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**SENATE OF PAKISTAN  
HOUSE OF THE FEDERATION**

REPORT NO.22 OF 2017



*House of the Federation*

**REPORT OF THE STANDING COMMITTEE ON FINANCE,  
REVENUE, ECONOMIC AFFAIRS AND NARCOTICS CONTROL**

**ON**

**THE AUDITOR-GENERAL'S (FUNCTIONS, POWERS AND TERMS  
AND CONDITIONS OF SERVICE) (AMENDMENT) BILL, 2017,  
AS PASSED BY THE NATIONAL ASSEMBLY**

**PRESENTED BY**

**SENATOR SALEEM MANDVIWALLA**



## **SENATE SECRETARIAT**

### **REPORT OF THE STANDING COMMITTEE ON FINANCE, REVENUE, AND ECONOMIC AFFAIRS ON THE AUDITOR-GENERAL'S (FUNCTIONS, POWERS AND TERMS AND CONDITIONS OF SERVICE) ORDINANCE, 2001**

I, Senator Saleem Mandviwalla, Chairman Standing Committee on Finance, Revenue, Economic Affairs and Narcotics Control have the honour to submit, on behalf of the Committee, this report on the Bill further to amend the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 [The Auditor-General's (Functions, Powers and Terms and Conditions of Service) (Amendment) Bill, 2017], as passed by the National Assembly, and referred to the Committee on 24<sup>th</sup> October, 2017, for consideration and report.

2. The composition of the Standing Committee is given as under: -

(1)	Senator Saleem Mandviwalla	Chairman
(2)	Senator Ilyas Ahmed Bilour	Member
(3)	Senator Muhammad Mohsin Khan Leghari	Member
(4)	Senator Ms. Ayesha Raza Farooq	Member
(5)	Senator Muhammad Talha Mahmood	Member
(6)	Senator Ms. Nasreen Jalil	Member
(7)	Senator Kamil Ali Agha	Member
(8)	Senator Mushahid Uallah Khan	Member
(9)	Senator Saud Majeed	Member
(10)	Senator Barrister Murtaza Wahab	Member
(11)	Senator Osman Saifullah Khan	Member
(12)	Senator Mohsin Aziz	Member
(13)	Minister for Finance, Revenue, and Economic Affairs	Ex-Officio Member

3. The Committee considered the said Bill in its meetings held on 9<sup>th</sup> November, 13<sup>th</sup> & 29<sup>th</sup> December, 2017, respectively. The following attended the meetings, namely:-

(1)	Senator Saleem Mandviwalla	Chairman
(2)	Senator Muhammad Mohsin Khan Leghari	Member
(3)	Senator Ayesha Raza Farooq	Member
(4)	Senator Kamil Ali Agha	Member
(5)	Senator Nasreen Jalil	Member
(6)	Senator Saud Majeed	Member
(7)	Senator Barrister Murtaza Wahab	Member
(8)	Senator Osman Saifullah Khan	Member
(9)	Senator Mohsin Aziz	Member



4. After detailed deliberations, the Committee proposed the following amendments in the Bill :-

**CLAUSE 2**

- (I) That in Clause 2, **sub clause (b) & (c) shall be omitted.**
- (II) That in Clause 2, for sub-clause (d), the following shall be substituted, namely:-

**"(d) after clause (c), the following new clause shall be inserted and the remaining clauses shall be renumbered:**

**"(d) "public sector enterprise" means a corporation or company established under any Act of Majlis-e-Shoora (Parliament) or a Provincial Assembly or Local Government or by any resolution or order of the Federal, Provincial or Local Government, or a company established under the Companies Act, 2017 (Act XIX of 2017) or previous companies legislation which is owned or controlled by the Federal or a Provincial or Local Government."**

**INSERTION OF NEW CLAUSE**

- (III) That after Clause 2, the following new clause 2A shall be inserted, namely:-

**"2A. Insertion of new Section 3A, in the Ordinance XXIII of 2001.— In the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001, the following new Section 3A shall be inserted, namely:-**

**3A. Qualification.— No person shall be appointed as the Auditor General of Pakistan unless he has been a BS 22 officer of Pakistan Audit and Accounts Service and also served at least fifteen years of his service in the department of Auditor General of Pakistan:**

**Provided that the deputation period of service of such officer shall not be counted as his service in the department of Auditor General of Pakistan."**



**CLAUSE 4**

(IV) That for Clause 4, the following shall be substituted, namely:-

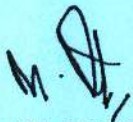
**"4. Amendment of Section 7, Ordinance XXIII of 2001.-In the said Ordinance, in Section 7, \_**

- (a) after the word "accounts" occurring for the first time, the words "including appropriation accounts" shall be inserted;**
- (b) for the word "district", occurring for the first time, the words "Local Government " shall be substituted; and**
- (b) for the words "District Authority" the words "Local Authority" shall be substituted."**

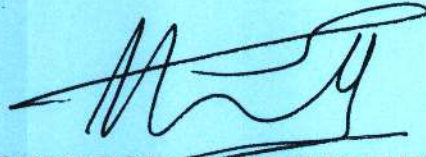
**CLAUSE 11**

(V) That in Clause 11, the words **"new section" shall be omitted.**

5. The Committee recommends that the Bill, as reported by the Committee, may be passed by the Senate. The Bill, as reported by the Committee, is at Annex-A and the Bill, as passed by the National Assembly, is at Annex-B. The Committee also gave approval for presentation of this report to the House.



**(MUHAMMAD TAHIR KHAN)**  
**Secretary (Committee)**



**(SENATOR SALEEM MANDVIWALLA)**  
**Chairman (Committee)**



[AS REPORTED BY THE STANDING COMMITTEE]

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BILL

*further to amend the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001*

WHEREAS it is expedient further to amend the Auditor-General's (Functions, Powers and Terms and conditions of Service) Ordinance, 2001 (XXIII of 2001), for the purposes hereinafter appearing:

It is hereby enacted as follows:-

**1. Short title and commencement.**—(1) This Act may be called the Auditor-General's (Functions, Powers and Terms and Conditions of Service) (Amendment) Act, 2017.

(2) It shall come into force at once.

**2. Amendment of section 2, Ordinance XXIII of 2001.** — In the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001, hereinafter referred to as the said Act, in section 2, in sub-section (1),-

(a) after clause (a), the following new clauses shall be inserted, namely:-

“(aa) “appropriation accounts” means accounts relating to expenditure brought into account during a financial year to several items specified in the schedules of authorized expenditure authenticated under Article 83, or as the case may be, Article 123 of the Constitution of the Islamic Republic of Pakistan;

(ab) "audit" includes regularity audit, information technology audit, environmental audit, forensic audit, performance audit, management audit, special audit and any other kind of audit, report or analysis, deemed appropriate by the Auditor-General;

(b) ~~in clause (d), after the semicolon, the word "and" shall be omitted;~~

(c) ~~in clause (c), for the full stop, the semicolon and word "and" shall be substituted; and~~

(d) after clause (c), the following new clause shall be inserted and the remaining clauses shall be renumbered:

"(d) "public sector enterprise" means a corporation or company established under any Act of Majlis-e-Shoora (Parliament) or a Provincial Assembly or Local Government or by any resolution or order of the Federal, Provincial or Local Government, or a company established under the Companies Act, 2017 (Act XIX of 2017) or previous companies legislation which is owned or controlled by the Federal or a Provincial or Local Government."

2A. Insertion of new Section 3A, in the Ordinance XXIII of 2001.— In the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001, the following new Section 3A shall be inserted, namely:-

3A. Qualification.— No person shall be appointed as the Auditor General of Pakistan unless he has been a BS 22 officer of Pakistan Audit and Accounts Service and also served at least fifteen years of his service in the department of Auditor General of Pakistan:

Provided that the deputation period of service of such officer shall not be counted as his service in the department of the Auditor General of Pakistan."

3. Amendment of section 4, Ordinance XXIII of 2001.—In the said Ordinance,\_\_\_

(a) in section 4, for the word "five" the word "four" shall be substituted; and

(b) the Explanation shall be omitted.



**"4. Amendment of Section 7, Ordinance XXIII of 2001.-In the said Ordinance, in Section 7, \_**

- (a) after the word "accounts" occurring for the first time, the words "including appropriation accounts" shall be inserted;
- (b) for the word "district", occurring for the first time, the words "Local Government" shall be substituted; and
- (b) for the words "District Authority" the words "Local Authority" shall be substituted."

**5. Amendment of section 8, Ordinance XXIII of 2001. -** In the said Ordinance, in section 8, for the clause (d), the following new clause shall be substituted, namely:-

“(d) audit the accounts of any authority or body established by, or under the control, of, the Federal or a Provincial Government or Local Government, including public sector enterprises, and determine the nature and extent of such audit”.”

**6. Amendment of section 9, Ordinance XXIII of 2001. -** In the said Ordinance, in section 9, for the word “district”, wherever occurring, the words “Local Government” shall be substituted.

**7. Amendment of section 11, Ordinance XXIII of 2001. -** In the said Ordinance, in section 11, -

- (a) In sub-section (1), for the semicolon a full stop shall be substituted and the proviso shall be omitted; and
- (b) sub-section (2) shall be omitted.

**8. Amendment of section 12, Ordinance XXIII of 2001. -** In the said Ordinance, in section 12, -

- (a) for the word “district”, occurring in the marginal note and for the first time, the words “Local Government” shall be substituted; and
- (b) for the word “which”, occurring for the third time, the word “such” shall be substituted.



9. **Amendment of section 13, Ordinance XXIII of 2001.** - In the said Ordinance, in section 13, for the word "district", the words "Local Government" shall be substituted.

10. **Amendment of section 14, Ordinance XXIII of 2001.** - In the said Ordinance, in section 14, -

- (a) in sub-section (1), clause (a), for the word "district, the words "Local Government" shall be substituted; and
- (b) in sub-section (2), after the word "record", a comma shall be inserted and, after the comma inserted as aforesaid, the words and commas "whether manual or electronic, and access to information technology systems," shall be inserted.

11. **Amendment of section 15, Ordinance XXIII of 2001.** -In the said Ordinance, for section 15, the following ~~new section~~ shall be substituted:-

**"15. Audit of public sector enterprises.**-Notwithstanding anything contained in any other law for the time being in force, the Auditor-General shall audit the accounts of a public sector enterprise in accordance with the provisions of this Ordinance and he shall have, for the purpose of such audit, right of access to the books and accounts of public sector enterprises, whether manual or electronic."

12. **Amendment of section 16, Ordinance XXIII of 2001.** - In the said Ordinance, section 16 shall be omitted.

13. **Addition of new section 24, Ordinance XXIII of 2001.** - In the said Ordinance, after section 23, the following new section shall be added, namely:-



“24. **Indemnity.**-No suit, prosecution or nay other proceedings shall lie against the Auditor-General or any other authorized officer of the Department of Auditor General for any act which is done in good faith in connection with their responsibilities or duties under this Ordinance or the rules and regulations made thereunder.”.

### **STATEMENT OF OBJECTS AND REASONS**

A number of amendments have been necessitated in the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance No. XXIII of 2001 after the passage of 18<sup>th</sup> Amendment of Constitution of Islamic Republic of Pakistan. In addition to this, the latest trends in the field of auditing and resultant reforms also require amendment in the AGP's Ordinance 2001 in order to bring the organization at par with other Supreme Audit Institutions globally. The proposed amendments would enable the department of Auditor General of Pakistan to fulfill its constitutional responsibilities in an efficient and effective manner.

2. The Bill seeks to achieve the aforesaid objects.

**Senator Mohammad Ishaq Dar**  
Minister for Finance, Revenue,  
Economic Affairs, Statistics  
And Privatization  
Minister-in-Charge



[AS PASSED BY THE NATIONAL ASSEMBLY]

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1. **Short title and commencement.**—(1) This Act may be called the Auditor-General's (Functions, Powers and Terms and Conditions of Service) (Amendment) Act, 2017.

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(a) after clause (a), the following new clauses shall be inserted, namely:-

“(aa) "appropriation accounts" means accounts relating to expenditure brought into account during a financial year to several items specified in the schedules of authorized expenditure authenticated under Article 83, or as the case may be, Article 123 of the Constitution of the Islamic Republic of Pakistan;



(ab) “audit” includes regularity audit, information technology audit, environmental audit, forensic audit, performance audit, management audit, special audit and any other kind of audit, report or analysis, deemed appropriate by the Auditor-General;

(b) in clause (d), after the semicolon, the word “and” shall be omitted;

(c) in clause (e), for the full stop, the semicolon and word “; and” shall be substituted; and

(d) after clause (e) amended as aforesaid, the following new clause shall be inserted:

“(f) “public sector enterprise” means a corporation or company established under any Act of the Parliament or a Provincial Assembly or Local government or by any resolution or order of the Federal, Provincial or Local government, or a company established under the Companies Ordinance, 1984 (XLVII of 1984) or previous Companies legislation which is owned or controlled by the Federal or a Provincial or Local Government.”.

**3. Amendment of section 4, Ordinance XXIII of 2001.—**In the said Ordinance,\_\_\_

(a) in section 4, for the word “five” the word “four” shall be substituted; and

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5. **Amendment of section 8, Ordinance XXIII of 2001.** - In the said Ordinance, in section 8, for the clause (d), the following new clause shall be substituted, namely:-

"(d) audit the accounts of any authority or body established by, or under the control, of, the Federal or a Provincial Government or Local Government, including public sector enterprises, and determine the nature and extent of such audit".

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