



**PERFORMANCE AUDIT REPORT
ON
TRADING CORPORATION OF PAKISTAN
FOR THE PERIOD 2013-18**

AUDITOR-GENERAL OF PAKISTAN

PREFACE

The Auditor General conducts audit under Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Sections 8 and 12 of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001. The Performance Audit on Trading Corporation of Pakistan (TCP) was carried out accordingly.

The Directorate General of Commercial Audit & Evaluation (South), Karachi conducted Performance Audit of TCP for the period 2013-14 to 2017-18 during May, 2019 to July, 2019 with a view to report significant findings to the stakeholders. Audit examined the economy, efficiency and effectiveness aspects of the Corporation. In addition, Audit also assessed, on test - check basis, whether the management complied with applicable laws, rules, and regulations in managing the affairs of TCP. The Performance Audit Report indicates specific actions that, if taken, will help the management in realizing its objectives. Despite repeated requests, no DAC meeting was convened by the management.

The Performance Audit Report is submitted to the President of Pakistan under Article 171 of the Constitution of the Islamic Republic of Pakistan 1973, for causing it to be laid before the Parliament.

Islamabad
Dated:

(Muhammad Ajmal Gondal)
Auditor General of Pakistan

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ABBREVIATIONS & ACRONYMS

AGP	Auditor General of Pakistan
ARPSE	Audit Report Public Sector Enterprises
B.A	Bachelor of Arts
BPS	Basic Pay Scale
BoDs	Board of Directors
CEC	Cotton Exchange Corporation
CEO	Chief Executive Officer
CFO	Chief Financial Officer
DAC	Departmental Accounts Committee
DM	Deputy Manager
ED	Executive Director
ERP	Enterprise resource planning
GL	General Ledger
GM	General Manager
GFR	General Financial Rules
GoP	Government of Pakistan
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
INTOSAI	International Organization of Supreme Audit Institutions
LD	Liquidated Damages
MoC	Ministry of Commerce
MoF	Ministry of Finance
NFML	National Fertilizer Marketing Ltd
NOC	No Objection Certificate
PB	Performance Bond
PPRA	Public Procurement Regulatory Authority
PQA	Port Qasim Authority
RECP	Rice Export Corporation of Pakistan
SOP	Standard Operating Procedure
TCP	Trading Corporation of Pakistan
T. Bills	Treasury Bills
TA/DA	Travelling Allowance/Daily Allowance
USC	Utility Stores Corporation

EXECUTIVE SUMMARY

The Directorate General of Commercial Audit & Evaluation (South) Karachi conducted Performance Audit of Trading Corporation of Pakistan for the years 2013-14 to 2017-18. The main objectives of the Performance Audit were to; (i) Examine whether the operations of the entity were undertaken after due diligence and proper feasibility reports prepared thereon, (ii) Scrutinize the process of award of contracts with the view to check compliance of applicable rules and regulation, and (iii) Examine whether the funds allocated for the Trading Corporation of Pakistan (TCP) have been utilized efficiently, economically, effectively, and whether the targets have been achieved or not. The audit was conducted in accordance with INTOSAI Auditing Standards.

Key Audit Findings

- i. Appointment of consultant M/s. Young Associates without fulfillment of codal requirements
- ii. Non-completion of civil, electrical and other miscellaneous works of Rs. 402.14 million
- iii. Unjustified position of stock-in-trade on behalf of Government of Pakistan
- iv. Loss of Rs. 1.350 million due to theft of TCP assets at Pipri godown
- v. Non-transfer of ownership of 252 acres land of TCP
- vi. Non-recovery of Rs. 47,143.110 million from various Government institutions
- vii. Loss of Rs. 13.895 million due to mishandling of Lahore High Court case
- viii. Loss of Rs.36.367million due to import of butter oil

Recommendations

The management requires taking necessary steps to;

- i. Ensure compliance of Government rules, regulations and instructions issued from time to time.
- ii. Ensure prudent expenditure and avoiding extravagant expenditure on fruitless activities.

- iii. Avoid all activities which pose any risk to the financial health of the Corporation.
- iv. Make Efforts for early recovery of all outstanding amounts on effective footing.
- v. Ensure Compliance of Public Procurement Rules, 2004, so that procurements are made in transparent manner.
- vi. Early complete and utilize buildings for achieving organizational goals.
- vii. Evacuate the occupants, besides taking remedial measure for future.
- viii. Non-transfer of ownership of 252 acre Land of TCP. The management may investigate the causes due to which the title of land could not be transferred in the name of the TCP.