2019-20

Sr. #	Title of the Courses planned for 2019-2020	Training Days	Total Trainees
1	Planning Phase	5	18
2	Execution Phase	5	16
3	Reporting, Quality Assurance and Follow-Up Phase	3	12
4	Three Days Course on Report Writing for PAAS Officers in Performance Auditing	3	13
5	Two Days Course on Performance Audit of the Projects/Reforms under Education Sector	2	16
6	Intensive Training Program in PA (102 -ITP-Local)	3 weeks	18
7	Refresher Course on Performance Audit for PAAS Officers (BPS-18 & Above)	3	08
8	Performance Audit of the Projects under Information System/IT Environment	3	09
9	Refresher Course in Performance Auditing for ITP Trained Officers	5	12
10	Two Days Course on Report Writing in Performance Auditing	2	15
11	International Intensive Training Program in PA (103 -ITP)	3 weeks	20

Sr. #	Title of the Courses planned for 2019-2020	Training Days	Total Trainees
12	Two Days Virtual Training Course on Report Writing in PA	2	16
13	Two Days Virtual Training Course on Report Writing in PA	2	13
14	Two Days Virtual Training Course on Report Writing in PA	3	13
Total		**71 DAYS**	**201**

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 FY 2019-20, Rs.5,219.500 million was provided to meet the expenditure of the OAGP. The following table gives the budget outlay of the OAGP for FY 2019-20:

Sr. #	Head of Account	Final Budget Grant 2019-2020
1	Employee related expenses	3,543.840
2	Operating Expenses	1,323.807
3	Employee retirement Benefits	168.232
4	Financial Assistance to Deceased Civil servants	68.206
5	Transfers	1.829
6	Physical Assets	73.474
7	Repair and Maintenance	40.112
Total		**5,219.500**

Policy Wing:

Strategic Partnership and Professional Memberships:

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

- 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 OAGP also represent 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.

Creating a Partnership Culture with Clients:

The Auditor General of Pakistan endeavors 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 in audit cycle. Audit engagement begins after intimation has been given to the auditees. Furthers, preliminary reports are discussed, and management views taken before these reports are issued. Subsequently, before the finalization of the audit reports, the Principal Accounting Officers (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 deals 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 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 OAGP is an effort to make this office and its working all the more effective with collective wisdom and creative ideas crystallized into pragmatic actions. The Board is important step towards promoting partnership culture and seeking stakeholder input for policy formulation by OAGP. The Board was constituted primarily for the purpose of streamlining the public sector accounting and auditing with collective vision of all stakeholders. Valuable inputs from key stakeholders are the need of the hour to reposition working of the Office of the Auditor General of Pakistan (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 pro-active 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 Organization and members of Professional bodies such as ICAP, ICMAP, PIPFA and ACCA Pakistan. The Board meets biannually. Last policy Board meeting was held on 23rd October 2018. The Board in this meeting discussed the implementation of New Accounting Model and transition strategy from IPSAS accruals in Pakistan. The Board resolved that transition of accounts from cash to IPSAS accruals requires that all stakeholders be taken on board for successful implementation which is grounded in sound planning. The Board discussed that nearly 40 countries around the world were implementing accrual basis of accounting. The 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 more than 5 years and that pilot on limited scale may be a better option than a full fledge implementation. The Board resolved that a committee shall be constituted to carry out gap analysis of New Accounting Model and its implementation in Pakistan and the Committee will also interact 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 next four-year strategic plan 2020-2024.Auditor General of Pakistan Mr. Javaid Jahangir 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 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 next Policy Board Meeting.

Strategic Plan:

AGP's Strategic Plan is a medium-term planning for composite progression. The plan is being executed to achieve five goals during2015 – 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 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 2020-21:

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 stakeholder's vis-à-vis Legislature and the 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 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, there are entities which are audited annually or biennially.

The CAP basically 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 update on the implementation status of their respective audit plans tothe 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.

OAGP - Operational Targets 2020 - 21								
Sr. #	FAO	Certification Audit	FAP Audit	Performance Audit	Regularity Compliance Audit	Special / Environment / IS Audit	Special Study	Total Planned
	Deputy Auditor General (CA&E)							
1	DG (CA&E), Islamabad	2	0	3	46	1	0	52
2	DG (CA&E), Karachi	0	0	3	37	3	0	43
3	DG Audit (WR), Lahore	0	18	1	50	0	2	71
4	DG Audit Power, Lahore	0	17	2	75	1	4	99
5	DG Audit P&TS, Lahore	1	1	0	75	5	0	82
6	DG Audit Railways, Lahore	1	0	2	50	0	2	55
7	DG Audit (P&NR), Lahore	7	0	3	54	0	0	64
	Deputy Auditor General (DA)							
8	DG Audit (DS), Rawalpindi	2	0	0	330	5	0	337
9	DG Audit (DS), Karachi	3	0	0	91	0	3	97
10	DG Audit Works (Federal), Islamabad	1	7	0	122	2	2	134
11	DG Audit (CPEC), Islamabad	0	03	0	29	0	0	32
	Deputy Auditor General (FAO)							
12	DG Audit (FG), Islamabad	3	48	3	316	4	0	374
13	DG Audit(F&I), Islamabad	1	0	0	57	0	1	59
14	DGA Climate Change & Environment	3	8	2	66	5	1	85
15	DG Audit (SSN) Islamabad	0	4	1	86	2	0	93
	Deputy Auditor General (SSA & RRA)							
16	DG Audit (IR&C), Lahore	1	3	1	134	0	1	140
17	DG Audit (IR&C), Karachi	19	0	1	158	0	4	182
	Deputy Auditor General (Central)							
18	DG Audit Punjab, Lahore	2	11	1	358	1	0	373
19	DG Audit Works, Lahore	1	10	2	164	6	1	184
20	DG Audit (DG) Punjab, Lahore	45	0	4	448	1	3	501
21	DG Audit (DG) Punjab, Multan	34	0	4	225	0	3	292
	Deputy Auditor General (North)							
22	DG Audit, KPK, Peshawar	2	31	5	342	2	0	382
23	DG Audit (GB), Gilgit	2	2	2	268	0	0	274
24	DG A(DG) KPK, Peshawar	35	1	2	537	1	7	583
25	DGA(AJ&K), Muzaffarabad	1	4	2	436	3	1	447
	Deputy Auditor General (South)							
26	DG Audit Sindh, Karachi	2	18	3	771	7		804
27	DG Audit Balochistan, Quetta	1	6	2	626	2	0	637
28	DG Audit (LC) Sindh, Karachi	0	0	2	350	0	2	354
29	DG Audit (LC) Balochistan, Quetta	0	0	0	500	0	3	503

QAI&M Wing:

Quality Control and Quality Assurance:

Quality Assurance, Inspection and Monitoring (QAIM) Wing was established in April 2019, under the vision of the Auditor General of Pakistan. 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. QAIM Wing, since April, has already initiated the 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 Field Audit offices, throughout the entire audit cycle.

The formations of QAIM Wing, through a detailed consultative process, commensurate the ongoing audit reforms that are currently underway at the Department of the Auditor General of Pakistan. The selection of Pilot FAOs was made on the basis of organization-wide intensive workload analysis and development of systematic criterion of choice for the Pilot phase.

QAIM Wing in the selected Field Audit Offices 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 main functions of the restructured 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 few officers [on additional charge basis] to be nominated by QAI&M wing from within DAGP for 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, approved list of officers for Centralized External QCC separately.
ix. Any other work assigned by the Auditor General of Pakistan

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 each and 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 (Internal QCC) 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.

QAIM 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 provides assurance 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 Field Audit Offices of the AGP as per the approved plan. During the year 2018-19, the wing carried out inspections of the Field Audit Offices. The Vigilance Section deals with cases of complaints received from the public regarding loss to public exchequer. It conducts enquiries in cases of fraud, embezzlement and losses, and reports its findings to the Auditor General of Pakistan.

Achievements:

i. **Development of Tool Kit to analyze and evaluate the audit administration of Field Audit Offices**: QAI&M Wing's 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.

ii. **Introduction of Scrutiny and Minuting Proformas for External QCC:** QAI&M Wing has introduced scrutiny and minuting proformas for Internal and External QCCs. These in-house proformas have been put in practice since June 2019. These proformas develop a set of evidence for the changes in the Audit report and commentary on FAO audit administration process.

iii. **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 six sections. The first section of the report deals with the Payroll Administration and comments on the management of employee-related activities and whether necessary deductions are carried out, and dues outstanding to the government are paid in line with the rules, regulations and prevalent laws. The second section of the Inspection reports deals with the management of procurement operations of OAGP. The Inspection team pointed out different anomalies in the application of prevalent procurement rules, and government regulations. Report's third section comments on the contract management activities of OAGP.

The Inspection Team notices have concerns on the OAGP contractual management practices. Effectiveness of Internal Controls within OAGP forms the fourth section of this report. The fifth section of the report comments on the state of affairs of the Human Resource (HR) Management at OAGP.QAIM Wing believes that motivated employees are critical to driving organizational productivity and employee welfare is vital for OAGP to retain a skilled, dedicated and committed workforce. The wing, for the first time, has made a separate section of the report that puts forth actionable recommendations in Section six of the Inspection report.

iv. **Production of three Audit Administration reports of Pilot FAOs:** QAIM 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 these 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

v. **Establishment of an effective mechanism for Prime Minister Performance Delivery Unit (PMDU):** QAIM Wing is entrusted to cater for complaints and queries received through the PMDU Web-portal. For this purpose, the wing imparted trainings to the 28 FAOs representatives and has put in place an effective mechanism to monitor the progress on addressing the complaints received through the portal. Also, the wing has shortened the complaint-addressal time to one-week for which its services have been lauded at the Federal Government level.

vi. **Development of SOPs for Publishing Audit reports online and addressing Right to Information queries/complaints:** QAI&M Wing, in September 2019, developed a SOP that outlines the procedure of publishing audit reports online. This SOP will enable DAGPs publishing of audit reports through an integrated framework.

vii. **Improvement 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 record visits of long-standing audit inspection observations raised against different officers, officials and offices.

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.

3

INTERNATIONAL ENGAGEMENTS AND ACTIVITIES (2019-20)

IR&C WING:

International Engagements and Activities (2019-20)

Department of the Auditor General of Pakistan (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.

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). In his capacity as the head of the SAI Pakistan, the Auditor-General of Pakistan is the member of the Governing Board of the INTOSAI, ASOSAI and the permanent Secretary General of ECOSAI. The Department actively participates in the assemblies, seminars, workshops, conferences and symposia organized by these bodies.

1. SAI Pakistan delegation participation in XXIII International Organization for Supreme Audit Institutions Congress (INCOSAI) from 25-27 September 2019

The Auditor General of Pakistan Mr. Javaid Jehangir and Mr. Zulfiqar Khan (Director, Office of the Auditor General of Pakistan) represented Supreme Audit Institution of Pakistan in the XXIII INCOSAI Congress at Moscow, Russia from 25-27 September 2019.

In the Congress, the Auditor General of Pakistan outlined the priority areas of SAI development for the years ahead as well as has developed a unified vision of the future of public audit while preserving the fundamental principles of independence, accountability, transparency and sustainable management of SAI resources.



The Auditor General of Pakistan further reiterated in the Congress address that there is no standard recipe to follow for SAIs to be agile, useful, relevant and independent institutions of great value. SAIs will continue pursuing financial, compliance, and performance audits consistent with their official mandates.

SAIs conducts audit activities which are consistent with their official mandate and the expectations of SAI stakeholders. Nonetheless, the possible directions SAIs might focus on, consistent with their relevant contexts and mandates, can be supported by INTOSAI. He highlighted the importance of INTOSAI well-established working bodies and initiatives that enable INTOSAI to address emerging challenges and opportunities.

The Auditor General of Pakistan further reiterated that through their audit recommendations, SAIs might fulfill their advisory role without compromising their independence, i.e. without becoming engaged in the management or operations of an audited entity.

Also, the Auditor General discussed at length that SAIs must protect their independence and position by avoiding interference in the decision- and policy-making process, and management functions of the government but can add value in addressing strategic, complex and sensitive topics through providing recommendations.



Pakistan's delegation emphasized that SAIs could benefit from their crosscutting expertise and contribute to good governance and policies' inclusiveness in socially relevant SDG-related areas (environment, education, healthcare, gender equality, etc.). Also, the delegation stressed that SAIs could contribute to the principle of 'leave no one behind' by auditing gender equality and inclusiveness topics. In auditing gender and inclusiveness, it is critical to agree on its meaning in national contexts and clarify its implications for implementation of the 2030 Agenda and the SDGs.

PERFORMANCE REPORT INTERNATIONAL ACTIVITIES

PERFORMANCE REPORT ON INTERNATIONAL ACTIVITIES

2. Sai Pakistan Contribution To International Organization Of Supreme Audit Institutions (INTOSAI) During 2019-2020

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 ten of eleven 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 Department of Auditor General of Pakistan is at present member of the eleven Working Groups. These are:

i. Working Group on IT Audit (WGITA)
ii. Working Group on Programmed 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.
xi. Working Group on Public Debt (WGPD)

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

EVENT	DATE	PLACE
28th meeting of the INTOSAI Working Group on IT Audit (WGITA) and a Performance Audit Seminar on IT Audit	02-05 April 2019	Nadi, Fiji
SAI PMF planning workshop	18-22 March 2019	Abu Dhabi
Quality Assurance Meeting	06-13 September 2019	Mali, Maldives
Participation SAI-Donor Engagement Workshop	16-18 September 2019	Manila, Philippines
XXIII INCOSAI and 72nd -73rd Governing Board Meeting	23-28 September 2019	Moscow, Russian Federation
Supreme Audit Institution (SAI) "Fighting Corruption Programme Review Workshop on Implementation of International Standards of Supreme Audit Institutions (ISSAI 30)"	September 30 –4 October 2019	Bangkok, Thailand
SAI Performance Measurement Framework Review Workshop	13-17 October 2019	Dhaka, Bangladesh
Participation in the ICGFM Winter Training Conference	2-4 December 2019	Washington DC, USA
Strategic Planning Workshop	2-6 December 2019	Vientiane, Laos PDR
SAI UAE and UNODC jointly commissioned event	14-15 December 2019	Abu Dhabi, United Arab Emirates

3. Department of Auditor General of Pakistan contributions in Asian Organization of Supreme Audit Institutions during 2019-20

The Asian Organization of Supreme Audit Institutions (ASOSAI) comprises the Supreme Audit Institutions (SAIs) of 46 Asian countries and provides a forum where developments in the fields of Financial Management, Audit and Accounting are shared among the member states. The ASOSAI organizes training courses, workshops and seminars for capacity building of ASOSAI member SAIs by engaging ASOSAI trained specialists from different SAIs.

The Department of Auditor-General of Pakistan is a member of the ASOSAI. ASOSAI considers conducting research on issues of professional interest as one of its primary functions, and Research Project is the centrepiece of the organization's research efforts. ASOSAI has so far completed 11 research projects on current and emerging issues in public auditing and has produced valuable guidelines and good practices on selected themes. The SAI Pakistan had remained actively associated with different ASOSAI research projects. The SAI Pakistan led 11th ASOSAI Research Project on "Audit of Public-Private Partnership Arrangements". The 12th ASOSAI Research Project on "Audit on Implementation of SDGs (including leveraging digital or big data to achieve the SDGs)" launched in 2019. First Meeting of the 12th ASOSAI Research Project held from 25 -26 February 2019, in Abu Dhabi, United Arab Emirates, which was hosted by State Audit Institution of UAE and the Chair of the project. During the meeting, the chair of the research project and participating SAIs discussed and adopt the research plan, project schedule, roles and responsibilities, etc.

i. Regional Audit Review Meeting

Regional Audit Review Meeting of the ASOSAI Capacity Development Program on "IT Audit", which was held in the Kingdom of Thailand from 1-5 April 2019 where participants have actively discussed and shared their previous experiences and audit findings. Mrs. Sarah Shaikh, Deputy Director, represented the Department of Auditor General of Pakistan.

ii. ASOSAI seminar in 2019 on Quality Control/Quality Assurance

An ASOSAI Knowledge Sharing Seminar on "Quality Control/Quality Assurance" was held in Kathmandu, Nepal from 2-6 December 2019 with the administrative support of the Office of the Auditor General of Nepal. The seminar was formally inaugurated by the Auditor General of Nepal Mr. Tanka Mani Sharma (Dangal). Similarly, the closing ceremony was also addressed by him and concluded with the distribution of certificate of attendance.



In closing remarks, Auditor General of Nepal thanked all participants for their active participation in the seminar and expected that participants would apply the good practices learned from the seminar.

Twenty-seven participants from twenty-four member SAIs attended the seminar with facilitation and technical guidance provided by Subject Matter Experts (SMEs) from the SAI of Nepal and the INTOSAI Development Initiative (IDI). A representative of the Capacity Development Administrator of ASOSAI (SAI Japan) also participated in the seminar for the management of the seminar.



The purpose of the seminar was to share experience and knowledge on Quality Control and Quality Assurance, as well as identify good practices of QC and QA. During the seminar, selected participants made presentations based on their country reports on the above theme, which were followed by Q&A sessions.

4. Economic Cooperation Organization of Supreme Audit Institutions (ECOSAI)

SAI Pakistan is the permanent Secretariat of Economic Cooperation Organization's Supreme Audit Institutions (ECOSAI), and the Auditor General of Pakistan is the Secretary-General ECOSAI. It is a regional forum of Supreme Audit Institutions of South and Central Asian Countries, which are members of the Economic Coordination Organization (ECO). During the 8th ECOSAI Assembly held on 22 October 2019 at Istanbul, Turkey SAIs of Belarus, Kuwait, Palestine and Qatar granted the status of ECOSAI Observer and them to attend ECOSAI Assembly.

1. The Auditor General of Pakistan in his capacity of Secretary-General ECOSAI along with four-member delegation attended 8th ECOSAI Assembly, 24th ECOSAI Governing Board Meeting and 19th ECOSAI Training Committee Meeting held from 21-23 October 2019, at Istanbul, Turkey.

In this meeting, significant decisions regarding ECOSAI were taken. The program started with the welcome speech of the Mr. Seyit Ahmet Baş, President of Turkish Court of Accounts, Turkey/ President of ECOSAI and also gave his opening speech in which he emphasized on greater cooperation between the ECOSAI members SAIs. The Secretary-General ECOSAI, Mr. Javaid Jahangir presented the activity report for the year 2018-2019 during 24th ECOSAI Governing Meeting and Activity Report for the years 2017-2019 during the 8th ECOSAI Assembly.

He shared with the audience the details of all the activities that took place under the umbrella of ECOSAI last three years. Secretary-General ECOSAI emphasized the importance of capacity development of personnel of the member SAIs and requested all SAIs to actively participate in training courses/workshops organized by the ECOSAI member SAIs. At the end of his speech,

Mr. Javaid Jahangir hoped that ECOSAI forum would become more dynamic and productive by promoting greater public accountability and transparency in our respective countries.



The matters discussed and decided in the 19th ECOSAI Training Committee meeting on 21 October 2019 were presented for the approval of the ECOSAI Governing Board. The Revised ECOSAI Training Plan 2019-2022 was also approved by the 24th ECOSAI GBM and amendment made in ECOSAI Charter. The 24th ECOSAI Governing Board Meeting following the Training Committee meeting started with the opening speech of Mr. Seyit Ahmet Bas, President Turkish Court of Accounts and President of ECOSAI. Mr. Seyit Ahmet Bas emphasized that ECOSAI, consisting of the SAIs of friendly and brother countries, should improve bilateral ties and cooperation.



During the 8th ECOSAI Assembly SAIs of Belarus, Kuwait, Qatar and Palestine granted observer status of ECOSAI and all these SAIs would participate in ECOSAI Assembly as an observer in future.

The 8th ECOSAI Assembly approved the amendment in ECOSAI Charter and also approved. Revised ECOSAI Training Plan 2019-2022 by the ECOSAI member SAI.



ii. ECOSAI workshop on "Introduction to Ethics Audit."

ECOSAI workshop on "Introduction to Ethics Audit" held from April 15-19, 2019 Antalya, Turkey. The training was given on different facets of Ethics Audit, and good practice examples were discussed. There were 28 participants from member country SAIs of Afghanistan, Azerbaijan, İran, Kazakhstan, Kirgizstan, Mongolia, Pakistan, Tajikistan and other SAI of the TRNC, Kuwait, Palestine and Qatar. Mrs. Saima Sabah, Director (IR&C) and Mr. Muhammad Afnan Alam, Director (Quality Assurance), Office of the Auditor General of Pakistan attended the workshop.

5. Shanghai Cooperation Organization (SCO)

Shanghai Cooperation Organization is an intergovernmental organization founded in Shanghai on 15 June 2001. The SCO currently comprises eight Member States (China, India, Kazakhstan, Kyrgyzstan, Russia, Pakistan, Tajikistan and Uzbekistan), four Observer States interested in acceding to full membership (Afghanistan, Belarus, Iran, and Mongolia) and six "Dialogue Partners" (Armenia, Azerbaijan, Cambodia, Nepal, Sri Lanka and Turkey).

SAI Pakistan attendance in SCO Seminar from 29-31 October 2019

SCO Seminar on the Role of the Supreme Audit Institutions in Poverty Alleviation was held in Beijing (China) from 29-31October 2019. Mr. Majid Saeed Ranjha, Director (Legal), Office of the Auditor General of Pakistan and Mr. Farooq Qaisrani, Deputy Director Social Safety Nets, attended the subject seminar.

6. Department of the Auditor General as the South Asian Association for Regional Cooperation (SAARC) Auditors

The SAARC was established on 08 December 1985 to organize and unite the governments of its seven original members: Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka to promote mutual progress and development.

Mr. Tariq Bashir Chatha, Director General Audit (Foreign and International), Ministry of Foreign Affairs, Islamabad and Mr. Amjad Ali, Director (Establishment), Office of the Auditor General of Pakistan, Islamabad Audited Accounts the SAARC Secretariat and its Regional Centers for the year 2019.

7. Sai Pakistan Contribution To International Training During 2019-2020

Supreme Audit Court (SAC) of the Islamic Republic of Iran

The Office of the Auditor General of Pakistan (DAGP) and the Supreme Audit Court of I.R Iran (SAC) signed a Memorandum of Understanding, with the approval of Federal Cabinet, to intensify interaction and improve the effectiveness of cooperation in the field of a state audit in July 2016. Supreme Audit Court of I.R Iran, with the technical assistance of the Office of the Auditor General of Pakistan (AGP), has planned a training course on Performance Auditing for the personnel of Supreme Audit Court of I.R Iran. Performance Auditing is one of the technical themes of collaboration between the DAGP and SAC I.R Iran. The Supreme Audit Court of I.R. Iran has invited an expert from the Department of the Auditor General of Pakistan to Tehran Iran, to conduct training course on Performance Auditing. Accordingly, Mr. Sheraz Manzoor Haider, Director General visited Tehran twice for performance audit courses as trainer.

8. Peer Review Report of the Turkish Court of Accounts (SAI Turkey)

SAI Pakistan signed a Memorandum of Understanding on cooperation in public sector auditing with Turkish Court of Accounts (SAI Turkey) on 18 October 2016, in sideline meeting during the event of ECOSAI Assembly at Ankara Turkey. On the invitation of TCA, a three-member delegation from the Supreme Audit Institution SAI), Pakistan visited Ankara, Turkey from 7-12 May 2018 to deliver a training course on peer - review.

On the invitation of TCA, also a three-member delegation from the Supreme Audit Institution SAI), Pakistan visited Ankara, Turkey from 25 June to 13 July 2018, to deliver a training course on Performance Audit (Elementary Level).

A two-member delegation from the Turkish Court of Accounts TCA visited the office of the Auditor General of Pakistan, Islamabad from 14-18 August 2018.

9. Selection of the Auditor General of Pakistan as Organizational Member on the Board of Directors of International Consortium of Government Financial Management Board of Directors 2019-21

Supreme Audit Institution, Pakistan becomes an Organizational Member of the Board of Directors of International Consortium on Governmental Financial Management (ICGFM) for two years term of office begins from 01 January 2020.

ICGFM provides a forum to interact with hundreds of leading policymakers and business leaders from over 50 countries worldwide each year at its Spring International Training Conference in Miami and the Winter Training Conference in Washington, DC. The conferences provide opportunities to influence PFM policies and priorities around the world positively.

10. SAI Pakistan / Department of the Auditor General of Pakistan and SAI Nepal sign Memorandum of Understanding

The approval of Federal Cabinet to negotiate draft MoU in Public Sector Auditing with Office of the Auditor General of Nepal was received on 06 January 2017, accordingly, draft MoU was forwarded to SAI Nepal on 19 January 2017 for comments.SAI Nepal conveyed consent of Government of Nepal on 08 May 2017.



SAI Pakistan signed MoU with SAI Nepal in a sideline meeting of 14th XXIII INCOSAI on 27 September 2019 in Moscow, Russia.

4

PERFORMANCE REPORT ON AUDIT ACTIVITIES

PERFORMANCE REPORT ON AUDIT ACTIVITIES

Audit Reports of the AGP:

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

- Certification audit reports express 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 report 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 field audit offices 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.

DETAILED NUMBER OF AUDIT PLANNED AND ACHIEVED DURING THE AUDIT YEAR 2019-20

Sr. #	Name of FAO	Planned / Achieved	Comp. Audit	Special Audit	Perform. Audit	Environ. / Forensic Audit	IS Audit	Special Study	Certificate Audit	FAP Audit	Total
Deputy Auditor General (North)											
1	DGA (KP)	Planned	203	0	6	0	1	0	2	15	227
		Achieved	193	0	6	0	0	0	2	15	216
2	DGA (DG) KP	Planned	652	0	3	1	1	0	27	1	685
		Achieved	649	0	3	1	1	0	27	1	682
3	DGA (GB)	Planned	229	2	1	0	0	1	2	2	237
		Achieved	225	2	1	0	0	1	2	2	233
4	DGA (AJ&K)	Planned	391	2	0	0	0	0	1	6	400
		Achieved	391	2	0	0	0	0	1	6	400
Deputy Auditor General (Central)											
5	DGA (Works)	Planned	130	1	1	0	1	0	1	9	143
		Achieved	130	1	1	0	1	0	1	9	143
6	DGA (Punjab)	Planned	627	4	3	1	1	0	2	11	649
		Achieved	415	3	1	0	1	0	2	10	432
7	DGA (DG) Pb. North	Planned	275	4	4	0	0	1	42	3	329
		Achieved	275	4	4	0	0	1	42	3	329
8	DGA (DG) Pb. South	Planned	345	1	4	0	0	3	34	19	406
		Achieved	345	1	3	0	0	3	34	19	405
Deputy Auditor General (SSA & RRA)											
9	DGA (IR&C) North	Planned	123	0	1	0	1	1	1	1	128
		Achieved	123	0	1	0	1	1	1	1	128
10	DGA (IR&C) South	Planned	173	0	1	0	0	3	19	2	198
		Achieved	149	0	1	0	0	3	19	0	172
Deputy Auditor General (FAO)											
11	DGA (FG)	Planned	321	4	3	0	1	0	3	40	372
		Achieved	241	3	2	0	1	0	3	41	291
12	DGA (F&I)	Planned	49	0	1	0	0	0	1	0	51
		Achieved	45	0	1	0	0	0	1	0	47
13	DGA (CC&E)	Planned	65	1	1	2	0	1	3	7	80
		Achieved	65	0	0	0	0	0	3	7	75
14	DGA (SSN)	Planned	101	2	2	0	1	0	0	4	110
		Achieved	74	0	0	0	1	0	0	4	79
Deputy Auditor General (DSA)											
15	DGA (Works) Federal	Planned	115	1	1	0	0	3	1	6	127
		Achieved	95	5	0	0	0	0	1	6	107
16	Director (CPEC)	Planned	12	0	0	0	0	0	0	3	15
		Achieved	7	0	0	0	0	0	0	3	10
17	DGA (DS) North	Planned	313	7	0	0	0	0	2	1	323
		Achieved	294	5	0	0	0	0	2	0	301
18	DGA (DS) South	Planned	102	0	0	0	0	4	3	0	109
		Achieved	79	0	0	0	0	3	3	0	85

Deputy Auditor General (South)

19	DGA (Sindh)	Planned	911	9	3	1	1	3	2	23	953
		Achieved	787	9	2	0	0	3	2	14	817
20	DGA (Baluchistan)	Planned	680	2	2	0	0	0	1	8	693
		Achieved	586	2	2	0	0	0	1	7	598
21	DGA (LC) Sindh	Planned	400	0	3	0	0	2	0	0	405
		Achieved	357	1	3	0	0	4	0	0	365
22	DGA (LC) Balochistan	Planned	515	1	0	0	0	3	0	0	519
		Achieved	514	1	0	0	0	1	0	0	516

Deputy Auditor General (CA & E)

23	DG (CA&E) North	Planned	46	2	5	0	0	0	2	0	55
		Achieved	44	1	2	1	0	0	2	1	51
24	DG (CA&E) South	Planned	38	0	3	1	0	1	0	0	43
		Achieved	29	0	1	1	0	1	0	0	32
25	DGA (Railways)	Planned	52	1	5	1	0	0	1	0	60
		Achieved	52	1	2	1	0	0	1	0	57
26	DGA (P&TS)	Planned	2	1	1	0	0	0	1	0	5
		Achieved	2	1	0	0	0	0	1	1	5
27	DGA (Power)	Planned	95	1	2	0	0	3	0	32	133
		Achieved	95	1	0	0	0	3	0	32	131
28	DGA (WR)	Planned	58	0	1	1	0	1	0	21	82
		Achieved	58	0	1	1	0	1	0	21	82
29	DGA (P&NR)	Planned	61	0	3	0	1	0	11	0	76
		Achieved	47	0	1	0	0	0	11	0	59
Total Target Planned		Planned	**7084**	**46**	**60**	**8**	**9**	**30**	**162**	**214**	**7613**
		Achieved	**6366**	**43**	**38**	**5**	**6**	**25**	**162**	**203**	**6848**

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 processing and recording 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.

Total Audited Accounts For The Year 2018-19 Alongwith Expenditure

Sr. #	Government	No. of Accounts Certified	Size of Accounts Rs.	Nature of Audit Certificate
1	Federal	2	48,037,987,948,611	2 Unqualified
2	Self-Accounting Entities	8		6 Unqualified 1 Qualified 1 adverse
3	Provincial- Punjab+ Punjab Health +Punjab Education	147	1,697,538,578,850	8 Qualified 139 Unqualified
4	Provincial- Sindh	3	860,650,587,750	03 Unqualified
5	Provincial- KP + Distt KP	55	542,776,485,897	55 Unqualified
6	Provincial- Balochistan	2	260,278,632,867	02 Unqualified
7	ERRA	1	3,445,258	01 Qualified
8	AJ&K Government	2	123,541,596,541	02 Unqualified
10	Gilgit Baltistan Council	2	597,451,647	02 Qualified
11	Gilgit Baltistan Government	2	55,730,967,754	02 Unqualified
12	National Disaster Management Authority	1	272.587,587	01 Disclaimer
13	Provincial Disaster Management Authority Sindh	1	917,826,605	01 Unqualified
Total		**226**	**51,580,023,521,780**	212 Unqualified 12 Qualified 01 Adverse 01 Disclaimer

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 2019-20, 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.

Table below provides nation-wide figures of the total amounts audited, recoveries made on the basis of the audit findings and values of transactions placed under audit observations reported in Audit Reports laid before Parliament/Provincial Assemblies.

(Rs. in million)

Sr. #	Description	Total
1	Total amount audited	519,154,626.36
2	Recovery made at the instance of audit	62,880.00
3	Amount placed under audit observations	50,834,081.38

The Audit Wing wise detail is as under:

(Rs. in million)

Sr. #	Description	Total amount Audited	Recovery made at the instance of audit	Amount placed under audit observations
1	DAG (FAO)	502,113,479.53	3,527.93	565,496.86
2	DAG (CA&E)	8,543,432.76	39,509.30	43,843,936.02
3	DAG (DA)	2,804,755.12	3,489.76	3,018,718.82
4	DAG (North)	355,913.39	1,989.33	1,001,167.04
5	DAG (South)	968,382.06	1,808.78	482,245.06
6	DAG (SSA & RRA)	3,296,894.00	10,089.87	309,478.29
7	DAG (Central)	1,071,769.50	2,465.03	1,613,039.29
Total		**519,154,626.36**	**62,880.00**	**50,834,081.38**

The Field Audit Offices produced 368 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.62,880.00 million.

Table below provides nation-wide figures of audit reports issued in the audit year 2019-20:

Sr. No.	Description	No. of Reports
1	Audit Reports	74
2	Special Audit Reports	36
3	Performance Audit Reports	44
4	Other Audit Reports (Audits of foreign funded Projects, IT & Environment Audit etc.)	214
Total		**368**

The Audit Wing wise detail is as under:

Description	DAG (FAO)	DAG (CA&E)	DAG (DSA)	DAG (Central)	DAG (RRA)	DAG (South)	DAG (North)	Total
Audit Reports	10	12	3	12	1	4	32	74
Special Audit Reports	6	2	3	5	4	12	4	36
Performance Audit Reports	1	8	0	6	1	4	24	44
Foreign Aided Project Reports	52	55	9	19	0	21	24	180
IT/IS Report / others	0	1	0	2	0	0	1	4
Environment Audit Report	0	0	0	0	0	0	1	1
Special Studies Reports	0	4	0	3	0	6	3	16
Certification Audit Report	7	2	4	0	0	0	0	13
Total	**76**	**84**	**19**	**47**	**6**	**47**	**89**	**368**

Summary of Violations in Audit Reports–All Wings

(Rs. in million)

S#	Description	DAG (FAO)	DAG (CA&E)	DAG (DSA)	DAG (Central)	DAG (RRA)	DAG (South)	DAG (North)	Total
1	Violation of Rules and regulations as well as principle of propriety and probity in public operations.	221,238.13	2,217,191.66	2,091,389.76	672,897.58	142,602.70	37,269.07	59,391.00	5,441,979.91
2	Reported cases of fraud, embezzlement, thefts and misuse of public resource.	12,867.24	5,188.08	366.531	1003.626	819.76	879.99	6,309.12	27,434.35
3	Accounting Errors	60,314.52	15,433.85	5,560.46	-	0	5,804.92	563,526.91	650,640.66
4	weaknesses of internal control systems.	10,751.25	566,352.47	556,320.13	10,226.84	0	49,154.75	45,528.70	1,238,334.14
5	Recoveries and overpayments	81,190.81	3,665,225.76	49,489.49	108,553.19	166,055.83	69,208.62	24,661.95	4,164,385.65
6	Non-production of record	18,175.54	6,375.89	71,269.20	573,998.37	0	115,387.61	5,008.61	790,215.21
7	Others	160,959.28	1,578,568.83	182,366.26	246,351.68	0	204,540.84	276,440.54	2,649,2
8	Irregularities	-	8,691.82	-	-	-	-	-	8,691.82
A	HR/Employees related irregularities	-	7,244.44	-	-	-	-	-	7,244.44
B	Procurement related irregularities	-	19,659.05	-	-	-	-	-	19,659.05
C	Management of Accounts with Commercial Banks	-	22,205.79	-	-	-	-	-	22,205.79
9	Value of Money and service delivery issues	-	18,105.79	-	-	-	-	-	18,105.79

Following section outlines the performance of the seven (07) Audit Wings of the DAGP for conducting Compliance-with-Authority and Value-for-Money audit.

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

FAO Wing comprises of four field audit offices (FAOs) dealing with Federal Government Ministries and Divisions and its attached Departments (Except Defense Services and Revenue Divisions and Authorities / Bodies and PSEs dealt by 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 total amount audited by the FAO Wing (Four FAOs), recoveries made at the instance of audit and total amount placed under audit observations have been given below:

(Rs. in million)

S.#	Description	DGA (FG)	DGA(F&I)	DGA (CC&E)	DGA(SSN)	Total
1	Total amount audited	501,924,000.00	37,438.049	11,211.16	140,830.320	**502,113,479.529**
2	Recovery made at the instance of audit	3,167.143	360.640	0	0.147	**3,527.930**
3	Amount placed under audit observations	412,085.00	9,274.666	4,882.520	139,254.676	**565,496.862**

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

(Rs. in million)

S.#	Description	Amount placed under audit observations				Total
		DGA (FG)	DGA(F&I)	DGA (CC&E)	DGA(SSN)	
1	Violation of rules and regulations and violation of principles of propriety and probity public operation	203,009.470	4,966.630	1,645.60	11,616.432	**221,238.132**
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources	12,561.115	53.091	0	253.033	**12,867.239**
3	Accounting Errors	60,187.253	0	127.27	0	**60,314.523**
4	Weaknesses of internal controls	8,894.215	1,857.0363	0	0	**10,751.251**
5	Recoveries and overpayments	79,591.500	341.944	644.90	612.464	**81,190.808**
6	Non-Production of Records	17,969.940	0	0	205.597	**18,175.537**
7	Others	29,871.507	2,055.965	2,464.66	126,567.15	**160,959.282**
	TOTAL	**412,085.000**	**9,274.666**	**4,882.520**	**139,254.676**	**565,496.862**

The wing issued seventy-six (76) Audit Reports. Details of breakup according to type of audit are as under

S.#	Description	Amount placed under audit observations				Total
		DGA (FG)	DGA(F&I)	DGA (CC&E)	DGA(SSN)	
1	Audit Reports	01	01	50	03	**10**
2	Special Audit Reports	05	01	0	0	**06**
3	Performance Audit Reports	01	0	0	0	**01**
4	Foreign Aided Project	41	0	07	04	**52**
5	IT/IS Report	0	0	0	0	**0**
6	Environment Audit Report	0	0	0	0	**0**
7	Special Studies Reports	0	0	0	0	**0**
8	Certification Audit Report	03	01	03	0	**07**
	TOTAL	**51**	**03**	**15**	**07**	**76**

II. Corporate Audit and Energy (CA&E) Wing

CA&E Wing comprises of **seven** field audit offices (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 total amount audited by the CA&E Wing, recoveries made at the instance of audit and total amount placed under audit observations have been given in the table below

(Rs. in million)

S. #	Description	DG CA&E (N)	DG CA&E (S)	DGA Railways	DGA P&TS	DGA Power	DGA WR	DGA PNR
1	Total amount audited	296,414.00	1,017,143.35	92,840.000	57,629.000	1,306,538.62	210,583.84	5,562,283.953
2	Recovery made at the instance of audit	587.332	16,191.801	3,127.800	1,599.026	2,622.27	141.685	15,239.387
3	Amount placed under audit observations	159,941.147	31,441.788	261,660.499	22,958.069	40,013,325.90	1142017.46	2,212,591.159

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

S. #	Description	DG CAE (N)	DG CAE (S)	DGA Railways	DGA P&TS	DGA Power	DGA WR	DGA PNR
1	Violation of Rules and regulations as well as principle of propriety and probity in public operations.	-	-	121,574.457	4,271.382	291,481.88	1,035,974.87	763,889.075
2	Reported cases of fraud, embezzlement, thefts and misuse of public resource.	287.105	52.428	558.833	256.263	4,033.45	-	-
3	Accounting Errors	-	4,683.116	10,714.017	36.713	-	-	-
4	Weaknesses of internal control systems.	-	225,101.799	75,019.457	80.698	63,775.42	4,791.09	197,584.002
5	Recoveries and overpayments	-	56,687.749	37,020.919	681.676	2,605,288.36	15,069.29	950,477.761
6	Non-production of record	218.879	-	5,722.694	434.312	-	-	-
7	Others	99,228.979	15,523.378	11,050.122	17,197.025	1,048,746.79	86,182.21	300,640.321
8	Irregularities	8,691.820						
A	HR/Employees related irregularities	6,185.047	1,059.395	-	-	-	-	-
B	Procurement related irregularities	17,381.174	2,277.879	-	-	-	-	-

C	Management of Accounts with Commercial Banks	9,842.356	12,363.438	-	-	-	-	-
9	Value of Money and service delivery issues	18,105.787	165.263-	-	-	-	-	-
	Total:	**159,941.147**	**31,441.788**	**261,660.499**	**22,958.069**	**40,013,325.90**	**1,142,017.46**	**2,212,591.159**

The wing issued eighty-four (84) Audit Reports. Details of breakup according to type of audit are as under

S. #	Description	DG CAE (N)	DG CAE (S)	DGA Railways	DGA P&TS	DGA Power	DGA WR	DGA PNR
1	Audit Reports	03	03	1	2	*01*	01	01
2	Special Audit Reports	01	0	0	-	*01*	0	0
3	Performance Audit Reports	02	0	0	1	*02*	02	01
4	Foreign Aided Project Reports	01	0	0	1	*32*	21	0
5	IT/IS Report	-	0	0	-	-	-	0
6	Environment Audit Report	-	0	0	-	-	-	0
7	Special Study Reports	-	0	1	-	*03*	-	0
8	Certification Audit Report	02						
9	Others	01	0	0	-	0	0	0
	Total	**10**	**03**	**02**	**04**	**39**	**24**	**02**

III. Defense Services Audit (DSA) Wing

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

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

Sr. No.	Description	DGA (Works) Fed	Director Audit CPEC	DGA (DS) North	DGA(DS) South	Total
1	Total Amount Audited	312,669.912	0	2,447,148.480	44,936.73	2,804,755.122
2	Recovery Made at the Instance of Audit	1,490.033	0	1,332.878 US$ 9.843 Euro 0.025	666.85	666.85
3	Amount placed under Audit Observations	85,260.347	0	2,814,022.780	119,435.69	3,018,718.817
	Total	**399,420.292**	**0**	**5,262,504.138 US$ 9.843 Euro 0.025**	**165,039.27**	**165,039.27**

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

Rupees in Million

Sr. No.	Description	DGA(Works) Fed	DGA (DS) North	DGA(DS) South	Total
1	Violation of rules and regulations and violation of principles of propriety and probity public operation.	6,253.613	2,005,100.847	80,035.30	**2,091,389.76**
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources	140.000	226.531	0	**366.531**
3	Accounting Errors	1,838.065	3,722.390	0	**5,560.455**
4	Weaknesses of internal control Systems	62.019.285	519,451.950	36,805.88	**556,320.134**
5	Recoveries and over payments	15,009.384	33,125.680	1,354.43	**49,489.494**
6	Non-Production of Record	-	70,557.100	712.10	**71,269.2**
7	Others	-	181,838.282	527.98	**182,366.262**
	Total	**85,260.347**	**2,814,022.780**	**119,435.69**	**2,956,761.836**

The wing issued nineteen (19) Audit Reports. Details of breakup according to type of audit are as under

Sr. No.	Description	DGA(Works) Fed	DGA (DS) North	DGA(DS) South	Total
1	Audit Reports(*)	01	01	01	3
2	Special Audit Reports	-	03	-	3
3	Foreign Aided Project Report	09	-	-	9
4	Special Studies Report	-	-	04	4
Total Audit Reports		**10**	**04**	**05**	**19**

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

RRA &SSA Wing comprises of two Field Audit Offices (FAOs) dealing with 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 total amount audited by the Wing, recoveries made at the instance of audit and total amount placed under audit observations have been given in the table below

Rupees in Million

Sr. #	Description	Amount
1	Total amount audited	3,296,894.00
2	Recovery made at the instance of audit	10,089.87
3	Amount placed under audit observation	309,478.29
	Total	**3,616,462.16**

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

Rupees in Million

Sr. #	Description	Amount
1	Violation of rules and regulations as well as principles of propriety and probity in public operations.	142,602.70
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	819.76
3	Recoveries and overpayments	166,055.83
4	Non-production of record.	135 No. of cases
	TOTAL	**309,478.29**

The wing issued six (06) Audit Reports. Details of breakup according to type of audit are as under:

Sr. #	Description	DG Audit IR&C, Lahore	DG Audit, IR&C, Karachi	TOTAL
1	Audit Report	01	-	01
2	Special Audit Reports	01	03	04
3	Performance Audit Report	-	01	01
	Total Audit Reports	**02**	**04**	**06**

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

DAG North Wing comprises of four Field Audit Offices (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 total amount audited by the DAG North Wing, recoveries made at the instance of audit and total amount placed under audit observations have been given in the table below

Rupees in Million

S. No	Description	Figures relating to					Total
		DG Audit KP		DG Audit Distt Govt KP	DG Audit GB	DG Audit AJ&K	
		Exp Audit	RRA				
1	Total amount audited.	208,513	12,480.00	79,943.28	22,492.00	32,485.11	355,913.39
2	Recovery made at the instance of audit.	1,686.334	103.88	24.96	160.57	13.59	1,989.33
3	Amount placed under audit observation.	880,496.355	1,715.47	61,598.74	43,208.64	14,147.84	1,001,167.04
	Total	**1,090,695.689**	**14,299.35**	**141,566.98**	**65,861.21**	**46,646.54**	**1,359,069.76**

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

Rupees in Million

S. No	Description	Amount placed under audit observation:					Total
		DGA KP		DGA (DG) KP	DGA GB	DGA AJ&K	
		Exp Audit	RRA				
1	Violations of rules and regulations and violation of principles of propriety and probity public operation	17,140.071	-	22,249.332	12,786.20	7,215.40	59,391.00
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources	4,955.565	-	80.253	-	1,273.31	6,309.12
3	Accounting Errors	542,776.000	-	-	20,043.52	707.39	563,526.91
4	Weakness of Internal Control system	42,559.137	-	-	2,545.13	424.44	45,528.70
5	Recoveries and overpayments	12,875.978	1,715.470	-	7,523.89	2,546.61	24,661.95
6	Nonproduction of records	2,943.378	-	367.488	-	1,697.74	5,008.61
7	Others	257,246.226	-	18,601.463	309.89	282.96	276,440.54
	Total	**880,496.355**	**1,715.470**	**41,298.536**	**43,208.64**	**14,147.84**	**966,719.00**

The wing issued eighty-nine (89) Audit Reports. Details of breakup according to type of audit are as under:

S. No	Description	No of Reports relating to				Total
		DGA KP	DGA (DG) KP	DGA GB	DGA AJ&K	
1	Audit Reports	2	27	2	1	**32**
2	Special Audit Reports	0	0	2	2	**4**
3	Performance Audit Reports	4	19	1	0	**24**
4	Foreign Aided Projects	15	1	2	6	**24**
5	IT/IS Audit Report	0	1	0	0	**1**
6	Environment Audit Report	0	1	0	0	**1**
7	Special Studies Report	2	0	1	0	**3**
	Total Audit Reports	**23**	**49**	**8**	**9**	**89**

VI. DAG Central Wing-Punjab

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

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

Rupees in Million

Sr #	Description	DGA Works (P)	DGA Punjab	DGA (DG) Pb (N)	DGA (DG) Pb (S),	Total
1	Total amount audited	49,750.000	839,429.000	52,614.457	129,976.046	**1,071,769.503**
2	Recovery made at the instance of audit	1,236.949	468.990	727.195	31.892	**2,465.026**
3	Amount placed under audit observations	33,638.555	1,287,748.260	24,123.615	267,528.859	**1,613,039.289**

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

Rupees in Million

Sr #	Description	DGA Works (P)	DGA Punjab	DGA (DG) Pb (N)	DGA (DG) Pb (S),	Total
1	Violation of Rules and regulations as well as principle of propriety and probity in public operations.	31,931.024	531,772.100	11,981.744	97,212.716	**672,897.584**
2	Reported cases of fraud, embezzlement, thefts and misuse of public resource.	71.277	735.590	79.772	116.987	**1003.626**
3	Accounting Errors	-	-	-	-	-
4	Weakness of internal control systems.	-	-	3,254.012	6,972.824	**10,226.836**
5	Recoveries and overpayments		64,860.110	3,085.472	40,607.612	**108,553.194**
6	Non production of record	482.484	535,071.320	687.539	37,757.031	**573,998.374**
7	Others	1,153.77	155,309.140	5,035.076	84,853.689	**246,351.675**
	Total	**33,638.555**	**1,287,748.26**	**24,123.615**	**267,520.859**	**1,613,031.289**

The wing issued forty-seven (47) Audit Reports. Details of breakup according to type of audit are as under:

Sr #	Description	DGA Works (P)	DGA Punjab	DGA (DG) Pb (N)	DGA (DG) Pb (S),	Total
1	Audit Reports	1	2	2	7	**12**
2	Special Audit Reports	1	3	-	1	**5**
3	Performance Audit Report	1	1		4	**6**
4	Foreign Aided Project Report	9	10			**19**
5	IT/IS Report	1	1	-	-	**2**
6	Environment Audit Report	-	-	-	-	-
7	Special Studies Report	-	-	-	3	**3**
	Total Audit Report	**13**	**17**	**2**	**15**	**47**

VII. DAG South Wing-Sindh and Balochistan

DAG (South) Wing comprises of four Field Audit Offices (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 total amount audited by the DAG South Wing, recoveries made at the instance of audit and total amount placed under audit observations have been given in the table below

Rupees in Million

Sr. #	Description	DGA, Sindh	DGA, LC Sindh	DGA, Balochistan	DGA, LC Balochistan	Total
1	Total amount audited	585,387	228,577.056	146,145	8,273	**968382.056**
2	Recovery made at the instance of audit	277.453	75.195	1,128.592	327.544	**1808.784**
3	Amount placed under audit observation	289,951.228	149,665.398	37,210.437	5,418	**482245.063**

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

Rupees in Million

Sr. #	Description	DGA, Sindh	DGA, LC Sindh	DGA, Balochistan	DGA, LC Balochistan	Total
1	Violation of rules and regulation and violation of principle of propriety and probity in public operations.	3026.993	5,319.184	27,123.93	1,798.96	**37269.067**
2	Reported cases of fraud, embezzlement, theft and misuse of public resources.	370.376	332.345	177.269	0	**879.99**
3	Accounting Errors	5066.419	0	0	738.505	**5804.924**
4	Weaknesses of Internal Control Systems	47,902.480	684.080	0	568.19	**49154.75**
5	Recoveries and overpayments	96.490	61,400.802	6,247.323	1,464	**69208.615**
6	Non-production of record.	113,956.499	262.861	1,143.177	25.072	**115387.609**
7	Others	119,531.971	81,666.126	2518.738	824	**204540.835**
	Total	**289,531.228**	**149665.398**	**37,210.437**	**5,418.727**	**482245.790**

The wing issued forty-seven (47) Audit Reports. Details of breakup according to type of audit are as under:

Sr. #	Description	DGA, Sindh	DGA, LC Sindh	DGA, Balochistan	DGA, LC Balochistan	Total
1	Audit Report	01	01	01	01	**04**
2	Special Audit Reports	09	-	02	01	**12**
3	Performance Audit Reports	02	-	02	-	**04**
4	Foreign Aided Project Report	14	-	07	-	**21**
5	Special Studies Report	03	-	-	03	**06**
	Total	**29**	**01**	**12**	**05**	**47**

5

OUR CHALLENGES AND WAY FORWARD

OUR CHALLENGES AND WAY FORWARD

Pakistan is one of the ten countries most affected by climate change— also, it maintains one of the highest population growth rate— further, its economy while scrambling to broaden 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 population does not have access to health cover. 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 an age is characterized by 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 normal course and dressing them up as *challenges* will not serve the purpose. One has to be selective to pinpoint problems which are chronic in nature 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 medium term horizon:

1. Need to redefine strategic intent
2. Engaging with the Policy Universe Meaningfully
3. Institutionalizing Public Value Creation as main Concern of Audit
4. Improving overall Ambience of Government Auditing

Redefining Strategic Intent

Strategic intent, in corporate literature, refers to a crisp slogan or a set of slogans adopted by an organization to provide its work force a clear sense of targeting a competitor. A proverbial example is Komatsu's slogan in 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:

- analysis not accusation
- professional rigor not unnecessary hassle (for the auditee)
- reflection not inspection

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 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 (or to *redefine*) its *practical* terms of engagement with the state and society — a) at the level of routine audit observations seeking piecemeal remedies b) engaging with the universe of public policy and thereby making a difference to the life of the common man.

In order 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 evidence based historical view on public policy formulation process through identification of structural gaps.
3. Following three questions may serve as main lenses to decipher historical archives and developing 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 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 above questions will provide a vibrant knowledge base to assess efficacy of future reform, 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 centered on quality of public service delivery to 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 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 analyze 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 governmental (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 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 executive and a more effective liaison and cooperation between Audit and the PAC, aligning Audit's work plans and methodologies with PAC's priorities and directions is extremely importantly.

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, to create a dignified presence for itself is not an easy task. Situation has not been helped by the OAGP's work force's own craving in the past to hang on to executive- like operations (e.g. pre-payment auditing, financial advice etc.) and thereby try to retain some administrative authority. The long-term effects of this compromise have been damaging for the morale of the OAGP's work force. Instead of taking pride in their own profession they developed a penchant for generalist administrative jobs. To graduate from this treasury-based ethos and develop 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 Work Force

Competent auditors analyze while incompetent ones accuse and scandalize. A SAI can ill afford to keep its work force 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 work force, 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. There is a need for 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 Work force

OAGP's workforce consists of a leadership tier of officers of 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 province of the IDC. Operating in these two different spheres of work over more than a century these two cadres have assumed a character of two different social classes separated by a deep cultural chasm. With the changing trends in society (e.g. large-scale urbanization, proliferation of markets, emergence of media, prevalence of IT and reducing economic inequality between social classes) the extrinsic differences of social and economic status between these two classes have blurred however the cultural biases still persist in the form of an "us" and "them" way of thinking. OAGP plans to enhance harmony within the department by nudging these two cadres toward a concordance based on a 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 role of a vibrant SAI, toward the goal of democratic good governance in our country.