



**AUDIT REPORT  
ON  
THE ACCOUNTS OF  
CLIMATE CHANGE, ENVIRONMENT AND  
DISASTER MANAGEMENT ORGANIZATIONS  
OF THE FEDERAL GOVERNMENT**

**AUDIT YEAR 2022-23**

**AUDITOR GENERAL OF PAKISTAN**



## **PREFACE**

Articles 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 Service) Ordinance 2001, require the Auditor General of Pakistan to conduct audit of receipts and expenditure of the Federation and the Provinces or the accounts of any authority or body established by the Federation or a Province.

This report is based on audit of the accounts of Climate Change, Environment and Disaster Management organizations of the Federal Government for the financial year 2021-22 and accounts of some formations for previous years. The Directorate General Audit (Climate Change & Environment) conducted audit during Audit Year 2022-23 on a test check basis with a view to report significant findings to the relevant stakeholders. Audit Report includes systemic issues and audit findings having value of rupees one million or more. Relatively less significant issues are listed in the Annexure-I of the Audit Report. The audit observations listed in the Annexure-I shall be pursued with the Principal Accounting Officers at the DAC level. In all cases where the PAOs do not initiate appropriate action, the audit observations will be brought to the notice of the Public Accounts Committee in the next year's Audit Report. Sectoral analysis has been added in this report covering strategic review and overall perspective of audit results.

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

Most of the observations included in this report have been finalized in the light of management responses and discussion in the DAC meetings.

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

-Sd/-

Islamabad

Dated: 24<sup>th</sup> February, 2023

Muhammad Ajmal Gondal  
**Auditor-General of Pakistan**



# TABLE OF CONTENTS

ABBREVIATIONS AND ACRONYMS .....	i
EXECUTIVE SUMMARY .....	v
<b>Chapter 1</b> .....	<b>1</b>
<i>National Disaster Risk Management Fund (NDRMF)</i> .....	1
1.1 Introduction.....	1
1.2 Classified Summary of Audit Observations .....	7
1.3 Brief comments on the status of compliance with PAC directives .....	7
1.4 AUDIT PARAS .....	8
<b>Chapter 2</b> .....	<b>25</b>
<i>Ministry of Climate Change Islamabad</i> .....	25
2.1 Introduction.....	25
2.2 Classified Summary of Audit Observations .....	32
2.3 Brief comments on the status of compliance with PAC directives .....	33
2.4 AUDIT PARAS .....	34
<b>Chapter 3</b> .....	<b>65</b>
<i>Earthquake Reconstruction &amp; Rehabilitation Authority (ERRA)</i> .....	65
3.1 Introduction.....	65
3.2 Classified Summary of Audit Observations .....	71
3.3 Brief comments on the status of compliance with PAC directives .....	72
3.4 AUDIT PARAS .....	73
<b>Chapter 4</b> .....	<b>127</b>
<i>National Disaster Management Authority (NDMA)</i> .....	127
4.1 Introduction.....	127
4.2 Classified Summary of Audit Observations .....	131
4.3 Brief comments on the status of compliance with PAC directives .....	131
4.4 AUDIT PARAS .....	132
<b>Chapter 5</b> .....	<b>156</b>
<i>Environment Wing, CDA and E&amp;DM Directorate, MCI</i> .....	156
5.1 Introduction.....	156
5.2 Classified Summary of Audit Observations .....	158

5.3	Brief comments on the status of compliance with PAC directives ...	158
5.4	AUDIT PARAS .....	159
<b>Chapter 6</b>	.....	<b>180</b>
<i>Directorate General Civil Defence, Islamabad</i>	.....	180
6.1	Introduction.....	180
6.2	Classified Summary of Audit Observations .....	182
6.3	Brief comments on the status of compliance with PAC directives ...	182
6.4	AUDIT PARAS .....	183
<b>Annexures</b>	.....	<b>189</b>

## ABBREVIATIONS & ACRONYMS

AA	Administrative Approval
ABL	Allied Bank Limited
ADB	Asian Development Bank
AFS	Annual Financial Statements
AGBL	Alliance Global
AGM	Annual General Meeting
AGP	Auditor General of Pakistan
APPM	Accounting Policies and Procedures Manual
BoD	Board of Directors
BPS	Basic Pay Scale
CDA	Capital Development Authority
CDWP	Central Development Working Party
CEF	Clean Environment Fund
CEO	Chief Executive Officer
Co.	Company
CPCs	Closing Payment Certificates
CV	Curriculum Vitae
DAC	Departmental Accounts Committee
DAO	Divisional Accounts Officer
DDMA	District Disaster Management Authority
DDO	Drawing & Disbursing Officer
DDR	Deputy Director Reconstruction
DG	Director General
DIG	Deputy Inspector General
DPC	Departmental Promotion Committee
DPL	Daily Paid Labor
DRR	Disaster Risk Reduction
DRU	District Reconstruction Unit
EA	Engineering Associates
E&DM	Emergency and Disaster Management
EAD	Economic Affairs Division
ECNEC	Executive Committee of the National Economic Council
EIA	Environmental Impact Assessment
EOT	Extension of Time
EPA	Environmental Protection Agency
ERC	Emergency Relief Cell

ERRA	Earthquake Reconstruction and Rehabilitation Authority
FATA	Federally Administered Tribal Areas
FCDTs	Federal Civil Defence Training School
FIPs	Financial Implementing Partners
FTO	Federal Treasury Office
FTR	Federal Treasury Rules
FWO	Frontier Works Organization
GCC	General Conditions of Contract
GFR	General Financial Rules
GLOF	Glacial Lake Outburst Flood
HQs	Headquarters
HR	Human Resource
HSD	High Speed Diesel
ICT	Islamabad Capital Territory
IDB	Islamic Development Bank
IEE	Initial Environmental Examination
IGF	Inspector General Forest
INTOSAI	International Organization of Supreme Audit Institutions
IPC	Interim Payment Certificate
IPSAS	International Public Sector Accounting Standards
IWMB	Islamabad Wildlife Management Board
KF	Kuwait Fund
KMC	Karachi Metropolitan Corporation
KTP	Karachi Transformation Plan
LD	Liquidated Damages
LDC	Lower Division Clerk
LDPs	Locally Displaced Persons
M&E	Monitoring and Evaluation
M/s	Messer
MACF	Mountain Area Conservancy Fund
MCB	Muslim Commercial Bank
MCI	Metropolitan Corporation Islamabad
MHVRA	Multi-Hazard Vulnerability Risk Assessment
Mo PD&SI	Ministry of Planning, Development and Special Initiatives
MoA	Memorandum of Association
MoCC	Ministry of Climate Change
MoU	Memorandum of Association
MTBs	Market Treasury Bills
NAB	National Accountability Bureau



NDMA	National Disaster Management Authority
NDMC	National Disaster Management Commission
NDMF	National Disaster Management Fund
NDMP	National Disaster Management Plan
NGS	Natural Ground Surface
NHA	National Highways Authority
NIDA	National Income Daily Account
NIH	National Institute of Health
NIT	Notice Inviting Tender
NLC	National Logistic Cell
NCOC	National Command and Operation Center
PAC	Public Accounts Committee
Pak-EPA	Pakistan Environmental Protection Agency
PAO	Principal Accounting Officer
PCCPIC	Provincial Climate Change Policy Implementation Committee
PCR	Polymerase Chain Reaction
PDMA	Provincial Disaster Management Authority
PERRA	Provincial Earthquake Reconstruction & Rehabilitation Agency
PFM	Public Finance Management
PMIU	Project Management and Implementation Unit
PPAF	Pakistan Poverty Alleviation Fund
PPRA	Public Procurement Regulatory Authority
PSDP	Public Sector Development Program
Pvt.	Private
Qty.	Quantity
RCC	Reinforced Cement Concrete
RD	Reduced Distance
RLI	Red List Index
RRC	Research Review Committee
Rs.	Rupees
SAP	Systems Applications and Products
SAARC	South Asian Association for Regional Cooperation
SACEP	South Asia Co-operative Environment Program
SDGs	Sustainable Development Goals
SERRA	State Earthquake Reconstruction and Rehabilitation Agency
SFD	Saudi Fund for Development
SIR	Site Inspection Report
SOG	Slab on Grade

SUPARCO	Pakistan Space and Upper Atmosphere Research Commission
TBTTP	Ten Billion Tree Tsunami Program
TDRs	Term Deposit Receipts
ToRs	Terms of Reference
TS	Technical Sanction
UBL	United Bank Limited
UDC	Upper Division Clerk
UN	United Nations
UNCCD	United Nations Convention to Combat Desertification
UNCSD	United Nations Commission on Sustainable Development
UNEP	United Nations Environment Program
UNFCC	United Nations Framework Convention on Climate Change
UNICEF	United Nations International Children's Emergency Fund
V.O	Variation Order
WASH	Water, Sanitation and Hygiene Cell
WATSAN	Water and Sanitation
ZCBG	Zoo-Cum Botanical Garden
ZSP	Zoological Survey of Pakistan

## **EXECUTIVE SUMMARY**

The Directorate General Audit (Climate Change & Environment), Islamabad conducts audit of expenditure and receipts of the climate change, environment and disaster management organizations established at the Federal, Provincial and District levels. The audit mandate includes Compliance with Authority Audit, Financial Attest Audit and Performance Audit along with Special Audit and Special Studies of entities like Ministry of Climate Change (MoCC), Earthquake Reconstruction and Rehabilitation Authority (ERRA), National Disaster Management Authority (NDMA), Provincial Disaster Management Authorities (PDMAs), Emergency Rescue Service (Rescue 1122), Environmental Protection Agencies (EPAs) and Civil Defence Organization.

The office has a human resource of 27 personnel with 56,160 available person-hours during Audit Year 2022-23. The annual budget of the Directorate General for the financial year 2022-23 is Rs. 67.171 million.

This report covers the audit of National Disaster Risk Management Fund (NDRMF), Ministry of Climate Change (MoCC), Pakistan Environmental Protection Agency (Pak-EPA), Islamabad Wildlife Management Board (IWMB), Zoological Survey of Pakistan (ZSP), Earthquake Reconstruction & Rehabilitation Authority (ERRA), National Disaster Management Authority (NDMA), Environment Wing of CDA, Emergency & Disaster Management Directorate of Metropolitan Corporation Islamabad (MCI) and Directorate General of Civil Defence, Islamabad.

According to the Audit Plan both expenditure and receipts (where applicable) of these formations were audited on test check basis by selecting main entities under the audit jurisdiction.

As a result of audit, a number of issues have been noticed and presented in the following chapters for the consideration of the management.

**a. Scope of audit**

The audit universe of the Directorate General consists of 52 formations at federal level working under six (06) PAOs / Ministries. Total expenditure of these formations was Rs. 142.318 billion for the financial year 2021-22.

Majority of these formations / entities are directly linked with Sustainable Development Goals (SDGs). Issues related to SDG goal 1(target 1.5), goal 13(target 13.1), goal 11(target 11.b) are dealt with by these entities and the scope of the audit extends to all such issues.

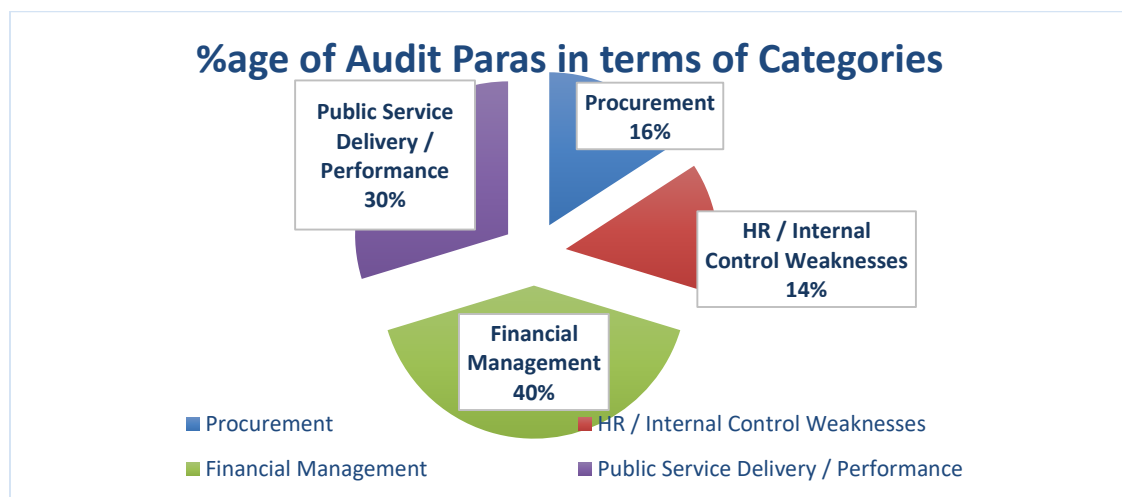
This report relates to audit of twenty-four (24) formations under five (05) PAOs having a total expenditure of Rs. 119.605 billion for the financial year 2021-22. In terms of percentage, the audit coverage for expenditure was 84% of auditable expenditure.

In addition to this audit report, the Directorate General also conducted audit of Four (04) Foreign Aided Projects (FAP). The FAP audit reports have been prepared separately and submitted to the management and donor agencies.

## b. Overview of Audit Report

(Amount in million)

No. of observations in the report	Total amount placed under audit observations		Total recoveries pointed out		Categorization of Audit Observations								
					HR / Internal Control Weaknesses		Procurement		Financial Management		Public Service Delivery / Performance		
					No. of Paras	Amount in Rs.	No. of Paras	Amount in Rs.	No. of Paras	Amount		No. of Paras	Amount in Rs.
	Rs.	USD	Rs.	USD						Rs.	USD		
101	10,724.779	3,933	1,206.141	0.700	14	744.955	16	817.139	41	8,541.487	3,933	30	621.198



## c. Recoveries at the Instance of Audit

Recovery of Rs. 1,206.141 million and USD 0.700 million<sup>1</sup> has been pointed out in this report and an amount of Rs. 506.790 million has been recovered and verified till finalization of this report.

## d. Audit Methodology

At the planning stage this office employed intensive application of desk audit techniques which included examining permanent files, computer generated data and other relevant documents along with the review of regulatory framework, policies and procedures applicable to the auditee

<sup>1</sup>ParaNo.1.4.5,3.4.2,3.4.3,3.4.6,3.4.7,3.4.8,3.4.12,3.4.13,3.4.18,3.4.21,3.4.22,3.4.25,3.4.26, 3.4.28,3.4.29,3.4.31,3.4.33,3.4.34,4.4.4,4.4.8,4.4.9,4.4.11,4.4.12,5.4.2,5.4.12,5.4.14, 5.4.15

entities. Risk assessment was carried out by reviewing the internal controls structures of the entities. Desk review helped auditors in understanding the systems, procedures and environment of the audited entity and identification of risk areas.

The audit was conducted in accordance with Financial Audit Manual (FAM) of the Department of the Auditor General of Pakistan which is in line with the International Standards of Supreme Audit Institutions (ISSAIs). The overall objective of audit was to assess compliance with law, rules/regulations and policies and evaluate the adequacy of internal controls. Evidence was primarily gathered by applying procedures like inquiries from the management; review of policy documents and monitoring reports; examination of payment vouchers; and collection, interpretation and analysis of primary and secondary data.

#### **e. Audit Impact**

Major issues pointed out during audit were admitted by the management and the entities agreed to review the pointed out issues and take necessary corrective actions. The strengthening of internal controls in the audited entities were also well taken by the management.

The most significant examples of review of rules and regulations by the auditee entities and introduction of new policies and initiatives as a result of audit are as under:

- i. Ministry of Climate Change appointed Inspector General (Forests) as recommended in Audit Report 2021-22.
- ii. Earthquake Reconstruction & Rehabilitation Authority (ERRA) made amendment in Para 26 of ERRA Accounting Procedure to make it in line with Section 15 of ERRA Act 2011.
- iii. Audit had pointed out the issue of non-inclusion of certain sectors and industrial units in Schedule I and II of the EPA regulations of 2000. Resultantly, Pakistan Environmental Protection Agency (Pak-EPA) initiated a case for revision of

Pakistan Environmental Protection Agency (Review of Initial Environmental Examination and Environmental Impact Assessment Regulations) 2000 to include the new sectors.

- iv. Pakistan Environmental Protection Agency (Pak-EPA) constituted Environmental Damage Assessment and Confirmation Committee for inspection and assessment of environmental damages.
- v. Pak-EPA started maintaining proper registers for Initial Environmental Examination (IEE) and Environmental Impact Assessment (EIA) approvals as required under the regulations.
- vi. During audit of Ministry of Climate Change, the issue of non-functioning of Mountain Area Conservancy Fund (MACF) and Clean Environment Fund (CEF) was pointed out. The Ministry of Climate Change decided to initiate a case for closure of both companies (established under Section 42 of the Companies Act 1984) as there was no output ever since their inception.
- vii. The National Disaster Risk Management Fund (NDRMF) had been appointing auditors without the approval / concurrence of Auditor General of Pakistan (AGP). Upon raising the issue, the Fund management initiated the case for obtaining concurrence of the AGP for appointment of auditors of the Fund.
- viii. The Islamabad Wildlife Management Board (IWMB) formulated and notified Islamabad Wildlife Management Board Employees (Service) Rules, 2021.

#### **f. Comments on Internal Control and Internal Audit**

Internal controls can be defined as ‘the policies, processes, tasks, behaviors and other aspects of an organization that taken together facilitate effective operation by enabling it to respond in an appropriate manner to significant business, operational, financial, compliance and other risks to achieve its objectives. This includes safeguarding of assets and ensuring that liabilities are identified and managed in a timely manner.

The audit teams extensively studied and evaluated the internal controls in the audited entities so as to obtain an adequate understanding of the internal control systems. The objective was to identify material and significant internal control weaknesses and report to the management for taking corrective measures. Although the entities have put in place a number of internal controls at various levels, however there is a strong need for a periodic review of the internal control structures. Moreover, the system of internal audit was not properly in place in most of the audited entities which requires the attention of the management.

**g. Key audit findings of the report**

- i. Recoveries amounting to Rs. 1,206.141 million and USD 0.700 million have been pointed out in Twenty-Seven (27) cases.
- ii. Thirty (30) cases of public service delivery / performance issues amounting to Rs. 621.198 million have been pointed out.<sup>2</sup>
- iii. Violation of Public Procurement Rules resulting in misprocurement of Rs. 817.139 million has been reported in sixteen (16) cases.<sup>3</sup>
- iv. Non-deduction of taxes and duties amounting to Rs. 578.501 million has been pointed out in six (06) cases.<sup>4</sup>
- v. Non-utilization / less utilization of foreign grants amounting to USD 1.870 million has been pointed out in two (02) cases.<sup>5</sup>
- vi. Irregular maintenance of bank accounts with commercial banks and non-disclosure of funds amounting to Rs. 3,755.559 million has been pointed out in two (02) cases.<sup>6</sup>

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<sup>2</sup> Para No. 1.4.1 to 1.4.4, 2.4.7 to 2.4.20, 3.4.6 to 3.4.10, 4.4.12 to 4.4.15, 5.4.14, 5.4.15, 6.4.5

<sup>3</sup> Para No. 2.4.3 to 2.4.5, 3.4.4,3.4.5, 4.4.1 to 4.4.3, 5.4.4 to 5.4.11

<sup>4</sup> Para No. 3.4.25,3.4.26,4.4.8,4.4.9,4.4.11,5.4.12

<sup>5</sup> Para No. 1.4.8, 1.4.9

<sup>6</sup> Para No. 4.4.6, 5.4.13



## **h. Audit recommendations**

Recommendations included in this audit report highlight actions that are expected to improve the financial management and overall governance of the audited entities. Appropriate and timely implementation of audit recommendations is an important part to realize full benefit of the audit activity.

Based on the findings of this audit report contained in the respective chapters, the following major recommendations are placed before the management of the audited entities:

- i. Recoveries from the suppliers/vendors as pointed out in the audit observations may be made and deposited in the government treasury.
- ii. All procurements may be made strictly as per Public Procurement Rules, 2014 so as to safeguard the interest of the government while making procurements.
- iii. Organizations may recover Income Tax and Sales Tax as pointed out in the audit observations and deposit the same to the concerned government agencies.
- iv. Bank accounts of Emergency Relief Cell (ERC) along with credit balances may be taken in the books of account and disclosed in financial statements of NDMA.
- v. National Disaster Risk Management Fund (NDRMF) may utilize and invest loans / grants efficiently and effectively to avoid imposition of commitment charges and loss to government.
- vi. NDRMF may complete the Disaster Risk Reduction (DRR) Schemes within specified timelines so as to create strong resilience against disasters and minimize the risks of loss of life and property.
- vii. Climate change sections / wings may be established in all Ministries/Divisions/Departments at federal and provincial level for integration of Disaster Risk Reduction (DRR) in the development projects and overall development process in the country.

- viii. Ministry of Climate Change (MoCC) may create and operationalize the posts of Chief Finance and Accounts Officer (CFAO) and Chief Internal Auditor (CIA) for effective financial management.
- ix. MoCC may appoint Deputy Inspector General (Forests) and also fill other key posts to ensure proper implementation of plans and policies related to forests, desertification and biodiversity.
- x. Zoological Survey of Pakistan (ZSP) may take concrete steps towards establishment of Zoo-cum-Botanical Garden for undertaking and promoting zoological / botanical research.
- xi. ZSP may take steps to develop and maintain Red Data Book for endangered wildlife species to enable the policy makers in taking effective measures to mitigate the increasing extinction risk to endangered wildlife of Pakistan.
- xii. Pakistan Environmental Protection Agency (Pak-EPA) may take steps to ensure that the cases of environmental approvals (IEE & EIA) are approved strictly as per the specified timelines provided in the regulations.
- xiii. National Environment Report may be prepared and published by Pak-EPA on an annual basis reflecting the overall state of environment in the country.

# Chapter 1

## National Disaster Risk Management Fund (NDRMF)

### 1.1 Introduction

A. National Disaster Risk Management Fund (NDRMF) was established in December 2016 to generate and consolidate resources and invest in a comprehensive risk reduction and mitigation strategy to reduce the impact of disasters in a proactive manner. NDRMF is a government-owned not-for-profit organization registered with the Securities & Exchange Commission of Pakistan under Section 42 of Companies Act, 2017. The Fund is established as a non-banking financial intermediary with a corporate structure aiming to provide funding through matching grants of upto 70% for a range of structural and non-structural interventions carried out through a variety of stakeholders including UN Agencies, NGOs as well as public sector departments.

NDRMF held a key role in implementing, coordinating and monitoring Disaster Risk Reduction (DRR) activities in the country. The Fund is responsible for awarding, managing and guiding investments meant to reduce risk and vulnerabilities that are associated with climatic change and natural hazards. The objective of the Fund is to focus on primary and critical level disaster planning, preparedness, pre-disaster mitigation and early warning systems.

At present, the administrative control of NDRMF rests with the Ministry of Planning, Development & Special Initiatives.

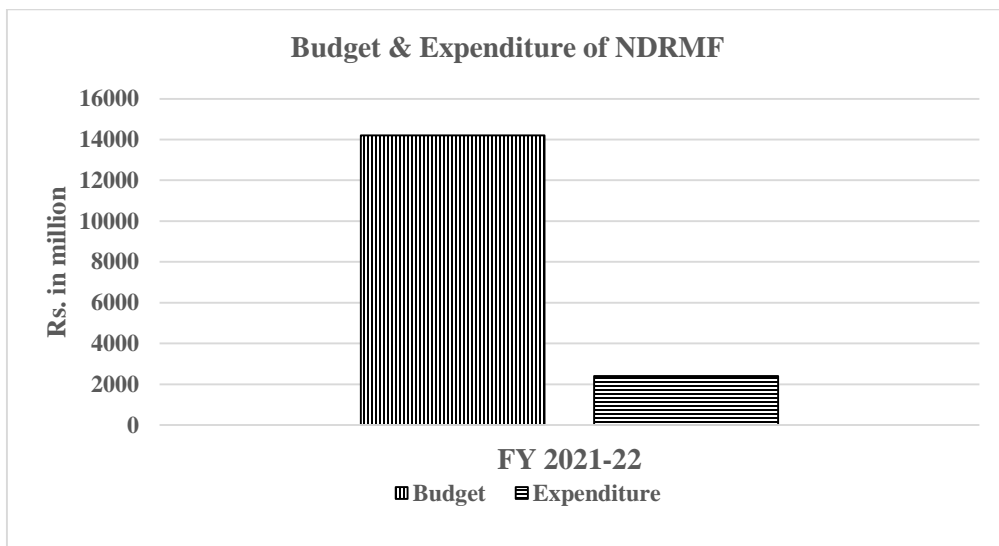
### B. Comments on Budget and Accounts (Variance Analysis)

(Rs. in million)

Financial Year	Budget	Expenditure
2021-22	14,196.900*	2,404.544

\*Approved budget from NDRMF BoD

The graphical representation of budget and expenditure of NDRMF for the financial year 2021-22 is as under:

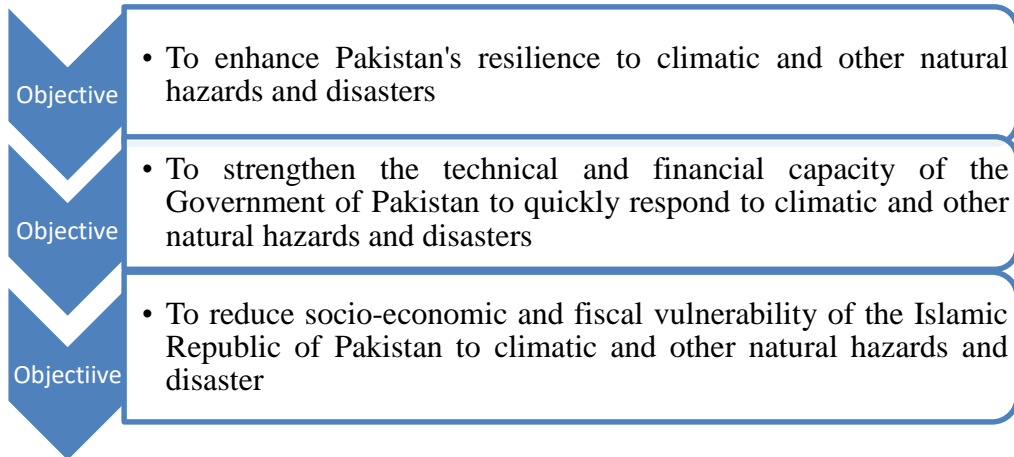


### C. Sectoral Analysis

National Disaster Risk Management Fund (NDRMF) is the key agency to generate resources for Disaster Risk Reduction (DRR) activities in the country. The objectives of the NDRMF as per Article of Association<sup>7</sup> are as under:

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<sup>7</sup> Article of Association Para 1 (III)



The resources pooled under the National Disaster Risk Management Fund (NDRMF) are dedicated to support the implementation of the National Disaster Management Plan (NDMP) 2012-2022 and National Flood Protection Plan-IV (NFPP-IV) 2015-2025. The Fund is required to finance projects relevant to the specified targets, however, phase-based interventions are finalized based on imminent needs and demands.

### **Details of NDRMF funds**

Initial financing of NDRMF was made through a loan of \$200 million by the Asian Development Bank (ADB) and grants of USD 3.400 million by the Government of Australia. The overall position of Loan / Grants received, disbursements, expenditure and balances available by 30.06.2022 is as under:

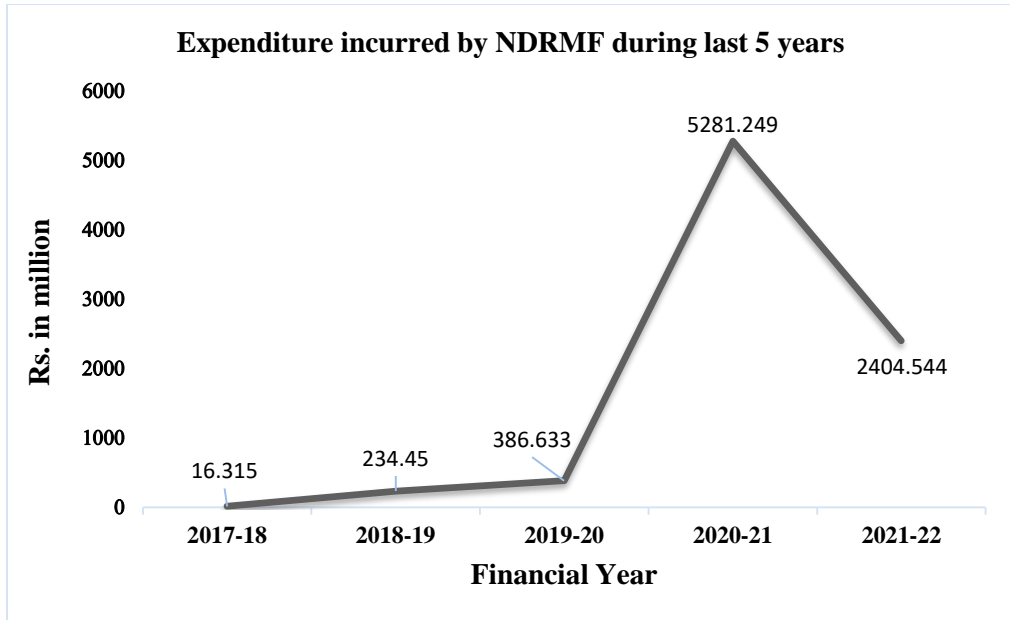
(Rs. in million)

Sr. No.	Donor	Loan/ Grant No.	Amount of Loan / Grants (USD)	Opening Balance as on 01.07.2021 (Rs.)	Disbursement / Expenditure made by NDRMF (Rs.)	Balance as on 30.06.2022 (Rs.)
1.	Asian Development Bank	Loan No.3473-PAK (USD)	75.000	1,723.031	558.714	1,164.317
2.	Asian Development Bank	Loan No.3474-PAK (USD)	125.000	190.724	93.131	97.593
3.	Australian Grant	Grant No. 0519- PAK (USD)	3.360	60.753	16.926	43.827
4.	Government of Pakistan	--	25.000	636.417	264.226	372.191
5.	Swiss Grant (SDC)	Grant No.0639-PAK (USD)	1.500	47.377	43.328	4.049
6.	Agence Francaise De Development (AFD)	AFD CPK-1036 01 (EURO)	20.000	3,511.317	0	3,511.317
7.	World Bank	Credit No. 6246-PK (USD)	188.000	912.606	462.753	449.853
8.	Asian Development Bank	Loan No. 3923-PAK (USD)	100.000	174.062	41.983	132.079
9.	Norwegian Grant	Grant No. 0701-PAK (USD)	5.280	0	0	0

Source: Statement provided by NDRMF

### Detail of expenditure / disbursement during the last 5 years

The increase in expenditure/disbursement of NDRMF since its establishment to 30.06.2022 is reflected as under:



The increase in expenditure during FY 2020-21 was due to incurrence of expenditure on COVID-19.

## Major Schemes / Projects of NDRMF

Major schemes / projects conceived by NDRMF are as under:

(Rs. in million)

Sr. No.	Name of Project /Scheme	FIP	Total Cost
1.	Promoting Integrated Mountain Safety in Northern Pakistan (PIMSNP)	Agha Khan Foundation	834.600
2.	Building Resilience to Disasters & Climate Change	PPAF	823.980
3.	Disaster Preparedness Support Plan for Emergency Rescue Services	Rescue-1122 Khyber Pakhtunkhwa	613.850
4.	Rehabilitation of Hajipur Gujran Flood Protection Bund from RD 0+000 To RD 37+750	Punjab Irrigation Department	500.570
5.	Building resilience by strengthening the community through inclusive Disaster Risk Management	Muslim Aid	400.850
6.	Recoupment of damaged T-head Spur along Agani Akil Loop Bund	IRR Sindh	389.800
7.	Rehabilitation of Old Deg Nullah from Deg Diversion Channel to Q.B Link Canal	Punjab Irrigation Department	385.440
8.	Providing stone apron, stone pitching, and earth along LS Bund Work Dadu Division	IRR Sindh	300.766
9.	Multi-Hazard Vulnerability Risk Assessment (MHVRA)	NDMA	277.700
10.	From Vulnerability to Resilience (V2R)	Pakistan Red Crescent Society	228.100
11.	Restoration of Jalala Flood Protection Bund from RD 0+000 To RD 26+700	Punjab Irrigation Department	210.550
12.	Resilient and Adaptive Population in Disaster (RAPID)	Islamic Relief Pakistan	192.600
13.	Strengthening Tsunami and Earthquake Preparedness in Coastal Areas of Sindh Province	PDMA Sindh	180.000
14.	Protecting village Abadi Shahapur Changora, Fatehpur etc. against Erosive Action of Bein Nullah	Punjab Irrigation Department	162.880

Source: <http://www.ndrmf.pk/projects>



**Table-I Audit Profile of National Disaster Risk Management Fund (NDRMF)**

(Rs. in million)

Sr. No.	Description	Total Nos.	Audited	Expenditure audited FY 2021-22	Receipts audited FY 2021-22
1.	Formations	01	01	2,404.544	1,355.392
2.	<ul style="list-style-type: none"> <li>• Assignment Account</li> <li>• SDAs</li> <li>• Others</li> </ul>	Nil	Nil	Nil	Nil
3.	Authorities / Autonomous Bodies etc. under the PAO	Nil	Nil	Nil	Nil
4.	Foreign Aided Project (FAP)	01	01	2,404.544	1,355.392

### 1.2 Classified Summary of Audit Observations

Audit observations amounting to Rs. 470.292 million and USD 2.933 million have been raised in this report pertaining to NDRMF. Recovery amounting to Rs. 15.935 million has been pointed out in the audit observations. Summary of the audit observations classified by nature is as under:

**Table –II Overview of Audit Observations**

Sr. No.	Classification	Amount in million	
		PKR	USD
1.	<b>Public Service Delivery / Performance</b>	<b>413.934</b>	
2.	<b>Irregularities</b>	<b>15.935</b>	-
A	HR / Internal Control Weaknesses	15.935	-
3.	<b>Financial Management</b>	<b>40.423</b>	<b>2.933</b>

### 1.3 Brief comments on the status of compliance with PAC directives

The Directorate General Audit (CC&E) started auditing and reporting National Disaster Risk Management Fund (NDRMF) since financial year 2016-17. No Audit Report has been discussed in PAC meeting so far.

## **1.4 AUDIT PARAS**

### **Public Service Delivery / Performance**

#### **1.4.1 Inordinate delay in finalization of Natural Catastrophe Model resulting in lack of data for mainstreaming of Disaster Risk Reduction activities – Rs. 413.934 million**

According to Contract Agreement between NDRMF and M/s Pakistan SUPARCO dated 04.12.2019, the total duration of the contract was eighteen (18) months to be completed on 4<sup>th</sup> June, 2021.

National Disaster Risk Management Fund (NDRMF) made payment amounting to Rs. 413.934 million (Euro 2,366,071) vide voucher No. 10000053-54 dated 14.03.2022 and 16.03.2022 to M/s Pakistan SUPARCO on account of preparation of Natural Catastrophe Model (NAT-CAT).

During audit of NDRMF for the financial year 2021-22, it was observed as under:

- i. The Natural Catastrophe Model was not finalized as conceived in the contract agreement despite lapse of additional 18 months and incurrence of expenditure over Rs. 400 million.
- ii. Total nine (09) deliverables were provided in the contract agreement. NDRMF delayed payment in respect of 2<sup>nd</sup> deliverable for more than eighteen (18) months which resulted in delay of the remaining deliverables i.e. deliverable 3 to 9.
- iii. As per contractual obligations, the NDRMF was required to pay interest charges amounting to Euro 177,455 million ( $2,366,071 * 5\% = 118303 \times 1.5 = 177,455$ ) equivalent to Rs. 31.526 million ( $177,455 \times 177.656$ ) due to delayed payment.

Audit held that non-finalization of Natural Catastrophe Model by NDRMF on a timely basis was a lapse on part of management resulting in lack of data and information related to occurrence and intensity of future

disasters in Pakistan and compromising the overall Disaster Risk Reduction drive in the country.

Initial audit observation was issued on 11.11.2022. The management replied that NDRMF did not make payment to M/s SUPARCO, due to non-availability of full time Chief Executive Officer (CEO) for the period Sep. 2020 to Jan 2022. Further, the then CEO decided for data acquisition i.e. satellite data of second deliverable from M/s SUPARCO and consult with NDMA to validate the second deliverable. However, NDMA refused to validate the deliverable. Moreover, M/s SUPARCO had agreed not to claim any interest payment.

The reply was not satisfactory as delay in completion of the project due to the stated reasons was not justified. As per agreement validation of data from NDMA was not required. Moreover, no documentary evidence was provided with regard to commitment of M/s SUPARCO for not charging interest on delayed payment.

DAC meeting was held on 02.02.2023. The DAC directed NDRMF to strongly pursue the matter with M/s SUPARCO for completion of the project within timelines. Progress report be placed in the next DAC for deliberation.

Audit recommends that management may take immediate steps to complete the already delayed project and make use of the Natural Catastrophe Model for Disaster Risk Reduction in the country.

(FAP Audit Report 2021-22, NDRMF, OS No. 16)

#### **1.4.2 Failure to undertake Disaster Risk Reduction activities by NDRMF**

According to Para 5.5(c) of Subsidiary Grant Agreement, in order to ensure the financial viability and sustainability of NDRMF, the NDRMF shall ensure that, unless ADB agrees otherwise, earnings generated from the endowment fund shall be used for financing of disaster risk reduction activities, as approved, from time to time, by its Board of Directors.

National Disaster Risk Management Fund (NDRMF) earned profit amounting to Rs. 2,279.730 million on principal funds Rs. 12.591 billion during the financial year 2017-2018 to 2021-22.

During audit of NDRMF for the financial year 2021-22, it was observed that NDRMF since its inception could not undertake Disaster Risk Reduction activities and projects out of the earnings from Endowment Funds.

It was further observed that six (06) Disaster Risk Reduction projects amounting to Rs. 4,940.991 million were approved by the Fund, however, the approved projects were not executed. Details are as under:

<b>(Rs. in million)</b>				
<b>Sr. No.</b>	<b>Project Title</b>	<b>NDRMF Share</b>	<b>FIP Share</b>	<b>Total Cost</b>
1.	Flood Protection and Water Conservation Structures, Quetta	874.088	374.609	1,248.697
2.	Flood Protection and Water Conservation Structures, Khuzdar Zone	610.708	261.733	872.441
3.	Flood Protection and Water Conservation Structures, Makran Zone	1,154.257	494.682	1,648.939
4.	Rescue 1122 of Merged Districts of Khyber Pakhtunkhwa	553.310	238.440	791.750
5.	Construction of flood embankment from Khashki village to Motorway bridge at Kabul river	1,050.000	450.000	1,500.000
6.	Construction of flood protection works for Kotili Mandi City and other vulnerable areas on the left bank of river poonch	698.628	299.420	998.048
<b>Total</b>		<b>4,940.991</b>	<b>2,118.884</b>	<b>7,059.875</b>

Audit held that non-initiation and non-execution of DRR activities by the Fund defeated the very purpose of the establishment of NDRMF as core objective of the Fund was Disaster Risk Reduction.

Initial audit observation was issued on 11.11.2022. The management replied that according to financing agreement of Loan No 3473 of USD 75 million signed between GoP and ADB, USD 59.148 million were allocated for DRR activities and initial advance withdrawn by NDRMF was USD 20.89 Million in FY 2017-2018. Further, NDRMF provided USD 50 Million for

COVID Assistance during the FY 2019-20. However, USD 13.76 million was available balance for utilization in (DRR) activities in Revolving Fund Account (RFA) of Loan-3473 during the year 2021-22, which was sufficient to be utilized for DRR activities.

The reply was not satisfactory as despite availability of funds in Loan 3473 and Endowment funds account, the batch III of DRR projects could not be financed.

DAC meeting was held on 02.02.2023. DAC directed NDRMF to include the pointed out projects in the portfolio and execute accordingly. A progress report be placed in the next DAC for deliberation.

Audit recommends that the management may take necessary steps to undertake DRR activities and projects so as to create resilience against the disasters and minimize the risks of loss of life and property in future.

(FAP Audit Report 2021-22, NDRMF, OS No. 10)

#### **1.4.3 Non-completion of Disaster Risk Reduction schemes adversely affecting DRR drive and mitigation measures**

According to Clause 3.3 of Grant Implementation Agreement (GIAs), the time period for project implementation as well as the expiry of GIA shall be extended up to 30.06.2022 and 30.11.2022.

National Disaster Risk Management Fund (NDRMF) entered into contract agreements with various Filed Implementing Partners (FIPs) to execute various Disaster Risk Reduction development schemes during the financial year 2018-20. Funds amounting to Rs. 1,437.064 million were allocated and payment was made to FIPs amounting to Rs. 141.315 million till 30.06.2022.

During audit of NDRMF for the financial year 2021-22, it was observed that Fund Implementing Partners (FIPs) failed to complete the development schemes despite allowing Extension of Time (EOT) twice. The financial and physical progress of the schemes was even below 40% at the close of the financial year. **(Annexure-II)**

Audit held that slow progress on the development schemes resulted in non-completion of the DRR schemes adversely affecting the Disaster Risk Reduction drive and mitigation measures to cope with future disasters.

Initial audit observation was issued on 11.11.2022. The management replied that the projects of FIPs mentioned in para remained in process due to multiple reasons i.e. change in scope and cost of the projects, escalations in the prices of fuel and uncertainty in the market. However, the FIPs had requested for Extension of Time (EOT), which are in process at BoD level.

DAC meeting was held on 02.02.2023. DAC discussed the para in detail and directed NDRMF to expedite the physical progress of the projects and strictly adhere the timelines to complete the projects. DAC observed that the projects in question pertained to Disaster Risk Reduction and non-completion of the projects had implications for DRR drive in the country. NDRMF was also directed to present progress report in next DAC meeting for deliberation.

Audit recommends that the DRR schemes may be completed as per the agreed timelines and responsibility may be fixed for non-completion of DRR development projects in a timely manner.

(FAP Audit Report 2021-22, NDRMF, OS No. 03)

#### **1.4.4 Inordinate delay in formulation of Disaster Risk Financing Strategy**

According to Para 3.01(C) of Loan Agreement No. 3473-PAK dated 2<sup>nd</sup> December 2016, quantitative risk modelling analysis was to be made to develop a comprehensive national disaster risk financing strategy and development of two priority financing instruments specified in the national disaster risk financing strategy.

National Disaster Risk Management Fund (NDRMF) hired the services of three (03) International and National consultants for preparation of Disaster Risk Financing (DRF) Strategy. Details are as under:

<b>Sr. No.</b>	<b>Consultancy Services</b>	<b>Name of Consultant</b>	<b>Date of Expiry of Contract</b>
1.	Insurance Specialist – International	Mr. Graham Cook	17.05.2020
2.	Agriculture and Micro Insurance Specialist (National)	Ms. Nasreen Rashid	11.03.2021
3.	Public Financial Management Specialist (National)	Mr. Khalid Bin Safdar	31.12.2020

During audit of NDRMF for the financial year 2021-22, it was observed as under:

- i. NDRMF failed to develop Disaster Risk Financing Strategy as conceived under the loan agreement.
- ii. The NDRMF was also not able to develop two priority financing instruments based on DRF strategy and piloting one instrument.

Audit held that non-formulation of Disaster Risk Financing Strategy and development of financing instruments adversely affected the pace of DRR and mitigation measures to cope with disasters.

Initial audit observation was issued on 11.11.2022. The management replied that NDRMF took all possible necessary steps for retaining and hiring of the Consultants after expiry of initial agreements. There were certain protocols for hiring consultants under ADB Guidelines and securing approvals from the competent authority which have to be followed by the Fund. In year 2022-23, two (2) international Consultants / experts on DRF had been hired and they were working again on the development of Disaster Risk Financing (DRF) Strategy.

The reply was not satisfactory as non-hiring of consultants resulted into non achievement of intended objectives.

DAC meeting was held on 02.02.2023. NDRMF apprised the fora that the consultants had been hired for the task. Moreover, ADB and synergy groups are also on board and work is in progress upon development of DRF

strategy. DAC directed to expedite the process of development of DRF strategy after properly involving all stake holder.

Audit recommends that NDRMF may develop Disaster Risk Financing Strategy and introduce necessary financing instruments to deal with future disaster compensations.

(FAP Audit Report 2021-22, NDRMF, OS No. 17)

## **HR / Internal Control Weaknesses**

### **1.4.5 Payment of honorarium to employees in the absence of Incentive Policy – Rs. 15.935 million**

According to Human Resource Manual 2018 of NDRMF, for incentives, awards and bonuses, a detailed Incentive Policy will be prepared and implemented with the approval of the Board. Nonetheless, in the meantime, the competent authority may allow scholarships, honorarium and other awards/rewards as per the authority delegated by the BOD, subject to availability of budget in the annual budget approved by BOD.

Further, according to para 12(1)(C) of Corporate Governance Rules, 2013, the Board shall set up a Human Resources Committee to deal with all employees related matters including recruitment, training, remuneration, performance evaluation, succession planning, and measures for effective utilization of the employees of the Public Sector Company.

National Disaster Risk Management Fund (NDRMF) paid honorarium amounting to Rs. 15.935 million to the employees during the financial year 2021-22.

During audit of NDRMF for the financial year 2021-22, following issues were noticed in the payment of honorarium:

- i. The honorarium was paid through adhoc arrangement in a discretionary manner without any approved policy in place.
- ii. Honorarium was paid to the employees on Annual Gross Pay through constituting a Strategy and Policy Committee by the



CEO without formulation of Incentive Policy as required under Human Resource Manual 2018 of NDRMF.

- iii. Neither performance evaluation of employees was carried out nor was the same presented before Human Resource Committee of BoD.
- iv. Honorarium amounting to Rs. 1.344 million was granted to the CEO in April, 2022, despite the fact that the CEO had only served three (03) months in the organization as he had joined NDRMF on 17.01.2022.

Audit held that payment of honorarium to the employees without provision in rules was irregular.

Initial audit observation was issued on 11.11.2022. The management replied that BoD approved the Human Resource Management Policy (HRMP) Manual giving therein all the policies and procedures for regulating the Human Resource of the Company. CEO was fully empowered for grant of honorarium and the subject authority was absolutely not subjective to the concurrence of HR or any other BoD's Committees. The honorarium was extended only after approval of honorarium amount in the Annual Budget by the BoD, and disbursed to staff upon recommendation by Strategy & Policy Committee and subsequent approval of CEO NDRMF. There was a delay in the development and approval of the incentive policy as NDRMF was being operated under interim CEOs.

The reply was not satisfactory as incentive policy was not formulated and honorarium was paid without performance evaluation of the staff. The matter related to employees were required to be dealt by the HR committee as provided in the Corporate Governance Rules 2013, however, the matter for grant of honorarium along with performance evaluation was not presented in the HR committee. The point related to honorarium paid to CEO was not addressed.

DAC meeting was held on 02.02.2023. DAC discussed the para in detail and directed NDRMF to formulate a comprehensive and realistic

Incentive Policy duly approved from BoD. The report on the matter be placed before DAC in the next meeting.

Audit recommends that Incentive Policy may be formulated by NDRMF to govern rewards to the employees.

(FAP Audit Report 2021-22, NDRMF, OS No. 07)

#### **1.4.6 Irregular recruitment of officers / officials without screening test**

According to Establishment Division OM No. No. F-53/I/2008-SP dated 16.01.2015, to ensure transparency and merit-based recruitment in the Ministries / Division / Department / Companies etc. the initial screening of the applicants would be conducted by the centralized screening test.

National Disaster Risk Management Fund (NDRMF) appointed seven (07) officers / officials during financial year 2021-22 as detailed under:

<b>Employee Code</b>	<b>Name</b>	<b>Designation</b>	<b>Joining Date</b>
100192	Ahsanullah Khan	Manager-Climate Change	08.04.2022
100193	Muhammad Mujahid Afzal	Deputy Manager-Project Management/ Appraisal	07.04.2022
100197	Shaista Ramzan	Front Desk Executive	06.05.2022
100198	Nazakat Ali	Deputy Manager-Monitoring & Evaluation	09.05.2022
100199	Sidra Hummayun	Assistant Manager-Procurement	09.05.2022
100200	Azmat Shahi	Deputy Manager-Disaster Risk Financing	01.06.2022
100202	Sana Waseem	Executive Assistant	13.06.2022

During audit of NDRMF for the financial year 2021-22, it was observed that the recruitment was made on the basis of interview without conducting any screening test of the candidates.

Audit held that appointment without screening test was a clear violation of rules resulting into non-transparent appointments.

Initial audit observation was issued on 11.11.2022. The management replied that the notification is applicable for hiring of Federal Govt. employees. Section-d of the notification provides for recruitment to executive

as well as non-executive grades equivalent to government BPS. The system of BPS or equivalent grades in NDRMF was not applicable. The appointments were made in accordance with applicable policies of NDRMF dully approved from Board of Directors.

The reply was not satisfactory as the Establishment Division approved recruitment policy and the same was also applicable to public sector companies. NDRMF made recruitment without following the establishment division instructions.

DAC meeting was held on 02.02.2023. The DAC directed the NDRMF to submit a detailed report covering the procedure followed, the committees constituted and numbers allotted by members of selection committees, criteria and rules adopted for the recruitments. The report shall be placed before next DAC meeting for deliberation.

Audit recommends implementation of the DAC decision.

(FAP Audit Report 2021-22, NDRMF, OS No. 01)

#### **1.4.7 Appointment of Chartered Accountant Firm as External Auditor without concurrence of Auditor General of Pakistan**

According to Finance Division O.M No.F.3 (i) law III/80-406 dated 25.03.1981, appointment of Chartered Accountants Firms is required to be concurred by the Auditor General of Pakistan. According to these instructions, the Board of Director (BoD) of the Government owned / controlled company / body decides to engage the firm and accordingly forward the request through the Controlling Ministry to the AGP office for concurrence.

National Disaster Risk Management Fund (NDRMF) hired M/s PWC (A.F. Ferguson & Co.) to conduct external audit for the financial year 2020-21 and made payment amounting to Rs. 2.173 million vide cheque No. 66832043 dated 20.06.2022.

During audit of NDRMF for the financial year 2021-22, it was observed that M/s A F Ferguson & Co. was hired without obtaining prior approval / concurrence of the Auditor General of Pakistan.

Audit held that hiring of external auditors without the concurrence of Auditor General of Pakistan was a clear violation of the instructions of Finance Division.

Initial audit observation was issued on 11.11.2022. The management replied that NDRMF has forwarded the case to the line Ministry for Ex-post facto concurrence/approval for appointment of A. F. Ferguson as Chartered Accountant Firm for the FY 2018-2019, FY 2019-20, FY 2020-21 and 2021-22.

DAC meeting was held on 02.02.2023. NDRMF apprised the fora that the matter regarding ex-post facto approval has been taken up with AGP office through line ministry. DAC directed to follow up the matter of obtaining ex-post facto approval of AGP.

Audit recommends that NDRMF may appoint firm (s) for audit of the Fund after obtaining concurrence of the Auditor General of Pakistan.

(FAP Audit Report 2021-22, NDRMF, OS No. 02)

## **Financial Management**

### **1.4.8 Loss to Government due to non-utilization of foreign grant– USD 0.838 million**

According to Government of Australia Grant No. 0519-PAK(EF) dated 2.12.2016 provided through ADB, funds amounting to USD 3.362 million were committed for Multi Hazard Vulnerability Risk Assessment (MHVRA). Further, the ADB upon request from recipient approved changes concerning the Project scope i.e. Strengthening COVID-19 Preparedness and Response vide letter dated 10.08.2021.

National Disaster Risk Management Fund (NDRMF) withdrew USD 2.589 million (equivalent Rs. 458.244 million) out of total grant amounting to USD 3.362 million. The withdrawn amount was utilized on the project titled strengthening existing capacity of NIH for effective response against Covid-19 pandemic in Pakistan amounting to Rs. 450.00 million.

During audit of NDRMF for the financial year 2021-22, it was observed that NDRMF could only utilize USD 2.524 million up to November, 2022, while the remaining amount of grant was not withdrawn and unutilized. Details are as under:

(Amount in USD)

Sr. No.	Description	Amount
1.	Total funds withdrawn	2,589,422
2.	Payment made to NIH up till 01.11.2022 in PKR 442,574,806	2,523,995
3.	Closing Balance as on 01.11.2022 (15,668,741 / PKR 239.4842)	65,427
4.	Unwithdrawn grant in USD (3,362,000–2,589,422)	772,578
	<b>Total Grant not utilized</b>	<b>838,005</b>

Therefore, the unutilized grant which remained unspent will have to be returned to the Government of Australia as the grant stands closed on 31.05.2022.

Audit held that non-utilization of grant was serious lapse on the part of management resulting in loss to government amounting to USD 0.838 million equivalents to Rs. 200.689 million.

Initial audit observation was issued on 11.11.2022. The management replied that Funds of Multi Hazard Vulnerability Risk Assessment (MHVRA) were reallocated for Strengthening COVID-19 Preparedness and Response pandemic. NDRMF and NIH completed the project amounting to Rs. 450.00 million. However, as per agreement with ADB, NDRMF was not in position to finance any additional projects from the said Grant. Moreover, the closing date of grant was 30.05.2022.

The reply was not satisfactory as NDRMF failed to conceive / utilize the balance grant of USD 0.773 million till closing date i.e. 30.05.2022. Moreover, documentary evidence for utilization of funds amounting to Rs.450 million was not provided.

DAC meeting was held on 02.02.2023. The DAC showed concern on the non-utilization and lapse of the foreign grant. DAC directed NDRMF to

take up the case with donor through EAD for extension of time so as to utilize the grant proceeds. The Fund should keep the Ministry informed about the progress.

Audit recommends that the case of extension of time may be taken up with donor through EAD to utilize the grant proceeds.

(FAP Audit Report 2021-22, NDRMF, OS No. 13)

#### **1.4.9 Slow utilization of Swiss Grant – USD 1.032 million**

According to Section 7.1 of Switzerland Subsidiary Grant Agreement of 639 (PAK) dated 20.08.2020, the grant amounting to USD 1.5 million was allocated for Disaster Risk Reduction in the Province of Khyber Pakhtunkhwa.

National Disaster Risk Management Fund (NDRMF) entered into contract agreements with Fund Implementing Partners (FIPs) for Disaster Risk Reduction (DRR) project amounting to USD 0.834 million during the financial year 2019-20. Details are as under:

<b>Sr. No.</b>	<b>Name of FIP</b>	<b>Amount in USD</b>
1.	Agha Khan Foundation	468,057
2.	PPAF	365,991
<b>Total</b>		<b>834,048</b>

During audit of NDRMF for the financial year 2021-22, it was observed that the agreement with Agha Khan Foundation was executed, however, the agreement with Pakistan Poverty Alleviation Fund (PPAF) was terminated by the NDRMF Board due to slow progress of the project and thus grant amounting to USD 0.365 million remained unutilized.

It was also observed that the Fund failed to identify FIPs / projects to utilize the remaining amount of Swiss grant i.e. USD 0.657 million (USD 1.500 – USD 0.834).

Audit held that lack of identification of FIPs / Projects and non-completion of assigned project resulted into non-achievement of intended objectives and non-utilization of funds amounting to USD 1.032 million (USD 0.657 + USD 0.365).

Initial audit observation was issued on 11.11.2022. The management replied that the agreement for the project with PPAF was cancelled by BoD. PPAF had submitted the request for reconsideration and BoD forwarded the matter to Risk Management Committee (RMC) of Board. Therefore, the funds could not be allocated to other projects. Moreover, NDRMF signed Grant Implementation Agreement (GIA) on June 1, 2022 amounting to Rs. 99.372 million (USD 0.307 million) with Agha Khan Foundation (AKF) and project was under implementation.

DAC meeting was held on 02.02.2023. The DAC directed NDRMF to identify FIP (s) so as to utilize the foreign grant before closure date. Moreover, the Fund should keep the Ministry informed about the progress on the matter.

Audit recommends that management may take necessary steps to identify FIPs / projects to utilize the grant and to ensure that the entire grant is utilized for DRR activities.

(FAP Audit Report 2021-22, NDRMF, OS No. 19)

#### **1.4.10 Loss due to inefficiency and ineffectiveness of NDRMF leading to payment of commitment charges on unutilized loan – USD 1.063 million**

According to Section 2.03 of the loan agreement (No.3473-PAK & 3923-PAK), the borrower shall pay commitment charges of 0.15% per annum on the unutilized loan amount.

Further, according to Section 2.03 of Financing Agreement of Credit Number 6246-PK, the maximum commitment charge rate is one-half of one percent (1/2 of 1%) per annum on the un-withdrawn Financing Balance.

Government of Pakistan through EAD signed loan agreements with ADB and World Bank for Disaster Risk Reduction projects and Pakistan Hydromet and Climate Services Project.

During audit of NDRMF for the financial year 2021-22, it was observed that the Fund was not able to withdraw / utilize the specified funds

out of the loan amount up to 30th June, 2022 resulting into commitment charges USD 1.063 million. Details are as under:

(Amount in USD)

Sr. No.	Loan No.	Donor	Loan Agreement Date	Loan Agreed Amount	Un-withdrawn Amount of loan	Description	Commitment Charges
1.	L-3473	ADB	02.12.2016 to 30.11.2021	75,000,000	22,191,155	Actual as per statement of ADB	16,643
2.	L-3923	ADB	02.12.2016 to 30.11.2021	100,000,000	90,000,000	90,000,000 x 0.15%	135,000
3.	L-6246-Pak	World Bank	01.06.2020 to 31.12.2024	188,000,000	182,192,139	182,192,139 x 0.5%	910,961
<b>Total</b>							<b>1,062,604</b>

Audit held that due to non-utilization of loans by NDRMF, the Government was forced to pay USD 1.063 million in shape of commitment charges. This implies that the amount of commitment charges was charged to the loan amount, however, actually no such amount was disbursed to NDRMF resulting in loss to the government.

Initial audit observation was issued on 11.11.2022. The management replied that the Fund has again taken up the matter with EAD in light of DAC decision and response is still awaited.

DAC meeting was held on 02.02.2023. NDRMF apprised the fora that EAD has already been requested for waiver of the commitment charges however, the response is still awaited. DAC directed to pursue the matter with EAD and take necessary steps for early utilization of funds as per rules and avoid commitment charges. The report in this regard be presented in next DAC meeting for deliberation.

Audit recommends that the matter regarding waiver of commitment charges may be pursued with the EAD, besides necessary steps be taken to avoid imposition of commitment charges by the donors.

(FAP Audit Report 2021-22, NDRMF, OS No. 15)



#### **1.4.11 Loss due to non-investment of Endowment fund – Rs. 40.423 million**

According to decision of Agenda Item No. 6(i)(c) of Risk Management Committee meeting held on 14.12.2021, NDRMF was required to re-invest Rs. 270.00 million in 12-months Market Treasury Bills (MTBs) upon its maturity on 06.04.2022.

Further, according to Para 3(2) of Investment Guidelines 2018 of NDRMF, working balance requirement and surplus funds should be identified and reviewed every month by Investment Committee.

National Disaster Risk Management Fund (NDRMF) invested Rs. 251.193 million in Term Deposit Receipts (TDRs) and received Rs. 270.000 million upon maturity on 06.04.2022. Further, funds amounting to Rs. 40.421 million were also available in NDRMF Endowment Fund account since 15.01.2022 to 30.06.2022.

During audit of NDRMF for the financial year 2021-22, it was observed as under:

- i. NDRMF did not invest Rs. 270.000 million in MTBs in contravention of the decision of Risk Management Committee of NDRMF board. Instead, the funds remained in NIDA (Operational Account) till 30.09.2022. Had the amount been invested in MTBs as decided by the BoD committee, NDRMF would have earned a profit amounting to Rs. 37.394 million on the investment. (Rate of yield of MTBs for 12-Months as on 20.04.2022 as per SBP website vide auction No. 616 was 13.8496% ( $270.000 \times 13.8496\% = 37.394$ )).
- ii. Moreover, NDRMF did not calculate the working capital and available funds amounting to Rs. 40.421 million could also not be invested in MTBs for a period of 6-months. Instead, the funds remained in Fund Endowment (NIDA) till 30.09.2022. Had the amount been invested in MTBs, NDRMF would have earned a profit amounting to Rs. 3.029 million on the investment. (Rate

of yield of MTBs for 6-months as on 20.04.2022 as per SBP website vide auction No. 616 was 14.990% P.A (40.421 x 14.990%= 3.029)

Audit held that due to non-investment of funds in MTBs, the Fund sustained a loss amounting to Rs. 40.423 million.

Initial audit observation was issued on 11.11.2022. The management replied that funds amounting to Rs. 270 million matured on 06.04.2022 were retained in NIDA account for financing the recurring cost up to December 2022 as approved in 28<sup>th</sup> Board Meeting held on 10.03.2022. Moreover, NDRMF did not invest Rs 40.421 million available in NIDA account on 30.06.2022 as Board directed NDRMF to have a provision for the refund of Rs 42.00 million to ADB. The status of refund of said amount was still pending with ADB and NDRMF. However, the funds were remained in NIDA account and earned profit amounting to Rs. 9.267 million.

The reply was not satisfactory as the funds were kept for recurring cost of NDRMF without recording any reason and determining the minimum balance requirements of the Fund.

DAC meeting was held on 02.02.2023. DAC directed the NDRMF to present a detailed report regarding investments made in the MTBs and the period the funds remained unutilized in the NDRMF account. The report be placed before the next DAC meeting.

Audit recommends implementation of the DAC decision.

(FAP Audit Report 2021-22, NDRMF, OS No. 09)

## Chapter 2

### Ministry of Climate Change Islamabad

#### 2.1 Introduction

A. The Government of Pakistan in exercise of the powers conferred by Articles 90 and 99 of the Constitution of Islamic Republic of Pakistan constituted the Ministry of National Disaster Management to handle the functions retained at the federal level after the 18<sup>th</sup> Amendment. The new Ministry was envisaged to act as a reporting agency for international /national commitments and coordinate to enable provinces to develop their capacities to effectively handle their responsibilities.

The Ministry of National Disaster Management was later renamed as Ministry of Climate Change owing to the magnitude and recurrence of climate change related disasters, such as consecutive floods of 2010, 2011 and 2012. The Ministry of Climate Change has been vested with the mandate to comprehensively address disaster management along with spearheading national climate change initiatives related to adaptation and mitigation.

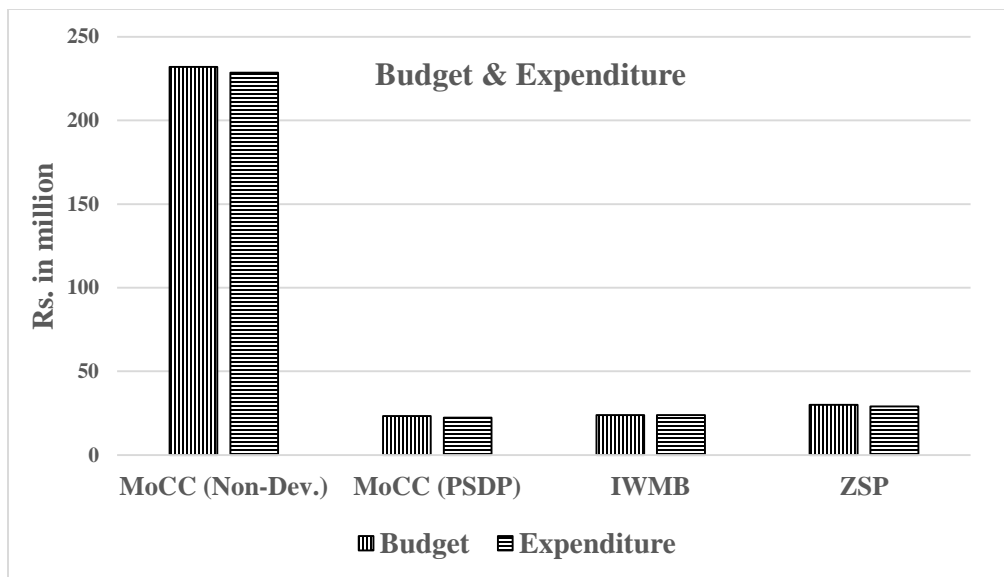
#### B. Comments on Budget and Accounts of audited entities (Variance Analysis)

(Rs. in million)

Sr. No.	Name of Authority	Financial year	Budget	Expenditure	Savings
1.	Ministry of Climate Change (MoCC) (Non-Development)	2021-22	232.000	228.567	3.433
	Ministry of Climate Change (PSDP Schemes)	2021-22	23.387	22.321	1.066
2.	Islamabad Wildlife Management Board (IWMB)	2021-22	23.949	23.823	0.126
3.	Zoological Survey of Pakistan (ZSP)	2021-22	29.895	29.010	0.885

Source: budget and expenditure statements

The graphical representation of budget and expenditure of MoCC and its attached departments is as under:



### C. Sectoral Analysis

The subject of environment and climate change has attracted the attention of policy makers worldwide in the last few decades. Due to drastic changes in the global climate and emerging threats, the governments around the world are focusing on policies and plans to mitigate risks as well as invest in different ventures for sustainable development.

According to Long Term Climate Risk Index (CRI), Pakistan was ranked amongst the top ten most climate change affected countries during 2000-2019<sup>8</sup>. The country is prone to a number of hazards such as floods, earthquakes, droughts, glacial lake outburst flood (GLOF) and landslides etc. In past, Pakistan has witnessed massive human, structural and financial losses e.g. the consecutive floods during 2010 to 2014 have resulted in monetary losses of over USD 18 billion with 38.12 million people affected, 3.45 million houses damaged and 10.63 million acres of crops destroyed. Agricultural

<sup>8</sup> Global Climate Risk Index 2021 (German Watch)

sector growth dropped from 3.5% to 0.2% between 2009 and 2010 due to 2010 flood. Similarly, 1,200 people died in Karachi during unprecedented heat wave in 2015<sup>9</sup>.

In the aftermath of monsoon season 2022, massive rains and flash floods caused widespread damages impacting over 33 million people in Pakistan while the provinces of Sindh and Balochistan have been the most affected, all other provinces and regions were also affected at varying scales with massive damage to infrastructure and livelihood<sup>10</sup>. Hundreds and thousands of peoples were displaced with over 6.500 million homes washed away / damaged.

Pakistan is party to a number of regional and international environmental agreements and forums e.g. UNFCCC, UNCCD, Cartagena Protocol, Nagoya Protocol, CITES, IPBES, Ramsar Convention, Malé Declaration on Trans-boundary Air Pollution, SACEP, SAARC, UNEP, UN Habitat, UNICEF, UNCSD, GLOBE etc. Ministry of Climate Change works as a focal federal institution to fulfill international obligations under various multilateral environmental agreements (Conventions, Protocols and Treaties etc.) to establish National Environmental Quality Standards and facilitate & harmonize environmental standards, laws, acts and policies at national level.

### **Attached Departments of Ministry of Climate Change (MoCC)**

The Ministry of Climate Change carries out its functions through various attached departments as under:

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<sup>9</sup> Pak INDC Report

<sup>10</sup> <http://paistanconsultehuston.org/prime-ministers-flood-relief-fund-2022>

Zoological Survey of  
Pakistan (ZSP)

Pakistan Environmental  
Protection Agency (Pak-  
EPA)

Global Change Impact  
Study Center (GCISC)

Islamabad Wildlife  
Management Board (IWMB)

Mountain Area  
Conservancy Fund  
(MACF)

### PSDP allocation for FY 2021-22 & major projects / programs of MoCC

Under the Federal PSDP 2021-22 for Climate Change Division, the total allocation was Rs. 14,327.000 million.<sup>11</sup> The utilization of the funds and major projects / programs of MoCC are tabulated below:

(Rs. in million)

Sr. No.	Name of Project	Funds released during 2021-22	Utilization up to 30.06.2022
1.	Ministry of Climate Change	232.000	228.567
2.	Ten Billion Tree Tsunami Program, (Ph-I) Up-scaling of Green Pakistan Program (Revised)	14,000.000	9,513.897
3.	Climate Resilient Urban Human Settlement Unit	7.500	6.513
4.	Capacity Building of Water Quality Monitoring and SDG (6.1) Reporting	10.933	10.854
5.	Islamabad Wildlife Management Board	18.000	13.296
6.	Zoological Survey of Pakistan	56.263	54.199
<b>Total</b>		<b>14,324.696</b>	<b>9,827.326</b>

Source: funds and expenditure statements provided by MoCC

Ten Billion Tree Tsunami Program (TBTP) is a major ongoing project of Ministry of Climate Change in terms of budget and expenditure. An analysis of physical and financial performance of forestry component of TBTP for the financial year 2020-21 and 2021-22 is as under:

<sup>11</sup> Federal PSDP 2021-22

(Figures in million)

Province	FY	KP	Punjab	Sindh	Baluchistan	AJ&K	GB	Total
No. of Plants planted/ regenerated /distributed	2020-21	223.900	10.670	231.360	3.200	41.500	18.200	<b>528.840</b>
No. of Plants planted/ regenerated /distributed	2021-22	260.160	151.750	320.000	6.510	37.480	18.130	<b>794.030</b>

Source: statement provided by TBTP management

Moreover, the Ministry has undertaken a number of foreign funded projects relating to a variety of issues concerning environment. The projects are detailed as under:

Sr. No.	Title
1.	Glacial Lake Outburst Flood (GLOF-II)
2.	Transforming the Indus Basin with Climate Resilient Agriculture and Water Management
3.	Pakistan Snow Leopard & Ecosystem Protection Program (PSLEP)
4.	National Ozone Unit

Source: <http://www.mocc.gov.pk>

## Plans and Policies

The Ministry of Climate Change (MoCC) has formulated various policies/programs related to climate change and environmental issues. These include:

- i. National Action Program to Combat Desertification in Pakistan (2002)
- ii. National Environment Policy (2005)
- iii. National Water Policy (2005)
- iv. National Wetland Policy (2007)

- v. Drinking Water Policy (2009)
- vi. National Rangeland Policy (2010)
- vii. National Sanitation Policy (2012)
- viii. National Forest Policy (2016)
- ix. National Electronic Vehicle Policy (2019)
- x. National Climate Change Policy (2021)
- xi. National Biodiversity Strategies and Action Plan 2017-2030.

Source: <http://www.mocc.gov.pk>

## **Organizational Management and Governance**

A sound organizational management and governance play a vital role in accomplishment of desired objectives. The findings of this report and previous audit reports indicate that the Government in Pakistan successfully installed a comprehensive governing framework related to environment and climate change. However, full benefits are still to be achieved due to non-operationalization and non-functioning of a number of important forums e.g. Pakistan Climate Change Authority. Moreover, key posts including Deputy Inspector General (Forest), Deputy Directors and Deputy Conservator were not filled. Non-appointment of key staff is likely to hamper the implementation of policies related to forest and achievement of stated objectives and targets related to environment and climate change in the country.

MoCC executed a number of development schemes, however, the monitoring and evaluation of the schemes could not be carried out properly. The post of Chief Finance & Accounts Officer (CF&AO) could not be created even during financial year 2021-22 which was a violation of the PFM Act having consequences towards efficient financial management practices. Similarly, the post of Chief Internal Auditor was also not created in the Ministry depriving the management to install, review and update effective internal control mechanism.

Islamabad Wildlife Management Board (IWMB) under the MoCC is mandated to protect, conserve and manage the Margallah Hill National Park



(MHNP) with the support of Capital Development Authority (CDA) and Metropolitan Corporation Islamabad (MCI). However, there was lack of coordination among the entities to effectively manage the national park and control encroachments in the area.

Zoological Survey of Pakistan is an attached department of Ministry of Climate Change. Zoological Survey of Pakistan is mandated to obtain information on distribution, population dynamics, migratory patterns, status, habit and habitual and taxonomy of animal life in Pakistan through Surveys. The findings of this report and earlier audit reports related to Zoological Survey of Pakistan indicates that the organization was not able to achieve its core objective i.e. survey on population status and distribution of wildlife species and maintenance of Red Data books for threatened wildlife species.

### **Implementation**

Ministry of Climate Change is the apex policy making body which formulates policies related to environment and Climate Change. The implementation of these policies, programs and projects is the responsibility of a variety of implementation agencies at federal, provincial and district levels. These implementing agencies mainly include provincial Agriculture, Forest, Livestock, Fisheries & Irrigation Departments as well as the Federal & Provincial Environmental Protection Agencies. The cross-cutting nature of activities spanning over a number of agencies at various level of the government makes it difficult to effectively coordinate and follow-up the plans and program.

**Table-I Audit Profile of Ministry of Climate Change Islamabad and its Attached Departments / Agencies**

(Rs. in million)

Sr. No.	Description	Total Nos.	Audited	Expenditure audited FY 2021-22	Revenue / Receipts audit FY 2021-22
1.	Formations	06	03	9,827.326	Nil
2.	<ul style="list-style-type: none"> <li>• Assignment Account</li> <li>• SDAs</li> <li>• Others</li> </ul>	01 Nil 06	01 Nil 06	Nil Nil Nil	Nil Nil Nil
3.	Authorities / Autonomous Bodies etc. under the PAO	03	02	67.000	Nil
4.	Foreign Aided Project (FAP) REDD+	01	01	110.112	81.910

## 2.2 Classified Summary of Audit Observations

Audit observations amounting to Rs. 51.923 million have been raised in this report pertaining to Ministry of Climate Change and its attached departments/ formations. Summary of audit observations classified by nature is as under:

**Table –II Overview of Audit Observations**

(Rs. in million)

Sr. No.	Classification	Amount
<b>1.</b>	<b>Irregularities</b>	<b>15.681</b>
A.	HR / Internal Control Weaknesses	-
B.	Procurement	15.681
<b>2.</b>	<b>Financial Management</b>	<b>13.922</b>
<b>3.</b>	<b>Public Service Delivery / Performance</b>	<b>22.320</b>

### 2.3 Brief comments on the status of compliance with PAC directives

The Directorate General Audit (CC&E) Islamabad started auditing and reporting Ministry of Climate Change Islamabad since 2018-19. Ten (10) Paras pertaining to the Audit Report of MoCC for the Audit Year 2019-20 were discussed in the PAC meeting held on 25.11.2021. Current status of compliance with PAC directives for report discussed so far is given below:

Audit Report	Number of Audit Paras			Compliance		
	Discussed in PAC	Settled by PAC	Directives issued	PAC Directives fully implemented	PAC Directives partially implemented	Percentage
2019-20	10	03	07	05	02	85%

The Ministry is required to fully implement the remaining PAC directives.

## 2.4 AUDIT PARAS

### HR / Internal Control Weaknesses

#### 2.4.1 Non-creation of posts of CFAO and CIA in Ministry of Climate Change

According to Section 28(1) of Public Finance Management Act 2019, to assist Principal Accounting Officers in financial management, there shall be Chief Finance and Accounts Officer (CFAO) positioned in Ministries and Divisions and Financial Advisers organization shall stand disbanded. Moreover, under Section 29(1) of the Act, the position of Chief Internal Auditor (CIA) shall be created.

Ministry of Climate Change was allocated budget amounting to Rs. 9,995.450 million in different cost centers during the financial year 2021-22. Details are as under:

(Rs. in million)

Sr. No.	Description	Budget allocation
1.	Ministry of Climate Change	232.080
2.	Ten Billion Tsunami Tree Program (TBTP)	9,554.950
3.	Islamabad Wild Life Management Board (IWMB)	36.974
4.	Zoological Survey of Pakistan (ZSP)	32.400
5.	Global Climate Impact Study Center	83.310
6.	Pak Environment Protection Agency	55.736
<b>Total</b>		<b>9,995.450</b>

During audit of Ministry of Climate Change for the financial year 2021-22, it was observed that the post of Chief Finance and Accounts Officer (CFAO) and Chief Internal Auditor (CIA) were not created in the Ministry as required under the PFM Act. Non-availability of the post of CFAO and CIA was a serious lapse as the Ministry had at its disposal almost Rs. 10.00 billion for the financial year 2021-22 and the key posts meant to enforce financial discipline were not operationalized.

Audit held that non-creation of posts of CFAO and CIA was violation of PFM Act, 2019 and Financial Management and Powers of Principal Accounting Officers Regulations, 2021.

Initial audit observation was issued on 12.08.2022, however no response was received.

The PAO was requested to convene DAC meeting vide letters dated 21.10.2022, 04.11.2022, 16.11.2022 and 01.02.2023. However, the meeting was not convened by the PAO till finalization of this report.

Audit recommends that the management may take necessary steps for creation and operationalization of the posts of CFAO and CIA in the Ministry of Climate Change.

(Para No. 04 & 07 of AIR 2021-22 MoCC)

#### **2.4.2 Non-appointment of DIG (Forest) resulting into non-implementation of plans and policies related to forests, desertification and biodiversity**

Two (02) posts of DIG Forest were sanctioned in the Ministry of Climate Change.

Ministry of Climate Change has devised main tasks and key performance indicators of different posts under the administrative control of the Secretary, Ministry of Climate Change. As per approved tasks and key performance indicators, the Deputy Inspector General (Forests) is overall responsible to coordinate with matters related to endangered species of fauna and flora.

During Audit of Ministry of Climate Change for the financial year 2021-22, it was observed that nine (9) posts of technical / administrative nature were vacant in the Ministry including the key post of DIG Forest. Details are as under:

<b>Sr. No.</b>	<b>Name of Posts</b>	<b>Sanctioned</b>	<b>Filled</b>	<b>Vacant</b>
1.	DIG Forest (BPS-19)	02	01	01
2.	Deputy Director (BPS-18)	11	06	05
3.	Dy. Conservator (BPS-18)	02	01	01
4.	Section officer (BPS-17/18)	10	08	02
<b>Total</b>		<b>25</b>	<b>16</b>	<b>9</b>

Audit held that post of DIG (Forest) was technical in nature and a key post to manage the affairs pertaining to Environment and Climate Change. Non-appointment of DIG (Forest) and other key posts was likely to hamper the implementation of policies related to conservation of forests and achievement of stated objectives and targets related to environment and climate change in the country.

Initial audit observation was issued on 12.08.2022, however no response was received.

The PAO was requested to convene DAC meeting vide letters dated 21.10.2022, 04.11.2022, 16.11.2022 and 01.02.2023. However, the meeting was not convened by the PAO till finalization of this report.

Audit recommends appointment of Deputy Inspector General (Forest) and filling of other key posts to ensure proper implementation of plans and policies related to forests, desertification and biodiversity etc.

(Para No. 15 of AIR 2021-22 MoCC)

## **Procurement**

### **2.4.3 Irregular pre-qualification of vendors in violation of Public Procurement Rules by MoCC – Rs. 5.583 million**

According to Rule 16A(2) of Public Procurement Rules 2004, the procuring agency shall prepare provisional annual estimates including description, specifications, statement of requirements and quantities, based on rational demand estimates. Further, rule 4 provides that open and closed framework agreements 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.

Ministry of Climate Change incurred an expenditure amounting to Rs. 5.583 million on procurement of various items during the financial year 2021-22. Notice for Invitation of Tenders (NIT) was called on 14.10.2021 from the vendors for prequalification. In response 28 number of vendors / bidders participated in the prequalification process.

During audit of Ministry of Climate Change for the financial year 2021-22, it was observed as under:

- i. Provisional Annual estimates were not formulated and the process of pre-qualification was initiated without preparation of Provisional Annual Estimates.
- ii. Ministry of Climate Change initiated pre-qualification process in accordance with clause 15 to 19 of PPRA rules, 2004, however, no open frame work agreement (3 years) and close frame work agreement (one year) was made with successful bidders.
- iii. The evaluation criteria provided in the bidding documents was not clear with regard to numbers / marks against each condition and marks to be obtained for pre-qualification. Minutes of meeting revealed that some bidders were qualified, while others were disqualified, however, basis of qualification and disqualification in terms of highest number and lowest marks obtained was not available. Further, the management did not consider the financial position of the vendors and did not demand proof of sound financial position in the bidding document to ensure that the vendors were financially sound and having sufficient financial balance in their bank account.
- iv. Final evaluation report giving justification for acceptance or rejection of bids based on the procurement procedure given in bidding document was not available on record.

- v. Ministry of Climate Change did not formulate regulations, regulatory guides, guidelines or templates for procurement through pre-qualification process in violation of rule 16(A)(6).

Audit held that the procurement was made in violation of PPRA rules resulting into uneconomical procurement.

Initial audit observation was issued on 12.08.2022, however no response was received.

The PAO was requested to convene DAC meeting vide letters dated 21.10.2022, 04.11.2022, 16.11.2022 and 01.02.2023 However, the meeting was not convened by the PAO till finalization of this report.

Audit recommends that the management may review the whole procurement process to ensure adherence to PPRA rules.

(Para No. 06 of AIR 2021-22 MoCC)

#### **2.4.4 Non-transparent procurement by ZSP through splitting of expenditure resulting in mis-procurement – Rs. 5.262 million**

According to Rule 9 of Public Procurement Rules 2004, a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned. The annual requirements thus determined would be advertised in advance on the Authority's website as well as on the website of the procuring agency in case the procuring agency has its own website.

Zoological Survey of Pakistan (ZSP) incurred an expenditure amounting to Rs. 5.760 million under various heads of accounts during the financial year 2020-21. (**Annexure-III**)

During audit of ZSP for the financial years 2020-22, it was observed as under:

- i. Total expenditure incurred in the head of accounts A13370 (Others R&M of Building), A3970 (Others) and A09601 (Purchase of M&E) was Rs. 5.760 million including DDO



payment of Rs. 0.100 million. Out of total expenditures of Rs. 5.760 million, M/s Gulbana General Order Supplier was awarded work orders for Rs. 5.262 million and other vendors were awarded work orders for Rs. 0.398 only.

- ii. Record revealed that invariably in each case, the name of M/s Gulbana General Order supplier was included in quotation call letters but the name of other two vendors kept changing and in all cases the work was awarded to the M/s Gulbana General Order Supplier on the basis of lowest bid. Even the work was awarded directly to the M/s Gulbana General Order Supplier in some cases where quotations were not obtained.
- iii. Procurement amounting to Rs. 1,139,212 and Rs. 1,034,109 was made from M/s Gulbana General Order Supplier by issuing work orders during different dates through splitting of expenditure thereby over-riding the required competitive process.
- iv. Quotation call letters issued to the vendors/suppliers, acknowledgements of quotation call letters by vendors were not available on record.
- v. Procurement committee had signed comparative statement, however, the dates were not mentioned on which the quotations were evaluated. Similarly, the work orders were issued without dispatch numbers.

Audit held that the procurement was made through splitting the expenditure thereby giving favor to the supplier by avoiding quotation and tendering process which resulted into un-competitive procurement process.

Initial audit observation was issued on 07.09.2022. The management replied that office of Zoological Survey of Pakistan is located in rural area of Islamabad at a distance of about 25 km from main city. The General Order Suppliers were reluctant to visit the office to provide the services of various natures. Moreover, due to COVID-19 pandemic most of the vendors did not

agree to visit the office. M/s Gulbana General Order Supplier has office in the vicinity of the office of ZSP and services of M/s Gulbana were obtained.

The reply of the management was not satisfactory as procurement was made through splitting to avoid quotation and tendering process. Moreover, the procurement process had several flaws and shortcomings.

The PAO was requested to convene DAC meeting vide letters dated 13.10.2022, 04.11.2022, 16.11.2022 and 01.02.2023. However, the meeting was not convened by the PAO till finalization of this report.

Audit recommends that the matter may be probed through fact finding committee to fix responsibility against the person(s) at fault.

(Para No. 06 of AIR 2021-22 ZSP)

#### **2.4.5 Irregular procurement of stationary items by MoCC– Rs. 4.836 million**

According to Rules 8 of Public Procurement Rules 2004, within one year of commencement of these rules, all procuring agencies shall devise a mechanism, for planning in detail for all proposed procurements with the object of realistically determining the requirements of the procuring agency, within its available resources, delivery time or completion date and benefits that are likely to accrue to the procuring agency in future.

Further, according to Rule 29, the Procuring agencies shall formulate an appropriate evaluation criterion listing all the relevant information against which a bid is to be evaluated. Such evaluation criteria shall form an integral part of the bidding documents. Failure to provide for an unambiguous evaluation criterion in the bidding documents shall amount to mis-procurement.

Ministry of Climate Change Islamabad incurred an expenditure amounting to Rs. 4.836 million on procurement of stationary and other miscellaneous items during financial year 2021-22. Details are as under:

(Rs. in million)			
Sr. No.	Description	Budget	Expenditure
1.	A03901 Stationary	2.758	2.660
2.	A03970 Others	2.337	2.176
<b>Total</b>		<b>5.095</b>	<b>4.836</b>

During audit of Ministry of Climate Change for the financial year 2021-22, it was observed as under:

- i. Advertisement was not published on Ministry of Climate Change website as well as on PPRA website.
- ii. Method of competitive bidding process i.e. single stage one envelope or single stage two envelope was not mentioned in the bidding document. Moreover, no well-defined evaluation criteria was given in the bidding document.
- iii. No contract agreement was signed between procuring agency and the vendor.

Audit held that Public Procurement Rules were not adhered to during the tendering process resulting into mis-procurement.

Initial audit observation was issued on 12.08.2022, however no response was received.

The PAO was requested to convene DAC meeting vide letters dated 21.10.2022, 04.11.2022, 16.11.2022 and 01.02.2023. However, the meeting was not convened by the PAO till finalization of this report.

Audit recommends that management may look into the matter and take necessary corrective action.

(Para No. 05 of AIR 2021-22 MoCC)

## **Financial Management**

### **2.4.6 Loss due to non-declaration of MACF as non-profit organization – Rs. 13.922 million**

According to Section 2, Clause 36 of Income Tax Ordinance 2001, non-profit organization means any person other than an individual, which is established for religious, educational, charitable, welfare or development purposes, or for the promotion of an amateur sport, formed and registered under any law as a non-profit organization and approved by the Commissioner for specified period, on application made by such person in the prescribed form and manner, accompanied by the prescribed documents and, on requisition, such other documents as may be required by the Commissioner.

Mountain Area Conservancy Fund (MACF) working under Ministry of Climate Change was established and registered in 2003 as company, as not-for-profit organization under Section 42 of Companies Ordinance, 1984. MACF maintained three bank accounts and funds amounting to Rs. 783.024 million was available on which profit of Rs. 64.356 million was earned during the financial year 2021-22.

During the audit of Ministry of Climate Change for the financial year 2021-22, it was observed as under:

- i. MACF management did not obtain approval regarding declaration of MACF as non-profit organization and MACF was also not included into 2<sup>nd</sup> schedule of Income Tax Ordinance 2001.
- ii. Banks deducted Rs. 13.922 million on account of withholding tax on the profit / interest earned on the funds. Details are as under:

(Rs. in million)

Sr. No.	Account No.	Title of Account	Bank Name	Profit earned	Withholding tax deducted
1.	0604591481 001773	Mountain Area Conservancy Fund	MCB ENERCON Building G-5/2 Islamabad	63.510	13.668
2.	2006308107	Mountain Area Conservancy Fund	Silk Bank F-10 Markaz Islamabad	0.096	0.029
3.	2005176247	Mountain Area Conservancy Fund	Silk Bank F-10 Markaz Islamabad	0.750	0.225
<b>Total</b>				<b>64.356</b>	<b>13.922</b>

Audit held that due to inaction on the part of the management, the MACF could not be included in 2<sup>nd</sup> schedule of Income Tax Ordinance and declared non-profit organization. Resultantly, banks withheld Income Tax amounting to Rs. 13.922 million on profit earned. This caused MACF a loss of amounting to Rs. 13.922 million.

Initial audit observation was issued on 12.08.2022, however no response was received.

The PAO was requested to convene DAC meeting vide letters dated 21.10.2022, 04.11.2022, 16.11.2022 and 01.02.2023. However, the meeting was not convened by the PAO till finalization of this report.

Audit recommends that management may take up the matter with FBR for inclusion of MACF in 2<sup>nd</sup> schedule of Income Tax Ordinance 2001 and get MACF declared as non-profit organization to avoid further deduction of income tax by banks on its earned profit. Besides, refund of already withheld income tax from FBR may be ensured.

(Para No. 12 of AIR 2021-22 MoCC)

## **Public Service Delivery / Performance**

### **2.4.7 Non-monitoring of PSDP schemes sponsored and executed by Ministry of Climate Change – Rs. 22.320 million**

According to Section 18 of Public Finance Management Act 2019, timelines, forms and formats and guidance on conducting monitoring and evaluation and reporting shall be as may be prescribed.

Further, Para 10.5 of Manual of Approval of Development Projects of Ministry of Planning, Development and Special Initiatives provides a criteria for selection of projects for monitoring on the basis of size and other consideration. Moreover, according to Para 10.7, a specially designed Performa for progress monitoring (PC-III form) is used for reporting implementation status.

Ministry of Climate Change sponsored and executed PSDP schemes amounting to Rs. 1,420.493 million during various financial years and incurred expenditure amounting to Rs. 22.320 million during the financial year 2021-22. Details are as under:

**(Rs. in million)**

<b>Sr. No.</b>	<b>Name of PSDP Scheme</b>	<b>Approved in FY</b>	<b>Completion Date</b>	<b>Cost of Scheme</b>	<b>Expenditure incurred during FY 2021-22</b>
1.	Establishment of Pakistan WASH strategic and planning cells	2018-19	31.12.2021	41.135	4.954
2.	Climate resilient and urban human settlement unit	2018-19	30.06.2023	90.158	6.512
3.	Capacity building of water quality monitoring and SDG (6.1) Reporting	2020-21	30.06.2025	1,289.200	10.854
<b>Total</b>				<b>1,420.493</b>	<b>22.320</b>

During the audit of Ministry of Climate Change for the financial year 2021-22, it was observed that;

- i. The monitoring reports on PC-III forms consisting of three forms i.e. Project Profile, Quarterly Monitoring Report and Monthly Progress Report were not prepared and maintained.
- ii. PSDP scheme mentioned at Sr. No.1 has been completed however, final evaluation report of the completed project was not available on record. PC-IV of the scheme was prepared and forwarded to Deputy Secretary (Development), Ministry of Climate Change vide letter F. No. 1(1)2022-WASH/PC-IV dated 31<sup>st</sup> March, 2022. The progress regarding its approval, rejection, evaluation and onward submission to the M/o PD&SI was not available on record.

Audit held that:

- i. Non-conducting of monitoring, evaluation and reporting of the PSDP scheme was violation of the rules and regulation. In absence of monitoring and evaluation of the projects, the objectives achieved and outcomes of the projects could not be authenticated.
- ii. Further, in absence of approval of PC-IV, the decision on project assets or requirement of human resources to run the activities after completion of the project could not be decided.

Initial audit observation was issued on 12.08.2022, however no response was received.

The PAO was requested to convene DAC meeting vide letters dated 21.10.2022, 04.11.2022, 16.11.2022 and 01.02.2023. However, the meeting was not convened by the PAO till finalization of this report.

Audit recommends that PC-III may be formulated / completed well in time and efforts be made for approval of PC-IV of completed schemes to decide the fate of the resources/assets/liabilities. Moreover, the Ministry may carry out proper monitoring of the PSDP funded projects in future.

(Para No. 13 of AIR 2021-22 MoCC)

## 2.4.8 Non achievement of objectives of Mountain Area Conservancy Fund

According to Memorandum of Association (MoA), the Mountain Area Conservancy Fund (MACF-A company under Section 42 of Companies Act-2017) was established to manage and operate an endowment fund, funding to community groups for maintaining, promoting and protecting biodiversity, ensure effective and profitable investment, compliance and monitoring in conservancies, and to provide technical, financial, institutional, managerial assistance and provide training, education, promote research etc.

Further, according to Para 8.3.2 (ii) of Operational Manual of MACF, the Fund was required to monitor all its projects on a regular basis to observe their progress towards meeting specified targets.

Mountain Area Conservancy Fund (MACF) working under control of Ministry of Climate Change was established and registered in 2003 as a company, as not-for-profit organization, under section 42 of the Companies Ordinance, 1984. MACF was maintaining three (03) bank accounts and funds amounting to Rs. 783.024 million were available during the financial year 2021-22. MACF disbursed Rs. 4.500 million to 04 Conservancy Management Committees (CMCs) during financial year 2013-14 and 2014-15. Details are as under:

(Rs. in million)

Sr. No.	Name of CMC	Cheque No.	Date	Amount (Rs.)
1.	Mr. Anwar Ali, CMC Qashqhar Conservancy Khyber Pakhtunkhwa	1555859737	23.06.2015	1.000
2.	Mr. A. Rehman Posh CMC Gojal GB	1531238694	03.12.2014	1.000
3.	Mr. Rahim ullah CMC Garam Chashma Khyber Pakhtunkhwa	1513645797	30.09.2014	1.000
4.	Mr. Rahim Ullah CMC Garam Chashma Khyber Pakhtunkhwa	1513645798	30.09.2014	0.500
5.	Mr. M. Khan Nusrat CMC Skardu Gilgit Baltistan	4503164	31.10.2013	1.000
<b>Total</b>				<b>4.500</b>



During the Audit of Ministry of Climate Change for the financial year 2021-22, it was observed as under:

- i. The bank statement revealed that funds of Rs. 783.024 million were available in MACF bank accounts throughout financial year 2021-22. However, MACF management could not efficiently utilize the available funds for achieving intended objectives of MACF.
- ii. Since 2015, no funds were allocated / disbursed to CMCs for the achievement of intended objectives of MACF.
- iii. The monitoring reports of aforementioned CMC (Sr. No. 1 to 5) with regard to achievement of assigned targets was not available / provided to audit. The management of MACF issued letters to the quarter concerned to furnish utilization reports of funds allocated / disbursed among the CMCs. Moreover, no record in compliance was provided by the CMCs till date.

Audit held that non-allocation of funds for CMCs and non-monitoring of projects under CMCs was not justified and violation of operational manual of MACF. This state of affairs indicates that the intended objectives for which Fund was established could not be achieved.

Initial audit observation was issued on 12.08.2022, however no response was received.

The PAO was requested to convene DAC meeting vide letters dated 21.10.2022, 04.11.2022, 16.11.2022 and 01.02.2023. However, the meeting was not convened by the PAO till finalization of this report.

Audit recommends that management may look into the matter and corrective measures be taken so that the intended objectives of the Fund may be achieved as conceived.

(Para No. 11 of AIR 2021-22 MoCC)

#### **2.4.9 Non-achievement of progress on implementation framework of National Climate Change Policy due to non-formulation of Provincial Climate Change Policy Implementation Committee (PCCPIC) and National & Provincial Action Plans**

According to Para 11(I) of National Climate Change Policy 2012, in order to ensure effective Policy and Action Plans implementation and to oversee progress “Climate Change Policy Implementation Committees” shall be established at the federal and provincial levels which shall meet biannually. The Provincial Committees, which will be the key actors in implementation of the proposed climate change agenda, shall report the status of implementation of the Policy to the National Committee. The National Committee shall report to the “Prime Minister’s Committee on Climate Change” on a regular basis. Moreover, according to para 11 (I), the Federal Government shall develop an “Action Plan” for its implementation. All relevant ministries, departments and agencies shall also devise plans and programs to implement the policy provisions relating to their respective sectors/sub-sectors.

Ministry of Climate Change formulated National Climate Change Policy (NCCP) – 2012 and reviewed / updated the same in October, 2021. For the smooth implementation of the NCCP, the management also formulated a document namely “Framework for Implementation of Climate Change Policy (2014 - 2030)” and published it in November 2013. Secretary, Ministry of Climate Change briefed the NCCPIC regarding FICCP and its implementation through four timeframes like priorities i.e. Priority Action (within 2 Years), Short Term (within 5 years), Medium Term Action (within 10 years) and Long Term (within 20 years). Detail of meetings are as under:

<b>No. of Meeting</b>	<b>Date of meeting</b>	<b>Meeting Chaired by</b>	<b>Members</b>
1.	23.04.2015	Federal Minister of Climate Change	Officials from Federal Ministries / Divisions and representatives from Provincial Govt.
2.	24.02.2016	Federal Minister of Climate Change	-do-
3.	03.04.2017	Federal Minister of Climate Change	-do-
4.	11.12.2017	Federal Minister of Climate Change	-do-
5.	17.04.2018	Parliamentary Secretary, MoCC	-do-
6.	17.10.2018	Advisory to PM on Climate Change	-do-
7.	29.04.2019	Additional Secretary, MoCC	-do-

During audit of Ministry of Climate Change for the financial year 2021-22, it was observed as under:

- i. No report of Provincial Climate Change Policy Implementation Committee (PCCPIC) was available on record showing that the committees were constituted and meetings were convened biannually. Further, as per available record, no report of PCCPIC was discussed during the NCCPIC meetings.
- ii. No record regarding convening of meeting of NCCPIC after 29.04.2019 was provided to audit.
- iii. Reports of National Climate Change Policy Implementation Committee (NCCPIC) were not submitted to PM committee on Climate Change.
- iv. No action plans were formulated and operationalized at the federal / provincial and by other departments as conceived in FICCP.

Audit held that due to inaction by the Ministry, the important forums of PCCPIC at provincial level were not established resulting into non-addressing of climate change issues in an organized manner.

Initial audit observation was issued on 12.08.2022, however, no response was received from the management.

The PAO was requested to convene DAC meeting vide letters dated 21.10.2022, 04.11.2022, 16.11.2022 and 01.02.2023. However, the meeting was not convened by the PAO till finalization of this report.

Audit recommends that the management may look into the matter and formulate mechanism to ensure regular holding of NCCPIC and PCCPIC meetings, besides sharing of reports with NCCPIC. Further, mechanism may be devised for submitting the report of NCCPIC to the higher level.

(Para No. 17 of AIR 2021-22 MoCC)

#### **2.4.10 Non-formulation of rules for management and demarcation of Margallah Hills National Park (MHNP) resulting in encroachment in the national park**

According to Section 41(1)(2)(ix) of Islamabad Wildlife (Protection, Preservation, Conservation and Management) Ordinance 1979, the Federal Government may frame the rules for management and demarcation of the area of a wildlife sanctuary, a national park or a game reserve.

Islamabad Wildlife Management Board (IWMB) was constituted under section 4(1) of Islamabad Wildlife (Protection, Preservation, Conservation and Management) Ordinance 1979 to perform such functions and powers as provided in Islamabad Wildlife (Protection, Preservation, Conservation and Management) Rules, 1983.

During audit of IWMB for the financial year 2021-22, it was observed that the management of IWMB did not frame rules regarding management and demarcation of the area of the national park.

Audit held that non-formulation of rules resulted in encroachment in the declared area of the Margallah Hills National Park.

Initial audit observation was issued on 19.08.2022. The management replied that IWMB has initiated necessary amendments in Islamabad Wildlife (Protection, Preservation, Conservation and Management) Rules, 1983 in the light of Honorable Islamabad High Court orders.

The reply of the management was not cogent as notification of National Park, Wildlife Sanctuary and Game Reserves were issued in 1980. However, these notified areas could not be demarcated till date to protect the area from encroachment.

The PAO was requested to convene DAC meeting vide letters dated 13.10.2022, 04.11.2022, 16.11.2022 and 01.02.2023. However, the meeting was not convened by the PAO till finalization of this report.

Audit recommends that process of proposed amendments in rules may be expedited and measures be taken to demarcate boundaries of MHNP to protect the national park from encroachment.

(Para No. 08 of AIR 2021-22 IWMB)

#### **2.4.11 Non-utilization of 725 acres of land by ZSP for promoting zoological / botanical research in Pakistan**

According to Para 5 of PC-I titled, 'construction of boundary wall of Zoo-cum-Botanical garden', the specific objectives of the project included:

- a) Ensure protection of state land from land grabbers by construction of boundary wall of the Zoo-cum-Botanical garden;
- b) Once the area has been secured, the internal development of the proposed garden will be carried out through a separate PC-I.

Zoological Survey of Pakistan (ZSP) was allotted land measuring 725 acres for Zoo-Cum Botanical Garden (ZCBG), in Banni Galla, Islamabad. The management demarcated the land through Survey of Pakistan in 2004. Later on, a boundary wall was also constructed around the ZCBG in 2019 to stop illegal occupation and encroachment.

During audit of ZSP for the financial year 2020-21 and 2021-22, it was observed as under:

- i. No separate PC-I for internal development of ZCBG was formulated and the earmarked area of land measuring 725 acres could not be utilized for research and recreational purposes.

- ii. Sanctioned posts in ZSP are of technical in nature for conducting surveys and data analysis of wildlife species. No posts of watchman / security guards exist in ZSP for protection of demarcated area of land from encroachment.

Audit held that ZCBG land could not be utilized effectively for promoting zoological research and conservation of biodiversity and ecosystem due to non-initiation of necessary development project(s).

Initial audit observation was issued on 07.09.2022. The management replied that ZSP constructed the boundary wall of Zoo-cum-Botanical Garden from PSDP project to protect the state land from land mafia. Funds have been allocated to TBTP for development of ZCBG. Request for Proposal (RFP) was published twice in newspapers and consultant was also finalized. Management could not sign the contract agreement with consultant due to short time in closure of the project. National Project Director of TBTP, requested the ZSP to submit a fresh concept paper in Ministry of Climate Change for development of ZCBG. The ZSP has submitted a new concept paper in this regard.

The reply was not satisfactory as ZSP is the custodian of ZCBG and land allocated for development of ZCBG could not be utilized for intended objectives since inception.

The PAO was requested to convene DAC meeting vide letters dated 13.10.2022, 04.11.2022, 16.11.2022 and 01.02.2023. However, the meeting was not convened by the PAO till finalization of this report.

Audit recommends that the management may take up the matter with MoCC for establishment of Zoo-cum-Botanical Garden to undertake and promote zoological research.

(Para No. 08 of AIR 2021-22 ZSP)

#### **2.4.12 Illegal occupation of ZSP land by M/s Park View Society Islamabad**

According to Para 23 of GFR Vol-I, 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.

Zoological Survey of Pakistan (ZSP) was allotted land measuring 725 acres in Banni Galla, Islamabad. The management demarcated the land through Survey of Pakistan, in 2004. Later on, boundary wall was constructed around 725 acres of land in 2019 through a PSDP project to safeguard the area from encroachment.

During audit of ZSP for the financial year 2020-21 and 2021-22, it was observed that a private housing society namely 'M/s Park View Islamabad' encroached land of ZSP measuring area of 05 kanals and constructed its main entrance on ZSP land.

Audit held that management was unable to stop encroachment of Park View Society and did not forestall the illegal encroachment of society on ZSP land by not taking necessary criminal / legal / preemptive measures.

Initial audit observation was issued on 07.09.2022. The management replied that a local housing society has encroached a land measuring four to five kanals and constructed a road in the limits of ZCBG. Zoological Survey of Pakistan (ZSP) has submitted a case in the Supreme Court of Pakistan.

The reply was not satisfactory as record pertaining to initial reports shared with MoCC and other departments regarding encroachment on demarcated land of ZCBG was not provided to the honorable court along with record. Further, the name of encroacher was also not mentioned in the court case as per the copies provided to Audit authorities.

The PAO was requested to convene DAC meeting vide letters dated 13.10.2022, 04.11.2022, 16.11.2022 and 01.02.2023. However, the meeting was not convened by the PAO till finalization of this report.

Audit recommends that the matter may be inquired at appropriate level for not taking timely measures towards stopping M/s Park View Society from encroaching ZSP land. Besides, legal action may be taken against M/s Park View Society and encroached land may be recovered.

(Para No. 09 of AIR 2021-22 ZSP)

#### **2.4.13 Non-achievement of core objectives by Zoological Survey of Pakistan**

According to Year Book 2020-21 of the Ministry of Climate Change, the specific objectives of Zoological Survey of Pakistan (ZSP) are as under:

- To obtain information on distribution, population dynamics and status of animal life in the country.
- To undertake research on the ecology and biology of wild populations of Pakistan.
- To set up and maintain standard zoological collections for reference.
- To advise the Government on all zoological matters, including conservation, management and trade in wildlife.
- To impart training and create public awareness about wildlife conservation.

Zoological Survey of Pakistan (ZSP) is mandated to conduct surveys on population status and distribution of wildlife species of Pakistan. ZSP selects research topics and conducts independent surveys. ZSP also contributes its human resource on the request of provincial wildlife department and NGOs for technical input in their surveys.

During the Audit of ZSP for the financial years 2020-21 and 2021-22, it was observed as under:

- i. ZSP management had not formulated Annual Work Plan for conducting research/surveys duly approved from competent authority.
- ii. ZSP had its Research Review Committee (RRC) headed by IG Forest (BS-21 officer under MoCC) for guidance and



supervision. RRC comprised of technical experts from fields of Environment and Zoology. However, since 2015, the RRC was dysfunctional and no research work was undertaken.

- iii. ZSP did not conduct independent survey during financial year 2020-21 & 2021-22, except annual mid-winter Water Fowl survey/census under multi-lateral environmental agreements and had only deputed its staff for technical input in other surveys governed by NGOs and provincial wildlife departments.
- iv. ZSP has not issued its annual research/survey journal since 2018.
- v. Two (02) posts of zoologists are vacant out of a total of four (4) posts. Further, the post of Research Assistant and Field Observer were also vacant in the Zoology Section. **(Annexure-IV)**

Audit held that non-formulation of Annual work plans, non-functioning of RRC and non-appointment of staff on key posts has resulted into non-achievement of core objectives of ZSP.

Initial audit observation was issued on 07.09.2022. The management replied that due to Covid-19, the department could not communicate to other organizations and researchers for research papers. So, the journal could not be published in financial year 2020-21 and 2021-22. Currently, ZSP has sufficient material (research reports) and journal will be published in current financial year 2022-23. ZSP had research review committee chaired by IGF (Inspector General Forest) MoCC. The meeting of RRC could not be convened for last three years as the post of IGF was vacant. Now the newly appointed IGF has joined the MoCC. ZSP has requested the MoCC for formulation of Research Review Committee.

The reply was not satisfactory as no record regarding formulation and approval of annual research plan was provided. Moreover, the department did not submit reply for non-conducting annual independent survey (s) during financial year 2020-21 & 2021-22.

The PAO was requested to convene DAC meeting vide letters dated 13.10.2022, 04.11.2022, 16.11.2022 and 01.02.2023. However, the meeting was not convened by the PAO till finalization of this report.

Audit recommends that the ZSP and the MoCC management may look into the matter and take necessary steps towards achievement of objectives of ZSP.

(Para No. 10 of AIR 2021-22 ZSP)

#### **2.4.14 Non-maintenance of wildlife species Red Data Book of Pakistan by ZSP**

According to International Union for Conservation of Nature (IUCN), Red Data Book of threatened species uses a set of precise criteria to evaluate the extinction risk of thousands of species and subspecies. Red List Index (RLI) of IUCN shows trends in overall extinction risk for species, and is used by governments to track their progress towards targets for reducing biodiversity loss.

Zoological Survey of Pakistan (ZSP) is mandated to conduct surveys on population status of various wildlife species of Pakistan. ZSP also contribute its human resource on the request of provincial wildlife department and NGOs for technical input in their surveys.

During audit of ZSP for the financial year 2020-21 and 2021-22, it was observed as under:

- i. ZSP management did not conduct any survey/research on population status of endangered species of wildlife in Pakistan for developing Red Data Book of Pakistan.
- ii. Red List Index (RLI) of Pakistan was above 0.95 in 1995 and in 2020 it was lowered to 0.85 which shows a downward trend of RLI in Pakistan and increased overall extinction risk for wildlife species in Pakistan.

Audit held that non-maintaining of Red Data Book for endangered species of Pakistan while RLI of Pakistan showing downward trend was not

justified and a serious lapse on the part of management. This also shows that ZSP was ineffective towards addressing critical environmental and zoological issue of Pakistan.

Initial audit observation was issued on 07.09.2022. The management replied that the purpose of the project was to undertake inventory of endangered wildlife species and habitats across Pakistan for regular reporting on periodical basis. In 2019, the project was revised in order to develop the Red Data Book of endangered species of Pakistan and merged with TBTTP. The management of TBTTP was carrying out all the activities and assigned the responsibility of development of Red Data Book of Endangered species of Pakistan. ZSP has requested the management of TBTTP to update the ZSP regarding the compilation of Red Data Book of Endangered species of Pakistan.

The reply was not satisfactory as it was the responsibility of ZSP to carry out research/surveys and maintain Red Data Book.

The PAO was requested to convene DAC meeting vide letters dated 13.10.2022, 04.11.2022, 16.11.2022 and 01.02.2023. However, the meeting was not convened by the PAO till finalization of this report.

Audit recommends that ZSP management may take up the matter with MoCC for initiating separate project for developing Red Data Book for endangered wildlife species to enable the policy makers in taking effective measures to mitigate the increasing extinction risk to endangered wildlife of Pakistan.

(Para No. 11 of AIR 2021-22 ZSP)

#### **2.4.15 Non-preparation / publication of National Environment Report by Pakistan Environmental Protection Agency**

According to Section 6(1)(d) of Pakistan Environment Protection Act 1997, the Federal Agency shall prepare and publish an Annual National Environment Report on the state of the environment.

Pakistan Environmental Protection Agency (Pak-EPA) published its Annual National Environment Report on the state of the environment in 2005 and 2016.

During performance audit of Pak-EPA on approvals & clearances of IEE/EIA and post clearance monitoring during financial year 2018-19 to 2020-21, it was observed that the Agency had not prepared and published National Environment Report after 2016 which deprived the Government and policy makers from assessing the state of environment in the country and introduction of policy measures aiming towards environmental improvement.

Audit held that due to non-preparation and non-publication of Annual National Environment Report on the state of environment the performance of Federal EPA could not be ascertained.

Initial audit observation was issued on 18.03.2022. The management replied that due to limited resources, EPA was not in a position to publish the report on the state of the Environment. The scientific data compilation, material collection and record keeping for the next state of the Environment report are in process.

The PAO was requested to convene DAC meeting vide letters dated 28.04.2022, 09.05.2022, 31.05.2022 and 01.02.2023. However, the meeting was not convened by the PAO till finalization of this report.

Audit recommends that National Environment Report may be prepared and published by Pak-EPA on an annual basis reflecting the state of environment in Pakistan.

(Para 5.1 of Performance Audit Report on approvals and clearances of IEE/EIA and post clearance monitoring during last three year by Pak-EPA AY 2021-22)

#### **2.4.16 Construction activities in environmental sensitive areas as well as other areas without environmental approval**

According to Rule 22 of Pakistan Environmental Protection Agency (Review of Initial Environmental Examination and Environmental Impact Assessment Regulations) 2000, the Federal Agency may, by notification in the official Gazette, designate an area to be an environmentally sensitive area.

The proponent of a project situated in an environmentally sensitive area shall be required to file an EIA with the Federal Agency.

During performance audit of Pak-EPA on approvals & clearances of IEE/EIA and post clearance monitoring during financial year 2018-19 to 2020-21, it was observed that a number of housing projects were operational in Zone-IV of Islamabad and commercial high rise buildings were constructed in the environmental sensitive areas / green belts (new blue area) without obtaining any environmental approval from the Pakistan Environmental Protection Agency.

Audit held that construction activities in the environmentally sensitive areas without necessary environmental approval by EPA resulted in further environmental degradation in the Capital city.

Initial audit observation was issued on 18.03.2022. The management replied that the pointed-out issue was covered under regulation 21 of the Review of IEE/EIA Regulations, 2000. A copy of duly notified environmentally sensitive areas had already been provided to Audit with specific reference to the development of new blue area.

The reply of management was not satisfactory as the pointed-out issue in the para was related to projects executed without environmental approvals by EPA.

The PAO was requested to convene DAC meeting vide letters dated 28.04.2022, 09.05.2022, 31.05.2022 and 01.02.2023. However, the meeting was not convened by the PAO till finalization of this report.

Audit recommends that environmental sensitive areas may be re-notified (if necessary). Further, Pak-EPA may prepare an inventory of all such projects which are under construction without obtaining environmental approvals and take strict action against the proponents / projects / schemes.

(Para. 5.2 of Performance Audit Report on approvals and clearances of IEE/EIA and post clearance monitoring during last three year by Pak-EPA AY 2021-22)

#### **2.4.17 Delayed processing and issuance of environmental approvals by EPA**

According to Section 12(4) of Pakistan Environment Protection Act Act 1997, the Federal Agency shall communicate approval or otherwise within a period of four months from the date of the initial environmental examination or environmental impact assessment is filed complete in all respects in accordance with the prescribed procedure, failing which the initial environmental examination or, as the case may be, the environmental impact assessment shall be deemed to have been approved.

Pakistan Environmental Protection Agency (Pak-EPA) was required to process and finalize the cases of environmental approval as per the timelines specified in the Act.

During performance audit of Pak-EPA on approvals & clearances of IEE/EIA and post clearance monitoring during financial year 2018-19 to 2020-21, it was observed as under:

- EPA requested additional information from the proponents in certain cases after lapse of the specified time. (**Annexure-V**)
- Agency did not issue environmental approvals of IEEs/EIAs within the specified time. (**Annexure-VI**)
- Site inspection was not carried out in certain cases by the Environmental Monitoring Teams (EMT) at the time of submission/filing of IEEs/EIAs by the proponents. (**Annexure-VII**)

Audit held that delayed processing and non-issuance of approvals within the specified time was violation of the Act.

Initial audit observation was issued on 18.03.2022. The management replied that the Agency carries out initial review to firm up its comments and after approval of the competent authority, the same are forwarded to the proponent for reply. Regarding delay in issuance of environmental approvals, the processing and finalization of IEE and EIA cases was on part of the proponent as well as due to non-provision of review comments by committee

members, capacity constraints of the EIA section and the requisite codal / legal requirements.

The PAO was requested to convene DAC meeting vide letters dated 28.04.2022, 09.05.2022, 31.05.2022 and 01.02.2023. However, the meeting was not convened by the PAO till finalization of this report.

Audit recommends that Pak-EPA may devise a strategy keeping in view the available resources to fast-track the processing of environmental approvals and their issuance strictly within the specified period.

(Para. 5.11 of Performance Audit Report on approvals and clearances of IEE/EIA and post clearance monitoring during last three year by Pak-EPA AY 2021-22)

#### **2.4.18 Non-monitoring of conditions of environmental approvals granted to the proponents**

According to Rule 18(1) of Pakistan Environmental Protection Agency (Review of Initial Environmental Examination and Environmental Impact Assessment Regulations 2000), for purposes of verification of any matter relating to the review or to the conditions of approval of an IEE or EIA prior to, during or after commencement of construction or operation of a project, duly authorized staff of the Federal Agency shall be entitled to enter and inspect the project site, factory building and plant and equipment installed therein

Pakistan Environmental Protection Agency (Pak-EPA) had issued environmental approvals to the proponents to commence the projects with certain conditions.

During performance audit of Pak-EPA on approvals & clearances of IEE/EIA and post clearance monitoring during financial year 2018-19 to 2020-21, it was observed as under:

- Environmental approvals in respect of the projects were granted, however, no post monitoring was carried out to check the compliance of the conditions of approval. (**Annexure-VIII**)
- In certain cases, EPA had issued environmental approval to proponents for construction phase only. Due to weak monitoring,

the status of the projects was not known to EPA and it is likely that the projects would have entered in operational phase without approval from EPA. **(Annexure-IX)**

Audit held that non-existence of a proper post monitoring mechanism of approved Initial Environmental Examination (IEEs) and Environmental Impact Assessment (EIAs) resulted in unchecked activities leading to further degradation of the environment.

Initial audit observation was issued on 18.03.2022. The management replied that after issuance of environmental approval, project proponents did not intimate Pak-EPA regarding the date of operationalization of the project nor any request for confirmation of compliance had been received in Pak-EPA. Due to shortage of office staff and non-existence of field staff, effective monitoring cannot be ensured.

The PAO was requested to convene DAC meeting vide letters dated 28.04.2022, 09.05.2022, 31.05.2022 and 01.02.2023. However, the meeting was not convened by the PAO till finalization of this report.

Audit recommends that effective post monitoring may be carried out by the EPA to ensure compliance of conditions of environmental approvals, environmental laws, rules and regulations.

(Para. 5.16 of Performance Audit Report on approvals and clearances of IEE/EIA and post clearance monitoring during last three year by Pak-EPA AY 2021-22)

#### **2.4.19 Non-integration of Disaster Risk Reduction in development planning process due to non-establishment of climate change wings**

According to minutes of the 1<sup>st</sup> meeting of National Climate Change Policy Implementation Committee held on 23.04.2015, it was decided that Ministry of Planning Development and Reforms as well as Provincial Planning and Development Departments shall establish climate change sections in their respective offices.

The Planning Division at federal level and Planning Departments at the respective provincial level were required to establish climate change



wings/sections in pursuance of the decision of National Climate Change Policy Implementation Committee.

During special study on Climate Change Policy and its implementation with respect to Disaster Preparedness in Pakistan for Audit Year 2020-21, it was observed that the climate change sections were not established in the Ministry of Planning Development and Special Initiatives as well as in the Provincial Planning and Development Departments.

Audit held that non-establishment of Climate Change Sections resulted in non-integration of Disaster Risk Reduction (DRR) in the overall development process and the development projects being conceived.

Initial audit observation was issued on 18.03.2022, however, no response was received from the management.

The PAO was requested to convene DAC meeting vide letter dated 09.05.2022, 03.06.2022 and 01.02.2023. However, the meeting was not convened by the PAO till finalization of this report.

Audit recommends that climate change wings may be established in all Ministries/Divisions as well as federal and provincial planning departments.

(Para. 3.2 of Special Study on Climate Change Policy and its implementation with respect to disaster preparedness in Pakistan AY 2020-21)

#### **2.4.20 Non-establishment of Pakistan Climate Change Fund**

According to Para 12(1) of Climate Change Act, 2017, a fund to be known as the Pakistan Climate Change Fund shall be constituted.

The Ministry of Climate Change was required to establish Pakistan Climate Change Fund in pursuance of the Act of 2017.

During the special study on Climate Change Policy and its implementation with respect to Disaster Preparedness in Pakistan for Audit Year 2020-21, it was observed that ever since the promulgation of the Act in 2017, the Climate Change Fund was not established.

Audit held that non-establishment of Climate Change Fund was serious lapse on the part of management resulting in lack of an organized approach to pool up resources to manage climate change in Pakistan.

Initial audit observation was issued on 18.03.2022, however, no response was received from the management.

The PAO was requested to convene DAC meeting vide letter dated 09.05.2022, 03.06.2022 and 01.02.2023. However, the meeting was not convened by the PAO till finalization of this report.

Audit recommends that Climate Change Fund may be established as required under the Act.

(Para. 3.8 of Special Study on Climate Change Policy and its implementation with respect to disaster preparedness in Pakistan AY 2020-21)

## Chapter 3

### Earthquake Reconstruction & Rehabilitation Authority (ERRA)

#### 3.1 Introduction

A. The earthquake of 8<sup>th</sup> October 2005 caused severe damage and massive loss of life and assets in the province of Khyber Pakhtunkhwa and the State of Azad Jammu & Kashmir. Immediately after the earthquake, the Federal Relief Commission was established on 10.10.2005 to mobilize all resources and coordinate relief activities. Thereafter, on 24.10.2005, the Government of Pakistan established Earthquake Reconstruction and Rehabilitation Authority (ERRA), as an autonomous organization for post disaster damage assessment and reconstruction & rehabilitation of the affected areas. The Authority was established in pursuance of Earthquake Reconstruction and Rehabilitation Authority Ordinance, 2006 (Ordinance No. XXVIII of 2006). The said Ordinance was re-promulgated as Ordinance No. XI of 2007. Later on, the Parliament passed an Act called as “Earthquake Reconstruction and Rehabilitation Authority Act 2011” which was published in the Gazette of Pakistan on 14.03.2011.

ERRA is performing its functions in five earthquake affected districts of Khyber Pakhtunkhwa (Abbottabad, Mansehra, Battagram, Shangla and Kohistan) through Provincial Earthquake Reconstruction and Rehabilitation Agency (PERRA) and four Districts of Azad Jammu and Kashmir (Muzaffarabad, Bagh, Rawalakot and Poonch) through State Earthquake Reconstruction and Rehabilitation Agency (SERRA).

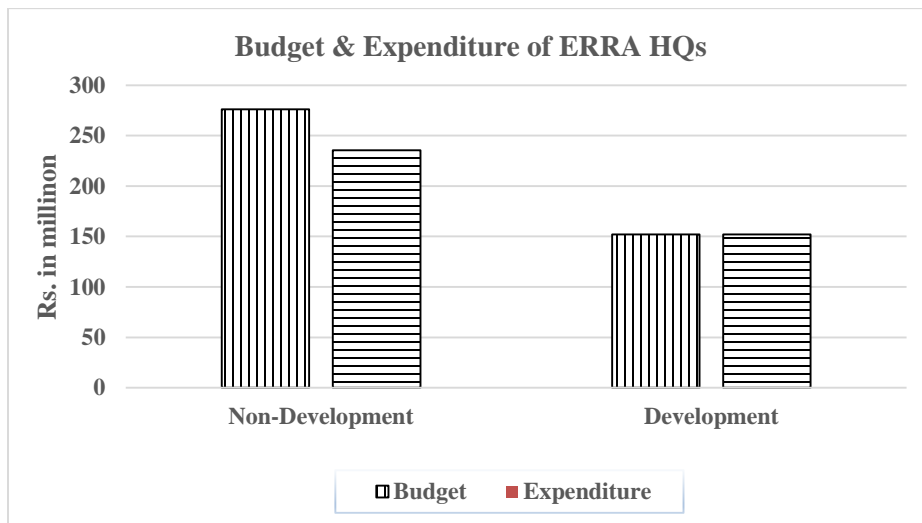
#### B. Comments on Budget and Accounts of audited entities (Variance Analysis) 2021-2022

(Rs. in million)

Name of Entity	Expenditure Head	Budget	Expenditure	Savings
ERRA HQs	Non-Development	276.000	235.594	40.406
	Development	152.148	152.148	-

Source: budget and expenditure statements

The graphical representation of budget and expenditure of ERRA (HQs) is as under:



The entire payments of development and non-development expenditure of PERRA, SERRA & other field offices in Khyber Pakhtunkhwa and Azad Jammu and Kashmir are centralized and are processed and paid through Finance Wing of ERRA HQs.

### C. Sectoral Analysis

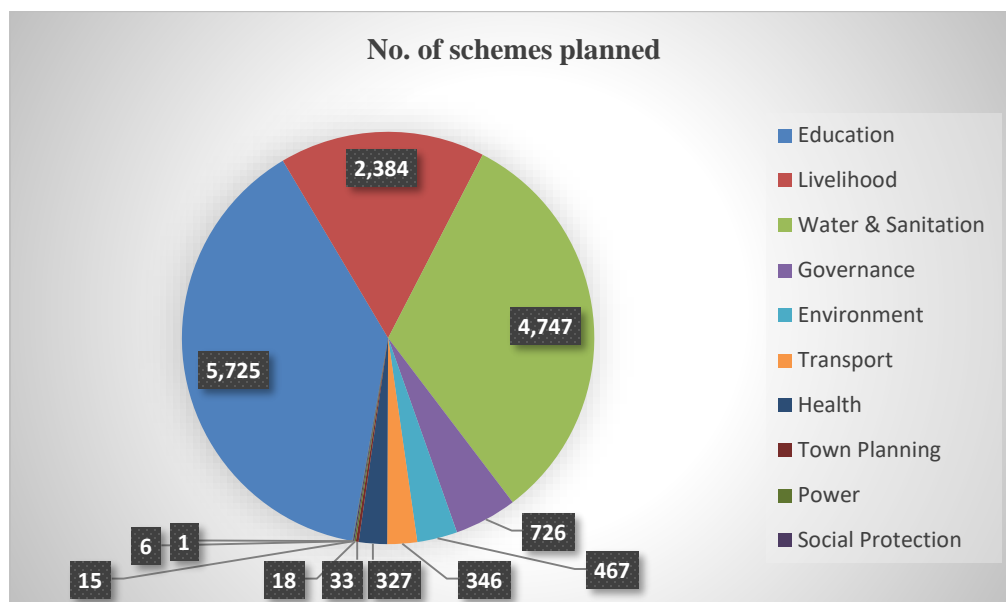
ERRA was established with the objective to plan, coordinate, monitor and regulate reconstruction and rehabilitation activities in the earthquake affected areas of Azad Jammu and Kashmir and Khyber Pakhtunkhwa. In the rehabilitation stage, under its Rural Housing Reconstruction Program, ERRA provided financial compensation to more than 28,000 urban residents for construction of houses. The total amount disbursed among the affectees for reconstruction of houses in rural part of earthquake affected areas was Rs. 71.95 billion<sup>12</sup>.

In the reconstruction phase, a total of 14,795 projects / schemes in twelve (12) sectors were planned to be reconstructed / rehabilitated in

<sup>12</sup> ERRA Financial Statements 2021-22

earthquake affected areas by reconstructing the lost and destroyed facilities while following highest standards of reconstruction and rehabilitation with the obligation to “Build Back Better”.

The graphic presentation of number of schemes planned by ERRA in different sectors is as under:



Since the inception of ERRA till 30<sup>th</sup> June 2022, 11,076 schemes in these sectors have been completed and handed over to the end users.

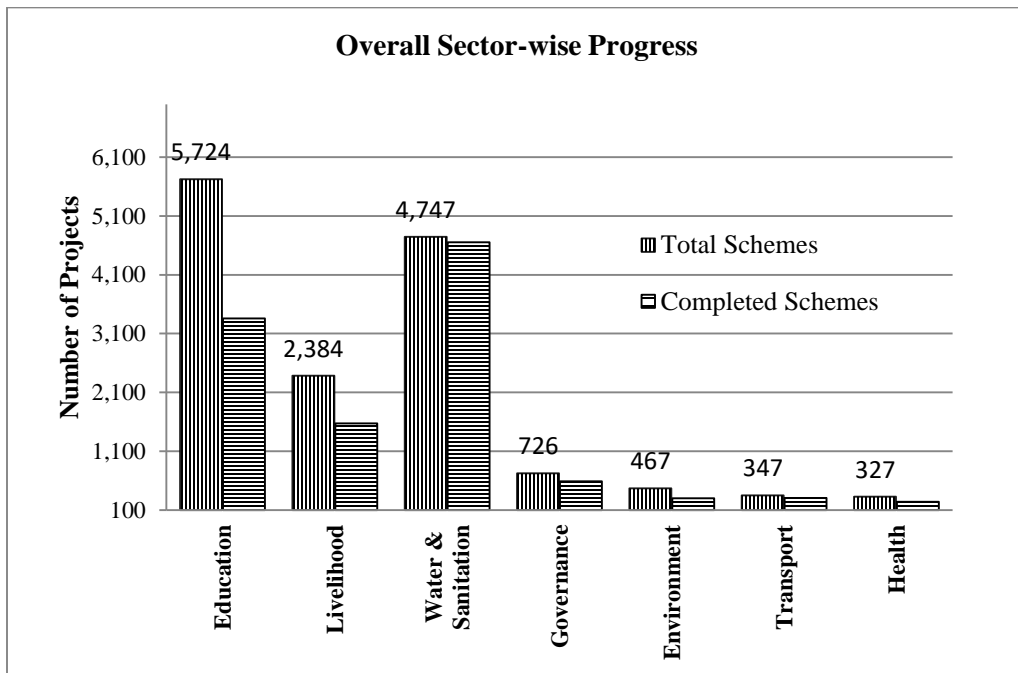
However, during the financial year 2021-22, no major expenditure on the reconstruction / rehabilitation of ongoing projects / schemes was incurred due to financial constraints. The status of schemes completed in 12 sectors is almost same as earlier i.e. till 30<sup>th</sup> June 2021. The overall sector-wise progress / achievement of ERRA as on 30.06.2022 is as under:

<b>Sr. No.</b>	<b>Sectors</b>	<b>Total Projects</b>	<b>Completed Projects</b>	<b>Outstanding Projects</b>
1.	Education	5,725	3,357	2,368
2.	Livelihood	2,384	1,571	813
3.	Water & Sanitation	4,747	4,652	95
4.	Governance	726	591	135
5.	Environment	467	299	168
6.	Transport	346	304	42
7.	Health	327	240	87
8.	Town Planning	33	31	2
9.	Power	18	15	3
10.	Social Protection	15	11	4
11.	Medical Rehab	06	04	2
12.	Telecommunication	01	01	0
<b>Total</b>		<b>14,795</b>	<b>11,076</b>	<b>3,719</b>

Source: data provided by ERRA

The above table reveals that out of total 14,795 projects, 11,076 have been completed with balance portfolio of 3,719 schemes / projects. The ERRA has devised a policy for handing over the incomplete projects to the Government of Khyber Pakhtunkhwa and Azad Jammu and Kashmir which is under process.

The graphical presentation of the planned and completed projects in major sectors is as under:

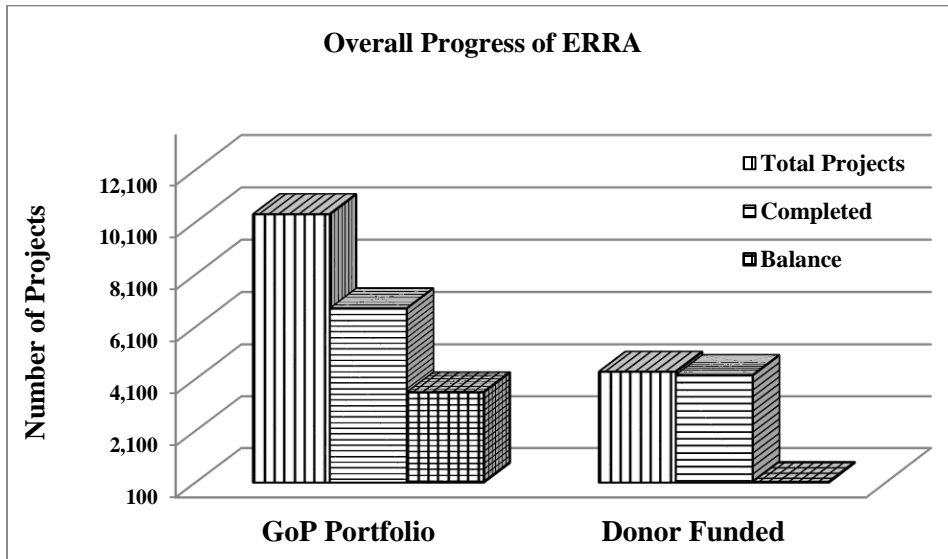


The ongoing and completed projects / schemes also include the schemes completed by ERRA (GoP funds) and donors funded schemes. The bifurcation of projects / schemes i.e. GoP funded and Donors funded with achieved level of progress is as under:

Source of funding	Total Projects	Completed	Balance	Percentage of completion
<b>GoP Portfolio</b>	10,408	6,815	3,593	65.47%
<b>Donors</b>	4,387	4,261	126	97.12%
<b>Total</b>	<b>14,795</b>	<b>11,076</b>	<b>3,719</b>	<b>74.86%</b>

Source: data provided by ERRA

The above table indicates that the completion percentage of donors funded projects was 97.12 % as compared to the GoP funded projects which was only 65.47%. Further, ERRA could achieve overall progress of 75% since its inception till 30<sup>th</sup> June 2022. Graphical representation is as under:



### City Development Projects

In addition to above projects / schemes, four (04) City Development Projects i.e. New Balakot City Development Project (NBCDP) in Khyber Pakhtunkhwa and Muzaffarabad City Development Project (MCDP), Bagh City Development Project (BCDP) and Rawalakot City Development Projects (RCDP) in Azad Jammu and Kashmir were also executed by ERRA. Reconstruction of government facilities, road networks, water facilities, sewerage networks and other miscellaneous works were included in the respective City Development Projects (CDPs).

Land for New Balakot City Development Project (NBCDP) was acquired for Rs. 1.43 billion and work for construction was awarded to M/s Mumtaz Construction Company at a cost of Rs. 2,432.614 million on 25.06.2007. An amount of Rs. 2,966.571 million (development Rs. 2,822.115 million and operational Rs. 144.456 million) had been spent on NBCDP upto the financial year 2019-20. At present, the project is stalled and ERRA is required to take concrete measures to reinstate the project to ensure that the expenditure incurred does not go waste.



Total funding available for Azad Jammu and Kashmir Urban Development Program was USD 353 million, out of which USD 300 million (85% foreign component) was made available through a preferential buyer credit of EXIM Bank of China and USD 53 million (15% local component) was made available by Government of Pakistan through PSDP allocation as counterpart funding. The program was launched during December 2009.

Although, the City Development Projects in Azad Jammu and Kashmir have been physically completed, however, the financial closure is in process and final bills of the projects after ascertaining the recoveries pointed out by audit are required to be adjusted, besides, adjustment of mobilization / secured advance and financial assistance granted to the contractors.

**Table-I Audit Profile of Earthquake Reconstruction & Rehabilitation Authority (ERRA)**

(Rs. in million)

Sr. No.	Description	Total Nos.	Audited	Expenditure audited FY 2021-22	Receipts audit FY 2021-22
1.	Formations	26	08 (main entities with major expenditure)	387.742	79.931
2.	<ul style="list-style-type: none"> <li>• Assignment Accounts</li> <li>• ERRA Fund Account</li> </ul>	02  01	02  01	387.872  145.996	Nil  79.731
3.	Authorities / Autonomous Bodies etc. under the PAO	Nil	Nil	Nil	Nil
4.	Foreign Aided Project (FAP)	02	02	19.454	Nil

### 3.2 Classified Summary of Audit Observations

Audit observations amounting to Rs. 3,884.094 million have been raised in this report pertaining to ERRA. Recovery amounting to Rs. 585.125

million has been pointed out in the audit observations. Summary of the audit observations classified by nature is as under:

**Table –II Overview of Audit Observations**

**(Rs. in million)**

Sr. No.	Classification	Amount
<b>1.</b>	<b>Irregularities</b>	<b>223.498</b>
A	HR / Internal Control Weaknesses	80.331
B	Procurement	143.167
<b>2.</b>	<b>Public Service Delivery / Performance</b>	<b>157.707</b>
<b>3.</b>	<b>Financial Management</b>	<b>3,502.889</b>

### 3.3 Brief comments on the status of compliance with PAC directives

Since inception of ERRA, fourteen (14) audit reports on the accounts of ERRA have been published, out of which Audit Reports pertaining to the year 2006-07, 2009-10 and 2010-11 to 2017-18 were discussed in the PAC meetings held from time to time. Current status of compliance with PAC directives for reports discussed so far is given below:

Sr. No.	Audit Report	PAC held on	Number of Audit Paras			Compliance		
			discussed in PAC	Settled by PAC	Directives issued	Received	Awaited	%
1.	2006-07	15.12.2008	44	09	35	32	01	98
2.	2009-10	19.10.2019	49	49	00	00	00	--
3.	2013-14	04.05.2016	74	16	58	34	15	70
4.	2010-11 to 2017-18	13.08.2021	15	07	08	00	08	0
5.	2010-11 to 2017-18	20.10.2021	15	08	07	02	05	29
6.	2010-11 to 2017-18	11.02.2022	15	07	08	06	02	75

The ERRA is required to fully implement the remaining PAC directives especially the PAC directives pertaining to Audit Reports of 2010-11 to 2017-18 where the compliance is low.

### 3.4 AUDIT PARAS

#### HR / Internal Control Weaknesses

##### 3.4.1 Irregular payment of Honorarium – Rs. 7.101 million

According to 2<sup>nd</sup> ERRA Council meeting held on 27.12.2005, financial and administrative authority was delegated to ERRA Board wherein the Board was delegated full powers to sanction honorarium up to 6 months once in a year.

Earthquake Reconstruction and Rehabilitation Authority (ERRA) paid honorarium amounting to Rs. 7.101 million (2 months) out of non-development funds in the month of March 2022.

During audit of ERRA for the financial year 2021-22, it was observed that ERRA paid honorarium without approval of the ERRA Board despite the fact that the ERRA Board had deferred the agenda item related to payment of honorarium. Moreover, the payment of two months pay as honorarium was not covered under the rules / policy.

It was also observed that certain individuals of the Finance Division who were neither employees of ERRA nor on the sanctioned strength of the Authority were also paid honorarium in an unauthorized manner. Details are as under:

(Amount in Rs.)

Sr. No.	Designation	Amount
1.	Sr. Joint Secretary	136,720
2.	Deputy Secretary	80,560
3.	Assistant	25,430
4.	Assistant	40,190
5.	APS to Joint Secretary	56,910
6.	APS to Deputy Secretary	35,630
<b>Total</b>		<b>375,440</b>

Audit held that payment of two honorariums without the approval of ERRA Board was irregular. Besides, payment to employees of Finance Division not on the strength of ERRA was also unauthorized.

Initial observation was issued on 01.12.2022. The management replied that ERRA in its 32<sup>nd</sup> Board meeting had approved the payment of honorarium to the officers / officials on secondment / deputation and related to ERRA affairs, equivalent to two months basic pay.

The reply was not satisfactory as the honorarium was paid in violation of rules.

DAC meeting was held on 8<sup>th</sup> and 9<sup>th</sup> February, 2023. DAC directed to look into the issue and decided to deliberate on the matter in next scheduled DAC meeting as the management and the audit authorities had differing view point.

Audit recommends that unauthorized payment of honorarium may be recovered.

(Para No. 3 of AIR 2021-22 ERRA HQs)

### **3.4.2 Overpayment of salaries to consultant's staff – Rs. 55.666 million**

According to Note Sheet No. 2 (PMIU File No. 3168/Package-II) dated 30.03.2015 duly approved by the Deputy Chairman ERRA, 10% annual increment will be given only on basic pay rather than the cumulative pay.

Earthquake Reconstruction and Rehabilitation Authority (ERRA) hired the services of M/s Engineering Associates (EA) for detailed design and construction supervision of Road and Bridges in District Kohistan & Shangla under Islamic Development Bank (IDB) financing on 20.02.2009

During audit of Project Management and Implementation Unit, Islamic Development Bank/ Saudi Fund for Development (PMIU IDB/SFD) Khyber Pakhtunkhwa for the financial year 2017-18 to 2021-22, it was observed as under:

- i. Restoration of agreement was carried out on same terms and conditions as set out during 2009. This resulted into payment of consultant's claim on account of staff salaries at higher rates (after allowing annual increments on cumulative pay w.e.f. 2009 to 2015).

- ii. After restoration of consultancy agreement, M/s EA consultants submitted payments claims of its staff after allowing two (02) annual increments @ 10% of cumulative pay for the year 2016 & 2017 each. Since the consultancy agreement was concluded on 31.10.2015 and no supervision of construction work was carried out by consultant during 2016 & 2017, as such M/s EA Consultants charged overpayments. Further, in the absence of any agreement during 2016 and 2017, increments for the years 2016 and 2017 claimed by EA were not justified and required to be recovered.
- iii. M/s EA charged salaries after allowing 10% annual increment on cumulative / running pay instead of basic pay which resulted into overpayment.

Audit held that allowing two (02) increments to the consultants' staff for the period when the contract was not in force resulted into inadmissible payment of Rs. 55.666 million to the consultant.

Initial audit observation was issued on 11.08.2022. The management replied that as per the Clause 6.2(a) of contract agreement, an increase in remuneration of the construction supervising staff will be allowed at a flat rate of 10% to be effective from the first day of 13<sup>th</sup> and 25<sup>th</sup> months of coming the Contract into effect. Therefore subsequent increase of 10% was paid on remuneration for that particular year, not on the original rate. Further, accumulative increase is always applied by the other Clients such as NHA, CDA, C&W, etc. in the same manner.

The reply was not satisfactory as 10% annual increment was required to be paid on basic pay as approved by Dy. Chairman ERRRA w.e.f 2015. Further, no reply as to points raised in Sr. No. ii. and iii. of para were provided.

DAC meeting was held on 8<sup>th</sup> and 9<sup>th</sup> February, 2023. DAC discussed the para in detail. The management of PMIU explained that hiring of new consultant was not feasible both on technical and financial grounds.

Therefore, it was decided by the Competent Authority to restore 3x contracts of M/s EA in to single contract with reduced manpower to save the Govt. fund and in the best interest of projects. The management further explained that M/s EA Consulting Pvt Ltd did not make any overpayments instead the increments / increase were made under the contract clauses. Audit was of the view that overpayment was made to the consultant on account of two increments and allowing 10% annual increase on cumulative pay, instead of basic pay. After detailed deliberation, DAC directed ERRA to submit revised reply and supporting documents for audit scrutiny.

Audit recommends that matter may be investigated to fix responsibility. Further, the overall effect of 10% annual increment on running / cumulative pay instead of basic pay plus allowing two (02) annual increments may also be worked out and recovered.

(Para No. 11 of AIR 2017-22 PMIU IDB/SFD, KP)

### **3.4.3 Un-authorized drawl of PM Secretariat Allowances – Rs. 17.564 million**

According to Cabinet Division letter No. 2-31-88-Min-II dated 17.08.1999, the PM Secretariat Allowance and electricity & fuel subsidy was allowed to the employees of the President Secretariat and the Prime Minister's office on the Public side whose PAOs were the Principal Secretary to the President and the Principal Secretary to the Prime Minister respectively.

The Cabinet Division vide memorandum No. 4-9/2013-Min-I dated 14.06.2013 de-linked the Public Affair Wing from the Prime Minister's Office and transferred it to the Parliamentary Affair Division. The Cabinet Division vide letter No. 4-13/2005-Min-I, dated 29.04.2014 clarified that ERRA was established through Act as an autonomous / body corporate, and ERRA was not part of the Prime Minister's Office. However, for the purpose of co-ordination ERRA is administratively attached with Prime Minister's Office. The Authority has not been mentioned in the Schedule-II and III of Rules of Business, 1973 being not under administrative control of any Division of the Federal Secretariat.

Earthquake Reconstruction and Rehabilitation Authority (ERRA) paid an amount of Rs. 17.564 million to the employees as PM Secretariat Allowance, fuel allowance, fuel charges etc. during the financial year 2021-22. Details are as under:

**(Rs. in million)**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Amount</b>
1.	PM Secretariat Allowance	12.686
2.	Fuel Allowance	2.526
3.	Utility Charges etc.	2.352
<b>Total</b>		<b>17.564</b>

During audit of ERRA for the financial year 2021-22, it was observed that ERRA made payment of PM Secretariat allowances to its employees unauthorisedly in violation of Government instructions / clarification as ERRA was not a part of PM Secretariat.

Audit held that since ERRA was not part of the PM Office, therefore, the payment of PM Secretariat Allowance was inadmissible and beyond authorization resulting in loss to the government.

Initial audit observation was issued on 01.12.2022. ERRA replied that the Authority was established as a part of PM Secretariat vide notification dated 24.10.2005. Besides, Section 3(3) of ERRA Act 2001 states that Authority will be administratively attached with PM Secretariat. Thereafter no change in the status of ERRA has been made so far. As regards, pay packages, these were fixed with the concurrence of Finance Division and duly approved by ERRA Council where Prime Minister chairs the meeting. ERRA further replied that Cabinet Division vide its letter dated 29.04.2014 held that ERRA had been established under Act of parliament as an autonomous body and administratively attached with P.M Office.

The reply was not satisfactory as Cabinet Division vide letter dated 17.08.1999 had allowed PM Secretariat allowance and electricity & fuel subsidy to the employees of the President Secretariat and the Prime Minister's office on the Public side whose PAOs were the Principal Secretary to the President and the Principal Secretary to the Prime Minister respectively. In case of ERRA, the Authority was delinked from PM Office in 2013 and was

not under the above mentioned PAOs and the Deputy Chairman ERRA was the PAO of the Authority.

DAC meeting was held on 8<sup>th</sup> and 9<sup>th</sup> February, 2023. Due to divergent view points of the management and audit authorities, no conclusive recommendations were agreed upon. DAC decided to discuss the para in next DAC meeting.

Audit recommends that payment of PM Secretariat allowance may be stopped and amount paid beyond entitlement of emoluments may be recovered from the concerned staff.

(Para No. 10 of AIR 2021-22 ERRA HQs)

## **Procurement**

### **3.4.4 Irregular award of contract for consultancy services without open competition – Rs. 103.872 million**

According to Rule 12(1) of the Public Procurement Rules 2004 as amended vide S. R. O. 442(I)/2020 dated 15.05.2020, procurements over five hundred thousand rupees and upto the limit of three million rupees shall be advertised on the Authority's website in the manner and format specified by regulation by the Authority from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency. Rule 9 provides that a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned.

Further, according to Rule 28 of ERRA Accounting Procedure 2006, purchases upto the limit prescribed by PPRA for Request for Quotation method and purchases in excess of that limit shall be made on the basis of tendering process and on recommendations of the Purchase Committees.

Earthquake Reconstruction and Rehabilitation Authority (ERRA) hired the services of M/s Engineering Associates (EA) for detailed Design and construction supervision of Road and Bridges in District Kohistan & Shangla under Islamic Development Bank (IDB) financing on 20.02.2009 for Rs.



193.830 million. The IDB loan was closed on 31.08.2015 and the consultancy agreement was also concluded on 31<sup>st</sup> October 2015. The schemes / projects remained incomplete at the time of closure of IDB loan. Later on, it was decided that the schemes will be executed through GoP funds.

During audit of Project Management and Implementation Unit, Islamic Development Bank/ Saudi Fund for Development (PMIU IDB/SFD) Khyber Pakhtunkhwa for the financial year 2017-18 to 2021-22, it was observed that on closure of IDB loan during 2015, the consultancy agreement with M/s EA was concluded on 31.10.2015. However, after a period of 2 years, ERRA vide Addendum dated 27.11.2017 restored the above-mentioned consultancy contracts/agreements amounting to Rs. 103.872 million w.e.f. 1<sup>st</sup> December, 2017 on same terms and conditions without resorting to open competition under PPRA Rules.

Audit held that award of consultancy agreement without open competition resulted into irregular award of consultancy contract for Rs. 103.872 million.

Initial audit observation was issued to the management on 11.08.2022. The management replied that M/s EA was involved in the detailed designing and supervision of under construction projects from 2009 to 2015, therefore, it was feasible to restore the contract of M/s EA through addendum to supervise the remaining work of under construction projects.

The reply was not satisfactory as the work was required to be awarded through open competitive process.

DAC meeting was held on 8<sup>th</sup> and 9<sup>th</sup> February, 2023. The management of PMIU explained that M/s EA was involved in the detailed Designing and Supervision of under construction projects from 2009 to 2015, therefore, it was feasible to restore the contract of M/s EA through addendum to supervise the remaining work of under construction projects. After detailed discussion, DAC directed that a fact finding report be provided to ascertain whether the restoration of the contract was feasible or re-tendering of the work was required.

Audit recommends implementation of the DAC decision.

(Para No. 15 of AIR 2017-22 PMIU IDB/SFD, KP)

### **3.4.5 Unjustified award of work and payment thereof without PC-I and fulfillment of codal requirements - Rs. 39.295 million**

According to Para 24 (Chapter-II) of Buildings & Roads, Department Code (B&R Code), for every work proposed to be carried out, a properly detailed estimate must be prepared for the sanction of competent authority this sanction is known as the Technical Sanction. Technical sanction must be obtained before the construction of the work and no work should be started without administrative approval and technical sanction. Para 25 of B&R Code provides that before technical sanction is accorded, an administrative approval should be obtained of an Administrative Department. Administrative approval will thus be concurrence and formal acceptance of Administrative Department concerned to the incurring of the proposed expenditure.

Further, according to Guidelines for Project Management issued by Planning Commission (Projects wing) Islamabad (Chapter-I) National Economic Council's Decisions 10.1(v), no project under directive of any authority is started without proper preparation of PC-I and approval of the relevant competent forum.

Deputy Director Reconstruction, Provincial Earthquake Reconstruction & Rehabilitation Agency (PERRA), Shangla/Kohistan awarded a work for construction of Shatyal Bridge District Kohistan to M/s Zardad Khan & Brothers Government Contractors at a bid cost of Rs. 39.295 million vide letter of acceptance dated 30.06.2010. The work was completed and handed over on 04.10.2017. The defect liability certificate (DLC) was also issued on 04.10.2018. An amount of Rs. 29.808 million was paid to the contractor upto 4<sup>th</sup> IPC. The contractor had not submitted the final bill till September 2022.

During the audit of office of the Reconstruction (PERRA) Kohistan for the financial year 2018-19 to 2020-21, it was observed that an amount of Rs. 29.808 million was paid to the contractor against the work Construction of

Shatyal Bridge District Kohistan. The perusal of record revealed following irregularities:

- i. The work was tendered, awarded and payment was made to the contractor without preparation and approval of PC-I from the competent forum in violation of Guidelines issued by Planning Commission (Projects Wing) Government of Pakistan.
- ii. Technical Sanction and Administrative approval were not obtained prior to commencement of work as required under Para 24 & 26 of B&R Code.
- iii. The work had been completed and handed over, however till close of audit neither PC-I was approved nor PC-IV was prepared.

Audit held that contract was tendered, awarded, completed and payment was also made to contractor without obtaining Administrative Approval (AA), Technical Sanction (TS) and without preparation and approval of PC-I which was serious violation of prescribed rules/ guidelines and lapse on the part of management.

Initial audit observation was issued to the management on 29.09.2022. The management replied that the PC-I was under process for approval of the competent forum.

The reply was not satisfactory as award of work and payment thereof without fulfilling the codal requirements was not justified and violation of rules.

DAC meeting was held on 8<sup>th</sup> and 9<sup>th</sup> February, 2023. The DAC directed PERRA management to provide the PC-I, TS and Administrative Approval before next DAC.

Audit recommends implementation of the DAC decision.

(Para No. 14 of AIR 2018-21 DDR Shangla / Kohistan)

## **Public Service Delivery / Performance**

### **3.4.6 Non-imposition and recovery of liquidated damages – Rs. 89.299 million**

According to Sr. No. 8 of Appendix-A to Bid –Special Stipulations Clause (Conditions of Contract), amount of interim Liquidated Damages are provided as 0.1% of each day in delay in the completion of work subject to maximum of 10% of contract price stated in the letter of acceptance.

Project Management and Implementation Unit, Saudi Fund for Development and Kuwait Fund (PMIU for SFD&KF) Projects Azad Jammu & Kashmir (AJ&K) awarded a contract for Reconstruction of University of AJ&K, Chottagala Campus, Rawalakot (Remaining work) to M/s Al-Noor Builders & Construction Hub, M/s Gul Construction Company and M/s AAA Builders & Traders (JV) for bid price of Rs. 970.643 million vide letter of acceptance (LOA) dated 25.06.2019. The contract agreement was signed on 12.07.2019 and the contractor was required to commence the work within 14 days of signing of contract agreement i.e. w.e.f. 26.07.2019.

During audit of PMIU SFD & KF Projects AJ&K for the financial year 2017-18 to 2021-22, it was observed that the contractor failed to commence the work and the contract was terminated. The Engineer vide letter dated 16.01.2020 directed the Employer to recover an amount equivalent to 9.2% of project / contract cost for causing delay in the completion of project (0.1% per day for 92-days). However, the management of PMIU neither imposed nor recovered the liquidated damages.

Audit held that non-imposition and recovery of liquidated damages resulted into non-adherence to contract clause and Engineer decisions and loss to government exchequer for Rs. 89.299 million (i.e. Contract Cost Rs. 970,436,336 x Rate of LD 01/100x92 days = Rs. 89,280,170).

Initial audit observation was issued on 18.08.2022. The management replied that the contractor failed to commence the work in accordance with clause 41.1 and the contract was terminated on 08.11.2019 due to default of contractor. Accordingly case for encashment of Performance Security was

initiated on 11.11.2019 with United Insurance Co. of Pakistan Ltd. The Engineer directed to recover an amount of 9.2% of project / contract cost after termination and court case filed by the contractor. The matter is sub-judice before court of law.

The management has admitted the stance of audit regarding non-imposition and recovery of liquidated damages due to default of contractor. However, the imposition and recovery of liquidated damages was still awaited.

DAC meeting was held on 8<sup>th</sup> and 9<sup>th</sup> February, 2023. The management of PMIU AJ&K apprised the DAC that the contractor failed to commence the work in accordance with clause 41.1 and the contract was terminated on 08.11.2019 due to default of contractor. The matter is sub-judice before Court of law. After detailed discussion, DAC directed to pursue the case in the Court of law.

Audit recommends that LD may be imposed and recovered besides the matter may be investigated to fix responsibility.

(Para No. 2 of AIR 2017-22 PMIU for SFD&KF Projects, AJ&K)

### **3.4.7 Non-recovery of mobilization and secured advances alongwith interest from the contractors- Rs. 65.058 million**

According to Clause 60.11(a) of General Conditions of Contract agreement, an interest free mobilization advance upto 10% of contract prices, stated in letter of acceptance, shall be paid by the employer to the contractor in equal parts upon submission of bill by the contractor against a mobilization advance guarantee for the full amount of advance in specified form from a scheduled bank.

Further, according to Clause 60.11 (b) of Particular Conditions of Contract, the recovery of secured advance paid to the contractor shall be effected from the monthly payments on the actual consumption basis.

Project Management and Implementation Unit, Saudi Fund for Development and Kuwait Fund (PMIU for SFD&KF) Azad Jammu & Kashmir (AJ&K) awarded contracts for reconstruction of AJ&K University

Chotta Gala Campus, Rawalakot (Package A & Package-B) to M/s Builders-KGC (JV) in March 2010 for Rs. 669.00 million. The contractor was paid mobilization advance of Rs. 83.00 million on 08.04.2012 under Clause 60.11 of COC. Subsequently, the project was terminated on 15.07.2014 due to poor performance of the contractor. The contract was reawarded to M/s Qalander Bux Abro & Company for Rs. 1,862.848 million during 2015 and an amount of Rs. 12.397 million was paid to contractor as secured advance. However, Chief Engineer PMIU for SFD&KF again terminated the contract on 20.08.2022 due to poor performance of M/s Qalander Bux Abro & Company.

During audit of the PMIU for SFD&KF AJ&K for the financial year 2017-18 to 2021-22, it was observed as under:

- i. Mobilization advance of Rs. 46.285 million was not recovered from M/s Builders-KGC (JV).
- ii. The management of PMIU claimed an amount of Rs. 6.376 million as interest payable by M/s Builders-KGC (JV) on amount of mobilization advance of Rs. 83.00 million for the period the contractor kept with him and failed to mobilize on site (i.e. April 2012 to May 2013). However, no recovery was effected from the contractor.
- iii. Bank Guarantee against mobilization advance amounting to Rs. 54.00 million also expired on 16.05.2014. The management neither obtained the revised valid bank guarantee nor en-cashed it before expiry.
- iv. Management of PMIU authorized payments to M/s Qalander Bux Abro & Company without deduction / recovery of secured advance from the contractor's claim. The secured advance amounting to Rs. 12.397 million was not recovered till date of audit August 2022.

Audit held that non-recovery of mobilization advance and interest thereon and secured advance from the contractors was not justified resulting in loss to Government.

Initial audit observation was issued on 18.08.2022. The management replied that the contractor had filed suit in the court of law against termination and got relief in terms of stay order.

The reply was not acceptable as government money amounting to Rs. 65.058 million was lying with the contractors since April, 2012 and could not be recovered till date.

DAC meeting was held on 8<sup>th</sup> and 9<sup>th</sup> February, 2023. The management of PMIU AJ&K appraised the DAC that the contractor had filed a suit in the Court of law against termination and got relief in terms of stay order. The matter is still subjudice before the Court of law. DAC directed to pursue the case in the Court of law. Further, management of PMIU AJ&K appraised the DAC that the amount of secured advance was recovered from contractor up to IPC No.5. DAC directed to produced relevant record showing recovery of secured advance from the contractor.

Audit recommends that the amount of mobilization advance, interest thereon and secured advance may be recovered at the earliest. Further, non-encashment of bank guarantee may be investigated to fix responsibility on the person(s) at fault.

(Para No. 6 & 7 of AIR 2017-22 PMIU for SFD&KF Projects, AJ&K)

### **3.4.8 Non-completion of incomplete / defective works by the contractor despite lapse of five (05) years – Rs. 3.350 million (approx.)**

According to Clause 49.2 of General Conditions of Contract (Part-I), the contractor shall complete all the outstanding works, on the date stated in the Taking Over Certificate, and (b) shall execute all such work of amendment, reconstruction, and remedying defects, shrinkages or other faults during the Defects Liability Period.

Further, according to Clause 49.4 of General Conditions of Contract (Part-I), in case of default on the part of the Contractor, the Employer shall be entitled to employ and pay other persons to carry out the same and if such work is work which, in the opinion of the Engineer, the Contractor was liable to do at his own cost under the Contract, then all cost consequent thereon or

incidental thereto shall be determined by the Engineer and shall be recoverable from the Contractor, and may be deducted by the Employer from any monies due or to become due to the Contractor.

Provincial Earthquake Reconstruction & Rehabilitation Agency (PERRA) awarded a contract to M/s Fazal Karim & Co. for construction of Tehsil Headquarter Hospital for bid cost of Rs. 83.385 million. As per award letter dated 12.03.2009, the work was required to be completed in 12 months.

During the audit of office of the Deputy Director Reconstruction (DDR) Shangla for the financial year 2016-17 to 2020-21, it was observed that the work was substantially completed (96%) and handed over to Health Department Government of Khyber Pakhtunkhwa on 01.06.2017. A punch/snag list of the outstanding / defective works was prepared on the date of handing / taking over. However, the contractor had not completed / rectified the outstanding / defective works despite lapse of more than five (05) years.

It was further observed that the management did not initiate any action against the contractor as required under Clause 49.4 of the General Conditions of Contract (Part-I).

Audit held that undue favor was extended to the contractor by not completing / rectifying the incomplete / defective works and non-taking of punitive action.

Initial audit observation was issued on 29.09.2022. The management replied that outstanding works of punch list have not yet been executed/rectified due to liability of Rs 3.600 million of the contractor pending since long. However, notices, followed by a final notice, have been served to the contractor. Since employer was on fault, therefore no extreme action/penalty can be imparted until & unless the liability of the contractor is cleared.

The reply was not satisfactory as no evidence of pending liabilities of the contractor as well as notices issued for rectification of work was provided.



DAC meeting was held on 8<sup>th</sup> and 9<sup>th</sup> February, 2023. The management of PERRA apprised the DAC that the outstanding works of punch list have not yet been executed / rectified due to liability of Rs 3.6 million of the contractors pending since long due to non-availability of funds with ERRA. After detailed deliberation, the DAC directed to expedite the completion of incomplete / defective work.

Audit recommends that either incomplete / defective works may be got completed / rectified from the contractor or action be taken against the contractor under relevant clauses of contract agreement.

(Para No. 8 of AIR 2016-21 DDR Shangla/Kohistan)

### **3.4.9 Non-completion of pending projects and non-submission of six-monthly reports to the parliament**

According to Section (5)(b) of Earthquake Reconstruction and Rehabilitation Authority Act 2011, the Authority shall be responsible for all reconstruction, rehabilitation and early recovery programs and projects in the affected areas. Further according to Section (5)(i), the Authority will keep the two houses of parliament informed of its activities through six monthly reports of its performance for discussion.

Earthquake Reconstruction and Rehabilitation Authority (ERRA) Board in its 31<sup>st</sup> meeting held on 09.02.2022 under agenda item No. 5 proposed to hand over the following incomplete projects (0 to 95% completion) to Governments of Azad Jammu & Kashmir and Khyber Pakhtunkhwa. Details are as under:

<b>Sector</b>	<b>PERRA</b>	<b>SERRA</b>	<b>PMIU KP</b>	<b>PMIU AJ&amp;K</b>	<b>Total</b>
Education	230	512	2	1	745
Governance	15	60	-	-	75
Transport	17	1	12	-	30
Health	13	21	-	-	34
WATSAN	1	28	-	-	29
Livelihood	46	251	-	-	297
Environment	69	43	-	-	112
Town Planning	1	0	-	-	1
<b>Total</b>	<b>392</b>	<b>916</b>	<b>14</b>	<b>1</b>	<b>1323</b>

During audit of ERRA for the financial year 2021-22, it was observed that above projects could not be completed by ERRA as conceived. It was also observed that the six-monthly reports of ERRA's activities were not being prepared and submitted to the Parliament as required under the ERRA Act.

Audit held that non-submission of six-monthly reports to the parliament was a serious lapse on the part of the management which deprived the august forum to discuss the performance and progress of the Authority and suggest necessary corrective and remedial measures.

Initial audit observation was issued on 01.12.2022. The management replied that 75% projects had been completed. Paucity of funds was the main bottle neck for non-completion of the pending projects. As in the financial years 2021-23 required funds were not provided so progress reports were not prepared.

The reply was not satisfactory as ERRA was required to complete all projects undertaken in the earthquake affected areas. Besides, preparation and submission of six monthly performance reports to parliament was a mandatory requirement.

DAC meeting was held on 8<sup>th</sup> and 9<sup>th</sup> February, 2023. The management apprised the DAC that ERRA has not received funds and the paucity of funds was the main cause for non-completion of pending projects. DAC directed ERRA to prepare and submit the six-monthly reports covering progress of the entire portfolio of the projects to the Parliament.

Audit recommends that management may prepare and submit a consolidated report of its performance and status of projects to the Parliament. Moreover, six monthly reports of ERRA's performance may be regularly submitted to the Parliament for discussion in the forum.

(Para No. 1 of AIR 2021-22 ERRA HQs)

#### **3.4.10 Non-preparation of PC-IV of completed projects / schemes**

According to Guideline 3.33 of Guidelines for Project Management issued by the Planning Commission, the project is considered to be completed / closed when all the funds have been utilized and objectives achieved, or

abandoned due to various reasons. At this stage the project has to be closed formally, and reports to be prepared on its overall level of success, on a proforma PC-IV and forwarded to the Projects Wing of Planning Commission.

Deputy Director Reconstruction Battagram completed various schemes during the period 2018-19 to 2020-21.

During the audit of DDR Battagram for the financial year 2018-19 to 2020-21, it was observed that the project completion report in the form of PC-IV of the completed schemes as required under Guidelines of Planning Commission were not prepared and available on record.

Audit held that non-preparation of project completion report in the form of PC-IV resulted into non-adherence to the Guidelines of Planning Commission and was not justified.

Initial audit observation was issued to the management on 15.09.2022. The management replied that the mandate of ERRA/PERRA is to reconstruct and rehabilitate the existing damaged buildings. The PC-IV is prepared for new facilities on the basis of which the end user prepare proposal for creation of new posts. As these facilities existed prior to earthquake and the end user has not asked for the PC-IV, therefore the same have not been prepared.

The reply was not satisfactory because non-preparation of project completion report i.e. PC-IV resulted into non-adherence to the Guidelines of Planning Commission (Projects Wing) Government of Pakistan.

DAC meeting was held on 8<sup>th</sup> and 9<sup>th</sup> February, 2023. The management of PERRA apprised the DAC that the mandates of ERRA / PERRA are to reconstructed and rehabilitate the existing damage buildings. As per general practice, the PC-IV is prepared for new facilities on the basis of which the end user prepare proposal for creation of new posts. As these facilities were existed prior to earthquake and the end user has not asked for the PC-IV, therefore the same have not been prepared. The DAC directed the management to expedite the preparation of PC-IVs of completed projects.

Audit recommends that project completion report / PC-IV of all the completed schemes may be prepared and submitted to audit for verification

(Para No. 10 of AIR 2018-21 DDR Battagram)

### **Financial Management**

#### **3.4.11 Irregular expenditure in excess of approved PC-I costs – Rs. 2,900.985 million**

According to Para 9.1 of ‘Guidelines for Project Implementation’ issued by Planning Commission, after the approval of the project, the executing agency implements the project according to the provisions of PC-I. Para 9.2 provides that during the implementation of project, if it is felt that there will be major change in the scope of work or increase in the approved cost by more than 15%, then the project has to be revised and submitted for approval by the competent authority. Further according to Para 9.3, the revised PC-I should provide reasons and justification for revision in cost/scope of work

Project Management and Implementation Unit, Saudi Fund for Development and Kuwait Fund (PMIU for SFD&KF) Azad Jammu & Kashmir and PMIU Islamic Development Bank / Saudi Fund for Development (PMIU IDB/SFD) Khyber Pakhtunkhwa executed various development projects. **(Annexure-X)**

During audit of PMIU for SFD&KF AJ&K for the financial year 2017-18 to 2021-22 it was observed that the actual completion cost of the projects had increased by more than 15%, which required revision of PC-I. However, the PC-Is of the schemes were neither revised till date of audit i.e. August 2022, nor any reason and justification for revision in cost / scope of work was provided.

Similarly, during audit of PMIU for IDB/SFD Khyber Pakhtunkhwa for the financial year 2017-18 to 2021-22, it was observed that completion costs of 02 projects exceeded more than 59.34% and 56.73% of the original PC-I cost, however the management neither prepared the revised PC-Is nor got these approved from the competent forum.

Audit held that non-revision of PC-Is of schemes where expenditure increased the permissible limit of 15% was not justified and was violation of rules.

Initial audit observations were issued on 11.08.2022 and 18.08.2022. The PMIU for SFD&KF AJ&K replied that the revision of PC-I was under process. While, PMIU for IDB/SFD Khyber Pakhtunkhwa replied that the case for one time waiver for the approval of Ex-Post Facto of PC-I from relevant forum is being prepared for consideration of ECNEC.

DAC meeting was held on 8<sup>th</sup> and 9<sup>th</sup> February, 2023. DAC directed to expedite the matter regarding obtaining of one time waiver from ECNEC and revision of PC-Is.

Audit recommends that PC-Is of the schemes where actual expenditure increased by more than 15% of original cost may be revised and got approved from the competent forum.

(Para No. 14 of AIR 2017-22 PMIU for SFD&KF Projects, AJ&K & Para No. 1 & 4 of AIR 2017-22 PMIU IDB/SFD Projects, Khyber Pakhtunkhwa)

#### **3.4.12 Non-forfeiture of performance guarantee– Rs. 186.284 million**

According to clause 63.1 of General Conditions of the Contract, the employer may, after 14 days' notice to the contractor, enter upon the site and the work and terminate the employment of the contractor without thereby releasing the contractor from any of his obligations or liabilities under the contract, or effecting the rights and authorities conferred on the employer or engineer by the contract.

Project Management and Implementation Unit, Saudi Fund for Development and Kuwait Fund (PMIU for SFD&KF) Projects Azad Jammu & Kashmir (AJ&K) awarded contracts for reconstruction of AJ&K University Chotta Gala Campus, Rawalakot (Package-A and Package-B) to M/s Qalander Bux Abro & Company for Rs. 1,862.848 million during 2015. The contractor submitted performance guarantee for Rs. 186.284 million (10% of the contract cost). Work was started on the project Package-A in April 2015, whereas on Package-B in August 2015.

During audit of PMIU for SFD&KF Projects, AJ&K for the financial year 2017-18 to 2021-22, it was observed that the work progress on both the packages remained very slow. The Consultant and Employer served various notices to the contractor to gear up the progress. However, the contractor could achieve 28% and 09% progress at Package-A and Package-B respectively as on 20.08.2018. Due to poor performance of the contractor, the Engineer recommended that the Employer may terminate the contract of M/s Qalander Bux Abro & Company for both the packages. Accordingly, Chief Engineer PMIU for SFD&KF terminated the both the contracts on 20.08.2022 under Clause 63.1 of GCC. However, the management of PMIU did not encash the performance guarantee of Rs. 186.284 million as required under Clause 63.1 of GCC.

Audit held that non-forfeiture of performance guarantee of defaulting contractor resulted into non-adherence to contract clauses and loss to Government exchequer amounting to Rs. 186.284 million.

Initial audit observation was issued on 18.08.2022. The management replied that initial termination notice was issued to contractor on the recommendation of “The Engineer”. The termination of contract was reinstated on 30.10.2017 after written assurance by the contractor and submission of targeted work program to speed up the work progress. However, the contractor once again failed to comply the instructions issued by Employer/ Consultant and could not achieve required pace of work. Thereafter, various reminders were issued to the contractor for provision of extended performance securities under clause 2 of Deed of Settlement, but contractor did not comply.

The management has admitted the stance of audit. However, no reply as to forfeiture of performance guarantee was provided.

DAC meeting was held on 8<sup>th</sup> and 9<sup>th</sup> February, 2023. DAC directed to pursue the case in the Court of law for encashment of the performance guarantee and present progress report in next DAC meeting.

Audit recommends implementation of the DAC decision.

(Para No. 5 of AIR 2017-22 PMIU for SFD&KF Projects, AJ&K)

### **3.4.13 Non-encashment of performance guarantee – Rs. 97.064 million**

According to clause 63.1 of General Conditions of the Contract, the employer may, after 14 days' notice to the contractor, enter upon the site and the work and terminate the employment of the contractor without thereby releasing the contractor from any of his obligations or liabilities under the contract, or effecting the rights and authorities conferred on the employer or engineer by the contract.

Project Management and Implementation Unit, Saudi Fund for Development/ Kuwait Fund (PMIU for SFD&KF) Projects, Azad Jammu & Kashmir (AJ&K) awarded a contract for Reconstruction of University of AJ&K, Chottagala Campus, Rawalakot (Remaining work) to M/s Al-Noor Builders & Construction Hub, M/s Gul Construction Company and M/s AAA Builders & Traders (JV) for bid price of Rs. 970.643 million vide letter of acceptance (LOA) dated 25.06.2019. As per terms and conditions of LOA, the contractor submitted performance guarantee for Rs. 97.064 million (10% of contract cost). The contract agreement was signed on 12.07.2019. The contractor was required to commence the work within 14 days of signing of contract agreement i.e. w.e.f. 26.07.2019.

During the audit of PMIU for SFD&KF Projects, AJ&K for the financial year 2017-18 to 2021-22, it was observed that the contractor could not mobilize staff and machinery equipment etc. on the project site despite lapse of 92 days from the date of commencement. Various letters / reminders were issued to the contractor to commence the work but the contractor failed to commence the work. Consequently, the employer issued notice of termination to contractor under Contract Clause 63.1 on 25.10.2019. The employer issued notice for encashment of performance guarantee / bond dated 08.11.2019. However, the performance guarantee amounting to Rs. 97.064 million was not en-cashed till date of audit i.e., August 2022.

Audit held that non-forfeiture of performance guarantee of defaulting contractor resulted into non-adherence to contract clauses and loss to Government exchequer for Rs. 97.064 million.

Initial audit observation was issued on 18.08.2022. The management replied that the contract was terminated on 08.11.2019 due to default of contractor and letter for encashment of performance guarantee was communicated to M/s United Insurance Co. of Pakistan Ltd. Lahore on 11.11.2019. Meanwhile the contractor filed a suit in the Court of law for grant of temporary injunction. The contractor's application was dismissed by the Court on 22.06.2021. The performance security was again presented before the insurance company on 22.06.2021 for encashment.

The management has admitted the stance of audit. However, the performance security of the defaulting contractor could not be en-cashed till finalization of this report despite the fact that contractor's application was dismissed by the Court.

DAC meeting was held on 8<sup>th</sup> and 9<sup>th</sup> February, 2023. DAC directed to pursue the case in the Court of law for encashment of the performance guarantee and present progress report in next DAC meeting.

Audit recommends implementation of the DAC decision.

(Para No. 1 of AIR 2017-22 PMIU for SFD&KF Projects, AJ&K)

#### **3.4.14 Irregular expenditure without obtaining Technical Sanction – Rs. 80.894 million**

According to Para 2.4 of Building & Road Department Code (B&RD Code), for every work proposed to be carried out a properly detailed estimate must be prepared for the sanction of competent authority known as Technical Sanction. No work shall be started without administrative approval and Technical Section.

Further, according to Para 2.7 of B&RD Code, excess payment due to site requirement was allowed upto 10% over administrative approval and 5% over technically sanctioned estimate.

Provincial Earthquake Reconstruction & Rehabilitation Agency (PERRA) accorded initial administrative approval for reconstruction of Basic Health Unit (BHU) Gabriel District Kohistan amounting to Rs. 21.218 million. Contract for reconstruction was awarded to M/s Saeed-Ur Reham &



Brothers against bid cost of Rs. 49.887 million on 04.06.2010. The Initial Administrative Approval was revised to Rs. 70.341 million vide DG PERRA letter No. ERRRA/AA/2017/ 1385 dated 20.12.2017. Similarly, contract cost was also revised for Rs. 84.971 million. Total amount paid to contractor against work done was Rs. 80.894 million.

During the audit of office of the Reconstruction (PERRA) Kohistan for the financial year 2018-19 to 2020-21, it was observed as under:

- i. Neither original nor revised Technical Sanction of project was available on record.
- ii. Initial Administrative Approval was not revised upto the revised cost of contract i.e., Rs. 84.971 million.
- iii. Total amount paid Rs. 80.894 million exceeded beyond 5% of revised Administrative Approval cost of Rs. 70.341 million in violation of Para 2.7 of B&RD Code.

Audit held that expenditure of Rs. 80.894 million incurred on project without obtaining Technical Sanction was a serious violation of B&RD Code.

Initial audit observation was issued on 29.09.2022. The management replied that original TS was available on record, however the revised TS was under process.

The reply was not satisfactory as the expenditure was incurred without obtaining revised technical sanction. Further, no reply as to points raised in Sr. No. ii. and iii. of para was provided.

DAC meeting was held on 8<sup>th</sup> and 9<sup>th</sup> February, 2023. The management of PERRA apprised the DAC that the Original TS has been granted, however, the revised TS is under process. The DAC directed the management to produce revised TS to audit for verification.

Audit recommends implementation of the DAC decision.

(Para No. 15 of AIR 2018-21 DDR Shangla/Kohistan)

### 3.4.15 Irregular / unauthorized execution and payment for banned item– Rs. 43.471 million

According to Government of Khyber Pakhtunkhwa, Communication & Works Department letter No. SOR/3-9/PC-Is/W&S/2009 dated 04.01.2012, the usage of CSR item code 16-11-a, 16-11-b and 16-11-c “Dense Graded Hot Bitmac (Mobile Asphalt Mixer) was banned in Khyber Pakhtunkhwa with immediate effect to improve the quality of road construction.

Project Management and Implementation Unit, Islamic Development Bank/ Saudi Fund for Development (PMIU IDB/SFD), Khyber Pakhtunkhwa paid an amount of Rs. 43.471 million under item (Bill No. 3 Surfacing item No. 16-11-C) “Dense Graded Hot Bitmac (Mobile Asphalt Mixer) 2” thick” in two road projects as detailed under:

**(Rs. in million)**

<b>Sr. No.</b>	<b>Name of Road</b>	<b>Name of Contractor</b>	<b>Amount paid</b>	<b>IPC No.</b>
1.	Improvement & Blacktopping of Shikolay to Gokan Road (19.10km)	M/s A.M & Co.	26.059	11
2.	Construction of Road from Karat – Dumbaila (35-km)	M/s Muhammad Irshad & Co.	17.412	20
<b>Total</b>			<b>43.471</b>	--

During audit of PMIU IDB/SFD Khyber Pakhtunkhwa for the financial year 2017-18 to 2021-22, it was observed that execution of Dense Grade Hot Bitmac was banned in Khyber Pakhtunkhwa.

Audit held that the execution and payment for banned item of work was unauthorized.

Initial audit observation was issued on 11.08.2022. The management replied that original PC1s and Bill of Quantities (BOQs) took place before the birth/issuance of the Administrative Order banning the use of Dense Grade Hot Bitmac.

The reply of the department was not satisfactory as the work i.e., Dense Grade Hot Bitmac was carried out despite ban imposed by Communication & Works Department, Government of Khyber Pakhtunkhwa.

DAC meeting was held on 8<sup>th</sup> and 9<sup>th</sup> February, 2023. DAC directed that a clarification from Secretary, Communication & Works Department, Government of Khyber Pakhtunkhwa be obtained and presented before the next DAC meeting.

Audit recommends implementation of the DAC decision.

(Para No. 5 of AIR 2017-22 PMIU IDB/SFD KP)

### **3.4.16 Wasteful expenditure on terminated projects - Rs. 34.495 million**

According to Rule-23 of GFR Vol-I, every Government officer should realize fully and clearly that he would 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.

Deputy Director Reconstruction, Provincial Earthquake Reconstruction & Rehabilitation Agency (PERRA), Battagram terminated eleven (11) schemes under Education Sector.

During the audit of office of the Deputy Director Reconstruction Battagram for the financial year 2018-19 to 2020-21, it was observed that an expenditure of Rs. 34.495 million was incurred on these projects at the time of termination. Further, the terminated projects could not be re-awarded at risk and cost of defaulting contractor till date of audit i.e., August 2022.

Audit held that Rs. 34.495 million incurred on terminated projects was wasteful expenditure.

Initial audit observation was issued to the management on 15.09.2022. The management replied that all the terminated schemes have been shifted to Provincial Government in compliance with the decision of 14<sup>th</sup> ERRRA Council meeting. The Provincial Government has reflected these schemes ADP 2022-23 for completion of the balance works. CPCs of all these schemes have been prepared wherein the retention money and unpaid work has been adjusted against the risk & cost.

The reply was not satisfactory as no evidence in support of reply i.e. handing / taking over of schemes, Provincial ADP 2022-23 showing the schemes of ERRA and CPCs showing adjustment of retention money against risk and cost was provided.

DAC meeting was held on 8<sup>th</sup> and 9<sup>th</sup> February, 2023. The management of PERRA apprised the DAC that as per 14<sup>th</sup> ERRA Council meeting, all these terminated schemes fall in the category of (0 to 95) % physical progress and have been shifted to Provincial Government. The DAC directed ERRA to present a report covering details on CPCs, handing / taking over and forfeiture of retention money against risk and cost in next DAC meeting.

Audit recommends implementation of the DAC decision.

(Para No. 3 of AIR 2018-21 DDR Battagram)

#### **3.4.17 Irregular excess payment due to change in formula of price adjustment - Rs. 25.365 million**

According to Clause 70(3) of Contract Agreement, the coefficient for labor and High-Speed Diesel (HSD) for use in price adjustment formula was provided as 0.15 and 0.04 respectively.

Further, according to said clause, if in the opinion of the Engineer, the coefficient of 0.15 for labor and 0.04 for High Speed Diesel (HSD), in the formula for price adjustment has for any reason been rendered unrepresentative for the cost of laborer and HSD respectively, incurred by the contractor during the execution of the Works, or if the contractor shall so notify to the Engineer, the Engineer shall in consultation with the Employer and the contractor, determine such other coefficient as may be representative of the cost so incurred. The Contractor shall provide to the Engineer all time-sheets wage record and other records and documentation in respect of labor and vouchers, receipts, log books and other records or documentation in respect of HSD in such form and at such intervals as the Engineer may consider necessary for the purpose of this sub-clause.

Deputy Director Reconstruction, Provincial Earthquake Reconstruction & Rehabilitation Agency (PERRA), Shangla /Kohistan awarded a contract for Reconstruction & Rehabilitation of Yakhtangi Puran Martoong (YPM) Road (Package-8B) to M/s Shoukat Khan Company (SKC) for bid cost of Rs. 427.617 million during 2008.

During the audit of office of the Reconstruction (PERRA) Shangla for the financial year 2016-17 to 2020-21, it was observed that the contractor was paid an amount of Rs. 127.585 million on account of price adjustment vide IPC No. 27. The perusal of IPC No. 27 revealed that:

- i. The coefficient of labor and HSD for the calculation of price adjustment was provided in Contract Clause as 0.15 and 0.04 for labor and HSD respectively. However, while calculating the price adjustment, the coefficient of labor and HSD were applied as 0.10 and 0.10 for labor and HSD respectively. The change in coefficient resulted into excess payment of Rs. 25.365 million to the contractor.
- ii. No reason / justification for change in coefficients supported by documentary evidences i.e. time-sheets wage record, vouchers, receipts, log books and other records or documentation in support of cost of labor and HSD was available on record.

Audit held that in absence of proper record and justification, the change in coefficient of labor and HSD resulted in excess payment to the contractor amounting to Rs. 25.365 million.

Initial audit observation was issued on 29.09.2022. The management replied that Employer vide letter No. 516/1-R dated 18/04/2017 has granted approval for change in coefficients of labor and fuel in price adjustment formula.

The reply was not satisfactory as no reason / justification was provided for change in coefficients supported by documentary evidences i.e., time-sheets, wage record, vouchers, receipts, log books and other records or

documentation in support of cost of labor and HSD, as required under clause of contract agreement.

DAC meeting was held on 8<sup>th</sup> and 9<sup>th</sup> February, 2023. The management of PERRA apprised the DAC that the change in co-efficient was allowed under clause 70 (3) of condition of contract. The DAC directed PERRA management and NESPAK to produce detailed justification/working of change in co-efficient along with documentary evidence.

Audit recommends implementation of the DAC decision.

(Para No. 11 of AIR 2016-21 DDR Shangla / Kohistan)

### **3.4.18 Non-recovery of mobilization advance – Rs. 21.281 million**

According to Clause 60.12 of General Conditions of Contract, an interest free mobilization advance upto 15% of contract price, stated in letter of acceptance, shall be paid by the employer to the contractor in equal parts upon submission of bill by the contractor against a mobilization advance guarantee for the full amount of advance in specified form from a scheduled bank.

Deputy Director Reconstruction, Provincial Earthquake Reconstruction & Rehabilitation Agency (PERRA), Shangla / Kohistan granted mobilization advance to various contractors for execution of different schemes in District Shangla and Kohistan.

During audit of Reconstruction (PERRA) Shangla / Kohistan for the audit year 2016-17 to 2020-21, it was observed that the an amount of Rs. 21.281 million was recoverable on account of mobilization advance from various contractors. (**Annexure-XI**)

Audit held that non-recovery of mobilization advance was violation of clauses of contract and a lapse on the part of management.

Initial audit observation was issued on 29.09.2022. The management replied that the outstanding amounts (Sr. No. 1, 2 & 4) would be recovered in next IPCs, while the amount of Rs. 0.667 million has been recovered and the IPC is pending for payment.

The reply was not satisfactory as mobilization advance granted to the contractors was not recovered.

DAC meeting was held on 8<sup>th</sup> and 9<sup>th</sup> February, 2023. The DAC directed the management to expedite the recovery of the mobilization advance from the respective contractors.

Audit recommends that the amount of mobilization advance may be recovered from the contractors at the earliest.

(Para No. 13 of AIR 2016-21 DDR Shangla / Kohistan)

### **3.4.19 Non-securing of temporary facilities and material taken over from terminated contract – Rs. 13.422 million**

According to Clause 12 of Deed of Settlement dated 16.06.2017 between M/s Sambu (JV) and ERRA, all the temporary facilities and material valued in the joint measurement shall be the property of Employer and properly handed over to ERRA after signing of Deed of Settlement.

Project Management and Implementation Unit, Saudi Fund for Development/ Kuwait Fund (PMIU for SFD&KF) Projects Azad Jammu & Kashmir (AJ&K) awarded a contract for reconstruction of AJ&K University Chatter Kalass Campus Muzaffarabad to M/s Sambu (JV). During the execution of project, the progress on work remained slow and the Chief Engineer PMIU SFD&KF terminated the contract under Clause 63.1 on 08.08.2016.

During audit of PMIU for SFD&KF Projects AJ&K for the financial year 2017-18 to 2021-22, it was observed that an amount of Rs. 13.422 million was paid to the contractor upto final bill against provision of temporary facilities, material at site and engineer facilities. The detail is as under:

(Rs. in million)

<b>Sr. No.</b>	<b>Description</b>	<b>Value in PKR</b>
1.	Temporary Facilities	8.049
2.	Material at Site	4.536
3.	Engineer's facilities	0.837
<b>Total</b>		<b>13.422</b>

As per terms and conditions of Deed of Settlement, the temporary facilities, engineer facilities and material were the property of PMIU which were required to be handed over to ERRA immediately after the signing of deed of settlement. However, during the audit, no record of the facilities / material i.e. detail, handing / taking over and whereabouts etc. was produced for scrutiny.

Audit held that the valuable assets amounting to Rs. 13.422 million were not secured resulting in loss to Government.

Initial audit observation was issued on 18.08.2022. The management replied that temporary facilities, engineer facilities and material are present at site and in use of University of AJ&K.

The reply was not satisfactory as per Deed of Settlement, all the temporary facilities and material valued in the joint measurement were required to be handed over to ERRA being the property of ERRA. Non measurement of the assets by the management was not justified.

DAC meeting was held on 8<sup>th</sup> and 9<sup>th</sup> February, 2023. The management of PMIU AJ&K appraised the DAC that the temporary facilities, engineer facilities and material are present at site and in use of University of AJ&K. Audit was of the view that valuable assets were not secured and no record of handing / taking over of assets of ERRA to University of AJK was available. DAC directed that a fact finding inquiry may be carried out and outcome shared in the next DAC.

Audit recommends that the matter may be investigated to probe the fact. Further, complete record i.e., detail of material, handing taking over and whereabouts of temporary facilities, material at site and engineers facilities, if any, may be produced to audit for verification.

(Para No. 20 of AIR 2017-22 PMIU for SFD&KF Projects, AJ&K)

### **3.4.20 Irregular expenditure without revision of PC-I - Rs. 28.139 million**

According to 4<sup>th</sup> extension of PC-I titled Provincial Earthquake Reconstruction & Rehabilitation Authority (PERRA) Khyber Pakhtunkhwa,



Capacity Building Component, the PC-I was revised for 24 months w.e.f. July, 2015 to June, 2017.

District Reconstruction Unit (DRU) Abbottabad incurred an expenditure amounting to Rs. 28.139 million during financial Years 2017-21. The detail is as under:

(Rs. in million)

Sr. No.	Financial Year	Salaries & Establishment Charges	Operating expenses	Total
1.	2017-18	7.322	1.423	8.745
2.	2018-19	7.001	1.312	8.313
3.	2019-20	6.432	1.536	7.968
4.	2020-21	2.627	0.486	3.113
<b>Total</b>		<b>23.382</b>	<b>4.757</b>	<b>28.139</b>

During audit of DRU Abbottabad for the Financial Years 2015-21, it was observed that PC-I expired on 30.06.2017, however the same was not renewed/revised thereafter.

Audit held that incurring of expenditure without revision of PC-I was not justified and irregular.

Initial audit observation was issued to the management on 06.10.2022. The management replied that preparation and approval of Revised PC-I was the domain of DG PERRA, Abbottabad and there was no role of Programme Manager DRU Abbottabad in revision and approval of the PC-I.

The reply of management was not satisfactory as DRU Abbottabad was under the administrative control of PERRA and without revision of PC-I the expenditure incurred by DRU Abbottabad was irregular.

DAC meeting was held on 8<sup>th</sup> and 9<sup>th</sup> February, 2023. The management of PERRA explained that the matter regarding approval of PC-Is is under process at ERRA level. DAC directed to expedite the matter regarding approval of revised PC-I.

Audit recommends that PC-I may be revised and got approved from competent forum.

(Para No. 01 of AIR 2015-21 DRU Abbottabad)

### **3.4.21 Overpayment against quantities of works not executed at site - Rs. 15.806 million**

According to Clause 57.1 of FIDIC, the Engineer shall, except as otherwise stated, ascertain and determine by measurement the value of the Works in accordance with the Contract and the Contractor shall be paid that value.

Deputy Director Reconstruction, Provincial Earthquake Reconstruction & Rehabilitation Agency (PERRA), Shangla /Kohistan awarded a contract for Reconstruction & Rehabilitation of Yakhtangi Puran Martung (YPM) Road (Package-8B) to M/s Shoukat Khan Company (SKC) at a bid cost of Rs. 427.617 million during 2008.

During the audit of office of the Deputy Director Reconstruction, PERRA, Shangla for the financial year 2016-17 to 2020-21, it was observed that contractor was paid an amount of Rs. 131.821 million vide IPC No. 25 for certain items of works under Bill No. 2 (Earthwork). The comparison of quantities paid in IPC No. 25 with detailed measurement sheet of earthwork / soil classification revealed that contractor was paid for excess quantities of work than the work actually executed at site amounting to Rs. 15.806 million. **(Annexure-XII)**

Audit held that payment against excess quantities of work than actually executed at site resulted into overpayment of Rs. 15.806 million to contractor.

Initial audit observation was issued on 29.09.2022. The management replied that the certified quantities are as per the detailed measurement sheets of earthwork / soil classification and attached with the final bill. Quantities paid in IPC No. 25 were design quantities and the same were calculated as per actual work done at site, and accordingly useable quantities were recovered in final bill.

The reply was not satisfactory as the quantities were paid over and above the work actually executed. Further no evidence of recovery was produced with reply.

DAC meeting was held on 8<sup>th</sup> and 9<sup>th</sup> February, 2023. The management of PERRA apprised the DAC that the certified quantities are as per the detailed measurement sheets of earthwork / soil classification and attached with the final bill. The DAC directed the management to produce the record regarding adjustment / recovery of overpaid quantities after payment of final bill.

Audit recommends implementation of the DAC decision.

(Para No. 01 of AIR 2016-21 DDR Shangla/Kohistan)

### **3.4.22 Loss due to undue favor to contractors and non-forfeiture of performance guarantees – 10.330 million**

According to clause 63.1 of General Condition of Contract, the Employer may, after giving 14 days notice to the contractor, enter upon the site and the works and terminate the employment of the contractor without thereby releasing the contractor from any of his obligations or liabilities under the contract, or affecting the rights and authorities conferred on the employer or the engineer by the contract.

Deputy Director Reconstruction (PERRA), Battagram awarded works for reconstruction of educational facilities to various contractors. The record revealed that contracts of 11 school buildings were terminated under Clause 63.1 i.e. default of contractor.

During the audit of office of the Deputy Director Reconstruction, Provincial Earthquake Reconstruction & Rehabilitation Agency (PERRA), Battagram for the financial year 2018-19 to 2020-21, it was observed that the performance guarantees of terminated projects expired which were not got revalidated. Further, the projects were not terminated within validity period of performance guarantees resulting into non-forfeiture of these guarantees as required under Clause 63.1.

Audit held that undue favor was extended to the contractors by not revalidating the performance guarantees and non-termination of contracts within validity period of Performance Guarantees. Further, non-encashment of

performance guarantee resulted into loss of Rs. 10.330 million (Total bid cost Rs. 103.302 million x 10%) to the Government exchequer.

Initial audit observation was issued to the management on 15.09.2022. The management replied that due to financial crises of ERRRA, the contractors did not renew the performance guarantees. As the employer was on default, therefore the PG could not be forfeited/ renewed. Later on when the funds were made available and the contractors did not resume the works and also not re-validated the PG, then the contracts were terminated at risk & cost. As the contracts were terminated at risk & cost of the contractors, therefore no loss had occurred to Government exchequer.

The reply was not satisfactory as no documentary evidence in support of reply was provided.

DAC meeting was held on 8<sup>th</sup> and 9<sup>th</sup> February, 2023. The management of PERRA apprised the DAC that as per 14<sup>th</sup> ERRRA Council meeting, all these terminated schemes fall in the category of (0 to 95)% physical progress and have been shifted to Provincial Government. All these schemes have been reflected in the Provincial ADP 2022-23 for completion of the balance works. The DAC directed that relevant record be provided to audit for verification.

Audit recommends implementation of the DAC decision.

(Para No. 04 of AIR 2018-21 DDR Battagram)

### **3.4.23 Unauthenticated payment on removal of slides / debris – Rs. 8.00 million**

According to Clause 57.1 of FIDIC, the Engineer shall, except as otherwise stated, ascertain and determine by measurement the value of the Works in accordance with the Contract and the Contractor shall be paid that value.

Deputy Director Reconstruction (PERRA) Shangla awarded a contract for Reconstruction & Rehabilitation of Yakhtangi Puran Martung (YPM) Road (Package-8B) to M/s Shoukat Khan Company (SKC) for bid cost of Rs. 427.617 million during 2008. Contractor had claimed a quantity 44,496.554

m<sup>3</sup> on account of removal of slides under Bill No. 02, item No. 106c and an amount of Rs. 8,009,390 was paid vide IPC No. 25 @ Rs. 180/m<sup>3</sup>.

During the audit of office of the Reconstruction (PERRA) Shangla for the financial year 2016-17 to 2020-21, it was observed as under:

- i. Relevant record i.e., contractor's request to consultant / employer regarding intimation / request for removal of landslides, approval of employer, check requests, cross sections, pictorial evidences etc.in support of payment was not available on record.
- ii. The comparison of measurement sheet for removal of slides and soil classification / measurement sheet of earthwork revealed that in few instances contractor claimed removal of slides on RDs where 100% hard rock and medium rock was encountered during earthwork and no common material and soft rock was available on these road distances. Claim for removal of slides and payment thereof on road distances where no common material and soft rock material was available, created doubts about whole payment.

Audit held that due to non-maintenance of proper record and sound justification of work of removal of slides, payment made to contractor could not be verified and authenticated.

Initial audit observation was issued to the management on 11.08.2022. The management replied that due to heavy rainfall in the year 2015-16, land slides occurred at various RDs and the same were removed by the contractor as per directions of the Resident Engineer.

The reply was not satisfactory as the complete record i.e., approval of the Engineer, measurement sheets, cross sections were not provided.

DAC meeting was held on 8<sup>th</sup> and 9<sup>th</sup> February, 2023. The management of PERRA apprised the DAC that due to heavy rainfall in the year 2015-16, land slides occurred at various RDs and the same were removed by the contractor as per directions of the Resident Engineer. The DAC

directed the management to produce relevant record to audit authorities for verification.

Audit recommends implementation of the DAC decision.

(Para No. 02 of AIR 2016-21 DDR Shangla/Kohistan)

### **3.4.24 Unauthorized cash withdrawal and disbursement - Rs. 4.705 million**

According to Para 2.3.2.8 of Accounting Policies and Procedures Manual, to minimize the risk of fraud and corruption, payments shall be made through direct bank transfer and cheques. Further, according to the Rule 157(2) of FTR Volume-I, all third-party payments shall be made through cheques drawn in the name of the recipients.

District Reconstruction Unit (DRU) Shangla/Kohistan withdrew cash amounting to Rs. 4.705 million through DDO against various heads of accounts during financial year 2015-16 to 2017-18 as detailed below:

**(Rs. in million)**

<b>Sr. No.</b>	<b>Financial Year</b>	<b>Amount</b>
1.	2015-16	1.737
2.	2016-17	1.856
3.	2017-18	1.112
<b>Total</b>		<b>4.705</b>

During audit of District Reconstruction Unit (DRU) Shangla /Kohistan for financial years 2015-16 to 2020-21, it was observed that cash was withdrawn in the name of DDO for making payments to vendors.

Audit held that payments through cash instead of cross cheque was not justified and violation of financial rules.

Initial audit observation was issued to the management on 05.10.2022. The management replied that payments were made in cash due to non-availability of bank accounts of the vendors.

The reply was not satisfactory as payment was made in cash in clear violation of rules.

DAC meeting was held on 8<sup>th</sup> and 9<sup>th</sup> February, 2023. The management of PERRA explained that the payments were made in FY 2015-16 to 2017-18 due to non-holding of bank accounts by vendors. The vouchers / acknowledgements available for verification. DAC directed the management to ensure that all payments are made as prescribed in rules and no payment is made in cash in any case.

Audit recommends implementation of the DAC decision.

(Para No. 03 of AIR 2015-21 DRU Shangla)

### **3.4.25 Non-recovery of Income Tax from contractor – Rs. 4.977 million**

According to Clause 73.1 of Particular Conditions of Contract (PCC), the contractor, sub-contractors and their employees shall be responsible for payment of all their income tax, super tax and other taxes on income arising out of the contract and the rates and prices stated in the contract shall be deemed to cover all such taxes.

Further, according to ERRA letter No 4-4/ERRA/2012/SPC dated 20.05.2013, the tax will be deposited by the contractor into Government Treasury and acceptable deposited documents will be produced by the contractor along with the next IPC. Verification of these documents will be obtained by the PMIU and a certificate will be attached while processing next IPC.

Project Management and Implementation Unit, Saudi Fund for Development and Kuwait Fund (PMIU for SFD&KF) Projects Azad Jammu & Kashmir (AJ&K) awarded contracts for reconstruction of AJ&K University Chotta Gala Campus, Rawalakot (Package A & Package-B) to M/s Builders-KGC (JV) in March 2010 for Rs. 669.00 million. The contract was terminated on 15.07.2014 due to poor performance of the contractor.

During the audit of PMIU for SFD&KF Projects, AJ&K for the financial year 2017-18 to 2021-22, it was observed that an amount of Rs. 4,977,263 was recoverable from the contractor on account of Income Tax due from payment made against IPC No. 2 for Rs. 47.923 million. The IPC No. 2 was paid to the contractor on 30.09.2013 and as per ERRA Policy vide letter

dated 20.05.2013, Income Tax from contractor was not deducted from the gross payment of IPC on the plea that contractor will deposit tax himself after getting payment from donor (SFD/KF). However, the contractor did not deposit the amount of Income Tax till date viz August 2022.

Audit held that due to non-deposit of Income Tax by the contractor, the government suffered a loss of Rs. 4.977 million.

Initial audit observation was issued on 18.08.2022. The management replied that the contractor has not deposited the income tax and no further IPC of the contractor was processed. Further, the project was terminated and the matter is subjudice.

The management has admitted the stance of audit and amount of income tax is still recoverable.

DAC meeting was held on 8<sup>th</sup> and 9<sup>th</sup> February, 2023. DAC directed that the court case be pursued and progress report be placed in the next DAC meeting.

Audit recommends that amount of Income Tax may be recovered from the contractor and be deposited into Government treasury.

(Para No. 13 of AIR 2017-22 PMIU for SFD&KF Projects, AJ&K)

#### **3.4.26 Loss due to non-deduction of Sales Tax – Rs. 3.659 million**

According to Clause 3(2) of Khyber Pakhtunkhwa Sales Tax on Services Act 2022, taxable services is a provision of service, listed in the Second Schedule (a) by a registered person from his registered office or place of business in the Province, in the course of an economic activity and (b) by a resident or non-resident in the course of an economic activity.

Earthquake Reconstruction and Rehabilitation Authority (ERRA) hired the services of M/s Engineering Associates (EA) for detailed Design and Construction supervision of Road and Bridges in District Kohistan & Shangla under Islamic Development Bank (IDB) financing on 20.02.2009 for Rs. 193.830 million. Details are as under:



(Rs. in million)

Sr. No.	Package No.	Date of agreement	Amount of Agreement	No. of schemes
1.	Package No. 2	20.02.2009	51.337	Construction of Buildings in District Kohistan
2.	Package No. 3	20.02.2009	62.749	Construction of Roads & Bridges in District Kohistan
3.	Package No. 4	20.02.2009	79.744	Construction of Roads & Bridges in District Kohistan
<b>Total</b>			<b>193.830</b>	---

Project Management and Implementation Unit, Islamic Development Bank/ Saudi Fund for Development (PMIU IDB / SFD) Khyber Pakhtunkhwa paid an amount of Rs. 137.621 million (w.e.f. December 2018 to April 2021) to the M/s EA consultant, while an amount of Rs. 45.330 million (for the period May 2021 to June 2022) is payable by ERRA as detailed below:

(Rs. in million)

Period	Amount
Payment made from December 2017 to April 2021	137.621
Pending liability w.e.f May 2021 to June 2022	45.330
<b>Total</b>	<b>182.951</b>

During audit of PMIU IDB/SFD Khyber Pakhtunkhwa for the financial year 2017-18 to 2021-22, it was observed as under:

- i. Sales Tax on Services was not deducted from the claims / payments made to M/s EA. Audit calculated an amount of Rs. 3,659,015 payable by M/s EA consultant on account of Khyber Pakhtunkhwa Sales Tax on Service for the period January 2018 to June 2022 at the rate of 2% (by applying rates provided in Khyber Pakhtunkhwa Sales Tax on Services Act 2022).
- ii. No record as to deduction and deposit of Sales tax on services for the period 2009 to 2015 was available / provided to audit.

Audit held that non-withholding of sales tax at the time of payment resulted into in loss to Government exchequer for Rs. 3.659 million.

Initial audit observation was issued to the management on 11.08.2022. The management replied that contract was IDB funded and there was no sales tax. The extension of contract was made on the same terms & conditions.

The reply was not satisfactory as no evidence in support of reply i.e., exemption certificate for IDB funded projects, was provided.

DAC meeting was held on 8<sup>th</sup> and 9<sup>th</sup> February, 2023. DAC directed the management of PMIU to provide the record regarding exemption of the Sales Tax on Services in the instant case.

Audit recommends implementation of the DAC decision.

(Para No. 14 of AIR 2017-22 PMIU IDB/SFD KP)

### **3.4.27 Excess payment for quantities over and above the revised PC-I – Rs. 3.233 million**

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

Project Management and Implementation Unit, Islamic Development Bank/ Saudi Fund for Development (PMIU IDB/SFD) Khyber Pakhtunkhwa awarded a contract for construction of missing facilitates of District Secretariat Dasu in Tehsil Dasu to M/s Sohrab & Sons. The contractor was paid Rs. 82.371 million upto IPC No. 9.

During audit of PMIU IDB/SFD Khyber Pakhtunkhwa for the financial year 2017-18 to 2021-22, it was observed that contractor had executed and was paid for certain quantities vide IPC No. 9. The scrutiny of IPC No. 9 revealed that the quantities were paid under Variation Order No. 2 but the approved variation order No. 2 was not available / provided. Further, the comparison of quantities paid in IPC No. 9 with quantities approved in revised PC-I revealed that the quantities were paid in excess than the revised PC-I. Details are as under:

(Amount in Rs.)

Sr. No.	Item No.	BOQ	Revised PC-I Qty.	Paid in IPC No. 9	Difference (Qty.)	Rate	Total
1.	03-23-C	1478	0	1357.47	1,357.478	400	542,991
2.	06-05-i	16	16	37.983	21.983	5,000	109,915
3.	06-05-h	109	109	458.421	349.421	7,000	2,445,947
4.	11-12-c	46	46	200.558	154.558	300	46,367
5.	13-38-a	46	46	200.558	154.558	270	41,731
6.	13-38-b	46	46	200.558	154.558	270	41,731
7.	25-32 &13-06-b-01	6	6	7.432	1.432	3,000	4,296
<b>Total</b>							<b>3,232,978</b>

Audit held that payment made in excess of quantities approved in revised PC-I resulted into overpayment of Rs. 3.233 million.

Initial audit observation was issued on 11.08.2022. The management replied that final bill is in progress and the excess payment beyond Revised PC-I will be deducted in final bill.

The management has admitted the stance of audit, however recovery of amount paid over and above the revised PC-I was awaited.

DAC meeting was held on 8<sup>th</sup> and 9<sup>th</sup> February, 2023. The management of PMIU explained that project was physically 100% completed in May, 2020 and handed over to District Government on 16.06.2020. The final bill is in progress and the excess payment beyond revised PC-I will be deducted in this final bill. The DAC directed that necessary adjustment / re-appropriation be made in the final bill and record be provided to audit for verification after payment of final bill.

Audit recommends that overpayment may be recovered from the contractor.

(Para No. 9 of AIR 2017-22 PMIU IDB/SFD KP)

### **3.4.28 Unjustified payment for item of work not provided in BOQ – Rs. 3.872 million**

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

Deputy Director Reconstruction, Provincial Earthquake Reconstruction & Rehabilitation Agency (PERRA), Shangla /Kohistan awarded a contract for Reconstruction & Rehabilitation of Yakhtangi Puran Martung (YPM) Road (Package-8B) to M/s Shoukat Khan Company (SKC) for bid cost of Rs. 427.617 million during 2008. The contractor was paid an amount of Rs. 3,872,860 for item of work “Formation of embankment from Roadway Excavation in Medium Rock Material” under bills No. 2 (Earthwork) item No. 108bii, vide IPC No. 25.

During the audit of office of the Reconstruction (PERRA) Shangla for the financial year 2016-17 to 2020-21, it was observed that item No. 108(b)(ii) was not provided in the BOQ. Further, no approved variation order was available on record.

Audit held that payment for item of work not provided in BOQ was not justified and violation of rules.

Initial audit observation was issued on 29.09.2022. The management replied that an amount of Rs. 3.872 million has been recovered in the Final Bill and record will be submitted to Audit for verification.

The management has admitted the stance of audit, however no record showing recovery effected was produced for verification.

DAC meeting was held on 8<sup>th</sup> and 9<sup>th</sup> February, 2023. The management of PERRA apprised the DAC that an amount of Rs 3.872 million has been recovered in the final bill. The DAC directed the management to produce the record regarding recovery after payment from final bill.

Audit recommends that amount paid on account of work not provided in approved BOQ may be recovered.

(Para No. 4 of AIR 2016-21 DDR Shangla/Kohistan)

### **3.4.29 Overpayment on account of engineering facilities – Rs. 2.364 million**

According to Bill of Quantity (BOQ) for the work Construction of Tehsil Complex Palas, following items of work were provided under Bill No. 6 (Provision of Engineering Facilities):

<b>Pay Item No.</b>	<b>Description</b>
SP-16-a	Provide Rental Accommodation for the Engineer Staff with its utilities, maintenance & service costs related thereto
SP-16-b	Provide fixtures & furnishing in Rental Accommodation for Engineer's Staff
SP-16-c	Provide fixtures & furnishing for Engineer's Office
SP-17-a	Provide and furnish the vehicles for Engineer's Staff (as per type and number)
SP-17-b	Maintenance of vehicles i/c drivers, fuel, insurance, lubricants, repair with spare parts, taxes and comprehensive insurance

Chief Engineer, Project Management and Implementation Unit, Islamic Development Bank/ Saudi Fund for Development (PMIU IDB/SFD) Khyber Pakhtunkhwa awarded the work “Construction of Tehsil Complex Palas”.

During audit of Project Management and Implementation Unit, Islamic Development Bank/ Saudi Fund for Development (PMIU IDB/SFD) Khyber Pakhtunkhwa for the financial year 2017-18 to 2021-22, it was observed that the contractor had claimed and was paid an amount of Rs. 2,364,000 on account of salaries of lab helpers, survey helper and office boy. All these payments were made under pay item No. SP-17-b of Bill No. 6. The detail is provided as under:

(Rs. in million)

Sr. No.	IPC No.	Total payment on account of salaries	Amount claimed on account of salaries of Lab helper, Survey helper and office boy
1.	7.	0.550	0.300
2.	8.	1.952	1.152
3.	12.	0.732	0.432
4.	13.	0.880	0.480
<b>Total</b>		<b>4.114</b>	<b>2.364</b>

Audit held that payment on account of salaries of lab helper, survey helper and office boy was not covered under item No. SP-17-b resulting into overpayment amounting to Rs. 2.364 million.

Initial audit observation was issued on 11.08.2022. The management replied that technical supporting staff (Lab Helper & Survey Helper) were deployed at site for the best interest of the project.

The reply of the management was not satisfactory as payment on account of salaries of lab helper, survey helper and office boy was not covered under item No. SP-17-b.

DAC meeting was held on 8<sup>th</sup> and 9<sup>th</sup> February, 2023. The management of PMIU explained that technical supporting staff i.e. Lab Helper & Survey Helper were deployed at site in the best interest of the project. The payment was made under the bill engineering facilities. Audit was of the view that payment of salaries was not covered under item No. SP-17-b, as such payment made on this account was unauthorized. DAC directed ERRA to look into the matter for discussion in next DAC meeting.

Audit recommends that overpayment may be recovered besides the payments made on account of salaries of lab helper, survey helper and office boy in bill No.6 “engineering facilities” and all other contracts may also be worked out and recovered.

(Para No. 10 of AIR 2017-22 PMIU IDB/SFD KP)

### **3.4.30 Un-authorized payment for inadmissible items – Rs. 3.707 million**

According to Chief Engineer PMIU for SFD&KF AJ&K letter No. SFD&KF/CE/7088-97/2016 dated 05.05.2016, the Chairman ERRRA approved the proposal of structural sable at floor level due to issue of backfilling material subject to the condition that execution of slab in ensure with quality and no additional cost will be paid for the backfilling of local material to facilitate construction of slab.

Project Management and Implementation Unit, Saudi Fund for Development and Kuwait Fund (PMIU SFD&KF) Azad Jammu & Kashmir (AJ&K) paid an amount of Rs. 3.707 million vide IPC No. 6 to M/s Qalander Bux Abro for Reconstruction of University of AJ&K Chottagala Campus Rawalakot under pay item No. E.W.3.

During audit of PMIU SFD&KF AJ&K for the Financial Year 2018-19 to 2021-22, it was observed that the payment for backfilling included under pay item No. E.W.3 was made contrary to the approval of Chairman ERRRA.

Audit held that payments against inadmissible items resulted in unauthorized payments amounting to Rs. 3,707,468.

Initial audit observation was issued on 18.08.2022. The management replied that backfilling was done at site and payment was made accordingly in IPC No. 1. However, being water logged area, desired results were not achieved and RCC slab (SOG) was recommended for structural stability. Therefore, back fill was not paid anymore.

The reply was not satisfactory because an amount of Rs. 3.707 million was paid to the contractor on account of backfill vide IPC No. 6. The payment made for backfilling was required to be recovered from the contractor which was not done.

DAC meeting was held on 8<sup>th</sup> and 9<sup>th</sup> February, 2023. The management of PMIU AJ&K appraised the DAC that backfilling was done at site and payment was made accordingly in IPC No. 1. However, being water logged area, desired results were not achieved and RCC slab (SOG) was recommended for structural stability. Therefore, back fill was not paid

anymore. DAC directed ERRRA to provide record ascertaining that the payment in respect of backfilling was recovered.

Audit recommends implementation of the DAC decision.

(Para No. 3 of AIR 2017-22 PMIU for SFD&KF Projects, AJ&K)

### **3.4.31 Unjustified refund of interim liquidated damages - Rs. 2.089 million**

According to Clause 47.3 of Particular Conditions of Contract Agreement between Chief Engineer (SFD&KF) AJ&K and M/s Ascent, the contractor is to carry out work at site according to approved Clause 14 programme and may have to be updated as per requirement of the Engineer. If the contractor is found to be consistently behind the schedule in two consecutive quarters, he is liable for recovery of interim liquidated damages at half rate as liquidated damages as under clause 47.1 which may be refunded if the progress again matches the approved work schedule any time during the currency of the works.

Project Management and Implementation Unit, Saudi Fund for Development and Kuwait Fund (PMIU SFD&KF) Azad Jammu & Kashmir (AJ&K) awarded a contract for construction of Government Boys Degree College Hajira to M/s Ascent for Rs. 124.691 million. The contractor submitted 21<sup>st</sup> and Final Bill on 17.04.2017 and an amount of Rs. 154.030 million was paid to the contractor against work done.

During audit of PMIU for SFD&KF Project, AJ&K for the financial year 2017-18 to 2021-22, it was observed that an amount of Rs. 2,089,679 was paid to contractor in 21<sup>st</sup> and Final Bill on account of release of interim liquidated damages (recovered @ 2.5% from various IPCs). The record revealed that:

- i. Amount deducted on account of interim liquidated damages was released in 21<sup>st</sup> and Final Bill without any supporting evidences i.e. approved work schedules, actual physical progress of the contractor against approved work schedules, and any grant of EOTs.



- ii. The amount withheld from various IPCs of the contractor on account of 2.5% of interim LD comes to Rs. 1,737,893, whereas Rs. 2,089,679 was released to the contractor on this account.
- iii. In addition to release of amount deducted on account of interim liquidated damages, an amount of Rs. 365,890 was also paid to contractor on account of delay charges.

Audit held that payment of amount already deducted from the IPCs of contractor on account of 2.5% interim liquidated damages was not justified and against the clauses of contracts resulting in loss to the government.

Initial audit observation was issued on 18.08.2022. The management replied that extension of time (EoT-IV) was granted up to 15.04.2015 and the contractor has completed the work within extended period. Therefore, interim LD was refunded to contractor in final bill as per clause 47.3 of Particular Conditions of Contract.

The reply was not satisfactory as no documentary evidence i.e. approved work schedules, actual physical progress of the contractor against approved work schedules, and record relating to grant of EOTs was available. Further, no reply as to release of excess amount (Rs. 2,089,679) than actually withheld amount (Rs. 1,737,893) was provided.

DAC meeting was held on 8<sup>th</sup> and 9<sup>th</sup> February, 2023. DAC directed ERRA to work out the deducted LD and corresponding refund of the amount after EOTs for ascertaining the factual position. Moreover, the necessary documentary evidence should also be shared with the Audit authorities.

Audit recommends implementation of the DAC decision.

(Para No. 11 of AIR 2017-22 PMIU for SFD&KF Projects, AJ&K)

### **3.4.32 Irregular payment due to un-authorized increase in item of work – Rs. 2.880 million**

According to Rule-10 (i) of GFR Vol-I, every public officer is expected to exercise the same vigilance in respect of expenditure incurred

from public moneys, as a person of ordinary prudence would exercise in respect of expenditure of his own money.

Project Management and Implementation Unit, Saudi Fund for Development and Kuwait Fund (PMIU SFD&KF) Azad Jammu & Kashmir (AJ&K) awarded a contract for construction of Government Boys Degree College Hajira to M/s Ascent for Rs. 124.691 million. The contractor submitted 21<sup>st</sup> and Final Bill on 17.04.2017 and an amount of Rs. 154.030 million was paid to the contractor against work done.

During audit of PMIU for SFD&KF Project, AJ&K for the financial year 2017-18 to 2021-22, it was observed that contractor was paid Rs. 2.880 million against item of work (BOQ item No. 2-b) “Extra every 50 feet additional lead or apart thereof” for a quantity of 576,154.08cft. The record revealed that the said item was provided in BOQ for a quantity of 8,469 cft, whereas the contractor claimed and was paid against a quantity of 576,154.08 cft. Further, no justification / explanation for extra ordinary increase in item of work was provided.

Audit held that extraordinary increase in item of work without any cogent reason was not justified and resulted in additional payment to the contractor over and above the approved BoQ quantities.

Initial audit observation was issued on 18.08.2022. The management replied that the quantities of item No. 2-b exceeded due to lead factor as executed material was not suitable. Further, the initial NGS and levels mentioned by the designer had huge levels differences. It was decided on site that executed material will be disposed off at suitable dumping site which required additional lead due to conjunction of populated vicinity and unavailable dumping site. Back filling material was also brought from the approved source by the engineer which costed additional lead factor, whereas quantities mentioned in BoQ were only admissible if the lead factor comes specified distance. The overall project cost did not exceed beyond admissible financial and administrative limits and PEC guidelines.

The reply was not satisfactory as said item was provided in BOQ for a quantity of 8,469 cft, whereas the contractor was paid against a quantity of 576,154.08 cft. Further, no documentary evidence i.e. lab test report of the excavated material, X-sections, lead chart etc. in support of reply was produced.

DAC meeting was held on 8<sup>th</sup> and 9<sup>th</sup> February, 2023. The management of PMIU AJ&K appraised the DAC that the quantities of item No. 2-b were exceeded due to lead factor as executed material was not suitable. Audit was of the view that extraordinary increase in item of work without any cogent reason was not justified. DAC directed ERRA to present a detailed report on the matter in next DAC meeting.

Audit recommends that matter may be investigated to fix responsibility, besides the amount may be recovered from the contractor.

(Para No. 19 of AIR 2017-22 PMIU for SFD&KF Projects, AJ&K)

### **3.4.33 Double payment for same item of work - Rs. 2.50 million**

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

Project Management and Implementation Unit, Saudi Fund for Development and Kuwait Fund (PMIU SFD&KF) Azad Jammu & Kashmir (AJ&K) awarded a contract for construction of Government Boys Degree College Hajira to M/s Ascent for Rs. 124.691 million. The contractor submitted 21<sup>st</sup> and Final Bill on 17.04.2017 and an amount of Rs. 154.030 million was paid to the contractor against work done.

During audit of PMIU for SFD&KF Project, AJ&K for the financial year 2017-18 to 2021-22, it was observed that contractor was paid against an item of work (Sr. No. 25 of BOQ) “Construction of RCC Overhead water tank size 13x12x4 having 8” thick base slab” The scrutiny of record revealed that:

- i. The contractor was paid Rs. 1,500,000 as 75% payment against construction of two (02) overhead water tanks in IPC No. 9.

The said work was again paid for in IPC No. 10 without showing / taking into account the amount paid in previous IPC i.e. IPC No. 9. Thus, payment was made twice for same item of work in IPC No. 9 and IPC No. 10. This resulted into overpayment of Rs. 1,500,000 to the contractor.

- ii. Total amount paid to contractor for the subject work was Rs. 3,000,000, whereas in subsequent IPCs i.e. IPC No. 11<sup>th</sup> to 21<sup>st</sup> and Final bill, the amount paid under said work has been shown / accounted for as Rs. 2,000,000. This resulted into less account of amount paid to contractor which shows negligence on the part of consultant and management of PMIU.
- iii. One (01) overhead water tank was provided in BOQ, whereas the contractor claimed and was paid for two (02) units (overhead water tanks). This resulted into overpayment of Rs. 1,000,000 due to execution and payment of work over and above the BOQ.

Audit held that double payment and payment for quantities over and above the BOQ resulted into overpayment of Rs. 2,500,000 (Rs. 1,500,000 + Rs. 1,000,000) to the contractor.

Initial audit observation was issued on 18.08.2022. The management replied that the contractor was paid an amount of Rs. 1.500 million @ 75% payment against construction of overhead water tank in IPC No. 09 while no payment against said item of work was made in IPC No. 10. Further, one underground water tank was constructed as per site requirements.

The reply was not satisfactory as payment was made twice for same item in IPCs No. 9 and 10. Further, variation order and approval for the construction of underground water tank was not provided with the reply.

DAC meeting was held on 8<sup>th</sup> and 9<sup>th</sup> February, 2023. The management of PMIU AJ&K apprised the DAC that no payment against overhead water tank was made in IPC No. 10. Audit was of the view that payment was made twice for the same work in IPC No. 9 & 10 resulting in

overpayment. DAC directed ERRA to look in to the matter to ascertain the factual position and share out come in next DAC meeting.

Audit recommends that overpaid amount may be recovered from the contractor, besides matter may be investigated and responsibility be fixed for the lapses on person(s) at fault.

(Para No. 9 of AIR 2017-22 PMIU for SFD&KF Projects, AJ&K)

#### **3.4.34 Loss to Government due to irregularities in payment process – Rs. 3.962 million**

According to Para 10 (ii) of GFR Vol-I, the expenditure should not be prima facie more than the occasional demands. In addition, according to Para 11, each head of the Department is responsible for enforcing financial order and strict economy at every step.

Deputy Director Reconstruction, Provincial Earthquake Reconstruction & Rehabilitation Agency (PERRA), Kohistan awarded a contract for reconstruction / rehabilitation of GHS Sherakot (Package 12A) in District Kohistan to M/s Akbar Khan on 09.10.2010 at a bid cost of Rs. 34.560 million. The work was required to be completed within 365 days as per award letter. The work could not be completed and the Chief Engineer PERRA had to accord 3<sup>rd</sup> EOT to the contractor upto 06.01.2018.

During the audit of office of the Reconstruction (PERRA) Kohistan for the financial year 2018-19 to 2020-21, it was observed as under:

- i. Amounts paid to contractor through IPCs (IPC No. 10 to 14) were not correctly carried forward in subsequent IPCs. As per IPC No. 14, the last payment made to contractor on account of price adjustment was shown as Rs. 8.517 million, whereas, scrutiny of IPC No. 1 to 14 revealed that amount of Rs. 10.204 million was actually paid to the contractor resulting into less accounting of Rs. 1.686 million.
- ii. As per calculation of price adjustment carried out by audit, total price adjustment payable to contractor comes to Rs. 7.929 million (upto IPC 14), whereas the contractor was paid an

amount of Rs. 10.204 million resulting into overpayment of Rs. 2.276 million.

Audit held that less accounting of amount paid and overpayment in respect of price adjustment resulted into loss of Rs. 3.962 million (Rs 1.686 million + Rs. 2.276 million) to Government exchequer.

Initial audit observation was issued on 29.09.2022. The management replied that Resident Engineer NESPAK has been informed vide letter dated 25.10.2022 to calculate the actual amount of the price adjustment and recover the overpaid amount in the next IPC.

The management has admitted the stance of audit, however no further progress was produced to audit.

DAC meeting was held on 8<sup>th</sup> and 9<sup>th</sup> February, 2023. The management of PERRA apprised the DAC that necessary correction will be made in the next IPC. The DAC directed the management to complete the needful action within two weeks.

Audit recommends that overpayment may be recovered from the contractor and necessary correction in the record may be carried out.

(Para No. 16 of AIR 2016-21 DDR Shangla/Kohistan)

### **3.4.35 Non-valuation of machinery, equipment and unused material of defaulting contractor**

According to Clause 63.2(b) of General Conditions of Contract (GCC) (Valuation Date of Termination), the Engineer shall, as soon as may be practicable after any such entry and termination by the Employer, fix and determine ex-parte, or by or after reference to the parties or after such investigation or enquiries as he may think fit to make or institute, and shall certify the value of any of the said unused or partially used materials, any contractor's equipment and any temporary works.

Project Management and Implementation Unit, Saudi Fund for Development/ Kuwait Fund (PMIU for SFD&KF) Projects AJ&K awarded contracts for reconstruction of AJ&K University Chotta Galla Campus,

Rawalakot (Package-A & Package-B) to M/s Qalander Bux Abro & Company for Rs. 1,862.848 million during 2015. Work was started on the project Package-A in April 2015, whereas on Package-B in August 2015. Later on, Chief Engineer PMIU for SFD&KF terminated both the contracts on 20.08.2022 due to poor performance of contractor. An amount of Rs. 191.799 million was paid to the contractor against work done.

During audit of PMIU for SFD&KF Projects, AJ&K for the financial year 2017-18 to 2021-22, it was observed that a large quantity of machinery/equipment and material of the defaulting contractor was present at site at the time of termination of contracts. The management of PMIU did not carry out the valuation of machinery, equipment and unused material of the defaulting contractor as required under Clause 63.2(b) of GCC, Further, the current status / whereabouts of the machinery, equipment and material was not made known to audit. **(Annexure-XIII)**

Audit held that the due to non-valuation of machinery, equipment and unused material of defaulting contractor, Government interest was not secured.

Initial audit observation was issued on 18.08.2022. The management replied that the contractor was requested to participate in joint measurement but he did not comply with instruction. The base prices of machinery and equipment was not available with Employer, as such the valuation of machinery, equipment and unused material could not be carried out. Further, the matter is subjudice before court of law.

The reply was not satisfactory as according to Clause 63.2(b) of GCC (Valuation at Date of Termination), the Engineer was authorized to determine ex-parte and certify the value of unused /partially used materials, contractor's equipment and temporary works, which was not done.

DAC meeting was held on 8<sup>th</sup> and 9<sup>th</sup> February, 2023. The management of PMIU AJ&K appraised the DAC that the contractor was asked to participate in joint measurement but he did not complied. The management further explained that valuation of machinery, equipment and

unused material were not carried out due to base prices of machinery and equipment was not being available with Employer. DAC directed ERRA to provide complete details and whereabouts of all machinery, equipment and unused material of the contractor within two weeks.

Audit recommends that machinery, equipment and unused material of the defaulting contractor may be properly valued and the whereabouts of same be made known to audit for verification.

(Para No. 22 of AIR 2017-22 PMIU for SFD&KF Projects, AJ&K)



## Chapter 4

### National Disaster Management Authority (NDMA)

#### 4.1 Introduction

A. National Disaster Management Authority (NDMA) was established under the National Disaster Management Act, 2010. The Authority functions under the supervision of National Disaster Management Commission (NDMC) which is headed by the Prime Minister of Pakistan. NDMA manages the whole Disaster Management Cycle (DMC) which includes Preparedness, Mitigation, Risk Reduction, Relief and Rehabilitation.

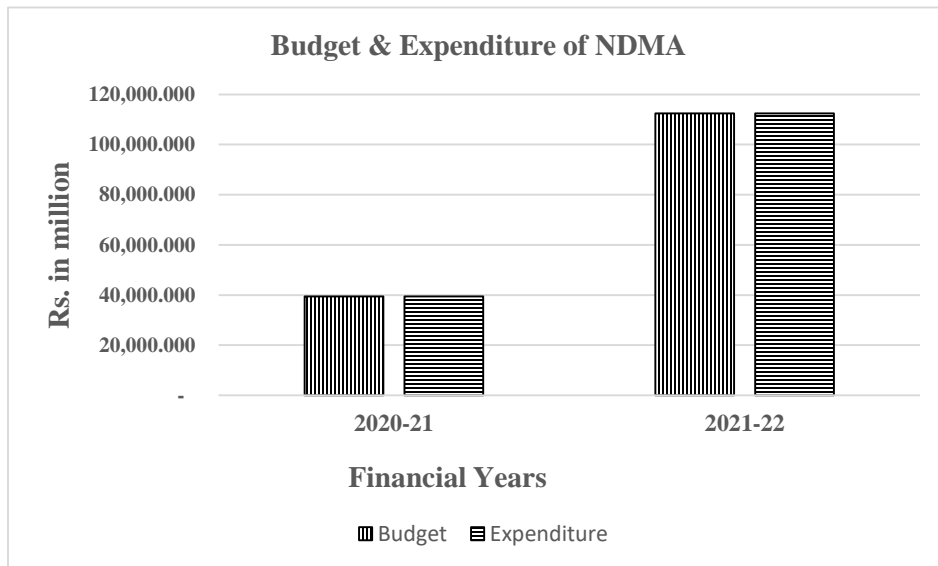
#### B. Comments on Budget and Accounts (Variance Analysis)

(Rs. in million)

Financial Year	Budget	Expenditure	Savings
2020-21	39,382.311	39,380.967	1.344
2021-22	112,437.155	112,434.356	2.799

Source: budget and expenditure statements

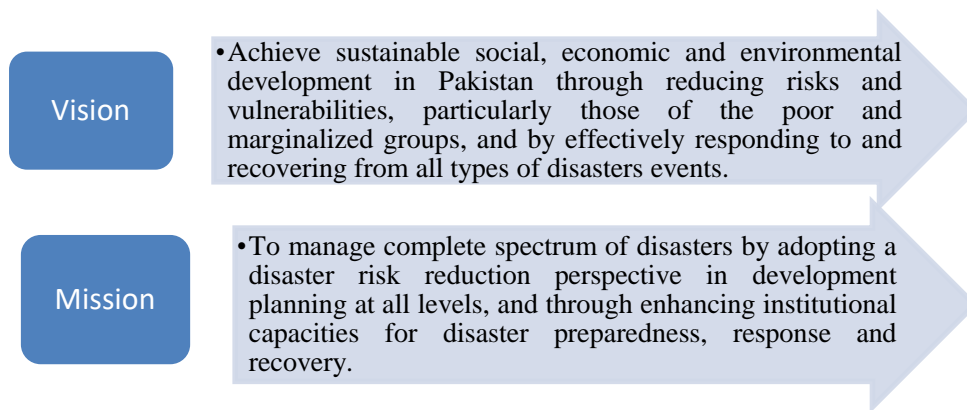
The graphical representation of budget and expenditure of NDMA is as under:



The major reason for increase in budget and expenditure of NDMA in financial year 2021-22 was due to the allocation and corresponding expenditure on procurement of COVID-19 vaccine and Karachi Transformation Plan (KTP).

### C. Sectoral Analysis

The NDMA aims to develop sustainable operational capacity to undertake disaster related activities by the relevant agencies. The vision and mission statement of NDMA defines its core objectives as under



NDMA act as Secretariat of National Disaster Management Commission to facilitate implementation of Disaster related strategies. The main objectives of NDMA are as under:

- Map all the hazards in the Country and conduct risk analysis on a regular basis.
- Develop guidelines and standards for national and provincial stakeholders regarding their role in Disaster Risk Management.
- Ensure establishment of DM authorities and Emergency Operations Centers at provincial, district and municipal levels in hazards-prone areas.

- Provide technical assistance to federal ministries, departments and provincial DM authorities for disaster risk management initiatives.
- Organize training and awareness raising activities for capacity development of stakeholders, particularly in hazard-prone areas.
- Collect, analyze process, and disseminate inter-sectoral information required in an all hazards management approach.
- Ensure appropriate regulations are framed to develop disaster response volunteer teams.
- Create requisite environment for participation of media in DRM activities.
- Serve as the lead agency for NGOs to ensure their performance matches accepted international standards e.g., the SPHERE standards.
- Serve as the lead agency for international cooperation in disaster risk management. This will particularly include information sharing, early warning, surveillance, joint training and common standards and protocols required for regional and international cooperation.
- Coordinate emergency response of federal government in the event of a national level disaster through the National Emergency Operations Center (NEOC)

**Disaster / Emergency situations handled by NDMA are as under:**

- Earthquake on 31 January 2018 (20km East of Bela, Balochistan & Hindukush Region)
- Shimshal Valley likely GLOF Situation.
- Margalla Hills Fires – March & May 2018.
- Kotli Sattian Forest Fire – May 2018.
- Islamabad Sunday Market Fire incidents in July 2018.
- Heat wave in Sindh – May 2018
- Monsoon Season – 2018.

- Covid-19
- Locust Combat Operation

In addition to above, NDMA has started to circulate and upload on its official website for general public, the alerts / updates issued by Pakistan Meteorological Department to all stakeholders in the country. In addition, the Daily Situation Report (DSR) is also circulated to stakeholders summarizing the cumulative disaster relief activities, water level in Dams/ reservoirs and rivers flow situation report by Flood Forecasting Division.

On the other side, the National Disaster Management Commission (NDMC) which is the strategic body to oversee the affairs of NDMA had a total of four (04) meetings since inception and no meeting was held after 28.03.2018. Further, the Annual Report indicating the progress of NDMA was not prepared and published after calendar year 2018. Moreover, the internal audit wing is not established in NDMA resulting in non-generation of internal audit reports and periodic review of internal controls within the organization. The physical verification of stores and stock also needs to be carried out on periodical basis, as the Authority is maintaining warehouses containing huge quantities of relief related items including medical equipment, PCR kits, food items and non-food items etc.

**Table-I Audit Profile of National Disaster Management Authority (NDMA)**

**(Rs. in million)**

<b>Sr. No.</b>	<b>Description</b>	<b>Total Nos.</b>	<b>Audited</b>	<b>Expenditure audited FY 2021-22</b>	<b>Revenue / Receipts audit FY 2021-22</b>
1.	Formations	01	01	112,434.356	Nil
2.	<ul style="list-style-type: none"> <li>• Assignment Account</li> <li>• SDAs</li> <li>• NDMA Fund A/c</li> </ul>	01 Nil 01	01 Nil 01	317.915 Nil 112,116.441	Nil/ Nil Nil
3.	Authorities / Autonomous Bodies etc. under the PAO	Nil	Nil	Nil	Nil
4.	Foreign Aided Project (FAP)	Nil	Nil	Nil	Nil

## 4.2 Classified Summary of Audit Observations

Audit observations amounting to Rs. 5,086.489 million and USD 1.000 million have been raised in this report pertaining to NDMA. Recovery amounting to Rs. 586.632 million and USD 700,000 has been pointed out in the observations. Summary of the audit observations classified by nature is as under:

**Table –II Overview of Audit Observations**

(Amount in million)			
Sr. No.	Classification	PKR	USD
<b>1.</b>	<b>Irregularities</b>	<b>86.900</b>	<b>--</b>
A.	Procurement	86.900	--
<b>2.</b>	<b>Financial Management</b>	<b>4,978.786</b>	<b>1.000</b>
<b>3.</b>	<b>Public Service Delivery / Performance</b>	<b>20.803</b>	<b>--</b>

## 4.3 Brief comments on the status of compliance with PAC directives

The Directorate General Audit (CC&E) started auditing and reporting NDMA since 2015-16. PAC meeting on Audit Reports for the audit year 2015-16 to 2017-18 was held on 22.11.2021, wherein fifteen (15) Audit Paras were discussed. Current status of compliance with PAC directives for report discussed so far is given below:

Audit Report	Number of Audit Paras			Compliance		
	Discussed in PAC	Settled by PAC	Directives issued	Compliance Received	Awaited	Percentage of compliance
2016-17	15	09	06	00	06	00
2017-18	10	09	01	01	00	100%
2020-21 (Covid-19)	06	05	01	01	00	100%

The NDMA is required to implement the PAC directives pertaining to Audit Report of 2016-17.

## **4.4 AUDIT PARAS**

### **Procurement**

#### **4.4.1 Acceptance of near to expiry PCR kits by NDMA without conforming to required specifications - Rs. 72.540 million**

According to Rule 31 of Public Procurement Rules, 2004, no bidder shall be allowed to alter or modify his bid after the bids have been opened. However, the procuring agency may seek and accept clarifications to the bid that do not change the substance of the bid.

Further according to clause 8(c) of the contract agreement, the time for delivery of stores as stipulated in work order shall be taken as essence of contract. As per work order the delivery was to be completed within 8 working days.

National Disaster Management Authority (NDMA) paid an amount of Rs. 72.540 million to M/s Schazoo Pharmaceutical Laboratories Pvt. Ltd. during the financial year 2021-22 on account of procurement of 62,000 advance version of real time PCR kits.

During audit of NDMA for the financial year 2021-22 it was observed as under:

- i. The vendor provided kits of 10ul reaction volume instead of 20ul reaction volume as required. NDMA instead of rejecting the item accepted the kits of different specification as against the specifications mentioned in the bidding documents. NIH after thorough evaluation had suggested NDMA to procure 20ul reaction volume kits. The 10ul volume reaction kits were not compatible with existing machine and additional specific Biorad machines and OEM tubes were required to use these kits.
- ii. The vendor agreed to provide the Biorad machines with the 10 ul volume reaction kits, however, only one machine was provided which was already agreed with 20 ul kits and no extra machine was provided.

- iii. Tender was floated in emergency situation and only 3 days' time was given for bid submission with a delivery time of 9 working days. However, NDMA took 5 months to finalize the procurement which nullified the purpose of emergency procurement and doing away the process of open tendering.
- iv. The supplier provided 9600 kits to NIH on 04.01.2022 with an expiry date of 17.02.2022, however, OEM tubes were not provided with the supply, despite the fact that the single plex kits required extra tubes for the complete testing. NIH clearly stated in its letter that it is a single plex kit and 3 PCR tubes are required for a single sample. However, it was noted that as per delivery challan only 62000 tubes were provided with the kits and no extra tubes were provided. NDMA accepted the supplies contrary to the purchase order resulting in non-optimal use of the kits.
- v. Dow University Karachi informed that the Biorad machine provided by the vendor was in improper packing and shipment and the machine was not of any use of the laboratory. NDMA vide letter dated 11-01-2022 directed the vendor to replace Biorad machine with new one. However, the machine was not replaced by the supplier.
- vi. The vendor vide letter dated 11.01.2022 intimated NDMA that Public Health lab Lahore and provincial headquarter hospital Gilgit are not receiving the allocated kits on pretext of having low sample test numbers and kits near to expiry. Hence, the distribution schedule was revised by excluding these labs. This resulted in non-fulfilling of demands which were raised at the time of tender and duly endorsed by NCOC and NIH.
- vii. Public Health laboratory Khyber Medical University Peshawar vide letter dated 11.01.2022 intimated to NDMA that the vendor has provided 10000 kits on 03.01.2022 with expiry date of 17.02.2022 while the PCR tubes were not provided. Vendor was asked to replace the kits and also provide 30000 tubes due to fact that 03 tube are

required for a single sample. However, kits were not replaced and tubes were also not supplied as demanded.

- viii. The PCR kits supplied had a very short shelf life of about 1.5 months only. Further, non-provision of additional tubes led to the possibility of expiry of kits without any use.

Audit held that the acceptance of incompatible supplies with non-conforming specification resulted in non-optimal use of the kits and loss to government.

Initial audit observation was issued on 27.12.2022. The management replied that the procured kits of 10µl reaction volume was compatible with the available BIO RAD testing machine and procured after due consultation and technical opinion of NIH. The emergency in floating tender was deemed necessary due to the prevailing saturation of COVID-19 pandemic. Once the medical / technical authorities were satisfied with the procured kits, only then these were delivered and further administered to the affected people. All the delivery notes bear the compatible tubes along with the number of kits provided. BIORAD machine held with the Dow Medical University was made functional, by the supplier. Due to changing situation of the COVID-19 affectees, the initial delivery plan was revised in view of the change in anticipated cases. The concerns of KMU were communicated to the supplier and were addressed. The initial life of PCR kit was extended to 12 months vide supplier letter dated 19<sup>th</sup> January, 2022.

The reply was not satisfactory as kits of non-confirming specifications were accepted and no extra BIORAD machines were provided by the vendor. Delivery of kits after a lapse of 5 months defeated the very purpose of emergency procurement. Moreover, extra tubes were not provided for optimal use of kits. More importantly, the expiry date mentioned on the product could not be enhanced through issuance of a letter by supplier and the expiry dates remains the same.

DAC meeting was held on 27.01.2023. DAC directed NDMA to forward the matter to NIH for obtaining a detailed report and opinion on all



issues highlighted in audit observation. Further, NDMA shall also approach all user agencies including NIH for providing complete details of consumption of kits to ascertain that the procured kits were consumed within approved shelf life. The matter be placed before the next DAC meeting accordingly for deliberation.

Audit recommends the implementation of the DAC decision.

(Para No. 27 of AIR 2021-22 NDMA)

#### **4.4.2 Loss to government due to procurement of PCR kits on higher rates - Rs. 10.955 million**

According to Rule 23 of GFR, 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.

National Institute of Health (NIH) demanded 17,500 genotyping specific PCR kits/test that can detect and discriminate between different Variants of Concerns (VOCs) for real-time surveillance/ monitoring on 06.07.2021. The quantity demanded consisted of 5,000 tests of Beta (South African), 2,500 test of Gamma (Brazilian) and 10,000 tests/kits of Delta (Indian; B.1.617.2). National Disaster Management Authority (NDMA) procured 10,000 multiplex PCR kits (multiplex, to detect all the four variants in a single test) @ 2,265.50 per kit/test through quotation basis from M/s AGBL Pakistan at a total cost of Rs. 22.655 million against supply order dated 18.07.2021.

During audit of National Disaster Management Authority (NDMA) for the financial year 2021-22, it was observed that NDMA simultaneously procured the same multiplex kits (Cat No. R00152) through tender floated on 16.07.2021 and opened on 19.07.2021 from M/s Schazoo Pharmaceutical

Laboratories at a rate of Rs. 1,170 per kit/test which was almost half the rate of M/s AGBL Pakistan i.e. Rs. 2,265.50 per kit/test.

It was also observed that the same firm i.e., M/s AGBL from which the kits were purchased @ 2,265.50 per kit on 18.07.2021 had offered a much lower rate of Rs. 1,654 per kit in response to the tender opened on 19.07.2021. Hence, the procurement of the same kits at higher rate during same period resulted in loss of Rs.10.955 million to the government. The detail is as under:

**(Rs. in million)**

<b>Quantity</b>	<b>Rate of M/s AGBL</b>	<b>Rate of M/s Schazoo Pharmaceutical</b>	<b>Difference</b>	<b>Loss</b>
10,000	2,265.50/kit	1,170/kit	1,095.500/kit	10.955

Audit held that Government sustained a loss of Rs. 10.955 million due to procurement of PCR kits on higher rates.

Initial audit observation was issued on 27.12.2022. The management replied that NIH vide letter dated 6<sup>th</sup> July, 2021 forwarded an urgent demand for procurement of 5000, 2500 and 10,000 tests of Beta, Gamma and Delta variants respectively. NDMA obtained quotations from different firms on 7<sup>th</sup> July, 2021. In response 08x firms submitted their quotations on 9<sup>th</sup> July, 2021 and M/s AGBL was shortlisted after technical and financial evaluation. A fresh demand was received from NIH dated 9<sup>th</sup> July, 2021 for procurement of 181,000 tests of Alpha, Beta, Gamma and Delta variants. NDMA floated an emergency tender on 16<sup>th</sup> July, 2021, wherein M/s Schazoo Pharmaceutical Lab was shortlisted by quoting rate of Rs. 1,170 per test. Both the procurements were made in different time span and through different modes due to time sensitivity and to safeguard loss of precious human lives.

The reply was not satisfactory as PCR kits were procured at the same time at two different rates resulting in loss to the government.

DAC meeting was held on 27.01.2023. NDMA management held that both requirements were furnished at different timeframes and separate procurement process was initiated in line with the emergent situation. However, codal formalities for both processes were followed. Audit was of

the view that PCR kits were procured at the same time at two different rates resulting in loss to the government. DAC directed NDMA to look into the matter and submit a detailed report in the next DAC meeting.

Audit recommends that the matter may be probed through a fact-finding inquiry and responsibility be fixed for procurement of same item at different rates during the same time period.

(Para No. 21 of AIR 2021-22 NDMA)

#### **4.4.3 Imprudent procurement of 10,000 multiplex PCR kits - Rs. 3.405 million**

According to National Institute of Health (NIH) letter dated 06.07.2021, NIH required genotyping specific PCR kits that could detect and discriminate between different Variants of Concerns (VOCs) for real-time surveillance/ monitoring and control of these variants in the country as detailed under:

<b>Sr. No.</b>	<b>Description</b>	<b>Quantity (No. of tests)</b>
1.	Beta (South African) real-time PCR detection kit	5,000
2.	Gamma (Brazilian) real-time PCR detection kit	2,500
3.	Delta (Indian; B.1.617.2) real-time PCR detection kit	10,000
<b>Total</b>		<b>17,500</b>

National Disaster Management Authority (NDMA) incurred an expenditure amounting to Rs. 22.655 million on the procurement of PCR kits (multiplex for detecting all the four variants in a single test) of 10,000 tests @ 2,265.50 per test from M/s AGBL Pakistan on quotation basis during the financial year 2021-22.

During audit of NDMA for the financial year 2021-22, it was observed that another vendor M/s H. A. Shah & Sons quoted price @ Rs. 1,100 per test for single plex kits/tests (single-plex, to detect single variant in a single test). Hence, procurement of 10,000 multiplex kits/tests at the rate of Rs. 2,265.50 per test instead of 17,500 single plex kits/test (as per NIH requirement) at the

rate of Rs. 1,100 per test resulted in additional cost of Rs. 3.405 million which was not justified. Details are as under:

**(Rs. in million)**

<b>Sr. No.</b>	<b>Name of Vendor</b>	<b>Particulars</b>	<b>Rate per kit/test</b>	<b>Amount (Rs.)</b>
1.	M/s AGBL	10,000 multiplex kits/test	2,265.500	22.655
2.	M/s H. A. Shah & Sons	17,500 single plex kits (any variant)	1,100	19.250
<b>Difference (loss)</b>				<b>3.405</b>

Audit held that procurement of 10,000 multiplex kits instead of 17,500 Single plex required kits in requisite quantity not only caused additional cost of Rs. 3.405 million to government but also reduced the number of subjects/individuals to be tested from 17,500 to 10,000.

Initial audit observation was issued on 27.12.2022. The management replied that as per the requirement of NIH, 5,000, 2,500 and 10,000 tests were to be conducted for Beta, Gamma and Delta variants respectively. Whereas, out of 02 technically complaint firms, one had offered its kit that detects different variants with a single test, while the other firm has offered different kits to detect different variants. NDMA sought consent of NIH regarding the number of tests required in case of detection of all variants through a single test. NIH vide its letter dated 16<sup>th</sup> July, 2021 informed that 10,000 tests/kit that detects different variants (Beta, Gamma and Delta) in a single test (multiplex) may be procured.

The reply was not satisfactory as due to the procurement arrangement, only 10,000 test could be performed instead of 17,500 test and the government had to bear extra cost which was not justified.

DAC meeting was held on 27.01.2023. NDMA management held that in line with the technical consent of NIH and recommendations of Procurement Committee of NDMA, the National Authority of NDMA approved the multiplex version and procured 10,000 kits instead of single plex 17,500 quantities. DAC directed NDMA to refer the matter to NIH to obtain technical opinion and a detailed report be shared in next DAC meeting.

Audit recommends that the matter may be referred to the NIH for obtaining technical opinion and a detailed report be shared with Audit authorities.

(Para No. 20 of AIR 2021-22 NDMA)

## **Financial Management**

### **4.4.4 Non-recovery of overpayment from M/s Sinopharm Fortune International Trading Corporation China - USD 700,000**

According to Para 23 of GFR, every Government officer should realize fully and clearly that he would be held personally responsible for any loss sustained by Government through fraud or negligence on his part.

Further according to Para 4.2.15 of Accounting Policies and Procedures Manual, payment must not be made in advance unless it is required by the agreement with the supplier and supported by a bank guarantee for the value of the advance. Where an advance payment is made, the entity should ensure that adequate steps are taken to protect the public money.

National Disaster Management Authority (NDMA) procured different kinds of ventilators from M/s Sinopharm Fortune International Trading Corporation in 2020. NDMA had paid excess amount of USD 700,000 to the vendor as compared to actual quantity of ventilators approved for procurement and actually received. Details are as under:

**(Amount in USD)**

<b>Sr. No</b>	<b>Item</b>	<b>Unit Rate</b>	<b>Qty</b>	<b>Amount</b>
1.	Ventilator S1100	21,700	40	868,000
2.	Ventilator 5000 D	19,900	10	199,000
3.	Port Ventilator 1000 D	7,000	30	210,000
A	Sub-total of Value of approved quantity by National Authority and delivered by the supplier (1+2+3)		80	1,277,000
B	Work order & Payment released			1,977,000
<b>Overpayment (B-A)</b>				<b>700,000</b>

During certification audit of NDMA for the financial year 2021-22, it was observed that the issue of over payment was pointed out by audit authorities during compliance audit for the financial year 2019-20. However, over paid amount had not been recovered from the vendor despite lapse of more than two years.

Audit held that as a general principle, advance payment for procurement was not allowed by government until specifically approved and supported by a bank guarantee for the value of advance. Whereas, contrary to above, advance payment was made without approval and for excess quantity approved by the National Authority. The advance payment was also not secured by bank guarantee. This state of affairs resulted in loss of government money as well as corresponding loss of interest /profit thereupon.

Initial audit observation was issued to management on 08.11.2022. Management replied that the issue had already been highlighted by audit during compliance with authority audit of NDMA for financial year 2020-21. NDMA had made numerous attempts directly as well as through MoFA, and Pakistan Embassy in Beijing to recover the overpayment. Even the Head of Mission had also taken up the matter with the Chairperson Sinopharm and also written to him for retrieval of the amount. However, so far no tangible headway could be made. NDMA would make even more strenuous efforts to retrieve the amount.

The DAC in its meeting held on 15.11.2022 directed NDMA to initiate a summary for taking up the case at appropriate level for refund of USD 700,000 from M/s Sinopharm Fortune International Trading Corporation China.

Audit recommends that matter may be looked into and concrete steps be taken to recover the overpaid amount form the supplier.

(Para No.14 of Financial Attest Audit Report of NDMA, FY 2021-22)

#### **4.4.5 Imprudent use of government money due to procurement of excess ventilators - USD 300,000**

According to Beijing Jin Xin Si Sheng Yuan Science and Technology Co. Ltd (manufacturer) letter dated 16.10.2020, manufacturer undertook to

provide 18 months warranty from the shipment date. Further, according to NDMA work order No. covid-19/179 dated 24.04.2020, the vendor was bound to provide, commission/installation and after sale repair & service for 1 year through manufacturer authorize service provider, and may be by training to the technicians and medical staff.

National Disaster Management Authority (NDMA) procured 30 ventilators (Model:Jx-600) from M/s Matora Engineering Corporation during the Financial Year 2019-20 amounting to USD 600,000 (30 x USD 20,000). The said ventilators were received by NDMA on 18.06.2020.

During audit of NDMA for the financial year 2021-22, it was observed that NDMA issued 15 ventilators to Gilgit-Baltistan Disaster Management Authority (GBDMA) on 10.08.2022, while the remaining 15 ventilators were still lying-in balance. Non-distribution of ventilators despite lapse of two years implies that procurement was carried out in haste without need assessment. Further, excess procured ventilators lost their warranty and after sale services facility period without installation and any usage.

Audit held that excess procurement without need assessment resulted in non-utilization of costly equipment and led to wasteful expenditure to the tune of USD 300,000.

Initial audit observation was issued on 09.12.2022. The management replied that procurement of ventilators was made as per prevailing critical scenario of Covid-19 pandemic and grave need of ventilators among affected population. However, upon receipt of ventilators, same were issued after proper need assessment in hospitals in coordination with M/o National Health Services Regulation & Coordination (NHSR&C)/ Provincial Health departments. After issuance of 15 ventilators no further demand was received from Ministry of NHSR&C or provincial Health Departments, therefore the balance quantity of ventilators has been processed for meeting future requirements.

The reply was not satisfactory, as the excess procurement resulted in wastage of government funds.

DAC meeting was held on 27.01.2023. DAC deliberated the matter and directed NDMA to prepare a tangible plan for utilization of ventilators within useful life after obtaining information from the health authorities.

Audit recommends that proper need assessment may be carried out before commencing procurement. Moreover, the procured ventilators in balance may be optimally utilized during the useful life of the equipment

(Para No. 06 of AIR 2021-22 NDMA)

#### **4.4.6 Non-disclosure of funds transferred by Emergency Relief Cell (ERC) to NDMA – Rs. 3,755.559 million**

Section 29 (3) of National Disaster Management Act 2010 stipulates that on commencement of this Act, the following funds shall become part of the National Disaster Management Fund, namely: -

- (a) Prime Minister's Disaster Relief Fund; and
- (b) Any other fund relating to natural calamities established at Federal level as the Federal Government may determine.

Prime Minister's Office Islamabad vide letter No. 2084(S)/2015 dated 04.07.2015 conveyed that the present function assigned to Emergency Relief Cell (ERC) including distribution of cash compensation shall immediately be transferred to NDMA along with all ERC's bank accounts as retention of same with Cabinet Division cannot be justified. The entire exercise may be completed within thirty days' time frame. **(Annexure-XIV)**

During certification audit of NDMA for the Financial Year 2021-22, it was observed that the said accounts having credit balance of Rs.3,755.559 million were transferred under the administrative control of NDMA in 2016, however, the fate of these accounts had not been decided till the date of audit i.e. December, 2022. Further, the account balances had neither been included in the books of accounts nor disclosed in the AFS.

Audit held that lack of decision on the transferred funds resulted in tied up of Government funds and loss in shape of interest/profit despite lapse of about seven (07) years. Furthermore, non-disclosure of the funds resulted in



understatement of assets of the Authority and kept the amount out of government's books of accounts.

Initial audit observation was issued to management on 03.11.2022. Management replied that administrative control of the Emergency Relief Cell accounts was given to NDMA in 2016 under an executive order however, matter of utilization of funds lying in these accounts was under discussion among Finance Division, Cabinet Division, AGPR, FTO and NDMA. Once the funds were given to NDMA the utilization plan would be prepared and proper disclosure of the same would be made in the AFS.

The DAC in its meeting held on 15.11.2022 directed NDMA to take concrete steps to ensure that the funds of ERC are transferred to the Authority, as already decided by the PM Office and Cabinet Division. Moreover, proper disclosure of the same should be made in the AFS to be prepared for financial year 2022-23.

Audit recommends that bank accounts of ERC along with credit balances may be taken in the books of accounts and disclosed in AFS. Further, the management may look into the matter for utilization of the funds as per requirements/policy and rules, besides implementation of DAC directives.

(Para No.07 of Financial Attest Audit Report of NDMA, FY 2021-22)

#### **4.4.7 Non-obtaining of vouched accounts and verification of expenditure against funds transferred for hiring of machinery under Karachi Transformation Plan (KTP) – Rs. 539.730 million**

According to Para 213 (5) of GFR Vol-I, advances made for public expenditure will be held under objection until a detailed account duly supported by vouchers is furnished in adjustment of them.

According to Karachi Transformation Plan (KTP), payment on account of compensation to Locally Displaced Persons (LDPs) at the rate of Rs. 15,000 per month as a house rent support for a period of 2 years and for hiring of machinery to clear encroachments was to be made by Sindh Government and funds to be provided by National Disaster Management Authority (NDMA).

National Disaster Management Authority (NDMA) transferred an amount of Rs. 539.730 million to Government of Sindh during the financial year 2021-22 on account of anti-encroachment operation and resettlement support to LDPs on Orangi and Gujjar Nallah's. (**Annexure-XV**)

During audit of NDMA for the financial year 2021-22, it was observed that vouched accounts were not obtained and the advances were not adjusted. Relevant documents in support of payments released to Government of Sindh, i.e. approval of expenditures from competent authority, sanction orders, vouchers, invoices, detail of amount paid to LDPs and vouched/adjustments accounts were not obtained. Moreover, in the absence of proper physical verification of removed encroachments, there are chances that payments may have been made to house held / LDPs whose houses were not removed being not falling at marked line. Moreover, savings if any were also not retrieved.

Audit held that non-obtaining of vouched accounts and its adjustment was not justified and was a violation of the laid down mechanism / policy.

Initial audit observation was issued on 09.12.2022. The management replied that vouched accounts have been received and are in the process of scrutiny for adjustment of amount. Moreover, work is still in process and final accounts shall be obtained after completion of construction works at Nullahs.

DAC meeting was held on 27.01.2023. DAC deliberated the matter and directed NDMA to examine and verify the vouched accounts to ascertain that releases were spent as per rules and regulations by the spending entities. Moreover, un-spent amount, if any, be recovered and adjustment be made in the accounts accordingly and a certificate to this effect be provided to audit authorities.

Audit recommends that the claims and payments vouchers for complete amount may be obtained from the concerned and the same may be got verified by NDMA and adjusted accordingly against the total amounts released and savings if any may be retrieved from quarters concerned.

(Para No. 02 of AIR 2021-22 NDMA)

#### **4.4.8 Non-deduction of Sales Tax on Services from contractors / consultants - Rs. 439.666 million**

According to Section 8 of Sindh Sales Tax on Services Act, 2011, there shall be charged, levied and collected a tax known as sales tax on the value of a taxable service at the rate specified in the schedule in which the taxable service is listed.

National Disaster Management Authority (NDMA) awarded various civil work contracts to different contractors along with consultancy contract to the engineering consultants under Karachi Transformation Plan (KTP) and paid an amount of Rs. 8,572.146 million during financial year 2021-22.

During audit of NDMA for the financial year 2021-22, it was observed that Sindh Sales Tax on Services amounting to Rs. 439.666 million was not deducted from the contractors and consultants. (**Annexure-XVI**)

Audit held that non-withholding of sales tax on services from the payment made to the contractors and consultants resulted in loss to government revenues.

Initial audit observation was issued on 09.12.2022. The management replied that in case of Mehmoodabad Nullah complete Sindh Sales Tax amount of Rs. 122,899,190 has been deducted from contractors/ consultants and deposited/ adjusted with Government of Sindh. However, Sindh Sales Tax for Gujjar and Orangi Nullahs has already been withheld with NDMA. The same shall be calculated after completion of the Projects and accordingly will be deposited/ adjusted with GoS.

The reply was not satisfactory as no record in respect of Mehmoodabad Nullah was provided and major amount in respect of Gujjar and Orangi Nullahs is also pending for want of action.

DAC meeting was held on 27.01.2023. DAC discussed the matter and directed NDMA to maintain proper record of Sales Tax for each contract. Further, steps should be taken to finalize the matter with Government of Sindh/Sindh Revenue Board for deposit and retrieval of SST.

Audit recommends that the amount of sales tax on services may be recovered and deposited into government treasury.

(Para No. 05 of AIR 2021-22 NDMA)

#### **4.4.9 Non-reimbursement of Sindh Sales Tax from Government of Sindh - Rs. 122.899 million**

According to Para 9 of minutes of the meeting chaired by Secretary Local Government Department, Sindh held on 19.11.2021, it was decided that the National Disaster Management Authority (NDMA) shall submit the claim of reimbursement of Sindh Sales Tax through local government department to Finance Department Sindh. Subsequently, Finance Department, Sindh after due verification from Sindh Revenue Board (SRB) shall release the amount to NDMA. It shall be ensured that claim of reimbursement of NDMA shall be finalized at the earliest possible after receipt of claim from Finance Department, Sindh.

National Disaster Management Authority (NDMA) handed over the Project “Restoration & Revamping of Mehmoodabad Nullah” to KMC/ Government of Sindh on 18.05.2022 after completion.

During audit of NDMA for the financial year 2021-22, it was observed that Sindh Sales Tax amounting to Rs. 122.899 million on account of payments made to contractors and consultants engaged in the project was deposited by the client i.e. NDMA and the contractors/ consultants to Sindh Revenue Board (SRB). However, the said amount was not reimbursed to NDMA in violation of the arrangement referred above.

Audit held the non-reimbursement of the amount of Sindh Sales Tax was contrary to the agreed arrangement and not justified.

Initial audit observation was issued on 27.12.2022. The management replied that case for reimbursement of Sales Tax amounting to Rs. 122.899 million was already forwarded to Government of Sindh on 03 August, 2022. However, the said amount will be deducted from LDPs support of Gujjar and Orangi Nullahs.

DAC meeting was held on 27.01.2023. DAC discussed the matter and directed NDMA to maintain proper record of Sindh Sales Tax (SST) for each contract. Further, steps should be taken to finalize the matter with Government of Sindh/Sindh Revenue Board for deposit and retrieval of SST and same may be provided to audit for verification.

Audit recommends that the matter may be actively followed up with quarters concerned for reimbursement of the amount.

(Para No. 26 of AIR 2021-22 NDMA)

#### **4.4.10 Non-obtaining of vouched accounts and verification of expenditure - Rs. 117.668 million**

According to Para 213 (5) of GFR, advances made for public expenditure will be held under objection until a detailed account duly supported by vouchers is furnished in adjustment of them.

Further according to minute sheet of National Disaster Management Authority, State Disaster Management Authority (SDMA) and Gilgit Baltistan Disaster Management Authority (GBDMA) will share the detail of expenditure with NDMA and unspent balance will be refunded to NDMA.

National Disaster Management Authority (NDMA) transferred / released funds amounting to Rs. 117.668 million to State Disaster Management Authority (SDMA) and Gilgit-Baltit Disaster Management Authority (GBDMA) during financial year 2021-22 for operation of mass vaccine center in Gilgit-Baltistan (GB) & Azad Jammu and Kashmir (AJK) and for purchase of food for flood affectees in Gilgit-Baltistan (GB) as detailed below:

(Rs. in million)

Sr. No.	Name of Department	Dated	Cheque No.	Amount
1.	SDMA, Government of AJ&K	02.07.2021	87697585	32.400
2.	GBDMA, Government of Gilgit Baltistan	02.07.2021	87697586	32.700
3.	GBDMA, Government of Gilgit Baltistan	30.09.2021	37428815	10.900
4.	SDMA, Government of AJ&K	30.09.2021	37428816	10.800
5.	SDMA, Government of AJ&K	30.11.2021	37428905	7.378
6.	GBDMA, Government of Gilgit Baltistan	30.11.2021	37428906	20.990
7.	GBDMA, Government of Gilgit Baltistan (Purchase of 500 x food packs for flood affectees)	14.09.2021	37428767	2.500
<b>Total</b>				<b>117.668</b>

During audit of NDMA for the financial year 2021-22, it was observed that vouched accounts were not obtained and the advances were not adjusted. Similarly, savings if any were also not retrieved.

Audit further observed that the releases by NDMA to different entities were made without any agreed/approved mechanism. Releases were made lump sum in advance, while the expenditure was incurred by the recipient entities at their end in the absence of any SOPs defining the role of the Authority and recipient agency and manner of final settlement of the accounts.

Audit held that transfer of huge funds to entities for various works without any approved mechanism may lead to complications at later stages. Moreover, non-obtaining of vouched accounts in a timely manner resulted in non-adjustment of the advances.

Initial audit observation was issued on 09.12.2022. The management replied that NDMA vide letters dated 20.01.2022 had asked SDMA & GBDMA to provide vouched accounts. In response, SDMA and GBDMA vide their letters dated 10.03.2022 and 04.11.2021 respectively have provided details of expenditure. NDMA approached GBDMA vide letter dated 30.06.2022 for vouchers and remaining amount but response is still awaited. NDMA is also pursuing the case with GBDMA telephonically.

DAC meeting was held on 27.01.2023. DAC deliberated the matter and directed NDMA to obtain the vouched accounts and examine and verify

the same to ascertain that releases were spent as per rules and regulations by the spending entities. Moreover, un-spent amount, if any, be recovered and adjustment be made in the accounts accordingly and a certificate to this effect be provided to audit authorities.

Audit recommends implementation of the DAC decision.

(Para No. 01 of AIR 2021-22 NDMA)

#### **4.4.11 Non-deduction of Income Tax from supplier – Rs. 3.264 million**

According to Section 153(1)(c) of Income Tax Ordinance, 2001, every prescribed person making a payment in full or part including a payment by way of advance to a resident person on the execution of a contract, shall, at the time of making the payment, deduct tax from the gross amount payable.

National Disaster Management Authority (NDMA) paid an amount of Rs. 72.540 million to M/s Schazoo Pharmaceutical Laboratories Pvt. Ltd. during the financial year 2021-22 on account of procurement of 62,000 PCR kits. Income Tax was not deducted from the supplier on the basis of an e-exemption letter.

During audit of NDMA for the financial year 2021-22, it was observed that as per the e-exemption letter, the supplier was only allowed to make the supply of goods manufactured by him without tax deduction. However, the PCR kits supplied by the supplier were not manufactured by the vendor itself but arranged through local purchase. Hence, non-deduction of tax resulted in loss of Rs. 3.264 million (Rs. 72,540,000\*4.5%).

Audit held that non-deduction of Income Tax from the supplier resulted in loss to the government revenues.

Initial audit observation was issued on 27.12.2022. The management replied that the supplier being commercial importer provided an exemption certificate in respect of Income Tax. In accordance to exemption letter NDMA was obliged to pay all amount without any deduction.

The reply was not satisfactory as it was mentioned on the exemption letter that the taxpayer was allowed to make the supply of goods manufactured by

him without tax deduction, whereas, the PCR kit was not a self manufactures item.

DAC meeting was held on 27.01.2023. NDMA apprised the forum the income tax was already deducted from the supplier at the stage of import of items. DAC deliberated the matter in detail and it was directed that documentary evidence in respect of import i.e., GD forms, commercial invoices, packing list may be obtained from the vendor to ensure that the income tax was deducted at the import stage.

Audit recommends implementation of the DAC decision.

(Para No. 29 of AIR 2021-22 NDMA)

## **Public Service Delivery / Performance**

### **4.4.12 Less imposition and recovery of liquidated damages from supplier – Rs. 20.803 million**

According to Clause 6 of the contract agreement, if supplier fail to deliver any or all of the goods within the time period specified in the work order, purchaser shall without prejudice to its other remedies under the contract, shall have the right to claim and the supplier shall pay the liquidated damages. Further according to clause 8 c of the contract agreement, the time for delivery of the stores as stipulated in the work order shall be taken as the essence of the contract. Further, according to work order, the delivery was required to be completed within 8 working days.

National Disaster Management Authority (NDMA) paid an amount of Rs. 72.540 million to M/s Schazoo Pharmaceutical Laboratories Pvt. Ltd. during the financial year 2021-22 on account of procurement of 62,000 PCR kits. Due to non-delivery of the kits on time, NDMA deducted an amount of Rs. 580,320 as Liquidated Damages (LD) charges at the rate of Rs. 0.2 percent per day of delay.

During audit of NDMA for the financial year 2021-22, it was observed that the LD charges were less deducted as the total LD charges required to be recovered from the supplier were Rs. 20.803 million. The detailed working of the LD charges required to be recovered. (**Annexure-XVII**)



Audit held that less deduction of liquidated damages resulted in loss to the public exchequer.

Initial audit observation was issued on 27.12.2022. The management replied that kits were available within the firm's premises. The kits were delivered/ administered over a period of 05x months on requirement basis by the Public Health Sector. Moreover, technical anomalies addressed by the firm as a result of queries raised by NIH were not attributed to the firm.

The reply was not satisfactory as the supplies were not delivered in agreed time frame and the firm was liable to pay LD charges.

DAC meeting was held on 27.01.2023. NDMA management held that the required 62,000 kits were made available at firm's premises on 27<sup>th</sup> August, 2021 and were verified by NDMA, therefore, only 04x days LD charges were deducted. DAC held that as per delivery challan the deliveries were made in January, 2022 instead of 23 August, 2021. NDMA was directed to provide documentary evidence that all procured kits were available in the firm's store on 27<sup>th</sup> August, 2021 for supply to designated users.

Audit recommends implementation of the DAC decision.

(Para No. 30 of AIR 2021-22 NDMA)

#### **4.4.13 Physical verification of assets/stocks and relief items not carried out by NDMA despite persistent pointation in previous Audit & Inspection Reports**

According to Para 159 and 160 of GFR Vol-I, physical verification of all stores should be made at least once in every year under rules prescribed by competent authority. A certificate of verification of stores with its results should be recorded on the list, inventory or account, as the case may be, where such a verification is carried out.

National Disaster Management Authority (NDMA) was required to carry out physical verification of store and stock items during the financial year 2021-22 as well as during the previous years.

During audit of NDMA for the financial year 2021-22, it was observed that NDMA failed to undertake the physical verification of stock, store and

costly relief items to ascertain and verify the receipt, proper storage and issuance of the item and identify theft, misplacement and misuse of items, if any.

Audit held that non-conducting of physical verification of costly items and stores was not justified as physical verification of stores was extremely important for an organization like NDMA which was constantly engaged in procurement, storing and distribution of relief and other item to multiple agencies and users.

The observation on non-conducting of physical verification of stores was raised persistently in the previous audit reports, however, NDMA has not carried out the necessary verification of store items and in this way has put at risk the costly government assets and stores mainly comprising relief and rehabilitation items meant for disaster hit areas across the country.

Initial audit observation was issued on 27.12.2022. The management replied that internal stocking of NDMA relief stores is being done throughout the year. However, as per audit advice physical verification of stores as per prescribed rules will be ensured in future and presented to audit authorities during next year.

DAC meeting was held on 27.01.2023. DAC deliberated the matter and directed that physical verification of all assets, stores and relief items be carried out and report be shared in next DAC meeting for deliberation.

Audit recommends that physical verification of assets and all relief items may be carried out as provided in rules and report of the same be produced to Audit authorities for scrutiny and review.

(Para No. 35 of AIR 2021-22 NDMA)

#### **4.4.14 Non-preparation of PC-III and PC-V of projects under Karachi Transformation Plan (KTP)**

According to Planning Commission Proforma revised in 2005, PC-III proformas were to be furnished by 5<sup>th</sup> day of each month during implementation of development projects. Further, PC-IV proforma is to be

furnished immediately after completion of Project regardless of whether or not the accounts of the Project have been closed. Further, according to Planning Commission Proforma revised in 2005, PC-V proforma is to be furnished by 31<sup>st</sup> July of each year for 5 years after completion of Project indicating Projects operational results during the last financial year.

Three projects for restoration and revamping of Storm water drains nullahs namely Gujjar, Orangi and Mehmoodabad were approved as part of ‘Karachi Transformation Plan’ (KTP), in CDWP meeting held on 08.03.2021 as detailed below:

<b>(Rs. in million)</b>		
<b>Sr. No.</b>	<b>Name of Drain</b>	<b>Project Cost</b>
1.	Gujjar Nullah	6,123.520
2.	Orangi Nullah	6,399.460
3.	Mehmoodabad Nullah	2,409.000
	<b>Total</b>	<b>14,931.980</b>

During audit of National Disaster Management Authority (NDMA) for the financial year 2021-2022, it was observed that the PC-III of these projects as required under rules were not prepared. Further PC-V in respect of Mehmoodabad Nullah project was also not prepared.

Audit held that non preparation of PC-III and PC-V was violation of policy guidelines of the planning commission.

Initial audit observation was issued on 16.12.2022. The management replied that PC-IV of Mehmoodabad Nullah has been prepared and submitted to Planning Division. PC-IV of Gujjar and Orangi Nullah will be prepared after completion of the projects.

The reply to the extent of PC-IV was satisfactory, however no reply was furnished regarding non-preparation of PC-III and PC-V.

DAC meeting was held on 27.01.2023. DAC directed that a mechanism should be discussed and finalized with user department for preparation and submission of PC-V of the project.

Audit recommends that the PC-III and PC-V may be prepared and furnished to Planning Commission as prescribed.

(Para No. 11 of AIR 2021-22 NDMA)

#### **4.4.15 Non-holding of National Disaster Management Commission meetings on regular basis**

According to Section 4 (1) of National Disaster Management Act, 2010, The National Commission shall meet as and when necessary and at such time and place as the Chairperson of the National Commission may think fit. Further according to agenda item 1(a) of National Disaster Management Commission meeting held on 28.03.2018, the members showed concerns and hoped that the meetings of the Commission will be held on annual basis.

National Disaster Management Commission (NDMC) held its last meeting on 28.03.2018.

During audit of National Disaster Management Authority (NDMA) for the financial year 2021-22, it was observed that NDMC had held only 05 meetings in total and the last meeting of the Commission was held 28.03.2018. Details of the meetings held so far are as under:

<b>Sr. No.</b>	<b>NDMC meetings</b>	<b>Dates of meetings</b>
1.	First meeting	05.03.2007
2.	Second meeting	03.01.2009
3.	Third meeting	19.08.2010
4.	Fourth meeting	21.02.2013
5.	Fifth meeting	28.03.2018

Audit held that non-conducting of regular meetings of NDMC was not justified leading to delay in review and approval of issues of strategic and national importance. The issue assumes more importance keeping in view the fact that Pakistan faced earthquakes, pandemic in shape of Covid-19 and successive floods in last few years and the strategic guidance from NDMC was not available.

Initial audit observation was issued on 27.12.2022. The management replied that Section 4 of NDM Act 2010 stipulates that the National Commission

shall meet as and when necessary and at such time and place as the Chairperson may think fit. Though NDMA in the previous years remained intensively involved in the national catastrophic events, however, the management of NDMA tried at their level best to secure availability of the Prime Minister of Pakistan, being the Chairperson of the Commission for the conduct of NDMC meeting. However, due to multiple challenges faced by the Government including national emergencies as well as political situation of the country, the meeting of the Commission could not be materialized. It is worth mentioning that convening of 6<sup>th</sup> NDMC meeting is in pipeline and will be held upon confirmation from the Prime Minister Office.

DAC meeting was held on 27.01.2023. DAC directed NDMA to pursue the matter and make efforts to convene the NDMC meetings regularly.

Audit recommends that meetings of National Disaster Management Commission may be held on regular basis for providing strategic guidance on the issue of disaster management as well to review the existing policies and evaluate the outcomes of the various interventions.

(Para No. 42 of AIR 2021-22 NDMA)

## Chapter 5

### Environment Wing, Capital Development Authority and Emergency & Disaster Management Directorate, Metropolitan Corporation Islamabad

#### 5.1 Introduction

A. The Environment Wing of Capital Development Authority (CDA) includes Environment Directorate (East), Environment Directorate (West), Environment Directorate (Regional) and Directorate of Parks. The major functions of environment wing include protection, conservation and management of parks, nurseries and seasonal plantations etc. in Islamabad city. It also caters for the protection and conservation of forests, control of forest fires, afforestation and development of tourist viewpoints and its maintenance.

The Emergency & Disaster Management (E&DM) Directorate was established in 2008 under the Metropolitan Corporation Islamabad (MCI). E&DM Directorate is responsible for fast disaster mitigation and response in natural and human made disasters.

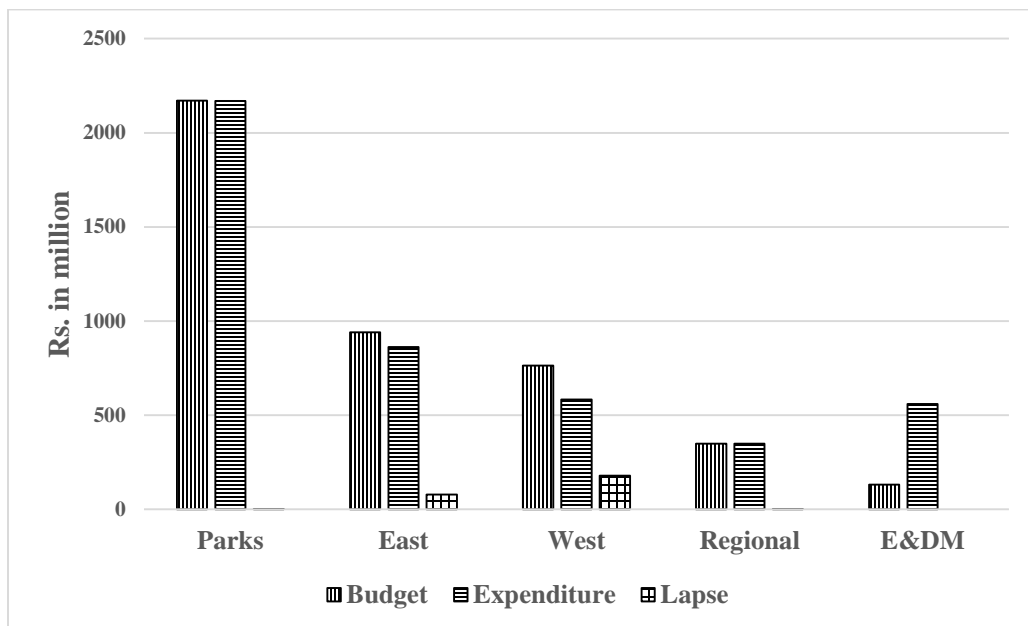
#### B. Comments on Budget and Accounts (Variance Analysis)

(Rs. in million)

Wing	Financial Year	Budget	Expenditure	Savings
Environment Directorate (Parks)	2021-22	2,170.131	2,168.685	1.446
Environment Directorate (East)	2021-22	940.800	862.849	77.951
Environment Directorate (West)	2021-22	762.770	583.643	179.126
Environment Directorate (Regional)	2021-22	349.415	349.051	2.209
Emergency & Disaster Management Directorate	2021-22	131.521	559.660	--

Source: budget and expenditure statements

The graphical representation of budget and expenditure is as under:



**Table-I Audit Profile of Environment and E&DM Wing, MCI**

(Rs. in million)

Sr. No.	Description	Total Nos.	Audited	Expenditure audited FY 2021-22	Revenue / Receipts audit FY 201-22
1.	Formations	06	05	4,523.888	Nil
2.	• Assignment	Nil	Nil	Nil	Nil
	• Account	Nil	Nil	Nil	Nil
	• SDAs	Nil	Nil	Nil	Nil
	• Others				
3.	Authorities / Autonomous Bodies etc. under the PAO	Nil	Nil	Nil	Nil
4.	Foreign Aided Project (FAP)	Nil	Nil	Nil	Nil

## 5.2 Classified Summary of Audit Observations

Audit observations amounting to Rs. 1,224.109 million have been raised in this report pertaining to Environment Wing and E&DM Directorate of CDA/MCI. Recovery amounting to Rs.18.449 million has been pointed out in the audit observations. Summary of the audit observations classified by nature is as under:

**Table –II Overview of Audit Observations**

(Rs. in million)		
<b>Sr. No.</b>	<b>Classification</b>	<b>Amount</b>
<b>1.</b>	<b>Irregularities</b>	<b>1,215.648</b>
A.	HR / Internal Control Weaknesses	644.257
B.	Procurement	571.391
<b>2.</b>	<b>Financial Management</b>	<b>2.027</b>
<b>3.</b>	<b>Public Service Delivery / Performance</b>	<b>6.434</b>

## 5.3 Brief comments on the status of compliance with PAC directives

The Directorate General Audit (CC&E) Islamabad started auditing and reporting CDA/MCI formations since the year 2018-19. No Audit Report has been discussed in PAC meeting so far.



## 5.4 AUDIT PARAS

### HR / Internal Control Weaknesses

#### 5.4.1 Irregular payment of salaries to non-gazetted staff through DDO bank account – Rs. 628.631 million

According to Para 2.3.2.8 of Accounting Policies & Procedures Manual, to minimize the risk of fraud and corruption, payments shall be made through direct bank transfer and cheques.

Environment Directorate (Parks), CDA paid salaries amounting to Rs. 628.631 million to non-gazetted staff during financial year 2021-22.

During audit of Environment Directorate (Parks), CDA for the financial year 2021-22, it was observed that salaries were paid to non-gazetted staff through DDO bank account. CDA Finance wing issued lump-sum cheques on account of salaries and other claims pertaining to non-gazetted staff. The DDO accordingly deposited those cheques into the DDO bank account maintained in First Women Bank. Thereafter, the salary cheques were issued by the DDO to the non-gazetted staff for payment of their salaries. Detail of amount routed through DDO bank account is reflected as under:

(Rs. in million)

Sr. No.	Month of Salary	Amount
1.	July, 2021	98.701
2.	August, 2021	42.667
3.	September, 2021	42.368
4.	October, 2021	42.054
5.	November, 2021	60.256
6.	December, 2021	39.835
7.	January, 2022	43.570
8.	February, 2022	45.632
9.	March, 2022	48.379
10.	April, 2022	61.015
11.	May, 2022	51.630
12.	June, 2022	52.524
<b>Total</b>		<b>628.631</b>

Audit held that payment of salaries through Drawing & Disbursing Officer was against the Accounting Policies & Procedures Manual and has an inherent risk of fraud and embezzlement.

The matter was reported to the management on 02.09.2022. The management replied that the payments will be made directly to the employee accounts without involving DDO account in future.

The PAO was requested to convene DAC meeting vide letters dated 06.10.2022, 31.10.2022, 07.12.2022 and 27.01.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that the irregular practice may be stopped and payment of salaries to non-gazetted staff may be made through direct bank transfer by CDA Finance Wing.

(Para No. 4 of AIR 2021-22 Directorate of Parks, Environment Wing CDA Islamabad)

#### **5.4.2 Inadmissible payment of Conveyance Allowance -Rs. 9.988 million**

According to Para 7(a) of Finance Division (Regulation Wing) OM No. I(I)imp/2008 Dated 30.06.2008, the office-cum-residence conveyance allowance is an allowance to facilitate Government officers / officials to reach the office and not admissible to those officer / officials who have been provided with government transport facility or residing within work premises.

Emergency and Disaster Management Directorate MCI, Islamabad paid an amount of Rs. 9.988 million on account of conveyance allowance to 52 officials during financial year 2021-22.

During audit of Emergency and Disaster Management Directorate, MCI Islamabad for the financial year 2021-22, it was observed that payment of conveyance allowance was also made to those officials who had been provided with Government accommodation and were residing within the premises of the Directorate. Therefore, such employees were not entitled to draw the conveyance allowance. **(Annexure-XVIII)**

Audit held that payment on account of conveyance allowance to the said employees was inadmissible.

Initial audit observation was issued on 23.11.2022. The management replied that the staff residing in barracks belong to far flung areas of Pakistan and they also perform their duties in Red Zone i.e., G-5 Fire Substation, Pak China Center, Jinnah Convention Center, Parliament House, Parliament Lodges, Supreme Court, Cabinet Division, NAB Headquarter, Pak Secretariat Blocks, Prime Minister Officer, Prime Minister House and Aiwan-e-Sadr. Moreover, it is relevant to state here that they go to Red Zone from Fire Headquarter on self-conveyance basis.

The reply was not satisfactory as employees were not entitled to draw conveyance allowance while residing in Government accommodation.

The PAO was requested to convene DAC meeting vide letters dated 23.11.2022, 09.12.2022, 23.12.2022 and 27.01.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that recovery may be effected from officials concerned and further payment be stopped.

(Para No. 9 of AIR 2021-22 E & DM Directorate of MCI Islamabad)

#### **5.4.3 Irregular expenditure on staff appointed over and above the sanctioned strength – Rs. 5.638 million**

According to Para 4.02 of CDA Employees Service Regulations 1992, all appointments in the Authority shall be made against the sanctioned posts.

Environment Directorate (East) CDA, Islamabad posted staff in different positions in excess of the sanctioned posts.

During audit of Environment Directorate (East) CDA, Islamabad for the financial year 2021-22, it was observed that department made appointments in excess of sanctioned strength at different positions and paid an amount of Rs. 5.638 million on account of pay and allowances during the financial year 2021-22. The detail of excess staff is given below:

(Rs. in million)

Sr. No.	Designation	Division	BPS	Excess	Per month pay (per person)	One year pay
1.	Range Officer	Parks Division	16	01	0.119	1.432
2.	Forester		11	02	0.064	1.541
3.	Forester	Urban	11	01	0.064	0.771
4.	Forest Guard	Division-I	09	03	0.052	1.894
<b>Total</b>						<b>5.638</b>

Audit held that appointment of staff over and above the sanctioned strength and expenditure incurred against pay and allowances was irregular and violation of rules.

The matter was reported to the management on 17.08.2022. The management replied that during the last few years the Capital City was expanding rapidly and as per requirement of citizens new parks were developed. The watch & ward relating landscape and plantation was a challenge with acute shortage of protection staff.

The reply was not satisfactory as appointment of staff over and above the prescribed sanctioned strength was irregular.

The PAO was requested to convene DAC meeting vide letters dated 06.10.2022, 31.10.2022, 07.12.2022 and 27.01.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that the matter may be looked into for corrective measures, besides the amount incurred be got regularized from CDA Board.

(Para No. 6 of AIR 2021-22 Directorate of East, Environment Wing CDA Islamabad)

## **Procurement**

### **5.4.4 Irregular award of contracts without technical evaluation of bids – Rs. 424.156 million**

According to Rule 29 of Public Procurement Rules 2004, procuring agencies shall formulate an appropriate evaluation criterion listing all the relevant information against which a bid is to be evaluated. Such evaluation criteria shall form an integral part of the bidding documents. Failure to

provide an unambiguous evaluation criteria in the bidding documents shall amount to mis-procurement.

Further, according to Rule 30(1), all bids shall be evaluated in accordance with the evaluation criteria and other terms and conditions set forth in the prescribed bidding documents.

Environment Directorate (Parks) and Environment Directorate (East) CDA Islamabad invited tenders during the financial year 2021-22 for different works. A number of general requirements as well as certain conditions related to relevant experience and eligibility were laid down in the respective bidding documents.

During the audit of Environment Directorates (Parks) and (East), CDA for the financial year 2021-22, it was observed that the contracts amounting to Rs. 298.859 million and Rs. 125.297 million respectively were awarded to the contractors without any technical evaluation of the bids and checking of eligibility of the bidders. Due to non-evaluation of bids, the previous experience of the bidders in soft landscape development, horticulture, floriculture and environment was not ascertained as was required in the bidding documents.

It was further observed that neither evaluation committee nor procurement committee were constituted, besides, attendance sheet of the bidders who had participated in the process was also not available on record. **(Annexure-XIX)**

Audit held that award of contract in violation of procurement rules was irregular and mis-procurement resulting in loss to government.

The matter was reported to the management on 17.08.2022 and 02.09.2022. The management of Environment Directorate (Parks) and (East) replied that after detailed scrutiny and technical evaluation of the documents the tender documents were issued to eligible bidders only. Further, after tender opening on prescribed date and time, comparative statement was prepared.

The reply was not satisfactory as the department did not address the observations raised in the audit para.

The PAO was requested to convene DAC meeting vide letters dated 06.10.2022, 31.10.2022, 07.12.2022 and 27.01.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that matter may be inquired to fix responsibility and outcome be shared with audit authorities.

(Para No. 3 of AIR 2021-22 Directorate of Parks and Para No. 2 of AIR 2021-22 Directorate of East, Environment Wing CDA Islamabad)

#### **5.4.5 Irregular award of work for plantation of 125,000 large size plants – Rs. 43.221 million**

According to Sr. No. 3 of CDA Schedule of Administrative and Financial Powers 2007, a committee comprising Member (Engg), DG/DDG and Directors concerned will consider tenders above Rs. 50 million. In all such cases, the concerned officers will meet as a committee. The acceptance of tenders and to enter into agreement upto Rs. 5.00 million was delegated to Directors.

Further, according to Rule 30(1) of Public Procurement Rules 2004, all bids shall be evaluated in accordance with the evaluation criteria and other terms and conditions set forth in the prescribed bidding documents.

Environment Directorate (Regional) CDA invited tenders for providing and planting of large size 125,000 plants including transportation to site, digging, planting, backfilling along with maintenance for a period of six months. The work was awarded to M/s Saad Enterprises at a cost of Rs. 43.221 million vide work order dated 15.02.2022.

During audit of Environment Directorate (Regional), CDA for the financial year 2021-22, it was observed as under:

- i. According to tender advertisement, one of the eligibility criteria for the bidders was relevant experience i.e. at least three number of works in last two financial years, however, no bidder submitted the required

documents and proof of past work experience. Consequently, M/s Saad Enterprises was awarded the work without ascertaining past work experience.

- ii. As per BOQ, 125,000 trees were required to be planted within 30 days which means plantation of 4,167 trees per day in the hilly forest area requiring sufficient manpower and vast experience for the work. However, neither the work program reflected any roadmap to accomplish the job nor the department considered this aspect before award of the contract.
- iii. The concerned Director did not attend the bid meeting as the comparative statement was not signed by him rendering the process irregular.

Audit held that contract awarded without due diligence and without ascertaining the technical soundness of the bidder/contractor was not justified.

The matter was reported to the management on 18.08.2022. The management replied that the contractor was responsible to complete the job and due to unfavorable weather conditions etc. 12000 plants were planted and rest were in progress and extension was granted accordingly. Further, the signature of Director concerned was available on relevant file, tender register and bids.

The reply was not satisfactory as signed comparative statement was not provided. Further, evaluation of bidders experience by bid evaluation committee was also not provided to Audit.

The PAO was requested to convene DAC meeting vide letters dated 06.10.2022, 31.10.2022, 07.12.2022 and 27.01.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that the management may look into the matter for ascertaining the factual position for taking necessary corrective measures and fixing responsibility for the lapse.

(Para No. 1 of AIR 2021-22 Directorate of Regional, Environment Wing CDA Islamabad)

#### **5.4.6 Irregular award of landscaping work – Rs. 31.701 million**

According to Para 23 of GFR Vol-I, 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.

Directorate of Environment (Parks) CDA awarded a contract for Rs. 31.701 million to M/s Farhan Gilani Associates for “P/F Fence Stone Wall allied works and soft landscaping at green belt in between Sector I-8/2 & H-8/4 Islamabad”. The work order was issued to contractor on 14.06.2022.

During audit of Directorate of Environment (Parks) CDA for the financial year 2021-22, it was observed as under:

- i. As per work order dated 14.06.2022, the contractor was requested to execute formal agreement within three days of issuance of work order. However, scrutiny of the contract agreement revealed that the date of signing of contract agreement was 01.06.2022 i.e., before issuance of work order.
- ii. As per work order dated 14.06.2022, the date of start of work was mentioned as 30.04.2022 i.e., much before the date of work order.
- iii. The expenditure was sanctioned on 14.06.2022 i.e., on the day the work order was issued.
- iv. The contractor submitted 1<sup>st</sup> running bill on 05.06.2022 which was pre-audited by Divisional Accounts Officer (DAO) on 17.06.2022. Execution of work and submission of bill before issuance of work order and signing / approval of contract was irregular.
- v. As per work order dated 14.06.2022, the completion period was 60-days. The contractor submitted 2<sup>nd</sup> running bill which was pre-audited by the DAO on 26.06.2022 and an amount of Rs. 26,758,317 (Rs. 11,114,104 + Rs. 15,644,213) was paid to the



contractor upto 30.06.2022 i.e., within 16-days of issuance of work order.

Audit held that award of work in light of above discrepancies was not justified and payment made was irregular.

The matter was reported to the management on 02.09.2022. The management replied that due to financial crises / non-availability of funds, only necessary works were carried out on emergency basis on the direction of Honorable Supreme Court and Wafaqi Mohtasib. Further, no repetition of items were made.

The reply was not satisfactory as the discrepancies pointed out by audit were not addressed.

The PAO was requested to convene DAC meeting vide letters dated 06.10.2022, 31.10.2022, 07.12.2022 and 27.01.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that the matter may be inquired to probe the facts and responsibility be fixed on the person(s) at fault.

(Para No. 8 of AIR 2021-22 Directorate of Parks, Environment Wing CDA Islamabad)

#### **5.4.7 Award of contract at higher rates – Rs. 30.541 million**

According to Rule 4 of Public Procurement Rules 2004, a procuring agency, 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.

Directorate of Environment (East) CDA awarded a contract to M/s Tahir Construction Solution at a cost of Rs. 30.541 million on account of beautification / uplifting of Shakarprian parade ground during the financial year 2020-21.

During audit of Directorate of Environment (East) for the financial year 2021-22, it was observed that contract was awarded to M/s Tahir

Construction Solution at very higher rates i.e., 45% above the estimates/NIT cost.

Audit also observed that in other horticulture/plantation contracts, the lowest quoted bid of the contractors ranged from 29% below to 40% below of the NIT cost. Therefore, award of contract at 45 % above was not justified. Details of some other bids are at **Annexure-XX** for reference.

Audit held that the estimates were prepared on market rates, hence award of contract at a rate of 45% above of NIT cost was not justified and against the interest of government.

The matter was reported to the management on 17.08.2022. The management replied that all tenders were carried out as per Public Procurement Rules 2004. Further, the estimates were framed on MES SR-2014 which were almost 07 years old and the rates of various inputs had been drastically changed since then.

The reply was not satisfactory as in other horticulture/plantation contracts, the lowest quoted bid of the contractors ranged from 29% below to 40% below of the NIT cost.

The PAO was requested to convene DAC meeting vide letters dated 06.10.2022, 31.10.2022, 07.12.2022 and 27.01.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that matter may be inquired to make the loss good from the responsible officials.

(Para No. 7 of AIR 2021-22 Directorate of East, Environment Wing CDA Islamabad)

#### **5.4.8 Irregular procurement in piecemeal without open tender and fair competition by Environment Wing CDA – Rs. 24.767 million**

According to Rule 12(1) of Public Procurement Rules 2004 as amended vide S. R. O. 442(I)/2020 dated 15.05.2020, “Procurements over five hundred thousand rupees and up to the limit of three million rupees shall be advertised on the Authority’s website in the manner and format specified by regulation by the Authority from time to time. These procurement

opportunities may also be advertised in print media, if deemed necessary by the procuring agency”.

Further, according to Rule 9, a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned. The annual requirements thus determined would be advertised in advance on the Authority’s website as well as on the website of the procuring agency in case the procuring agency has its own website.

The Directorates of Environment (East) and (Parks) CDA made procurements amounting to Rs. 24.767 million during the financial year 2021-22 as detailed below:

		(Rs. in million)
Sr. No.	Name of Department	Expenditure incurred
1.	Directorate of Environment (East) CDA, Islamabad	10.435
2.	Directorate of Environment (Parks) CDA Islamabad	7.430
3.	Directorate of Environment, (Parks) CDA Islamabad	6.902
<b>Total</b>		<b>24.767</b>

During audit of Directorates of Environment, (East) and (Parks) CDA, for the financial year 2021-22, it was observed as under:

- i. The Directorates did not plan the procurement activities and incurred the expenditure through quotations in piecemeal to avoid open tenders.
- ii. Directorate of Environment (Parks) CDA paid an amount of Rs. 7.430 to different vendors without any documentary evidence of the transactions i.e. demand/ requisition of work, approval of the work, quotations, comparative statements, work order, voucher/bill submitted by the vendor and sanctions of the work etc.(**Annexure-XXI**)

Audit held that incurrence of expenditure in piecemeal by avoiding open tender negated healthy and fair competition and deprived the

government from economical and competitive rates. Further, payment made to the suppliers / vendors without any documentary evidence and approval, was not justified and violation of rules.

The matter was reported to the management on 17.08.2022 and 02.09.2022. The management replied that the works pertained to immediate and emergent repair/maintenance of different parks due to announcement of National and International level mega events. Therefore, it was imperative to get these works executed by deploying numerous petty parties simultaneously to meet the targets in given prescribed time span.

The reply was not satisfactory as no documentary evidence in support of reply was provided. Further, the point regarding payment of Rs. 7.430 million without documentary evidence was not addressed.

The PAOs were requested to convene DAC meeting vide letters dated 06.10.2022, 31.10.2022, 07.12.2022 and 27.01.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that matter may be probed and responsibility be fixed for inflicting loss to government by violating PPRA Rules.

(Para No. 1 & 10 of AIR 2021-22 Directorate of Parks and Para No. 1 of AIR 2021-22 Directorate of East, Environment Wing CDA Islamabad)

#### **5.4.9 Irregular procurement without open competition by E&DM Directorate MCI –Rs. 7.288 million**

According to Rule 12(1) of Public Procurement Rules 2004 as amended vide S. R. O. 442(I)/2020 dated 15.05.2020, “Procurements over five hundred thousand rupees and upto the limit of three million rupees shall be advertised on the Authority’s website in the manner and format specified by regulation by the Authority from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency”.

Further, according to Rule 9, a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and

shall proceed accordingly without any splitting or regrouping of the procurements so planned.

Emergency and Disaster Management Directorate MCI incurred an expenditure amounting to Rs. 7.288 million on account of procurement of store, equipment / tools and repair & maintenance etc. during financial year 2021-22.

During audit of Emergency and Disaster Management Directorate, MCI for the financial year 2021-22, it was observed that the procurement opportunity was not advertised in electronic/print media. The department was required to procure the items annually or bi-annually keeping in view the annual requirements/procurement plan. The purchases were made in piecemeal by splitting the expenditure and thus the tendering process and fair competition was avoided. **(Annexure-XXII)**

Audit held that procurement made in piecemeal by way of splitting of expenditure was violation of PPRA Rules. The irregular purchase resulted in unfair procurement process and loss to the government.

Initial audit observation was issued on 23.11.2022. The management replied that the funds were released during last months of financial year 2021-22, therefore, payment was made in June 2022 to avoid lapse of budgets and shortage of time for tendering process.

The PAO was requested to convene DAC meeting vide letters dated 23.11.2022, 09.12.2022, 23.12.2022 and 27.01.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that management may inquire the matter and fix responsibility for mis-procurement on the person(s) at fault.

(Para No. 6 of AIR 2021-22 E & DM Directorate of MCI Islamabad)

#### **5.4.10 Irregular procurement through splitting of expenditure and avoiding open tendering process – Rs. 5.414 million**

According to Rule 12(1) of Public Procurement Rules 2004, as amended vide S. R. O. 442(I)/2020 dated 15.05.2020, “Procurements over five

hundred thousand rupees and up to the limit of three million rupees shall be advertised on the Authority's website in the manner and format specified by regulation by the Authority from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency”.

Further, according to Rule 9, a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned.

The Directorate of Environment (East) CDA incurred an expenditure amounting to Rs. 5.414 million during the financial year 2021-22 on account of purchase of tyres, cutting machines and repair of vehicles.

During audit of Directorate of Environment (East) CDA for the financial year 2021-22, it was observed that the Directorate had not planned its procurement activities and made piecemeal procurements by splitting of expenditure. Thus, the procurements were made through quotations thereby avoiding open tender. **(Annexure-XXIII)**

Audit held that incurrence of expenditure in piecemeal to avoid open tenders deprived the opportunity of healthy and fair competition and resulted in loss to government.

The matter was reported to the management on 17.08.2022. The management replied that Environment Wing had a large fleet of very old operational vehicles & machinery and therefore, needed frequent repair and maintenance.

The reply was not satisfactory as incurrence of expenditure in piecemeal to avoid open tenders was violation of Public Procurement Rules 2004.

The PAO was requested to convene DAC meeting vide letters dated 06.10.2022, 31.10.2022, 07.12.2022 and 27.01.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that matter may be probed and responsibility be fixed for the lapse.

(Para No. 9 of AIR 2021-22 Directorate of East, Environment Wing CDA Islamabad)

#### **5.4.11 Irregular expenditure after expiry of open framework contracts - Rs. 4.368 million**

According to Rule 16(A)(4) of the Public Procurement Rules 2004, open and closed framework agreements 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.

Further according to Rule 16(A)(2), the procuring agency shall prepare provisional annual estimates including description, specifications, statement of requirements and quantities, based on rational demand estimates.

Emergency and Disaster Management Directorate, MCI had pre-qualified 26 firms in February, 2019 for repair & maintenance of vehicles / machinery. Accordingly, an expenditure amounting to Rs. 4.368 million was incurred on procurement of parts and repair of vehicles / machinery.

During audit of Emergency and Disaster Management Directorate, MCI for the financial year 2021-22, it was observed as under:

- i. Open framework contracts were not terminated after the completion of prescribed period of three (3) years in violation of rules.
- ii. No tendering and open competition was resorted to and the procurements continued to be made from the supplier / vendor whose contract had already completed the three years limit.
- iii. Annual estimates including description, specifications, statement of requirements and quantities, based on rational demand estimates were not prepared. (**Annexure-XXIV**)

Audit held that award of contracts and procurement after expiry of specific period of the contracts was violation of Public Procurement Rules.

Initial audit observation was issued on 23.11.2022. The management replied that the repair and maintenance of vehicles were made in an emergency. However, a case is under process before CDA authority for pre-qualification of workshop and firms.

The reply was not satisfactory as the objected expenditure was made in violation of Public Procurement Rules.

The PAO was requested to convene DAC meeting vide letters dated 23.11.2022, 09.12.2022, 23.12.2022 and 27.01.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that the matter may be looked into by the management and outcome be shared with Audit authorities.

(Para No. 8 of AIR 2021-22 E & DM Directorate of MCI Islamabad)

## **Financial Management**

### **5.4.12 Non-deduction of Sales Tax - Rs. 2.027 million**

According to Section 3(1)(a) of Sales Tax Act 1990, there shall be charged, levied and paid a tax known as sales tax at the rate of seventeen per cent of the value taxable supplies made by a registered person in the course or further any taxable activity carried on by him.

Further according to Section 3, subsection (7), tax shall be withheld at the rate as specified in the Eleventh Schedule, by any person or class of persons (being purchaser of goods or services) as withholding agent for the purpose of depositing the same, in such manner and subject to such conditions or restrictions as the Board may prescribe in this behalf through a notification in the official Gazette.

Emergency and Disaster Management Directorate MCI, paid an amount of Rs.13.943 million on account of various procurements during the financial year 2021-22.

During audit of Emergency and Disaster Management Directorate, MCI for the financial year 2021-22, it was observed that sales tax at the rate of



17% amounting to Rs 2.027 million was not withheld and deposited into Government treasury. (**Annexure-XXV**)

Audit held that non-deduction of sales tax was a violation of Sales Tax Act, 1990 resulting in loss to Government revenues.

Initial audit observation was issued on 23.11.2022. The management replied that the contractors having active tax payer status with FBR deposited the sales tax themselves. Whereas, 17% sales tax is deducted from the contractors who have non-active tax payer status with FBR.

The reply was not satisfactory as the documentary evidence regarding deduction / deposit of 17% Sales Tax was not provided in support of reply.

The PAO was requested to convene DAC meeting vide letters dated 23.11.2022, 09.12.2022, 23.12.2022 and 27.01.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that recovery of tax may be effected from the suppliers / firms concerned and deposited into Government treasury.

(Para No. 12 of AIR 2021-22 E & DM Directorate of MCI Islamabad)

#### **5.4.13 Irregular maintenance of bank accounts in Commercial Banks**

According to procedure for opening of bank accounts laid down in Cash Management and Treasury Single Account Rules 2020, any approval granted by Finance Division prior to commencement of these rules, for opening of bank accounts in scheduled banks by Government offices stand revoked on commencement of these rules and the SBP shall instruct all scheduled banks not to open account of any Government office. The accounts already opened shall be closed and balance therein shall be transferred to the Federal Consolidated Fund.

The Directorate of Environment (Parks) and Directorate of Environment (Regional) CDA maintained various accounts with commercial banks as detailed under:

(Rs. in million)

<b>Sr. No.</b>	<b>Division</b>	<b>Bank Account No.</b>	<b>Bank Name &amp; Branch</b>	<b>Opening Balance July 2021</b>	<b>Closing Balance June, 2022</b>
1.	Park Horticulture	1233-1946-4100-4443	MCB CDA Secretariat	7.518	20.560
2.	Landscape Division	0073-5064-0100-0775	MCB Civic Center	1.353	5.862
3.	Development Division	0602-0097-5209-03	HBL Civic Center	4.374	2.980
4.	Directorate of Environment Regional	PK20-FWOM-0005-0098-0411-0001	First Women Bank.	--	--

During audit of Directorates of Environment (Parks) and (Regional), CDA for the financial year 2021-22, it was observed that DDO bank accounts were maintained with commercial banks and were not closed after introduction of Cash Management and Treasury Single Accounts Rules, 2020.

Audit also observed that these bank accounts were the source of making payments to non-gazetted staff on account of their pay and allowances and deposit of security of the contractors etc. Besides, no proper record was maintained to verify the payments of cash deposited and withdrawal from the account. The bank statement showed huge closing balances at each month end.

Audit held that non-closure of bank accounts was violation of Cash Management and Treasury Single Account Rules 2020, besides huge withdrawal/payment by the DDO could lead to misappropriation of funds.

The matter was reported to the management on 18.08.2022 and 02.09.2022. The management replied that instruction of the Federal Government regarding cash management and treasury single accounts Rules 2020 were not received in CDA and the same were for commercial accounts of Ministries. Further, reconciled statements were submitted regularly to Accounts Officer compilation CDA every month to reconcile the bank accounts with CDA accounts.

The reply was not satisfactory as Federal Government Cash Management and Treasury Single Accounts Rules 2020 were applicable in the instant case.

The PAO was requested to convene DAC meeting vide letters dated 06.10.2022, 31.10.2022, 07.12.2022 and 27.01.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that the accounts may be closed immediately and payments through DDO may be stopped.

(Para No. 7 of AIR 2021-22 Directorate of Parks and Para No. 2 of AIR 2021-22 Directorate of Regional, Environment Wing CDA Islamabad)

### **Public Service Delivery / Performance**

#### **5.4.14 Non-recovery of penalty / fine from defaulters - Rs. 4.790 million**

According to Para 9 of Islamabad Fire Prevention and Life Safety Regulation 2010, whoever contravene any provision of this regulation shall without prejudice to any other action taken against them under the section 06 will be fined, which may extend to Rs. 500,000 and where the offense is a continuing one, with a further fine, which may extend to three thousand rupees for every day after first during which such offense continues.

Emergency & Disaster Management Directorate MCI issued 14 challans to the owners of building during financial year 2021-22 for violation of Fire Prevention and Life Safety Regulations, 2010.

During audit of Emergency & Disaster Management Directorate MCI for the financial year 2021-22, it was observed that an amount of Rs. 5.430 million was imposed as fine on the owners of proprietors/ buildings who had violated the building control standards as prescribed in the Regulations of 2010. Out of the total fine imposed, an amount of Rs. 640,000 was recovered, while the remaining amount of Rs. 4.790 million was still outstanding. **(Annexure-XXVI)**

Audit held that non-recovery of the remaining amount was not justified and resulted in loss to the Government.

Initial audit observation was issued on 23.11.2022. The management replied that cases have been sent to CDA Magistrate for recovery.

The PAO was requested to convene DAC meeting vide letters dated 23.11.2022, 09.12.2022, 23.12.2022 and 27.01.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that the outstanding fines may be recovered from defaulters and deposited into Government treasury.

(Para No. 3 of AIR 2021-22 E & DM Directorate of MCI Islamabad)

#### **5.4.15 Non-recovery of compensation for delay in completion of work – Rs. 1.644 million**

According to Clause 2 of the conditions of the contract agreement, the contractor shall pay as compensation an amount equal to one per cent or such smaller amount as the Director (whose decision in writing shall be final) may decide on the contract cost of the work for every day that the due quantity of the work remains incomplete. Provided always that the entire amount of compensation to be paid under the provisions of the clause shall not exceed ten per cent on the amount of the contract.

Directorate of Environment (Parks) CDA awarded contract for Development of Park Street-05 at Northern Street, E-11 Islamabad to M/s Rock Associates for an amount of Rs. 16.442 million on 13.01.2022 with a completion period of sixty days i.e. 14.03.2022.

During audit of Directorate of Environment (Parks) CDA for the financial year 2021-22, it was observed that the contractor failed to complete the work within stipulated time. The management neither granted Extension in Time (EoT) nor compensation amounting to Rs.1.644 million was recovered from the contractor for delay in completion of work.

Audit held that non-recovery of compensation for delay in completion of work in violation of the terms of contract was not justified resulting in loss to the Authority.

The matter was reported to the management on 02.09.2022. The management replied that the case of extension of time was submitted to Director General (Environment), CDA who granted extension of time up to 30.09.2022.

The reply was not satisfactory, as neither the extension letter nor documentary evidence of reasonable grounds for extension of time were provided.

The PAO was requested to convene DAC meeting vide letters dated 06.10.2022, 31.10.2022, 07.12.2022 and 27.01.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that compensation for delay in completion of work may be worked out and recovered from the contractor.

(Para No. 9 of AIR 2021-22 Directorate of Parks, Environment Wing CDA Islamabad)

## Chapter 6

### Directorate General Civil Defence, Islamabad

#### 6.1 Introduction

A. The Directorate General of Civil Defence is functioning as an attached department of Ministry of Interior, Islamabad. The Directorate General was established in 1962 as Directorate of Civil Defence and later on its status was upgraded making it a full-fledged Directorate General. There are ten (10) training institutes functioning at Provincial headquarters under the administrative control of DG Civil Defence which are responsible for imparting specialized Civil Defence training at national level. The Directorate General Civil Defence is responsible for:

- i. Preparing plans and schemes for Civil Defence in Pakistan in the light of policies and directions of Government.
- ii. Advising Provincial Civil Defence Directorates in the implementation of the approved policies and schemes regarding Civil Defence.
- iii. Preparing proposals for uniform standards of Civil Defence services and equipment for the approval of Government.
- iv. Preparing an overall Civil Defence Training Plan for Pakistan.
- v. Standardizing and supervising training arrangements, preparing syllabi for various types of Civil Defence Training Institutions and advising Provincial Directorates about training policies and plans.
- vi. Preparing an overall publicity plan for Civil Defence.
- vii. Revising the existing Civil Defence literature in the light of the new concepts of the Civil Defence.

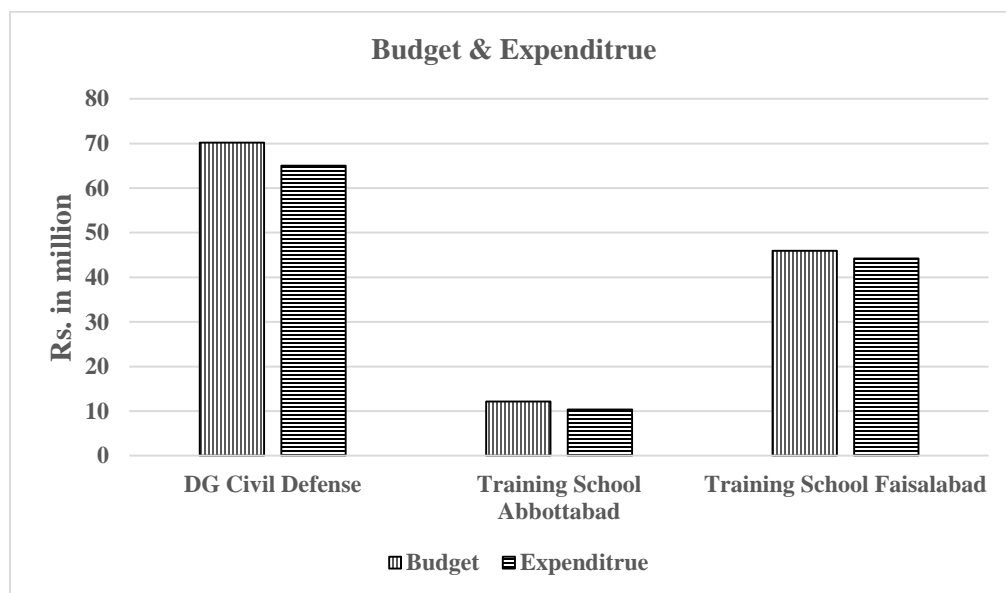
## B. Comments on Budget and Accounts (Variance Analysis)

(Rs. in million)

Name of Entity	Year	Budget	Expenditure	Savings
Directorate General of Civil Defence, Islamabad	2021-22	70.015	64.989	5.026
Federal Civil Defence Training School, Abbottabad	2020-22	12.149	10.340	1.809
Federal Civil Defence Training School, Faisalabad	2020-22	45.956	44.187	1.769

Source: budget and expenditure statements

The graphical representation of budget and expenditure for the financial year 2020-22 is as under:



**Table-I Audit Profile of Directorate General Civil Defence Islamabad****(Rs. in million)**

<b>Sr. No.</b>	<b>Description</b>	<b>Total Nos.</b>	<b>Audited</b>	<b>Expenditure audited FY 2021-22</b>	<b>Revenue / Receipts audit FY 2021-22</b>
1.	Formations	10	03 (including Hqs)	119.516	Nil
2.	<ul style="list-style-type: none"> <li>• Assignment Account</li> <li>• SDAs</li> <li>• Others</li> </ul>	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil
3.	Authorities / Autonomous Bodies etc. under the PAO	Nil	Nil	Nil	Nil
4.	Foreign Aided Project (FAP)	Nil	Nil	Nil	Nil

**6.2 Classified Summary of Audit Observations**

Audit observations amounting to Rs. 7.872 million have been raised in this report pertaining to Directorate General Civil Defence. Summary of the audit observations classified by nature is as under:

**Table –II Overview of Audit Observations****(Rs. in million)**

<b>Sr. No.</b>	<b>Classification</b>	<b>Amount</b>
<b>1.</b>	<b>Irregularities</b>	<b>4.432</b>
A.	HR / Internal Control Weaknesses	4.432
<b>2.</b>	<b>Financial Management</b>	<b>3.440</b>
<b>3.</b>	<b>Public Service Delivery / Performance</b>	<b>-</b>

**6.3 Brief comments on the status of compliance with PAC directives**

The Directorate General Audit (CC&E) started auditing and reporting Directorate General of Civil Defence Islamabad since Financial Year 2016-17. No Audit Report has been discussed in PAC meeting so far.



## 6.4 AUDIT PARAS

### HR / Internal Control weaknesses

#### **6.4.1 Un-authorized appointment and payment to contingent paid staff – Rs. 2.470 million**

According to Serial No. 27 of Financial Management and Powers of Principal Accounting Officers Regulations, 2021, the Finance Division shall approve appointment of contingent paid staff within the budgetary provisions and as per the instructions issued from time to time.

Directorate General of Civil Defence, Islamabad, Federal Civil Defence Training School, Faisalabad and Federal Civil Defence Training School Abbottabad paid an amount of Rs. 2.470 million to contingent paid staff during the Financial Year 2021-22.

During audit of the Directorate General of Civil Defence, Islamabad, and Federal Civil Defence Training Schools, Faisalabad and Abbottabad for the financial year 2021-22, it was observed that an expenditure of Rs. 2.470 million was incurred on the staff hired on contingent / daily wage basis without the approval of Finance Division. **(Annexure-XXVII)**

Audit held that appointment and payment to contingent / daily wage staff without obtaining approval of Finance Division was violation of government rules and hence irregular.

Initial audit observation was issued to Directorate General of Civil Defence, Islamabad, on 12.08.2022 and Federal Civil Defence Training Schools, Faisalabad and Abbottabad on 29.08.2022. The management of FCDTS Faisalabad replied that approval of Finance Division will be provided to audit. In case of FCDTS Abbottabad, it was replied that contingent paid employees were hired due to shortage of staff. No response was received from DG Civil Defence Islamabad till finalization of the report.

The reply of the department was not satisfactory as approval of Finance Division was not obtained.

The PAO was requested to convene DAC meeting vide letters dated 17.11.2022, 30.11.2022 and 01.02.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that the matter may be taken up with Finance Division for an appropriate decision.

(Para No. 1 of AIR 2021-22 DG Civil Defence, Islamabad and Para No. 1 of AIR 2020-22 Civil Defence Training School, Faisalabad)

#### **6.4.2 Un-authorized re-imbusement of tuition fee under PM Assistance Package – Rs. 1.962 million**

According to the Prime Minister's Assistance Package for families of Government Employees who die in services (issued vide Establishment Division Office Memorandum No. 8/10/2013-E-2 (pt) dated December 04, 2015), free education to all the children of deceased Government Employees upto graduation in any Public / Government educational institution including the expenses of tuition fee, books related material and living allowances was allowed.

Directorate General Civil Defence Islamabad paid an amount of Rs. 1.962 million on account of reimbursement of tuition fee during financial years 2020-22 to 30 students being children of ex-employees who died during service.

During audit of Directorate General Civil Defence, Islamabad for the financial year 2021-22, it was observed that amount was paid to legal heirs on account of re-imbusement of tuition fee etc. of children of deceased employees studying in private institutions in violation of the policy. **(Annexure-XXVIII)**

Audit held that reimbursement of tuition fee etc. of private institutions was irregular and violation of instructions of Establishment Division and resulted in loss to Government.

Initial audit observation was issued on 12.08.2022, however, no response was received from the management.

The PAO was requested to convene DAC meeting vide letters dated 17.11.2022, 30.11.2022 and 01.02.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that the inadmissible amount may be recovered.

(Para No. 4 of AIR 2021-22 DG Civil Defence, Islamabad)

### **6.4.3 Irregular promotion of staff in violation of Rules**

According to Civil Servants Appointment, Promotions and Transfer Rules 1973, promotion to posts in basic pay scales 2 to 18 and equivalent shall be made on the recommendation of the appropriate Departmental Promotion Committee (DPC). Only such persons who possess the qualifications and meet the conditions laid down for the purpose of promotion to a post shall be considered by the Departmental Promotion Committee.

Further, according to Sub-Section (1) of Section 8 of the Civil Servants Act, 1973, seniority lists of all persons employed under the Federal Government are required to be prepared.

Directorate General Civil Defence Islamabad promoted eleven (11) employees during the financial year 2021-22.

During audit of Directorate General Civil Defence Islamabad for the financial year 2021-22, it was observed that the staff was promoted without fulfillment of required codal formalities.

It was also observed that working papers for promotion i.e. seniority, qualification, ACR grading, length of required service etc. were not prepared and only minutes of DPC meeting were prepared. Moreover, the committee which recommended the promotion of staff was not notified by the Ministry of Interior as DSC/DPC. (**Annexure XXIX**)

Audit held that promotion of officials was made in violation of Civil Servants Rules, 1973 and thus irregular.

Initial audit observation was issued on 12.08.2022, however, no response was received from the management.

The PAO was requested to convene DAC meeting vide letters dated 17.11.2022, 30.11.2022 and 01.02.2023, however, the meeting was not convened till finalization of this report.

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

(Para No. 5 of AIR 2021-22 DG Civil Defence, Islamabad)

## **Financial Management**

### **6.4.4 Non-maintenance of cash book and supporting record rendering the entire expenditure unverified – Rs. 3.440 million**

According to Rule 77 of Federal Treasury Rules Vol-I, every officer receiving money on behalf of the Government should maintain a cash book in Form T. R. 4. All monetary transactions should be entered in the cash book as soon as they occur and attested by the head of the office in token of check.

Further, according to Rule 15, every officer whose duty it is to prepare and render any accounts or returns in respect of public money or stores is personally responsible for their completeness and strict accuracy and their dispatch within the prescribed date.

Commandant Federal Civil Defence Training School, Abbottabad was required to maintain cash books and related record for all expenditure incurred during the respective financial years in accordance with rules.

During audit of the Federal Civil Defence Training School, Abbottabad for the financial years 2020-22, it was observed that as per SAP System, budget amounting to Rs. 3.44 million was released in the financial year 2019-20 related to operating expenditure, however, related record, cash books and supporting vouchers were not maintained.

Audit held that non-maintenance of cash book and supporting vouchers was a violation of rules rendering the expenditure in successive financial years unverifiable.

Initial audit observation was issued on 12.10.2022, however, no response was received from the management.

The PAO was requested to convene DAC meeting vide letters dated 17.11.2022, 30.11.2022 and 01.02.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that management may prepare cash book as prescribed in rules. Moreover, allied supporting record be made available for audit scrutiny.

(Para No. 7 of AIR 2020-22 Civil Defence Training School, Abbottabad)

## **Public Service Delivery / Performance**

### **6.4.5 Non-purchase of land for Civil Defence Training School, Faisalabad**

According to approved PC-1 for establishment and construction of Federal Civil Defence Training School Faisalabad, an amount of Rs. 39.816 million was earmarked for construction of the School from July 2007 to June 2010. Out of total allocation of Rs. 39.816 million, an amount of Rs. 4.030 million was provided for purchase of land.

Commandant Federal Civil Defence Training School, Faisalabad incurred an expenditure of Rs. 14.596 million on rent of hired office building with covered area of 5,040 sft during financial years 2009-10 to 2021-22.

During audit of the Federal Civil Defence Training School, Faisalabad for the financial years 2020-22, it was observed that an area of 16 kanals was identified by District Collectorate, Faisalabad in 2013 for office building and training purposes, however, till date land had not been acquired for establishment of office building. The trainees were trained in an open plot adjacent to office building.

Audit held that purchase of land was not made despite provision in PC-I which was not justified.

Initial audit observation was issued on 29.08.2022. The management replied that the practical and physical training of trainees is performed in an open private plot without any expense. An area of 16 kanals was identified by the District Collectorate, Faisalabad on cost basis in 2013 for construction of

office building. In this connection, management will forward a reminder to Headquarters in order to execute the case of land acquisition.

The PAO was requested to convene DAC meeting vide letters dated 17.11.2022, 30.11.2022 and 27.01.2023, however, the meeting was not convened till finalization of this report.

Audit recommends that management may look into the matter and share outcome with Audit authorities.

(Para No. 3 of AIR 2020-22 Civil Defence Training School, Faisalabad)

## Annexures

### MFDAC

#### Annexure-I

Sr. No.	Name of Entity	AIR Para No.	Subject
1.	National Disaster Risk Management Fund	4	Non-obtaining of statement of expenditures of Disaster Risk Reduction schemes resulting into non utilization of funds
2.	-do-	6	Irregular appointment of Assistant Manager Procurement
3.	-do-	12	Non-utilization of fund emergency assistance for fighting the Covid-19 pandemic–EURO/USD 116.024 million
4.	-do-	14	Delay in signing of Grant Implementation Agreement for replacement of Radar in D.I. Khan – Rs. 465.146 million
5.	Ministry of Climate Change	1	Non-surrendering of anticipated savings to the Government- Rs. 3.513 million
6.	-do-	2	Non-conducting of annual physical verification of stores and stocks
7.	-do-	3	Non-conducting of internal audit
8.	-do-	8	Non-condemnation of old vehicles –Rs. 1.878 million
9.	-do-	9	Non-conduct of Annual General Meeting (AGM) and Board meeting of MACF
10.	-do-	10	Non-appointment of Chief Executive Officer, Chief Finance Officer, Company Secretary and Chief Internal Auditor of MACF
11.	-do-	14	Un-authorized delays in appointment of Project Staff
12.	-do-	16	Un-authorized disqualification of Bidder in Tender of stationary items – Rs0. 4.836 million
13.	-do-	18	Non-functioning of Water, Sanitation and Hygiene Cell (WASH) in Ministry of Climate Change after completion of PSDP scheme – Rs. 16.339 million
14.	-do-	19	Non-formulation of action plan for implementation of the National Forest Policy

<b>Sr. No.</b>	<b>Name of Entity</b>	<b>AIR Para No.</b>	<b>Subject</b>
15.	-do-	20	Non-verifications of certificates/degrees of staff recruited under PSDP Scheme
16.	-do-	21	Unjustified expenditure on conducting recruitment tests in private hotels – Rs. 0.548 million
17.	Islamabad Wildlife Management Board	1	Unjustified expenditure on conducting recruitment tests in private college – Rs. 0.984 million
18.	-do-	2	Non-verification of antecedents of newly appointed officers / officials
19.	-do-	3	Irregular procurement by IWMB in violation of Public Procurement Rules - Rs. 1.454 million
20.	-do-	4	Engagement of lawyer without concurrence of Law and Justice Division – Rs. 0.735 million
21.	-do-	5	Non-deduction ICT Sales Tax on services – Rs. 0.275 million
22.	-do-	6	Procurement of common use items without Framework Agreements – Rs. 3.041 million
23.	-do-	7	Irregular appointment of contingent paid staff in IWMB – Rs. 3.627 million
24.	-do-	9	Illegal encroachments in Margallah Hills National Park territory
25.	-do-	10	Non-formulation of fire prevention and response plan against major fire incidents in Margallah Hill National Park.
26.	Zoological Survey of Pakistan	1	Non-surrendering of anticipated savings to the Government- Rs. 2.063 million
27.	-do-	2	Non-conducting of annual physical verification of store and stocks- Rs. 2.602 million
28.	-do-	3	Procurement by ZSP without competitive bidding process – Rs. 4.257 million
29.	-do-	4	Procurement of common use items without framework agreements – Rs. 11.124 million
30.	-do-	5	Misclassification of expenditure in the head ‘Others’ – Rs. 2.417 million
31.	-do-	7	Wasteful expenditure on purchase of curtains / blinds – Rs. 0.489 million
32.	ERRA HQs (Development & Non-Development)	5	Non-submission and approval of annual budget from ERRA Council



<b>Sr. No.</b>	<b>Name of Entity</b>	<b>AIR Para No.</b>	<b>Subject</b>
33.	-do-	6	Irregular work of printing & publication – Rs. 0.980 million
34.	-do-	7	Irregular expenditure on repair and maintenance of office building – Rs. 1.652 million
35.	-do-	8	Non-deduction of ICT from contractor -Rs. 269,370
36.	-do-	9	Irregular advance payment on account of POL – Rs. 2.5 million
37.	-do-	11	Irregular expenditure on account of POL of vehicles without maintaining movement register and log books – Rs 31.55 million
38.	-do-	12	Un-economical expenditure on repair and POL of old vehicles
39.	-do-	14	Non-conducting of internal audit and physical verification of stock/assets
40.	DRU Abbottabad	2	Irregular payment on account of rent of office building - Rs. 2.920 million
41.	-do-	7	Non-conduct of annual physical verification of store and stock items
42.	-do-	8	Non-conduct of internal audit of accounts of DRU Abbottabad.
43.	DRU Shangla	1	Loss to government for non-recovery of compensation against dropped scheme – Rs. 1.271 million
44.	-do-	2	Mis-procurement in violation of PPRA rules and other irregularities – Rs. 1.448 million
45.	-do-	4	Non-maintenance of vehicle movement registers and improper maintenance of log-book
46.	-do-	5	Unauthorized payment without obtaining of vouchers – Rs. 119,000
47.	-do-	7	Non-performance of internal audit functions
48.	PMIU for SFD & KF AJ&K	4	Excess payment over & above the BOQ – Rs. 16.710 million
49.	-do-	8	Extra financial burden on Govt. due to non-professional handling of dispute-Rs. 224.805 million
50.	-do-	10	Overpayment to contractor – Rs. 521,121
51.	-do-	12	Unauthorized payment for item of work not provided in BOQ – Rs. 2.387 million
52.	-do-	15	Wasteful expenditure on incomplete item of work –

Sr. No.	Name of Entity	AIR Para No.	Subject
			Rs. 984,969
53.	-do-	16	Less accounting of amount paid to the contactor – Rs. 2.345 million
54.	-do-	17	Excess payment over and above the approved BOQ – Rs. 46.778 million
55.	-do-	18	Irregular payment on account of irrigation channel/drain not covered in As-built drawings - Rs. 1.485 million
56.	-do-	21	Non- recovery of secured advances – Rs. 20.714 million
57.	PMIU IDB/SFD KP	2	Overpayment due to execution of various items on same area – Rs 365,000
58.	-do-	6	Overpayment due to execution of extra width of Water Bound Macadam Base Course – Rs. 1.968 million
59.	-do-	7	Un-authenticated payment on account of removal of slides – Rs. 6.551 million
60.	-do-	8	Overpayment due to execution of double work on same area / RDs – Rs. 439,095
61.	-do-	12	Non-clearance of pending liabilities-Rs. 525.372
62.	-do-	13	Excess payment in respect of quantities over and above the Revised PC-I – Rs. 1.834 million
63.	-do-	16	Unjustified payment on account of price adjustment – Rs. 256.246 million
64.	DRU Battagram	1	Irregular expenditure on POL and repair & maintenance of vehicles – Rs. 1.502 million
65.	-do-	2	Mis-procurement in violation of PPRA Rules – Rs. 939,775
66.	-do-	3	Unauthorized cash drawl & disbursement - Rs. 1.003 million
67.	-do-	6	Non-performance of internal audit functions
68.	DDR Shangla/ Kohistan	3	Loss to govt. due to non-utilization of available hard rock material - Rs. 5.046 million
69.	-do-	5	Overpayment to the contactor for various works – Rs. 1.117 million
70.	-do-	6	Excess payment due to execution of extra width of Aggregate Base Course – Rs. 1.930 million

<b>Sr. No.</b>	<b>Name of Entity</b>	<b>AIR Para No.</b>	<b>Subject</b>
71.	-do-	7	Overpayment due to execution of different items on same area – Rs. 155,200
72.	-do-	9	Non-imposition of liquidated damages for delay in completion of work – Rs. 8.338 million and non-forfeiture of retention money – Rs. 5.00 million
73.	-do-	10	Irregular excess payment over and above the revised PC-I/BOQ – Rs. 20.394 million
74.	-do-	12	Unjustified payment for deleted / incomplete works – Rs. 462,000
75.	DDR Battagram	1	Unjustified payment on account of price adjustment – Rs. 66.11 million
76.	-do-	2	Non-clearance of pending liabilities of contractors-Rs. 43.443 million
77.	-do-	5	Irregular excess payment due to non-utilization of available Hard Rock Material – Rs. 7.245 million
78.	-do-	6	Loss to government due to overpayment to the contractor – Rs. 739,182
79.	-do-	7	Non-recovery of liquidated damages for delay in completion of work – Rs. 543,397
80.	-do-	8	Unjustified payment of final bills without obtaining As-built drawings – Rs. 807.415 million
81.	-do-	9	Overpayment on account of price adjustment – Rs. 668,553
82.	NDMA	03	Unjustified advance payment to the contractors for relocation of utility service lines from project sites under Karachi Transformation Plan (KTP) – Rs. 111.740 million
83.	-do-	18	Release of retention money without completion of work
84.	-do-	25	Issuance of mobilization advance without obtaining performance guarantee and late-recovery - Rs. 15.027 million
85.	-do-	28	Procurement of 62,000 PCR kits at higher rates Rs. 103.663 million
86.	-do-	31	Non-deduction of income tax from the supplier – Rs. 5.931 million
87.	-do-	32	Non-imposition of LD charges on the contractor – Rs.240.939 million

<b>Sr. No.</b>	<b>Name of Entity</b>	<b>AIR Para No.</b>	<b>Subject</b>
88.	-do-	34	Payment released to contractor in the absence of necessary supporting record - Rs.2373.456 million
89.	-do-	38	Loss to Government due to non-deduction of stamp duty - Rs. 1.138 million
90.	-do-	40	Excess payment to M/s Engineering Associates – Rs. 1.024 million
91.	-do-	43	Less deduction of Sales Tax on services - Rs. 64,484
92.	-do-	44	Irregular payment on account of salaries of vaccinators - Rs. 9.000 million
93.	Directorate of Environment (Parks) CDA	2	Irregular award of contracts at higher rates - Rs. 412.494 million
94.	-do-	5	Difference in amount of expenditure due to non-reconciliation with bank - Rs. 4.515 million
95.	-do-	6	Irregular expenditure on account of excess staff over and above sanctioned strength – Rs. 9.944 million
96.	-do-	11	Non-Preparation of Annual Procurement Plan by Directorate of Environment
97.	Directorate of Environment (East) CDA Islamabad	3	Non-closing of account opened in Commercial Bank
98.	-do-	4	Irregular payment of diet charges– Rs. 5.437 million
99.	-do-	5	Irregular payment of session allowance– Rs. 5.266 million
100.	-do-	8	Irregular payments of salaries to non-gazetted staff through DDO bank account – Rs. 535.043 million
101.	-do-	10	Irregular procurement without obtaining acceptance of lowest bid – Rs. 2.980 million
102.	Directorate of Environment (West) CDA	2	Non-reconciliation with bank resulting in difference of amount - Rs. 12,771,735
103.	-do-	3	Irregular expenditure on account of excess staff over and above the sanctioned strength-Rs. 1.815 million
104.	-do-	5	Non-closing of account opened in Commercial Bank
105.	Directorate of Environment (Regional) CDA	3	Irregular expenditure on account of excess staff over and above sanctioned strength – Rs. 3.641 million
106.	-do-	4	Irregular payment of salaries to non-gazetted staff

Sr. No.	Name of Entity	AIR Para No.	Subject
			through DDO bank account Rs. 202.005 million
107.	-do-	5	Non-imposition of Liquidated Damages - Rs. 444,924
108.	-do-	6	Misclassification of expenditure due to charging of irrelevant head of account Rs. 447,330
109.	-do-	7	Non-conceiving of projects to implement National range Policy
110.	Directorate of Emergency and Disaster Management Directorate, MCI	1	Expenditure over and above the budgetary allocation-Rs. 459.337 million
111.	-do-	2	Non - surrender of anticipated savings - Rs. 17.399 million
112.	-do-	4	Irregular award of contracts without open tendering - Rs. 19.527 million
113.	-do-	5	Un-economical procurement of items on higher rates - Rs. 3.910 million
114.	-do-	7	Unjustified expenditure on procurement of dog feed - Rs. 1.008 million
115.	-do-	10	Unjustified expenditure on Urban Search and Rescue Unit - Rs. 13.559 million
116.	-do-	11	Payment to suppliers without confirmation of specification - Rs. 5.664 million
117.	-do-	13	Non-auction of condemned vehicles / parts
118.	-do-	14	Irregular payment of pay and allowance to employees not working in Emergency and Disaster Management Directorate - Rs. 0.241 million
119.	-do-	15	Non- conducting of Internal Audit and physical verification of Store /Stocks
120.	Directorate General Civil Defence Islamabad	2	Non-completion of recruitment process within timeline
121.	-do-	3	Irregular reimbursement of medical charges – Rs. 991,958
122.	-do-	6	Irregular expenditure on repair and maintenance of office building – Rs. 985,678

<b>Sr. No.</b>	<b>Name of Entity</b>	<b>AIR Para No.</b>	<b>Subject</b>
123.	-do-	7	Un-economical expenditure on repair and POL of vehicles – Rs. 2.431 million
124.	-do-	8	Un-authorized re-imburement of PhD Fee under PM Assistance Package –Rs. 0.387 million
125.	-do-	9	Un-authentic receipt and distribution of donated items
126.	-do-	10	Excess expenditure on repair of transport - Rs. 448,000
127.	-do-	11	Irregular expenditure on miscellaneous items – Rs. 362,863
128.	-do-	12	Non-conducting of internal audit and physical verification of stock
129.	-do-	13	Irregular expenditure on repair of transport – Rs. 552,964
130.	FCDTS, Faisalabad	2	Un-economical expenditure on repair/ maintenance and POL – Rs. 0.396 million
131.	-do-	4	Non-conducting of internal audit and physical verification of stocks and stores
132.	-do-	5	Non-surrendering of anticipated savings to the Government- Rs. 1.769 million
133.	-do-	6	Non-disposal of unserviceable stock/items
134.	-do-	7	Un-justified attachment of staff of Faisalabad office to other civil defence offices
135.	-do-	8	Wasteful expenditure on pay of Drivers-Rs. 506,520
136.	-do-	9	Non-sanction of permanent advance for the office
137.	FCDTS, Abbottabad	2	Non-provision of funds for payment of rent of office building – Rs. 4.118 million
138.	-do-	3	Non-conducting of internal audit
139.	-do-	4	Non-surrendering of anticipated savings to Government- Rs. 1.809 million
140.	-do-	5	Non-availability of sufficient staff in Federal Training School Abbottabad
141.	-do-	6	Non-sanction of permanent advance for the office

**Annexure-II**  
**(Para No. 1.4.3)**

**Non-completion of Disaster Risk Reduction schemes adversely affecting  
DRR drive and mitigation measures**

Sr. No.	FIP Name	Project Name	GIA No.	Project Start date	Project end date	Project extended upto	NDRMF Share	Expenditure incurred till 30.06.2022	Non utilization of funds	%age of funds utilization	% age of physical progress on 30.06.2022 as per M&E reports
1.	Pakistan Red Crescent Society (PRCS)	From Vulnerability to Resilience (V2R)	PB 002	15.05.2019	14.11.2020	30.11.2021 and 30.06.2022	159,577,127	12,083,789	147,493,338	8%	34%
2.	Punjab Irrigation Department	Rehabilitation of Old Deg Nullah from Deg Diversion Channel to Q.B Link Canal	GB 02	19.09.2019	18.04.2021	30.11.2021 and 30.11.2022	269,813,000	67,453,000	202,360,000	25%	38%
3.	Pakistan Poverty Alleviation Fund	Building resilience to Disasters & Climate Change	PB 006	25.11.2019	24.05.2021	30.11.2021 and 30.11.2022	575,112,291	9,867,911	565,244,380	2%	Project Cancelled
4.	Communication & Works Dept. Govt. of Azad Jammu & Kashmir.	Landslide control & Management along major roads of AJ&K (Poonch division)	GB 008	23.12.2019	22.10.2021	30.11.2022	432,562,213	51,910,000	380,652,213	12%	No percentage available
<b>Total</b>							<b>1,437,064,631</b>	<b>141,314,700</b>	<b>1,295,749,931</b>		

**Annexure-III**

**(Para No. 2.4.4)**

**Non-transparent procurement by ZSP through splitting of expenditure resulting in mis-procurement – Rs. 5.262 million**

**(Amount in Rupees)**

Sr. No.	Head of Account	Description	Work awarded to M/s Gulbana General Order Supplier	Work awarded to other contractors	Total Payment made to DDO & Vendor	Total Expenditure incurred in HoA
1.	A13370	Others - R&M of Building	1,200,983	199,338	-	1,400,321
2.	A3970	Others	2,643,373	102,921	99,791	2,846,085
3.	A09601	Purchase of M&E	1,417,285	96,468	-	1,513,753
<b>Total</b>			<b>5,261,641</b>	<b>398,727</b>	<b>99,791</b>	<b>5,760,159</b>

Sr. No.	Name of Vendor	Head of A/C	Work Done / Description	Work order No.	Date	Cheque No.	Date	Amount	Remarks / Quotation
1	M/s Gulbana General Order Supplier	A13370	White wash	Nil	26.04.2021	8245710	21.05.2021	92,501	Splitting to avoid quotation / competitive bidding process.
2	M/s Gulbana General Order Supplier	A13370	White wash	Nil	17.05.2021	8759005	28.06.2021	64,584	Splitting to avoid quotation / competitive bidding process.
3	M/s Gulbana General Order Supplier	A13370	White wash	Nil	07.05.2021	8403141	01.06.2021	99,871	Splitting to avoid quotation / competitive bidding process.
4	M/s Gulbana General	A13370	White wash	Nil	07.05.2021	8359002	28.05.2021	92,477	Splitting to avoid quotation / competitive



Sr . N o.	Name of Vendor	Head of A/C	Work Done / Description	Work order No.	Date	Cheque No.	Date	Amount	Remarks / Quotation
	Order Supplier								bidding process.
5	M/s Gulbana General Order Supplier	A13370	White wash	Nil	05.05 .2021	8359007	28.06. 2021	97,385	Splitting to avoid quotation / competitive bidding process.
6	M/s Gulbana General Order Supplier	A13370	White wash	Nil	05.05 .2021	8359001	28.06. 2021	86,486	Splitting to avoid quotation / competitive bidding process.
7	M/s Gulbana General Order Supplier	A13370	White wash	Nil	03.05 .2021	8403140	01.06. 2021	93,436	Splitting to avoid quotation / competitive bidding process.
8	M/s Gulbana General Order Supplier	A13370	White wash	Nil	03.05 .2021	8359003	28.06. 2021	90,769	Splitting to avoid quotation / competitive bidding process.
9	M/s Gulbana General Order Supplier	A13370	White wash	Nil	17.05 .2021	8359004	28.06. 2021	99,193	Splitting to avoid quotation / competitive bidding process.
10	M/s Gulbana General Order Supplier	A13370	White wash	Nil	07.06 .2021	8406771	09.06. 2021	61,524	Splitting to avoid quotation / competitive bidding process.
11	M/s Gulbana General Order Supplier	A13370	Vehicle Shade / roof	Nil	30.04 .2021	8403142	01.06. 2021	297,873	Quotation were sought from M/s Gulbana, M/s ABT and M/s AKOKARA. competitive statement was signed however, no date was given.

Sr . No.	Name of Vendor	Head of A/C	Work Done / Description	Work order No.	Date	Cheque No.	Date	Amount	Remarks / Quotation
12	M/s Azam Brothers	A13370	Construction material i.e., cement, sand ceiling slab	Nil	03.08 .2020	7857112	19.08. 2020	99,801	Splitting to avoid quotation process and health competition to obtain economical rates.
13	M/s Haseeb Enterprises	A13370	Construction material i.e., cement, sand ceiling slab	Nil	06.08 .2020	7856685	12.08. 2020	99,537	Splitting to avoid quotation process
14	M/s Gulbana General Order Supplier	A13370	Construction material i.e., sand ceiling slab	Nil	21.09 .2020	8226687	29.04. 2021	24,884	
<b>Total</b>								<b>1,400,321</b>	
1	M/s Gulbana General Order Supplier	A3970	Misc. exp. On instalation of Wifi and cam system	Nil	07.05 .2021	8359006	28.05. 2021	98,760	
2	M/s Gulbana General Order Supplier	A3970	Curtains Blinds with Fitting	Nil	20.01 .2021	8142478	04.02. 2021	219,785	Quotations from M/s ART Traders, M/s Abyan contractor and M/s Gulbana
3	M/s Gulbana General Order Supplier	A3970	Misc. items for office use i.e. soap, air fresher etc	Nil	02.10 .2020	7955071	29.10. 2020	97,024	Quotations from M/s ART Traders, M/s Abyan contractor and M/s Gulbana
4	M/s Gulbana General Order Supplier	A3970	Misc. office items i.e., cups, glasses towel	Nil	30.04 .2021	8261187	18.05. 2021	85,644	Quotation obtained from M/s Al Aziz General Order Supplier, M/s MNS Traders and M/s

Sr . No.	Name of Vendor	Head of A/C	Work Done / Description	Work order No.	Date	Cheque No.	Date	Amount	Remarks / Quotation
									Gulbana
5	M/s Tayyab Enterprises	A3970	Hire of 45 seater bus	Nil	06.08.2020	7857332	20.08.2020	78,000	Quotation obtained M/s Tayyaba Enterprises, M/s Ali Brothers General order Supplier and M/s Two Brother Govt. contractor
6	M/s Gulbana General Order Supplier	A3970	Misc. tentage items	Nil	01.03.2021	8411699	16.06.2021	210,015	Quotation obtained M/s MNS Traders, M/s Advance Bio Technologies and M/s Gulbana General Order supplier
7	M/s Gulbana General Order Supplier	A3970	Name plates	Nil	01.06.2021	8405009	04.06.2021	198,900	Quotation obtained M/s MNS Traders, M/s Al Aziz General Order Supplier and M/s Gulbana General Order supplier
8	M/s Gulbana General Order Supplier	A3970	Misc. Electric items	Nil	06.05.2021	8411703	16.06.2021	347,186	Splitting to avoid tender, Quotation obtained M/s Infra Technologies, M/s Advance Bio Technologies and M/s Gulbana

Sr . No.	Name of Vendor	Head of A/C	Work Done / Description	Work order No.	Date	Cheque No.	Date	Amount	Remarks / Quotation
									General Order supplier
9	M/s Gulbana General Order Supplier	A3970	Misc. Electric items	Nil	01.06 .2021	8406767	09.06. 2021	260,986	Splitting to avoid tender, Quotation obtained M/s Infra Technologies, M/s Advance Bio Technologies and M/s Gulbana General Order supplier
10	M/s Gulbana General Order Supplier	A3970	Misc. Electric items	Nil	01.06 .2021	8407893	11.06. 2021	425,997	Splitting to avoid tender, Quotation obtained M/s Ittehad General Order Supplier, M/s Abyaan Constructor and M/s Gulbana General Order supplier
11	M/s Gulbana General Order Supplier	A3970	Misc. items for office use i.e. soap, air fresher etc	Nil	02.06 .2021	8361264	09.06. 2021	164,619	Quotation obtained M/s Ittehad General Order Supplier, M/s Advnace Bio Technologies and M/s Gulbana General Order
12	M/s Gulbana General Order Supplier	A3970	Spray disinfection /	Nil	nil	8411387	16.06. 2021	84,300	

Sr . N o.	Name of Vendor	Head of A/C	Work Done / Description	Work order No.	Date	Cheque No.	Date	Amount	Remarks / Quotation
13	M/s Gulbana General Order Supplier	A3970	White wash	Nil	04.06 .2021	8443558	30.06. 2021	260,617	Quotation obtained M/s Ittehad General Order Supplier, M/s Al-Aziz General Order Supplier and M/s Gulbana General Order
14	M/s Haseeb Enterprises	A3970	Gross Cutter Machine	Nil	nil	7856687	12.08. 2020	24,921	
15	M/s Gulbana General Order Supplier	A3970	Misc. items			8443557	30.06. 2021	189,540	
<b>Total</b>								<b>2,746,294</b>	
1	M/s Gulbana General Order Supplier	A09601	Electric Geaser 15 ltr	Nil	19.11 .2020	8142474	04.02. 2021	84,825	Quotation obtained M/s Abyan Contractor, M/s AAR Traders and M/s Gulbana General Order
2	M/s Azam Brother	A09601	1 Ton Orient Invertor AC	Nil	25.08 .2020	7894404	01.09. 2020	96,468	Quotation obtained M/s Azam Brothers, M/s Ocean Enterprises and M/s Hickers Contractor
3	M/s Gulbana General Order Supplier	A09601	Supply of Computer and Printer	Nil	29.04 .2021	8244343	05.05. 2021	212,940	Quotation obtained M/s Ittehad General order supplier, M/s Abyaan Contractor and M/s Gulbana General Order Supplier

Sr . N o.	Name of Vendor	Head of A/C	Work Done / Description	Work order No.	Date	Cheque No.	Date	Amount	Remarks / Quotation
4	M/s Gulbana General Order Supplier	A09601	Supply of Air Cooler	Nil	02.06 .2021	8361265	09.06. 2021	161,109	Quotation obtained M/s Infra Technologies, M/s MNS Traders and M/s Gulbana General Order Supplier
5	M/s Gulbana General Order Supplier	A09601	Orient Refrigerator	Nil	02.06 .2021	8361321	09.06. 2021	118,936	Quotation obtained M/s Al-Aziz General Order Supplier, M/s Ittehad General Order Supplier and M/s Gulbana General Order Supplier
6	M/s Gulbana General Order Supplier	A09601	Vaccum Clearner	Nil	nil	8406770	09.06. 2021	75,465	
7	M/s Gulbana General Order Supplier	A09601	Water Dispenser 3 door Hot & Cold	Nil	02.06 .2021	8408167	11.06. 2021	142,155	Quotation obtained M/s MNS, M/s Advance Bio Technologies and M/s Gulbana General Order Supplier
8	M/s Gulbana General Order Supplier	A09601	IT Equipment	Nil	05.05 .2021	8411385	16.06. 2021	221,130	Quotation obtained M/s Ittehad General Order Supplier, M/s Infra Technologies and M/s Gulbana General Order Supplier

Sr. No.	Name of Vendor	Head of A/C	Work Done / Description	Work order No.	Date	Cheque No.	Date	Amount	Remarks / Quotation
9	M/s Gulbana General Order Supplier	A09601	IT Equipment	Nil	05.05.2021	8412669	18.06.2021	221,130	Quotation obtained M/s Ittehad General Order Supplier, M/s Infra Technologies and M/s Gulbana General Order Supplier
10	M/s Gulbana General Order Supplier	A09601	IT Equipment	Nil	16.10.2020	8412668	18.06.2021	179,595	Quotation obtained M/s AAR Traders, M/s Abyaan and M/s Gulbana General Order Supplier
<b>Total</b>								<b>1,513,753</b>	
<b>Grand Total</b>								<b>5,660,368</b>	

**Annexure-IV  
(Para No. 2.4.13)**

**Non-achievement of core objectives by Zoological Survey of Pakistan**

Sr. No.	Name of Posts	BPS	Sanctioned	Filled	Vacant
1.	Zoologist	17	4	2	2
2.	Sub-Librarian	15	1	0	1
3.	Research Assistant	10	3	0	3
4.	Field Observer	10	1	0	1
5.	LDC	9	3	1	2
<b>Total</b>			<b>12</b>	<b>3</b>	<b>9</b>

**Annexure-V**  
**(Para No. 2.4.17)**

**Delayed processing and issuance of environmental approvals by EPA**

<b>Sr. No.</b>	<b>Name of Project</b>	<b>Application Received</b>	<b>Any additional information demanded by EPA dated</b>
1.	EIA Report of Sangjani Landfill Site Islamabad	18.11.2019	15.12.2019
2.	IEE Report of Rehman Enclave Zone IV-B, Islamabad	27.07.2021	5.10.2017
3.	Zameen Ace Mall DHA Phase-2	26.11.2019	03.12.2019
4.	Bahria Life Style project Islamabad	04.09.2021	16.09.2020
5.	IEE Report of Rehman Enclave Zone IV-B, Islamabad	27.07.2021	5.10.2017
6.	FGEHA Green Enclave-I Zone-IV B-2 Bahara Kahu	25.03.2020	24.09.2020
7.	MATRC (Model addiction treatment & Rehab Centre)	01.02.2021	31.05.2021
8.	Naval Housing Scheme Zone-V	20.04.2016 06.06.2016	13.05.2016 14.07.2016
9.	NTDC project in/out of one circuit of 220 kva Mansehra	21.07.2017	04.10.2017
10.	132 kW grid station sector G-9/3 and its feeding transmission line	24.05.2017	06.06.2017
11.	Traffic Management Solutions for Rawal Chowk and Park Road	21.05.2020	13.07.2020
12.	Extension of extensive care dept. of mother child health center and children hospital	30.09.2020	23.11.2020



**Annexure-VI**

**(Para No. 2.4.17)**

**Delayed processing and issuance of environmental approvals by EPA**

Sr. No.	Name of Project	EIA / IEE	Fees	Env. Consultant	Lab.	Apply date	Initial comments forwarded by EPA	Initial comments replied by Proponent	Approval
1.	Dualization of Attaturk (west) from Khayabane Suharwarde to Khayabane Magallah	EIA	30,000			17.03.16	01.04.16	16.05.16	01.02.17
2.	Metro Peshawar Morr	EIA	30,000			13.04.17			01.02.18
3.	Tarnol Underpass Interchange	EIA	30,000			11.11.15	25.11.15	29.12.15	07.06.17
4.	Technology Development Park Project Chak Shahzad	EIA	30,000		Asian Environment Services Pvt. Ltd	11.12.19	03.02.20	21.02.20	10.12.20
5.	NIRM Bio-medical waste incinerator	EIA	30,000			14.03.21	26.03.21	05.04.21	16.08.21
6.	Grade Separation Facility at Intersection of 7th Avenue	EIA	30,000		Green crescent	16.05.16	24.05.16	12.08.16	20.07.17
7.	Gulberg greens farmhouse scheme	EIA	30,000	Hagler Bailey Pak		12.10.18	11.12.18	26.12.18	22.03.20
8.	Traffic Management Solutions for Rawal Chowk and Park Road	EIA	30,000			21.05.20	13.07.20	30.07.20	23.12.20

Sr. No.	Name of Project	EIA / IEE	Fees	Env. Consultant	Lab.	Apply date	Initial comments forwarded by EPA	Initial comments replied by Proponent	Approval
9.	Elysium Tower, Blue Area Islamabad	EIA	30,000			20.07.16	01.08.16		24.02.17
10.	IJP Road Faizabad Interchange	EIA	30,000	M/s Zeeruk Intl.	ESPAK	24.12.20	13.01.21	17.02.21	24.09.21
11.	Hamdard University	EIA	30,000	Geo-tech consultancy services	HSE services	04.08.17	18.08.17	31.08.17	26.11.18
12.	Extension of extensive care dept. of mother child health centre and children hospital	EIA	30,000	NESPAK		30.09.20	23.11.20	11.01.21	29.07.21
13.	Golf floras apartments Projects, Garden city Bahria Town Zone-V	EIA	30,000	M/s Environs Tech Pvt Ltd.	ESPAK	14.12.20	06.01.20	11.01.21	31.05.21
14.	Kingsley Arcade F-6	IEE	15,000			16.02.17	03.03.17	08.03.17	01.11.17
15.	MATRC (Model addiction treatment & Rehab Centre)	IEE	15,000	Bio green Environment consultants	Pak-green Enviro Engineering pvt. Ltd.	01.02.21	31.05.21	26.08.21	10.01.22

### Annexure-VII

(Para No. 2.4.17)

#### Delayed processing and issuance of environmental approvals by EPA

Sr. No.	Name of Proponents	EIA / IEE	Application date	1st SIR dated	1st Visit dated
1.	EIA Report of Zameen Ace Mall DHA Phase II Islamabad	EIA	26.11.2019	No	--
2.	Request for NOC for Naval	IEE	17.01.2020	No	--

Sr. No.	Name of Proponents	EIA / IEE	Application date	1st SIR dated	1st Visit dated
	Anchorage Zone-V, Islamabad				
3.	IEE Report of Rehman Enclave Zone IV-B, Islamabad	IEE	27.07.2021	No	--
4.	EIA Report of PARR-3 PINTECH, Nilore Islamabad	IEE	18.05.2020	No	--
5.	IEE Report of Taibah Steel Re-Rolling Mills	IEE	07.07.2018	No	--
6.	Technology Development Park Project Chak Shahzad	EIA	11.12.2019	02.06.2020	02.06.2020
7.	Siddiqui steel Billet Manufacturing	IEE	12.11.2018	04.02.2019	09.01.2019
8.	Kingsley Arcade F-6	IEE	16.02.2017	05.04.2017	03.03.2017
9.	Construction of Multistory apartments at Sector I-12/1	EIA	25.09.2018	05.11.2018	29.10.2018
10.	Extension of extensive care dept. of mother child health centre and children hospital	EIA	30.09.2020	06.11.2020	27.10.2020
11.	Grade Separation Facility at Intersection of 7th Avenue	EIA	16.05.2016	07.02.2017	01.02.2017
12.	Bahria town-lifestyle	EIA	04.09.2021	08.10.2020	
13.	Naval Housing Scheme Zone-V	IEE	20.04.2016 06.06.2016	09.02.2017	08.02.2017
14.	Tarnol Underpass Interchange	EIA	11.11.2015	09.04.2016	
15.	IJP Road Faizabad Interchange	EIA	24.12.2020	10.02.2021	04.02.2021
16.	River garden Zone-V Extension	IEE	08.02.2020	12.10.2020	12.10.2020
17.	Gulberg greens farmhouse scheme	EIA	12.10.2018	19.04.2019	19.04.2019
18.	Golf floras apartments Projects, Garden city Bahria Town Zone-V	EIA	14.12.2020	20.01.2021	15.01.2021
19.	Hamdard University	EIA	04.08.2017	20.09.2017	20.09.2017
20.	MATRC (Model addiction treatment & Rehab Centre)	IEE	01.02.2021	21.04.2021	19.04.2021
21.	Construction of Underpass between G-7/ G-8	EIA	--	22.12.2016	12.02.2016
22.	FGEHA Green Enclave-I Zone-I V B-2 Bahara Kahu	EIA	25.03.2020 24.09.2020	23.11.2020	18.11.2020
23.	Amazon Mall DHA	IEE	18.06.2019	24.01.2020	01.10.2019
24.	Elysium Tower, Blue Area ISD	EIA	20.07.2016	31.10.2016	24.10.2016

**Annexure-VIII**  
**(Para No. 2.4.18)**

**Non-monitoring of conditions of environmental approvals granted to the proponents**

<b>Sr. No.</b>	<b>Description of Project</b>	<b>Location of Project</b>	<b>Date of receipt of IEE / EIA</b>	<b>Approval granted (Yes / No)</b>
1.	Sukh Chayn Residence project at Plot No. 06 Sector F-16 Markaz, Islamabad.	Plot No. 06 Sector F-16 Markaz, Islamabad.	13.7.18	Yes
2.	Rahman Enclave Zone-4-B, Islamabad.	--	17.9.18	Yes
3.	Construction of PHA-F-Multistory Apartments At Sector I-16/3 Islamabad.	Sector I-16/3 Islamabad.	10.9.18	Yes
4.	Construction of Gulberg Greens Farms Housing Scheme (Revised & Extended).	At Zone-IV-B, Islamabad.	11.7.18	Yes
5.	Construction of PHA-F Officer's Residencia	Kurri Road, Islamabad	10.9.18	Yes
6.	Development of Sector I-15 Project Islamabad	Sector I-15 Project Islamabad	20.12.18	Yes
7.	Construction of Gulberg Residencia Housing Scheme (Revised & Extended)	At Zone-V, Islamabad.	22.10.19	Yes
8.	Technology Park Development Project Chak Shahzad, Islamabad	Chak Shahzad, Islamabad	16.12.20	Yes
9.	Construction of Housing Fountain Tower	Mauve Area, Sector G-13 Islamabad.	3.5.20	Yes
10.	Construction of Mall of Arabia	Mouza Lohi Bher, Zone-V Islamabad.	19.5.20	Yes
11.	Traffic Management Solutions (TMS) for Rawal Chowk and Park Road, Islamabad.	Rawal Chowk and Park Road, Islamabad.	6.11.20	Yes
12.	Construction of Amazon Hotel	Plot No. 36 Sector G-11 Islamabad.	9.4.20	Yes
13.	Construction of Rawalpindi Ring Road (Total Length (65+800Km) (2KM in ICT Area).	Radio Pakistan (Rawat N-5 to Sangjani, Islamabad.	12.8.20	Yes
14.	Extension of Extensive Care Department of Mother and Child Health Centre and Children Hospital, PIMS, Islamabad.	At Pakistan Institute of Medical Sciences (PIMS), Hospital Islamabad.	10.5.20	Yes
15.	Construction of New 132KV Gird Station	Located at Sector I-11/2, Islamabad	24.11.20	Yes
16.	Construction of Frequency Allocation Board (FAB) Headquarters Monitoring Station	Located at Plot No. 13 Mauve Area Sector G-8/1 Islamabad.	12.7.20	Yes

Sr. No.	Description of Project	Location of Project	Date of receipt of IEE / EIA	Approval granted (Yes / No)
17.	Construction of Gulf Floras Apartments	At Apartment Block No.2 Street No. 2 Zone-04 East Garden City Bahria Town Zone-5 Islamabad	14.12.20	Yes
18.	Construction of 11 Central Apartments	At Plot No 25-A Sector G-11/1 Islamabad	21.12.20	Yes
19.	Construction of The Fourth Star Residence	At Plot No. 20 Street No. 98 Sector G-11/3 Islamabad.	24.12.20	Yes
20.	Construction of IJP Road From Faizabad Interchange to N-5 G.T. Road	At Faizabad Interchange to N-5 G.T. Road Islamabad.	24.12.20	Yes
21.	Construction of Shifa Medical Center Islamabad Project	At Plot No.5 Sector F-11 Markaz Islamabad.	1.12.21	Yes
22.	Construction of Pakland Tower-II Project	New Blue Area, Sector G-9 Islamabad.	2.8.21	Yes
23.	Installation of Operation of Bio-Medical Waste Incinerator	At National Institute of Rehabilitation Medical (NIRM) Street No. 9 Sector G-8/2 Islamabad	3.5.21	Yes
24.	Construction of Session Division (East and west )	At Mauve Area, Sector G-11/4 Islamabad.	24.3.21	Yes
25.	Naya Pakistan Housing Scheme Sangjani Islamabad.	--	30.3.21	Yes
26.	Construction of Capital Icon Mall and Residency	At Mouza Lohi Bher, Islamabad Expressway, Zone-5 Islamabad.	16.4.21	Yes
27.	Construction of Mall of Arabia	Extension of at Zone-5 Islamabad	30.4.21	Yes
28.	Construction of Paradise City Housing Scheme	At Mouza Badhana Naugazi Zone-II Islamabad.	5.2.21	Yes
29.	Establishment of Supreme Court Employees Cooperative Housing Society.	At Mouza Barkat and Mouza Naugazi at Sector G-171/2, Islamabad.	26.7.21	Yes
30.	Dualization of Attaturk (west) from Khayabane Suharwarde to Khayabane Magalla	Embassy Road, Ayub Chowk, Islamabad	17.3.16	1.2.17
31.	Metro Peshawar Morr	Peshawar Morr, G-9/4, Islamabad	13.4.17	1.2.18
32.	Tarnol Underpass Interchange	Tarnol Underpass, Interchange, Islamabad.	11.11.15	7.16.17
33.	Technology Development Park Project Chak Shahzad	Park road, Chak Shahzad, Islamabad.	11.12.19	10.12.20

Sr. No.	Description of Project	Location of Project	Date of receipt of IEE / EIA	Approval granted (Yes / No)
34.	NIRM Bio-medical waste incinerator	G-8, Islamabad.	14.3.21	16.8.21
35.	Grade Separation Facility at Intersection of 7 <sup>th</sup> Avenue	7 <sup>th</sup> Avenue with Khayaban-e-Suharwardy & Kashmir Highway, Islamabad.	16.5.16	20.7.17
36.	Gulberg Greens farmhouse scheme	Gulberg Greens, Islamabad.	12.10.18	22.3.20
37.	Traffic Management Solutions for Rawal Chowk and Park Road	Park Road, Rawal Chowk, Islamabad.	21.5.20	23.12.20
38.	Elysium Tower, Blue Area Islamabad	G-8/3, Blue Area, Islamabad	20.7.16	24.2.17
39.	IJP Road Faizabad Interchange	IJP Road Faizabad Interchange	24.12.20	24.9.21
40.	132kW grid station sector G-9/3 and its feeding transmission line	G-9/3, Islamabad.	24.5.17	25.8.17
41.	Hamdard University	Park Road, Rawal Chowk, Islamabad.	04.8.17	26.11.18
42.	Extension of extensive care dept. of mother child health Centre and children hospital	Pakistan Institute of Medical Sciences, G-8, Islamabad	30.9.20	29.7.21
43.	Golf floras apartments Projects, Garden city Bahria Town Zone-V	Bahria Town Zone-V, Islamabad.	14.12.20	31.5.21
<b>List of IEEs Approved</b>				
1.	Drilling of Tarnol-1 Well in Margalla Block	Tarnol, Islamabad	13.9.21	Yes
2.	Pak-Korean Testing Laboratory	Islamabad	--	Yes
3.	PIDE Campus	Sector H-11/2, Islamabad	11.11.18	Yes
4.	Steel Furnace	Sector I-9, Islamabad	19.11.18	Yes
5.	Steel Re-Rolling Mills	Sector I-9, Islamabad	19.11.19	Yes
6.	One Expressway Corporate Office	Expressway, Islamabad	7.12.18	Yes
7.	Tarnol Breeders	Tarnol, Islamabad	7.6.19	Yes
8.	Asphalt Plant	Sector H-10, Islamabad	1.8.19	Yes
9.	D-Tech Waste Solutions Facility	Hummak, Islamabad	24.9.19	Yes
10.	State Bank Building	Sector G-5, Islamabad	28.10.19	Yes
11.	Housing Scheme	Zone-V, Islamabad	22.7.20	Yes
12.	Building	Sector G-6 / F-6, Islamabad	14.9.20	Yes
13.	PARR-3	Nilore, Islamabad	2.11.20	Yes
14.	Rehabilitation Centre	Hummak, Islamabad	16.2.21	Yes
15.	Kingsley Arcade F-6	F-6, Islamabad	16.2.17	1.11.17
16.	MATRC (Model addiction treatment & Rehab Centre)	Islamabad Model Town, Humak Burji Stop, Kahuta Road Islamabad.	1.2.21	10.1.22

**Annexure-IX****(Para No. 2.4.18)****Non-monitoring of conditions of environmental approvals granted to the proponents**

<b>Sr. No.</b>	<b>Name of Project</b>	<b>EIA / IEE</b>	<b>Application date</b>	<b>Environment Approval date</b>
1.	Dualization of Attaturk (west) from Khayabane Suharwarde to Khayabane Margalla	EIA	17.03.2016	01.02.2017
2.	Metro Peshawar Morr	EIA	13.04.2017	01.02.2018
3.	Kingsley Arcade F-6	IEE	16.02.2017	01.11.2017
4.	Tarnol Underpass Interchange	EIA	11.11.2015	07.16.2017
5.	Grade Separation Facility at Intersection of 7th Avenue	EIA	16.05.2016	20.07.2017
6.	Elysium Tower, Blue Area Islamabad	EIA	20.07.2016	24.02.2017
7.	132 kva grid station sector G-9/3 and its feeding transmission line	EIA	24.05.2017	25.08.2017
8.	Hamdard University	EIA	04.08.2017	26.11.2018

**Annexure-X****(Para No. 3.4.11)****Irregular expenditure in excess of approved PC-I costs – Rs. 2,900.985 million**

<b>Sr. No.</b>	<b>Name of project / PC-I</b>	<b>Original PC-I cost</b>	<b>Amount paid as per final bill</b>
1.	Govt. Boys Intermediate College, Balseri District Muzaffarabad	85.224	125.561

<b>Sr. No.</b>	<b>Name of project / PC-I</b>	<b>Original PC-I cost</b>	<b>Amount paid as per final bill</b>
2.	Govt. Boys Intermediate College, Hattian Bala	59.955	83.863
3.	Govt. Girls Intermediate College, Leepa, District Hattian Bala	67.605	119.662
4.	Govt. Boys Intermediate College, Trarkhal District Poonch	87.535	102.877
5.	Govt. Boys Degree College, Authmaqam, District Neelum	114.154	168.100
6.	Govt. Boys Degree College, Chikar, District Hattian Bala	75.325	95.394
7.	Govt. Boys Post Graduate College Muzaffarabad	282.149	365.554
8.	Govt. Boys Degree College, Thorar, District Poonch	56.332	83.775
9.	Govt. Girls Degree College, Abbaspur, District Poonch	95.965	123.986
10.	Govt. Girls Intermediate College, Jandala, District Poonch	32.558	39.534
11.	Govt. Model Science College, Muzaffarabad	42.358	39.232
12.	Govt. Girls Inter College, Chikar District Hattian Bala	61.300	82.926
13.	Govt. Boys Intermediate College Chiralla District Bagh	66.042	93.878
14.	Govt. Girls Inter College, Bhirpani District Bagh	55.421	88.823
15.	Govt. Boys Intermediate College, Khurshidabad District Bagh	64.537	102.120
16.	Govt. Boys Degree College Abbaspur	117.504	124.731
17.	Govt. Boys Degree College, Abbaspur	65.272	78.973
18.	Govt. Boys Degree College Hajira	133.138	154.158
<b>Total</b>		<b>1,562.374</b>	<b>2,073.147</b>

**Annexure-XI**

**(Para No. 3.4.18)**

**Non-recovery of mobilization advance – Rs. 21.281 million**

**(Rs. In million)**

<b>Sr. No.</b>	<b>Name of Scheme</b>	<b>Name of contractor</b>	<b>Advance granted</b>	<b>Amount Recovered</b>	<b>Balance</b>	<b>Remarks</b>
1.	Dehri Chakisar	M/s RSK-	41.068	26.510	14.558	Scheme completed



Sr. No.	Name of Scheme	Name of contractor	Advance granted	Amount Recovered	Balance	Remarks
	Road (District Shangla)	USPUN (JV)				and handed over.
2.	Education Package 8-B (District Kohistan)	M/s Wazir Muhammad Wazir	7.100	1.400	5.700	Scheme terminated but Mob. Adv not recovered
3.	Tehsil HQ Building (District Shangla)	M/s Fazal Karim & Co.	9.955	9.288	0.667	--
4.	Education Package IV B (District Shangla)	M/s Wazir Muhammad Wazir	7.078	6.722	0.356	--
<b>Total</b>					<b>21.281</b>	<b>--</b>

**Annexure-XII**  
**(Para No. 3.4.21)**

**Overpayment against quantities of works not executed at site -  
Rs. 15.806 million**

Item No.	Description	Unit	Qty. as per soil classification	Qty. Paid in IPC No. 25	Excess Qty.	Rate (Rs.)	Amount (Rs.)
106-C	Excavate & Disposal of Surplus Common material	M <sup>3</sup>	58,739.17	70,891.00	12,151.83	180.00	2,187,330
106-di	Excavate & Disposal of Hard Rock material	M <sup>3</sup>	103,380.54	113,431.00	10,050.46	515.00	5,175,985
106-d(ii)	Excavate & Disposal of Medium Rock material	M <sup>3</sup>	84,064.35	93,055.00	8,990.65	340.00	3,056,822
106-d(iii)	Excavate & Disposal of Soft	M <sup>3</sup>	85,883.71	105,472.00	19,588.30	275.00	5,386,781

Item No.	Description	Unit	Qty. as per soil classification	Qty. Paid in IPC No. 25	Excess Qty.	Rate (Rs.)	Amount (Rs.)
	Rock material						
<b>Total</b>							<b>15,806,918</b>

**Annexure-XIII**  
**(Para No. 3.4.35)**

**Non-valuation of machinery, equipment and unused material of defaulting contractor**

Sr. No.	Description	Remarks
<b>Machinery</b>		
1.	Transit Mixer	2 cum
2.	Transit Mixer	2 cum (out of order)
3.	Tractor Trolley	Registration No. SAC 2252
4.	Lift Machine	--
5.	Mixer Machine	2 bags 3 No.
6.	Mixer Machine	1 bag 2 No.
7.	Concrete Batching Plant	50 Cum
8.	Steel Cutting Machine	3 Nos.
9.	Steel Bending Machine	3 Nos.
10.	Water Pump	--
11.	Water Bowser	--
12.	Electric Generator	100kv
13.	Electric Generator	50kv
14.	Electric Generator	5kv
15.	Welding Plant	3 Nos. 3 Phase
16.	Welding Plant	2 Nos. Single Phase
17.	Block Machine	3 No.
<b>Construction Material</b>		
Sr. No.	Description	Qty.
1.	Steel	62.50 Tons
2.	Sand	12,000 cft
3.	Crush	13,000 cft
4.	Blocks	4288 Nos.
5.	Wooden Ply	Present but not counted

6.	Wooden planks	Present but not counted
7.	Wooden Packing	Present but not counted
8.	Folding pipes	Present but not counted
9.	Folding Joints	Present but not counted
<b>Laboratory Equipment</b>		
<b>Sr. No.</b>	<b>Description</b>	<b>Qty.</b>
1.	Cylinder Dia 6"	21
2.	Rubber Hammer +T.Red	02
3.	Spoon Large + small	04
4.	Digital Weight L+S	02
5.	G.I. Tray	02
6.	Sieve Fine Aggregate	09
7.	Quartering Box Set	02
8.	Slump Cone Set	01
9.	Cylinder Key 13No	04
10.	Meter tape + scale	02
11.	Compressive machine	01
12.	Sulphur Capping Machine	01
13.	Temperature gauge	01
14.	Speedy moisture	01
15.	F.D.T Cone	01

**Annexure-XIV**

**(Para No. 4.4.6)**

**Non-disclosure of funds transferred by Emergency Relief Cell (ERC) to NDMA – Rs. 3,755.559 million**

**(Rs. in million)**

<b>Sr. No.</b>	<b>Object</b>	<b>Description of Accounts</b>	<b>Balance as on 31.12.2015</b>
1.	G12130	President Relief Fund for earthquake -2015	3,239.342
2.	G12135	PM Special Relief Funds for victims of Terrorism -	3.812
3.	G12140	Prime Minister's Relief Flood Funds-2010	55.800
4.	G12145	Prime Minister's Relief Fund -2011	7.615
5.	G12148	Prime Ministers Baluchistan Earthquake Relief Fund -	179.784
6.	G12149	PM's Relief Fund for Thar (Sindh)-2014	12.480
7.	G12150	PM's Relief Fund for IDPs-2014	12.480
8.	G12152	PM's Flood Relief Fund -2014	28.564

<b>Sr. No.</b>	<b>Object</b>	<b>Description of Accounts</b>	<b>Balance as on 31.12.2015</b>
9.	G12153	PM's Relief Fund for Earthquake Affectees of Nepal-	2.613
10.	PLA	Relief & Rehabilitation for Earthquake Victims-2005	144.259
11.	PLA	Director General Emergency Relief Cell Cabinet	68.810
<b>Total</b>			<b>3,755.559</b>

**Annexure-XV**

**(Para No. 4.4.7)**

**Non-obtaining of vouched accounts and verification of expenditure against funds transferred for hiring of machinery under Karachi Transformation Plan (KTP) – Rs. 539.730 million**

**(Rs. in million)**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Cheque No.</b>	<b>Date</b>	<b>Amount</b>	<b>Remarks</b>
1.	Non-Food A/C No. 1, Govt. of Sindh	37574536	07.03.2022	30.000	Anti-encroachment operation of Gujjar Nullah, Karachi
2.	Non-Food A/C No. 1, Govt. of Sindh	37574568	30.03.2022	185.680	Resettlement Support to LDPs of Gujjar Nullah, Karachi
3.	Non-Food A/C No. 1, Govt. of Sindh	37574569	30.03.2022	202.050	Resettlement Support to LDPs of Orangi Nullah, Karachi
4.	Non-Food A/C No. 1, Govt. of Sindh	37718018	20.04.2022	25.000	Anti-encroachment operation of Gujjar Nullah, Karachi
5.	Non-Food A/C No. 1, Govt. of Sindh	37718022	20.04.2022	25.000	Anti-encroachment operation of Orangi Nullah, Karachi
6.	Non-Food A/c No. 1, Govt. of Sindh	37718153	30.04.2022	32.000	Anti-encroachment operation of Orangi Nullah, Karachi
7.	Non-Food A/c No. 1, Govt. of Sindh	37718163	13.05.2022	40.000	Anti-encroachment operation of Gujjar Nullah, Karachi
<b>Total</b>				<b>539.730</b>	---

**Annexure-XVI**

**(Para No. 4.4.8)**

**Non-deduction of Sales Tax on Services from contractors / consultants -  
Rs. 439.666 million**

Sr. No.	Date	Cheque No.	Organization	Amount (Rs.)	Sales Tax on Services (Rs.)
1.	05.08.2021	87697633	Frontier Works Organization (FWO)	178,418,247	8,920,912
2.	13.09.2021	37428765	-do-	6,412,600	320,630
3.	15.09.2021	37428769	-do-	14,462,437	723,122
4.	22.09.2021	37428788	-do-	1,260,060,328	63,003,016
5.	15.10.2021	37428836	-do-	216,216,646	10,810,832
6.	20.10.2021	37428851	-do-	6,412,602	320,630
7.	20.10.2021	37428852	-do-	14,462,438	723,122
8.	27.10.2021	37428859	-do-	459,264,000	22,963,200
9.	31.12.2021	37574397	-do-	235,736,143	11,786,807
10.	03.01.2022	37574407	-do-	230,439,692	11,521,985
11.	09.02.2022	37574490	-do-	120,419,780	6,020,989
12.	09.02.2022	37574491	-do-	80,511,234	4,025,562
13.	07.03.2022	37574535	-do-	243,772,500	12,188,625
14.	31.03.2022	37717979	-do-	133,104,906	6,655,245
15.	29.04.2022	37718127	-do-	407,233,823	20,361,691
16.	25.05.2022	37871153	-do-	393,175,070	19,658,754
17.	30.05.2022	37871160	-do-	355,382,105	17,769,105
18.	30.06.2022	37871220	-do-	540,722,331	27,036,117
19.	31.08.2021	37428747	National Logistic Cell (NLC)	23,013,768	1,150,688
20.	15.09.2021	37428768	-do-	280,000,000	14,000,000
21.	25.10.2021	37428855	-do-	786,223,961	39,311,198
22.	10.12.2021	37428920	-do-	240,000,000	12,000,000
23.	09.02.2022	37574492	-do-	168,141,903	8,407,095
24.	09.02.2022	37574493	-do-	71,858,097	3,592,905
25.	07.03.2022	37574539	-do-	17,896,512	894,826
26.	30.04.2022	37718136	-do-	258,057,473	12,902,874
27.	18.05.2022	37871128	-do-	63,800	3,190
28.	02.06.2022	37871169	-do-	1,296,956,805	64,847,840
29.	30.06.2022	37871219	-do-	395,497,364	19,774,868
30.	05.08.2021	87697634	M/s NESPAK (Pvt) Limited	9,312,000	1,210,560
31.	20.09.2021	37428783	-do-	15,520,000	2,017,600
32.	05.10.2021	37428830	-do-	15,641,250	2,033,363
33.	20.01.2022	37574436	-do-	15,908,000	2,068,040

Sr. No.	Date	Cheque No.	Organization	Amount (Rs.)	Sales Tax on Services (Rs.)
34.	27.01.2022	37574439	-do-	11,872,800	1,543,464
35.	16.02.2022	37574508	-do-	4,751,689	617,720
36.	18.02.2022	37574512	-do-	3,102,952	403,384
37.	15.03.2022	37574545	-do-	4,751,401	617,682
38.	15.03.2022	37574547	-do-	4,965,981	645,578
39.	11.04.2022	37718001	-do-	4,751,689	617,720
40.	11.04.2022	37718003	-do-	4,965,981	645,578
41.	26.04.2022	37718106	-do-	4,751,689	617,720
42.	26.04.2022	37718108	-do-	4,965,981	645,578
43.	26.04.2022	37718116	-do-	1,387,400	180,362
44.	30.04.2022	37718154	-do-	4,751,689	617,720
45.	30.04.2022	37718156	-do-	4,965,981	645,578
46.	23.05.2022	37871139	-do-	4,750,253	617,533
47.	23.05.2022	37871141	-do-	4,965,980	645,577
48.	24.06.2022	37871210	-do-	6,207,476	806,972
49.	24.06.2022	37871212	-do-	5,939,651	772,155
<b>Total</b>				<b>8,572,146,408</b>	<b>439,665,708</b>

#### Annexure-XVII

(Para No. 4.4.12)

**Less imposition and recovery of liquidated damages from supplier – Rs. 20.803 million**

Sr. No.	Receiver	Qty of kits/test	Amount (Rs.)	Date of delivery	Schedule date of delivery	No of days late delivered	Amount of LD @ 0.2 % per day (Rs.)
1.	Khyber University Peshawar	10000	11,700,000	03.01.2022	23.08.2021	133	3,112,200
2.	PPH lab, Quetta	6000	7,020,000	10.01.2022	23.08.2021	140	1,965,600
3.	Benazir Bhutto Hospital Rawalpindi	2600	3,042,000	18.01.2022	23.08.2021	148	900,432
4.	Holy Family hospital, Rawalpindi	2400	2,808,000	18.01.2022	23.08.2021	148	831,168
5.	IHITC Islamabad	4000	4,680,000	20.01.2022	23.08.2021	150	1,404,000
6.	NIH Islamabad	7400	8,658,000	20.01.2022	23.08.2021	150	2,597,400
7.	NIH Islamabad	6000	7,020,000	04.02.2022	23.08.2021	163	2,288,520
8.	NIH Islamabad	10,000	11,700,000	03.01.2022	23.08.2021	162	3,790,800

Sr. No.	Receiver	Qty of kits/test	Amount (Rs.)	Date of delivery	Schedule date of delivery	No of days late delivered	Amount of LD @ 0.2 % per day (Rs.)
9.	Fauji Foundation hospital Islamabad	1600	1,872,000	20.01.2022	23.08.2021	150	561,600
10.	PPH lab Dow university Ojha campus Karachi Sindh	12000	14,040,000	10.01.2022	23.08.2021	140	3,931,200
			<b>72,540,000</b>				<b>21,382,920</b>
<b>Less LD charges deducted</b>							<b>(580,320)</b>
<b>LD charges less deducted</b>							<b>20,802,600</b>

### Annexure-XVIII

(Para No. 5.4.2)

### Inadmissible Payment of Conveyance Allowance - Rs. 9.988 million

Sr. No.	Name	BPS	Designation	2014.15 to 2021.22 (No. of Months)	Conveyance Allowance	Amount (Rs.)
1.	Muhammad Saleem	BPS - 07	Fireman	96	1932	185,472
2.	Hameed - ul- Hassan	BPS - 09	LFM	96	1932	185,472
3.	Faizan Ali	BPS - 07	Fireman	96	1932	185,472
4.	Muhammad Arshad Javed	BPS - 11	Driver	96	2856	274,176
5.	Zegham Abbas	BPS - 11	Driver	96	2856	274,176
6.	Muhammad Zakria	BPS - 11	Driver	96	2856	274,176
7.	Bilal Hussain	BPS - 07	Fireman	96	1932	185,472
8.	Asif Shahzad	BPS - 07	Fireman	96	1932	185,472
9.	Muhammad Ali Khan	BPS - 07	Fireman	96	1932	185,472
10.	Zafar Mehmood	BPS - 07	Fireman	96	1932	185,472
11.	Abdul Hameed	BPS - 07	Fireman	96	1932	185,472
12.	Abdul Hafeez	BPS - 07	Fireman	96	1932	185,472
13.	Abdul Sattar	BPS - 09	LFM	96	1932	185,472
14.	Muhammad Naveed Naz	BPS - 07	Fireman	96	1932	185,472
15.	Muhammad Shahid	BPS - 07	Fireman	96	1932	185,472
16.	Muhammad Imdad Khan	BPS - 07	Fireman	96	1932	185,472
17.	AmanUllah	BPS - 14	Wireless Operator	87	2856	274,176
18.	Muhammad Ali Shah	BPS - 07	Fireman	96	1932	185,472
19.	Talat Mehmood	BPS - 07	Fireman	96	1932	185,472
20.	Tahir Mehmood	BPS - 07	Fireman	96	1932	185,472
21.	Arshad Nawaz	BPS - 07	Fireman	96	1932	185,472
22.	Zubair Shah	BPS - 07	Fireman	96	1932	185,472

Sr. No.	Name	BPS	Designation	2014.15 to 2021.22 (No. of Months)	Conveyance Allowance	Amount (Rs.)
23.	Syed Adnan Haider	BPS - 07	Fireman	96	1932	185,472
24.	Bilal Hussain	BPS - 07	Fireman	96	1932	185,472
25.	Atiq - Ur- Rehman	BPS - 07	Fireman	96	1932	185,472
26.	Gulzar Ali	BPS - 07	Fireman	96	1932	185,472
27.	Asad Khan	BPS - 07	Fireman	96	1932	185,472
28.	Amir Khan	BPS - 07	Fireman	96	1932	185,472
29.	Muhammad Iqbal	BPS - 07	Fireman	96	1932	185,472
30.	Khurram Mehfooz	BPS - 07	Fireman	96	1932	185,472
31.	Sarfraz Ahmed	BPS - 07	Fireman	96	1932	185,472
32.	Ghulam Farid	BPS - 07	Fireman	96	1932	185,472
33.	Irshad Ali Narejo	BPS - 07	Fireman	96	1932	185,472
34.	Shahid Iqbal	BPS - 07	Fireman	96	1932	185,472
35.	Fazal Karim	BPS - 07	Fireman	96	1932	185,472
36.	Muhammad Sajjad Khan	BPS - 07	Fireman	96	1932	185,472
37.	ArifUllah	BPS - 07	Fireman	96	1932	185,472
38.	Muhammad Uzair Amir	BPS - 07	Fireman	96	1932	185,472
39.	Javed Khan	BPS - 07	Fireman	96	1932	185,472
40.	Ghulam Murtaza	BPS - 07	Fireman	96	1932	185,472
41.	Muhammad Tariq	BPS - 07	Fireman	96	1932	185,472
42.	Muhammad Jahangir Akhtar	BPS - 11	Driver	96	2856	274,176
43.	Imran Khan	BPS - 07	Fireman	96	1932	185,472
44.	Javed Khan	BPS - 07	Fireman	96	1932	185,472
45.	Sardar Hussain	BPS - 07	Fireman	96	1932	185,472
46.	Arif Hussain Shah	BPS - 07	Fireman	96	1932	185,472
47.	Tahir Abbas	BPS - 07	Fireman	96	1932	185,472
48.	Syed Mohsan Raza	BPS - 07	Fireman	96	1932	185,472
49.	Niaz ur Rehman	BPS - 07	Leading Fireman	96	1932	185,472
50.	Said Karim	BPS- 11	Driver	96	2856	274,176
51.	Qazi Muhamamd Iftikhar	BPS- 07	Fireman	96	1932	185,472
52.	Muhammad Anwar	BPS- 07	Fireman	96	1932	185,472
<b>Total</b>						<b>9,988,776</b>



**Annexure-XIX**

**(Para No. 5.4.4)**

**Irregular award of contracts without technical evaluation of bids – Rs. 424.156 million**

**a. Environment Directorate (Parks) CDA Islamabad**

**(Rs. in million)**

<b>S. No.</b>	<b>Division</b>	<b>Nature of expenditure / Description</b>	<b>Amount</b>
1.	Horticulture	Landscaping of both side of Nullah adjacent to Edhi Park green belt and opposite sylvan Park northern green belt I-8, Islamabad	5.100
		Landscaping / beautification of newly developed parks in different sector	7.080
		Supply & stacking sweet soil & FYM for different parks (East)	3.983
2.	Landscape	Development of Quaid-e-Azam Muhammad Ali Jinnah Park at Islamabad express highway Islamabad	6.544
		Providing/fixing of Ms. Pipe Benches (MB-2) in different location of Islamabad (East) Rate running contract	14.027
		FC construction of cycle in green belt zero point 7 <sup>th</sup> avenue Islamabad	5.557
		Development of sit out area opposite gourmet bakers to medina cash & carry Express highway, Islamabad	12.123
		Construction of jogging track at green belt I/B Kashmir highway Khyaban-e-Saharwardy road zero point to 7 <sup>th</sup> avenue, Islamabad	6.677
		Providing /laying and fixing of (FIFA) quality synthetic grass at football ground at multipurpose sports center F-6 Markaz Islamabad	14.709
		Improvement of irrigation system at CDA Nursery, Islamabad	4.889
		Development of park at diplomatic enclave opposite Kawait Masjid Islamabad	8.047
		Const: of cycle track at 7 <sup>th</sup> avenue green belt from G-6/1-2 to G-6/1-3,Ibd.	4.440
		Const: of cycle track in green belt B/W sector G-6 & G-5 Attaturk avenue, Ibd	5.279
		Const: of jogging track at in front of china embassy road diplomatic enclave, Ibd.	2.724
		P/F of MS grill around football ground at Street No.5 and 7 G-7/2,Ibd.	0.746
		Dev: of Ladies park opposite allied school to imam bargha	9.741

S. No.	Division	Nature of expenditure / Description	Amount
		shakriyal express highway, Ibd	
		Const: of jogging track at service road (SP-Office) Diplomatic enclave, Ibd.	5.440
		R/M of W/T Fence Along Lake Site In Lake View Park, Islamabad.	2.199
		Const: of jogging track at green belt Zero point to 7th avenue, Ibd	6.181
		Const: of cycle track at 7th avenue G/B between sector F-7 & F-6,Ibd.	4.954
3.	Development	Dev: of Park at street No 24 Sector I-8/2,Ibd.	4.335
		P/F barbed wire fence at barakahu and said pur range IBD	6.705
		Up Gradation of hill park at 3rd road G-10/4, IBD	4.646
		Dev: of park at street No 04-A at northern strip Sector E-11,Ibd.	4.733
		Dev: of park at street No 05 at northern strip Sector E-11,Ibd.	16.441
		Dev: of park between street no 46 & 66 Sector D-12/2,IBD	12.969
		Dev: of Park at parks SR(south) Sector D-12/4,Ibd.	7.991
		Dev: of park at St no 73 sector F-11/1, IBD	6.796
		Dev: of park at street 30 sector I-10/4, IBD	6.828
		Dev: of park at street 20 & 22 sector I-14/1, IBD	6.792
		R/M & rehabilitation of 03 Nos play grounds and sector F-10, Islamabad.	2.967
		Rehabilitation, upgradation of jogging track at green belt b/w sector F-11/4 & sector F-10 IBD	6.358
		P/F wire mesh fencing grave yard at street no 71-72 sector I-16/1, IBD	3.188
		P/F wire mesh fencing of 2 Nos grave yard at sector I-11/1+2, IBD	10.253
		Dev: of park at street 18 Chamman road sector G-8/1, IBD	8.310
		Rehabilitation & Renovation of park street no 07 sector F-11/1,IBD	3.990
		Dev: od park near grave yard at sector I-11/1, IBD	4.026
		Rehabilitation & Renovation of 02 Nos park street no 13 & power market sector G-10/2 & G-10/4,IBD	6.117
		R/M & rehabilitation OF jogging track at green belt along margallah road sector F-6 & F-7/3, Islamabad.	6.318
		R/M & rehabilitation Of 02 Nos Grounds at sector G-10, Islamabad.	2.943
P/F fence stone wall allied works & landscaping at green belt I-8/2 & H-8, IBD	31.701		
Rehabilitation & Maintenance of 05 Nos grounds at sector G-9, IBD	4.012		
<b>Total</b>			<b>298.859</b>

## b. Environment Directorate (East) CDA Islamabad

(Rs. in million)

Sr. No.	Object Codes	Nature of expenditure / Description	Contract Agreement	Expenditure	Bid opening date
1.	90121202	Providing and planting large size tree of 10' to 12" 18" to 20" high to fit gaps in existing plantation.	2.32	2.32	16.07.2021
2.	90121201	Landscaping through ornamental plants in Environment (East) on different sites as per direction of Authority.	19.95	19.95	16.07.2021
3.	90121205	Development of Green areas of Diplomatic Enclave.	8.796	8.796	16.07.2021
4.	90121205	Grassing of different areas of Environment (East)	14.96	14.944	21.02.2022
5.	90121205	Beautification through large size pots at Entry gates chock of diplomatic Enclave.	1.681	1.681	16.07.2022
6.	90140101	Beautification / Uplifting Shakar Parian Prade Ground J.S Prade 23 March 2022.	30.541	30.4	16.07.2022
7.	90121201	Landscaping median strip Khyban-e-Suhawardi Islamabad.	4.15	4.15	16.07.2022
8.	90102104	Hiring of Machinery for earth work in Environment (East)	7.701	7.701	16.07.2022
9.	90240116	Soft land scape for 6 Nos of Parks in Park Enclave-I Project Islamabad	5.573	5.03	16.07.2022
10.	90240117	Soft land scape for 8 Nos of median strips in Park Enclave-I Project Islamabad	3.154	3.103	16.07.2022
11.	90121202	Providing and planting of tree 6 feet height along Major Avenue Islamabad.	23.321	23.319	16.07.2022
12.	90121205	Procurement of spring seasonal Flowers and seeds.	3.15	3.15	16.07.2021
<b>Total</b>			<b>125.297</b>	<b>124.544</b>	

**Annexure-XX**  
**(Para No. 5.4.7)**

**Award of contract at higher rates– Rs. 30.541 million**

<b>Sr. No.</b>	<b>Nature of expenditure / Description</b>	<b>Contract Agreement (M)</b>	<b>Percentage below/above NIT</b>	<b>Bid opening date</b>
1.	Providing and planting large size tree of 10' to 12" 18" to 20" high to fit gaps in existing plantation.	2.32	20.00% below	16.07.2021
2.	Landscaping through ornamental plants in Environment (East) on different sites as per direction of Authority.	19.95	20.20% below	16.07.3031
3.	Soft-land development of Diplomatic Enclave Park	1.649	13.00% below	30.06.2021
4.	Soft landscaping of median strips and green area side strips with grass flower beds seasonal flowers ornamental flowers ground cover.	3.472	22.85% below	30.06.2021
5.	Development of Green areas of Diplomatic Enclave.	8.796	23.70% below	16.07.2021
6.	Grassing of different areas of Environment (East)	14.96	25.20% below	21.02.2022
7.	Beautification through large size pots at Entry gates chock of diplomatic Enclave.	1.681	15.01 % below	16.07.2022
8.	Beautification / Uplifting Shakar Parian Parade Ground J.S Prade 23 March 2022.	30.541	45.30% above	16.07.2022
9.	Landscaping median strip Khyban-e-Suhawardi Islamabad.	4.15	17.00% below	16.07.2022
10.	Hiring of Machinery for earth work in Environment (East)	7.701	33.00% below	16.07.2022
11.	Soft land scape for 6 Nos of Parks in Park Enclave-I Project Islamabad	5.573	40.00% below	16.07.2022
12.	Soft land scape for 8 Nos of median strips in Park Enclave-I Project Islamabad	3.154	40.00% below	16.07.2022
13.	Providing and planting of tree 6 feet height along Major Avenue Islamabad.	23.321	24.40% below	16.07.2022
14.	Uplifting of Express Highway	1.98	17.50% below	18.03.2021
15.	Procurement of propagation material and subsequent filling for production of planation	16.048	18% above	09.06.2021
16.	Procurement of spring seasonal Flowers and seeds.	3.15	5% below	16.07.2021
17.	Procurement of Seasonal Flowers for Autumn, 2022	10.721	29.95% above	27.05.2022

**Annexure-XXI**

**(Para No. 5.4.8)**

**Irregular procurement in piecemeal without open tender and fair competition by Environment Wing CDA – Rs. 24.767 million**

<b>Sr. No.</b>	<b>Vendor name</b>	<b>Work order date</b>	<b>Procurement details</b>	<b>Amount (Rs.)</b>
1.	M/s Tahir ConstruTech Solutions	10.12.2021	Beautification in front of Yogi Hotel Shakarparian	498,025
2.		-do-	Beautification of Walking track from VIP parking to fountain at Shakarparian	496,505
3.		-do-	Up-Gradation of Triangle at Kashmir Chowk Murree Road	497,655
4.		-do-	Beautification of Khayaban-e-Suharwardy From Abpara to Embassy Road	496,108
5.		-do-	Beautification of Median Strip in From of Complex to Margallah Motel	497,595
6.		-do-	Up-gradation/beautification of Surrounding Islamabad monument Shakarparian	497,655
7.		-do-	Beautification of Srinagar Highway from opposite Suzuki Showroom to Dhaka sweet	496,398
8.		-do-	Up-gradation of Kashmir Chowk roundabout	496,788
9.		-do-	Beautification of Median Strip Faizabad to In-front of Kachnaar Park	496,035
10.		-do-	Up-gradation/Beautification of Shakarparin Green Area	498,195
11.		-do-	Beautification of Median Strip Islamabad Highway	497,404
12.		-do-	Beautification of Median Strip Khayaban-e-Suharwardi	497,130
13.	M/s Opulence Enterprises	-do-	Up-gradation of Median Strip from Suharwardi Road	497,400
14.		-do-	Beautification of Faizabad Interchange Western Side	495,360
15.		-do-	Beautification of Faizabad Interchange Western Side	495,192
16.		-do-	Beautification of Median Strip of Srinagar Highway	497,700
17.		-do-	Up-gradation of Median Strip Islamabad Highway from I-8	496,176
18.		-do-	Beautification/up-gradation of Islamabad Expressway	497,080
19.		-do-	Up-gradation of Median Strip opposite Embassy Chowk Srinagar	497,200
20.		-do-	Up-gradation/beautification of Srinagar highway 7 <sup>th</sup> Avenue Chowk to Abpara	496,600
21.		-do-	Up-gradation of Triangles Serena Chowk Srinagar Highway	496,600
<b>Total</b>				<b>10,434,801</b>

**Annexure-XXII****(Para No. 5.4.9)****Irregular procurement without open competition by E&DM Directorate  
MCI –Rs. 7.288 million**

<b>Cheque No</b>	<b>Dated</b>	<b>Paid To</b>	<b>Amount (Rs.)</b>
<b>Equipment</b>			
1005345050	23.06.22	Agha & Agha Pvt Ltd	350,000
		Wireless Equipment	
1005344519	27.06.22	Sega Enterprises	499,400
1005348146	30.06.22	Sega Enterprises	499,890
<b>Repair of Fire Fighting Tools / Rescue Tools</b>			
1005343399	21.06.22	Mk Associates & Co	98,050
1005348191	30.06.22	Mk Associates & Co	64,750
1005343718	24.05.22	New Wattan Builders	204,600
1005344513	27.06.22	Umer Traders	199,368
<b>Purchase of Fire Fighting Tools / Equipment</b>			
1105346278	01.06.22	Bajwa Global Tech	499,890
1005346828	07.06.22	MK Associates	299,522
1005347911	20.06.22	MK Associates	298,215
1005343962	27.06.22	MK Associates	99,750
1005344513	27.06.22	USAR Tools Repair	486,100
1005346998	07.06.22	Bajwa Global Tech	499,540
<b>Store Material Purchase</b>			
1005350057	30.06.22	Agha & Agha Pvt Ltd	499,548
1005344026	27.06.22	Minnal Fire Protection	498,300
1005346993	06.04.22	Agha & Agha Pvt Ltd	99,990
1005349888	30.06.22	Mk Associates	497,125
<b>Repair of IT equipment</b>			
1005346266	01.06.22	Friends Associates	99,890
1005346792	10.06.22	Ch Allah Dad Traders	49,900
1005348491	30.06.22	Noble Traders	47,970
1005345088	30.06.22	Sega Traders	498,500
1005345024	30.06.22	Bajwa Traders	49,738
<b>CCTV</b>			
1005347000	07.06.22	Friends Associates	49,750
1005345902	21.06.22	Bajwa Traders	99,850
1005346995	07.06.22	Bajwa Traders	49,980
1005348162	30.06.22	Bajwa Traders	49,990
<b>Fire Store Material</b>			
1005343962	27.06.22	Mk Associates	99,750
1005350057	23.06.22	Agha & Agha Pvt Ltd	499,200
		<b>Total</b>	<b>7288,556</b>

**Annexure-XXIII****(Para No. 5.4.10)****Irregular procurement through splitting of expenditure and avoiding open tendering process – Rs. 5.414 million**

Sr. No.	Vendor name	Work order date	Procurement details	Amount (Rs.)
1.	MaK Impex	21.04.2021	Purchase of Tyres	499,590
2.	MaK Impex	26.04.2021	Purchase of Tyres	499,590
3.	M/s Khurram	17.03.2022	Purchase of Tyres	490,000
4.	panther Tyres	31. 03.2022	Purchase of Tyres	495,428
5.	M/s Hydrochem Engineering Services	01.09.2021	Repair of vehicle	498,550
6.	M/s S.S Auto	02.09.2021	Repair of vehicle	498,800
7.	M/s M. Hamid Enterprises	01.11.2021	Purchase of Rough Cutting Machine	495,000
8.	-do-	02.11.2021	Purchase of Rough Cutting Machine	342,000
9.	M/s S.S Auto	02.11.2021	Repair of vehicle	99,850
10.	M/s S.S Auto	02.11.2021	Repair of vehicle	414,850
11.	M/s Hydrochem Engineering Services	03.11.2021	Repair of vehicle	99,500
12.	-do-	22.12.2021	Repair of vehicle	485,050
13.	-do-	16.12.2021	Repair of vehicle	496,500
<b>Total</b>				<b>5,414,708</b>

**Annexure-XXIV****(Para No. 5.4.11)****Irregular expenditure after expiry of open framework contracts - Rs. 4.368 million**

Sr. No.	Cheque No.	Dated	Name of Vendor	No. of vehicles	Amount (Rs.)
1.	1005253217	18.04.2022	M/S R.K Autos	10	124,600
				8	261,500
				10	153,250
2.	1842186111	28.04.2022	M/S R.K Autos	6	247,900

Sr. No.	Cheque No.	Dated	Name of Vendor	No. of vehicles	Amount (Rs.)
				3	218,200
3.	1005347906	20.06.2022	M/S R.K Autos	1	99,700
				2	199,400
				7	198,000
				10	148,200
4.	44117746	04.04.2022	M/S R.K Autos	4	176,700
				11	131,950
				9	106,800
5.	1842186645	27.04.2022	M/S R.K Autos	6	192,700
				<b>Total</b>	
1.	1005344038	27.06.2022	M/S Mirza Brothers	3	201,800
2.	1005253233	18.04.2022	M/S Mirza Brothers	8	183,100
3.	1005347300	14.06.2022	M/S Mirza Brothers	2	199,174
4.	1005347293	17.06.2022	M/S Mirza Brothers	1	99,600
				9	135,200
5.	44117744	04.04.2022	M/S Mirza Brothers	1	312,2000
6.	10052531	18.04.2022	M/S Mirza Brothers	9	198,150
				7	121,200
				11	108,500
<b>Total</b>					<b>4,368,724</b>
<b>Total Rs. 2,258,900 + Rs. 4,368,724</b>					

**Annexure-XXV**

**(Para No. 5.4.12)**

**Non-deduction of Sales Tax - Rs. 2.027 million**

Sr. No.	Name of Firm	Month	Total Value Rs.	ICT Sales Tax Rs.
1.	Modern Battery	Nov-2021	289,832	43,420
2.	Talha Enterprises	Nov-2021	99,227	14,418
3.	M/S Tulip enterprises	Jan-2022	488,475	70,975
4.	Fire & Safety	Mar-2022	386,370	56,139
5.	Modern Battery	Mar-2022	53,315	7,747
6.	Talha Enterprises	Mar-2022	244,530	35,530
7.	Umar Traders	Apr-2022	124,886	18,146
8.	Talha Enterprises	Apr-2022	199,801	29,031
9.	Friends Associates	May- 2022	4,256,000	618,393
10.	Friends Associates	May-2022	199,500	28,987
11.	Ch. Allha Dad Traders	May- 2022	49,257	7,157



12.	Pak universal	May -2022	24,786	3,601
13.	Friends Associates	Jun-2022	2,640,000	383,590
14.	Talha Enterprises	Jun- 2022	49,959	7,259
15.	Capital Furniture's	Jun- 2022	498,000	72,359
16.	Friends Associates	Jun- 2022	4,339,200	630,482
<b>Total</b>			<b>13,943,138</b>	<b>2,027,234</b>

**Annexure-XXVI**

**(Para No. 5.4.14)**

**Non-recovery of penalty / fine from defaulters – Rs. 4.790 million**

Description	Date of Challan	Challan Amount Rs.	Remarks
Al Kouser Floor Mills	02.08.2021	500,000	Challan Not Paid
Tehzeb Bakers Blue Area Islamabad	25.08.2021	300,000	-do-
City School	02.02.2022	300,000	-do-
Taj Cold Storage	02.02.2022	500,000	-do-
A One Hotel	02.02.2022	300,000	-do-
Prime Height	02.02.2022	300,000	-do-
Al Ghaffar Mall	11.03.2022	500,000	-do-
Al Inayat Mall	14.03.2022	500,000	-do-
Al Hameed Mall	14.03.2022	500,000	-do-
Al Rehmat Plaza G-11 Markaz	14.03.2022	500,000	-do-
Mehar filling Station F-7 Markaz	03.06.2022	500,000	-do-
<b>Total</b>		<b>4,790,000</b>	

**Annexure-XXVII**

**(Para No. 6.4.1)**

**Un-authorized appointment and payment to contingent paid staff – Rs. 2.470 million**

<b>Directorate General of Civil Defence (HQs), Islamabad</b>			
Sr. No.	Particulars	Post	Amount (Rs)
1.	Mr. Humza Tariq	Chowkidar (B-01)	161,370
2.	Mr. Farooq Khan	Cinema Operator (B-07)	116,820
3.	Mr. Muhammad Mubeen	LDC (B-07)	82,170
4.	Mr. Abdul Rehman	LDC (B-07)	84,150
5.	Mr. Ahmed Faraz	Jr. Instructor (B-14)	40,590
6.	Mr. Sohail Qureshi	LDC (B-07)	23,760

7.	Mr. Majid Waseem	Naib Qasid	57,870
<b>Total Islamabad</b>			<b>566,730</b>
<b>Federal Civil Defence Training School, Faisalabad</b>			
<b>Sr. No.</b>	<b>Particulars</b>	<b>Post</b>	<b>Amount (Rs)</b>
1.	Mr. Muhammad Irfan Ahmad	Chowkidar (B-01)	505,890
2.	Mr. Muhammad Faheem	Cook (B-01)	373,230
3.	Mr. Abdullah Tariq	Driver (B-04)	262,320
4.	Mr. Rizwan Jalil	Driver (B-04)	77,220
5.	Mr. Shahid Rahman	Driver (B-04)	59,430
6.	Mr. Muhammad Shahbaz Amjad	Dispatch Rider (B-04)	172,260
7.	Mr. Tassawar Abbas	Naib Qasid (01)	37,620
<b>Total Faisalabad</b>			<b>1,487,970</b>
<b>Federal Civil Defence Training School, Abbottabad</b>			
<b>Sr. No.</b>	<b>Particulars</b>	<b>Post</b>	<b>Amount (Rs)</b>
1.	Mr. Kamran	Computer Operator (B-14)	74,250
2.	Mr. Junaid	LDC (B-09)	101,010
3.	Mr. Sadam Hussian	Driver (B-04)	130,680
4.	Mr. Muhammad Adnan	Naib Qasid (B-01)	105,930
5.	Mr. Muhammad Tufail	Steno Typist (B-14)	3,960
<b>Total Abbottabad</b>			<b>415,830</b>
<b>Grand Total</b>			<b>2,470,530</b>

### Annexure-XXVIII

(Para No. 6.4.2)

#### Un-authorized re-imburement of tuition fee under PM Assistance Package – Rs. 1.962 million

Sr. No.	Name of student & class	Father Name / Designation	School/ College /University	Amount paid (Rs)	Sanction/letter No and Date	Remarks
1.	Mujtaba Zahid/9 <sup>th</sup> Nayyab Zahid/ FSc	Malik Zahid Ameer/ Ex LDC	Nil	55,300	30.3.22 Dy No 439	Inst. missing
2.	Nayyab Zahid/ FSc	Malik Zahid Ameer/ Ex LDC	Nil	35,600	11.3.22 Dy No 366	Inst. missing
3.	Nayyab Zahid/ FSc	Malik Zahid Ameer/ Ex LDC	KIPS	35,600	4615 dated 17.2.22	-
4.	Mujtaba Zahid/9 <sup>th</sup> Nayyab Zahid/ FSc	Malik Zahid Ameer/ Ex LDC	EFA School and KIPS	55,300	4409 dt 19.1.22	-
5.	Miss Laraib Syed /1 <sup>st</sup> year	Yahaya Shah	OPF	31,119	4911 dt 19.1.22	-
6.	Ali Haider /9 <sup>th</sup>	Rai Nazir Ahmed Kharal	LEGS	8,078	3679 dt 8.11.21	-

Sr. No.	Name of student & class	Father Name / Designation	School/ College /University	Amount paid (Rs)	Sanction/letter No and Date	Remarks
7.	Sajawal Khan/12 <sup>th</sup>	Rai Nazir Ahmed Kharal	Educational Excellence Ltd	28,750	3679 dt 8.11.21	-
8.	Maryam Ayub / BS(BT)	Ayub Khalid	Uni of Mgt& Tech	106,126	Dy No 1446 dt 22.12.21	-
9.	Sajawal Khan/12 <sup>th</sup> , Ali Haider/9 <sup>th</sup> and Rawal Nasir	Rai Nazir Ahmed Kharal	N/A	87,954	Dy No 307 dt 26/8/21	No doc attached
10.	Sajawal Khan/12 <sup>th</sup> , Ali Haider/9 <sup>th</sup> and Rawal Nasir	Rai Nazir Ahmed Kharal	N/A	24,301	Dy No 308 dt 26.8.21	No doc attached
11.	Sajawal Khan/12 <sup>th</sup> , Ali Haider/9 <sup>th</sup> and Rawal Nasir	Rai Nazir Ahmed Kharal	N/A	24,301	Sanction dt 24.5.21 2705 dt 11.8.21	No doc attached
12.	Ali Haider /9 <sup>th</sup>	Rai Nazir Ahmed Kharal	LEGS	8,120	7191 dt 14.06.21	-
13.	Iqra Ayub / DCN	Ayub Khalid	N/A	62,476	Dy No 5114 dt 24.5.21	No doc attached
14.	Maryam Ayub / BS(BT)	Ayub Khalid	Uni of Mgt& Tech	106,126	Dy No 5113 dt 24.5.21	-
15.	Sajawal Khan /12 <sup>th</sup> , Ali Haider/9 <sup>th</sup> & Rawal Nasir	Rai Nazir Ahmed Kharal	LGES	24,301	Dy No 1022 dt 19.4.21	-
16.	Mujtaba Zahid/9 <sup>th</sup> And Nayyab Zahid/ FSc	Malik Zahid Ameer/ Ex LDC	EFA School and KIPS	42,895	4004 dt 27.4.21	-
17.	Sajawal Khan/12 <sup>th</sup> , Ali Haider/9 <sup>th</sup> & Rawal Nasir	Rai Nazir Ahmed Kharal	LGES	75,308	Dy No 1887 dt 17.3.21	-
18.	Fareeha Shah/BA, Nimra Shah/BA, Iqra Syed/BS, Ruba Syed/12 <sup>th</sup> , Ujala Syed/FA, Kainat Syed/ B.ED	Yahaya Shah	N/A	121,442	1888 dt 17.3.21	No doc attached
19.	Munazara Rasheed/9 <sup>th</sup>	Abdul Rasheed	Muarif HSS	17000	Dy No 1889 dt 17.3.21	-
20.	Fareeha shah/BA, Nimra shah/BA, Iqra Syed/BS, Ruba Syed/12 <sup>th</sup> , Ujala Syed/FA, Kainat Syed/ B.ED	Yahaya Shah	N/A	93,292	1751 dt 3.3.21	No doc attached
21.	Mujtaba Zahid/9 <sup>th</sup>	Malik Zahid	EFA School	45,440	1726 dt 25.2.21	-

Sr. No.	Name of student & class	Father Name / Designation	School/ College /University	Amount paid (Rs)	Sanction/letter No and Date	Remarks
	And Nayyab Zahid/ FSc	Ameer/ Ex LDC	and KIPS			
22.	Mujtaba Zahid/9 <sup>th</sup> And Nayyab Zahid/ FSc	Malik Zahid Ameer/ Ex LDC	EFA School and KIPS	39,695	1724 dt 25.2.21	-
23.	Sajawal Khan/12 <sup>th</sup> , Ali Haider/9 <sup>th</sup> & Rawal Nasir	Rai Nazir Ahmed Kharal	LGES	56,988	Dy No 1725 dt 25.2.21	-
24.	Iqra Ayub / DCN and Maryam Ayub / BS(BT)	Ayub Khalid	Uni of Mgt& Tech	183,609	Dy No 1723 dt 25.2.21	No doc attached
25.	Sajawal Khan/12 <sup>th</sup> , Ali Haider/9 <sup>th</sup> & Rawal Nasir	Rai Nazir Ahmed Kharal	LGES	87,954	Dy No 1754 dt 3.3.21	-
26.	Fareeha Shah/BA, Nimra Shah/BA, Iqra Syed/BS, Ruba Syed/12 <sup>th</sup> , Ujala Syed/FA, Kainat Syed/B.ED	Yahaya Shah	N/A	125,442	1751 dt 2.6.20	No doc attached
27.	Iqra Ayub / DCN	Ayub Khalid	N/A	62,476	Dy No 2455 dt 28.5.20	No doc attached
28.	Mujtaba Zahid/9 <sup>th</sup> And Nayyab Zahid/ FSc	Malik Zahid Ameer/ Ex LDC	EFA School and KIPS	60,600	2456 dt 28.5.20	-
29.	Sajawal Khan/12 <sup>th</sup> , Ali Haider/9 <sup>th</sup> & Rawal Nasir	Rai Nazir Ahmed Kharal	LGES	61,176	Dy No 2457 dt 28.5.20	-
30.	Maryam Ayub / BS(BT)	Ayub Khalid	Uni of Mgt& Tech	194,950	Dy No 1453 dt 2.1.20	No doc attached
<b>Total</b>				<b>1,961,719</b>	---	---

**Annexure-XXIX**  
**(Para No. 6.4.3)**

**Irregular promotion of staff in violation of Rules**

Sr. No.	Name	Designation	Promoted to	Date of DPC meeting
1.	Mr. Javed Iqbal	UDC (B-11)	Assistant (B-15)	30.06.2022
2.	Mr. Muhammad Hashim	LDC (B-09)	UDC (B-11)	-do-
3.	Mr. Imran Ali	LDC (B-09)	UDC (B-11)	-do-
4.	Mrs. Najma Nazir	LDC/Demonstrator	UDC (B-11)	-do-
5.	Mr. Muhammad Khalil	Daftri	LDC (B-09)	-do-

<b>Sr. No.</b>	<b>Name</b>	<b>Designation</b>	<b>Promoted to</b>	<b>Date of DPC meeting</b>
6.	Mr. Arsalan Zafar	Mali (B-01)	LDC (B-09)	-do-
7.	Mr. Musavir Ahmed	Mali (B-01)	Demonstrator (B-03)	-do-
8.	Mr. Abdul Qayyum	Acting charge Assistant (B-15)	Regular Assistant (B-15)	25.02.2022
9.	Mr. Kamran Ali	Acting charge Assistant (B-15)	Regular Assistant (B-15)	-do-
10.	Mr. Turab Ali	UDC (B-11)	Superintendent (B-16)	15.11.2021
11.	Mrs. Tabassum Irshad	LDC/Demonstrator	UDC (B-11)	-do-