



SPECIALAUDIT REPORT

**ONTHE FUNDS RELEASED TO
FDMA AND FATA SECRETARIAT
FOR TDPs OF OPERATION ZARB-E AZB
(FOR THE PERIOD JUNE, 2013-14 TO MARCH, 2016-17)**

AUDIT YEAR 2016-17

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS & ACRONYMS

AGP	Auditor General of Pakistan
APPM	Accounting Policies and Procedure Manual
ATM	Automated Teller Machine
BBA	Basic Banking Account
C&W	Communication and Works
DAC	Departmental Accounts Committee
DC	Deputy Commissioner
DCO	District Coordination Officer
DDMA	District Disaster Management Authority
DDO	Drawing & Disbursing Officer
DG	Director General
DM	Disaster Management
DoP	Directorate of Projects
ERRA	Earthquake Reconstruction Rehabilitation Authority
FAM	Financial Audit Manual
FAQ	Frequently Asked Questions
FATA	Federally Administered Tribal Areas
FD	Finance Department
FDMA	FATA Disaster Management Authority
FR	Frontier Region
FTR	Federal Treasury Rules
GFR	General Financial Rules
GOP	Government of Pakistan
GST	General Sales Tax
HOH	Head of Household
HQs	Headquarters
IAC	Internal Audit Committee
INTOSAI	The International Organization of Supreme Audit Institutions
IT	Income Tax
MCA	Monthly Cash Assistance
MfDAC	Memorandum for Departmental Accounts Committee
NAP	National Action Plan
NDMA	National Disaster Management Authority
NDMC	National Disaster Management Commission
NFI	Non-Food Items
NIT	Notice Inviting Tender
NWA	North Waziristan Agency

PA	Political Agent
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PDMA	Provincial Disaster Management Authority
PESCO	Peshawar Electric Supply Company
PHE	Public Health Engineering
PPRA	Public Procurement Regularity Authority
RCG	Return Cash Grant
SAFRON	States and Frontier Regions
TCG	Transport Cash Grant
TDP	Temporary Displaced Persons
TMFBL	Telenor Microfinance Bank Limited

PREFACE

Articles 169 & 170 (2) of the Constitution of the Islamic Republic of Pakistan read with Sections 8 and 12 of the Auditor General (Functions, Powers and Terms and Conditions of Service) Ordinance 2001, require the Auditor General of Pakistan to conduct audit of receipts and expenditure of the Federation and the Provinces or the accounts of any authority or body established by the Federation or a Province.

The report is based on the special audit of OperationZarb-e-Azb carried out by FATA Disaster Management Authority, Peshawar and FATA Secretariat, Peshawar for the period June, 2014 to March, 2017. The Directorate General Audit (Disaster Management)conducted the specialaudit during audit year 2016-17 on test check basis with a view to reporting significant findings to relevant stakeholders. The main body of Audit Report includes only the systemic issues.The audit observations listed in the **Annex-I** shall be pursued with the Principal Accounting Officer at the DAC level and in all cases where PAOs do not initiate appropriate action, the audit observations will be brought to the notice of the Public Accounts Committee through the next year's Audit Report.

Audit findings indicate the need for adherence to the regularity framework besides instituting and strengthening of internal controls to avoid recurrence of similar violations and irregularities.

The observations included in this report have been finalized in the light of replies received and discussion with the departments, however, no DAC meeting was convenedby Ministry of SAFRON till finalization of report despite the reminder dated 26.12.2017.

The Audit Report is submitted to the President in pursuance of the Article 171 of the Constitution of the Islamic Republic of Pakistan 1973 for causing it to be laid before both houses of Majlise-e-Shoora (Parliament).

Dated: 07th August, 2018

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[JavaidJehangir]
Auditor-General of Pakistan

EXECUTIVE SUMMARY

The Directorate General of Audit (Disaster Management) is mandated to conduct the audit of receipts and utilization of funds spent by Disaster Management Organizations of Federal, Provincial as well as District Governments. The Auditor General of Pakistan approved the special audit for the funds released to FDMA and FATA Secretariat for payments to the TDPs vide FAO wing letter No. 592/03/P&C/1-C/2013(part file-I) dated 1st August 2016 on the request of Secretary of States & Frontier Regions Division. The Directorate General Audit (Disaster Management) included this audit in the Audit Plan 2016-17.

FATA Disaster Management Authority (FDMA) is established under National Disaster Management Act, 2010 to carry out Disaster Management Activities in Federally Administered Tribal Areas (FATA). Additionally, FDMA is currently engaged in handling and taking care of the Temporary Displaced Persons (TDPs) after the military operation in the North Waziristan and other areas of FATA.

The Directorate of Project (DoP), FATA Secretariat, is working to implement government's priorities in FATA. The FATA Secretariat signed MoU with TDPs Secretariat Peshawar to execute the Projects under the Permanent Reconstruction Program in South and North Waziristan through executing agencies in FATA.

a. Key findings of the audit report

- i. Irregular payments/ violation of rules was observed in 8 cases involving Rs. 12,932.526 million. This includes 04 cases of violations of PPRA Rules, 01 case of violation of assignment account procedure, 01 case of violation of stamp duty act, 01 case of irregular appointment and 01 case of unauthorized payment of honorarium.
- ii. Lack of internal controls was observed in 23 cases involving Rs.1,085.794 million. This includes 03 cases of non-deduction of taxes, 02 cases of non-recovery of late delivery charges, 02 cases of procurement at higher rates, 09 cases of violation of PPRA Rules, 01 case of irregular expenditure on account of hiring of vehicle and office building and 06 cases of unverifiable expenditure.¹

¹ Para 1.3.2.2, 1.3.2.3, 1.3.2.4, 1.3.3.7, 1.3.5.1, 1.3.3.8, 1.3.3.9, 1.3.3.10, 1.3.3.11, 1.3.3.13, 1.3.3.14, 1.3.2.5, 1.3.3.5, 1.3.5.8, 1.3.3.16, 1.3.3.1, 1.3.3.2, 1.3.3.3, 1.3.3.4, 1.3.2.8, 1.3.2.9, 1.3.5.9, 1.3.5.10

- iii. Weak financial management amounting to Rs. 12,615.708 million resulted into release of funds without obtaining vouched accounts in one case and deduction of unauthorized commission by the cellular companies on undisbursed amount of ex-gratia assistance in another.²
- iv. Recoveries pointed out in 14 cases amounting to Rs. 209.587 million. This includes 05 cases of recovery on account of taxes, 02cases of recovery on account of late delivery charges, 02 cases of recovery on account of procurement of tents and gas cylinders on higher rates, 02 cases of overpayments on account of monthly cash grants, 01 unauthorized payment on account of honorarium, 01 case of unauthorized deduction of commission from MCA and 01 case of unjustified expenditure on account of hiring of building and rented vehicle.³
- v. The damage to NFIs due to improper stockpiling in non-designated place was observed in one case amounting to Rs. 1.550 million.⁴
- vi. The adjustment/ vouched accounts amounting to Rs. 12,615.596 million were not obtained by FATA Secretariat from the executing agencies.⁵
- vii. There were 06 cases of unverifiable expenditure amounting to Rs. 23.366 million, where complete auditable record was not produced to audit for scrutiny by FDMA.⁶
- viii. The record in 01casefor an amount of Rs. 970.520 million meant for procurement of tents was not produced to audit.⁷

b. Recommendations

It is recommended that the PAO should take necessary steps to evaluate the financial management systems in order to strengthen and institutionalize internal controls. The recommendations made are:

- i. Internal Controls should be strengthened and internal audit to be conducted on regular basis to ensure compliance of the applicable rules.The PPRA rules need to be followed in letter and spirit, by ensuring competition, in order to benefit the departments while making procurements.

²Para 1.3.3.17, 2.3.1.1

³ Para 1.3.3.17, 1.3.2.1, 1.3.2.2, 1.3.2.3, 1.3.2.4, 1.3.2.6, 1.3.2.8, 1.3.2.9, 1.3.5.1, 1.3.5.4, 1.3.5.5, 1.3.5.6, 1.3.5.7, 1.3.5.8,

⁴Para 1.3.4.1

⁵Para 2.3.1.1

⁶ Para 1.3.3.1, 1.3.3.2, 1.3.3.3, 1.3.3.4, 1.3.5.9, 1.3.5.10

⁷ Para 1.3.3.5

- ii. The asset management and inventory control systems need to be made effective through continuous monitoring.
- iii. The department needs to strengthen its financial control, besides recovering the unauthorized commission deducted by the cellular companies.
- iv. The amount of recovery pointed out on account of overpayments, unauthorized payments, taxes and late delivery charges needs to be recovered.
- v. The vouched / adjustment accounts need to be obtained and produced to audit for verification.
- vi. The complete record needs to be produced to audit, failing which, the authenticity of payments cannot be verified.

INTRODUCTION

The Directorate General of Audit (Disaster Management) conducts regularity audit, financial attest audit, compliance with authority audit, audit of sanctions and propriety, special audit and performance audit of ERRA, NDMA, DG Civil Defense, PDMA, FDMA, DDMA and Rescue 1122. The office is presently located at Islamabad with its one Regional office at Abbottabad.

Operation Zarb-e-Azb was a joint military offensive conducted by the Pakistan Armed Forces against various militant groups. The operation was launched in June 2014 in North Waziristan along the Pakistan-Afghanistan border as a renewed effort against militancy in the wake of the terrorists' attack. The operational activities resulted in evacuation of population from North Waziristan. The Temporary Displaced Persons as a result of Zarb-e-Azb were accommodated and facilitated by provision of special funds in Zarb-e-Azb.

Secretary of States & Frontier Regions Division, Government of Pakistan, Islamabad vide D.O No. 04(02)/P/L/2014(Vol. VI) dated 29th June 2016 (**Annex-II**) requested to the Auditor General of Pakistan to carry out special audit of funds released to FDMA and FATA Secretariat for payment to the TDPs. The Auditor General of Pakistan approved the special audit for the funds released to FDMA and FATA Secretariat for payments to the TDPs vide FAO wing letter No. 592/03/P&C/1-C/2013(part file-I) dated 1st August 2016 (**Annex-III**).

The main objectives of the audit were to ensure that the disaster-related aid has been used effectively, efficiently, and economically as the aid involved massive funds and assistance in kind.

a. Scope of audit

The special audit was conducted for the period June, 2013-14 to March, 2016-17 regarding the relief, reconstruction and rehabilitation activities carried out by FDMA, Peshawar and FATA Secretariat, Peshawar. The audit covered the aspects of the activities performed i.e. Rehabilitation and Reconstruction, Procurement of Relief Goods, Stocking and Distribution Mechanism, Establishment of Relief Camps, Registration and Return of IDPs, Provision of cash compensation, foods items and record thereof.

The audit covered issues of propriety, which extend beyond scrutinizing the mere formality of expenditure to its wisdom and economy. The audit also included

review, analysis and comments on various Government policies. Out of the total expenditure of Rs.41,080.266million of FATA Secretariat and FDMA, the DG Audit (DM) audited an expenditure of Rs.26,537.729million, which in terms of percentage is 65% of auditable expenditure.

b. Recoveries at the instance of audit

Recoveries amounting to Rs. 209.587million were pointed out by audit. The Ministry of SAFRON failed to convene the DAC meeting despite issuance of third reminder dated 26.12.2017, hence the exact volume of recoveries realized could not be ascertained at the time of compilation of this report.

c. Audit objectives

Overall objectives of this audit were to assess:

- i. The transparency and progress in carrying out relief operations and utilization of funds released to FDMA and FATA Secretariat for payments to temporary displaced persons (TDPs).
- ii. The requirement and procurement of relief goods.
- iii. The procurement was made in accordance with prescribed manner and in compliance with rules.
- iv. That proper record was maintained for the disbursement and proper measures were taken to maintain store/relief items.
- v. The monitoring mechanism for relief activities.

d. Audit methodology

The Audit Year 2017-18 witnessed intensive application of desk audit techniques by examining permanent files, computer generated data and other related documents along with the policies and rules followed. Desk review helped in understanding the systems, procedures, environment of the entity before starting the field activity. This greatly facilitated in identification of high risk areas for substantive testing in the field. In addition, risk assessment was carried out by performing analytical procedures, testing controls and evaluating the results.

The audit was conducted in accordance with the INTOSAI Auditing Standards as envisaged in Financial Audit Manual (FAM) and the International Standards on Auditing. The overall objective of the audit was to assess compliance with financial rules and adequacy of internal controls. The audit also included review, analysis and

comments on various Government policies. Audit approach used in audit is a hybrid of System Based Approach and Result Oriented Approach.

e. Audit impact

There were no changes in rules, practices and systems during the year on the recommendation of Audit. Hence, audit impact in the scenario cannot be ascertained.

f. Comments on Internal Control and Internal Audit Department

The organizations have their own Internal Control mechanisms. However, the same need much improvement. Non-segregation of authorization, improper recording of expenditures and stocking has led to mismanagement. The system of internal audit is in place and reports are issued periodically. The internal audit report was shared with audit.

SUMMARY TABLES & CHARTS

Table 1 *Audit Work Statistics*

(Rs. in million)			
S. No.	Description	No.	Expenditure
1	Total Entities (Ministries/PAOs) in Audit Jurisdiction	02	41,080.266
2	Total formations in audit jurisdiction	27	41,080.266
3	Total Entities(Ministries/PAOs) Audited	02	26,537.729
4	Total formations Audited	5	26,537.729
5	Audit & Inspection Reports	02	26,537.729
6	Special Audit Reports	01	26,537.729
7	Performance Audit Reports	-	-
8	Other Reports	-	-

Table 2 *Audit observations regarding Financial Management*

(Rs. in million)		
S. No.	Description (Areas)	Amount Placed under Audit Observation (Rs. in millions)
1	Unsound asset management	7.417
2	Weak financial management (specific)	13,586.228
3	Weak Internal controls relating to financial management	637.782
4	Others	587.777
Total		14,819.204

Table 3 *Outcome Statistics*

(Rs. in million)

S.No.	Description	Expenditure on Acquiring Physical Assets (Procurement)	Civil Works	Receipts	Others	Total current year	Total last year
1	Outlays Audited	-	-	-	-	26,537.729*	-
2	Amount Placed under Audit Observations /Irregularities	1,064.597	13,027.858	-	517.163	14,609.618	-
3	Recoveries Pointed Out at the instance of Audit	-	-	88.806**	120.781***	209.587	-
4	Recoveries Accepted /Established at the instance of Audit	-	-	-	-	-	-
5	Recoveries Realized at the instance of Audit	-	-	-	-	-	-

*the expenditure includes the audited amount of FDMA only as FATA Secretariat, Peshawar is yet to submit adjustment/ vouched accounts.

**this include recoveries to be made from the suppliers in the form of taxes.

***this include recoveries due to overpayments to suppliers and non-recovery of late delivery charges.

Table 4 ***Table of Irregularities pointed out***

(Rs. in million)		
S. No.	Description	Amount Placed under Audit Observation
1	Violation of rules and regulations, violation of principle of propriety and probity in public operations.	12,932.526
2	Cases of fraud, embezzlement, thefts and misuse of public resources.	-
3	Accounting errors (accounting policy departure from IPSAS, misclassification, over or understatement of account balances).	-
4	Weaknesses of internal control systems.	824.076
5	Recoveries and overpayments	90.532
6	Non-production of record	970.520
7	Others, including cases of accidents, negligence etc.	1.550

Table 5 ***Cost-Benefit***

S. No.	Description	Amount (Rs. in million)
1	Outlays Audited (Items 1 of Table 3)	26,537.729
2	Expenditure on Audit	0.590
3	Recoveries realized at the instance of Audit	-
	Cost-Benefit Ratio	-

Chapter-1

FATA Disaster Management Authority (FDMA), Peshawar

1.1 Introduction of Authority

Due to worldwide geographical changes, Pakistan is vulnerable to a range of hazards both natural as well as man-made i.e. earthquake, drought, floods, environmental disaster and landslides etc. The earthquake 2005 highlighted Pakistan's vulnerability to disaster risks which exhibited the need for establishing appropriate policy and institutional arrangements to reduce losses in the wake of disasters in future.

In 2006, National Disaster Management Ordinance was promulgated which was later enacted by the Parliament in 2010. Under the act, the National Disaster Management Commission (NDMC) was established under the Chairmanship of the Prime Minister as the highest policy making body in disaster management in the country. As an executive/implementing arm of the NDMC, the National Disaster Management Authority (NDMA) was established to coordinate and monitor implementation of national policies and strategies on disaster management. On the same lines, Disaster Management Commissions have also been constituted at Provincial and FATA level.

FATA Disaster Management Authority (FDMA) is mandated to carry out four spectra of Disaster Management under National Disaster Management Act, 2010 extended through SRO No.302 (I)/2008 dated 10.03.2008, namely:

1. Preparedness
2. Response
3. Recovery & Rehabilitation
4. Reconstruction.

FDMA is currently engaged in handling and taking care of the Temporary Displaced Persons (TDPs) in the province of Khyber Pakhtunkhwa after the military operation in the North Waziristan and other areas of Federally Administered Tribal Areas (FATA).

As a result of operation Zarb-e-Azb, a total of 336,042 families displaced from different agencies to the TDP camps established in settled area. As a result of success

in the operation, the families were gradually repatriated to their native areas and 31,940 TDP families were to be repatriated as per the statistics dated 30.03.2017.

(No. of families)

Agency	Caseload	Non-Verified / Un-Registered Return			Verified Return		Balance
		Today (30.03.2017)	Pre-NAP	Post NAP	Today (30.03.2017)	So Far	
NWA	105,014	27	0	17,763	149	85,705	19,309
SWA	71,124	1,236	0	60,375	748	61,010	10,114
Khyber	91,689	0	14,026	41,008	0	89,172	2,517
Orakzai	35,823	0	14,114	5,420	0	35,823	0
Kurram	33,024	0	12,179	2,335	0	33,024	0
Total	336,042	1,263	40,319	126,901	897	304,734	31,940

Another important aspect of relief activity is cash assistance, which is paid through cellular companies. Primarily, there are two major kinds of cash assistances i.e. Return Cash Grant (RCG) and Transport Cash Grant (TCG). As per the statistics dated 03.03.2017, 217,483 TDP families were to be paid RCG and 207,096 TDP families were to be paid TCG as detailed below:

(No. of families)

Agency wise Return Summary	Type of assistance	Mobilink	Telenor	Zong	Ufone	Total
NWA	RCG	-	-	56,278	-	56,278
	TCG	-	-	56,349	-	56,359
SWA	RCG	41,491	8,986	-	-	50,477
	TCG	37,402	8,957	-	-	46,359
Khyber	RCG	43,175	35,185	2,669	-	81,029
	TCG	43,188	28,795	2,669	-	74,652
Orakzai	RCG	245	12,691	-	475	13,411
	TCG	245	12,689	-	504	13,438
Kurram	RCG	16,288	-	-	-	16,288
	TCG	-	-	-	-	16,288
Grand Total	RCG	101,199	56,861	58,947	475	217,483
	TCG	97,123	50,441	59,018	504	207,096

1.2 Comments on Budget & Accounts (Variance Analysis)

The Federal Government released a sum of Rs.29,170.590 million to FDMA, Peshawar out of which around Rs.28,464.669 million were spent on relief activities including procurement, transportation and cash grant to IDPs and other administrative and operational activities. Funds were further released to other departments by FDMA such as Political agents, Director Livestock, Directorate of Health, PHE FATA, C&W FATA, Commissioner and Deputy Commissioner (Bannu, FR Tank, Lakki, Kohat, FR DI Khan, and Peshawar), PESCO Bannu, Headquarter 11 Corps, 151 Wing, and Headquarter 101 Air Defense.

(Rs. in million)

S. No.	Period	Releases	Manual Cash Grant	Monthly Cash Grant	Expenditure on Transport	Operational Expenditures	Total Expenditure	Variance
1	June, 2013	1,000.000	450.000	-	-	20.336	470.336	529.66
2	2014-15	11,205.129	-	7,980.306	196.925	1,274.268	9,451.499	1,753.63
3	2015-16	12,852.352	-	12,757.232	-	351.210	13,108.441	(256.09)
4	June, 2016 to March, 2017	4,113.109	-	4,622.191	-	812.202	5,434.393	(1,321.28)
	Total	29,170.590	450.000	25,359.729	196.925	2,458.016	28,464.670	705.92

The above table summarizes the releases made to FDMA and the expenditure in the corresponding general heads in each financial year. The amount of releases and expenditure had been increasing by each coming year until 2016-17, where it started declining. FDMA had unspent balances by the end of the FYs 2013-14 and 2014-15. Whereas during FYs 2015-16 and 2016-17, FDMA made expenditure over and above the respective annual release, by making use of the last years' unspent balances and bridge financing from its other account for regular/ non-development budget.

1.3 AUDIT PARAS

1.3.1 Organization and Management

1.3.1.1 Irregular appointment of consultant and staff–Rs. 9.6 million

Sl. No. 42 of guidelines for appointment of consultant in Esta-Code provides that need identification is a pre-requisite for any organization planning to obtain services of consultants. It further provides that consultancy should be widely advertised indicating the requirements, the range of compensation package, including various facilities, depending on the nature of work involved. The applicants will be short listed and prioritized by an in-house committee of the client organization. A Selection Board will recommend a panel of at least three candidates in order of merit for consideration of the appointing authority.

Fata Secretariat hired the services of a consultant with effect from 1st October, 2014. The consultant office in this regard was established for which the staff was hired against the following posts and paid an amount of Rs. 9,600,000.

S. No.	Name of Post	No of posts	Monthly Remuneration (Rs.)	Amount Paid (Rs.)
1.	Consultant	01	200,000	6,000,000
2.	Supervisors	02	60,000	1,800,000
3.	Superintendent	01	20,000	600,000
4.	Security guard	01	20,000	600,000
5.	Mess waiter	01	20,000	600,000
Total			320,000	9,600,000

During the Special Audit on the funds released to FDMA for Operation Zarb-e-Azb, it was observed that:

- The record pertaining to recruitment of consultant i.e. advertisement, panel of candidates, need assessment was not available for audit scrutiny.
- No record as to recruitment of the staff for the consultant office i.e. advertisement, test, interview and their TORs/job description was available.

Audit holds that in the absence of complete record appointment of consultant is irregular and needs justification.

The matter was pointed out to the management on 23rd May, 2017. In their reply dated 24-25 August 2017, the management certified that all the staff members of the consultant's office were employed/ being employed as per directions of

Ministry for SAFRON, Govt. of Pakistan communicated vide SAFRON Division Letter F.No. (03) P/L/2013 dated 24th October 2014. Special Job description cannot be defined as these employees are contract employees. Complete recruitment record of all staff members is available for verification. Staff members of the consultant's office are performing the tasks of organizing all movements of VIPs and secret nature of operational tasks for coordinating between Ministry of SAFRON, GHQ and other stakeholders as mentioned in Government of Pakistan, Ministry of SAFRON U.O No 12 (17) P/L/2013 dated 4th February 2015.

The reply is not cogent as no document in support was provided to audit till finalization of this report.

The PAO was requested to convene DAC meeting vide letter No. 324/Special Audit/Zarb-e-Azb/FDMA Peshawar/FY/2014-17/378-381 dated 18.09.2017. No DAC meeting was convened till finalization of this report despite issuance of three reminders dated 30.10.2017, 21.11.2017 and 26.12.2017.

Audit recommends that irregular appointments of consultant and its staff may be justified.

(Para No.39, FDMA, Peshawar)

1.3.2 Financial Management

1.3.2.1 Loss to Government due to non-imposition of stamp duty – Rs. 2.085 million

Section 22(A)(b) of Schedule-I of Stamp Act 1899 has levied the stamp duty on the contracts entered into for procurement of stores and materials by a contractor with Government, Agencies or Organizations set up or controlled by the provincial government at the rate of 25 paisa for every one hundred rupees or part thereof of the amount of contract.

FDMA Peshawar issued work orders for the procurement of goods and services to multiple suppliers during the Financial Years 2014-15, 2015-16 and 2016-17 detailed as **Annex-IV**, but the duty as levied under Stamp Act was not recovered and the government sustained a loss of Rs. 2,084,541.

Audit is of the view that non-imposition and non-recovery of stamp duty as required under stamp act is a violation of the act and recovery was required to be made from the concerned which was not made by the department.

The matter was pointed out to the management on 29thMay, 2017. In their reply dated 24-25 August 2017, the management stated that as per provision of Stamp Act 1899, stamp duty is payable by contractors for procurement of stores. The FDMA is not maintaining such store. It makes procurement for immediate requirements, in such cases stamp duty is not applicable.

The reply of the management is irrelevant and not supported by the provisions of the Stamp Duty, Act.

The PAO was requested to convene DAC meeting vide letter No. 324/Special Audit/Zarb-e-Azb/FDMA Peshawar/FY/2014-17/378-381 dated 18.09.2017. No DAC meeting was convened till finalization of this report despite issuance of three reminders dated 30.10.2017, 21.11.2017 and 26.12.2017.

Audit recommends that recovery be made besides strengthening the internal controls.

(Para No.2, FDMA, Peshawar)

1.3.2.2 Loss to Government due to non-deduction of sales tax on services -Rs. 17.962 million

Section 26 (1) Chapter II of Khyber Pakhtunkhwa Finance Act, 2013 states that sales tax on services shall be charged, levied, collected and paid a tax on the value of a taxable service at the rate specified in the second schedule.

FDMA expended an amount of Rs. 107,326,578 on procurement of services as **Annex-V**.

It was observed that the sales tax on services amounting to Rs.17,961,826 was not deducted from the supplier.

The matter was pointed out to the management on 29thMay, 2017. In their reply dated 24-25 August 2017, the management stated that FDMA is a Federal Govt.project dealing with federal taxes. All the federal taxes have been recovered and credited in to government treasury.

The reply of the management is not cogent as no record pertaining to recovery of Sales tax on services was produced to audit.

The PAO was requested to convene DAC meeting vide letter No. 324/Special Audit/Zarb-e-Azb/FDMA Peshawar/FY/2014-17/378-381 dated 18.09.2017. No DAC meeting was convened till finalization of this report despite issuance of three reminders dated 30.10.2017, 21.11.2017 and 26.12.2017.

Audit recommends that the Sales tax on services be recovered under intimation to Audit.

(Para No.3, FDMA, Peshawar)

1.3.2.3 Loss to Government due to non-deduction of income and sales tax – Rs. 52.972 million

Section 161 (1A) of Income Tax Ordinance 2001 states that where a person fails to collect tax as required under Division II of this part or deduct tax from a payment as required under Division III of this part; the person shall be personally liable to pay the amount of tax to the commissioner. Further, Para-2 of Sales Tax Special Procedure (Withholding) Rules 2007 provides that a withholding agent shall deduct an amount equal to one fifth of the total Sales tax shown in the Sales Tax Invoices.

FDMA expended an amount of Rs.458,760,079 on procurement of goods and services as detailed in **Annex-VI**.

It was observed that the income tax and sales tax as required under the rules amounting to Rs. 52,971,882 was not deducted from the suppliers as detailed in **Annex-VI**.

The matter was pointed out to the management on 29th May, 2017. In their reply dated 1st June 2017, the management stated that sales tax on supply of Food and labor is not recoverable in the light of FBR letter dated 21.02.2017.

The reply of the management is accepted to the extent of vendors who provided food and labor. However, no justification of non-recovery for income tax and GST was produced from the suppliers as detailed at **Annex-VI**.

The PAO was requested to convene DAC meeting vide letter No. 324/Special Audit/Zarb-e-Azb/FDMA Peshawar/FY/2014-17/378-381 dated 18.09.2017. No DAC

meeting was convened till finalization of this report despite issuance of three reminders dated 30.10.2017, 21.11.2017 and 26.12.2017.

Audit recommends that the taxes may be recovered under intimation to audit.

(Para No.4, FDMA, Peshawar)

1.3.2.4 Loss to Government due to less deduction of income tax—Rs. 9.202 million

As per Section 153 of Income Tax Ordinance 2001 every prescribed person making payments for goods and services in full or part including a payment by way of advance to a resident person or permanent establishment in Pakistan of a non-resident person for the sale of goods; for the rendering of or providing of services; on the execution of a contract, other than a contract for the supply of goods or the rendering of or providing of services, shall, at the time of making the payment, deduct tax from the gross amount payable at the rate specified in Division III of Part III of the First Schedule.

FDMA expended an amount of Rs.572,247,380 on procurement of goods and services as detailed at **Annex-VII**.

It was observed that the income tax amounting to Rs.9,202,961 as required under the rules was less deducted from the suppliers.

The matter was pointed out to the management on 29th May, 2017. In their reply dated 24-25 August 2017, the management stated that income tax in all cases were deducted at prescribed rate on amounts excluding the amounts of sales tax, whereas the audit party has made calculation on gross amount of procurement including sales tax.

The reply of the management is not cogent in the light of provisions captioned above.

The PAO was requested to convene DAC meeting vide letter No. 324/Special Audit/Zarb-e-Azb/FDMA Peshawar/FY/2014-17/378-381 dated 18.09.2017. No DAC meeting was convened till finalization of this report despite issuance of three reminders dated 30.10.2017, 21.11.2017 and 26.12.2017.

Audit recommends that the income tax be recovered under intimation to audit.

(Para No.5, FDMA, Peshawar)

1.3.2.5 Mis-appropriation of funds in violation of system of financial budget and control–Rs. 27.940 million

According to Serial No. 5 (II) (b) of financial powers delegated to Ministries / Divisions and Heads of the Departments through Annex-I to Para 8(a) of revised system of financial budget and control 2006 issued vide Finance Division OM No. F.3(2) Exp-III/2006 dated 13th September 2006, no re-appropriation may be made: (i) from Development to Current Expenditure and vice-versa(ii) from to, or within the Employees Related Expenses, from Operating Expenses- Communication-Telephone & Trunk Calls, Telex, Tele-printer& Fax, Electronic Communication; Utilities: Gas, Water, Electricity; Secret Service Expenditure, Unforeseen Expenditure for Disaster Preparedness & Relief and Occupancy Costs.

The management of FDMA expended a sum of Rs. 4,672,992 on entertainment, POL, transportation of goods and purchase of assets besides separate allocation in its regular budget as detailed at **Annex-VIII**. Similarly, an amount of Rs. 23,266,582 was reimbursed to DC Bannu out of funds meant for TDPs on routine expenditures such as POL, entertainment, utility bills etc. detailed at **Annex-IX**.

The expenditure of Rs. 27,939,574 meant for TDPs, despite clear cut provision in the regular budget tantamount to misappropriation/ mis-utilization on account of FDMA and DC Office, Bannu.

Audit holds that the justification of the same may be provided, besides getting this expenditure regularized from Finance Division.

The matter was pointed out to the management on 23rd May, 2017. In their reply dated 6th June 2017, the management stated that the operation Zarb-e Azb was started in June 2014, without proper planning, huge number of people were displaced from north Waziristan agency, which included old age persons, males, females, children and disabled persons. The SAFRON division Islamabad issued TORs that the funds released by SAFRON Division will cover all the aspect related to operation Zarb e Azb,because no other fund was available with FDMA for the purpose.

The reply of the management is not acceptable as the same is not supported by the rules.

The PAO was requested to convene DAC meeting vide letter No. 324/Special Audit/Zarb-e-Azb/FDMA Peshawar/FY/2014-17/378-381 dated 18.09.2017. No DAC

meeting was convened till finalization of this report despite issuance of three reminders dated 30.10.2017, 21.11.2017 and 26.12.2017.

Audit recommends that the practice may be abandoned forthwith and the matter may be got regularized from the competent forum under intimation to audit.

(Para No.24, FDMA, Peshawar)

1.3.2.6 Unauthorized grant of honorarium out of funds meant for TDPs - Rs. 29.941 million

Para 12 of GFR Vol-I requires that a controlling officer must see not only that the total expenditure is kept within the limits of the authorized appropriation but also that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided.

During the Special Audit on the funds released to FDMA for Operation Zarb-e-Azb, it was observed that an amount of Rs.24,941,403 was expended on account of honoraria to the staff of FDMA Peshawar, FATA Secretariat, Ministry of SAFRON, CDA Staff and Army as detailed at **Annex-X**.

Audit holds that:

- The release was meant for the purpose of compensations and procurement of NFIs/ FIs for TDPs.
- The grant of honoraria for FDMA staff is unjustified, despite having separate budget for their pay and allowances.
- The grant of honoraria to the staff of other departments is unauthorized and misappropriation.

The matter was pointed out to the management on 23rd May, 2017. In their reply dated 24-25 August 2017, the management stated that the payment of incentive was made to all those employees who were involved in the performance of activities of Army Operations in FATA. Specific provision of fund was made in the budget by the Finance Division and the grant of honorarium was sanctioned by Minister for SAFRON.

The reply of the management is not convincing as the honoraria is to be granted out of the regular budget of the office from where the pay is drawn.

The PAO was requested to convene DAC meeting vide letter No. 324/Special Audit/Zarb-e-Azb/FDMA Peshawar/FY/2014-17/378-381 dated 18.09.2017. No DAC meeting was convened till finalization of this report despite issuance of three reminders dated 30.10.2017, 21.11.2017 and 26.12.2017.

Audit recommends that the amount of honorarium may be recovered from all concerned, as the expenditure is unjustified and beneficiaries were to be granted honoraria out of the regular budget of the office from where their pay is drawn.

(Para No.26, FDMA, Peshawar)

1.3.2.7 Less payment of ex-gratia assistance to TDPs

Section 3 (e) of NDMA Guidelines for minimum ex-gratia assistance to the persons affected by national and man-made disasters provides that the objective of the guidelines is to ensure uniformity as well as streamlining the system of payment to the effectees in a smooth, efficient and transparent manner. Section 3 (g) further provides that the guidelines were designed to ensure that the minimum relief/threshold amount payable to the affected person.

During the Special Audit on the funds released to FDMA for Operation Zarb-e-Azb, it was observed that:

- The commission (that includes all taxes/ services charges) was deducted out of the compensation @ 1% and 1.29% announced by the government for TDPs. The payment of commission out of the announced amount of compensation is unauthorized.
- Resultantly, due to deduction of commission and other charges, the TDPs are also unable to withdraw amount in denomination of less than 500 from ATMs and the same is refunded/ reverted to FDMA, depriving TDPs.

The matter was pointed out to the management on 23rd May, 2017. In their reply dated 6th June 2017, the management stated that the government has allowed commission only on monthly cash grant since August 2015. The commission from return cash grant is deducted from the TDPs amount. The amount of commission on monthly cash grant is paid by the government over and above the amount of monthly sustenance allowance of Rs.12,000 to the companies. As per policy of the Govt commission on monthly cash grant is paid by the Govt whereas in other cases by the TDPs.

The reply of the management is not cogent as the policy is not uniform for all forms of compensation.

The PAO was requested to convene DAC meeting vide letter No. 324/Special Audit/Zarb-e-Azb/FDMA Peshawar/FY/2014-17/378-381 dated 18.09.2017. No DAC meeting was convened till finalization of this report despite issuance of three reminders dated 30.10.2017, 21.11.2017 and 26.12.2017.

Audit recommends that the practice of deduction / payment of commission inclusive of all taxes and charges out of the amount disbursed meant to be disbursed to TDPs may be stopped forthwith and an alternate policy may be got approved from the competent forum under intimation to audit.

(Para No.35, FDMA, Peshawar)

1.3.2.8 Non-deduction of income tax and unjustified expenditure on account of hiring of residential building/ vehicle– Rs 0.768 million

As per Income Tax Ordinance section 153(1) B, every prescribed person making a payment in full or part including a payment by way of advance to a resident person or permanent establishment in Pakistan of a non-resident person for rendering of or providing of services shall at the time of making the payment, deduct tax from the gross amount payable at the rate specified in Division III of part-III of the first schedule.

During the Special Audit on the funds released to FDMA for Operation Zarb-e-Azb, it was observed that:

- A building was hired for office accommodation. No record such as map, need assessment of required covered area, rent assessment was found. Further, an amount of Rs. 1,950,000 was paid on account of rent of office building.
- A 2000 cc Vigo was hired and the payment in lieu of rent till 31.03.2017 amounting to Rs. 3,750,000 (125,000 p.m X 30 months) was made. The expenditure incurred so far exceeds the sale price of the vehicle itself, which is unjustified.
- The income tax as detailed below was not recovered.

Sr. No	Description	Year	Amount (Rs.)	Income Tax (Rs.)
1.	Hired accommodation	FY 2014-15	585,000	26,375
		FY 2015-16	780,000	41,000
		FY 2016-17	585,000	26,375
2.	Rent a car	FY 2014-17	3,750,000	75,000
3.	Salary of consultant	FY-2014-17	6,000,000	600,000
Total			11,700,000	768,750

The matter was pointed out to the management on 23rd May, 2017. In their reply dated 24-25 August 2017, the management stated that Income tax is being regularly deducted from owner of the hired building. So far, an amount of Rs. 126,000 has been deducted from owner of the building for the period up to 30th June 2017 and deposit into Government Treasury. Income tax is being regularly deducted @2% i.e. Rs. 2,500 per month from Shani travels and the amount is being deposited into Govt Treasury. Colonel Mehmood Khan (Retired), the consultant is a regular tax payer and his name appear in the active tax payer list in the category of salaried individuals. An amount of Rs. 160,000 has been deposited into Govt. treasury vide challan No. IT.20170616-0309-1152498 dated 16th June 2016 for the period with effect from 1st July 2016 to 31 March 2017.

The reply to the extent of income tax deduction on hired accommodation and rented vehicle is acceptable subject to verification. The income tax deduction from the consultant may be supported with the detailed documents submitted with the returns showing the rate of income tax deductions. Further, the withholding tax agent could not be absolved of the duties of tax deduction. Moreover, the justification of hiring of vehicle was not furnished.

The PAO was requested to convene DAC meeting vide letter No. 324/Special Audit/Zarb-e-Azb/FDMA Peshawar/FY/2014-17/378-381 dated 18.09.2017. No DAC meeting was convened till finalization of this report despite issuance of three reminders dated 30.10.2017, 21.11.2017 and 26.12.2017.

Audit recommends that the documentary evidence in addition to the justification, may be produced to proceed further in the matter.

(Para No.40, FDMA, Peshawar)

1.3.2.9 Non-deduction of sales tax on services from the salaries of consultant and rent paid- Rs. 1.560 million

As per the Islamabad Capital Territory (Tax on Services) Ordinance, 2001 section 3 (2) The tax shall be charged and levied on the services specified in 3[column (2) of] the Schedule to this Ordinance in the same manner and at the same time, as if it were a sales tax leviable under sections 3, 3A or 3AA, as the case may be, of the Sales Tax Act, 1990. The sales tax on services provided in respect of Management consultancy services and rent-a-car is Sixteen per cent each.

During the Special Audit on the funds released to FDMA for Operation Zarb-e-Azb, it was observed that:

- A consultant has been paid an amount of Rs. 6,000,000 on account of remuneration without deduction of sales tax on services @ 16% amounting to Rs. 960,000.
- Sales tax on services @ 16% amounting to Rs. 600,000 was not deducted on rental income of M/s Shani Travels amounting to Rs. 3,750,000.

The matter was pointed out to the management on 23rd May, 2017. In their reply dated 24-25 August 2017, the management stated that consultant is being paid salary like other employees. Sales tax on services @ 16% is applicable in case of services rendered by contractor and not employees.

The reply is not cogent as the consultant being individual or firm is liable to pay taxes under the provisions above.

The PAO was requested to convene DAC meeting vide letter No. 324/Special Audit/Zarb-e-Azb/FDMA Peshawar/FY/2014-17/378-381 dated 18.09.2017. No DAC meeting was convened till finalization of this report despite issuance of three reminders dated 30.10.2017, 21.11.2017 and 26.12.2017.

Audit recommends that the amount pointed out may be recovered from the concerned without further delay.

(Para No.41, FDMA, Peshawar)

1.3.3 Procurement and Contract Management

1.3.3.1 Unverifiable expenditure on catering services -Rs. 1.185 million

Section 44 and 45 of Chapter 3 of Audit and Accounts Order provides that it is the duty of Auditor General to see that there should be provision of funds authorized by competent authority fixing the limits within which expenditure can be incurred; that the expenditure incurred should conform to the relevant provisions of the Constitution or, of the orders made thereunder and should also be in accordance with the financial rules and regulations framed by competent authority; and that there should exist sanction, either special or general, accorded by competent authority, authorizing expenditure. The expenditure should be incurred with due regard to broad and general principles of financial propriety. Any cases involving a breach of these principles and thus resulting in improper expenditure or waste of public money should be treated by Audit in the same manner as case of irregular or unauthorized expenditure.

An amount of Rs. 1,185,231 was expended on account of payment of crockery and tent services detailed as **Annex-XI**. During the Special Audit on the funds released to FDMA for Operation Zarb-e-Azb, audit observed that:

- The tent services were procured without tendering and quotation in respective cases.
- No supply/ work order was found in the record.
- Delivery Challan including ID of vehicle, detail of receivers and time of delivery was not found, which renders the claims unverifiable.

The matter was pointed out to the management on 23rd May, 2017. In their reply dated 24-25 August 2017, the management stated that the payments mentioned in the Para were made by the DC Bannu, being focal. The fund to DC Bannu was released on his demand for payments on actual activities. The reply of the management is not cogent as the same does not address the observations raised.

The PAO was requested to convene DAC meeting vide letter No. 324/Special Audit/Zarb-e-Azb/FDMA Peshawar/FY/2014-17/378-381 dated 18.09.2017. No DAC meeting was convened till finalization of this report despite issuance of three reminders dated 30.10.2017, 21.11.2017 and 26.12.2017.

Audit recommends that in the absence of justification, the matter may be inquired and responsibility may be fixed.

(Para No.29, FDMA, Peshawar)

1.3.3.2 Unverifiable miscellaneous expenses - Rs. 1.638 million

Rule 131 and 310 of FTR Vol-I provides that all bills or cheques in payment of claims against the Government shall be presented at the treasury at an authorized office of disbursement duly receipted and stamped when necessary. The detailed bill shall be signed by the Head of the office and submitted to the controlling officer, to the Accountant General, with all sub-vouchers.

An amount of Rs. 1,638,365 paid against procurement of electrical items, sanitary items, stationery items, Pena flexes and mattresses as detailed at **Annex-XII**. During the Special Audit on the funds released to FDMA for Operation Zarb-e-Azb, it was observed that:

- The services were procured in violation of financial and PPRA Rules, as no record pertaining to tender and quotation in respective cases was found in the record.
- The expenditure on stationery items and other miscellaneous items were to be made from the regular budget of DC office Bannu.
- The details including supporting bills were not found.
- No record pertaining to delivery of pillows, mattress and bed-sheets was found.
- No justification was provided regarding non-deduction of income Tax and GST from the supplier.

Audit holds that the above-mentioned observations render the claims unverifiable/ doubtful.

The matter was pointed out to the management on 23rd May, 2017. In their reply dated 24-25 August 2017, the management stated that the payments were made through the DC Bannu being focal person. All the claims were got verified by concerned staff of Army, PA and FDMA posted.

The reply of the management is not cogent as the same does not address the observations raised.

The PAO was requested to convene DAC meeting vide letter No. 324/Special Audit/Zarb-e-Azb/FDMA Peshawar/FY/2014-17/378-381 dated 18.09.2017. No DAC meeting was convened till finalization of this report despite issuance of three reminders dated 30.10.2017, 21.11.2017 and 26.12.2017.

Audit recommends that in the absence of justification, the said expenditure is unjustified. The matter needs to be inquired to fix the responsibility against the person(s) at fault under intimation to audit.

(Para No.30, FDMA, Peshawar)

1.3.3.3 Unverifiable expenditure on account of refreshment charges for TDPs - Rs.15.008 million

Rule 12(1) of PPRA Rules-2004, provides that all procurement opportunities over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the PPRA's website and print media in the manner and format specified by the PPRA rules from time to time. Rule 8 further provides that within one year of commencement of these rules, all procuring agencies shall devise a mechanism for all proposed procurements with the object of realistically determining the requirements of the procuring agency, within its available resources, delivery time or completion date and benefits that are likely to accrue to the procuring agency in future.

Rules 131 and 310 of FTR Vol-I further provide that all bills or cheques in payment of claims against the Government shall be presented at the treasury at an authorized office of disbursement dully receipted and stamped when necessary. The detailed bill shall be signed by the Head of the office and submitted to the controlling officer, or if there be no controlling officer to the Accountant General direct, with all sub-vouchers.

DC Bannu expended an amount of Rs. 15,007,680 on account of refreshment for TDPs. Audit observed that:

- The procurement of food/ bakery items was made without tendering in violation to PPRA Rules. Besides the supply order, number of TDPs served, delivery challan, quantity of boxes and time of delivery was not available in the record.
- The ice amounting to Rs. 102,950 was procured in 2 days at Sr. No. 4 as compared to Sr. No. 2 & 3 and no detailed record is available.
- In the absence of above, the authenticity of the claims could not be verified.

S. No.	Vendor	Article	Date	Amount (Rs.)
1	Amir Bakers	Food& bakery items	19.06.14 to 28.06.14	14,839,380
2	Gul Nawaz Dealers	Ice charges	26.06.14 to 17.07.14	65,350
3	Nil		06.07.14 to 17.07.14	
4	Haji AyubAgrimaal		02 & 03.07.14	102,950
Total				15,007,680

The matter was pointed out to the management on 29thMay, 2017. In their reply dated 24-25 August, 2017, the management stated that the DC Bannu was declared as focal person to provide cooked food to the TDPs at registration points. In this connection, the DC Bannu in emergency arranged all these things within stipulated time. Taxes where applicable have been deducted.

The reply of the management is not cogent as the authenticity of the claims could not be verified in the absence of above.

The PAO was requested to convene DAC meeting vide letter No. 324/Special Audit/Zarb-e-Azb/FDMA Peshawar/FY/2014-17/378-381 dated 18.09.2017. No DAC meeting was convened till finalization of this report despite issuance of three reminders dated 30.10.2017, 21.11.2017 and 26.12.2017.

Audit recommends that the matter may be investigated and responsibility be fixed on person(s) at fault under intimation to audit.

(Para No.32, FDMA, Peshawar)

1.3.3.4 Unverifiable expenditure on account of entertainment for officials - Rs. 1.735 million

Rule 131 of FTR Vol-I provides that all bills or cheques in payment of claims against the Government shall be presented at the treasury at an authorized office of disbursement dully receipted and stamped when necessary. Rule 310 of FTR Vol-I provides that the detailed bill shall be signed by the Head of the office and submitted to the controlling officer, or if there be no controlling officer to the Accountant General direct, with all sub-vouchers.

An amount of Rs.1,735,468was expended on account of entertainment for TDPs as detailed in **Annex-XIII**. During the Special Audit on the funds released to FDMA for Operation Zarb-e-Azb, it was observed that:

- The purpose of gathering, details and number of participants, delivery challan, time of delivery was not found in the record.
- Further, the details of unauthorized payment on account of guest house (DHS FATA Staff) charges amounting to Rs.69,300, the purpose of visit, period of stay, number of visitors was not found in the record rendering it unverifiable.
- No justification was provided regarding non-deduction of income tax and GST from the supplier.

The matter was pointed out to the management on 29th May, 2017. In their reply dated 24-25 August, 2017, the management stated that the expenditure mentioned in the Para were incurred in connection with certain events/functions held as a result of visits of the chief executive, army officers and foreign dignitaries. During the start of Zarb e Azb leaders and different dignitaries frequently visited camp for which the arrangement of refreshment was the responsibility of DC Bannu and payment was released on verification by representative of Army and concerned officials/officers of DC Bannu.

The reply of the management is not cogent as the observation wise reply supported by documents is not produced. Further, in the absence of record the authenticity of the claims could not be verified.

The PAO was requested to convene DAC meeting vide letter No. 324/Special Audit/Zarb-e-Azb/FDMA Peshawar/FY/2014-17/378-381 dated 18.09.2017. No DAC meeting was convened till finalization of this report despite issuance of three reminders dated 30.10.2017, 21.11.2017 and 26.12.2017.

Audit recommends that the matter may be investigated and responsibility be fixed on person(s) at fault under intimation to audit.

Para No.33, FDMA, Peshawar)

1.3.3.5 Non-provision of record pertaining to procurement of tents - Rs.970.520 million

In accordance with GFR-95 and 96, all anticipated savings should be surrendered to Government immediately as they are foreseen but not later than 15th May of each year in any case, unless they are required to meet excesses under some other unit or units which are foreseen at the time.

FDMA incurred an expenditure of Rs. 261,780,000 for procurements of 25,100 tents as detailed below:

S. No.	Vendor	Article	Date of Procurement	Per unit rate (Rs.)	No. of tents	Amount (Rs.)
1	Usman Traders	Tents	22.06.2015	9,445	6,000	123,950,000
			22.03.2016	10,390	2,000	
			24.09.2016	9,300	3,000	
			08.09.2016	9,300	2,000	
2	Suleman & Brothers	Tents	23.09.2016	9,650	7,000	67,550,000
3	ABC	Tents	15.09.2014&22.09.2014	14,800	4,100	60,680,000
4	Pearl Associates	Tents	02.01.2017	9,600	1,000	9,600,000
Total					25,100	261,780,000

Audit observed that the break-up of the releases provided by the department implies that a total of Rs. 1,232,300,000 were provided for the purchase of 123,230 tents, against which only 25,100 tents were purchased.

S. No.	Fund Release (Rs.)	Date	Tents
1	400,000,000	09.09.2016	40,000
2	111,000,000	05.10.2016	11,100
3	591,300,000	18.03.2016	59,130
4	130,000,000	05.01.2017	13,000
Total	1,232,300,000		123,230

Audit holds that the differences may be explained besides producing the documents pertaining to surrender/ expenditure of balance amount of Rs. 970,520,000 meant for procurement of tents.

The matter was pointed out to the management on 23rd May, 2017. In their reply dated 24-25 August 2017, the management stated that the procurement of a huge quantity of tents without resources is not possible. The government has properly provided fund for the purpose and procurement was made according to rules. In some cases, it is for registration centers and in some cases for the returned families of TDPs. The FDMA has no other sources to make procurement without specific budget.

The reply of the management is not cogent as the management failed to explain the utility / surrender of the residual amount of releases.

The PAO was requested to convene DAC meeting vide letter No. 324/Special Audit/Zarb-e-Azb/FDMA Peshawar/FY/2014-17/378-381 dated 18.09.2017. No DAC

meeting was convened till finalization of this report despite issuance of three reminders dated 30.10.2017, 21.11.2017 and 26.12.2017.

Audit recommends that in the absence of any record/ justification pertaining to utilization of the residual funds Rs. 970,520,000, the matter may be inquired by the ministry to fix on the person(s) at fault under intimation to audit.

(Para No.25, FDMA, Peshawar)

1.3.3.6 Irregular procurement of tents in violation to PPRA Rules and non- imposition of penalty for late delivery-Rs. 56.670 million

According to Rule 30 (1) of PPRA Rules-2004, no evaluation criteria shall be used for evaluation of bids that had not been specified in the bidding documents. Further, FAQ 15 provided on the PPRA website elaborates that the tender document file prepared for the purpose of audit must contain inspection rates/ laboratory tests and analysis reports of samples provided by suppliers.

FDMA required 6,000 tents (45-50 kg) as per NIT dated 02.05.2017. M/s Mehroz textile industries became the only successful contender as per the lab test report. However, after opening of bids and lab test report, M/s Mehroz textile Industries was asked to provide tents of 55-60 kg instead of 45-50 kg vide supply order dated 22.06.2015. The department stated that M/s MehrozTextile Industries refused to supply due to change of specifications at a belated stage. The tender was then awarded to M/s Usman Traders who stood number four in terms of technical qualifications of the specifications of the sample.

During the Special Audit on the funds released to FDMA for Operation Zarb-e-Azb, it was observed that:

- M/s Mehroz Textile Industries has never refused to supply the tents of 45-50 kg, rather the supplier insisted the department to visit the factory and inspect 100% items before delivery.
- M/s Usman Traders (being fourth in terms of specification of sample) got supply order of 6000 tents 45-50 kg having cotton 85-90%, iron pole thickness & pillars 1.5 mm and per unit mass shall be 450 per sqm (450GSM) to be supplied in 15 days.

Audit holds that:

- The change of specification after the opening of bid and lab test report was a violation of PPRA rules and tantamount to mis-procurement.
- The issuance of supply order to M/s Usman Traders being fourth in terms of specification was undue favor. As the lab test report indicates cotton was 65.05% instead of required specification i.e. (85-90%) therefore the tents provided were sub-standard.
- 4,650 tents were supplied between 28.06.2015 to 12.07.2015. However, 1,350 tents were delivered after the stipulated time of fifteen days. The department was required to recover damages @ 3% of total Rs. 56,670,000, which comes to Rs. 1,700,100. The department provided extension upto 14th of July, 2015 without assigning any reasons.

The matter was pointed out to the management on 23rd May, 2017. In reply dated 24-25 August 2017, the management stated that M/s Mehroz Textile Industries Lahore provided sample over and above the specification given in the tender notice. In the agreement deed those specifications were inserted, which were found in the sample provided by the supplier. The firm did not sign the agreement deed and stated that supply will be made as per specification of tender notice and not as per sample. The firm committed fraud with a view to get the tender. Thus, the same firm was black listed and security of Rs 1,800,000 forfeited in favor of government. The supply order was then issued to M/s Usman Traders on the basis of lowest financial rate and as per tender specification.

The reply of the department is not acceptable as retendering was required if change of specifications was needed after opening of financial bids.

The PAO was requested to convene DAC meeting vide letter No. 324/Special Audit/Zarb-e-Azb/FDMA Peshawar/FY/2014-17/378-381 dated 18.09.2017. No DAC meeting was convened till finalization of this report despite issuance of three reminders dated 30.10.2017, 21.11.2017 and 26.12.2017.

Audit recommends that the inquiry may be conducted by the Ministry for the violation.

(Para No.1, FDMA, Peshawar)

1.3.3.7 Award of work to a single contractor in violation of PPRA Rules -Rs. 406.393 million

Rule 12(1) of PPRA Rules-2004, provides that procurements over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the Authority's website in the manner and format specified by regulation by the Authority from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency. Rule 4 further provides that procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical.

M/s Malik Shereen was awarded the work for the construction of toilets, sheds, drinking water facilities, electrification, supply of fodder and other related activities of the camp on 05.08.2014. The contractor was paid an amount of Rs. 406,392,991 as detailed at **Annex-XIV**. It was observed that:

- The award of miscellaneous work worth Rs 406,392,991 to the same contractor is a violation PPRA Rules.
- The work order was general and did not contain the specific service/ items required from the supplier.
- The payment of Rs. 283,021,254 was made at Sr. Nos. 2, 8 and 9 without invoices and supporting documents.
- The department procured fodder from supplier instead of live-stock department without details of animals and per day consumption.
- The payment at Sr. No. 1, voucher 144 of **Annex-XIV** was processed on 18.08.14 and cheque issued, whereas, the contractor claimed it by the bill dated 09.08.14 for the fodder provided from 01.08.14 to 10.08.14. The payment so made is doubtful.
- The payment at Sr. No. 2 was processed for the whole amount despite the fact that Rs. 300,000 (Bill dated 11.09.2014) and Rs. 1,483,840 (Bill dated 11.09.2014) has been reduced by the forwarding authority, resulting into overpayment of Rs. 1,783,840.
- At Sr. No. 8 an amount of Rs. 397,650 was paid to M/s Malik Shereen by DC office at Bannu for rented water tankers/ bowsers (between 15-25 June

2014) without supply order. No record pertaining to time and date of delivery, receiving and ID of the rented bowsers was available on record.

The matter was pointed out to the management on 29thMay, 2017. In their reply dated 24-25 August 2017, the management stated that the TDP camp of Bakka Khel Bannu was established in emergency under supervision of the Pak army from local contractor named Malik Shereen. All the bills of the contractor received by FDMA were paid after verification by military formations through DC Bannu (focal person by SAFRON Division) andthe execution of activities is covered under emergency clause of clause 32 of NDMA Act 2010, read with PPRA Rules 42 (c) (v).

The reply of the management is not tenable as payment without verifiable claims is unjustified. Further, the procurement on emergency basis for an indefinite period cannot be continued in the garb of emergency provisions of NDMA Act 2010 and PPRA Rules.

The PAO was requested to convene DAC meeting vide letter No. 324/Special Audit/Zarb-e-Azb/FDMA Peshawar/FY/2014-17/378-381 dated 18.09.2017. No DAC meeting was convened till finalization of this report despite issuance of three reminders dated 30.10.2017, 21.11.2017 and 26.12.2017.

Audit recommends that the supporting documents may be got verified to ascertain the authenticity of expenditure, besides the inquiry may be conducted by the Ministry.

(Para No.6, FDMA, Peshawar)

1.3.3.8 Violation of PPRA rules in award of work without tendering or prequalification-Rs 5.869 million

Rule15(1) of PPRA Rules-2004, provides that a procuring agency, prior to the floating of tenders, invitation to proposals or offers in procurement proceedings, may engage in pre-qualification of bidders in case of services, civil works, turnkey projects and in case of procurement of expensive and technically complex equipment to ensure that only technically and financially capable firms having adequate managerial capability are invited to submit bids. Such pre-qualification shall solely be based upon the ability of the interested parties to perform that particular work satisfactorily.

FDMA made payments of Rs. 5,868,595 vide cheque No. 5347222 dated 08.07.2014 to M/s Syed Khan & Co. on account of construction works. Audit observed that:

- The contractor was not in the list of pre-qualified contractors and was awarded the work without pre-qualification and tendering process.
- No rate comparison was carried out and no quotation was obtained from any other supplier for the purpose.
- Neither any agreement was signed nor any work order found in the record.
- Detailed estimates and break-up of material and services, lay out, drawing, dimensions of the establishment verified by the engineer were not found in the record.
- Income Tax @ 3.5% was deducted instead of 4.5% resulting into loss of Rs. 199,840 (899,281-699,441).

The matter was pointed out to the management on 29th May, 2017. In their reply dated 24-25 August 2017, the management stated that the civil work in Baka Khel camp executed by Syed Khan & Co was supervised by Pak Army. The contractor was awarded the work in emergency.

The reply of the management is not cogent as the same is not supported by documentary evidence.

The PAO was requested to convene DAC meeting vide letter No. 324/Special Audit/Zarb-e-Azb/FDMA Peshawar/FY/2014-17/378-381 dated 18.09.2017. No DAC meeting was convened till finalization of this report despite issuance of three reminders dated 30.10.2017, 21.11.2017 and 26.12.2017.

Audit recommends that the supporting documents may be got verified. Further, the documents in support of the claims may be produced to render the claims verifiable.

(Para No.10, FDMA, Peshawar)

1.3.3.9 Irregular procurement without tendering – Rs. 1.259 million

Rule 12(1) of PPRA Rules-2004, provides that all procurement opportunities over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the PPRA's website and print media in the manner and format specified

by the PPRA rules from time to time. Rule 8 further provides that within one year of commencement of these rules, all procuring agencies shall devise a mechanism for all proposed procurements with the object of realistically determining the requirements of the procuring agency, within its available resources, delivery time or completion date and benefits that are likely to accrue to the procuring agency in future.

During the Special Audit on the funds released to FDMA for Operation Zarb-e-Azb, it was observed that:

- FDMA obtained three quotations and out of three firms, signed an agreement with M/s The Vision on 1st July, 2013 for the period of two years for printing and supply of material. M/s The Vision was not amongst the pre-qualified firms, given multiple supply orders for printing totaling to Rs. 1,258,488 during the FY 2014-15.

Audit holds that:

- The award of contract to the firm selected by way of quotations is a violation of PPRA, Rules and tantamounts to mis-procurement.
- Less deduction of income tax amounting to Rs. 71,217 (112,264 -41,047) needs to be recovered.

The matter was pointed out to the management on 23rd May, 2017. In their reply dated 24-25 August 2017, the management stated that the firm M/S The vision was engaged for different printing works in the Baka Khel camp FR Bannu on different occasions. Every time, the firm did the works on most economical rates as compared to market rates.

The reply of the department is not cogent as the department was required to award central contract in compliance with the rules.

The PAO was requested to convene DAC meeting vide letter No. 324/Special Audit/Zarb-e-Azb/FDMA Peshawar/FY/2014-17/378-381 dated 18.09.2017. No DAC meeting was convened till finalization of this report despite issuance of three reminders dated 30.10.2017, 21.11.2017 and 26.12.2017.

Audit recommends that the tax recoveries be made besides investigating the matter to fix the responsibility of recoveries.

(Para No.11, FDMA, Peshawar)

1.3.3.10 Violation of PPRA rules in procurement of transport services -Rs. 136.085 million

Rule 4 of PPRA Rules-2004, provides that procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical.

The department hired the services of M/s Bilal Traders & Cargo and Haji Ghulam Mustafa & Sons for transportation of TDPs to the settled areas. FDMA made the payments amounting to Rs. 136,084,783 to the vendors on account of transport of TDPs as detailed in **Annex-XV**.

During the Special Audit on the funds released to FDMA for Operation Zarb-e-Azb, it was observed that:

- The work order was issued to M/s Bilal Traders & Cargo Transport without mentioning the number of journeys/ vehicles. The Contractor continued providing transportation services for one year. But no permanent solution was resorted to by way of tendering/ quotation as per PPRA rules.
- Daily situation report, vehicle ID, time of departure, arrival of vehicles, number of passengers traveled was not available in the record, which renders the claims unverifiable.
- The list of drivers, CNICs of drivers and vehicle license numbers provided with the Bill No. 1 dated 21.07.2014 vide Voucher No. 81-DP-NWA-14 was not verified by the respective formations of armed forces, which renders the claims unverifiable.

The matter was pointed out to the management on 23rd May, 2017. In their reply dated 24-25 August 2017, the management stated that the contract of shifting of TDPs from FATA to settled area of KP was awarded to Bilal Traders on comparatively lowest rate per vehicle per trip. The trips claimed were verified by the concerned agency coordinator. Moreover, the TDPs shifted from North Waziristan Agency were also compared with daily situation report (DSR) of the concerned PA.

The reply of the department is neither supported with any document nor answers the observations raised.

The PAO was requested to convene DAC meeting vide letter No. 324/Special Audit/Zarb-e-Azb/FDMA Peshawar/FY/2014-17/378-381 dated 18.09.2017. No DAC meeting was convened till finalization of this report despite issuance of three reminders dated 30.10.2017, 21.11.2017 and 26.12.2017.

Audit recommends that the matter may be investigated and responsibility be fixed under intimation to audit.

(Para No.12, FDMA, Peshawar)

1.3.3.11 Violation of PPRA rules in procurement of food boxes -Rs 39.613 million

Rule 4 of PPRA Rules-2004, provides that Procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical.

The department hired the services of multiple suppliers for provision of food/ food boxes to the TDPs. FDMA made the payments amounting to Rs. 39,612,995 to the vendors as following:

S. No.	Vendor Name	Date	Voucher #	Cheque No.	Payments (Rs.)
1	M/s Sarhad Tent Services	5/1/2016		6798281	9,550,000
2	M/s Bilal Builders & Cargo Services	10/11/14 30/03/15	235-DPs-NWA-14	6643463 6798444	6,209,000
3	M/s Syed Khan & Co.	3/7/14 8/7/14 15/8/14	09-DPs-NWA-14 15-DPs-NWA-14 129-DPs-NWA-14	5347214 5347222 6565842	23,753,995
Total					39,612,995

Audit observed that:

- M/s Syed Khan & Co. and M/s Bilal Builders & Cargo were awarded the work without pre-qualification, tendering process, rate comparison and agreement.
- List of TDPs served, times of meals served, daily indent form for ordering the quantity of food boxes / Degr, item/ component-wise (the quantity of each item) detail of food boxes and entry pass of transport vehicle were not available in the record.

- Neither the delivery challan was available in the record nor the claims were verified by the relevant formation of Armed forces, which renders the claims unverifiable.
- Moreover, the payments made in the month of November,2014 and March, 2015 to M/s Bilal Builders & Cargo Services and in the month of January, 2016 to M/s SarhadTent Services imply that the department had ample time to complete codal formalities and obtain food boxes for TDPs on competitive and economical basis, however it resorted to direct contracting.

The matter was pointed out to the management on 23rdMay, 2017. In their reply dated 24-25August 2017,the management stated thatin the wake of military operation cooked food as well as refreshment boxes were served to those displaced people at embossing centers, as per SOP of the government. The FDMA had no other way out except to search the firms on head hunting basis for emergency services. Proper work orders showing the terms and conditions of agreement were issued to them. All these contractors worked under supervision of army and payment was made on verification of the claims by their officers/officials deployed on duty on registration/embossing centers.

The reply of the management is not cogent as it is not supported by the documents and does not address the observations raised.

The PAO was requested to convene DAC meeting vide letter No. 324/Special Audit/Zarb-e-Azb/FDMA Peshawar/FY/2014-17/378-381 dated 18.09.2017. No DAC meeting was convened till finalization of this report despite issuance of three reminders dated 30.10.2017, 21.11.2017 and 26.12.2017.

Audit recommends that the matter may be investigated and responsibility be fixed on person(s) responsible under intimation to audit.

(Para No.13, FDMA, Peshawar)

1.3.3.12 Violation of PPRA rules in procurement of tents and school items -Rs 143.229 million

Rule 4 of PPRA Rules-2004 provides that Procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted in a fair and

transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical.

TDP Support and Management Secretariat vide letter dated 28 Sep, 2014 indicated that due to exhaustion of stock, 2,000 tents are required for the families of TDPs camp. M/s Advance Business Components was paid an amount of Rs. 143,228,656 on account of family tents, school items/ tents and NFIs.

During the Special Audit on the funds released to FDMA for Operation Zarb-e-Azb, it was observed that:

- FDMA issued work order for supply of 4,100 family tents @Rs. 14,800, 25 school tents @ Rs. 368,000 and NFIs to M/s Advance Business Components vide letter dated 15.09.2014, 22.09.2014 and 11.09.2014 respectively, to be supplied in 24 hours, which was not among the pre-qualified firms.
- No record as to the specifications of NFIs/ school tents and assessment of NFIs/ school tents/ family tents as sample by procurement committee was found available.
- Neither lab test reports nor delivery record was found in the record.
- The department was required to plan this procurement timely and stock-pile tents by following PPRA Rules.

The matter was pointed out to the management on 23rd May, 2017. In their reply dated 1st June 2017, the management stated that the procurement was made from ABC firm in emergency under rule 42 of PPRA rules of the Federal Govt. read with rule 32, of NDMA Act 2010. The lab test was not obligatory. The procurement was made as per sample provided by the firm. All the procurement was made under supervision of Pak Army.

The reply of the department is not cogent as the procurement was made from an alien firm in the presence of pre-qualified firms in all categories. The quality of the items procured could not be ascertained in the absence of specifications and lab test reports. The record pertaining to the delivery of articles was also not provided for verification.

The PAO was requested to convene DAC meeting vide letter No. 324/Special Audit/Zarb-e-Azb/FDMA Peshawar/FY/2014-17/378-381 dated 18.09.2017. No DAC

meeting was convened till finalization of this report despite issuance of three reminders dated 30.10.2017, 21.11.2017 and 26.12.2017.

Audit recommends that the matter may be investigated and responsibility may be fixed on person(s) at fault.

(Para No.14, FDMA, Peshawar)

1.3.3.13 Violation of PPRA Rules in procurement of generators from Millat Tractors Limited in - Rs. 7.417 million

According to Rule 42 (c) (ii) of PPRA Rules-2004, a procuring agency shall only engage in direct contracting if the following conditions exist, namely:-only one manufacturer or supplier exists for the required procurement; provided that the procuring agencies shall specify the appropriate fora, which may authorize procurement of proprietary object after due diligence. Rule 10 further provides that the specifications shall allow the widest possible competition and shall not favor any single contractor or supplier nor put others at a disadvantage. Specifications shall be generic and shall not include references to brand names, model numbers, catalogue numbers or similar classifications.

The department of FDMA made payments of Rs. 7,416,778 to Millat Tractors Limited on account of procurement of heavy duty generators as per following table:

S. No.	Cheque #	Date	Description	Payments (Rs.)
1	6798456	13.04.2015	Purchase of 3 Nos Heavy Duty Generator 20KVA	2,707,460
2	6798120	17.08.2015	Purchase of 01 Heavy Duty Generator 100 KVA	2,458,332
3	6798166	14.09.2015	Purchase of 01 Generator for Returnee camp 60 KVA	1,940,035
4	6798169		testing, tuning & unload of Generator for Returnee camp	81,216
5	6798288		M/s Millat Tractor (foundation pad, earthing, laying of PVC)	229,735
Total				7,416,778

Audit observed that:

- The department awarded the work order without pre-qualification and tendering process to Millat Tractors Limited.
- HQ 11 Corp vide letter written in August 2015 requested the DG FDMA for provision of 50 KVA generator. The department only approached Millat Tractors, who did not have the same generator and offered quotation of 60 KVA generator instead, which is unjustified.

- The department had ample time to complete procurement process for the procurements of 100 KVA and 20 KVA generators, but it preferred to go for direct contracting instead. This tantamount to violation of PPRA, Rules and extension of undue favor to M/s Millat Tractors.
- No indent or demand for three 20 KVA generators was found in the record, which renders the procurement unjustified.
- Copy of the delivery challan was not signed by the receiver of the department, which renders the date of delivery unverifiable.

The matter was pointed out to the management on 23rd May, 2017. In their reply dated 24-25 August 2017, the management stated that the M/S Millat tractor is one of the reputed firms in Pakistan and a whole sale distributor. The generators were purchased in light of requirements of TDP camp, on most economical rates as compared to the market rates. Delivery challans having signature of the receiver are available.

The reply of the department is not cogent as the same is neither supported by documents nor covered under the rules.

The PAO was requested to convene DAC meeting vide letter No. 324/Special Audit/Zarb-e-Azb/FDMA Peshawar/FY/2014-17/378-381 dated 18.09.2017. No DAC meeting was convened till finalization of this report despite issuance of three reminders dated 30.10.2017, 21.11.2017 and 26.12.2017.

Audit recommends that the matter may be investigated as to why the generators were procured from the same firm on different occasions and responsibility be fixed on person(s) at fault under intimation to audit.

(Para No.15, FDMA, Peshawar)

1.3.3.14 Undue favor to supplier for purchase of tents at higher rates - Rs. 60.680 million

As per Rule 10 (i) of GFR Vol-I, every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

The management of FDMA purchased 4,100 tents (45-50 Kg) from M/s Advanced Business Components @ Rs. 14,800 per unit during September 2014. Audit observed that out of all procurements of tents till January 2017, the

procurement made from M/s Advanced Business Components was on higher side as detailed in the table below:

S #	Vendor Name	Supply Order	Unit Cost (Rs)	Qty.	Cost (Rs.)
1	Usman Traders	22.06.2015	9,445	6,000	123,590,000
		22.03.2016	10,390	2,000	
		08.09.2016	9,300	2,000	
		24.09.2016	9,300	3,000	
2	Suleman & Brothers	23.09.2016	9,650	7,000	67,550,000
3	ABC	15.09.2014	14,800	1,600	60,680,000
		22.09.2014	14,800	2,500	
4	Pearl Associates	02.01.2017	9,600	1,000	9,600,000

Audit is of the opinion that the purchase of tents having same specification at such exorbitant rates need to be investigated and extra amount incurred may be recovered under intimation to audit.

The matter was pointed out to the management on 23rd May, 2017. In their reply dated 24-25 August 2017, the management stated that the procurement was required immediately. M/s Advanced Business Components was the only supplier willing to supply the tents. The FDMA had no other alternative except to make purchases from ABC. Moreover, in 2014 the country was hit by massive floods and the tents were not available in the market. Neither undue favor was extended to any one nor any irregularity committed.

The reply of the management is not convincing on the plea of flood emergency as the procurement was made on the basis of direct contracting from an alien supplier in the presence of pre-qualified suppliers. Further, no record pertaining to approaching the pre-qualified suppliers and their inability to provide tents was produced.

The PAO was requested to convene DAC meeting vide letter No. 324/Special Audit/Zarb-e-Azb/FDMA Peshawar/FY/2014-17/378-381 dated 18.09.2017. No DAC meeting was convened till finalization of this report despite issuance of three reminders dated 30.10.2017, 21.11.2017 and 26.12.2017.

Audit recommends that the matter may be investigated to fix responsibility against the persons responsible for extending undue favor, besides recovery of the excess amount.

(Para No.21, FDMA, Peshawar)

1.3.3.15 Irregular procurement of tents/ NFIs in violation of PPRA rules - Rs. 41.640 million

Rule 12(1) of PPRA Rules-2004, provides that all procurement opportunities over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the PPRA's website and print media in the manner and format specified by the PPRA rules from time to time. Rule 8 further provides that within one year of commencement of these rules, all procuring agencies shall devise a mechanism for all proposed procurements with the object of realistically determining the requirements of the procuring agency, within its available resources, delivery time or completion date and benefits that are likely to accrue to the procuring agency in future.

The department of FDMA expended an amount of Rs. 41,640,140 on procurement of family/ school tents/ NFIs. Audit observed that:

- No justification as to procure on emergency basis and declaration of emergency was found in the record.
- The department was required to maintain stock of tents/ NFIs in anticipation to the calamity/ disaster, which was not done.
- The lab test report of tents was not obtained before the award of supply order.

S #	Suppliers Name	Items	Qty.	Date of Procurement	Gross Amount (Rs.)
1	Zakria& Sons	Sleeping Bed	1,200	22.03.2016	891,540
2	Capital Venture, Islamabad	School Tents	30	09.09.2016	9,600,000
3	Pearl Associates	Hygien Kits	600	22.03.2016	3,858,600
4	M/S Usman Traders	Tents	2,000	22.03.2016	20,780,000
5	M/s Suleman & Bro	Tents	7000	23.09.2016	6,510,000
Total					41,640,140

Audit holds that:

- The procurement was carried out in violation to the PPRA rules and was also against the spirit of NDMA Act, which requires the department to anticipate the emergency needs and stockpile the emergency items.
- No lab test of tents was carried out and award of supply order in the absence of technical feasibility put the interest of the state at risk.

The matter was pointed out to the management on 23rd May, 2017. In their reply dated 24-25 August 2017, the management stated that the procurement in emergency by FDMA was covered under emergency clause of PPRA rules i.e. (Rule

42). The School tents were procured on the directions of GHQ and funds were released by SAFRON. In the limited resources, the FDMA cannot make procurement in advance. The procurement of tents from the firm was made in emergency under clause 42 of PPRA rules of the Federal Govt. read with rule 32, of NDMA Act 2010. The lab test was not obligatory. Moreover, the FDMA has no warehouse to keep the stock.

The reply is not cogent as the department was required to fulfill the codal formalities.

The PAO was requested to convene DAC meeting vide letter No. 324/Special Audit/Zarb-e-Azb/FDMA Peshawar/FY/2014-17/378-381 dated 18.09.2017. No DAC meeting was convened till finalization of this report despite issuance of three reminders dated 30.10.2017, 21.11.2017 and 26.12.2017.

Audit recommends that in the absence of valid justification dully supported by the record for the procurement in violation of PPRA rules, the matter may be investigated and responsibility may be fixed.

(Para No.27, FDMA, Peshawar)

1.3.3.16 Procurement of HSD/ petrol on higher prices -Rs. 7.083million

According Para-23 of GFR Vol-1, every government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence. As per Rule 10 (i) of GFR Vol-I, every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

During the Special Audit on the funds released to FDMA for Operation Zarb-e-Azb, it was observed that:

- The petrol/ HSD was procured for TDP camp at Baka Khel from different filling stations/ contractors including the claims reimbursed to Agency Coordinator Kurram amounting to Rs. 6,704,283, on prices higher than the market, resulted into loss to state of Rs. 320,326 as detailed at **Annex-XVI**.

- The HSD/ petrol amounting to Rs.875,532 was procured irregularly from M/s Kurram Green, having no NOC from the government. This also includes the provision of petrol to Pak Army/ NADRA staff amounting to Rs. 378,480 for which no break-up/ detail is available in the record. The same renders it irregular and unverifiable.

The matter was pointed out to the management on 29th May, 2017. In their reply dated 24-25 August 2017, the management stated that the procurement of Petrol/HSD for the vehicles of Army, NADRA and Camp generators was made through contractor. The contractor was available to Army and other stakeholders 24hrs daily. Therefore, this office had no other way except to procure fuel through contractor.

The reply is not cogent and does not address all the observations raised.

The PAO was requested to convene DAC meeting vide letter No. 324/Special Audit/Zarb-e-Azb/FDMA Peshawar/FY/2014-17/378-381 dated 18.09.2017. No DAC meeting was convened till finalization of this report despite issuance of three reminders dated 30.10.2017, 21.11.2017 and 26.12.2017.

Audit recommends that the matter may be inquired in detail to fix the responsibility on person(s) at fault.

(Para No.31, FDMA, Peshawar)

1.3.3.17 Flaw in agreement with cellular companies leading to deduction of unauthorized commission - Rs. 0.112 million

According to Para-23 of GFR Vol-1, every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence. As per Rule 10 (i) of GFR Vol-I, every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

FDMA engaged four cellular companies to provide the compensation announced by the government of Pakistan. It was observed that:

- In all tranches there were numerous instances where a huge sum of amount remained undisbursed/ uncollected by the TDPs from virtual accounts.
- It was decided as a matter of policy that these amounts had to be reverted to the account of FDMA. The cellular companies collected the commission@ 1% and 1.29% respectively totaling to Rs.112,050 and refunded the residual amount of Rs. 11,092,950 to the FDMA as detailed at **Annex-XVII**.
- The commission would be charged a fresh on these cases, when the payments would be disbursed again to the TDPs after resolving the technical problems.

Audit holds that this practice led to double commission for the same payment, which the cellular companies were not authorized to collect as per MoU.

The matter was pointed out to the management on 23rd May, 2017. In their reply dated 24-25 August, 2017, the management stated that the commission, by the company is charged only on complete transaction. The amount not transferred to TDP accounts is not subjected to commission. Therefore, commission is charged only once.

The reply is not cogent as it does not correlate with the information shared by cellular companies. The commission is charged on the undisbursed amount and there is a likelihood that the same will be charged again upon actual disbursement.

The PAO was requested to convene DAC meeting vide letter No. 324/Special Audit/Zarb-e-Azb/FDMA Peshawar/FY/2014-17/378-381 dated 18.09.2017. No DAC meeting was convened till finalization of this report despite issuance of three reminders dated 30.10.2017, 21.11.2017 and 26.12.2017.

Audit recommends that the matter may be taken up with the cellular companies and justification / remedial measure based on facts be presented to proceed further. Management should ensure payment of commission separately exclusively at the time of actual disbursement to the TDPs.

(Para No.34, FDMA, Peshawar)

1.3.3.18 Unauthorized commission charged by cellular companies leading to exploitation of TDPs

Section 3 (e) of NDMA Guidelines for minimum ex-gratia assistance to the persons affected by national and man-made disasters provides that the objective of the guidelines is to ensure uniformity as well as streamlining the system of payment to

the affectees in a smooth, efficient and transparent manner. Section 3 (r) further provides that the police authorities at the highest level as well as at the lowest level will register the cases of fraud under relevant provisions of Pakistan Penal Code. Further, the agreement of FDMA with the TMFBL provides that the bank will charge 1% on each disbursement made at the retailers' shops as well from the ATM withdrawals.

During the Special Audit on the funds released to FDMA for Operation Zarb-e-Azb, it was observed during the scrutiny of IAC report of SAFRON Division that:

- M/s Telenor has been deducting commission of Rs. 500 instead of Rs. 250 per TDP. The retailers informed the inspection team of SAFRON Division that M/s Telenor released only an amount of Rs. 24,500 for disbursement after deduction of double commission of Rs. 500.
- The payments in cash of RCG @ Rs. 25,000 instead of ATM against the clauses of MoU also renders it doubtful as it increases the chances of exploitation of the TDPs by the retailers.
- The retailers of M/S Zong had been charging extra commission from the TDPs on MCA provided to TDPs @ Rs. 12,000. A meeting held with the representative of Zong, who verified that around 60 complaints were received regarding 49 retailers in year 2015. The amount of those cases was refunded to the TDPs.

Audit holds that:

- The deduction of double commission is unauthorized and the same needs to be calculated for all the cases of the period of irregularity and recovered at the earliest.
- The payment of RCG @ Rs. 25,000 in cash instead of ATM, is unjustified.
- The action taken against the retailers for financial exploitation by Zong and the civil administration may be intimated.
- The recovery is to be worked out on all the cases processed by the said 49 retailers during the period in which complaints were lodged.

The matter was pointed out to the management on 23rd May, 2017. In their reply dated 6th June 2017, the management stated that the issue is under hot pursuance

with Telenor company. The company is of the view that its retailers are charging their commission for giving payment to the beneficiaries in cash. High-level meetings at Ministry level have been held. Further, the extra amount charged by the retailer of Zong from TDPs was recovered and credited to government account. For the last one year, this practice was stopped forthwith.

The reply is not cogent, as the details of cases reported and the amount recovered against them was not shown to audit.

The PAO was requested to convene DAC meeting vide letter No. 324/Special Audit/Zarb-e-Azb/FDMA Peshawar/FY/2014-17/378-381 dated 18.09.2017. No DAC meeting was convened till finalization of this report despite issuance of three reminders dated 30.10.2017, 21.11.2017 and 26.12.2017.

Audit recommends that the matter may be actively pursued and excess commission charged by M/s Telenor may be recovered as underlined in the agreement. Further, the action taken against the Zong retailers involved in the exploitation may also be informed. The department also needs to have an insurance in the form of a security or a bond or both as collateral to penalize the cellular company in the event of default/ malpractices.

(Para No.36, FDMA, Peshawar)

1.3.3.19 Exploitation of TDPs in violation of MoU by M/s Telenor and its retailers

Section 3 (e) of NDMA Guidelines for minimum ex-gratia assistance to the persons affected by national and man-made disasters provides that the objective of the guidelines is to ensure uniformity as well as streamlining the system of payment to the affectees in a smooth, efficient and transparent manner. Section 3 (r) further provides that the police authorities at the highest level as well as at the lowest level will register the cases of fraud under relevant provisions of Pakistan Penal Code. The agreement between FDMA and M/s Telenor provides that TMFBL will provide account opening kit to FDMA for beneficiaries and FDMA itself, open and maintain FDMA's account, transfer funds from FDMA main account to BBA account and then to beneficiaries, generate and send confirmation text message.

M/s Telenor/ TMFBL was tasked to provide services for disbursements of RTG @ Rs. 10,000 per HOH. The amount to be disbursed after the deduction of

agreed commission of 1% was Rs. 9,900. It was observed during the scrutiny of IAC report of SAFRON Division that:

- M/s Telenor has been compelling to purchase a mandatory handset @ Rs. 1,700 and the residual amount of Rs. 8,200 is paid in cash. The total amount may be worked out and got refunded from the company.
- M/s Telenor after the receipt of funds from the FDMA for onward disbursement to TDPs retains funds for months before their disbursements.
- The amount of Rs. 250 or less in the cases where other charges are deducted has been lying in the accounts of TDPs.
- The undisbursed amount of RTG and RCG @ Rs. 10,000 and Rs. 25,000 per HOH is lying in the accounts of TDPs.
- M/s Telenor along with other cellular companies were asked to refund/ return such amounts lying in the accounts of TDPs. M/s Telenor did not refund the said amount.

The matter was pointed out to the management on 23rd May, 2017. In their reply dated 6th June 2017, the management stated that the ill practices by the retailers were reported to the cellular companies for taking necessary action. The practice has now been stopped. Further, the undisbursed amounts with Telenor for more than six months got refunded to FDMA account. The amounts lying in TDPs account as undisbursed is under discussion with the companies and method is being searched out how to refund this amount.

The reply is not cogent. Further, no record as to refund of undisbursed amount was produced to audit.

The PAO was requested to convene DAC meeting vide letter No. 324/Special Audit/Zarb-e-Azb/FDMA Peshawar/FY/2014-17/378-381 dated 18.09.2017. No DAC meeting was convened till finalization of this report despite issuance of three reminders dated 30.10.2017, 21.11.2017 and 26.12.2017.

Audit recommends that the department should discontinue the agreement and blacklist the cellular company, besides initiation of the inquiry to ascertain the actual number of cell phones sold and to recover amount from M/s Telenor. The commission should be paid separately, after the disbursement has been made to the TDPs.

(Para No.37, FDMA, Peshawar)

1.3.3.20 Removal of biometric check leading to payment of monthly ex-gratia assistance to individuals other than HoH

As per the policy Ministry of SAFRON letter No. 4(02) P/L/2014 dated 24.06.2014, the compensation had to be made to the TDPs in the form of MCA, RTG and RCG @ Rs. 12,000 per month, @ Rs. 10,000 and @ Rs. 25,000 respectively to the HOH.

During the discussion held with the representative of Zong, it was learnt that the aforementioned payments were made to blood relatives of the TDPs, who themselves are only authorized to receive the payment. The cellular companies had been asked by FDMA to remove the bio-metric checks while making the payments. Audit holds that:

- The payments so made are unauthorized.
- The removal of bio-metric checks may lead to exploitation and doubtful payments.
- This is against the very spirit of the developed system of payment through cellular companies and their partner banks.
- The payments made to blood relatives of the authorized persons may lead to exploitation of the TDPs.

The matter was pointed out to the management on 23rd May, 2017. In their reply dated 6th June 2017, the management stated that double payment wasnot made in any of the case. As per approved SOP, the beneficiary who were deceased, were abroad or otherwise were not in position to collect their dues. Their payment was allowed to their alternate beneficiaries declared by the Political Agents or Pakistan Army. Those alternate beneficiaries collect payments on their behalf in addition totheir own payments.

The reply is not cogent as the system was developed in the first place to provide a better alternate against the manual payments. In the absence of bio-metrics, audit sees no difference between the manual payments made at the commencement of Zarb-e Azab and the payments made through cellular companies without bio-metrics.

The PAO was requested to convene DAC meeting vide letter No. 324/Special Audit/Zarb-e-Azb/FDMA Peshawar/FY/2014-17/378-381 dated 18.09.2017. No DAC

meeting was convened till finalization of this report despite issuance of three reminders dated 30.10.2017, 21.11.2017 and 26.12.2017.

Audit recommends that in the absence of valid justification, the bio-metrics may be resumed as was originally conceived and implemented.

(Para No.38, FDMA, Peshawar)

1.3.4 Asset Management

1.3.4.1 Damage to NFIs due to improper stockpiling outside the designated places - Rs. 1.550 million

According to Para-23 of GFR Vol-1, every government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

During the Special Audit on the funds released to FDMA for Operation Zarb-e-Azb, the audit team visited Bakka Khel Camp on 09.05.2017. During the visit the following were observed:

- Four rub halls were erected for the stock-piling of NFIs. However, only two of them were used for the purpose of stock-piling.
- Two of the rub-halls were being used as gym and tennis court.
- Around 1,000 iron beds amounting to Rs. 1,550,000 (woven with nylon bands) are lying in open and are prone to harsh weather.

Audit holds that the use of rub-halls meant for stock-piling of NFIs for TDPs is unauthorized and unjustified.

The matter was pointed out to the management on 23rd May, 2017 but no reply was received.

The PAO was requested to convene DAC meeting vide letter No. 324/Special Audit/Zarb-e-Azb/FDMA Peshawar/FY/2014-17/378-381 dated 18.09.2017. No DAC meeting was convened till finalization of this report despite issuance of three reminders dated 30.10.2017, 21.11.2017 and 26.12.2017.

Audit recommends that the rub-halls may immediately be evacuated and stocked with NFIs. The same may also be verified from the audit upon their next physical visit besides fixing responsibility for such negligence.

(Para No.20, FDMA, Peshawar)

1.3.5 Monitoring and Evaluation

1.3.5.1 Loss to Government due to non-imposition of late delivery charges -Rs 4.256 million

Clause XII of supply order requires the penalty to be imposed from overall bill in favor of FDMA if the items supplied by the successful bidder are not delivered in time. Clause XII of supply order requires the supplier to supply the goods within specified days and no extension in time will be granted.

FDMA expended an amount of Rs141,724,600 on procurement of goods and services as detailed in **Annex-XVIII**. It was observed that:

- The goods and services procured were delivered late.
- The late delivery charges amounting to Rs.4,255,624 as required was not recovered from 9 suppliers.

The matter was pointed out to the management on 29th May, 2017. In their reply dated 1st June 2017, the management stated that all the procurement by FDMA were made within due time. The procurement for TDPs was done on the directions of Pakistan Army and got delayed for want of clearance from Pakistan Army and non-availability of godowns/ warehouse with FDMA.

The reply of the management is not tenable as record pertaining to delivery does not support the argument of the management. Further, the reply only pertains to a single instance for procurement of tents for the Khost families repatriated from Afghanistan to TDP Camp at Baka Khel.

The PAO was requested to convene DAC meeting vide letter No. 324/Special Audit/Zarb-e-Azb/FDMA Peshawar/FY/2014-17/378-381 dated 18.09.2017. No DAC meeting was convened till finalization of this report despite issuance of three reminders dated 30.10.2017, 21.11.2017 and 26.12.2017.

Audit recommends that the late delivery charges be recovered under intimation to audit.

(Para No.7, FDMA, Peshawar)

1.3.5.2 Undue favor to contractors by signing agreement without the penalty clause for late delivery

Clause XII of supply order requires the penalty to be recovered from overall bill in favor of FDMA if the items supplied by the successful evaluated bidder are not delivered in time. Clause XII of supply order requires the supplier to supply the goods within specified days and no extension in time will be granted.

FDMA expended an amount of Rs.79,631,000 on procurement of goods and services as detailed in **Annex-XIX**. It was observed that:

- the goods and services procured were delivered late.
- The procurement is mostly made on emergent basis and no explicit clause to penalize the supplier in the event of late delivery was inserted in the contract.
- The bid security @ 2% was to be withheld in cases where no percentage was laid down for penalty.

The matter was pointed out to the management on 29th May, 2017. In their reply dated 1st June 2017, the management stated that All the procurement by FDMA was made within due periods. In some cases of procurement for TDPs, orders were placed in view of the directions of Pakistan Army but later on delayed because of security clearance issues by the Army and for having no godown/warehouse with FDMA.

The reply of the management is not convincing as record pertaining to delivery does not support the argument of the management.

The PAO was requested to convene DAC meeting vide letter No. 324/Special Audit/Zarb-e-Azb/FDMA Peshawar/FY/2014-17/378-381 dated 18.09.2017. No DAC meeting was convened till finalization of this report despite issuance of three reminders dated 30.10.2017, 21.11.2017 and 26.12.2017.

Audit observed some occasions where supply was delivered late, therefore recommends that procured goods were required to be delivered in time and non-inclusion of penal clauses tantamount to undue favor to the supplier. The supplier be penalized besides fixing of responsibility for such negligence.

(Para No.8, FDMA, Peshawar)

1.3.5.3 Unverifiable payments of goods and services -Rs. 34.215 million

As per Rule 10 (i) of GFR Vol-I, every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

An amount of Rs. 34,214,723 was expended on procurement of tent services, provision of food boxes, labor charges, procurement of fuel for generators and vehicles and procurement of gas cylinders from M/s Kurram green as detailed in **Annex-XX**. Audit observed that:

- The tent services were procured directly from the contractor in addition to the other services without tendering in violation of PPRA rules. No work order was found in the record. The lack of purpose of the gathering and number of individuals to be catered renders the claims unverifiable.
- The food boxes were procured in violation of PPRA rules. No work order, number of individuals/ families served was available on record.
- An amount of Rs. 2,130,000 was expended on procurement of gas cylinders. The verification committee highlighted shortcomings in the procured gas cylinders which includes supply of under-weight cylinders of 3.8 kg instead of 5kg, 3kg of gas was filled instead of 4kg in each cylinder, 25 cylinders were damaged, for which no penalty was imposed.
- The fuel for vehicles and generators was procured from M/s Kurram Green. The fuel was procured on higher rates than the market rates. The log-books of the generators/vehicles, the license or NOC for the contractor to supply fuel were not found in the record.
- The purpose and details of labor charges was not available in the record.
- The procurement of multiple services from the same contractor violates the very spirit of the PPRA rules.

The matter was pointed out to the management on 29th May, 2017. In their reply dated 24-25 August 2017, the management stated that the Pak Army, DC Bannu and FDMA on the advice of SAFRON Division has jointly decided to establish TDP camp at Bakka Khel FR Bannu on war footing basis. Multiple contractors were hired for various activities amongst the pre-qualified contractor of FDMA where PPRA

rules were strictly observed. Moreover, utmost care was taken whenever procurement was made in emergency only.

The reply of the management is not cogent as the documentary evidence, which renders the claims verifiable are not provided.

The PAO was requested to convene DAC meeting vide letter No. 324/Special Audit/Zarb-e-Azb/FDMA Peshawar/FY/2014-17/378-381 dated 18.09.2017. No DAC meeting was convened till finalization of this report despite issuance of three reminders dated 30.10.2017, 21.11.2017 and 26.12.2017.

Audit recommends that the matter may be investigated to fix the responsibility against the person(s) responsible under intimation to audit.

(Para No.9, FDMA, Peshawar)

1.3.5.4 Loss to government due to purchase of tents at higher rates disregarding earlier purchases-Rs. 3.050 million

Rule 4 of PPRA Rules-2004, provides that Procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical.

The management of FDMA purchased 5,000 tents (45-50 kg) from M/s Usman Traders @ Rs. 9,300 per tent for TDPs in September, 2016. The record revealed that the same firm also supplied tents of same size and specification @ Rs. 9,445 in July, 2015 and @Rs. 10,390 per tent in March, 2016. Thus, an amount of Rs. 3,050,000 was paid in excess to the supplier due to purchase of tents on higher rates as detailed below:

Procurement Date	Item Procured and Specification	Rate of Procurement (Rs.)	Quantity Procured (No.)	Rate of Procurement in Sep, 2016 (Rs.)	Per unit difference (Rs.)	Total Difference (Rs.)
July, 2015	Tents (45-50 kg)	9,445	6,000	9,300	145	870,000
March, 2016		10,390	2,000	9,300	1,090	2,180,000
Total						3,050,000

Audit holds that the same may be recovered from the concerned supplier.

The matter was pointed out to the management on 23rd May, 2017. In their reply dated 24-25 August 2017, the management stated that the purchase of Tents by FDMA was made on different occasions. On some occasions, the lower rates were offered whereas on other occasions it was higher. Interestingly the rates offered as a result of open competition were high whereas rates in direct contracting were lower and no loss to the state was made.

The reply of the management is not cogent as the object was to bring value for money by making economical, efficient and transparent procurement, which was absent.

The PAO was requested to convene DAC meeting vide letter No. 324/Special Audit/Zarb-e-Azb/FDMA Peshawar/FY/2014-17/378-381 dated 18.09.2017. No DAC meeting was convened till finalization of this report despite issuance of three reminders dated 30.10.2017, 21.11.2017 and 26.12.2017.

Audit recommends that the amount pointed out may be recovered besides inquiring the matter to fix the responsibility against the persons at fault under intimation to audit.

(Para No.16, FDMA, Peshawar)

1.3.5.5 Fraudulent procurement of sub-standard gas cylinders due to lack of monitoring-Rs. 1.090 million

According to Para-23 of GFR Vol-1, every government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

Clause XVIII of NIT provides that in case if it comes to the knowledge of FDMA that the firm has abandoned task due to any reason it shall stand disqualified and backlisted for any future contracts. Further, the term and conditions of the supply order require the supplier to supply the goods within 15 days. In case the same is not done the 2% bid security will be forfeited in favor of FDMA and bill in hand will not be paid. Moreover, the condition XVI of general conditions of NIT requires that 10% defect liability will be recovered from overall bill in favor of FDMA and the

concerned bidder will be blacklisted for future contracts, if the items supplied by the successful evaluated bidder are altered or are not in accordance with the specification.

FDMA floated tender inviting notice on 05.05.2016 with closing date of 20.05.2016 for procurement of 5,000 Gas cylinders (5 kg net weight empty, leak proof, certified for safety, ISO 9001 certified) required for 5,000 TDP families in Baka Khel Camp. The procurement committee in its meeting dated 01.09.2016 awarded contract to M/s Altaf & Sons for provision of 5,000 Gas cylinders @Rs. 1,090 per unit on the basis of lowest bid, with matching specification. Audit observed that:

- A total number of 1,000 Gas cylinders were received on 23.12.2016, which were required to be delivered on 22.09.2016.
- The quantity advertised was 5,000, whereas the supplier was issued the supply orders of 2,000 gas cylinders. The supplier only provided 1,000 Gas cylinders and refused to provide the rest of the order.
- The supplier provided Gas cylinders of 4 kg instead of contractual specification of 5 kg, which was accepted by the procurement committee. The matter was later pointed out when the supply was made to FDMA. The department only retained 20% of the payment of the supplier.
- The department released the payment and did not impose required amount of penalty.
- The acceptance 4 kg gas cylinders of lower specification against the sample accepted by the procurement committee tantamount to mis-procurement.
- The release of payment and 2% bid security is undue favor. Further, FDMA was also required to recover 10% damages from the supplier amounting to Rs. 109,000 (1,090,000 X 10%), which was not done.

The matter was pointed out to the management on 23rd May, 2017. In their reply dated 24-25 August 2017, the management stated that at the time of supply, it was checked and found that the capacity of gas cylinders was 4kg instead of 5kg. Since the Khost families had arrived in camp and were in dire need of gas cylinder for their domestic use in camp. Therefore, to avoid hardship to the TDPs, the items already supplied were distributed. However, as per recommendation of procurement committee 20% cut was imposed on contractor's payment as penalty.

The reply of the department is not cogent as the release of payment and 2% bid security is undue favor. Further, FDMA was also required to recover 10% damages from the supplier amounting to Rs. 109,000 (1,090,000 X 10%), which was not done.

The PAO was requested to convene DAC meeting vide letter No. 324/Special Audit/Zarb-e-Azb/FDMA Peshawar/FY/2014-17/378-381 dated 18.09.2017. No DAC meeting was convened till finalization of this report despite issuance of three reminders dated 30.10.2017, 21.11.2017 and 26.12.2017.

Audit recommends that the matter may be inquired and responsibility be fixed on the contractor as well as on the person(s) at fault under intimation to audit, besides recovery of due amount from the supplier.

(Para No.17, FDMA, Peshawar)

1.3.5.6 Unauthorized payment of manual cash grant to unverified families -Rs. 57.144 million

According Para-23 of GFR Vol-1, every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

The manual cash grant @Rs. 12,000 per house-hold was disbursed amongst the total of 28,733 TDPs. Earlier, the payment system was based on token. Amongst those recipients there were two broad-categories, one whose credentials were matched with NADRA data-base and the others whose information was incomplete / not matched with the record. Audit observed that:

- Out of the total TDP families of 28,733 paid manual cash grant (MCA) in Bannu and Lakki, 23,996 families were verified, whereas the rest of 4,737 TDP families paid were not verified.
- Payments of MCA were made to the same unverified families multiple times by the DC Bannu and Lakki offices, which resulted into overpayment of Rs. 57,144,000, as summarized following:

Region	Status	Frequency of payments	No. of cases	Amount (Rs.)
Bannu	Not matched	1	4,491	53,892,000
Bannu	Not matched	2	20	480,000
Bannu	Not matched	3	1	36,000
Bannu	Not matched	4	1	48,000
Lakki	Not matched	1	224	2,688,000
Total			4,737	57,144,000

Audit holds that the payment to unverified cases led to the unauthorized expenditure of Rs.57,144,000.

The matter was pointed out to the management on 23rd May, 2017. During discussion FDMA was of the view that the subject unmatched instances of TDPs received payment by submitting fake tokens.

The reply of the management is not cogent as this does not absolve the concerned staff for their negligence.

The PAO was requested to convene DAC meeting vide letter No. 324/Special Audit/Zarb-e-Azb/FDMA Peshawar/FY/2014-17/378-381 dated 18.09.2017. No DAC meeting was convened till finalization of this report despite issuance of three reminders dated 30.10.2017, 21.11.2017 and 26.12.2017.

Audit recommends that the recovery to be made against the cases highlighted besides taking disciplinary action against the responsible.

(Para No.22, FDMA, Peshawar)

1.3.5.7 Overpayments of monthly cash assistance to verified families - Rs. 29.136 million

According to Para-23 of GFR Vol-1, every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

The manual cash grant @Rs. 12,000 per house-hold was disbursed amongst the total of 28,733 TDPs. Earlier, the payment system was based on token. Amongst those recipients there were two broad-categories, one whose credentials were

matched with NADRA data-base and the others whose information was incomplete/ not matched with the record. It was observed that:

- Out of the total verified TDP families of 23,996 paid manual cash grants in Bannu and Lakki, 2,083 cases were paid for more than once to the same recipient in the same month.
- Overpayments of Rs. 29,136,000 were made by the DC Bannu and Lakki offices to 2,083 cases. The summary is as following:

Region	Status	Frequency of payments	No of cases	Amount (Rs.)	Overpayment (Rs.)
Bannu	Matched	2	1,818	43,632,000	21,816,000
Bannu	Matched	3	202	7,272,000	4,848,000
Bannu	Matched	4	39	1,872,000	1,404,000
Bannu	Matched	5	12	720,000	576,000
Bannu	Matched	6	2	144,000	120,000
Bannu	Matched	7	1	84,000	72,000
Bannu	Matched	10	2	240,000	216,000
Lakki	Matched	2	7	168,000	84,000
Total			2,083	54,132,000	29,136,000

Audit holds that the duplicity of payment led to an excess payment of Rs. 29,136,000 in Bannu and Lakki Districts.

The matter was pointed out to the management on 23rd May, 2017. In their reply dated 1st and 6th June 2017, the management stated that since the commencement of Operation Zarb-e-Azb, the manual payment disbursement mechanism was adopted on the basis of enlistment. Keeping in view abrupt displacement of large number of families' displacement abruptly, necessary verifications from NADRA was not adopted due to extreme emergency situation on ground. FDMA digitized all the data later and sent to NADRA for verification. FDMA started electronic transfer of payment through Zong and recovered Rs. 307,572,000 and Rs. 9,516,000 from Districts Bannu and Lakki from such TDPs which was appreciated at various forums.

The reply of the management is not cogent as the no record pertaining to recovery from the concerned was produced to audit.

The PAO was requested to convene DAC meeting vide letter No. 324/Special Audit/Zarb-e-Azb/FDMA Peshawar/FY/2014-17/378-381 dated 18.09.2017. No DAC

meeting was convened till finalization of this report despite issuance of three reminders dated 30.10.2017, 21.11.2017 and 26.12.2017.

Audit recommends that recovery record may be got verified for making duplicate payments to the same recipient besides taking disciplinary action against the responsible(s) for making payment more than once.

(Para No.23, FDMA, Peshawar)

1.3.5.8 Non-imposition of penalties on account of partial deliveries of NFIs - Rs.0.758 million

Clause V of the contract agreement provides that the vendor shall provide an undertaking to supply the items, preferably ex-stock or within specified time from the date of issue of supply order. Partial deliveries will not be acceptable. Further, the condition XVI of general conditions of NIT require that 10% defect liability will be recovered from overall bill in favor of FDMA and the concerned bidder will be blacklisted for future contracts, if the items supplied by the successfully evaluated bidder are altered or are not in accordance with the specification.

During the Special Audit on the funds released to FDMA for Operation Zarb-e-Azb, it was observed that numerous suppliers have been awarded the work for the supply of NFIs, who made partial deliveries and failed to supply complete quantity as detailed below:

S #	Vendor Name	Items	Qty.	Quantity delivered	Quantity short supplied	Cost (Rs).
1	Altaf & Sons	Jerry Can & Iron Bed	4,000	2,000	2,000	4,192,000
		Gas Cylinder	2,000	1,000	1,000	
2	Zubair Steel	Iron Beds	4,000	2,000	2,000	3,100,000
3	TEE es	Pillows	4,000	2,000	2,000	234,000
4	Mughal Traders	Plastic Lota	4,000	2,000	2,000	50,000
Total						7,576,000

Audit holds that neither the partial deliveries were to be accepted by the department nor the bid securities of the contractors were to be released. Further, the non-imposition of penalty/ defect liability amounting to Rs. 757,600 and release of complete payment after partial deliveries is extension of undue favor to supplier.

The matter was pointed out to the management on 23rd May. In their reply dated 24-25 August 2017, the management stated that all the procurement was made

within due time period. The repatriation of TDP families from Khost were delayed due to government policies. Therefore, the contractors were directed to delay the supply for a few days as the FDMA has no godown.

The reply is not cogent as neither any record pertaining to directives for delayed delivery was produced nor penalty was imposed on the defaulter.

The PAO was requested to convene DAC meeting vide letter No. 324/Special Audit/Zarb-e-Azb/FDMA Peshawar/FY/2014-17/378-381 dated 18.09.2017. No DAC meeting was convened till finalization of this report despite issuance of three reminders dated 30.10.2017, 21.11.2017 and 26.12.2017.

Audit recommends that action may be taken against person(s) at fault besides imposing the penalty under intimation to audit.

(Para No.28, FDMA, Peshawar)

1.3.5.9 Unverifiable expenditure under the head of account “Miscellaneous Expenditure”- Rs 3 million

Rule 131 of FTR Vol-I provides that all bills or cheques in payment of claims against the Government shall be presented at the treasury at an authorized office of disbursement duly receipted and stamped when necessary. Rule 310 of FTR Vol-I provides that the detailed bill shall be signed by the Head of the office and submitted to the controlling officer, or if there be no controlling officer to the Accountant General direct, with all sub-vouchers.

During the Special Audit on the funds released to FDMA for Operation Zarb-e-Azb, it was observed that:

- An amount of Rs. 100,000 per month is being allocated to the consultant’s office at Bannu on account of Miscellaneous expenditure, which comes to Rs. 3,000,000 from 1st October, 2014 to March, 2017.
- The purpose of allocating / releasing the amount was not available.
- The expenditure is being incurred merely on the basis of certificate without the supporting bills/ vouchers, rendering it unverifiable.

Audit holds that allocating of Rs. 100,000 to consultant office without any cogent reason is irregular and in the absence of any record in support of the expenditure is unverifiable.

The matter was pointed out to the management on 23rd May, 2017. In their reply dated 24-25 August, 2017, the management stated that the Expenditure of Rs. 100,000 per month has been authorized vide para-3 (V) to Government of Pakistan States and Frontier Regions Division Letter No. 12(17)-P/L/2013 dated 4th February 2015. Accordingly, due to confidential nature of expenditures, certificate is being submitted on regular basis to DG FDMA along with monthly expenditure statement. However, the requirement has been noted and in future the same will be prepared as advised/directed by the audit team.

The reply is not cogent as in the absence of specific declaration/ notification by the federal government for an expenditure to be classified, the expenditure in the absence of any record is unverifiable.

The PAO was requested to convene DAC meeting vide letter No. 324/Special Audit/Zarb-e-Azb/FDMA Peshawar/FY/2014-17/378-381 dated 18.09.2017. No DAC meeting was convened till finalization of this report despite issuance of three reminders dated 30.10.2017, 21.11.2017 and 26.12.2017.

Audit recommends that the matter may be inquired to fix the responsibility on the person(s) responsible under intimation to audit.

(Para No.42, FDMA, Peshawar)

1.3.5.10 Unverifiable expenditure under the head of account “Repair of Machinery and Equipment”- Rs0.803 million

Rule 131 of FTR Vol-I provides that all bills or cheques in payment of claims against the Government shall be presented at the treasury at an authorized office of disbursement duly receipted and stamped when necessary. Rule 310 of FTR Vol-I provides that the detailed bill shall be signed by the Head of the office and submitted to the controlling officer, or if there be no controlling officer to the Accountant General direct, with all sub-vouchers.

An amount of Rs.802,577 was expended on account of repair of vehicles, machinery and equipment as detailed at **Annex-XXI**. During the Special Audit on the funds released to FDMA for Operation Zarb-e-Azb, it was observed that:

- There was no tender call as the department was required to carry out repairs from the vendor selected by following PPRA rules.

- The type of machinery, nature of repair, serial number of machinery and bills were not found in respect of bill at Sr. No. 1. In some of the cases license numbers and bills were computer generated, rendering it unverifiable.
- An amount of Rs. 23,850 was expended for repair of Fire Brigade Vehicles, which is unauthorized as the same was to be met out of budget of DC office, Bannu.
- No justification was provided regarding non-deduction of income Tax and GST from the supplier.

The matter was pointed out to the management on 29thMay, 2017. In their reply dated 24-25 August 2017, the management stated that the expenditure was incurred on repair of vehicles used in the registration of TDPs. All the arrangements were made by the DC Bannu at his own efforts. Bills were cleared after verification by concerned Authorities.

The reply of the management is not cogent as the observation wise reply dully supported by documents was not produced.

The PAO was requested to convene DAC meeting vide letter No. 324/Special Audit/Zarb-e-Azb/FDMA Peshawar/FY/2014-17/378-381 dated 18.09.2017. No DAC meeting was convened till finalization of this report despite issuance of three reminders dated 30.10.2017, 21.11.2017 and 26.12.2017.

Audit recommends that the matter may be inquired to fix the responsibility on the person(s) responsible under intimation to audit.

(Para No.43, FDMA, Peshawar)

Chapter-2

FATA Secretariat, Peshawar

2.1 Introduction of the Department

The Directorate of Project (DoP), housed in the FATA Secretariat, is working to implement government's priorities in FATA. It is managed by the Director General of Projects (DGoP) under the supervision of the Additional Chief Secretary, FATA.

DoP, Planning and development department, FATA secretariat Peshawar received an amount of Rs. 12,638.456 million for Permanent Reconstruction in FATA. The MoU was signed on 09.06.2016 between FATA Secretariat and TDPs Secretariat Peshawar to execute the Projects under the Permanent Reconstruction Program in South and North Waziristan through executing agencies in FATA.

2.2 Comments on Budget & Accounts (Variance Analysis)

The Federal Government released a sum of Rs. 12,638.46 million to DoP, FATA Secretariat, Peshawar and Rs. 12,615.596 million were released to the executing agencies through TDP, Secretariat Peshawar for reconstruction of infrastructure.

(Rupees in million)

S. No.	Period	Releases	Further releases/ Expenditure	Saving/surrender
1	2015-16	5,000.00	5,000.00	-
2	FY 2016-17	7,638.456	7,615.596	22.860
	Total	12,638.456	12,615.596	22.860

The above table summarizes the releases made to FATA Secretariat, Peshawar and its further releases to executing agencies. The trend of releases and expenditure so far is upward. During the FY 2015-16 all the funds received by FATA Secretariat Peshawar were further released to the executing agencies. Whereas, during FY 2016-17 Rs. 7,615.596 million were further released out of the total funds received and the remaining 22.86 million were surrendered to the federal government.

2.3 AUDIT PARAS

2.3.1 Monitoring and Evaluation

2.3.1.1 Non-provision of adjustment account-Rs.12,615.596million

The revised procedure of Assignment Account provides that the drawing authorities shall submit monthly account of expenditure with copies of paid vouchers for 100% post audit.

Directorate of Projects, Planning and development department, FATA secretariat Peshawar received an amount of Rs.12,638,456,000. Out of these funds, FATA secretariat transferred funds to the tune of Rs.12,615,596,000 to TDPs (M&R) Secretariat Peshawar for permanent reconstruction, as detailed at **Annex-XXII**.

Audit observed that the department did not obtain the detailed accounts as were required vide DoP FATA Secretariat letters dated 22.06.2016 and 27.09.2016.

Audit holds that non-obtaining of detailed account is a violation of revised procedure of assignment account and MoU.

The matter was pointed out on 23rd May, 2017. In their reply dated 14th July 2017, the department stated that the TDP Secretariat has already been informed vide their office letter dated 31.05.2017 to submit detail adjustment accounts in support of Rs. 12,615.596,000 to this office for onwards submission to the quarters concerned. The adjustment account of the said amount will be furnished as and when received from the TDP Secretariat.

The DAC in its meeting dated 04.08.2017 decided that the no further releases should be made to the executing agencies without the provision of original/ paid vouchers of the earlier release amount.

Audit recommends that the adjustment accounts may be obtained and provided for verification in addition to the compliance of the DAC directives for future releases.

(Para No.1, FATA Secretariat, Peshawar)

OVERALL ASSESSMENT

The goods and services were procured by way of direct contracting in most of the cases. In a few instances miscellaneous goods and services were procured from the same contractor. Further, the procurements were also made from the contractors who were not amongst the prequalified contractors. The procurement so made is a violation of the PPRA Rules-2004.

The contract agreements in most of the cases were not signed with the supplier. Further, the procurements where contract was signed did not include the uniform conditions in the supply orders/ NIT of every contract. The delivery time was not explicitly mentioned. The use of varying clauses with different contractors and different modes of procurements put the interest of the state at risk and tantamount to undue favor to contractors. Further, the penal clauses as to damages to the supplier in case of late delivery, non-compliance to the conditions of the contract were either not provided or explicit. This tantamounts to undue favor to the contractor.

The necessary evaluation of the goods before award was not carried out in most of the cases to ascertain as to whether the sampled goods were as per the specification advertised by the FDMA. The lab test reports are crucial to ascertain the quality of the goods as per the specifications laid down. The non-obtaining of such reports is also an undue favor to contract and it results in making the procurement process futile. FDMA should keep the public interest in focus while engaging the contractors.

No record as to the receipt of supply order by the supplier was found in most of the cases. In the absence of receipt/ acknowledgment of the supply order from the supplier, it was not possible to ascertain the actual date of delivery of goods, especially in case of direct contracting due to emergencies.

The overpayments were made during payment of manual ex-gratia cash assistance provided to the TDPs. This includes the multiple payments to the verified and non-verified TDP families for more than once. Further, the established internal control of bio-metric check was removed while making payments to the TDPs. This may lead to the payments of ex-gratia assistance to the persons other than entitled TDPs.

Numerous instances of non-deduction and less deduction of taxes and non-deduction of late payment charges were observed. The department needs to develop an internal

audit mechanism to strengthen the internal controls and minimize the occurrence of similar incidents in future.

There have also been incidents of exploitation of TDPs by the cellular companies which includes double charging of commission, sale of cell phones etc. beyond the terms and conditions laid down in the MoU, which led to the exploitation of TDPs.

Annexes
MFDAC

Annex-I

S. #	PDP #	FY	Name of Entity	Subject
FDMA, Peshawar				
1	49	2016-17	FDMA, Peshawar	Weak contract management and non-safeguarding of the interest of the state
DC Bannu				
2	44	2016-17	FDMA, Peshawar	Unverifiable expenditure on hired generators - Rs.0.089 million
3	45	2016-17	FDMA, Peshawar	Unverifiable expenditure on construction of shingle road -Rs. 0.194 million
4	46	2016-17	FDMA, Peshawar	Unverifiable POL charges -Rs.0.728 million
5	47	2016-17	FDMA, Peshawar	Unauthorized utility bills amounting for -Rs.0.122 million
6	48	2016-17	FDMA, Peshawar	Unjustified procurement of fixed assets -Rs.0.594 million
7	18	2016-17	FDMA, Peshawar	Irregular award of left-over work in violation of PPRA rules -Rs. 2.225 million
8	19	2016-17	FDMA, Peshawar	Improper maintenance of store/ godowns
Consultant SAFRON, Bannu				
9	50	2016-17	FDMA, Peshawar	Unauthorized retention of closing balances -Rs. 0.682 million
10	51	2016-17	FDMA, Peshawar	Non-preparation of cash book and un-reconciled opening and closing balances

D.O. No. 04(02)P/L/2014 (Vol-VI)



Secretary

Phone: 9202269
9203032

States & Frontier Regions Division
Government of Pakistan
Islamabad

June 29, 2016

Subject:- SPECIAL AUDIT FOR THE FUNDS RELEASED TO FDMA AND FATA SECRETARIAT FOR OPERATION ZARB-E-AZB.

Dear *Rana Sahib,*

As you are aware that Operation Zarb-e-Azab was launched in June, 2014. A total of 447,544 families were displaced from FATA out of which 285,400 families have gradually and successfully returned to their area of origin. The Agency wise breakup of the TDPs and assistance provided to them in various areas is at Annex-I.

2. The process of cash assistance return cash, rehabilitation and reconstruction is currently under way since 2014. The list containing funds released to FATA Secretariat and FATA Disaster Management Authority (FDMA) is enclosed as Annex-II.

3. It shall be greatly appreciated if you could kindly undertake a special audit of the funds released to FDMA and FATA Secretariat for payment to the TDPs.

With profound regards.

Yours Sincerely,

Muhammad Shehzad Arbab
(MUHAMMAD SHEHZAD ARBAB)

We have to include it in our plan.

For n/a
Rana Asad Amin,
Auditor General of Pakistan,
Audit House, Constitution Avenue,
Islamabad.

DD (DD plan)
Incorporate in our audit plan and see if we have included FATA disaster management Authority in regular audit.

DD
Atc
17/7/16
DL

13/7/16
13/7/16
13/7/16

Agency	NADRA Verified (A)	Verified Return (B)	Spontaneous Return (C)	Total Verified Return (B+C)	Un-Registered/ Non Verified Return	Total Balance (A-B-C)	Return Progress %
NWA	104,002	17103	19909	37012	5553	66990	36
SWA	71,124	13997	0	13997	13404	57127	20
Khyber	91,689	81857	4646	86503	51912	5186	94
Orakzai	35,823	5899	14371	20270	14289	15553	57
Kurram	33,024	8307	7810	16117	12275	16907	49
FR-Tank	2,228	1852	0	1852	0	376	83
Bajaur	72,895	72895	0	72895	0	0	100
Mohmand	36,759	36759	0	36759	0	0	100
GRAND TOTAL	447,544	238,669	46,736	285,405	97,433	162139	64

ASSISTANCE PROVIDED IN RETURNS:

Government is providing the below mentioned assistance immediately after return:

1. Transport grant @10,000/ family by govt (electronic transfers via SIMs)
2. Return Cash Grant @ 25,000/ family by govt (electronic transfers via ATM)
3. Six months food security in the area of return by WFP
4. Targeted Assistance of Tents (on need basis) by UNHCR
5. Targeted Assistance o NFI Package (on need basis) by UNHCR
6. Targeted Assistance of Hygiene Kits (on need basis) by UNICEF
7. Targeted Assistance of Tool Kits (on need basis) by UNHCR

In this connection, FDMA is providing compensation to all the NADRA verified FATA returnees who voluntarily signed their Voluntary Return Form (VRF) to different agencies.

AMOUNT DISBURSED IN TRANSPORT AND RETURN CASH GRANT (In Million)							PAYMENTS TILL
AGENCY	COMPANIES	Transport @ 10,000		Return Grant @ 25,000		Total Amount Disbursed (In Million)	
		Families	Amount	Families	Amount		
Khyber	Telenor (Bara, after March 2015)	27148	271	27013	675	947	31-Mar-16
	Telenor (Tirah Old Caseload)	0	0	5524	138	138	31-Mar-16
	Mobilink	39811	398	37991	950	1348	28-Mar-16
Sub Total of Khyber		66959	670	70528	1763	2433	
NWA	Zong	14795	148	12818	320	468	22-Feb-16
SWA	Mobilink (After March 2015)	9501	95	8967	224	319	28-Mar-16
	Mobilink (Old Caseload)	0	0	3147	79	79	28-Mar-16
Sub Total of SWA		9501	95	12114	303	398	
Orakzai	Ufone	502	5	474	12	17	14-Mar-16
Kurram	Mobilink	2867	29	2581	65	93	28-Mar-16
Total		94624	946	98515	2463	3409	

STATEMENT SHOWING THE DETAIL OF FUNDS RELEASED SO FAR TO FDMA & FATA SECRETARIAT FOR TDPs AND OTHER EXENGENCIES

1. Finance Division has released Rs.13 Billion directly to FATA Secretariat for TDPs.
2. Rs.645,350,000/- as compensation package I to earth quack affectees on 23rd November, 2015.
3. Rs.122,700,000/- as compensation package II to earth quack affectees on 18th December, 2015.
4. Rs.591,300,000/- for establishment of Camp at Nawab Mandi on 18th March, 2016.

MONTHS	FUNDS RELEASED
JUNE, 2014	Rs. 1,000.000 Million
JULY, 2014	Rs. 1,800.000 Million
AUGUST, 2014	-----
SEPTEMBER, 2014	Rs. 950.000 Million
OCTOBER, 2014	Rs. 1,369.630 Million
NOVEMBER 2014	Rs. 955.524 Million
DECEMBER, 2014	Rs. 1,193.211 Million
JANUARY, 2015	Rs. 1,281.826 Million
FEBRUARY, 2015	Rs. 1,678.057 Million
MARCH & APRIL, 2015	Rs. 1,976.881 Million
MARCH, 2015 (RETURN PACKAGE-I)	Rs. 1,500.000 Million
APRIL, 2015 (RETURN PACKAGE-II)	Rs. 1,500.000 Million
JULY, 2015 (RETURN PACKAGE-III)	Rs. 2,000.000 Million
MAY, JUNE & JULY, 2015	Rs. 3,718.043 Million
SEPTEMBER, 2015	Rs. 924.306 Million
OCTOBER & NOVEMBER, 2015	Rs. 1,845.916 Million
DECEMBER, 2015	Rs. 953.549 Million
JANUARY, 2016	Rs. 837.117 Million
FEBRUARY, 2016	Rs. 820.632 Million
MARCH, 2016	Rs. 819.474 Million
MARCH, 2016 (RETURN PACKAGE-IV)	Rs. 1,931.972 Million
APRIL, 2016	Rs. 811.062 Million
MAY & JUNE, 2016	Rs. 1,530.953 Million
TOTAL →	Rs. 31,398.153 Million



Office of the
AUDITOR GENERAL OF PAKISTAN
FAO WING
Constitution Avenue
Islamabad

592
No. 103/P&C/1-C/2013 (Part File-I)

1st Aug
July, 2016

To


- ✓ 1. The Director General Audit, Federal Government, Islamabad.
- 2. The Director General Audit, Disaster Management, Islamabad.

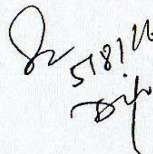
Subject: - SPECIAL AUDIT FOR THE FUNDS RELEASED TO FDMA AND FATA SECRETARIAT FOR OPERATION ZARB-E-AZB

Please refer to the Secretary, States & Frontier Regions Division, Islamabad D.O No.04(02)P/L/2014 (Vol-VI) dated 29.06.2016 on the subject (copy enclosed).

- 2. The Auditor General of Pakistan has been pleased to approve the Special Audit for the Funds released to FDMA and FATA Secretariat for payments to the TDPS.
- 3. It is, therefore, requested to please depute an audit team to conduct the subject special audit.

Encl: As Above.


(Sher Bahadar Arbab)
Director General (FAO)









14.17
D.G. Officers Diary No. 132
Dated: 1/8/16
D.G. Audit Disaster Management

Amount of stamp duty to be recovered

S #	Vendor Name	Items	Cost (Rs.)	Amount of Stamp Duty (Rs.)
1	Speed Line		134,624,400	336,561.00
2	Usman Traders	Tents, 6000	56,670,000	141,675.00
		Tents 7000	67,550,000	168,875.00
		Tents 5,000	46,500,000	116,250.00
		Hygiene Kit	3,858,600	9,646.50
3	Zakira & Sons	Bed	891,540	2,228.85
4	Suleman & Brothers	Tents	20,780,000	51,950.00
5	ABC	Tents	64,880,100	162,200.25
		School Tents	9,200,000	23,000.00
		NFIs	78,653,500	196,633.75
6	Awasia General Supplier	Generator 20kva	3,187,793	7,969.48
7	Pioneer Works & Services	Note Book Urdu	1,559,796	3,899.49
8	One Group International	Kitchen Set	3,870,000	9,675.00
9	Zeb & Co.	Plastic Mats	3,652,000	9,130.00
10	Sharif Sons Association	Hygien kit	1,358,000	3,395.00
11	Altaf & Sons	Gas Cylander	872,000	2,180.00
		Jery Can	3,320,000	8,300.00
12	Mughal Tradets	Plastic Lota	50,000	125.00
13	TEE es TRADERS	Pillow	234,000	585.00
14	Alamzeb & brothers	search lights	50,770	126.93
		Pitching	136,200	340.50
15	M/S Pearl Assouates	Tents	4,800,000	12,000.00
		Tents	31,415,239	78,538.10
		Matress	777,049	1,942.62
		Quilts	672,000	1,680.00
		Matress	820,000	2,050.00
		tents, quilts, mattress, pillow	31,936,000	79,840.00
16	S S Traders	water bowser	1,651,200	4,128.00
		water bowser	1,858,788	4,646.97
		water bowser	2,002,770	5,006.93
17	M Tariq Khan	Gas filling cylinder	60,000	150.00
18	M/s Maxim Advertising Co.		2,256,304	5,640.76
19	M/s Capital Venture Islamabad	School Tents 30	9,600,000	24,000.00
20	M/s The Vision		1,258,488	3,146.22
21	M/S Bilal Traders & Cargo Transport	Transport to TDPs	151,572,483	378,931.21
22	Haji Ghulam & sons		11,492,000	28,730.00
23	M/S Bilal Traders & Cargo Transport	Food box	39,624,000	99,060.00
24	M/S Sarhad Tent services		9,550,000	23,875.00
25	M/s Millat Tractors		219,900	549.75
26	Syed Kan & Co.	Food box	23,753,995	59,384.99
		Construction works	5,868,595	14,671.49

S #	Vendor Name	Items	Cost (Rs.)	Amount of Stamp Duty (Rs.)
27	M/s Ocean Traders	Plastic buckets	729,000	1,822.50
	Total			2,084,541.29

(Para No. 2, FDMA, Peshawar)

Annex-V

Non-deduction of sales tax on services from supplier

S #	Vendor Name	Items	Date	Cost (Rs.)	Rates to be deducted	Sales tax on services to be deducted (Rs.)
1	M/s Maxim Advertising Co.		18.08.2014	2,256,304	16%	361,008
2	M/S Bilal Traders & Cargo Transport	Food box/ catering		39,624,000	16%	6,339,840
3	M/S Sarhad Tent services	Food box/ catering		9,550,000	16%	1,528,000
4	Syed Khan & Co.	Food box		23,753,995	16%	3,800,639
5	Kurram Green	Services		30,190,240	16%	4,830,438
6	Tochi VIP Crocekry& Tent Services	Tents Services		1,185,231	16%	189,637
7	Nil	Rented W. Tanker & Water Tanker Chr		397,650	16%	63,624
8	Malik Shrein	Water bowser		5,304,000	16%	848,640
	Total			107,326,578		17,961,826

(Para No. 3, FDMA, Peshawar)

Annex-VI

Non-deduction of sales tax and income tax from the suppliers

S #	Vendor Name	Items	Cost (Rs.)	Sales Tax (Rs.)	GST on Services (Rs.)	Income Tax (Rs.)
1	Kurram Green	Services	30,190,240		4,830,438	2,101,241
2	Kurram Green	Supply	2,573,868	437,558		105,400
3	Amir Bakers (Bannu)	Refreshment Items	14,839,380	2,522,695		607,673
4	Gulnawaz Dealer	Ice Charges	50,400			1,764
5	HijiAyub	Ice Charges	102,950			3,603
6	Nil	Ice Charges	14,950			523
7	Different Suppliers	Repair of Machinery	795,627	135,257		32,581
8	Fahad Sanitary & Machinery	Purchase of Generator	89,000	15,130		3,645
9	Haji Shrein& Sons	Construction works	194,400			11,664
11	Tochi VIP Crocekry& Tent Services	Tents Services	1,185,231		189,637	82,492
12	Nil	Rented W. Tanker & Water Tanker Chr	397,650		63,624	27,676
13	Different Suppliers	Misc Items	1,137,765	193,420		46,591
14	Different Suppliers	Repair of Machinery	795,627	135,257		32,581
15	Malik Shrein	Fodder	17,152,670	2,915,954		1,204,117

S #	Vendor Name	Items	Cost (Rs.)	Sales Tax (Rs.)	GST on Services (Rs.)	Income Tax (Rs.)
16	Malik Shrein	Development works / Civil works	273,745,950			16,424,757
17	Malik Shrein	Cooked food	55,904,930	9,503,838		2,289,307
18	Malik Shrein	Cooked food to doctors, labor, FDMA staff	319,700	54,349		13,092
19	Malik Shrein	Cooked food/ fodder	26,926,100	4,577,437		1,102,624
20	Malik Shrein	Tube-well	8,846,000	1,503,820		362,244
21	Malik Shrein	Fodder/ physical assets	14,222,337	2,417,797		582,405
22	Malik Shrein	Works at staging area	3,971,304	2,915,954		238,278
23	Malik Shrein	Water bowser	5,304,000		848,640	369,158
	Total		458,760,079	27,328,466	5,932,339	25,643,416

(Para No. 4, FDMA, Peshawar)

Annex-VII

Less deduction income tax from the suppliers

S #	Vendor Name	Items	Date	Cost (Rs.)	IT Deducted (Rs.)	IT to be deducted (Rs.)	IT Difference (Rs.)
1	Suleman & Brothers	Tents 7000		67,550,000	2,668,546	3,039,750	371,204
2	Usman Traders	Tents, 6000		56,670,000	2,158,858	2,550,150	391,292
		Tents 2000		20,780,000	890,571	935,100	44,529
		Tents 5,000		46,500,000	1,992,857	2,092,500	99,643
3	Pearl Associates	Hygiene Kit		3,858,600	148,406	173,637	25,231
4	Zakria & Sons	Bed		762,000	29,307	34,290	4,983
5	Suleman & Brothers	tents		20,780,000	890,571	935,100	44,529
6	Capital Venture	School Tents		9,600,000	365,714	432,000	66,286
7	ABC	Tents	15-23 .09.2014	64,880,100	2,270,804	2,919,605	648,801
		School Tents	18.09.2014	9,200,000	322,000	414,000	92,000
		NFIs	15-23.09.2014	78,653,500	2,572,872	3,539,408	966,536
8	Pioneer Works & Services	Note Book Urdu, Science, Maths, GK, English		1,559,796	64,990	70,191	5,201
		Geomatry Box with all Accessories					
		School Bag (Water proof) Good Quality					
9	Zeb & Co.	Plastic Mats		3,652,000	140,460	164,340	23,880
10	Altaf & Sons	Gas Cylender		872,000	33,538	39,240	5,702
		Jery Can		3,320,000	127,691	149,400	21,709
		Iron Bed					
11	Mughal Traders	Plastic Lota		50,000	1,709	2,250	541

S #	Vendor Name	Items	Date	Cost (Rs.)	IT Deducted (Rs.)	IT to be deducted (Rs.)	IT Difference (Rs.)
12	TEE es TRADERS	Pillow		234,000	8,914	10,530	1,616
13	Zubair Steel	Iron Bed		1,550,000	86,112	100,750	14,638
14	Pearl Associates	Tents		4,800,000	205,714	216,000	10,286
		tents	23.01.17	31,415,239	1,216,609	1,413,686	197,077
		Quilts	06.02.17	672,000	28,800	30,240	1,440
		tents, quilts, mattress, pillow	23.01.17	31,936,000	1,216,609	1,437,120	220,511
15	Alamzeb & brothers	search lights	26.07.16	50,770	2,030	2,285	255
16	S S Traders	water bowser	07.02.16	1,651,200		107,328	107,328
17	M Tariq Khan	Gas filling cylinder	23.05.16	60,000		3,900	3,900
18	M/s Maxim Advertising Co.		18.08.2014	2,256,304	16,922	146,660	129,738
19	M/s Capital Venture Islamabad	School Tents 30		9,600,000	365,714	432,000	66,286
20	M/s The Vision			1,258,488	41,047	125,849	84,802
21	Haji Ghulam & sons			11,492,000	-	229,840	229,840
22	M/S Bilal Traders & Cargo Transport	Food box		39,624,000	-	3,962,400	3,962,400
23	M/S Sarhad Tent services			9,550,000		955,000	955,000
24	Syed Kan & Co.	Food box		23,753,995	831,390	1,068,930	237,540
		Construction works		5,868,595	205,401	264,087	58,686
25	M/s Ocean Traders	Plastic buckets		729,000	26,999	32,805	5,806
26	M/s One Group Intl.	Kitchen sets		3,870,000	100,513	174,150	73,637
27	M/s Awaisia General Order Supplier	Machinery/ school items		3,187,793	177,099	207,207	30,108
		Total		572,247,380			9,202,961

(Para No. 5, FDMA, Peshawar)

Misappropriation of funds (FDMA)

S#	BPV #	Cheque #	Particular	Amount(Rs.)
1	263,319, 40, 94	6798401 6798460 6798109 14437735 5347247 5347262 6565805	Repair of Vehicle	183,873
2	266	6798404	Entertainment for under trainee officers of MCMC	47,800
3	268, 74	6798406 6798172 5347285 5347286 6565853 6565850 6565875	Misc. Expenses	116,910
4	424, 54, 91	264317 6798111 5347261 6565802	POL Charges	334,028
5	439, 447	264333 264341 6798130 6798168	TA / DA	249,580
6	436, 131	264330 6798163 6798183 6565844 6565895 6643416	Translation & photocopy Charges	53,193
7	5, 78, 112, 118 , 141, 139, 136	6798117 5347208 5347288 6565823 6565830 6565854 6565852 6565849 6565828, 6798159, 6798131	Purchase of IT Equipment/ Fixed Assets	395,654
8	87, 86	6798126 6798129 6798128 6798127 5347297 5347296	Utility Bills of FDMA	797,454
9	Nil	6798156	Furnishing of guest house	45,130
10	8, 10, 11, 44, 43, 42, 41, 71, 72, 73, 49, 50, 51, 52, 247	5347211 5347215 5347216 5347251 5347250 5347249 5347248 5347252 5347276 5347281 5347282 5347283 5347256 5347257 5347258 5347259 6643475	Daily Wages of DEO	1,289,310
11	18, 19	5347217 5347225 5347226	Honoraria of Emergency Duty	75,750
12	69, 68, 77, 104	5347279 5347278 5347287 6565815	Advertisement Charges	893,560
13	241	6643469	Installation of Dug well	190,750
	Total			4,672,992

(Para No. 24, FDMA, Peshawar)

Annex-IX

Misappropriation of funds (DC Bannu)

S #	Date	Particular	Vendor	Amount(Rs.)
1	14.06.14 to 30.07.14, 26.08.14	Entertainment & Tent Services (Bakery / Refreshment Items)	Amir Bakers, TochiVip crockery & tent services & Wahid Vip crockery & tent services, Asmat Ullah food contractor, Gul nawaz dealer, Haji AyubAgrimal	16,869,030
2	17.06.14 to 22.06.14, 15.06.14 to 25.06.14 & 10.07.14 to 11.07.14	Water Tanks & Rented Water tankers + Driver (only w.tanker 12000 per day)		408,150
3	17.06.14 to 22.06.15	Purchase of Generators	Fahad sanitary & store	89,000
4	19.06.14 to 20.06.14	Construction of shingle road	Haji Sharin & Sons	194,400
5	19.06.14, 18 & 29.07.14	Misc. Electric, Sanitary work, Stationery & Food	Al-ahmad hardware & sanitary store, Fahad sanitary & store, Ankara sanitary store, Azam sanitary store & others	991,940
6	26.06.14	food for animals	open market	205,750
7	21.06.14 to 28.06.14	guest house charges (DHS Fata staff & Others)	Bagh E Sakoon Guest House	95,650
8	05 to 07.06.14, 18 to 22.06.14 6 days of June b/w 9 to 30.14 30.06.14 03.07.14 & 07.07.14 23.10.14 30.09.14 05.11.14 29.08.14 16.09.14 04.09.14 25.09.14 02.07.14 to 05.07.14 13.10.14 20.08.14	POL	Haji Ayub, Malik haji Aakhijayan & Filling Stations	666,307

S #	Date	Particular	Vendor	Amount(Rs.)
9	14.07.14 to 17.07.14	Rented fan charges	Wahid crockery & tent services	21,780
10	12.07.14 01.09.14	panaflex banners	Bilal firoz line graphics	500,600
11	June, July, Aug, Sep 14	PTCL bill		51,470
12	26.06.14 to 06.07.14	Labour charges		25,700
13	02.07.14, 11.07.14, 07.08.14 june 2014, 17.10.14 15.09.14 2,20 & 22.07.14 28.08.14 11.10.14	Repair of vehicle No. A1344 (Commissioner Bannu) Repair of vehicle No. 3511, shehrzad 6218, fire brigade , vehicle No. FR-3, vehicle shahzor and troop, Govvehicleessshahzor 2012 Fr, S/ cab pickup Fr-02, vehicle No. LHR 1862, Vehicle A1212 & other repair charges	Mehran autos & Mir Hussain shah spray painter, Raza khan autos, Ehsan autos, Shah electronics, new abuzehbi mechanic workshop, haji anwar khan and zahidiqbal, Aleem mechanic, Malik Tariq ustad & Bros sharlo engine oil & others, Arshad Autos, kurram filling station & Sabir oil traders & filter house	463,505
14	20.06.14 07.07.14	Matress, pillows and bed sheets	Azam carpet & furniture house	100,225
15	04.08.14	Salaries of employees for July to October, 2014	Assistant, Computer operator (15000 each p.m)	120,000
16	03.07.15	Repair charges vehicle fire brigade	Sakhi Rehman & Brothers	5,450
17	30.07.14	Refreshment of pilots of Governor & CM Punjab	Nil	9,350
18	06.08.14 & 14.11.14	POL charges during the visit of Governor KPK & PM	Filling stations	62,419
19	July & August 20114	Utility & Internet bills charges of APO & Army Officer		70,138
20		Repair of machinery	Haji Majeed khan, Ziyoran Refrigeration	206,950
21		Misc Expenditures (Commissioner Bannu)	Nil	1,065,883
22		Gift packages for new born babies through Pak Army	Nil	97,116
23		Amount awarded to 15 posts at TDP camp @ 5000		75,000
24		Refreshment & Food items for army & NGO		870,769
	Total			23,266,582

(Para No. 24, FDMA, Peshawar)

Annex-X

Unauthorized grant of honorarium

S. No	Department	FY 2014-15 (Rs.)	FY 2015-16 (Rs.)	FY 2016-17 (Rs.)	Total (Rs.)
1	102 Air Defense Unit			500,000	500,000
2	52 Air Defense Unit			500,000	500,000
3	SAFRON/CDA staff			759,812	759,812
4	AGPR Peshawar			170,000	170,000
5	FATA Secreteriat			150,000	150,000
6	SAFRON consultant office Bannu			350,000	350,000
7	SAFRON staff	4,357,690	3,267,776	8,692,546	16,318,012
8	SAFRON staff	687,600		138,000	825,600
9	SAFRON/CDA Staff		4,778,735		4,778,735
10	AGPR Isb		589,244		589,244
	Total	5,045,290	8,635,755	11,260,358	24,941,403

(Para No. 26, FDMA, Peshawar)

Annex-XI

Unverifiable expenditure on catering services

S. No	Period	Description	Vendor	Amount (Rs.)
1	18.06.14 to 30.06.14	tents services	TochiVip crockery & tent services	699,451
2	23.06.14 to 02.07.14	tents services	Wahid crockery & tent services	74,050
3	26.03.14 to 04.04.14	tents services	TochiVip crockery & tent services	100,900
4	02.07.14 to 07.07.14	tents services	TochiVip crockery & tent services	94,380
5	01.07.14 to 17.07.14	tents services	TochiVip crockery & tent services	93,000
6	28.07.14	tents services	TochiVip crockery & tent services	101,000
7	22.06.14	tents services	TochiVip crockery & tent services	22,450
	Total			1,185,231

(Para No. 29, FDMA, Peshawar)

Annex-XII

Unverifiable expenditure on account of miscellaneous expenses

S. No	Date	Description	Vendor	Amount (Rs.)
1	17.06.14 to 22.06.16, 18 & 28.06.14, 18.06.14 & 29.07.14	Electric, Stationery & Misc Chr.	Fahad sanitary & store, Al-Ahmad hardware & sanitary store, Ankara Sanitary store, Azam Sanitary store, Samad Sanitary store, Riaz Electric & Bartan store	985,255
2	20.06.14 & 07.07.14	Matress, pillows and bed sheets	Azam carpet & furniture house	100,225
3		Stationery Item	Nil	52,285
4	12.07.14 & 01.09.14	Panaflex banners	Bilal firoz line graphics	500,600
	Total			1,638,365

(Para No. 30, FDMA, Peshawar)

Annex-XIII

Unverifiable expenditure on account of entertainment for officials

S. No.	Office	Date	Cheque #	Description	Vendor	Amount (Rs.)
1	FDMA & DC Bannu	08.09.15, 07.07.14, 21.06.14 to 28.06.14	6798156	Guest House Charges & Furnishing of guest house	Amir Bakers	140,780
2	DC Bannu	16.06.14 09.06.14 to 10.07.14, 26.08.14, 09.02.15	6798404 & Others	Entertainment (Official & Distribution Point)	Nil & Amir Bakers, TochiVip crockery & tent services, Asmat Ullah food contractor, Bagh E Sakoon Guest House	723,919
3	DC Bannu	Nil		Refreshment & Food items for army officers & NGO Official	Nil	870,769
Total						1,735,468

(Para No. 33, FDMA, Peshawar)

Annex-XIV

Award of work to a single contractor in violation of PPRA Rules

S. No.	Description	Voucher#	Cheque	Date	Amount (Rs.)
1	Fodder	144, 147, 172, 219	6565857 6565860 6565869 6565890 6643452	18.08.14 05.09.14 16.09.14 09.01.14	17,152,670
2	Development works / Civil works	145,146, 397, 173, 338, 329, 285	6565858 6565859 6565869 125039 6565891 6798296 67998477 6798468 6798245	18.08.14 05.09.14 15.06.16 17.09.14 18.01.16 14.05.15 05.05.15 09.03.15	273,745,950
3	Cooked food	171, 270	6565868 6565889 6798408	05.09.14 16.09.14 16.02.15	55,904,930
4	Cooked food to doctors, labor, FDMA staff		6565868	05.09.14	319,700
5	Cooked food/ fodder	189	6643410	22.09.14	26,926,100
6	Tube-well	190	6643411	22.09.14	8,846,000
7	Fodder/ physical assets	273	6798412	09.12.15	14,222,337
8	Works at staging area	417	264309	23.06.15	3,971,304
9	Water bowser		06798246 067981184 06798302	07.12.16 05.10.15 28.01.16	5,304,000
	Total				406,392,991

(Para No. 6, FDMA, Peshawar)

Annex-XV

Violation of PPRA rules in procurement of transport services

Vendor name	Vendor name	Date	Voucher No.	Cheque #	Payments (Rs.)
1.	M/s Bilal Traders & Cargo Transport	12.6.14 11/7/2014 11/7/2014 23/7/2014 6/8/2014 7/8/2014 13/8/14 15/8/14 15/9/2014 10/11/2014 28/1/15 26/2/15 19/5/15 22/6/15	28-DPs-NWA-14 34-DPs-NWA-14 81-DPs-NWA-14 97-DPs-NWA-14 102-DPs-NWA-14 14 110-DPs-NWA-14 14 123-DPs-NWA-14 14 164-DPs-NWA-14 14 238-DPs-NWA-14 14	969632 5347235 5347241 5347291 6565808 6565813 6565821 6565836 6565880 6643466 6643499 6798416 6798478 264306	124,592,783
2.	Haji Ghulam Mustafa & Sons	20.06.2014 08.07.2014	17	969633 5347224	11,492,000
	Total				136,084,783

(Para No. 12, FDMA, Peshawar)

Procurement of HSD/ Petrol on higher prices

S. #	Contractor Name	Date/Month	Cheque#/ Dated	Class of fuel	PSO Diesel Cost (Rs/Ltr)	Contractor Diesel Cost (Rs/Ltr)	Cost (Rs/Ltr) Difference	Total Diesel Cost PSO (Rs.)	Total Diesel Cost Contractor (Rs.)	Total Cost Difference (Rs.)	Recipient
1	M/S Kurram Green Sector Services	Jul-14	6565816/1 1.08.14	Diesel	109.34	113.4	4.06	70250	72858	2609	Bakka Khel Camp
2	-do-	Aug-14	6643464/1 0.11.14	Diesel	109.34	113.4	4.06	179737	186411	6674	-do-
3	-do-	8 Aug 14 to 24 Sep 14	6643464/1 0.11.14	Diesel	108.34	113.5	5.16	226972	237783	10810	-do-
4	-do-		6643461/1 0.11.14						33800		NADRA/ Army
5	-do-		6643462/1 10.11.14						7000		NADRA
6	-do-		6643464/1 0.11.14						314880		-do-
7	-do-		06798445/ 30.03.15						22800		-do-
8	Barakzai Filling Station	Mar-15	06798474/ 12.05.15	Diesel	80.61	84.4	3.79	48366	50640	2274	-do-
9	-do-	Apr-15		Diesel	83.61	87.6	3.99	93643	98112	4469	-do-
10	-do-	May-15	0264318/2 4.06.15	Diesel	83.61	87.6	3.99	83610	87600	3990	-do-
11	-do-	Jun-15	0264343/1 5.07.15	Diesel	87.12	91	3.88	104544	109200	4656	-do-
12	-do-	Jul-15	06798124/ 24.08.15	Diesel	87.11	91	3.89	90594	94640	4046	-do-
13	-do-	Aug-15	06798154/ 07.09.15	Diesel	85.05	89.9	4.85	101210	106981	5772	-do-
14	Naqib Ullah Filling Station	Sep-15	06798193/ 26.10.15	Diesel	82.04	85.8	3.76	100909	105534	4625	-do-
15	-do-	Oct-15	06798227/ 26.11.15	Diesel	82.04	85.8	3.76	122240	127842	5602	-do-
16	-do-	Nov-15	06798255/ 17.12.15	Diesel	83.79	87.55	3.76	95521	99807	4286	-do-
17	-do-	Dec-15	06798286/ 06.01.16	Diesel	83.79	87.55	3.76	189784	198301	8516	-do-
18	-do-	Jan-16	06798328/ 04.03.16	Diesel	80.79	84.55	3.76	247056	258554	11498	-do-
19	-do-	Feb-16	06798348/ 31.03.16	Diesel	75.79	79.55	3.76	193643	203250	9607	-do-
20	-do-	Mar-16	06798362/ 26.04.16	Diesel	71.12	74.88	3.76	57607	60653	3046	-do-
21	-do-	Apr-16	06798378/ 19.05.16	Diesel	72.52	76.3	3.78	121834	128184	6350	-do-
22	-do-	May-16	06798393/ 08.06.16	Diesel	72.52	76.3	3.78	329023	346173	17150	-do-
23	-do-	Jun-16	38489783/ 22.07.16	Diesel	72.52	76.3	3.78	470655	495187	24532	-do-
24	-do-	Jul-16	38488942/ 10.08.16	Diesel	72.52	76.3	3.78	516995	543943	26948	-do-
25	-do-	Aug-16	38489023/ 21.09.16	Diesel	72.52	76.3	3.78	255270	268576	13306	-do-
26	-do-	Sep-16	38489091/ 18.10.16	Diesel	72.52	76.3	3.78	200518	210970	10452	-do-
27	-do-	Oct-16	38489353/ 17.11.16	Diesel	72.52	76.3	3.78	203564	214174	10610	-do-

S. #	Contractor Name	Date/Month	Cheque#/ Dated	Class of fuel	PSO Diesel Cost (Rs/Ltr)	Contractor Diesel Cost (Rs/Ltr)	Cost (Rs/Ltr) Difference	Total Diesel Cost PSO (Rs.)	Total Diesel Cost Contractor (Rs.)	Total Cost Difference (Rs.)	Recipient
28	-do-	Nov-16	38489007/ 03.01.17	Diesel	72.52	76.3	3.78	243160	255834	12674	-do-
29	-do-	Dec-16		Diesel	75.22	79	3.78	263270	276500	13230	-do-
30	-do-	01.Jan.17	38489510/ 08.02.17	Diesel	75.22	79	3.78	254018	266783	12765	-do-
31	-do-	16.Jan.17		Diesel	77.22	81	3.78	352818	370089	17271	-do-
32	-do-	March.17	38489632/ 05.04.17		82	85.77	3.77	567932	594043	26111	-do-
33				Petrol	107.97	112.1	4.13	38059	39515	1456	-do-
34				Petrol	106.56	112.5	5.94	83223	87863	4639	Bakka Khel Camp
35	Ali Zai Filling Station	1 Nov, 2014	6643491	Petrol	94.19	112	17.81	3956	4704	748	AC Kurram
36	-do-	Nov, 2014	6643491	Petrol	94.19	100	5.81	48790	51800	3010	-do-
37	-do-	Aug, 2014	6565870	Petrol	107.97	114	6.03	74931	79116	4185	-do-
38	-do-	July, 2014	6565804	Petrol	107.97	114.2	6.23	43728	46251	2523	-do-
39	-do-	Sep, 2014	66434767	Petrol	106.56	112	5.44	70543	74144	3601	-do-
40	-do-	Oct, 2014	66434767	Petrol	103.62	112	8.38	63001	68096	5095	-do-
41	-do-	June & Jul, 2014	534726	Petrol	107.97	113.9	5.93	51022	53825	2803	-do-
42	-do-	Dec, 2014	6643492	Petrol	84.53	89	4.47	53507	56337	2830	-do-
43	-do-	Feb, 2015	6798469	Petrol	70.29	74.96	4.67	22563	24062	1499	-do-
44	-do-	Mar, 2015	6798469	Petrol	70.29	74.8	4.51	26499	28200	1700	-do-
45	-do-	Apr, 2015	6798469	Petrol	70.29	83.33	13.04	19390	21749	2359	-do-
	Total							6,383,957	7,082,763	320,326	

(Para No. 31, FDMA, Peshawar)

Annex-XVII

Deduction of commission on undisbursed amount by cellular companies

S. No.	Service Provider			Period	Amount To be Disbursed (Rs.)	Rate of Commission Withheld (Rs.)	Amount Returned (Rs.)	Cases	Total amount returned (Rs.)	Total commission deducted (Rs.)
1	Zong	RCG		18-05-2015 to 09-05-2016	25000	250	24750	218	5,395,500	54500
2	Telenor	RCG	Khyber	19-11-2015 to 09-03-2016	25000	250	24750	69	1,707,750	17250
3	Telenor	RTG	Khyber	26-05-2015 to 28-07-2016	10000	100	9900	107	1,059,300	10700
4	Telenor	RCG	Kohat-Tira	28-01-2016 to 15-06-2016	25000	250	24750	21	519,750	5250
5	Telenor	RCG	Orakzai	14-05-2016 to 30-06-2016	25000	250	24750	43	1,064,250	10750
6	Telenor	RTG	Orakzai	02-05-2016 to 15-08-2016	10000	100	9900	18	178,200	1800
7	Telenor	RCG	SWA	14-05-2016 to 15-06-2016	25000	250	24750	20	495,000	5000
8	Telenor	RTG	SWA	02-05-2016 to 30-06-2016	10000	100	9900	68	673,200	6800
	Total								11,092,950	112,050

(Para No. 34, FDMA, Peshawar)

Non-imposition of late delivery charges

S #	Vendor Name	Items	Cost (Rs.)	Duration of delivery	Delivery date	Date as per delivery challan/ GRN	Rate in %	Late delivered (Qty)	Damages (Rs.)
1	Usman Traders	Tents	56,670,000	15	09.07.2015	28.06.15 to 12.07.15	3	1,350	1,700,100
2	Zakria & Sons	Sleeping Bed & Pillows	762,000	3	24.03.2016	01.04.2016	3	1,200	26,746
3	Usman Traders	Tents	20,780,000	7	28.03.2016	29.3 to 01.4.2016	3	900	623,400
4	Usman Traders	Tents	46,500,000	15	22.09.2016	25-26.09.2016	3		1,395,000
5				15	08.10.2016	09-10.10.16		750	
6	Capital Venture	School Tents	9,600,000	2	10.09.2016	11.09.2016	3	30	288,000
7	Altaf & Sons	Jerry Can & Iron Bed	3,320,000	15	22.09.2016	23-26.12.2016	3	2000+2000	99,600
8	TEE es	Pillows	234,000	15		Between 15.1.2017	3	2,000	7,020
9	Pearl Associates	Hygiene Kits	3,858,600	7	28.03.2016	01.04.2016	3	600	115,758
	Total		141,724,600						4,255,624

(Para No. 7, FDMA, Peshawar)

Annex-XIX

Signing of agreement with suppliers without penalty clause of late delivery

S #	Vendor Name	Items	Cost (Rs.)	Qty	Duration of delivery	Delivery date	Date as per delivery challan/ GRN	Late delivered (Qty)
1	Zeb & Co	Plastic Mats	3,652,000	2000	15	22.09.16	25.10.16	2,000
				2000		18.01.17	19.01.17 & 08.02.17	2,000
2	Altaf & Sons	Gas Cylinder	872,000	2000	15		23.12.16	1,000
3	Ocean Trade Enterprises	Plastic Bukets	729,000	1000	15	22.09.16	10.01.17	1,000
				1000	15	18.01.17	20.01.17	1,000
				1000	15	01.03.17	04.03.17	1,000
4	One Group International	Kitchen Sets	3,870,000	3000	15	22.09.16	05.01.17	3,000
					15	18.01.17	20.01.17	1,000
					15	01.03.17	04.03.17	1,000
5	Sharif & Sons	Hygiene Kits	1,358,000	1000	15	22.09.16	14.01.17	1,000
				1000	15	18.01.17	21.02.17	1,000
6	Mughal Traders	Plastic Lota	50,000	1000	15	22.09.16	Between 05.1.17	1,000
				1000	15	18.01.17	Between 05.1.17	
7	Zubair Steel	Iron Beds	1,550,000	2000	5	13.01.17	Between 14-28.1.17	1,000
8	Supply Zone	Lota		2000	7		27.02.17 to 08.03.17	2,000
		Jerry Can		4000	7		27.02.17 to 08.03.17	4,000
8	Suleman & Brothers	Tents	67,550,000	7,000	10	02.10.16	17-20.10.16	7,000
	Total		79,631,000					

(Para No. 8, FDMA, Peshawar)

Unverifiable payments of goods and services

S. No.	Date	Cheque #	Period	Description	Amount (Rs.)
1	22.09.14 05.11.14 10.11.14	6643461 6643464	8.9.14 to 23.10.14	Tent Services	5,427,480
2	22.09.14 30.10.14 26.02.15	6643461 6643411 6643404 6798414	5.9.14 to 19.9.14 26.9.14 to 30.11.14	Labour Charges	12,990,600
3	29.09.14 30.10.14	6643461 6643464	7.9.14 to 30.10.14	Refreshment Box	2,535,600
4	30.10.14 05.11.14	6643464	23.9.14 to 31.10.14	Ice Bills	3,334,500
5	30.10.14 03.03.15	6643464	Nov-14 to Feb-15 08.08.14 to 24.09.14	POL distribution points Generator & Vehicles	1,006,747
6	30.3.15	6798445	06.11.14 to 14.02.15	Crockery & POL	887,736
7	6.5.15			Refreshment box & labour charges	5,902,060
8	19.12.14	264337		Purchase of Gas Cylinder	2,130,000
	Total			Total	34,214,723

(Para No. 9, FDMA, Peshawar)

Annex-XXI

Unverifiable expenditure on account of repair of machinery and equipment

S. No	Office	Date	Cheque No.	Description	Vendor	Amount (Rs.)
1	DC Bannu & FDMA	05.09.14, 23.7.14 & 18.08.14	5347286 & 6565853	A.C repair charges, Repair of Machinery, Repair of Fax Machine & Printer	Ziyoran Refrigeration, Majeed Khan Haji	228,780
2	DC Bannu	June, 2014		Repair of vehicles 3511, sheherzad 6218, fire brigade	Raza khan autos, Ehsaan autos, shah electronics, new abuzehbimechanic workshop, haji anwar khan & zahid iqbal	50,340
3	DC Bannu	23.6.14 / B # Nil, 02.07.14, 03.07.15 B # Nil		Repair charges vehicle fire bridge	Shah Electormics, Ahsanullah & Co., Sakhi Rehman & Brothers	38,250
4	DC Bannu & FDMA	11.10.14, 17.10.14, 30.01.15, 15.04.15, 11.07.14, 06.08.14, 25.08.15, 04.10.14, 28.08.14, 02.20 & 22.07.14, 15.09.14, 25.09.14, 07.08.14,	6798401, 6798460, 5347247, 6565805 & 6798109	Repair of vehicle No. A1344 (Commissioner Bannu) & Others	Arshad autos, kurram filling station, Sabir oil traders & filter house, Malik Tariq ustad, Sharja autos & lubricants, Khattakkamani makers, Sharlo engine oil, Aleem mechanic, Mehran autos & Mir Hussain shah spray painter	485,207
		Total				802,577

(Para No. 43, FDMA, Peshawar)

Non-provision of adjustment account

REHABILITATION & RECONSTRUCTION UNIT (RRU)
DoP, Planning and Development Department
FATA Secretariat, Peshawar

Tel: + 92-91-5202038
 Fax: +92-91-5201360
 Email: RRU@fata.gov.pk

No.FS/DoP/RRU/Finance/Budget/2015-16/547-58

Dated: 09 / 09 /2016

To

The Director General,
 TDP Management and Rehabilitation Secretariat,
 Peshawar.

Subject:- DETAIL OF ACCOUNTS IN SUPPORT OF PAYMENT OF RS.5.000 BILLION

Memo:

Please refer to this office letter No.FS/DoP/RRU/Finance/Budget/2015-16/1190 dated 22.6.2016. The Payments of Rs.5.000 Billion were made to TDP (M&R) Secretariat through cheques for the Projects against each scheme/project as per detailed given below:-

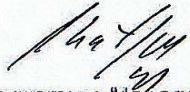
S #	Name of Agency	Cheque No.	Date	Amount	Name of Projects
1	North Waziristan Agency	A193201	21.06.2016	1,113,056,000	Road Infrastructure Development of Miran Shah City
2	North Waziristan Agency	A193202	21.06.2016	461,500,000	Road Infrastructure Development of Mir Ali
3	North Waziristan Agency	A193203	21.06.2016	203,906,000	Road Infrastructure Development of Makeen
4	North Waziristan Agency	A193204	21.06.2016	1,003,000,000	Construction of Road Miran Shah Datta Khel.
5	North Waziristan Agency	A193205	21.06.2016	827,485,000	Construction Mir Ali Gharium Section 1 (0-2-KM)
6	North Waziristan Agency	A193206	21.06.2016	1,064,023,000	Construction of Road Mir Ali Gharium Section 2 (20-40 KM)
7	North Waziristan Agency	A193207	21.06.2016	260,780,000	Construction of Road Wana Bazar (5 KM)
8	North Waziristan Agency	A193208	21.06.2016	66,250,000	Construction of Agriculture Park
TOTAL				5,000,000,000	

According to S.No.4 of the revised procedure of Assignment Account, the Drawing authorities will submit monthly account of expenditure with copies of

paid vouchers to the concerned Accountant General office for post pu+3rpose by 15th of each month who will carry out 100% post audit.

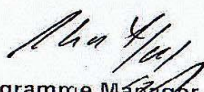
Moreover Clause 5.2.6 of the MoU provides that the Executing Agency shall submit monthly progress report in terms of physical and financial progress to TDPs Secretariat and FATA Secretariat by 5th of each month.

It is therefore, requested that detailed accounts in support of the amount of Rs.5.00 Billion released may please be furnished to this office for onwards submission to the AGPR Sub Office, Peshawar for post audit and physical progress of the schemes for record.


Programme Manager

Copy for information to:-

1. Secretary, Finance Division, Islamabad
2. Secretary, Planning Commission, Islamabad
3. Secretary, SAFRON Division, Islamabad.
4. Additional Chief Secretary FATA
5. Secretary EAD, Islamabad.
6. Secretary Finance Department FATA
7. Secretary P&D Department FATA
8. Directorate of Military Operation GHQ Rawalpindi.
9. HQ 11-Corps Peshawar.
10. General Headquarters, Engineer-in-Chief Branch
11. Addl: Accountant General PR(sub office, Peshawar).


Programme Manager



REHABILITATION & RECONSTRUCTION UNIT (RRU)
DoP, Planning and Development Department
FATA Secretariat, Peshawar

Tel: + 92-91-5202038
Fax: +92-91-5201360
Email: RRU@fata.gov.pk



No: FS/P&D/DoP/RRU/Army-04/1597-1602

Dated: 27-09-2016

To

The Director General,
TDPs (M&R) Secretariat,
Peshawar.

**SUBJECT: - CHEQUES RS. 7615.596 MILLION FOR PERMANENT RECONSTRUCTION
IN FATA (2016-17)**

Memo:

Please refer to the 2nd meeting of the Special Forum for Rehabilitation and Reconstruction in FATA held on 29th August, 2016 and demanded funds of Rs.7615.956 million by your office for the projects approved vide letter No.607/TDPs/GS(Reha) dated 19.09.2016.

In pursuance thereof the following cheques for a total amount of Rs.7615.956 million noted against each projects are enclosed herewith for further necessary action at our end.

S.#	Name of Project	Rs (in Million)
1	Construction of Road Boya to Nawe Killi(10.627 KM)	Rs.959.59 million
2	Construction of Road Nawe Killi to Datta Khel (10-583 km)	Rs.770.67 million
3	Construction of Road Kam Sham to Gharlom (17 km)	Rs.1150.56 million
4	Construction of Road Razmak to Tabaisar (11.342 km)	Rs.1117.14 million
5	Construction of Road Tabaisar to Pash Ziarat (11.581 km)	Rs.1035.391 million
6	Construction of Miran Shah Markets, Block Number 1,2 & 3	Rs.1096.14 million
7	Construction of Makeen Markets	Rs.946.435 million
8	Construction of Agriculture Park Wana	Rs.539.67 million
	Total:	Rs.7615.596 million

1. The funds may be utilized on the Projects approved by the Special Forum.
2. The detail accounts in support of the above amount duly verified may be provided to this office on 5th of each month provided in clause 5.2.6 of the MoU.
3. It is also requested that copies of Cost estimates of the above mentioned projects may please be provided.

Please acknowledge the receipt of cheques.


Program Manager, RRU

Copy Forwarded to:

- 1) HQ 11 Corps, Peshawar
- 2) PS to ACS, FATA
- 3) PS to Secretary Finance, FATA
- 4) PS to Secretary P&D FATA
- 5) PA to Director General, DoP FATA

(Para No. 1, FATA Secretariat, Peshawar)