
Auditor General of Pakistan Islamabad
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Abbreviations and Acronyms

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AEFI</td>
<td>Adverse Event Following Immunization</td>
</tr>
<tr>
<td>AFIS</td>
<td>Automated Fingerprint Identification System</td>
</tr>
<tr>
<td>CCT</td>
<td>Conditional Cash Transfer</td>
</tr>
<tr>
<td>CHA</td>
<td>Child Health Awareness</td>
</tr>
<tr>
<td>CMYP</td>
<td>Comprehensive Multi Year Plan</td>
</tr>
<tr>
<td>CNIC</td>
<td>Computerized National Identity Card</td>
</tr>
<tr>
<td>CT</td>
<td>Cash Transfer</td>
</tr>
<tr>
<td>CWG</td>
<td>Child Wellness Grant</td>
</tr>
<tr>
<td>DG</td>
<td>Director General</td>
</tr>
<tr>
<td>DoH</td>
<td>Department of Health (FATA)</td>
</tr>
<tr>
<td>DSV</td>
<td>District Supervisor Vaccinators</td>
</tr>
<tr>
<td>EAD</td>
<td>Economics Affairs Division</td>
</tr>
<tr>
<td>EPI</td>
<td>Extended Program on Immunization</td>
</tr>
<tr>
<td>ESMP</td>
<td>Environmental and Social Management Plan</td>
</tr>
<tr>
<td>FATA</td>
<td>Federally Administered Tribal Areas</td>
</tr>
<tr>
<td>FDMA</td>
<td>FATA Disaster Management Authority</td>
</tr>
<tr>
<td>GR</td>
<td>Grievance Redressal</td>
</tr>
<tr>
<td>HQ</td>
<td>Headquarters</td>
</tr>
<tr>
<td>ICB</td>
<td>International Competitive Bidding</td>
</tr>
<tr>
<td>KP</td>
<td>Khyber Pakhtunkhwa</td>
</tr>
<tr>
<td>LSG</td>
<td>Livelihood Support Grant</td>
</tr>
<tr>
<td>MIS</td>
<td>Management Information System(s)</td>
</tr>
<tr>
<td>MoF</td>
<td>Ministry of Finance</td>
</tr>
<tr>
<td>MoU</td>
<td>Memorandum of Understanding</td>
</tr>
<tr>
<td>MUAC</td>
<td>Mid-Upper Arm Circumference</td>
</tr>
<tr>
<td>NADRA</td>
<td>National Database and Registration Authority</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Description</td>
</tr>
<tr>
<td>--------------</td>
<td>-------------</td>
</tr>
<tr>
<td>NCB</td>
<td>National Competitive Bidding</td>
</tr>
<tr>
<td>OSS</td>
<td>One Stop Shop(s)</td>
</tr>
<tr>
<td>PC-I</td>
<td>Planning Commission Form - 1</td>
</tr>
<tr>
<td>PMO</td>
<td>Project Management Office</td>
</tr>
<tr>
<td>PMU</td>
<td>Project Management Unit</td>
</tr>
<tr>
<td>POS</td>
<td>Point of sale</td>
</tr>
<tr>
<td>PSDP</td>
<td>Public Sector Development Program</td>
</tr>
<tr>
<td>PSP</td>
<td>Payment Service Provider</td>
</tr>
<tr>
<td>QCBS</td>
<td>Quality &amp; Cost Based Selection</td>
</tr>
<tr>
<td>SOP</td>
<td>Standard Operating Procedure</td>
</tr>
<tr>
<td>TDP-ERP</td>
<td>Temporarily Displaced Persons Emergency Recovery Project</td>
</tr>
<tr>
<td>TSV</td>
<td>Tehsil Supervisor Vaccinators</td>
</tr>
<tr>
<td>UCT</td>
<td>Unconditional Cash Transfer</td>
</tr>
<tr>
<td>UNDB</td>
<td>United Nation Development Business</td>
</tr>
<tr>
<td>WB</td>
<td>World Bank</td>
</tr>
<tr>
<td>WHO</td>
<td>World Health Organization</td>
</tr>
</tbody>
</table>
PREFACE

The Auditor-General of Pakistan conducts audits subject to Articles 169 and 170(2) of the Constitution of Islamic Republic of Pakistan 1973, read with Sections 8 and 12 of the Auditor-General’s (Functions, Powers and Terms and Conditions of Service) Ordinance 2001. The audit of the FATA Temporarily Displaced Persons-Emergency Recovery Project (TDP-ERP)” IDA-5719/IDA-6139/Turkish Grant under Economic Affairs Division was carried out accordingly.

The Directorate General Audit (Federal Government) conducted audit of the FATA Temporarily Displaced Persons-Emergency Recovery Project (TDP-ERP) during October, 2019 for the period 2018-19 with a view to reporting significant findings to stakeholders. Audit examined the economy, efficiency, and effectiveness aspect of the project. In addition, Audit also assessed, on test check basis, whether the management complied with applicable laws, rules and regulations in managing the project. The Audit Report indicates specific actions that, if taken, will help the management realize the objectives of the project.


The Report has been prepared for submission to the World Bank in terms of Credit No. 5719 and 6139.

Dated: 30.12.2019
Place: Islamabad

(TAFI KHAR ALI ASDI)
Director General
PART - 1

1. PROJECT OVERVIEW

2. AUDITOR'S REPORT TO THE MANAGEMENT

3. FINANCIAL STATEMENTS
PROJECT OVERVIEW

Name: FATA Temporarily Displaced Persons-Emergency Recovery Project
Sponsoring Authority: World Bank and Republic of Turkey
Executing Authority: Economic Affairs Division
Project Cost: 58,400 SDRs
Credit No.:
i. IDA-5719-PK agreement signed on 23.09.2015
   Rs.62,112,000/- & Rs.48,472,500/- Total
   Rs.110,584,500

Additional Financing agreement:
ii. IDA-6139-PK agreement signed on 24.10.2017
   ERG Rs.468,722,759.00 equal to USD
   3,386,296.96 @ Rs.138.7174 on 12th March 2019
   ERG Rs.202,870,275.00 equal to USD
   1,437,192.94 @ Rs.141.1573 on 17th May 2019

iii. USD 10 million equivalent to Rs.108,700,000
    Rs.108.70 on 31.01.2017 (Turkish Grant)

Date of Approval by ECNEC: 23.09.2015
Date of Commencement: 22.12.2015
Actual Date of Commencement: 22.12.2015
Date of Completion (as per Agreement): 30.06.2019
Loan Closing Date: 30.06.2020
Loan Utilization Status in FY 2018-19: Rs. 2,259 million
Progressive Expenditure up FY2018-19: Rs. 9,588 million
AUDITOR’S REPORT TO THE MANAGEMENT (Audit Opinion)

Mr. Waseem Sherazi,
Program Manager,
TDP-ERP, Economic Affairs Division,
‘C’ Block, Pak Secretariat,
Islamabad.

Auditor’s Report on the Financial Statements (FSs) of the FATA Temporarily Displaced Persons Emergency Recovery Project

We have audited the accompanying Financial Statements (FSs) of FATA Temporarily Displaced Persons Emergency Recovery Project under Economic Affairs Division that comprises Statements of Receipts and Payments, Statement of comparison of budget and actual together with the notes forming part thereof for the year ended 30th June, 2019.

Management Responsibility

It is the responsibility of the project management to establish and maintain a system of internal controls, and prepare and present the Statement of Receipts and Payments in conformity with the requirements of Cash Basis IPSAS, Financial Reporting under the Cash Basis of Accounting Standard.

Auditor’s Responsibility

The responsibility of the Auditor is to express an opinion on the financial statements based on the audit conducted. We conducted audit in accordance with the International Standards of Supreme Audit Institutions. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. The audit process includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion:

a) The financial statements present fairly, in all material respects, the cash receipts and payments made by the project for the year ended 30th June, 2019 in accordance with Cash Basis IPSAS, Financial Reporting under the Cash Basis of Accounting Standard.

b) The expenditure has been incurred in accordance with the requirements of legal agreements.

(Tafikhar Ali Asdi)
Director General
Directorate General Audit (Federal Government)
Benevolent Fund Building, Zero Point, Islamabad
Dated: 30.12.2019
## Statement of Financial Position
As at June 30, 2019

<table>
<thead>
<tr>
<th></th>
<th>2018-19</th>
<th>2017-18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash &amp; Bank</td>
<td></td>
<td></td>
</tr>
<tr>
<td>China Grant Assignment Account</td>
<td>1,836</td>
<td>109,601,199</td>
</tr>
<tr>
<td>World Bank Assignment Account - 5719</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>World Bank Assignment Account - 6139</td>
<td>53,427,100</td>
<td>-</td>
</tr>
<tr>
<td>Turkey Grant Assignment Account</td>
<td>8,768,250</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>62,197,186</td>
<td>109,601,199</td>
</tr>
<tr>
<td><strong>Equity &amp; Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated reserves</td>
<td>62,197,186</td>
<td>109,601,199</td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payable to MoF against ERG</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>62,197,186</td>
<td>109,601,199</td>
</tr>
</tbody>
</table>
## Statement of Financial Performance

For the Period ended on June 30, 2019

### Receipts

<table>
<thead>
<tr>
<th></th>
<th>2018-19 Rupees</th>
<th>2017-18 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>China Grant Receipts</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>World Bank Receipts - 5719</td>
<td>985,137</td>
<td>1,594,775,337</td>
</tr>
<tr>
<td>World Bank Receipts - 6139</td>
<td>2,321,516,134</td>
<td>3,091,758,158</td>
</tr>
<tr>
<td>Turkey Grant Receipts</td>
<td>552,320,750</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Receipts</strong></td>
<td>2,874,822,021</td>
<td>4,686,533,495</td>
</tr>
</tbody>
</table>

### Less: Expenditures

**Expenditures from China Grant**
- Grants Payments
  - Livelihood Support Grant
  - Child Wellness Grant
  - Early Recovery Grant
  - Total: 107,940,000

**Expenditures from Turkey Grant**
- Grants Payments
  - Livelihood Support Grant
  - Child Wellness Grant
  - Early Recovery Grant
  - Total: 107,945,000

**Expenditures from World Bank**
- Grants Payments - 5719
  - Livelihood Support Grant
  - Child Wellness Grant
  - Early Recovery Grant
  - Total: 1,532,888,000
- Grants Payments - 6139
  - Livelihood Support Grant
  - Child Wellness Grant
  - Early Recovery Grant
  - Total: 3,091,758,158

### Net Surplus/(Deficit)

- 2018-19: (47,404,013)
- 2017-18: (649,960,163)
ECONOMIC AFFAIRS DIVISION  
PROJECT MANAGEMENT UNIT - TEMPORARILY DISPLACED PERSONS  
EMERGENCY RECOVERY PROJECT

Statement of Changes in Equity
For the Period ended on June 30, 2019

<table>
<thead>
<tr>
<th>Rupees</th>
<th>Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as on 1 July 2018</td>
<td>109,601,199</td>
</tr>
<tr>
<td>Net Surplus/(Deficit) for the year</td>
<td>(47,404,013)</td>
</tr>
<tr>
<td>Balance as on 30 June 2019</td>
<td>62,197,186</td>
</tr>
</tbody>
</table>

Tal Khan, AQA
Audit officer
Auditor
Directorate General Audit (FG)  
Islamabad

Waseem Sherazi
Program Manager
Economic Affairs Division  
Government of Pakistan  
Islamabad

Liaqat Ali Khan
Audit Officer
Directorate General Audit (FG)  
Islamabad
### Cash Flow Statement
For the Period ended on June 30, 2019

<table>
<thead>
<tr>
<th></th>
<th>2018-19 Rupees</th>
<th>2017-18 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Surplus/(Deficit) for the year</td>
<td>(47,404,013)</td>
<td>(649,960,163)</td>
</tr>
<tr>
<td>Adjustment for non cash items</td>
<td>(NIL)</td>
<td></td>
</tr>
<tr>
<td>Net Increase in cash and cash equivalent</td>
<td>(47,404,013)</td>
<td>(649,960,163)</td>
</tr>
<tr>
<td>Cash and cash equivalent at beginning of the year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash &amp; cash equivalent at the end of the year</td>
<td>(47,404,013)</td>
<td>(649,960,163)</td>
</tr>
</tbody>
</table>

**Signatures**

- **Financial Management Specialist**
  - **Mudassar Abbas**
  - TDP ERP

- **Program Manager**
  - **Waseem Sherazi**
  - Program Manager TDP/ERP Economic Affairs Division Economic Affairs Division Economic Affairs Division

- **Audit Officer**
  - **Liaquat Ali Khan**
  - Directorate General Audit (FG)

**Locations**

- Islamabad

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ECONOMIC AFFAIRS DIVISION
PROJECT MANAGEMENT UNIT - TEMPORARILY DISPLACED PERSONS
EMERGENCY RECOVERY PROJECT

Notes to the Financial Statements
For the Period ended on 30th June 2019

1 Legal Status and Operations

Establishment of Project Management Unit (PMU) Temporarily Displaced Person Emergency Recovery Project (TOP ERP) was approved at the time of signing of the Minute of negotiation by Federal Government with World Bank on 31 July 2015. Financing Agreement with World Bank was signed on September 23, 2015. Additional Financing Agreement was signed with World Bank on October 24, 2017. Operations of PMU TOP ERP are governed under approved Operational Manual of the project.

2 Basis of Preparation

2.1 Basis of Measurement

Financial Statements have been prepared on Cash Basis of Accounting. Receipts are recognized in period when received and expenditure is recorded upon issuance of cheque to Payment service providers against reimbursement claims.

2.2 Functional and Presentation currency

Financial Statements have been prepared in Pakistani Rupees (PKR) which is functional currency of this project.

2.3 Statement of Compliance

These Financial Statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS).

3 Types of Grants

3.1 Early Recovery Grant (ERG)

A one-time resettlement grant of Rs. 35,000 has already been provided to the families for returning to their homes by FDMA. The grant covers basic transportation and immediate subsistence needs of the families. Expenditure against this grant is recorded to extent of amount reimbursed to Federal Government.

3.2 Livelihood Support Grant (LSG)

These are Unconditional Cash Transfers (UCT) amounting to Rs. 4,000 per month, provided to support immediate safety net recovery support for a period of 4 months. These LSGs shall cover basic and subsistence needs of the families after they return to their homes, to ensure consumption smoothing and provision of support for the affected beneficiaries, till they are able to restore their livelihoods.

3.3 Child Wellness Grant (CWG)

These are Conditional Cash Transfers (CCT) linked to a comprehensive child wellness package of Rs. 7,500 (in three instalments), to encourage long-term improvements in children’s health and support overall human development outcomes for the affected region.

4 Period of Financial Statements

Period of Financial Statements is from July 01, 2018 till 30th June 2019.
5 Procedures Detail

5.1. Early Recovery Grant (ERG)
ERG funds are claimed from World Bank as reimbursement to Federal Government against expenditure already incurred on Temporarily Displaced Persons (TDPs).
As per program design, World Bank will reimburse the amount of those beneficiaries who are biometrically verified for LSG Grant and have received ERG payment from FDMA through partner banks.
FDMA will upload list of those beneficiaries who have received ERG grant from partner banks in MIS Portal.
The list of LSG biometrically verified beneficiaries will be matched with FDMA uploaded list of ERG Grant.
Based on matched records, withdrawal application is submitted to World Bank for reimbursement of expenditure already incurred by Government of Pakistan on FATA beneficiaries.
Upon receipt of amount from World Bank against Withdrawal Application in Non-Food Account No. 1 (through State Bank of Pakistan), Economic Affairs Division (EAD) formally intimates Finance Division about receipt of funds so that Finance Division may take further necessary steps for utilization of these funds.

5.2. Livelihood Support Grant (LSG)
The potential beneficiary approaches One Stop Shop (OSS) and proceed to Information counter. If the name is found on the list and the CNIC is authentic (genuine), the beneficiary will be given a quick overview of the project and the conditions surrounding the LSG and/or CWG payments. Afterwards, the beneficiary will be asked to proceed to the NADRA Biometric Counter for LSG Processing. If the name is not found on the list, he/she can lodge appeal at NADRA GR counter established at all OSS.
The beneficiary will approach the NADRA Biometric Counter. If beneficiary is verified, NADRA official will guide the beneficiary to approach Payment Service Provider Counter(s), established within the OSS.
The beneficiary will move to the Payment Service Provider (PSP) counter(s). At PSP counter NBP has established real time integration with NADRA server to receive electronic intimation of biometrically verified cases. Upon receipt of electronic trigger from NADRA, PSP opens level zero (0) account of each beneficiary and disburses benefit amount to respective accounts. The beneficiary will then exit the OSS premises.

5.3. Child Wellness Grant (CWG)
The potential beneficiary will approach the One Stop Shop (OSS) with his family (including at least one child aged 0-24 months) and proceed to Information counter. If the name is found on the list and the CNIC is authentic, the beneficiary will be given a quick overview of the project and the conditions surrounding the CWG payment(s) by NADRA Information counter official. Afterwards, the beneficiary will be asked to proceed to the NADRA CCT Counter for CWG Processing.
The biometrics of the HoF will be verified from NADRA CNIC database. Once verified, the beneficiary family shall be guided to attend Child Awareness Session.
The Child Awareness Sessions will be delivered by DoH staff to the group of beneficiaries. Once the session is concluded, DoH FATA staff will collect CWG certificates and approach NADRA CCT counter. The DoH staff will authenticate this list through biometric verification.
The beneficiary will then move to the Payment Service Provider (PSP) counter(s). At PSP counter NBP has established real time integration with NADRA server to receive electronic intimation of biometrically verified cases. Upon receipt of electronic trigger from NADRA, PSP opens level zero (0) account of each beneficiary and disburses benefit amount to respective accounts. The beneficiary will then exit the OSS premises.

5.4. Payment to National Bank of Pakistan
According to Agency Agreement, National Bank of Pakistan (PSP) will make upfront payments to biometrically verified beneficiaries.
Afterwards PSP generates invoices in which total disbursement along with beneficiary name, CNIC No., Account No. & Amount transferred is mentioned.
PMU EAD reconciles actual payments made by NBP with NADRA trigger report. If all payments are reconciled, PMU EAD will get approval from competent authority and issue cheque to PSP.