Auditor-General of Pakistan

AUDIT REPORT ON

NATIONAL DISASTER MANAGEMENT AUTHORITY (NDMA)

ISLAMABAD

Report No: DGA (CC&E) 25-001

Audit Year 2025-26

Financial Year 2024-25

PREFACE

Articles 169 & 170 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Sections 7 to 15 of the Auditor-General's (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 or under the control of the federal or a Provincial government.

This report is based on audit of National Disaster Management Authority (NDMA) Islamabad for the financial year 2024-25. The Directorate General Audit (Climate Change and Environment) conducted audit during Audit Year 2025-26 on a test check basis with a view to make an independent assessment of the entity and provide reliable information to the stakeholder for making sound decision making. The report also aims at improving the internal controls of the entity, thereby allowing the management to take corrective action and improve operational efficiency.

The Audit Report includes key facts about the entity, audit snapshot, findings on systemic issues, conclusion and recommendations for executive action. Audit findings indicate a number of matters related to stated roles & responsibilities of the entity, financial management, human resource management, procurement, operational processes, achievements of targets/KPI and digitization.

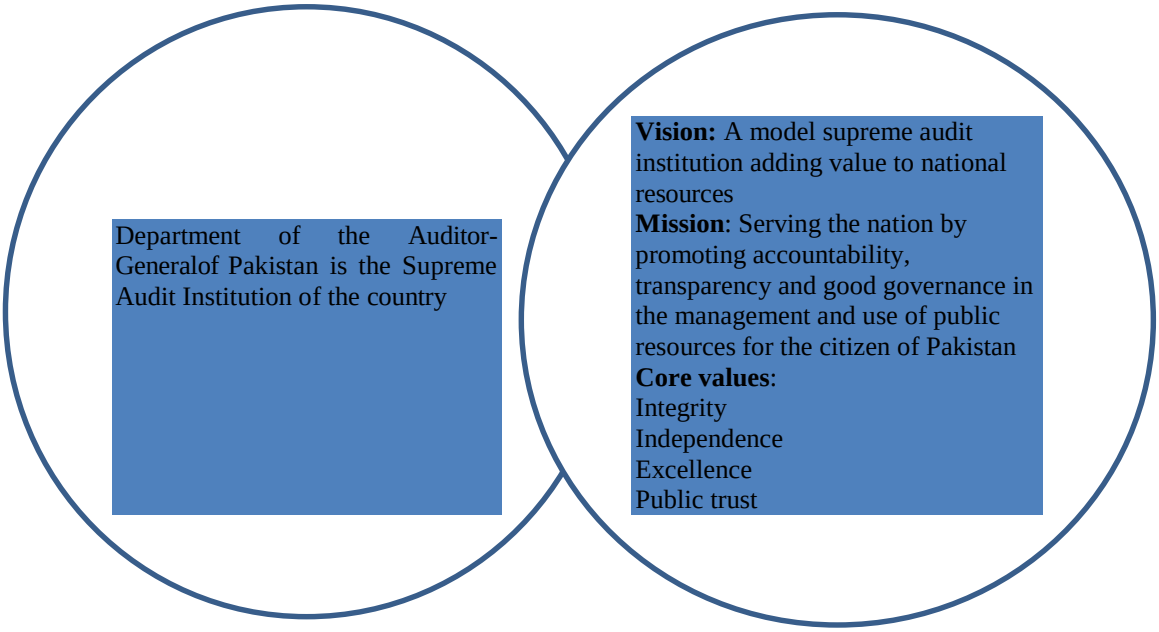
The report was shared with the entity as well as the Principal Accounting Officer (PAO) and executive responses were evaluated before finalization of this report. The compliance audit report was discussed with the PAO in Departmental Accounts Committee (DAC) meeting held on 12.02.2025 and the outcome of the meeting has been incorporated in the report. No DAC on the paras of certification audit has been convened by the PAO.

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

S/d-
(Maqbool Ahmad Gondal)
Auditor-General of Pakistan

Islamabad
Dated: 26th February, 2026

Department of the Auditor-General of Pakistan



The Auditor General's organization is the prime institution in the country for ensuring public accountability and fiscal transparency in governmental operations. The organization is expected to bring about improvements in the financial discipline and internal control environment in the executive departments for minimizing the possibility of waste and fraud.

The Auditor-General of Pakistan is appointed under the Constitution of the Islamic Republic of Pakistan. His reports are laid before the legislature and discussed in the Public Accounts Committees of the respective legislative Assemblies. His mandate enables him to strengthen the legislative oversight by providing an independent and objective assessment of the process of governance at the federal, provincial and local level.

NDMA
AUDIT REPORT

AUDIT SNAPSHOT

Highlights

Audit Report on National Disaster Management Authority (NDMA) Islamabad

DGA-25-001 | **February, 2026**

Why did we conduct this audit?	**What did we find?**
The audit assessed governance, financial discipline, regulatory compliance, and effectiveness in delivering its statutory objectives and public value. The audit of NDMA was conducted in view of its expanded mandate, and substantial growth in financial resources. As the apex disaster management authority, NDMA administers significant public funds and undertakes relief goods procurement for maintaining stock piling in case of disaster.	• ERRA closure, NEOC construction, and NIDM not legally compliant. (See Sections 4.1.1, 5.1.1 & 5.1.2) • Rs 193.739 million unvalidated expenditure and tax non-compliance. (See Sections 1.1.1, 1.3) • Unauthorized bank accounts and weak accounting discipline. See (Sections 1.2.1, 4.1.2) • Projects of Rs 189.827 million initiated without PC-I. (See Section 3.1.1) • Undocumented procurement Rs 531.012 million and no stock system. (See Sections 1.5.1,3.2.1)
Key assessments	**Main recommendations**
• Assets significantly exceed liabilities; long-term debt minimal. • Opening balance Rs 18,635.623 million, indicating strong liquidity. • Expenditure stabilized after emergency peaks. • Cash reserves adequate for short-term obligations. • Financial risk Moderate (Category B), linked to utilization efficiency, not solvency.	• Ensure statutory compliance, including ERRA regularization and NIDM establishment. • Restrict NDM Fund to authorized use. • Maintain complete expenditure and relief documentation. • Recover dues and ensure tax compliance. • Follow PPRA Rules strictly. • Obtain PC-I approvals and ensure lawful HR practices.

NDMA
AUDIT REPORT

Highlights	
DGA-25-001	**February, 2026**
Entity Summary Sheet	

Description	Details
Legal Framework of Entity	NDMA Act, 2010. ERRA Act, 2011 NDMA Fund Accounting Procedure 2010 ERRA Accounting Procedure 2006
Key Responsibilities/ Mandate and Objectives	The Authority functions under the supervision of National Disaster Management Commission (NDMC) which is headed by the Prime Minister of Pakistan. NDMA manages the whole Disaster Management Cycle (DMC) which includes Preparedness, Mitigation, Risk Reduction, Relief and Rehabilitation.
Accounting Policy	IPSAS cash basis accounting
Total Assets (current/Long-term)	Rs 31,534.553 million as of June 30, 2025
Total Liabilities (current/Long-term)	Rs 4,981.968 million as of June 30, 2025
Income/Revenue (Profit on PLS A/c)	Rs 55.982 million as of June 30, 2025
Government Grants	Rs 4128.980 million as of June 30, 2025
Expenditure	Rs 5,626.783 million as of June 30, 2025
Cash Balances	Rs 17,137.820 million as of June 30, 2025
Total Investments (Security Deposit)	Nil

Funding Sources	Government of Pakistan, donations, interest on investment
Total expenditure on Procurement	Rs 1,246.585 million as of June 30, 2025
Was procurement made through e-PADS (Yes/No)	No
Status of financial statements	AFS for the FY 2024-25 were prepared by NDMA and audited by DGA CC&E.
Composite (risk) Rating	**B** (Moderate) Primarily linked to utilization efficiency rather than solvency concerns (See Section A-iv)
Compliance status of audit recommendations	Management agreed on paras related to non-deduction of taxes/duties and to solicit clarification from concerned Divisions / Departments /Division on various audit observations in near future. NDMA's audit compliance overall has significantly deteriorated over time, shifting from an 88% settlement rate in earlier years (2016–2021) to zero compliance on the most recent directives from 2023–2025. While the authority successfully resolved 23 of its first 26 audit paragraphs, it currently faces a growing backlog of 18 active directives, 83% of which remain completely unaddressed, highlighting a critical breakdown in recent oversight and follow-up mechanisms.

Source: Revised Annual Financial Statements of NDMA for the FY 2024-25

Contents

PREFACE i

Overview of NDMA 1

A. Analysis of NDMA's Annual Financial Statements 4

B. Stated Mandate, Role and Responsibilities 8

C. Audit Objectives 9

D. Audit Methodology 9

FINDINGS 11

1. Financial Management 11

2. Human Resource Management 17

3. Procurement 19

4. Operational Processes, Targets and KPIs 21

5. Governance 23

6 Conclusion 25

7 Recommendations 27

Appendix 29

NDMA
AUDIT REPORT

ABBREVIATIONS AND ACRONYMS

AFS	Annual Financial Statements
AGP	Auditor-General of Pakistan
AIR	Audit and Inspection Report
BOQs	Bill of Quantities
CC&E	Climate Change & Environment
CDA	Capital Development Authority
CDWP	Central Development Working Party
CGA	Controller General of Accounts
DAC	Departmental Accounts Committee
DDMA	District Disaster Management Agency
DDO	Drawing & Disbursing Officer
ER	Emergency Response
ERRA	Earthquake Reconstruction & Rehabilitation Authority
FAM	Financial Audit Manual
FEMA	Federal Emergency Management Agency
FWO	Frontier Works Organization
FY	Financial Year
GFR	General Financial Rules
HQs	Headquarters
HR	Human Resource
ICT	Islamabad Capital Territory
IFFP	International Framework of Professional Pronouncement
INGO	International Non-Governmental Organization
INSAR	Interferometric Synthetic Aperture Radar
INTOSAI	Internal Organization of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
ISSAIs	International Organization of Supreme Audit Institutions Standards
KPIs	Key Performance Indicator
KTP	Karachi Transformation Plan
LD	Liquidated Damages
LOA	Letter of Acceptance
MREs	Meal Ready to Eat
NAM	New Accounting Model
NBP	National Bank of Pakistan
NDMA	National Disaster Management Authority

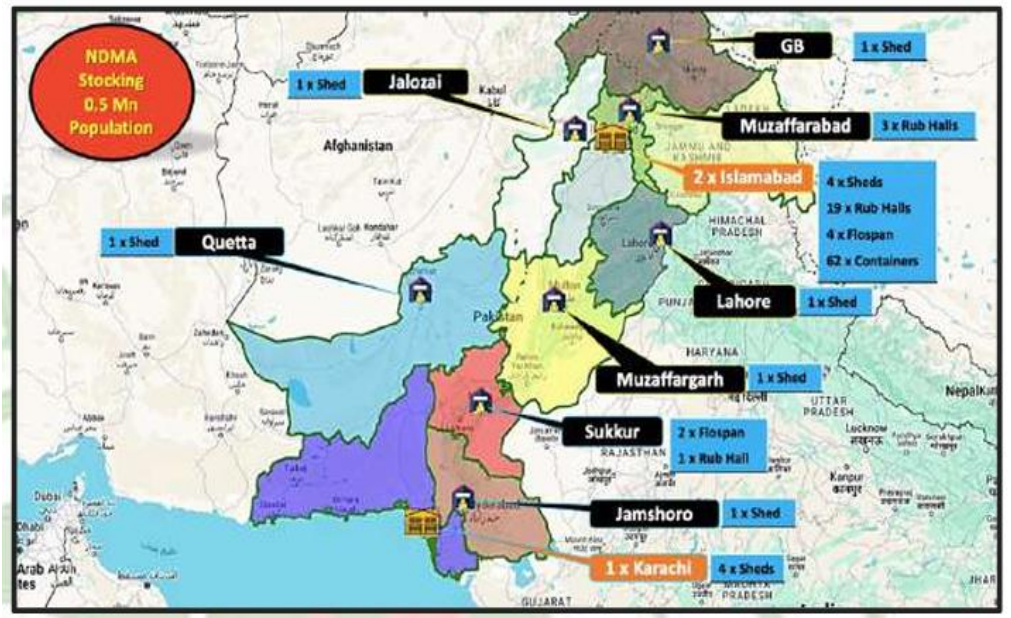
NDMC	National Disaster Management Commission
NDMF	National Disaster Management Fund
NDRF	National Disaster Response Force
NEOC	National Emergency Operation Centre
NGO	Non-Governmental Organization
NIDM	National Institute of Disaster Management
NLC	National Logistic Cell
OM	Office Memorandum
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PC-I	Planning Commission Form-I.
PDMA	Provincial Disaster Management Authority
PDNA	Post-Disaster Needs Assessment
POL	Petrol, Oil and Lubricant
PPRA	Public Procurement Regulatory Authority
PPS	Project Pay Scale
RNA	Rapid Need Assessment
TA/DA	Travel Allowance / Daily Allowance
UN	United Nations
UNDRR	United Nation Office for Disaster Risk Reduction
UNICEF	United Nation International Children Emergency Fund

Overview of NDMA

NDMA was established under the National Disaster Management Act, 2010 as Pakistan's lead institution for coordinating disaster preparedness, response, recovery, and risk reduction. Over the years, NDMA has gradually transitioned from a largely reactive relief-focused body to a more proactive and risk-informed authority. A key milestone in this shift has been the establishment of the National Emergencies Operation Center (NEOC), which enhances real-time monitoring, early warning dissemination, and inter-agency coordination. Despite these advancements, the authority continues to face structural challenges, including limited financial resources, gaps in specialized technical expertise, reliance on generalist civil servants, and coordination constraints during large-scale or multi-hazard emergencies. At the provincial level, Provincial Disaster Management Authorities (PDMAs) are responsible for implementing disaster management policies and coordinating preparedness, mitigation, and response activities within their respective provinces. At the district level, District Disaster Management Authorities (DDMAs) function as frontline operational bodies responsible for district-level planning, emergency response, relief, recovery, and enforcement of disaster-related measures in alignment with national and provincial guidelines.

During FY 2024-25, expenditure remained substantially lower than available resources, resulting in significant under-utilization of funds. Total payments during the year were approximately Rs 5.66 billion against receipts/balance of about Rs 18.63 billion, indicating weak budget absorption capacity. This gap reflects conservative or slow spending despite availability of funds, pointing towards planning inefficiencies and operational contraction. From a budgeting perspective, while fiscal control appears intact, expenditure performance indicates moderate implementation risk.

NDMA, being the lead federal agency for disaster management in Pakistan, maintains an operational presence across the country through strategically established warehouses to ensure timely preparedness and emergency response.



In furtherance of its statutory mandate, NDMA performs the following key functions:

i. Provides federal oversight and technical guidance to PDMAs and DDMAs for preparedness, mitigation, and response planning.

ii. Activates approved contingency plans during disasters and facilitates coordinated deployment of trained national and international response teams.

iii. Supports provincial authorities in initial relief operations, camp management, and unified field coordination during emergencies.

iv. Conducts and coordinates Rapid Needs Assessments (RNAs), tracks humanitarian gaps, consolidates response data from NGOs and Interferometric Synthetic Aperture Radar (INSAR) teams, and ensures timely information sharing with stakeholders.

v. Engages donors and UN agencies to support preparedness, response, and recovery initiatives, including participation in national and international appeals.

vi. Manages the transition from response to recovery through coordination of Post-Disaster Needs Assessments (PDNA) shelter rehabilitation, and structured recovery planning.

vii. Strengthens institutional capacity through structured training programs, retention and incentivization of technical human resources, integration of lessons learned, and enhancement of long-term operational readiness.

In comparison, agencies like the Federal Emergency Management Agency (FEMA) in the United States operate with substantially higher budgets, advanced technological infrastructure, and established disaster insurance systems that distribute risk and enhance recovery capacity. Similarly, India's National Disaster Management Authority is supported by the specialized National Disaster Response Force (NDRF), which provides trained and dedicated operational units for emergency deployment. At the global level, the United Nations Office for Disaster Risk Reduction (UNDRR) promotes resilience and policy coherence through frameworks such as the Sendai Framework for Disaster Risk Reduction, though its effectiveness depends largely on national implementation. Overall, while NDMA Pakistan is increasingly aligning with global best practices—particularly through anticipatory action, early warning systems, and climate resilience initiatives—it must further invest in local capacity building, integrate specialized professionals, and strengthen institutional mechanisms to achieve the operational depth and autonomy seen in United States's FEMA or India's NDMA disaster management architectures.

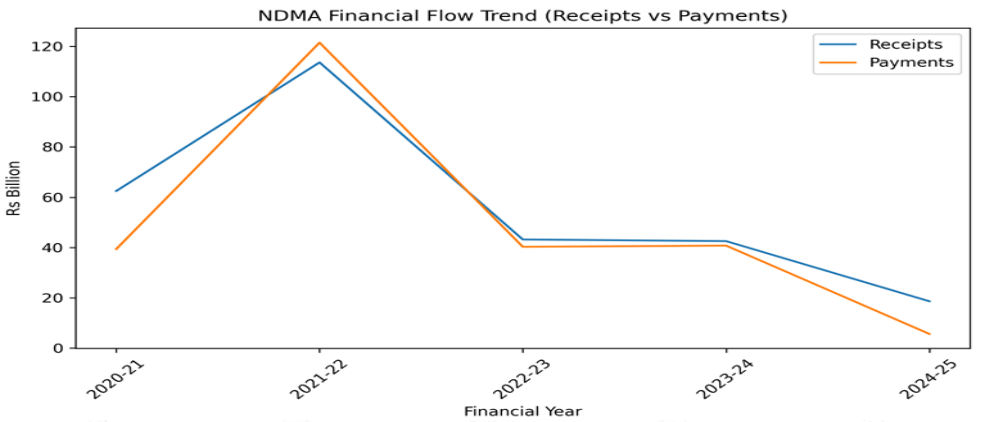
A. Analysis of NDMA's Annual Financial Statements

Analysis of NDMA's Annual Financial Statements over the period of Financial years 2020-21 to 2024-25 indicates that the Authority has maintained a consistently strong financial position characterized by high liquidity, a positive net asset base, and comparatively low liability exposure. Balance sheet reflects financial stability with no indication of solvency risk or structural financial distress. Total assets remain robust across the review period, and liabilities have not shown material escalation that would impair operational continuity. From a financial sustainability standpoint, the Authority remains secure and capable of meeting its short-term obligations without external stress.

i. Receipts Vs Payments

The five-year financial pattern of NDMA reflects a highly volatile funding and expenditure cycle. Receipts reached a significant peak in FY 2021-22, primarily due to extraordinary allocations made in response to the Covid-19 pandemic and the catastrophic flood emergencies during that period. In the same year, payments also escalated and exceeded annual receipts, indicating aggressive deployment of accumulated reserves to manage relief, rehabilitation, and response operations. From FY 2022-23 onward, both receipts and payments stabilized temporarily before declining sharply in FY 2024-25. The substantial contraction in the latest year reflects reduced emergency inflows and lower operational intensity. Overall, the financial cycle appears reactive and event-driven rather than based on a stable and predictable baseline financing structure.

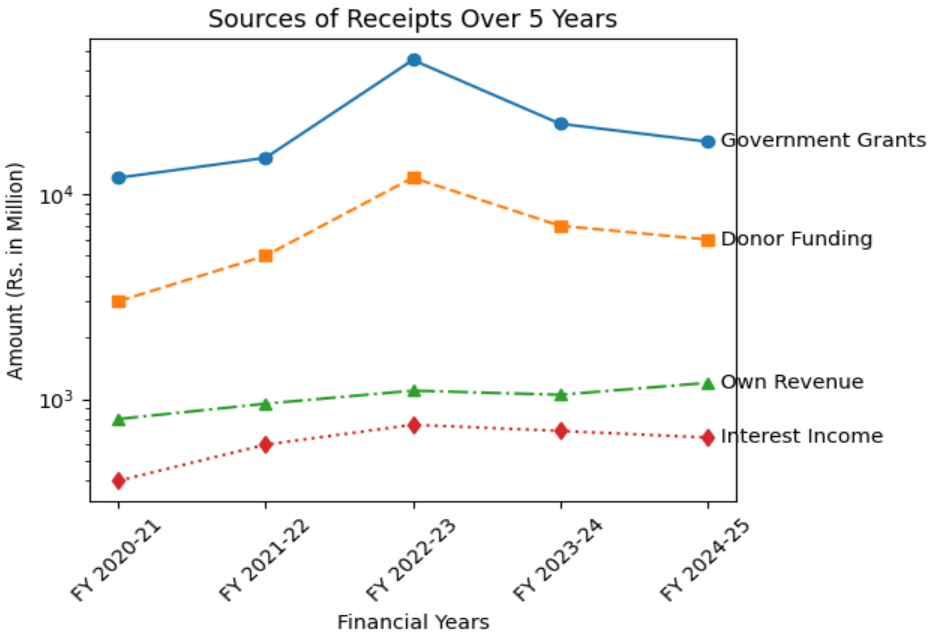
NDMA – 5 Year Funding & Risk Trend (FY 2020-21 to 2024-25)



ii. **Receipts – Source-wise Analysis**

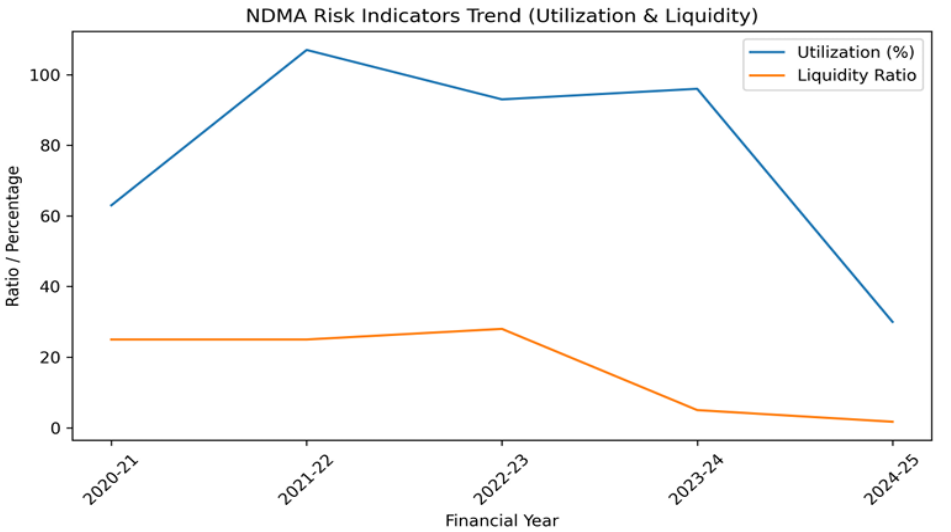
Overall receipts reflected a significant event-driven surge followed by sharp contraction. Receipts peaked at Rs 113,572 million in FY 2021-22 and declined to Rs 42,347 million in FY 2022-23, Rs 5,775 million in FY 2023-24, and Rs 4,128 million in FY 2024-25. Releases from Federal Government to National Disaster Management Fund (NDMF), which were the primary source in FY 2020-21 and FY 2021-22, fell drastically to Rs 64 million by FY 2024-25, indicating heavy dependence on federal allocations during emergency periods.

Profit earned was significant in FY 2022-23 and FY 2023-24 due to temporary surplus liquidity but declined in FY 2024-25. Miscellaneous receipts through transfer of funds due to closure of other Government Relief Account to NDMA became material in FY 2024-25 (Rs 3,164 million). Donations remained nominal overall, despite peaking at Rs 304 million in FY 2022-23, reflecting limited donor diversification.



iii. Utilization & Liquidity

Utilization patterns further demonstrate variability across the review period. Expenditure exceeded receipts during the emergency phase of Covid-19 and floods, followed by relatively efficient absorption in the subsequent two years. However, a pronounced drop in utilization in FY 2024-25 indicates under-deployment of available funds and potential operational slowdown. At the same time, the liquidity cushion has steadily declined over the five-year period. Although the Authority remains solvent and maintains assets in excess of liabilities, the reduction in cash reserves limits flexibility in responding to unforeseen disaster events without fresh budgetary support.



iv. Risk Profile

In overall audit terms, NDMA remains financially stable with no evidence of insolvency or structural deficit. Nevertheless, the observed funding volatility, utilization inconsistency, and declining liquidity buffer point to moderate financial risk arising from sustainability and planning variability rather than financial weakness. This position supports a Composite Risk Rating of “B” (Moderate Risk).

B. Stated Mandate, Role and Responsibilities

The National Disaster Management Authority (NDMA) operates as the federal authority for disaster management in Pakistan under the National Disaster Management Act, 2010. The Act establishes a comprehensive statutory framework for disaster risk governance and constitutes the National Disaster Management Commission (NDMC), chaired by the Prime Minister, as the apex policy-making body. NDMA functions as the executive arm of the Commission.

Under its legal mandate, NDMA formulates national policies, plans, guidelines, and standards to ensure an integrated approach to disaster risk reduction and emergency response. It prescribes minimum relief standards for affected populations and coordinates enforcement of disaster management measures across federal ministries, divisions, attached departments, provincial governments, and other stakeholders. The Authority monitors compliance with approved frameworks and ensures preparedness, mitigation, response, and recovery measures at the national level, covering the full disaster management cycle from prevention to rehabilitation and reconstruction. The statutory framework further empowers NDMA to activate contingency plans, mobilize and deploy resources, oversee relief operations, and coordinate with provincial and district authorities. It is also authorized to engage with international organizations and donor agencies for technical cooperation and humanitarian assistance, aligning national disaster management efforts with international best practices while ensuring adherence to constitutional and statutory requirements.

In essence, NDMA serves as the central coordinating body for disaster management in Pakistan, integrating federal and provincial efforts within a unified legal and institutional framework.

The Earthquake Reconstruction and Rehabilitation Authority (ERRA), established under the Earthquake Reconstruction and Rehabilitation Authority Act, 2011 for post-2005 earthquake reconstruction, continues to operate under its own statute. Although its merger into NDMA is underway, it remains legally distinct until all required statutory and parliamentary formalities are duly completed.

C. Audit Objectives

The objective of the audit was to provide an independent, evidence-based, and objective evaluation of the financial management, operational performance, and governance framework of the NDMA with a view to ensuring transparency, accountability, fiscal discipline, and prudent stewardship of public funds in accordance with the NDMA Act, 2010 and other applicable laws, rules, regulations, and government directives.

The audit aimed to rigorously examine whether receipts, expenditures, assets, liabilities, and the National Disaster Management Fund were administered, controlled, recorded, and reported in conformity with prescribed financial rules, delegated authorities, regulatory requirements, and applicable financial reporting standards. It further sought to ascertain compliance with statutory provisions, procurement regulations, and established internal policies governing disaster management operations.

The audit also aimed to comprehensively evaluate the adequacy, soundness, and effectiveness of internal control mechanisms, governance structures, oversight arrangements, and risk management systems within NDMA. Additionally, it sought to examine the legal basis, statutory positioning, and operational framework of the National Emergency Operations Centre (NEOC) within the ambit of the NDMA Act, 2010, and to assess whether public resources were utilized with due regard to economy, efficiency, transparency, and value for money in procurement practices, logistics management, relief operations, and capacity-building initiatives.

D. Audit Methodology

Audit was conducted in accordance with the Auditing Standards of the Auditor-General of Pakistan, INTOSAI Framework of Professional Pronouncements (IFPP), and applicable ISSAI 1700, as well as relevant audit policies and procedures. The audit approach also considered the findings of internal and external audit reports and was informed by the unqualified audit opinion with emphasis of matter expressed in the Certification Audit. A risk-based planning approach and test-check methodology were adopted. Planning involved obtaining an understanding of the entity's mandate, organizational

structure, funding mechanisms, operational processes, and internal control environment, followed by preliminary risk assessment through review of prior audit reports and discussions with management. Areas of higher financial, operational, and compliance risk were identified and audit procedures were designed to obtain sufficient and appropriate audit evidence.

Field audit comprised examination of accounting records, annual financial statements, budget documents, bank records, procurement and contract files, payroll and HR records, project documentation, and other supporting evidence. Transactions were selected on the basis of materiality and risk exposure. Compliance was assessed against applicable laws, rules, regulations, and approved procedures, while internal controls were evaluated through document review and system walkthroughs. Audit conclusions and recommendations were formulated by linking audit criteria with observed conditions and their impact.

FINDINGS

1. Financial Management

This Section highlights observations relating to financial management practices of the Authority during FY 2024-25. The findings focus on utilization of the NDM Fund, operation of bank accounts, statutory recoveries and documentation of expenditures. Audit assessed compliance with applicable financial rules and accounting procedures to ensure transparency, authorization and proper stewardship of public funds.

Audit assessed the financial governance and internal control framework of the Authority to evaluate budgeting discipline, statutory compliance, expenditure authorization, and record management practices. The review identified areas where established procedures and regulatory requirements require strengthening to ensure alignment with approved financial frameworks. Such gaps may affect transparency, accountability, and effective utilization of public resources. Matters relating to budgetary governance and cost control are elaborated in the succeeding paragraphs.

1.1 Budgeting and cost control

Audit examined whether expenditures were planned, authorized, and incurred in accordance with approved budgets and prescribed cost control mechanisms. The review focused on alignment of spending with designated funding sources, adherence to the statutory purpose of earmarked funds, and effectiveness of internal controls to prevent diversion or misclassification of expenditure.

1.1.1 Budgetary Governance and Recurring Expenditure out of NDM Fund

An amount of Rs 193.739 million was incurred from the NDM Fund during FY 2024-25 on recurring operational expenses, including POL, TA/DA, repair and maintenance, and seminars. The NDM Fund is earmarked for specific disaster-related activities, and its utilization is required to strictly align with approved statutory objectives and financial procedures.

Expenditure of a recurring nature incurred from a dedicated Disaster Management Fund, particularly where routine operational expenses could appropriately be met from regular budgetary allocations, does not constitute a valid charge on the Fund. Such practice risks misallocation of earmarked resources and undermines the integrity of financial planning and fund management.

(Para No. 8 of Certification Audit NDMA, FY 2024-25)

1.2 Financial reporting

Audit reviewed the financial reporting framework of the Authority to assess compliance with prescribed accounting procedures, authorization of banking arrangements, and proper recording of receipts, interest earnings, and donations. Particular emphasis was placed on adherence to General Financial Rules and approved accounting mechanisms governing public funds

1.2.1 Bank Account Authorization and Fund Routing Control Framework

NDMA operated multiple bank accounts without obtaining approval from the Finance Division and received donations amounting to Rs 21.699 million in these accounts instead of routing them through the designated National Disaster Management Fund account. Interest amounting to Rs 41.552 million was also earned and retained in these accounts.

Operation of bank accounts without requisite approval and retention of donations and interest outside the prescribed accounting framework reflects non-compliance with General Financial Rules and approved fund management procedures. Such practices weaken financial oversight, affect transparency in public fund management, and may undermine the integrity of consolidated government accounting arrangements.

In the DAC, it was recommended that requisite approval of the Finance Division for operation of these accounts be obtained and compliance be ensured in accordance with prescribed procedures.

(Para No. 26 of AIR NDMA FY 2024-25)

1.3 Taxation

Audit reviewed compliance with applicable taxation laws and statutory levies to assess whether mandatory recoveries and deductions were properly enforced prior to execution of contracts and release of payments. Following deviations from prescribed laws and rules were observed:

1.3.1 Revenue Safeguard Controls in Contract Award Process

Contracts valuing Rs 23,613.775 million were awarded during FY 2024-25, however, stamp duty amounting to Rs 59.034 million at the prescribed rate of 0.25% was not recovered from contractors for onward deposit into the Government treasury.

Sr. No.	Description of Work	Name of contractor	Contract cost (Rs in million)
1	KTP Orangi Nullah Project	National Logistics Cell (NLC)	10,771.344
2	KTP Gujjar Nullah Project	Frontier Works Organization (FWO)	10,750.401
3	Construction of NEOC	National Logistics Cell (NLC)	2,092.03
Total			**23,613.775**

Non-recovery of stamp duty reflects weak enforcement of statutory obligations and non-compliance with provisions of the Stamp Act, 1899. The lapse resulted in loss of revenue to the public exchequer and indicates deficiencies in financial compliance controls prior to execution of agreements.

In the DAC, it was recommended that recovery of stamp duty be effected in accordance with applicable law and documentary evidence of deposit into Government treasury be produced for verification.

(Para No. 25 of AIR NDMA FY 2024-25)

1.3.2 Tax Compliance Mechanism in Contractor Payments

Payments amounting to Rs 658.574 million were made to contractors without deduction of income tax and Sindh Sales Tax on Services, resulting in non-deduction of Rs 39.686 million from the contractors.

Failure to deduct applicable taxes at source indicates weaknesses in withholding mechanisms and non-compliance with taxation laws. Such lapses expose the Authority to financial risk and result in loss to the public exchequer.

In the DAC, it was recommended that recoveries be effected in accordance with relevant tax laws and record of deduction and deposit be produced for verification.

(Para No. 04 & 10 of AIR NDMA FY 2024-25)

1.4 Payments

Audit examined whether payments were released in accordance with contractual terms and supported by complete documentation, and whether financial safeguards were enforced prior to disbursement of public funds.

1.4.1 Enforcement of Contractual Safeguards and Payment Controls

Performance / retention money amounting to Rs 42.419 million was released to the contractor despite incomplete execution of work under the Letter of Acceptance. The remaining work valuing Rs 134.201 million was executed through other contractors, while essential contract documents and BOQs were not available on record.

Release of performance-related payments without ensuring completion of contractual obligations reflects weaknesses in contract management and financial control mechanisms. Such action undermines enforcement of contractual safeguards and exposes public funds to risk of loss and accountability gaps.

In the DAC, it was recommended that the matter be examined through inquiry to ascertain facts and appropriate action be taken against the contractor in accordance with contract provisions.

(Para No. 24 of AIR NDMA FY 2024-25)

1.5 Internal Controls

Audit reviewed internal control mechanisms relating to documentation, verification, and safeguarding of relief consignments to assess adequacy of evidence supporting expenditure and accountability for dispatched items.

1.5.1 Documentary Controls in Humanitarian Relief Operations

An amount of Rs 531.012 million was incurred on air transportation of relief consignments; however, mandatory supporting documents such as airway bills, packing lists, invoices, and delivery acknowledgements at destination were not available on record.

Absence of complete documentary evidence renders the expenditure unverifiable and indicates weaknesses in internal control, documentation practices, and verification mechanisms for relief operations. Such deficiencies increase the risk of misreporting, misplacement, or loss of relief stock.

Sr. No.	Particulars	Company	Capacity (Tons)	Amount (Rs in million)
1	2 Chartered Air Cargo from Islamabad to Myanmar	Pakistan Cargo Services Ltd	32-35 each	93.938
2	1 Chartered Air Cargo from Islamabad to Jordan (75%)	Xpress Aviation	100	79.423
3	1 Chartered Air Cargo from Islamabad to Lebanon (75%)	—	100	108.208
4	Chartered Air Cargo from Islamabad to Jordan & Lebanon (25% for both)	—	—	71.832
5	1 Chartered Air Cargo from Islamabad to Malaysia (75%)	Xpress Aviation	40	67.762
6	Chartered Air Cargo from Islamabad to Malaysia (25%)	—	—	22.136
7	1 Chartered Air Cargo from Islamabad to Malaysia	Xpress Aviation	40	87.713
8	1 Chartered Air Cargo from Islamabad to Malaysia (25%)	—	—	—
Total				**531.012**

In the DAC, it was recommended that the matter be examined and appropriate action, including recovery where required, be taken after verification of supporting evidence.

(Para No. 3 of AIR NDMA FY 2024-25)

2. Human Resource Management

Audit assessed the human resource management practices of the NDMA, particularly recruitment and contractual appointments made under development projects.

Audit examined compliance with the Manual of Development Projects 2024 issued by the Planning Commission, which requires approval of the competent forum (including CDWP, where applicable) prior to implementation of development projects, as well as Establishment Division O.M. No. 6/2/2000-R.3 dated 06.05.2000, which mandates that contractual appointments against project posts be made only after open advertisement and strictly in accordance with approved PC-I provisions, sanctioned strength, prescribed qualifications, and applicable quotas.

2.1 Recruitment

During the course of audit, significant deviations from the above framework were observed in recruitment made for the National Emergency Operations Centre (NEOC) as detailed in the following paragraph:

2.1.1 Governance Controls in Contractual Recruitment for NEOC

During FY 2024-25, NDMA appointed 170 contractual employees for the National Emergency Operations Centre (NEOC) and paid salaries amounting to Rs 290.465 million, despite absence of approved PC-I and non-production of recruitment record to audit. As per the project document, only 70 posts were sanctioned; however, 170 employees were appointed. The position is as under:

Sr. No.	Particulars	No. of Posts
1	Project Pay Scale (PPS-10)	7
2	Project Pay Scale (PPS-9)	22
3	Project Pay Scale (PPS-8)	39
4	Project Pay Scale (PPS-7)	65
5	Project Pay Scale (PPS-6)	5
6	Project Pay Scale (PPS-5)	15
7	Project Pay Scale (PPS-4)	12
8	Project Pay Scale (PPS-2)	5
Total		**170**

Appointments made in excess of sanctioned project strength and without approval of PC-I reflect non-adherence to the prescribed project approval framework and recruitment procedures. The deviation indicates weaknesses in internal controls, workforce planning, and compliance oversight, and raises concerns regarding transparency and regulatory conformity.

In the DAC, it was recommended that the matter be taken up with the Planning and Establishment Divisions for clarification and regularization in accordance with prescribed rules and procedures.

(Para No. 11 of AIR NDMA FY 2024-25)

3. Procurement

This Section presents observations relating to procurement planning, tendering and inventory management during FY 2024-25. The findings focus on non-adherence to PPRA Rules, non-preparation of PC-I prior to execution of development work, and absence of a structured inventory management system for relief stock. Audit assessed whether procurement activities were conducted in a transparent, competitive and properly documented manner in accordance with applicable rules and guidelines.

3.1 Procurement of Goods / Services

Audit reviewed procurement and development works to assess compliance with Planning Commission guidelines, project approval procedures, and prescribed documentation requirements prior to execution of infrastructure schemes. Following deviations were observed in this regard:

3.1.1 Project Approval Compliance and Development Cost Control Mechanism

Development work relating to extension / remodeling of ERRA'S event hall and allied facilities was executed at a revised cost of Rs 189.827 million; however, the mandatory PC-I was neither prepared nor approved in accordance with Planning Commission guidelines. Although the initial contract was signed for Rs 84.412 million, the project cost escalated significantly without adherence to prescribed project approval framework.

Execution of development works without preparation and approval of PC-I reflects non-compliance with established project management procedures and undermines financial planning and regulatory oversight. Such practice results in unauthorized implementation of schemes and weakens transparency and accountability in infrastructure development.

In the DAC, it was recommended that relevant project record and formal approvals be produced and compliance with Planning Commission guidelines be ensured in future project execution.

(Para No. 17 of AIR NDMA FY 2024-25)

3.2 Inventory Management & Inspections

Audit examined the adequacy of inventory management and inspection mechanisms to assess whether relief stock was properly recorded, monitored, and verified in accordance with prescribed guidelines and accounting procedures.

3.2.1 Inventory Governance and Relief Stock Monitoring Mechanism

Relief stock valuing Rs 10,840.265 million was reported in the financial statements for FY 2024-25. However, a comprehensive inventory management system detailing nature, quantity, location, condition, and lifecycle status of items such as tents, blankets, tarpaulin sheets, boats, and other supplies was not maintained. Information regarding warehouse-wise distribution, expected lifespan, and perishability of stock was not available for verification.

Absence of a structured inventory management and periodic stocktaking mechanism reflects weaknesses in internal controls and non-compliance with NDMA Guidelines and prescribed accounting procedures. Such deficiencies increase the risk of deterioration, obsolescence, or loss of relief items due to expiry of useful life and inadequate monitoring.

In view of the matter, strengthening of inventory management and independent stock verification mechanisms was warranted to safeguard public assets and ensure transparency in relief stock management.

(Para No. 11 Certification Audit NDMA, FY 2024-25)

4. Operational Processes, Targets and KPIs

This Section presents observations relating to regulatory compliance and adherence to prescribed financial frameworks during FY 2024-25. The findings focus on construction activities undertaken without obtaining mandatory approval from the competent authority and non-adoption of the prescribed Chart of Accounts for NDM Fund transactions. Audit assessed whether operational and accounting practices were aligned with governing regulations and approved financial procedures.

4.1 Internal Controls

Audit assessed the effectiveness of internal control mechanisms relating to regulatory compliance and financial reporting. Review of records indicated weaknesses in adherence to statutory construction approvals and prescribed accounting procedures, reflecting gaps in both administrative and financial internal controls.

4.1.1 Building Control Compliance Framework (NEOC)

Audit observed that NDMA awarded a contract amounting to Rs 1,899.151 million to NLC for construction of the National Emergency Operation Centre (NEOC), and expenditure of Rs 148.760 million was incurred during FY 2024-25. However, prior approval of the building plan/design from the Building Control Directorate, CDA, Islamabad, was not obtained before commencement of construction.

The construction of a permanent structure at the site was contrary to Regulation 2.2.2 of the Islamabad Residential Sectors Zoning (Building Control) Regulations, 2020, which requires prior approval for any construction activity. It was also inconsistent with the condition imposed by CDA in its letter dated 24.09.2007, whereby land measuring five acres was allotted for temporary prefabricated structure only, with explicit restriction against permanent construction.

Management stated that the NEOC is a temporary prefabricated structure under the NDMA Act, 2010 and not subject to regulations applicable to permanent constructions. However, the nature and scale of work executed indicate characteristics of a permanent structure, and requisite approvals under applicable building regulations were not obtained prior to commencement.

In the DAC, it was directed that the matter be taken up with CDA and compliance with applicable regulatory requirements be ensured.

(Para No. 1 of AIR NDMA FY 2024-25)

4.1.2 Compliance with CGA Accounting Framework and Classification Controls

Audit noted that NDMA incurred expenditure of Rs 5,626.783 million from the National Disaster Management Fund (NDMF) during FY 2024-25. However, the Chart of Accounts prescribed by the Controller General of Accounts (CGA) and approved by the Finance Division as per New Accounting Model (NAM) was not followed in recording payments/expenditure from the NDMF.

Clause 8.1 (a & b) of the accounting procedure for operation of NDMF requires maintenance of accounts in accordance with CGA practice and adherence to the prescribed Chart of Accounts as per NAM. Non-compliance with this requirement weakens standardization, comparability, and transparency of financial reporting.

Audit is of the view that failure to adopt the prescribed Chart of Accounts reflects deficiency in financial internal controls and increases the risk of misclassification and reporting inconsistencies.

(Para No. 11 of Certification Audit NDMA FY 2024-25)

5. Governance

This section examines the extent to which institutional restructuring and capacity development within the national disaster management framework were carried out in accordance with prescribed legal and governance requirements. The review focuses on the transition of ERRA into NDMA, adequacy of documented transitional arrangements, completion of statutory and administrative formalities, and management of residual assets, liabilities, projects, and legal matters. It also assesses the status of establishment and operationalization of the National Institute of Disaster Management (NIDM) and its implications for structured research, training, and long-term institutional capacity building.

5.1 Legal and regulatory compliance

Section 26 of ERRA Act, 2011 provides that ERRA shall not be wound up except through a resolution passed by both Houses of Majlis-e-Shoora (Parliament), and no general law relating to winding up of corporate bodies shall apply to it. This makes Parliamentary approval a mandatory legal prerequisite for dissolution. Article 144 of the Constitution of the Islamic Republic of Pakistan, 1973 lays down the constitutional mechanism through which Parliament may legislate on matters outside the Federal Legislative List upon resolutions passed by Provincial Assemblies, reinforcing that structural and functional changes involving federal–provincial dimensions must follow constitutional procedure. Further, Section 26 of the National Disaster Management Act, 2010 mandates establishment of the National Institute of Disaster Management through notification in the official Gazette for planning and promoting training, research and development, documentation, and development of national-level disaster management competencies.

Audit noted material deviations from the above statutory and constitutional requirements, as discussed in the following paragraphs:

5.1.1 Institutional Transition Governance and Legal Compliance Framework

The functions of ERRA were discontinued and subsumed into NDMA without completion of mandatory statutory, constitutional, and administrative formalities. The winding up of ERRA was not carried out through a formal resolution passed by both Houses of Parliament, and key transitional arrangements were not properly documented or finalized.

Essential requirements such as preparation of comprehensive inventory of

records, structured asset transfer, regularization of vehicle authorizations, finalization of handing-taking mechanism for remaining projects, establishment of follow-up framework for pending court cases, and settlement of ERRA HQs building lease matter were not completed prior to subsuming. This reflects governance and compliance gaps in managing institutional restructuring within the prescribed legal framework.

In the DAC, it was recommended that the matter be regularized by pursuing necessary legislative amendments and completing all pending legal and administrative formalities to ensure lawful and structured transition.

(Para No. 9 of AIR NDMA FY 2024-25)

5.1.2 Institutional Capacity Development Framework for Research and Training

The National Institute of Disaster Management (NIDM), mandated under Section 26 of the NDMA Act, 2010, has not been established to date. The Institute is required to undertake training, research and development, documentation, and development of a national disaster management knowledge base. Non-establishment of NIDM represents non-compliance with statutory provisions and has resulted in institutional loss to NDMA in terms of structured research, policy development support, professional training, knowledge documentation, and long-term capacity building. The absence of a dedicated research and training institution limits the Authority's ability to strengthen evidence-based disaster management and national preparedness frameworks.

DAC also recommended that establishment of NIDM be ensured in accordance with the statutory mandate and that necessary steps be taken to operationalize its training and research functions.

(Para No. 14 of AIR NDMA FY 2024-25)

6 Conclusion

Audit of the NDMA for the Financial Year 2024-25 revealed significant observations relating to procurement compliance, contract management, financial reporting, taxation, internal controls, civil works governance, and relief stock management. The issues identified primarily stem from weaknesses in internal controls, non-adherence to prescribed procedures, inadequate documentation, and deficiencies in financial discipline.

Notwithstanding these observations, it is important to acknowledge that NDMA continues to play a pivotal national role in disaster preparedness, emergency response coordination, humanitarian assistance, and implementation of high-impact infrastructure projects. The Authority has handled large-scale relief operations domestically and internationally, executed major civil works projects, managed substantial financial resources, and coordinated with multiple federal and provincial stakeholders. The magnitude and complexity of its operations underscore the importance of strengthening systems rather than questioning institutional mandate.

The audit findings do not indicate systemic collapse but rather highlight control gaps in areas such as:

i. Enforcement of procurement rules and competitive bidding processes
ii. Proper imposition and recovery of contractual dues (LD, stamp duty, taxes)
iii. Timely reconciliation and transparent disclosure in financial statements
iv. Proper classification of expenditure in line with accounting standards
v. Compliance with Planning Commission and Housing & Works procedures for civil works
vi. Maintenance of inventory and relief stock management systems
vii. Establishment of effective internal control mechanisms

Observations, particularly those relating to understatement of assets and liabilities, non-reconciliation of accounts, and non-disclosure of tax liabilities, suggest the need for strengthening financial reporting mechanisms to ensure true and fair presentation of accounts in accordance with IPSAS, CGA guidelines, and approved accounting procedures.

However, it is equally evident that NDMA has maintained detailed financial records, produced annual financial statements, implemented procurement activities through established committees, deducted certain statutory taxes, and retained documentary frameworks for most transactions. The issues largely relate to procedural compliance, documentation completeness, and enforcement gaps rather than absence of operational structures.

Given the scale of funds handled and the strategic importance of NDMA in national disaster governance, strengthening institutional controls will significantly enhance transparency, accountability, and value for money. The Authority is at a stage where institutional consolidation, particularly following the subsuming of ERRA, requires formalization of governance structures, harmonization of financial systems, and standardization of internal control mechanisms.

Although audit has identified recoverable amounts, procedural irregularities, and reporting deficiencies, these issues are rectifiable through structured reforms, improved oversight, and stricter compliance enforcement. With implementation of recommended systemic improvements, particularly in procurement governance, taxation compliance, financial reporting accuracy, inventory management, and internal audit establishment, NDMA can further enhance its operational credibility and institutional resilience.

7 Recommendations

1. NDMA may strengthen its financial planning and budgetary controls to improve fund utilization efficiency, ensure alignment between receipts and expenditure, and avoid prolonged retention of large idle balances. A mechanism needs to devised for inventory management to ensure efficient use of available relief stock. (See Sections 3.2.1 & 4.1.2)
2. The closure and subsuming of ERRA into NDMA may be placed before the competent forum for formal approval, and a comprehensive mechanism for transfer of assets, records, vehicles, pending projects and court cases may be finalized and documented. (See Section 5.1.1)
3. The National Institute of Disaster Management may be established in accordance with Section-26 of the NDMA Act, 2010 to fulfill the statutory mandate relating to training, research and capacity building. (See Section 5.1.2)
4. Expenditure incurred from the National Disaster Management Fund on recurring and non-permissible items may be regularized, and future utilization of the Fund may strictly be restricted to purposes prescribed under the NDMA Act and approved accounting procedures. (See Section 1.1.1)
5. All bank accounts maintained without approval of the Finance Division may be regularized, unauthorized accounts reviewed, and profits, donations and other receipts may be credited to Government treasury in accordance with applicable financial rules. (See Section 1.2.1)
6. Expenditures made without supporting record, including air cargo transportation charges and relief dispatches, may be verified through complete documentary evidence, and a mandatory documentation protocol may be enforced. (See Section 1.5.1)
7. Statutory recoveries including stamp duty, income tax and sales tax on services may be recovered from contractors and deposited into Government treasury, and a control mechanism may be introduced to ensure timely deduction of all applicable taxes in future. (See Sections 1.3.1 & 1.3.2)
8. Release of performance/retention money without fulfillment of contractual obligations and without completion certificates may be inquired into, and

retention/performance guarantees may only be released upon strict compliance with contract conditions and availability of supporting record. (See Section 1.4.1)

9. Development works executed without preparation and approval of PC-I and required regulatory approvals, as well as appointments made without approved project documents and prescribed procedure, may be reviewed and responsibility fixed to ensure compliance with planning and establishment guidelines in future. (See Sections 2.1.1 & 3.1.1)

NDMA AUDIT REPORT

Appendix

MFDAC

Sr. No	Entity	Para No. of AIR	Subject
1.	NDMA	13	Non acknowledgement of dispatch and delivery of relief items to Malaysia – Rs 63.341 million
2.	NDMA	19	Irregular execution of civil works without NOC of Ministry of Housing & Works – Rs 289.78 million
3.	NDMA	22	Non-verification of performance guarantees from concerned banks - Rs 16.50 million.
4.	ERRA (HQ)	1	Non-preparation / approval of PC-IV of completed projects / schemes of PMIU AJK.
5.	ERRA (HQ)	2	Irregular Payment to contractor due to non-granting of EOT– Rs 7.419 million
6.	ERRA (HQ)	3	Non-recovery of mobilization advance - Rs 46.285 million from defaulting contractor
7.	ERRA (HQ)	4	Non-independence of internal audit function
8.	ERRA (HQ)	5	Loss due to non-deduction of Sales Tax on services from M/s EA consultant – Rs 1.242 million
9.	ERRA (HQ)	6	Non-deduction of sales tax on services from M/s PEPAC Consultant – Rs 0.128 million
10.	ERRA (HQ)	7	Non- recovery of secured advance – Rs 9.354 million
11.	ERRA (HQ)	8	Irregular payment in excess of approved BOQ quantities – Rs 4.944 million
12.	ERRA (HQ)	9	Irregular execution of projects of PMIU KPK without approval of the revised PC-Is - Rs 169.37 million
13.	ERRA (HQ)	10	Loss to Government due to less deduction of income tax from payments on account of consultancy services- Rs 40.114 million
14.	ERRA (HQ)	11	Non-pursuance of Court case resulting in ex-parte decree against ERRA
15.	ERRA (HQ)	12	Undue favor to contractor due to excess payment on account of Mobilization advance – Rs 7.419 million
16.	ERRA (HQ)	13	Non-submission of prescribed progress reports and documents by the M/s NESPAK as specified in the contract.
17.	ERRA (HQ)	14	Irregular release of retention money without supporting evidence – Rs 579.488 million

18.	ERRA (HQ)	15	Non-preparation of final report and final statement by the consultants.
19.	ERRA (HQ)	16	Non-appointment of auditors in connection with accounts and records in respect of the services rendered by NESPAK – Rs 1,002.867 million
20.	ERRA (HQ)	17	Non-deduction of disabled persons rehabilitation fund – Rs 1.706 million.
21.	ERRA (HQ)	18	Irregular payment of variation order without approval of competent authority – Rs 16.785 million
22.	ERRA (HQ)	19	Wasteful expenditure due to ill planning and non-handing/ taking over of project Rs 56.086 million
23.	ERRA (HQ)	20	Un-authorized expenditure out of ERRA Fund account after 30th June, 2024 - Rs. 128.534 million
24.	ERRA (HQ)	21	Non-recovery of land charges resulted in loss to ERRA amounting to - Rs. 1.260 million
25.	ERRA (HQ)	22	Irregular payment of variation order without revision of PC-I– Rs 19.250 million.
26.	ERRA (HQ)	23	Irregular payment due to splitting of PC-I's to avoid approval of the competent forum
27.	PERRA Abbottabad	1	Unjustified closure and approval of fresh PC-Is of the running project
28.	PERRA Abbottabad	2	Un-justified / irregular retention of amount of President Relief Funds since July 2009 - Rs 87.105 million
29.	PERRA Abbottabad	3	Non closure of account of HCG program and non-surrender of amount – Rs 8.894 million
30.	PERRA Abbottabad	4	Non closure of inoperative bank accounts and non-surrender of unspent balances – Rs 24.946 million
31.	PERRA Abbottabad	5	Non-deposit of receipts into Government Treasury – Rs 24.939 million
32.	PERRA Abbottabad	6	Irregular expenditure without approval of PC-I and obtaining revised administrative approval – Rs 15.833 million
33.	PERRA Abbottabad	7	Irregular payment of salaries to contract employees without extension in contract agreements – Rs 81.507 million
34.	PERRA Abbottabad	8	Unjustified incurrence of expenditure from President Relief Fund – Rs 560,320
35.	PERRA Abbottabad	9	Non-retrieval of official vehicles from commissioner office Abbottabad
36.	PERRA Abbottabad	10	Loss of government assets due to improper storage and poor asset management
37.	PERRA Abbottabad	11	Non-repair / auction of off-road vehicles
38.	PERRA Abbottabad	12	Non-performance of internal audit functions

39.	PERRA Abbottabad	13	Unjustified payment of final bills without obtaining as built drawings of completed schemes in violation of conditions of contract agreement – Rs 679.768 million
40.	PERRA Abbottabad	14	Non-preparation of PC-IV of completed projects / schemes in violation of guidelines issued by Planning Commission, Government of Pakistan
41.	PERRA Abbottabad	15	Inadmissible payment on account of removal of slides – Rs. 11.909 million
42.	PERRA Abbottabad	16	Non-recovery of mobilization advance and secured advances – Rs 1.526 million
43.	PERRA Abbottabad	17&18	Payment over and above the quantities executed – Rs 21.642 million
44.	PERRA Abbottabad	19	Non-release of retention money of the completed schemes despite lapse of considerable time – Rs 91.213 million
45.	PERRA Abbottabad	20	Excess payment due to execution of extra width of granular sub base – Rs 135,705
46.	PERRA Abbottabad	21	Unjustified payments on account of price adjustment – Rs 94.484 million
47.	PERRA Abbottabad	22	Irregular award of work and payment thereof without technical sanction and fulfilling codal formalities – Rs 40.606 million
48.	PERRA Abbottabad	23	Non-deposit of receipts into Government Treasury – Rs 25.997 million
49.	PERRA Abbottabad	24	Non-imposition of liquidated damages for delay in completion of work – Rs. 2.725 million
50.	PERRA Abbottabad	25	Wasteful expenditure due to termination of contracts Rs 592.254 million
51.	PERRA Abbottabad	26	Irregular expenditure in absence of revised PC-I and without obtaining revised technical sanction and administrative approval – Rs 106.832 million
52.	PERRA Abbottabad	27	Overpayment in excess of actual work done – Rs 313,501
53.	PERRA Abbottabad	28	Non-shifting of liabilities of under construction schemes to the Provincial Government of Khyber Pakhtunkhwa – Rs 150.573 million
54.	PERRA Abbottabad	29	Non-maintenance of register of liabilities and non-clearance of pending liabilities of the contractors – Rs 15.597 million
55.	PERRA Abbottabad	30	Discrepancy between retention money account balances and scheme wise details - Rs 167.609 million
56.	PERRA Abbottabad	31	Release of payments without submission of statements at completions Rs 206.975 million

57.	PERRA Abbottabad	32	Overpayment for items of works not executed at site - Rs 196,200
58.	PERRA Abbottabad	33	Irregular expenditure due to non-obtaining of revised technical sanction – Rs 847.512 million
59.	PERRA Abbottabad	34	Non-revision of PC-I and non-obtaining of revised technical sanction – Rs 13.514 million