



**AUDIT REPORT
ON
THE ACCOUNTS OF
CLIMATE CHANGE, ENVIRONMENT AND DISASTER
MANAGEMENT ORGANIZATIONS
KHYBER PAKHTUNKHWA
AUDIT YEAR 2019-20**

AUDITOR GENERAL OF PAKISTAN

TABLE OF CONTENTS

ABBREVIATIONS & ACRONYMS	i
PREFACE	ii
EXECUTIVE SUMMARY	iii
SECTORAL ANALYSIS	vi
Chapter - 1	1
Emergency Rescue Service (Rescue 1122) & District Offices of Civil Defence under Relief, Settlement & Rehabilitation Department Government of Khyber Pakhtunkhwa	1
1.1 Introduction.....	1
1.2 Classified Summary of Audit Observations	2
1.3 Comments on the Status of Compliance with PAC Directives.....	3
1.4 AUDIT PARAS	4
Chapter – 2	14
Environment Protection Agency, its Regional Offices & Environment Protection Tribunal under Forest, Environment & Wildlife Department	14
2.1 Introduction.....	14
2.2 Classified Summary of Audit Observations	15
2.3 Brief Comments on the Status of Compliance with PAC Directives	15
2.4 AUDIT PARAS	16
Annexures-I (MFDAC).....	32
Annexure –II (List of Formations).....	34

ABBREVIATIONS & ACRONYMS

ADP	Annual Development Plan
AIR	Audit & Inspection Report
CDO	Civil Defense Office
DAC	Departmental Accounts Committee
DCO	District Coordination Officer
DDMU	District Disaster Management Unit
DDO	Drawing and Disbursing Officer
DG	Director General
EPA	Environment Protection Agency
EPT	Environment Protection Tribunal
ERRA	Earthquake Reconstruction and Rehabilitation Authority
ERS	Emergency Rescue Service
GFR	General Financial Rules
GST	General Sales Tax
KP	Khyber Pakhtunkhwa
KPIs	Key Performance Indicators
KPPRA	Khyber Pakhtunkhwa Public Procurement Regularity Authority
MHVRA	Multi Hazard Vulnerability Risk Assessment
MTBF	Mid Term Budgetary Framework
NDMA	National Disaster Management Authority
NDM	National Disaster Management
NDMP	National Disaster Management Plan
PAO	Principal Accounting Officer
PDMA	Provincial Disaster Management Authority
PDMC	Provincial Disaster Management Commission
PPRA	Public Procurement Regulatory Authority
PST	Provincial Service Tax
SECP	Securities and Exchange Commission of Pakistan
SNE	Statement of New Expenditure
SSRC	Standing Service Rules Committee
TORs	Term of References

PREFACE

Articles 169 & 170 (2) of the Constitution of the Islamic Republic of Pakistan read with Sections 8 and 12 of the Auditor General (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 Disaster Management and Environment related Organizations of Government of Khyber Pakhtunkhwa for the financial year 2018-19 including previous years expenditure of some formations (detail is provided in relevant chapters). The Directorate General Audit (Climate Change and Environment) conducted audit during the Audit Year 2019-20 on test check basis, with a view to reporting significant findings to the relevant stakeholders. The main body of the Audit Report includes only the systemic issues, however, as a general principle attempt has been made to include 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 Officer at the DAC level. In cases where the PAO does 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. Sectoral analysis has been added in this report covering strategic review and overall perspective of audit results.

The audit findings indicate need for adherence to the regularity framework, besides instituting and strengthening of internal controls to avoid recurrence of similar violations and irregularities.

The audit observations in this report have been finalized in the light of discussions in the DAC meetings.

The Audit Report is submitted to the Governor of the Khyber Pakhtunkhwa in pursuance of the Article 171 of the Constitution of the Islamic Republic of Pakistan 1973, for causing it to be laid before the Provincial Assembly.

-S/d-

Dated: 24th February 2020

[JavaidJehangir]
Auditor-General of Pakistan

EXECUTIVE SUMMARY

The Directorate General Audit (Climate Change and Environment) is mandated to conduct the audit of receipts and expenditure of Ministry of Climate Change, ERRA, Environment and Disaster Management Organizations of the Federal and Provincial Governments. This office conducts regularity audit, financial attest audit, compliance with authority audit and performance audit along with special audit and special study of ERRA, NDMA, Civil Defense, PDMAs, EPAs, EPTs and Rescue-1122. This office is presently located at Islamabad. This report covers the audit of Rescue-1122 (HQ) Khyber Pakhtunkhwa, Environment Protection Agency Khyber Pakhtunkhwa along with its three regional offices, Environment Protection Tribunal Khyber Pakhtunkhwa and three district civil defense offices of Directorate of Civil Defense, Khyber Pakhtunkhwa.

The Directorate General Audit (Climate Change and Environment) has a human resource of 29 personnel with 7,221 man-days available. The annual budget of the Directorate General Audit (Climate Change and Environment) for the financial year 2018-19 is Rs. 61.744 million.

As per Audit Plan both expenditure and receipts (where applicable) of these formations were audited on test check basis by selecting 09 out of 73 formations during Audit Year 2019-20. The list of formations to be audited is given in Annexure-II.

a. Scope of audit

Directorate General Audit (Climate change and Environment) is mandated to conduct audit of 73 formations working under 2 PAOs. Total expenditure of these formations was Rs. 3,474 million for the financial year 2018-19.

The current audit covers the expenditure of 09 formations under two PAOs amounting to Rs. 778 million for the financial year 2018-19. In terms of percentage, the audit coverage for expenditure is 22 % of auditable expenditure.

In addition to this compliance audit report Directorate General Audit (Climate change and Environment) conducted one Special Study and one FAP audit. Reports of these audits are being published separately.

b. Recoveries at the Instance of Audit

As a result of audit, a recovery of Rs 37.833 million was pointed out in this report. Recovery effected from January to December 2019 was Nil as the proposed actions are under process.

c. Audit Methodology

The Audit Year 2019-20 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 audit entities. Risk assessment was carried out by performing analytical procedures and reviewing internal controls. Desk audit 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 the INTOSAI Auditing Standards as envisaged in Financial Audit Manual (FAM). The overall objective of the audit was to assess compliance with financial rules and adequacy of internal controls along with the achievement of key performance indicators and targets defined in MTBF of the department. Review of record, field visit and discussion with management along with analysis and comments on various policies of the audit entities was also the part of the audit methodology.

d. Audit Impact

The Departments agreed in DAC meetings that they will expedite to complied with the Acts, rules to improve efficiency and effectiveness. Neglected areas were identified for appropriate actions by the management.

e. Comments on Internal Control and Internal Audit Department

Though the organizations Internal Control were in place, however, the same needs improvement by imparting necessary trainings and skilled human resource. Internal audit wings are required to be established in the formations audited.

f. Key audit findings of the report

- i. Irregularities were pointed out in 6 cases amounting to Rs 37.833 million.¹
- ii. There were 3 cases of value for money and delivery of services Rs20.312 million.²
- iii. There were 7 other cases where non-compliance of the policies and rules were identified for corrective actions.³

g. Recommendations

Principal Accounting Officers need to take necessary steps to strengthen the financial management systems so as to achieve the targets as envisaged in annual development plan by improving and implementing internal controls and exercising internal audit checks. Audit recommends that:

- i. Overpayments on account of taxes should be recovered as decided in the DAC.
- ii. Internal Controls should be strengthened and internal audit be conducted on a regular basis.
- iii. ADP schemes should be implemented in time.
- iv. Proper maintenance of record should be ensured.
- v. Necessary compliance of Environment Protection Act, 2014 as pointed out by audit and agreed in DAC should be made as early as possible.
- vi. Procurement process as per Khyber Pakhtunkhwa PPRA should be efficient in accordance to value for money concept.
- vii. MTBF targets and KPIs required to be achieved within the given financial year, coordination between province and federal is required to address the climate change and environment issues faced by the province.

¹Para 1.4.1, 1.4.2, 1.4.3, 1.4.4, 1.4.5, 2.4.1

²Para 1.4.6, 1.4.7, 2.4.3

³Para 2.4.4, 2.4.5, 2.4.6, 2.4.7, 2.4.8, 2.4.10, 2.4.12

SECTORAL ANALYSIS OF CLIMATE CHANGE, ENVIRONMENT AND DISASTER MANAGEMENT ORGANIZATIONS

After 18th Amendment in the Constitution of Islamic Republic of Pakistan, the subject of environment has been devolved to the provinces. In Khyber Pakhtunkhwa the Environment and Disaster Management sector is administered by Department of Forest, Environment & Wildlife and Department of Relief, Settlement & Rehabilitation Government of Khyber Pakhtunkhwa. Organizations responsible to implement and ensure compliance to the environmental and disaster management laws include Environmental Protection Agency (EPA) Khyber Pakhtunkhwa, PDMA, Rescue-1122 and Civil Defence.

Environmental Protection Agency Khyber Pakhtunkhwa had established its Directorate Offices in 3 regions D.I Khan, Abbottabad & Swat in April 2017 to cover 22 districts of the province. The major functions of EPA as per Act are: protection, conservation, rehabilitation and improvement of environment, prevention and control of pollution, and promotion of sustainable development.

The Government of Khyber Pakhtunkhwa established PDMA on 27 October 2008 in line with NDMA Ordinance 2006 clause (15) to deal with the disaster management activities in the province. Later on, the provincial assembly Khyber Pakhtunkhwa passed the Act known as NDM (Khyber Pakhtunkhwa) Act, 2012 which governs the affairs of PDMA Khyber Pakhtunkhwa.

The Khyber Pakhtunkhwa emergency rescue service (Rescue 1122) was established in January 2010 on the pattern of emergency rescue service of Punjab. The emergency rescue service (Rescue 1122) was regularized under the Act of Khyber Pakhtunkhwa assembly during July 2013. So far, district emergency offices in 10 districts are functional whereas, in rest of districts it is under process.

The Civil Defence Organizations in Pakistan are created under Civil Defence Act, 1952 there are twenty six (26) stations of civil defence offices in Khyber Pakhtunkhwa Province which are controlled by the Directorate of Civil Defence stationed at Peshawar.

Organizational Framework/Policy

The EPA Khyber Pakhtunkhwa is mandated to ensure the compliance with applicable environment laws in industries, industrial & business units, development projects etc under Khyber Pakhtunkhwa Environmental Protection Act, 2014. The major functions of EPA as per Act are: protection, conservation, rehabilitation and improvement of environment, prevention and control of pollution, and promotion of sustainable development. Though environment and climate change is cross cutting exercise, however, EPA is working in silo having lack of coordination with other stakeholders.

Rescue-1122 Khyber Pakhtunkhwa is mandated to ensure the presence of rescue service in the province in efficient and effective manners. Its activities are to respond and carry out the relief operations for public in emergencies i.e. acts of terrorism, fire incidents, road traffic accidents, building collapse and medical emergencies.

PDMA Khyber Pakhtunkhwa is mandated to prepare and implement the disaster management policies in the province under NDM (Khyber Pakhtunkhwa) Act, 2012. The DDMU, under the NDM (Khyber Pakhtunkhwa) Act, 2012, is mandated for executing disaster management activities at district level (second-lowest tier). The power and functions of DDMU are laid down in NDM (Khyber Pakhtunkhwa) Act, 2012.

Challenges

Challenges to the environment and disaster management sector are as under:

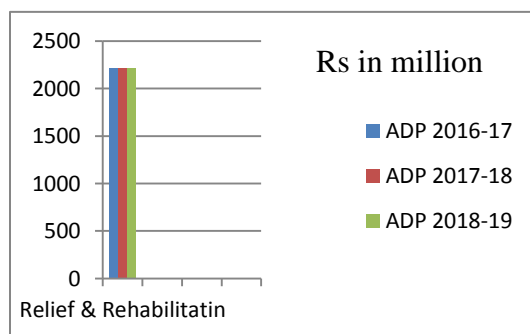
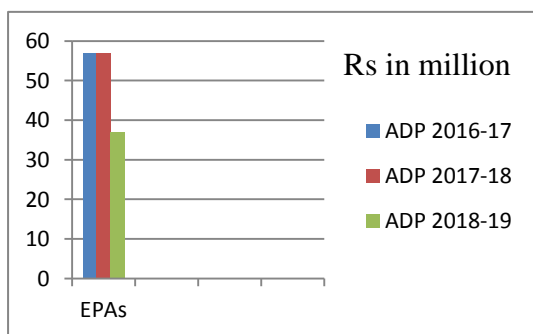
There is acute shortage of staff at EPA headquarter, its directorate offices and environment protection tribunal. Logistic vehicles for monitoring are very few which are unable to effectively and efficiently cover large area of jurisdiction. This results in less monitoring and resultant ineffective policy interventions for environment issues. Only one environmental sample testing laboratory is available at Peshawar for whole province. This causes inordinate delay in analysis of sample. The skilled manpower to analyze the sample on sophisticated machines is also not available. This is resulting into small number of samples being collected and analyzed. The equipment though available is underutilized. As per Khyber Pakhtunkhwa Environment Protection Act 2014, environment protection council, advisory committees have not been established, hence resulting in the pendency of implementation of prominent clauses of the act.

Moreover, EPA has not started working on rehabilitation and improvement of environment and promotion of sustainable development.

RESCUE 1122 service has been implemented in 10 districts. The service has provided rescue services in normal and emergency situations. There is a need to expand the emergency service in all the districts of the province as early as possible. Academy for the training has not been established so far resulting in lack of skilled manpower. Emergency fund account as per act was required to be established which has not been established. The fund could be utilized in emergent disaster management and emergency operations as well as staff welfare but the benefits not accrued to the organization and staff.

Provincial and district disaster management plans required to be prepared by PDMA Khyber Pakhtunkhwa have not prepared since its establishment. Mitigation and prevention measures with regard to disaster have not initiated and only relief operations are carried out in the case of disaster. District disaster management Units (DDMUs) were notified, however, they are not effective due to non-allocation of dedicated human resource and budgetary support. Multi Hazard Vulnerability Risk Assessments (MHVRAs) as required under NDMP to assess the vulnerability of the province towards disaster has not prepared by PDMA Khyber Pakhtunkhwa which will help to implement proper disaster risk management and risk reduction system.

There is a duplication of functions of Civil Defence with Rescue-1122 and PDMA. This results in the wastage of public money. There is a need of coordination among the related organization of Rescue and relief as idle workforce is available in Civil Defense organization Khyber Pakhtunkhwa with no future planning



There are 2 ongoing projects of EPAs related to capacity building of EPA & preparation of environment report of the province. Their approved cost is Rs. 126 million and expenditure was Rs. 69 million up to June 2019 i.e 55% of approved cost. Environment department may take new initiative by launching new schemes for mitigation and prevention of environmental hazards.

There are 25 ongoing projects of Relief & Rehabilitation department out of which 20 relate to Rescue-1122 and 5 to PDMA. Rescue-1122 projects include development expenditure of 8 district emergency offices which were functional and their PC-1s are still in process. It also include other projects i.e establishment of DEOs in other districts which are not functional and capacity enhancement of Rescue-1122, up-gradation of rescue vehicles, purchase of land for Rescue Academy and Rescue stations etc. 5 projects related to PDMA that include purchase of IT equipments, construction of 3 warehouses etc. Their approved cost is Rs 7,963 million and expenditure is Rs. 3,422 million up to June 2019 as 43% of approved cost. The ADP reflects resolve of the government to improve the state of disaster management in the province.

The environment department is need to be strengthen by providing them adequate financial and human resource besides expeditious formulation of coordination mechanism among all government departments at federal and provincial level for conservation and rehabilitation of green areas, underground water level, open water reservoirs, wildlife, fisheries, clean water etc.

Chapter - 1

Emergency Rescue Service (Rescue 1122)& District Offices of Civil Defence under Relief, Settlement & Rehabilitation Department Government of Khyber Pakhtunkhwa

1.1 Introduction

A. The Khyber Pakhtunkhwa Emergency Rescue Service (Rescue 1122) was initiated under ADP Scheme since 1st January 2010 on the pattern of modern and tested model of Emergency Rescue Service in Punjab. The pilot project was initially started at Peshawar where it has successfully launched its activities and has been able to respond to and help in emergencies cases i.e. as a rescue of acts of terrorism, fire incidents, road traffic accidents, building collapse and medical emergencies such as heart attacks, delivery cases etc. The Emergency Rescue Service (ERS) Rescue 1122 was regularized under the Act of Khyber Pakhtunkhwa Assembly during July 2013. The ERS Khyber Pakhtunkhwa has expanded its projects / activities and established in other districts of Khyber Pakhtunkhwa i.e. Mardan, Swat, D.I.Khan and Abbottabad with further extensions to Buner, Upper Dir and Rustam&Katalung etc.

Detail of Rescue Operations:

Emergency type	Rescued Operations
Total calls	20,133,898
Total emergencies responded	292,646
Road accidents	67,235
Medical /Fall	199,676
Fire	10,050
Violence / bullet injury	5,983
Building collapse	658
Drowning	973
Other recovery	7,453
Blast / explosion	619
Fake/irrelevant/drop calls	13,969,124
Patient expired	8,277
Patient rescued	317,417

The Civil Defence Organizations in Pakistan are created under Civil Defence Act, 1952, There are twenty six (26) stations of civil defence offices in Khyber Pakhtunkhwa Province which are controlled by the Directorate of Civil Defence stationed at Peshawar. As per Home & Tribal Affairs Department letter No. SOCD/DEV/HD/9-0/2011, the operational services of Civil Defence at District level was integrated with Provincial Disaster Management Authority (PDMA), however the same has not been implemented despite lapse of considerable time. Rescue-1122 Khyber Pakhtunkhwa & Provincial Disaster Management Authority (PDMA), Khyber Pakhtunkhwa, now manages the natural and manmade calamities. This audit pertains to Controller Civil Defence D.I Khan.

B. Comments on Budget & Accounts (Variance Analysis)

Rs. In Million

Sr. No.	Financial Year	Name of formation	Budget	Expenditure
1	2018-19	Rescue-1122 Khyber Paktunkhwa, Peshawar	881.506	850.387
	2017-19	District Office of Civil Defense, Swat	12.086	13.549
	2017-19	District Office of Civil Defense, Abbottabad	10.122	10.363
	2017-19	District Office of Civil Defense, D.I Khan	10.206	9.706
Total			913.92	884.005

Table I: Audit profile of Relief, Settlement & Rehabilitation Department Government of Khyber Pakhtunkhwa.

Sr.No	Description	Total Nos.	Audited	Expenditure audited FY 2018-19 (Rs in Million)	Revenue / Receipts audited FY 2018-19 (Rs in Million)
1	Formations	68	4	474.882	-
2	<ul style="list-style-type: none"> • Assignment Account • SDAs • Etc. (excluding FAP)	1 Nil Nil	1 - -	441.264	-
3	Authorities /Autonomous bodies etc under the PAO	2	2	-	-
4	Foreign Aided project (FAP)	1	1	-	-

1.2 Classified Summary of Audit Observations

Audit observations amounting to Rs57.645 million were raised in this report during the current audit of “Rescue-1122 (HQ) Khyber Pakhtunkhwa and three District Civil Defense Offices”. This amount also includes recovery of Rs 37.333 million as

pointed out by audit. Summary of the audit observations classified by nature is as under:

Table II: Overview of Audit Observations

Sr. No	Classification	Amount (Rs in million)
1	Non production of record	Nil
2	Report cases of fraud, embezzlement and misappropriation	Nil
3	Irregularities	37.333
A	HR/Employees related irregularities	Nil
B	Procurement related irregularities	Nil
C	Management of Accounts with Commercial Banks	Nil
D	Taxation	37.333
4	Value of money and services delivery issues	4.312
5	Others	16.00

1.3 Comments on the Status of Compliance with PAC Directives

Since this Directorate General conducted first audit of Disaster Management Organizations of Khyber Pakhtunkhwa during the year 2016-17 therefore, No PAC directives have been issued, as the Audit Reports have not yet been discussed in the PAC.

1.4 AUDIT PARAS

Irregularities (Taxation)

1.4.1 Recovery on account of GST against supplier Claiming exemption- Rs 14.303 million

As per SRO Notification No. S.R.O. 660(I)/2007, dated 30th June, 2007 in accordance with Sales Tax Act 1990 amended from time to time under clause (2) A withholding agent shall deduct an amount equal to one fifth of the total sales tax shown in the sales tax invoice issued by a registered person and make payment of the balance amount to him.

During audit of DG Rescue-1122 Khyber Pakhtunkhwa it was observed that Rs. 44.197 million was paid to M/S Colibrative Heavy Industries Pvt Ltd for two rescue and one recovery vehicles and Rs 54.239 for four Fire Vehicles vehicle in the financial year 2018-19 and claimed GST of Rs.14.303 million. The company argued that deduction of 1/5th GST was exempted on its supply vide FBR's SRO dated 01.07.2017 hence 1/5th GST had not deducted by the department and all amount of GST Rs. 14.303 million was released to company. The stance of the company was not correct as the mentioned SRO does not pertain to 1/5th GST exemption.

Audit is of the view that due to weak financial discipline, the government was put to a loss of Rs 14.303 million.

The matter was pointed out to the management on 11.09.2019. The department replied that M/s Colibrative Heavy Industries Pvt. Ltd had been informed for submission of deposit slip for GST deposit.

In DAC meeting held on 29.12.2019 it was decided that if the company does not deposit the amount in treasury within 15 days, the recovery will be made from the upcoming bills. Compliance of DAC decision by the department is still awaited.

Audit recommends that recovery of Rs.14.303 million may be made from M/s Colibrative Heavy Industries Pvt Ltd through GST return under intimation to audit.

PDP No. 297- Para No. 2 & 23 of Rescue-1122 (HQ)

1.4.2 Recovery on account of GST against suppliers-Rs10.896 million besides non-deduction of 1/5th GST

i) As per sales tax Act 1990 Section (23)(1)(A), a registered person making a taxable supply shall issue a serially numbered tax invoice at the time of supply of goods containing (a) name, address and registration number of the supplier.

ii) As per SRO Notification No. S.R.O. 660(I)/2007, dated 30th June, 2007 in accordance with Sales Tax Act 1990 amended from time to time under clause (2) A withholding agent shall deduct an amount equal to one fifth of the total sales tax shown in the sales tax invoice issued by a registered person and make payment of the balance amount to him.

During audit of DG Rescue-1122 Khyber Pakhtunkhwait was observed M/s Toyota Frontier Motors Pvt Ltd, Peshawar had supplied eight Toyota ambulances for Rs. 73.196 million in the financial year 2018-19. The company had charged Rs. 10.635 million as GST but the whole payment was released to company without deduction of 1/5th GST. Moreover, the company had not provided the GST invoice as per law as it was not serially numbered.

Similarly M/s Synergy Enterprises supplied a 50KV Generator for Rs. 1.799 million in the financial year. The company had charged Rs. 261,393 as GST but the whole payment was released to company without deduction of even 1/5th GST, moreover, the company had not provided the GST invoice as per law as it was not serially numbered.

Audit is of the view that due to weak financial discipline, the government was put to a loss of Rs. 10.896 million.

The matter was pointed out to the management on 11.09.2019. The department replied that M/s Toyota Frontier Motors Pvt Ltd and M/s Synergy Enterprises have been reminded to deposit the GST in treasury.

In DAC meeting held on 29.12.2019 it was decided that M/s Toyota Frontier Motors Pvt Ltd and M/s Synergy Enterprises it was decided that suppliers should deposit the amount in treasury within 15 days failing which the recovery will be

made from the upcoming bills. Compliance of DAC decision by the department is still awaited.

Audit recommends that recovery of Rs. 10.896 may be made from M/s Toyota Frontier Motors Pvt Ltd and M/s Synergy Enterprises through GST return under intimation to audit.

PDP No. 298 - Para No.13&17 of Rescue-1122 (HQ)

1.4.3 Recovery on account of GST against suppliers without having GST invoice-Rs827,416

As per sales tax Act 1990 Section (23)(1)(A), a registered person making a taxable supply shall issue a serially numbered tax invoice at the time of supply of goods containing (a) name, address and registration number of the supplier.

During audit of DG Rescue-1122 Khyber Pakhtunkhwa it was observed that an amount of Rs. 5.225 million was paid to M/s Global Fire Fighting & Rescue Equipment's Enterprises on account of supply of firefighting equipments in the financial year 2018-19. This gross amount include GST amount of Rs. 888,250 out of which 1/5th GST Rs 177,650 was deducted and the rest of Rs 710,600 was released to company. As the company had not provided the GST invoice as per law having GST number, so the release of 4/5th GST to company was irregular.

M/s AR Trader supplied two LG LED Screen for Rs 286,000 in the financial year 2018-19. This gross amount includes GST of Rs 48,620 out of which 1/5th GST Rs. 9,724 was deducted and the rest of Rs. 38,896 was released to company. As the company had not provided the GST invoice as per law as it is not serially numbered so the release of 4/5th GST to company was irregular.

M/s GMSK Enterprises supplied three digital cameras for Rs 430,500 in the financial year 2018-19. This gross amount includes GST Rs 73,185 and Rs 19,372 as income tax out of which 1/5th GST Rs 14,637 had been deducted and the rest of Rs 58,548 was release to company. As the company had not provided the GST invoice as per law as it is without GST number. Moreover, the income tax charged by the company on the invoice is irregular as it is direct tax and can't be transferred to the buyer. Hence payment of Rs. 77,920 stands irregular (58,548+19,372=77,920) and need to be recovered from supplier.

Audit is of the view that due to weak financial discipline, the government was put to a loss of Rs. 827,416.

The matter was pointed out to the management on 11.09.2019. The department replied that suppliers had been informed for submission of deposit slip for tax deposit.

In DAC meeting held on 29.12.2019 it was decided that if the suppliers do not deposit the amount in treasury within 15 days then the recovery will be made from their upcoming bills. Compliance of DAC by the department is still awaited.

Audit recommends that the recovery of Rs. 808,044 may be expedited from the supplier through GST return filed and Rs.19,372 through treasury challan under intimation to audit.

PDP No. 300 - Para No. 9,18& 20 Rescue-1122 (HQ)

1.4.4 Non deduction of income tax-Rs3.884 million

i) As per tender notice all the participating firms in bidding should provide the registration of company as manufacture under companies ordinances 1984 (Now changed as Companies Act 2017).

ii) As per Section 153(1)(a) of Income Tax Ordinance every prescribed person making a payment in full or part including a payment by way of advance to a resident person 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

During audit of DG Rescue-1122 Khyber Paktunkhwait was observed that M/s Ahmedmedix, Lahore supplied two visio search cameras for Rs. 5.206 million and one water search & rescue vehicle for Rs 20.5 million in the financial year 2018-19. The income tax of Rs.208,240 on visio search cameras and Rs822,000 for one vehicle was not deducted from the supplier as the supplier claimed to be the manufacturer of the machinery without documentary proof i.e certificate of manufacturer from SECP. Moreover, the visio search camera is of made in France.

M/s Ahmedmedix Pvt Ltd fabricated twenty ambulances for Rs. 46.508 million in the financial year 2018-19. The income tax of Rs 1.86 million was not deducted

from the company as the company claimed to be the manufacturer of the products without documentary proof i.e certificate of manufacturer from SECP.

M/s Mehraj Ltd supplied two water bowser vehicles for Rs. 24.842 million in the financial year 2018-19. The income tax of Rs 993,680 was not deducted from the supplier as the supplier claimed to be the manufacturer of the products without documentary proof i.e certificate of manufacturer from SECP.

Audit is of the view that due to weak financial discipline, the government was put to a loss to Rs3.884 million.

The matter was pointed out to the management on 11.09.2019. The department replied that visiosearch camera is French made whereas M/s Ahmedmedix is authorized dealer and income tax was not deducted as at the time of import all taxes were deducted at port. However such documents had not provided to audit. In case of fabrication of vehicles supplier had been asked to deposit the income tax and provide the proof of it. In respect of M/s Mehraj Ltd, department replied that income tax was not deducted from the firm as they submitted the FBR exemption certificate and certificate of manufacture from SECP is attached. However, scrutiny of documents revealed that certificate of incorporation was attached not the certificate of manufacture. The supplier made fabrication of ISUZU vehicle as and supplier is not the manufacture of ISUZU chassis. FBR exemption is granted on own manufactured products.

In DAC meeting held on 29.12.2019 it was decided that if suppliers do not deposit the amount in treasury within 15 days then the recovery will be made from their upcoming bills. Compliance of DAC decision by the department is still awaited.

Audit recommends that the recovery of Rs3.884 million may be expedited from the suppliers under intimation to audit.

PDP No. 301 - Para No. 8,12,16& 19 Rescue-1122 (HQ)

1.4.5 Irregular charge of GST on services-Rs5.406 million

As per Khyber Pakhtunkhwa Revenue Authority notification KPRA/GN/1812-25 dated 31-10-2017, Sales Tax on Services Regulations 2017 (Schedule-II), Services provided by motor vehicle workshops, mechanic shops, air conditioning fitting service and cleaning centres will be charged @ 10% without any input adjustment.

During audit of DG Rescue-1122 Khyber Pakhtunkhwa it was observed that M/s AhmedmedixPvt Ltd had made fabrication of twenty five ambulances for Rs. 46.508 million in the financial year 2018-19. The gross amount include an amount of Rs. 6.757 as GST out of that Rs. 1.3515 million was withheld by department as 1/5th of GST and rest of amountRs. 5.406 million was released to the company. As the tax on services was transferred to provinces so the charge of GST was irregular as it was replaced with PST.

Audit is of the view that due to weak financial discipline, the government was put to a loss to Rs. 5.406 million.

The matter was pointed out to the management on 11.09.2019. The department replied that work was awarded for re-fabrication of the ambulances and no consultancy/services were involved so GST was deducted.

In DAC meeting held on 29.12.2019 it was decided that the supplier should deposit the amount in government treasury within 15 days failing which the amount will be recovered from the upcoming bills of the supplier. Compliance of DAC decision by the department is still awaited.

Audit recommends that recovery of Rs. 5.406 million may be made from M/S AhmedmedixPvt Ltd and deposited into government treasury as the re-fabrication services is provided by the company.

PDP No. 307 Para No. 26 Rescue-1122 (HQ)

Value of money and services delivery issues

1.4.6 Uneconomical procurement -Rs 4.312 million

i) As per GFR-10, every person should exercise the same vigilance while expending money from public funds as a man of ordinary prudence while expending money from his own pocket.

ii) As per Khyber Pakhtunkhwa Public Procurement of Goods, Works and Services Rules, 2014 clause 6(3)(iv) the lowest offer from the qualified bidder shall be accepted for award of the contract and will be the best evaluated bid

During audit of DG Rescue-1122 Khyber Pakhtunkhwa it was observed that a contract for supply of two vision search camera was awarded to M/s Ahmedmedix, Lahore for Rs. 5.206 million in the financial year 2018-19. In this case the lowest offer of Rs. 4.498 by M/s A-Tech was technically rejected as having no registered office in Peshawar leading to expensive procurement by Rs. 708,000.

M/s Toyota Frontier Motors, Peshawar supplied eight Ambulances for Rs 73.196 million. In this case the lowest offer of Rs. 69.592 by M/s Colibrative Heavy Industries Pvt Ltd was technically rejected as it has not delivered 50 units in the last ten years. Both the contractors had submitted their proposal of same brand vehicles i.e Toyota Company, hence leading to expensive procurement by Rs. 3,604,000.

Audit is of the view that due to non-prudence in awarding contracts, the government was put to a loss to Rs. 4.312 million.

The matter was pointed out to the management on 11.09.2019. The department replied that aggregate marks of technical and financial bids of the successful bidders were higher than the other ones so in light of serial No.2(c)(i) of KPPRA Act, 2012 work was awarded to best evaluated bid.

The reply is not satisfactory because as per serial No. 3 of KPPRA Act, 2012, all public procurement shall be conducted in such a manner as provided in this Act, rules and regulations made under this Act and shall promote the principles of transparency, economy, and value for money, accountability and swift grievance handling.

In DAC meeting held on 29.12.2019 it was decided that original record will be verified from audit within 15 days. The original record was shown to audit and department insisted on their earlier reply that successful bidders aggregate marks were higher than the other ones.

Economy and value for money aspects were ignored in these cases which need justification and fixing of responsibility on the person (s) at fault.

PDP No. 302 - Para No. 5 & 21 Rescue-1122 (HQ)

1.4.7 Un prudent expenditure on three district civil defense offices-Rs 16 million per year

i) As per West Pakistan Civil Defense Service Rule, 1966 certain functions were required to be done by civil defense organizations i.e Warden Services, Rescue Service, Control & Communication Service, Casualty Service, Combined Depot Services, Fire Service, Training Service etc.

ii) As per GFR Para (10) Every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety. Among the principles on which emphasis is generally laid are the following: - 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.

iii) As per Home & Tribal Affairs Department Notification No. SOCD/DEV/HD/9-0/2011 dated 28.04.2011 the services of the PDMA and Civil Defence were integrated and civil defense staff at district levels will work during disaster and post disaster activities as district response force with the DCO concerned as its head. The Civil Defense Directorate will look after service matters of the staff of civil defense at district level while the administrative expenditure will rest with the respective district government.

During audit of Controller/ District Civil Defense Office D.I Khan, Abbottabad & Swat it was observed that civil defense organization functions as entrusted to them under ibid rules are now performed by different departments' i.e Rescue-1122, PDMA, Security forces etc. Civil defense offices are conducting only trainings and checking firefighting arrangements. An expenditure of Rs 5 to 6 million is incurring annually by these offices. Moreover, the services of PDMA and civil defense offices at district level have not been integrated so far.

This shows that financial and human resources are not utilized in efficient way as merely a burden on exchequer funds.

The matter was pointed out on 19.08.2019. No reply has been provided by the department except CDO Abbottabad which replied that trainings are being conducted, whereas SOP regarding integration has been approved by Secretary Relief for the implementation of the above notification.

Matter need to be considered at appropriate level to take necessary measures as the functions entrusted to Civil Defense under West Pakistan Civil Defense Service Rule, 1966 were performing by other organizations due to ineffectiveness of Civil Defense.

PDP No 289 of CDOs D.I Khan, Abbottabad & Swat

Others

1.4.8 Non-preparation of internal auditor report

According to Para 13 of GFR Vol-I, every controlling officer must satisfy himself not only that adequate provisions exist within the departmental organization for systematic internal checks calculated to prevent and detect errors and irregularities in the financial proceedings and to guard against waste and loss of public money and stores but also that the prescribed checks are effectively applied. For this purpose each Head of the Department will get the account of his office inspected at least once in every financial year.

During audit of DG Rescue-1122 Khyber Pakhtunkhwa it was observed that internal auditor was appointed but no internal audit was conducted and no internal audit report was generated during the financial year 2018-19.

This show the weak internal controls as the internal audit will show the compliance of management policies and procedures in organizational operations and weaknesses will be identify for improvement.

The matter was pointed out to the management on 11.09.2019. The department replied that internal auditor was appointed in the last month of 2018 and then send on mandatory training of 6 months to Rescue Academy Lahore, however, the internal audit of the current financial year will be conducted.

In DAC meeting held on 29.12.2019 it was decided that internal audit report will be prepared and produced to audit for verification. Compliance of DAC decision by the department is still awaited.

It is recommended that internal audit may be carried at the earliest and report provided to audit.

PDP No. 306 - Para No. 24 Rescue-1122 (HQ)

Chapter – 2

Environment Protection Agency, its Regional Offices & Environment Protection Tribunal under Forest, Environment & Wildlife Department

2.1 Introduction

After 18th Amendment in the Constitution of Islamic Republic of Pakistan, the subject of environment has been devolved to the provinces. Consequently, Khyber Pakhtunkhwa province has enacted Khyber Pakhtunkhwa Environmental Protection Act, 2014. EPA is mandated to implement the Khyber Pakhtunkhwa Environmental Protection Act, 2014 in the Khyber Pakhtunkhwa. Environmental Protection Agency (EPA) Khyber Pakhtunkhwa was established in 1989 having its headquarter at Peshawar. The major functions of EPA as per Act are: protection, conservation, rehabilitation and improvement of environment, prevention and control of pollution, and promotion of sustainable development. The Environmental Protection Agency (EPA) was Federal subject enacted through Pakistan Environmental Protection Act, 1997. After promulgation of Khyber Pakhtunkhwa Environmental Protection Act, 2014 it falls under administrative control of Secretary Forest, Environment & Wildlife Government of Khyber Pakhtunkhwa. The EPA has established regional offices in D.I Khan, Abbottabad and Swat.

Environment Protection Tribunal-Khyber Pakhtunkhwa was established on 26.07.2017 comprising one Chairman and two Members (as member legal and member technical) having its principal office in Peshawar. EPT was established under Section (21) Khyber Pakhtunkhwa Environmental Protection Act, 2014. Numbers of cases submitted to EPT for adjudication are around 2100 and amount of fine imposed is about Rs 47 million till June, 2019.

B. Comments on Budget & Accounts (Variance Analysis)

Rs in million

Sr. No.	Financial Year	Name of Entity	Budget	Expenditure
1	2016-19	Environment Protection Agency (HQ), Peshawar	251.818	206.355
	2017-19	Environment Protection Tribunal, Peshawar	42.625	23.297
2	2017-19	Environment Protection Agency R.O D.I Khan	26.007	16.34
-3	2017-19	Environment Protection Agency R.O Abbottabad	23.333	11.822
	2017-19	Environment Protection Agency R.O Swat	20.431	11.487
Total			364.214	269.301

Table I: Audit profile of Forest, Environment & Wildlife Department, Government of Khyber Pakhtunkhawa (Environment Only)

Sr.No	Description	Total Nos.	Audited	Expenditure audited FY 2018-19 (Rs in Million)	Revenue / Receipts audited FY 2018-19 (Rs in Million)
1	Formations	5	5	269.301	4.46
2	<ul style="list-style-type: none"> • Assignment Account • SDAs • Etc. (excluding FAP)	Nil Nil Nil	- - -	-	-
3	Authorities /Autonomous bodies etc under the PAO	Nil	-	-	-
4	Foreign Aided project (FAP)	Nil	-	-	-

2.2 Classified Summary of Audit Observations

Audit observations amounting to Rs. 4.46 million were raised in this report during the current audit of “Environment Protection Agency its Regional Offices & Environment Protection Tribunal”. Summary of the audit observations classified by nature is as under:

Table II: Overview of Audit Observations

Sr. No	Classification	Amount (Rs in million)
1	Non production of record	Nil
2	Report cases of fraud, embezzlement and misappropriation	Nil
3	Irregularities	4.46
A	HR/Employees related irregularities	Nil
B	Procurement related irregularities	Nil
C	Management of Accounts with Commercial Banks	Nil
4	Value of money and services delivery issues	Nil
5	Others	-

2.3 Brief Comments on the Status of Compliance with PAC Directives

Since this Directorate General conducted first audit of environment related organization during year 2019-20 and this report will be the first one for discussion in PAC.

2.4 AUDIT PARAS

Irregularities

2.4.1 Non deduction of taxes on supply of vehicles-Rs. 0.500 million

i) As per sales tax Act 1990 Section (23)(1)(A), a registered person making a taxable supply shall issue a serially numbered tax invoice at the time of supply of goods.

ii) As per Section 153(1)(a) of Income Tax Ordinance every prescribed person making a payment in full or part including a payment by way of advance to a resident person 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.

During the audit of Environment Protection Tribunal, Peshawar it was observed that M/S Toyota Khyber Motor (Pvt) Ltd had supplied 2 vehicles for Rs. 4.299 in the financial year 2018-19 that include an amount of Rs. 624,641 as GST. Out of this amount 1/5 GST had been deducted and rest of Rs. 499,713 was released to the company. The company did not provide the GST invoice having GST No. Therefore, 4/5th GSTRs. 499,713 paid to company need to be recovered.

Audit is of the view that due to weak financial discipline, the government was put to a loss of Rs. 499,713.

The matter was pointed out to the management on 28.08.2019. In reply the department stated the letter has been written to the supplier for recovery of GST or copy of GST return.

In DAC meeting held 29.12.2019 it was decided that further progress in the matter would be intimated to audit. Compliance of DAC decision by the department is still awaited.

It is recommended that the amount of Rs. 499,713 may be recovered from company through GST return under intimation to audit.

2.4.2 No reconciliation of receipt on account of fines and Fee-Rs4.460 million

As per financial rules Para No. 20 (revenue and receipt), subject to any special arrangement that may be authorized by competent authority with respect to any particular class of receipts it is the duty of the departmental Controlling officers to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in the Public Account They should accordingly arrange to obtain from their subordinates monthly accounts and returns in suitable form claiming credit for so much paid into the treasury or otherwise accounted for and compare them with the statements treasury credits furnished by the Accountant General, to see that the amount, reported as collected have been duly credited in the Public Account.

During scrutiny of record it was observed that the department collected fines and fees as detailed below from the proponent up to June, 2019 amounting to Rs. 4,460,000 and deposited the same into the treasury through challan. The department has not reconciled the amount with treasury regarding collection of receipt.

Description	2016-17	2017-18	2018-19	Total Amount
Administrative Penalties	No record	No record	500,000	500,000
IEE Fees	330,000	315,000	615,000	1,260,000
EIA Fees	420,000	1,170,000	1,110,000	2,700,000
Total (Rs)				4,460,000

Audit is of the view that non-adoption of any mechanism to reconcile the receipt is serious lap on the part of the management which may lead to embezzlement or fraud.

The matter was pointed out to the management on 20.08.2019. In response the department replied that record has been updated and will be processed for reconciliation with the government treasury.

The reply of the management is not tenable as matter may be expedited and reconciliation statement produced to audit for verification.

In DAC meeting held on 29.12.2019 it was decided that verification of record and Reconciliation with treasury along with proper record will be shown to Audit within one month positively. Compliance of DAC decision by the department is still awaited.

Audit recommends implementation of DAC decision.

Others

2.4.3 Non-functioning of Khyber Pakhtunkhwa Environment Protection Council

As per Khyber Pakhtunkhwa Environment Protection Act, 2014 clause (3) “the government shall by notification in the official Gazette, establish a Council to be known as the Khyber Pakhtunkhwa Environment Protection Council consisting of:

Chief Minister or any other person nominated by the Chief Minister	Chairperson
Minister for Environment Department	Vice Chairperson
Chief Secretary of the Province	Member
Additional Chief Secretary Planning & Development Department	Member
Secretaries to Government, Environment, Finance, Law, Irrigation, C&W, Transport, Health, Energy & Power, Local Government, Tourism and PHEDs.	Members
10 government nominee from commerce & industries, NGOs on environment, medical & legal professionals, scientist and technical experts, trade unions etc and 1 vice chancellor as Rep of all universities of the province	Member
Director General, EPA	Member / Secretary

The council shall hold meetings, as and when necessary, but at least one meeting shall be held in a year. As per clause (4) of the ibid Act the council shall co-ordinate, supervise and enforcement of the provision of this Act and rules made, approved environment policies, action plans and ensure their implementation, establish alpine and other type Botanical Gardens in Suitable locations and developing a strategy to save agriculture and forest land etc.

During the audit of EPA (HQ) & its regional directorates in D.I Khan, Abbottabad & Swat it was observed that no work in this regard has done since 2014. The non-holding of council meetings is not only the violation of Act but also result in non-performance of certain functions to be done under the act. i.e considering Provincial Environment Report, implementation of Multilateral Environment Agreements signed by Government of Pakistan, providing guidelines on bio-safety, protection and conservation of species, habitats, renewable and non-renewable resources, solid waste management and water sanitation etc.

Audit is of the view that due to non-holding of council meeting as per Act resulted un-effectiveness of environmental protection agency as there is lack of co-ordination among the stakeholders besides lack of supervision.

The matter was pointed out to the management during audit in July & August, 2019. The department replied that Environment Protection Council has been constituted

on 08.02.2017, as follow up efforts were made to hold the meetings of council, however, till date not meeting was held.

In DAC meeting held on 29.12.2019 it was decided that the holding of council meeting as per Act will be expedited by sending a summary to quarter concerned. Compliance of DAC decision by the department is still awaited.

Audit recommends that the compliance of the Act should be made by taking expeditious measures in compliance of clause (3 & 4) of ibid Act to make the organization effective and efficient.

Para No. 1 of EPA-HQ & PDP No. 278 Directorates of EPA, D.I Khan, Abbottabad & Swat

2.4.4 Non promoting of public awareness on environmental issues

As per Khyber Pakhtunkhwa Environment Protection Act, 2014 clause (6)(xiv)(xxi)(xxii)(xxiii), the agency shall take measure to promote research and the development of science and technology which may contribute to the prevention of pollution, protection of the environment and sustainable development. Provide information and guidance to the public on environmental matters. Recommend environmental courses, topics, literature and books for incorporation in the curricula and syllabi of educational institutions. Promote public education and awareness of environmental issues through mass media and other means including seminars and workshops.

During the audit of EPA Directorates i.e. D.I Khan, Abbottabad & Swat it was observed that measures for research work had not been initiated.

- Recommendations for curricula and syllabi of educational institutions were not made.
- Public education and awareness campaign on environmental issues on mass media has not been initiated so far.
- Besides that there is also lack of capacity of EPA-Khyber Pakhtunkhwa in terms of technical and financial resources which needs to be address at appropriated level to meet its objective in accordance with ibid Act.

Audit is of the view that non provision of reasonable technical and financial resources in time to the EPA-Khyber Pakhtunkhwa offices had resulted in delayed implementation of Khyber Pakhtunkhwa-EP Act, 2014.

The matter was pointed out to the management during audit in July & August, 2019. The department replied that environmental clubs have been established in educational institutions, besides other events. However, there is no laboratory for research, survey work and provincial government will be requested for provision of necessary resources.

In DAC meeting held on 29.12.2019 it was decided that various ADP schemes including mass awareness programs, seminars, symposium regarding environmental issues and mitigation measures of regional directorates should be developed and got approved from the competent forum. Compliance of DAC decision by the department is still awaited.

Audit recommends that necessary technical and financial resources may be provided for activities required to be carried under clause (6) of the ibid Act.

PDP No. 281 Directorates of EPA, D.I Khan, Abbottabad & Swat

2.4.5 Non conducting of Environmental Audit of old industrial units

As per Khyber Pakhtunkhwa Environment Protection Act 2014, clause (6)(xiii), the Environment Protection Agency shall carry out and conduct environmental audits of old industrial units in accordance with rules (old industrial units means those established before the commencement of this Act).

During the audit of EPA Directorates i.e D.I Khan, Abbottabad & Swat it was observed that the environmental audit of the industrial units was not conducted which were established in D.I Khan Region i.e (D.I Khan, Kohat, LakiMarwat, Karak and Bannu and Hangu) Abbottabad Region i.e (Abbottabad, Haripur, Mansehra, Tor Ghar, Batagram, Lower Kohistan, Kolai Pallas and upper Kohistan and Swat Region i.e (Swat, Buner, Chitral, Lower Dir, Upper Dir, Malakand, Shangla) before December-2014.

Audit is of the view that non conducting of environmental audit of old industrial units would encourage the units to violate the environmental laws while in operations as their units are already working and they do not need to get environmental approvals.

The matter was pointed out to the management during audit in July & August, 2019. The department replied that regular visits and monitoring of old and new units are being made, in case of violation cases are referred to EPT.

In DAC meeting held on 29.12.2019 it was decided that environmental audit will be carried out and report be provided to audit. Compliance of DAC decision by the department is still awaited.

Audit recommends that environmental audit of the old industrial units established before 2014 may be conducted and reports be kept ready for audit verification.

PDP No. 282 Directorates of EPA, D.I Khan, Abbottabad & Swat

2.4.6 Non availability of resources for monitoring activities

As per Notifications No. EPA/050/01/93 dated 19.04.2017 & dated 22.04.2019 powers were delegated to Regional Office Abbottabad and Regional Office Swat respectively for enforcement of EPA Act, 2014 in their respective jurisdiction.

During the audit of EPA Directorate Abbottabad it was observed that operational environmental approvals of certain business entities were granted, however, the field visits to ensure the compliance of the conditions of approval cannot be managed due to non-availability of field vehicles, less numbers of field staff, non-availability of adequate budgets etc. In addition to above, cases in EPA-Tribunal for adjudication were also required to be attended by relevant Regional Office staff. There is one Assistant Director & two Monitoring Inspectors without supporting secretarial staff with only Toyota Single Cabin is available (Model-2009) for eight districts Haripur, Abbottabad, Mansehra, TorGhar, Batagram, Lower Kohistan, Kolai Pallas, Upper Kohistan).

The detail of some of cases where compliance visits are not made is as under:

Sr#	Particulars of Business Entity	Date of Operational Environmental Approval	Filed visit Yes/No
1	Mr. Karam Dad (Owner) Crush Plant Village Kalinger, Haripur	06.02.2019	No
2	Liu Hanxiong PM CCCC Ltd, Bedadi Camp, Shinkari, Mansehra	30.11.2018	No
3	Mr. Lateef Ur Rehman (Owner) Crush Plant Village Ghumanwan, Abbottabad	08.02.2019	No
4	Mr. Ahmed Ali (Owner) of Indus Line Crush Plant, Village Amgah, Tehsil Ghazi, Haripur	09.08.2018	No
5	Malik Baber (Owner) Malik Bro Stone Crush Plant, Village NeanSukhKhanpur Road, Haripur	20.12.2018	No

In like manner in the EPA Directorate Swat 77 Hospitals, 42 Plastic Dealers/Manufacturers, 73 Hotels/restaurants, 246 Marble Units, 171 crush plants besides 14 steel mills were established in Malakand Region. There is one Assistant Director & one Monitoring Inspector without supporting secretarial staff with one Toyota Single Cabin (Model-2009) is available for 7 Districts i.e (Buner,Chitral,Lower Dir, Upper Dir, Malakand, Shangla,Swat

Audit is of the view that insufficient human, financial and logistic support has compromised the performance of the organization.

The matter was pointed out to the management on August 2019. The department replied that competent forum will be approached for provision of resources.

In DAC meeting held on 29.12.2019 it was decided ADP schemes including funds for resources such as vehicles, manpower, allowances etc should be developed and implemented after taking approval of the competent forum. Compliance of DAC decision by the department is still awaited.

Audit recommends that adequate resources to strengthen the field offices should be provided besides taking remedial measures to improve the organization capacity. Moreover, filed monitoring reports of the units who have been granted Environmental Operational Approvals may be prepared and kept ready for audit verification.

2.4.7 Non- constitution of Environmental Monitoring Committee

According 7.4 EPA guidelines for the preparation and review of environmental reports, the responsible authority may, at their discretion, set up an environmental monitoring Committee for any approved project to assist and guide the proponent in the management of the monitoring program. Such action shall be taken where the responsible authority considers that the scale of likely impacts, or the level of public concern, warrant such action. The monitoring committee shall consist if the representatives of the responsible authority (who will chair the committee), the proponent (and his consultants as required), key Government Agencies, relevant Municipal Authorities and representatives of NGO's and the local community.

Draft terms of Reference for such an Environmental Monitoring Committee would typically include the following points:

- The committee shall meet periodically to advise the proponent whether the monitoring action being undertaken meet the requirements of the Environmental Approval and the Operating approval, and as further detailed in the Environmental Management Plan;
- The Committee shall advise on any further public consultation which it thinks is desirable;
- The committee shall consider any significant environmental impact not foreseen in the Environmental Report, and shall advise the proponent of suitable mitigating measures;
- The committee would consider drafts of the annual report on the project prepared by the proponent;
- The committee would advise the Director General of any matters which they believe should be drawn to his attention.

Contrary to the above due to non-constitution of Environmental Monitoring Committee the above mentioned objectives were not achieved, which would likely cause the failure of EIA/IEE granted projects.

The matter was pointed out to the management on 20.08.2019. In response department replied that stated the said guidelines are not the part of the Act. However, as per provisions of the Act, Sectoral Advisory Committee needs to setup but since these committees are purely technical and advisory in nature, hence with limited staff and budget it would have added more burden on EPA. Therefore provincial government

was requested to constitute District Environment Protection Committees (DEPCs) rather than Sectoral Advisory Committees, to help the Agency in solving environmental problems and creating awareness at the local level. However, the point is noted and will be taken up with the proper forum.

The reply of the management is not tenable as the EPA guidelines prepared under EPA Act to stream line EPA reports and make them more effective to the public.

In DAC meeting held on 29.12.2019 it was decided that the creation of district environment protection committees at local level may be expedited to share their recommendation with EPA for implementation. Compliance of DAC decision by the department is still awaited.

Audit recommends implementation of DAC decision.

Para No. 3, EPA –Khyber Pakhtunkhwa 2018-19

2.4.8 Discriminatory service rules leading to unhealthy working environment

As per Khyber Pakhtunkhwa Civil Servants (appointment, promotion and transfer) rules 1989 Environment Department issued services rules on 2012 for Environment Protection Agency, Khyber Pakhtunkhwa.

During course of audit it was observed that service rules of the department are discriminatory with lot of ambiguity and gaps which need to be rectified and amended in time to for healthy working environment. The following points are narrated here.

1. There is conflict of qualification criteria for the post of Director, Deputy Director, Assistant Director etc.
2. Parallel posts in same scale were observed so there were seniority issues
3. Mid-career post for monitoring inspector and Junior Analyst jumps from BS-14 to 17 & BS 12 to 17 respectively without having required qualification of said post.
4. Length of service of five years to promote from AAO (17) to AD (17) could not be justified.

Audit is of the view that service rules are ambiguous and having lots of gaps which needs to be rectified and amended timely otherwise more serious issues regarding service matter arises and department face lot of court cases and disputes

which makes adverse effect on the working environment of the department later on and also create discrimination between the employees of the department.

The matter was pointed out to the management on 20.08.2019. In response the department replied that as per routine practice draft Service Rules are prepared after consulting other provincial EPAs and provincial departments. The same are placed before the SSRC including representatives from Establishment Department, Finance Department, Law Department and Administration Department. After detailed discussion, deliberation the decisions are conveyed to Provincial Law Department and Public Service Commission for vetting. After this exercise the Service Rules are notified. However the points are noted and case would be submitted to Administration Department accordingly for further action.

The reply of the management is not tenable because there is a lot of ambiguity and contradictory in service which need to be rectified timely.

In DAC meeting held on 29.12.2019 it was decided that the department will expedite the process by notifying fair service rules to the satisfaction of all stakeholders in light of Audit observations within three months positivity. Compliance of DAC decision by the department is still awaited.

Audit recommends implementation of DAC decision.

Para No. 15, EPA –Khyber Pakhtunkhwa 2018-19

2.4.9 Non -strengthening of EPA laboratory

As per EPA Act 2014 functions of Agency Clause 2(v), is to establish and maintain laboratories to help in the performance of its functions under this Act and to conduct research in various aspects of the environment and provide or arrange necessary assistance for the establishment of similar laboratories in the private sector;

During course of audit it was observed that department established environment Protection Agency Laboratory under the EPA Act 2014 to make Environment Protection Agency more effective and efficient in improving province environment. The staff position of the laboratory reveals having one chief analyst, one analyst, one chemist air and one chemist instrumental, two junior analysts and three laboratory assistants. During physical visit of laboratory by the audit following points were observed.

1. EPA laboratory was established in a rural and inaccessible.
2. EPA laboratory is facing acute shortage of staff available strength was not enough to cover the whole province.
3. Lack of skilled staff also add ineffectiveness of the lab which leads wastage of resources.
4. Lack of training of the staff results in incapability to run the available equipment.
5. Internal and external training required by the staff on monthly and quarterly basis.
6. Electricity failure observed due to rural area but no alternative able to run the lab equipment according to their requirement to get result.
7. Shortage of equipment in the Lab.
8. Due to inability of Lab the department carried out its operation from private consultant/Laboratory which adds the ineffectiveness of the Lab.
9. Most of the equipments in use need replacement or up-gradation to meet the current environmental challenges.

The matter was pointed out to the management on 20.08.2019. In response the department replied that strengthening of EPA in term of manpower, Finance Department has time & again been requested through SNE by sanctioning more staff for EPA lab and EPA regional Offices but not sanctioned yet. Lab has been set up as Fishery Centre on Pajagi Road at available site. For energy problem, 8 million rupees are allocated for solar panel of 20 KW but has not been released so far due to lack of funds in ADP schemes. Point No. 5 is indeed a valid point and will be taken up with Khyber Pakhtunkhwa Govt.

The reply of the management is not tenable as matter may be expedited regarding problems faces to strengthening of the lab for its effectiveness to the public.

In DAC meeting held on 29.12.2019 it was decided that ADP Schemes will be introduced to strengthen the EPA laboratory to minimize out sourcing. Compliance of DAC decision by the department is still awaited.

Audit recommends implementation of DAC decision.

Para No. 18, EPA –Khyber Pakhtunkhwa 2018-19

2.4.10 Non appointment on vacant posts

As per approved budget 2018-19 No. 140 posts for Environment protection Agency and its regional offices was sanctioned.

During the scrutiny of record it was observed that out of total sanctioned strength of 140 posts, 37 posts were vacant which badly affected the working environment of the department. The detail of key personnel posts is as under:-

Sr. No	Designation	BPS	Sanctioned	Vacant
1	Deputy Director	18	06	04
2	Deputy Director (legal)	18	01	01
	Assistant Director	17	12	05
3	Assistant Director (IT)	17	01	01
4	Analyst	17	02	01
5	Superintendent	17	04	02
6	Office Assistant	16	07	01
7	Monitoring Inspector	14	23	11
8	Stenographer	14	01	01
9	Senior Clerk	14	03	02
10	Junior analyst	12	02	01
11	Junior Clerk	11	03	02
12	Lab Assistant	11	03	02
Total Staff Strength			68	34

Audit is of the view that the overall 50% of key posts are lying vacant since long which is a serious lapse on the part of management. Lack of key human resource will not only hamper the performance of the Environment Protection Agency but may cause delay in achievements of targets for improving better environment throughout the province. The matter was pointed out to the management on 20.08.2019. In response the department replied that the vacant positions which come under the purview of Public Service Commission have already been sent to the commission and recently 11 Monitoring Inspectors, 3 Assistant Directors and 1 Analyst posts are advertised via Khyber Pakhtunkhwa Public Service Commission which will strengthen EPA.

The reply of the management is not tenable as the matter may be expedited to overcome the problem faces in strengthening the working environment of EPA for effective contribution toward healthy environment of the province.

In DAC meeting held on 29.12.2019 it was decided that the matter will be expedited and compliance will be shown to Audit within three months positively. Compliance of DAC decision by the department is still awaited.

Audit recommends implementation of DAC decision.

Para No. 21, EPA –Khyber Pakhtunkhwa 2018-19

2.4.11 Non preparation of annual environmental report

According to sub section (IV) of section 6 of Environmental Protection Act prepare and publish an annual Environmental Report on the state of the environment in the Province.

Audit observed that the Environment Protection Agency did not prepare and publish an annual Environmental Report on the state of the environment in the Province.

Audit is of the view that non preparation of annual environmental report is serious lap on the part of the management which resulted poor decision making to adopt corrective measure or mitigation to control environment pollution because the non-availability of update data or environmental statics in the absence of annual environmental report.

The matter was pointed out to the management on 20.08.2019. In response the department replied that resources are required for projection of such reports and Khyber Pakhtunkhwa EPA is the only EPA which has done efforts in this field by preparation of Environmental Profile in 2009 and now in 2017.

The reply of the management is not tenable as the Annual Environmental Report must be prepared and published as per Environmental protection Act.

In DAC meeting held on 29.12.2019 it was decided that Annual Environmental Report will be prepared by strengthening EPA through ADP schemes. Compliance of DAC decision by the department is still awaited.

Audit recommends implementation of DAC decision.

Para No. 24, EPA –Khyber Pakhtunkhwa 2018-19

2.4.12 Non extension of Environment Protection Tribunals offices

As per Khyber Pakhtunkhwa Environment Protection Act, 2014 Section (21) “ the government shall, by notification in the official Gazette, establish one or more than one Environment Protection Tribunals, it shall specify territorial limits with in which, or the class of cases in respect of which, each one of them shall exercise jurisdiction under this Act.

During the audit of EPT, Peshawar it was observed that the Regional Environment Directorate Offices in Abbottabad, Swat and D.I Khan were prosecuting their cases in Environment Protection Tribunal, Peshawar having its principal office in Peshawar and camp offices in 3 regions on time to time basis. The detail of districts being covered by each regional office is as under.

Sr.No	Regional Office	Districts under jurisdiction
1	Swat	i. Buner ii. Chitral iii. Lower Dir iv. Upper Dir v. Malakand vi. Shangla vii. Swat
2	Abbottabad	viii. Haripur ix. Abbottabad x. Mansehra xi. Tor Ghar xii. Batagram xiii. Lower Khoistan xiv. Kolai Pallas xv. Upper Kohistan
3	D.I Khan	xvi. Kohat xvii. Karak xviii. Bannu xix. Hangu xx. D.I Khan xxi. LakiMarwat xxii. Tank

After promulgation of EPA, 2014 the workload is increasing as EPA has to implement the environmental laws on industrial units working in the province besides that FATA is being merged with the province so Environment Protection Agency jurisdiction is expanding accordingly all major violations of environmental law would be prosecuted in Environmental Tribunal.

As the implementation of environmental laws on industrial units are proactively pursuing by the government so the workload would increase in near future and then the efficiency and effectiveness of the tribunal will be affected

The matter was pointed out to the management on 28.08.2019. In reply the department stated that government is empowered to establish more than one tribunal if considered necessary, however, as per present case load there is no need to establish separate tribunals in each region.

In DAC meeting held on 29.12.2019 it was decided that workload will be prepared and shared with audit. Compliance of DAC decision by the department is still awaited.

Audit suggests that the permanent offices of EPT in other regions may be considered as per EP Act, 2014 for convenient settlement of the disputes between all the stakeholders in speedy way.

[Para No.1 (PDP No.290), EPT –Khyber Pakhtunkhwa 2017-19

2.4.13 Non provision of required human resource to Environment Protection Tribunal

As per Khyber Pakhtunkhwa Environment Protection Act, 2014 Section (21) “ the government shall, by notification in the official Gazette, establish one or more than one Environment Protection Tribunals, it shall specify territorial limits with in which, or the class of cases in respect of which, each one of them shall exercise jurisdiction under this Act.

During the audit of EPT, Peshawar it was observed that the key appointment of EPT i.e Chairman and Member legal was made in June, 2017 and Member technical was made in October, 2018. Whereas the support staff i.e 1 reader (B-12), 1 Junior Clerk (B-11) was made in April 2019 and 1 Accountant (B-14) and 1 Jr. Scale Steno Grapher (B-14) was made in July, 2019. Proposal of 1 post in (B-17), 4 posts in (B-16), 1 post in (B-14), 4 posts in (B-11) etc was submitted, however, it did not acceded to. Due to shortage of staff the maintenance of record is inappropriate which hinder the process of audit. It would also affect the smooth working of the Tribunal.

Non provision of adequate human resource will affect the smooth working of the tribunal.

The matter was pointed out to the management on 28.08.2019. In reply the department stated that they second the recommendations of audit for proper maintenance of record and smoothing working of office.

In DAC meeting held on 29.12.2019 it was decided that the matter may be expedited and outcome will be shared with audit. Compliance of DAC decision by the department is still awaited.

It is suggested that the provision of staff to Tribunal may be expedited for proper and effective maintenance of record and smooth working.

Para No.4 (PDP No.292), EPT –Khyber Pakhtunkhwa 2017-19

2.4.14 Non preparation of environment protection tribunal website

As per Khyber Pakhtunkhwa Environment Protection Act, 2014 Section (6)(xxvi) “ the agency shall establish and maintain mechanisms, including its own website, to disseminate information, subject to the provisions of this Act, regarding policies, plans and decisions of Government.

During the audit of EPT, Peshawar it was observed that the website of the Environment Protection Tribunal was not prepared. If the same is functional than the cause lists of the cases, decision of the tribunals etc would be available for litigants and general public at large for the convenience of the business units owners as well as will help in creating awareness.

Non preparation of web site of environment protection tribunal will be a source of information to litigants and general public and will contribute to effectiveness of the tribunal.

The matter was pointed out to the management on 28.08.2019. In reply the department stated that they are working on it and development in this regard would be shared with audit.

In DAC meeting held on 29.12.2019 it was decided that matter may be expedited and outcomes to be shared with audit. Compliance of DAC decision by the department is still awaited.

It is, therefore, recommended that the website of the tribunal may be prepared as early as possible.

Para No.6 (PDP No.294), EPT –Khyber Pakhtunkhwa 2017-19

Annexures-I (MFDAC)

S #	PDP/Para #	Financial Year	Name of Formation	Subject
1	1	2018-19	Rescue-1122 (HQ)	Non adjustment of releasesRs349.894million
	4	-do-	-do-	Over payment to supplier on account of GS T Rs 566,666
	6	-do-	-do-	Over payment to supplier on account of GST Rs 1.45 million
2	7	-do-	-do-	Over payment to supplier on account of GST Rs 314,404
3	10	-do-	-do-	Wasteful expenditure of Rs 23.68 million
4	22	-do-	-do-	Non preparation of technical bid evaluation reports
5	25	-do-	-do-	Non Establishment of Emergency Service Academy
	7-			Non Achievement of target of two ADP schemes
6	8	2016-19	Environment Protection Agency (HQ)	Delay Processing of IEE and EIA approval in violation of EPA Act
7	21	-do-	-do-	Working Activities Environment Protection Agency suffering due to vacantpost of key personal
	277	-do-	Environment Protection Agency R.Os D.I Khan, Abbottabad & Swat	Non establishment/functioning of EPA Enforcement Force and Advisory Committees
8	279	2017-19	-do-	Non preparation of rules/regulations under Khyber Pakhtunkhwa EPA, 2014
	280	-do-	-do-	Slow implementation of activities relating to the functions of EPA under Environment Protection Act-2014
9	284	-do-	-do-	Lapse of government funds Rs 14.892 million
10	2 & 286	-do-	EPA (HQ) & its Regional Offices	Non Establishment of Khyber Pakhtunkhwa Environmental Improvement Fund
11	283	-do-	-do-	Non conducting of strategic Environmentassessment
12	285	-do-	-do-	Non availability of record of IEEs/EIAs approval granted by HQ Office for Regional Offices
13	297	2017-19	-do-	Non conducting of internal audit
14		2017-19	Environment Protection Tribunal, Peshawar	Irregular appointments of staff
15	3	-do-	-do-	Non conducting of internal audit
16	7	-do-	-do-	Imposition of penalties below to threshold required under Act

Annexure –II (List of Formations)

Audit Jurisdiction in Khyber Pakhtunkhwa

S.No	Formations	S.No	Formations
1	PDMA, Khyber Pakhtunkhwa, Peshawar	38	Controller Civil Defense, Mansehra
2	PaRRSA, Peshawar	39	Controller Civil Defense, Mardan
3	Rescue 1122 Headquarter, Khyber Pakhtunkhwa, Peshawar	40	Controller Civil Defense, Nowshera
4	DEO 1122, Peshawar	41	Controller Civil Defense, Peshawar
5	DEO 1122, Mardan	42	Controller Civil Defense, Shangla
6	DEO 1122, Swat	43	Controller Civil Defense, Swabi
7	DEO 1122, D. I Khan	44	Controller Civil Defense, Swat
8	DEO 1122, Abbottabad	45	Controller Civil Defense, Tank
9	DEO 1122, Nowshera	46	Controller Civil Defense, Tor Ghar
10	DEO 1122, Bannu	47	Controller Civil Defense, Upper Dir
11	DEO 1122, Kohat	48	EPA HQ –Khyber Pakhtunkhwa
12	DEO 1122, Swabi	49	EPA (R.O) D. I. Khan
13	DEO 1122, Lower Dir	50	EPA (R.O) Swat
14	DEO 1122, Chitral	51	EPA (R.O) – Abbottabad
15	DEO 1122, Mansehra	52	Environment Protection Tribunal
16	DEO 1122, Charsadda	53	Commissioner of Malakand Division
17	DEO 1122, Haripur	54	Deputy Commissioner, Bannu
18	DEO 1122, Upper Dir	55	Deputy Commissioner, Barkhan
19	DEO 1122, Karak	56	Deputy Commissioner, Buner
20	DEO 1122, Hangu	57	Deputy Commissioner, Mardan
21	Directorate Civil Defence-Khyber Pakhtunkhwa, Peshawar	58	Deputy Commissioner, Nowshera
22	Controller Civil Defense, Abbottabad	59	Deputy Commissioner, Abbotabad
23	Controller Civil Defense, Battagram	60	Deputy Commissioner, Tank
24	Controller Civil Defense, Buner	61	Deputy Commissioner, Dir Upper
25	Controller Civil Defense, Bannu	62	Deputy Commissioner, Swabi
26	Controller Civil Defense, Charsada	63	Deputy Commissioner, Bhakkar
27	Controller Civil Defense, Chitral	64	Deputy Commissioner, Lakki
28	Controller Civil Defense, D.I. Khan	65	Deputy Commissioner, Karak
29	Controller Civil Defense, Dir Lower	66	Deputy Commissioner, Peshawar
30	Controller Civil Defense, Hangu	67	Deputy Commissioner, Swat
31	Controller Civil Defense, Haripur	68	Secretary Relief Office –Khyber Pakhtunkhwa

S.No	Formations	S.No	Formations
32	Controller Civil Defense, Karak	69	Secretary Environment Department –Khyber Pakhtunkhwa
33	Controller Civil Defense, Kohat	70	DDMO Swat
34	Controller Civil Defense, Kohistan Lower	71	DDMO Shangla
35	Controller Civil Defense, Kohistan Upper	72	Assistant Commissioner DDMO - LakkiMarwat
36	Controller Civil Defense, LakkiMarwat	73	DPO, Mansehra
37	Controller Civil Defense, Malakand		