

**Directorate of Rules (S&GA) WAPDA
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**PAKISTAN
WATER AND POWER
DEVELOPMENT AUTHORITY**



**Guidelines For Enforcing The
Responsibility For Losses Sustained By
The Authority Through Fraud Or Negligence
Of Individuals, 1982**

(AS AMENDED UPTO 01-06-2001)

PAKISTAN WATER AND POWER DEVELOPMENT AUTHORITY

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No. GM (Admn)/DD (R)/07456/3/62542-63311

17th July, 1982

Subject: GUIDELINES FOR ENFORCING THE RESPONSIBILITY FOR LOSSES SUSTAINED BY THE AUTHORITY THROUGH FRAUD OR NEGLIGENCE OF INDIVIDUALS, 1982

I. INTRODUCTION

The Authority is pleased to lay down principles regarding enforcement of responsibility for losses caused through fraud, negligence, etc. and frame instructions in regard to prosecution in criminal Courts, and for conducting departmental enquiries in cases of fraud and embezzlement, etc.

2. Any defalcation or loss of money, departmental revenue or receipts, stores, or other property discovered in a project, office or division, should be immediately reported to the authorities specified in these instructions, even when such loss has been made good by the person responsible for it. It will usually be sufficient if the officer reporting the defalcation or loss to the higher authority sends a copy of his report or such relevant extracts from it as are sufficient to explain the exact nature of the defalcation or loss and the circumstances which made it possible. A further complete report of the nature and extent of the loss, showing the errors or neglect of rules by which such loss was rendered possible, and the prospects of effecting recovery, after the matter has been fully investigated, should also be submitted.

3. A register of petty losses of monetary value not exceeding Rs. 200 should be maintained and inspected by the Auditors to review the position from time to time. A specimen of this Register is at Annexure "A".

4. Losses or deficiencies concerning buildings, land, stores and equipment should, apart from other actions as above, be written off in value or commercial account that may be maintained with the sanction of the competent authority as shown in the financial delegation orders.

II. GENERAL PRINCIPLES REGARDING ENFORCEMENT OF RESPONSIBILITY FOR LOSSES SUSTAINED BY THE AUTHORITY THROUGH FRAUD, NEGLIGENCE, ETC.

1. Heads of Departments should devise means to ensure that every employee of the Authority realizes fully and clearly that he will be held personally responsible for any loss sustained by the Authority through fraud or negligence on his part, and for any loss arising from fraud or negligence on the part of any other employee subordinate to him, to the extent to which it may be shown that he contributed to the loss by his own action or negligence. In most cases, frauds are rendered possible due to lack of supervision and negligence of rules. Two forms of negligence are specially noteworthy:—

- (i) The amount in a bill is not written in words; the amount in the bill or cheque is written carelessly making alterations possible without detection; or a space is left in the writing of the amount rendering the insertion of digits or words an easy matter.
- (ii) Pay orders on bills submitted to the Accountant for signing cheques are not carefully compared with the original orders.

2. The cardinal principle governing the assessment of responsibility in such cases is that every employee should exercise the same vigilance in respect of the Authority's expenditure and funds generally as a person of ordinary prudence would exercise in respect of the expenditure and the custody of his own money.

3. Every officer in charge of Office/Project accounts and Divisional Accountant should maintain a record, in the form below, of important irregularities noticed in the course of check or which have been brought to notice by an Internal Audit Organization and of the action taken by him. All cases of losses, frauds, or embezzlements in the Accounts Unit exceeding Rs. 200 should also be recorded in this register. This record should be open to inspection by Internal Audit Organization. The entries in this register should be reviewed by the officer in charge of Office/Project accounts and Divisional Accountant once a month and suitable action taken to finalize outstanding cases.

1. Serial No.
2. File No. in which dealt with.
3. Brief particulars of Irregularity.
5. Modus Operandi.
6. How detected.
7. Nature of prescribed checks omitted resulting in facilitating the irregularity.
8. Defects in procedure and action taken to remove them.
9. Amount involved.
10. Explanation of Admn. in their own words.

11. Remarks given by the Enquiry Committee, if any appointed.
12. Parties at fault and disciplinary action taken.
13. Whether disciplinary action is considered adequate or not.
14. Reference of Police Enquiry and its result.
15. If prosecution not attempted, has legal advice been taken.
16. Report to:
 1. Manager Finance concerned.
 2. Director Finance concerned.
 3. Chief Engineer (Coord) Water.
 4. General Manager concerned of Power Wing.
17. Action taken to finalize the case.

Note: The record of petty losses of Rs. 200 and below should be kept in a separate portion of the register.

4. In any case in which it appears that recourse to Judicial proceedings is likely to be involved, advice of the Authority's Legal Adviser should be taken as soon as the possibility emerges. Cases of serious nature involving loss of large amount of public money or of valuable property as also those where a reasonable suspicion of fraud or other criminal offence exists, may be reported to the * Federal Investigative Agency by the competent authority at its direction.

5. In cases where loss is due to delinquencies of subordinate officials, and where it appear that this has been facilitated by laxity of supervision on the part of a superior officer, the latter should also be called strictly to account and his personal liability in the matter carefully determined.

6. Besides initiating disciplinary action against the employees held responsible for the loss they should also be allowed to make good the loss in whole or in part, according to their financial position, so as not to impair their future efficiency.

7. The fact that employees who were guilty of frauds or irregularities are no longer in the service of the Authority and have thus escaped punishment should not be made a justification to absolving those who are also guilty but who still remain in service.

III. INSTRUCTIONS IN REGARD TO CASES IN WHICH PROSECUTIONS IN THE CRIMINAL COURTS ARE NECESSARY

1. All losses, whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved

*Substituted Vide O. M. No. S/DD (Rules)/07456/3/76228-77007 dated 1-8-1984.

2. When an investigation into a case of loss due to theft, fraud or neglect discloses a defect of system and when irrecoverable loss is due to that cause, a report shall be made to the Authority through the usual channels and the Manager Finance concerned with a recommendation for rectifying the defect.

* 3. When the preliminary investigation shows that the loss is not due to theft, fraud or neglect it will be written off by the competent authority in consultation with the manager Finance concerned or his local representative. If preliminary investigation shows that the loss is due to theft, fraud or neglect the case will be immediately submitted to the next higher authority. This authority shall arrange, within one week of the receipt of case, constitution of an enquiry committee to investigate the reported loss unless the loss involved is of Rs. 1,000 or less in which case the constitution of an enquiry committee may at its discretion, be dispensed with. The enquiry committee shall submit within 30 days its report to the competent authority who shall in consultation with the Manager Finance concerned or his representative of appropriate status take action according to the circumstances of the case. (See general conditions to be observed while dealing with cases of loss of money or of stores, as given in Wapda Book of Delegation of Financial Powers as in force). Where it is decided to seek assistance of Police for investigating into a loss caused due to the offence on the part of some employees, the matter should be reported in writing to the nearest Police Station sending a report to the Superintendent of Police of the District asking for prompt investigation.

**** NOTE-I** Where the reported loss is less than Rs. 100,000 the matter will be reported directly by the Superintending Engineer concerned to Chief Engineer, who will decide whether in the light of facts of the case or the interest of justice an enquiry should be conducted through an enquiry officer or enquiry committee. The enquiry committee, if ordered, shall be constituted as under:-

- | | | |
|-------|--|----------|
| (i) | A Grade 18 Officer | Convener |
| (ii) | A Grade 17 Officer from
Audit (outside the project) | Member |
| (iii) | A Grade 17 Officer from
Directorate of Investigation. | Member |

NOTE-I I Where the reported loss amounts to more than Rs. 100,000 and less than Rs. 700,000 the matter will be reported by the Chief Engineer concerned to General Manager concerned, who will decide whether in the light of facts of the case or the interest of justice an enquiry should be conducted through an enquiry officer or enquiry committee. The enquiry committee, if ordered, shall be constituted as under: -

- | | | |
|-------|--|----------|
| (i) | A Grade 19 Officer | Convener |
| (ii) | A Grade 18 Officer from
(Outside the project) | Member |
| (iii) | A Grade 18 Officer from
Directorate of Investigation. | Member |

***Substituted vide O.M. No. M(A) DD(R)/07456/3/6014-6828 dated 17-1-1983.**

**** Substituted vide O.M. No. DG (S&GA)/DD (R)/07456/4/44393-45692, dated 15-12-1997.**

NOTE-III Where the reported loss amounts to more than Rs. 700,000 and less than Rs. 1,500,000 the matter will be reported by the Chief Engineer Concerned to the Member/Managing Director Concerned through General Manager concerned, who will decide whether in the light of facts of the case or the interest of justice an enquiry should be conducted through an enquiry officer or enquiry committee. The enquiry **committee**, if ordered, shall be constituted as under:

- | | | |
|-------|---|----------|
| (i) | A Grade 20 Officer | Convener |
| (ii) | A Grade 19 Officer from Audit (outside the project) | Member |
| (iii) | A Grade 18 Officer from Directorate of Investigation. | Member |

NOTE-IV Where the reported loss amounts to Rs. 1,500,000 and above the matter will be reported by the Chief Engineer Concerned to the Authority through General Manager (M&S) under Intimation to Member/Managing Director concerned. The Authority shall decide whether in the light of facts of the case or the interest of justice an enquiry should be conducted through an enquiry officer or **enquiry committee**. The enquiry committee, if ordered, shall be constituted as under:-

- | | | |
|-------|--|----------|
| (i) | A Grade 20 Officer | Convener |
| (ii) | Director (Investigation) | Member |
| (iii) | A Grade 19 Officer to be nominated by Member (Finance) | Member |

NOTE-V The enquiry committee so constituted under Notcs-1, II, 111 & IV above shall have a convener who will always be, at least, one grade higher than the one being enquired into.

NOTE-VI The enquiry officer, if ordered, shall be at least one grade higher than the officer, being enquired against. However, in case of enquiry against a grade 20/21 officer, the officer in same grade senior to the officer, being enquired against, could also be appointed.

4. The Project Director or Head of Division or, in his absence, the senior most Officer present will:—

- ensure that all witnesses and documents are made available to the investigating officer;
- associate with the investigating officer, if so desired by the latter, an employee of the Division who is not personally concerned with the irregularity leading up to the loss, but who is fully cognizant of the rules and procedure of the office in which the loss has occurred; and
- render such other assistance to the investigating officer as he may need.

*Substituted Vide O.M. No. DG (S&GA)/DD (R)/07456/4/44393-45692 dated 15-12-97.

5. If, as a result of the investigation, it is decided that no fit case can be made out for prosecution in Court, a copy of the final Police report should be sent to the administrative authority concerned to which a report of the loss was made in the first instance under paras, 1 and 2 for further orders;

6. If it is decided to prosecute the case in Court, the Project Director or Head of Division, as the case may be, will see that all witnesses serving in the Project or Division, and all documentary evidence in the control of the Project or Division, are punctually produced. He will also appoint an employee of the Project or Division (Preferably the employee who attended the investigation) to attend the proceedings in Court and assist the prosecuting staff.

7. If any prosecution results in the discharge or acquittal of any person, or in the imposition of sentences which appear to be inadequate, the Project Director or Head of Division will consult the Legal Adviser about the advisability of instituting further proceedings in revision or appeal, as the case may be; and, if as a result of such consultation it is decided that further proceedings are necessary, will request the District Magistrate to proceed as he would in any other case.

8. The result of the proceedings in Court will be reported to the administrative authority concerned to which a report of the loss was made in the first instance under paras 1 and 2.

9. Notwithstanding anything contained in the above paragraphs, the Project Director or Head of Division concerned may, if he thinks fit, refer any matter through the usual channel for the order of the Authority before taking action.

IV. INSTRUCTIONS FOR CONDUCTING DEPARTMENTAL ENQUIRY IN CASES OF FRAUD, EMBEZZLEMENT, ETC. OF AUTHORITY'S MONEY IN WHICH EMPLOYEES ARE INVOLVED

1. The institution of criminal proceedings does not absolve the head of office from the task of conducting an immediate and thorough departmental inquiry. Reluctance to institute departmental proceedings is sometimes enhanced by the misconceived apprehension that an inquiry may prove prejudicial to the result of the trial in a Court of law. This, however, merely results in great delay in taking departmental proceedings and making such proceedings as a consequence inconclusive. A departmental inquiry should not, therefore, be delayed pending investigation by Police/FIA or pending the decision of the case by Court but should be instituted promptly, as and when a reasonable suspicion exists that loss has occurred due to theft, defalcation, embezzlement, misappropriation, fraud or such other dishonest act. Photostats of the documents relevant to the investigation can be provided to the Police or other concerned agency so that investigation can proceed simultaneously.

2. There is no bar in law against taking disciplinary action before the disposal of the criminal case in a Court of law. The object of initiating departmental proceedings is to maintain purity of service in the highest public interest and not to punish the delinquent

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No. DG/DD(Rules)/07456/3/4811-5610

20-1-1985

OFFICE MEMORANDUM

Subject: F I A. CASES - APPOINTMENT OF ENQUIRY OFFICERS

It has been observed that the Federal Investigation Agency starts investigation into the cases of bribery and corruption against Wapda employee either on its own or on receipt of a complaint/information, oral or written. F.I .A. carries out a preliminary enquiry and obtains independent corroboration of the allegations made in the complaint and ascertains full facts in support of the allegations. If the preliminary enquiry shows that the commission of an offence is such, which requires departmental action, Ministry of Interior communicates the full facts of the case to the Ministry of Water and Power with copy of the charge sheet and statement of allegations furnished by the Federal Investigation Agency and gives the accused an opportunity to submit reply within 15 days of receipt of charge sheet.

2. Ministry of Interior also details enquiry officer for conducting the enquiry in respect of the cases investigated by F.I.A. Attention is invited to Para 10 of "Instructions regarding investigations by the Federal Investigation Agency into the conduct of cases of bribery and corruption" issued by the Government of Pakistan, Ministry of Interior, States and Frontier Regions (Interior Division) vide their Office Memorandum dated 5-3-1975 which reads as under:-

"10. If it is decided to take departmental action against the Government servant, the necessary action shall be taken by the authority under whom the Government servant is serving. The Agency shall supply to the Ministry or Department under which the Government servant concerned is employed, all materials required for the departmental enquiry and thereafter that Ministry or Department may avail of the services of the whole time Enquiry Officers of the Interior Division in accordance with the provisions of their Memorandum No. 2/7/67/-SP(P), dated

the 13th March, 1963, the Ministry or Department, as the case may be, shall intimate the result of the enquiry to the Interior Division and to the Federal Investigation Agency."

3. From the above, it is clear that it is discretionary and not obligatory, that the Authority shall avail of the services of the Enquiry Officers of Interior Division. It has therefore, been decided that the competent authority may entrust the enquiry to one of the Enquiry Officers of Wapda or departmental officer and the decision taken shall be communicated in time to Ministry of Interior in respect of the cases investigated by F.I.A.

(MUHAMMAD MAQBOOL)
Director General (Rules)
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Annexure-II

PAKISTAN WATER AND POWER DEVELOPMENT AUTHORITY

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No. GM (A)/DD (Rules)/07456/3/72125-664

Dated 13-8-1987

OFFICE MEMORANDUM

Subject: GUIDELINES FOR ENFORCING THE RESPONSIBILITY FOR LOSSES SUSTAINED BY THE AUTHORITY THROUGH FRAUD OR NEGLIGENCE OF INDIVIDUALS

The Guidelines for enforcing the responsibility for losses sustained by the Authority through fraud or negligence of individuals, 1982 as promulgated vide O.M. No. GM (Admn.)/DD (R)/07456/3/62542-63311, dated, 17-7-1982, provides that all losses, whether public money or stores; shall be subjected to the preliminary investigation by the Officer In charge with a view to fix the responsibility and recover the amount involved. Simultaneously a report of the losses is made to the Authority through usual channel and Manager Finance concerned. It has been observed that these instructions are not being adhered to. It is, therefore, reiterated that all the formations should please ensure that instructions about losses of public money or stores are observed in letter and spirit in future. All losses where the amount exceeds Rs. 5,00,000 will be referred to the Authority for a High Powered enquiry as laid down in Para 3, Part-III of the Guidelines.

**Brig. (Retd.)
General Manager (Admn.)
(ASAD ULLAH KHAN)**

**Distribution:
As per List 'C'**