Auditor-General of Pakistan

February 2026

Audit Report on

National Telecommunication Corporation (NTC)

Report No: DGA P&TS 26-001

Audit Year 2025-26

Financial Year 2024-25

PREFACE

Article 169 & 170 of the Constitution of the Islamic Republic of Pakistan 1973 read with Sections 8 & 12 of the Auditor-General's (Functions, Powers and Terms and Conditions of Services) 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 Provincial government.

The report is based on audit of the **National Telecommunication Corporation (NTC)** for the Financial Year 2024-25. The Directorate General Audit Postal & Telecommunication Services 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 stakeholders 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, financial reporting, human resources management, procurement & contract management and ICT/ Cybersecurity.

The observations were shared with the entity as well as the Principal Accounting Officer (PAO) and executive responses were evaluated before finalization of this report. The issues were discussed with the PAO in Departmental Accounts Committee (DAC) meeting held on 17.12.2025 and the outcomes of the meeting have been incorporated in the report.

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-Shora (Parliament).

Islamabad *(Maqbool Ahmad Gondal)*
Dated: *February, 2026* **Auditor-General of Pakistan**

Department of the Auditor-General of Pakistan



The Auditor General's organization is the Supreme Audit Institution (SAI) 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 are 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.

AUDIT SNAPSHOT

Why did we conduct this audit?

The audit of NTC was conducted to assess the governance structure, financial sustainability, compliance with relevant laws and regulations, the effectiveness of internal controls and the extent to which its operations align with its mandated role of providing Telecommunication and Information Communications Technology (ICT) services.

NTC is primarily mandated to provide these services to the Federal Government, Provincial Governments, Defence services and other government departments and institutions as determined by the Federal Government.

Audit pointed out the issues of provision of services to the private customers beyond NTC's mandate, higher operating costs, persistent non-finalization of financial statements resulting in non-deposit of surplus into FCF and creation of liabilities against the Federal Government.

These issues require the attention of those charged with governance and management of NTC for devising a comprehensive strategy to improve the operational efficiency, profitability and effectiveness of the Corporation.

What did we find?

- Delayed finalization of financial statements resulting in non-surrender of substantial amounts of surplus profits into FCF and creation of liability against the Federal Government despite earning significant profits.
- NTC was providing the services of the Data Center to the private companies beyond its statutory mandate of providing the services to the government agencies.
- Inadequate Cybersecurity arrangements due to non-compliance of Critical Telecom Data and Infrastructure Security Regulations (CTDISR) of PTA for security of sensitive government data in NTC Data Center.
- Non-automation of complete accounting system including automation of revenues and billing system increased the risk of misappropriations, misstatements and understatement of revenues.
- Unauthorized approval of tariff by MD NTC instead of approval from the Federal Government besides granting huge discounts affected NTC revenues.
- The governance structure of NTC does not align with the SOE Act due to lean structure consisting of only the ex-officio members with no representation of independent directors.
- Incurring expenditure without approval of the annual budget from the Federal Government and;
- Irregularities in procurement, contract and Project management.

Key Assessments	What did we Recommend?
🔴 Financial Sustainability —Moderately Stable 📌 FY2024 Net Profit: Rs 712.512 million 📌 Revenue Base: Rs 6,053.826 million *(Draft Audited Financial Statements FY 2023-24)* 📊 Net Profit: Positive and stable during 2021-2024. ⚠ OPERATIONAL RISK — Higher operating cost absorbing the revenue growth and reducing the efficiency gains. ⚠ CYBERSECURITY RISK — Higher risk of cyber-attacks due to weak compliance level of cybersecurity controls under CTDISR of PTA. ⚠ CREDIT DEFAULT RISK—Persistent high accounts receivables indicate slow billing and collections, creating risk of liquidity and working-capital pressure.	▪ Ensure timely finalization of the financial statements and surrender surplus profits to FCF without creating any undue liability against the Federal Government. ▪ The NTC Management should restrict its services to the mandate specified in the Pakistan Telecommunication Re-organization Act, 1996. ▪ NTC should take concrete measures by improving the compliance of CTDISR controls to ensure the security of sensitive government data in NTC Data Center. ▪ NTC Management is encouraged to automate the complete financial system including the revenue and billing system to reduce the risk of fraud, errors and misstatements. ▪ Devise a comprehensive Tariff Policy and get its approval from the Federal Government as required under the Pakistan Telecommunication Re-organization Act, 1996. ▪ Restructure the Board of Directors to align with the requirements of SOE Act, 2023 regarding adequate representation of independent directors. ▪ Initiate the legislative process regarding approval of the annual budget from the NTC Management Board instead for Federal Government so that the process of budgeting becomes smooth. ▪ Strengthen the procurement processes to ensure transparency and value for money while adhering to Public Procurement Rules.

HIGHLIGHTS

ENTITY SUMMARY SHEET — National Telecommunication Cor (FY 2024-25)

Description	Details *(Figures in Rs million)*
Legal Framework of Entity	Strategic state-owned enterprise under the administrative control of Ministry of Information Technology and Telecommunication (MoIT&T). Established on 1st January, 1996 under the Section 41(1) of the Pakistan Telecommunication (Re-organization) Act, 1996.
Key Responsibilities / Mandate & Objectives	Tasked with providing Telecommunication and Information Communications Technology (ICT) services primarily to the Federal Government, Provincial Governments, Defence services and other government departments and institutions as determined by the Federal Government.
Total Assets (Current / Non-Current)	**Total Assets:** Rs 15,100 m **Current Assets:** Rs 8,886 m **Non-Current Assets:** Rs 6,214 m *(Figures from draft audited financial statements of FY 2023-24; Financial Statements for FY 2024-25 not prepared yet)*
Total Liabilities (Current / Non-Current)	**Total Liabilities:** Rs 9,914 m **Current Liabilities:** Rs 3,954 m **Non-Current Liabilities:** Rs 5,960 m
Income / Revenue	Revenue from services: Rs 6,054 m
Expenditure	Cost of Sales: Rs 6,223 m Finance Cost: Rs 6.9 m
Receipts	Receipts consist of revenues from three streams i.e. Licensed service, Non-Licensed Services and Other Income from rentals, profit from investments etc.
Cash Balances	Rs 1,154 m
Total Investments	Long Term Investments: Rs 823 m Short Term Investments: Rs 2,591 m
Funding Sources	Self-revenue generation; No-government funding involves
Total Allocations	Nil.
Accounting Policy	IFRS-Partially compliant; No accruals of revenues are booked. No ledgers for revenues streams are prepared.
Status of Financial Statements	Audited and approved upto FY 2022-23.
Composite Risk Rating	High-Risk Entity
Compliance Status of Audit Recommendations	Partial Compliance/ Weak Implementation Past recommendations largely unimplemented; consistent issue of non/delayed recovery of receivables; Consistent issue in procurements; continuous increase in operating cost and weak internal control structures.

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ABBREVIATIONS

AC	Acceptance Certificate
ADP	Annual Development Programme
AGP	Auditor-General of Pakistan
AO	Audit Officer
B&A	Budget & Accounts
BISP	Benazir Income Support Programme
BOQ	Bill of Quantities
BPS	Basic Pay Scale
CAPEX	Capital Expenditure
CC	Cabinet Committee
CDNS	Central Directorate of National Savings
CF	Cash Flow
CF&AO	Chief Finance & Accounts Officer
CFO	Chief Financial Officer
CIA	Chief Internal Auditor
CISO	Chief Information Security Officer
CM	Cable Media
CMC	Computer Marketing Company
CMOs	Cellular Mobile Operators
CMU	Central Monitoring Unit
COO	Chief Operating Officer
CR	Completion Report
CRPL	Computer Research Private Limited
CTDISR	Critical Telecom Data and Infrastructure Security Regulations
CTI	Critical Telecom Infrastructure
CTO	Chief Technology Officer
DAC	Departmental Accounts Committee
DBSMC	Database Server Management Charges
DC	Data Center
DDP	Duty Deliver Paid
DoP	Delegation of Power
DSL	Digital Subscriber Line
DWP	Development Working Party
ECAC	Electronic Certification and Accreditation Council
ECC	Economic Coordination Committee
EPADS	Electronic Procurement and Disposal System
ESR	Employees Service Regulations
EVO	Evolution Data Optimized
EXACC	Oracle Exadata Cloud at Customer
FAC	Final Acceptance Certificate
FCF	Federal Consolidated Fund
FFI	Fact-Finding Inquiry
FIA	Federal Investigation Agency
FY	Financial Year
G2G	Government to Government
GFR	General Financial Rules
GM	General Manager
GM (F)	General Manager (Finance)
HR	Human Resource
IaaS	Infrastructure as a Service
IAS	International Accounting Standard
ICT	Information Communication Technology
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
IT	Information Technology
LD	Liquidated Damages
MD	Managing Director
MIS	Management Information System
MoIT&T	Ministry of Information Technology & Telecommunication
MoU	Memorandum of Understanding
NAAR	Number Allocation and Administration Regulations
NADRA	National Database and Registration Authority
NDC	Nil Deficiency Certificate
NITB	National Information Technology Board
NMS	Network Management System
NPS	National Pay Scale
NTC	National Telecommunication Corporation
OCS	Opening Closing Statement
OEM	Original Equipment Manufacturer
OFC	Optical Fiber Cable
OGDCL	Oil & Gas Development Company Limited
OM	Office Memorandum
PAC	Provisional Acceptance Certificate
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PAT	Provisional Acceptance Test
PAT	Profit After Tax
PBS	Pakistan Bureau of Statistics
PDP	Proposed Draft Para
PFM	Public Finance Management
PKR	Pakistani Rupee

PPP	Public-Private Partnership
PPRA	Public Procurement Regulatory Authority
PPRs	Public Procurement Rules
PSDP	Public Sector Development Programme
PST	Performance Security Term
PTA	Pakistan Telecommunication Authority
PTRA	Pakistan Telecommunication (Re-organization) Act
R^2	Coefficient of Determination
ROA	Return on Assets
ROCE	Return on Capital Employed
ROE	Return on Equity
SBC	Session Border Controller
SLA	Service Level Agreement
SLB	Schlumberger Seaco Inc.
SMS	Short Message Service
SOE	State-Owned Enterprise
SRO	Statutory Regulatory Order
TDR	Term Deposit Receipt
TL	Transmission Line
TS	Technical Sanction
TSA	Treasury Single Account
UAT	User Acceptance Testing
VAD	Value Added Distributor
VDS	Virtual Dedicated Services
VDS	Virtual Dedicated Server
VM	Virtual Machine
VPN	Virtual Private Network

1. OVERVIEW OF THE NTC

The National Telecommunication Corporation (NTC) is a body corporate of the Federal Government tasked with providing Telecommunication and Information Communications Technology (ICT) services primarily to the Federal Government, Provincial Governments, Defence services and other government departments and institutions as determined by the Federal Government.

NTC was established on 1st January, 1996 under the Section 41(1) of the Pakistan Telecommunication (Re-organization) Act, 1996. The Corporation operates under the administrative control of the Ministry of Information Technology & Telecommunication (MoIT&T). In terms of the Section 41(2) of the Act, NTC is managed by a Management Board consisting of a Chairman and two other members appointed by the Federal Government.

In compliance of directives of the Prime Minister and as per requirement of Para 9(a) and Para 11 of the SOE (Ownership and Management) Policy, 2023 NTC has been declared as Strategic State-Owned Enterprise by its Management Board in its 111th meeting held 4th July, 2024.

2. STATED MANDATE, ROLE AND RESPONSIBILITIES OF THE NTC[1]

NTC's role and objectives are derived from its mandate as defined in the Pakistan Telecommunication Re-Organization Act, 1996 with the following main objectives.

i. **Provision of Secure Government Telecommunication & ICT Services**
NTC is mandated to deliver secure, reliable, and high-quality Telecommunication and ICT services to the Federal and Provincial Governments, Defence services, autonomous and semi-autonomous bodies, and other public sector organizations as notified by the Federal Government. These services include voice telephony, data connectivity, broadband, email, VPNs, and video conferencing etc.

ii. **Development and Maintenance of Government ICT Infrastructure**

NTC is responsible for building, operating, and maintaining dedicated telecom networks and related infrastructure to meet the communication needs of government institutions across Pakistan, ensuring continuity, security and nationwide coverage.

iii. **Strategic ICT Enablement and Digital Governance Support:**

NTC contributes to e-governance, digital transformation and national ICT initiatives of the Federal Government such as e-health, e-commerce, citizen service portals, and disaster response communication networks, thereby improving public service delivery and coordination.

[1] NTC Website data dated 20.02.26 and PTRA, 1996

AUDIT FINDINGS-STATED MANDATE, ROLE AND RESPONSIBILITIES

The National Telecommunication Corporation (NTC) is mandated to provide secure and reliable telecommunication and ICT services to government, defence, and other designated public sector entities. Audit examination, however, highlighted key issues relating to deviation from statutory mandate by provision of services to private entities, unauthorized approval of tariff by MD NTC impacting revenue, and governance and compliance gaps arising from non-alignment of NTC Management Board with that of required under State-Owned Enterprises (Governance & Operations) Act, 2023. These issues collectively indicate the need for stronger regulatory compliance, improved financial controls, and enhanced corporate governance within NTC. The issue highlighted by audit are as under:

2.1 Composition of Management Board and compliance gaps in service regulations relating to the provisions of the SOE Act, 2023

According to the Section 3(1) of The State-Owned Enterprises (Governance & Operations) Act, 2023, this Act shall have application to all public sector companies and other corporate bodies which are owned and controlled by the Federal Government including those established under special enactments.

The Management Board of NTC in its 111th meeting held 4th July, 2024 resolved to categorize NTC as Strategic State-Owned Enterprise as per para 9(a) and Para 11 of the SOE (Ownership and Management) Policy, 2023 and forwarded the case to the Cabinet Committee on SOEs for further decision.

Audit observed the following discrepancies relating to the implementation of SOE Act:

i. The composition of the NTC Management Board was not in accordance the requirements of the Section 12(1) & (2) of the SOE Act which required that the Board shall consist of independent directors, ex-officio director and the majority of the Board shall consist of independent directors.

ii. The criteria for appointment of the MD of NTC in Schedule-I ESR, 2023 was not consistent with the Fit and Proper criteria given in the Schedule-IV of Section 16 (1) of the SOE Act.

iii. The composition of audit committee was not aligned with the provisions of the SOE Act which required that the members including the Chairman of the Audit Committee shall be independent directors.

iv. The appointments to the Posts of Company Secretary and CFO were not in accordance with the criteria of CMU guidelines for C-Level appointments.

v. There was no post of CIA in the NTC ESR, 2023 as required under guidelines for C-Level appointments.

Audit contends that the above discrepancies reflect non-compliance to the provisions of SOE Act, 2023 affecting the efficiency and governance of the NTC.

The matter was reported to the management during October, 2025. It was replied that the case regarding amendment in Pakistan

Telecommunication Re-Organization Act, 1996, to align it with SOE, is under process at relevant department. Once the approval of the same is received, further course of actions shall be taken accordingly.

The DAC in its meeting held on 17th December, 2025 noted that legislative process has already been initiated and directed the management to actively coordinate with concerned quarters for resolving the issues pointed out by audit. No further progress was shared with audit till the finalization of audit report.

Audit recommends that policy actions be taken to ensure the compliance of SOE Act.

(PDP No.82-2026)

2.2 Revenue earnings through provision of services to private organizations against the statutory mandate

According to the Section 41(3) of Pakistan Telecommunication Re-Organization Act, 1996, the Authority shall grant a licence to the National Telecommunication Corporation for provision of telecommunication services within Pakistan on a non-exclusive basis only to the armed forces, defence projects, Federal Government, Provincial Governments or such other Governmental agencies or Governmental institutions as the Federal Government may determine.

National Telecommunication Corporation (NTC) under the Ministry of Information Technology and Telecommunication Islamabad executed agreements with the following companies of the private sector and generated revenues during 2024-25 as detailed in **Table-I** below:

Name of Company	Amount
M/s Khazana Pvt. Ltd	23,116,681
M/s Schlumberger Seaco Inc	5,605,302
Total	**28,721,983**

(Source: NTC Billing Data)

Audit observed that the NTC was providing the services of its data center to above private entities against the provisions of PTRA without prior approval of the Federal Government.

Audit contends that the provision of services of data center to the private companies/institutes without approval of the Federal Government is a deviation from statutory mandate.

The matter was reported to the management during October, 2025. It was replied NTC is entitled to sell or lease its capacity as per NTC license clause 2.1(c) "to sell or lease its capacity on the telecommunication System to any person other than Armed Forces, Defence Projects, Federal Government, Provincial Government, or such other Government Agencies or Government Institution as the Federal Government may determine or the company".

The reply was not tenable as the license condition 2.1(c) authorized NTC to sell or lease its spare capacity to the designated customers or to any other licensed operator rather than the private customers. NTC was not authorized to provide services to both the entities being the private customers.

The DAC in its meeting held on 17th December, 2025 settled the para however, the Audit contended that the matter required interpretation of law therefore, clarification from Law Division was required.

Audit recommends that the matter be referred to the Law Division for clarification regarding provision of services by NTC to the private organizations.

(PDP No.80-2026)

2.3 Approval of tariff of various services affecting the revenue adversely

According to the Section 41(4)(e) of the Pakistan Telecommunication Re-Organization Act, 1996 the National Telecommunication Corporation shall have the power to levy and collect fee and other charges for the services provided by it at such rates as may be determined by the Federal Government. Further, according to Rule 12(1) of Rules of Business 1973, no Division shall, without previous consultation with the Finance Division, authorize the issue of any orders, other than orders in pursuance of any general or special delegation made by the Finance Division, which will affect directly or indirectly the finances of the Federation or which in particular involve relinquishment, remission or assignment of revenue.

National Telecommunication Corporation (NTC) under the Ministry of Information Technology and Telecommunication Islamabad earned a revenue of Rs 221,347,991 from following clients of data center during 2024-25. **(Table-II)**

Sr.	Name of Department	Detail of Services	Amount (Rs)
1.	National Information Technology Board (NITB)	Web Server and Email	136,290,303
2.	Benazir Income Support Programme (BISP)	Hardware Colocation and VM Ware Cloud (VDS)	85,057,688
Total			**221,347,991**

(Source: NTC Billing Data)

Audit examined the relevant record and observed the following discrepancies:

i. As per Section 41(4) of the PTRA, 1996, tariff/rates of all the NTC services e.g telecommunication, data center, webhosting and intranet etc. were required to be approved from the Federal Government but the same were being approved by the Managing Director NTC against the rules.

ii. In case of NITB at Sr.1, during the FY 2024-25 NTC management granted 70% discount on "DB Server Management Charges (DBSMC)" by reducing the tariff from Rs 50,000/DBSMC to Rs 15000/ DBSMC which had a diminishing effect of Rs 6,291,000 on the NTC revenue during the FY 2024-25.

iii. In case of BISP, at Sr. 2, NTC management was overcharging the customer @ Rs 60/GB for storage against the approved tariff of Rs 55/GB during the FY 2024-25.

Audit contends that the M.D NTC was not authorized to approve the tariff of NTC's services.

The matter was reported to the management during October, 2025. It was replied that NTC tariff structure is compiled in the shape of a comprehensive Tariff Manual, duly recommended by the Tariff Committee

and approved by MD NTC. The tariff manual, as an annexure to NTC's Annual Budget placed before the Federal Cabinet/ECC for approval. Therefore, NTC's tariff stand approved by Federal Government through the budget-approval process. 70% discount granted to NITB was a Government-to-Government (G2G) facilitation, approved by the competent authority to support continuity of federal-level applications. The rate of Rs. 60/GB charged to BISP as per revised tariff in year 2024-25 and this is the part of agreement with BISP that if there is revision in tariff during this contract period, it will be applicable accordingly. Therefore, the rate applied to BISP was fully in line with the approved tariff and involved no overcharging.

The reply was not tenable as the tariff of the NTC services was required to be approved by the Federal Government as required under PTRA. Neither the annual budget for FY 2024-25 nor the tariff was approved by the Federal Government.

The DAC in its meeting held on 17th December, 2025 directed that a comprehensive tariff policy in consultation with the Finance Division be prepared and approved from the Federal Government. No further progress in this regard was shared till the finalization of audit report.

Audit recommends that a comprehensive tariff policy in consultation with the Finance Division be prepared and approved from the Federal Government besides the unauthorized discount of 70% resulting in loss to the Corporation be got regularized from the Finance Division.

(PDP No.85-2026)

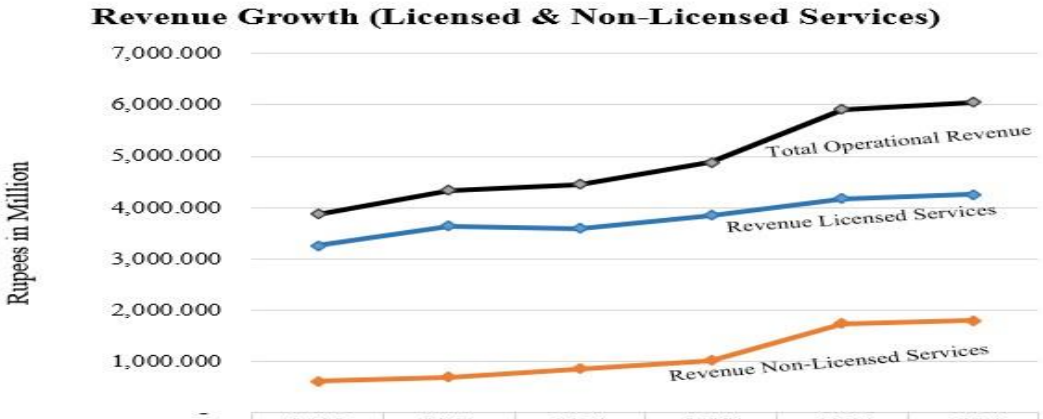
NTC management should adhere to its statutory mandate, establish a comprehensive approved tariff policy in consultation with the Finance Division and regularizing past deviations. Furthermore, urgent steps should be taken to align the composition of the Management Board according to the requirements of the SOE Act, 2023 for strengthening governance, transparency, and institutional efficiency.

3. FINANCIAL MANAGEMENT

The review of the financial performance of NTC revealed structural weaknesses in operational efficiency, characterized by a strong linear relationship between revenue and operating costs, resulting in persistently high cost-to-revenue ratios. Despite notable growth in revenues, particularly from data center services, operating costs remained disproportionately high, limiting economies of scale and leading to volatile operating profitability while the liquidity remained adequate largely due to strong asset positions and non-operating income.

3.1 Financial Review of Revenues and Cost Control

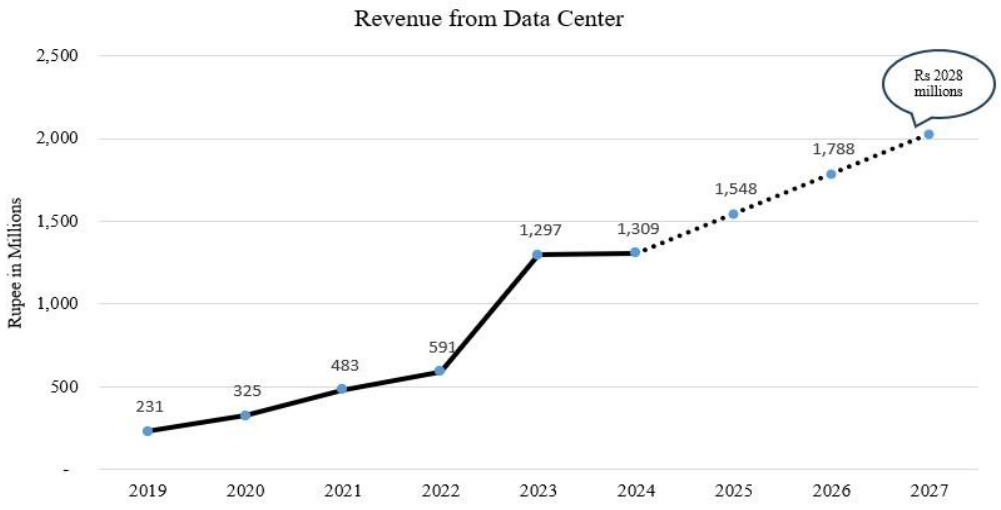
The major source of revenue of NTC can be divided into three main categories (i) Revenue from Licensed Services which includes basic telephony, internet, email and rent of circuits etc. (ii) Revenue from the Non-Licensed Services which mainly includes Data Center Services-viz Virtual Dedicated Services (VDS), Colocation charges, Intranet, Webhosting and Infrastructure as a Service (IaaS) etc. (iii) Third major revenue stream includes interest on investments, revenue from pre-deposit works and rental income from properties etc. The core of operations of NTC revolve around generating revenues from licensed and non-licensed services and significant operating cost is incurred on it. Therefore, following analysis gives a snapshot of revenue growth from core operations and cost incurred on them. Analysis of historical growth of revenue from core operations has been depicted in the following **Figure-I**



	2019	2020	2021	2022	2023	2024
Licensed Services	3,259.239	3,645.080	3,593.784	3,853.495	4,174.898	4,253.272
Unlicensed Services	613.846	696.037	863.001	1,027.478	1,743.286	1,800.554
Total	3,873.085	4,341.117	4,456.785	4,880.973	5,918.184	6,053.826

(Source: Financial Statements Data)

Above Figure-I shows that the total revenue of NTC grew at historical growth rate of 9.34% from Rs 3,873.085 million in 2019 to Rs 6,053.826 million in 2024. The significant surge in revenue was observed in non-licensed revenue component of data center services as depicted in **Figure-II** below:



(Source: Financial Statements Data)

Figure-II reflects that the revenue from data center services, a sub-component of revenue from non-licensed services, grew at historical growth of 41.5% over the last five years and the forecast suggests that data center revenues will further consolidate in future touching the level of Rs 2,028 million by the year 2027.

The review of financial statements for the period from 2019-2024 showed that despite significant growth in revenues the operating cost remained relatively higher at range of 96% to 100% of the revenue from core operational services. A regression model has been developed to ascertain the linear relationship of revenues and operating cost from the historical relation and to develop future forecasts.3.1.1

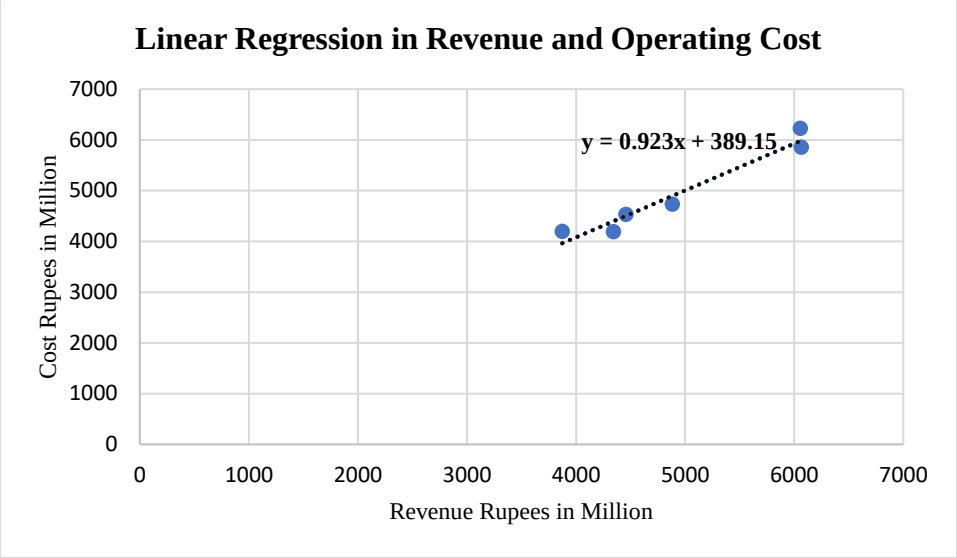
3.1.1 Linear relationship between Revenue and Higher Operating Costs with minimal operating efficiency

This analysis gives an insight of the linear relationship between Revenue and Operating Cost of the National Telecommunication Corporation (NTC) for the period 2019–2024 including the regression-based projections for future discourse and policy decisions.

The Section 5(a)(ii) of the SOE Act, 2023, relates the general principles of prudent and efficient management which emphasis that a state-owned enterprise must operate efficiently and effectively. Good governance and financial management principles require that public sector entities exercise effective expenditure control, ensure cost efficiency in service delivery and regularly analyze cost behaviour to identify opportunities for improving operational productivity.

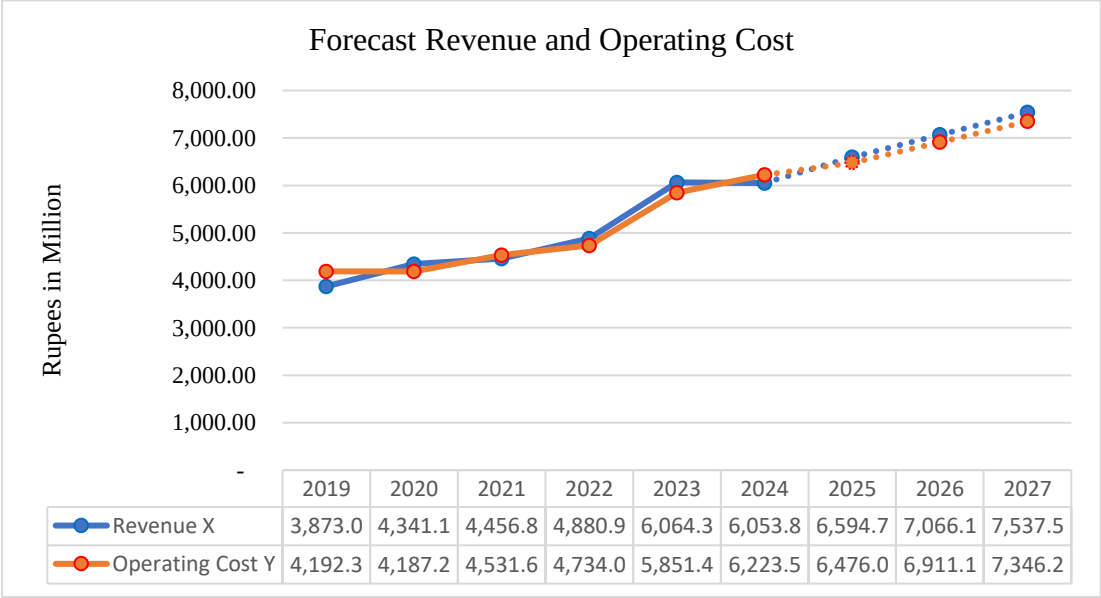
Analysis of Financial Statements for the period 2019–2024 revealed that the operating cost shows a strong positive and near-proportional association with Revenue. A regression analysis was conducted to establish how the operating costs are linearly related to the revenues. The objective of the analysis is to evaluate the extent to which the variations in revenues explain the variations in operating cost which is given in **Figure-III** as under:

Figure-III: Regression Model – Summary of Results



Regression analysis establishes an implicit relationship between the revenue and operating cost where the equation (y = 0.923x + 389.15) explains the linear relation between Operating Cost (y) and revenue (x) tend to regress with each other. Operating Cost (y) = 389.153 + 0.922991 × Revenue(x) (values in Million PKR) and Coefficient of Determination (R^2): 0.947 indicates that 94.7% of the variation in Operating Cost is explained by Revenue, reflecting a highly revenue-linked cost structure. This pattern suggests that for each Rs 1.0 million of revenue the operating costs will be Rs 0.923 million representing 92.3% of the revenue leaving a marginal cushion of operational efficiency of 7.7%. Further, this pattern will continue in foreseeable future as represented in **Figure-IV** below:

Figure-IV: Regression Model – Summary of Results



	2019	2020	2021	2022	2023	2024	2025	2026	2027
Revenue X	3,873.0	4,341.1	4,456.8	4,880.9	6,064.3	6,053.8	6,594.7	7,066.1	7,537.5
Operating Cost Y	4,192.3	4,187.2	4,531.6	4,734.0	5,851.4	6,223.5	6,476.0	6,911.1	7,346.2

The **Figure-IV**, shows that the operating cost will move closely in tandem with the revenues growing from Rs 6053.83 million in 2024 to Rs 7537.51 million in 2027 (forecast) and the operating costs mounting from Rs 6223.58 million to Rs 7346.21 million in 2027 (forecast) creeping upto 97.5% of revenue meaning thereby further squeezing the operating margin from 7.7% to 2.5%.

The proportional movement of Operating Cost with Revenue limits the potential for economies of scale and the above forecast suggests that it may result in higher expenditure levels even despite significant revenue growth. Without systematic cost optimization, the financial sustainability and operational efficiency of NTC may be adversely affected.

NTC Management should review the cost structure with a focus on enhancing expenditure controls and identifying areas where operational efficiencies can be introduced. Periodic cost-revenue analytics may be institutionalized to support the informed decision-making.

3.2 Financial Review of Liquidity and Profitability

Audit conducted a financial review of the liquidity and profitability position of the National Telecommunication Corporation (NTC) over the period from 2019 to 2024 to report significant findings to stake-holders. It was based on historical financial data and accounting ratios computed from the audited financial statements for FYs 2021-22 & 2022-23 and draft audited financial statements for FY 2023-24. The objective of this review was to assess NTC's short-term financial strength, operational efficiency and earnings performance and to evaluate how these indicators have evolved over time. The liquidity ratios during the period under review are given in **Table-III**:

(Rupees in Million)

Ratios	2019	2020	2021	2022	2023 (Restated)	2024
Current Assets	6,978.167	7,367.682	7,209.804	8,728.462	8,691.032	8,885.750
Quick Assets	5,176.714	5,800.626	5,828.204	7,587.232	7,565.350	7,536.676
Current Liabilities	1,958.693	2,003.355	2,122.285	4,363.500	4,003.030	3,953.874
Current Ratio	**3.563**	**3.678**	**3.397**	**2.000**	**2.171**	**2.247**
Quick Ratio	**2.643**	**2.895**	**2.746**	**1.739**	**1.890**	**1.906**

(Source: Draft Audited Financial Statements)

3.2.1 Liquidity Analysis

NTC's liquidity position remained robust throughout the period under review. The Current Ratio declined from 3.56 in 2019 to 2.00 in 2022, before recovering moderately to 2.25 in 2024. This decline reflects a substantial increase in current liabilities, particularly in 2022, which placed pressure on working capital. Nevertheless, the ratio remained well above the conventional benchmark of 1:1, indicating that the Corporation continued to maintain sufficient current assets to cover short-term obligations. Similarly, the Quick Ratio followed a downward trend from 2.64 in 2019 to 1.74 in 2022, before improving to 1.91 in 2024. However, the sustained liquidity level

above benchmark of 0.5:1.0 indicates that even after excluding inventories and less liquid items, NTC possessed adequate liquid resources to meet immediate liabilities.

3.2.2 Profitability Analysis

The profitability of NTC during 2019–2024 was inconsistent and volatile. The Operating Ratio exceeded 1 in 2019, 2021, and 2024, indicating that operating costs were higher than revenues in these years, resulting in operating losses. The phenomenon of operational inefficiency converges with the audit observation in the previous section and consolidated the audit stance on operational inefficiency of NTC.

Despite fluctuations in operating performance, return ratios showed a generally improving trend. The Return on Capital Employed (ROCE) increased significantly from 0.58% in 2019 to 10.31% in 2023, before declining slightly to 8.18% in 2024. Similarly, Return on Assets (ROA) and Return on Equity (ROE) improved consistently after 2019, peaking in 2023 and remaining relatively strong in 2024. This improvement suggests enhanced utilization of assets and shareholders' funds, largely supported by growth in "Other Income" and improved financial structuring rather than sustained operating profitability.

The analysis indicates that NTC maintained a sound liquidity position throughout the period under review. Profitability, while improving in terms of return ratios, remained unstable at the operational level, with recurring operating losses in certain years. The Corporation's financial performance appears increasingly reliant on non-operating income, which raises concerns regarding the long-term sustainability of earnings. *(Profitability ratios have been calculated in Appendix-I)*

It is recommended that NTC should focus on strengthening core operational profitability by implementing effective cost-control measures, improving revenue efficiency and reducing the reliance on income from non-core sources.

3.3 Budgeting

NTC prepares its budget under Section 41(7) Pakistan Telecom Re-Organization Act,1996 and submits it to the Federal Government after recommendations of its Audit Committee and Management Board.

3.3.1 Incurrence of expenditure without budget approval from the Federal Government

According to the Section 41(7) of the Pakistan Telecommunication (Re-organization) (Amendment) Act, 2006, the National Telecommunication Corporation shall, in respect of each financial year, prepare its own budget and submit it for the approval of the Federal Government before the 1st June every year. Further, Section 9(2) of the Public Financial Management Act, 2019 requires that for each principal accounting officer, the medium-term performance-based budget may include policy and goals, past and future expenditure, outputs and outcomes and related performance indicators and targets.

National Telecommunication Corporation (NTC) under the Ministry of Information Technology and Telecommunication Islamabad submitted its revised budget estimates for F.Y 2023-24 and the budget estimates for F.Y 2024-25 for consideration of its Management Board in its 112th Meeting held on 2nd October, 2024 and forwarded to the MoITT on 06.12.2024 for approval of the Federal Government.

Audit observed that NTC management incurred an expenditure of Rs 6,563,756,306 during F.Y 2024-25 without approval of the budget by the Federal Government. Further, the budget was not prepared on medium-term performance-based format as required under the rules.

Audit contends that non-preparation of performance-based budget and incurrence of unauthorized expenditure without approval of the Federal Government reflects weak financial discipline.

The matter was reported to the management during October, 2025. It was replied that NTC submitted its budget estimates for FY 2024-25 to NTC Management Board in its 112th meeting held on 2nd October 2024 and submitted to MoIT & Telecom on 6th December 2024 for onward submission to the Federal Government for approval. Budget for the FY 2024-25 is under the process of approval and same will be intimated to P&TS audit accordingly.

The reply was not tenable as under the PTRA, the budget of the NTC was required to be submitted for approval of the Federal Government before Ist June, 2024 but the same was submitted late and has still not been approved.

The DAC in its meeting held on 17th December, 2025 directed the NTC management to share the final decision regarding budget approval and get it verified from audit. No further progress in this regard was shared till the finalization of audit report.

Audit recommends that the NTC Management should initiate the legislative process regarding approval of the annual budget from the NTC Management Board instead for Federal Government so that the process of budgeting becomes smooth.

(PDP No.90-2026)

3.4 Financial Reporting

The financial reporting practices in the National Telecommunication Corporation (NTC) for the period covering FY 2021-22 to 2024-25 exhibit significant deficiencies in statutory compliance, transparency and system integrity. Audit highlighted critical issues including the non-timely finalization of financial statements for last three financial years, non-surrender of substantial surplus funds to the Federal Consolidated Fund (FCF), irregular creation of liabilities against the Federal Government through questionable cash appropriations, persistent failures in automating the corporation's accounting and billing systems despite contractual obligations, non-recognition of provision for Expected Credit Losses and recognition of Pension Liability without actuarial evaluation required under IAS 19 Employee Benefits. These findings indicate systemic weaknesses in financial reporting, adherence to International Financial Reporting Standards (IFRS) and the effective implementation of internal controls raising serious concerns about the accuracy and reliability of NTC's financial statements.

3.4.1 Non-surrender of surplus into FCF due to non-timely finalization of financial statements for the last three years

According to the Section 41(9) of The Pakistan Telecommunication (Re-Organization) Act, 1996 any surplus of receipts over the actual expenditure in a year shall be remitted to the Federal Consolidated Fund and any deficit from actual expenditure shall be made up by the Federal Government.

National Telecommunication Corporation (NTC) under the Ministry of Information Technology and Telecommunication Islamabad generated the surplus of Rs 1,888,120,352 during the FYs 2021-22 to 2023-24 as detailed in **Table-IV** below:

FYs	Amount
2021-22	466,147,384
2022-23	709,460,492
2023-24	712,512,476
Total	**1,888,120,352**

Figures of financial statements

Audit observed that NTC management got approved its financial statement for FY 2021-22 and 2022-23 with the delay of 3.5 to 2.5 years in December, 2025. The financial statements for the FY 2023-24 have yet not been approved from the Management Board and did not finalize the financial statements for FY 2024-25 despite lapse of considerable time resultantly an amount of Rs1,888,120,352 surplus/profits in the last three financial years could not be surrendered into FCF as required under the Pakistan Telecommunication Re-Organization Act, 1996.

Audit contends that non-timely approval of the Financial Statements resulted into delay in determination and surrender of surplus to FCF as required under the rules. Further, during the last three financial years NTC showed significant growth in profitability and consolidation in liquidity as analyzed by audit at Para 3.2.1 & 3.2.2 above.

The matter was reported to the management during October, 2025. It was replied that the profit or surplus reflected in the income statement does not represent actual cash surplus available with NTC, as it includes non-cash items such as depreciation, provisions, and accounting adjustments made under accrual-based financial reporting. The determination of surplus payable into FCF or deficit receivable from the Federal Government is governed by the accounting procedure prescribed in Annexure–B to S.R.O. 171(I)/99 dated 8th February 1999. The position for FYs 2021-22 to 2023-24 indicates a deficit receivable from the Federal Government, rather than a surplus payable as summarized in **Table-V** below:

Description	2021-22 (Rs.)	2022-23 (Rs.)	2023-24 (Rs.)
Cash & Cash Equivalents	3,650,677,568	3,191,801,578	3,027,972,054
Cash Appropriated for Liabilities & Development	(6,243,712,572)	(5,529,271,737)	(5,259,633,280)
Deficit Receivable from Federal Government	**(2,593,035,004)**	**(2,337,470,159)**	**(2,231,661,226)**

The above computation, duly verified by external auditors, clearly demonstrates that there exists no surplus amount for surrendering to the FCF under Section 41(9) of the Act. Furthermore, the annual accounts for FYs 2021-22 and 2022-23 have been approved by the NTC Management Board, while

the accounts for FY 2023-24 have already been audited and are in the final stages of approval and will be submitted to the NTC Management Board in its next meeting.

The reply was not tenable as M/s Riaz Ahmed & Company Chartered Accountants, in its Auditor's Report 2021-22 and 2022-23 disclaimed to express an opinion in "Emphasis of Matter" on the figures of cash appropriations and amount of deficit receivable from the Federal Government determined by NTC Management. They reported that they did not audit the portion of cashflows titled "Future Cash Appropriations" in the Cash Flow Statements. Further, the portion of cash flow statement was not aligned with the format of Cash Flow Statement specified by IAS-7.

The DAC in its meeting held on 17th December, 2025 decided that, as explained by NTC, the prevailing practice of accounting for surplus was aligned with approved format of AGP. However, DAC directed the NTC management to get the complete record verified from audit. NTC management did not get the record verified from audit in compliance of DAC directives till the finalization of this audit report.

Audit recommends that the amounts of depreciation and provisions already have negative casting effect on the profit and the residual amount reported as net profit after tax has been arrived after deduction of all expenditures therefore, audit recommends that the amounts pointed out by audit may be immediately deposited into FCF.

(PDP No.86-2026)

Audit further analyzed the issue of non-deposit of surplus into FCF in the following financial review of the financial statements.

3.4.2 Inflated appropriations from cash and cash equivalents for development and replacement works

As already pointed out by the audit in Para above para 3.4.1 that NTC Management took around (3.5 and 2.5) years to finalize the financial statements for the FY 2021-22 and 2022-23 till 15.12.2025. The financial statements for the FY 2023-24 and 2024-25 still could not be finalized till the finalization of this audit report.

Audit took a deep analysis of the issue of non-deposit of surplus into FCF by NTC Management as required under rules. The review of the financial statements for the period from 2019-20 to 2023-24 revealed that NTC Management appropriated material amounts for development and replacement expenditure for the forthcoming years but the actual expenditures incurred was far less than the amounts appropriated.

Audit contends that NTC management deducted inflated amounts on accounts of appropriations for development/replacement works and Trade and Other Payables from cash and cash equivalents which resulted into deficit receivable from the Federal Government (also pointed out at Para 3.4.3 below). Audit has worked out only the effects of the amounts appropriated for development/replacement works against the actual expenditures incurred against these amounts for the last five (05) years as detailed below in **Table VI**;

(Rupees in Million)

FY	Appropriations	Actual Expenditure	Saving (FCF)	Status of F/S
2019-20	1,127.692	591.015	536.677	

2020-21	1,233.623	628.998	604.625	Audited & approved
2021-22	1,260.479	341.581	918.898	
2022-23	1,580.213	357.340	1,222.873	
2023-24	1,429.333	167.522	1,261.811	Audited & Under Approval
Total	**6,631.34**	**2086.456**	**4,544.884**	
Average	**1326.268**	**417.912**	**908.977**	
Percentage		**31.51%**	**68.54%**	

(Financial Statements Data)

Above tables reflects that the actual requirement of NTC was on an average an amount of Rs 417.912 million (upto 31.51%) of amounts appropriated. Thus, NTC restricted on an average an amount of Rs 908.977 million (68.54%) annually from surrendering to FCF in each financial year. Audit could not evaluate the effect of deduction of Trade and Other Payables due to non-availability of actual data as directed by DAC to NTC Management to share with the audit. Further, despite earning significant profits, NTC was continuously showing deficit receivable against the Federal Government.

3.4.3 Unjustified creation of liability against the Federal Government in the shape of deficit receivable from the Federal Government

According to the Section 23(1) of the Public Finance Management Act, 2019 no authority shall incur or commit any expenditure or enter into any liability involving expenditure from the Federal Consolidated Fund and Public Account of the Federation.

National Telecommunication Corporation (NTC) under the Ministry of Information Technology and Telecommunication Islamabad appropriated funds of Rs 5,259,633,280 from its cash and cash equivalents during FY 2023-24 which created a liability of Rs 2,231,661,226 against the Federal Government as detailed in **Table-VII** below:

Cash and Cash Equivalents at Y/E	**3,027,972,054**
Cash appropriated for:	
▪ Development/Replacement of assets	(1,305,760,000)
▪ Trade and Other payables	(3,953,873,280)
Deficit receivable from Fed Govt.	**(2,231,661,226)**

Audit observed the following discrepancies:

i. NTC had a significant portfolio of funds amounting to Rs 4,567,847,682 (Rs 1,154,148,861+ Rs 2,590,792,782+ Rs 822,906,039) available in the form of immediate Cash and Bank Balances, highly liquid Short-Term Investments and Long Investments respectively which should have been utilized for managing its development expenditure and payment of liabilities.

ii. As per Note-21 to the draft audited financial statement for the FY 2023-24, NTC had liability for trade and other payables amounting to Rs 2,213,692,615 whereas in cash flow statement, NTC had deducted an amount of Rs 3,953,873,280 for trade and other payables thus excessive provision of Rs 1,740,180,665 was appropriated thereby

creating undue liability against the Federal Government.

Audit contends that above situation represents manipulative practice to obstruct the process of amount of surplus due to be deposited into FCF.
The matter was reported to the management during October, 2025. It was replied that in the instant case, the amount reported by audit has neither been spent nor committed as an actual liability against the Federal Government. The figure has merely been computed in accordance with the formula prescribed in Annexure–B to S.R.O. 171(I)/99 dated 8th February 1999, issued under Section 41(11) of PTRA, 1996. This computation forms part of a financial reconciliation mechanism to determine the surplus or deficit position which does not create any payable or enforceable obligation on the part of the Federal Government unless duly sanctioned by the competent authority.

The reply was not correct as the Cash Flow Statement was the part of the Financial Statements. Once the NTC Management Board approved the financial statements, the deficit calculated in the cash flow statements represent creation of obligation against the Federal Government which was not allowed under rules. Further, this part of the Financial Statement did not present true and fair view of the financial affairs of the NTC therefore, M/s Riaz Ahmed & Company Chartered Accountants, in its Auditor's Report 2021-22 and 2022-23, disclaimed to express an opinion on the figures of cash appropriations and amount of deficit receivable from the Federal Government as determined by NTC Management and reported that they did not audit this portion of financial statements.

The DAC in its meeting held on 17th December, 2025 decided that as explained by NTC the prevailing practice of accounting for surplus was aligned with approved format of AGP. However, DAC directed the NTC management to get the complete record verified from audit. NTC management did not get the record verified from audit in compliance of DAC directives.

Audit recommends that the matter be inquired and responsibility be fixed for appropriating fudged amounts to restrict the due amount of surplus into FCF and creating liability against the Federal Government. Further, the accounting procedure needs to be revised to reflect true and fair view of financial affairs of NTC and to determine the amount of surplus or amount due from the Federal Government.

(PDP No.87-2026)

3.4.4 **Non-recognition of provision for Expected Credit Losses in the Financial Statements**

Audit noticed that M/s Riaz Ahmed & Company, Chartered Accountants in Financial Statements for the FY 2021-22 and 2022-23 qualified their audit opinion regarding non-creation of allowances for Expected Credit Losses against the trade debts and pre-deposits work receivables as required under IFRS-09. Therefore, no adjustment in this regard, was made in the financial statements of both years.

3.4.5 Recognition of pension liability in the Financial Statements without actuarial valuation

M/s Baker Tally and Riaz Ahmed and Company Chartered Accountants, qualified their opinion regarding non determination of Pension Fund Obligation in the financial statements on the basis of actuarial valuation as required under the IAS-19, "Employee Benefits" therefore, the effects of these contraventions could not be determined in the financial statements. The detail of Pension Fund Obligations reported in the financial statements without actuarial valuation is given in **Table-VIII** as under:

(Rupees in Million)

FY	Pension Liability
2020-21	7,416.859
2021-22	7,101.328
2022-23	6,653.774

(Source: Financial Statements Data)

Audit contends that determination of pension liability without actuarial valuation reflects that the Financial Statements do not present true and fair view.

3.4.6 Non-automation of complete accounting system and expenditure on billing solution without fulfilling the contractual obligation

According to Para 7 of SRO 171 (I)/99 dated 08.02.1999 relating to accounting procedure of NTC Fund, there is a need for development of fully integrated accounting system with a highly advanced and custom-made software package which would include separate system for general accounting, receipts, payments, payroll, fixed assets, asset replacement, deposit works, billing, collection, cost accounting and management information system. Further, according to Annexure-A and B of Clause-2.1 read with Clause-8.1 of the agreement, M/s CRPL Pvt. Ltd was required to provide a complete convergent billing solution for all services, Receivables Management System, Ledger Management System for Revenue converging into complete automated system within the period of 06 six week from the date of signing the contract.

National Telecommunication Corporation (NTC) under the Ministry of Information Technology and Telecommunication Islamabad under the Para-7, of its accounting procedure was required to develop a fully integrated accounting system for automation of its complete accounting system. Further, NTC executed a contract with M/s CRPL Pvt. Ltd on 29th December, 2023 for development and deployment of end-to-end convergent billing system and incurred an amount of Rs 23,454,550 during 2024-25.

Audit observed the following discrepancies:

i. In compliance of Para 7 of the accounting procedure 1999, NTC could not implement a fully integrated accounting system to automate all the financial systems as required in its accounting procedure.
ii. As per contract M/s CRPL was required to complete the automation of billing system within 6 weeks from the date of signing the contract. However, the vendor did not complete the deliverable despite lapse of two year and NTC was still managing the revenue of SMS services manually and revenues of Data Center was also partially completed.

iii. Automation of receivables of all the revenue heads was the mandatory requirement but NTC was still managing the receivables manually due to which an amount of Rs 22.332 million receivable from FIA for SMS services was not included in manual detail of receivables which cast significant doubt about the accuracy of the accounting record.
iv. Further, M/s Riaz Ahmed & Co Chartered Accountants, in their management letter on Financial Statements of FYs 2021-22 and 2022-23 also pointed out the issues of reconciliations between general ledger, billing registers and customer invoices. The billing registers for telephone receivables did not agree with general ledger due to late payment surcharge billed out but not recorded in financials.
v. Due to non-fulfilment contractual obligations, NTC did not deduct LDs of Rs 2,345,455 @ 10% on monthly payments to M/s CRPL.

The matter was reported to the management during October, 2025. It was replied that the contract for outsourcing of NTC Billing Operations was singed between NTC and M/s CRPL on 29th September 2023. The contractor deployed the billing solution/system within the timeline and UAT was successfully conducted from 26-01-2024 to 01-02-2024 and the Acceptance Certificate (AC) was issued in favor of contractor upon completion of work. With reference to Audit Observation regarding the SMS, provisional OCS has already been issued to FIA against the SMS services, currently the matter is in reconciliation with FIA and as settled the final invoice will be issued. Moreover, the automation of the SMS billing process is currently in progress and the relevant data has been duly entered and updated in the billing system accordingly.

The reply was not tenable as NTC did not carry out automation of whole financial system as required in its accounting procedure. Further, the management admitted that M/s CRPL has not implemented the complete billing solution within the contractual time frame.

The DAC in its meeting held on 17th December, 2025 directed the management to automate the accounting system during next financial year under report to PAO/Audit.

Audit recommends that the matter be inquired to fix the responsibility for non-compliance of accounting procedure and contractual provisions the M/s CRPL.

(PDP No.93-2026)

To address the issues identified in financial reporting, it is recommended that NTC management immediately surrender legitimate surplus to the Federal Consolidated Fund (FCF) in strict compliance with the Pakistan Telecommunication (Re-Organization) Act, 1996. An inquiry should be conducted to determine responsibility for the irregular appropriation of funds and the creation of unjustified liabilities against the Federal Government with corrective actions to align accounting practices with IFRS and the SOE Act, 2023 to present true and fair view of its financial affairs. Furthermore, the Corporation must expedite the full automation of its integrated accounting and billing systems, enforce contractual penalties against defaulting vendors and strengthen reconciliation mechanisms to ensure the accuracy and

completeness of financial records. Implementation of these measures is essential to restore financial discipline, enhance transparency, and the faithful representation of NTC's financial position.

3.5 Receivables Management

The receivables management of NTC exhibited significant deficiencies in recovery processes and financial diligence highlighting the critical issues such as the failure to report and investigate a substantial loss arising from non-recovery of long-standing arbitration-related dues and persistent non-recovery of outstanding subscriber payments across multiple operational formations.

3.5.1 Financial loss due to non-recovery of receivables

According to Rule 23 of GFR Vol-1, Every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence. Rule 20 (1) ibid, requires that any loss of public money, departmental revenue or receipts, stamps, opium, stores or other property held by or on behalf of Government, caused by defalcation or otherwise should be immediately reported. When the matter has been fully investigated, a further and complete report should be submitted of the nature and extent of the loss, showing the errors or neglect of rules by which such loss was rendered possible, and the prospects of affecting a recovery.

The National Telecommunication Corporation (NTC) under the Ministry of Information Technology Islamabad had an amount of Rs 804.528 million receivables in its trade debts receivables from M/s Zara Communication Pvt. Ltd. for the year ended 30th June 2024.

Audit observed that the amount due was under arbitration which was decided in favour of M/s Zahra Communications on 03 December 2012. Subsequently, NTC's appeal was dismissed by the Sindh High Court on 16 December 2024 and finally by the Supreme Court of Pakistan on 17 February 2025 which resulted in financial loss of receivables of Rs 438.792 million to NTC. However, NTC management neither reported the loss and nor conducted any investigation as required under the rules.

Audit contends that failure to investigate and report the loss show weak internal controls resulting in misstatements in financial statements.

The matter was reported to the management during October, 2025. It was replied that according to IPSAS-29, impairment losses are to be recognized only when there is objective evidence that a receivable is irrecoverable. In this instance, a balance of Rs. 804.528 million remains available in the joint account of NTC and M/s Zahra and reconciliation and recovery efforts are actively ongoing. In line with IPSAS-19, a provision for loss can be recognized only when (1). A present obligation exists, (2). An outflow of resources is probable, and (3). The amount can be reliably measured. Since the receivable has not been conclusively determined as irrecoverable, the outflow of resources is not yet probable and the amount cannot be reliably quantified. Therefore, no provision is warranted under IPSAS-19. Furthermore, Section 23 of the PFM

Act, 2019 requires that all financial transactions, including losses and write-offs, be recognized accurately and in accordance with approved standards. Premature recognition of this amount would not comply with the statutory requirement. In view of the above, the audit observation does not necessitate recognition of a loss at this stage. The amount highlighted by Audit will be adjusted against the available balance and any financial impact arising from the reconciliation will be fully complied with applicable standards and the PFM Act, 2019.

The reply was not tenable as after the final decision of the case by Supreme Court of Pakistan against the NTC in in December, 2024, the criteria for recognition of provision to the tune of Rs 438.792 million was fulfilled as NTC had (a) an obligation as result of decision of the Supreme Court (b) amount of loss was determined therefore, the requirement of reliable measurement was also fulfilled and (c) Finally, the outflow of economic benefits of Rs 438.792 million is probable. Further, the matter was required to be investigated for fixing responsibility of loss. Therefore, keeping in view the prudence concept a financial loss was required to be recognized and reported appropriately to show true and fair view of financial statements.

The DAC in its meeting held on 17th December, 2025 directed the management to write off the amount after court decision and get it verified from Audit. No further progress was shared with audit till the finalization of audit report.

Audit recommends that the matter be inquired to fix responsibility besides taking appropriate measures for completing the due process required under the rules.

(PDP No.101-2026)

3.5.2 **Non-recovery of outstanding dues from the subscribers**

According to Rule 8 and 26 of GFR Vol-I, it is the duty of the departmental controlling officers to see that all sums due to government are regularly and promptly assessed, realized and duly credited in the Public Account. No amount due to government should be left outstanding without sufficient reasons, and where any dues appear to be irrevocable the orders of competent authority for their adjustment must be sought.

National Telecommunication Corporation under the MoITT, Islamabad provides the Telecommunication Services to the designated customers in accordance with section 41 of Pakistan Telecommunication Re-organization Act, 1996,

Audit observed that seven (07) formations of NTC failed to recover an amount of Rs 378,282,000 from various subscribers of Telephone/DSL/EVO Connections, operators during the year 2024-25. The detail is given in **Table-IX** below:

Sl. No	Items No.	Name of Unit	Amount in Million
1.	02	NTC Headquarters Islamabad	212.44
2.	3,4,5,6,7,8	Director NTC Multan	15.895
3.	12,13,14,15,16,17,18	Director NTC Islamabad	55.631
4.	8,9,10,11,12,13,14	Director NTC Lahore	44.914

5.	6,7,8,9,10,11,12	Director NTC Rawalpindi	13.554
6.	13,14,15,16,17,18,19,20	Director NTC Quetta	17.681
7.	17,18,19,20,21,22	Director NTC Karachi	18.163
TOTAL			**378.282**
Note: *These dues are outstanding from a large number of customers for more than eight (08) months since 30.06.2025*			

Audit contends that aforementioned position reflects weak receivable management by the NTC.

The matter was reported to the management during August to November, 2025. It was replied that the departments/subscribers are being pursued for clearance of outstanding dues as per recovery policy. The progress would be intimated to audit accordingly.

The DAC in its meeting held on 17th December, 2025 directed the NTC Management to get the record of recovered amount verified from audit and efforts be made for recovery of outstanding amount. NTC management did not get the record verified from audit in compliance of DAC directives.

Audit recommends that strenuous efforts be made to recover the outstanding dues without any further delay.

(PDP No.69-2026)

To address the serious lapses in receivables management, it is recommended that NTC management immediately initiate a formal inquiry to determine responsibility for the loss of receivables. Proactive and structured recovery efforts must be launched to collect all outstanding dues from subscribers with clear accountability assigned to respective formation heads.

3.6 Investment

NTC invests the surplus funds in Term Deposit Receipts (TDRs) in different tenure short terms and long-term investments ranging from 3 months to 5 years.

3.6.1 **Investment of funds in Term Deposit Receipts (TDRs)**

According to Para 4 of Finance Division's Office Memorandum No. F.4(1)/2002-666/2022 dated 18.05.2022, the Finance Division's earlier Office Memoranda dated 02.07.2003, 06.09.2004, 22.09.2005, and 23.12.2014 which allowed public sector entities and autonomous bodies under the Federal Government to maintain working balances and invest surplus funds, have been withdrawn with immediate effect. Consequently, all prior approvals granted to any public sector entities for maintaining working balances are hereby rescinded. Further, Section 23(1) of the Public Finance Management Act, 2019 provides that "No authority shall transfer public moneys for investment or deposit from government account, including assignment accounts, to any other bank account without prior approval from the Federal Government.

National Telecommunication Corporation (NTC) under the Ministry of Information Technology and Telecommunication Islamabad invested Rs

608,969,095 in Term Deposit Receipts (TDRs) during 2024-25.

Audit reviewed the investment record and observed that management invested surplus funds amounting to Rs 608,969,095 in Term Deposit Receipts (TDRs) with various commercial banks against the instructions of the Finance Division under PFM Act.

Audit contends that after withdrawal of policy of investment of surplus funds by the Finance Division, the investment of funds in TDRs showed weak financial discipline.

The matter was reported to the management during October, 2025. It was replied that the Finance Division (Expenditure Wing) vide letter No.4(6) DS-Exp (IT&T)/ 022-23/187 dated January 02, 2023 declared NTC an autonomous body of MoITT and is not included in TSA list. As such NTC is allowed to continue their operations as its name is not included in the list notified**.** Accordingly, NTC has been allowed to operate as per existing arrangements till further orders.

The reply was not tenable as the Finance Division's letter dated 02.01.2023 did not contain any permission to NTC to invest the surplus funds in TDRs against the clear instructions.

The DAC in its meeting held on 17th December, 2025 settled the para based on clarification from provision of NTC Act and Finance Division's letter No. F.4(6)DS-Exp(IT&T dated 2-01-2023, however on insistence of audit, written clarification from Finance Division for investment of surplus funds may be obtained and the same may be got verified from Audit. No further progress was shared till the finalization of audit report.

Audit recommends that the practice of investment of surplus funds be stopped forthwith and surplus funds be remitted to FCF.

(PDP No.89-2026)

3.7 Internal Controls Violations

The audit observed significant lapses in NTC's internal controls, particularly concerning unauthorized financial sanctions and expenditures be various officers without having legitimate powers. These issues point to weaknesses in adherence to statutory rules, delegation of powers, and internal oversight mechanisms.

3.7.1 Sanction of the expenditures during look-after charge

According to the Establishment Division's office memorandum No. 3/15/2016-R-II dated 9th April, 2021, there is no provision of "look-after charge" in the Civil Servants Act, 1973 and the Rules made thereunder. The said clarification further provides that an officer may only be deputed temporarily as an internal arrangement to look after the day-to-day and routine work of another post; however, quasi-judicial, financial, or policy-related decisions cannot be exercised by such an officer not formally designated to that post.

The NTC Management Board granted "look-after charge" of the post of Managing Director NTC to the CTO being the senior most officer of NTC for the period from 07.01.2025 to 14.04.2025.

Audit observed that during the period of look after charge expenditures amounting to Rs 542,459,566 was sanctioned by exercising the full financial powers of the Managing Director. The financial decisions included the payment of DDOS project, payment of 60% project deliverables to M/s Synergy Computers and provision of digital solution by M/s Schlumberger etc.

Audit contends that in the light of clarification of Establishment Division, the charge of post MD was assigned only to look after the day-to-day and routine work. Therefore, expenditure sanctioned by the officer was unauthorized.

The matter was reported to the management during October, 2025. It was replied that in terms of Section-41(2) of Pakistan Telecommunication (Re-organization) Act, 1996, in order to ensure smooth working of the Corporation, NTC Management Board in its 113th meeting held on 31-12-2024 allowed looking-after charge of the post of Managing Director to CTO being the senior most Officers of Technical Cadre.

The reply was not tenable as the NTC Management Board granted the look after charge for managing the day-to-day routine matter. The officer was not authorized to sanction expenditure.

The DAC in its meeting held on 17th December, 2025 settled the para subject to the regularization of expenditure by the NTC Management Board. No further progress was shared till the finalization of audit report.

Audit recommends that the matter may be taken up with the competent forum for decision.

(PDP No.88-2026)

3.7.2 Financial concurrence/sanctions by GM (North) without authorization

According to Regulation 2.18 of NTC service regulations, the charge of the vacant post may be given temporarily in addition to the duties of his own post to the senior most officer in the cadre present at the place if he is fit and qualified to hold that post. Further, as per para 3 of Establishment Division OM No. 3/15/2016-R-II dated 09.04.2021, certain financial and administrative powers can only be exercised by an officer to whom additional/ current charge of the post is entrusted in the prescribed manner. An officer looking after the work cannot exercise such powers as he has not been delegated with such powers by the competent authority.

NTC management under MoITT granted current charge for the post of GM North NTC, Islamabad to Mr. Attaullah Khan, Director NTC, Islamabad vide notification No. HR:7-6/2022/92, dated: 19.01.2022 with charge pay.

Audit observed that current charge pay of the officer was discontinued after three months period and no revised orders of current charge for the post of GM (North) Islamabad were issued.

Audit noticed that financial recommendation / concurrence amounting to Rs 70,930,469 during the year 2024-25 was accorded by the Director NTC, Islamabad as GM (North), in violation of above in instructions.

Audit contends that unauthorized financial sanctions were weak financial and HR management besides violation of rules

Audit pointed this out to the head of formation during August 2025 and management during September, 2025. It was replied that the post could not be filled due to a resolution by the Board that no further implementation of NTC Employees Service Regulationns,2023. The amendments in service regulations have been put up to Federal Govt. for approval. The arrangement is being made till the post is filled in. The case for regular promotion has been taken up with NTC Management Board for consideration.

Reply was not tenable as the officer was working as GM without orders of the competent authority.

The DAC in its meeting held on 17th December, 2025 directed to link the para with PDP No.212-2025 for further action by CF&AO and report to the NTC Management Board. No further progress was shared till the finalization of audit report.

Audit recommends that financial recommendations/ concurrence accorded by the officer may be got regularized from competent authority. The charge of GM may be given as admissible under the rules.

(PDP NO. 72-2026)

NTC Management should Immediately refer the matter of sanction of unauthorized expenditures for regularization from NTC Management Board. Further, to strengthen the internal oversight by enforcing delegated financial authorities, inquire the matter for holding accountable to those who incurred the expenditures without proper sanction.

4. HUMAN RESOURCE MANAGEMENT

Human resource management within the NTC is characterized by significant deviations from established regulations, financial propriety and administrative directives. Audit observed recurrent issues such as the irregular expenditure on outsourced core technical staff contrary to federal government instructions of outsourcing the non-core services besides non-compliance with the directives of the ministry to present a critical fact-finding inquiry report to the Management Board.

4.1 Non-placement of Fact-Finding-Inquiry Report before the NTC Management Board

The Section Officer (Telecom) vide MoIT&T letter No. 5-11/2024-TL dated 14.05.2024 conveyed the direction of the Secretary IT for placement of the Fact-Finding Inquiry Report before the NTC Management Board on misuse of powers by Ex-MD NTC with the accomplice of Chief Operating Officer.

Audit observed that the Fact-Finding Inquiry held the Chief Operating Officer responsible/accomplice with Ex-MD for unauthorized use of the powers of NTC Management Board.

Audit contends that non-placement of FFI before NTC Management Board constitute non-compliance of direction of administrative department.

The matter was reported to the management during October, 2025. It was replied that Mr. Miraj Gul, ex-MD NTC filed a Writ Petition No. 4499/2023 before the Honorable Islamabad High Court, Islamabad**,** therefore the matter was not presented to the board being subjudice. Now the Honorable Court has disposed-of the plea without giving any relief to the petitioner (Mr. Miraj Gul, ex-MD NTC). Compliance will be ensured in the next Board meeting.

The reply was not tenable as the Chief Operating Officer was not a party to the writ petition filed be ex-MD NTC and there were no restraining orders from the court therefore non-placement of FFI Report before NTC Management Board constitute misconduct requiring disciplinary action against the responsible.

The DAC in its meeting held on 17th December, 2025 directed the management to place the matter before the next meeting of NTC Management Board and outcome be got verified from Audit. No further progress was shared with audit till finalization of audit report.

Audit recommends that the matter may be inquired to fix responsibility for not placing the findings of the FFI before NTC Management Board for appropriate decision.

(PDP No.83-2026)

4.2 Irregular expenditure incurred on outsourcing of technical staff

According to para 2 (j) of Public Finance Management Act, 2019 "financial propriety" means the compliance of law, rules, regulations, maintaining high standard of prudence, vigilance, due diligence and ensuring value for money while incurring expenditure and collecting government receipts. Further, as per para 2(iv) of Establishment Division letter No. F.No.1(1)/2023-Member/ MSW dated 18th October, 2024 and clarification dated 04.02.2025, only General/Common/Non-core services (cleaning, plumbing, gardening etc.) will be managed thorough outsourcing.

National Telecommunication Corporation (NTC) under the Ministry of Information Technology and Telecommunication Islamabad executed an agreement with M/s Outriders (Pvt) Ltd for provisioning of human resource for different services in various offices of NTC.

NTC management hired/outsourced staff for core technical/engineering services in violation of the above referred letter and instructions of federal government. An expenditure of Rs 80,870,640 was incurred on payments to these individuals, who did not fall under the definition of services of cleaning, plumbing and gardening etc. rendering the expenditure irregular. The detail is given in **Table-X** as under:

Designation	NPS	BPS	No of persons hired	Monthly rate	Monthly payment	No of months	Total 2024-25 (Rs.)
Engineering Supervisor	IV	11 to 13	2	57,725	115,450	12	1,385,400
Junior Assistant	IV		20	53,750	1,075,000	12	12,900,000
Auto Mechanic	IV		1	53,750	53,750	12	645,000
DNT	III	7-10	5	53,750	268,750	12	3,225,000
JDNT	III		10	49,774	497,740	12	5,972,880
Telecom Technician	III		6	49,774	298,644	12	3,583,728
Junior Technician	II	5-6	89	49,774	4,429,886	12	53,158,632
Total			**133**				**80,870,640**

Audit contends that the engagement of technical engineering staff in contravention to the instructions of Establishment Division reflects weak human resource management and constitutes a violation of prescribed rules.

The matter was reported to the management during October, 2025. It was replied that in order to control HR cost, NTC Management Board in its 97th meeting held on 27-01-2020 approved that "no further recruitment be made in NTC except for those vacancies which have already been advertised. Any future requirement be met through outsourcing wherever required". In compliance to instructions of the NTC Management Board, NTC entered into agreement with M/s. Outriders on 01-09-2021 after observing proper open tender procedure as laid down in PPRA Rules.

In pursuant of Establishment Division letter dated 06-09-2024 and Ministry of IT & Telecom letter dated 12-09-2025. NTC also abolished 387 number of sanctioned posts (including the posts

referred in the Memo) vide Notification dated 19-09-2025. The operational requirement of these cadres is being met through outsourcing arrangements.

The reply was not tenable as the outsourcing was allowed only for non-core services. Outsourcing of these posts which required technical diplomas and graduation was against the instruction of the Federal Government for abolishing the vacant posts or to avoid the formal recruitment process and approvals of the competent forums.

The DAC in its meeting held on 17th December, 2025 directed the management to provide the record for verification to audit. NTC management did not get the record verified from audit in compliance of DAC directives.

Audit recommends that the matter be inquired to fix responsibility for violation of instructions of the Federal Government.

(PDP No.97-2026)

NTC management should immediately conduct inquiries to fix responsibility for the unauthorized hiring of technical staff through outsourcing. The Corporation must ensure strict adherence to Establishment Division guidelines by limiting outsourcing to non-core functions only. Furthermore, the pending Fact-Finding Inquiry Report must be promptly presented to the NTC Management Board for appropriate action.

5. PROCUREMENT AND CONTRACT MANAGEMENT

The procurement and contract management within the National Telecommunication Corporation (NTC) exhibited significant and recurring deviations including the award of high-value contracts without open competitive bidding, engagement in direct contracting without requisite authorization and improper issuance of payments and certificates prior to the fulfillment of contractual obligations. Further issues encompass the procurement of services at rates exceeding PTA approved tariffs, unjustified expenditures on media and connectivity services and the improper extension of framework agreements beyond permissible limits. Collectively, these deficiencies point to systemic weaknesses in procurement practices disregard for the Public Procurement Regulatory Authority (PPRA) rules and failure to ensure transparency, competition and value for money in the expenditure of public funds.

5.1 Award of contract to M/s Awan Distributors without open tender

According to the Clause 1.1.2 of the MoU between NTC and Pakistan Bureau of Statistics, NTC shall provide Infrastructure-as-a-Service (IaaS) to Pakistan Bureau of Statistics. The Rule 20 of Public Procurement Rules, 2004 the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works. Further, Rule 10(2) ibid requires that any terms, specifications, standards, features, characteristics and requirements prescribing the technical or quality characteristics shall be generic in nature and shall not include reference to brand name, model number, catalogue number, name or origin of the country or similar classification.

National Telecommunication Corporation (NTC) under the Ministry of Information Technology and Telecommunication Islamabad signed an MoU with Pakistan Bureau of Statistics (PBS) on 01.06.2022 for provision of IaaS for population census. Accordingly, NTC executed an agreement with M/s Awan Distribution (Pvt) Ltd on 19.08.2022 at a contractual price of Rs 327,025,408 to provide Oracle Exadata Cloud as IaaS to Pakistan Bureau of Statistics.

Audit reviewed the record and observed the following discrepancies:

i. As per MoU there was no specific requirement of PBS for provision of Exadata Cloud. However, NTC executed the contract with M/s Awan Distributions Pvt. Ltd for the supply of Oracle Exadata Cloud without open tender and technical evaluation of other cloud solutions.
ii. NTC executed the agreement with M/s Awan Traders being the sole Value-Added Distribution (VAD) Partner however, as per website of Oracle there were two VAD partners and at least 04 four Cloud Service Providers in Pakistan.
iii. NTC vide its offer dated 08.06.2022 offered PBS to provide IaaS for six months but executed agreement with M/s Awan Distributions for 04 four years. Further, the NTC management exempted the vendor from provision of Performance Guarantee and Advance Payment Bank Guarantee.
iv. The Departmental Fact-Finding Committee by MD on 18.04.2024, vide its report 02.05.2024 gave its finding that the work was awarded on

single quotation without open tendering process. All the local Oracle Cloud partners were not involved to get competitive rates. No technical evaluation of alternative was conducted and no justification for rental model for four years was provided.

v. The MD NTC constituted a high-level committee comprising of GM (F), COO, GM (Data & IT) and CTO on 10.05.2025 for implementing the recommendations of Departmental Fact-Finding Committee but the Committee concluded that Oracle Exadata was the requirement of PBS/NADRA for Census project. Oracle vide email on 10.05.2024 confirmed that the Oracle Exadata Cloud was not available on CAPEX Model and the project earned revenue of Rs 593.30 million. Therefore, no irregularity was occurred and the committee recommended to close the investigations.

Audit contends that the findings of the high-level committee were not based on merit as it did not cover all the issues observed by audit and identified by Departmental Fact-Finding Committee which are sufficient to establish that the procurement was made in non-transparent manners.

The matter was reported to the management during October, 2025. It was replied that the infrastructure requirements of Oracle EXA-CC was specified by PBS/NADRA and subsequently incorporated into the Contract Agreement between NTC and PBS. Accordingly, the Oracle EXA-CC was procured through direct contracting with Awan Distribution (Pvt.) Limited under PPRA Rule 41(c)(ii). As per email of Oracle System Pakistan, M/s Awan Distribution was the only Value-Added Distributor in Islamabad to submit bid to NTC for resale of Oracle Exadata on rental basis for four years. Although, PBS initially required the service for only six months, however, they continued using Oracle EXACC with total billing amount exceeding Rs. 600 million. The High-Level Committee after reviewing the fact-finding report recommended for approval of closing the inquiry as no irregularity was involved.

The reply was not tenable as the specific requirement of Exadata was not included in MoU signed by NTC with PBS. There were at least two VAD partners (Awan Distributors & IBM Italia) and 04 Cloud Service implementation partners (IBM Corp, PWC Advisory Service, Business Vision and Kyndrl Inc.) of Oracle in Pakistan. If procurement was done under Rule 41(c)(ii), then same should have been executed through Procurement Fora as required under the rules. Further, the undue favour was extended to the contractor by exempting the performance guarantee. Furthermore, the high-level committee did not address all the of queries/deficiencies pointed out by departmental inquiry committee.

The DAC in its meeting held on 17th December, 2025 directed the management to get the award of work regularized from NTC Management Board and get it verified from Audit. No further progress was shared with audit till the finalization of audit report.

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

(PDP No.91-2026)

5.2 Irregular expenditures on procurement of services of M/s Schlumberger

According to the Rule 42 (c)(ii) of Public Procurement Rule 2004, A procuring agency shall only engage in direct contracting if only one manufacturer or supplier exists for the required procurement provided that the procuring agencies shall specify the appropriate fora, which may authorize procurement of proprietary object after due diligence.

National Telecommunication Corporation (NTC) under the Ministry of Information Technology and Telecommunication Islamabad executed a contract agreement with M/s Schlumberger Saeco. Inc and incurred an expenditure of Rs. 410,027,097 during 2024-25 on procurement of service.

Audit observed that the following discrepancies:

i. NTC entered into direct contracting with M/s Schlumberger (SLB) Saeco Inc. under Rule-42(c)(ii) without obtaining authorization from the appropriate fora.

ii. As NTC is an SOE therefore, under the SOE Act, the Fora was required to be specified from NTC Management Board.

iii. NTC was using the revenue sharing model with SLB and OGDCL wherein NTC was in receipt of its share from invoicing to OGDCL who deducted an amount of Rs 39,640,990 as withholding tax despite the fact that NTC was exempt from income tax.

Audit contends that the direct contract with M/s SLB without fulfilling the requirement of procurement rules and deduction of tax.

The matter was reported to the management during October, 2025. It was replied that this contract involved no financial investment or procurement of any assets by NTC, it qualified as a non-ADP project and therefore did not require approval from the NTC Management Board. Accordingly, it was approved by the NTC MD in line with the Delegation of Powers (DoP). The SOE Act is not yet applicable to NTC, therefore, the contract has been approved by the MD NTC in accordance with the existing procedures/ Delegation of Powers (DoP).

The reply was not tenable as the SOE Act was applicable on NTC which was adopted by NTC Management Board and OGDCL deducted the tax at higher rates despite the fact that NTC was exempt from Tax.

The DAC in its meeting held on 17th December, 2025 directed the management to get the award of work regularized from NTC Management Board besides adjustment of tax may also be got verified from Audit. NTC management did not get the record verified from audit in compliance of DAC directives.

Audit recommends that the matter be inquired to fix responsibility for entering into contract without following the procurement rules and loss due to deduction of income tax by OGDCL at higher rates despite being exempt from tax.

(PDP No.92-2026)

5.3 Payment to M/s Ascertia without completing the project obligations and Nil Discrepancy Certificate (NDC)

According to the Cluse 13.3 & 13.4 of the Contract for “Establishment of Public Key Infrastructure on Turnkey DDP Site Basis”, payment @ 35% of total CAPEX value will be

paid to the contractor upon successful installation, integration, testing & commissioning of equipment which shall be proved by Provisional Acceptance Certificate (PAC) and rendering training to NTC officers/officials as per BoQ and the remaining 5% payment will be payable on removal of minor discrepancies pointed out in PAC. If there exist no discrepancies in PAC then this amount shall be payable on issuance of NDC (Nil Deficiency Certificate) by PD. Further, as per Clause 1.2 of the contract the contract shall furnish Performance Security-2 @ 10% of per year support services value in the shape of bank guarantee within 7 (seven) working days of signing the SLA by both the parties i.e 27.09.2021.

National Telecommunication Corporation under the MoITT, Islamabad executed a contract for "Establishment of Public Key Infrastructure on Turnkey DDP Site Basis" with M/s Ascertia (Pvt) Ltd and incurred an expenditure of Rs 187,855,451 during 2024-25 as detailed in **Table-XI** below:

Vr. No. & Date	Payment Details	Amount
14/04.09.2024	35%+5% Payment on PAC and NDC	129,778,978
35/12.09.2025	Release of retained amounts for PST and Bank Guarantees	58,076,473
Total		**187,855,451**

Audit reviewed the relevant record and noticed following discrepancies:

i. NTC management issued PAC and NDC without removing the discrepancies of (a) supply of Tempest Laptops (b) Imparting foreign training of NTC/ECAC staff (c) Compliance of the setup of web-trust criteria/CAB standards/guidelines and released the amount without observing codal formalities.
ii. The payment was released without approval/sanction of the competent authority i.e Managing Director as the post of MD was vacant and the charge of the post was not assigned to any officer.
iii. Short deducted the LDs Rs 3,008,528 as the supplier did not complete the contractual obligations of supply of Laptops and delivery of training within the stipulated time.
iv. NTC collected the performance security-2 amounting to Rs 1,784,228 @ 10% per year of support from 27.07.2024 instead from the date of signing the service level contract on 03.10.2021 thus granted undue favour to the contractor.

The matter was reported to the management during October, 2025. It was replied that PAC was issued in compliance with the contract clause 10, on 29 December 2023 after resolution of BOQ items. (i) Despite efforts by M/s Ascertia, the delivery of Tempest laptops for this project was not approved by OEMs. Since, the project deployment was completed on other available hardware as approved by the web trust auditor therefore, the 7x Tempest laptops were treated as non-provision as per BOQ and approval for removal and deduction of the price from the contract/BOQ was to be approved. (ii) Foreign Training is not delivered nor paid till date, as the permission of the same has been granted by the authorities. (iii) Final report and seals were awaited at time of PAC issuance and later issued by web trust forum as per required time of processing.

Based on the aforementioned goals/resolution, the NDC was issued on 29th March 2024 after observing performance of the setup for 3x months. The FAC is not yet issued and payment of these i.e tempest laptop and foreign training was deducted as per decision. Further, subject project was approved by competent authority as per Delegation of Power (DoP) and accordingly contract was signed and payments were made as per contract terms and conditions. On the recommendation of Data Center directorate / Committee report, LD amounting to Rs. 9,539,840/- (10% value of Web Trust Audit cost) was deducted against the delay in the section of Web Trust Audit, as per contract clause # 9. As per Contract SLA will be effective from the date of issuance of PAC (copy enclosed), accordingly same was obtained for the Year 2024 from M/s Ascertia after issuance of PAC (i.e. 29-12-2023).

The reply was not tenable as the PAC and NDC were issued without completion of the contractual obligation regarding completion of supplies, delivery of foreign training, removal of discrepancies of web trust report. Further, LDs for non-supply of Laptops and non-delivery of training were also not deducted.

The DAC in its meeting held on 17th December, 2025 directed the management to verify its stance from Audit. NTC management did not get the record verified from audit in compliance of DAC directives.

Audit recommends that the matter be inquired to fix responsibility for unauthorized sanction of payment without approval of competent authority, issuance of PAC/NDC and release of payment and short deduction of LDs.

(PDP No.103-2026)

5.4 Expenditure on procurement of SMS services from CMOs without compliance to PPRs and PTA NAAR-2018

As per Regulation 4 and 8 of the PTA Number Allocation and Administration Regulations, 2018 (NAAR-2018), licensees are required to obtain prior approval of the Pakistan Telecommunication Authority for the allocation, use, and administration of numbering resources and short codes used for SMS or related telecom services and maintain proper record of utilization. Further, according to Sr. No.7 of PTA's approval letters, NTC shall get tariff of the services offered through allocated through short code approved from PTA as and when tariff regulations are issued by PTA.

National Telecommunication Corporation (NTC) under the Ministry of Information Technology and Telecommunication Islamabad procured SMS services from all four Cellular Mobile Operators (CMOs) Jazz, Zong, Ufone, and Telenor for delivery of messages to the beneficiaries of its client organizations.

Audit observed that NTC management incurred an expenditure of Rs 37.171 million during FY 2024-25 on account of procurement of the SMS services. NTC allowed the operators to charge over and above the approved tariff/rates of PTA. NTC allowed the operators to charge the rates of Rs 3/sms against the approved rates of Rs 0.5 to Rs 1.5/sms against different short codes allocated by PTA.S

Audit contends that the rates of SMS charged by mobile operators over and above the approved

rates of PTA were irregular and violation of the NAAR Regulations, 2018.

The matter was reported to the management during October, 2025. It was replied that NTC provides SMS services to Government and Semi-Government organizations using short codes allocated by PTA. Delivery of SMS is only possible once the short code is whitelisted with the respective mobile operator. The procurement of SMS services from each mobile operator is inherently proprietary and network-specific because each operator can deliver on-net traffic only within its own network and SMS cannot be delivered to subscribers of another MO without cross-operator whitelisting which is a lengthy and complex process resulting in latency and delivery failure. The procurement falls under PPRA Rule 42(c)–Single Source Procurement as each mobile operator is the sole provider of SMS delivery to its own subscribers.

The reply was not tenable as the NTC neither procured the service through competitive bidding nor it compelled the operators to deliver the SMS at the rates specified by PTA rather NTC negotiated the rates with operators in violation of PPRs and PTA authorized rates.

The DAC in its meeting held on 17th December, 2025 directed the management to get their stance verified from Audit. NTC management did not get the record verified from audit in compliance of DAC directives.

Audit recommends that the matter be inquired to fix responsibility for non-compliance of PPRs and PTA approved rates. Further, the matter be placed before the Management Board for policy direction in future.

(PDP No.96-2026)

5.5 Award of works without open tenders on media hiring

According to rule 20 of PPRs, 2004 the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works. The Rule12(2) ibid, requires that all procurement opportunities over three million Pakistani Rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation at least two national dailies, one in English and the other in Urdu. Further, the Rule, 42(c)(vi) requires that a procuring agency shall only engage in direct contracting if the price of goods, services or works is fixed by the government or any other authority, agency or body duly authorized by the Government, on its behalf.

National Telecommunication Corporation (NTC) under the Ministry of Information Technology and Telecommunication Islamabad incurred an expenditure of Rs. 21,898,269 without open tender on hiring of media from M/s Linkdot Net, Wateen and Nayatel etc.

Audit observed that expenditure was incurred/work was awarded without open tender. Award of work without open tender deprived the department from the benefit of competitive bidding.

Audit contends that expenditure without open tender was weak procurement management besides violation of rules.

The matter was reported to the management during October, 2025. It was replied that NTC

was availing media services from various licensed telecom operators authorized by PTA. NTC engages licensed telecom operators solely for the purpose of extending telecommunication services to its customers in areas where the NTC network is not available. It is pertinent to mention that these media services are procured at mutually negotiated rates with the concerned operators, based on technical feasibility and availability to ensure the provision of NTC's services to its designated customers.

The reply was not tenable as the services were hired at mutually negotiated rates which is a violation of procurement rules.

The DAC in its meeting held on 17th December, 2025 observed that competitiveness of the expenditure was justified by the NTC on the grounds of regulatory licensing arrangements and market conditions. However, the DAC directed the NTC management to follow necessary regulatory requirements for urgent procurements.

Audit recommends that the matter be inquired to fix responsibility besides regularization of expenditure from competent forum.

(PDP No.95-2025)

5.6 Expenditure on provision of voice & data services without open tenders

According to Rule 12 (2), (3) of PPRs-2004, all procurement opportunities over three million Pakistani Rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu. In cases where the procuring agency has its own website it may also post all advertisements concerning procurement on that website as well. Further, Rule 16(A) 4 of rules ibid stipulates, open and closed framework agreement may be made with the selected suppliers and service providers. Maximum duration of open framework agreements shall not be more than three years and the closed framework agreements shall not exceed one year.

NTC under the MoITT, Islamabad, incurred an expenditure of Rs 10,176,464 on acquiring of Optical Fiber Cable (OFC) media services from different operators at Karachi and Lahore during 2024-25.

Audit observed that media services were hired on rental basis without open tendering and formal contract agreement. Hence, the expenditure incurred was held unjustified. The detail is given in **Table-XII** as under:

Sl. No.	Item No.	Formation	Operators	Amount Rs
1	03	Director NTC, Lahore	CM Pak & Multan Cables Internet Service	9,582,000
2	14	Director NTC, Karachi	Supernet	594,464
		Total		10,176,464

Audit contends that due to non-adherence of PPRs, the services of operators was hired without tendering and contract agreements.

The matter was reported to the management during August to November, 2025. It was replied that the services for provision of OFC media connectivity were hired on rental basis under clause 15.1 of Telecom Policy 2015, which allows NTC to engage the operators on public-private partnership (PPP) basis to enhance operational efficiency and sustainability.

The reply is not tenable as Telecom Policy 2015 did not allow the hiring of services without open tendering. Further, no documentary evidences were provided for hiring of services on PPP basis.

The DAC in its meeting held on 17th December, 2025 observed that competitiveness of the expenditure was justified by the NTC on the grounds of regulatory licensing arrangements and market conditions. However, the DAC directed the NTC management to follow necessary regulatory requirements for urgent procurements.

Audit recommends that responsibility may be fixed against those held responsible besides ensuring strict compliance of PPRs.

(PDP No. 71-2026)

5.7 Expenditure incurred against managed services of NTC Data Center without open tender and rate reasonability

According to Rule 16A (1) of PPRs the Procuring Agency shall arrange the procurement through framework agreements of recurrent or common use items, services including maintenance services and those commodities, whose market prices fluctuate during the term of the agreement, for a maximum period of three years. Further, the Ruel 38B(1)(d) the procuring agency shall consider single bid in goods, works and services if it has financial conformance in terms of rate reasonability:

National Telecommunication Corporation (NTC) under the Ministry of Information Technology and Telecommunication Islamabad awarded work for provisioning of managed services for its Data Center Customer (CDNS) to M/s Paysys Labs (Pvt.) Ltd on 06.10.2021 for one year after tendering process at a cost of Rs 24.000 million per annum.

Audit examined the record and noticed that:

i. The contract was consecutively extended (five times) upto 05.06.2025 for a total of three years and eight months. As per PPRs, an agreement can be executed upto maximum three years, therefore, the expenditure of Rs 16,000,000 incurred for eight months beyond the permissible period without open tendering was irregular.

ii. Subsequently, NTC went into tendering processes in June, 2025 wherein M/s Paysys Labs Pvt. Ltd participated as single bidder and the work was awarded to the vendor at Rs 47,610,000 without conducting any market survey or rate reasonability despite the fact that the percentage increase in the fresh tender was 98%.

Audit contends that extension of contract beyond three years without open tender shows imprudent procurement management.

The matter was reported to the management during October, 2025. It was replied that the contract was extended upto 05.01.2024. The interim extension(s) were only granted till the finalization of new tender. The tender was floated by NTC on 23-12-2024 accordingly tender proceedings were finalized and contract was signed on 05-06-2025. The services being procured were highly specialized and distinctive therefore, potential competitors for rate reasonability assessment were not available. The tender was published through PPRA EPADS but only M/s Paysys Labs submitted their bid. The previous contractual rates for the work were PKR. 26,400,000/- per annum without Resident Engineers and new tender rates were PKR. 31,740,000/- per annum which was 20% higher than previous contractual rates owing to increased scope of work. In view of above, evaluation committee in its rate reasonability report, submitted to consider the case for accord of approval.

The reply was not tenable as the payment to the vendor after three years without open tender was irregular. The contract was awarded for Rs 47.610 million instead of Rs 31.740 million which is 98% higher than the previous contract. Further, contract on single bid was awarded without rate reasonability.

The DAC in its meeting held on 17th December, 2025 the management to regularize the expenditure from NTC Management Board. No further progress was shared with audit till the finalization of audit report.

Audit recommends that the matter be inquired to fix responsibility for misprocurement besides regularization of expenditure from competent forum.

(PDP No.99-2026)

To rectify the lapses in procurement and contract management, it is imperative to initiate comprehensive inquiry to fix responsibilities for all instances of misprocurement and contractual irregularities identified by the audit. The Corporation must enforce strict adherence to PPRA rules, mandating open competitive bidding as the default method. All irregular expenditures should be regularized and internal controls should be strengthened to prevent the irregularities.

6. PROJECT MANAGEMENT

Audit observed significant deficiencies in project planning, execution and oversight leading to substantial financial losses and operational failures. Audit noticed that NTC could not complete most of its projects planned in Annual Development Plans (ADP). The non-completion of a major "Data Center Expansion Project" due to the acceptance of major unresolved deficiencies resulting in dysfunctional Huawei Cloud Platform at DR Site and substantial cost and time overruns were observed in installation and commissioning of Session Border Controllers (SBCs) in Islamabad and Lahore. These issues reflected a systemic inefficiency and a lack of accountability in ensuring the intended project outcomes within approved budgets and timelines.

6.1 Non-completion of the project titled "Expansion of NTC Data Center" resulting in failure of Huawei Cloud Platform

According to the Clause 7.1 of the Contract, the contractor shall complete the project Expansion of Data Center in all respect in accordance with BOQ within 26 weeks from the date of advance payment subject to invoice within two weeks after signing the contract. The Clause-9 of the contract agreement states that if the project is delayed the contractor shall pay to NTC as liquidated damages a sum equivalent to 0.5% for each week delay, applicable to undelivered portion of the equipment/service upto a maximum of 10% of the value of the contract and the same will be recovered from the contractor at the time of Provisional Acceptance Certificate (PAC) payment.

National Telecommunication Corporation (NTC) under the Ministry of Information Technology and Telecommunication Islamabad, entered into a contract agreement with M/s M/s Computer Marketing Company (CMC), Islamabad for execution of project titled "Expansion of National Data Center at Islamabad" at a cost of Rs 647.851 million on 15 March 2021.

Audit examined the relevant record and noticed the following discrepancies:

i. As per the work was to be completed within 26 weeks from the date of advance payment however, the same was not completed till completion of audit. The Provisional Acceptance Test (PAT) and Provisional Acceptance Certificate (PAC) were issued on 09.06.2023 on the pretext that minor/non-service affecting deficiencies were identified in PAT. An amount of Rs 232,048,474 was paid to the contractor after issuance of PAC without deducting the liquidated damages amounting to Rs 64.785 million and recoverable amount of Rs 4,163,499 against undelivered store (as per PAT).
ii. After issuance of PAC on the basis of minor/non-services affecting deficiencies in June, 2023, the Project Director vide letter dated 09.10.2025 intimated M/s Huawei Pakistan Pvt. Ltd. (OEM) and M/s CMC that the Huawei Cloud setup including Fusion-Sphere Virtualization and HCS could not be operationalized and the setup could not be loaded with production services. M/s Huawei concluded not to utilize the existing platform for production/Customer Cloud services.

iii. Due to the aforesaid major deficiencies, NDC, Completion Report/PC-IV of the project was not issued as yet despite lapse of considerable time of more than 04 years.

Audit contends that the release of payment and issuance of PAC without resolving the major deficiencies and non-deducting the LDs resulted into failure of the project.

The matter was reported to the management during October, 2025 it was replied that the PAC was issued on fulfillment of necessary deliverables. The LD @ 10% amounting to Rs 130.126 million is retained documentary evidence is enclosed. NTC has asked M/s CMC for resolution of cloud issue pending till date. NDC, CR and FAC of the project have not been issued due to pending cloud issues.

The reply was not tenable as the issuance of PAC on the basis of minor discrepancies and release of payment despite failure of major Huawei Cloud setup showed grave negligence which resulted into failure to implement the project in successful manners.

The DAC in its meeting held on 17th December, 2025 directed the management to verify their stance from audit. NTC management did not get the record verified from audit in compliance of DAC directives.

Audit recommends that the matter be inquired to fix the responsibility for grave negligence resulting in project failure.

(PDP No.84-2026)

6.2 Time overrun and Cost overrun due to delayed implementation of the project

According to Rule 4 of PPRs, 2004, the procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical. Further, Para 2.56 of Manual of Development projects, 2024 requires that the cost estimates must be prepared based on the current market survey, updated schedule of rates and pre-tender quotation rather than using across board premium. The project cost may need a revision because of certain factors, which also include a change in scope during implementation and cost overruns. In case of revision of the project, detailed justification for changes in scope and cost must be provided separately along-with clear reasons of revision.

National Telecommunication Corporation (NTC) under the Ministry of Information Technology and Telecommunication Islamabad executed contract agreement with M/s Synergy Computers on 01.11.2024 for procurement of Session Boarder Controllers (SBC) at Islamabad and Lahore at Rs 153,527,441.

Audit examined the relevant record and noticed the cost overrun and time overrun in execution of Projects as under **(Table-XIII)**

A	**Cost Overrun**		
Station	Cost As per PC-1	Cost As per Tender	Cost Overrun
Islamabad	60,517,892 With NMS	122,722,593 With NMS	103%

B	Time Overrun		
Islamabad	7 Months (Jan-2023 to July-2023)	Oct-2025	28 Months
Lahore	7 Months (Jan-2023 to July-2023)	Oct-2025	28 Months

Audit contends that due to delay in execution of the contract the cost of the project increased by more than 103% of cost estimated in PC-I.

The matter was reported to the management during October, 2025. It was replied that the project PC-Is were approved in October, 2022 when the exchange rate was around Rs 175/$. 1st tender of the project was floated in year 2022 with financial cost of the equipment of Rs 359,449,261. The Management of NTC decided to re-tender the case. 2nd tender of the case was floated in year 2023 with financial cost of equipment Rs 267,609,396. NTC again decided to re-tender. 3rd tender of the case was floated and opened on 25-06-2024 (technical) and financial on 11-07-2024 at Rs 153,527,441. A single centralized NMS is deployed to manage the entire network. Procurement of multiple NMS for the same class of equipment is neither feasible nor technically justified. Furthermore, there was no cost overrun as total project cost remained well within the budgetary provisions of the approved PC-1. NTC achieved significant cost optimization by averting the cost of Rs. 359,449,261 which has been reduced to Rs. 153,527,441, reflecting prudent financial management.

The reply was not tenable as due to non-execution in timely manner the project resulted into cost overrun of more than 15% of approved cost requiring the revision of PC-I.

The DAC in its meeting held on 17th December, 2025 directed the management to get the record verified from audit as per NTC reply. NTC management did not get the record verified from audit in compliance of DAC directives.

Audit recommends that the matter be inquired for cost overrun due to delay in implementation besides revision of the PC-I from competent forum.

(PDP No.94-2026)

To address the critical failures in project management, NTC should revamp its project wing/development branch by establishing a “Project Monitoring Unit” to oversee the project implementation. Besides this, NTC should conduct immediate and thorough inquiries to fix responsibilities for the negligence leading to project failures, particularly concerning the acceptance and payment for non-functional deliverables resulting in failure of Huawei Cloud Services.

7. ICT & CYBER SECURITY

Audit observed critical failure of NTC to meet mandated regulatory standards posing substantial threat to national security and the integrity of critical government infrastructure. Specifically, NTC's compliance with the Pakistan Telecommunication Authority's Critical Telecom Data and Infrastructure Security Regulations (CTDISR), 2020 was rated as "Unsatisfactory" with a notably low compliance score of 37.66% besides non-identification and classification of critical telecom infrastructure assets, responsibility assignment and risk responses to forestall disasters. These shortcomings exposed sensitive government data and infrastructure to significant cyber threats and a lack of proactive governance in a domain of paramount national importance.

7.1 Unsatisfactory cybersecurity arrangements in compliance of CTDISR Regulations

According to Regulation 13(2) & (3) of the "Critical Telecom Data and Infrastructure Security Regulations (CTDISR), 2020 of Pakistan Telecommunication Authority, the licensee shall assist the Authority or its designated personnel for carrying out audit of its cybersecurity capabilities with implementation of any identified shortcomings within the recommended timeframe. Further, Regulation 9 (1) of the Regulations ibid require that assets shall be classified by the licensee to ensure that Critical Telecom Infrastructure (CTI) receives appropriate level of protection. Licensee shall ensure that assets associated with critical telecom infrastructure are inventoried with responsibility assigned to either an individual or a designated entity to ensure that associated cyber threats such as technical vulnerabilities are effectively managed.

National Telecommunication Corporation (NTC) under the Ministry of Information Technology and Telecommunication Islamabad was operating a Tier-III Data Center and was under obligation to maintain adequate cybersecurity measures in compliance with CTDISRs.

Audit reviewed the relevant record and observed the following discrepancies:

(i) As per CTDISR Compliance Report for FY 2024-25, issued by PTA, the cybersecurity measures of NTC against the specified 104 CTDISR controls was “Unsatisfactory” as the benchmark risk score was very low at 37.66% showing marked shortfall in compliance level requiring immediate corrective actions to improve the cybersecurity posture of NTC. NTC was non-compliant in 48 controls, partially compliant in 16 controls and fully compliant in 48 controls. The compliance level of NTC towards CTDISR controls was as under:

PTA Compliance Status	PTA Count	Score %	
Non-Compliant	48	**37.66% (Unsatisfactory)**	**(Table-XIV)**
Partially Compliant	16		
Compliant	48		
Total CTDISR Controls	**104**		

(ii) The service-based classification to identify critical data and infrastructure was not conducted. Only Data Center (DC) assets were documented while the complete CTI was neither identified nor classified. Furthermore, classification levels—such as Critical, High, Medium, or Low—were not specified anywhere and the responsibilities risk responses were not assigned. This oversight potentially exposed the organization to significant risks, as it became difficult to prioritize protection measures and allocate resources effectively.

Audit contends that unsatisfactory compliance level poses significant cybersecurity risk affecting the security of critical government infrastructure.

The matter was reported to the management during October, 2025. It was replied that the observations in the CTDISR compliance report were discussed with PTA authorities and PTA accepted a number of evidences however due to active role in defending cyber assets during India-Pakistan conflict in May 2025, same could not be pursued rigorously. PTA finalized the report during same time frame and vowed to remove the observations in subsequent security audit. NTC has embarked multiple initiatives to enhance cybersecurity standards including establishment of Cyber security department and deputing a dedicated CISO (Chief Information Security Officer) etc. Further, auditor's advised to maintain the record centrally in a unified arrangement are being implemented and will be presented to PTA's audit team in upcoming audit for year 2025-26.

The reply was not tenable as NTC accepted the CTDISR non-compliance reported by PTA. Further, no improvement in compliance level of critical controls was made by NTC.

The DAC in its meeting held on 17th December, 2025 directed the management to conduct the audit in compliance of CTDISR Regulations and share the fresh audit report with Audit/PAO. No further progress was shared with audit till the finalization of audit report.

Audit recommends that the matter be inquired to fix responsibility for non-compliance of CTDISR Regulations.

(PDP No.81-2026)

8. CONCLUSION

The audit of the National Telecommunication Corporation (NTC) for FY 2024–25 reveals that the Corporation continued to maintain adequate liquidity and generated reasonable profits, its overall performance is constrained by systemic governance, financial management, and compliance weaknesses. Significant deviations from statutory mandate, particularly the provision of services to private entities and unauthorized approval of tariffs, exposed NTC to legal and financial risks. Persistent delay in finalization of financial statements has resulted in non-surrender of surplus funds to the Federal Consolidated Fund (FCF) and questionable liabilities against the Federal Government, undermining the transparency and fiscal discipline. Operational inefficiencies are evident from the strong linear relationship between revenues and operating costs, indicating limited economies of scale and heavy reliance on non-operating income for profitability. Weak internal controls, non-automation of accounting and billing systems, gaps in procurement and contract management, non-compliance with SOE governance requirements, deficiencies in human resource regulations, and inadequate cybersecurity arrangements further heighten operational and reputational risks. Overall, the audit underscores the need for comprehensive reforms focused on statutory compliance, strengthening governance structures, improving financial reporting and cost efficiency, enhancing internal controls, and securing critical ICT infrastructure to ensure long-term sustainability, accountability, and alignment with NTC’s strategic mandate.

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9. RECOMMENDATIONS

1. Stated Mandate, Role and Responsibilities

- Restrict provision of telecommunication and ICT services strictly to entities authorized under the Pakistan Telecommunication (Re-organization) Act, 1996.
- Obtain explicit approval from the Federal Government and/or Law Division for any interpretation or extension of the mandate.
- Develop and implement a comprehensive tariff policy in consultation with the Finance Division and ensure approval from the Federal Government.
- Regularize past tariff deviations and discounts through competent authority.

2. Financial Management

- Implement structured cost-control and efficiency measures to reduce the high cost-to-revenue ratio.
- Institutionalize periodic cost-revenue and performance analytics to improve operational efficiency.
- Reduce reliance on non-operating income by strengthening core service profitability.

3. Budgeting

- Ensure timely preparation and approval of annual budgets in accordance with statutory timelines.
- Transition towards a medium-term performance-based budgeting framework.
- Pursue legislative amendments, where required, to streamline the budget approval mechanisms.

4. Financial Reporting

- Finalize financial statements within prescribed timelines and ensure their approval by the Management Board.
- Deposit surplus funds into the Federal Consolidated Fund in accordance with statutory provisions.
- Review and rationalize the practice of cash appropriations to avoid unjustified creation of liabilities besides inquiring the matter and fixing responsibility for deducting inflated amounts.
- Ensure full compliance with IFRS, including recognition of Expected Credit Losses and actuarial valuation of pension liabilities.
- Complete automation of accounting, billing and revenue systems to enhance accuracy, transparency and control.

5. Human Resource Management

- Align Service Regulations and key appointments with the requirements of the SOE Act, 2023 and CMU guidelines.
- Establish critical governance positions including Chief Internal Auditor.
- Ensure merit-based, transparent and fit-and-proper appointments for senior management positions.

6. Procurement and Contract Management

- Strengthen procurement planning, execution and monitoring to ensure compliance with PPRA Rules.
- Enhance contract management controls to avoid irregularities, delays and cost overruns.
- Ensure transparency, competition and value for money in all procurement activities.

7. Project Management

- Improve project planning, approval and monitoring mechanisms to ensure timely completion and optimal utilization of resources.
- Link project approvals with realistic needs assessments and available funding.

8. ICT and Cybersecurity

- Ensure full compliance with PTA's CTDISR regulations to safeguard sensitive government data.
- Strengthen cybersecurity governance, controls and incident response mechanisms.
- Prepare classification of all critical IT Assets alongwith the detailed Disaster Risk Responses besides responsibility assignment.

APPENDIX-I

A. Audit Objectives

The audit aimed to evaluate NTC's financial sustainability, governance practices, and compliance with statutory and regulatory frameworks. It assessed the effectiveness of internal controls, financial management systems, HR deployment and procurement processes. The audit further sought to determine whether NTC utilized public resources economically, efficiently, and effectively in delivering telecom services. It also examined receivables management, billing discipline and project execution to identify systemic risks, governance lapses, and operational inefficiencies requiring corrective measures.

B. Audit Scope

The audit covered NTC Headquarters and Regional Offices for FY2024–25, with multi-year financial trend analysis for FY2019–FY2024. It examined financial statements, project documents, procurement files, HR records, receivable aging, cash-flow data, and governance frameworks. Procurement, HR management, project billing and contract administration were reviewed for compliance with PPRA, SOE Act, Companies Act, and internal SOPs.

C. Audit Methodology

The audit followed ISSAI standards and a risk-based approach. It included examination of financial statements, trend and ratio analysis, verification of transactions, procurement reviews, HR utilization assessment, and receivable reconciliation. Interviews and walkthroughs were conducted with finance, HR, project, and procurement teams. Compliance. was evaluated against PPRA, SOE Act, Board's decisions, and internal SOPs. Analytical procedures covered cash-flow sustainability, accounting and billing systems, staffing efficiency and cost impacts. Findings were structured using AGP format (Criterion, Condition, Cause, Effect and Recommendation).

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Profitability Ratios						Appendix-III
	2019	**2020**	**2021**	**2022**	**2023 Restated**	**2024**
Revenue	3,873.085	4,341.117	4,456.851	4,880.973	6,064.362	6,053.827
Operating Cost	(4,192.323)	(4,187.223)	(4,531.604)	(4,734.042)	(5,851.483)	(6,223.583)
Operating Ratio	**1.08**	**0.96**	**1.02**	**0.97**	**0.96**	**1.03**
Operating Profit	(319.238)	153.894	(74.753)	146.931	212.879	(169.756)
Other Income	379.782	358.132	344.087	496.227	933.329	1,081.889
PBIT	60.544	512.026	269.334	643.158	1,146.208	912.133
PBIT Ratio	**1.563**	**11.795**	**6.043**	**13.177**	**18.901**	**15.067**
Bank Charges	(8.198)	(8.256)	(7.755)	(36.009)	(6.291)	(6.903)
PBT	52.346	503.770	267.622	620.326	1,158.818	920.297
PROV FOR TAX	(31.909)	(139.112)	(62.357)	(141.002)	(430.456)	(192.717)
PAT	20.437	364.658	205.265	479.324	728.362	727.580
Net Profit/PAT Ratio	**0.528**	**8.400**	**4.606**	**9.820**	**12.011**	**12.019**
Operating Ratio	**1.08**	**0.96**	**1.02**	**0.97**	**0.96**	**1.03**
PBIT Ratio	**1.56**	**11.79**	**6.04**	**13.18**	**18.90**	**15.07**
Net Profit Ratio	**0.53**	**8.40**	**4.61**	**9.82**	**12.01**	**12.02**
Return on Capital Employed (ROCE)	**0.58**	**4.72**	**2.49**	**5.95**	**10.31**	**8.18**
Return on Assets (ROA)	**0.17**	**2.84**	**1.59**	**3.16**	**4.82**	**4.82**
Return on Equity (ROE)	**0.68**	**10.86**	**8.38**	**12.94**	**16.28**	**14.03**

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