ANNUAL REPORT

2018-19

Auditor General of Pakistan

Integrity, Quality, Partnership

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Our Challenges and Way forward



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, tax payers, 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

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.

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 AGP of Pakistan
- Audit and Accounts Separated w.e.f 1st July 2001

The Auditor General as the Pivot of Accountability

According to the Constitution of the Islamic Republic of Pakistan, the Parliament and the 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.

Relevant Constitutional Provisions

Article 168:
"There shall be an Auditor General of Pakistan who shall be appointed by the President. The Auditor-General shall, unless he sooner resigns or is removed from office in accordance with clause (5), hold office for a term of four years from the date on which he assumes such office or attains the age of sixty-five years, whichever is earlier".
The other terms and conditions of service of the Auditor-General shall be determined, by Act of Majlis-e-Shoora (Parliament); and, until so determined, by Order of the President.

Article 169:
"The Auditor General shall, in relation to (a) the accounts of the Federation and of the Provinces; and (b) the accounts of any authority or body established by the Federation or a Province, perform such functions and exercise such powers as may be determined by or under the Act of Parliament and, until so determined, by order of the President".

Article 170:
The audit of 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 shall be conducted by the Auditor-General, who shall determine the extent and nature of such audit.

Article 171:
"The reports of the Auditor General relating to the accounts of Federation shall be submitted to the President, who shall cause them to be laid before the National Assembly and the reports of the Auditor-General relating to the accounts of a Province shall be submitted to the Governor of the Province, who shall cause them to be laid before the Provincial Assembly".

Excerpts of Supreme Court Judgment 2013 on Mandate of AGP
Supreme Court of Pakistan in its judgment in constitutional petition CP No 102 0f 2012 notes that "The Constitution does not recognize any exception to the provisions of Article 170(2). In this view of the matter, the Consolidated Fund and Public Accounts cannot remain unaudited" (Para 11). Even before the introduction of Article 170(2) in 2010, the Auditor General's (Functions, Powers and Terms & Conditions of Service) Ordinance, 2001, made it "abundantly clear that where the amount is charged on the Consolidated Fund or relates to the Public Accounts of the Federation or the Provinces, the same must be audited by the Auditor General without exception" (Order dated 07.05.2013, Para 11). Also in its Para 13, Supreme Court of Pakistan noted that: "sub-Article (2) of Article 170 of the Constitution was added by the 18th Amendment which amply empowers and directs the Auditor General to fulfill his constitutional obligations. It is only through audit that it can be ensured that the hard-earned income of citizens of this country is being spent for lawful purposes. Without the audit specified by the Constitution and the two statutes, referred to hereinabove, there can be little or no room for any transparency. Absence of audit by the Auditor General, apart from being in violation of the Constitution and law, is a sure and certain invitation to corruption and lack of accountability."

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

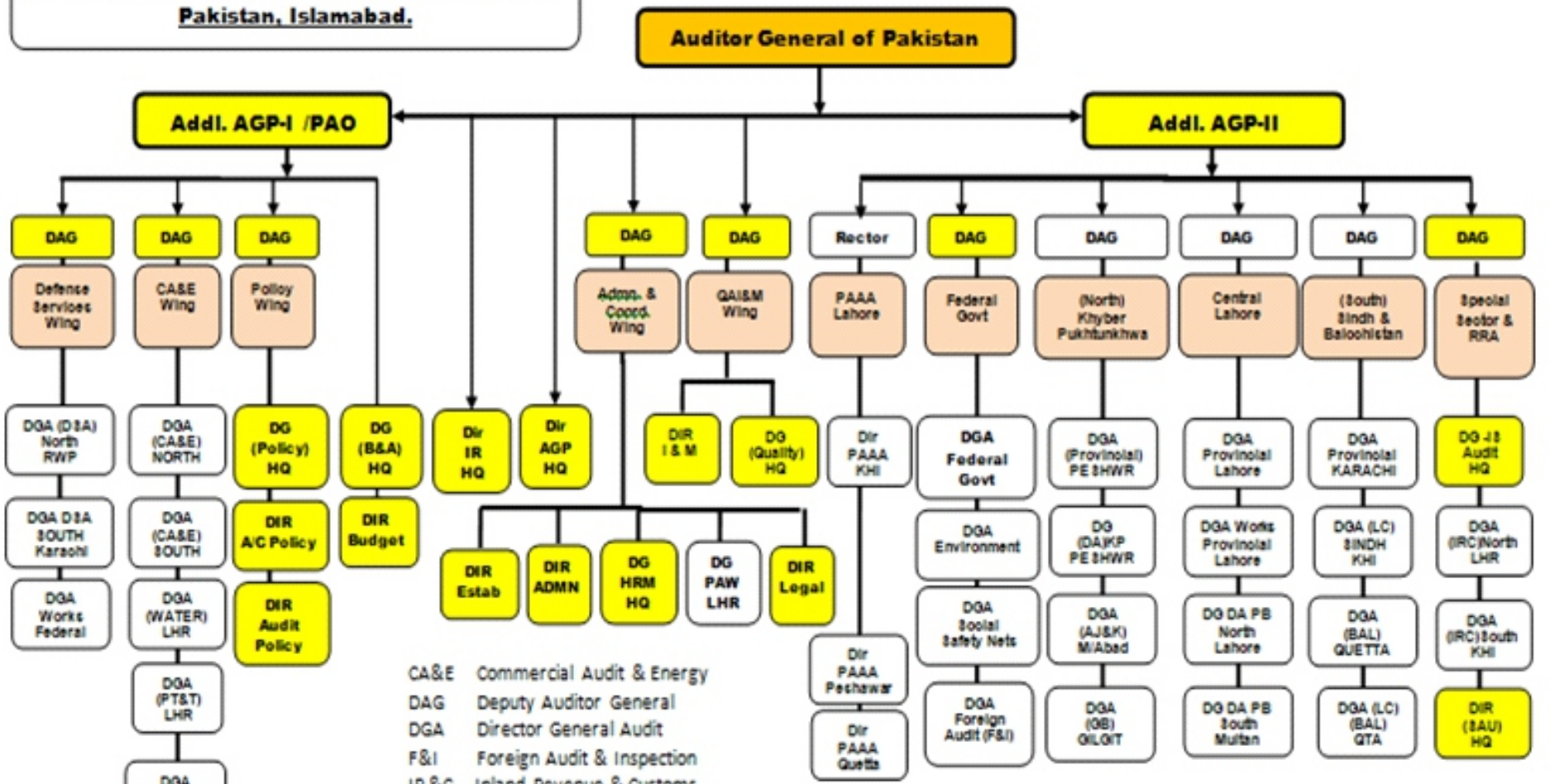
Under the Westminster model, the Parliament divides itself into various committees to efficiently undertake its wide range of oversight responsibilities. From its earlier days, the model saw the need for a committee to oversee government's financial operations and from this the PAC evolved. It is the 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

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

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 sanction 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.

Academic Profile of the officers and staff serving in the Office of Auditor General of Pakistan shows academic excellence of its core staff working on various audit activities.

ACADEMIC PROFILE OF OFFICERS AND STAFF AT OAGP

Qualifications and Certifications	Total
Ph D in Economics and Finance Related fields	07
Degree in the Fields of (Business Administration, Accounting, Finance, Human Resource Management, Information Technology, Public Policy and Social Sciences)	895
Bachelor of Commerce	218
MBBS- Doctors	39
Engineers with Professional BE/BSc	24
Law Graduates-LLB	63
Management Accountants -ACMA/CIMA	80
Chartered Accountants and ACCA professionals	56
Certified Fraud Examiner (CFE)	8
Certified Information System Auditor (CISA)	10
ACL Certified Data Analyst (ACDA)	4
IPSAS Certified Professionals	179
Certified Information Security Managers (CISM)	8
ACL Certified Data Analyst (ACDA)	2311
ITP trained Performance Auditor	1691

PERFORMANCE OF PAKISTAN AUDIT AND ACCOUNTS ACADEMY DURING 2018-19 IS AS UNDER

PAAA Station	No. of Courses	No. of Participants	No. of Days
Lahore	49	994	182
Islamabad	22	380	91
Karachi	23	402	83
Peshawar	19	260	81
Quetta	30	633	191
Total	**143**	**2669**	**628**

Major activities of Administration wing during 2018-19 are as under

Promotion and Recruitment (PA&AS)

Sr. #	Description	BPS	No's
1	New Recruitment*	17	22
2	Promotions Finalized	17 to 18	10
		18 to 19	28
		19 to 20	39
		20 to 21	19**
		21 to 22	5

* The appointments in occupational groups including Pakistan Audit & Accounts Service (PA&AS) are made by Federal Public Service Commission (FPSC) in BS-17 only. New / Direct Recruitment in BP-18 / IDC / PA&AS and above is not admissible under the rules. The IDC/PA&AS cadre posts in BS-18 and above are filled by promotion of PA&AS/IDC officers from the preceding / lower grades as and when they become eligible for promotion to next grade and vacancies

** Excluding 3 cases of IDC/PA&AS officers recommended for ante-dated / proforma promotion to BS-21 by the CSB in March, 2019. The same are under process through FR-17(1) committees of the Finance Division for finalization

Promotion, Recruitment and Discipline (Departmental Cadre)

Sr. #	Description	BPS	No's
1	New Recruitment		
2	Promotions Finalized	17 to 18	118
		16 to 17	83
		11 to 16	4
3	Discipline cases Finalized	18	2
		17	2
		16	1

Finalized Disciplinary Cases for (PA&AS) Officers

Sr. #	PA&AS / BPS	No's
1	20	2
2	19	4
3	18	3
4	17	1

Courses Attended by PA&AS Officers

Sr. #	COURSE NAME	2018-19
1	MCMC	16
2	SMC	19
3	NMC	10

PRESENTING ANNUAL REPORT FOR THE AUDIT YEAR 2017-18



PRESIDENT DR. ARIF ALVI BEING PRESENTED ANNUAL REPORT FOR THE AUDIT YEAR 2017-18 BY AUDITOR GENERAL OF PAKISTAN JAVAID JEHANGIR AT THE AIWAN-E-SADR.

President stresses use of modern technology

ISLAMABAD (APP): President Dr Arif Alvi Wednesday called for integrating modern technology in the audit process to ensure transparency and efficiency.

He expressed these views as Auditor General of Pakistan (AGP) Javaid Jehangir presented him the annual audit report for financial year 2017-18, here at the Aiwan-e-Sadr.

President Alvi highlighted the constitutional importance of the office of Auditor General of Pakistan and said transparency must be priority of any government to ensure good governance.

The AGP apprised the president about salient features of the report, according to which an audit of Rs13,652.145 billion was conducted and an amount of Rs127.279 billion was recovered.

He said every effort was being made to ensure efficiency and discipline in the organization so as to rid the country of the menace of corruption.

He also informed the president that the automation of audit process was underway.

BUDGET

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 2018-19, Rs.5, 596.07 million was provided to meet the expenditure of the OAGP. The following Table gives the budget outlay of the OAGP for FY 2018-19:

(Rs. is Millions)

Sr. #	Description	Total
1	Employee related expenses	3,531.07
2	Operating expenses	1,363.85
3	Employee retirement benefits	165.33
4	Domestic Grants	225.40
5	Entertainment	2.08
6	Physical Assets	231.87
7	Repair and Maintenance	76.47
	Total	**5,596.07**

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 AGP 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 during 2015 – 2021 which are:

i. Improving Financial and Organizational Independence

ii. Development of Professional and Institutional Capacity

iii. Development of Communication & Cooperation with stakeholders

iv. Use of Modern Audit Techniques and Technologies

v. Improving Internal Governance

To achieve the goals of 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 2019-20

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 years 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 to the Policy Wing of the AGP. It is worth adding that the plan is a dynamic document and is amended keeping in view the requirements of various stakeholders.

OAGP - Operational Targets 2019-20								
Sr. #	FAO	Certification Audit	FAP Audit	Performance Audit	Regularity Compliance Audit	Special / Environment / IS Audit	Special Study	Total Planned
DAG (CA&E)								
1	DG (CA&E), Islamabad	-	2	5	45	2	1	55
2	DG (CA&E), Karachi	-	-	3	38	1	1	43
3	DG Audit (WR), Lahore	-	21	2	58	2	2	85
4	DG Audit Power, Lahore	-	43	3	97	2	3	148
5	DG Audit P&TS, Lahore	1	-	1	64	2	-	68
6	DG Audit Railways, Lahore	35	-	2	55	3	1	96
7	DG Audit (P&NR), Lahore	-	11	3	61	1	-	76
DAG (DA)								
8	DG Audit (DS), Rawalpindi	2	-	-	310	5	-	317
9	DG Audit (DS), Karachi	3	-	-	102	-	4	109
10	DG Audit Works (Federal), Islamabad	1	6	1	116	4	3	131
11	DG Audit (CPEC), Islamabad	-	4	-	12	-	-	16
DAG (FAO)								
12	DG Audit (FG), Islamabad	3	39	4	317	11	-	374
13	DG Audit (F&I), Islamabad	1	-	1	49	-	-	51
14	DG Audit Climate Change & Environment, Islamabad	3	7	1	65	2	1	79
15	DG Audit (SSN) Islamabad	-	7	2	101	2	1	113
DAG (RRA & SSA)								
16	DG Audit (IR&C), Lahore	22	-	2	168	1	1	194
17	DG Audit (IR&C), Karachi	19	-	-	173	-	6	198

DAG (Central)								
18	DG Audit Punjab, Lahore	2	11	2	626	2	-	643
19	DG Audit Works, Lahore	1	23	3	199	7	1	234
20	DG Audit (DG) Punjab, Lahore	42	3	-	318	3	-	366
21	DG Audit (DG) Punjab, Multan	34	17	4	342	1	3	401
DAG (North)								
22	DG Audit, KPK, Peshawar	2	16	7	160	1	-	186
23	DG Audit (GB), Gilgit	2	2	1	229	3	-	237
24	DG Audit (DG) KPK, Peshawar	27	-	3	752	9	-	791
25	DG Audit (AJ&K), Muzaffarabad	1	6	2	451	3	1	464
DAG (South)								
26	DG Audit Sindh, Karachi	-	24	3	950	8	3	988
27	DG Audit Balochistan, Quetta	1	7	2	740	2	-	752
28	DG Audit (LC) Sindh, Karachi	-	-	3	400	-	2	405
29	DG Audit (LC) Balochistan, Quetta	-	-	-	517	-	3	520

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 of QAI&M Wing

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 procurements 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.

viii. 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 PERFORMANCE REPORT ON INTERNATIONAL ACTIVITIES

Office of the Auditor General of Pakistan (OAGP) is the highest auditing body in Pakistan and is the Supreme Audit Institution (SAI) of Pakistan. OAGP meets a range of international and professional obligations and frequently interacts with the international audit fraternity. International activities of OAGP 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 in the OAGP transacts business in these areas.

OAGP is an active member of a number of 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 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

INTOSAI Activities

OAGP is on the INTOSAI Governing Board for the period of six years from 2013-2019. A brief description of the activities of SAI Pakistan in relation to INTOSAI is given below:

Event	Dates	Place
Audit Review Meeting Under IDI-SAI Fighting Corruption Programme	02-13 July, 2018	Kathmandu, Nepal
18th INTOSAI Working Group meeting on Environmental Auditing	16-19 July, 2018	Bandung, Indonesia
SAI leadership and stakeholders meeting on Contributions of SAIs to the 2030 Agenda and Sustainable Development Goals (SDGs)	19-20 July, 2018	New York, USA
Stakeholder Strategy Development Workshop	6-17 August, 2018	Bangkok, Thailand
INTOSAI Capacity Building Committee and Donor Steering Committee meetings	03-06 September, 2018	Kuwait City
16th Steering Committee Meeting of INTOSAI Working Group On Environmental Auditing	22-25 October, 2018	Prague, Czech Republic
71st Governing Board Meeting of INTOSAI	15-16 Nov, 2018	Moscow, Russia
IDI Review Workshop SAIs Engaging With Stakeholders	29 November-07 December, 2018	Pretoria, South Africa

SAI PMF Planning Workshop	18-22 March, 2019	Abu Dhabi, UAE
28th Meeting of INTOSAI Working Group On IT Audit and Performance Audit Seminar	02-05 April 2019	Nadi, Fiji
IDI Innovation Exchange series Supreme Audit Institutions and Data Analytics	06-08 May, 2019	Malta

ECOSAI Activities

The 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).

1. ECOSAI SEMINAR ON "CHALLENGES TO PUBLIC SECTOR AUDITING ROUTINES"

In order to diversify the activities of the ECOSAI, a seminar on "Challenges to public sector auditing routines" was held in Istanbul, Turkey from 3rd to 6thSeptember, 2018. The initiative was jointly organized by the Turkish Court of Accounts (TCA) and the Supreme Audit Institute (SAI) of Pakistan (ECOSAI Secretariat). The theme of the seminar was "Challenges to the Existing Public – Sector Auditing Routines." Within this, five sub – themes were identified:

i) Challenges to public sector auditing practices,

ii) Performance and value for money audits,

iii) Auditing the sustainable development goals-the future of audit in the public sector domain,

iv) Challenges the SAIs face in preventing corruption and fraud, and

v) What regional SAI organizations can do for their member countries

The seminar provided a platform for the member SAIs to discuss a fresh perspective, rethink on different lines, and design innovative solutions to the challenges member SAIs are facing related to public sector auditing.

A delegate of the SAI Pakistan attended Preliminary meeting of ECOSAI Seminar 2018 on "Challenges to the existing Public-Sector Auditing Routines" from July 31st – August 1st 2018 at Istanbul, Turkey

The seminar continued for three days each day had one or two sessions. ECOSAI Secretariat provided eight moderators to conduct all the sessions of the seminar.



Achievements and Outcomes of Seminar

- Showcased ECOSAI achievements in fostering multilateral and bilateral professional engagement
- Presented the strategic posturing of ECOSAI as a progressive organization of SAIs with a strong track record to promote accountability and transparency in member countries
- Stimulated intellectual discussion amongst member countries to [further] improve their professional practices and engagements
- Explored and adopted innovative ways of disseminating knowledge and the creation of new solutions to fill in the capacity caveats efficiently
- Fostered new relationships with organizations to promote and strengthen the like causes of accountability, transparency, and strengthening of institutions

The seminar concluded with an address of the Auditor General of Pakistan in which he stressed upon cooperation between the member states of ECOSAI. He also emphasized on the ECOSAI's prospects of becoming a member of ASOSAI and canvassing their case in the upcoming ASOSAI assembly. He also expressed his appreciation, on the member countries increasingly becoming interested in strengthening their skills in performance auditing to help improve accountability and in ensuring the relevance of audit in their countries. He stressed on the importance of creating understanding between the SAIs on the mutual challenges they face in terms of climate change and sustainability and the role that audit could play in it. Despite human resource and financial issues, the work that the member SAIs had been doing was also appreciated by the Auditor General of Pakistan.

2. The Auditor General of Pakistan in his capacity of Secretary General ECOSAI attended 23rd ECOSAI Governing Board Meeting held from 9 -10 October 2018.

In this meeting major decisions regarding ECOSAI were taken. The Secretary General ECOSAI, Mr. Javaid Jehangir presented the activity report for the year 2017-2018. 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. Reports on the agenda items of Governing Board Meeting were all presented by Secretary General ECOSAI.



3. 23rd ECOSAI Governing Board Meeting and 18thECOSAI Training Committee Meeting on 9-10 October 2018 at Baku, Azerbaijan

SAIs Afghanistan, Azerbaijan, Kazakhstan Pakistan and Turkey participated in the 23rd ECOSAI Governing Board Meeting and 18th Training Committee Meetings in Baku on the 9-10th of October 2018 wherein the host country in its opening speech, besides presenting the 2017 budget progress, emphasized the importance of improving bilateral ties and consequent trainings and further paved a way for the acquisition of Observer status for ECOSAI in the 52nd Governing Board Meeting held in Hanoi. Mr. Javaid Jehangir, Auditor General of Pakistan and General Secretary of ECOSAI, presented the ECOSAI Activity Report and ECOSAI Training Plan 2018-2021 and other agenda items. The GB decided upon revision of the Training Plan 2018 by the ECOSAI Secretariat and to hold trainings in the countries not having previously hosted the same.





LAYING FLORAL REEF DURING ECOSAI GOB MEETING IN BAKU AZERBIAJAN IN 2018 AT MEMORIAL OF SOLDIERS WHO WERE MATYRED IN AZERBAIJAN.

Other ECOSAI Activities

SAI Turkey with the financial assistance of TIKA hosted an ECOSAI workshop on "Introduction to Ethics Audit." It was held in Antalya from April 15-19l, 2019. The training participants were taught the fundamentals of, Ethics Audit, Why should SAIs conduct Ethics Audit, Implementation and Reporting of Ethics Audit, and Ethics Audit Approaches in Public Entities under the main title of "Introduction to Ethics Audit." The examples of good practices were also discussed. The training drew participation from 13 SAIs. Twenty Eight participants from SAIs of Afghanistan, Azerbaijan, Iran, Kazakhstan, Kuwait, Kyrgyz Republic, Mongolia, Pakistan, Palestine, Qatar, Tajikistan, Turkish Republic of Northern Cyprus, and Turkey attended the training. Two member delegation of SAI Pakistan attended the ECOSAI Workshop on "Introduction to Ethics Audit" from April 15-19, 2019 at Antalya, Turkey



AUDITORS GENERAL OF TURKEY, AZERBAIJAN, AFGHANISTAN AND TURKAMANISTAN IN BAKU.



AUDITORS GENERAL OF TURKEY, AZERBAIJAN, AFGHANISTAN AND TURKAMANISTAN IN BAKU.

4. Asian Organization of Supreme Audit Institutions (ASOSAI) Activities

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 main functions and Research Project is the centerpiece of organization's research efforts. ASOSAI has so far completed 10 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 11th ASOSAI Research Project on "Audit of Public-Private Partnership Arrangements," was launched on 14th July, 2016 by the ASOSAI Secretariat. Research Team for the project comprised of nine member SAIs of China, India, Indonesia, Iraq, Kuwait, Malaysia, Pakistan, Philippines and Vietnam. SAI Pakistan led the research project as the Chair. The research project was completed in June 2018 and 14th Assembly of ASOSAI held in September 2018 at Hanoi, Vietnam approved the Final Report of the said Project.

5. 11th ASOSAI research Project, "Audit of Public-Private Partnership Arrangements":

Being the Chair of the 11th ASOSAI Research Project, the SAI Pakistan arranged printing of Final Report of 11th ASOSAI research Project, "Audit of Public-Private Partnership Arrangements" and disseminated the same among ASOSAI member SAI and Chairmen and Secretary Generals of INTOSAI Regional organizations. The SAI Pakistan is also a member of 12th ASOSAI Research Project on "Audit on Implementation of SDGs (including leveraging digital or big data to achieve the SDGs)".

6. 14th ASOSAI General Assembly was held in Vietnam

SAI Vietnam hosted the 14th ASOSAI General Assembly and 40 Year Celebration Program of ASOSAI Charter in Hanoi.

The program opened with the protocol speeches of the host of Assembly, General Secretary ASOSAI and other delegates, and stage performances reflecting Vietnamese Culture. During the sessions of ASOSAI Assembly, financial statements of previous period, budget, strategic plan and other reports were presented.



In one of the sessions of the Assembly, election for the vacant posts of Audit Committee and ASOSAI Governing Board also took place. On completion of its tenure as member ASOSAI Governing Board, Turkish Court of Accounts this time decided to be the candidate of Audit Committee Membership.

The General Assembly continued for three days. Heads of the SAIs of ASOSAI member countries, country representatives, INTOSAI President and representatives from the SAI of Vietnam attended the meetings. The Turkish Court of Accounts was represented by the President of the TCA, Mr. Seyit Ahmet Bas, and Principal Auditors Mr. Feyzullah Okumus and Mr. Yusuf Ziya Ada. The SAI Pakistan could not participate in the ASOSAI Assembly due to non approval of summary by the competent authority and due to non participation in the assembly meeting the SAI Pakistan also lose the seat of ASOSAI Governing Board which was hold since 2000.

With continues struggle of SAIs of Pakistan and Turkey the 14th ASOSAI Assembly also approved the Observer status of Economic Cooperation Organization Supreme Audit Institutions (ECOSAI).

7. 52nd ASOSAI Governing Board Meeting held at Hanoi. Vietnam:

52nd ASOSAI Governing Board Meeting was held in Hanoi, the capital city of Vietnam, on 18 September 2019. The representatives from the SAIs of the ASOSAI Governing Board members and two members of Audit Committee attended the meeting. In the said meeting, 51stASOSAI Governing Board Meeting minutes were approved, and the reports about the financial statements of previous periods and strategic plan for 2016-2021 were discussed. After the ASOSAI budget for 2019-2021 was accepted, the reports of the working groups and committees for different areas were presented to the governing board and participants.

1. A delegate of the SAI Pakistan participated in the ASOSAI Seminar on "IT Audit" from 9-13 July 2018 atAstana, Kazakhstan.
2. A delegate of the SAI Pakistan participated in the Final Stage Regional Audit Review Meeting ASOSAI Capacity Development Program on "IT Audit" April 1 to 5, 2019 at Bangkok, Thailand.
3. A delegate of the SAI Pakistan participated in the 13th BAI Seminar on "IT Application in the Public Auditing" from April 29 – May 2, 2019" at Seoul, Korea organized by Board of Audit and Inspection, Korea

Progress Report on Memorandum of Understanding (MoU) of SAI Pakistan

The Office of the Auditor General of Pakistan (OAGP) is an active member of multilateral professional bodies including the International Organization of Supreme Audit Institutions (INTOSAI), Asian Organization Supreme Audit Institutions (ASOSAI) and the Economic Cooperation Organization Supreme Audit Institutions (ECOSAI). The Auditor-General of Pakistan is a member of the Governing Board of the INTOSAI, ASOSAI and the Permanent Secretary General of the ECOSAI. These bodies emphasize increased bilateral cooperation between respective member Supreme Audit Institutions (SAIs).

SAI Pakistan, with its strong professional credentials, has been cooperating with various SAIs in professional and technical exchange of knowledge and skills. These initiatives help build capacities and competence of officers of the Department, earning goodwill and building a positive image for the country.

Office of the Auditor General of Pakistan started the initiative to sign Memorandum of Understanding (MoU) with friendly countries and member countries of Economic Cooperation Organization (ECO), INTOSAI, ASOSAI, and ECOSAI as these member countries share common challenges pertaining to governance and public-sector audit.

The salient features of MoU are:

i. To provide, strengthen, promote and develop a framework for co-operation and efficient the interaction between the Parties in public sector auditing, based on equality and mutual benefit.

ii. The forms of co-operation among the parties shall include:
   a) Dissemination and sharing of information through consultation, seminars, and conferences on key issues pertaining to public financial controls;
   b) Sharing of information and expertise on audit policies and technology through secondment, training, and exchange of visits; and
   c) Establishing other forms of co-operation within the scope of this MoU as agreed upon by the Parties.

STATUS OF MoU WITH NATIONAL AUDIT OFFICE OF THE REPUBLIC OF CHINA (CNAO)

Pakistan's SAI signed MoU with CNAO on 27 February 2017 at Beijing, China with the approval of Federal Cabinet. Both the Auditor Generals discussed matters of mutual interest including the revival of China-Pakistan Audit Seminars under the MoU for Cooperation signed between the two SAIs.

Accordingly, for 2018, SAI Pakistan proposed themes for the proposed Seminar and SAI China acceded to SAI Pakistan's proposal to hold the Bilateral Seminar in 2018 on Performance Audit with sub-theme of "Integrating Regularity / Compliance Audit with Performance Audit".

Accordingly, the Chinese National Audit Office (CNAO) and OAGPjointlyorganized a bilateral Performance Audit Seminar, hosted by CNAO, from 20-21 March 2018 at Beijing. Ms. HU Zejun, Auditor General of CNAO and Mr. Javaid Jehangir, AGP, co-chaired the Seminar. The seminar served as a professional forum for development of ideas and sharing of knowledge for strengthening the practice of performance auditing between the two supreme audit institutions.

SAIs of Pakistan and China mutually agreed during a meeting in Beijing in March 2018 that the SAI Pakistan would host a bilateral seminar in Pakistan in 2019. SAI China proposed the themes for 2nd Pak-China Public Auditing Seminar-2019 as "Public Works Audit including Audit of Post-disaster Recovery and Audit of PPP Projects".

SAI Pakistan organized the Second bilateral Seminar on Public Auditing from 10-11 January 2019 at Islamabad. The Seminar focused on public works audit including audit of post-disaster recovery and rehabilitation and public-private partnership projects. The Seminar served as a professional forum for development of ideas and sharing of knowledge for strengthening the practice of public works auditing.

A six-member delegation from CNAO, headed by Dr. Sun Baohou, Deputy Auditor General included Mr. Xu Ya (Director General, Department of Fixed Assets Investment Audit), Mr. Zheng Xinju (Director General of Department of Enterprise Audit), Mr. WenHuayi (Director General, Department of Social Security Audit), Mr. XU Lianbi (Director General, Jin-Ji Office) and Mr. Yin Qiang (Director, Department of International Cooperation). The participating team of from the OAGP included Mr. Sheraz Manzoor Haider (Director General, International Relations & Cooperation), Mr. Maqbool Gondal (Director General Audit, Federal Government), Mr. Adnan Rafique (Director General Audit, Disaster Management), Mr. Aamir Usman (Director General Accounts, Works Provincial) and Ms. Sheena Ali Mansoor (Director General, Budget and Admin.).

The inaugural ceremony of 2nd Pak China Public Auditing Seminar was held on Thursday 10 January 2019 at the office of Auditor General of Pakistan. Mr. Asad Umar, Federal Minister for Finance, Revenue and Economic Affairs, inaugurated the Seminar. Senior and middle level management of the office of the AGP and a six member delegation from Chinese National Audit Office (CNAO) attended the event.



A GROUP PHOTO OF THE PARTICIPANTS OUTSIDE THE CONFERENCE ROOM

The first plenary session of the Pak-China Public Auditing Seminar 2019 commenced at 11 am on Thursday 10th January, 2019 in the conference room of the Auditor General Office, Islamabad. The session comprised two presentations, one from the SAI of each country, as below: -

i. Post Disaster Recovery and Reconstruction, by DG Audit (Disaster Management), OAGP

ii. Audit of Post Disaster Recovery, by DG (Department of Social Security Audit), CNAO

The second plenary session of the Pak-China Public Auditing seminar commenced at 9:30 a.m. on January 11, 2019. There were four presentations in this session which included the following:

i. Post Disaster Recovery and Reconstruction by Ms. Sheena Ali Mansoor (DG Budget) AGP Office
ii. Public Works Audit in Pakistan, by Mr. Maqbool Ahmed Gondal (DG Audit, Federal Government)AGP, Office

iii. Introduction to China's PPP Projects Auditing, by Mr. XU YA (Director General, Department of Social Security Audit) CNAO

iv. Audit of PPP Projects in the area of Civil Works, by Mr. Muhammad Amir Usman (Director General, Audit Works – Provincial, Lahore) AGP



STATUS OF MoU WITH AUDIT BOARD OF INDONESIA (SAI INDONESIA)

The Auditor General of Pakistan on behalf of SAI Pakistan signed MoU with SAI Indonesia (Audit Board of Indonesia) on March 26, 2018 during his visit to Indonesia and agreed upon Work-plan comprising of Cooperative Audit, Parallel Audit and Bilateral Seminars.

SAIs of Pakistan and Indonesia mutually agreed to hold a Seminar on the theme of "Audit of Disaster Management". Both the SAIs also agreed to hold the Seminar in March 2019 in Pakistan. Office of the Auditor General of Pakistan organized the first Pak-Indonesia Public Auditing Seminar-2019. The Seminar served as a professional forum for development of ideas and sharing of knowledge for strengthening the practice of Disaster Management Auditing.

A five-member delegation participated in the Seminar from Audit Board (BPK) of the Republic of Indonesia, headed by Prof. Dr. Bahrullah Akbar Vice Chairman, BPK, included by Mr. SlametRiyadi, Director of Audit of Disaster Management; Mr. DwiSetiawanSusanto (Director of Research and Development); Ms. Reny Maharani, Project Officer of Bilateral Cooperation Sub-Division. The participating team of from the OAGP included Mr. Adnan Rafique (Director General Audit, Disaster Management) and Mr. Sheraz Manzoor Haider (Director General, Human Resource).



GROUP PHOTO DURING FIRST PAK INDONESIA PUBLIC AUDITING SEMINAR 2019

The inaugural ceremony of first Pak Indonesia Public Auditing Seminar was held on Tuesday March 26, 2019 at the office of Auditor General of Pakistan. The Auditor General of Pakistan and other Senior & middle level management of the Office of the AGP and a five member delegation from Audit Board of the Republic of Indonesia attended the event.



ADDRESS BY AUDITOR GENERAL OF PAKISTAN DURING THE INAUGURAL SESSION OF FIRST PAK INDONESIA PUBLIC AUDITING SEMINAR 2019

Address by Auditor General of Pakistan during the Inaugural Session of First Pak Indonesia Public Auditing Seminar 2019

The plenary session of the Pak-Indonesia Public Auditing Seminar 2019 commenced at 11 am on Tuesday March 11, 2019 in the conference room of the Auditor General Office, Islamabad. The session comprised two presentations, one from the SAI of each country, as below: -

I. Presentation: Post Disaster Recovery and Reconstruction by Mr. Adnan Rafique, Director General, AGP Office, (Followed by Q&A)

ii. Presentation: The Role of BPK in Performance Audit of Disaster management by Mr. Slamet Riyadi, Director, Audit of Disaster Management BPK, Indonesia (Followed by Q&A)



DISCUSSION AMONG AUDITOR GENERAL OF PAKISTAN AND INDONESIAN DELEGATION DURING PLENARY SESSION OF THE PAK-INDONESIA PUBLIC AUDITING SEMINAR 2019



DISCUSSION AMONG AUDITOR GENERAL OF PAKISTAN AND INDONESIAN DELEGATION DURING PLENARY SESSION OF THE PAK-INDONESIA PUBLIC AUDITING SEMINAR 2019

STATUS OF MoU WITH OFFICE OF THE AUDITOR GENERAL OF NEPAL (SAI NEPAL)

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; accordingly a Summary for the Cabinet seeking approval to sign the MoU with the office of the Auditor General of Nepal was forwarded on 22 May 2017. Federal Cabinet accorded its approval in its meeting dated April 25, 2018. The signing of MoU could not be finalized due to busy schedule of Audit cycle of both the SAIs However, MoU will likely be signed by both the SAIs on a sideline of INCOSAI XXIII 73rd Governing Board Meeting (September 23-29, 2019) at Moscow, Russian Federation.

STATUS OF MoU WITH NATIONAL AUDIT DEPARTMENT OF MALAYSIA

The Federal Cabinet in its meeting of August 2016, accorded approval to negotiate draft MoU in Public Sector Auditing with National Audit Department (NAD) of Malaysia which was received in September 2016, accordingly, draft MoU was forwarded to National Audit Department of Malaysia in October 2016 for their comments. After a long process of deliberation among both the SAIs, draft MoU had been finalized. Accordingly a summary for the Cabinet seeking approval to sign the MoU with NAD of Malaysia was forwarded in November 2018. Federal Cabinet accorded its approval to sign the MoU with SAI Malaysia in its meeting dated April 02, 2019 which was communicated to SAI Malaysia. The MoU will likely be signed by both the SAIs on a sideline of INCOSAI XXIII 73rd Governing Board Meeting (September 23-29, 2019) at Moscow, Russian Federation.

STATUS OF MoU WITH SAI'S OF UAE, BANGLADESH, SRI LANKA

The Federal Cabinet accorded approval to the office of the Auditor General of Pakistan to start negotiation of MoU with SAIs of UAE, Bangladesh, Sri Lanka and Malaysia in 2016. Accordingly, SAI Pakistan shared the draft MoU with respective SAIs. However, SAI Pakistan has been repeatedly sending reminders for finalization of the MoU to SAIs of UAE, Bangladesh and Sri Lanka.

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 October 18, 2016, in sideline meeting during the event of ECOSAI Assembly at Ankara Turkey.

On invitation of TCA, a three member delegation from the Supreme Audit Institution (SAI), Pakistan Mr. Khurram Raza Qureshi, CMA (RC), Rawalpindi (BS-20 Officer) (Team Leader) , Syed Umar Ali Shah Banoori,Director Audit, FG, Islamabad (BS-19 Officer) and Ms. Sarah Sheikh,Deputy Director (IR&C), AGP Office, Islamabad (BS-18) visited Ankara, Turkey from May 07-12, 2018 to deliver training course on peer-review. The course has successfully completed.

On invitation of TCA, also a three member delegation from the Supreme Audit Institution (SAI), Pakistan Mr. Maqbool Ahmed Gondal, D G Audit Works (F), Islamabad, Mr. Amir Fayyaz, Addl.Director (Finance), Civil Services Academy, Lahore and Mr. Muhammad Kashif, Director (Establishment), O/o the CGA, Islamabad visited Ankara, Turkey from June 25 to July 13, 2018 to deliver training course on Performance Audit (Elementary Level). The course has successfully completed.

A two member delegation from the Turkish Court of Accounts (TCA), Üzeyir GÜLCAN Principal Auditor & Head of Administrative Department Semih ZENCİRKIRAN Principal Auditor Turkey visited to office of the Auditor General of Pakistan, Islamabad from August 14-18, 2018.

State Audit Office of Vietnam (SAV)

The Office of the Auditor General of Pakistan (OAGP) and the State Audit Office of Vietnam (SAV) signed a Memorandum of Understanding, with the approval of Federal Cabinet, to intensify interaction and improve effectiveness of cooperation in the field of state audit in December, 2016. The State Audit Office of Vietnam (SAV), with the technical assistance of the Office of the Auditor General of Pakistan (AGP), has planned a training course on Risk Based Auditing for the personnel of SAI Vietnam. Risk Based Auditing is one of the technical themes of collaboration between the OAGP and SAV. The State Audit Office of Vietnam (SAV) has invited three experts from the Office of the Auditor General of Pakistan to Vietnam to conduct 05 days training course on Risk Based Auditing from December 17 to December 21, 2018 at SAV. Accordingly a three member delegation from the Supreme Audit Institution (SAI), Pakistan Mr. Muhammad Faheem, Controller Accounts Air Force, Peshawar (Team Leader),Ms. Izzat Jahan, Director General (FAO), Auditor General's Office, and Ms. Ayesha Siddiq, Additional Accountant General, Punjab, Lahore visited Hanoi, Vietnam from Dec, 17-21, 2018to deliver Training course on Risk Based Auditing. The course has successfully completed.

Pakistan's SAI Bid for Appointment of External Auditor of the Food and Agriculture Organization (FAO)

The term of office of the Food and Agriculture Organization (FAO) External Auditor expired at the end of 2019. The Ministry of Foreign Affairs has advised the office of the Auditor General of Pakistan to prepare proposal for candidature of AGP as External Auditor of Food and Agriculture Organization (FAO) for six years term, starting from 2019 through a call for expressions of interest for the selection of an External Auditor. The Auditor General of Pakistan directed the International Relations & Coordination Wing to prepare comprehensive bidding documents in line with the requirements laid down and expected as mentioned in the Call for Invitation of Intent to bid for Food and Agriculture Organization (FAO) External Auditor.

Proposal for appointment of External Auditor of Food and Agriculture Organization (FAO) submitted to the Manager. FAO Credit Union Food and Agriculture Organization, but unfortunately not considered amongst the shortlisted bidders by the Finance Committee of FAO.

4 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 thatthe 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.

Criteria for the classification of audit findings into these categories are clearly provided in the *Reporting Guidelines for the Field Audit Offices* to ensure that FAOs categorize their audit findings uniformly.

Significant Achievements in Audit Expenditure to Recovery Ratio

As a result of effective audit follow up, there has been a substantial increase to the recoveries pointed out by the audit with a phenomenal increase in expenditure to recovery ratio in 2018-19

Recoveries on recommendation of audit

Total recovery for the year 2018-19 was Rs.129, 148.127 million as compared to Rs.127, 279.361 million during 2017-18

Performance on the 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.

(Rs. is Millions)

S. #	Government	No. of Accounts Certified	Size of Accounts Rs.	Nature of Audit Certificate
1	Federal	2	31,882,565,890,283	Unqualified
2	Self-Accounting Entities	8		5 Unqualified,2 Qualified, 1adverse
3	Provincial- Punjab+ Punjab Health +Punjab Education	147	1,594,251,714,962	4 Qualified, 143 Unqualified
4	Provincial- Sindh	3	936,327,168,759	Unqualified
5	Provincial- KP+Distt: KP	3+52=55	517,871,389,485	Unqualified
6	Provincial- Balochistan	2	259,803,218,884	Unqualified
7	ERRA	1	3,899,314	Unqualified
8	AJ&K Council	2	15,468,178,539	Unqualified
9	AJ&K Government	2	112,824,923,013	Unqualified
10	Gilgit Baltistan Council	2	897,749,469	Unqualified
11	Gilgit Baltistan Government	2	47,877,923,880	Unqualified

Performance regarding 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 2018-19, the FAOs working under the supervision and control of various audit wings of the AGP carried out the audit of 9193 formations of Federal and Provincial Governments along-with entities of districts and PSEs. The audited outlays representing revenue receipts, disbursements and expenditures 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. is Millions)

Sr. #	Description	Total
1	Total amount audited	43,878,765.978
2	Recovery made at the instance of audit	129,148.127
3	Amount placed under audit observations	24,383,042.872

The Audit Wing wise detail is as under: (Rs. is Millions)

S. #	Description	Total amount Audited	Recovery made at the instance of audit	Amount placed under audit observations
1	DAG (FAO)	31,922,040.273	5,055.748	15,698,923.451
2	DAG (CA&E)	5,799,434.64	108,477.86	6,547,244.87
3	DAG (DA)	612,373.81	2,955.23	418,966.13
4	DAG (North)	178,360.854	1,058.96	115,043.634
5	DAG (South)	2,078,402.174	1,283.263	452,064.998
6	DAG (SSA & RRA)	2,244,511.00	5,882.94	516,549.00
7	DAG (Central)	1,043,643.23	4,434.13	634,250.79
	Total	**43,878,765.978**	**129,148.127**	**24,383,042.872**

The Field Audit Offices produced 409 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.129,148.127 million.

Table below provides nation-wide figures of audit reports issued in the audit year 2018-19:

Sr. #	Description	No. of Reports
1	Audit Reports	116
2	Special Audit Reports	45
3	Performance Audit Reports	33
4	Other Audit Reports (Audits of foreign funded Projects, IT & Environment Audit etc.)	215
	Total	**409**

The Audit Wing wise detail is as under:

S. #	Description	Compliance with Authority Audit Reports	Special Audit Reports	Performance Audit Reports	Other Reports	Total Reports
1	DAG (FAO)	14	15	3	43	75
2	DAG (CA&E)	52	7	9	45	113
3	DAG (DA)	2	5	1	9	17
4	DAG (North)	31	4	7	41	83
5	DAG (South)	5	3	7	32	47
6	DAG (SSA & RRA)	1	7	1	2	11
7	DAG (Central)	11	4	5	43	63
	Total	**116**	**45**	**33**	**215**	**409**

The following section of this chapter outlines the performance of the seven Audit Wings of the OAGP for conducting Compliance with Authority and Value for Money audit. Key irregularities are part of this report however all other observations highlighted by audit are printed in respective annual audit reports of the Ministries/Divisions/Departments concerned.

Detailed Summary of Violations in Reports–All Wings (Rs. in million)

Description	DAG (FAO)	DAG (CA&E)	DAG (DA)	DAG (North)	DAG (South)	DAG (SSA & RRA)	DAG (Central)
Violation of Rules and regulations	312,313.454	1,096,667.64	275,418.44	31,682.05	168,924.499	502,212.76	376,255.97
Reported cases of fraud, embezzlement, thefts and misuse of public resource.	944.627	5,746.60	32.76	923.601	743.39	91.07	7,357.42
Accounting Errors	27,150.26	157,640.59	2,118.91	7,874.646	134,742.17	0	31,124.11
Weaknesses of internal control system	14,564,599.75	1,077,982.14	78,832.11	38,962.281	2,283.477	1,940.79	64,486.96
Recoveries and overpayments	186,629.898	3,016,219.81	59,953.91	31,679.204	80,750.033	12,304.38	42,914.11
Non-Production of record	1,593.955	2,085.52	75.682	2,307.419	38,269.491	0	7,146.80
Others	62,691.511	739,763.93	2,534.05	1,614.43	26,351.971	0	104,975.43

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 in the table

(Rs. is Millions)

Sr. #	Description	Total
1	Total amount audited	31,922,040.273
2	Recovery made at the instance of audit	5,055.748
3	Amount placed under audit observations	15,698,923.451

The detailed breakup of the amounts placed under audit observations by four FAOs is given in the table that follow:

(Rs. is Millions)

Sr. #	Description	Total
1	Violation of rules and regulations and violation of principles of propriety and probity public operation	312,313.454
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources	944.627
3	Accounting Errors	27,150.264
4	Weaknesses of internal controls	14,564,599.745
5	Recoveries and overpayments	186,629.898
6	Non-Production of Records	1,593.955
7	Others	62,691.511

The wing issued 75 Audit Reports and Special studies etc. Detail according to type of audit is as under in Table

Sr. #	Description	No. of Reports
1	Audit Reports	14
2	Special Audit Reports	15
3	Performance Audit Reports	3
4	Other Audit Reports (Audit of foreign funded projects, IT & Environment Audit, Studies etc.)	43
	Total Audit Reports	**75**

Following are the select few irregularities in Federal Ministries Divisions/ Attached Departments highlighted in audit reports pointed out during Audit by FAO Wing

Federal Government Ministries/ Divisions/Attached Departments

- Irregular retention of Security Charges by Civil Aviation Authority – Rs. 14,809.036 million Aviation Division
- Irregular utilization of de-credited amounts for operational fund- Rs 2,288.861 million BISP
- Deduction of collection charges from NFC Payments without certification from the Auditor General of Pakistan – Rs. 204,129.434 million Finance Division
- Less claim of lease rent from TOC – Rs. 3,463.577 million Maritime Affairs Division
- Investment without determination of working balance - Rs. 9,500.000 million Maritime Affairs Division
- Non encashment of performance guarantee by the banks – Rs. 4,692.904 million Maritime Affairs Division
- Non-surrender of unspent balance – PKR 753.157 million (Para-1.1.1) Ministry of Foreign Affairs
- Fraudulent drawl of cash from mission's accounts PKR 12.743 million (Para-2.4.1)

- Irregular drawl through -forgery – PKR 30.579 million (Para-2.4.3)Ministry of Foreign Affairs
- Fraud due to less deposit of consular fee into bank – PKR 24.143 million (Para 2.4.4) Ministry of Foreign Affairs
- Non production of record – PKR 20.554 million (Para-2.4.9) Ministry of Foreign Affairs
- Irregular payments in cash instead of crossed cheques – PKR 575.254 million (Para 2.4.9) Ministry of Foreign Affairs
- Irregular expenditure without tendering – PKR 797.815 million (Para-2.4.13) Ministry of Foreign Affairs
- Unauthorized expenditure on account of purchase of vehicles – PKR 1,460.390 million (Para 2.4.14) Ministry of Foreign Affairs
- Loss to government due to negligence – PKR 131.019 million (Para 2.4.19) Ministry of Foreign Affairs
- Non recovery of security deposits – PKR 15.041 million (Para-2.4.26) Ministry of Foreign Affairs
- Irregular retention and non-surrender of surplus funds – PKR 238.229 million (Para-2.4.33) Ministry of Foreign Affairs
- Un authorized expenditure from PCW&EF – PKR 400.635 million (Para-2.4.41) Ministry of Foreign Affairs
- Non-investment of surplus funds of PCW&EF and FIGOB – PKR 367.063 million (Para-2.4.45) Ministry of Foreign Affairs
- Irregular payments in cash instead of crossed cheques Rs 22.786 million (Para5.3.1) Ministry of Religious Affairs and Interfaith Harmony
- Non-reconciliation and non-disbursal of payments on account of death compensation PKR 247.381 million (Para-10.3.1) Ministry of Overseas Pakistanis & Human Resource Development

Special Study Report PIACL London Station for the year 2006-16

- Loss due to out of court settlement with APTA agents by the PIACL management and payment of penalty – PKR 973.738 million (Para 4.1.1)
- Non transparent hiring & heavy payment of legal fees to M/s Clyde & Co in APTA case (Para-4.1.2)

- Double payment made to the APTA agent by PIACL – PKR 644.00 million (Para 4.1.5)
- Irregular expenditure incurred on the appointment and promotion of sales promotion officer – PKR 21.739 million (Para-4.1.7)
- Misappropriation by the agent VWSTA -AAN TRAVEL, in connivance with the management – PKR 109.046 million (Para-4.2.1)
- Loss due to launching of Premier Service flight operations – PKR 2,882.012 million (Para 4.2.4)
- Loss due to hiring of building without justification – PKR 163.459 million (Para
- Non recovery from the parties other than travel agents - PKR 32.240 million (Para-4.2.9)
- Decrease of revenue due to poor performance on London Sector – PKR 5,396.00 million (Para 4.2.12)
- Mismanagement caused loss due to very low seat factor from London to Karachi – PKR 1,107.600 million (Para 4.2.13)

Fund for Improvement of Government Owned Buildings 2017-18

- Non production of record – PKR 441.046 million (Para 4.1.1)
- Irregular payment to the security firms – PKR 8.483 million (Para 4.2.5.1)
- Irregular payment of legal fee, designer fee, architect fee and law charges etc. – PKR 13.145 million (Para 4.2.5.4)
- Irregular expenditure on renovation without tendering – PKR 7.627 million (Para
- Unauthorized retention of money in cash without opening the bank account – PKR 3.619 million (Para 4.2.4)

Earthquake Reconstruction and Rehabilitation Authority

- Non deposit of profit into government treasury – Rs34.955 million Para 1.1.1

- Irregular expenditure in excess of budgetary allocation – Rs529.811 million Para 1.1.3
- Re-appropriation of funds from restricted heads – Rs2.541 million Para 2.4.1
- Non deposit of receipts into government treasury – Rs14.588 million Para 2.4.5
- Un-authorized withdrawal out of Chinese loan and deposit into ERRA Fund Account – Rs 314.811 million Para 2.4.7
- Irregular preparation and approval of capacity building PC-I – Rs87.189 million Para 2.4.13
- Overpayment on account of difficulty factor to the contractor – Rs 7.180 million Para 2.4.15
- Premature issuance of certificates and Non-imposition of L.D Charges – Rs42.291 million Para 2.4.17
- Double payment on account of construction, dismantling and dewatering of coffer dam – Rs21.003 million Para 2.4.19
- Overpayment due to application of incorrect rates for calculation of price adjustment – Rs11.491 million Para 2.4.22

Ministry of Religious Affairs and Interfaith Harmony – Social Safety Nets Audits- Zakat

- Non-reconciliation of Zakat Collection between the figures of Central Zakat Administration and those reported by SBP through the monthly statements amounting to Rs 669.236 Million(Para 1.4.1 of Federal AR)
- 28 Zakat Deducting Agencies granted exemption of Rs 784.267Millionto individuals without obtaining the declarations on Form CZ-50 or on invalid declarations as the same were not submitted one month before the valuation date (Para 2.3.2 of Federal AR)
- 07Zakat Deducting Agencies collected Zakat of Rs 7,743.464Millionbut did not deposit / timely deposit into CZF-08 during the years 2014-18 (Para 2.3.3 of Federal AR)
- Four hospitals of Punjab Province purchased medicines amounting to Rs 60.683 Million during the Financial Years 2014-18 without calling open tender or through defective tender(Para 2.3.2 of Punjab AR)
- A sum of Rs 4.272 Million was released out of Zakat Fund (Guzara Allowance) of Districts Faisalabad, Sialkot and D.G. Khan by way of using the mobile numbers of the Chairmen LZCs instead of Mustahiqeen-e-Zakat (Para 3.4.9 of Punjab AR)
- After implementation of payments through easypaisa in 2014-15, the Bank Accounts of the LZCs of District Gujranwala have become dormant and Zakat fund amounting to Rs 14.106 Million is lying in these dormant Bank Accounts which have not been refunded (Para 3.4.16 of Punjab AR)

- Shaukat Khanum Memorial Cancer Hospital Peshawar revealed charged excess price from Zakat patients than the rate at which the medicines were purchased by the hospital causing a loss of Rs 4,603,594 to the Zakat Exchequer (2.3.3 of Khyber Pakhtunkhwa AR)

- 03 DZCs (Peshawar, Torghar and Kohistan) were unable to utilize Zakat funds amounting to Rs 38.144 million under different heads during the period 2014-18 (3.4.7 of Khyber Pakhtunkhwa AR)

- 03 District Zakat Committees (Kohistan, Hangu and Karak) released a sum of Rs 55.517million without approval of respective District Zakat Committees(3.4.8 of Khyber Pakhtunkhwa AR)

- A sum of Rs 7.205 Million was withdrawn from the bank accounts of 40 LZCs of District Jacobabad and Karachi South during the years 2015-18through open / self cheques by Chairmen LZCs or by unknown persons (4.3.2 of Sindh AR)

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. is Millions)

Sr. #	Description	Total
1	Total amount audited	5,799,434.64
2	Recovery made at the instance of audit	108,477.86
3	Amount placed under audit observations	6,547,244.87

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

(Rs. is Millions)

Sr. #	Description	Total
1	Violation of rules and regulations and violation of principles of propriety and probity public operation	1,096,667.64
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources	5,746.60
3	Accounting Errors	157,640.59
4	Weaknesses of internal controls	1,077,982.14
5	Recoveries and overpayments	3,016,219.81
6	Non-Production of Records	2,085.52
7	Others	739,763.93

The wing issued 113 Audit Reports and Special studies etc. Detail according to type of audit is as under in Table

Sr. #	Description	No. of Reports
1	Audit Reports	52
2	Special Audit Reports	7
3	Performance Audit Reports	9
4	Other Audit Reports (Audit of foreign funded projects, IT & Environment Audit, Studies etc.)	45
	Total Audit Reports	**113**

Following are the select few irregularities in Authorities/Bodies and PSE highlighted in audit reports pointed out during Audit by CA&E Wing

Authorities/ Autonomous Bodies/PSEs

Commercial Audit &Evaluation North- Islamabad, Punjab and KPK

- Irregular appointment of CFO and payment of salary - Rs. 38.51 million. (Para 4.5.4.3 of Audit Report)
- Irregular contracting for imported Machine Guns - Rs 544.38 million. (Para 6.2.4.2 of Audit Report)
- Loss due to embezzlement in Branch - Rs. 631.66 million. (Para 8.5.4.1 of Audit Report)
- Embezzlement of subsidy on Atta – Rs 75.69 million.(Para 9.25.4.1 of Audit Report)
- Loss due to embezzlement in US Pak Secretariat Utility Store Karachi – Rs. 118.70 million.(Para 9.25.4.2 of Audit Report)
- Loss due to massive embezzlement in Sargodha Region - Rs. 9.06 million. (Para 9.25.4.3 of Audit Report)
- Irregular payment of pay & perks to ex-Chairman PTVC and payment of advertisement charges - Rs 117.19 million. (Para 10.1.4.6 of Audit Report)
- Loss due to non-recovery of storage charges from custom authorities - Rs 132.17 million. (Para 16.1.4.3 of Audit Report)
- Purchase of construction material in violation of rules - Rs. 53.17 million. (Para 16.1.4.14 of Audit Report)
- Un-warranted/ mis-procurement of helicopter - Euro 2.350 million equivalent to Pak Rs. 264.50 million.(Para 16.1.4.23 of Audit Report)

Power Sector Audit Report

- 125 cases of unjustified / irregular payments/expenditures due to violation of companies own rules/ regulations amounting to Rs. 504,213.48 million
- 43 cases pertaining to recoveries of amounting to Rs. 2,210,494.70 million
- 63 cases of irregularities / violation of rules amounting to Rs. 327,061.32 million
- 90 cases pertaining to Weaknesses of internal controls amounting to Rs. 321,142.27 million

- 47 cases pertaining to damages, accidents, negligence & others amounting toRs. 327,261.79 million
- 05 cases pertaining to embezzlement of public money, theft and misuse of public resources amounting to Rs. 4,309.31 million
- 02 cases pertaining to over and understatement of account balance amounting to Rs. 146,770.06 million

Railways Audit Report

- Encroachment of Railway land valuing Rs 51,183.07 million
- Short and non-recovery of Rs 14,974.40 million
- Mismanagement in CPEC project valuing Rs 10,478.00 million
- Loss of Rs 3,999.25 million due to non-auction/construction of vending stalls, parking stands, shops and land
- Irregular award of contracts amounting to Rs 3,790.73 million in violation of PPRA Rules
- Loss of Rs 3,231.00 million due to non-revision of rental charges in accordance with policy
- Non-recovery of Rs 2,638.04 million on account of maintenance charges of sidings and level crossings
- Non-disposal of scrap valuing Rs 2,006.49 million
- Loss of Rs 1,775.01 million on account of inordinate delay in repair of locomotives and coaches
- Non-replacement and acceptance of material of wrong specifications or having defects worth Rs 497.22 million
- Shortage in supply of spare parts valuing Rs 419.90 million
- Non-recovery of Rs 380.00 million from contractors on account of Withholding Income Tax and Sales Tax
- Acceptance of material valuing Rs 253.53 million without trial and test

- Extra consumption of fuel in excess of fixed quota amounting to Rs 221.92 million
- Splitting up of works and procurement amounting to Rs 192.56 million
- Blockage of capital due to unnecessary procurement of material worth Rs 190.97 million
- Loss of Rs 152.25 million due to award of contracts at exorbitant rates
- Theft and misappropriation of Railway material valuing Rs 91.71 million
- Utilization of PSDP funds amounting to Rs 89.72 million against revenue work
- Non-production of record in five cases

DG Audit Water Resources

- 50 cases of irregular expenditure/unjustified payments and violation of rules amounting to Rs.34, 708.25 million.
- 03 cases of misuse of public funds amounting to Rs.131.96 million.
- Weaknesses of internal control systems amounting to Rs.22, 448.24 million were noted in 06 cases.
- 15 cases pertaining to recoveries and overpayments amounting to Rs. 7,673.51 million.
- Negligence and other related instance amounting to Rs.71, 218.97 million were pointed out in 31 cases

Pakistan Postal Services

- 52 cases of fraud, misappropriations, theft and dacoity involving Rs 52.215 million were detected in PPO Department. (Para 3.1.1)
- PPO Department awarded unjustified extension in contracts of vendors involving Rs 160.716 million (Para 3.2.3)
- PPO Department made inadmissible payment of profit on encashment of Defence Saving Certificates involving Rs 130.569 million. (Para 3.2.4)

- PPO Department made un-authorized payment of profit on encashment of Defence Saving Certificates involving Rs 60.759 million. (Para 3.2.6)
- PPO Department incurred an expenditure of Rs 2.897 million on purchase of Insulin without requirement and proper storage capacity. (Para 3.2.16)
- Postal land having value of Rs 443.081 million was occupied by un-authorized person. (Para 3.3.2)
- PPO Department sustained loss of Rs 72.850 million due to non-possession of prime postal land (Para 3.3.3)
- The postal land was acquired by Provincial Government but PPO Department did not recover the compensation cost of Rs 411.551 million (Para 3.4.1)
- PPO Department did not recover printing, establishment and service charges of RS 210.666 million from various departments of Federal and Provincial Governments (Para 3.4.2)
- PPO Department provide services to various departments, agencies, authorities and autonomous bodies but did not recover services charges of Rs 152.935 million from them. (Para 3.4.3 of AR)

Pakistan Telecommunication Services

- Recoveries were pointed out in twenty-seven (27) cases of all entities in telecommunication sector amounting to Rs 3,053.398 million. (Paras 1.7.1 to 1.7.3, 3.6.1 to 3.6.10, 4.5.1, 4.5.2, 5.6.1 to 5.6.9, 6.5.1, 6.5.2 & 6.6.1)
- PTA granted unlawful permissions to telecom operators for launching 3G & 4G/LTE services without buying spectrum and licenses. (Para 1.5.2)
- NRTC incurred an expenditure on procurements like desktop computers, furniture and various types of cables without tender – Rs 37.920 million. (Para 3.4.1)
- NTC management made Un-authorized investment of funds in commercial banks by violating investment policy and without any legal authority - Rs 1,028 million. (Para 5.4.1)
- Director (Budget & Finance) NTC granted unauthorized financial concurrence of – Rs 61.586 million without any authority. (Para 5.4.4)
- Unauthorized procurement of generators was made by SCO management – Rs 68.923 million (Para 6.4.2)
- Unjustified payment of electricity charges against detection bill was made by SCO Rs 7.354 million in excess of provisions of PC-I. (Para 6.5.1)
- TIP management made Excess Procurement of Stores - Rs 11.080 million. (Para 7.4.1)

- Blockage of public money due to production of 2500 steno telephone sets without order in TIP-Rs 15 million (Para 7.5.1)
- USF Company has done Irregular award of project of – Rs 2,644 million without obtaining insurance documents in violation of its own manuals. (Para 8.4.1)

Petroleum & Natural Resources

- Non- recovery of Non- Tax receipts Rs.136,107.383 million
- Mis –procurement of purchases and hiring of services in violation of PPRA Rules, 2004, Procurement Manual - Rs. 5,856.381 million
- Non- recovery from customers/ consumers- Rs. 174,149.203 million
- Loss on account of gas theft by various customers- Rs.7,334.694 million
- Loss on account of UFG due to negligence and poor performance of the management - Rs.22,536.49 million
- Non- recovery of Late Payment Interest from various customers-Rs.82,805 million
- Irregular appointments and fixation of exorbitant pay package-Rs.1408.094 million
- Wasteful expenditure - Rs. 9,764.759 million.
- Irregularities relating to land acquisition -Rs.658.573
- Non- completion of development works within stipulated time-Rs.17,397.018 million
- Non-deduction /deposit of Income Tax / Sales Tax - Rs.906.978 million
- Mis –procurement of purchases and hiring of services in violation of PPRA Rules, 2004 , Procurement Manual - Rs. 17.411 million Oil &Gas Regulatory Authority-Cabinet Division

Aviation Division

- Loss due to misappropriation by travel agents - Rs.85.314 million (Para 1.1.4.1)

- Misappropriation of funds by Manager Airport - Rs. 62.00 million (Para 1.1.4.2)
- Non-dismissal of officers involved in smuggling - Rs.11.200 million (Para 1.1.4.3)
- Misappropriation of funds by District Manager - Rs. 6.300 million (Para 1.1.4.4)
- Non-recovery of fraudulent payments - Rs.2.823 million (Para 1.1.4.5)
- Non-Production of record (Para 1.1.4.17)
- Non-recovery of dues from various parties - Rs.471.383 million (Para 1.1.4.9)
- Loss due to non-recovery from defaulting travel agents - Rs. 157.059 million (Para 1.1.4.11)
- Irregular acquisition of two aircrafts on dry lease - US$ 83.25 million (equivalent to Pak Rs. 8,352 million) (Para 1.1.4.18)
- Non-transparent acquisition of six aircrafts on wet lease -Rs. 2,730 million (US$ 26.00 million) (Para 1.1.4.19)
- Irregular award of contract to M/s Kitchen Cuisine - Rs. 443.200 million (Para 1.1.4.21)
- Irregular award of Contract for in-flight catering services - Rs.185.00 million (Para 1.1.4.22)
- Irregular procurement of food items - Rs. 110.062 million (Para 1.1.4.23)
- Irregular appointment of officers/officials on fake degrees - Rs.678.00 million (Para 1.1.4.20)
- Non-achievement of sales targets on domestic routes - Rs.4,218.398 million (Para 1.1.4.6)
- Non-achievement of revenue target - Rs. 2,876.17 million (Para 1.1.4.7)
- Loss due to difference in sales amount of agents and Sabre system sales - Rs. 2,206.87 million (Para 1.1.4.8)

- Loss of revenue due to operating empty flights from Islamabad-Rs. 184.00 million (Para 1.1.4.10)

PSEs under Ministry of Commerce

- Embezzlement of public funds by Ex-GM - Rs.31.300 million (Para 4.1.4.1)
- Embezzlement at cash counter of AJK - Rs. 2.771 million (Para 4.3.4.1)
- Loss due to embezzlement in premium collection - Rs. 1.779 million (Para 4.3.4.2)
- Non-recovery of dues - Rs. 48,267.572 million (Para 4.4.4.1)
- Non-recovery of rent from tenants of Godowns - Rs. 145.152 million (Para 4.4.4.2)
- Non-depositing of Sindh Sales tax - Rs. 20.438 million (Para 4.4.4.5)

PSEs under Ministry of Communication

- Mis-appropriation of funds - Rs.81.087 million (Para 5.1.4.1)
- Irregular appointments of Engineers/Managers - Rs. 39.200 million (Para 5.1.4.6)
- Irregular hiring of consultant and sub consultants - Rs. 2,853.579 million (Para 5.1.4.4)
- Favoritism in award of contract - Rs.319.547 million (Para 5.1.4.5)

PSEs under Ministry of Finance

- Fake NTN used by the exporter - Rs. 20.909 million (Para 8.3.4.1)
- Non-production of record - Rs. 886.068 million (Para 8.3.4.3)
- Non-recovery of decreed amount - Rs. 76.756 million (Para 8.1.4.2)

- Non-recovery from Pakistan Railway - Rs. 45,936.00 million (Para 8.3.4.2)
- Irregular disbursement of loan against single valuation - Rs.6.165 million (Para 8.1.4.10)
- Non-recovery from money changer – Rs. 493.673 million (Para 8.3.4.12)
- Irregular procurement of Varnish – Rs. 86.580 million (Para 8.2.4.1)
- Irregular procurement of medicines - Rs. 129.556 million (Para 8.3.4.5)
- Irregular payment of Bonus to MDs - Rs. 4.556 million (Para 8.2.4.5)
- Blockade of fund due to non- utilization of plot - Rs. 30.010 million (Para 8.1.4.18)

PSEs of Ministry of Industries & Production

- Loss due to embezzlement of Hafta Bazar income - Rs.6.112 million (Para 9.9.4.1)
- Embezzlement of amount of advance against the work orders - Rs.3.216 million (Para 9.10.4.1)
- Mis-appropriation of stock - Rs.92.533 million (Para 9.10.4.3)
- Non-recovery of revenue - Rs.296.53 million (Para 9.5.4.3)

Commercial entities of Ministry of Maritime Affairs

- Irregular payment of demurrage - Rs.303.443 million (Para 14.3.4.16)
- Non-recovery of outstanding dues from various parties - Rs. 715.454 million (Para 14.3.4.4)
- Non-recovery of demurrage from PSO - Rs. 1,540.413 million (Para 14.3.4.2)
- Non-recovery of wharf age charges - Rs. 1,159.294 million (Para 14.4.4.1)

- Loss due to non-recovery of transfer surcharge - Rs.150.00 million (Para 14.4.4.4)
- Loss due to short collection of non-utilization fees – Rs. 135.00 million (Para 14.4.4.5)
- Irregular allocation of vehicles to the officers - Rs. 100.674 million (Para 14.4.4.10)
- Irregular appointment of employees without approved Service Rules (Para 14.3.4.15)
- Non-production of record (Para 14.2.4.2)
- Irregular appointment of officers and staff - Rs. 359.212 million (Para 6.1.4.5)
- Loss due to default by the supplier - Rs.1,911.18 million (Para 6.1.4.3)
- Loss due to purchase of engines at higher rates - Rs. 385.447 million (Para 6.1.4.4)
- Irregular placement of PSDP funds into commercial banks - Rs. 2,346.377 million (Para 6.1.4.2)

PSEs of Ministry of Overseas Pakistanis and Human Resources Development

- Loss due to short deposit of contribution by the employers - Rs. 49,066.17 million (Para 15.1.4.5)
- Loss due to retention of investments in the category of held for trading – Rs. 4,595.777 million (Para 15.1.4.10)

Commercial Entities under Agriculture & Price Department Government of Sindh

- Non-recovery of rent - Rs. 13.368 million (Para 1.1.4.8)
- Loss due to non-utilization of seed processing plant capacity - Rs.150.172 million (Para 1.1.4.1)
- Loss due to Low Production of Crops - Rs.55.810 million (Para 1.1.4.2)

- Loss of revenue earning opportunities due to non-utilization of cultivable land - Rs. 53.602 million (Para 1.1.4.3)
- Non-recovery of outstanding dues - Rs. 48.398 million (Para 1.1.4.4)
- Loss due to non-achievement of target of wheat seed-Rs.22.543 million (Para 1.1.4.5)

Commercial Entities of Health Department Government of Sindh

- Irregular procurement of solar panels - Rs 85.435 million (Para 2.1.4.3)
- Irregular award of Construction work at very high rate and in violation of rules - Rs. 59. 618 million (Para 2.1.4.4)
- Irregular procurement of property - Rs 50.00 million (Para 2.1.4.5)
- Irregular procurement of solar panels from M/s Solar World Asia Pacific - Rs 39.623 million (Para 2.1.4.6)

Commercial Entities of Industries and Commerce Department Government of Sindh

- Excess amount not surrendered well in time - Rs. 3.194 million (Para 3.1.4.4 of AR 2018-19)
- Loss of revenue due to issuance of NOCs - Rs. 5.844 million (Para 3.1.4.1)
- Irregular payment of ceased allowances Rs. 3.279million (Para 3.1.4.2)
- Bid and Security were not released to suppliers - Rs. 2.925 million (Para 3.1.4.3)
-

Commercial Entities of Labour Department Government of Sindh

- Bogus payment on account of repair/construction work - Rs.50.008 million (Para 4.1.4.1
- Short collection of contribution - Rs.767.110 million (Para 4.1.4.2)

- Irregular award of tender to the contractor having invalid PEC License - Rs. 34.478 million (Para 4.1.4.3)
- Irregular appointments on non-existing posts Rs. 15.549 million (Para 4.1.4.4)

Commercial Entities of Commerce and Industries Department Government of Balochistan

- Purchase through bogus quotations - Rs. 1.012 million (Para 1.1.4.1)
- Irregular issuance of NOCs - Rs.20.069 million (Para 1.1.4.2)
- Non-production of record – Rs. 10.271 million (Para 1.1.4.3)
- Irregular expenditure without provision of budget - Rs. 4.084 million (Para 1.1.4.5)
- Unauthorized/inadmissible expenditure - Rs.2.233 million (Para 1.1.4.7)
- Non-recovery of dues from Small industries Estate Units - Rs. 4.646 million (Para 1.2.4.1)
- Wasteful expenditure on non - functional centers – Rs. 24.336 million (Para 1.2.4.2)
- Incomplete record maintained in Trans Balochistan Enterprises (TBE) Quetta – Rs. 15.047 million
- Un-authorized allotment of official vehicles (Para 1.2.4.4)

Commercial Entities of Labour Department Government of Balochistan

- Wasteful expenditure on account of non-functional regional offices - Rs.15.257 (Para 2.1.4.1)
- Irregular expenditure on social security hospital - Rs. 2.168 million (Para 2.1.4.2)

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

(Rs. is Millions)

Sr. #	Description	Total
1	Total amount audited	612,373.81
2	Recovery made at the instance of audit	2,955.23
3	Amount placed under audit observations	418,966.13

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

(Rs. is Millions)

Sr. #	Description	Total
1	Violation of rules and regulations and violation of principles of propriety and probity public operation	275,418.44
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources	32.76
3	Accounting Errors	2,118.91
4	Weaknesses of internal controls	78,832.11
5	Recoveries and overpayments	59,953.91
6	Non-Production of Records	75.682
7	Others	2,534.05

The wing issued 17 Audit Reports and Special studies etc. Detail according to type of audit is as under in Table

Sr. #	Description	No. of Reports
1	Audit Reports	2
2	Special Audit Reports	5
3	Performance Audit Reports	1
4	Other Audit Reports (Audit of foreign funded projects, IT & Environment Audit, Studies etc.)	9
	Total Audit Reports	**17**

Following are the select few irregularities in Defense Division and its Attached Departments and Federal Government Works by PWD, NHA highlighted in audit reports pointed out during Audit by DSA Wing

NHA and Pak PWD

- NHA did not make adjustments on account of reduction in scope of work and non-compliance to contract provision in EPC Projects for Rs.36,703.784 million in four cases. (para2.4.14, 2.4.15, 2.4.24, 2.4.25).
- Overpayments of Rs. 4,883.579 million were made by NHA, CDA, CAA and Pak.PWD due to price escalation/de-escalation, incorrect application of rates and payment of inadmissible items of work in sixteen cases, (Para2.4.20, 2.4.28, 2.4.34, 2.4.35, 2.4.36, 2.4.37, 2.4.42, 2.4.44, 2.4.53, 3.4.15, 4.4.20, 4.4.32, 4.4.34, 5.4.10, 4.4.18)
- Recoveries on account of mobilization advance, secured advance defective and sub-standard works were not made by NHA, CAA, Pak.PWD and PD&R for Rs.2,016.104 million in eight cases. (Para 2.4.26, 2.4.38, 2.4.45, 2.4.51, 4.4.24, 5.3.3, 11.4.5)
- Revenue of Rs.4,170.715 million on account of lease money, building control/transfer fee, fine, rent, premium on commercial plots, etc. was not realized/recovered by CDA, CAA and Pak.PWD in eleven cases. (Pares 3.4.8, 3.4.9, 3.4.22, 3.4.24, 3.4.25, 3.4.34, 3.4.35, 4.4.18, 5.4.29, 5.4.31, 5.4.33)
- NHA, CAA, Pak.PWD, PHAF and HEC awarded works in violation of Public Procurement Rules for Rs.14,609.440 million in twelve cases. (Paras 2.4.1, 2.4.10, 4.4.7, 4.4.8, 4.4.9, 5.4.2, 5.4.15, 8.4.1, 8.4.3, 8.4.4, 9.4.3)
- CDA and CAA made payments against work done of Rs.11,688.03 million without recording measurements in the Measurement Books in two cases (Para-3.4.18, 4.4.2)

Defense Services

- Irregular outsourcing/ execution of project work Rs 23,745.350 Para No 1.12.1

- Illegal sale of amenity plots Rs 9,128.210 Para No1.8.1
- Mis-procurement of stores in violation of Public Procurement Rules Rs 1,101.464 Para No1.6.1
- Non-realization of premium charges and composition fee on unauthorized use of residential property as commercial Rs 848.045 Para No1.9.3
- Unjustified advance payment to contractors Rs 178.537 Para No1.17.3
- Irregular, unjustified award of consultancy contract on single offer Rs 159.362 Para No1.16.2
- Loss to state due to irregular transfer of defence fund to private fund account Rs 114.000 Para No1.5.1
- Non-recovery of rent of hoardings from the advertisers Rs 70.285 Para No1.9.10
- Award of contracts before publication of tenders Rs 9.838 Para No1.6.6
- Irregular conclusion of contracts with blacklisted firms Rs 8.997 Para No1.3.17
- During 2016-17 and 2017-18 expenditure on different contracts / packages to the tune of Rs.8,942.278 Million was incurred by HQ 11 Corps Peshawar and various Garrison Engineers out of Al-Mizan fund on the order of GHQ which were not covered under Government orders dated 30th November, 2004. (Para 1.3.1)
- A sum of Rs.3,246.312 Million was expended on different works out of United Nation Re-imbursement Account by various Garrison Engineers which did not fall under the parameters mentioned in Government letter dated: 27th Nov.2004 and 7th March, 2009. (Para 1.3.2)
- In Garrison Engineers Army Services Peshawar, PESCO had charged for an amount of Rs.954.00 Million as overbilling. (Para 1.4.1)
- 103 acres cultivable land of military farm Lahore was being used for commercial purpose without obtaining sanction of competent authority which resulted into unauthorized encroachment on cultivated land of Rs.16,480 Million. (Para 1.5.1)
- Military Estate Office Lahore acquired 4201 kanal 14 marlas Land at Chunian and 781 kanal 01 Marla at Pattoki at a cost of Rs.485 Million in 2012 to 2014 for shifting of Ammunition Depot from Lahore to Pattoki. However, uptill January 2018 the ammunition depot was not shifted to the acquired location which shows that the land was acquired un-necessarly. (Para 1.5.2)

- In Cantt Board Chaklala a sum of Rs.1,645.754 Million on account of sky charge of bill boards / hoardings recoverable from 16 hoarding contractors were not affected. (Para 1.9.1)

- In Cantonment Boards Rawalpindi and Abbottabad properties held on lease for residential purpose were being used for commercial purpose which resulted into non-recovery of premium and composition fee amounting to Rs.848.045 Million. (Para 1.9.3)

- In Military Estate Office Lahore land measuring 19 kanal 11 marlas was used by Punjab Highway Deptt. for construction of overhead bridge and road after obtaining NOC from GHQ QMG Branch in 2012 without Government sanction and deposit of cost of land into Government Treasury resulting loss to state amounting to Rs.449.65 Million. (Para 1.10.3)

- The Controller Military Accounts Rawalpindi released a sum of Rs.7593 Million to Military Intelligence Dte. (MI Dte.) GHQ Rwp for crediting the same into Askari Bank private account without pre-audit cheques. (Para 1.21.1)

- In Central Ordnance Depot Rawalpindi a sum of Rs.2274 Million was released against 35 contracts without actual receipt of store. (Para 2.3.1)

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, Director General Audit Inland Revenue & Customs North

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

(Rs. is Millions)

Sr. #	Description	Total
1	Total amount audited	2,244,511.00
2	Recovery made at the instance of audit	5,882.94
3	Amount placed under audit observations	516,549.00

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

(Rs. is Millions)

Sr. #	Description	Total
1	Violation of rules and regulations and violation of principles of propriety and probity public operation	502,212.76
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources	91.07
3	Weaknesses of internal controls	1,940.79
4	Recoveries and overpayments	12,304.38

The wing issued 11 Audit Reports and Special studies etc. Detail according to type of audit is as under in Table

Sr. #	Description	No. of Reports
1	Audit Reports	1
2	Special Audit Reports	7
3	Performance Audit Reports	1
4	Other Audit Reports (Audit of foreign funded projects, IT & Environment Audit, Studies etc.)	2
	Total	**11**

Following are the few selected irregularities in audit report pointed out during audit by RRA/SSA Wing

Federal Board of Revenue (Inland Revenue & Customs)

- Misuse of Sales Tax Special procedure Rules by non-deposit of Sales Tax cheques into Government exchequer and incorrect issuance of exclusion/ adjustment certificates on Electricity Bills - Rs. 91.07 million (Para 3.1)
- Loss of Rs. 22,203.90 million due to non realization of Sales Tax on subsidy from Government on sale of electricity.(Para 4.1.1)
- Loss of Rs. 8,453.70 million due to non/short realization of Sales Tax due to difference/concealment of sales declared in Income Tax Returns / Sales Tax Returns. (Para 4.1.3, 4.1.13, 4.1.27, 4.1.41)
- Loss of Rs. 9,882.12 million due to non recovery/non finalization of adjudged dues/cases. (Para4.1.5, 4.1.6)

- Loss of Rs. 14,701.62 million due to non charging/non realization of Sales Tax.
- Loss of Rs. 10,486.01 million due to inadmissible Sales Tax adjustments/exemptions..
- Loss of Rs. 7,408.38 million due to non implementation of statutory provisions / SROs resulting in inadmissible adjustment of Input Tax.(Para4.1.2)
- Potential loss of revenue Rs. 1,211.79 million due to non-registration of taxpayers.(Para 4.1.16, 4.1.39)
- Non-levy of Minimum Tax on the income- Rs. 2,403.97 million(Para 4.4.1, 4.4.10, 4.4.22)
- Short levy of Super Tax of Rs. 11,797.15 million for rehabilitation of temporarily displaced persons (Para 4.4.3)
- Loss of revenue of Rs. 6,744.71 million due to non-apportionment of expenses between final and normal tax regimes (Para 4.4.4)
- Inadmissible claim of Rs. 10,795.67 million in respect of expense/ allowances/ adjustments/tax credit
- Non-imposition of penalty/ default surcharge of Rs. 2,191.22 million (Para 4.4.25)
- Short/ incorrect assessment of Income Tax of Rs. 11,195.63 million.
- Loss of revenue of Rs. 9,319.78 million due to application of incorrect rate of tax. (Para 4.4.11, 4.4.23)
- Non-payment of sales tax on third schedule items supplied to manufacturer of beverages of Rs.723.639 million
- Non-registration of persons liable to be registered involving Rs.601.559 million
- Inadmissible adjustment of federal excise duty of Rs553.296 million
- Inadmissible adjustment of input tax –Rs363.318 million
- Non-payment of super tax-Rs227.433 million
- In-admissible adjustment of input tax due to non-compliance of section 73-Rs 74.247 million

DAG North Wing-KPK, GB and AJK

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

(Rs. is Millions)

Sr. #	Description	Total
1	Total amount audited	178,360.854
2	Recovery made at the instance of audit	1,058.961
3	Amount placed under audit observations	115,043.634

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

(Rs. is Millions)

Sr. #	Description	Total
1	Violation of rules and regulations and violation of principles of propriety and probity public operation	31,682.050
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources	923.601
3	Accounting Errors	7,874.646
4	Weaknesses of internal controls	38,962.281
5	Recoveries and overpayments	31,679.204
6	Non-Production of Records	2,307.419
7	Others	1,614.430

The wing issued 93 Audit Reports and Special studies etc. Detail according to type of audit is as under in Table

Sr. #	Description	No. of Reports
1	Audit Reports	31
2	Special Audit Reports	4
3	Performance Audit Reports	15
4	Other Audit Reports (Audit of foreign funded projects, IT & Environment Audit, Studies etc.)	43
	Total Audit Reports	**93**

Following are the few selected irregularities in audit report pointed out during audit by North Wing

Provincial Government Ministries/ Divisions/Attached Departments

- Loss due to non-deduction of sales tax from contractors - Rs.19.11 million(Communication and Works Department)
- Less deposit of Toll Tax of bridges/Plazas and non-imposition of 1% penalty on late deposit - Rs 25.252 million (Communication and Works Department)
- Non-recovery of expenses and liquidated damages from the defaulter scholars -Rs.537.183 million (Education Department)
- Non-recovery of rental charges of Post Office - Rs 72.175 Million(Education Department)
- Non-recovery of rent - Rs.15.894 million(Education Department)
- Loss due to non-deduction of income tax from the contractors – Rs.22.319 millionEnergy and Power Department (Energy and Power Department)
- Non-deduction of sales tax - Rs.18.42 million(Energy and Power Department)
- Non-achievement of projects objectives - Rs 199.946 million (Planning and Development Department)
- Non-recovery of water charges – Rs 509.779 million(Public Health Engineering Department)
- Non-production of auditable record - Rs.33.660 (Transport Department)

- The D.E.O Female Peshawar transferred Rs 430.482 million to Primary Schools in District Peshawar on account of conditional grant during 2014-15 and 2015-16. However, the DEO failed to provide the details of expenditure against the released amount despite repeated requests. Para No. 1.2.1.1. (Audit Report on accounts of District Government Peshawar)

- District Health Officer Peshawar drew Rs 45,339,189 from Government treasury during the year 2016-17 and shown paid to various suppliers / firms for supply of machinery and equipment. However, the machinery and equipment for Rs 35,971,101were not supplied till date of Audit (i.e. 03.08.2017). Moreover, fake entries were made in the stock register and references were recorded in the invoices / bills. Audit held that money was drawn from Government treasury on fake invoices. Para No. 1.2.1.2. (Audit Report on accounts of District Government Peshawar)

- Executive Engineer Public Health Engineering Peshawar paid Rs 15,613,000 for the work "Sanitation Scheme at Chamakani, Sheikh Muhammadi, Suleman Khel, MahsoGagar and MeraKachori of Musazai, PK 11" under ADP No. 202/140641 to a contractor. However, during physical verification of the scheme at Union Council Chamkani it was observed that no work was executed at the site identified in PC-1 & map. Para No. 1.2.1.3. (Audit Report on accounts of District Government Peshawar)

- Deputy Commissioner Peshawar irregularly paid Rs 148,624,750 to Capital City Police Officer Peshawar on account of polio campaign during the financial year 2016-17. Para No. 1.2.3.1. (Audit Report on accounts of District Government Peshawar)

- District Health Officer Nowshera. Loss due to embezzlement of Government receipts–Rs 2.861 million. 1.2.1.1. (Audit Report on accounts of District Government Nowshera)

- District Health Officer Nowshera. Less recovery of Government receipts–Rs 18.543 million Para No. 1.2.2.1. (Audit Report on accounts of District Government Nowshera)

- Over and above than the schedule rates and payment to the contractors Rs.431.641 (Public Works Department) DP # 2.2

- Over and above payment than work done Rs. 1312.910 (Public Works Department) DP # 2.10

- Over payment than admissible escalation Rs. 459.555 (Public Works Department) DP # 2.11

- Govt. loss due to line loss Rs. 504.919 (Electricity Department) DP # 3.2

- Govt. loss due to over purchasing of Electricity and less sellingRs. 1527.977(Electricity Department) DP # 3.12

- Loss due to outstanding dues against the consumers Rs. 616.233 (Electricity Department) DP # 3.13

- Non-recovery of Govt. dues and less deposit of royalty Rs. 2264.673 (AKLASC) DP # 15.2
- Non-production of record and non-adjustment of advances Rs. 489.317 (Religious Affairs) DP # 17.1
- Non-remittance of unspent balance Rs. 313.616 (Board of Revenue) DP # 12.2
- Loss to Govt. due to non-recovery of sales tax, excise duty Rs. 17912.492 (AJ&K Council) DP # 1.3.3
- Doubtful adjustment of Income Tax (AJ&K Council) DP # 1.3.5
- Non-certified supply of flour- Rs. 814.162 million (para 5.4.1)Food Department
- Non-recovery against shortage of wheat – Rs. 50.084 million (para 5.4.2)Food Department
- Non-certified of wheat- Rs. 1188.156 million (para 5.4.4)Food Department
- Non-recovery of risk & cost amount- Rs. 66.630 million (para 16.4.6)Works Department
- Less deduction of Income Tax- Rs. 12.517 million (para 16.4.3)Works Department
- Non-recovery of hire charges of plant & machinery- Rs. 12.463 million (para 16.4.2)Works Department

DAG Central Wing-Punjab Province

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

(Rs. is Millions)

Sr. #	Description	Total
1	Total amount audited	1,043,643.23
2	Recovery made at the instance of audit	4,434.13
3	Amount placed under audit observations	634,250.79

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

(Rs. is Millions)

Sr. #	Description	Total
1	Violation of rules and regulations and violation of principles of propriety and probity public operation	376,255.97
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources	7,357.42
3	Accounting Errors	31,124.11
4	Weaknesses of internal controls	64,486.96
5	Recoveries and overpayments	42,914.11
6	Non-Production of Records	7,146.8
7	Others	104,975.43

The wing issued 63 Audit Reports and Special studies etc. Detail according to type of audit is as under in Table

Sr. #	Description	No. of Reports
1	Audit Reports	11
2	Special Audit Reports	4
3	Performance Audit Reports	5
4	Other Audit Reports (Audit of foreign funded projects, IT & Environment Audit, Studies etc.)	43
	Total Audit Reports	**63**

Following are the select few irregularities highlighted in audit reports pointed out during Audit by DAG Central Wing

Provincial/District Government Ministries/ Divisions/Attached Departments

AGRICULTURE DEPARTMENT

- Irregular expenditure due to violation of Punjab Procurement Rules-Rs.338.31 million (AR Para No. 2.4.2)
- Irregular appointment of contingent paid & other Staff without advertisement-Rs. 85.27 million (AR Para No. 2.4.8)
- Irregular purchases of various items without immediate requirement-Rs. 57.40 million(AR Para No. 2.4.12)
- Irregular expenditure on construction works by making fake agreement-Rs.36.39 million(AR Para No. 2.4.17)
- Non-investment of funds-Rs. 516.82 million (AR Para No. 2.4.28)
- Non-recovery of outstanding dues-Rs. 2,892.26 million (AR Para No. 2.4.41)
- Non-conducting of pre-audit-Rs. 153.73 million (AR Para No. 2.4.64)
- Unjustified calculation of 10 % share contribution to MCPFB-Rs.234.45 million (AR Para No. 2.4.65)

FINANCE DEPARTMENT

- Undue retention of development funds-Rs.108.85 billion (AR Para No. 7.4.3)
- Loan to Waste Management Companies without considering their pay back ability-Rs.46,158.88 million (AR Para No. 7.4.5)
- Irregular direct transfer of funds to State Bank Of Pakistan-Rs. 20.81 billion (AR Para No. 7.4.7)
- Less/non-receipt of arrears of Net Hydel Profit-Rs.14.81 billion (AR Para No. 7.4.8)
- Loss due to non-investment-Rs. 1.38 billion (AR Para No. 7.4.11)
- Over drafting without any limit-Rs.1,443.16 million (AR Para No. 7.4.13)

- Excess release of budget for Lahore orange line metro project-Rs.63.20 billion (AR Para No. 7.4.16)
- Non-recovery of electricity dues from different departments-Rs.4,781.61 million (AR Para No. 7.4.36)

FOOD DEPARTMENT

- Non-accountal and non-distribution of PP bags and POL-Rs.171.95 million (AR Para No. 8.4.3
- Non/less payment to growers-Rs. 344.89 million (AR Para No. 8.4.5)
- Loss due to export of wheat on irrational/less price-Rs.1,877.63 million (AR Para No. 8.4.6)
- Irregular appointment of contingent paid staff - Rs.66.40 million (AR Para No. 8.4.10)
- Mis-procurement of goods and services-Rs.876.23 million (AR Para No. 8.4.11)
- Undue favour to flour mills-Rs.1387.79 million (AR Para No. 8.4.17)
- Loss caused to government-Rs.744.57 million (AR Para No. 8.4.18)
- Loss due to non-export of wheat by the flour mills owners-Rs. 2,205.73 million (AR Para No. 8.4.19)
- Non-deduction of taxes from contractors-Rs. 1,929.77 million (AR Para No. 8.4.25)
- Non-recovery of penalties imposed on departmental officials-Rs. 1,637.58 million (AR Para No. 8.4.26)
- Non-disposal of wheat stock of previous wheat schemes- Rs. 54,247.55 million (AR Para No. 8.4.34)
- Irregular expenditure excess than budget allocation-Rs.125.38 million (AR Para No. 8.4.37)

FORESTRY, WILDLIFE & FISHERIES DEPARTMENT

- Non-clearance of amounts lying under head P-Deposits- Rs. 158.79 million (AR Para No. 9.4.2)
- Irregular expenditure due to violation of tendering process-Rs.172.16 million (AR Para No. 9.4.3)
- Irregular/doubtful disbursements through cash/ manual bills-Rs.631.69 million (AR Para No. 9.4.4)
- Unjustified/wasteful expenditures without immediate requirement-Rs. 136.85 million (AR Para No. 9.4.9)
- Non-recovery of government dues-Rs.1,370.10 million (AR Para No. 9.4.13)
- Non-deduction of taxes at source-Rs. 38.43 million (AR Para No. 9.4.14)
- Illegal occupation/encroachment of land-Rs. 165.66 million (AR Para No. 9.4.19)

HIGHER EDUCATION DEPARTMENT

- Irregular purchase of medicines without DTL-Rs.47.43 million (AR Para No. 10.4.14)
- Irregular re-employment and retention of retired employees-Rs. 239.54 million (AR Para No. 10.4.27)
- Irregular appointments-Rs. 2,211.05 million (AR Para No. 10.4.29)
- Irregular purchases without approval of austerity committee -Rs. 35.03 million (AR Para No. 10.4.30)
- Excess expenditure than budget allocation for Rs. 378.30 million (AR Para No. 10.4.33)
- Irregular investment/placement of funds-Rs. 24,608.13 million (AR Para No. 10.4.41)
- Irregular expenditure on procurements-Rs. 2,975.37 million (AR Para No. 10.4.44)
- Irregular drawal of pay through manual bill-Rs.2,047.31 million (AR Para No. 10.4.60)

- Recurring deficit in budget-Rs. 1,326.59 million (AR Para No. 10.4.62)
- Non-recovery of university dues from Ph.D scholars-Rs.595.36 million (AR Para No. 10.4.75)
- Irregular payment of inadmissible pay & allowances Rs. 1,584.54 million (AR Para No. 10.4.79)
- Overpayments and recoveries against works contractors-Rs. 4,593.05 million (AR Para No. 10.4.80)
- Non-deduction of PST-Rs. 74.88 million (AR Para No. 10.4.81)
- Non-deduction of GST- Rs. 59.64 million (AR Para No. 10.4.82)

HOME DEPARTMENT

- Irregular expenditure in violation of Punjab Procurement Rules-Rs.13,298.85 million (AR Para No. 11.4.7)
- Irregular mode of disbursement of pay and allowances-Rs. 175.17 million (AR Para No. 11.4.10)
- Irregular mode of payments through cash-Rs. 184.91 million (AR Para No. 11.4.11)
- Irregular expenditure on cost of investigation-Rs. 130.91 million (AR Para No. 11.4.14)
- Irregular payment made without pre-audit-Rs.167.84 million (AR Para No. 11.4.27)
- Non submission of vouched account to Treasury Office-Rs.512.73 million (AR Para No. 11.4.28)
- Irregular / unauthorized expenditure due to sanction beyond competence-Rs.199.94 million (AR Para No. 11.4.34)
- Excess Drawl of Posts-Rs. 274.44 million (AR Para No. 11.4.45)
- Unjustified payments of salaries to officials/officers- Rs. 2,427.29 million (AR Para No. 11.4.54)

- Non-recovery of police guard charges-Rs.859.83 million (AR Para No. 11.4.60)
- Unauthorized payment of various allowances-Rs.135.26 million (AR Para No. 11.4.61)
- Non-deposit of government receipts into Treasury-Rs.73.07 million (AR Para No. 11.4.62)
- Non/less deduction of Punjab Sales Tax-Rs 1,410.42 million (AR Para No. 11.4.67)
- Non/Less deduction of withholding tax-Rs.77.59 million (AR Para No. 11.4.74)

LIVESTOCK AND DAIRY DEVELOPMENT DEPARTMENT

- Irregular expenditure on purchases without observing PPRA rules-Rs. 1,258.09 million (AR Para No.18.4.3)
- Unjustified expenditure of Rs.3,094.37 million (AR Para No.18.4.20)
- Excess expenditure than budget allocation-Rs.62.32 million (AR Para No.18.4.23)
- Unauthorized expenditure beyond competency-Rs. 21.84 million (AR Para No.18.4.24)
- Non-recovery / deposit of outstanding amount-Rs.493.56 million (AR Para No.18.4.26)
- Non/less deduction of taxes –Rs. 80.88 million (AR Para No.18.4.27)

PLANNING AND DEVELOPMENT DEPARTMENT

- Doubtful payments due to absence of monitoring/ verification mechanism-Rs. 6,401.80 million (AR Para No.20.4.3)
- Irregular direct transfer of funds into commercial bank accounts-Rs. 6,196.58 million (AR Para No.20.4.4)
- Irregular expenditure in violation of Punjab Procurement Rules-Rs.290.84 million (AR Para No.20.4.5)

PRIMARY AND SECONDARY HEALTHCARE DEPARTMENT

- Irregular payments drawn from treasury without applying pre- audit checks-Rs.2,964.71 million (AR Para No.22.4.3)
- Irregular payments drawn from treasury without applying pre-audit checks –Rs.2,377.02 million (AR Para No.22.4.6)
- Irregular procurements made in violation of Punjab Procurement Rules-Rs.1,611.72 million (AR Para No.22.4.8)
- Non-transparent/irregular expenditure on Health Councils-Rs. 2.00 billion (AR Para No.22.4.34)
- Non-withholding of GST and LD charges-Rs.87.86 million (AR Para No.22.4.51)
- Non-deduction of PST for Rs.51.31 million and income tax for Rs. 36.29 million (AR Para No.22.4.52)
- Loss due to purchase of medicine and disposable items at higher rates-Rs 26.33 million (AR Para No.22.4.53)

SPECIALIZED HEALTHCARE AND MEDICAL EDUCATION DEPARTMENT

- Irregular payment on account of construction/ consultancy for establishment of PKLI&RC-Rs.2,810.61 million (AR Para No.28.4.19)
- Irregular procurements by PKLI-Rs.167.62 million (AR Para No.28.4.20)
- Irregular appointments-Rs. 422.34 million (AR Para No.28.4.22)
- Irregular procurements made in violation of Punjab Procurement Rules-Rs. 17,585.54 million (AR Para No.28.4.35)
- Irregular appointment/unauthorized payment-Rs.813.78 million (AR Para No.28.4.36)
- Non / less deduction of taxes by PKLI-Rs.2,814.84 (AR Para No.28.4.104)
- Non / less deduction of income tax-Rs.332.61 million (AR Para No.28.4.111)
- Irregular expenditure on works- Rs. 120.41 million (AR Para No.28.4.159)

EXCISE & TAXATION DEPARTMENT

- Non/short realization of arrears of property tax- Rs. 134.118 millionDP # 1.4.1
- Non-realization of luxury house tax – Rs. 70.292 millionDP # 1.4.2
- Non-realization of excise duty from distilleries – Rs. 115.026 millionDP # 1.4.3
- Non-realization of 15 per cent provincial government share of property tax - Rs. 109.887 millionDP # 1.4.4
- Non-recovery of property tax from state owned organizations - Rs. 91.867 millionDP # 1.4.5
- Non-realization of property tax due to inadmissible exemptions - Rs.60.322 millionDP # 1.4.6
- Non-realization of income tax on commercial vehicles - Rs. 15.154 millionDP # 1.4.7
- Non-realization of property tax despite expiry of stay orders- Rs. 64.362 millionDP # 1.4.8
- Non-realization of property tax due to non-enforcement of orders passed under section 9-(C) – Rs.
- Irregular exemption to five Marla houses- Rs. 6.630 millionDP # 1.4.14
- C&W department did not produce the record - Rs 723.851 million (Para 2.4.1.1, 2.4.2.1 of AR)
- C&W department did misappropriation of funds/ provided fraudulent documents – Rs 158.487 million (Para 2.4.2.2, 2.4.2.3)
- C&W and HUD &PHE department did not mutate the land in the name of department during financial year 2017-18 of Rs 444,126.37 million (Para 2.4.2.56, 3.4.1.2)
- C&W, HUD&PHE, Irrigation, LG&CD and IDAP made overpayment owing to application of higher/incorrect rate- Rs 2,313.86 million (Para 2.4.1.3, 2.4.1.54, 2.4.2.9, 2.4.2.14, 2.4.2.15, 2.4.2.16, 2.4.2.27, 2.4.2.37, 2.4.2.38, 2.4.2.41, 2.4.2.43, 3.4.1.10, 3.4.2.4, 3.4.2.8, 3.4.5.2, 3.4.5.3, 3.4.6.2, 3.4.7.3, 3.4.9.3, 3.4.9.8, 4.4.1, 4.4.5, 4.4.10, 4.4.13, 4.4.15, 5.4.4, 5.4.5, 6.3.5)
- C&W, HUD & PHE department did not obtain / revaluate performance/ additional performance securities – Rs 1,563.388 million (Para 2.4.1.14, 2.4.2.51, 2.4.2.54, 2.4.2.62, 3.4.2.5, 3.4.3.5, 3.4.3.9, 3.4.7.4, 3.4.9.13, 3.4.9.21, 3.4.9.22, 4.4.20, 4.4.21)
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- In C&W and Irrigation department and FAP Audit, irregular allotment/ enhancement of work without fair competition was made in violation of PPRA rules - Rs 842.849 million (Para 2.4.1.2, 2.4.2.20, 4.4.25, 7.3.5.1)

- In C&W HUD & PHE, Irrigation, LG&CD, IDAP and FAP projects, the government taxes were not recovered during financial year 2017-18 - Rs. 1,693.171 million (Para 2.4.1.5, 2.4.1.7, 2.4.1.9, 3.4.1.17, 3.4.1.21, 3.4.2.9, 3.4.9.1, 3.4.9.7, 3.4.9.11, 4.4.4, 5.4.3, 6.3.4, 6.3.6, 7.3.3.4, 7.3.4.1,

- In C&W HUD & PHE department, recovery on account of price variation/ de- escalation was not made - Rs 263.888 million (Para 2.4.1.6, 2.4.1.10, 2.4.1.53, 2.4.1.57, 2.4.2.10, 2.4.2.21, 2.4.2.29, 3.4.9.6)

- In C&W HUD & PHE, LG&CD and IDAP, unjustified payment without obtaining JMF was made/ recovery of less use of bitumen was not made - Rs 248.103 million (Para 2.4.2.7, 3.4.1.15, 5.4.2, 6.3.8)

- In C&W department, overpayment due to non-utilization of available earth was made- Rs 39.998 during financial year 2017-18 (Para 2.4.2.58)

District Education Authorities of Punjab South

- Unauthorized payment of SSB and allowances after regularization - Rs 10.739 million AR Para # 1.2.4.1

- Misappropriation due to double drawl and fictitious billing – Rs 1.445 millionARPara # 3.2.1.1

- Irregular expenditure without tenders / quotations - Rs 17.982 millionAR Para # 10.2.2.6

District Health Authorities of Punjab South

- Unjustified expenditure on account Health Sector Reforms Allowance - Rs 10.569 millionAR Para # 2.2.3.1

- Mis-procurement of miscellaneous items - Rs 55.551 millionAR Para # 5.2.2.1

District Councils of Punjab (South)

- Misappropriation of public funds through duplicate scheme - Rs 3 millionAR Para # 9.2.1.1

Municipal Corporations of Punjab (South)

- Unauthorized expenditure on visit of VVIPs - Rs 7.978 millionAR Para # 3.2.1.2

- Illegal approval of map without obtaining conversion fee – Rs 3.209 millionAR Para # 4.2.2.9

Public Sector Companies of Punjab (South)

- Irregular salary due to enhancement in salary without approval of the Finance Department - Rs 13.472 millionAR Para # 1.2.1.4
- Misappropriation of fund by recording excess travelling of motor vehicle - Rs 4.890 millionAR Para # 5.2.1.1

District Health Authorities Punjab (North)

- Misappropriation/ Embezzlement of Government money involving an amount of Rs 49.280 million.
- Non-production of Record worth Rs 495.454 million.
- Irregularities and non-compliance of rules amounting to Rs 8,857.880 million.
- Performance related issues of Rs 1,808.777 million noted.
- Weaknesses of Internal Controls involving an amount of Rs 2,154.603 million
- Recovery of Rs 960.276 million was pointed out.
- Issues related to accounting errors were noted amounting to Rs 11.771 million.

District Education Authorities Punjab (North)

- Misappropriation of Rs 0.200 million.
- Non-production of record of Rs 1,017.088 million.
- Irregularities & non-compliance of rules amounting to Rs 7,004.923 million.
- Internal Control Weaknesses of Rs 1,959.729 million.

- Performance issues amounting to Rs 6,199.729 million.
- Recovery of Rs 1,002.585 million.

Metropolitan Corporation Punjab (North)

- Non-production of Record of Rs 223.773 million.
- Irregularities and non-compliance of rules amounting to Rs 6,184.095 million.
- Performance related issues of Rs 2,177.597 million.
- Internal Controls Weaknesses involving an amount of Rs 8,049.767 million.
- Recovery of Rs 2,012.218 million.

District Councils of Punjab (North)

- Non-production of Record worth Rs 524.288 million.
- Irregularities and non-compliance of rules amounting to Rs 6,698.048 million.
- Performance related issues of Rs 739.653 million.
- Weaknesses of Internal Controls involving an amount of Rs 1,515.423 million.

DAG South Wing-Sindh and Balochistan Province

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

(Rs. is Millions)

Sr. #	Description	Total
1	Total amount audited	2,078,402.174
2	Recovery made at the instance of audit	1,283.263
3	Amount placed under audit observations	452,064.998

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

(Rs. is Millions)

Sr. #	Description	Total
1	Total amount auditeViolation of rules and regulations and violation of principles of propriety and probity public operationd	168,924.499
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources	743.39
3	Accounting Errors	134,742.17
4	Weaknesses of internal controls	2,283.477
5	Recoveries and overpayments	80,750.033
6	Non-Production of Records	38,269.491
7	Others	26,351.971

The wing issued 47 Audit Reports and Special studies etc. Detail according to type of audit is as under in Table

Sr. #	Description	No. of Reports
1	Audit Reports	5
2	Special Audit Reports	3
3	Performance Audit Reports	7
4	Other Audit Reports (Audit of foreign funded projects, IT & Environment Audit, Studies etc.)	32
	Total Audit Reports	**47**

Following are the select few irregularities highlighted in audit reports pointed out during Audit by DAG South Wing

Provincial/District Government Ministries/ Divisions/Attached Departments

Health Department

- Non-Production of auditable record- Rs. 4.345.162 million (13.4.1 of AR)
- Irregular payment through DDO account – Rs. 281.453 million (13.4.5 of AR)
- Wasteful expenditure on construction of medical centres – Rs. 183.772 million (13.4.8 of AR)
- Non-Obtaining of discount on purchase of medicines – Rs. 91.647 million (13.4.11 of AR)
- Acceptance of X-Ray films without clinical efficacy report – Rs. 11.750 million.

Health Department

- Non-Production of auditable record-Rs. 2,115.825 million (14.4.1 of AR)
- Non-recovery of outstanding dues-Rs. 158.891 million(14.4.4 of AR)
- Irregular expenditure without physical & technical inspection – Rs..1,224.168 million (14.4.15 of AR)
- Non-rendering of accounts and adjustment of Grants-in-aid-Rs. 47.826 million (14.4.15 of AR)
- Payment of inadmissible allowances – Rs. 400.192 million (14.4.15 of AR)
- Misuse of salary & other funds for payment to contractors Rs 31.450 million
- Non-recovery of outstanding dues – Rs 66,930.450 million
- Overpayment of House Rent – Rs 1,871.682 million
- Non-deposit of Income Tax - Rs 837.166 million

- Un-authorized award of work beyond limit – Rs 13,328.344 million
- Payment without reconciliation of electric consumption-Rs 5,984.223 million
- Irregular short-term investment in shape of TDR – Rs 1,860.00 million
- Overpayment of Rs. 192.281 million was made in Communication & Works Department (Para No. 2.2.2 to 2.2.7 of A.R)
- Less realization of Ushar&Abiana amounting to Rs. 71.420 million in Board of Revenue Department (Para No. 3.2.6 & 3.2.7 of A.R)
- Public money was illegally retained in Board of Revenue amounting to Rs. 4,630.768 million (Para No. 3.2.18 of A.R).
- Medicines were less supplied in Medical Store Department Rs. 316.511 million (Para No. 4.2.3 of A.R)
- Contract was irregularly enhanced in Irrigation Department Rs. 1,125.878 million (Para No. 6.2.10 of AR)
- Balochistan Sales Tax on services was not deducted in Public Health Engineering Department amounting to Rs. 158.185 million (Para No. 7.23 of AR)
- Education department did no produce record to audit amounting to Rs. 268.204 million (Para No. 8.2.1 & 8.2.5 of A.R)
- Less realization of revenue target of Rs. 1,2074.320 million in Mines & Mineral Development Department (Para No. 9.2.3 of A.R)
- Irregular expenditure was incurred in Agriculture and Cooperatives Department amount to Rs. 560. 905 million (Para No. 10.2.11 to 10.2.12 of AR)
- Propriety Tax and penalty on propriety owners was not realized amounting to Rs. 45.749 million in excise department (Para No. 12.2.2, 12.2.4, 12.2.5)
- Non-Production of record noted in 06 cases
- Fraudulent drawl of development funds noted in 01 case
- Unjustified expenditure noted in 03 case

- Irregular/unjustified expenditure noted in 40 cases
- Unauthorized expenditure million noted in 24 cases
- Expenditure due to non-obtaining of technical sanction noted in 02 cases
- Non-recovery of Government dues noted in 15 cases
- Loss to Government million noted in 02 cases
- Less realization of Government receipts noted in 03 cases
- General Paras of systemic issues noted in 02 cases

5 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 tax payer. 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 an 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. Coopting 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. An 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.