No.PA/FAP/FG/SSA/F-13/7

To,

1. The Secretary,
   Economic Affairs Division,
   Government of Pakistan
   Pak Secretariat, Block “C”,
   Islamabad

2. The Country Director,
   World Bank Resident Mission, 20-A, Shahrah-e-Jamhuriat
   Sector G-5/1, Islamabad

Subject: FOREIGN AIDED PROJECTS (FAPs) AUDIT REPORTS

Financial Attest Audits of the following FAP Audit Reports has been conducted by this office:

<table>
<thead>
<tr>
<th>S.No</th>
<th>Name of Projects</th>
<th>Development Partners</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Governance Support Project-FATA</td>
<td>MDTF</td>
</tr>
<tr>
<td>2</td>
<td>Institutional Capacity Building Ombudsman</td>
<td>IDA</td>
</tr>
<tr>
<td>3</td>
<td>Tertiary Education Support Project</td>
<td>IDA</td>
</tr>
<tr>
<td>4</td>
<td>Second Gen ICT Sec Policy &amp; Legal</td>
<td>World Bank</td>
</tr>
<tr>
<td>5</td>
<td>Social Safety Net Project</td>
<td>IDA</td>
</tr>
<tr>
<td>6</td>
<td>Social Safety Net T/A</td>
<td>IDA</td>
</tr>
<tr>
<td>7</td>
<td>Emergency Recovery Project TDPs of FATA</td>
<td>IDA</td>
</tr>
<tr>
<td>8</td>
<td>Water Sector Capacity Building Indus-21</td>
<td>IDA</td>
</tr>
<tr>
<td>9</td>
<td>Economic Revitalization of KPK and FATA</td>
<td>World Bank</td>
</tr>
</tbody>
</table>

2. Certificate/Financial Attest alongwith the Audit Report containing therein the management letter (ML) on the same is attached herewith. The referred is hereby issued simultaneously to the Government (EAD) and to the World Bank Resident Mission Islamabad through EAD.
Financial Attest Audit Report on the Accounts of
FATA Temporarily Displaced Persons Emergency Recovery Project
Credit No: 5719-PK
Economic Affairs Division
For the Financial Year 2015-16

Auditor General of Pakistan Islamabad
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Abbreviations and Acronyms

AGP   Auditor General of Pakistan
AGPR  Accountant General Pakistan Revenues
CWG   Child Wellness Grant
EAD   Economic Affairs Division
GOP   Government of Pakistan
LSG   Livelihood Support Grant
IDA   International Development Association
IDF   Institutional Development Fund
IPSAS International Public Sector Accounting Standards
ISSAI International Standards of Supreme Audit Institutions
MIS   Management Information System
NOL   No Objection Letter
OSS   One Stop Shop(s)
PMU   Project Management Unit
PSP   Payment Service Provider
Rs.   Rupees
SDR   Special Drawing Rights
USD   United States Dollar
WB    World Bank
PREFACE

The Auditor-General of Pakistan conducts audits subject to Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Sections 8 and 12 of the Auditor-General’s (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001. The audit of “FATA Temporarily Displaced Persons Emergency Recovery Project” under Economic Affairs Division for the financial year 2015-16 funded by the International Development Association (IDA) was carried out accordingly.

The Directorate General Audit (Federal Government), Islamabad conducted audit of the “FATA Temporarily Displaced Persons Emergency Recovery Project” in October, 2016 for the period 2015-16 with a view to reporting significant findings to stakeholders. Audit examined the economy, efficiency, and effectiveness aspects of the “FATA Temporarily Displaced Persons Emergency Recovery Project”. In addition, audit also assessed, on test check basis, whether the management complied with applicable laws, rules and regulations in managing the “FATA Temporarily Displaced Persons Emergency Recovery Project”. The Audit Report indicates specific actions that, if taken, will help the management realize the objectives of the “FATA Temporarily Displaced Persons Emergency Recovery Project”.


The Report has been prepared for submission to the International Development Association (IDA) in terms of Credit Number 5719-PK.

Place: Islamabad

(MUHAMMAD AJMAL GONDAL)
DIRECTOR GENERAL
PART-I

PROJECT OVERVIEW

TOR'S REPORT TO THE MANAGEMENT

FINANCIAL STATEMENTS
PROJECT OVERVIEW

Name of Project: Temporarily Displaced Person Emergency Recovery Project
Sponsoring Authority: World Bank (International Development Association)
Executing Authority: Economic Affairs Division (EAD)
Credit No: 5719-PK
Project Cost: SDR 53.400 million
Date of effectiveness: 22.12.2015
Date of Completion: 31.08.2018
Date of Approval: 23.09.2015
Credit Closing Date: 31.08.2018
Expenditure upto 30.06.2016: Rs. 23.482 million
Auditor’s Report on the FATA Temporarily Displaced Persons Emergency Recovery Project Financial Statements

We have audited the accompanying financial statements of “FATA Temporarily Displaced Persons Emergency Recovery Project” under Economic Affairs Division (Credit No.5719-PK) that comprises Statement of Receipts and Payments together with the Notes forming part thereof for the year ended 30th June, 2016.

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 our 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 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 the 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 by the project for the year ended 30th June, 2016 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 agreement.

(MUHAMMAD AJMAL GONDAL)
DIRECTOR GENERAL
Directorate General Audit (Federal Government), Benevolent Fund Building, Zero Point, Islamabad
FATA TEMPORARILY DISPLACED PERSONS EMERGENCY RECOVERY PROJECT
CREDIT NO: 5719-PK
ECONOMIC AFFAIRS DIVISION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2016
Statement of Financial Position
As at June 30, 2016

<table>
<thead>
<tr>
<th></th>
<th>2015-16</th>
<th>2014-15</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>1,009,004,000</td>
<td>-</td>
</tr>
<tr>
<td>World Bank Assignment Account</td>
<td>320,795,647</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>1,329,799,647</td>
<td></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>1,329,799,647</td>
<td>-</td>
</tr>
<tr>
<td>Liabilities</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>1,329,799,647</td>
<td></td>
</tr>
</tbody>
</table>

Financial Management Specialist
TDP ERP

Program Manager
TDP ERP
ECONOMIC AFFAIRS DIVISION  
PROJECT MANAGEMENT UNIT - TEMPORARILY DISPLACED PERSON  
EMERGENCY RECOVERY PROJECT (IDA - 5719)  

Statement of Financial Performance  
For the Period ended on June 30, 2016

<table>
<thead>
<tr>
<th></th>
<th>2015-16 Rupees</th>
<th>2014-15 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Receipts</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>China Grant Receipts</td>
<td>1,032,486,500</td>
<td>-</td>
</tr>
<tr>
<td>World Bank Receipts</td>
<td>320,795,647</td>
<td>-</td>
</tr>
<tr>
<td><strong>Less: Expenditures</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Expenditures from China Grant</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants Payments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Livelihood Support Grant</td>
<td>23,140,000</td>
<td>-</td>
</tr>
<tr>
<td>Child Wellness Grant</td>
<td>342,500</td>
<td>-</td>
</tr>
<tr>
<td>Early Recovery Grant</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Expenditures from World Bank</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Surplus/(Deficit)</strong></td>
<td>1,329,799,647</td>
<td>-</td>
</tr>
</tbody>
</table>

Financial Management Specialist  
TDP ERP

Program Manager  
TDP ERP

SHAHZAD AFZAL  
Audit Officer  
O/o Director General Audit  
Federal Government, Islamabad.
ECONOMIC AFFAIRS DIVISION
PROJECT MANAGEMENT UNIT - TEMPORARILY DISPLACED PERSON EMERGENCY RECOVERY PROJECT (IDA - 5719)

Statement of Changes in Equity
For the Period ended on June 30, 2016

<table>
<thead>
<tr>
<th>Description</th>
<th>Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as on 23 Sept 2015</td>
<td></td>
</tr>
<tr>
<td>Net Surplus/(Deficit) for the year</td>
<td>1,329,799,647</td>
</tr>
<tr>
<td>Balance as on 30 June 2016</td>
<td>1,329,799,647</td>
</tr>
</tbody>
</table>

Financial Management Specialist
TDP ERP

Program Manager
TDP ERP

SHAHZAD AFZAL
Audit Officer
O/o Director General Audit
Federal Government, Islamabad.
ECONOMIC AFFAIRS DIVISION
PROJECT MANAGEMENT UNIT - TEMPORARILY DISPLACED PERSON EMERGENCY RECOVERY PROJECT (IDA - 5719)

Cash Flow Statement
For the Period ended on June 30, 2016

<table>
<thead>
<tr>
<th></th>
<th>2015-16</th>
<th>2014-15</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rupees</td>
<td>Rupees</td>
</tr>
<tr>
<td>Net Surplus/(Deficit) for the year</td>
<td>1,329,799,647</td>
<td>-</td>
</tr>
<tr>
<td>Adjustment for non cash items</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><em>(NIL)</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Increase in cash and cash equivalent</td>
<td>1,329,799,647</td>
<td>-</td>
</tr>
<tr>
<td>Cash and cash equivalent at begning of the year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash &amp; cash equivalent at the end of the year</td>
<td>1,329,799,647</td>
<td>-</td>
</tr>
</tbody>
</table>

Financial Management Specialist
TDP ERP

Program Manager
TDP ERP

SHAHZAD AFZAL
Audit Officer
0/o Directorate General Audit
Federal Government, Islamabad.
Establishment of Project Management Unit (PMU) Temporarily Displaced Person Emergency Recovery Project (TDP 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. Operations of PMU TDP ERP are governed under approved Operational Manual of the project.

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.

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.

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

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

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.

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.

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.

Period of Financial Statements is from September 23, 2015 till 30th June 2016.

[Signatures]

Financial Management Specialist
TDP ERP

Program Manager
TDP ERP