AUDIT REPORT

ON

THE ACCOUNTS OF

CLIMATE CHANGE, ENVIRONMENT AND DISASTER MANAGEMENT ORGANIZATIONS OF THE FEDERAL GOVERNMENT

AUDIT YEAR 2021-22

AUDITOR GENERAL OF PAKISTAN

PREFACE

Articles 169 & 170 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Section 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.

The report is based on audit of the accounts of Climate Change, Environment and Disaster Management organizations of the Federal Government for the financial year 2020-21 and accounts of some formations for previous years. The Directorate General Audit (Climate Change & Environment) conducted audit during the year 2021-22 on 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 through the next year's Audit Report.

Thematic Audit – new concept, has been introduced and made part of this report at Chapter-6. It is an attempt to improve organization's performance through critically reviewing its business processes to identify those risks which are hindering it from achieving its intended objectives.

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

Most of the observations included in this report have been finalized in the light of management responses and DAC meetings, where convened by the PAOs.

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: 24th February, 2022

Muhammad Ajmal Gondal
Auditor-General of Pakistan

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ABBREVIATIONS & ACRONYMS

AGM	Annual General Meeting
AGP	Auditor General of Pakistan
AoA	Articles of Association
BoD	Board of Directors
BPS	Basic Pay Scale
CBDRM	Community Based Disaster Risk Management
CDA	Capital Development Authority
CDWP	Central Development Working Party
CEF	Clean Environment Fund
CEO	Chief Executive Officer
Co.	Company
DAC	Departmental Accounts Committee
DAGP	Department of Auditor General of Pakistan
DCRIP	Disaster and Climate Resilience Improvement Project
DDMA	District Disaster Management Authority
DDO	Drawing & Disbursing Officer
DG	Director General
DPL	Daily Paid Labor
DPP	Department of Plant Protection
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
FIPs	Financial Implementing Partners
FTR	Federal Treasury Rules
GFR	General Financial Rules
HR	Human Resource
IEE	Initial Environmental Examination

INTOSAI	International Organization of Supreme Audit Institutions
IWMB	Islamabad Wildlife Management Board
JICA	Japan International Cooperation Agency
KP	Khyber Pakhtunkhwa
KTP	Karachi Transformation Plan
LD	Liquidated Damages
LDPs	Locally Displaced Persons
M/s	Messer
MCI	Metropolitan Corporation Islamabad
MHVRAs	Multi-Hazard Vulnerability and Risk Assessment
MoA	Memorandum of Association
MoCC	Ministry of Climate Change
MoNFS&R	Ministry of National Foods, Security and Research
NDMA	National Disaster Management Authority
NDMC	National Disaster Management Commission
NDMF	National Disaster Management Fund
NDMP	National Disaster Management Plan
NIT	Notice Inviting Tender
PAC	Public Accounts Committee
Pak-EPA	Pakistan Environmental Protection Agency
PAO	Principal Accounting Officer
PCIC	Provincial Coordination & Implementation Committee
PDMA	Provincial Disaster Management Authority
PDP	Proposed Draft Para
PPRA	Public Procurement Regulatory Authority
PPS	Project Pay Scale
PPP	Public Private Partnership
PSDP	Public Sector Development Program
PSO	Pakistan State Oil
Pvt.	Private
Qty.	Quantity
Rs.	Rupees
SAARC	South Asian Association for Regional Cooperation
SACEP	South Asia Co-operative Environment Program
SECP	Securities and Exchange Commission of Pakistan
SoE	Statement of Expenditure

SoP	Standard Operating Procedure
ToR	Terms of References
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
Vol	Volume

EXECUTIVE SUMMARY

The Directorate General Audit (Climate Change & Environment) is mandated to conduct the audit of receipts and expenditure of the Environment and Disaster Management Organizations at the Federal, Provincial and District levels. The Directorate General Audit conducts Compliance with Authority Audit, Financial Attest Audit and Performance Audit along with special audit and special studies of entities like Ministry of Climate Change, ERRA, NDMA, Civil Defence, PDMAs, DDMAs, Environment Protection Departments and Environmental Protection Agencies.

The Directorate General Audit (Climate Change & Environment) Islamabad has a human resource of 23 personnel with 5,842 man-days available. The annual budget of the Directorate General Audit (Climate Change & Environment) for the financial year 2020-21 is Rs. 62.133 million.

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

As per Audit Plan both expenditure and receipts (where applicable) of these formations were audited on test check basis by selecting all main entities under the audit jurisdiction during the Audit Year 2021-22.

As a result of audit, a number of issues have been pointed out in shape of audit observations which are included in the respective chapters. The auditee entities reviewed certain rules and policies as well as new polices were framed in pursuance of observations raised by the audit authorities.

a. Scope of audit

The Directorate General Audit (Climate Change & Environment) is mandated to conduct audit of 59 formations working under six (06) PAOs / Ministries. Total expenditure of these formations was Rs. 97.079 billion for the financial year 2020-21.

Audit coverage relating to expenditure for the current audit year comprises twenty (20) formations of five (05) PAOs having a total expenditure of Rs. 48.571 billion for the financial year 2020-21. In terms of percentage, the audit coverage for expenditure is 50.03% of auditable expenditure.

In addition to this compliance audit report, Directorate General Audit (Climate Change & Environment) conducted three (03) Foreign Aided Project (FAP) audits. Reports of FAP audit have been prepared separately and submitted to the management and donor agencies.

b. Recoveries at the Instance of Audit

As a result of audit, recovery of Rs. 4,741.906 million[1] has been pointed out in this report. Recovery effected from January to December 2021 was Rs. 424.444 million which was verified by audit.

c. Audit Methodology

The Audit Year 2021-22 witnessed 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 entities. Risk assessment was carried out by performing analytical procedures and reviewing internal controls. Desk review helped auditors in understanding the systems, procedures and environment of the audited entity and identification of high risk areas for substantive testing.

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 the audit was to assess compliance with law, rules 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, secondary and own sources data.

[1] Para No. 1.4.3 to 1.4.6, 1.4.10, 1.4.11, 1.4.14, 1.4.16, 1.4.21, 1.4.29 to 1.4.31, 1.4.34, 3.4.4 to 3.4.6, 3.4.9, 4.4.5 to 4.4.8, 5.4.3

d. Audit Impact

A number of issues pointed out during the audit were admitted by the management and corrective and remedial measures were committed. The strengthening of internal control in the audited entities was well taken by the management on pointation of audit. The most significant examples of review of rules and regulations by the auditee entities and introduction of new policies are as under:

i. Upon pointation by audit, Earthquake Reconstruction & Rehabilitation Authority (ERRA) has initiated a case for amendment in Para 26 of ERRA Accounting Procedure to make it in line with Section 15 of ERRA Act 2011.

ii. The National Disaster Management Authority has made SoPs for the operation and maintenance of National Disaster Management Fund (NDMF) Account as recommended by audit authorities.

iii. The Federal Cabinet constituted National Disaster Risk Management Fund (NDRMF) Board in August 2021, as the matter of non-constitution of the Board was pointed out by audit.

iv. 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 agreed to formulate a road map for restructuring and operationalization of the two important bodies.

e. Comments on Internal Control and Internal Audit Department

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 internal controls, however there is a strong need for a periodic review and updating 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.

f. Key audit findings of the report

i. Recoveries amounting to Rs. 4,791.906 million were pointed out in 22 cases.
ii. Income Tax amounting to Rs. 1.812 billion was not deposited into Government treasury resulting in default surcharge Rs. 1.215 billion.[2]
iii. One case of less deduction of Income Tax amounting to Rs. 273.88 million was observed[3].
iv. Matters related to financial irregularities i.e. non-adjustment of financial assistance and advances, non-recovery of overpayments, non-utilization of funds etc. for Rs. 5,329.834 million have been pointed out in sixteen (16) cases[4].
v. Three (03) cases of value for money / service delivery issues amounting to Rs. 3,634.128 million have been pointed out[5].
vi. Violation of PPRA Rules resulting in mis-procurement of Rs. 231.256 million have been reported in four (04) cases[6].
vii. Misappropriation of government funds amounting to Rs. 0.814 million has been pointed out in one case[7].
viii. Non-adherence to provisions of Acts/Rules/Regulations and non-achievement of objectives and planned targets has been pointed out in nine (09) cases.[8]

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[2] Para No. 1.4.10
[3] Para No. 1.4.11
[4] Para No. 1.4.12 to 1.4.16, 3.4.1 to 3.4.3, 3.4.7 to 3.4.10, 4.4.4 to 4.4.7, 5.4.3
[5] Para No. 1.4.8, 1.4.9, 4.4.8
[6] Para No. 1.4.7, 3.4.11, 3.4.12, 4.4.3
[7] Para No. 1.4.34
[8] Para No. 1.4.1, 1.4.17 to 1.4.20, 2.4.2, 2.4.4, 2.4.5, 4.4.9

g. Recommendations

Recommendations in the audit reports of the Auditor General of Pakistan highlight actions that are expected to improve the performance of the audited entities when timely implemented. The appropriate and timely implementation of audit recommendations is an important part of realizing the full benefit of the audit activity carried out by the Auditor General of Pakistan.

Audit recommends as under:

i. All procurements should be made strictly as per Public Procurement Rules, 2014 (amended from time to time) so as to safeguard the interest of the government while making public procurements.

ii. ERRA should deposit the Income Tax withheld from contractors from time to time in the government treasury after carrying out proper reconciliation with FBR.

iii. ERRA should recover/adjust the financial assistance paid to the contractors in advance so as to avoid complications at latter stages.

iv. Anticipated savings at the end of the financial year should be surrendered as per the timelines prescribed by government. Besides, internal controls should be strengthened by the entities to avoid lapse of funds and non-surrendering of savings.

v. The Ministry of Climate Change should make appointment of Inspector General (Forest) for proper implementation of plans and policies related to forests, desertification and biodiversity etc.

vi. 'Clean Environment Fund' under the Ministry of Climate Change should be operationalized so as to ensure regulating, conservation, protection and sustainable management of environment and other natural resources in the jurisdiction of Federal Government.

vii. Pak-Environmental Protection Agency should maintain separate registers for Initial Environmental Examination (IEE) and Environmental Impact assessment (EIA) of the projects as required under Pakistan Environment Protection Act 1997.

viii. Pak-Environmental Protection Agency should ensure that the cases of environmental approvals are approved as per the specified timelines provided in the rules.

ix. NDMA should obtain all relevant documents including approvals of expenditure, sanction orders, vouchers, invoices, tax deductions and vouched accounts in respect of all advances/ releases made to various organizations and accordingly verify and adjust the advances as per rules.

x. National Disaster Risk Management Fund (NDRMF) should look into the matter and take necessary measures to address the issue of deduction of commitment charges by the donor. Besides, charges deducted by the Donor on account of interest, services and commitment charges should be properly disclosed in AFS.

Chapter 1

Earthquake Reconstruction & Rehabilitation Authority (ERRA)

1.1 Introduction

A. The earthquake of 8th October 2005 caused severe damage and massive loss of life and assets in the province of Khyber Pakhtunkhwa and the State of AJ&K. 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). District Reconstruction Units (DRUs) have been established under PERRA & SERRA for the each affected district.

B. Comments on Budget and Accounts of audited entities (Variance Analysis) FY 2020-21

(Rs. in million)

Sr. No.	Name of Entity	Expenditure Head	Budget	Expenditure
1.	ERRA HQs	Non-Development	239.275	239.275
		Development	179.687	179.687
2.	SERRA	Non-Development	9.295	9.295
3.	DRU Muzaffarabad	Development	183.938	183.938
		Non-Development	33.168	33.168
4.	PERRA Abbottabad	Non-Development	7.238	7.238
5.	Reconstruction Abbottabad	Development	81.237	81.237
6.	Reconstruction Abbottabad	Non-Development	42.213	42.213
7.	Reconstruction Mansehra	Development	73.478	73.478
8.	District Reconstruction Unit (DRU) Mansehra	Non-Development	0.313	0.313

The entire payment on account of development and non-development expenditure of PERRA, SERRA & other field offices in Khyber Pakhtunkhwa and AJ&K 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 AJ&K and Khyber Pakhtunkhwa. In the rehabilitation stage, under its Rural Housing Reconstruction Program, ERRA has provided financial compensation to more than 28000 urban residents for construction of houses. The total amount disbursed among the affectees for reconstruction of houses in rural part of earthquake affected areas is Rs 71.95 billion[9].

In the reconstruction phase, a total of 14,795 projects / schemes in 12 sectors were planned to be reconstructed / rehabilitated in earthquake affected areas of AJ&K and Khyber Pakhtunkhwa by reconstructing the lost and destroyed facilities while following highest standards of reconstruction and rehabilitation with the obligation to "Build Back Better". Since inception of ERRA till 30th June 2021, a large number of

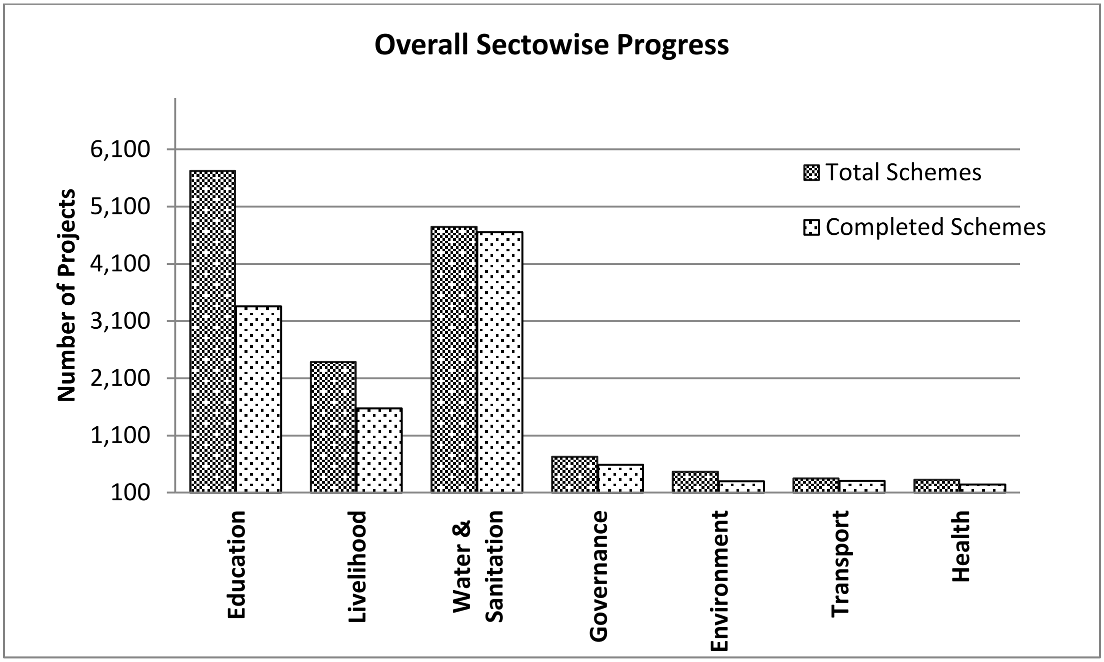
[9] ERRA Financial Statements 2020-21

schemes in these sectors have been completed and handed over to the end users. The overall sector-wise progress / achievement of ERRA as on 30.06.2021 is as under:

Sector	Total Projects	Completed Projects
Education	5,724	3,357
Livelihood	2,384	1,571
Water & Sanitation	4,747	4,652
Governance	726	591
Environment	467	299
Transport	347	304
Health	327	240
Town Planning	33	31
Power	18	15
Social Protection	15	11
Medical Rehab	06	04
Telecommunication	01	01
Total	**14,795**	**11,076**

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

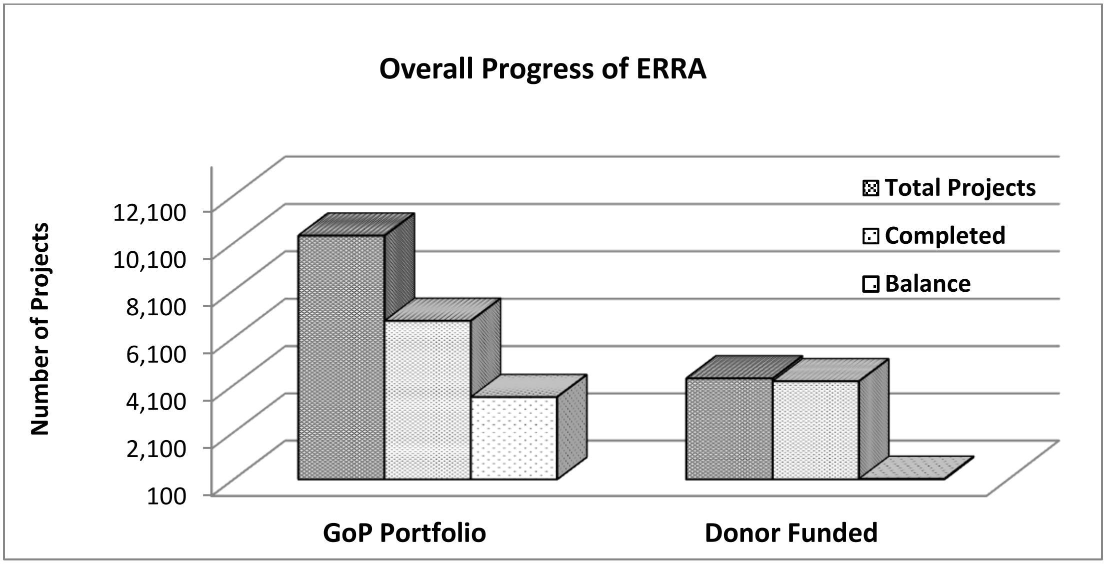


The ongoing and completed projects / schemes also include the schemes completed by ERRA (GoP funds) and donors funded schemes. The bifurcation of projects / schemes i.e. GoP funded and Donors funded with achieved level of progress is as under:

	Total Projects	Completed	Balance	% of completion
GoP Portfolio	10,408	6,815	3,593	65.47%
Donors	4,387	4,261	126	97.12%
Total	**14,795**	**11,076**	**3,719**	**74.86%**

The above table reveals 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 30th June 2021.[10] Graphical representation is as under:

[10] Para No. 1.4.17



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 AJ&K are also being executed by ERRA. Reconstruction of government facilities, road networks, water facilities, sewerage networks and other miscellaneous works are included in the respective City Development Projects (CDPs).

The land for NBCDP was acquired for Rs 1.43 billion and work for construction was awarded to M/s Mumtaz Construction company at a cost Rs. 2,432.614 million on 25.06.2007. An amount of Rs 2,966.571 million (development 2,822.115 million and operational 144.456 million) had been spent on NBCDP upto the FY 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.[11]

Total funding available for AJ&K 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%

[11] Para No. 1.4.8

local component) was made available by Government of Pakistan through PSDP allocation as counterpart funding. The program was launched during December 2009.

Although, the CDPs in AJ&K 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 contractors. [12]

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

(Rs. in million)

Sr. No.	Description	Total Nos.	Audited	Expenditure audited FY 2020-21	Revenue / Receipts audit FY 2020-21
1.	Formations	26	08 (which includes main offices where major expenditure was incurred)	849.843	Nil
2.	• Assignment Accounts • SDAs	02 Nil	02 Nil	849.843 Nil	Nil Nil
3.	Authorities / Autonomous Bodies etc. under the PAO	Nil	Nil	Nil	Nil
4.	Foreign Aided Project (FAP)	02	02	45.100	Nil

1.2 Classified Summary of Audit Observations

Audit observations amounting to Rs. 15,673.47 million have been raised in this report pertaining to ERRA. Recovery amounting to Rs. 4,304.23 million has been pointed out in the audit observations. Summary of the audit observations classified by nature is as under:

[12] Para No. 1.4.12. 1.4.13, 1.4.14, 1.4.16, 1.4.31

Table –II Overview of Audit Observations

(Rs. in million)

Sr. No.	Classification	Amount
1.	**Irregularities**	**334.85**
A	HR/Employees Related issues	299.94
B	Procurement related irregularities	34.91
2.	**Value for money and service delivery issues**	**3,631.24**
3.	**Financial Management**	**3,713.35**
4.	**Others**	**7,993.21**
5.	**Reported cases of fraud, embezzlement and misappropriation**	**0.814**

1.3 Brief comments on the status of compliance with PAC directives

Since inception of ERRA, thirteen (13) 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:

S. No.	Audit Report	PAC held on	Number of Audit Paras			Compliance		
			discussed in PAC	Settled by PAC	Directives issued	Received	Awaited	%
1.	2006-07	15.12.08	43	10	33	32	01	98
2.	2009-10	19.10.19	49	49	00	00	00	--
3.	2013-14	04.05.16	74	25	49	34	15	70
4.	2010-11 to 2017-18	13.08.21	15	07	08	00	08	00
5.	2010-11 to 2017-18	20.10.21	15	08	07	02	05	29

1.4 AUDIT PARAS

HR/Employees related irregularities

1.4.1 Inadmissible payments to project staff in violation of standard pay package-2017– Rs. 161.61 million

Finance Division (Regulations Wing) OM No. F.4(9)R-14/2008 dated 19.07.2017 provides the Standard Pay Package for the project staff directly recruited for development projects funded from PSDP. As per condition 2(ii) of the notification, lump sum pay package was admissible for fresh / direct / existing employees of PSDP projects. The notification further provided that the pay of existing PSDP funded projects employees shall be fixed to the next higher of the revised stage of the pay package.

During audit it was observed that ERRA paid salaries to project staff hired under various development projects in contravention of the pay package contained in the Finance Division OM dated 19.07.2017.

Audit observed following irregularities:

i. PC-Is were prepared without determination of PPS/BPS in disregard of the instructions of Finance Division.

ii. Pay of existing staff was revised on lump sum basis instead of PPS/ BPS.

iii. The pay of employees from BPS 1-16 was fixed by granting annual increments from the date of issuance of Finance Division OM dated 18.08.2009 and in some cases from the date of appointment in contravention of the standard pay package 2017.

iv. The grant of increments to lower staff (equivalent to slab 1-16) resulted into irregular payment amounting to Rs. 161.61 million w.e.f. July 2017 to June 2021 as detailed below:

(Rs. in million)

Sr. No.	PC-I	Period	Excess payment
1.	Capacity Building	July 2017 to June 2021	23.396
2.	Reconstruction & Rehabilitation	-do-	40.025
3.	SERRA Muzaffarabad	-do-	45.256
4.	PERRA Abbottabad	-do-	31.658
5.	DRU Abbottabad (Non-Dev.)	-do-	21.275
Total			**161.61**

*Calculation made on the basis of payroll produced by management and allowing annual increments on due dates.

Audit is of the view that non-adoption of Standard Pay Package 2017 and excess payment of salaries to the project staff beyond entitlement was irregular and resulted in loss to government.

The matter was pointed out during August 2021. The management replied that salaries of contract staff (BPS-01 to16) were fixed and paid by ERRA with the approval of Deputy Chairman ERRA.

The reply was not satisfactory as the instructions of Finance Division were not followed. The salaries of projects employees were fixed and paid in violation of said notification which resulted into excess payment beyond entitlement.

DAC meeting was held on 28 & 29.12.2021 in which it was decided that the management of ERRA shall prepare detailed calculation / comparative statement of salaries paid by ERRA against the working carried out by audit authorities and the same be referred to Finance Division for clarification in light of Finance Division notification dated 19.07.2017.

The clarification from Finance Division was awaited till finalization of this report.

Audit recommends that the pay should be fixed as per standard pay package 2017 and inadmissible payments be recovered.

{AIR Para No. 02 ERRA HQrs, 06 PERRA, 04-DDR ATD (Non-Dev.)}

1.4.2 Irregular payment of salaries to project employees – Rs. 126.528 million

Condition 2(x) of Notification No. F.4(9)R-14/2008 dated 19.07.2017 issued by Finance Division (Regulations Wing) provides that the project employees will be appointed on contract basis in PSDP projects for an initial period not exceeding two years which will be extendable further till the completion period of the project on yearly basis after evaluation of their performance.

ERRA paid an amount of Rs. 126.528 million on account of salaries of project / contract employees for the period July 2018 to June 2021.

Audit observed that the contract agreements of project employees were expired but no further extension in contract periods / agreements was granted and an amount of Rs. 126.528 million was paid to the employees beyond July 2018 without any contract agreements. Details are as under:

(Rs. in million)

Sr. No.	Name of Entity	Amount paid	Period of payment without contract agreement
1.	DRU Muzaffarabad	58.142	July 2018 to June 2021
2.	Reconstruction PERRA Abbottabad	34.399	July 2020 to June 2021
3.	PERRA Abbottabad	27.890	-do-
4.	DRU Mansehra	6.097	-do-
Total		**126.528**	**--**

Audit holds that payment on account of salaries amounting to Rs. 126.528 million to contract employees without extension in the contract agreements was irregular.

The matter was pointed out during July / August 2021. The management replied that matter regarding extension in contract agreements of contract employees has already been taken up with ERRA HQs.

The reply was not acceptable as extension in contract agreements was not granted and payment was made against expired contract agreements which was irregular.

DAC meeting was held on 28 & 29.12.2021 in which it was decided that contract agreements of all the project / contract staff be got approved from competent authority and provided to audit authorities for verification.

No compliance to DAC directives was produced till finalization of this report.

Audit recommends that either the amount should be recovered from employees or necessary corrective action should be taken.

(AIR Para No. 16 DRU Mzfd:, Para 03, DDR ATD (Non-Dev:), Para 07, PERRA, Para-01 DRU Mansehra)

1.4.3 Irregular payment of honorarium without delegation of financial powers and non-recovery – Rs. 4.131 million

According to letter No.F.2(4)/IA/ERRA/2016-17 dated 10.11.2016, ERRA HQrs directed DG SERRA to (i) recover the amount of honorarium paid to contract / contingent paid employees, (ii) initiate disciplinary action against the staff involved in wrongful initiation / processing of the case, and (iii) desist from any such payment in future, out of Development / Operational Funds without explicit approval of ERRA HQrs Islamabad.

According to ERRA letter No. F.I(129)/IA/ERRA/Audit Plan/2016-17/661 dated 10.12.2018, DG SERRA, Muzaffarabad was directed to recover the amount sanctioned and paid during financial years 2015-16, 2016-17 and 2017-18 on account of honorarium to employees of SERRA and its DRUs being without any delegated financial powers.

SERRA Muzaffarabad paid an amount of Rs. 4.131 million on account of honorarium to the employees of SERRA and DRUs during the financial year 2015-16 to 2020-21 as detailed below:

Sr. No.	Financial Year	Amount paid (Rs.)	Entity
1.	2015-16	1,269,310	SERRA
2.	2016-17	1,299,415	SERRA
3.	2017-18	739,435	SERRA
4.	2018-19	607,560	SERRA
5.	2018-19	215,000	DRU Muzaffarabad
Total		**4,130,720**	**---**

Audit observed as under:

i. Neither the amount paid on account of honorarium during 2015-16 was recovered nor any action was taken as required under ERRA letter dated 10.11.2016.

ii. Despite clear instructions of ERRA to desist payment of honorarium, SERRA continued the payment of honorarium in an unauthorized manner during 2016-17, 2017-18 and 2018-19.

iii. No recovery was effected as required vide letter dated 10.12.2018.

Audit holds that sanctioning and payment of honorarium without delegation of financial powers and non-recovery despite instructions of ERRA HQs was a serious lapse which shows lack of financial discipline on the part of management of SERRA.

Initial observation was issued on 04.08.2021 and it was replied that as per AJ&K Delegation of Administrative Powers Rules 2011, the administrative Secretary has full powers to sanction honorarium up to two months. Further, honorarium was paid during FY 2018-19 and 2020-21 directly by ERRA HQrs.

The reply was not acceptable because ERRA vide letter dated 10.11.2016 and 10.12.2018 directed to recover the amount of honorarium besides taking disciplinary action for initiating the wrongful payment. Further, the AJ&K Delegation of Administrative Powers Rules 2011 were not applicable as the funds were issued by Federal Government / ERRA.

DAC meeting was held on 28 & 29.12.2021 wherein it was decided that case may be referred to Finance Division for clarification regarding applicability of AJ&K Delegation of Administrative Powers Rules 2011 on Federal Govt. / ERRA funds. Further, the approval of ERRA Board for the FY 2018-19 also be produced to audit authorities for verification.

No compliance to DAC directives was produced till finalization of this report.

Audit recommends that the amount should be recovered.

(AIR Para No. 7 SERRA, Para 19 DRU Muzaffarabad)

1.4.4 Unauthorized payment of allowances – Rs. 3.457 million

According to Government of Khyber Pakhtunkhwa, Finance Department (Regulation Wing) letter No. FD (SOSR.II)8-7/2202/Vol-IV dated 03.03.2008, 20% Special Allowance was admissible to all those who were on deputation to Civil Secretariat and employees of Civil Secretariat posted outside. Further, Notification No. FD (SOSR.II) 8-53/2008 dated 06.02.2008 provided that Utility Allowance will be allowed to officers and officials of Civil Secretariat, Chief Minister's Secretariat and Governor's House/ Secretariat.

PERRA paid an amount of Rs. 3.457 million on account of Special Allowance, Utility allowance and Incentive allowance till 30.06.2021 to the regular staff paid out of 1/3rd Provincial funds as below:

Sr. No.	Allowance	Amount paid (Rs.)
1.	*Special Allowance (30%)	1,303,920
2.	Utility Allowance (20%)	1,549,913
3.	Incentive Allowance (20%)	603,327
Total		**3,457,160**

**Pay roll for period 2015-16 was not provided. Payroll for the month of October 2016 to May 2017 was provided only.*

During audit it was observed that the payment of Special Allowance and Utility Allowance was made to the staff who were not on the strength and part of Civil Secretariat. As such the payment was made unauthorizedly in violation of above notifications. Further no justification for payment of Incentive Allowance was provided during audit.

Audit is of the view that payment of inadmissible allowances resulted in loss to the government.

The matter was pointed out on 16.09.2021. Management replied that according to ERRA Act, PERRA will work as Secretariat to Provincial Steering Committee (PSC). Further DG PERRA being Ex-Officio Secretary to the Provincial Government, is authorized to receive all admissible authorized perks privileges and allowances being BPS 20 officers (PMS/PCS, PAS), hence no irregularity has been done.

The reply was not acceptable as 20% Special Allowance was admissible to employees of Civil Secretariat only, while Utility Allowance was allowed to officers and officials of KPK Civil Secretariat, Chief Minister's Secretariat and Governor's House/ Secretariat only. Further, no reply as to payment of incentive allowance was provided.

DAC meeting was held on 28 & 29.12.2021 in which it was decided to refer the case to Finance Department KPK for clarification on the matter.

The clarification from Finance Department was awaited till finalization of this report.

Audit recommends that the amount should be recovered.

(AIR Para No. 16, PERRA Abbottabad)

1.4.5 Irregular approval of Mobile Subsidy and payment thereof - Rs. 2.150 million

As per 1st ERRA Board Meeting held on 23.01.2006, Chairman ERRA shall have the power to extend mobile facility to any officers / official of ERRA and that the ERRA Board shall have the powers of fixing of amount of monthly mobile phone subsidy for various officers / officials. The Board approved payment of monthly mobile phone subsidy / allowance to those officers / officials of ERRA as may be determined by the Chairman.

Secretary / DG SERRA vide Order No. SERRA/Admin/1422-32/2015 dated 04.03.2015 granted the approval of mobile subsidy to the employees of SERRA & DRUs w.e.f. 01.03.2015 at fixed rates and an amount of Rs. 2,096,000 was paid during the period 01.07.2015 to 31.01.2018.

Audit observed that payment of mobile subsidy was made without approval of Chairman ERRA and as such, entire payment made on account of mobile subsidy was irregular and unauthorized.

Further, the record revealed that an amount of Rs. 54,600 was paid to M/s 02 Communications Muzaffarabad on account of mobile load. As per sanction order, the expenditure was met from PC-I “Establishment of SERRA & DRUs” under head “Mobile Subsidy”. Audit noticed that no such head i.e. Mobile Subsidy exist in said PC-I. Further, no record i.e. contract agreement with M/s 02 Communications, detail of employees who benefited from load and relevant cell numbers etc. was produced during audit. This resulted into irregular / unjustified payment on account of mobile subsidy of Rs. 2.150 million (Rs. 2,096,000 + Rs. 54,600).

Audit holds that authorizing payment of mobile subsidy by DG SERRA and payment thereof was clear violation indicating financial mismanagement and lack of internal controls in the entity. Further payment of Mobile Subsidy to the Contract Employees in addition to their lump sum contract agreement was also not justified.

Initial observation was issued on 04.08.2021 and it was replied that mobile subsidy to the employees of SERRA and its DRUs was sanctioned in 1st Meeting of ERRA Board held on 23.01.2006. Further as per AJK Services & General Administration Department Notification dated 12.02.2000 & 08.05.2007, the Secretaries to Government are entitled to the expenditure upto Rs. 12,000 in connection to their office, home and mobile telephone facility. Accordingly an amount of Rs. 54,600 was paid as mobile load to the Secretary SERRA through vendor M/s 02 Communications.

The reply was not acceptable because the payment of mobile subsidy was made without approval from Chairman ERRA and ERRA Board. Further, AJ&K Delegation of Administrative Powers Rules 2011 are not applicable as the funds were provided by Federal Govt. / ERRA.

DAC meeting was held on 28 & 29.12.2021 wherein it was directed that case may be referred to Finance Division Government of Pakistan for clarification regarding applicability of AJ&K Delegation of Administrative Powers Rules 2011 on Federal Govt. / ERRA funds.

Audit recommends that irregular / unjustified payment on account of Mobile Subsidy without approval of competent authority should be inquired and amount be recovered.

(AIR Para No. 8, SERRA Abbottabad)

1.4.6 Irregular dual appointment of legal counsel resulting in overpayment – Rs. 2.064 million

According to Sr. No. 4 (i) of terms and conditions of contract agreement of legal counsel in DG PERRA office, the legal council will devote whole time to duties of legal counsel and (iv) he shall not indulge in private practice, business or occupation. The same terms and conditions are incorporated in another contract agreement dated 01.03.2011 of legal counsel in Chief Engineer's office.

PERRA Abbottabad appointed Mr. Aurangzeb Assad Advocate as legal counsel and an amount of Rs. 1.440 million was paid on account of salary during 2015-16 to 2017-18 @ Rs. 60,000 per month.

During audit it was observed that:

i. Initial appointment on contract was made during August 2009 for one year. The contract was extended several times upto 30.06.2017.

ii. The officer was also appointed as Chief Legal Counsel in Chief Engineer PERRA Abbottabad office @ Rs. 86,000 pm. An amount of Rs. 2,064,000 was also paid to legal counsel along with other perks and privileges.

iii. Services of separate advocates were also hired during 2015-16 to 2016-17 for each District i.e. Abbottabad, Mansehra, Battagaram and Shangla/ Kohistan through DRUs.

Audit holds that:

a. The legal counsel was regular incumbent of two posts with one and the same job description in PERRA that too on full time basis at two different pay packages and thus irregular.

b. The remuneration for one position is required to be recovered from the individual ab-initio. The recoverable amount for two years for the position held in Chief Engineer PERRA office is worked out to Rs. 2.064 million (Rs 86,000 x 24 months).

The matter was also pointed out in previous audit reports of PERRA but management had not taken any corrective action which has again led to raising of the issue by audit authorities.

Initial audit observation was issued on 16.09.2021 and it was replied that a single lawyer can be a legal counsel of the few offices, therefore, there is no irregularity in the appointment of the said legal counsel for the two offices. He has effected saving to the national exchequer in many cases.

The reply was not acceptable because the legal counsel was appointed on full time basis simultaneously in one and the same organization i.e. PERRA and Chief Engineer PERRA office and was paid salary from both the offices along with other perks and privileges.

DAC meeting held on 28 & 29.12.2021 directed that remuneration for one position, whichever is less, be recovered from the individual.

No recovery was effected and produced to audit for verification till finalization of this report.

Audit recommends that remuneration of one position, whichever is less, should be recovered and deposited into Government treasury.

(AIR Para No. 17 PERRA ATD)

Procurement related irregularities

1.4.7 Irregular award of consultancy contract to NESPAK – Rs. 34.911 million

As per Public Procurement Rules, 2004 (Principles of Procurements), procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical.

A consultancy contract for conducting a detailed feasibility study for development of New Balakot City Development Project (NBCDP) at Bakrial District Mansehra as a tourism Hub on PPP basis was awarded to NESPAK on 16.03.2020 at a cost of Rs. 34.911 million.

ERRA floated a request for proposal (RFP) for conducting the detailed feasibility study in newspapers on 16.10.2019. The last date for purchase and submission of bid documents was fixed as 28.10.2019 and 03.12.2019 respectively. The pre bid meeting was held on 11.11.2019, wherein following five firms who purchased the bidding documents participated:

Sr. No.	Name of Firm
1.	M/s Mirza Associate Engineering Services (MAES),
2.	M/s SMEC International Private Ltd.
3.	M/s MMP Pakistan Pvt-Ltd Islamabad
4.	M/s Engineer Farooq -e Azam & Co. Engineering Consultants Islamabad
5.	M/s MICON Engineering Consultant Peshawar

It was decided in the said meeting that last date for submission of bid be extended upto 19.12.2019 and period of submission of detail feasibility report be extended from 28 to 52 weeks. Further, NESPAK vide letter dated 16.12.2019 requested ERRA that the organization missed the opportunity of purchasing the biding documents / RFPs, but intends to participate in bidding process, hence, date may be extended to 06.01.2020. Resultantly, ERRA extended the bid purchase date from 28.10.2019 to 23.12.2019 and submission of bid date was extended from 03.12.2019 to 20.01.2020 as published in newspaper on 19.12.2019.

Audit observed the following irregularities:

i. As per ERRA letter dated 17.09.2019, the Authority had requested NESPAK to submit RFP for preparation of detailed feasibility study of

NBC. This reveals that even before publishing of advertisement, NESPAK had already been requested to participate in the process.

ii. Last date for submission and opening of bids was 03.12.2019. However, later on the request of NESPAK, the dates for purchase and submission of bids were extended which was a violation of rules. It clearly indicates the fact that an undue favour was extended to NESPAK for award of contract.

iii. The detailed evaluation criteria upon which the firms were evaluated was not provided in the bidding documents.

iv. The contract was awarded to NESPAK as a Joint Venture with KPMG. However, agreement on stamp paper was not attached with the bidding document.

v. In technical evaluation section of company profile, total 50 marks were fixed which were further bifurcated as 35 marks for tourism hub development and 15 marks were for infrastructure development and projects of minimum Rs.10 billion in last 20 years. Audit noticed that complete 50 marks were given to NESPAK, however no proper record of previous relevant projects was attached with the bid. NESPAK claimed that it has done work amounting to Rs. 12 billion of NBCDP, but audit noticed that total contract cost of civil work of NBCDP was Rs. 4,401.00 million after including variation orders and consultancy charges. Further the project was not successfully completed and the feasibility study of the same project was re-awarded.

vi. 200 marks were fixed for key personals. No criteria for marking was available in the bidding document. NESPAK secured 175.38 marks, however no relevant documents showing qualification and experience were attached.

vii. 200 marks were fixed for approach and methodology and NESPAK secured 134.50 marks and Engineering Associates (EA) consultant secured 116.22 marks. However, no detail bifurcation of scoring was available.

In view of the above irregularities / shortcomings, Audit holds that contract was awarded to NESPAK in violation of rules and undue favor was extended to M/s NESPAK.

The matter was pointed out to the management on 01.07.2021 and it was replied that letter to NESPAK dated 17.09.2019 was written only to draft the request for proposal (RFP). To create the healthy competition, the date was extended. Further all the firms were technically evaluated and the consultant NESPAKs was asked to provide the joint venture agreement with KPMG on stamp paper. The same will the provided to audit as and when received.

The reply of the management was neither point-wise as per each observation raised by audit nor supporting documentary evidences were provided with the reply.

DAC meeting held on 28 & 29.12.2021 directed the management of NBCDP to submit revised reply with point wise justification to audit authorities.

No revised reply was produced to audit till finalization of this report.

Audit recommends that the management should look into the matter for corrective measures.

{AIR Para 05, NBCDP 2019-20 (Phase-II)}

<u>Value for money and service delivery issues</u>

1.4.8 Wasteful expenditure on New Balakot City Development Project (NBCDP) – Rs. 2.967 Billion

The city of Balakot was extensively destroyed by earthquake of 2005. The government decided to construct a new Balakot city and shift all affectees of old Balakot city to the new location. Accordingly as per letter dated 18.05.2007, a project namely New Balakot City Development Project (NBCDP) was launched. The work for construction of NBCDP was awarded to M/S Mumtaz Construction Company at a cost Rs. 2,432.614 million. Contract agreement was signed on 25.06.2007 and completion time of the projects was three (03) years.

Audit observed that the encumbrance free land was not available at the time of award of contract by ERRA. The development work was carried out in bits and pieces despite release of Rs. 1.50 billion to KPK Government on account of land compensation. The development work/project was stopped in 2014 and last IPC No. 75 on account of development expenditure was paid in 2014 showing progress of 48.71%. As per statement provided to audit, 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 FY 2019-20.

Further, the Honourable Supreme Court of Pakistan in its order dated 07.01.2019 had directed ERRA to present and get approval of revised PC-I worth Rs. 16.00 billion within 30 days and ensure no further cost overruns. The Honorable Court further held that project shall be completed in 30 months by ERRA and Chief Secretary KPK shall ensure all possible support of various departments of Provincial Government to make the project successful. Ministry of Finance was directed by the Apex Court to release Rs. 1.00 billion immediately to ERRA for NBC and remaining cost to be included in future budget allocation.

Later on Chairman ERRA briefed the Prime Minister of Pakistan on 16.09.2019 regarding development of NBCDP on Public Private Partnership (PPP) mode and PM accorded the requisite approval with the directions that ERRA should carry out a detailed feasibility study to transform NBC into a tourism hub.

Audit observed that the work could not be re-started /resumed till date of audit i.e. June 2021. NBCDP project also resulted in huge cost overruns without achieving any targets for development activities. The activities of civil work on the project were stopped in 2014, but the operational expenditure is being incurred regularly and an amount of Rs. 42.935 million was spent from FY 2015-16 to FY 2019-20 which stand wasteful

The matter was pointed out to the management on 01.07.2021. It was replied that work was started in 2007 but was being carried out slowly due land issues and during 2014 the wok was stopped completely. Latter on Supreme Court of Pakistan took Suo-Moto action on NBCD and instructed to resume the work as per MOU. Accordingly, PC-I of Rs. 16 billion was submitted to Planning Commission and Finance Division was approached to release Rs. 1.00 billion but the matter was not addressed till date. The Prime Minister of Pakistan on 16.09.2019 approved the proposal of NBCDP as tourism hub on PPP mode. The contract of consultancy for preparation of feasibility report on PPP mode was awarded to NESPAK which is in process. Further the man power of the project in 2015 consisted of 18 personal which is now reduced to 10 personal for curtailing the operational expenses.

The reply of the management was not tenable as the department failed to explain the current status of the project since 16.09.2019. Even otherwise the work is stalled since last seven years and was not resumed till date. Moreover, the operational expenditure is being incurred regularly and an amount of Rs. 42.935 million was spent from FY 2015-16 to FY 2019-20 on the project which were stopped in 2014.

DAC meeting held on 28 & 29.12.2021 directed that a Fact Finding Committee may be constituted and Report be submitted to audit authorities.

No fact finding report was shared with audit till finalization of this report.

Audit recommends that fact finding report should be provided for review by the DAC.

{AIR Para 01, NBCDP 2019-20 (Phase-II)}

1.4.9 Wasteful expenditure on terminated projects and failure to re-award works at risk and cost of defaulting contractors – Rs. 664.238 million

As per Para 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.

ERRA terminated 174 projects / schemes under Clause 63.1 of Conditions of Contract i.e. due to default of contractor. An expenditure of Rs. 664.238 million was incurred on these projects / schemes at the time of termination as detailed below:

(Rs. in million)

Sr. No.	Name of entity	No. of contracts terminated	Expenditure incurred
1.	Reconstruction PERRA Abbottabad	86	260.141
2.	Reconstruction PERRA Mansehra	78	318.562
3.	DRU Muzaffarabad	10	85.535
Total		**174**	**664.238**

During audit for the year 2018-19 to 2020-21, it was observed that terminated projects could not be re-awarded at risk and cost of defaulting contractors as required.

Audit is of the view that an amount of Rs. 664.238 million incurred on the terminated projects has resulted in wasteful expenditure.

Initial audit observation was issued during July & September 2021 and it was replied that the projects were terminated on contractor's default but due to financial crunch and policy of ERRA, these project could not be re-tendered. On availability of funds and revision of policy regarding re-tendering by ERRA, these projects would be re-tendered and completed. Further, no loss to government occurred as leftover work would be completed and facilities would be handed over to line department after completion.

The reply was not tenable because the works could not be re-awarded at risk and cost of defaulting contractors. The expenditure already incurred on these projects has gone waste unless the management takes concrete steps to re-tender/re-award the works and get them completed as committed in the reply.

DAC meeting was held on 28 & 29.12.2021. The management explained that re-tendering of the schemes was awaited due to financial constraints of ERRA. Further, in 14th Council Meeting of ERRA, it has been decided by the Federal Govt. that the projects under 95% achievements may be transferred to Provincial / State Governments. After detailed deliberation, the DAC directed the management to provide revised reply along with update on the decision of ERRA 14th Council Meeting.

No compliance to DAC directives was produced till finalization of this report.

Audit recommends that the management should look into the matter and provide an updated status on the decisions taken in 14th ERRA Council meeting.

(AIR Para 1, DDR-ATD (Dev), Para 1 & 2 DDR Mansehra, Para 02 DRU Mzd.)

<u>Financial Management</u>

1.4.10 Non-deposit of Income Tax - Rs. 1.812 billion and accretion of default surcharge – Rs. 1.215 billion

Section 153(1)(c) of Income Tax Ordinance, 2001, provides that 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. Whereas, section 161 (1) provides that where a person (a) fails to collect tax or deduct tax from a payment or (b) having collected tax or deducted tax fails to pay the tax to the Commissioner as required under section 160, the person shall be personally liable to pay the amount of tax to the Commissioner. Furthermore, Section 161 subsection (1B) states that where at the time of recovery of tax under sub-section (1) it is established that the tax that was to be deducted from the payment made to a person or collected from a person has meanwhile been paid by that person, no recovery shall be made from the person who had failed to collect or deduct the tax but the said person shall be liable to pay default surcharge at the rate of twelve per cent per annum from the date he failed to collect or deduct the tax to the date the tax was paid.

ERRA awarded contracts for “Roads and Bridges Package-I” and “Urban Infrastructure Development Package II” to the contractors M/s China Xinjinang Construction and M/s China International Water and Electric Corporation for USD 169.268 million and USD 183.732 million respectively.

During audit it was observed that ERRA deducted income tax amounting to Rs. 1,811.980 million from the payments made to Chinese Contractors since May 2012, but the amount of income tax was not deposited into the government treasury in accordance with the above-mentioned provisions of Income Tax Ordinance, 2001. The detail is as under:

(Rs. in million)

Sr. No.	Name of Entity	Amount of Income Tax
1.	MCDP	1,039.452
2.	BCDP	600.797
3.	RCDP	171.731
Total		**1,811.98**

Further as a consequence of non-deposit of income tax, the entity would have to pay default surcharge of Rs. 1,215.439 million at the rate of 12 % per annum as stated above. Details are at **Annexure-II.**

Audit holds that non-deposit of government taxes amounting to Rs. 1,811.980 million since long was irregular. Further non-deposit of taxes may lead to penal action against ERRA from taxation authorities in term of default surcharge amounting to Rs. 1,215.439 million.

The matter was pointed out to ERRA during June/July 2021 and it was replied that a letter has been sent to Chairman FBR for expeditious confirmation/verification of the Tax amount required to be deposited with FBR. Upon verification from FBR, the tax liability will be considered for allocation of funds by the Planning Commission.

The reply was not acceptable because the tax amount was required to be deposited in Government treasury immediately after the same was withheld from the contractors. Further, no reply as to accretion of default surcharge due to non-deposit of income tax was provided.

DAC meeting held on 28 & 29.12.2021 directed for verification of tax liability from FBR.

Compliance to DAC directives was awaited till finalization of this report.

Audit recommends that Income Tax withheld from the contractors from time to time should be reconciled and deposited in the government treasury.

{Para No. 1& 2, MCDP, Para 2&3 BCDP, Para 5, RCDP AIRs 2019-20 (Phase-II)}

1.4.11 Loss due to less deduction of Income Tax from contractors - Rs. 273.882 million

As per Section 153(1)(C) Income Tax Ordinance 2001 (As amended in Finance Act 2014), the rate of income tax on execution of contracts (other than companies) was increased to 7.5% with effect from 01.07.2014.

ERRA awarded contracts for "Roads and Bridges Package-I" and "Urban Infrastructure Development Package II" to the contractors M/s China Xinjinang Construction and M/s China International Water and Electric Corporation for USD 169.268 million and USD 183.732 million respectively.

During audit of City Development Projects of ERRA i.e. Muzaffarabad City Development Project (MCDP) and Bagh City Development Project (BCDP) it was observed that an amount of Rs. 273.882 million was less deducted from the payments made to the Chinese contractors. The rate of income tax was applied @ 6% w.e.f July 2014 onward instead of 7.5% as required under Finance Act 2014. This resulted into less deduction of Income Tax as detailed below:

(Rs. in million)

Financial Year	IT deducted 6%	Total IT 7.5% deductible	Less IT deducted 1.5%	Name of entity
2014-15	266.589	333.236	66.647	MCDP
2015-16	180.904	226.13	45.226	MCDP
2016-17	196.29	245.362	49.072	MCDP
Total (a)	**643.783**	**804.728**	**160.945**	**---**
2014-15	130.240	162.800	32.56	BCDP
2015-16	114.627	143.283	28.656	BCDP
2016-17	206.885	258.606	51.721	BCDP
Total (b)	**451.752**	**564.689**	**112.937**	**---**
Grand Total (a+b)	**1,095.535**	**1369.417**	**273.882**	**---**

Audit holds that less deduction of income tax resulted into loss of government revenues to the tune of Rs. 273.882 million.

The matter was pointed out during June/July 2021 and it was replied that a letter has been sent to Chairman FBR for expeditious confirmation/ verification of the Tax amount required to be deposited with FBR. Upon verification from FBR, the tax liability will be considered for allocation of funds by the Planning Commission.

The management has accepted the audit observation.

DAC meeting held on 28 & 29.12.2021 directed for verification of tax liability from FBR.

Compliance to DAC directives was awaited till finalization of this report.

Audit recommends that the Income Tax should be recovered from the contractors and deposited into government treasury.

{AIR Para No. 04 MCDP, Para 5 BCDP 2019-20 (Phase-II)}

1.4.12 Non-adjustment of Financial Assistance paid to the contractor – Rs. 174.449 million

Clause 14.3 of General Conditions of Contract (GCC) provides that the contractor shall submit a statement in six copies to the engineer after the end of the period of payment stated in the contract in a form approved by the engineer, showing in detail the amount to which the contractor considers himself to be entitled, together with supporting documents which shall include the relevant report on progress.

ERRA / MCDP paid an amount of Rs. 446.109 million to the contractor M/s CXB as advance payment in respect of 16 projects against bank guarantees.

During audit it was observed that out of 16 projects, Final Payment Certificates (FPC) of nine (09) projects were received and approved /signed by the competent authority, while FPCs of 07 projects were still pending for adjustment against the advance paid. As such an amount of Rs. 174,448,691 has not yet been adjusted against work done at site, as detailed below:

(Rs. in million)

Sr. No.	Project	Financial Assistance Paid
1.	Airport to Langarpura Road	70.190
2.	Retrofitting of High Court Building	63.333
3.	Tahlee Mandi Road	15.403
4.	Carpeting of City Roads	13.751
5.	GGHS Langurpura	4.895
6.	4x Parks	3.877
7.	Graveyard Sundgali	3.000
Total		**174.449**

Audit holds that non-recovery / adjustment of advance amount after lapse of considerable time period was not justified.

The matter was pointed out during July 2021. It was replied that financial assistance has been adjusted in the FPCs, however, the same are under process for signing by the PAO.

DAC meeting was held on 28 & 29.12.2021. The forum was apprised that financial assistance has been adjusted in the FPCs, however the same are under process for signing by the PAO. DAC directed to expedite the finalization of FPCs and adjustment of financial assistance be produced to audit authorities for verification.

The compliance to DAC directives was awaited till finalization of this report.

Audit recommends that the financial assistance paid to the contractors in advance should be recovered/adjusted.

{Para No. 28, MCDP 2019-20 (Phase-II)}

1.4.13 Non-recovery/adjustment of advances – Rs. 159.381 million

According to Clause 60.12 of the contract between ERRA and M/s Mumtaz Construction Company for the construction of New Balakot City Development Project (NBCDP), an interest free mobilization advance up to 15% of the contract price shall be paid to the contractor in two equal parts upon submission of guarantee from a scheduled Bank for the full amount of the Advance. Amendment No.3 of the contract agreement provides that recovery of mobilization advance shall be made @ 20% of the value of work done measured and paid in the bill(s) in hand and all future bills received.

As per Clause 60.11 of the contact agreement, the recovery of secured advance paid to the contractor shall be affected from the monthly payments on actual consumption basis.

ERRA paid an amount of Rs. 446.109 million as mobilization and secured advance to the contractor M/s Mumtaz construction Company.

During audit it was observed that complete amount was not adjusted from the bills of the contractor and an amount of Rs.159.381 million was outstanding since last 10 years and the project is stopped since 2014. The detail of advances given and recovered is as under:

(Rs. in million)

S. No	Description	Amount paid	Amount recovered upto 75^{th} IPC	Outstanding amount
1.	Mobilization advance	456.115	321.540	134.575
2.	Secured advance	101.546	76.741	24.805
Total		**557.661**	**398.281**	**159.381**

Audit holds that:

i. Secured advance paid against material brought at site by the contractor was required to be adjusted as per utilization of the material. The complete material was utilized by contractor either in the project or elsewhere as the project is stopped since 2014. Hence the secured advance was required to be recovered in full from the contractor.
ii. Recovery of mobilization advance was required to be made @ 20% of the value of work done. An amount of Rs. 2,143.600 million was paid to the contractor upto IPC#75, but advance was not adjusted in full.
iii. The project is stopped /stalled since 2014, but no efforts were made by the management to recover the advances.
iv. A consultancy agreement to prepare a feasibility report regarding development of NBC as a tourism hub on PPP mode was made, however, neither the status of previous project of NBCDP was decided nor the outstanding issues such as adjustment and recovery of advances were addressed till the date of audit viz June 2021.

The matter was pointed out on 01.07.2021 and it was replied that renewed bank guarantees of Rs. 134.229 million up to 30.06.2022 with regard to secured advance and indemnity bond of Rs. 36.205 million have been provided by the contractor.

Reply of the management was not satisfactory as the project is stopped / stalled since 2014 and the advances paid have not been recovered from the contractor. Further the confirmation from the bank against the Bank guarantees submitted by the contractor and the status of the utilization of material at site were not provided in support of reply.

DAC meeting held on 28 & 29.12.2021 directed the management of NBCDP to produce original record i.e. Guarantees and IPC wise recovery of advances to audit authorities for verification.

The compliance to DAC directives was awaited till finalization of this report.

Audit recommends that the amount should be recovered/adjusted from the contractor.

{AIR Para 03, NBCDP 2019-20 (Phase-II)}

1.4.14 Less recovery from contractor on account of Chinese security and consultancy claim – Rs. 61.924 million

As per Umbrella PC-I titled "Urban Infrastructure Development Projects of AJ&K" the cost of establishment of PMU (Personnel & equipment), Consultancy Services (@ 2% of civil works cost) and Security for Chinese Construction Companies was to be borne by the Government of Pakistan as counterpart funding.

In 29th meeting of Program Steering Committee for AJK Urban Development Program held on 18.03.2015, it was decided that the total cost incurred on Chinese Security and Consultancy Charges will be recovered from the Chinese loan duly adjusted in the project cost from the ongoing and forthcoming projects, but not exceeding the costs actually paid to the NESPAK and Police Department AJK. This amount was to be included in contractor's IPC as BOQ item and a profit/ overhead margin of not more than 10% was to be paid to the contractor.

Management of Rawlakot City Development Project (RCDP) claimed amount on account of Chinese security and consultancy from the loan account through contractor's IPCs. The amounts were received by obtaining cheques from the contractor in the name of ERRA Fund Account.

Audit observed that as per statement provided by management, an amount of Rs. 61.924 million was less recovered/ claimed from the contractor in 12 projects. Details are at **Annexure-III.**

It was further observed that 10% profit was also paid to the contractors for claiming this amount through contractor's IPCs and not against any work done which was serious irregularity and a established loss to the government.

Audit holds that cheques received from the contractors were of lesser amounts than actual amounts drawn from the Chinese loan. Further it was not ensured that cheques given by the contractors were got cleared / encased.

Audit observation was issued on 12.07.2021 and it was replied that Chinese security and consultancy has been worked out correctly and income tax and contractor's overhead were also included in the amount at the rate of 10% and 6% respectively. Therefore, the amount has correctly been recovered.

The reply was not acceptable as no evidence in support of reply was provided to substantiate the matter. Further, the 10% profit paid to the contractor was not justified and resulted in loss to the government.

DAC meeting held on 28 & 29.12.2021 directed for re-verification of record from audit authorities.

No record was produced for verification till finalization of this report.

Audit recommends that the management should look into the matter for corrective measures.

{Para No. 6, RCDP 2019-20 (Phase-II)}

1.4.15 Over payment due to application of higher rates –Rs. 10.768 million

According to contract agreement, rate for the item NSI (21-36) providing and laying 1:1.5:3 cement concrete in road, paths, creteways using ¾" (19mm) Margalla Crush and Lawrencepur sand" was agreed at the rate of Rs. 12,070.14 per cubic meter.

An item of work i.e. item No. NSI (21-36) providing and laying 1:1.5:3 cement concrete in road, paths, creteways using ¾" (19mm) Margalla Crush and Lawrencepur sand" was executed in work through variation order. The rate of the item was worked out and agreed in rate analysis as Rs. 12,070 per cum.

During audit of Rawalakot City Development Project (RCDP), it was observed that item was paid at the rate of Rs. 14,611 per cum instead of Rs. 12,070 which resulted in over payment of Rs. 10.768 million as detailed below:

(Amount in Rupees)

Sr. No	V.O	Qty. Cum	Rate agreed in rate analysis	Rate paid	Excess rate	Over payment
1.	02	1935.829	12,070.14	14,611	2,541	4,918,941
2.	03	2301.883	12,070.14	14,611	2,541	5,849,085
Total						**10,768,026**

Audit holds that application of higher rates than agreed resulted in over payment to the contractor.

Audit observation was issued on 12.07.2021 and it was replied that agreed rates were formulated for using static concrete mixtures at site. But to avoid delays in the project, the contractor was directed to use the batching plant with transit mixture.

Reply was not tenable as it was the responsibility of the contractor to complete the project within agreed timeline as per agreed rates.

DAC meeting held on 28 & 29.12.2021 directed that original Variation Order (VO) be produced to audit for verification.

The compliance to DAC directives was awaited till finalization of this report.

Audit recommends that the overpayment to the contractor should be recovered.

{Para No. 18, RCDP 2019-20 (Phase-II)}

1.4.16 Non-recovery from the contractor – Rs. 5.943 million

According to Para 28 of GFR Vol-I, no amount due to Government should be left outstanding without sufficient reasons.

ERRA vide letter No. CDPs/CC/(MCDP/2019/50 dated 20.03.2019, directed the contractor M/s CWE to deposit an amount of Rs. 5.944 million in ERRA Fund Account.

During audit of Muzaffarabad City Development Project (MCDP), it was observed that an amount of Rs. 257,169 (local Share) and US $ 40,907 (Rs. 5,686,073.00) was established as deductible from the contactor M/s CWE in the project / scheme 'Electrification of Seattleite Town Thotah' based on final measurements of all items of work of the contract. The contractor was directed to deposit an amount of Rs. 5.943 million (Rs. 257,169 + Rs. 5,686,073) in ERRA Fund Account, however the amount was not deposited as is evident from the record of MCDP.

Audit holds that non-recovery from the contractor resulted into loss to government exchequer.

The matter was pointed out during July 2021. It was replied that recovery as pointed out by audit authority is in process out of the amount received from M/s CWE CDR held in ERRA Fund Account.

DAC meeting held on 28&29.12.2021 directed that overpayment be recovered and record produced to audit for verification.

The compliance to DAC directives was awaited till finalization of this report.

Audit recommends that overpayment to the contractor should be recovered.

{Para No. 17, MCDP 2019-20 (Phase-II)}

<u>Others</u>

1.4.17 Non-achievement of targets despite lapse of more than 16 years and incurrence of huge expenditure on operational activities

According to Article 5 of ERRA Act 2011 and Clause 1.3 of ERRA Operational Manual, the ERRA shall be responsible for all reconstruction, rehabilitation and early recovery programs and projects in affected areas.

Government of Pakistan established Earthquake Reconstruction and Rehabilitation Authority (ERRA) on 24.10.2005 with the objective to plan, coordinate, monitor and regulate reconstruction and rehabilitation activities in the earthquake affected areas. A total of 14,795 projects / schemes in 12 sectors were planned to be reconstructed / rehabilitated.

Audit observed that since inception, ERRA has incurred huge operational expenditure but the planned targets could not be achieved despite lapse of more than 16 years. The sector-wise progress / achievement of targets as on 30.06.2021 is worked out as under:

Sr. No.	Sector	Projects	GoP Portfolio	Donor / Sponsor
1.	Education	5,725	3,931	1,794
2.	Health	327	148	179
3.	Governance	726	633	93
4.	Transport	346	130	216
5.	Livelihood	2,384	2,381	03
6.	Town Planning	33	31	02
7.	Environment	467	467	00
8.	Power	18	00	18
9.	WATSAN	4,747	2,665	2,082
10.	Telecommunication	01	01	00
11.	Social Protection	15	15	00
12.	Medical Rehabilitation	06	06	00
	Total	**14,795**	**10,408**	**4,387**
A.	Completed Projects	**11,076**	**6,815**	**4,261**
B.	Balance Portfolio	**3,719**	**3,593**	**126**

The above table reveals that out of total 14,795 projects, 11,070 could be completed with balance portfolio of 3,725 schemes / projects. The overall progress achieved by ERRA comes to 75% till June 2021.

Audit holds that non-achievement of targets by ERRA despite lapse of more than 16 years and incurrence of huge operational expenditure is resulting recurring loss to Government as well as cost overrun of projects / schemes.

Non-achievement of targets was pointed out to the management of ERRA HQrs on 19.11.2021 and it was replied that due to financial crunch faced by ERRA, the schemes could not be completed in time.

DAC meeting was held on 28 & 29.12.2021. ERRA briefed the DAC that out of total 14,795 planned projects, 11,070 have been successfully completed and handed over while the balance portfolio is 2,539 schemes / projects only. ERRA has faced severe financial crunch after 2010, which resulted into intermittent cash flow from GoP over the past decade. The uncertainty and meager release of funds against demanded / required funds has forced majority of the contractor to demobilize from sites. The funds provided to ERRA / PERRA have been fully utilized. The management of PERRA further apprised the DAC that according to 14th meeting of ERRA Council, it has been decided by the Federal Government that the projects under 95% progress will be transferred to Provincial Government.

Audit recommends that the management should look into the matter and take necessary measures towards full achievement of the stated targets.

(Para No. 1 ERRA HQrs, 02 PERRA, 01 SERRA)

1.4.18 Capping /closure of PC-I of running projects and splitting of PC-Is resulting in bypassing the required approval

As per Clause 1.2 of ERRA Operational Manual, ERRA is responsible for reconstruction and development of earthquake affected areas and rehabilitation of affected population. According to ERRA's Notification No. NWFP-ERRA/ P&D/ ERRA/ 01-2006/ 004, ERRA was overall responsible and accountable for the timely and efficient execution of all programs activities in the area of its jurisdiction. Moreover, State Earthquake Reconstruction & Rehabilitation Agency (SERRA) was established for planning, implementation and supervision of ERRA funded activities in the earthquake affected districts.

As per Sr. No. 3.33 of Guidelines for Project Management issued by the Planning Commission (Projects Wing), 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.

In 27th ERRA Board meeting held on 19.02.2020, (under agenda item No. 3 & 4), the Board unanimously approved capping of following PC-Is as under:

(Rs. in million)

Sr. No.	PC-I	Entity	Period	Expenditure incurred
1.	5th revised PC-I Establishment of SERRA & DRUs	SERRA Muzaffarabad	01.03.2006 to 31.01 2020	1,095.661
2.	5th revised PC-I of Capacity Building Component	PERRA Abbottabad	-do-	873.930
3.	3rd revised PC-I Strengthening of Existing setup of Chief Engineer (EQAA) under PERRA/ Engineering Wing PERRA	Reconstruction PERRA Abbottabad	01.01.2009 to 31.01. 2020	550.142
Total		**---**	**---**	**2,519.733**

Audit observed as under:

i. The schemes planned to be reconstructed / rehabilitated by SERRA and PERRA were not completed while the PC-Is were capped and fresh PC-Is were prepared.
ii. The closure of PC-Is required formal closure of the projects and preparation of reports on its overall level of success i.e. PC-IV as provided in Sr. No. 3.33 of Guidelines for Project Management.
iii. Fresh PC-Is for the period January 2020 to June 2020 and July-2020 to June 2021, respectively were prepared. The PC-Is were splitted / prepared in piece meal keeping each below Rs. 100 million thereby avoiding approval of next higher forum i.e. PSC.
iv. The status of employees of the closed PC-I was not addressed in ERRA Board meeting i.e. termination / repatriation, re-appointment etc.
v. No record regarding completion of all closure formalities, progress on the summary submitted to the Prime Minster and outcome of the discussion in ECNEC and submission of progress as directed in 27th ERRA Board meeting was available and provided to audit.

Audit holds that capping / closure of PC-Is of running projects and preparation/ approval of fresh PC-Is without approval of the required forum was not justified.

Initial audit observation was issued on during August/ September 2021 and it was replied that fresh PC-Is were prepared as per directions of ERRA.

The reply was not satisfactory as the PC-Is of running projects were capped and fresh PC-Is were prepared bypassing the approval of next higher forum.

DAC meeting was held on 28 & 29.12.2021. The management of ERRA briefed DAC that ERRA Board in its 27th meeting unanimously approved capping of revised PC-Is. Secretary Planning Division also attended the said meeting being member of ERRA Board. The PC-1s were not closed to avoid the competency of ERRA Board which is Rs. 3.00 Billion at present and for high than the costs of last revised PC-1. Audit authorities were of the view that capping/closure of PC-Is of running projects and preparation/ approval of fresh PC-Is, that too in piece meal was not in line with Planning Commission’s Guidelines for Project Management. Further, other observations pointed out in Paras were not addressed.

DAC directed the management to provide point-wise revised reply to Audit authorities.

The compliance to DAC directives is still awaited.

Audit recommends that the matter should be probed and responsibility should fixed the for the lapses.

(AIR Para No. 3 SERRA, Para 1 PERRA, Para 1 DDR-ATD)

1.4.19 Unjustified expenditure in excess of the PC-Is – Rs. 3,658.86 million

Para 9.1 of Guidelines for Project Implementation issued by Planning Commission (Projects Wing) provides that 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 Para 9.3 states that the revised PC-I should provide reasons and justifications for revision in cost/scope of work

The management of Bagh City Development Project (BCDP) paid an amount of Rs. 3,658.86 million against various schemes. Details are at **Annexure-IV.**

During audit it was observed that these schemes were completed and handed over to the end users but original / revised PC-Is were not approved till date of audit viz June 2021. Further, in many cases, the actual completion cost of the projects had increased by more than 15% which required the revision of PC-I, however the same were neither revised nor any reason and justification for revision in cost / scope of work was provided.

Audit is of the view that incurrence of expenditure without approved PC-Is and non-revision of PC-I of projects where expenditure had increased the permissible limit of 15% was serious lapse on the part of management of BCDP. This renders the entire expenditure as irregular.

The matter was pointed out on 30.06.2021. It was replied that all PC-I / Revised PC-I are in process for approval of competent forum i.e. SPSC and ERRA Board.

DAC meeting was held on 28 & 29.12.2021 wherein it was directed to expedite the process of approval of PC-Is of remaining schemes and the same be produced to audit authorities for verification, as and when approved.

No compliance to DAC directives was produced till finalization of this report.

Audit recommends that the management should look into the matter for corrective measures.

{Para No. 01, BCDP 2019-20 (Phase-II)}

1.4.20 Irregular incurrence of expenditure without approval of PC-Is from ERRA Board – Rs. 2,519.733 million

According to Rule 14(2) of ERRA Project Planning & Implementation Rules, the Board may approve a project costing up to Rs. 500 million. If the cost of the project is more than Rs. 500 million, the Board may recommend it to the Council for approval.

As per Rule 12.2(5) (Powers Delegated to ERRA Board) of ERRA Financial Rules 2012, the Board will approve all projects that fall within the power of CDWP but which are beyond the sanctioning powers of the Deputy Chairman ERRA.

According to Sr. No. 10.1(v) of Guidelines for Project Management issued by the Planning Commission, no project under directive of any authority shall be started without proper preparation of PC-I/PC-II and approval of the relevant competent forum.

An amount of Rs. 2,519.733 million was incurred by SERRA and PERRA against the following PC-Is:

(Rs. in million)

Sr. No.	PC-I Title	Entity	Expenditure incurred
1.	Establishment of SERRA & DRUs	SERRA Muzaffarabad	1,095.661
2.	Capacity Building Component	PERRA Abbottabad	873.930
3.	Strengthening of Existing setup of Chief Engineer (EQAA) under PERRA/ Engineering Wing PERRA	Reconstruction PERRA Abbottabad	550.142
Total		**---**	**2,519.733**

It was observed that an expenditure of Rs. 2,519.733 million was incurred on account of operational activities but the said PC-Is were not got approved from the competent forum i.e. ERRA Board. As such, the expenditure incurred without the approval of PC-I from competent forum i.e. ERRA Board was irregular.

Audit holds that PC-I costing more than Rs. 250 million was required to be got approved from ERRA Board which was not done.

Initial audit observation was issued during August / September 2021 and it was replied that working papers were submitted to ERRA for the anticipatory approval of Deputy Chairman ERRA. The same will be placed for approval before the coming ERRA Board Meeting.

DAC meeting held on 28 & 29.12.2021 directed that approval of PC-Is be included in the Agenda item of next ERRA Board Meeting.

Audit recommends that the matter should be looked into for necessary corrective measures as agreed in DAC meeting.

(AIR Para No. 2 SERRA, Para 3 PERRA, Para 2-DDR-ATD)

1.4.21 Inadmissible payment on account of General Items – Rs. 893.610 million

Section 0120 of the contract agreement volume –II “specification” provides that construction and maintenance of the contractor’s project site offices or main camp and sub camp including all offices, shops and warehouses and related facilities including accommodations of the contractor’s personnel shall be the responsibility of the contractor. The location of the contractor’s camps, including all buildings, utilities and facilities thereof and of the camp or establishments all persons /parties in the vicinity operating or associated with the contractor shall be subject to approval of the engineer. No compensation shall be paid for any of the work involved in this section. The cost thereof shall be deemed to have been included in quoted rates of other items of BOQ.

Further, Section 0130 provides that the contractor shall make the stake out survey for construction purposes with competent qualified men consistent with current practices. All instruments, stakes and other material necessary to perform all work shall be provided by the contractor. No compensation shall be paid for any of the work involved in this section. The cost thereof shall be deemed to have been included in quoted rates of other items of BOQ.

Clause B-5 (i) of Umbrella Contract Agreement provided that the rate analysis of each item provided in the BOQs shall be worked out on the basis of prices of labor, material and equipment given in a mutually agreed composite schedule of rates adjusted with market prices. 25% of this amount shall be added for the contractor’s design, overhead cost and profit.

ERRA paid an amount of Rs. 893.610 million to the Chinese contractors on account of General Items in respect of three (03) City Development Projects i.e. MCDP, BDCP and RCDP.

During audit it was observed that payment of general items included:

i. Site superintendence establishment including site office, stores and maintenance yard etc.
ii. Test charges, survey instrument maintenance and approval
iii. Safety measures
iv. Environment protection facilities and activities

Details are at **Annexure-V.**

Audit holds that as per Clause B-5(i) of Umbrella Contract Agreement, and Section 0120 & 0130 of the contract agreement volume –II titled "specification", the items of work shown as general items were already covered under 25% of contractor's design, overhead cost and profit and the provisions of the contract agreement. Hence, additional payment in the name of General Items was unauthorized and was beyond the agreed rates provided in the contract agreement.

Audit observation was issued during 07.07.2021 and department replied that similar Para was discussed in PAC on 13.08.2021 wherein the Committee pended the Para and directed the PAO/Chairman/Deputy Chairman, ERRA to make a new DAC on the Para and submit the recommendations, with the proposal, to the Committee in the next meeting for further consideration and decision of the Committee.

DAC meeting was held on 28 & 29.12.2021. The forum was apprised that in light of PAC directives, a Fact Finding Committee was formulated. The recommendations of committee have been received and will be presented to PAC.

DAC pended the Para till decision of PAC.

Audit recommends that the inadmissible amount should be recovered.

{AIR Para 6 BCDP, Para No. 13, RCDP, Para 6 MCDP, 2019-20 (Phase-II)}

1.4.22 Irregular expenditure beyond the scope of PC-1 – Rs. 301.312 million

According to Para 4.12 and 13 of the Manual for Development Projects, the physical and financial scope of a project, as determined and defined in the project document (PCI), is appraised and scrutinized by the concerned agencies before submitting it for approval of the CDWP/ECNEC. Once approved by the competent authority, the executing agency is supposed to implement the project in accordance with the PC-I provisions. It has no authority to change and modify the main approved parameters of the project on its own beyond permissible limit of 15%. However, if at some stage modifications / changes become imperative then project authorities should revise the project and submit it for the approval of competent authority.

A contract for construction of Anayat Bakery to Chak Airport Road was awarded to M/S CXB in February, 2013 at a cost of Rs. 305.438 million. Subsequently, four (04) variation orders were prepared and approved by the authorities as detailed below:

(Rs. in million)

VO. No.	Approved by	Purpose	Amount	%
1.	PD	Design change flexible to rigid 0056-0740	16.241	5.32
2.	PD	link road-additional work Anayat Bakery to Javid café rigid pavement 160 M	16.089	5.27
3.	31st PSC	conversion from flexible to rigid RD 1+110 to 1+240 and 4+490 to 4+544	35.607	11.66
4.	35 & 36 PSC	i. Javid café to Baldia adda additional road including Murgi Gali 1.5 km only one side left ii). Chak Bazar to Khigala 2 KM additional road	183.000	59.91
Total			**250.937**	**82.16**

Audit observed that the expenditure on the projects was incurred beyond the scope of PC-1 as under:

(Rs. in million)

Sr. No.	Description	Amount
1.	Original PC-1 cost	337.508
2.	Revised PC-1 Cost	638.820
3.	Expenditure beyond PC-1	301.312

Audit observed as under:

i. Expenditure was incurred beyond the scope of PC-1 and revised PC-1 was not got approved from the competent forum.
ii. Three link roads were included in the project through variation orders as mentioned above. Audit holds that inclusion of new work of link road through variation order was irregular and clear violation of rules
iii. Change is design and addition of new facilities/work resulted in almost 100% increase in the original project cost. Hence, PC-1 was required to be revised and approved before execution, which was not done.

Audit holds that this resulted into irregular incurrence of expenditure beyond approved scope of PC-I.

Audit observation was issued on 12.07.2021 and it was replied that revised PC-1 is in process of ex-post facto approval from the competent forum.

DAC meeting held on 28 & 29.12.2021 directed to submit revised reply along with copies of PC-I for re-verification of audit authorities.

No record was produced till finalization of this report.

Audit recommends that the management should look into the matter for corrective measures.

{Para No. 15, RCDP 2019-20 (Phase-II)}

1.4.23 Un-authorized acceptance of performance security from other than approved insurance company and non-renewal – Rs. 243.261 million

Clause 32.1 of the agreement between ERRA and M/S Mumtaz Construction Company regarding construction of New Balakot City Development Project (NBCDP) provides that, the successful bidder shall furnish to the employer in the form of unconditional on demand guarantee issued from a scheduled bank in Pakistan or at the contractor's option, in the form of Insurance Guarantee from the following Insurance companies. The amount of guarantee shall be 10% of the total contract price stated in the letter of acceptance.

S. No	Name of company	S. No	Name of company
1.	National Insurance Co. Ltd.	6.	Premier Insurance Co. Ltd.
2.	Adamjee Insurance Co. Ltd.	7.	Alpha Insurance Co. Ltd.
3.	Askari Insurance Co. Ltd.	8.	Reliance Insurance Co. Ltd.
4.	New Jubilee Insurance Co. Ltd.	9.	Central Insurance Co. Ltd.
5.	EFU General Insurance Co. Ltd.		

The contractor of NBCDP M/s Mumtaz Construction Company provided insurance guarantee w.e.f. 01.01.2018 to 30.06.2018 from M/s United Insurance Company Pvt. Ltd. The performance guarantee expired on 30.06.2018.

During audit of NBCDP, it was observed that M/s United Insurance Company Pvt. Ltd. was not listed in the contract agreement and therefore acceptance of guarantee from the non-specified company was un-authorized. Further the department did not get the guarantee re-validated & renewed and thus government's interest was put at stake to the tune of Rs. 243.261 million.

Audit holds that acceptance of guarantee from the non-specified company was not justified and thus irregular.

The matter was pointed out to the management on 01.07.2021 and it was replied that letter has already been written to the contractor for submission of revised valid performance guarantee. Further united issuance is 'A' rated company as stated in NHA circular dated 26.04.2012.

The reply of the management was not tenable as the department failed to obtain valid performance security from the contractor in line with contract agreement as M/s United Insurance Company Pvt. Ltd. was not listed in the contract agreement.

DAC meeting held on 28 & 29.12.2021 directed the management of NBCDP to submit revised reply to audit authorities with full justification.

No compliance to DAC directives was produced till finalization of this report.

Audit recommends that the matter should be inquired to fix responsibility for the lapse. Besides, internal controls should be strengthened to avoid recurrence of similar irregularities in future.

{AIR Para 02, NBCDP 2019-20 (Phase-II)}

1.4.24 Unjustified payment on account of price adjustment – Rs. 191.564 million

The Standard Procedure and Formula for Price Adjustment (First Edition March 2009) issued by Pakistan Engineering Council provides that (1), no method, other than given in this document, is acceptable to compute the price adjustment. Further according to Part-I, Procedure (B-Parameters), Weightages of Specified Items, each of the cost elements, having cost impact of five (05) percent or higher can be selected for adjustment. (C) 1, the billed amount of the Works for each calendar month will be obtained from the checked bills submitted by the Contractor. In case the billed amount is for more than one month, the amount of the bill shall be segregated for actual work done in each month.

Office of the Dy. Director Reconstruction Abbottabad, DDR Mansehra and DRU Muzaffarabad paid price adjustments of various projects / schemes to the contractors during FY 2018-19 to 2020-21. Scrutiny of a few selected projects revealed that an amount of Rs. 191.564 million was paid on account of price adjustment as detailed below:

(Rs. in million)

Sr. No.	Name of entity	No. of sample schemes	Price adjustment paid
1.	Reconstruction PERRA Abbottabad	04	85.877
2.	Reconstruction PERRA Mansehra	07	61.767
3.	DRU Muzaffarabad	06	43.920
Total		**17**	**191.564**

During scrutiny of price adjustment bills / IPCs, it was observed that the amount of actual work done carried out in a calendar month was not segregated while calculating the price adjustment as required under Standard Procedure and Formula for Price Adjustment. Instead, the amount of price adjustment was calculated by distributing the amount of work done of each IPC on proportionate / average basis over the months of the billing period.

Audit holds that distribution of work done on proportionate basis was violation of instruction of PEC which render the whole payment irregular.

Initial audit observation was issued during July & September 2021. It was replied that it was not possible for the contractor to submit monthly IPC due to funding issue. As a general practice, if the billed amount is for more than one month, then the price adjustment is calculated on the basis of average work done in each month. Further, the average method is favorable to the Employer.

The reply was not satisfactory as the payment of price adjustment was made in violation instruction of PEC.

DAC meeting held on 28 & 29.12.2021 directed the management to submit revised reply along with the calculations of price adjustment / comparative statements by applying both the methods i.e. average method and as per formula provided in PEC Standard Procedure, to prove that no loss occurred to government exchequer

No compliance to DAC directives was produced till finalization of this report.

Audit recommends that the management should look into the matter for corrective measures.

(AIR Para 03 DDR, ATD Dev. Para 03 DDR Mansehra, Para 04 DRU Mzfd.)

1.4.25 Unjustified payment on account of Housing Cash Grant – Rs. 85.725 million

According to 18th Meeting of ERRA Board (agenda item No. 47), the ERRA Board accorded approval for final closure of Housing Cash Grant program. Further, according to clarification issued by ERRA HQs, vide letter No. 1-1/Gen/Rehab/ERRA dated 22.02.2019, the Housing Cash Grant Program stands closed w.e.f. 18.12.2012.

SERRA Muzaffarabad disbursed an amount of Rs. 74.20 million on account of housing cash grant to the affectees of Earthquake 2005 during FYs 2015-16 to 2019-20. Similarly an amount of Rs. 11.525 million was disbursed by PERRA Abbottabad during the period February 2017 to February 2020 on account of housing cash grant.

Audit observed that housing cash grant program was closed w.e.f 18.12.2012, however payment of housing cash grant to the earthquake affectees remained continued till February 2020.

Audit holds that the payment amounting to Rs. 85.725 million (Rs. 74.20 million + Rs. 11.525 million) on account of housing cash grant despite the closure of HCG was not justified.

The matter was pointed out during August / September 2021. The management of SERRA replied that closure of HCG w.e.f. 18.12.2012 pertains to non-conducting of fresh survey for housing compensation. The amount under observation pertains to the beneficiaries whose damaged houses were surveyed before the said date and payment could not be made due to unavailability of funds with ERRA or the amount was returned to SERRA due to incorrect particulars of the beneficiaries. Further, people also approached legal institutions and the claims were paid on decision of said institutions. PERRA replied that HCG last tranches list No.54, 36 & 27 were received in October, 2012 from NADRA and the funds against these lists received from ERRA in June, 2016 and amount disbursed accordingly. Further due to late release of funds and other bank anomalies in affectees bank accounts i.e. dormant accounts, wrong title of accounts etc. Some amounts bounced back to PERRA Housing Cash Grant account. The amount remained in the HCG account to make repayment to affectees after fulfillment of all the codal formalities.

The reply was not acceptable because as per minutes of 18th ERRA Board Meeting and clarification issued by ERRA vide letter dated 22.02.2019, the HCG stand closed w.e.f. 18.12.2012. Further, no evidence of orders of legal institutions regarding payment of HCG was provided in support of reply by SERRA.

DAC meeting held on 28 & 29.12.2021 directed to present the matter before the next ERRA Board meeting. The decision will be intimated to audit authorities accordingly.

No compliance to DAC directives was produced till date.

Audit recommends that the matter should be presented before the ERRA Board for regularization/appropriate decision.

(AIR Para No. 04 SERRA Mzfd, Para 09, PERRA ATD,)

1.4.26 Unjustified excess payment due to non-utilization of available hard rock material – Rs. 23.221 million

According to Note 2 to Bill No. I (Earthwork) of BOQ, the cost of excavation of rock / any other material which is used anywhere in the project shall deemed to be included in pay item relating to part of work where the material is used. In no case, cost of excavation shall be paid separately.

Offices of the Reconstruction (PERRA) Abbottabad and Mansehra awarded various contracts for the reconstruction / rehabilitation of earthquake damaged roads in Districts Abbottabad and Mansehra respectively.

The scrutiny of a few contracts revealed that contractors were paid Rs. 23.221 million under bill No. 1 (Earthwork) for item of work i.e. item No. 106di "Excavate surplus Hard Rock Material" at different rates. Similarly another item of work under bill No. 4 & 5 item No. (411b) "Stone Masonry Random with Mortar" was paid for Rs. 170.724 million.

During audit it was observed that out of total quantity of excavated hard rock, deduction at a flat rate of only 25% for utilization of hard rock was made in all the contracts, while 75% of available hard rock material was declared surplus and an amount of Rs. 23.221 million was paid to the contractors on account of excavation. It is worth mentioning that the calculation was made for 08 roads / projects only on sample basis.

Audit holds that entire quantity of hard rock was required to be utilized in stone masonry which was not done. As such payment of Rs. 23.221 million on account of excavation of hard rock material was not justified and amounts to undue favor to concerned contractors. Details are at **Annexure-VI.**

The matter was pointed out during September 2021 and it was replied that the excavation of hard rock material and its stacking was very difficult due to limited space as the roads have to be kept operational for traffic while carrying out construction activities at site. During excavation/cutting, most of the excavated material either rolled down towards valley side or was wasted due to stacking problem. In most of the cases, it was not possible to re-use the excavated material , however in order to safeguard the employer's interest, it was decided by ERRA in consultation with all stakeholders that 25% of the overall excavated hard rock material will be deducted from the contractors bill for re-use in other items of work if required. The utilization of 25% hard rock material even if it cannot be re-used due to site condition was deducted from the contractor in line with the policy decision of ERRA.

The reply was not acceptable because instead of utilizing the total quantity of excavated hard rock material, only 25% hard rock was utilized while 75% of available hard rock material was declared surplus.

DAC meeting held on 28 & 29.12.2021 directed the management to produce RD wise survey reports of NESPAK and recovery schedule to audit authorities for verification.

No compliance to DAC directives was produced till finalization of this report.

Audit recommends that the management should look into the matter for corrective measures besides strengthening of internal controls.

(AIR Para 5, DDR, ATD. Dev. Para 09, DDR Mansehra)

1.4.27 Un-authorized claim of granular sub base on link roads under rigid pavement – Rs. 17.725 million

Detailed drawings of the work 'Anayat Bakery to Chak Airport Road' were prepared and submitted to the consultant M/s NESPAK and employer and same were vetted by the consultant subject to some changes/ variations. NESPAK instructed to add 5cm Asphalt wearing course and 15cm water bound macadam after scarifying and removing existing asphalt. Further, exposed surface after removing of existing asphalt may be treated as sub base and re-compacted and additional sub base material will be added only where required.

Scrutiny of record of the project 'Anayat Bakery to Chak Airport Road' revealed that the contractor executed and claimed item No.21-36 "making rigid pavement" (RCC road instead of asphalt) at link roads. These link roads were not provided in original PC-I and were additionally added in the scope through variation orders.

Audit observed that the contractor also claimed item of granular sub base under the rigid pavement on the link roads.

Audit holds that item of granular sub base was disallowed by the engineer on existing road. Further, the sub base is required and laid under the asphalt wearing course of 5cm on main roads. The instant case was of link roads with rigid pavement (RCC) which was 0.275 meter thick. Hence, sub base was not required under RCC 0.275 thick link roads and stands un-authorized. The detail of unauthorized claim is as under:

(Rs.)

Sr. No	Description	Qty. cu.m	Rate	Amount
1.	VO-2 additional work of link road named as bank road Javid café to baldia adda 0+0 - 1+155 and murgi gali road 0000-0+097	2,317.07	3,469.04	8,038,015
2.	VO-3 additional work chak bazar road 2 KM chak bazar to Khigala 000-2000	2,831.68	3,421.04	9,687,290
Total				**17,725,306**

Audit observation was issued on 12.07.2021 and it was replied that the approved design required scarification, removal of existing asphalt providing layer of 15 CM WBM under 5CM AWC. WBM was later on replaced with sub base cheaper than WBM.

DAC meeting held on 28 & 29.12.2021 directed that record be got re-verified by the audit authorities.

No record was produced for verification till finalization of this report.

Audit recommends that the management should look into the matter for corrective measures besides strengthening of internal controls.

{Para No. 17, RCDP 2019-20 (Phase-II)}

1.4.28 Unjustified payment to NESPAK on account of consultancy services - Rs. 15.349 million

As per contract agreement, the payment to the consultant was required to be made on percentage basis in line with submission of deliverables.

A consultancy contract for detailed feasibility study for development of New Balakot City Development Project (NBCDP) at Bakrial District Mansehra as a tourism Hub on PPP basis was awarded to NESPAK at a cost of Rs. 34.911 million on 16.03.2020. An amount of Rs. 15.349 million was paid to consultant up to 30.06.2021.

The timelines for submission of deliverables after commencement of services as decided in 1st pre bid meeting are given in **Annexure-VII** , while schedule of payment as per contract agreement is at **Annexure-VIII.**

Audit observed as under:

i. The contract agreement was not signed by Joint Venture (JV) partner of NESPAK i.e. KPMG

ii. Contract agreement on stamp paper was also not signed.

iii. Payment was released to the consultant without submission of deliverables as per agreement.

iv. The contract award letter was issued on 16.03.2020 and all the deliverables were required to be completed within 52 weeks. However, the consultant failed to accomplish the required task up to 30.06.2021.

v. Some deliverable like detailed topographic survey, necessary geotechnical investigations, master layout plan/conceptual design and traffic impact assessment report which were agreed in bid documents were latter excluded from the contract agreement

vi. An amount of Rs. 681, 485 was paid to M/s Axis Law Chamber, however the same was not a JV partner with NESPAK.

vii. Provincial Sales tax on services (PST) @ rate of 2% was deducted from the payment. However, contract was awarded by ERRA, which is a Federal entity, hence ICT tax was required to be deducted @ 16 %.

viii. Income tax amounting to Rs. 690, 694 @ 4.5 % was deducted, however, Income tax of Rs. 1,151,157 (Rs. 15,348,756 x 7.5%) at the rate of 7.5 percent was required to be deducted.

Audit is of the view that the payment to the consultant was not justified as deliverables were not provided within the agreed timelines.

The matter was pointed out to the management on 01.07.2021 and it replied that consultant has been requested for provision of signed copy of contract agreement and joint venture agreement. The payment was made after the presentation of deliverable to chairman NDMA / ERRA. The award letter was issued on 16.03.2020 but the contract agreement signed in October 2020 due to Covid-19 pandemic, locust and flood disaster in Pakistan. Further all the work was carried out as per requirements. M/s Axis law chamber is part of KPMG. PST is deducted @ 2% as the project is being executed in KPK Govt.

The reply of the management was not tenable as the department did not got executed the contract in letter and spirit to achieve targets within the specified timelines as no evidence for submission of deliverables were provided in support of reply. Contract document along with JV document was also not signed till date. Moreover, PST and income tax was not deducted as per applicable rules.

DAC meeting held on 28 & 29.12.2021 directed the management of NBCDP to submit revised reply with point wise justification to audit authorities.

No compliance to DAC directives was produced till finalization of this report.

Audit recommends that the management should look into the matter for corrective measures besides recovery of applicable taxes.

{AIR Para 06, NBCDP 2019-20 (Phase-II)}

1.4.29 (a) Inadmissible payment on account of price adjustment – Rs. 12.536 million
(b) Undue favor to contractor by not imposing LD charges – Rs. 5.949 million

According to Chief Engineer PERRA Abbottabad letter No. 2102/ 1-EOT dated 10.06.2015, 4th Extension in time limit of Dalola Dabban Road was accorded with the condition that contractor will not claim price adjustment beyond 3rd EOT i.e. 19.07.2014.

According to Clause 47.1 (Appendix-A to Bid), the amount of Liquidated Damages was provided as 0.01% of the contract price for each day of delay in completion of the works subject to maximum 10% of contract price stated in the letter of acceptance.

Office of the Dy. Director Reconstruction Abbottabad awarded a contract for reconstruction / rehabilitation of Dalola Dabban Road to M/s Zia-ur-Rehman & Co. Government Contractor for contract cost of Rs. 59.497 million during November 2008. The completion period was 24-months from the date of commencement of work.

During audit it was observed that the contractor could not complete the work within stipulated time and 3rd extension was accorded upto 19.07.2014. As per the Chief Engineer PERRA Abbottabad letter dated 10.06.2015, the contractor could achieve only 57% physical progress upto June 2015 and the project could not be completed even after 4th EOT as proposed by the consultant. The 4th EOT up to 21.06.2015 was accorded by Chief Engineer PERRA with the condition that contractor will not claim price adjustment beyond 3rd EOT i.e. 19.07.2014.

It was further observed that the contractor was paid price adjustment amounting to Rs. 15.261 million up to August 2018. This amount included price adjustment of Rs. 12.536 million beyond 19.07.2014. The road was still incomplete (91% physical progress) and 5th EOT was accorded to contractor up to 17.01.2018 for 2-years, 6-months and 27-days.

Audit holds that Liquidated Damages for Rs. 5.949 million (Rs. 59.497 million x 10%) was required to be imposed and recovered from the contactor which was not done. Instead, contractor was favored by allowing payment of price adjustment beyond July 2014 (i.e. 3rd EOT).

Initial audit observation was issued on 16.09.2021 and it was replied that the work could not be completed within stipulated /extended time due to financial crunch faced by ERRA. On the basis of delay on part of Employer, 5th EOT was granted to the Contractor. The condition imposed by the Employer for grant of 4th EOT, that contractor will not claim Price adjustment beyond 3rd EOT has been clarified by the "Engineer" that grant of EOT due to default of employer without price adjustment is not covered under any clause of CoC. In order to avoid violation of provision in contract, the stance of NESPAK was agreed. The price adjustment has been made under clause 70.1 of CoC.

The reply was not acceptable because the EOT was accorded by Chief Engineer PERRA specifying that no price adjustment will be paid beyond 19.07.2014.

DAC meeting held on 28 & 29.12.2021 directed the management to provide revised reply to audit authorities.

No compliance to DAC directives was produced till finalization of this report.

Audit recommends that LD charges should be imposed and recovered from the contractor.

(AIR Para 6, DDR, Abbottabad Development)

1.4.30 Inadmissible payment against deleted works – Rs. 8.738 million

Para 23 of GFR Vol-I, states that 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.

Muzaffarabad City development Project (MCDP) paid certain items in the Final Payment Certificate (FPC) of project "Construction of President House and Secretariat, Muzaffarabad'

It was observed that the paid items were already deleted through variation orders No. 4 & 5, however the deleted items were measured and paid to the contractor in 17th and Final Payment Certificate. Details are at **Annexure-IX.**

Similarly, the perusal of FPC of RCC Bridge Thoth, Muzaffarabad revealed that item of work NSI "35mm steel Expansion Joint including Sealant" was deleted vide variation order No. 4. However, the said item was claimed and paid to contractor for Rs. 72,505 against a quantity of 7.25 R.M vide Sr. No. 43 of FPC.

Audit holds that this has resulted into overpayment of Rs. 8.738 million (Rs. 8,665,669 + Rs. 72,505 = Rs. 8,738,174) to contractor for items deleted from the scope of the pointed out works.

The matter was pointed out during July 2021 and it was replied that not all items of work were completely deleted from BOQ rather some of the quantities were deleted and new quantities were added for the same items. In reply to Sr. No. 2 of Para, it was replied that the expansion joint payment is made only for footpath area while expansion joint for bridge carriage way is paid under variation order No. 02. Moreover these items were essentially required as per site and accordingly used and no double payment has been made against these items.

The reply was not acceptable as payment was made against deleted items which resulted into inadmissible payment. During verification of record, overpayment of completely deleted items for Rs. 1.44 million + Rs. 0.893 million was admitted. Moreover, no evidence related to partially deleted items was produced.

DAC meeting held on 28 & 29.12.2021 directed the management to recover the overpayment, while the record regarding partially deleted items be produced to audit authorities for verification.

No compliance to DAC directives produced till finalization of this report.

Audit recommends that inadmissible payment should be recovered.

{Para No. 15, MCDP 2019-20 (Phase-II)}

1.4.31 Overpayment on account of lease money – Rs. 8.049 million

Clause B-5 (i) of Umbrella Contract Agreement provided that based on the design approved by the employer, rate analysis of each item provided in the BOQ shall be worked out on the basis of prices of labor, material and equipment given in a mutually agreed Composite Schedule of Rates (CSR) as adjusted with market prices. 25% of this amount shall be added for contractor's design, overhead costs and profit, and then Income Tax shall be added to the cost so obtained to determine the total cost of that item.

Item of work under bill 'Earth work' 21-06 (NSI) namely 'making earthen embankment with earth….' and item of work No. NSI namely 'filling in culverts or drains……' were executed in different contracts. Rate analysis carried out by the contractor for these items revealed that composite rate of the item included some portion/ amount on account of lease money.

A comparison of rate analysis of item with that of AJK CSR June 2009 revealed that Lease money was not included in the inputs of the item. Thus due to inclusion of lease money in the item rate (in rate analysis), the item rate was increased to that extent which resulted into overpayment of Rs. 6.283 million as detailed below:

(Rs.)

Sr. #	Name of the Project	IPC No	Qty. executed (cu.m)	Lease money (included in unit rate)	Over payment
1.	Protection Bund IHK	FPC	6,769.60	140.864	953,592
2.	Sudan Gail Road Part-B	FPC	5,898.37	140.864	830,868
3.	Dhulia road	FPC	24,041.31	140.864	3,386,555
4.	Ring Road Section-IV	FPC	18,268.15	140.864	2,573,325
5.	Ring Road Section-III	FPC	2,166.31	140.864	305,155
Total					**8,049,494**

Further, no record as to lease agreement for borrow pits was available on record.

Audit holds that overpayment of Rs. 8.049 million was made to the contactor due to inclusion of lease money in item rate (rate analysis) which was not justified.

The matter was pointed out during July 2021 and it was replied that the term lease for this purpose means “lease granted on tenure basis for a specified period for excavation and collection of any specified quantity of materials. Borrowed material used for making earthen embankment was excavated from land owned by local people, who demanded money for same. Accordingly, this input was incorporated as lease. Therefore, no overpayment was made to the Contractor in this regard.

The reply was not acceptable because comparison of rate analysis of item with that of AJK CSR June 2009 revealed that lease money was not included in the inputs of the item. Further, no record as to lease agreement for borrow pits was available on record. As such the amount paid on account of lease money is required to be recovered.

DAC meeting was held on 28 & 29.12.2021. The management of BCDP explained before DAC that the term lease for this purpose means lease granted on tenure basis for a specified period for excavation and collection of any specified quantity of materials and accordingly, this input was incorporated as lease money. Audit authorities was of the view that amount added on account of ‘Lease money’ was not included in the inputs of rate analysis of item in mutually agreed AJK CSR June 2009. As such, overpayment was made to contractor. Upon detailed deliberation, DAC pended the Para.

Audit recommends that overpayment made to contractor should be recovered and deposited into treasury.

{Para No. 21, BCDP 2019-20 (Phase-II)}

1.4.32 Unjustified expenditure on link road without provision in PC-I and approval of Variation Orders – Rs. 2.688 million

According to approved PC-I for construction of 'Jalalabad RCC Bridge Muzaffarabad', execution of works and payment thereof on Jalalabad Access Road was not provided.

The record / FPC of Jalalabad RCC Bridge Muzaffarabad revealed that an amount Rs. 2.668 million was paid on account of execution of certain items of works on Jalalabad Access Road (RD 00+00 to 00+449.33).

Audit observed that the said road was neither provided in approved PC-I nor any variation order was approved. As such, payment for works not provided in approved PC-I and without any variation order was not justified. Detail of payment is as under:

(Rs.)

Sr. No.	Item No.	Description	Qty. paid	Rate	Amount
1.	203b	Asphalt Base Course	65.706	22,640.48	1,487,615
2.	302a	Cut back asphalt for bituminous prime coat	1051.301	124.735	131,134
3.	303a	Cut back asphalt bituminous take coat	1051.301	48.241	50,716
4.	305b	Asphalt wearing course	39.424	25,844.79	1,018,905
Total					**2,688,370**

Audit holds that expenditure without provision in PC-I and approval of Variation Orders was not justified.

The matter was pointed out during July 2021 and it was replied that construction of access roads of both sides of the bridge were part of contract and quantities were provided in BOQ which form part of PC-I.

The reply was not acceptable as no provision in PC-I regarding execution of work on link road was provided. Moreover, no variation orders were prepared and approved for carrying out the additional work.

DAC meeting held on 28 & 29.12.2021 directed that record i.e. PC-I & BOQ be provided to audit authorities for verification.

No record was produced to audit for verification till finalization of this report.

Audit recommends that the management should look into the matter for corrective measures.

{Para No. 26, MCDP 2019-20 (Phase-II)}

1.4.33 Overpayment due to allowing additional inputs in unit rate - Rs. 2.966 million

Clause B-5 (i) of Umbrella Contract Agreement provided that based on the design approved by the employer, rate analysis of each item provided in the BOQ shall be worked out on the basis of prices of labor, material and equipment given in a mutually agreed Composite Schedule of Rates (CSR) as adjusted with market prices. 25% of this amount shall be added for contractor's design, overhead costs and profit, and then Income Tax shall be added to the cost so obtained to determine the total cost of that item.

Final Payment Certificate (FPC) of Ring Road Section III, provided that additional work in the roads shall be paid under Non Schedule Item No. 21-36 (NSI) "Providing and laying cement concrete having cylinder strength of 3000 psi for roads, paths, crete ways" as worked out in the rate analysis.

The perusal of FPC of Ring road Section III at Bagh revealed that an amount of Rs. 12.721 million was paid to the contractor under item No. 21-36 (NSI) against a quantity 798.583 Cu.m.

Audit observed from the rate analysis of the item that quantities of some inputs for the item were increased/paid extra in unit rate instead of taking the same inputs as allowed in AJK-CSR 2009. This resulted into unauthorized /excess payment of Rs. 2.966 million to the contractor as detailed below:

(Rs.)

Sr. No	Inputs of the item	Unit	Qty. admissible as per AJK CSR	Qty. applied in rate analysis	Qty. excess claimed	Rate	Amount
1.	Cement	K.G	400	430	30	11.97	359.10
2.	Sand Lawrence pur	Cum	0.42	0.43	0.01	3,185.41	31.85
3.	Water charges	-	0	139.13	139.13	139.13	139.13
4.	Water reducing admixture	Ltrs.	0	5.26	5.26	50	263
5.	Concrete batching plant	Hrs.	0	0.50	0.50	2,000	2,000
	Excess rate claimed per Cums						2,793.08
	(+) Profit 25%						698.27
	(+) 6% Income Tax						222.852
	Total (6+7+8)						**3,714.202**
	Quantity paid						**798.583**
	Total over Paid (9*10)						**2.966**

Audit is of the view that while working out unit rate, due to addition of inputs which are not admissible in adopted AJK CSR, rate has been inflated to the tune of Rs. 3,714.202 per cum. Resultantly an amount of Rs. 2.966 million (798.583 cum* Rs. 3714.202 per cum) was over paid to the contractor.

The matter was pointed out during July 2021. It was replied that massive concrete of about 798.583 Cum quantity was required for rigid pavement which necessitated use of batching plant instead of conventional mixer having capacity of 0.25 Cum. Secondly 3000 psi concrete strength was required for these works which was not part of the CSR. This has resulted for call of NSI item, while using item 21-36 as basis of inputs. To achieve desired strength of concrete i.e., 3000 Psi mix design was prepared. Quantities of cement, aggregates and water reducing admixture considered in rate analysis are as per that approved mix design. As far as water charges are concerned, we believe that same are inadvertently missed in item No. 21-36 of AJK CSR, as water is essentially required for preparation/mixing of concrete as well as for curing.

The reply was not satisfactory as additional items were not provided in mutually agreed AJK CSR 2009.

DAC meeting held on 28 & 29.12.2021 directed the management to provide approved variation order to audit authorities for verification.

No record was produced for verification till finalization of this report.

Audit recommends that the over payment should be recovered from the contractor and deposited into Government treasury.

{Para No. 20, BCDP 2019-20 (Phase-II)}

<u>Reported cases of fraud, embezzlement and misappropriation</u>

1.4.34 Misappropriation of cash – Rs. 0.814 million

According to Para 5 of GFR Vol-I, if loss has occurred through fraud, every endeavor should be made to recover the whole amount lost from the guilty persons, and if laxity of supervision has facilitated the fraud, the supervising officer at fault may properly be penalized either directly by requiring him to make good in money a sufficient proportion of the loss, or indirectly by reduction or stoppage of his increments or pay. Para 7 states that in all cases of fraud, embezzlement or similar offences, departmental proceedings should be instituted possible moment against all the delinquents and conducted with strict adherence to the Rules.

An amount of Rs. 814,000 was drawn as cash vide cheque No. 1459673 dated 16.04.2014 by the Project Management Unit (PMU), Rawalakot City Development Project (RCDP).

During audit it was observed that entry was recorded as payment made to the contractor, however, the corresponding cheque number and IPC number was not mentioned against said entry. To further probe the matter, the payment record of contractor i.e. M/s CXB against concerned scheme (i.e. Chinar Rest House to Eidgah Road) was scrutinized which revealed that complete amount of work done was claimed by the contractor and paid separately in addition to this transaction. The matter was discussed with the management but no satisfactory reply was received which indicates that the amount may have been misappropriated in the name of payment to contractor.

Audit is of the view that cash withdrawal of Rs. 814,000 in the name of payment to the contractor was a serious lapse on the part of management which resulted loss of government money.

Audit observation was issued on 12.07.2021. The management replied that a fact finding committee is being formulated to inquire the matter and recover the amount.

DAC meeting held on 28 & 29.12.2021 in which it was decided that a Fact Finding Committee be constituted to probe the matter and report be shared with audit authorities.

No such report was shared till finalization of this report.

Audit recommends that a fact finding inquiry should be conducted and responsibility be fixed on the person(s) at fault.

{Para No. 12, RCDP 2019-20 (Phase-II)}

Chapter 2

Ministry of Climate Change Islamabad

2.1 Introduction

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

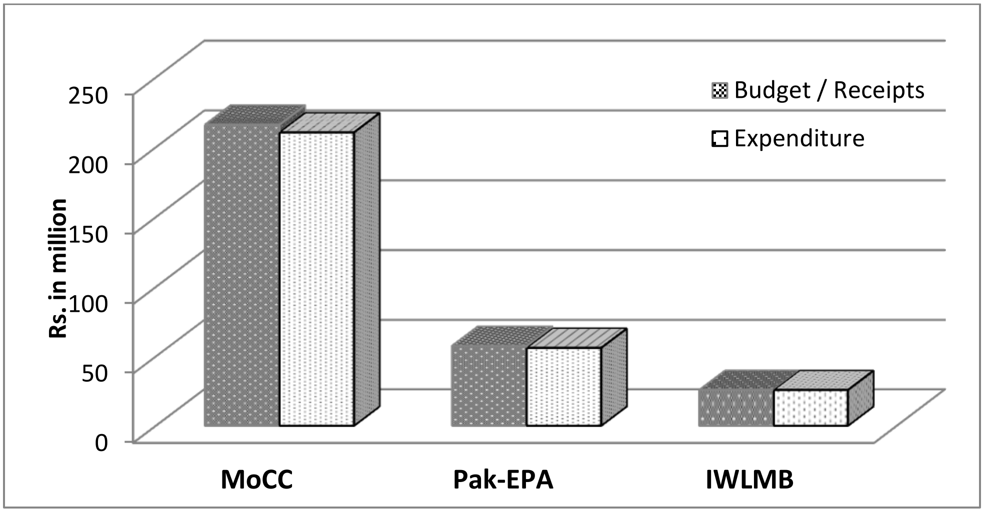
The Ministry of National Disaster Management was later renamed as Ministry of Climate Change owing to the magnitude and recurrence of climate change related disasters, such as consecutive floods of 2010, 2011 and 2012. The Ministry of Climate Change has been vested with the mandate to comprehensively 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)

S #	Name of Authority	Financial year	Budget / Receipts	Expenditure
1.	Ministry of Climate Change Islamabad (MoCC)	2020-21	216.101	210.582
2.	Pakistan Environmental Protection Agency (Pak-EPA) Islamabad	2020-21	57.623	56.123
3.	Islamabad Wildlife Management Board (IWLMB)	2020-21	25.808	25.790

The graphical representation of budget and expenditure of audited entities of MoCC for the FY 2020-21 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 climate of the globe 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[13]. 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 US$ 18 billion with 38.12 million people affected, 3.45 million houses damaged and 10.63 million acres of crops destroyed. Agricultural sector growth dropped from 3.5% to 0.2% between 2009 and 2010 due to 2010 flood. Similarly, 1200 people died in Karachi during unprecedented heat wave in 2015[14].

[13] Global Climate Risk Index 2021 (German Watch)
[14] Pak INDC Report

In order to mitigate the risks associated with climate change, the Government of Pakistan established the Ministry of Disaster Management, which was later re-named as Ministry of Climate Change owing to the magnitude and recurrence of climate change related disasters in the Country.

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, Treaties etc.) to establish National Environmental Quality Standards and facilitate & harmonize environmental standards, laws, acts and policies at national level.

Attached Departments

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

Zoological Survey of Pakistan (ZSP)

Pakistan Environmental Protection Agency (Pak-EPA)

Global Change Impact Study Center (GCISC)

Islamabad Wildlife Management Board (IWLMB)

Mountain Area Conservancy Fund (MACF)

PSDP allocation FY 2020-21 & major projects / programs of MoCC

Total allocation under the Federal PSDP 2020-21 for Climate Change Division was Rs. 5,995.984 million.[15] The utilization of the funds and major projects / programs of MoCC is tabulated below:

(Rs. in million)

Sr. No.	Name of Project	Funds received during 2020-21	Utilization up to 30.06.2021
1.	Ten Billion Tree Tsunami Program, (Ph-I) Up-scaling of Green Pakistan Program (Revised)	5,942.715	5,938.708
2.	Sustainable Land Management Program to Combat Desertification in Pakistan (Ph-II)	20.423	19.299
3.	Establishment of Pakistan WASH strategic planning & Coordination Cell (Facilitating achievement of SDG 6.1 & 6.2)	12.00	9.082
4.	Climate Resilient Urban Human Settlement Unit	19.394	8.289
5.	Establishment of Geomatic Center for Climate Change and Sustainable Development	1.452	1.447
Total		**5,995.984**	**5,976.825**

The Ten Billion Tree Tsunami Program (TBTTP) is 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 TBTTP for the financial year 2019-20 and 2020-21[16] is as under:

[15] Federal PSDP 2020-21
[16] Year Book 2020-21 (MoCC)

(Figures in million)

Province		KP	Punjab	Sindh	Baluchistan	AJK	GB	Total
No. of Plants planted/ regenerated/distributed FY 2019-20		167.04	58.00	177.03	2.90	69.09	4.69	**478.74**
No. of Plants planted/ regenerated/distributed FY 2020-21		223.90	10.67	231.36	3.20	41.50	18.20	**528.84**
Total		390.94	68.67	408.39	6.102	110.59	22.89	**1007.58**
Area in Hectare		350,090	25,124	28,519	2,425	50,733	31,623	**488,514**
Area in Acre		8,64,722	62,056	70,442	5,990	1,25,311	78,109	**216,597**
Amount Released to Provinces	PSDP	3778.96	3031.296	1259.43	589.475	2167.764	876.654	**11,704**
	ADP	3242.7	3429.797	664.47	425.001	0	0	**7,762**
	Total	7021.66	6461.093	1923.9	1014.476	2167.764	876.654	**19,466**
Daily Wagers Engaged		30230	32781	39392	17976	37844	6267	**164,490**
Nursery Stock		332.91	85.237	148	7.5	121.46	6.182	**701.289**

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.	Sustainable Forest Management
4.	Pakistan Snow Leopard & Ecosystem Protection Program (PSLEP)
5.	National Ozone Unit

Plans and Policies

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

- National Action Program to Combat Desertification in Pakistan (2002),
- National Environment Policy (2005)
- National Water Policy (2005)
- National Wetland Policy (2007)
- Drinking Water Policy (2009)

- National Rangeland Policy (2010)
- National Sanitation Policy (2012)
- National Forest Policy (2016)
- National Climate Change Policy (2021)
- National Biodiversity Strategies and Action Plan 2017-2030.

Organizational Management and Governance

A sound organizational management and governance plays 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 reasonable governing framework related to environment and climate change. However, the full benefits could not be achieved due to non-operationalization and non-functioning of a number of important bodies. For instance, meetings of Pakistan Environment Protection Council could not be held till date as required under Pakistan Environment Protection Act 1997. Due to non-holding of Council meetings, the functions and powers of Council i.e. approval and implementation of comprehensive national environmental policies, provision of guidelines for protection and conservation of species, conservations of renewable and non-renewable resources etc. could not be performed. Moreover, the composition of Council was notified in 1997 and since then, no revisions and review of the apex body has been carried out which requires the attention of government.

The Mountain Area Conservancy Fund (A Company established under Section 42 of Companies Act) working under the control of Ministry of Climate Change Islamabad could not achieve its objectives since its establishment i.e. February 2004. The Annual General Meeting (AGM) and meetings of Board of Directors (BoD) were not held after February and April 2019 respectively. Similarly, the available funds amounting to Rs. 741.746 million with MACF could not be invested as required under the Memorandum of Association (MoA). Moreover, Pak-EPA Islamabad established a Fund i.e. Clean Environment Fund (A company under Section 42 of Companies Act) during May 2015. The CEF could not hold its Annual General Meeting (AGM) as well as Board of Director Meetings (BoD) even after lapse of 06 years after its incorporation. The license granted by SECP was expired during May 2020, but the management has not got the license renewed from SECP and as such, CEF is not operational till date as conceived.[17]

Major Achievements (2020 & 2021)

The following major achievements were made by the Ministry of Climate Change during 2020 and 2021 are as under:

2020	➢ Distributed 38,000 forest and 1338 fruit plants ➢ Distributed 40 Chilgoza Harvesting Toolkits among communities ➢ Established and demarcated 13 ANR sites comprised of 630 Ha (GPS coordinates and report)
2021	➢ Distributed 48,500 forest and 3700 fruit plants ➢ 50 Acers Block Plantation raised in Adil Abad ➢ 6 Cone Crushers procured and will be provided before start of Chilgoza harvesting season

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.

[17]Para No. 2.4.2

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 2020-21	Revenue / Receipts audit FY 2020-21
1.	Formations	06	03	292.495	Nil
2.	• Assignment Account • SDAs • Others	01 Nil 06	01 Nil 06	Nil Nil Nil	Nil Nil Nil
3.	Authorities / Autonomous Bodies etc. under the PAO	03	02	Nil	Nil
4.	Foreign Aided Project (FAP)	01	01	148.988	Nil

2.2 Classified Summary of Audit Observations

Audit observations amounting to Rs. Nil 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
1.	**Irregularities**	**--**
A.	HR/Employee related irregularities	**-**
2.	**Others**	**--**

2.3 Brief comments on the status of compliance with PAC directives

The Directorate General Audit (CC&E) Islamabad started conducting audit of 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	Received	Awaited	Percentage
2019-20	10	03	07	00	07	00

2.4 AUDIT PARAS

<u>HR/Employees related irregularities</u>

2.4.1 Non-appointment of Inspector General (Forest) in the Ministry of Climate Change resulting into non-implementation of plans and policies related to forests, desertification and biodiversity etc.

Under the Rules of Business, 1973 as amended from time to time, Climate Change Division is assigned different functions including formulating national policy, plans, strategies and programs with regard to disaster management including environmental protection, preservation, pollution, ecology, forestry, wildlife, biodiversity, climate change and desertification.

Ministry of Climate Change has devised major functions and key performance indicators of different posts under the administrative control of the Secretary, Ministry of Climate Change. As per approved function and key performance indicators, the Inspector General (Forest) is overall responsible for implementation of National Forest Policy, Pakistan Trade Control of Fauna and Flora Act 2012, National Biodiversity Strategy & Action Plan, different Conventions on Biological Diversity, desertification and migration of species etc.

Audit observed that the post of Inspector General (Forest) was lying vacant since 23.03.2019 and the appointment of suitable individual possessing requisite academics and experience was not made to fill this important position.

Audit is of the view that post of IG (Forest) was technical in nature and a key post to manage the affairs pertaining to Environment and Climate Change. Non-appointment of IG (Forest) 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.

The matter was pointed out on 05.11.2021, but no reply was furnished.

The PAO was requested to convene DAC meeting, however, the same was not convened till finalization of this report.

Audit recommends that the matter should be looked into by the management and Inspector General (Forest) should be appointed for proper implementation of plans and policies related to forests, desertification and biodiversity etc.

(Para #11, MOCC, FY 2019-20, 2020-21)

2.4.2 Non-functioning of the Clean Environment Fund resulting in non-achievement of targets related to protection and sustainable development of environment

Clause 39 read with sub-clause (h) of Articles of Association of "Clean Environment Fund" states that the Board shall conduct and manage all the business affairs of the company, exercise all the powers, authorities and discretion of the company, obtain or oppose the application by others for all concessions, grants, charters and legislative acts and authorization from any government or authority, enter into such contracts and do all such other things as may be necessary for carrying on the business of the company, except only such of them as under the statues and articles are expressly directed to be exercised by general meetings and (without any way prejudicing or limiting the extent of such general powers) shall have the special powers and duties to constitute from time to time committee(s) from among themselves or co-opt other persons for the purpose and delegate to them such functions and powers as board may see fit to carry out the objects of the company.

Pakistan Environmental Protection Agency, Islamabad incorporated a company on 25.05.2015 under Section 42 of Companies Ordinance, 1984 namely 'Clean Environment Fund' for achievement of different objectives related to environmental matters.

During audit of Pak-EPA for the financial year 2020-21, it was observed that:

i. The Company was non-functional and the management failed to fulfill the objectives as stated in Clause III of the Memorandum of Association of "Clean Environment Fund" as summarized at **Annexure-X.**

ii. The management of the Company could not convene Annual General Meetings (AGM) in violation of Section 132 subsection (1) of Companies Act 2017 which may result in imposition of penalty by SECP.

iii. The management of the Company did not prepare annual financial statements in violation of Section 223 of the Companies Act 2017.

iv. The management did not appoint Chartered Accountants as auditors in violation of Section 246 and 247 of the Companies Act 2017.

Audit is of the view that being non-functional, the Fund was not able to achieve targets as stated in Memorandum of Association and Articles of Association of the company for the protection and conservation of environment. Moreover, non-convening of AGM, non-preparation of financial statements and non-appointment of auditor was violation of the provisions of Companies Act 2017.

The matter was reported to the management on 11.10.2021. It was replied that the Clean Environment Fund is non-functional and presently is dormant due to transfer, postings, retirement of the Board members. The company is in the process to hire / appoint new members of the Board. Therefore due to the aforesaid circumstances, it was not possible to hold meetings of the board for taking decisions to meet the objectives of the Clean Environment Fund. As soon as the new members of the board are appointed it will ensure compliance of the audit observation. Further, since there was no expenditure incurred from the Fund, therefore services of firm were not hired.

The reply of the management was not tenable as non-achievement of objectives of the Clean Environment Fund was against the spirit of incorporation of the Fund.

The PAO was requested to convene DAC meeting, however, the same was not convened till finalization of this report.

Audit recommends that the Clean Environment Fund should be operationalized so as to ensure regulating, conservation, protection and sustainable management of environment and other natural resources in the jurisdiction of Federal Government.

(Para # 10, 11, 12 & 13, Pak-EPA)

Others

2.4.3 Deficiencies in issuance of NOC for import of iron and steel re-meltable compressor scrap/waste

The Basel Convention aims at controlling trans-boundary movements of hazardous wastes and their disposal. As per Basel Convention, the import of hazardous material is not allowed unless NOC is issued by the Ministry of Climate Change after observing all formalities.

M/s Zam Zam International applied for issuance of NOC for import of compressor scrap vide application dated 25.01.2019. In response, the M/o Climate Change forwarded the application to the Secretary, Environmental Protection

Department, Punjab on 17.05.2019 to provide the Environmental Management Plan duly approved by EPD, Punjab and the Environmental Audit Report. Subsequently, the Ministry of Climate Change, Islamabad issued the NOC to M/s Zam Zam International, Faisalabad vide letter No. 1(139)/18/ Zam Zam Int /DD (Chem) dated 19.07.2019 subject to fulfillment of some conditions including provision of specific information / documents to the Ministry. The detail is as under:-

i. EPA Punjab shall submit quarterly environmental reports including quantity of scrap of the said company to the Ministry.
ii. The proponent shall submit copies of complete documents (mentioning quantity of waste) of each shipment to EPA Punjab and Ministry of Climate Change.
iii. The proponent shall submit Environmental Management Plan and Environmental Audit Report separately.
iv. The proponent shall provide details of the furnaces/foundry and have a valid EPA Environmental Approval. Monthly report of this activity shall be submitted to EPA Punjab.

Audit observed that before issuance of NOC, the requisite documents i.e. Environmental Management Plan and Environmental Audit Report were not obtained from the firm. Further, after issuance of the NOC, post monitoring reports were not obtained by the M/o Climate Change and the fulfillment of the conditions was not watched.

Audit is of the view that codal formalities were not observed prior to issuance of the NOC. Besides post monitoring and review was not made which was against the spirit of the approval/NoC and requirements of Basel convention.

The matter was reported to the management on 05.11.2021, but no reply was furnished.

The PAO was requested to convene DAC meeting, however, the same was not convened till finalization of this report.

Audit recommends that the matter should be looked into by the management for corrective action and outcome be shared with audit authorities.

(Para #06, MOCC, FY 2019-20, 2020-21)

2.4.4 Non-maintenance of registers of Initial Environmental Examination (IEE) and Environmental Impact Assessment (EIA)

As per Pakistan Environment Protection Act 1997 clause 12(7), the Federal Agency shall maintain separate Registers for initial environmental examination and environmental impact assessment, which shall contain brief particulars of each project and a summary of decisions taken thereon, and which shall contain brief particulars of each project and a summary of decisions taken thereon, and which shall be open to inspection by the public at all reasonable hours and the disclosure of information in such Registers shall be subject to the restrictions specified in sub-section (3).

During audit of the Pak- Environmental Protection Agency for FY 2020-21, it was observed that the entity had not maintained separate Register of each project for Initial Environmental Examination (IEE) and Environmental Impact Assessment (EIA).

Audit is of the view that non- maintenance of the EIA/IEE register was violation of the Act. Moreover, this was issue repeatedly pointed out in previous audit reports, however, no corrective action has been taken by the EPA and Ministry of Climate Change.

The matter was pointed out to the management on 11.10.2021 and it was admitted that record was not maintained in physical form of a “Register”. However, the Agency shall endeavor to maintain the record in accordance with Schedule-VIII form and the observation of the audit.

The PAO was requested to convene DAC meeting, however, the same was not convened till finalization of this report.

Audit recommends that separate registers for IEE and EIA of the projects should be properly maintained as required under the Pakistan Environment Protection Act 1997.

(Para #06, Pak-EPA)

2.4.5 Delay in processing of Initial Environmental Examination (IEE) and Environmental Impact Assessment (EIA) approvals by Pak-EPA

According to the Section 12(4) of the Pakistan Environmental Protection Act 1997, the Federal Agency shall communicate its approval or otherwise within a period of four months from the date the initial environmental examination (IEE) or environmental impact assessment (EIA) 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, to the extent to which it does not contravene the provisions of this Act and the rules and regulations made there under.

Pak-EPA received 29 cases of EIA and 12 cases of IEE during the year 2020-21, which were processed for issuance of environmental approvals. The brief detail of the cases is as under:

Detail	EIA	IEE	Remarks
Total No. of cases received	29	12	-
Total No. of cases approved	15	2	More than four month
Total No. of cases under process	13	5	More than four month
Total No. of cases rejected	1	5	Cases were rejected in time

Audit observed that the cases received for granting of IEE and EIA approvals were not finalized within a period of four months from the date, the cases were filed as required under the PEPA Act 1997.

Audit is of the view that non-observance of time frame was violation of PEPA Act 1997.

The matter was reported to the management on 11.10.2021 and it replied that Section 12(4) of the Pakistan Environmental Protection Act, 1997 clearly links the time frame with the provision "from the date of IEE or EIA is filed complete in all respects". During the review process of the IEE/EIA Reports, necessary / requisite information and subsequent details are required as the case matures and inputs/observations of the review committee members, participants of the public hearing or any other administrative or legal entities are received. The review committee forwards its feedback on honorary basis and hence the replies are received after considerable lapse of time. The proponents through their consultants also require time to collect and analyze data / information and forward replies to Pak-EPA. Besides, assessment issues pertaining to territorial jurisdiction of Pak-EPA, land utilization aspects of the projects and legal considerations also delay the process of review and issuance of approvals. Every effort was made to ensure timely disposal of the cases.

The reply of the department was not tenable. The department was required to make efforts to finalize the cases within stipulated timeframe and where the delay was unavoidable, the reasons should have been recorded to ensure transparency, besides, taking concrete steps to follow-up the submitted cases.

The PAO was requested to convene DAC meeting, however, the same was not convened till finalization of this report.

Audit recommends that the management should look into the matter for corrective actions and ensure that the cases of IEE and EIA should be approved as per the specified timelines.

(Para #08, Pak-EPA)

2.4.6 Non-prosecution of cases related to violations of environmental approvals granted by Pak-EPA

As per Clause 13 & 14 of Pakistan Environment Protection Agency Review of IEE and EIA Regulations, 2000, every approval of IEE or EIA shall be subject to the conditions imposed by agency that project design, construction and mitigation measures are in accordance with IEE or EIA approved by agency. The compliance of conditions imposed by agency shall be ensued by submitting Environment Management Plan.

Pak-EPA granted approvals of IEE/EIA to different proponents during the year 2020-21. The approvals were granted subject to fulfillment and the compliance of the conditions imposed in the respective approvals.

Audit observed that compliance reports were neither submitted to Pak-EPA, Islamabad by the proponents nor post monitoring was carried out. Besides, no enforcement measures were taken by Agency against the violators. Details are at **Annexure-XI.**

Audit is of the view that non-taking of action against the proponents violating the environmental approvals was violation of EPA Act resulting into environmental issues in the capital city.

The matter was reported to the management on 11.10.2021 and it was replied that submission of compliance reports by the proponent against the conditions of approval remains an issue and extensive punitive measures as permissible under the law need to be taken. Availability of human resource to follow up the compliance process / reports by the proponent, site visits and prosecution in the court remains a week area. The EIA /Monitoring and legal section need to be sufficiently strengthened through induction of officers and staff so as to address the observation effectively.

The reply was not tenable as deficiencies pointed out by audit were required to be addressed.

The PAO was requested to convene DAC meeting, however, the same was not convened till finalization of this report.

Audit recommends that management should look into the matter and improve the monitoring mechanism as well as enforcement regime.

(Para # 09, Pak-EPA)

Chapter 3

National Disaster Management Authority (NDMA)

3.1 Introduction

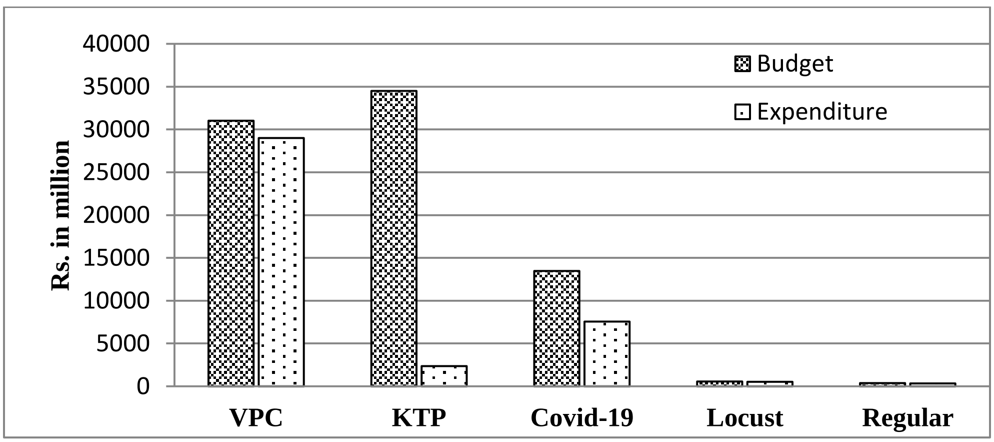
A. NDMA was established under the National Disaster Management Act, 2010 and functions under the supervision of National Disaster Management Commission (NDMC) which is headed by the Prime Minister of Islamic Republic of Pakistan. NDMA manages the whole Disaster Management Cycle (DMC) which includes Preparedness, Mitigation, Risk Reduction, Relief and Rehabilitation.

B. Comments on Budget and Accounts (Variance Analysis)

(Rs. in million)

Account Head	Financial Year	Budget	Expenditure
Vaccine Procurement Cell (VPC)	2020-21	31,028.50	28,990.93
Karachi Transformation Plan (DTP)	2020-21	34,506.00	2,347.64
Covid-19	2020-21	13,473.96	7,546.80
Locust Operation	2020-21	565.00	531.97
Regular (Non-Development)	2020-21	363.28	336.15
Total		**79,936.74**	**39,753.49**

The graphical representation of the budget and expenditure for the FY 2020-21 is as under:



C. Sectoral Analysis

National Disaster Management Authority (NDMA), is mandated to deal with whole spectrum of disasters and their management in the country. The NDMA formulate and enforces national disaster policies at federal and provisional levels and collaborates closely with various government ministries, institutions and other agencies to jointly coordinate efforts to conduct disaster management, search and rescue, and wide range of humanitarian operations in the country. The NDMA aims to develop sustainable operational capacity and professional competence to undertake its humanitarian operations at its full capacity. The vision and mission statements of NDMA defines its core objectives as below:

Vision

- Achieve sustainable social, economic and environmental development in Pakistan through reducing risks and vulnerabilities, particularly those of the poor and marginalized groups, and by effectively responding to and recovering from all types of disasters events.

Mission

- To manage complete spectrum of disasters by adopting a disaster risk reduction perspective in development planning at all levels, and through enhancing institutional capacities for disaster preparedness, response and recovery.

NDMA act as Secretariat of National Disaster Management Commission to facilitate implementation of DRM 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)
- Require any government department or agency to make available such men or resources as are available for the purpose of emergency response, rescue and relief.

Detail of disasters / emergency situations handled by NDMA:

- 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

Table-I Audit Profile of National Disaster Management Authority (NDMA)

(Rs. in million)

Sr. No.	Description	Total Nos.	Audited	Expenditure audited FY 2020-21	Revenue / Receipts audit FY 2020-21
1.	Formations	01	01	3,215.757	Nil
2.	• Assignment Account • SDAs • NDMA Fund A/c	01 Nil 01	01 Nil 01	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

3.2 Classified Summary of Audit Observations

Audit observations amounting to Rs. 7,482.09 million and USD 62.27 million have been raised in this report pertaining to NDMA. Recovery amounting to Rs. 477.22 million 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
1.	**Financial Management**	**5,377.53**	**--**
2.	**Irregularities**	**192.27**	**--**
A.	Procurement related irregularities	192.27	**--**
3.	**Others**	**1,912.29**	**62.27**

3.3 Brief comments on the status of compliance with PAC directives

The Directorate General Audit (CC&E) started conducting the audit of NDMA Islamabad 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	Date of PAC	Number of Audit Paras			Compliance		
		Discussed in PAC	Settled by PAC	Directives issued	Received	Awaited	% of compliance
2016-17	14.05.20	05	00	05	00	05	00

3.4 AUDIT PARAS

Financial Management

3.4.1 Loss due to late Conversion of US Dollars 4.00 million donated by China for construction of Isolation Hospital in Islamabad – Rs. 26.20 million

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

Peoples Republic of China donated 4.00 million USD on 27.03.2020 to Government of Pakistan for establishment of Isolation Hospital at Islamabad during the Covid-19 pandemic.

NDMA utilized the funds already available in NDMF (NIDA Account) for establishment of the Hospital instead of utilizing the amount transferred by China held in Dollar account. Later on, after one year, NDMA transferred 4.00 million USD from its dollar account to NIDA PKR account on 05.04.2021.

Audit observed that due to late conversion of USD into PKR, the Authority sustained a conversion loss of Rs. 26.200 million i.e. (USD 4,000,000* (Rs. 160.00 - Rs. 153.450 = Rs. 6.55). At the time of receipt of funds by NDMA on 27.03.2020, the rate of USD was Rs. 160.00, while at the time of conversion of amount by NDMA on 05.04.2021, the rate of USD was Rs. 153.40.

Audit is of the view that NDMA was required to transfer the amount in its PKR account when it was received and should have utilized the same for the intended purposes.

Initial observation was issued to the management on 08.10.2021, but no reply was provided by NDMA.

The PAO was requested to convene DAC meeting on certification audit, however, the same was not convened till finalization of this report.

Audit recommends that the management should refer the case to Finance Division for regularization, besides the matter should be inquired for fixing responsibility for the loss to public exchequer amounting to Rs. 26.20 million.

(ML Para No. 8, Certification Audit NDMA 2020-21)

3.4.2 Non-utilization of funds lying in bank accounts transferred by Emergency Relief Cell (ERC) to NDMA – Rs. 3,755.56 million

Section 29 (3) of National Disaster Management (NDM) 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 relatable 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 instructed that the present function assigned to ERC including distribution of cash compensation shall immediately be transferred to NDMA along with all ERC's bank accounts. The entire exercise may be completed within thirty days time frame.

Cabinet Division vide letter dated 01.01.2016 forwarded minutes of meeting held on 31.12.2015 to NDMA in which the following recommendations were made:

(a) NDMA shall operationalize ERC relief funds by assuming their administrative control and shall ensure change of signatories from ERC to NDMA as early as possible.

(b) The ERC relief funds shall not be merged with the NDM Funds and shall continue to retain their individual entity.

(c) NDMA shall formulate proposals/schemes for the utilization of these funds for the purpose they were created and submit them to the Government for approval as per rules and procedure in vogue.

Later on, Cabinet Division vide office order dated 16.02.2016, transferred the administrative control of eleven (11) ERC accounts having balance of Rs. 3,755.56 million from Cabinet Division to NDMA. Details are at **Annexure-XII.**

It was observed that the accounts having credit balance of Rs. 3,755.56 million were transferred to NDMA during 2016 however, the fate of these accounts has not been decided despite lapse of considerable time. This resulted in tied up of Government funds and loss in shape of interest/profit. Further, these account balances were not taken up in books of accounts and disclosed in the financial statements.

Initial observation was issued to the management on 08.10.2021, but no reply was provided by NDMA.

The PAO was requested to convene DAC meeting on certification audit, however, the same was not convened till finalization of this report.

Audit recommends that bank accounts of ERC along with credit balances should be taken in the books of accounts. Further, the management should look into the matter of blockade of funds since 2016 and share outcome with audit authorities.

(ML Para No. 4, Certification Audit NDMA 2020-21)

3.4.3 Investment in Terms Deposits Receipts (TDRs) without prior approval of the Finance Division – Rs. 1,100.00 million

According to Section 23 (2) of Public Finance Management Act, 2019, no authority shall transfer public moneys for investment or deposit from government account [including the assignment accounts] to other bank account without prior approval from the Federal Government.

Para 7 of GFR Vol-I, provides that moneys may not be removed from the Public Account for investment or deposit elsewhere without the consent of the Ministry of Finance.

NDMA made an investment of Rs. 1,100.00 million in Zarai Taraqiati Bank Limited (ZTBL) in shape of TDRs. The amount of investment was drawn / transferred from NDMF account.

Audit requested to provide approval of Finance Division, however the same was not available on record which indicates that the investment was made without obtaining approval of the Finance Division.

Audit is of the view that investment of public funds without approval of Finance Division was violation of rules and thus irregular.

Initial observation was issued to the management on 08.10.2021, but no reply was provided by NDMA.

The PAO was requested to convene DAC meeting on certification audit, however, the same was not convened till finalization of this report.

Audit recommends that the matter should be taken up with Finance Division and outcome be shared with audit authorities.

(ML Para No. 9, Certification Audit NDMA 2020-21)

3.4.4 Non-deposit of General Sales Tax (GST) - Rs. 430.45 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 percent of the value of taxable supplies made by a registered person in the course or furtherance of any taxable activity carried on by him.

According to S.R.O. No. 237(1)/2020 dated 20.03.2020 issued by FBR, the import and subsequent supply of some items/goods mentioned in the notification were exempt from GST for a specified period of time.

NDMA procured various COVID-19 related items from different vendors during the FY 2020-21.

Audit observed as under:

i. Payment of Rs. 1,803.385 million was made to various suppliers, however GST amounting to Rs. 306.575 million (@ of 17 %) was not included in the bills, hence not deducted and not deposited in government treasury. Details are at **Annexure-XIII.**

ii. Similarly, an amount of Rs. 728.682 million was paid to various suppliers, however GST amounting to Rs 123.875 million was not included in the bills hence not deducted. The GST was not included on the plea that import and subsequent supply of these items was exempted from tax. Audit on sample basis checked / scrutinized 35 vouchers and noticed that import documentation was neither attached nor provided. This reveals that supply was made by the vendors through local purchases instead of import. Details are at **Annexure-XIV.**

Audit is of the view that non-deduction and non-deposit of GST amounting to Rs. 430.450 million (Rs. 306.575 + Rs. 123.875) resulted in loss to the government revenues.

Initial audit observation was issued on 31.01.2022. It was replied that majority of the vendors fall in the category of local importers and were covered under SRO issued by the FBR for exemption of GST, however, NDMA will work out the amount of GST after verification of vouchers and deposit the same into public treasury with the approval of National Authority.

DAC meeting was held on 18.02.2022. It was decided that NDMA shall carry out a detailed working of amount of GST to be deducted / deposited and accordingly deposit the same into government treasury.

Audit recommends that all due taxes should be properly worked out by NDMA and be deducted and deposited into government treasury.

(Para No. 43 & 44, AIR NDMA, Covid-19 Expenditure)

3.4.5 Non-deduction of Income Tax from Frontier Works Organization (FWO) – Rs. 33.825 million

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

NDMA awarded a contract to M/s Frontier Works Organization (FWO) for construction of Isolation Hospital and Infectious Treatment Center (IHITC) during the COVID-19 pandemic. A cumulative payment of Rs. 845.620 million was made to FWO for construction of the hospital.

Audit observed that income tax on the payments made to the contractor was not deducted. NDMA did not deduct income tax, as while ascertaining the legal status of FWO for entitlement of exemption of income tax, the Office of the Commissioner Inland Revenue Zone-I , RTO Rawalpindi vide letter dated 12.01.2015 had held that FWO is not liable to tax in view of provision of Article 165 of Constitution of Islamic Republic of Pakistan. Details of payment and income tax are as under:

(Rs. in million)

Total Payment	Income Tax @ 4%
845.62	33.82

Audit is of the view that Article 165 (1) provides that the Federal Government shall not, in respect of its property or income, be liable to taxation under any Act of Provincial Assembly. However, it does not provide any exemption from taxation under the Act of the Federal Government. Moreover, Section 49 (4) of Income Tax Ordinance, 2001 read with Section 159 (1) (a) of the Ordinance also does not allow exemption from Income Tax to entities/bodies/institutions set up, owned and controlled, either directly or indirectly, by the federal government or a provincial government. Hence, grant of exemption and non-deduction of Income Tax is not justified, as FWO is performing commercial activities and earning profit which is not becoming part of the consolidated fund and resulting is loss to the government revenues.

Initial observation was issued on 31.01.2022. NDMA replied that income tax was not deducted as FBR had exempted FWO being a Government Organization in view of the provisions of Article 165 of the Constitution of the Islamic Republic of Pakistan vide RTO Rawalpindi letter No. CIR-Zone-I/F.22/2013-2642 dated 12 January 2015.

Reply was not tenable as FWO is performing commercial activities and earning profit which is not becoming part of consolidated fund of the Government. Further Article 165 of the Constitution does not provide any exemption to FWO from Income Tax.

DAC meeting was held on 18.02.2022. It was directed that NDMA shall obtain latest exemption certificate from FWO.

Audit recommends that the matter should be taken up with FWO and FBR for clarification.

(Para No. 46, AIR NDMA, Covid-19 Expenditure)

3.4.6 Non-deduction of Income Tax from supplier – Rs. 10.713 million

According to Section 153(1)(a)&(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 for the sale of goods including toll manufacturing, except where payment is less than seventy-five thousand Rupees in aggregate, during a financial year on the execution of a contract, including contract signed by a sportsperson but not including a contract for the sale of goods or the rendering of or providing services, shall, at the time of making the payment, deduct tax from the gross amount payable (including sales tax, if any) at the rate specified in Division III of Part III of the First Schedule.

According to the general exemption issued by FBR, M/s Pakistan Oxygen Limited is allowed to make supply of goods manufactured by the firm without tax deduction under Section 153(1)(a) of Income Tax Ordinance, 2001, for a period from 01.07.2020 to 31.12.2020.

NDMA issued a work order to M/s Pakistan Oxygen Limited for supply of Oxygenation of 1,119 hospitals in Punjab, Sindh & KPK. The contractor supplied both foreign and indigenous products/items amounting to Rs. 404.359 million.

However, import documents in respect of supply of imported items amounting to Rs. 267.815 million were not provided to NDMA.

Audit observed that Income Tax on supply of items which were not manufactured by the contractor was not deducted as detailed below:

(Rs. in million)

Sr. No.	Bill No.	Date	Territory	Imported items	Local items	Total payment
1.	918/2020-21	03.05.2021	Sindh	69.016	33.309	102.324
2.	757/2020-21	04.03.2021		76.274	27.500	103.774
3.	918/2020-21	03.05.2021	Punjab	22.961	22.777	45.738
4.	757/2020-21	04.03.2021		55.133	32.052	87.184
5.	918/2020-21	03.05.2021	KP	2.875	3.263	6.138
6.	918/2020-21	03.05.2021	Federal	41.556	17.644	59.201
Total (Rs.)				**267.815**	**136.545**	**404.359**
Income Tax @ 4%				**10.713**	**---**	

Audit is of the view that non-deduction of Income Tax amounting to Rs.10.712 million resulted into loss to the government. Further, the exemption on self-manufactured items was valid upto 31.12.2020 only.

Initial audit observation was issued on 14.12.2021. NDMA replied that as per general exemption issued by FBR, M/s Pakistan Oxygen Limited is allowed to make supply of goods manufactured by him without tax deduction under Section 153(1)(a) of Income Tax Ordinance, 2001, for a period extended from time to time. On every delivery, M/s Pakistan Oxygen Limited provided latest tax exemption and therefore NDMA did not deduct the tax.

The reply was not satisfactory. The exemption was allowed only on the goods manufactured by the supplier, whereas objected amount pertains to import/ local supply. Further the exemption on self-manufactured items was valid upto 31.12.2020.

DAC meeting was held on 18.02.2022. It was directed that NDMA shall examine the issue of non-deduction of income tax in-house for deliberation and further action in the next DAC meeting.

Audit recommends that income tax should be deducted from the supplier.

(Para No. 34, AIR NDMA, Covid-19 Expenditure)

3.4.7 Unjustified transfer of funds to PSO for POL of DPP vehicles and non-obtaining/adjustment of vouched accounts - Rs. 10.370 million

Para 4.2.15.1 of Accounting Policies and Procedure Manual (APPM) provides that 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. An agreement of that type must not be entered into merely to avoid the lapsing of an appropriation.

As per GFR 213 (5), advances made for public expenditure will be held under objection until a detailed account duly supported by vouchers is furnished in adjustment of them.

Department of Plant Protection (DPP), Ministry of National Food, Security and Research vide its letter dated 26.06.2020 requested NDMA that share of Department of Plant protection (DPP) amounting to Rs. 10.370 million embarked for POL for vehicle out of locust funds may be transferred to PSO. The funds shall be utilized for DPP's vehicles deputed for locust survey and control operations. NDMA accordingly, transferred/released funds vide cheque no 81497966 dated 01.07.2020 to PSO (Pakistan State Oil).

During audit of NDMA for the Financial Year 2020-21, it was observed that funds were transferred to PSO in advance on lump sum basis without invoice or any supporting documents. Further, actual expenditure incurred on fueling of DPP vehicles was also not available and detail of utilization and vouched accounts were not obtained from DPP.

Audit is of the view that the transfer of funds to the vendor PSO in advance instead of transfer to DPP for its utilization and non-obtaining of vouched accounts was not justified.

Initial observation was issued on 22.11.2021 and it was replied that DPP provided the detailed expenditure vide letter dated 29.11.2021 and informed that audit of the DPP has not been conducted therefore, they will submit post audit documents after audit is conducted.

The reply was not acceptable as complete record/vouched accounts were not obtained from DPP. Moreover observation regarding payment released to PSO in advance was not attended by NDMA. Further, DPP provided the details of expenditures of Rs. 1.996 million only and status of Rs. 8.374 million was not provided.

DAC meeting was held on 04.02.2022. It was decided that claims and payment vouchers against the expenditure should be obtained from the concerned and same be got verified by NDMA and adjusted accordingly against the total payment released. Moreover, saving if any may be retrieved.

Audit recommends that the claims and payment vouchers against the POL drawn/used should be obtained from the DPP and the same be got verified by NDMA and adjusted.

(AIR Para#2 Locust)

3.4.8 Excess transfer of funds to Government of Sindh on account of LDPs compensation – Rs. 8.190 million

As per Karachi Transformation Plan (KTP), payment on account of compensation to Government of Sindh for 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 were to be provided by NDMA (Federal Government).

Minutes of 4th PCIC (Provincial Coordination & Implementation Committee) meeting dated 28.12.2020 provided that the estimated 319 LDPs/households (liable to change as dictated by NED Svy) will be provided with resettlement support in cash at the rate of Rs. 15,000 per month for 02 years to be paid on 06 monthly basis in a manner which ensures abandonment and eviction of encroached land.

As per 4th PCIC meeting dated 28.12.2020, the total number of LDPs of Mahmoudabad Nallah were 319 households. It was also decided that compensation for a period of 2 years shall be transferred in four equal tranches. NDMA accordingly transferred an amount of Rs. 28.710 million to Sindh Government as first tranche on account of compensation of Mahmoudabad Nallah LDPs on 06.01.2021 as detailed below:

(Rs. in million)

No. of LDPs	Monthly rate (Rs.)	Total amount for two years (Rs.)	Amount of 1sttrench transferred
319	15,000	319 x 15000 x 24 = 114,840,000	28.710

During audit of NDMA for the FY 2020-21, it was observed that actual number of LDPs was reduced from 319 to 57 in the survey carried out by KMC. Hence, due to reduction in the number of LDPs, total amount of compensation for the whole period of two year comes to Rs. 20,520,000 (57 x Rs. 15,000 x 24 months). Resultantly, an amount of Rs. 8.190 million (Rs. 28.710 million – Rs. 20.520 million) was over transferred as first tranche.

Audit is of the view that excess transfer of funds resulted in blockade of public funds.

Initial observation was issued on 13.12.2021. It was replied that the matter was already identified by the NDMA and the amount of Rs. 8.18 million will be adjusted against resettlement support for other 2x Nallahs (Gujjar and Orangi).

DAC meeting was held on 04.02.2022. It was directed that complete record after adjustment of funds be arranged and verified from audit authorities.

Audit recommends that excess transferred amount should be recovered and adjusted by the Authority.

(AIR Para # 13 KTP)

3.4.9 Unjustified payment of Custom Duty - Rs. 2.227 million

FBR letter No. C.No.1/1/Mach./Misc./2001-Pt.2 dated 09.11.2020 provided that agricultural or horticultural sprayers are subject to 0% custom duty.

NDMA awarded a contract for procurement of 83 Micron Sprayer to M/s Micron Sprayers Ltd. UK on 07.05.2020. The import of the said equipment was subject to 0% custom duty.

During audit of NDMA for the Financial Year 2020-21, it was observed that NDMA paid custom duty amounting to Rs. 2,227,389 on 29.07.2020 to Pakistan Customs for clearance of 1st consignment of 05 Micron sprayers.

Audit is of the view that payment made on account of Custom Duty was against the rules/policy which resulted in loss to the Authority.

Initial observation was issued on 22.11.2021. It was replied that matter of refund of Rs. 2,227,389 has been taken with FBR. In response, FBR informed that 1st tranche of 5 x Micron Sprayers arrived in Pakistan in July 2020 and SRO issued on 29.09.2020. Therefore, no exemption is to be granted retrospectively. NDMA again submitted a request for reimbursement of tax amount in pursuance of ECC approval but no response has been provided as yet.

DAC meeting was held on 04.02.2022. It was directed to peruse the matter with FBR for refund of the amount.

Audit recommends that amount should be got refunded from Pakistan Customs and deposited into government treasury.

(AIR Para # 4 Locust)

3.4.10 Unauthorized expenditure from National Disaster Management Fund

Section 29 (5) of National Disaster Management Act 2010 provides that the National Disaster Management Fund (NDMF) shall be administered by the National Authority towards meeting the expenses for emergency preparedness, response, mitigation, relief and reconstruction.

NDMA paid an amount of Rs. 680,110 vide cheques No. 87472198-200 & 87472201-13 to the employees of the Authority from NDMF during FY 2020.21.

Audit observed that payment from NDMF was made for non-specified purposes in clear violation of Section 29(5) of the Act.

Audit is of the view that the NDMF cannot be utilized for the purposes other than those specified in the Act. The expenditure on non-specified purposes resulted in unauthorized drawl of the Fund which was meant for meeting the disaster and emergency related expenses only.

Initial observation was issued on 14.12.2021. NDMA replied that in the year 2020, NDMA was confronted with multiple challenges which include response to COVID-19, managing floods during Monsoon and conduct of anti-locust operation. During the prevailing crises situation, the employees of the Authority performed duties beyond the office timings including weekends with full devotion and commitments for emergency preparedness, response, mitigation and relief during COVID-19 and Locust disasters. It is because of NDMA's efforts along with other relevant Government Departments that the country was saved from a major setback from the disasters. The late sitting charges were paid to the staff from NDMF after approval of the National Authority.

The reply was not acceptable. The payment from NDMF account for non-specified purposes was unauthorized.

DAC meeting was held on 18.02.2022. It was directed that NDMA shall examine the issue of payments made from NDMF and the outcome will be shared in the next DAC meeting.

Audit recommends that the management should deposit the amount drawn in the National Disaster Management Fund. Moreover, NDMA should work out all such payments made from NDMF for non-specified purposes and take necessary corrective action.

(Para No. 6, AIR NDMA, Covid-19 Expenditure)

Procurement related irregularities

3.4.11 Mis-procurement of surgical gowns – Rs. 133.500 million

Rule 10 of Public Procurement Rules, 2004 states that the procuring agency shall allow the widest possible competition by defining such specifications that shall not favor any single contractor or supplier nor put others at a disadvantage. Rule 23 states that the procuring agencies shall formulate precise and unambiguous bidding documents that shall be made available to the bidders immediately after the publication of the invitation to bid. Rule 30 states that all bids shall be evaluated in accordance with the evaluation criteria and other terms and conditions set forth in the prescribed bidding documents. Further, as per sub-clause (iv) of clause (c) of Rule 36, no evaluation criteria shall be used for evaluation of bids that had not been specified in the bidding documents.

NDMA procured “Surgical Gown/water impermeable” amounting to Rs. 255.00 million during FY 2020-21. Single stage one envelop process was adopted for procurement and 17 firms participated in the tendering process. As per tender evaluation report, first four firms offered the rates ranging from Rs. 162 to Rs. 330, however these firms were rejected on technical grounds. The purchase orders were issued to M/s Blue Bird and M/s Pak Business International falling at Sr. No. 5 & 6 of the comparative statement at the rate of Rs. 340 per unit and an amount of Rs. 255.00 million was paid. Details are as under:

(Rs. in million)

Sr. #	Name of Vendor	Quantity	Amount
1.	Blue Birds Enterprises	500,000	170.00
2.	Pak Business International	250,000	85.00
Total			**255.00**

Audit observed as under:

i. No criteria was devised in bidding document for the evaluation of bidders in contravention of PPRA Rules. Required specifications of the items were not finalized by any forum before procurement and were neither inserted in the tender nor in bidding document. Hence, in the absence of prior required specifications and unambiguous evaluation criteria, the award of contract to the suppliers stands irregular which resulted in loss of Rs. 133.500 million (Rs. 340 – Rs. 162 *750,000).

ii. The earnest money and performance guarantee was not obtained from any vendor.

iii. No test reports were available on record to confirm that the suppliers have provided the items as per specifications i.e. GSM laid down by the Authority at the time of evaluation of bids.

iv. The bank statement of M/s Blue Birds was showing a negative balance which indicates that the firm was not financially sound.

Audit is of the view that non-compliance of provisions of PPRA Rules resulted in mis-procurement.

The initial observation was issued on 14.12.2021. It was replied that the composite technical / procurement committee of NDMA having representation from all stakeholders / professionals made need assessment with respect to the quality of an item. The quality parameters were also communicated to vendors during an open meeting and no firm had shown any grievances. First four firms were rejected by the Technical Committee on the basis of quality and firms at Sr. No. 5 & 6 were selected being most advantageous. It was mentioned in the tender notice as well as in para 11 of the terms and conditions that “Firms / vendors shall quote their standard specification acceptable to Drug Regularity Authority and other relevant authorities of Pakistan as well as comply to international standard. However, firms may quote their own standard specification and highlight unique / distinctive features if any. Technical team comprised a Bio Medical Engineer from GHQ, two Bio Medical Equipment Specialists / Engineers from PIMS Hospital, a professional medical doctor from Army Medical Corp and a representative of DRAP, besides other generalists and procurement specialists. Firms quoted the specifications according to tender and were accepted by the Committee after proper evaluation. Earnest money @ 2% was obtained from the selected firms as mentioned in Para 14 of terms and conditions of tender document and Para 3(d) of the purchase orders. Moreover, no complaint was received against items supplied.

The reply was not satisfactory as the requirement of 50 GSM was neither part of advertisement nor bidding document. Further, in the absence of bid evaluation criteria, the bids were evaluated without predetermined criteria. Similarly, the GSM was neither confirmed at the time of evaluation nor at delivery time. No documentary evidence regarding obtaining of earnest money and performance guarantee was provided.

DAC meeting was held on 18.02.2022. It was directed that NDMA should look into the matter and get the relevant record verified from audit authorities.

Audit recommends that matter should be inquired at appropriate level and outcome be shared with Audit.

(Para No. 12, AIR NDMA, Covid-19 Expenditure)

3.4.12 Mis-procurement on account of purchase of 700 ICU beds - Rs. 58.765 million

Rule 29 and 30 of Public Procurement Rules, 2004 provides that 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 document. Failure to provide for an unambiguous evaluation criterion in the bidding document shall amount to mis-procurement. All bids shall be evaluated in accordance with the evaluation criteria and other terms and conditions set forth in the prescribed bidding document. Further, as per sub-clause (iv) of clause (c) of Rule 36, no evaluation criteria shall be used for evaluation of bids that had not been specified in the bidding documents.

NDMA paid an amount of Rs. 91.00 million to M/s Pindi Surgical Center on account of procurement of 700 ICU beds along with accessories at the rate of Rs. 130,000 each. As per minutes of the procurement committee meeting dated 19.06.2020, the tender was advertised in the newspaper and on PPRA as well as authority’s website and single stage single envelop method was adopted and 10 firms submitted bids. The purchase order was issued on 18.06.2020. It was mentioned in the minutes of the committee meeting that all bidders showed their inability to start deliveries before 30th June 2020 except M/s Pindi Surgical Center, hence PO was issued to the firm. As per purchase order, 350 beds were required to be supplied up to 30.06.2020 and remaining to be supplied up to 15.07.2020.

Audit observed as under:

1. The bidding document did not contained clear specifications and bid evaluation criteria.
2. Bank Guarantee of Rs. 4.550 million (5%) which was required to be valid till completion of warranty period was not provided.
3. As per tender evaluation sheet, M/s Mumtaz Brothers, M/s Pak Business, M/s TK Medical and M/s Zeb & Company offered rates of Rs. 46,050, Rs. 100,626, Rs. 116,000 and Rs. 92,250 respectively. However, it was mentioned in the tender evaluation sheet that these firms were technically not recommended. Hence, in the absence of prior required specifications and unambiguous evaluation criteria, the award of contract stands irregular which resulted in loss of Rs. 58.765 million (Rs. 130,000 - Rs. 46,050 = Rs. 83,950 x 700).
4. The Director Procurement as member of the procurement committee did not signed the minutes and had written his remarks that cheque instead of CDR was submitted on the date of tender opening. CDR was submitted on 19th June. Audit holds that in the absence of CDR, selection of the bidder was violation of PPRA rules and Director Procurement /member also not signed the minutes for the stated reason.
5. The vendor did not provide 5 years warranty for repair and services as required in the purchase order.
6. Agreement was recorded on the simple paper instead of stamp papers.
7. Proper delivery challans were not available on record. As per record provided, only 380 beds out of 700 beds were supplied by the vendor at different locations.
8. As per purchase order 500 beds Huntleigh UK model, 100 beds enterprise UK and100 beds of Avant Guard USA were ordered, however, delivery of the same models was not confirmed.

Audit is of the view that non-compliance of provisions of PPRA Rules resulted in mis-procurement.

Initial observation was issued on 14.12.2021. It was replied that in view of emergency situation, bidding criteria was chalked out and also mentioned in tender documents which states that ICU beds should be refurbished, fully motorized and remote control operated. Mattress should be of high density, with waterproof cover and provision of side cabinet and over head table. A CDR and cross cheque from M/s Pindi Surgical (Pvt.) Ltd. has been withheld as Bank Guarantee for five years. All the tender participants except one firm i.e. M/s Pindi Surgical had shown their inability to start deliveries of ICU Motorized Beds before 30th June 2020. M/s Pindi Surgical agreed to deliver 700 beds by 30th June, 2020. M/s Mumtaz Brothers, M/s Pak Business, M/s TK Medical and M/s Zeb & Company were not awarded POs being technically rejected as well as their late delivery time. Initially M/s Pindi surgical submitted a cross cheque instead of CDR, however NDMA accepted CDR on 19th June, 2020 keeping in view the need and urgency as the only firm showing its ability to deliver the required item before 30th June and 15th July. The observation regarding signing of agreement is noted for future compliance. All the delivery challans are available duly verified by concerned departments. The beds of same specifications were received however, the consignee did not mention the make and type but only the number of beds that were actually received.

The reply was not satisfactory as the bidding document did not specify clear specifications and bid evaluation criteria. The total amount of CDR and cheque was of only Rs. 3.00 million which was less than the required amount and also having the validity period of less than warranty period (i.e. two year from supply, June 2022). All participants including M/s Pindi Surgical Center were not fulfilling the required delivery time of one week, further, the delivery period was not mentioned against the M/s Zeb and Company. The actual delivery time offered in the proposal by these four firms was not provided. CDR was also not provided by the bidder along with bid. Further the stance of department that cross cheque was obtained for warranty was not acceptable as cheque was retained for PG which also have validity of six months. As per delivery challans, 50 beds were provided to Fatima Jinnah hospital Quetta, whereas NDMA has claimed delivery of 100 beds. Similarly, delivery challans of the vendor showing the delivery of the exact model beds were not provided.

DAC meeting was held on 18.02.2022. It was decided that matter should be looked into by NDMA and para will be discussed in next DAC meeting.

Audit recommends that matter may be looked into, further probed and report be shared.

(Para No. 15, AIR NDMA, Covid-19 Expenditure)

Others

3.4.13 Non-obtaining of invoices and vouched account in respect of amount transferred to Embassy of Pakistan, Beijing - USD 62.271 million

Para 23 of GFR Vol-I provides that 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.

NDMA transferred an amount USD 87.00 million to Embassy of Pakistan, Beijing for procurement of medical equipment to cater the Covid-19 pandemic. An amount of USD 62.271 million was expended on various procurements. The detail of funds transferred and expenditure incurred is as under:

(USD in million)

Sr. No.	Description	Date of Transfer	Amount
1.	Transferred by FD	26.03.2020	50.00
2.	Transfer by SPD	26.03.2020	02.00
3.	Transfer By NDMA	01.04.2020	35.00
Total			**87.00**
Total Expenditure			**62.271**

Audit observed that vouchers, invoices, bills and vouched accounts/ supporting documents were not obtained from Pakistan Embassy Beijing in respect of expenditure.

Audit is of the view that the transfer of huge funds in shape of foreign exchange without having necessary supporting documents was against the financial rules and discipline. Further without vouchers and supporting documents expenditure is not verifiable.

Initial observation was issued on 14.12.2021. NDMA replied that USD 50.00 million were transferred directly in the Pakistan Embassy Account Beijing by Finance Division for procurement of Covid-19 related items. Its vouchers are being maintained with NDRMF. The remaining amount was transferred by NDMA with the approval of Finance Division. NDMA has written many letters to Pakistan Embassy Beijing for provision of vouched accounts but only bank statement has been provided so far. NDMA has tried to obtain the copies of vouchers from CAO, MoFA and some of copies of these vouchers have been collected.

The reply was not acceptable as the complete amount was transferred to Pakistan Embassy Beijing for procurements for NDMA and amount was booked to NDMA. Hence complete vouchers and allied record was required to be available with NDMA.

DAC meeting was held on 18.02.2022. It was directed that NDMA shall pursue the matter with Embassy of Pakistan, Beijing and obtain the vouchers and other relevant documents and carry out necessary adjustment accordingly.

Audit recommends that complete invoices, vouchers and vouched account/supporting documents should be obtained from Pakistan Embassy Beijing and accordingly verified and adjusted.

(Para No. 20, AIR NDMA, Covid-19 Expenditure)

3.4.14 Release of funds to Government of Sindh and other entities by NDMA and non-obtaining of vouched accounts – Rs. 1,644.479 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.

NDMA released an amount of Rs. 1,644.479 million out of Funds meant for Karachi Transformation Plan (KTP) and Locust Operations to Government of Sindh, various contractors and DG Budget GHQ Rawalpindi as detailed below:

(Rs. in million)

Sr. No.	Name of recipient	Purpose	Amount	Expenditure Head
1.	Government of Sindh	Resettlement support to LDPs of Mehmoodabad, Gujjar and Orangi Nallahs	1,092.690	KTP
2.	Government of Sindh	Hiring of machinery to remove encroachment on Mehmoodabad, Orangi and Gujjar Nallahs	232.650	KTP
3.	NLC	Removal of utility services at Orangi Nallah K-Electric	13.908	KTP
4.	FWO	Removal of utility services at Gujjar Nallah K-Electric	7.231	KTP
5.	DG Budget GHQ	Purchase of spare parts of BJR Helicopter Fleet used for Anti Locust Aerial Spray	298.000	Locust funds
Total			**1,644.479**	**---**

During audit of NDMA for the FY 2020-21 it was observed that:

i. The releases by NDMA to different entities / contractors 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.

ii. 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 households/LDPs whose houses were not removed being not falling at marked line.

iii. In respect of payments mentioned at Sr. No. 3 & 4 of the observation, the amount was released to the contractors for removal of utility services instead of relevant department. Further, adjustment/ vouched accounts were not obtained from the contractor and relevant department (s) and the advance payment was also not adjusted.

iv. The detailed working and funds requirement for utilization on Locust operation was not obtained from DG Budget GHQ. Further, the amount was transferred in the month of July, 2020, but adjustment/vouched accounts were not obtained till close of the year i.e. 30.06.2021.

Audit is of the view 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 has resulted in non-adjustment of the advances.

Initial observation was issued on 13.12.2021. The management replied that requisite details / documents will be furnished on completion of Anti Encroachment Drive by Government of Sindh. The required documents along with completion certificate of relocation of utility service will be produced on completion of the projects. Logistic Support Branch, Chief of Logistic Staff (CLS) has forwarded summary of Rs. 275.00 million. NDMA has again requested for provision of vouched accounts of Rs. 298.00 million.

DAC meeting was held on 04.02.2022. It was directed that all relevant documents including approval of expenditures from relevant Authority, sanction orders, vouchers, invoices, tax deductions and vouched/adjustment account should be obtained, verified and adjusted accordingly. Moreover, savings if any may be retrieved from quarters concerned.

Audit recommends that the claims and payments vouchers should be obtained from the concerned and the same should be got verified by NDMA and adjusted accordingly against the total amounts released.

(AIR Para # 10, 14 & 15 KTP, Para 1 Locust)

3.4.15 Non-obtaining of warranties of imported equipment in violation of contract agreement – Rs. 267.815 million

As per terms and conditions contained in para 3(e) of work order No. F.2 (50-i)/2019-20-NDMA/9(Proc.) (Pt. file) dated 15.07.2020, "all warranties of imported equipment shall be provided by M/s Pakistan Oxygen."

NDMA issued a work order to M/s Pakistan Oxygen Limited for supply of Oxygenation for various hospitals in Sindh & Punjab. The contractor provided the details of manufacturer (import or local make) while submitting his quotations separately for Sindh and Punjab hospitals. Accordingly, an amount of Rs. 404.359 million was claimed for supply of both foreign and indigenous products/items which includes Rs. 267.815 million on account of provision of imported items as detailed below:

(Rs. in million)

Sr. No.	Bill No.	Date	Territory	Amount
1.	918/2020-21	03.05.2021	Sindh	69.016
2.	757/2020-21	04.03.2021		76.274
3.	918/2020-21	03.05.2021	Punjab	22.961
4.	757/2020-21	04.03.2021		55.133
5.	918/2020-21	03.05.2021	KP	2.875
6.	918/2020-21	03.05.2021	Federal	41.556
Total				**267.815**

Audit observed that payment of Rs. 267.815 million was made without obtaining warranty of the items as required under the work order and contract agreement.

Audit is of the view that in the absence of warranty of the imported items, the supplier is not bound to repair / replace the defected items and the interest of the government was not secured by the Authority.

Initial audit observation was issued on 14.12.2021. NDMA replied that an amount of Rs. 31.655 million was withheld as retention money as warranty of the oxygen items which is still withheld with NDMA till completion of warranty period.

The reply was not acceptable as the retention money was withheld against clause 3(d) of terms and conditions of above mentioned work order. The warranties of imported items were required to be provided as required under clause 3(e).

DAC meeting was held on 18.02.2022. During the meeting, NDMA held the stance that the warranty was available in the purchase order and contract agreement. Moreover an amount of Rs. 31.655 million was withheld as retention money as warranty of oxygen items, which is still withheld with NDMA, till completion of warranty period. Audit held the firm view that no warranty was available with NDMA and in case of any defect, the Authority will not be able to claim its replacement/repair and the supplier/manufacturer will not have any liability and responsibility for such costly imported equipment. DAC decided that the matter be referred to the PAC for an appropriate decision.

Audit recommends that warranty documents should be obtained from the supplier.

(Para No. 35, AIR NDMA, Covid-19 Expenditure)

Chapter 4

Environment and Emergency & Disaster Management Wings of Metropolitan Corporation Islamabad (MCI)

4.1 Introduction

A. The Environment Wing of Metropolitan Corporation Islamabad (MCI) includes Environment Directorate (East), Environment Directorate (West), Environment Directorate (Regional), Directorate of Parks and Zoo & Wildlife Management. The major functions of environment wing include protection, conservation and management of Islamabad city. It also caters for the protection and conservation of forests, control of forest fires, afforestation and development of the viewpoints and their maintenance. The Emergency & Disaster Management (E&DM) Directorate and CARES (Rescue 1122) also falls under the audit jurisdiction of this Directorate General.

B. Comments on Budget and Accounts (Variance Analysis)

(Rs. in million)

Wing	Financial Year	Budget	Expenditure
Environment Directorate (Parks)	2020-21	1,161.979	948.505
Environment Directorate (East)	2020-21	659.877	595.078
Environment Directorate (West)	2020-21	478.744	369.746
Environment Directorate (Regional)	2020-21	283.489	272.721
CARES (Rescue 1122)	2020-21	129.932	129.932
Emergency & Disaster Management Directorate	2020-21	79.229	79.229

The graphical representation of the budget and expenditrue for the FY 2020-21 is as under:

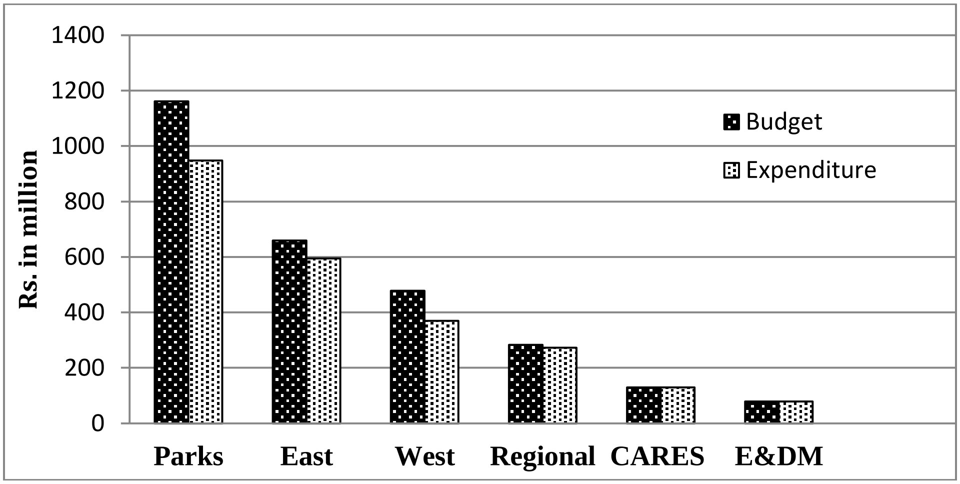


Table-I Audit Profile of Environment and E&DM Wing, MCI

(Rs. in million)

Sr. No.	Description	Total Nos.	Audited	Expenditure audited FY 2020-21	Revenue / Receipts audit FY 2020-21
1.	Formations	06	06	2,745.432	Nil
2.	• Assignment Account • SDAs • Others	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

4.2 Classified Summary of Audit Observations

Audit observations amounting to Rs. 264.98 million have been raised in this report pertaining to Environment and E&DM Wings of MCI. Recovery amounting to Rs. 9.30 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
1.	**Irregularities**	**115.445**
A.	HR/Employees Related irregularities	111.365
B.	Procurement related irregularities	4.080
2.	**Financial Management**	**13.663**
3.	**Value for money and service delivery issues**	**2.890**
4.	**Others**	**132.979**

4.3 Brief comments on the status of compliance with PAC directives

The Directorate General Audit (CC&E) Islamabad started conducting audit of MCI formations since the year 2018-19. No Audit Report has been discussed in PAC meeting so far.

4.4 AUDIT PARAS

HR/Employees related irregularities

4.4.1 Un-justified expenditure on deployment of temporary staff - Rs. 91.32 million

According to Para 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. Para 10(ii) provides that expenditure should not be prima facie more than the occasional demands.

Directorate of Parks, Environment Wing CDA Islamabad paid an amount of Rs. 91.32 million during financial year 2019-20 on account of muster roll staff, daily wages and contract staff as detailed below:

(Rs. in million)

Sr. No.	Description	Expenditure
1.	Muster Roll Staff	90.762
2.	Daily Wages	0.410
3.	Contract Staff	0.148
Total		**91.320**

Audit observed as under:

i. Neither duty roster of deployed temporary and regular staff nor scale of deployment was available with the Authority

ii. Directorate of Parks had sufficient staff i.e. OGM, Security Guards and sanitary workers, as detailed below. Hiring of muster roll staff in addition to regular staff was unjustified.

Sr. No.	Name of Post	Regular staff	Muster roll Staff
1.	OGM	633	184
2.	Security Guards	136	66
3.	Sanitary workers	56	43

iii. During FY 2019-20, no major work was carried out by Directorate of Parks and most of the activities remained stalled due to outbreak of Covid-19.

Audit is of the view that deployment of temporary staff in addition to available regular staff was unjustified.

The matter was reported to the management on 01.06.2021 and it was replied that staff engaged on daily wages and muster roll was purely on need basis to safeguard the safety and security of the parks equipment. Most of DPL staff was regularized against the sanctioned posts. There are 272 parks out of which five are Mega Parks and of these five, only two have amusement facilities, so only these remained closed. Rest of the parks remained opened. Even the closed parks were never left abandoned for safety, security and maintenance of landscape area, fixtures and park gadgets.

The reply was not tenable as temporary staff was being paid regularly despite availability of regular staff. Further, no documentary evidence justifying the necessity and deployment of temporary staff was produced during audit as well as with reply.

The PAO was requested to convene DAC meeting, however, the same was not convened till finalization of this report.

Audit recommends that the management should look into the matter for corrective measures.

(Para No. 3, AIR 2019-20, Directorate of Parks, Environment Wing CDA Islamabad)

4.4.2 Excess expenditure due to employment beyond sanctioned strength – Rs. 20.045 million

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

Directorate of Parks, Environment Wing CDA Islamabad paid an amount of Rs. 20.045 million on account of salaries to the staff of various categories.

During Audit for the financial year 2019-20, it was observed that staff was employed over and above the sanctioned strength which resulted into excess expenditure. Details are as under:

Sr. No.	Name of Post	Sanctioned Strength	Working strength	Excess	Pay Per month (Rs.)	Months	Amount (Rs.)
1.	Security Guard	170	204	34	41,962	12	17,120,496
2.	Electrician	4	6	2	37,750	12	906,000
3.	Forest Guard	0	2	2	46,813	12	1,123,512
4	Foreman	0	1	1	74,589	12	895,068
Total							**20,045,076**

Audit is of the view that excess employment beyond the sanctioned strength was unjustified.

The matter was reported to the management on 01.06.2021 and it was replied that staff was engaged over and above the sanctioned strength with the approval of competent authority. Most of these employees have been regularized, while case for additional posts has been submitted to HR Directorate for issuance of revised sanctioned strength.

The reply was not acceptable as excess employment beyond the sanctioned strength and payment thereof is not covered under rules.

The PAO was requested to convene DAC meeting, however, the same was not convened till finalization of this report.

Audit recommends that the management should look into the matter for corrective measures.

(Para No. 4, AIR 2019-20, Directorate of Parks, Environment Wing CDA Islamabad)

<u>Procurement related irregularities</u>

4.4.3 Splitting of expenditure on account of purchase of horticulture basic tools/ implements – Rs. 4.08 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 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, 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. 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.

Finance Wing of CDA vide letter No. CDA/FW(B)-42(3) / 2020-21/1109 dated 21.10.2020 allocated funds amounting to Rs. 11.00 million for purchase of horticulture basic tools / implements with the direction that PPRA Rules be followed while utilizing the funds.

Directorate of Environment (East) CDA incurred an amount of Rs. 4,078,321 on procurement of horticulture basic tools / implements (F-Series) for Urban Division-II as detailed below:

Sr. #	Payee	Work order date	Amount (Rs.)
1.	M/s Fawad Khan & Co	18.05.2021	498,841
2.	M/s Fawad Khan & Co	18.05.2021	497,550
3.	M/s Fawad Khan & Co	18.05.2021	496,958
4.	M/s Evolve Enterprises	17.05.2021	497,950
5.	M/s Evolve Enterprises	17.05.2021	4,99,052
6.	M/s Evolve Enterprises	17.05.2021	496,080
7.	M/s Evolve Enterprises	17.05.2021	497,590
8.	M/s Evolve Enterprises	19.05.2021	495,975
9.	M/s Evolve Enterprises	18.05.2021	498,321
Total			**4,078,321**

Audit observed that contrary to the rules and instructions, the expenditure was made through quotations by way of splitting and keeping each transaction below Rs. 500,000 to avoid tendering and competitive bidding process.

Audit is of the view that as per PPRA Rules, any procurement over and above Rs. 500,000 was required to be carried out through floating tenders which was not done. Further, the expenditure was split to avoid obtaining of approval of higher authority. As such, the expenditure amounting to Rs. 4,078,321 on procurement of horticulture basic tools/implements without following the PPRA Rules was irregular.

The matter was reported to the management on 02.11.2021. It was replied that upon transfer back of administrative control of Environment Directorate from MCI to CDA, immediate action was taken for efficient utilization of work force. For this purpose, procurement of new store material was made through quotations after approval from competent authority.

The reply was not acceptable as the procurement was made in violation of Public Procurement Rules 2004.

The PAO was requested to convene DAC meeting, however, the same was not convened till finalization of this report.

Audit recommends that responsibility should be fixed on the person(s) at fault for violating the PPRA Rules, besides internal controls should be strengthened to avoid similar recurrence in future.

(Para No. 02, Environment Directorate (East), CDA)

Financial Management

4.4.4 Unauthorized payment due to non-capping of scheme and creation of huge liability without availability of funds – Rs. 7.256 million

According to Para 208 of Note sheet dated 10.05.2018, an amount of Rs. 6.50 million (in addition to already approved amount Rs. 0.50 million) was allocated from the approved budget of MCI during 2017-18, out of Revenue Account of CDA for the work "Operation / Maintenance of existing fountains installed at various locations of Islamabad (Rate Running Contract). The amount was allocated with the conditions that the work may be capped up to the allocated funds amounting to Rs. 7.00 million against agreement amount of Rs. 14.255 million. The note sheet further provided that no further funds shall be demanded by the Division and no work shall be carried out beyond 30.06.2018. Further, according to Para 208, 221,246 & 247 of Note sheet, proposal submitted by Director Technical for allocation of remaining funds amounting to Rs. 7.256 million was not agreed by AFA (Budget).

Directorate of Parks, Environment Wing CDA Islamabad awarded a contract for "Operation / Maintenance of existing fountains installed at various locations of Islamabad (Rate Running Contract) to M/s Hamza Builders & Co for contract cost of Rs. 14.255 million for one year period i.e. 15.01.2018 to 14.01.2018. The contractor submitted 3rd and final bill during June 2020 and a total amount of Rs. 13.73 million was paid to the contractor.

During audit it was observed that:

i. Bid cost of Rs. 14.255 million was accepted against available funds of Rs. 0.50 million which resulted into creation of financial liability without availability of funds.

ii. The contractor quoted Rs. 14.256 million against engineering estimate of Rs. 9.950 million i.e. 39.786% above MES 2014 items and 47.786% above the NSR items which were accepted. This resulted into irregular award of work on higher rates Rs. 4.286 million. No justification as to acceptance of higher rates was available on record.

iii. Finance Wing vide Note sheet Paras No. 208 (dated 10.05.2018), 213 (dated 30.05.2018), 217 (dated 11.06.2018), 221 (dated 15.06.2018) and 246 (dated 11.03.2019) has repeatedly directed to process the case for approval of competent authority for capping the scheme before issuance of revised expenditure sanction of Rs. 7.00 million. However, the case was not put up to competent authority for capping the scheme at work done amount Rs. 7.00 million upto 30.06.2018.

iv. No notice was issued to the contractor to stop the work. The contractor submitted application dated 23.04.2019 that he has carried out the work upto 06.04.2019 and requested for release of payment. No evidence as to execution of work by contractor during the period July 2018 to January 2019 was available on record.

v. As per note sheet Para No. 243 to 252, dated 06.05.2019, the CO MCI allowed the payment to contractor by referring Notification No. MCI-I(1)/ Notification - 5 /2018/342 dated 21.12.2018. Audit observed that the said notification pertained to Islamabad Fire Prevention and Life Safety Regulations 2010, hence not applicable in the instant case.

vi. Relevant record i.e. PC-I / revised PC-I, logbooks of fountains etc. was not produced / available on record.

In view of the above irregularities / shortcomings, audit holds that payment made was irregular and unjustified.

The matter was reported to the management on 01.06.2021 and it was replied that funds amounting to Rs. 0.500 million against the engineering estimate of Rs. 9.950 million was allocated for completion of bidding process. The rates of contractor were accepted being lowest. As regard Sr. No. 3 of Para, an inquiry was conducted and upon receipt of inquiry report, case was submitted to competent authority for approval of recommendation of inquiry report. The competent authority decided that the work shall be completed as per agreement. Accordingly the work was completed successfully as per record entry by the Engineer Incharge. PC-I was not prepared being the cost estimates below Rs. 25.000 million.

The reply was not acceptable because rates were accepted 39.786% above MES 2014 items and 47.786% above the NSR items. The scheme was not capped despite recommendations and a huge liability was created. Further, no evidence as to execution of work by contractor during the period July 2018 to January 2019 was available on record. The logbooks of fountains etc. were also not available on record.

The PAO was requested to convene DAC meeting, however, the same was not convened till finalization of this report.

Audit recommends that matter should be inquired and investigated to fix the responsibility for the lapses.

(Para No. 5, AIR 2019-20, Directorate of Parks, Environment Wing CDA Islamabad)

4.4.5 Overpayment to contractor – Rs. 2.129 million

According to item No. 6 of BOQ for the work "Operation / Maintenance of existing fountains installed at various locations of Islamabad, Rs. 38,340 per month was provided against each fountain on account of operation & maintenance, cleaning, repair / replacement etc.

Directorate of Parks, Environment Wing CDA Islamabad awarded a contract for "Operation / Maintenance of existing fountains installed at various locations of Islamabad (Rate Running Contract) to M/s Hamza Builders & Co for contract cost of Rs. 14.255 million for one year period i.e. 15.01.2018 to 14.01.2019. The contractor submitted 3rd and final bill during June 2020.

The perusal of 3rd and final bill revealed that contractor claimed and was paid against Item No. 6 operation / maintenance of 19 fountains as detailed below:

(Rs.)

No. of fountains	Months	Rate per month	Total
18	12 – months	38,340	8,281,440
01	08 – months	38,340	306,720
01	16 –days	1,278	20,448
Total			8,608,608
Add: Contractor premium @ 47.786 % above			4,113,709
Grand total			**12,722,317**

The scrutiny of record further revealed that an inquiry was conducted by Director Sanitation during January 2019. As per recommendations of inquiry (Para 10), the payment for certain fountains installed at various locations of Islamabad was not allowed. The detail of fountains and reasons for not allowing payments is tabulated as below:

Sr. No.	Fountain Location	Reasons for not allowing payment
1.	Faisal Chowk	Handed over to Pak Steel through CSR on 01.10.2018
2.	Askari Chowk, F-10	Working properly, however the said fountain /chowk was handed over to Oakes through CSR.
3.	Gomal Road E-7	Partially working due to damaged piping network. No payment should be made to contractor after 01.07.2018
4.	PTC Chowk, F-10	Not working due to disconnection of electricity, therefore, no payment should be made during disconnection period of electricity.

Audit observed that contrary to the recommendations of the inquiry, the payment against the entire fountain work item No. 6 was made. This resulted into overpayment of Rs. 2.129 million to contractor. Details are at **Annexure-XV.**

Further, relevant record i.e. log books of the fountains, detail of repair / maintenance carried out and detail of dismantled items etc. was not produced to audit.

Audit is of the view that payment of Rs. 2.129 million to contactor was inadmissible and thus irregular.

The matter was reported to the management on 01.06.2021 and it was replied that no payments were made for fountains after handing over to M/s Pak Steel and M/s Silver Oaks through CSR. Gomal road E-7 fountain was working partially due to damage piping network. PTC Chowk fountain was temporally nonfunctional due to disconnection of electricity. The contractor staff remained present to look after and watch at ward of said fountain. Further an inquiry report was received after the completion of contractual period and upon recommendations of the enquiry, penalty of Rs. 0.200 million was imposed and recovered from the contractor.

The reply was not acceptable as contractor was overpaid an amount of Rs. 2.129 million. Further, no documentary evidence in support of reply was produced.

The PAO was requested to convene DAC meeting, however, the same was not convened till finalization of this report.

Audit recommends that overpayment made to contractor should be recovered and responsibility should be fixed.

(Para No. 6, AIR 2019-20, Directorate of Parks, Environment Wing CDA Islamabad)

4.4.6 Non-fulfillment of contractual obligations and negligence by the department resulting in loss – Rs. 2.86 million

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

As per BOQ Item No. 01-39 (Part-A), the contractor was required to do the work of watering and subsequent maintenance for three months complete in all respects as per standard horticulture practices and instructions of the site incharge.

Environment Directorate (West), CDA awarded a contract to M/s Malik Masroor & Co for horticulture works of Peshawar More Interchange, Islamabad for Rs. 28,875,000 during 2020-21.

It was observed that the contractor did not carry out the work of watering and subsequent maintenance of plants as per standard horticulture practices/ BOQ and instructions of the site incharge. Resultantly a quantity of 111,204 plants became dead and government suffered a loss amounting to Rs. 2,861,540. Further, in March 2021, CDA decided to stop all the payments to the contractor till improvement of work at site, however the payments was made to the contractor despite the fact that the contractual obligations were not fulfilled.

Audit is of the view that due to negligence/non-performance of work by the contractor as per requirements of BOQ and poor management of Environment Directorate (CDA), 111,204 plants became dead and government suffered a loss amounting to Rs. 2,861,540. Details are at **Annexure-XVI.**

The matter was reported to the management on 02.11.2021. It was replied that a committee has been constituted with the approval of competent authority for evaluation and fact finding to evaluate the quantum of work and payment matters. The action will be taken as per reports / recommendation of said committee and contract agreement.

The PAO was requested to convene DAC meeting, however, the same was not convened till finalization of this report.

Audit recommends that inquiry should be conducted to probe the matter and responsibility be fixed on the person(s) at fault.

(Para No. 02, Environment Directorate (West), CDA)

4.4.7 Unauthorized payment to contractor for substandard work – Rs. 1.42 million

According to Para 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. Para 10(ii) provides that the expenditure should not be prima facie more than the occasional demands.

As per Para No. 4.5.7.2 of Accounting Policies and Procedure Manual, the authorizing officer shall ensure that the claim voucher (bill) bears valid evidence that preparation; approval and certification have been properly carried out.

Environment Directorate (West), CDA awarded a contract to M/s Malik Masroor & Co for horticulture works at Peshawar More Interchange, Islamabad for Rs. 28,875,000 during 2020-21. As per BOQ (Part-B) Item No. 2 & 4, the contractor was required to do the following works:

(Rs.)

Item No.	Description	Qty.	Rate	Unit	Amount
2	Supplying and stacking approved garden soil 2”(sweet soil) free from salts, pebbles, and grass etc. all leads and lifts	74,760	11.72	P/cft	876,187
4	Supplying and stacking well decayed farm yard manure from approved sources i/c all leads and lifts to the site	36,250	15.22	P/cft	543,750
Total					**1,419,937**

It was observed that the contractor failed to execute the above mentioned works as per specifications of the BOQ. Substandard farm yard manure and sweet soil was used for plants & grassing and resultantly plants were dried up for improper care and for want of water. Despite of above deficiencies, payment amounting to Rs. 1,419,937 for above mentioned defective work was made to the contractor.

Audit is of the view that due to weak internal controls the payment was made to the contractor against the substandard work which resulted into irregular payment.

The matter was reported to the management on 02.11.2021. It was replied that the quantity of sweet soil and farm yard manure below specification was got replaced immediately after bringing it on record. Further, as per contract agreement, the maintenance period is three months and the plants that dried up during the maintenance period will be replaced by the contractor, hence no loss was inflicted on authority.

The reply was not acceptable as no documentary evidence in support of reply was produced

The PAO was requested to convene DAC meeting, however, the same was not convened till finalization of this report.

Audit recommends that amount paid on account of defective work should be recovered besides initiating inquiry against the person authorizing payment against substandard work.

(Para No. 03, Environment Directorate (West), CDA)

<u>Value for money and service delivery issues</u>

4.4.8 Non-imposition and recovery of penalty for delay in completion of work – Rs. 2.89 million

According to Clause 2 of Conditions of Contract, the contractor shall pay as compensation an amount equal to 1% (one percent) on the amount of the contract cost of the whole work as shown by the tender for every day that the work remains un-commenced or unfinished after the proper dates, provided that the entire amount of compensation to be paid under the provisions of clause shall not exceed 10% (ten percent) on the amount of the contract.

Environment Directorate (West), CDA awarded a contract to M/s Malik Masroor & Co. for horticulture works at Peshawar More Interchange, Islamabad for Rs. 28.875 million during 2020-21. As per contract agreement, the contractor was required to complete the work by 03.03.2021. However, extension in the contract period was granted from 04.03.2021 to 03.04.2021 with the condition that no further extension will be granted in any case and in case, the work is not completed within stipulated period of time, penalty will be imposed.

Audit observed that the contractor failed to complete the work within stipulated / extended period of time. Further, no extension of time (EOT) was granted to the contractor. As such, penalty amounting to Rs. 2,887,500 (at the maximum rate of 10% of contract cost) was required to be imposed and recovered from the contractor which was not done.

Audit is of the view that non-imposition and recovery of penalty amounting to Rs. 2,887,500 was undue favor to the contractor.

The matter was reported to the management on 02.11.2021. It was replied that penalty for delay equal to one percent of contract cost amounting to Rs. 1.443 million was imposed. Further a committee has also been constituted with the approval of competent authority for evaluation and fact finding to evaluate the quantum of work and payment matters. The matter will be taken up as per reports / recommendations of said committee and contract agreement.

The PAO was requested to convene DAC meeting, however, the same was not convened till finalization of this report.

Audit recommends that penalty should be imposed and recovered from the contractor for delay in completion of work.

(Para No. 01, Environment Directorate (West), CDA)

<u>Others</u>

4.4.9 Irregular allotment of land to Aero Modeling Flying Club and resultant loss due to non-realization of rent – Rs. 99.379 million

According to Islamabad Land Disposal Regulations 2005, Chapter-II (Sr. No7), the plots in Islamabad shall be classified in different catagories including plots planned, developed and maintained as public parks.

Chapter III of the said regulations provides that the plots shall be sold or leased out by the Authority according to the provision for each category of plots and the allotment shall be subject to the terms and conditions contained in the respective allotment letters or, as the case may be, in the conveyance or lease deeds executed by the Authority in respect of plots.

Sr. No. 11 of the Regulations states that public parks, playing fields and graveyards, shall be planned developed and maintained by the Authority. However, the Authority may license / lease out some sites or the portions of public parks, playing fields or open spaces to private sector on agreed terms and conditions through auction amongst pre-qualified parties for recreational purposes, sports facilities and usages. Further, Chapter VI of the Islamabad Land Disposal Regulations 2005 provides that the allotment of plots shall be liable to cancelation on account of non-payment of dues within specified period and violation of other terms and conditions of allotment etc.

Directorate of Parks, Environment Wing vide letter No. CDA/DG/ (173) / 2006/66 dated 21.03.2006 conveyed the formal incorporation of site of Aero Modeling Club in revised master plan of F-9 Park. As per the said letter the site was in use of Aero Modeling Club from the last many years. Further, CDA vide letter No. Dir/(PMO)/52/aeromm/ 2008/ 203 dated 25.01.2008 had permanently allotted the site to M/s Islamabad Aero Modeling Club.

Audit observed as under:

i. Public parks being designated parks for public cannot be permanently allotted for any commercial activity. Thus the allotment of land / site to Aero Modeling Flying Club Islamabad was not covered under the rule/ regulations.

ii. The allotment letter reveals that land / site was already in use of Aero Modeling Flying Club prior to formal allotment vide letter dated 25.01.2008. However, no record i.e. auction notice, list of pre-qualified parties, comparative statements, lease agreements, terms & conditions of allotment, measurement of area allotted, receipt of rent / revenue for the period prior to 2008 and after allotment was available on record.

iii. Environment Directorate CDA did not charged any rent of the land being used by the M/s Aero Modeling Flying Club Islamabad nor the occupant was paying any lease / rent money since the date of allotment.

In order to ascertain the rent of the land allotted to M/s Aero Modeling Flying Club, the Audit team examined three contract agreements in F-9 Park i.e. in similar vicinity as detailed at **Annexure-XVII.**

The area of the Aero modeling Flying Club was not made know to audit. However, with the help of Google map, the area under the use of flying club was measured as 12,584 sq. yards. Further, audit also worked out estimated loss to authority by comparing the rent of M/s McDonalds in the same park. Details are at **Annexure-XVIII.**

Audit holds that irregular allotment of site / land of designated public part for commercial activities and non-collection of rent from M/s Aero Modeling Flying Club not only resulted in loss to state (amounting to Rs. 99.378 million approx since 2008 excluding annual increase in rent) but also led to undue benefit to the occupant at the expense of state.

Audit is of the view that allotment of land without monthly rent in Public Park for commercial activities deprived the Authority from considerable revenue on one hand and on the other the general public was deprived of basis facilities.

The matter was reported to the management on 01.06.2021 and it was replied that site was allotted on telephonic direction from Aiwan-e-Saddar to Chairmen CDA. No annual rent or fee was fixed at the time of allocation of the site and therefore no recovery whatsoever was made till date. The allotment was made from the office of Project Management Office CDA which was subsequently dissolved in 2013 and the relevant record was not handed over to Parks Directorate.

The authority has admitted the audit observation.

The PAO was requested to convene DAC meeting, however, the same was not convened till finalization of this report.

Audit recommends that matter should be inquired and investigated, besides assessment and recovery of rent from M/s Aero Modeling Flying Club since allotment of land.

(Para No. 1 AIR 2019-20, Directorate of Parks, Environment Wing CDA Islamabad)

4.4.10 Loss due to non-leasing out of available facilities at Lake View Park – Rs. 33.600 million

An Entertainment Hub at Lake View Park consisting of 28 shops constructed by Special Project Directorate was transferred to Landscape Division, Parks Directorate, CDA during 2008-2009. Similarly various other entertainment facilities were also available at Lake View Park.

During audit it was observed that:

i. Entertainment hub consisting of 28 shops was lying unutilized. This resulted into annual loss of Rs. 33.600 million (approx) to the Authority (Rs. 100,000 approximate rent of a shop x 28shops x 12 months).

ii. Food Court at Lake View Park with vast open area was also lying unutilized / not leased out, thus depriving the Authority from considerable revenues.

iii. Kids play area was spread on a vast area of 10 acres, however, no deposit/ collection of revenue from kids play area was being made.

iv. There were many stalls / kiosks in parking area and inside the lake view park but the revenue collection / deposit from these stalls was also not being made.

Further, the relevant record i.e. date of handing / taking over of the Entertainment Club to Directorate of Environment Parks, previous lease agreements of Food Court and Kids Play Area, number of stalls / kiosks existing in Lake View Park along with lease agreements / license issued, detail of revenue receipts etc. was not available / provided to audit.

Audit is of the view that due to inaction by the management the Authority suffered a recurring loss of millions of rupees annually.

The matter was reported to the management on 01.06.2021 and it was replied that outsourcing of various facilities could not take place due to lack of administrative decision. However a proposal for outsourcing of all available facilities at Lake View Park, including above three facilities has been submitted for the approval of competent authority. Subsequent to which an open auction will be held. As far as the deposit of revenue collection on account of Kiosks and Stalls is concerned, the same is presently deposited into Directorate of Municipal Administration (DMA), MCI. Observation has been submitted to competent authority for taking further decision.

The reply was not tenable because no measures were taken to outsource the available facilities at Lake View Park.

The PAO was requested to convene DAC meeting, however, the same was not convened till finalization of this report.

Audit recommends that matter should be looked into besides taking corrective measures to safeguard the government interest.

(Para No. 2 AIR 2019-20, Directorate of Parks, Environment Wing CDA Islamabad)

Chapter 5

National Disaster Risk Management Fund (NDRMF)

5.1 Introduction

A. Government of Pakistan established the National Disaster Risk Management Fund (NDRMF) 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 institution registered with the Securities & Exchange Commission of Pakistan under Section 42 of Companies Act. The Fund is established as a non-banking financial intermediary with a corporate structure with the aim to provide funding through matching grants of up to 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 and other Entities.

NDRMF holds a key role in implementing, coordinating and monitoring disaster risk reduction. The Fund is responsible for awarding, managing and guiding investments that shall reduce risk and vulnerabilities that are associated with climatic change and natural hazards. The objective of the Fund is to focus on primary or critical level disaster planning, preparedness, pre-disaster mitigation, and early warning systems.

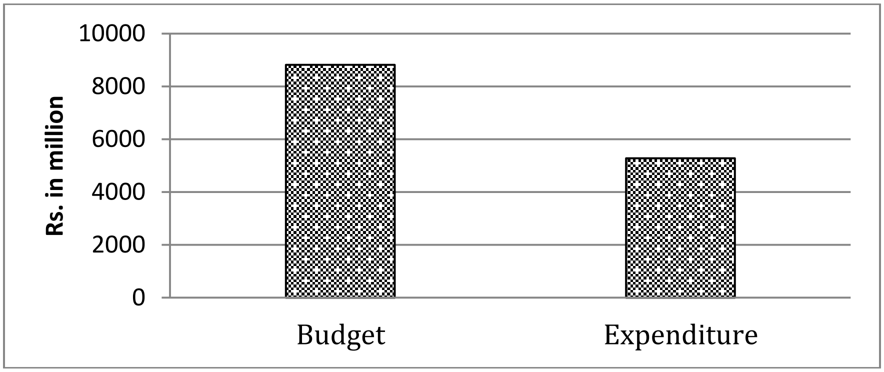
At present, the administrative control of NDRMF rests with the Ministry of Planning, Development & Special Initiatives.

B. Comments on Budget and Accounts (Variance Analysis)

(Rs. in million)

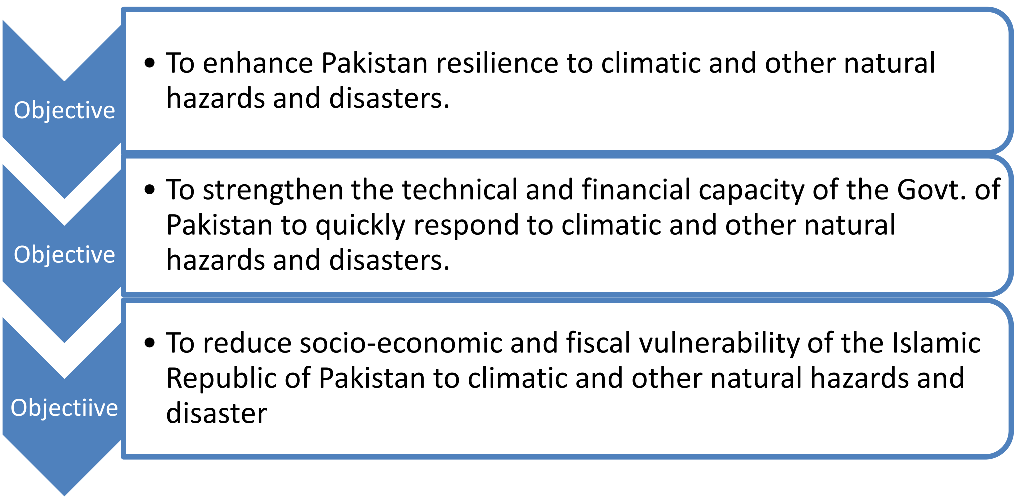
Financial Year	Budget	Expenditure
2020-21	8,820.150	5,281.249

The graphical representation of the budget and expenditure of NDRMF for the FY 2020-21 is as under:



C. Sectoral Analysis

NDRMF is responsible for awarding, managing, and guiding investments that reduce risk and vulnerabilities associated with climatic change and natural hazards. The objective of the Fund is to focus on primary or critical level disaster planning, preparedness, pre-disaster mitigation, and early warning systems. The objectives of the NDRMF as per Article of Association[18] are as under:



[18] Article of Association Para 1 (III)

Focused Interventions:

The resources pooled under the National Disaster Risk Management Fund (NDRMF) are dedicated to supporting 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 given targets, however, phase-based interventions are finalized based on imminent needs and demands.

Detail of Funds:

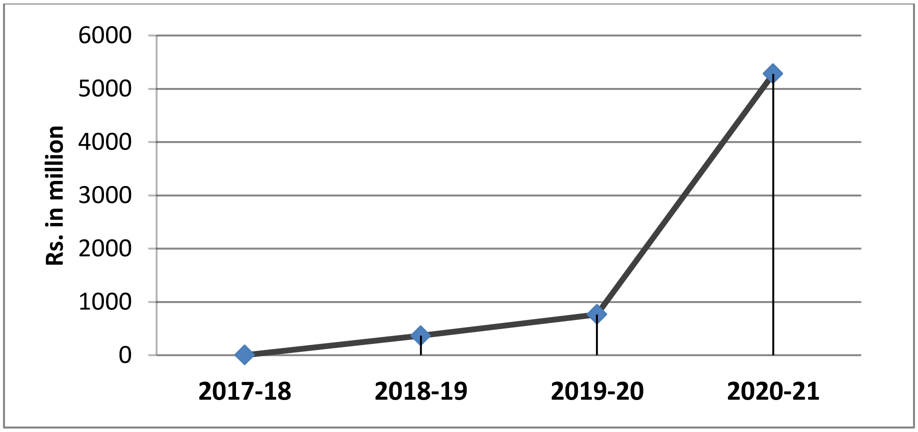
The initial financing of NDRMF was made through a loan of $200 million by the Asian Development Bank and grants of $3.4 million by the Government of Australia respectively. The overall position of Loan /Grants received, disbursement / expenditure made and balance available with NDRMF is as under:

(Amount in million)

S. No.	Donor	Loan/ Grant No.	Amount of Loan / Grants (USD)	Opening Balance (Rs.)	Cumulative Disbursement / Expenditure made by NDRMF (Rs.)	Balance as on 30.06.2021 (Rs.)
1.	Asian Development Bank	Loan No.3473-PAK (USD)	75.00	6,940.168	5,217.136	1,723.031
2.	Asian Development Bank	Loan No.3474-PAK (USD)	125.00	473.223	282.498	190.724
3.	Australian Grant	Grant No. 0519-PAK (USD)	3.36	60.753	0	60.753
4.	Government of Pakistan	--	25.00	98.297	22.769	75.527
5.	Swiss Grant (SDC)	Grant No.0639-PAK (USD)	1.50	47.377	0	47.377
6.	Agence Francaise De Developement (AFD)	AFD CPK-1036 01 (EURO)	20.00	3,511.318	0	3,511.317
7.	World Bank	Credit No. 6246-PK (USD)	188.00	410.296	2.084	408.212
8.	Asian Development Bank	Loan No. 3923-PAK (USD)	100.00	0	0	0
9.	Norwegian Grant	Grant No. 0701-PAK (USD)	5.28	0	0	0

Detail of Expenditures / disbursement during the Last 5 years

The increase in expenditure / disbursement of NDRMF since its establishment to 30.06.2021 is reflected as below:



Major Schemes / Projects of NDRMF

The major schemes / projects undertaken 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 KP	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 (MHVRAs)	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 Abadied Shahapur Changora, Fatehpur etc. against Erosive Action of Bein Nullah	Punjab Irrigation Department	162.880

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

(Rs. in million)

Sr. No.	Description	Total Nos.	Audited	Expenditure audited FY 2020-21	Revenue / Receipts audit FY 2020-21
1.	Formations	01	01	5,281.249	Nil
2.	• Assignment Account • SDAs • Others	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)	01	01	5,281.249	Nil

5.2 Classified Summary of Audit Observations

Audit observations amounting to Rs. 1.164 million and USD 7.789 million have been raised in this report pertaining to NDRMF. Recovery amounting to Rs. 1.164 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.	Non-compliance to regulatory framework	--	--
2.	Financial Management	1.164	7.789

5.3 Brief comments on the status of compliance with PAC directives

The Directorate General Audit (CC&E) started conducting audit of National Disaster Risk Management Fund (NDRMF) since FY 2016-17. No Audit Report has been discussed in PAC meeting so far.

5.4 AUDIT PARAS

Non-compliance to regulatory framework

5.4.1 Non-establishment of Disaster Risk Management Committee (DRMC) at Federal Level

According to para 26 of Project Administration Manual (PAM) a coordination unit under the CEO with staff from all core units will function as the client relationship and outreach arm of the Fund. For public sector partners, the federal and the respective provincial/regional governments will notify DRM coordination committees in the respective federal, provincial or regional domain headed by Ministry of Finance at the federal level and the P&D departments at provincial/regional level, with representation from all key public departments dealing with DRM. The key functions of the coordination committees will be (i) share opportunities available through the fund, including its business plan and priority investment areas; (ii) share the accreditation and risk assessment procedures for public and non-government entities; (iii) share and educate the partners on proposal submission guidelines in different subsectors; (iv) coordinate and learn from the DRM activities being undertaken in the region; and (v) update the status of the NDMP implementation and prioritize/reprioritize the activities in the DRMP roadmap.

The scrutiny of record revealed that Disaster Risk Management Committee (DRMC) was not formulated at Federal level despite lapse of five (05) years since inception of the Fund.

Audit holds that due to non-establishment of DRMC at Federal level, the objectives of disaster risk reduction and risk financing were compromised and the Fund was not able to perform its functions as conceived.

The initial audit observation was issued on 08.10.2021 to the management, but no response was received.

The PAO was requested to convene DAC meeting, however, the same was not convened till finalization of this report.

Audit recommends that the matter should be justified besides establishment of DRMC at federal level without further delay so that the Fund is able to achieve the stated objectives.

(AIR Para No.2 NDRMF 2020-21)

Financial Management

5.4.2 Deduction of Commitment Charges by the Donor and its non-disclosure by NDRMF thereby depicting incorrect loan amount in the Financial Statements– USD 7.789 million

According to Article II Section 2.01 of the Loan Agreement (No.3473-PAK & 3923-PAK), the ADB agreed to lend to the borrower from ADB's ordinary capital resources an amount of seventy five million dollars ($75,000,000) & three hundred million dollars ($300,000,000). Article II section 2.03 of the loan agreement further provides that the borrower shall pay commitment charges of 0.15% per annum. Such charge shall accrue on the full amount of the loan less amount withdrawn from time to time commencing 60 days after the date of this loan agreement.

According to Article –II 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. Further, Section 2.04 provides that the services charge is three-fourth of one percent (3/4 of 1%) per annum on the withdrawn Credit Balance. Section 2.05 provides that interest charge is one and a quarter percent (1.25%) per annum on the withdrawn Credit Balance.

Government of Pakistan through EAD signed various loan agreements with international Donors and made available funds for utilization by NDRMF. As per the provision of agreement, the donor deducted various charges as interest, services and commitment charges amounting to USD 7,789,846 from the principal amount and showed it as disbursed amount in the Schedule of Capitalization Charges. Details are at **Annexure-XIX.**

Audit observed that due to poor financial management, the Fund was not able to withdraw and utilize the full amount of loan and the charges accrued as given above resulted in deductions from the principal amount of loan causing loss to government. Audit further observed that the deducted charges on account of interest, services and commitment were not shown in the financial statement of NDRMF as expenditure, thereby giving incorrect reflection of the loan amount to the stakeholders including EAD.

Audit observation was issued to the management on 05.10.2021, but no reply was received.

The PAO was requested to convene DAC meeting, however, the same was not convened till finalization of this report.

Audit recommends that the Fund should look into the matter and take necessary measures to address the issue of deduction of commitment charges and share outcome with audit authorities. Besides, charges deducted by the Donor on account of interest, services and commitment charges should be properly disclosed.

(OS 4, FAP-NDRMF 2020-21)

5.4.3 Non-deduction of Islamabad Sales Tax - Rs. 1.164 million

As per Sr. No. 12 of Schedule 5 of Islamabad Capital Territory (Tax on Services) Ordinance, 2001, 16% Sales Tax on services will be charged on Services provided by technical, scientific, engineering consultants, software or IT-based system development consultants and Services provided by other consultants including but not limited to human resource and personnel development services; market research services and credit rating services.

National Disaster Risk Management Fund (NDRMF) hired the services of individual consultants as well as consultancy firms and incurred an expenditure of Rs. 7,272,997 during FY 2020-21**.**

It was observed that management did not deduct Rs. 1,163,680 on account of Islamabad Sales Tax from the consultants. Details are at **Annexure-XX.**

It was further observed that tax advisory consultant (mentioned at Sr. No. 2 of Annexure-XX) had claimed ICT on Services in addition to gross amount as agreed in the contract agreement i.e. Rs. 40,000 + ICT on services which comes to Rs. 115,200.

Audit is of the view that non-deduction of Sales Tax on services from the consultants resulted in loss to government revenues.

Audit observation was issued to the management on 08.10.2021, but no reply was provided.

The PAO was requested to convene DAC meeting, however, the same was not convened till finalization of this report.

Audit recommends that the amount of Sales Tax on services should be recovered.

5.4.4 Appointment of chartered accountant firm as external auditor without concurrence of the Auditor General of Pakistan

Rule 23 (1) of Public Sector Companies (Corporate Governance) Rules, 2013 provides that every Public Sector Company shall ensure that its annual accounts are audited by external auditors, as envisaged under section 252 of the Ordinance. When carrying out audit of a Public Sector Company, the external auditors shall take into account the specific requirements of any other relevant regulations, ordinances or ministerial directives which affect the audit mandate and any special auditing requirements.

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 shall decide to engage the CA firm and accordingly forward the request through the Controlling Ministry to the AGP office for concurrence.

National Disaster Risk Management Fund (NDRMF) hired a Chartered Accountants firm M/s PWC (A.F Ferguson & Co) to conduct external audit for the FY 2019-20 and an amount of Rs. 1,764,449 was paid on account of audit fee vide BPV 0384 and 0385 dated 14.06.2021.

Audit observed that M/s A.F. Ferguson & Co was hired without obtaining prior approval/ concurrence of the Auditor General of Pakistan.

Audit is of the view that appointment of Charted Accountants Firm without prior approval / concurrence of Auditor General of Pakistan was not justified and irregular.

Audit observation was issued to the management on 08.10.2021, but no reply was provided.

The PAO was requested to convene DAC meeting, however, the same was not convened till finalization of this report.

Audit recommends that the matter should be taken up with the office of the AGP through the concerned Ministry for obtaining ex-post facto approval.

(OS 12, FAP-NDRMF 2020-21)

Chapter 6

Thematic Audit on Disaster Risk Reduction (DRR)

6.1.1 Introduction

Disaster Risk Reduction (DRR) refers to a broad conceptual framework that includes the steps and efforts to prevent, minimize or reduce the damage and adverse impact caused by natural hazards. According to United Nations International Agency for Disaster Reduction (UNISDR), Disaster Risk Reduction is the concept and practice of reducing disaster risks through systematic efforts to analyze and reduce the causal factors of disasters. Disaster Risk Reduction aims to reduce the damage caused by natural hazards like earthquakes, floods, droughts and cyclones, through prevention measures. Reducing exposure to hazards, lessening the vulnerability of people and property, wise management of land and the environment, and improving preparedness and early warning for adverse events are all examples of disaster risk reduction.

INTOSAI GUID 5330 states that '*Disaster Risk Reduction is aimed at preventing new and reducing existing disaster risk and managing residual risk, all of which contribute to strengthening resilience and minimize vulnerabilities and therefore to the achievement of sustainable development*[19]'.

Investing in Disaster Risk Reduction saves lives, protects assets and builds resilience of communities and societies.

6.1.2 Background

Pakistan's geophysical conditions, climatic extremes, and high degrees of exposure and vulnerability have categorized Pakistan as a severely disaster-prone country. According to the Index for Risk Management (INFORM) 2021[20], Pakistan's risk rating stands at 6.1 out of 10, as the country continues to suffer from a plethora of natural and human-induced hazards that threaten to affect the lives and livelihood of its citizens.

Impacts of natural disasters in Pakistan have been colossal in recent history. An Earthquake of 7.6 magnitudes struck the northern areas of Pakistan in October 2005, resulting in loss of over 73,000 lives and leaving behind 3.5 million people

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[19] INTOSAI GUID 5330 'Guidance on Auditing Disaster Management' available at https://www.issai.org

[20] Available at https://www.europe.undp.org/content/geneva/en/home/partnerships/inform--index-for-risk-management-.html

homeless. This mammoth disaster caused huge damage to the properties and lifeline infrastructure, which costed 5.5 billion USD. This was followed by Flood of 2010 which affected 78 districts across Pakistan (about 1/5 of the total land area of the country) and resulted in the loss of lives, property, and infrastructure. It claimed 1985 lives and affected over 20 million people. Further, it damaged 1.6 million houses and 160,000 square km of the cropped area. Flood of 2010 caused an overall economic loss of 10 billion USD[21]. The successive events of natural disasters in the country led to an increased realization and accelerated the developments in the field of Disaster Risk Reduction.

International Day for Disaster Risk Reduction takes place on 13th of October each year. In Pakistan also the International Day for Disaster Risk Reduction is marked reiterating the need for redoubling of efforts under the United Nations and other international platforms including sharing of experiences, knowledge and transfer of technology to mitigate risks of disasters and to save lives[22].

6.1.3 Establishing the Audit Theme

6.1.3.1 Reasons of selection

The following criteria were employed by the Directorate General for selecting Disaster Risk Reduction as an audit theme during 2021-22:

- Issue being directly related to SDGs (directly linked to various targets and achievements of SDGs)
- Clear linkages with Medium Term Budgetary Framework (MTBF)
- Proven area of governmental priorities
- An issue of public importance
- Being a current issue
- A considerable audit impact is expected

Goal 1, Target 1.5 of SDGs aims to build by 2030 the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate related extreme events and other economic, social and environmental shocks and disasters. Similarly, SDG target 13.1 provides to strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries. SDG 11.b provide to substantially increase the number of cities and human

[21] Source: https://www.ndrmf.pk/about-us/
[22] Ministry of Foreign Affairs of Pakistan press release No. 430/2020 dated 13th October, 2020

settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and develop and implement, in line with the Sendai Framework for Disaster Risk Reduction 2015-2030, holistic disaster risk management at all levels.

The National Prioritized Goals/SDGs as per SDGs Framework of Pakistan – 2018 also contains goal 1, 11 and 13 as specified in category II and III. Thus, the theme is not only directly linked to UN SDGs but also to national prioritized goals of Pakistan.

6.1.3.2 Purpose / Objectives

The objective of the study was to the assess the policy framework for DRR, implementation of National Disaster Management Plan 2012-22 and evaluate the efforts made by and steps taken by the concerned agencies towards Disaster Risk Reduction in line with the Intervention-7: Infrastructure Development for Disaster Risk Reduction and Intervention-8: Mainstreaming Disaster Risk Reduction into Development and its strategy and priority action plan as envisaged in the NDMP. The purpose is to give an overview of the DRR initiatives and highlight systemic issues for consideration by the stakeholder agencies and government at large.

6.1.3.3 Scope

Scope of Audit extends to examining the implementation of National Disaster Management Plan 2012-22 and the efforts made and steps taken towards Disaster Risk Reduction as envisaged in NDMP intervention 7 and 8, Provincial Disaster Response Plan and other key interventions at the Federal and Provincial level (limited to one province i.e. Punjab). The main entities covered in audit include Ministry of Climate Change, NDMA, NDRMF and PDMA Punjab. The sub-themes covered in the study are as under:

- National, Provincial and District Plans for Disaster Management at Federal, Provincial and District levels
- Governance framework and Policy measures related to DRR and implementation thereof
- Integration of risk reduction into development plans and programs
- Disaster Risk Financing

6.2 Legal Framework Governing the Theme:

Theme	Governance Framework and Policies
Disaster Risk Reduction	• National Disaster Risk Management Framework (NDRMF), 2007 • National Disaster Risk Management Fund, 2006 • National Disaster Risk Reduction Policy, 2013 • National Disaster Management Plan (NDMP) 2012-22 • National Environment Policy, 2005 • Provincial Disaster Response Plan (Punjab), 2020

6.3 Stakeholders and Governmental Organizations identified as directly / indirectly involved:

The stake holders directly or indirectly related to the theme are as under:

1) Ministry of Climate Change
2) National Disaster Management Authority
3) National Disaster Risk Management Fund
4) Provincial Disaster Management Authorities
5) Provincial Planning and Development Departments/Board
6) District Disaster Management Authorities (DDMA)
7) Development Authorities/Agencies
8) Donor Agencies (ADB, WB etc.)
9) Partner Organizations (Financial Implementing Partners) which includes various government organization like Irrigation Department Punjab/Sindh and private bodies/ NGOs like Agha Khan Foundation, Pakistan Red Crescent Society
10) National DRR forum Pakistan
11) General Public

6.4 Role of important organizations

The role of main government organizations involved in Disaster Risk Reduction covered during the thematic audit is detailed as under:

6.4.1 Ministry of Climate Change

The Ministry of Climate Change (MoCC) is a Cabinet-level Ministry of the Government of Pakistan concerned with climate change in Pakistan. The Ministry of Climate Change (MoCC) is responsible for national policy, plans, strategies and programs regarding ecology, forestry, wildlife, biodiversity and desertification. The vision of the Ministry is to mainstream climate change in the economically and socially vulnerable sectors of the economy and to steer Pakistan towards climate resilient development. MoCC has the following attached departments.

- 1Pakistan Environmental Protection Agency
- Global Change Impacts Studies Centre.
- Zoological Survey of Pakistan
- Islamabad Wildlife Management Board

The MoCC like all other Ministries of the federal government receives development and non-development budget through Finance Division to carry out its activities and projects. Financial size of the entity is as under:

(Rs. in million)

Financial Year	Non-development Budget	Total Expenditure
2020-21	216.101	210.582

6.4.2 National Disaster Management Authority (NDMA)

National Disaster Management Authority (NDMA) is the lead agency at the Federal level to deal with whole spectrum of Disaster Management activities. It is the executive arm of the National Disaster Management Commission (NDMC), being the apex policy making body related to Disaster Management in the country. In the event of disaster, all stakeholders including Government Ministries / Departments / Organizations, Armed Forces, INGOs, NGOs, UN agencies work through and form part of the NDMA to conduct one window operations.

NDMA is established under the National Disaster Management Act, 2010 and functions under the supervision of National Disaster Management Commission (NDMC) which is headed by the Prime Minister of Islamic Republic of Pakistan. NDMA manages the whole Disaster Management Cycle (DMC) which includes Preparedness, Mitigation, Risk Reduction, Relief and Rehabilitation.

NDMA primarily carries out its functions through the National Disaster Management Fund which is financed by grants made by the Federal Government; loans, aid and donations from the national or international agencies; and donations received from any other source. Financial size of the entity is as under:

(Rs. in million)

Financial Year	Non-development & Development Budget	Total Expenditure
2020-21	**69,464.317**	**46,374.972**

6.4.3 Provincial Disaster Management Authorities (PDMA, Punjab)

At provincial level, the provincial governments have set up Provincial Disaster Management Authorities (PDMAs) which are responsible for disaster management in the respective jurisdictions. To name one, the Provincial Disaster Management Authority (PDMA), Punjab is constituted under the NDM Act (National Disaster Management Act). PDMA, Punjab perform functions related to mitigation, preparedness and provides an organized response to disasters. The most important role of PDMA lies in providing a platform for all provincial departments to come together and strategize management and response to disasters and calamities. Thus, PDMA acts as the coordinating authority, which articulates the coordination mechanism between key provincial departments in Punjab.

According to Section 16(2) (b) of NDMA Act, 2010, the Provincial Authority may coordinate and monitor the implementation of the National Policy, National Plan and Provincial Plan. Further, as per Section 16(2) (m) of the Act, the Provincial Authority may perform such other functions as may be assigned to it by the National or Provincial Authority.

The PDMA Punjab primarily carries out its functions through the Provincial Disaster Management Fund which is financed by grants made by the Federal Government or Provincial Government and loans, aid and donations from the national or international agencies. Financial size of the entity is as under:

(Rs. in million)

Financial Year	Non-development & Development Budget	Total Expenditure
2020-21	**391.731**	**362.668**

6.4.4 National Disaster Risk Management Fund (NDRMF)

Following the 2005 earthquake, due to the increase in frequency and magnitude of disasters in Pakistan, the Government discerned the need to focus and invest in Disaster Risk Management and Financing through pro-active strategies. As a result, the Government of Pakistan established the National Disaster Risk

Management Fund (NDRMF) in December 2016 to generate and consolidate resources and invest in a risk reduction and mitigation strategy to reduce the impact of disasters in a proactive manner.

NDRMF is a government-owned not-for-profit institution 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 whose aim is to provide funding through matching grants of up to 70% for a range of structural and non-structural interventions to be carried out by United Nation Agencies, International and/or National Non-Governmental Organizations as well as Public Sector Entities.

The Fund is responsible for awarding, managing and guiding investments aiming to reduce risk and vulnerabilities that are associated with climatic change and natural hazards. The Fund's objective is to focus on primary or critical level disaster planning, preparedness, pre-disaster mitigation, and early warning systems. The organization does not carry out any post-disaster activities.

The objectives of the NDRMF as per Memorandum of Associations are given below:

i. To enhance Pakistan resilience to climatic and other natural hazards and disasters.

ii. To strengthen the technical and financial capacity of the Government of Pakistan to quickly respond to climatic and other natural hazards and disasters.

iii. To reduce socio-economic and fiscal vulnerability of the Islamic Republic of Pakistan to climatic and other natural hazards and disasters. It is also contributing to international development targets such as the Sustainable Development Goals (SDGs), UN Sendai Framework and the Paris Agreement on Climate Change.

(Rs. in million)

Financial Year	Non-development & Development Budget	Total Expenditure
2020-21	11,356.68	5,540.36

6.5 Organization's Financials

MTBF 2020-21 to 2022-23 (Green Book) require creation of DRR awareness and making DRR part of government plans and policies for which Rs. 363.287 million was earmarked for NDMA during FY 2020-21. Similarly, an expenditure amounting to Rs. 5053.631 million was incurred by NDRMF during FY 2020-21 till February 2021.

A subsidiary Grant agreement was signed between GoP and NDRMF in December, 2016. Pursuant to the Financing agreements, the GoP agreed to make available to the NDRMF, grant in an amount equivalent to $ 75,000,000 from Loan No. 3473-Pak, $ 125,000,000 from Loan No. 3474-Pak (SF) and $3,361,500 from Grant No. 0519-Pak (EF). Further, as per financing agreement, GoP was to provide USD 25 million. Out of the total allocation, USD 23.275 million were for Endowment fund and USD 1.725 million were meant to meet operational expenses comprising of taxes, professional payment and charges (counterpart funding).

In addition, the credit financing of USD 20 million is made by Agence De Francaise De Development (ADF). The funds will be expended to address specific issues linked to Covid-19 crisis as described in Pakistan Preparedness Response Plan (PPRP). Further, under the financing agreement, WB (IDA) extended a credit loan No. 6246 of USD 188 million, which will be utilized for Pakistan Hydrometer logical and Services, enhancing resilience relating to community, Covid-19 response and ecosystem restoration by including nature based solutions, climate adaptation, mitigation and climate smart technology. Further, Loan facility No. 3923 of USD 100 million was extended by ADB and Grant No. 0701 of USD 5.281 million co-financed by Norwegian Government and ADB for emergency assistance against Covid-19 pandemic.

6.6 Field Audit Activity:

6.6.1 Methodology

The thematic audit taken up during audit year 2021-22 witnessed intensive application of desk audit techniques, which included examining permanent files, computer generated data and other relevant documents along with the compliance of policies and rules followed by the audited entities. Risk assessment was carried out by performing analytical procedures and reviewing internal controls. Desk audit review helped auditors in understanding the systems, procedures, internal controls and overall environment of the audited entity and identification of high-risk areas for further testing.

The evidence was primarily gathered by applying procedures like inquiries from the management; review of policy documents, monitoring reports, interpretation and analysis of primary and secondary data. Evidence was also collected through observation and interviews from the relevant officials. Physical inspection was also carried out to verify the outputs and targets achieved.

The thematic audit was conducted in accordance with the Financial Audit Manual (FAM) of DAGP which is in line with the International Standards of Supreme Audit Institutions (ISSAIs).

6.6.2 Audit Analysis

6.6.2.1 Review of Internal Controls

Internal controls can be defined as the ‘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.[23]

The audit team 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 the material and significant internal control weaknesses and report to management for taking corrective measures.

Major weaknesses of internal controls are summarized as under:

- Job roles and responsibilities were not clearly defined in most entities and the DRR wing where established was mostly understaffed.
- There was no proper segregation of duties among the staff members.
- Lack of proper internal audit function in most of the entities.
- Non-updating of organizational plans by the entities.
- Weak monitoring and supervision mechanism.
- Lack of proper reconciliation system.

[23] The Turnbull Report, published in 1999

Some specific instances depicting weaknesses and failures of internal controls are listed as under:

i. The approvals of the draft documents were not sought from competent forums/ commissions. For example, Provincial Disaster Management Plan, District Disaster Management Plans (20 districts) and Response Plan for Forest Fires and Tsunami were not approved by the relevant forums. **(Para No. 16 TA-AIR NDMA, 6 TA-AIR PDMA, 1 TA-AIR DDMA AY 2021-22)**

ii. The annual reports of the Disaster Management Agencies were not being published and laid before Parliament and Provincial Assemblies. (**Para No. 16 TA-AIR NDMA-AY 2021-22) & (Para No. 1.2.19 and 2.2.10 Audit Report AY 2016-17)**

iii. The non-establishment of Investment Management Unit in NDRMF led to the absence of in-house professional treasury management function and deprived NDRMF from the other possible better investment opportunities for investing the endowment fund. The endowment fund account was established to finance NDRMF's recurrent costs starting from the fourth year of the project implementation. The amount USD 20 million was released to NDMA from endowment fund account before signing GIA with NDMA and amendments in the Loan agreement No. 3474 and PAM. **(Para No. 8 SPA-AIR NDRMF-FY 2016-2020)**

iv. Income tax was not applicable on NDRMF being a non-profit organization registered under section 42 of Companies Act as its income is exempt from tax. But due to delay in obtaining of approval of Commissioner regarding non-profit organization and also non-inclusion of NDRMF into 2nd Schedule of Income Tax Ordinance 2001, an amount of Rs. 24.626 million was deducted by the banks. The Non-refund of withholding tax is indicative of weak internal control on the part of NDRMF. **(Para No. 11 SPA-AIR NDRMF-FY 2016-2020)**

v. Due to weak internal controls in NDRMF, the funds could not be drawn and utilized even after completion date of loan agreement. Due to non-utilization of loan, commitment charges accrued on complete un-withdrawn amount. **(Para No. 1 TA-AIR NDRM AY-2021-2022)**

vi. Non-reconciliation of Loan / Grant by NDRMF with EAD $ 134.319 million. Moreover, the reconciliation of expenditure on account of foreign aid with AGPR and EAD on monthly basis was not carried out as required under Para 20 of Revised Accounting Procedure for Foreign Aid

Assignment Accounts issued by Finance Division. **(Para No. 18 SPA-AIR NDRMF-FY 2016-20)**

vii. The operational expenditure was more than the expenditure on DRR activities by NDRMF. This led to the non-achievement of targets/ milestones set out in PAM. **(Para No. 5 TA-AIR NDRM AY-2021-2022)**

viii. The funds withdraw by NDRMF from ADB were transferred into Endowment Fund Account without observing the Government prescribed rules and regulations. **(Para No. 16 SPA-AIR NDRMF-FY 2016-20)**

ix. No internal audit function was in place in most of the entities dealing with disasters.

x. The non-availability of sufficient human resource against the sanctioned strength in case of MoCC, NDMA, PDMA Punjab and DDMAs led to hampering the performance of the Disaster Management Organizations related to DRR activities. Further, the understaffing in DRR wing in NDMA also restrains the Authority in playing its due role for disaster management, prevention and mitigation. **(Para No. 17 TA-AIR MoCC, 4 TA-AIR NDMA, 12 TA-AIR PDMA AY 2021-22)**

xi. The National Climate Change Policy, National DRR Policy and NDM Plan were not reviewed/ updated since their approval from NDMC. The DRR policy and NDMP were required to be reviewed every three years and every year respectively. **(Para No. 10 TA-AIR MoCC, 1 & 2 TA-AIR NDMA AY 2021-22)**

xii. The National Institute of Disaster Management (NIDM) was not properly established and functioning thereby leading to non-achievement of targets as outlined in NDMP such as planning and promoting training and research and developing core competencies, monitor HDRM Plan and review of NDM Plan. **(Para No. 4 TA-AIR NDMA AY 2021-22).**

6.6.2.2 <u>Critical Review</u>

This part of the audit findings covers a critical review of the legal framework, role and performance of organizations and other details along with impediments affecting performance of institutions and progress in achieving the targets related to ‘Disaster Risk Reduction’ in the country.

Regulatory and policy framework of DRR required the establishment of a number of bodies at various levels to oversee the disaster related work including DRR. A coordinated and concentrated effort by all such bodies was a prerequisite for effective disaster risk reduction in the country. A number of bodies such as Pakistan Climate Change Commission, Pakistan Climate Change Authority, Pakistan Climate Change Fund, Provincial Disaster Management Commission, District Disaster Management Authority, Provincial Climate Change Policy Implementation Committees and Federal Coordination Committee (for projects funded through NDRMF) were not constituted as required. Thus, at the very outset the institutional framework was not in place to effectively deal with the subject of DRR at federal, provincial and district levels. **(Para No. 1,2,3&7 TA-AIR MoCC, Para No. 1 TA-AIR PDMA, Para No. 2 TA-AIR NDRMF AY 2021-22)**

The meetings of Provincial Disaster Management Commission (PDMC), DDMA, NDMP Implementation Steering Committee, Cabinet Committee on Disaster Management (Punjab), National Climate Change Policy Implementation Committee and Provincial Climate Change Policy Implementation Committees were not being convened regularly as required and therefore the strategic oversee and monitoring of the activities related to DRR was also missing. **(Para No. 1&3 TA-AIR PDMA, Para No. 1 TA-AIR DDMA, Para No. 12 TA-AIR NDMA, Para No. 7 TA-AIR MoCC AY 2021-22)**

The Board of Directors (Bod) and committees as required under Articles of Associations (AoA) were not constituted in a timely manner. The non-completion of BoDs caused an impediment to smooth conduct and management of business affairs of NDRMF and affected decision making process. Similarly, the NDRMF management was not able to curtail the operational cost of the organization. The procurement of vehicles & equipment and recurring cost appeared to be at the forefront, whereas the core objective of NDRMF was Disaster Risk Reduction (DRR). The expenditure on DRR was less as compared to operational cost. Late deposit of counterpart funding (GOP) to endowment fund of NDRMF also led to non-achievement of the desired outputs within set timelines. **(Para No. 2,4,14&17 SPA-AIR NDRMF FY 2016-20)**

The findings indicate that NDMA was facing with resource constraints making it not possible to make full efforts towards the DRR framework and activities. In last two years since the outbreak of Covid-19 pandemic, the NDMA had been dealing with relief, procurement and distribution activities leaving little room for taking up its core activities i.e. DRR. The NDMP and DRR policy 2013 was formulated by NDMA but the same were not implemented in letter and spirit by the responsible agencies. Areas like Multi Hazard Vulnerability Risk Assessment (MHVRA), legislation, budgetary allocations and policies, plans and capacity building were not properly undertaken and deficiencies and shortcomings resulted in slow pace of DRR activities in the country. **(Para No. 3, 7&8 TA-AIR NDMA, Para No. 8 & 14 TA-AIR PDMA, Para No. 4 & 15 TA-AIR DDMA AY 2021-22)**

DRF and Disaster Risk Insurance (DRI) were conceived as pivotal steps in the DRR Policy 2013 contributing towards holistic Financial Protection Strategy for mitigation of risks arising out of national disasters. An assessment of the disaster management organizations at Federal and Provincial levels revealed that except for DRF arrangement in shape of NDRMF, no other arrangements for DRF and DRIF were in place thereby defeating the very purpose of the idea conceived in the DRR policy 2013. **(Para No. 13 TA-NDMA, Para No. 19 TA-PDMA AY 2021-22)**

Despite the fact that all Disaster Management activities require a strategic input and close oversight, no meeting of Provincial Disaster Management Commission Punjab has yet been convened. Resultantly PDMA, Punjab is not in a position to perform its functions at an optimum level. Similarly, non-compliance of statutory requirements by PDMA, Punjab for inspection of construction activities and non-formulation of disaster-resistant building codes, guidelines and architectural designs led to non-implementation of DRR policy in letter and spirit. **(Para No. 1, 15&16 TA-AIR PDMA, Punjab)**

The integration of DRR into Public Sector Development Projects is important for effective preparedness. Non-integration of DRR in PSDP and ADP schemes and no review of development plans prepared by the departments at federal, provincial and district levels was not only violation of NDMP, DRR Policy and instruction of Planning Commission but it also led to non-prevention and mitigation of any upcoming disasters. Moreover, the slow pace in carrying out the MHVRA throughout the country led to a failure in identifying the nature and degree of vulnerability or risk, prioritizing the problems on a rational basis and sound DRR interventions by the respective governments. **(Para No. 10 TA-AIR NDMA, Para No. 2 TA-AIR LDA, Para No. 1,2 & 4 TA-AIR P&DD, Punjab Para No. 7 TA-AIR DDMA AY 2021-22).**

Against a background of rapid urban growth and potential urban disasters in the country, the promotion of DRR through land-use plans and building codes was required to be given high priority. In this regard the revision of municipal regulations, building by-laws and structural and non-structural safety-features was required to identify major safety issues in relation to major hazards including earthquakes, landslides, fires and flooding and accordingly devise proper and realistic measures to strengthen the enforcement regime and compliance mechanisms. The NDMC in its second meeting dated 03.01.2009 directed Ministry of Housing and Works to formulate legislation in consultation with Ministry of Law and Justice for making the violation of building codes as criminal offence. After Earthquake, 2015, the standing committee on Law, Justice and Human Rights decided that Building Construction Act may be enacted empowering the government to promulgate the building code as a legally binding document. NDMA was tasked to formulate a proposed bill through the core group. The draft bill was forwarded to Ministry of Housing and Works for placement before Senate Standing Committee for legislation after vetting from Ministry of Law and Justice. No further progress on the Building Construction Act was available. Similarly, at the provincial level, surveys of dangerous/ hazardous public building, infrastructure and private building were conducted by the District / Divisional technical committees and the District Fire Safety Committees in respect of building above 38 feet, however no reports were prepared by PDMA Punjab/ DDMA /LDA which resulted in non-framing of rules and bye-laws. **(Para No. 13 TA-AIR MoCC, Para No. 11 & 15 TA-AIR NDMA, Para No. 15&16 TA-AIR PDMA, Para No. 3,4&5 TA-AIR LDA, Para No. 13&14 TA-AIR DDMA AY 2021-22)**

The main function of NDMA/PDMAs is coordination, monitoring and implementation of plans and policies at national level/provincial level, while DDMAs are the frontline agencies to implement field activities. The respective Provincial Governments have established DDMAs in each district, however, no dedicated staff for DDMAs has been recruited and posted in districts. There are no recruitment rules, job description and organogram for DDMAs and as a result DDMAs have become subordinate organizations under the Deputy Commissioner of the respective district. Thus, at present the DDMAs are not properly established as per the requirements of Section-18 of National Disaster Management Act, 2010. Proper establishment and operationalization of DDMAs is pivotal towards ensuring that the areas in the district vulnerable to disasters are identified and measures for the prevention of disasters and the mitigation, of its effects are undertaken by the departments of the Government at the district level as well as by the local authorities.

6.6.2.3 <u>Significant audit observations in shape of case studies</u>

The observations raised during the audit were properly communicated to the respective entities in shape of Audit & Inspection Reports which are an integral part of the thematic audit exercise. The replies of the respective entities to the audit observations have been incorporated in the AIRs and the key audit findings have been finalized in the light of the departmental replies. The key audit findings related to the theme are summarized in the following three (03) case studies:

6.6.2.3.1 Case Study 1: Institutional and Policy Framework of Disaster Risk Reduction

As part of the thematic audit, the institutional and policy framework for DRR in Pakistan was examined in detail. A comprehensive review of the DRR framework indicated that the governance framework for DRR was not in place as conceived and a number of bodies which were required to be established for reducing disaster risk and enhancing resilience against disasters were either not instituted or not functioning properly.

As a case study, the following issues related to the governance structure are highlighted:

- Pakistan Climate Change Council, Climate Change Authority and Climate Change Fund have not been established as required under Climate Change Act, 2017. **(Para No.1, 2, 3 TA-AIR MoCC AY 2021-22)**
- Disaster Risk Management Coordination Committee (DRMC) was not established at federal level as per Project Administration Manual (PAM) of NDRMF. **(Para No.2 TA-AIR NDRMF AY 2021-22)**
- National Adaptation Plans were not prepared and approved to identify medium- and long-term adaptation needs and developing and implementing strategies and programs of the country for building resilience to climate change as required under Climate Change Act, 2017. **(Para No.06, TA-AIR MoCC AY 2021-22)**
- National Disaster Response Force (NDRF) was not established as required under National Disaster Management (NDM) Act, 2010. **(Para No.09, TA-AIR NDMA AY 2021-22)**
- Building Code Act for making the violation of building codes a criminal offence was not legislated upon. **(Para No.11, TA-AIR NDMA AY 2021-22)**
- Disaster Risk Insurance policy was not formulated and implemented. **(Para No.13, TA-AIR NDMA AY 2021-22)**
- Disaster Risk Financing Strategy was not prepared and approved. **(Para No. 19, TA-AIR PDMA-Punjab AY 2021-22)**

- Provincial Disaster Management Commission (PDMC), Punjab was not established. **(Para No. 1, TA-AIR PDMA-Punjab AY 2021-22)**
- Meetings of Cabinet Committee on Disaster Management, Punjab were not convened. **(Para No. 3, TA-AIR PDMA-Punjab AY 2021-22)**
- Provincial Disaster Management Policy, Punjab was not formulated. **(Para No. 5, TA-AIR PDMA-Punjab AY 2021-22)**
- Provincial Disaster Management draft Plan, Punjab was not approved from PDMC, Punjab. **(Para No. 6, TA-AIR PDMA-Punjab AY 2021-22)**

Management Response

The management of NDMA held that NDMA moved a case for establishment of smart NDRF at national level and a number of initiatives were also taken including formulation of a PC-I with the help of World Bank for funding which, after approval in principle, was revoked by the Planning Commission. A Summary is under submission to the Prime Minister. However, the case was held up due to Covid-19 and merger of ERRA with NDMA.

The management of NDMA further held that NDMC on 21.02. 2013 approved the proposal in principle of establishment of Disaster Risk Insurance Framework in Pakistan and directed NDMA to continue working on it and bring up the draft policy for consideration by the Cabinet. The NDMA also apprised about its efforts in development of Disaster Risk Insurance Framework (DRIF) in collaboration with different agencies. LEAD Pakistan hosted national workshop on Disaster Risk Insurance Framework for Pakistan, on 8th February, 2017 and the event brought together various National and Provincial stakeholders to enable coordination and synergy in the area. The Final report on Developing Disaster Risk Insurance Framework for Pakistan was shared with all PDMAs, GBDMA and SDMA for their input / comments. SDMA and PDMA Sindh had endorsed the report. However, report could not be finalized as PDMA KPK and Punjab had raised objections and no response was received from PDMA Balochistan and GBDMA despite issuing reminders.

The management of NDMA also held that NDMA, in consultation with Pakistan Engineering Council (PEC) has drafted penalty provisions against violation of Building Code and mechanism for Implementation of Building Code of Pakistan (Seismic Provisions). The legislation and implementation of provision regarding building codes is the responsibility of concerned Ministries/development authorities and provincial government. However, NDMA will continue to make efforts to highlight the need for such legislation and its implementation. Furthermore, with the support of NDMA, an SRO was issued on 31.10.2016 for the Fire Safety Code in the existing Building Code of Pakistan. The implementation and enforcement of this bye-law shall vest with the Authority having jurisdiction within their respective jurisdictions and circles.

The management of Ministry of Climate Change, NDRMF, PDMA, Punjab and DDMA Lahore did not provide their responses.

Case study 2: National Disaster Risk Management Fund (NDRMF)

6.6.2.3.2.1 Investment of Endowment Fund of NDRMF for efficient management of the fund and availability of resources for Disaster Risk Reduction activities in the country

Para 3 (2) of National Disaster Management Fund Rules-2016 provides that the Endowment Fund shall be invested, in a portfolio or through a third party, in Government Securities, the National Savings Schemes or a scheduled bank. Para 6 of Finance Division (Budget Wing), Notification dated 02.07.2003 provides that before making any investment, it would be necessary for public sector entities to set up in house professional treasury management functions, which need to have an Investment Committee (IC), assisted by an Investment Management Unit employing qualified staff, using services of fund managers approved by SECP.

Para 5.5 of Subsidiary Grant Agreement signed between Government of Pakistan and NDRMF provides that 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 (a) the NDRMF recurrent costs starting from the fourth year of the NDRMF's operations; (b) additional investments in interest / profit bearing securities; and (c) financing of disaster risk reduction activities, as approved, from time to time, by its board of directors. Further, Para 39 of Project Administration Manual (PAM) and Para 5.4 Subsidiary Grant Agreement provides that a tripartite fund agreement acceptable to ADB will be signed between the EAD, ADB, and the Fund clearly outlining; the composition of endowment fund, purpose of establishment, conditions for disbursement, sanctity and use of endowment resources, treatment or use of interest earned on the investment of the endowment fund, and procedure for closure of the endowment fund in case the Fund is closed.

NDRMF established endowment fund during the FY 2016-17 amounting to Rs. 10,199.171 million by contribution from ADB. Audit observed as under:

- The funds were kept in National Income Daily Account (NIDA) account during the FY 2017-18 w.e.f. 22.06.2017 to 19.09.2018. Later on, the funds were invested in TDR and MTB @ 10.10% and 14.25% during the FY 2018-19 and 2019-20 respectively. The NDRMF did not establish investment Management Unit employing qualified staff and using the services of professional fund managers.
- NDRMF transferred funds of Rs. 20 million on account of Covid-19 to Government of Pakistan from interest / profit from Endowment fund account during the FY 2019-20.
- Tripartite fund agreement between the EAD, ADB, and the Fund was not signed.

Audit is of the view that non-investment of the endowment fund deprived the NDRMF from availability of resources for DRR activities in the country.

Management Response

The management of NDRMF held that there was no investment policy of NDRMF prior to March 2018 and therefore, the Endowment Fund were lying in National Income Daily Account (NIDA) maintained with NBP since the incorporation / inception of the company. Further, after the approval of NDRMF's Investment Guidelines 2018, investments of Endowment Fund is currently managed by the Finance Management Group (FMG) of NDRMF which has the capacity to manage the investment portfolio. The management further held that NDRMF received instructions from EAD for making available funds to the National Disaster Management Authority (NDMA) on top priority as directed by Prime Minister's Office to control Covid-19 spread in Pakistan. Moreover, the draft Tripartite Fund Agreement has been vetted by ADB and shared with EAD on 10.01.2020 for signatures, which is still lying pending with the EAD.

(Para No. 8 & 9 SPA-AIR NDRMF FY 2016-20, Para 13, FAP-NDRMF FY 2020-21)

6.6.2.3.2.2 Targets as per Project Administration Manual (PAM) of NDRMF

Article II section 2.03 of the Financing Agreement of Credit Number 6246-PK between Islamic Republic of Pakistan and Internal Development Association provides that the borrower shall pay commitment charges of 0.15% per annum. Such charge shall accrue on the full amount of the loan less amount withdrawn from time to time commencing 60 days after the date of the loan agreement. The maximum commitment charge rate is one-half of one percent (1/2 of 1%) per annum on the un-withdrawn Financing Balance.

It was observed that:

- Government of Pakistan through EAD signed two loan agreements with ADB. The committed amount remained unwithdrawn by NDRMF out of loan upto 30.06.2021 after a lapse of considerable time. Due to non-utilization of loan, the commitment charges amounting to Rs. 1.422 million have been accrued on complete un-withdrawn amount of loan.

- NDRMF incurred excessive expenditure on recurrent cost rather than investment in DRR activities since inception till date (2016-17 to 2020-21). The percentage of expenditure incurred on DRR was on lower side as compared to operational cost of the entity.

- Targets / key activities with milestones under output 2 and 3 of PAM, could not be achieved till June 2021. Further, some key activities pertaining to "development of DRF instruments for pilot testing" and "commencement of pilot testing of one DRF instrument" could not be initiated even after expiry of original timelines.

Audit is of the view that due to slow progress of activities, the targets pertaining to DRR could not be achieved with in the timeframe and loss also occurred due to payment of commitment charges by the Fund due to non-utilization of loan.

Management Response

No response was given by the management.

(Para 15, FAP-NDRMF FY 2020-21, No. 4 &5 TA-AIR NDRMF AY 2021-22)

6.6.2.3.3 Case Study 3: Implementation and Operational Level Issues related to DRR

6.6.2.3.3.1 Multi-Hazard Vulnerability Risk Assessment (MHVRA)

The DRR Policy 2013 requires DRR plans and initiatives to be based upon assessments that identify the nature and degree of vulnerability or risk (including the identification of particularly vulnerable groups), that allow prioritizing problems or geographical areas on a rational basis and that inform the design of appropriate and technically sound DRR interventions. Hazard and Vulnerability Assessments, Risk Assessments and Indices are core tools and processes to identify, diagnose and prioritize risk. According to Table-2 of implementation plan given in PAM for NDRMF, one (01) National level MHVRA and 20 Sub-national MHVRAs were required to be completed by Q2-2018 and Q3-2019 respectively.

It was observed that:

- The National Disaster Management Plan Implementation Road Map 2016-2030 chalks out the phase wise targets for the Multi-Hazard Vulnerability Risk Assessment of entire country to draw the risk atlas upto lowest tier i.e. City (Urban) and Village (Rural) level. NDMA planned to carry out MHVRAs of 39 districts between 2016-18, 55 districts between 2019-22 and 63 districts between 2023-30. NDMA formulated a PC-I titled ‘District-Level MHVRA of Pakistan’ which is awaiting approval of CDWP since 2019.
- NDRMF released funds for the completion of national level MHVRA and 20 subnational MHVRA on 27.08.2019, which were returned by NDMA without execution of project after lapse of four months.
- PDMA, Punjab through ADB funded project Flood Emergency Reconstruction and Resilience (FERR) completed MHVRA of 20 districts of Punjab out of 36 districts. These MHVRAs were carried out near river line areas of districts only. Whereas, the industrial and urban centers of the surveyed districts were not covered in the MHVRAs. Further, the PDMP and DDMPs (20 districts) contain exactly same Programs, Projects and Activities (PPAs) options and corresponding indicative costs of all districts. This shows that the PDMP / DDMPs were not based on actual risk assessment of specific geographical conditions of each district and were simply copied on same lines.

- The MHVRAs of the remaining 15 districts of Punjab were not conducted.

Management Response

The matter was discussed with NDMA and the management held that NDMA has given top priority to conduct MHVRA since 2015 but the same could not be completed due to lack of resources. NDMA has completed MHVRA of hazard prone 13 districts. Furthermore, NDMA also developed and digitized the MHVRA baseline data for 15 districts of Khyber Pakhtunkhwa and Balochistan. The delay in conduct of MHVRA is not on the part of NDMA as NDMA had made hectic efforts for availability of funds.

(Para No.3 TA-AIR NDRMF, No. 07 & 08 TA-AIR NDMA, No. 17, 23 & 24 TA-AIR PDMA Punjab AY 2021-22)

6.6.2.3.3.2 Mainstreaming of DRR into Development Projects

SDG Goal 13 (target 13.2) requires to integrate climate change measures into national policies, strategies and planning. Further, Para 9(4) of NDMP provides to promote mechanism for mainstreaming disaster risk reduction measures into development planning processes. In addition, Planning Commission circular No. 5(7)Misc./PP&H/PD/10 dated 23.11.2010 provides that all projects requiring approval of Government should give due consideration to vulnerability from natural and human induced disasters and incorporate measures of disaster risk reduction at the project design, planning and implementation stages. Accordingly, checklist (infrastructure, Production and social sectors) may be made part of PC-I and PC-II for consideration of competent forum (i.e. DDWP, CDWP, PDWP, ECNEC).

During the course of audit of Ministry of Climate Change, NDMA, P&D Board Punjab and LDA Lahore, it was observed that:

- PC-I form was not revised after 2005.
- DRR / Climate change concerns were not incorporated in the Planning Commission proformas.
- Instructions circulated by Planning Commission in 2010 were not adhered by the stakeholder agencies.

Audit is of the view that mainstreaming of DRR into development projects has not been achieved as was required.

Management Response

The audit observation was issued to the management of Ministry of Climate Change, NDMA, P&D Board Punjab and LDA Lahore. The management of NDMA held that DRR checklist has been notified and circulated by the Planning Commission for mainstreaming DRR component and NDMA was the lead agency. NDMA is not part of the project approval process and thus, Planning Commission is responsible for the implementation of DRR checklist. No response was given by other departments.

(Para No.9, TA-AIR MoCC, No. 10, TA-AIR NDMA, No. 1, TA-AIR P&D-Punjab, No. 2 TA-AIR LDA AY 20-21)

6.6.2.3.3.3 Monitoring, Review and updation of DRR Policy 2013 and NDMP 2012

Para 4.1 of DRR Policy provides that the DRR Policy would be reviewed every three years. However, in case of a need to introduce changes at a specific point of time to address any policy issues based on the feedback during implementation of action plans, the national and provincial DRM institutions (NDMA & F/G/S/PDMAs) will hold consultations and propose changes for approval by the competent forum. Further, section 10 of National Disaster Management Act, 2010 requires a plan to be drawn for disaster management for the whole country to be called the 'National Plan'. Section 10 (4) of the Act provides that the National Plan shall be reviewed and updated annually by National Disaster Management Authority. Similarly, Sections 16 2(b) and 20 (2)(b) of NDMA Act-2010 require PDMA and DDMAs to co-ordinate and monitor the implementation of the National Policy, Provincial Policy, National Plan, Provincial Plan and District Plan.

NDMA, Islamabad formulated Disaster Risk Reduction Policy (DRRP) in 2013 and National Disaster Management Plan (NDMP) in 2012, duly approved from the NDMC in 2013. It was observed that:

- NDMA neither reviewed nor updated the NDMP and DRR policy as required.
- PDMA Punjab and DDMA, Lahore were requested to provide status of implementation of DRRP-2013 and NDMP-2012. However, no record was available regarding monitoring and implementation of DRRP-2013 and NDMP-2012.

Audit is of the view that despite provision in the NDM Act and replacement of Hyogo Framework by Sendai Frame Work 2015-30, NDMP was not updated /

revised and DRR Policy was also not updated / reviewed in line with the requirements of Sendai Frame Work. Further, the non-implementation of NDMP and DRR policy in the absence of an approved Provincial Disaster Management Plan (PDMP) is likely to affect the progress of activities pertaining to DRR in the province of Punjab.

Management Response

The management of NDMA held that the matter of revision and updation of NDMP was recently taken up with the JICA and Japanese Government approved the project after fulfillment of codal formalities and a meeting for planning survey was held on 07.09.2021. Further, section 4.1 of DRR policy provides that National DRR Policy is a living document which will be reviewed and updated regularly to keep the policy parameters aligned with national priorities, changing weather patterns and risk profile and international obligations. No response was given by other departments.

(Para No.01 & 2 TA-AIR NDMA, No. 7 & 2 TA-AIR PDMA-Punjab & TA-AIR DDMA-Lahore AY 2021-22)

6.6.2.3.3.4 Coordination among the Federal Ministries / Provincial Departments on Climate Change

Para 11 (II) of National Climate Change Policy provides that the National and Provincial Climate Change Policy Implementation Committees 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.

During the audit, it was observed that no record pertaining to horizontal/ vertical coordination mechanism between Federal Ministries / Provincial Departments was shared with audit for implementation and review of SDGs/ Paris agreement and Intended Nationally Determined Contributions (INDCs).

Audit is of the view that there was no proper mechanism / SoPs for coordination among the Federal Ministries and Provincial Departments to direct their efforts towards implementation of National Climate Change Policy and DRR.

Management Response

No response was given by the management.

(Para No.11, TA-AIR MoCC AY 2021-22)

6.6.2.3.3.5 Climate Resilient Urban Human Settlement Unit

Para 11(v) of Revised PC-I of 'Climate Change Urban Human Settlements Unit' held that delay may lead to various financial and technical funding opportunities, likely to be available to Pakistan by international donors after the adoption of SDG; UN Urban Agenda & Climate Change Action; & impede the achievements of Vision 2025.

A Climate Resilient Urban Human Settlements Unit was to be established under the control of Ministry of Climate Change. The details related to approval of PC-I and revisions is detailed below:

(Rs. in million)

Description	Cost / revised Cost of PC-I	Financial Years	Date of Admin Approval
PC-1	56.824	2018-19 to 2022-23	11th September, 2018
Modified PC-I, Change in financial outlay only. No change in Outputs / Deliverables	59.288	2019-20 to 2023-24	21st July, 2020
1st Revision in PC-I. Change in financial outlay only. No change in Outputs / Deliverables	90.158	2019-20 to 2023-24	2nd August, 2021

Audit observed that:

i. PC-I to the Project was revised in August, 2021 after lapse of 3 years. The modification / revision of PC-I was only limited to financial outlays of the project. No change was noted in the Outputs / Deliverables of the project / unit.

ii. Funds were allocated for the project during the FY 2018-19, 2019-20 and 2020-21, however expenditure incurred remained low against the allocated funds as below:

(Rs. in million)

Financial Year	Allocation	Utilization	Savings
2018-19	20.000	0	20.000
2019-20	20.000	1.905	18.095
2020-21	38.788	8.289	30.499

iii. Non / less utilization of funds shows that the Climate Resilient Urban Human Settlements Unit was not functional.

Audit is of the view that this has resulted into delay in implementation of the project and non-achievement of objectives / outputs / deliverables within the period specified in the PC-I.

Management Response

No response was given by the management.

(Para No.12, TA-AIR MoCC AY 2021-22)

6.6.2.3.3.6 Inclusion of NDMP Priority Action/Program in the Five-Year Plan

Para 10(5) of NDMA Act-2010 states that the Federal Government shall make appropriate provision for financing the measure to be carried out under the national plan. Further, Para 3.3.1 (5) of NDMP provides that the Federal Government shall make appropriate provisions for financing the measures to be carried out under the National Plan.

NDMA in consultation with the Japan International Cooperation Agency (JICA) formulated a project document National Disaster Management Plan (NDMP) for Pakistan and NDMC approved NDMP in its fourth meeting held on 21.02.2013. NDMP consist of certain intervention, strategies and action plan / program to make the Pakistan resilient against disasters. The overall NDMP is a comprehensive plan, having a total investment cost of USD 1,040.9 million.

It was observed that NDMA forwarded its input, containing priority areas for Disaster risk management (along with the tentative cost) to Planning Division for inclusion of NDMP priority action / programs in the 11th Five Year Plan of the country. However, the same was not reflected in the 11th Five Year Plans. Similarly, neither any inputs were requested by Planning Division nor were those inputs furnished by NDMA for inclusion of the priority action / programs in the 12th Five Year Plan (Pakistan Vision – 2025).

Audit is of the view that non-publishing of NDMAs input in the 11th Five Year Plan and non-inviting the input for the 12th Five Year Plan, implies that disaster risk reduction is on a low priority in the planning paradigm.

Management Response

The management of NDMA held that the inputs for 11th Five-Year Plan were forwarded by NDMA, while NDMA was not consulted for the 12th Five Year Plan by the Planning Commission. Further, Disaster Management is only high on national agenda when a major disaster strikes the country and that too only for disaster response. Bringing DRR on national agenda is continuous process requiring advocacy and awareness efforts.

(Para No.03, TA-AIR NDMA AY 2021-22)

6.6.2.3.3.7 National Disaster Management Plan (NDMP) Steering Committee

Para 2 of Annex-H of National Disaster Management Plan Implementation Road Map 2016-2030 provides that NDMP Implementation Steering Committee (SC) shall be established to review and monitor the implementation of NDMP, its priority program's progress and institutional coordination.

During the course of audit, the management provided minutes of meeting of NDMP Implementation Steering Committee dated 7 & 8.01.2016. The scrutiny of minutes of meeting and annual reports of NDMA revealed that:

i. NDMP Steering committee meeting was held only once on 7 & 8.01.2016 since its constitution on 02.11.2015, whereas as per ToR, NDMP SC was required to carry out NDMP implementation review on quarterly basis.

ii. NDMA published Annual Progress Reports for the Year 2016, 2017 and 2018. The report for the Year 2016 contained information regarding convening of NDMP (SC) meeting whereas the reports for the Year 2017-18 are silent regarding meetings convened, progress upon NDMP priority programs and actions thereof.

iii. In its meeting on 7 & 8.01.2016, NDMP (Steering Committee) observed that there is lack of coordination among the Provincial departments and federal organization on flood management. This has resulted in an overlap and repetition of similar activities e.g flood mapping hazard, hazard risk assessment atlas and NFP-IV etc.

Audit is of the view that non-convening of NDMP Steering Committee meetings shows lack of coordination among the departments at federal and provincial level. The non-publication / disclosure of NDMP implementation review shows that the matter of weak implementation and monitoring could not be brought to the notice of higher authorities.

Management Response

The management of NDMA held that NDMP Steering Committee meetings were not convened. NDMA made concrete efforts for the implementation of the Plan at different forums. The observation of the Audit is well noted and NDMA will plan to establish an effective oversight mechanism for development of revised NDMP and its implementation in the future.

(Para No.12, TA-AIR NDMA AY 2021-22)

6.6.2.3.3.8 Formulation of Land use plan and Sectoral & Hazard Specific DRR /DRM Plans

Para 4.2 of DRR Policy 2013 provides that the current policy will be implemented through three main instruments: a) development plans; b) disaster risk reduction/management plans; and c) sectoral and hazard-specific plans. In order to implement specific components of the policy, a range of specific plans and strategic frameworks need to be designed or finalized. Further, Para 4.2.3 of National DRR Policy regarding Sectoral and hazard-specific plans provides that in addition to capitalizing on multi-tier development and DRR/DRM plans, federal ministries/departments and provincial and district line departments will be required to develop sector-specific DRR/DRM plans to be reviewed and updated annually. This approach will allow each public-sector entity to complement and strengthen the overall structure of DRM both horizontally and vertically. NDMA will provide technical assistance in terms of preparing guidelines and imparting technical skills to government officials for developing sectoral DRR/DRM plans at the national and provincial levels.

During the course of audit, NDMA was requested to provide specific plans and strategic frameworks for the implementation of the DRR policy. However, strategic frameworks to promote safer and sustainable land-use in a variety of socio-economic, geographic and risk contexts and Sectoral and Hazard Specific Disaster Risk Reduction / Management Plans were not available with the Authority.

Audit is of the view that the non-formulation of land use plan and Sectoral & Hazard specific DRR / DMP has led to non-development of DRR structure and achievement of targets as conceived.

Management Response

The management of NDMA held that the land use planning may only be possible after the completion of micro level MHVRA. NDMA has implemented pilot MHVRA in 13 districts of Pakistan. Now it is possible to develop a land use plan as pilot project in coordination with the respective development authorities and provincial governments. Further, NDMA has secured two (02) projects for land use plan development, i.e. One with UN Habitat and the other with German Government, which were signed by Economic Affairs Division. After implementation of these projects, spatial land use plan for few districts as pilot will be developed.

(Para No.15, TA-AIR NDMA 2021-22)

6.6.2.3.3.9 Community Based Disaster Risk Management training (CBDRM) and community awareness

According to Sections 16 (2)(h) and 20(u) of NDMA Act-2010, the Provincial Authority may promote general education, awareness and community training and facilitate community training and awareness programs for prevention of disaster or mitigation with the support of local authorities, governmental and non-governmental organizations.

It was observed that Project Implementation Unit – PDMA Punjab formulated 3 documents namely CBDRM Program Punjab Province, CBDRM Trainer's Guidebook and Participant's Work Book CBDRM through DCRIP foreign aid project. Further, sufficient guidelines regarding CBDRM i.e. Trainers Manual and Instructor guidelines on CBDRM were also formulated by the NDMA through foreign consultants i.e. JICA and UNDP etc. PDMA Punjab and DDMA Lahore were requested to provide record to establish that community training and awareness programs for prevention of disaster were undertaken, however no record was available with the authorities.

Audit is of the view that repetitive work regarding formulation of guidelines and manual has been carried out at federal and provincial level and its actual implementation in the shape of execution of CBDRM training program at grass route level could not be initiated.

Management Response

No response was given by the management.

(Para No. 10, 21, TA-AIR PDMA-Punjab, No. 6, TA-AIR DDMA-Lahore AY 2021-22)

6.7 Recommendations

Recommendations in audit reports of the Auditor General of Pakistan highlight actions that are expected to improve the performance of the audited entities when implemented. The appropriate and timely implementation of audit recommendations is an important part of realizing the full benefit of the audit activity.

Audit recommendations are as under:

1) The proforma/checklist formulated by NDMA in 2010 should be made part of PC-I to ensure catering the aspects of Disaster Risk Reduction and Environment Assessment of the PSDP projects.
2) Planning departments of all provinces should be approached to play their role for mandatory integration of DRR in PSDP. There is a strong need that development should be regulated in terms of its impact on disaster risk, otherwise, the developmental activities will further increase disaster risks.
3) While planning development programs / schemes, the disaster risk framework and environmental standards should be given due consideration and be made an essential part of planning process at all levels of the government.
4) In compliance with the provisions of Articles of Association, Project Administration Manual and Public Sector Companies (Corporate Governance) Rules, 2013, the NDRMF should complete Board of Directors, general body and a ppoint a full-time CEO so that the objectives of the Fund are achieved properly.
5) NDRMF should fast-track its activities to fully utilize the financial resources at its disposal. Concrete efforts should be made to complete the designed activities within the stipulated time schedules as approved by ADB.
6) Provincial Disaster Management Policy should be formulated in Punjab province and got approved from the PDM Commission Punjab to guide disaster risk management mainstream in the province by providing policy strategies that would achieve the long-term goal of reducing disaster risk of precious lives and social, economic and environmental assets of communities.
7) Effective coordination mechanism should be devised between disaster management agencies and organizations throughout the country to achieve the objectives related to DRR.
8) Establishment and enforcement of building codes (technical and functional standards) should be ensured by all development authorities and other regulators across the country.

9) International Day for Disaster Risk Reduction' should be marked regularly on 13th of October each year by the Ministry of Climate Change and NDMA/PDMAs. MoCC should organize walks, seminars and public awareness forums on the day.

10) NDMA should complete the remaining MHVRAs in 101 districts, which is a pre-requisite for developing risk atlases and Disaster Risk Reduction Plans for the vulnerable regions/ districts in the country. Further, the PDMA Punjab should give due focus to the industrial and urban centers of the province while carrying out MHVRAs.

11) Mainstreaming of DRR into Development projects is essential to make the country resilience to disasters. Concrete efforts should be made by concerned agencies to mainstream the DRR into development projects through revision of PC-I & II forms and its proper implementation and monitoring.

12) Mechanism / SoPs should be devised for effective implementation, coordination and monitoring of National Climate Change Policy (NCCP).

13) The responsible agencies should take concrete steps to provide awareness and facilitate community trainings for prevention of disasters and reducing the risks of disasters and calamities.

It is expected that the concerned entities will put in place appropriate systems for monitoring the implementation of recommendations given by the audit authorities.

6.8 Conclusion

Disaster Risk Reduction (DRR) concentrates on pre-disaster actions and is important for reducing future risks to the precious lives and resources of the country. In Pakistan, the realization about DRR and its implementation took place in the aftermath of 2005 earthquake and since then the DRR has been addressed through a range of policy interventions, strategies and institutional frameworks.

An overview of the DRR as an audit theme during the year 2021-22 suggests that Pakistan being a developing country has to take concrete steps to mitigate the effects of future disasters. The finding indicates that the disaster risk considerations are not properly factored into urban and regional planning at present. For effective mitigation and reduction of disaster related risks, it is extremely important that the Provincial Disaster Management Plans (PDMP) and District Disaster Management

Plans (DDMPs) in respect of each province and district are in place and are updated / reviewed periodically. Moreover, PDMP and DDMP should be based on actual risk assessment of specific geographical conditions and vulnerabilities of each district. Further, there is a strong need that the plans, strategies and policies framed by the government(s) are properly translated into actions so as to effectively manage and reduce the risks arising out of the future disasters.

The organizations involved in DRR at national and provincial levels like, MOCC, NDMA, NDRMF and PDMAs have a pivotal role in this regard. These organizations are required to improve their governance structures, strengthen internal controls and improve financial management practices in order to achieve their stated objectives and organizational goals.

The Ministry of Climate Change has an essential role in Disaster Risk Reduction as climate change affects disaster risk through increase in weather and climate hazards and by increasing the community's vulnerability to the natural hazards. The Ministry of Climate Change has to adopt a proactive approach and make coordinated and systematic efforts in leading the activities related to reducing disaster risks and achieving climate resilient development in Pakistan.

The thematic audit report is expected to assist the government in effective decision making related to Disaster Risk Reduction and efficient resource allocation in future, besides, strengthening the financial management practices and internal control in the spending entities dealing with DRR activities.

6.9. References

1) Ministry of Climate Change website (http://www.mocc.gov.pk)
2) NDMA website (http://www.ndma.gov.pk)
3) NDRMF Portfolio Dashboard
4) AIR of Performance Audit of NDRMF AY 2019-20, DGA (CC&E), Islamabad
5) Special Study on manmade disaster, Balochistan by DGA (CC&E), Islamabad
6) AIR of MOCC, Thematic Audit on DRR FY 2020-21, DGA (CC&E), Islamabad
7) AIR of NDMA Islamabad, Thematic Audit on DRR FY 2020-21, DGA (CC&E), Islamabad
8) AIR of NDRMF, Thematic Audit on DRR FY 2020-21, DGA (CC&E), Islamabad
9) AIR of PDMA Punjab, Thematic Audit on DRR FY 2020-21, DGA (CC&E), Islamabad

10) AIR of DDMA Lahore, Thematic Audit on DRR FY 2020-21, DGA (CC&E), Islamabad
11) AIR of LDA, Lahore, Thematic Audit on DRR FY 2020-21, DGA (CC&E), Islamabad
12) AIR of P&D Board, Punjab, Thematic Audit on DRR FY 2020-21, DGA (CC&E), Islamabad

Annexures

MFDAC

Annexure-I

Sr. No.	Name of Entity	AIR Para No.	Subject
1.	Pak-EPA Islamabad	1	Deficiencies in grant of Certification of Environmental Lab
2.	-do-	2	Non-deduction of withholding tax on Services - Rs 96,517
3.	-do-	3	Irregular payment on account of mobile charges – Rs 42,000
4.	-do-	4	Unverifiable expenditure on account of POL - Rs. 0.77 million
5.	-do-	5	Non-maintenance of books of accounts and non-preparation of financial statements by the Clean Environment Fund
6.	-do-	7	Improper site inspection reports in absence of GSP technology
7.	-do-	10	Non-convening of Annual General Meetings of Clean Environment Fund in contravention with provisions of Companies Act, 2017
8.	Ministry of Climate Change	1	Non-surrendering of anticipated savings to the Government - Rs. 24.184 million
9.	-do-	2	Irregular Expenditure to avoid open tender - Rs. 2.741 million
10.	-do-	3	Irregular expenditure due to violation of PPRA Rules - Rs. 0.931 million
11.	-do-	4	Irregular hiring of testing service in violation of PPRA Rules - Rs 195, 636
12.	-do-	5	Non-Disposal of Old Parts /Dead stock
13.	-do-	7	Irregular expenditure on account of purchase of IT equipment without fulfilling codal formalities – Rs 667,295
14.	-do-	8	Visit to abroad in violation of Cabinet Division Instruction and Non-maintenance and provision of record of visit abroad
15.	-do-	9	Irregularities on account of purchase of IT equipment without fulfilling codal formalities – Rs. 2.116 million
16.	-do-	10	Irregular payment on account of purchase of IT equipment without deduction of taxes and duty – Rs 133,326
17.	-do-	12	Non-conducting internal audit of Ministry of Climate Change
18.	-do-	13	Non-conducting of annual physical verification of store and stocks

19.	Directorate of Env. (Parks) CDA Islamabad 2019-20	7	Irregular award of work without calling tenders – Rs. 1.183 million
20.	-do-	8	Loss of millions of rupees due to non-leasing of cancelled Mega Projects in Lake View Park (Phase-II) and non-obtaining of possession of land
21.	-do-	9	Excess payment over and above the revised BoQ –Rs 905,590
22.	-do-	10	Undue favor to contractor by non-obtaining of call deposit as Performance Security – Rs 899,994
23.	-do-	11	Non-deposit of 5% of annual profit as rent by lessee
24.	-do-	12	Overpayment on account of electricity charges -Rs 369,465
25.	-do-	13	Non-preparation of annual procurement plan
26.	Directorate of Env. (Parks) CDA Islamabad 2020-21	1	Non-collection of Revenues and non-utilization of the collected Revenues from Mega Parks in Islamabad towards Maintenance of Parks in Islamabad
27.	-do-	2	Loss in Earning due to Non-leasing of Contract of Entry Ticket at Lake View Park- Rs 33.985 million
28.	-do-	3	Loss of valuable precious Estate property due to non-maintenance of solar system - Rs 516.294 million
29.	-do-	4	Irregular expenditure due to excess staff over and above sanctioned strength - Rs 7.608 million
30.	-do-	5	Irregular payment to contractor without execution of test-Rs 1.049 million
31.	-do-	6	Irregular Appointment on Current Charge Basis without Availability of Vacant Posts and Payment of Rs 0.368 million
32.	-do-	7	Non-imposition of Liquidated Damages charges-Rs 3.683 million
33.	-do-	8	Irregular expenditure on repair of parks by way of splitting the expenditure and without obtaining quotations-Rs 3.393 million
34.	-do-	9	Non-maintenance of fixed assets register for assets
35.	Directorate of Env. (West) CDA Islamabad	4	Doubtful Expenditure on account of Hiring of Machinery/Supply of sweet Soil– Rs.398,320
36.	-do-	5	Misclassification of Expenditure Due to Charging of Irrelevant Head of Account – Rs.1.844 million
37.	-do-	6	Overpayment due to wrong calculation – Rs. 59,400
38.	-do-	7	Non-Conducting of Annual Internal Check
39.	-do-	8	Non-conducting of physical verification of store/stock items

40.	-do-	9	Discrepancies noticed in the Maintenance of Cash Book
41.	-do-	10	Non-Maintenance of consumable Stock Register
42.	Directorate of Env. (East) CDA Islamabad	1	Overpayment on account of General Sales Tax (GST) – Rs.650,697
43.	-do-	3	Overpayment on account of General Sales Tax (GST) – Rs 55,191
44.	-do-	4	Splitting of Expenditure on Procurement on Providing and Fixing Artificial Flowers – Rs.778,400
45.	-do-	5	Misclassification of Expenditure Due to Charging of Irrelevant Head of Account Rs. 7.84 Million
46.	-do-	6	Irregular Expenditure due to Non-obtaining of approval/sanction and Payment of Previous Year Expenditure – Rs.625,625
47.	-do-	7	Non-Conducting of Annual Internal Check
48.	-do-	8	Non-conducting of physical verification of store/stock items
49.	-do-	9	Non-Maintenance of consumable Stock Register
50.	Directorate of Env. (Regional) CDA Islamabad	1	Misclassification of Expenditure Due to Charging of Irrelevant Head of Account Rs.349 million
51.	-do-	2	Non-Conducting of Annual Internal Check
52.	-do-	3	Non-conducting of physical verification of store/stock items
53.	-do-	4	Non-Maintenance of Consumable Stock Register
54.	-do-	5	Overpayment on account of Purchase of Vehicles – Rs. 200,000
55.	-do-	1	Insufficient emergency vehicles and non-replacement of old ambulances
56.	-do-	2	(A) Non-framing of SOPs for daily operations of emergency services (B) No awareness campaign for ICT residents to become familiar with the services provided by CARES
57.	-do-	3	Deficiency of human resource on key operational positions
58.	-do-	4	Non-reconciliation of monthly and annual expenditure statements and accounts - Rs. 129.932 million
59.	-do-	5	Mis procurement of medicines - Rs. 0.481 million
60.	-do-	6	Non-booking of expenditure under the head POL for vehicles
61.	-do-	7	Non-conducting of physical verification of stores/stock
62.	-do-	8	Non-conducting of internal audit of the Directorate of CARES -1122
63.	Directorate of E&DM MCI	1	Non-preparation of Annual Statement and non-deposit of Income Tax- Rs 6.50 million

64.	-do-	2	Non-preparation of Annual Statement of GP fund account– Rs. 8.40 million
65.	-do-	3	Non-appointment of auditors and non-provision of annual audited accounts
66.	-do-	4	Non-deduction of Sales Tax – Rs 1.026 million
67.	-do-	5	Non-auction of condemned vehicles / parts
68.	-do-	6	Irregular Expenditure on Repair of Government vehicles - Rs 1.558 million
69.	-do-	7	Irregular expenditure on account of purchase of technical items-Rs 5.975 million
70.	-do-	8	Irregular payment on account of fire and rescue tools - Rs 1.485 million
71.	-do-	9	Non-deduction of house rent ceiling - Rs 3.947 million
72.	-do-	10	Irregular expenditure on account of daily wages, contingent and D employees Rs 1.471 million
73.	-do-	11	Irregular payment of pay and allowance to employees not working in Emergency and Disaster Management Directorate - Rs 13.268 million
74.	-do-	12	Recovery on account of conveyance allowance due to accommodation in office premises - Rs 8.975 million
75.	-do-	13	Non-recovery of penalty /fine from defaulters - Rs 7.75 million
76.	-do-	14	Irregular payment on account of allowances to officials working outside Emergency and Disaster Management Directorate - Rs 2.473million
77.	-do-	15	Irregular procurement of dog medicine, food and feed - Rs 1.796 million
78.	-do-	16	Unjustified expenditure on account of Deputation of personnel for dog handling – Rs 10.93 million
79.	-do-	17	Non-conducting of internal audit and non-conducting of physical verification of stores/stock
80.	IWLMB	1	Non-deduction of Sales tax - Rs 0.13 million
81.	-do-	2	Non-deduction of Withholding tax on Services - Rs. 16,992
82.	-do-	3	Unjustified deduction of withholding tax on non-cash transactions - Rs 10,132
83.	-do-	4	Appointment of Board Members in Contravention with Provisions of Islamabad Wildlife (Protection, Conservation and Management) Rules, 1983
84.	-do-	5	Non-provision of equipment/ technology to staff of IWMB for surveillance
85.	-do-	6	Working Activities of Islamabad Wildlife Board Management (IWMB) Suffering Due to Vacant Post of Key Personnel

86.	NDMA, Islamabad	03	Unjustified payment on account of clearance of containers – Rs. 1.126 million
87.	-do-	06	Procurement of locust sprays in excess of the actual requirement- Rs 182.90 million
88.	-do-	07	Non-maintenance of contractor’s Ledger
89.	-do-	08	Irregular grant of Secured Advance to contractor - Rs 234 million
90.	-do-	11	Excess payment to M/s Engineering Associates – Rs 0.354 million.
91.	-do-	12	Non-deduction of retention money from the IPC of FWO - Rs 42.072 million.
92.	-do-	16	Mis-procurement due to splitting of expenditure - Rs. 10.043 million
93.	-do-	17	Breach of financial regularity due to rush of expenditure in the closing month of June -Rs 8.686 million
94.	-do-	18	Non-formulation of annual procurement plan and non-uploading on PPRA web site – Rs. 16.515 million
95.	-do-	19	Misclassification of Expenditure Rs 1,391,208
96.	-do-	20	Unjustified payment on account of hiring of security services – Rs. 2.444 million
97.	-do-	21	No deposit of withholding tax to FBR – Rs 288,000
98.	-do-	22	Improper maintenance of Stock Register– Rs 2.176 million
99.	-do-	24	Non-production of Record Rs 1.548 million
100.	-do-	25	Irregular expenditure due to non-maintenance of vehicle movement registers -Rs 15.965 million
101.	-do-	26	Unauthorized allotment of government vehicles
102.	NDMA (Covid-19 Expnd:)	02	Loss to the Government due to non-deduction of Income Tax –Rs. 1.540 million
103.	-do-	03	Non-deduction and deposit of GST- Rs30.953 million
104.	-do-	04	Non-deposit of Income Tax into Government treasury – Rs.2.817million
105.	-do-	13	Irregular procurement of Tyvek suites – Rs. 45.600 million
106.	-do-	16	Mis-procurement of 442 ICU beds procured through direct contracting basis - Rs. 57.650 million
107.	-do-	23	Unverifiable payment to FWO for construction of IHITC – Rs.891million
108.	-do-	26	Loss to Government due to procurement of PCR kits on excessive rates - Rs. 370.799 million
109.	-do-	28	Non-obtaining of vouched accounts by NDMA from various Departments - Rs. 50.780 million

110.	-do-	31	Less deduction of GST from the vendor– Rs. 4.077 million
111.	-do-	32	Irregular payment on purchase of imported material without import documentation-Rs.267.815 million
112.	-do-	33	Non-deduction of General Sales Tax @ 17% on purchase of oxygenation items-Rs 68.741 million
113.	-do-	41	Non-deduction of ICT Sales Tax on Services - Rs. 7.980 million
114.	-do-	42	Non-deduction of ICT Sales Tax on Services - Rs.2.934 million
115.	-do-	47	Non-preparation and submission of monthly tax returns by NDMA – Rs. 53.856 million
116.	ERRA (HQ) (Dev. & Non-Dev.)	03	Irregular expenditure on account of POL of vehicles without maintaining movement register and log books – Rs 8.097 million
117.	-do-	04	Mis-procurement without open competition - Rs 1.130 million
118.	-do-	05	Irregular payment of TA-DA for activities not covered under the objectives of PC-I – Rs0. 989 million
119.	-do-	06	Non-closure of warehouse resulting recurring expenditure – Rs 300,000 per annum
120.	-do-	07	Unnecessary purchase without actual requirements – Rs 199,836
121.	-do-	08	Irregular Drawl of PM Secretariat Allowances, Fuel Allowance and Utility Charges - Rs 23.279 million
122.	-do-	09	Irregular expenditure on repair / maintenance of vehicle without open competition resulting mis-procurement – Rs 1.336 million
123.	-do-	10	Irregular Payment of Honorarium to employees other than ERRA in violation of ERRA Board decision – Rs0.555 million
124.	-do-	11	Unjustified payment of TA DA - Rs 529,957 and overpayment of daily allowance - Rs 84,480
125.	-do-	12	Irregular expenditure in violation of ERRA Act 2011 due to non-recovery of expenditure on account of license fee and utility expenses from NCOC & NDMA
126.	-do-	13	Non-maintenance of record of replaced / unserviceable parts of vehicles
127.	-do-	14	Non-submission of annual Budget to ERRA Board and approval from ERRA Council

128.	-do-	15	Unjustified extensions in contract agreements of project employees without evaluation of Performance
129.	-do-	16	Irregular continuation of deputation beyond the prescribed length of service
130.	RCDP- FY 2019-20 (Phase-II)	1	Doubtful third-party payments through demand draft and cash withdrawal transactions - Rs 114.814 million
131.	-do-	2	Doubtful expenditure due to improper maintenance of cash book - Rs 3031.645 million
132.	-do-	3	Submission, acceptance and clearance of final bills without fulfilling codal requirements
133.	-do-	4	Non-conducting of internal audit despite closure of the project and payment of final bills - Rs 3031.645 million
134.	-do-	7	Over- payment on account of supervision charges to the consultant -Rs 50.928 million
135.	-do-	8	Over- payment on account of design vetting fee to the consultant - Rs 8.458million
136.	-do	9	Improper design vetting by consultant without considering ground realities Rs 35.498
137.	-do-	10	Irregular expenditure due to non-obtaining of vouched accounts from line department –Rs 11.852 million
138.	-do-	11	Unjustified retention of Govt. money - Rs 5.503 million
139.	-do-	16	Un-authorized payment on account of execution of sub base - Rs.27.100 million
140.	-do-	19	Double claim of work at same work at same RDs - Rs.9.515 million
141.	-do-	22	Excess payment on account of general items - Rs 6.142 million
142.	-do-	23	Over payment on account of retaining and breast walls - Rs.5.685 million
143.	-do-	25	Unauthorized claim of 20% extra quantity under subbase - Rs.1.921 million
144.	-do-	26	Non-recovery of overpayment in final bills of contracts on account of dismantling of stone metaling as already agreed in DACs -Rs 17.550million
145.	-do-	27	Irregular expenditure on the work not included in approved variation orders- Rs. 10.715 million
146.	-do-	28	Over payment due to application of higher rates - Rs. 0.691 million
147.	-do-	29	Un-authorized expenditure beyond approved VO - Rs 31.373 million
148.	-do-	30	Doubtful adjustment in the final bill – Rs. 10.575 million

149.	-do-	32	Unauthorized expenditure beyond approved variation order - Rs.6.791 million
150.	-do-	33	Non-imposition of LD charges - Rs. 6.215 million
151.	-do-	34	Unauthorized payment of price adjustment - Rs. 2.021 million
152.	-do-	35	Unauthorized payment on account of rigid pavement - Rs. 3.211 million
153.	BCDP (2019-20 Ph-II)	04	Non-filing of Quarterly Statement of Income Tax deduction – Rs 600.80 million
154.	-do-	07	Incorrect assessment of work done amount resulting overpayment of supervision charges to NESPAK – Rs172.476 million
155.	-do-	08	Overpayment on account of design vetting fee to consultant - Rs26.215million
156.	-do-	09	Irregular re-appropriation of funds of development schemes - Rs 62.41 million
157.	-do-	10	Unjustified payment on account of price adjustment – Rs 97.611 million
158.	-do-	11	Overpayment on account of Shuttering-Rs 50.312 million
159.	-do-	13	Irregular excess recovery of contractor's claim (Chinese Security & Consultancy Charges) - Rs 24.00 million
160.	-do-	14	Unjustified expenditure on link roads without approval and provision in PC-I / BOQ – Rs 8.882 million
161.	-do-	15	Overpayment due to non-deduction of cost of stone – Rs 23.264 million
162.	-do-	16	Overpayment due to non-utilization of available hard rock material in WBM– Rs 9.196 million
163.	-do-	17	Overpayment due to execution of PCC shoulders beyond the approved width – Rs 6.557 million (Approximately)
164.	-do-	18	Irregular payment on account of price adjustment – Rs 3.786 million
165.	-do-	19	Irregular payment on account of relocation of utility services- Rs 2.511 million
166.	-do-	22	Non-recovery of amount paid on account of excess dismantling of stone metaling –Rs 1.79 million
167.	-do-	23	Overpayment on account of Shuttering and Scaffolding - Rs0.675 million
168.	-do-	24	Irregular payment due to incorrect application of rate – Rs1.336 million
169.	-do-	25	Overpayment on account of carriage of excavated material – Rs158.158 million

170.	-do-	26	Overpayment due to non-deduction of cost of stone – Rs16.181 million
171.	-do-	28	Non-compliance of conditions of Environmental Impact Assessment (EIA) approval for Bagh City Development Project
172.	-do-	29	Non-authentication of quality of work due to non-confirmation of source of bitumen used in the work Rs 593.361 million
173.	-do-	31	Unjustified finalization of BOQs of all contracts without basis of markets rates
174.	-do-	32	Inadmissible payment due to non-utilization of available stone- Rs9.553 million
175.	-do-	33	Overpayment due to non-utilization of available material – Rs 16.492 million
176.	-do-	34	Irregular expenditure for incomplete item of work – Rs 2.00 million
177.	-do-	35	Unverifiable expenditure due to incomplete As Built Drawings – Rs 246.206
178.	-do-	36	Non-provision of electronic record (Soft form)
179.	-do-	37	Non-conducting of internal Audit / internal checks not enforced
180.	MCDP (2019-20 Ph-II)	3	Non-filing of Quarterly Statement of Income Tax deduction – Rs1,039.452 million
181.	-do-	5	Incorrect evaluation of work done amount resulting overpayment of supervision charges to NESPAK – Rs 274.517 million
182.	-do-	7	Overpayment on account of design vetting fee to the consultant - Rs 53.916million
183.	-do-	8	Irregular re-appropriation of funds of development schemes - Rs 24.155million
184.	-do-	9	Unjustified payment on account of price adjustment – Rs94.311 million
185.	-do-	10	Irregular excess expenditure due to allowing higher rates – Rs 34.838 million
186.	-do-	11	Irregular payment through variation order for item of work already provided in BOQ – Rs 20.023 million
187.	-do-	12	Irregular payment without supporting documents – Rs 10.658 million
188.	-do-	13	Overpayment on account of Shuttering& Scaffolding - Rs6.327 million

189.	-do-	14	Undue favor to contractor by allowing inadmissible payment -Rs 20.612 million
190.	-do-	16	Irregular payment without obtaining Pile Load Test Reports – Rs13.5.00 million
191.	-do-	18	Non-recovery of mobilization advance and secured advance – US $ 68,538.04
192.	-do-	19	Irregular excess recovery of contractor's claim (Chinese Security & Consultancy Charges) – Rs 26.626 million
193.	-do-	20	Overpayment due to application of incorrect item rate – Rs 497,145
194.	-do-	21	Overpayment due to incorrect measurement –Rs 3.804 million
195.	-do-	22	Overpayment of Rs 3.685 million
196.	-do-	23	Inadmissible payment against deleted works –Rs 852,592
197.	-do-	24	Irregular lump sum provision in violation of Guidelines of Planning Commission and payment without supporting evidences – Rs34.00 million
198.	-do-	25	Irregular payment on account of withheld work done amount in final bill – Rs 1.16 million
199.	-do-	27	Inordinate delay in submission and approval of Final Payment Certificates (FPCs) of completed projects
200.	-do-	29	Doubtful payment amounting to Rs 2.239million
201.	-do-	30	Irregular excess recovery of contractor's claim (Chinese Security & Consultancy Charges) – Rs 68.850 million
202.	-do-	31	Overpayment due to non-deduction of cost of stone in WBM– Rs 1.509 million
203.	-do-	33	Irregular award of work on NHA specification instead of AJK-CSR, in violation of Umbrella contract agreement - Rs 995.493 million
204.	-do-	34	Unjustified finalization of BOQs without basis of markets rates amounting to Rs 18,548.493 million
205.	-do-	35	Over payment due to non-deduction of cost of stone – Rs 5.309 million
206.	-do-	36	Overpayment due to non-utilization of available material – Rs 2.148 million
207.	-do-	37	Non-conducting of internal Audit / internal checks not enforced
208.	NBCDP AIR 2019-20 (Ph-II)	04	Splitting of expenditure to avoid competitive bidding process - Rs. 2.117 million
209.	PERRA Abbottabad	4	Irregular releases without supporting documents – Rs 206.260 million

210.	-do-	5	Un-justified/irregular retention of amount of President Relief Funds since July 2009 Rs. 87.665 Million
211.	-do-	10	Non-closure of account of HCG Program and non-surrender of amount – Rs 8.894 million
212.	-do-	11	Unjustified deposit of receipt into ERRA Fund Account instead of Govt. treasury – Rs 6.900 million
213.	-do-	12	Unjustified deposit / retention of receipt into PERRA's Development Fund Account – Rs 5.80 million
214.	-do-	14	Uneconomical expenditure due to hiring of excess Chowkidars for single building - Rs 1.254 million
215.	-do-	15	Irregular payments through cash instead of cross cheques–Rs5.329million
216.	-do-	18	Non-pursuing the Court case resulting Ex-parte decree against ERRA/ PERRA / DDR, DRU Mansehra etc. and extra Burden on Govt. Exchequer – Rs 1.609 million with 14% interest per annum since 12.04.2013
217.	-do-	19	Irregular payment on account of rent of building – Rs 1.350 million
218.	-do-	20	Inadmissible grant of deputation allowance –Rs 0.720 million
219.	-do-	21	Irregular payment on account of Planning & Performance Allowance – Rs 690,300
220.	-do-	22	Irregular deposit of auction money / sale proceed into ERRA Fund A/c instead of Govt. treasury – Rs 327,428
221.	-do-	23	Irregular payment on account of honorarium–Rs0.383 million
222.	-do-	24	Irregular / un-justified payment on account of Mobile Phone Subsidy –Rs0.268million
223.	-do-	25	Irregular use of office building as residence and non-recovery on account of rent and utility expenses and loss due to wastage of serviceable / valuable assets
224.	-do-	26	Allotment of official vehicles of PERRA to Commissioner Office Abbottabad with approval
225.	-do-	27	Missing vehicles and unauthorized use of vehicles
226.	-do-	28	Irregular allotment of 2 vehicles to Officers of PERRA
227.	-do-	29	Irregular allotment of Govt. vehicle on full time basis to contract employee (BPS-16)
228.	-do-	30	Non-repair / auction of off road vehicles
229.	-do-	31	Non-handing / taking over of assets of merged offices by PERRA and loss due to depletion of serviceable / valuable assets worth millions of rupees
230.	-do-	32	Non-maintenance of record of vehicles i.e. Movement Register and Log books

231.	-do-	33	Non-auction of unserviceable items
232.	-do-	34	Extensions in contract agreements of contract employees without annual Performance Evaluation Reports
233.	-do-	35	Non-performance of internal audit functions
234.	DRU Mansehra	3	Irregular payment of rent of building without lease agreement – Rs 1.050 million
235.	-do-	4	Non-pursuing the Court case resulting Ex-parte degree against ERRA/ PERRA / CE PERRA/ DRU & DDR Mansehra etc. and extra Burden on Govt. Exchequer – Rs 1.609 million with 14% interest per annum since 12.04.2013
236.	-do-	5	Inadmissible payment of Utility Allowance &Special Allowance – Rs272,247
237.	-do-	6	Irregular extensions in contract agreements of contract employees without annual Performance Evaluation Reports
238.	-do-	7	Irregular handing over of pre-fabricated structure to Police Department
239.	-do-	8	Irregular deposit of auction money / sale proceed in ERRA Fund A/c instead of Govt. treasury – Rs 55,000
240.	-do-	9	Unauthorized use of official vehicles
241.	-do-	10	Loss due to depletion of serviceable / valuable assets worth millions of rupees
242.	-do-	11	Non-performance of internal audit functions
243.	Dy. Director Reconstruction Mansehra	1	Wasteful expenditure on account of terminated projects (Roads) and non-re-award at the risk and cost of defaulting contractors - Rs 202.978 million
244.	-do-	2	Wasteful expenditure on account of terminated projects (Buildings) and non-re-award at the risk and cost of defaulting contractors - Rs 115.584 million
245.	-do-	4	Undue favor to contractors due to non-revalidation of Performance Guarantees and non-termination of contracts within validity period of Performance Guarantees - Rs 45.350 million
246.	-do-	5	Loss due to non-imposition of liquidated damages - Rs 38.211 million
247.	-do-	6	Non-clearance of pending liabilities of the contactors – Rs33.875 million
248.	-do-	7	Non-imposition of liquidated damages for delayed completion of work – Rs 21.695 million
249.	-do-	8	Unjustified alteration in contractor's quoted rates / bidding documents resulting Overpayment– Rs 11.089 million
250.	-do-	10	Irregular excess payment due to non-utilization of available common material – Rs 4.078 million

251.	-do-	11	Non-imposition of liquidated damages for delayed completion of work – Rs 3.512 million
252.	-do-	12	Inadmissible payment against deleted item of work – Rs 3.213 million
253.	-do-	14	Overpayment due to payment for quantities over & above the TS –Rs0.746 million
254.	-do-	15	Unjustified payment for Provision of vehicles and maintaining site office for NESPAK Engineers - Rs0.620 million
255.	-do-	16	Overpayment due to non-utilization of available material – Rs0.340 million
256.	-do-	17	Irregular expenditure due to non-revision of PC-I – Rs 167.832 million
257.	-do-	18	Irregular payments for link / approach roads without provision in Pc-Is – Rs0.324 million
258.	-do-	19	Overpayment for excess quantity of work than actually executed –Rs 167,569
259.	-do-	20	Non-repair / auction of out of order assets i.e. machinery, furniture etc. – Rs 504,000
260.	-do-	21	Non-preparation of Pc-IV of completed projects / schemes
261.	-do-	22	Non-performance of internal audit functions
262.	Dy. Director Reconstruction Abbottabad	1	Wasteful expenditure on account of terminated projects and non-re-award at the risk and cost of defaulting contractors - Rs 260.141 million
263.	-do-	2	Undue favor to contractors by not revalidating the Performance Guarantees and loss due to non-forfeiture of performance guarantee –Rs 94.655 million
264.	-do-	4	Non-clearance of pending liabilities of the contactors – Rs 43.518 million
265.	-do-	7	Loss due to non-encashment of Performance Bonds – Rs 12.360 million
266.	-do-	8	Loss due to non-forfeiture of performance guarantees of terminated contracts - Rs 10.493 million
267.	-do-	9	Non-recovery of secured advances– Rs 6.141 million
268.	-do-	10	Non-recovery of decreed amount i.e. mobilization advance 0.1% LD and 20% risk and cost factor- Rs. 47.330 million
269.	-do-	11	Undue favor to the contractor and non-imposition of Liquidated damages –Rs5.525 million
270.	-do-	12	Irregular / unauthorized payment for banned item i.e. Hot Bit Mac - Rs 5.817 million
271.	-do-	13	Non-imposition of penalty for delayed completion of project despite undertaking by contractor – Rs 4.023 million

272.	-do-	14	Loss due to inclusion of GGPS Dotar in the vicinity / premises of proposed dumping site of Sewerage Water Treatment Plant and dumping ground / solid waste treatment plant – Rs 1.375 million
273.	-do-	15	Inadmissible payment for deleted items of work – Rs 571,180
274.	-do-	16	Non-production of record of confiscated material of terminated contract
275.	-do-	17	Loss / wasteful expenditure due to deletion of Residential Block of WDC after attaining 48% Physical Progress
276.	-do-	18	Non-preparation of Pc-IV of completed projects / schemes
277.	-do-	19	Non-performance of internal audit functions
278.	Reconstruction Abbottabad (Non-Dev.)	5	Non-maintenance of cash book– Rs 239.097 million
279.	-do-	6	Irregular drawn of arrears of pay and allowance - Rs. 764,878
280.	-do-	7	Irregular grant of deputation allowance – Rs. 653,343
281.	-do-	8	Un-authorized payment on account of Honorarium without approval of the competent authority – Rs 566,920 million
282.	-do-	9	Inadmissible payment on account of Technical Allowance – Rs 105,463
283.	-do-	10	Irregular expenditure on account of POL and repair & maintenance of vehicles without movement register and log books – Rs 17.123 million
284.	-do-	11	Irregular extensions in contract agreements of contract / project employees without annual Performance Evaluation Reports
285.	-do-	12	Non-achievement of targets resulting recurring loss to Govt: on account of operational cost as well as cost overrun of projects
286.	-do-	13	Less recovery of income tax from salaries resulting loss to Govt. Exchequer – Rs 598,799
287.	-do-	14	Irregular issuance of cheque- Rs 242,262
288.	-do-	15	Loss due to depletion of serviceable / valuable assets worth millions of rupees
289.	-do-	16	Non-performance of internal audit functions
290.	SERRA, Muzaffarabad	5	Non-surrender of unspent balances at the end of financial year and irregular utilization of savings – Rs 10.267 million
291.	-do-	6	Non-closure of account of the closed Housing Cash Grant Program and non- surrender of amount– Rs 4.725 million

292.	-do-	10	Irregular expenditure on account of repair / maintenance of vehicles during FY 2019-20& 20-21 – Rs1.868 million
293.	-do-	11	Missing /un-known whereabouts of assets and irregular handing over of official equipment / furniture to Election Commission AJ&K– Rs 868,806
294.	-do-	12	Irregular appointment of Assistant Engineer (BPS-17) without fulfilling codal formalities – Rs 540,000
295.	-do-	13	Less recovery of income tax from salary resulting loss to Govt. Exchequer – Rs 186,027
296.	-do-	14	Irregular deposit of sale proceed of un-serviceable items in ERRA Fund A/c instead of Govt. treasury – Rs 57,200
297.	-do-	16	Irregular extensions in contract agreements of contract employees without annual Performance Evaluation Reports
298.	-do-	17	Irregular allotment / donation of 13official vehicles of SERRA to State Departments
299.	-do-	18	Non-conducting of inquiry for accidental vehicle and unjustified parking of official vehicle in workshop for the last 4-1/3 years
300.	-do-	19	Non-retrieval of official vehicles from Ex-Secretary/DG SERRA
301.	-do-	20	Irregular payment on account of POL due to non-maintaining of POL Fleet Cards
302.	-do-	21	Non-auction of unserviceable parts of vehicles
303.	-do-	22	Non-conducting of physical verification of assets
304.	-do-	23	Non-performance of internal audit functions
305.	DRU Muzaffarabad	1	Undue favor to contractors due to non-renewal of Performance guarantees during defect liability period–Rs 86.673 million
306.	-do-	2	Wasteful expenditure on account of terminated projects and non-re-award at the risk and cost of defaulting contractors – Rs. 83.535 million
307.	-do-	3	Unauthentic payment due to missing record – Rs 58.758 million
308.	-do-	5	Irregular payment against expired performance guarantees – Rs 42.577 million
309.	-do-	6	Irregular payment on account of retention money without fulfilling the requirements – Rs 6.202 million
310.	-do-	7	Inadmissible payment to the contractor resulting overpayment - Rs 4.060 million
311.	-do-	8	Undue favor to contactor due to cancellation of work order without observing the codal requirements – Rs 3.319 million
312.	-do-	9	Unjustified release of retention money (1sthalf) in violation of Conditions of Contract agreement – Rs 1.80 million

313.	-do-	10	Discrepancy in amount of retention money withheld from contractor – Rs 566,400
314.	-do-	11	Overpayment due to incorrect calculation – Rs 176,000
315.	-do-	12	Non-revision of PC-I of 219 ongoing / completed schemes
316.	-do-	13	Non-submission of As Built Drawings of completed projects
317.	-do-	14	Inordinate delay in submission of Final Payment Certificates (FPCs) of completed projects
318.	-do-	15	Non-clearance of pending liabilities of the contactors – Rs 241.766 million
319.	-do-	17	Irregular payment on account of rent of building – Rs 2.358 million
320.	-do-	21	Unknown whereabouts of official vehicle and irregular payment on account of POL – Rs 554,984
321.	-do-	22	Irregular payment on account of POL over and above the prescribed limit – Rs 531,876
322.	-do-	23	Non-Deduction of Conveyance Allowance – R s130,000
323.	-do-	24	Incomplete personal files
324.		25	Non-performance of internal audit functions
325.	DG Civil Defence, Islamabad	1	Unauthorized payment of 20% Special Allowance to the employees not admissible -Rs. 9.759 million
326.	-do-	2	Non-surrendering of anticipated savings to the Government- Rs. 20.493 million.
327.	-do-	3	Unverifiable Government money received from auction of store of un-serviceable items
328.	-do-	4	Irregular promotion without approval from competent authority and Departmental Promotion Committee (DPC).
329.	-do-	5	Irregular Transfer of Fund into DG Civil Defence Account without involving of SBP- Rs 100,000 US$
330.	-do-	6	Mis- Procurement of CBRN Equipment-Rs 15.381 million
331.	-do-	7	Incapability of processing payment bills creating liability for the next financial year-4.181 million
332.	-do-	8	Doubtful Expenditure on Account of Repair and Maintenance of Vehicles – Rs 547,417
333.	-do-	9	Doubtful Expenditure on Procurement/ Printing of Various Items without Stock Entry Valuing Rs. 333,098/-
334.	-do-	10	Irregular expenditure due to violation of PPRA Rules Rs. 2.491 million
335.	-do-	11	Non-Transparent procurement of equipment - Rs 11.863 million
336.	-do-	12	Non-conducting of Internal Audit.
337.	-do-	13	Non-conducting of physical verification

338.	NIFT Islamabad	1	Wasteful expenditure due to non-establishment of CBRN training facility Rs 15.381 million
339.	-do-	2	Operational activities of National Institute of Fire Technology (NIFTECH) suffer due to vacant post of key personnel
340.	-do-	3	Non-obtaining of sales tax payment challans and sales tax returns from the suppliers in respect of sales tax amount paid Rs 69,549
341.	-do-	4	Non-deduction of conveyance allowance and instructions allowance during maternity leave Rs 29,904
342.	-do-	5	Non-deduction of conveyance allowance and instruction allowance Rs 27,723
343.	-do-	6	Improper maintenance of store/stock and assets
344.	-do-	7	Non-disposal of old parts/dead stock
345.	-do-	8	Non-conducting of internal check
346.			
347.	MoCC	4	Non-submission of Long Term Strategies for low greenhouse gas emission
348.	MoCC	5	Late submission of National Communication to the UNFCCC
349.	MoCC	8	Non-formulation of National / Provincial Plans
350.	MoCC	13	Non-achievement of targets as per Concept Paper of SDG Goal 11
351.	MoCC	14	Non / Late formulation of Concept Note regarding SDG No. 11 and 13
352.	MoCC	15	Non-provision of Data of SDGs to the quarter concerned
353.	MoCC	16	Non-achievement of targets as per SDG Goal 13
354.	MoCC	18	Non-Provision of Certain Documents
355.	NDMA	5	Non-provision of record pertaining SFDRR (Sendai Frame work Disaster Risk Reduction) cell
356.	NDMA	6	Non-publication of annual reports progress after year 2018
357.	NDMA	14	Delay in approval of PC-Is due to non-existence of DDWP in NDMA
358.	NDMA	17	Non-conduct on monitoring of CBDRM activities
359.	NDMA	18	National Emergency Operation Center not fully operational as conceived
360.	NDRMF	6	Non-Signing of GIA and initiation of Projects approved in 3rd Batch
361.	NDRMF	7	Non-adjustment/ reconciliation of Accounts with Financial Implementation Partners (FIPs) – Rs. 483.677 million

Annexure-II
(Para No. 1.4.10)

Non-deposit of Income Tax - Rs. 1.812 billion and accretion of default surcharge – Rs. 1.215 billion

(Rs.)

S. No	Financial Year	Income Tax not deposited by MCDP in Govt. Treasury	Total years of Default	Default Surcharge @ 12 % per annum Pertaining MCDP	Name of Entity
1	2011-12	17,414,819	9.09	18,991,218	MCDP
2	2012-13	144,298,360	8.01	138,621,307	MCDP
3	2013-14	233,955,587	7.01	196,676,527	MCDP
4	2014-15	266,589,218	6.01	192,119,529	MCDP
5	2015-16	180,904,168	5.00	108,601,976	MCDP
6	2016-17	196,289,899	4.00	94,283,685	MCDP
Total (a)		**1,039,452,051**	**--**	**749,294,242**	MCDP
1	2011-12	4,016,838	9.09	4,380,444	BCDP
2	2012-13	38,021,375	8.01	36,525,520	BCDP
3	2013-14	107,006,986	7.01	89,956,229	BCDP
4	2014-15	130,240,475	6.01	93,858,780	BCDP
5	2015-16	114,627,383	5.00	68,814,116	BCDP
6	2016-17	206,884,605	4.00	99,372,627	BCDP
Total (b)		**600,797,662**	**--**	**392,907,716**	BCDP
1	2011-12	5,253,877	9	5,674,187	RCDP
2	2012-13	13,927,574	8	13,370,471	RCDP
3	2013-14	36,171,716	7	30,384,241	RCDP
4	2014-15	33,679,003	6	24,248,882	RCDP
5	2015-16	40,541,655	5	24,324,993	RCDP
6	2016-17	42,156,742	4	20,235,236	RCDP
Total (c)		**171,730,567**	**--**	**118,238,011**	RCDP
Grand Total (a+b+c)		**1,811,980,280**	**--**	**1,215,439,969**	**--**

Annexure-III
(Para No. 1.4.14)

Less recovery from contractor on account of Chinese security and consultancy claim – Rs. 61.924 million

Sr. No	Project Name	Amount claimed in Final bill/ SAC (Rs.)	Amount recovered (Rs.)	Balance (Rs.)
1.	Dhreak Water supply Treatment Plant	41,795,209	21,694,606	20,100,603
2.	Water Distribution Network, Rawalakot	27,166,648	23,215,136	3,951,512
3.	Police station to Baldia adda western bypass	15,554,992	13,292,447	2,262,545
4.	Anayat Bakery to Airport Road	43,347,412	24,634,224	18,713,188
5.	Baldia Adda to Khrick Chungi Road	9,709,646	8,297,334	1,412,312
6.	CMH Road to PDA	10,223,702	8,736,618	1,487,084
7.	Qasai Gali Road	3,707,156	3,167,934	539,222
8.	Munir Chowk to united hospital Road	3,903,461	1,021,496	2,881,965
9.	Officer's Colony to united hospital Road	6,492,752	-	6,492,752
10.	BHQ to khrick chungi Goi Nullah Road	20,859,012	17,824,973	3,034,039
11.	Eatern Bypass Road	10,268,526	17,814,445	(7,545,919)
12.	Chinar Rest house to Eid Gaha road	20,060,025	11,465,523	8,594,502
Total		**213,088,541**	**151,164,736**	**61,923,805**

Annexure-IV
(Para No. 1.4.19)

Unjustified expenditure in excess of the PC-Is – Rs. 3,658.86 million

(Rs. in million)

Sr. No.	Description	Original Contract cost	Actual completion Cost	Remarks
1.	Construction of Protection Bund around IHK Refugees camp	50.428	168.742	Scheme completed but original as well as revised PC-I not approved as yet.
2.	Construction of Link Road from FG school to Bhagloor Bhount	116.633	116.633	
3.	Construction of infrastructure services Part-B (Drainage System)	568.69	743.814	Approved Revised Pc-I not provided.
4.	Construction of Greater Water Supply Scheme Part-A	399.52	204.105	-do-
5.	Construction of Greater Water Supply Scheme Part-A	194.52	249.988	-do-
6.	Construction of Ring Road Section –II	715.14	998.804	-do-
7.	Construction of Bypass Road Part-A	161.96	233.914	-do-
8.	Construction of Numan Pura Bridge	284.06	349.682	-do-
9.	Construction/Widening/improvement of Rawalpindi / Bagh Road Shamas Bridge to Bount Chowk	0	215.055	-do-
10.	Construction of Bagh Rest House Bagh	116.92	173.238	-do-
11.	Construction of GGHS Jhol Panyail Bagh	66.17	82.431	-do-
12.	Construction of Link Road from Main Bridge G/Station to Banni Pasari Bagh	0	73.7	-do-
13.	Construction of GMS Kayat Bagh	38.94	48.754	-do-
Total		**2,712.981**	**3,658.86**	--

Annexure-V
(Para No. 1.4.21)

Inadmissible payment on account of General Items – Rs. 893.610 million

Sr. No.	Name of Project/Facility	General Items @ 6% (Rs.)	Name of entity
1.	Ring Road Section-I (RRS-I)	21,197,556	BCDP
2.	Greater Water Supply Part-A	12,246,351	BCDP
3.	Greater Water Supply Part-B	14,977,270	BCDP
4.	Greater Water Supply Part-C	18,755,359	BCDP
5.	Greater Water Supply Part-D	34,269,698	BCDP
6.	Infrastructure Services, Sewerage Part –A	24,392,314	BCDP
7.	Infrastructure Services, Sewerage Part –B	44,628,856	BCDP
8.	Infrastructure Services, Sewerage Part –C	25,961,112	BCDP
9.	Hullar Bridge	21,416,840	BCDP
10.	Naumanpura Bridge	20,980,952	BCDP
11.	Bypass Road Part A	13,826,584	BCDP
12.	Bypass Road Part B	5,588,400	BCDP
13.	FG Public School	10,038,699	BCDP
14.	Ring Road Section-II (RRS-II)	59,862,777	BCDP
15.	Bagh Rest House	10,394,283	BCDP
16.	Sports Complete Bagh	17,868,461	BCDP
17.	Kohala Dhirkot Road Part – A	57,326,085	BCDP
18.	Kohala Dhirkot Road Part – B	23,661,390	BCDP
19.	Govt. Girls Model School- Bani Pasari	1,253,167	BCDP
20.	Govt. Girls Model School- Kayat	1,558,412	BCDP
21.	Ring Road Section-III	21,528,456	BCDP
22.	L/R from PWD Rest House to Awera	7,823,042	BCDP
23.	Road Valley Inn to Bount Chowk	12,903,325	BCDP
24.	Doctor's Mess	1,855,975	BCDP
25.	Police Station	2,058,408	BCDP
26.	Nurses Hostel	1,271,673	BCDP
27.	Paramedical Hostel	1,653,450	BCDP
28.	Construction of Dhulli Road	46,932,296	BCDP
29.	Community Centre	7,735,713	BCDP
30.	Sudhan Gali Road Part-A	27,544,445	BCDP
31.	Sudhan Gali Road Part-B	31,803,346	BCDP
32.	Bagh fort	868,944	BCDP
33.	Govt. Boys Model School Kayat	2,925,251	BCDP
34.	Govt. Girls Model School Johla Panayali	4,945,887	BCDP
35.	GMOSS Kahna Mohri	770,985	BCDP
36.	Ring Road Section IV	27,590,991	BCDP
37.	L/R Hari Chowk to RRS-I	3,419,222	BCDP

38.	Bagh Public Park	3,087,671	BCDP
39.	L/R Boys College to Nindrai Road	2,542,945	BCDP
40.	Bus and Taxi Stand	6,361,716	BCDP
41.	Q. Qandeel Hill View Point	974,131	BCDP
42.	Slaughter House	1,787,122	BCDP
43.	Working Women Hostel	1,575,896	BCDP
44.	Link Road Main Bridge-B. Pasari	4,422,028	BCDP
45.	Link Road FG – Baghloor Bhount	6,998,008	BCDP
46.	Road Bridge Valley Inn	3,025,688	BCDP
47.	Protection Bund (IHK)	10,124,538	BCDP
48.	Kotla Road Phase – I	3,503,589	BCDP
49.	Kotla Road Phase – II	10,990,459	BCDP
Total (a)		**699,229,766**	--
50.	Dhreak Water Treatment Plant	8,500,000	RCDP
51.	Sabir Shaheed Stadium	3,135,727	RCDP
52.	Goin Nala Bus Terminal, Rawalakot	7,823,374	RCDP
53.	Western Bypass	5,374,870	RCDP
54.	Anayat bakery to Airport Road (balance amount)	6,716,508	RCDP
Total (b)		**31,550,479**	**--**
55.	RCC Bridge Jalalabad	15,697,536	MCDP
56.	Walkway at River Neelum	18,495,231	MCDP
57.	RCC Bridge Thotha	17,494,229	MCDP
58.	RCC Bridge Langerpura and Access Road	19,669,963	MCDP
59.	Additional Access Road Domail	6,747,779	MCDP
60.	EGST (Elect & Mech)	17,559,412	MCDP
61.	Water Treatment Plant Makri-II	26,532,000	MCDP
62.	Elect of Satellite Town Langerpura	6,708,278	MCDP
63.	President House & Secretariat Building	28,600,158	MCDP
64.	Elect of Satellite Town Thotha	5,325,640	MCDP
Total (c)		**162,830,226**	**---**
Grand Total (a+b+c)		**893,610,471**	**---**

Annexure-VI
(Para No. 1.4.26)

Unjustified excess payment due to non-utilization of available hard rock material – Rs. 23.221 million

Description	IPC No.	Soil Classification			
		Qty. Excavated (cubic meter)	Qty. utilized (cubic meter)	Surplus / paid (cubic meter)	% of utilization
Lora Swargali Lahoor Road Abbottabad (Package-II)	64th & FPC	27717.637	6930	20787.637	25%
Alignment of Kala Bagh Cher Sajikot Jabri Road (P-III)	FPC	15297.589	3824.397	11473.192	25%
Oghi Darband Road (III)	25th and FPC	8,979.55	2,244.89	6,734.66	25%
Palm Gali Khabbal Road (VI)	21th & FPC	3,857.34	964.33	2,893.00	25%
Palm Gali Khabbal Road (III)	20th & FPC	10,928.87	2,732.22	8,196.65	25%
Bandi Parao to Chamial Gorian Gali Road (I)	13th & FPC	4,038.08	1,009.52	3,028.56	25%
Mangloor to Bhalag Bala, Bhalag Payeen Road (II)	20th & FPC	995.57	248.89	746.68	25%
Mangloor to Bhalag Bala, Bhalag Payeen Road (I)	20th & FPC	1,132.93	283.23	849.70	25%
Total (Qty.)		**29,932.34**	**7,483.08**	**22,449.25**	**--**

Annexure-VII
(Para No. 1.4.28)

Unjustified payment to NESPAK on account of consultancy services - Rs. 15.349 million

Sr. #	Deliverables	Submission time line (From commencement of Service)
1.	Inspection report	6 weeks from
2.	Detailed Topographic survey, necessary Geotechnical Investigations	10 weeks from
3.	Master layout Plan/Conceptual Design	18 weeks from
4.	Conceptual Layout Plan for services/ Infrastructures (including roads, sewerage, drainage, water supply & utilities	22 weeks from
5.	Estimated BOQs based on conceptual layout plans	28 weeks from
6.	Financial Models including revenue and cost projection	31 weeks from
7.	Environmental Impact Assessment report	37 weeks from
8.	Traffic Impact Assessment report	40 weeks from
9.	Draft feasibility Report including all tasks mentioned in scope of services	46 weeks from
10.	Feedback and discussion with client	49 weeks from
11.	Financial feasibility report after incorporating all feedback from the client	52 weeks from

Annexure-VIII
(Para No. 1.4.28)

Unjustified payment to NESPAK on account of consultancy services - Rs. 15.349 million

(Rs. in million)

Sr. No.	Description	Remuneration (as per contract)	% of contract price
1.	First payment upon signing of contract	4.514	15
2.	Upon submission of Inspection report	3.100	10
3.	Upon submission of concept design & estimated cost	7.524	25
4.	Upon submission of Financial and PPP model including costs & revenues	6.019	20
5.	Upon submission of Environmental Impact Assessment Report	4.514	15
6.	Upon submission of feasibility Report	3.100	10
7.	Upon submission of concession Agreement(s) of proposed facilities	1.505	5
Total		**30.276**	**--**

Annexure-IX
(Para No. 1.4.30)

Inadmissible payment against deleted works – Rs. 8.738 million

Details of deleted Items					
Sr. No	**Item No.**	**Qty. deleted**	**Rate (Rs.)**	**Qty. paid in FPC**	**Amount (Rs.)**
1.	14-22	150 (Meter)	118.08	1,183.94	139,800
2.	14-24	250 (Sq.meter)	126.59	623.12	78,881
3.	16-7 ©	463 (Sq.meter)	9,269.03	197.84	1,833,785
4.	16-3	669 (Meter)	1,778.27	481.79	856,753
5.	16-87	18 (Sq.meter)	926.9	82.35	76,330
6.		15 (Sq.meter)	1,622.08	56.62	91,842
7.	16-10	216 (Sq.meter)	7,394.75	37.12	274,493
8.		100 (Sq.meter)	1,294.08	37.12	48,036
9.	16-11	101 (Sq.meter)	8,131.31	69.43	564,557
10.	16-87	40 (Sq.meter)	813.13	25.23	20,515
11.	16-66	235 (Nos.)	7,849.51	68.00	533,767
12.	30-87	98 (Sq.meter)	6,279.00	106.00	665,574
13.	30-113	32 (Nos.)	2,290.00	40.00	91,600
14.	30-114	8 (Nos.)	3,387.00	4.00	13,548
15.	Item No. i. to xix under the work 'Fitting & Fixture'	83 (Nos.)	2,537.00	144.00	365,328
16.		86 (Nos.)	2,163.00	51.00	110,313
17.		95 (Nos.)	5,854.00	144.00	842,976
18.		140 (Nos.)	1,720.00	112.00	192,640
19.		425 (Nos.)	2381	262	623,822
20.		5 (Nos.)	5463	52	284,076
21.		20 (Nos.)	2455	86	211,130
22.		18 (Nos.)	5705	31	176,855
23.		10 (Nos.)	4160	32	133,120
24.		40 (Nos.)	2884	119	343,196
25.		8 (Nos.)	6846	2	13,692
26.		20 (Nos.)	4160	19	79,040
Total					**8,665,669**

(Rs. 8,665,669 + Rs. 72,505 = Rs. 8,738,174, say Rs. 8.738 million)

Annexure-X
(Para No. 2.4.2)

Non-functioning of the Clean Environment Fund resulting in non-achievement of targets

Sr. No.	Clause (s) of Memorandum	Summary of Stated objectives
1.	III (1)	To establish manage and operate " Clean Environment Fund" for regulating, conservation, protection and sustainable management of environment and other natural resources in the jurisdiction of Federal Government and to provide technical, financial, institutional, managerial assistance etc.
2.	III (2)	To establish manage and operate " Clean Environment Fund" to meet the ongoing costs of management of environmental issues in the jurisdiction of federal government etc.
3.	III (3)	To establish & maintain analytical Geographic Information System (Labs) for monitoring & assessment of environmental indicators etc.
4.	III (4)	To procure arrange, secure, receive and accept aid, grants, loan and endowment and such sums for the promotion of its aims and objects may arise to it from any lawful source etc.
5.	III (7)	To promote research and stimulate innovative ideas, methods, techniques, processes for maintaining, promoting and protecting the environment of sustainable basis.
6.	III (8)	To promote, facilitate and negotiation with environmental NGOs and other local level civil society organizations in support of protecting environment through awareness and advocacy
7.	III (9)	To undertake efforts leading to institutional development and capacity building of different type of organizations
8.	III (10)	To involve private sector, civil society, academia, researchers and relevant individuals for protection and sustainable development of environment
9.	III (14)	To establish, setup, run, operate, manage and carry out the business of television broadcasting in various cities
10.	III (15)	To establish, setup, run, operate, manage and carry out the business of radio broadcasting in various cities
11.	III (5) III (6), III (11), III (12), III (13), III (16), III (17), III (18) and III (19)	Various clauses for the promotion of activities related to conservation and protection of environment in collaboration with different government departments and NGOs

Annexure-XI
(Para No. 2.4.6)

Non-prosecution of cases related to violations of environmental approvals granted by Pak-EPA

S#	Proponent details	Subject	Date of Submission	Date of Issuance	Remarks
1.	Mr. Atif Masood, CEO, M/s Imarat Group of Companies, 4th Floor Beverly Centre, Blue Area, Islamabad.	EIA Report of Amazon Hotel Plot No. 36, Sector G-11, Islamabad.	04.09.2020	02.03.2021	Environmental Approval Issued. 1st Compliance Report Submitted after lapse of two quarter
2.	Mr. M. Abdullah, Deputy Project Director – PMU, Rawalpindi Development Authority, Rawalpindi.	EIA Report of Rawalpindi Ring Road (RRR), Islamabad.	22.09.2020	03.02.2021	Environmental Approval Issued. Compliance Report not Submitted.
3.	Mr. M. Faheem Ayaz Kundi, Executive Engineer, Project Civil Division-III, Pak-PWD, Islamabad.	EIA Report of Extension of Extensive Care Department of Mother & Child Health Centre & Children Hospital, (PIMS), Islamabad.	05.10.2020	29.07.2021	NOC Issued. Compliance Report not Submitted
4.	Mr. M. Nawaz Nadeem, Chief Engineering (Development) Project Management Unit Islamabad Electric Supply Company, Islamabad.	EIA Report of 132 KV Grid Station, Sector I-11/2, Feeding Transmission Line Project, Islamabad.	24.11.2020	01.06.2021	Environmental Approval Issued. 1st Compliance Report Submitted after lapse of two quarter
5.	Lt. Col ® Nauman Munir Afzal, Director (Admin/P&D), Frequency Allocation Board (FAB), Plot No. 112, Sector H-10/4, Islamabad.	EIA Report of Frequency Allocation Board HQ Monitoring Station, Plot # 13, Mauve Area, Sector G-8/1, Islamabad.	07.12.2020	10.08.2021	Environmental Approval Issued. Compliance Report not Submitted.
6.	Mr. Taimoor Ul Haq, Head of Regulatory Affairs, M/s IMARAT Group of Companies, Level-4, Beverly Centre, Islamabad.	EIA Report of Golf Floras Apartments, Zone-IV, Islamabad.	14.12.2020	31.05.2021	Environmental Approval Issued. 1st compliance report submitted after lapse of two quarter

7.	Mr. M. Mohsin Ali, Managing Partner, M/s 11 Central Apartments, 27, 2nd Floor, Silver City Plaza, Sector, G-11 Markaz, Islamabad	EIA Report of 11 Central Apartments Project, at Sector G-11/1, Islamabad.	21.12.2020	06.07.2021	Environmental Approval Issued. Compliance Report not Submitted.
8.	Mr. Rizwan Alam, Manager Partner, M/s the Fourth Star Residence Office No. 204, Block-21, Street No. 98, Sector G-11/3, Islamabad	EIA Report of Fourth Star Residence Project, Sector G-11/3, Islamabad.	24.12.2020	06.07.2021	Environmental Approval Issued. Compliance Report not Submitted.
9.	Mr. M. Kashif Afridi	EIA Report of IJP Road, Faizabad Interchange to N-5 G.T. Road, Islamabad.	24.12.2020	24.09.2021	Environmental Approval Issued. Compliance Reports Submitted.
10.	Major Tariq Jamal ®, Shifa Medical Center Islamabad Private Limited Sector H-8/4, Islamabad	EIA Report of Shifa Medical Center Islamabad Project, Plot No. 5, Sector F-11 Markaz, Islamabad.	12.01.2021	24.09.2021	Environmental Approval Issued. Compliance Report not Submitted.
11.	Mr. Maqsood Ur Rehman, CEO, M/s Pakland Builders, 2nd Floor, Mustafa Mansion, Sumbal Road, Sector F-10 Markaz, Islamabad.	EIA Report of Pakland Tower-II Project. New Blue Area, Sector G-9, Islamabad.	08.02.2021	24.09.2021	Environmental Approval Issued. Compliance Report not Submitted.
12.	Mr. M. Ashfaq, Deputy Director (Services) Ministry of National Health Services Regulations and Coordination (NIRM) Street No. 9, Sector G-8/2, Islamabad.	EIA Report for Installation and Operation of Bio-Medical Waste Incinerator at National Institute of Rehabilitation Medicine, Islamabad, Sector G-8/2, Islamabad.	08.02.2021	16.08.2021	Environmental Approval Issued. Compliance Report not Submitted.
13.	Mr. Zafar Iqbal, Executive Engineer Central Civil Division-IV, Pakistan Public Works Department, Pak-PWD, Islamabad	EIA Report of Construction of Session Division (East and West) Mauve Area, Sector G-11/4, Islamabad.	24.03.2021	16.08.2021	Environmental Approval Issued. Compliance Report not Submitted.

14.	Mr. Waseem Hayat Bajwa, Executive Director Lands & Estate, Naya Pakistan Housing & Development Authority, C-423, 4th Floor Prime Minister Office Secretariat, Islamabad	EIA Report of Naya Pakistan Housing Scheme, Sangjani, Islamabad.	30.03.2021	24.09.2021	Environmental Approval Issued. Compliance Report not Submitted.
15.	Mr. Shafqat Nadeem Butt, Project Coordinator, M/s Curve Stone Building Private Limited Sector F-8 Markaz, Islamabad.	EIA Report of Capital Icon Mall and Residence Project Mouza Lohi Bher, Zone-5, Islamabad.	20.04.2021	24.09.2021	Environmental Approval Issued. Compliance Report not Submitted.
16.	Chaudhry Riaz Ahmed, Proponent, House No. 13, Street No. 61, Sector F-7/4, Islamabad	IEE Report of 23 East Building Blue Area, Fazal-e-Haq Road, Sector G-6 / F-6, Islamabad.	22.09.2020	16.08.2021	Environmental Approval Issued. Compliance Report not Submitted.
17.	Dr. Ahmmad Hussain Qureshi, Chief Engineer / DG Pakistan Atomic Energy Commission (PINSTECH), P.O. Nilore, Islamabad	IEE Report of Pakistan Research Reactor -3, at PINSTECH, Nilore, Islamabad.	02.11.2020	08.07.2021	Environmental Approval Issued. Compliance Report not Submitted.

Annexure-XII
(Para No. 3.4.2)

Non-utilization of funds lying in bank accounts transferred by Emergency Relief Cell (ERC) to NDMA – Rs. 3,755.56 million

(Rs. in million)

Sr. No.	Object	Description of Accounts	Balance as on 31.12.2015
1.	G12130	President Relief Fund for earthquake -2015	3,239.34
2.	G12148	Prime Ministers Baluchistan Earthquake Relief Fund -2013	179.78
3.	PLA	Relief & Rehabilitation for Earthquake Victims-2005	144.26
4.	PLA	Director General Emergency Relief Cell Cabinet Divisions	68.81
5.	G12140	Prime Minister’s Relief Flood Funds-2010	55.80
6.	G12152	PM’s Flood Relief Fund -2014	28.56
7.	G12149	PM’s Relief Fund for Thar (Sindh)-2014	12.48
8.	G12150	PM’s Relief Fund for IDPs-2014	12.48
9.	G12135	PM Special Relief Funds for victims of Terrorism -2010	3.81
10.	G12145	Prime Minister’s Relief Fund -2011	7.62
11.	G12153	PM’s Relief Fund for Earthquake Affectees of Nepal-2015	2.61
Total			**3,755.56**

Annexure-XIII
Par No.3.4.4

Loss to the Government due to non-deposit of GST- Rs. 430.450 million

Sr. No.	Name of Vendor	Purchase Order No.	Description	Invoiced amount (Rs.)	GST 17% (Rs.)
1.	M/s Texol International (Pvt.) Ltd	Covid-19/71	KN-95 Mask	3,270,000	555,900
2.	M/s Trade Visions International	Covid-19/230	Cardiac Monitor UMEC 12 Mindray	1,250,000	212,500
3.	-do-	Covid-19/230	Cardiac Monitor UMEC 15 Mindray	17,500,000	2,975,000
4.	-do-	Covid-19/230	Cardiac Monitor UMEC 12 Mindray	1,080,000	183,600
5.	-do-	Covid-19/230	-do-	1,200,000	204,000
6.	-do-	Covid-19/T15-01	Ventilator - SV 300 Mindray	2,590,000	440,300
7.	M/s Blue Birds Enterprises	Covid-19/T8-06	Shoe Cover (Pair)	2,000,000	340,000
8.	-do-	Covid-19/T8-16	Surgical Gown	170,000,000	28,900,000
9.	M/s Magma International	Covid-19/T8-07	Head Cover	800,000	136,000
10.	M/s Astral Contractors (Pvt) Ltd	Covid-19/213	5 KVA Power Stabilizer	120,000	20,400
11.	M/s Astral Contractors (Pvt) Ltd		2 KVA Power Stabilizer	60,000	10,200
12.	M/s SR Traders	Covid-19/01	KN-95 Mask with Filter	19,500,000	3,315,000
13.	M/s SR Traders	Covid-19/01	KN-95 Mask without Filter	39,800,000	6,766,000
14.	M/s SR Traders	Covid-19/73	Disposable Caps	880,000	149,600
15.	M/s Maris International (Pvt) Ltd	Covid-19/02	KN-95 Mask with Filter	19,500,000	3,315,000
16.	M/s Maris International (Pvt) Ltd	Covid-19/02	KN-95 Mask without Filter	22,000,000	3,740,000
17.	M/s HooraPharma	Covid-19/02	-do-	22,000,000	3,740,000
18.	M/s HooraPharma	Covid-19/02	KN-95 Mask with Filter	19,500,000	3,315,000
19.	M/s Sial Enterprises	Covid-19/03	-do-	19,500,000	3,315,000
20.	M/s Al-Umair& Company	Covid-19/01	Protective Suit 80 GSM	38,900,000	6,613,000
21.	M/s Suleman Enterprises	Covid-19/02	Protective Suit 80 GSM	38,900,000	6,613,000
22.	M/s Zafar Amin Textile Industries	Covid-19/03	-do-	38,900,000	6,613,000

23.	M/s Altaf Sons	Covid-19/04	-do-	19,450,000	3,306,500
24.	M/s Altaf Sons	Covid-19/07	-do-	19,450,000	3,306,500
25.	M/s Afia Noor Textile Industries (Pvt) Ltd	Covid-19/02	Surgical Mask ICU (3 Ply Meltblown)	12,780,000	2,172,600
26.	M/s Afia Noor Textile Industries (Pvt) Ltd	Covid-19/05	Protective Suit 80 GSM	38,900,000	6,613,000
27.	M/s Afia Noor Textile Industries (Pvt) Ltd	Covid-19/02	Surgical Gown 50 GSM	14,250,000	2,422,500
28.	M/s Afia Noor Textile Industries (Pvt) Ltd	Covid-19/02	Disposable Gown 30 GSM	13,000,000	2,210,000
29.	M/s RK Engineers and Consultant	Covid-19/02	Nitrile Gloves	11,200,000	1,904,000
30.	-do-	--	--	4,800,000	816,000
31.	M/s Hitech Technological Concern (Pvt) Ltd	Covid-19/06	Protective Suit 80 GSM	38,900,000	6,613,000
32.	-do-	Covid-19/05	Surgical Gown 50 GSM	28,500,000	4,845,000
33.	M/s Interlink Corporation	Covid-19/01	Surgical Gown 50 GSM	41,065,080	6,981,064
34.	M/s Nisar General Trading (NGT)	Covid-19/03	--	14,250,000	2,422,500
35.	M/s Hospital Appliances	Covid-19/07	Disposable Gown 30 GSM	12,000,000	2,040,000
36.	M/s Hospital Appliances	Covid-19/256	X-Ray Illuminator Wall Mounted (Model LED-200)	400,000	68,000
37.	M/s Hospital Appliances	Covid-19/256	X-Ray Lead Apron Front Only Shielding Intl USA	480,000	81,600
38.	M/s Hospital Appliances	Covid-19/256	Crash Cart Trolley (Made in Taiwan)	290,000	49,300
39.	M/s Hospital Appliances	Covid-19/256	Stainless Steel 20' Guage Trolley with Drawers (Incubation/dressing)	300,000	51,000
40.	M/s Hospital Appliances	Covid-19/256	Stainless Steel 20' Guage Trolley with Drawers (Gen Purpose/ Inst Trolley)	414,000	70,380
41.	M/s Hospital Appliances	Covid-19/256	Swab Hanger Trolley	396,000	67,320
42.	M/s Hospital Appliances	Covid-19/256	Commode Chair with Wheel	31,500	5,355
43.	M/s Hospital Appliances	Covid-19/239	BP Apparatus (Aneroid) YamasuKenz Medico Co. Ltd, JAPAN	120,000	20,400

44.	M/s Hospital Appliances	Covid-19/239	BP Apparatus (Stand Model) Kenz Medico Co., Ltd. JAPAN	200,000	34,000
45.	M/s Hospital Appliances	Covid-19/239	IV Stand (Medium)	4,200,000	714,000
46.	M/s Hospital Appliances	Covid-19/239	Bed Pain Urinal Stainless Steel	80,000	13,600
47.	M/s Hospital Appliances	Covid-19/239	Urine Measuring Jug	20,000	3,400
48.	M/s Hospital Appliances	Covid-19/239	Instrument Set (Minor Procedures)	375,000	63,750
49.	M/s Hospital Appliances	Covid-19/239	Instrument Sets (Catheterization)	240,000	40,800
50.	M/s Hospital Appliances	Covid-19/239	Infection Waste Bin (capacity 45 Liter)	25,000	4,250
51.	M/s Hospital Appliances	Covid-19/239	Catheter Tray	15,600	2,652
52.	M/s Hospital Appliances	Covid-19/238	Nasal Cannula Safety Brand China	275,000	46,750
53.	M/s Hospital Appliances	Covid-19/238	Oxygen Regulator with Humidifier	280,000	47,600
54.	M/s MS Enterprises	Covid-19/06	Disposable Gown 30 GSM	13,000,000	2,210,000
55.	M/s Zeb& Company	Covid-19/02	Disposable Caps	440,000	74,800
56.	M/s MB Traders	Covid-19/210	IV Fistula (China)	34,000	5,780
57.	M/s MB Traders	Covid-19/210	Falcon Tube, 15 ml imuMed /China	10,500	1,785
58.	M/s MB Traders	Covid-19/210	Malaria, 25 test Bio-tech/ Accurate USA	33,500	5,695
59.	M/s MB Traders	Covid-19/210	HIV Screening, 40 Test Bio-tech/Accurate USA	19,240	3,271
60.	M/s MB Traders	Covid-19/210	COVID-19 lgG/lgm, 25 Test	465,000	79,050
61.	M/s MB Traders	Covid-19/210	Gen Body Test Korean	800,000	136,000
62.	M/s Hospital Supply Corporation	Covid-19/215	Therapeutic Plasma Exchange Set 225 ml/125 ml with ACD Solution	12,500,000	2,125,000
63.	M/s Basic Pharmaceuticals (Pvt.) Ltd	Covid-19/216	Plasma Exchange Kit with ACDA Solution	4,800,000	816,000
64.	M/s Roche Pakistan Limited	Covid-19/211	Actemra 200 mg/10ml Injection	2,539,970	431,795
65.	M/s Searle Company Ltd	Covid-19/218	Remdesivir Injection 100 mg IV infusion	1,490,000	253,300
66.	M/s Pakistan Oxygen Ltd	Covid-19/219	Oxygen Cylinder 48 CFT with flow meter and regulator	14,000,000	2,380,000
67.	M/s Pakistan Oxygen Ltd	Covid-19/237	Oxygen Cylinder 48 CFT with flow meter and regulator	14,000,000	2,380,000

68.	M/s Pakistan Oxygen Ltd	Covid-19/237	Oxygen Cylinder 240 CFT with flow meter and regulator	36,000,000	6,120,000
69.	M/s Pakistan Oxygen Ltd	Covid-19/221	Oxygen Cylinder 240 CFT with Flow Meter and Regulator	375,000,000	63,750,000
70.	M/s Pakistan Oxygen Ltd	Covid-19/221	Flow Meter and Regulator		
71.	M/s Pakistan Oxygen Ltd	Covid-19/252	Oxygen Cylinder of 48 CFT	132,500,000	22,525,000
72.	M/s Pakistan Oxygen Ltd	Covid-19/254-I	Copper Pipes	213,400,087	36,278,015
73.	M/s Pakistan Oxygen Ltd	Covid-19/254-I	(2") 54mm Dia		
74.	M/s Pakistan Oxygen Ltd	Covid-19/254-I	(1-1/2") 42mm Dia		
75.	M/s Pakistan Oxygen Ltd	Covid-19/254-I	(1-1/4") 35mm Dia		
76.	M/s Pakistan Oxygen Ltd	Covid-19/254-I	(1") 28mm Dia		
77.	M/s Pakistan Oxygen Ltd	Covid-19/254-I	(3/4") 22mm Dia		
78.	M/s Pakistan Oxygen Ltd	Covid-19/254-I	(1/2") 15mm Dia		
79.	M/s Pakistan Oxygen Ltd	Covid-19/254-I	(1/3") 12mm Dia		
80.	M/s Pakistan Oxygen Ltd	Covid-19/254-I	G.I Pipe (Spec 4)		
81.	M/s Pakistan Oxygen Ltd	Covid-19/254-I	Isolation Volve Kitz Imported		
82.	M/s Pakistan Oxygen Ltd	Covid-19/254-I	12mm		
83.	M/s Pakistan Oxygen Ltd	Covid-19/254-I	22mm, 3/4"		
84.	M/s Pakistan Oxygen Ltd	Covid-19/254-I	28mm		
85.	M/s Pakistan Oxygen Ltd	Covid-19/254-I	35mm		
86.	M/s Pakistan Oxygen Ltd	Covid-19/254-I	42mm		
87.	M/s Pakistan Oxygen Ltd	Covid-19/254-I	54mm		
88.	M/s Pakistan Oxygen Ltd	Covid-19/254-I	Medical Gas Outlets ACBM (UK)/Amico (US)		
89.	M/s Pakistan Oxygen Ltd	Covid-19/254-I	Oxygen		
90.	M/s Pakistan Oxygen Ltd	Covid-19/254-I	Medical Air		
91.	M/s Pakistan Oxygen Ltd	Covid-19/254-I	Medical Gas Vacuum		
92.	M/s Pakistan Oxygen Ltd	Covid-19/254-I	Oxygen Flow Meter		
93.	M/s Pakistan Oxygen Ltd	Covid-19/254-I	Oxygen Flow Meter with Humidifier Bottle and Prob from 1 to 5 lmp (Amico US)		
94.	M/s Pakistan Oxygen Ltd	Covid-19/254-I	Oxygen Flow Meter with Humidifier Bottle and Prob from 1 to 5 lmp (China)		
95.	M/s Pakistan Oxygen Ltd	Covid-19/254-I	Suction Regulator (Amico US)		
96.	M/s Pakistan Oxygen Ltd	Covid-19/254-I	Suction Regulator with Sterilizable, Unbreakable 2 Ltr Suction Jar		

97.	M/s Pakistan Oxygen Ltd	Covid-19/254-I	Multiple Zone Valve Box with Alarms ACBM (UK)	190,958,448	32,462,936
98.	M/s Pakistan Oxygen Ltd	Covid-19/254-I	Madizone 3 Gases		
99.	M/s Pakistan Oxygen Ltd	Covid-19/254-I	Bed Head Units		
100.	M/s Pakistan Oxygen Ltd	Covid-19/254-I	Bed Head Unit 1200 MM with Provisions		
101.	M/s Pakistan Oxygen Ltd	Covid-19/254-I	Manifold - Oxygen 2x10 without Cylinder ACBM (UK) / Amico (US)		
102.	M/s Pakistan Oxygen Ltd	Covid-19/254-I	Medical Oxygen Manifold, O2 Oxygen Manifold Head Rack 2x10		
103.	M/s Pakistan Oxygen Ltd	Covid-19/254-I	Medical Oxygen Cylinder		
104.	M/s Pakistan Oxygen Ltd	Covid-19/254-I	Oxygen Cylinder 240 CFT, European Standard and POL Tested		
105.	M/s Pakistan Oxygen Ltd	Covid-19/254-I	Oxygen Cylinder 48 CFT, European Standard and POL Tested		
106.	M/s Pakistan Oxygen Ltd	Covid-19/254-I	Trolly for 48 CFT		
107.	M/s Pakistan Oxygen Ltd	Covid-19/254-I	Medical Air Compressor/Plant		
108.	M/s Pakistan Oxygen Ltd	Covid-19/254-I	Medical Air Plant		
109.	M/s Pakistan Oxygen Ltd	Covid-19/254-I	Vacuum Plant Medical Vacuum System		
110.	M/s Pakistan Oxygen Ltd	Covid-19/254-I	Medical Vacuum Plant		
111.	M/s Pakistan Oxygen Ltd	Covid-19/254-I	Allied Works (Installation, Testing, Commission, Civil Work)		
112.	M/s Pakistan Oxygen Ltd	Covid-19/254	Copper Pipes		
113.	M/s Pakistan Oxygen Ltd	Covid-19/254	(2") 54mm Dia		
114.	M/s Pakistan Oxygen Ltd	Covid-19/254	(1-1/4") 35mm Dia		
115.	M/s Pakistan Oxygen Ltd	Covid-19/254	(1") 28mm Dia		
116.	M/s Pakistan Oxygen Ltd	Covid-19/254	(3/4") 22mm Dia		
117.	M/s Pakistan Oxygen Ltd	Covid-19/254	(1/2") 15mm Dia		
118.	M/s Pakistan Oxygen Ltd	Covid-19/254	(1/3") 12mm Dia		
119.	M/s Pakistan Oxygen Ltd	Covid-19/254	42mm		
120.	M/s Pakistan Oxygen Ltd	Covid-19/254	G.I Pipe		
121.	M/s Pakistan Oxygen Ltd	Covid-19/254	Isolation Volve Kitz Imported		
122.	M/s Pakistan Oxygen Ltd	Covid-19/254	22mm, 3/4"		

123.	M/s Pakistan Oxygen Ltd	Covid-19/254	28mm		
124.	M/s Pakistan Oxygen Ltd	Covid-19/254	Medical Gas Outlets ACBM (UK) / Amico (US)		
125.	M/s Pakistan Oxygen Ltd	Covid-19/254	Oxygen		
126.	M/s Pakistan Oxygen Ltd	Covid-19/254	Medical Air		
127.	M/s Pakistan Oxygen Ltd	Covid-19/254	Medical Gas Vacuum		
128.	M/s Pakistan Oxygen Ltd	Covid-19/254	Oxygen Flow Meter		
129.	M/s Pakistan Oxygen Ltd	Covid-19/254	Oxygen Flow Meter with Humidifier Bottle and Prob from 1 to 15 lpm (Amico US)		
130.	M/s Pakistan Oxygen Ltd	Covid-19/254	Suction Regulator (Amico US)		
131.	M/s Pakistan Oxygen Ltd	Covid-19/254	Suction Regulator with Sterilizable, Unbreakable 2 Ltr Suction Jar		
132.	M/s Pakistan Oxygen Ltd	Covid-19/254	Multiple Zone Valve Box with Alarms ACBM (UK)		
133.	M/s Pakistan Oxygen Ltd	Covid-19/254	Madizone 3 Gases		
134.	M/s Pakistan Oxygen Ltd	Covid-19/254	Bed Head Units		
135.	M/s Pakistan Oxygen Ltd	Covid-19/254	Bed Head Unit 1200 MM with Provisions		
136.	M/s Pakistan Oxygen Ltd	Covid-19/254	Medical Oxygen Cylinder		
137.	M/s Pakistan Oxygen Ltd	Covid-19/254	Medical Air Compressor/Plant		
138.	M/s Pakistan Oxygen Ltd	Covid-19/254	Medical Air Plant		
139.	M/s Pakistan Oxygen Ltd	Covid-19/254	Vacuum Plant Medical Vacuum System		
140.	M/s Pakistan Oxygen Ltd	Covid-19/254	Medical Vacuum Plant		
141.	M/s Excel Medical Technology	Covid-19/267	Video Laryngscope Model: VL3R	1,625,000	276,250
142.	M/s Rotan (Pvt) Ltd	Covid-19/260	Weight/Height Machine Life Care China	144,000	24,480
143.	M/s Rotan (Pvt) Ltd	Covid-19/249	Oxygen Concentrator Model: FoleeYoo 7-5	150,000	25,500
144.	M/s FDS (Pvt) Ltd	Covid-19/T15-02	Ventilator - VG 70	1,794,500	305,065
145.	--	--	Ventilator - S 1100	740,000	125,800
146.	M/s Digionics (Pvt) Ltd	Covid-19/T15-03	Ventilator - Boaray 1000D	1,000,000	170,000
147.	--	--	Ventilator - Boaray 5000D	740,000	125,800

148.	M/s Ghani Chemical Industries Ltd	Covid-19/246	Oxygen Cylinder XL 55	5,250,000	892,500
149.		Covid-19/255	Oxygen Cylinder XL 55	1,050,000	178,500
150.	M/s Maple Pharmaceuticals	Covid-19/02	Hand Sanitizer	640,000	108,800
151.	-do-	Covid-19/01	Hand Sanitizer	1,125,000	191,250
152.	-do-	Covid-19/01	Hand Sanitizer	520,000	88,400
153.	-do-	Covid-19/01	Hand Sanitizer	330,000	56,100
154.	M/s Beyond	Covid-19/04	10x20 Porta Cabin/ Sea Container	720,000	122,400
155.	M/s Beyond	Covid-19/04	-do-	720,000	122,400
156.	M/s Beyond	Covid-19/04	Gree 2 Ton AC	250,000	42,500
157.	M/s Beyond	Covid-19/04	Samsung LED 32"	117,000	19,890
158.	M/s Beyond	Covid-19/04	Office Table	35,000	5,950
159.	M/s Beyond	Covid-19/04	Office Chair	25,000	4,250
160.	M/s Beyond	Covid-19/04	Visitor Chair	55,600	9,452
161.	M/s Beyond	Covid-19/04	Dinning Table with 6 Chairs	90,000	15,300
162.	M/s Beyond	Covid-19/04	HP Laser Jet M26	26,000	4,420
163.	M/s Beyond	Covid-19/04	Desktop System Core i5, 10 Generation / Laptop	150,000	25,500
164.	M/s Beyond	Covid-19/04	TIP Telephone Set	7,000	1,190
165.	M/s Beyond	Covid-19/04	Civil Work	240,000	40,800
166.	M/s Beyond	Covid-19/04	Plumbing Works	117,500	19,975
167.	M/s Beyond	Covid-19/04	Electric Work	63,500	10,795
168.	M/s Beyond	Covid-19/04	Microwave Oven	12,500	2,125
169.	M/s Beyond	Covid-19/04	Dawlance Refrigerator	72,000	12,240
170.	M/s Multan Chemicals Ltd	Covid-19/251	Cryogenic Liquid Cylinder	2,946,000	500,820
171.	M/s Sharif Oxygen (Pvt) Ltd	Covid-19/254-Ii	Medical Grade Copper Pipe		
172.	M/s Sharif Oxygen (Pvt) Ltd	Covid-19/254-Ii	Oxygen Outlet Point Surface Type Wall Mounted		
173.	M/s Sharif Oxygen (Pvt) Ltd	Covid-19/254-Ii	Oxygen Flow Meter Wall Mounted Complete with Humidifier, Probe along with Mask & Nasal Pipe		
174.	M/s Sharif Oxygen (Pvt) Ltd	Covid-19/254-Ii	Oxygen Failure Alarm		
175.	-do-	Covid-19/254-Ii	Isolation Volve with complete Fittings		
176.	-do-	Covid-19/254-Ii	Gas Manifold System		

177.	-do-	Covid-19/254-Ii	Central Oxygen Manifold Manual (3x3 without XL)	14,701,540	2,499,262
178.	-do-	Covid-19/254-Ii	Ambient Air Vaporizer		
179.	M/s Sharif Oxygen (Pvt) Ltd	Covid-19/254-Ii	SS Hose Pipe connections		
180.	M/s Sharif Oxygen (Pvt) Ltd	Covid-19/254-Ii	Pressure Control Assembly with dual regulators and bi-pass System		
181.	M/s Sharif Oxygen (Pvt) Ltd	Covid-19/254-Ii	Pressure Guages with Isolation Valves		
182.	M/s Sharif Oxygen (Pvt) Ltd	Covid-19/254-Ii	Safety Valves (Pressure Relief Valves)		
183.	M/s Sharif Oxygen (Pvt) Ltd	Covid-19/254-Ii	Copper Piping 1", elbow, tees and other fittings		
184.	M/s Sharif Oxygen (Pvt) Ltd	Covid-19/254-Ii	Copper Piping 0.5", elbow, tees and other fittings		
185.	M/s Sharif Oxygen (Pvt) Ltd	Covid-19/254-Ii	Civil Work Foundation for Liquid Oxygen Supply System with Portable Cryogenic Containers (XL)		
Total				**1,803,385,065**	**306,575,461**

Annexure-XIV
Para 3.4.4

Loss to the Government due to non-deposit of GST- Rs. 430.450 million

Sr. No.	Cheque No	Date	Paid To	Description	Amount (Rs.)	GST 17% (Rs.)
1.	87472329-30	04.11.2020	M/s Anwar Khwaja	Face Shield	7,450,000	1,266,500
2.	81498051-52	22.07.2020	-do-	Face Shield	7,450,000	1,266,500
3.	87472196-97	01.09.2020	-do-	Face Shield	7,450,000	1,266,500
4.	87697741	18.06.2021	Sr Traders	Boot Gums	4,000,000	680,000
5.	87472194-95	01.09.2020	Sr Traders	Shoe Cover	1,000,000	170,000
6.	81497978-79	02.07.2020	McServics	PCR Kits	168,960,000	28,723,200
7.	81498025-26	15.07.2020	Afia Noor Textile	Face Shield	8,500,000	1,445,000
8.	81498000-01	09.07.2020	Afroze Traders	Tyke Suit	28,500,000	4,845,000
9.	81498029-30	15.07.2020	Mumtaz Brothers	Face Shield	8,500,000	1,445,000
10.	81498163-64	26.08.2020	-do-	Face Shield	8,500,000	1,445,000
11.	81497974-75	02.07.2020	-do-	ICU Grade Googles	59,600,000	10,132,000
12.	81498011-12	13.07.2020	-do-	ICU Grade Googles	59,600,000	10,132,000
13.	81497986-87	02.07.2020	Quintix Medicals	ICU Grade Googles	20,740,800	3,525,936
14.	81498009-10	13.07.2020	-do-	ICU Grade Googles	59,600,000	10,132,000
15.	80498015-16	14.07.2020	Sial Enterprises	N-95 Mask without filter	22,000,000	3,740,000
	80498015-16	14.07.2020	Sial Enterprises	N-95 Mask with filter	19,500,000	3,315,000
16.	81498056-57	22.07.2020	-do-	Latex Gloves (Malaysia)	11,835,000	2,011,950
17.	80497988-89	07.07.2020	Esac International	Gum Boots	13,720,000	2,332,400
18.	80498031.32	15.07.2020	Zeb & Company	Face Shield	8,500,000	1,445,000
19.	80497982.83	02.07.2020	Zeb & Company	Shoe Cover	490,000	83,300
20.	81498017-18	15.07.2020	Esac International	Gum Boots	6,296,000	1,070,320
21.	80498007-08	13.07.2020	Scribble General Supplier	ICU Grade Sterilized Googles	14,900,000	2,533,000
22.	81497990-91	02.07.2020	Shabbier & Sons	Shoe Cover	1,800,000	306,000
23.	81498021-22	15.07.2020	Texole International	Surgical Gowns 30Gsm	9,500,000	1,615,000
24.	80498019-20	15.07.2020	Esare International	300 Portable Fab Container	99,900,000	16,983,000

25.	80498107-18	30.07.2020	3A Diagnostic	Surgical Mask ICU Grade	19,170,000	3,258,900
26.	87472187	01.09.2020	POF	Protective Suits	4,243,750	721,438
	87472187	01.09.2020	POF	Protective Suits Non woven Fab	5,605,500	952,935
27.	80498097-98	29.07.2020	DESTO	D-95 Mask	2,066,000	351,220
28.	80498097-98	29.07.2020	DESTO	Face Sheild	5,110,000	868,700
29.	81498141-42	18.08.2020	Hospital Appliances	Disposable Gowns 30 gsm	2,400,000	408,000
30.	81498137-38	18.08.2020	Pak Business International	Disposable Gowns 30 gsm	13,000,000	2,210,000
31.	81498135-36	17.08.2020	Mega Traders	Surgical Mask ICU Grade	6,390,000	1,086,300
32.	80498124-26	04.08.2020	Industrial Petroleum Services	Finger Tip Pulse Oximeter	6,000,000	1,020,000
33.	80498122-23	04.08.2020	Pak Business International	Face Shield	3,400,000	578,000
34.	80498114-15	04.08.2020	Rotan Pvt. Ltd	Finger Tip Pulse Oximeter	2,400,000	408,000
35.	80498114-15	04.08.2020	Rotan Pvt. Ltd	Stethoscope Rossmax	260,000	44,200
	80498114-15	04.08.2020	Rotan Pvt. Ltd	Wheel Chair Imported	345,000	58,650
Total					**728,682,050**	**123,875,949**

Annexure-XV
(Para No. 4.4.5)

Overpayment to contractor – Rs. 2.129 million

Location of fountain	Findings of Inquiry Committee	Duration	Rate per month (Rs.)	Total (Rs.)	Rate per day (Rs.)	Total (Rs.)	G. Total (Rs.)
Faisal Chowk	Handed over to Pak Steel through CSR on 01.10.2018	5 months, 19 days	38,340	191,700	1278	24,282	215,982
Askari Chowk, F-10	Handed over to Oakes through CSR	12 months	38,340	460,080	--	24,282	484,362
Gomal Road E-7	Partially working due to damaged piping network. No payment will be made to contractor w.e.f. 01.07.2018	6 months, and 19 days	38,340	230,040	1278	24,282	254,322
PTC Chowk, F-10	Not working due to disconnection of electricity, therefore, no payment should be made during disconnection period of electricity.	12 months	38,340	460,080	1279	24,282	484,362
Total							**1,439,028**
Add: Contractor Premium @ 47.786% above							**690,733**
Grand Total							**2,129,761**

Annexure-XVI
(Para No. 4.4.6)

Non-fulfillment of contractual obligations and negligence by the department resulting in loss – Rs. 2.86 million

S #	Name of Plant	No of Plants Dead in Site	Rate (Rs.)	Amount (Rs.)
1.	Melaluca	650	200	130,000
2.	Juniper Golden	5,845	65	379,925
3.	Irisine	14,910	5	74,550
4.	Alternanthera	500	5	2,500
5.	Queen Palm	7	5,000	35,000
6.	Durante Golden	81,200	6	487,200
7.	Murraya Dwarf	2,449	75	183,675
8.	Euphorbia Milii	286	65	18,590
9.	Karonda	354	75	26,550
10.	Ficus King	46	250	11,500
11.	Chorisia	15	250	3,750
12.	Cordyline	96	250	24,000
13.	Date Palm	40	10,000	400,000
14.	Cassia Glauca	3	800	2,400
15.	Brachycotton	3	2,000	6,000
16.	Lantana	218	85	18,530
17.	Spirea	53	90	4,770
18.	Bougainvillea	25	250	6,250
19.	Ficus Hawaii	1,804	250	451,000
20.	Ficus Golden	1,029	250	257,250
21.	Black Ficus	640	250	160,000
22.	Yucca	75	80	6,000
23.	Pitrosporum Variegated	625	80	50,000
24.	Akhlifa	31	150	4,650
25.	Cycas Palm	6	3,000	18,000
26.	Five Head Topiary	2	25,000	50,000
27.	Roses	150	80	12,000
28.	Ashoka	13	400	5,200
29.	Hibiscus Variegated	129	250	32,250
Total		**111,204**	**--**	**2,861,540**

Annexure-XVII
(Para No. 4.4.9)

Irregular allotment of land to Aero Modeling Flying Club and resultant loss due to non-realization of rent – Rs. 99.379 million

Sr. No.	Name of facility	Company	Area	Date of lease agreement	Annual rent (Rs.)	Remarks
1.	Bowling Center	M/s S&S Enterprise	02 Acres	27.11.94	752, 000 per annum	20-years
2.	McDonalds	M/s Siza Foods (Pvt) Ltd	6000 square yards	14.01.05	316,250 per month	Rs. 316,250 or 5% of the gross income from sales, whichever is higher
3.	Operation Management & Maintenance of Mega Zone / Bowling Club at F-9 Park	Fatima Construction & Builders	--	29.11.09	62.00 million per annum	Leased out for 2 years period, extendable for 3rd year

Annexure-XVIII
(Para No. 4.4.9)

Calculation of rent of land / site of Aero Modeling Flying Club on the basis of Rates of M/s McDonalds in F-9 Park

Period	Per month rent of McDonalds	Area	Per SQ Yards Rent (Per month)	Estimated area of Flying Club	Estimated Rent for Flying Club (Per month)	Months	Estimated Annual Rent (Rs.)
01.02.2008 to 31.12.2008	Rs 316,250	6000 sq yards	316,250/6000 = Rs. 52.70	12654 sq yards	12654 x Rs. 52.70 = 666,971	11	7,336,684
Annual Rent for the period 01.01.2009 to 31.12.2009 = Rs. 66,971x12						12	8,003,652
Rent for the period 01.01.2010 to 30.06.2020 =						126	84,038,349
Total							99,378,685
Say Rs. 99.379 million (Approx)							
Note: This amount is calculated without taking 5% of the gross income from sales and annual increment in amount of Rent							

Annexure-XIX
(Para No. 5.4.2)

Deduction of Commitment Charges by the Donor and its non-disclosure by NDRMF thereby depicting incorrect loan amount in the Financial Statements – USD 7.789 million

(Amount in USD)

Loan / Grant	Loan Start and closing Date	Total Loan Approved	As per ADB disbursed Amount	Interest Charges	Service Charges / Management Fee	Commitment Charges	Total
Loan 3473	02.12.2016 to 30.11.2021	75,000,000	52,808,844	1,514,341	-	365,221	1,879,562
Loan 3474	02.12.2016 to 30.11.2021	125,000,000	111,467,149	4,815,385	-	-	4,815,385
Loan 3923	23.06.2020 to30.11.2022	101,823,652	-	-	-	129,283	129,283
World Bank / PHCSP 6246-Pak	01.06.2020 to 31.12.2024	188,000,000	2,561,705	32,021	6,404	927,191	965,617
Total				**6,361,747**	**6,404**	**1,421,695**	**7,789,847**

Annexure-XX
(Para No. 5.4.3)

Non-deduction of Islamabad Sales Tax - Rs. 1.164 million

Sr. No.	Name of Consultant	Date	BPV	Total (Rs.)	Gross Including SST/ GST(Rs.)	GST/SST (Rs.)	Less deduction of SST (Rs.)
1.	Dr. Shahid Iqbal	21.08.2020	51	362,500	362,500	58,000	58,000
2.	Mr. Sharif Uddin Khilji	19.05.2021	349, 350	720,000	720,000	115,200	115,200
3.	Mr. Sharif Uddin Khilji	11.09.2020	121	240,000	240,000	38,400	38,400
4.	Mr. Tahir Shamshad	11.09.2020	122	3,351,807	3,351,807	536,289	536,289
5.	Mr. EhsanSaqib	21.08.2020	49	90,000	90,000	14,400	14,400
6.	Mr. Naunehal Shah	21.08.2020	48	40,000	40,000	6,400	6,400
7.	Mr. Shahban Baber Baig	21.08.2020	47	1,080,000	1,080,000	172,800	172,800
8.	Mr. Shahban Baber Baig	09.09.2020	81	960,000	960,000	153,600	153,600
9.	Mr. Muhammad Farooq	21.08.2020	50	281,000	281,000	44,960	44,960
10.	Mr. Nasreen Rashid	09.09.2020	82	61,524	61,524	9,844	9,844
11.	Direct Payments Consultants in USD	--	--	86,166	86,166	13787	13,787
Total				**7,272,997**	**7,272,997**	**1,163,680**	**1,163,680**