SPECIAL AUDIT REPORT

OF

THE FUNDS TRANSFERRED FROM THE GLOBAL FUND TO THE MINISTRY OF NATIONAL HEALTH SERVICES, REGULATIONS AND COORDINATION

(GCs 4, 5 and 6, 2015-2023)

AUDITOR-GENERAL OF PAKISTAN

Preface

The Auditor-General conducts audit subject to Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Section 10 of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001. Special Audit of Global Funds to the Ministry of National Health Services, Regulations and Coordination was conducted accordingly.

This Special Audit of Global Funds is based on Funds transferred to the Ministry of National Health Services, Regulations and Coordination for the period 2015-23. The Directorate-General Audit (Federal Government) conducted Special Audit during October and November, 2025 with a view to reporting significant findings to the relevant stakeholders. The audit indicates specific actions that, if taken, will help the management to work on the shortcomings identified to improve the effective utilization of Global Funds to combat HIV/AIDS, Tuberculosis, and Malaria across Pakistan.

The Special 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 the National Assembly.

Islamabad
Dated:

(Maqbool Ahmad Gondal)
Auditor-General of Pakistan

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Abbreviations And Acronyms

AGP	Auditor-General of Pakistan
ART	Anti-Retroviral Treatment
BSL	Bio-Safety Level
CBP	Community Based Organisation
CCM	Country Coordinating Mechanism
CMU	Common Management Unit
CoPC	Continuum of Prevention and Care
DNC	Deputy National Coordinator
DOMC	Directorate of Malaria Control
FSWs	Female Sex Workers
GC	Grant Cycle
GF	Global Fund
GoP	Government of Pakistan
KPK	Khyber Pakhtunkhwa
LLINs	Long-lasting Insecticidal Nets
M&E	Monitoring and evaluation
MoNHSR&C	Ministry of National Health Services, Regulations & Coordination
MSM	Men having Sex with Men
NACP	National Aids Control Program
NC	National Coordinator
NTP	National Tuberculosis Program
OIG	Office of Inspector General
PLHIV	People Living with HIV
PPTCT	Prevention of Parent to Child Transmission
PR	Principal Recipient
PrEP	Pre-Exposure Prophylaxis
PTP	Punjab TB Control Programme
SR	Sub-Recipient
TGs	Transgenders
ToRs	Terms of Reference
TTSDPs	Time & Temperature-Sensitive Drug Products

Executive Summary

The Directorate-General Audit (Federal Government), Islamabad conducted a Special Audit of “Global Funds to the Ministry of National Health Services, Regulations and Coordination" during October to November, 2025. The primary objective of the Audit was to review the grant receipts and accounting, utilization of funds, governance and oversight, co-financing compliance, procurement and supply-chain management (including cold-chain controls), human resource management, internal controls and performance evaluation of disease control programs. The Audit adhered to auditing standards of International Organization of Supreme Audit Institutions (INTOSAI).

Pakistan has been receiving Global Fund support since 2003. The main recipient at the federal level is the Ministry of National Health Services, Regulations and Coordination (M/o NHSRC) through its Common Management Unit (CMU), which oversees the AIDS, TB, and Malaria Control Programs. The Global Fund has disbursed USD 1.18 billion to Pakistan since inception which was utilized through Ministry (Public Sector) and NGOs (Private Sector).

This is the first time that audit for the expenditure from the grant of the Global Fund to Fight AIDS, Tuberculosis and Malaria has been conducted. In contrast to traditional government offices, the record keeping, format and availability of data have been a challenge as the Global Fund managers and employees were not conversant with the external audit of the Auditor General of Pakistan. The geographical and functional spread of its operations added another layer of complexity. Lastly, the Fund uses a financial reporting mechanism and chart of accounts that is quite different from the government financial management.

The procurement for the Global Fund operations is governed by the Global Fund’s Procurement Manual, 2010, while financial management manual is also different than the Federal Government. Therefore, the auditors had to spend considerable time to gain familiarity with the working and control environment of the Global Fund’s operations in Pakistan.

Given the tight deadline, and a multitude of functional stakeholders spread across various and geographical locations, the Audit has been quite challenging. Notwithstanding the above, many risk areas have been identified in the report for the perusal of the senior management.

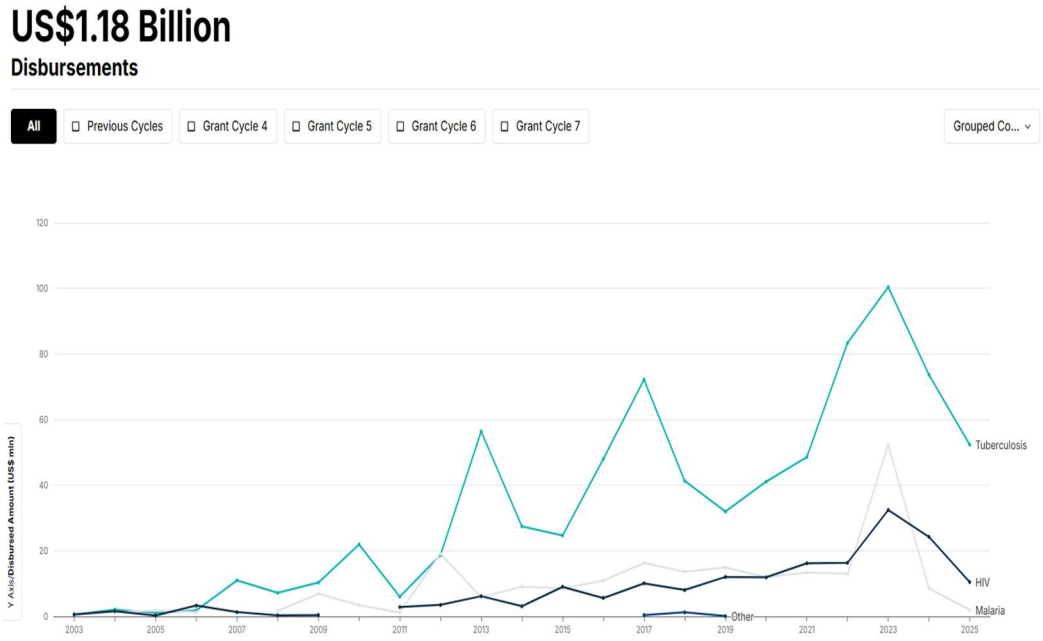
The financial and geographical audit coverage can be summarized in the table below: -

No.	Total	Audit Coverage	Percentage Covered	Percentage Not Covered
1.	USD 1.18 billion	USD 481,665,468 Audited on sample basis	40.76 %	59.24 %
2.	132 Districts in four provinces	12 Districts Audited on sample basis as per availability of record	9 %	91%

The audit findings that appear in the following chapters thus need to be understood in context and may be extrapolated to the overall spending of the funds transferred from Global fund, in order to take remedial actions.

Size of Grant

Since inception in 2003, Global Fund has given **1.18 billion USD** to different recipients in Pakistan, as below: -

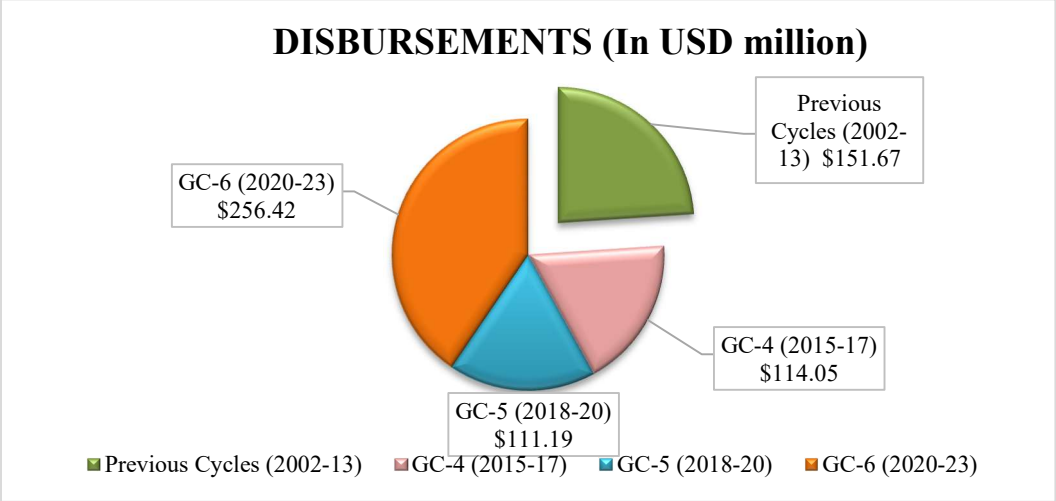


Disbursements to Government Institutions (Including Cash and In-kind)

Details of the funds disbursed to the Government Principal Recipients M/o NHSR&C, or erstwhile Ministry of Health, and are as under: -

Grants to Government's Principal Recipient			
Grant Cycle	**Period of Grant Cycle**	**Total Grant (USD)**	**Percentage**
GC - 6	2021-2023	256,416,536	40.49%
GC - 5	2018-2020	111,194,144	17.56%
GC – 4	2015-2017	114,054,788	18.01%
Previous Cycles	2003-2013	151,671,039	23.95%
Total		**633,336,507**	**100.00%**

The same can be shown graphically as below: -

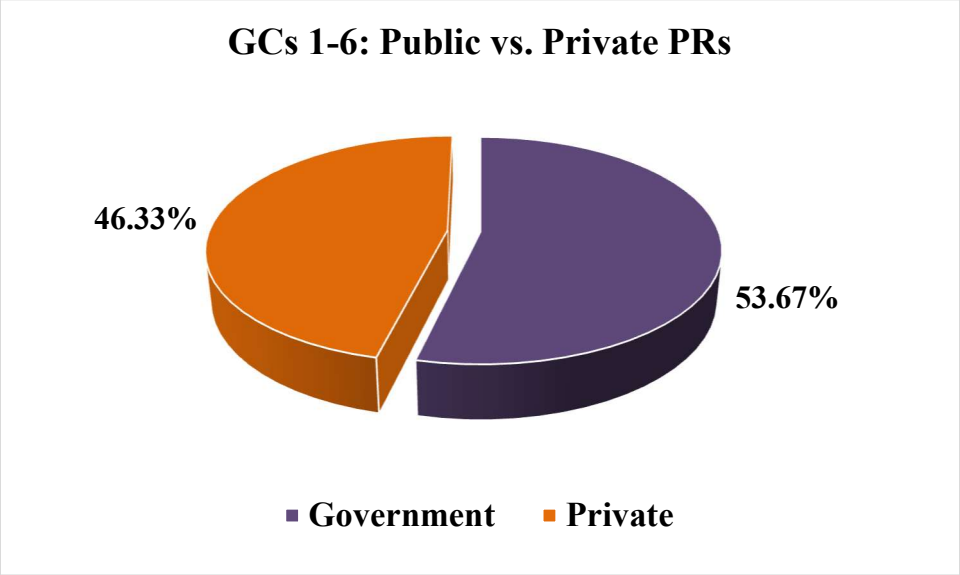


Government PR vs Private PRs

It can thus be seen that out of total of USD 1.18 billion (GCs 1-6), USD 633,336,507 has been given to Governmental PRs while USD 546,663,493 to private PRs.

GCs 1-6	USD	Percentage
Government	633,336,507	54 %
Private	546,663,493	46 %
Total	**1,180,000,000**	

The same can be shown graphically as: -



In-kind vs Cash Grant

A major portion of the grant comes in form of in-kind grant, which includes: -

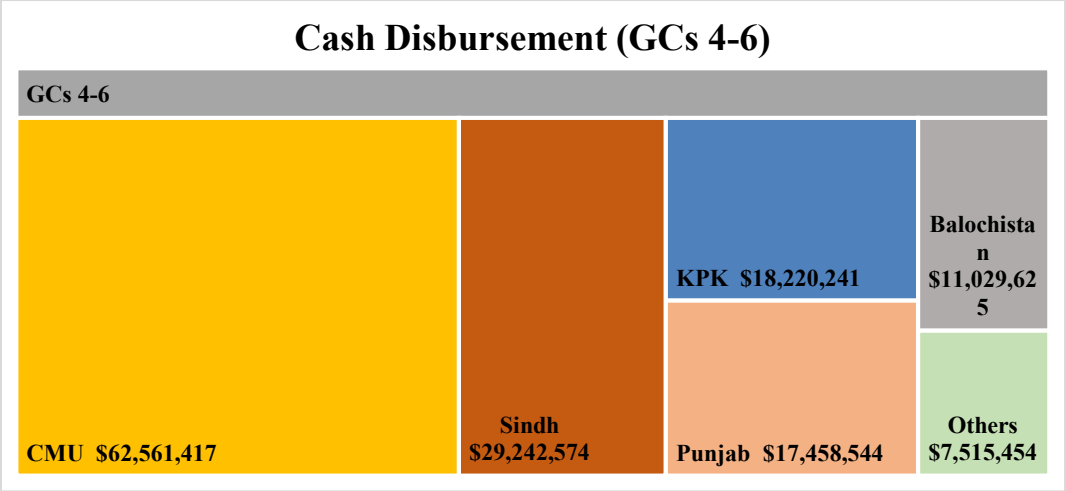
- Diagnostic test kits
- Preventive medicines for reducing viral loads
- Treatment (drugs and injections)
- Long-lasting Insecticidal Nets (LLINs)

A total equivalent of 88.25 billion PKR has been given by the Global fund in grant to Pakistan in the last three grants (from 2015 until 2023), out of which 65.46 billion PKR is in kind while 22.79 billion is in cash, which was spent by various government institutions/organizations in Pakistan. The in-kind figure includes the pharma and non-pharma items distributed to private recipients as well.

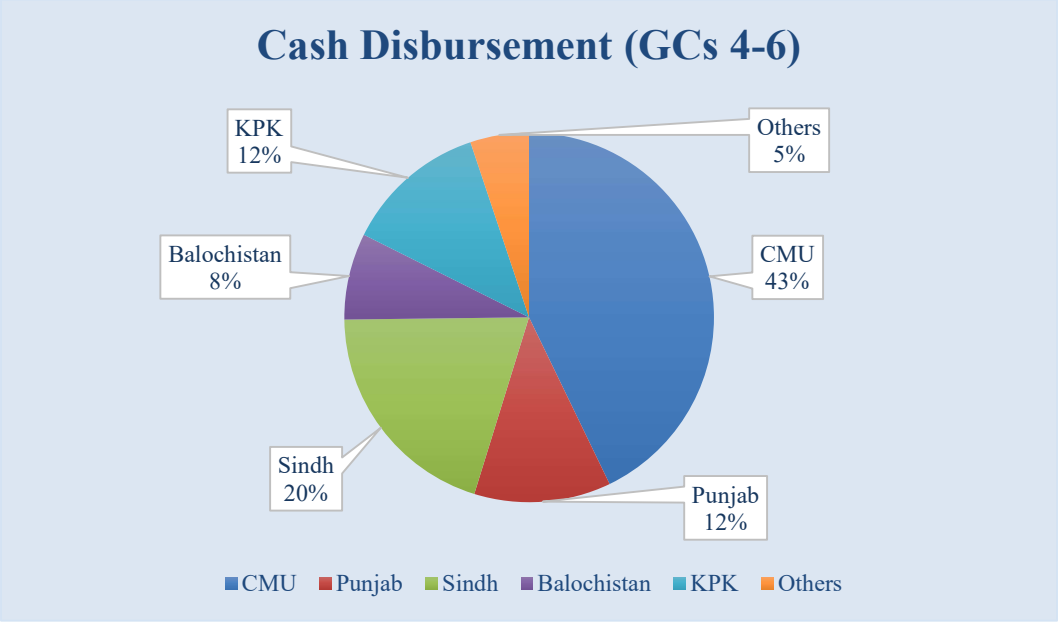
Name of GC		GC - 6	GC - 5	GC – 4	Total
Period of GC		2021-2023	2018-2020	2015-2017	
Cash	PKR	11,103,863,428	5,389,403,827	6,296,040,842	**22,789,308,097**
In Kind		49,034,619,078	10,745,660,184	5,683,577,421	**65,463,856,683**
Total		**60,138,482,506**	**16,135,064,011**	**11,979,618,263**	**88,253,164,780**
Cash	USD	48,779,547	37,266,318	59,981,989	**146,027,854**
In Kind		207,636,989	73,927,826	54,072,799	**335,637,614**
Total		**256,416,536**	**111,194,144**	**114,054,788**	**481,665,468**
% age In-kind		81%	66%	47%	**70%**

Sub-Recipient Wise Cash Grants

The relative size of the cash grants given to various Sub-Recipients in the GCs 4-6 can be shown below: -



In percentage terms, the cash disbursement can be shown as: -



It can thus be shown that 57% of cash disbursement has been made to SRs while only 43% has been spent by the CMU (for the GCs 4,5 and 6).

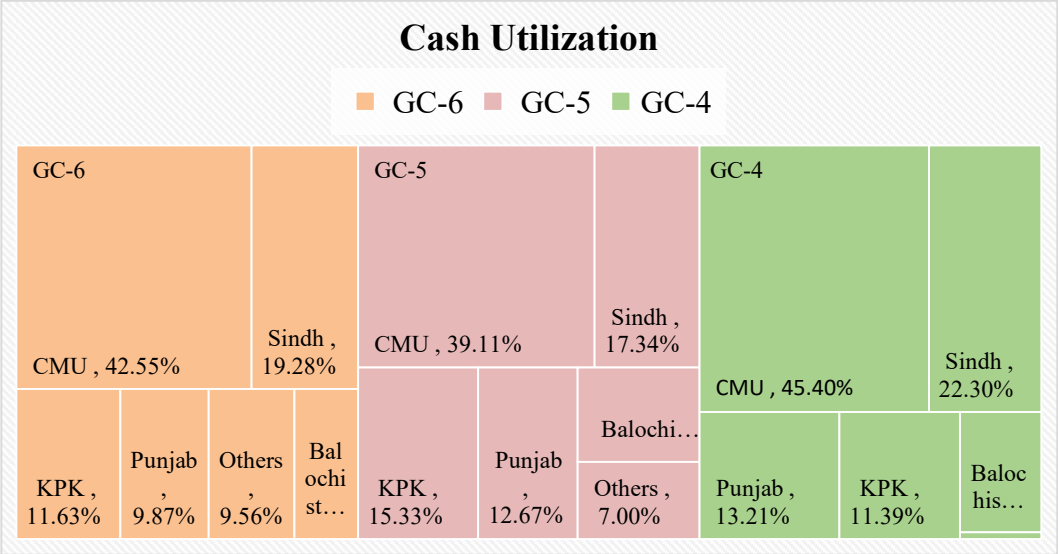
Cash Disbursement (GCs 4, 5 and 6)		
	Amount (US$)	**Percentage**
CMU	62,561,417	**43%**
Punjab	17,458,544	**12%**
Sindh	29,242,574	**20%**
Balochistan	11,029,625	**8%**
KPK	18,220,241	**12%**
Others	7,515,454	**5%**
Total Cash Received	**146,027,854**	**100%**

Scope of Audit

Since 76% of the total funding has been received in the last three grant cycles, therefore, the scope of the audit has been restricted to the **latest 3 GCs (4,5 and 6)**. The findings would be more relevant and provide greater and more relevant insight into the issues being faced in the administration of the funds of Global Fund.

Cash Utilization in Period Covered in Audit Scope

The details of cash utilization are given in **Annexure-I** and summarized pictorially as below: -



For broader audit coverage, various districts across Pakistan were selected. The audit findings are considered representative and may be reasonably extrapolated to

other districts with similar operational and control environments. The details of the districts visited are provided below:

Region / Province	Total No. of Districts	No of Districts covered during Audit
Punjab	36	5
Sindh	30	3
Khyber Pakhtunkhwa	38	2
Balochistan	28	2
Total (Pakistan)	132	**12**

Main Findings

- Non-Inclusion of Auditor-General of Pakistan in CCM Financial Oversight
- Non-Submission of Statutory Audit Reports to Auditor General / Supreme Audit Institution
- Systemic Deterioration in Management of Administration of GF Grants
- Designation of Pakistan Program into Additional Safeguard Policy (ASP)
- Slow and delayed operationalization of the Project Titled 'Strengthening Common Management Unit for AIDS, TB and Malaria"
- Dependence on Global Fund and Huge Resource Gap in Fighting HIV, TB and Malaria
- Non-performance of mandatory core functions by CCM Secretariat
- Lack of Oversight by the Ministry of National Health Services, Regulations & Coordination
- Non-provision of selection record of the Principal Recipients and Sub-Recipients
- Non-appointment of Regular National Coordinators and Deputy National Coordinator for HIV, TB and Malaria
- Irregular Engagement of Large Private Hospitals and General Physicians without Transparent Selection Mechanism and Conflict of Interest
- Absence of ISO Certification of National Reference Laboratories (NRLs)
- Non-receipt of extra funding due to non-submission of Integrated Funding Request for additional Catalytic Funds – USD 22.900 million
- Discrepancy in record of in-kind disbursement – USD 11.476 million
- Loss due to expiry of donor funded medicines – USD 2.197 million (Rs. 468 million on USD-PKR parity)
- Financial loss due to prohibited practices by Private PR and failures in CCM oversight – USD 2.442 million

- Failure to install and commission 36 Pressure Swing Adsorption (PSA) Plants by UNDP – Rs. 10.780 billion (USD 48.644 million)
- Failure to install nine (09) incinerators by UNOPS – Rs. 553.462 million (USD 1.977 million)
- Loss of grant due to unauthorized expenditure (double the amount of unauthorized expenditure) – USD 3.090 million (PKR 865 million on current USD-PKR parity)
- Overpayment and lack of supporting documentation in LLIN distribution by MERF – Rs. 20.771 million
- Negligence of CMU by receiving medicines with short shelf life – Rs. 41.504 million (USD 147,806)
- Irregularities in award of tender – Rs. 211.421 million
- Non-transparent procurement of 144 Solar Systems – Rs. 74.274 million
- Issuance of Technical Acceptance Certificates (TACs) of pharmaceutical products without lab test – Rs. 18,543.274 million
- Distribution of 604 laptops to Unrelated Organization – Rs. 149.188 million
- Unauthorized opening of bank accounts and non-utilization of funds – Rs. 2,400.137 million
- Failure to achieve targets for HIV diagnostics and treatment despite sufficient budget utilization – USD 24.850 million
- Irregular payment of salaries of Sub-Recipient employees without verification of attendance – USD 39.395 million
- Loss due to theft of 368,200 ITNs – USD 824,768 (PKR 230 million on current USD-PKR Parity)
- Non-utilization of funds for achievement of TB targets – USD 3.680 million
- Underperformance in TB Testing and Treatment Coverage under Global Fund Pakistan Program – USD 336.840 million
- Suboptimal expenditure due to procurement of Domestic Grade Refrigerators Instead of Biomedical Grade – Rs. 90.606 million
- Poor record maintenance and non-digitization of warehouses
- Laboratory equipment remained idle in the CMU warehouse for 5 to 12 years – Rs. 24.267 million

Recommendations

- Include the Auditor-General of Pakistan in CCM financial oversight and ensure submission of all statutory audit reports to the Supreme Audit Institution.

- Strengthen CCM governance and enforce performance of its mandatory core oversight, risk management, and accountability functions.
- Establish a robust internal audit and oversight mechanism within the Ministry of National Health Services, Regulations & Coordination for Global Fund grants.
- Ensure regular, merit-based appointment of National Coordinators, Deputy National Coordinators, and provincial program managers to stabilize leadership.
- Institutionalize transparent HR practices, including competitive recruitment, biometric attendance, and merit-based contract extensions.
- Enforce strict compliance with Global Fund and national procurement rules to ensure transparency, value for money, and prevention of conflicts of interest.
- Implement an integrated supply chain and inventory management system to prevent losses due to expiry, theft, and weak record-keeping.
- Strengthen financial controls to prevent unauthorized expenditure, overpayments, and irregular banking arrangements, with fixation of responsibility for losses.
- Establish a strong monitoring and evaluation framework linking fund utilization with verified program outputs and outcomes.
- Develop and enforce a comprehensive asset management policy to ensure proper utilization, insurance, and safeguarding of Global Fund–financed assets.
- Improve laboratory governance by ensuring ISO certification and quality assurance of National Reference Laboratories.
- Reduce dependence on the Global Fund through improved strategic planning, timely funding requests, and domestic resource mobilization.

1. Introduction

1.1. The Global Fund

The Global Fund to Fight AIDS, Tuberculosis and Malaria commonly called the Global Fund is an international financing organization established in 2002 to end the three major infectious diseases: HIV/AIDS, tuberculosis (TB), and malaria. The Global Fund's mission is to attract, manage, and invest resources to fight AIDS, TB, and malaria. It provides financial grants to recipient countries, which then use the funds through their Ministries of Health, NGOs, and other partners to deliver prevention, treatment, and care services.

The Global Fund pools donations from governments, private foundations, corporations and individuals. It then allocates these funds to eligible countries through multi-year grant agreements. Countries submit proposals based on their national strategies; if approved, the Global Fund disburses money to:

- Principal Recipients (PRs) — usually the Ministry of National Health (CMU) or Private Sector.
- PRs then work with Sub-Recipients (SRs) to carry out activities like medicine procurement, training, and awareness programs.

The Global Fund allocates funding to countries every three years (Grant Cycle) based primarily on a formula that considers each country's disease burden of HIV/AIDS, tuberculosis, and malaria, along with their economic capacity (measured by Gross National Income per capita). The allocation methodology is designed to prioritize higher-burden and lower-income countries, while accounting for important contextual factors such as epidemics among vulnerable populations, risks like multidrug-resistant TB, and the potential for malaria resurgence.

1.2. Grant Cycle 6

For the sake of brevity, only the break-up of GC-6 is being shown here for indicative purposes. The financial breakup of the GC-6 is as below: -

Component	Budget (USD)	Percentage
Health commodities, equipment and supply chain costs	118,413,129	47.21
Program related activity cost	84,359,669	33.64
Program management cost	48,028,916	19.15
Total	**250,801,714**	**100.00**

1.3. Current Grant Cycle (GC-7)

The Global Fund has slashed Pakistan's total allocation for HIV/AIDS, TB, and malaria programs under Grant Cycle 7 (GC7) from USD 250.8 million to USD 223.6 million, a decrease of more than USD 27 million.

The National TB Control Program has been particularly impacted, with its allocation reduced from USD 145.7 million to USD 129.9 million. The HIV/AIDS component, managed by the National AIDS Control Program and UNDP Pakistan, saw a reduction of over US$4 million. Malaria programs also faced funding cuts across various implementing bodies.

The principal recipients for the GC-7 are as below: -

Disease	Grant	Starting Date	Ending Date	Principal Recipient
Malaria	PAK-M-TIH	01.01.2024	31.12.2025	Indus Hospitals & Health Network
	PAK-M-DOMC	01.01.2024	31.12.2025	Directorate of Malaria Control, Ministry of National Health Services, Regulation & Coordination
Tuberculosis	PAK-T-NTP	01.01.2024	31.12.2025	National TB Control Programme Pakistan
	PAK-T-MC	01.01.2024	31.12.2025	Mercy Corps
HIV	PAK-H-NACP	01.01.2024	31.12.2025	Ministry of National Health Services, Regulation & Coordination
	PAK-H-UNDP	01.01.2024	31.12.2025	United Nations Development Programme

1.4. Common Management Unit

The Common Management Unit (CMU) operates under the Ministry of National Health Services, Regulations and Coordination (M/o NHSRC). It was established in 2018, to serve as an integrated management and coordination platform for the national programs related to the control of HIV/AIDS, Tuberculosis (TB), and Malaria. These three diseases are collectively known as the Global Fund supported programs.

The CMU performs both programmatic and fiduciary functions, including:

- Grant management: Planning, budgeting, and execution of activities funded by the Global Fund.
- Financial management and reporting: Ensuring compliance with grant conditions, financial reporting, and fund accountability.
- Procurement and supply-chain oversight: Coordinating with partners such as UNICEF, UNDP, and provincial departments for procurement of medicines, diagnostic kits, and health commodities.
- Monitoring and evaluation (M&E): Tracking program indicators and outcomes for TB, HIV, and malaria.
- Coordination with provincial health departments: Ensuring alignment between federal and provincial implementation units after devolution of health functions under the 18th Amendment.
- Liaison with the Global Fund Secretariat and Country Coordinating Mechanism (CCM): Reporting progress, compliance, and audit follow-ups.

This Audit highlights the critical areas such as grant receipts and accounting, utilization of funds, governance and oversight, co-financing compliance, procurement and supply-chain management (including cold-chain controls), human resource management, internal controls and performance evaluation of disease control programs.

2. Snapshot of Disease Prevalence in Pakistan

2.1 HIV / AIDS

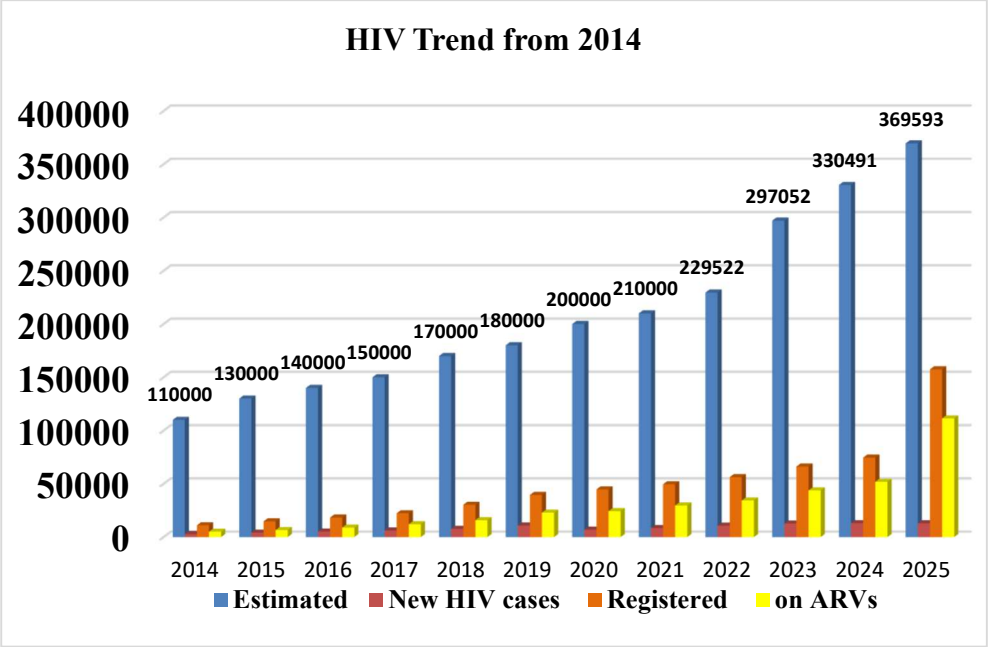
Pakistan is experiencing one of the fastest-growing HIV epidemics in the Asia–Pacific region, with an estimated 369,593 People Living with HIV (PLHIV) in 2025 (81% male, 19% female). Although HIV prevalence in the general population has historically remained below 1%, the epidemic is highly concentrated among Key Populations (KPs) including: -

1. People who inject drugs (PWIDs)
2. Men who have sex with men (MSM)/ male sex workers (MSWs),
3. Transgender sex workers (TGSWs), and
4. Female sex workers (FSWs).

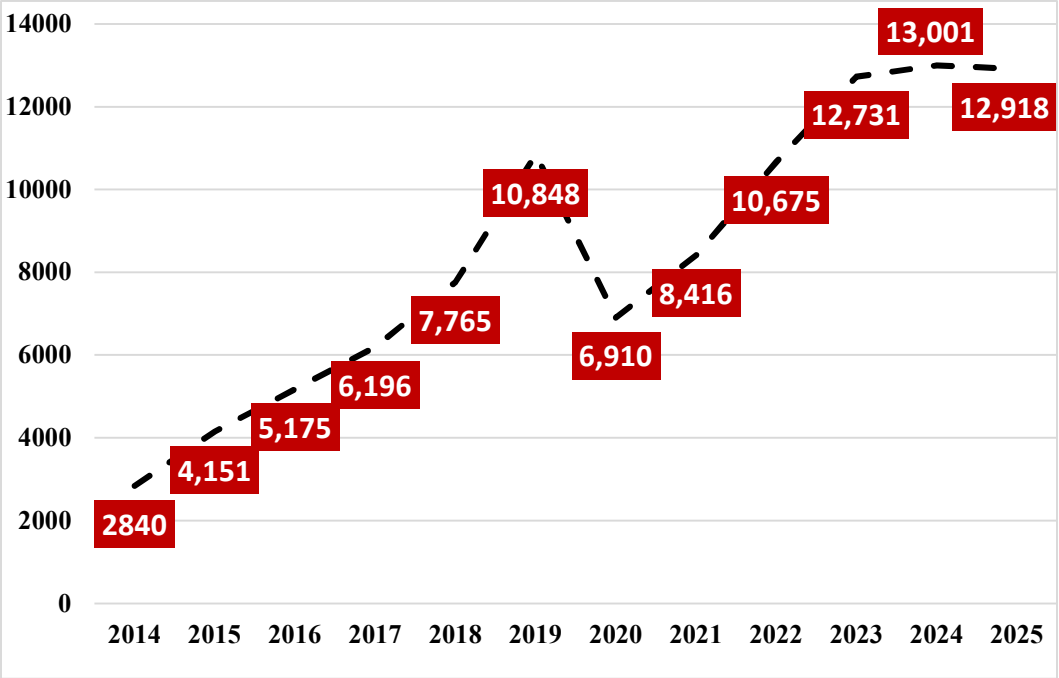
The highest prevalence is observed in PWIDs (38.4%).

Recent epidemiological estimates indicate approximately 50,027 new infections annually, with 31.6% attributed to MSM, 12.6% to PWIDs, 2% to transgender individuals, and 1% to FSWs, while 44.5% of new infections are now emerging among low-risk males and females due to expanding sexual networks and weak infection prevention and control (IPC) practices in healthcare settings.

The yearly trend is as below: -

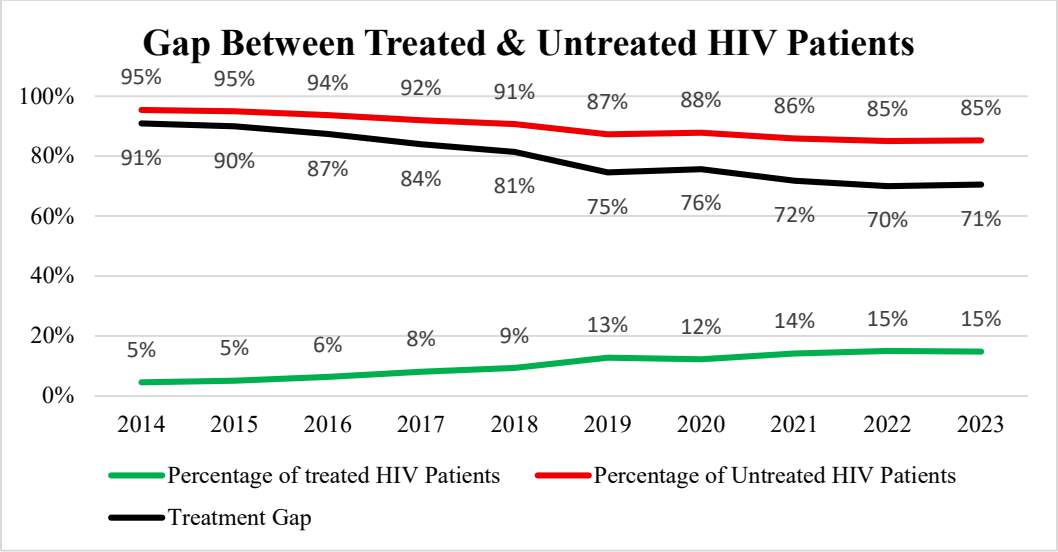


The number of new cases being registered is also shown below: -

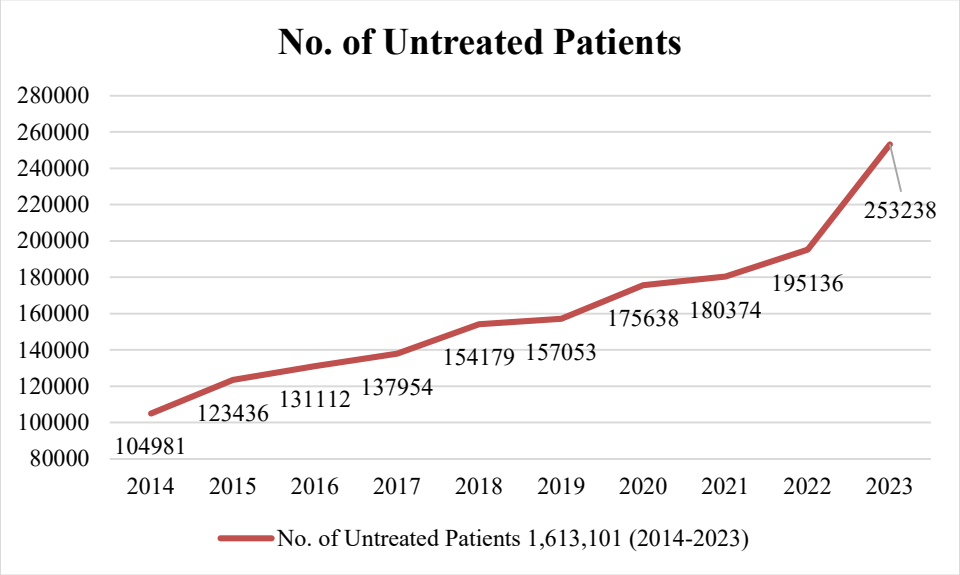


The dip in 2020 is due to the Covid-19 pandemic when the testing was severely disrupted.

Despite the massive funding by the Global Fund, and in the presence of provincial AIDS Control Programs, there is still a 71% gap between the number of patients identified and the number treated.



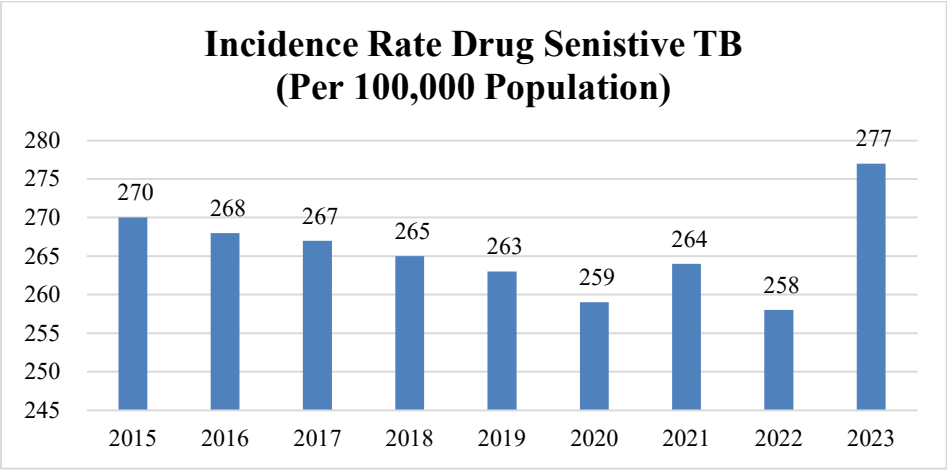
The number of untreated HIV patients is also increasing, which clearly shows that the operations and investment in HIV prevention and treatment are not bearing the desired results.



2.2 Tuberculosis (TB)

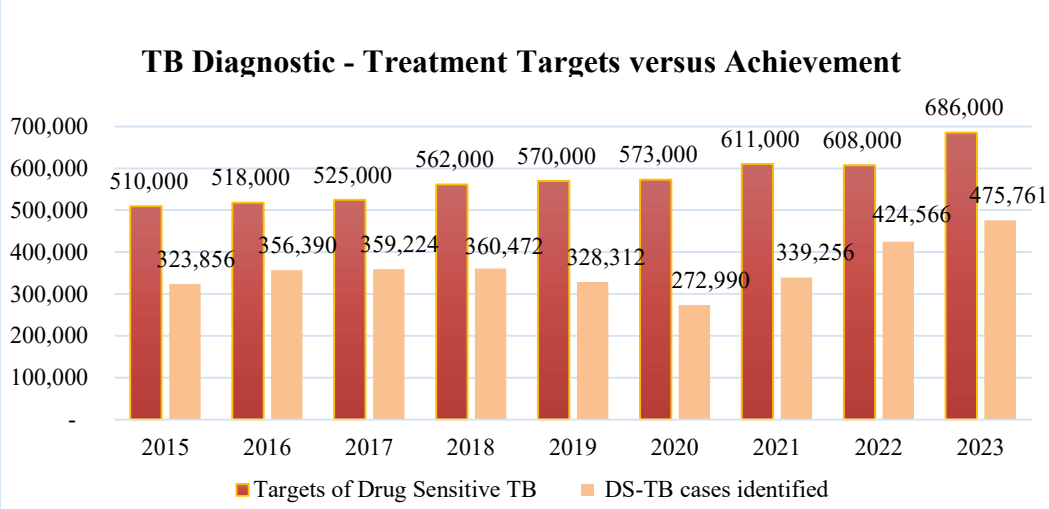
Pakistan remains among the top five high TB burden countries globally, with TB continuing to pose a major public health challenge. According to the WHO Global TB Report 2025, Pakistan recorded an estimated 669,000 new drug-sensitive TB (DS-TB) cases (incidence rate: 266 per 100,000 population) and 14,000 drug-resistant TB (DR-TB) cases (incidence rate: 5.4 per 100,000 population).

For the period under audit, the TB incidence per 100,000 population has remained essentially stagnant between 270 and 277, with minor year to year variations.

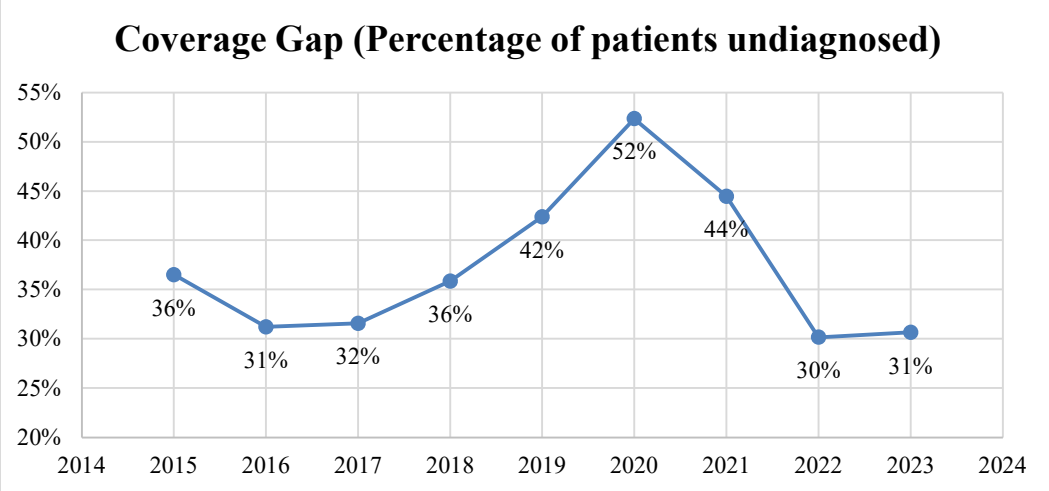


The National TB Control Programme (NTP) operates under the Common Management Unit (CMU) as a Principal Recipient (PR) of Global Fund grants. NTP provides national-level stewardship, technical guidance, and oversight for provincial implementation of TB control interventions in alignment with the National Strategic Plan.

Despite presence of a CMU, and investments in the fight against TB, there is a persistent gap, and not all the patients are being identified, leading to further spread of TB. As per WHO, people with active TB can infect **10–15 other people** through close contact over the course of a year.



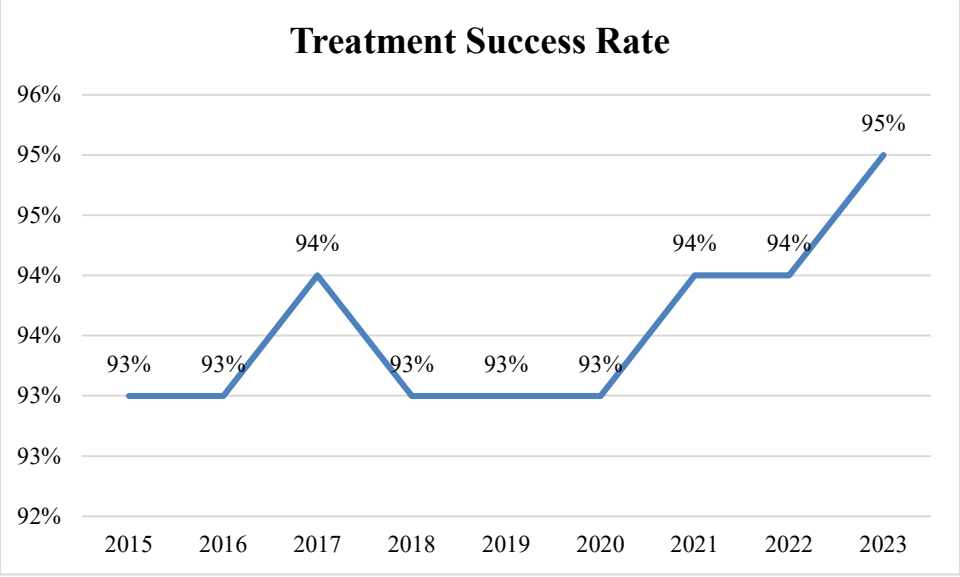
The gap between the estimated number of patients and the number of patients identified is as below: -



Pakistan's TB response has made significant progress in expanding diagnostic and treatment coverage. In 2024, a total of 497,523 TB patients were diagnosed and initiated on treatment, achieving a treatment success rate of 94%. Over 2 million presumptive cases were tested using WHO-recommended rapid diagnostic tools, strengthening early detection of TB and drug resistance. Specialized services for DR-TB care continue to expand, with 4,222 DR-TB patients enrolled across 72 treatment sites, each receiving monthly patient support to improve treatment adherence. Surveillance and monitoring have been strengthened through the roll-out of case-based DHIS2, improving reporting and data accuracy.

The national TB response is multi-sectoral, involving federal and provincial governments, private-sector implementers, and development partners. Provincial TB Control Program (PTPs) manage service delivery at district and facility levels. In the private sector, Mercy Corps, as a Global Fund PR, implements interventions across 110 districts, while the Bill & Melinda Gates Foundation (BMGF) supports expansion of Public–Private Mix (PPM) models to enhance case notification and reporting. WHO and other development partners continue to provide technical and financial assistance.

It is important to mention that the TB treatment success rate has been consistently good over the period under audit, as shown below: -



Despite progress, Pakistan's TB control efforts face several critical challenges. Heavy dependence on donor funding remains a major risk, with Global Fund resources supporting diagnostics, medicines, and key program operations.

Fragmentation following the 18th Constitutional Amendment has led to uneven provincial capacity, policy misalignment, procurement delays, and coordination gaps. Awareness of TB symptoms and access to free care remains limited, affecting timely diagnosis. Integration of TB services with primary healthcare, maternal and child health (MNCH), HIV, diabetes, and tobacco cessation remains insufficient. Data systems across public, private, and community providers remain fragmented, hindering efficient monitoring. Enforcement of mandatory case notification also remains incomplete.

Pakistan's TB program continues to rely on Global Fund supported interventions to sustain service delivery, strengthen surveillance systems, and work toward the long-term goal of ending TB as a public health threat.

2.3 Malaria

Pakistan bears the highest malaria burden in the WHO Eastern Mediterranean Region (EMR), contributing significantly to more than 90% of the region's total malaria cases alongside Afghanistan, Somalia, Sudan, and Yemen. Malaria transmission in Pakistan is predominantly hypo-endemic to meso-endemic, with two major transmission seasons, the most intense occurring during the monsoon months (August–October). According to WHO estimates, 28.9% of the population lives in high-risk areas, 69.4% in moderate-to-low-risk zones, and only 1.7% reside in no-risk areas. The disease remains concentrated among poor and marginalized communities.

The Global Fund has been the primary financier of malaria control in Pakistan. Between 2004 and 2025, Pakistan secured six major Global Fund malaria grants (Round-2, Round-7, Round-10, GC-4, GC-5, GC-6, and GC-7), supporting interventions in prevention, diagnosis, treatment, surveillance, and supply chain strengthening. The National Strategic Plan (NSP) 2021–2035 outlines Pakistan's long-term vision to eliminate malaria by 2035, building on progress achieved between 2019 and 2021 through large-scale Insecticide-Treated Nets (ITN) distributions, strengthened case management, and engagement of private-sector and community health workers.

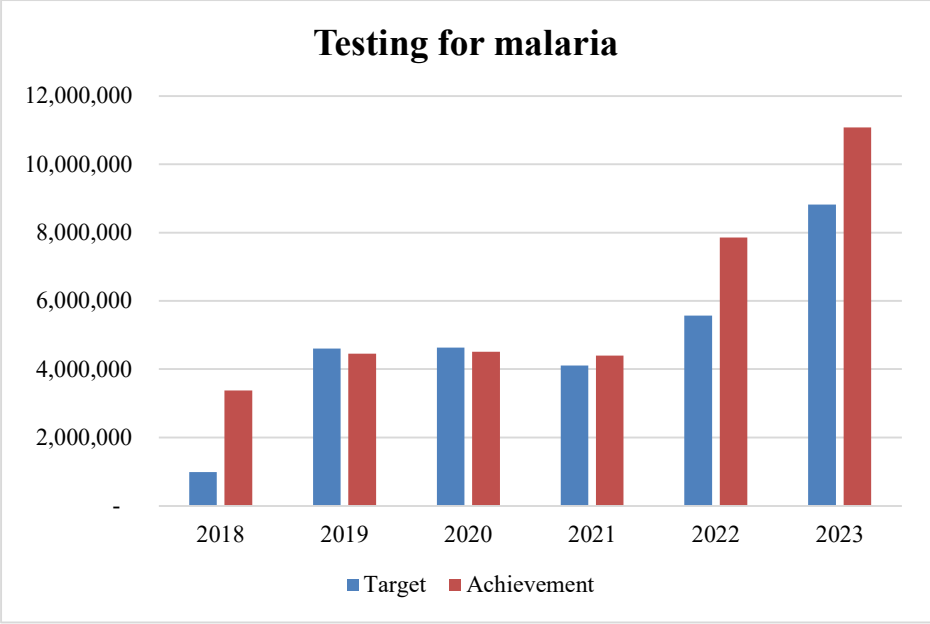
The NSP classifies Pakistan into three malaria control categories based on Annual Parasite Incidence (API). Provinces such as Balochistan, Sindh, and Khyber Pakhtunkhwa including Merged Areas fall under Category 1 (Burden Reduction Phase) due to higher incidence levels (API $\geq$ 1). Meanwhile, Punjab, AJK, Gilgit Baltistan, and ICT fall under Category 2 (Elimination Phase). No areas currently

fall under Category 3 (Prevention of Re-Establishment). Based on 2020–22 malaria data, 81 districts are classified as Stratum-I (API > 5), signifying high transmission.

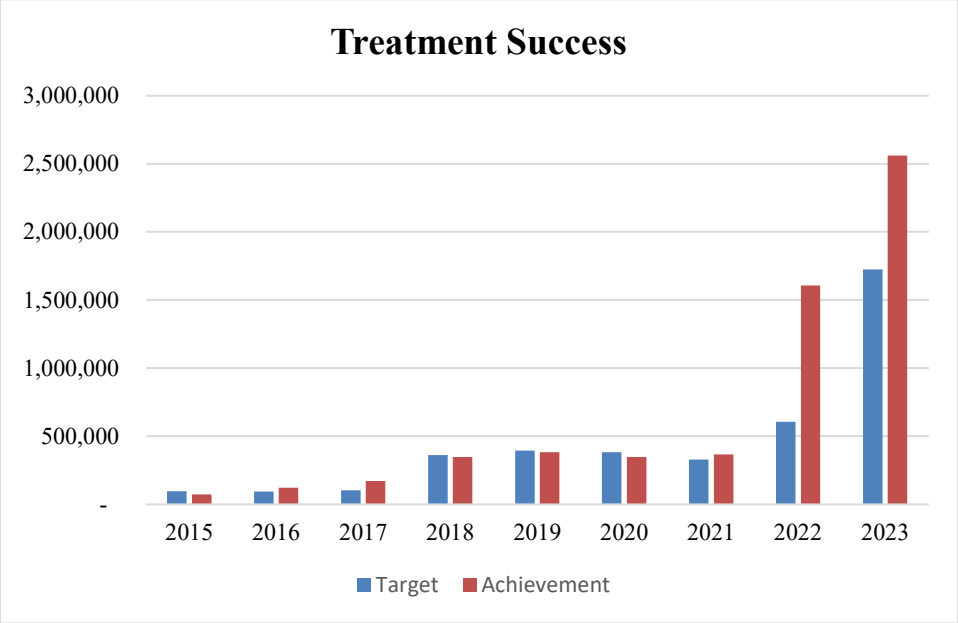
Malaria trends from 2015–2025 show relative stability between 2016 and 2021, with 300,000–400,000 confirmed cases annually, aided by increased use of Rapid Diagnostic Tests (RDTs) and improved detection. This period saw national-level incidence decline across all provinces except Balochistan. However, unprecedented floods in 2022 triggered a large-scale malaria epidemic, disproportionately affecting Balochistan and Sindh, with spillover into Khyber Pakhtunkhwa and Punjab. Over 1.62 million cases were reported in 2022. Although transmission gradually stabilized in early 2023, incidence remained higher than pre-flood levels. In 2024, approximately 2.1 million malaria cases were reported, and by October 2025, cases reached 1.4 million.

Pakistan's malaria control efforts under the Global Fund continue to focus on vector control (ITNs), RDT-based diagnosis, artemisinin-based treatment, surveillance enhancement, and stratified response planning to meet the 2035 elimination target.

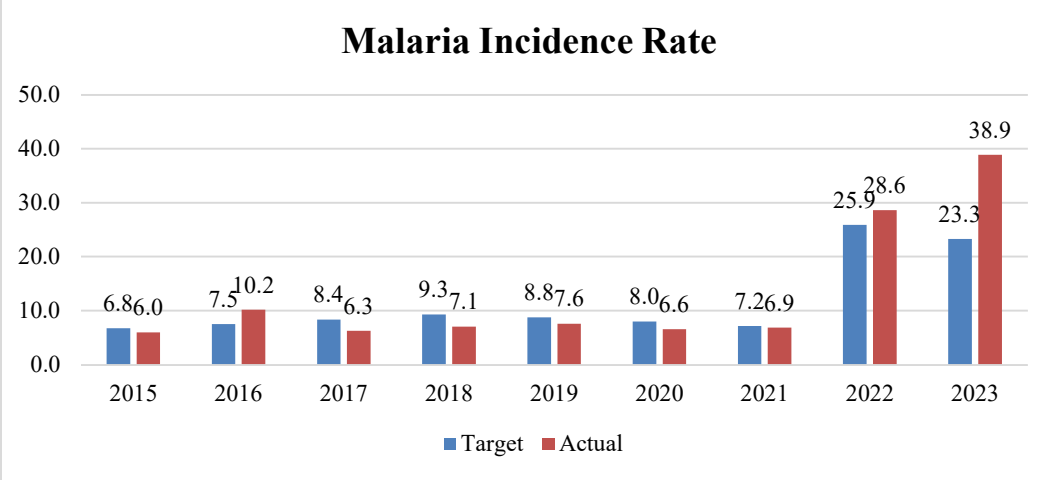
The malaria program has consistently achieved higher diagnostic testing than the targets set (targets were not set prior to 2018), as shown below: -



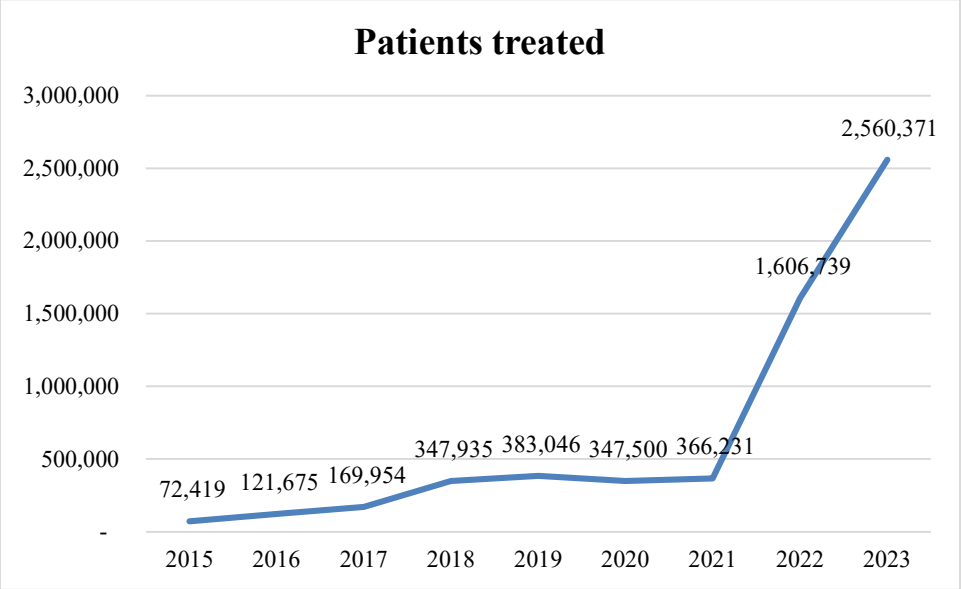
Similarly, the treatment targets have also been consistently achieved throughout the years in the audit period.

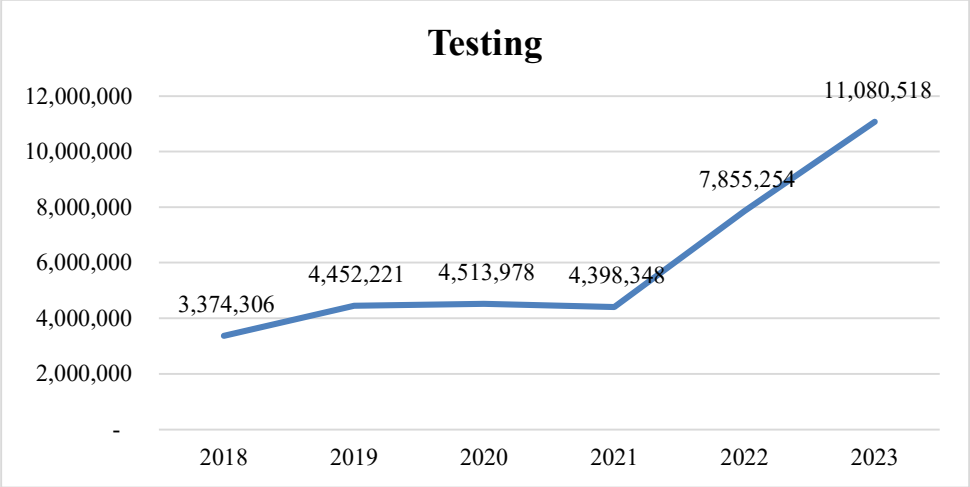


The concerning fact however is that the occurrence of malaria has seen a resurgence since the floods of 2022, especially in the provinces of Punjab and Sindh.



However, the program management has been alive to the threat, and has ramped up the testing and provision of treatment of malaria, as shown below: -


Patients treated
3,000,000
2,500,000
2,000,000
1,500,000
1,000,000
500,000
-
72,419
121,675
169,954
347,935
383,046
347,500
366,231
1,606,739
2,560,371
2015
2016
2017
2018
2019
2020
2021
2022
2023


Testing
12,000,000
10,000,000
8,000,000
6,000,000
4,000,000
2,000,000
-
3,374,306
4,452,221
4,513,978
4,398,348
7,855,254
11,080,518
2018
2019
2020
2021
2022
2023

3. Terms of Reference for the Audit

Based on the discussion above, the following ToRs were decided for the audit: -

- **Grant Receipts & Accounting:** Verification of funds received from Global Fund, conversion into local currency, bank reconciliations, and interest earned.
- **Utilization of Funds:** Examination of expenditures to confirm use for intended purposes and identification of ineligible or unsupported payments.
- **Governance & Oversight:** Review of CMU's management structure, coordination with provinces, performance monitoring, and accountability mechanisms.
- **Co-financing & Domestic Contributions:** Verification of government commitments, absorption of allocated funds, and compliance with co-financing requirements.
- **Procurement, Supply Chain & Cold Chain Management:**
    - Compliance with local rules and Global Fund's procurement guidelines.
    - Review of procurement delays, tendering practices, and contract management.
    - Assessment of warehousing, logistics, LMIS/WMIS functionality, and handling of expired or diverted commodities.
    - Assessment of Cold Chain Management Practices for Temperature Sensitive Pharmaceutical Products
    - Assessment of efficient utilization of medicines and equipment received
- **Human Resources & Payroll**
    - Review of recruitment practices, adherence to HR policies, and verification of staff credentials.
    - Payroll reconciliation with attendance and prevention of duplicate or excess payments.
- **Performance Testing & Diagnosis:**
    - Evaluation of linkages between fund utilization and disease control outcomes.

- Review adequacy and coverage of diagnostic testing to ensure that the number of tests performed aligns with disease burden estimates and program targets for TB, HIV, and Malaria.
- Evaluate consistency of diagnostic data reported to CMU and the Global Fund with source documents at health facilities and laboratories to identify potential over-reporting or data discrepancies.

- **Internal Controls & Financial Reporting:**
  - Evaluation of accounting systems, segregation of duties, advance management, and internal audit effectiveness.
  - Review of periodic reporting to Global Fund and compliance with grant covenants.

4. Audit Scope and Methodology

4.1 Audit Scope

The Special Audit covers the Global Fund grants (GC-4, GC-5, and GC-6) implemented through the Common Management Unit (CMU) under the Ministry of National Health Services, Regulations and Coordination (M/o NHSRC). The selected grant cycles collectively span a period of nine years, from 2015 to 2023, encompassing three consecutive Grant Cycles.

The funds were disbursed across multiple cycles, with the highest in the recent cycles: GC-6 (2021-2023) received USD 256.400 million, GC-5 (2018-2020) USD 111.200 million and GC-4 (2015-2017) USD 114.100 million. The earlier cycles from 2002 to 2013 had a cumulative disbursement of USD 151.700 million, spread over several smaller grants during that period.

When comparing these periods, the recent cycles (GC-4 to GC-6) collectively account for more than 75% of the total funding over the last two decades. This increase justifies selecting these cycles for detailed review and audit, as they represent the periods with the highest disbursement. The emphasis on GC-4 to GC-6 is thus due to the accumulation of the largest amount of disbursed funds, which also coincides with the crucial phase of program scale-up and complex implementation challenges.

The disbursement of grant, both in cash and in-kind, for the CGs 4-6, is summarized as under and attached in detail at **Annex-II.**

Name of GC	Period of GC	Cash	In Kind	Cash	In Kind	% age In-kind
		PKR		USD		
GC - 6	2021-2023	11,103,863,428	49,034,619,078	48,779,547	207,636,989	81%
GC - 5	2018-2020	5,389,403,827	10,745,660,184	37,266,318	73,927,826	66%
GC - 4	2015-2017	6,296,040,842	5,683,577,421	59,981,989	54,072,799	47%
Total		**22,789,308,097**	**65,463,856,683**	**146,027,854**	**335,637,614**	**70%**

The audit will examine the complete lifecycle of grant funds including planning, disbursement, procurement, implementation, and reporting phases. This ensures compliance with Global Fund policies, grant agreements, local laws, and regulations related to financial management and program execution. Any irregularities, inefficiencies, or non-adherence to established procedures will be assessed and documented.

4.2 Audit Methodology

i. The audit will identify and assess potential risks such as financial mismanagement, fraud, inadequate internal controls, delayed or improper use of funds, and gaps in procurement or supply chain processes. The risk assessment will be guided by prior audit findings, country risk profiles, and the Global Fund's Integrated Risk Management framework.

ii. Relevant documentation including grant agreements, financial statements, procurement contracts, payment vouchers, inventory records, progress reports, and correspondence with vendors and stakeholders will be collected and analysed. Structured interviews and discussions will be conducted with key personnel such as Ministry officials, Principal Recipients, sub-recipients, procurement officers, and Local Fund Agents to understand processes, controls, challenges, and any observations.

iii. Compliance testing will be performed to verify whether the grant expenditures are eligible, properly authorized, supported by adequate documentation, and aligned with programmatic objectives. Testing will also cover adherence to procurement rules, competitive bidding processes, quality assurance, and timeliness of activities.

iv. The auditor will review the adequacy and effectiveness of the internal control framework of the Ministry of Health and associated implementing partners, including IT controls and controls over third-party agents engaged in grant implementation. Any weaknesses will be identified with recommendations for improvement.

v. Findings will be assessed in context of risk levels and materiality, with emphasis on governance, transparency, and accountability in managing Global Fund resources to ensure the maximum impact of funded programs.

vi. This methodology ensures a thorough, risk-based audit approach, focusing on compliance, efficiency, and effectiveness of Global Fund grants to the Ministry of Health.

5. Findings

5.1 Non-Inclusion of Auditor-General of Pakistan in CCM Financial Oversight

Para 4.3.3 of the Global Fund Financial Management Handbook for Grant Implementers, 2017 states that the Global Fund strongly recommends that Country Coordinating Mechanisms institute an ad-hoc or a standing committee on financial management and oversight for grants (particularly in the case where implementers do not have a Finance and or Audit Committee). This committee should meet at least biannually and include the following core members (representatives from these structures):

- The Inspector / Auditor General of the Government (permanent member)
- The Ministry of Finance (permanent member)
- Senior Banker or Treasurer – Financial sector (rotates every two years)
- Senior Finance Person – In-country development partners (rotates every two years)
- Senior Finance Person - Civil society organizations (rotates every two years)
- Senior Finance Person – Private-sector organizations (audit and financial advisory firms)
- Senior Finance Person – A Principal Recipient (rotates every two years)

The CCM secretariat provided a list of 24 of the CCM Pakistan, as below: -.

No.	Sectors	Number of Members
1	Non-State Actors/ Civil Society Organizations	11
2	Government departments	09
3	Development partners	04

Audit observed that despite the explicit requirement of inclusion of the Inspector/Auditor General of the Government as a permanent member of the CCM financial oversight committee, the Auditor General of Pakistan was not made part of CCM Pakistan. Consequently, independent public-sector audit oversight over Global Fund–financed grants remained absent for many years.

Audit is of the view that non-inclusion of the Auditor General of Pakistan in CCM Pakistan constitutes a serious governance lapse and a deviation from Global Fund-prescribed oversight arrangements. The deficiency weakened independent assurance, increased fiduciary risk and undermined transparency and accountability in the management of Global Fund resources.

The management replied that all Principal Recipients, both public and private, have independent Finance and Audit Departments and are subject to regular reviews by the Local Fund Agent (LFA) and mandatory external audits. These mechanisms provide adequate financial oversight in line with Global Fund requirements; therefore, a separate CCM-level financial oversight committee is not considered necessary.

The reply is not tenable. LFA reviews and external audits do not replace the Global Fund requirement for inclusion of the Auditor General as a permanent CCM oversight member.

The DAC in its meeting held on 27.01.2026 emphasized the strengthening of oversight by the CCM to ensure transparency, and accountability in the management of Global Fund–supported grants. Further, DAC directed the inclusion of the Auditor-General of Pakistan and Finance Division in the Standing Committee on financial management and oversight for grants.

Audit recommends that CCM Pakistan shall immediately ensure inclusion of the Auditor General of Pakistan or his duly nominated representative as a permanent member of its financial management and oversight mechanism in accordance with Global Fund requirements.

5.2 Non-Submission of Statutory Audit Reports to Auditor General / Supreme Audit Institution

Para 297 under 6.2.2 of the Global Fund Financial Management Handbook, 2017 states that the type, nature, key content and frequency of statutory reporting should comply with all applicable laws and regulations. The statutory reporting can include but is not limited to:

- Audited financial statements;
- Reporting to Parliament or parliamentary oversight committee;
- Reporting to the relevant ministry, department or agency (MDA), such as the Ministry of Finance or Ministry of Economy; and
- Reporting to the Auditor General/Supreme Audit Institution

Audit observed that statutory audit reports relating to Global Fund grants were neither submitted to nor shared with the Auditor General of Pakistan, despite explicit provisions for reporting to the Auditor General/Supreme Audit Institution.

Audit is of the view that non-submission of statutory audit reports to the Supreme Audit Institution represents a breach of prescribed statutory reporting requirements,

resulting in weak national-level oversight and reduced assurance over the utilization of Global Fund resources.

The management replied that audit reports for the period 2016–2023, conducted by external auditors of public and private PRs, were provided to the audit team. In future, all such audit reports will be submitted to the Ministry of National Health Services, Regulations & Coordination for onward submission to the Auditor-General of Pakistan.

The reply is not tenable. The provision of reports to the audit team does not fulfil the requirement of formal statutory submission to the Auditor-General / Supreme Audit Institution.

The DAC in its meeting held on 27.01.2026 emphasized that provision of reports during fieldwork does not substitute for formal submission. DAC directed that all statutory audit reports including the Private PRs, without exception, shall be formally submitted to the Auditor General of Pakistan under intimation to the Ministry.

Audit recommends that all statutory audit reports of Global Fund grants shall be submitted to the Auditor General of Pakistan in compliance with Global Fund requirements and applicable national laws with immediate effect.

5.3 Systemic Deterioration in Management of Administration of GF Grants

As per the Global Fund's "Grant Cycle Guidelines and Risk Management Framework", Principal Recipients are required to ensure effective financial controls, efficient and accountable procurement and supply chain systems, and robust governance and risk-management mechanisms to support achievement of grant objectives for HIV, TB, and Malaria.

The following are the Global Fund's Office of Inspector General (OIG) overall ratings of the implementation of the Global Fund's grants to Pakistan for the period 2015 to 2025.

Component	Rating	
	2015	2025
Financial management controls relating to key cost categories.	Partial plan to become effective	Partially effective
Procurement and supply chain processes and systems to ensure timely availability and accountability of commodities at all levels, with a focus on procurement and distribution.	Partial plan to become effective	Needs significant improvement

Grant governance, implementation arrangements and risk management to support the achievement of grant objectives for the three diseases	Partial plan to become effective	**Ineffective**

Audit observed that the OIG ratings for 2015 and 2025 confirm that major control weaknesses remain unaddressed. Financial controls showed negligible improvement, procurement and supply chain performance declined to "Needs significant improvement", and governance and risk management deteriorated to "ineffective". This reflects a decade of ineffective oversight and failure to implement corrective measures.

Audit is of the view that declining OIG ratings reflect systemic failures, weak oversight, and poor controls, placing donor funds and program outcomes at serious risk.

The management replied that that the audit observations are based on OIG reports, which also highlight key achievements in the 2025 audit, including effective response to the malaria surge, improvements in TB notifications and HIV activities, and strengthened financial controls with no material unsupported expenditures. The existence of strategic, operational, procurement, and co-financing challenges affecting grant implementation across public and private PRs, and stated that CMU-related audit recommendations are being addressed at the appropriate level.

The management accepted the audit observation. Further, isolated achievements do not offset the declining OIG ratings, which objectively indicate systemic weaknesses in governance, procurement and risk management over a prolonged period.

The DAC in its meeting held on 27.01.2026 directed the CMU to prepare and submit a time-bound and corrective action plan, delineating the responsibility of every stakeholder, to address the core weaknesses in governance, financial controls and procurement management frameworks, along with measurable milestones and periodic progress reporting to the Ministry as well as to Audit.

Audit recommends that matter be probed for the depleting performance beside strict compliance with Global Fund governance and risk-management requirements.

5.4 Designation of Pakistan Program into Additional Safeguard Policy (ASP)

Para 2.2 of the Review of the Global Fund's Additional Safeguard Policy (ASP) states that the ASP is part of a broader set of risk management tools that the Global Fund Secretariat has at its disposal. The application of the ASP is intended to be a

measure of "last resort" and applied on a temporary basis while the risks are being addressed.

Para 3.2.1 of the Review of the Global Fund's Additional Safeguard Policy (ASP) states that the Global Fund to ensure continuity of service delivery in high-risk operating environments and to safeguard donor funds where political instability or breaches of fiduciary responsibility threaten program operations.

The Global Fund has subjected Pakistan's GF operations to the Additional Safeguard Policy (ASP) in Pakistan on 06.08.2020.

Audit observed that the Global Fund vide Letter dated 06.08.2025, placed the Country on ASP as the Global Fund observed a worrying epidemiological trend in Pakistan's response to TB and HIV due to stagnation of TB notifications and rising HIV incidents. The Global Fund also expressed dissatisfaction with the role and performance of Common Management Unit and the quality of leadership.

Audit further observed that the introduction of ASP placed Pakistan under a high-risk category, creating a potential risk of program discontinuity if fiduciary or governance issues were to escalate further.

Audit is of the view that introduction of ASP reflects significant weaknesses in national program governance, financial controls and oversight mechanisms.

The management replied that most of the issues highlighted in the ASP implementation letter of August, 2020 have been addressed and communicated to the Global Fund Country Team during various CCM meetings, and the matter has been taken up by the relevant authorities at appropriate levels.

The reply is not tenable as the management has not substantiated how the identified weaknesses were fully addressed or mitigated. Mere communication in CCM meetings does not demonstrate restoration of adequate governance and oversight.

The DAC in its meeting held on 27.01.2026 directed the CMU to ensure continuous monitoring and reporting of all ASP-related corrective measures, maintain comprehensive evidence of implementation, and submit a consolidated progress report to the Ministry within 30 days enumerating the steps taken for reversal of the ASP designation.

Audit recommends that financial, procurement, and program oversight mechanisms be strengthened to restore donor confidence for the removal of ASP status.

5.5 Cut in Grant from GC-6 to GC-7 and Insufficient Domestic Funding

The Global Fund has slashed Pakistan's total allocation for HIV/AIDS, TB, and malaria programs under Grant Cycle 7 (GC7) from USD 250.8 million in GC-6 to USD 223.6 million, a decrease of more than USD 27 million.

The National TB Control Program has been particularly impacted, with its allocation reduced from USD 145.7 million to USD 129.9 million. The HIV/AIDS component, managed by the National AIDS Control Program and UNDP Pakistan, saw a reduction of over USD 4 million. Malaria programs also faced funding cuts across various implementing bodies.

As per PC-I of the project for the CMU, the total funding requirement for fighting the three diseases for the years 2022-25 was as follows: -

Requirement (2022-25) PKR				
Disease	**FY 2022-23**	**FY 2023-24**	**FY 2024-25**	**Total**
TB	24,397,946,090	25,305,787,655		49,703,733,745
HIV	8,719,225,920	12,377,889,120	16,460,175,680	37,557,290,720
Malaria	9,896,934,396	9,861,453,204	35,564,953,352	55,323,340,952
Total				**142,584,365,417**

The PC-I also states that despite the provision of PKR 44 billion by the Global fund, a gap of PKR 98 billion existed for the last three years.

As per the office of the Controller General of Accounts, the annual budgetary commitment for the FY 2025-26 for TB, AIDS and Malaria programmes of the Government of Pakistan (including provinces, GB and AJK) is only 8.5 billion PKR (details given in **Annex-III**), despite the fact that that given the already existing resource gap, and the annual rise in number of cases of HIV and TB, the shortfall of the 98 billion PKR worked out for the year 2022-25 could be much higher for next three years. The total funding committed by Pakistan to fight the three diseases is USD 29,746,846 USD (PKR 8.35 billion @ 1 USD = 281 PKR).

Audit is of the view that the co-financing by Pakistan is quite meagre as compared to the overall requirements. Any further cut by the Global Fund will be very detrimental to the overall efforts of fighting the three diseases in Pakistan, which is already facing a massive shortfall. The budget allocation by the Government of Pakistan is not commensurate with the overall requirements, putting the general population at a grave risk.

The management replied that Pakistan's allocation under GC7 is higher than GC6. Further, based on CGA data, domestic funding constitutes 26% of the Global Fund allocation.

The reply is not tenable as the issue relates to overall resource adequacy, not percentage comparison alone. Despite the stated allocation, a substantial funding gap persists as evidenced in PC-I and CGA data.

The DAC was apprised in its meeting held on 27.01.2026 that the funding for GC-7 has increased as compared to CG6. directed the CMU to get the record verified and reconcile the relevant financial data with Audit.

Audit recommends that the CMU, in coordination with the Ministry and disease control programmes, ensure adequate and sustainable domestic financing to bridge the existing and projected funding gap in line with PC-I requirements.

5.6 Financial loss due to prohibited practices by Private PR and failures in CCM oversight – USD 2.442 million

As per Paras 16, 19 and 21 of the Global Fund Country Coordinating Mechanism (CCM) Policy, the CCM is responsible to ensure effective oversight of grant implementation, manage conflicts of interest, and safeguard Global Fund resources. Further, the Global Fund Policy to Combat Fraud and Corruption and Grant Agreement provisions require prevention of prohibited practices, transparent procurement, and recovery of ineligible expenditures.

According to the Office of the Inspector General (OIG) Investigation Report dated 01.04.2021, the Indus Hospital engaged in non-compliant procurement and implementation practices involving two related suppliers (Interactive Research and Development, and Interactive Health Solutions) resulting in non-compliant expenditures of USD 2.442 million out of which USD 1.172 million was determined as financial loss and proposed for recovery.

Audit observed that CCM Pakistan failed to exercise effective oversight over the implementation of Global Fund–financed TB grants, particularly those implemented by Indus Hospital & Health Network (IHHN) as a private Principal Recipient. As a result, serious prohibited practices including collusion, anti-competitive practices, fraudulent procurement and unmitigated conflicts of interest remained undetected and unaddressed at the CCM level.

Audit is of the view that ineffective oversight by CCM Pakistan led to ineligible expenditures, irrecoverable loss and reputational damage to Pakistan.

The management replied that the alleged USD 2.442 million financial loss relates to preliminary OIG findings (01.04.2021), which were formally contested by Indus Hospital & Health Network (IHHN) with full documentary evidence on procurement, governance, and conflict-of-interest management. The Global Fund Secretariat, as the competent authority under the Grant Agreements, reviewed these submissions and did not initiate any recovery or corrective action. The continued and expanded engagement of IHHN under Global Fund grants reflects institutional confidence in its governance, compliance, and fiduciary arrangements. Further, CCM Pakistan's coordination role does not extend to grant-level enforcement or financial determinations, and therefore the audit recommendation for recovery from IHHN is not applicable.

The reply is not tenable as the CCM Pakistan failed to exercise proactive oversight over grant implementation. The absence of recovery by the Global Fund does not absolve CCM of its oversight responsibility. Further, the Global Fund Recoveries Reports dated 23.04.2024 and 07.05.2025 had recommended the recovery of USD 1,171,589 from Grant-PAK-T-TIHP02.

The DAC in its meeting held on 27.01.2026 directed that the matter be probed by the CCM and a comprehensive report be shared with Audit through Ministry.

Audit recommends recovery of ineligible expenditures from private Principal Recipients beside fixing responsibility for ineffective oversight, and a proactive role by the management of CCM in the affairs of the private PRs.

5.7 Slow and delayed operationalization of the Project Titled 'Strengthening Common Management Unit for AIDS, TB and Malaria"

Regulation 7 (1) a of the Financial Management and Powers of Principal Accounting Officers Regulations, 2021, states that the Principal Accounting Officer shall be responsible: (a) to adhere to and enforce the principles of financial propriety, including the compliance of laws, rules, regulations, maintaining high standard of prudence, vigilance, due diligence and ensuring value for money while incurring expenditure and collecting government receipts.

A project with the above title was approved in October 2022 to strengthen and accelerate the response to the three diseases, with a total cost of PKR 2,000 million as approved in the PC-I. However, only PKR 111.821 million (5.6% of the total outlay) could be spent in the three years, necessitating the recently granted extension up to 30.06.2026.

The main objectives of the project as given in the PC-I are to: -

1. To enable the country to achieve the SDG target 3.3 in controlling and eliminating the three diseases from the country.
2. To provide a national, coherent and centralized leadership and stewardship role at the federal level for effective coordination of a robust response in controlling and eliminating AIDS, HIV and malaria.
3. To strengthen a quality assured national network of laboratories in the country that could provide support to the three diseases in particular and generally other programs for early case detection, treatment initiation and follow up.

The main results-based indicators as envisaged in the PC-I are: -

- 90% of the estimated key population shall be reached with HIV prevention and testing program
    - The current baseline indicators are MSM at 5.6%, TG at 7.2%, PWID at 38.4% and FSW at 2.2%.
- Treatment coverage of People living with HIV will be increased from 12% to 72%
- Increase TB case notification from 152 per 100,000 to 200 per 100,000
- To ensure that all 98% of confirmed malaria cases receive 1st antimalarial treatment from current 95%

Audit observed that due to the delay in operationalization of the project shows that the national response is fragmented and less coherent than the exigency of the situation demands. The result is evident in form of rising cases of HIV and malaria.

Audit is of the view that the delayed operationalization of the CMU project has significantly weakened the national response to HIV, TB, and malaria. The minimal utilization of PKR 2,000 million over three years reflects poor planning and implementation, putting public health outcomes at serious risk.

The management replied that delays in project initiation, hard-to-reach populations, social stigma, and geographic and resource constraints limited the achievement of PC-I targets. Despite these challenges, ART registration and program coverage show steady progress, and the CMU PC-I is now operational, with staff recruited and activities underway.

The reply is not tenable. Only 5.6% of PKR 2,000 million was spent in three years, leaving the national response fragmented. Immediate full-scale implementation is essential to achieve targets and control HIV, TB, and malaria.

The DAC in its meeting held on 27.01.2026 directed the CMU to submit quarterly progress reports to the Ministry and a time-bound implementation plan for PC-I extension aligned with 30.06.2026 deadline.

Audit recommends that the project be implemented on immediate basis for achieving the required objectives.

5.8 Failure to install and commission 36 Pressure Swing Adsorption (PSA) Plants by UNDP – PKR 10.780 billion (USD 48.644 million)

According to the Grant Confirmation dated 04.08.2021 between the Global Fund and the National TB Control Programme (PR), USD 102.881 million was allocated under the COVID-19 Response Mechanism (C19RM).

The CMU entered into a financing agreement with UNDP on 04.04.2022, for procurement and installation of thirty-six (36) Pressure Swing Adsorption (PSA) plants aimed at improving the country's generation of medical oxygen, for USD 36,164,040, by the end of 2024. Subsequently, the contribution was increased to USD 48,644,345 in an amendment dated 30.05.2023.

Further, the financing agreement included cost recovery of UNDP from other resources, the Contribution shall be subject to cost recovery for indirect costs incurred by UNDP headquarters and country office structures in providing General Management Support (GMS) services. To cover these GMS costs, the Contribution shall be charged a fee equal to 7%, as well as a 3% Procurement and Handling Fee.

Audit observed that the initial deadline for installation of the PSA plants was December 2023, subsequently extended to December, 2024. However, UNDP failed to procure and install the thirty-six (36) PSA plants even by December, 2025.

Audit is of the view that the non-installation of 36 PSA plants within the approved timelines reflects weak implementation of C19RM interventions and undermines the program objective of strengthening national medical-oxygen generation capacity, increasing the risk of supply shortages during surges in respiratory illnesses or public health emergencies.

The management replied that procurement, installation, and commissioning of 36 PSA plants under the C19RM grant is ongoing. Delays beyond the initial deadlines (Dec, 2023, extended to Dec, 2024) were due to global supply chain disruptions, specialized equipment lead times, site readiness, and electrical infrastructure constraints. The Global Fund has approved utilization of the grant up to 30.06.2026. UNDP is financing required transformers and grid connections, with coordination ongoing with the Power Division and DISCOs to complete installations at all sites.

The management has accepted the delay in installation of PSAs.

The DAC in its meeting held on 27.01.2026 directed that site-wise status of all 36 PSA plant installations be shared with Audit and frame a time-bound action plan for the completion of procurement, installation, and commissioning of all 36 PSA plants.

Audit recommends that UNDP and CMU develop a time-bound action plan to complete procurement and installation and fix responsibility for prolonged delays.

5.9 Payments to Drug Resistant TB patients and treatment supporters (attendants) without verification of supporting records – PKR 1,143.738 million

Article 7.1 of the Global Fund Regulation, 2014 states that for each Program, the Grantee shall take all appropriate and necessary actions to ensure that the Principal Recipient and each of its Sub-recipients respectively maintain Program Books and Records in accordance with the internationally recognized accounting standards in the Host Country, and such Program Books and Records shall, among other things, properly register the name of the beneficiary and the purpose for each payment and allow for full reconciliation of expenditures with sufficient supporting documentation. All Program Books and Records must be kept for at least seven years after the date of the last disbursement under the Grant Agreement or for such longer period as may be required by the Global Fund.

The CMU incurred expenditure of PKR 1,143.738 million on payment of living support allowances to DR-TB patients and their attendants/treatment supporters, processed through online transfers via Telenor Microfinance Bank across Grant Cycles 4, 5, and 6. Detail is as under:

No.	Grant Cycle	Amount (PKR)
1	GC-4	406,363,979
2	GC-5	121,451,680
3	GC-6	615,922,335
Total		**1,143,737,994**

Audit observed that payments to public and private Drug-Resistant Tuberculosis (DR-TB) patients and their treatment supporters were made **without verification by the CMU** of the mandatory supporting records (patient enrolment with CNICs and contact details, baseline investigations, treatment regimen/medical prescription verified by the Medical Officer, evidence of first dose disbursement and follow-up visits including AFB culture tests for pulmonary patients).

During the audit of Khyber Pakhtunkhwa Province, it was observed through sample-based reconciliation of CMU payment records with Associate Community Development (ACD) verified eligibility list, identified that Social Support Payments were disbursed to 56 individuals not included in the verified list (Annex-IV). This indicates non-compliance with prescribed eligibility criteria due to weak verification and supervisory controls.

Audit is of the view that payments were made without proper verification and reconciliation with the verified eligibility list. Sample checks in KPK revealed payments to ineligible individuals, indicating weak controls and risk of similar irregularities in other provinces.

The management replied that social support disbursements to drug-resistant tuberculosis patients and their treatment supporters are processed through a structured multi-level verification system. Patient and supporter data are recorded in the enrolment form (paper-based) and the electronic nominal registration system (ENRS), verified by Provincial multidrug-resistant tuberculosis Coordinators, aggregated at the CMU, checked for duplication, reconciled via random phone calls (1% sample), and further verified by the Internal Audit Wing before the finance section initiates disbursement. The National Coordinator of the CMU provides final signatory approval. Further, the management requested details of the 56 individuals identified by audit to investigate the matter.

The reply is not acceptable. Payments to drug-resistant tuberculosis patients and their treatment supporters were made without verification of mandatory supporting records, and the Khyber Pakhtunkhwa sample identified the systemic control weaknesses. The processes claimed by management, including 1% verification via phone calls, were neither documented nor provided during the currency of Audit.

The DAC in its meeting held on 27.01.2026 directed that the matter be probed at Ministry level and report be shared with Audit. DAC further directed the Audit to provide to the CMU the list of 56 ineligible cases.

Audit recommends that responsibility may be fixed for disbursement of living support without supporting record.

5.10 Non-demanding of approved Grant Budget from the Global Fund by the Common Management Unit – USD 76.084 million

According to the Finance & Accounting Manual, 2022, CMU is required to adhere strictly to the approved budget and ensure timely request of funds from the Global

Fund. Section 3: Budget – Policy (c) explicitly states that "Budget shall be approved by the Donor before the commencement of grant."

Section 3: Budget – Policy (d) requires that "Budget shall be reviewed on periodic basis to ensure monitoring of actual spending versus budgeted. Major variances shall be investigated to take timely corrective actions."

Section Grant and Implementing Partners – 3(a)(ii) stipulates that "Once the budget is approved and donor agreement is signed, a disbursement request (DR) shall be prepared by Manager R&P, reviewed by CFO and respective DNCs and forward to the donor requesting for instalment of funds."

The CMU prepared annual budgets under Grant Cycles 4, 5 and 6 and the same were approved by the Global Fund. Detail of approved budget for each Grant Cycle is as under:

Description	**GC-4**	**GC-5**	**GC-6**	**Total (USD)**
Approved Budget	115,601,676	168,556,906	196,350,850	**480,509,432**

Audit observed that against the total approved budget of USD 480.509 million for GC-4, GC-5, and GC-6, the CMU demanded only USD 404.425 million, leaving USD 76.084 million (16%) un-demanded. The year-wise shortfalls are as under:

Description	**GC-4**	**GC-5**	**GC-6**	**Total (USD)**
Approved Budget	115,601,676	168,556,906	196,350,850	**480,509,432**
Demanded	102,795,659	116,898,889	184,730,842	**404,425,390**
Not Demanded	**12,806,017**	**51,658,017**	**11,620,009**	**76,084,042**
% Not Demanded	11%	31%	6%	**16%**

Audit is of the view that failure to demand the full approved budget reflects weak financial planning and non-compliance with the mandatory fund request procedures outlined in the Manual. This gap has constrained service delivery and limited achievement of programmatic targets.

The management replied that Global Fund grant funds are managed annually through the Annual Funding Decision, based on the approved budget, with quarterly releases. Cash balances are deducted from subsequent releases, and unspent funds at the end of the grant are carried forward net of financial commitments. Variances, including the one noted for Grant Cycle 5 due to the COVID grant, are considered normal.

The management has accepted that the approved budget was not demanded reflecting poor managerial performance and delay in achieving desired targets.

The DAC in its meeting held on 27.01.2026 directed that CMU to improve fund utilization for the achievement of program targets consistently through enhanced financial planning and quarterly reprogramming.

Audit recommends that the CMU conduct a detailed review of budgeting and fund-request practices, investigate reasons for not demanding the funds, and ensure that full approved budgets are timely requested from the donor.

5.11 Non-investment of surplus funds – PKR 2,400.137 million

Section C.3 of Chapter 08 of the Finance and Accounting Manual, 2010 states that Subject to term and conditions contained in the donor agreement, the Programme shall make short term investment of excess funds. All fund placements shall only be approved by the National Manager.

The investment shall only be made with a bank approved by the National Manager for this purpose. Whenever there is excess cash available with the Programme, the approved banks shall be requested to offer their rates for different amounts, tenors and their maximum appetite for deposits. The decision for making a placement shall be made based on the highest rate of return offered for tenors of daily product, one month, two months, three, six and twelve months keeping in view the future cash flow requirements.

The management of CMU, Islamabad provided list of bank account maintained by the CMU (Principal Recipient) and Implementing Partners (Sub-Recipients) during the Grant Cycle 4, 5 and 6 with surplus balances as on 31.12.2023. Detail is as under:

No.	Name of Sub-Recipient	Bank Name	Account Number	Balance as on 31.12.2023 (PKR)
1.	Directorate of Malaria Control Program	National Bank of Pakistan	PK74NBPA0341003035183666	982
2.		National Bank of Pakistan	PK06NBPA1654003018282368	249,009,418
3.	National TB Control Program	National Bank of Pakistan	PK39NBPA1654003018290019	1,948,224,268
4.		Telenor Micro Finance Bank Ltd	PK54TMFB9999002008415393	7,707,969
5.	National AIDS Control Program	National Bank of Pakistan	PK72NBPA1654003018290395	1,303,755
6.		National Bank of Pakistan	PK98NBPA1654004018306868	1,000
7.	Provincial TB Control Program Punjab	National Bank of Pakistan	PK29NBPA1857003068991552	22,129,956
8.	Provincial TB Control Program KP	National Bank of Pakistan	PK23NBPA1759003011735908	48,024,929
9.	Provincial TB Control Program Sindh	National Bank of Pakistan	PK38NBPA2031003147694698	2,958,578
10.	Provincial TB Control Program Balochistan	National Bank of Pakistan	PK39NBPA0051003026585196	7,990,128
11.	Nai Zindagi Trust (NZT)	Meezan Bank Limited	PK23MEZN000301016883520	1,424,385

12.	Association for Social Development (ASD)	Bank Alfalah Limited	PK71ALFH0137001002770819	1,250,300
13.	Association for Community Development (ACD)	Habib Bank Limited	PK66HABB0016977900432601	1,807,661
14.	Association of People Living with HIV (APLHIV)	JS Bank Limited	PK14JSBL9511000001960820	3,997,260
15.	Mercy Corps (MC)	Standard Chartered Bank	PK69SCBL0000001873162415	11,296,133
16.	Indus Hospital Health Network (IHHN)	Bank Islami Pakistan Limited	PK24BKIP0100251703200136	62,732,998
17.	National Rural Support Program	Bank Alfalah Limited	1311003207370	5,673,579
18.		Habib Bank Limited	6537900070001	16,999,648
19.		Habib Bank Limited	10400000001701	710,513
20.		United Bank Limited	116300275	2,471,310
21.	Integrated Vector Management Program	National Bank of Pakistan	3139373022	886,984
22.	Directorate of Malaria Control Sindh	Sindh Bank	PK3SIND0004013883341000	2,468,363
23.	Integrated Vector Management Program KPK	National Bank of Pakistan	825003310526489	694,865
24.	Directorate of Malaria Control Quetta	National Bank of Pakistan	51004138852452	371,657
Total				**2,400,136,639**

Audit observed that the CMU and its SRs did not invest the surplus funds amounting to PKR 2,400.137 million in violation of the Finance and Accounting Manual, 2010.

Audit is of the view that non-investment of surplus funds deprived the Programmes from the benefit of investment. It is a violation of Global Fund financial guidelines, 2010.

The management replied that, as per the Global Fund Framework Agreement and Grant Regulations, funds are required to be kept in interest-bearing savings accounts, which is being adhered to. Neither the CMU nor any other Principal Recipient is authorized to invest funds in any other form. Additionally, the reported balances are not considered surplus.

The reply is not tenable. The Finance and Accounting Manual, 2010 mandates that excess funds shall be placed as short-term investments with approved banks, comparing rates across tenors to maximize returns while considering cash flow requirements. Restricting funds solely to interest-bearing savings accounts fails to follow this prescribed process, results in lost potential investment income.

The DAC in its meeting held on 27.01.2026 directed the management to submit a comprehensive report of interest income for all 24 bank accounts to Audit for scrutiny.

Audit recommends strict compliance with the Global Fund financial guidelines, 2010, besides fixing responsibility for negligence.

5.12 Non-receipt of extra funding due to non-submission of Integrated Funding Request for additional Catalytic Funds – USD 22.900 million

The Global Fund Board approved the allocation of USD 278,093,595 for Grant Cycle 6 and USD 204,352,200 for Grant Cycle 5. Additionally, Pakistan was eligible for additional Catalytic Matching Funds beyond the allocation amount. Details are as under:

Grant Cycle	Catalytic Investment Priority	Matching Funds (USD)
Grant Cycle 6	HIV Prevention Programming	2,900,000
	Finding missing TB cases	6,000,000
Grant Cycle 6	Data systems	1,000,000
	Finding missing TB cases	13,000,000
Total		**22,900,000**

Audit observed that CMU did not submit the Integrated Funding Requests for catalytic funds under GC-5 and GC-6, despite persistent gaps in identifying missing TB patients and achieving HIV prevention targets across GC-4 to GC-6. As a result, substantial catalytic resources meant to address these performance gaps remained unrequested.

Audit is of the view that the failure to submit funding requests reflects weak financial management and non-compliance with Global Fund grant requirements, resulting in missed opportunities to access high-impact resources intended for priority interventions.

The management replied that catalytic funding for finding missing TB and HIV cases is included in the approved budgets of private Principal Recipients, who are responsible for active case-finding interventions. When combined with the budgets of public and private Principal Recipients, the total allocation already reflects the catalytic funding.

The reply is not tenable. CMU failed to submit Integrated Funding Requests for USD 22.9 million in catalytic funds meant for HIV prevention, missing TB cases, and data systems. The claim about PR budgets is incorrect, and the non-submission reflects clear non-compliance and missed opportunity.

The DAC in its meeting held on 27.01.2026 directed the CMU to provide detailed breakdown of catalytic funds received and submit data integration status report to Audit through Ministry.

Audit recommends that CMU undertake an internal review to identify reasons for non-submission and fix responsibility, urgently engage with the Global Fund to assess any remaining opportunity to access catalytic funds, and strengthen grant-management systems to ensure timely submission and full utilization of available allocations in future cycles.

5.13 Irregular and unauthorized procurement by the CMU – PKR 1,150.089 million

Section A of the Chapter 1 of the Procurement Manual, 2010, states that the purpose of vendor registration is to enable the Programme to procure goods and service only from reliable vendors who are capable of providing proper after sale service and warranty claims, where required. As a matter of principle, the Programme shall not procure goods or services from un-registered vendors.

Section D.3.4 of the Chapter 7 of the Procurement Manual, 2010, states that the Technical Evaluation Committee (TEC) shall prepare a "Technical Evaluation Report" and forward the same to the Secretary Health for procurements exceeding PKR10.000 million.

Section D.4.1 of the Chapter 7 of the Procurement Manual, 2010, states that the Financial Evaluation Committee (FEC) members' constitution shall be as follows for procurements exceeding PKR10.000 million:

- Secretary Health — Chairman
- National Manager — Member
- Deputy Director General (P&D Ministry of Health) — Member
- Deputy National Manager — Member
- Senior Project Officer — Member
- Finance — Two Member
- Procurement — Member
- Technical Unit / IT — Member

The large procurements made by the CMU are as under: -

Grant Cycle	Amount (PKR)
GC-4	441,751,646
GC-5	453,828,427

GC-6	254,508,843
Total	**1,150,088,916**

Audit observed as under:

i. The procurements were made from un-registered vendors which was a mandatory requirement for procurement of goods and services.
ii. The procurements without seeking approval of the Secretary Health.
iii. The Financial Evaluation Committee (FEC) did not include the Secretary Health as its Chairman, as required under Section D.4.1, Chapter 7 of the Manual.

Audit is of the view that the procurement of goods and services without approval of competent authority was unauthorized. Non-compliance with the mandatory requirements of the Procurement Manual, 2010 raises serious deficiencies in the procurement processes.

The management replied that all procurements above PKR 10 million were conducted through open competitive bidding as per PPRA Rules 2004, allowing participation of all eligible vendors. Administrative approvals were obtained from the Deputy National Coordinator and National Coordinator, and all tenders were reviewed by the Global Fund/Local Fund Agent for compliance. Evaluation reports are published on PPRA and CMU websites, and the National Coordinator provides final contract approval. Committees for procurement are constituted and approved by the National Coordinator as per CMU Procurement Manual (Nov, 2022).

The reply is not tenable as the procurements pointed out by Audit were related to the period before November, 2022. Hence, procurements from un-registered vendors, without approval of the Secretary Health and non-compliant with Committee composition clearly violates the mandatory provisions of the Procurement Manual, 2010.

The DAC in its meeting held on 27.01.2026 directed that a fact-finding inquiry be conducted at the Ministry level besides fixing responsibility under intimation to Audit.

Audit recommends that the matter be probed to fix responsibility, and procurement processes should be strengthened to prevent recurrence.

5.14 Discrepancy in record of in-kind disbursement – USD 11.476 million

Regulation 5.1 (2) of the Global Fund Regulations, 2014, Version 1, states that the Grantee shall take all appropriate and necessary actions to ensure that the Principal Recipient uses its best efforts to ensure optimal reliability, efficiency and security

with regard to the supply chain for all products procured with Grant Funds in accordance with the relevant procurement and supply management arrangements approved by the Global Fund.

The Finance and PSCM Section of the CMU provided a detail of in-kind grant received and disbursed from the Global Fund for GC-4, GC-5 & GC-6. Details are as under:

Name of GC	Period of GC	As per Finance	As per PSCM	Difference (USD)
GC - 6	2021-2023	207,636,989	182,524,902	25,112,087
GC - 5	2018-2020	73,927,826	95,116,473	-21,188,647
GC - 4	2015-2017	54,072,799	46,519,966	7,552,833
Total		**335,637,614**	**324,161,341**	**11,476,273**

Audit observed that significant discrepancies of USD 11,746,273 were found between the data provided by the Finance Section and PSCM Section of the CMU.

Audit is of the view that the lack of reconciliation indicates weak internal control and undermines data reliability, increasing the risk of overstatement, understatement or misreporting of Global Fund resources.

The management replied that the observed discrepancies arose due to differences in recording methods between the Finance and PSCM sections. Finance records reflect total expenditure, including product costs, Procurement and Supply Management (PSM) costs, and advance payments for international orders, which have long lead times of 8–20 months and may overlap multiple grant cycles. In contrast, PSCM/warehouse records capture only physical product dispatches, which are planned based on patient enrolments and inventory management, and do not include PSM costs. These methodological and timing differences explain the variances between the two records.

The reply is not tenable. The lack of reconciliation between Finance and PSCM records indicates weak internal control and poor coordination, undermining the reliability of reported data.

The DAC in its meeting held on 27.01.2026 directed the CMU to submit a fully reconciled statement explaining the USD 11.48 million variance between the records from Finance and PSCM sections, and take steps to reconcile the same at monthly level in future. The reconciliation must be shared with Audit for verification.

Audit recommends that matter be probed and fix responsibility for non-compliance with documentation and traceability requirements.

5.15 Non-transparent procurement of 144 Solar Systems – PKR 74.274 million

Para 2.3 of the Section III of the Preliminary and Technical Evaluation methodology states that a failure at any stage of the evaluation shall prevent further consideration at the next stage of evaluation.

Section A of the Chapter 1 of the Procurement Manual, 2010, states that the purpose of vendor registration is to enable the Programme to procure goods and service only from reliable vendors who are capable of providing proper after sale service and warranty claims, where required. As a matter of principle, the Programme shall not procure goods or services from un-registered vendors.

The Common Management Unit floated tender for "Procurement, Supply and Installation of Solar Systems at TB Laboratories in various Health Facilities of Sindh Province" vide advertisement dated 14.04.2021. Five (05) firms participated in the bidding process out of which M/s Exide Pakistan (Pvt.) Limited (firm) was declared qualified. The contract of PKR74,273,980 was awarded to the firm on 02.08.2021, for Procurement, Supply and Installation of 144 Solar Systems at TB Laboratories in various Health Facilities of Sindh.

Audit observed that the firm did not possess a valid AEDB registration as per the requirement of preliminary and technical evaluation criteria but the firm was declared technically responsive. Further, neither the firm was registered with CMU nor the procurement was approved by the Secretary Health which was mandatory requirement of the Global Fund Procurement Manual, 2010.

Audit is of the view that undue favour was extended to a technically disqualified firm and a breach of bidding document conditions which resulted into mis-procurement of Solar Systems.

The management replied that the AEDB registration of the awarded firm was initially valid until 03.03.2021, and upon clarification from the vendor, an updated certificate valid until 25.11.2021 was obtained and placed on record. Further, all procurements above PKR 10 million are conducted through open competitive bidding advertised nationally, and participation is not restricted to registered vendors under PPRA 2004. Administrative approvals were obtained from the District National Coordinator and National Coordinator appointed by the Ministry of Health.

The reply is not tenable. The AEDB registration obtained, which was valid 12.11.2021, was not available on record during the audit, and the firm's initial

certificate had already expired. Additionally, the prior approvals from the then Secretary Health were not obtained under the Procurement Manual, 2010.

The DAC in its meeting held on 27.01.2026 directed that a fact-finding inquiry be conducted at the Ministry level besides fixing responsibility under intimation to Audit.

Audit recommends that responsibility be fixed for the mis-procurement.

5.16 Exclusion of general population and misplaced focus on key populations despite growing HIV burden in the general population

Section 2.3.1 of the National HIV Testing & Counselling Guidelines (2023) requires that HTC services be offered across "STI clinics, TB clinics, blood transfusion services, and all medical and paediatric clinics serving high-risk and the general population," with standardized records maintained for linkage to prevention, care, and treatment. The Pakistan Country Strategy for HTC emphasizes the national goal to "identify as many people living with HIV as early as possible" through equitable access for both Key Populations (KP) and the general population, supported by structured data reporting at all service delivery points. The National HIV Consolidated Guidelines (2023) further require ART centres to maintain "routine monitoring, dispensing, and utilization records" for all PLHIV to ensure continuity of care and accurate reporting.

The management reported in November 2025 a total number 58,622 PLHIV on ART, out of an estimated 369,593 nationally, of which only 21,333 (36%) belong to the general population. According to the latest program data up to November 2025, only 31% of reported HIV cases are now among key populations, while 69% are identified within the general population.

Furthermore, Punjab did not provide disaggregated data on patients, preventing verification of the number of general population clients on ART in a province that accounts for over half of the national ART caseload.

Audit is of the view that continued emphasis on Key Populations is detrimental to the overall cause of controlling AIDS in the country, as 69% of caseload falls outside the ambit of CMU and Global Fund interventions. The general population now bears the majority of the HIV burden, creates strategic and epidemiological risks, including under-detection, delayed treatment, increased transmission, and compromised public health outcomes.

The management replied that the HIV grant focuses on prevention for key populations, while treatment services under the Common Management Unit cover

both key and general populations. Preventive services for the general population remain a government priority but are limited by Global Fund funding.

The management accepted the audit observation. Limiting prevention efforts to key populations ignores that 69% of HIV cases are now in the general population, creating strategic and epidemiological risks.

The DAC in its meeting held on 27.01.2026 directed the CMU to take strict measures to realign HIV prevention strategy to address the growing general population burden.

Audit recommends rebalancing HIV testing, surveillance, and treatment efforts to ensure equitable focus on the general population alongside Key Populations. The program should implement systematic mechanisms to identify, test, and enrol general population clients on ART, maintain complete disaggregated data at provincial and national levels, and adjust resource allocation and outreach strategies to reflect the evolving epidemiological profile.

5.17 Limited CMU Capacity for HIV and Incomplete Data Integration Undermining HIV Program Oversight

The National AIDS Control Program (NACP) and the HIV program maintain a dedicated ART Management Information System (MIS) and dashboard that converges all aspects of prevention, testing, and treatment data to support accurate planning, monitoring, and procurement.

Audit observed that the Punjab, which accounts for 55% of the national ART caseload, has not been updating the NACP MIS. The province operates its own separate MIS, which is not linked to the national system. Furthermore, Punjab did not provide disaggregated or categorized ART data, preventing verification of the number of general population clients receiving treatment.

Audit is of the view that incomplete data integration, limited CMU staffing for HIV/AIDS, and lack of standardized reporting create significant risks of stock-outs, delayed treatment, poor program monitoring, and misalignment of resources with actual need.

The staffing at the Common Management Unit (CMU) for HIV/AIDS is limited to only two public health officers, compared to twelve (12) officers for TB and seven (07) for Malaria. This limited human resource capacity constrains effective program oversight, monitoring, and data management.

The management accepted the audit observation and noted for compliance.

The DAC in its meeting held on 27.01.2026 directed the CMU to immediately address HIV staffing capacity gaps and achieve full data integration between CMU systems.

Audit recommends that Punjab fully integrate its MIS with the NACP system, regularly update all ART data, provide disaggregated information for both Key Populations and the general population, and strengthen CMU staffing to ensure effective monitoring, oversight, and evidence-based service delivery.

5.18 Non obtaining of performance security/ bond – PKR 46.540 million

Clause 13(i) of the Tripartite Agreement among Medical Emergency Resilience Foundation (MERF), Directorate of Malaria Control (DOMC) and Indus Hospital and Health Network (IHHN) states that the MERF shall submit a performance bond of 10% of the total value of contract which shall be held when the contract is satisfactory performed.

The CMU entered in a contract agreement of PKR 465,401,450 with MERF for the distribution of the LLINs at 14 districts of the Balochistan, KPK and Sindh.

Audit observed that the management failed to obtain 10% performance bond from the firm, despite this being a mandatory contractual condition.

Audit is of the view that non-obtaining of the performance bond reflects weak contract enforcement and exposes the program to financial and operational risk.

The management replied that Rs. 11,434,025 bid security for the CMU malaria obtained from the vendor dated 23.11.2023. Further, copy of performance security bond (CMU Portion) is attached.

The reply is not tenable. The bid security obtained cannot replace the mandatory 10% performance bond required under the contract. Failure to secure the full performance bond at the time of contract execution exposes the program to significant financial and operational risks.

The DAC in its meeting held on 27.01.2026 directed that responsibility be fixed against person(s) at fault for non-obtaining of performance security.

Audit recommends that responsibility may be fixed for negligence.

5.19 Irregular appointment of LLIN distribution campaign staff at FATA - PKR 162.457 million

According to Annexure-9 of the Tripartite Agreement between DG Health, KPK through Integrated Vector Management Programme (IVMP), Directorate of

Malaria Control and the Indus Hospital dated 01.09.2020, the Directorate of Malaria Control, Islamabad was responsible for recruitment of provincial and district core teams and PPS and distribution teams for the distribution of 1.487 million Long-Lasting Insecticides Nets (LLIN) to 352,000 households in 9 merged tribal districts of KPK. The registration of households was the responsibility of the DG Health office KPK and IVMP Merged Areas.

The CMU incurred an expenditure of PKR 162.457 million on account of payment of remuneration to the 8,376 staff appointed for the distribution of LLIN at Merged Area of KPK. Detail is as under: -

Description	No. of Staff	Amount (PKR)
Community Based Workers	7,106	127,388,000
DT Supervisor	479	13,444,500
PPS Security Guard	393	8,174,000
PPS Supervisor	204	7,102,000
Store Keeper	194	4,422,000
Sub Total	**8,376**	**160,530,500**
Service charges to Telenor @ 1.20%		1,926,366
	Grand Total	**162,456,866**

Audit observed as under:

i. The registration record of households to whom LLINs were provided was not made available to Audit. Hence, the receipt of LLINs by the households could not be verified.

ii. The payment record showed that PKR 25.727 million was paid to individuals who were either absent during the distribution activity or failed to provide the mandatory educational documents required for recruitment.

iii. The recruitment record (advertisement, selection committee, criteria etc.) of the community workers was not available.

iv. The services of Telenor were hired without open competition.

Audit is of the view that in the absence of record, the authenticity of the expenditure could not be ascertained.

The management replied that the physical registration and distribution records were initially stored at a rented warehouse in Peshawar and are now available at the CMU warehouse in Islamabad for audit review. The LLIN campaign in December, 2020

was conducted under exceptional security and geographic constraints, engaging temporary community workers for 7–10 days through district-level committees, with donor-approved waivers for educational certificate requirements. Payments to workers were verified by supervisors and processed digitally. Recruitment records, advertisements, selection criteria, and committee approvals were duly maintained and verified and the services of Telenor were hired through a prior competitive process.

The reply is not tenable. The absence of registration, recruitment and procurement of services record during the audit prevented verification of LLIN distribution and staff legitimacy, indicating serious lapses in transparency, accountability, and compliance with prescribed procedures. Further, the payments made to absent and non-qualified persons were doubtful.

The DAC in its meeting held on 27.01.2026 directed that the matter be probed at Ministry level besides fixing responsibility and provision of record to Audit for scrutiny.

Audit recommends that matter may be probed beside fixing responsibility.

5.20 Lack of Oversight by the Ministry of National Health Services, Regulations & Coordination

As per Section 29 of the Public Finance Act, 2021, a Chief Internal Auditor shall work under the PAO for internal audit of the ministry's operations and attached departments.

Internal audit function should evaluate risk management to assess the effectiveness of the organization's processes for identifying, assessing, and managing risks, improve internal controls to ensure that adequate internal controls are in place to prevent and detect errors, fraud, and other issues. ensure compliance to verify that the organization is complying with laws, regulations, and internal policies and procedures and to enhance operational efficiency by identifying inefficiencies and suggest ways to streamline processes, which can lead to cost savings and increased profitability.

The Controlling Ministry should exercise oversight as a core governance function to ensure that underlying departments, agencies, and initiatives operate effectively, efficiently, and in compliance with laws and policies.

Audit observed that the MoNHSR&C has not so far carried out any internal audit or monitoring and evaluation report of the Common Management Unit since

inception. In fact, the allocation of additional charge to higher officials of the ministries creates conflict of interest, leading to erosion of oversight by the Ministry.

Audit is of the view that non-conducting of Internal Audit by the Ministry is a serious lapse.

The management replied that the Internal Audit Unit in CMU has been established and currently reports to the National Coordinator. As per the Global Fund approved Internal Audit Charter, the Chief Audit Officer is to report functionally to an independent Audit Committee and administratively to the National Coordinator. Formation of the Audit Committee is in process and is expected to be completed in due course.

The reply is not tenable. Oversight by the Ministry remains absent, and delaying the establishment of the Audit Committee undermines independent internal audit, leaving the CMU exposed to operational inefficiencies, weak controls, and lack of accountability.

The DAC in its meeting held on 27.01.2026 directed the Ministry to ensure the timely establishment of an independent Audit Committee and initiate regular internal audits of CMU.

Audit recommends that the Ministry undertake regular internal audits of the CMU be bring operational efficiencies.

5.21 Non-performance of mandatory core functions by CCM Secretariat

Para 21 of the Global Fund Country Coordinating Mechanism (CCM) Policy states that the CCMs shall perform core functions including coordination of funding requests, nomination and monitoring of Principal Recipients, oversight of program implementation, endorsement of program revisions and alignment with national health programs.

Audit observed that CCM Pakistan failed to provide documentary evidence regarding active coordination, informed endorsement of program revisions and systematic alignment with national health strategies were not as either not available.

Audit is of the view that non-performance of mandatory functions weakened national stewardship over Global Fund-financed programs and exposed substantial donor resources to inefficiency, misalignment and weak accountability.

The management replied that since 2020, the Global Fund has invoked the Additional Safeguard Policy (ASP) for Pakistan, under which fiduciary powers are

centralized with the Global Fund. This includes enhanced monitoring through Local Fund Agents, mandatory independent audits, and tighter reporting requirements. While the CCM continues to provide oversight and coordination, its authority is limited compared to normal grant management arrangements in other countries, with key decisions, including financial disbursement, program implementation, and appointment of Principal Recipients, directly controlled by the Global Fund Secretariat.

The reply is not relevant. The invocation of the Additional Safeguard Policy by the Global Fund does not absolve CCM Pakistan from performing its core functions.

The DAC in its meeting held on 27.01.2026 directed the CCM to effectively coordinate funding requests, monitor Principal Recipients, oversee program implementation, and endorse program revisions. Additionally, CCM must ensure alignment with national health programs, maintaining detailed documentation of these activities and ensuring timely follow-up on all actions.

Audit recommends that CCM Pakistan should establish performance benchmarks for its members and Secretariat and ensure active execution of all mandatory core functions.

5.22 Non-provision of selection record of the Principal Recipients and Sub-Recipients

Eligibility Requirement 2 of the CCM Policy requires nomination of Principal Recipients through a transparent, documented process based on clearly defined and objective criteria, with proper management of conflicts of interest.

Para 62 of the Section 3.2.2 of the Global Fund Financial Management Handbook for Grant Implementers, 2017, states that the Sub-recipients should be selected by the Principal Recipients and validated by the Country Coordinating Mechanism, to implement all or parts of a program. The Principal Recipient is however ultimately responsible for the performance of sub-recipients and any of their actions or omissions, as if they were its own. Contracting with a sub-recipient does not release the Principal Recipient from its obligations to the Global Fund.

Audit observed that CCM Pakistan did not provide complete documentary evidence of transparent and objective processes for nomination and continuation of Principal Recipients and Sub-Recipients. Records of evaluation criteria, scoring, decision rationale and conflict of interest management were not available.

Audit is of the view that non-transparent PR and SR nominations exposed large-scale Global Fund financing to heightened fiduciary risk, including potential favouritism, inefficiency and mismanagement.

The management replied that the Sub-Recipients have been in place since the inception of Global Fund grants, and no new Sub-Recipients were added to the Common Management Unit during the period under audit.

The reply is not relevant. The longstanding presence of Sub-Recipients does not excuse CCM Pakistan from maintaining complete records of their nomination, evaluation criteria, decision rationale, or conflict of interest management.

The DAC in its meeting held on 27.01.2026 directed the CMU to comply with Global Fund guidelines for selection of PR/SR besides provision of selection record of PR/SR to Audit for scrutiny.

Audit recommends that CCM Pakistan should standardize and document PR/ SR nomination procedures, ensure objective evaluation, and strictly enforce conflict of interest controls in all nomination processes.

5.23 Failure to install nine (09) incinerators by UNOPS – PKR 553.462 million (USD 1.977 million)

According to the Grant Confirmation dated 04.08.2021 between the Global Fund and the National TB Control Programme (PR), USD 102.881 million was allocated under the COVID-19 Response Mechanism (C19RM).

The CMU entered into an agreement with United Nations Office for Project Services (UNOPS) on 06.11.2024, for installation of nine (09) incinerators to strengthen the hospital waste management system, for USD 1.977 million to be completed by the end of 2025. Details are as under:

Description	Amount (USD)
Procurement of Incinerators (A)	**1,147,739**
Services for Waste Management Activities Environment impact assessment and construction on incinerators infrastructure including operator room, yellow room etc. (total 10 sites)	559,284
Personnel Project Manager, Deputy Project Manager and Associate Civil Engineer	105,745
Operations Vehicle rent and fuel, Office rent and common services and Travel and communication	95,113
DNP	15,000

Management Fee	54,260
Total (B)	**829,402**
Grand Total (A+B)	**1,977,141**

Audit observed that the payment of USD 1,977,141 has been made to UNOPS but the nine (09) incinerators have not been installed till now.

Audit is of the view that the non-installation of nine (09) incinerators within the approved timelines reflects weak implementation of C19RM interventions and undermines the program objective of waste management system in the hospitals.

The management replied that the non-installation of the nine incinerators within the original timeline was primarily due to late site possession for the final batches of sites, which compressed the construction schedule. Installation is dependent on completion of permanent civil works, and a formal Amendment No. 02 to the project agreement has been signed with UNOPS, establishing a time-bound plan to complete structural works, finishing, equipment installation, and commissioning by June, 2026. Coordination with regulatory authorities, including OGRA approvals for LPG cylinders, is being expedited to ensure timely and compliant completion.

The reply is not fully tenable. Payment of USD 1.977 million was made, yet none of the nine incinerators have been installed within the original timeline.

The DAC in its meeting held on 27.01.2026 directed that CMU must monitor incinerator installation with progress reports to the Ministry including structural completion percentages, and equipment delivery status; all nine incinerators must be fully operational by 30.06.2026 under intimation to Audit.

Audit recommends that UNOPs and CMU develop a time-bound action plan to install the incinerators and fix responsibility for prolonged delays.

5.24 Loss due to expiry of donor funded medicines – USD 2.197 million (PKR 468 million on USD-PKR parity)

Section 3.4(a) of the Supply Chain Management Policies and Procedural Manual states that proper inventory management and storage shall be secured to ensure the quality of products is guaranteed all along the distribution channel up to the end-beneficiary.

Section 3.2, Policy (g) of the manual mandates that the buffer stock of pharmaceuticals shall be maintained as suggested by the WHO/Program to prevent overstocking and expiries.

The management of the Common Management Unit (CMU) provided a statement of expired medicines of TB and HIV during Grant Cycles 4, 5 and 6. Details are as under:

Year	USD to PKR Rate at Year End	USD Value of Expired Medicine	Total Value Expired (PKR)
2017	112.44	30.00	3,373.09
2018	139.85	6,182.44	864,615.47
2019	166.90	39,805.31	6,643,328.63
2020	169.07	157,854.74	26,688,694.55
2021	191.13	1,078,983.43	206,225,978.89
2022	234.93	698,241.11	164,036,422.40
2023	298.05	215,918.40	64,354,300.99
	TOTAL	**2,197,015.43**	**468,816,714.01**

The grant cycle expiries, shown separately for TB and HIV, are as below: -

Grant Cycle	Name of Program	Amount (USD)
GC-4	TB – FLD	30
GC-5	TB – SLD	25,842
	HIV	21,820
	TB – FLD	156,180
GC-6	TB – SLD	1,251,930
	HIV	348,971
	TB – FLD	392,241
Total		**2,197,014**

Audit observed that the medicines were expired either at PR or SR warehouses.

Audit is of the view that the Government suffered a loss due to negligence of the management and deprived the patients from the due right of their treatment.

The management replied that medicine expiries occur due to multiple factors, primarily changes in international and national treatment guidelines issued by WHO and other relevant forums, which countries are required to follow. Approximately 60% of the expired stock was due to regimen changes, while the remaining 40% resulted from lower-than-expected case enrolments during COVID-19 (2020–2021) and low uptake of new initiatives like TB preventive treatment, especially in paediatric patients. Medicines are procured based on projected case enrolment through a formal biannual quantification process, approved by the CMU management and reviewed by the Global Fund, with a procurement lead time of 8–20 months.

The reply is not tenable. While guideline changes and COVID-related low enrolments contributed partially, the high volume of expiries indicates weak inventory management, inadequate monitoring of stock levels, and failure to adjust procurement in a timely manner.

The DAC in its meeting held on 27.01.2026 directed that a comprehensive report containing reasons for the expiry of medicines be prepared and shared with Audit through Ministry. Further, DAC directed that strict measures be taken to avoid such lapses in future.

Audit recommends that matter be inquired and responsibility be fixed.

5.25 Deduction of grant due to unauthorized expenditure – USD 3.090 million (PKR 865 million PKR)

Section 3.4(m) of the Finance and Accounting Manual of the Common Management Unit (CMU) states that any unapproved or unbudgeted financial flow will be declared ineligible and recoverable from the implementing partner.

Regulation 3.5 (3) of the Grant Regulations, Version 1 states that that for any Program implemented in a Host Country, irrespective of whether or not the Principal Recipient or Sub-recipient concerned is a Government Entity:

(i) should there be taxes levied and paid out of the Grant Funds by any Principal Recipient or Sub-recipient, the Host Country shall refund the amount of such taxes to the Global Fund in a form and manner acceptable to the Global Fund

(ii) despite the request of the Global Fund, should the Host Country fail to refund in full such taxes levied or paid, the Global Fund shall have the right to:

(x) withhold further Disbursements for the Programs implemented in such Host Country until such tax amount is fully refunded in a form and manner acceptable to the Global Fund, and/or

(y) **deduct twice the amount of the taxes paid** from further disbursement(s) for any Program implemented in, or from future funding allocated to, such Host Country.

The Common Management Unit (CMU) incurred an expenditure of USD 1.545 million on account of tax payments, loss in a fire incident at a Sub-Recipient (SR) and consumption of POL on CMU vehicles. Details are as under:

No.	Description	Amount (USD)
1	Taxes	1,381,017
2	Fire Incident	98,355
3	Procurement	25,756
4	Duplicate LLINs	18,736
5	Fuel and Maintenance of Vehicle(s)	3,337
6	Others	17,870
Total		**1,545,071**

Audit observed that the aforementioned expenses were not adjusted by the CMU and were subsequently adjusted by the GF, double the amount, from Pakistan's future grant disbursements i.e. GC-7.

Audit is of the view that incurrence of ineligible / unauthorized expenditures put an extra burden on public exchequer due to non-compliance with the Finance and Accounting Manual and indicates weak financial management controls on the part of CMU.

The management replied that that the expenditures cited are primarily taxes, fire loss, and fuel/maintenance were legitimate and incurred in compliance with local laws and operational requirements. Taxes were predominantly paid by private Principal Recipients as per Pakistan's tax regulations, and CMU continues to secure exemptions where applicable through the Economic Affairs Division and Federal Board of Revenue.

The reply is not tenable. The expenditures, including taxes, fire loss and vehicle POL, were found to be non-compliant as per the Global Fund guidelines making them ineligible under CMU's Finance and Accounting Manual. Regardless of the audit period, such unapproved spending reflects weak financial controls and resulted in an avoidable deduction from Pakistan's future grant allocations, burdening the public exchequer.

The DAC in its meeting held on 27.01.2026 directed that non-tax ineligible expenditures be recovered from the concerned under intimation to Audit beside verification of tax exemption record.

Audit recommends that responsibility be fixed for negligence.

5.26 Expenditure on account of POL and repair and maintenance of vehicles without supporting record – PKR 75.690 million

Article 7.1 of the Global Fund Regulation, 2014 states that for each Program, the Grantee shall take all appropriate and necessary actions to ensure that the Principal

Recipient and each of its Sub-recipients respectively maintain Program Books and Records in accordance with the internationally recognized accounting standards in the Host Country, and such Program Books and Records shall, among other things, properly register the name of the beneficiary and the purpose for each payment and allow for full reconciliation of expenditures with sufficient supporting documentation. All Program Books and Records must be kept for at least seven years after the date of the last disbursement under the Grant Agreement or for such longer period as may be required by the Global Fund.

The CMU incurred an expenditure of PKR 75.690 million on account of POL and repair and maintenance of vehicles during the grant cycle 4,5 and 6. Detail is as under:

Program	Period			Total (PKR)
	GC-4	GC-5	GC-6	
TB	8,144,516	15,615,003	29,719,673	53,479,192
Malaria	2,087,943	2,422,797	3,127,855	7,638,595
HIV	2,914,789	5,925,643	5,732,690	14,573,122
Total	**13,147,248**	**23,963,443**	**38,580,218**	**75,690,909**

Audit observed that the CMU did not provide **vehicle log books**, **movement registers**, or other supporting documentation required to confirm the utilization of the vehicles for grant related activities.

Audit is of the view that in the absence of supporting record the authenticity of expenditure could not be ascertained. It was a violation of the Global Fund Regulation, 2014.

The management replied that due to the age-old and extensive records recovered from the warehouse dump, it took longer to provide the records at once. Further, vehicle log books are fully maintained, signed by drivers and officials, and supported by transport requisition slips for both local and out-of-city travel. POL and maintenance entries are recorded, and the log books are verified monthly through internal audits. Each vehicle has a separate maintenance file, and fuel issuance records are also available for review. All records are now available for verification.

The reply is not tenable. Despite claims of record maintenance, vehicle log books and movement registers were not produced during the currency of audit. Although, various written and verbal requests were made for provision of record.

The DAC in its meeting held on 27.01.2026 directed that responsibility be fixed for non-provision of record at the time of audit. DAC further directed that complete record be provided to Audit for scrutiny.

Audit recommends that matter be probed besides fixing of responsibility for non-provision of record against the person(s) at fault.

5.27 Non-imposition of penalty due to non-delivery of laptops – PKR 24.155 million

Clause 4 of the Contract Agreement signed between National Tuberculosis Control Programme (NTP), Common Management Unit and M/s Colts Engineering LLP, Islamabad on 18.03.2022 states that the supplier shall deliver all goods at mentioned place of delivery in original packing, valid warranty / service cards, product catalogue / manual along with delivery challans and invoices.

Serial No. i of the work order issued to the M/s Colts Engineering LLP, Islamabad dated 17.03.2022 for procurement and supply of 1,464 laptops states that the laptops will be delivered within 90 days to the CMU Central Warehouse at Chak Shehzad, Islamabad.

Serial No. ii of the work order issued to the M/s Colts Engineering LLP, Islamabad dated 17.03.2022 states that if not delivered within the specified period, a penalty @ 1% per week up to 5 weeks and then @ 2% per each subsequent week up to 10 weeks shall be imposed and after that, the order will be cancelled and bid performance guarantee will be forfeited to program accounts and the firm will be black listed.

The CMU floated a tender for procurement and supply of 1,464 laptops vide advertisement dated 06.11.2021. Five firms participated in the bidding process out of which three (03) firms were technically qualified after as per the technical evaluation report dated 20.01.2022. Later, financial bids were opened on 03.02.2022 in which M/s Colts Engineering LLP, Islamabad (the supplier) was the lowest bidder. The contract for procurement and supply of 1,464 laptops worth PKR 241,545,360 was awarded to M/s Colts Engineering LLP, Islamabad.

Audit observed as under:

i. The supplier failed to deliver 1,464 laptops within the stipulated time, i.e. 15.06.2022, rather it provided only 41 laptops.

ii. CMU cancelled the purchase order on 09.09.2022 but on supplier's request, issued a revised purchase order on 21.11.2022 without invoking the contractual penalty mechanism.

iii. The supplier again failed to supply the laptops after the revised order. Despite non-performance, CMU made payment of PKR 6,929,580 for only 41 delivered laptops vide cheque dated 27.12.2022.

iv. CMU neither imposed the applicable penalty nor encashed the 10% Performance Guarantee amounting to PKR 24,154,536 nor proceeded with blacklisting of the supplier as mandated.

Audit is of the view that undue favour was extended to the supplier due to non-imposition of penalty and non-encashment of performance guarantee.

The management replied that partial delivery of 42 laptops was accepted and paid without penalty under Clause 3 of the revised Purchase Order dated 21.11.2022, which allowed partial delivery. The revised PO was issued due to a typographical error in the original PO and was processed with due approvals. The remaining laptops were subsequently provided in kind by the Global Fund. Non-forfeiture of the Performance Guarantee occurred due to delay by the concerned Procurement Officer; however, the Performance Guarantee is still available with CMU and the case is being reinitiated for decision on forfeiture and fixing of responsibility.

The reply is not tenable. Contractual penalties, including forfeiture of Performance Guarantee and blacklisting, were mandatory upon non-delivery within stipulated timelines.

The DAC in its meeting held on 27.01.2026 directed the CMU to reinitiate penalty proceedings against M/s Colts Engineering LLP and to forfeit the full performance guarantee for non-delivery of 1,423 laptops; CMU must also fix responsibility through internal inquiry.

Audit recommends that the matter be probed at an appropriate level and responsibility be fixed besides recovery from the supplier and initiation of blacklisting proceedings.

5.28 Loss to public exchequer due to unauthorized expenses – PKR 28.031 million

Section 3.4(m) of the Finance and Accounting Manual of the Common Management Unit (CMU) states that any unapproved or unbudgeted financial flow will be declared ineligible and recoverable from the implementing partner.

Regulation 3.5 (3) of the Grant Regulations, Version 1 states that that for any Program implemented in a Host Country, irrespective of whether or not the Principal Recipient or Sub-recipient concerned is a Government Entity:

(i) should there be taxes levied and paid out of the Grant Funds by any Principal Recipient or Sub-recipient, the Host Country shall refund the amount of such taxes to the Global Fund in a form and manner acceptable to the Global Fund

(ii) despite the request of the Global Fund, should the Host Country fail to refund in full such taxes levied or paid, the Global Fund shall have the right to:

(x) withhold further Disbursements for the Programs implemented in such Host Country until such tax amount is fully refunded in a form and manner acceptable to the Global Fund, and/or

(y) deduct twice the amount of the taxes paid from further Disbursement(s) for any Program implemented in, or from future funding allocated to, such Host Country.

The Ministry of National Health Services, Regulations and Coordination released funds of PKR 28.031 million in favour of three programs i.e. HIV/AIDS, Tuberculosis and Malaria. Details are as under:

Name of Program	Account number	Amount (PKR)
National TB Program	PK39NBPA1654003018290019	24,688,893
Directorate of Malaria Control	PK06NBPA1654003018282368	196,223
National AIDS Control Program	PK98NBPA1654004018306868	3,145,884
Total		**28,031,000**

Audit observed that the Ministry made the said payment in lieu of ineligible / unauthorized expenditure of Common Management Unit and the expenditure was met through Technical Supplementary Grant during 2020-21 approved by the ECC.

Audit is of the view that incurrence of ineligible / unauthorized expenditure by the CMU reflects weak financial discipline and poor adherence to Global Fund cost eligibility requirements. Moreover, meeting this irregular expenditure through a Technical Supplementary Grant shifted the financial burden onto the public exchequer.

The management replied that the ineligible expenditures pertain to the period 2015–17 when the three vertical programs were operating independently. The matter was settled by the Ministry in 2021 through a Technical Supplementary Grant in the larger interest of program continuity. According to the PRs, the declaration of these expenditures as ineligible by the Global Fund was not justified, as some amounts

related to salaries paid under valid employment contracts and essential program activities.

The reply is not tenable. The Global Fund formally declared the expenditure ineligible, regardless of period or PR opinion. Settlement through a Technical Supplementary Grant shifted the burden to the public exchequer instead of recovery from responsible entities.

The DAC in its meeting held on 27.01.2026 directed that the ineligible expenditure be recovered from the concerned and deposited into Government treasury under intimation to Audit.

Audit recommends that the Ministry ensure recovery of ineligible / unauthorized expenditure from accountable officers/entities in accordance with financial rules.

5.29 Overpayment and lack of supporting documentation in LLIN distribution by MERF – PKR 20.771 million

Clause 9 (i) of the Tripartite Agreement between Directorate of Malaria Control (DOMC), Indus Hospital and Health Network (IHHN) and Medical Emergency Resilience Foundation (MERF) states that MERF will manage distribution of LLINs to the registered household @ PKR 155 each in lieu of expenses incurred for performance of contract. Accordingly share of DOMC will be PKR 114,340,245 and IHHN contribution amounts to PKR 351,061,205 the sum of which is PKR 465,401,205 subject to actual number of LLINs distributed.

Clause 10 (ii) of the Tripartite Agreement between Directorate of Malaria Control (DOMC), Indus Hospital and Health Network (IHHN) and Medical Emergency Resilience Foundation (MERF) states that if number of activities are not carried out or LLIN are not distributed as per plan due to any unforeseen circumstances, MERF is responsible to return the amount on pro rata basis calculated on the number of undistributed bed nets.

The CMU, Islamabad paid an advance of PKR 68.603 million to MERF for the distribution of 737,679 LLIN to the registered household at the rate PKR 155 per LLIN at two districts of Balochistan and one district of Sindh. Detail is as under:

District	Number of LLIN to be distributed	Amount payable @ PKR 155 per unit
Awaran (Balochistan)	48,941	7,585,855
Lasbela (Balochistan)	185,004	28,675,775
Thatta (Sindh)	503,734	78,078,770
Total	**737,679**	**114,340,400**

Audit observed as under:

i. MERF distributed 308,597 LLINs in Awaran and Lasbela. Against this distribution, an amount of PKR 47,832,535 was adjustable from the advance payment of PKR 68,603,827 resulting in an overpayment of PKR 20,771,292.

ii. The acknowledgment coupons of the distribution of 308,975 LLINs to households at Awaran and Lasbela were not available.

iii. The MERF did not return 503,734 undistributed LLINS at Thatta.

iv. Neither the record of hiring MERF's services was available, nor were the LLIN distribution and payment records of the Indus Hospital and Health Network, amounting to PKR 351.230 million, provided.

Audit is of the view that non-recovery of overpayment, lack of supporting documentation and acknowledgment coupons reflect weak internal controls, hence the authenticity of expenditure cannot be ascertained.

The management replied that the overpayment and missing documentation relate to exceptional circumstances during the LLIN distribution. Approximately 600,000 LLINs for Thatta were taken over by PDMA Sindh on official orders, which MERF cited as a Force Majeure event. CMU has made 60% of payments for completed work and is coordinating with MERF and a third-party audit firm to verify actual expenses and determine recoverable amounts. All digital and physical distribution records for Awaran and Lasbella are maintained and submitted to the Audit team, while IHHN records are directly reported to the Global Fund. The final settlement with MERF is ongoing under guidance from the Global Fund.

The reply is not tenable. The management's defense that PDMA's intervention caused non-distribution does not absolve CMU of its contractual and fiduciary responsibilities. Significant unresolved settlements leave large amounts exposed, undermining accountability and program integrity. Critically, the claim that all relevant records were submitted to audit is incorrect—essential registration and coupon documentation was not available during the audit, preventing proper verification. Further, audit observation at serial 4 was not responded.

The DAC in its meeting held on 27.01.2026 directed that the matter be inquired at Ministry level besides fixing responsibility.

Audit recommends that recovery be made under intimation to Audit besides provision of complete record for scrutiny.

5.30 Negligence of CMU by receiving medicines with short shelf life – PKR 41.504 million (USD 147,806)

Para 3.2.2 (r) of the Global Fund Warehouse and Inventory Management Policies and Procedural Manual, 2022 states that at the time of receiving supplies at the warehouse, the minimum shelf life of international procurement (drugs and pharmaceuticals) should be 70% and, for national supplies, it should be 80%. Supplies with below 70% & 80% shelf life shall not be accepted. Warehouse Assistant (WA) and Store Officers (SOs) shall be responsible to report such cases immediately to the Manager Warehouse & Distribution (MW&D) for management decision.

The management of CMU, Islamabad received medicines worth PKR 41,503,597 from the Global Fund in kind during the Grant Cycles 5 and 6. Detail is as under:

No.	Domain	Product name	Receiving date	Exp Date	Shelf Life (%)	Quantity	USD	PKR
1	HIV	Determine Combo Kit HIV	17.10.2024	02.04.2025	29	55,300	49,770	13,975,416
2		Determine Combo Kit HIV	17.10.2024	03.03.2025	26	14,700	13,230	3,714,984
4	TB Diagnostic	Migit 960 Sire Kit	23.10.2018	06.06.2019	65	31	2,253	632,642
6		OADC Middle brook kit	23.10.2018	30.05.2019	63	30	1,974	554,299
13	TB Second Line Drugs	Capreomycin 1gm Inj	10.10.2017	01.09.2019	65	47,250	2,483	697,179
15		H-300mg	23.07.2018	01.05.2020	69	104,160	14	3,793
16		E-tab 400mg	07.03.2019	01.07.2021	66	301,056	90	25,254
17		Levofloxacin 100 mg	23.06.2020	01.08.2021	58	54,000	32,470	9,117,576
18		Moxifloxacin 100mg	23.06.2020	01.08.2021	58	4,800	2,040	572,832
19		Cyclomerize 125 mg	29.09.2020	01.11.2021	57	98,500	38,378	10,776,402
20		Bedaquilline 20mg	14.10.2021	01.11.2022	55	6,660	1,711	480,311
21		Bedaquilline 20mg	14.10.2021	01.01.2023	64	6,660	3,344	939,116
22		Clofazimine 50 mg	07.03.2022	01.03.2023	51	11,000	49	13,793
Total							**147,806**	**41,503,597**

Audit observed that medicines received amounting to PKR 41.504 million (USD 147,806) during Grant Cycles 5 and 6, had remaining shelf life far below the prescribed limits. Examination of records further revealed that 40% of these short shelf-life medicines later expired (amount included in the observation on expiry of medicines), indicating a complete breakdown of inventory management at the receipt and storage stages. Alarmingly, medicines valuing PKR 273,000 (USD 975) were received in an already expired condition, demonstrating blatant violation of Global Fund policies and fundamental warehouse management principles.

Audit is of the view that acceptance of expired and near-expired medicines not only represents unlawful receipt of unusable health commodities, but also exposes the program to wastage of donor resources, risks to patient safety, and potential audit objections from the donor. The failure to detect and prevent the receipt of expired stock reflects serious negligence and weak internal controls within CMU's warehouse and supply chain management processes.

The management replied that CMU receives international in-kind medicines based on PR requests, with procurement lead times of 8–20 months. Some batches inherently have short shelf life due to global availability constraints of WHO-prequalified products. Acceptance of such stock was essential to prevent stockouts and ensure uninterrupted services. HIV test kits received on 17.10.2024 with expiry in March–April, 2025 were centrally procured by UNDP; CMU merely received and prioritized rapid distribution to high-consumption sites to minimize expiry risk. All measures were taken to optimize utilization, and CMU had no role in vendor selection or expiry determination.

The reply is not tenable as management's claim does not absolve CMU of responsibility. Acceptance of medicines with critically short shelf life and even already expired stock demonstrates weak internal controls and negligence in warehouse management. Reliance on PR requests or global supply constraints does not justify violation of Global Fund policies or risk to patient care.

The DAC in its meeting held on 27.01.2026 directed that the matter be inquired at Ministry level besides fixing responsibility.

Audit recommends that matter be probed beside fixing responsibility.

5.31 Non-appointment of Regular National Coordinators

Serial No. 1 of the Sub-Annexure VIII-II of the PC-I titled "Strengthening Common Management Unit for AIDS, TB and Malaria for an accelerated response to control the three diseases in Pakistan" states that a National Coordinator CMU – PPS-10 having the following qualification be appointed:

i. MBBS/BDC (Recognized by PMC/PMDC)
ii. Postgraduate Higher Diploma in Medical Faculty / Public Health with 10-years' experience in the relevant field OR Postgraduate Lower Diploma in Public Health with 15 years' experience.

Section 2.1(b) of the Finance and Accounting Manual of the Common Management Unit (CMU), Ministry of National Health Services, Regulations & Coordination

stipulates that the National Coordinator (NC) shall be responsible for overall program leadership, strategic oversight, and ensuring continuity in financial and operational management of Global Fund.

The management of the CMU provided a list of National Coordinators working in the CMU since 2016. Details are as under:

No.	Name of Officer	Designation	From	To
1	Dr. Nasir Mahmood Khan	Medical Superintendent, TB Hospital, Samli, Murree	15.07.2016	08.01.2018
2	Maj. Gen. Prof. Aamer Ikram	Executive Director, NIH, Islamabad	08.01.2018	17.07.2019
3	Dr. Rana Muhammad Safdar	Director General, M/o NHSR&C	18.07.2019	06.04.2021
4	Dr. Bushra Jamil Ali	Associate Professor and Head Infectious Diseases, AKU	06.04.2021	04.10.2021
5	Muhammad Bashir Khetran	Joint Secretary, M/o NHSR&C	04.10.2021	20.06.2022
6	Mr. Iftikhar Ali Shallwani	Special Secretary, M/o NHSR&C	21.06.2022	26.06.2022
7	Dr. Ejaz Qadeer	Executive Director, PIMS, Islamabad	27.06.2022	31.08.2022
8	Engr. Zulfiqar Ali Bhatti	Joint Secretary, M/o NHSR&C	01.09.2022	03.10.2022
9	Mr. Mustafa Jamal Kazi	Joint Secretary (Hospitals), M/o NHSR&C	04.10.2022	23.08.2023
10	Mr. Kamran Rehman Khan	Additional Secretary, M/o NHSR&C	23.08.2023	4.10.2023
11	Dr. Mirza Ali Mahsud	Senior Joint Secretary (Hospitals), M/o NHSR&C	04.10.2023	21.11.2023
12	Dr. Razia Kaniz Fatima	National Coordinator	21.11.2023	06.08.2024
13	Dr. Qasim Abbas	Director (Medical), M/o NHSR&C	12.08.2024	29.05.2025
14	Mr. Laeeq Ahmad	Additional Secretary, M/o NHSR&C	10.06.2025	To Date

Audit observed that no regular National Coordinator (NC) at CMU was appointed despite lapse of ten (10) years. Further, fourteen (14) NCs were posted on ad hoc basis with an average period of less than one year, with some incumbents serving for only a few months.

Audit also observed that designation of career bureaucrats, who do not fulfil the requirements of the position of the National Coordinators, shows lack of oversight by the Ministry and a potential conflict of interest.

Audit is of the view that repeated short-term changes in key leadership positions reflect institutional instability and weak governance practices, undermining long-term program sustainability and donor confidence.

The management replied that the interviews for the position of National Coordinator were conducted on 14.01.2026 and the post is expected to be filled on a permanent basis shortly.

The management accepted the audit observation.

The DAC in its meeting held on 27.01.2026 directed that CMU must expedite permanent National Coordinator appointments to ensure program continuity and governance stability.

Audit recommends that a regular National Coordinator who fulfils the requirements as mentioned in the PC-I, and possesses requisite experience, be appointed as the NC.

5.32 Irregularities in award of tender – PKR 211.421 million

Rule 36(v) of PPRA, 2004 states that the procuring agency shall evaluate the technical proposal in a manner prescribed in advance, without reference to the price and reject any proposal which does not conform to the specified requirements.

Rule 36(vi) of PPRA, 2004 states that during the technical evaluation, no amendments in the technical proposal shall be permitted.

Para C.1 of the Chapter 4 of the Procurement Manual, 2010 states that the vendor registration process shall be a mandatory process for all the vendors wishing to supply material or services to NTP and shall be performed by procurement supply Manager.

Para D of the Chapter 6 of the Procurement Manual, 2010 states that procurement shall only be made through registered vendors.

Para C (2) (1) of the Chapter 7 of the Procurement Manual, 2010 states that Secretary Health shall approve committees for procurement of good/service of value exceeding PKR 10.000 million in consultation with National Manager of the programme.

The management of CMU, Islamabad floated a tender in national newspapers dated 15.02.2021 for transportation of pharmaceutical items to different parts of Pakistan. The last date for submission of bid was 03.03.2021 which was extended up to 11.03.2021. The contract was awarded to M/s International Cargo, Rawalpindi on

01.07.2021. An expenditure of PKR 211,420,675 was incurred on transportation of pharmaceutical items, during the Grant Cycle 6. Detail is as under:

Description	Amount (PKR)
TB	185,533,957
Malaria	13,837,663
HIV – AIDS	12,049,055
Total	**211,420,675**

Audit observed as under:

i. M/s International Cargo initially secured 65% marks, which were below the qualifying threshold of 70% but the Technical Committee declared the firm responsive and allowed it to participate in the financial evaluation. Further, the supporting record on the basis of which the Technical Evaluation Report was prepared was not available.
ii. The firm was not registered with CMU which was violation of the Para C (1) and Para D of the Procurement Manual, 2010.
iii. The Committees of procurement were not made with the approval of the Secretary Ministry of Health Services, Regulations and Coordination.
iv. The authority to sign the contract rested with the Secretary Health; however, the contract was unlawfully signed by the National Coordinator without proper authorization. Furthermore, the then National Coordinator amended the contract within two months of its execution and just four days prior to the expiry of his/her additional charge, without obtaining the mandatory approval of the Secretary Health.

Audit is of the view that the award of contract to a technically non-responsive firm was a breach of the Public Procurement Rules, 2004, resulting in misprocurement.

The management replied that the technical bids were re-evaluated and only bidders meeting the qualifying threshold proceeded for financial evaluation. They claimed that participation of unregistered vendors was permissible in open competitive bidding and that all committees and approvals were in line with CMU procedures, citing the 2022 Procurement Manual. The Global Fund and LFA reviewed the process before the contract was awarded by the National Coordinator.

The reply is not tenable. The procurement was conducted in 2021, making the 2022 Manual references irrelevant. The contract was awarded to a technically non-responsive and unregistered vendor, required committees were not properly

constituted and approved by the then Secretary Health. Further, the National Coordinator exceeded authority by signing and amending the contract.

The DAC in its meeting held on 27.01.2026 directed that a fact-finding inquiry be conducted at the Ministry level besides fixing responsibility under intimation to Audit.

Audit recommends that responsibility may be fixed for the irregularity.

5.33 Issuance of Technical Acceptance Certificates (TACs) of pharmaceutical products without lab test – PKR 18,543.274 million

Para 3.2.2 (ff) of the Global Fund Warehouse and Inventory Management Policies and Procedural Manual, 2022 states that for disease wise pharmaceutical products, Technical Inspection Committee, has the right to conduct efficiency / and potency checking through United Nation (UN) prequalified labs and Government Labs. Based on the result, products are either accepted or rejected or further quarantined.

The management of CMU, Islamabad received 400 consignments of pharmaceutical products of PKR 18,543.274 million during the Grant Cycles 4, 5 and 6. Detail is as under:

No.	Grant Cycle	Program	Amount (PKR)
1	GC-04	TB	2,371,113,033
		Malaria	90,058,752
		HIV	189,515,262
2	GC-05	TB	3,810,505,248
		Malaria	193,230,767
		HIV	1,003,479,678
3	GC-06	TB	9,494,912,861
		Malaria	1,301,893,468
		HIV	88,564,926
Total			**18,543,273,995**

Audit observed that the Technical Inspection Committee issued Technical Approval Certificates (TACs) for consignments of pharmaceutical products **without conducting the mandatory laboratory testing**. As per requirement, disease-specific products were to be tested through UN-prequalified or government-designated laboratories to verify their efficacy and potency. However, no supporting laboratory reports or evidence of quality verification were available on record. Furthermore, no special approvals authorizing the bypassing of laboratory testing were available.

Audit is of the view that issuing TACs without conducting required laboratory tests undermines the internal control framework and increases the risk of substandard medicines distributed to end users.

The management replied that the Technical Inspection Committee may conduct efficiency or potency checks through UN-prequalified or government labs, but it is not mandatory. TACs were issued based on WHO-prequalified manufacturer test reports, DRAP NOCs, and physical inspection of the products. Re-testing is only initiated in case of physical damage, shipping compromise, or temperature breach. All consignments were pre-tested, approved by WHO labs, and documents submitted to DRAP, ensuring verification at receipt.

The reply is not tenable as the management's reliance on WHO-prequalified supplier reports and DRAP NOCs without conducting any local lab testing violates the safeguards in Clause 3.2.2(ff) of the Warehouse Manual. The Technical Inspection Committee is required to document acceptance, rejection, or quarantine decisions based on efficiency/potency checks.

The DAC in its meeting held on 27.01.2026 directed the CMU to take measures to enforce mandatory potency/efficiency testing for all pharmaceutical consignments through UN-prequalified labs before TAC issuance and any exception should have written risk assessment reports.

Audit recommends that matter may be probed beside fixing responsibility against the person(s) by passing mandated quality verification steps.

5.34 Unauthorized opening of bank accounts and non-utilization of funds – PKR 2,400.137 million

Para 1.3 of the Global Fund, Finance and Accounting Policies and Procedural Manual, 2022 states that where there is a conflict between the provisions of the Manual and the mandatory provisions of the laws of Pakistan, the law in that particular respect shall prevail; however, where the laws of Pakistan either do not address a subject or do not provide mandatory provision in relation to a matter, then the provisions of the Manual shall prevail.

Para 3.5.1 of the Global Fund, Finance and Accounting Policies and Procedural Manual, 2022 states that no bank account shall be opened/closed unless with the prior approval of the Secretary Ministry of National Health Services, Regulations and Coordination or any person designated by the Secretary Ministry of National Health Services, Regulation and Coordination.

The management of CMU, Islamabad provided list of bank account maintained by the CMU (Principal Recipient) and Implementing Partners (Sub-Recipients) during the Grant Cycle 4, 5 and 6. Detail is as under:

No.	Name of Sub-Recipient	Bank Name	Account Number	Balance as on 31.12.2023
1.	Directorate of Malaria Control Program	National Bank of Pakistan	PK74NBPA0341003035183666	982
2.		National Bank of Pakistan	PK06NBPA1654003018282368	249,009,418
3.	National TB Control Program	National Bank of Pakistan	PK39NBPA1654003018290019	1,948,224,268
4.		Telenor Micro Finance Bank Ltd	PK54TMFB9999002008415393	7,707,969
5.	National AIDS Control Program	National Bank of Pakistan	PK72NBPA1654003018290395	1,303,755
6.		National Bank of Pakistan	PK98NBPA1654004018306868	1,000
7.	Provincial TB Control Program Punjab	National Bank of Pakistan	PK29NBPA1857003068991552	22,129,956
8.	Provincial TB Control Program KP	National Bank of Pakistan	PK23NBPA1759003011735908	48,024,929
9.	Provincial TB Control Program Sindh	National Bank of Pakistan	PK38NBPA2031003147694698	2,958,578
10.	Provincial TB Control Program Balochistan	National Bank of Pakistan	PK39NBPA0051003026585196	7,990,128
11.	Nai Zindagi Trust (NZT)	Meezan Bank Limited	PK23MEZN000301016883520	1,424,385
12.	Association for Social Development (ASD)	Bank Alfalah Limited	PK71ALFH0137001002770819	1,250,300
13.	Association for Community Development (ACD)	Habib Bank Limited	PK66HABB0016977900432601	1,807,661
14.	Association of People Living with HIV (APLHIV)	JS BANK LIMITED	PK14JSBL9511000001960820	3,997,260
15.	Mercy Corps (MC)	Standard Chartered Bank	PK69SCBL0000001873162415	11,296,133
16.	Indus Hospital Health Network (IHHN)	Bank Islami Pakistan Limited	PK24BKIP0100251703200136	62,732,998
17.	National Rural Support Program	Bank Alfalah Limited	01311003207370	5,673,579

18.		Habib Bank Limited	06537900070001	16,999,648
19.		Habib Bank Limited	10400000001701	710,513
20.		United Bank Limited	116300275	2,471,310
21.	Integrated Vector Management Program	National Bank of Pakistan	3139373022	886,984
22.	Directorate of Malaria Control Sindh	Sindh Bank	PK3SIND0004013883341000	2,468,363
23.	Integrated Vector Management Program KPK	National Bank of Pakistan	0825003310526489	694,865
24.	Directorate of Malaria Control Quetta	National Bank of Pakistan	0051004138852452	371,657
Total				**2,400,136,639**

Audit observed as under:

i. Due to non-utilization of funds, the intended purposes of the Fund could not be achieved.

ii. The bank accounts were maintained without approval of the Secretary, Ministry of National Health Services, Regulation and Coordination.

Audit is of the view that maintenance of banks accounts without approval of the Secretary, Ministry of National Health Services, Regulation and Coordination were unauthorized. Further, due to non-utilization of funds the programs could not achieved its objectives.

The management replied that all public sector PR bank accounts were opened with prior approval of the Secretary, Ministry of National Health Services, and evidence has been provided to the audit team. The accounts receive inflows under the framework agreement between the Government of Pakistan and the Global Fund, with all regulatory requirements met. These accounts are registered with the Global Fund treasury section and are essential for the continued operation of donor-funded programs.

The reply is not tenable. The management has provided approvals for only six out of the 24 bank accounts maintained by CMU and its implementing partners: one account of PTP Punjab (Provincial Finance Division approval), two NACP accounts (Secretary Health – Federal approval), one Malaria Program Balochistan account (Provincial Finance Division), one Malaria Program Sindh account

(Provincial Finance Division), and one Malaria Program Federal account (Secretary Health – Federal approval). No approvals were provided for the remaining 18 accounts, making their operation unauthorized under the Global Fund Manual. Furthermore, significant funds totalling PKR 2,400.137 million lying across all 24 accounts remained largely unutilized.

The DAC in its meeting held on 27.01.2026 directed that the CMU to strengthen PLHIV case-finding, improve outreach and registration, and periodically report progress to Ministry.

Audit recommends that management should ensure effective fund utilization besides regularization of the bank accounts.

5.35 Non-registration of PLHIV during Grant Cycles 4, 5, and 6

The management implemented registration and reporting of People Living with HIV (PLHIV) through the Common Management Unit (CMU) in coordination with Provincial AIDS Control Programs and Sub-Recipients (SRs). Financial and operational resources were allocated to support registration drives, testing, and outreach under Global Fund cycles GC-4 (2015–17), GC-5 (2018–20), and GC-6 (2021–23). Details are as under:

Grant Cycle	Target PLHIV Registration	Achieved Registration	Percentage Achieved
GC-4 (2015–17)	149,576	18,367	12 %
GC-5 (2018–20)	201,590	44,758	22 %
GC-6 (2021–23)	282,199	66,212	24 %

Audit observed a consistent and substantial gap between the approved targets and actual PLHIV registrations. Further, the achievement remained well below 25 percent throughout all three cycles.

Audit is of the view that a persistent shortfall indicates weak case-finding strategies, inadequate outreach coverage, and inefficient coordination with provincial programs and implementing partners.

The management replied that registration coverage has improved over successive grant cycles, increasing from 12% in GC-4 to 24% in GC-6. This reflects enhanced case detection, expanded service delivery points, and improved outreach among key populations. NACP continues targeted interventions, scales up testing and linkage-to-care strategies, and strengthens coordination with partners. Limited

resources remain a challenge to achieving full coverage of the estimated HIV population.

The reply is not tenable as the coverage remains critically low, with over 75% of the target PLHIV population unregistered across three grant cycles. This persistent shortfall reflects weak outreach, poor case-finding, and ineffective coordination, despite substantial resources and support.

The DAC in its meeting held on 27.01.2026 directed the CMU to strengthen PLHIV case-finding, improve outreach and registration, and periodically report progress to Ministry.

Audit recommends that strict measures be taken for strengthen of PLHIV registration and service coverage.

5.36 Failure to achieve targets for PLHIV Treatment despite sufficient budget utilization – USD 24.850 million

WHO/UNAIDS 90-90-90 targets stipulate that by 2020, 90% of all People Living with HIV (PLHIV) should know their status, 90% of those diagnosed should receive sustained Antiretroviral Therapy (ART), and 90% of those on ART should achieve viral suppression. These targets form the basis of the Global Fund's performance-based framework and are reflected in Pakistan's National Strategic Plan for HIV/AIDS Control.

The management of the Common Management Unit (CMU), Islamabad, implemented ART provision to PLHIV through Provincial AIDS Control Programs and Sub-Recipients during Grant Cycles 4, 5, and 6. Adequate budget allocations were made for ART drugs, logistics, and treatment services. The details of program's reported progress and expenditure are as under:

Grant Cycle	Target PLHIV Treatment	Achieved	% Achievement	Expenditure (USD)	Budget Utilization (%)
GC-4 (2015–17)	18,367	8,888	48 %	6,612,240	96 %
GC-5 (2018–20)	44,758	24,362	54 %	13,820,163	98 %
GC-6 (2021–23)	66,212	43,817	66 %	4,417,634	99 %

Audit observed that despite utilization of 96% to 99 % of the allocated funds, the program consistently failed to meet treatment targets. ART coverage improved only

marginally from 48% in GC-4 to 66% in GC-6, which remained significantly below the WHO/UNAIDS 90% benchmark.

Audit is of the view that the program's inability to meet the 90-90-90 treatment target despite near-full financial utilization reflects weak planning, poor monitoring and ineffective coordination among implementing partners. The shortfall compromises Pakistan's progress toward Global HIV control commitments and undermines the effectiveness of the Global Fund's investment.

The management replied that the 90-90-90 targets have not been fully met, ART coverage has steadily improved from 48% in GC-4 to 66% in GC-6. Key challenges such as undiagnosed cases, stigma, and geographic limitations have affected full coverage. High budget utilization demonstrates efficient use of resources, and ongoing efforts to scale up testing, treatment, and monitoring are driving progress toward the revised 95-95-95 targets.

The reply is not tenable. Despite near-full utilization of funds (96–99%), ART coverage remains far below WHO/UNAIDS targets, improving only marginally from 48% to 66% over three grant cycles.

The DAC in its meeting held on 27.01.2026 directed the CMU to take strict measures to improve ART coverage, enhance monitoring and coordination among implementing partners, and report progress to audit for verification.

Audit recommends that strict measures be taken beside fixing responsibility for non-achievement of targets.

5.37 Irregular payment of salaries of Sub-Recipient employees without verification of attendance – USD 39.395 million

Various clauses of the Section 3.4.3.2 of Human Resources Policies and Procedures Manual stipulate that: -

a) All employees shall mark their attendance daily by using biometric attendance devices to record exact time of entry and exit of each employee
d) Employees are required to complete 40 hours in a week keeping in view the office timings.
h) Late arrivals beyond the prescribed relaxation shall be liable to deduction of leave or deduction of salary

The management of the Common Management Unit (CMU) released salary funds to various Sub-Recipients for staff engaged under Global Fund-supported HIV, TB, and Malaria programs based on payroll summaries submitted by the SRs.

Audit observed that salary disbursements amounting to significant sums were made to SR employees without production of supporting biometric attendance records or verified timesheets, as required under the PUDR framework. Manual attendance sheets, where available, lacked proper authorization and validation by competent officers. Consequently, the authenticity of payments to several employees could not be verified, rendering the expenditure doubtful.

During the test audit of Khyber Pakhtunkhwa, it was observed from the review of the relevant record that, he was usually found absent from his job. It was also found that he was not only sending fake attendance but also had a second job at Gomal University D.I Khan.

Audit is of the view that making salary payments without verified attendance or biometric confirmation constitutes weak internal control over payroll management and increases the risk of payments to ghost or irregular staff.

The management replied that CMU, as Principal Recipient, does not control day-to-day operations of Sub-Recipients (SRs). Attendance management, including biometric verification, is the responsibility of each SR. CMU releases salary funds based on SR-approved payrolls within budget limits. CMU staff attendance is fully maintained, and SR offices are instructed to ensure verifiable attendance going forward.

The reply is not tenable as issuing instructions is insufficient; stronger monitoring and verification mechanisms are necessary to prevent unauthorized or fictitious salary payments.

The DAC in its meeting held on 27.01.2026 directed that the matter be probed at Ministry level and share the report with Audit.

Audit recommends that management ensure all SRs maintain verifiable biometric or duly authorized attendance records before salary disbursement and that payments lacking such documentation be verified and regularized.

5.38 Loss due to theft of 368,200 ITNs – USD 824,768 (PKR 230 million on current USD-PKR Parity)

Regulation 6.4 (1) of the Global Fund Grant Regulations, Version 1 states that for each Program, the Grantee shall take all appropriate and necessary actions to ensure

that the Principal Recipient maintains, where available at a reasonable cost, all risk property insurance on Program Assets and comprehensive general liability insurance with financially sound and reputable insurance companies. The insurance coverage shall be consistent with that held by similar entities engaged in comparable activities. To the extent that the title to relevant Program Assets is held by any Sub-recipient, the Grantee shall take all appropriate and necessary actions to ensure that the Principal Recipient requires such Sub-recipient to maintain an insurance of the type and coverage similar to the above.

The management of Common Management Unit (CMU) procured 3,000,000 Insecticide Treated Nets (ITNs) during the Grant Cycle – 6. Out of total ITNs procured, 1,808,150 ITNs were sent to Quetta warehouse.

Audit observed that out of 1,808,250 Insecticide Treated Nets (INTs) procured under the Global Fund grant, 368,200 INTs were reported stolen. It was further noted that these commodities were not insured, resulting in an unmitigated financial risk to the program. Moreover, the distribution record of 1,439,950 INTs was not available, indicating weak internal controls and poor record management practices.

Audit is of the view that theft and non-insurance of ITNs reflects negligence on the part of the management and non-availability of distribution records constitute serious lapses in inventory management and internal controls.

The management replied that the ITN mass distribution campaign in 2024 used the CMU DHIS-2 system for household registration and net distribution. All data is available for audit verification with the CMU DHIS-2/MIS team. The theft is under investigation by an inquiry committee and an FIR was registered with Balochistan police the day after the incident and is currently under court proceedings.

The management accepted the audit observation.

The DAC in its meeting held on 27.01.2026 directed that the CMU to pursue the case vigorously and ensure recovery of stolen ITNs with monthly progress reports to the Ministry besides fixing responsibility for the negligence.

Audit recommends that matter be inquired and responsibility be fixed for the negligence against the person(s) at fault.

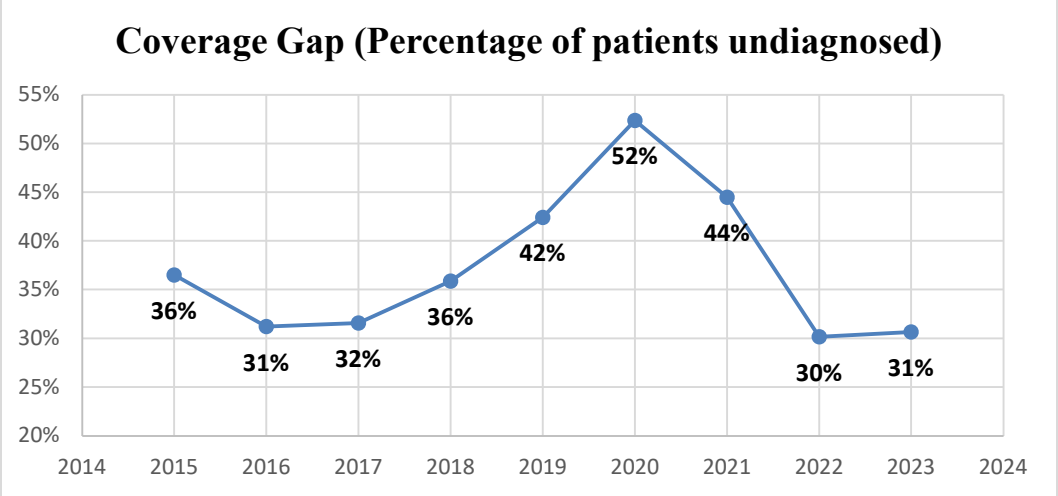
5.39 Non-utilization of funds for achievement of TB targets – USD 3.680 million

The Global Fund grant agreement and the program's performance framework stipulate that funds allocated for "Payment for Results" are contingent upon the achievement of pre-defined, measurable performance targets, ensuring that grant resources are directly linked to programmatic outcomes.

The management of CMU is responsible for implementing interventions to achieve these targets and for disbursing the associated performance-based funds upon successful verification.

Payment for Results (PfR) is a system where the Global Fund makes grant payments to Principal Recipients after they have verified that specific, agreed-upon performance results have been achieved. Instead of focusing on the day-to-day activities and inputs, this performance-based financing model incentivizes the delivery of outcomes and allows for greater autonomy for recipients to decide which activities will best achieve the targets.

Audit observed that an expenditure for "Payment for Results" was USD 101,445, which represents only 3% of the USD 3,784,286 budget allocated for TB, resulting in a significant underspend of USD 3.680 million (97%) during the financial year 2023. The below graph shows the gap in the coverage of patients' diagnosis.



It was further observed that despite the strategic allocation of a substantial budget to incentivize key outcomes, the near-total non-utilization of these funds indicates a fundamental disconnect between planned activities and achieved results.

Audit is of the view that the significant underspending reflects failure to meet grant performance targets, indicating weak program implementation and monitoring.

The management replied that Lady Health Workers (LHWs) are crucial to Pakistan's Primary Healthcare system, particularly in rural areas. However, due to their increasing workload from multiple health programs (polio, dengue, COVID-19), the intended TB detection intervention could not be fully implemented. LHWs are already overburdened, with limited time for TB activities, insufficient training on TB, and challenges like stigma and logistical constraints. These factors hindered the successful execution of the intervention.

The reply is not tenable as the failure to meet performance targets cannot be entirely attributed to LHW constraints, indicating potential issues with planning, monitoring, and resource allocation that must be addressed to ensure program success.

The DAC in its meeting held on 27.01.2026 directed the CMU to review TB case-finding strategy addressing LHW workload constraints.

Audit recommends that management review the causes of underperformance, revise the performance framework with realistic targets, and strengthen monitoring to ensure timely achievement and disbursement.

5.40 Underperformance in TB Testing and Treatment Coverage under Global Fund Pakistan Program – USD 336.840 million

The WHO Global TB Strategy establishes a benchmark of at least 270 detected TB cases per 100,000 population to ensure effective national surveillance and control. Furthermore, the Global Fund Grant Performance Framework and the National Strategic Plan (NSP) require that at least 80% of annual TB testing and case detection targets be achieved to maintain satisfactory program performance and eligibility for continued funding.

The management implemented TB control interventions through the National Tuberculosis Control Program (NTP) and Provincial TB Control Programs, with financial support from the Global Fund during GC-4 (2016–17), GC-5 (2018–20), and GC-6 (2021–23). Funds were disbursed to Sub-Recipients (SRs) for case detection, diagnostic expansion, and treatment supervision. The management reported almost full utilization of funds across the three cycles, as summarized below:

Cycle	Utilization (USD)	% Utilized
GC-4 (2016–2017)	72,378,371	96 %

GC-5 (2018–2020)	90,368,640	98 %
GC-6 (2021–2023)	174,093,506	95 %
Total	**336,840,517**	

Audit observed that the results showed persistent shortfall in Drug Sensitive (DS) TB case detection despite utilization of more than 95 percent of available funds throughout all grant cycles. Details are as under:

Cycle/Year	Target	Achievement	Percentage Achieved
GC-4 (2015-2017)	510,000	323,856	64 %
	518,000	356,390	69 %
	525,000	359,224	68 %
GC-5 (2018-2020)	562,000	360,472	64 %
	570,000	328,312	58 %
	573,000	272,990	48 %
GC-6 (2021-2023)	611,000	339,256	56 %
	608,000	424,566	70 %
	686,000	475,761	69 %

It was observed that the achievement remained between 48% and 70% across all years, far below the 80% minimum threshold set under the Global Fund and NSP frameworks. The situation worsened during GC-5 (2018–2020) despite substantial financial utilization and stable TB incidence rates (263–265 per 100,000).

The low detection usually indicates weak surveillance, poor case finding and undiagnosed community transmission, meaning that the actual burden may be higher than reported. Thus, it indicates program under performance, not a decline in TB incidence as the data modelling indicates increase in the number of patients every year (686,000 patients estimated in 2023).

Audit is of the view that high financial utilization with poor performance outcomes reflects weak linkage between expenditure and results, ineffective monitoring of SR activities, and poor alignment of financial inputs with program objectives.

The management replied that NTP acknowledges the underperformance in TB testing and treatment coverage and highlights several key factors. The NSP targets are based on national priorities and epidemiological projections, and achieving full coverage is a phased effort. The GeneXpert testing network has expanded significantly from 2022 to 2025, increasing testing volume by 110%. Due to funding constraints, testing strategies evolved to ensure optimal patient access to diagnostics. The rise in clinically diagnosed TB cases reflects efforts to identify cases not detected through bacteriological testing. Specimen transportation challenges are being addressed with improved referral systems. While donor

funding has been critical, long-term sustainability requires greater domestic resource allocation. NTP is actively working on strengthening the Xpert network, improving specimen transport, and enhancing monitoring systems to address these issues.

The management accepted the audit observation. However, despite substantial funding utilization, the program's failure to meet the 80% target highlights gaps in performance.

The DAC in its meeting held on 27.01.2026 directed the CMU to align targets with available resources through realistic annual planning and improve testing coverage progressively to achieve NSP targets.

Audit recommends that management intensify case-finding and diagnostic outreach activities, strengthen data integration across SRs and provincial programs, and institute quarterly variance reviews to ensure achievement of the 80% benchmark.

5.41 Suboptimal expenditure due to procurement of Domestic Grade Refrigerators Instead of Biomedical Grade – PKR 90.606 million

Para C (2)(1) of the Chapter 7 of the Procurement Manual, 2010 states that Secretary Health shall approve committees for procurement of good/service of value exceeding PKR 10.000 million in consultation with National Manager of the programme.

Para 10.3 of the Guidelines for Good Cold Chain Management Practices for Time & Temperature-Sensitive drug products (TTSDPs) states that to maintain labelled TTSDPs storage temperatures during long-term storage, refrigerators and freezers should be:

- Purpose-designed for the storage of TTSDPs. Household-style units are only acceptable if they have been independently tested and found to comply with the temperature control requirements of a recognized standard for pharmaceutical refrigerators and freezers (WHO PQS standards[1])
- Capable of maintaining the temperature range specified by the TTSDPs manufacturer over the full annual ambient temperature range experienced at the storage site
- Equipped with calibrated temperature monitoring devices appropriate to the level of risk but preferably capable of continuous recording and with sensor(s) located at a point or points within the cabinet which most

[1] http://www.who.int/immunization_standards/vaccinequality/pqs_e03_fridges_freezers/en/index.html

accurately represents the temperature profile of the equipment during normal operations

- Preferably equipped with alarms to indicate temperature excursions and/ or refrigeration failure
- Fitted with lockable doors or lids, or access control system, as necessary; and qualified and/or tested as defined in clause 10.7.

The management of CMU, Islamabad floated a tender for the procurement of refrigerators for health facilities managing TB across Pakistan. The last date for submission of bid was 13.10.2021, which was extended up to 25.10.2021. M/s Riaz and Sons was awarded the contract for the supply of 1,512 refrigerators at different sites throughout the country. An amount of PKR 90.606 million was paid to the firm during the Grant Cycle 6. Detail is as under:

No.	Voucher No.	Date	Quantity	Amount (PKR)
1	3,949	12.08.2022	1,288	78,076,480
2	5,315	23.12.2022	214	11,949,047
3	5,911	27.06.2023	10	580,476
Total			**1,512**	**90,606,003**

Audit observed as under:

i. The procurement was made **without the approval of competent authority i.e., Secretary, MoNHSR&C**.
ii. The domestic model refrigerators were purchased instead of biomedical-grade refrigerators required for the program.
iii. The technical specifications included in the bidding documents were not designed in accordance with WHO and DRAP international standards, which resulted in the procurement of equipment unsuitable for biomedical storage purposes.
iv. The firm was not registered with CMU, Islamabad which was mandatory as per Global Fund Procurement Manual.
v. The distribution record of the refrigerators as per bidding document was not available.

Specifically, the following deficiencies in the procured refrigerators were noted: -

i. No temperature uniformity or mapping.
ii. No precision microprocessor control.
iii. No continuous data logging or remote alarms.
iv. No holdover capability during power failure.

v. Domestic-style compressor and insulation.
vi. No WHO PQS or medical certification.
vii. Temperature may fluctuate during defrost cycles.
viii. Not suitable for critical reagents, vaccine kits, diagnostic materials.

Audit is of the view that procurement of domestic refrigerators for biomedical use posed a serious risk to temperature-sensitive medical commodities violated prescribed technical standards and resulted in non-compliance with WHO and DRAP guidelines, thereby compromising program objectives and causing wasteful expenditure of PKR 90.606 million.

The management replied that the procurement of refrigerators was donor-dependent, with the approved unit cost of USD 350 by the Global Fund. The procurement team was constrained by this budget, as WHO PQS-certified refrigerators cost around USD 8,000. The procured domestic-grade refrigerators are suitable for storing TB patient specimens at 2-8°C, which is adequate for diagnostic purposes such as AFB smear microscopy, Xpert MTB/Rif assay, and culture/DST. These specimens do not require pharmaceutical-grade refrigerators. The refrigerators are being used within acceptable storage temperature ranges and meet the needs of TB testing.

The management reply is not acceptable, as donor dependency and budgetary constraints do not absolve the department from complying with mandatory procurement rules and prescribed standards. The procurement was made without the approval of the competent authority (Secretary, MoNHSR&C) in violation of the Procurement Manual, 2010. Moreover, the use of domestic-grade refrigerators contradicts the Cold Chain Guidelines, which require purpose-designed or WHO-compliant equipment; audit observed that the procured units lacked essential biomedical features such as temperature mapping, continuous monitoring, alarms, holdover capacity, and medical certification. Additionally, technical specifications were not aligned with WHO/DRAP standards, the supplier was not registered with CMU as required, and distribution records were not available.

The DAC in its meeting held on 27.01.2026 directed that a fact-finding inquiry be conducted at the Ministry level besides fixing responsibility under intimation to Audit.

Audit holds the management responsible for preparing deficient technical specifications, evaluating non-compliant equipment and approving procurement without ensuring conformity to biomedical standards.

5.42 Non-appointment of regular Deputy National Coordinator for HIV, TB and Malaria

The Global Fund Grant Agreements and National Strategic Plans require continuity of leadership in program management to ensure stability in planning, implementation, and monitoring of HIV, TB and Malaria interventions. International best practices for health program governance emphasize that frequent turnover of key managerial positions adversely affects program coordination, reporting quality, and achievement of performance targets.

The management appointed multiple Deputy National Coordinators (DNCs) for HIV, TB, and Malaria programs during Grant Cycles 4, 5 and 6 to oversee the technical and operational implementation of grant-supported activities. These appointments were made at different intervals to fill existing gaps and ensure continuity in supervision.

Audit observed that recurrent and frequent changes in DNC positions across all three disease components adversely affected program efficiency, institutional memory and continuity of operations. Details are as under:

HIV Program

- Eight (08) DNCs were appointed between 2016 and 2025, with several serving for very short periods (in some cases less than one year), disrupting continuity in ART scale-up, treatment adherence monitoring, and viral load suppression activities. Details are as under:

No.	Name	Designation	Period From	Period To
1	Dr. Abdul Baseer Khan	Director (Program), M/o NHSR&C	01.07.2016	16.09.2020
2	Dr. Ayesha Isani Majeed	Head of Department, Radiology, PIMS	14.10.2020	30.11.2021
3	Dr. Ramesh Kumar	Deputy Director (QEC), HSA, Islamabad	30.11.2021	28.01.2022
4	Dr. Rabia Iqbal	Assistant Dental Surgeon, FGPC, Islamabad	28.01.2022	30.05.2022
5	Dr. Arslan Hyder	Director, M/o NHSR&C	07.06.2022	07.11.2023
6	Dr. Qasim Abbas	Director (Medical), M/o NHSR&C	07.11.2023	10.03.2025
8	Dr. Abdul Wali Khan	Deputy Executive Director, FGPC, Islamabad	20.10.2025	To Present

TB Program

- Thirteen (13) DNCs / national managers served between 2006 and 2025, with multiple replacements occurring within short timeframes, resulting in instability in program supervision. Details are as under:

No.	Name	Designation	Period From	Period To
1	Dr. Syed Karam Shah	Medical Superintendent, TB Hospital, Rawalpindi	26.06.2000	13.09.2006
2	Dr. Hassan Sadiq	Programme Manager, Federal Government TB Centre, Islamabad	14.09.2006	07.06.2008
3	Dr. Noor Ahmad Baloch	Medical Superintendent, TB Hospital, Rawalpindi	12.06.2008	17.01.2011
4	Dr. Ejaz Qadeer	Joint Executive Director, PIMS, Islamabad	17.01.2011	15.07.2016
5	Dr. Nasir Mehmood	Medical Superintendent, TB Hospital, Samli, Murree	15.07.2016	26.05.2017
6	Dr. Aurangzaib Quadir	Deputy Director (Estb/Admin), Health Dept, Quetta	26.05.2017	17.09.2020
7	Dr. Naseem Akhtar	Assistant Professor (Infectious Diseases), PIMS	18.09.2020	08.11.2021
8	Dr. Abdul Wali Khan	Deputy Executive Director, FGPC, Islamabad	08.11.2021	26.06.2022
9	Dr. Mutahir Shah	Director (Cardiac Centre), PIMS, Islamabad	27.06.2022	04.05.2023
10	Dr. Arsalan Hyder	Director, M/o NHSR&C	04.05.2023	04.08.2023
11	Dr. Abdul Wali Khan	Deputy Executive Director, FGPC, Islamabad	16.08.2023	08.01.2024
12	Dr. Faisal Siraj	Deputy National Coordinator	10.09.2024	14.02.2025
13	Dr. Ayaz Mustafa	Director General, M/o NHSR&C	15.07.2025	20.10.2025

Malaria Program

- Only three (03) DNCs have been appointed since 2022, with no DNC prior to 2022, resulting in several years without designated technical leadership. Details are as under:

No.	Name	Designation	Period From	Period To
1	Dr. Mir M Hassan Bullo	Medical Director, FGH, Islamabad	01.06.2022	30.08.2022
2	Taj Wali Khan	Director (Program), M/o NHSR&C	01.09.2022	14.09.2023
3	Dr. Qasim Abbas	Director (Medical), M/o NHSR&C	09.10.2023	08.01.2024

Audit is of the view that the high frequency of leadership changes and extended periods with no designated DNCs undermined the stability of program governance, impaired strategic decision-making, weakened accountability mechanisms and adversely affected Pakistan's performance against Global Fund-mandated indicators.

The management replied that interviews for the position of National Coordinator, CMU, were held on 14.01.2026 and the position will be filled on a permanent basis

soon. Following that, interviews for the Deputy National Coordinator position will be conducted to ensure stable and long-term leadership for the program.

The management accepted the audit observation. The appointments of DNCs should also be made at the earliest.

The DAC in its meeting held on 27.01.2026 directed the CMU to appoint the Deputy National Coordinator(s) on priority to ensure continuity and program stability.

Audit recommends that the Ministry ensure timely, stable, and long-term appointments of Deputy National Coordinators for all three disease components. Clear succession planning, defined tenure policies and performance-based evaluations may be adopted to strengthen program leadership continuity and enhance overall program performance.

5.43 Poor record maintenance and non-digitization of warehouses

According to the Global Fund Grant Management Guidelines and Warehouse and Supply Chain Management Manual (Section 6.3), all Principal Recipients (PRs) and Sub-Recipients (SRs) must maintain accurate, complete, and timely physical and electronic records of receipts, issues, and utilization of grant-financed commodities. Records must be traceable through a digital management information system for effective monitoring and accountability.

The management of CMU and Sub-Recipients maintained manual stock registers, dispatch logs, and program consumption sheets for TB, HIV, and Malaria commodities during Grant Cycles 4, 5, and 6.

Audit observed as under:

i. Only manual registers were maintained, with no electronic database or automated record system for historical record.
ii. Significant inconsistencies were noted between warehouse dispatch registers and program consumption summaries.
iii. There was no centralized, digital system for cross-verification among PRs and SRs.

Audit is of the view that the absence of complete, accurate, and digital inventory records is a violation of Global Fund PSM requirements and Grant Regulations. Weak documentation and lack of digital traceability reflect poor internal controls and undermine accountability in managing grant-financed commodities.

The management replied that initially, a third-party software was engaged for a digital solution, but only the finance module was finalized. In 2021, USAID developed a Warehouse digital system, which was functional until 2024. After USAID's project closure, support was withdrawn. CMU's in-house team developed a new LMIS (WMS Module) in June, 2025, which is now recording warehouse transactions. Data has been converted into soft form as per AG requirements. Warehouse dispatch data is based on requisitions, considering factors like patient consumption and buffer stock, while program consumption is based on patient treatment. DHIS-2 captures service data and stock at the facility level for the Malaria Grant. For TB, DHIS-2 reporting is in the pilot phase, and a Case-Based module is being developed for improved supply planning.

The reply is not tenable. The LMIS (WMS Module) was implemented in June 2025, it only captures data from that point onwards, leaving prior records manually maintained and not integrated.

The DAC in its meeting held on 27.01.2026 directed that responsibility be fixed for non-maintenance of digital record for previous period (2015-2023). DAC further directed the CMU to implement an integrated digital LMIS/WMS across all warehouses with real-time stock visibility, batch-wise traceability, automated expiry alerts, and reconciliation with DHIS-2 consumption data, and to discontinue reliance on manual registers. A reconciliation exercise for all items, especially medical equipment, must be undertaken with the provincial governments and SRs/SSRs to ascertain whether the equipment provided is currently operational, idle, damaged or missing, so that proper corrective and remedial actions can be taken, in addition to fixing responsibility for any damage/loss of equipment. This reconciliation exercise must be expeditiously completed for all the equipment provided to SRs since the start of Global Fund activities.

Audit recommends that management implement a unified digital LMIS compliant with Global Fund PSM guidelines, along with systematic documentation, periodic reconciliations, and supervisory reviews to ensure accuracy, completeness, and traceability of all commodity records.

5.44 Distribution of 604 laptops to Unrelated Organization – PKR 149.188 million

Clause 3.1 of the Grant Regulations by Global Fund (Version 1) states that all Grant Funds disbursed according to the relevant Grant Agreement are prudently managed, and are used solely for relevant Program Activities and consistent with the terms and conditions set forth in the relevant Grant.

6.4 (a) of the Global Fund Guidelines, 2014 states that the Grantee shall be liable for the loss or theft of, or damage to, any and all Program Assets (including those in the possession of Sub-recipients), and, immediately upon any such loss, theft or damage, shall replace such items with similar assets of the same quantity and quality at its own expense.

The Global Fund procured 1,421 laptops for DHIS-2 data entry across Pakistan, of which 604 laptops, valuing PKR 149.188 million (604 × PKR 247,000), were allocated to the National TB Control Programme, Punjab during 2023.

Audit observed that these 604 laptops were issued from the TB Control Programme warehouse to the Project Management Unit (PMU), Punjab rather than being distributed to TB facilities as per the approved deployment plan.

Audit is of the view that the issuance of 604 laptops is violation of approved distribution plan of Global Fund and represents a serious lapse in asset control.

The management replied that the 604 laptops were issued and dispatched according to the CMU-approved distribution plan for the rollout of the DHIS-2 system in Punjab. They were formally handed over to the Punjab TB Control Programme (PTP Punjab) through the Project Management Unit (PMU), which is the designated provincial authority. CMU requested PTP Punjab to provide facility-wise distribution details for verification and audit purposes, with the responsibility for retrieval, custody, and onward distribution resting with PTP Punjab.

The reply is not tenable, as the laptops were required to be distributed strictly in accordance with the approved distribution plan and for the purpose for which they were procured.

The DAC in its meeting held on 27.01.2026 directed that the matter be probed at Ministry level and report be shared with Audit.

Audit recommends that responsibility be fixed through an inquiry, laptops be retrieved from PMU Punjab, and the intended distribution to TB facilities be completed without delay.

5.45 Laboratory equipment remained idle in the CMU warehouse for 5 to 12 years – PKR 24.267 million

Clause 3.2.7 (b)(i) of the Warehouse and Inventory Management Policies and Procedural Manual states that if no movement in inventory consumption is observed for a period of at least six months, it shall be treated as slow moving

inventory items. ICO performs aging of slow-moving inventory items and report it to concerned units on bi annual basis.

Clause 3.2.7 (b)(ii) of the Warehouse and Inventory Management Policies and Procedural Manual states that concerned unit reviews details of slow-moving inventory and provide written justification against this report to the respective DNC.

Clause 3.2.7 (b)(iii) of the Warehouse and Inventory Management Policies and Procedural Manual states that biannual report of slow-moving inventory to the DNC shall besides written justification, give status of slow-moving inventory items consumption for period beyond six months whereby action need to be devised from competent authority for inventory items having no movement for period beyond six months.

The management of CMU provided a list of non-pharmaceutical equipment stored in the warehouse of CMU at Islamabad since 2013 for different program activities. Details are as under:

No.	Product Description	Receiving Date	Current Balance	Unit Cost (PKR)	Total Cost (PKR)
1	Autoclave Astell	02.02.2015	9	1,447,768	13,029,912
2	Automatic Filling Station, Brand: Heidolph, Germany	18.04.2017	4	316,418	1,265,672
3	Biosafety Cabinet with UPS: Tele Star/Spain	05.07.2013	2	1,028,000	2,056,000
4	Converting Kit	13.11.2017	305	1,373	418,765
5	Diagnostic Audio Meter	21.07.2014	8	340,000	2,720,000
6	Formalin Vaporizer	12.09.2014	3	210,000	630,000
7	Incubator Capacity 720 Litre, JP-Selecta Spain	18.07.2013	2	547,000	1,094,000
8	Ion Exchange Resin with Cartridge: Destillo	19.04.2013	2	339,800	679,600
9	Laminar Flow Chamber	25.08.2017	2	495,000	990,000
10	Microscope Kit: Brand Olympus, China (All Accessories)	30.09.2016	6	1,373	8,238
11	Safety Gas Burner, Brand: WLD-Tec GmbH Germany	18.04.2017	4	53,634	214,536
12	Vacuum Pressure Pump: Millipore	16.04.2013	3	84,000	252,000
14	Refrigerator Orient	09.09.2022	16	56,878	910,048
Total					**24,268,771**

Audit observed that non-pharmaceutical equipment was lying idle from 2013 onwards costing PKR 24.267 at CMU warehouse Islamabad.

It was further observed that no biannual reports, written justifications, competent authority decisions or technical assessments for declaring items obsolete were submitted as required under the guidelines of the manual.

Audit is of the view that the prolonged non-utilization of laboratory equipment ranging from 5 to 12 years is violation of provisions of the manual and reflects systemic weaknesses in internal controls, ineffective asset stewardship and failure to ensure value for money in the use of Global Fund financed resources.

The management replied that the autoclaves mentioned in the audit were donated by WHO, not procured under Global Fund support. These autoclaves became non-functional due to power fluctuations and water quality issues, and repair costs were deemed economically unfeasible. New autoclaves were procured under subsequent Global Fund grants and are fully functional at operational labs. Other equipment was reserved for laboratory upgrades in Turbat and Rahim Yar Khan under the GC-3 grant. However, due to security challenges and site issues, these upgrades could not be completed, and the equipment remains in storage. NRL has initiated coordination with PTP Punjab to explore alternative utilization for some of this equipment.

The reply is not tenable as the prolonged storage of laboratory items for up to 12 years remains a serious concern.

The DAC in its meeting held on 27.01.2026 directed that a comprehensive report of all the idle equipment be prepared besides fixing responsibility for non-utilization of equipment. DAC further directed to initiate a donor-approved disposal process for non-repairable items with proper justification. A reconciliation exercise for medical equipment must be undertaken with the provincial SRs to ascertain whether the equipment provided is currently operational, idle, damaged or missing, so that proper corrective and remedial actions can be taken, in addition to fixing responsibility for any damage/loss of equipment.

Audit recommends that the management develop and implement a time-bound corrective action plan to conduct comprehensive physical verification of all idle equipment, categorize each item in line with the guidelines of the manual and ensure timely installation, redistribution or disposal through competent authority.

5.46 Inadequate availability of ART Centres in Balochistan resulting in high Service Delivery Risk

Section: 2.2 Service Delivery Model states that Pakistan must implement a "decentralized service delivery model" ensuring that HIV treatment is made accessible to populations across provinces and at district level.

The management has established a network of ART centres across the country under Global Fund support designated to provide HIV testing, registration, treatment initiation, and follow-up services to PLHIV. Details of ART centre across Pakistan are as under:

Location	Number of ART Centres
ICT	03
AJK	01
Gilgit-Baltistan	01
Punjab	45
Sindh	26
KPK	13
Balochistan	05
Total	**94**

Audit observed that only five (05) ART Centres have been established in Balochistan despite the province being geographically the largest in Pakistan. Details are as under:

1. Bolan Medical Complex, Quetta
2. DHQ Hospital, Loralai
3. DHQ Hospital, Naseerabad
4. DHQ Hospital, Turbat
5. Jam Ghulam Qadir Govt Hospital (JGQ) Hub

Audit is of the view that the limited ART coverage in Balochistan is misaligned with national treatment guidelines and risks restricting access to decentralized HIV care, leading to poor retention, unsuppressed viral load, and increased potential for drug resistance.

The management replied that the limited number of ART centres in Balochistan is primarily due to low population density, difficult terrain, and security and logistical challenges, which make it operationally challenging to establish and maintain health facilities. Additionally, the HIV burden in Balochistan is relatively lower compared to other provinces, leading to the prioritization of resources where the

need is highest. Despite these challenges, the program ensures comprehensive services at the existing centres, including testing, treatment, and linkage to care, and supports mobile outreach and referral mechanisms to reach remote populations.

The reply is not tenable as the limited ART coverage in Balochistan still misaligns with national treatment guidelines, risking restricted access to HIV care.

The DAC in its meeting held on 27.01.2026 directed the CMU to progressively expand ART service coverage in Balochistan through satellite clinics and mobile outreach, keeping population needs and security conditions in view.

Audit recommends conducting a needs-assessment to expand ART services in underserved districts through additional satellite sites, community/mobile ART models, and multi-month dispensing, while strengthening viral-load monitoring to improve accessibility and treatment outcomes.

5.47 Absence of ISO Certification of National Reference Laboratories (NRLs)

Para 2.3.5 of the Policy Guidance for TB culture and DST services requires the implementation of the standards for quality management and processes for laboratory accreditation (i.e., ISO-15189).

CMU established National and Provincial Reference Laboratories for TB with the mandate to perform confirmatory testing, viral load analysis, proficiency testing, and external quality assessment for provincial and district laboratories.

ISO certification for a medical lab provides benefits like enhanced credibility, improved operational efficiency, and better risk management. It demonstrates a commitment to international quality standards, which builds trust with patients, doctors, and regulatory bodies, while also ensuring consistent, reliable results and helping with regulatory compliance.

Audit observed that the National Reference Laboratories operating under CMU were not ISO-15189 certified during Global Fund Grant Cycles 4, 5, and 6. It was further observed that no documented plan existed for obtaining ISO accreditation or initiating the accreditation process.

Audit is of the view that the absence of ISO-15189 accreditation undermines the reliability, accuracy, and comparability of laboratory results used for TB diagnostics.

The management replied that a major step toward improving laboratory services is the implementation of a Quality Management System (QMS), which is essential for meeting ISO-15189 accreditation standards. In 2022-23, with USAID's support, a

program was initiated to accredit four TB reference laboratories, including NRL Islamabad and provincial labs in Lahore, Karachi, and Peshawar. The training and preparation were conducted, but the accreditation process was halted when USAID terminated the contract. NRL Karachi achieved ISO 15189 certification in October 2025 with support from Dow University of Health Sciences. Additionally, NRL regularly participates in proficiency testing and external quality assurance, consistently achieving high results, ensuring quality diagnostics. While accreditation was not included in previous Global Fund cycles, it is now being budgeted in GC-7 for four laboratories, though infrastructure challenges remain.

The management accepted the audit observation. However, absence of ISO-15189 certification for the NRLs reflects a significant gap in meeting international quality standards.

The DAC in its meeting held on 27.01.2026 directed the CMU to prioritize obtaining ISO 15189 certification for all remaining National Reference Laboratories, subject to availability of resources under GC-7. Until certification is achieved, participation in WHO EQA schemes on a quarterly basis shall continue, and results shall be shared with the Ministry for oversight and audit verification.

Audit recommends that CMU should immediately initiate the accreditation process for all National Reference Laboratories and ensure full implementation of quality management systems.

5.48 Non-operational Culture Lab for TB for more than nine (09) years

Section 1.6 of the Policy Guidance for TB Culture and Drug Sensitivity Testing services states that all culture laboratories performing culture and DST are required to regularly monitor quality of their work.

Culture laboratories were established at Chillas (GB), PRL Punjab (Lahore) and Balochistan (Quetta) to perform culture testing, DST analysis, external quality assurance, and serve as reference points for provincial diagnostic networks.

Audit observed that all three laboratories at Chillas, PRL Punjab (Lahore) and PRL Balochistan (Quetta) have remained non-operational since 2015, despite major investments in infrastructure, equipment, and Global Fund support.

Audit is of the view that non-functionality of culture laboratories for nearly a decade severely undermines the TB diagnostic network and constitutes a major programmatic failure.

The management replied that PRL Lahore was moved to the Primary & Secondary Healthcare and Surveillance/Drug Testing Laboratory (DTL) Lahore in 2019 and has been functional since then, providing AFB Smear Microscopy, GeneXpert, and Culture services. PRL Lahore has qualified in the WHO SRL MTB DST EQA 2024 and started DST services in February 2025. PRL Quetta is operational at Fatima Jinnah Chest Hospital, providing AFB Smear Microscopy, GeneXpert, and Culture services, and has qualified in WHO SRL MTB DST EQA. The Chilas (GB) culture laboratory was equipped and staff trained in 2018; however, recruitment challenges have delayed full operationalization, though smear microscopy and GeneXpert services are functional.

The reply is not acceptable, as the delay in fully operationalizing the Chilas laboratory for over nine years undermines the effectiveness of the TB diagnostic network.

The DAC in its meeting held on 27.01.2026 directed that the matter be probed at Ministry level and share the report with Audit.

Audit recommends that CMU should urgently restore operational status of all non-functional culture laboratories by ensuring staffing, equipment maintenance, and biosafety compliance. A time-bound corrective action plan should be developed to re-establish culture and DST testing capacity, supported by a functional sample referral system and mandatory quarterly reporting.

5.49 Non-imposition of penalty on M/s Exide Pakistan (Pvt.) Limited – PKR 7.427 million

Serial iii of the Purchase Order dated 02.08.2021 states that if not delivered/ installed / commissioned within the specified period (31.10.2021), a penalty of 1% per week up to 5 weeks and then @ 2% per each subsequent week up to "10" weeks shall be imposed and after that, the order will be cancelled and bid performance guarantee will be forfeited to program accounts, and the firm will be Black Listed.

The Common Management Unit invited tender in the national newspaper dated 14.04.2021, for Procurement, Supply and Installation of 144 Solar Systems at TB Laboratories in various Health Facilities of Sindh by/ before 30.06.2021. M/s Exide Pakistan (Pvt.) Limited was issued a purchase order for PKR74,273,980, dated 02.08.2021 with the date of completion / commission on 31.10.2021.

Audit observed that a penalty of PKR 7,427,500 was not imposed as the firm failed to install and commission the Solar Systems within the stipulated time period.

Further, during a test check, it was found that the commissioning reports were issued before the installation which was dubious.

Audit is of the view that non-imposition of penalty was negligence and depicts weak internal controls.

The management replied that the concerned procurement officer proposed no penalty, and this was approved by the then CMU competent authority for payment without penalty. The case will be reinitiated for the constitution of a committee to fix responsibility and provide further guidance.

The management accepted the audit observation.

The DAC in its meeting held on 27.01.2026 directed the CMU to reinitiate penalty proceedings against M/s Exide for missing the solar system installation deadline and fix responsibility for non-imposition of contractual penalties through an internal inquiry.

Audit recommends that matter be probed besides fixing responsibility against the persons at fault.

5.50 Recovery of non-compliant expenditure – PKR 1.043 million

As per invitation letter of International Federation of Pharmaceutical Wholesalers (IFPW) Foundation the expenses incurred for flights, accommodation, meals and incidentals for the face-to face workshop from 6-10 November, 2023 will be covered by the IFPW.

The CMU incurred TA/DA expenditure of PKR 1,043,976 on three officers who participated in an international training in Thailand organized by the International Federation of Pharmaceutical Wholesalers (IFPW) Foundation from 6–13 November, 2023. Detail of payments made is as under:

No.	Name of officer	Designation	TA/DA expenditure (PKR)
1	Mr. Muhammad Sabir	Manager warehouse	347,992
2	Mr. Altaf Bijarani	Deputy Manager	347,992
3	Mr. Khizer Sareer	Supply chain officer	347,992
Total			**1,043,976**

Audit observed that, as per the training arrangement, the costs of international travel, accommodation, meals, and incidentals were to be borne by the IFPW Foundation, not the Global Fund grant. The utilization of grant funds for these expenses was therefore irregular and in contravention of the financing terms.

Audit is of the view that charging TA/DA to the Global Fund despite sponsor-funded entitlements reflects weak financial controls and resulted in non-compliant expenditure.

The management replied that, as per Global Fund instructions, costs such as flights, accommodation, and per diem were to be covered by the Global Fund regular grant, and this was communicated to both the training implementor and the PR. It was further confirmed that no double payment was made for this activity, as the logistics costs were covered from the approved STEP 2.0 budget.

The reply is not tenable, as the invitation letter clearly stated that the sponsor, IFPW Foundation, was responsible for bearing all travel and related expenses.

The DAC in its meeting held on 27.01.2026 directed that recovery be made under intimation to Audit.

Audit recommends that the amount be recovered either from the participating officers or from the IFPW Foundation, and that CMU ensure stricter verification of sponsorship terms before approving future foreign trainings.

5.51 Improper Maintenance of Fixed Assets Register

Section 3.7 (Capital Asset Management) of the Finance & Accounting Manual (2022) requires that "all fixed assets shall be recorded in a Fixed Assets Register (Annexure 13), tagged, periodically verified, and supported by a disposal request form."

The management of CMU maintained separate Fixed Asset Registers in soft form for each program (TB, HIV, Malaria), containing partial details of vehicles, IT equipment, laboratory instruments, and office assets procured under Global Fund support.

Audit observed that CMU did not maintain a comprehensive and consolidated Fixed Assets Register covering assets, such as vehicles, laptops, X-ray machines, generators, refrigerators etc. procured/ received from Global Fund during Grant Cycles GC-4 to GC-6. Assets were distributed among disease components without tagging or physical location identification.

Audit is of the view that non-maintenance of a consolidated and verifiable Fixed Assets Register, coupled with lack of tagging and physical verification, reflects weak internal controls and poor stewardship of donor-funded assets.

The management replied that a fixed asset register is being maintained, including details such as serial number, description, category, entity in possession, purchase

date, procurement cost, vendor name, model number, and asset location, as per donor requirements. Depreciation is not applied due to the use of cash-basis accounting. All assets have been physically examined, and reports have been submitted to management and the Global Fund. The asset register is in line with the Finance & Accounting Manual.

The reply is not acceptable, as the asset registers do not address the issue as the registers are outdated and maintained separately for each program.

The DAC in its meeting held on 27.01.2026 directed the CMU to maintain a consolidated fixed asset register and submit quarterly verification reports, ensure all asset transfers have approval with proper handover records, and have the register verified by audit.

Audit recommends that a complete and up-to-date Fixed Assets Register should be prepared in line with Section 3.7 of the Finance & Accounting Manual (2022).

5.52 Irregular Engagement of Large Private Hospitals and General Physicians without Transparent Selection Mechanism and Conflict of Interest

Para 62 of the Section 3.2.2 of the Financial Handbook for Grant Implementers, 2017 states that Sub-recipients should be selected by the Principal Recipients and validated by the Country Coordinating Mechanism, to implement all or parts of a program. The Principal Recipient is however ultimately responsible for the performance of sub-recipients and any of their actions or omissions, as if they were its own. Contracting with a sub-recipient does not release the Principal Recipient from its obligations to the Global Fund. The Principal Recipient must:

- Assess the capacity of the proposed sub-recipients to implement program activities;
- Ensure that the sub-recipients have the capacity to carry out the required reporting and monitoring and evaluation activities needed to collect the necessary data for the program's progress;
- Enter into a Grant Agreement with each sub-recipient with terms and conditions that will enable the Principal Recipient to meet the requirements of the Grant Agreement signed between the Global Fund and the Principal Recipient; and
- Put in place a system to manage the sub-recipients, including the ongoing monitoring and supervision of sub-recipients.

Para 185 of the Section 4.5.8 of the Financial Handbook for Grant Implementers, 2017 states that each implementer should develop and implement a formal Code of Conduct based on applicable laws and regulations.

Para 187 of the Section 4.5.8 of the Financial Handbook for Grant Implementers, 2017 states that the Code of Conduct should also provide guidance on the following areas:

- Conflicts of Interest
- Related Party Transaction
- Whistle-blowing

The private Sub-Recipient (SR), Association for Social Development (ASD) of Mercy Corps, engaged six Large Private Hospitals (LPHs) and 189 General Physicians (GPs) for the treatment of TB patients.

Audit observed a conflict of interest, as Dr. Sikandar Hayat, Ex-District TB Officer (DTO), PTP Punjab, and his hospital were included on the SR's panel. Additionally, no defined mechanism, criteria, or documented procedure existed for the selection and engagement of LPHs and GPs.

Further, the policy, if any, for selection of GPs and LPHs, with regards to population and disease burden in rural and urban areas was not shared with Audit.

Audit is of the view that engaging GPs and LPHs without a transparent, documented selection mechanism not only undermines the integrity and transparency of the process but also creates a risk that underserved or high-disease-burden areas, particularly in rural areas, may remain deprived of essential TB services.

The management replied that Mercy Corps follows a comprehensive process to ensure proper engagement of healthcare providers, including private-sector hospitals and physicians. This includes conducting assessments, applying standardized checklists, and selecting facilities based on defined criteria. Mercy Corps has developed tools to monitor geographical coverage and ensure equitable access in both rural and urban areas. Dr. Sikandar Hayat, a retired government physician, is engaged in private practice, and his inclusion aligns with the objectives of the Public–Private Mix (PPM) model to address gaps in TB care. Mercy Corps has also established policies on conflict of interest, whistleblowing, and internal controls, and engages over 17,000 healthcare providers under the

current GC7 grant. A well-defined and transparent selection process is in place, including the signing of MoUs and orientation of staff on TB care guidelines.

The reply is not acceptable, as the management has not sufficiently addressed the lack of a transparent and documented selection mechanism for the engagement of Large Private Hospitals (LPHs) and General Physicians (GPs). While a selection process was mentioned, no details were provided on how it ensured coverage of underserved or high-disease-burden areas, particularly in rural regions. The engagement of Dr. Sikandar Hayat, despite potential conflicts of interest, further highlights the need for stricter adherence to transparent processes and oversight to ensure fairness and program integrity.

The DAC in its meeting held on 27.01.2026 directed that the matter be probed at Ministry level and report be shared with Audit. It also directed that steps must be taken to safeguard against conflict of interest while selection of private hospitals and general physicians in all provinces across all SRs/SSRs and guidelines must be issued accordingly. DAC further directed the CCM to ensure oversight and proper utilization of Global Fund Grant by the Private Principal Recipients.

Audit recommends establishing a transparent, documented mechanism for selecting GPs and LPHs, considering geographical distribution, population, and disease burden in rural and urban areas, to ensure fairness, prevent conflicts of interest, and strengthen program integrity.

5.53 Non-conducting of audit of financial statements

Para 3.10.2 (b) (v) of the Global Fund Finance and Accounts Manual, 2022 states that the Program Financial Statements shall be audited on an annual basis as per applicable International Auditing Standards (ISAs).

Article 7.4 of the Global Fund Regulations, 2014 states that for each Program, the Grantee shall take all appropriate and necessary actions to ensure that the Principal Recipient provides the Global Fund with all audit reports required under the relevant Grant Agreement in accordance with the requirements of the Auditing Guidelines.

Policies and Operating Procedure of Association for Social Development under the heading External Audit (Audit of Project Account) states that the Governing Council will appoint a Chartered Accountancy Firm / Company for external Audit. Annual external audit will be carried out for all the projects / transactions by the Association. The Final Audit Report will be put up to Governing Council for

approval. The relevant Information will also be made available on website of the Organization.

The management of Association for Social Development, Lahore incurred expenditure of PKR 1,360.704 million during the Grant Cycle 4,5 and 6. The detail is given below:

No.	Financial Year	Expenditure (PKR)
1	2015	32,743,167
2	2016	83,986,657
3	2017	190,018,533
4	2018	274,005,190
5	2019	152,375,518
6	2020	246,082,978
7	2021	71,604,506
8	2022	100,936,447
9	2023	208,951,985
Total		**1,360,704,981**

Audit observed that neither the external audit was conducted nor the financial data was made available on the Association's Website.

Audit is of the view that in the absence of Audit, the financial information remains doubtful and authenticity of the financial statements cannot be ascertained.

The management replied that an external audit of ASD is conducted annually, and all audit reports are available with CMU.

The reply is not acceptable, as the audit reports were not provided at the time of audit to the audit team.

The DAC in its meeting held on 27.01.2026 directed the CMU to submit all ASD audit reports to Audit for scrutiny and ensure their publication on the website.

Audit recommends that external audit be conducted and report be shared.

5.54 Record not Produced

Section 14 (2) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

Section 14(3) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

The Common Management Unit (CMU), Islamabad and Country Coordination Mechanism (CCM) was requested vide Requisition No.1 dated 13.10.2025, Reminder-I dated 22.10.2025, Requisition No.2 dated 23.10.2025, Reminder-II dated 28.10.2025 and Requisition No.4 dated 12.12.2025 for the production of following record:

- Grant wise detail of budget and expenditure of Private PRs along with supporting documents (46% of overall expenditure).
- Detail record of HR including recruitment record, i.e. advertisement, shortlisting, written test, interview, selection committee minutes etc. and contracts extensions based on performance evaluation reports along with their approvals, of officers / officials for Common Management Unit for Grant Cycle-4, 5 and 6.
- Detail record including approvals and selection of officers for Foreign and Domestic Tours/ Trainings etc. funded by the Global Fund.
- Program wise record of local procurement made by CMU for Grant Cycle 4.
- Programmatic data reflecting targets vs results for Drug resistant TB patients for Grant Cycle 4, 5 & 6.
- Detail of demurrages paid by the CMU for Grant Cycle-4, 5 and 6.
- Program wise detail of vehicles attached with at CMU and SRs/SSRs along with expenditure (POL and Repair and Maintenance), log books and movement registers.
- Notifications of Public and Private PRs along with their selection process and correspondence record.
- List of the CCM employees and their Personal files.
- Vouched accounts of the Private PRs and their SRs.
- Complete record grant received in-kind and cash and its utilization record by Sindh AIDS Control Program (SACP).

Audit observed that despite repeated written and verbal requests made to the management, the above record was not produced to Audit.

Audit is of the view that in the absence of the record, the authenticity of the expenditure could not be ascertained and non-production of record is hindrance in the auditorial function.

The management replied as under:

- We contacted all private PRs, provided their contact details to the audit team, and shared the audited financial statements obtained from them.
- Recruitment records, including advertisements, shortlisting, and final selection minutes, were maintained by HR. However, due to changes in personnel, some older records for GC-4, GC-5, and GC-6 were untraceable.
- International tours are conducted as per CMU's approved travel policy.
- Targets and results have already been provided above.
- Log books are available at CMU level.

The reply is not acceptable. While some recruitment details were provided, the failure to produce complete and accessible recruitment documents for GC-4, GC-5, and GC-6 due to personnel changes and record management issues raises concerns about transparency and compliance. Further, the personal files of CCM employees and Vouched accounts of the Private PRs and their SRs were not provided.

The DAC in its meeting held on 27.01.2026 directed that the Ministry shall constitute an inquiry Committee to fix responsibility for non-provision of record during the currency of Audit and provision of auditable record for scrutiny will be ensured by the Ministry.

Audit recommends to fix the responsibility besides production of record.

6. Field Audit at Facility Level

Conducting a comprehensive audit of every each and every medical facility working under or in support of the Global Fund's operations fight AIDS, TB and malaria in Pakistan is not possible due to the enormous geographical dispersion and the high volume of service points, ranging from urban hospitals to remote rural clinics.

Moreover, such facilities in Pakistan usually operate in resource-constrained environments where logistical hurdles, such as poor infrastructure and inconsistent record-keeping, make a 100% audit coverage physically and financially prohibitive. Since a universal audit was neither possible nor practical in the timelines assigned, the Audit adopted to present a holistic picture of the issues being faced in various districts in all the four provinces.

The findings, though generic in nature, depict the risk areas which are contributing to the rising AIDS and TB cases and low medical coverage of the patients. Identifying the high-risk areas, such as high-value drug procurement, regions with historically high loss-to-follow-up rates, or sites with weak internal financial controls, can help the management to extrapolate the findings to other districts as well, so that they can concentrate their efforts and resources not only to minimize the disease prevalence but also to prevent fraud, wastage, or service interruptions. This strategic vigilance ensures that even without universal inspection, the program maintains integrity and maximizes its impact on public health.

The following are the broad observations and findings by the Audit team: -

6.1 Weak inventory management and non-traceability of medicines (Punjab, Sindh, Balochistan & Khyber Pakhtunkhwa)

Para 16 of the Country Coordinating Mechanism Policy Including Principles and Requirements, 2018 states that CCMs should oversee the performance of the PRs to ensure that agreed targets are met. Through transparent CCM oversight, PRs are held accountable to all country stakeholders. CCMs should regularly review performance of grants in collaboration with the PRs, and bring together all the necessary stakeholders, including Global Fund Secretariat staff. CCMs should oversee grants, support PRs to address risks and bottlenecks and initiate the replacement of consistently poorly performing PRs. Effective oversight efforts should drive improvements in grant performance in support of national programs.

The Field audit teams conducted on-site visits to health facilities across Pakistan to verify implementation of HIV, TB, and Malaria programs, focusing on records,

assets, inventory controls, and service delivery. The visits enabled firsthand assessment of compliance gaps and operational weaknesses affecting program effectiveness.

The management at the following facilities relied on manual registers, incomplete historical records, or non-patient-linked documentation:

- **Punjab:**
    - DR-TB & DS-TB Units, Allied Hospital Faisalabad
    - HIV/AIDS Unit, Mayo Hospital Lahore
    - DS-TB & DR-TB Sites, DHQ Hospital D.G. Khan
    - THQ Hospitals Kott Chutta & Sakhi Sarwar, D.G. Khan
    - District Health Development Centre (DHDC), D.G. Khan
- **Sindh:**
    - CDC-TB Facility Centre, Civil Hospital Hyderabad
    - CDC-TB DHQ Hospital & PMDT Site, Jamshoro
    - CDC-Malaria Facility Centre, MCH AKIL Larkana
- **Balochistan:**
    - HIV/ART Centre & DOT-TB Centre, Bolan Medical Complex (BMC) Quetta
    - Provincial TB & AIDS Control Program Stores, Quetta
    - PMDT Site, Quetta
- **Khyber Pakhtunkhwa:**
    - TB (DS) Centres, Category-D Hospital Khyber
    - DHQ Hospital, Landi Kotal
    - TB Centre, Baghdad Hospital Mardan
    - District Malaria Store, Mardan

Audit observed weak inventory management across Punjab, Sindh, Balochistan, and Khyber Pakhtunkhwa, with incomplete and non-standard records of receipt, issuance, balance, and expiry of medicines. Patient-wise and batch-wise traceability and reconciliation were not ensured, restricting verification of medicine utilization. Earlier audit findings indicated less issuance of **14,600 doses of anti-malarial medicines**, expired donor-funded medicines worth **USD 2.197 million (PKR 468 million)**, and medicines with short shelf life valued at **PKR 41.504 million**, confirming persistent weaknesses. These control gaps expose the program to pilferage, misuse, expiry, and financial loss, undermining accountability and program effectiveness.

Audit is of the view that the absence of reliable inventory records reflects a serious control failure, exposing the program to pilferage, misuse, expiry, and loss of accountability over donor-funded medicines.

The management replied that PTP Khyber Pakhtunkhwa maintains drug inventory using bin cards, stock registers, Excel sheets, and an online LMIS system (IDs-MIS). Medicines are demanded based on patient load and issued via standard stock issuance vouchers with acknowledgments. PTP Sindh manages delivery challans, ensuring proper tracking at the district level. PTP Punjab has implemented MIMS, a standardized and automated inventory management system, across provincial and district stores. MIMS ensures complete traceability, batch-wise records, and timely reconciliation, flagging near-expiry medicines to prevent wastage. HMIS integration ensures patient-level traceability and reconciles dispensed medicines with clinical records. These systems improve accountability, reduce risks, and ensure proper inventory control across the regions.

The reply is not tenable. While PTP Punjab has implemented a robust inventory system, the continued reliance on manual and non-standard records in other regions, as well as inconsistent inventory controls, reflects significant weaknesses. A standardized, unified system should be implemented across all regions to ensure complete traceability, secure record maintenance, and effective reconciliation to prevent pilferage, misuse, and financial loss.

The DAC in its meeting held on 27.01.2026 directed that a committee comprising officers from the Ministry and internal audit wing of the CMU be constituted, with the mandate to conduct audit of the districts pointed out in the Audit Para and a comprehensive report on the audit findings be submitted to Audit through Ministry. Additionally, DAC directed that in the future, the internal audit of CMU should be extended to the districts in a planned and resource efficient way. SoPs for the internal audit must include audit of pharmaceutical and non-pharmaceutical items traceability.

Audit recommends that management should enforce a standardized inventory system ensuring complete traceability, reconciliation, and secure record maintenance.

6.2 Improper storage of medicines and cold-chain weaknesses (Punjab, Sindh, Balochistan & Khyber Pakhtunkhwa)

Para 16 of the Country Coordinating Mechanism Policy Including Principles and Requirements, 2018 states that CCMs should oversee the performance of the PRs to ensure that agreed targets are met. Through transparent CCM oversight, PRs are

held accountable to all country stakeholders. CCMs should regularly review performance of grants in collaboration with the PRs, and bring together all the necessary stakeholders, including Global Fund Secretariat staff. CCMs should oversee grants, support PRs to address risks and bottlenecks and initiate the replacement of consistently poorly performing PRs. Effective oversight efforts should drive improvements in grant performance in support of national programs.

The Field audit teams conducted on-site visits to health facilities across Pakistan to verify implementation of HIV, TB, and Malaria programs, focusing on records, assets, inventory controls, and service delivery. The visits enabled firsthand assessment of compliance gaps and operational weaknesses affecting program effectiveness.

Substandard storage arrangements were observed at the following facilities:

- **Punjab:**
    - DR-TB Unit, Allied Hospital Faisalabad
    - DS-TB Units, DHQ Hospital & THQ Hospitals Kott Chutta and Sakhi Sarwar, D.G. Khan
- **Sindh:**
    - CDC-TB Warehouse, Wehdat Colony Hyderabad
    - CDC-TB & PMDT Sites, Jamshoro
    - CDC-Malaria Facility Centre, MCH AKIL Larkana
- **Balochistan:**
    - Provincial TB & AIDS Control Program Warehouses, Quetta
    - DOT-TB Centres, BMC Quetta
- **Khyber Pakhtunkhwa:**
    - Category-D Hospital Khyber (TB & Malaria Stores)
    - District Malaria Store, Mardan

Audit observed medicines stored under non-compliant conditions, including absence of temperature monitoring, poor segregation, weak physical safeguards, and inadequate backup power. Earlier findings of **substandard warehouse arrangements** and short-shelf-life medicines confirm systemic failure in maintaining medicine quality. Such weaknesses increase the risk of deterioration, expiry, and financial loss, compromising treatment efficacy.

Audit is of the view that improper storage and weak cold-chain management compromise medicine quality and increase the risk of expiry and financial loss, reflecting inadequate implementation of storage guidelines.

The management replied that PTP Khyber Pakhtunkhwa maintains its provincial warehouse according to national guidelines, with drugs stacked batch-wise and temperature controlled with A.C. units. Temperature and humidity are monitored twice daily, ensuring compliance. PTP Sindh uses a hygrometer to manage temperature, and while medicines are segregated, space limitations occasionally affect storage. PTP Punjab has constructed a new Government Medical Store Depot (MSD) to improve storage and distribution, following Good Storage Practices (GSP). The facility includes temperature-controlled areas and dedicated zones for cold-chain, controlled drugs, and donor-funded medicines. Cold-chain vehicles are provided for district-level transportation, and medicines are stored on pallets to ensure hygiene. SOPs have been implemented to safeguard medicine handling and storage, though some operational disruptions occurred due to health sector revamping during the reporting period.

The response is partially acceptable. The improvements in storage and cold-chain management are acknowledged, the continued storage weaknesses particularly at facility level and temporary cold-chain issues due to operational disruptions reflect ongoing gaps in compliance with storage guidelines.

The DAC in its meeting held on 27.01.2026 directed that a committee comprising officers from the Ministry and internal audit wing of the CMU be constituted, with the mandate to conduct audit of the districts pointed out in the Audit Para and a comprehensive report on the audit findings be submitted to Audit through Ministry. Additionally, DAC directed that in the future, the internal audit of CMU should be extended to the districts in a planned and resource efficient way. SoPs for the internal audit must include audit of storage facilities and ensured the compliance of cold chain guidelines.

Audit recommends that management ensure dedicated temperature-controlled storage, continuous monitoring, adequate security, and regular compliance inspections at all locations.

6.3 Poor asset management, non-utilization, and risk of loss (Punjab, Sindh, Balochistan & Khyber Pakhtunkhwa)

Para 16 of the Country Coordinating Mechanism Policy Including Principles and Requirements, 2018 states that CCMs should oversee the performance of the PRs to ensure that agreed targets are met. Through transparent CCM oversight, PRs are

held accountable to all country stakeholders. CCMs should regularly review performance of grants in collaboration with the PRs, and bring together all the necessary stakeholders, including Global Fund Secretariat staff. CCMs should oversee grants, support PRs to address risks and bottlenecks and initiate the replacement of consistently poorly performing PRs. Effective oversight efforts should drive improvements in grant performance in support of national programs.

The Field audit teams conducted on-site visits to health facilities across Pakistan to verify implementation of HIV, TB, and Malaria programs, focusing on records, assets, inventory controls, and service delivery. The visits enabled firsthand assessment of compliance gaps and operational weaknesses affecting program effectiveness.

Weak asset controls were observed at the following facilities:

- **Punjab:**
    - DR-TB Unit & BSL-II Lab, Allied Hospital Faisalabad
    - GeneXpert Labs, DHQ Hospital & THQ Hospital Kott Chutta, D.G. Khan
    - PMDT Site, Bahawal Victoria Hospital, Bahawalpur
    - PMDT site, Municipal General Hospital, Sargodha
- **Sindh:**
    - CDC-TB & Malaria Facilities, Hyderabad, Jamshoro & Larkana
- **Balochistan:**
    - Provincial Reference Lab (PRL), Quetta
    - HIV/ART Centre & PMDT Site, Quetta
- **Khyber Pakhtunkhwa:**
    - Category-D Hospital Khyber
    - District Malaria Store & TB Centre, Mardan

Audit observed widespread mismanagement of Global Fund–financed assets across CMU and provincial levels. High-value medical and laboratory equipment, including **GeneXpert, COBAS, HVAC units, and refrigerators**, remained under-utilized, idle, or non-functional. Misuse of **Global Fund vehicles at CMU and provincial levels** was noted, and **604 laptops funded by the Global Fund, intended for program use, were taken by the Provincial Government of Punjab and their whereabouts are unknown**. Additionally, assets were often **not recorded in registers and lacked insurance coverage**, while maintenance and

calibration schedules were ignored. These issues, already highlighted in the report, reflect serious lapses in asset management, leading to wastage of public and donor funds, reduced service delivery, and increased risk of loss, theft, or misappropriation.

Audit is of the view that ineffective asset management leads to wastage of public and donor funds, reduced service delivery, and increased risk of loss or misappropriation, undermining value for money and accountability.

The management replied that PTP Khyber Pakhtunkhwa (KP) clarified that all Global Fund-financed assets are distributed to relevant districts for diagnostic use, with documentation done accordingly. It is the responsibility of the District Health Authority to ensure functionality for TB diagnosis. PTP Punjab reported corrective steps, including the proper recording of assets in both manual and electronic registers, ensuring accountability. High-value equipment like GeneXpert machines is earmarked for new diagnostic sites, and idle equipment is reserved for future use. A committee has identified non-functional items, which are pending disposal with CMU approval. The 604 laptops were handed over to the Health Information Service Delivery Unit (HISDU) and distributed to health facilities for strengthening health information systems, with proper documentation. Insurance for assets has been arranged at the CMU level. However, PTP Punjab faces challenges with real-time asset tracking due to limitations in software and the decentralization of responsibilities to district health offices. The ongoing health sector reforms and system transitions in Punjab temporarily impacted asset and inventory control, though maintenance schedules are being reinforced.

The reply is not tenable. While PTP Khyber Pakhtunkhwa and Punjab have made efforts to improve asset management, gaps in real-time tracking and decentralized control at the district level persist. The 604 laptops, meant for TB program activities, were misallocated to HISDU, contrary to their intended purpose. The lack of an integrated asset management system at the provincial level further complicates tracking and accountability.

The DAC in its meeting held on 27.01.2026 directed that a committee comprising Officers from the Ministry and internal audit wing of the CMU be constituted, with the mandate to conduct, in the first phase, an audit of the districts pointed out in the Audit Para and a comprehensive report on the audit findings be submitted to Audit through Ministry. Moreover, a reconciliation exercise for all medical and diagnostic equipment, must be undertaken with the provincial governments and provincial SRs/SSRs to ascertain whether the equipment provided is currently operational,

idle, damaged or missing, so that proper corrective and remedial actions can be taken, in addition to fixing responsibility for any damage/loss of equipment. **Strict guidelines for safeguarding and proper usage of the medical and diagnostic equipment must be issued to the provinces**.

Additionally, DAC directed that in the future, the internal audit of CMU should be extended to the districts in a planned and resource efficient way. SOPs for the internal audit must include audit of equipment/assets of Global Fund and updating of fixed asset registers.

Audit recommends that management ensure nationwide asset tagging, periodic physical verification, proper maintenance, and clear responsibility fixation.

6.4 Non-functional diagnostic infrastructure and service delivery gaps (Punjab, Sindh, Balochistan & Khyber Pakhtunkhwa)

Para 16 of the Country Coordinating Mechanism Policy Including Principles and Requirements, 2018 states that CCMs should oversee the performance of the PRs to ensure that agreed targets are met. Through transparent CCM oversight, PRs are held accountable to all country stakeholders. CCMs should regularly review performance of grants in collaboration with the PRs, and bring together all the necessary stakeholders, including Global Fund Secretariat staff. CCMs should oversee grants, support PRs to address risks and bottlenecks and initiate the replacement of consistently poorly performing PRs. Effective oversight efforts should drive improvements in grant performance in support of national programs.

The Field audit teams conducted on-site visits to health facilities across Pakistan to verify implementation of HIV, TB, and Malaria programs, focusing on records, assets, inventory controls, and service delivery. The visits enabled firsthand assessment of compliance gaps and operational weaknesses affecting program effectiveness.

Diagnostic weaknesses were observed at the following facilities:

- **Punjab:**
    - BSL-II Lab, Allied Hospital Faisalabad
    - GeneXpert Labs, DHQ Hospital & THQ Hospital Kott Chutta, D.G. Khan
- **Sindh:**
    - CDC-TB & Malaria Labs, Hyderabad, Jamshoro & Larkana
- **Balochistan:**

- Provincial Reference Lab (PRL), Quetta
- DOT-TB Centre, BMC Quetta

- **Khyber Pakhtunkhwa:**
  - TB (DS) Centres, Category-D Hospital Khyber
  - TB Centre, Baghdad Hospital Mardan

Audit observed serious gaps in diagnostic infrastructure and laboratory services. At the **CMU warehouse**, non-pharmaceutical equipment worth **PKR 24.267 million** remained idle for 5–12 years. In **Balochistan**, the **GX-Alert system at 34 GeneXpert sites** was non-functional, and at **PRL Quetta**, critical equipment including MGIT machines, Biological Safety Cabinets, and HVAC systems were non-functional or uncalibrated, with records from 2015–2022 missing. These deficiencies, already highlighted in the report, undermine timely diagnosis, treatment, and effective disease surveillance.

Audit is of the view that non-functional diagnostic facilities undermine timely diagnosis and treatment and lead to inefficient utilization of costly equipment, adversely affecting program objectives.

The management replied that it acknowledges the audit observation regarding diagnostic infrastructure and service delivery gaps across multiple provinces, including Punjab. However, it is important to note that the issues with the GX-Alert system are systemic and affected all provinces, as the system was centrally managed by the CMU. The prolonged non-functionality of this system led to provinces relying on manual data recording and reporting. In Punjab, despite these constraints, the diagnostic and surveillance activities continued through alternative manual processes to ensure service continuity. The limitations observed were largely due to the broader issues in centralized system management, delayed repairs, and ongoing health system transitions, which were beyond the control of the provincial office.

The reply is not tenable. While the GX-Alert system issue is cross-provincial, the failure to take prompt action and escalate the matter shows poor coordination. No response was received from other provinces.

The DAC in its meeting held on 27.01.2026 directed that a committee comprising Officers from the Ministry and internal audit wing of the CMU be constituted, with the mandate to conduct audit of the districts pointed out in the Audit Para and a comprehensive report on the audit findings be submitted to Audit through Ministry. Additionally, DAC directed that in the future, the internal audit of CMU should be

extended to the districts in a planned and resource efficient way. SOPs for the internal audit must include audit of diagnostic infrastructure.

Audit recommends that management ensure preventive maintenance, availability of trained personnel, timely repairs, and effective monitoring mechanisms to minimize downtime and service interruptions.

6.5 Weak clinical oversight, governance, and social support controls (Punjab, Sindh, Balochistan & Khyber Pakhtunkhwa)

Para 16 of the Country Coordinating Mechanism Policy Including Principles and Requirements, 2018 states that CCMs should oversee the performance of the PRs to ensure that agreed targets are met. Through transparent CCM oversight, PRs are held accountable to all country stakeholders. CCMs should regularly review performance of grants in collaboration with the PRs, and bring together all the necessary stakeholders, including Global Fund Secretariat staff. CCMs should oversee grants, support PRs to address risks and bottlenecks and initiate the replacement of consistently poorly performing PRs. Effective oversight efforts should drive improvements in grant performance in support of national programs.

The Field audit teams conducted on-site visits to health facilities across Pakistan to verify implementation of HIV, TB, and Malaria programs, focusing on records, assets, inventory controls, and service delivery. The visits enabled firsthand assessment of compliance gaps and operational weaknesses affecting program effectiveness

Weak governance was observed at the following facilities, while KPK showed better compliance:

- **Punjab:**
    - DR-TB & DS-TB Units, Allied Hospital Faisalabad
    - DS-TB & DR-TB Sites, DHQ Hospital D.G. Khan
- **Sindh:**
    - CDC-TB Facilities, Hyderabad & Jamshoro

Balochistan:

- HIV/ART Centre, BMC Quetta
- PMDT Site, Quetta

- **Khyber Pakhtunkhwa:**
    - TB Centres, Category-D Hospital Khyber

- TB Centre, Baghdad Hospital Mardan

Audit observed significant weaknesses in clinical oversight and governance, including incomplete documentation of medicine issuance, limited supervisory reviews, and unverified social support interventions. Previously identified issues, such as irregular salary payments of USD 39.395 million, non-transparent selection of hospitals and physicians, and non-appointment of key coordinators, further highlight systemic governance gaps. These deficiencies increase the risk of non-compliance with treatment protocols, compromise patient safety, and undermine overall program efficiency.

Audit is of the view that weak clinical and governance controls increase the risk of non-compliance with treatment protocols, compromised patient safety, and inefficient use of program resources.

The management replied as under:

PTP Punjab Response:

The gaps in clinical oversight and documentation were due to hospital renovations and staff relocations, which temporarily disrupted administrative processes. These operational challenges did not reflect deficiencies in clinical care or treatment protocols.

PTP Sindh Response:

Operational constraints, including staff changes and facility relocations, affected documentation and oversight in Sindh, but did not compromise clinical care or treatment adherence.

PTP Balochistan Response:

In Balochistan, weaknesses in clinical oversight were caused by logistical challenges and staff displacement, but patient care continued and did not indicate failures in treatment protocols.

PTP Khyber Pakhtunkhwa Response:

Khyber Pakhtunkhwa maintained better compliance with clinical oversight and documentation standards, effectively managing inventory and ensuring accurate real-time tracking of medicines.

The reply is not tenable as the responses from all provinces acknowledge the temporary disruptions caused by renovations and staff transfers. However, these

justifications fail to address the deeper, ongoing systemic issues in governance and oversight.

The DAC in its meeting held on 27.01.2026 directed that a committee comprising Officers from the Ministry and internal audit wing of the CMU be constituted, with the mandate to conduct audit of the districts pointed out in the Audit Para and a comprehensive report on the audit findings be submitted to Audit through Ministry. Additionally, DAC directed that in the future, the internal audit of CMU should be extended to the districts in a planned and resource efficient way. SOPs for the internal audit must include audit of clinical efficiency and social support controls.

Audit recommends that nationwide enforcement of clinical oversight, documentation standards, and digital record preservation should be ensured.

Punjab

6.6 High risk of misdiagnosis due to non-compliance with approved diagnostic criteria

According to the National TB Control Program (NTP) guidelines and WHO TB diagnostic standards, tuberculosis cases are required to be primarily diagnosed through bacteriological confirmation (sputum smear microscopy, GeneXpert MTB/RIF, or culture). Clinical diagnosis is permitted only in exceptional cases such as paediatric or extrapulmonary TB, subject to proper documentation, including negative bacteriological results, radiological evidence, and specialist justification.

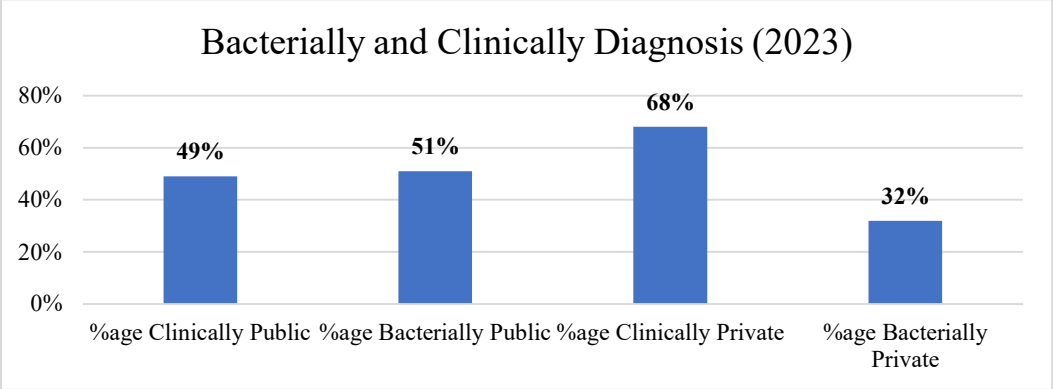
The PTP provided data for the TB patients diagnosed by public and private health facility Centres during the years 2020 to 2023. Detail is as under:

Year	Total Public TB Cases	Clinically diagnosed Public Cases	%age Clinically Public	Total Private TB Cases	Clinically diagnosed Private Cases	%age Clinically Private
2020	99,034	52,339	52.85%	54,912	37,455	68.21%
2021	132,894	64,121	48.25%	76,991	50,722	65.88%
2022	161,451	77,723	48.14%	97,348	65,768	67.56%
2023	164,233	80,835	49.22%	112,916	77,460	68.60%

Audit observed as under:

i. The analysis of data revealed that excessive reliance on clinical diagnosis instead of bacteriological confirmation. weak enforcement of diagnostic criteria, inadequate utilization of laboratory services and ineffective monitoring and oversight by the Program Management, Principal Recipient and relevant supervisory bodies.

ii. In the public sector, only 47% to 52% of TB cases were bacteriologically confirmed, while 48% to 53% were clinically diagnosed. Similarly, in the private sector, bacteriological confirmation was limited to 31% to 34%, whereas 66% to 69% of cases were reported on a clinical basis. Further, the supporting documentations justifying clinical diagnosis were not available.



Further, the MoU with the Private Sub-Recipient (SR) created a potential financial incentive for GPs to register patients as TB cases, as reflected in the private sector where 66–69% of cases were clinically diagnosed during 2020–2023, indicating a persistent preference for clinical over bacteriological confirmation

Audit is of the view that non-compliance with approved diagnostic criteria increased the risk of misdiagnosis, inappropriate treatment, potential emergence of drug resistance, inflated case notifications and inefficient utilization of program resources, thereby undermining the credibility and effectiveness of the national TB control program.

The management replied that the NTP and WHO guidelines allow clinical diagnosis in cases where bacteriological confirmation is not feasible, such as smear-negative pulmonary TB, extrapulmonary TB, or pediatric TB. Clinical diagnosis, supported by strong evidence like chest X-rays and symptoms, is not a violation of guidelines. The high proportion of clinically diagnosed cases in the public and private sectors reflects the burden of smear-negative and extrapulmonary TB and limitations in diagnostic access, especially in the private sector. Similar clinical diagnosis rates are reported in other TB-endemic countries. The MoU with Private Sub-Recipients is designed to improve access and treatment, not to incentivize misdiagnosis.

The reply is not tenable as the high reliance on clinical diagnoses, especially in the private sector, where 66-69% of cases were clinically diagnosed, raises serious concerns. This may increase the risk of misdiagnosis, inappropriate treatment, and drug resistance.

The DAC in its meeting held on 27.01.2026 directed the CMU to ensure adherence to approved diagnostic criteria.

Audit recommends that the management strictly enforce approved diagnostic criteria, ensure mandatory bacteriological confirmation except in justified cases, strengthen laboratory referral and documentation mechanisms and enhance monitoring and accountability to ensure compliance with NTP and WHO guidelines.

6.7 Loss due to non-recovery from SSR (PATA) by PTP Punjab - PKR 6.244 million

Clause 11.1 (2) of the Grant Regulations by Global Fund, 2014 states that for each Program, notwithstanding the availability or exercise of any other remedies under the relevant Grant Agreement, the Global Fund may require the Grantee or the Principal Recipient acting on behalf of the Grantee to refund to the Global Fund the relevant Grant Funds that Grant Agreement has been terminated or suspended.

Pakistan Anti-TB Association (PATA) was designated as the Sub-Sub Recipient (SSR) of the National TB Program (NTP) for the period January, 2015 to June, 2016. PATA subsequently continued as SSR of the Program for TB (PTP) during 2016–2017. The Grant Agreement with the Global Fund was extended and remained in effect until its conclusion in March, 2019.

Audit observed that an amount of PKR 1,848,848 was recoverable from PATA, being part of the funds previously released and subsequently declared ineligible by the Global Fund, and that Global Fund assets worth PKR 4,395,179 had not been retrieved from PATA by the PTP Punjab.

Audit is of the view that non recovery of grant and non-retrieval of assets from PATA by the PTP, Punjab is lapse on the part of management and shows weak internal controls.

The management replied that a meeting with PATA and CMU was held on 20.04.2022 and PATA was instructed to develop and share a recovery plan with the Global Fund Country Team. PATA was also required to submit a presentation detailing the clearance mechanism for the ineligible amount. However, no response has been received from PATA as of now. Consequently, with CMU's agreement, PTP Punjab has halted further funding to PATA until the issue of outstanding recoveries is resolved.

The management accepted the audit observation, however, the recovery has not been initiated from the PATA.

The DAC in its meeting held on 27.01.2026 directed the CMU that vigorous efforts be made to ensure recovery from PATA under intimation to Audit.

Audit recommends that matter be taken up at Ministry level and efforts be made to recover the pending amount of PKR 1,848,848 and assets worth PKR 4,395,179 from PATA.

6.8 Loss due to theft of Gene Xpert Machine at Ganga Ram Hospital – PKR 2.425 million

Regulation 6.4 (1) of the Global Fund Grant Regulations, Version 1 states that for each Program, the Grantee shall take all appropriate and necessary actions to ensure that the Principal Recipient maintains, where available at a reasonable cost, all risk property insurance on Program Assets and comprehensive general liability insurance with financially sound and reputable insurance companies.

A GeneXpert machine with Serial no. 812675 was placed at Ganga Ram Hospital, Lahore in 2017 by National TB Program for processing of sputum samples for TB diagnosis. Gene Xpert testing was being done at this site from 2017 to 2020.

Audit observed that GeneXpert testing services were discontinued at the hospital on the grounds of non-availability of trained staff. However, during a subsequent visit by the provincial team to facilitate the resumption of GeneXpert testing services, it was revealed that the GeneXpert machine was missing from the laboratory.

It was further observed that the GeneXpert Machines was not insured by the management.

Audit is of the view that the missing GeneXpert machine reflects serious weaknesses in asset management and internal controls.

The management replied that PTP Punjab formally raised the issue with Ganga Ram Hospital administration in March 2023 and initiated an inquiry in April 2023. All relevant documentary evidence, including handing-over documents, testing reports, and the hospital's stock register, was submitted. However, the inquiry report and formal minutes have not been issued by the hospital. Despite repeated follow-ups, the GeneXpert machine remains untraced. PTP Punjab also contacted M/s Cepheid, who confirmed that the machine is not traceable in their system, and no testing activity has been recorded since 2020.

The reply is not tenable as the machine has not been recovered and no follow-up has been made by the management since 2023.

The DAC in its meeting held on 27.01.2026 directed that matter be probed and report be shared with Audit and ensure the availability of Global Fund assets.

Audit recommends that matter be probed and GeneXpert machine be recovered besides fixing of responsibility.

6.9 Negligence of PTP Punjab by receiving medicines with short shelf life – PKR 28.748 million (USD 101,227)

Para 3.2.2 (r) of the Global Fund Warehouse and Inventory Management Policies and Procedural Manual, 2022 states that at the time of receiving supplies at the warehouse, the minimum shelf life of international procurement (drugs and pharmaceuticals) should be 70% and, for national supplies, it should be 80%. Supplies with below 70% & 80% shelf life shall not be accepted.

Warehouse Assistant (WA) and Store Officers (SOs) shall be responsible to report such cases immediately to the Manager Warehouse & Distribution (MW&D) for management decision.

The management of PTP, Punjab received medicines worth PKR 28.748 million from the CMU during the Grant Cycles 4, 5 and 6. Detail is as under:

No.	Product	Expiry Date	Percentage Shelf Life	Quantity	Price in USD	Price in PKR (USD to PKR @ PKR 284)
1.	Levofloxacin SL (250mg) – Tab	30-Sep-2027	59%	10,800	305.64	86,801.76
2.	Isoniazid-H SL (300mg) – Tab	30-Sep-2026	16%	2,016	35.48	10,076.32
3.	Isoniazid-H SL (300mg) – Tab	31-Jan-2028	54%	32,928	563.5	160,034
4.	Isoniazid-H SL (300mg) – Tab	30-Jun-2028	54%	28,224	483.48	137,308.32
5.	Isoniazid-H SL (300mg) – Tab	31-Jul-2028	67%	8,064	138	39,192
6.	RHZ Dispersible (75+50+150mg) – Tab	30-Nov-2026	50%	200,004	14,952.7	4,246,566.8
7.	Isoniazid-H (300mg) – Tab	28-Feb-2027	50%	12,768	218.5	62,054
8.	RHZ Dispersible (75+50mg) – Tab	31-Dec-2026	54%	6,788	32,243	9,157,012
9.	RHZ Dispersible (75+50mg) – Tab	31-Dec-2026	54%	93,492	52,286.75	14,849,437
Total					**101,227.05**	**28,748,482.2**

Audit observed that medicines received amounting to PKR 28.748 million (USD 101,227) during Grant Cycles 4, 5 and 6, had remaining shelf life far below the prescribed limits.

Audit is of the view that receiving medicines with shelf life shorter then as prescribed under the Global Fund Warehouse and Inventory Management Policies and Procedural Manual, 2022, indicates a complete breakdown of inventory management at the receipt and storage stages.

The management replied that PTP Punjab clarifies that the minimum shelf-life requirements outlined in the Global Fund Warehouse and Inventory Management Policies apply at the time of procurement and receipt into the central warehouse,

and enforcement lies with the Central Management Unit (CMU), not PTP Punjab. PTP Punjab only receives medicines for onward distribution. Rejecting medicines with shorter shelf life would have led to treatment disruptions and a shortage of essential medicines for TB patients. PTP Punjab has repeatedly requested CMU for supplies with longer shelf life. To address the issue, medicines with shorter shelf life are prioritized for immediate distribution and consumption.

The reply is not tenable. The acceptance of medicines with a shorter shelf life reflects a breakdown in inventory management at PTP Punjab. While CMU forwards the medicines from the Global Fund, PTP Punjab is responsible for ensuring compliance with shelf life requirements upon receipt.

The DAC in its meeting held on 27.01.2026 clubbed the Para with Para No.5.30 and directed that the matter be inquired at Ministry level besides fixing responsibility.

Audit recommends that matter may be inquired into besides building the strong internal controls for implementation of the Global Fund Warehouse and Inventory Management Policies and Procedural Manual, 2022.

6.10 Misuse of vehicles of Global Fund

Clause 3.1 of the Grant Regulations by Global Fund (Version 1) states that all Grant Funds disbursed according to the relevant Grant Agreement are prudently managed, and are used solely for relevant Program Activities and consistent with the terms and conditions set forth in the relevant Grant.

The sub-recipient of Global Fund PTP, Punjab had nineteen (19) vehicles out of which following six (06) vehicles were deployed with the following departments as per following details:

No.	Registration No.	Make	Model	Engine Capacity	Deployment Status
1.	GZ-405	Toyota Hilux Double Cabin	2013	2494	With DG Health Services, Punjab
2.	X-68-3927	Toyota Hilux Double Cabin	2007	2800	With Additional Secretary Development Health & Population Punjab (SOMU)
3.	X-68-3384	Toyota Hilux Double Cabin	2003	2800	With Drug Control Department, Health & Population, Punjab
4.	X-68-3994	Nissan Hilux Double Cabin	2008	2800	With Chief Drug Controller, Punjab

5.	X-68-3929	Toyota Hilux Double Cabin	2007	2800	With DG Health Services, Punjab
6.	KG-936	Mitsubishi Pickup Double Cabin	2006	2400	With District TB Coordinator (M.B.Din)

Audit observed that Global Fund–financed vehicles were deployed with non-entitled officers and were not being utilised for programme-related activities. This reflects unauthorized use of grant assets and diversion from intended purposes, undermining operational efficiency and accountability requirements.

Audit is of the view that the deployment of vehicles to other offices/personnel constitutes inappropriate asset utilization and exposes the programme to risks of misuse, avoidable wear and tear, and loss of asset value.

The PTP Punjab has consistently and repeatedly raised the issue with the relevant departments for the retrieval of Global Fund vehicles. PTP reaffirms its firm commitment to vigorously and relentlessly follow up on this matter at all appropriate forums until it is conclusively resolved. All vehicles will be utilized strictly for program-related activities as per Global Fund guidelines.

The management accepted the audit observation, however, immediate and decisive action is required to ensure the vehicles are retrieved from unauthorized holders and used solely for program activities.

The DAC in its meeting held on 27.01.2026 directed that all Global Fund–financed vehicles deployed with non-entitled officers must be immediately retrieved and returned to PTP Punjab for exclusive use in programme-related activities. CMU/PTP must maintain a record of all follow-ups and recovered vehicles, and submit a detailed status report to Ministry and Audit.

Audit recommends that all vehicles be immediately retrieved from unauthorized holders, used strictly for programme purposes, and responsibility be fixed.

6.11 Payment of salaries to non-entitled staff – PKR 14.970 million (USD 52,712)

Clause 3.1 of the Grant Regulations by Global Fund (Version 1) states that all Grant Funds disbursed according to the relevant Grant Agreement are prudently managed, and are used solely for relevant Program Activities and consistent with the terms and conditions set forth in the relevant Grant.

The management of PTP, Punjab attached fifty-one (51) employees to Secretary Operations and Monitoring Unit (SOMU) during 2023 to improve monitoring & evaluation and to enhance the active & extended case finding.

Audit observed as under:

i. The Global Fund staff were attached to SOMU, despite being exclusively hired for Global Fund activities. CMU vide letter dated 31.08.2023 stated that this transfer was made without its prior approval and was in violation of the staffing terms agreed between CMU and the Global Fund.

ii. The Global Fund requested an immediate refund of USD 52,712 on account of salaries paid to the aforementioned employees during their attachment period vide letter No. GMD/HIA/111-2024/ME/IG/ji dated 08.10.2024.

Audit is of the view that payment of salaries amounting to PKR 14.970 million (USD 52,712) to the employees who did not work for Global Fund was irregular and unauthorized.

The management replied that the fifty-one staff members were transferred to SOMU under the orders of the then Secretary, Primary & Secondary Healthcare Department, and the Program Director, TB Control Program. All staff returned to their original postings in April 2025. A demand letter for the recovery of the salary amount was sent to the Departmental Administration; however, no further action has been taken for recovery to date. PTP Punjab is committed to following up on this matter and ensuring the timely resolution of the recovery process.

The reply is not tenable. The transfer of staff without prior approval from CMU constitutes a violation of staffing terms and results in the unauthorized payment of salaries. Despite the demand for recovery, no action has been taken to address this issue.

The DAC in its meeting held on 27.01.2026 directed that responsibility be fixed for unauthorized attachment and recovery of ineligible expenditure under intimation to Audit.

Audit recommends that matter may be probed into for fixing responsibility.

6.12 Violation of Global fund Guidelines by not insuring Program Assets – PKR 1,382.794 million

Clause 6.4(1) of the Grant Regulations by Global Fund (Version 1) states that for each Program, the Grantee shall take all appropriate and necessary actions to ensure that the Principal Recipient maintains, where available at a reasonable cost, all risk property insurance on Program Assets and comprehensive general liability insurance with financially sound and reputable insurance companies.

The insurance coverage shall be consistent with that held by similar entities engaged in comparable activities. To the extent that the title to relevant Program Assets is held by any Sub-recipient, the Grantee shall take all appropriate and necessary actions to ensure that the Principal Recipient requires such Sub-recipient to maintain an insurance of the type and coverage similar to the above.

The sub-recipients of the Global fund, PTP Punjab and PACP was maintaining following the fixed assets during GC-4 to GC-6:

No.	Description of Fixed Asset	PTP, Punjab	PACP
1.	Furniture & Fixture	1,498,900	2,463,963
2.	Health equipment	697,124,698	0
3.	IT Equipment	221,982,827	27,041,628
4.	Lab Equipment	343,900,838	0
5.	Non-Health Equipment	69,100,493	5,142,956
6.	Office Equipment	35,296,795	0
7.	Vehicle/ Motorcycle	13,889,452	0
Sub-Total		**1,382,794,003**	**34,648,547**
Grand Total		**1,417,442,550**	

Audit observed that none of the physical assets were insured since its receipt.

Audit is of the view that non insurance of the physical assets amounting to PKR1,417.443 million was the negligence on the part of management and non-compliance of the global fund guidelines.

The management replied as under:

PACP Response:

PACP clarifies that all assets procured during Grant Cycles GC-1 to GC-6 were purchased by the Principal Recipient (PR) of the Global Fund. As per the Global Fund Grant Regulations, the responsibility for insuring Program Assets lies with the Principal Recipient. PACP, as a Sub-Recipient, neither owned these assets nor had a contractual obligation for their insurance. No budget was allocated to PACP for this purpose under the grant agreements.

PTP Punjab Response:

There was no budget allocation for asset insurance under the PTP budget until FY 2021. In 2021, a dedicated budget line for insurance was included in the Global Fund-supported budget. After completing a joint physical verification and reconciliation of assets with CMU in 2023, a formal case for insurance coverage was processed, securing insurance from 01-03-2023 to 31-12-2023 for both PR and SR assets.

The reply is not tenable. Despite the clarification from both PTP Punjab and PACP, the failure to insure assets constitutes non-compliance with the Global Fund guidelines.

The DAC in its meeting held on 27.01.2026 directed the management to ensure strict compliance to Global Fund guidelines and comprehensive insurance coverage of all Global Fund assets, including those deployed at programme offices and health facilities, within a defined timeframe. DAC further directed that responsibility for prolonged non-insurance of assets be examined and appropriate corrective and preventive measures be instituted. A compliance report, along with documentary evidence of insurance coverage be shared with Audit.

Audit recommends that necessary steps may be taken to ensure the implementation of the guidelines of global funds besides fixing responsibility.

6.13 Absence of E-Surveillance and Non-compliance with Grant Agreement by the PTP Punjab

Clause 13 of Annexure-A of the Program Grant Agreement among Global Fund and NTP states that the sub-recipient will ensure implementation of e-surveillance in all districts of the province.

Clause 3(4)(C) of Schedule 1 of Integrated Grant Description states that Electronic Recording and Reporting PTP will develop an interface for its electronic reporting system and DHIS2 being installed by NTP through catalytic funding.

Clause 3(4)(e) of Schedule 1 of Integrated Grant Description states that the electronic mandatory case notification pilot project will be initiated in selected districts with the support of call centre.

Clause 2(II) of Schedule 1 of Integrated Grant Description states that the objective is to increase the enrolment of MDR-TB cases from 19.2% in year 2016 to at least 30% by end of year 2020.

The PTP Punjab is a sub-recipient of NTP during GC-4 to GC-6.

Audit observed as under:

i. The PTP Punjab failed to implement the e-surveillance in all districts of the province.

ii. PTP Punjab did not develop the required interface for electronic case reporting as per grant confirmation, nor did it initiate the electronic mandatory case notification pilot supported by the call Centre.

iii. PTP Punjab did not achieve the required increase in MDR-TB case enrolment, from 19.2% in 2016 to at least 30% by 2020, as per agreement.

Audit is of the view that the failure to implement e-surveillance, operationalize electronic case reporting, and achieve required MDR-TB enrolment targets reflects weak program implementation and inadequate oversight by PTP Punjab.

The management replied that the e-surveillance under the Grant Agreement was tied to the development of a centralized Electronic Surveillance System by CMU/NTP, which was not available to PTP Punjab during the audit period. Without this national platform, PTP Punjab could not implement province-wide e-surveillance independently without risking duplication or data inconsistency. However, PTP Punjab ensured continued surveillance and program oversight through approved interim mechanisms, including routine review meetings, data validation, regular monitoring visits, and online performance tracking. These activities aligned with the approved Performance Framework and ensured compliance with the grant deliverables.

The reply is not tenable as it fails to address the lack of a developed interface for electronic case reporting and the unmet MDR-TB enrolment target. Interim measures were insufficient, and PTP Punjab should have taken alternative actions to meet grant requirements and ensure full compliance.

The DAC in its meeting held on 27.01.2026 directed that PTP Punjab must implement e-surveillance and electronic case reporting across all districts immediately upon availability of the centralized platform. The Ministry shall verify the existence and functionality of these electronic surveillance systems and compliance with grant commitments.

Audit recommends that PTP Punjab should strengthen oversight and ensure timely implementation of e-surveillance and electronic case reporting, and introduce corrective measures to achieve MDR-TB enrolment targets in line with grant commitments.

6.14 Non-appointment of regular Program Director at PTP Punjab

The Global Fund Grant Agreements and National Strategic Plans require continuity of leadership in program management to ensure stability in planning, implementation, and monitoring of HIV, TB and Malaria interventions. International best practices for health program governance emphasize that frequent turnover of key managerial positions adversely affects program coordination, reporting quality, and achievement of performance targets.

The management appointed multiple PTP Punjab Program Directors during Grant Cycle 06 to oversee the technical and operational implementation of grant-supported activities. These appointments were made at different intervals to fill existing gaps and ensure continuity in supervision.

Audit observed that recurrent and frequent changes in Program Director positions adversely affected program efficiency, institutional memory and continuity of operations. Details are as under:

No.	Name of Program Director	Designation	Period
1.	Dr. Haroon Jehangir Khan	D.G Health Services, Punjab	10.06.2022 to 21.08.2022
2.	Ms. Nur-Ul-Ain	DS, Vertical Program, Punjab	20.02.2023 to 17.07.2023
3.	Mr. Muhammad Sohail	Director Drug Control, Punjab	18.07.2023 to 07.07.2025

Audit is of the view that the high frequency of leadership changes and extended periods with no designated Program Directors undermined the stability of program governance and adversely affected Pakistan's performance against Global Fund-mandated indicators.

The management replied that the matter may be taken up with the Worthy Secretary, Health and Population Department, as it falls within the prerogative of the administrative authority.

The management accepted the audit observation.

The DAC in its meeting held on 27.01.2026 directed that the management must ensure timely and stable appointments of permanent Program Directors for PTP Punjab to provide consistent leadership.

Audit recommends that the Ministry ensure timely, stable, and long-term appointments of Program Directors for PTP Punjab.

6.15 Loss due to expiry of donor funded medicines – USD 0.187 million (PKR 37.699 million)

Section 3.4(a) of the Supply Chain Management Policies and Procedural Manual states that proper inventory management and storage shall be secured to ensure the quality of products is guaranteed all along the distribution channel up to the end-beneficiary.

Section 3.2, Policy (g) of the manual mandates that the buffer stock of pharmaceuticals shall be maintained as suggested by the WHO/Program to prevent overstocking and expiries.

The management of the PTP Punjab provided a statement of expired medicines of TB during Grant Cycles 4, 5 and 6. Details are as under:

No.	Year	PKR Rate at Year End USD	Value of Expired Medicine (USD)	Total Value of Expired Medicine (PKR)
1.	2015	109.15	4,540	495,553
2.	2016	109.41	9,661	1,057,010
3.	2017	112.44	2,049	230,392
4.	2019	166.90	2,209	368,633
5.	2020	169.07	37,598	6,356,708
6.	2021	191.13	63,005	12,042,070
7.	2022	234.93	49,325	11,587,875
8.	2023	298.05	18,656	5,560,377
Total			**187,043**	**37,698,618**

Audit observed that medicines were expired amounting to PKR 37.699 million.

Audit is of the view that the management suffered a loss due to its own negligence and deprived the patients from the due right of their treatment.

The management replied that the expired medicines were received from CMU with short shelf life, and PTP Punjab had no discretion to reject these consignments. PTP Punjab promptly informed CMU about the risk of expiry, and unused/expired medicines were returned for disposal through the donor-approved mechanism. PTP Punjab is 100% dependent on Global Fund supplies for certain medicines and has consistently requested longer expiry dates. Medicines with shorter shelf life are prioritized for immediate distribution to minimize wastage. The total value of expired medicines represents only 0.61% of the total medicines received, demonstrating high program utilization and minimized wastage.

The reply is not tenable as it fails to address the lack of proactive measures to prevent overstocking and expiries. Despite the short shelf life of some consignments, PTP Punjab should have taken stronger actions to ensure better inventory management and compliance with the Supply Chain Management Policies to prevent losses.

The DAC in its meeting held on 27.01.2026 clubbed the Para with Para No.5.24 and directed that a comprehensive report containing reasons for the expiry of medicines be prepared and shared with Audit through Ministry.

Audit recommends that matter be inquired and responsibility be fixed.

6.16 Irregular Utilization of Global Fund Grant and Procurement Violations in Upgradation of BSL-III Laboratories – PKR 22.102 million

The Global Fund granted approval and released funds of PKR 22.102 million for the upgradation of two Bio-Safety Level (BSL)-III labs (at PKR 11,262,500 each) at Lahore and Multan. The Sub-Recipient (PTP Lahore) floated tender for the upgradation of one lab at Lahore on 11.08.2017. The contract was awarded to M/s Biotroll Pvt. Ltd. vide PTP Work Order No. 879 dated 28.08.2017 at a cost of PKR 9.900 million.

Audit observed that the Bio-Safety Level-III laboratory at Multan was not upgraded at all, despite the availability of funds specifically approved for the upgradation of two laboratories. Instead, the Sub-Recipient utilized the entire funds for the upgradation of the BSL-III laboratory at Lahore, which was not in accordance with the approved scope and objectives of the Global Fund grant.

Furthermore, following significant deficiencies were observed in the procurement of services for the upgradation of the BSL-III laboratory at Lahore.

i. The successful bidder deposited the required earnest money after the closing date of bids; however, the firm was still allowed to participate in the bidding process, compromising transparency and fairness.
ii. In addition, the scope of work was enhanced without obtaining prior approval of the Global Fund, which resulted in extra payment amounting to approximately 40% of the total contract value, in violation of the approved grant conditions and procurement rules.
iii. Neither the contractor was registered with the CMU nor the administrative approval of Secretary Health was obtained which was mandatory requirement of the Global Fund. Measurement book was also not maintained.

Audit is of the view that irregular utilization of grant funds, weak procurement controls and non-compliance with approved scope led to diversion of funds and unauthorized financial commitments. TB patients of Multan were also deprived of the due right of their treatment at their home district.

The management replied that the renovation of the BSL-III laboratory in Lahore was approved by the Secretary, Primary and Secondary Healthcare. A tender was floated for a single laboratory, and the project scope was later enhanced upon the consultant's recommendation, with approval from the Secretary, Primary and

Secondary Healthcare Department. Further, there was no dedicated position for a Procurement Officer within PTP Punjab until 2021.

The reply is not tenable. The diversion of funds and violation of procurement rules, including the enhancement of the scope without prior approval, cannot be justified by the absence of a dedicated Procurement Officer.

The DAC in its meeting held on 27.01.2026 directed that the CMU/PTP Punjab to conduct an inquiry and share the report with Audit through Ministry.

Audit recommends that matter may be probed and fixing of responsibility.

6.17 Loss due to theft of equipment and non-insurance

Regulation 6.4 (1) of the Global Fund Grant Regulations, Version 1 states that for each Program, the Grantee shall take all appropriate and necessary actions to ensure that the Principal Recipient maintains, where available at a reasonable cost, all risk property insurance on Program Assets and comprehensive general liability insurance with financially sound and reputable insurance companies. The insurance coverage shall be consistent with that held by similar entities engaged in comparable activities. To the extent that the title to relevant Program Assets is held by any Sub-recipient, the Grantee shall take all appropriate and necessary actions to ensure that the Principal Recipient requires such Sub-recipient to maintain an insurance of the type and coverage similar to the above.

The management Association for Social Development Lahore received in kind grant from Global Fund, in shape of different equipment during Grant Cycles 4, 5 and 6. The detail is as under:

No.	Location / Site	Equipment	Qty
1	PMDT Site, Bahawal Victoria Hospital, Bahawalpur	AC Outlet Units	5
2	PMDT site, Municipal General Hospital, Sargodha	AC Outlet Units	4
Total			**9**

Audit observed that the equipment noted above were reported stolen.

Audit further observed that these Equipment were not insured, resulting in an unmitigated financial risk to the program.

Audit is of the view that theft reflects negligence on the part of the management.

The management replied that at Bahawalpur, the equipment was stolen from the PMDT Site under the custodianship of the Hospital Administration. An investigation was initiated promptly, and necessary actions were taken.

At Sargodha, four AC units were stolen in two incidents (January and May 2023). FIRs were lodged, and security improvements were requested. The ASD did not have insurance coverage for fixed assets until 2023. However, insurance was arranged for all fixed assets in early 2025 to mitigate future risks.

The reply is not acceptable as it fails to address the negligence in asset security and the lack of timely insurance coverage.

The DAC in its meeting held on 27.01.2026 directed that an inquiry be conducted by CMU to fix responsibility for the theft and negligence in securing the equipment.

Audit recommends that matter be inquired and responsibility be fixed for the negligence against the person(s) at fault.

6.18 Loss due to expiry of donor funded medicines

Section 3.4(a) of the Supply Chain Management Policies and Procedural Manual states that proper inventory management and storage shall be secured to ensure the quality of products is guaranteed all along the distribution channel up to the end-beneficiary.

Section 3.2, Policy (g) of the manual mandates that the buffer stock of pharmaceuticals shall be maintained as suggested by the WHO/Program to prevent overstocking and expiries.

The management Association for Social Development Lahore provided a statement of expired medicines of TB during Grant Cycles 4, 5 and 6. Details are as under:

Location / Site	Name of Medicine	Received ON	Expired ON	Quantity
DR-TB Clinic, DHQ Hospital Attock	Pyrazinamide 400mg	31 June 2023	Aug-23	431
	Isoniazid 100mg	31 June 2023	Aug-23	500

Audit observed that the medicines were expired at SR facility.

Audit further observed that as the medicine were provided by NTP, no monetary value of the medicine was available.

Audit is of the view that the Government suffered a loss due to negligence of the management.

The management replied that the expired medicines were transferred from Rawalpindi Leprosy Hospital to DR TB Clinic, Attock based on estimated patient numbers. Due to low enrolments and short expiry, these medicines could not be used and were incinerated following proper procedures.

The reply is not acceptable. The management's explanation does not justify the expired medicines as a result of poor planning and ineffective inventory management.

The DAC in its meeting held on 27.01.2026 clubbed the Para with Para No.5.24 and further directed that a comprehensive report containing reasons for the expiry of medicines be prepared and shared with Audit through Ministry.

Audit recommends that matter be inquired and responsibility be fixed.

6.19 Proliferation of HIV disease due to high number of lost to follow up patients

During scrutiny of record maintained by HIV Centre, Multan situated at DHQ Multan, and HIV Centre at DHQ Sargodha, it was observed that a significant number of registered patients had stopped visiting the Centre for treatment for the last six months and were categorized as lost to follow-up. Year-wise details are as under:

Year	Multan			Sargodha		
	Patients Registered	Loss to Follow-Up	% Loss to Follow-Up	Patients Registered	Loss to Follow-Up	% Loss to Follow-Up
2021	2,682	756	28%	1,311	321	25%
2022	3,108	763	24%	1,590	355	22%
2023	2,972	727	24%	1,687	298	18%

Audit observed that a significant proportion of HIV patients registered at ART Centres remained lost to follow-up, indicating treatment interruptions and poor patient retention. At the HIV Centre, Multan, around one-quarter to one-third of patients were lost to follow-up each year, while at the ART Centre, Sargodha, the proportion ranged from approximately 18% to 25% annually.

Audit is of the view that the high proportion of lost-to-follow-up patients at ART Centres in Multan and Sargodha indicates serious gaps in patient retention, leading to treatment interruption, poor adherence, increased HIV transmission, and higher morbidity and mortality. It is likely that other districts may be facing a similar scenario, which could collectively undermine provincial HIV control targets, compromise program efficiency, and increase the risk of drug resistance.

The management replied that Lost-to-follow-up (LTFU) is a common challenge due to factors like migration, stigma, and socioeconomic issues. However, the decreasing trend in LTFU indicates positive impact from ongoing efforts, including counseling and follow-up calls. The Punjab AIDS Control Program (PACP) has issued directives to strengthen patient tracking and improve retention through enhanced counseling and community health worker coordination. Corrective measures are being implemented to further improve patient retention.

The management accepted the audit observation. However, factors like migration and stigma may contribute to LTFU, the significant numbers indicate systemic gaps in patient tracking and retention.

The DAC in its meeting held on 27.01.2026 directed that PACP must formalize and expand the patient retention framework, ensuring comprehensive tracking of LTFU cases across all districts. Standard operating procedures for follow-up, counseling, and community linkages must be documented, monitored, and reported quarterly to the Ministry to ensure timely corrective actions and reduce treatment interruptions.

Audit recommends to strengthen patient tracking and retention mechanisms by establishing an effective follow-up system, including periodic patient outreach, counselling, and coordination with community health workers.

6.20 Negligence of Association for Social Development (ASD) Multan by receiving medicines with short shelf life

Para 3.2.2 (r) of the Global Fund Warehouse and Inventory Management Policies and Procedural Manual, 2022 states that at the time of receiving supplies at the warehouse, the minimum shelf life of international procurement (drugs and pharmaceuticals) should be 70% and, for national supplies, it should be 80%. Supplies with below 70% & 80% shelf life shall not be accepted. Warehouse Assistant (WA) and Store Officers (SOs) shall be responsible to report such cases immediately to the Manager Warehouse & Distribution (MW&D) for management decision.

The management of ASD, Multan received medicines from the Global Fund in kind during the Grant Cycles 6. Detail is as under:

No.	Product Name	Batch No.	Receiving Date	Expiry Date	Shelf Life	Quantity
1	Ethionamide 250 mg	NEA 758	01.10.2021	Nov-21	Less than one month	200
2	Pyrazinamide 400 mg	NPB 738A	01.10.2021	Nov-21	Less than one month	16,128

Total	**16,328**

Audit observed that medicines received during Grant Cycles 6, had remaining shelf life far below the prescribed limits.

Audit is of the view that acceptance of expired and near-expired medicines not only represents unlawful receipt of unusable health commodities, but also exposes the program to wastage of donor resources, risks to patient safety, and potential audit objections from the donor.

The management replied that ASD does not have a warehouse. Medicines are directly delivered to DR TB sites by NTP/CMU. Upon receipt of short-expiry medicines (Ethionamide and Pyrazinamide), the issue was immediately documented and reported to NTP for guidance. The medicines were quarantined and not issued to patients. Once formal instructions were received from NTP, the medicines were returned to the NTP warehouse on 15.11.2021, with proper documentation.

The reply is not tenable as the medicines were quarantined and not issued; the acceptance of near-expiry medicines still represents a failure in adhering to the prescribed shelf-life requirements.

The DAC in its meeting held on 27.01.2026 clubbed the Para with Para No.5.30 and directed that the matter be inquired at Ministry level besides fixing responsibility.

Audit recommends that matter be probed beside fixing responsibility.

6.21 Unauthorized Fee Charging by General Physicians Leading to Financial Exploitation of TB Patients

According to the Memorandum of Understanding (MoU) executed between the Private Sub-Recipient (SR) and participating healthcare providers, "TB diagnostic and treatment services under the project shall be provided free of cost to beneficiaries, and no consultation or service charges shall be levied from TB patients."

The MoU further provides that "General Physicians (GP) shall be paid incentives by the SR in lieu of services rendered and shall not charge any fee from patients covered under the project."

The MoU states the roles and responsibilities of the SR that include the following:

a. Train one GP and one paramedic per health facility on National TB Case Management guidelines.

b. Train one paramedic per facility on National guidelines of TB-HIV screening/testing.

c. Conduct monthly and quarterly supervisory and monitoring visits to the facility.

d. Provide incentive to the health facility [a total of PKR 800/- per registered case (all forms) in two instalments, PKR 500/- per patient at the time of registration (TB 07) and remaining PKR 300/- per patient at the time of outcome (TB 09), to the GP.

e. Provision of incentive to the paramedic through the facility management/GP for HIV screening and TB patient notification to PPM Hub (digital case-based notification system) through a SMS @ PKR 250/-per test/case.

f. SR will pay PKR 400/- to GP for ruling out active TB and prescribing TPT among the household contacts of index TB case.

The private SR, Association for Social Development (ASD) of Mercy Corps, engaged six Large Private Hospitals (LPHs) and 189 General Physicians (GPs) for the treatment of TB patients.

During a visit to Dr. Sikandar Hayat Medicare Hospital, it was observed that Dr. Sikandar Hayat, GP on the SR panel, was charging consultancy fees from TB patients, which was unauthorized. Simultaneously, the SR was also paying incentives to the same GP.

Audit is of the view that charging of consultancy fees resulted in financial exploitation of TB patients and constituted ineligible expenditure, besides exposing the program to reputational risk and potential recoverable loss.

The management replied that the PPM project does not permit GPs to charge TB patients. However, GPs, including Dr. Sikandar Hayat, charge an initial fee for new patients. Once diagnosed with TB, the patient's treatment, including medicine, follow-up visits, and tests, is provided free of cost as per NTP and project guidelines.

The reply is not tenable. Charging an initial fee is still unauthorized under the project’s guidelines, which mandate that all TB treatment and services be free for patients.

The DAC in its meeting held on 27.01.2026 directed that the matter be probed at Ministry level and report be shared with Audit. DAC further directed the CCM to

ensure oversight and proper utilization of Global Fund Grant by the Private Principal Recipients.

Audit recommends that immediate action be taken to stop unauthorized charging of consultancy fees by GPs engaged under the project, recover any ineligible amounts from the concerned GP, and ensure strict compliance with the MoU and Global Fund guidelines by instituting robust monitoring and enforcement mechanisms to prevent recurrence.

Khyber Pakhtunkhwa

6.22 Irregular reporting of patient screenings beyond available rapid diagnostic test kits

According to Section 2.2 of Global Fund Guideline (Procurement and Supply Management Responsibilities) 2021, "Principal Recipients are responsible for ensuring that health products are used for their intended purpose, accounted for accurately, and reported transparently in line with grant agreements and Global Fund policies".

The management of Integrated Vector Management Program, Merged Districts Khyber Pakhtunkhwa, funded by the Global Fund, received and issued 1,540,535 Rapid Diagnostic Test (RDT) kits to Health Facilities across the Province during the period 2019–2023.

Audit observed that against the above availability, the program reported screening of 1,877,532 patients, showing an excess of 336,997 screenings over and above the kits actually procured and issued. This anomaly raises serious concerns as to how more patients could be tested than the number of kits available. The figures reported thus appear inflated to justify excess demand of RDT kits rather than reflecting actual requirement and utilization.

Audit is of the view that the irregularity occurred due to weak internal controls over inventory management and deficient reconciliation between issued kits and reported screenings. This indicates the deliberate inflation of figures to justify excess demand which cannot be ruled out.

The management did not reply.

The DAC in its meeting held on 27.01.2026 showed concern over the non-submission of management's response and directed the CMU management to actively pursue the matter with IVMP KP, obtain a written clarification regarding

the discrepancy between reported patient screenings and available rapid diagnostic test kits and submit a comprehensive report to Ministry and Audit.

Audit holds that the misreporting resulted in misrepresentation of program performance and distorted resource allocation. It created the risk of misuse or diversion of donor-funded supplies, undermined transparency, and eroded the credibility of program reporting.

6.23 Inadequate Distribution and Utilization of Anti-Malarial Medicines

According to the "Management of Uncomplicated Malaria" guidelines issued by the Common Management Unit (CMU), Ministry of National Health Services, Regulations & Coordination, Government of Pakistan, patients diagnosed with uncomplicated mixed malaria (PV + PF) shall be treated with Artemether + Lumefantrine (AL) @ 6 tablets, (twice daily for three days).

The management of the Integrated Vector Management Program for Merged Districts of Khyber Pakhtunkhwa reported 219,129 confirmed malaria cases during 2020–2023. Review of stock records showed that 108,600 doses of Artemether + Lumefantrine were received during the same period, of which 94,000 doses were issued, while 14,600 doses remained unutilized, indicating a mismatch between reported caseload and medicine availability and utilization. Details are as under:

Year	No. of patients	Dose Received per patient	Dose issued per patient
2020	32,546	2130	3,570
2021	26,461	5970	2,750
2022	58,200	5970	9,269
2023	101,922	94530	78,411
Total	**219,129**	**108,600**	**94,000**

Audit observed that despite a high number of confirmed malaria cases in the Merged Districts of Khyber Pakhtunkhwa during 2020–2023, the distribution and utilization of medicines were inadequate. This indicates weaknesses in medicine quantification, stock planning, and adherence to standard treatment protocols.

Audit is of the view that inadequate forecasting and weak internal controls in medicine management resulted in irrational distribution of anti-malarial medicines, exposing patients to the risk of under-treatment and incomplete therapy.

The management did not reply.

The DAC in its meeting held on 27.01.2026 showed concern over the non-submission of management's response and directed the CMU management to

actively pursue the matter with IVMP KP, obtain a written clarification regarding the discrepancy between reported patient screenings and available rapid diagnostic test kits and submit a comprehensive report to Ministry and Audit.

Audit recommends that the management strengthen medicine forecasting and requisition processes based on actual disease burden and standard treatment guidelines.

6.24 Irregular expenditure of POL and Repair of Vehicles on non-Global Fund Vehicles – PKR 9.268 million

Clause 3.1 of the Grant Regulations by Global Fund (Version 1) states that all Grant Funds disbursed according to the relevant Grant Agreement are prudently managed, and are used solely for relevant Program Activities and consistent with the terms and conditions set forth in the relevant Grant.

The management of TB Control Centre Peshawar, incurred an expenditure of PKR9,268,003 on account of POL and Repair on the Vehicles under Global Funds, during the period 2015-2023.

Audit observed from the review of the Fixed Assets Statement, received from Common Management Unit (CMU) under the Global Fund, that the above stated vehicles were not Global Funds vehicles yet an expenditure of PKR 9,268,003 was incurred on them on account of POL and Repair. Details are as under:

No.	Vehicle Number	Make & model	POL	Repair	Total (PKR)
1	X-68-3393	Toyota Hilux Double Cab, 2003	2,523,239	1,410,813	3,664,052
2	GU-209	Toyota Single Cab, 2008	2,349,223	421,680	2,770,903
3	GU-208	Toyota Single Cab, 2008	2,472,995	292,760	2,765,755
4	X-68-3928	Toyota Hilux Double Cab, 2008	67,293	0	67,293
Total			**7,412,750**	**2,125,253**	**9,268,003**

Audit is of the view that the Budgets/funds received under Global Fund were required to be utilized only on Vehicles provided by Global Fund, and thus spending of PKR9,268,003 on unauthorized vehicles was irregular.

The management replied that the vehicles in question were provided by the CMU under the Global Fund grant for monitoring, supervision, and drug distribution across Khyber Pakhtunkhwa. These vehicles were used exclusively for Global Fund-supported activities, and the expenditure on POL and repairs was necessary for the continuity of the program. All expenses were related to official and program activities, with proper documentation in place. Therefore, the incurred expenditure cannot be considered irregular or unauthorized.

The reply is not acceptable as the vehicles may have been used for program activities, they were not Global Fund-provided vehicles, as per the available record.

The DAC in its meeting held on 27.01.2026 directed the management to maintain proper documentation and evidence of usage, POL consumption, and repair activities for all vehicles, and submit reports and logbooks to Audit for scrutiny.

Audit recommends that recovery be made and responsibility be fixed.

6.25 Loss due to non-compliance of Warehouse and Inventory Management and Procedural Manual – PKR 8.200 million

The Warehouse Inventory Management Manual issued by the Common Management Unit (CMU), Ministry of National Health Services, Regulations and Coordination, stipulates that warehouses storing program stock shall be provided with adequate fire safety arrangements, including installation of fire extinguishers, to safeguard public assets and ensure continuity of program operations.

During the special audit of the Global Fund–supported TB Program at DHQ Hospital Mardan, it was observed that pharmaceutical and non-pharmaceutical stocks of TB Program KP were stored in a warehouse without requisite safety arrangements. The warehouse lacked fire safety equipment, had unsafe and deteriorated electrical wiring, and was congested, in clear violation of the CMU-issued Warehouse and Inventory Management Manual.

Audit observed that a fire broke out on 10.02.2021, resulting in damage to pharmaceutical and non-pharmaceutical items and causing a loss of PKR 8.200 million. Details are as under:

No.	Description	Estimated Value (PKR)
1	GeneXpert Machine 4 Module	3,000,000
2	Chiller	200,000
3	UPS/Battery	600,000
4	Air Conditioner	100,000
5	Cartridges	300,000
6	Medicines	3,000,000
7	Metacom (GxAlert) Device	200,000
8	Microscope	800,000
Total		**8,200,000**

Audit further observed that an inquiry conducted by a committee constituted by the Directorate General Health Services, KP, to investigate the fire incident dated 10.02.2021, concluded that the incident occurred due to electric short circuit, non-installation of fire extinguishers, open and rusted electrical wiring, and congested storage space.

Audit is of the view that the incident was a direct result of negligent management and lack of adherence to basic safety and storage standards.

The management replied that the TB Control Program provides TB Care Services in line with demand and acknowledgment procedures, and the management of items lies with the respective District Health Authority. Regarding the fire incident, it is noted that the fire extinguishers and exhaust fans, provided by the NTP in 2012, may have been damaged or burned during the night when the fire occurred outside official hours.

The reply is not acceptable. The fire incident resulted from inadequate fire safety arrangements, including the lack of functional fire extinguishers and unsafe wiring.

The DAC in its meeting held on 27.01.2026 directed the management to conduct an inquiry and fix responsibility for the negligence. DAC further directed to install fire extinguishers, smoke detectors, and other safety mechanisms in all warehouses, with monthly inspections documented.

Audit recommends that responsibility for the negligence be formally fixed, as the inquiry only identified the causes of the fire and failed to hold any individual or management accountable.

6.26 Misuse of assets due to poor Assets management by handing over Project vehicles to the outsiders

Clause 3.1 of the Grant Regulations by Global Fund, 2014 states that all Grant Funds disbursed according to the relevant Grant Agreement are prudently managed, and are used solely for relevant Program Activities and consistent with the terms and conditions set forth in the relevant Grant.

The management of TB Control KP, Peshawar provided a list of 26 Vehicles received by it from National TB control Program under various Programs.

Audit observed that Global Fund–financed vehicles were deployed with non-entitled officers and were not being utilised for programme-related activities. Details are as under:

Vehicles No	Make & model	Engine No	Chassis No	Handed over to
X-68-3394	Toyota Hilux Double Cab, 2003	5353201	JTFD-E626-3--107249	Transport Officer DGHS KP
GU-483	Suzuki Carry Van, 2023	PKT-1027778	SV308PK0114 4304	Fayaz Sherpao, (ex-Special Secretary Health KP)

Audit is of the view that the deployment of vehicles to other offices/personnel constitutes inappropriate asset utilization and exposes the programme to risks of misuse, avoidable wear and tear, and loss of asset value.

The management replied that the Toyota Hilux (X-68-3394) was temporarily handed over to the Transport Officer DGHS KP for health sector coordination, and the Suzuki Carry Van (GU-483) was temporarily assigned to Mr. Fayaz Sherpao, ex-Special Secretary Health KP, for official health activities. Both vehicles were returned to the program, and proper records are maintained. No vehicle was permanently transferred or misused. Management has reinforced instructions to ensure compliance with program-related vehicle usage.

The reply is not acceptable as the vehicles may have been temporarily assigned, the deployment of Global Fund-financed vehicles to unauthorized personnel constitutes poor asset management.

The DAC in its meeting held on 27.01.2026 directed the management to ensure that all Global Fund–financed vehicles are retained within the TB Control Program, strengthen asset management controls including custody records and logbooks, and avoid any future deployment outside the programme. A compliance report confirming the current status and utilization of all programme vehicles be submitted to Ministry and Audit.

Audit recommends that all vehicles be immediately retrieved from unauthorized holders, used strictly for programme purposes, and responsibility be fixed.

6.27 Illegal appointment of Mr. Sajjad Ahmad Senior Lab Supervisor

Para 3.2.1.1 (iv) of The Global Fund Human Resource Policies and Procedures Manual states that Recruitment and Selection will be conducted in a manner that ensures open competition, equal employment opportunity, and rules out discrimination or favouritism because of race, politics, religion, sex / gender identity, colour, ethnicity, origin, age, and is in accordance with the CMU selection and evaluation system.

Para 3.5.1.1 (O) (i) of The Global Fund Human Resource Policies and Procedures Manual states that Employees are not allowed to work for other organization while still in employment with the CMU.

Para 3.2.1.1 (c)(ii) of The Global Fund Human Resource Policies and Procedures Manual states that All appointments at CMU shall be made subject to verification of original qualifications and experience documents/certificates along with reference check.

The management of TB Control Centre KP, appointed Mr. Sajjad Ahmad Senior Lab Supervisor, w.e.f. during the year 2015.

Audit observed that the advertisement dated 01.01.2015 required a 'Bachelor Degree in Medical Lab Technology' with submission of qualification documents within 15 days. While most candidates were disqualified for not providing documents, Mr. Sajjad, who submitted only a college course completion certificate, was allowed to sit for the written test and was later selected.

Audit is of the view that, Mr. Sajjad Ahmad was ineligible for appointment, as he was required to be disqualified in the shortlisting process for not providing relevant Qualification document i.e. Bachelor Degree in Medical Lab Technology, as M. Phil qualified candidates were dropped in the shortlisting for the same reason.

The management replied that Mr. Sajjad Ahmad, a regular employee of TB Control Program (PTP), Khyber Pakhtunkhwa, was selected as Senior Lab Supervisor based on the criteria of a BS in MLT and relevant experience. He submitted his BS in MLT degree from 2014 and over ten years of laboratory experience. Candidates were shortlisted based on document submission, and those who failed to submit were dropped. Initially, there were no document verification practices, but later, all employee degrees, including Mr. Sajjad's, were verified by HEC as per CMU and audit directives.

The reply is not rebutted with documentary evidence.

The DAC in its meeting held on 27.01.2026 directed the management to provide the record to Audit for scrutiny.

Audit recommends that matter be probed and responsibility be fixed.

Sindh

6.28 Non-maintenance and non-production of financial and programmatic record by Sindh AIDS Control Program (SACP) – PKR 94.377 million (USD 907,530)

Article 7.1 of the Global Fund Grant Regulations, 2014 states that for each Program, the Grantee shall take all appropriate and necessary actions to ensure that the Principal Recipient and each of its Sub-recipients respectively maintain Program Books and Records in accordance with the internationally recognized accounting standards in the Host Country, and such Program Books and Records shall, among other things, properly register the name of the beneficiary and the purpose for each payment and allow for full reconciliation of expenditures with sufficient supporting documentation. All Program Books and Records must be kept

for at least seven years after the date of the last disbursement under the Grant Agreement or for such longer period as may be required by the Global Fund.

The CMU disbursed PKR 94,377,974 to SACP during the period 2015 to 2017. The management of the Sindh AIDS Control Program, informed vide Letter No. AD-CDC-I HIV/AIDS/1315/18 dated 12.12.2025 that the requisite financial and programmatic records, including payment vouchers, ledgers and bank statements could not be produced to audit as the funds were disbursed by NACP/CMU and relevant record is be available at Federal level.

Audit observed that the plea of management was not tenable, as the CMU vide Letter dated 30.12.2025 explicitly clarified that while NACP/CMU, as Principal Recipient, was responsible only for disbursement of funds, the responsibility to execute activities and maintain complete financial and programmatic record squarely rested with the Sindh AIDS Control Program.

Audit is of the view that non-production of record hindered verification of expenditures and raised concerns regarding transparency and accountability in utilization of Global Fund resources.

The management replied that there is no any disbursement paid to SACP during 2015 to 2017 in capacity of Sub-recipient of the grant. NACP/CMU in position to provide the record and details of the disbursements.

The reply is not tenable as it's the responsibility of SACP to maintain all the program related record.

The DAC in its meeting held on 27.01.2026 directed the Ministry to constitute an inquiry committee to fix responsibility for non-provision of record.

Audit recommends that responsibility may be fixed for non-maintenance and non-production of record besides initiating disciplinary action against the person(s) at fault.

6.29 Non-insurance of Global Fund Assets – PKR 762.908 million

Regulation 6.4(1) of the Global Fund Grant Regulations, 2014 states that for each Program, the Grantee shall take all appropriate and necessary actions to ensure that the Principal Recipient maintains, where available at a reasonable cost, all risk property insurance on Program Assets and comprehensive general liability insurance with financially sound and reputable insurance companies. The insurance coverage shall be consistent with that held by similar entities engaged in comparable activities. To the extent that the title to relevant Program Assets is held by any Sub-recipient, the Grantee shall take all appropriate and necessary actions

to ensure that the Principal Recipient requires such Sub-recipient to maintain an insurance of the type and coverage similar to the above.

The sub-recipient of Global Fund, CDC-PTP Sindh, was maintaining following the fixed assets during GC-4, GC-5 and GC-6:

No.	Description of Fixed Asset	Amount in PKR
1	Furniture & Fixture	14,100,482
2	Air-Conditioners	20,864,660
3	General Items	2,928,615
4	IT Equipment	8,307,290
5	Lab Equipment	684,829,981
6	Generator	2,375,000
7	Office Equipment	27,525,479
8	Vehicle/ Motorcycle	1,977,117
	Total	**762,908,624**

Audit observed that the sub-recipient did not ensure the Global Fund assets amounting to PKR 762,908,624.

Audit is of the view that non insurance of the physical assets was the negligence and depicts the weak internal control resulted in violation of the Global Fund Regulations, 2014.

The management replied that the assets in the warehouse, including medicines and diagnostic items, have been insured since 2024. However, assets distributed to programs and facilities are not insured due to budget constraints. Insurance for remaining assets will be arranged once sufficient funds are allocated from Global Fund resources.

The reply is not acceptable. The non-insurance of assets due to budget constraints violates the Global Fund regulations, which mandate insurance for all program assets.

The DAC in its meeting held on 27.01.2026 directed the management to ensure strict compliance to Global Fund guidelines and comprehensive insurance coverage of all Global Fund assets, including those deployed at programme offices and health facilities, within a defined timeframe. DAC further directed that responsibility for prolonged non-insurance of assets be examined and appropriate corrective and preventive measures be instituted. A compliance report, along with documentary evidence of insurance coverage be shared with Audit.

Audit recommends that Global Fund assets be insured to avoid any loss besides fixing responsibility for non-compliance of Global Fund Regulations.

6.30 Unauthorized attachment of Global Fund vehicles with other departments

Clause 3.1 of the Grant Regulations by Global Fund (Version 1) states that all Grant Funds disbursed according to the relevant Grant Agreement are prudently managed, and are used solely for relevant Program Activities and consistent with the terms and conditions set forth in the relevant Grant

The sub-recipient of Global Fund, PTP Sindh attached/deployed six (06) vehicles with the following departments. Detail is as under:

No.	Reg. No.	Make	Model	Deployment Status
1	BGY-761	Suzuki Cultus	2016	Mr. Khurshid Khuhro (S.O Budget) Govt. of Sindh
2	BHH-570	Toyota Corolla	2016	Ex-Secretary Health GOS (Mr. Kazim Ali Jatoi)
3	BLT-256	Suzuki Swift	2018	Mr. Moula Baksh Shaikh (Ex-Additional Secretary Health (General) Sindh.
4	BLU-706	Suzuki Swift	2018	Mr. Moula Baksh Shaikh (Ex-Additional Secretary Health (General) Sindh.
5	CW-2430	Toyota Hilux	2016	Secretary Health GOS (Mr. Rehan Iqbal Baloach) for monitoring and supervision TB activities
6	BGY-758	Suzuki Cultus	2016	PA Secretary Health Sindh

Audit observed that vehicles were used other than Global Fund activities.

Audit is of the view that the deployment of Global Fund vehicles with other than GF activities was unauthorized resulted in misuse of the Global Fund assets.

The management did not reply.

The DAC in its meeting held on 27.01.2026 directed the Ministry to ensure that Global Fund financed vehicles be recalled from other departments and used solely for approved program activities. A compliance report with evidence of retrieval and corrective measures be submitted to Audit through the Ministry.

Audit recommends that this practice be stopped besides fixing responsibility.

6.31 Non-achievement of GC-05 objectives by PTP Sindh despite adequate funding and resources – PKR 456.743 million (USD 3.166 million)

Para 53 under Clause 3.2.1 of the Global Fund Financial Management Handbook for Grant Implementers, 2017 states that the Principal Recipients receive funds directly from the Global Fund. The primary responsibility of a Principal Recipient is to ensure that systems are put in place and maintained for:

- implementing the program to effectively achieve goals and objectives of the proposal;

- managing grant funds prudently;
- appropriately managing and disbursing funds to all sub-recipients where applicable;
- monitoring, evaluating and reporting on the progress made on program objectives to the Global Fund and the Country Coordinating Mechanism; and
- Complying with the Grant Agreement and all other Global Fund policies

The PTP Sindh were released fund of PKR 456,743,687 (USD 3,166,468) during the GC-05 for the achievement of following objectives/goals under Schedule-1 of the Integrated Grant Description. Further, 286 laptops were provided for implementation of DHIS-II.

i. Program shall develop an interface for its electronic reporting system with DHIS-2 being installed by the National TB Program (NTP) through catalytic funding [Clause 3(iv)(c)].

ii. Electronic mandatory case notification pilot project shall be initiated in selected districts with the support of a call centre [Clause 3(iv)(e)].

iii. Increase enrolment of MDR-TB cases from 19.2% in the year 2016 to at least 30% by the end of year 2020 [Clause 2(ii)].

Audit observed that PTP Sindh did not achieve the prescribed objectives despite the availability of adequate funds and resources. Programmatic reports showed that MDR-TB case enrolment remained at 25.7% up to December 2023, falling short of the targeted minimum of 30% set for completion by the end of 2020. Further, the distribution record of laptops was not available.

Audit is of the view that non achievement of the objectives was weak performance of the Principal Recipients and CCM.

The management did not reply.

The DAC in its meeting held on 27.01.2026 directed the PTP Sindh to provide justification for the non-achievement of GC-05 objectives despite availability of adequate funding and resources.

Audit recommends fixing responsibility and ensuring implementation of the electronic reporting system, mandatory case notification, and achievement of MDR-TB enrolment targets.

6.32 Irregular Payment of Staff Gratuity under VBD–Malaria without Explicit Global Fund & CMU Authorization - PKR 5.455 million

As per Global Fund & CMU Guidelines state that Global Fund grants allow staff benefits strictly as per approved HR cost norms.

As per Global Fund grant rules, staff terminal benefits are admissible only if expressly approved and budgeted in the grant.

The management of Vector Borne Diseases (Malaria) under Directorate of Malaria Control Program Sindh (VBD) paid Staff Gratuity amounting to PKR 5,455,690 to 28 SR-PMU employees through Sindh Bank cheque No. 42112348 dated 22-12-2023, charged to Global Fund Malaria grant. Break-up of Gratuity Paid is as under:

Category	No. of Employees	Amount (PKR)
Management / Professional Staff	13	4,418,795
Support Staff	15	1,036,895
Total	**28**	**5,455,690**

Audit observed that the payment was made without providing explicit approval of CMU / Global Fund and without establishing admissibility of gratuity under approved Global Fund HR & compensation framework.

Audit is of the view that making payment without explicit approval of CMU / Global Fund and without establishing admissibility under the approved Global Fund HR & Compensation Framework reflects non-compliance with prescribed rules and weak financial controls, creating risk of irregular expenditure.

The management did not reply.

The DAC in its meeting held on 27.01.2026 directed the management to provide record to Audit for scrutiny.

Audit recommends to obtain requisite approvals from CMU / Global Fund and ensure that any gratuity payment is strictly in accordance with the approved HR & Compensation Framework. Responsibility may be fixed for the irregular payment and recovery be considered where found inadmissible.

6.33 Irregular Procurement of Laboratory Chemicals & Reagents under NRSP Malaria Program - PKR 4.540 million

Global Fund PSM Guidelines mandates competitive procurement and proper documentation for donor-funded procurements.

The management of NRSP–Malaria Program, Sindh (Hyderabad) incurred expenditure of PKR 4.540 million during FYs 2021-22 and 2022-23 on

procurement of laboratory chemicals, reagents, and microscopy consumables for malaria microscopy centres.

Audit observed that despite bulk quantities and high financial value, the procurement was not conducted through open competitive bidding as required under PPRA Rules, 2004, and Global Fund PSM Guidelines.

It was further observed that critical laboratory reagents, particularly Giemsa stain, were subjected to multiple quality tests, which produced contradictory results. Sample inspection reports on record show that some laboratories declared the samples "GOOD", while others declared the same samples "NOT GOOD". Despite inconsistent test results, the procurement was finalized and payments were released.

Audit is of the view that procurement of laboratory chemicals and reagents amounting to PKR 4.231 million was carried out in violation of PPRA Rules, 2004, and Global Fund procurement principles, rendering the expenditure irregular and exposing the program to risks of favouritism, overpricing, and inefficiency.

The management replied that NRSP, as a private Sub-Recipient, is not subject to PPRA Rules 2004. All procurements above PKR 3 million are done through Open National Competitive Bidding. The referred procurements were under this threshold, and conducted in accordance with NRSP's procurement manual. Regarding the quality test discrepancies, no such issues were found, and relevant sample vouchers are attached.

The reply is not acceptable. While NRSP may not be directly subject to PPRA Rules, it is still required to follow Global Fund procurement guidelines.

The DAC in its meeting held on 27.01.2026 directed that strict compliance be made with Global Fund Procurement Procedures. DAC further directed to provide complete record to Audit for scrutiny.

Audit recommends that management may ensure procurement through open competitive bidding in compliance with PPRA Rules and Global Fund guidelines and provide documentary evidence of final quality clearance duly approved by competent authority / CMU.

No.	Financial Year	Voucher No.	Supplier	Item Description	Unit	Qty.	Rate	Amount (PKR)
1.	2022-23	BPV-02175	M/s Kashmir Pharmacy	Giemsa Stain Merck 1L	Bottle	135	5,933	944,999
				Distilled Water 6L	Bottle	160	165	31199
				Immersion Oil BDH 500ml	Bottle	40	1,322	62400
				Methanol Sigma 2.5L	Bottle	24	1,542	43679
				Spirit Methylated 1L	Bottle	40	281	13263
							Sub-Total (A)	**1,095,540**

2.	2022-23	BPV-0687	M/s Growthquest Enterprises	Misc. Lab Items	—	—	—	1,699,950
							Sub-Total (B)	**1,699,950**
3.	2021-22	BPV-01114	M/s Kashmir Pharmacy	Misc. Lab Items	—	—	—	1,744,710
							Sub-Total (C)	**1,744,710**
							Total (A+B+C)	**4,540,200**

6.34 Irregular Supply and Replacement of HEPA Filters for Biosafety Cabinets & Laminar Flow Cabinets under CDC-TB Sindh - PKR 1.515 million

According to Global Fund Procurement & Supply Management (PSM) Guidelines, all procurements must ensure value for money, competition, and proper documentation.

According to CMU (TB) SOPs, Procurement of specialized laboratory services and equipment requires prior approval, proper market assessment, and documented technical justification.

The management of Provincial TB Control Program Sindh incurred expenditure of PKR 1,515,000, for supply and replacement of HEPA filters for Biosafety Cabinets and Laminar Flow Cabinets installed at various BSL-II and BSL-III laboratories of CDC-TB Sindh by awarded the work order to M/s. Dynamic Enterprises. The firm submitted invoice dated 06-10-2023 for PKR 1,515,000, which was paid vide BPV-4658. The replacement of HEPA filters was carried out at multiple CDC-TB laboratories, including JPMC Karachi, OICD Karachi, Kotri, Khairpur, and Nawabshah.

Audit observed that the:

i. Procurement of specialized services was carried out without evidence of open competitive bidding or PPRA advertisement.

ii. Prior approval of CMU / Global Fund for undertaking this expenditure and charging it to the TB grant was not available on record.

Audit is of the view that procurement of HEPA filter replacement services amounting to PKR 1.515 million was carried out without open competitive bidding, documented market assessment, and explicit CMU / Global Fund approval, in violation of Global Fund PSM Guidelines.

The management replied that the procurement was conducted as per CMU Procurement Manual Section 4.5, which requires obtaining three quotations for

amounts between PKR 50,001 and PKR 3,000,000. PTP Sindh ensures procurement within the approved budget, with the Finance Section verifying funds and the Competent Authority's approval before initiating procurement. In cases of insufficient budget, formal approval from CMU is obtained, and all Purchase Requisitions are maintained for audit review.

The reply is not tenable as the procurement still lacked open competitive bidding, a documented market assessment, and prior CMU/Global Fund approval, as required by Global Fund PSM Guidelines.

The DAC in its meeting held on 27.01.2026 directed the CDC-TB Sindh to provide complete record i.e. quotations, approvals, and work orders to Audit for scrutiny.

Audit recommends that procurements of specialized laboratory services may be ensured strictly in accordance with PPRA Rules, CMU SOPs, and Global Fund guidelines.

No.	BPV No. & Date	Name of the firm	Laboratory / Location	Item Description	Qty	Unit Rate (PKR)	Amount (PKR)
1	BPV-4658	Dynamic Enterprises	BSL-II Lab Nawabshah	Exhaust HEPA Filter (18×68×5)	01	190,000	190,000
				Main HEPA Filter (18×32×3)	01	175,000	175,000
2			BSL-II Lab JPMC Karachi	Main HEPA Filter (20×38×5)	01	210,000	210,000
3			BSL-II Lab Khairpur	Main HEPA Filter (20×38×5)	01	210,000	210,000
4			BSL-II Lab ICD Kotri	Exhaust HEPA Filter (18×68×5)	01	190,000	190,000
				Main HEPA Filter (18×32×3)	01	175,000	175,000
5			BSL-III Lab OICD Karachi	Exhaust HEPA Filter (18×68×5)	01	190,000	190,000
				Main HEPA Filter (18×32×3)	01	175,000	175,000
						Total	**1,515,000**

6.35 Irregular Printing of R&R Tools and IEC Material under CDC-TB Sindh (Global Fund TB Grant) - PKR 4.286 million

According to Global Fund Procurement & Supply Management (PSM) Guidelines, Procurement must ensure value for money, avoid fragmentation, and be based on approved work plans.

According to CMU (TB) SOPs, Printing of IEC / R&R tools must be approved, consolidated, and aligned with grant-approved quantities and activities.

The management of Provincial TB Control Program, Sindh incurred expenditure of PKR 4.287 million during FYs 2021-22 and 2022-23 on printing of R&R tools and IEC material for CDC-TB Sindh.

Audit observed that procurements were fragmented into multiple small purchases over a short period and across various vendors, instead of being consolidated. No evidence of open competitive bidding or PPRA advertisement was available. Moreover, need assessment, quantity justification for large print volumes, and explicit CMU / Global Fund approval for the printed quantities were not placed on record, contrary to CMU (TB) SOPs and Global Fund PSM Guidelines.

Audit is of the view that printing of R&R tools and IEC material was carried out without consolidated planning, open competitive bidding, and documented CMU / Global Fund approval, in violation of PPRA Rules, GFRs, and Global Fund PSM principles, rendering the expenditure irregular.

The management replied that the tender was conducted per CMU Procurement Manual Section 4.5, and advertised in renowned newspapers for transparency. The tender (RFP No. CDC-GFTB/2022/04/0002) followed the complete procurement process, with five qualified bidders. Multiple vendors were selected based on the lowest responsive bids for different items to ensure cost-effectiveness. All procurement records and supporting documents are maintained, and CMU Islamabad provided approval for the tender process.

The reply is not rebutted with documentary evidence.

The DAC in its meeting held on 27.01.2026 directed the CDC-TB Sindh to provide complete record i.e. quotations, approvals, and work orders to Audit for scrutiny.

Audit recommends that management may ensure consolidation of similar procurements, conduct printing through open competitive bidding in compliance with PPRA Rules, and obtain prior CMU / Global Fund approval based on documented need assessment and grant-approved quantities.

Balochistan

6.36 Irregular appointment of 24 project staff on various position

Para 1.5.5 of the Global Fund, HR Manual, 2019 states that the National Coordinator (CMU) shall be the appointing authority for project posts.

The Provincial AIDS Control Program (PACP), Balochistan appointed 24 employees on various posts during the year 2022-23.

Audit observed as under:

1. All appointments were made by the Provincial Coordinator, AIDS Control Programme, Balochistan. No evidence of delegation of power for appointment of project staff was provided to audit.
2. Neither written test was conducted nor evaluation or merit criteria was developed for the selection process.
3. No selection/interview committee was notified. Further, no representative from CMU or the donor was included in the interview panel.
4. Ten (10) appointments at Quetta Centre were made where the merit list was not signed by one of the selection committee members (Dr. Naseem Ullah).
5. No documentary evidence of relevant qualifications and experience of the appointed employees was available or provided to audit.

Audit is of the view that the appointments were made in violation of CMU recruitment procedures, without lawful authority or merit-based evaluation. The absence of written tests, evaluation criteria, competent selection committee and verification of qualifications seriously undermines transparency and fairness and creates a risk of favouritism and unauthorized appointments.

The management replied that the appointments were made after UNDP's approval for hiring and were listed as "Critical Staff" in the approved budget. A Human Resource Manual was submitted to UNDP for staff hiring, and the recruitment process followed these guidelines. Complete recruitment dossiers are available for audit, including public advertisements, evaluation records, and verified credentials. While one copy of the merit list was not signed, the final signed copy is provided. All requisite documentation is on record, and the process was in compliance with UNDP’s directives.

The reply is not acceptable. The absence of a merit-based evaluation, proper selection committee, and documentary evidence of qualifications violates Global Fund procedures.

The DAC in its meeting held on 27.01.2026 directed the management to provide complete recruitment record to audit for scrutiny.

Audit recommends that Justification and legal authority for appointments made by the Provincial Coordinator may be provided. Recruitment process may be reviewed and regularized in accordance with CMU Manual and donor guidelines.

Documentary evidence of qualification, experience, and merit-based selection may be submitted to audit.

6.37 Irregular opening and maintenance of bank account

Para 3.5.2 of the Global Fund Finance and Accounts Manual, 2022 states that a new bank account shall be opened with prior approval of the Secretary Ministry of National Health Services, Regulation and Coordination or any person designated by him on the basis of information supplied by F&AD. For this purpose, MA&C shall generate an official request to the CFAO detailing the reasons for opening the new bank account.

The Provincial AIDS Control Program (PACP), Balochistan, opened a new bank account with Dubai Islamic Bank during the financial year 2023, despite an already operational bank account with the National Bank of Pakistan.

Audit observed as under:

1. The bank account in National Bank and Dubai Islamic Bank was opened without obtaining the mandatory prior approval from the Secretary of the Ministry of Health and the Finance Division.
2. A current account was opened instead of an interest-bearing/saving account
3. No justification or valid reason was provided to Audit for shifting the banking operations to a private/foreign bank (Dubai Islamic Bank) instead of utilizing the designated National Bank of Pakistan.

Audit is of the view that opening a bank account without the required approvals and opting for a non-interest-bearing account reflects weak internal controls.

The management replied that a new bank account was opened to comply with UNDP's requirement for a separate account for the UNDP grant, as per the agreement. BACP requested approval from the competent authority, citing urgency. The account is a current account, not for revenue generation, and was specifically for managing UNDP grant funds. The same NBP account was initially used, but UNDP insisted on a separate account for the funds.

The reply is not acceptable. The account was opened without the required approval from the Ministry of Health and Finance Division.

The DAC in its meeting held on 27.01.2026 directed that strict compliance be made to the Global Fund guidelines and obtain Ex-Post Facto approval of the already opened bank account(s).

Audit recommends that the management should provide justification for opening the account in a private bank and produce the formal approval from the Finance Division and the Ministry of Health and responsibility fixed against the officials at fault.

6.38 Non-Achievement of Case Detection Target under Provincial Strategic Plan

As per the Provincial Strategic Plan of the Provincial TB Control Program (PTP) Balochistan, Strategic Direction 4.2 aimed at achieving a 50% Case Detection Rate (CDR) by 2023, with a target to detect 61,672 drug-susceptible TB (DS-TB) patients during the period 2020–2023.

During the course of audit, analysis of program performance data revealed that only 22,943 TB cases were detected and notified in Balochistan during the said period against the planned target of 61,672 cases as strategic plan 2020-23. This reflects an achievement of merely about 37% of the target, indicating a significant shortfall in case detection performance. Detail is given as below:

No.	Year	Target for 2020-23 (number of cases to be detected)	Year wise cases detected	Target achievement %
1	2020	61672	3369	37 %
2	2021		5395	
3	2022		5056	
4	2023		9123	

Audit is of the view that failure to achieve the planned case detection target undermines the objectives of the Provincial Strategic Plan and adversely affects TB control efforts in the province. Consequently, a large number of TB cases may have remained undiagnosed and untreated, increasing the risk of disease transmission and negatively impacting public health outcomes.

The management replied that the actual cumulative target for 2020–2023 was 71,726 cases, with 49,769 cases detected, achieving 69.3%. From 2015–2023, PTP Balochistan reached 100,996 cases against a target of 126,010, achieving 80.1%. The increase in targets since 2015 lacked corresponding resources, which impacted performance. The COVID-19 pandemic also disrupted services in 2019 and 2020. However, performance improved from 2021 onwards, reaching 76.7% in 2021 and 86.2% in both 2022 and 2023.

The reply is partially acceptable. While the overall achievement of 69.3% for 2020–2023 is noted, the shortfall in case detection remains significant.

The DAC in its meeting held on 27.01.2026 directed the PTP Balochistan to prepare a time-bound action plan to improve TB case detection, address structural gaps in resource allocation relative to targets, and maintain a trend of increasing achievement against the Provincial Strategic Plan objectives.

Audit Recommends that PTP Balochistan should provide justification for the shortfall, review the underlying causes of low case detection, strengthen case-finding strategies and diagnostic services, ensure optimal utilization of resources, and prepare a time-bound action plan to improve performance and achieve the targets set in the Provincial Strategic Plan.

6.39 Non-Achievement of target of Household Contact Screening Targets as strategic plan

As per Clause 4.2.1.7 of the Provincial Strategic Plan, the Provincial TB Control Program (PTP) Balochistan aimed to systematically screen 50% of household (HH) contacts, i.e., 55,592 contacts TB patients during 2020–2023.

During the audit, analysis of available records revealed that only 25,635 household contacts were screened during the period, representing 46% of the planned target. The number of positive cases detected among household contacts further confirms the presence of TB in contacts and underscores the risk associated with insufficient screening. Details are as follows:

Period	Household Contacts Screened	Positive Cases Detected	Detection %
2020	4,435	139	3%
2021	6,059	444	7%
2022	5,842	317	5%
2023	4,195	174	4%
2024	5,104	432	8%
Total	**25,635**	**1,506**	**6%**

The program did not achieve the target as per the strategic plan and screened less than half of the targeted household contacts, leaving a significant proportion of potentially infected individuals unscreened.

Audit views that failure to meet the target of the household contact screening target compromises early detection of TB cases and risks uncontrolled spread within communities.

The management replied that the shortfall in household contact screening is acknowledged, but it must be viewed in the context of Balochistan's unique challenges, including difficult geography, security issues, and long distances

between health facilities. Despite these challenges, 1,506 TB cases were detected through screening. Alternative methods, such as mobile follow-ups and linking contacts to health facilities, have been used. PTP Balochistan is committed to improving coverage and aims to achieve the 50% target as access and service integration improve.

The reply is partially acceptable. While challenges are acknowledged, the failure to meet the screening target indicates a need for more effective strategies and better resource allocation.

The DAC in its meeting held on 27.01.2026 emphasized the importance of achieving strategic plan targets to prevent TB transmission and directed the program to implement corrective measures to reach the 50% target promptly, and document efforts and progress for verification.

Audit Recommends that PTP Balochistan should urgently strengthen household contact tracing and screening mechanisms, and implement corrective measures to achieve the 50% target promptly.

6.40 Unjustified increase and Escalation in Cost of Renovation of Warehouse PKR 6.271 million

As per Provincial TB Control Program Balochistan letter No. PTP-GF/12-2023 (Minutes of Inspection Committee), the initially approved cost for renovation of the warehouse of PTP Office was PKR 7,379,000.

During the course of special audit of provincial TB Control Program Balochistan, it was noted that PKR 13,650,000 was incurred on Construction of warehouse and contract was awarded to M/s MS Enterprise. Audit noted that the project cost was revised on account of escalation and inflation, and the revised cost of construction was enhanced to PKR 13,650,000 during the same financial year.

Description	Amount (PKR)
Original Approved Cost	7,379,000
Revised Cost	13,650,000
Increase in Cost	6,271,000
Percentage Increase	**85.03%**

Local office replied that the approval was delayed for six months therefore, the cost was escalated.

Audit is of the view that the increase of PKR 6.271 million, amounting to 85% of the original approved cost, within the same financial year is excessive and unjustified. Such a significant escalation raises concerns regarding poor planning, delayed approvals, and weak project management controls. The justification of

inflation and escalation for such a substantial increase over a short period appears unreasonable.

The management replied that the initial cost of PKR 7.379 million was based on early 2023 market rates, but delays in approvals led to significant increases in material and labor costs due to inflation and currency devaluation. The revised cost of PKR 13.650 million was approved after a fresh market assessment. The increase reflects unavoidable market conditions and does not involve scope changes. The in-house warehouse construction will result in long-term savings compared to annual rental costs. All supporting documents were provided for audit verification. Management acknowledges the need for better planning and monitoring in future projects.

The reply is not acceptable as the 85% increase in cost within the same financial year remains excessive and highlights poor planning and weak project management controls.

The DAC in its meeting held on 27.01.2026 directed the management to provide complete record, including cost assessments, approvals and rate analysis to Audit for scrutiny.

Audit recommends that the matter may be inquired into to ascertain the factual position leading to the abnormal increase in renovation cost. Proper justification, supporting calculations, and approval documents may be provided to audit. Responsibility for delay in approval resulting in cost escalation may also be fixed to avoid recurrence

6.41 Irregular award and execution of warehouse construction contract – PKR 13.650 million

Para 4.6.2 (f) (i & ii) of the Procurement Manual, 2022 states that the Bid Evaluation Committee shall evaluate the technical aspects of the tender taking into account the following criteria:

i. Technical specifications of the offer as compared to the required technical specifications.
ii. Technical capabilities.

Para 5.10 (12) of the Annexure 10 Technical Criteria of the Procurement Manual, 2022 states that Compliance to contractual/ commercial terms & conditions and local authorities' rules.

During the course of special audit of the Provincial TB Control Program (PTP) Balochistan, it was noted that an amount of PKR 13,650,000 was incurred on the construction of a warehouse, and the contract was awarded to M/s MS Enterprise. Detail is given as below:

Year	Firm Name	Particular	Amount
2023	M/s MS Enterprise	Construction of Ware House	13.650 million

Audit noted the following observations:

1. The contract was awarded to M/s MS Enterprise, a general order supplier, who did not hold a valid Pakistan Engineering Council (PEC) license. No documentary evidence regarding PEC registration was provided to audit. Awarding a construction contract to a firm not registered with PEC is unauthorized and irregular.
2. Detailed cost estimates were prepared on market rates instead of the approved Schedule of Rates (Composite Scheduled Rates CSR) of the Federal/Provincial Government. Moreover, no market rate analysis or comparative statements were produced to audit. Therefore, the risk of escalated and non-competitive rates cannot be ruled out.
3. Measurement Books (MBs) were not prepared or produced to audit to verify the actual quantities of work executed, which is a basic requirement for civil works and payments.
4. The technical inspection of the completed work was carried out by a committee that did not include any qualified engineer or technical member, rendering the inspection ineffective and unreliable.

Audit is of the view that awarding the construction work to a non-PEC registered firm, preparation of estimates without approved schedule rates, non-maintenance of measurement books, constitute serious violations of procurement and financial rules.

The management replied that the warehouse construction was urgent due to programmatic needs. M/s MS Enterprise, though not PEC registered, was selected due to limited local contractors and the urgency of the project. The firm is registered under NTN and business category for construction work. Estimates were based on market rates due to inflation and price volatility, with a qualified engineering firm preparing the PC-1. Measurement Books were not maintained but work was monitored through interim inspections. The inspection committee lacked a qualified engineer, but technical staff from PTP were involved. The warehouse is now functional and used for program purposes. Management will ensure better compliance in future projects.

The reply is not tenable as awarding the contract to a non-PEC registered firm, using market rates without proper analysis, failing to maintain Measurement Books and the absence of a qualified engineer in the inspection committee are clear violations.

The DAC in its meeting held on 27.01.2026 directed that responsibility for these lapses be fixed on the relevant officials involved in contract award, supervision, and documentation. DAC further directed the management to provide complete record, including cost assessments, approvals and rate analysis to Audit for scrutiny.

Audit Recommends that management may justify the award of contract to a non-PEC contractor beside providing the measurement books and rate analysis and fix responsibility for the irregularities.

6.42 Physical non-availability of 5 vehicles of Global Fund grant

Clause 3.1 of the Grant Regulations by Global Fund, 2014 states that all Grant Funds disbursed according to the relevant Grant Agreement are prudently managed, and are used solely for relevant Program Activities and consistent with the terms and conditions set forth in the relevant Grant.

During the fixed asset verification, audit noted that five (5) vehicles appearing in the fixed asset register of the Provincial TB Control Programme (PTP) Balochistan were not reflected in the list of vehicles provided by management. Upon inquiry, it was revealed that these vehicles were in use and custody of various individuals and ex-officer who were not part of the TB Control Programme or the Global Fund project. Audit further noted that, out of a total of eleven (11) vehicles procured under the Global Fund grant, only six (6) vehicles were available with the local office for monitoring and official activities. Details of vehicles utilization is as below:

No.	Type of Vehicles	Model Registration	Present Status	Government/Global Fund
1	Toyota Hilux Double Cabin Model 2013	GZ-408	Ex PTP Manager Dr Ameer Jamali PTP	Global Fund
2	Nissan Hilux Double Cabon Model 2008	X-68-3988	Nazeer Bostani Ex Staff Officer secretary Health	Global Fund
3	Toyota Pick Up Single Cabin Model 2008	GT-812	EX PTP Deputy Manager - Dr Muhammad Awais Magsi	Global Fund
4	Nissan Hilux Double Cabin Model 2008	X-68-3385	Dr Samim Gul - Ex PTP Deputy Manager	Global Fund

5	Toyota Hilux Double Cabin Pickup 2003	x-68-3389	Mr. Hussain Jan Deputy Secretary	Global Fund

Audit is of the view that vehicles procured from Global Fund grant funds are required to be utilized strictly for grant-related objectives. The use of grant-funded vehicles by individuals not associated with the TB Control Programme is irregular and reflects weak asset management and internal controls. Furthermore, the non-availability of vehicles for official use may adversely affect project monitoring, field activities, and achievement of program objectives.

The management replied that official letters were issued to concerned individuals for the return of the vehicles, but delays occurred due to administrative issues. Following the audit, the matter has been prioritized, and fresh notices are being issued for the immediate return of the vehicles. The vehicles were originally procured for Global Fund activities, and their unauthorized use will be addressed. Management is committed to ensuring the vehicles are used exclusively for approved objectives, and corrective measures, including stronger asset management controls, will be implemented.

The management accepted the audit observation.

The DAC in its meeting held on 27.01.2026 directed the Ministry to ensure that Global Fund financed vehicles be recalled from other departments and used solely for approved program activities. A compliance report with evidence of retrieval and corrective measures be submitted to Audit through the Ministry.

Audit recommends that all vehicles procured from Global Fund grants may be recovered immediately and utilized strictly for approved grant objectives. Responsibility may be fixed for unauthorized use of vehicles, and measures taken to prevent recurrence.

6.43 Non-recovery of advances and overpaid/unauthorized payment – PKR 3.875 million

Para 3.9.2 (d) of the Global Fund Finance and Accounting Manual, 2022 states that Once payment is made to employee, it shall be the responsibility of employee to submit the adjustment against advance within 15 working days of the activity completion for which the advance was obtained. If the employee does not submit adjustment within 15 working days of activity completion it shall be deducted from the employees' salary.

During scrutiny of record of the Provincial TB Control Program (PTP) Balochistan, it was revealed that an amount of PKR 3.876 million remained outstanding on

account of non-recovery of advances and overpaid/ineligible salaries paid to various officials. The outstanding amount comprised advances granted to ex-officers which were neither adjusted nor recovered, overpayments made due to unauthorized promotions despite the absence of any promotion policy under the Global Fund project, and salaries paid for periods of absence that had earlier been stopped but were later released without lawful justification. These payments were declared ineligible; however, no evidence of recovery was produced to audit.

Description of Transactions declared ineligible	Ineligible Amount (PKR)
Advance Granted to Dr. Farooq Sarwar Ex-NPO not yet recovered - SSF Grant	227,500
Advance granted to following offices but not yet recovered: - • Dr. Muzahir Ali Ex-NPO=8,080 • Dr. Taj Khoso Ex-NPO= 13,309 • Dr. Farooq Sarwar Ex-NPO (Died)=27,145 • Mehmood Khan Ex-DEO=178,600 • Dr. Sultan Ahmed Ex-PTP Manager = 822,854 • Dr. Azam Babar Ex-MDR Coordinator = 723,050	1,773,038
Recovery is required due to unauthorized payments made on account of awarding promotion to the following officer(s), whereas there is no policy for promotion in the Global Fund project: • Aftab Ayoub Ex-DMO = 438,511 • Shahzia Essa Khan Screener = 439,894 • Fahad Hakeem Ex-DEO = 280,358	1,158,763
Salary was stopped by Mr. Samiullah, (EX PTP, Manger) and later paid through approval of Mr. Ahmad Wali ((EX PTP, Manger). Salary for the absent period is recoverable. • Aftab Ayoub Ex-DMO = 408,030 • Shahzia Essa Khan Screener = 197,635 • Bibi Salma Ex-Social Mobilizer = 111,000	716,665
Total	**3,875,966**

Audit is of the view that non-recovery of advances and overpaid salaries shows weak financial discipline and internal controls.

The management replied that the outstanding amount of PKR 3.875 million involves ineligible payments to ex-employees and officials no longer part of PTP Balochistan. Despite multiple recovery attempts and formal correspondence, no positive response has been received. The matter was escalated to CMU, but recovery was not achieved. PTP Balochistan now requests the Audit Department to approach the Government of Balochistan for recovery through lawful means, including adjustments against payable dues or pension benefits.

The reply is not acceptable. The failure to recover advances and overpaid salaries reflects weak financial discipline and inadequate internal controls.

The DAC in its meeting held on 27.01.2026 directed that the matter be pursued vigorously and recovery be made under intimation to Audit.

Audit recommends recovery be made from the concerned officials under intimation to Audit.

6.44 Unjustified distribution of medicines without proper need assessment and disease burden

Para 3.2.1 (a) of the Global Fund Warehouse and Inventory Management Policies and Procedural Manual, 2022 states that disease wise and product wise inventory levels (Maximum Inventory Levels, Minimum Inventory Levels and Safety Stock Levels) are defined into system for both pharmaceutical and non-pharmaceutical products to ensure that: i. Inventory is re-ordered on timely basis to prevent stock-outs; and ii. Expired / Overaged stock is not accumulated.

During the course of audit, it was noted that medicines valuing PKR 359,712, namely Rifapentin + INH, were supplied by the Central Management Unit (CMU) to the Provincial TB Control Programme (PTP) Balochistan vide dispatch No. NTP-WHFLD dated 22.08.2023 and issued to various districts during October, 2023.

Audit observed as under:

1. The medicines were distributed without any documented need assessment, analysis of disease burden or determination of the actual requirements of the districts.
2. Almost equal quantities of medicines were issued to most districts irrespective of wide variations in the number of registered TB patients, except for a few districts where comparatively lower quantities were issued.
3. Analysis of patient burden vis-à-vis the quantity of medicines issued revealed significant imbalances. For instance, Quetta, having 5,671 registered TB cases (38% of total cases), was issued only 54,000 tablets (15.01% of total tablets), whereas Sherani, with only 199 cases (1.33%), received 23,544 tablets (6.55%) and Harnai, with merely 46 cases (0.31%), was issued 10,800 tablets (3.00%). Similarly, districts with very low patient loads such as Surab (59 cases, 0.40%), Kalat (96 cases, 0.64%), and Dukki (19 cases, 0.13%) were also issued quantities comparable to districts having significantly higher patient burdens. On the other hand, high-burden districts such as Jaffarabad (1,127 cases, 7.55%), Naseerabad (786 cases,

5.27%), and Pishin (755 cases, 5.06%) received only 10,800 tablets (3.00%) each.

4. No approval of the competent authority or justification for such imbalanced distribution was provided to audit.

Audit is of the view that the above indicates medicines were distributed on an arbitrary basis, rather than in accordance with actual needs and disease burden. Such unjustified distribution increases the risk of overstocking, expiry, and wastage in low-burden districts, while potentially causing shortages and deprivation of patients in high-burden areas. This reflects weak planning, poor coordination, and non-compliance with sound inventory and supply chain management practices.

The management replied that the medicines were received as part of a new TB Preventive Therapy (TPT) intervention, not for registered TB patients, but for Latent TB Infection (LTBI) and household contacts. The distribution was based on an estimated five household contacts per TB case, with medicines allocated to districts based on TB case notifications. Due to limited availability of IGRA testing in Balochistan and lack of formal training, the distribution occurred as a one-time activity. Future distributions will be based on requisition, with improved training and systems where resources permit.

The reply is not acceptable. The distribution of medicines without proper need assessment, disease burden analysis, and approval from competent authorities resulted in imbalanced allocations, risking wastage in low-burden areas and shortages in high-burden areas.

The DAC in its meeting held on 27.01.2026 directed the PTP Balochistan to ensure all future medicine distributions are strictly guided by documented need assessments, patient burden, and consumption data, with prior approval of the competent authority. DAC also emphasized fixing responsibility for any past unjustified or arbitrary distributions and instructed the program to establish robust recording, reporting, and training mechanisms to prevent recurrence. Progress on corrective actions and compliance with need-based distribution be reported to Ministry and Audit.

Audit recommends that PTP Balochistan may ensure that future distribution of medicines is strictly based on documented need assessment, patient burden and consumption patterns, with proper approval and responsibility for unjustified distribution may be fixed to avoid recurrence.

6.45 Loss/Missing of Essential Devices and Non-Functionality of Advanced COBAS Machine at PRL, Quetta

Regulation 6.4(2)a of the Global Fund Grant Regulations, 2014 states that The Grantee shall be liable for the loss or theft of, or damage to, any and all Program Assets (including those in the possession of Sub-recipients), and, immediately upon any such loss, theft or damage, shall replace such items with similar assets of the same quantity and quality at its own expense.

The CMU provided a latest PCR machine, Cobas 5800 (Made in Switzerland), along with Data Manager and FortiGate device to Dr. Shireen Khan, CEO, Fatima Jinnah Chest Hospital, Quetta, vide letter No. NTP/CMUWH/2023 Aug-902 dated 08.08.2023.

However, during the audit visit to the Provincial Reference Laboratory (PRL), Fatima Jinnah Hospital, it was noted that the subject machine was neither recorded in the fixed asset register nor installed in the laboratory. Further scrutiny revealed the following:

1. The machine was issued by CMU to PRL; however, it was claimed that the machine was sent without the Data Manager and FortiGate-50 device, due to which it could not be operated, and therefore the hospital refused to receive the machine and it was shifted to BMC Hospital store. Whereas the issuance voucher of CMU confirmed that both accessories, i.e. Data Manager and FortiGate device, were issued along with the machine which contradicting the local office statement.
2. The local office further stated that an inquiry was conducted by CMU on the matter; however, no inquiry report was provided to audit.
3. The subject machine was an advanced diagnostic device capable of conducting 10 to 16 DNA/RNA-based tests. Due to the missing device/component, the machine worth millions of rupees, cannot be made functional nor can the missing item be traced or replaced. This has resulted in a loss to project assets and has deprived needy patients of advanced diagnostic services.

Audit is of the view that the loss of essential components of the COBAS 5800 machine reflects serious lapses in asset management and internal controls, resulting in asset loss and denial of diagnostic services.

The management replied that the Cobas 5800 machine was sent to Fatima Jinnah Institute of Health & Disease (FJHICD) for the CRM-19 project but was not

installed due to the unavailability of funds for its kits. The machine was then relocated to Bolan Medical Complex Hospital. During installation, it was discovered that the Data Manager and FortiGate components were missing. CMU conducted an inquiry, but the report could not confirm whether the items were misplaced by CMU, PTP, or transporters. CMU will provide the report if needed. Future dispatches will include complete details of components for proper tracking and accountability.

The reply is not acceptable. The missing components, particularly the Data Manager and FortiGate device, indicate significant lapses in asset management.

The DAC in its meeting held on 27.01.2026 directed the management take up the matter with Ministry. Further, the inquiry report be shared with Audit and fix responsibility for the negligence.

Audit recommends that management may immediately trace and physically verify the COBAS machine and its missing accessories, ensure its installation, and record it in the fixed asset register. A formal inquiry may be conducted to fix responsibility, with recovery.

6.46 Non-Filling of Key Project Positions Despite Availability of HR Budget

The Global Fund Grant Agreements and National Strategic Plans require continuity of leadership in program management to ensure stability in planning, implementation, and monitoring of HIV, TB and Malaria interventions. International best practices for health program governance emphasize that frequent turnover of key managerial positions adversely affects program coordination, reporting quality, and achievement of performance targets.

During the course of audit of the Provincial TB Control Programme (PTP), Balochistan, it was observed that a considerable number of sanctioned posts under the Global Fund project remained vacant during various years, which may have adversely affected project performance and achievement of program objectives. Detail is given as Below:

No.	Year	Total Positions	Posts Filled	Vacant Posts	%
1	2018	85	61	24	28%
2	2019	85	77	8	9%
3	2020	85	69	16	19%
4	2021	126	96	30	24%
5	2022	126	102	24	19%
6	2023	172	166	6	3%

It is pertinent to mention that in several years, the approved HR budget was available but remained unutilized and lapsed, despite the existence of vacant positions. Furthermore, a key position, i.e., Project Manager, remained vacant continuously from 2018 to 2020, which is critical for overall project planning, coordination, and monitoring.

Audit is of the view that non-filling of key project positions, despite availability of budgetary provisions, reflects weak human resource planning. Prolonged vacancies, particularly in Project Manager, adversely affect project management, oversight, and timely implementation of activities, and may compromise achievement of Global Fund grant objectives.

The management replied that during 2018 and 2020, frequent changes in leadership and the absence of a dedicated Admin & HR Officer led to delays in recruitment and unutilized HR budgets. The post of Provincial TB Coordinator/Project Manager remained vacant during this period, impacting decision-making and recruitment. Since 2023, a dedicated Admin & HR Officer has been appointed, improving HR planning and filling vacant positions promptly. The program has significantly reduced vacancies in 2023 and is committed to strengthening HR planning and optimizing budget utilization.

The management accepted the audit observation. However, prolonged vacancies, particularly for critical roles like Project Manager, significantly impacted program performance.

The DAC in its meeting held on 27.01.2026 directed that management to provide complete recruitment record to Audit for scrutiny.

Audit recommends that proper justification may be provided and HR planning may be strengthened to ensure optimal utilization of available HR budgets and avoid lapses.

6.47 Expiry of Essential TB Medicines Due to Weak Inventory Management

Section 3.4(a) of the Supply Chain Management Policies and Procedural Manual states that proper inventory management and storage shall be secured to ensure the quality of products is guaranteed all along the distribution channel up to the end-beneficiary.

Section 3.2, Policy (g) of the manual mandates that the buffer stock of pharmaceuticals shall be maintained as suggested by the WHO/Program to prevent overstocking and expiries.

During the course of audit, while scrutinizing the medicine stock register, it was observed that a large quantity of essential TB drugs had expired due to the failure of the Provincial TB Control Program (PTP), Balochistan to report the near-expiry status to the donor/CMU in a timely manner. Audit noted that the medicines were neither reported prior to expiry nor returned to CMU in time. Had the near-expiry medicines been timely reported and returned, CMU could have redistributed them to other centres or programs for effective utilization, thereby preventing wastage and deprivation of patients. Details of expired medicine is given as below:

Drug / Medicine Name	Quantity (tablets)
RH	1,727,671
RH 50 + 75 mg	1,003,689
RHZE	920,706
RH (75+50 mg)	460,020
RHZ	328,657
RH (60+60 mg)	213,440
RHZ 150+75+50 mg	180,723
Isoniazide 100 mg	79,027
INH 100 mg	56,160
Ethambutol 100 mg	47,310
Inj. Streptomycin	22,311
E 100 mg	12,000
RHE 150+275+400 mg	10,204
Grand Total	**5,061,918**

Audit was of the view that the failure to monitor expiry dates, timely report near-expiry stock, and return surplus medicines to CMU constituted weak inventory management and non-compliance with donor requirements. The expiry of such a huge quantity of donor-funded medicines resulted in wastage of scarce resources and deprived TB patients of essential treatment.

The management replied that the expiry was due to factors such as internal transitions, COVID-19, and the receipt of near-expiry stock. Challenges were communicated to CMU, and where possible, near-expiry stock was returned or redistributed. PTP Balochistan is strengthening inventory management with improved monitoring, forecasting, and adherence to standard operating procedures to prevent future issues.

The management accepted the audit observation. However, Weak inventory management and failure to report near-expiry stock in a timely manner caused wastage of donor-funded medicines.

The DAC in its meeting held on 27.01.2026 clubbed the para with Para No.5.24 and directed that a comprehensive report containing reasons for the expiry of medicines be prepared and shared with Audit through Ministry.

Audit recommends that a robust inventory monitoring system should be implemented to track medicine expiry dates, and near-expiry stock should be reported to CMU/donor in advance for timely redistribution. Responsibility for failure to report and return medicines should be fixed, and standard operating procedures for stock management must be strictly enforced to prevent recurrence.

6.48 Supply of Near-Expiry Medicines to Sub-Recipients Resulting in Expiry and Wastage

Para 3.2.2 (r) of the Global Fund Warehouse and Inventory Management Policies and Procedural Manual, 2022 states that at the time of receiving supplies at the warehouse, the minimum shelf life of international procurement (drugs and pharmaceuticals) should be 70% and, for national supplies, it should be 80%. Supplies with below 70% & 80% shelf life shall not be accepted. Warehouse Assistant (WA) and Store Officers (SOs) shall be responsible to report such cases immediately to the Manager Warehouse & Distribution (MW&D) for management decision.

During the course of audit, it was noted that the Central Management Unit (CMU) supplied medicines with a remaining shelf life of less than six months to sub-recipients under the TB Control Programme. Audit observed that due to the short remaining shelf life and the remote and far-flung locations of health facilities, involving long distances of hundreds of kilometres, the medicines could not be utilized in time and consequently expired. The delivery of near-expiry medicines to distant facilities limited their effective utilization and resulted in avoidable wastage of donor-funded medicines

No.	Product Name	Date of Receipt	Expiry Date	Quantity	Remaining Shelf Life (Days)
1	Tab Ethambutol 100 mg	06-10-2022	01-02-2023	48,200	118
2	Tab Ethambutol 100 mg	29-12-2022	01-02-2023	6,700	34
3	Tab Ethambutol 100 mg	19-10-2022	01-02-2023	4,000	105
4	Tab Ethambutol 100 mg	11-10-2023	29-02-2024	64,000	141
5	Tab Ethambutol 100 mg	04-04-2022	31-08-2022	40,000	149
			Total	162,900	

Audit was of the view that the supply of near-expiry medicines to remote areas reflected weak planning and coordination, resulting in wastage of donor resources and deprivation of patients from essential treatment.

The management replied that the stock was supplied by CMU with limited shelf life and managed according to standard practices. Medicines are issued on a FEFO basis, and near-expiry stock is prioritized for high-consumption facilities or redistributed to closer centers. Due to Balochistan's remote locations and long transport times, timely utilization remains challenging.

The reply is not acceptable. The supply of near-expiry medicines to remote areas reflects poor planning and inadequate coordination, leading to wastage and deprived patient care.

The DAC in its meeting held on 27.01.2026 clubbed the Para with Para No.5.30 and directed that the matter be inquired at Ministry level besides fixing responsibility.

Audit recommends that supply of medicines should be planned according to remaining shelf life and distance of health facilities, ensuring timely utilization. Near-expiry stock should be redistributed to closer centres or returned to CMU to prevent wastage and ensure patient care.

6.49 Non-Functionality of GX-Alert System at GeneXpert Sites

Section 1.6 of the Policy Guidance for TB Culture and Drug Sensitivity Testing services states that all culture laboratories performing culture and DST are required to regularly monitor quality of their work.

During the course of audit of the Provincial TB Control Program (PTP) Balochistan, it was noted that the GX-Alert system, a centralized modern surveillance platform connected with Islamabad servers for real-time reporting and monitoring of TB patient tests on GeneXpert machines, was installed at all 34 GeneXpert sites across Balochistan. The system was intended to ensure timely and automatic transmission of diagnostic data, strengthen disease surveillance, and validate reported results.

However, during physical verification and discussions with site staff, audit observed that the GX-Alert system at all GeneXpert sites was non-functional. Consequently, real-time transmission of data to the central servers was not taking place, and patient information was being managed manually or through alternative arrangements. This situation increases the risk of misreporting, data manipulation, and delays in case notification.

Audit is of the view that prolonged non-functionality of the GX-Alert system reflects weak monitoring and inadequate technical support which weakens effective

disease surveillance, timely reporting, despite investment of donor-funded resources.

The management replied that the GX-Alert system, installed at all 34 GeneXpert sites, is managed under a nationwide contract with CMU, which has recently expired. PTP Balochistan has repeatedly raised this issue with CMU, highlighting the impact on real-time reporting and disease surveillance. Despite the system's non-functionality, patient data is being maintained manually. PTP will continue to coordinate with CMU and NTP to restore the system once the contract and technical support are renewed.

The reply is not acceptable. The prolonged non-functionality of the GX-Alert system, despite repeated communication, highlights weak monitoring and inadequate technical support.

The DAC in its meeting held on 27.01.2026 directed the management to provide an updated status of the GX-Alert system at each GeneXpert site, including expected timelines for restoration and measures taken to ensure uninterrupted reporting in the interim.

Audit recommends that PTP Balochistan may immediately coordinate with CMU/NTP to restore the functionality of the GX-Alert system at all GeneXpert sites for of real-time surveillance of data.

6.50 Irregularities, non-functionality of medical equipment, and non-availability of records at PRL Quetta

Section 1.6 of the Policy Guidance for TB Culture and Drug Sensitivity Testing services states that all culture laboratories performing culture and DST are required to regularly monitor quality of their work.

During the course of audit and field visit to the Provincial Reference Laboratory (PRL), Quetta, of the Provincial TB Control Program (PTP) Balochistan, several irregularities and internal control weaknesses were observed.

1. Audit noted that records for the period from 2015 to 2022 were neither available nor produced.
2. It was further observed that the only MGIT machine, in Balochistan, used for culture testing had remained out of order since 2022. Consequently, samples were being sent to the National Reference Laboratory (NRL), Islamabad, with reports received after about two months. This process is time-consuming and costly, as samples are transported from far-flung

districts to Quetta and onward to Islamabad, and also risks the sample quality and timely patient management.

3. Audit also observed deficiencies in critical biomedical equipment. As per the fixed asset register, three Biological Safety Cabinets (BSCs) were issued to PRL; however, only two were found functional (even those required calibration), one was out of order, and one was still lying packed and unused. Moreover, the HVAC system, mandatory for maintaining biosafety standards, has remained non-functional since 2015.
4. Weak inventory management was also noted. Consumption of reagents and GeneXpert cartridges could not be verified due to improper maintenance of stock registers and patient-wise records were not maintained.

Audit is of the view that the above deficiencies indicate serious operational lapses and weak internal controls at PRL Quetta. The non-availability of records, prolonged non-functionality of key equipment, weak inventory management, and absence of monitoring reflect negligence on the part of the project management.

The management replied that the records for 2015-2022 were initially maintained at the PTP office, and since 2024, a double record-keeping system has been implemented at both PRL and the PTP office. The MGIT machine, non-functional since 2022, was restored in March 2025 after replacing faulty parts, with a purchase order issued for additional parts. One of the three Biological Safety Cabinets is non-operational due to HVAC and electrical issues. Records for GeneXpert cartridges are maintained, and moving forward, records for reagents will also be kept to ensure compliance.

The reply is not acceptable. The prolonged non-functionality of critical equipment, including the MGIT machine and BSCs, alongside weak inventory management, indicates poor operational planning and internal controls.

The DAC in its meeting held on 27.01.2026 directed the management to ensure full functionality of all equipment, restore GX-Alert connectivity in coordination with CMU, maintain complete records for cartridges and reagents, conduct physical verification of all equipment and accessories, and update the fixed asset register accordingly. Responsibility be fixed for lapses, missing items, and weak inventory/asset management, corrective actions and recovery, where applicable, implemented, and a comprehensive status report submitted to Audit and Ministry for review.

Audit recommends that PTP Balochistan may immediately ensure functionality of the above-mentioned medical equipment, proper maintenance of records and stock

registers, and effective monitoring and supervision so that laboratory services may meet required standards and project objectives may be achieved.

6.51 Irregular disposal of expired medicine without approval of CMU

Para 3.2.7 (c) of the Global Fund Warehouse and Inventory Management Policies and Procedural Manual, 2022 states that Warehouse shall dispose-off their expired inventory through a defined process. A Disposal Committee shall be established which shall look after the incineration process and report to the competent authority.

During audit, it was observed that expired medicines of the Provincial TB Control Program (PTP) Balochistan were neither reported in a timely manner to the Central Management Unit (CMU) nor disposed of with prior approval of the Principal Recipient (PR) / National TB Program (NTP). The details are as under:

No.	Name of Product	Batch No.	Expiry	No. of Boxes	No. of Cartons	Quantity
1	RH (150+75) mg	SI547, 48, 49, 50, 51, 55, 99, 600, 601, 602, 603, 607, 608, 609, 610, 671, 672 & Mix	May-17, Sep-17, Jul-18	1,320	61.21	887,040
2	RHZ (75+50+150) mg	ERE7619A, 620A, 621A, 622A, 623A, 624A, 630A & Mix	Aug-18	1,512	9.00	127,008
3	RH (75+50) mg	ERE6634A, 35A, 36A, 37A, 38A, 39A, 40A, 41A & Mix	Aug-18	2,602	43.36	218,568
4	RHZ (60+30+150) mg	A501913	Mar-17	199	1.99	16,715
5	RH (60+60) mg	ERC9511A	Jan-17	99	0.75	8,316
6	RH (60+30) mg	A500913	Jan-17	156	1.56	13,104
7	H-100 mg	A400607, A400197, A400198	Dec-18	728	3.64	72,800
Total						**1,343,551**

Audit is of the view that disposal of expired medicines without prior approval of CMU/Principal Recipient is irregular and unauthorized. The failure to report expiry in a timely manner reflects weak inventory control.

The management replied that due to managerial transitions, routine reporting was temporarily affected, but the situation was communicated to CMU. To prevent health risks, the Manager exercised delegated authority to approve disposal. PTP Balochistan is committed to improving inventory control, including monitoring expiry dates, timely reporting of near-expiry stock, and obtaining formal approval for disposal, ensuring full compliance with Global Fund guidelines and preventing future issues.

The reply is not acceptable. The disposal of expired medicines without prior approval from CMU/PR violates Global Fund guidelines and reflects poor inventory control.

The DAC in its meeting held on 27.01.2026 directed the management expressed serious concern over the disposal of expired medicines without obtaining prior approval from CMU, noting that such actions undermine established inventory control and donor compliance mechanisms. The DAC directed PTP Balochistan to submit a revised reply with complete documentary evidence justifying the disposal, including all communications with CMU, disposal approvals, and inventory records. Further, the DAC directed to ensure strict compliance to the Global Fund guidelines.

Audit recommends that PTP Balochistan should establish a robust mechanism for monitoring medicine expiry dates, ensure timely reporting to CMU/PR, obtain prior approval for disposal of expired medicines beside ex-post facto approval for above mentioned medicine.

6.52 Underutilization of Funds and lapse of Budget PKR 312.606 million

According to the Finance & Accounting Manual, 2022, CMU is required to adhere strictly to the approved budget and ensure timely request of funds from the Global Fund. Section 3: Budget – Policy (c) explicitly states that "Budget shall be approved by the Donor before the commencement of grant."

Section 3: Budget – Policy (d) requires that "Budget shall be reviewed on periodic basis to ensure monitoring of actual spending versus budgeted. Major variances shall be investigated to take timely corrective actions."

Section Grant and Implementing Partners – 3(a)(ii) stipulates that "Once the budget is approved and donor agreement is signed, a disbursement request (DR) shall be prepared by Manager R&P, reviewed by CFO and respective DNCs and forward to the donor requesting for instalment of funds."

During audit, it was observed that a significant portion of allocated funds under various grants of PTP Balochistan remained unutilized as of the reporting period. The details of budgeted amounts, actual expenditures, and unutilized balances are as follows:

Grant	Budget (PKR)	Expenditure (PKR)	Balance (PKR)	Unutilized
GC-4	262,805,949	169,291,525	93,514,424	36%
GC-5	376,792,475	238,062,010	138,730,466	37%
GC-6	537,240,034	456,878,115	80,361,919	15%
Total	**1,176,838,458**	**864,231,650**	**312,606,809**	**27%**

Audit is of the view that underutilization of funds indicates inefficiencies in planning, execution, and financial management. Delays or inability to fully utilize the budgeted funds may affect program outcomes.

The management replied that the key positions remained vacant during the reporting period, leading to savings due to unspent salary and operational costs. The significant underutilization in GC-6 is attributed to COVID-19 disruptions, which delayed or postponed planned activities. Additionally, certain budget lines are linked to activity-based expenditures, with utilization depending on the completion of specific targets. Due to the lack of semi-annual or quarterly reprogramming, unutilized funds could not be reinvested. The underutilization was mainly due to external and operational constraints, and PTP Balochistan is committed to improving financial planning, monitoring, and fund utilization in line with program objectives and donor guidelines.

The reply is not acceptable. While operational and external factors contributed to the underutilization, weak financial planning, and delays in executing activities still reflect inefficiencies in fund utilization.

The DAC in its meeting held on 27.01.2026 directed the CMU to improve fund utilization for the achievement of program targets consistently through enhanced financial planning and quarterly reprogramming.

Audit recommends that justification may be provided for under utilization and PTP Balochistan should review its fund utilization procedures, strengthen financial planning and monitoring, ensure timely expenditure of allocated budgets, s to improve fund utilization in line with program objectives and donor guidelines.

6.53 Lack of Insurance Coverage for Program Assets

Regulation 6.4 (1) of the Global Fund Grant Regulations, Version 1 states that for each Program, the Grantee shall take all appropriate and necessary actions to ensure that the Principal Recipient maintains, where available at a reasonable cost, all risk property insurance on Program Assets and comprehensive general liability insurance with financially sound and reputable insurance companies. The insurance coverage shall be consistent with that held by similar entities engaged in comparable activities. To the extent that the title to relevant Program Assets is held by any Sub-recipient, the Grantee shall take all appropriate and necessary actions to ensure that the Principal Recipient requires such Sub-recipient to maintain an insurance of the type and coverage similar to the above.

During the audit of the Provincial TB Control Programme (PTP) Balochistan, it was observed that program assets funded under Global Fund grants were not insured which is non-compliance with Clause 6.4 of the Grant Regulations. Uninsured assets are exposed to risks of theft, damage, or loss, potentially resulting in significant financial and operational impact.

Audit further noted specific instances illustrating these risks in 2024, **a TB centre in Ziarat was burnt along with all the equipment and assets, where the assets were uninsured.** Similarly, uninsured assets in Loralai were stolen. The absence of insurance coverage exposes valuable program assets to significant financial loss and may disrupt program operations.

Audit is of the view that non-compliance with grant regulations regarding insurance coverage is weak risk management.

The management replied that due to a lack of allocated budget for insurance premiums during the reporting period, the responsibility for arranging coverage was dependent on CMU. Despite repeated requests to CMU for insurance coverage, these requests were not acted upon. PTP Balochistan will continue to follow up with CMU and the Global Fund to ensure insurance coverage is arranged in compliance with the grant regulations and risk management requirements.

The reply is not tenable as failure to secure insurance coverage for program assets, despite the clear regulatory requirements, reflects poor risk management and inadequate planning

The DAC in its meeting held on 27.01.2026 directed the management to ensure strict compliance to Global Fund guidelines and comprehensive insurance coverage of all Global Fund assets, including those deployed at programme offices and health

facilities, within a defined timeframe. DAC further directed that responsibility for prolonged non-insurance of assets be examined and appropriate corrective and preventive measures be instituted. A compliance report, along with documentary evidence of insurance coverage be shared with Audit.

Audit recommends that PTP Balochistan should immediately ensure that all program assets are insured against damage, loss, and liability risks in accordance with Global Fund requirements.

6.54 Non-Maintenance of Biometric Attendance and Unauthorized Salary Payments

Various clauses of the Section 3.4.3.2 of Human Resources Policies and Procedures Manual stipulate that: -

a) All employees shall mark their attendance daily by using biometric attendance devices to record exact time of entry and exit of each employee

d) Employees are required to complete 40 hours in a week keeping in view the office timings.

h) Late arrivals beyond the prescribed relaxation shall be liable to deduction of leave or deduction of salary

During the audit of the Provincial TB Control Programme (PTP) Balochistan, it was observed that biometric attendance systems were either not installed or not properly maintained at various offices during period of Audit (2015-23).

Audit noted that a biometric machine (Invoice No. 128A, dated 22/11/2018) was purchased at a cost of PKR 50,000; however, the system has not been effectively implemented for staff attendance verification. Consequently, salaries were being disbursed without verification of actual attendance through the biometric system.

Audit is of the view that the absence of a functional biometric attendance mechanism undermines accountability and control over salary payments, increasing the risk of overpayment, ghost staff, or unauthorized payments.

The management replied that a biometric attendance machine was procured in 2018, but due to instability in senior management and leadership changes, the system was not fully functional until 2023. Since then, three biometric machines have been installed and made functional at key locations, including the PTP Head Office, PRL, and PMDT Site Quetta. Attendance is now recorded through biometric verification, and salaries are processed accordingly. For district offices

with limited staff, the cost of installing biometric machines was deemed impractical, and alternative verification methods, such as field monitoring visits, are used to ensure staff accountability. Management is committed to improving attendance controls and will continue to review and strengthen systems in line with Global Fund guidelines.

The reply is not acceptable as improvements in attendance monitoring are recent, the prolonged delay in implementing the biometric system, especially in key offices, reflects weak administrative control. The failure to link salary disbursements to verified attendance until recently increases the risk of unauthorized payments.

The DAC in its meeting held on 27.01.2026 clubbed the para with Para No.5.37 and directed that the matter be probed and share the report with Audit through Ministry.

Audit recommends that PTP Balochistan should immediately ensure the installation and proper functioning of the purchased biometric attendance system at all offices, and link salary disbursements strictly to verified attendance to prevent unauthorized payments.

Conclusion

It is important to highlight that though this external audit provides an independent evaluation on sample basis of the Global Fund grant implementation in Pakistan, it is critical to underscore that these findings do not replace the necessity for continuous management oversight. The Principal Recipient (PR) and Sub-Recipients (SRs) maintain primary responsibility for the day-to-day supervision of TB, HIV/AIDS, and Malaria programs. This audit serves as a high-level diagnostic tool; however, the complex logistical and clinical landscapes inherent in Pakistan's provincial health systems require management to exercise rigorous internal vigilance. External oversight cannot substitute for the proactive stewardship required to ensure that life-saving pharmaceutical and non-pharmaceutical items reach their intended beneficiaries and that financial resources are utilized with maximum efficiency. Furthermore, management must ensure that the control environment remains robust between audit cycles to prevent the recurrence of identified lapses.

It is also important to recognize the inherent limitations of audit sampling employed during this exercise. It was neither practical nor cost-effective to examine 100% of the thousands of transactions, medical records, and supply chain logs generated across Pakistan’s provinces, we have used risk-based sampling, focusing on high-value procurements. This methodology provides "reasonable" rather than "absolute" assurance. Consequently, there is a residual risk that some errors, omissions, or instances of non-compliance may exist in the population that were not selected in our sample. Therefore, management should not view a clean audit of a specific sample as a guarantee of perfection across the entire program but rather as an indicator that must be supported by their own exhaustive internal reviews.

To ensure the long-term sustainability of the Global Fund’s investments, the findings of this report must trigger a series of region or function wise internal audits and a drafting of a comprehensive plan of corrective actions. We recommend that the Ministry of National Health Services, Regulation & Coordination conduct regular and targeted site-level verifications at the provincial and district levels to identify the root causes of the discrepancies noted. Management must prioritize the development of a structured remedial plan that addresses systemic gaps in procurement, supply chain integrity, and data reporting. This plan should include specific timelines, assigned responsibilities, and measurable indicators of improvement. By implementing these audit recommendations, Pakistan can

perform better in its fight against the three diseases by safeguarding against fraud, waste, and operational inefficiency.

Way Forward

Foremost, the **Auditor-General of Pakistan** should be formally integrated into the financial oversight framework of the Country Coordinating Mechanism (CCM). As the Supreme Audit Institution, the Auditor-General's involvement is critical to ensuring independent scrutiny of Global Fund resources and compliance with constitutional and statutory audit requirements. All statutory audit reports, special audits, and management letters related to Global Fund–financed activities should mandatorily be submitted to the Auditor-General of Pakistan to strengthen external accountability, enhance transparency, and minimize the risk of recurring irregular, unauthorized, and wasteful expenditure.

Concurrently, the oversight role of the **Ministry of National Health Services, Regulations & Coordination** should be reinforced through a dedicated and effective internal audit mechanism. A specialized internal audit function for Global Fund grants should conduct risk-based audits covering procurement, payroll, inventory, asset management, human resources, and the performance of Principal and Sub-Recipients. Regular reporting, coupled with structured follow-up and enforcement of corrective actions, will improve compliance and enable timely identification of control weaknesses.

The **Country Coordinating Mechanism** must be revitalized to effectively perform its core functions. The CCM should exercise proactive oversight of grant implementation, financial management, human resources, and risk mitigation, including transparent selection and monitoring of Principal and Sub-Recipients. Audit findings, financial losses, and cases of non-performance should be reviewed regularly, with clear accountability and time-bound corrective actions.

Monitoring and evaluation within the Common Management Unit (CMU) requires substantial enhancement. A robust M&E framework should be implemented to systematically track financial utilization, program outputs, and health outcomes against approved plans and targets. Independent verification of reported results is essential to address persistent underperformance in HIV, TB, and Malaria programs despite significant budget utilization, thereby improving accountability and enabling timely corrective measures.

The prolonged absence of regular leadership has adversely affected governance and implementation; therefore, **regular appointment of National Coordinators, Deputy National Coordinators, and provincial program managers** through

transparent, merit-based processes is essential. Stable leadership, supported by clearly defined roles, responsibilities, and performance indicators, will strengthen coordination, operational efficiency, and strategic oversight at both federal and provincial levels.

Strong human resource management practices must be institutionalized across the CMU, Principal Recipients, and Sub-Recipients. Recruitment should be conducted through open and competitive processes with proper documentation and approvals. Biometric attendance systems should be mandatory to ensure physical presence and prevent irregular salary payments. Contract extensions should be strictly merit-based and linked to documented performance evaluations to ensure value for money and reduce the risk of favouritism.

Robust inventory management systems are necessary to prevent losses due to theft, expiry, and weak record-keeping. A centralized and standardized inventory system should be implemented across all levels to ensure full traceability of medicines, diagnostics, ITNs, laboratory equipment, and other commodities from procurement to end-use. Mandatory physical verification and regular reconciliation with records will strengthen controls.

Digitization of records is critical for improving transparency and auditability. Financial, procurement, payroll, inventory, human resource, and asset records should be fully digitized and integrated into a real-time management information system, thereby strengthening audit trails, enhancing data reliability, and supporting informed decision-making.

Procurement protocols must be rigorously enforced in line with Global Fund Procurement and Supply Management guidelines and national procurement rules. Transparent tendering, proper bid evaluation documentation, strict conflict-of-interest controls, and independent quality assurance should be mandatory. Technical Acceptance Certificates should only be issued after laboratory testing and independent verification to prevent acceptance of substandard products.

An integrated end-to-end **supply chain management system** is essential to ensure timely availability, quality, and rational use of medicines and diagnostics. Strengthened forecasting, procurement planning, warehousing, distribution, and shelf-life management will reduce stock-outs, wastage, and expiry-related losses.

Asset management must be strengthened to ensure optimal utilization of Global Fund–financed infrastructure and equipment. Comprehensive asset registers, periodic utilization reviews, and clear deployment plans should be maintained to

prevent idle or misused assets. Responsibility should be fixed and recoveries effected in cases of misutilization, non-commissioning, or unauthorized transfer.

Finally, all Global Fund–financed assets should be insured against theft, fire, damage, and other foreseeable risks. Mandatory insurance coverage for high-value assets will mitigate financial losses, protect donor investments, and enhance the sustainability and credibility of Global Fund–supported programs in Pakistan.

Annexure-I: Cash Disbursement to SRs in GCs 4,5 and 6

Recipient	GC4		GC5		GC6		Total (US$)	
	Amount (US$)	Percentage	Amount (US$)	Percentage	Amount (US$)	Percentage	Amount (US$)	Percentage
CMU	27,231,343	45%	14,574,090	39%	20,755,984	43%	62,561,417	**43%**
Punjab	7,921,163	13%	4,720,799	13%	4,816,582	10%	17,458,544	**12%**
Sindh	13,375,020	22%	6,461,964	17%	9,405,590	19%	29,242,574	**20%**
Baluchistan	4,378,317	7%	3,189,552	9%	3,461,756	7%	11,029,625	**8%**
KPK	6,833,225	11%	5,712,646	15%	5,674,369	12%	18,220,241	**12%**
Others	242,921	0%	2,607,267	7%	4,665,266	10%	7,515,454	**5%**
Total Cash Received	**59,981,989**	**100%**	**37,266,318**	**100%**	**48,779,547**	**100%**	**146,027,854**	**100%**

Period of Grant Cycles

GC-4 (2015-17)

GC-5 (2018-20)

GC-6 (2021-23)

Annexure II: Grant Cycle Wise Distribution of Cash and In-Kind (USD)

Name of GC	Period of GC	Cash	In Kind	Total	Cash	In Kind	Total	% age In-kind
		PKR			USD			
GC - 6	2021-2023	11,103,863,428	49,034,619,078	**60,138,482,506**	48,779,547	207,636,989	**256,416,536**	81%
GC - 5	2018-2020	5,389,403,827	10,745,660,184	**16,135,064,011**	37,266,318	73,927,826	**111,194,144**	66%
GC - 4	2015-2017	6,296,040,842	5,683,577,421	**11,979,618,263**	59,981,989	54,072,799	**114,054,788**	47%
Total		**22,789,308,097**	**65,463,856,683**	**88,253,164,780**	**146,027,854**	**335,637,614**	**481,665,468**	**70%**

Annex- III: Budgetary Provisions of Pakistan to Fight TB, AIDS and Malaria for the FY 2025-26

Component	Description / Category	AJK	Balochistan	Federal	Gilgit-Baltistan	KPK	Punjab	Sindh	Grand Total
Central Monitoring Unit (CMU)	A01-Employees Related Expenses			145,603,000					145,603,000
	A03-Operating Expenses			36,136,000					36,136,000
	A06-Transfers			5,000,000					5,000,000
	A09-Expenditure on Acquiring of Physical Assets			11,401,000					11,401,000
	A13-Repairs and Maintenance			1,860,000					1,860,000
Central Monitoring Unit (CMU) Total				**200,000,000**					**200,000,000**
HIV-AIDS	A01-Employees Related Expenses					55,107,000		43,800,000	98,907,000
	A03-Operating Expenses		65,262,510				766,100	288,855,000	354,883,610
	A06-Transfers							6,142,000	6,142,000
	A09-Expenditure on Acquiring of Physical Assets							72,862,000	72,862,000
	A13-Repairs and Maintenance		635,250					3,867,000	4,502,250
HIV-AIDS Total			**65,897,760**			**55,107,000**	**766,100**	**415,526,000**	**537,296,860**
MALARIA	A01-Employees Related Expenses	331,514,000	90,031,026	31,125,000		1,109,198,000		925,867,000	2,487,735,026
	A03-Operating Expenses	31,651,000	67,112,788	11,454,000		149,225,000		305,169,000	564,611,788
	A04-Employees Retirement Benefits			1,300,000		26,000			1,326,000
	A05-Grants, Subsidies, Write-Offs Loans/Adv/Oth					14,000			14,000
	A06-Transfers					1,000		1,521,000	1,522,000
	A09-Expenditure on Acquiring of Physical Assets					27,000		135,743,000	135,770,000
	A13-Repairs and Maintenance	2,960,000	527,670	2,246,000		9,964,000		1,796,000	17,493,670
MALARIA Total		**366,125,000**	**157,671,484**	**46,125,000**		**1,268,455,000**		**1,370,096,000**	**3,208,472,484**
TB	A01-Employees Related Expenses	2,941,000	18,006,464	95,000,000	17,876,000	221,582,000	177,824,114	549,159,000	1,082,388,578
	A03-Operating Expenses	260,000	4,367,455	35,392,000	1,540,000	90,610,600	127,064,000	1,336,796,000	1,596,030,055
	A04-Employees Retirement Benefits			1,700,000		16,000	1,928,000		3,644,000
	A05-Grants, Subsidies, Write-Offs Loans/Adv/Oth			400,000		7,000	1,003,000		1,410,000
	A06-Transfers						141,000	10,291,000	10,432,000

	A09-Expenditure on Acquiring of Physical Assets			1,800,000		19,000	94,966,000	453,012,000	549,797,000
	A13-Repairs and Maintenance		1,870,495	750,000	380,000	5,335,000	3,185,000	77,112,000	88,632,495
TB Total		**3,201,000**	**24,244,414**	**135,042,000**	**19,796,000**	**317,569,600**	**406,111,114**	**2,426,370,000**	**3,332,334,128**
Resilient and Sustainable Systems for Health (RSSH)	A01-Employees Related Expenses			435,000,000					435,000,000
	A03-Operating Expenses			484,173,000					484,173,000
	A04-Employees Retirement Benefits			6,000,000					6,000,000
	A06-Transfers			85,000,000					85,000,000
	A09-Expenditure on Acquiring of Physical Assets			254,900,000					254,900,000
	A13-Repairs and Maintenance			8,550,000					8,550,000
Resilient and Sustainable Systems for Health (RSSH) Total				**1,273,623,000**					**1,273,623,000**
Grand Total		**369,326,000**	**247,813,658**	**1,654,790,000**	**19,796,000**	**1,641,131,600**	**406,877,214**	**4,211,992,000**	**8,551,726,472**

Annex-IV: Para 5.9

List of patients/supporters reflected in CMU Report but not found in ACD Report (KPK)

No.	ENR No.	Name of Recipient	CNIC Number	Type	Total	Site Name
1	1484	Adnan khan	1430169563228	Patient	1,600	LRH Peshawar
2	1484	Wali Rehman	1430119845025	Treatment Supporter	600	LRH Peshawar
3	1487	Farhat Bibi	1620106695076	Patient	1,600	LRH Peshawar
4	1488	Kaleem Ullah	1730136018913	Patient	1,600	LRH Peshawar
5	1490	Tahir Khan	2140278355967	Patient	1,600	LRH Peshawar
6	1493	Malika bibi	1430132670038	Patient	1,600	LRH Peshawar
7	1494	Rabia Gulla	1430119172826	Patient	1,600	LRH Peshawar
8	1487	Hamid Ullah	1620178135351	Treatment Supporter	600	LRH Peshawar
9	1488	Hamid Ullah	1730122292121	Treatment Supporter	600	LRH Peshawar
10	1490	Bibi Gulla	2140232799096	Treatment Supporter	600	LRH Peshawar
11	1492	Wase Ullah	1730123580791	Treatment Supporter	600	LRH Peshawar
12	1494	Shahab ud din	1430138208451	Treatment Supporter	600	LRH Peshawar
13	392	Nargis bibi	1320207828841	Patient	1,600	ATH Abbottabad
14	392	Ammer Zada	4240148883055	Treatment Supporter	600	ATH Abbottabad
15	393	Muhmmad Hafeez	1350370913147	Patient	1,600	ATH Abbottabad
16	393	Zubaid un Nisa	1350305152984	Treatment Supporter	600	ATH Abbottabad
17	394	Imtiaz Bibi	1330204635308	Patient	1,600	ATH Abbottabad
18	394	Adeel Ahmed	1330292658071	Treatment Supporter	600	ATH Abbottabad
19	395	Muneeba Khalil	1350199250914	Patient	1,600	ATH Abbottabad
20	368	Irfan Shah	1320250433479	Patient	1,600	ATH Abbottabad
21	396	Bundu Khan	1330113318341	Patient	1,600	ATH Abbottabad
22	397	Rahat Un Nisa	1340221232625	Patient	1,600	ATH Abbottabad
23	397	Wazir Malik	1340223858941	Treatment Supporter	600	ATH Abbottabad
24	391	Muhammad Zubair	1310196437303	Patient	1,600	ATH Abbottabad
25	398	Zarnab	1350359609904	Patient	1,600	ATH Abbottabad
26	399	Wasal Mehmood	1310195835321	Patient	1,600	ATH Abbottabad
27	399	Ehsan Malik	1310203847813	Treatment Supporter	600	ATH Abbottabad
28	373	Maqbool Bibi	1210182310374	Patient	1,600	MMMTH DIK
29	373	M.Ismail	1210503646711	Treatment Supporter	600	MMMTH DIK

30	218	Chaman Gul	2110684813583	Patient	1,600	STH Swat
31	220	Ashraf Ali	2110425401087	Patient	1,600	STH Swat
32	221	Miraja	2110329641557	Patient	1,600	STH Swat
33	222	Abuzar	2110410079729	Patient	1,600	STH Swat
34	218	Wahid Shah	2110651212711	Treatment Supporter	600	STH Swat
35	220	Zarmona Bibi	2110480611864	Treatment Supporter	600	STH Swat
36	221	Tahir Gul	2110390449253	Treatment Supporter	600	STH Swat
37	224	Sohrab Khan	1550119765415	Treatment Supporter	600	STH Swat
38	225	Arshad Khan	1510149912407	Treatment Supporter	600	STH Swat
39	227	Ijaz Ul Haq	1560278906763	Treatment Supporter	600	STH Swat
40	89	ifthikar Ali	1610149818763	Patient	1,600	MMC Mardan
41	106	Saleem	1620257357817	Patient	1,600	MMC Mardan
42	110	Irfan ullah	1570371175503	Patient	1,600	MMC Mardan
43	111	Zulikha	1710277877789	Patient	1,600	MMC Mardan
44	107	Miraj Wali	1620113627153	Patient	1,600	MMC Mardan
45	108	Bilqees	1610163094916	Patient	1,600	MMC Mardan
46	89	Abdul Baseer shah	1610103333259	Treatment Supporter	600	MMC Mardan
47	108	Sher khan	1610177909693	Treatment Supporter	600	MMC Mardan
48	106	Abdullah	1620282328729	Treatment Supporter	600	MMC Mardan
49	110	Zarat Gul	1570157454661	Treatment Supporter	600	MMC Mardan
50	111	Janisar	1710274824421	Treatment Supporter	600	MMC Mardan
51	107	Saman	1620154401173	Treatment Supporter	600	MMC Mardan
52	226	M. Iqbal	2110407647413	Patient	1,600	STH Swat
53	227	Balqees	1560704506359	Patient	1,600	STH Swat
54	400	Umer sharif	1310107324399	Patient	1,600	ATH Abbottabad
55	400	Qamar Sharif	1310135160607	Treatment Supporter	600	ATH Abbottabad
56	398	Nazia Zubair	1350306090568	Treatment Supporter	600	ATH Abbottabad