

## **21.3 AUDIT PARAS**

### **21.3.1 Irregular investment with foreign deposit account – Rs. 31,137.02 million**

According to Para-4 (Surplus Funds) of the office memo issued by Finance Division, GoP, “it has been decided to allow the public sector entities to invest their surplus funds in the non-government securities / TCs / shares also, up to a maximum of 20% of the total funds under management”.

In the office of MD Private Power Infrastructure Board (PPIB) Islamabad, foreign investment US\$ 296.54 million equivalent to Pak Rs. 31,137.02 million was made by the management of the Board with Habib Metropolitan Bank. As the said investment was 40% of the total foreign investment US\$ 747.18 million which exceeded the limit fixed by GoP hence, the said investment was irregular.

Non-adherence to Finance Division’s instructions resulted in irregular investment with foreign deposit accounts of Rs. 31,137.02 million up to the Financial Year 2016-17.

The matter was taken up with the management in November, 2017 and reported to the Ministry in January, 2018. The management replied that PPIB’s investment of foreign deposit accounts fell under category of ‘Surplus Funds’ and no limit had been prescribed in the investment policy. The reply was not tenable as no documentary evidence was provided in support of reply.

Audit recommends that the management needs to investigate the matter for fixing of responsibility.

*(DP No.1833/2017-18)*

### **21.3.2 Extra expenditure due to design change without approval of the Panel of Experts (POE) – Rs. 5,772 million**

According to Article-VI Section-6.2(c) of Implementation Agreement, “the Company shall provide the PPIB with a certificate of a duly authorized officer of the Company setting out any proposed amendment (a “Proposed Material Amendment”) to the EPC Contract that would result in (i) a change in either of the EPC Contractors, or (ii) a change in a major piece of equipment as to either its company or country of manufacture, no later than fifteen (15) Business Days prior to execution thereof, setting forth the proposed changes”.

In the office of MD Private Power Infrastructure Board (PPIB) Islamabad, an extra expenditure of Rs. 5,772 million was incurred due to change