



**SPECIAL AUDIT REPORT
OF
GILGIT-BALTISTAN RURAL SUPPORT
PROGRAMME**

AUDIT YEAR 2021-22

AUDITOR-GENERAL OF GILGIT-BALTISTAN

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ABBREVIATIONS AND ACRONYMS

AKRSP	Agha Khan Rural Support Programme
BOD	Board of Director
CTSP	Career Testing Services Pakistan
CEO	Chief Executive Officer
CPF	Contributory Provided Fund
DAG GB	Department of Auditor General of Gilgit-Baltistan
DPAP	Diamer Poverty Alleviation Programme
EPA	Environmental Protection Agency
E & SEP	Entrepreneurship & Self Employment Programme
GBDMA	Gilgit-Baltistan Disaster Management Authority
GBRSP	Gilgit-Baltistan Rural Support Programme
GBOTT& TC	Gilgit-Baltistan Overseas Trade Test & Training Centre
GLOF	Glacial lake outburst flood
HRM	Human Resource Manual
ICUN	International Union of Conservation of Nature and Natural Resources
ISSAIs	International Standards for Supreme Audit Institutions
JLI	Jubilee life insurance
KIU	Karakorum International University
MoU	Memorandum of Understanding
NBMFL	Non-Banking Micro Finance Loan
PAO	Principal Accounting Officer
PPRA	Public Procurement Regulatory Authority
P&DD	Planning & Development Department
SPS	Special Pay Scales
SECP	Security Exchange Commission of Pakistan
ToR	Terms of Reference
UNDP	United Nation Development Programme

PREFACE

The Auditor-General of Gilgit-Baltistan conducts audit subject to Section 98(4) of the Government of Gilgit-Baltistan Order, 2018 read with Section 9 of the Auditor General of Gilgit-Baltistan (Functions, Powers and Terms and Conditions of Service) Act, 2012. Special Audit on the accounts of the Gilgit-Baltistan Rural Support Program (GBRSP) was carried out accordingly.

The Directorate General, Audit, Gilgit-Baltistan conducted Special Audit on the accounts of GBRSP during March-April, 2022 for the financial year 2018-19 to 2020-21 with a view to report significant findings to the stakeholders. Audit assessed on test check basis whether the management had complied with applicable laws, rules and regulations in managing the programme. The report indicates specific actions that, if taken, will help the management to realize the objectives of the programme.

The Department furnished replies which have been incorporated in the report but the DAC meeting could not be convened till finalization of the report.

The Special Audit Report is submitted to the Governor of Gilgit-Baltistan in pursuance of Section-98(6) of Government of Gilgit-Baltistan Order 2018 for causing it to be laid before the Legislative Assembly of Gilgit-Baltistan.

Dated:

Muhammad Ajmal Gondal
Auditor-General of Gilgit-Baltistan

EXECUTIVE SUMMARY

Directorate General of Audit, Gilgit-Baltistan Gilgit conducted Special Audit of Gilgit-Baltistan Rural Support Programme (GBRSP) for the financial years 2018-19 to 2020-21 during March-April 2022. The main objective of the programme was to develop social and economic infrastructures that will help enhance social wellbeing and economic growth by providing basic amenities and services to the people in the region and focusing on poverty alleviation in the rural area of Gilgit-Baltistan. Audit was conducted in accordance with the INTOSAI Standards for Supreme Audit Institutions.

The audit was conducted in accordance with Companies Act 2017, Public Sector Companies (Corporate Governance) Rules, 2013, company's Memorandum of Association, Article of Association, GBRSP Human Resource Manual, Financial Manual, Public Procurement Rules, and other rules, regulations and policies of the GB Government. It was a test audit based on samples selected from all areas of expenditures to watch the accuracy and fairness of accounts. Internal control system was also examined to comment upon system weaknesses and its implications on the procedures adopted by the Programme.

Key Audit Findings

Following are the key audit findings:

- i. Merger of DPAP into GBRPS without adopting due procedure
- ii. Irregular merger of DPAP staff into GBRSP
- iii. Irregular and unauthorized fixation of salaries of DPAP staff without consultation of Finance Department
- iv. Irregular regularization of project staff titled "Entrepreneurship & Self Employment Program"
- v. Irregular appointment of Chief Executive Officer (CEO)
- vi. Hiring of internees without approved policy - Rs. 2.973 million
- vii. Grant of adhoc relief allowances over & above the government announcement

- viii. Irregular payment of gratuity fund in addition to Contributory Provident Fund (CPF) Rs-14.320 million
- ix. Execution of Non-Banking Micro Finance loan program without obtaining license - Rs 25.25 million
- x. Not following procedure before signing of MoUs with foreign donors
- xi. Non formulation of policy/procedure for execution of development works - Rs.2.462 million

Recommendations

In the light of audit observations, the following recommendations are made:

- i. Merger of GBRSP into DPAS should be taken up with Government of Gilgit-Baltistan
- ii. GBRSP Human Resources manual should be followed in true letter & spirit
- iii. Consultants should be hired through advertisement
- iv. Bank accounts should be opened after formal approval of Finance Department
- v. Investments should be made in Scheduled banks
- vi. PPRA Rules should be followed
- vii. Annual assessment of employees should be carried out
- viii. Criteria for appointment of staff should be observed in true letter and spirit
- ix. MoUs should be signed through government of Gilgit-Baltistan
- x. An effective system of internal check may be formulated in order to ensure compliance with applicable laws and regulations to avoid risk and fraud, securing regularity and propriety in transactions and assuring the accomplishment of goals and objectives.

1. INTRODUCTION

Directorate General of Audit, Gilgit-Baltistan, Gilgit conducted Special Audit on accounts of Gilgit-Baltistan Rural Support Programme (GBRSP) for the financial years 2018-19 to 2020-21 during March-April 2022. The audit was conducted in accordance with the INTOSAI Standards for Supreme Audit Institutions (ISSAIs).

1.1 Overview of the Programme

The GBRSP was registered in Security and Exchange Commission of Pakistan (SECP) under Companies Ordinance 1984 on 04.11.2012 as a non-profit organization. However, it was non-functional till 2016. The Government of Gilgit-Baltistan released Rs.350 million (Rs.300 million Endowment fund & Rs 50 million as Grant in Aid for operating expenses) during the financial year 2016-17.

GBRSP is governed by a fourteen member (14) “Board of Directors”, headed by the Chairman, elected by the Board of Directors (BOD). Eleven permanent members of the BoD represent civil society, whereas Sectary Finance, Sectary Planning and Sectary LG&RD represent government of Gilgit-Baltistan as ex-officio nominee members. The Chief Executive Officer (CEO) and General Manager are responsible for managing day to day operations of the GBRSP.

By establishing regional and district level offices with necessary infrastructure, the GBRSP has expanded its operation to all the districts of Gilgit-Baltistan.

The GBRSP mainly depends on Grants in Aid provided by the government of Gilgit-Baltistan and interest received from the Endowment fund.

The thematic areas of GBRSP is divided into two major sectors i.e. Economic and Social Development. The division of sectors is defined as under:

Economic Development	Social Development
Infrastructure development	Establishing and strengthening local institutions
National Resource Management (NRM)	Health
Technical and vocational skill development	Education
Enterprise and value chain development	Capacity building
Renewable Energy	Monitoring research and advocacy
Financial services	Event/celebration

Financial Resources

Year	Expenditure (Rs.)
2020-21	183,269,794
2019-20	140,319,850
2018-19	104,976,866
Total	428,566,510

1.2 Programme objectives

The main objectives of the programme were:

- Poverty Alleviation and reduction of unemployment through creation of basic social and economic infrastructure like basic health care units, schools, resource center for skilled women and general public amenities for example water supply channels, protective walls , plantation , roads and tracks etc.
- Providing enterprises development training to rural unemployed male and female youth and farmers to reduce migration to urban centers
- Eliminating dependency in communities by initiating skill development programs
- Empowering women based community organization by promoting home based production of primary goods
- Making social changes more visible thorough sustainable inputs especially introducing micro financing and crediting plans for developing sustainable saving habits
- Training and awareness initiatives about Environmental Conservation and the management of Natural Resources for communities
- Aligning activities with Sustainable Development Goals (SDGs)

2. AUDIT OBJECTIVES

The objectives of the audit were:

- Whether the relevant rules, regulations, procedures and government instructions were followed;
- Whether adherence to and fulfillment of principles of governance in all aspects were observed;

- Whether sufficient internal controls mechanism existed and exercised in spending public money;
- Whether comprehensive financial systems were in place to assess financial discipline at all levels.

3. AUDIT SCOPE AND METHODOLOGY

3.1 Audit Scope

The main scope of audit was to scrutinize the accounts of the programme covering the period from 2018-19 to 2020-21. Audit assessed whether the programme was executed in line with applicable rules and procedures. Offices of the GBRSP are established in all district of Gilgit-Baltistan. However, out of the three regions i.e. Gilgit, Diamer Astore and Baltistan Region, audit mainly focused on Gilgit region.

3.2 Audit Methodology

Audit methodology included review of expenditure incurred, assessment of procurements made, hiring of staff and ascertaining effectiveness of monitoring and evaluation mechanism on their ongoing schemes and maintenance of accounts. During audit execution, information was gathered on the basis of documents reviewed and discussion held with the staff of GBRSP.

4. AUDIT FINDINGS AND RECOMMENDATIONS

4.1 Organization and Management

4.1.1 Irregular induction of employee of DPAP into GBRPS without adopting due procedure

Section 3(2) of the Gilgit-Baltistan Rules of Business, 2009 states that the Chief Minister may in consultation with the Governor, wherein he may deem fit, constitutes new Departments or vary the composition or number of the Departments.

During special audit of GBRSP it was noted that the Board in its first Meeting held on 07.01.2017 merged the DPAP into GBRSP alongwith its assets and 23 employees from June, 2016 (Annex-1). The Diamer Poverty Alleviation

Programme (DPAP) as a non-profit organization was established in 2012 by the Planning & Development Department GB. The DPAP Board was governed under the Chairmanship of Chief Secretary GB.

Audit observed that no record was available with the management to authenticate whether the inducted employees were serving in DPAP on contract basis at the time of merger and induction. However, GBRSP inducted all employees on regular positions in different posts and designations without confirming their status of service in DPAP.

Audit further observed that pay was fixed without ascertaining the last pay drawn by the employees as no record regarding last pay drawn was available the management to authenticate the fixation of pay.

Audit is of the view that induction of staff without verifying their status and absence of record was irregular.

The irregularities were pointed out during the month of April, 2022. The management replied that Diamer Poverty Alleviation Programme (DPAP) established by government of Gilgit-Baltistan as non-profit organization under Section 42 of the Companies Ordinance 1984. It was governed by Board of Directors under the Chairmanship of Chief Secretary GB. The GBRSP BoD in its meeting held on 14.06.2016 decided to merge DPAP alongwith staff and assets into GBRSP. The meeting was Chaired by the then Chief Secretary GB/Chairman DPAP Board, and Secretary Finance GB/Chairman & CEO GBRSP. The designations of the staff of DPAP were changed with the approval of Board.

The reply was not accepted as the management did not provide any record to verify the status of service of employees of the DPAP inducted in GBRSP.

The management was requested to convene DAC meeting vide letter dated 15.05.2022 followed by reminders dated 24.5.2022, and 10.06.2022. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that responsibility may be fixed for the induction of employees of DPAP without confirming the status of their service and non-

availability of record regarding initial appointment, designation, subsequent promotion and last pay drawn etc.

4.1.2 Irregular hiring of services of consultants without advertisement – Rs. 6.660 million

Para 2.6.2 of GBRSP HR Manual states that services of consultants are to be hired through advertisement following the TORs set by concerned programme manager and approved by the CEO/GM through concerned head of department (HoD).

Para 2.6.3 of the HR Manual states that consultant shall be appointed/selected by the committee approved by GBRSP Board. The committee so constituted will also negotiate the consulting fee and other terms and conditions.

The GBRSP hired the services of twenty individual consultants during the period 2018 to 2021 out of which nine consultants are still working in the organization. The management paid an amount of Rs. 4.043 million on account of salary during the financial year 2020-21. Details are as under:

S.No.	Name	Designation	Appointment since	Salary PM (Rs.)
1.	Mr. Sajid Ali	Consultant Executive Engineer	2021	120,000
2.	Mr. Mushtaq Hussain	Consultant Communication	2018	65,000
3.	Mr. Anwar	Consultant NB Microfinance	2021	60,000
4.	Mr. Mohsin	Consultant NB Microfinance	2021	50,000
5.	Mr. Muhammad Hussain	Consultant Village Profile	2018	50,000
6.	Mr. Shamas Dar	Consultant Village Profile	2018	20,000
7.	Mr. Muhammad Iqbal	Consultant Engineer	2021	50,000
8.	Miss Ghazala Khan	Consultant Partnership & FR	2021	110,000
9.	Miss Nazneen Alam	Consultant Data & Report	2021	30,000

Audit observed as under:

- i. The services of the consultants were hired without advertisement and following due process as laid down in HR manual.
- ii. The TORs were not set by the management prior to offering of the consultancy contracts.

Audit is of the view that appointment of the consultants without observing due process as required in the HR Manual was irregular and unauthorized

The irregularity was pointed out during the month of April, 2022. The management replied that ToRs were given to the Consultants engaged with GBRSP and experienced Consultants were engaged to support GBRSP since the organization was in its nascent stage and required the services of experts on priority basis. However, GBRSP will follow all procedures set in the HR Manual in future.

The management was requested to convene DAC meeting vide letter, dated 15.05.2022 followed by reminders dated 24.5.2022, and 10.06.2022. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that matter may be inquired at appropriate level to fix responsibility for making appointment of consultants in violation of stated polices.

4.1.3 Irregular appointment of Chief Executive Officer

Para 2.4.2.1 of GBRSP HR Manual states that application for the vacant posts in the organization will be invited through advertisement in two local newspapers and at least one national newspaper and on the website of GBRSP

Rule 5(2) of the Public Sector Companies (Corporate Governance) Rules, 2013 states that "the Board shall evaluate the candidates based on the fit and proper criteria and the guidelines specified by the Commission for appointment to the position of the Chief Executive, and recommend at least three individuals to the Government for appointment as chief executive of the Public Sector Company. On receiving concurrence of the Government, the Board shall appoint the Chief Executive in accordance with the provisions of the Ordinance.

The Board shall also be responsible for development and succession planning of the Chief Executive."

Schedule-I to procedure for the appointment of Chief Executive of the Public Sector Companies (Appointment of Chief Executive) Guidelines, 2015 states that "the principles of transparency, merit and equal opportunities shall be followed while making appointment to the position of the Chief Executive."

The GBRSP Board of Director in its meeting held on 14.06.2019 appointed Mr. Abdul Latif as Chief Executive Officer (CEO) w.e.f 01.07.2019 on honorary basis for a period of three years. The CEO was facilitated by granting honoraria, official vehicle with fuel and office space. According to term and conditions, the annual performance was required to be assessed by GBRSP Board in terms of the resourcefulness and managing the affairs of GBRSP.

Audit observed as under:

- i. The appointment of CEO was made without adopting open competition in violation of HR Manual and Public Sector Companies (Governance Rules) 2013.
- ii. The management of GBRSP initially offered a lump sum honoraria of Rs. 250,000 per month, which was subsequently increased to Rs 300,000 per month from July, 2021 onward.
- iii. The payment of honoraria was not covered in the Financial Manual.
- iv. Despite lapse of two and half years the annual performance of the CEO was not assessed by the GBRSP Board.

Audit is of the view that appointment of the CEO was not only in violation of GBRSP HR Manual but also against the provisions of Public Sector Companies (Governance Rules) 2013.

Audit is also of the view that admissibility of the honoraria to the CEO against an honorary position was also irregular and unauthorized

The irregularity was pointed out during the month of April, 2022. The management replied that GBRSP Board appointed the CEO in 2019 and fixed an honorarium of PKR 250,000 along with other benefits. The Board is responsible to assess the performance of CEO. Accordingly, the Board in its meetings had

appreciated the performance of CEO. As per the Companies Act 2017, the Board can appoint any person as CEO, including an elected Director.

The reply was not accepted as the appointment and honorarium was made in violation of the provision of HR Manual and SECP instructions.

The management was requested to convene DAC meeting vide letter dated 15.05.2022 followed by reminders dated 24.5.2022, and 10.06.2022. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that matter may be inquired at appropriate level for making appointment in violation of SECP instructions and HR Manual.

4.1.4 Irregular appointment of staff without provision in agreement- Rs. 16.156 million

Para 2.3.1 of the GBRSP HR Manual states that all the positions will be filled through scrutiny, test and /or interview either by GBRSP or any recruiting firm/third party.

Para 2.4.2.1 of the HR Manual states that application for the vacant posts in the organization will be invited through advertisement of vacancies announcement in two local newspapers and at least one national newspaper and on the website of GBRSP.

Para 3 of the agreement signed between Planning & Development Department GB and GBRSP regarding implementation of the project states that GBRSP shall be fully responsible for executing all activities with due vigilance and efficiency in accordance with government financial rules regulations and other directives.

The GBRSP appointed thirty-nine employees under project titled “Scaling up of glacial lake outburst flood risk reduction in Northern Areas (GLOF-II)” and paid Rs 16.156 million on account of salaries out of budget of GLOF-II. Detail is at Annex-2.

Audit observed as under:

- i. Appointments in the project were made without advertising posts in violation of HR Manual & Planning & Development instructions/guidelines.
- ii. The staff was appointed without any provision in the project agreement signed between Planning and Development Department Gilgit-Baltistan, GBRSP and GLOF-II.

Audit is of the view that appointment was made without provision in the agreement and in violation of the provisions of the HR Manual.

The irregularity was pointed out during the month of April, 2022. The management replied that during financial year 2019-20, due to the outbreak of COVID-19, the government of Gilgit-Baltistan imposed ban on recruitment. Moreover, due to the urgency of the project, GBRSP had to recruit staff in order to implement project activities across GB. As per the HR Manual of GBRSP, there was provision to hire contingent staff during emergency/urgent nature of work. Later, on January 7, 2021, the GBRSP HR Committee validated the GLOF-II staff and directed to issue contracts to the staff.

The reply was not accepted as no provision was made in the agreement for appointment of staff. Moreover, the appointments were not made on contract basis but on contingent basis as stated in the replies.

The management was requested to convene DAC meeting vide letter dated 15.05.2022 followed by reminders dated 24.5.2022, and 10.06.2022. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that matter may be inquired at appropriate level for fixing responsibility besides stopping the irregular practice.

4.1.5 Signing of MoU with Foreign Donors without following proper procedure

Rules 42(3) of the Gilgit-Baltistan Rules of Business 2009 states that all correspondence with the government of a foreign country or a Pakistan diplomatic mission abroad or a foreign mission in Pakistan or an international organization shall normally be conducted through the Ministry of Kashmir Affairs and Gilgit-

Baltistan and Ministry of Foreign Affairs of the Government of Pakistan as per laid down policy.

The GBRSP signed MOU with donor agency on 26.10.2020 i.e. the Stitching International Humanitarian Hulpohranisate Netherland (IHHNL) for safe drinking water and received grant of Rs 7.140 million during the financial year 2020-21.

Audit observed that the MOU was signed without involving the Ministry of Kashmir Affairs and Gilgit-Baltistan, Ministry of Foreign Affairs of the Government of Pakistan and Government of Gilgit-Baltistan in violation of laid down policy.

Audit is of the view that signing an MOU with an international donor without approval of the Government of Gilgit-Baltistan, Ministry of Kashmir Affairs and Gilgit-Baltistan and Ministry of Foreign Affairs was violation of the GB Rules of Business 2009.

The irregularity was pointed out during the month of April, 2022. The management replied that GBRSP is registered under Section 42 of the Companies Ordinance 1984 and is not a regular Government department therefore, it does not need to access donors through P&DD.

The reply is inconsistency with rules.

The management was requested to convene DAC meeting vide letter dated 15.05.2022 followed by reminders dated 24.5.2022, and 10.06.2022. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that the GBRSP should adopt procedure laid down in GB Rules of Business 2009 besides regularizing the past irregularity.

4.1.6 Non formulation of policy/procedure for execution of development works-Rs. 2.462 million

In terms of Schedule –II (Rule3(3) Serial No.10 of Gilgit-Baltistan Rules of Business, 2009 GB PWD is responsible for planning, designing, construction,

equipment, maintenance and repairs of all government buildings, residential and non-residential including rest houses, circuit houses.

Para 191 of GFR Vol-I states that when works allotted to a civil department other than the Public Works Department are executed departmentally, whether direct or through contractors, the form and procedure relating to expenditure on such works should be prescribed by departmental regulations framed in consultation with the Accountant-General generally on the principles underlying the financial and accounting rules prescribed for similar works carried out by the Public Works Department.

Para 6.09 of Pakistan Public Works Department Code states that a proper detailed estimate must be prepared for the sanction of the competent authority for each individual work proposed to be carried out. This sanction is known as the technical sanction to the estimate and must be obtained before the construction of work is commenced.

The GBRSP executed different communities based schemes on sharing basis (80:20) relating to infrastructure development such as safe drinking project, construction of pony trek, links roads, lift irrigation etc. Some of the scheme are tabulated as under:

S. No.	Name of scheme	Amount (Rs.)
1.	Water supply in Diamar	364,967
2.	Water supply in Diamar	558,409
3.	Micro Hydrel in Diamar	1,538,709
Total		2,462,085

Audit observed as under:

- i. The management neither got the civil work executed through PWD nor were the departmental regulations framed to carry out civil works on its own.
- ii. Measurement book was not maintained to record the work done.
- iii. Technical sanctions were accorded by GM despite being non-technical officer and was not empowered to accord such sanction.

Audit is of the view that execution of civil works in absence of departmental regulations and without involving PWD was irregular and unauthorized

The irregularity was pointed out during the month of April, 2022. The management replied that the mandate of GBRSP is based on participatory development approach where up to 30% community-share is ensured while executing any infrastructure scheme. GBRSP has its own Engineering Section with qualified staff for execution of Community-Led Infrastructure Schemes. The cost estimation of community-led schemes/works is based on prevailing market rates.

The justification is not acceptable, since GBRSP does not have its own departmental regulations for undertaking civil works on its own.

The management was requested to convene DAC meeting vide letter dated 15.05.2022 followed by reminders dated 24.5.2022, and 10.06.2022. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that rules/procedure may be framed to regulate the civil works besides stopping the irregular practice.

4.1.7 Irregular award of wildlife consultancy - Rs 1.300 million

Rule 42 (2) of Gilgit-Baltistan Rules of Business 2009 states that all correspondence with the government of a foreign country or a Pakistan diplomatic mission abroad or a foreign mission in Pakistan or an international organization shall normally be conducted through the Ministry of Kashmir Affairs and Gilgit-Baltistan and Ministry of Foreign Affairs of the Government of Pakistan as per laid down policy.

In terms of Schedule –II (Rule3(3) Serial No.07 of Gilgit-Baltistan Rules of Business, 2009, the forest department is responsible for management of zoological gardens and promotion of wildlife, protection of wildlife by involving community organizations and provision of facilities for trophy hunting in the community protected areas.

The management of GBRSP signed an MoU with International Union of Conservation of Nature and Natural Resources (ICUN) for joint implementation of Natural Resource Management activities in Gilgit-Baltistan and paid Rs 1.300 million during the financial year 2020-21. Details are as under:

S.No	Consultancy	Amount (Rs.)
1.	Feasibility and documentation of Ladakh Urial for legal hunting in Gilgit-Baltistan	300,000
2.	Ecosystem Conservancy Management Plan	500,000
3.	Model Wildlife Conservation Action Plan	500,000
Total		1,300,000

Audit observed that before the signing of MoU with ICUN, the GBRSP did not consult Forest & Wildlife Department GB for determining the modalities for further implementation of natural resource management activities in GB in line with GB government's wildlife management plan regarding trophy hunting, ecosystem and conservation in the violation of provision of GB Rules of Business.

Audit further observed that the MoU with international organization without involving Ministry of Kashmir Affairs and Gilgit-Baltistan and Ministry of Foreign Affairs of the Government of Pakistan was violation of GB Rules of Business.

Audit is of the view that signing of the MoU with ICUN for conducting consultancy on wildlife sector without involving Forest & Wildlife department and concerned Federal Ministries is irregular.

The irregularity was pointed out during the month of April, 2022. The management replied that the Board of GBRSP has established various sections with clear and appropriate mandate.

The reply was not accepted being irrelevant.

The management was requested to convene DAC meeting vide letter dated 15.05.2022 followed by reminders dated 24.5.2022, and 10.06.2022. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that matter may be taken up with Forest & Wild Life department besides fixing responsibility.

4.1.8 Unjustified expenditure on hiring of vehicles under GLOF project – Rs. 4.50 million

Rule 12(1) of Public Procurement Rules 2004 states that procurements over five hundred thousand Pakistani Rupees and up to the limit of three million 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.

The GBRSP hired 05 vehicles to carry out the project activities under development project “Scaling up of glacial lake outburst flood risk reduction on Northern Areas” (GLOF-II) and an expenditure of Rs.4.5 million was made on hiring.

Audit observed as under:

- i. The vehicles were hired without calling open tender.
- ii. There was no provision in agreement signed with P&D GB for the hiring of vehicles.
- iii. As per entries in movement registers it was revealed that 60% to 70% use of the vehicles was made in city areas where large number of GBRSP fleet was already available.

Audit is of the view that the hiring of private vehicles without provision in the agreement and open competition was irregular.

The irregularity was pointed out during the month of April, 2022. The management replied that due process could not be followed due to outbreak of COVID-19 and ban imposed by the Govt.

The management was requested to convene DAC meeting vide letter, dated 15.05.2022 followed by reminders dated 24.5.2022, and 10.06.2022. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that the matter may be inquired at appropriate level to fix responsibility.

4.1.9 Irregular procurement of Hand Pump without calling open tender – Rs. 2.100 million

Rule-12(1) of Public Procurement Rules 2004 states that procurements over five hundred thousand Pakistani Rupees and up to the limit of three million Pakistani 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.

The GBRSP signed MOU on 26.10.2020 with the Stitching International Humanitarian Hulpohranisate Netherland (IHHNL) for safe drinking water and received an amount of Rs.7,140,000 during the financial year 2020-21.

The management of GBRSP purchased 100 hand pumps with accessories and paid Rs 2,100,000 to M/S Sawabi Hand pump Factory during the Financial Year 2020-21.

Audit observed that the management did not call open tender to obtain competitive rates in violation of PPRA rules.

The irregularity was pointed out during the month of April, 2022. The management replied that the handpumps were procured directly from the manufacturer based at Swabi.

The reply was not accepted as the items purchased were not a sole proprietary nature.

The management was requested to convene DAC meeting vide letter dated 15.05.2022 followed by reminders dated 24.5.2022, and 10.06.2022. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that the matter may be inquired and responsibility should be fixed for violating PPRA Rules.

4.1.10 Irregular award of services contracts without open competition – Rs. 8.141 million

Rule 12(1) of Public Procurement Rules 2004 states that procurements over five hundred thousand Pakistani Rupees and up to the limit of three million 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.

Para 7.3.1.1 of the HR Manual states that hiring of health and life insurance will be obtained from insurance companies providing health cover by the HR section and the proposal will be submitted to CEO through GM for final approval after negotiation

The GBRSP signed an agreement with Jubilee Health Insurance on 23.01.2018 for provision of health insurance facilities for their employees and paid Rs 2.051 million during the Financial Year 2020-21 as premium. The insurance was comprising of two categories i.e. Jubilee Health Insurance and Jubilee Life insurance.

Year	Health Insurance	Life Insurance	Total
2020-21	Rs.1,666,852	Rs.383,924	Rs.2,050,776

Similarly, GBRSP also hired the services of a Security Company M/s Havildar and paid Rs.2.179 million during the Financial Year 2020-21

Moreover, the GBRSP signed MoUs with the following private institutes/firms and paid Rs.3.911million during the Financial Year 2020-21.

S.No	Name of institute/firms	Purpose	No of trainee	Amount (Rs.)
1.	Gilgit-Baltistan Overseas Trade Test and Training Centre (GBOTT& TC)	Technical training to the unskilled youth of GB	30	2,434,000
2.	BF Technology pvt ltd	E commerce skill development course	45	1,477,000
Total Rs				3,911,000

Audit observed that the services contracts were awarded without calling open tender.

Audit is of the view that award of services contracts without calling open tender which was not only irregular but deprived the programme of the benefits of competitive rates.

The irregularities were pointed out during the month of April, 2022. The management replied that all the available Insurance Companies in GB were approached to quote their rates for Health & Life Insurance of GBRSP staff through quotations. Furthermore, GBRSP procurement policy allows for collection of sealed quotations from available vendors within GB for hiring of various services.

The reply was not accepted as the GBRSP procurement policy allow procurement through open competition in line with provision of public procurement rules.

The management was requested to convene DAC meeting vide letter dated 15.05.2022 followed by reminders dated 24.5.2022, and 10.06.2022. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that the matter may be inquired and responsibility should be fixed for violating PPRA Rules.

4.1.11 Irregular procurement without calling open tender – Rs. 18.322 million

Rule 12(1) of Public Procurement Rules 2004 states that procurements over five hundred thousand Pakistani Rupees and up to the limit of three million 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.

Chapter 3 para 8.1 of GBRSP Financial Manual states that adequate itemized records of fixed assets should be maintained as categorized in sub para 8.1.1 to 8.1.13.

The management incurred expenditure of Rs 18.322 million on procurement from 2018 to June, 2021 as per detail given below:

S.No	Description	Amount
1.	Office Equipment	6,324,847
2.	Furniture & Fixture	6,153,364
3.	Computer and Printer	5,844,536
Total		18,322,747

Audit observed that the management made procurements without calling open tender.

Audit also observed that the management did not maintain stock registers of fixed assets as required in the Manual.

Audit is of the view that non calling of open tender to obtain competitive rates and non-maintenance of fixed assets register was violation of PPRA Rules.

The irregularity was pointed out during the month of April, 2022. The management replied that as per GBRSP's procurement policy, sealed quotations were collected from suppliers and the contract was awarded on the basis of lowest bidder. The procurement was made from GBRSP's income. Stock inventory record is maintained digitally since inception of GBRSP. However, hard stock register is being maintained since year 2021-22.

The stance of the management is inconsistency with rules as open tender was required irrespective of source of income. Moreover, stock register was not maintained.

The management was requested to convene DAC meeting vide letter, dated 15.05.2022 followed by reminders dated 24.5.2022, and 10.06.2022. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that matter may be inquired and responsibility may be fixed for violating of PPRA Rules.

4.2 Human Resource Management

4.2.1 Irregular regularization of project staff

Para 2.4.2.1 of GBRSP HR Manual states that applications for vacant posts in the organization will be invited through advertisement in two local newspapers and at least one national newspaper besides website of GBRSP

Para 2.3.1 of the GBRSP HR Manual further states that all the positions will be filled through scrutiny, test and interview either by GBRSP or any recruiting firm/third party.

The GBRSP vide notification dated 24.07.2019 merged seventeen employees of Planning & Development project titled “Entrepreneurship & Self Employment Program” (E &SEP) on Chief Minister directives under meeting dated 14.01.2019 as per detail given below:

S.No	Name	Designation in E & SEP	BPS	Status
1.	Mr. Amjad Wali	Director/Program Manager	17	Contractual
2.	Miss Laila Begum	Admin Officer/Supervisor	14	
3.	Miss NaseemAsad	Mobilizer/Asst Supervisor	11	
4.	Miss ParveenAkhther	-do-	11	
5.	Miss Gul Shahida	-do-	11	
6.	Miss Shahina	-do-	11	
7.	Miss Nusrat Amin	-do-	11	
8.	Miss Bibi Mahi	-do-	11	
9.	6 No of grade one staff	Driver, Chowkidar& N/Q	02-05	
10.	Mr. Muhammad Hussain	Community Development Officer		Regular basis
AKRSP Sponsored staff				
11.	Miss Nadia	Enterprise Development Officer	-	-
12.	Mr Alamgir	Value Chain Officer	-	-
13.	Mr InamUllah	Driver	-	-

Audit observed as under:

- i. The officer at serial no. 01 initially appointed in the project without open competition was subsequently appointed on regular basis /post in GBRSP

as programme manager (SPS 11 equivalent to BPS-19) two steps above the scale in which he was working in the project without advertisement of post. His salary was fixed on lump sum basis @ Rs 106,667 per month. Further, last pay drawn at E & SEP Project was not provided to authenticate the fixation.

- ii. Appointment at serial no. 09 on regular basis was made without open competition.
- iii. Initially all staff were transferred on contract basis. However, in 2020 all staff was granted regular status without advertisement of post in violation of para 07 of the summary approved by the GBRSP Board which states that the staff of the E & SEP shall remain on contract and their pay will be charged to the E & SEP till the life of the programme.
- iv. Three sponsored staff members of Agha Khan Rural Support Program (AKRSP) were also transferred on permanent basis to GBRSP.
- v. The record relating to initial appointment of employees shifted from project to GBRSP was neither available in personal files of respective employee nor with the management to validate their credentials and recruitment process.
- vi. Last pay certificates/pay slips were not available with management to authenticate the basis of pay fixation in SPS in GBRSP.

Audit is of the view that induction of project staff into GBRSP and their appointment on regular basis without open competition was in violation of Board decision and also against provision of GBRSP HR policy.

Audit is also of the view that the appointment of AKRSP sponsored staff into GBRSP was irregular, against the rules and an unlawful action taken by the GBRSP management.

The irregularity was pointed out during the month of April, 2022. The management replied that on February 6, 2019 GBRSP initiated a Summary for the Chief Minister GB to merge the Entrepreneurship & Self-Employment Programme of the government of Gilgit-Baltistan (P&DD) into GBRSP along with HR and assets. The Chief Secretary and Chief Minister GB approved the Summary and asked GBRSP management to seek approval from GBRSP Board. The GBRSP Board accordingly approved the merger of E&SEP into GBRSP by establishing a section. The staff was adjusted according to their experience and requirement.

The reply was not accepted as the induction of the project staff by the Board was violation of HR Manual.

The management was requested to convene DAC meeting vide letter dated 15.05.2022 followed by reminders dated 24.5.2022, and 10.06.2022. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that the matter may be inquired into at an appropriate level for fixing responsibility for irregular induction of project and AKRSP staff in GBRSP.

4.2.2 Irregular appointment of staff in violation of Rules.

Para 2.3.1 of the HR Manual states that all the positions will be filled through scrutiny, test and /or interview either by GBRSP or any recruiting firm/third party.

The GBRSP advertised various positions in different newspapers during 2017 and 2020 through Career Testing Services Pakistan (CTSP) and made recruitment against 07 posts in different SPS.

During special of GBRSP while scrutinizing the recruitment process and review of personal files various discrepancies and shortcoming were noticed, which are highlighted in annex -3. In addition, the following irregularities were also noted in the advertisement and hiring process.

- i. All the posts were advertised without mentioning the status of the post whether these are regular or contract whereas the appointments were made on regular basis.
- ii. The SPS was not mentioned against advertised positions
- iii. As per advertisement the employees were offered lump sum pay packages despite the fact that SPS is applicable in GBRSP. However, SPS was granted after final selection of the employees.
- iv. The management engaged 25 internees on monthly stipend of Rs. 30,000 without any approved policy and open advertisement.

Audit is of the view that non-mentioning of the status of the posts and SPS against advertised positions and non-observance of the prescribed eligibility criteria has made the entire recruitment process defective and doubtful. The

existing procedure adopted by the management is tantamount to suspected favoritism and misuse of authority.

The irregularity was pointed out during the month of April, 2022. The management replied that appointments were made in accordance with the provision of HR Manual.

The reply is irrelevant as the management did not reply to the observation raised by audit.

The management was requested to convene DAC meeting vide letter dated 15.05.2022 followed by reminders dated 24.5.2022, and 10.06.2022. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that a fact finding committee may be constituted to inquire into the matter and fix responsibility.

4.2.3 Irregular re-designation of staff

Para 2.4.3.1 of GBRSP HR Manual defines evaluation criteria for hiring/internal promotions of regular staff against each position.

The GBRSP made appointments against 141 posts of different cadres/scales on regular basis during the years 2017-20 and re-designated the following posts along with incumbent:-

S.No	Name	Actual Designate	Re-designation
1.	Mr. Manzoor Ahmed	Regional Manager Diامر	Programme Manager NRM
2.	Mr Usman Zeb Ganadapur	Manager MERL	Programme Manager Admin & HR
3.	Mr FazalHaq	Community Development Officer (SPS-06)	Divisional Operation Manager (SPS-09)
4.	Mr Maqsood-Ullah	Community Development officer (SPS-06)	Manager (SPS-09)

Audit observed as under:

- i. The employees were placed in higher post through re-designation of posts which were actually required to be filled through promotion or direct

appointment by adopting due process and prescribed criteria in accordance with the provision of HR Manual.

- ii. No provision exists in the HR Manual for re-designation of posts as made by the management.
- iii. The officers who were re-designated did not fulfil the minimum eligibility criteria for higher posts as defined in the HR Manual.

Audit is of the view that re-designation of staff against direct positions and higher posts was irregular.

The irregularity was pointed out during the month of April, 2022. The management replied that internal adjustments can be made as per HR Manual through posting/transfer. Board approved the redesignations in year 2018.

The reply was not satisfactory as the post in higher scales were required to be filled through appointment/ promotion.

The management was requested to convene DAC meeting vide letter dated 15.05.2022 followed by reminders dated 24.5.2022, and 10.06.2022. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that the matter may be inquired into at an appropriate level and fix responsibility.

4.3 Financial Management

4.3.1 Overpayment of adhoc relief allowances and annual increments

Para 5.2.8 of the HR Manual states that annual increment on basic pay scale will be applied in the month of December each year while adhoc relief allowance will be given as per announcement of the government.

The GBRSP Board approved salary structure for the employees working under GBRSP on regular basis in 2017.

Audit observed as under:

- i. Adhoc relief granted was over and above the rates approved by the government. For example, the government announced 10% during 2019-21 whereas the GBRSP granted 28% adhoc relief.
- ii. The adhoc relief allowances were granted on gross salary instead of running pay.
- iii. The adhoc relief granted from time to time on gross pay were merged in basic pay and consequently other allowances were increased accordingly. **(Detail is at annex -4)**
- iv. Annual increments were also granted on gross salary rather than on basic salary in line with fundamental principles and approved policy regulating the grant of annual increment.

Audit is of the view that grant of adhoc relief on gross pay and its subsequent merger in basic pay was irregular and resulted in loss. Further, the annual increments allowed on gross pay was also irregular.

The irregularity was pointed out during the month of April, 2022. The management replied that there was no incremental salary structure till 2020-21. In Year 2021-22 GBRSP implemented increments on basic salaries, therefore, the adhoc relief announced by the Govt. from time to time will be treated separately. However, observation has been noted for future compliance.

The management accepted the audit point of view.

The management was requested to convene DAC meeting vide letter, dated 15.05.2022 followed by reminders dated 24.5.2022, and 10.06.2022. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that payment made over and above the rates approved may be worked out and recovered besides stopping the irregular practice.

4.3.2 Irregular investment of Rs.200.00 million

Para 7 of the Gilgit-Baltistan Investment policy for Endowment Funds 2018 states that to ensure informed decision making, promote healthy competition, ascertained credit risk and capacity for timely payment and state if financial affairs of the Bank(s), those scheduled bank shall be allowed to complete who are continuously getting themselves credit rating agencies on the panel of State Bank of Pakistan

The management of GBRSP invested an amount of Rs. 200.00 million in Karakorum Cooperative Bank Limited (KCBL) on 05.05.2021 @ 9.5 % premium per annum profit for the period of one year.

Audit observed that the investment was made in a Non-Scheduled Bank.

Audit is of the view that investment in KCBL was made in violation of Gilgit-Baltistan Investment policy 2018.

The irregularity was pointed out during the month of April, 2022. The management replied that the Endowment has been given to GBRSP to invest on high profit rates for carrying out activities. The Endowment has been invested in Banks ('A' Rated) that offered highest rates after following the due processes.

The reply was not satisfactory as the investment was made in non-schedule banks in violation of government instructions.

The management was requested to convene DAC meeting vide letter, dated 15.05.2022 followed by reminders dated 24.5.2022, and 10.06.2022. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that the investment should be made in accordance with approved policy of the government to avoid any loss besides fixing responsibility on the person(s) at fault

4.3.3 Irregular grant of Gratuity in addition to Contributory Provident Fund of Rs. 14.320 million

Finance Division OM No.F-15(3)R-14/84 dated 16.10.1984 states that the payment of gratuity cannot, therefore, be made part of the CPF scheme, and as such it should not be paid in addition to CP fund contribution.

Finance Division vide OM No F-10(1) R-7/2009-412 dated 21.01.2015 states that the Autonomous/Semi-Autonomous Bodies and Corporations etc where the pension scheme does not exist then the payment of gratuity in addition to contributory provident fund should not be allowed to their employees on their quitting service.

The GBRSP approved Gratuity scheme during the financial year 2020 in addition to Contributory Provident Funds (CPF) and contributed Rs. 14.320 million up to June 2021.

Audit observed that no provision in this regard existed in the public sector companies as per Finance Division instructions.

Audit is of the view that Contribution of Gratuity fund in addition to Contributory Provident Fund was irregular and unauthorized.

The irregularity was pointed out during the month of April, 2022. The management replied that GBRSP Board is the competent authority and the Board has approved both the benefits i.e., Gratuity & Provident Fund.

The reply is not accepted as no provision in this regard existed in the public sector companies as per Finance Division instructions.

The management was requested to convene DAC meeting vide letter dated 15.05.2022 followed by reminders dated 24.5.2022, and 10.06.2022. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that gratuity scheme should be discontinued in light of Finance Division instructions.

4.3.4 Execution of non-banking micro finance loan program without obtaining license – Rs. 25.25 million

Finance Department GB vide letter No.Budget-1(56)/2018-19 dated 12.09.2019 released Rs 200 million as advance to GBRSP for starting Non-Banking Micro-financing loan (NBFL) program.

The GBRSP Board in its meeting held on 23.10.2019 directed the management to acquire license from SECP. An Executive Committee was constituted for obtaining license from SECP to start operations of Non-Banking Microfinance

The GBRSP granted loan of Rs 25.1251 million up to June, 2021 to the Farmer Co-Operative Society Group to entertain the agriculture co-operative societies registered under cooperative society Act 1925.

Audit observed that the management executed NBFL program without obtaining license from SECP. The management prepared Draft Micro Finance policy to execute loan program which was also not approved by the Board.

Audit is of the view that granting of loan on draft policy and without obtaining license from SECP was irregular and unauthorized.

The irregularity was pointed out during the month of April, 2022. The management replied that Microfinance Policy has been approved by the Board of NBMF. As per object 19 of Memorandum of GBRSP, the GBRSP can lend and advance money or give credit either with or without security. Furthermore, GBRSP's Nonbanking Microfinance is in its piloting phase. GBRSP is applying for obtaining license from SECP.

The management has not obtained license Microfinance banking from SECP so far.

The management was requested to convene DAC meeting vide letter dated 15.05.2022 followed by reminders dated 24.5.2022, and 10.06.2022. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that matter may be taken up with SECP for obtaining license.

4.3.5 Irregular payment on account of salary after expiry of project – Rs. 4.053 million

Para 3 of the agreement signed between Planning & Development Department GB & GBRSP regarding implementation of the project states that GBRSP shall be fully responsible for executing all activities with due vigilance and efficiency in accordance with government financial rules regulations and other directives. The project completion date was 31.12.2020.

The GBRSP appointed thirty-nine employees under project titled “Scaling up of glacial lake outburst flood risk reduction in Northern Areas (GLOF-II)”, the management paid salary to the employees amounting to Rs.4.053 million for the months of January to March, 2021.

Audit observed that the salary for the months January to March, 2021 amounting to Rs. 4.053 million was paid to the employees, whereas contract agreement period was expired on 31.12.2020. Audit further observed that the management neither terminated the services of hired staff nor obtained extension, resultantly, the salary for the three months i.e January to March was paid by the GBRSP out of their regular budget.

Audit is of the view that retention of staff and payment of salaries after the expiry of project was irregular and unjustified.

The irregularity was pointed out during the month of April, 2022. The management replied that the P&DD had approved retaining of GLOF-II staff as the project activities continued from January 2021. GBRSP has bridge financed the amount and later was adjusted from project funds.

The reply is not supported with documentary evidence to substantiate the adjustment made from project fund.

The management was requested to convene DAC meeting vide letter dated 15.05.2022 followed by reminders dated 24.5.2022, and 10.06.2022. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that adjustment account may be provided besides stopping the irregular practice.

4.3.6 Irregular and unauthorized charging of additional allowance from GLOF Project – Rs. 2.608 million

The Planning & Development Department GB signed agreement with UNDP as umbrella project titled; ‘ Scaling up of glacial lake outburst flood risk reduction on Northern Areas GLOF-II’ out of which some of the activities were performed by the GBRSP.

Para 3 of the agreement signed between Planning & Development Department GB & GBRSP regarding implementation of the project {Scaling up of glacial lake outburst flood risk reduction on Northern Areas” (GLOF-II)} states that GBRSP shall be fully responsible for executing all activities with due vigilance and efficiency in accordance with government financial rules regulations and other directives. Activities involving cost of Rs.26.359 million were assigned to GBRSP.

The GBRSP management granted additional charge allowance to the staff engaged under GLOF II project activities and paid Rs. 2.608 million during the period July, 2020 to December, 2021 as detailed at Annex-5.

Audit observed that additional charge allowance was not admissible to the staff engaged with GBRSP as there was no provision in agreement signed between UNDP & Planning and Development Department. Further, no funds were allocated for this purpose.

Audit is of the view that payment of additional charge allowance to the GBRSP regular staff was irregular and unauthorized.

The irregularity was pointed out during the month of April, 2022. The management replied that the expenditure was made in accordance with provision of HR manual.

The reply is not satisfactory as no provision was made for such expenditure in the funds provided by UNDP.

The management was requested to convene DAC meeting vide letter, dated 15.05.2022 followed by reminders dated 24.5.2022, and 10.06.2022. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that additional allowance may be recovered and deposited into government treasury.

4.4 Governance, Monitoring and Evaluation

4.4.1 Non assessment of Annual Performance of staff

Chapter 6 of the Human Resource Manual defined Performance and Appraisal policy for the Regular Staff appointed on regular position in GBRSP.

Evaluation of the performance of staff is categorized in three stages:

- i. Annual Planning
- ii. Mid Cycle Review
- iii. Final Discussion and Assessment

Para 6.2.4 of the manual states that subsequent to the appraisal year, a final meeting of the employee and the supervisor will be held and after the discussion the supervisor fills the assessment/appraisal form and provides remarks wherever necessary and send to General Manager for final review and comments, if any.

Para 6.2.4.5 of HR Manual states that at the end of the process, the employee may qualify, depending on overall performance, for the following:

- i. Increment/Special Increment
- ii. Promotion
- iii. Award
- iv. Training & Development
- v. Forfeiting of increments and promotion.

The management of GBRSP made appointments against 141 posts of different cadres/scales on regular basis during the year 2017-20.

Audit observed that GBRSP did not conduct annual performance evaluation of the staff.

Audit is of the view that non-conducting of performance was not only in violation of HR Manual but also shows weak internal control by the management.

The irregularity was pointed out during the month of April, 2022. The management replied that in future the performance of the employees will be evaluated in accordance with provision of the HR Manual.

The management was requested to convene DAC meeting vide letter, dated 15.05.2022 followed by reminders dated 24.5.2022, and 10.06.2022. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that annual performance assessment evaluation should be carried out in letter and spirit as provided in the HR Manual.

4.4.2 Non-conducting of the performance evaluation of Board of Directors/Senior Management

Rule 08 of the Public Sector Companies (Corporate Governance) Rules, 2013 states that performance evaluation of members of the Board including Chairman and the Chief Executive shall be undertaken annually by the Government for which the government shall enter into performance contract with each member of the Board at the time of his appointment.

The Board shall monitor and assess the performance of senior management periodically at least once a year, and hold them accountable for accomplishing objectives.

During the Audit of GBRSP it was observed that performance evaluation of the members of the Board including Chairman and Chief Executive was not conducted by the government nor the Board assessed the performance of senior management.

Audit is of the view that non-evaluation of performance of Boards and senior management was in violation of Public Sector Companies (Corporate Governance Rule 2013).

The irregularity was pointed out during the month of April, 2022. The management replied that GBRSP happened to be an inactive organization till year 2016. The present Board has transformed it into a viable and vibrant organization, thereby extending its developmental activities throughout GB in a big way. Needless to mention that Board of GBRSP comprises top-class developmental professionals besides retired and sitting bureaucrats including serving secretaries from the government of Gilgit-Baltistan. However, the audit observation has been noted for future compliance.

The management has accepted that audit observation.

The management was requested to convene DAC meeting vide letter, dated 15.05.2022 followed by reminders dated 24.5.2022, and 10.06.2022. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that the performance evaluation of the members of Board may be conducted in letter and spirit.

5. CONCLUSION

Audit is of the view that the HR Manual was not implemented in letter and spirit as violations in a number of cases of regular appointment, up-gradation, induction and regularization of contract employees were noticed. In one case even the employees of a private organization was regularized.

5.1 Key Issues

During special audit of the programme, the internal controls weaknesses were noticed which are elaborated as under.

- i. Induction of staff was without observing HR Manual
- ii. Salary was fixed over and above government announcement in violation of HR Manual
- iii. PPRA rules were not followed in procurements
- iv. Appointments were made without observing eligibility criteria
- v. Consultants were hired without advertisement
- vi. Investment was made in a non-scheduled bank
- vii. Assessment of staff and Board Directors were not carried out since establishment of organization

5.2 Lessons learnt

Audit is of the view that good internal controls are essential for assuring the accomplishment of goals and objectives as they ensure compliance with applicable laws and regulations. Presence of effective internal controls and regular monitoring and evaluation of activities should have been carried out for effective implementation of department objectives.

ACKNOWLEDGEMENT

We wish to express our appreciation to the management and staff of the GBRSP for the assistance and cooperation extended to the auditors during this assignment.

Annexure-1, Para 4.1.1

S.No	Name of Staff	Position in DPAP	Position in GBRSP
1.	Mr. Ashfaq Ahmad	Programme Manager	General Manager
2.	Mr.Fida Karim	Manager Finance & Admin	Manager Finance & Admin
3.	Mr. Manzoor Ahmed	Manager Community Development	Regional Manager Diamer
4.	Mr. Sardar Gul	Programme Engineer	Consultant Engineer
5.	Mr. Maqsoodullah	Social Organizer	Community Development Officer
6.	Mr. FazalHaq	Social Organizer	Community Development Officer
7.	Mr. Khursheed Alam	Youth Development Officer	Junior Social Organizer
8.	Mr. Inayatullah	Junior Social Organizer	Junior Social Organizer
9.	Mr. Sher Alam	Accountant	Regional Accountant & Manager
10.	Mr.Fazal ur Rehman	Sub Engineer	Sub Engineer
11.	Mr. Uziar ullah	Sub Engineer	Sub Engineer
12.	Mr. Abdul Hameed	Admin Assistant	Admin Assistant
13.	Mr. Farooq Jan	Office Assistant	Office Assistant
14.	Ten number of Grande one employee	Drivers, Watch man and Office Boy	Drivers, Watch man and Office Boy

Annexure-2, Para 4.1.4

S No.	Name	Designation	Salary PM
1.	Mr.Zafar Iqbal	Finance Officer	70,000
2.	Mr.Mehboob Alam	Assit. MIS Officer	45,000
3.	Miss Hadia Begum	Assistant MERL	45,000
4.	Mr Sajid Ali	Training Coordinator	70,000
5.	Miss.Shazia Firduos Khan	Reporting & Liaison Assistant	50,000
6.	Miss.Ambreen Alam	Assistant Training Coord.	45,000
7.	Mr.Muhammad Ayub	Social Organizer	50,000
8.	Mr Raja Naveed Hussain	Junior Social Organizer	45,000
9.	Mr.Mian Iftikhar Hassan	Junior Social Organizer	45,000
10.	Mr.Shah Akbar	Field Mobilizer	35,000
11.	Mr.Yahya Khan	Field Mobilizer	35,000
12.	Mr.Shah Raees	Office Assistant	35,000
13.	Mr.Sadam Hussain	Office Boy	22,000
14.	Mr.Nadir Shah	Guard	20,000
15.	Mr.Nisar Ali Shah	Driver	22,000
16.	Mr.Aman Ali Shah	CDO	65,000
17.	Mr.Muhammad Nawaz Khan	Junior Social Organizer	45,000
18.	Mr.Shahid Ali	Field Mobilizer	35,000
19.	Mr.Khalida Aman	Field Mobilizer	35,000
20.	Mr.Syed Muntazir Abbas	Office Assistant	35,000
21.	Mr.Imran Khan	Office Boy	22,000
22.	Mr.Manzoor Hussain	CDO	65,000
23.	Mr.Muhammad Saqlain	Junior Social Organizer	45,000
24.	Mr.Yasmeen Ahmed	Field Mobilizer	35,000
25.	Mr.Abbas Hussain Saleem	Field Mobilizer	35,000
26.	Mr.Abdul Sattar	Office Assistant	35,000
27.	Mr.Ghulam Rasool	Office Boy	22,000
28.	Mr.Mazahir Hussain	Guard	20,000
29.	Syed Hamid Hussain	Guard	20,000
30.	Mr.Zakir Hussain	Driver	22,000
31.	Miss.Ambreen Jamil	Assistant MERL	45,000
32.	Mr.Muhammad Ali	Assistant Finance Officer	35,000
33.	Mr Muhammad Raza	Field Mobilizer	35,000
34.	Mr.Ismail	Office Boy	22,000

35.	Mr.Muhammad Askari	Cleaner/Gardener	20,000
36.	Mr.Muhammad Sharif	Driver	22,000
37.	Mr.Iftikhar Ahmad	Office Boy	22,000
38.	Mr.Izhar Alam	Guard	20,000

Annexure-3, Para 4.2.2

S.No	Name & Designation	Post eligibility	Discrepancies/shortcoming	Remarks
1.	Mr Usman Zeb, Manager Monitoring Evaluation & Research	Master in Economics, Statistics with minimum 8 year post qualification experience in relevant field with reputed organization	As per record the employee qualified Master in Economics in 2016 and got appointment on August 2017	The officer holds only one year post qualification experience
2.	Miss Shahana Bibi Partnership Officer	Master in Social Science /Management Science with 5 year relevant experience	As per record the employee hold Master degree in Environmental Science	Irrelevant qualification
3.	Mr Aziz Ur Rehman (Internal Auditor)	CA inter with five year experience in Audit for any Government department & Donor funded program/NGO/INGO	The employee worked as Audit Associate in Riaz Ahmed & Co from 2014-18. Served as Manager Finance in China State Construction Company from April 2018-Dec 2019. Worked as Manager Finance in China Civil Engineering Construction Corporation from January 2020 to April 21	The employee has not worked in any government organization nor any donor funded Programme.
4.	Mr Israr Ahmed (Value Chain Officer)	Master degree in Business administration /Economics with five year experience in development sector in enterprise/Value Chain development	The employee worked as Accountant clerk in Supreme Appellate Court GB w.e.f 02.01.2012 to 11.01.2016 Worked as Accountant in Supreme Appellate Court GB w.e.f 20.04.2016 to 18.08.2017. Worked as Admin & Coordination officer at NIPPA Welfare Associate Gilgit w.e.f 19.02.2018 to March 2021.	The employee did not fulfill relevant experience
5.	Mr Muzamil Hussain & Procurement Officer	Master degree in Business /Commerce /Public Administration with minimum five year overall work experience in administration with at least	The employee has completed Master degree on 08.11.2017. Worked as Admin & Procurement officer in Shan Medicine company	The employee did not hold three year experience in government & donor

		three years of experience in procurement for govt and donor funded program /NGO/INGO	from june 2017 to july 2019. Admin & HR Assistant in ETI-GB from October 2019 to march 2020. Worked as Admin & Procurement Officer in Directorate of Mines & mineral from March 2020 to March 2021	funded programme
6.	Mr Wajahat Hussain (Business Mobilizer)	Master degree in Business Administration /Economics with minimum three year relevant work experience in development sector/enterprises development	The employee completed Master of Business Administration in August 2016. The employees worked as Assistant Relationship Manager in advance Micro Finance bank which was during their Master degree. The said experience cannot be considered in the light of Establishment Division/FPSC and Esta Code guidelines	The employee could not meet eligibility criteria
7.	Mr Mohsin Abbas (Social Mobilizer)	Master degree in social/Natural /Management Sciences with minimum three year experience	The employee holds a Master degree in History	Irrelevant qualification

Annexure 4, Para 4.3.1

Name	Designation	Year	Basic	House Rent	Utility	Gross	Medical	% of change
Mr.Ashfaq Ahmad	General Manager	Mar-17	106,672	40,000	13,328	160,000	10,667	
		Jan-18	117,339	44,000	14,661	176,000	11,734	10 % of Gross
		Sep-18	136,896	51,334	17,104	205,334	13,690	10% of Basic and 10% of Gross
		Oct-19	169,022	63,380	21,118	253,520	16,902	15% of Gross & Market Adjustment
		Aug-20	185,924	69,718	23,230	278,872	18,592	10 % of Gross
		Jan-21	191,794	71,919	23,963	287,677	19,179	
Mr.Fida Karim	CFO	Mar-17	80,004	30,000	59,996	120,000	8,000	
		Jan-18	88,004	33,000	10,996	132,000	8,800	10 % of Gross
		Sep-18	102,672	38,500	12,828	154,000	10,267	10% of Basic and 10% of Gross
		Oct-19	134,173	50,313	16,764	201,250	13,417	15% of Gross & Market Adjustment
		Aug-20	147,590	55,344	18,440	221,374	14,759	10 % of Gross

		Jan-21	152,100	57,035	19,004	228,139	15,210	
Manzoor Ahmad	PM NRM	Mar-17	66,670	25,000	8,330	100,000	6,667	
		Jan-18	73,337	27,500	9,163	110,000	7,334	10 % of Gross
		Sep-18	85,560	32,084	10,690	128,334	8,556	10% of Basic and 10% of Gross
		Oct-19	98,394	36,896	12,294	147,584	9,839	15% of Gross & Market Adjustment
		Jul-20	114,048	42,766	14,250	171,064	11,405	Transfer from RPM to Manager NRM
		Aug-20	125,453	47,043	15,675	188,170	12,545	10 % of Gross
		Jan-21	129,963	48,734	16,238	194,935	12,996	
Mr.Fazal Haq	District Opertions Manager	Mar-17	40,002	15,000	4,998	60,000	4,000	
		Jan-18	44,002	16,500	5,498	66,000	4,400	10 % of Gross
		Sep-18	51,336	19,250	6,414	77,000	5,134	10% of Basic and 10% of Gross
		Oct-19	59,036	22,138	7,376	88,550	5,904	15% of Gross & Market Adjustment

		Aug-20	67,892	25,458	8,483	101,833	6,789	10 % of Gross
		Jan-21	70,192	26,321	8,770	105,283	7,019	
Mr.Maqsood Ullah	Assistant Manager CD	Mar-17	40,002	15,000	4,998	60,000	4,000	
		Jan-18	44,002	16,500	5,498	66,000	4,400	10 % of Gross
		Sep-18	51,336	19,250	6,414	77,000	5,134	10% of Basic and 10% of Gross
		Oct-19	59,036	22,138	7,376	88,550	5,904	15% of Gross & Market Adjustment
		Aug-20	67,892	25,458	8,483	101,833	6,789	10 % of Gross
		Jan-21	69,792	26,171	8,720	104,683	6,979	
Mr.Mubeen Muhammad	PM Partnership	Mar-17	-	-	-	-	-	
		Dec-17	66,670	25,000	8,330	100,000	6,667	
		Jan-18	73,337	27,500	9,163	110,000	7,334	10 % of Gross
		Sep-18	85,560	32,084	10,690	128,334	8,556	10% of Basic and 10% of Gross
Mr.Israr Ahmad	MER Officer	Mar-17	-	-	-	-	-	
		Dec-17	40,002	15,000	4,998	60,000	4,000	

		Jan-18	44,002	16,500	5,498	66,000	4,400	10 % of Gross
		Sep-18	51,336	19,250	6,414	77,000	5,134	10% of Basic and 10% of Gross
		Oct-19	59,036	22,138	7,376	88,550	5,904	15% of Gross & Market Adjustment
		Aug-20	67,892	25,458	8,483	101,833	6,789	10 % of Gross
Mr.Usman Zeb	PM MERL	Mar-17	-	-	-	-	-	
		Dec-17	66,670	25,000	8,330	100,000	6,667	
		Jan-18	73,337	27,500	9,163	110,000	7,334	10 % of Gross
		Sep-18	85,560	32,084	10,690	128,334	8,556	10% of Basic and 10% of Gross
		Oct-19	109,089	40,907	13,630	163,626	10,909	15% of Gross & Market Adjustment
		Aug-20	119,998	44,997	14,993	179,988	12,000	10 % of Gross
		Jan-21	124,508	46,688	15,557	186,753	12,451	
Mr.Shahana Bibi	Assistant Manager P&FR	Mar-17	-	-	-	-	-	
		Dec-17	40,002	15,000	4,998	60,000	4,000	

		Jan-18	44,002	16,500	5,498	66,000	4,400	10 % of Gross
		Sep-18	51,336	19,250	6,414	77,000	5,134	10% of Basic and 10% of Gross
		Oct-19	59,036	22,138	7,376	88,550	5,904	15% of Gross & Market Adjustment
		Aug-20	67,892	25,458	8,483	101,833	6,789	10 % of Gross
		Jan-21	69,792	26,171	8,720	104,683	6,979	
Mr.Amjad Wali	PM ED	Sep-19	66,670	25,000	8,330	100,000	6,667	
		Oct-19	99,172	37,188	12,391	148,750	9,917	15% of Gross & Market Adjustment
		Aug-20	109,089	40,906	13,630	163,625	10,909	10 % of Gross
		Jan-21	113,599	42,598	14,193	170,390	11,360	
Mr.Azfar Ali	PM CD	Oct-19	99,172	37,188	12,391	148,750	9,917	
		Aug-20	109,089	40,906	13,630	163,625	10,909	10 % of Gross
		Jan-21	113,599	42,598	14,193	170,390	11,360	

Annexure-5, Para 4.3.6

Amount in Rs

S.No	Name of employee	Designation	Amount/PM	No of month	Total
1.	Mr Ashfaq Ahmed	GM	37,185	18	669,276
2.	Mr Fida Karim	CFO PM	29,518	18	531,324
3.	Mr Usman Zeb	Manager M & E	24,000	18	432,000
4.	Mr Azfar Ali	Assistant Manager	21,818	18	392,724
5.	Mr Mian Sultan Hassan	Assistant Manager	13,578	06	81,468
6.	Mr Ghaffar Khan	Assistant Manager	13,578	06	81,578
7.	Mr Ijlal Hussain	IT Officer	9,200	06	55,200
8.	Mr Iqtidar Hussain	Office Assistant	5,293	06	31,758
9.	Mr Sher Nawaz Khan	Driver	3,793	06	22,758
10.	Mr Abdul Hanan	Driver	3,703	06	22,218
11.	Mr Alamgir	MERL Officer	7,130	06	42,780
12.	Mr Nusrat Amin	Assistant Supervisor	5,980	06	35,880
13.	Mr Jamil Asgher	Office Assistant	3,936	06	23,616
14.	Muhammad Hussain	Driver	3,174	06	19,044
15.	Mr Faridoon	Driver	4,074	06	24,444
16.	Mr FazalHaq	CDO	13,578	06	81,468
17.	Muhamad Hussain	CDO	7,595	06	45,570
18.	Mr Shah Khan	Driver	2,607	06	15,642
				Total	2,608,748