



Mian Saleem & Co.

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INDEPENDENT AUDITOR'S REPORT

To the Members of Public Procurement Regulatory Authority Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Public Procurement Regulatory Authority (the Authority), which comprise the statement of financial position as at June 30, 2022, and the statement of income and expenditure and notes to the financial statements, including a summary of significant accounting policies.

In our opinion and to the best of our information and according to the explanations given to us, the accompanying financial statements present fairly, in all material respects, or give a true and fair view of the financial position of the Authority as at June 30, 2022, and of its financial performance for the year then ended in accordance with the accounting and reporting standards applicable in Pakistan comprise of Accounting Standard for Not for Profit Organization (Accounting Standard for NPOs) issued by the Institute of Chartered Accountant of Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified opinion.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 June 2022, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Authority's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the

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date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Mohammad Saleem.

M. Saleem

Mian Saleem & Co.

Chartered Accountants

Islamabad

Date

09 MAR 2023

UDIN

AR202210554tXoR2SP8D

PUBLIC PROCUREMENT REGULATORY AUTHORITY
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

		2022	2021
	Note	(Rupees)	
NON-CURRENT ASSETS			
Property and equipment	4	56,405,567	10,634,823
CURRENT ASSETS			
Advances and other receivables	5	89,225,675	68,149,810
Cash and bank balances	6	473,469,606	459,222,272
		562,695,281	527,372,082
		619,100,846	538,006,905
CURRENT LIABILITIES			
Creditors and accrued liabilities	7	(367,165)	(534,451)
NON-CURRENT LIABILITIES			
Other payables (Long Term)	8	(142,231,683)	(86,232,001)
NET ASSETS			
		476,501,998	451,240,453
CONETENGENCIES AND COMMITMENTS			
	9		-
REPRESENTED BY:			
RESERVE FUND			
Balance at the begenning of the year		451,240,453	409,511,598
Surplus for the year		25,261,545	41,728,856
Balance at the end of the year		476,501,998	451,240,453

The annexed notes from 1 to 18 form an integral part of these Financial Statements

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DIRECTOR FINANCE

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MANAGING DIRECTOR

PUBLIC PROCUREMENT REGULATORY AUTHORITY
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2022

		2022	2021
	Notes	Rupees	
INCOME			
Government grant	10	-	30,572,644
Service income	11	283,866,175	193,589,105
Other income	12	34,832,877	24,362,465
		318,699,052	248,524,214
Loss on transfer of fixed asset			
Operating expenses	13	282,845,773	206,795,359
		282,845,773	206,795,359
Surplus Before Tax		35,853,279	41,728,856
Income tax expense	16	-	-
- For the year		10,591,734	-
- Prior year			
Surplus For the Year		25,261,545	41,728,856

The annexed notes from 1 to 18 form an integral part of these Financial Statements.


DIRECTOR FINANCE


MANAGING DIRECTOR

1 THE AUTHORITY

Public Procurement Regulatory Authority (PPRA) was established in the year 2002, under the Public Procurement Regulatory Authority Ordinance, 2002 to build and strengthen Government capacity to develop a modern, transparent and cost-effective Public Procurement System and to regulate Public Sector Procurement of Goods, Services and Works with a view to ensure transparency, accountability, fairness, value for money and quality of Public Procurement.

STATUS OF THE AUTHORITY

PPRA is a body corporate as defined in PPRA Ordinance 2002, having perpetual succession and a common seal, with powers subject to the provisions of the said Ordinance, to acquire and hold property, both moveable and immovable, and, sue and be sued by the name assigned to it.

FUNCTIONS, POWERS AND RESPONSIBILITIES OF THE AUTHORITY

Subject to other provisions of this Ordinance, the Authority may take such measures and exercise such powers as may be necessary for improving governance, management, transparency, accountability and quality of public procurement of goods, services and works in the public sector. Without prejudice to the generality of the powers conferred under the Ordinance, the Authority may:

- a) *Monitor application of the laws, rules, regulations, policies and procedures in respect of, or relating to procurement;*
- b) *Monitor the implementation of and evaluate laws, rules, regulations, policies and procedures in respect of, or relating to, inspection or quality of goods, services and works and recommend reformulation thereof or revisions therein as it deems necessary;*
- c) *Recommend to the Federal Government revisions in or formulation of new laws, rules and policies in respect of or related to public procurement;*
- d) *Make regulations and lay down codes of ethics and procedures for public procurement, inspection or quality of goods, services and works;*
- e) *Monitor public procurement practices and make recommendations to improve governance, transparency, accountability and quality of public procurement;*
- f) *Monitor overall performance of procuring agencies and make recommendations for improvements in their institutional set up;*
- g) *Provide and coordinate assistance to procuring agencies for developing and improving their institutional framework and public procurement activities;*
- h) *Submit reports to the Government in respect of public procurement activities of procuring agencies;*
- i) *call any functionary of procuring agencies to provide assistance in its functions and call for any information from such agencies in pursuance of its objectives and functions; and*
- j) *Perform any other function assigned to it by the Federal Government or that is incidental or consequential to any of the aforesaid functions.*

MANAGEMENT OF THE AUTHORITY

All administrative matters of Public Procurement Regulatory Authority (PPRA) in terms of Section 3 and Section 5 of PPRA Ordinance, 2002 are regulated through Board and by Managing Director, PPRA. The Management of PPRA, as defined under Section 6 of PPRA Ordinance, 2002 is vested in its Board, which is the apex decision making body for overall direction and administration of the Authority.

KEY HIGHLIGHTS OF 2021-22

- i. 352 officers / officials of different procuring agencies were trained through eleven (11) Training Sessions on Public Procurement Rules 2004 and amendments to date.
 - ii. 18 Internal & External Training Workshops were conducted for capacity building of PPRA employees in which 51 employees of the Authority were trained.
 - iii. Hiring process of seven vacant positions of Project Management Unit (EPADS) and five vacant positions of Minority and Balochistan Quota is completed
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PUBLIC PROCUREMENT REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

- iv. 105 Legal Opinions were rendered to different Procuring Agencies.
- v. 42 Court Cases of Procuring Agencies were disposed of.
- vi. List of 41 Suppliers/Contractors blacklisted by the Procuring Agencies, is published by the Authority on its website.
- vii. 26 Appeal and review petitions have been processed by the Authority.
- viii. Number of Evaluation Reports were issued to save public exchequer from possible misuse/ embezzlement and to improve the procurement process ensuring value for money, transparency and quality of public procurement.
- ix. In order to facilitate national investigation agencies, number of queries were responded providing them expert opinion pertaining to the matters related to public procurement.
- x. Regulatory Reviews were conducted, including some of the large and complex projects, to help bidders to redress their grievances and facilitate procuring agencies for improved public procurement proceedings and to avoid any potential irregularities.
- xi. Number of directives, suggestions and recommendations were issued to procuring agencies and bidders in response to queries, clarifications and complaints raised by them.
- xii. In accordance with the "Redressal of Grievances Regulations, 2021" constituted in terms of Rule 48(7) of Public Procurement Rules, 2004 number of appeals have been decided and majority of orders were sustained by the superior courts.
- xiii. In pursuance of Section 27 of PPRA Ordinance, 2002 the Authority has developed the five new Standard Procurement Documents for national and international competitive bidding.
- xiv. Instructions regarding "Publication of Contract Awards on PPRA's website without any reference to the amount of Contract" and use of new five standard procurement documents available on PPRA website were issued.
- xv. General instructions for constitution of Grievance Redressal Committee(s) in terms of Rule 48(1) of Public Procurement Rules, 2004 were issued.
- xvi. 29,578 tenders with 1497 reported violations were uploaded on PPRA website as per Public Procurement Rule 12.
- xvii. 253 Procurement Plans of different Federal Procuring Agencies are uploaded on PPRA website as per Public Procurement Rule 8 & 9.
- xviii. 7,448 Evaluation Reports are uploaded on PPRA website as per Public Procurement Rule 35.
- xix. 1,180 Procurement Contracts are uploaded on PPRA website as per PPRA Regulation, 2009.

STRATEGIC INITIATIVES & ACHIEVEMENTS DURING 2021-22

A. E-Pak Acquisition & Disposal System (EPADS)

National Procurement Strategy (2013-2016) was developed to outline a common vision and outlook on making procurement process efficient and transparent in the country. The strategy was developed keeping in view to remove the gaps in existing procurement regime. International experience suggests that technological innovations such as e-procurement and electronic reverse auction can enhance the efficiency of procurement, eliminate bid rigging, strengthen transparency and achieve value for money. The digitalization of procurement processes eliminates the direct interface between procurement officials and bidders and thereby significantly reduces the chances of bribery and corruption. E-Procurement was highlighted as one of the major drivers in National Procurement Strategy to achieve transparency and value for money in public procurement.

EPADS project is of national importance and significance, and through development of such a robust system, PPRA intends to fully automate the public procurement process in Pakistan, by reducing human intervention to the maximum extent possible. The web-based e-Procurement System will encompass complete procurement cycle, from procurement planning to the close-out of the contract. The long-term benefits would include greater transparency, better governance, efficiency, cost-effectiveness, increased productivity, value for money, ease of doing business, and above all significant saving to public exchequer.

Software Milestones/Received Deliverables:

- a) Inception Report approved for all processes related to system implementation;
- b) Feasibility study and Gap Analysis for federal, provincial and regional PPRA's conducted;
- c) Business Process Mapping for federal, provincial and regional PPRA's separately conducted, in accordance with their respective Regulatory Framework;

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PUBLIC PROCUREMENT REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

- d) Separate Software Requirements Specifications (SRS) documents are developed for federal, provincial and regional PPRAs;
- e) The project is phased out in two stages: wave-1 & wave-II. Wave-1 consists of the core functionality encompassing the entire circle of public procurement while wave-II is about additional and advance features e.g. Logging, reporting, GIS, Advanced Automation, Analytics & DSS etc.
- f) User Acceptance Test for test piloting in 2 major ministries consisting of core modules in wave-1 is being carried out;

Hiring of Enterprise Cloud Services:

- g) Contract signed with PTCL on 23rd June 2022 for provision of Enterprise Cloud Hosting Services on Infrastructure-as-a-Service (IaaS) model for the e-Procurement System (EPADS). Development & Quality Assurance environment have been set up while production environment was delayed due to resource shortage caused by import restrictions. However, the matter has been resolved and production environment is being established.

Integration with External Entities/Stakeholders & Interoperability with Provincial & Regional PPRAs:

- h) MoUs signed with Securities & Exchange Commission of Pakistan (SECP), NADRA and FBR for system integration and information exchange. Moreover, all provincial and regional PPRAs have principally agreed to sign the MOUs for adoption of unified e-Procurement System those shall be signed by second quarter of F.Y. 2022-23.
- i) Seven technical resource persons are hired to strengthen the Project Management Unit of e-Procurement Project. The resources persons are provided temporary sitting arrangement along with laptops & Internet facility; however, appropriate dedicated office space is required for which several requests have been made to the Finance Department.
- j) MoU signed with Punjab Procurement Regulatory Authority for opting for the e-Procurement System (EPADS).

Training for Test Piloting:

- k) So far almost 30 trainings have been conducted in which more than 170 participants attended out of which 26 suppliers/vendors received training while rest of the participants were from different procuring agencies. The participants attended training for wave-1 modules for test piloting.
- l) Orientation is also being arranged for Islamabad Chamber of Commerce & Industry and Islamabad Women Chamber of Commerce & Industry for awareness and better adaptation of the system.
- m) Furthermore, a complete schedule of training is being arranged for Punjab PRA for launching of the pilot system in selected departments within Punjab. In this regard, meetings are in process with Punjab PRA to finalize the schedule and other requirements.

B. Regulatory Improvements

In accordance with the power conferred under Section 27 of the PPRA Ordinance 2002, the Authority has made Regulations for improvement in the Public Procurement activities. Details of the Regulations notified during the reported period is as under:

- i. Vide S.R.O.90(I)/2022 & S.R.O.91(I)/2022 regulations were notified on 12th January 2022 titled as "Procedure of filing and disposal of Review Petition under Rule 19(3), 2021" and "Redressal of Grievances Regulations, 2021" respectively
- ii. The Authority vide S.R.O. 370(I)/2022 notified regulation on 25th February 2022 for the procuring agencies to use National Standard Procurement documents for national/ international competitive bidding, available on Authority's website.
- iii. The Authority made amendments in "PPRA Accounting Procedure Regulations" that was approved in 61st meeting of PPRA Board held on 30th April, 2022 while the matter has been forwarded to Printing Corporation of Pakistan through Cabinet Division for the notification of the same in the official Gazette of Pakistan.
- iv. The Authority vide S.R.O.591(I)/2022 notified regulations on 10th May 2022 titled as "Manner of Advertisement Regulations, 2022". In pursuance of said regulation, for procurements over five hundred thousand rupees procuring agencies shall advertise the bidding documents on procuring agency's or PPRA's website to ensure transparency, open competition and equal opportunities.

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PUBLIC PROCUREMENT REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

- v. The Authority vide S.R.O.592(I)/2022 notified regulations on 14th May 2022 called as "Declaration of Beneficial Owner's Information of Public Procurement Contract Awarded Regulations, 2022". Procuring agencies while engaging in public procurement contract worth Rs.50 million and above shall make mandatory provisions of beneficial ownership information and after contract award shall publicize the beneficial ownership information of the company on PPRA's website.

C. Publication of PPRA Annual Reports

In accordance with Section -17 of PPRA Ordinance, 2002, Annual Report for the year 2020-2021 including pending/incomplete Annual Reports from 2008-2021 were prepared and approved from PPRA Board.

D. Implementation of e-Office Suite

Public Procurement Regulatory Authority (PPRA) has implemented e-Office Suite to ensure efficiency, accuracy, effectiveness and good governance in decision making and delivery of efficient and cost effective public services. NITB has organized an introductory workshop for PPRA officers on e-Office application for utilization of the same.

E. Development Of Standard Procurement Documents

In pursuance of Section 27 of PPRA Ordinance, 2002 read with Rule 23(4) of Public Procurement Rules, 2004, the Authority has developed the following Standard Procurement Documents:

- i. National Standard Bidding Document for Procurement of General Goods
- ii. National Request for Proposal Document for Procurement of Consultancy Services
- iii. National Standard Procurement Document for Procurement of Good through Closed Framework Agreements
- iv. National Standard Bidding Document for Procurement of Therapeutic Goods (Pharmaceuticals)
- v. National Standard Bidding Document for Procurement of Information System (Supply and Installation)

These documents were notified after incorporating feedback from relevant stakeholders including procuring agencies and suppliers/ contractors.

These documents shall be used both for national and international competitive bidding and shall become integral part of the e-Procurement (e-Pak Acquisition & Disposal) System. Above-mentioned documents shall contribute in cost reduction in terms of printing and purchasing of bidding documents, efficiency in bidding process, common terminologies and familiarity with the terms of bidding documents and reduced probability for deviations.

F. Recruitment Activities

- i. **Minority and Balochistan Quota:** Hiring process on five vacant positions: Assistant Minority – Punjab Quota (one position), Stenotypist Minority – Punjab Quota (one position), Assistant Balochistan Quota (one position) and Stenotypist Balochistan Quota (two positions) is concluded after conducting written test, skills test and interview of shortlisted candidates. The recommendations of selection committee are forwarded to the PPRA Board being the Appointing Authority for the approval.

- ii. **e-Procurement (EPADS) Project Team Hiring :** The Authority has achieved another milestone by recruiting highly qualified technical professionals under PMU of e-Pak Acquisition and Disposal System (EPADS). It will up lift the project to the new horizon by providing a new dimension Public Proc. process.

G. Capacity Building Of PPRA Employees

PPRA aims to build the capacity of PPRA employees requiring them to attain professional certifications through renowned institutions in their respective fields i.e. HR, Finance, Monitoring & Evaluation, Legal and IT & Research, in addition to the area of public procurement in particular. The aforementioned proposal of capacity building of PPRA employees was approved by the PPRA Board in 63rd meeting held on June 14, 2022. Moreover need based different trainings were arranged for the capacity building of PPRA employees during the year.

H. Capacity Building of Procuring Agencies

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PUBLIC PROCUREMENT REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

During 2021-22, PPRA arranged eleven (11) Training Sessions on Public Procurement Rules 2004 and amendments to date in which 352 officers / officials of different procuring agencies were trained. The focus of training programs is dissemination of Public Procurement Rules 2004, recent amendments and their interpretation in its true spirit and procedures pertaining to modern business of procurement. As per the performance agreement, the Authority achieved the target despite of having restrictions of COVID-19 pandemic, and got very positive response from the procuring agencies. They appreciated the efforts of the Authority in clarifying the Rules / Regulations/ Procedures / Guidelines in the light of recent amendments. The detail of Trainings is as under:

Level	Training Date	No. of Participants	Organization / Venue
II	July 06 - 06, 2021	30	Joint Training Session of Various Organizations by PPRA at Islamabad
I	July 12 - 14, 2021	87	Pakistan Manpower Institute, Islamabad
I	Sep 17, 2021	27	Intelligence Bureau Academy, Islamabad
I	Sep 28 - 29, 2021	16	NLC (North) Karachi
I	Oct 04 - 05, 2021	12	NLC (South) Karachi
I	Dec 14 - 15, 2021	61	Joint Training Session of Various Organizations by PPRA at Islamabad
I	Jan 03, 2022	24	Intelligence Bureau Academy, Islamabad
I	Feb 02 - 03, 2022	26	Ordnance College Malir Cantt, Karachi
I	Apr 13, 2022	23	Intelligence Bureau Academy, Islamabad
II	May 23 - 25, 2022	25	Joint Training Session of Various Organizations by PPRA at Islamabad
I	June 28 - 29, 2022	21	Joint Training Session of Various Organizations by PPRA at Islamabad
Total		352	

I. Tender Uploading on PPRA Website

- A number of 29,578 tenders with 1,497 reported violations have been uploaded on PPRA website as per Public Procurement Rule 12 during the year 2021-22
- 253 Procurement Plans of different Federal Procuring Agencies are uploaded on PPRA website as per Public Procurement Rule 8 & 9.
- 7,448 Evaluation Reports are uploaded on PPRA website as per Public Procurement Rule 35.
- 1180 Procurement Contracts are uploaded on PPRA website as per PPRA Regulation, 2009.

J. Monthly Tenders/Public Procurement Rules Violations Summary



K. Legal Opinion/Clarification

Year	Legal Opinion Rendered
2021-22	105

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PUBLIC PROCUREMENT REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

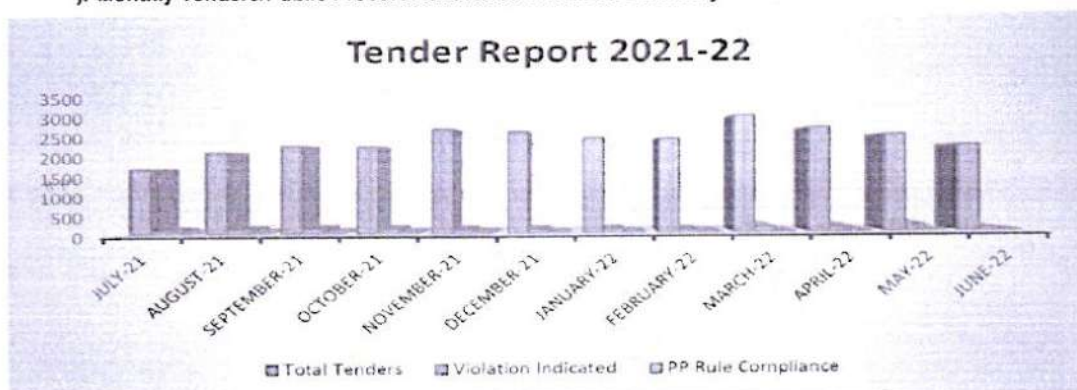
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PUBLIC PROCUREMENT REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

L. Court Cases Detail

Court(s) Name	No. of Decided Cases
Supreme Court	6
Islamabad High Court	16
Sindh High Court	9
Lahore High Court	9
Peshawar High Court	1
Balochistan High Court	1
All District Courts	0
Total Cases	42

M. Blacklisting of Firms

Year	No. of Blacklisted Firms
2021-22	41

N. Appeals and Review Petitions

Year	Decided Appeals & Review Petitions
2021-22	26

O. Acquisition of Plot for PPRA Headquarters

Currently, the Authority located in FBC Building on its 1st floor which is not sufficient for the existing workforce of the organization and the Authority has been facing acute issues of inadequate work space for the employees of the Authority. For resolution of work space issue, the Authority made its best efforts to acquire plot / land from CDA, as a result of which CDA has allotted a plot measuring 2,311 square yards to PPRA at Mauve Area, Sector G-9/1, Islamabad. PPRA has made the payment to the CDA. The acquisition of plot is a step forward towards growth and development of the Authority by establishing permanent Procurement Office in near future which could be able to host the e-Procurement (EPADS) set up as well.

P. Finance and Accounts of the Authority

Section 9 of PPRA Ordinance, 2002 provides that there shall be a Fund to be known as the Public Procurement Regulatory Authority Fund which shall vest in Authority and shall be utilized by the Authority to meet the charges in connection with its functions under this Ordinance. Further, the fund shall be placed comprising;

- Such sums as the Federal Government may, from time to time, allocate to it in the annual budget;
- Grants;
- Income from investment; and
- All other sums or properties which may in any manner become payable to, or vest in, the Authority in respect of any manner.

Section 13 further provides that the Authority shall cause its accounts to be maintained properly and in respect of each financial year submit for approval of the Federal Government by such date and in such form as may be specified by the Government a statement showing estimated receipts and current expenditure and the sums to be required from the Government during the next financial year. The ordinance also requires that the accounts of the Authority shall be audited every year by the Auditor General of Pakistan.

The Authority framed its financial regulation in 2014 under Section 27 of the Ordinance titled PPRA Accounting Procedures (Regulations), 2014 which further clarify that in terms Section 9(2)(d) the sums include but not limited to;

- income from the fee received from the procuring agencies for uploading their tender notices (including auction) etc. on PPRA website or other similar payments or charges etc. as specified by the Authority from time to time;
- fee charged from the participants of various training programmes for procuring agencies and suppliers as specified in Schedule "A".
- fee charged from the Appeals for resolution of complaints as specified in Schedule "A";
- Schedule "A" may be revised from time to time as approved by PPRA Board.

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PUBLIC PROCUREMENT REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Budgeting:

Budget is an estimation of revenue and expenses over a specified future period of time. PPRA being a regulator analyses its revenue streams and expenditure before submitting the Budget to its Board. The major portion of income in budget-estimates comprises of tender income collected from procuring agencies against services provided by PPRA. Any Shortfall as and when occurred, is met out of Federal Government's grant as provided under PPRA Accounting Procedures (Regulations), 2014. The Authority formulated annual budget of PKR 398 Million out of own resources for FY 2021-22.

Internal Audit & Control:

The Finance Wing of the Authority lead by the Director (Finance) has also developed an Internal Audit Manual as required under Regulation 10 of PPRA Accounting Procedures (Regulation), 2014 to strengthen the internal audit & control in the Authority.

Funding / Budget for e-Procurement (EPADS) for 2021-22:

During reported period, PPRA Finance Wing took extra ordinary efforts to secure the funds for e-Procurement (EPADS) Project through Technical Supplementary Grant (TSG) after approval from the Honourable Prime Minister, ECC and the Federal Cabinet amounting to Rs.555,000 Million for successful execution of the project, for that PPRA has successfully spent Rs. 94,603,578/- during FY 2021-22.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of Accounting Standard for Not for Profit Organization (Accounting Standard for NPOs) issued by the Institute of Chartered Accountant of Pakistan and PPRA accounting procedures (Regulations) 2014.

2.1 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain items as disclosed in the relevant accounting policies below.

2.2 Functional and presentation currency

These financial statements are presented in Pakistan Rupee (Rs. / Rupees) which is the Authority's functional currency. Amounts presented in the financial statements have been rounded off to the nearest of Rs. / Rupees, unless otherwise stated.

2.3 Key judgements and estimates

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgement in the process of applying the Authority's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

-Useful lives, residual values and depreciation method of property and equipment – Note 3.1 & 4

The revisions to accounting estimates (if any) are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently in the preparation of these financial statements:



3.1 Property and equipment

Initial recognition

All items of property and equipment are initially recorded at cost.

Subsequent

Items of property and equipment are measured at cost less accumulated depreciation and impairment loss (if any).

Depreciation

Depreciation is charged on written down value of assets at the rates mentioned in Note 4 to the financial statements. Full annual rate of depreciation is applied in the year of purchase while no depreciation is charged in the year of disposal.

Disposal

The gain or loss arising on disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised as other income in the income and expenditure account. In case of the sale or retirement of a revalued property, the attributable revaluation surplus remaining in the surplus on revaluation is transferred directly to the statement of funds.

Judgement and estimates

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

3.2 Impairment

The assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. If there is an indication of possible impairment, the recoverable amount of the asset is estimated and compared with its carrying amount.

An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The Authority recognises the reversal immediately in the statement of Income and expenditure account, unless the asset is carried at a revalued amount in accordance with the revaluation model. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

3.3 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and balances with banks. These are carried at cost.

3.4 Government grants

Recognition and measurement

Government grants(if any) are recognised at the fair value of the asset received or receivable.

A grant without specified future performance conditions is recognised in income when the grant proceeds are received.

3.5 Employees's benefits

Government employees

Pension, Gratuity, GP Fund and other similar payments of Government employees transferred to PPRA are the liability of the Authority. Therefore, liability for retirement benefits of Government employees is made in the financial statement. Monthly Contribution are deducted from individual employees and are deposited into bank account of the Authority.

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3.6 Trade debts

Revenue from tender income is recorded on cash basis therefore no amount is recorded on accrual basis which could result in trade debts.

3.7 Investments held to maturity

Investments with fixed and determinable payments and fixed maturity, which the Authority has positive intent and ability to hold to maturity, are carried at amortised cost, using the effective interest rate method less impairment losses, if so determined.

3.8 Trade and other payables

These liabilities are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the Authority.

3.9 Last year figures have been restated.

3.10 Income

Income is recognized when it is probable that the economic benefits associated with the transaction will flow to the Authority and the amount of revenue and the associated cost incurred or to be incurred can be measured reliably.

Monetary grants, where no specific condition exists for the utilization of such grants, are recognized on receipt basis.

Tender income is recognized on receipt basis.

Income generated from training / capacity building program is recognized as income when the related services are provided.

Income on bank placements is recognized on accrual basis.

3.11 Offsetting

Financial assets and financial liabilities are off-set and the net amount is reported in the statement of financial position if the Authority has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

3.12 Provisions

Provisions are recognised when the authority has a present obligation (legal or constructive) as a result of a past event, it is probable that the authority will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as finance cost in the statement of comprehensive income.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

PROPERTY AND EQUIPMENT	Land & Building	Furniture and fixture	Office Equipment	Computer & Accessories	Vehicles	Total
Cost						
Balance at July 01, 2020	-	3,627,208	10,673,020	10,253,761	7,121,856	31,675,845
Additions	-	472,522	1,014,180	-	-	1,486,702
Disposals	-	-	-	-	-	-
Balance at June 30, 2021	-	4,099,730	11,687,200	10,253,761	7,121,856	33,162,547
Balance at July 01, 2021	-	4,099,730	11,687,200	10,253,761	7,121,856	33,162,547
Additions	41,928,263	982,757	500,921	5,866,928	-	49,278,869
Disposals	-	-	-	-	-	-
Balance at June 30, 2022	41,928,263	5,082,487	12,188,121	16,120,689	7,121,856	82,441,416
Depreciation						
Balance at July 01, 2020	-	1,936,964	4,766,028	8,941,926	5,146,419	20,791,337
Charge for the year	-	216,277	692,117	432,906	395,088	1,736,387
Disposals	-	-	-	-	-	-
Balance at June 30, 2021	-	2,153,241	5,458,145	9,374,832	5,541,507	22,527,724
Balance at July 01, 2021	-	2,153,241	5,458,145	9,374,832	5,541,507	22,527,724
Charge for the year	-	292,925	672,998	2,226,133	316,070	3,508,125
Disposals	-	-	-	-	-	-
Balance at June 30, 2022	-	2,446,165	6,131,143	11,600,965	5,857,576	26,035,849
Balance as on June 30, 2022	41,928,263	2,636,322	6,056,978	4,519,724	1,264,280	56,405,567
Balance as on June 30, 2021	-	1,946,489	6,229,055	878,929	1,580,349	10,634,823
Depreciation Rate		10%	10%	33%	20%	

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PUBLIC PROCUREMENT REGULATORY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 ----- (Rupees) -----	2021
ADVANCES AND OTHER RECEIVABLES			
Advances to employees		24,374,336	5,401,984
- against motor car		2,081,199	4,221,556
- against basic pay		306,010	81,800
- against expenses		-	113,400
- against house rent		255,000	285,000
- against medical		-	-
Accrued interest		19,002,934	20,325,996
Withholding tax on bank	5.1	42,099,700	36,613,578
Advance income tax		1,106,496	1,106,496
Public Sector Capacity Building Project (PSCBP)		<u>89,225,675</u>	<u>68,149,810</u>
ADVANCE INCOME TAX			
Advance income tax on receipts/WHIT		11,094,428	7,858,151
Advance income tax on bank profits		17,643,348	9,180,713
Advance income tax on T-bills		13,101,925	19,314,714
Advance income tax on vehicles purchase		260,000	260,000
		<u>42,099,700</u>	<u>36,613,578</u>
CASH AND BANK BALANCES			
Cash at bank		473,381,606	459,098,522
- Saving account		-	-
		88,000	123,750
Cash in hand		<u>473,469,606</u>	<u>459,222,272</u>
CREDITORS AND ACCRUED LIABILITIES			
Withholding tax payable		307,165	284,451
Audit fee payable		60,000	250,000
Salaries payable		-	-
		<u>367,165</u>	<u>534,451</u>
OTHER PAYABLES (LONG TERM)			
Contributory Provident Fund-PPRA Employees		44,633,630	26,067,762
Provision for gratuity		59,769,431	36,662,243
Provision for encashment of earned leaves		37,828,621	23,501,996
		<u>142,231,682</u>	<u>86,232,001</u>
CONTINGENCIES AND COMMITMENTS			
There were no contingencies and commitments during the year (2021-22 - nil)			
GOVERNMENT GRANT			
This represent grant received from Government of Pakistan during the year 2021-22.(2021-22 Nil)			
SERVICE INCOME			
Advertisement income		263,910,599	190,427,105
Training income		2,355,000	1,800,000
Appeals/Complaints Management		17,600,576	1,362,000
		<u>283,866,175</u>	<u>193,589,105</u>

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		2022	2021
		----- (Rupees) -----	
12	OTHER INCOME		
	Profit on bank deposits	34,730,649	15,882,540
	Profit on investments	-	8,479,925
	PPRA fund. Misc Income	102,228	-
		<u>34,832,877</u>	<u>24,362,465</u>
13	OPERATING EXPENSES		
	Salaries and benefits	266,702,093	193,159,436
	Consultancy fee	826,599	1,750,000
	Conference and seminar	968,113	452,526
	Fuel	1,051,687	-
	Traveling and conveyance	321,002	847,240
	Repair and maintenance - vehicles	479,765	307,357
	Postage and telegraph	1,262,770	622,466
	Utilities	253,240	256,710
	Communication	1,090,813	663,009
	Newspaper and periodicals	312,083	151,906
	Stationary	1,726,091	2,455,879
	Repair and maintenance	1,156,438	1,431,528
	Entertainment	314,730	67,599
	Auditors's remuneration	60,000	50,000
	Advertisement and publicity	40,232	411,911
	Miscellaneous expenses	1,627,662	1,381,437
	Bank charges	91,630	176,288
	Security charges	1,052,700	873,680
	Depreciation	3,508,125	1,736,387
		<u>282,845,773</u>	<u>206,795,359</u>
14.1	Salaries and benefits		
	Salaries and wages	76,586,034	61,652,578
	Allowances	95,217,024	73,923,316
	Honorarium	23,867,861	15,842,425
	Medical reimbursement	10,852,825	8,407,904
	Earned leaves/ Casual leaves	22,772,972	16,788,638
	Post employment benefit	9,740,069	5,637,383
	Gratuity expense	27,665,308	10,907,192
		<u>266,702,093</u>	<u>193,159,436</u>
14.1.1	Allowances		
	Adhoc allowances	8,965,654	12,133,822
	Conveyance allowance	6,934,595	5,518,106
	Deputation allowance	134,400	135,485
	House rent allowance	45,070,733	35,021,765
	Regular/Other/Misc Allowances	693,521	593,383
	Monetization allowance	950,376	1,082,855
	Special allowance	-	1,693,548
	Utilities allowance	22,330,422	17,744,352
	Asset package for deceased employees	8,000,000	-
	Phd/Mphil Allowance	2,137,323	-
		<u>95,217,024</u>	<u>73,923,316</u>
14.2	Auditors's remuneration		
	Audit services		
	Annual audit fee	60,000	50,000
	Non-audit services		
	Certifications for regulatory purposes	-	-
		<u>60,000</u>	<u>50,000</u>
14	RELATED PARTIES TRANSACTIONS		
Related parties comprise subsidiary, associated companies, companies where directors also hold directorship, retirement benefits fund and key management personnel, no transactions with related parties during the year.			

MBL

15 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2022		2021	
	Managing Director	Executives	Managing Director	Executives
Managerial remuneration	1,821,640	32,288,190	1,857,936	25,773,691
Allowances	3,694,451	37,852,484	6,059,518	76,709,307
	<u>5,516,091</u>	<u>70,140,674</u>	<u>7,917,454</u>	<u>102,482,998</u>
Number of persons (including those who worked part of the year)	1	24	1	24

NUMBER OF EMPLOYEES

Total employees of the authority at the year end
Average employees during the year end

2022	2021
-----Numbers-----	
94	95
95	95

16 INCOME TAX EXPENSE

Current year
Prior year
Total

2022	2021
	-
10,591,734	-
<u>10,591,734</u>	<u>-</u>

No provision is made in current year

17 FIGURES

Figures have been rounded off to the nearest rupee.

18 GENERAL

These statements were approved on 20 FEB 2023 by the Board of Directors


DIRECTOR FINANCE


MANAGING DIRECTOR